

**PARK HILL SCHOOL DISTRICT**  
**KANSAS CITY, MISSOURI**  
**AUDITED FINANCIAL STATEMENTS**  
**JUNE 30, 2016**

PARK HILL SCHOOL DISTRICT  
TABLE OF CONTENTS

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<b><u>FINANCIAL SECTION</u></b>	<b>PAGE</b>
Independent Auditor’s Report.....	1-2
Management’s Discussion and Analysis.....	3-10
<b><u>BASIC FINANCIAL STATEMENTS</u></b>	
Government-Wide Financial Statements	
Statement of Net Position – Modified Cash Basis.....	11
Statement of Activities – Modified Cash Basis.....	12
Fund Financial Statements	
Balance Sheet – Modified Cash Basis - All Governmental Funds.....	13
Statement of Revenues, Expenditures and Changes in Fund Balances – Modified Cash Basis - All Governmental Funds.....	14
Notes to the Financial Statements.....	15-33
<b><u>SUPPLEMENTARY INFORMATION</u></b>	
Budgetary Comparison Schedule – Modified Cash Basis – General Fund .....	34
Budgetary Comparison Schedule – Modified Cash Basis – Special Revenue Fund.....	35
Budgetary Comparison Schedule – Modified Cash Basis – Debt Service Fund.....	36
Budgetary Comparison Schedule – Modified Cash Basis – Capital Projects Fund.....	37
Budgetary Comparison Schedule – Modified Cash Basis – All Governmental Funds.....	38
Notes to the Budgetary Comparison Schedules.....	39
Other Post-Employment Benefits.....	40
<b><u>STATE COMPLIANCE SECTION</u></b>	
Independent Auditor’s Report on Management’s Assertions about Compliance With Specified Requirements of Missouri State Laws and Regulations.....	41
Schedule of Selected Statistics .....	42-44
Schedule of State Findings.....	45

PARK HILL SCHOOL DISTRICT  
TABLE OF CONTENTS  
(CONCLUDED)

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<b><u>FEDERAL COMPLIANCE SECTION</u></b>	PAGE
Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With <i>Government Auditing Standards</i> .....	46-47
Report on Compliance for Each Major Federal Program and Report On Internal Control over Compliance Required by the Uniform Guidance.....	48-49
Schedule of Expenditures of Federal Awards.....	50
Notes to the Schedule of Expenditures of Federal Awards.....	51
Schedule of Findings and Questioned Costs.....	52-53
Summary Schedule of Prior Year Findings.....	54

## **FINANCIAL SECTION**



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INDEPENDENT AUDITOR'S REPORT

To the Members of the Board of Education  
Park Hill 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 Park Hill School District ("District"), Missouri, as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

***Management's Responsibility for the Financial Statements***

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the modified cash basis of accounting described in Note 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, 2016, and the respective changes in modified cash basis financial position thereof for the year then ended in accordance with the basis of accounting described in Note I.

### ***Basis of Accounting***

We draw attention to Note I of the financial statements, that 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 management's discussion and analysis, budgetary comparison schedules and the schedule of expenditures of federal awards, as required by *Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* 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 34 through 38 and schedule of expenditures of federal awards presented on page 50 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 schedule of expenditures of federal awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The management's discussion and analysis on pages 3 through 10 has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

### ***Other Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated September 29, 2016, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

*Daniel Jones & Associates*

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

October 14, 2016

PARK HILL SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED JUNE 30, 2016  
(UNAUDITED)

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Park Hill School District  
7703 NW Barry Road  
Kansas City, Missouri 64153  
816-359-4000  
<http://www.parkhill.k12.mo.us>

The Management's Discussion and Analysis (MD&A) of the Park Hill School District ("District") provides an overview and analysis of the District's modified cash basis financial activities for the fiscal year ended June 30, 2016. The intent of the MD&A is to look at the District's modified cash basis financial performance as a whole. Readers should also review the modified cash basis financial statements found in the Financial Section starting on page 11 and the notes thereto to enhance their understanding of the District's modified cash basis financial performance.

The financial statements of the District have been prepared on the modified cash basis of accounting, as applied to local governmental units, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. Differences in the modified cash basis of accounting and accounting principles generally accepted in the United States of America arise in the recognition of revenue when it is received, rather than when earned, and the presentation of expenditures when they are paid versus when incurred. Additional information of the District's modified cash basis of accounting can be found in note I on page 15.

The MD&A is an element of Required Supplementary Information specified in the Governmental Accounting Standards Board (GASB) Statement No. 34 – Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments issued in 1999. Certain comparative information between the current year, 2015-2016 (FY2016), and the prior year, 2014-2015 (FY2015), is required to be presented in the MD&A.

**Financial Highlights**

Key financial highlights for the fiscal year ended June 30, 2016, include the following:

The governmental activities net assets and governmental funds ending balances (modified cash basis) were \$59,739,473.70 as compared to \$56,380,096.67 the previous year. The increase in fund balances is primarily due to increased property and sales tax revenues exceeding expenditures in the general and debt service funds.

The school district collected \$24,015,235.85 in program revenues, which made up 13.7% of the total revenues collected for the year ended June 30, 2016. This is compared to 15.6% the previous fiscal year. These program revenues covered 14.0% of the program expenditures paid leaving 86.0%, to be covered by general revenues collected and fund balances. This is compared to 15.0% of the program expenditures paid leaving 85.0%, to be covered by general revenues collected and fund balances the previous year ended June 30, 2015.

*Using the Basic Financial Statements*

The District's basic financial statements consist of a series of financial statements and the associated notes to those statements. The statements are organized so the reader can understand the modified cash

PARK HILL SCHOOL DISTRICT  
MANAGEMENT’S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED JUNE 30, 2016  
(UNAUDITED)

**Using the Basic Financial Statements (concluded)**

basis operations of the District as a whole (i.e., an entire operating entity). The “Basic Financial Statements” section includes government-wide financial statements, fund financial statements and notes to financial statements.

The government-wide financial statements, consisting of the Statement of Net Assets (modified cash basis) and the Statement of Activities (modified cash basis) (see pages 11 and 12), provide highly consolidated modified cash basis financial information and render a government-wide perspective of the District’s modified cash basis financial condition. They present an aggregate view of the District’s modified cash basis finances. These statements seek to answer the question, “How did the District do financially during the 2015-2016 fiscal year?” In short, is the District better financially this year, or is it worse than the prior year? These statements include all cash and investments using the modified cash basis of accounting.

By showing the change in net assets (modified cash basis) for the year, the reader may ascertain whether the District’s modified cash basis financial condition has improved or deteriorated. The changes which are discussed in this MD&A may be financial or non-financial in nature. Non-financial factors which may have an impact on the District’s financial condition include increases in or erosion of the property tax base within the District, facilities maintenance and condition, mandated educational programs for which little or no funding is provided, or other external factors.

To provide more in depth reporting of the District’s modified cash basis financial position and changes in cash basis financial position, fund financial information is presented in the ‘Fund Financial Statements’ section beginning on page 13. These fund financial statements, which should be familiar to those who have read previous governmental financial statements, report governmental activities on a current cash basis, indicating modified cash basis sources and uses of funding.

Fund financial statements also provide more in-depth data on the District’s most significant funds, its General Fund, Special Revenue Fund, Debt Service Fund and Capital Fund. These funds are considered “major funds” under GASB Statement No. 34.

*Government – Wide Financial Analysis*

Net Assets of the District at June 30, 2016, of \$59,739,473.70 reflect the District’s total assets of cash and investments net of payroll liabilities at June 30, 2016. Net assets of the District consist of the following:

<b><u>Net Assets</u></b>	<b><u>June 30, 2016</u></b>	<b><u>June 30, 2015</u></b>
Restricted	18,474,115.88	\$ 16,536,820.57
Unrestricted	41,265,357.82	\$ 39,843,276.10
<b><u>Total Net Assets</u></b>	59,739,473.70	56,380,096.67



PARK HILL SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED JUNE 30, 2016  
(UNAUDITED)

*Government – Wide Financial Analysis (concluded)*

The restricted net assets are restricted for payment of principal and interest on general obligation bonds, scholarships, and capital projects.

**Governmental Activities**

\$59,739,473.70 in net assets at June 30, 2016, reflect an increase of \$3,359,377.03 from the net asset balance of \$56,380,096.67 at June 30, 2015. Key elements of this increase consist of the following:

<b>Revenues Collected</b>	<u>June 30, 2016</u>	<u>June 30, 2015</u>
<i>Program Revenues Collected</i>		
Charges for Services	\$ 10,095,396.43	\$ 9,435,044.98
Operating Grants and Contributions	13,919,839.42	13,630,011.23
Capital Grants and Contributions	-	-
<i>General Revenues Collected</i>		
Property and Other Local Taxes	95,030,189.90	93,661,816.31
Federal, State and County Taxes Not Restricted to Specific Purposes	35,161,357.52	30,825,842.55
Interest and Investment Earnings	1,159,469.10	494,569.96
Refunding Bonds	20,110,000.00	-
Sale of Property	29,030.81	61,970.89
<b>Total Revenues Collected</b>	<b>\$ 175,505,283.18</b>	<b>\$ 148,109,255.92</b>
 <b>Expenses Paid</b>		
Instruction	\$ 77,043,190.20	\$ 76,528,997.60
Support Services	62,463,378.77	56,318,507.96
Community Service	4,030,948.24	3,889,041.01
Facilities Acquisition, Construction	202,504.85	7,717,744.86
Capital Principal, Interest, Fees	361,329.42	361,416.57
Debt Svc Principal, Interest, Fees	28,044,554.67	9,356,712.50
<b>Total Expenses Paid</b>	<b>\$ 172,145,906.15</b>	<b>\$ 154,172,420.50</b>
 Change in Net Assets	 \$ 3,359,377.03	 \$ (6,063,164.58)

<b>June 30,</b>	<u>2016</u>	<u>2015</u>	<u>2014</u>
<b>Net Assets</b>	59,739,473.70	56,380,096.67	62,443,261.25

PARK HILL SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED JUNE 30, 2016  
(UNAUDITED)

**Governmental Activities (concluded)**

As reflected on the previous page, the expenses paid of the District's governmental activities for the fiscal years ending June 30, 2016 and 2015 of \$172,145,906.15 and \$154,172,420.50 respectively are not all borne by the taxpayers of the District. Of these amounts \$10,095,396.43 and \$9,435,044.98 were paid by those who benefited from the services rendered (e.g., charges for school lunches) and \$13,919,839.42 and \$13,630,011.23 were paid through federal and state operating grants and contributions.

Consequently, the net costs of \$148,130,670.30 and \$131,107,364.29, after taking into consideration these fees and grants, were paid from other general revenues, which include property taxes paid by the taxpayers of the District as well as other taxes, additional state funding and fund balances.

The next table shows the total cost of programs and the net cost of these programs (after deducting charges for services and grants and contributions revenue collected of the various categories of expenses paid for the years ended June 30, 2016 and 2015). The net cost presentation allows the taxpayers of the District to determine the remaining cost of the various categories which were borne by them or paid from other general revenues and fund balances, and allows them the opportunity to assess the cost of these functions in comparison to the benefits received.

