

NEW ISSUE
BOOK-ENTRY ONLY
BANK QUALIFIED

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

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

\$8,055,000*
DUNKLIN R-V SCHOOL DISTRICT OF
JEFFERSON COUNTY, MISSOURI
GENERAL OBLIGATION REFUNDING AND IMPROVEMENT BONDS
(MISSOURI DIRECT DEPOSIT PROGRAM)
SERIES 2018

Dated: Date of Delivery

Due: March 1, as shown on the inside cover

The General Obligation Refunding and Improvement Bonds (Missouri Direct Deposit Program), Series 2018 (the "**Bonds**") will be issued by the Dunklin R-V School District of Jefferson County, Missouri (the "**District**") for the purpose of providing funds to (1) refund a portion of the District's outstanding general obligation bonds, (2) pay the costs of the Project, and (3) pay the costs of issuance of the Bonds. See the section captions "**PLAN OF FINANCING.**"

The Bonds will be issued as fully-registered bonds in the denomination of \$5,000 or integral multiples thereof. Principal of the Bonds will be payable annually as set forth on the inside cover of this Official Statement. Interest on the Bonds is payable semiannually on each March 1 and September 1, commencing September 1, 2019, to the persons who are the registered owners of the Bonds as of the close of business on the 15th day of the month preceding the applicable interest payment date.

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

The Bonds are subject to certain risks. See the section captioned "**RISK FACTORS.**"

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

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

The Bonds are offered when, as and if issued by the District, subject to the approval of validity by Gilmore & Bell, P.C., St. Louis, Missouri, Bond Counsel to the District, and subject to certain other conditions. Bond Counsel will also pass on certain matters relating to this Official Statement. It is expected that the Bonds will be available for delivery through the facilities of The Depository Trust Company in New York, New York on or about December 4, 2018.

The date of this Official Statement is October __, 2018.

* Preliminary; subject to change.

\$8,055,000*
DUNKLIN R-V SCHOOL DISTRICT OF
JEFFERSON COUNTY, MISSOURI
GENERAL OBLIGATION REFUNDING AND IMPROVEMENT BONDS
(MISSOURI DIRECT DEPOSIT PROGRAM)
SERIES 2018

MATURITY SCHEDULE*

Base CUSIP: 473232

<u>Due</u> <u>(March 1)</u>	<u>Principal</u> <u>Amount</u>	<u>Interest</u> <u>Rate</u>	<u>Price</u>	<u>CUSIP</u>
2021	\$ 85,000	%	%	
2022	95,000			
2023	105,000			
2024	110,000			
2025	505,000			
2026	255,000			
2027	240,000			
2028	195,000			
2029	1,035,000			
2030	140,000			
2031	150,000			
2032	160,000			
2033	175,000			
2034	180,000			
2035	190,000			
2036	1,410,000			
2037	1,475,000			
2038	1,550,000			

* Preliminary; subject to change.

**DUNKLIN R-V SCHOOL DISTRICT
OF JEFFERSON COUNTY, MISSOURI**

497 Joachim Avenue
Herculaneum, Missouri 63048
(636) 479-5200

BOARD OF EDUCATION

Mrs. Dawn Warner, President and Member
Mrs. Tammy Heidland, Vice President and Member
Mrs. Cheryl Aylesworth, Member
Mrs. Susan Hartmann, Member
Mr. Michael Hicks, Member
Mr. Jim Kasten, Member
Mr. John Maddox, Member

DISTRICT ADMINISTRATION

Mr. Stan Stratton, *Superintendent*
Dr. Clint Freeman, *Deputy Superintendent*
Ms. Katie Thone, *District Accountant*

FINANCIAL ADVISOR

Piper Jaffray & Co.
St. Louis, Missouri

BOND COUNSEL AND DISCLOSURE COUNSEL

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

PAYING/ESCROW AGENT

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

REGARDING USE OF THIS OFFICIAL STATEMENT

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

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

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

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

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OFFICIAL STATEMENT

\$8,055,000*

**DUNKLIN R-V SCHOOL DISTRICT OF
JEFFERSON COUNTY, MISSOURI
GENERAL OBLIGATION REFUNDING AND IMPROVEMENT BONDS
(MISSOURI DIRECT DEPOSIT PROGRAM)
SERIES 2018**

INTRODUCTION

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

General

This Official Statement, including the cover page and appendices hereto, is furnished to prospective purchasers in connection with the offering and sale of \$8,055,000* aggregate principal amount of General Obligation Refunding and Improvement Bonds (Missouri Direct Deposit Program), Series 2018 (the “**Bonds**”) by the Dunklin R-V School District of Jefferson County, Missouri (the “**District**”). The issuance and sale of the Bonds is authorized by a resolution of the Board of Education of the District adopted on October 16, 2018 (the “**Resolution**”). *All capitalized terms used herein and not otherwise defined herein have the meanings assigned to those terms in the Resolution.*

Purpose of the Bonds

On August 7, 2018, the required majority of the qualified voters of the District approved the issuance of \$6,000,000 of general obligation bonds to pay the costs of acquiring, constructing, renovating, furnishing and equipping school sites, buildings and related facilities for school purposes, including additions and renovations to existing buildings, construction of a bus garage and the acquisition of land (the “**Project**”). The issuance of the Bonds includes all the general obligation bonds approved by the voters of the District on August 7, 2018.

The Bonds will provide funds to (a) refund (1) all of the outstanding principal of the District’s General Obligation Refunding Bonds (Missouri Direct Deposit Program), Series 2009A, maturing on March 1, 2025, in the aggregate principal amount of \$220,000 (the “**Series 2009A Refunded Bonds**”) and (2) all of the outstanding principal of the District’s Taxable General Obligation Bonds (Build America Bonds – Direct Payment to District) (Missouri Direct Deposit Program), Series 2009B, maturing on March 1, 2029, in the aggregate principal amount of \$1,940,000 (the “**Series 2009B Refunded Bonds**” and, together with the Series 2009A Refunded Bonds, the “**Refunded Bonds**”), (b) pay the costs of the Project, and (c) pay the costs of issuance of the Bonds. See the section herein captioned “**PLAN OF FINANCING.**”

Security for the Bonds

General. The Bonds will constitute general obligations of the District and will be payable as to principal or Redemption Price (as defined herein) of and interest on the Bonds from ad valorem taxes, which may be levied without limitation as to rate or amount upon all of the taxable tangible property, real and personal, within

* Preliminary; subject to change.

the territorial limits of the District. See the section herein captioned “**SECURITY FOR THE BONDS – General.**”

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

Continuing Disclosure

The District has agreed in an Omnibus Continuing Disclosure Undertaking dated as of April 1, 2015 (the “**Continuing Disclosure Undertaking**”), which will be made applicable to the Bonds by the execution of an Adoption Agreement, to provide certain financial information and operating data relating to the District and to provide notices of the occurrence of certain enumerated events relating to the Bonds. The financial information, operating data and notice of events will be filed by the District in compliance with Rule 15c2-12 promulgated by the Securities and Exchange Commission (the “**Rule**”). See the section herein captioned “**CONTINUING DISCLOSURE UNDERTAKING.**”

Description of Documents

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

THE BONDS

General

The Bonds are being issued in the aggregate principal amount of \$8,055,000*. The Bonds are dated as of the date of original delivery of and payment for such Bonds and the principal is payable on March 1 in the years and in the principal amounts set forth on the inside cover page hereof, subject to redemption and payment prior to maturity, upon the terms and conditions described under the section herein captioned “**THE BONDS – Redemption Provisions.**” Interest on the Bonds is calculated at the rates per annum set forth on the inside cover page, computed on the basis of a 360-day year of twelve 30-day months. The Bonds shall consist of fully-registered bonds in denominations of \$5,000 or any integral multiple thereof. Interest on the Bonds is payable from the date thereof or the most recent date to which interest has been paid and is payable semiannually on March 1 and September 1 in each year, beginning September 1, 2019.

Payment of the interest on the Bonds will be made to the person in whose name such Bond is registered on the registration books (the “**Bond Register**”) at the close of business on the 15th day (whether or not a Business Day) of the calendar month next preceding an interest payment date (the “**Record Date**”). Interest on the Bonds will be paid to the Registered Owners thereof by check or draft mailed by UMB Bank, N.A. (the “**Paying Agent**”), to each Owner at the address shown on the Bond Register or at such other address as is furnished to the Paying Agent in writing by such Registered Owner, or by electronic transfer to such Registered Owner upon written notice signed by such Registered Owner and given to the Paying Agent not less than 15 days prior to the Record Date for such interest payment, containing the electronic transfer instructions including

* Preliminary; subject to change.

the name and address of the bank, the ABA routing number and the account number to which such Owner wishes to have such transfer directed and an acknowledgement that an electronic transfer fee may be applicable.

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

Book-Entry Only System

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

The following information concerning DTC and DTC’s book-entry system has been obtained from DTC. The District takes no responsibility for the accuracy or completeness thereof and neither the Indirect Participants nor the Beneficial Owners should rely on the following information with respect to such matters, but should instead confirm the same with DTC or the Direct Participants, as the case may be. There can be no assurance that DTC will abide by its procedures or that such procedures will not be changed from time to time.

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

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

Purchases of Ownership Interests. Purchases of Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Bonds on DTC’s records. The ownership interest of each actual purchaser of each Bond (“**Beneficial Owner**”) is in turn to be recorded on the Direct and Indirect Participants’ records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction,

as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Bonds are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in the Bonds, except in the event that use of the book-entry system for the Bonds is discontinued.

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

Notices. Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial Owners of Bonds may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Bonds, such as redemptions, tenders, defaults, and proposed amendments to the Bond documents. For example, Beneficial Owners of Bonds may wish to ascertain that the nominee holding the Bonds for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the registrar and request that copies of notices be provided directly to them.

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

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

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

Discontinuation of Book-Entry System. DTC may discontinue providing its services as securities depository with respect to the Bonds at any time by giving reasonable notice to the District or the Paying Agent.

Under such circumstances, in the event that a successor depository is not obtained, Bond certificates are required to be printed and delivered.

If the District determines that it is in the best interest of the Beneficial Owners that they be able to obtain certificated Bonds, the District may notify the Securities Depository and the Paying Agent, whereupon the Securities Depository shall notify all Participants of the availability through the Securities Depository of Bond certificates.

Registration, Transfer and Exchange of Bonds

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

Upon surrender of any Bond at the payment office of the Paying Agent, the Paying Agent shall transfer or exchange such Bond for a new Bond or Bonds in any authorized denomination of the same Stated Maturity and in the same aggregate or principal amount as the Bond that was presented for transfer or exchange. Bonds presented for transfer or exchange shall be accompanied by a written instrument or instruments of transfer or authorization for exchange, in a form and with guarantee of signature satisfactory to the Paying Agent, duly executed by the Registered Owner thereof or by the Registered Owner's duly authorized agent. In all cases in which the privilege of transferring or exchanging Bonds is exercised, the Paying Agent shall authenticate and deliver Bonds in accordance with the provisions of the Resolution. The District shall pay the fees and expenses of the Paying Agent for the registration, transfer and exchange of Bonds provided for by the Resolution and the cost of printing a reasonable supply of registered bond blanks. Any additional costs or fees that might be incurred in the secondary market, other than fees of the Paying Agent, are the responsibility of the Registered Owners of the Bonds. If any Registered Owner fails to provide a correct taxpayer identification number to the Paying Agent, the Paying Agent may make a charge against such Registered Owner sufficient to pay any governmental charge required to be paid as a result of such failure. The District and the Paying Agent shall not be required to (1) to register the transfer or exchange of any Bond that has been called for redemption after notice of such redemption has been mailed by the Paying Agent in accordance with the Resolution and during the period of 15 days next preceding the date of mailing of such notice of redemption, or (2) register the transfer or exchange of any Bond during a period beginning at the opening of business on the day after receiving written notice from the District of its intent to pay Defaulted Interest and ending at the close of business on the date fixed for the payment of Defaulted Interest pursuant to the Resolution.

Redemption Provisions

At the option of the District, the Bonds or portions thereof maturing on March 1, 2027 and thereafter may be called for redemption and payment prior to their Stated Maturity on March 1, 2026 and thereafter as a whole or in part at any time at the Redemption Price of 100% of the principal amount thereof plus accrued interest thereon to the Redemption Date (as defined herein).

Selection of Bonds to be Redeemed

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

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

Notice of Redemption

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

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

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

Effect of Call for Redemption

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

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

Defeasance

When any or all of the principal of the Bonds or scheduled interest payments thereon have been paid and discharged, then the requirements contained in the Resolution and the pledge of the District's faith and credit hereunder and all other rights granted thereby shall terminate with respect to the principal of the Bonds or scheduled interest payments thereon so paid and discharged. Principal of the Bonds or scheduled interest payments thereon shall be deemed to have been paid and discharged within the meaning of the Resolution if there has been deposited with the Paying Agent, or other commercial bank or trust company located in the State of Missouri and having full trust powers, at or prior to the Stated Maturity or Redemption Date of said principal of the Bonds or the interest payments thereon, in trust for and irrevocably appropriated thereto, money and/or Defeasance Obligations which, together with the interest to be earned on any such Defeasance Obligations, will be sufficient for the payment of the principal of said Bonds and interest accrued to the Stated Maturity or Redemption Date, or if default in such payment has occurred on such date, then to the date of the tender of such payments.

Any money and Defeasance Obligations that at any time shall be deposited by or on behalf of the District with the Paying Agent or other commercial bank or trust company by or on behalf of the District for the purpose of paying and discharging any of the principal of the Bonds or scheduled interest payments thereon shall be assigned, transferred and set over to the Paying Agent or other bank or trust company in trust for the respective Registered Owners of the Bonds, and such money shall be irrevocably appropriated to the payment and discharge thereof. All money and Defeasance Obligations deposited with the Paying Agent or other bank or trust company shall be deemed to be deposited in accordance with and subject to all of the provisions of the Resolution.

Defeasance Obligations include non-callable United States Government Obligations, defined in the Resolution as bonds, notes, certificates of indebtedness, treasury bills or other securities constituting direct obligations of, or obligations the principal of and interest on which are fully and unconditionally guaranteed as to full and timely payment by, the United States of America. There is no legal requirement in the Resolution that United States Government Obligations be or remain rated in the highest rating category by any rating agency.

SECURITY FOR THE BONDS

General

Pledge of Full Faith and Credit. The Bonds will constitute general obligations of the District and will be payable as to principal or Redemption Price of and interest on the Bonds from ad valorem taxes, which may be levied without limitation as to rate or amount upon all the taxable tangible property, real and personal, within the territorial limits of the District. The full faith, credit and resources of the District are irrevocably pledged for the prompt payment of the principal or Redemption Price of and interest on the Bonds as the same become due.

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

Direct Deposit of State Aid Payments

Pursuant to Section 360.111 *et seq.* of the Revised Statutes of Missouri, as amended, and related statutes (the “**Deposit Law**”), the State of Missouri (the “**State**”) and the District may agree to transfer to BOKF, N.A., as direct deposit trustee (the “**Deposit Trustee**”), a portion of the District’s State aid payments and distributions normally used for operational purposes (“**State Aid**”) in order to provide for payment of debt service on the Bonds. On the date of issuance of the Bonds, the District will enter into a Direct Deposit Agreement (the “**Deposit Agreement**”) with the Office of the Treasurer of the State of Missouri (“**Treasurer’s Office**”), the Department of Elementary and Secondary Education of the State of Missouri (“**DESE**”), the Health and Educational Facilities Authority of the State of Missouri and the Deposit Trustee. The Deposit Agreement will provide for payment of one-tenth (1/10) of the aggregate amount of debt service due on September 1, 2019 and March 1, 2020 to be paid in each of the ten (10) months of March 2019 through December 2019, and each succeeding ten (10) similar months (i.e., March through December) for each bond year after the Bonds are issued as long as the Bonds are outstanding. Amounts of State Aid to the District in excess of the one-tenth (1/10) monthly deposit will not be deposited with the Deposit Trustee but will be transferred directly to the District as has historically been the case with all State Aid.

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

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

PLAN OF FINANCING

The Refunding

A portion of the proceeds of the Bonds will be used for the purpose of currently refunding the Refunded Bonds. The District will enter into an Escrow Trust Agreement dated as of December 1, 2018 (the “**Escrow Trust Agreement**”), with UMB Bank, N.A., St. Louis, Missouri, as escrow agent (the “**Escrow Agent**”). Pursuant to the Escrow Trust Agreement, the District will transfer a portion of the proceeds of the Bonds to the Escrow Agent for deposit in the Escrow Fund (the “**Escrow Fund**”) established under the Escrow Trust Agreement to purchase direct obligations of, or obligations the principal of and interest on which are unconditionally guaranteed by, the United States of America (the “**Escrowed Securities**”). The Escrowed Securities will mature in such amounts and at such times as shall be sufficient, together with interest to accrue thereon and any cash deposit to the Escrow Fund, to pay the principal of the Refunded Bonds as the same become due and payable to and including the redemption date. The Refunded Bonds will be redeemed on March 1, 2019.

The Project

In August 2018, voters in the District authorized \$6,000,000 in general obligation bonds for the purpose of acquiring, constructing, renovating, furnishing and equipping school sites, buildings and related facilities for school purposes, including additions and renovations to existing buildings, construction of a bus garage and the acquisition of land (the “**Project**”). The District expects to use the proceeds of the Bonds on the following components of the Project:

- Addition of 12 classrooms to Pevely Elementary School.
- Expansion of the cafeteria in Pevely Elementary School.
- Construction of a new bus garage.

Sources and Uses of Funds

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

<u>Sources of Funds:</u>	<u>Total</u>
Par Amount of Bonds	\$
Plus: Net Original Issue Premium	
Total	<u>\$</u>
<u>Uses of Funds:</u>	
Deposit to the Escrow Fund	\$
Deposit to the Capital Projects Fund	
Costs of Issuance (including Underwriter’s Discount)	
Total	<u>\$</u>

RISK FACTORS

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

Ad Valorem Property Taxes

The Resolution levies a direct annual tax on all taxable tangible property within the District sufficient to produce amounts necessary for the payment of the principal of and interest on the Bonds each year. Declining property values in the District, whether caused by national or global financial crises, natural disasters, local economic downturns, or other reasons, may require higher levy rates which may increase the burden on local taxpayers and affect certain taxpayers’ willingness or ability to continue timely paying property taxes. See “**PROPERTY TAX INFORMATION – Historic Assessed Valuation**” in *Appendix A* of this Official Statement. In addition, the issuance of additional general obligation bonds by the District or other indebtedness by other political subdivisions in the District would increase the tax burden on taxpayers in the District. See “**DEBT STRUCTURE OF THE DISTRICT – Overlapping or Underlying Indebtedness**” in *Appendix A* of this Official Statement. Missouri law limits the amount of general obligation debt issuable by the District to 15% of the assessed valuation of taxable tangible property in the District. See “**DEBT STRUCTURE OF THE**

DISTRICT – Legal Debt Capacity” in *Appendix A* of this Official Statement. Other political subdivisions in the District are subject to similar limitations on general obligation debt imposed by Missouri law, including cities, counties and certain other political subdivisions, which are limited to general obligation debt of 20%, 10% and 5% of the assessed valuation of taxable tangible property, respectively.

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

Secondary Market Prices and Liquidity

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

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

No Reserve Fund or Credit Enhancement

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

Ratings

The Rating Agency (defined herein) has assigned the Bonds the rating, and the District the underlying rating, set forth in the section herein captioned **“BOND RATINGS.”** Such ratings reflect only the views of the Rating Agency, and an explanation of the significance of such ratings may be obtained therefrom. There is no assurance that the ratings will remain in effect for any given period of time or that they will not be revised, either downward or upward, or withdrawn entirely, by the Rating Agency if, in its judgment, circumstances warrant. Any such downward revisions or withdrawal of the ratings may have an adverse effect on the market price of the Bonds.

