

**NEW ISSUE
BOOK-ENTRY ONLY**

**S&P RATING: AAA
See "BOND RATING" herein**

In the opinion of Gilmore & Bell, P.C., Bond Counsel, 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 have not been designated as "qualified tax-exempt obligations" within the meaning of Section 265(b)(3) of the Code. See "TAX MATTERS" in this Official Statement.

\$27,405,000

**PARKWAY C-2 SCHOOL DISTRICT, ST. LOUIS COUNTY, MISSOURI
GENERAL OBLIGATION REFUNDING BONDS
SERIES 2017**



Dated: Date of Delivery

Due: March 1, as shown on the inside cover

The General Obligation Refunding Bonds, Series 2017 (the "**Bonds**") will be issued by the Parkway C-2 School District, St. Louis County, Missouri (the "**District**") for the purposes of providing funds to (1) pay interest on the Bonds to and including March 1, 2020 (the "**Crossover Date**"), (2) crossover refund all of the District's outstanding Taxable General Obligation Bonds (Build America Bonds – Direct Pay), Series 2010A (the "**Refunded Bonds**"), as further described herein under the section captioned "**PLAN OF FINANCING – Refunding of the Refunded Bonds,**" and (3) pay 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 March 1, 2018, 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 not subject to redemption prior to maturity.

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.

This cover page contains information for quick reference only. Investors must read the entire Official Statement to obtain information essential to the making of an informed investment decision.

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, and subject to certain other conditions. Bond Counsel will also pass on certain matters relating to this Official Statement. Piper Jaffray & Co. has served 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 October 11, 2017.

The date of this Official Statement is September 27, 2017.

PARKWAY C-2 SCHOOL DISTRICT, ST. LOUIS COUNTY, MISSOURI

\$27,405,000
General Obligation Refunding Bonds
Series 2017

MATURITY SCHEDULE

Base CUSIP: 791319

<u>Due</u> <u>(March 1)</u>	<u>Principal</u> <u>Amount</u>	<u>Interest</u> <u>Rate</u>	<u>Price</u>	<u>CUSIP</u>
2018	\$5,300,000	5.00%	101.586%	KP0
2019	5,500,000	5.00	105.616	KQ8
2020	6,400,000	5.00	109.442	KR6
2021	4,000,000	5.00	113.008	KS4
2022	4,365,000	5.00	116.011	KT2
2023	1,840,000	2.00	103.261	KU9

**PARKWAY C-2 SCHOOL DISTRICT
ST. LOUIS COUNTY, MISSOURI**

455 N. Woods Mill Road
Chesterfield, Missouri 63017

BOARD OF EDUCATION

Beth Feldman, *President and Member*
Kim Appelbaum, *Vice-President and Member*
Kristy Klein Davis, *Member*
Deborah Hopper, *Member*
Sudhir Rathod, *Member*
Sam Sciortino, *Member*
Jeff Todd, *Member*

DISTRICT ADMINISTRATION

Dr. Keith Marty, *Superintendent*
Ms. Chelsea Watson, *Deputy Superintendent*
Ms. Gina Piccinni, *Assistant Superintendent of Student Services*
Mr. Kevin Beckner, *Assistant Superintendent of Teaching, Learning and Accountability*
Ms. Lisa Meredith, *Assistant Superintendent of Teaching, Learning and Accountability (retiring October 2017)*
Ms. Patricia Bedborough, *Chief Financial Officer*
Ms. Amy Joyce, *Chief Human Resources Officer*
Mr. Paul Tandy, *Chief Communications Officer*

PAYING/ESCROW AGENT

BOKE, NA
St. Louis, Missouri

BOND COUNSEL

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

FINANCIAL ADVISOR

Piper Jaffray & Co.
St. Louis, Missouri

REGARDING USE OF THIS OFFICIAL STATEMENT

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.

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

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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OFFICIAL STATEMENT

\$27,405,000

PARKWAY C-2 SCHOOL DISTRICT, ST. LOUIS COUNTY, MISSOURI GENERAL OBLIGATION REFUNDING BONDS 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 \$27,405,000 aggregate principal amount of General Obligation Refunding Bonds, Series 2017 (the “**Bonds**”) by the Parkway C-2 School District, St. Louis County, Missouri (the “**District**”). The issuance and sale of the Bonds is authorized by a resolution of the Board of Education of the District adopted on September 27, 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 (1) pay interest on the Bonds to and including March 1, 2020 (the “**Crossover Date**”), (2) crossover refund all of the District’s outstanding Taxable General Obligation Bonds (Build America Bonds – Direct Pay), Series 2010A (the “**Refunded Bonds**”), and (3) pay the costs of issuing the Bonds. See the section herein captioned “**PLAN OF FINANCING.**”

Security for the Bonds

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 of the taxable tangible property, real and personal, within the territorial limits of the District. See the section herein captioned “**SECURITY FOR THE BONDS.**”

Continuing Disclosure

The District has entered into an Omnibus Continuing Disclosure Undertaking dated as of March 1, 2015 and will agree in an Adoption Agreement dated the date of the Bonds (together, 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 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 \$27,405,000. The Bonds are dated as of the date of original delivery of and payment for such 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. Interest on the Bonds is calculated at the rates per annum set forth on the inside cover page, 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 said interest has been paid and is payable semiannually on March 1 and September 1 in each year, beginning March 1, 2018.

Payment of the interest on the Bonds will be made to the person in whose name such Bond is registered on the registration books (the **“Bond Register”**) at the close of business on the 15th day (whether or not a Business Day) of the calendar month next preceding an interest payment date (the **“Record Date”**). Interest on the Bonds will be paid to the Registered Owners thereof by check or draft mailed by BOKF, NA (the **“Paying Agent”**) to each Owner at the address shown on the Bond Register or at such other address as is furnished to the Paying Agent in writing by such Registered Owner, or by electronic transfer to such Registered Owner upon written notice signed by such Registered Owner and given to the Paying Agent 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, the ABA routing number and the account number to which such Owner wishes to have such transfer directed and an acknowledgement that an electronic transfer fee is payable.

Principal of the Bonds 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.

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 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.

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 and Interest. Payment of principal 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 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 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.

No Redemption of Bonds

The Bonds are not subject to redemption prior to their Stated Maturity.

SECURITY FOR THE BONDS

Pledge of Full Faith and Credit. The Bonds will constitute general obligations of the District and will be payable as to both the principal of and interest on the Bonds 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 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. 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 of and interest on the Bonds as and when the same become due, taking into account the fees and expenses of the Paying Agent.

PLAN OF FINANCING

Refunding of the Refunded Bonds

The proceeds of the Bonds will be used for the purpose of (1) redeeming and paying the principal of the Refunded Bonds on the Crossover Date, at a redemption price of 100% of the principal amount thereof, (2) paying the interest on the Bonds to and including the Crossover Date, and (3) paying the costs of issuing the Bonds.

The District will enter into an Escrow Trust Agreement dated as of October 1, 2017 (the “**Escrow Trust Agreement**”), with BOKF, NA, as escrow agent (the “**Escrow Agent**”). Pursuant to the Escrow Trust Agreement, the District will transfer a portion of the proceeds of the Bonds to the Escrow Agent for deposit in the Escrow Fund (the “**Escrow Fund**”) established under the Escrow Trust Agreement to purchase direct obligations of, or obligations the principal of and interest on which are unconditionally guaranteed by, the United States of America (the “**Escrowed Securities**”). The Escrowed Securities will mature in such amounts and at such times as shall be sufficient, together with interest to accrue thereon and any cash deposit to the Escrow Fund, to (1) redeem and pay the principal of the Refunded Bonds on the Crossover Date, and (2) pay the interest on the Bonds to and including the Crossover Date.

Robert Thomas CPA, LLC, Shawnee Mission, Kansas (the “**Escrow Verifier**”), a firm of independent certified public accountants, will provide a report to the effect that the principal of and interest income on the Escrowed Securities, together with any cash deposit in the Escrow Fund, will provide sufficient moneys to make the required payments in accordance with the District’s refunding plan as set forth herein. See the section herein captioned “**VERIFICATION OF MATHEMATICAL COMPUTATIONS.**”

The Escrow Trust Agreement provides that the Escrowed Securities are irrevocably pledged to the payment of (1) the principal of the Refunded Bonds, and (2) the interest on the Bonds to and including the Crossover Date, and may be applied only to such payment.

Set forth below is a description of the Refunded Bonds:

<u>Maturity Date</u> <u>(March 1)</u>	<u>Principal</u> <u>Amount</u>	<u>Interest</u> <u>Rate</u>	<u>CUSIP</u> <u>Number</u>	<u>Redemption</u> <u>Date</u>	<u>Redemption</u> <u>Price</u>
2026	\$ 5,100,000	4.95%	791319 GQ3	March 1, 2020	100%
2027	5,345,000	5.05	791319 GR1	March 1, 2020	100
2028	5,585,000	5.15	791319 GS9	March 1, 2020	100
2029	5,835,000	5.25	791319 GT7	March 1, 2020	100
2030	<u>6,135,000</u>	5.35	791319 GU4	March 1, 2020	100
Total	<u>\$28,000,000</u>				

Sources and Uses of Funds

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

<u>Sources of Funds:</u>	<u>Total</u>
Par Amount of Bonds	\$27,405,000.00
Plus: Original Issue Premium	<u>2,276,428.55</u>
Total	<u>\$29,681,428.55</u>
<u>Uses of Funds:</u>	
Deposit to Escrow Fund	\$29,562,705.40
Costs of Issuance (including Underwriter's Discount)	<u>118,723.15</u>
Total	<u>\$29,681,428.55</u>

VERIFICATION OF MATHEMATICAL COMPUTATIONS

Upon delivery of the Bonds, the Escrow Verifier will deliver to the District a report indicating that such firm has examined, in accordance with standards established by the American Institute of Certified Public Accountants, the information and assertions provided by the Financial Advisor and the District and its representatives. Included in the scope of its examination will be a verification of the mathematical accuracy of (1) the adequacy of the maturing principal amount of the Escrowed Securities held in the Escrow Fund, interest earned thereon and certain uninvested cash to (a) redeem and pay the principal of the Refunded Bonds on the Crossover Date, and (b) pay the interest on the Bonds to and including the Crossover Date (as described under the caption "**PLAN OF FINANCING – Refunding of the Refunded Bonds**"), and (2) the mathematical computations supporting the conclusion that the Bonds are not "arbitrage bonds" under Section 148 of the Code. Such verification of the accuracy of the computations will be based upon information supplied by the Financial Advisor and on interpretations of the Internal Revenue Code of 1986, as amended, provided by Bond Counsel.

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. Prospective purchasers of the Bonds should consider carefully all possible factors that may result in a default in the payment of the Bonds or a determination that the interest on the Bonds might be deemed taxable for purposes of federal income taxation. **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 – 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 General Obligation 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 and counties, which are limited to general obligation debt of 20% and 10% of the 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 0.87% of the total taxable property in the District. See **"PROPERTY TAX INFORMATION – 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 the heading **"SECURITY FOR THE BONDS"** herein, 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 rating set forth in the section herein captioned **"BOND RATING."** Such rating reflects only the views of the Rating Agency, and an explanation of the significance of such rating may be obtained therefrom. There is no

assurance that the rating will remain in effect for any given period of time or that it will not be revised, either downward or upward, or withdrawn entirely, by the Rating Agency if, in its judgment, circumstances warrant. Any such downward revisions or withdrawal of the rating may have an adverse effect on the market price of the Bonds.

Bankruptcy

In addition to the limitations on remedies contained in the Resolution, the rights and remedies provided by the Bonds may be limited by and are subject to (1) bankruptcy, insolvency, reorganization, arrangement, fraudulent conveyance, moratorium and other laws affecting creditors' rights, (2) the application of equitable principles, and (3) the exercise of judicial discretion in appropriate cases and to limitations on legal remedies against political subdivisions in Missouri. The District, like all other Missouri political subdivisions, is specifically authorized by Missouri law to institute proceedings under Chapter 9 of the Federal Bankruptcy Code. Such proceedings, if commenced, are likely to have an adverse effect on the market price of the Bonds.

State Aid

Approximately 4.40% of the District's revenue is derived from State Aid. See **"FINANCIAL INFORMATION CONCERNING THE DISTRICT – Sources of Revenue"** and **"– State Revenue"** in *Appendix A* of this Official Statement. Reductions in State Aid could occur in the future if, for example, the State faces fiscal problems in the future similar to those currently affecting the neighboring states of Illinois and Kansas, 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) effect a reduction in the amount which the District is required to pay as principal of or interest on any Bond, (c) permit preference or priority of any Bond over any other Bond, or (d) 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.

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 State of 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 or penalty if the interest on the Bonds becomes included in gross income for federal income tax purposes. See the section herein captioned **"TAX MATTERS."**

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. 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 encompasses approximately 70 square miles in the western section of St. Louis County, Missouri. This area includes unincorporated portions of St. Louis County, as well as areas of the following municipalities: Maryland Heights, Creve Coeur, Chesterfield, Town & Country, Des Peres, Ballwin, Manchester, Twin Oaks, Country Life Acres, Valley Park, Westwood and Winchester. See "**THE DISTRICT**" in *Appendix A* of this Official Statement 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, 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 RATING

The Rating Agency has assigned a rating to the Bonds of "AAA" based on the underlying credit of the District. The rating reflects only the view of the Rating Agency at the time such rating is given, and the Underwriter and the District make no representation as to the appropriateness of such rating. An explanation of the significance of such rating 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 rating 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 rating 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, 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 and is not 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 have not been designated as “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. For federal income tax purposes, premium is the excess of the issue price of a Bond over its stated redemption price at maturity. The issue price of a Bond is generally the first price at which

a substantial amount of the Bonds of that maturity have been sold to the public. Under Section 171 of the Code, premium on tax-exempt bonds amortizes 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, which 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 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 has entered into an Omnibus Continuing Disclosure Undertaking dated as of March 1, 2015, for the benefit of the owners of bonds previously issued by the District (the "**Existing Bonds**"). The District will enter into an Adoption Agreement dated the date of the Bonds to make the Omnibus Continuing Disclosure Undertaking applicable to 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 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, prepared in accordance with the accounting principles described in the notes to the financial statements set forth in *Appendix B* of this Official Statement. 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 - Debt Ratios and Related Information,” “- General Obligation Indebtedness”** and **“- Debt Service Requirements for General Obligation Bonds Outstanding,” “PROPERTY TAX INFORMATION - Property Valuations - History of Property Valuations,” “- Tax Rates - Tax Rates - Allocation by Fund,” “- Tax Collections - Tax Collection Record”** 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 paying agent or the change of name of the paying agent, 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 dissemination 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.

Notwithstanding the preceding paragraph, in conjunction with the public offering of any series of bonds, the District may amend the categories of operating data to be updated on an annual basis as described above to conform to the operating data included in the final official statement for such series of bonds, in conformance with the requirements and interpretations of the Rule as of the date of such final official statement, without further amendment to the Continuing Disclosure Undertaking. Thereafter, the annual operating data to be filed by the District with the MSRB with respect to the Bonds (and all other series of bonds then subject to the Continuing Disclosure Undertaking) shall be deemed to be amended to reflect the requirements of the revised operating data disclosure for the new series of bonds.

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. Nothing contained on EMMA relating to the District, the Bonds or the District's outstanding bonds is incorporated by reference into this Official Statement.

Prior Compliance

The District believes it has materially complied with its prior undertakings under the Rule during the past five years, except as follows:

- The District's audited financial statements and operating data for the fiscal years ended June 30, 2012 through 2013 were timely filed but were not properly linked to all of the District's outstanding bond issues.
- The District may not have made filings of event notices on EMMA relating to rating changes on its outstanding bonds insured by municipal bond insurers; however the District has maintained an "AAA" rating from the Rating Agency during the past five years.

The District believes all required information was disseminated or available through other sources, including official statements posted on EMMA.

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

J.P. Morgan Securities LLC, New York, New York (the "**Underwriter**"), has agreed to purchase the Bonds at a price of \$29,648,768.40 (which is equal to the aggregate original principal amount of the Bonds, less an underwriting discount of \$32,660.15, plus an original issue premium of \$2,276,428.55). 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. Piper Jaffray & Co. 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, has represented the Financial Advisor in transactions unrelated to the issuance of the Bonds, but is not representing 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.

**PARKWAY C-2 SCHOOL DISTRICT,
ST. LOUIS COUNTY, MISSOURI**

By: /s/ Beth Feldman
President of the Board of Education

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APPENDIX A

INFORMATION REGARDING THE DISTRICT

APPENDIX A

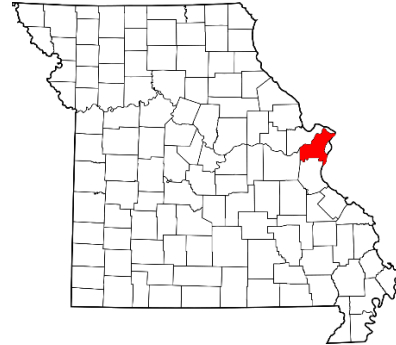
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THE DISTRICT

General Description

Parkway C-2 School District, St. Louis County, Missouri (the “**District**”) encompasses approximately 70 square miles in the western section of St. Louis County, Missouri (the “**County**”). This area includes unincorporated portions of the County, as well as areas of the following municipalities: Maryland Heights, Creve Coeur, Chesterfield, Town & Country, Des Peres, Ballwin, Manchester, Twin Oaks, Country Life Acres, Valley Park, Westwood and Winchester. The estimated population of the District in 2015 was 142,957. The District had 17,436 students enrolled for the 2016-2017 school year.



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 of Education (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 as follows:

<u>Name</u>	<u>Office</u>	<u>First Term Began</u>	<u>Current Term Expires</u>
Beth Feldman	President & Member	2008 ⁽¹⁾	2018
Kim Appelbaum	Vice President & Member	2012	2018
Deborah Hopper	Member	2014	2020
Kristy Klein Davis	Member	2017	2020
Sudhir Rathod	Member	2016	2019
Sam Sciortino	Member	2010	2019
Jeff Todd	Member	2017	2020

⁽¹⁾ Ms. Feldman was appointed to the Board of Education in 2008 and elected to the Board of Education in 2009.

The Board has appointed Patricia Bedborough, Chief Financial Officer of the District, to serve as Treasurer, and Nikki Stover to serve as Secretary.

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. Dr. Keith Marty has been Superintendent of the District since July 1, 2011 and previously served as Superintendent of the 4,500-student Menomonee Falls School District in suburban Milwaukee, Wisconsin from 2001-2011. Dr. Marty holds a doctorate in education from Cardinal Stritch University in Milwaukee, as well as a master of science in administrative leadership from the University of Wisconsin-Milwaukee and a bachelor of science in secondary education from the University of Wisconsin-LaCrosse.

Additional members of the administrative staff are appointed by the Board upon recommendation by the Superintendent. The Superintendent’s leadership team is comprised of the following positions: Deputy Superintendent; Assistant Superintendent of Teaching, Learning and Accountability; Assistant Superintendent of Student Services; Chief Human Resources Officer; Chief Financial Officer; and Chief Communications Officer.

The District has a total of 2,691 employees, including 117 administrative personnel, 1,491 teachers and 1,083 non-certificated employees.

Professional Staff

On average, teachers employed by the District have 13.4 years of teaching experience, compared to a statewide average of 12.3 years, and 81.1% of the District’s teachers hold advanced degrees. For the 2016-2017 school year, the average salary for all teaching staff was \$64,812 compared to a statewide average salary for teaching staff of \$47,956.

Educational Facilities

The District operates 30 schools, as shown below. The aggregate replacement cost of the current physical facilities of the District as most recently determined for insurance purposes is \$645,284,081.

<u>Name of School</u>	<u>Grades Served</u>	<u>Name of School</u>	<u>Grades Served</u>
Central High School	9-12	Green Trails Elementary School	K-5
North High School	9-12	Hanna Woods Elementary School	K-5
West High School	9-12	Henry Elementary School	K-5
Fern Ridge High School	9-12	Highcroft Ridge Elementary School	K-5
South High School	9-12	Mason Ridge Elementary School	K-5
Southwest Middle School	6-8	McKelvey Elementary School	K-5
Central Middle School	6-8	Oak Brook Elementary School	K-5
Northeast Middle School	6-8	Pierremont Elementary School	K-5
South Middle School	6-8	River Bend Elementary School	K-5
West Middle School	6-8	Ross Elementary School	K-5
Barretts Elementary School	K-5	Sorrento Springs Elementary School	K-5
Bellerive Elementary School	K-5	Shenandoah Valley Elementary School	K-5
Carman Trails Elementary School	K-5	Wren Hollow Elementary School	K-5
Claymont Elementary School	K-5	Early Childhood Center	Pre-K
Craig Elementary School	K-5	Alternative Discipline Center	6-12

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History of Enrollment

Listed below are the District's enrollment figures for the last five school years:

<u>Grade</u>	<u>2012-2013</u>	<u>2013-2014</u>	<u>2014-2015</u>	<u>2015-2016</u>	<u>2016-2017</u>
K	1,168	1,202	1,209	1,262	1,298
1st	1,303	1,174	1,233	1,238	1,299
2nd	1,202	1,321	1,218	1,298	1,286
3rd	1,266	1,227	1,357	1,264	1,343
4th	1,277	1,305	1,284	1,388	1,312
5th	1,282	1,277	1,341	1,320	1,386
6th	1,301	1,331	1,296	1,344	1,345
7th	1,364	1,310	1,370	1,325	1,351
8th	1,254	1,334	1,345	1,361	1,331
9th	1,378	1,338	1,396	1,365	1,363
10th	1,439	1,384	1,343	1,404	1,375
11th	1,481	1,438	1,390	1,344	1,414
12th	<u>1,559</u>	<u>1,506</u>	<u>1,447</u>	<u>1,390</u>	<u>1,333</u>
Total ⁽¹⁾	<u>17,274</u>	<u>17,147</u>	<u>17,229</u>	<u>17,302</u>	<u>17,436</u>

Source: Missouri Department of Elementary and Secondary Education.

⁽¹⁾ Excludes Pre-K enrollment.

Education Programs

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 several foreign languages, math, science, literature, composition and social studies. The District offers numerous special programs such as gifted, adult education, early childhood, alternative learning center and a comprehensive special education program.

Other District Statistics

The following table shows additional information about the District compiled by DESE for the fiscal years shown below.

	<u>2011-2012</u>	<u>2012-2013</u>	<u>2013-2014</u>	<u>2014-2015</u>	<u>2015-2016</u>
Ave. Daily Attendance (ADA)	16,708.71	16,638.20	16,526.01	16,516.86	16,710.66
Rate of Attendance	95.3%	95.3%	95.6%	95.3%	95.7%
Current Expenditures per ADA	\$12,120.79	\$11,832.79	\$11,989.61	\$12,230.87	\$12,317.18
Students per Teacher	14	14	14	14	14
Students per Classroom Teacher	15	15	15	16	15

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 2012-2013 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 98.2% of the points possible, placing the District in the “Accredited” category (as stated above, no placement in the Accredited with Distinction Category is currently possible).

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 County and the State of Missouri (the “State”) from the last three decennial censuses and the latest available estimate.

	1990	2000	2010	2015
District	137,523	141,896	140,234	142,957
County	993,529	1,016,315	998,954	1,001,327
State	5,117,073	5,595,211	5,988,927	6,045,448

Source: U.S. Census Bureau - 2011-2015 Community Survey 5-Year Estimates.

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

Estimated Population Distribution by Age (2015 Estimate)

<u>Age</u>	<u>District</u>	<u>County</u>	<u>State</u>
Under 5 years	7,550	58,278	376,772
5-19 years	25,864	194,084	1,187,202
20-24 years	7,720	62,346	429,174
25-44 years	32,726	244,544	1,530,004
45-64 years	41,206	281,481	1,617,695
65 years and over	<u>27,891</u>	<u>160,594</u>	<u>904,601</u>
TOTAL	<u>142,957</u>	<u>1,001,327</u>	<u>6,045,448</u>
Median age	43.5	40.2	38.2

Source: U.S. Census Bureau - 2011-2015 Community Survey 5-Year Estimates.

Commerce, Industry and Employment

Listed below are the major employers located in the District and the approximate number of employees employed within the St. Louis metropolitan area by each:

<u>Name</u>	<u>Product or Service</u>	<u>Employment</u>
Schnucks Market, Inc.	Retail Grocery	15,600
St. John's Mercy Medical Center	Health Care	8,900
Dierberg's Markets, Inc.	Retail Grocery	4,000
Coldwell Banker Gundaker	Realty	3,600
Solutia Inc.	Chemical Company	3,400
St. Luke's Health Corp.	Health Care	3,100
Monsanto Company	Agrochemical Company	3,000
Missouri Baptist Medical Center	Health Care	2,878
The District	Education	2,691
Charter Communications, Inc.	Cable Company	2,500

Source: Comprehensive Annual Financial Report of the District for Fiscal Year ended June 30, 2016.

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

	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
<i>County</i> ⁽¹⁾					
Total Labor Force	524,762	531,416	537,120	539,419	529,331
Unemployed	32,560	30,753	24,754	22,604	20,140
Unemployment Rate	6.2%	5.8%	4.6%	4.2%	3.8%
<i>State</i> ⁽¹⁾					
Total Labor Force	3,022,513	3,059,067	3,096,678	3,111,517	3,068,512
Unemployed	201,751	186,699	154,857	140,815	129,028
Unemployment Rate	6.7%	6.1%	5.0%	4.5%	4.2%
<i>United States</i> ⁽²⁾					
Total Labor Force	155,389,000	155,922,000	157,130,000	159,187,000	160,159,000
Unemployed	11,460,000	9,617,000	8,296,000	7,751,000	7,305,000
Unemployment Rate	7.4%	6.2%	5.3%	4.9%	4.6%

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

(1) Average of January through June 2017.

(2) Average of January through July 2017.

Medical and Health Facilities

There are approximately 50 hospitals located in the St. Louis Metropolitan Area including St. Luke’s Hospital, Missouri Baptist Medical Center and Mercy Medical Center which are all located within the District. Other major hospitals and medical facilities nearby include the highly-regarded Barnes-Jewish Hospital and two medical schools, Washington University Medical School and Saint Louis University Medical School. In addition, dentists, chiropractors and doctors provide medical services from offices and clinics located in the District.

Higher Education

Higher education is easily accessible to District residents through St. Louis Community College (the “College”), Maryville University of St. Louis (the “University”) and numerous other institutions of higher education located in the St. Louis metropolitan area, including University of Missouri-St. Louis, Webster University, Saint Louis University and Washington University.

The College awards associate degrees and certificates of proficiency and specialization for prescribed courses of study. The College also offers courses to meet the needs of persons who desire enrichment or retraining in the areas of liberal arts, occupational education, continuing education and community services.

The University, with approximately 6,000 students, is a private university located within the District. The University offers a wide range of undergraduate, graduate and professional programs, degrees and certificates. Forbes and Kiplinger’s Personal Finance magazines consistently rank the University as a top private school. Kiplinger’s has named the University to its list of 100 best values in private colleges and universities for five consecutive years, and Forbes has named the University to its “Best Colleges” list for the past three years.

Recreational Facilities

The County park system offers 71 park sites featuring camping, fishing, boating, picnicking, hiking, horseback riding, cross country skiing, swimming, golf, ice skating, and other athletic activities. Unique attractions include the St. Louis Carousel, the Butterfly House, the internationally-recognized Laumeier Sculpture Park, the working farm in Suson Park, the elk and buffalo in Lone Elk Park, and the Museum of

Transportation which “houses one of the largest and best collections of transportation vehicles in the world” according to the Smithsonian Institution.

