

**MONITEAU
SCHOOL DISTRICT**

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FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2018

**MONITEAU**  
**SCHOOL DISTRICT**  
BUTLER COUNTY, PENNSYLVANIA

FINANCIAL STATEMENTS

WITH REPORT BY  
CERTIFIED PUBLIC ACCOUNTANT

**FOR THE YEAR ENDED JUNE 30, 2018**

**MONITEAU SCHOOL DISTRICT**  
**BUTLER COUNTY, PENNSYLVANIA**  
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**BUTLER COUNTY, PENNSYLVANIA**  
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**To the Management and Board of Education  
Moniteau School District**

**Independent Auditor's Report**

**Report on Financial Statements**

I have audited the accompanying financial statements of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of Moniteau School District as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the School 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.

**Auditor's Responsibility**

My responsibility is to express opinions on these financial statements based on my audit. I conducted my audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Moniteau School District'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 School District's internal control. Accordingly, I 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.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinions.

## Opinions

In my opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of Moniteau School District, Butler County, Pennsylvania as of June 30, 2018 and the respective changes in financial position and, where applicable, cash flows thereof and the budgetary comparison for the General Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

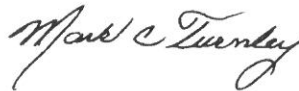
## Change in Accounting Principle

As discussed in Note 1 to the financial statements, the District adopted new accounting guidance GASB Statement No. 75, "Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions". My opinions are not modified with respect to this matter.

## Other Matters

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis on pages iii-ix and the other required supplementary information on pages 47 - 51, 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. I 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 my inquiries, the basic financial statements, and other knowledge I obtained during my audit of the basic financial statements. I 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.



Mark C. Turnley, CPA

December 28, 2018  
New Brighton, Pennsylvania

**MONITEAU SCHOOL DISTRICT**  
**Management Discussion and Analysis**  
**Required Supplementary Information**  
**For the Year Ended June 30, 2018**

The discussion and analysis of Moniteau School District's financial performance provides an overall review of the School District's financial activities for the year ended June 30, 2018. The intent of this discussion and analysis is to look at the District's financial performance as a whole. Readers should also review the financial statements and notes to enhance their understanding of the School District's financial performance.

The Management Discussion and Analysis (MD&A) is an element of the reporting model adopted by the Governmental Accounting Standards Board (GASB) in their Statement No. 34 Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments issued June 1999.

### **Financial Highlights**

Key financial highlights for 2017-2018 are as follows:

- Total General Fund Revenues increased \$172,532 from 2016-17 for a total of \$21,023,963. Local source revenues were \$7,284,441 (primarily real estate taxes) accounting for approximately 34.6% of total revenues. State source revenues were \$13,584,193 accounting for approximately 64.6% of total revenues with Basic Education Subsidy representing 56.7% of that total.
- The flow-through of Pennsylvania State Gaming revenue and the State mandated method of accounting for these funds increased the appearance of state funding sources by \$604,391 resulting in a like decrease in the amount of local funding. This amount represents 2.9% of total revenues.
- Total General Fund Expenditures were \$20,931,381. Salaries and benefits account for approximately 66.3% of the Districts expenditures. Other fixed costs of operation such as student transportation, utilities, and contracted education costs account for approximately 29.5% of District expenditures. The remaining expenditures, approximately 4.2% are incurred for items such as educational materials, technology expenditures, student activities and other discretionary costs of operating and educational facility.
- The District ended the year with total general fund balances of \$6,251,214. The unassigned portion of the fund balance was \$1,545,787 (equal to approximately 7.0% of the 2018-2019 operating budget). The assigned portion of the fund balance was \$4,456,471, to be used as financial resources in future periods, possibly funding non-recurring fixed asset acquisitions, contributing toward capital improvement projects and providing for strategic financial planning through periods of revenue uncertainty. The District has historically been able to maintain a 7% of subsequent years budget, unassigned fund balance (formerly called - unreserved/undesignated fund balance - prior to Government Accounting Standards Board Statement # 54), reflecting the financially stable condition that has historically existed. The districts unassigned fund balance is within guidelines established by the Pennsylvania Department of Education.

**MONITEAU SCHOOL DISTRICT**  
**Management Discussion and Analysis**  
**For the Year Ended June 30, 2018**  
**(Continued)**

**USING THE ANNUAL REPORT**

This annual report consists of a series of financial statements and notes to those statements. These statements are organized so the reader can understand Moniteau School District as a financial whole, an entire operating entity. The statements then proceed to provide an increasingly detailed look at specific financial activities.

The *Statement of Net Position and Statement of Activities* provide information about the activities of the whole School District, presenting both an aggregate view of the School District's finances and longer-term view of these finances. Fund financial statements provide the next level of detail. For governmental funds, these statements tell how services were financed in the short-term as well as what remains for future spending. The fund financial statements also look at the School District's most significant funds. In the case of Moniteau School District, the General Fund is by far the most significant fund.

**Reporting the School District as a Whole**

**Governmental-Wide Financial Statements**

*Statement of Net Position and the Statement of Activities*

While this document contains the large number of funds used by the School District to provide programs and activities, the view of the School District as a whole looks at all financial transactions and asks the question, "How did we do financially during 2017-2018?" The *Statement of Net Position and the Statement of Activities* answer the question. These statements include all assets and liabilities using the accrual basis of accounting similar to the accounting used by most private-sector companies. This basis of accounting takes into account all of the current year's revenues and expenses regardless of when cash is received or paid.

These two statements report the School District's net position and changes in net position. This change in net position is important because it tells the reader that, for the School District as a whole, the financial position of the School District has improved or diminished. The causes of this change may be the result of many factors, some financial, some not. Non-financial factors include the School District's property tax base, student enrollment, facility conditions, required educational programs and other factors.

In the Statement of Net Position and the Statement of Activities, the School District is divided into two distinct kinds of activities:

- Governmental Activities -- Most of the School District's programs and services are reported here including instruction, support services, operation and maintenance of plant, pupil transportation and extracurricular activities.
- Business-Type Activities -- These services are provided on a charge for goods or services basis to recover the expenses of the goods or services provided. The School District Food Service Fund is reported as a business activity.
- The Governmental-Wide Financial Statements can be found on pages 1 and 2 of this report.

**MONITEAU SCHOOL DISTRICT**  
**Management Discussion and Analysis**  
**For the Year Ended June 30, 2018**  
**(Continued)**

**Reporting the School District's Most Significant Funds**

**Fund Financial Statements**

The analysis of the School District's major funds begins on page 3. Fund financial reports provide detailed information about the School District's major funds. The School District uses many funds to account for a multitude of financial transactions. However, these fund financial statements focus on the School District's most significant funds. The School District's major governmental fund is the general fund.

**Governmental Funds** – Most of the School District's activities are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end available for spending in future periods. These funds are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental funds statements provide a detailed short-term view of the School District's general government operations and the basic services it provides. Governmental fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance educational 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 on pages 4 and 6.

**Proprietary Funds** – Proprietary funds use the same basis of accounting as business-type activities; therefore, these fund financial statements will essentially match the government-wide financial statements.

**Governmental Activities**

The District's total governmental activities liabilities and deferred inflows of resources exceeded total assets and deferred outflows of resources as of June 30, 2018 by \$11,993,888 (net position – deficit). This was an increase of \$4,171,569 over June 30, 2017. Included in the liabilities recognized is the District's proportionate shares of the Pennsylvania School Employees Retirement System (PSERS) overall net pension obligation and OPEB obligation. For the Moniteau School District, these liabilities stand at \$28,600,450 and \$8,277,290 respectively as of June 30, 2018.

The School District's revenues consist of local (taxes and other), 34.7 percent; and state and federal revenues (subsidies and grants), 64.7 percent.

The School District's program expenses are 57.6 percent instruction, 36.2 percent support services, 5.1 percent non-instructional-other, and 1.1 percent capital outlay/debt service.

The School District's reliance on state and local tax revenue is apparent. A decrease in state revenues would have a direct impact on the level of local revenue needed to meet program expenses.

**Business-Type Activities**

Business-type activities include the food service program. This program had revenue of \$357,625 and expenses of \$834,890. The Food Service Fund received federal and state subsidy support totaling \$545,783. Without support from the federal and state government, food service operations would require additional local revenue through increased pricing structure or from support from the District's General Fund. The Food Service department operated at a profit for the fiscal year ended June 30, 2018 requiring no support from the District's General Fund.

**MONITEAU SCHOOL DISTRICT**  
**Management Discussion and Analysis**  
**For the Year Ended June 30, 2018**  
**(Continued)**

**The School District as a Whole**

This Statement of Net Position provides the perspective of the School District as a whole.

|                                             | ----- JUNE 30, 2018 -----  |                             |                        | JUNE 30, 2017         |
|---------------------------------------------|----------------------------|-----------------------------|------------------------|-----------------------|
|                                             | GOVERNMENTAL<br>ACTIVITIES | BUSINESS-TYPE<br>ACTIVITIES | TOTAL                  |                       |
| Current Assets                              | \$ 10,117,275              | \$ 130,391                  | \$ 10,247,666          | \$ 10,197,847         |
| Capital Assets                              | 22,250,199                 | 4,126                       | 22,254,325             | 22,994,497            |
| Deferred Outflows of Resources              | 5,529,592                  | 149,896                     | 5,679,488              | 5,845,011             |
| <b>TOTAL ASSETS &amp; DEFERRED OUTFLOWS</b> | <b>\$ 37,897,066</b>       | <b>\$ 284,413</b>           | <b>\$ 38,181,479</b>   | <b>\$ 39,037,355</b>  |
| Current Liabilities                         | \$ 4,578,423               | \$ 9,782                    | \$ 4,588,205           | \$ 4,621,940          |
| Long-term Liabilities                       | 44,800,460                 | 923,785                     | 45,724,245             | 42,649,560            |
| Deferred Inflows of Resources               | 512,071                    | 13,920                      | 525,991                | 249,000               |
| <b>TOTAL LIABILITIES</b>                    | <b>\$ 49,890,954</b>       | <b>\$ 947,487</b>           | <b>\$ 50,838,441</b>   | <b>\$ 47,520,500</b>  |
| Net Investment in<br>Capital Assets         | \$ 13,663,341              | \$ 4,126                    | \$ 13,667,467          | \$ 13,496,238         |
| Restricted                                  | 10,036                     | -                           | 10,036                 | -                     |
| Unrestricted                                | (25,667,265)               | (667,200)                   | (26,334,465)           | (21,979,383)          |
| <b>TOTAL NET POSITION</b>                   | <b>\$ (11,993,888)</b>     | <b>\$ (663,074)</b>         | <b>\$ (12,656,962)</b> | <b>\$ (8,483,145)</b> |

The following table shows the revenues, expenses, and changes in net position for the fiscal year 2018 as compared to fiscal year 2017.

|                                      | ----- JUNE 30, 2018 -----  |                             |                      | 6/30/2017            |
|--------------------------------------|----------------------------|-----------------------------|----------------------|----------------------|
|                                      | GOVERNMENTAL<br>ACTIVITIES | BUSINESS-TYPE<br>ACTIVITIES | TOTAL                |                      |
| <b>REVENUES</b>                      |                            |                             |                      |                      |
| <b>Program Revenues:</b>             |                            |                             |                      |                      |
| Charges for Services                 | \$ 142,427                 | \$ 357,625                  | \$ 500,052           | \$ 484,748           |
| Operating Grants and Contributions   | 5,486,045                  | 545,783                     | 6,031,828            | 5,680,296            |
| Capital Grants and Contributions     | 438,255                    | -                           | 438,255              | 926,802              |
| <b>General Revenues:</b>             |                            |                             |                      |                      |
| Property and Other Taxes             | 6,456,380                  | -                           | 6,456,380            | 6,295,926            |
| Grants, Subsidies and Contributions  | 8,311,156                  | -                           | 8,311,156            | 8,268,066            |
| Investment Earnings                  | 81,646                     | 441                         | 82,087               | 21,232               |
| Miscellaneous Income                 | 14,345                     | -                           | 14,345               | 4,547                |
| Gain/Loss on Fixed Assets            | 27,846                     | -                           | 27,846               | (30,200)             |
| Transfers and Other                  | 87,361                     | -                           | 87,361               | 98,845               |
| <b>TOTAL REVENUES</b>                | <b>\$ 21,045,461</b>       | <b>\$ 903,849</b>           | <b>\$ 21,949,310</b> | <b>\$ 21,750,262</b> |
| <b>EXPENSES</b>                      |                            |                             |                      |                      |
| Instruction                          | \$ 11,896,611              | \$ -                        | \$ 11,896,611        | \$ 12,577,961        |
| Instructional Student Support        | 1,532,414                  | -                           | 1,532,414            | 1,416,310            |
| Administrative and Financial Support | 1,984,227                  | -                           | 1,984,227            | 2,017,720            |
| Operation and Maintenance of Plant   | 2,289,851                  | -                           | 2,289,851            | 2,149,009            |
| Pupil Transportation                 | 1,670,153                  | -                           | 1,670,153            | 1,686,474            |
| Student Activities                   | 469,285                    | -                           | 469,285              | 485,257              |
| Community Services                   | 587,463                    | -                           | 587,463              | 643,598              |
| Interest on Long-term Debt           | 225,578                    | -                           | 225,578              | 246,036              |
| Capital Outlay                       | 10,248                     | -                           | 10,248               | 46,884               |
| Refund of Prior Year Receipts        | -                          | -                           | -                    | 895                  |
| Food Services                        | -                          | 834,890                     | 834,890              | 862,563              |
| Transfers and Other                  | -                          | 87,361                      | 87,361               | 98,845               |
| <b>TOTAL EXPENSES</b>                | <b>\$ 20,665,830</b>       | <b>\$ 922,251</b>           | <b>\$ 21,588,081</b> | <b>\$ 22,231,552</b> |
| <b>CHANGE IN NET POSITION</b>        | <b>\$ 379,631</b>          | <b>\$ (18,402)</b>          | <b>\$ 361,229</b>    | <b>\$ (481,290)</b>  |

**MONTEAU SCHOOL DISTRICT**  
**Management Discussion and Analysis**  
**For the Year Ended June 30, 2018**  
**(Continued)**

**School District Funds**

Financial information related to the School District's major funds starts on page 3. These funds are accounted for using the modified accrual basis of accounting. All governmental funds had total revenues of \$21,023,963 and expenditures of \$20,931,381. The net increase in fund balances was \$92,582.

**General Fund Budget Highlights**

The School District's budget is prepared on the modified accrual basis of accounting. The most significant budgeted fund is the general fund. The School Board authorized any necessary Budget Transfers as of June 30, 2018 resulting from auditing and closing the 2017-2018 books. Ratification of necessary transfers is requested simultaneously with approval of the audited financial statements.

The revenue budget was \$20,981,370. Actual revenue of \$21,023,963 was higher than budget amounts by \$42,593. Local revenue was over budget by \$280,802, state revenue was under budget by \$302,347, federal revenue was over budget by \$10,847 and other financing sources was over budget by \$53,291.

The expenditure budget (exclusive of Operating Transfers and Budgetary Reserve) was \$21,081,370 compared to actual expenditures of \$20,931,381. This difference \$149,989 is approximately .07% of the total budget.

**Capital Asset and Debt Administration**

**Capital Assets**

At June 30, 2018, the District had \$22,254,325 (net of depreciation \$17,851,328) invested in a broad range of capital assets, including land, buildings, construction in progress, furniture and equipment.

**Debt Administration**

As of July 1, 2017, the District had total general obligation bonds outstanding of \$9,580,000 from the General Obligation Bonds, Series of 2015, General Obligation Bonds, Series A of 2010, and General Bond Series B of 2010, (Note 9). The District made payments against principal of \$930,000. Ending outstanding debt as of June 30, 2018 was \$8,650,000. The District is scheduled to make principal payments on this debt totaling \$965,000 during the 2018-19 fiscal year.

The District also shares in Debt Obligations of the Butler County Area Vocational Technical School Authority (Authority). The Authority issued bonds during the 2015-2016 refunding previously issued bonds from 2010-2011 school year. The 2010-2011 Bond Issue was originally issued to finance major renovations projects at the Butler County Area Vocational Technical School. The District June 30, 2018 share of the underlying debt obligation of the Authority is \$636,853.



**MONITEAU SCHOOL DISTRICT**  
**Management Discussion and Analysis**  
**For the Year Ended June 30, 2018**  
**(Continued)**

**Debt Administration (Continued)**

Other long-term obligations include accrued vacation pay and sick leave for specific employees of the District, as well as retirement incentive and retiree health insurance obligations. More detailed information about our long-term liabilities is included in Notes 9 and 12 to the financial statements.

The District is in compliance with Government Accounting Standards Board Statement Number 75 (GASB 75), which requires information presented in these financial statements. Actuarial computations under GASB 75 are for purposes of fulfilling certain employer accounting requirements pertaining to Postemployment Benefits Plans. This evaluation is required every two fiscal years based on the number of participants in the plan and the total budget of the district. Revised evaluations may be required in the interim if there is significant modifications to applicable employee benefit provisions. The complete Actuarial Report for the Moniteau School District is on file at the District Administration Office.

**For the Future**

The near term financial outlook of the District can not be defined. State support for education in the District, has historically accounted for approximately 2/3rds of revenue resources. With no continuity to a defined commitment to a funding mechanism for various state subsidies, projections can not be made with any certainty. This reality adversely affects the districts ability to plot a consistent educational course of action, having to plan on a year to year basis, contingent upon awaiting information from the State on what and how supporting funds will be forthcoming.