Bankruptcy

In addition to the limitations on remedies contained in the Resolution, the rights and remedies provided by the Bonds may be limited by and are subject to (a) bankruptcy, insolvency, reorganization, arrangement, fraudulent conveyance, moratorium and other laws affecting creditors’ rights, (b) the application of equitable principles, and (c) the exercise of judicial discretion in appropriate cases and to limitations on legal remedies against political subdivisions in the State of Missouri. Section 108.180 of the Revised Statutes of Missouri, as amended, requires that any interest and sinking fund moneys only be used to pay principal and interest on the Bonds. The District, like all other Missouri political subdivisions, is specifically authorized by Missouri law to

institute proceedings under Chapter 9 of the Federal Bankruptcy Code. Such proceedings, if commenced, are likely to have an adverse effect on the market price of the Bonds.

Pensions

The District contributes to two cost-sharing multiple-employer defined benefit pension plans on behalf of its employees: (a) The Public School Retirement System of Missouri and (b) The Public Education Employee Retirement System of Missouri. See **“FINANCIAL INFORMATION CONCERNING THE DISTRICT – Pension and Employee Retirement Plans”** in *Appendix A* of this Official Statement. Future required contribution increases beyond the current fiscal year may require the District to increase its revenues, reduce its expenditures, or some combination thereof, which may impact the District’s operations or limit the District’s ability to generate additional revenues in the future.

State Aid and Direct Deposit Agreement

Approximately 50.76% of the District’s revenue is derived from State Aid. See **“FINANCIAL INFORMATION CONCERNING THE DISTRICT – Sources of Revenue”** and **“– State Revenue”** in *Appendix A* of this Official Statement. A portion of the District’s State Aid is currently pledged to the payment of the Bonds and will be directly deposited by the State with the Deposit Trustee for payment of the Bonds. See the section herein captioned **“SECURITY FOR THE BONDS – Direct Deposit of State Aid Payments.”** Reductions in State Aid could occur in the future if, for example, the State faces fiscal problems in the future or the District experiences a decline in enrollment. Reductions in State Aid could force the District to make budget cuts or operational adjustments and may adversely affect the rating on the Bonds or the market price of the Bonds.

Amendment of the Resolution

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

Loss of Premium from Redemption

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

Tax-Exempt Status and Risk of Audit

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

The Internal Revenue Service (the **“IRS”**) has established an ongoing program to audit tax-exempt obligations to determine whether interest on such obligations should be included in gross income for federal

income tax purposes. Owners of the Bonds are advised that, if an audit of the Bonds were commenced, the IRS, in accordance with its current published procedures, is likely to treat the District as the taxpayer, and the owners of the Bonds may not have a right to participate in such audit. Public awareness of any audit could adversely affect the market value and liquidity of the Bonds during the pendency of the audit, regardless of the ultimate outcome of the audit.

Defeasance Risks

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

Adverse Tax Legislation

There are or may be pending in the Congress of the United States legislative proposals, including some that carry retroactive effective dates, that, if enacted, could alter or amend the federal tax matters referred to above or affect the market value of the Bonds. It cannot be predicted whether or in what form any proposed legislation might be enacted or whether, if enacted, it would apply to bonds issued prior to enactment. Prospective purchasers of the Bonds should consult their own tax advisors regarding any pending or proposed federal tax legislation. Bond Counsel expresses no opinion regarding any pending or proposed federal tax legislation.

THE DISTRICT

The District was established in 1965, resulting from the joining and reorganization of Herculaneum, Pevely and Horine School Districts. The District, comprising an area of approximately 21 square miles, is located in the east central portion of Jefferson County. The estimated population of the District is 10,064 according to the latest U.S. Census. The District includes the incorporated cities of Herculaneum and Pevely, Missouri, and the unincorporated community of Horine, Missouri. The District is located approximately 30 miles south of the City of St. Louis, Missouri and is connected to the City of St. Louis by Interstate 55. See **"APPENDIX A - INFORMATION REGARDING THE DISTRICT"** for further information regarding the District.

LEGAL MATTERS

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

The various legal opinions to be delivered concurrently with the delivery of the Bonds express the professional judgment of the attorneys rendering the opinions as to the legal issues explicitly addressed therein.

By rendering a legal opinion, the opinion giver does not become an insurer or guarantor of that expression of professional judgment, of the transactions opined upon, or of the future performance of parties to such transaction, nor does the rendering of an opinion guarantee the outcome of any legal dispute that may arise out of the transaction.

BOND RATINGS

S&P Global Ratings, a division of S&P Global Inc. (the “**Rating Agency**”), has assigned a municipal bond rating of “AA+” to the Bonds based upon the District’s participation in the Missouri Direct Deposit Program. In addition, the Rating Agency has assigned a municipal bond rating of “A+” to the Bonds based on the underlying credit of the District.

Such ratings reflect only the views of the Rating Agency, and an explanation of the significance of each rating may be obtained therefrom. There is no assurance that the ratings will remain in effect for any given period of time or that they will not be revised, either downward or upward, or withdrawn entirely, by the Rating Agency if, in its judgment, circumstances warrant. The Underwriter has not undertaken any responsibility to bring to the attention of the holders of the Bonds any proposed revision or withdrawal of the ratings of the Bonds or to oppose any such proposed revision or withdrawal. Pursuant to the Continuing Disclosure Undertaking, the District is required to bring to the attention of the holders of the Bonds any change of the ratings of the Bonds but has not undertaken any responsibility to oppose any such change. See the section herein captioned “**CONTINUING DISCLOSURE UNDERTAKING.**” Any revision or withdrawal of the ratings could have an adverse effect on the market price and marketability of the Bonds.

TAX MATTERS

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

Opinion of Bond Counsel

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

Federal and State of Missouri Tax Exemption. The interest on the Bonds (including any original issue discount properly allocable to an owner thereof) is excludable from gross income for federal income tax purposes and is exempt from income taxation by the State of Missouri.

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

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

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

Other Tax Consequences

Original Issue Discount. For federal income tax purposes, original issue discount is the excess of the stated redemption price at maturity of a Bond over its issue price. The issue price of a Bond is generally the first price at which a substantial amount of the Bonds of that maturity have been sold to the public. Under Section 1288 of the Code, original issue discount on tax-exempt bonds accrues on a compound basis. The amount of original issue discount that accrues to an owner of a Bond during any accrual period generally equals (1) the issue price of that Bond, plus the amount of original issue discount accrued in all prior accrual periods, multiplied by (2) the yield to maturity on that Bond (determined on the basis of compounding at the close of each accrual period and properly adjusted for the length of the accrual period), minus (3) any interest payable on that Bond during that accrual period. The amount of original issue discount accrued in a particular accrual period will be considered to be received ratably on each day of the accrual period, will be excludable from gross income for federal income tax purposes, and will increase the owner’s tax basis in that Bond. Prospective investors should consult their own tax advisors concerning the calculation and accrual of original issue discount.

Original Issue Premium. For federal income tax purposes, premium is the excess of the issue price of a Bond over its stated redemption price at maturity. The issue price of a Bond is generally the first price at which a substantial amount of the Bonds of that maturity have been sold to the public. Under Section 171 of the Code, premium on tax-exempt bonds amortizes over the term of the Bond using constant yield principles, based on the purchaser’s yield to maturity. As premium is amortized, the owner’s basis in the Bond and the amount of tax-exempt interest received will be reduced by the amount of amortizable premium properly allocable to the owner, which will result in an increase in the gain (or decrease in the loss) to be recognized for federal income tax purposes on sale or disposition of the Bond prior to its maturity. Even though the owner’s basis is reduced, no federal income tax deduction is allowed. Prospective investors should consult their own tax advisors concerning the calculation and accrual of bond premium.

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

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

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

CONTINUING DISCLOSURE UNDERTAKING

The District has entered into the Continuing Disclosure Undertaking for the benefit of the owners of bonds previously issued by the District (the “**Existing Bonds**”). The District will execute an Adoption Agreement dated as of December 1, 2018 to make the Continuing Disclosure Undertaking applicable to the Bonds and to assist the Underwriter in complying with the Rule. The District is the only “obligated person” with responsibility for continuing disclosure.

Annual Reports

Pursuant to the Continuing Disclosure Undertaking, the District will, not later than 180 days after the end of the District’s fiscal year, commencing with the fiscal year ending June 30, 2018, provide to the MSRB, through EMMA (described below) the following financial information and operating data (the “**Annual Report**”):

- (1) The audited financial statements of the District for the prior fiscal year, prepared in accordance with the accounting principles described in the notes to the financial statements set forth in **Appendix B** of this Official Statement. If audited financial statements are not available by the time the Annual Report is required to be filed, the Annual Report shall contain unaudited financial statements in a format similar to the financial statements contained in this Official Statement and the audited financial statements shall be filed in the same manner as the Annual Report promptly after they become available.
- (2) Updates as of the end of the prior fiscal year of the following financial information and operating data contained in the tables in **Appendix A** of this Official Statement under the following sections:
 - (a) THE DISTRICT – History of Enrollment;
 - (b) FINANCIAL INFORMATION CONCERNING THE DISTRICT – Sources of Revenue;
 - (c) PROPERTY TAX INFORMATION – Historic Assessed Valuation;
 - (d) PROPERTY TAX INFORMATION – Tax Rates;
 - (e) PROPERTY TAX INFORMATION – Tax Collection Record; and
 - (f) PROPERTY TAX INFORMATION – Major Taxpayers.

Notices of Material Events

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

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

The District is also required to file a notice with the MSRB of any failure of the District to file an Annual Report by the deadline prescribed above, which notice shall be given in the same manner as notice of a Material Event.

Dissemination Agent

The District may, from time to time, appoint or engage a dissemination agent to assist it in carrying out its obligations under the Continuing Disclosure Undertaking, and may discharge any such dissemination agent, with or without appointing a successor dissemination agent. The dissemination agent will not be responsible in any manner for the content of any notice or report prepared by the District pursuant to the Continuing Disclosure Undertaking.

Amendments to Continuing Disclosure Undertaking

Notwithstanding any other provision of the Continuing Disclosure Undertaking, the District may not amend the Continuing Disclosure Undertaking as it relates to the Bonds and no provision of the Continuing Disclosure Undertaking as it relates to the Bonds may be waived, unless (a) Bond Counsel or other counsel experienced in federal securities law matters provides the District with its written opinion that the Continuing Disclosure Undertaking as amended or after giving effect to such waiver is in compliance with the Rule and all current amendments thereto and interpretations thereof that are applicable to the Continuing Disclosure Undertaking and (b) the District provides notice of such amendment in the same manner as for a Material Event.

Remedies

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

the Continuing Disclosure Undertaking in the event of any failure of the District to comply with the Continuing Disclosure Undertaking is an action to compel performance.

Electronic Municipal Market Access System (EMMA)

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

Prior Compliance

During the past five years, the District has not complied in all material respects with certain of its continuing disclosure obligations under the Rule. Specifically, the audited financial statements and operating data for the fiscal year ended June 30, 2013 were not filed until December 18, 2014. In 2014, the District engaged Bond Counsel to assist with filing the Annual Report each year.

ABSENCE OF LITIGATION

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

UNDERWRITING

_____, _____, _____ (the "**Underwriter**"), has agreed to purchase the Bonds at a price of \$_____ (which is equal to the original principal amount of the Bonds, less an underwriting discount of \$_____, plus a net original issue premium of \$_____). The Underwriter is purchasing the Bonds for resale in the normal course of the Underwriter's business activities. The Underwriter reserves the right to offer any of the Bonds to one or more purchasers on such terms and conditions and at such price or prices as the Underwriter, in its discretion, shall determine.

FINANCIAL ADVISOR

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

CERTAIN RELATIONSHIPS

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

MISCELLANEOUS

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

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

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

**DUNKLIN R-V SCHOOL DISTRICT OF
JEFFERSON COUNTY, MISSOURI**

By: _____
President of the Board of Education

APPENDIX A

INFORMATION REGARDING THE DISTRICT

APPENDIX A

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THE DISTRICT

General Description

The Dunklin R-V School District of Jefferson County, Missouri (the “**District**”), was established in 1965, resulting from the joining and reorganization of Herculaneum, Pevely and Horine School Districts. The District, comprising an area of approximately 21 square miles, is located in the east central portion of Jefferson County, Missouri (the “**County**”). The District includes the incorporated cities of Herculaneum and Pevely, Missouri, the unincorporated community of Horine, Missouri and the southern part of the unincorporated community of Barnhart, Missouri. The District is located approximately 30 miles south of the City of St. Louis, Missouri and is connected to the City of St. Louis by Interstate 55.

Organization and Board of Education

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

The current members and officers of the Board are:

<u>Name</u>	<u>Office</u>	<u>First Term Began</u>	<u>Current Term Expires (April)</u>
Dawn Warner	President and Member	2013	2020
Tammy Heidland	Vice President and Member	2015	2021
Cheryl Aylesworth	Member	2012	2021
Susan Hartmann ⁽¹⁾	Member	2003	2020
Jim Kasten	Member	2007	2019
Michael Hicks ⁽²⁾	Member	2016	2020
John Maddox ⁽³⁾	Member	2018	2019

⁽¹⁾ Ms. Hartmann served on the Board from 2003-2012 and was reelected in 2014.

⁽²⁾ Mr. Hicks was elected to a one-year term to fill a vacant seat in April 2016 and elected to a full term in April 2017.

⁽³⁾ Mr. Maddox was appointed to the Board in May 2018 to fill a vacant seat.

The Board has appointed Ms. Katie Thone, District Accountant, to serve as Treasurer of the Board, and Ms. Sherry Jarnagin to serve as Secretary of the Board.

Administration

The Board appoints the Superintendent of Schools who is the chief administrative officer of the District responsible for carrying out the policies set by the Board. Mr. Stan Stratton has been Superintendent of the District since 2006. Mr. Stratton has approximately 31 years of experience in education. In 1987, he began as a science teacher at Bowling Green Junior High School, and in 2001, he joined the District as the Principal of Herculaneum High School. Mr. Stratton earned his bachelor’s degree from Truman State University, his master’s degree from Kansas State University, his specialist’s diploma from the University of North Dakota and his administration certification from Southeast Missouri State University. Mr. Stratton plans to retire in 2020 and the Board has chosen Dr. Clint Freeman to become the new Superintendent at that time. In the interim,

Dr. Freeman is serving as a Deputy Superintendent in the District. Dr. Freeman was previously an Assistant Superintendent with the De Soto School District #73.

Additional members of the administrative staff are appointed by the Board upon recommendation by the Superintendent. Reporting to the Superintendent are the following positions: Deputy Superintendent, Human Resources/Payroll, District Accountant, Core Data/MOSIS/District Registrar and the Communications Director.

The District has a total of 274 employees, including 12 administrative personnel, 143 teachers and 119 non-certificated employees.

Professional Staff

The average teacher employed by the District has 9.4 years of teaching experience, compared to a statewide average of 12.3 years, and 35.5% of the District's teachers hold advanced degrees. For the 2016-2017 school year, the average salary for all teaching staff was \$43,856 compared to a statewide average salary for teaching staff of \$48,619.

Educational Facilities

The District operates four schools, as shown below. The aggregate replacement cost of the current physical facilities of the District as most recently determined for insurance purposes is \$47,146,283.00.

<u>Name of School</u>	<u>Grades Served</u>
Taylor Early Childhood Center	PK
Pevely Elementary School	K-5
Senn-Thomas Middle School	6-8
Herculaneum High School	9-12

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History of Enrollment

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

<u>Grades:</u>	<u>2014-2015</u>	<u>2015-2016</u>	<u>2016-2017</u>	<u>2017-2018</u>	<u>2018-2019</u>
Pre-K	138	137	166	166	157
K	153	139	130	120	118
1st	143	149	128	118	106
2nd	149	140	136	113	111
3rd	118	146	134	129	114
4th	116	125	139	117	130
5th	109	119	114	131	119
6th	116	113	117	125	126
7th	114	125	110	112	119
8th	106	117	129	109	121
9th	113	112	109	125	105
10th	105	111	105	103	129
11th	90	106	113	102	94
12th	<u>95</u>	<u>89</u>	<u>103</u>	<u>107</u>	<u>105</u>
Total	<u>1,665</u>	<u>1,728</u>	<u>1,733</u>	<u>1,677</u>	<u>1,654</u>
% Change	N/A	+3.78%	+0.29%	-3.23%	-1.37%

Source: Missouri Department of Elementary and Secondary Education.

Education Programs

The District operates under the oversight of the Missouri Department of Elementary and Secondary Education ("DESE"). Programs offered by the District are comprehensive with an academic curriculum encompassing several foreign languages, math, science, literature, composition and social studies. The District offers numerous special programs such as gifted, early childhood, parents as teachers and a comprehensive special education program.

Other District Statistics

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

	<u>2012-2013</u>	<u>2013-2014</u>	<u>2014-2015</u>	<u>2015-2016</u>	<u>2016-2017</u>
Ave. Daily Attendance (ADA)	1,458.50	1,506.21	1,530.44	1,597.39	1,568.11
Rate of Attendance	94.7%	94.9%	94.6%	94.6%	94.7%
Current Expenditures per ADA	\$9,001.29	\$9,248.28	\$9,406.20	\$9,846.63	\$10,361.16
Students per Teacher	14	14	14	14	13
Students per Classroom Teacher	21	20	20	20	19

Source: Missouri Department of Elementary and Secondary Education.

School Rating and Accreditation

DESE administers the Missouri School Improvement Program ("MSIP"), the state's school accountability system for reviewing and accrediting public school districts in Missouri. Since MSIP was

established in 1990, four review cycles have been completed, each cycle lasting from five to six years. The fifth cycle, referred to as MSIP 5, began in the 2012-13 school year.

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

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

In the District’s 2017 APR, the District earned 90.7% of the points possible, placing the District in the “Accredited” category (as stated above, no placement in the Accredited with Distinction Category is currently possible).

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

ECONOMIC INFORMATION CONCERNING THE DISTRICT

Population

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

	<u>1990</u>	<u>2000</u>	<u>2010</u>	<u>2016</u>
District	7,099	7,887	9,270	10,391
City of Herculaneum	2,365	2,841	3,468	3,831
City of Pevely	2,729	3,826	5,484	5,616
County	171,380	198,099	218,733	222,453
State	5,117,073	5,595,211	5,988,927	6,059,651

Source: U.S. Bureau of the Census 2010, 2000 and 1990 Censuses and 2016 American Community Survey 1-Year Estimates.

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

Estimated Population Distribution by Age (2016 Estimate)

<u>Age</u>	<u>District</u>	<u>City of Herculaneum</u>	<u>City of Pevely</u>	<u>County</u>	<u>State</u>
Under 5 years	676	256	354	13,796	374,010
5-19 years	2,120	850	866	44,352	1,182,873
20-24 years	910	210	616	13,100	429,391
25-44 years	3,728	1,287	1,517	70,820	1,960,854
45-64 years	2,773	788	1,352	63,912	1,611,980
65 years and over	<u>1,094</u>	<u>650</u>	<u>578</u>	<u>29,573</u>	<u>929,934</u>
TOTAL	<u>10,391</u>	<u>3,831</u>	<u>5,616</u>	<u>222,453</u>	<u>6,059,651</u>
Median age	33.8	35.3	33.0	38.8	38.3

Source: U.S. Bureau of the Census 2016 American Community Survey 1-Year Estimates.

Commerce, Industry and Employment

Major Employers. Listed below are the major employers located in the County.