Municipal Services and Utilities and Public Safety

Municipal services are provided by the cities in the District or the County, including street maintenance, and water. The Metropolitan St. Louis Sewer District provides sewer services. Police services are provided by municipal departments or the County. Fire protection services are provided by seven fire protection districts operating within the District. Natural gas and electricity are provided by Laclede Gas and AmerenUE. Telephone service is provided by AT&T.

Transportation, Communications and Media

The District’s geographic location provides easy access to all areas of metropolitan St. Louis via I-64/Highway 40 and I-270, which both run through the District. Commercial rail service is provided by the Central Midland Railway. Regularly scheduled commercial air passenger and air freight service is available at the St. Louis Lambert International Airport located approximately 15 miles northeast of the District. The Spirit of St. Louis Airport is located within the District.

Telecommunication services are provided to District residents by AT&T, CenturyLink and Charter Communications. Wireless telephone service is offered by numerous providers. Residents of the District receive all of the County and St. Louis radio stations and television channels. The District is served by the *St. Louis Post-Dispatch* and *West County Suburban Journal* newspapers. In addition, there are many weekly newspapers and journals published throughout the County.

Income and Home Values

The following table presents per capita personal income⁽¹⁾ for the 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>County</u>	<u>State</u>
2015	\$62,194	\$42,300
2014	60,216	41,107
2013	57,540	39,847
2012	60,442	39,851
2011	54,873	38,117

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

⁽¹⁾ 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 County and the State:

Median Household Income

District	\$84,515
County	59,755
State of Missouri	48,173

Source: U.S. Census Bureau - 2011-2015 Community Survey 5-Year Estimates.

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

	<u>Number of Owner- Occupied Units</u>	<u>Median Home Value</u>
District	42,769	\$260,300
County	282,099	173,400
State	1,590,020	138,400

Source: U.S. Census Bureau - 2011-2015 Community Survey 5-Year Estimates.

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DEBT STRUCTURE OF THE DISTRICT

Debt Ratios and Related Information

The following table summarizes certain financial information concerning the District. 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.

Estimated District Population (2015) ⁽¹⁾	142,957
Assessed Valuation (2017) ⁽²⁾	\$4,776,030,330
Estimated Actual Value (2017) ⁽³⁾	\$21,263,277,238
Outstanding Direct General Obligation Debt ⁽⁴⁾	\$194,635,000
Overlapping General Obligation Debt ⁽⁵⁾	\$55,446,839
Total Direct and Overlapping General Obligation Debt	\$250,081,839
Per Capita Direct General Obligation Debt	\$1,361.49
Per Capita Direct and Overlapping General Obligation Debt	\$1,749.35
Ratio of Direct General Obligation Debt to Assessed Valuation	4.08%
Ratio of Direct General Obligation Debt to Estimated Actual Value	0.92%
Ratio of Direct and Overlapping General Obligation Debt to Assessed Valuation	5.24%
Ratio of Direct and Overlapping General Obligation Debt to Estimated Actual Value	1.18%

(1) See “**ECONOMIC INFORMATION CONCERNING THE DISTRICT – Population.**”

(2) Includes real and personal property valuations as provided by the St. Louis County Department of Revenue Collections Division and includes assessed valuations in the amount of \$16,411,550 attributable to the incremental increase in assessed valuation over the established assessed valuation base within TIF Districts (defined herein) located within the District, but excludes assessed valuations attributable to state assessed railroad and utility property. For further details, see “**PROPERTY TAX INFORMATION.**”

(3) 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.**”

(4) Includes the Bonds; excludes the Refunded Bonds and \$6,390,000 principal amount of the District’s General Obligation Refunding and Improvement Bonds, Series 2009, which the District expects to defease on or about October 11, 2017 (the “**Defeased Bonds**”).

(5) See “**DEBT STRUCTURE OF THE DISTRICT – Overlapping or Underlying Indebtedness.**”

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⁽¹⁾.

<u>Series of Bonds</u>	<u>Original Amount</u>	<u>Final Maturity</u>	<u>Amount Outstanding</u>	<u>Interest Rates</u>
2017	\$ 27,405,000	2023	\$ 27,405,000	2.000% - 5.000%
2016	44,000,000	2036	44,000,000	2.125% - 3.000%
2015A	27,080,000	2025	23,080,000	1.500% - 5.000%
2015B	50,000,000	2035	50,000,000	3.000% - 4.000%
2012A	23,365,000	2022	20,025,000	3.000% - 5.000%
2012C	6,250,000	2020	3,520,000	3.000%
2011	27,120,000	2024	19,555,000	2.000% - 4.000%
2010B	6,000,000	2020	3,000,000	2.500% - 5.000%
2009	<u>60,660,000</u>	2019	<u>4,050,000</u>	3.000% - 3.250%
Total	<u>\$245,180,000</u>		<u>\$194,635,000</u>	

(1) Excludes the Refunded Bonds and the Defeased Bonds.

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</u> ⁽¹⁾	<u>Debt as % of Assessed Valuation</u> ⁽²⁾
2017	\$201,620,000	\$4,759,618,780	4.23%
2016	168,795,000	4,336,607,760	3.89
2015	179,735,000	4,158,544,670	4.32
2014	138,541,675	4,135,517,260	3.35
2013	147,033,927	4,257,023,720	3.45

Source: District’s Comprehensive Annual Financial Report for the fiscal years ended June 30, 2013 – 2016 and Annual Report of the County Clerk to the State Board of Education for the fiscal year ended June 30, 2017.

(1) 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.

(2) 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 2017 assessed valuation)	\$716,404,549 ⁽¹⁾
General Obligation Bonds Outstanding	<u>194,635,000⁽²⁾</u>
Legal Debt Margin under Article VI, Sections 26(b)	<u>\$521,769,549</u>

(1) Includes assessed valuation in the amount of \$16,411,550 attributable to the incremental increase in assessed valuation over the established assessed valuation base within TIF Districts (defined herein) located within the District.

(2) Includes the Bonds; excludes the Refunded Bonds and the Defeased Bonds.

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 – 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.

Debt Service Requirements for General Obligation Bonds Outstanding

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

Fiscal Year Ended June 30	Outstanding Bonds Total Debt Service⁽¹⁾	The Bonds			Total Debt Service
		Principal	Interest⁽²⁾	Total	
2018	\$ 17,262,756	\$ 5,300,000	\$ 511,408	\$ 5,811,408	\$ 23,074,164
2019	17,136,375	5,500,000	1,050,050	6,550,050	23,686,425
2020	14,036,613	6,400,000	775,050	7,175,050	21,211,663
2021	13,143,500	4,000,000	455,050	4,455,050	17,598,550
2022	13,181,275	4,365,000	255,050	4,620,050	17,801,325
2023	13,433,075	1,840,000	36,800	1,876,800	15,309,875
2024	12,698,075	-	-	-	12,698,075
2025	11,861,775	-	-	-	11,861,775
2026	2,921,375	-	-	-	2,921,375
2027	2,921,375	-	-	-	2,921,375
2028	2,921,375	-	-	-	2,921,375
2029	2,921,375	-	-	-	2,921,375
2030	8,521,375	-	-	-	8,521,375
2031	15,292,375	-	-	-	15,292,375
2032	15,915,119	-	-	-	15,915,119
2033	16,145,906	-	-	-	16,145,906
2034	16,717,581	-	-	-	16,717,581
2035	16,899,781	-	-	-	16,899,781
2036	<u>17,458,500</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>17,458,500</u>
Totals	<u>\$231,389,582</u>	<u>\$27,405,000</u>	<u>\$3,083,408</u>	<u>\$30,488,408</u>	<u>\$261,877,990</u>

(1) Excludes the Refunded Bonds and the Defeased Bonds.

(2) Interest on the Bonds will be paid from the Escrow Fund through the Crossover Date.

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.”**

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Other Long-Term Obligations of the District

The District leases certain equipment under agreements classified as capital leases. The cost for such equipment as of June 30, 2016 was \$9,101,360 and the accumulated depreciation was \$6,960,867. The following is a schedule of future minimum lease payments under the capital leases as of June 30, 2016:

<u>Fiscal Years Ended</u> <u>June 30</u>	<u>Annual Lease Payments</u>
2017	\$461,632
2018	461,632
2019	461,632
2020	395,307
2021	328,981
2022-2024	733,326

For additional information relating to other long-term obligations of the District, see Note F to the financial report included in *Appendix B* to this Official Statement.

Future Plans

The District is in the early stages of discussions on seeking authorization for additional general obligation bonds from the voters in the fall of 2018.

Overlapping or Underlying Indebtedness

The following table sets forth the approximate overlapping and underlying general obligation indebtedness of political subdivisions with boundaries overlapping the District as of September 1, 2017, unless otherwise noted, and the percent attributable (on the basis of assessed valuation figures for calendar year 2015) to the District. The table was compiled from information furnished by the jurisdictions responsible for the debt and the District has not independently verified the accuracy or completeness of such information. Furthermore, 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 and are not included below.

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<u>Taxing Body</u>	<u>General Obligation Debt</u>	<u>Approx. Percent Applicable</u>	<u>Amount of Overlapping Debt</u>
St. Louis County	\$ 96,850,000	19.58%	\$18,963,230
City of Ballwin	0	35.66	0
City of Chesterfield	3,805,000	61.12	2,325,616
City of Country Life Acres	0	100.00	0
City of Creve Coeur	10,635,000	65.69	6,986,132
City of Des Peres	3,845,000	32.07	1,233,092
City of Manchester	570,000	92.55	527,535
City of Maryland Heights	0	39.51	0
City of Town & Country	0	96.00	0
City of Twin Oaks	0	49.32	0
City of Valley Park	0	19.14	0
City of Westwood	0	59.83	0
City of Winchester	0	80.98	0
Fire District - Creve Coeur	9,100,000	62.83	5,717,530
Fire District - Maryland Heights	6,595,000	45.11	2,975,005
Fire District - Metro West	5,985,000	18.13	1,085,081
Fire District - Monarch	0	55.52	0
Fire District - Pattonville	14,600,000	0.47	68,620
Fire District - Valley Park	0	28.50	0
Fire District - West County EMS	<u>15,565,000</u>	100.00	<u>15,565,000</u>
TOTAL	<u>\$167,550,000</u>		<u>\$55,446,841</u>

Source: St. Louis County Assessor's Office; State Auditor of Missouri – Bond Registration Reports; Municipal Securities Rulemaking Board's Electronic Municipal Market Access system ("EMMA").

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 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 accounting principles generally accepted in the United States. The most recent annual audit has been performed by Kerber, Eck & Braeckel LLP. 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	\$186,108,212.33	73.31%
Proposition C Sales Tax	15,176,728.17	5.98
Other	28,725,133.45	11.31
County Revenue:		
Railroad & Utility Property Taxes	2,939,248.05	1.16
Fines, Forfeitures & Other	171,523.17	0.07
Other	1,108,500.22	0.44
State Revenue	11,178,065.08	4.40
Federal Revenue	5,934,405.11	2.34
Other Revenue	<u>2,511,595.95</u>	<u>0.99</u>
Total Revenue	<u>\$253,853,411.53</u>	<u>100.00%</u>

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

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

<u>Source</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
Local Revenue	\$202,068,352.37	\$208,078,352.54	\$212,207,001.39	\$220,327,366.72	\$230,010,073.95
County Revenue	3,800,812.76	3,596,812.58	4,050,959.82	4,059,177.34	4,219,271.44
State Revenue	10,828,693.65	10,692,006.68	12,376,471.76	10,862,835.47	11,178,065.08
Federal Revenue	6,508,667.75	5,169,290.23	5,063,265.65	5,322,711.27	5,934,405.11
Other Revenue	<u>54,943,134.90⁽¹⁾</u>	<u>8,601,140.62⁽²⁾</u>	<u>3,420,976.27</u>	<u>79,962,934.51⁽³⁾</u>	<u>2,511,595.95</u>
Total	<u>\$278,149,660.43⁽¹⁾</u>	<u>\$236,137,602.65⁽²⁾</u>	<u>\$237,118,674.89</u>	<u>\$320,535,025.31⁽³⁾</u>	<u>\$253,853,411.53</u>

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

(1) Includes proceeds from the sale of the District’s \$27,120,000 General Obligation Refunding Bonds, Series 2011, \$23,365,000 General Obligation Refunding Bonds, Series 2012A and \$1,855,000 Taxable General Obligation Refunding Bonds, Series 2012B.

(2) Includes proceeds from the sale of the District’s \$6,250,000 Taxable General Obligation Refunding Bonds, Series 2012C.

(3) Includes proceeds from the sale of the District’s \$27,080,000 General Obligation Refunding Bonds, Series 2015A and \$50,000,000 General Obligation Bonds, Series 2015B.

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 2016-2017 fiscal year, each school district received approximately \$979 per pupil from Proposition C revenues based upon each districts’ 2015-2016 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 required 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 (the “**DOE**”) 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 the State 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 replaces the “No Child Left Behind Act.” Each state education agency must develop a state accountability plan (“**ESSA Plan**”) that incorporates testing based on challenging academic standards. The ESSA Plans must be submitted to the DOE by either April 3 or September 18, 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 ESSA Plans began during the 2016-2017 school year, with full implementation expected in the 2017-2018 school year once a state’s ESSA Plan is approved by the DOE. If a state’s ESSA Plan is not approved prior to the 2017-2018 school year then a state may delay, until the 2018-2019 school year, implementation of certain aspects of the ESSA Plan.

The State is in the process of designing an accountability system that will meet the parameters outlined in ESSA. The State plans to submit its plan to the DOE by the September 18, 2017 deadline. 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 2012-2013 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 – 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. DESE revises the DVM for each district on an annual basis. The DVM for the District for 2015-2016 and 2016-2017 was 1.092 and 1.095, respectively. The DVM for the District for 2017-2018 will be 1.094.

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 2010-2011 fiscal year, all proceeds of the Classroom Trust Fund in excess of amounts received in the 2009-2010 fiscal year must be placed in the Teachers' or Incidental Funds. For the 2016-2017 fiscal year, each school district received approximately \$405 per pupil based on their 2015-2016 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 \$600,000 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 Annual Secretary of the Board Reports 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.

**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>
General (Incidental) Fund				
Balance – Beginning of Year	\$ 25,160,811.13	\$ 18,572,953.00	\$ 24,501,074.17	\$ 31,455,404.19
Revenues	83,091,760.26 ⁽¹⁾	87,347,284.22 ⁽¹⁾	89,264,169.38 ⁽¹⁾	92,249,518.40 ⁽¹⁾
Expenditures	(80,679,618.39)	(81,419,163.05)	(82,309,839.36)	(82,134,488.67)
Transfers In (Out)	<u>(9,000,000.00)</u>	<u>0.00</u>	<u>0.00</u>	<u>(850,000.00)</u>
Balance – End of Year	<u>\$ 18,572,953.00⁽¹⁾</u>	<u>\$ 24,501,074.17⁽¹⁾</u>	<u>\$ 31,455,404.19⁽¹⁾</u>	<u>\$ 40,720,433.92⁽¹⁾</u>
Special Revenue (Teachers’) Fund				
Balance – Beginning of Year	\$ 1,660,657.77	\$ 9,316,218.57	\$ 6,504,193.48	\$ 3,742,351.61
Revenues	131,715,335.11	131,730,017.25	134,893,923.01	139,476,946.18
Expenditures	(133,059,774.31)	(134,542,042.34)	(137,655,764.88)	(141,250,280.23)
Transfers In (Out)	<u>9,000,000.00</u>	<u>0.00</u>	<u>0.00</u>	<u>250,000.00</u>
Balance – End of Year	<u>\$ 9,316,218.57</u>	<u>\$ 6,504,193.48</u>	<u>\$ 3,742,351.61</u>	<u>\$ 2,219,017.56</u>
Capital Projects Fund				
Balance – Beginning of Year	\$ 28,627,873.10	\$ 16,069,336.52	\$ 8,795,536.31	\$ 49,359,964.12
Revenues	37,489.47	3,692,532.66	50,983,576.97 ⁽³⁾	441,486.91
Expenditures	(12,596,026.05)	(10,996,332.87)	(10,419,149.16)	(22,857,268.51)
Transfers In (Out)	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>600,000.00</u>
Balance – End of Year	<u>\$ 16,069,336.52</u>	<u>\$ 8,795,536.31</u>	<u>\$ 49,359,964.12⁽³⁾</u>	<u>\$ 27,544,182.52</u>
Debt Service Fund				
Balance – Beginning of Year	\$ 7,407,099.60	\$ 7,339,379.11	\$ 6,626,451.86	\$ 6,103,665.58
Revenues	21,293,017.81 ⁽²⁾	14,348,840.76	45,393,355.95 ⁽²⁾	21,685,460.04
Expenditures	(21,360,738.30)	(15,061,768.01)	(45,916,142.23)	(17,682,370.68)
Transfers In (Out)	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>
Balance – End of Year	<u>\$ 7,339,379.11⁽²⁾</u>	<u>\$ 6,626,451.86</u>	<u>\$ 6,103,665.58⁽²⁾</u>	<u>\$ 10,106,754.94</u>
Total Governmental Funds				
Balance – Beginning of Year	\$ 62,856,441.60	\$ 51,297,887.20	\$ 46,427,255.82	\$ 90,661,385.50
Revenues	236,137,602.65 ⁽¹⁾⁽²⁾	237,118,674.89 ⁽¹⁾	320,535,025.31 ⁽¹⁾⁽²⁾⁽³⁾	253,853,411.53 ⁽¹⁾
Expenditures	(247,696,157.05)	(241,989,306.27)	(276,300,895.63)	(263,924,408.09)
Transfers In (Out)	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>
Balance – End of Year	<u>\$ 51,297,887.20⁽¹⁾⁽²⁾</u>	<u>\$ 46,427,255.82⁽¹⁾</u>	<u>\$ 90,661,385.50⁽¹⁾⁽²⁾⁽³⁾</u>	<u>\$ 80,590,388.94⁽¹⁾</u>

Source: District’s Annual Secretary of the Board Reports (2013-2016).

(1) Includes sale of property.

(2) Includes proceeds from sale of general obligation refunding bonds.

(3) Includes proceeds from sale of general obligation bonds.

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 is a member of the Missouri School Insurance Council (MUSIC), a protected, self-insurance program of approximately 467 Missouri public school districts and junior college districts. The District does not pay premiums to purchase insurance policies, but it does pay an annual assessment to be a member of MUSIC. Part of the annual assessment is used to purchase excess insurance for the group as a whole.

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. 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

Year Ended June 30,	PSRS			PEERS		
	Actuarially Determined Contribution	Actual Employer Contributions	Contribution Excess/ (Deficiency) ⁽¹⁾	Actuarially Determined Contribution	Actual Employer Contributions	Contribution Excess/ (Deficiency) ⁽¹⁾
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.

⁽¹⁾ 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)

Year Ended June 30,	PSRS			PEERS		
	Actuarial Value of Assets	Actuarial Accrued Liability	Funded Ratio	Actuarial Value of Assets	Actuarial Accrued Liability	Funded Ratio
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.

For information specific to the District's participation in PSRS and PEERS, including the District's past contributions and proportionate share of the net pension liability of PSRS and PEERS, see Note G 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, the District provides continuation of medical, dental and vision insurance coverage, including prescription drugs, to employees who are eligible for normal or early retirement under a single employer plan. Retirees who elect to participate must pay the premium in effect for the current plan year. The difference between the amount the retiree is required to pay and the actual cost to the District is considered to be a post-employment benefit. The District has not established an irrevocable trust fund for the accumulation of resources for the future payment of benefits under the plan; benefits are paid on a pay-as-you-go basis. During the fiscal year ended June 30, 2016, the District's contribution was \$2,004,500. For additional information

regarding the District’s other post-employment benefits, see Note H to the District’s financial statements included in *Appendix B* to this Official Statement.

PROPERTY TAX INFORMATION

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, the 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, but including 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 2017 for property owned as of January 1, 2017, as adjusted and certified through July 2, 2017.

<u>Type of Property</u>	<u>Total Assessed Valuation</u>	<u>Assessment Rate</u>	<u>Estimated Actual Valuation</u>	<u>% of Actual Valuation</u>
Real:				
Residential	\$2,993,377,790	19.00%	\$15,754,619,947	74.09%
Agricultural	1,095,580	12.00%	9,129,833	18.21
Commercial ⁽¹⁾	<u>1,238,839,590</u>	32.00%	<u>3,871,373,719</u>	<u>0.04</u>
Total Real	\$4,233,312,960		\$19,635,123,499	92.34%
Personal⁽¹⁾	<u>\$ 542,717,370</u>	33.33% ⁽²⁾	<u>\$ 1,628,153,738</u>	<u>7.66%</u>
Total Real & Personal	<u>\$4,776,030,330</u>		<u>\$21,263,277,237</u>	<u>100.00%</u>

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

⁽¹⁾ Includes locally assessed railroad and utility property.

⁽²⁾ 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>Year</u>	<u>Assessed Valuation</u> ⁽¹⁾	<u>% Change</u>
2016	\$4,389,173,220	+0.89%
2015	4,350,666,720	+4.27
2014	4,172,544,350	+0.56
2013	4,149,509,680	-2.84
2012	4,270,991,230	N/A

⁽¹⁾ Includes assessed valuation attributable to TIF districts located within the District.

Source: St. Louis County Department of Revenue.

Property Tax Levies and Collections

Generally. Property taxes are levied and collected for the District by the County, for which the 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 Clerk. 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 Clerk no later than April 8th. The District must fix its ad valorem property tax rates and certify them to the County Clerk 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 Assessor. The County Assessor is 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 Collector. The County Collector extends the taxes on the tax rolls and issues the tax statements in early December.

The County Collector is 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 31st and become delinquent if not paid to the County Collector 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 Collector is 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 Collector is 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 St. Louis County Department of Revenue Collections Division, the TIF Increment attributable to property within the District is \$16,411,550 for the 2017 tax year. See “**PROPERTY TAX INFORMATION – 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 \$0.4900 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 \$3.8604 per \$100 of assessed valuation, which is equal to the District's tax rate ceiling for said fiscal year.

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.

Tax Rates – Allocation by Fund. The following table shows the District’s tax levies (per \$100 of assessed valuation) for each of the following five years:

<u>Fiscal Year Ended June 30</u>	<u>General Incidental Fund</u>	<u>Special Revenue Teachers’ Fund</u>	<u>Debt Service Fund</u>	<u>Capital Projects Fund</u>	<u>Total Levy</u>
2017	\$1.3511	\$2.5093	\$0.4900	\$0.0000	\$4.3504
2016	1.3993	2.5987	0.4900	0.0000	4.4880
2015	1.3853	2.5728	0.3400	0.0000	4.2981
2014	1.3744	2.5645	0.3400	0.0000	4.2789
2013	1.2680	2.5000	0.3400	0.0000	4.1080

Source: District’s Annual Secretary of the Board Reports for fiscal years ended June 30, 2013 through 2016 and the DESE School Finance Section Unadjusted and Adjusted Tax Rates Report for the fiscal year ended June 30, 2017.

Tax Collections

General. 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.

Tax Collection Record. The following table sets forth tax collection information for the District in each of the following years:

<u>Fiscal Year Ended June 30</u>	<u>Total Levy (per \$100 of Assessed Value)</u>	<u>Assessed Valuation⁽¹⁾</u>	<u>Total Taxes Levied⁽²⁾</u>	<u>Current Taxes Collected</u>		<u>Current and Delinquent Taxes Collected</u>	
				<u>Amount</u>	<u>%</u>	<u>Amount</u>	<u>%</u>
2016	\$4.4880	\$4,336,607,760	\$186,391,738	\$174,262,717	93.49%	\$174,962,932	93.87%
2015	4.2981	4,158,544,610	178,738,406	174,262,717	97.50	174,962,932	97.89
2014	4.2789	4,135,517,260	176,954,648	168,557,361	95.25	168,557,361	95.25
2013	4.1080	4,257,023,720	174,878,534	168,958,934	96.62	168,958,934	96.62
2012	3.9047	4,240,881,690	165,593,707	161,008,043	97.23	161,008,043	97.23

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

(1) 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. 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.

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Major Property Taxpayers

The following table sets forth a list of the largest property taxpayers in the District based on the 2016 assessed valuation. The District has not independently verified the accuracy or completeness of such information.

<u>Taxpayer</u>	<u>Assessed Valuation</u>	<u>% of District's 2016 Total Assessed Valuation</u>
1. RNSI City Place Owner LLC	\$ 37,975,250	0.87%
2. Chesterfield Mall LLC	25,424,340	0.58
3. Emerson RD LLC	23,604,800	0.54
4. Scottrade Bank/ Scottrade Inc/ Scottrade Financial Services Inc	23,324,670	0.53
5. Ramco Gershenson Properties LP	14,099,820	0.32
6. Ducharme McMillen & Associates	13,623,830	0.31
7. MRES CP6 Holdings LP	12,085,220	0.28
8. TKG Manchester Highlands Shopping Center	11,065,380	0.25
9. Scott Family Properties/Scott Joe H Sr Trustee Et al	14,162,450	0.33
10. Ameren UE	<u>10,085,450</u>	<u>0.23</u>
 Total	 <u>\$185,451,210</u>	 <u>4.24%</u>

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

* * *

APPENDIX B

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

Comprehensive Annual

Financial Report



Parkway School District • C2 • Chesterfield, Missouri
For the Fiscal Year Ended June 30, 2016



PARKWAY C- 2 SCHOOL DISTRICT

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PARKWAY C- 2 SCHOOL DISTRICT

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PARKWAY C- 2 SCHOOL DISTRICT

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**PARKWAY C-2 SCHOOL DISTRICT
CHESTERFIELD, MISSOURI**

**COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED JUNE 30, 2016**

Prepared by the Chief Financial Officer's Division

Patricia Bedborough, Chief Financial Officer
Brian Whittle, Director of Finance

COMPREHENSIVE ANNUAL FINANCIAL REPORT

AND

INDEPENDENT AUDITORS'S REPORT

PARKWAY C-2 SCHOOL DISTRICT

June 30, 2016

**INTRODUCTORY
SECTION**



December 7, 2016

Members of the Board of Education and
Residents of the Parkway School District

The Comprehensive Annual Financial Report (CAFR) of the Parkway C-2 School District (District), Chesterfield, Missouri for the fiscal year ended June 30, 2016 is presented on the following pages. This report provides full disclosure of the District's financial operation. Missouri revised statute 165.111 requires an audit to be performed at least biennially of the financial records of all funds of the District. Parkway has always chosen to have an audit done annually rather than biennially. This CAFR, which includes an opinion from the Independent Auditors that conducted the District's audit, conforms to the Generally Accepted Accounting Principles in the United States of America (GAAP) as applicable to governmental entities. The District maintains full responsibility for the accuracy of the data and the completeness and fairness of the presentation, including all disclosures.

We believe that all data, as presented, is accurate in all material respects and that it is presented in a manner to fairly set forth the financial position and results of the District's operations as measured by the financial activity of its various funds. We further believe that all disclosures necessary to enable the reader to gain the maximum understanding of the District's financial activities have been included.

This letter of transmittal is designed to be read in conjunction with the Management Discussion and Analysis (MD&A) report which is located following the independent auditors' report. Financial highlights and a discussion of the District's financial condition are provided in the MD&A.

The Comprehensive Annual Financial Report is presented in three sections as follows:

1. The Introductory Section, which includes a Letter of Transmittal, Principal Officials, Organizational Chart of the District, and Association of School Business Officials (ASBO) Certificate of Excellence in Financial Reporting.
2. The Financial Section, which begins with the Independent Auditors' Report and includes the Management's Discussion and Analysis, the Basic Financial Statements, Notes To Basic Financial Statements, Required Supplementary Information and Supplementary Information.
3. The Statistical Section, which includes selected comparative financial, non-financial, demographic and economic data for the District.

Profile of the Organization

This report includes all funds of the District. The District is a political subdivision of the State of Missouri created under the Constitution of Missouri.

