
***SPECIAL SCHOOL DISTRICT
OF ST. LOUIS COUNTY, MISSOURI***

***FINANCIAL STATEMENTS
AND INDEPENDENT AUDITORS' REPORTS
AND SUPPLEMENTARY INFORMATION***

JUNE 30, 2019

Contents

	Page
INDEPENDENT AUDITORS' REPORT	1
MANAGEMENT'S DISCUSSION AND ANALYSIS - REQUIRED SUPPLEMENTARY INFORMATION.....	4
BASIC FINANCIAL STATEMENTS:	
<i>Government-wide Financial Statements:</i>	
Statement of Net Position.....	11
Statement of Activities.....	12
<i>Fund Financial Statements:</i>	
Balance Sheet - Governmental Funds.....	13
Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Position.....	14
Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds.....	15
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities	17
Notes to Basic Financial Statements.....	18
REQUIRED SUPPLEMENTARY INFORMATION:	
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual:	
General Fund	49
Special Revenue Fund.....	50
Notes to Budgetary Comparison Information	51
Schedule of Changes in Other Post-Employment Benefits Liability and Related Ratios.....	52
Schedule of District's Proportionate Share of the Net Pension Liability and Related Ratios - PSRS	53
Schedule of District Contributions - PSRS	54

Contents

	Page
Schedule of District's Proportionate Share of the Net Pension Liability and Related Ratios - PEERS	55
Schedule of District Contributions – PEERS	56
ADDITIONAL SUPPLEMENTARY INFORMATION:	
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual - Capital Projects Fund.....	57
Combining Balance Sheet - Debt Service Fund by Component Unit	58
Combining Balance Sheet - Capital Projects Fund by Component Unit.....	59
Combining Statement of Revenues, Expenditures and Changes in Fund Balances - Debt Service Fund by Component Unit.....	60
Combining Statement of Revenues, Expenditures and Changes in Fund Balances - Capital Projects Fund by Component Unit.....	61
Schedule of Selected Statistics.....	62
Report on Compliance - State Requirements	67
FEDERAL COMPLIANCE SECTION:	
Independent Auditors' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	68
Independent Auditors' Report on Compliance For Each Major Program and on Internal Control over Compliance Required By the Uniform Guidance.....	70
Schedule of Expenditures of Federal Awards	72
Notes to Schedule of Expenditures of Federal Awards	73
Schedule of Findings and Questioned Costs.....	74



INDEPENDENT AUDITORS' REPORT

To the Members of the
Board of Education
Special School District of
St. Louis County, Missouri

Report on the Financial Statements

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

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free 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 auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of the District as of June 30, 2019, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information and related notes and schedule of changes in other post-employment benefits liability and related ratios, schedule of district's proportionate share of the net pension liability and related ratios – PSRS and PEERS, and schedule of district's contributions – PSRS and PEERS on pages 4 through 10 and 49 through 56 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

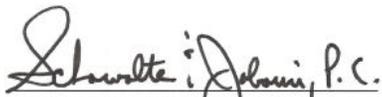
Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The accompanying capital projects fund budgetary comparison information, combining financial statements, and schedule of selected statistics are presented for purposes of additional analysis and are not a required part of the financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and is also not a required part of the basic financial statements.

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

The schedule of selected statistics, except for the budgetary procedures, pupil attendance and pupil transportation records, have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on it.

Other Reporting Required By Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated November 26, 2019 on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is 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.



SCHOWALTER & JABOURI, P.C.

St. Louis, Missouri
November 26, 2019

SPECIAL SCHOOL DISTRICT OF ST. LOUIS COUNTY, MISSOURI

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

The discussion and analysis of the Special School District's financial performance provides an overview of the District's financial activities for the fiscal year ended June 30, 2019. This discussion should be read in conjunction with the financial statements.

Governance

The School District is governed by a seven member School Board, which is elected by the Governing Council, which is comprised of one school board member from each of the 22 component districts. The Governing Council is also the final approval authority for the School District's budget and strategic plan.

Financial Highlights

In total, the School District's financial position improved during fiscal year 2019 as reflected by the increase in net position of \$11.1 million. The increase in net position is mainly represented by an increase in cash and investments; grants and other receivables; and capital assets, partially offset by increases in long-term liabilities for the net pension liability and the other post-employment benefit liability. Overall the District's financial position is strong at June 30, 2019 even though the total unrestricted net position is (\$57.3) million. This negative net position is a result of the adoption of GASB Statement No. 68 and GASB Statement No. 75 in prior years.

General revenues totaled \$362.1 million or 77.4% of all revenues. These general revenues are comprised mainly of local property taxes, which totaled \$299.0 million during fiscal year 2019. Program revenues, which include all grants and tuition fees, totaled \$105.8 million or 22.6% of total revenues in fiscal year 2019. Total revenue funded an average salary increase of 3.0%. Total expenses for the year were \$456.8 million, of which \$351.0 million were funded by general revenues.

Using This Annual Report

This annual report has been prepared in accordance with the Governmental Accounting Standards Board (GASB) Statement Number 34. As such, the report includes financial statements that show information about the School District as a whole and its significant funds. The Statement of Net Position and the Statement of Activities (pages 11 and 12) provide information about activities of the School District as a whole and present a longer-term view of the District's finances. The fund financial statements begin on page 13. These statements present how the School District financed our services in the short term as well as the amounts that remain for future spending. The fund financial statements also provide more detail about the most significant funds.

Reporting the School District as a Whole

The Statement of Net Position and the Statement of Activities:

The analysis of the School District as a whole begins on page 11. This analysis provides answers as to whether the School District is financially stronger or weaker as a result of the year's activities. The Statement of Net Position and the Statement of Activities report information on the School District as a whole and its activities, which help to provide this answer. These statements include all assets and liabilities using the accrual basis of accounting. As such, all revenues and expenses are taken into account regardless of when cash is received or paid.

SPECIAL SCHOOL DISTRICT OF ST. LOUIS COUNTY, MISSOURI

Management's Discussion and Analysis (continued)

These two statements report the School District's net position and changes in those assets. The change in net position is the difference between assets and liabilities and represents one way to measure the School District's financial position and whether it is improving or declining. The relationship between revenue and expense indicates the School District's operating results. However, the School District's mission is to provide services to our students, not to generate profits as commercial entities strive to do each year. Non-financial factors, such as the quality of special education and technical education services provided to our students, must also be considered to assess the overall health of the School District.

The Statement of Net Position and the Statement of Activities report the activity for all of the District's programs and services which are classified as governmental activities, including the Missouri Educational Facilities Authority. The Facilities Authority was formed for the purpose of financing major renovation projects. The District adopted a resolution approving the formation of the Facilities Authority on August 8, 2000. For a description of the Facilities Authority refer to footnote number 8.

Reporting the School District's Most Significant Funds

Fund Financial Statements:

The School District's fund financial statements begin on page 13 and provide information about the major funds, not the School District as a whole. The School District utilizes several funds to account for a wide range of financial transactions. However, these fund financial statements focus on the School District's most significant funds, which are the general fund, special revenue fund, debt service fund and capital projects fund.

Governmental Funds – All of the School District's services are reported in governmental funds, which focus on money flows into and out of the funds and balances remaining at year end available for spending in future years. These funds are reported using the modified accrual basis of accounting, which measures cash and all other financial assets that can be readily converted to cash. The governmental fund statements provide a detailed short-term view of the School District's operations and the services it provides. Governmental fund information helps determine whether there are more or fewer financial resources available in the near future to finance the School District's programs. The relationship (or differences) between governmental activities (reported in the Statement of Net Position and the Statement of Activities) and governmental funds is reconciled in the financial statements.

The School District as a Whole

The School District's net position was \$24.8 million at June 30, 2019. Of this amount, (\$57.3) million was unrestricted. Restricted net position is reported separately to reflect legal constraints from debt covenants and enabling legislation that limit the School District's ability to use those funds for day-to-day operations. Table 1 below provides a summary of net position for fiscal year 2019 compared to fiscal year 2018.

SPECIAL SCHOOL DISTRICT OF ST. LOUIS COUNTY, MISSOURI

Management's Discussion and Analysis (continued)

	Governmental Activities June 30,	
	2019	2018
Current and Other Assets	\$ 342.2	\$ 317.1
Capital Assets	114.7	114.4
Deferred amounts related to pensions and Other Post-Emp Benefits	114.8	116.5
Total Assets and Deferred Outflows of Resources	571.7	548.0
Current and Other Liabilities	44.8	41.6
Long-term Liabilities	484.1	465.8
Deferred amounts related to pensions and Other Post-Emp Benefits	18.0	26.9
Total Liabilities and Deferred Inflows of Resources	546.9	534.3
Net Position		
Investment in Capital Assets	81.3	77.9
Restricted	0.8	1.8
Unrestricted	(57.3)	(66.0)
Total Net Position	\$ 24.8	\$ 13.7

The results of this year's operations for the School District as a whole are reported in the Statement of Activities on page 12. This information is summarized below.

SPECIAL SCHOOL DISTRICT OF ST. LOUIS COUNTY, MISSOURI

Management's Discussion and Analysis (continued)

CHANGE IN NET POSITION			
(In Millions)			
	Governmental Activities June 30,		Total Percentage Change
	2019	2018	
Revenues:			
Program Revenues:			
Charges for Services	\$ 15.2	\$ 16.4	-7.3%
Operating Grants and Contributions	90.4	86.2	4.9%
Capital Grants	0.2	0.2	0.0%
General Revenues:			
Property and Sales Taxes	306.2	296.5	3.3%
State Aid	49.1	49.7	-1.2%
Other	6.8	4.0	70.0%
Total Revenues	467.9	453.0	3.3%
Functions/Program Expenses:			
Instruction - Special Education	239.5	267.9	-10.6%
Instruction - Vocational Education	14.9	14.3	4.2%
Student Services	91.5	52.3	75.0%
Instructional Staff Support	10.4	8.0	30.0%
Building Administration	19.2	17.2	11.6%
Executive Administration	14.5	8.9	62.9%
Business Services	14.9	18.5	-19.5%
Operation of Plant	11.1	8.1	37.0%
Transportation	35.8	31.4	14.0%
Food Services	1.0	1.0	0.0%
Adult Education	2.8	2.6	7.7%
Unallocated Depreciation	0.1	0.1	0.0%
Debt Service:			
Interest and other charges	1.1	1.1	0.0%
Total Functions/Program Expenses	456.8	431.4	5.9%
Increase in Net Position	11.1	21.6	
Prior Period Adjustment	-	-	
Increase (Decrease) in Net Position	\$ 11.1	\$ 21.6	

Governmental Activities

The cost of all governmental activities totaled \$456.8 million in fiscal year 2019. The School District's taxpayers funded \$351.0 million or 76.9% of these costs. Staff and salary increases are primarily reflected in instruction and student services in Table 2 above and include an average salary increase of 3.0%, offset by savings from attrition and vacancies.

In addition to taxpayer funding, charges for services funded \$15.2 million or 3.3% of the governmental activities' cost and grants funded \$90.6 million or 19.8% of such costs in fiscal year 2019.

The School District's increase in net position is mainly attributable to an increase of \$10.1 million in Property Tax Revenue, \$3.0 million in Investment Income, \$.9 million in Transportation, \$.9 million in High Needs and

SPECIAL SCHOOL DISTRICT OF ST. LOUIS COUNTY, MISSOURI

Management's Discussion and Analysis (continued)

\$2.9 million in Entitlement (IDEA funding) offset by (\$.8) million in Desegregation and (\$.6) million in Basic Formula. Total expense increased by \$25.4 million or 5.9% from fiscal year 2018.

In the table below, the cost of each of the School District's six largest functions, as well as each function's net cost (total cost less revenue generated by the activities), is presented. This clearly shows the School District's reliance on local taxpayers. Due to Special School District's unique structure, the School District has a higher proportion of grant and restricted state funding than typical school districts. As a result, the net cost of the functions funded by the School District's taxpayers was 76.8% for fiscal year 2019.

	Year Ended June 30,			
	(in millions)			
	2019		2018	
	Total Cost of Services	Net Cost of Services	Total Cost of Services	Net Cost of Services
Governmental Activities:				
Instruction - Special Education	\$ 239.5	\$ 146.7	\$ 267.9	\$ 176.1
Instruction - Vocational Education	14.9	11.7	14.3	12.1
Student Services	91.5	91.5	52.3	52.3
Transportation	35.8	29.4	31.4	26.0
Administration	33.7	33.7	26.1	26.1
Other Support Services	40.2	36.8	38.2	34.8
Interest and Other Charges	1.1	1.1	1.1	1.1
Unallocated Depreciation	0.1	0.1	0.1	0.1
Total Governmental Activities	\$ 456.8	\$ 351.0	\$ 431.4	\$ 328.6

The School District's Funds

As discussed above, the School District uses funds to account for a wide range of financial transactions. A review of the funds provides some insight into the School District's financial condition. In total, governmental funds had a fund balance of \$290.3 million at June 30, 2019, which represented an increase of \$22.3 million from the prior year. The fund balance increase primarily reflects the increase of \$21.5 million in cash, investments and receivables.

General Fund Budget Highlights

The School District prepares an annual budget in accordance with Missouri law, which requires that the Governing Council give final budget approval. The original budget for fiscal year 2019 was approved by the School Board and the Governing Council in May and June 2018, respectively. A revised budget was presented to the School Board and Governing Council in November and December 2018, respectively.

The final revised budget for general fund revenue totaled \$215.5 million compared to the original budget of \$207.4 million. The increase is mainly attributable to addition of \$1.4 million in Property Taxes – Current Year, \$1.0 million in High Needs, \$1.5 million in Investment Income, \$1.0 million in Basic Formula and \$1.3 million in Entitlement (IDEA) funding.

SPECIAL SCHOOL DISTRICT OF ST. LOUIS COUNTY, MISSOURI

Management's Discussion and Analysis (continued)

The final revised budget for general fund expenditures totaled \$204.1 million compared to the original budget of \$201.5 million. This increase is due a number of offsetting factors, including increase in workers compensation, legal and telephone upgrade.

Special Revenue Fund Budget Highlights

The final revised budget for special revenue fund revenue totaled \$228.0 million compared to the original budget of \$223.8 million. The increase is mainly attributable to addition of \$1.3 million in Property Taxes – Current Year and \$2.9 million increase in Basic Formula due to a one-time prior year adjustment and an increase in weighted IEPs.

The final revised budget for special revenue fund expenditures totaled \$238.2 million compared to the original budget of \$238.6 million. There are a few big changes from the final revised budget to the original budget by function due to required function code changes from the Every Student Succeeds Act. The budget needed to align with the actuals.

Capital Assets and Debt Administration

Capital Assets:

At June 30, 2019, the School District had capital assets with a net book value of \$114.7 million which is an increase of \$.3 million from fiscal year 2018. This reflects net capital additions of \$15.5 million partially offset by net depreciation expense of \$7.5 million and net disposals of \$7.6 million.

NET BOOK VALUE

	Governmental Activities	
	June 30,	
	2019	2018
Land	\$ 2,738,098	\$ 2,738,098
Buildings, land improvements and construction in progress	101,441,950	99,087,253
Vehicles and equipment	10,538,620	12,612,912
Total	\$ 114,718,668	\$ 114,438,263

Debt:

At June 30, 2019, the School District had \$33.9 million in leasehold revenue bonds outstanding. These bonds are the legal obligation of the Facilities Authority payable solely from rental payments received from the School District. Additional information about the bonds is provided in footnote number 8.