<u>Employer</u>	<u>Type of Business</u>	<u>Employees</u>
Mercy Hospital Jefferson	Health care	1,347
Fox C-6 School District	Education	1,218
Convergys Corporation	Customer Management Information	1,000
Northwest R-1 School District	Education	804
National Geospatial Intelligence Agency ⁽¹⁾	Government	750
Jefferson County Government	Government	625
Jefferson College	Education	540
Hillsboro R-3 School District	Education	510
De Soto School District #73	Education	440
Wal-Mart Super Center – Festus	Retail	435

Source: Economic Development Corporation of Jefferson County; telephone surveys.

⁽¹⁾ The National Geospatial Intelligence Agency will be moving to St. Louis City following the expected completion of its new campus in 2022.

Employment Figures. The following table sets forth employment figures for the City of Herculaneum, the City of Pevely, the County, the State and the United States:

	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
<i>City of Herculaneum</i>					
Total Labor Force	1,689	1,714	1,759	1,767	1,742
Unemployed	77	72	57	50	41
Unemployment Rate	4.5%	4.2%	3.2%	2.8%	2.4%
<i>City of Pevely</i>					
Total Labor Force	2,913	2,947	3,000	3,004	2,949
Unemployed	238	222	176	156	127
Unemployment Rate	8.2%	7.5%	5.9%	5.2%	1.3%
<i>County</i>					
Total Labor Force	114,521	115,975	118,433	118,729	116,746
Unemployed	7,783	7,258	5,740	5,083	4,160
Unemployment Rate	6.8%	6.3%	4.8%	4.3%	3.6%

<i>State</i>						
Total Labor Force	3,020,202	3,048,576	3,077,535	3,079,559	3,050,713	
Unemployed	202,767	186,855	154,428	140,250	114,587	
Unemployment Rate	6.7%	6.1%	5.0%	4.6%	3.8%	
<i>United States</i>						
Total Labor Force	155,389,000	155,922,000	157,130,000	159,187,000	160,320,000	
Unemployed	11,460,000	9,617,000	8,296,000	7,751,000	6,982,000	
Unemployment Rate	7.4%	6.2%	5.3%	4.9%	4.4%	

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

Medical and Health Facilities

There are approximately 50 hospitals located in the St. Louis metropolitan area including the highly-regarded Barnes-Jewish Hospital and two medical schools, Washington University Medical School and Saint Louis University Medical School. In addition, dentists, chiropractors and doctors provide medical services from offices and clinics located in the District.

Higher Education

Jefferson College, a two-year community college, which is fully accredited by the North Central Association of Colleges and Schools, is based in Hillsboro, with satellite campuses located in Arnold, Cedar Hill and Imperial, as well as online classes. Numerous colleges and universities are located in the St. Louis metropolitan area, including Saint Louis University, the University of Missouri – St. Louis, Washington University, Fontbonne University and Webster University.

Recreational Facilities

The City of Herculaneum has six city parks, which include lighted baseball fields, softball fields, playgrounds and play equipment. The City of Pevely has five parks, which include pavilions for rent, basketball courts, playgrounds, walking trail equipment and play equipment.

Municipal Services and Utilities and Public Safety

Municipal services are provided by the Cities of Herculaneum and Pevely, including water, trash and sewer. Police services are provided by the Cities of Herculaneum and Pevely and fire protection services are provided by the Herculaneum Fire Department, Rock Community Fire Protection District and the Dunklin Fire Protection District. Natural gas and electricity are provided by Laclede Gas and AmerenUE.

Transportation, Communications and Media

Transportation. The District is located approximately 30 miles south of the City of St. Louis, Missouri and is connected to the City of St. Louis by Interstate 55. Interstate 55 provides further access to Interstates 270, 70, 64 and 44. The District is approximately 40 miles from St. Louis Lambert International Airport.

Communications and Media. Telecommunication services are provided to District residents by AT&T and Charter Communications. Wireless telephone service is offered by numerous providers. Residents of the District receive all of the St. Louis County and St. Louis radio stations and television channels. The District is served by *The Jefferson County Leader* and the *St. Louis Post-Dispatch* newspapers.

Income and Home Values

The following table presents per capita personal income⁽¹⁾ for the County and the State for the years 2012 through 2016, the latest date for which such information is available:

<u>Year</u>	<u>County Per Capita Personal Income</u>	<u>State Per Capita Personal Income</u>
2016	\$38,254	\$42,926
2015	37,717	42,381
2014	36,249	41,122
2013	35,212	39,854
2012	34,641	39,851

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

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

The following table presents the estimated median household income for the District, the City of Herculaneum, the City of Pevely, the County and the State:

<u>Median Household Income</u>	
District	\$42,357
City of Herculaneum	54,394
City of Pevely	47,813
County	55,348
State	48,173

Source: United States Census Bureau, 2012-2016 American Community Survey 5-year Estimates.

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

	<u>Number of Owner- Occupied Units</u>	<u>Median Home Value</u>
District	2,753	\$118,000
City of Herculaneum	1,064	152,400
City of Pevely	1,547	124,600
County	66,417	149,900
State	1,590,020	138,400

Source: United States Census Bureau, 2012-2016 American Community Survey 5-year Estimates.

DEBT STRUCTURE OF THE DISTRICT

Overview

The following table summarizes certain financial information concerning the District as of September 1, 2018 (unless otherwise noted). This information should be reviewed in conjunction with the other information contained under the heading “**DEBT STRUCTURE OF THE DISTRICT**” and the financial statements of the District in *Appendix B* to this Official Statement.

2017 Assessed Valuation ⁽¹⁾	\$158,217,553
2017 Estimated Actual Valuation ⁽²⁾	\$662,495,029
2016 Estimated Population ⁽³⁾	10,391
Direct General Obligation Debt (“Direct Debt”) ⁽⁴⁾	\$20,364,544*
Overlapping General Obligation Debt (“Indirect Debt”) ⁽⁵⁾	\$105,750
Total Direct Debt and Indirect Debt	\$20,470,294*
Ratio of Direct Debt to Assessed Valuation	12.87%*
Ratio of Direct Debt to Estimated Actual Valuation	3.07%*
Per Capita Direct Debt	\$1,959.83*
Ratio of Direct Debt and Indirect Debt to Assessed Valuation	12.94%*
Ratio of Direct Debt and Indirect Debt to Estimated Valuation	3.09%*
Per Capita Direct Debt and Indirect Debt	\$1,970.00*

-
- (1) Includes real and personal property valuations as provided by the County Clerk and includes assessed valuation in the amount of \$44,300 attributable to the incremental increase in assessed valuation over the established assessed valuation base within TIF Redevelopment Areas (defined herein) located within the District, but excludes assessed valuations attributable to state assessed railroad and utility property. For further details, see “**PROPERTY TAX INFORMATION.**”
- (2) Estimated actual valuation is calculated by dividing different classes of property by the corresponding assessment ratio. For a detail of these different classes and ratios, see “**PROPERTY TAX INFORMATION.**”
- (3) See “**ECONOMIC INFORMATION CONCERNING THE DISTRICT – Population.**”
- (4) Includes the Bonds, but excludes the Refunded Bonds.
- (5) See “**DEBT STRUCTURE OF THE DISTRICT – Overlapping or Underlying Indebtedness.**”

Current Long-Term General Obligation Indebtedness

The following table shows the general obligation bonded indebtedness of the District, including the Bonds and excluding the Refunded Bonds, as of the expected issue date of the Bonds:

* Preliminary; subject to change.

<u>Issue Name</u>	<u>Date of Indebtedness</u>	<u>Amount Originally Issued</u>	<u>Amount Outstanding</u>
General Obligation Qualified School Construction Bonds (Missouri Direct Deposit Program), Series 2009C (Tax Credit Bonds)	10/8/2009	\$ 3,060,000.00	\$ 3,060,000.00
General Obligation Refunding Bonds (Missouri Direct Deposit Program), Series 2015	4/15/2015	9,249,543.60	9,249,543.60
The Bonds	12/4/2018*	<u>8,055,000.00*</u>	<u>8,055,000.00*</u>
Total		<u>\$20,364,543.60*</u>	<u>\$20,364,543.60*</u>

History of General Obligation Indebtedness

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

<u>As of June 30</u>	<u>Total Outstanding Debt</u>	<u>Assessed Valuation⁽¹⁾</u>	<u>Debt as % of Assessed Valuation⁽²⁾</u>
2018	\$14,469,544	\$158,217,553	9.15%
2017	15,294,544	152,038,355	10.06
2016	16,039,544	151,836,977	10.56
2015	16,734,544	148,961,565	11.23
2014	17,360,000	152,507,521	11.38

⁽¹⁾ The assessed valuation used is the assessed valuation of the District as adjusted through December 31 of the calendar year prior to the fiscal year shown. Assessed valuation excludes state assessed railroad and utility property and includes assessed valuation attributable to the incremental increase in assessed valuation over the established assessed valuation base within TIF Redevelopment Areas (defined herein) located within the District.

⁽²⁾ If state assessed railroad and utility property were taken into account, the debt as a percentage of total assessed valuation would be lower than the percentages shown. For more information, see “**DEBT STRUCTURE OF THE DISTRICT – Legal Debt Capacity.**”

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

Legal Debt Capacity

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

Legal Debt Limitation and Debt Margin

Constitutional Debt Limitation under Article VI, Section 26(b) (15% of 2017 assessed valuation)	\$23,732,632.95 ⁽¹⁾
General Obligation Bonds Outstanding	<u>(\$20,364,543.60)⁽²⁾</u>
Legal Debt Margin under Article VI, Sections 26(b)	\$3,368,089.35*

-
- (1) Includes assessed valuation in the amount of \$44,300 attributable to the incremental increase in assessed valuation over the established assessed valuation base within TIF Redevelopment Areas (defined herein) located within the District.
- (2) Excludes the Refunded Bonds.

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

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

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* Preliminary; subject to change.

General Obligation Bonds Debt Service Requirements

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

Fiscal Year Ended June 30	Outstanding Bonds		The Bonds		
	<u>Principal</u>⁽¹⁾	<u>Interest</u>⁽²⁾	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2019	\$ 509,893	\$540,787			
2020	572,483	430,136			
2021	594,291	413,328			
2022	582,566	430,053			
2023	530,674	486,945			
2024	684,636	342,619			
2025	355,000	291,697			
2026	650,000	281,047			
2027	705,000	261,547			
2028	795,000	236,872			
2029	-	209,047			
2030	950,000	209,047			
2031	995,000	171,047			
2032	1,035,000	141,197			
2033	1,070,000	107,870			
2034	1,120,000	73,416			
2035	1,160,000	37,352			
2036	-	-			
2037	-	-			
2038	-	-			
Total	<u>\$12,309,543</u>	<u>\$2,020,139</u>			

(1) Excludes the principal of the Refunded Bonds.

(2) Includes the interest on the Refunded Bonds through March 1, 2019.

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

Other Long-Term Obligations of the District

Equipment Leases. In May 2013, the Dunklin R-v School District entered into a fifteen-year capital lease for equipment in the amount of \$3,547,006.17. The amount outstanding as of June 30, 2017 was \$3,038,720.

In September 2016, the District entered in a five-year capital lease purchase agreement for nine school buses in the amount of \$843,357. The interest rate on the lease is 2.85%. The amount outstanding as of June 30, 2017 was \$732,989.

Other Lease Obligations. In September 2017, the District entered into a lease purchase financing with FS Leasing, LLC in the amount of \$2,846,000 to (i) pay the costs of HVAC improvements and control upgrades

to Robinson Gymnasium and Herculaneum High School Theater, and (ii) prepay its lease purchase obligations related to Lease Participation Certificates, Series 2011, outstanding in the aggregate principal amount of \$2,105,000. Lease payments are due March 1 of each year through 2032 and the interest rate on the lease is 2.895%. The following schedule shows the yearly rental payments for the lease.

<u>Fiscal Year Ending June 30</u>	<u>Total Rental Payments</u>
2019	\$ 258,499.16
2020	258,259.20
2021	257,874.50
2022	258,345.06
2023	258,641.90
2024	257,765.06
2025	258,743.46
2026	257,519.20
2027	258,150.20
2028	258,578.56
2029	257,804.26
2030	257,856.26
2031	66,705.60
2032	<u>66,881.76</u>
Total	<u>\$3,231,624.18</u>

Future Borrowing Plans

The District does not have any plans to finance additional facilities at this time.

Overlapping or Underlying Indebtedness

The following table sets forth the approximate overlapping and underlying general obligation indebtedness of political subdivisions with boundaries overlapping the District as of September 1, 2018, unless otherwise noted, and the percent attributable (on the basis of assessed valuation figures for calendar year 2017) to the District. The table was compiled from information furnished by the jurisdictions responsible for the debt and the District has not independently verified the accuracy or completeness of such information. Furthermore, political subdivisions may have ongoing programs requiring the issuance of substantial additional bonds or other long-term obligations such as leases, the amounts of which may be unknown to the District at this time.

<u>Taxing Jurisdiction</u>	<u>Outstanding General Obligation Debt⁽¹⁾</u>	<u>Approx. Percent Applicable</u>	<u>Approx. Amount of Overlapping</u>
Rock Community Fire Protection District	\$2,115,000	5.0%	\$105,750

Source: State Auditor of Missouri – Bond Registration Reports; Municipal Securities Rulemaking Board’s Electronic Municipal Market Access system.

⁽¹⁾ Overlapping bonded indebtedness excludes neighborhood improvement district general obligation bonds, which are paid from special assessments.

FINANCIAL INFORMATION CONCERNING THE DISTRICT

Accounting, Budgeting and Auditing Procedures

The District presents its governmental activities in fund financial statements the modified cash basis of accounting, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America, in conformity with the requirements of Missouri law and DESE. This basis recognizes assets, liabilities, net assets/fund equity, revenues and expenditures when they result from modified cash transactions.

The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues and expenditures. District resources are allocated to, and accounted for, individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled. Transactions have been recorded in the following funds for the accounting of all District funds:

- **General (Incidental) Fund:** The General Fund is the primary operating fund of the District. It is used to account for general activities of the District, including expenditures for noncertified employees, pupil transportation costs, plant operation, fringe benefits, student body activities, community services, food service and any expenditures not required or permitted to be accounted for in other funds.
- **Special Revenue (Teachers') Fund:** Accounts for expenditures for certificated employees involved in administration and instruction. It includes revenues restricted by the state and the local tax levy for the payment of teacher salaries and certain employee benefits.
- **Debt Service Fund:** Accounts for the accumulation of resources for, and the payment of, principal, interest and paying agent charges on, long-term debt.
- **Capital Projects Fund:** Accounts for resources restricted for the acquisition or construction of specific capital projects or items. It accounts for the proceeds of long-term debt, taxes and other receipts, including a portion of the Bond proceeds, designated for construction of major capital assets and all other capital outlay.

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

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

The financial records of the District are audited annually by an independent public accountant according to the modified cash basis of accounting. The most recent annual audit has been performed by Daniel Jones & Associates, P. C., Arnold, Missouri. The audited financial statements of the District for the fiscal year ended June 30, 2017, together with the independent auditor's report thereon, are included in this Official Statement at **Appendix B**. A summary of significant accounting policies of the District is contained in the notes accompanying the financial statements in **Appendix B**. The audited financial statements for earlier years with reports by the certified public accountants are available for examination in the District's office.

Sources of Revenue

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

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

Current. For the 2017-2018 fiscal year, the District's sources of revenue were as follows:

<u>Source</u>	<u>Amount</u>	<u>%</u>
Local Revenue:	\$10,472,595	48.38%
Property Taxes	7,470,226	
Proposition C Sales Tax	1,649,454	
Other	1,352,915	
County Revenue:	420,037	1.94
Railroad & Utility Property Taxes	399,527	
Fines, Forfeitures & Other	20,511	
State Revenue	8,155,938	37.68
Federal Revenue	1,746,965	8.07
Other Revenue ⁽¹⁾	850,481	3.93
Total Revenue	<u>\$21,646,016</u>	<u>100.00%</u>

Source: District's Annual Secretary of the Board Report for fiscal year ended June 30, 2018.

⁽¹⁾ Includes proceeds from the Lease Purchase Agreement dated as of September 1, 2017 between FS Leasing, LLC and the District.

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

<u>Source</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
Local Revenue	\$ 9,507,946	\$10,057,236	\$ 9,925,235	\$ 9,994,095	\$10,472,595
County Revenue	392,252	400,012	433,863	439,254	420,037
State Revenue	6,228,787	6,971,882	8,159,094	8,049,116	8,155,938
Federal Revenue	1,294,268	1,750,946	1,449,709	1,183,455	1,746,965
Other Revenue	25,818	9,277,347 ⁽¹⁾	23,572	24,122	850,481 ⁽²⁾
Total	<u>\$17,449,069</u>	<u>\$28,457,424</u>	<u>\$19,991,472</u>	<u>\$19,690,043</u>	<u>\$21,646,016</u>

Source: District's Annual Secretary of the Board Reports for fiscal years ended June 30, 2014 through 2018.

(1) Includes proceeds from the District's General Obligation Refunding Bonds (Missouri Direct Deposit Program), Series 2015.

(2) Includes proceeds from the Lease Purchase Agreement dated as of September 1, 2017 between FS Leasing, LLC and the District.

Local Revenue

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

Proposition C revenues are deemed to be "local" revenues for school district accounting purposes. Proposition C revenues are distributed to each school district based on the district's weighted average daily attendance (see "**Weighted ADA**" under "**Missouri School Finance Laws**" below). For the 2017-2018 fiscal year, each school district received approximately \$988 per pupil from Proposition C revenues based upon each district's 2016-2017 Weighted ADA.

County Revenue

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

State Revenue

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

Federal Revenue

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

The federal "Every Student Succeeds Act" ("**ESSA**") was signed into law on December 10, 2015. ESSA replaces the "No Child Left Behind Act." Each state education agency must develop a state accountability

plan (“**ESSA Plan**”) that incorporates testing based on challenging academic standards. The ESSA Plans were required to be submitted to the United States Department of Education (the “**DOE**”) by either April 3 or September 18, 2017. Under ESSA, states can decide how much weight to give standardized tests in their accountability systems and determine what consequences, if any, should attach to poor performance. However, at least 95 percent of eligible students are required to take the state-chosen standardized test and federal funding can be withheld if states fall below the 95 percent threshold. The transition to new ESSA Plans began during the 2016-2017 school year, with full implementation expected in the 2017-2018 school year once a state’s ESSA Plan is approved by the DOE. If a state’s ESSA Plan is not approved prior to the 2017-2018 school year then a state may delay, until the 2018-2019 school year, implementation of certain aspects of the ESSA Plan.

The State submitted its plan to the DOE on September 13, 2017 in order to meet the September 18, 2017 deadline. The DOE approved the State’s plan on January 16, 2018. Under ESSA, the State will continue to test students through the Missouri Assessment Program.

Missouri School Finance Laws

State Aid. The amount of State Aid for school districts in Missouri has typically been calculated using a complex formula. The impact of SB 287 was to transition the state away from a local-tax-rate-based formula to a formula that is primarily student-needs-based. The formula was phased in over a seven-year period, which began in the 2006-2007 fiscal year and ended with the 2012-2013 school year. Since the 2013-2014 school year, State Aid has been calculated solely using the student-needs-based formula.

Property Tax Levy Requirements. The sum of a district’s local property tax levies in its Incidental and Teachers’ Funds must be at least \$2.75 per \$100 assessed valuation in order for the district to receive increases in State Aid above the level of State Aid it received in the 2005-2006 fiscal year. Levy reductions required as a result of a “Hancock rollback” (see “**PROPERTY TAX INFORMATION – Tax Rates – Operating Levy**” below) will not affect a district’s eligibility for State Aid increases.