The ongoing publicity of the condition of the Pennsylvania State budget causes concern for Pennsylvania School Districts. A healthy Moniteau School District fund balance provides a short-term buffer to assist in providing a non-permanent means of financial support for necessary educational expenditures. Decrease in state funding support and Act 1 limiting districts abilities to increase local real estate tax rates to support necessary educational expenditures will potentially further erode the Districts Fund Balance.

Caution must be used in utilizing Fund Balances to assist in balancing operating budgets. Projections must indicate that revenues will meet expenditure needs, before Fund Balances are dissolved.

Continued uncertainty of the State and Federal Governments response to the current state of the economy is cause for concern due to the potential for a material impact on the Districts reliance on revenues from these sources.

The District does not expect significant growth in the near future given the residential nature of the local economy.

The District's long term facility operation needs have been addressed over the past several years with major successful renovations and additions at both the Dassa McKinney Elementary School and the Moniteau Jr/Sr High (Administration). This will facilitate transition to more of a focus on long-range facility maintenance planning to maximize the districts investment in maintaining its facilities.



**MONITEAU SCHOOL DISTRICT**  
**Management Discussion and Analysis**  
**For the Year Ended June 30, 2018**  
**(Continued)**

**For the Future (continued)**

The District is in the process of re-visiting long range facility and financial plans in conjunction with their 2019-2022 Comprehensive Plan. With upcoming significant facility projects, the opportunity to restructure existing long term debt with the incurrence of additional manageable debt as required will contribute to the pursuit of District stability.

The uncertainty of the general effect of the over-all U.S., State and Regional economy will continue to provide a challenge for the district in budgeting. Special education costs are dependent on student needs and can fluctuate significantly on a year to year basis. Enrollment and/or withdrawal of severely handicapped students can cause this expenditure to fluctuate. Employee pension obligations and health care costs contribute significantly to staffing costs, an essential element in operating an educational institution. Health care costs continue to increase with no change to this reality in sight. Implementation of provisions of the Patient Protection and Affordable Care Act are likely to result in additional costs to the District. Student enrollment in Cyber Charter Schools appears to have stabilized however the total associated cost remains as a significant District expense. While the district does prepare a budget with a modest reserve each year for unexpected emergencies, this expenditure is dependent upon actual experience during the fiscal year.

Stability and growth depend upon the general economic conditions, including the unemployment rate of the District's taxpayers. The cost of operations is anticipated to continue to increase, which will be funded to the extent possible with available revenue sources.

**Percentage Comparison - Next Years Budgeted vs. Audit Year Actual**

|               | <u>2018-19 Budgeted</u> | <u>Revenues</u><br><u>2017-18 Actual</u> | <u>2016-17 Actual</u> |
|---------------|-------------------------|------------------------------------------|-----------------------|
| Local         | 34.3%                   | 34.6%                                    | 33.2%                 |
| State         | 65.3%                   | 64.6%                                    | 66.1%                 |
| Federal/Other | .4%                     | .8%                                      | .7%                   |

|                                  | <u>2018-19 Budgeted</u> | <u>Expenditures</u><br><u>2017-18 Actual</u> | <u>2016-17 Actual</u> |
|----------------------------------|-------------------------|----------------------------------------------|-----------------------|
| Instruction                      | 53.0%                   | 54.6%                                        | 53.7%                 |
| Support Services                 | 15.7%                   | 15.8%                                        | 14.9%                 |
| Operation & Maintenance of Plant | 11.0%                   | 11.1%                                        | 9.9%                  |
| Student Transportation           | 8.9%                    | 8.0%                                         | 8.2%                  |
| Student Activities               | 2.2%                    | 2.2%                                         | 2.2%                  |
| Community Services               | 2.0%                    | 2.8%                                         | 3.2%                  |
| Debt Service / Capital Outlay    | 7.2%                    | 5.5%                                         | 7.9%                  |

**Contacting the District Financial Management**

The financial report is designed to provide our citizens, taxpayers, parents, students, investors and creditors with a general overview of the District's finances and to show the School District's accountability for the money it receives. If you have questions about this report or wish to request additional financial information, please contact John D'Amore, Business Manager/Board Secretary at Moniteau School District, 1810 West Sunbury Road, West Sunbury, Pennsylvania 16061, (724) 637-2117. email - [jdamore@moniteau.k12.pa.us](mailto:jdamore@moniteau.k12.pa.us)

**[Visit us at our website - www.moniteau.k12.pa.us](http://www.moniteau.k12.pa.us)**

**MONITEAU SCHOOL DISTRICT**  
**STATEMENT OF NET POSITION**  
**JUNE 30, 2018**

**EXHIBIT A**

|                                                                           | <b>Governmental<br/>Activities</b> | <b>Business-Type<br/>Activities</b> | <b>Total</b>           |
|---------------------------------------------------------------------------|------------------------------------|-------------------------------------|------------------------|
| <b>ASSETS</b>                                                             |                                    |                                     |                        |
| <b>Current Assets:</b>                                                    |                                    |                                     |                        |
| Cash and Cash Equivalents                                                 | \$ 2,363,410                       | \$ 97,255                           | \$ 2,460,665           |
| Investments                                                               | 5,451,858                          | -                                   | 5,451,858              |
| Taxes Receivable (net)                                                    | 452,849                            | -                                   | 452,849                |
| Internal Balances                                                         | (1,143)                            | 1,143                               | -                      |
| Due From Other Governments                                                | 1,484,110                          | -                                   | 1,484,110              |
| Other Receivables                                                         | 127,271                            | 5,583                               | 132,854                |
| Inventories                                                               | -                                  | 26,410                              | 26,410                 |
| Prepaid Expenses                                                          | 238,920                            | -                                   | 238,920                |
| <b>Total Current Assets</b>                                               | <b>\$ 10,117,275</b>               | <b>\$ 130,391</b>                   | <b>\$ 10,247,666</b>   |
| <b>Noncurrent Assets:</b>                                                 |                                    |                                     |                        |
| Land                                                                      | \$ 14,882                          | \$ -                                | \$ 14,882              |
| Site Improvements (net)                                                   | 911,220                            | -                                   | 911,220                |
| Building & Building Improvements (net)                                    | 20,640,947                         | -                                   | 20,640,947             |
| Furniture & Equipment (net)                                               | 683,150                            | 4,126                               | 687,276                |
| <b>Total Noncurrent Assets</b>                                            | <b>\$ 22,250,199</b>               | <b>\$ 4,126</b>                     | <b>\$ 22,254,325</b>   |
| <b>TOTAL ASSETS</b>                                                       | <b>\$ 32,367,474</b>               | <b>\$ 134,517</b>                   | <b>\$ 32,501,991</b>   |
| <b>DEFERRED OUTFLOWS OF RESOURCES</b>                                     |                                    |                                     |                        |
| Deferred Interest on Refunding                                            | \$ 31,302                          | \$ -                                | \$ 31,302              |
| Deferred Outflows Related to OPEB                                         | 718,733                            | 2,075                               | 720,808                |
| Deferred Outflows Related to Pension                                      | 4,779,557                          | 147,821                             | 4,927,378              |
| <b>TOTAL DEFERRED OUTFLOWS OF RESOURCES</b>                               | <b>\$ 5,529,592</b>                | <b>\$ 149,896</b>                   | <b>\$ 5,679,488</b>    |
| <b>TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES</b>                    | <b>\$ 37,897,066</b>               | <b>\$ 284,413</b>                   | <b>\$ 38,181,479</b>   |
| <b>LIABILITIES</b>                                                        |                                    |                                     |                        |
| <b>Current Liabilities:</b>                                               |                                    |                                     |                        |
| Accounts Payable                                                          | \$ 1,373,494                       | \$ -                                | \$ 1,373,494           |
| Bonds Payable - Current Portion                                           | 965,000                            | -                                   | 965,000                |
| Accrued Interest                                                          | 63,966                             | -                                   | 63,966                 |
| Accrued Salaries and Benefits                                             | 1,371,735                          | -                                   | 1,371,735              |
| Unearned Revenue                                                          | 3,721                              | 9,782                               | 13,503                 |
| Payroll Deductions and Withholdings                                       | 800,507                            | -                                   | 800,507                |
| <b>Total Current Liabilities</b>                                          | <b>\$ 4,578,423</b>                | <b>\$ 9,782</b>                     | <b>\$ 4,588,205</b>    |
| <b>Noncurrent Liabilities:</b>                                            |                                    |                                     |                        |
| Bonds Payable - Long-Term Portion (Net)                                   | \$ 7,653,160                       | \$ -                                | \$ 7,653,160           |
| Compensated Absences                                                      | 269,560                            | 2,755                               | 272,315                |
| Net Pension Liability                                                     | 28,600,450                         | 884,550                             | 29,485,000             |
| Net OPEB Obligation                                                       | 8,277,290                          | 36,480                              | 8,313,770              |
| <b>Total Noncurrent Liabilities</b>                                       | <b>\$ 44,800,460</b>               | <b>\$ 923,785</b>                   | <b>\$ 45,724,245</b>   |
| <b>TOTAL LIABILITIES</b>                                                  | <b>\$ 49,378,883</b>               | <b>\$ 933,567</b>                   | <b>\$ 50,312,450</b>   |
| <b>DEFERRED INFLOWS OF RESOURCES</b>                                      |                                    |                                     |                        |
| Deferred Inflows Related to Pension                                       | \$ 384,120                         | \$ 11,880                           | \$ 396,000             |
| Deferred Inflows Related to OPEB                                          | 127,951                            | 2,040                               | 129,991                |
| <b>TOTAL DEFERRED INFLOWS OF RESOURCES</b>                                | <b>\$ 512,071</b>                  | <b>\$ 13,920</b>                    | <b>\$ 525,991</b>      |
| <b>NET POSITION</b>                                                       |                                    |                                     |                        |
| Net Investment in Capital Assets                                          | \$ 13,663,341                      | \$ 4,126                            | \$ 13,667,467          |
| Restricted                                                                | 10,036                             | -                                   | 10,036                 |
| Unrestricted                                                              | (25,667,265)                       | (667,200)                           | (26,334,465)           |
| <b>TOTAL NET POSITION (Deficit)</b>                                       | <b>\$ (11,993,888)</b>             | <b>\$ (663,074)</b>                 | <b>\$ (12,656,962)</b> |
| <b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION</b> | <b>\$ 37,897,066</b>               | <b>\$ 284,413</b>                   | <b>\$ 38,181,479</b>   |

The accompanying notes are an integral part of these financial statements

**MONITEAU SCHOOL DISTRICT  
STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2018**

**EXHIBIT B**

| Functions/Programs                                        | Program Revenues     |                         |                                          | Net (Expense) Revenue and<br>Changes in Net Position |                            |                             |                        |
|-----------------------------------------------------------|----------------------|-------------------------|------------------------------------------|------------------------------------------------------|----------------------------|-----------------------------|------------------------|
|                                                           | Expenses             | Charges for<br>Services | Operating<br>Grants and<br>Contributions | Capital<br>Grants and<br>Contributions               | Governmental<br>Activities | Business-Type<br>Activities | Total                  |
| <b>Governmental Activities:</b>                           |                      |                         |                                          |                                                      |                            |                             |                        |
| Instruction                                               | \$ 11,896,611        | \$ 65,432               | \$ 3,463,859                             | \$ -                                                 | \$ (8,367,320)             | \$ -                        | \$ (8,367,320)         |
| Instructional Student Support                             | 1,532,414            | -                       | 250,448                                  | -                                                    | (1,281,966)                | -                           | (1,281,966)            |
| Administrative and Financial Support Services             | 1,984,227            | -                       | 240,098                                  | -                                                    | (1,744,129)                | -                           | (1,744,129)            |
| Operation and Maintenance of Plant Services               | 2,289,851            | 25,975                  | 176,955                                  | -                                                    | (2,086,921)                | -                           | (2,086,921)            |
| Pupil Transportation                                      | 1,670,153            | -                       | 1,307,275                                | -                                                    | (362,878)                  | -                           | (362,878)              |
| Student Activities                                        | 469,285              | 51,020                  | 47,410                                   | -                                                    | (370,855)                  | -                           | (370,855)              |
| Community Services                                        | 587,463              | -                       | -                                        | -                                                    | (587,463)                  | -                           | (587,463)              |
| Capital Outlay                                            | 10,248               | -                       | -                                        | -                                                    | (10,248)                   | -                           | (10,248)               |
| Interest on Long-Term Debt                                | 225,578              | -                       | -                                        | 438,255                                              | 212,677                    | -                           | 212,677                |
| <b>Total Governmental Activities</b>                      | <b>\$ 20,665,830</b> | <b>\$ 142,427</b>       | <b>\$ 5,486,045</b>                      | <b>\$ 438,255</b>                                    | <b>\$ (14,599,103)</b>     | <b>\$ -</b>                 | <b>\$ (14,599,103)</b> |
| <b>Business-Type activities:</b>                          |                      |                         |                                          |                                                      |                            |                             |                        |
| Food Service                                              | \$ 834,890           | \$ 357,625              | \$ 545,783                               | \$ -                                                 | \$ -                       | \$ 68,518                   | \$ 68,518              |
| <b>Total Business-Type Activities</b>                     | <b>\$ 834,890</b>    | <b>\$ 357,625</b>       | <b>\$ 545,783</b>                        | <b>\$ -</b>                                          | <b>\$ -</b>                | <b>\$ 68,518</b>            | <b>\$ 68,518</b>       |
| <b>Total Primary Government</b>                           | <b>\$ 21,500,720</b> | <b>\$ 500,052</b>       | <b>\$ 6,031,828</b>                      | <b>\$ 438,255</b>                                    | <b>\$ (14,599,103)</b>     | <b>\$ 68,518</b>            | <b>\$ (14,530,585)</b> |
| <b>General Revenues:</b>                                  |                      |                         |                                          |                                                      |                            |                             |                        |
| Taxes:                                                    |                      |                         |                                          |                                                      |                            |                             |                        |
| Property Taxes, Levied for General Purposes (net)         |                      |                         |                                          |                                                      | \$ 5,323,251               | \$ -                        | \$ 5,323,251           |
| Other Taxes, Levied for General Purposes                  |                      |                         |                                          |                                                      | 1,133,129                  | -                           | 1,133,129              |
| Property Tax Relief Payment                               |                      |                         |                                          |                                                      | 604,391                    | -                           | 604,391                |
| Grants and Contributions - Unrestricted                   |                      |                         |                                          |                                                      | 7,706,765                  | -                           | 7,706,765              |
| Investment Earnings                                       |                      |                         |                                          |                                                      | 81,646                     | 441                         | 82,087                 |
| Miscellaneous Income                                      |                      |                         |                                          |                                                      | 14,345                     | -                           | 14,345                 |
| Gain(Loss) on Disposal of Fixed Assets                    |                      |                         |                                          |                                                      | 27,846                     | -                           | 27,846                 |
| Transfers between Governmental & Business-Type Activities |                      |                         |                                          |                                                      | 87,361                     | (87,361)                    | -                      |
| <b>Total General Revenues</b>                             |                      |                         |                                          |                                                      | <b>\$ 14,978,734</b>       | <b>\$ (86,920)</b>          | <b>\$ 14,891,814</b>   |
| <b>Change in Net Position</b>                             |                      |                         |                                          |                                                      | <b>\$ 379,631</b>          | <b>\$ (18,402)</b>          | <b>\$ 361,229</b>      |
| Net Position — July 1, 2017 (Deficit) - Restated          |                      |                         |                                          |                                                      | (12,373,519)               | (697,855)                   | (13,071,374)           |
| Prior Period Adjustment                                   |                      |                         |                                          |                                                      | -                          | 53,183                      | 53,183                 |
| <b>Net Position — June 30, 2018 (Deficit)</b>             |                      |                         |                                          |                                                      | <b>\$ (11,993,888)</b>     | <b>\$ (663,074)</b>         | <b>\$ (12,656,962)</b> |

The accompanying notes are an integral part of these financial statements

**MONITEAU SCHOOL DISTRICT**  
**BALANCE SHEET**  
**GOVERNMENTAL FUND - GENERAL FUND**  
**JUNE 30, 2018**

**EXHIBIT C**

|                                                                               | <u>GENERAL FUND</u>         | <u>TOTAL<br/>GOVERNMENTAL<br/>FUNDS</u> |
|-------------------------------------------------------------------------------|-----------------------------|-----------------------------------------|
| <b>ASSETS:</b>                                                                |                             |                                         |
| Cash and Cash Equivalents                                                     | \$ 2,363,410                | \$ 2,363,410                            |
| Investments                                                                   | 5,451,858                   | 5,451,858                               |
| Taxes Receivable (net)                                                        | 461,599                     | 461,599                                 |
| Due From Other Governments                                                    | 1,484,110                   | 1,484,110                               |
| Other Receivables                                                             | 127,271                     | 127,271                                 |
| Prepaid Expenses                                                              | 238,920                     | 238,920                                 |
| <b>TOTAL ASSETS</b>                                                           | <b><u>\$ 10,127,168</u></b> | <b><u>\$ 10,127,168</u></b>             |
| <b>LIABILITIES AND FUND BALANCES</b>                                          |                             |                                         |
| <b>LIABILITIES:</b>                                                           |                             |                                         |
| Accounts Payable                                                              | \$ 1,373,494                | \$ 1,373,494                            |
| Due to Other Funds                                                            | 1,143                       | 1,143                                   |
| Accrued Salaries and Benefits                                                 | 1,371,735                   | 1,371,735                               |
| Payroll Deductions and Withholdings                                           | 800,507                     | 800,507                                 |
| Unearned Revenue                                                              | 3,721                       | 3,721                                   |
| <b>TOTAL LIABILITIES</b>                                                      | <b><u>\$ 3,550,600</u></b>  | <b><u>\$ 3,550,600</u></b>              |
| <b>DEFERRED INFLOW OF RESOURCES:</b>                                          |                             |                                         |
| Delinquent Real Estate Taxes                                                  | \$ 325,354                  | \$ 325,354                              |
| <b>TOTAL DEFERRED INFLOW OF RESOURCES</b>                                     | <b><u>\$ 325,354</u></b>    | <b><u>\$ 325,354</u></b>                |
| <b>FUND BALANCES:</b>                                                         |                             |                                         |
| Nonspendable                                                                  | \$ 238,920                  | \$ 238,920                              |
| Assigned                                                                      | 4,456,471                   | 4,456,471                               |
| Restricted                                                                    | 10,036                      | 10,036                                  |
| Unassigned                                                                    | 1,545,787                   | 1,545,787                               |
| <b>TOTAL FUND BALANCES</b>                                                    | <b><u>\$ 6,251,214</u></b>  | <b><u>\$ 6,251,214</u></b>              |
| <b>TOTAL LIABILITIES, DEFERRED INFLOW OF<br/>RESOURCES, AND FUND BALANCES</b> | <b><u>\$ 10,127,168</u></b> | <b><u>\$ 10,127,168</u></b>             |

The accompanying notes are an integral part of these financial statements

**MONITEAU SCHOOL DISTRICT**  
**RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET**  
**TO THE STATEMENT OF NET POSITION**  
**JUNE 30, 2018**

**Total Fund Balances - Governmental Funds** \$ 6,251,214

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

Capital assets used in governmental activities are not financial resources, and therefore, are not reported as assets in governmental funds. The cost of assets is \$40,028,499, and the accumulated depreciation is \$17,778,300. 22,250,199

Property and wage taxes receivable in the statement of net position, which will not be available soon enough to pay for the current period's expenditures, are deferred and not recognized as revenue in governmental funds. 316,604

Deferred outflows and inflows of resources related to pensions are applicable to future periods and, therefore, are not reported in the funds.