SPECIAL SCHOOL DISTRICT OF ST. LOUIS COUNTY, MISSOURI

Management's Discussion and Analysis (continued)

Facilities Authority	June 30,	
	2019	2018
Leasehold Revenue Bonds - by issue date:		
November 2013	\$ 8,450,000	\$ 8,950,000
November 2014	25,435,000	26,355,000
Total Facilities Authority	\$ 33,885,000	\$ 35,305,000
Capital Leases - by issue date:		
August 2012	-	620,000
November 2013	-	13,098
March 2016	19,892	31,102
August 2018	108,621	-
October 2018	18,336	-
Total Capital Leases	146,849	664,200
Grand Total	\$ 34,031,849	\$ 35,969,200

At June 30, 2019, the District is obligated for future minimum lease payments under capital leases in the amount of \$.1 million.

Other long-term liabilities of the School District also include a net pension liability, other post-employment benefit liability, worker's compensation claims; vacation and sick leave pay, and other liabilities that amount to approximately \$450.1 million. Refer to footnotes 4, 5 and 10 for more information concerning long-term liabilities.

Economic Factors and Fiscal Year 2020 Budget

The fiscal year 2020 budget reflects a slight increase in revenue. Total revenue is projected to increase by \$2.0 million or .5% in fiscal year 2020. This increase is mainly due to an increase in Basic Formula revenue due to an increase in weighted IEPs and the state adequacy target.

The national economy continues to grow slowly however, the effect of the Federal tax cuts on State funding is still uncertain. Federal aid is scheduled to remain flat in fiscal year 2020.

Contacting the School District's Financial Management

This discussion and analysis is intended to provide St. Louis County taxpayers and other constituents with an overview of the financial condition of the School District. If you wish to request additional financial information, please contact Kelly Alexander, Chief Financial Officer, at Special School District, 12110 Clayton Road, Town & Country, Missouri 63131.

Basic Financial Statements

SPECIAL SCHOOL DISTRICT OF ST. LOUIS COUNTY, MISSOURI

**STATEMENT OF NET POSITION
JUNE 30, 2019**

	Governmental Activities
-- ASSETS --	
Cash and investments	\$ 302,713,622
Property taxes receivable, net of allowance for uncollectible amount of \$4,347,457	9,247,076
Grants and other receivables	29,626,695
Prepaid items	104,969
Inventory	293,198
Restricted cash and investments	205,180
Capital Assets:	
Land	2,738,098
Construction in progress	3,712,506
Other capital assets, net of accumulated depreciation	108,268,065
TOTAL ASSETS	456,909,409
-- DEFERRED OUTFLOWS OF RESOURCES --	
Deferred amounts related to pensions	113,567,780
Deferred amounts related to other post-employment benefits	1,181,944
TOTAL DEFERRED OUTFLOWS OF RESOURCES	114,749,724
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	\$ 571,659,133
-- LIABILITIES --	
Accounts payable	\$ 37,170,241
Accrued expenditures:	
Salaries and related benefits	1,531,711
Medical and dental claims	3,726,944
Interest	284,700
Other liabilities	1,958,539
Due to student activity program	125,941
Unearned revenues	948
Long-term liabilities:	
Due within one year	10,113,802
Due in more than one year	34,571,970
Net pension liability	352,612,416
Other post-employment benefits liability	86,783,636
Total Liabilities	528,880,848
-- DEFERRED INFLOWS OF RESOURCES --	
Deferred amounts related to pensions	18,019,457
-- NET POSITION --	
Net investment in capital assets	81,308,638
Restricted for:	
Capital projects	631,878
Workers' compensation claims	199,712
Unrestricted	(57,381,400)
Total Net Position	24,758,828
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION	\$ 571,659,133

See accompanying notes to basic financial statements

SPECIAL SCHOOL DISTRICT OF ST. LOUIS COUNTY, MISSOURI

**STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position
		Charges for Services and Sales	Operating Grants and Contributions	Capital Grants and Contributions	Total Governmental Activities
GOVERNMENTAL ACTIVITIES:					
Instruction	\$ 254,366,211	\$ 13,857,171	\$ 81,889,061	\$ 237,881	\$ (158,382,098)
Attendance	10,119,422	-	-	-	(10,119,422)
Guidance	3,870,447	-	-	-	(3,870,447)
Health services	77,508,170	-	-	-	(77,508,170)
Improvement of instruction	9,974,129	-	-	-	(9,974,129)
Professional development	467,803	-	-	-	(467,803)
Media services	804,424	-	-	-	(804,424)
Board of Education services	1,595,470	-	-	-	(1,595,470)
Executive administration	12,133,946	-	-	-	(12,133,946)
Building level administration	19,166,869	-	-	-	(19,166,869)
Business, fiscal and internal services	4,821,793	-	-	-	(4,821,793)
Operation of plant	10,355,117	48,769	-	-	(10,306,348)
Security services	694,779	-	-	-	(694,779)
Pupil transportation	35,774,746	4,082	6,360,529	-	(29,410,135)
Food services	1,043,212	65,955	573,233	-	(404,024)
Central office support services	10,066,350	-	-	-	(10,066,350)
Adult continuing education	2,784,186	1,207,777	1,534,789	-	(41,620)
Community services	10,304	-	-	-	(10,304)
Unallocated depreciation	116,919	-	-	-	(116,919)
Debt service:					
Interest	1,113,146	-	-	-	(1,113,146)
Other charges	-	-	-	-	-
TOTAL GOVERNMENTAL ACTIVITIES	\$ 456,787,443	\$ 15,183,754	\$ 90,357,612	\$ 237,881	(351,008,196)
			General Revenues		
			Taxes:		
			Property		299,294,507
			Sales		6,870,468
			State aid		49,086,620
			Investment earnings		6,613,572
			Miscellaneous		237,436
			TOTAL GENERAL REVENUES		362,102,603
			CHANGE IN NET POSITION		11,094,407
			NET POSITION, BEGINNING OF YEAR		13,664,421
			NET POSITION, END OF YEAR		\$ 24,758,828

See accompanying notes to basic financial statements

SPECIAL SCHOOL DISTRICT OF ST. LOUIS COUNTY, MISSOURI

**BALANCE SHEET - GOVERNMENTAL FUNDS
JUNE 30, 2019**

	General Fund	Special Revenue Fund	Debt Service Fund	Capital Projects Fund	Total Governmental Funds
-- ASSETS --					
Cash and investments	\$ 302,713,622	\$ -	\$ -	\$ -	\$ 302,713,622
Property taxes - net of allowance for uncollectible amount	4,184,340	4,500,038	-	562,698	9,247,076
Grants and other receivables	29,073,316	553,379	-	-	29,626,695
Interfund receivables	-	-	-	1,258,318	1,258,318
Prepaid items	104,969	-	-	-	104,969
Inventory	293,198	-	-	-	293,198
Restricted cash and investments	199,712	-	962	4,506	205,180
TOTAL ASSETS	\$ 336,569,157	\$ 5,053,417	\$ 962	\$ 1,825,522	\$ 343,449,058
-- LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES --					
LIABILITIES:					
Accounts payable	\$ 37,167,642	\$ -	\$ 1,401	\$ 1,198	\$ 37,170,241
Accrued expenditures:					
Salaries and related benefits	869,902	661,809	-	-	1,531,711
Medical and dental claims	3,726,944	-	-	-	3,726,944
Other liabilities	1,914,629	-	-	43,910	1,958,539
Due to student activity program	125,941	-	-	-	125,941
Unavailable revenues	948	-	-	-	948
Interfund payables	474,588	778,329	5,401	-	1,258,318
Total Liabilities	44,280,594	1,440,138	6,802	45,108	45,772,642
DEFERRED INFLOWS OF RESOURCES:					
Unavailable revenue - property taxes	3,359,791	3,613,279	-	451,815	7,424,885
FUND BALANCES:					
Nonspendable:					
Inventory	293,198	-	-	-	293,198
Prepaid items	104,969	-	-	-	104,969
Restricted for:					
Capital projects	-	-	-	1,328,599	1,328,599
Workers' compensation claims	199,712	-	-	-	199,712
Assigned for subsequent budget deficit	7,579,549	-	-	-	7,579,549
Unassigned	280,751,344	-	(5,840)	-	280,745,504
Total Fund Balances	288,928,772	-	(5,840)	1,328,599	290,251,531
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES	\$ 336,569,157	\$ 5,053,417	\$ 962	\$ 1,825,522	\$ 343,449,058

See accompanying notes to basic financial statements

SPECIAL SCHOOL DISTRICT OF ST. LOUIS COUNTY, MISSOURI

**RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL
FUNDS TO THE STATEMENT OF NET POSITION
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

TOTAL FUND BALANCES - GOVERNMENTAL FUNDS	\$ 290,251,531
Amounts reported for <i>governmental activities</i> in the Statement of Net Position are different because:	
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. The cost of the assets is \$186,572,202 and the accumulated depreciation is \$71,853,533	114,718,669
Unpaid property taxes at June 30, 2019, less July and August receipts are recorded as deferred revenue in the governmental funds.	7,424,885
Interest on long-term debt is not accrued in governmental funds but rather is recognized as an expenditure when due.	(284,700)
Long-term liabilities, including bonds and capital leases payable, are not due and payable in the current period and therefore are not reported in the governmental funds:	
Capital leases - lease purchase agreements	(146,849)
Leasehold revenue bonds	(33,885,000)
Sick leave benefits	(2,440,546)
Workers' compensation claims	(4,757,914)
Unemployment benefits	(20,363)
Vacation pay	(2,061,304)
Unamortized bond premium	(526,718)
Liability claims	(847,078)
Other post-employment benefits	(86,783,636)
Deferred outflows of resources - other post-employment benefits	1,181,944
Net pension obligation - PSRS	(304,329,487)
Net pension obligation - PEERS	(48,282,929)
Deferred outflows of resources - PSRS	98,821,887
Deferred outflows of resources - PEERS	14,745,893
Deferred inflows of resources - PSRS	(16,847,541)
Deferred inflows of resources - PEERS	(1,171,916)
Total	<u>(387,351,557)</u>
NET POSITION OF GOVERNMENTAL ACTIVITIES	<u><u>\$ 24,758,828</u></u>

See accompanying notes to basic financial statements

SPECIAL SCHOOL DISTRICT OF ST. LOUIS COUNTY, MISSOURI

**STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

	General Fund	Special Revenue Fund	Debt Service Fund	Capital Projects Fund	Total Governmental Funds
REVENUES:					
Local Sources:					
Property taxes	\$ 131,980,523	\$ 141,938,102	\$ -	\$ 17,748,349	\$ 291,666,974
Sales tax	-	6,870,468	-	-	6,870,468
Adult education	1,207,777	-	-	-	1,207,777
Investment income	6,612,371	-	1,130	-	6,613,501
Food service	65,955	-	-	-	65,955
Desegregation program	5,977,360	-	-	-	5,977,360
Other local	1,693,231	1,363,629	-	170,585	3,227,445
Total Local	147,537,217	150,172,199	1,130	17,918,934	315,629,480
County Sources:					
Fines, forfeitures, escheat	-	16,144	-	-	16,144
State assessed	2,353,502	2,531,067	-	316,763	5,201,332
Total County	2,353,502	2,547,211	-	316,763	5,217,476
State Sources:					
Basic formula	12,069,481	37,017,139	-	-	49,086,620
Transportation	6,360,529	-	-	-	6,360,529
High needs fund	15,572,150	-	-	-	15,572,150
Early childhood	14,455,199	9,213,593	-	-	23,668,792
Vocational tech aid	1,423,075	-	-	184,358	1,607,433
State grants and contributions	1,011,952	-	-	15,799	1,027,751
Total State	50,892,386	46,230,732	-	200,157	97,323,275
Federal Sources:					
Medicaid	2,914,872	-	-	-	2,914,872
Entitlement	2,886,698	30,380,299	-	-	33,266,997
School breakfast/lunch	558,580	-	-	-	558,580
Early childhood	4,199,450	-	-	-	4,199,450
Other federal sources	2,381,214	-	-	37,724	2,418,938
Total Federal	12,940,814	30,380,299	-	37,724	43,358,837
Contracted educational services	6,758,692	-	-	-	6,758,692
Total Revenues	220,482,611	229,330,441	1,130	18,473,578	468,287,760

See accompanying notes to basic financial statements

SPECIAL SCHOOL DISTRICT OF ST. LOUIS COUNTY, MISSOURI

**STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS (CONTINUED)
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

	General Fund	Special Revenue Fund	Debt Service Fund	Capital Projects Fund	Total Governmental Funds
EXPENDITURES:					
Current:					
Instruction	93,086,692	146,476,524	-	-	239,563,216
Attendance	9,250,240	657,193	-	-	9,907,433
Guidance	1,023,017	2,741,538	-	-	3,764,555
Health services	22,201,829	53,745,130	-	-	75,946,959
Improvement of instruction	2,246,704	7,268,468	-	-	9,515,172
Professional development	306,641	86,162	-	-	392,803
Media services	509,121	260,604	-	-	769,725
Board of Education services	1,433,404	154,314	-	-	1,587,718
Executive administration	7,360,089	4,557,011	-	-	11,917,100
Building level administration	3,411,955	14,433,671	-	-	17,845,626
Business, fiscal and internal services	3,821,869	-	-	-	3,821,869
Operation of plant	10,094,012	-	-	-	10,094,012
Security services	740,977	-	-	-	740,977
Pupil transportation	29,317,190	-	-	-	29,317,190
Food services	857,946	-	-	-	857,946
Central office support services	7,603,473	1,360,593	-	-	8,964,066
Adult continuing education	1,394,552	1,280,279	-	-	2,674,831
Community services	9,591	696	-	-	10,287
Capital outlay	-	-	-	15,247,728	15,247,728
Debt service:					
Interest	-	-	1,181,659	7,450	1,189,109
Principal	-	-	2,040,000	34,727	2,074,727
Other charges	-	-	-	-	-
Total Expenditures	194,669,302	233,022,183	3,221,659	15,289,905	446,203,049
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	25,813,309	(3,691,742)	(3,220,529)	3,183,673	22,084,711
OTHER FINANCING SOURCES (USES):					
Transfer (to) from other funds	(3,691,742)	3,691,742	3,220,929	(3,220,929)	-
Inception of capital lease	-	-	-	152,278	152,278
Proceeds from the sale of capital assets	-	-	-	65,041	65,041
Total Other Financing Sources (Uses)	(3,691,742)	3,691,742	3,220,929	(3,003,610)	217,319
NET CHANGE IN FUND BALANCES	22,121,567	-	400	180,063	22,302,030
FUND BALANCES, BEGINNING OF YEAR	266,807,205	-	(6,240)	1,148,536	267,949,501
FUND BALANCES, END OF YEAR	\$ 288,928,772	\$ -	\$ (5,840)	\$ 1,328,599	\$ 290,251,531

See accompanying notes to basic financial statements

SPECIAL SCHOOL DISTRICT OF ST. LOUIS COUNTY, MISSOURI

**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

NET CHANGE IN FUND BALANCES - TOTAL GOVERNMENTAL BALANCES \$ 22,302,030

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

Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their useful lives as depreciation expense. This is the amount by which capital outlay exceeded depreciation expense in the current period:

Capital asset additions	7,915,347	
Depreciation expense	<u>(7,541,902)</u>	
		373,445

Property tax revenue received or expected to be received after sixty days of year end are deferred in the governmental funds. They are, however, recorded as revenue in the statement of activities. (392,053)

The governmental funds report bond proceeds and capital lease inception as other financing sources while repayment of bond and lease principal is reported as an expenditure. Also, governmental funds report the effect of premiums when debt is first issued, whereas the amounts are deferred and amortized in the statement of activities. In addition, interest on long-term debt is recognized as an expenditure in the governmental funds when it is due while in the statement of activities, interest expense is recognized as it accrues, regardless of when it is due. The net effect of these differences in the treatment of leasehold revenue bonds and related items is as follows:

Inception of capital lease	(137,376)	
Repayment of bond and lease principal	2,074,727	
Interest expense	9,062	
Operating lease amortization	90,022	
Amortization of bond premium	<u>66,900</u>	
		2,103,335

Governmental funds only report the disposal of assets to the extent proceeds are received from the sale. In the statement of activities, a gain or loss is reported. The current year activity is as follows:

Proceeds from sale of capital assets	(65,041)	
Gain (loss) on disposal of capital assets	<u>(28,000)</u>	
		(93,041)

Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.