	<u>June 30, 2016</u>		<u>June 30, 2015</u>	
	Total Cost of <u>Programs</u>	Net Cost of <u>Programs</u>	Total Cost of <u>Programs</u>	Net Cost of <u>Programs</u>
Instruction	\$ 77,043,190.20	64,510,703.95	\$ 76,528,997.60	64,454,550.02
Attendance	1,498,165.30	1,498,165.30	1,382,879.81	1,382,879.81
Guidance	2,627,166.25	2,627,166.25	2,128,911.93	2,128,911.93
Health, Psych Speech and Audio	967,057.51	967,057.51	868,789.46	868,789.46
Improvement of Instruction	2,291,640.92	2,107,667.43	2,736,685.43	2,578,481.28
Professional Development	305,149.43	305,149.43	251,467.51	251,467.51
Media Services (Library)	10,261,175.71	10,261,175.71	4,413,274.95	4,413,274.95
Board of Education Services	906,601.22	906,601.22	753,167.22	753,167.22
Executive Administration	1,029,369.23	1,029,369.23	1,171,248.42	1,171,248.42
Building Level Administration	7,348,865.79	7,348,865.79	7,195,281.43	7,195,281.43
Business Central Service	1,619,446.44	1,619,446.44	3,366,725.42	3,366,725.42
Operation of Plant	17,166,798.47	17,166,798.47	17,773,663.38	17,773,663.38
Security Services	751,970.54	751,970.54	744,361.12	744,361.12
Student Transportation	7,972,274.26	6,890,278.26	6,586,735.81	5,268,305.81
Food Services	5,640,837.95	(221,836.05)	5,371,023.91	(187,472.13)
Central Office Support Services	2,076,859.75	2,076,859.75	1,574,292.16	1,574,292.16
Community Services	4,030,948.24	(323,157.87)	3,889,041.01	(66,437.43)
Capital Outlay	202,504.85	202,504.85	7,717,744.86	7,717,744.86
Capital Principal, Interest, Fees	361,329.42	361,329.42	361,416.57	361,416.57
Debt Service:				
Principal Retirement	24,580,000.00	24,580,000.00	5,945,000.00	5,945,000.00
Interest/Fiscal Fees	3,464,554.67	3,464,554.67	3,411,712.50	3,411,712.50
<b>Total</b>	<b>\$ 172,145,906.15</b>	<b>148,130,670.30</b>	<b>\$ 154,172,420.50</b>	<b>131,107,364.29</b>

PARK HILL SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED JUNE 30, 2016  
(UNAUDITED)

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Governmental Funds Financial Analysis

The District uses funds to control and manage money for particular purposes (e.g., dedicated taxes and bond proceeds). The fund basis financial statements allow the District to demonstrate its stewardship over and accountability for modified cash basis resources provided by the taxpayers and other entities.

These statements also allow the reader to obtain more insight into the modified cash basis financial workings of the District and assess further the District's modified cash basis financial health. The District completed the fiscal year ended June 30, 2016 with a combined modified cash basis fund balance for Governmental funds (as presented in the Statement of Assets and Fund Balances (Modified cash basis) (on page 13) of \$59,739,473.70 as compared to a combined fund balance of \$56,380,096.67 on June 30, 2015, an increase of \$3,359,337.03. The increase in fund balances is primarily due to increased property and sales tax revenues exceeding expenditures in the general and debt service funds.

The fund balance of the operating funds (General and Special Revenue) was decreased by \$34,915.00 as compared to an increase of \$1,795,734.03 the previous year. In addition, a transfer of 4,896,021.00 was made from operating funds to the Capital Projects Fund during 2015-2016 (FY2016).

The fund balance of the Debt Service Fund increased by \$2,521,951.76 as a result of the collection of local tax revenue that was higher than the district's debt payment in 2015-2016 (FY2016). A year prior, the Debt Service Fund balance increased by 281,429.95. The \$12,671,861.28 balance of the Debt Service Fund is legally restricted for payment of bond principal, interest and related fees.

The fund balance of the Capital Fund increased by \$872,340.27 as compared to a decrease of \$8,140,328.56 the previous year. The decrease in Capital Fund in the prior year was primarily due to the expenditures related to completion of projects described in the district's April, 2011 bond issue. The slight increase in the Capital Fund balance in FY2016 reflects that most of the bond proceeds had been spent in prior years, with the only remaining balance held specifically for land purchases to support the district's enrollment-based long range capital plan. The purchase of land, the final expenditures of the remaining bond proceeds, is scheduled for future fiscal years. \$49,500,000 of bonds were authorized by district voters in April, 2011, and sold in 2010-2011 and 2011-2012. No new bonds were sold in 2012-2013 or 2013-2014 but expenditures did occur against these revenues received in prior fiscal years.

The district received \$108,158,929.40 in revenue from local sources. The major source of revenue for operations and debt service is local property taxes amounting to \$83,732,412.63. This is derived from the District's 2015-2016 operating levy of \$4.9543 and the debt service levy of \$.6107 for a total levy of \$5.5650. Other significant local revenues are \$10,296,269.18 from sales tax, \$1,159,469.10 from interest and earnings on investments, \$3,468,766.53 from food service, \$4,354,106.11 from community services and \$2,272,523.79 from student activities.

County revenues are derived from state assessed utility property, \$4,283,998.21, and county fines of \$700,751.57 which total \$4,984,749.78.

State funding increased \$3,414,234.28, from \$33,281,033.90 in 2014-2015 (FY2015) to \$36,695,268.18 in 2015-2016 (FY2016). The State Foundation Formula for Basic State Aid was \$32,454,067.99, an increase of \$3,236,381.99 from the prior year. State revenues collected are:

PARK HILL SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED JUNE 30, 2016  
(UNAUDITED)

**Governmental Funds Financial Analysis (continued)**

	<b>June 30, 2016</b>	<b>June 30, 2015</b>
Basic Formula	\$ 28,302,733.77	\$ 25,330,749.00
Classroom Trust Fund	4,151,334.22	3,886,937.00
Transportation	1,081,996.00	1,318,430.00
Early Childhood Special Education	2,434,430.16	2,008,823.52
Other	724,774.03	736,094.38
<b>Total State Revenue</b>	<b>\$ <u>36,695,268.18</u></b>	<b>\$ <u>33,281,033.90</u></b>

Federal funding decreased from \$5,679,726.33 the previous year to \$5,527,305.01 this year. The decrease of \$152,421.32 is primarily due to the decrease of grant IDEA Entitlement fund allocations by the federal government and a late quarterly receipt \$10,797.66 paid by Medicaid that was received into fiscal year 2016-2017. Significant federal revenues collected are:

	<b>June 30, 2016</b>	<b>June 30, 2015</b>
Medicaid	\$ 39,136.48	\$ 56,990.97
IDEA Entitlement Funds, Part B	1,780,093.90	1,960,250.74
Early Childhood Special Education	248,082.00	463,753.14
School Lunch, Breakfast, and Snack	2,348,180.94	2,188,294.73
Title I	783,016.00	750,161.77
Title II A	183,973.49	158,204.15
Title III	83,219.72	99,448.40
Other	61,602.48	2,622.43
<b>Total Federal Revenue</b>	<b>\$ <u>5,527,305.01</u></b>	<b>\$ <u>5,679,726.33</u></b>

The General Fund accounts for \$56,202,058.59 or 32.7% of the total expenditures. The Special Revenue (Teachers) Fund accounts for \$73,879,386.60 or 42.9% of total expenditures and consists of certificated teachers' and administrators' salaries and insurance benefits. Debt Service Fund expenditures of \$28,044,554.67 or 16.3% of total expenditures are for principal and interest on general obligation bonds. Capital Fund expenditures of \$14,019,906.29 or 8.1% of total expenditures are for technology purchases, construction projects, facility repairs and equipment.

The following tables summarize the governmental fund revenues collected and expenditures paid for the fiscal years ending June 30, 2016 and 2015.

PARK HILL SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED JUNE 30, 2016  
(UNAUDITED)

**Governmental Funds Financial Analysis (concluded)**

	<u>June 30, 2016</u>	<u>%</u>		<u>June 30, 2015</u>	<u>%</u>
Local	\$ 108,158,929.40	61.7	\$	105,102,267.73	71.0
County	4,984,749.78	2.8		3,984,257.07	2.7
State	36,695,268.18	20.9		33,281,033.90	22.5
Federal	5,527,305.01	3.1		5,679,726.33	3.8
Refunding Bonds	20,110,000	11.5		-	0.0
Sale of Other Property	29,030.81	0.0		61,970.89	0.0
<b>Total Revenues Collected</b>	<b>\$ 175,505,283.18</b>	<b>100.0</b>	\$	<b>148,109,255.92</b>	<b>100.0</b>
	<u>June 30, 2016</u>	<u>%</u>		<u>June 30, 2015</u>	<u>%</u>
Instruction	\$ 77,043,190.20	44.8	\$	76,528,997.60	49.7
Support Services	62,463,378.77	36.3		56,318,507.96	36.5
Debt Service	28,044,554.67	16.3		9,718,129.07	6.3
Capital Outlay/Bond	563,834.27	.3		7,717,744.86	5.0
Community Services	4,030,948.24	2.3		3,889,041.01	2.5
<b>Total Expenditures</b>	<b>\$ 172,145,906.15</b>	<b>100.0</b>	\$	<b>154,172,420.50</b>	<b>100.0</b>

**Budgetary Highlights**

Over the course of the year, the Board of Education revised the District's budget to take into consideration expected changes in revenues collected or expenditures paid. Missouri statutes for public school finance, Section 67.010, RSMo requires a budget amendment if anticipated expenditures are in excess of budgetary goals. The original budget was adopted on June 25, 2015, and the final budget amendment was adopted on June 23, 2016.

Statements comparing fund modified cash basis revenues and expenditures to the original and final budgets are provided in the auditor's report on pages 34-38. General revenues exceeded the original budgets reflecting increases over budgeted values in local property taxes, county assessed railroad and utility taxes and an increase in the state foundation formulate which was driven by increased enrollment. Expenditures were less than the original budgets primarily due to the timing for payments for bond projects. The expenditures for the remaining projects (e.g. purchase of land) will appear in the 2016-1017 (FY2017) year.

**Capital Assets and Debt Administration**

**Capital Assets**

The District operates under the modified cash basis of accounting, therefore, capital asset purchases are recorded as expenditures and depreciation is not recognized. Capital assets are not reflected in the financial statements.

PARK HILL SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED JUNE 30, 2016  
(UNAUDITED)

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Long-Term Debt

At June 30, 2016, the District had outstanding general obligation bonds of \$81,100,000.00, with 2015-2016 (2016) principal payments of \$4,470,000.00 made during the year. The Series 2006 general obligation bond was refunded by the Series 2015 general obligation bond in the amount of \$20,110,000 during the year 2015-1016 (FY016). This refunding benefited the district \$1,042,578.40 in net present value.

State statutes limit the amount of general obligation debt a school district may issue to 15% of the assessed valuation. The debt limitation is \$228,721,143.75 at June 30, 2016, based on the December 31, 2015 assessed values.

On November 20, 2003, the Board approved a DNR Energy Loan of approximately \$4,118,251 for which the construction maximum amount was \$4,077,711. These funds were used to upgrade current energy issues within existing facilities. The District will pay principle and interest on this loan through 2020. The District has an outstanding loan payment of \$1,125,970.29 at June 30, 2016.

The District operates on the modified cash basis of accounting, therefore, payments on long-term debt are recorded as expenditures. Long-term debt is not reflected in the financial statements. Commitments for long-term debt and other obligations are disclosed in the notes to the financial statements in Notes IV-V, pages 21 and 24 respectively.

Economic Factors

During the year ended June 30, 2016 the District was impacted by national and state wide economic factors that resulted in revenues recovering from previously low levels, and expenditures increasing due to continued enrollment growth within the school district. Sales taxes, property tax and State funded revenues were impacted positively this year.

