

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

**S&P Rating (Direct Deposit Program): AA+
S&P Rating (Underlying): AA-
See "BOND RATINGS" herein**

In the opinion of Gilmore & Bell, P.C., Bond Counsel to the District, under existing law and assuming continued compliance with certain requirements of the Internal Revenue Code of 1986, as amended (the "Code"), the interest on the Bonds (1) 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 and (2) is exempt from income taxation by the State of Missouri. The Bonds are "qualified tax-exempt obligations" within the meaning of Section 265(b)(3) of the Code. See "TAX MATTERS" in this Official Statement.

\$3,825,000

**BAYLESS CONSOLIDATED SCHOOL DISTRICT, ST. LOUIS COUNTY, MISSOURI
GENERAL OBLIGATION REFUNDING BONDS
(MISSOURI DIRECT DEPOSIT PROGRAM)
SERIES 2020**



Dated: Date of Delivery

Due: March 1, as shown on the inside cover

The General Obligation Refunding Bonds (Missouri Direct Deposit Program), Series 2020 (the "**Bonds**") will be issued by the Bayless Consolidated School District, St. Louis County, Missouri (the "**District**") for the purposes of providing funds to (1) refund certain outstanding general obligation bonds of the District, as further described herein under the section captioned "**PLAN OF FINANCING – The Refunding,**" and (2) pay the 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 on September 1, 2020, by check or draft mailed (or by electronic transfer in certain circumstances as described herein) to the persons who are the registered owners of the Bonds as of the close of business on the 15th day of the month preceding the applicable interest payment date.

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

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

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

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 to the District, and subject to certain other conditions. Bond Counsel will also pass on certain matters relating to this Official Statement. Piper Sandler & 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 March 19, 2020.

The date of this Official Statement is February 27, 2020.

BAYLESS CONSOLIDATED SCHOOL DISTRICT, ST. LOUIS COUNTY, MISSOURI

**\$3,825,000
GENERAL OBLIGATION REFUNDING BONDS
(MISSOURI DIRECT DEPOSIT PROGRAM)
SERIES 2020**

MATURITY SCHEDULE

Base CUSIP: 072815

SERIAL BONDS

<u>Due (March 1)</u>	<u>Principal Amount</u>	<u>Interest Rate</u>	<u>Price</u>	<u>CUSIP</u>
2021	\$550,000	4.00%	103.022%	JG9
2022	500,000	4.00	106.138	JH7
2023	400,000	4.00	109.188	JJ3
2024	140,000	4.00	112.168	JK0
2025	85,000	4.00	114.974	JL8
2026	90,000	4.00	117.603	JM6
2027	80,000	4.00	120.093	JN4
2028	70,000	2.00	106.005	JP9
2029	205,000	2.00	105.661	JQ7
2030	555,000	2.00	105.318	JR5
2031	565,000	2.00	104.977	JS3
2032	585,000	2.00	104.297	JT1

**BAYLESS CONSOLIDATED SCHOOL DISTRICT
ST. LOUIS COUNTY, MISSOURI**

4530 Weber Road
St. Louis, Missouri 63123

BOARD OF EDUCATION

Jeffrey Preisack, *President and Member*
Woody Babb, *Vice President and Member*
Shannon Kohler, *Member*
Sarah Reece, *Member*
Michelle Padgett, *Member*
Laura VanZale, *Member*
Tom Wood, *Member*
Deborah Meyer-Higgins, *Secretary*

DISTRICT ADMINISTRATION

Ronald J. Tucker, *Superintendent*
Michael Hawkins, *Assistant Superintendent and Chief Operating Officer*
Amy Ruzicka, *Chief Academic Officer*
Kim Arnold, *Director of Human Resources*
Jeff Timeus, *Director of Buildings and Grounds*
Fadil Hamidovic, *Director of Technology*
Paula Napier, *Director of Public Relations*

PAYING AGENT

UMB Bank, N.A.
St. Louis, Missouri

BOND COUNSEL

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

FINANCIAL ADVISOR

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

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

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OFFICIAL STATEMENT

\$3,825,000

**BAYLESS CONSOLIDATED SCHOOL DISTRICT, ST. LOUIS COUNTY, MISSOURI
GENERAL OBLIGATION REFUNDING BONDS
(MISSOURI DIRECT DEPOSIT PROGRAM)
SERIES 2020**

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 \$3,825,000 aggregate principal amount of General Obligation Refunding Bonds (Missouri Direct Deposit Program), Series 2020 (the “**Bonds**”) by the Bayless Consolidated School District, St. Louis County, Missouri (the “**District**”). The Bonds represent general obligation refunding bonds authorized under the provisions of Article VI, Section 28 of the Constitution of Missouri, 1945, as amended, and Section 108.140 of the Revised Statutes of Missouri, as amended. The issuance and sale of the Bonds is authorized by a resolution of the Board of Education of the District adopted on February 19, 2020 (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) refund certain outstanding general obligation bonds of the District and (2) pay the costs of issuing the Bonds. See the section herein captioned “**PLAN OF FINANCING.**”

Security for the Bonds

General. The Bonds will constitute general obligations of the District and will be payable as to principal or Redemption Price (as defined herein) of and interest on the Bonds 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.**”

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

Continuing Disclosure

The District will enter into a Continuing Disclosure Undertaking dated as of March 1, 2020 (the “**Continuing Disclosure Undertaking**”), in which it will agree 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 (the “**Rule**”). See the section herein captioned “**CONTINUING DISCLOSURE UNDERTAKING**” for a summary of the Continuing Disclosure Undertaking and a discussion of the District’s prior compliance with the Rule.

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 DISTRICT

The District is located in southwest St. Louis County, Missouri, and includes portions of (1) the Village of Wilbur Park, (2) the City of Bella Villa and (3) the areas of unincorporated St. Louis County commonly known as Affton and Lemay. The District encompasses approximately 2.42 square miles. See “**THE DISTRICT**” in *Appendix A* of this Official Statement for more information about the District.

THE BONDS

General

The Bonds are being issued in the aggregate principal amount of \$3,825,000. 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, subject to redemption and payment prior to maturity, upon the terms and conditions described under the section herein captioned “**THE BONDS – Redemption Provisions.**” Interest on the Bonds is calculated at the rates per annum set forth on the inside cover page, 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 (each an “**Interest Payment Date**”), beginning September 1, 2020.

The interest payable on each Bond on any Interest Payment Date will be paid to the person in whose name such Bond is registered (the “**Registered Owner**” or “**Owner**”) as shown on the registration books (the “**Bond Register**”) at the close of business on the 15th day (whether or not a Business Day) of the calendar month next preceding such Interest Payment Date (the “**Record Date**”) for such interest (1) by check or draft mailed by UMB Bank, N.A., a national banking association with a payment office located in St. Louis, Missouri (the “**Paying Agent**”), to the address of such Registered Owner shown on the Bond Register or such other address furnished to the Paying Agent in writing by such Registered Owner, or (2) 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, its ABA routing number and the account number to

which such Registered Owner wishes to have such transfer directed, and an acknowledgment that an electronic transfer fee may be applicable.

The principal or Redemption Price of each Bond will be paid by check, electronic transfer 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 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 redemptions, tenders, defaults, and proposed amendments to the Bond documents. For example, Beneficial Owners of Bonds may wish to ascertain that the nominee holding the Bonds for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the registrar and request that copies of notices be provided directly to them.

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

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

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

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

The Direct Participants holding a majority interest in the Bonds 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 (1) to register the transfer or exchange of any Bond that has been called for redemption after notice of such redemption has been mailed by the Paying Agent in accordance with the Resolution and during the period of 15 days next preceding the date of mailing of such notice of redemption, or (2) to register the transfer or exchange of any Bond during a period beginning at the opening of business on the day after receiving written notice from the District of its intent to pay Defaulted Interest and ending at the close of business on the date fixed for the payment of Defaulted Interest pursuant to the Resolution.

Redemption Provisions

At the option of the District, the Bonds or portions thereof maturing on March 1, 2028 and thereafter may be called for redemption and payment prior to their Stated Maturity on March 1, 2027 and thereafter as a whole or in part at any time at the Redemption Price of 100% of the principal amount thereof plus accrued interest thereon to the Redemption Date (as defined herein).

Selection of Bonds to be Redeemed

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

In the case of a partial redemption of Bonds, when Bonds of denominations greater than \$5,000 are then Outstanding, then for all purposes in connection with such redemption each \$5,000 of face value shall be treated as though it were a separate Bond of the denomination of \$5,000. If it is determined that one or more,

but not all, of the \$5,000 units of face value represented by any Bond are selected for redemption, then upon notice of intention to redeem such \$5,000 unit or units, the Registered Owner of such Bond or the Registered Owner's duly authorized agent shall present and surrender such Bond to the Paying Agent (1) for payment of the price which such Bonds are to be redeemed (the "**Redemption Price**") and interest to the date fixed for redemption (the "**Redemption Date**") of such \$5,000 unit or units of face value called for redemption, and (2) for exchange, without charge to the Registered Owner thereof, for a new Bond or Bonds of the aggregate principal amount of the unredeemed portion of the principal amount of such Bond. If the Registered Owner of any such Bond shall fail to present such Bond to the Paying Agent for payment and exchange as aforesaid, such Bond shall, nevertheless, become due and payable on the Redemption Date to the extent of the \$5,000 unit or units of face value called for redemption (and to that extent only).

Notice of Redemption

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

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

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

With respect to optional redemptions, such notice may be conditioned upon moneys being on deposit with the Paying Agent on or prior to the Redemption Date in an amount sufficient to pay the Redemption Price on the Redemption Date. If such notice is conditional and either the Paying Agent receives written notice from the District that moneys sufficient to pay the Redemption Price will not be on deposit on the Redemption Date, or such moneys are not received on the Redemption Date, then such notice shall be of no force and effect, the Paying Agent shall not redeem such Bonds and the Paying Agent shall give notice, in the same manner in which the notice of redemption was given, that such moneys were not or will not be so received and that such Bonds will not be redeemed.

Effect of Call for Redemption

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

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 or Redemption Price of and interest on the Bonds as the same becomes due and payable in each year. Such taxes shall be extended upon the tax rolls in each year and shall be levied and collected at the same time and in the same manner as the other ad valorem taxes of the District are levied and collected. Except as otherwise provided under the heading **“SECURITY FOR THE BONDS – Direct Deposit of State Aid Payments,”** the proceeds derived from said taxes shall be deposited in the Debt Service Fund, shall be kept separate and apart from all other funds of the District and shall be used solely for the payment of the principal or Redemption Price of and interest on the Bonds as and when the same becomes due, taking into account scheduled mandatory redemptions, if any, and the fees and expenses of the Paying Agent.

Direct Deposit of State Aid Payments

Pursuant to Section 360.111 *et seq.* of the Revised Statutes of Missouri, as amended, and related statutes (the **“Deposit Law”**), the State of Missouri (the **“State”**) and the District may agree to transfer to a Missouri bank, as direct deposit trustee (the **“Deposit Trustee”**), a portion of the District’s State Aid payments and distributions normally used for operational purposes (**“State Aid”**) in order to provide for payment of debt service on the Bonds. On the date of issuance of the Bonds, the District will enter into a Direct Deposit Agreement (the **“Deposit Agreement”**) with the Office of the Treasurer of the State of Missouri (the **“Treasurer’s Office”**), the Department of Elementary and Secondary Education of the State of Missouri (**“DESE”**), the Health and Educational Facilities Authority of the State of Missouri (the **“Authority”**) and the Deposit Trustee. The Deposit Agreement will provide for payment of one-ninth (1/9) of the debt service on the Bonds to be paid on September 1, 2020 and March 1, 2021 in each of the nine (9) months of April 2020 through September 2020 and December 2020 through February 2021 and one-tenth (1/10) of the annual debt service on the Bonds in the next bond year to be paid in each of the ten (10) months of March 2021 through September 2021 and December 2021 through February 2022, and each succeeding ten (10) similar months (i.e., March through September and December through February) for each bond year thereafter as long as the Bonds are outstanding. Amounts of State Aid to the School District in excess of the one-tenth (1/10) monthly deposit will not be deposited with the Deposit Trustee but will be transferred directly to the District as has historically been the case with all State Aid.

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

Nothing in the Deposit Law or the Deposit Agreement relieves the District of its obligation to make payments of principal and interest on the Bonds, or to impose any debt service levy sufficient to retire the

Bonds. Moneys of the District which would otherwise be used to pay the Bonds on each payment date may be transferred to the District's operational funds to replace State Aid funds used to pay the Bonds. The State has not committed pursuant to the Deposit Law, the Deposit Agreement or otherwise to maintain any particular level of State Aid on behalf of the District, and the State is not obligated in any manner, contractually or morally, to make payments of debt service on the Bonds, other than its obligation to make transfers to the Deposit Trustee as described above. No assurance can be made that the amount of annual State Aid to the District will not in the future drop below that of the annual debt service requirements on the Bonds.

PLAN OF FINANCING

The Refunding

Proceeds of the Bonds will be used to refund a portion of the District's outstanding General Obligation Bonds (Missouri Direct Deposit Program), Series 2014 (the "**Series 2014 Bonds**"), being those Series 2014 Bonds maturing on March 1, 2021 and thereafter, outstanding in the aggregate principal amount of \$3,985,000 (the "**Refunded Bonds**").

Upon the sale of the Bonds, the District will transfer to UMB Bank, N.A., the paying agent for the Refunded Bonds, an amount sufficient to pay the principal of, redemption premium, if any, and interest on the Refunded Bonds on March 23, 2020 (the date of redemption of the Refunded Bonds).

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	\$3,825,000.00
Plus: Original Issue Premium	<u>244,324.15</u>
Total	<u>\$4,069,324.15</u>
 <u>Uses of Funds</u>	
Refunding of Refunded Bonds	\$3,994,137.29
Costs of Issuance (including Underwriter's Discount)	<u>75,186.86</u>
Total	<u>\$4,069,324.15</u>

RISK FACTORS

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

Ad Valorem Property Taxes

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

Concentration of property ownership in the District would expose the District's ability to collect ad valorem property taxes to the financial strength and ability and willingness of major taxpayers to pay property taxes. See **"PROPERTY TAX INFORMATION – Property Valuations – Current Assessed Valuation"** and **"PROPERTY TAX INFORMATION – Major Property Taxpayers"** in *Appendix A* of this Official Statement.

Secondary Market Prices and Liquidity

The Underwriter (as defined herein) 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 ensure payment of the Bonds. Accordingly, any potential purchaser of the Bonds should consider the financial ability of the District to pay the Bonds. As described under **"SECURITY FOR THE BONDS – Levy and Collection of Annual Tax"** in this Official Statement, the District has irrevocably pledged its full faith, credit and resources for the prompt payment of the Bonds and levied a direct annual tax, without limitation, sufficient to pay principal and interest on the Bonds on all taxable tangible property in the District.

Ratings

A rating agency has assigned the Bonds the program rating, and the District's underlying rating, set forth under **"BOND RATINGS"** in this Official Statement. Such ratings reflect only the views of such rating agency, and an explanation of the significance of such ratings may be obtained therefrom. There is no assurance that the ratings will remain in effect for any given period of time or that they will not be revised, either downward or upward, or withdrawn entirely, by said rating agency if, in its judgment, circumstances warrant. Any such downward revisions or withdrawal of the ratings 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 the State of Missouri. Section 108.180 of the Revised Statutes of Missouri, as amended, requires that any interest and sinking fund moneys only be used to pay principal and interest on the Bonds. 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.

Pensions and Other Postemployment Benefits

The District contributes to two cost-sharing multiple-employer defined benefit pension plans on behalf of its employees: (1) The Public School Retirement System of Missouri and (2) The Public Education Employee Retirement System of Missouri. See **"FINANCIAL INFORMATION CONCERNING THE DISTRICT – Pension and Employee Retirement Plans"** in *Appendix A* of this Official Statement. The District also provides other postemployment benefits as part of the total compensation offered to attract and retain the services of qualified employees. See **"FINANCIAL INFORMATION CONCERNING THE DISTRICT – Other Postemployment Benefits"** in *Appendix A* of this Official Statement. Future required contribution increases beyond the current fiscal year may require the District to increase its revenues, reduce its expenditures, or some combination thereof, which may impact the District's operations or limit the District's ability to generate additional revenues in the future.

State Aid and Direct Deposit Agreement

Approximately 36.91% of the District's revenue for the fiscal year ended June 30, 2019 was derived from moneys provided by the State of Missouri as State Aid. See **"FINANCIAL INFORMATION CONCERNING THE DISTRICT – Sources of Revenue,"** **"– State Revenue"** and **"– Missouri School Finance Laws"** in *Appendix A* of this Official Statement. A portion of the District's State Aid is currently pledged to the payment of the Bonds and will be directly deposited by the State with the Deposit Trustee for payment of the Bonds. See **"SECURITY FOR THE BONDS – Direct Deposit of State Aid Payments"** in this Official Statement. Reductions in State Aid could occur in the future if, for example, the State of Missouri faces fiscal problems in the future or the District experiences a decline in enrollment. Reductions in State Aid could force the District to make budget cuts or operational adjustments and may adversely affect the rating on the Bonds or the market price of the Bonds.

Enrollment

Significant portions of the revenue the District receives are directly affected by the District's enrollment. A significant decrease in enrollment could reduce the amount of future revenue the District receives, which may adversely affect the District's financial position and results of operations. No assurance

can be given that economic, social, legislative and other factors beyond the control of the District will not negatively impact student enrollment and revenues dependent thereon. Increased competition from other educational facilities, including virtual facilities and charter schools, could adversely affect the ability of the District to maintain enrollment, or could adversely affect the ability of the District to attract faculty and other staff. Under the Missouri Course Access and Virtual School Program, eligible students may enroll in virtual courses, and the school district will have to pay for that course if certain criteria are met. Charter schools are allowed in certain limited areas of Missouri provided certain criteria are met; there are or may be pending in the General Assembly of Missouri legislative proposals that, if enacted, could expand the prevalence of charter schools. It cannot be predicted whether or in what form any proposed legislation might be enacted or whether, if enacted, it would negatively impact the District's enrollment, financial position or operations. For information about the historical enrollment of the District, see **"THE DISTRICT – History of Enrollment"** in *Appendix A* of this Official Statement.