Deferred outflows of resources related to pensions 4,779,557

Deferred outflows of resources related to OPEB 718,733

Deferred inflows of resources related to pensions (384,120)

Deferred inflows of resources related to OPEB (127,951)

Long term liabilities, including bonds payable, are not due and payable in the current period, and therefore, are not reported as liabilities in the governmental funds. Long-term liabilities at year end consist of:

|                                |              |
|--------------------------------|--------------|
| Bonds Payable (Net)            | \$ 8,618,160 |
| Deferred Interest on Refunding | (31,302)     |
| Accrued Interest on Debt       | 63,966       |
| Net Pension Liability          | 28,600,450   |
| Accrued Compensated Absences   | 269,560      |
| Net OPEB Liability             | 8,277,290    |
|                                | (45,798,124) |

**TOTAL NET POSITION - GOVERNMENTAL ACTIVITIES** \$ (11,993,888)

The accompanying notes are an integral part of these financial statements

MONITEAU SCHOOL DISTRICT  
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
GOVERNMENTAL FUND - GENERAL FUND  
FOR THE YEAR ENDED JUNE 30, 2018

|                                                               | GENERAL FUND         | TOTAL<br>GOVERNMENTAL<br>FUNDS |
|---------------------------------------------------------------|----------------------|--------------------------------|
| <b><u>REVENUES</u></b>                                        |                      |                                |
| Local Sources                                                 | \$ 7,284,441         | \$ 7,284,441                   |
| State Sources                                                 | 13,584,193           | 13,584,193                     |
| Federal Sources                                               | 40,121               | 40,121                         |
| <b>Total Revenues</b>                                         | <b>\$ 20,908,755</b> | <b>\$ 20,908,755</b>           |
| <b><u>EXPENDITURES</u></b>                                    |                      |                                |
| Instruction                                                   | \$ 11,427,279        | \$ 11,427,279                  |
| Support Services                                              | 7,308,287            | 7,308,287                      |
| Noninstructional Services                                     | 1,041,048            | 1,041,048                      |
| Capital Outlay                                                | 10,248               | 10,248                         |
| Debt Service                                                  | 1,144,519            | 1,144,519                      |
| <b>Total Expenditures</b>                                     | <b>\$ 20,931,381</b> | <b>\$ 20,931,381</b>           |
| <b>Excess ( Deficiency) of Revenues<br/>over Expenditures</b> | <b>\$ (22,626)</b>   | <b>\$ (22,626)</b>             |
| <b><u>OTHER FINANCING SOURCES (USES)</u></b>                  |                      |                                |
| Operating Transfers In                                        | \$ 87,361            | \$ 87,361                      |
| Sale of Fixed Assets                                          | 27,847               | 27,847                         |
| <b>Total Other Financing Sources (Uses)</b>                   | <b>\$ 115,208</b>    | <b>\$ 115,208</b>              |
| <b>NET CHANGE IN FUND BALANCES</b>                            | <b>\$ 92,582</b>     | <b>\$ 92,582</b>               |
| FUND BALANCE - JULY 1, 2017                                   | 6,158,632            | 6,158,632                      |
| <b>FUND BALANCE - JUNE 30, 2018</b>                           | <b>\$ 6,251,214</b>  | <b>\$ 6,251,214</b>            |

The accompanying notes are an integral part of these financial statements

**MONITEAU SCHOOL DISTRICT**  
**RECONCILIATION OF THE GOVERNMENT FUNDS**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES**  
**TO THE STATEMENT OF ACTIVITIES**  
**FOR THE YEAR ENDED JUNE 30, 2018**

**TOTAL NET CHANGE IN FUND BALANCES - GOVERNMENTAL FUNDS** \$ 92,582

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

Capital outlays are reported in governmental funds as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which depreciation expense (\$1,060,593) exceeded capital outlays (\$316,295) during the fiscal year. (744,298)

Governmental funds report district pension contributions as expenditures. However, in the statement of activities, the cost of pension benefits earned net of employee contributions is reported as pension expense. (602,257)

Repayment of bond and note principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position. 930,000

Bond discount costs are reported in governmental funds as expenditures. However, in the statement of activities, these costs are capitalized and amortized over the life of the note as interest expense. (4,152)

Deferred interest on bond refundings is recognized in the government-wide financial statements when bonds are refunded and amortized over the life of the bond issue as interest expense. (14,447)

In the statement of activities, interest is accrued on outstanding bonds, whereas in governmental funds, an interest expenditure is reported when due. 7,540

In the statement of activities, certain operating expenses - compensated absences and retiree health benefits - are measured by the amounts earned during the year. In the governmental funds, however, expenditures for these items are measured by the amount of financial resources used (paid). This amount represents benefits paid in excess of the amounts earned for 2017-2018. 693,165

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in governmental funds. 21,498

**CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES** **\$ 379,631**

**MONITEAU SCHOOL DISTRICT**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES, BUDGET AND ACTUAL**  
**GOVERNMENTAL FUNDS**  
**FOR THE YEAR ENDED JUNE 30, 2018**

|                                                               | Budgeted Amounts     |                      | Actual<br>(Budgetary Basis) | Variance with<br>Final Budget<br>Positive<br>(Negative) |
|---------------------------------------------------------------|----------------------|----------------------|-----------------------------|---------------------------------------------------------|
|                                                               | Original             | Final                |                             |                                                         |
| <b>REVENUES</b>                                               |                      |                      |                             |                                                         |
| Local Sources                                                 | \$ 7,003,639         | \$ 7,003,639         | \$ 7,284,441                | \$ 280,802                                              |
| State Sources                                                 | 13,886,540           | 13,886,540           | 13,584,193                  | (302,347)                                               |
| Federal Sources                                               | 29,274               | 29,274               | 40,121                      | 10,847                                                  |
| <b>Total Revenues</b>                                         | <b>\$ 20,919,453</b> | <b>\$ 20,919,453</b> | <b>\$ 20,908,755</b>        | <b>\$ (10,698)</b>                                      |
| <b>EXPENDITURES</b>                                           |                      |                      |                             |                                                         |
| Regular Programs                                              | \$ 8,923,474         | \$ 8,923,474         | \$ 8,406,010                | \$ 517,464                                              |
| Special Programs                                              | 2,185,731            | 2,185,731            | 2,615,541                   | (429,810)                                               |
| Vocational Programs                                           | 415,328              | 415,328              | 396,855                     | 18,473                                                  |
| Other Instructional Programs                                  | 17,500               | 17,500               | 8,873                       | 8,627                                                   |
| Pupil Personnel Services                                      | 536,516              | 536,516              | 568,109                     | (31,593)                                                |
| Instructional Staff Services                                  | 579,712              | 579,712              | 622,943                     | (43,231)                                                |
| Administrative Services                                       | 1,360,419            | 1,360,419            | 1,334,391                   | 26,028                                                  |
| Pupil Health                                                  | 237,737              | 237,737              | 256,641                     | (18,904)                                                |
| Business Services                                             | 333,914              | 333,914              | 324,531                     | 9,383                                                   |
| Operation & Maintenance of Plant Services                     | 2,137,966            | 2,137,966            | 2,326,648                   | (188,682)                                               |
| Student Transportation Services                               | 1,895,249            | 1,895,249            | 1,667,718                   | 227,531                                                 |
| Central Services                                              | 211,926              | 211,926              | 193,719                     | 18,207                                                  |
| Other Support Services                                        | 13,446               | 13,446               | 13,587                      | (141)                                                   |
| Student Activities                                            | 490,363              | 490,363              | 453,586                     | 36,777                                                  |
| Community Services                                            | 587,570              | 587,570              | 587,462                     | 108                                                     |
| Capital Outlay                                                | 10,000               | 10,000               | 10,248                      | (248)                                                   |
| Debt Service (Principal & Interest)                           | 1,144,519            | 1,144,519            | 1,144,519                   | -                                                       |
| <b>Total Expenditures</b>                                     | <b>\$ 21,081,370</b> | <b>\$ 21,081,370</b> | <b>\$ 20,931,381</b>        | <b>\$ 149,989</b>                                       |
| <b>Excess ( Deficiency) of Revenues<br/>over Expenditures</b> | <b>\$ (161,917)</b>  | <b>\$ (161,917)</b>  | <b>\$ (22,626)</b>          | <b>\$ 139,291</b>                                       |
| <b>OTHER FINANCING SOURCES (USES)</b>                         |                      |                      |                             |                                                         |
| Operating Transfers In                                        | \$ 61,917            | \$ 61,917            | \$ 87,361                   | \$ 25,444                                               |
| Sale of Fixed Assets                                          | -                    | -                    | 27,847                      | 27,847                                                  |
| Budgetary Reserve                                             | (100,000)            | (100,000)            | -                           | 100,000                                                 |
| <b>Total Other Financing Sources (Uses)</b>                   | <b>\$ (38,083)</b>   | <b>\$ (38,083)</b>   | <b>\$ 115,208</b>           | <b>\$ 153,291</b>                                       |
| <b>NET CHANGE IN FUND BALANCES</b>                            | <b>\$ (200,000)</b>  | <b>\$ (200,000)</b>  | <b>\$ 92,582</b>            | <b>\$ 292,582</b>                                       |
| FUND BALANCE - JULY 1, 2017                                   | 5,438,804            | 5,438,804            | 6,158,632                   | 719,828                                                 |
| <b>FUND BALANCE - JUNE 30, 2018</b>                           | <b>\$ 5,238,804</b>  | <b>\$ 5,238,804</b>  | <b>\$ 6,251,214</b>         | <b>\$ 1,012,410</b>                                     |

The accompanying notes are an integral part of these financial statements



**MONITEAU SCHOOL DISTRICT**  
**STATEMENT OF NET POSITION**  
**PROPRIETARY FUNDS**  
**JUNE 30, 2018**

|                                                                               | <b>FOOD<br/>SERVICES</b> |
|-------------------------------------------------------------------------------|--------------------------|
| <b>ASSETS</b>                                                                 |                          |
| <b>Current Assets:</b>                                                        |                          |
| Cash and Cash Equivalents                                                     | \$ 97,255                |
| Due from Other Funds                                                          | 1,143                    |
| Other Accounts Receivable                                                     | 5,583                    |
| Inventories                                                                   | 26,410                   |
| <b>TOTAL CURRENT ASSETS</b>                                                   | <b>\$ 130,391</b>        |
| <b>Noncurrent Assets:</b>                                                     |                          |
| Furniture and Equipment                                                       | \$ 4,126                 |
| <b>TOTAL NONCURRENT ASSETS</b>                                                | <b>\$ 4,126</b>          |
| <b>TOTAL ASSETS</b>                                                           | <b>\$ 134,517</b>        |
| <b>Deferred Outflows of Resources:</b>                                        |                          |
| Deferred Outflows Related to Pension                                          | \$ 147,821               |
| Deferred Outflows Related to OPEB                                             | 2,075                    |
| <b>TOTAL DEFERRED OUTFLOWS OF RESOURCES</b>                                   | <b>\$ 149,896</b>        |
| <b>TOTAL ASSETS &amp; DEFERRED OUTFLOWS OF RESOURCES</b>                      | <b>\$ 284,413</b>        |
| <b>LIABILITIES</b>                                                            |                          |
| <b>Current Liabilities:</b>                                                   |                          |
| Unearned Revenue                                                              | \$ 9,782                 |
| <b>TOTAL CURRENT LIABILITIES</b>                                              | <b>\$ 9,782</b>          |
| <b>Noncurrent Liabilities:</b>                                                |                          |
| Compensated Absences                                                          | \$ 2,755                 |
| Net OPEB Liability (PSERS)                                                    | 36,480                   |
| Net Pension Liability                                                         | 884,550                  |
| <b>TOTAL NONCURRENT LIABILITIES</b>                                           | <b>\$ 923,785</b>        |
| <b>TOTAL LIABILITIES</b>                                                      | <b>\$ 933,567</b>        |
| <b>Deferred outflows of Resources:</b>                                        |                          |
| Deferred Inflows Related to Pension                                           | \$ 11,880                |
| Deferred Inflows Related to OPEB                                              | 2,040                    |
| <b>TOTAL DEFERRED INFLOWS OF RESOURCES</b>                                    | <b>\$ 13,920</b>         |
| <b>NET POSITION</b>                                                           |                          |
| Net Investment in Capital Assets                                              | \$ 4,126                 |
| Unrestricted                                                                  | (667,200)                |
| <b>TOTAL NET POSITION (Deficit)</b>                                           | <b>\$ (663,074)</b>      |
| <b>TOTAL LIABILITIES, DEFERRED INFLOWS OF<br/>RESOURCES, AND NET POSITION</b> | <b>\$ 284,413</b>        |

The accompanying notes are an integral part of these financial statements

**MONITEAU SCHOOL DISTRICT**  
**STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION**  
**PROPRIETARY FUNDS**  
**FOR THE YEAR ENDED JUNE 30, 2018**

|                                                    | <b>FOOD SERVICES</b> |
|----------------------------------------------------|----------------------|
| <b><u>OPERATING REVENUES</u></b>                   |                      |
| Food Services Revenue                              | \$ 342,081           |
| Contracted Services Reimbursements                 | 15,544               |
| <b>Total Operating Revenues</b>                    | <b>\$ 357,625</b>    |
| <b><u>OPERATING EXPENSES</u></b>                   |                      |
| Salaries                                           | \$ 255,964           |
| Employee Benefits                                  | 181,788              |
| Purchased Property Service                         | 14,505               |
| Supplies                                           | 381,364              |
| Depreciation                                       | 458                  |
| Other Operating Expenditures                       | 811                  |
| <b>Total Operating Expenses</b>                    | <b>\$ 834,890</b>    |
| <b>OPERATING INCOME/(LOSS)</b>                     | <b>\$ (477,265)</b>  |
| <b><u>NONOPERATING REVENUES (EXPENSES)</u></b>     |                      |
| Earnings on Investments                            | \$ 441               |
| State Sources                                      | 92,003               |
| Federal Sources                                    | 453,780              |
| Transfer to General Fund                           | (87,361)             |
| <b>Total Nonoperating Revenues (Expenses)</b>      | <b>\$ 458,863</b>    |
| <b>CHANGE IN NET POSITION</b>                      | <b>\$ (18,402)</b>   |
| NET POSITION - JULY 1, 2017 - Restated - (Deficit) | (697,855)            |
| Prior Period Adjustment                            | 53,183               |
| <b>NET POSITION - JUNE 30, 2018 (Deficit)</b>      | <b>\$ (663,074)</b>  |