The District responded to the funding uncertainties that it was faced with by reducing planned expenditures where it could be done without adversely impacting students in the classrooms. This timely response to the funding uncertainties allowed the District to increase its unrestricted operating fund balances (General, Special Revenue and Capital Projects) by \$1,422,081.72. This has enhanced the District's position in proactively planning for the increased expenditures that come with ongoing enrollment growth.

Contacting the District's Financial Management

This financial report is designed to provide citizens, taxpayers, investors and creditors with a general overview of Park Hill School District finances and to demonstrate the District's accountability for the money it receives. If you have any questions about this report, please contact Dr. Paul Kelly, Assistant Superintendent – Business & Technology or Mary Carrier, Accounting Coordinator at 816-359-4000.

## **BASIC FINANCIAL STATEMENTS**

**PARK HILL SCHOOL DISTRICT  
STATEMENT OF NET POSITION - MODIFIED CASH BASIS  
AS OF JUNE 30, 2016**

	<b>Governmental Activities</b>
<b>Assets</b>	
<b>Current assets:</b>	
Cash and Cash Equivalents (Note II)	\$ 17,476,158.01
Investments	23,789,199.81
Total Current Assets	41,265,357.82
<b>Restricted assets:</b>	
Cash and Cash Equivalents	
Debt Service	2,708,767.94
Benefits	291,473.82
Investments	
Debt Service	9,963,093.34
Capital Projects	5,510,780.78
Total Restricted Assets	18,474,115.88
<b>Total Assets</b>	<b>59,739,473.70</b>
<b>Net Position</b>	
Restricted for:	
Debt Service	12,671,861.28
Benefits	291,473.82
Capital Projects	5,510,780.78
Unrestricted	41,265,357.82
<b>Total Net Position</b>	<b>\$ 59,739,473.70</b>

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



**PARK HILL SCHOOL DISTRICT  
STATEMENT OF ACTIVITIES - MODIFIED CASH BASIS  
FOR THE YEAR ENDED JUNE 30, 2016**

<b>Functions/Programs</b>	<b>Expenses</b>	<b>Program Revenues</b>			<b>Net (Expenses) Revenue and Changes in Net Position</b>
		<b>Charges for Services</b>	<b>Operating Grants and Contributions</b>	<b>Capital Grants and Contributions</b>	<b>Governmental Activities</b>
<b>Governmental activities:</b>					
Instruction	\$ 77,043,190.20	\$ 2,272,523.79	\$ 10,259,962.46	\$ -	\$ (64,510,703.95)
Attendance	1,498,165.30	-	-	-	(1,498,165.30)
Guidance	2,627,166.25	-	-	-	(2,627,166.25)
Health, Psych, Speech and Audio	967,057.51	-	-	-	(967,057.51)
Improvement of Instruction	2,291,640.92	-	183,973.49	-	(2,107,667.43)
Professional Development	305,149.43	-	-	-	(305,149.43)
Media Services (Library)	10,261,175.71	-	-	-	(10,261,175.71)
Board of Education Services	906,601.22	-	-	-	(906,601.22)
Executive Administration	1,029,369.23	-	-	-	(1,029,369.23)
Building Level Administration	7,348,865.79	-	-	-	(7,348,865.79)
Business Central Service	1,619,446.44	-	-	-	(1,619,446.44)
Operation of Plant	17,166,798.47	-	-	-	(17,166,798.47)
Security Services	751,970.54	-	-	-	(751,970.54)
Pupil Transportation	7,972,274.26	-	1,081,996.00	-	(6,890,278.26)
Food Services	5,640,837.95	3,468,766.53	2,393,907.47	-	221,836.05
Central Office Support Services	2,076,859.75	-	-	-	(2,076,859.75)
Other Supporting Services	-	-	-	-	-
Adult Education	-	-	-	-	-
Community Services	4,030,948.24	4,354,106.11	-	-	323,157.87
Capital Outlay	202,504.85	-	-	-	(202,504.85)
Capital Principal, Interest, Fees	361,329.42	-	-	-	(361,329.42)
Debt Service:					
Principal Retirement	24,580,000.00	-	-	-	(24,580,000.00)
Interest and Fiscal Charges	3,464,554.67	-	-	-	(3,464,554.67)
Total Governmental Activities	<u>\$ 172,145,906.15</u>	<u>\$ 10,095,396.43</u>	<u>\$ 13,919,839.42</u>	<u>\$ -</u>	<u>(148,130,670.30)</u>
<b>General revenues:</b>					
Property taxes, levied for general purposes					75,249,748.90
Property taxes, levied for debt service					9,188,748.34
Other taxes					295,423.48
Prop C - Sales tax					10,296,269.18
Federal, State and County aid not restricted to specific purposes					35,161,357.52
Interest and investment earnings					1,159,469.10
Bond Issuance					-
Sale of Property					20,139,030.81
Miscellaneous					-
<b>Subtotal, general revenues</b>					<u><b>151,490,047.33</b></u>
<b>Change in net position</b>					<b>3,359,377.03</b>
Net position July 1, 2015					<u>56,380,096.67</u>
Net position June 30, 2016					<u><b>\$ 59,739,473.70</b></u>

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

**PARK HILL SCHOOL DISTRICT  
BALANCE SHEET -MODIFIED CASH BASIS-  
ALL GOVERNMENTAL FUNDS  
AS OF JUNE 30, 2016**

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Debt Service Fund</u>	<u>Capital Projects Fund</u>	<u>Total Governmental Funds</u>
<b>ASSETS</b>					
Cash and Cash Equivalents (Note II)	\$ 6,388,229.79	\$ -	\$ -	\$ 11,087,928.22	\$ 17,476,158.01
Investments	23,789,199.81	-	-	-	23,789,199.81
Restricted Assets:					
Cash and Cash Equivalents	291,473.82	-	2,708,767.94	-	3,000,241.76
Investments	-	-	9,963,093.34	5,510,780.78	15,473,874.12
<b>Total Assets</b>	<b><u>\$ 30,468,903.42</u></b>	<b><u>\$ -</u></b>	<b><u>\$ 12,671,861.28</u></b>	<b><u>\$ 16,598,709.00</u></b>	<b><u>\$ 59,739,473.70</u></b>
<b>FUND BALANCES</b>					
<b>Fund Balances (Note I):</b>					
Restricted for:					
Debt Service	-	-	12,671,861.28	-	12,671,861.28
Capital Projects	-	-	-	5,510,780.78	5,510,780.78
Benefits	291,473.82	-	-	-	291,473.82
Assigned to:					
Capital Projects	-	-	-	11,087,928.22	11,087,928.22
Unrestricted	30,177,429.60	-	-	-	30,177,429.60
<b>Total Fund Balances</b>	<b><u>\$ 30,468,903.42</u></b>	<b><u>\$ -</u></b>	<b><u>\$ 12,671,861.28</u></b>	<b><u>\$ 16,598,709.00</u></b>	<b><u>\$ 59,739,473.70</u></b>

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

**PARK HILL SCHOOL DISTRICT**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - MODIFIED CASH BASIS -**  
**ALL GOVERNMENTAL FUNDS**  
**FOR THE YEAR ENDED JUNE 30, 2016**

	General Fund	Special Revenue Fund	Debt Service Fund	Capital Projects Fund	Total Governmental Funds
<b>Revenues</b>					
Local Sources	\$ 81,735,589.40	\$ 10,298,858.86	\$ 9,883,626.96	\$ 6,240,854.18	\$ 108,158,929.40
County Sources	3,448,506.82	700,751.57	572,879.47	262,611.92	4,984,749.78
State Sources	4,236,982.00	28,997,543.99	-	3,460,742.19	36,695,268.18
Federal Sources	5,524,318.64	-	-	2,986.37	5,527,305.01
<b>TOTAL REVENUES</b>	<b>94,945,396.86</b>	<b>39,997,154.42</b>	<b>10,456,506.43</b>	<b>9,967,194.66</b>	<b>155,366,252.37</b>
<b>Expenditures</b>					
<b>Current</b>					
Regular Instruction	9,876,097.58	61,647,402.43	-	5,519,690.19	77,043,190.20
Attendance	1,498,165.30	-	-	-	1,498,165.30
Guidance	333,703.20	2,293,463.05	-	-	2,627,166.25
Health, Psych, Speech & Audio	958,391.47	-	-	8,666.04	967,057.51
Improvement of Instruction	459,514.05	1,828,746.03	-	3,380.84	2,291,640.92
Professional Development	22,393.30	282,756.13	-	-	305,149.43
Media Services	5,630,392.05	1,432,089.40	-	3,198,694.26	10,261,175.71
Board of Education Services	906,601.22	-	-	-	906,601.22
Executive Administration	468,307.81	560,564.92	-	496.50	1,029,369.23
Building Level Administration	2,464,293.51	4,884,572.28	-	-	7,348,865.79
Business Central Services	1,400,084.63	217,183.59	-	2,178.22	1,619,446.44
Operation of Plant	13,033,822.54	-	-	4,132,975.93	17,166,798.47
Security Services	665,751.83	78,673.81	-	7,544.90	751,970.54
Pupil Transportation	7,972,274.26	-	-	-	7,972,274.26
Food Service	5,078,467.04	-	-	562,370.91	5,640,837.95
Central Office Support Services	1,506,349.91	568,106.45	-	2,403.39	2,076,859.75
Other Supporting Services	-	-	-	-	-
Community Services	3,927,448.89	85,828.51	-	17,670.84	4,030,948.24
Capital Outlay	-	-	-	202,504.85	202,504.85
Debt Service:					
Principal	-	-	24,580,000.00	311,259.66	24,891,259.66
Interest and Charges	-	-	3,464,554.67	50,069.76	3,514,624.43
<b>Total Expenditures</b>	<b>56,202,058.59</b>	<b>73,879,386.60</b>	<b>28,044,554.67</b>	<b>14,019,906.29</b>	<b>172,145,906.15</b>
<b>Excess (deficiency) of revenues over expenditures</b>	<b>38,743,338.27</b>	<b>(33,882,232.18)</b>	<b>(17,588,048.24)</b>	<b>(4,052,711.63)</b>	<b>(16,779,653.78)</b>
<b>Other Financing Sources (Uses):</b>					
Transfers	(38,778,253.27)	33,882,232.18	-	4,896,021.09	-
Sale of Bonds	-	-	-	-	-
Net Insurance Recovery	-	-	-	-	-
Sale of Other Property	-	-	-	29,030.81	29,030.81
Refunding Bonds	-	-	20,110,000.00	-	20,110,000.00
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	-	-	-	-	-
<b>Total Other Financing Sources (Uses)</b>	<b>(38,778,253.27)</b>	<b>33,882,232.18</b>	<b>20,110,000.00</b>	<b>4,925,051.90</b>	<b>20,139,030.81</b>
<b>NET CHANGE IN FUND BALANCES</b>	<b>(34,915.00)</b>	<b>-</b>	<b>2,521,951.76</b>	<b>872,340.27</b>	<b>3,359,377.03</b>
Fund Balances, July 1, 2015	30,503,818.42	-	10,149,909.52	15,726,368.73	56,380,096.67
Fund Balances, June 30, 2016	<b>\$ 30,468,903.42</b>	<b>\$ -</b>	<b>\$ 12,671,861.28</b>	<b>\$ 16,598,709.00</b>	<b>\$ 59,739,473.70</b>

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

PARK HILL SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2016

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**I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

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

The financial statements of Park Hill School District have been prepared on the prescribed basis of accounting that demonstrates compliance with the modified cash basis and budget laws of the State of Missouri, which is a comprehensive basis of accounting other than generally accepted accounting principles. The Governmental Accounting Standards Board is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the District's accounting policies are described below.