Amendment of the Resolution

Certain amendments, effected by resolution of the District, to the Bonds and the Resolution may be made with the 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 (1) extend the maturity of any payment of principal or interest due upon any Bond; (2) alter the optional redemption provisions of any Bond; (3) effect a reduction in the amount which the District is required to pay as principal of or interest on any Bond; (4) permit preference or priority of any Bond over any other Bond; or (5) reduce the percentage in principal amount of Bonds required for the written consent to any modification or alteration of the provisions of the Resolution without the written consent of the Registered Owners of all of the Bonds at the time outstanding. The District may also amend or supplement the Resolution, without notice to or the consent of any Registered Owners, for the purpose of curing any formal defect, omission, inconsistency or ambiguity therein or in connection with any other change therein that is not materially adverse to the security of the Registered Owners.

Loss of Premium from Redemption

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

Tax-Exempt Status and Risk of Audit

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

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

Defeasance Risks

When any or all of the principal of the Bonds or scheduled interest payments thereon have been paid and discharged, then 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 principal of the Bonds or scheduled interest payments thereon so paid and discharged. Principal of the 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 located in the State of Missouri and having full trust powers, at or prior to the Stated Maturity or Redemption Date of said principal of the Bonds or scheduled interest payments thereon, in trust for and irrevocably appropriated thereto, money and/or Defeasance Obligations which, together with the interest to be earned on any such Defeasance Obligations, will be sufficient for the payment of the principal of and redemption premium, if any, on said Bonds and interest accrued to the Stated Maturity or Redemption Date, or if default in such payment has occurred on such date, then to the date of the tender of such payments.

Defeasance Obligations include non-callable United States Government Obligations, defined in the Resolution as bonds, notes, certificates of indebtedness, treasury bills or other securities constituting direct obligations of, or obligations the principal of and interest on which are fully and unconditionally guaranteed as to full and timely payment by, the United States of America. 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.

Cybersecurity Risks

The District relies on its information systems to provide security for processing, transmission and storage of confidential personal, health-related, credit and other information. It is possible that the District's security measures will not prevent improper or unauthorized access or disclosure of personally identifiable information resulting from cyber-attacks. Security breaches, including electronic break-ins, computer viruses, attacks by hackers and similar breaches can create disruptions or shutdowns of the District and the services it provides, or the unauthorized disclosure of confidential personal, health-related, credit and other information. If personal or otherwise protected information is improperly accessed, tampered with or distributed, the District may incur significant costs to remediate possible injury to the affected persons, and the District may be subject to sanctions and civil penalties if it is found to be in violation of federal or state laws or regulations. Any failure to maintain proper functionality and security of information systems could interrupt the District's operations, delay receipt of revenues, damage its reputation, subject it to liability claims or regulatory penalties and could have a material adverse effect on its operations, financial condition and results of operations.

LEGAL MATTERS

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

The various legal opinions to be delivered concurrently with the delivery of the Bonds express the professional judgment of the attorneys rendering the opinions as to the legal issues explicitly addressed therein. By rendering a legal opinion, the opinion giver does not become an insurer or guarantor of that expression of professional judgment, of the transactions opined upon or of the future performance of parties to such

transaction, nor does the rendering of an opinion guarantee the outcome of any legal dispute that may arise out of the transaction.

BOND RATINGS

Standard & Poor's Ratings Services, a division of McGraw-Hill Financial, Inc. (the "**Rating Agency**"), has assigned a municipal bond rating of "AA+" to the Bonds based upon the District's participation in the Missouri Direct Deposit Program. In addition, the Rating Agency has assigned a municipal bond rating of "AA-" to the Bonds based on the underlying credit of the District. The ratings reflect only the view of the Rating Agency at the time such ratings are given, and the Underwriter and the District make no representation as to the appropriateness of such ratings. An explanation of the significance of such ratings may be obtained from the Rating Agency.

The District has furnished the Rating Agency with certain information and materials relating to the Bonds and the District that have not been included in this Official Statement. Generally, rating agencies base their ratings on the information and materials so furnished and on investigations, studies and assumptions made by the rating agencies. There is no assurance that a particular rating will be maintained for any given period of time or that it will not be lowered or withdrawn entirely if, in the judgment of the rating agency originally establishing such rating, circumstances so warrant. Except as described in the Continuing Disclosure Undertaking, 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 ratings of the Bonds or to oppose any such proposed revision or withdrawal. Any such revision or withdrawal of the ratings could have an adverse effect on the market price and marketability of the Bonds. Pursuant to the Continuing Disclosure Undertaking, the District is required to bring to the attention of the holders of the Bonds any change of the 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 to the District, under the law existing as of the issue date of the Bonds:

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

Alternative Minimum Tax. The interest on the Bonds is not an item of tax preference for purposes of computing the federal alternative minimum tax.

Bank Qualification. The Bonds are “qualified tax-exempt obligations” within the meaning 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. This will result in an increase in the gain (or decrease in the loss) to be recognized for federal income tax purposes on sale or disposition of the Bond prior to its maturity. Even though the owner’s basis is reduced, no federal income tax deduction is allowed. Prospective investors should consult their own tax advisors concerning the calculation and accrual of bond premium.

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

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

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

consequences and other federal income tax consequences of the purchase, ownership and disposition of the Bonds, including the possible application of state, local, foreign and other tax laws.

CONTINUING DISCLOSURE UNDERTAKING

The District will enter into the Continuing Disclosure Undertaking to assist the Underwriter in complying with the Rule. The District is the only “obligated person” with responsibility for continuing disclosure.

Annual Reports

Pursuant to the Continuing Disclosure Undertaking, the District will, not later than 180 days after the end of the District’s fiscal year, commencing with the fiscal year ending June 30, 2020, 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 included as *Appendix B* of this Official Statement and audited by its independent auditors. 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 audited 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,**” “**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 is also 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 IRS 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;
- (14) appointment of a successor or additional trustee or the change of name of the trustee, if material;
- (15) incurrence of a Financial Obligation (defined below) of the District, if material, or agreement to covenants, events of default, remedies, priority rights or other similar terms of a Financial Obligation of the District, any of which affect security holders, if material; and
- (16) default, event of acceleration, termination event, modification of terms or other similar events under the terms of a Financial Obligation of the District, any of which reflect financial difficulties.

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.

“Financial Obligation” means a (1) debt obligation; (2) derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation; or (3) guarantee of (1) or (2) in this definition; provided however, the term Financial Obligation does not include municipal securities as to which a final official statement has been provided to the MSRB consistent with the Rule.

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.

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 mandamus 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.

Termination

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

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.

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

Raymond James & Associates, Inc., Memphis, Tennessee (the "**Underwriter**"), has agreed to purchase the Bonds at a price of \$4,050,923.38 (which is equal to the aggregate original principal amount of the Bonds, less an underwriting discount of \$18,400.77, plus original issue premium of \$244,324.15). 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 Sandler & 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. The Financial Advisor has not undertaken an independent investigation into the accuracy of the information presented in this Official Statement.

CERTAIN RELATIONSHIPS

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

MISCELLANEOUS

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

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

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

**BAYLESS CONSOLIDATED SCHOOL DISTRICT,
ST. LOUIS COUNTY, MISSOURI**

By: /s/ Jeffrey Preisack
President of the Board of Education

APPENDIX A

INFORMATION REGARDING THE DISTRICT

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THE DISTRICT

General Description

The Bayless Consolidated School District, St. Louis County, Missouri (the “**District**”) encompasses approximately 2.66 square miles in the southwestern section of St. Louis County, Missouri (the “**County**”). This area includes portions of (1) the Village of Wilbur Park, (2) the City of Bella Villa and (3) the areas of unincorporated St. Louis County commonly known as Affton and Lemay. The estimated population of the District in 2018 was 12,997. The District has 1,786 students (including Pre-K) enrolled for the 2019-2020 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:

<u>Name</u>	<u>Office</u>	<u>First Term Began</u>	<u>Current Term Expires</u>
Jeffrey Preisack	President & Member	2007	2020
Woody Babb	Vice President & Member	2018	2021
Shannon Kohler	Member	2019	2022
Michelle Padgett	Member	2011	2022
Sarah Reece	Member	2015	2021
Tom Wood	Member	2011	2020
Laura VanZale	Member	2011	2020

District employees Deborah Meyer-Higgins and Preston Sterett serve as Secretary to the Board and Treasurer, respectively.

Administration

The Board appoints the Superintendent of Schools who is the chief administrative officer of the District responsible for carrying out the policies set by the Board. Mr. Ronald Tucker has served as Superintendent of the District since July 1, 2012. Prior to his appointment, Mr. Tucker served as the Assistant Superintendent of the District for two years, Bayless Junior High Principal for six years, Bayless High School Principal for two years, Bayless High School Assistant Principal/Athletic Director for two years and Assistant Principal of Rogers Middle School (located in the Affton School District) for two years. Prior to becoming an administrator, Mr. Tucker taught English Language Arts and Mass Communications and coached football for seven combined years at Affton High School and St. Clair High School. Mr. Tucker’s educational career includes 18 years of administration and seven years of teaching. Mr. Tucker holds Bachelor degrees from Truman State University and Southeast Missouri State University, a Master’s degree from Southeast Missouri State University and an Educational Specialist Degree from Southeast Missouri State University.

Additional members of the administrative staff are appointed by the Board upon recommendation by the Superintendent. Reporting to the Superintendent are the Assistant Superintendent and Chief Operating Officer, Chief Academic Officer, Director of Human Resources, Director of Buildings and Grounds, Director of Technology and Director of Public Relations.

The District has a total of 205 employees, including 15 administrative personnel, 124 teachers, 4 certified teachers' aides and 62 non-certificated employees. Teachers in the District belong to the Missouri State Teachers Association, the Missouri National Education Association or are not affiliated.

Professional Staff

On average, teachers employed by the District have 10.4 years of teaching experience, compared to a statewide average of 12.5 years, and 68.4% of the District's teachers hold advanced degrees. For the 2018-2019 school year, the average salary for all teaching staff was \$54,512 compared to a statewide average salary for teaching staff of \$50,019.

Educational Facilities

The District operates three schools, as shown below. The aggregate replacement cost of the current physical facilities of the District as most recently determined for insurance purposes is \$48,851,653.19.

<u>Name of School</u>	<u>Grades Served</u>
Bayless High School	9-12
Bayless Junior High School	6-8
Bayless Elementary School	Pre-K-5

History of Enrollment

Listed below are the District's enrollment figures for the current and previous four school years:

<u>Grade</u>	<u>2015-2016</u>	<u>2016-2017</u>	<u>2017-2018</u>	<u>2018-2019</u>	<u>2019-2020</u>
Pre-K	21	48	48	56	71
K	139	150	136	117	135
1st	127	134	153	116	115
2nd	135	133	129	147	124
3rd	126	126	137	123	143
4th	138	132	123	138	128
5th	123	139	134	117	148
6th	116	139	135	140	122
7th	98	126	136	141	146
8th	126	109	128	133	146
9th	115	130	111	128	135
10th	113	116	131	109	134
11th	116	105	120	130	105
12th	<u>112</u>	<u>116</u>	<u>102</u>	<u>120</u>	<u>134</u>
Total	<u>1,605</u>	<u>1,703</u>	<u>1,723</u>	<u>1,715</u>	<u>1,786</u>

Source: Missouri Department of Elementary and Secondary Education.

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 early childhood, Parents as Teachers, English language learning, engineering and a comprehensive special education program.

Other District Statistics

The following table shows additional information about the District compiled by DESE for the following fiscal years:

	<u>2014-2015</u>	<u>2015-2016</u>	<u>2016-2017</u>	<u>2017-2018</u>	<u>2018-2019</u>
Avg. Daily Attendance (ADA)	1,528.23	1,573.91	1,640.03	1,637.63	1635.72
Proportional Attendance Rate	92.01%	92.78%	92.13%	90.30%	91.76%
Current Expenditures per ADA	\$8,958.64	\$9,140.51	\$8,936.77	\$9,506.35	\$10,192.32
Students per Teacher	16	15	15	15	15
Students per Classroom Teacher	18	17	18	18	18

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 as well as 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 meeting 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, (3) Provisional, and (4) Unaccredited.

The District is in the “Accredited” category.

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

ECONOMIC INFORMATION CONCERNING THE DISTRICT

Population

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

	<u>1990</u>	<u>2000</u>	<u>2010</u>	<u>2018</u>
District	13,677	12,985	13,162	12,997
County	993,529	1,016,315	998,954	998,684
State	5,117,073	5,595,211	5,988,927	6,090,062

Source: U.S. Census Bureau – 2014-2018 American Community Survey 5-Year Estimates; U.S. Census Bureau – 2010 Census; Missouri Census Data Center – Census 1990-2000 Trend Report.

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 (2018 Estimate)

<u>Age</u>	<u>District</u>	<u>County</u>	<u>State</u>
Under 5 years	798	58,649	372,932
5-19 years	1,983	187,285	1,171,037
20-24 years	1,128	63,248	421,255
25-44 years	3,587	244,456	1,542,544
45-64 years	3,320	272,664	1,600,602
65 years and over	<u>2,181</u>	<u>172,382</u>	<u>981,692</u>
TOTAL	<u>12,997</u>	<u>998,684</u>	<u>6,090,062</u>
Median age	38.7	40.3	38.5

Source: U.S. Census Bureau – 2014-2018 American Community Survey 5-Year Estimates.

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Commerce, Industry and Employment

Major Employers. Listed below are the major employers located in the St. Louis Metropolitan Area⁽¹⁾ and the approximate number of employees employed by each:

<u>Employer</u>	<u>Type of Business</u>	<u>Employees</u>
BJC HealthCare	Health care	28,516
Mercy	Health care	23,011
Washington University	Education	17,442
Boeing Defense, Space & Security	Aerospace engineering and manufacturing	14,566
SSM Health	Health care	13,500
Scott Air Force Base	Military	13,000
Schnuck Markets Inc.	Groceries	10,702
Archdiocese of St. Louis	Religious	10,000
City of St. Louis	Government	7,368
St. Louis University	Education	7,221

⁽¹⁾ Includes the City of St. Louis and St. Louis, St. Charles, Lincoln, Warren, Franklin, Washington and Jefferson counties in Missouri and Jersey, Madison, Clinton, St. Clair, Calhoun, Macoupin, Bond and Monroe counties in Illinois.

Source: St. Louis Business Journal.

Employment Figures. The following table sets forth employment figures for the County, the State and the United States.

	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
<i>County</i>					
Total Labor Force	529,310	533,436	532,450	526,310	525,125
Unemployed	30,806	24,737	22,492	18,113	15,801
Unemployment Rate	5.8%	4.6%	4.2%	3.4%	3.0%
<i>State</i>					
Total Labor Force	3,046,903	3,075,227	3,080,850	3,061,441	3,052,386
Unemployed	186,937	154,466	140,536	115,101	97,578
Unemployment Rate	6.1%	5.0%	4.6%	3.8%	3.2%
<i>United States</i>					
Total Labor Force	155,922,000	157,130,000	159,187,000	160,320,000	162,075,000
Unemployed	9,617,000	8,296,000	7,751,000	6,982,000	6,314,000
Unemployment Rate	6.2%	5.3%	4.9%	4.4%	3.9%

Source: U.S. Bureau of Labor Statistics.

Medical and Health Facilities

There are approximately 50 hospitals located in the St. Louis Metropolitan Area, including the highly-regarded Barnes-Jewish Hospital and Mercy Hospital St. Louis as well as 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 the St. Louis Community College (the “College”) and numerous other institutions of higher education located in the St. Louis Metropolitan Area, including University of Missouri-St. Louis, Webster University, Maryville 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.

Recreational Facilities

The County park system offers 71 park sites featuring camping, fishing, boating, picnicking, hiking, horseback riding, 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, including street maintenance, are provided by the cities in the District or the County. The Metropolitan St. Louis Sewer District provides sewer services. Water is provided by Missouri American Water. Natural gas and electricity are provided by Spire and Ameren, respectively. Telephone service is provided by AT&T. Police services are provided by the City of Bella Villa and the County. Fire protection services are provided by the Lemay Fire Protection District and the Affton Fire Protection District.

Transportation, Communications and Media

The District’s geographic location provides easy access to metropolitan St. Louis via I-55 which runs through the District. Regularly scheduled commercial air passenger and air freight service is available at the St. Louis Lambert International Airport located approximately 20 miles north of 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* newspaper. In addition, there are many weekly newspapers and journals published throughout the County.

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Income and Home Values

The following table presents per capita personal income⁽¹⁾ for the County and the State for the years 2014 through 2018, the latest date for which such information is available.

<u>Year</u>	<u>Per Capita Personal Income</u>	
	<u>County</u>	<u>State</u>
2018	\$71,360	\$47,746
2017	67,368	45,744
2016	66,165	44,336
2015	62,710	43,096
2014	61,078	41,775

⁽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).

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

The following table presents the estimated median household income for the District, the County and the State.

<u>Median Household Income</u>	
District	\$51,942
County	65,300
State	53,560

Source: U.S. Census Bureau – 2014-2018 American 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	4,127	\$127,800
County	278,370	190,100
State	1,601,845	151,600

Source: U.S. Census Bureau – 2014-2018 American Community Survey 5-Year Estimates.

DEBT STRUCTURE OF THE DISTRICT

Overview

The following table summarizes certain financial information concerning the District as of February 1, 2020 (unless otherwise noted). This information should be reviewed in conjunction with the other information contained in this section and the financial statements of the District in *Appendix B* to this Official Statement.