Compensated absences	73,846	
Workers' compensation claims	(652,686)	
Unemployment benefits	(7,648)	
Liability claims	(100,615)	
Other post-employment benefits	(5,300,892)	
Pension expense - PSRS	(4,175,815)	
Pension expense - PEERS	<u>(3,035,499)</u>	
		(13,199,309)

CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES **\$ 11,094,407**

SPECIAL SCHOOL DISTRICT OF ST. LOUIS COUNTY, MISSOURI

NOTES TO BASIC FINANCIAL STATEMENTS

JUNE 30, 2019

1. DESCRIPTION OF ENTITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Special School District of St. Louis County, Missouri (the "District") was established in 1957 under the statutes of the State of Missouri. The Board of Education contains seven members as described in RSMo Chapter 162. Effective May 31, 1996, in accordance with Chapter 162 RSMo, a Governing Council (the "Council") for the District was formed. The Council has various powers and duties. The primary duties include review and approval of the annual budget, approval of a rolling five-year plan for the operation and management of the District and appointment of board members to the seven member Board of Education.

The financial statements of the District have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The most significant of the District's accounting policies are described below.

Principles Determining the Scope of Reporting Entity

The basic financial statements of the reporting entity include those of the Special School District of St. Louis County, Missouri (the primary government) and the Special School District of St. Louis County, Missouri Educational Facilities Authority (the "Facilities Authority"). The District defines its reporting entity in accordance with GASB Statement No. 61. The criteria for including a potential component unit within the financial reporting entity includes fiscal dependency and the presence of a financial benefit or burden relationship. Based upon the application of these criteria, the Facilities Authority has been determined to be a component unit of the District. Its purpose is to act on behalf of the District in its acquisition, construction, improvement, extension, repair, remodeling, renovation, and financing of capital improvement projects. The financial information of the Facilities Authority has been incorporated into the District's financial statements using the blending method. Under the blending method, transactions of a component unit are presented as if they were executed directly by the primary government. Complete financial statements of the Facilities Authority are as shown in the additional supplementary information section of this report.

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, deferred outflows of resources, liabilities, deferred inflows of resources, fund equity, revenues and expenditures. District resources are allocated to, and accounted for in, individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled. The following fund types are used by the District:

Governmental Funds

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. Governmental funds focus on the sources, uses and balances of current

SPECIAL SCHOOL DISTRICT OF ST. LOUIS COUNTY, MISSOURI

Notes to Basic Financial Statements (continued)

financial resources. Expendable assets are assigned to the various governmental funds according to the purposes for which they may or must be used. Current liabilities are assigned to the fund from which they will be paid. The difference between governmental fund assets and liabilities is reported as fund balance. The following are the District's governmental fund types, each of which the District considers to be a major fund:

General Fund

The General Fund is used to account for transactions relating to the general operation of the District which are not provided for in other funds.

Special Revenue Fund

The Special Revenue Fund is used to account for financial resources and expenditures for certificated employees involved in administration and instruction, and tuition paid to other agencies for the education of students.

Debt Service Fund

The Debt Service Fund is used to account for the accumulation of resources for, and the payment of, principal, interest and fiscal charges on long-term debt. The Debt Service Fund has a deficit fund balance of \$5,840.

Capital Projects Fund

The Capital Projects Fund is used to account for the accumulation of resources to be used for the acquisition or construction of major capital assets.

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 are generally financed through taxes, intergovernmental revenues, and other nonexchange transactions.

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

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

SPECIAL SCHOOL DISTRICT OF ST. LOUIS COUNTY, MISSOURI

Notes to Basic Financial Statements (continued)

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 detail information about the District's funds. 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.

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

Basis of Accounting

Basis of accounting determines when transactions are recorded in the financial records and reported on the financial statements. Government-wide financial statements are prepared using the accrual basis of accounting. Governmental funds use the modified accrual basis of accounting at the fund level.

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

Nonexchange transactions, in which the District receives value without directly giving value in return, include property taxes, grants, entitlements and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants, entitlements and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the fiscal year when use is first permitted; matching requirements, in which the District must provide local resources to be used for a specified purpose; and expenditure requirements, in which the resources are provided to the District on a reimbursement basis. On a modified accrual basis, revenues from nonexchange transactions must also be available before they can be recognized. For the District, available generally means expected to be received within sixty (60) days of year end.

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

SPECIAL SCHOOL DISTRICT OF ST. LOUIS COUNTY, MISSOURI

Notes to Basic Financial Statements (continued)

Deferred Inflows of Resources - In addition to liabilities, the statement of net position and balance sheet will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The government has one type which arises only under a modified accrual basis of accounting, the item, unavailable revenue, is reported only in the governmental funds balance sheet. The governmental funds report unavailable revenues from one source, property taxes earned but not yet available. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.

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

Property Taxes

Property taxes are levied annually in November based on the assessed valuation of all real and personal property located in the District as of the previous January 1 and are due and collectible on December 31. Property taxes become delinquent and attach as an enforceable lien on property as of January 1 of the following year. The County collects the property tax and remits it to the District. An allowance for uncollectible taxes has been provided for delinquent taxes.

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

The assessed valuations of the tangible taxable property for the calendar years 2018 and 2017 for purposes of local taxation were \$24,576,420,066 and \$24,641,798,835, respectively.

The tax levy per \$100 of the assessed valuation of tangible taxable property for the calendar years 2018 and 2017 for purposes of local taxation were:

	December 31, 2018	December 31, 2017
General Fund	\$ 0.5421	\$ 0.5389
Special Revenue Fund	0.5830	0.5798
Capital Projects Fund	0.0729	0.0725
Total	<u>\$ 1.1980</u>	<u>\$ 1.1912</u>

The receipts of current and delinquent property taxes during the fiscal year ended June 30, 2019, aggregated approximately 99.97% of the current assessment computed on the basis of the levy as shown above.

SPECIAL SCHOOL DISTRICT OF ST. LOUIS COUNTY, MISSOURI

Notes to Basic Financial Statements (continued)

Prepaid Items

Payments made to vendors for services that will benefit periods beyond June 30, 2019 are recorded as prepaid items using the consumption method. A current asset for the prepaid amount is recorded at the time of the purchase and an expenditure/expense is reported in the year in which services are consumed.

Restricted Cash and Investments

Restricted cash and investments represent amounts whose use is limited by legal requirements and consist of unexpended bond proceeds and debt service funds of the Facilities Authority and amounts escrowed under an agreement with the Missouri Division of Workers' Compensation for possible payments of claims.

Inventory

Inventories are stated at cost, which approximates market at average cost, and are expensed when used.

Capital Assets

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

All capital assets are recorded at cost (or estimated historical cost) and updated for additions and retirements during the year. Donated fixed assets are recorded at their acquisition values as of the date received. The District maintains a capitalization threshold of one thousand dollars (\$1,000) and a useful life of two (2) years for each individual asset for inventory control purposes and a threshold of five thousand dollars (\$5,000) for financial reporting purposes.

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

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

<u>Assets</u>	<u>Years</u>
Buildings	50
Site Improvements	20
Furniture	20
Maintenance and Kitchen Equipment	15
Machinery and Tools	15
Office Equipment	10
Audio Visual Equipment	10
Licensed Vehicles	8
Computers and Related Equipment	5 - 10

SPECIAL SCHOOL DISTRICT OF ST. LOUIS COUNTY, MISSOURI

Notes to Basic Financial Statements (continued)

Interfund Balances

On fund financial statements, receivables and payables resulting from short-term interfund loans that arise in the normal course of operations are classified as "interfund receivables/payables." These amounts are eliminated in the governmental activities column of the statement of net position.

Payroll Disbursements

Teachers' employment contracts provide for the payment of compensation over a period of twelve (12) months. The District's policy is to accrue the unpaid salary and withholdings related to the school year as of June 30.

Compensated Absences

Vacation pay is accrued as a liability of the District in the government-wide financial statements when earned. Vacation benefits are available to all regular full-time employees who work 12 months. The amount of vacation earned is determined based on job classification and the number of months of continuous service. Accumulated unused earned vacation pay at June 30, 2019 amounted to approximately \$2,061,000 and is recorded as an expense in the government-wide financial statements.

Sick leave benefits are accrued as a liability of the District in the government-wide financial statements when earned. All District employees are entitled to receive a specified benefit at retirement for accumulated and unused sick days. The estimated liability to be incurred in future years, discounted at current interest rates, is approximately \$2,441,000 and has been recorded as an expense in the government-wide financial statements.

Accrued Liabilities and Long-Term Liabilities

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

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

Pensions

The District records a net pension obligation in the government-wide financial statements for defined benefit plans. The liability is calculated as the portion of the present value of projected benefit payments to be provided through the pension plan to current active and inactive employees that is attributed to those employees' past periods of service (total pension liability), less the amount of the

SPECIAL SCHOOL DISTRICT OF ST. LOUIS COUNTY, MISSOURI

Notes to Basic Financial Statements (continued)

pension plan's fiduciary net position. Actuarial valuations of the total pension liability are required to be performed as least every two years.

In the government-wide financial statements, components of pension expense that are recognized over a period of time are classified as either deferred outflows of resources (using plan assets that are applicable to a future reporting period) or deferred inflows of resources (acquiring plan assets that are applicable to a future reporting period). Employer contributions subsequent to the measurement date of the net pension liability are required to be reported as deferred outflows of resources.

Financial reporting information pertaining to the District's participation in the Public School Retirement System of Missouri ("PSRS") and Public Education Employee Retirement System of Missouri ("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.

The fiduciary net position, as well as additions to and deductions from the 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. The fiduciary net position is reflected in the measurement of the District's net pension liability, deferred outflows and inflows of resources related to pensions, and pension expense. A Comprehensive Annual Financial Report ("CAFR") can be obtained at www.psrs-peers.org.

Details of the District's defined benefit plans are provided in Note 5.

Other Post-Employment Benefit Liability

The District calculates and records a total other post-employment benefit (OPEB) liability in the government-wide financial statements. The total OPEB liability is measured as the portion of the present value of projected benefit payments to be provided to current active and inactive employees that is attributed to those employees' past periods of service. The total OPEB liability is determined through an actuarial valuation. Details related to the District's postretirement health care benefits provided, OPEB liability and its calculation are provided at Note 10. The liability is typically liquidated by the General and Special Revenue Funds.

Governmental Fund Balances

In the governmental fund financial statements, the following classifications are used to define the governmental fund balances:

Nonspendable - This consists of the governmental fund balances that are not in spendable form or legally or contractually required to be maintained intact. The District's nonspendable fund balance at June 30, 2019 consists of prepaid items and inventory.

Restricted - This consists of the governmental fund balances that are legally restricted by outside parties or by law through constitutional provisions or enabling legislation. The

SPECIAL SCHOOL DISTRICT OF ST. LOUIS COUNTY, MISSOURI

Notes to Basic Financial Statements (continued)

District's restricted fund balance at June 30, 2019 consists of capital projects bond proceeds and escrowed cash accounts for possible workers' compensation claims and ongoing capital projects.

Committed - This consists of the governmental fund balances that can only be used for specific purposes pursuant to constraints imposed by formal action (resolution) of the Board of Education, the District's highest level of decision-making authority. The District has no committed fund balance at June 30, 2019.

Assigned - This consists of the governmental fund balances that are intended to be used for specific purposes by a) Board of Education or b) Chief Financial Officer. The District has an assigned fund balance related to the subsequent year budget deficit.

Unassigned - This consists of the governmental funds that do not meet the definition of "nonspendable," "restricted," "committed," or "assigned." The fund balance of the Debt Service Fund is negative at June 30, 2019 as expenditures incurred for specific purposes exceeded the amounts that are restricted, committed, or assigned to those purposes.

Unless specifically identified, expenditures act to reduce restricted balances first, then committed balances, next assigned balances, and finally unassigned balances. Expenditures for a specifically identified purpose will act to reduce the specific classification of fund balance that is identified.

Net Position

Net position represents the difference between assets and liabilities. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction, or improvement of those assets. Net position is reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the District or through external restrictions imposed by creditors, grantors or laws or regulations of other governments. All other net position is reported as unrestricted. The District applies restricted resources first when an expense is incurred for purposes for which both restricted and unrestricted net position is available.

Interfund Activity

Interfund transfers are reported as other financing sources/uses in governmental funds. During the year ended June 30, 2019, transfers were made from the General Fund to the Special Revenue Fund to eliminate the deficit. In addition, the Facilities Authority made transfers between the Debt Service Fund and Capital Projects Fund to eliminate payments from the District to the Facilities Authority's Debt Service Fund.

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.

The District and the Facilities Authority may invest in bonds of the State of Missouri, United States Treasury bills, notes, bonds, government agency and instrumentality obligations, repurchase

SPECIAL SCHOOL DISTRICT OF ST. LOUIS COUNTY, MISSOURI

Notes to Basic Financial Statements (continued)

agreements collateralized by government securities, time certificates of deposit, bankers' acceptances issued by domestic commercial banks, and commercial paper issued by domestic corporations.

Investments are reported at fair market value. The District categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs.

Cash and investments of the Facilities Authority are separately maintained from those of the District. At June 30, 2019, investments of the Facilities Authority consist of money market mutual funds managed on behalf of the Facilities Authority by an independent trustee. Investments of the Facilities Authority are reported at fair market value as of June 30, 2019.

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

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. Neither type of transaction occurred during the year ended June 30, 2019.

Use of Restricted Resources

The District applies restricted resources first when an expense is incurred for purposes for which both restricted and unrestricted resources (net position) are available. For governmental funds, the District's policy is to first apply the expenditure toward restricted fund balance and then to other, less-restrictive classifications-committed and then assigned fund balances before using unassigned fund balances.

Estimates

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

2. CASH AND INVESTMENTS

The District is governed by the deposit and investment limitations of state law, as described in Note 1.