**A. Principles Used to Determine Scope of 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, which would result in the District being considered a component unit of the entity.

**B. Basis of Presentation – Fund Accounting**

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

PARK HILL SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2016

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**I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**B. Basis of Presentation – Fund Accounting (concluded)**

The School District reports the following major funds and fund types in this report:

Governmental Funds:

*General (Incidental) Fund:* Accounts for general activities of the District, including student activities, food service, and community education, which are not required to be accounted for in another fund.

*Special Revenue (Teachers') Fund:* Accounts for expenditures for certified employees involved in administration and instruction. It includes revenues restricted by the State and local tax levy for the payment of teacher salaries and certain employee benefits.

*Capital Projects Fund:* Accounts for the proceeds of long-term debt, taxes and other revenues restricted for acquisition or construction of major capital assets.

*Debt Service Fund:* Accounts for the accumulation of resources for, and the payment of, principal, interest and finance charges on general long-term debt.

The District's basic financial statements consist of government-wide statements, including a statement of net position and a statement of activities, and fund financial statements, which provide a more detailed level of financial information.

**Government-Wide Financial Statements:**

Statement of Net Position: Presents the financial condition of the government at year-end.

Statement of Activities: Presents a comparison between direct expenses and program revenues for each program or function of the District's governmental activities. Direct expenses are those that are specifically associated with a service, program or department, and therefore are clearly identifiable to a particular function. Program revenues include charges paid by the recipient of the goods or services offered by the program, grants and contributions that are restricted to meeting the operational or capital requirements of a particular program and interest earned on grants that is required to support a particular program. Revenues, which are not classified as program revenues, are presented as the District's general revenues with certain limited exceptions. The comparison of direct expenses with program revenues identifies the extent to which each governmental function is self-financing or drawing from the District's general revenues.

Fund Financial Statements: During the year, the District segregates transactions related to certain District functions or activities in separate funds in order to aid financial management and to demonstrate legal compliance. Fund financial statements are designed to present the District's financial information at this more detailed level. The focus of governmental financial statements is on major funds. Each major fund is presented in a separate column. Non-major funds, if applicable, are aggregated and presented in a single column.

PARK HILL SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2016

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**I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**C. Measurement Focus and 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 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 in the United States, 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.

**D. Pooled Cash and Temporary Investments**

Cash resources of the individual funds are combined to form a pool of cash and temporary investments that is managed by the District Treasurer. Investments of the pooled accounts consist of certificates of deposit, U.S. Agency Securities and MOSIP investments, carried at cost, which approximates market. Interest income earned is allocated to contributing funds based on cash and temporary investment balances.

**E. Property and Equipment**

Capital fixed assets are recorded as expenditures in the General (Incidental) Fund and the Capital Projects (Building) Fund at the time the expenditures are paid. No depreciation is provided for property and equipment.

**F. Compensated Absences**

Vacation time, personal business days, and sick leave are considered as expenditures in the year paid. Amounts that are unpaid and vested in the employee are payable upon termination. Total vested and unpaid vacation and sick leave at June 30, 2016, amounted to approximately \$4,375,035. These estimates have not been subjected to auditing procedures.

PARK HILL SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2016

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**I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**G. Teachers' Salaries**

The District's salary payment schedule for the 2015-2016 school year requires paying salaries over a 12-month period. Consequently, the July and August 2016 payroll checks are included in the financial statements as an expenditure paid in the month of May. This practice has been consistently followed in previous years.

**H. 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 nonspendable resources as of June 30, 2016.
- 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 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, such as the Superintendent, that 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 using these other classified funds.

PARK HILL SCHOOL DISTRICT  
 NOTES TO THE FINANCIAL STATEMENTS  
 FOR THE YEAR ENDED JUNE 30, 2016

**I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONCLUDED)**

**H. Fund Balance Classification (Concluded)**

As of June 30, 2016, 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	\$ -	\$ 291,473.82	\$ -	\$ -
Special Revenue (Teachers) Fund	-	-	-	-
Debt Service Fund	-	12,671,861.28	-	-
Capital Projects Fund	-	5,510,780.78	-	11,087,928.22
	<u>-</u>	<u>5,510,780.78</u>	<u>-</u>	<u>11,087,928.22</u>
Total	\$ <u>-</u>	\$ <u>18,474,115.88</u>	\$ <u>-</u>	\$ <u>11,087,928.22</u>

**I. 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.

**J. 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 that are either unusual in nature or infrequent in occurrence.

**K. Inventories**

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

**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 Fund be kept separate and apart from all other funds of the District). Deposits with maturities greater than three months are considered investments. Each fund type's portion of this pool is displayed on the balance sheet as "Cash and Cash Equivalents and Investments" under each fund's caption.

Deposits

Missouri statutes require that all deposits with financial institutions be collateralized in an amount at least equal to uninsured deposits. At June 30, 2016, the carrying amount of the District's pooled deposits and investments was \$59,739,473.70, and the bank balance was \$76,192,801.24. As of June 30, 2016, 100% of the District's investments were guaranteed by the U.S. Government through pledged securities and FDIC insurance.



PARK HILL SCHOOL DISTRICT  
 NOTES TO THE FINANCIAL STATEMENTS  
 FOR THE YEAR ENDED JUNE 30, 2016

**II. CASH AND INVESTMENTS (CONTINUED)**

**SUMMARY OF CARRYING VALUES**

The carrying values of deposits and investments shown above are included in the financial statements at June 30, 2016, as follows:

Included in the following fund financial statement captions:

Balance Sheet – Governmental Funds

Unrestricted Deposits	\$ 6,388,229.79
Unrestricted Investments	23,789,199.81
Deposits Restricted for Debt	2,708,767.94
Deposits Restricted for Benefits	291,473.82
Investments Restricted for Debt	9,963,093.34
Deposits Assigned for Capital Projects	11,087,928.22
Investments Restricted for Capital Projects	5,510,780.78
<b>Total</b>	<b>\$ 59,739,473.70</b>

As of June 30, 2016, the District's investments were as follows:

**BALANCE AT JUNE 30, 2016**

Fund	Type	Maturities	Cost
General	CD	Less than One Year	\$ 960,000.00
General	FMCDN	Less than One Year	22,829,199.81
Capital Projects	US Treasury Notes	Less than One Year	5,510,780.78
Debt Service	FMCDN	Less than One Year	4,998,441.25
Debt Service	CD	Less than One Year	490,000.00
Debt Service	MOHEFA	N/A	4,474,652.09
Total Investments			<u>\$ 39,263,073.93</u>

Custodial Credit Risk – Deposits

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

PARK HILL SCHOOL DISTRICT  
 NOTES TO THE FINANCIAL STATEMENTS  
 FOR THE YEAR ENDED JUNE 30, 2016

**II. CASH AND INVESTMENTS (CONCLUDED)**

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 District, 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 not exposed to custodial credit risk.

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, however they do follow the Missouri State Treasurer Investment Policy.

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, 2016.

**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. The county collects the property tax and remits it to the District.

The District also receives sales tax collected by the State, and it is remitted based on a prior year weighted average attendance. The assessed valuation of the tangible taxable property for the calendar year 2015, for purposes of local taxation, was:

Assessed Valuation	2015
	\$ 1,524,807,625

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

	<u>2015</u>	
	Unadjusted	Adjusted
General (Incidental )Fund	\$ 4.6543	\$ 4.6543
Special Revenue Fund	0.0000	0.0000
Debt Service Fund	0.6107	0.6107
Capital Projects Fund	0.3000	0.3000
Total	\$ 5.5650	\$ 5.5650

The receipts of current and delinquent property taxes during the fiscal year ended June 30, 2016, aggregated approximately 98.67% of the current assessment computed on the basis of the levy as shown above.

PARK HILL SCHOOL DISTRICT  
 NOTES TO THE FINANCIAL STATEMENTS  
 FOR THE YEAR ENDED JUNE 30, 2016

**IV. CHANGES IN LONG-TERM DEBT**

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

	GENERAL OBLIGATION BONDS	DNR ENERGY LOAN	TOTAL
Long-Term Debt – July 1, 2015	\$ 85,570,000.00	\$ 1,437,229.95	\$ 87,007,229.95
Add-issued	20,110,000.00	-	20,110,000.00
Less-Payments	(24,580,000.00)	(311,259.66)	(24,891,259.66)
Long-Term Debt June 30, 2016	<u>\$ 81,100,000.00</u>	<u>\$ 1,125,970.29</u>	<u>\$ 82,225,970.29</u>

**General Obligation Bonds**

Bonds payable at June 30, 2016, consist of:

On May 23, 2006, the District issued \$33,000,000 in General Obligation Bonds. Series 2006 bonds are due in annual installments through 2018 with interest rates between 4.125% and 5.250%. This bond was refunded by the Series 2015 issue during the 2015-2016 fiscal year.	\$ -
On December 20, 2010, the District issued \$4,595,000 in General Obligation Refunding Bonds, Series 2010. The issue was used to return \$4,635,000 of Series 2001 General Obligation Bonds at March 1, 2011. Series 2010 bonds are due in annual installments through 2020 with interest rates between 2.375% and 4%.	3,365,000.00
On June 14, 2011, the District issued \$10,000,000 in General Obligation Building Bonds, Series 2011. These bonds are due in annual installments through 2030 with interest rates between 2.75% and 3.75%.	10,000,000.00
On April 12, 2012, the District issued \$38,500,000 in General Obligation Bonds, Series 2012. The bonds are due in annual installments through 2030 with interest being paid semiannually at rates between 3.00% and 4.00%.	38,500,000.00
On January 24, 2013, the District issued \$13,575,000 in General Obligation Refunding Bonds, Series 2013. The bonds will be used to refund the 2004 G.O. bonds. The bonds are due in annual installments through 2021 with interest being paid semiannually at rates between 1.25% and 2.00% .	9,125,000.00

PARK HILL SCHOOL DISTRICT  
 NOTES TO THE FINANCIAL STATEMENTS  
 FOR THE YEAR ENDED JUNE 30, 2016

**IV. CHANGES IN LONG-TERM DEBT (CONTINUED)**

**General Obligation Bonds (Concluded)**

On September 24, 2015, the District issued \$20,110,000 in General Obligation Refunding Bonds, Series 2015. The bonds will be used to refund the 2006 G.O. bonds. The bonds are due in annual installments through 2025 with interest being paid semiannually at rates between 2.00% and 3.00% .

20,110,000.00
<u>\$ 81,100,000.00</u>

The annual requirements to amortize all bonds outstanding as of June 30, 2016, including interest payments are as follows:

Fiscal Year Ending June 30,	Principal	Interest	Total
2017	\$ 8,765,000.00	\$ 2,421,556.26	\$ 11,186,556.26
2018	9,245,000.00	2,246,256.26	11,491,256.26
2019	6,055,000.00	1,968,906.26	8,023,906.26
2020	6,370,000.00	1,832,706.26	8,202,706.26
2021	5,075,000.00	1,687,193.76	6,762,193.76
2022-2026	22,350,000.00	6,452,768.78	28,802,768.78
2027-2030	23,240,000.00	2,136,712.50	25,376,712.50
Totals	<u>\$ 81,100,000.00</u>	<u>\$ 18,746,100.08</u>	<u>\$ 99,846,100.08</u>

The Principal and Interest payments for the Bonds are paid out of the Debt Service Fund.

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, 2016.