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

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

State Adequacy Target. The State Aid formula requires DESE to calculate a “State Adequacy Target,” which is intended to be the minimum amount of funds a school district needs in order to educate each student. DESE’s calculation of the State Adequacy Target is based upon amounts spent, excluding federal and state transportation revenues, by Performance Districts. Every two years, using the most current list of Performance Districts, DESE will recalculate the State Adequacy Target. The recalculation can never result in a decrease

from the State Adequacy Target as calculated for fiscal years 2017 and 2018 and any State Adequacy Target figure calculated subsequent to fiscal year 2018. For fiscal years 2017 and 2018, the State Adequacy Target is \$6,241 per pupil. For fiscal year 2017, the State Adequacy Target was at an adjusted level because education funding was not fully funded. For fiscal year 2018, the foundation formula is expected to be fully funded, but the Governor still has the ability to withhold money throughout the year.

Dollar Value Modifier. The DVM is an index of the relative purchasing power of a dollar in different areas of the state. The DVM is calculated as one plus 15% of the difference of the regional wage ratio (the ratio of the regional wage per job divided by the state median wage per job) minus one. The law provides that the DVM can never be less than 1.000. DESE revises the DVM for each district on an annual basis. The DVM for the District for 2016-2017 and 2017-2018 was 1.0950 and 1.0940, respectively. The DVM for the District for 2018-2019 is 1.0950.

Local Effort. For the 2006-2007 fiscal year, the Local Effort figure utilized in a district's State Aid calculation was the amount of locally generated revenue that the district would have received in the 2004-2005 fiscal year if its operating levy was set at \$3.43. The \$3.43 amount is called the "performance levy." For all years subsequent to the 2006-2007 fiscal year, a district's Local Effort amount has been frozen at the 2006-2007 amount, except for adjustments due to increased locally collected fines or decreased assessed valuation in the district. Growth in assessed valuation and operating levy increases will result in additional local revenue to the district, without affecting State Aid payments.

Categorical-Source Add-Ons. In addition to State Aid distributed pursuant to the formula as described above, the formula provides for the distribution of certain categorical sources of State Aid to school districts. These include (1) 75% of allowable transportation costs, (2) the career ladder entitlement, (3) the vocational education entitlement and (4) educational and screening program entitlements.

Classroom Trust Fund (Gambling Revenue) Distribution. A portion of the State Aid received under the formula will be in the form of a distribution from the "Classroom Trust Fund," a fund in the state treasury containing a portion of the state's gambling revenues. This money is distributed to school districts on the basis of ADA (versus *Weighted* ADA, which applies to the basic formula distribution). The funds deposited into the Classroom Trust Fund are not earmarked for a particular fund or expense and may be spent at the discretion of the local school district except that, beginning with the 2010-11 fiscal year, all proceeds of the Classroom Trust Fund in excess of amounts received in the 2009-10 fiscal year must be placed in the Teachers' or Incidental Funds. For the 2017-2018 fiscal year, each school district received approximately \$415 per pupil based on their 2016-2017 ADA. Classroom Trust Fund dollars do not increase the amount of State Aid.

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

In addition to these mandatory deposits, school districts are also required to spend for certificated staff compensation and tuition expenditures each year the amounts described in clauses (1) and (2) of the preceding paragraph. Since the 2007-2008 fiscal year, school districts are further required to spend for certificated staff compensation and tuition expenditures each year, per the second preceding year's *Weighted* ADA, as much as was spent in the previous year from local and county tax revenues deposited in the Teachers' Fund, plus the amount of any transfers from the Incidental Fund to the Teachers' Fund that are calculated to be local and county tax sources. This amount is to be determined by dividing local and county tax sources in the Incidental Fund by total revenue in the Incidental Fund. Commencing with the 2006-2007 fiscal year, the formula provides that certificated staff compensation now includes the costs of public school retirement and Medicare for those staff members. These items were previously paid from the Incidental Fund.

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

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

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

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

Transfers from the Incidental Fund to the Capital Projects Fund. In addition to money generated from the Capital Projects Fund levy, each school district may transfer money from the Incidental Fund to the Capital Projects Fund for certain purposes, including: (1) the amount to be expended for transportation equipment that is considered an allowable cost under the state board of education rules for transportation reimbursements during the current year; (2) the amount necessary to satisfy obligations of the Capital Projects Fund for state-approved area vocational-technical schools; (3) current year obligations for lease-purchase obligations entered into prior to January 1, 1997; (4) the amount necessary to repay costs of one or more guaranteed energy savings performance contracts to renovate buildings in the school district, provided that the contract specified that no payment or total of payments shall be required from the school district until at least an equal total amount of energy and energy-related operating savings and payments from the vendor pursuant to the contract have been realized; and (5) to satisfy current year capital project expenditures, an amount not to exceed the greater of (a) \$162,326 or (b) seven percent (7%) of the State Adequacy Target (which DESE calculated at \$6,241 for 2016-2017 and for 2017-2018; but see "***State Adequacy Target***" above) times a school district's Weighted ADA. The District transferred \$729,602.00 from the Incidental Fund to the Capital Projects Fund under this provision during the 2016-2017 fiscal year.

Transfers from Incidental Fund to Debt Service Fund and/or Capital Projects Fund. If a school district is not using the seven percent (7%) or the \$162,326 transfer discussed in parts (5)(a) and (5)(b) of the prior paragraph and is not making payments on lease purchases pursuant to Section 177.088, RSMo, then the school district may transfer from the Incidental Fund to the Debt Service and/or the Capital Projects Fund the greater of (1) the State Aid received in the 2005-2006 school year as a result of no more than eighteen (18) cents of the sum of the Debt Service Fund levy and Capital Projects Fund levy used in the foundation formula and placed in the Capital Projects Fund or Debt Service Fund, or (2) Five percent (5%) of the State Adequacy Target (which DESE calculated at \$6,241 for 2016-2017 and for 2017-2018; but see "***State Adequacy Target***" above) times the district's Weighted ADA. Because the District made a transfer under the provision discussed in the prior paragraph, the District was not eligible to make a transfer under this provision during the 2016-2017 fiscal year.

Fund Balances Summary

The following Summary Statement of Revenues, Expenditures and Changes in Fund Balances was prepared from the District's audited financial statements for the fiscal years ended June 30, 2015 through 2018. The statement set forth below should be read in conjunction with the other financial statements and notes set forth in *Appendix B* of this Official Statement and the financial statements on file at the District's office.

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

	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
<u>General (Incidental) Fund</u>				
Beginning Fund Balances	\$ 4,147,639	\$ 4,736,386	\$ 5,139,028	\$ 4,628,749
Revenues	11,576,786	11,122,414	9,764,730	10,244,811
Expenditures	(6,670,306)	(7,707,197)	(7,611,800)	(7,145,977)
Transfer To (From)	<u>(4,317,733)</u>	<u>(3,012,575)</u>	<u>(2,663,209)</u>	<u>(3,401,926)</u>
Ending Fund Balance	<u>\$ 4,736,386</u>	<u>\$ 5,139,028</u>	<u>\$ 4,628,749</u>	<u>\$ 4,325,657</u>
<u>Special Revenue (Teachers) Fund</u>				
Beginning Fund Balances	\$ 0	\$ 0	\$ 0	\$ 4,291
Revenues	5,267,835	6,989,515	8,038,871	8,552,630
Expenditures	(8,935,568)	(9,322,081)	(9,968,187)	(11,232,032)
Transfer To (From)	<u>3,667,733</u>	<u>2,332,566</u>	<u>1,933,607</u>	<u>2,675,110</u>
Ending Fund Balance	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 4,291</u>	<u>\$ 0</u>
<u>Debt Service Fund</u>				
Beginning Fund Balances	\$ 1,267,418	\$ 10,930,917	\$ 10,642,377	\$10,153,755
Revenues	11,146,602 ⁽¹⁾	1,534,660	1,421,442	1,465,610
Expenditures	(1,483,102)	(1,823,200)	(1,910,064)	(11,213,894) ⁽¹⁾
Transfer To (From)	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Ending Fund Balance	<u>\$ 10,930,917</u>	<u>\$ 10,642,377</u>	<u>\$ 10,153,755</u>	<u>\$ 405,472</u>
<u>Capital Projects Fund</u>				
Beginning Fund Balances	\$ 1,154,454	\$ 1,048,779	\$ 877,417	\$ 1,874,179
Revenues	466,201	344,883	465,000	1,382,964 ⁽²⁾
Expenditures	(1,221,876)	(1,196,253)	(887,841)	(1,751,561)
Transfer To (From)	<u>650,000</u>	<u>680,009</u>	<u>729,602</u>	<u>726,816</u>
Ending Fund Balance	<u>\$ 1,048,779</u>	<u>\$ 877,417</u>	<u>\$ 1,184,179</u>	<u>\$ 1,542,397</u>
<u>Total Funds</u>				
Beginning Fund Balances	\$ 6,569,510	\$ 16,716,082	\$ 16,658,822	\$15,970,974
Revenues	28,457,424 ⁽¹⁾	19,991,472	19,690,043	21,646,016 ⁽²⁾
Expenditures	(18,310,853)	(20,048,732)	(20,377,891)	(31,343,464) ⁽¹⁾
Transfer To (From)	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Ending Fund Balance	<u>\$ 16,716,082</u>	<u>\$ 16,658,822</u>	<u>\$ 15,970,974</u>	<u>\$ 6,273,526</u>

Source: Annual Secretary of the Board Report for the fiscal years ended 2015-2018

⁽¹⁾ Includes proceeds from the District's General Obligation Refunding Bonds (Missouri Direct Deposit Program), Series 2015, which were used to redeem the outstanding principal of the District's General Obligation Bonds (Missouri Direct Deposit Program), Series 2008 on March 1, 2018.

⁽²⁾ Includes proceeds from the Lease Purchase Agreement dated as of September 1, 2017 between FS Leasing, LLC and the District.

Risk Management

MUSIC. The District is a member of the Missouri School Insurance Council (MUSIC), a protected, self-insurance program of approximately 467 Missouri public school districts and junior college districts. The District does not pay premiums to purchase insurance policies, but it does pay an annual assessment to be a member of MUSIC. Part of the annual assessment is used to purchase excess insurance for the group as a whole. For additional information specific to the District's participation in MUSIC, see Note VI to the District's financial statements included in *Appendix B* to this Official Statement.

Pension and Employee Retirement Plans

The District contributes to two cost-sharing multiple-employer defined benefit pension plans on behalf of its employees: (i) The Public School Retirement System of Missouri ("**PSRS**"), which provides retirement, disability and death benefits to full-time (and certain part-time) certificated employees of school districts and certain other educational entities in Missouri and employees of certain related employers; and (ii) The Public Education Employee Retirement System of Missouri ("**PEERS**"), which provides retirement and disability benefits to employees of school districts and certain other educational entities in Missouri and of certain related employers who work 20 or more hours per week and do not contribute to PSRS. Benefit provisions relating to both PSRS and PEERS are set forth in Chapter 169 of the Revised Statutes of Missouri, as amended. The statutes assign responsibility for the administration of both plans to a seven member Board of Trustees of PSRS (the "**PSRS Board**"). PSRS and PEERS had 534 and 530 contributing employers, respectively, during the fiscal year ended June 30, 2017.

PSRS and PEERS issue a publicly available financial report that includes financial statements and required supplementary information. The PSRS/PEERS Comprehensive Annual Financial Report for the fiscal year ended June 30, 2017 (the "**2017 PSRS/PEERS CAFR**"), the comprehensive financial report for the plans, is available at www.psr-peers.org/Investments/Annual-Report. The link to the 2017 PSRS/PEERS CAFR is provided for general background information only, and the information in the 2017 PSRS/PEERS CAFR is not incorporated by reference herein. The 2017 PSRS/PEERS CAFR provides detailed information about PSRS and PEERS, including their respective financial positions, investment policy and performance information, actuarial information and assumptions affecting plan design and policies, and certain statistical information about the plans.

PSRS and PEERS Contributions

Employees who contribute to PSRS are not eligible to make Social Security contributions, except in limited circumstances. For the fiscal year ended June 30, 2017, PSRS contributing employees were required to contribute 14.5% of their annual covered salary and their employers, including the District, were required to contribute a matching amount of 14.5% of each contributing employee's covered salary. The contribution requirements of members and the District are established (and may be amended) by the PSRS Board based on the recommendation of an independent actuary. State statute prohibits the PSRS Board from approving an increase greater than 1.0% in aggregate of PSRS contributing member covered pay of the previous year.

Employees who contribute to PEERS are eligible to make Social Security contributions. For the fiscal year ended June 30, 2017, PEERS contributing employees were required to contribute 6.86% of their annual covered salary and their employers, including the District, were required to contribute a matching amount of 6.86% of each contributing employee's covered salary. The contribution requirements of members and the District are established (and may be amended) by the PSRS Board based on the recommendation of an independent actuary. State statute prohibits the PSRS Board from approving an increase greater than 0.5% in aggregate of PEERS contributing member covered pay of the previous year.

PSRS and PEERS Funded Status

PSRS and PEERS reported funded ratios of 84.0% and 85.8%, respectively, as of June 30, 2017, according to the 2017 PSRS/PEERS CAFR. Funded ratios are intended to estimate the ability of current plan assets to satisfy projected future liabilities. The PSRS and PEERS funded ratios are determined by dividing the smoothed actuarial value of plan assets by the plan's actuarial accrued liability determined under the entry age normal cost method with normal costs calculated as a level percentage of payrolls, along with certain actuarial assumptions based on an experience study conducted in 2016. PSRS and PEERS amortize unfunded actuarial liabilities using a closed 30-year method. Additional assumptions and methods used to determine the actuarial funded status of PSRS and PEERS are set forth in the Actuarial Section of the 2017 PSRS/PEERS CAFR. The funding objective of each plan, as stated in each plan's Actuarial Funding Policy, is to achieve a funded ratio of 100% over a closed 30-year period.

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

Schedule of Employer Contributions

Year Ended June 30,	PSRS			PEERS		
	Actuarially Determined Contribution	Actual Employer Contributions	Contribution Excess/ (Deficiency)⁽¹⁾	Actuarially Determined Contribution	Actual Employer Contributions	Contribution Excess/ (Deficiency)⁽¹⁾
2017	\$642,821,624	\$684,857,718	\$ 42,036,094	\$108,807,233	\$111,239,585	\$ 2,432,352
2016	643,155,536	669,953,683	26,798,147	104,011,593	106,654,638	2,643,045
2015	666,438,984	656,924,899	(9,514,085)	105,739,092	103,624,310	(2,114,782)
2014	608,459,393	643,989,869	35,530,476	98,497,846	100,699,735	2,201,889
2013	507,232,268	634,040,335	126,808,067	87,013,816	97,059,313	10,045,497

Source: "Schedules of Employer Contributions" in the Financial Section of the 2017 PSRS/PEERS CAFR.

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

Schedule of Funding Progress

(Dollar amounts in thousands)

Year Ended June 30,	PSRS			PEERS		
	Actuarial Value of Assets	Actuarial Accrued Liability	Funded Ratio	Actuarial Value of Assets	Actuarial Accrued Liability	Funded Ratio
2017	\$37,373,740	\$44,501,771	84.0%	\$4,470,270	\$5,209,369	85.8%
2016	35,419,278	41,744,619	84.8	4,157,427	4,809,666	86.4
2015	34,073,415	40,610,540	83.9	3,915,199	4,512,317	86.8
2014	31,846,599	38,483,184	82.8	3,584,719	4,211,489	85.1
2013	29,443,147	36,758,165	80.1	3,237,200	3,967,619	81.6

Source: "Schedule of Funding Progress" in the Actuarial Section of the 2017 PSRS/PEERS CAFR.

As stated in the District's audited financial statements and the GASB 68 footnote disclosure prepared by PSRS and PEERS and provided to the District, the District's contributions to PSRS and PEERS for the years shown were as follows:

District Contributions to PSRS and PEERS

Year Ended June 30,	PSRS		PEERS	
	<u>Annual Contribution⁽¹⁾</u>	<u>Contribution (% of Payroll)</u>	<u>Annual Contribution⁽¹⁾</u>	<u>Contribution (% of Payroll)</u>
2017	\$1,185,709	14.5%	\$206,353	6.86%
2016	1,097,325	14.5	179,533	6.86
2015	1,039,667	14.5	156,218	6.86
2014	1,066,022	14.5	164,118	6.86
2013	945,340	14.5	146,202	6.86

Source: Audited financial statements of the District; Financial Statement Information Related to the Public School and Education Employee Retirement Systems of Missouri, prepared by PSRS and PEERS in about June 2017 for the District.

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

The District's contribution to PSRS and PEERS during the fiscal year ended June 30, 2017 constituted approximately 6.82% of the District's total expenditures during the fiscal year. The District will be required to contribute 14.5% of covered payroll for PSRS contributing employees and 6.86% of covered payroll for PEERS contributing employees during the fiscal years ending June 30, 2018 and June 30, 2019, equal to the contribution percentages for the fiscal year ended June 30, 2017.

The District has not implemented GASB Statement No. 68, *Accounting and Financial Reporting for Pensions – An Amendment of GASB Statement No. 27*, because the District's financial statements are prepared on a modified cash basis of accounting, which is a comprehensive basis of accounting different from accounting principles generally accepted in the United States of America. PSRS and PEERS, however, have implemented GASB Statement No. 67, *Financial Reporting for Pension Plans – An Amendment of GASB Statement No. 25*. Accordingly, PSRS and PEERS are required annually to provide each contributing Missouri school district reports estimating each district's proportionate share of the net pension liability of PSRS and PEERS as of the end of the prior fiscal year. The estimate is computed for each district by multiplying the net pension liability of a plan (calculated by determining the difference between the plan's total pension liability and fiduciary net position) by a percentage reflecting the district's proportionate share of contributions to the plan during the fiscal year (calculated by dividing the District's actual contributions by the actual contributions of all participating employers for PSRS and PEERS, respectively, for the fiscal year ended June 30, 2016). At June 30, 2017 (measured as of June 30, 2016), the District's proportionate share of the net pension liability of PSRS and PEERS was \$12,514,903 and \$1,428,244, respectively, as determined by PSRS and PEERS on an accrual basis of accounting. At June 30, 2016, the District's contribution to PSRS and PEERS represented 0.1733% and 0.1872%, respectively, of the overall contributions to PSRS and PEERS during the fiscal year. In addition, for the year ended June 30, 2017, the district recognized pension expense of \$1,611,053 for PSRS and \$335,736 for PEERS, its proportionate share of the total pension expense. Detailed information about the calculation of the net pension liability of the plans, including information about the assumptions used, is available in Note 5 of the 2017 PSRS/PEERS CAFR.

The net pension liability of PSRS and PEERS is based on a 7.75% discount rate, which was also the assumed investment rate of return for the plans effective for the fiscal year ended June 30, 2017. PSRS and PEERS further advised the District that its proportionate share of the net pension liability using a 1% higher or lower discount rate at June 30, 2017 (measured as of June 30, 2016) would be as follows:

Proportionate Share of Net Pension Liability Sensitivity

	1.0% Decrease (<u>6.75%</u>)	Current Discount Rate (<u>7.75%</u>)	1.0% Increase (<u>8.75%</u>)
District's proportionate share of PSRS net pension liability	\$22,227,162	\$12,514,903	\$4,440,490
District's proportionate share of PEERS net pension liability / (asset)	\$2,631,003	\$1,428,244	\$419,381

For the fiscal year ended June 30, 2017, the PSRS Board revised the actuarial assumed rate of return from 8.0% to 7.75% along with several other revisions and changes in assumptions made by the PSRS Board in light of the actuarial experience studies and asset-liability study conducted in fiscal year 2016. With respect to the fiscal year ending June 30, 2018, the PSRS Board has revised the actuarial assumed rate of return from 7.75% to 7.6% and increased the assumption for cost-of-living adjustments for the June 30, 2017 valuations, which are relevant for the fiscal year ending June 30, 2018.