GASB Statement No. 72, *Fair Value Measurement and Application*, provides the framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level 1 measurements)

SPECIAL SCHOOL DISTRICT OF ST. LOUIS COUNTY, MISSOURI

Notes to Basic Financial Statements (continued)

and the lowest priority to unobservable inputs (level 3 measurements). The three levels of the fair value hierarchy under GASB 72 are described below:

Level 1	Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the District has the ability to access.
Level 2	Inputs to the valuation methodology include: Quoted prices for similar assets or liabilities in active markets; Quoted prices for identical or similar assets or liabilities in inactive markets; Inputs other than quoted prices that are observable for the asset or liability; Inputs that are derived principally from or corroborated by observable market data by correlation or other means.
Level 3	Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The assets or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs. The following is a description of the valuation methodologies used for assets measured at fair value.

- Money market mutual funds: Valued using quoted market prices (Level 1 inputs).
- External investment pool: Valued at the net asset value of shares reported on the active market for which the individual investments are traded (Level 2 inputs).
- Negotiable certificates of deposit, debt securities, federal agency collateralized mortgage obligations, and commercial paper: Valued using a matrix pricing model where similar securities are given a price based on the credit rating and maturity (Level 2 inputs).

The District participates in the Missouri Securities Investment Program (MOSIP). MOSIP is an external investment pool in which the District's monies are pooled with other districts' monies to purchase investments that are permitted by state statutes. The District's monies are used to purchase a pro-rata share of the pool. A board of directors, comprised of Missouri school administrators, school board members, and school business officials provides governance and oversight of MOSIP's operations. The board seeks to maintain a stable net position value of \$1 per share. A separately issued financial statement can be obtained by contacting 1-877-MY-MOSIP.

SPECIAL SCHOOL DISTRICT OF ST. LOUIS COUNTY, MISSOURI

Notes to Basic Financial Statements (continued)

The deposits and investments held at June 30, 2019, are as follows:

Type	Carrying Value
Deposits:	
Demand deposits	\$ 36,711,811
Cash on hand	2,255
Total Deposits	36,714,066
Investments:	
U.S. Treasury Bills	199,712
External investment pool	130,345,561
* Money market mutual funds	5,465
Commercial paper	122,653,998
Negotiable certificates of deposit	13,000,000
Total Investments	266,204,736
Total Deposits and Investments	\$ 302,918,802

* Represents investments of the Facilities Authority

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 has a custodial credit risk policy for repurchase agreement investments and for certificate of deposits which requires these funds to be collateralized at least 100% or greater of the balance plus any demand deposit with the depository, less any insurance (Federal Deposit Insurance Corporation or National Credit Union Share Insurance Fund), as applicable. As of June 30, 2019, none of the District's deposits were exposed to custodial credit risk.

Custodial Credit Risk - Investments

For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the District will not be able to recover the value of its investment or collateral securities that are in the possession of an outside party. Investment securities are exposed to custodial credit risk if the securities are uninsured, are not registered in the name of the District, and are held by the party who sold the security to the District or the seller's agent but not in the District's name. The District has a custodial credit risk policy to minimize credit risk by (1) pre-qualifying the financial institutions, brokers/dealers, intermediaries, and advisors with which the District will do business and (2) diversifying the portfolio so that potential losses on individual securities will be minimized. The District's investments were not exposed to custodial credit risk at year end.

SPECIAL SCHOOL DISTRICT OF ST. LOUIS COUNTY, MISSOURI

Notes to Basic Financial Statements (continued)

Investment Interest Rate Risk

Individual interest rate risk is the risk that the market value of securities in the portfolio will fall due to changes in general interest rates. The District has policies to minimize this risk by structuring the investments 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, and by investing operating funds primarily in shorter-term securities. Investments in commercial paper shall mature in no more than 180 days from the purchase date, and all other investments shall mature and become payable in no more than five (5) years from the purchase date. Maturities of investments held at June 30, 2019 are provided as follows:

Investment Type	Fair Value	Investment Maturities (In Years)		
		No Maturity	Less than 1	1 - 5
U.S. Treasury Bills	\$ 199,712	\$ -	\$ 199,712	\$ -
External investment pool	130,345,561	130,345,561	-	-
* Money market mutual funds	5,465	5,465	-	-
Commercial paper	122,653,998	-	122,653,998	-
Negotiable certificates of deposit	13,000,000	-	13,000,000	-
	<u>\$ 266,204,736</u>	<u>\$ 130,351,026</u>	<u>\$ 135,853,710</u>	<u>\$ -</u>

* Represents investments of the Facilities Authority

Investment Credit Risk

The District has policies in place to minimize credit risk, the risk of loss due to the failure of the security issuer or backer by pre-qualifying the institutions with which the District will do business and by diversifying the portfolio so that potential losses on individual securities will be minimized.

At June 30, 2019, the District's investments were rated as follows:

Description	Financial Institution	Amount	Rating
U.S. Treasury Bills	Commerce	\$ 199,712	N/A
External Investment Pool - MOSIP Liquid Series	MOSIP	130,345,561	AAAm
* Money market mutual funds	UMB Bank	5,465	AAAm
Commercial paper	UMB Bank, FTN Financial	56,407,745	P-1
Commercial paper	Commerce	53,427,777	A-1
Commercial paper	FTN Financial	12,818,476	A-2
Negotiable certificates of deposit	UMB Bank	13,000,000	P-1

Concentration of Investment Credit Risk

Concentration of 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). At June 30, 2019, the District had the following concentrations of credit risk to be disclosed:

SPECIAL SCHOOL DISTRICT OF ST. LOUIS COUNTY, MISSOURI

Notes to Basic Financial Statements (continued)

Description	Issuer	Financial Institution	Fair Value	Percentage of Total Investments
Commercial paper	Societe Generale	Commerce	\$ 14,793,500	5.56%
Commercial paper	ING (US) Funding	UMB Bank	14,794,942	5.56%

The District does not have a policy limiting the amount it may invest in any specific maturity, specific issuer or specific class of securities.

3. CAPITAL ASSETS

Capital asset activity for the fiscal year ended June 30, 2019, is as follows:

	Balance June 30, 2018	Additions and Transfers	Disposals and Transfers	Balance June 30, 2019
Governmental Activities:				
Capital Assets, Not Being Depreciated:				
Land	\$ 2,738,098	\$ -	\$ -	\$ 2,738,098
Construction in Progress	7,537,600	3,712,506	7,537,600	3,712,506
Total Capital Assets, Not Being Depreciated	10,275,698	3,712,506	7,537,600	6,450,604
Capital Assets, Being Depreciated:				
Land improvements	2,644,912	-	-	2,644,912
Buildings and building improvements	130,586,711	9,563,151	-	140,149,862
Machinery and equipment	21,814,043	961,404	337,914	22,437,533
Vehicles	15,008,120	1,215,887	1,334,716	14,889,291
Total Capital Assets, Being Depreciated	170,053,786	11,740,442	1,672,630	180,121,598
Less - Accumulated Depreciation For:				
Land improvements	1,840,173	114,993	-	1,955,166
Buildings and building improvements	39,841,798	3,268,366	-	43,110,164
Machinery and equipment	15,381,388	1,408,657	277,991	16,512,054
Vehicles	8,827,862	2,749,886	1,301,599	10,276,149
Total Accumulated Depreciation	65,891,221	7,541,902	1,579,590	71,853,533
Total Capital Assets, Being Depreciated, Net	104,162,565	4,198,540	93,040	108,268,065
Governmental Activities, Capital Assets, Net	\$ 114,438,263	\$ 7,911,046	\$ 7,630,640	\$ 114,718,669

SPECIAL SCHOOL DISTRICT OF ST. LOUIS COUNTY, MISSOURI

Notes to Basic Financial Statements (continued)

Depreciation was charged to functions of the District as follows:

Instruction	\$ 3,267,512
Attendance	6,865
Guidance	2,574
Health services	33,466
Improvement of instruction	32,847
Media services	2,856
Executive administration	13,390
Building level administration	56,148
Business, fiscal and internal services	933,302
Operation of plant	123,392
Pupil transportation	2,855,050
Food services	71,679
Adult continuing education	25,902
Unallocated	116,919
	<u>\$ 7,541,902</u>

4. LONG-TERM LIABILITIES

Long-term liability activity for the year ended June 30, 2019 is as follows:

	Balance July 1, 2018	Additions	Deductions	Balance June 30, 2019	Amounts Due Within One Year
Governmental Activities:					
Leasehold revenue bonds	\$ 35,305,000	\$ -	\$ 1,420,000	\$ 33,885,000	\$ 2,100,000
Plus: bond premium	593,618	-	66,900	526,718	-
Leasehold revenue bonds, net	<u>35,898,618</u>	-	1,486,900	34,411,718	2,100,000
Capital leases	664,200	152,278	669,629 *	146,849	40,477
Operating leases - Crossings	90,022	-	90,022	-	-
Sick leave benefits	2,599,170	15,216,238	15,374,862	2,440,546	286,666
Vacation pay	1,976,526	2,235,633	2,150,855	2,061,304	2,061,304
Workers' compensation claims	4,105,228	4,664,165	4,011,479	4,757,914	4,757,914
Unemployment benefits	12,715	39,106	31,458	20,363	20,363
Liability claims	746,463	562,159	461,544	847,078	847,078
Total governmental activities	<u>\$ 46,092,942</u>	<u>\$ 22,869,579</u>	<u>\$ 24,276,749</u>	<u>\$ 44,685,772</u>	<u>\$ 10,113,802</u>

* Includes principal payments of \$654,727 and a write-off of \$14,902 for a lease that was refinanced.

Leasehold Revenue Bonds

Refer to Note 8 for a description of bond transactions affecting the Facilities Authority.

SPECIAL SCHOOL DISTRICT OF ST. LOUIS COUNTY, MISSOURI

Notes to Basic Financial Statements (continued)

Capital Leases Payable

The District is obligated under three lease agreements for office equipment at June 30, 2019. The cost for the office equipment as of June 30, 2019 was \$192,216 and is included in capital assets as machinery and equipment, and accumulated depreciation is \$31,522.

The leases will be paid from the Capital Projects Fund. The following is a schedule of future minimum lease payments under the capital leases together with the present value of the net minimum lease payments as of June 30, 2019:

<u>Year Ending June 30,</u>	
2020	\$ 46,944
2021	42,800
2022	34,512
2023	34,512
2024	<u>2,876</u>
Total future minimum lease payments	161,644
Less amount representing interest	<u>(14,795)</u>
Present value of future minimum lease payments	<u><u>\$ 146,849</u></u>

Sick Leave, Vacation, and Insurance

Compensated absences and insurance claims will be paid from the General and Special Revenue Funds.

5. RETIREMENT PLANS

**Public School and Education Employee Retirement Systems of Missouri
(PSRS and PEERS also referred to as the Systems)**

General Information about the Pension Plans

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 the Systems, 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 "two-thirds statute." PSRS members required to contribute to Social Security are required to contribute two-thirds of the approved PSRS contribution rate and their employer is required to match the contribution. The members' benefits are further calculated at two-thirds the normal benefit amount.

PEERS is a mandatory cost-sharing multiple employer retirement system for all non-certified public school district employees (except the school districts of St. Louis and Kansas City), employees of the

SPECIAL SCHOOL DISTRICT OF ST. LOUIS COUNTY, MISSOURI

Notes to Basic Financial Statements (continued)

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 PSRS must contribute to PEERS. Employees of the Systems 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 PSRS.

Benefits Provided. PSRS is a defined benefit plan providing retirement, disability, and death/survivor benefits. Members are vested for service retirement benefits after accruing five years of service. Individuals who (a) are at least age 60 and have a minimum of 5 years of service, (b) have 30 years of service, or (c) qualify for benefits under the "Rule of 80" (service and age total at least 80) are entitled to a monthly benefit for life, which is calculated using a 2.5% benefit factor. Beginning July 1, 2001, and ending July 1, 2014, a 2.55% benefit factor was used to calculate benefits for members who had 31 or more years of service at retirement. 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.

PEERS is a defined benefit plan providing service retirement, disability, and death 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 benefit until reaching minimum Social Security age (currently age 62), which is calculated using a 0.8% benefit factor. Actuarially age-reduced retirement benefits are available 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.

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

Cost-of-Living Adjustments ("COLA"). The Board of Trustees has established a policy of providing COLAs to both PSRS and PEERS members as follows:

- If the June to June change in the Consumer Price Index for All Urban Consumers (CPI-U) is less than 2% for consecutive one-year periods, a cost-of-living increase of 2% will be granted when the cumulative increase is equal to or greater than 2%, at which point the cumulative increase in the CPI-U will be reset to zero. For the following year, the starting CPI-U will be based on the June value immediately preceding the January 1 at which the 2% cost-of-living increase is granted.

SPECIAL SCHOOL DISTRICT OF ST. LOUIS COUNTY, MISSOURI

Notes to Basic Financial Statements (continued)

- If the June to June change in the CPI-U is greater than or equal to 2%, but less than 5%, a cost-of-living increase of 2% will be granted.
- If the June to June change in the CPI-U is greater than or equal to 5%, a cost-of-living increase of 5% will be granted.
- If the CPI decreases, no COLA is provided.

For any PSRS member retiring on or after July 1, 2001, such adjustments commence on the second January after commencement of benefits and occur annually thereafter. For PEERS members, such adjustments commence on the fourth January after commencement of benefits and occur annually thereafter. The total of such increases may not exceed 80% of the original benefit for any member.

Contributions. PSRS members were required to contribute 14.5% of their annual covered salary during fiscal years 2017, 2018 and 2019. Employers were required to match the contributions made by employees. The contribution rate is set each year by the PSRS Board of Trustees upon the recommendation of the independent actuary within the contribution restrictions set in Section 169.030 RSMo. The annual statutory increase in the total contribution rate may not exceed 1% of pay.

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

The District's contributions to PSRS and PEERS were \$29,212,670 and \$7,523,118, respectively, for the year ended June 30, 2019.

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

At June 30, 2019, the District recorded a liability of \$304,329,487 for its proportionate share of the PSRS net pension liability and \$48,282,929 for its proportionate share of the PEERS net pension liability. In total the District recorded net pension liabilities of \$352,612,416. The net pension liability for the plans in total was measured as of June 30, 2018, and determined by an actuarial valuation as of that date. The District's proportionate share of the total net pension liability was based on the ratio of its actual contributions paid to PSRS and PEERS of \$28,511,275 and \$7,132,498, respectively, for the year ended June 30, 2018, relative to the actual contributions of \$697,214,371 for PSRS and \$114,141,743 for PEERS from all participating employers. At June 30, 2018, the District's proportionate share was 4.0891% for PSRS and 6.2485% for PEERS.

For the year ended June 30, 2019, the District recognized pension expense of \$33,387,722 for PSRS and \$10,559,380 for PEERS, its proportionate share of the total pension expense.