Parkway C-2 School District is considered a national leader in innovative education. Its teachers, administrators and students strive for excellence each day. Parkway is more than just a school system; it is a nurturing community that fosters individual talents and encourages collaborative thinking. At Parkway, when one person succeeds, everyone grows. It is the Mission of the Parkway School District to ensure all students are capable, curious and confident learners who understand and respond to the challenges of the ever changing world. The District believes that Higher Expectations bring Brighter Futures For All By All. Certain accomplishments of the District are as follows:

- **Blue Ribbon Schools** – Parkway has 17 U.S. Blue Ribbon and 19 Missouri Gold Star schools.
- **National Merit Finalists** - Fifty
- Parkway students were named National Merit Semifinalists or Commended in the National Merit Scholarship program.
- **America’s Best High Schools** – All four traditional Parkway high schools - Central, North, South and West were named 2016 best High Schools in America by U.S. News and World Report. All four high schools were also named America’s Most Challenging High Schools for 2016 by The Washington Post.
- **National Schools of Character** – Barretts Elementary and Craig Elementary are National Schools of Character. The award comes from the Character Education Partnership in Washington D.C.
- **College attendance** – 89.7% of Parkway graduates go on to attend college.
- **Top Test Scores in Missouri** – Parkway earned a 98.6 on the 2016 Annual performance report issued by the Missouri Department of Elementary and Secondary Education. Parkway ranked among the top 10 districts in the state with over 1,000 students.
- **Financials** – Parkway has consistently earned a Certificate of Excellence in Financial Reporting from the Association of School Business Officials International.. Parkway is one of only four school districts in Missouri to earn the Standard and Poor's AAA bond rating.
- **Top Workplace** - Parkway School District was selected as a Top 10 workplace in St. Louis by *The St. Louis Post-Dispatch* based on surveys of employees.

The Parkway School District Board of Education (the “Board”), consisting of seven elected officials, has the power to sue and to be sued and to make rules and regulations for its own government consistent with the laws of the State of Missouri and the State Board of Elementary and Secondary Education (DESE). The Board has oversight responsibility and control over all activities related to public education in the District, including the authority to designate management, and the ability to significantly influence operations and primary accountability for fiscal matters.

It is the responsibility of the District to make public education available to residents of the Parkway C-2 School District. The District is an independent entity and receives its funding from local, state and federal government sources and must comply with the requirements of these funding agencies.

The District operates the seventh largest school district of the 523 districts operating in the State serving 17,314 students for Fiscal Year 2015-2016. The District provides a full range of public education services at all grade levels ranging from kindergarten through grade twelve. In addition to a superior regular academic curriculum, the District offers a broad range of other programs for students including gifted/talented, English as a second language, fine arts, advanced college placement, interscholastic and intramural athletics, assistance for at-risk students and others. In addition, the District provides services beyond the broad K-12. The District operates an Early Childhood Education center, which serves children before they attend kindergarten and a Community Education program for adult continuing education. Some of the services provided to our students include instructional staff, instructional materials, instructional facilities, administrative and business service support, food service and bus transportation services and facility maintenance.

Accounting System and Budgetary Control

The District's comprehensive annual financial report was prepared pursuant to School Board Policy and in accordance with the standards established by the Governmental Accounting Standard Board (GASB).

The District utilizes a fully automated accounting system as well as an automated system of control for fixed assets and payroll. This system provides a complete set of self-balancing accounts for each District fund. The chart of accounts used in this accounting system was developed in accordance with the Missouri Financial Accounting Manual prepared by the Department of Elementary and Secondary Education, School Finance Section, State of Missouri.

The District's accounting system for governmental funds operates on the modified accrual basis of accounting. At year end, the governmental funds are converted from the modified accrual basis to a full accrual basis for the presentation of government wide financial statements. In developing the District's accounting system, much consideration was given to the adequacy of internal accounting controls. Internal accounting controls are designed to provide reasonable but not absolute assurance regarding the safeguarding of assets against loss from unauthorized use or disposition and the reliability of financial records for preparing financial statements and maintaining accountability for assets. The concept of reasonable assurance recognizes that the cost of these controls should not exceed the benefits and the evaluation of costs and benefits requires estimate and judgments by management.

The District believes that the internal accounting controls adequately safeguard assets and provide reasonable assurance of proper recording of financial transactions.

A complete budgetary system of accounts is maintained in all of the District's funds in accordance with District policy. The accounting system provides interim financial reports which detail year-to-date expenditures and encumbrances as compared to the budget. These reports are distributed to the District's management and Board on a monthly basis showing the status of the budget accounts for which they are responsible. These reports compare each program, building and line-item account balance to the approved budget. A monthly financial statement is prepared and distributed to the Board for their approval.

Economic Condition and Outlook

The District is located in St. Louis County, Missouri, and covers an area of approximately 68 square miles, including portions of unincorporated St. Louis County as well as areas of the following municipalities: Maryland Heights, Creve Coeur, Chesterfield, Town & Country, Des Peres, Ballwin, Manchester, Twin Oaks, Country Life Acres, Valley Park, Westwood and Winchester. The District is a blend of commercial, industrial and residential activity. The economic diversity of the District, along with the high quality of education, makes Parkway C-2 School District an attractive community.

Since the District was organized in 1954, it has expanded from a rural farming community to a suburban industrial one, expanding from a small district to one of the largest in St. Louis County and seventh largest in Missouri. Today, the District includes four high schools, five middle schools, 18 elementary schools and two Early Childhood Development Centers. Parkway is currently accredited with distinction in performance under the Missouri School Improvement Program (MSIP) Standards administered by the State Department of Elementary and Secondary Education. The District is governed by the Board of Education, whose seven members are elected for staggered three-year terms of office.

The population within the District's boundaries is estimated to be 143,336. There were 17,314 children that attended school during the 2015-2016 academic year. The District employed 1,375 full time equivalent certificated instructional staff. The current certified staffing created a certified staff to student ratio of 12.59:1 during the past academic year. The staffing ratio is expected to decrease slightly to 12.52:1 in 2016-2017 based on a projected student enrollment of 17,475 and instructional staffing of 1,395.4 FTE.

Major Initiatives

Current Year and Future Years

The District has spent the past year working on and updating its next generation five year strategic plan, Project Parkway 2.0, under which it will operate for fiscal years ending 2016 through 2021. The District operates on a Mission Statement that focuses on successfully educating all Parkway students and preparing them for the next stage of their lives.

As part of the first generation of Project Parkway, the District initiated its Profession Learning Committees (PLC's). These committees meet for two hours, once a month, to discuss and evaluate the process of delivering the best education to the students in order for them to be more capable, curious and confident learners who understand and respond to the challenges of the ever-changing world.

In addition to the PLC's, the District equipped each of its 33 buildings with Solar Panels for energy efficiencies. It is estimated that the combined savings across the District will be \$15,000 in the first year and over the twenty-year term of the lease, the cost savings for all sites is estimated to be \$1,200,000.

During the Fall of 2011, the District developed an Ad Hoc Budget Review Committee. The purpose was to take a detailed look at the budget and make recommendations to the Board to address the declining reserve balances. It was not sustainable to continue spending down these reserves. As this committee reviewed the budget, the following principals were established:

- Our strategic plan is our roadmap in budgeting;
- We cannot compromise the strategic plan;
- The best approach is a multi-year budget planning;
- Fund balance parameters must be maintained over time;
- Goal is to achieve an 80/20 ratio of personnel to operating expenses (current ratio is 85/15);
- Staffing models must be established and followed;
- Classroom staffing is the priority;
- Cannot compromise professional development in support of all staff;
- The budget process must be transparent.

Debt Administration

As of June 30, 2016, long-term general obligation bonds totaled \$168,795,000. This is a decrease of \$10,940,000 from the prior fiscal year.

The District has remaining bonded debt capacity of \$491,802,919 at June 30, 2016.

Significant Board Policies

The District has entered into agreements with the Parkway National Education Association, the Parkway Registered Nurses' Association and the Communications Workers of America. Each of these agreements dictate the work environment and compensation for the members of each organization.

The Parkway National Education Association is a three year agreement that covers 2014-2015, 2015-2016, and 2016-2017. The Communications Workers of America agreement covers 2015-2016, 2016-2017 and 2017-2018. The Parkway Registered Nurses' Agreement is a three year agreement covering the 2016-2017, 2017-2018 and 2018-2019 fiscal years.

Reserve requirements are set by the Board of Education policy at 17.3% of the current year's operating expenditure budget. These reserves include a 13.5% operating reserve maintained to cover cash flow needs during the first half of the fiscal year and the stabilization reserve of 3.8% of operating expenditures to cover either an unexpected facilities issue or VST program funding issue. The facilities contingency is needed due to the age of District buildings and the documented list of deferred maintenance projects. In order to lessen our need for annual borrowing for Tax Anticipation Notes, the Board has established a policy that operating fund reserves are to grow by at least .25% a year.

Independent Audit

The revised statutes of the State of Missouri require that an independent audit be conducted on a biennial basis. The District policy, however, requires that an independent certified public accounting firm conduct an audit annually. This requirement has been satisfied and the opinion of Kerber, Eck & Braeckel, LLP is included in this report.

The District is also required to undergo an annual single audit in conformity with the provisions of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance). Information related to this single audit, including the schedule of expenditures of federal awards, and independent auditors' reports on the internal control over financial reporting and compliance with applicable laws and regulations is included in a separate single audit report and is available at the School District's Administrative Offices for inspection.

Awards

For the past twelve years, the District has received the Association of School Business Officials (ASBO) International, Certificate of Excellence in Financial Reporting Award. For the fiscal year ended June 30, 2016, the Comprehensive Annual Financial Report will be submitted again for the award.

Acknowledgments

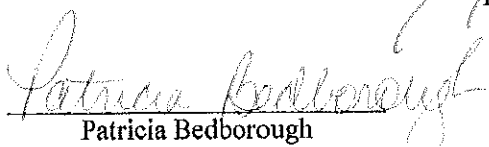
It is our desire that this report contain the necessary information and data that will provide a better understanding of the operations of the District to the District's Board of Education, outside investors and interested local constituents. It is further hoped that this report has been produced in a manner that all readers will obtain a clear and concise picture of the District's financial condition to enhance our accountability to the public.

The preparation of the Comprehensive Annual Financial Report on a timely basis could not have been achieved without the efficiency and dedication of the District's Finance Department. Each member of the Finance Department has our sincerest appreciation for their efforts that contributed to the quality of this report. All contributed significantly toward this project and should be very proud of the final product.


We would also like to express our appreciation to the Board of Education for their interest and support in planning and conducting the financial operations of the District in a responsible and progressive manner.

Respectively submitted,

PARKWAY C-2 SCHOOL DISTRICT


Patricia Bedborough
Chief Financial Officer


Dr. Keith Marty
Superintendent


Brian Whittle
Director of Finance

**COMPREHENSIVE
ANNUAL FINANCIAL REPORT
FISCAL YEAR ENDED JUNE 30, 2015**

**PARKWAY C-2 SCHOOL DISTRICT
455 NORTH WOODS MILL ROAD
CHESTERFIELD, MISSOURI 63017
314-415-8100**

BOARD OF EDUCATION

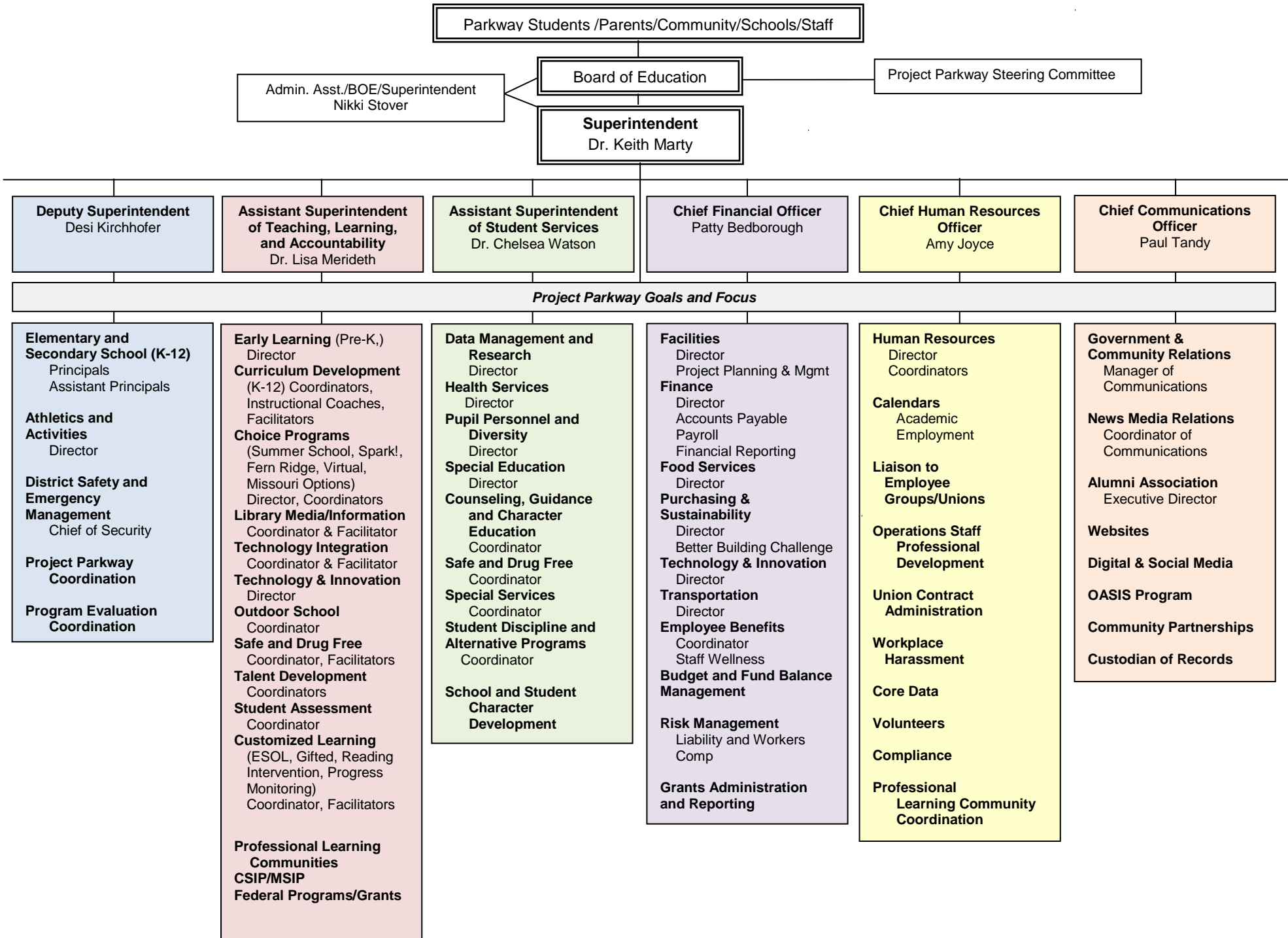
Mr. Chris Jacob	President
Dr. Sam Sciortino	Vice-President
Ms. Kim Appelbaum	Director
Ms. Beth Feldman	Director
Ms. Deborah Hopper	Director
Ms. Dee Mogerman	Director
Mr. Sudhir Rathod	Director

GENERAL ADMINISTRATION

Dr. Keith Marty	Superintendent
Mr. Desi Kirchhofer	Deputy Superintendent
Dr. Lisa Merideth	Assistant Superintendent, Teaching, Learning and Accountability
Dr. Chelsea Watson	Assistant Superintendent, Student Services
Mr. Paul Tandy	Chief Communications Officer
Ms. Amy Joyce	Chief Human Resources Officer

FINANCIAL ADMINISTRATION

Ms. Patty Bedborough	Chief Financial Officer
----------------------	-------------------------





ASSOCIATION OF
SCHOOL BUSINESS OFFICIALS
INTERNATIONAL

**The Certificate of Excellence in Financial Reporting Award
is presented to**

Parkway C-2 School District

**for its Comprehensive Annual Financial Report (CAFR)
for the Fiscal Year Ended June 30, 2015.**

The CAFR has been reviewed and met or exceeded
ASBO International's Certificate of Excellence standards.



Brenda Burkett

Brenda R. Burkett, CPA, CSBA, SFO
President

John D. Musso

John D. Musso, CAE, RSBA
Executive Director

**FINANCIAL
SECTION**



Independent Auditors' Report

Board of Education
Parkway C-2 School District

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund and the aggregate remaining fund information of Parkway C-2 School District as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of the financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

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

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

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



CPAs and
Management Consultants

One South Memorial Drive, Ste. 900
St. Louis, MO 63102-2439
ph. 314.231.6232
fax 314.880.9307

www.kebcpa.com

Independent Auditors' Report

Board of Education
Parkway C-2 School District

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund and the aggregate remaining fund information of Parkway C-2 School District as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

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

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

Other Locations

Belleville, IL • Carbondale, IL • Columbia, IL • Litchfield, IL • Springfield, IL • Cape Girardeau, MO • Milwaukee, WI

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 aggregate remaining fund information of Parkway C-2 School District as of June 30, 2016, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and other required supplementary information, as listed in the table of contents, be presented to supplement 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 required supplementary 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.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Parkway C-2 School District's basic financial statements. The introductory section, supplementary information and the statistical section are presented for purposes of additional analysis and are not a required part of the financial statements.

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

The introductory and statistical sections 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 7, 2016 on our consideration of Parkway C-2 School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grants agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Parkway C-2 School District's internal control over financial reporting and compliance.

Kerber, Eck & Broeckel LLP

St. Louis, Missouri
December 7, 2016

PARKWAY C-2 SCHOOL DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS - UNAUDITED YEAR ENDED JUNE 30, 2016

The Management's Discussion and Analysis (MD&A) of the Parkway C-2 School District's (District) financial performance provides an overall review of the District's financial activities for the fiscal year ended June 30, 2016. The intent of this MD&A is to look at the District's financial performance. Readers should also review the transmittal letter, financial statements and the accompanying notes to the financial statements to enhance their understanding of the District's financial performance.

FINANCIAL HIGHLIGHTS

Key financial highlights for the Fiscal Year 2015-2016 include the following:

- Net position increased by \$23,561,157 for the year ended June 30, 2016. The net increase was comprised of the following elements:

	<u>Increase</u>
Net investment in capital assets	\$ 1,838,432
Restricted for:	
Debt service	4,642,773
Certificated employees' compensation and benefits	14,022
Unrestricted	<u>17,065,930</u>
Net increase	<u>\$ 23,561,157</u>

“Unrestricted net position” increased \$17,065,930 due to operating revenues exceeding operating expenses by \$8,311,740. The increase in unrestricted net position is generally considered to be a positive reflection on operations and demonstrates the District's commitment to keep operating expenditures under operating revenues. The increase was also due to a net decrease in the pension expense related to the state pension system by \$9,542,382. Other changes in compensated absences, early retirement payable and postemployment benefits also led to the net change in unrestricted net position.

The amount, “Net investment in capital assets” increased as a result of capital asset acquisitions, changes in long-term debt and use of bonds proceeds. Capital assets, net of accumulated depreciation increased \$6,830,755 while long-term debt instruments decreased \$12,618,106, the deferred charge on refunding decreased \$1,014,501 and approximately \$16.6 million in bond proceeds were spent during the current year. This led to a net increase in net investment in capital assets of \$1,838,432.

PARKWAY C-2 SCHOOL DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS - UNAUDITED YEAR ENDED JUNE 30, 2016

FINANCIAL HIGHLIGHTS (continued)

“Net position restricted for debt service” increased \$4,642,773 primarily as a result of an increase in the cash held for debt service due to higher property tax collections. As general bond obligations are issued in the future, this balance is expected to no longer increase at the same pace as it did in fiscal year 2016.

“Net position restricted for certificated employees’ compensation and benefits” remained almost flat for the year with an increase of only \$14,022.

- Total assets and deferred outflows increased by \$45,095,453 attributed to the following elements:

	<u>Increase (Decrease)</u>
Cash and investments - restricted and unrestricted	\$ (6,167,419)
Receivables	3,266,143
Prepaid expenses and inventory items	(95,836)
Capital assets, net of depreciation	6,830,755
Deferred charge on refunding	(1,014,501)
Deferred pension contributions	<u>42,276,311</u>
Net increase	<u>\$ 45,095,453</u>

The decrease in cash and investments is comprised of a few elements. First, a general obligation bond in the amount of \$50,000,000 was issued for capital projects in fiscal year 2015 that was spent down during fiscal year 2016. The cash and investments restricted for capital projects decreased \$21,736,356 as a result. This decrease coupled with an increase of \$9,037,914 in operating cash, an increase in cash restricted for debt service of \$4,060,880 and an increase of \$2,470,143 in proprietary fund cash resulted in a net decrease of \$6,167,419 in cash and investments.

There was a net increase in capital assets of \$6,830,755. This is primarily made up of current year additions of \$21,581,493 due to the capital projects activity noted above less \$14,750,738 in depreciation. There was an increase in receivables of \$3,266,143. This is primarily due to an increase in property taxes receivable, which increased due to higher protested taxes in the current year.

Deferred pension contributions increased primarily due to the difference between expected and actual experience of approximately \$28.7 million and the difference between the expected and actual earnings on investments of approximately \$13 million related to the District’s share of the Missouri state pension systems.

PARKWAY C-2 SCHOOL DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS - UNAUDITED YEAR ENDED JUNE 30, 2016

FINANCIAL HIGHLIGHTS (continued)

- Total liabilities and deferred inflows increased by \$21,534,296 due to the following items:

	<u>Increase (Decrease)</u>
Accounts payable, salaries and other payables	\$ 1,943,988
Claims payable	(58,089)
Unearned revenue	97,535
Interest payable	(218,168)
Net pension liability	47,189,456
Other postemployment obligation	749,200
Liabilities due within one year	(520,640)
Liabilities due in more than one year	(13,193,459)
Pension deferrals	<u>(14,455,527)</u>
Net increase	<u>\$ 21,534,296</u>

The overall decrease in liabilities due within one year and liabilities due in more than a year is primarily a result of general obligation debt payments made on existing debt during the year. The change in the share of the Missouri pension liability and pension deferrals is primarily due to the net difference between the projected and actual investment earnings on the Plans' assets. Accounts payable increased as a result of capital projects related to the prior year debt issue.

Other financial highlights are as follows:

- The largest source of revenue for the District continues to be locally assessed property taxes. In fiscal year 2016, the assessed valuation, net of TIF, increased \$178,063,090 (4.3%) to \$4,336,607,760 from the prior year. The collection rate, on a full accrual basis of accounting, decreased to 95.78% from 97.50% in the prior year. The collection rate decreased due to larger protested taxes paid out compared to the prior year. Total property tax revenue received amounted to \$184,108,212 and changes related to unearned revenues related to property taxes increased \$2,897,686. Taking these factors into consideration, property taxes collected, exclusive of all other Ad Valorem taxes collected, were \$11,145,280 higher than the prior year. The increase is a result of recoupment taken in fiscal year 2016 and an increase in the debt service property tax rate.
- Other local Ad Valorem tax revenues, such as county stock insurance, M&M surtax, financial institution taxes and locally assessed railroad and utility taxes are collected and distributed by the St. Louis County Department of Revenue. These taxes accounted for \$13,656,680 in general revenues. This was an increase of \$1,170,452 from the prior year.

PARKWAY C-2 SCHOOL DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS - UNAUDITED YEAR ENDED JUNE 30, 2016

FINANCIAL HIGHLIGHTS (concluded)

- State aid is generated from the State of Missouri's School Foundation Formula and is distributed based on a modified per pupil basis. The District is considered a hold harmless district which means that local proceeds mainly support the District's operations. Hold harmless districts receive a minimum per pupil allocation from the State of Missouri. That per weighted average daily attendance rate for fiscal year 2016 was \$561.29. Actual formula funding received was \$8,716,228 or \$351,346 more than prior year.
- Total interest income generated in fiscal year 2016 was \$1,151,501 or \$787,842 higher than prior year. Interest income was higher than the previous year primarily due to a larger average investment balance in the capital projects fund compared to the fiscal year 2015 due to bond issuance in the prior year.
- Charges for services are considered program revenue. The largest revenue source of charges for services is the tuition reimbursement for students living in the City of St. Louis and attending the District. The District received \$7,733,243 in tuition revenue from this source, which is an increase of \$38,883 from the prior year. The child nutrition program also was a large contributor to this revenue category. Fees charged for the lunch program accounted for \$3,897,398 in revenue, an increase of \$56,082 from the prior year. Other large sources of program revenues include student activity receipts of \$3,784,750. The total increase in charges for services revenue was \$26,960 from the prior year.
- Grants and contributions account for \$10,820,449 in program revenues. The five largest sources of revenue within this category are the adult education and literacy program, \$945,807; federally funded child nutrition program, \$2,018,794; state reimbursed transportation aid, \$1,214,468; the federally funded Title I program, \$2,068,600; and contracted educational transportation services, \$2,293,952. These five sources generated \$8,541,621 in program revenue. Total grants and contributions are \$551,307 higher than the prior year. The increase is a result of higher Title I reimbursements due to carryover Title I funds from prior years.

COMPREHENSIVE ANNUAL FINANCIAL REPORT (CAFR)

The District uses the Comprehensive Annual Financial Report (CAFR) format to report financial information. This document consists of a series of financial statements and associated notes to those statements. These statements are organized so the reader can understand the District's financial standing. The "Government-wide Financial Statements" Section, consisting of the Statement of Net Position and the Statement of Activities provide highly consolidated financial information and render a government-wide perspective of the District's financial position. The "Fund Financial Statements" Section that follows provides increasingly more detailed information on specific financial activities.

PARKWAY C-2 SCHOOL DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS - UNAUDITED YEAR ENDED JUNE 30, 2016

THE DISTRICT AS A WHOLE

The Statement of Net Position and Statement of Activities

The Statement of Net Position and the Statement of Activities present an aggregate view of the District's financial standing. It also provides a more in depth view of the District's current financial standing than would normally be seen in the Governmental Fund Type statements. These statements include all assets and liabilities using the full accrual basis of accounting. Accrual basis of accounting records assets when earned and liabilities when incurred regardless of when the District receives the revenue or when the District pays for services.

These two statements report the District's net position and changes in that net position. By showing the change in net position, the readers can determine whether the financial condition of the District improved or diminished. The causes of this change may be the result of many factors, some financial, some not. Non-financial factors include the District's property tax base, student enrollment, facility conditions and required educational programs for which little or no funding is provided.

Fund Financial Statements

The District's fund financial statements provide more in depth information about the District's financial position and results of operations. The District's major funds are the General Fund, Special Revenue Fund, Capital Projects Fund and the Debt Service Fund. These fund statements report governmental activities on a current or short-term basis.

Governmental Funds

Most of the District's activities are reported in governmental funds format. This format focuses on how money flows in and out of these funds and shows the reader the remaining balances left at end of the fiscal year. These funds are reported using the modified accrual basis of accounting. The statements measure cash and all other financial assets that can be readily converted to cash. The governmental fund statements provide a short-term view of the District's general governmental operations and the basic services the District provides. Governmental fund information helps the reader determine the changes in financial resources in order to understand what can be spent in the near future. The relationship between governmental activities (as reported in the Statement of Net Position and the Statement of Activities) and governmental funds is reconciled in the financial statements.

Proprietary Funds

Proprietary funds use the same basis of accounting as business-type activities because the District attempts to recover costs through charges to the user. An example of a proprietary fund would be the Internal Service Fund (Self-Funded Health Insurance Plans).