For additional information regarding the District's pensions and employee retirement plans, see Note V to the District's financial statements included in *Appendix B* to this Official Statement. For additional information regarding PSRS and PEERS, see the 2017 PSRS/PEERS CAFR.

PROPERTY TAX INFORMATION

Property Valuations

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

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

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

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

Current Assessed Valuation

The following table shows the total locally assessed valuation and the estimated actual valuation, by category, of all taxable tangible property situated in the District (excluding assessed valuation amounts attributable to state assessed railroad and utility property located within the District) according to the assessment for calendar year 2017 for property owned as of January 1, 2017, as adjusted through December 31, 2017.

<u>Category</u>	<u>Assessed Valuation</u>	<u>Assessment Rate</u>	<u>Estimated Actual Valuation</u>
Real estate:			
Residential	\$80,311,400	19%	\$422,691,579
Commercial	40,141,430	32%	125,441,969
Agricultural	<u>200,100</u>	12%	<u>1,667,500</u>
Sub-Total	\$120,652,930		\$549,801,048
Personal property ⁽²⁾	<u>\$ 37,564,623</u>	33-1/3%	<u>\$112,693,982</u>
Total	<u>\$158,217,553</u>		<u>\$662,495,029</u>

Source: 2016-2017 Annual Report of the County Clerk to the State Board of Education.

⁽¹⁾ Includes locally assessed railroad and utility property and assessed valuation in the amount of \$44,300 attributable to the incremental increase in assessed valuation over the established assessed valuation base within TIF Redevelopment Areas (defined herein) located within the District.

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

Historic Assessed Valuation

The total assessed valuation of all taxable tangible property situated in the District (excluding assessed valuation amounts attributable to state assessed railroad and utility property located within the District and including assessed valuation attributable to the incremental increase in assessed valuation over the established assessed valuation base within TIF Redevelopment Areas (defined herein) located within the District) according to the assessments of January 1, as adjusted through December 31, in each of the following years has been as follows:

<u>Calendar Year</u>	<u>Assessed Valuation</u>	<u>% Change</u>
2016	\$152,038,355	+0.13
2015	151,836,977	+1.93
2014	148,961,565	-2.33
2013	152,507,521	-3.65
2012	158,280,201	N/A

Source: District’s 2011-2012 through 2016-2017 Annual Reports of the County Clerk to the State Board of Education.

Property Tax Levies and Collections

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

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

on the assessed valuation figures provided by the County Clerk. As required under SB 711 (discussed below), the District must informally project nonbinding tax levies for the year and return such projected tax levies to the County Clerk no later than April 8th. The District must fix its ad valorem property tax rates and certify them to the County Clerk no later than September 1st for entry in the tax books. Taxes are levied at the District's tax rate per \$100 of assessed valuation. The Missouri State Auditor is responsible for reviewing the rate of tax to insure that it does not exceed constitutional rate limits.

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

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

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

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

Tax Abatement and Tax Increment Financing

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

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

Currently, certain portions of the District are located in tax increment financing districts ("**TIF Redevelopment Areas**"). Tax increment financing does not diminish the amount of property tax revenues collected by the District in an affected area compared to prior to the establishment of a TIF Redevelopment Area, but instead acts to freeze such revenues at current levels and deprives the District and other taxing districts of all

or part of future increases in ad valorem real property tax revenues that otherwise would have resulted from increases in assessed valuation in such areas (the “**TIF Increment**”). The TIF Increment is captured by the TIF Redevelopment Areas until the tax increment financing obligations issued are repaid or the tax increment financing period terminates.

According to the County Assessor’s office, the TIF Increment attributable to property within the District is \$44,300 for the 2017 tax year. See “**PROPERTY TAX INFORMATION – Current Assessed Valuation**” and “– **Historic Assessed Valuation.**”

Tax Rates

Debt Service Levy. The District’s debt service levy for the 2017-2018 fiscal year is \$0.6700 per \$100 of assessed valuation. Once indebtedness has been approved by the requisite number of voters voting therefor and bonds are issued, the District is required under Article VI, Section 26(f) of the Missouri Constitution to levy an annual tax on all taxable tangible property therein sufficient to pay the interest and principal of the indebtedness as they fall due and to retire the same within 20 years from the date of issue. The Board of Education may set the tax rate for debt service, without limitation as to rate or amount, at the level required to make such payments.

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

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

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

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

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

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

For fiscal year 2017-2018, the District's operating levy (all funds except the debt service fund levy) is \$4.0260 per \$100 of assessed valuation.

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

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

Fiscal Year Ended June 30	General Incidental Fund	Special Revenue Teachers' Fund	Debt Service Fund	Capital Projects Fund	Total Levy
2018	\$4.0260	\$0.0000	\$0.6700	\$0.0000	\$4.6960
2017	4.0892	0.0000	0.6700	0.0000	4.7592
2016	4.0762	0.0000	0.6700	0.0000	4.7462
2015	4.0765	0.0000	0.6700	0.0000	4.7465
2014	3.9308	0.0000	0.6700	0.0000	4.6008

Source: District's Annual Secretary of the Board Reports for the fiscal years ended June 30, 2014-2018.

Tax Collection Record

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

Fiscal Year Ended June 30	Total Levy (per \$100 of Assessed Value)	Assessed Valuation⁽¹⁾	Total Taxes Levied⁽²⁾	<u>Current Taxes Collected</u>		<u>Current and Delinquent Taxes Collected⁽³⁾</u>	
				<u>Amount</u>	<u>%</u>	<u>Amount</u>	<u>%</u>
2018	\$4.6960	\$158,217,553	\$7,429,896	\$7,318,026	98.49%	\$7,470,225	100.54%
2017	4.7592	152,038,355	7,235,809	6,935,855	95.85	7,083,819	97.90
2016	4.7462	151,836,977	7,206,487	6,987,753	96.96	7,132,007	98.97
2015	4.7465	148,961,565	7,070,461	6,846,311	96.83	6,988,119	98.84
2014	4.6008	152,507,521	7,016,566	6,733,738	95.97	7,146,199	101.85

Source: District's Annual Secretary of the Board Reports for the fiscal years ended June 30, 2014 - 2018;

⁽¹⁾ The assessed valuation used is the assessed valuation of the District as adjusted through December 31 of the calendar year prior to the fiscal year shown.

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

⁽³⁾ Delinquent taxes are shown in the year payment is actually received, which may cause the percentage of Current and Delinquent Taxes Collected to exceed 100%.

Major Taxpayers

The ten largest property taxpayers in the District according to their 2017 assessed valuations are listed below:

<u>Taxpayer</u>	<u>Assessed Valuation</u>	<u>% of District's 2017 Total Assessed Valuation</u>
1. Ardagh Glass Inc.	\$10,972,410	6.94%
2. Dow Chemical Co.	4,838,880	3.06
3. Doe Run Resources Corp.	3,419,840	2.16
4. CFC Acquisition Co.	2,265,600	1.43
5. Panzer Co. LLC	1,774,700	1.12
6. Pevely Enterprises LLC	1,530,200	0.97
7. Pevely Apartments LP	1,489,400	0.94
8. Great Eight LLC	989,900	0.63
9. Nador Investments Inc.	959,800	0.61
10. Riverview Commerce Park	699,840	0.44
Total	\$28,940,570	18.30%

Source: County Assessor's Office.

* * *

APPENDIX B

**AUDITED FINANCIAL STATEMENTS AND INDEPENDENT AUDITOR'S REPORT
OF THE DISTRICT FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

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DUNKLIN R-V SCHOOL DISTRICT
JEFFERSON COUNTY, MISSOURI
AUDITED FINANCIAL STATEMENTS
JUNE 30, 2017

DUNKLIN R-V SCHOOL DISTRICT

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FINANCIAL SECTION



Daniel Jones & Associates

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

CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITOR'S REPORT

To the Members of the Board of Education
Dunklin R-V 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 Dunklin R-V School District ("District"), Missouri, as of and for the year ended June 30, 2017, 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, 2017, and the respective changes in modified cash basis financial position thereof for the year then ended in accordance with the modified cash basis of accounting described in Note I.

Basis of Accounting

We draw attention to Note I of the financial statements 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 Budgetary Comparison Schedules and Schedule of Expenditures of Federal Awards, as required by *Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The Budgetary Comparison Schedules presented on pages 31 through 35 and Schedule of Expenditures of Federal Awards presented on page 47 are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Budgetary Comparison Schedules and Schedule of Expenditures of Federal Awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 11, 2017, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

Daniel Jones & Associates

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

December 11, 2017

BASIC FINANCIAL STATEMENTS

Dunklin R-V School District
Statement of Net Position - Modified Cash Basis
As of June 30, 2017

	<u>Governmental Activities</u>
ASSETS	
Current Assets:	
Cash and Cash Equivalents	\$ 4,183,644.86
Investments	1,488,000.00
Prepaid Payroll Obligations	2,341.37
	<hr/>
TOTAL CURRENT ASSETS	5,673,986.23
Restricted Assets:	
Student Scholarships	
Cash	143,041.40
Investments	191.09
Debt Service	
Cash	10,153,754.92
Investments	-
	<hr/>
TOTAL RESTRICTED ASSETS	10,296,987.41
	<hr/>
TOTAL ASSETS	15,970,973.64
	<hr/> <hr/>
LIABILITIES	
Payroll and Other Liabilities	-
	<hr/>
TOTAL CURRENT LIABILITIES	-
	<hr/>
NET POSITION	
Restricted For:	
Scholarships	143,232.49
Debt Service	10,153,754.92
Unrestricted	5,673,986.23
	<hr/>
TOTAL NET POSITION	15,970,973.64
	<hr/>
TOTAL LIABILITIES AND NET POSITION	\$ 15,970,973.64
	<hr/> <hr/>

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

Dunklin R-V School District
Statement of Activities - Modified Cash Basis
For the Year Ended June 30, 2017

Functions/Programs	Expenses	Program Revenues			Net (Expenses) Revenue and Changes in Net Position
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities
Governmental activities:					
Instruction	\$ 10,420,204.97	\$ -	\$ 8,379,863.17	\$ -	\$ (2,040,341.80)
Guidance	409,888.87	-	-	-	(409,888.87)
Health, Psych Speech and Audio	148,339.65	-	-	-	(148,339.65)
Improvement of Instruction	773,959.90	-	57,519.93	-	(716,439.97)
Professional Development	121,025.45	-	-	-	(121,025.45)
Media Services (Library)	298,683.00	-	-	-	(298,683.00)
Board of Education Services	335,501.00	-	-	-	(335,501.00)
Executive Administration	564,988.08	-	-	-	(564,988.08)
Building Level Administration	886,796.87	-	-	-	(886,796.87)
Business Central Service	79,199.54	-	-	-	(79,199.54)
Operation of Plant	2,064,663.16	-	-	-	(2,064,663.16)
Security Services	73,236.58	-	-	-	(73,236.58)
Pupil Transportation	754,631.54	-	135,103.28	-	(619,528.26)
Food Services	859,475.59	222,018.50	661,038.19	-	23,581.10
Community Services	122,581.11	160,026.00	-	-	37,444.89
Capital Outlay	112,909.45	-	-	-	(112,909.45)
Debt Service:					
Principal Retirement	990,070.61	-	-	-	(990,070.61)
Interest and Fiscal Charges	1,361,735.75	-	-	-	(1,361,735.75)
Total Governmental Activities	<u>\$ 20,377,891.12</u>	<u>\$ 382,044.50</u>	<u>\$ 9,233,524.57</u>	<u>\$ -</u>	<u>\$ (10,762,322.05)</u>
General revenues:					
Property taxes, levied for general purposes					6,240,817.19
Property taxes, levied for debt service					1,023,496.59
Other taxes					480,271.70
Prop C - Sales tax					1,646,512.82
Federal, State and County aid not restricted to specific purposes					10,751.89
Interest and investment earnings					344,999.95
Miscellaneous					327,623.50
Subtotal, general revenues					<u>10,074,473.64</u>
Change in net position					(687,848.41)
Net position July 1, 2016					<u>16,658,822.05</u>
Net position June 30, 2017					<u><u>\$ 15,970,973.64</u></u>

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

Dunklin R-V School District
Balance Sheet - Modified Cash Basis
All Governmental Funds
As of June 30, 2017

	General Fund	Special Revenue Fund	Debt Service Fund	Capital Projects Fund	Total Governmental Funds
ASSETS					
Cash and cash equivalents (Note II)	\$ 2,995,174.80	\$ 4,291.51	\$ -	\$ 1,184,178.55	\$ 4,183,644.86
Investments	1,488,000.00	-	-	-	1,488,000.00
Prepaid Payroll Obligations	2,341.37	-	-	-	2,341.37
Restricted Cash - Debt Service	-	-	10,153,754.92	-	10,153,754.92
Restricted Cash - Scholarships	143,041.40	-	-	-	143,041.40
Restricted Investments - Scholarships	191.09	-	-	-	191.09
Total Assets	\$ 4,628,748.66	\$ 4,291.51	\$ 10,153,754.92	\$ 1,184,178.55	\$ 15,970,973.64
LIABILITIES AND FUND BALANCES					
Payroll and Other Liabilities	-	-	-	-	-
Total Liabilities:	-	-	-	-	-
Fund Balances:					
Restricted for:					
Debt Service	-	-	10,153,754.92	-	10,153,754.92
Student Scholarships	143,232.49	-	-	-	143,232.49
Committed for:					
Payroll Obligations	2,341.37	-	-	-	2,341.37
Stabilization Reserve	-	-	-	-	-
Assigned to:					
Teacher's Fund	-	4,291.51	-	-	4,291.51
Capital Projects	-	-	-	1,184,178.55	1,184,178.55
Unassigned	4,483,174.80	-	-	-	4,483,174.80
Total Fund Balances	4,628,748.66	4,291.51	10,153,754.92	1,184,178.55	15,970,973.64
Total Liabilities and Fund Balances	\$ 4,628,748.66	\$ 4,291.51	\$ 10,153,754.92	\$ 1,184,178.55	\$ 15,970,973.64

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

Dunklin R-V School District
Statement of Revenues, Expenditures and Changes in Fund Balances - Modified Cash Basis
All Governmental Funds
For the Year Ended June 30, 2017

	General Fund	Special Revenue Fund	Debt Service Fund	Capital Projects Fund	Total Governmental Funds
Revenues					
Local Sources	\$ 7,059,850.08	\$ 1,646,677.77	\$ 1,287,567.26	\$ -	\$ 9,994,095.11
County Sources	318,791.38	26,518.88	93,943.89	-	439,254.15
State Sources	1,218,441.71	6,365,674.48	-	465,000.00	8,049,116.19
Federal Sources	1,143,524.33	-	39,930.66	-	1,183,454.99
TOTAL REVENUES	9,740,607.50	8,038,871.13	1,421,441.81	465,000.00	19,665,920.44
Expenditures					
Current					
Regular Instruction	2,076,814.99	8,343,389.98	-	-	10,420,204.97
Guidance	105,951.31	303,937.56	-	-	409,888.87
Health, Psych Speech & Audio	148,339.65	-	-	-	148,339.65
Improvement of Instruction	744,394.69	13,791.85	-	15,773.36	773,959.90
Professional Development	38,214.37	82,811.08	-	-	121,025.45
Media Services	87,249.71	211,433.29	-	-	298,683.00
Board of Education Services	335,501.00	-	-	-	335,501.00
Executive Administration	247,320.10	317,667.98	-	-	564,988.08
Building Level Administration	242,772.55	644,024.32	-	-	886,796.87
Business Central Services	79,199.54	-	-	-	79,199.54
Operation of Plant	1,761,894.49	-	-	302,768.67	2,064,663.16
Security Services	60,336.58	-	-	12,900.00	73,236.58
Pupil Transportation	754,631.54	-	-	-	754,631.54
Food Service	857,726.59	-	-	1,749.00	859,475.59
Community Services	71,450.40	51,130.71	-	-	122,581.11
Capital Outlay	-	-	-	112,909.45	112,909.45
Debt Service:					
Principal	-	-	745,000.00	245,070.61	990,070.61
Interest and Charges	2.06	-	1,165,063.85	196,669.84	1,361,735.75
Total Expenditures	7,611,799.57	9,968,186.77	1,910,063.85	887,840.93	20,377,891.12
Excess (deficiency) of revenues over expenditures	2,128,807.93	(1,929,315.64)	(488,622.04)	(422,840.93)	(711,970.68)
Other Financing Sources (Uses):					
Transfers	(2,663,209.15)	1,933,607.15	-	729,602.00	-
Sale of Bonds	-	-	-	-	-
Net Insurance Recovery	12,416.99	-	-	-	12,416.99
Sale of School Buses	-	-	-	-	-
Sale of Other Property	-	-	-	-	-
Refunding Bonds	-	-	-	-	-
Tuition from other Districts	-	-	-	-	-
Area Voc Fees from Other LEAS	-	-	-	-	-
Contracted Educational Services	-	-	-	-	-
Trans from other LEAS Non-Handi	-	-	-	-	-
Trans from other LEAS for Handi	11,705.28	-	-	-	11,705.28
Trans from other LEAS for ECSE Handi	-	-	-	-	-
Total Other Financing Sources (Uses)	(2,639,086.88)	1,933,607.15	-	729,602.00	24,122.27
NET CHANGE IN FUND BALANCES	(510,278.95)	4,291.51	(488,622.04)	306,761.07	(687,848.41)
Fund Balances, July 1, 2016	5,139,027.61	-	10,642,376.96	877,417.48	16,658,822.05
Fund Balances, June 30, 2017	<u><u>\$ 4,628,748.66</u></u>	<u><u>\$ 4,291.51</u></u>	<u><u>\$ 10,153,754.92</u></u>	<u><u>\$ 1,184,178.55</u></u>	<u><u>\$ 15,970,973.64</u></u>

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

Dunklin R-V School District
Reconciliation of the Governmental Funds Balance Sheet
with the Government-Wide Statement of Net Position - Modified Cash Basis
June 30, 2017

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

Total Fund Balance - Governmental Funds	\$ 15,970,973.64
There are no items of reconciliation.	<u>-</u>
Total Net Position - Governmental Activities	<u><u>\$ 15,970,973.64</u></u>

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

Dunklin R-V School District
Reconciliation of the Governmental Funds Statement of Revenues, Expenditures
and Changes in Fund Balances with the Government-Wide Statement of Activities - Modified Cash Basis
For the Year Ended June 30, 2017

Total net change in fund balances - governmental funds	\$ (687,848.41)
There are no items of reconciliation.	<u>-</u>
Change in net position of governmental activities	<u><u>\$ (687,848.41)</u></u>

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

DUNKLIN R-V SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2017

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

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

A. Principles Determining the Scope of Reporting Entity

The financial statements of the District consist only of the funds of the District. The District has no financial accountability for any other governmental entity, since no other entities are considered to be controlled by or dependent on the District. Control or dependence is determined on the basis of budget adoption, taxing authority, funding, and appointment of the respective board. In addition, the District is not aware of any entity which would exercise such oversight which would result in the District being considered a component unit of the entity.

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.

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

B. Fund Accounting

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

DUNKLIN R-V SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2017

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

B. Fund Accounting (concluded)

1. Governmental Fund

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

a. General Fund

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

b. Special Revenue Fund

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

c. Debt Service Fund

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

d. Capital Projects Fund

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

C. Basis of Presentation

Government-wide Financial Statements

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

DUNKLIN R-V SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2017

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

C. Basis of Presentation (concluded)

Government-wide Financial Statements (concluded)

The statement of net position presents the financial condition of the governmental activities of the District at year-end. The statement of activities presents a comparison between direct expenses and program revenues for each function of the District's governmental activities. Direct expenses are those that are specifically associated with and are clearly identifiable to a particular function. Amounts reported as *program revenues* include (a) charges paid by the students for tuition, fees, or goods and services offered by the programs and (b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program.