**DNR Energy Loan**

On November 20, 2003, the Board approved a loan of approximately \$4,118,251 for which the construction maximum amount was \$4,077,711. These funds were used to upgrade current energy issues within existing facilities. As of June 30, 2016, the District had received all funding from this loan.

PARK HILL SCHOOL DISTRICT  
 NOTES TO THE FINANCIAL STATEMENTS  
 FOR THE YEAR ENDED JUNE 30, 2016

**IV. CHANGES IN LONG-TERM DEBT (CONCLUDED)**

**DNR Energy Loan (Concluded)**

The annual requirements to amortize the DNR loan outstanding as of June 30, 2016, including interest payments, are as follows:

Fiscal Year Ending June 30,	Principal	Interest	Total
2017	\$ 322,724.31	\$ 38,179.69	\$ 360,904.00
2018	334,611.24	26,292.76	360,904.00
2019	346,936.00	13,968.00	360,904.00
2020	121,698.74	2,221.00	123,919.74
Totals	\$ 1,125,970.29	\$ 80,661.45	\$ 1,206,631.74

The Principal and Interest payments for the DNR Loan are paid out of the Debt Service Fund.

**V. OPERATING LEASES**

**Operating Leases**

On April 1, 2012, the District renewed the lease with Park College for space in the Parkville Commercial Underground Facility. The District utilizes the leased facility for office space and warehousing maintenance through June 30, 2018. Payments are paid monthly in the amount of \$14,655.93.

On October 20, 2015, the District entered into an operating lease for a 2015 Bobcat S650 Loader with Kansas State Bank of Manhattan. The lease requires a \$6,000.00 payment on closing and is for the one year, which will be paid through an annual lease payment of \$36,902.73 on October 20, 2016. The lease has an interest rate of 4.40%.

On February 12, 2016, the District entered into an operating lease with Prairie View Properties, LLC to rent 4,800 square feet of space at the 7751 NW Prairie View Road Building. The District utilizes the leased facility through June 30, 2018. Payments are paid monthly in the amount of \$3,500.00 per month or \$42,000.00 per year.

The annual requirements to amortize the operating leases outstanding as of June 30, 2016, including interest payments, are as follows:

Fiscal Year Ending June 30,	Underground Office Rent	Bobcat Rental	Prairie View Properties Rent
2017	\$ 175,871.16	\$ 36,902.73	\$ 42,000.00
2018	175,871.16	-	42,000.00
2019	-	-	28,000.00
Totals	\$ 351,742.32	\$ 36,902.73	\$ 112,000.00

PARK HILL SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2016

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**VI. RETIREMENT 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.psr-peers.org](http://www.psr-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 contributions. Any PSRS member who is required to contribute to Social Security comes under the requirements of Section 169.070 (9) RSMo, known as the "2/3's statute." PSRS members required to contribute to Social Security are required to contribute two-thirds of the approved PSRS contribution rate and their employer is required to match the contribution. The members' benefits are further calculated at two-thirds the normal benefit amount. A Comprehensive Annual Financial Report ("CAFR") can be obtained at [www.psr-peers.org](http://www.psr-peers.org).

*Benefits Provided.* PSRS is a defined benefit plan providing retirement, disability, and death/survivor benefits. Members are vested for service retirement benefits after accruing five years of service. Individuals who (a) are at least age 60 and have a minimum of 5 years of service, (b) have 30 years of service, or (c) qualify for benefits under the "Rule of 80" (service and age total at least 80) are entitled to a monthly benefit for life, which is calculated using a 2.5% 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)

PARK HILL SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2016

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**VI. RETIREMENT PLAN (CONTINUED)**

**General Information about the Pension Plan – PSRS (Concluded)**

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](http://www.psr-peers.org). Since the prior valuation date, the benefit provisions were amended to make permanent an early retirement benefit allowing members to retire at any age after 25 years of service.

*Cost-of-Living Adjustments ("COLA").* The PSRS Board has established a policy of providing a 2.00% COLA for years in which the CPI increases between 0.00% and 5.00%. If the CPI increase is greater than 5.00%, the Board will provide a COLA of 5.00%. If the CPI decreases, no COLA is provided. 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 year 2016. Employers were required to match the contributions made by employees. The contribution rate is set each year by the PSRS Board of Trustees upon the recommendation of the independent actuary within the contribution restrictions set in Section 169.030 RSMo. The annual statutory increase in the total contribution rate may not exceed 1% of pay. Contributions for employees of the State of Missouri were made by the state in accordance with the actuarially determined contribution rate needed to fund current costs and prior service costs of state employees as authorized in Section 104.342.8 RSMo.

The District's contributions to PSRS were \$8,593,182 for the year ended June 30, 2016.

**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. A Comprehensive Annual Financial Report ("CAFR") can be obtained at [www.psr-peers.org](http://www.psr-peers.org).

*Benefits Provided.* PEERS is a defined benefit plan providing service retirement and disability benefits to its members. Members are vested for service retirement benefits after accruing five years of service. Individuals who (a) are at least age 60 and have a minimum of five years of service, (b) have 30 years of service, or (c) qualify for benefits under the "Rule of 80" (service and age total at least 80) are entitled to a monthly benefit for life, which is calculated using a 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

PARK HILL SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2016

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**VI. RETIREMENT PLAN (CONTINUED)**

**General Information about the Pension Plan – PEERS (Concluded)**

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](http://www.psr-peers.org).

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

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

The District's contributions to PEERS were \$1,514,397 for the year ended June 30, 2016.

**Pension Liabilities and Pension Expense - PSRS**

At June 30, 2016, the District has a liability of \$75,555,193 for its proportionate share of the net pension liability. The net pension liability for the plan in total was measured as of June 30, 2015, and determined by an actuarial valuation as of that date. The District's proportionate share of the total net pension liability was based on the ratio of its actual contributions of \$8,593,182 paid to PSRS for the year ended June 30, 2015, relative to the actual contributions of \$656,578,122 from all participating employers. At June 30, 2015, the District's proportionate share was 1.3088%.

**Pension Liabilities and Pension Expense - PEERS**

At June 30, 2016, the District has a liability of \$7,786,556 for its proportionate share of the net pension liability. The net pension liability for the plan in total was measured as of June 30, 2015, and determined by an actuarial valuation as of that date. The District's proportionate share of the total net pension liability was based on the ratio of its actual contributions of \$1,514,397 paid to PEERS for the year ended June 30, 2015, relative to the actual contributions of \$102,864,099 from all participating employers. At June 30, 2015, the District's proportionate share was 1.4722%.







PARK HILL SCHOOL DISTRICT  
 NOTES TO THE FINANCIAL STATEMENTS  
 FOR THE YEAR ENDED JUNE 30, 2016

**VI. RETIREMENT PLAN (CONTINUED)**

**Expected Rate of Return**

The long-term expected rate of return on PSRS and PEERS' 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 PSRS and PEERS' target allocation as of June 30, 2015, is summarized below along with the long-term geometric return. Geometric return (also referred to as the time weighted return) is considered standard practice within the investment management industry. Geometric returns represent the compounded rate of growth of a portfolio. The method eliminates the effects created by cash flows.

<b>Asset Class</b>	<b>Target Asset Allocation</b>	<b>Long-term Expected Real Return Arithmetic</b>	<b>Weighted Long-term Expected Real Return Arithmetic Basis</b>
U.S. Public Equity	27.0%	5.85%	1.58%
Public Credit	12.0%	2.44%	0.29%
Hedged Assets	6.0%	5.22%	0.31%
Non-U.S. Public Equity	15.0%	6.64%	1.00%
U.S. Treasuries	16.0%	1.01%	0.16%
U.S. TIPS	4.0%	1.12%	0.04%
Private Credit	2.0%	7.61%	0.15%
Private Equity	10.5%	8.61%	0.90%
Private Real Estate	7.5%	4.60%	0.35%
Total	<u>100.0%</u>		<u>4.78%</u>
Inflation			<u>2.50%</u>
Long-term arithmetical nominal return			<u>7.28%</u>
Effect of coverage matrix			<u>0.81%</u>
Long-term expected geometric return			<u>8.09%</u>

- Discount Rate

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

PARK HILL SCHOOL DISTRICT  
 NOTES TO THE FINANCIAL STATEMENTS  
 FOR THE YEAR ENDED JUNE 30, 2016

**VI. RETIREMENT PLAN (CONTINUED)**

- Discount Rate Sensitivity

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

Discount Rate	<u>1% Decrease (7.00%)</u>	<u>Current Rate (8.00%)</u>	<u>1% Increase (9.00%)</u>
PSRS Proportionate share of the Net Pension			
Liability / (Asset)	\$138,959,744	\$75,555,193	\$22,302,437
PEERS Proportionate share of the Net Pension			
Liability / (Asset)	\$15,719,775	\$7,786,556	\$1,079,706

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

<u>Year Ended</u>	<u>Proportion of the Net Pension Liability (Asset)</u>	<u>Proportionate Share Of the Net Pension Liability (Asset)</u>	<u>Actual Covered Member Payroll</u>	<u>Net Pension Liability (Asset) As a Percentage Of Covered Payroll</u>	<u>Fiduciary Net Position as A Percentage of Total Pension Liability</u>
6/30/15	1.3167%	\$54,018,610	\$58,988,768	91.57%	89.34%
6/30/16	1.3088%	\$75,555,193	\$59,778,882	126.39%	85.78%

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

<u>Year Ended</u>	<u>Proportion of the Net Pension Liability (Asset)</u>	<u>Proportionate Share Of the Net Pension Liability (Asset)</u>	<u>Actual Covered Member Payroll</u>	<u>Net Pension Liability (Asset) As a Percentage Of Covered Payroll</u>	<u>Fiduciary Net Position as A Percentage of Total Pension Liability</u>
6/30/15	1.4959%	\$5,462,517	\$21,813,912	25.04%	91.33%
6/30/16	1.4722%	\$7,786,556	\$22,075,754	35.27%	88.28%

**Schedule of Employer Contributions - PSRS**

<u>Year Ended</u>	<u>Statutorily Required Contribution</u>	<u>Actual Employer Contributions</u>	<u>Contribution Excess/ (Deficiency)</u>	<u>Actual Covered Member Payroll</u>	<u>Contributions as a Percentage of Covered Payroll</u>
6/30/14	\$8,109,502	\$8,109,502	\$ -	\$56,414,177	14.37%
6/30/15	8,478,966	8,478,966	-	58,988,768	14.37%
6/30/16	\$8,593,182	\$8,593,182	\$ -	\$59,778,882	14.37%

PARK HILL SCHOOL DISTRICT  
 NOTES TO THE FINANCIAL STATEMENTS  
 FOR THE YEAR ENDED JUNE 30, 2016

**VI. RETIREMENT PLAN (CONCLUDED)**

**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
6/30/14	\$1,380,975	\$1,380,975	\$ -	\$20,130,825	6.86%
6/30/15	1,496,434	1,496,434	-	21,813,912	6.86%
6/30/16	\$1,514,397	\$1,514,397	\$ -	\$22,075,754	6.86%

**VII. PARTICIPATION IN A PUBLIC ENTITY RISK POOL (MUSIC)**

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 has joined together with approximately 467 other Missouri public school districts and Missouri Junior Colleges 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 it 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 2016 assessment was \$1,303,969.

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.

**VIII. CONTINGENCIES**

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 future funding for disallowed expenditures or other noncompliance with terms of grants and State funding. The District is not aware of any noncompliance with Federal or State provisions that might require the District to provide reimbursement.