The accompanying notes are an integral part of these financial statements

**MONITEAU SCHOOL DISTRICT**  
**STATEMENT OF CASH FLOWS**  
**PROPRIETARY FUNDS**  
**FOR THE YEAR ENDED JUNE 30, 2018**

|                                                                                                                  | <b>FOOD<br/>SERVICES</b>       |
|------------------------------------------------------------------------------------------------------------------|--------------------------------|
| <b><u>CASH FLOWS FROM OPERATING ACTIVITIES</u></b>                                                               |                                |
| Cash Received from Users                                                                                         | \$ 341,715                     |
| Cash Received from Contracted Services                                                                           | 15,544                         |
| Cash Payments to Employees for Services                                                                          | (425,066)                      |
| Cash Payments to Suppliers for Goods and Services                                                                | (351,846)                      |
| <b>Net Cash Provided (Used) by Operating Activities</b>                                                          | <b><u>\$ (419,653)</u></b>     |
| <br><b><u>CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES</u></b>                                               |                                |
| State Sources                                                                                                    | \$ 92,779                      |
| Federal Sources                                                                                                  | 406,605                        |
| Interfund transfers                                                                                              | (87,361)                       |
| <b>Net Cash Provided (Used) by Non-Capital Financing Activities</b>                                              | <b><u>\$ 412,023</u></b>       |
| <br><b><u>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</u></b>                                       |                                |
| Capital Outlay                                                                                                   | \$ (4,584)                     |
| <b>Net Cash (Used for) Capital and Related Financing Activities</b>                                              | <b><u>\$ (4,584)</u></b>       |
| <br><b><u>CASH FLOWS FROM INVESTING ACTIVITIES</u></b>                                                           |                                |
| Earnings on Investments                                                                                          | \$ 441                         |
| <b>Net Cash Provided (Used) by Investing Activities</b>                                                          | <b><u>\$ 441</u></b>           |
| <br><b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>                                                             | <br><b>\$ (11,773)</b>         |
| CASH AND CASH EQUIVALENTS - JULY 1, 2017                                                                         | <u>109,028</u>                 |
| <b>CASH AND CASH EQUIVALENTS - JUNE 30, 2018</b>                                                                 | <b><u>\$ 97,255</u></b>        |
| <br><b>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:</b>        |                                |
| <b>Operating Income (Loss)</b>                                                                                   | <b>\$ (477,265)</b>            |
| <br><b>ADJUSTMENTS TO RECONCILE OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:</b> |                                |
| Depreciation                                                                                                     | 458                            |
| Donated Commodities                                                                                              | 57,526                         |
| Accrual of GASB 68 Pension Expense                                                                               | 18,627                         |
| Accrual of GASB 75 OPEB Expense                                                                                  | (584)                          |
| (Increase) Decrease in Accounts Receivable                                                                       | 635                            |
| (Increase) Decrease in Inventories                                                                               | (12,692)                       |
| Increase (Decrease) in Advance from Other Funds                                                                  | (6,777)                        |
| Increase (Decrease) in Unearned Revenue                                                                          | (1,001)                        |
| Increase (Decrease) in Compensated Absences and Retiree Benefits                                                 | 1,420                          |
| <b>Total Adjustments</b>                                                                                         | <b><u>\$ 57,612</u></b>        |
| <br><b>NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES</b>                                                      | <br><b><u>\$ (419,653)</u></b> |
| <br><b>NONCASH NONCAPITAL FINANCING ACTIVITIES:</b>                                                              |                                |
| During the year, the District received \$57,526 of food commodities from the U. S. Department of Agriculture     |                                |

The accompanying notes are an integral part of these financial statements

MONITEAU SCHOOL DISTRICT  
STATEMENT OF NET POSITION  
FIDUCIARY FUNDS  
JUNE 30, 2018

|                           | <u>ACTIVITY FUNDS</u> |
|---------------------------|-----------------------|
| <b>ASSETS</b>             |                       |
| Cash and Cash Equivalents | \$ 63,376             |
| <b>TOTAL ASSETS</b>       | <u>\$ 63,376</u>      |
| <b>LIABILITIES</b>        |                       |
| Other Current Liabilities | \$ 63,376             |
| <b>TOTAL LIABILITIES</b>  | <u>\$ 63,376</u>      |

The accompanying notes are an integral part of these financial statements

**MONITEAU SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2018**

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The Moniteau School District was established under the authority of an act of the state legislature that designated a school board as the governing body. This district serves the surrounding municipalities which include the Townships of Cherry, Clay, Concord, Marion, Venango and Washington, and the Boroughs of Cherry Valley, Eau Claire and West Sunbury. The School District operates under a locally-elected nine member Board form of government and provides educational services as mandated by the Commonwealth of Pennsylvania and selected federal agencies. The Board of Education has complete authority over the operations and administration of the School District's activities.

The financial statements of the Moniteau School District have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is responsible for establishing GAAP for state and local governments through its pronouncements (Statements and Interpretations). The most significant of the School District's accounting policies are as follows:

**REPORTING ENTITY**

A reporting entity is comprised of the primary government, component units and other organizations that are included to ensure the financial statements are not misleading. The primary government of the Moniteau School District consists of all funds, departments, boards and agencies that are not legally separate from the School District. As defined by GASB Statement No. 14, component units are legally separate entities that are included in the School District's reporting entity because of the significance of their operating or financial relationships with the School District. Based on the application of these criteria, the Moniteau School District has no component units.

The School District is associated with three jointly governed organizations (Note 12) and one public entity risk pool (Note 13). These organizations are:

- Jointly Governed Organizations:
  - Butler County Area Vocational-Technical School
  - Mid-Western Intermediate Unit IV
  
- Public Entity Risk Pool:
  - Midwestern Health Combine

**BASIS OF PRESENTATION**

**GOVERNMENT-WIDE FINANCIAL STATEMENTS** – The statement of net position (Exhibit A) and the statement of activities (Exhibit B) display information about the School District as a whole. These statements include the financial activities of the primary government, except for fiduciary funds. The statements distinguish between those activities of the School District that are governmental and those that are considered business-type activities.

**MONITEAU SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2018**

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**BASIS OF PRESENTATION (Continued)**

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

The government-wide statement of activities (Exhibit B) presents a comparison between direct expenses and program revenues for the District's business-type activities (food service operations) and for each function of the School District's governmental activities. Direct expenses are those that are specifically associated with a service, program or department and are therefore clearly identifiable to a particular function. Program revenues include charges paid by the recipient of the goods or services offered by the program, and grants, subsidies and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues are presented as general revenues of the School District. The comparison of direct expenses with program revenues identifies the extent to which the business-type activity or government function is self-financing or draws from the general revenues of the School District.

**FUND FINANCIAL STATEMENTS** – Fund financial statements report detailed information about the School District. The focus of governmental and enterprise fund financial statements is on major funds rather than reporting funds by type. Major funds represent the School District's most important funds and are determined based on percentages of assets, liabilities, revenues, and expenditures/expenses. For the Moniteau School District, the General Fund is always considered a major fund. Each major fund is presented in a separate column. Non-major funds are segregated and presented in a single column. Fiduciary funds are reported by type.

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 a balance sheet, which generally includes only current assets and current liabilities, and a statement of revenues, expenditures and changes in fund balances, which reports on the sources (revenues and other financing sources) and uses (expenditures and other financing uses) of current financial resources.

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

Fiduciary funds are reported using the economic resources measurement focus.

**FUND ACCOUNTING**

The School District uses funds to report on its financial position and the results of its operations during the year. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain school district functions or activities. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. Funds are classified into three categories: governmental, proprietary and fiduciary. Fund categories are defined as follows:

**MONITEAU SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2018**

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**FUND ACCOUNTING (Continued)**

**Governmental Funds** – Governmental funds focus on the sources, uses and balances of current financial resources. Expendable assets are assigned to the various governmental funds according to the purposes for which they may or must be used. Current liabilities are assigned to the fund from which they will be paid. The difference between governmental fund assets and liabilities is reported as fund balance. The School District does not currently maintain any non-major governmental funds. The following are the School District's major and non-major governmental funds:

**MAJOR GOVERNMENTAL FUND:**

**GENERAL FUND** - The General Fund is used to account for all financial resources not required to be accounted for in some other fund. The general fund balance is available for any purpose provided it is expended according to the Commonwealth of Pennsylvania Public School Code.

**Proprietary Funds** - used to account for activities similar to those found in the private sector, where the determination of net income is necessary and useful to sound financial administration. Goods or services from such activities can be provided either to outside parties (enterprise funds) or to other departments or agencies within the School District (internal service funds). The School District's major and sole enterprise fund is its Food Service Fund, which accounts for the financial transactions related to the food service operations of the District.

**Fiduciary Funds** – Fiduciary fund reporting focuses on net position and changes in net position. The fiduciary fund category is split into four classifications: pension trust funds, investment trust funds, private-purpose trust funds and agency funds. Trust funds are used to account for assets held by the School District under a trust agreement for individuals, private organizations, or other governments and are therefore not available to support the School District's own programs. Agency funds are custodial in nature and do not involve measuring income or any other results from operations. The District maintains an Agency Fund which accounts for various student organization activity accounts administered by the District on behalf of the various student organizations. The District does not currently maintain any private-purpose trust funds.

**BASIS OF ACCOUNTING AND MEASUREMENT FOCUS**

The basis of accounting determines when transactions are recorded in the financial records and reported in the financial statements. Government-wide financial statements are prepared using the accrual basis of accounting. Government funds use the modified accrual basis of accounting. Proprietary and fiduciary funds use the accrual basis of accounting.

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

**MONITEAU SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2018**

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**BASIS OF ACCOUNTING AND MEASUREMENT FOCUS (Continued)**

Revenue resulting from non-exchange transactions, in which the School District receives value without directly giving equal value in return, includes property taxes, grants and contributions. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenues from grants and contributions are recognized in the fiscal year in which all eligibility requirements have been satisfied. On a modified accrual basis, revenue from non-exchange transactions must also be 'available' before it can be recognized.

The management of the Moniteau School District has determined that the revenues most susceptible to accrual (measurable and available) at June 30, 2018 under the modified accrual basis are **1)** delinquent real estate taxes collected by the District from the Butler County Tax Claim Bureau within 60 days following the close of the fiscal year, **2)** certain Act 511 taxes, **3)** federal and state subsidies earned in the fiscal year 2017-2018, and **4)** other miscellaneous revenues earned in fiscal year 2017-2018 but received subsequent to June 30, 2018. On the governmental fund financial statements, receivables that will not be collected within the 'available' period have been reported as 'deferred inflows of resources'.

On the accrual basis of accounting, expenses are recognized at the time they are incurred. The measurement focus of governmental fund accounting is on decreases in net financial resources (expenditures) rather than expenses. Expenditures are generally recognized in the accounting period in which the related fund liability is incurred, if measurable. The primary expenditures deemed susceptible to accrual at June 30, 2018, are those for which the Board of Education's intention was to expense these items as budgeted for the 2017-2018 official budget, and for which the District has incurred an obligation during 2018, but has not paid as of June 30, 2018.

Allocations of cost, such as depreciation and additional pension and OPEB expenses related to GASB 68 and GASB 75, are not recognized in governmental funds but are included as part of expenses in the government-wide statement of activities. Unused donated commodities are reported as unearned revenue.

**BUDGETS**

In June of 2017, the Moniteau School District adopted its fiscal year June 30, 2018 annual budget for the general fund totaling \$21,181,370 in accordance with the provisions of the Pennsylvania School Code. The budget is prepared utilizing the modified accrual method of accounting. Budgetary transfers among various expenditure line items can be performed by the District, as approved by the Board of Education, only during the last nine months of the fiscal year. The original and adjusted budgetary amounts are reflected in these financial statements (Exhibit G). All annual appropriations of the general fund lapse at fiscal year-end.

**CASH AND CASH EQUIVALENTS**

For the purposes of these basic financial statements, cash and cash equivalents include amounts in demand deposit accounts and any other highly liquid, short-term investments, with original maturity terms of less than three months.



**MONITEAU SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2018**

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**INVESTMENTS**

Under Section 440.1 of the Pennsylvania Public School Code of 1949, as amended, and PA Act 10 of 2016, Moniteau School District is permitted to invest funds consistent with sound business practices in the following types of investments:

- I. Obligations of (a) the United States of America or any of its agencies or instrumentalities backed by the full faith and credit of the United States of America, (b) the Commonwealth of Pennsylvania or any of its agencies or instrumentalities backed by the full faith and credit of the Commonwealth of Pennsylvania, or (c) of any political subdivision of the Commonwealth of Pennsylvania or any of its agencies or instrumentalities backed by the full faith and credit of the political subdivision.
- II. Deposits in savings accounts, time deposits and share accounts of institutions insured by the Federal Deposit Insurance Corporation (FDIC) to the extent that such accounts are so insured and, for any amounts above the insured maximum, provided that approved collateral, as provided by law, is pledged by the depository.
- III. U.S. government obligations, short-term commercial paper issued by a public corporation, and banker's acceptances.

Investment accounts in the governmental funds include deposits pooled for investment purposes with the Pennsylvania Local Government Investment Trust (PLGIT).

There were no deposit and investment transactions during the year that were in violation of state statutes.

**SHORT-TERM INTERFUND RECEIVABLES/PAYABLES**

During the course of operations, numerous transactions occur between individual funds for goods provided or services rendered. These receivables and payables are classified as 'due from/to other funds' on the governmental funds balance sheet. For the purposes of the government-wide statement of net position, governmental interfund receivables and payables have been eliminated. Amounts due between governmental activities and business-type activities, if any, are presented as off-setting internal balances on the statement of net position.

**INVENTORIES**

Inventories on the government-wide statement of net position (Exhibit A) and the proprietary fund statement of net position (Exhibit H) are recorded at a combination of actual cost and fair value on a first-in first-out basis. This inventory consists of purchased food and supplies and donated commodities from the U.S. Department of Agriculture as part of the food service program. The School District does not inventory the cost of such items as books and supplies, but rather records these items as expenditures in the governmental funds and an expense in the government-wide statement of activities at the time of purchase.

**MONITEAU SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2018**

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**CAPITAL ASSETS AND DEPRECIATION**

General capital assets are those assets not specifically related to activities reported in the proprietary funds. These assets are reported in the governmental activities column of the government-wide statement of net position. Capital assets used by the proprietary fund are reported in both the business-type activity column of the government-wide statement of net position and on the proprietary fund statement of net position.

All capital assets are recorded at cost (or estimated historical cost). Donated fixed assets are recorded at fair value at the time of receipt. The School District maintains a capitalization threshold of \$1,500. The cost of infrastructure is included as part of site improvements in the government-wide statement of net position. Routine repair and maintenance costs that do not add to the value of the asset or extend its useful life are charged as an expense in the government-wide statement of activities.

All reported capital assets, except land and construction in progress, are depreciated using the straight-line method over the following useful lives:

| <u>CATEGORY</u>            | <u>GOVERNMENTAL<br/>ACTIVITIES</u> |
|----------------------------|------------------------------------|
| Site Improvements          | 5-30 Years                         |
| Buildings and Improvements | 7-40 Years                         |
| Furniture and Equipment    | 3-15 Years                         |
| Vehicles                   | 10 Years                           |

The accounting and reporting treatment applied to the capital assets associated with a fund are determined by its measurement focus. Capital assets purchased by governmental funds are recorded as expenditures in the fund financial statements (Exhibit E). The results of capitalizing fixed assets net of depreciation on the government-wide statement of net position and statement of activities, as opposed to recording these same assets as an expenditure in the fund financial statements (Exhibit E), is reflected in the required reconciliations of fund balance to net position (Exhibit D) and the changes in fund balances to the changes in net position (Exhibit F).

**LONG-TERM DEBT FINANCING COSTS**

Bond issue costs are recorded as expenditures in the governmental fund financial statements in the year paid. The School District did not incur bond issuance costs during the 2017-2018 fiscal year.

**COMPENSATED ABSENCES**

The School District reports compensated absences in accordance with the provisions of GASB Statement No. 16, 'Accounting for Compensated Absences'. Sick leave benefits are accrued for members of the Moniteau Education Association and confidential secretaries at the rate of 25% of their regular pay, for a maximum of 160 accumulated sick leave days, under conditions as provided in the collective bargaining agreement. Members of the Moniteau Educational Support Personnel Association are entitled to accumulate unused sick days to a maximum of 150 days at the rate of \$15.00 per day for full-time employees and \$7.50 per day for part-time employees. District administrators and the Superintendent are entitled to accumulate 12 sick days per year.

**MONITEAU SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2018**

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**COMPENSATED ABSENCES (Continued)**

The entire compensated absences liability of \$272,315 is shown as a non-current liability in the government-wide statement of net position. For governmental fund financial statements, compensated absences are recorded as expenditures when paid, rather than accrued when earned, as the likelihood of payment in the immediate fiscal year with available expendable resources is not assured.

**PENSIONS**

For the purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Public School Employees' Retirement System (PSERS), and additions to/deductions from PSERS's fiduciary net position have been determined on the same basis as they are reported by PSERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investment assets are reported at fair value. More information on pension activity is included in Note 10.

**OTHER POSTEMPLOYMENT BENEFITS**

For the purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the Public School Employees' Retirement System (PSERS), and additions to/deductions from PSERS's fiduciary net position have been determined on the same basis as they are reported by PSERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investment assets are reported at fair value. More information on other postemployment benefits activity is included in Note 11.

**ACCRUED LIABILITIES AND LONG-TERM OBLIGATIONS**

All payables, accrued liabilities and long-term obligations are reported in the government-wide financial statements. For the business-type activities, these obligations and all similar obligations are reported again on the proprietary fund financial statement of net position (Exhibit H).

In general, payables and accrued liabilities that will be paid from governmental funds are reported on the governmental fund financial statements regardless of whether they will be liquidated with current resources. However, the non-current portion of compensated absences and retiree health benefits 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 paid with current available financial resources. Notes and other long-term obligations that will be paid from governmental funds are not recognized as a liability in the fund financial statements when due. The District's General Fund is typically used to liquidate long-term liability obligations.