SPECIAL SCHOOL DISTRICT OF ST. LOUIS COUNTY, MISSOURI

Notes to Basic Financial Statements (continued)

At June 30, 2019, the District reported deferred outflows of resources and deferred inflows of resources from the following sources related to PSRS and PEERS pension benefits:

Balance of Deferred Outflows and Inflows Due to:	PSRS		PEERS		District Total	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 15,852,745	\$ 14,357,139	\$ 69,104	\$ 1,131,090	\$ 15,921,849	\$ 15,488,229
Changes in assumptions	55,542,468	-	7,440,073	-	62,982,541	-
Net difference between projected and actual earnings on pension plan investments	(2,563,779)	-	(654,928)	-	(3,218,707)	-
Changes in proportion and differences between District contributions and proportionate share of contributions	777,783	2,490,402	368,526	40,826	1,146,309	2,531,228
Employer contributions subsequent to the measurement date	29,212,670	-	7,523,118	-	36,735,788	-
Total	\$ 98,821,887	\$ 16,847,541	\$ 14,745,893	\$ 1,171,916	\$ 113,567,780	\$ 18,019,457

Amounts reported as deferred outflows of resources resulting from contribution subsequent to the measurement date of June 30, 2018, will be recognized as a reduction to the net pension liability in the year ended June 30, 2019. Other amounts reported as collective deferred (inflows) / outflows of resources will be recognized in pension expense as follows:

Fiscal Year Ending June 30,	PSRS	PEERS	District Total
2020	\$ 26,411,919	\$ 5,934,589	\$ 32,346,508
2021	15,641,583	2,906,321	18,547,904
2022	(4,274,670)	(2,221,426)	(6,496,096)
2023	9,078,423	(568,625)	8,509,798
2024	5,680,918	-	5,680,918
Thereafter	223,503	-	223,503
Total	\$ 52,761,676	\$ 6,050,859	\$ 58,812,535

Actuarial Assumptions

Actuarial valuations of the Systems involve assumptions about probability of occurrence of events far into the future in order to estimate the reported amounts. Examples include assumptions about future employment, salary increases, and mortality. Amounts determined regarding the net pension liability are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The Board of Trustees adopts actuarial assumptions, each of which individually represents a reasonable long-term estimate of anticipated experience for the Systems, derived from experience studies conducted every fifth year and from Board policies concerning investments and COLAs. The most recent comprehensive experience studies were completed in June 2016. All economic and demographic assumptions were reviewed and updated, where appropriate, based on the results of the studies and effective with the June 30, 2016 valuation. For the June 30, 2017 valuations, the investment rate of return was reduced from 7.75% to 7.6% and the assumption for the annual cost-of-living adjustments was updated in accordance with the funding policies amended by the Board of Trustees at their November 2017 meeting. For the June 30, 2018 valuation, the investment rate of return assumption was further reduced from 7.60% to 7.50%.

SPECIAL SCHOOL DISTRICT OF ST. LOUIS COUNTY, MISSOURI

Notes to Basic Financial Statements (continued)

Significant actuarial assumption and methods, including changes from the prior year resulting from changes in Board policy, are detailed below. For additional information please refer to the Systems' Comprehensive Annual Financial Report ("CAFR"). The next experience studies are scheduled for 2021.

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

Measurement date	June 30, 2018				
Valuation date	June 30, 2018				
Expected return on investments	7.50 %, net of investment expenses and including 2.25% inflation				
Inflation	2.25%				
Total payroll growth	<table border="0"> <tr> <td>PSRS</td> <td>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.</td> </tr> <tr> <td>PEERS</td> <td>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.</td> </tr> </table>	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.	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.
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.				
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	<table border="0"> <tr> <td>PSRS</td> <td>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.</td> </tr> <tr> <td>PEERS</td> <td>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.</td> </tr> </table>	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.	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.
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.				
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	<table border="0"> <tr> <td>PSRS & PEERS</td> <td>The annual COLA assumed in the evaluation increases from 1.25% to 1.65% over eight years, beginning January 1, 2020. The COLA reflected for January 1, 2019 is 2.00%, in accordance with the actual COLA approved by the Board. This COLA assumption reflects an assumption that general inflation will increase from 1.85% to a normative inflation assumption of 2.25% over eight years. It is also based on the current policy of the Board to grant a COLA on each January 1 as follows:</td> </tr> </table>	PSRS & PEERS	The annual COLA assumed in the evaluation increases from 1.25% to 1.65% over eight years, beginning January 1, 2020. The COLA reflected for January 1, 2019 is 2.00%, in accordance with the actual COLA approved by the Board. This COLA assumption reflects an assumption that general inflation will increase from 1.85% to a normative inflation assumption of 2.25% over eight years. It is also based on the current policy of the Board to grant a COLA on each January 1 as follows:		
PSRS & PEERS	The annual COLA assumed in the evaluation increases from 1.25% to 1.65% over eight years, beginning January 1, 2020. The COLA reflected for January 1, 2019 is 2.00%, in accordance with the actual COLA approved by the Board. This COLA assumption reflects an assumption that general inflation will increase from 1.85% to a normative inflation assumption of 2.25% over eight years. It is also based on the current policy of the Board to grant a COLA on each January 1 as follows:				

- If the June to June change in the CPI-U is less than 2% for consecutive on year periods, a cost-of-living increase of 2% will be granted when the cumulative increase is equal to or greater than 2%, at which point the cumulative increase in the CPI-U will be reset to zero. For the following year, the starting CPI-U will be based on the June value immediately preceding the January 1 at which the 2% cost-of-living increase is granted.

- If the June to June change in the CPI-U is greater than or equal to 2% but less than 5%, a cost-of-living increase of 2% will be granted.

- If the June to June change in the CPI-U is greater than or equal to 5%, a cost-of-living increase of 5% will be granted.

- If the CPI decreases, no COLA is provided.

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

SPECIAL SCHOOL DISTRICT OF ST. LOUIS COUNTY, MISSOURI

Notes to Basic Financial Statements (continued)

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

Mortality assumptions:

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.
	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.
	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	PSRS & PEERS	RP-2006 Disabled Retiree Mortality Tables with static projection to 2028 using the 2014 SSA Improvement Scale.
Changes in Actuarial Assumptions and Methods	PSRS & PEERS	The following assumptions were updated by the Board at the October 29, 2018 meeting:
Fiduciary net position		The Systems issue a publicly available financial report (CAFR) that can be obtained at www.psr-peers.org .

SPECIAL SCHOOL DISTRICT OF ST. LOUIS COUNTY, MISSOURI

Notes to Basic Financial Statements (continued)

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

Expected rate of return The long-term expected rate of return on investments was determined in accordance with Actuarial Standard of 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 Systems' investments was determined using a building-block method in which best-estimate ranges of expected future real rates of returns (expected returns, net of investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the Systems' target allocation as of June 30, 2018 are 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	100%		4.61%
		Inflation	2.25%
		Long-term arithmetical nominal return	6.86%
		effect of covariance matrix	0.64%
		Long-term expected geometric return	7.50%

SPECIAL SCHOOL DISTRICT OF ST. LOUIS COUNTY, MISSOURI

Notes to Basic Financial Statements (continued)

Workers' Compensation Insurance

From July 31, 1996 through June 30, 2001, the District had purchased insurance for workers' compensation claims. Beginning July 1, 2001, the District became substantially self-insured. The District maintains excess workers' compensation insurance coverage for losses in excess of specified amounts. As of June 30, 2019, the estimated liability for payment of workers' compensation claims under the self-insurance plan was approximately \$4,758,000 and is recorded in the government-wide financial statements.

Included in restricted cash and investments is an investment in a U.S. Treasury bill of approximately \$200,000 held in escrow under an agreement with the Missouri Division of Workers' Compensation (the "Division").

Changes in the claim liabilities for the years ended June 30, 2019 and June 30, 2018 are as follows:

	Prescription Drugs, Medical and Dental Benefits	Workers' Compensation	Unemployment Benefits
Balance - June 30, 2017	\$ 3,560,159	\$ 3,723,893	\$ 36,599
Add: claims, fees, and change in estimates	48,675,667	3,301,571	32,956
Less: claim payments	(48,629,780)	(2,920,236)	(56,840)
Balance - June 30, 2018	3,606,046	4,105,228	12,715
Add: claims, fees, and change in estimates	51,868,037	4,664,165	39,106
Less: claim payments	(51,747,139)	(4,011,479)	(31,458)
Balance - June 30, 2019	<u>\$ 3,726,944</u>	<u>\$ 4,757,914</u>	<u>\$ 20,363</u>

7. PENDING LITIGATION

The District is involved in various lawsuits and other legal matters, each of which are being vigorously contested by the District. The District is either insured or self-insured with respect to the major portion of liabilities which may be incurred as a result of this litigation. Management believes their current reserves included in the accompanying financial statements are adequate to cover any liabilities from claims against the District.

The District has sovereign tort immunity from liability and suit for compensation damages for negligent acts or omissions, except in the case of injuries arising out of the operation of District motor vehicles or caused by the condition of District property. The District has purchased insurance to cover claims related to the operation of motor vehicles and the condition of District property. The maximum claim settlement established by state statute for such claims is approximately \$430,000 per person and approximately \$2,865,000 per occurrence.

SPECIAL SCHOOL DISTRICT OF ST. LOUIS COUNTY, MISSOURI

Notes to Basic Financial Statements (continued)

8. SPECIAL SCHOOL DISTRICT EDUCATIONAL FACILITIES AUTHORITY

The District adopted a resolution approving the formation of the Special School District of St. Louis County, Missouri Educational Facilities Authority (the "Authority") on August 8, 2000. The Authority is organized under the not for profit provisions of Chapter 355 of the Revised Statutes of Missouri (1986) as amended, for the purpose of acting on behalf of the District in its acquisition, construction, improvement, extension, repair, remodeling, renovation, and financing of capital improvement projects, and other purposes as specified in the Authority's Articles of Incorporation.

In November 2013, the District approved a resolution authorizing the District to convey to the Authority, a leasehold interest in certain public school facilities of the District and approved the delivery of Lease Participation Certificates, Series 2013 ("Series 2013 Certificates"), in the principal interest amount of \$9,450,000 for the purpose of providing funds to pay the costs of facilities projects for the District.

In connection with the delivery of the Series 2013 Certificates, the Board of Education authorized the execution of (a) a Base Lease dated as of November 1, 2013 (the "Base Lease"), between the District and the Authority, pursuant to which the District will lease to the Authority certain real property owned by the District and any existing improvements thereon including Northview High School and Hiram Neuwoehner High School (the "Project Site") for a maximum term of approximately 35 years ending on April 1, 2048; and (b) a Lease Agreement dated as of November 1, 2013 (the "Lease"), pursuant to which (i) proceeds of the Series 2013 Certificates will be used to complete the Project (the Project Site and all additions, modifications, improvements, replacements and substitutions made thereon and thereto, the personal property financed by the Series 2013 Certificates at the Project Site, and any additional facilities financed with Additional Certificates on the Project Site being collectively referred to as the "Facilities"), (ii) the Authority will lease the Facilities to the District on an annually renewable basis, and (iii) the District will make rental payments to the Authority that will be sufficient, during any term of the Lease, to pay the principal component, premium, if any, and interest component of the rental payments represented by the Series 2013 Certificates as the same become due.

In September 2014, the District has adopted a resolution (a) authorizing the District to enter into a First Supplemental Base Lease of even date herewith (the "First Supplemental Base Lease" and, together with the Original Base Lease, the "Base Lease"), pursuant to which the District will amend the Original Base Lease in order to extend the term thereof, and (b) approving the delivery and sale of Lease Participation Certificates, Series 2014A, in the aggregate principal amount of \$8,705,000 (the "Series 2014A Certificates") and Lease Participation Certificates, Series 2014B, in the aggregate principal amount of \$18,520,000 (the "Series 2014B Certificates" and, together with the Series 2014A Certificates, the "Series 2014 Certificates"), each evidencing proportionate interests of the Owners thereof in Rental Payments to be made by the District, as Lessee, under the Original Lease as amended by the First Supplemental Lease Agreement dated as of November 1, 2014 (the "First Supplemental Lease" and, together with the Original Lease, the "Lease"), issued and delivered pursuant to the Indenture, to provide funds to finance costs of the Project.

The Series 2013 and 2014 Certificates and the interest with respect thereto shall be limited obligations, payable solely out of the rents, revenues and receipts received by the Trustee from the District pursuant to the Lease. The Series 2013 and 2014 Certificates and the interest with respect thereto shall not constitute a debt or liability of the District, the State of Missouri or any political subdivision thereof, and the Series 2013 and 2014 Certificates shall not constitute an indebtedness within the meaning of any constitutional or statutory debt limitation or restriction. Rental payments made pursuant to this lease totaled \$3,220,929 during the year ended June 30, 2019. Rental payments will be determined annually

SPECIAL SCHOOL DISTRICT OF ST. LOUIS COUNTY, MISSOURI

Notes to Basic Financial Statements (continued)

based on the amount of monies necessary for the future payment of bond principal and interest on the bonds when due, less amounts held by the Authority in the Certificate Fund. The District is also obligated to make additional payments for costs specified in the Lease. The Authority has agreed to convey to the District, all rights, interest and title to the project site at the expiration of the lease term following full payment of the bonds.

Bonds payable at June 30, 2019 consist of:

\$9,450,000 leasehold revenue bonds due in varying installments through April 1, 2028, interest at 3.00% to 4.00%	\$ 8,450,000
\$8,705,000 leasehold revenue bonds due in varying installments through April 1, 2024, interest at 1.95%.	6,915,000
\$18,520,000 leasehold revenue bonds due in varying installments through April 1, 2034, interest at 3.375% to 4.00%	18,520,000
	\$ 33,885,000

The following is a summary of bond transactions for the year ended June 30, 2019:

Bonds payable, July 1, 2018	\$ 35,305,000
Bonds issued	-
Bonds retired	(1,420,000)
	\$ 33,885,000

The following are debt service requirements on the outstanding bonds at June 30, 2019:

Year Ending June 30,	Principal	Interest	Total
2020	\$ 2,100,000	\$ 1,138,799	\$ 3,238,799
2021	2,180,000	1,089,186	3,269,186
2022	2,255,000	1,037,751	3,292,751
2023	2,340,000	984,591	3,324,591
2024	2,425,000	929,459	3,354,459
2025-2029	14,200,000	3,281,450	17,481,450
2030-2034	8,385,000	838,650	9,223,650
	\$ 33,885,000	\$ 9,299,886	\$ 43,184,886

As discussed in Note 1, the Authority has been determined to be a component unit of the District under criteria established by current governmental accounting standards. In accordance therewith, the Authority's debt and assets have been reported as a form of the District's debt and assets in the accompanying financial statements.

See Note 2 for the Authority's investments.

SPECIAL SCHOOL DISTRICT OF ST. LOUIS COUNTY, MISSOURI

Notes to Basic Financial Statements (continued)

9. COMMITMENTS AND CONTINGENCIES

Revenues received from the Federal and State Governments in the current and prior years are subject to audits by the granting agencies. The District believes that adjustments which may arise from these audits, if any, would not be material.

The District has entered into operating leases for various office equipment and buildings. Rental expense recorded during the year ended June 30, 2019 on these and other operating leases was approximately \$1,030,000. Future minimum lease payments as of June 30, 2019 are as follows:

<u>Year Ending June 30,</u>	<u>Total</u>
2020	\$ 364,649
2021	325,744
2022	325,744
2023	325,744
2024	171,499
Total	\$ 1,513,380

As of June 30, 2019, the District has entered into construction commitments totaling approximately \$12,640,000 of which approximately \$3,086,000 has been paid.

Risks and Uncertainties

The District invests in various investment securities, including cash equivalents. Investment securities are exposed to various risks, such as interest rate, market and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and that such changes could materially affect the amounts reported in the financial statements.