The District is involved in pending lawsuits at June 30, 2016. No provision has been made in the financial statements for any loss that might arise in the event of an unfavorable outcome of these matters. District management believes that such litigation and claims will ultimately be resolved without material financial liability, if any, to the District.

PARK HILL SCHOOL DISTRICT  
 NOTES TO THE FINANCIAL STATEMENTS  
 FOR THE YEAR ENDED JUNE 30, 2016

**IX. POST-EMPLOYMENT BENEFITS**

In addition to the pension benefits described in Note VI, page 25, the District allows employees who retire from the District to participate in the District's health, dental and vision insurance plans. Upon meeting the retirement requirements per PSRS or PEERS, the employees can elect to participate in the District's plans. The retirees must pay for 100% of their coverage for each plan in which they elect to participate. The premiums are based on a single-blended rate used for both active employees and retirees. The difference between the amount the retiree is required to pay and the actual cost to the District is considered to be a post-employment benefit. The District has not established an irrevocable trust fund to accumulate resources for 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, 382 retirees participated in the District's insurance plans and paid premiums totaling \$1,198,142.07. There were 11 people who participated in COBRA for the year ended June 30, 2016, and paid premiums totaling \$49,472.07.

**X. INTERFUND TRANSFERS**

During 2016, transfers were made to the Capital Projects Fund and Special Revenue Fund from the General Fund. The transfer to the Capital Projects Fund consists of \$360,904.00 for DNR Energy Conservation loans and \$4,535,117.09 for a 7% $\times$ SAT $\times$ WADA transfer. The maximum allowable transfer is the greater of the prior year guaranteed tax base or 9% of the prior June 30 line one entitlement. A transfer of \$33,882,232.18 was made to the Special Revenue 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, 2016.

Transfers From	Transfers To		Total
	Special Revenue (Teachers') Fund	Capital Projects Fund	
General (Incidental) Fund	\$ 33,882,232.18	\$ 4,896,021.09	\$ 38,778,253.27
	<u>\$ 33,882,232.18</u>	<u>\$ 4,896,021.09</u>	<u>\$ 38,778,253.27</u>

**XI. SUBSEQUENT EVENTS**

The District is currently working on the issuance of General Obligation Refunding Bonds Series 2016 to refund a portion of the Series 2011 bond issuance. The estimated refunding bonds would be issued with an original principal amount of \$8,830,000.00 in order to capitalize on lower interest costs on the refinanced bonds.

## **SUPPLEMENTARY INFORMATION**

**PARK HILL SCHOOL DISTRICT**  
**BUDGETARY COMPARISON SCHEDULE - MODIFIED CASH BASIS -**  
**GENERAL FUND**  
**FOR THE YEAR ENDED JUNE 30, 2016**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance</u>
	<u>Original</u>	<u>Final</u>		<u>Actual Over (Under) Final Budget</u>
<b>Revenues</b>				
Local Sources	\$ 80,646,718.00	\$ 80,646,718.00	\$ 81,735,589.40	\$ 1,088,871.40
County Sources	2,757,394.00	2,757,394.00	3,448,506.82	691,112.82
State Sources	4,347,349.00	4,347,349.00	4,236,982.00	(110,367.00)
Federal Sources	5,380,961.00	5,380,961.00	5,524,318.64	143,357.64
<b>TOTAL REVENUES</b>	<b>93,132,422.00</b>	<b>93,132,422.00</b>	<b>94,945,396.86</b>	<b>1,812,974.86</b>
<b>Expenditures</b>				
<b>Current</b>				
1000-Instruction	9,605,635.00	10,335,790.00	9,876,097.58	(459,692.42)
2000-Attendance	1,408,329.00	1,394,319.00	1,498,165.30	103,846.30
2120-Guidance	50,214.00	49,717.00	333,703.20	283,986.20
2130-Health, Psych Speech & Audio	863,947.00	855,354.00	958,391.47	103,037.47
2210-Improvement of Instruction	573,555.00	567,847.00	459,514.05	(108,332.95)
2214-Professional Development	13,050.00	12,921.00	22,393.30	9,472.30
2220-Media Services	5,137,601.00	5,090,619.00	5,630,392.05	539,773.05
2310-Board of Education Services	863,175.00	854,586.00	906,601.22	52,015.22
2320-Executive Administration	420,903.00	416,715.00	468,307.81	51,592.81
2400-Building Level Administration	2,530,381.00	2,505,204.00	2,464,293.51	(40,910.49)
2510-Business Central Services	1,418,112.00	1,404,592.00	1,400,084.63	(4,507.37)
2540-Operation of Plant	13,654,264.00	13,518,377.00	13,033,822.54	(484,554.46)
2546-Security Services	894,399.00	885,642.00	665,751.83	(219,890.17)
2550-Pupil Transportation	7,844,187.00	7,829,648.00	7,972,274.26	142,626.26
2561-Food Service	5,234,774.00	5,645,732.00	5,078,467.04	(567,264.96)
2600-Central Office Support Services	1,013,501.00	1,025,312.00	1,506,349.91	481,037.91
2900-Other Supporting Services	-	-	-	-
3000-Community Services	3,726,571.00	3,962,429.00	3,927,448.89	(34,980.11)
4000-Capital Outlay	-	-	-	-
Debt Service:				
5100-Principal	-	-	-	-
5200-Interest and Charges	105,000.00	103,955.00	-	(103,955.00)
<b>Total Expenditures</b>	<b>55,357,598.00</b>	<b>56,458,759.00</b>	<b>56,202,058.59</b>	<b>(256,700.41)</b>
<b>Revenues Over (Under)</b>				
<b>Expenditures</b>	<b>37,774,824.00</b>	<b>36,673,663.00</b>	<b>38,743,338.27</b>	<b>2,069,675.27</b>
<b>Other Financing Sources (Uses)</b>				
Transfers	(35,064,198.00)	(34,196,885.00)	(38,778,253.27)	(4,581,368.27)
Sale of Bonds	-	-	-	-
Net Insurance Recovery	-	-	-	-
Tuition from other Districts	-	-	-	-
Transportation From Other LEA's	-	-	-	-
Sale of Other Property/Net Insur Rec	-	-	-	-
<b>Sources (Uses)</b>	<b>(35,064,198.00)</b>	<b>(34,196,885.00)</b>	<b>(38,778,253.27)</b>	<b>(4,581,368.27)</b>
<b>NET CHANGE IN FUND BALANCE</b>	<b>2,710,626.00</b>	<b>2,476,778.00</b>	<b>(34,915.00)</b>	<b>(2,511,693.00)</b>
Fund Balance, July 1, 2015	30,503,818.42	30,503,818.42	30,503,818.42	-
<b>Fund Balance, June 30, 2016</b>	<b>\$ 33,214,444.42</b>	<b>\$ 32,980,596.42</b>	<b>\$ 30,468,903.42</b>	<b>\$ (2,511,693.00)</b>



**PARK HILL SCHOOL DISTRICT**  
**BUDGETARY COMPARISON SCHEDULE - MODIFIED CASH BASIS -**  
**SPECIAL REVENUE FUND**  
**FOR THE YEAR ENDED JUNE 30, 2016**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance</u>
	<u>Original</u>	<u>Final</u>		<u>Actual Over (Under) Final Budget</u>
<b>Revenues</b>				
Local Sources	\$ 9,942,972.00	\$ 9,942,972.00	\$ 10,298,858.86	\$ 355,886.86
County Sources	622,882.00	622,882.00	700,751.57	77,869.57
State Sources	29,167,740.00	29,167,740.00	28,997,543.99	(170,196.01)
Federal Sources	-	-	-	-
<b>TOTAL REVENUES</b>	<b>39,733,594.00</b>	<b>39,733,594.00</b>	<b>39,997,154.42</b>	<b>263,560.42</b>
<b>Expenditures</b>				
<b>Current</b>				
1000-Instruction	62,848,684.00	62,119,932.00	61,647,402.43	(472,529.57)
2000-Attendance	-	-	-	-
2120-Guidance	2,181,626.00	2,156,326.00	2,293,463.05	137,137.05
2130-Health, Psych Speech & Audio	-	-	-	-
2210-Improvement of Instruction	2,237,564.00	2,211,621.00	1,828,746.03	(382,874.97)
2214-Professional Development	64,164.00	63,419.00	282,756.13	219,337.13
2220-Media Services	1,451,900.00	1,435,062.00	1,432,089.40	(2,972.60)
2310-Board of Education Services	-	-	-	-
2320-Executive Administration	427,961.00	423,000.00	560,564.92	137,564.92
2400-Building Level Administration	4,693,445.00	4,639,021.00	4,884,572.28	245,551.28
2510-Business Central Services	212,427.00	209,964.00	217,183.59	7,219.59
2540-Operation of Plant	-	-	-	-
2546-Security Services	83,404.00	82,435.00	78,673.81	(3,761.19)
2550-Pupil Transportation	-	-	-	-
2561-Food Service	-	-	-	-
2600-Central Office Support Services	497,646.00	491,876.00	568,106.45	76,230.45
2900-Other Supporting Services	-	-	-	-
3000-Community Services	98,971.00	97,823.00	85,828.51	(11,994.49)
4000-Capital Outlay	-	-	-	-
Debt Service:				
5100-Principal	-	-	-	-
5200-Interest and Charges	-	-	-	-
<b>Total Expenditures</b>	<b>74,797,792.00</b>	<b>73,930,479.00</b>	<b>73,879,386.60</b>	<b>(51,092.40)</b>
<b>Revenues Over (Under)</b>				
<b>Expenditures</b>	(35,064,198.00)	(34,196,885.00)	(33,882,232.18)	314,652.82
<b>Other Financing Sources (Uses)</b>				
Transfers	35,064,198.00	34,196,885.00	33,882,232.18	(314,652.82)
Sale of Bonds	-	-	-	-
Net Insurance Recovery	-	-	-	-
Tuition from other Districts	-	-	-	-
Sale of Other Property/Net Insur Rec	-	-	-	-
<b>Sources (Uses)</b>	<b>35,064,198.00</b>	<b>34,196,885.00</b>	<b>33,882,232.18</b>	<b>(314,652.82)</b>
<b>NET CHANGE IN FUND BALANCE</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Fund Balance, July 1, 2015	-	-	-	-
<b>Fund Balance, June 30, 2016</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>