2019 Assessed Valuation ⁽¹⁾	\$178,503,090
2019 Estimated Actual Valuation ⁽²⁾	\$847,195,055
2018 Estimated Population ⁽³⁾	12,997
Direct General Obligation Debt (“Direct Debt”) ⁽⁴⁾	\$14,910,000
Overlapping General Obligation Debt (“Indirect Debt”) ⁽⁵⁾	\$535,145
Total Direct Debt and Indirect Debt	\$15,445,145
Ratio of Direct Debt to Assessed Valuation	8.35%
Ratio of Direct Debt to Estimated Actual Valuation	1.76%
Per Capita Direct Debt	\$1,147.19
Ratio of Direct Debt and Indirect Debt to Assessed Valuation	8.65%
Ratio of Direct Debt and Indirect Debt to Estimated Actual Valuation	1.82%
Per Capita Direct Debt and Indirect Debt	\$1,188.36

- (1) Includes real and personal property valuations as provided by the St. Louis County Department of Revenue, but excludes assessed valuations attributable to state assessed railroad and utility property. For further details, see “**PROPERTY TAX INFORMATION.**”
- (2) Estimated actual valuation is calculated by dividing different classes of property by the corresponding assessment ratio. For a detail of these different classes and ratios, see “**PROPERTY TAX INFORMATION.**”
- (3) See “**ECONOMIC INFORMATION CONCERNING THE DISTRICT – Population.**”
- (4) Includes the Bonds, excludes the Refunded Bonds and excludes authorized but unissued bonds in the amount of \$2,900,000.
- (5) See “**DEBT STRUCTURE OF THE DISTRICT – Overlapping or Underlying Indebtedness.**”

Current Long-Term General Obligation Indebtedness

The following table sets forth all of the outstanding general obligation indebtedness of the District as of February 1, 2020, excluding the Refunded Bonds.

<u>Issue Name</u>	<u>Date of Indebtedness</u>	<u>Amount Originally Issued</u>	<u>Amount Outstanding</u>
General Obligation Bonds (Missouri Direct Deposit Program), Series 2014	07/01/2014	\$ 5,300,000	\$ 135,000
General Obligation Refunding and Improvement Bonds (Missouri Direct Deposit Program), Series 2016	04/20/2016	4,450,000	4,450,000
General Obligation Bonds (Missouri Direct Deposit Program), Series 2019	10/10/2019	6,500,000	6,500,000
The Bonds	03/09/2020	<u>3,825,000</u>	<u>3,825,000</u>
Total		<u>\$20,075,000</u>	<u>\$14,910,000</u>

History of General Obligation Indebtedness

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

	<u>As of June 30</u>	<u>Total Debt</u>	<u>Assessed Valuation</u> ⁽¹⁾	<u>Debt as % of Assessed Valuation</u> ⁽²⁾
	2019	\$8,570,000	\$152,398,580	5.62%
	2018	8,940,000	151,793,400	5.89
	2017	9,365,000	141,045,950	6.64
	2016	9,770,000	140,961,230	6.93
	2015	8,900,000	143,921,040	6.18

⁽¹⁾ The assessed valuation of the District as adjusted through December 31 of the calendar year prior to the fiscal year shown. Excludes state assessed railroad and utility property.

⁽²⁾ If state assessed railroad and utility property was 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.**”

Source: District’s Audited Financial Statements for the fiscal years ended June 30, 2015 through 2019.

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 general 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 as of February 1, 2020 are as follows:

Legal Debt Limitation and Debt Margin

Constitutional Debt Limitation under Article VI, Section 26(b) (15% of 2019 assessed valuation)	\$26,775,463
General Obligation Bonds Outstanding and Authorized But Not Issued	<u>17,810,000</u> ⁽¹⁾
Legal Debt Margin under Article VI, Sections 26(b)	<u>\$ 8,965,463</u>

⁽¹⁾ Includes the Bonds (and excludes the Refunded Bonds) plus the remaining \$2,900,000 of general obligation bonds authorized by voters on April 2, 2019.

The District’s legal debt limit and debt margin would be higher if (1) the amount in the Debt Service Fund available to pay principal of the bonds, and (2) 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 “**FINANCIAL INFORMATION CONCERNING THE DISTRICT – County Revenue**”), 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 school district would exceed its legal debt limit.

General Obligation Bonds Debt Service Requirements

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

Fiscal Year ending June 30	Outstanding Bonds		The Bonds		Total
	Principal	Interest	Principal	Interest	
2020	\$ 370,000	\$ 366,791			\$ 736,791
2021	245,000	316,438	\$ 550,000	\$107,730	1,219,168
2022	260,000	306,638	500,000	91,400	1,158,038
2023	285,000	296,238	400,000	71,400	1,052,638
2024	300,000	284,838	140,000	55,400	780,238
2025	380,000	272,838	85,000	49,800	787,638
2026	510,000	257,638	90,000	46,400	904,038
2027	545,000	237,238	80,000	42,800	905,038
2028	605,000	223,938	70,000	39,600	938,538
2029	495,000	208,938	205,000	38,200	947,138
2030	200,000	192,338	555,000	34,100	981,438
2031	215,000	184,338	565,000	23,000	987,338
2032	255,000	175,738	585,000	11,700	1,027,438
2033	270,000	168,088	0	0	438,088
2034	505,000	159,988	0	0	664,988
2035	1,005,000	144,838	0	0	1,149,838
2036	1,080,000	116,063	0	0	1,196,063
2037	1,120,000	87,600	0	0	1,207,600
2038	1,195,000	61,000	0	0	1,256,000
2039	<u>1,245,000</u>	<u>31,125</u>	<u>0</u>	<u>0</u>	<u>1,276,125</u>
Total	<u>\$11,085,000</u>	<u>\$4,092,649</u>	<u>\$3,825,000</u>	<u>\$611,530</u>	<u>\$19,614,179</u>

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

Other Long-Term Obligations of the District

In the fiscal year ended June 30, 2017, the District entered into a loan with the Missouri Department of Economic Development/Division of Energy for energy improvements at the District. As of June 30, 2019, the loan is outstanding in the principal amount of \$95,745.78, and the final loan payment is due in the fiscal year ending June 30, 2027.

Also in the fiscal year ended June 30, 2017, the District entered into a personal property lease purchase agreement with FS Leasing, LLC. As of June 30, 2019, the principal amount outstanding is \$798,000.00, and the final lease payment is due in the fiscal year ending June 30, 2023.

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

Future Borrowing Plans

On April 2, 2019, the voters of the District approved the issuance of general obligation bonds in the amount of \$7,300,000. The District has \$2,900,000 of authorized but unissued bonds remaining. The District anticipates issuing these remaining bonds in 2021.

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 February 1, 2020, unless otherwise noted, and the percent attributable (on the basis of assessed valuation figures for calendar year 2019) to the District. The table was compiled from publicly available 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.

<u>Taxing Jurisdiction</u>	<u>Outstanding General Obligation Debt</u>	<u>Approximate Percent Applicable</u>	<u>Approximate Amount Overlapping</u>
St. Louis County	\$82,330,000	0.65%	\$535,145
City of Bella Villa	0		0
Village of Wilbur Park	0		0
Affton Fire Protection District	0		0
Lemay Fire Protection District	<u>0</u>		<u>0</u>
TOTAL	<u>\$82,330,000</u>		<u>\$535,145</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.

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 in, 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:** The Special Revenue 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 teachers' salaries and certain employee benefits.
- **Debt Service Fund:** The Debt Service Fund accounts for the accumulation of resources for the payment of principal, interest and fiscal charges on long-term debt.
- **Capital Projects Fund:** The 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 were 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 \$100 of assessed valuation required to raise each amount shown on the budget as coming from District property taxes.

The financial records of the District are audited annually by an independent public accountant according to the modified cash basis of accounting. The most recent annual audit has been performed by Daniel Jones & Associates, P.C. The audited financial statements of the District for the fiscal year ended June 30, 2019, 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 it 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 the 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. See "**Missouri School Finance Laws – Transfers from the Incidental Fund to the Debt Service Fund and/or the Capital Projects Fund.**"

State and federal revenue, as well as Proposition C revenues (as defined 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 their revenue from state and federal aid amounts rather than local taxes.

For the 2018-2019 fiscal year, the District's sources of revenue were as follows:

<u>Source</u>	<u>Amount</u>	<u>%</u>
Local Revenue:		
Property Taxes	\$ 7,899,322.04	38.13%
Proposition C Sales Tax	1,822,389.74	8.80
Other	2,017,367.63	9.74
County Revenue:		
Railroad & Utility Property Taxes	240,344.35	1.16
Fines, Forfeitures & Other	13,288.54	0.07
State Revenue	7,646,161.84	36.91
Federal Revenue	1,075,885.28	5.19
Other Revenue	0.00	0.00
Total Revenue	<u>\$20,714,759.42</u>	<u>100.00%</u>

Source: District's Annual Secretary of the Board Report for fiscal year ended June 30, 2019.

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

<u>Source</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
Local Revenue	\$10,232,843.94	\$10,347,057.92	\$10,143,529.72	\$10,534,339.74	\$11,739,079.41
County Revenue	250,305.73	254,572.25	246,939.16	264,753.10	253,632.89
State Revenue	6,387,419.37	6,414,645.28	7,230,012.16	7,567,370.49	7,646,161.84
Federal Revenue	1,080,409.29	1,158,135.15	1,141,051.70	1,104,688.08	1,075,885.28
Other Revenue	5,368,602.04 ⁽¹⁾	4,457,777.16 ⁽²⁾	0.00	0.00	0.00
Total	<u>\$23,319,580.37⁽¹⁾</u>	<u>\$22,632,187.76⁽²⁾</u>	<u>\$18,761,532.74</u>	<u>\$19,471,151.41</u>	<u>\$20,714,759.42</u>

(1) Includes proceeds from the sale of the Series 2014 Bonds.

(2) Includes proceeds from the sale of the District's \$4,450,000 General Obligation Refunding and Improvement Bonds (Missouri Direct Deposit Program), Series 2016.

Source: District's Annual Secretary of the Board Reports for fiscal years ended June 30, 2015 through 2019.

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 2018-2019 fiscal year, each school district received approximately \$1,007 per pupil from Proposition C revenues based upon each district's 2017-2018 Weighted ADA. For the 2019-2020 fiscal year, each school district is expected to receive approximately \$1,036 per pupil from Proposition C revenues based upon each district's 2018-2019 Weighted ADA; however, this is a preliminary estimate and subject to change.

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 score at a “proficient” level or higher in math and reading by 2014. Each state established its own proficiency levels. Federal sanctions for school districts that failed to meet established proficiency standards included allowing parents and students in underperforming schools within a district to request a transfer to a school within the district that met proficiency standards. In addition, schools that continued to fail to meet proficiency standards were required to make additional changes in staffing, curriculum and management. Federal sanctions applied only to public schools that received 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 law. Each state education agency must develop a state accountability plan (“**ESSA Plan**”) that incorporates testing based on challenging academic standards. The ESSA Plans were required to be submitted to the DOE in 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% of eligible students are required to take the state-chosen standardized tests, and federal funding can be withheld if states fall below the 95% threshold.

The State submitted its plan to the DOE on September 13, 2017 in order to meet the September 18, 2017 deadline. The DOE approved the State’s plan on January 16, 2018. 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 2006-2007 fiscal year and ended with the 2012-2013 fiscal year. Since the 2013-2014 fiscal 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 of 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 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. For fiscal years 2019 and 2020, DESE revised the thresholds downward for FRL and IEP and upward for LEP. Beginning with the 2018-2019 fiscal year, certain school districts who operate early childhood education programs, such as the District, will also be able to claim a portion of their pre-kindergarten FRL students in their calculation of ADA; however, the portion of pre-kindergarten FRL students included in the calculation of ADA cannot exceed 4% of the total number of FRL students between the ages of 5 and 18 who are included in the school district's calculation of ADA. 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 the fiscal year ended June 30, 2019, according to budget estimates provided by DESE in November 2019, the State Adequacy Target was \$6,291 per pupil. For the current fiscal year ending June 30, 2020, the State Adequacy Target is expected to be \$6,355 per pupil; however, this is preliminary and subject to change.

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 2018-2019 was 1.095. The DVM for the District for 2019-2020 is 1.092. The DVM for the District for 2020-2021 will be 1.089.

Local Effort. For the 2006-2007 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 2004-2005 fiscal year if its operating levy was set at \$3.43. The \$3.43 amount is called the "performance levy." For all years subsequent to the 2006-2007 fiscal year, a district's Local Effort amount has been frozen at the 2006-2007 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 Fund. For the 2018-2019 fiscal year, each school district received approximately \$413 per pupil based on its 2017-2018 ADA. For the 2019-2020 fiscal year, according to budget estimates provided by DESE in June 2019, each school district is expected to receive approximately \$412 per pupil based on its 2018-2019 ADA; however, this is a preliminary estimate and subject to change. 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 2007-2008 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 2006-2007 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: (1) proceeds of general obligation bonds (which are repaid from a Debt Service Fund levy) and lease financings; (2) revenue from the school district's local property tax levy for the Capital Projects Fund; (3) certain permitted transfers from the Incidental Fund; and (4) 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 Incidental and Teachers' 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 Incidental and Teachers' 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 (see "**State Adequacy Target**" above) times the district's Weighted ADA. The District made no transfer from the Incidental Fund to the Capital Projects Fund under this provision during the 2018-2019 fiscal year.

Transfers from the Incidental Fund to the Debt Service Fund and/or the Capital Projects Fund. If a school district is not using the \$162,326 or seven percent (7%) 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 (see "**State Adequacy Target**" above) times the district's Weighted ADA. The District made no transfer from the Incidental Fund to the Debt Service Fund or the Capital Projects Fund under this provision during the 2018-2019 fiscal year.

Fund Balances Summary

The following Summary Statement of Revenues, Expenditures and Changes in Fund Balances was prepared from the District's audited financial statements for the fiscal years ended June 30, 2016 through 2019. 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>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
General (Incidental) Fund				
Balance—Beginning of Year	\$ 5,137,670.33	\$ 5,053,550.50	\$ 5,325,362.94	\$ 5,371,108.73
Revenues	7,753,786.33	7,902,443.59	8,242,495.35	9,371,565.44
Expenditures	(6,066,408.23)	(6,260,750.62)	(6,518,772.84)	(6,991,545.85)
Transfers In (Out)	<u>(1,771,497.93)</u>	<u>(1,369,880.53)</u>	<u>(1,677,976.72)</u>	<u>(2,291,083.58)</u>
Balance—End of Year	<u>\$ 5,053,550.50</u>	<u>\$ 5,325,362.94</u>	<u>\$ 5,371,108.73</u>	<u>\$ 5,460,044.74</u>
Special Revenue (Teachers') Fund				
Balance—Beginning of Year	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00
Revenues	7,699,532.50 ⁽¹⁾	8,479,295.61	8,945,114.91	9,076,619.22
Expenditures	(9,471,030.43)	(9,849,176.14)	(10,623,091.63)	(11,367,702.80)
Transfers In (Out)	<u>1,771,497.93</u>	<u>1,369,880.53</u>	<u>1,677,976.72</u>	<u>2,291,083.58</u>
Balance—End of Year	<u>\$ 0.00</u>	<u>\$ 0.00</u>	<u>\$ 0.00</u>	<u>\$ 0.00</u>
Debt Service Fund				
Balance—Beginning of Year	\$ 586,583.07	\$ 703,701.43	\$ 770,339.77	\$ 859,948.89
Revenues	4,402,664.47 ⁽²⁾	782,408.59	834,750.62	859,618.23
Expenditures	(4,285,546.11)	(715,770.25)	(745,141.50)	(682,497.50)
Transfers In (Out)	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>
Balance—End of Year	<u>\$ 703,701.43</u>	<u>\$ 770,339.77</u>	<u>\$ 859,948.89</u>	<u>\$ 1,037,069.62</u>
Capital Projects Fund				
Balance—Beginning of Year	\$ 6,113,713.91	\$ 3,166,786.40	\$ 1,522,345.42	\$ 2,001,037.97
Revenues	2,776,204.46 ⁽²⁾	1,597,384.95	1,448,790.53	1,406,956.53
Expenditures	(5,723,131.97)	(3,241,825.93)	(970,097.98)	(1,662,869.48)
Transfers In (Out)	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>
Balance—End of Year	<u>\$ 3,166,786.40</u>	<u>\$ 1,522,345.42</u>	<u>\$ 2,001,037.97</u>	<u>\$ 1,745,125.02</u>
Total Governmental Funds				
Balance—Beginning of Year	\$11,837,967.31	\$ 8,924,038.33	\$ 7,618,048.13	\$ 8,232,095.59
Revenues	22,632,187.76 ⁽¹⁾⁽²⁾	18,761,532.74	19,471,151.41	20,714,759.42
Expenditures	(25,546,116.74)	(20,067,522.94)	(18,857,103.95)	(20,704,615.63)
Transfers In (Out)	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>
Balance—End of Year	<u>\$ 8,924,038.33</u>	<u>\$ 7,618,048.13</u>	<u>\$ 8,232,095.59</u>	<u>\$ 8,242,239.38</u>

⁽¹⁾ Includes revenue from contracted educational services.

⁽²⁾ Includes proceeds from the sale of the District's \$4,450,000 General Obligation Refunding and Improvement Bonds (Missouri Direct Deposit Program), Series 2016.

Source: District's Audited Financial Statements for fiscal years ended June 30, 2016 through 2019.

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 United School Insurance Council (MUSIC), a protected, self-insurance program of approximately 475 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. For additional information specific to the District's participation in MUSIC, see Note VI to the District's financial statements included in *Appendix B* to this Official Statement.

Pension and Employee Retirement Plans

General. The District contributes to two cost-sharing multiple-employer defined benefit pension plans on behalf of its employees: (1) 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 (2) 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, RSMo. 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 533 and 530 contributing employers, respectively, during the fiscal year ended June 30, 2019.