Revenues not classified as *program revenues* are presented as general revenues and include all property taxes. The comparison of direct expenses with program revenues identifies the extent to which each governmental function is self-financing or draws from the general revenues of the District.

Fund Financial Statements

The fund financial statements provide information about the District's funds. A balance sheet and statement of revenues, expenditures, and changes in fund balances are presented. The emphasis of fund financial statements is on major governmental funds; each displayed in a separate column. The District considers each of its funds to be major.

D. Basis of Accounting

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 postemployment 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.

E. Pooled Cash and Temporary Investments

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

DUNKLIN R-V SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2017

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

E. Pooled Cash and Temporary Investments (concluded)

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

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

F. Restricted Cash

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

G. Fund Balance Classification

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

- Nonspendable 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 be maintained intact. The District did not have any nonspendable resources as of June 30, 2017.
- 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, such as the Board of Education. Formal action, such as a vote from the Board of Education, must be taken prior to the end of the fiscal year. The same formal action must be taken to remove or change the limitations placed on the funds.
- Assigned Fund Balance consists of funds that are set aside with the intent to be used for a specific purpose by the District's highest level of decision making authority, such as 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 and resources designated for student scholarships.

DUNKLIN R-V SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2017

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

G. Fund Balance Classification (concluded)

- Unassigned Fund Balance consists of excess funds that have not been classified in the previous four categories. All funds in this category are considered spendable resources. This category also provides the resources necessary to meet unexpected expenditures and revenue shortfalls.

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

As of June 30, 2017, 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	\$ -	\$ 143,232.49	\$ 2,341.37	\$ -
Special Revenue (Teachers) Fund	-	-	-	4,291.51
Debt Service fund	-	10,153,754.92	-	-
Capital Projects Fund	-	-	-	1,184,178.55
Total	<u>\$ -</u>	<u>\$ 10,296,987.41</u>	<u>\$ 2,341.37</u>	<u>\$ 1,188,470.06</u>

H. Net Position

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

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.

DUNKLIN R-V SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2017

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (concluded)

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.

L. Compensated Absences

Vacation time, personal sick days and sick leave are considered an expenditure in the year paid. Amounts that are unpaid and which are vested in the employee are paid at termination. Total vested and unpaid vacation at June 30, 2017, amounted to approximately \$183,600. This estimate has not been subjected to auditing procedures.

M. Teachers' Salaries

The salary payment schedule of the District for the 2016-17 school year requires the payment of salaries over a twelve-month period. Consequently, the July and August 2017 payroll checks are included in the accompanying financial statements as an expenditure paid in the month of June. This practice has been consistently followed in previous years.

N. Post-Employment Benefits

COBRA Benefits – Under the Consolidated Omnibus Budget Reconciliation Act (COBRA), the District provides healthcare benefits to eligible former employees and eligible dependents. Certain requirements are outlined by the federal government for this coverage. The premium is paid in full by the insured on or before the tenth (10th) day of the month for the actual month covered. This program is offered for a duration of 18 months after the termination date. There is no associated cost to the District under this program, and there were no participants in the program as of June 30, 2017.

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. Each fund type's portion of this pool is displayed on the balance sheet arising from cash transactions as "Cash and Investments" under each fund's caption.

A. DEPOSITS AND INVESTMENTS

The District is governed by the deposit and investment limitations of state law. Missouri statutes require that all deposits with financial institutions be collateralized in an amount at least equal to uninsured deposits. At June 30, 2017, the carrying amount of the District's deposits and investments was \$15,968,632.27, and the bank balance was \$18,410,963.01. Of the bank balance, \$530,087.67 was covered by federal depository insurance and \$15,242,783.97 was covered by collateral held by the District's safekeeping bank agent, in the District's name. An amount of \$2,988,479.03 was secured through the MOHEFA and MOSIP programs.

DUNKLIN R-V SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2017

II. CASH AND INVESTMENTS (continued)

A. DEPOSITS AND INVESTMENTS (concluded)

The deposits and investments held at June 30, 2017, are as follows:

Deposits and Investments:

Demand Deposits	\$ 4,183,644.86
Investments	1,488,000.00
Deposits Restricted for Debt Service	10,153,754.92
Deposits Restricted for Student Scholarships	143,041.40
Investments Restricted for Debt Service	-
Investments Restricted for Student Scholarships	191.09

Total Deposits and Investments	<u>\$ 15,968,632.27</u>
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Missouri Securities Investment Program (MOSIP)

The District had \$2,001,477.70 invested in the MOSIP program as of June 30, 2017. All funds in the program are invested in accordance with Section 165.051 Missouri Revised Statutes. Each school district owns a pro-rata share of each investment or deposit which is held in the name of the Fund. Since the fund has the characteristics of a mutual fund, it is not reported by risk category in accordance with Governmental Accounting Standards Board Statement #3.

Missouri Health and Education Facilities Authority (MOHEFA)

The District participates in the Missouri Direct Deposit Program which is a mechanism for public school bond repayments through the MOHEFA Bond Program. It authorizes the direct deposit of a portion of the school district's state aid payments by the State of Missouri to a trustee bank that accumulates these payments and then makes the principal and interest payments to the paying agent on the bonds. The direct deposits occur monthly and the balance is withdrawn every six months to pay the debt service requirement of the related bond issues. At June 30, 2017, the District had \$987,001.33 in this program.

Interest Rate Risk

As a means of limiting its exposure to fair value losses arising from rising interest rates, the District's investment policy mandates structuring the investment portfolio so that securities mature to meet cash requirements for ongoing operations thereby avoiding the need to sell securities on the open market prior to maturity. The investment policy also mandates investing operating funds primarily in shorter-term securities. The maximum maturity allowed under District policy is five years from the date of purchase.

DUNKLIN R-V SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2017

II. CASH AND INVESTMENTS (concluded)

Credit Risk

Credit risk is the risk that the issuer or other counterparty to an investment will not fulfill its obligations. To protect against credit risk, the District restricts investments to those with a rating of AAA by Standards and Poor's or A1+/P1 by Moody's. These ratings are the highest given by the agencies and indicate a low credit risk.

Custodial Credit Risk – Deposits

For a deposit, custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it. The District's investment policy does not include custodial credit risk requirements. The District's deposits were not exposed to custodial credit risk for the year ended June 30, 2017.

Custodial Credit Risk – Investments

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

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 have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

Concentration of Investment Credit Risk

Concentration of investment credit risk is required to be disclosed by the District for any single investment that represents 5% or more of total investments (excluding investments issued by or explicitly guaranteed by the U.S. Government, investments in mutual funds, investments in external investment pools and investments in other pooled investments). The District has a 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, 2017.

DUNKLIN R-V SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2017

III. TAXES

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

The District also receives sales tax collected by the State and remitted based on a prior year weighted average attendance. Districts are required to reduce the property tax levy by one-half the amount of sales tax estimated to be received in the subsequent calendar year, unless the District receives a Proposition C waiver. During the 2002-2003 school year, the patrons of the Dunklin R-V School District voted full waiver of the Proposition C Rollback.

The assessed valuation of the tangible taxable property (including state assessed railroad and utilities) for the calendar year 2016, for purposes of local taxation, was:

REAL ESTATE:	
Residential	\$ 73,829,000
Agricultural	200,522
Commercial	40,032,310
PERSONAL PROPERTY:	<u>37,932,223</u>
TOTAL	<u>\$ 151,994,055</u>

The tax levy per \$100 of the assessed valuation of tangible taxable property for the fiscal year 2016-17, for purposes of local taxation, was:

	<u>UNADJUSTED</u>	<u>ADJUSTED</u>
General Fund	\$ 4.0892	\$ 4.0892
Special Revenue Fund	0.0000	0.0000
Debt Service Fund	0.6700	0.6700
Capital Projects Fund	<u>0.0000</u>	<u>0.0000</u>
TOTAL	<u>\$ 4.7592</u>	<u>\$ 4.7592</u>

The receipts of current and delinquent property taxes during the fiscal year ended June 30, 2017, aggregated approximately 97.93 percent of the current assessment computed on the basis of the levy as shown above.

DUNKLIN R-V SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2017

IV. CHANGES IN LONG-TERM DEBT

The following is a summary of changes in long-term bond debt for the year ended June 30, 2017:

Date of Issue	Description	Beginning Balance July 1, 2016	Current Year Additions	Current Year Deletions & Payments	Ending Balance June 30, 2017	Interest Paid Current Year
11/3/2008	GO Bond 2008	\$ 10,000,000.00	\$ -	\$ 175,000.00	\$ 9,825,000.00	\$ 666,300.35
10/8/2009	GO Bond 2009A	1,040,000.00	-	570,000.00	470,000.00	35,900.00
10/8/2009	GO Bond 2009 B	1,940,000.00	-	-	1,940,000.00	116,594.00
10/8/2009	GO Bond 2009 C	3,060,000.00	-	-	3,060,000.00	49,572.00
4/15/2015	GO Bond 2015	9,249,543.60	-	-	9,249,543.60	293,047.00
	Total	<u>\$ 25,289,543.60</u>	<u>\$ -</u>	<u>\$ 745,000.00</u>	<u>\$ 24,544,543.60</u>	<u>\$ 1,161,413.35</u>

The bond payments are made from the Debt Service fund and all leases are paid out of the Capital Projects Fund.

The following is a summary of changes in capital leases for the year ended June 30, 2017:

Date of Issue	Description	Beginning Balance July 1, 2016	Current Year Additions	Current Year Deletions & Payments	Ending Balance June 30, 2017	Interest Paid Current Year
3/31/2011	Lease Participation Certificate 2011	\$ 2,215,000.00	\$ -	\$ 110,000.00	\$ 2,105,000.00	\$ 101,900.45
5/29/2013	Lease Purchase	3,173,790.66	-	135,070.61	3,038,720.05	94,769.39
7/7/2011	Capital Copier Lease	77.63	-	77.63	-	2.06
9/30/2016	Bus Lease	-	843,357.00	110,368.00	732,989.00	-
	Total	<u>\$ 5,388,868.29</u>	<u>\$ 843,357.00</u>	<u>\$ 355,516.24</u>	<u>\$ 5,876,709.05</u>	<u>\$ 196,671.90</u>

DUNKLIN R-V SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2017

IV. CHANGES IN LONG-TERM DEBT (continued)

Bonds payable at June 30, 2017, consist of:

\$10,000,000 Original Principal of Dunklin R-V School District General Obligation Bond Series 2008-due in varying annual principal installments ranging from \$175,000 to \$1,370,000 through March 1, 2028, interest rate is variable from 4.50% to 5.00%.	\$ 9,825,000.00
\$3,960,000 Original Principal of Dunklin R-V School District General Obligation Bond Series 2009A-due in varying annual principal installments ranging from \$250,000 to \$695,000 through March 1, 2025, interest rate is variable from 2.00% to 4.00%.	470,000.00
\$1,940,000 Original Principal of Dunklin R-V School District General Obligation Bond Series 2009B-due in varying annual principal installments ranging from \$50,000 to \$1,485,000 through March 1, 2029, interest rate is 6.01%.	1,940,000.00
\$3,060,000 Original Principal of Dunklin R-V School District General Obligation Bond Series 2009C-due in varying annual principal installments ranging from \$355,363.64 to \$639,636.36 through March 1, 2024, interest rate is 1.62%.	3,060,000.00
\$9,249,544 Original Principal of Dunklin R-V School District General Obligation Refunding Bond Series 2015-due in varying annual principal installments ranging from \$72,843.20 to \$1,160,000 through March 1, 2035, interest rate ranges from 1.50% to 4.00%. This bond is a cross-over refunding bond and will refund the Series 2008 on March 1, 2018.	9,249,543.60
SUB-TOTAL BONDS PAYABLE.....	<u>\$ 24,544,543.60</u>

Leases payable at June 30, 2017, consist of:

\$2,715,000 Original Principal of Dunklin R-V School District Lease Participation Certificates, Series 2011-due in varying annual principal installments ranging from \$100,000 to \$200,000 through March 1, 2031, interest rates ranging from 3.000% to 5.125%.	2,105,000.00
May 29, 2013, the Dunklin R-V School District entered into a fifteen year capital lease for equipment in the amount of \$3,547,006.17. This will be repaid on an annual basis with annual principal payments ranging from \$119,272.38 to \$321,467.42.	3,038,720.05
August 25, 2011, the Dunklin R-V School District entered into a five year capital lease for obtaining a copy machine in the amount of \$6,000.00. This will be repaid on a monthly basis with annual principal payments ranging from \$235.54 to \$1,357.13.	-
On September 30, 2016, the District entered into a capital lease purchase agreement for 9 school buses. The original principal on this lease is \$843,357, with five annual principal and interest payments of \$110,368 and a final payment of \$369,751. The interest rate on this lease is 2.85%.	732,989.00
SUB-TOTAL CAPITAL LEASES PAYABLE.....	<u>\$ 5,876,709.05</u>
TOTAL.....	<u>\$ 30,421,252.65</u>

DUNKLIN R-V SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2017

IV. CHANGES IN LONG-TERM DEBT (concluded)

The annual requirements to amortize all bonds outstanding as of June 30, 2017, including interest payments are as follows:

Fiscal Year Ending June 30,	Interest	Principal	Total
2018	\$ 959,363.00	\$ 825,000.00	\$ 1,784,363.00
2019	1,058,239.86	679,529.40	1,737,769.26
2020	984,036.06	697,483.20	1,681,519.26
2021	935,978.16	694,291.10	1,630,269.26
2022	920,203.36	792,565.90	1,712,769.26
2023-2027	3,422,146.78	10,825,674.00	14,247,820.78
2028-2032	1,217,212.00	6,680,000.00	7,897,212.00
2033-2035	218,638.00	3,350,000.00	3,568,638.00
	<u>\$ 9,715,817.22</u>	<u>\$ 24,544,543.60</u>	<u>\$ 34,260,360.82</u>

The following schedule shows the base rentals required to be paid by the District in each fiscal year in which the leases are in effect:

Fiscal Year Ending June 30,	Interest	Principal	Total
2018	\$ 209,976.37	\$ 340,226.63	\$ 550,203.00
2019	199,648.49	453,674.51	653,323.00
2020	185,060.82	470,407.18	655,468.00
2021	169,926.40	487,539.60	657,466.00
2022	154,254.79	764,446.21	918,701.00
2023-2027	493,800.26	2,283,947.50	2,777,747.76
2028-2031	108,292.78	1,076,467.42	1,184,760.20
	<u>\$ 1,520,959.91</u>	<u>\$ 5,876,709.05</u>	<u>\$ 7,397,668.96</u>

Article VI, Section 26(b), Constitution of Missouri, limits the outstanding amount of authorized general obligation bonds of a district to 15 percent 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, 2017.

DUNKLIN R-V SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2017

V. 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.

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.

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

DUNKLIN R-V SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2017

V. RETIREMENT PLAN (continued)

General Information about the Pension Plan – PSRS (concluded)

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

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

Contributions. PSRS members were required to contribute 14.5% of their annual covered salary during fiscal years 2015, 2016 and 2017. Employers were required to match the contributions made by employees. The contribution rate is set each year by the PSRS Board of Trustees upon the recommendation of the independent actuary within the contribution restrictions set in Section 169.030 RSMo. The annual statutory increase in the total contribution rate may not exceed 1% of pay. Contributions for employees of the State of Missouri were made by the state in accordance with the actuarially determined contribution rate needed to fund current costs and prior service costs of state employees as authorized in Section 104.342.8 RSMo.

The District's contributions to PSRS were \$1,183,565.86 for the year ended June 30, 2017.

General Information about the Pension Plan - PEERS

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

Benefits Provided. PEERS is a defined benefit plan providing service retirement and disability benefits to its members. Members are vested for service retirement benefits after accruing five years of service. Individuals who (a) are at least age 60 and have a minimum of five years of service, (b) have 30 years of service, or (c) qualify for benefits under the "Rule of 80" (service and age total at least 80) are entitled to a monthly benefit for life, which is calculated using a 1.61% benefit factor. Members qualifying for "Rule of 80" or "30-and-out" are entitled to an additional temporary .8% benefit multiplier until reaching minimum Social Security age (currently age 62). Actuarially age-reduced retirement benefits are available with five years of service at age 55. Members who are younger than age 55 and who do not qualify under the "Rule of 80" but have between 25 and 29.9

DUNKLIN R-V SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2017

V. RETIREMENT PLAN (continued)

General Information about the Pension Plan - PEERS (concluded)

years of service may retire with a lesser benefit factor. Members that are three years beyond normal retirement can elect to have their lifetime monthly benefits actuarially reduced in exchange for the right to also receive a one-time partial lump sum (PLSO) payment at retirement equal to 12, 24, or 36 times the Single Life benefit amount. A Summary Plan Description detailing the provisions of the plan can be found on PSRS' website at www.psrs-peers.org.

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

Contributions. PEERS members were required to contribute 6.86% of their annual covered salary during fiscal years 2015, 2016 and 2017. 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 \$206,155.36 for the year ended June 30, 2017.

Pension Liabilities and Pension Expense - PSRS

This information was unable to be provided as the District is still under audit from the pension program for the year ended June 30, 2016.

Pension Liabilities and Pension Expense - PEERS

This information was unable to be provided as the District is still under audit from the pension program for the year ended June 30, 2016.

Actuarial Assumptions – PSRS and PEERS

Actuarial valuations of PSRS involves estimates of the reported amount and assumptions about probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality and future salary increases. Amounts determined regarding the net pension liability are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The Board of Trustees adopts actuarial assumptions, each of which individually represents a reasonable long-term estimate of anticipated experience for the Systems, derived from experience studies conducted every fifth year. The most recent comprehensive studies were completed in June 2016. All economic and demographic assumptions were reviewed and updated, where appropriate, based on the results of the study and effective with the June 30, 2016, valuation. Significant actuarial assumption and method changes are detailed below. For additional information please refer to the Systems' CAFR. The next experience studies are scheduled for 2021.