10. OTHER POST EMPLOYMENT BENEFITS (OPEB)

Plan Description

The Special School District Other Post-Employment Benefits ("OPEB") plan (the "Plan") provides an OPEB for certain eligible employees who retire from the District. The Plan is a single-employer defined benefit OPEB plan that is administered by the District. The benefits and benefit levels are governed by District policy. No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement No. 75, "Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions." The Plan does not issue a stand-alone financial report.

Benefits Provided

The Plan provides an opportunity for continuation of medical, dental, and vision coverage including prescription drugs to employees that retire from the District who meet the retirement requirements

SPECIAL SCHOOL DISTRICT OF ST. LOUIS COUNTY, MISSOURI

Notes to Basic Financial Statements (continued)

of PSRS or PEERS and their dependents. Retirees can continue coverage past Medicare eligibility age (age 65). Retirees may cover spouses and eligible dependent children. Surviving spouses can continue coverage after retiree's death. Retirees who elect to participate must pay 100% of the premiums in effect for the current plan year or any subsequent year at the premium rates in effect at that time. Since retirees pay the premium for each year, the District's share of any premium cost is determined on the basis of a blended rate or implicit rate subsidy calculation.

Retiree medical contributions effected for November 1, 2017 are as follows:

<u>Coverage Tier</u>	<u>Pre-65</u>	<u>Medicare Eligible *</u>
Retiree	\$598.08	\$598.08
Retiree + Spouse	\$1,311.12	\$1,196.16
Retiree + Child	\$949.34	\$949.34
Retiree + 2 Children	\$971.54	-
Retiree + 3 Children	\$1,018.74	-
Retiree + Spouse + Child	\$1,662.38	\$1,547.42
Retiree + Spouse + 2 Children	\$1,684.58	-
Retiree + Spouse + 3 Children	\$1,731.78	-

*Cost of coverage is assumed to be equal to the premium charged.

<u>Coverage Tier</u>	<u>Dental</u>	<u>Vision</u>
Retiree	\$30.90	\$4.26
Retiree + Spouse	\$74.54	\$7.16
Retiree + Child	\$76.80	\$7.30
Retiree + 2 Children	\$81.48	\$7.30
Retiree + 3 Children	\$86.18	\$7.30
Retiree + Spouse + Child	\$120.44	\$10.20
Retiree + Spouse + 2 Children	\$125.12	\$10.20
Retiree + Spouse + 3 Children	\$129.82	\$10.20

Employees Covered by Benefit Terms

At June 30, 2018, the following employees were covered by the benefit terms:

Inactive employees and surviving spouses* currently receiving benefits	845
Spouses of inactive employees currently receiving benefits	89
Inactive employees entitled to but not yet receiving benefit payments	-
Active employees	4,899
Total	<u><u>5,833</u></u>

* Includes 496, 833, and 572 with medical, dental, and vision coverage respectively.

Total OPEB Liability

The District's total liability of \$86,783,636 was measured as of June 30, 2019 and was determined by an actuarial valuation as of June 30, 2018.

SPECIAL SCHOOL DISTRICT OF ST. LOUIS COUNTY, MISSOURI

Notes to Basic Financial Statements (continued)

Actuarial assumptions and other inputs

The total OPEB liability in the June 30, 2019 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement:

Inflation	2.30%
Salary increases	3.00%
Discount rate	3.50%
Healthcare cost trend rates	Medical cost trend rate of 6.0% for 2018, gradually decreasing to an ultimate rate of 4.1% for 2079 and beyond.
Actuarial cost method	Entry age normal based on level percentage of projected salary.
Amortization method	N/A

The discount rate was based on the index rate for 20-year tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher.

Mortality rates were based on the RP-2014 Mortality for Employees and Healthy Annuitants, with generational projection per Scale MP-2017.

Changes in the Total OPEB Liability

	Total OPEB Liability
Total OPEB Liability at June 30, 2018	\$ 77,836,398
Change for the year:	
Service cost	5,199,531
Interest cost	3,152,974
Changes in assumptions or other inputs	3,752,212
Benefit payments	(3,157,479)
Net change in total OPEB liability	8,947,238
Total OPEB Liability at June 30, 2019	\$ 86,783,636

Impact of Changes of Benefit Terms

There were no changes of benefit terms that significantly impacted the valuation.

Impact of Plan Experience

The Plan has not had a formal actuarial experience study performed.

Impact of Changes of Assumptions

The impact of changes in assumptions is valued at a gain of \$3.75 million in respect to the total OPEB liability. This occurred due to many assumptions changing, such as a re-evaluation of the discount rate based on the 20 year bond GO index at the fiscal year end.

SPECIAL SCHOOL DISTRICT OF ST. LOUIS COUNTY, MISSOURI

Notes to Basic Financial Statements (continued)

Sensitivity of the total OPEB liability to changes in the discount rate

The following presents the total OPEB liability of the District, calculated using the discount rate of 3.50%, as well as what the District's total OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (2.50%) or 1-percentage-point higher (4.50%) than the current discount rate:

	1% Decrease (2.50%)	Current Discount Rate (3.50%)	1% Increase (4.50%)
Total OPEB liability	\$ 98,175,684	\$ 86,783,636	\$ 77,142,427

Sensitivity of the total OPEB liability to changes in the healthcare cost trend rates

The following presents the total OPEB liability of the District, calculated using the current healthcare cost trend rates as well as what the District's total OPEB liability would be if it were calculated using healthcare cost trend rates that are 1-percentage-point lower or 1-percentage-point higher than the current healthcare cost trend rates:

	1% Decrease	Current Trend	1% Increase
Total OPEB liability	\$ 74,116,182	\$ 86,783,636	\$ 102,547,661

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

For the year ended June 30, 2019, the District recognized OPEB expense of \$8,458,371. At June 30, 2019, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ -
Changes of assumptions/inputs	1,181,944	-
Total	\$ 1,181,944	\$ -

Amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense in future periods as follows:

Year Ending June 30,	Net Deferred Outflows and Inflows of Resources
2020	\$ 105,866
2021	105,866
2022	105,866
2023	105,866
2024	105,866
Thereafter	652,614

SPECIAL SCHOOL DISTRICT OF ST. LOUIS COUNTY, MISSOURI

Notes to Basic Financial Statements (continued)

11. TAX ABATEMENTS

As of June 30, 2019, the District is subject to the following tax abatement programs initiated by other governmental entities:

	Real Estate Tax	Surcharge	Property Tax
Enhanced enterprise zones			
City of Hazelwood	\$ 20,902	\$ 2,048	\$ -
City of Kinloch	157,121	15,445	-
Industrial development bonds/St. Louis County			
Chapter 100			
City of Bellerive	64,119	6,282	1,528
City of Bridgeton	4,360	427	3,032
City of Clayton	192,270	18,838	2,253
City of Eureka	18,619	1,824	1,142
City of Ferguson	31,713	3,107	2,442
City of Hazelwood	10,503	1,029	9,698
City of Jennings	1,575	154	1,059
St. Louis County	1,006,243	98,589	201,553
St. Louis County Port Authority	-	-	16,254
Land Clearance for Redevelopment Authority			
City of University City	69,897	3	-
Urban redevelopment corporations			
City of Brentwood	74,250	3,687	-
City of Bridgeton	36,343	3,561	-
City of Edmundson	90,047	8,823	-
City of Ferguson	5,421	531	-
City of Hazelwood	373,956	36,639	-
City of Kinloch	237,742	8,043	-
City of Maplewood	81,773	3,345	-
City of Maryland Heights	55,157	5,404	33,425
City of Normandy	30,797	-	-
City of Overland	42,909	4,052	-
City of Richmond Heights	45,501	4,458	-
City of Rock Hill	24,776	2,194	-
City of Sunset Hills	5,527	100	-
City of University City	69,676	-	-
City of Wellston	4,666	457	-
Richmond Heights	481	-	-

12. RECENT ACCOUNTING PRONOUNCEMENTS

The accounting principles governing the reported amounts, presentation and related disclosures are subject to change from time to time based on new pronouncements and/or rules issued by various governing bodies. The Government Accounting Standards Board ("GASB") is responsible for establishing GAAP for state and local governments.

SPECIAL SCHOOL DISTRICT OF ST. LOUIS COUNTY, MISSOURI

Notes to Basic Financial Statements (continued)

In January 2017, the GASB approved Statement No. 84, "Fiduciary Activities." This Statement establishes criteria for identifying fiduciary activities of all state and local governments. The focus of the criteria is generally on (1) whether a government is controlling the assets of the fiduciary activity and (2) the beneficiaries with whom a fiduciary relationship exists. Separate criteria are included to identify fiduciary component units and postemployment benefit arrangements that are fiduciary activities. Governments with activities meeting the criteria should present a statement of fiduciary net position and a statement of changes in fiduciary net position. The requirements of this Statement are effective for reporting periods beginning after December 15, 2018.

In June 2017, the GASB approved Statement No. 87, "Leases." The objective of this Statement is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. This requires recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities. The requirements of this Statement are effective for reporting periods beginning after December 15, 2019.

In June 2018, the GASB approved Statement 89, "Accounting for Interest Cost Incurred before the End of a Construction Period." The objectives of this Statement are to enhance the relevance and comparability of information about capital assets and the cost of borrowing for a reporting period and to simplify accounting for interest cost incurred before the end of a construction period. This Statement requires that interest cost incurred before the end of a construction period be recognized as an expense in the period in which the cost is incurred for financial statements prepared using the economic resources measurement focus. The requirements of this Statement are effective for reporting periods beginning after December 15, 2019.

The effects on the District's financial statements as a result of the adoption of these new pronouncements are unknown.

Required Supplementary Information

SPECIAL SCHOOL DISTRICT OF ST. LOUIS COUNTY, MISSOURI

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL - GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Local	\$ 140,621,935	\$ 144,181,798	\$ 147,537,217	\$ 3,355,419
County	2,361,439	2,235,371	2,353,502	118,131
State	45,073,479	47,854,643	50,892,386	3,037,743
Federal	12,687,363	14,573,990	12,940,814	(1,633,176)
Contracted educational services	6,675,000	6,675,000	6,758,692	83,692
Total Revenues	207,419,216	215,520,802	220,482,611	4,961,809
EXPENDITURES:				
Current:				
Instruction	98,394,443	97,015,718	93,086,692	3,929,026
Attendance	9,594,347	9,589,571	9,250,240	339,331
Guidance	585,088	1,055,652	1,023,017	32,635
Health services	22,771,368	23,360,751	22,201,829	1,158,922
Improvement of instruction	3,916,635	2,664,263	2,246,704	417,559
Professional development	53,260	299,937	306,641	(6,704)
Media services	309,069	519,444	509,121	10,323
Board of Education services	853,525	1,286,211	1,433,404	(147,193)
Executive administration	3,892,864	7,931,995	7,360,089	571,906
Building level administration	3,514,096	3,492,482	3,411,955	80,527
Business, fiscal and internal services	7,978,202	3,875,054	3,821,869	53,185
Operation of plant	7,897,184	10,929,661	10,094,012	835,649
Security services	801,137	801,137	740,977	60,160
Pupil transportation	30,489,090	30,513,940	29,317,190	1,196,750
Food services	982,000	989,400	857,946	131,454
Central office support services	8,156,593	8,401,985	7,603,473	798,512
Adult continuing education	1,301,544	1,371,339	1,394,552	(23,213)
Community services	13,997	20,299	9,591	10,708
Total Expenditures	201,504,442	204,118,839	194,669,302	9,449,537
EXCESS OF REVENUES OVER EXPENDITURES	5,914,774	11,401,963	25,813,309	14,411,346
OTHER FINANCING USES:				
Transfers to other funds	(17,083,931)	(11,491,087)	(3,691,742)	7,799,345
Total Other Financing Uses	(17,083,931)	(11,491,087)	(3,691,742)	7,799,345
NET CHANGE IN FUND BALANCE	(11,169,157)	(89,124)	22,121,567	22,210,691
FUND BALANCE, BEGINNING OF YEAR	249,529,000	266,807,205	266,807,205	-
FUND BALANCE, END OF YEAR	\$ 238,359,843	\$ 266,718,081	\$ 288,928,772	\$ 22,210,691

See the accompanying independent auditors' report and notes to budgetary comparison information

SPECIAL SCHOOL DISTRICT OF ST. LOUIS COUNTY, MISSOURI

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL - SPECIAL REVENUE FUND -
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Local	\$ 144,473,873	\$ 145,978,656	\$ 150,172,199	\$ 4,193,543
County	2,563,048	2,420,542	2,547,211	126,669
State	46,365,482	49,248,338	46,230,732	(3,017,606)
Federal	30,380,299	30,380,299	30,380,299	-
Total Revenues	223,782,702	228,027,835	229,330,441	1,302,606
EXPENDITURES:				
Current:				
Instruction	189,079,374	149,581,602	146,476,524	3,105,078
Attendance	855,954	840,374	657,193	183,181
Guidance	2,528,974	2,768,049	2,741,538	26,511
Health services	18,855,487	55,302,624	53,745,130	1,557,494
Improvement of instruction	5,294,723	7,122,390	7,268,468	(146,078)
Professional development	110,848	71,513	86,162	(14,649)
Media services	262,192	261,682	260,604	1,078
Board of Education services	154,399	154,399	154,314	85
Executive administration	3,412,737	4,711,720	4,557,011	154,709
Building level administration	14,565,440	14,565,440	14,433,671	131,769
Business, fiscal and internal services	825,000	-	-	-
Central office support services	1,314,985	1,533,369	1,360,593	172,776
Adult continuing education	1,320,583	1,320,583	1,280,279	40,304
Community services	696	580	696	(116)
Total Expenditures	238,581,392	238,234,325	233,022,183	5,212,142
EXCESS OF REVENUES (UNDER) OVER EXPENDITURES	(14,798,690)	(10,206,490)	(3,691,742)	6,514,748
OTHER FINANCING SOURCES:				
Transfers from other funds	14,798,690	10,206,490	3,691,742	(6,514,748)
Total Other Financing Sources	14,798,690	10,206,490	3,691,742	(6,514,748)
NET CHANGE IN FUND BALANCE	-	-	-	-
FUND BALANCE, BEGINNING OF YEAR	-	-	-	-
FUND BALANCE, END OF YEAR	\$ -	\$ -	\$ -	\$ -

See the accompanying independent auditors' report and notes to budgetary comparison information

SPECIAL SCHOOL DISTRICT OF ST. LOUIS COUNTY, MISSOURI

**NOTES TO BUDGETARY COMPARISON INFORMATION
JUNE 30, 2019**

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

1. In accordance with Chapter 67 RSMo, the District is required to adopt a budget for the general fund, special revenue fund, and capital projects fund.
2. Prior to June 30, the Superintendent, who serves as the budget officer, submits to the Board of Education a proposed budget for the fiscal year beginning on the following July 1. The proposed budget includes estimated revenues and proposed expenditures for all District funds. Budgeted expenditures cannot exceed beginning available monies plus estimated revenues for the year.
3. A public hearing is conducted to obtain taxpayer comments. Prior to its approval by the Board of Education, the budget document is available for public inspection.
4. Prior to June 30, the budget is adopted by the Board of Education and submitted to the Governing Council for final approval.
5. Subsequent to its formal approval of the budget, the Board of Education has the authority to make necessary adjustments to the budget by formal vote of the Board. Adjustments made during the year are reflected in the budget information included in the financial statements.