PARKWAY C-2 SCHOOL DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS - UNAUDITED YEAR ENDED JUNE 30, 2016

THE DISTRICT AS A WHOLE (continued)

Governmental Activities

As reported in the Statement of Activities, the cost of the District's governmental activities for the year ended June 30, 2016 was \$233,159,982. The Statement of Activities shows the cost of program services, the charges for services and the operating grants and contributions offsetting some of these services. Grants and contributions totaled \$10,820,449 and helped pay for certain programs. Charges for services include the following activities; tuition reimbursement, activity fees, fees for school lunches and facility use charges. These services contributed \$18,104,229 towards these programs. The remaining amount was financed primarily by the taxpayers of the District through ad valorem, property tax and sales tax revenue totaling \$204,235,304. Investment earnings contributed \$1,151,501. State aid and unrestricted grants and contributions accounted for \$8,805,654. The "net cost" statement, on the following page, determines the remaining cost of the various categories and informs the reader how much each program is funded by proceeds other than charges for services and operating grants and contributions.

PARKWAY C-2 SCHOOL DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS - UNAUDITED YEAR ENDED JUNE 30, 2016

THE DISTRICT AS A WHOLE (continued)

Governmental Activities (continued)

Table I compares the Total and Net Costs of Governmental Activities for Fiscal Year ended June 30, 2016 to June 30, 2015.

Table I
Total and Net Costs of Governmental Activities
(in millions)
Year ended June 30,

	2016		2015	
	Total cost of services	Net cost of services	Total cost of services	Net cost of services
Instructional programs	\$ 125.442	\$ 113.901	\$ 117.420	\$ 106.242
Student activities	4.955	1.170	4.224	0.674
Attendance	0.524	0.524	0.510	0.510
Guidance	6.709	6.708	6.204	6.204
Health services	2.610	2.507	2.508	2.450
Improvements of instruction	6.779	6.779	6.041	6.041
Professional development	0.028	0.028	0.025	0.025
Media services	3.789	3.789	3.310	3.310
Board of education	0.264	0.264	0.557	0.557
Executive administration	2.323	2.323	2.067	2.067
Building level administration	17.058	17.058	17.575	17.575
Operation of plant	10.376	10.355	25.580	25.325
Pupil transportation	24.719	24.363	9.084	5.257
Food services	1.188	1.188	5.954	0.128
Business and central services	9.153	5.610	12.604	12.583
Security services	5.684	(0.232)	1.117	1.117
Adult education	1.579	0.035	1.747	0.566
Community services	3.536	1.422	3.242	0.792
Interest and other expenses on long-term debt	6.443	6.443	5.174	5.174
Total	<u>\$ 233.159</u>	<u>\$ 204.235</u>	<u>\$ 224.943</u>	<u>\$ 196.597</u>

Note: Net Cost of Services is computed by taking the Total Cost of Services and subtracting Charges for Services and Grants and Contributions.

PARKWAY C-2 SCHOOL DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS - UNAUDITED YEAR ENDED JUNE 30, 2016

THE DISTRICT AS A WHOLE (continued)

Governmental Activities (continued)

Table II compares the District's Net Position as of June 30, 2016 to June 30, 2015.

Table II
Condensed Statements of Net Position
(in millions)
June 30,

	<u>2016</u>	<u>2015</u>
Assets		
Current and other assets	\$ 104.509	\$ 107.506
Capital assets	<u>221.777</u>	<u>214.947</u>
Total assets	326.286	322.453
Deferred outflows of resources	69.244	27.982
Liabilities		
Other liabilities	14.321	12.556
Noncurrent liabilities	<u>352.801</u>	<u>318.577</u>
Total liabilities	367.122	331.133
Deferred inflows of resources	44.249	58.705
Net position		
Net investment in capital assets	71.558	69.719
Restricted	14.701	10.044
Unrestricted	<u>(102.100)</u>	<u>(119.166)</u>
Total net position	<u>\$ (15.841)</u>	<u>\$ (39.403)</u>

PARKWAY C-2 SCHOOL DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS - UNAUDITED YEAR ENDED JUNE 30, 2016

THE DISTRICT AS A WHOLE (concluded)

Governmental Activities (concluded)

Table III compares the Changes in Net Position for fiscal year ended June 30, 2016 to June 30, 2015.

	<u>2016</u>	<u>2015</u>
Program revenues		
Charges for services	\$ 18.104	\$ 18.077
Operating grants and contributions	10.820	10.269
General revenue		
Property taxes and other county taxes	202.663	187.449
Sales taxes	15.177	14.134
State aid	8.766	8.365
Grants and contributions not restricted	0.039	0.115
Investment earnings	1.152	0.365
Total revenue	<u>256.721</u>	<u>238.774</u>
Program expenses		
Instructional programs	125.442	113.901
Student activities	4.955	1.170
Attendance	0.524	0.524
Guidance	6.709	6.708
Health	2.610	2.507
Improvements of instruction	6.779	6.779
Professional development	0.028	0.028
Media services	3.789	3.789
Board of education	0.264	0.264
Executive administration	2.323	2.323
Building level administration	17.058	17.058
Operation of plant	10.376	10.355
Pupil transportation	24.719	24.363
Food services	1.188	1.188
Business and central services	9.153	5.610
Security services	5.684	(0.232)
Adult education	1.579	0.035
Community services	3.536	1.422
Debt service	6.443	6.443
Total expense	<u>233.159</u>	<u>204.235</u>
Change in net position	<u>\$ 23.562</u>	<u>\$ 34.539</u>
Ending net position	<u>\$ (15.841)</u>	<u>\$ (39.403)</u>

PARKWAY C-2 SCHOOL DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS - UNAUDITED YEAR ENDED JUNE 30, 2016

REPORTING THE DISTRICT'S MOST SIGNIFICANT FUNDS

District Funds

Total sources of revenue for all governmental funds were \$253,853,412 while District expenditures were \$263,924,409. As the District completed its fiscal year ended June 30, 2016, the total governmental fund balance was \$80,590,389 as compared to \$90,661,386 on June 30, 2015. The decrease was mostly as a result of the spending down part of \$50 million general obligation issued in fiscal year 2015. After factoring out the change in restricted bond issue and capital projects change in fund balance of \$21,815,782, the remaining fund balances increased \$11,744,785.

The General Fund actual revenues were under budget by \$707,474 or .76%. Total actual expenditures for the General Fund were below the revised budget estimates by \$6,516,924 or 7.35%. The fund balance of \$40,720,434 is \$9,265,030 higher than the prior year. Approximately \$6 million of the increase is a result of a recoupment in the property tax rate in 2016 and the remaining increase is due to expenditure savings.

The Special Revenue Fund actual revenues were under budget by \$1,581,613. Total actual expenditures for the Special Revenue Fund were below revised projections by \$1,115,979. Both of the revenue and expenditure variance are primarily a result of a lower than expected grant receipts. The fund balance of \$2,219,018 is \$1,523,334 lower than the prior year.

The Debt Service Fund actual revenues of \$21,685,460 and expenditures of \$17,682,371 resulted in an increase in the fund balance of \$4,003,089. The balance increased due to an increased debt service property rate. The District's long-term plans include general obligation bond debt issuance in the future which will be financed using the increased tax rate.

The Capital Projects Fund actual revenues were \$441,487 before transfers of \$600,000 from the General Fund while expenditures were \$22,857,269, decreasing the fund balance by \$22,415,782. This decrease in fund balance was due to the issuance of general obligation bonds in 2015 which were spent down in 2016.

BUDGETING HIGHLIGHTS

The District's budget is prepared according to the Public School Laws of Missouri. During the course of the fiscal year, the School Board has the opportunity to approve budget adjustments on two separate occasions, once in the fall and again in the spring. Missouri Revised Statute 67.030 permits budget amendments to the expenditure budget as long as the changes do not exceed estimated revenues to be received during the year plus the unencumbered balance at the beginning of the fiscal year. The original budget for the School District was adopted June 10, 2015 with amendments being approved on December 9, 2015 and June 8, 2016.

PARKWAY C-2 SCHOOL DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS - UNAUDITED YEAR ENDED JUNE 30, 2016

BUDGETING HIGHLIGHTS (concluded)

Statements showing the District's original and final budget compared with the actual operating results of the District are provided in this Comprehensive Annual Financial Report (CAFR) on pages 60, 61, 66, and 67. The School District's year-end results were slightly better than had been projected, as conservative budgetary practices are customary.

During the Fall of each school year, budget amendments are presented to the Board of Education. The main objective of these adjustments is to refine the initial budget based on newly acquired information from the State of Missouri's Department of Elementary and Secondary Education for purposes of revenue projections. On the expenditure side, adjustments are made to the initial salary and benefit projections to reflect actual salary and staffing levels. In addition, school and program budgets are adjusted to include certain budget surpluses left unspent from the prior year. These amounts are not known at the time the initial budget is developed but have the Board of Education's approval to add them at a later date. Throughout the year, \$8,960,915 was added to the budgets within the General, Special Revenue, and Capital Projects Funds. Of this amount, \$5,979,420 was for increased capital projects related to the bond issue and bond issue fees, and \$2,981,495 was for funds carried forward from the previous year.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

On June 30, 2016, the District had \$449,435,820 invested in land, buildings, furniture, equipment, vehicles, buses and construction projects in process. Of this amount, \$227,658,404 has been taken in depreciation. The District currently has a net book value of \$221,777,416 or 49.35% of the all capital asset's original cost. Increases during the year represent additions to those categories, while decreases represent retirements of assets during the year and depreciation of assets for the year.

Table IV
Capital Assets
June 30,

	<u>2016</u>	<u>2015</u>
Land and land improvements	\$ 34,072,306	\$ 33,848,924
Buildings and building improvements	359,416,186	359,155,128
Vehicles and equipment	27,457,910	27,106,796
Construction in progress	<u>28,489,418</u>	<u>7,822,640</u>
Total	<u>\$ 449,435,820</u>	<u>\$ 427,933,488</u>

PARKWAY C-2 SCHOOL DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS - UNAUDITED YEAR ENDED JUNE 30, 2016

CAPITAL ASSETS AND DEBT ADMINISTRATION – (concluded)

During the current year, additions of \$21,581,493 of capital assets were capitalized while \$79,161 were deleted or retired. Depreciation for the year ended June 30, 2016 was \$14,750,738. Accumulated depreciation on the retired assets was \$79,161.

Debt Administration

On June 30, 2016, the District had \$168,795,000 in outstanding general obligation bonds. These bonds were originally issued for the purpose of capital improvements, building additions, and technology system advancements.

Note: Other long-term obligations include accrued compensated absences, obligations under capital leases, net pension liability, other postemployment benefit obligations and early retirement incentives. More detailed information on capital assets and debt administration can be found in notes D and F of the notes to the basic financial statements.

Table V
Outstanding Debt
June 30,

	<u>2016</u>	<u>2015</u>
General obligation bonds		
Series 2015A	\$ 25,080,000	\$ 27,080,000
Series 2015B	50,000,000	50,000,000
Series 2012	27,295,000	29,540,000
Series 2011	22,035,000	24,455,000
Series 2010	32,000,000	33,000,000
Series 2009	<u>12,385,000</u>	<u>15,660,000</u>
 Total	 <u>\$ 168,795,000</u>	 <u>\$ 179,735,000</u>

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

The operating budget (which excludes debt service and bond issue) presented to the Board of Education for approval for fiscal year 2016-2017 includes revenues of \$230,416,774 and operating expenditures of \$229,392,424. The result is an anticipated operating gain for fiscal year 2016-2017 of \$1,024,350.

PARKWAY C-2 SCHOOL DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS - UNAUDITED YEAR ENDED JUNE 30, 2016

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET (concluded)

As part of the normal budgeting process, long-range projections are developed and continually updated. This process allows the District to determine how much of the available resources can be used for on-going projects, such as new programs or initiatives, versus one-time projects, such as facility repairs.

In addition to balancing the revenue and expenditure budgets, District policy sets two separate and distinct beginning of the fiscal year minimum cash requirements. The first is an operating reserve equal to 13.5% of the original combined operating expenditure budgets. Due to the cyclical nature of District revenues and expenditures, this reserve is designed to cover cash flow needs during the period of October thru December, just prior to the collection of the property tax revenues in late December and January. This eliminates the need to do short-term borrowing to cover cash requirements.

The second of the minimum cash requirement reserves is for contingency planning. This reserve is equal to 3.8% of the combined operating expenditure budgets. Due to the age of the buildings within the district, the potential for emergency situations will continue to persist. In addition to emergency funding for facilities, there is a level of uncertainty tied to revenue received from the Voluntary Student Transfer Program. Should the number of students participating in the VST program significantly drop or cost reimbursements decrease, due to changes in State funding, then this reserve would allow the District to maintain its existing programs.

This report is designed to provide our citizens, taxpayers, investors and creditors with a full and complete disclosure of the District's finances and to show the District's accountability for the money it receives. If you have any questions about this report or need additional copies, they can be obtained by contacting the following people:

Patricia Bedborough
Chief Financial Officer

Brian Whittle
Director of Finance

PARKWAY C-2 SCHOOL DISTRICT

STATEMENT OF NET POSITION

June 30, 2016

	<u>Governmental activities</u>
ASSETS	
Cash and investments	\$ 54,615,442
Restricted cash and investments	36,488,551
Property taxes receivable - net of allowance for uncollectibles of \$2,737,414	5,624,483
Other receivables	
Local	891,972
State	2,894,282
Federal	1,961,796
Prepaid items	1,370,048
Inventories	661,929
Land	3,457,837
Construction in progress	28,489,418
Depreciable capital assets, net of accumulated depreciation	189,830,161
Total assets	326,285,919
DEFERRED OUTFLOWS OF RESOURCES	
Deferred charge on refunding	2,721,621
Deferred pension contributions	66,522,339
Total deferred outflows of resources	69,243,960
LIABILITIES	
Accounts payable	5,263,946
Salaries payable	2,878,485
Medical and dental benefits payable	2,242,295
Unearned Revenue	1,911,101
Interest payable	2,024,998
Net pension liability	160,869,090
Other postemployment obligation	7,485,500
Noncurrent liabilities	
Due within one year	14,239,954
Due in more than one year	170,206,795
Total liabilities	367,122,164
DEFERRED INFLOWS OF RESOURCES	
Pension deferrals	44,249,326
NET POSITION	
Net investment in capital assets	71,557,667
Restricted for:	
Debt service	8,779,831
Certificated employees' compensation and benefits	5,921,230
Unrestricted	(102,100,339)
Total net position	\$ (15,841,611)

The accompanying notes are an integral part of this statement.

PARKWAY C-2 SCHOOL DISTRICT

STATEMENT OF ACTIVITIES

Year ended June 30, 2016

Function/Program	Expenses	Program revenues			Net (expense)
		Charges for services	Operating grants and contributions	Capital grants and contributions	revenue and changes in net position
					Total Governmental activities
Governmental activities					
Instruction	\$ 125,442,045	\$ 8,032,181	\$ 3,508,748	\$ -	\$ (113,901,116)
Student activities	4,955,335	3,784,750	-	-	(1,170,585)
Attendance	524,130	-	-	-	(524,130)
Guidance	6,708,591	-	-	-	(6,708,591)
Health services	2,610,245	-	103,710	-	(2,506,535)
Improvement of instruction	6,778,701	-	-	-	(6,778,701)
Professional development	27,796	-	-	-	(27,796)
Media services	3,789,457	-	-	-	(3,789,457)
Board of Education services	264,232	-	-	-	(264,232)
Executive administration	2,323,079	-	-	-	(2,323,079)
Building level administration	17,057,694	-	-	-	(17,057,694)
Business and central services	10,376,299	21,018	-	-	(10,355,281)
Operation of plant	24,718,581	355,734	-	-	(24,362,847)
Security services	1,188,243	-	-	-	(1,188,243)
Pupil transportation	9,153,179	-	3,542,866	-	(5,610,313)
Food services	5,683,921	3,897,398	2,018,794	-	232,271
Adult basic education	980,430	-	945,807	-	(34,623)
Adult continuing education	598,978	-	-	-	(598,978)
Community services	3,536,280	2,013,148	700,524	-	(822,608)
Debt service					
Interest and other expenses	6,442,766	-	-	-	(6,442,766)
Total governmental activities	\$ 233,159,982	\$ 18,104,229	\$ 10,820,449	\$ -	(204,235,304)
General revenues					
Taxes					
Property and all other Ad Valorem taxes					202,662,578
Sales taxes					15,176,728
State aid					8,766,258
Grants and contributions not restricted to specific programs					39,396
Investment earnings					1,151,501
Total general revenues					227,796,461
Changes in net position					23,561,157
Net position at July 1, 2015					(39,402,768)
Net position at June 30, 2016					\$ (15,841,611)

The accompanying notes are an integral part of this statement.

PARKWAY C-2 SCHOOL DISTRICT

BALANCE SHEET - GOVERNMENTAL FUNDS
June 30, 2016

	<u>General</u>	<u>Special Revenue</u>	<u>Debt Service</u>	<u>Capital Projects</u>	<u>Total Governmental Funds</u>
ASSETS					
Cash and investments	\$ 40,832,123	\$ 66,011	\$ 10,166,642	\$ 3,550,666	\$ 54,615,442
Restricted cash and investments	-	-	-	27,187,026	27,187,026
Property taxes receivable - net of allowance for uncollectibles of \$2,737,414	1,748,583	3,247,368	628,532	-	5,624,483
Other receivables					
Local	862,699	1,155	9,655	18,463	891,972
State	1,012,999	1,881,283	-	-	2,894,282
Federal	1,136,568	825,228	-	-	1,961,796
Prepaid items	1,370,048	-	-	-	1,370,048
Inventories	661,929	-	-	-	661,929
Total assets	\$ 47,624,949	\$ 6,021,045	\$ 10,804,829	\$ 30,756,155	\$ 95,206,978
LIABILITIES					
Accounts payable	\$ 1,752,882	\$ 99,815	\$ -	\$ 3,211,973	\$ 5,064,670
Salaries payable	2,878,485	-	-	-	2,878,485
Unearned revenue	279,649	-	-	-	279,649
Total liabilities	4,911,016	99,815	-	3,211,973	8,222,804
DEFERRED INFLOWS OF RESOURCES					
Deferred property taxes	1,993,499	3,702,212	698,074	-	6,393,785
FUND BALANCES					
Non-spendable					
Prepaid items	1,370,048	-	-	-	1,370,048
Inventory	661,929	-	-	-	661,929
Restricted					
Teachers salaries and benefits	-	2,219,018	-	-	2,219,018
Debt service	-	-	10,106,755	-	10,106,755
Capital improvements	-	-	-	27,187,026	27,187,026
Assigned					
Other capital projects	-	-	-	357,156	357,156
Student activities	2,474,298	-	-	-	2,474,298
Unassigned	36,214,159	-	-	-	36,214,159
Total fund balances	40,720,434	2,219,018	10,106,755	27,544,182	80,590,389
Total liabilities, deferred inflows of resources and fund balances	\$ 47,624,949	\$ 6,021,045	\$ 10,804,829	\$ 30,756,155	\$ 95,206,978

The accompanying notes are an integral part of this statement.

PARKWAY C-2 SCHOOL DISTRICT

RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET WITH THE STATEMENT OF NET POSITION June 30, 2016

Amounts reported for governmental activities in the statement of net position are different because:

Total fund balance - governmental funds		\$ 80,590,389
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. The cost of the assets is \$449,435,820 and the accumulated depreciation is \$227,658,404		221,777,416
Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the funds as follows:		
Deferred tax revenue		6,393,785
To recognize interest accrued on general obligation bonds and obligations under capital leases		(2,024,998)
An internal service fund is used by management to charge the costs of insurance to individual funds. The assets and liabilities of the internal service fund are included in governmental activities in the statements of net position		5,228,502
Deferred outflows of resources are not due and payable in the current period and therefore are not reported in the funds		
Deferred charge on refunding		2,721,621
Deferred pension contributions		66,522,339
Deferred inflow of resources related to pension deferrals are not reported in governmental funds		(44,249,326)
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds as follows:		
General obligation bonds	(177,493,275)	
Net pension obligation	(160,869,090)	
Compensated absences	(1,440,099)	
Early retirement payable	(2,878,254)	
Postemployment benefits other than pensions	(7,485,500)	
Capital lease obligation	(2,635,121)	
Total		<u>(352,801,339)</u>
Total net position - governmental activities		<u><u>\$ (15,841,611)</u></u>

The accompanying notes are an integral part of this statement.

PARKWAY C-2 SCHOOL DISTRICT

**STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS
Year ended June 30, 2016**

	General	Special Revenue	Debt Service	Capital Projects	Total Governmental Funds
Revenues					
Local	\$ 75,696,856	\$ 123,813,608	\$ 20,311,754	\$ -	\$ 219,822,218
County	1,192,813	2,386,747	639,712	-	4,219,272
State	4,908,634	6,269,431	-	-	11,178,065
Federal	4,354,144	1,580,261	-	-	5,934,405
Interest	189,890	13,629	733,994	213,987	1,151,500
Other - student activities	3,557,250	-	-	227,500	3,784,750
VICC - cost reimbursement	2,319,973	5,413,270	-	-	7,733,243
Total revenues	92,219,560	139,476,946	21,685,460	441,487	253,823,453
Expenditures					
Current					
Instruction	10,213,425	113,041,932	-	304,873	123,560,230
Student activities	3,876,054	173,260	-	1,136,777	5,186,091
Attendance	381,570	169,531	-	-	551,101
Guidance	586,804	6,467,001	-	-	7,053,805
Health services	2,594,178	115,808	-	34,578	2,744,564
Improvement of instruction	1,954,327	4,970,637	-	-	6,924,964
Professional development	27,796	-	-	-	27,796
Media services	658,091	3,324,523	-	-	3,982,614
Board of Education services	264,232	-	-	-	264,232
Executive administration	1,741,928	698,737	-	-	2,440,665
Building level administration	7,320,028	10,396,869	-	-	17,716,897
Business and central services	10,152,746	364,531	-	-	10,517,277
Operation of plant	22,362,669	-	-	-	22,362,669
Security services	1,249,388	-	-	-	1,249,388
Pupil transportation	8,959,210	-	-	-	8,959,210
Food services	5,945,569	-	-	-	5,945,569
Adult basic education	1,027,001	3,880	-	-	1,030,881
Adult continuing education	627,980	-	-	1,820	629,800
Community services	2,098,620	1,523,571	-	-	3,622,191
Capital outlay	-	-	-	21,194,358	21,194,358
Debt service					
Principal retirement	34,996	-	10,940,000	124,363	11,099,359
Interest	51,877	-	6,731,307	60,500	6,843,684
Other	6,000	-	11,064	-	17,064
Total expenditures	82,134,489	141,250,280	17,682,371	22,857,269	263,924,409
Excess of revenues over (under) expenditures	10,085,071	(1,773,334)	4,003,089	(22,415,782)	(10,100,956)
Other financing sources (uses)					
Transfers	(850,000)	250,000	-	600,000	-
Proceeds from sale of other property	29,959	-	-	-	29,959
Total other financing sources (uses)	(820,041)	250,000	-	600,000	29,959
NET CHANGE IN FUND BALANCE	9,265,030	(1,523,334)	4,003,089	(21,815,782)	(10,070,997)
Fund balances at July 1, 2015	31,455,404	3,742,352	6,103,666	49,359,964	90,661,386
Fund balances at June 30, 2016	<u>\$ 40,720,434</u>	<u>\$ 2,219,018</u>	<u>\$ 10,106,755</u>	<u>\$ 27,544,182</u>	<u>\$ 80,590,389</u>

The accompanying notes are an integral part of this statement.

PARKWAY C-2 SCHOOL DISTRICT

**RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF
REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
WITH THE STATEMENT OF ACTIVITIES**

Year ended June 30, 2016

Net change in fund balances - total governmental funds **\$ (10,070,997)**

Capital outlays are reported as expenditures in the governmental funds. However, in the Statement of Activities, the cost of capital assets is allocated over their estimated useful lives as depreciation expense. In the current period, these amounts are:

Capital asset purchases	21,581,493	
Depreciation expense	<u>(14,750,738)</u>	
		6,830,755

Revenue in the Statement of Activities that does not provide current financial resources are not reported as revenues in the governmental funds. These amounts consist of:

Increase in deferred tax revenue	2,897,686
----------------------------------	-----------

Increase in OPEB Liability	(749,200)
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The governmental funds report debt (e.g. bonds) proceeds as an other financing source, while repayment of debt principal is reported as an expenditure. Also, governmental funds report the effect of issuance costs and premiums when debt is first issued, whereas these amounts are deferred and amortized in the Statement of Activities. The net effect of these differences in the treatment of debt and related items is as follows:

Repayment of bond principal	10,940,000	
Repayment of capital lease obligation	463,791	
Amortization on bond premium	<u>1,214,315</u>	
Total		12,618,106

Some expenses reported in the Statement of Activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds. These activities consist of:

Increase in compensated absences	(45,857)
Decrease in early retirement	1,141,850
Net decrease in accrued interest	218,168
Pension benefit	9,542,382
Deferred charge on refunding	(1,014,501)

The internal service fund used by management to charge the costs of insurance to individual funds is not reported in the Statement of Activities. Governmental fund expenditures and the related internal service fund revenues are eliminated. The net revenue (expense) of the internal service fund is allocated among the governmental activities.

<u>2,192,765</u>

Change in net position of governmental activities **\$ 23,561,157**

PARKWAY C-2 SCHOOL DISTRICT

STATEMENT OF NET POSITION - PROPRIETARY FUND

June 30, 2016

	Governmental Activities - Internal Service Fund
CURRENT ASSETS	
Cash	<u><u>\$ 9,301,525</u></u>
CURRENT LIABILITIES	
Accounts payable	\$ 199,276
Medical and dental benefits payable	2,242,295
Unearned revenue	<u>1,631,452</u>
Total liabilities	<u><u>4,073,023</u></u>
NET POSITION	
Unrestricted	<u><u>\$ 5,228,502</u></u>

The accompanying notes are an integral part of this statement.

PARKWAY C-2 SCHOOL DISTRICT

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION - PROPRIETARY FUND Year ended June 30, 2016

	Governmental Activities - Internal Service Fund
	<hr/>
Operating revenues	
Contributions by employees	\$ 9,050,772
Contributions by employer	23,724,437
Other income	1,360,155
	<hr/>
Total operating revenues	34,135,364
Operating expenses	
Claims	29,121,793
Excess loss insurance	573,918
Administrative	1,848,691
Other	398,197
	<hr/>
Total operating expenses	31,942,599
CHANGE IN NET POSITION	2,192,765
Net position at July 1, 2015	<hr/> 3,035,737
Net position at June 30, 2016	<hr/> <hr/> \$ 5,228,502

The accompanying notes are an integral part of this statement.

PARKWAY C-2 SCHOOL DISTRICT

STATEMENT OF CASH FLOWS - PROPRIETARY FUND

Year ended June 30, 2016

	Governmental Activities - Internal Service Fund
	<u> </u>
Cash flows from operating activities	
Cash received from employer contributions	\$ 9,087,200
Cash received from employee contributions	23,813,982
Cash received from insurance	1,370,373
Cash payments to suppliers for claims and services	<u>(31,801,412)</u>
NET CASH PROVIDED BY OPERATING ACTIVITIES AND INCREASE IN CASH	2,470,143
Cash at July 1, 2015	<u>6,831,382</u>
Cash at June 30, 2016	<u><u>\$ 9,301,525</u></u>
Reconciliation of operating income to net cash provided by operating activities	
Operating income	\$ 2,192,765
Change in accounts payable	199,276
Change in claims payable	(58,089)
Change in unearned revenues	<u>136,191</u>
Net cash provided by operating activities	<u><u>\$ 2,470,143</u></u>

The accompanying notes are an integral part of this statement.