The results of recognizing these long-term obligations as liabilities on the government-wide statement of net position and statement of activities, as opposed to recording these same obligations as an expenditure in the fund financial statements (Exhibit E) only when paid, is reflected in the required reconciliations of fund balance to net position (Exhibit D) and the changes in fund balances to the changes in net position (Exhibit F).

**MONITEAU SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2018**

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**UNEARNED REVENUE**

Unearned revenue arises when the District receives resources before it has legal claim to them. This occurs when grant monies are received prior to the incurrence of qualifying expenditures. In subsequent periods, when both revenue recognition criteria are met, or when the School district has a legal claim to the resources, the unearned revenue liability is removed and revenue is recognized.

**DEFERRED OUTFLOWS AND INFLOWS OF RESOURCES**

In addition to assets and liabilities, the statement of net position and/or the balance sheet will sometimes report a separate section for deferred outflows and/or inflows of resources. These separate financial statement elements represent a decrease and/or increase in net position that applies to a future period and so will not be recognized as an outflow and/or inflow of resources (expense/expenditure or income/revenue) in the current period.

**NET POSITION**

Net position is classified into three categories according to external donor or legal restrictions or availability of assets to satisfy District obligations. Net position is classified as follows:

- Net Investment in Capital Assets – This component of net position consists of capital assets net of accumulated depreciation, and reduced by the outstanding balances of debt that is attributable to the acquisition, construction and improvement of the capital assets, plus deferred outflows of resources less deferred inflows of resources related to those assets.
- Restricted Net Position – This component of net position consists of restricted assets reduced by liabilities and deferred inflows related to those assets.
- Unrestricted – Consists of net position that does not meet the definition of 'restricted' or 'net investment in capital assets'.

When an expense is incurred that can be paid using either restricted or unrestricted resources (net position), the School District's policy is to first apply the expense toward restricted resources and then toward unrestricted resources.

**FUND EQUITY**

In the Balance Sheet – Governmental Funds (Exhibit C), fund balances are reported in specific categories to make the nature and extent of the constraints placed on any entity's fund balance more transparent in accordance with GASB No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*. The following classifications describe the relative strength of the spending constraints placed on the purposes for which resources can be used:

- Non-spendable fund balance – amounts that are not in spendable form (such as prepaid expenses) or are required to be maintained intact. The non-spendable fund balance at 6/30/18 is \$238,920.
- Restricted fund balance – amounts constrained to specific purposes by their providers (such as grantors, bondholders, and high levels of government), through constitutional provisions, or by enabling legislation. The District's restricted net position and fund balance of \$10,036 represents a grant dedicated for the purchase of instruments.

**MONITEAU SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2018**

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**FUND EQUITY (Continued)**

- Committed fund balance – amount constrained to specific purposes by the School District itself, using its highest level of decision-making authority; to be reported as committed, amounts cannot be used for any other purpose unless the government takes the same highest level action to remove or change the constraint.
- Assigned fund balance – amounts the School District intends to use for a specific purpose; intent can be expressed by the governing body or by an official or body to which the governing body delegates the authority. At June 30, 2018, the management of the Moniteau School District assigned \$4,456,471 of fund balance to be used as financial resources for future periods.
- Unassigned fund balance – amount that are available for any purpose

Act 48 of 2003 prohibits school districts from increasing real property taxes for the school year 2006-2007 or any subsequent school year, unless the school district has adopted a budget for such school year that includes an estimated ending unassigned fund balance which is not more than a specified percentage of the district's total budgeted expenditures. For the Moniteau School District, estimated ending unassigned fund balance must not exceed 8% of total budgeted expenditures.

The School District establishes (and modifies or rescinds) fund balance commitments by passage of an ordinance or resolution. This is typically done through adoption and amendment of the budget. A fund balance commitment is further indicated in the budget document as a designation or commitment of the fund. The Board of Education has given authority to assign fund balance to the Business Manager.

When expenditures/expenses are incurred for purposes for which unrestricted (committed, assigned, and unassigned) resources are available, and amounts in any of these unrestricted classifications could be used, it is the District's general policy to spend the committed resources first, followed by assigned amounts and then unassigned amounts.

**ESTIMATES**

The preparation of financial statements in conformity with generally accepted accounting principles requires the District's management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

**OPERATING REVENUES AND EXPENSES**

Operating revenues are those revenues that are generated directly from the primary activity of the proprietary fund. For the Moniteau School District, these revenues are food service charges for lunch and breakfast service. Operating expenses are the necessary costs incurred to provide the aforementioned food service. Non-operating revenues of the District's food service proprietary fund are 1) investment earnings and 2) state and federal subsidies, including donated commodities, received from the U.S. Department of Agriculture. The District's food service proprietary fund had \$87,361 in non-operating expenses during the fiscal year. This amount was a transfer to the General Fund.



**MONITEAU SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2018**

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**ADOPTION OF GASB PRONOUNCEMENTS**

The requirements of the following GASB Statements were adopted for the School District's 2017-2018 financial statements. Except where noted, the adoption of these pronouncements did not have a significant impact on the School District's financial statements.

GASB issued Statement No. 75, "*Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*". The primary objective of this Statement is to address reporting by governments that provide OPEB to their employees and for governments that finance OPEB for employees of other governments. This Statement replaces the requirements of Statement No. 45.

GASB issued Statement No. 81, "*Irrevocable Split-Interest Agreement*". The primary objective of this Statement is to improve accounting and financial reporting for irrevocable split-interest agreements by providing recognition and measurement guidance for situations in which a government is a beneficiary of the agreement.

GASB issued Statement No. 85, '*Omnibus 2017*'. The primary objective of this Statement is to improve consistency in accounting and financial reporting by addressing practice issues that have been identified during implementation and application of certain GASB Statements.

GASB issued Statement No. 86, '*Certain Debt Extinguishment Issues*'. The primary objective of this Statement is to improve consistency in accounting and financial reporting for certain debt extinguishments and to enhance the decision-usefulness of that information.

**PENDING GASB PRONOUNCEMENTS**

In November of 2016, the GASB issued Statement No. 83, '*Certain Asset Retirement Obligations*'. The primary objective of this Statement is to provide financial statement users with information about 'asset retirement obligations (ARO) that were not addressed in GASB Standards by establishing uniform accounting and financial reporting requirements for these obligations. The provisions of this Statement are effective for the School District's June 30, 2019 financial statements.

In January of 2017, the GASB issued Statement No. 84, '*Fiduciary Activities*'. The primary objective of this Statement is to enhance the consistency and comparability of fiduciary activity reporting by state and local governments. This Statement also is intended to improve the usefulness of fiduciary activity information primarily for assessing the accountability of governments in their roles as fiduciaries. The provisions of this Statement are effective for the School District's June 30, 2020 financial statements.

In June of 2017, the GASB issued Statement No. 87, '*Leases*'. The primary objective of this Statement is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases; enhancing the comparability of financial statements between governments; and also enhancing the relevance, reliability (representational faithfulness), and consistency of information about the leasing activities of governments. The provisions of this Statement are effective for the School District's June 30, 2021 financial statements.

**MONITEAU SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2018**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**PENDING GASB PRONOUNCEMENTS**

In March 9 of 2018, the GASB issued Statement No. 88, '*Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements*'. The primary objective of this Statement is to improve consistency in the information that is disclosed in notes to government financial statements related to debt, including direct borrowings and direct placements, and to provide financial statement users with additional essential information about debt. The provisions of this Statement are effective for the School District's June 30, 2019 financial statements.

In June of 2018, the GASB issued Statement No. 89, '*Accounting for Interest Cost Incurred before the end of a Construction Period*'. The primary objectives of this Statement are (a) to enhance the relevance and comparability of information about capital assets and the cost of borrowing for a reporting period and, (b) to simplify accounting for certain interest costs. The provisions of this Statement are effective for the School District's June 30, 2021 financial statements.

In August of 2018, the GASB issued Statement No. 90, '*Majority Equity Interests (an amendment of GASB Statements No. 14 and No. 61)*'. The primary objectives of this Statement are to improve consistency in the measurement and comparability of the financial statement presentation of majority equity interests in legally separate organizations and to improve the relevance of financial statement information for certain component units. The provisions of this Statement are effective for the School District's June 30, 2020 financial statements.

The effects of implementing the aforementioned GASB Statements on the School District's financial statements have not yet been determined.

**NOTE 2 - CASH DEPOSITS AND INVESTMENTS**

**CASH DEPOSITS:**

At June 30, 2018, the Moniteau School District had the following carrying values on its cash and cash equivalents accounts:

|                 | <b><u>BANK<br/>BALANCE</u></b> | <b><u>CARRYING<br/>VALUE</u></b> |
|-----------------|--------------------------------|----------------------------------|
| General Fund    | \$ 2,424,031                   | \$ 2,363,410                     |
| Enterprise Fund | 97,373                         | 97,255                           |
| Agency Fund     | 63,549                         | 63,376                           |
| <b>TOTAL</b>    | <b><u>\$ 2,584,953</u></b>     | <b><u>\$ 2,524,041</u></b>       |

The difference between the bank balance and carrying value represents year-end reconciling items such as deposits in transit and outstanding checks. The Federal Deposit Insurance Corporation (FDIC) coverage threshold for government accounts is \$250,000 per official custodian. This coverage includes checking and savings accounts, money market deposits accounts, and certificates of deposit.

**MONITEAU SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2018**

**NOTE 2 - CASH DEPOSITS AND INVESTMENTS (Continued)**

**CASH DEPOSITS: (Continued)**

**Custodial Credit Risk:**

Custodial credit risk is the risk that in the event of a bank failure, the District's deposits may not be returned to it. The District does not have a separate policy for custodial credit risk in addition to the requirements of State Law. As of June 30, 2018, \$2,334,953 of the District's bank balance total is exposed to custodial credit risk as this amount represents uninsured deposits collateralized with securities held by the pledging financial institution or by its trust department or agent, but not in the School District's name. In accordance with Act Number 72-1971 Session of the Commonwealth of Pennsylvania, the aforementioned deposits, in excess of \$250,000 are collateralized by securities pledged to a pooled public funds account with the Federal Reserve System.

**INVESTMENTS:**

The fair value and maturity term of the District's investment as of June 30, 2018 is as follows:

|                      | <u>Fair Value</u> | <u>No Stated<br/>Maturity</u> | <u>Credit Rating</u> |
|----------------------|-------------------|-------------------------------|----------------------|
| <b>Governmental:</b> |                   |                               |                      |
| PLGIT                | \$ 5,451,858      | \$ 5,451,858                  | AAAm                 |

The purpose of the Pennsylvania Local Government Investment Trust (PLGIT) is to enable governmental units to pool their available funds for investments authorized under the Intergovernmental Cooperation Act of 1972. The funds operate in a manner consistent with the SEC's Rule 2(a) 7 of the Investment Company Act of 1940. The funds use amortized cost to report net position to compute share prices. These funds maintain net asset values of \$1 per share. Accordingly, the fair value of the position in these funds is the same as the value of these shares. These funds are rated by nationally recognized statistical rating organization as shown above. PLGIT does not put any limitations or restrictions on withdrawals.

**Custodial Credit Risk:**

For an investment, custodial credit risk is the risk that in the event of failure of the counterparty, the District will not be able to recover the value of its investments or collateral security that are in the possession of an outside party. PLGIT has the characteristics of open-end mutual funds and is not exposed to custodial credit risk because its existence is not evidenced by securities that exist in physical or book entry form. These Trusts purchase only money market instruments of the type in which PA Local Governments are permitted to invest funds and comply with all regulations.

**Interest Rate Risk:**

Interest rate risk is the risk that changes in interest rates may adversely affect the value of the investments. The School District has a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.



**MONITEAU SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2018**

**NOTE 2 - CASH DEPOSITS AND INVESTMENTS (Continued)**

**INVESTMENTS: (Continued)**

**Credit Risk:**

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The School District's investments in authorized instruments that not backed by the full faith and credit of the federal or state government are limited to those with the highest two (2) credit ratings available for such instruments issued by the recognized organization.

**Concentration of Credit Risk:**

In order to limit the District's exposure to loss of principal due to market changes in interest rates, investments of this type shall be limited to not more than 10% of District funds available for investment on any single date.

**Fair Value Measurements:**

The Moniteau School District's investments are reported at fair value within the fair value hierarchy established by generally accepted accounting principles. GASB Statement No 72, *Fair Value Measurement and Application*, provides a framework for measuring fair value which establishes a three-level fair value hierarchy that prioritizes the inputs to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices for identical assets or liabilities (level 1 measurements) and the lowest priority to unobservable (level 3 measurements). The three levels of the fair value hierarchy are described below:

Level 1 – Observable inputs that reflect quoted prices for identical assets or liabilities in active markets such as stock quotes

Level 2 – Includes inputs other than level 1 inputs that are directly or indirectly observable in the marketplace such as yield curves or other market data

Level 3 – Unobservable inputs which reflect the reporting entity's assessment of the assumptions that market participants would use in pricing the asset or liability including assumptions about risk such as bid/ask spreads and liquidity discounts.

Investments held in external investment pools such as PLGIT are not subject to the provisions of fair value measurements as they are recorded at amortized cost.

**NOTE 3 - PROPERTY TAXES**

The Moniteau School District levies property taxes July 1 of each fiscal year. The tax millage assessment for the 2017-2018 fiscal year was 88.62 mills, which represents \$88.62 of revenue for every \$1,000 of assessed property value. Taxpayers are entitled to a 2% discount if taxes are paid prior to October 1. Collections beginning December 1 are assessed a 10% penalty. Unpaid taxes are submitted to the Butler County Tax Claim Bureau for collection. Tax collectors are required under Act 169 of the Commonwealth of Pennsylvania to submit a reconciliation of their tax duplicate to the District by January 15<sup>th</sup> of the year following levy. The final tax collector reconciliations reflected \$384,135 in unpaid 2017 property taxes, which represents 7.2% of the total assessed property taxes (\$5,355,955) for the current fiscal year.

**MONITEAU SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2018**

**NOTE 3 - PROPERTY TAXES (Continued)**

Taxes receivable as shown in the government-wide statement of net position includes property taxes of \$428,735 net of an allowance for doubtful accounts of \$8,750. Management estimates that, approximately 2% of delinquent property taxes receivable will be uncollectible based on past collection experience.

For purposes of the governmental fund financial statements, the above property taxes receivable includes \$325,354 of property taxes which although measurable, do not meet the available criteria to finance current fiscal year operations. Accordingly, this amount is equally off-set as a credit to deferred inflows of resources in the fund financial statements.

The effect of recognizing property tax revenue when taxes are levied, as opposed to when they are received using the 'measurable and available' criteria under the modified accrual basis of accounting, is reflected in the required reconciliations of fund balance to net position (Exhibit D) and the changes in fund balances to the changes in net position (Exhibit F).

Taxes receivable are comprised of the following at June 30, 2018:

|                                | <b>GOVERNMENT<br/>WIDE<br/>FINANCIAL<br/>STATEMENTS</b> | <b>FUND<br/>FINANCIAL<br/>STATEMENTS</b> |
|--------------------------------|---------------------------------------------------------|------------------------------------------|
| Delinquent Property Taxes, Net | \$ 428,735                                              | \$ 437,485                               |
| Wage Taxes and LST Taxes       | 7,998                                                   | 7,998                                    |
| Deed Transfer Taxes            | 16,116                                                  | 16,116                                   |
|                                | <u>\$ 452,849</u>                                       | <u>\$ 461,599</u>                        |

**NOTE 4 – DUE FROM OTHER GOVERNMENTS**

The amount of 'due from other governments', as reflected on the government-wide statement of net position and the governmental funds balance sheet, is comprised of the following:

|                                                |                     |
|------------------------------------------------|---------------------|
| Commonwealth of Pa. State Subsidies            | \$ 1,018,033        |
| Intermediate Unit Reimbursements               | 371,586             |
| Butler Area Vocational-Technical School Refund | 5,616               |
| Tuition/Transportation - Other LEA's           | 81,003              |
| Federal Subsidies                              | 7,872               |
|                                                | <u>\$ 1,484,110</u> |

**MONITEAU SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2018**

**NOTE 5 – OTHER RECEIVABLES**

The amount of 'other receivables', as reflected on the government-wide statement of net position and the governmental funds balance sheet, is comprised of other miscellaneous funds of \$127,271 due the School District at June 30, 2018.

**NOTE 6 – UNEARNED REVENUE**

Unearned revenue totaling \$3,721, as reflected on the governmental funds balance sheet (Exhibit C), is comprised of Early Retiree Reinsurance Program monies.

**NOTE 7 – INTER-FUND OBLIGATIONS AND TRANSFERS**

Inter-fund receivables and payables as reflected on the governmental funds balance sheet (Exhibit C) and the proprietary fund statement of net position (Exhibit H) are as follows:

|                   | <b>RECEIVABLE</b> | <b>PAYABLE</b> |
|-------------------|-------------------|----------------|
| General Fund      | \$ -              | \$ 1,143       |
| Food Service Fund | 1,143             | -              |
|                   | \$ 1,143          | \$ 1,143       |

Governmental type 'inter-fund' obligations have been eliminated in the government-wide statement of net position. Inter-fund obligations between governmental activities and business-type activities are shown net on the statement of net position as part of the line-item 'internal balances'. The School District transferred \$87,361 from the Cafeteria Fund to the General Fund for cafeteria expenses paid out of the General Fund.