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, 2019 (the “**2019 PSRS/PEERS CAFR**”), the comprehensive financial report for the plans, is available at www.psrs-peers.org/About-Us/Resources/Annual-Report. The link to the 2019 PSRS/PEERS CAFR is provided for general background information only, and the information in the 2019 PSRS/PEERS CAFR is not incorporated by reference herein. The 2019 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, 2019, 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, 2019, 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 84.4% and 86.4%, respectively, as of June 30, 2019, according to the 2019 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 2019 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⁾
2019	\$628,513,916	\$712,545,096	\$ 84,031,180	\$113,567,475	\$120,042,046	\$ 6,474,571
2018	533,062,186	696,970,397	163,908,211	97,653,104	115,103,143	17,450,039
2017	642,821,624	684,857,718	42,036,094	108,807,233	111,239,585	2,432,352
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)

⁽¹⁾ The annual statutory increase in the total contribution rate may not exceed 1.0% 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.

Source: "Schedules of Employer Contributions" in the Financial Section of the 2019 PSRS/PEERS CAFR.

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
2019	\$40,498,479	\$47,973,829	84.4%	\$5,019,868	\$5,809,485	86.4%
2018	39,211,452	46,702,002	84.0	4,774,781	5,542,478	86.1
2017	37,373,740	44,501,771	84.0	4,470,270	5,209,369	85.8
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

Source: "Schedule of Funding Progress" in the Actuarial Section of the 2019 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 V to the District's financial statements included in *Appendix B* to this Official Statement. For additional information regarding PSRS and PEERS, see the 2019 PSRS/PEERS CAFR.

Other Postemployment Benefits

In addition to pensions, many state and local governments, including the District, provide other postemployment benefits ("OPEB") as part of the total compensation offered to attract and retain the services of qualified employees. For information specific to the District's OPEB obligations, see Note IX 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 County Board of Equalization. The 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) according to the assessment for calendar year 2019 for property owned as of January 1, 2019, as adjusted and finalized through December 31, 2019.

<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	\$136,780,980	19.00%	\$719,899,895	84.98%
Agricultural	0	12.00	0	0.00
Commercial ⁽¹⁾	<u>17,030,050</u>	32.00	<u>53,218,906</u>	<u>6.28</u>
Total Real	\$153,811,030		\$773,118,801	91.26%
Personal⁽¹⁾	<u>\$ 24,692,060</u>	33.33 ⁽²⁾	<u>\$ 74,076,254</u>	<u>8.74</u>
Total Real & Personal	<u>\$178,503,090</u>		<u>\$847,195,055</u>	<u>100.00%</u>

⁽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.

Source: St. Louis County Department of Revenue.

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>Calendar Year</u>	<u>Assessed Valuation</u>	<u>% Change</u>
2019	\$178,503,090	+17.13%
2018	152,398,580	+0.40
2017	151,793,400	+7.62
2016	141,045,950	+0.06
2015	140,961,230	N/A

Source: District's Audited Financial Statements for the fiscal years ended June 30, 2016 through 2019 and 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 in April. The District must fix its ad valorem property tax rates and certify them to the County Clerk no later than October 1 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 ensure that it does not exceed constitutional rate limits.

Real and personal 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 31 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 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.

Tax Abatement and Tax Increment Financing

Under state 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, Chapter 100, RSMo and Article VI, Section 27(b) of the Missouri Constitution authorize real and personal property tax abatement for corporations for certain projects. While currently there are no such tax abatement projects located within the District, this could change in the future.

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.

While currently no portions of the District are located in tax increment financing redevelopment areas (“**TIF Redevelopment Areas**”), this could change in the future. 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 Redevelopment Area but instead acts to freeze such revenues at current levels (the “**Base**”) 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 above the Base (the “**TIF Increment**”). The TIF Increment is captured by the TIF Redevelopment Areas until the tax increment financing obligations issued are repaid or the tax increment financing period terminates.

Tax Rates

Debt Service Levy. The District’s debt service levy for the 2019-2020 fiscal year is \$0.5820 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 a 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.

Under Article X, Section 11(b) of the Missouri Constitution, a school district may increase its operating levy up to \$2.75 per \$100 of 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).

Article X, Section 22(a) of the Missouri Constitution (commonly 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.**”

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 the terms of Proposition C. The District’s voters previously approved a proposition to forgo all of the reduction in the operating levy which would otherwise be required under the terms of Proposition C which allows the District to levy up to its tax rate ceiling.

For the current fiscal year ending June 30, 2020, the District’s operating levy (all funds except the debt service fund levy) is \$4.0889 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 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>
2019	\$4.6571	\$0.0000	\$0.5320	\$0.0000	\$5.1891
2018	4.1509	0.0000	0.5320	0.0000	4.6829
2017	4.3482	0.0000	0.5340	0.0000	4.8822
2016	4.3458	0.0000	0.5340	0.0000	4.8798
2015	4.3571	0.0000	0.5240	0.0000	4.8811

Source: District’s Annual Secretary of the Board Reports for fiscal years ended June 30, 2015 through 2019.

Tax Collections

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:

Fiscal Year Ended June 30	Total Levy (per \$100 of Assessed Value)	Assessed Valuation	Total Taxes Levied⁽¹⁾	Current Taxes Collected		Current and Delinquent Taxes Collected	
				Amount	%	Amount	%
2019	\$5.1891	\$152,398,580	\$7,908,115	\$7,629,766	96.48%	\$7,899,322	99.89%
2018	4.6829	151,793,400	7,108,333	6,868,892	96.63	7,029,975	98.90
2017	4.8822	141,045,950	6,886,145	6,659,514	96.71	6,827,339	99.15
2016	4.8798	140,961,230	6,878,626	6,673,659	97.02	6,872,116	99.91
2015	4.8811	143,921,040	7,024,930	6,828,296	97.20	6,935,129	98.72

⁽¹⁾ Total Taxes Levied are based on assessed valuation as of December 31 of each year and are calculated by dividing Assessed Valuation by 100 and multiplying by the Total Levy.

Source: District's Annual Secretary of the Board Reports for fiscal years ended June 30, 2015 through 2019.

Major Property Taxpayers

The following table sets forth a list of the largest property taxpayers in the District based on the valuation of property owned as of January 1, 2019, as adjusted through December 31, 2019.

Owner	Type of Use	Assessed Valuation	Percentage of Total Assessed Valuation
1. Missouri American Water Company	Utility	\$1,631,030	0.91%
2. Cedar Creek Lodge Apartment Homes LLC	Apartments	1,549,950	0.87
3. Nu Way Concrete Forms Inc / Nu Way Holdings LLC	Construction Equipment Sales and Rental	1,116,150	0.63
4. Huntley Ridge Soco LLC	Apartments	880,950	0.49
5. B B C Corporation	Banquet Center	757,310	0.42
6. Hilvin Investment Corporation	Commercial Real Estate	681,600	0.38
7. Rhomberg Realty Inc	Commercial Real Estate	618,430	0.35
8. Soemm Inc	Commercial Real Estate	608,480	0.34
9. Conway Partners LLC	Commercial Real Estate	584,800	0.33
10. RJCA LLC	Commercial Real Estate	565,410	0.32
Total		<u>\$8,994,110</u>	<u>5.04%</u>

Source: St. Louis County Department of Revenue.

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APPENDIX B

**INDEPENDENT AUDITOR'S REPORT AND AUDITED FINANCIAL STATEMENTS OF THE
DISTRICT FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

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**BAYLESS CONSOLIDATED
SCHOOL DISTRICT
ST. LOUIS COUNTY, MISSOURI
AUDITED FINANCIAL STATEMENTS
JUNE 30, 2019**

**BAYLESS CONSOLIDATED SCHOOL DISTRICT
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FINANCIAL SECTION



**Daniel Jones
& Associates**
CERTIFIED PUBLIC ACCOUNTANTS

MEMBERS OF
MISSOURI SOCIETY OF CPA'S
AMERICAN INSTITUTE OF CPA'S

INDEPENDENT AUDITOR'S REPORT

To the Members of the Board of Education
Bayless Consolidated School District

Report on the Financial Statements

We have audited the accompanying modified cash-basis financial statements of the governmental activities and each major fund of Bayless Consolidated School District ("District"), Missouri, as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the modified cash basis of accounting described in Note I; this includes determining that the modified cash basis of accounting is an acceptable basis for the preparation of the financial statements in the circumstances. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective modified cash-basis financial position of the governmental activities and each major fund of the District as of June 30, 2019, and the respective changes in modified cash basis financial position thereof for the year then ended in accordance with the modified cash-basis of accounting described in Note I.

Basis of Accounting

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

Other Matters

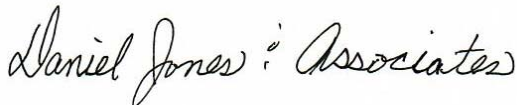
Report on Supplementary and Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The Budgetary Comparison Schedules and the Schedule of Expenditures of Federal Awards, as required by *Title 2 U.S. Code of Federal Regulations Part 200*, Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards, are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The Budgetary Comparison Schedules presented on pages 30 through 34 and the Schedule of Expenditures of Federal Awards presented on page 47 are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Budgetary Comparison Schedules and the Schedule of Expenditures of Federal Awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 3, 2019, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely 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 effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.



DANIEL JONES & ASSOCIATES, P.C.
CERTIFIED PUBLIC ACCOUNTANTS
ARNOLD, MISSOURI

December 3, 2019

BASIC FINANCIAL STATEMENTS

Bayless Consolidated School District
Statement of Net Position - Modified Cash Basis
As of June 30, 2019

	<u>Governmental Activities</u>
Assets	
Current Assets:	
Cash and Investments	\$ 7,205,169.76
Total Current Assets	<u>7,205,169.76</u>
Restricted Assets:	
Debt Service	
Cash and Investments	<u>1,037,069.62</u>
Total Restricted Assets	<u>1,037,069.62</u>
Total Assets	<u><u>\$ 8,242,239.38</u></u>
 Net Position	
Restricted for:	
Debt Service	1,037,069.62
Unrestricted	<u>7,205,169.76</u>
Total Net Position	<u><u>\$ 8,242,239.38</u></u>

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

Bayless Consolidated School District
Statement of Activities - Modified Cash Basis
For the Year Ended June 30, 2019

Functions/Programs	Expenses	Program Revenues			Net (Expenses) Revenue and Changes in Net Position
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
Governmental Activities:					Governmental Activities
Instruction	\$ 10,089,041.51	\$ -	\$ 400,107.11	\$ -	\$ (9,688,934.40)
Attendance	111,511.77	-	-	-	(111,511.77)
Guidance	545,925.62	-	-	-	(545,925.62)
Health, Psych Speech and Audio	244,219.31	-	-	-	(244,219.31)
Improvement of Instruction	121,486.89	-	61,787.43	-	(59,699.46)
Professional Development	95,090.60	-	-	-	(95,090.60)
Media Services (Library)	329,650.69	-	-	-	(329,650.69)
Board of Education Services	92,468.13	-	-	-	(92,468.13)
Executive Administration	1,262,402.39	-	-	-	(1,262,402.39)
Building Level Administration	1,476,382.45	-	-	-	(1,476,382.45)
Business Central Service	369,028.99	-	-	-	(369,028.99)
Operation of Plant	1,706,629.91	-	-	-	(1,706,629.91)
Security Services	193,503.12	-	-	-	(193,503.12)
Pupil Transportation	507,766.94	-	65,412.00	-	(442,354.94)
Food Services	738,317.30	221,804.04	607,631.01	-	91,117.75
Central Office Support Services	183,946.95	-	-	-	(183,946.95)
Other Supporting Services	-	-	-	-	-
Community Services	590,410.27	326,300.88	140,800.00	-	(123,309.39)
Capital Outlay	1,113,173.28	-	-	-	(1,113,173.28)
Debt Service:					
Principal Retirement	603,393.50	-	-	-	(603,393.50)
Interest and Fiscal Charges	330,266.01	-	-	-	(330,266.01)
Total Governmental Activities	<u>\$ 20,704,615.63</u>	<u>\$ 548,104.92</u>	<u>\$ 1,275,737.55</u>	<u>\$ -</u>	<u>\$ (18,880,773.16)</u>
General Revenues					
Taxes:					
Property Taxes, levied for general purposes					7,144,867.96
Property Taxes, levied for debt service					817,563.21
Other Taxes					312,822.91
Prop C - Sales tax					1,822,389.74
Federal, State and County aid not restricted to specific purposes					7,446,309.57
Interest and Investment Earnings					177,783.83
Miscellaneous					1,169,179.73
Subtotal, General Revenues					<u>18,890,916.95</u>
Change in Net Position					10,143.79
Net Position, July 1, 2018					<u>8,232,095.59</u>
Net Position, June 30, 2019					<u>\$ 8,242,239.38</u>

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

Bayless Consolidated School District
Balance Sheet - Modified Cash Basis -
All Governmental Funds
As of June 30, 2019

	General Fund	Special Revenue Fund	Debt Service Fund	Capital Projects Fund	Total Governmental Funds
ASSETS					
Cash and Investments	\$ 5,460,044.74	\$ -	\$ -	\$ 1,745,125.02	\$ 7,205,169.76
Restricted Cash and Investments	-	-	1,037,069.62	-	1,037,069.62
Total Assets	\$ 5,460,044.74	\$ -	\$ 1,037,069.62	\$ 1,745,125.02	\$ 8,242,239.38
LIABILITIES AND FUND BALANCES					
Total Liabilities:	-	-	-	-	-
Fund Balances:					
Restricted for:					
Debt Service	-	-	1,037,069.62	-	1,037,069.62
Committed for:					
Stabilization Reserve	-	-	-	-	-
Assigned to:					
Capital Projects	-	-	-	1,745,125.02	1,745,125.02
Unassigned	5,460,044.74	-	-	-	5,460,044.74
Total Fund Balances	5,460,044.74	-	1,037,069.62	1,745,125.02	8,242,239.38
Total Liabilities and Fund Balances	\$ 5,460,044.74	\$ -	\$ 1,037,069.62	\$ 1,745,125.02	\$ 8,242,239.38

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

Bayless Consolidated School District
Statement of Revenues, Expenditures and Changes in Fund Balances - Modified Cash Basis
All Governmental Funds
For the Year Ended June 30, 2019

	General Fund	Special Revenue Fund	Debt Service Fund	Capital Projects Fund	Total Governmental Funds
Revenues					
Local Sources	\$ 8,185,598.18	\$ 1,826,668.43	\$ 841,970.27	\$ 884,842.53	\$ 11,739,079.41
County Sources	222,696.39	13,288.54	17,647.96	-	253,632.89
State Sources	218,260.65	6,905,787.19	-	522,114.00	7,646,161.84
Federal Sources	745,010.22	330,875.06	-	-	1,075,885.28
TOTAL REVENUES	9,371,565.44	9,076,619.22	859,618.23	1,406,956.53	20,714,759.42
Expenditures					
Current					
Regular Instruction	1,548,170.90	8,407,331.22	-	133,539.39	10,089,041.51
Attendance	111,511.77	-	-	-	111,511.77
Guidance	25,975.82	519,949.80	-	-	545,925.62
Health, Psych Speech & Audio	244,219.31	-	-	-	244,219.31
Improvement of Instruction	72,268.98	49,217.91	-	-	121,486.89
Professional Development	88,029.93	7,060.67	-	-	95,090.60
Media Services	123,013.05	179,411.91	-	27,225.73	329,650.69
Board of Education Services	92,468.13	-	-	-	92,468.13
Executive Administration	540,850.11	682,389.28	-	39,163.00	1,262,402.39
Building Level Administration	384,814.76	1,091,567.69	-	-	1,476,382.45
Business Central Services	318,311.96	-	-	50,717.03	369,028.99
Operation of Plant	1,704,936.91	-	-	1,693.00	1,706,629.91
Security Services	186,265.16	-	-	7,237.96	193,503.12
Pupil Transportation	507,766.94	-	-	-	507,766.94
Food Service	730,362.22	-	-	7,955.08	738,317.30
Central Office Support Services	152,943.95	-	-	31,003.00	183,946.95
Other Supporting Services	-	-	-	-	-
Community Services	159,635.95	430,774.32	-	-	590,410.27
Capital Outlay	-	-	-	1,113,173.28	1,113,173.28
Debt Service:					
Principal	-	-	370,000.00	233,393.50	603,393.50
Interest and Charges	-	-	312,497.50	17,768.51	330,266.01
Total Expenditures	6,991,545.85	11,367,702.80	682,497.50	1,662,869.48	20,704,615.63
Excess (Deficiency) of Revenues over Expenditures	2,380,019.59	(2,291,083.58)	177,120.73	(255,912.95)	10,143.79
Other Financing Sources (Uses):					
Transfers	(2,291,083.58)	2,291,083.58	-	-	-
Sale of Bonds	-	-	-	-	-
Net Insurance Recovery	-	-	-	-	-
Sale of School Buses	-	-	-	-	-
Sale of Other Property	-	-	-	-	-
Refunding Bonds	-	-	-	-	-
Tuition from other Districts	-	-	-	-	-
Area Voc Fees from Other LEAS	-	-	-	-	-
Contracted Educational Services	-	-	-	-	-
Trans from other LEAS Non-Handi	-	-	-	-	-
Trans from other LEAS for Handi	-	-	-	-	-
Trans from other LEAS for ECSE Handi	-	-	-	-	-
Total Other Financing Sources (Uses)	(2,291,083.58)	2,291,083.58	-	-	-
NET CHANGE IN FUND BALANCES	88,936.01	-	177,120.73	(255,912.95)	10,143.79
Fund Balances, July 1, 2018	5,371,108.73	-	859,948.89	2,001,037.97	8,232,095.59
Fund Balances, June 30, 2019	<u>\$ 5,460,044.74</u>	<u>\$ -</u>	<u>\$ 1,037,069.62</u>	<u>\$ 1,745,125.02</u>	<u>\$ 8,242,239.38</u>

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

**Bayless Consolidated School District
Reconciliation of the Governmental Funds Balance Sheet
With the Government-Wide Statement of Net Position - Modified Cash Basis
June 30, 2019**

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

Total Fund Balance - Governmental Funds	\$ 8,242,239.38
There are no items of reconciliation.	<u>-</u>
Total Net Position - Governmental Activities	<u><u>\$ 8,242,239.38</u></u>

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

Bayless Consolidated School District
Reconciliation of the Governmental Funds Statement of Revenues, Expenditures
and Changes in Fund Balances with the Government-Wide Statement of Activities - Modified Cash Basis
For the Year Ended June 30, 2019

Total net change in fund balances - governmental funds	\$ 10,143.79
There are no items of reconciliation.	<u>-</u>
Change in net position of governmental activities	<u><u>\$ 10,143.79</u></u>

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

BAYLESS CONSOLIDATED SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2019

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

As discussed further in Note I, these financial statements are presented on the modified cash basis of accounting. This modified cash basis of accounting differs from accounting principles generally accepted in the United States of America (GAAP). Generally accepted accounting principles include all relevant Governmental Accounting Standards Board (GASB) pronouncements.