**PARK HILL SCHOOL DISTRICT**  
**BUDGETARY COMPARISON SCHEDULE - MODIFIED CASH BASIS -**  
**DEBT SERVICE FUND**  
**FOR THE YEAR ENDED JUNE 30, 2016**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance</u>
	<u>Original</u>	<u>Final</u>		<u>Actual Over (Under) Final Budget</u>
<b>Revenues</b>				
Local Sources	\$ 9,404,233.00	\$ 9,404,233.00	\$ 9,883,626.96	\$ 479,393.96
County Sources	453,955.00	453,955.00	572,879.47	118,924.47
State Sources	-	-	-	-
Federal Sources	-	-	-	-
<b>TOTAL REVENUES</b>	<b>9,858,188.00</b>	<b>9,858,188.00</b>	<b>10,456,506.43</b>	<b>598,318.43</b>
<b>Expenditures</b>				
<b>Current</b>				
1000-Instruction	-	-	-	-
2000-Attendance	-	-	-	-
2120-Guidance	-	-	-	-
2130-Health, Psych Speech & Audio	-	-	-	-
2210-Improvement of Instruction	-	-	-	-
2214-Professional Development	-	-	-	-
2220-Media Services	-	-	-	-
2310-Board of Education Services	-	-	-	-
2320-Executive Administration	-	-	-	-
2400-Building Level Administration	-	-	-	-
2510-Business Central Services	-	-	-	-
2540-Operation of Plant	-	-	-	-
2546-Security Services	-	-	-	-
2550-Pupil Transportation	-	-	-	-
2561-Food Service	-	-	-	-
2600-Central Office Support Services	-	-	-	-
2900-Other Supporting Services	-	-	-	-
3000-Community Services	-	-	-	-
4000-Capital Outlay	-	-	-	-
Debt Service:				
5100-Principal	24,580,000.00	24,626,649.00	24,580,000.00	(46,649.00)
5200-Interest and Charges	3,461,338.00	3,467,906.00	3,464,554.67	(3,351.33)
<b>Total Expenditures</b>	<b>28,041,338.00</b>	<b>28,094,555.00</b>	<b>28,044,554.67</b>	<b>(50,000.33)</b>
<b>Revenues Over (Under)</b>				
<b>Expenditures</b>	<b>(18,183,150.00)</b>	<b>(18,236,367.00)</b>	<b>(17,588,048.24)</b>	<b>648,318.76</b>
<b>Other Financing Sources (Uses)</b>				
Transfers	-	-	-	-
Sale of Bonds	20,090,000.00	20,090,000.00	20,110,000.00	(20,000.00)
Net Insurance Recovery	-	-	-	-
Tuition from other Districts	-	-	-	-
Sale of Other Property/Net Insur Rec	-	-	-	-
<b>Sources (Uses)</b>	<b>20,090,000.00</b>	<b>20,090,000.00</b>	<b>20,110,000.00</b>	<b>(20,000.00)</b>
<b>NET CHANGE IN FUND BALANCE</b>	<b>1,906,850.00</b>	<b>1,853,633.00</b>	<b>2,521,951.76</b>	<b>628,318.76</b>
Fund Balance, July 1, 2015	10,149,909.52	10,149,909.52	10,149,909.52	-
<b>Fund Balance, June 30, 2016</b>	<b>\$ 12,056,759.52</b>	<b>\$ 12,003,542.52</b>	<b>\$ 12,671,861.28</b>	<b>\$ 628,318.76</b>

**PARK HILL SCHOOL DISTRICT**  
**BUDGETARY COMPARISON SCHEDULE - MODIFIED CASH BASIS -**  
**CAPITAL PROJECTS FUND**  
**FOR THE YEAR ENDED JUNE 30, 2016**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance</u>
	<u>Original</u>	<u>Final</u>		<u>Actual Over (Under) Final Budget</u>
<b>Revenues</b>				
Local Sources	\$ 5,894,265.00	\$ 5,894,265.00	\$ 6,240,854.18	\$ 346,589.18
County Sources	122,189.00	122,189.00	262,611.92	140,422.92
State Sources	76,073.00	76,073.00	3,460,742.19	3,384,669.19
Federal Sources	-	-	2,986.37	2,986.37
<b>TOTAL REVENUES</b>	<b>6,092,527.00</b>	<b>6,092,527.00</b>	<b>9,967,194.66</b>	<b>3,874,667.66</b>
<b>Expenditures</b>				
<b>Current</b>				
1000-Instruction	4,579,471.00	5,057,858.00	5,519,690.19	461,832.19
2000-Attendance	-	-	-	-
2120-Guidance	-	-	-	-
2130-Health, Psych Speech & Audio	8,000.00	8,836.00	8,666.04	(169.96)
2210-Improvement of Instruction	2,489.00	2,749.00	3,380.84	631.84
2214-Professional Development	-	-	-	-
2220-Media Services	4,574,760.00	5,052,655.00	3,198,694.26	(1,853,960.74)
2310-Board of Education Services	2,500.00	2,761.00	-	(2,761.00)
2320-Executive Administration	-	-	496.50	496.50
2400-Building Level Administration	-	-	-	-
2510-Business Central Services	14,000.00	15,463.00	2,178.22	(13,284.78)
2540-Operation of Plant	3,404,200.00	3,759,814.00	4,132,975.93	373,161.93
2546-Security Services	-	-	7,544.90	7,544.90
2550-Pupil Transportation	-	-	-	-
2561-Food Service	-	-	562,370.91	562,370.91
2600-Central Office Support Services	5,000.00	5,522.00	2,403.39	(3,118.61)
2900-Other Supporting Services	-	-	-	-
3000-Community Services	-	-	17,670.84	17,670.84
4000-Capital Outlay	5,606,540.00	120,803.00	202,504.85	81,701.85
Debt Service:	-	-	-	-
5100-Principal	311,260.00	343,775.00	311,259.66	(32,515.34)
5200-Interest and Charges	54,945.00	54,919.00	50,069.76	(4,849.24)
<b>Total Expenditures</b>	<b>18,563,165.00</b>	<b>14,425,155.00</b>	<b>14,019,906.29</b>	<b>(405,248.71)</b>
<b>Revenues Over (Under)</b>				
<b>Expenditures</b>	<b>(12,470,638.00)</b>	<b>(8,332,628.00)</b>	<b>(4,052,711.63)</b>	<b>4,279,916.37</b>
<b>Other Financing Sources (Uses)</b>				
Transfers	-	-	4,896,021.09	4,896,021.09
Sale of Bonds	-	-	-	-
Net Insurance Recovery	-	-	-	-
Tuition from other Districts	-	-	-	-
Sale of Other Property/Net Insur Rec	-	-	29,030.81	29,030.81
<b>Sources (Uses)</b>	<b>-</b>	<b>-</b>	<b>4,925,051.90</b>	<b>4,925,051.90</b>
<b>NET CHANGE IN FUND BALANCE</b>	<b>(12,470,638.00)</b>	<b>(8,332,628.00)</b>	<b>872,340.27</b>	<b>9,204,968.27</b>
Fund Balance, July 1, 2015	15,726,368.73	15,726,368.73	15,726,368.73	-
<b>Fund Balance, June 30, 2016</b>	<b>\$ 3,255,730.73</b>	<b>\$ 7,393,740.73</b>	<b>\$ 16,598,709.00</b>	<b>\$ 9,204,968.27</b>

**PARK HILL SCHOOL DISTRICT**  
**BUDGETARY COMPARISON SCHEDULE - MODIFIED CASH BASIS -**  
**ALL GOVERNMENTAL FUNDS**  
**FOR THE YEAR ENDED JUNE 30, 2016**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance</u>
	<u>Original</u>	<u>Final</u>		<u>Actual Over (Under) Final Budget</u>
<b>Revenues</b>				
Local Sources	\$ 105,888,188.00	\$ 105,888,188.00	\$ 108,158,929.40	\$ 2,270,741.40
County Sources	3,956,420.00	3,956,420.00	4,984,749.78	1,028,329.78
State Sources	33,591,162.00	33,591,162.00	36,695,268.18	3,104,106.18
Federal Sources	5,380,961.00	5,380,961.00	5,527,305.01	146,344.01
<b>TOTAL REVENUES</b>	<b>148,816,731.00</b>	<b>148,816,731.00</b>	<b>155,366,252.37</b>	<b>6,549,521.37</b>
<b>Expenditures</b>				
<b>Current</b>				
1000-Instruction	77,033,790.00	77,513,580.00	77,043,190.20	(470,389.80)
2000-Attendance	1,408,329.00	1,394,319.00	1,498,165.30	103,846.30
2120-Guidance	2,231,840.00	2,206,043.00	2,627,166.25	421,123.25
2130-Health, Psych Speech & Audio	871,947.00	864,190.00	967,057.51	102,867.51
2210-Improvement of Instruction	2,813,608.00	2,782,217.00	2,291,640.92	(490,576.08)
2214-Professional Development	77,214.00	76,340.00	305,149.43	228,809.43
2220-Media Services	11,164,261.00	11,578,336.00	10,261,175.71	(1,317,160.29)
2310-Board of Education Services	865,675.00	857,347.00	906,601.22	49,254.22
2320-Executive Administration	848,864.00	839,715.00	1,029,369.23	189,654.23
2400-Building Level Administration	7,223,826.00	7,144,225.00	7,348,865.79	204,640.79
2510-Business Central Services	1,644,539.00	1,630,019.00	1,619,446.44	(10,572.56)
2540-Operation of Plant	17,058,464.00	17,278,191.00	17,166,798.47	(111,392.53)
2546-Security Services	977,803.00	968,077.00	751,970.54	(216,106.46)
2550-Pupil Transportation	7,844,187.00	7,829,648.00	7,972,274.26	142,626.26
2561-Food Service	5,234,774.00	5,645,732.00	5,640,837.95	(4,894.05)
2600-Central Office Support Services	1,516,147.00	1,522,710.00	2,076,859.75	554,149.75
2900-Other Supporting Services	-	-	-	-
3000-Community Services	3,825,542.00	4,060,252.00	4,030,948.24	(29,303.76)
4000-Capital Outlay	5,606,540.00	120,803.00	202,504.85	81,701.85
Debt Service:				
5100-Principal	24,891,260.00	24,970,424.00	24,891,259.66	(79,164.34)
5200-Interest and Charges	3,621,283.00	3,626,780.00	3,514,624.43	(112,155.57)
<b>Total Expenditures</b>	<b>176,759,893.00</b>	<b>172,908,948.00</b>	<b>172,145,906.15</b>	<b>(763,041.85)</b>
<b>Revenues Over (Under)</b>				
<b>Expenditures</b>	<b>(27,943,162.00)</b>	<b>(24,092,217.00)</b>	<b>(16,779,653.78)</b>	<b>7,312,563.22</b>
<b>Other Financing Sources (Uses)</b>				
Transfers	-	-	-	-
Sale of Bonds	20,090,000.00	20,090,000.00	20,110,000.00	20,000.00
Net Insurance Recovery	-	-	-	-
Tuition from other Districts	-	-	-	-
Transportation From Other LEA's	-	-	-	-
Sale of Other Property/Net Insur Rec	-	-	29,030.81	29,030.81
<b>Sources (Uses)</b>	<b>20,090,000.00</b>	<b>20,090,000.00</b>	<b>20,139,030.81</b>	<b>49,030.81</b>
<b>NET CHANGE IN FUND BALANCES</b>	<b>(7,853,162.00)</b>	<b>(4,002,217.00)</b>	<b>3,359,377.03</b>	<b>7,361,594.03</b>
Fund Balances, July 1, 2015	56,380,096.67	56,380,096.67	56,380,096.67	-
<b>Fund Balances, June 30, 2016</b>	<b>\$ 48,526,934.67</b>	<b>\$ 52,377,879.67</b>	<b>\$ 59,739,473.70</b>	<b>\$ 7,361,594.03</b>

PARK HILL SCHOOL DISTRICT  
NOTES TO THE BUDGETARY COMPARISON SCHEDULES  
YEAR ENDED JUNE 30, 2016

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**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 of the political subdivision.
- 2) Prior to July, the Superintendent, who serves as the budget officer, submits to the Board of Education a proposed budget for the fiscal year beginning 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) On June 25, 2015, the budget was legally enacted by vote of the Board of Education.
- 5) Subsequent to its formal approval of the budget, the Board of Education has the authority to make necessary adjustments to the budget by formal vote of the Board. Adjustments made during the year are reflected in the budget information included in the financial statements.
- 6) Budgets for District funds are prepared and adopted on the cash basis (budget basis), recognizing revenues when collected and expenditures when paid.