PARKWAY C-2 SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2016

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Parkway C-2 School District (the “District”) is a political subdivision of the State of Missouri and operates under the regulations pursuant to Section 162.092 RSMo of the Public School Laws of Missouri, which designates a Board of Education to act as the governing authority. The District provides educational services to primarily prekindergarten through high school residents.

The financial statements of the District have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

1. Principles Determining the Scope of Reporting Entity

Generally accepted accounting principles require that the financial reporting entity is to include (1) the primary government, (2) organizations for which the primary government is financially accountable and, (3) other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity’s financial statements to be misleading or incomplete. The criteria provided in the applicable GASB statements have been considered and there are no other agencies or entities, which should be presented with the District.

2. Fund Accounting

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

PARKWAY C-2 SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2016

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICES (continued)

2. Fund Accounting (continued)

Governmental Funds

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

General (Incidental) Fund

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

Special Revenue (Teachers') Fund

The Special Revenue (Teachers') Fund is a special revenue fund which accounts for expenditures for certified employees involved in administration and instruction, and includes revenues restricted or committed for the payment of teacher salaries and certain benefits.

Debt Service Fund

This fund is used to account for and report financial resources that are restricted, committed, or assigned to expenditures for the periodic payment of, principal, interest and fiscal charges on certain long-term debt.

PARKWAY C-2 SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2016

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICES (continued)

2. Fund Accounting (concluded)

Capital Projects Fund

This fund is used to account for and report financial resources that are restricted, committed or assigned to expenditures for capital outlays, including the acquisition or construction of capital facilities or other capital assets.

Proprietary Funds

The Proprietary Fund is used to account for the District's ongoing organizations and activities which are similar to those often found in the private sector. The measurement focus is upon determination of net income. The District's Proprietary Fund is:

Internal Service Fund

This fund accounts for the proceeds from contributions for the payment of claims and the liabilities associated with the District's self-insurance activities (primarily medical and dental benefits). Expenses include claims paid, direct insurance payments and administrative fees. A liability for estimated claims incurred but not reported is recorded in this fund.

3. Fund Balances – Governmental Funds

In the fund financial statements, governmental funds report the following classifications of fund balance:

Nonspendable – includes amounts that cannot be spent because they are either not spendable in form or are legally or contractually required to be maintained intact.

Restricted – includes amounts restricted by external sources (creditors, laws of other governments, etc.) or by constitutional provision or enabling legislation.

Committed – includes amounts that can only be used for specific purposes. Committed fund balance is reported pursuant to limitations imposed by the Board of Education, the District's highest level of decision making authority. Commitments may be modified or rescinded only through ordinances approved by the Board. The District does not have any committed fund balances.

PARKWAY C-2 SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2016

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICES (continued)

3. Fund Balances – Governmental Funds (concluded)

Assigned – includes amounts that the District intends to use for a specific purpose, but do not meet the definition of restricted or committed fund balance. Under the District’s adopted policy, amounts may be assigned by the Chief Financial Officer.

Unassigned – includes amounts that have not been assigned to other funds or restricted, committed or assigned to a specific purpose within the General Fund. In other governmental funds, if expenditures incurred for specific purposes exceed the amounts restricted, committed or assigned to those purposes, a negative unassigned fund balance may be reported. The District’s policy requires a minimum unassigned fund balance of 17.3% of total operating expenditures in order to cover unexpected expenditures and revenue shortfalls.

When an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available, the District considers restricted funds to have been spent first. When an expenditure is incurred for which committed, assigned, or unassigned fund balances are available, the District considers amounts to have been spent first out of committed funds, then assigned funds, and finally unassigned funds, as needed, unless the Board has provided otherwise in its commitment or assignment actions.

The details of the fund balances are included in the Balance Sheet – Governmental Funds.

4. Basis of Presentation

Government-Wide Financial Statements

The Statement of Net Position and the Statement of Activities present financial information about the District as a whole. These statements include the financial activities of the primary government. Internal service fund activity is eliminated to avoid “doubling up” revenues and expenses. Governmental activities generally are financed through taxes, intergovernmental revenues, and other nonexchange transactions.

The government-wide statements are prepared using the economic resources measurement focus. This is the same approach used in the preparation of the proprietary fund financial statements but differs from the manner in which governmental fund financial statements are prepared. Governmental fund financial statements therefore include a reconciliation with brief explanations to better identify the relationship between the government-wide statements and the statements for governmental funds.

PARKWAY C-2 SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2016

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICES (continued)

4. Basis of Presentation (concluded)

Government-Wide Financial Statements (concluded)

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

Fund Financial Statements

The fund financial statements provide detailed information about the District's funds. The emphasis of fund financial statements is on *major* governmental funds. Each fund is displayed in a separate column. The internal service fund total is presented in a single column on the face of the proprietary fund statement.

The accounting and reporting treatment applied to a fund is determined by its measurement focus. All governmental fund types are accounted for using a flow of current financial resources measurement focus. The financial statements for governmental funds are the balance sheet, which generally include only current assets and current liabilities, and a statement of revenues, expenditures and changes in fund balances, which reports on the sources (i.e., revenues and other financing sources) and uses (i.e., expenditures and other financing uses) of current financial resources.

All proprietary fund types are accounted for on a flow of economic resources measurement focus. With this measurement focus, all assets and all liabilities associated with the operation of these funds are included on the statement of net position. The statement of revenues, expenses and changes in net position presents increases (i.e., revenues) and decreases (i.e., expenses) in total net position. The statement of cash flows provides information about how the District finances and meets the cash flow needs of its proprietary activities.

PARKWAY C-2 SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2016

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICES (continued)

5. Basis of Accounting

Basis of accounting determines when transactions are reported on the financial statements. Government-wide financial statements are prepared using the accrual basis of accounting. Governmental funds use the modified accrual basis of accounting at the fund level. Proprietary funds also use the accrual basis of accounting at both reporting levels.

Revenues – Exchange and Non-Exchange Transactions – Revenues resulting from exchange transactions, in which each party receives essentially equal value, are recorded on the accrual basis when the exchange takes place. On the modified accrual basis, revenues are recorded in the fiscal year in which the resources are measurable and available. Available means that the resources will be collected within the current fiscal year or are expected to be collected soon enough thereafter to be used to pay liabilities of the current fiscal year. For the District, available means expected to be received within sixty days of the fiscal year-end.

Nonexchange transactions, in which the District receives value without directly giving value in return, include property taxes, grants, entitlements and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants, entitlements and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the fiscal year when use is first permitted, matching requirements, in which the District must provide local resources to be used for a specified purpose, and expenditure requirements, in which the resources are provided to the District on a reimbursement basis. On a modified accrual basis, revenues from nonexchange transactions must also be available before they can be recognized.

Under the modified accrual basis, the following revenue sources are considered to be both measurable and available at fiscal year-end: property taxes, sales tax, interest, tuition, grants, student fees and rentals.

Unearned Revenue – unearned revenue arises when assets are recognized before revenue recognition criteria have been satisfied. Grants and entitlements received, (i.e., cash advances) before eligibility requirements are met are recorded as unearned revenues.

PARKWAY C-2 SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2016

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICES (continued)

5. Basis of Accounting (concluded)

Expenses/Expenditures – On the accrual basis of accounting, expenses are recognized at the time they are incurred.

The measurement focus of governmental fund accounting is on decreases in net financial resources (expenditures) rather than expenses. Expenditures are generally recognized in the accounting period in which the related fund liability is incurred, if measurable. Allocations of cost, such as depreciation and amortization, are not recognized in governmental funds at the fund reporting level.

6. Property Taxes

Property taxes attach as an enforceable lien on property as of January 1. Taxes are levied on November 1 and are payable by December 31. The County collects the property tax and remits it to the District. An allowance for uncollectible taxes has been provided for delinquent taxes.

At the fund reporting level, property tax revenues are recognized when they become measurable and available. Available includes those property tax receivables expected to be collected within sixty (60) days after year end. Revenue recognition of delinquent property taxes not collected within sixty (60) days of fiscal year end is deferred.

The District also receives sales tax collected by the State and remitted based on prior year weighted average daily attendance. The District is required to reduce its property tax levy by one-half the amount of sales tax estimated to be received in the subsequent calendar year. The voters in the District approved a waiver of this tax rollback.

The assessed valuations of the tangible taxable property for the calendar years 2015 and 2014 for purposes of local taxation were \$4,336,607,760 and \$4,158,544,670, respectively.

PARKWAY C-2 SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2016

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICES (continued)

6. Property Taxes (concluded)

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

	December 31,	
	2015	2014
General Fund	\$ 1.3993	\$ 1.3853
Special Revenue Fund	2.5987	2.5728
Debt Service Fund	0.4900	0.3400
Capital Projects Fund	-	-
Total	<u>\$ 4.4880</u>	<u>\$ 4.2981</u>

The receipts of current property taxes during the fiscal year ended June 30, 2016, aggregated approximately 96% of the current assessment computed on the basis of the levy as shown above.

7. Pooled Cash and Temporary Investments

Cash resources are combined to form a pool of cash and temporary investments which is managed by the District Treasurer, except resources from the Debt Service Fund, as state law requires these deposits to be separately maintained. The reported value of the pool is the same as the fair value of the pool shares.

The District may invest in bonds of the State of Missouri, of the United States, or any wholly-owned corporation of the United States; or in other short-term obligations of the United States.

Investments in external investment pools and certificates of deposit are stated at amortized cost, which approximates fair value.

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

For purposes of the statement of cash flows, the District's internal service fund considers all highly liquid investments with an original maturity of three months or less when purchased to be cash equivalents.

PARKWAY C-2 SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2016

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICES (continued)

8. Restricted Cash and Investments

Restricted cash and investments represent amounts whose use is limited by legal requirements and consist of unexpended bond proceeds and amounts escrowed for future general obligation bond principal and interest payments in conjunction with the Missouri School District Direct Deposit Program. The District did not utilize this program as of June 30, 2016.

9. Prepaid Items

Payments made to vendors for services that will benefit periods beyond June 30, 2016, are recorded as prepaid items using the consumption method. A current asset for the prepaid amount is recorded at the time of the purchase and an expenditure/expense is reported in the year in which services are consumed.

10. Inventory

Inventories are stated at cost, on a first-in, first-out (FIFO) basis, and are expensed when used.

11. Capital Assets

General capital assets result from expenditures in the governmental funds. These assets are reported in the governmental activities column of the government-wide statement of net position but are not reported in the fund financial statements.

All capital assets are recorded at cost (or estimated historical cost) and updated for additions and retirements during the year. Donated capital assets are recorded at their fair market values as of the date received. The District maintains a capitalization threshold of one thousand dollars for each individual asset for inventory control purposes and five thousand dollars for financial reporting purposes.

The cost of normal maintenance and repairs that do not add value to the asset or materially extend the asset's life are not capitalized.

PARKWAY C-2 SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2016

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICES (continued)

11. Capital Assets (concluded)

Major outlays for capital assets and improvements are capitalized as projects are constructed and placed in service. Improvements are depreciated over the remaining useful lives of the related capital assets. Except for land and construction in progress, all reported capital assets are depreciated. Depreciation is calculated using the straight-line method over the following useful lives:

	20 years
Buildings and improvements	20 - 50 years
Vehicles and equipment	7 - 20 years

12. Deferred Outflows of Resources

The District reports decreases in net position that relate to future periods as deferred outflows of resources in a separate section of its government-wide and proprietary funds statements of net position. The only deferred outflows of resources reported in this year's financial statements are a deferred amount arising from the refunding of general obligation bonds and a deferred outflow of resources for contributions made to the District's defined benefit pension plans between the measurement date of the net pension liabilities from those plans and the end of the District's fiscal year. The deferred refunding amount is being amortized over the remaining life of the refunding bonds as part of interest expense. No deferred outflows of resources affect the governmental funds financial statements in the current year.

13. Compensated Absences

It is the District's policy to permit employees to accumulate earned but unused vacation and sick pay benefits. There is no liability for unpaid accumulated sick leave since the District does not have a policy to pay any amounts when employees separate from service with the District. All vacation pay is accrued when incurred in the government-wide financial statements. A liability for this amount is reported in governmental funds only after they become payable, for example, as a result of employee resignations and retirements.

14. Accrued Liabilities, Early Retirement, and Long-Term Obligations

All payables, accrued liabilities and long-term obligations are reported in the government-wide financial statements.

PARKWAY C-2 SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2016

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

14. Accrued Liabilities, Early Retirement, and Long-Term Obligations (concluded)

In general, payables and accrued liabilities that will be paid from governmental funds are reported on the governmental fund financial statements regardless of whether they will be liquidated with current resources. However, special termination benefits, claims and judgments, and compensated absences that will be paid from governmental funds are reported as a liability in the fund financial statements only to the extent that they are due for payment. In general, liabilities that mature or come due for payment during the fiscal year are considered to have been made with current available financial resources. Bonds, capital leases and other long-term obligations that will be paid from governmental funds are not recognized as a liability in the fund financial statements until due.

Individuals who retire with thirty years in the Missouri Public School Retirement System are entitled to a fixed retirement bonus if they provide certain nominal services over the first four to five years of their retirement. The liability for those benefits in the government-wide financial statements is recorded at the time of retirement.

15. Deferred Inflows of Resources

The District's statements of net position and its governmental fund balance sheet report a separate section for deferred inflows of resources. This separate financial statement element reflects an increase in net position that applies to a future period(s). Deferred inflows of resources are reported in the District's Statement of Net Position for actual pension plan investment earnings in excess of the expected amounts included in determining pension expense. This deferred inflow of resources is attributed to pension expense over multiple years, including the current year. In its governmental funds, the only deferred inflow of resources is for revenues that are not considered available. The District will not recognize the related revenues until they are available (collected not later than 60 days after the end of the District's fiscal year) under the modified accrual basis of accounting. Accordingly, unavailable revenues from property taxes, grants and other are reported in the governmental funds balance sheet.

PARKWAY C-2 SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2016

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (concluded)

16. Net Position

Net position is displayed in three components. Net investment in capital assets consist of capital assets, net of accumulated depreciation, reduced by the outstanding balance of any borrowings used for the acquisition, construction or improvement of those assets, net of any unspent bond proceeds, plus deferred amounts on refundings resulting from advance refundings. Net position is reported as restricted when there are limitations imposed on its use either through the enabling legislation adopted by the District or through external restrictions imposed by regulators, grantors or laws or regulations of other governments. The remaining balance of net position is reported as unrestricted. When both restricted and unrestricted resources are available for use, it is the District's policy to use restricted resources first.

17. Operating Revenues and Expenses

Operating revenues are those revenues that are generated directly from the primary activity of the proprietary funds. For the District, these revenues are charges for services for self-insurance programs. Operating expenses are necessary costs incurred to provide the goods and services that are the primary activity of the fund. All revenues and expenses not meeting this definition are recorded as nonoperating revenues and expenses.

18. Interfund Activity

Interfund transfers, if applicable, are reported as other financing sources (uses) in governmental funds. The District transferred \$250,000 to the Special Revenue Fund and \$600,000 to the Capital Projects Fund from the General Fund during year ended June 30, 2016.

19. Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results may differ from these estimates.

NOTE B – CASH AND INVESTMENTS

The District maintains a cash and temporary investment pool that is available for use by all funds except the Debt Service Fund (State law requires that all deposits of the Debt Service Fund be kept separate and apart from all other funds of the District). Each fund's portion of this pool is displayed on the balance sheet as "cash and investments" under each fund's caption.

PARKWAY C-2 SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2016

NOTE B – CASH AND INVESTMENTS (continued)

Deposits

Missouri statutes require that all deposits with financial institutions be collateralized in an amount at least equal to uninsured deposits. At June 30, 2016, the carrying amount of the deposits under District control was \$54,882,408 and the bank balance was \$59,089,033. All of the District's deposits were covered by federal depository insurance or collateral held by the District or by its agent in the name of the District.

Investments

The District may purchase any investments allowed by the State Treasurer. These include (1) obligations of the United States Government or any agency or instrumentality thereof maturing and becoming payable not more than three years from the date of purchase, or (2) repurchase agreements, maturing and becoming payable within 90 days secured by U.S. Treasury obligations or obligations of U.S. Government agencies or instrumentalities of any maturity, as provided by law. As of June 30, 2016, the District had the following investments and maturities.

Type	Fair Value	Investment Maturities	
		0 to 1 year	1 to 3 years
External investment pools -MOSIP	\$ 7,687	\$ 7,687	\$ -
Certificates of deposits	36,192,216	36,192,216	-
	<u>\$ 36,199,903</u>	<u>\$ 36,199,903</u>	<u>\$ -</u>

Interest Rate Risk

Interest rate risk is the risk that changes in market 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. The District does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. However, one of the ways the District manages its exposure to interest rate risk is by purchasing a combination of short-term and long-term investments and by timing cash flows from maturities so a portion of the portfolio is maturing and coming close to maturity evenly over time as necessary to provide the cash flow and liquidity needed for operations.

PARKWAY C-2 SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2016

NOTE B – CASH AND INVESTMENTS (continued)

Credit Risk

Credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. The District's investment in Missouri Securities Investment Program is rated AAAm.

Concentration of Credit Risk

The investment policy of the District contains no limitations on the amount that can be invested in any one issuer beyond what is provided by law. There were no investments in any one issuer representing 5% of more of the total investments (excluding investments issued or explicitly guaranteed by the U.S. government, investments in mutual funds, external investment pools and other pooled investments) at June 30, 2016.

Custodial Credit Risk

For an investment, custodial credit risk is the risk that, in the event of failure of the counterparty, the District will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The District does not have a formal policy regarding the custody of its cash and investments. As of June 30, 2016, the District's investments were held by the investment's counterparty.

Summary

The cash deposits and investments are summarized and presented in the financial statements as follows as of June 30, 2016:

Cash on hand	\$ 21,682
Carrying amount of deposits	54,882,408
Investments	<u>36,199,903</u>
	<u>\$ 91,103,993</u>
Cash and investments - governmental funds	\$ 54,615,442
Restricted cash and investments - governmental funds	27,187,026
Cash - proprietary funds	<u>9,301,525</u>
Total reporting entity	<u>\$ 91,103,993</u>

PARKWAY C-2 SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2016

NOTE B – CASH AND INVESTMENTS (concluded)

The District has funds invested in the Missouri Securities Investment Program. All funds in this program are invested in accordance with Section 165.061 RSMo. Each school district owns a pro rata share of each investment, which is held in the name of the Fund.

NOTE C – TAXES RECEIVABLE

Property taxes receivable at June 30, 2016 are reported net of allowance for uncollectible accounts as follows:

	General Fund	Special Revenue Fund	Debt Service Fund	Capital Projects Fund	Total
Property taxes	\$2,602,073	\$4,832,421	\$ 927,403	\$ -	\$ 8,361,897
Less allowance for uncollectible accounts	<u>(853,490)</u>	<u>(1,585,053)</u>	<u>(298,871)</u>	<u>-</u>	<u>(2,737,414)</u>
Net property taxes	<u>\$1,748,583</u>	<u>\$3,247,368</u>	<u>\$ 628,532</u>	<u>\$ -</u>	<u>\$ 5,624,483</u>

PARKWAY C-2 SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2016

NOTE D - CAPITAL ASSETS

The following is a summary of changes occurring in capital assets for the year ended June 30, 2016:

	Balance July 1, 2015	Transfers	Additions	Deletions	Balance June 30, 2016
Governmental activities					
Capital assets that are not depreciated					
Land	\$ 3,457,837	\$ -	\$ -	\$ -	\$ 3,457,837
Construction in progress	7,822,640	(361,779)	21,028,557	-	28,489,418
Capital assets that are depreciated					
Land improvements	30,391,087	100,721	122,661	-	30,614,469
Buildings	164,857,542	-	-	-	164,857,542
Building improvements	194,297,586	261,058	-	-	194,558,644
Vehicles and equipment	27,106,796	-	430,275	79,161	27,457,910
Totals at estimated historical cost	427,933,488	-	21,581,493	79,161	449,435,820
Accumulated depreciation					
Land improvements	9,965,424	-	1,513,000	-	11,478,424
Buildings	109,365,497	-	2,045,736	-	111,411,233
Building improvements	77,348,487	-	9,369,531	-	86,718,018
Vehicles and equipment	16,307,419	-	1,822,471	79,161	18,050,729
Total accumulated depreciation	212,986,827	-	14,750,738	79,161	227,658,404
Governmental activities capital assets, net	\$ 214,946,661	\$ -	\$ 6,830,755	\$ -	\$ 221,777,416

Depreciation was charged to functions of the District at follows:

Instruction	\$ 9,187,596
Student activities	23,051
Improvement of instruction	192,645
Media services	1,752
Executive administration	1,860
Building level administration	45,109
Business services	402,509
Operation of plant	3,867,435
Transportation	908,092
Food service	29,329
Community services	91,360
	<u>\$ 14,750,738</u>

PARKWAY C-2 SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2016

NOTE E – TAX ANITICIPATION NOTE

The District issues tax anticipation notes to provide funds for the use of operations due to timing of property tax collections. The District issued and redeemed \$27,500,000 in a tax anticipation note during the year ended June 30, 2016.

NOTE F - CHANGES IN LONG-TERM LIABILITIES

The following is a summary of changes occurring in long-term liabilities for the year ended June 30, 2016:

	Balance July 1, 2015	Additions	Reductions	Balance June 30, 2016	Amounts due within one year
Governmental activities					
Bonds payable					
General obligation bonds	\$ 179,735,000	\$ -	\$ (10,940,000)	\$ 168,795,000	\$ 11,175,000
Deferred amounts for issuance premium	9,912,590	-	(1,214,315)	8,698,275	-
Total bonds payable, net	189,647,590	-	(12,154,315)	177,493,275	11,175,000
Obligations under capital leases	3,098,912	-	(463,791)	2,635,121	408,106
Accrued vacation payable	1,394,242	1,440,099	(1,394,242)	1,440,099	1,440,099
Early retirement payable	4,020,104	255,680	(1,397,530)	2,878,254	1,216,749
Total governmental activity long-term liabilities	<u>\$ 198,160,848</u>	<u>\$ 1,695,779</u>	<u>\$ (15,409,878)</u>	<u>\$ 184,446,749</u>	<u>\$ 14,239,954</u>

Payments on the general obligation bonds are made by the Debt Service Fund. The obligations under capital leases are paid by the General Fund or the Capital Projects Fund. The accrued vacation, net pension liability, other postemployment benefit obligation and early retirement will be liquidated by the fund in which the employee's salary was charged.

PARKWAY C-2 SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2016

NOTE F - CHANGES IN LONG-TERM LIABILITIES (continued)

Bonds Payable

The District issues general obligation bonds to provide funds for the acquisition and construction of major capital facilities.

Bonds payable consist of the following at June 30, 2016:

Date Issued	Maturity Date	Rate of Interest	Original Issue Amount	Balance at June 30, 2016
3/1/09	3/1/2025	2.125% - 3.75%	\$ 60,660,000	\$ 12,385,000
11/10/10	3/1/1930	2.50% - 5.35%	34,000,000	32,000,000
9/21/11	3/1/2024	2.00% - 4.00%	27,120,000	22,035,000
3/14/12	3/1/2022	2.00% - 5.00%	25,220,000	22,425,000
9/6/12	3/1/2020	1.00% - 3.00%	6,250,000	4,870,000
3/4/15	3/1/2025	1.50% - 5.00%	27,080,000	25,080,000
3/25/15	3/1/2035	3.00% - 4.00%	50,000,000	50,000,000
			<u>\$ 230,330,000</u>	<u>\$168,795,000</u>

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

Year ending June 30,	Principal	Interest	Total
2017	\$ 11,175,000	\$ 6,518,104	\$ 17,693,104
2018	10,390,000	6,219,854	16,609,854
2019	10,685,000	5,911,704	16,596,704
2020	10,015,000	5,571,941	15,586,941
2021	10,445,000	5,192,141	15,637,141
2022-2026	43,185,000	19,300,571	62,485,571
2027-2031	29,765,000	11,499,736	41,264,736
2032-2035	43,135,000	3,457,075	46,592,075
		<u>\$ 168,795,000</u>	<u>\$ 232,466,126</u>

PARKWAY C-2 SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2016

NOTE F - CHANGES IN LONG-TERM LIABILITIES (continued)

Advanced Refunding

In prior years, the District defeased certain general obligation bonds by placing the proceeds of the new bonds in irrevocable trusts to provide for all future debt service payments on the old bonds. Accordingly, the trust account assets and the liability for defeased bonds are not included in the District's financial statements. As of June 30, 2016, the total debt outstanding that is considered to be defeased is \$32,130,000.

Legal Debt Margin

Article VI, Section 26(b), Constitution of Missouri, limits the outstanding amount of authorized general obligation bonds of a District to fifteen (15%) percent of the assessed valuation of the District (including State assessed railroad and utility). The legal debt margin, computed excluding the assessed valuation of State assessed railroad and utilities, of the District at June 30, 2016, was:

Constitutional debt limit	\$ 650,491,164
General obligation bonds payable	(168,795,000)
Amount available in Debt Service Fund	<u>10,106,755</u>
Legal debt margin	<u><u>\$ 491,802,919</u></u>

Capital Lease Payable

The District leases certain equipment under agreements classified as capital leases. The cost for such equipment as of June 30, 2016 was \$9,101,360 and the accumulated depreciation was \$6,960,867.

PARKWAY C-2 SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2016

NOTE F - CHANGES IN LONG-TERM LIABILITIES (concluded)

Capital Lease Payable (concluded)

The following is a schedule of future minimum lease payments under the capital lease together with the present value of the net minimum lease payments as of June 30, 2016.

Year ending June 30,	
2017	\$ 461,632
2018	461,632
2019	461,633
2020	395,307
2021	328,981
2022-2024	<u>733,326</u>
Total future minimum lease payments	2,842,511
Less amount representing interest	<u>207,390</u>
Present value of future minimum lease payments	<u><u>\$2,635,121</u></u>

NOTE G - RETIREMENT PLAN

Public School and Education Employee Retirement Systems of Missouri

The District contributes to the Public School Retirement System of Missouri (PSRS), a cost-sharing multiple-employer defined benefit 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.

PARKWAY C-2 SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2016

NOTE G - RETIREMENT PLAN (continued)

Plan Description (concluded)

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 in Missouri (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 is used to calculate benefits for members who have 31 or more years of service. Actuarially age-reduced benefits are available for members with five to 24.9 years of service at age 55. Members who are younger than age 55 and who do not qualify under the "Rule of 80" but have between 25 and 29.9 years of service may retire with a lesser benefit factor. Members that are three years beyond normal retirement can elect to have their lifetime monthly benefits actuarially reduced in exchange for the right to also receive a one-time partial lump sum (PLSO) payment at retirement equal to 12, 24, or 36 times the Single Life benefit amount.

PARKWAY C-2 SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2016

NOTE G - RETIREMENT PLAN (continued)

Benefits Provided (concluded)

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

Summary Plan Descriptions detailing the provisions of the plans can be found on the Systems' website at www.psr-peers.org.

Cost-of-Living Adjustments ("COLA")

The Board has established a policy of providing a 2.00% COLA for years in which the CPI increases between 0.00% and 5.00%. If the CPI increase is greater than 5.00%, the Board will provide a COLA of 5.00%. If the CPI decreases, no COLA is provided. For any 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 year 2016 and 2015. 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.

PARKWAY C-2 SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2016

NOTE G - RETIREMENT PLAN (continued)

Contributions (concluded)

PEERS members were required to contribute 6.86% of their annual covered salary during fiscal year 2016 and 2015. 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 \$17,084,281 and \$2,606,166, respectively, for the year ended June 30, 2016.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

At June 30, 2016, the District recorded a liability of \$147,473,485 for its proportionate share of PSRS' net pension liability and \$13,395,606 for its proportionate share of PEERS' net pension liability. In total, the District recorded net pension liabilities of \$160,869,091. The net pension liability for the plans in total was measured as of June 30, 2015 and determined by an actuarial valuation as of that date. The District's proportionate share of the total net pension liability was based on the ratio of its actual contributions paid to PSRS and PEERS of \$16,773,087 and \$2,605,206, 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 2.5546% for PSRS and 2.5327% for PEERS.