Principles Determining the Scope of Reporting Entity

The District’s reporting entity includes the District’s governing board and all related organizations that exercise oversight responsibility.

The District has developed criteria to determine whether outside agencies with activities that benefit the citizens of the District, including joint agreements that serve pupils from numerous districts, should be included within its financial reporting entity. The criterion includes, but is not limited to, whether the District exercises oversight responsibility (which includes financial interdependency, selection of governing authority, designation of management, ability to significantly influence operations, and accountability for fiscal matter), scope of public service, and special financing relationships.

Excluded from the reporting entity:

Public School Retirement System of Missouri, Public Education Employee Retirement System, and Missouri United School Insurance Council (MUSIC). The participating school district’s governing bodies have appointed these potential component units jointly. These are independent units that select management staff, set user charges, establish budgets and control all aspects of its daily activity.

The District has determined that no other outside agency meets the above criteria and, therefore, no other agency has been included as a component unit in the District’s financial statements. In addition, the District is not aware of any entity that would exercise such oversight that would result in the District being considered a component unit of the entity.

Additionally, while the parent-teacher organizations of the District’s schools are organizations that provide financial support exclusively to the District, they are not required to be included as a component unit because the amount of financial support provided is of a de minimus nature.

BAYLESS CONSOLIDATED SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2019

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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/expenses on the modified cash basis of accounting. District resources are allocated to, and accounted for, in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled. The following fund types are used by the District:

Governmental Fund

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

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

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

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

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

Basis of Presentation

Government-Wide Financial Statements

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

BAYLESS CONSOLIDATED SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2019

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

Basis of Accounting

The financial statements are presented on a modified cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America (GAAP) as established by the Governmental Accounting Standards Board. This basis of accounting involves modifications to the cash basis of accounting to report in the statement of net position or balance sheet cash transactions or events that provide a benefit or result in an obligation that covers a period greater than the period in which the cash transaction or event occurred. Such reported balances include investments, short-term liabilities, arising from cash transactions or events.

This modified cash basis of accounting differs from GAAP primarily because certain assets and their related revenues (such as accounts receivable and revenue for billed or provided services not yet collected, and other accrued revenue and receivables) and certain liabilities and their related expenses or expenditures (such as accounts payable and expenses for goods or services received but not yet paid, and other accrued expenses and liabilities) are not recorded in these financial statements. In addition, other economic assets, deferred outflows, liabilities, and deferred inflows that do not arise from a cash transaction or event (such as donated assets and post-employment benefit obligations) are not reported, and the measurement of reported assets and liabilities does not involve adjustment to fair value.

If the District utilized the basis of accounting recognized as generally accepted, the fund financial statements for governmental funds would use the modified accrual basis of accounting, and the fund financial statements for proprietary fund types (if any) would use the accrual basis of accounting. All government-wide financial statements would be presented on the accrual basis of accounting.

BAYLESS CONSOLIDATED SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2019

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Fund Balance Classification

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

- Nonspendable Fund Balance consists of funds that cannot be spent due to their form (e.g., inventories and prepaids) or funds that legally or contractually must remain intact. The District did not have any nonspendable resources as of June 30, 2019.
- Restricted Fund Balance consists of funds that are mandated for a specific purpose by external parties, constitutional provisions or enabling legislation. Debt service resources are to be used for future servicing of the District held bonds and are restricted through debt covenants.
- Committed Fund Balance consists of funds that are set aside for a specific purpose by the District's highest level of decision-making authority, which is the Board of Education. Formal action must be taken prior to the end of the fiscal year, such as a vote from the Board of Education. The same formal action must be taken to remove or change the limitations placed on the funds.
- Assigned Fund Balance consists of funds that are set aside with the intent to be used for a specific purpose by the District's highest level of decision-making authority, which is the Board of Education, or a body or official, like the Superintendent, who has been given the authority to assign funds. Assigned funds cannot cause a deficit in unassigned fund balance. This classification includes the remaining positive fund balance of all governmental funds except for the General Fund.
- Unassigned Fund Balance consists of excess funds that have not been classified in the previous four categories. All funds in this category are considered spendable resources. This category also provides the resources necessary to meet unexpected expenditures and revenue shortfalls.

The District would typically use restricted fund balances first, followed by committed resources, and then assigned resources, as appropriate opportunities arise, but reserves the right to selectively spend unassigned resources first to defer the use of these other classified funds.

As of June 30, 2019, fund balance components other than unassigned fund balances consist of the following:

	<u>Nonspendable</u>	<u>Restricted</u>	<u>Committed</u>	<u>Assigned</u>
General Fund	\$ -	\$ -	\$ -	\$ -
Special Revenue/ (Teacher) Fund	-	-	-	-
Debt Service Fund	-	1,037,069.62	-	-
Capital Projects Fund	-	-	-	1,745,125.02
Total	<u>\$ -</u>	<u>\$ 1,037,069.62</u>	<u>\$ -</u>	<u>\$ 1,745,125.02</u>

BAYLESS CONSOLIDATED SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2019

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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. Cash and cash equivalents have a maturity date of less than three months or are highly liquid. Investments have terms longer than three months and are not able to be liquefied easily.

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

Interest income earned is allocated to contributing funds based on each funds' proportionate share of funds invested. In addition, see Note II, Cash and Investments.

Restricted Cash

Restricted cash represents amounts that are limited by legal requirements, and it consists of amounts escrowed for future general obligation bond principal and interest payments in conjunction with the Missouri School District Direct Deposit Program as discussed in Note II.

Net Position

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

Interfund Activity

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

Extraordinary and Special Items

Extraordinary items are transactions or events that are both unusual in nature and infrequent in occurrence. Special items are transactions or events that are within the control of the Board of Education and are either unusual in nature or infrequent in occurrence.

BAYLESS CONSOLIDATED SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2019

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONCLUDED)

Post-Employment Benefits

COBRA Benefits - Under the Consolidated Omnibus Budget Reconciliation Act (COBRA), the District provides healthcare benefits to eligible former employees and eligible dependents. Certain requirements are outlined by the federal government for this coverage. The premium plus a 2% administration charge, which the District has elected to waive, is paid in full by the insured on or before the tenth (10th) day of the month for the actual month covered. This program is offered for a duration of 18 months after the termination date. There is no associated cost to the District under this program, and there was one participant in the program as of June 30, 2019 paying premiums totaling \$483.60.

Inventories

The District does not maintain inventory cost records. Inventory is deemed to be immaterial and is accounted for using the purchase method in which supplies are charged to expenditures when purchased.

Compensated Absences

Vacation time is considered an expenditure in the year paid. Amounts that are unpaid and vested in the employee are paid at termination. Total vested and unpaid vacation at June 30, 2019, amounted to approximately \$104,791. These estimates have not been subjected to auditing procedures.

Teachers' Salaries

The salary payment schedule of the District for the 2018-19 school year requires the payment of salaries over a twelve-month period. Consequently, the July and August 2019 payroll checks are included in the accompanying financial statements as an expenditure paid in the month of June. This practice has been consistently followed in previous years.

II. 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 Funds be kept separate and apart from all other funds of the District).

Each fund type's portion of this pool is displayed on the Balance Sheet Governmental Funds as *Cash and Investments* under each fund's caption. Missouri statutes require that all deposits with financial institutions be collateralized in an amount at least equal to uninsured deposits. At June 30, 2019, the carrying amount of the District's deposits was \$8,242,239.38 and the bank balance was \$8,943,399.62. Of the bank balance, \$250,000 was insured through federal depository insurance and \$265,747.25 was included in the Missouri Health and Education Facilities Authority (MOHEFA) and \$7,416,660.80 was in the Missouri Securities Investment Program (MOSIP), which were covered by permitted investments under that agreement. The remaining bank balance of \$1,010,991.57 was covered through the District's safekeeping bank agent, in the District's name.

BAYLESS CONSOLIDATED SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2019

II. CASH AND INVESTMENTS (CONTINUED)

Custodial credit risk is the risk that in the event of a bank failure, a government's deposits may not be returned to it. The District's deposit policy for custodial credit risk requires compliance with the provisions of state law. State law requires collateralization of all deposits with federal depository insurance; bonds and other obligations of the U.S. Treasury, U.S. agencies or instrumentalities of the State of Missouri; bonds of any city having a population of not less than two thousand, county, school district or special road district of the State of Missouri; bonds of any state, tax anticipation notes issued by any first class county, or a surety bond having an aggregate value at least equal to the amount of the deposits. The balances of the District's deposits are sufficiently collateralized.

The deposits and investments held at June 30, 2019, and reported at fair market value, are as follows:

TYPE	MATURITIES	FMV
DEPOSITS:		
Demand Deposits	N/A	\$ 8,242,239.38
TOTAL DEPOSITS		<u>\$ 8,242,239.38</u>

Missouri Securities Investment Program (MOSIP):

All assets contained in the Program are invested in accordance with Section 165.01 RSMo 2001. Each school district or government agency owns shares of the Fund, which invests the pooled assets. Since the Program has the characteristics of a mutual fund, it would not be reported by risk category in accordance with Governmental Accounting Standards Board Statement #3. Certificates of deposit or other fixed term investments are purchased by the school district through the Fund's administrator; they are purchased in the name of the school district.

Missouri Health and Education Facilities Authority (MOHEFA)

The District has general obligation bonds and is participating in the program created by Senate Bill 301 administered by the Missouri Health and Educational Facilities Authority (MOHEFA). The program intercepts a portion of state aid and places those funds in escrow to pay the debt service requirements of the bonds.

Custodial Credit Risk – Deposits

For a deposit, custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it. The District's investment policy does not include custodial credit risk requirements. The District's deposits were not exposed to custodial credit risk for the year ended June 30, 2019.

Custodial Credit Risk – Investments

Investment securities are exposed to custodial credit risk if the securities are uninsured, are not registered in the name of the government, and are held by the party who sold the security to the District or its agent but not in the government's name. The District does not have a policy for custodial credit risk relating to investments. All investments, evidenced by individual securities, are registered in the name of the District or of a type that are not exposed to custodial credit risk.

BAYLESS CONSOLIDATED SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2019

II. CASH AND INVESTMENTS (CONCLUDED)

Investment Interest Rate Risk

Investment interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. 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.

Concentration of Investment Credit Risk

Concentration of investment credit risk is required to be disclosed by the District for any single investment that represents 5% or more of total investments (excluding investments issued by or explicitly guaranteed by the U.S. Government, investments in mutual funds, investments in external investment pools and investments in other pooled investments). The District has no policy in place to minimize the risk of loss resulting from over concentration of assets in specific maturity, specific issuer or specific class of securities. The District's deposits were not exposed to concentration of investment credit risk for the year ended June 30, 2019.

III. 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. All unpaid taxes become delinquent January 1, of the following year. The county collects the property taxes and remits them to the District on a monthly basis.

The District also receives sales tax collected by the State and remitted based on 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 District's taxpayers have voted to permanently waive this property tax rollback.

The assessed valuations of the tangible taxable property (including state assessed railroad and utilities) for the calendar year 2018, for purposes of local taxation, was:

Real Estate:	
Residential	\$ 113,830,770
Agricultural	-
Commercial	15,030,340
Personal Property Including Local	
Assessed Railroad & Utility	23,537,470
Total	<u>\$ 152,398,580</u>

BAYLESS CONSOLIDATED SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2019

III. TAXES (CONCLUDED)

The tax levy per \$100 of the assessed valuation of tangible taxable property for the calendar year 2018, for purposes of local taxation, was:

	Unadjusted	Adjusted
General Fund	\$ 4.6571	\$ 4.6571
Special Revenue Fund	0.0000	0.0000
Debt Service Fund	0.5320	0.5320
Capital Projects Fund	0.0000	0.0000
Total	<u>\$ 5.1891</u>	<u>\$ 5.1891</u>

The receipts of current and delinquent property taxes during the fiscal year ended June 30, 2019, aggregated approximately 96.48% of the current assessment computed on the basis of the levy as shown above.

IV. CHANGES IN LONG-TERM DEBT

The following is a summary of changes in long-term debt for the year ended June 30, 2019:

	General Obligation Bonds	Loans Payable	Capital Leases	Total	Amounts Due Within One Year
Long-Term Debt – July 1, 2018	\$ 8,940,000.00	\$ 108,139.28	\$ 1,019,000.00	\$10,067,139.28	\$ 605,705.27
Add-Issued	-	-	-	-	-
Less-Payments	<u>(370,000.00)</u>	<u>(12,393.50)</u>	<u>(221,000.00)</u>	<u>(603,393.50)</u>	<u>-</u>
Long-Term Debt June 30, 2019	<u>\$ 8,570,000.00</u>	<u>\$ 95,745.78</u>	<u>\$ 798,000.00</u>	<u>\$9,463,745.78</u>	<u>\$ 605,705.27</u>

Bonds payable at June 30, 2019, consist of:

\$5,300,000 General Obligation Bonds Series 2014 due in varying annual principal installments beginning March 1, 2015, ranging from \$55,000 to \$660,000; interest rate is variable ranging from 2.00% to 4.00%.....	\$ 4,120,000.00
\$4,450,000 General Obligation Refunding and Improvement Bonds Series 2016 due in varying annual principal installments beginning March 1, 2020, ranging from \$160,000 to \$750,000; interest rate is variable ranging from 2.00% to 4.00%.....	4,450,000.00
	<u>\$ 8,570,000.00</u>

BAYLESS CONSOLIDATED SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2019

IV. CHANGES IN LONG-TERM DEBT (CONTINUED)

The annual requirements to amortize all bonds outstanding as of June 30, 2018, including interest payments are as follows:

Fiscal Year Ending June 30,	Principal	Interest	Total
2020	\$ 370,000.00	\$ 294,337.50	\$ 664,337.50
2021	380,000.00	280,887.50	660,887.50
2022	395,000.00	267,037.50	662,037.50
2023	410,000.00	252,587.50	662,587.50
2024	430,000.00	237,437.50	667,437.50
2025-2029	2,285,000.00	950,925.00	3,235,925.00
2030-2034	3,000,000.00	548,787.50	3,548,787.50
2035-2036	1,300,000.00	56,375.00	1,356,375.00
Totals	<u>\$ 8,570,000.00</u>	<u>\$ 2,888,375.00</u>	<u>\$ 11,458,375.00</u>

Article VI, Section 26(b), Constitution of Missouri, limits the outstanding amount of authorized general obligation bonds of a district to 15% of the assessed valuation of the district (including state-assessed railroad and utilities). The District did not exceed the legal debt margin at June 30, 2019.

During the 2017 fiscal year, the District entered into a loan agreement with the Missouri Department of Economic Development for an energy loan in the amount of \$132,735.21. The loan has an interest rate of 2.50% with semi-annual payments of \$7,510 through July 1, 2026.

The annual requirements to amortize the loan payable as of June 30, 2019, are as follows:

Fiscal Year Ending June 30,	Principal	Interest	Total
2020	\$ 12,705.27	\$ 2,314.73	\$ 15,020.00
2021	13,024.88	1,995.12	15,020.00
2022	13,352.54	1,667.46	15,020.00
2023	13,688.44	1,331.56	15,020.00
2024	14,032.80	987.20	15,020.00
2025-2026	28,941.85	906.49	29,848.34
Totals	<u>\$ 95,745.78</u>	<u>\$ 9,202.56</u>	<u>\$ 104,948.34</u>

CAPITAL LEASES

During the 2017 fiscal year, the District entered into an agreement with FS Leasing, LLC to payoff existing leases with Wells Fargo and a DNR loan. The loan amount for the lease is \$1,648,000, with varying semi-annual principal payments beginning September 1, 2016, ranging from \$109,000 to \$179,000, with an interest rate of 1.550%.

BAYLESS CONSOLIDATED SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2019

IV. CHANGES IN LONG-TERM DEBT (CONCLUDED)

CAPITAL LEASES (CONCLUDED)

The above noted lease payable at June 30, 2018, consists of:

Fiscal Year Ending June 30,	Principal	Interest	Total
2020	\$ 223,000.00	\$ 11,705.34	\$ 234,705.34
2021	227,000.00	8,155.67	235,155.67
2022	231,000.00	4,572.71	235,572.71
2023	117,000.00	926.90	117,926.90
Totals	<u>\$ 798,000.00</u>	<u>\$ 25,360.62</u>	<u>\$ 823,360.62</u>

V. PENSION PLAN

Summary of Significant Accounting Policies

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

The fiduciary net position, as well as additions to and deductions from fiduciary net position, of PSRS and PEERS have been determined on the same basis as they are reported by the Systems. The financial statements were prepared using the accrual basis of accounting. Member and employer contributions are recognized when due, pursuant to formal commitments and statutory requirements. Benefits and refunds of employee contributions are recognized when due and payable in accordance with the statutes governing the Systems. Expenses are recognized when the liability is incurred, regardless of when payment is made. Investments are reported at fair value on a trade date basis. The fiduciary net position is reflected in the measurement of the District's net pension liability, deferred outflows and inflows of resources related to pensions, and pension expense. A Comprehensive Annual Financial Report ("CAFR") can be obtained at www.psrs-peers.org.