PARK HILL SCHOOL DISTRICT  
OTHER POST-EMPLOYMENT BENEFITS  
YEAR ENDED JUNE 30, 2016

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**POST-EMPLOYMENT BENEFITS**

In addition to the pension benefits described in Note VI, page 25, the District allows employees who retire from the District to participate in the District's health, dental and vision insurance plans. Upon meeting the retirement requirements per PSRS or PEERS, the employees can elect to participate in the District's plans. The retirees must pay for 100% of their coverage for each plan in which they elect to participate. The premiums are based on a single-blended rate used for both active employees and retirees. The difference between the amount the retiree is required to pay and the actual cost to the District is considered to be a post-employment benefit. The District has not established an irrevocable trust fund to accumulate resources for 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, 382 retirees participated in the District's insurance plans and paid premiums totaling \$1,198,142.07. There were 11 people who participated in COBRA for the year ended June 30, 2016, and paid premiums totaling \$49,472.07.

## **STATE COMPLIANCE SECTION**



**Daniel Jones  
& Associates**  
CERTIFIED PUBLIC ACCOUNTANTS

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

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**INDEPENDENT AUDITOR'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  
Park Hill School District

**Report on Compliance with State Requirements**

We have examined management's assertions that the Park Hill 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, 2016.

**Management's Responsibility**

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

**Auditor's 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 Park Hill School District complied with the aforementioned requirements for the year ended June 30, 2016, are fairly stated, in all material respects.

This report is intended solely for the information and use of the 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

October 14, 2016



PARK HILL SCHOOL DISTRICT  
DISTRICT COUNTY NUMBER 083-005  
SCHEDULE OF SELECTED STATISTICS  
YEAR ENDED JUNE 30, 2016

TYPE OF AUDIT PERFORMED – SINGLE AUDIT

**I. CALENDAR**

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

	SDL
Kindergarten - 5	6.4167
Grades 6-8	6.5333
Grades 9-12 Park Hill High and South High	6.7167
Grades K-12 Russell Jones Center Day School	6.5500

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

	Hours
Kindergarten	1,119.34
Grades 1-5	1,119.34
Grades 6-8	1,155.86
Grades 9-12 (Park Hill High School)	1,165.34
Grades 9-12 (Park Hill South High School)	1,162.37
Grades K-12 (Russell Jones Center Day School)	1,106.00

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

	Days
Kindergarten	178
Grades 1-5	178
Grades 6-8	178
Grades 9-12 (Park Hill High School)	178
Grades 9-12 (Park Hill South High School)	178
Grades K-12 (Russell Jones Center Day School)	178

**II. AVERAGE DAILY ATTENDANCE (ADA)**

Regular Term	Full-Time / Part-Time	Remedial	Total
Grades K	813.7200	-	813.7200
Grades 1-5	4,019.5616	0.5628	4,020.1244
Grades 6-8	2,463.6918	-	2,463.6918
Grades 9-12	3,203.4111	-	3,203.4111
Subtotal Regular Term	10,500.3845	0.5628	10,500.9473
<b>SUMMER SCHOOL SUBTOTAL</b>			398.4207

The applicable summer school for this fiscal year was held in calendar year 2015.

**TOTAL REGULAR TERM PLUS SUMMER SCHOOL ADA** 10,899.3680

PARK HILL SCHOOL DISTRICT  
DISTRICT COUNTY NUMBER 083-005  
SCHEDULE OF SELECTED STATISTICS  
YEAR ENDED JUNE 30, 2016

**III. SEPTEMBER MEMBERSHIP**

<b>September Membership FTE Count (Full-time and part-time)</b>	11,061
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**IV. FREE AND REDUCED PRICED LUNCH FTE COUNT (SECTION 163.011(6), RSMo)**

Free (Full-time and part-time)	2,506
Reduced (Full-time and part-time)	688
Total (Full-time and part-time)	3,194

**V. FINANCE**

- |  |              |
|--|--------------|
| A. As required by Section 162.401, RSMo, a bond was purchased for the District’s treasurer in the total amount of .....  | \$ 50,000    |
| B. The District’s deposits were secured during the year as required by Sections 110.010 and 110.020, RSMo.....   | TRUE         |
| C. The District maintained a separate bank account for the Debt Service Fund in accordance with Section 165.011, RSMo.....   | TRUE         |
| D. Salaries reported for educators in the October Core Data cycle are supported by payroll/contract records.....   | TRUE         |
| E. If a \$162,326 or 7% x SAT x WADA transfer was made in excess of adjusted expenditures, the Board approved a resolution to make the transfer, which identified the specific projects to be funded by the transfer and an expected expenditure date for the projects to be undertaken..... | TRUE         |
| F. The District published a summary of the prior year’s audit report within 30 days of the receipt of the audit pursuant to Section 165.121, RSMo.....   | TRUE         |
| G. The District has a professional development committee plan adopted by the board with the professional development committee plan identifying the expenditure of seventy-five percent (75%) of one percent (1%) of the current year basic formula apportionment.....                       | TRUE         |
| H. The amount spent for approved professional development committee plan activities was:.....  | \$305,149.43 |

PARK HILL SCHOOL DISTRICT  
DISTRICT COUNTY NUMBER 083-005  
SCHEDULE OF SELECTED STATISTICS  
YEAR ENDED JUNE 30, 2016

**VI. TRANSPORTATION (SECTION 163.161, RSMO)**

A.	The school transportation allowable costs substantially conform to 5 CSR 30-261.040, Allowable Costs for State Transportation Aid.....	<u>TRUE</u>
B.	The District’s school transportation ridership records are maintained in a manner to accurately disclose in all material respects the average number of regular riders transported.....	<u>TRUE</u>
C.	Based on the ridership records, the average number of students (non-disabled K-12, K-12 students with disabilities and career education) transported on a regular basis (ADT) was:	
	• Eligible ADT.....	<u>5,953.00</u>
	• Ineligible ADT.....	<u>1,268.00</u>
D.	The District’s transportation odometer mileage records are maintained in a manner to accurately disclose in all material respects the eligible and ineligible mileage for the year.....	<u>TRUE</u>
E.	Actual odometer records show the total District-operated and contracted mileage for the year was:.....	<u>1,339,042.00</u>
	Of this total, the eligible non-disabled and students with disabilities route miles and the ineligible non-route and disapproved miles (combined) was:	
	• Eligible Miles.....	<u>1,145,587.00</u>
	• Ineligible Miles (Non-Route/Disapproved).....	<u>193,455.00</u>
F.	Number of days the District operated the school transportation system during the regular school year:.....	<u>179</u>

PARK HILL SCHOOL DISTRICT  
SCHEDULE OF STATE FINDINGS  
YEAR ENDED JUNE 30, 2016

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**I. Chapter 67 RSMO (Budget Statute)**

Chapter 67 RSMo requires that each political subdivision of the State of Missouri adopts 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.

There were no state budget findings for the year ended June 30, 2016.

**II. Other State Findings**

There were no other state findings for the year ended June 30, 2016.

**FEDERAL COMPLIANCE SECTION**



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**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  
Park Hill 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 Park Hill School District ("District"), as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated October 14, 2016.

***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.

*Daniel Jones & Associates*

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

October 14, 2016



# Daniel Jones & Associates

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

CERTIFIED PUBLIC ACCOUNTANTS

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## 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  
Park Hill School District

#### **Report on Compliance for Each Major Federal Program**

We have audited Park Hill 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, 2016. 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 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 the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

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

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



## Report on Internal Control Over Compliance

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

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

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

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

*Daniel Jones & Associates*

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

October 14, 2016

**PARK HILL SCHOOL DISTRICT**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**YEAR ENDED JUNE 30, 2016**

Federal Grantor/Pass-Through Grantor Program Title	CFDA Number	Pass Through Identification Number	Passed Through to Subrecipients	Total Federal Expenditures
<b><u>Cash Federal Expenditures</u></b>				
<b>U.S. Department of Education:</b>				
<i>Passed through Missouri Department of Elementary and Secondary Education:</i>				
Special Education Cluster				
Special Education Cluster Grants to States - IDEA	84.027	083-005	\$ -	\$ 1,803,214.93
Special Education High Need Fund	84.027	083-005	-	61,602.48
ECSE Preschool Grants	84.173	083-005	-	248,082.00
Total Special Education Cluster			-	2,112,899.41
Title I Grants to Local Education Agencies	84.010	083-005	-	797,852.63
Title II-A, ESEA - Teacher & Principal Quality	84.367	083-005	-	162,730.64
Title III English Language Acq Grants	84.365	083-005	-	84,169.72
Total U.S. Department of Education			-	<b>3,157,652.40</b>
<b>U.S. Department of Agriculture:</b>				
<i>Passed through Missouri Department of Elementary and Secondary Education:</i>				
Child Nutrition Cluster				
National School Lunch Program	10.555	083-005	-	1,899,383.91
School Breakfast Program	10.553	083-005	-	438,327.30
After School Snack Program	10.555	083-005	-	10,469.73
			-	2,348,180.94
<b><u>Non - Cash Proceeds</u></b>				
Food Distribution - Commodities	10.555	083-005	-	402,444.88
Total Child Nutrition Cluster/U.S. Department of Agriculture			-	<b>2,750,625.82</b>
Total Schedule of Expenditures of Federal Awards			\$ -	<b>\$ 5,908,278.22</b>

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

PARK HILL SCHOOL DISTRICT  
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED JUNE 30, 2016

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NOTE 1 – BASIS OF PRESENTATION

The accompanying Schedule of Expenditures of Federal Awards (the “Schedule”) includes the federal award activity of the Park Hill School District under programs of the federal government for the year ended June 30, 2016. The information in this Schedule is presented in accordance with the 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 Park Hill School District, it is not intended to and does not present the financial position, changes in net assets, or cash flows of the Park Hill 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, as applicable, either the cost principles in OMB Circular A-87, *Cost Principles for State, Local, and Indian Tribal Governments*, or the cost principles contained in Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, 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 to use the 10-percent 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	\$5,524,318.64
Special Revenue Fund	-
Capital Projects Fund	2,986.37
Total	<u>\$5,527,305.01</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 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.

NOTE 8 – SUBRECIPIENTS

The District provided no federal awards to subrecipients during the year ended June 30, 2016.

PARK HILL SCHOOL DISTRICT  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED JUNE 30, 2016

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**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  No
  - b. Significant deficiency(ies) identified?  Yes  None Reported
3. Noncompliance material to financial statements noted?  Yes  No

B. Federal Awards

1. Internal control over major federal programs:
  - a. Material weakness(es) identified?  Yes  No
  - b. Significant deficiency(ies) identified?  Yes  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  No
4. Identification of major federal programs:

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

PARK HILL SCHOOL DISTRICT  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED JUNE 30, 2016

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**II. FINDINGS – FINANCIAL STATEMENT AUDIT**

There were no audit findings related to internal control, compliance, questioned costs, or fraud that related to the basic financial statements for the year ended June 30, 2016.

**III. FEDERAL AWARD FINDINGS AND QUESTIONED COSTS**

There were no audit findings related to internal control, compliance, questioned costs, or fraud related to federal awards for the year ended June 30, 2016.

PARK HILL SCHOOL DISTRICT  
SUMMARY SCHEDULE OF PRIOR YEAR FINDINGS  
FOR THE YEAR ENDED JUNE 30, 2016

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**I. PRIOR YEAR FINDINGS – FINANCIAL STATEMENTS AUDIT**

There were no audit findings related to internal control, compliance, questioned costs, or fraud that related to the basic financial statements for the year ended June 30, 2015.

**II. PRIOR YEAR FINDINGS – FEDERAL AWARDS**

There were no audit findings related to internal control, compliance, questioned costs, or fraud related to federal awards for the year ended June 30, 2015.