Budgeted amounts are as originally adopted on May 22, 2018 or as amended by the Board of Education at various times during the fiscal year. The Governing Council approved the original budget on June 4, 2018.

For each fund, total fund expenditures may not legally exceed final amended budgeted expenditures. Expenditure appropriations lapse at the end of the fiscal year.

6. Budgets are presented on the modified accrual basis of accounting for all governmental funds in accordance with GAAP.

SPECIAL SCHOOL DISTRICT OF ST. LOUIS COUNTY, MISSOURI

**SCHEDULE OF CHANGES IN OTHER POST-EMPLOYMENT BENEFITS LIABILITY
AND RELATED RATIOS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

	Year Ended June 30,	
	2019	2018
Total OPEB liability		
Service cost	\$ 5,199,531	\$ 5,145,755
Interest cost	3,152,974	2,835,382
Differences between expected and actual experience	-	-
Changes in assumptions or other inputs	3,752,212	(2,758,133)
Benefit payments	(3,157,479)	(2,857,808)
Net change in total OPEB liability	8,947,238	2,365,196
Total OPEB Liability, beginning	77,836,398	75,471,202
Total OPEB Liability, ending	<u>\$ 86,783,636</u>	<u>\$ 77,836,398</u>
Covered payroll	\$ 270,131,000	\$ 262,287,000
Total OPEB liability as a percentage of covered payroll	32.1%	29.7%

Notes to Required Supplementary Information:

No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement No. 75, "Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions".

Impact of Changes of Benefit Terms

There were no changes of benefit terms that significantly impacted the valuation.

Impact of Plan Experience

The Plan has not had a formal actuarial experience study performed.

Impact of Changes of Assumptions

2018 –The impact of changes in assumptions is valued at a loss of \$2.76 million in respect to the total OPEB liability. This occurred due to many assumptions changing, such as a re-evaluation of the discount rate using the current updated mortality table – reflecting participants living longer and actuarial cost method. The remainder of the changes are due to accrual of benefits and the passage of time.

2019 – The impact of changes in assumptions is valued at a gain of \$3.75 million in respect to the total OPEB liability. This occurred due to many assumptions changing, such as a re-evaluation of the discount rate based on the 20 year bond GO index at the fiscal year end.

Note:

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

SPECIAL SCHOOL DISTRICT OF ST. LOUIS COUNTY, MISSOURI

**SCHEDULE OF DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
AND RELATED RATIOS - PSRS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

The District's proportionate share of the PSRS net pension liability and related ratios are as follows:

Year Ended * June 30,	Proportion of the Net Pension Liability	Proportionate Share of the Net Pension Liability	Actual Covered Member Payroll	Net Pension Liability as a Percentage of Covered Payroll	Fiduciary Net Position as a Percentage of Total Pension Liability
2014	4.1314%	\$ 169,493,799	\$ 188,504,965	89.91%	89.34%
2015	4.0894%	\$ 236,075,341	\$ 190,042,904	124.22%	85.78%
2016	4.0773%	\$ 303,377,575	\$ 193,253,990	156.98%	82.18%
2017	4.0735%	\$ 294,168,830	\$ 196,622,063	149.61%	83.77%
2018	4.0891%	\$ 304,329,487	\$ 201,129,737	151.31%	84.06%

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

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

SPECIAL SCHOOL DISTRICT OF ST. LOUIS COUNTY, MISSOURI

**SCHEDULE OF DISTRICT CONTRIBUTIONS - PSRS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

The following required supplementary information relates to the District's contributions to the PSRS.

Year Ended June 30,	Statutorily Required Contribution	Actual Employer Contributions	Contribution Excess / (Deficiency)	Actual Covered Member Payroll	Contribution as a Percentage of Covered Payroll
2013	\$ 26,425,261	\$ 26,425,261	\$ -	\$ 187,116,249	14.12%
2014	\$ 26,601,171	\$ 26,601,171	\$ -	\$ 188,504,965	14.11%
2015	\$ 26,849,095	\$ 26,849,095	\$ -	\$ 190,042,904	14.13%
2016	\$ 27,319,781	\$ 27,319,781	\$ -	\$ 193,253,990	14.14%
2017	\$ 27,860,211	\$ 27,860,211	\$ -	\$ 196,622,063	14.17%
2018	\$ 28,511,275	\$ 28,511,275	\$ -	\$ 201,129,737	14.18%

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

SPECIAL SCHOOL DISTRICT OF ST. LOUIS COUNTY, MISSOURI

**SCHEDULE OF DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
AND RELATED RATIOS - PEERS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

The District's proportionate share of the PEERS net pension liability and related ratios are as follows:

Year Ended * June 30,	Proportion of the Net Pension Liability	Proportionate Share of the Net Pension Liability	Actual Covered Member Payroll	Net Pension Liability as a Percentage of Covered Payroll	Fiduciary Net Position as a Percentage of Total Pension Liability
2014	5.9502%	\$ 21,728,104	\$ 86,774,147	25.04%	91.33%
2015	6.1444%	\$ 32,498,110	\$ 92,136,896	35.27%	88.28%
2016	6.1230%	\$ 49,126,989	\$ 94,567,382	51.95%	83.32%
2017	6.2525%	\$ 47,703,502	\$ 100,477,166	47.48%	85.35%
2018	6.2485%	\$ 48,282,929	\$ 103,972,234	46.44%	86.06%

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

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

SPECIAL SCHOOL DISTRICT OF ST. LOUIS COUNTY, MISSOURI

**SCHEDULE OF DISTRICT CONTRIBUTIONS - PEERS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

The following required supplementary information relates to the District's contributions to the PEERS.

Year Ended June 30,	Statutorily Required Contribution	Actual Employer Contributions	Contribution Excess / (Deficiency)	Actual Covered Member Payroll	Contribution as a Percentage of Covered Payroll
2013	\$ 5,709,941	\$ 5,709,941	\$ -	\$ 83,235,752	6.86%
2014	\$ 5,952,711	\$ 5,952,711	\$ -	\$ 86,774,147	6.86%
2015	\$ 6,320,594	\$ 6,320,594	\$ -	\$ 92,136,896	6.86%
2016	\$ 6,487,318	\$ 6,487,318	\$ -	\$ 94,567,382	6.86%
2017	\$ 6,892,741	\$ 6,892,741	\$ -	\$ 100,477,166	6.86%
2018	\$ 7,132,498	\$ 7,132,498	\$ -	\$ 103,972,234	6.86%

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

Additional Supplementary Information

SPECIAL SCHOOL DISTRICT OF ST. LOUIS COUNTY, MISSOURI

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL - CAPITAL PROJECTS FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
REVENUES:				
Local	\$ 17,272,117	\$ 17,584,366	\$ 17,918,863	\$ 334,497
County	318,013	300,606	316,763	16,157
State	179,177	179,177	200,157	20,980
Federal	42,000	42,000	37,724	(4,276)
Total Revenues	17,811,307	18,106,149	18,473,507	367,358
EXPENDITURES:				
Capital outlay	16,859,872	16,154,070	15,247,728	906,342
Debt service:				
Interest	2,068,600	2,068,600	2,074,727	(6,127)
Principal	1,183,076	1,183,076	1,188,379	(5,303)
Total Expenditures	20,111,548	19,405,746	18,510,834	894,912
EXCESS OF REVENUES (UNDER) OVER EXPENDITURES	(2,300,241)	(1,299,597)	(37,327)	1,262,270
OTHER FINANCING SOURCES:				
Transfers from other funds	2,285,241	1,284,597	-	(1,284,597)
Inception of capital lease	-	-	152,278	152,278
Proceeds from the sale of capital assets	15,000	15,000	65,041	50,041
Total Other Financing Sources	2,300,241	1,299,597	217,319	(1,082,278)
NET CHANGE IN FUND BALANCE	-	-	179,992	179,992
FUND BALANCE, BEGINNING OF YEAR	-	1,139,901	1,139,901	-
FUND BALANCE, END OF YEAR	\$ -	\$ 1,139,901	\$ 1,319,893	\$ 179,992

This schedule does not include the activity of the Special School District Educational Facilities Authority
See the accompanying independent auditors' report

SPECIAL SCHOOL DISTRICT OF ST. LOUIS COUNTY, MISSOURI

**COMBINING BALANCE SHEET -
DEBT SERVICE FUND BY COMPONENT UNIT
JUNE 30, 2019**

	Special School District	Special School District Educational Facilities Authority	Eliminations	Total
-- ASSETS --				
Restricted cash and investments	\$ -	\$ 962	\$ -	\$ 962
TOTAL ASSETS	\$ -	\$ 962	\$ -	\$ 962
-- LIABILITIES AND FUND BALANCES --				
LIABILITIES:				
Accounts payable	\$ -	\$ 1,401	\$ -	\$ 1,401
Interfund payables	-	5,401	-	5,401
Total Liabilities	-	6,802	-	6,802
FUND BALANCES:				
Unassigned	-	(5,840)	-	(5,840)
Total Fund Balances	-	(5,840)	-	(5,840)
TOTAL LIABILITIES AND FUND BALANCES	\$ -	\$ 962	\$ -	\$ 962

See the accompanying independent auditors' report

SPECIAL SCHOOL DISTRICT OF ST. LOUIS COUNTY, MISSOURI

**COMBINING BALANCE SHEET -
CAPITAL PROJECTS FUND BY COMPONENT UNIT
JUNE 30, 2019**

	Special School District	Special School District Educational Facilities Authority	Eliminations	Total
-- ASSETS --				
Property taxes receivable - net of allowance for uncollectible amount	\$ 562,698	\$ -	\$ -	\$ 562,698
Interfund receivables	1,252,917	5,401	-	1,258,318
Restricted cash and investments	3	4,503	-	4,506
TOTAL ASSETS	\$ 1,815,618	\$ 9,904	\$ -	\$ 1,825,522
-- LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES --				
LIABILITIES:				
Accounts payable	\$ -	\$ 1,198	\$ -	\$ 1,198
Other liabilities	43,910	-	-	43,910
Total Liabilities	43,910	1,198	-	45,108
DEFERRED INFLOWS OF RESOURCES:				
Unavailable revenue - property taxes	451,815	-	-	451,815
FUND BALANCES:				
Restricted for:				
Capital projects	1,319,893	8,706	-	1,328,599
Total Fund Balance	1,319,893	8,706	-	1,328,599
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES	\$ 1,815,618	\$ 9,904	\$ -	\$ 1,825,522

See the accompanying independent auditors' report

SPECIAL SCHOOL DISTRICT OF ST. LOUIS COUNTY, MISSOURI

**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - DEBT SERVICE FUND BY COMPONENT UNIT
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

	Special School District	Special School District Educational Facilities Authority	Eliminations	Total
REVENUES:				
Local	\$ -	\$ 1,130	\$ -	\$ 1,130
Lease/purchase payments from District	-	3,220,929	(3,220,929)	-
Total Revenues	-	3,222,059	(3,220,929)	1,130
EXPENDITURES:				
Debt service:				
Interest	-	1,181,659	-	1,181,659
Principal	-	2,040,000	-	2,040,000
Total Expenditures	-	3,221,659	-	3,221,659
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	-	400	(3,220,929)	(3,220,529)
OTHER FINANCING SOURCES :				
Transfers from other funds	-	-	3,220,929	3,220,929
Total Other Financing Sources	-	-	3,220,929	3,220,929
NET CHANGE IN FUND BALANCES	-	400	-	400
FUND BALANCES, BEGINNING OF YEAR	-	(6,240)	-	(6,240)
FUND BALANCES, END OF YEAR	\$ -	\$ (5,840)	\$ -	\$ (5,840)

See the accompanying independent auditors' report

SPECIAL SCHOOL DISTRICT OF ST. LOUIS COUNTY, MISSOURI

**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - CAPITAL PROJECTS FUND BY COMPONENT UNIT
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

	Special School District	Special School District Educational Facilities Authority	Eliminations	Total
REVENUES:				
Local	\$ 17,918,863	\$ 71	\$ -	\$ 17,918,934
County	316,763	-	-	316,763
State	200,157	-	-	200,157
Federal	37,724	-	-	37,724
Total Revenues	18,473,507	71	-	18,473,578
EXPENDITURES:				
Capital outlay	15,247,728	-	-	15,247,728
Debt service:				
Interest	1,188,379	-	(1,180,929)	7,450
Principal	2,074,727	-	(2,040,000)	34,727
Other charges	-	-	-	-
Total Expenditures	18,510,834	-	(3,220,929)	15,289,905
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(37,327)	71	3,220,929	3,183,673
OTHER FINANCING SOURCES (USES):				
Transfers to other funds	-	-	(3,220,929)	(3,220,929)
Inception of capital lease	152,278	-	-	152,278
Proceeds from the sale of capital assets	65,041	-	-	65,041
Total Other Financing Sources (Uses)	217,319	-	(3,220,929)	(3,003,610)
NET CHANGES IN FUND BALANCES	179,992	71	-	180,063
FUND BALANCES, BEGINNING OF YEAR	1,139,901	8,635	-	1,148,536
FUND BALANCES, END OF YEAR	\$ 1,319,893	\$ 8,706	\$ -	\$ 1,328,599

See the accompanying independent auditors' report

SPECIAL SCHOOL DISTRICT OF ST. LOUIS COUNTY, MISSOURI

**SCHEDULE OF SELECTED STATISTICS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

County District Number 096-119

1. Calendar (Sections 160.041, 171.031 and 171.033 RSMO)

Report each unique calendar the district/charter school has as defined by Sections 160.041, 171.029, 171.031, and 171.033, RSMo.

School Code	Begin Grade	End Grade	Half Day Indicator	Standard Day Length	Days	Hours in Session
1015	4	12	-	6.0833	174	1,056.4942
1059	9	12	-	6.0833	174	1,054.2442
1069	9	12	-	6.0833	174	1,053.4109
1089	9	12	-	6.0833	174	1,054.4942
1100	9	12	-	6.3333	174	1,097.4942
1150	10	12	-	6.0833	174	1,056.0775
4029	K	8	-	6.0833	174	1,054.9109
4069	K	8	-	6.0833	174	1,054.9109
4269	K	8	-	6.0833	174	1,054.9109
9990	K	12	-	6.0833	174	1,054.9109

Notes:

2. Average Daily Attendance (ADA)

Report the total number of PK-12 student attendance hours allowed to be claimed for the calculation of Average Daily Attendance. Include only PK students allowed to be claimed for state aid in the calculation.

School Code	Grade Level	Full-Time	Part-Time	Remedial Hours	Other	Summer School	Total
1015	4-12	38.0388	-	-	-	-	38.0388
1059	9-12	95.2722	11.8721	-	1.7415	3.4819	112.3677
1069	9-12	77.0596	1.3188	-	-	3.7634	82.1418
1089	9-12	137.1427	10.3069	-	-	4.3295	151.7791
1100	9-12	274.0708	166.5532	-	-	-	440.6240
1150	10-12	1.1441	266.4539	-	28.8671	-	296.4651
4029	K-8	145.9765	0.6655	-	0.9654	5.5019	153.1093
4069	K-8	114.6330	2.6082	-	-	4.0015	121.2427
4269	K-8	53.0282	4.5841	-	0.8742	2.8157	61.3022
9990	K-12	293.8721	34.4910	-	0.9163	62.2332	391.5126
		<u>1,230.2380</u>	<u>498.8537</u>	-	<u>33.3645</u>	<u>86.1271</u>	<u>1,848.5833</u>

Notes:

SPECIAL SCHOOL DISTRICT OF ST. LOUIS COUNTY, MISSOURI

Schedule of Selected Statistics (continued)

3. September Membership

Report the FTE count of resident students in grades PK-12 taken the last Wednesday in September who are enrolled on the count day and in attendance at least 1 of the 10 previous school days, by grade at each attendance center. This count should only include PK students marked as being eligible to be claimed for state aid in the October MOSIS Student Core File.