**MONITEAU SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2018**

**NOTE 8 - CAPITAL ASSETS**

A summary of the governmental and business-type fixed asset activity for the 2017-2018 fiscal year was as follows:

|                                                     | <u>Balance<br/>7/1/2017</u> | <u>Additions</u>           | <u>Deductions</u>  | <u>Balance<br/>6/30/2018</u> |
|-----------------------------------------------------|-----------------------------|----------------------------|--------------------|------------------------------|
| <b>Governmental Activities</b>                      |                             |                            |                    |                              |
| Land                                                | \$ 14,882                   | \$ -                       | \$ -               | \$ 14,882                    |
| Site Improvements                                   | 1,467,224                   | 4,995                      | -                  | 1,472,219                    |
| Buildings and Improvements                          | 35,650,544                  | 116,597                    | -                  | 35,767,141                   |
| Furniture and Equipment                             | 2,579,553                   | 194,703                    | -                  | 2,774,256                    |
|                                                     | <u>\$ 39,712,203</u>        | <u>\$ 316,295</u>          | <u>\$ -</u>        | <u>\$ 40,028,498</u>         |
| <b>Less: Accumulated Depreciation</b>               |                             |                            |                    |                              |
| Site Improvements                                   | \$ (521,484)                | \$ (39,515)                | \$ -               | \$ (560,999)                 |
| Building and Improvements                           | (14,279,261)                | (846,933)                  | -                  | (15,126,194)                 |
| Furniture and Equipment                             | (1,916,961)                 | (174,145)                  | -                  | (2,091,106)                  |
|                                                     | <u>\$ (16,717,706)</u>      | <u>\$ (1,060,593)</u>      | <u>\$ -</u>        | <u>\$ (17,778,299)</u>       |
| <b>Governmental Activities Capital Assets, Net</b>  | <u><b>\$ 22,994,497</b></u> | <u><b>\$ (744,298)</b></u> | <u><b>\$ -</b></u> | <u><b>\$ 22,250,199</b></u>  |
| <br>                                                |                             |                            |                    |                              |
|                                                     | <u>Balance<br/>7/1/2017</u> | <u>Additions</u>           | <u>Deductions</u>  | <u>Balance<br/>6/30/2018</u> |
| <b>Business-Type Activities</b>                     |                             |                            |                    |                              |
| Furniture and Equipment                             | \$ 72,571                   | \$ 4,584                   | \$ -               | \$ 77,155                    |
| Less: Accumulated Depreciation                      | (72,571)                    | (458)                      | -                  | (73,029)                     |
| <b>Business-Type Activities Capital Assets, Net</b> | <u><b>\$ -</b></u>          | <u><b>\$ 4,126</b></u>     | <u><b>\$ -</b></u> | <u><b>\$ 4,126</b></u>       |

Depreciation expense was charged to governmental functions as follows:

|                                               |                     |
|-----------------------------------------------|---------------------|
| Instruction                                   | \$ 722,222          |
| Instructional Student Support                 | 103,334             |
| Administrative and Financial Support Services | 120,059             |
| Operation and Maintenance of Plant Services   | 88,485              |
| Transportation                                | 2,789               |
| Student Activities                            | 23,704              |
|                                               | <u>\$ 1,060,593</u> |

**MONITEAU SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2018**

**NOTE 9 - LONG-TERM LIABILITIES**

**GENERAL OBLIGATION BONDS – SERIES A OF 2010**

On June 24, 2010, the Moniteau School District issued General Obligation Bonds – Series A of 2010 in the amount of \$4,575,000. The purpose of General Obligation Bonds, Series A of 2010 was to currently refund a portion of the School District’s General Obligation Bonds, Series of 2005 and to pay all costs of the issuance of the bonds. The bonds were issued in denominations of \$5,000 with interest payable on March 1 and September 1 each year through maturity. Interest rates on Series A range between 2.0 and 3.4% with the bonds scheduled to mature on September 1, 2020. The bonds provide for early redemption options as detailed in the official statement of issue.

**GENERAL OBLIGATION BONDS - SERIES OF 2015**

On January 26, 2015, the Moniteau School District issued General Obligation Bonds – Series of 2015 in the amount of \$7,955,000. The purpose of the bond issue was to refund, on a current refunding basis, a portion of the School District’s General Obligation Bonds, Series C of 2010 and to pay all costs of the issuance of the bonds. The bonds were issued in denominations of \$5,000 with interest payable on March 1 and September 1 each year through maturity. Interest rates on the bonds range between .4 and 2.375% with the bonds scheduled to mature on March 1, 2026. The bonds provide for early redemption options as detailed in the official statement of issue.

A summary of the Moniteau School District's general obligation bonds outstanding at June 30, 2018 is as follows:

| <b>YEAR END<br/>JUNE 30,</b> | <b>2010 A<br/>PRINCIPAL</b> | <b>2015<br/>PRINCIPAL</b>  | <b>TOTAL<br/>INTEREST</b> | <b>TOTAL<br/>GENERAL<br/>OBLIGATION<br/>BONDS</b> |
|------------------------------|-----------------------------|----------------------------|---------------------------|---------------------------------------------------|
| 2019                         | \$ 505,000                  | \$ 460,000                 | 191,897                   | \$ 1,156,897                                      |
| 2020                         | 520,000                     | 470,000                    | 166,546                   | 1,156,546                                         |
| 2021                         | 535,000                     | 485,000                    | 139,601                   | 1,159,601                                         |
| 2022                         | -                           | 1,090,000                  | 120,806                   | 1,210,806                                         |
| 2023                         | -                           | 1,110,000                  | 99,006                    | 1,209,006                                         |
| 2024-2026                    | -                           | 3,475,000                  | 157,744                   | 3,632,744                                         |
|                              | <b><u>\$ 1,560,000</u></b>  | <b><u>\$ 7,090,000</u></b> | <b><u>\$ 875,600</u></b>  | <b><u>\$ 9,525,600</u></b>                        |

In connection with the School District's various general obligation bond issues, the District paid approximately \$54,346 in bond discounts. These costs are being amortized on a straight-line basis over the life of the bond issue. The unamortized amount of bond discount totaling \$31,840 is reflected as a component of 'Bonds Payable – Long-Term Portion (Net)' in the governmental activities column on the government-wide statement of net position. Amortization expense for the year ended June 30, 2018 was \$4,152. This amount was charged to the 'Interest on Long-Term Debt' expense category in the statement of activities.

**MONITEAU SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2018**

**NOTE 9 - LONG-TERM LIABILITIES (Continued)**

In connection with the General Obligation Bond Issue - Refunding Series of 2010 the School District entered into irrevocable trust agreements with J.P. Morgan Trust Company to purchase U.S. Government Securities in an amount sufficient to fully service the defeased Series of 2001 Obligation Bond Issue debt as they mature or are called. For financial reporting purposes, these bonds are considered defeased and therefore removed as a liability from the District's financial statements.

The difference between the District's defeased debt and the reacquisition price (amount deposited with escrow agent for refunding purposes) totaling \$220,318, is considered 'deferred interest' and is being amortized over the life of the new bond issue. The remaining amount of deferred interest on refunding totaling \$31,302 is reflected as a component of 'Deferred Outflows of Resources' in the governmental activities column on the government-wide statement of net position. Total amortization of \$14,447 for 2017-2018 was charged to the 'Interest on Long-Term Debt' expense category in the statement of activities.

**LEASE RENTAL DEBT - BUTLER COUNTY AREA VOCATIONAL  
 TECHNICAL SCHOOL AUTHORITY**

In December of 2015, the Butler County Area Vocational Technical School Authority issued School Lease Revenue Bonds, Series of 2015 in the amount of \$7,735,000 for the purpose of 1) currently refunding all of the outstanding School Lease Revenue Bonds, Series of 2010 in the aggregate amount of \$7,250,000, and 2) to pay costs and expenses related to the issuance of the bonds. The Moniteau School District, along with five other school districts, guaranteed the payment of this note by authorizing the incurrence of lease rental debt. At June 30, 2018, the Moniteau School District's share of the total balance is \$636,853 which is 8.73% of the School Lease Revenue Bonds.

A summary of the Moniteau School District's lease rental debt outstanding at June 30, 2018 is as follows:

| <b><u>YEAR END</u></b><br><b><u>JUNE 30,</u></b> | <b><u>PRINCIPAL</u></b>  | <b><u>INTEREST</u></b>   | <b><u>TOTAL</u></b>      |
|--------------------------------------------------|--------------------------|--------------------------|--------------------------|
| 2019                                             | \$ 21,825                | \$ 19,712                | \$ 41,537                |
| 2020                                             | 22,262                   | 19,276                   | 41,538                   |
| 2021                                             | 22,262                   | 18,830                   | 41,092                   |
| 2022                                             | 23,135                   | 18,386                   | 41,521                   |
| 2023                                             | 23,571                   | 17,922                   | 41,493                   |
| 2024-2028                                        | 126,151                  | 80,728                   | 206,879                  |
| 2029-2033                                        | 145,793                  | 60,554                   | 206,347                  |
| 2034-2038                                        | 173,727                  | 33,406                   | 207,133                  |
| 2039-2040                                        | 78,127                   | 4,272                    | 82,399                   |
|                                                  | <b><u>\$ 636,853</u></b> | <b><u>\$ 273,086</u></b> | <b><u>\$ 909,939</u></b> |

**MONITEAU SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2018**

**NOTE 9 - LONG-TERM LIABILITIES (Continued)**

The following represents the changes in the district's long-term liabilities during the 2017-2018 fiscal year:

|                          | <b>Balance</b><br><b>7/1/2017</b> | <b>Additions</b> | <b>Reductions</b>   | <b>Balance</b><br><b>6/30/2018</b> | <b>Due Within</b><br><b>One Year</b> |
|--------------------------|-----------------------------------|------------------|---------------------|------------------------------------|--------------------------------------|
| General Obligation Bonds | \$ 9,580,000                      | \$ -             | \$ 930,000          | \$ 8,650,000                       | \$ 965,000                           |
| Compensated Absences     | 227,038                           | 60,068           | 14,791              | 272,315                            | -                                    |
| Net Pension Liability    | 29,883,000                        | -                | 398,000             | 29,485,000                         | -                                    |
| Net OPEB Liability       | 8,513,743                         | -                | 199,973             | 8,313,770                          | -                                    |
|                          | <u>\$ 48,203,781</u>              | <u>\$ 60,068</u> | <u>\$ 1,542,764</u> | <u>\$ 46,721,085</u>               | <u>\$ 965,000</u>                    |

**NOTE 10 – PENSION PLAN**

The Moniteau School District participates in the Public School Employees' Retirement System (PSERS). PSERS is a component unit of the Commonwealth of Pennsylvania. A brief description of the plan, and summary of the plan's provisions, are as follows:

**Plan Description**

PSERS is a governmental cost-sharing multiple-employer defined-benefit plan that provides retirement benefits to public school employees of the Commonwealth of Pennsylvania. The members eligible to participate in the System include all full-time public school employees, part-time hourly public school employees who render at least 500 hours of service in the school year, and part-time per diem public school employees who render at least 80 days of service in the school year in any of the reporting entities in Pennsylvania. PSERS issues a publicly available financial report that can be obtained at [www.psers.state.pa.us](http://www.psers.state.pa.us).

**Benefits Provided**

PSERS provides retirement, disability, and death benefits. Members are eligible for monthly retirement benefits upon reaching (a) age 62 with a least 1 year of credited service; (b) age 60 with 30 or more years of credited service; or (c) 35 or more years of service regardless of age. Act 120 of 2010 (Act 120) preserves the benefits of existing members and introduced benefit reductions for individuals who become new members on or after July 1, 2011. Act 120 created two new membership classes, Membership Class T-E (Class T-E) and Membership Class T-F (Class T-F). To qualify for normal retirement, Class T-E and Class T-F members must work until age 65 with a minimum of three years of service or attain a total combination of age and service that is equal to or greater than ninety-two with a minimum of thirty-five years of service. Benefits are generally equal to 2% or 2.5%, depending upon membership class, of the member's final average salary (as defined in the Code) multiplied by the number of years of credited service.



**MONITEAU SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2018**

**NOTE 10 - PENSION PLAN (Continued)**

**Benefits Provided (Continued)**

For members whose membership started prior to July 1, 2011, after completion of five years of service, a member's right to the defined benefits is vested and early retirement benefits may be elected. For Class T-E and Class T-F members, the right to benefits is vested after ten years of service.

Participants are eligible for disability retirement benefits after completion of five years of credited service. Such benefits are generally equal to 2% or 2.5%, depending upon membership class, of the member's final average salary (as defined in the Code) multiplied by the number of years of credited service, but not less than one-third of such salary nor greater than the benefit the member would have had at normal retirement age. Members over normal retirement age may apply for disability benefits.

Death benefits are payable upon the death of an active member who has reached age 62 with at least one year of credited service (age 65 with at least three years of credited service for Class T-E and Class T-F members) or who has at least five years of credited service (ten years for Class T-E and Class T-F members). Such benefits are actuarially equivalent to the benefit that would have been effective if the member had retired on the day before death.

**Contribution Rates**

**Member Contributions** - Active members who joined the System prior to July 22, 1983, contribute at 5.25% (Membership Class TC) or at 6.5% (Membership Class TD) of the member's qualifying compensation. Members who joined the System on or after July 22, 1983 and who were active or inactive as of July 1, 2001, contribute 6.25% (Membership Class TC) or at 7.5% (Membership Class TD) of the members qualifying compensation. Members who joined the System after June 30, 2001 and before June 1, 2011, contribute at 7.5% (automatic Membership Class TD). For all new hires and for members who elected Class T-D membership, the higher contribution rates began with service rendered on or after January 1, 2002. Members who joined the System after June 30, 2011 automatically contribute at the Membership Class T-E rate of 7.5% (base rate) of the member's qualifying compensation. All new hires after June 30, 2011, who elect Class T-F membership, contribute at 10.30% (base rate) of the member's qualifying compensation. Membership Class T-E and Class T-F are affected by a 'shared risk' provision in Act 120 of 2010 that in future years could cause the Membership Class T-E contribution rate to fluctuate between 7.50% and 9.50% and Membership Class T-F contribution rate to fluctuate between 10.3% and 12.30%.

**Employer Contributions** - Contributions required of employers are based upon an actuarial valuation. For fiscal year ended June 30, 2018, the rate of employer's contribution was 31.74% of covered payroll, actuarially determined as an amount that, when combined with employee contributions, is expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Per the PSERS Retirement Code, the Commonwealth is required to contribute 50% of the above stated contribution rate directly to PSERS on behalf of the employer. Contributions to the pension plan from the employer were \$2,607,378 for the year ended June 30, 2018.

**MONITEAU SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2018**

**NOTE 10 - PENSION PLAN (Continued)**

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

At June 30, 2018, the School District reported a liability of \$29,485,000 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2017, and the total pension liability used to calculate the net pension liability was determined by rolling forward the System's total pension liability as of June 30, 2016 to June 30, 2017. The School District's proportion of the net pension liability was calculated utilizing the employer's one-year reported covered payroll as it relates to the total one-year reported covered payroll. At June 30, 2017, the School District's proportion was .0597% which was a decrease of .0006% from its proportion measured as of June 30, 2016.

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

For the year ended June 30, 2018, the School District recognized pension expense of \$3,264,363. At June 30, 2018, the School District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

|                                                                 | <u>Deferred Outflows<br/>of Resources</u> | <u>Deferred Inflows<br/>of Resources</u> |
|-----------------------------------------------------------------|-------------------------------------------|------------------------------------------|
| Difference between expected and actual experience               | \$ 308,000                                | \$ 178,000                               |
| Changes in assumptions                                          | 801,000                                   | -                                        |
| Net difference between projected and actual investment earnings | 683,000                                   | -                                        |
| Changes in proportions                                          | 527,000                                   | 218,000                                  |
| Contributions subsequent to the measurement date                | 2,607,378                                 | -                                        |
|                                                                 | <u>\$ 4,927,378</u>                       | <u>\$ 396,000</u>                        |

The \$4,927,378 reported as deferred outflows of resources related to pensions resulting from School District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2018.

**MONITEAU SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2018**

**NOTE 10 - PENSION PLAN (Continued)**

Other amounts reported as deferred inflows/outflows of resources related to pensions will be recognized in pension expense as follows:

| Measurement<br>Date<br>Year ended<br>June 30, | Reporting<br>Date<br>Year ended<br>June 30, | Amount     |
|-----------------------------------------------|---------------------------------------------|------------|
| 2018                                          | 2019                                        | \$ 576,000 |
| 2019                                          | 2020                                        | 904,000    |
| 2020                                          | 2021                                        | 593,000    |
| 2021                                          | 2022                                        | (149,000)  |

The total pension liability as of June 30, 2017 was determined by rolling forward the System's total pension liability as of the June 30, 2016 to June 30, 2017 using the following actuarial assumptions, applied to all periods included in the measurement:

- Actuarial cost method – Entry Age Normal – level % of pay
- Investment return – 7.25%, includes inflation at 2.75%
- Salary growth – Effective average of 5.00%, comprised of inflation of 2.75% and 2.25% for real wage growth and for merit or seniority increases
- Mortality rates were based on the RP-2014 Mortality Tables for Males and Females, adjusted to reflect PSERS' experience and projected using a modified version of the MP-2015 Mortality Improvement Scale

**Investment Asset Allocation**

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan 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.