General Information about the Pension Plan - PSRS

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

BAYLESS CONSOLIDATED SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2019

V. PENSION PLAN (CONTINUED)

General Information about the Pension Plan – PSRS (concluded)

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.

Benefits Provided. PSRS is a defined benefit plan providing retirement, disability, and death/survivor benefits. Members are vested for service retirement benefits after accruing five years of service. Individuals who (a) are at least age 60 and have a minimum of 5 years of service, (b) have 30 years of service, or (c) qualify for benefits under the “Rule of 80” (service and age total at least 80) are entitled to a monthly benefit for life, which is calculated using a 2.5% benefit factor. Beginning July 1, 2001, and ending July 1, 2014, a 2.55% benefit factor is used to calculate benefits for members who have 31 or more years of service. Actuarially age-reduced benefits are available for members with five to 24.9 years of service at age 55. Members who are younger than age 55 and who do not qualify under the “Rule of 80” but have between 25 and 29.9 years of service may retire with a lesser benefit factor. Members that are three years beyond normal retirement can elect to have their lifetime monthly benefits actuarially reduced in exchange for the right to also receive a one-time partial lump sum (PLSO) payment at retirement equal to 12, 24, or 36 times the Single Life benefit amount.

A Summary Plan Description detailing the provisions of the plan can be found on PSRS' website at www.psrs-peers.org.

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

Contributions. PSRS members were required to contribute 14.5% of their annual covered salary during fiscal years 2017, 2018 and 2019. Employers were required to match the contributions made by employees. The contribution rate is set each year by the PSRS Board of Trustees upon the recommendation of the independent actuary within the contribution restrictions set in Section 169.030 RSMo. The annual statutory increase in the total contribution rate may not exceed 1% of pay. Contributions for employees of the State of Missouri were made by the state in accordance with the actuarially determined contribution rate needed to fund current costs and prior service costs of state employees as authorized in Section 104.342.8 RSMo.

The District's contributions to PSRS were \$1,383,387.37 for the year ended June 30, 2019.

BAYLESS CONSOLIDATED SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2019

V. PENSION PLAN (CONTINUED)

General Information about the Pension Plan – PEERS

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

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

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

Contributions. PEERS members were required to contribute 6.86% of their annual covered salary during fiscal years 2017, 2018 and 2019. Employers were required to match the contributions made by employees. The contribution rate is set each year by the PSRS Board of Trustees upon the recommendation of the independent actuary within the contribution restrictions set in Section 169.030 RSMo. The annual statutory increase in the total contribution rate may not exceed 0.5% of pay.

The District’s contributions to PEERS were \$153,564.53 for the year ended June 30, 2019.

BAYLESS CONSOLIDATED SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2019

V. PENSION PLAN (CONTINUED)

Pension Liabilities and Pension Expense - PSRS

At June 30, 2019, the District has a liability of \$13,508,058 for its proportionate share of the net pension liability. The net pension liability for the plan in total was measured as of June 30, 2018, 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 of \$1,265,788 paid to PSRS for the year ended June 30, 2018, relative to the actual contributions of \$697,214,371 from all participating employers. At June 30, 2018, the District's proportionate share was 0.1815%.

Pension Liabilities and Pension Expense - PEERS

At June 30, 2019, the District has a liability of \$894,801 for its proportionate share of the net pension liability. The net pension liability for the plan in total was measured as of June 30, 2018, 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 of \$132,215 paid to PEERS for the year ended June 30, 2018, relative to the actual contributions of \$114,141,743 from all participating employers. At June 30, 2018, the District's proportionate share was 0.1158%.

Actuarial Assumptions – PSRS and PEERS

Actuarial valuations of the Systems involves assumptions about the probability of occurrence of events far into the future in order to estimate the reported amounts. Examples include assumptions about future employment, mortality. 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 Board of Trustees adopts actuarial assumptions, each of which individually represents a reasonable long-term estimate of anticipated experience for the Systems, derived from experience studies conducted every fifth year and from Board policies concerning investments and COLA. The most recent comprehensive studies were completed in June 2016. For the June 30, 2017 valuations, the investment rate of return was reduced from 7.75% to 7.6% and the assumption for the annual cost-of-living adjustments was updated in accordance with the funding policies amended by the Board of Trustees at their November 2017 meeting. For the June 30, 2018 valuation, the investment rate of return assumption was further reduced from 7.60% to 7.50%. Significant actuarial assumption and methods, including changes from the prior year, are detailed below. For additional information please refer to the Systems' Comprehensive Annual Financial Report(CAFR). The next experience studies are scheduled for 2021.

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

- Measurement Date	June 30, 2018
- Valuation Date	June 30, 2018
- Expected Return on Investments	7.50%, net of investment expenses and including 2.25% inflation
- Inflation	2.25%
- Total Payroll Growth - PSRS	2.75% per annum, consisting of 2.25% inflation, 0.25% real wage growth due to the inclusion of active health care costs in pensionable earnings, and 0.25% of real wage growth due to productivity.

BAYLESS CONSOLIDATED SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2019

V. PENSION PLAN (CONTINUED)

Actuarial Assumptions – PSRS and PEERS (continued)

- | | |
|-----------------------------------|---|
| - Total Payroll Growth - PEERS | 3.25% per annum, consisting of 2.25% inflation, 0.50% real wage growth due to the inclusion of active health care costs in pensionable earnings, and 0.50% of real wage growth due to productivity. |
| - Future Salary Increases - PSRS | 3.00% - 9.50%, depending on service and including 2.25% inflation, 0.25% real wage growth due to the inclusion of active health care costs in pensionable earnings, and 0.25% of real wage growth due to productivity. |
| - Future Salary Increases - PEERS | 4.00% - 11.00%, depending on service and including 2.25% inflation, 0.50% real wage growth due to the inclusion of active health care costs in pensionable earnings, and 0.50% of real wage growth due to productivity. |
| - Cost-of-Living Increases – Both | The long-term cost-of-living adjustment (COLA) assumed in the valuation is 1.25% to 1.65% over nine years beginning January 1, 2020. The COLA reflected for January 1, 2019, is 2.00%, in accordance with the actual COLA approved by the Board. This COLA assumption reflects an assumption that general inflation will increase from 1.85% to a normative inflation assumption of 2.25% over eight years. |

It is also based on the current policy of the Board to grant a COLA on each January 1 as follows:

- If the June to June change in the CPI-U is less than 2% for consecutive one-year periods, a cost-of-living increase of 2% will be granted when the cumulative increase is equal to or greater than 2%, at which point the cumulative increase in the CPI-U will be reset to zero. For the following year, the starting CPI-U will be based on the June value immediately preceding the January 1 at which the 2% cost-of-living increase is granted.
- If the June to June change in the CPI-U is greater than or equal to 2%, but less than 5%, a cost-of-living increase of 2% will be granted.
- If the June to June change in the CPI-U is greater than or equal to 5%, a cost-of-living increase of 5% will be granted.
- If the CPI decrease, no COLA is provided.

The COLA applies to service retirements and beneficiary annuities. The COLA does not apply to the benefits for in-service death payable to spouses (where the spouse is over age 60), and does not apply to the spouse with children pre-retirement death benefit, the dependent children pre-retirement death benefit, or the dependent parent death benefit. The total lifetime COLA cannot exceed 80% of the original benefit. PSRS members receive a COLA on the second January after

BAYLESS CONSOLIDATED SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2019

V. PENSION PLAN (CONTINUED)

Actuarial Assumptions – PSRS and PEERS (concluded)

	retirement, while PEERS members receive a COLA on the fourth January after retirement.
- Mortality Assumption	
Actives - PSRS:	RP 2006 White Collar Employee Mortality Table, multiplied by an adjustment factor of 0.75 at all ages for both males and females, with static projection using the 2014 SSA Improvement Scale to 2028.
Actives - PEERS:	RP 2006 Total Dataset Employee Mortality Table, multiplied by an adjustment factor of 0.75 at all ages for both males and females, with static projection using the 2014 SSA Improvement Scale to 2028.
Non-Disabled Retirees, Beneficiaries and Survivors - PSRS:	RP 2006 White Collar Mortality Tables with plan-specific experience adjustments and static projection to 2028 using the 2014 SSA Improvement Scale.
Non-Disabled Retirees, Beneficiaries and Survivors - PEERS:	RP 2006 Total Dataset Mortality Tables with plan-specific experience adjustments and static projection to 2028 using the 2014 SSA Improvement Scale.
Disabled Retirees - Both:	RP 2006 Disabled Retiree Mortality Tables with static projection using the 2014 SSA Improvement Scale.

Changes in Actuarial Assumptions and Methods

The investment return and COLA assumptions were updated by the Board as follows based on changes to the Board's funding policy adopted at the October 29, 2018 meeting:

PSRS & PEERS:

The investment return assumption was lowered from 7.60% to 7.50% per year.

Fiduciary Net Position

The Systems issues a publicly available financial report (CAFR) that can be obtained at www.psrs-peers.org.

BAYLESS CONSOLIDATED SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2019

V. PENSION PLAN (CONTINUED)

Expected Rate of Return

The long-term expected rate of return on investments was determined in accordance with Actuarial Standard Practice (ASOP) No. 27, *Selection of Economic Assumptions for Measuring Pension Obligations*. ASOP No. 27 provides guidance on the selection of an appropriate assumed rate of return. The long-term expected rate of return on the Systems' investments was determined using a building-block method in which best-estimate ranges of expected future real rates of returns (expected returns, net of investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the Systems' target allocation as of June 30, 2018, is summarized below along with the long-term geometric return. Geometric return (also referred to as the time weighted return) is considered standard practice within the investment management industry. Geometric returns represent the compounded rate of growth of a portfolio. The method eliminates the effects created by cash flows.

Asset Class	Target Asset Allocation	Long-term Expected Real Return Arithmetic Basis	Weighted Long-term Expected Real Return Arithmetic Basis
U.S. Public Equity	27.0%	5.16%	1.39%
Public Credit	7.0%	2.17%	0.15%
Hedged Assets	6.0%	4.42%	0.27%
Non-U.S. Public Equity	15.0%	6.01%	0.90%
U.S. Treasuries	16.0%	0.96%	0.15%
U.S. TIPS	4.0%	0.80%	0.03%
Private Credit	4.0%	5.60%	0.22%
Private Equity	12.0%	9.86%	1.18%
Private Real Estate	9.0%	3.56%	0.32%
Total	<u>100.0%</u>		<u>4.61%</u>
Inflation			<u>2.25%</u>
Long-term arithmetical nominal return			<u>6.86%</u>
Effect of coverage matrix			<u>0.64%</u>
Long-term expected geometric return			<u><u>7.50%</u></u>

- Discount Rate

The discount rate used to measure the total pension liability was 7.50% as of June, 30, 2018, and is consistent with the long-term expected geometric return on plan investments. The actuarial assumed rate of return was 8.0% from 1980 through fiscal year 2016. The Board of Trustees adopted a new actuarial assumed rate of return of 7.75% effective with June 30, 2016, valuation based on the actuarial experience studies and asset-liability study conducted during the 2016 fiscal year. As previously discussed, the Board of Trustees further reduced the assumed rate of return to 7.6% effective with the June 30, 2017, valuation, and to 7.50% effective with the June 30, 2018 valuation. 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 pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members.

BAYLESS CONSOLIDATED SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2019

V. PENSION PLAN (CONTINUED)

Expected Rate of Return (concluded)

- 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 7.50% is presented as well as the net pension liability using a discount rate that is 1.0% lower (6.50%) or 1.0% higher (8.50%) than the current rate.

Discount Rate	<u>1% Decrease (6.50%)</u>	<u>Current Rate (7.50%)</u>	<u>1% Increase (8.50%)</u>
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PSRS Proportionate share of the Net Pension

Liability / (Asset)	\$24,214,205	\$13,508,058	\$4,610,134
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PEERS Proportionate share of the Net Pension

Liability / (Asset)	\$1,685,012	\$894,801	\$232,054
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Schedule of Proportionate Share of the Net Pension Liability and Related Ratios - PSRS

Year Ended	Proportion of the Net Pension Liability (Asset)	Proportionate Share Of the Net Pension Liability (Asset)	Actual Covered Member Payroll	Net Pension Liability (Asset) As a Percentage Of Covered Payroll	Fiduciary Net Position as A Percentage of Total Pension Liability
6/30/14	0.1584%	\$6,498,479	\$7,040,168	92.31%	89.34%
6/30/15	0.1717%	\$9,912,001	\$7,785,583	127.31%	85.78%
6/30/16	0.1733%	\$12,894,644	\$8,007,816	161.03%	82.18%
6/30/17	0.1775%	\$12,818,207	\$8,389,777	152.78%	83.77%
6/30/18	0.1815%	\$13,508,058	\$8,741,052	154.54%	84.06%

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

Year Ended	Proportion of the Net Pension Liability (Asset)	Proportionate Share Of the Net Pension Liability (Asset)	Actual Covered Member Payroll	Net Pension Liability (Asset) As a Percentage Of Covered Payroll	Fiduciary Net Position as A Percentage of Total Pension Liability
6/30/14	0.0977%	\$356,767	\$ 1,425,129	25.03%	91.33%
6/30/15	0.1111%	\$587,615	\$ 1,665,355	35.28%	88.28%
6/30/16	0.1049%	\$841,650	\$ 1,620,112	51.95%	83.32%
6/30/17	0.1084%	\$827,039	\$ 1,741,290	47.50%	85.35%
6/30/18	0.1158%	\$894,801	\$ 1,927,340	46.43%	86.06%

BAYLESS CONSOLIDATED SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2019

V. PENSION PLAN (CONCLUDED)

Schedule of Employer Contributions - PSRS

Year Ended	Statutorily Required Contribution	Actual Employer Contributions	Contribution Excess/ (Deficiency)	Actual Covered Member Payroll	Contributions as a Percentage of Covered Payroll
6/30/13	\$ 943,466	\$ 943,466	\$ -	\$6,506,659	14.50%
6/30/14	1,020,321	1,020,321	-	7,040,168	14.49%
6/30/15	1,127,265	1,127,265	-	7,785,583	14.48%
6/30/16	1,160,629	1,160,629	-	8,007,816	14.49%
6/30/17	1,214,415	1,214,415	-	8,389,777	14.47%
6/30/18	1,265,788	1,265,788	-	8,741,052	14.48%

Schedule of Employer Contributions - PEERS

Year Ended	Statutorily Required Contribution	Actual Employer Contributions	Contribution Excess/ (Deficiency)	Actual Covered Member Payroll	Contributions as a Percentage of Covered Payroll
6/30/13	\$ 92,481	\$ 92,481	\$ -	\$1,348,117	6.86%
6/30/14	97,764	97,764	-	1,425,129	6.86%
6/30/15	114,243	114,243	-	1,665,355	6.86%
6/30/16	111,140	111,140	-	1,620,112	6.86%
6/30/17	119,452	119,452	-	1,741,290	6.86%
6/30/18	132,215	132,215	-	1,927,340	6.86%

VI. CONTINGENCIES

Litigation – At this time, the District is involved in pending litigation. The District’s attorneys believe that such litigation and claims will ultimately be resolved without material financial liability.

Grant Audits – The District receives federal grants and state funding for specific purposes that are subject to review and audit. These reviews and audits could lead to requests for reimbursement or to withholding of future funding for expenditures disallowed under or other noncompliance with the terms of the grants and funding. The District is not aware of any noncompliance with federal or state provisions that might require the District to provide reimbursement.

Participation in Public Entity Risk Pools – The District is exposed to various risks of loss due to torts; theft to, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The District was joined together with approximately 475 other Missouri public school districts to form the Missouri United School Insurance Council (MUSIC). MUSIC is a public entity risk pool currently operating as a common risk management and insurance program. The District does not pay premiums to purchase insurance policies, but pays an assessment to be a member of the self-sustaining risk sharing group. Part of the assessment is used to purchase excess insurance for the group as a whole. The calendar year 2019 assessment was \$207,023. For the four previous years, the settlements did not exceed the insurance coverage provided by commercial insurance. There has been no significant reduction in insurance coverage from the preceding year. The pooling agreement requires the pool to be self-sustaining. The District believes that it is not possible to estimate the range of contingent losses to be borne by the District.

BAYLESS CONSOLIDATED SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2019

VII. SUBSEQUENT EVENTS

On October 10, 2019, the District issued General Obligation Bonds Series 2019, in the amount of \$6,500,000. The purposes of providing funds to pay (1) a portion of the costs of acquiring, constructing, renovating, expanding, improving, furnishing and equipping school sites, buildings and related facilities for school purposes (as further defined herein, the “**Project**”) and (2) the costs of issuing the Bonds.

VIII. INTERFUND TRANSFERS

During 2018, transfers were made to the Special Revenue Fund from the General Fund in order to achieve a zero balance in the account.

The following is a summary of interfund transfers for the year ended June 30, 2019.

<u>FUND</u>	<u>TRANSFERS IN</u>	<u>TRANSFERS OUT</u>
General Fund	\$ -	\$ 2,291,083.58
Special Revenue Fund	2,291,083.58	-
TOTAL	<u>\$ 2,291,083.58</u>	<u>\$ 2,291,083.58</u>

IX. POST-EMPLOYMENT BENEFITS

In addition to the pension benefits described in Note V, the District allows employees who retire from the District to participate in the District's health, dental and life insurance plans. Upon meeting the retirement requirements per PSRS and PEERS, the employees can elect to participate in the District's plans. The retirees must pay for 100% of their coverage for each plan in which they elect to participate. The premiums are based on a single-blended rate used for both active employees and retirees. The difference between the amount the retiree is required to pay and the actual cost to the District is considered to be a post-employment benefit. The District has not established an irrevocable trust fund for the accumulation of resources for the future payment of benefits under the plan; benefits are paid on a pay-as-you-go basis. A stand-alone financial report is not available for the plan. During the year, 34 retirees participated in the District's insurance plans and paid premiums totaling \$99,276.84. The District had one former employee that participated in Cobra during the fiscal year ended June 30, 2019, paying premiums of \$483.60.