For the year ended June 30, 2016, the District recognized pension benefit of \$8,036,380 for PSRS and \$1,512,827 for PEERS, its proportionate share of the total pension expense. The District also recognized expense of \$6,825 for contributions to PSRS related to employee reciprocity and other service transfers.

PARKWAY C-2 SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2016

NOTE G - RETIREMENT PLAN (continued)

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (continued)

At June 30, 2016, the District reported deferred outflows of resources from the following sources related to PSRS and PEERS pension benefits:

Balance of Deferred Outflows Due to:	Deferred Outflows of Resources		
	PSRS	PEERS	District Total
Differences between expected and actual experience	\$ 16,917,901	\$ 868,301	\$ 17,786,202
Net difference between projected and actual earnings on pension plan investments	25,833,841	2,900,371	28,734,212
Changes in proportion and differences between Employer contributions and proportionate share of contributions	271,192	40,286	311,478
Employer contributions subsequent to the measurement date	17,084,281	2,606,166	19,690,447
Total	<u>\$ 60,107,215</u>	<u>\$ 6,415,124</u>	<u>\$ 66,522,339</u>

At June 30, 2016, the District reported deferred inflows of resources from the following sources related to PSRS and PEERS pension benefits:

Balance of Deferred Outflows Due to:	Deferred Inflows of Resources		
	PSRS	PEERS	District Total
Differences between expected and actual experience	\$ -	\$ 187,750	\$ 187,750
Net difference between projected and actual earnings on pension plan investments	37,802,588	4,131,567	41,934,155
Changes in proportion and differences between Employer contributions and proportionate share of contributions	1,736,467	390,954	2,127,421
Total	<u>\$ 39,539,055</u>	<u>\$ 4,710,271</u>	<u>\$ 44,249,326</u>

PARKWAY C-2 SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2016

NOTE G - RETIREMENT PLAN (continued)

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (concluded)

Deferred outflows of resources to PSRS and PEERS pensions in the amount of \$16,794,218 and \$2,885,513, respectively, resulting from contributions subsequent to the measurement date of June 30, 2015, were recognized as a reduction to the net pension liability in the year ended June 30, 2016.

Other amounts reported as collective deferred (inflows) / outflows of resources to be recognized annually in pension expense are as follows:

	<u>PSRS</u>	<u>PEERS</u>	<u>District Total</u>
Year Ending June 30:			
2017	\$ (3,247,187)	\$ (628,168)	\$ (3,875,355)
2018	(3,247,187)	(628,168)	(3,875,355)
2019	(3,247,187)	(399,378)	(3,646,565)
2020	9,353,676	754,402	10,108,078
2021	2,583,920	-	2,583,920
Thereafter	<u>1,287,843</u>	<u>-</u>	<u>1,287,843</u>
	<u>\$ 3,483,878</u>	<u>\$ (901,312)</u>	<u>\$ 2,582,566</u>

Actuarial Assumptions

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

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

Measurement Date – June 30, 2015

Valuation Date – June 30, 2015

Expected Return on Investments – 8.00% net of investment expenses and including 2.5% inflation.

PARKWAY C-2 SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2016

NOTE G - RETIREMENT PLAN (continued)

Actuarial Assumptions (continued)

Total Payroll Growth PSRS – 3.50% per annum consisting of 2.5% inflation, 0.50% additional inflation due to the inclusion of health care costs in pension earnings, and 0.50% of real wage growth.

Total Payroll Growth PEERS – 3.75% per annum consisting of 2.5% 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 1.00% to 7.00% of real wage growth.

Future Salary Increases 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 1.75% to 8.75% of real wage growth.

Cost-of-Living Increases PSRS – 2.0% compounded annually, beginning on the second January after retirement and capped at 80% lifetime increase.

Cost-of-Living Increases 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.
- Actives PEERS: RP 2000 Mortality Table set back one year for males and six years for females, then projected to 2016 using Scale AA.
- Nondisabled 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.
- Nondisabled Retirees, Beneficiaries and Survivors 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

Changes in Actuarial Assumptions and Methods: There were no changes in actuarial assumptions or methods for the June 30, 2015 valuations.

Fiduciary Net Positions: The Systems issue a publicly available financial report that can be obtained at www.psr-peers.org.

PARKWAY C-2 SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2016

NOTE G - RETIREMENT PLAN (continued)

Actuarial Assumptions (continued)

Expected Rate of Return

The long-term expected rate of return on 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 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	Return Arithmetic Basis	Real Return Arithmetic Basis
U.S. Pubic 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 %

PARKWAY C-2 SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2016

NOTE G - RETIREMENT PLAN (concluded)

Actuarial Assumptions (concluded)

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.

	1% Decrease 7%	Current Rate 8%	1% Increase 9%
Proportionate Share of the Net Position Liability			
PSRS	\$ 271,230,564	\$ 147,473,485	\$ 43,531,330
PEERS	\$ 27,043,522	\$ 13,395,606	\$ 1,857,473

NOTE H – OTHER POSTEMPLOYMENT BENEFITS (OPEB)

Plan Description

In addition to providing the pension benefits described above, the District provides continuation of medical, dental and vision insurance coverage, including prescription drugs to employees who are eligible for normal or early retirement under a single employer plan. Retirees who elect to participate must pay the premium in effect for the current plan year or any subsequent year at the premium rates in effect at that time. Since the retirees pay the premium for each year, the District's share of any premium cost is determined on the basis of a blended rate or implicit rate subsidy calculation. A stand-alone financial report is not available for the plan.

PARKWAY C-2 SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2016

NOTE H – OTHER POSTEMPLOYMENT BENEFITS (OPEB) (continued)

Funding Policy

The District currently pays for the implicit rate subsidy associated with these postemployment health care benefits on a pay-as-you-go basis. The District determines contribution requirements and may be amended by the District. As of June 30, 2016, no trust fund has been established for the funding of the plan's postemployment benefit obligation, resulting in the classification of the entire liability as unfunded. The schedule of funding progress is presented as required supplementary information.

Annual Other Postemployment Benefit Cost

The District's annual OPEB cost (expense) is calculated based on the annual required contribution of the employer (ARC). The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and to amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years.

As of June 30, 2016 the schedule of employer contributions and net OPEB obligation is as follows:

Annual required contribution	\$2,758,600
Interest on net OPEB obligation	235,800
Adjustment to annual required contributions	<u>(240,700)</u>
Annual OPEB cost (expense)	2,753,700
Contributions made	<u>2,004,500</u>
Increase in net OPEB obligation	749,200
Net OPEB obligation at July 1, 2015	<u>6,736,300</u>
Net OPEB obligation at June 30, 2016	<u><u>\$7,485,500</u></u>

PARKWAY C-2 SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2016

NOTE H – OTHER POSTEMPLOYMENT BENEFITS (OPEB) (continued)

Annual Other Postemployment Benefit Cost (concluded)

As of June 30, 2016, the annual OPEB cost, the percentage of annual OPEB cost contributed to the plan and the net OPEB obligation were as follows:

<u>Plan Year</u>	<u>Annual OPEB Cost</u>	<u>Employer Contribution</u>	<u>Percentage of OPEB Cost Contributed</u>	<u>Net OPEB Obligation</u>
2014	\$ 3,443,100	\$ 2,037,800	59.19%	\$ 5,620,500
2015	3,443,100	2,327,300	67.59%	6,736,300
2016	2,753,700	2,004,500	72.79%	7,485,500

Funded Status and Funding Progress

As of July 1, 2016, the actuarial accrued liability for benefits was \$33,149,000, all of which was unfunded. The covered payroll (annual payroll of active employees covered by the plan) was \$137,270,200, and the ratio of the unfunded actuarial liability to the covered payroll was 24.1%.

The projection of future benefit payments for an ongoing plan involves estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revisions as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

Actuarial Methods and Assumptions

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan understood by the employer and the plan members) and include the types of benefits provided at the time of each valuation and the historical pattern to that point. The methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities consistent with the long-term prospective of the calculations. The initial unfunded actuarial accrued liability is being amortized as a level percentage of projected payroll on a closed basis over 30 years.

PARKWAY C-2 SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2016

NOTE H – OTHER POSTEMPLOYMENT BENEFITS (OPEB) (concluded)

In the actuarial valuation, the liabilities were computed using the projected unit credit cost method. The actuarial assumptions utilized a 3.50% discount rate. Because the plan is unfunded, reference to general assets, which are short-term in nature, was considered in the selection of the 3.50% rate. The healthcare trends used are based on long term healthcare trends generated by the Getzen Model.

NOTE I - RISK MANAGEMENT

District Health Insurance Plan – The District utilizes an internal service fund to account for the risks associated with the employees’ health insurance plan. A premium is charged to each fund that accounts for employees’ salaries based upon past trends in claims experience. Provisions are also made for unexpected and unusual claims.

Liabilities of the fund are recorded when it is probable that a loss has occurred and the amount of loss can be reasonably estimated. Liabilities include an amount for claims that have been incurred but not reported (IBNR). Claim liabilities are calculated based upon recent claim settlement trends. Settlements have not exceeded coverage for each of the past three fiscal years.

Changes in the balance of claims liabilities are as follows for the year ended June 30,:

	<u>2016</u>	<u>2015</u>
Unpaid claims, beginning of year	\$ 2,300,384	\$ 2,249,782
Incurred claims (including IBNRs)	29,063,704	30,222,715
Claim payments	<u>(29,121,793)</u>	<u>(30,172,113)</u>
Unpaid claims, end of year	<u>\$ 2,242,295</u>	<u>\$ 2,300,384</u>

The District purchases specific reinsurance with an attachment point of \$300,000 annually, per employee, to limit its exposure to catastrophic claims. There have not been any significant reductions in insurance coverage from the prior year.

PARKWAY C-2 SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2016

NOTE I - RISK MANAGEMENT (concluded)

District's Other Risk – The District is exposed to various risks of loss related to theft, damage to and destruction of assets; errors and omissions; injuries to employees and natural disaster. To cover these risks, the District is a participant in the Missouri United School Insurance Council (the "Council") which is a Protected Self-Insurance Program of Missouri Public School Districts with 400 members. The District pays an assessment to the Council. Part of the assessment then goes to buy excess insurance contracts for the group as a whole. Should the contributions received by the Council not be sufficient, special assessments can be made to the member Districts.

NOTE J - COMMITMENTS AND CONTINGENCIES

Grants

The District received financial assistance from federal and state agencies in the form of grants. The disbursements of funds received under these programs generally require compliance with terms and conditions specified in the grant agreements and are subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the general fund or other applicable funds. However, in the opinion of management, any such disallowed claims will not have a material adverse effect on the overall financial position of the District at June 30, 2016.

Litigation

The District is a party to legal proceedings. The District management is of the opinion that ultimate disposition of these claims will not have a material effect on the financial condition of the School District.

Contracts

The District has entered into various contracts for building and grounds renovations and improvements which are included in the amount restricted for capital improvement in the fund financial statements.

PARKWAY C-2 SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2016

NOTE J - COMMITMENTS AND CONTINGENCIES (concluded)

Capital Commitments

The District's remaining commitment for uncompleted work under its construction contracts totaled approximately \$2.1 million as of June 30, 2016.

NOTE K – SUBSEQUENT EVENTS

On September 28, 2016, the Board of Education approved \$44 million in General Obligation Bonds, Series 2016. The bond issue will be used for repairs, improvements, renovations and additions to the District's school sites, buildings and related facilities.

REQUIRED SUPPLEMENTARY INFORMATION

PARKWAY C-2 SCHOOL DISTRICT

**SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL -
GENERAL FUND - UNAUDITED
Year ended June 30, 2016**

	Budgeted amounts		Actual	Variance with final budget positive (negative)
	Original	Final		
Revenues				
Local	\$ 74,291,936	\$ 76,154,095	\$ 75,696,856	\$ (457,239)
County	1,173,853	1,123,301	1,192,813	69,512
State	4,581,587	5,680,944	4,908,634	(772,310)
Federal	2,672,901	3,986,905	4,354,144	367,239
Interest	159,380	186,789	189,890	3,101
Other - student activities	3,500,000	3,500,000	3,557,250	57,250
VICC - cost reimbursement	2,217,722	2,295,000	2,319,973	24,973
Total revenues	88,597,379	92,927,034	92,219,560	(707,474)
Expenditures				
Current				
Instruction	11,398,138	10,199,120	10,213,425	(14,305)
Student activities	4,153,438	3,500,000	3,876,054	(376,054)
Attendance	397,952	397,967	381,570	16,397
Guidance	608,314	603,224	586,804	16,420
Health services	2,308,405	2,318,313	2,594,178	(275,865)
Improvement of instruction	2,808,290	3,072,009	1,982,123	1,089,886
Media services	628,734	644,638	658,091	(13,453)
Board of Education services	278,400	260,450	264,232	(3,782)
Executive administration	1,681,759	2,233,582	1,741,928	491,654
Building level administration	7,130,130	8,245,307	7,320,028	925,279
Business and central services	12,082,842	11,920,955	10,152,746	1,768,209
Operation of plant	23,874,113	24,112,268	22,362,669	1,749,599
Security services	1,130,976	1,170,077	1,249,388	(79,311)
Pupil transportation	8,985,144	8,910,177	8,959,210	(49,033)
Food services	6,713,218	6,741,381	5,945,569	795,812
Adult basic education	1,041,737	1,101,737	1,027,001	74,736
Adult continuing education	1,071,429	995,527	627,980	367,547
Community services	2,051,630	2,121,378	2,098,620	22,758
Debt Service				
Principal retirement	36,433	36,433	34,996	1,437
Interest	47,437	62,620	51,877	10,743
Other	40,000	4,250	6,000	(1,750)
Total expenditures	88,468,519	88,651,413	82,134,489	6,516,924
EXCESS OF REVENUES OVER EXPENDITURES	128,860	4,275,621	10,085,071	5,809,450
Other financing sources (uses)				
Transfer to other funds	-	(6,320,000)	(850,000)	5,470,000
Sale of other property	50,000	50,000	29,959	(20,041)
Total other financing sources (uses)	50,000	(6,270,000)	(820,041)	5,449,959
NET CHANGE IN FUND BALANCE	\$ 178,860	\$ (1,994,379)	9,265,030	\$ 11,259,409
Fund balance at July 1, 2015			31,455,404	
Fund balance at June 30, 2016			\$ 40,720,434	

PARKWAY C-2 SCHOOL DISTRICT

**SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL -
SPECIAL REVENUE FUND - UNAUDITED
Year ended June 30, 2016**

	Budgeted amounts		Actual	Variance with final budget positive (negative)
	Original	Final		
Revenues				
Local	\$ 120,375,821	\$ 124,396,478	\$ 123,813,608	\$ (582,870)
County	2,380,492	2,264,713	2,386,747	122,034
State	6,527,657	6,042,058	6,269,431	227,373
Federal	3,161,717	2,667,713	1,580,261	(1,087,452)
Interest	290,231	332,597	13,629	(318,968)
VICC - Cost reimbursement	5,174,684	5,355,000	5,413,270	58,270
Total revenues	137,910,602	141,058,559	139,476,946	(1,581,613)
Expenditures				
Current				
Instruction	112,510,418	113,246,157	113,041,932	204,225
Student activities	207,792	207,792	173,260	34,532
Attendance	169,189	169,189	169,531	(342)
Guidance	6,471,242	6,471,242	6,467,001	4,241
Health services	114,975	114,975	115,808	(833)
Improvement of instruction	3,001,008	4,999,259	4,970,637	28,622
Media services	2,639,463	3,397,038	3,324,523	72,515
Executive administration	692,789	692,789	698,737	(5,948)
Building level administration	12,263,142	11,012,795	10,396,869	615,926
Business and central services	191,145	436,471	364,531	71,940
Community services	1,306,495	1,618,552	1,527,451	91,101
Total expenditures	139,567,658	142,366,259	141,250,280	1,115,979
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(1,657,056)	(1,307,700)	(1,773,334)	(465,634)
Other financing sources				
Transfer from General Fund	-	6,000,000	250,000	(5,750,000)
NET CHANGE IN FUND BALANCE	\$ (1,657,056)	\$ 4,692,300	(1,523,334)	\$ (6,215,634)
Fund balance at July 1, 2015			3,742,352	
Fund balance at June 30, 2016			\$ 2,219,018	

PARKWAY C-2 SCHOOL DISTRICT

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

June 30, 2016

NOTE A – BUDGETS AND BUDGETARY ACCOUNTING

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

1. In accordance with Chapter 67 RSMo, the District adopts a budget for each fund.
2. Prior to July, the Superintendent, who serves as the budget officer, submits to the Board of Education a proposed budget for the fiscal year beginning on the following July 1. The proposed budget includes estimated revenues and proposed expenditures for all District funds. Budgeted expenditures cannot exceed beginning available monies plus estimated revenues for the year.
3. A public hearing is conducted to obtain taxpayer comments. Prior to its approval by the Board of Education, the budget document is available for public inspection.
4. Prior to July 1, the budget is legally enacted by a vote of the Board of Education.
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. For each fund, total fund expenditures may not legally exceed final amended budgeted expenditures. Expenditure appropriations lapse at the end of the fiscal year.
6. Budgets are presented on the modified accrual basis of accounting for all governmental funds.

PARKWAY C-2 SCHOOL DISTRICT

SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY AND EMPLOYER CONTRIBUTIONS- UNAUDITED Year ended June 30, 2016

Schedule of Proportionate Share of the Net Pension Liability and Related Ratios - PSRS

Year Ended*	Proportion of the Net Pension Liability	Proportionate Share of the Net Pension Liability	Actual Covered Member Payroll	Net Pension Liability as a Percentage of Covered Payroll	Fiduciary Net Position as a Percentage of Total Pension Liability
6/30/2015	2.5468 %	\$104,484,390	\$113,918,340	91.72 %	89.34 %
6/30/2016	2.5546	147,473,485	116,481,879	126.61	85.78

Schedule of Proportionate Share of the Net Pension Liability and Related Ratios - PEERS

Year Ended*	Proportion of the Net Pension Liability	Proportionate Share of the Net Pension Liability	Actual Covered Member Payroll	Net Pension Liability as a Percentage of Covered Payroll	Fiduciary Net Position as a Percentage of Total Pension Liability
6/30/2015	2.5181 %	\$9,195,244	\$36,719,724	25.04 %	91.33 %
6/30/2016	2.5327	13,395,606	37,976,766	35.27	88.28

Schedule of Employer Contributions - PSRS

Year Ended	Contractually Required Contribution	Actual Employer Contributions	Contribution Excess/ (Deficiency)	Actual Covered Member Payroll	Contributions as a Percentage of Covered Payroll
6/30/2013	\$ 16,249,325	\$ 16,249,325	\$ -	\$ 112,997,382	14.38 %
6/30/2014	16,400,693	16,400,693	-	113,918,340	14.40
6/30/2015	16,773,087	16,773,087	-	116,481,879	14.40

Schedule of Employer Contributions - PEERS

Year Ended	Contractually Required Contribution	Actual Employer Contributions	Contribution Excess/ (Deficiency)	Actual Covered Member Payroll	Contributions as a Percentage of Covered Payroll
6/30/2013	\$ 2,538,978	\$ 2,538,978	\$ -	\$ 37,011,337	6.86 %
6/30/2014	2,518,972	2,518,972	-	36,719,724	6.86
6/30/2015	2,605,206	2,605,206	-	37,976,766	6.86

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

*The data provided is based as of the measurement date of PSRS' and PEERS' net pension liability, which is as of the beginning of the District's fiscal year.

PARKWAY C-2 SCHOOL DISTRICT

OTHER POSTEMPLOYMENT BENEFIT OBLIGATION - UNAUDITED

Year ended June 30, 2016

Schedule of Funding Progress

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (b)	Unfunded Actuarial Accrued Liability (UAAL) (b) - (a)	Funded Ratio (a/b)	Covered Payroll (c)	(UAAL) Percentage of Covered Payroll ((b-a)/c)
July 1, 2015	\$ -	\$33,149,000	\$ 33,149,000	0%	\$137,270,200	24%
July 1, 2013	-	34,822,000	34,822,000	0%	140,468,300	25%
July 1, 2011	-	31,580,000	31,580,000	0%	150,430,000	21%
July 1, 2009	-	29,179,000	29,179,000	0%	133,980,000	22%
July 1, 2007	-	28,665,000	28,665,000	0%	119,329,000	24%

Schedule of Employer Contributions

Plan Year	Annual Required Contribution (ARC)	OPEB Cost Contributed
2008	\$ 2,410,000	\$ 1,642,000
2009	2,410,000	2,112,500
2010	2,557,000	1,666,000
2011	2,557,000	2,071,400
2012	3,059,900	2,065,500
2013	3,059,900	2,281,700
2014	3,443,100	2,037,800
2015	3,443,100	2,327,300
2016	2,753,700	2,004,500

The District implemented GASB No. 45 for the year ended June 30, 2008; therefore, information for prior years is not available.

SUPPLEMENTARY INFORMATION

PARKWAY C-2 SCHOOL DISTRICT

**SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL -
DEBT SERVICE FUND
Year ended June 30, 2016**

	<u>Budgeted amounts</u>		<u>Actual</u>	<u>Variance with final budget positive (negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Local	\$ 20,704,866	\$ 20,556,133	\$ 20,311,754	\$ (244,379)
County	450,319	473,333	639,712	166,379
Interest	707,196	707,196	733,994	26,798
Total revenues	21,862,381	21,736,662	21,685,460	(51,202)
Expenditures				
Debt Service				
Principal retirement	10,940,000	10,940,000	10,940,000	-
Interest	6,731,307	6,731,307	6,731,307	-
Other	25,000	25,000	11,064	13,936
Total expenditures	17,696,307	17,696,307	17,682,371	13,936
NET CHANGE IN FUND BALANCE	\$ 4,166,074	\$ 4,040,355	4,003,089	\$ (37,266)
Fund balance at July 1, 2015			<u>6,103,666</u>	
Fund balance at June 30, 2016			<u>\$ 10,106,755</u>	

PARKWAY C-2 SCHOOL DISTRICT

**SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL -
CAPITAL PROJECTS FUND
Year ended June 30, 2016**

	Budgeted amounts		Actual	Variance with final budget positive (negative)
	Original	Final		
Revenues				
Interest	\$ 172,081	\$ 172,081	\$ 213,987	\$ 41,906
Other - student activities	-	-	227,500	227,500
Total revenues	172,081	172,081	441,487	269,406
Expenditures				
Capital outlay	20,575,313	26,554,733	22,672,406	3,882,327
Debt Service				
Principal retirement	449,506	449,506	124,363	325,143
Interest	60,500	60,500	60,500	-
Total expenditures	21,085,319	27,064,739	22,857,269	4,207,470
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(20,913,238)	(26,892,658)	(22,415,782)	4,476,876
Other financing sources				
Transfer from General Fund	-	320,000	600,000	280,000
NET CHANGE IN FUND BALANCE	\$ (20,913,238)	\$ (26,572,658)	(21,815,782)	\$ 4,756,876
Fund balance at July 1, 2015			49,359,964	
Fund balance at June 30, 2016			<u>\$ 27,544,182</u>	

**STATISTICAL
SECTION**

PARKWAY C-2 SCHOOL DISTRICT

SUMMARY OF STATISTICAL INFORMATION

This part of the District's comprehensive annual financial report presents detailed information as a context for understanding what the financial information in the financial statements, note disclosures, and required supplementary information says about the District's overall financial health.

	Pages
Financial Trends	70 - 76
<p>These schedules contain trend information to help the reader understand how the District's financial performance and position have changed over time.</p>	
Revenue Capacity	77 - 81
<p>These schedules contain information to help the reader assess the District's most significant local revenue source – property tax.</p>	
Debt Capacity	82 - 84
<p>These schedules contain information to help the reader assess the affordability of the District's current levels of outstanding debt and the District's ability to issue additional debt in the future.</p>	
Demographic and Economic Information	85 - 86
<p>These schedules offer demographic economic indicators to help the reader understand the environment within which the District's financial activities take place.</p>	
Operating Information	87 - 94
<p>These schedules contain service data to help the reader assess how information in the District's financial reports relates to the services the District provides and the activities it performs.</p>	

Sources: Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial reports for the relevant year.