School Code	Grade Level	Full-Time	Part-Time	Other	Total
1015	4-12	45.00	-	-	45.00
1059	9-12	114.00	8.95	2.00	124.95
1069	9-12	95.00	1.65	-	96.65
1089	9-12	152.00	10.22	-	162.22
1100	9-12	301.00	199.45	-	500.45
1150	10-12	-	302.72	34.40	337.12
4029	K-8	154.00	1.74	1.00	156.74
4069	K-8	127.00	2.02	-	129.02
4269	K-8	63.00	2.51	1.00	66.51
9990	K-12	357.00	54.11	2.43	413.54
		<u>1,408.00</u>	<u>583.37</u>	<u>40.83</u>	<u>2,032.20</u>

Notes:

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

Report the FTE count taken the last Wednesday in January of resident students enrolled in grades K-12 and in attendance at least 1 of the 10 previous school days whose eligibility for free or reduced lunch is documented through the application process using federal eligibility guidelines or through the direct certification process. Desegregation students are considered residents of the district in which the students are educated.

School Code	Free Lunch	Reduced Lunch	Deseg In Free	Deseg In Reduced	Total
N/A	21.00	-	N/A	N/A	21.00
1015	30.00	-	-	-	30.00
1059	34.94	3.00	2.00	-	39.94
1069	19.00	8.58	-	-	27.58
1089	164.12	-	-	-	164.12
1100	503.53	-	-	-	503.53
1150	58.48	18.49	18.06	2.58	97.61
4029	161.60	-	1.00	-	162.60
4069	127.97	-	-	-	127.97
4269	15.75	4.00	1.00	-	20.75
9990	144.23	1.00	0.93	-	146.16
	<u>1,280.62</u>	<u>35.07</u>	<u>22.99</u>	<u>2.58</u>	<u>1,341.26</u>

Notes:

SPECIAL SCHOOL DISTRICT OF ST. LOUIS COUNTY, MISSOURI

Schedule of Selected Statistics (continued)

5. Finance

Answer the following questions with an appropriate response of true, false, or N/A unless otherwise noted.

Section	Question	Answer
5.1	The district/charter school maintained a calendar in accordance with 160.041, 171.029, 171.031, and 171.033, RSMo and all attendance hours were reported.	TRUE
5.2	The district/charter school maintained complete and accurate attendance records allowing for the accurate calculation of Average Daily Attendance for all students in accordance with all applicable state rules and regulations. Sampling of records included those students receiving instruction in the following categories:	TRUE
	Academic Programs Off-Campus	N/A
	Career Exploration Program – Off Campus	TRUE
	Cooperative Occupational Education (COE) or Supervised Occupational Experience Program	N/A
	Dual enrollment	TRUE
	Homebound instruction	TRUE
	Missouri Options	N/A
	Prekindergarten eligible to be claimed for state aid	N/A
	Remediation	TRUE
	Sheltered Workshop participation	N/A
	Students participating in the school flex program	N/A
	Traditional instruction (full and part-time students)	TRUE
	Virtual instruction (MOCAP or other option)	TRUE
	Work Experience for Students with Disabilities	TRUE
5.3	The district/charter school maintained complete and accurate attendance records allowing for the accurate calculation of September Membership for all students in accordance with all applicable state rules and regulations.	TRUE
5.4	The district/charter school maintained complete and accurate attendance and other applicable records allowing for the accurate reporting of the State FTE count for Free and Reduced Lunch for all students in accordance with all applicable state rules and regulations.	TRUE
5.5	As required by Section 162.401, RSMo, a bond was purchased for the district's/charter school's treasurer in the total amount of:	\$50,000
5.6	The district's\charter school's deposits were secured during the year as required by Sections 110.010 and 110.020, RSMo.	TRUE

See the accompanying independent auditors' report

SPECIAL SCHOOL DISTRICT OF ST. LOUIS COUNTY, MISSOURI

Schedule of Selected Statistics (continued)

Section	Question	Answer
5.7	The district maintained a separate bank account for all Debt Service Fund monies in accordance with Section 108.180 and 165.011, RSMo. (Not applicable to charter schools)	TRUE
5.8	Salaries reported for educators in the October MOSIS Educator Core and Educator School files are supported by complete and accurate payroll and contract records.	TRUE
5.9	If a \$162,326 or 7% x SAT x WADA transfer was made in excess of adjusted expenditures, the board approve a resolution to make the transfer, which identified the specific projects to be funded by the transfer and an expected expenditure date for the projects to be undertaken. (Not applicable to charter schools)	N/A
5.10	The district/charter school published a summary of the prior year's audit report within thirty days of the receipt of the audit pursuant to Section 165.121. RSMo.	TRUE
5.11	The district has a professional development committee plan adopted by the Board with the professional development committee plan identifying the expenditure of seventy-five percent (75%) of one percent (1%) of the current year basic formula apportionment. Remaining 25% of 1% if not spent must be restricted and spent on appropriate expenditures in the future. Spending requirement is modified to seventy-five percent (75%) of one half percent (1/2%) of the current year basic formula apportionment if through fiscal year 2024 the amount appropriated and expended to public schools for transportation is less than twenty-five percent (25%) of allowable cost. (Not applicable to charter schools.)	TRUE
5.12	The amount spent for approved professional development committee plan activities was:	\$467,803

Notes:

SPECIAL SCHOOL DISTRICT OF ST. LOUIS COUNTY, MISSOURI

Schedule of Selected Statistics (continued)

6. Transportation (Section 163.161, RSMo)

Fill in the blank with the appropriate response of true, false, or N/A unless otherwise noted.

A. The school transportation allowable costs substantially conform to 5 CSR 30-261.040, Allowable Costs for State Transportation Aid. True

B. The District's school transportation ridership records are 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 3,917.0
- Ineligible ADT -

D. The District's transportation odometer mileage records are maintained in a manner to accurately disclose in all material respects the eligible and ineligible mileage for the year. True

E. Actual odometer records show the total District-operated and contracted mileage for the year was: 4,892,258

Of this total, the eligible non-disabled and students with disabilities route miles and ineligible non-route and disapproved miles (combined) was:

- Eligible Miles 4,769,368
- Ineligible Miles (Non-Route/Disapproved) 122,890

F. Number of days the District operated the school transportation system during the regular school year: 174

All above "false" answers must be supported by a finding or Management letter comment.
Finding #: _____
Management Letter Comment #: _____

Notes: _____



REPORT ON COMPLIANCE - STATE REQUIREMENTS

To the Members of the
Board of Education
Special School District of
St. Louis County, Missouri

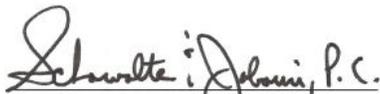
We have audited the accompanying financial statements of the governmental activities and each major fund of the Special School District of St. Louis County, Missouri (the "District") as of and for the year ended June 30, 2019, which collectively comprise the District's basic financial statements and have issued our report thereon dated November 26, 2019.

As required by the Revised Statutes of the State of Missouri, we have performed auditing procedures to test compliance with the budgetary statute (Chapter 67 RSMo) and the methods of maintaining pupil attendance and pupil transportation records for the year ended June 30, 2019. The management of the District is responsible for the District's compliance with those requirements. Our responsibility is to express an opinion on compliance with those requirements based on our audit.

We conducted our audit of compliance with those requirements in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether material noncompliance with the requirements referred to above occurred. An audit includes examining, on a test basis, evidence about the District's compliance with those requirements. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the District's budgetary and disbursements procedures were in compliance, in all material respects, with the budgetary statute (Chapter 67 RSMo) for the year ended June 30, 2019. It is further our opinion that the pupil attendance and pupil transportation records are so maintained as to accurately disclose, in all material respects, the average daily attendance; resident membership on the last Wednesday of September; average number of pupils transported on a regular basis; mileage; and allowable costs for pupil transportation in compliance with state law and administrative rules for the year ended June 30, 2019.

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.


SCHOWALTER & JABOURI, P.C.

St. Louis, Missouri
November 26, 2019

Federal Compliance Section



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

To the Members of the
Board of Education
Special School District of
St. Louis County, Missouri

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities and each major fund of the Special School District of St. Louis County, Missouri (the "District") as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated November 26, 2019.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether 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 District's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



SCHOWALTER & JABOURI, P.C.

St. Louis, Missouri
November 26, 2019



**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH
MAJOR PROGRAM AND ON INTERNAL CONTROL OVER
COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE**

To the Members of the Board
of Education
Special School District of
St. Louis County, Missouri

Report on Compliance for Each Major Federal Program

We have audited the Special School District of St. Louis County, Missouri's (the "District") compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the District's major federal programs for the year ended June 30, 2019. The District's major federal programs are identified in the summary of auditors' 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.

Auditors' 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, 2019.

Report on Internal Control Over Compliance

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

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or 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.


SCHOWALTER & JABOURI, P.C.

St. Louis, Missouri
November 26, 2019

SPECIAL SCHOOL DISTRICT OF ST. LOUIS COUNTY, MISSOURI

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

Program Title	Federal CFDA Number	Pass-Through Identification Number	Passed through to Subrecipients	Expenditures
U.S. Department of Education:				
Direct Program - Student Financial Assistance Cluster:				
Federal Pell Grant Program	84.063	N/A		\$ 795,360
Federal Direct Student Loans	84.268	N/A		1,379,097
Subtotal CFDA 84.268				<u>2,174,457</u>
Total Student Financial Assistance Cluster				<u>2,174,457</u>
Passed through Missouri Department of Elementary and Secondary Education:				
Special Education Cluster:				
Special Education - Grants to States	84.027	096-119		33,304,661
Special Education High Needs Fund	84.027	096-119		427,850
Assistive Technology Reimbursement Program	84.027	096-119		46,220
Subtotal CFDA 84.027				<u>33,778,731</u>
Special Education - Preschool Grants	84.173	096-119		<u>5,381,858</u>
Total Special Education Cluster				<u>39,160,589</u>
Title IA Grants to Local Education Agencies	84.010	096-119		467,794
Title ID Grants to Local Education Agencies (Delinquent)	84.010	096-119		142,793
Subtotal CFOA 84.010				<u>610,587</u>
Title IIA Improving Teacher Quality State Grants	84.367	096-119		80,060
Career and Technical Education	84.048	096-119	9,433	118,854
Total U.S. Department of Education				<u>42,144,547</u>
U.S. Department of Agriculture:				
Passed through Missouri Department of Elementary and Secondary Education:				
Child Nutrition Cluster:				
School Breakfast Program	10.553	096-119		211,337
National School Lunch Program	10.555	096-119		358,378
Donated Foods	10.555	096-119		41,452
After School Snack	10.555	096-119		1,917
Subtotal CFDA 10.553				<u>211,337</u>
Subtotal CFDA 10.555				<u>401,747</u>
Total Child Nutrition Cluster				<u>613,084</u>
Fresh Fruits and Vegetables	10.582	096-119		7,392
Total U.S. Department of Agriculture				<u>620,476</u>
U.S. Department of Labor:				
WIOA Cluster:				
Passed Through Workforce Investment Board of Southeast Missouri:				
WIOA Adult Program	17.258	N/A		5,173
Passed through St. Louis Agency on Training and Employment:				
WIOA Adult Program	17.258	N/A		83,979
Passed through Madison County Government:				
WIOA Adult Program	17.258	N/A		170,969
Passed Through Jefferson-Franklin Counties Office of Job Training Programs:				
WIOA Adult Program	17.258	N/A		8,065
Passed through St. Louis County Government:				
WIOA Adult Program	17.258	N/A		23,931
Passed through Central Region Workforce Investment Board:				
WIOA Adult Program	17.258	N/A		2,000
Passed through St. Clair County, Illinois:				
WIOA Adult Program	17.258	N/A		41,335
Passed through St. Charles County				
WIOA Adult Program	17.258	N/A		8,500
Subtotal CFDA 17.258				<u>343,952</u>
Total WIOA Cluster				<u>343,952</u>
Total U.S. Department of Labor				<u>343,952</u>
TOTAL				<u>\$ 43,108,975</u>

SPECIAL SCHOOL DISTRICT OF ST. LOUIS COUNTY, MISSOURI

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Note 1 – Basis of Presentation

The accompanying schedule of expenditures of federal awards (the "Schedule") includes the federal award activity of the District under programs of the federal government for the fiscal year ended June 30, 2019. The District's reporting entity is defined in Note 1 to the District's financial statements. The information reported 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 District, it is not intended to and does not present the financial position, changes in net position or cash flows of the District.

Note 2 - Significant Accounting Policies

The District prepares its Schedule of Expenditures of Federal Awards on the modified accrual basis of accounting which is described in Note 1 to the District's financial statements. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

Note 3 – Indirect Cost Rate

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

Note 4 - Food Distribution

Nonmonetary assistance is reported in the schedule at the fair market value of the commodities received and disbursed.

Note 5 - Insurance

The District did not have any federal insurance in effect during the fiscal year ended June 30, 2019.

Note 6 - Loans (Loan Guarantees)

Federal Direct Loan Program:

The District is responsible only for the performance of certain administrative duties with respect to the Federal Direct Loan Program. During the fiscal year ended June 30, 2019, the District processed \$1,379,097 under the Federal Loan Program. The balance of loans outstanding at June 30, 2019 is \$539,474.

SPECIAL SCHOOL DISTRICT OF ST. LOUIS COUNTY, MISSOURI

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

1. SUMMARY OF AUDITORS' RESULTS

Financial Statements

Type of auditor's report issued:	Unmodified			
Internal control over financial reporting:				
Material weakness(es) identified:	_____	Yes	<u> X </u>	No
Significant deficiency(ies) identified not considered to be material weaknesses?	_____	Yes	<u> X </u>	None reported
Noncompliance material to financial statements noted?	_____	Yes	<u> X </u>	No

Federal Awards

Internal control over major programs:				
Material weakness(es) identified:	_____	Yes	<u> X </u>	No
Significant deficiency(ies) identified not considered to be material weaknesses?	_____	Yes	<u> X </u>	None reported

Type of auditors' report issued on compliance for major programs:	Unmodified			
--	------------	--	--	--

Any audit findings disclosed that are required to be reported in accordance with 2 CFR Section 200.516 (a)	_____	Yes	<u> X </u>	No
--	-------	-----	--------------	----

Identification of major programs:

<u>CFDA Number(s)</u>	<u>Name of Federal Program or Cluster</u>
84.027, 84.173	Special Education Cluster

Dollar threshold used to distinguish between Type A and Type B programs:	\$1,293,269
---	-------------

Auditee qualified as low-risk auditee?	<u> X </u>	Yes	_____	No
--	--------------	-----	-------	----

2. FINANCIAL STATEMENT FINDINGS

There were no financial statement findings which are required to be reported.

3. FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

There were no findings and questioned costs related to Federal Awards.