X. TUITION RECEIVED

The District was a party to, and bound by, the terms of the Settlement Agreement negotiated in 1983 regarding the St. Louis desegregation case. On October 1, 1991, the District filed a motion for final judgment notifying the court that it met the required plan ratio in September 1991. On November 4, 1991, the District received a final judgment from the U.S. District Court stating that the District had satisfied its inter-district pupil desegregation obligations. The District remains under a voluntary obligation to comply with all terms of the new settlement agreement negotiated in 1999. The Voluntary Interdistrict Choice Corporation currently administers the St. Louis voluntary inter-district transfer plan. Desegregation aid received for the year ended June 30, 2019, was approximately \$813,036.80.

BAYLESS CONSOLIDATED SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2019

XI. TAX ABATEMENT

For the year ended June 30, 2019, the District had no abated property taxes.

The District is involved, through the state of Missouri, in property tax surcharge receipts. The property tax surcharge was established in 1985 under the Missouri Constitution Article X, Section 6. This is a replacement for revenues lost when tangible personal property merchants' and manufacturers' inventory was exempted from property assessment. These receipts are put into a "Surcharge Pool" and are allocated to each taxing entity within a County. When certain entities enter into tax abatement agreements, these surcharge amounts become abated as well.

For the year ended June 30, 2019, the District had abated surcharge taxes totaling \$2,210.91 under this program, under several surcharge abatements throughout St. Louis County.

SUPPLEMENTARY INFORMATION

Bayless Consolidated School District
Budgetary Comparison Schedule - Modified Cash Basis
General Fund
For the Year Ended June 30, 2019

	Budgeted Amounts			Over (Under)
	Original	Final	Actual	Final Budget
Revenues				
Local Sources	\$ 7,677,450.00	\$ 7,906,912.55	\$ 8,185,598.18	\$ 278,685.63
County Sources	210,000.00	222,696.39	222,696.39	-
State Sources	180,700.00	195,277.74	218,260.65	22,982.91
Federal Sources	743,333.00	725,010.58	745,010.22	19,999.64
TOTAL REVENUES	8,811,483.00	9,049,897.26	9,371,565.44	321,668.18
Expenditures				
Current				
Instruction	2,347,575.68	2,378,804.79	1,548,170.90	(830,633.89)
Attendance	112,187.00	112,110.36	111,511.77	(598.59)
Guidance	23,064.00	27,541.38	25,975.82	(1,565.56)
Health, Psych Speech & Audio	281,116.00	273,894.68	244,219.31	(29,675.37)
Improvement of Instruction	12,768.00	91,319.47	72,268.98	(19,050.49)
Professional Development	87,300.00	90,280.46	88,029.93	(2,250.53)
Media Services	120,874.00	124,328.45	123,013.05	(1,315.40)
Board of Education Services	101,800.00	92,468.13	92,468.13	-
Executive Administration	530,016.32	563,019.72	540,850.11	(22,169.61)
Building Level Administration	396,817.00	385,532.62	384,814.76	(717.86)
Business Central Services	394,950.00	318,311.96	318,311.96	-
Operation of Plant	1,794,484.00	1,752,960.50	1,704,936.91	(48,023.59)
Security Services	179,712.00	186,740.55	186,265.16	(475.39)
Pupil Transportation	506,150.00	512,325.12	507,766.94	(4,558.18)
Food Service	-	-	730,362.22	730,362.22
Central Office Support Services	39,850.00	159,156.23	152,943.95	(6,212.28)
Other Supporting Services	-	-	-	-
Community Services	183,684.00	174,721.07	159,635.95	(15,085.12)
Capital Outlay	-	-	-	-
Debt Service:				
Principal	-	-	-	-
Interest and Charges	-	-	-	-
Total Expenditures	7,112,348.00	7,243,515.49	6,991,545.85	(251,969.64)
Revenues Over (Under)				
Expenditures	1,699,135.00	1,806,381.77	2,380,019.59	573,637.82
Other Financing Sources (Uses):				
Transfers	-	(2,291,083.58)	(2,291,083.58)	-
Sale of Bonds	-	-	-	-
Net Insurance Recovery	-	-	-	-
Sale of School Buses	-	-	-	-
Sale of Other Property	-	-	-	-
Refunding Bonds	-	-	-	-
Tuition from other Districts	-	-	-	-
Area Voc Fees from Other LEAS	-	-	-	-
Contracted Educational Services	-	-	-	-
Trans from other LEAS Non-Handi	-	-	-	-
Trans from other LEAS for Handi	-	-	-	-
Trans from other LEAS for ECSE Handi	-	-	-	-
Total Other Financing Sources (Uses)	-	(2,291,083.58)	(2,291,083.58)	-
NET CHANGE IN FUND BALANCE	1,699,135.00	(484,701.81)	88,936.01	573,637.82
Fund Balance, July 1, 2018	5,371,108.73	5,371,108.73	5,371,108.73	-
Fund Balance, June 30, 2019	\$ 7,070,243.73	\$ 4,886,406.92	\$ 5,460,044.74	\$ 573,637.82

Bayless Consolidated School District
Budgetary Comparison Schedule - Modified Cash Basis
Special Revenue Fund
For the Year Ended June 30, 2019

	Budgeted Amounts			Over (Under)
	Original	Final	Actual	Final Budget
Revenues				
Local Sources	\$ 1,792,100.00	\$ 1,795,378.69	\$ 1,826,668.43	\$ 31,289.74
County Sources	16,000.00	13,288.54	13,288.54	-
State Sources	6,943,600.00	6,920,700.00	6,905,787.19	(14,912.81)
Federal Sources	394,762.00	459,143.33	330,875.06	(128,268.27)
TOTAL REVENUES	9,146,462.00	9,188,510.56	9,076,619.22	(111,891.34)
Expenditures				
Current				
Instruction	8,568,922.00	8,503,474.50	8,407,331.22	(96,143.28)
Attendance	-	-	-	-
Guidance	520,481.00	520,207.55	519,949.80	(257.75)
Health, Psych Speech & Audio	-	-	-	-
Improvement of Instruction	13,914.00	49,238.23	49,217.91	(20.32)
Professional Development	4,175.00	7,062.75	7,060.67	(2.08)
Media Services	179,337.00	179,705.00	179,411.91	(293.09)
Board of Education Services	-	-	-	-
Executive Administration	686,927.00	684,039.25	682,389.28	(1,649.97)
Building Level Administration	1,078,643.00	1,092,906.00	1,091,567.69	(1,338.31)
Business Central Services	-	-	-	-
Operation of Plant	-	-	-	-
Security Services	-	-	-	-
Pupil Transportation	-	-	-	-
Food Service	-	-	-	-
Central Office Support Services	-	-	-	-
Other Supporting Services	-	-	-	-
Community Services	436,413.00	437,966.99	430,774.32	(7,192.67)
Capital Outlay	-	-	-	-
Debt Service:				
Principal	-	-	-	-
Interest and Charges	-	-	-	-
Total Expenditures	11,488,812.00	11,474,600.27	11,367,702.80	(106,897.47)
Revenues Over (Under)				
Expenditures	(2,342,350.00)	(2,286,089.71)	(2,291,083.58)	(4,993.87)
Other Financing Sources (Uses):				
Transfers	-	2,291,083.58	2,291,083.58	-
Sale of Bonds	-	-	-	-
Net Insurance Recovery	-	-	-	-
Sale of School Buses	-	-	-	-
Sale of Other Property	-	-	-	-
Refunding Bonds	-	-	-	-
Tuition from other Districts	-	-	-	-
Area Voc Fees from Other LEAS	-	-	-	-
Contracted Educational Services	-	-	-	-
Trans from other LEAS Non-Handi	-	-	-	-
Trans from other LEAS for Handi	-	-	-	-
Trans from other LEAS for ECSE Handi	-	-	-	-
Total Other Financing Sources (Uses)	-	2,291,083.58	2,291,083.58	-
NET CHANGE IN FUND BALANCE	(2,342,350.00)	4,993.87	-	4,993.87
Fund Balance, July 1, 2018	-	-	-	-
Fund Balance, June 30, 2019	\$ (2,342,350.00)	\$ 4,993.87	\$ -	\$ 4,993.87

Bayless Consolidated School District
Budgetary Comparison Schedule - Modified Cash Basis
Debt Service Fund
For the Year Ended June 30, 2019

	Budgeted Amounts			Over (Under)
	Original	Final	Actual	Final Budget
Revenues				
Local Sources	\$ 815,060.00	\$ 827,126.97	\$ 841,970.27	\$ 14,843.30
County Sources	17,500.00	17,647.96	17,647.96	-
State Sources	-	-	-	-
Federal Sources	-	-	-	-
TOTAL REVENUES	832,560.00	844,774.93	859,618.23	14,843.30
Expenditures				
Current				
Instruction	-	-	-	-
Attendance	-	-	-	-
Guidance	-	-	-	-
Health, Psych Speech & Audio	-	-	-	-
Improvement of Instruction	-	-	-	-
Professional Development	-	-	-	-
Media Services	-	-	-	-
Board of Education Services	-	-	-	-
Executive Administration	-	-	-	-
Building Level Administration	-	-	-	-
Business Central Services	-	-	-	-
Operation of Plant	-	-	-	-
Security Services	-	-	-	-
Pupil Transportation	-	-	-	-
Food Service	-	-	-	-
Central Office Support Services	-	-	-	-
Other Supporting Services	-	-	-	-
Community Services	-	-	-	-
Capital Outlay	-	-	-	-
Debt Service:				
Principal	505,000.00	370,000.00	370,000.00	-
Interest and Charges	313,217.50	312,497.50	312,497.50	-
Total Expenditures	818,217.50	682,497.50	682,497.50	-
Revenues Over (Under)				
Expenditures	14,342.50	162,277.43	177,120.73	14,843.30
Other Financing Sources (Uses):				
Transfers	-	-	-	-
Sale of Bonds	-	-	-	-
Net Insurance Recovery	-	-	-	-
Sale of School Buses	-	-	-	-
Sale of Other Property	-	-	-	-
Refunding Bonds	-	-	-	-
Tuition from other Districts	-	-	-	-
Area Voc Fees from Other LEAS	-	-	-	-
Contracted Educational Services	-	-	-	-
Trans from other LEAS Non-Handi	-	-	-	-
Trans from other LEAS for Handi	-	-	-	-
Trans from other LEAS for ECSE Handi	-	-	-	-
Total Other Financing Sources (Uses)	-	-	-	-
NET CHANGE IN FUND BALANCE	14,342.50	162,277.43	177,120.73	14,843.30
Fund Balance, July 1, 2018	859,948.89	859,948.89	859,948.89	-
Fund Balance, June 30, 2019	\$ 874,291.39	\$ 1,022,226.32	\$ 1,037,069.62	\$ 14,843.30

Bayless Consolidated School District
Budgetary Comparison Schedule - Modified Cash Basis
Capital Projects Fund
For the Year Ended June 30, 2019

	Budgeted Amounts			Over (Under)
	Original	Final	Actual	Final Budget
Revenues				
Local Sources	\$ 835,750.00	\$ 873,887.40	\$ 884,842.53	\$ 10,955.13
County Sources	-	-	-	-
State Sources	522,114.00	522,114.00	522,114.00	-
Federal Sources	-	-	-	-
TOTAL REVENUES	1,357,864.00	1,396,001.40	1,406,956.53	10,955.13
Expenditures				
Current				
Instruction	12,900.00	133,539.39	133,539.39	-
Attendance	-	-	-	-
Guidance	-	-	-	-
Health, Psych Speech & Audio	-	-	-	-
Improvement of Instruction	-	-	-	-
Professional Development	-	-	-	-
Media Services	250,000.00	27,225.73	27,225.73	-
Board of Education Services	-	-	-	-
Executive Administration	-	39,163.00	39,163.00	-
Building Level Administration	-	-	-	-
Business Central Services	-	50,717.03	50,717.03	-
Operation of Plant	16,000.00	1,693.00	1,693.00	-
Security Services	-	7,237.96	7,237.96	-
Pupil Transportation	-	-	-	-
Food Service	15,000.00	7,955.08	7,955.08	-
Central Office Support Services	-	31,003.00	31,003.00	-
Other Supporting Services	-	-	-	-
Community Services	-	-	-	-
Capital Outlay	165,000.00	1,135,981.93	1,113,173.28	(22,808.65)
Debt Service:				
Principal	233,393.50	233,393.50	233,393.50	-
Interest and Charges	18,283.00	17,768.51	17,768.51	-
Total Expenditures	710,576.50	1,685,678.13	1,662,869.48	(22,808.65)
Revenues Over (Under)				
Expenditures	647,287.50	(289,676.73)	(255,912.95)	33,763.78
Other Financing Sources (Uses):				
Transfers	-	-	-	-
Sale of Bonds	-	-	-	-
Net Insurance Recovery	-	-	-	-
Sale of School Buses	-	-	-	-
Sale of Other Property	-	-	-	-
Refunding Bonds	-	-	-	-
Tuition from other Districts	-	-	-	-
Area Voc Fees from Other LEAS	-	-	-	-
Contracted Educational Services	-	-	-	-
Trans from other LEAS Non-Handi	-	-	-	-
Trans from other LEAS for Handi	-	-	-	-
Trans from other LEAS for ECSE Handi	-	-	-	-
Total Other Financing Sources (Uses)	-	-	-	-
NET CHANGE IN FUND BALANCE	647,287.50	(289,676.73)	(255,912.95)	33,763.78
Fund Balance, July 1, 2018	2,001,037.97	2,001,037.97	2,001,037.97	-
Fund Balance, June 30, 2019	\$ 2,648,325.47	\$ 1,711,361.24	\$ 1,745,125.02	\$ 33,763.78

Bayless Consolidated School District
Budgetary Comparison Schedule - Modified Cash Basis
All Governmental Funds
For the Year Ended June 30, 2019

	Budgeted Amounts		Actual	Over (Under)
	Original	Final		Final Budget
Revenues				
Local Sources	\$ 11,120,360.00	\$ 11,403,305.61	\$ 11,739,079.41	\$ 335,773.80
County Sources	243,500.00	253,632.89	253,632.89	-
State Sources	7,646,414.00	7,638,091.74	7,646,161.84	8,070.10
Federal Sources	1,138,095.00	1,184,153.91	1,075,885.28	(108,268.63)
TOTAL REVENUES	20,148,369.00	20,479,184.15	20,714,759.42	235,575.27
Expenditures				
Current				
Instruction	10,929,397.68	11,015,818.68	10,089,041.51	(926,777.17)
Attendance	112,187.00	112,110.36	111,511.77	(598.59)
Guidance	543,545.00	547,748.93	545,925.62	(1,823.31)
Health, Psych Speech & Audio	281,116.00	273,894.68	244,219.31	(29,675.37)
Improvement of Instruction	26,682.00	140,557.70	121,486.89	(19,070.81)
Professional Development	91,475.00	97,343.21	95,090.60	(2,252.61)
Media Services	550,211.00	331,259.18	329,650.69	(1,608.49)
Board of Education Services	101,800.00	92,468.13	92,468.13	-
Executive Administration	1,216,943.32	1,286,221.97	1,262,402.39	(23,819.58)
Building Level Administration	1,475,460.00	1,478,438.62	1,476,382.45	(2,056.17)
Business Central Services	394,950.00	369,028.99	369,028.99	-
Operation of Plant	1,810,484.00	1,754,653.50	1,706,629.91	(48,023.59)
Security Services	179,712.00	193,978.51	193,503.12	(475.39)
Pupil Transportation	506,150.00	512,325.12	507,766.94	(4,558.18)
Food Service	15,000.00	7,955.08	738,317.30	730,362.22
Central Office Support Services	39,850.00	190,159.23	183,946.95	(6,212.28)
Other Support Services	-	-	-	-
Community Services	620,097.00	612,688.06	590,410.27	(22,277.79)
Capital Outlay	165,000.00	1,135,981.93	1,113,173.28	(22,808.65)
Debt Service:				
Principal	738,393.50	603,393.50	603,393.50	-
Interest and Charges	331,500.50	330,266.01	330,266.01	-
TOTAL EXPENDITURES	20,129,954.00	21,086,291.39	20,704,615.63	(381,675.76)
Revenues Over (Under)				
Expenditures	18,415.00	(607,107.24)	10,143.79	617,251.03
Other Financing Sources (Uses):				
Transfers	-	-	-	-
Sale of Bonds	-	-	-	-
Net Insurance Recovery	-	-	-	-
Sale of School Buses	-	-	-	-
Sale of Other Property	-	-	-	-
Refunding Bonds	-	-	-	-
Tuition from other Districts	-	-	-	-
Area Voc Fees from Other LEAS	-	-	-	-
Contracted Educational Services	-	-	-	-
Trans from other LEAS Non-Handi	-	-	-	-
Trans from other LEAS for Handi	-	-	-	-
Trans from other LEAS for ECSE Handi	-	-	-	-
Total Other Financing Sources (Uses)	-	-	-	-
NET CHANGE IN FUND BALANCES	18,415.00	(607,107.24)	10,143.79	617,251.03
Fund Balance, July 1, 2018	8,232,095.59	8,232,095.59	8,232,095.59	-
Fund Balance, June 30, 2019	\$ 8,250,510.59	\$ 7,624,988.35	\$ 8,242,239.38	\$ 617,251.03

BAYLESS CONSOLIDATED SCHOOL DISTRICT
NOTES TO THE BUDGETARY COMPARISON SCHEDULES
YEAR ENDED JUNE 30, 2019

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 June 30, the Superintendent, who serves as the budget officer, submits to the Board of Education a proposed budget for the fiscal year beginning 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. Adjustments made during the year are reflected in the budget information included in the financial statements.