DUNKLIN R-V SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2017

V. RETIREMENT PLAN (continued)

Actuarial Assumptions – PSRS and PEERS (continued)

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

- Measurement Date	June 30, 2016
- Valuation Date	June 30, 2016
- Expected Return on Investments	7.75%, net of investment expenses and including 2.25% inflation
- Inflation	2.25%
- Total Payroll Growth - PSRS	2.75% per annum, consisting of 2.25% inflation, 0.25% real wage growth due to the inclusion of active health care costs in pensionable earnings, and 0.25% of real wage growth due to productivity.
- Total Payroll Growth - PEERS	3.25% per annum, consisting of 2.25% inflation, 0.50% real wage growth due to the inclusion of active health care costs in pensionable earnings, and 0.50% of real wage growth due to productivity.
- Future Salary Increases - PSRS	3.00% - 9.50%, depending on service and including 2.25% inflation, 0.25% real wage growth due to the inclusion of active health care costs in pensionable earnings, and 0.25% of real wage growth due to productivity.
- Future Salary Increases - PEERS	4.00% - 11.00%, depending on service and including 2.25% inflation, 0.50% real wage growth due to the inclusion of active health care costs in pensionable earnings, and 0.50% of real wage growth due to productivity.
- Cost-of-Living Increases – Both	The long-term cost-of-living adjustment (COLA) assumed in the valuation is 1.5% per year, based on the current policy of the Board to grant a 0.00% COLA when annual inflation, as measured by the CPI-U index for a fiscal year, increases between 0.00% and 2.00% and to grant 2.00% when the increase is between 2.00% and 5.00%. The actuarial assumption increases from 1.00% to 1.50% over ten years (from fiscal year 2017 to fiscal year 2027). The COLA applies to service retirements and beneficiary annuities. The COLA does not apply to the benefits for in-service death payable to spouses (where the spouse is over age 60), and does not apply to the spouse with children pre-retirement death benefit, the dependent children pre-retirement death

DUNKLIN R-V SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2017

V. RETIREMENT PLAN (continued)

Actuarial Assumptions – PSRS and PEERS (concluded)

- Cost-of-Living Increases – Both benefit, or the dependent parent death benefit. The total lifetime COLA cannot exceed 80% of the original benefit. PSRS members receive a COLA on the second January after retirement, while PEERS members receive a COLA on the fourth January after retirement.
- Mortality Assumption
 - Actives - PSRS: RP 2006 White Collar Employee Mortality Table, multiplied by an adjustment factor of 0.75 at all ages for both males and females, with static projection using the 2014 SSA Improvement Scale to 2028.
 - Actives - PEERS: RP 2006 Total Dataset Employee Mortality Table, multiplied by an adjustment factor of 0.75 at all ages for both males and females, with static projection using the 2014 SSA Improvement Scale to 2028.
 - Non-Disabled Retirees, Beneficiaries and Survivors - PSRS: RP 2006 White Collar Mortality Tables with plan-specific experience adjustments and static projection to 2028 using the 2014 SSA Improvement Scale.
 - Non-Disabled Retirees, Beneficiaries and Survivors - PEERS: RP 2006 Total Dataset Mortality Tables with plan-specific experience adjustments and static projection to 2028 using the 2014 SSA Improvement Scale.
 - Disabled Retirees - Both: RP 2006 Disabled Retiree Mortality Tables with static projection using the 2014 SSA Improvement Scale.

Changes in Actuarial Assumptions and Methods

An experience study was completed in June 2016 resulting in an update to the following assumptions:

PSRS & PEERS:

The inflation assumption decreased from 2.50% to 2.25% per year.

DUNKLIN R-V SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2017

V. RETIREMENT PLAN (continued)

Changes in Actuarial Assumptions and Methods (concluded)

PSRS:

The payroll growth assumption decreased from 3.50% to 2.75% per year. The future salary increase assumption decreased from 4.00%-10.00%, depending on service to 3.00%-9.50%, depending on service. The investment return assumption decreased from 8.00% to 7.75% per year. The active mortality assumption changed from RP 2000 Mortality Table set back one year for males and six years for females, then projected to 2016 using Scale AA to 75% of the RP-2006 White Collar Mortality Tables with static projection to 2028 using the 2014 SSA Improvement Scale. The non-disabled retiree mortality assumption changed from the RP 2000 Mortality Table set back one year for both males and females, then projected to 2016 using Scale AA to the RP-2006 White Collar Mortality Tables with plan-specific experience adjustments and static projection to 2028 using the 2014 SSA Improvement Scale. The disabled retiree mortality assumption changed from the RP 2000 Disabled Retiree Mortality Table to the RP-2006 Disabled Retiree Mortality Tables with static projection to 2028 using the 2014 SSA Improvement Scale.

PEERS:

The payroll growth assumption decreased from 3.75% to 3.25% per year. The future salary increase assumption decreased from 5.00%-12.00%, depending on service to 4.00%-11.00%, depending on service. The investment return assumption decreased from 8.00% to 7.75% per year. The active mortality assumption changed from RP 2000 Mortality Table set back one year for males and six years for females, then projected to 2016 using Scale AA to 75% of the RP-2006 Total Dataset Mortality Tables with static projection to 2028 using the 2014 SSA Improvement Scale. The non-disabled retiree mortality assumption changed from the RP 2000 Mortality Table set forward one year for males and no set back/forward for females, then projected to 2016 using Scale AA to the RP-2006 Total Dataset Mortality Tables with plan-specific experience adjustments and static projection to 2028 using the 2014 SSA Improvement Scale. The disabled retiree mortality assumption changed from the RP 2000 Disabled Retiree Mortality Table to the RP-2006 Disabled Retiree Mortality Tables with static projection to 2028 using the 2014 SSA Improvement Scale.

PSRS & PEERS:

In addition, the Board adopted a new COLA policy during fiscal 2016 resulting in a decrease in the future COLA assumption from 2.00% per year to a variable, increasing assumption of 1.00%-1.50% over ten years beginning January 1, 2018.

Fiduciary Net Position

PSRS issues a publicly available financial report that can be obtained at www.psrs-peers.org.

DUNKLIN R-V SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2017

V. RETIREMENT PLAN (continued)

Expected Rate of Return

The long-term expected rate of return on investments was determined in accordance with Actuarial Standard Practice (ASOP) No. 27, *Selection of Economic Assumptions for Measuring Pension Obligations*. ASOP No. 27 provides guidance on the selection of an appropriate assumed rate of return. The long-term expected rate of return on the Systems' investments was determined using a building-block method in which best-estimate ranges of expected future real rates of returns (expected returns, net of investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the Systems' target allocation as of June 30, 2016, is summarized below along with the long-term geometric return. Geometric return (also referred to as the time weighted return) is considered standard practice within the investment management industry. Geometric returns represent the compounded rate of growth of a portfolio. The method eliminates the effects created by cash flows.

Asset Class	Target Asset Allocation	Long-term Expected Real Return Arithmetic Basis	Weighted Long-term Expected Real Return Arithmetic Basis
U.S. Public Equity	27.0%	5.16%	1.39%
Public Credit	7.0%	2.17%	0.15%
Hedged Assets	6.0%	4.42%	0.27%
Non-U.S. Public Equity	15.0%	6.01%	0.90%
U.S. Treasuries	16.0%	0.96%	0.15%
U.S. TIPS	4.0%	0.80%	0.03%
Private Credit	4.0%	5.60%	0.22%
Private Equity	12.0%	9.86%	1.18%
Private Real Estate	9.0%	3.56%	0.32%
Total	<u>100.0%</u>		<u>4.61%</u>
Inflation			<u>2.25%</u>
Long-term arithmetical nominal return			6.86%
Effect of coverage matrix			0.89%
Long-term expected geometric return			<u><u>7.75%</u></u>

- Discount Rate

The discount rate used to measure the total pension liability was 7.75% as of June, 30, 2016, and is consistent with the long-term expected geometric return on plan investments. The actuarial assumed rate of return was 8.0% from 1980 through fiscal year 2016. The Board of Trustees adopted a new actuarial assumed rate of return of 7.75% based on the actuarial experience studies and asset-liability study conducted during the current year. 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

DUNKLIN R-V SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2017

V. RETIREMENT PLAN (continued)

Expected Rate of Return (concluded)

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.

- Discount Rate Sensitivity

The sensitivity of the District's net pension liability to changes in the discount rate is presented below. The District's net pension liability calculated using the discount rate of 7.75% is presented as well as the net pension liability using a discount rate that is 1.0% lower (6.75%) or 1.0% higher (8.75%) than the current rate. This information was unable to be provided as the District is still under audit from the pension program for the year ended June 30, 2016.

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

Year Ended	Proportion of the Net Pension Liability (Asset)	Proportionate Share Of the Net Pension Liability (Asset)	Actual Covered Member Payroll	Net Pension Liability (Asset) As a Percentage Of Covered Payroll	Fiduciary Net Position as A Percentage of Total Pension Liability
6/30/14	0.1655%	\$6,789,762	\$7,413,853	91.58%	89.34%
6/30/15	0.1519%	9,138,438	7,220,744	126.56%	85.78%
6/30/16	**	**	**	**	**

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

Year Ended	Proportion of the Net Pension Liability (Asset)	Proportionate Share Of the Net Pension Liability (Asset)	Actual Covered Member Payroll	Net Pension Liability (Asset) As a Percentage Of Covered Payroll	Fiduciary Net Position as A Percentage of Total Pension Liability
6/30/14	0.1641%	\$599,237	\$2,391,713	25.05%	91.33%
6/30/15	0.1519%	803,408	2,277,231	35.28%	88.28%
6/30/16	**	**	**	**	**

Schedule of Employer Contributions - PSRS

Year Ended	Statutorily Required Contribution	Actual Employer Contributions	Contribution Excess/ (Deficiency)	Actual Covered Member Payroll	Contributions as a Percentage of Covered Payroll
6/30/13	\$ 945,340	\$ 945,340	\$ -	\$ 6,559,311	14.41%
6/30/14	1,066,022	1,066,022	-	7,413,853	14.38%
6/30/15	1,039,667	1,039,667	-	7,220,744	14.40%
6/30/16	**	**	**	**	**

DUNKLIN R-V SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2017

V. 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
6/30/13	\$ 146,202	\$ 146,202	\$ -	\$ 2,131,219	6.86%
6/30/14	164,118	164,118	-	2,391,713	6.86%
6/30/15	156,218	156,218	-	2,277,231	6.86%
6/30/16	**	**	**	**	**

** - This information was unable to be provided as the District is still under audit from the pension program for the year ended June 30, 2016.

VI. CONTINGENCIES

Litigation – At this time, the District is not involved in any litigation.

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

Participation in Public Entity Risk Pools – The District is exposed to various risks of loss due to torts; theft to, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The District was joined together with approximately 467 other Missouri public school districts to form the Missouri United School Insurance Council (MUSIC). MUSIC is a public entity risk pool currently operating as a common risk management and insurance program. The District does not pay premiums to purchase insurance policies, but pays an assessment to be a member of the self-sustaining risk sharing group. Part of the assessment is used to purchase excess insurance for the group as a whole. The calendar year 2017 assessment was \$229,150.

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.

DUNKLIN R-V SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2017

VII. INTERFUND TRANSFERS

Transfers between funds for the year ended June 30, 2017, are as follows:

<u>FUND</u>	<u>TRANSFERS IN</u>	<u>TRANSFERS OUT</u>
General Fund	\$ -	\$ 2,663,209.15
Special Revenue Fund	1,933,607.15	-
Capital Projects Fund	729,602.00	-
TOTAL	<u>\$ 2,663,209.15</u>	<u>\$ 2,663,209.15</u>

The transfer from the General Fund to the Special Revenue fund was to achieve a zero fund balance in the account. The transfer to the Capital Projects Fund was to fund capital improvements and capital lease payments for the District.

VIII. POST-EMPLOYMENT BENEFITS

In addition to the pension benefits described in Note I and V, the District allows employees who retire from the District to participate in the District's health, dental and life insurance plans. Upon meeting the retirement requirements per PSRS and PEERS, the employees can elect to participate in the District's plans. The retirees must pay for 100% of their coverage for each plan in which they elect to participate. The premiums are based on a single blended rate used for both active employees and retirees. The difference between the amount the retiree is required to pay and the actual cost to the District is considered to be a post-employment benefit. The District has not established an irrevocable trust fund for the accumulation of resources for the future payment of benefits under the plan; benefits are paid on a pay-as-you-go basis. A stand alone financial report is not available for the plan. During the year, approximately 64 retirees participated in the District's dental insurance plans and paid premiums totaling approximately \$36,600. There are additional retirees participating in the District's insurance plans, but the insurance carrier handles all enrollment and billing for these retirees.

IX. SUBSEQUENT EVENTS

On September 6, 2017, the District issued \$2,846,000 Original Principal of Dunklin R-V School District Refunding Lease Participation Certificates, Series 2017 for the purposes of refinancing the Series 2011 Lease Participation Certificates. There was an additional \$798,871 taken to provide funds for various capital improvements. These certificates are due in varying annual principal installments ranging from \$65,000 to \$247,000 through March 1, 2032, with an interest rate of 2.895%.

SUPPLEMENTARY INFORMATION

**Dunklin R-V School District
Budgetary Comparison Schedule
Modified Cash Basis - General Fund
For the Year Ended June 30, 2017**

	Budgeted Amounts		Actual	Over (Under) Final Budget
	Original	Final		
Revenues				
Local Sources	\$ 6,659,485.00	\$7,059,850.08	\$ 7,059,850.08	\$ -
County Sources	350,000.00	318,791.38	318,791.38	-
State Sources	1,540,670.00	1,218,441.71	1,218,441.71	-
Federal Sources	1,427,132.00	1,143,524.33	1,143,524.33	-
TOTAL REVENUES	9,977,287.00	9,740,607.50	9,740,607.50	-
Expenditures				
Current				
Instruction	2,102,523.00	2,076,814.99	2,076,814.99	-
Attendance	-	-	-	-
Guidance	157,314.00	105,951.31	105,951.31	-
Health, Psych Speech & Audio	157,314.00	148,339.65	148,339.65	-
Improvement of Instruction	874,557.00	744,394.69	744,394.69	-
Professional Development	51,480.00	38,214.37	38,214.37	-
Media Services	235,390.00	87,249.71	87,249.71	-
Board of Education Services	425,550.00	335,501.00	335,501.00	-
Executive Administration	256,128.00	247,320.10	247,320.10	-
Building Level Administration	223,991.00	242,772.55	242,772.55	-
Business Central Services	5,500.00	79,199.54	79,199.54	-
Operation of Plant	1,793,192.00	1,761,894.49	1,761,894.49	-
Security Services	64,387.00	60,336.58	60,336.58	-
Pupil Transportation	865,733.00	754,631.54	754,631.54	-
Food Service	909,561.00	857,726.59	857,726.59	-
Central Office Support Services	5,000.00	-	-	-
Other Supporting Services	-	-	-	-
Community Services	66,489.21	71,450.40	71,450.40	-
Capital Outlay	-	-	-	-
Debt Service:				
Principal	-	-	-	-
Interest and Charges	750.00	2.06	2.06	-
Total Expenditures	8,180,564.21	7,611,799.57	7,611,799.57	-
Revenues Over (Under)				
Expenditures	1,796,722.79	2,128,807.93	2,128,807.93	-
Other Financing Sources (Uses):				
Transfers	(2,312,571.00)	(2,663,209.15)	(2,663,209.15)	-
Sale of Bonds	-	-	-	-
Net Insurance Recovery	-	12,416.99	12,416.99	-
Sale of School Buses	-	-	-	-
Sale of Other Property	-	-	-	-
Refunding Bonds	-	-	-	-
Tuition from other Districts	-	-	-	-
Area Voc Fees from Other LEAS	-	-	-	-
Contracted Educational Services	-	-	-	-
Trans from other LEAS Non-Handi	-	-	-	-
Trans from other LEAS for Handi	-	11,705.28	11,705.28	-
Trans from other LEAS for ECSE Handi	-	-	-	-
Total Other Financing Sources (Uses)	(2,312,571.00)	(2,639,086.88)	(2,639,086.88)	-
NET CHANGE IN FUND BALANCE	(515,848.21)	(510,278.95)	(510,278.95)	-
Fund Balance, July 1, 2016	5,139,027.61	5,139,027.61	5,139,027.61	-
Fund Balance, June 30, 2017	\$ 4,623,179.40	\$ 4,628,748.66	\$ 4,628,748.66	\$ -

**Dunklin R-V School District
Budgetary Comparison Schedule
Modified Cash Basis - Special Revenue Fund
For the Year Ended June 30, 2017**

	Budgeted Amounts		Actual	Over (Under) Final Budget
	Original	Final		
Revenues				
Local Sources	\$ 1,617,562.00	\$ 1,646,677.77	\$ 1,646,677.77	\$ -
County Sources	20,000.00	26,518.88	26,518.88	-
State Sources	6,082,076.00	6,365,674.48	6,365,674.48	-
Federal Sources	-	-	-	-
TOTAL REVENUES	7,719,638.00	8,038,871.13	8,038,871.13	-
Expenditures				
Current				
Instruction	8,270,632.00	8,343,389.98	8,343,389.98	-
Attendance	-	-	-	-
Guidance	307,366.00	303,937.56	303,937.56	-
Health, Psych Speech & Audio	-	-	-	-
Improvement of Instruction	-	13,791.85	13,791.85	-
Professional Development	105,100.00	82,811.08	82,811.08	-
Media Services	210,518.00	211,433.29	211,433.29	-
Board of Education Services	-	-	-	-
Executive Administration	317,988.00	317,667.98	317,667.98	-
Building Level Administration	669,949.00	644,024.32	644,024.32	-
Business Central Services	-	-	-	-
Operation of Plant	-	-	-	-
Security Services	-	-	-	-
Pupil Transportation	-	-	-	-
Food Service	-	-	-	-
Central Office Support Services	-	-	-	-
Other Supporting Services	-	-	-	-
Community Services	52,656.00	51,130.71	51,130.71	-
Capital Outlay	-	-	-	-
Debt Service:				
Principal	-	-	-	-
Interest and Charges	-	-	-	-
Total Expenditures	9,934,209.00	9,968,186.77	9,968,186.77	-
Revenues Over (Under)				
Expenditures	(2,214,571.00)	(1,929,315.64)	(1,929,315.64)	-
Other Financing Sources (Uses):				
Transfers	2,212,571.00	1,933,607.15	1,933,607.15	-
Sale of Bonds	-	-	-	-
Net Insurance Recovery	-	-	-	-
Sale of School Buses	-	-	-	-
Sale of Other Property	-	-	-	-
Refunding Bonds	-	-	-	-
Tuition from other Districts	-	-	-	-
Area Voc Fees from Other LEAS	-	-	-	-
Contracted Educational Services	2,000.00	-	-	-
Trans from other LEAS Non-Handi	-	-	-	-
Trans from other LEAS for Handi	-	-	-	-
Trans from other LEAS for ECSE Handi	-	-	-	-
Total Other Financing Sources (Uses)	2,214,571.00	1,933,607.15	1,933,607.15	-
NET CHANGE IN FUND BALANCE	-	4,291.51	4,291.51	-
Fund Balance, July 1, 2016	-	-	-	-
Fund Balance, June 30, 2017	\$ -	\$ 4,291.51	\$ 4,291.51	\$ -

**Dunklin R-V School District
Budgetary Comparison Schedule
Modified Cash Basis - Debt Service Fund
For the Year Ended June 30, 2017**

	Budgeted Amounts		Actual	Over (Under) Final Budget
	Original	Final		
Revenues				
Local Sources	\$ 1,227,742.00	\$ 1,287,567.26	\$ 1,287,567.26	\$ -
County Sources	60,000.00	93,943.89	93,943.89	-
State Sources	125,000.00	-	-	-
Federal Sources	37,258.00	39,930.66	39,930.66	-
TOTAL REVENUES	1,450,000.00	1,421,441.81	1,421,441.81	-
Expenditures				
Current				
Instruction	-	-	-	-
Attendance	-	-	-	-
Guidance	-	-	-	-
Health, Psych Speech & Audio	-	-	-	-
Improvement of Instruction	-	-	-	-
Professional Development	-	-	-	-
Media Services	-	-	-	-
Board of Education Services	-	-	-	-
Executive Administration	-	-	-	-
Building Level Administration	-	-	-	-
Business Central Services	-	-	-	-
Operation of Plant	-	-	-	-
Security Services	-	-	-	-
Pupil Transportation	-	-	-	-
Food Service	-	-	-	-
Central Office Support Services	-	-	-	-
Other Supporting Services	-	-	-	-
Community Services	-	-	-	-
Capital Outlay	-	-	-	-
Debt Service:				
Principal	745,000.00	745,000.00	745,000.00	-
Interest and Charges	696,291.00	1,165,063.85	1,165,063.85	-
Total Expenditures	1,441,291.00	1,910,063.85	1,910,063.85	-
Revenues Over (Under)				
Expenditures	8,709.00	(488,622.04)	(488,622.04)	-
Other Financing Sources (Uses):				
Transfers	-	-	-	-
Sale of Bonds	-	-	-	-
Net Insurance Recovery	-	-	-	-
Sale of School Buses	-	-	-	-
Sale of Other Property	-	-	-	-
Refunding Bonds	-	-	-	-
Tuition from other Districts	-	-	-	-
Area Voc Fees from Other LEAS	-	-	-	-
Contracted Educational Services	-	-	-	-
Trans from other LEAS Non-Handi	-	-	-	-
Trans from other LEAS for Handi	-	-	-	-
Trans from other LEAS for ECSE Handi	-	-	-	-
Total Other Financing Sources (Uses)	-	-	-	-
NET CHANGE IN FUND BALANCE	8,709.00	(488,622.04)	(488,622.04)	0.00
Fund Balance, July 1, 2016	10,642,376.96	10,642,376.96	10,642,376.96	-
Fund Balance, June 30, 2017	\$ 10,651,085.96	\$ 10,153,754.92	\$ 10,153,754.92	\$ -