The pension plan's policy in regard to the allocation of invested plan assets is established and may be amended by the Board. Plan assets are managed with a long-term objective of achieving and maintaining a fully funded status for the benefits provided through the pension.

**MONITEAU SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2018**

**NOTE 10 - PENSION PLAN (Continued)**

| <u>Asset Class</u>      | <u>Target<br/>Allocation</u> | <u>Long-Term<br/>Expected Real<br/>Rate of Return</u> |
|-------------------------|------------------------------|-------------------------------------------------------|
| Global public equity    | 20.0%                        | 5.10%                                                 |
| Fixed Income            | 36.0%                        | 2.60%                                                 |
| Commodities             | 8.0%                         | 3.00%                                                 |
| Absolute return         | 10.0%                        | 3.40%                                                 |
| Risk parity             | 10.0%                        | 3.80%                                                 |
| Infrastructure/MLP's    | 8.0%                         | 4.80%                                                 |
| Real estate             | 10.0%                        | 3.60%                                                 |
| Alternative investments | 15.0%                        | 6.20%                                                 |
| Cash                    | 3.0%                         | 0.60%                                                 |
| Financing (LIBOR)       | -20.0%                       | 1.10%                                                 |
|                         | <u>100%</u>                  |                                                       |

The above was the Board's adopted asset allocation policy and best estimates of geometric real rates of return for each major asset class as of June 30, 2017.

**Discount Rate**

The discount rate used to measure the total pension liability was 7.25%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current contribution rate and that contributions from employers will be made at contractually required rates, actuarially determined. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

**Sensitivity of the School's proportionate share of the net pension liability to changes in the discount rate**

The following presents the net pension liability, calculated using the discount rate of 7.25%, as well as what the net pension liability would be if it were calculated using a discount rate that is 1-percentage point lower (6.25%) or 1-percentage-point higher (8.25%) than the current rate:

|                                                                    | <u>1%<br/>Decrease<br/>6.25%</u> | <u>Current<br/>Discount<br/>Rate<br/>7.25%</u> | <u>1%<br/>Increase<br/>8.25%</u> |
|--------------------------------------------------------------------|----------------------------------|------------------------------------------------|----------------------------------|
| School District's proportionate share of the net pension liability | <u>\$ 36,293,000</u>             | <u>\$ 29,485,000</u>                           | <u>\$ 23,737,000</u>             |

**Pension plan fiduciary net position**

Detailed information about PSERS' fiduciary net position is available in PSERS Comprehensive Annual Financial Report which can be found on the System's website at [www.psers.pa.gov](http://www.psers.pa.gov).

**MONITEAU SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2018**

**NOTE 11 - POSTEMPLOYMENT BENEFITS OTHER THAN PENSION**

**PSERS – HEALTH INSURANCE PREMIUM ASSISTANCE PROGRAM**

**General Information about the Health Insurance Premium Assistance Program**

PSERS provides Premium Assistance which, is a governmental cost sharing, multiple-employer other postemployment benefit plan (OPEB) for all eligible retirees who qualify and elect to participate. Employer contribution rates for Premium Assistance are established to provide reserves in the Health Insurance Account that are sufficient for the payment of Premium Assistance benefits for each succeeding year. This Premium Assistance program became effective January 1, 2002 under the provisions of Act 9 of 2001.

**Premium Assistance Eligibility Criteria**

Retirees of the System (PSERS) can participate in the Premium Assistance program if they satisfy the following criteria:

- Have 24 ½ or more years of service, or
- Are a disability retiree, or
- Have 15 or more years of service and retired after reaching superannuation age, and
- Participate in the HOP or employer-sponsored health insurance program

**Plan Description**

Moniteau School District employees participate in the PSERS – Health Insurance Premium Assistance program, which is a governmental cost sharing, multiple-employer other postemployment benefit plan (OPEB) for all eligible retirees who qualify and elect to participate. The members eligible to participate in the System include all full-time public-school employees, part-time hourly public school employees who render at least 500 hours of service in the school year, and part-time per diem public school employees who render at least 80 days of service in the school year in any of the reporting entities in Pennsylvania. PSERS issues a publicly available financial report that can be obtained at [www.psers.state.pa.us](http://www.psers.state.pa.us).

**Benefits Provided**

Participating eligible retirees are entitled to receive premium assistance payments equal to the lesser of \$100 per month or their out-of-pocket monthly health insurance premium. To receive premium assistance eligible retirees must obtain their health insurance coverage through either their school employer or PSER's Health Option Program. As of June 30, 2017, there were no assumed future benefit increases to participating eligible retirees.

**Contributions**

The District's contractually required contribution for the fiscal year ended June 30, 2018 was 0.83% of covered payroll, actuarially determined as an amount that, when combined with employee contributions, is expected to finance any unfunded accrued liability. During the 2017-2018 fiscal year, the Moniteau School District contributed \$68,183 to the premium assistance program.

**MONITEAU SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2018**

**NOTE 11 – POSTEMPLOYMENT BENEFITS OTHER THAN PENSION (Continued)**

**PSERS – HEALTH INSURANCE PREMIUM ASSISTANCE PROGRAM (Continued)**

**OPEB Liability, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB**

At June 30, 2018, the District reported a liability of \$1,216,000 for its proportionate share of the net OPEB liability. The net OPEB liability was measured as of June 30, 2017, and the total OPEB liability used to calculate the net OPEB liability was determined by rolling forward the System's total OPEB liability as of June 30, 2016 to June 30, 2017. The District's proportion of the net OPEB liability was calculated utilizing the employer's one-year reported covered payroll as it relates to the total one-year reported covered payroll. At June 30, 2017, the School District's proportion was .0597%, which was a decrease of .0006% from its proportion measured as of June 30, 2016.

For the year ended June 30, 2018, Moniteau School District recognized OPEB expense of \$49,288. At June 30, 2018, the District report deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

|                                                             | <b>Deferred Outflows<br/>of Resources</b> | <b>Deferred Inflows<br/>of Resources</b> |
|-------------------------------------------------------------|-------------------------------------------|------------------------------------------|
| Difference between projected and actual investment earnings | \$ 1,000                                  | \$ -                                     |
| Changes in proportions                                      | -                                         | 11,000                                   |
| Changes in assumptions                                      | -                                         | 57,000                                   |
| Contributions subsequent to the measurement date            | 68,183                                    | -                                        |
|                                                             | <b>\$ 69,183</b>                          | <b>\$ 68,000</b>                         |

The \$68,183 reported as deferred outflows of resources related to OPEB resulted from District contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability for the measurement year ended June 30, 2018.

**MONITEAU SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2018**

**NOTE 11 - POSTEMPLOYMENT BENEFITS OTHER THAN PENSION (Continued)**

**PSERS – HEALTH INSURANCE PREMIUM ASSISTANCE PROGRAM (Continued)**

Other amounts reported as deferred inflows/outflows of resources related to OPEB will be recognized in OPEB expense as follows:

| Measurement<br>Date<br>Year ended<br>June 30, | Reporting<br>Date<br>Year ended<br>June 30, | Amortization<br>Amount |
|-----------------------------------------------|---------------------------------------------|------------------------|
| 2018                                          | 2019                                        | \$ (11,000)            |
| 2019                                          | 2020                                        | (11,000)               |
| 2020                                          | 2021                                        | (11,000)               |
| 2021                                          | 2022                                        | (11,000)               |
| 2022                                          | 2023                                        | (11,000)               |
| Thereafter                                    | Thereafter                                  | (12,000)               |

**Actuarial Assumptions**

The Total OPEB liability as of June 30, 2017, was determined by rolling forward the System's Total OPEB Liability as of June 30, 2016 to June 30, 2017 using the following actuarial assumptions, applied to all periods included in the measurement:

- Actuarial Cost Method – Entry Age Normal – level % of pay
- Investment Return – 3.13% based on the S&P 20 Year Municipal Bond Rate.
- Salary Increases – Effective average of 5.00%, comprised of inflation of 2.75% and 2.25% for real wage growth and for merit or seniority increases.
- Premium Assistance reimbursement is capped at \$1,200 per year.
- Assumed Healthcare cost trends were applied to retirees with less than \$1,200 in premium assistance per year.
- Participation rate – Eligible retirees will elect to participate Pre-age 65 at 50% and Post Age 65 at 70%
- Mortality rates were based on the RP-2014 Mortality Tables for Males and Females, adjusted to reflect PSERS' experience and projected using a modified version of the MP-2015 Mortality Improvement Scale.

The following assumptions were used to determine the contribution rate:

- The results of the actuarial valuation as of June 30, 2015 determined the employer contribution rate for fiscal year 2017.
- Cost Method: Amount necessary to assure solvency of Premium Assistance through the third fiscal year after the valuation date.
- Asset Valuation method: Market Value
- Participate Rate: 63% of eligible retirees are assumed to elect premium assistance.



**MONITEAU SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2018**

**NOTE 11 - POSTEMPLOYMENT BENEFITS OTHER THAN PENSION (Continued)**

**PSERS – HEALTH INSURANCE PREMIUM ASSISTANCE PROGRAM (Continued)**

**Actuarial Assumptions (Continued)**

- Mortality rates and retirement ages were based on the RP-2000 Combined Healthy Annuitant Tables with age set back 3 for both males and females for healthy annuitants and for dependent beneficiaries. For disabled annuitants, the RP-2000 Combined Disabled Tables with age set back 7 years for males and 3 years for females for disabled annuitants. (A unisex table based on the RP-2000 Combined Healthy Annuitant with age set back 3 years for both genders assuming the population consists of 25% males and 75% females is used to determine actuarial equivalent benefits.)

**Investment Asset Allocation**

Investments consist primarily of short-term assets designed to protect the principal of plan assets. The expected rate of return on OPEB plan investments was determined using the OPEB asset allocation policy and best estimates of geometric real rates of return for each asset class.

The OPEB plan's policy in regard to the allocation of invested plan assets is established and may be amended by the Board. Under the program, as defined in the retirement code, employer contribution rates for Premium Assistance are established to provide reserves in the Health Insurance Account that are sufficient for the payment of Premium Assistance benefits for each succeeding year.

| <u>Asset Class</u> | <u>Target<br/>Allocation</u> | <u>Long-Term<br/>Expected Real<br/>Rate of Return</u> |
|--------------------|------------------------------|-------------------------------------------------------|
| Cash               | 76.4%                        | 0.60%                                                 |
| Fixed Income       | 23.6%                        | 1.50%                                                 |
|                    | 100%                         |                                                       |

For the year ended June 30, 2017, the annual money-weighted rate of return on OPEB plan investments, net of OPEB plan investment expense, was 0.90%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

The above was the Board's adopted asset allocation policy and best estimates of geometric real rates of return for each major asset class as of June 30, 2017.

**MONITEAU SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2018**

**NOTE 11 - POSTEMPLOYMENT BENEFITS OTHER THAN PENSION (Continued)**

**PSERS – HEALTH INSURANCE PREMIUM ASSISTANCE PROGRAM (Continued)**

**Discount Rate**

The discount rate used to measure the Total OPEB Liability was 3.13%. Under the plan's funding policy, contributions are structured for short term funding of Premium Assistance. The funding policy sets contribution rates necessary to assure solvency of Premium Assistance through the third fiscal year after the actuarial valuation date. The Premium Assistance account is funded to establish reserves that are sufficient for the payment of Premium Assistance benefits for each succeeding year. Due to the short-term funding policy, the OPEB plan's fiduciary net position was not projected to be sufficient to meet projected future benefit payments, therefore the plan is considered a "pay-as-you-go" plan. A discount rate of 3.13% which represents the S&P 20-year Municipal Bond Rate at June 30, 2017, was applied to all projected benefit payments to measure the total OPEB liability.

**Sensitivity of the Net OPEB liability to changes in the Discount Rate**

The following presents the net OPEB liability, calculated using the discount rate of 3.13%, as well as what the net OPEB liability would be if it were calculated using a discount rate that is 1-percentage point lower (2.13%) or 1-percentage-point higher (4.13%) than the current rate:

|                    | <b>1%<br/>Decrease<br/>2.13%</b> | <b>Current Discount<br/>Rate<br/>3.13%</b> | <b>1%<br/>Increase<br/>4.13%</b> |
|--------------------|----------------------------------|--------------------------------------------|----------------------------------|
| Net OPEB Liability | \$ 1,383,000                     | \$ 1,216,000                               | \$ 1,078,000                     |

**Sensitivity of the Net OPEB liability to changes in the Healthcare Cost Trend Rates**

The following presents the net OPEB liability of the District, 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 rate:

|                    | <b>1%<br/>Decrease</b> | <b>Current<br/>Trend<br/>Rates</b> | <b>1%<br/>Increase</b> |
|--------------------|------------------------|------------------------------------|------------------------|
| Net OPEB Liability | \$ 1,216,000           | \$ 1,216,000                       | \$ 1,217,000           |

**OPEB plan fiduciary net position**

Detailed information about PSERS' fiduciary net position is available in PSERS Comprehensive Annual Financial Report which can be found on the System's website at [www.psers.pa.gov](http://www.psers.pa.gov).

**MONITEAU SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2018**

**NOTE 11 - POSTEMPLOYMENT BENEFITS OTHER THAN PENSION (Continued)**

**DISTRICT- POST-RETIREMENT HEALTHCARE BENEFIT PLAN**

The Moniteau School District provides post-retirement healthcare benefits, in addition to those described in Note 10, for employees who elected early retirement under prior and current collective bargaining agreements. The early retirement program was established by the authority of The Moniteau School District Board of Education.

The collective bargaining agreement between the District and the Moniteau Education Association (MEA) during the period July 1, 1995 through June 30, 2000 entitles eligible employees to health insurance, prescription and dental benefits to age 65. During the term of the current collective bargaining agreement (July 1, 2010 to June 30, 2014), eligible employees with twenty (20) years of employment as defined by the PSERS (Note 10), ten (10) of which are with the Moniteau School District, are entitled to choose between a cash incentive payment or health care benefits.

The cash incentive payment is in lieu of health care benefits and is calculated based on a formula as described in the agreement. As an alternative option to the cash incentive payment, eligible retired employees and their spouses can elect to receive ten (10) years of managed health care coverage through the District.

The plan is unfunded and does not issue a publicly available financial report. These benefits are accounted for in accordance with GASB Statement No. 75, Accounting and Financial Reporting by Employers for Post-employment Benefits Other Than Pensions.

**FUNDING POLICY**

The contribution requirements of plan members and the School District are established and may be amended by the Moniteau Board of Education. The plan is funded on a pay-as-you-go basis, i.e. premiums are paid to fund the health care benefits provided to current retirees. There are no assets that have been segregated and restricted to provide for retiree medical benefits. During the 2017-2018 fiscal year, the Moniteau School District paid premiums of approximately \$598,109 for 38 participants. Total retiree contributions made by plan members were \$54,086 for the year ended June 30, 2018.

**Participant Data and Total OPEB Liability**

The District's total OPEB liability of \$7,097,770 was measured as of July 1, 2017, and was determined by an actuarial valuation performed as of July 1, 2016. As the District's OPEB Plan is unfunded, the total OPEB liability is equal to the net OPEB liability. The July 1, 2016 valuation reflected the following participant data and corresponding total OPEB liability:

|                  | <b>PARTICIPANT<br/>DATA</b> |
|------------------|-----------------------------|
| Active employees | 156                         |
| Retirees         | 43                          |
| Total            | 199                         |

**MONITEAU SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2018**

**NOTE 11 - POSTEMPLOYMENT BENEFITS OTHER THAN PENSION (Continued)**

**DISTRICT- POST-RETIREMENT HEALTHCARE BENEFIT PLAN (Continued)**

**OPEB Liability, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB**

The District's total OPEB liability of \$7,097,770 was measured as of July 1, 2017, and was determined by an actuarial valuation performed as of July 1, 2016. The July 1, 2016 valuation reflected the following change in total OPEB liability:

|                                                    |           |                         |
|----------------------------------------------------|-----------|-------------------------|
| Balance at July 1, 2016                            | \$        | 7,226,262               |
| Changes for the year:                              |           |                         |
| Service cost                                       |           | 461,676                 |
| Interest                                           |           | 181,921                 |
| Changes of benefit terms                           |           | -                       |
| Differences between expected and actual experience |           | -                       |
| Changes in assumptions or other inputs *           |           | (67,157)                |
| Benefit payments                                   |           | (704,932)               |
| Net Changes                                        |           | <u>(128,492)</u>        |
| Balance at June 30, 2017                           | <b>\$</b> | <b><u>7,097,770</u></b> |

For the year ended June 30, 2018, Moniteau School District recognized OPEB expense of -\$120,017. At June 30, 2018, the District report deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

|                                                                | <u>Deferred Outflows<br/>of Resources</u> | <u>Deferred Inflows<br/>of Resources</u> |
|----------------------------------------------------------------|-------------------------------------------|------------------------------------------|
| Benefit Payments subsequent to the Measurement Date - (7/1/17) | \$ 651,625                                | \$ -                                     |
| Changes in assumptions                                         | -                                         | 61,991                                   |
|                                                                | <u>\$ 651,625</u>                         | <u>\$ 61,991</u>                         |

The \$651,625 amount reported as deferred outflows of resources related to OPEB resulted from the District's contributions subsequent to the measurement date will be recognized as a reduction in the net OPEB liability for the measurement year ended June 30, 2018

**MONITEAU SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2018**

**NOTE 11 - POSTEMPLOYMENT BENEFITS OTHER THAN PENSION (Continued)**

**DISTRICT- POST-RETIREMENT HEALTHCARE BENEFIT PLAN (Continued)**

**OPEB Liability, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB (Continued)**

The amount reported as deferred inflows/outflows of resources related to OPEB will be recognized in OPEB expense as follows:

| Measurement<br>Date<br>Year ended<br>June 30, | Reporting<br>Date<br>Year ended<br>June 30, | Amortization<br>Amount |
|-----------------------------------------------|---------------------------------------------|------------------------|
| 2018                                          | 2019                                        | \$ (5,166)             |
| 2019                                          | 2020                                        | (5,166)                |
| 2020                                          | 2021                                        | (5,166)                |
| 2021                                          | 2022                                        | (5,166)                |
| 2022                                          | 2023                                        | (5,166)                |
| Thereafter                                    | Thereafter                                  | (36,161)               |

**Actuarial Assumptions and Other Inputs to Calculate the Total OPEB Liability**

- Discount rate – 3.13% based on S & P Municipal Bond 20 Year High Grade Rate Index at 7/1/17.
- Salary increases – An assumption for salary increases is used only for spreading contributions over future pay under the entry age normal cost method. For this purpose, salary increases are composed of a 2.5% cost of living adjustment, 1% real wage growth, and for teachers and administrators a merit increase which varies by age from 2.75 to 0%.
- Withdrawal – Rates of withdrawal vary by age, gender and years of service. Rates for new employees start at 22.9% for both men and women and decrease with age and service.
- Mortality – Separate rates are assumed preretirement and postretirement using the rates assumed in the PSERS defined benefit pension plan actuarial valuation.
- Disability – No disability assumed.
- Retirement – Assumed retirement rates are based on PSERS plan experience and vary by age, service and gender.
- Percent of eligible retirees electing coverage in plan – 100% of retirees who receive a subsidy are assumed to elect coverage. 10% of retirees who never receive a subsidy are assumed to elect coverage
- Percent married at retirement – 90% of employees are assumed to be married and have a spouse covered by the plan at retirement. Non-spouse dependents are deemed to be immaterial.
- Spouse age – Wives are assumed to be two years younger than their husbands.

