

WEST PLAINS R-VII SCHOOL DISTRICT

Audited Financial Statements and Supplementary Information

June 30, 2017 and 2016

SCHULTZ, WOOD & RAPP, P.C.

CERTIFIED PUBLIC ACCOUNTANTS • BUSINESS CONSULTANTS

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WEST PLAINS R-VII SCHOOL DISTRICT

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INDEPENDENT AUDITOR'S REPORT

October 31, 2017

Board of Education
West Plains R-VII School District
305 Valley View Dr.
West Plains, MO 65775

Dear Members of the Board:

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities and each major fund of the West Plains R-VII School District, as of and for the years ended June 30, 2017 and 2016, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of the West Plains R-VII School District, as of June 30, 2017 and 2016, and the respective changes in financial position for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis (pages 3-7), Governmental Funds budgetary comparison information (pages 37-39), and the District's Schedules of Proportionate Share of Net Pension Liability and Related Ratios and Schedules of Employer Contributions (pages 40-41) be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the West Plains R-VII School District's basic financial statements. The accompanying financial information listed as other supplementary information in the table of contents and the Summary of Selected Information are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The Schedules of Revenues Collected by Source - Per Annual Secretary of the Board Report (ASBR) - Governmental Funds, the Schedules of Expenditures Paid by Object - Per Annual Secretary of the Board Report (ASBR), the Schedule of Transportation Costs Eligible for State Aid, and the Summary of Selected Information were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, these schedules are fairly stated in all material respects in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated October 31, 2017, on our consideration of the West Plains R-VII School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the West Plains R-VII School District's internal control over financial reporting and compliance.

Schultz, Wood & Rapp, P.C.
Springfield, Missouri

WEST PLAINS R-VII SCHOOL DISTRICT
Management's Discussion and Analysis
June 30, 2017 and 2016

The Management's Discussion and Analysis (MD&A) of the West Plains R-VII School District (the District) provides an overview and analysis of the District's financial activities for the fiscal years ended June 30, 2017 and 2016. The intent of the MD&A is to look at the District's financial performance as a whole. Readers should also review the financial statements found in the Financial Section starting on page 8, and the notes thereto to enhance their understanding of the District's financial performance.

The MD&A is an element of Required Supplementary Information specified in Governmental Accounting Standards Board (GASB) Statement No. 34 - Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments issued in 1999. Certain comparative information between the current year (2016-2017) (FY2017) and the prior year (2015-2016) (FY2016) is required to be presented in the MD&A.

Financial Highlights

Key financial highlights for the fiscal years ended June 30, 2017 and 2016 include the following:

The government-wide net position increased by \$213,493 at June 30, 2017 as compared to an increase of \$1,176,567 at June 30, 2016. The District's governmental funds decreased by \$342,821 at June 30, 2017 as compared to an increase of \$76,328 at June 30, 2016. The difference between the government-wide net position increases and the governmental funds increases reflects the difference in the accrual basis of accounting and the modified accrual basis and is reconciled on page 15. The significant differences are capitalization and depreciation of fixed assets the method of reporting principal payments on debt, and the method of recording pension related items.

Program revenues made up 37.5% and 38.9% of the total revenues for the years ended June 30, 2017 and 2016, respectively, with general revenues making up the balance. These program revenues covered 37.7% and 40.7%, respectively, of the program expenditures leaving 62.3% and 59.3%, respectively, to be covered by general revenues.

Using the Basic Financial Statements

The District's basic financial statements consist of a series of financial statements and the associated notes to those statements. The statements are organized so the reader can understand the operations of the District as a whole, i.e., an entire operating entity. The "Basic Financial Statements" section, includes government-wide financial statements, fund financial statements and notes to financial statements.

The government-wide financial statements, consisting of the Government-Wide Statements of Net Position and the Government-Wide Statements of Activities, provide highly consolidated financial information and render a government-wide perspective of the District's financial condition. They present an aggregate view of the District's finances. These statements seek to answer the question, "How did the District do financially during the 2016-2017 fiscal year?" In short, is the District better or worse financially this year than the prior year? These statements are prepared on the accrual and modified accrual basis of accounting which recognizes revenues when received and disbursements when paid.

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

To provide more in-depth reporting of the District's financial position and changes in financial position, fund basis financial information is presented in the "Fund Financial Statements" section beginning on page 11. These funds are required to be established by state law and by bond covenants. These fund financial statements help the reader to determine whether there are more or fewer financial resources that can be spent in the near future for District programs.

Fund financial statements also provide more in-depth data on the District's most significant funds, its General Fund, Special Revenue Fund, Debt Service Fund and Capital Projects Fund. These funds are considered "major funds" under GASB Statement No. 34. The relationship between governmental activities reported in the government-wide

financial statements and the governmental funds reported in the fund financial statements is reconciled in the financial statements on pages 12 and 15.

The remaining financial statements of the fiduciary funds present financial information relative to the fiduciary fund position held by the District on behalf of employees, private organizations or other governments in a position of trust. Fiduciary funds are excluded from the government-wide financial statements because the assets are not available for District operations and required to be accounted for separately by grant requirements.