Dunklin R-V School District
Budgetary Comparison Schedule
Modified Cash Basis - Capital Projects Fund
For the Year Ended June 30, 2017

	Budgeted Amounts			Over (Under)
	Original	Final	Actual	Final Budget
Revenues				
Local Sources	\$ -	\$ -	\$ -	\$ -
County Sources	-	-	-	-
State Sources	340,000.00	465,000.00	465,000.00	-
Federal Sources	-	-	-	-
TOTAL REVENUES	340,000.00	465,000.00	465,000.00	-
Expenditures				
Current				
Instruction	6,000.00	-	-	-
Attendance	-	-	-	-
Guidance	-	-	-	-
Health, Psych Speech & Audio	-	-	-	-
Improvement of Instruction	-	15,773.36	15,773.36	-
Professional Development	-	-	-	-
Media Services	-	-	-	-
Board of Education Services	-	-	-	-
Executive Administration	-	-	-	-
Building Level Administration	-	-	-	-
Business Central Services	-	-	-	-
Operation of Plant	335,350.00	302,768.67	302,768.67	-
Security Services	-	12,900.00	12,900.00	-
Pupil Transportation	4,000.00	-	-	-
Food Service	-	1,749.00	1,749.00	-
Central Office Support Services	-	-	-	-
Other Supporting Services	-	-	-	-
Community Services	-	-	-	-
Capital Outlay	575,000.00	112,909.45	112,909.45	-
Debt Service:				
Principal	245,071.00	245,070.61	245,070.61	-
Interest and Charges	196,695.00	196,669.84	196,669.84	-
Total Expenditures	1,362,116.00	887,840.93	887,840.93	-
Revenues Over (Under)				
Expenditures	(1,022,116.00)	(422,840.93)	(422,840.93)	-
Other Financing Sources (Uses):				
Transfers	100,000.00	729,602.00	729,602.00	-
Sale of Bonds	-	-	-	-
Net Insurance Recovery	-	-	-	-
Sale of School Buses	-	-	-	-
Sale of Other Property	-	-	-	-
Refunding Bonds	-	-	-	-
Tuition from other Districts	-	-	-	-
Area Voc Fees from Other LEAS	-	-	-	-
Contracted Educational Services	-	-	-	-
Trans from other LEAS Non-Handi	-	-	-	-
Trans from other LEAS for Handi	-	-	-	-
Trans from other LEAS for ECSE Handi	-	-	-	-
Total Other Financing Sources (Uses)	100,000.00	729,602.00	729,602.00	-
NET CHANGE IN FUND BALANCE	(922,116.00)	306,761.07	306,761.07	0.00
Fund Balance, July 1, 2016	877,417.48	877,417.48	877,417.48	-
Fund Balance, June 30, 2017	\$ (44,698.52)	\$ 1,184,178.55	\$ 1,184,178.55	\$ -

Dunklin R-V School District
Budgetary Comparison Schedule
Modified Cash Basis - All Governmental Funds
For the Year Ended June 30, 2017

	Budgeted Amounts		Actual	Over (Under) Final Budget
	Original	Final		
Revenues				
Local Sources	\$ 9,504,789.00	\$ 9,994,095.11	\$ 9,994,095.11	\$ -
County Sources	430,000.00	439,254.15	439,254.15	-
State Sources	8,087,746.00	8,049,116.19	8,049,116.19	-
Federal Sources	1,464,390.00	1,183,454.99	1,183,454.99	-
TOTAL REVENUES	19,486,925.00	19,665,920.44	19,665,920.44	-
Expenditures				
Current				
Instruction	10,379,155.00	10,420,204.97	10,420,204.97	-
Attendance	-	-	-	-
Guidance	464,680.00	409,888.87	409,888.87	-
Health, Psych Speech & Audio	157,314.00	148,339.65	148,339.65	-
Improvement of Instruction	874,557.00	773,959.90	773,959.90	-
Professional Development	156,580.00	121,025.45	121,025.45	-
Media Services	445,908.00	298,683.00	298,683.00	-
Board of Education Services	425,550.00	335,501.00	335,501.00	-
Executive Administration	574,116.00	564,988.08	564,988.08	-
Building Level Administration	893,940.00	886,796.87	886,796.87	-
Business Central Services	5,500.00	79,199.54	79,199.54	-
Operation of Plant	2,128,542.00	2,064,663.16	2,064,663.16	-
Security Services	64,387.00	73,236.58	73,236.58	-
Pupil Transportation	869,733.00	754,631.54	754,631.54	-
Food Service	909,561.00	859,475.59	859,475.59	-
Central Office Support Services	5,000.00	-	-	-
Other Support Services	-	-	-	-
Community Services	119,145.21	122,581.11	122,581.11	-
Capital Outlay	575,000.00	112,909.45	112,909.45	-
Debt Service:				
Principal	990,071.00	990,070.61	990,070.61	-
Interest and Charges	893,736.00	1,361,735.75	1,361,735.75	-
Total Expenditures	20,932,475.21	20,377,891.12	20,377,891.12	-
Revenues Over (Under)				
Expenditures	(1,445,550.21)	(711,970.68)	(711,970.68)	-
Other Financing Sources (Uses):				
Transfers	-	-	-	-
Sale of Bonds	-	-	-	-
Net Insurance Recovery	-	12,416.99	12,416.99	-
Sale of School Buses	-	-	-	-
Sale of Other Property	-	-	-	-
Refunding Bonds	-	-	-	-
Tuition from other Districts	-	-	-	-
Area Voc Fees from Other LEAS	-	-	-	-
Contracted Educational Services	2,000.00	-	-	-
Trans from other LEAS Non-Handi	-	-	-	-
Trans from other LEAS for Handi	-	11,705.28	11,705.28	-
Trans from other LEAS for ECSE Handi	-	-	-	-
Total Other Financing Sources (Uses)	2,000.00	24,122.27	24,122.27	-
NET CHANGE IN FUND BALANCES	(1,443,550.21)	(687,848.41)	(687,848.41)	0.00
Fund Balances, July 1, 2016	16,658,822.05	16,658,822.05	16,658,822.05	-
Fund Balances, June 30, 2017	\$ 15,215,271.84	\$ 15,970,973.64	\$ 15,970,973.64	\$ -

DUNKLIN R-V SCHOOL DISTRICT
NOTES TO THE BUDGETARY COMPARISON SCHEDULES
YEAR ENDED JUNE 30, 2017

I. BUDGETS AND BUDGETARY ACCOUNTING

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

- A. In accordance with Chapter 67 RSMo, the District adopts a budget for each fund.
- B. Prior to June 30, the Superintendent, who serves as the budget officer, submits to the Board of Education a proposed budget for the fiscal year beginning July 1. The proposed budget includes estimated revenues and proposed expenditures for all District funds. Budgeted expenditures cannot exceed beginning available monies plus estimated revenues for the year.
- C. 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.
- D. Prior to July 1, the budget is legally enacted by a vote of the Board of Education.
- E. Subsequent to its formal approval of the budget, the Board of Education has the authority to make necessary adjustments to the budget by formal vote of the Board. Adjustments made during the year are reflected in the budget information included in the financial statements.

Budgeted amounts are as originally adopted on June 21, 2016, and as finally amended by the Board of Education on June 20, 2017.

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

DUNKLIN R-V SCHOOL DISTRICT
OTHER POST-EMPLOYMENT BENEFITS
YEAR ENDED JUNE 30, 2017

POST-EMPLOYMENT BENEFITS

In addition to the pension benefits described in Note I and V, the District allows employees who retire from the District to participate in the District's health, dental and life insurance plans. Upon meeting the retirement requirements per PSRS and PEERS, the employees can elect to participate in the District's plans. The retirees must pay for 100% of their coverage for each plan in which they elect to participate. The premiums are based on a single blended rate used for both active employees and retirees. The difference between the amount the retiree is required to pay and the actual cost to the District is considered to be a post-employment benefit. The District has not established an irrevocable trust fund for the accumulation of resources for the future payment of benefits under the plan; benefits are paid on a pay-as-you-go basis. A stand alone financial report is not available for the plan. During the year, approximately 64 retirees participated in the District's dental insurance plans and paid premiums totaling approximately \$36,600. There are additional retirees participating in the District's insurance plans, but the insurance carrier handles all enrollment and billing for these retirees.

STATE COMPLIANCE SECTION



Daniel Jones & Associates

MEMBERS OF
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CERTIFIED PUBLIC ACCOUNTANTS

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

To the Members of the
Board of Education
Dunklin R-V School District

Report on Compliance with State Requirements

We have examined management's assertions that the Dunklin R-V 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, 2017.

Management's Responsibility

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

Auditors' Responsibility

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

Opinion on Compliance with State Requirements

In our opinion, management's assertions that the Dunklin R-V School District complied with the aforementioned requirements for the year ended June 30, 2017, 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

December 11, 2017

DUNKLIN R-V SCHOOL DISTRICT
SCHEDULE OF SELECTED STATISTICS
DISTRICT NUMBER 050-005
YEAR ENDED JUNE 30, 2017

Type of audit performed: Yellow Book: _____ Single Audit: X

I. CALENDAR (Sections 160.041 and 171.031, RSMo)

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

Kindergarten - A.M.	-	SDL	Grades	<u>1-5</u>	<u>6.5500</u>	SDL
Kindergarten - P.M.	-	SDL	Grades	<u>6-8</u>	<u>6.5500</u>	SDL
Kindergarten - Full-day			Grades	<u>9-12</u>	<u>6.5500</u>	SDL

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

Kindergarten - A.M.	-	Hours	Grades	<u>1-5</u>	<u>1,086.20</u>	Hours
Kindergarten - P.M.	-	Hours	Grades	<u>6-8</u>	<u>1,086.20</u>	Hours
Kindergarten - Full-day			Grades	<u>9-12</u>	<u>1,083.65</u>	Hours

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

Kindergarten - A.M.	-	Days	Grades	<u>1-5</u>	<u>167</u>	Days
Kindergarten - P.M.	-	Days	Grades	<u>6-8</u>	<u>167</u>	Days
Kindergarten - Full-day			Grades	<u>9-12</u>	<u>167</u>	Days

II. AVERAGE DAILY ATTENDANCE (ADA)

REGULAR TERM	FULL-TIME & PART-TIME	REMEDIAL	TOTAL
Kindergarten – Full Day	126.4570	-	126.4570
Grades 1-5	612.1672	-	612.1672
Grades 6-8	337.6133	-	337.6133
Grades 9-12	390.6572	-	390.6572
SUBTOTAL REGULAR TERM	1,466.8947	-	1,466.8947
		RESIDENT	
SUMMER SCHOOL SUBTOTAL		101.2221	101.2221
TOTAL REGULAR TERM PLUS SUMMER SCHOOL ADA			1,568.1168

DUNKLIN R-V SCHOOL DISTRICT
SCHEDULE OF SELECTED STATISTICS
DISTRICT NUMBER 050-005
YEAR ENDED JUNE 30, 2017

III. SEPTEMBER MEMBERSHIP

	<u>TOTAL</u>
SEPTEMBER MEMBERSHIP FTE COUNT	1,573

IV. FREE AND REDUCED PRICED LUNCH FTE COUNT (SECTION 163.011(6), RSMO)

	<u>TOTAL</u>
STATE FTE TOTAL	
FREE	672
REDUCED	151
TOTAL	<u>823</u>

V. FINANCE

A.	As required by Section 162.401, RSMo, a bond was purchased for the District's treasurer in the total amount of:	<u>\$50,000</u>
B.	The District's deposits were secured during the year as required by Sections 110.010 and 110.020, RSMo.	<u>True</u>
C.	The District maintained a separate bank account for the Debt Service Fund in accordance with Section 165.011, RSMo.	<u>True</u>
D.	Salaries reported for educators in the October Core Data cycle are supported by payroll/contract records.	<u>True</u>
E.	If a \$162,326 or 7% x SAT x WADA transfer was made in excess of adjusted expenditures, the board approved a resolution to make the transfer, which identified the specific projects to be funded by the transfer and an expected expenditure date for the projects to be undertaken.	<u>True</u>
F.	The District published a summary of the prior year's audit report within thirty days of the receipt of the audit pursuant to Section 165.121, RSMo.	<u>True</u>
G.	The District has a professional development committee plan adopted by the board with the professional development committee plan identifying the expenditure of seventy-five percent (75%) of one percent (1%) of the current year basic formula apportionment.	<u>True</u>
H.	The amount spent for approved professional development committee plan activities was:	<u>\$ 121,025</u>

DUNKLIN R-V SCHOOL DISTRICT
SCHEDULE OF SELECTED STATISTICS
DISTRICT NUMBER 050-005
YEAR ENDED JUNE 30, 2017

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.....	TRUE
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.....	TRUE
C.	Based on the ridership records, the average number of students (non-disabled K-12, K-12 students with disabilities and career education) transported on a regular basis (ADT) was:	
	• Eligible ADT.....	1,125.50
	• Ineligible ADT.....	-
D.	The District's transportation odometer mileage records maintained in a manner to accurately disclose in all material respects the eligible and ineligible mileage for the year.....	TRUE
E.	Actual odometer records show the total District-operated <u>and</u> contracted mileage for the year was:.....	168,371.00
	Of this total, the eligible non-disabled and students with disabilities route miles and the ineligible non-route <u>and</u> disapproved miles (combined) was:	
	• Eligible Miles.....	135,110.00
	• Ineligible Miles (Non-Route/Disapproved).....	33,261.00
F.	Number of days the District operated the school transportation system during the regular school year:.....	167

DUNKLIN R-V SCHOOL DISTRICT
SCHEDULE OF STATE FINDINGS
YEAR ENDED JUNE 30, 2017

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 findings.

FEDERAL COMPLIANCE SECTION



Daniel Jones & Associates

MEMBERS OF
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CERTIFIED PUBLIC ACCOUNTANTS

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
Dunklin R-V 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 Dunklin R-V School District ("District"), as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated November 27, 2017.

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

November 27, 2017



Daniel Jones & Associates

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

CERTIFIED PUBLIC ACCOUNTANTS

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
Dunklin R-V School District

Report on Compliance for Each Major Federal Program

We have audited Dunklin R-V 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, 2017. 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, 2017.

Report on Internal Control Over Compliance

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

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

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

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

Daniel Jones & Associates

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

December 11, 2017

DUNKLIN R-V SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
JUNE 30, 2017

FEDERAL GRANTOR / PASS-THROUGH GRANTOR PROGRAM TITLE	FEDERAL CFDA NUMBER	IDENTIFICATION NUMBER	PASS-THROUGH ENTITY NUMBER	PASSED THROUGH TO SUBRECIPIENTS	EXPENDITURES
U.S. Department of Education					
Passed Through State Department of Elementary and Secondary Education					
Special Education Cluster:					
Special Ed Part B Entitlement	84.027A	H027A150040	050-005	\$ -	\$ 305,069.00
Individuals with Disability Act (IDEA) - High Need	84.027A	H027A140040	050-005	-	1,241.28
Early Childhood Special Education	84.027A	H027A150040	050-005	-	116,894.00
<i>Total CFDA# 84.027A</i>				-	423,204.28
Early Childhood Special Education	84.173	H173A150103	050-005	-	34,538.00
<i>Total Special Education Cluster</i>				-	457,742.28
Title I (ESEA)	84.010A	S010A150025	050-005	-	332,709.62
Title II.A, Improving Teacher Quality	84.367A	S367A150024	050-005	-	17,107.84
Passed Through the Community College District of Jefferson County, Missouri					
Career and Technical Education	84.048		N/A	-	1,109.00
<i>Total U.S. Department of Education</i>				-	808,668.74
U.S. Department of Agriculture					
Passed Through Missouri Department of Elementary and Secondary Education					
Child Nutrition Cluster:					
National School Breakfast Program	10.553	2016N109943	050-005	-	240,000.51
National School Lunch Program	10.555	2016N109943	050-005	-	412,313.49
Food & Nutrition Services Snack Payment	10.555	2016N109943	050-005	-	1,367.40
<u>Non-Cash Assistance:</u>					
Donated Foods	10.555		050-005	-	63,230.00
<i>Total CFDA# 10.555</i>				-	476,910.89
<i>Total U.S. Department of Agriculture/Child Nutrition Cluster</i>				-	716,911.40
TOTAL FEDERAL EXPENDITURES				\$ -	\$ 1,525,580.14

The notes to the Schedule of Expenditures of Federal Awards are an integral part of this statement.

DUNKLIN R-V SCHOOL DISTRICT
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2017

NOTE 1 – BASIS OF PRESENTATION

The accompanying Schedule of Expenditures of Federal Awards (the “Schedule”) includes the federal award activity of the Dunklin R-V School District under programs of the federal government for the year ended June 30, 2017. 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 Dunklin R-V School District, it is not intended to and does not present the financial position, changes in net assets, or cash flows of the Dunklin R-V School District.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the Schedule are reported on the modified cash basis of accounting. Such expenditures are recognized following the cost principles contained in 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 not 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	\$ 1,143,524.33
Debt Service Fund	39,930.66
Total	<u>\$1,183,454.99</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.

DUNKLIN R-V SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2017

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
5. Dollar threshold used to distinguish between type A and type B programs: \$ 750,000
6. Auditee qualified as low-risk auditee? ☐ Yes ☒ No

DUNKLIN R-V SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2017

II. FINANCIAL STATEMENT FINDINGS

There were no financial statement findings noted for the year ended June 30, 2017.

III. FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

There were no findings or questioned costs related to federal awards as of June 30, 2017.

DUNKLIN R-V SCHOOL DISTRICT
SUMMARY SCHEDULE OF PRIOR YEAR AUDIT FINDINGS
FOR THE YEAR ENDED JUNE 30, 2017

I. FINANCIAL STATEMENT FINDINGS – PRIOR YEAR

FS 2016-001 Criteria: PSRS/PEERS as well as other payroll liability vendors require the District to make regular, accurate payroll liability payments using the reporting system required by each vendor.

Condition: The payroll distributions to vendors must be completed accurately and payments must be the correct amount per plan guidelines.

Context: During our testing of payroll, we noted that several payments were not yet remitted to the PEERS/PSRS system within the allotted timeframe provided by the vendor as of June 30, 2016. These payments were all recorded in the correct period for the financial statements, but the checks were held due to the incorrect reporting in the vendor system. The retiree dental insurance premiums were not paid on a timely basis.

Effect: Incorrect payments to payroll vendors can result in penalties and interest as well as a possible cancellation of policies.

Cause: The District did not remit payment to payroll vendors in a timely fashion.

Recommendation: We recommend the District review the payroll procedures over the proper remittance of payroll vendor payments and monitor the preparation of the payroll disbursements.

Status: The District has corrected this finding for the year ended June 30, 2017.

II. FEDERAL AWARD FINDINGS AND QUESTIONED COSTS – PRIOR YEAR

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