PARKWAY C-2 SCHOOL DISTRICT

**NET POSITION BY COMPONENT
LAST TEN FISCAL YEARS
(accrual basis of accounting)**

	Fiscal Year									
	2007	2008	2009	2010	2011	2012	2013	2014-as restated	2015	2016
Governmental activities:										
Net investment in capital assets	\$ 92,960,377	\$ 93,139,105	\$ 92,477,800	\$ 85,602,907	\$ 82,176,049	\$ 82,993,630	\$ 75,946,520	\$ 73,255,061	\$ 69,719,235	\$ 71,557,667
Restricted for:										
Capital projects	7,631,937	8,572,266	8,991,083	13,726,669	16,871,309	12,543,962	11,855,865	-	-	-
Debt Service	4,489,932	6,654,599	8,499,192	7,722,154	6,604,125	3,597,449	3,919,725	3,092,725	4,137,058	8,779,831
Certificated employees' compensation and benefits	39,189,932	48,782,496	3,127,050	1,818,724	2,718,463	2,760,038	10,415,599	8,128,641	5,907,208	5,921,230
Unrestricted	5,574,099	6,227,396	54,516,304	45,444,795	30,871,731	16,547,999	12,091,474	(137,710,136)	(119,166,269)	(102,100,339)
Total net position	<u>\$ 149,846,277</u>	<u>\$ 163,375,862</u>	<u>\$ 167,611,429</u>	<u>\$ 154,315,249</u>	<u>\$ 139,241,677</u>	<u>\$ 118,443,078</u>	<u>\$ 114,229,183</u>	<u>\$ (53,233,709)</u>	<u>\$ (39,402,768)</u>	<u>\$ (15,841,611)</u>

Source:
Basic Financial Statements

PARKWAY C-2 SCHOOL DISTRICT

**EXPENSES, PROGRAM REVENUES, AND NET (EXPENSE)/REVENUE
LAST TEN FISCAL YEARS
(accrual basis of accounting)**

	Fiscal Year									
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Expenses										
Governmental Activities:										
Instruction	\$ 100,812,024	\$ 110,651,548	\$ 115,444,024	\$ 120,026,174	\$ 122,029,859	\$ 130,009,443	\$ 123,661,522	\$ 125,584,139	\$ 117,419,935	\$ 125,442,045
Student activities	4,490,675	4,038,498	3,630,230	3,900,719	3,736,873	3,966,728	3,609,406	3,852,639	4,223,712	4,955,335
Attendance	397,923	425,510	560,529	650,152	593,816	570,127	556,748	511,726	509,567	524,130
Guidance	5,433,384	5,584,503	6,014,889	6,460,908	6,518,698	6,418,774	6,514,602	6,898,120	6,203,939	6,708,591
Health services	2,144,118	2,171,204	2,128,802	2,173,494	2,262,503	2,419,250	2,460,337	2,532,294	2,507,675	2,610,245
Improvement of Instruction	4,302,873	6,020,768	6,622,863	6,327,627	6,499,570	6,888,113	7,234,987	6,689,045	6,040,942	6,778,701
Professional development	107,471	175,132	155,824	122,904	87,054	45,685	25,077	20,000	25,000	27,796
Media Services	3,485,855	3,349,104	3,466,025	3,640,805	3,584,568	3,742,730	3,585,461	3,776,908	3,310,475	3,789,457
Board of Education services	604,397	500,786	611,613	351,664	483,315	505,827	439,673	413,484	556,555	264,232
Executive administration	2,137,334	2,023,977	2,000,079	2,197,000	2,201,745	2,299,609	2,170,332	2,138,034	2,067,720	2,323,079
Building level administration	15,452,012	15,498,198	17,495,967	18,170,997	19,773,760	20,991,475	19,506,447	20,444,894	17,575,520	17,057,694
Business and central services	8,412,655	10,063,998	8,919,444	11,580,655	13,584,781	11,067,084	11,958,863	10,946,917	12,604,100	10,376,299
Operation of plant	21,459,852	22,913,444	23,582,821	22,989,369	25,712,489	24,397,041	23,103,017	25,787,236	25,579,658	24,718,581
Security services	930,262	894,505	955,763	1,119,123	1,183,617	1,085,827	1,011,960	1,097,429	1,116,659	1,188,243
Pupil transportation	7,523,400	8,181,486	8,988,331	9,030,267	9,459,635	10,275,583	9,551,436	9,775,217	9,084,146	9,153,179
Food services	5,928,639	6,002,063	6,207,122	6,082,553	6,361,047	6,614,064	6,272,818	5,936,786	5,953,779	5,683,921
Adult basic education	901,997	822,830	875,157	841,527	954,540	932,559	947,725	1,055,151	994,518	980,430
Adult continuing education	1,053,808	1,078,753	1,026,185	1,051,002	897,718	975,018	990,365	992,809	753,273	598,978
Community services	2,879,084	2,981,741	3,126,522	3,218,247	3,198,401	3,412,854	3,361,226	3,464,868	3,241,924	3,536,280
Facilities	(707,203)	4,877,235	4,160,986	4,145,737	-	-	-	-	-	-
Interest and other expenses on long-term	5,473,454	4,996,413	6,517,429	8,318,232	7,677,747	8,500,097	8,571,132	8,357,837	5,173,860	6,442,766
Total governmental activities	193,224,014	213,251,696	222,490,605	232,399,156	236,801,736	245,117,888	235,533,134	240,275,533	224,942,957	233,159,982
Program revenues										
Governmental activities:										
Charges for services:										
Instruction	15,138,920	14,897,638	12,507,871	12,008,255	10,737,708	7,639,845	7,041,429	8,648,983	8,440,789	8,032,181
Student activities	3,782,609	3,602,147	3,336,271	3,156,117	3,136,061	3,297,956	3,332,439	3,246,828	3,549,655	3,784,750
Operation of plant	154,406	185,328	105,807	-	-	130,177	91,698	167,604	254,553	355,734
Food services	4,428,247	4,219,935	4,354,323	4,491,029	4,141,392	4,333,278	4,102,670	3,916,787	3,841,316	3,897,398
Business and central services	45,596	41,932	35,614	104,617	181,162	27,044	23,364	21,050	20,614	21,018
Community services	1,860,233	1,771,526	1,917,338	1,855,973	1,637,554	1,745,691	1,953,462	2,126,675	1,970,342	2,013,148
Facilities	-	-	1,444,478	-	-	-	-	-	-	-
Operating grants and contributions	11,626,566	10,268,599	10,906,397	11,350,240	9,074,705	11,670,128	9,725,456	10,199,060	10,269,142	10,820,449
Capital grants and contributions	-	-	-	-	-	-	-	1,532,000	-	-
Total government program revenues	37,036,577	34,987,105	34,608,099	32,966,231	28,908,582	28,844,119	26,270,518	29,858,987	28,346,411	28,924,678
Net (expense)/revenue										
Total government net expense	\$ (156,187,437)	\$ (178,264,591)	\$ (187,882,506)	\$ (199,432,925)	\$ (207,893,154)	\$ (216,273,769)	\$ (209,262,616)	\$ (210,416,546)	\$ (196,596,546)	\$ (204,235,304)

Source:
Basic Financial Statements

PARKWAY C-2 SCHOOL DISTRICT

**GENERAL REVENUES AND TOTAL CHANGE IN NET ASSETS
LAST TEN FISCAL YEARS
(accrual basis of accounting)**

	Fiscal Year									
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Net (expense)/revenue										
Total primary government net expense	\$ (156,187,437)	\$ (178,264,591)	\$ (187,882,506)	\$ (199,432,925)	\$ (207,893,154)	\$ (216,273,769)	\$ (209,262,616)	\$ (210,416,546)	\$ (196,596,546)	\$ (204,235,304)
General revenues and other changes in net position										
Governmental activities:										
Taxes										
Property taxes and all other Ad Valorem taxes	142,702,222	165,580,049	166,853,540	164,993,061	168,980,812	171,338,491	181,035,962	182,737,147	187,449,160	202,662,578
Sales Tax	13,122,672	12,649,916	12,056,004	11,552,283	11,703,147	12,868,762	13,273,151	14,003,311	14,133,967	15,176,728
Grants and contributions not restricted to specific programs	361,102	1,268,151	2,395,045	1,044,372	2,015,644	1,144,654	384,209	335,968	115,222	39,396
State Aid	8,310,533	8,614,893	8,643,373	7,221,966	8,258,430	8,048,341	8,429,377	8,181,968	8,365,479	8,766,258
Investment earnings	5,612,490	3,681,167	2,170,463	1,324,711	1,861,549	2,074,922	1,926,022	1,009,308	363,659	1,151,501
Total general revenues	<u>170,109,019</u>	<u>191,794,176</u>	<u>192,118,425</u>	<u>186,136,393</u>	<u>192,819,582</u>	<u>195,475,170</u>	<u>205,048,721</u>	<u>206,267,702</u>	<u>210,427,487</u>	<u>227,796,461</u>
Changes in net position	<u>\$ 13,921,582</u>	<u>\$ 13,529,585</u>	<u>\$ 4,235,919</u>	<u>\$ (13,296,532)</u>	<u>\$ (15,073,572)</u>	<u>\$ (20,798,599)</u>	<u>\$ (4,213,895)</u>	<u>\$ (4,148,844)</u>	<u>\$ 13,830,941</u>	<u>\$ 23,561,157</u>

Source:
Basic Financial Statements

PARKWAY C-2 SCHOOL DISTRICT

**FUND BALANCES - GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS
(modified accrual basis of accounting)**

	Fiscal Year									
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
General fund										
Reserved	\$ 5,067,906	\$ 5,073,439	\$ 5,142,359	\$ 3,185,541						
Unreserved	2,240,742	2,041,813	50,209,204	45,413,226						
Total General fund	<u>7,308,648</u>	<u>7,115,252</u>	<u>55,351,563</u>	<u>48,598,767</u>						
All other governmental funds										
Reserved	21,549,641	7,430,943	51,638,062	33,805,316						
Unreserved, reported in:										
Capital projects funds	7,499,160	8,439,800	8,813,857	13,604,067						
Special revenue funds	37,357,166	47,188,086	925,166	349,340						
Debt service funds	6,570,868	8,871,435	11,564,135	11,142,512						
Total all other governmental funds	<u>72,976,835</u>	<u>71,930,264</u>	<u>72,941,220</u>	<u>58,901,235</u>						
Total fund balances	<u>\$ 80,285,483</u>	<u>\$ 79,045,516</u>	<u>\$ 128,292,783</u>	<u>\$ 107,500,002</u>						
General Fund										
Nonspendable										
Prepaid Items					\$ 1,003,915	\$ 1,135,083	\$ 1,202,733	\$ 1,098,423	\$ 1,491,678	\$ 1,370,048
Inventory					692,049	753,558	679,587	746,788	633,453	661,929
Assigned-Student Activities					3,213,129	3,373,479	2,941,510	2,891,235	2,793,102	2,474,298
Unassigned					30,517,746	19,898,691	13,749,123	19,764,629	26,537,171	36,214,159
Total General Fund					<u>35,426,839</u>	<u>25,160,811</u>	<u>18,572,953</u>	<u>24,501,075</u>	<u>31,455,404</u>	<u>40,720,434</u>
All Other Governmental Funds										
Nonspendable										
Prepaid Items					-	-	-	-	2,682	-
Restricted										
Teachers Salaries and Benefits					1,814,336	1,660,658	9,316,219	6,504,193	3,742,352	2,219,018
Debt Service					10,278,376	7,407,100	7,339,380	6,626,452	6,103,666	10,106,755
Capital Projects					36,263,638	16,080,166	4,209,727	-	43,782,954	27,187,026
Assigned-other capital projects					16,835,317	12,547,707	11,859,609	8,795,536	5,574,328	357,156
Total all other governmental funds					<u>65,191,667</u>	<u>37,695,631</u>	<u>32,724,935</u>	<u>21,926,181</u>	<u>59,205,982</u>	<u>39,869,955</u>
Total fund balances					<u>\$ 100,618,506</u>	<u>\$ 62,856,442</u>	<u>\$ 51,297,888</u>	<u>\$ 46,427,256</u>	<u>\$ 90,661,386</u>	<u>\$ 80,590,389</u>

Source:
Basic Financial Statements

PARKWAY C-2 SCHOOL DISTRICT

GOVERNMENTAL FUNDS REVENUES

LAST TEN FISCAL YEARS

(modified accrual basis of accounting)

	Fiscal Year									
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Federal sources:										
Federal grants	\$ 2,344,005	\$ 2,264,578	\$ 3,238,723	\$ 2,240,345	\$ 2,268,982	\$ 3,133,013	\$ 2,426,671	\$ 2,441,585	\$ 2,519,199	\$ 3,030,557
Food services	1,423,837	1,429,873	1,439,773	1,769,416	1,556,864	1,825,670	1,793,618	2,019,512	1,945,471	1,981,208
Other federal revenue	1,344,236	1,285,580	854,090	2,350,768	2,039,733	1,549,985	949,001	2,134,169	858,042	922,640
Total federal sources	5,112,078	4,980,031	5,532,586	6,360,529	5,865,579	6,508,668	5,169,290	6,595,266	5,322,712	5,934,405
State sources:										
State education finance program	10,091,176	10,057,449	10,585,750	8,775,984	8,400,318	9,440,473	9,678,046	9,541,767	9,821,384	9,961,750
Food services	38,026	36,227	28,443	24,119	29,885	32,210	42,798	38,618	36,829	37,586
State grants	1,369,843	1,633,454	1,204,182	908,384	678,084	1,352,651	957,510	1,230,429	916,115	1,178,473
Other state revenue	811	78,909	178,722	-	11,000	3,360	13,653	33,657	88,507	257
Total state sources	11,499,856	11,806,039	11,997,097	9,708,487	9,119,287	10,828,694	10,692,007	10,844,471	10,862,835	11,178,066
Local sources:										
Ad valorem taxes	138,338,894	162,072,970	161,955,316	161,812,634	166,146,717	162,771,247	168,958,934	169,666,953	165,033,942	188,479,373
Sales taxes	13,122,672	12,649,916	12,056,005	11,552,283	11,703,147	12,868,762	13,273,151	14,003,311	14,133,967	15,176,728
Other taxes	4,496,507	5,098,320	5,050,845	4,894,154	5,064,534	8,483,395	7,925,047	9,077,909	8,717,677	9,443,105
Food service sales	4,428,247	4,219,935	4,354,323	4,491,029	4,141,392	4,333,278	4,102,670	3,916,788	3,841,316	3,897,398
Interest income	5,612,490	3,681,167	2,025,874	1,115,517	2,167,637	1,669,891	1,270,350	1,009,308	4,887,791	1,151,501
Desegregation Aid	13,513,975	13,223,434	12,278,823	10,243,191	9,168,396	7,410,589	6,925,267	7,371,277	7,694,360	7,733,242
Amounts received from other LEA's	2,025,163	2,097,406	2,198,809	2,458,958	2,366,249	2,582,036	2,300,883	2,431,447	2,391,324	2,293,952
Other local revenues	4,341,819	4,392,459	4,451,463	4,309,306	3,556,848	3,646,724	5,622,934	5,952,711	11,805,356	4,316,412
Total local sources	185,879,767	207,435,607	204,371,458	200,877,072	204,314,920	203,765,922	210,379,236	213,429,704	218,505,733	232,491,711
County sources:										
State assessed utilities	2,160,518	2,006,386	1,992,110	2,130,384	1,716,890	2,840,476	2,435,065	2,555,766	2,649,930	2,939,248
Other county revenues	1,064,745	995,949	1,453,258	1,166,833	1,074,355	960,338	1,161,748	1,495,193	1,409,247	1,280,023
Total county sources	3,225,263	3,002,335	3,445,368	3,297,217	2,791,245	3,800,814	3,596,813	4,050,959	4,059,177	4,219,271
Total revenues	\$ 205,716,964	\$ 227,224,012	\$ 225,346,509	\$ 220,243,305	\$ 222,091,031	\$ 224,904,098	\$ 229,837,346	\$ 234,920,400	\$ 238,750,457	\$ 253,823,453

Sources:
Annual Secretary to the Board Report
Basic Financial Statements

PARKWAY C-2 SCHOOL DISTRICT

GOVERNMENTAL FUNDS EXPENDITURES AND DEBT SERVICE RATIO

LAST TEN FISCAL YEARS

(modified accrual basis of accounting)

	Fiscal Year									
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Instruction	\$ 93,683,672	\$ 103,508,584	\$ 107,236,197	\$ 110,117,572	\$ 111,931,476	\$ 119,495,234	\$ 113,832,841	\$ 115,666,526	\$ 117,175,106	\$ 123,560,230
Student activities	4,475,356	4,039,210	3,627,665	3,900,719	3,735,872	3,968,004	3,604,499	3,853,964	4,253,069	5,186,091
Attendance	385,790	430,276	557,803	640,062	595,380	567,776	559,636	513,208	541,869	551,101
Guidance	5,436,192	5,634,887	6,001,690	6,450,948	6,506,278	6,385,597	6,596,288	6,867,751	7,026,544	7,053,805
Health services	2,127,999	2,197,100	2,130,861	2,180,241	2,250,548	2,394,781	2,500,652	2,521,553	2,658,874	2,744,564
Improvement of Instruction	4,181,551	5,923,642	6,413,194	6,140,927	6,268,650	6,670,352	7,051,033	6,476,646	6,452,342	6,924,964
Professional development	107,471	175,132	155,824	122,904	87,054	40,670	25,077	20,000	25,000	27,796
Media Services	3,466,663	3,372,616	3,452,498	3,626,659	3,575,311	3,724,674	3,632,017	3,757,034	3,704,162	3,982,614
Board of Education services	599,200	501,798	610,337	340,522	492,351	501,876	445,058	420,332	556,555	264,232
Executive administration	2,112,133	2,045,568	1,978,968	2,194,723	2,210,187	2,328,767	2,173,991	2,137,173	2,219,580	2,440,665
Building level administration	15,404,354	15,631,981	16,944,966	17,013,690	18,746,737	19,237,152	18,841,684	19,554,208	19,087,152	17,716,897
Operation of plant	20,569,926	22,406,569	22,820,529	22,171,803	23,024,725	23,538,663	22,510,599	21,909,730	22,700,957	22,362,669
Pupil transportation	6,912,299	7,726,767	8,282,887	8,312,423	8,807,719	9,510,997	9,013,820	9,110,827	8,812,486	8,959,210
Food services	5,777,181	5,908,726	6,080,865	5,987,440	6,264,325	6,493,473	6,318,594	5,867,691	6,072,444	5,945,569
Business and central services	7,970,403	8,914,709	8,424,203	11,036,157	13,121,023	11,296,614	11,621,235	11,185,836	11,975,535	10,517,277
Security services	930,082	899,902	952,199	1,116,808	1,182,223	1,085,322	1,018,749	1,098,132	1,144,679	1,249,388
Adult basic education	862,832	841,879	872,891	840,285	951,508	955,640	956,063	1,040,255	1,067,682	1,030,881
Adult continuing education	1,041,773	1,082,268	1,018,695	1,051,604	899,882	972,938	986,803	991,888	785,905	629,800
Community services	2,789,228	2,897,584	3,041,813	3,127,706	3,104,186	3,300,000	3,300,197	3,368,052	3,400,915	3,622,191
Capital Outlay	20,212,348	20,009,446	14,562,505	17,928,692	33,940,041	21,060,107	11,206,586	10,522,677	9,209,510	21,194,358
Debt service:										
Principal retirement	9,747,712	9,924,565	9,433,458	9,394,780	10,420,090	11,453,424	9,267,711	8,492,252	9,164,235	11,099,359
Interest	5,425,442	5,040,362	5,192,269	7,641,450	7,336,949	6,879,174	6,747,604	6,607,080	6,500,963	6,843,684
Other expense	3,062	5,863	418,622	382,851	79,195	310,005	102,192	6,492	1,056,503	17,064
Total Expenditures	<u>\$ 214,222,669</u>	<u>\$ 229,119,434</u>	<u>\$ 230,210,939</u>	<u>\$ 241,720,966</u>	<u>\$ 265,531,710</u>	<u>\$ 262,171,240</u>	<u>242,312,929</u>	<u>241,989,307</u>	<u>245,592,067</u>	<u>263,924,409</u>
Debt service as a percentage of noncapital expenditures	8.49%	7.71%	7.50%	8.44%	8.34%	8.38%	7.50%	6.98%	7.61%	7.99%

Sources:
 Annual Secretary to the Board Report
 Basic Financial Statements

PARKWAY C-2 SCHOOL DISTRICT

**OTHER FINANCING SOURCES AND USES AND NET CHANGE IN FUND BALANCES -
GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS
(modified accrual basis of accounting)**

	Fiscal Year									
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Excess of revenues over (under) expenditures	\$ (7,205,703)	\$ (1,895,423)	\$ (4,864,430)	\$ (21,477,661)	\$ (43,440,679)	\$ (37,267,142)	\$ (12,475,583)	\$ (7,068,907)	\$ (6,841,610)	\$ (10,100,956)
Other financing sources (uses)										
Sale of bonds	-	-	60,660,000	-	34,000,000	52,340,000	6,250,000	-	77,080,000	-
Payment to refunded bond escrow agent	-	-	(7,744,611)	-	-	(59,276,479)	(6,637,463)	-	(30,708,828)	-
Premium on issuance of bonds	-	-	956,216	-	485,400	6,420,458	459,325	-	4,653,700	-
Sale of other property	1,897	655,457	-	40,031	-	21,099	50,257	58,856	50,868	29,959
Proceeds from capital lease	-	-	240,092	644,849	2,073,783	-	794,910	2,139,420	-	-
Total other financing sources(uses)	<u>1,897</u>	<u>655,457</u>	<u>54,111,697</u>	<u>684,880</u>	<u>36,559,183</u>	<u>(494,922)</u>	<u>917,029</u>	<u>2,198,276</u>	<u>51,075,740</u>	<u>29,959</u>
Net change in fund balances	<u>\$ (7,203,806)</u>	<u>\$ (1,239,966)</u>	<u>\$ 49,247,267</u>	<u>\$ (20,792,781)</u>	<u>\$ (6,881,496)</u>	<u>\$ (37,762,064)</u>	<u>\$ (11,558,554)</u>	<u>\$ (4,870,631)</u>	<u>\$ 44,234,130</u>	<u>\$ (10,070,997)</u>

Sources:
Annual Secretary to the Board Report
Basic Financial Statements

PARKWAY C-2 SCHOOL DISTRICT

**ASSESSED VALUE AND ACTUAL VALUE OF TAXABLE PROPERTY
LAST TEN FISCAL YEARS**

Fiscal Year	Actual Value				Total Taxable Value	Total Direct Rate
	Residential Property	Agricultural Property	Commercial Property	Personal Property		
2007	\$ 2,366,741,660	\$ 1,825,550	\$ 930,988,470	\$ 609,131,270	\$ 3,908,686,950	3.515
2008*	2,895,190,740	1,655,140	1,123,676,500	610,679,610	4,631,201,990	3.482
2009	2,922,442,295	1,660,000	1,130,807,320	627,955,010	4,682,864,625	3.483
2010*	2,715,056,490	1,534,500	1,134,555,310	596,858,410	4,448,004,710	3.624
2011	2,721,569,570	4,286,670	1,138,879,980	550,634,280	4,415,370,500	3.757
2012*	2,656,692,460	673,970	1,063,244,550	520,270,710	4,240,881,690	3.905
2013	2,659,506,980	687,270	1,063,641,920	533,187,550	4,257,023,720	4.108
2014*	2,575,731,880	657,910	1,028,617,830	530,509,640	4,135,517,260	4.279
2015	2,585,648,810	587,850	1,031,162,640	541,145,370	4,158,544,670	4.298
2016*	2,699,945,500	777,090	1,100,564,190	535,320,980	4,336,607,760	4.488

NOTE:

Valuations are determined as of December 31 preceding the tax collection year less Tax Increment Financing(TIF)
The above rates for 2007-2016 are blended rates

* Represents a reassessment year

Sources:

Annual Secretary to the Board Report
Annual Report of the County Clerk to State Board of Education

PARKWAY C-2 SCHOOL DISTRICT

**DIRECT AND OVERLAPPING PROPERTY TAX RATES
LAST TEN FISCAL YEARS**

Fiscal Year	Overlapping Rates									
	Parkway	St Louis County	City of Chesterfield	City of Creve Coeur	City of Kirkwood	City of Manchester	Fire District Metro West	Fire District Monarch	Fire District Creve Coeur	Fire District West County EMS
2007										
Res	3.2300	0.1900	0.0600	0.0750	0.6510	0.2430	0.8360	0.7980	0.8130	0.7730
Agr	3.9000	0.1900	0.0600	0.0700	0.6630	0.2430	0.9180	0.9230	0.8610	0.7640
Com	3.9000	0.1900	0.0600	0.0940	0.0000	0.2430	1.1770	1.1900	0.4460	0.8250
Per Prop	3.9000	0.1900	0.0600	0.0000	0.7080	0.2430	1.0740	1.0390	1.0480	0.9280
2008										
Res	3.2300	0.1900	0.0300	0.0750	0.6450	0.2430	0.8210	0.7880	0.8080	0.7730
Agr	3.9000	0.1900	0.0300	0.0940	0.0000	0.0000	1.1630	1.2100	0.4460	0.7640
Com	3.9000	0.1900	0.0300	0.0700	0.6650	0.2430	0.9220	1.0000	0.8740	0.8250
Per Prop	3.9000	0.1900	0.0300	0.0000	0.6980	0.2430	1.0600	1.0590	1.0480	0.9280
2009										
Res	3.4100	0.1900	0.0300	0.8000	0.6150	0.2430	0.9770	0.8260	0.8810	0.7190
Agr	4.0434	0.1900	0.0300	0.1000	0.0000	0.0000	1.1640	0.0863	0.8200	0.8290
Com	3.8832	0.1900	0.0300	0.0700	0.6280	0.2380	1.0160	0.9300	0.8820	0.6310
Per Prop	4.0779	0.1900	0.0300	0.0000	0.6680	0.2430	1.1310	1.0130	0.9100	0.8200
2010										
Res	3.5672	0.2000	0.0300	0.0860	0.6150	0.2380	1.0120	0.8650	0.8850	0.9130
Agr	3.0900	0.2000	0.0300	0.0910	0.0000	0.0000	1.1880	0.8070	0.8500	0.9990
Com	4.0523	0.2000	0.0300	0.0830	0.6280	0.2380	1.0440	1.0190	0.8910	0.9090
Per Prop	4.0779	0.2000	0.0300	0.0000	0.6680	0.2430	1.1550	1.0440	0.9100	0.9900
2011										
Res	3.6761	0.2000	0.0300	0.0840	0.6030	0.2060	1.0300	0.8420	0.8930	0.8980
Agr	5.4600	0.2000	0.0300	0.0910	0.0000	0.0000	1.1880	0.7830	0.8950	0.9740
Com	4.3860	0.2000	0.0300	0.0790	0.6160	0.2060	1.0910	0.9960	0.8950	0.9220
Per Prop	4.0779	0.2000	0.0300	0.0000	0.6560	0.2110	1.1550	1.0210	0.9100	0.9650
2012										
Res	3.9361	0.2000	0.0300	0.0700	0.6130	0.1190	1.0290	0.8290	0.8970	0.8960
Agr	5.4598	0.2000	0.0300	0.0750	0.0000	0.0000	1.1880	0.7700	0.8610	0.9710
Com	4.5515	0.2000	0.0300	0.0750	0.6600	0.1190	1.1090	0.9830	0.9020	0.9190
Per Prop	4.0779	0.2000	0.0300	0.0000	0.6270	0.1240	1.1550	1.0080	0.9100	0.9620

PARKWAY C-2 SCHOOL DISTRICT

**DIRECT AND OVERLAPPING PROPERTY TAX RATES
LAST TEN FISCAL YEARS**

Fiscal Year	Overlapping Rates									
	Parkway	St Louis County	City of Chesterfield	City of Creve Coeur	City of Kirkwood	City of Manchester	Fire District Metro West	Fire District Monarch	Fire District Creve Coeur	Fire District West County EMS
2013										
Res	4.0743	0.2000	0.0300	0.0720	0.6140	0.2380	1.0640	0.8290	0.9040	0.9610
Agr	5.4600	0.2000	0.0300	0.0920	0.0000	0.0000	1.1880	0.7700	0.8950	1.0090
Com	4.8924	0.2000	0.0300	0.0770	0.6540	0.2380	1.1370	0.9830	0.9090	0.9810
Per Prop	4.0779	0.2000	0.0300	0.0000	0.6270	0.2430	1.1550	1.0080	0.9100	1.0000
2014										
Res	4.0743	0.2090	0.0300	0.0720	0.6140	0.2380	1.0570	0.8290	1.1875	0.9620
Agr	5.4600	0.2090	0.0300	0.0920	0.0000	0.0000	1.1820	0.7700	1.1775	1.0090
Com	4.9466	0.2090	0.0300	0.0790	0.6540	0.2380	1.1310	0.9830	1.1925	0.9900
Per Prop	4.1279	0.2090	0.0300	0.0000	0.6220	0.2430	1.1490	1.0080	1.1925	1.0000
2015										
Res	4.4617	0.2060	0.0000	0.0690	0.6000	0.2370	1.0130	0.8060	1.1550	1.2740
Agr	4.3817	0.1790	0.0000	0.0590	0.0000	0.0000	1.0260	0.6940	1.1800	1.3030
Com	4.6796	0.2050	0.0000	0.0740	0.6160	0.2340	1.0720	0.9420	1.1280	1.2940
Per Prop	4.2279	0.2090	0.0000	0.0000	0.6240	0.2430	1.1370	1.0080	1.1950	1.3250
2016										
Res	4.2163	0.2060	0.0000	0.0680	0.6130	0.2380	1.0110	0.8050	1.1790	1.2710
Agr	4.4129	0.1790	0.0000	0.0590	0.0000	0.0000	1.0240	0.6940	0.0000	1.3030
Com	4.7419	0.2050	0.0000	0.0760	0.6370	0.2380	1.0920	0.9420	1.1590	1.2920
Per Prop	4.2258	0.2090	0.0000	0.0000	0.6210	0.2430	1.1370	1.0080	1.2200	1.3250