Government-Wide Financial Analysis

Net position of the District reflects the excess of assets and the deferred outflows of resources over liabilities and the deferred inflows of resources. Net position of the District at June 30, 2017 and 2016 consists of the following:

	<u>2017</u>	<u>2016</u>
Assets	\$ 27,765,285	27,766,431
Deferred outflows of resources	11,116,665	6,788,669
Liabilities	28,236,732	24,339,243
Deferred inflows of resources	5,004,837	4,788,969
Net position:		
Invested in capital assets, net of related debt	14,370,870	14,079,640
Restricted	1,446,605	1,323,677
Unrestricted	(10,177,094)	(9,976,429)
Total net position	<u>\$ 5,640,381</u>	<u>5,426,888</u>

Net position at June 30, 2017 and 2016, reflect an increase of \$213,493 and an increase of \$1,176,567, respectively, from the prior year balances of \$5,426,888 and \$4,250,321. Key elements of these changes consists of the following:

	<u>2017</u>	<u>2016</u>
Revenues:		
Program revenues		
Charges for services	\$ 5,655,481	5,876,927
Operating grants and contributions	4,609,293	4,297,072
Capital grants and contributions	106,595	129,456
General revenues		
Local taxes and fees	8,677,834	8,535,743
State and federal grants not restricted to specific programs	8,484,715	7,463,771
Other	157,460	176,335
Total revenues	<u>27,691,378</u>	<u>26,479,304</u>
Expenses:		
General Instruction	14,793,799	13,576,217
Student activities	1,489,906	948,516
Student services	1,255,709	985,530
Instructional staff support	325,299	265,898
Administration	3,343,359	3,209,309
Operation of plant and security	2,801,781	2,873,903
Transportation	1,020,527	1,050,275
Food services	1,164,124	1,159,719
Adult education	961,663	881,247
Community services	180,222	194,787
Interest and fees	141,496	157,336
Total expenses	<u>27,477,885</u>	<u>25,302,737</u>
Change in net position	213,493	1,176,567
Net position, beginning of year	5,426,888	4,250,321
Net position, end of year	<u>\$ 5,640,381</u>	<u>5,426,888</u>

As reflected in the last schedule, the expenses of the District's government-wide activities for the years ended June 30, 2017 and 2016, are not all borne by the taxpayers of the District. Of these amounts \$5,655,481 and \$5,876,927, respectively, were paid by those who used or benefited from the services rendered (e.g., charges for school lunches and school tuition) and \$4,715,888 and \$4,426,528, respectively, were paid through various federal and state grants. Consequently, the net costs of \$17,106,516 and \$14,999,282, respectively, after taking into consideration these fees and grants, were paid from other general revenues, which includes local property taxes paid by taxpayers of the District as well as other taxes and additional state and federal funding.

The table below shows the total cost of programs and the net cost of these programs (after deducting charges for services and grant revenue) of the various categories of expenses for the years ended June 30, 2017 and 2016. The "net cost" presentation allows District taxpayers to determine the remaining cost of the various categories which were borne by them or paid from other general revenues, and allows them the opportunity to assess the cost of each of these functions in comparison to the perceived benefits received.

	2017		2016	
	Total Expense of Program	Net Expense (Revenue) of Program	Total Expense of Program	Net Expense (Revenue) of Program
General Instruction	\$14,793,799	7,591,025	13,576,217	7,576,687
Student activities	1,489,906	502,365	948,516	(284,402)
Student services	1,255,709	1,076,060	985,530	625,053
Instructional Staff support	325,299	325,299	265,898	194,788
Administration	3,343,359	3,343,359	3,209,309	2,907,186
Operation of plant and security	2,801,781	2,801,781	2,873,903	2,535,284
Transportation	1,020,527	880,798	1,050,275	893,146
Food services	1,164,124	(9,565)	1,159,719	(6,391)
Adult education	961,663	341,911	881,247	324,596
Community services	180,222	111,987	194,787	77,128
Interest and fees	141,496	141,496	157,336	156,207
	<u>\$27,477,885</u>	<u>17,106,516</u>	<u>25,302,737</u>	<u>14,999,282</u>

Governmental Funds Financial Analysis

The District uses funds to control and manage money for particular purposes (e.g., dedicated taxes and bond proceeds). The fund financial statements allow the District to demonstrate its stewardship over and accountability for resources provided by taxpayers and other entities. These statements also allow the reader to obtain more insight into the financial workings of the District, and assess further the District's financial health.

The District completed the fiscal year ended June 30, 2017 with a combined fund balance for governmental funds (as presented in the balance sheet on page 11) of \$6,693,845 as compared to a combined fund balance of \$6,351,024 as of July 1, 2016, an increase of \$342,821.

The fund balance of the General Fund increased by \$204,063 in 2017 as compared to an increase of \$740,258 in 2016, due to an increase in revenues of \$216,116, an increase in expenses of \$766,613 and a decrease in transfers of \$14,302.