**MONITEAU SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2018**

**NOTE 11 - POSTEMPLOYMENT BENEFITS OTHER THAN PENSION (Continued)**

**DISTRICT- POST-RETIREMENT HEALTHCARE BENEFIT PLAN (Continued)**

**Actuarial Assumptions: (Continued)**

- Per capita claims cost – making use of weighted averages for various plan design, the per capita claims cost for medical and prescription drug is based on the expected portion of the group’s overall cost attributed to individuals in the specified age and gender brackets. Dental and vision costs are assumed to not vary with age or gender.
- Retiree contributions – retiree contributions are assumed to increase at the same rate as the Health Care Cost Trend Rates.
- Health Care Cost Trend Rate – 6.0% in 2017, and 5.5% in 2018 through 2023. Rates gradually decrease from 5.4% in 2024 to 3.9% in 2075 and later based on the Society of Actuaries Long-Run Medical Cost Trend Model.
- Actuarial Value of Assets – Equal to the market value of assets.
- Actuarial cost method – Entry age normal
- Participant data – based on census information as of August 2016.

**Sensitivity of the Total OPEB liability to Changes in the Discount Rate**

The following presents the Total OPEB liability to the district, as well as the Total OPEB Liability using a discount rate that is 1-percentage point lower or 1-percentage point higher than the current discount rate:

|                      | <b>1%<br/>Decrease</b> | <b>Current<br/>Discount<br/>Rate</b> | <b>1%<br/>Increase</b> |
|----------------------|------------------------|--------------------------------------|------------------------|
|                      | <b>2.13%</b>           | <b>3.13%</b>                         | <b>4.13%</b>           |
| Total OPEB Liability | \$ 7,676,425           | \$ 7,097,770                         | \$ 6,557,023           |

**Sensitivity of the Total OPEB Liability to Changes in the Healthcare Cost Trend Rates**

The following presents the Total OPEB Liability of the District, as well as the Total OPEB Liability using healthcare cost trends that 1-percentage point lower or 1-percentage-point higher than the current healthcare cost trend rates:

|                      | <b>1%<br/>Decrease</b> | <b>Current<br/>Trend<br/>Rates</b> | <b>1%<br/>Increase</b> |
|----------------------|------------------------|------------------------------------|------------------------|
| Total OPEB Liability | \$ 6,160,278           | \$ 7,097,770                       | \$ 8,243,102           |

**MONITEAU SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2018**

**NOTE 12 – JOINTLY GOVERNED ORGANIZATIONS**

**BUTLER COUNTY AREA VOCATIONAL TECHNICAL SCHOOL**

The Moniteau School District, in conjunction with six other Western Pennsylvania School Districts, fund the operating and capital budget of the Butler County Area Vocational Technical School. The technical school is designed to teach students trade related professions. Each district's share of the operating budget is based on its average daily membership. Each district's share of the capital budget is based on the ratio of the district's market valuation to the total market valuation of all participating districts. The Butler County Area Vocational Technical School issues separate financial statements annually which can be obtained by contacting the Vo-Tech directly.

**MIDWESTERN INTERMEDIATE UNIT IV**

The Moniteau School District participates with 26 other School Districts located in the Counties of Butler, Lawrence and Mercer in the Midwestern Intermediate Unit IV (IU IV). The IU IV was established in 1971 by Act 102 of the Commonwealth of Pennsylvania to function as a regional educational service agency for 27 school districts, as well as nonpublic schools and other institutions, located within the aforementioned counties. The IU IV provides services relative to curriculum development, continuing education, educational planning, instructional materials, pupil personnel, state and federal agency liaison and managerial oversight. The Midwestern Intermediate Unit IV is governed by a thirteen (13) member board appointed by the 27 participating school districts on a rotating basis. The School District contributed \$16,218 for operating contributions and transportation recovery costs to IU IV through state subsidy withholdings for the year ended June 30, 2018. Midwestern Intermediate Unit IV issues separate financial statements annually which can be obtained by contacting the IU IV directly.

**NOTE 13 - RISK MANAGEMENT**

**GENERAL INSURANCE CLAIMS**

The Moniteau School District is exposed to various risks of loss related to tort; theft of, damage to, and destruction of assets, errors and omissions; injuries to employees; and natural disasters. These risks are covered by commercial insurance purchased from independent third parties. Settled claims for these risks have not exceeded commercial insurance coverage for the past three years.



**MONITEAU SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2018**

**NOTE 13 - RISK MANAGEMENT (Continued)**

**HEALTH INSURANCE**

The Moniteau School District is a member of the Midwestern Health Combine. The Consortium is a public entity risk pool designed to administer health and medical insurance risks on a pooled risk basis. The Consortium elected to finance these health care benefits using a self-insured approach known as an Administrative Service Contract (ASC) arrangement. Under this arrangement, the consortium contracts for an insurer (Highmark Blue Cross/Blue Shield) to settle the payment for benefits at their provider discounted contract amounts plus a fee for administration rather than paying for benefits at non-discounted claims rates. The Reschini Group performs billing and collection services for the Consortium's deposit (medical) and premium (supplemental) amounts. Billing administration is provided through Crown Benefits Administration who also monitors and submits to Highmark all enrollment and eligibility changes for all coverages. Contributions from participating schools are determined annually in advance by the Consortium's operating committee. These contributions are based on amounts required to fund anticipated benefits and claims, as well as operational costs. The monthly payments of each member are determined by the terms of the medical benefit chosen by such members.

Participating school districts are permitted to withdraw from the Consortium, and are entitled to a vested interest in the Consortium fund balance after settlement of all claims related to that District over a period of 12 months from the date of withdrawal. As of June 30, 2018, the total Consortium net assets reflected a balance of \$8,848,619.

**NOTE 14 – CONTINGENCIES**

**STATE AND FEDERAL SUBSIDIES**

The Moniteau School District state and federally funded programs are subject to audit by various governmental agencies. The District is potentially liable for any expenditure disallowed by the results of these audits. Management is not aware of any items of noncompliance which would result in the disallowance of program expenditures.

**MONITEAU SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2018**

**NOTE 15 – RESTATEMENT OF NET POSITION**

For the fiscal year ended June 30, 2018 the District implemented GASB 75, *Accounting and Financial Reporting for Postemployment Benefits other Than Pensions*. The implementation of Statement No. 75 resulted in the reporting of a deferred post-employment outflow of resources, post-employment liability and deferred post-employment inflow of resources related to the District's other post-employment benefit plans.

Accordingly, the School District's net position as of July 1, 2017 was restated as follows:

|                                                                                   | GOVERNMENTAL ACTIVITIES |             | TOTAL                  | BUSINESS-TYPE       |
|-----------------------------------------------------------------------------------|-------------------------|-------------|------------------------|---------------------|
|                                                                                   | DISTRICT OPEB           | PSERS OPEB  |                        | ACTIVITIES          |
| <b>NET POSITION AS PREVIOUSLY REPORT - 06/30/2017</b>                             |                         |             | \$ (7,822,319)         | \$ (660,826)        |
| Net OPEB Liability Adjustment                                                     | (3,353,931)             | (1,260,030) | (4,613,961)            | (38,970)            |
| DEFERRED OUTFLOWS - DISTRICT'S CONTRIBUTIONS<br>MADE DURING FISCAL YEAR 2016-2017 | -                       | 62,761      | 62,761                 | 1,941               |
| Total Adjustment                                                                  |                         |             | <u>\$ (4,551,200)</u>  | <u>\$ (37,029)</u>  |
| <b>NET POSITION AS RESTATED - 07/1/2017</b>                                       |                         |             | <u>\$ (12,373,519)</u> | <u>\$ (697,855)</u> |

**NOTE 16 – PRIOR PERIOD ADJUSTMENT**

The prior period adjustment as reflected on Exhibits B and I totaling \$53,183, is as a result of the removal of the District's Post-Retirement Healthcare Benefit Plan liability from the District's Cafeteria Fund.

**NOTE 17 – SUBSEQUENT EVENTS**

Management has determined that there are no events, subsequent to June 30, 2018 through the December 28, 2018 'Independent Auditor's Report' date, which is the date the financial statements were available to be issued, that require additional disclosure in the financial statements.

**REQUIRED SUPPLEMENTARY  
INFORMATION**

MONITEAU SCHOOL DISTRICT  
REQUIRED SUPPLEMENTARY INFORMATION  
SCHEDULE OF SCHOOL DISTRICT'S CONTRACTUALLY REQUIRED CONTRIBUTIONS  
DEFINED BENEFIT PENSION PLAN

|                                                                     | <u>2018</u>           | <u>2017</u>        | <u>2016</u>        | <u>2015</u>        | <u>2014</u>        | <u>2013</u>      |
|---------------------------------------------------------------------|-----------------------|--------------------|--------------------|--------------------|--------------------|------------------|
| Contractually Required Contributions                                | \$ 2,607,378          | \$ 2,340,964       | \$ 2,080,840       | \$ 1,589,429       | \$ 1,228,445       | \$ 907,436       |
| Contribution in relation to the contractually required contribution | <u>\$ (2,607,378)</u> | <u>(2,340,964)</u> | <u>(2,080,840)</u> | <u>(1,589,429)</u> | <u>(1,228,445)</u> | <u>(907,436)</u> |
| Contribution deficiency (excess)                                    | <u>\$ -</u>           | <u>\$ -</u>        | <u>\$ -</u>        | <u>\$ -</u>        | <u>\$ -</u>        | <u>\$ -</u>      |
| District's covered payroll                                          | \$ 8,306,991          | 7,946,090          | 7,804,868          | 7,575,905          | 7,486,237          | 7,356,727        |
| Contributions as a percentage of covered-employee payroll           | 31.39%                | 29.46%             | 26.66%             | 20.98%             | 16.41%             | 12.33%           |

This schedule is intended to illustrate information for a ten (10) year period. Information for that ten year period will be presented as information becomes available.

Note: Beginning in 2018 with the implementation of GASB 75, contributions as reported above reflect the pension portion of the contribution only. The premium assistance (OPEB) portion of the contribution is reflected on a separate RSI schedule. Prior year contributions reflect both the pension and premium assistance amounts combined.

**MONITEAU SCHOOL DISTRICT**  
**REQUIRED SUPPLEMENTARY INFORMATION**  
**SCHEDULE OF SCHOOL DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY**  
**DEFINED BENEFIT PENSION PLAN**

JUNE 30,

| <b>As of the measurement date of June 30,</b>                                                               | <b>2017</b>   | <b>2016</b>   | <b>2015</b>   | <b>2014</b>   | <b>2013</b>   |
|-------------------------------------------------------------------------------------------------------------|---------------|---------------|---------------|---------------|---------------|
| District's proportion of the net pension liability                                                          | 0.0597%       | 0.0603%       | 0.0589%       | 0.0587%       | 0.0573%       |
| District's proportionate share of the net pension liability                                                 | \$ 29,485,000 | \$ 29,883,000 | \$ 25,513,000 | \$ 23,234,000 | \$ 23,456,000 |
| District's covered-employee payroll                                                                         | \$ 7,946,090  | \$ 7,804,868  | \$ 7,575,905  | \$ 7,486,237  | \$ 7,356,727  |
| District's proportionate share of the net pension liability as a percentage of its covered-employee payroll | 371.06%       | 382.88%       | 336.77%       | 310.36%       | 318.84%       |
| Plan fiduciary net position as a percentage of the total pension liability                                  | 51.84%        | 50.14%        | 54.36%        | 57.24%        | 54.39%        |

The amounts presented for each fiscal year were determined as of the measurement date, which is June 30 of the preceding fiscal year. This schedule is intended to illustrate information for a ten (10) year period. Information for that ten year period will be presented as information becomes available.

MONITEAU SCHOOL DISTRICT  
REQUIRED SUPPLEMENTARY INFORMATION  
SCHEDULE OF SCHOOL DISTRICT'S CONTRACTUALLY REQUIRED OPEB CONTRIBUTIONS

PSERS PLAN  
JUNE 30.

|                                                                     | 2018      | 2017      |
|---------------------------------------------------------------------|-----------|-----------|
| Contractually Required Contributions                                | \$ 68,183 | \$ 64,702 |
| Contribution in relation to the contractually required contribution | (68,183)  | (64,702)  |
| Contribution deficiency (excess)                                    | \$ -      | \$ -      |
| District's covered payroll                                          | 8,306,991 | 7,946,090 |
| Contributions as a percentage of covered-employee payroll           | 0.82%     | 0.81%     |

This schedule is intended to illustrate information for a ten (10) year period. Information for that ten year period will be presented as information becomes available.

MONITEAU SCHOOL DISTRICT  
REQUIRED SUPPLEMENTARY INFORMATION  
SCHEDULE OF SCHOOL DISTRICT'S PROPORTIONATE SHARE OF THE NET OPEB LIABILITY  
PSERS PLAN  
JUNE 30,

| As of the measurement date of June 30,                                                                   | <u>2017</u>  | <u>2016</u>  |
|----------------------------------------------------------------------------------------------------------|--------------|--------------|
| District's proportion of the net OPEB liability                                                          | 0.0597%      | 0.0603%      |
| District's proportionate share of the net OPEB liability                                                 | \$ 1,216,000 | \$ 1,299,000 |
| District's covered-employee payroll                                                                      | \$ 7,946,090 | \$ 7,804,868 |
| District's proportionate share of the net OPEB liability as a percentage of its covered-employee payroll | 15.30%       | 16.64%       |
| Plan fiduciary net position as a percentage of the total OPEB liability                                  | 5.73%        | N/A          |

The amounts presented for each fiscal year were determined as of the measurement date, which is June 30 of the preceding fiscal year. This schedule is intended to illustrate information for a ten (10) year period. Information for that ten year period will be presented as information becomes available.



**MONITEAU SCHOOL DISTRICT**  
**REQUIRED SUPPLEMENTARY INFORMATION - OPEB**  
**JUNE 30, 2018**

**SCHEDULE OF CHANGES IN THE NET OPEB LIABILITY AND RELATED RATIOS**

|                                                                | <b>2018</b>                |
|----------------------------------------------------------------|----------------------------|
| Service cost                                                   | \$ 461,676                 |
| Interest                                                       | 181,921                    |
| Changes of benefit terms                                       | -                          |
| Differences between expected and actual                        | -                          |
| Changes of assumptions or other inputs                         | (67,157)                   |
| Benefit payments                                               | (704,932)                  |
| <b>Net change in net OPEB liability</b>                        | <b>(128,492)</b>           |
| <b>Net OPEB liability - beginning of year</b>                  | <b>7,226,262</b>           |
| <b>Net OPEB liability - end of year</b>                        | <b><u>\$ 7,097,770</u></b> |
| <br>                                                           |                            |
| Covered-employee payroll                                       | \$ 7,687,812               |
| <br>                                                           |                            |
| Net OPEB liability as a percentage of covered employee payroll | 92.32%                     |

**Notes to Schedule:**

- GASB 75 was implemented beginning with the fiscal year ended June 30, 2018.
- Assumption Changes:
  - Discount rate used for fiscal year ending:
 

|      |        |
|------|--------|
| 2017 | 2.49 % |
| 2018 | 3.13%  |
  - The July 1, 2016 valuation was restated for compliance with GASB 75.