Budgeted amounts are as originally adopted on June 20, 2018, and as finally amended by the Board of Education on June 19, 2019.

6. Budgets are adopted on the cash basis of accounting for all Governmental Funds.

BAYLESS CONSOLIDATED SCHOOL DISTRICT
OTHER POST-EMPLOYMENT BENEFITS
YEAR ENDED JUNE 30, 2019

OTHER POST-EMPLOYMENT BENEFITS

In addition to the pension benefits described in Note V, the District allows employees who retire from the District to participate in the District's health, dental and life insurance plans. Upon meeting the retirement requirements per PSRS and PEERS, the employees can elect to participate in the District's plans. The retirees must pay for 100% of their coverage for each plan in which they elect to participate. The premiums are based on a single blended rate used for both active employees and retirees. The difference between the amount the retiree is required to pay and the actual cost to the District is considered to be a post-employment benefit. The District has not established an irrevocable trust fund for the accumulation of resources for the future payment of benefits under the plan; benefits are paid on a pay-as-you-go basis. A stand-alone financial report is not available for the plan. During the year, 34 retirees participated in the District's insurance plans and paid premiums totaling \$99,276.84. The District had one former employee that participated in Cobra during the fiscal year ended June 30, 2019, paying premiums of \$483.60.

STATE COMPLIANCE SECTION



**Daniel Jones
& Associates**
CERTIFIED PUBLIC ACCOUNTANTS

MEMBERS OF
MISSOURI SOCIETY OF CPA'S
AMERICAN INSTITUTE OF CPA'S

INDEPENDENT ACCOUNTANT'S REPORT ON
MANAGEMENT'S ASSERTIONS ABOUT COMPLIANCE WITH SPECIFIED
REQUIREMENTS OF MISSOURI STATE LAWS AND REGULATIONS

To the Members of the Board of Education
Bayless Consolidated School District

Report on Compliance with State Requirements

We have examined management's assertions that the Bayless Consolidated School District ("District") complied with the requirements of Missouri laws and regulations regarding budgetary and disbursement procedures; accurate disclosure by the District's records of average daily attendance and average daily transportation of pupils, and other statutory requirements as listed in the Schedule of Selected Statistics for the year ended June 30, 2019.

Management's Responsibility

Management is responsible for the District's compliance with the aforementioned requirements.

Auditors' Responsibility

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

Opinion on Compliance with State Requirements

In our opinion, management's assertions that the Bayless Consolidated School District complied with the aforementioned requirements for the year ended June 30, 2019, are fairly stated, in all material respects. However, we noted one immaterial instance of noncompliance in which the District deficit budgeted the Special Revenue Fund.

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

Daniel Jones & Associates

DANIEL JONES & ASSOCIATES, P.C.
CERTIFIED PUBLIC ACCOUNTANTS
ARNOLD, MISSOURI

December 3, 2019

BAYLESS CONSOLIDATED SCHOOL DISTRICT
COUNTY DISTRICT NUMBER 096-099
SCHEDULE OF SELECTED STATISTICS
YEAR ENDED JUNE 30, 2019

I. CALENDAR (Sections 160.041, 171.029, 171.031, 171.033, RSMo)

Begin Grade	End Grade	Half Day Indicator	Standard Day Length	Days	Hours in Session
K	5	-	6.60	173	1,126.20
6	8	-	6.60	173	1,115.80
9	12	-	6.60	173	1,115.80

II. AVERAGE DAILY ATTENDANCE (ADA)

Grade Level	Full-Time	Part-Time	Remedial Hours	Other	Summer School	Total
K	103.2101	-	-	6.5363	6.2366	115.9830
1	103.9412	-	-	8.2145	6.2508	118.4065
2	128.7570	-	-	11.6177	8.6400	149.0147
3	107.3544	0.0272	-	9.1412	7.0399	123.5627
4	122.3823	-	-	9.5084	8.3248	140.2155
5	108.5402	-	-	6.9566	7.0864	122.5832
6	125.2350	0.8951	-	9.1996	5.3846	140.7143
7	131.3471	0.3710	-	5.9409	4.8032	142.4622
8	113.8735	0.4354	-	12.5636	1.7387	128.6112
9	112.9000	1.3826	-	9.5594	2.3372	126.1792
10	84.7051	1.9283	-	13.1054	1.5517	101.2905
11	96.4430	14.4846	-	3.6837	2.1839	116.7952
12	88.1707	8.7554	-	11.4072	1.5709	109.9042
Grand Total	1,426.8596	28.2796	-	117.4345	63.1487	1,635.7224

BAYLESS CONSOLIDATED SCHOOL DISTRICT
COUNTY DISTRICT NUMBER 096-099
SCHEDULE OF SELECTED STATISTICS
YEAR ENDED JUNE 30, 2019

III. SEPTEMBER MEMBERSHIP

Grade Level	Full-Time	Part-Time	Deseg In	Total	Deseg Out
K	110.00	-	7.00	117.00	-
1	107.00	0.62	8.00	115.62	-
2	135.00	-	12.00	147.00	1.00
3	114.00	-	9.00	123.00	-
4	129.00	-	9.00	138.00	-
5	110.00	-	7.00	117.00	-
6	130.00	0.30	9.00	139.30	-
7	134.00	0.61	6.00	140.61	-
8	119.00	0.26	12.61	131.87	-
9	117.00	0.61	10.00	127.61	-
10	91.00	2.44	14.00	107.44	-
11	99.00	15.59	3.57	118.16	-
12	91.00	9.32	11.75	112.07	-
Grand Total	1,486.00	29.75	118.93	1,634.68	1.00

IV. FREE AND REDUCED PRICED LUNCH FTE COUNT (Section 163.011(6), RSMo)

School Code	Free Lunch	Reduced Lunch	Deseg In Free	Deseg In Reduced	Total
1050	219.53	54.28	29.71	2.00	305.52
2000	204.31	45.00	25.00	1.00	275.31
4020	337.00	77.00	45.00	1.00	460.00
Grand Total	760.84	176.28	99.71	4.00	1,040.83

BAYLESS CONSOLIDATED SCHOOL DISTRICT
COUNTY DISTRICT NUMBER 096-099
SCHEDULE OF SELECTED STATISTICS
YEAR ENDED JUNE 30, 2019

V. FINANCE

5.1	The district maintained a calendar in accordance with 160.041, 171.029, 171.031, and 171.033, RSMo and all attendance hours were reported.	True
5.2	The district maintained complete and accurate attendance records allowing for the accurate calculation of Average Daily Attendance for all students in accordance with all applicable state rules and regulations. Sampling of records included those students receiving instruction in the following categories:	True
	Academic Programs Off-Campus	True
	Career Exploration Program – Off Campus	True
	Cooperative Occupational Education (COE) or Supervised Occupational Experience Program	N/A
	Dual enrollment	True
	Homebound instruction	True
	Missouri Options	True
	Prekindergarten eligible to be claimed for state aid	N/A
	Remediation	N/A
	Sheltered Workshop participation	N/A
	Students participating in the school flex program	N/A
	Traditional instruction (full and part-time students)	True
	Virtual instruction (MOCAP or other option)	True
	Work Experience for Students with Disabilities	True
5.3	The district maintained complete and accurate attendance records allowing for the accurate calculation of September Membership for all students in accordance with all applicable state rules and regulations.	True
5.4	The district maintained complete and accurate attendance and other applicable records allowing for the accurate reporting of the State FTE count for Free and Reduced Lunch for all students in accordance with all applicable state rules and regulations.	True
5.5	As required by Section 162.401, RSMo, a bond was purchased for the district's treasurer in the total amount of:	\$50,000
5.6	The district's deposits were secured during the year as required by Sections 110.010 and 110.020, RSMo.	True
5.7	The district maintained a separate bank account for all Debt Service Fund monies in accordance with Section 108.180 and 165.011, RSMo. (Not applicable to charter schools)	True
5.8	Salaries reported for educators in the October MOSIS Educator Core and Educator School files are supported by complete and accurate payroll and contract records.	True
5.9	If a \$162,326 or 7% x SAT x WADA transfer was made in excess of adjusted expenditures, the board approve a resolution to make the transfer, which identified the specific projects to be funded by the transfer and an expected expenditure date for the projects to be undertaken. (Not applicable to charter schools)	N/A

BAYLESS CONSOLIDATED SCHOOL DISTRICT
COUNTY DISTRICT NUMBER 096-099
SCHEDULE OF SELECTED STATISTICS
YEAR ENDED JUNE 30, 2019

V. FINANCE (Concluded)

5.10	The district published a summary of the prior year's audit report within thirty days of the receipt of the audit pursuant to Section 165.121, RSMo.	True
5.11	The district has a professional development committee plan adopted by the board with the professional development committee plan identifying the expenditure of seventy-five percent (75%) of one percent (1%) of the current year basic formula apportionment. Remaining 25% of 1% if not spent must be restricted and spent on appropriate expenditures in the future. Spending requirement is modified to seventy-five percent (75%) of one half percent (1/2%) of the current year basic formula apportionment if through fiscal year 2024 the amount appropriated and expended to public schools for transportation is less than twenty-five percent (25%) of allowable cost. (Not applicable to charter schools.)	True
5.12	The amount spent for approved professional development committee plan activities was:	\$95,090.60

VI. TRANSPORTATION (SECTION 163.161, RSMO)

6.1	The school transportation allowable costs substantially conform to 5 CSR 30-261.040, Allowable Costs for State Transportation Aid.	True
6.2	The district's pupil transportation ridership records are maintained in a manner to accurately disclose in all material respects the average number of regular riders transported.	True
6.3	Based on the ridership records, the average number of students (non-disabled K-12, K-12 students with disabilities and career education) transported on a regular basis (ADT) was:	
	Eligible ADT	588.00
	Ineligible ADT	364.00
6.4	The district's transportation odometer mileage records are maintained in a manner to accurately disclose in all material respects the eligible and ineligible mileage for the year.	True
6.5	Actual odometer records show the total district-operated and contracted mileage for the year was:	86,817
6.6	Of this total, the eligible non-disabled and students with disabilities route miles and the ineligible non-route and disapproved miles (combined) was:	
	Eligible Miles	64,837
	Ineligible Miles (Non-Route/Disapproved)	21,980
6.7	Number of days the district operated the school transportation system during the regular school year:	173

BAYLESS CONSOLIDATED SCHOOL DISTRICT
SCHEDULE OF STATE FINDINGS
YEAR ENDED JUNE 30, 2018

I. CHAPTER 67 RSMO (BUDGET STATUTE)

Chapter 67 RSMo requires that each political subdivision of the State of Missouri adopt an annual budget, itemized by fund. It further requires that in no event shall the total proposed expenditures from any fund exceed the estimated revenues to be received plus any unencumbered balance or less any deficit estimated for the beginning of the budget year.

The District deficit budgeted the original budget of the Special Revenue Fund in the amount of (\$2,342,350.00).

FEDERAL COMPLIANCE SECTION



**Daniel Jones
& Associates**
CERTIFIED PUBLIC ACCOUNTANTS

MEMBERS OF
MISSOURI SOCIETY OF CPA'S
AMERICAN INSTITUTE OF CPA'S

REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON
COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL
STATEMENTS PERFORMED IN ACCORDANCE WITH
GOVERNMENT AUDITING STANDARDS

INDEPENDENT AUDITOR'S REPORT

To the Members of the Board of Education
Bayless Consolidated School District

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities and each major fund of Bayless Consolidated School District ("District"), as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated December 3, 2019.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

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

Purpose of this Report

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

A handwritten signature in cursive script that reads "Daniel Jones & Associates".

DANIEL JONES & ASSOCIATES, P.C.
CERTIFIED PUBLIC ACCOUNTANTS
ARNOLD, MISSOURI

December 3, 2019



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

INDEPENDENT AUDITOR'S REPORT

To the Members of The Board of Education
Bayless Consolidated School District

Report on Compliance for Each Major Federal Program

We have audited Bayless Consolidated School District's ("District") compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the District's major federal programs for the year ended June 30, 2019. The District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditor's Responsibility

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

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

Opinion on Each Major Federal Program

In our opinion, the District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2019.

Report on Internal Control Over Compliance

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

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

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

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



DANIEL JONES & ASSOCIATES, P.C.
CERTIFIED PUBLIC ACCOUNTANTS
ARNOLD, MISSOURI

December 3, 2019

**BAYLESS CONSOLIDATED SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2019**

<u>PASS-THROUGH GRANTOR/PROGRAM CLUSTER TITLE</u>	<u>FEDERAL CFDA NUMBER</u>	<u>PASS-THROUGH ENTITY IDENTIFYING NUMBER</u>	<u>PROVIDED TO SUBRECIPIENTS</u>	<u>TOTAL FEDERAL EXPENDITURES</u>
<u>Cash Federal Expenditures</u>				
U.S. DEPARTMENT OF EDUCATION				
Passed Through State Department of Elementary and Secondary Education				
Title I Grants to Local Education Agencies	84.010	096-099	\$ -	\$ 291,648.15
Title II, Part A	84.367	096-099	-	47,263.03
Title III	84.365	096-099	-	50,299.59
Perkins Grant	84.048	096-099	13,897.85	44,897.13
		<i>Total U.S. Department of Education</i>	13,897.85	434,107.90
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES				
Passed Through State Department of Elementary and Secondary Education				
Improving Student Health and Academic Achievement through Nutrition, Physical Activity and the Management of Chronic Conditions in School	93.981	096-099	-	28,694.10
U.S. DEPARTMENT OF AGRICULTURE				
Passed Through State Department of Elementary and Secondary Education				
Child Nutrition Cluster				
National School Lunch Program	10.555	096-099	-	488,267.02
National School Breakfast Program	10.553	096-099	-	112,597.42
<u>Non-Cash Federal Expenditures</u>				
Passed Through State Department of Elementary and Secondary Education				
Donated Foods	10.555	096-099	-	56,516.32
		<i>Total Child Nutrition Cluster</i>	-	657,380.76
TOTAL EXPENDITURES OF FEDERAL AWARDS			\$ 13,897.85	\$ 1,120,182.76

The notes to the schedule of expenditures of federal awards are an integral part of this statement.

BAYLESS CONSOLIDATED SCHOOL DISTRICT
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2019

NOTE 1 - BASIS of PRESENTATION

The accompanying schedule of expenditures of federal awards (the "Schedule") includes the federal award activity of the Bayless Consolidated School District under programs of the federal government for the year ended June 30, 2019. The information in this Schedule is presented in accordance with the requirements of Title 2 *U.S. Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the Bayless Consolidated School District, it is not intended to and does not present the financial position, changes in net assets, or cash flows of the Bayless Consolidated School District.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the Schedule are reported on the modified cash basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Negative amounts shown on the Schedule represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years.

NOTE 3 – INDIRECT COST RATE

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

NOTE 4 - RELATIONSHIP TO ACCOMPANYING FINANCIAL STATEMENTS

Federal awards are reported in the District's accompanying financial statements as follows:

<u>Federal Sources</u>	
General Fund	\$ 745,010.22
Special Revenue Fund	330,875.06
Total	<u>\$ 1,075,885.28</u>

NOTE 5 – RELATIONSHIP TO FEDERAL FINANCIAL REPORTS

Amounts reported in the accompanying schedule agree with the amounts reported in the related federal financial reports except for changes made to reflect amounts in accordance with generally accepted accounting principles, as applicable to the modified cash basis of accounting.

NOTE 6 –MATCHING REVENUES

For those funds that have matching revenues and state funding, federal expenditures were determined by deducting matching revenues from total expenditures.

NOTE 7 – NON-CASH PROGRAMS

The commodities received, which are non-cash revenues, are valued using prices provided by the United States Department of Agriculture.

BAYLESS CONSOLIDATED SCHOOL DISTRICT
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2019

NOTE 8 – SUBRECIPIENTS

The District provided federal awards to the following subrecipients during the year ended June 30, 2019.

Entity	Grant	CFDA#	Amount
Webster Groves School District	Perkins Grant	84.048	\$13,897.85

BAYLESS CONSOLIDATED SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2019

I. SUMMARY OF AUDITOR'S RESULTS

A. Financial Statements

1. Type of auditor's report issued: unmodified modified cash basis
2. Internal control over financial reporting:
 - a. Material weakness(es) identified? _____ Yes X No
 - b. Significant deficiency(ies) identified? _____ Yes X None Reported
3. Noncompliance material to financial statements noted? _____ Yes X No

B. Federal Awards

1. Internal control over major federal programs:
 - a. Material weakness(es) identified? _____ Yes X No
 - b. Significant deficiency(ies) identified? _____ Yes X None Reported
2. Type of auditor's report issued on compliance for major federal programs: unmodified
3. Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)? _____ Yes X No
4. Identification of major federal programs:

<u>CFDA Number(s):</u> 10.553, 10.555 84.010	<u>Name of Federal Program or Cluster:</u> Child Nutrition Cluster Title I Grants to Local Educational Agencies
--	---
5. Dollar threshold used to distinguish between type A and type B programs: \$ 750,000
6. Auditee qualified as low-risk auditee _____ Yes X No

BAYLESS CONSOLIDATED SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2019

II. FINANCIAL STATEMENT FINDINGS

There were no findings and questioned costs related to the financial statements for the year ended June 30, 2019.

III. FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

There were no findings and questioned costs related to Federal Awards for the year ended June 30, 2019.

BAYLESS CONSOLIDATED SCHOOL DISTRICT
SUMMARY SCHEDULE OF PRIOR YEAR AUDIT FINDINGS
FOR THE YEAR ENDED JUNE 30, 2019

I. PRIOR YEAR AUDIT FINDINGS – FINANCIAL STATEMENT FINDINGS

There were no findings and questioned costs related to the financial statements for the prior year ended June 30, 2018.

II. PRIOR YEAR AUDIT FINDINGS – FEDERAL AWARDS

There were no findings and questioned costs related to Federal Awards for the year ended June 30, 2018.