Source:
St. Louis County Department of Revenue website

PARKWAY C-2 SCHOOL DISTRICT

PRINCIPAL PROPERTY TAXPAYERS CURRENT YEAR AND NINE YEARS AGO

Principal Taxpayers	2016 Taxable Assessed Value	Percentage of Total Taxable Value	2007 Taxable Assessed Value	Percentage of Total Taxable Value
Chapter 100 St Louis County	\$ 49,767,420	1.15%	\$ -	0.00%
RNSI City Place Owner LLC (formerly Cornerstone Opportunity Ventures LLC)	37,975,250	0.88%	25,552,190	0.65%
Chesterfield Mall LLC	25,954,720	0.60%	-	0.00%
I & G Direct Real Estate 18 LP JP Morgan	23,604,800	0.54%	-	0.00%
WPP Holdings LLC	17,758,140	0.41%	17,984,000	0.46%
St. Louis County Missouri	17,710,210	0.41%	-	0.00%
Ramco Gershenson Properties LP	14,099,820	0.33%	-	0.00%
MRES CP6 Holdings LP	12,085,220	0.28%	-	0.00%
TKG Manchester Highlands Shopping Center	11,065,380	0.26%	-	0.00%
Lutheran Senior Services	10,815,920	0.25%	-	0.00%
Duke Realty Limited Partnership	-	0.00%	71,789,070	1.84%
Scottrade Inc.	-	0.00%	-	0.00%
Scott Properties	-	0.00%	14,131,860	0.36%
FSP Timberlake Corp.	-	0.00%	17,354,650	0.44%
Creve Coeur Development Co.	-	0.00%	-	0.00%
Edward D. Jones & Co.	-	0.00%	16,631,660	0.43%
Pharmacia/Upjohn Corp.	-	0.00%	17,634,850	0.45%
WEA Chesterfield LLC	-	0.00%	17,602,110	0.45%
Inland Western Town & Country Manchester	-	0.00%	13,153,020	0.34%
AGFCC LLC	-	0.00%	11,707,300	0.30%
Total	\$ 220,836,880	5.09%	\$ 223,540,710	5.72%

Sources:

St. Louis County Assessor's Office
Basic Financial Documents

PARKWAY C-2 SCHOOL DISTRICT

**PROPERTY TAX LEVIES AND COLLECTIONS
LAST TEN FISCAL YEARS**

Fiscal Year	Taxes Levied for the Fiscal Year	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections to Date	
		Amount	Percentage of Levy		Amount	Percentage of Levy
2007	\$ 137,394,255	\$ 133,366,610	97.07%	\$ 1,718,888	\$ 135,085,498	98.32%
2008*	161,253,822	156,617,057	97.12%	2,176,974	158,794,031	98.47%
2009	163,122,906	157,557,607	96.59%	1,015,269	158,572,876	97.21%
2010*	161,195,691	156,455,450	97.06%	1,952,058	158,407,508	98.27%
2011	165,903,131	161,479,241	97.33%	1,281,154	162,760,395	98.11%
2012*	165,593,707	161,008,043	97.23%	-	161,008,043	97.23%
2013	174,878,534	169,734,753	97.06%	-	169,734,753	97.06%
2014*	176,936,717	168,557,361	95.26%	-	168,557,361	95.26%
2015	178,738,408	174,262,717	97.50%	700,215	174,962,932	97.89%
2016*	194,310,332	186,108,212	95.78%	-	186,108,212	95.78%

NOTE: Valuations are determined as of December 31 preceding the tax collection year less TIF

* Reassessment Year

Source:
Annual Secretary to the Board Report

PARKWAY C-2 SCHOOL DISTRICT

**OUTSTANDING DEBT BY TYPE
LAST TEN FISCAL YEARS**

	Fiscal Year									
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Capital leases	\$ 3,455,586	\$ 3,448,123	\$ 2,839,118	\$ 2,605,584	\$ 3,486,132	\$ 1,922,248	\$ 1,897,737	\$ 3,215,053	\$ 3,098,912	\$ 2,635,121
General obligation bonds	114,782,349	105,697,349	150,210,280	141,881,194	166,847,217	155,497,217	147,033,678	145,296,147	189,647,590	177,493,275
DNR note	915,814	739,158	557,253	369,942	177,065	-	-	-	-	-
Total primary government	<u>\$ 119,153,749</u>	<u>\$ 109,884,630</u>	<u>\$ 153,606,651</u>	<u>\$ 144,856,720</u>	<u>\$ 170,510,414</u>	<u>\$ 157,419,465</u>	<u>\$ 148,931,415</u>	<u>\$ 148,511,200</u>	<u>\$ 192,746,502</u>	<u>\$ 180,128,396</u>
Estimated actual value of taxable property	\$ 3,908,686,950	\$ 4,631,201,990	\$ 4,682,864,625	\$ 4,448,004,710	\$ 4,415,370,500	\$ 4,240,881,690	\$ 4,257,023,720	\$ 4,135,517,260	\$ 4,158,544,670	\$ 4,336,607,760
% of general bonded debt to estimated actual value of taxable property	2.94%	2.28%	3.21%	3.19%	3.78%	3.67%	3.45%	3.51%	4.56%	4.09%
Personal Income (County data)	6,735,856,561	6,939,009,995	7,148,290,536	7,363,882,979	7,585,977,689	7,814,770,777	8,050,464,263	8,293,266,265	8,543,391,176	8,801,059,853
% of Personal Income	1.7689%	1.5836%	2.1489%	1.9671%	2.2477%	2.0144%	1.8500%	1.7907%	2.2561%	2.0467%
Population	145,482	145,937	146,394	146,852	147,312	141,555	141,998	142,442	142,888	143,336
Per Capita	\$ 819	\$ 753	\$ 1,049	\$ 986	\$ 1,157	\$ 1,112	\$ 1,049	\$ 1,043	\$ 1,349	\$ 1,257

NOTE: Valuations are determined as of December 31 preceding the tax collection year less TIF

Sources:
Annual Secretary to the Board Report
Missouri Department of Revenue (website)
Basic Financial Statements

PARKWAY C-2 SCHOOL DISTRICT

**DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT
JUNE 30, 2016**

Taxing Body	Debt Outstanding	Estimated Percentage Applicable	Estimated Share of Direct and Overlapping Debt
Direct			
Parkway School District	\$ 180,128,396	100.00%	\$ 180,128,396
Overlapping			
St. Louis County	111,939,000	19%	21,423,315
City of Chesterfield	7,340,000	43%	3,161,857
City of Kirkwood	1,985,000	17%	343,820
City of Manchester	1,660,000	8%	136,360
Fire District-Metro West	2,740,000	42%	1,137,448
Fire District-West County EMS	17,565,000	18%	3,075,919
Subtotal of Overlapping Debt	143,229,000		29,278,719
Total	\$ 323,357,396		\$ 209,407,115

NOTE: Overlapping governments are those that coincide, at least in part, with the geographic boundaries of the District. This schedule estimates the portion of the outstanding debt of those overlapping governments that is endured by the residents and businesses of the District. Percentage of overlap is calculated by the Collector of Revenue's office as follows: For the purpose of determining the appropriate composite property tax rates, all properties are within areas defined by what are called school district sub-codes. Each sub-code accounts for what taxing districts have jurisdiction over a particular parcel, or property. Periodic ledgers comprising the total assessed values for each sub-code area are generated by County Revenue. Appropriate percentage overlap values have been selected from the appropriate ledger.

Sources:
Annual Secretary to the Board Report
All municipalities and fire districts
St. Louis County websites

PARKWAY C-2 SCHOOL DISTRICT

**LEGAL DEBT MARGIN INFORMATION
LAST TEN FISCAL YEARS**

Legal Debt Margin Calculation for Fiscal Year 2016

Assessed value	\$ 4,336,607,760
Debt limit (15% of assessed value)	650,491,164
Debt applicable to limit	(168,795,000)
Amount available in Debt Service Fund	10,106,755
Legal debt margin	<u>\$ 491,802,919</u>

	Fiscal Year									
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Debt Limit	\$ 586,303,043	\$ 694,680,299	\$ 702,429,694	\$ 667,200,707	\$ 662,305,575	\$ 636,132,254	\$ 638,553,558	\$ 620,327,589	\$ 623,781,701	\$ 650,491,164
Total net debt applicable to limit	108,211,481	96,825,914	138,646,145	130,738,682	156,568,839	148,090,117	139,694,547	131,915,222	173,631,583	158,688,245
Legal debt margin	<u>\$ 478,091,562</u>	<u>\$ 597,854,385</u>	<u>\$ 563,783,549</u>	<u>\$ 536,462,025</u>	<u>\$ 505,736,736</u>	<u>\$ 488,042,137</u>	<u>\$ 498,859,011</u>	<u>\$ 488,412,367</u>	<u>\$ 450,150,118</u>	<u>\$ 491,802,919</u>
Total net debt applicable to the limit as a percentage of debt limit	18.46%	13.94%	19.74%	19.60%	23.64%	23.28%	21.88%	21.27%	27.84%	24.40%

Note:
Legal debt limit is 15% of assessed value

Source:
Basic Financial Statements

PARKWAY C-2 SCHOOL DISTRICT

DEMOGRAPHIC AND ECONOMIC STATISTICS LAST TEN FISCAL YEARS

Calendar Year	Population	Personal Income	Per Capita Personal Income	Unemployment Rate(1)
2007	145,028	\$ 6,735,856,561	\$ 46,445	5.20%
2008	145,482	6,939,009,995	47,697	5.90%
2009	145,937	7,148,290,536	48,982	9.70%
2010	146,394	7,363,882,979	50,302	9.30%
2011	146,852	7,585,977,689	51,657	8.90%
2012	141,555	7,814,770,777	55,207	6.80%
2013	141,998	8,050,464,263	56,694	7.30%
2014	142,442	8,293,266,265	58,222	6.50%
2015	142,888	8,543,391,176	59,791	5.80%
2016	143,336	8,801,059,853	61,402	4.60%

(1) St. Louis only

Sources:

Missouri Census Data Center Demographic Profile

Missouri Economic Research and Information Center (MERIC)

PARKWAY C-2 SCHOOL DISTRICT

**PRINCIPAL EMPLOYERS
CURRENT YEAR AND NINE YEARS AGO**

Employer	2016		2007	
	Employees	Percentage of Total Employment	Employees	Percentage of Total Employment
Parkway School District	2,400	0.43%	2,400	0.45%
Schnucks Markets, Inc.	15,600	2.82%	10,750	2.02%
St. John's Mercy Medical Center (Mercy Health System)	8,900	1.61%	5,971	1.12%
Dierberg's Markets, Inc.	4,000	0.72%	5,000	0.94%
Coldwell Banker Gundaker	3,600	0.65%	3,600	0.67%
Solutia Inc.	3,400	0.62%	4,570	0.86%
St. Luke's Health Corporation	3,100	0.56%	3,000	0.56%
Monsanto Company	3,000	0.54%	3,000	0.56%
Missouri Baptist Medical Center (BJC Healthcare)	2,878	0.52%	2,878	0.54%
Charter Communications Inc.	2,500	0.45%	- 0 -	0.00%
Reinsurance Group of America (RGA)	2,070	0.37%	- 0 -	0.00%
Pfizer Global R & D	1,200	0.22%	1,200	0.22%
Total	52,648	9.53%	42,369	7.94%

Sources:
 Basic Financial Statements
 Economic Research Federal Reserve Bank of St. Louis
 Sorkins Directory of Business & Government
 Dun & Bradstreet Million Dollar Directory
 Book of Lists

PARKWAY C-2 SCHOOL DISTRICT

**FULL-TIME EQUIVALENT DISTRICT EMPLOYEES BY TYPE
LAST TEN FISCAL YEARS**

	Fiscal Year									
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Supervisory										
Instructional administrators	11	9	8	9	9	10	10	10	6	7
Non-instructional administrators	7	7	8	8	8	7	7	5	8	12
Consultants/supervisors of instruction	17	17	18	20	19	19	18	18	32	34
Principals	28	28	28	28	28	28	28	28	28	27
Assistant principals	35	31	35	35	36	39	38	40	38	39
Total Supervisory	<u>98</u>	<u>93</u>	<u>97</u>	<u>100</u>	<u>100</u>	<u>103</u>	<u>101</u>	<u>101</u>	<u>112</u>	<u>119</u>
Instruction										
Elementary teachers	448	476	503	494	503	495	522	528	468	524
Middle school teachers	247	255	269	255	259	261	256	267	275	280
High school teachers	359	357	371	394	398	390	361	365	359	351
ESL teachers	12	19	19	22	23	22	22	22	24	24
Other instructional teachers	98	124	129	118	118	125	87	78	148	114
Aides	61	58	63	69	74	83	73	66	121	133
Total Instruction	<u>1,224</u>	<u>1,288</u>	<u>1,353</u>	<u>1,352</u>	<u>1,375</u>	<u>1,376</u>	<u>1,321</u>	<u>1,326</u>	<u>1,394</u>	<u>1,426</u>
Student Services										
Guidance counselors	63	62	69	69	70	68	70	70	72	71
Social workers	4	6	7	8	8	6	6	6	12	9
Librarians	31	30	31	31	31	31	31	31	31	31
Nursing Staff	38	39	39	38	38	39	39	39	38	38
Total Student Services	<u>136</u>	<u>137</u>	<u>146</u>	<u>146</u>	<u>147</u>	<u>144</u>	<u>146</u>	<u>146</u>	<u>152</u>	<u>148</u>
Support and Administration										
Managers	8	8	7	6	6	6	6	6	5	4
Clerical Support	81	93	102	99	100	97	91	88	41	37
Secretarial Staff	235	225	224	227	226	224	208	185	193	196
Service workers	72	143	139	250	250	247	240	233	325	340
Skilled crafts	158	158	158	49	49	48	47	44	44	46
Mechanical/Transportation	166	168	168	168	165	172	172	172	178	174
Other Support Staff	157	80	79	82	93	69	68	66	92	90
Total support and administration	<u>876</u>	<u>874</u>	<u>877</u>	<u>881</u>	<u>889</u>	<u>863</u>	<u>832</u>	<u>793</u>	<u>878</u>	<u>887</u>
Total	<u><u>2,334</u></u>	<u><u>2,392</u></u>	<u><u>2,473</u></u>	<u><u>2,480</u></u>	<u><u>2,511</u></u>	<u><u>2,485</u></u>	<u><u>2,400</u></u>	<u><u>2,366</u></u>	<u><u>2,536</u></u>	<u><u>2,580</u></u>

PARKWAY C-2 SCHOOL DISTRICT

**OPERATING STATISTICS
LAST TEN FISCAL YEARS**

Fiscal Year	Enrollment	Operating Expenditures	Cost Per Pupil	Percentage Change	Government Wide Expenses	Cost Per Pupil	Percentage Change	Certificated Instructional Staff	Pupil-Teacher Ratio	Percentage of Students Receiving Free or Reduced-Price Meals
2007	18,212	162,396,795	8,917	2.93%	214,222,669	11,763	0.71%	1,257	14.49	16.20%
2008	17,724	177,889,950	10,037	12.56%	229,119,434	12,927	9.90%	1,331	13.32	16.60%
2009	17,439	184,037,361	10,553	5.15%	230,210,939	13,201	2.12%	1,323	13.18	16.70%
2010	17,370	188,782,385	10,868	2.99%	241,720,966	13,916	5.42%	1,315	13.21	18.60%
2011	17,234	195,849,665	11,364	4.56%	236,801,736	13,740	-1.26%	1,407	12.25	20.00%
2012	17,156	220,338,529	12,843	13.02%	245,117,888	14,288	3.98%	1,443	11.89	21.30%
2013	17,104	212,097,237	12,400	-3.45%	235,533,134	13,771	-3.62%	1,334	12.82	20.30%
2014	17,231	197,973,460	11,489	-7.35%	241,245,785	14,001	1.67%	1,311	13.15	20.60%
2015	17,279	202,015,622	11,691	1.76%	224,942,957	13,018	-7.02%	1,399	12.35	20.10%
2016	17,314	205,828,265	11,888	1.68%	233,159,982	13,466.56	3.44%	1,375	12.59	19.40%

Sources:

- Core Data Report
- Annual Secretary of the Board Report
- Annual Report of School Data (DESE website)
- Historical Information from Budget Report
- Basic Financial Statements

NOTE: Operating Expenditures exclude Debt Service, Bond Issue and Student Activity Expenditures. Debt Service, Bond Issue and Student Activity expenditures are unrelated to the education of the pupils and for the most part, out of the control of the District.

PARKWAY C-2 SCHOOL DISTRICT

TEACHER BASE SALARIES LAST TEN FISCAL YEARS

<u>Fiscal Year</u>	<u>Minimum Salary</u>	<u>Maximum Salary</u>	<u>County Average Salary</u>	<u>Statewide Average Salary</u>
2007	\$ 34,000	\$ 75,788	\$ 51,916	\$ 41,750
2008	35,000	78,441	53,318	43,236
2009	36,000	81,186	54,026	44,249
2010	37,000	83,743	55,743	45,148
2011	37,000	85,050	55,999	45,312
2012	39,000	87,300	56,929	45,709
2013	40,500	89,100	57,717	46,234
2014	41,500	91,000	53,229	46,756
2015	41,500	92,200	57,001	47,393
2016	41,800	93,400	59,533	47,955

n/a - information not available

Sources:

Annual Report of School Data (DESE website)
Cooperating School District Core Data Reports
District salary schedules
District Profile reports

PARKWAY C-2 SCHOOL DISTRICT

**SCHOOL BUILDING INFORMATION - continued
LAST TEN FISCAL YEARS**

	Fiscal Year									
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Elementary Schools:										
Barretts(1895)										
Square Feet	67,585	67,585	67,585	75,072	75,072	68,587	67,208	68,587	68,587	68,204
Capacity	516	516	516	516	516	516	516	516	516	516
Enrollment	453	413	408	402	397	387	361	383	364	400
Bellerive(1968)										
Square Feet	62,460	62,460	62,460	67,623	67,623	61,260	67,553	61,260	61,260	61,260
Capacity	450	450	450	450	450	450	450	450	450	450
Enrollment	431	425	406	410	400	384	365	378	366	391
Carman Trails(1977)										
Square Feet	65,252	65,252	65,252	65,252	65,252	65,949	65,949	65,949	65,949	65,952
Capacity	472	472	472	472	472	472	472	472	472	472
Enrollment	427	426	399	425	432	432	445	433	457	455
Claymont(1962)										
Square Feet	65,715	65,715	65,715	65,716	65,716	65,716	65,716	67,458	67,458	67,580
Capacity	500	500	500	500	500	500	500	500	500	500
Enrollment	418	418	430	449	442	462	469	481	511	496
Craig(1966)										
Square Feet	50,215	50,215	50,215	50,215	50,215	50,215	50,215	50,215	50,215	50,225
Capacity	530	530	530	530	530	530	530	530	530	530
Enrollment	458	447	453	499	543	475	454	472	452	441
Green Trails(1965)										
Square Feet	59,196	59,196	59,196	59,196	59,196	59,193	59,193	59,193	59,193	59,174
Capacity	500	500	500	500	500	500	500	500	500	500
Enrollment	456	467	429	418	394	420	411	419	415	431
Hanna Woods(1970)										
Square Feet	57,242	57,242	57,242	57,242	57,242	57,242	57,242	57,242	57,242	58,019
Capacity	413	413	413	413	413	413	413	413	413	413
Enrollment	399	404	384	379	354	379	391	400	448	444
Henry(1967)										
Square Feet	55,631	55,631	55,631	91,443	91,443	55,631	55,634	55,631	55,631	63,286
Capacity	460	460	460	460	460	460	460	460	460	460
Enrollment	408	405	410	412	412	429	434	486	517	531

PARKWAY C-2 SCHOOL DISTRICT

**SCHOOL BUILDING INFORMATION - continued
LAST TEN FISCAL YEARS**

	Fiscal Year									
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
<u>Elementary Schools(con't):</u>										
Highcroft Ridge(1977)										
Square Feet	65,252	65,252	65,252	65,252	65,252	66,022	65,252	66,022	66,022	66,175
Capacity	600	600	600	600	600	600	600	600	600	600
Enrollment	398	372	350	327	331	312	314	327	322	331
Mason Ridge(1948)										
Square Feet	64,574	64,574	64,574	65,982	65,982	64,650	63,544	64,650	64,650	63,573
Capacity	500	500	500	500	500	500	500	500	500	500
Enrollment	430	389	401	387	374	393	390	426	427	491
McKelvey(1966)										
Square Feet	64,765	64,765	64,765	64,765	64,765	64,765	64,765	64,765	64,765	64,922
Capacity	700	700	700	700	700	700	700	700	700	700
Enrollment	553	515	562	557	612	510	485	508	542	597
Oak Brook(1989)										
Square Feet	69,468	69,468	69,468	69,480	69,480	67,812	69,480	67,812	67,812	67,812
Capacity	600	600	600	600	600	600	600	600	600	600
Enrollment	528	511	487	488	488	495	490	516	499	500
Pierremont(1966)										
Square Feet	64,458	64,458	64,458	64,458	64,458	57,657	64,459	57,657	57,657	57,650
Capacity	500	500	500	500	500	500	500	500	500	500
Enrollment	369	338	349	378	397	400	411	407	433	447
River Bend(1968)										
Square Feet	50,818	50,818	50,818	51,818	51,818	51,272	51,818	51,272	51,272	51,623
Capacity	550	550	550	550	550	550	550	550	550	550
Enrollment	269	250	221	246	243	400	413	411	410	410
Ross(1962)										
Square Feet	54,772	54,772	54,772	54,773	54,773	54,773	54,773	54,773	54,773	54,775
Capacity	556	556	556	556	556	556	556	556	556	556
Enrollment	452	445	444	441	438	437	416	413	409	392
Shenandoah Valley(1974)										
Square Feet	64,239	64,239	64,239	64,620	64,620	64,620	64,620	64,620	64,620	64,970
Capacity	500	500	500	500	500	500	500	500	500	500
Enrollment	441	436	412	410	418	473	439	441	467	459

PARKWAY C-2 SCHOOL DISTRICT

**SCHOOL BUILDING INFORMATION - continued
LAST TEN FISCAL YEARS**

	Fiscal Year									
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
<u>Elementary Schools(con't)</u>										
Sorrento Springs(1972)										
Square Feet	57,908	57,908	57,908	57,907	57,907	57,908	57,908	57,908	57,908	58,202
Capacity	560	560	560	560	560	560	560	560	560	560
Enrollment	402	408	387	385	356	360	352	350	329	316
Wren Hollow(1974)										
Square Feet	68,248	68,248	68,248	68,248	68,248	68,248	68,248	68,248	68,248	68,248
Capacity	600	600	600	600	600	600	600	600	600	600
Enrollment	422	382	377	403	411	412	405	426	405	417
<u>Middle Schools:</u>										
Central Middle(1956)										
Square Feet	160,153	160,153	160,153	146,153	146,153	156,153	160,153	156,153	156,153	160,209
Capacity	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000
Enrollment	917	906	931	897	848	840	873	920	946	903
Northeast Middle(1971)										
Square Feet	154,251	154,251	154,251	156,013	156,013	156,038	154,967	156,038	156,038	159,851
Capacity	1,300	1,300	1,300	1,300	1,300	1,300	1,300	1,300	1,300	1,300
Enrollment	1,036	1,034	996	1,009	929	936	901	870	815	818
South Middle(1962)										
Square Feet	127,145	127,145	127,145	127,470	127,470	127,470	127,470	127,470	127,470	127,518
Capacity	800	800	800	800	800	800	800	800	800	800
Enrollment	715	717	623	579	604	610	608	593	574	582
Southwest Middle(1994)										
Square Feet	146,267	146,267	146,267	147,212	147,212	147,212	147,212	147,212	147,212	147,212
Capacity	1,100	1,100	1,100	1,100	1,100	1,100	1,100	1,100	1,100	1,100
Enrollment	786	757	692	653	642	649	668	665	687	695
West Middle(1969)										
Square Feet	173,172	173,172	173,172	173,172	173,172	173,172	173,172	173,172	173,172	171,510
Capacity	900	900	900	900	900	900	900	900	900	900
Enrollment	938	916	852	825	877	933	954	987	1,016	1,033

PARKWAY C-2 SCHOOL DISTRICT

**SCHOOL BUILDING INFORMATION - continued
LAST TEN FISCAL YEARS**

	Fiscal Year									
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
High Schools:										
Central High(1960)										
Square Feet	270,551	270,551	270,551	263,533	263,533	296,621	296,621	296,621	296,621	298,694
Capacity	1,700	1,700	1,700	1,700	1,700	1,700	1,700	1,700	1,700	1,700
Enrollment	1,340	1,292	1,277	1,264	1,285	1,279	1,287	1,316	1,252	1,220
Fern Ridge High(1949)										
Square Feet	44,088	44,088	44,088	44,088	44,088	23,065	23,065	23,065	23,065	23,067
Capacity	150	150	150	150	150	150	150	150	150	150
Enrollment	105	101	90	92	110	92	63	83	81	81
North High(1971)										
Square Feet	255,752	255,752	255,752	255,451	255,451	251,539	255,451	254,739	254,739	257,916
Capacity	1,400	1,400	1,400	1,400	1,400	1,400	1,400	1,400	1,400	1,400
Enrollment	1,438	1,447	1,522	1,505	1,540	1,479	1,388	1,311	1,208	1,149
South High(1975)										
Square Feet	318,777	318,777	318,777	325,896	325,896	340,615	335,915	340,615	340,615	336,931
Capacity	1,800	1,800	1,800	1,800	1,800	1,800	1,800	1,800	1,800	1,800
Enrollment	1,959	1,922	2,014	1,948	1,913	1,803	1,740	1,727	1,716	1,766
West High(1967)										
Square Feet	313,482	313,482	313,482	386,981	386,981	315,625	316,981	315,625	315,625	321,098
Capacity	1,800	1,800	1,800	1,800	1,800	1,800	1,800	1,800	1,800	1,800
Enrollment	1,428	1,346	1,306	1,307	1,232	1,261	1,252	1,208	1,263	1,354
Preschools:										
Early Childhood Center(1970)										
Square Feet	49,080	49,080	49,080	52,114	52,114	52,204	52,114	52,204	52,204	52,390
Capacity	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Enrollment	78	105	180	79	67	84	97	86	98	115
Instructional Services Center(1968)(1)										
Square Feet	17,084	17,084	17,084	19,464	19,464	30,943	32,563	30,943	30,943	32,123
Capacity	170	170	170	170	170	170	170	170	170	170
Enrollment	90	108	0	81	81	81	85	98	50	51
Pre-School North(2015)										
Square Feet	-	-	-	-	-	-	-	-	7,171	7,170
Capacity	-	-	-	-	-	-	-	-	96	96
Enrollment	-	-	-	-	-	-	-	-	81	82

PARKWAY C-2 SCHOOL DISTRICT

**SCHOOL BUILDING INFORMATION - continued
LAST TEN FISCAL YEARS**

	Fiscal Year									
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Other Buildings:										
Administration(1963)										
Square Feet	18,100	18,100	18,100	18,061	18,061	18,061	18,061	18,061	18,061	18,062
Facilities/Operations(1966)										
Square Feet	35,960	35,960	35,960	35,494	35,494	35,494	48,955	35,494	35,494	35,869
Fern Ridge Grounds Storage										
Square Feet	-	-	-	-	-	21,218	21,218	21,218	21,218	21,218
Instructional Services Center(1968)(1)										
Square Feet	34,169	34,169	34,169	34,808	34,808	20,629	21,709	20,629	20,629	19,465
Transportation(1961)										
Square Feet	12,373	12,373	12,373	12,880	12,880	13,838	13,838	13,838	13,838	12,013
Service Bays	6	6	7	7	7	7	7	7	7	7
Buses	148	148	148	148	148	148	148	148	148	148
Athletics:										
Football Fields	17	17	17	17	17	17	17	17	17	17
Soccer Fields	24	24	24	24	24	24	29	29	29	29
Running Tracks	12	12	12	12	12	12	22	22	22	22
Baseball/Softball	36	36	36	36	36	36	35	35	35	35
Swimming Pools	4	4	4	4	4	4	4	4	4	4
Playgrounds	44	44	44	44	44	44	44	44	44	44

(1) The Instructional Services Center is used for both administrative offices and instructional. The square footage for this site was estimated as 60% for instructional and 40% is used as offices

Sources:

- DESE Annual Report of School Data
- District Blueprints
- District Archives
- District report "Confronting Parkway's Space & Enrollment issues"