The major source of local revenue for operations is local property taxes amounting to \$5,819,215 and \$5,768,483 in 2017 and 2016, respectively. This amount is derived from the District's total levy of \$3.8086 and \$3.6450 per \$100 of assessed valuation, respectively. Other significant local revenues for 2017 and 2016 consist of \$2,037,974 and \$1,915,619, respectively, from sales tax, breakfast and lunch revenues of \$239,718 and \$252,805, respectively, student activity revenue of \$987,541 and \$1,082,421, respectively, payments in lieu of taxes of \$15,427 and \$-0-, respectively, earnings on investments of \$157,430 and \$162,836, respectively, and post-secondary tuition of \$589,044 and \$542,216, respectively.

County revenue of \$359,084 and \$318,071 for 2017 and 2016, respectively, was derived primarily from county fine receipts and state assessed utility taxes.

State funding makes up 36.5% and 33.9% of total revenues for 2017 and 2016, respectively. The Missouri state foundation basic formula increased in 2017 by \$975,136 to \$7,713,557. Other significant state revenues are:

	2017	2016
State transportation aid	\$ 139,729	157,129
Classroom trust fund	771,158	725,350
Early Childhood Special Education	497,670	515,551
Career education	574,433	566,705
Career education enhancement grant	106,844	127,765
High need fund	94,917	43,663

Federal food service reimbursements were \$925,939 and \$905,830, in 2017 and 2016, respectively. Title I revenues were \$1,044,259 and \$906,073 in 2017 and 2016, respectively. IDEA funding amounted to \$414,842 and \$421,795 for fiscal years 2017 and 2016, respectively. All other federal revenues are designated for special programs, such as instructional improvement, and various other directed grants.

Total governmental funds expenditures were \$27,348,527 and \$26,402,912 for the years ended in 2017 and 2016, respectively. The General Fund accounts for 40.3% and 38.8% of the total expenditures, respectively. The Special Revenue Fund accounts for 52.6% and 54.8%, respectively, of the expenditures and consists of certified salaries, teacher retirement, and insurance benefits. Capital Projects Fund expenditures for capital equipment and facility repairs and construction projects amounted to \$1,935,056 and \$1,686,610, respectively.

The following table summarizes the governmental fund revenues and expenditures for the years ended June 30, 2017 and 2016.

<u>Revenues</u>	<u>2017</u>	<u>2016</u>
Local	\$ 10,292,833	10,304,465
County	359,084	318,071
State	10,116,759	8,988,318
Federal	3,083,844	2,901,981
Receipts other districts	3,838,828	3,952,970
Other	-	13,435
Total revenue	<u>\$ 27,691,348</u>	<u>26,479,240</u>
<u>Expenditures</u>		
Instruction	\$ 15,657,311	15,161,466
Administration and support	9,098,385	8,859,879
Debt service and facility acquisition and construction	1,449,041	1,245,836
Community service and adult education	1,143,790	1,135,731
Total expenditures	<u>\$ 27,348,527</u>	<u>26,402,912</u>

General Fund and Total Budgetary Highlights

Over the course of each fiscal year, the School Board revises its budget to take into consideration expected changes in revenues or expenditures. Missouri Statutes for public school finance, Section 67.010, RSMo. requires a budget amendment if anticipated expenditures are in excess of budgetary goals. The original budget was adopted on June 24, 2016 and the final budget amendment was adopted on June 27, 2017.

A schedule showing the General Fund's original budget and the final budget compared with actual operating results is provided in this report on page 37.

The General Fund's actual revenues reflect an increase of \$514,610 which is 3.8% over the original budgeted revenues. Most of this increase was within the state and federal revenue categories. The General Fund's final budgeted expenditures reflects an increase of \$37,514, which is 0.3% over the original budgeted expenditures.

For fiscal year 2017, total actual revenues were more than the total originally budgeted revenues by \$1,274,477, primarily due to increases in state revenues. For fiscal year 2017, total actual expenditures were less than total budgeted expenditures by \$293,227.

Capital Assets and Debt Administration

Capital Assets

At June 30, 2017 and 2016, the District had \$19,738,894 and \$20,220,575 (net of accumulated depreciation), respectively, invested in a broad range of capital assets, including land, buildings, furniture, vehicles, and equipment. Increases during the year represent additions to those categories, while decreases represent retirements of assets during the year and depreciation for the year.

Assets which were capitalized as additions totaled \$1,015,274 and \$580,876 for 2017 and 2016, respectively. Depreciation amounted to \$1,496,955 and \$1,530,386 for 2017 and 2016, respectively.

Additional information on the District's capital assets can be found in Note 5 on page 24 of this report.

Long-Term Debt

At June 30, 2017, the District had \$5,368,024 outstanding of capital leases and notes payable compared to \$6,140,935 at June 30, 2016, and \$7,021,668 at June 30, 2015. Principal payments of \$952,911 and new borrowings of \$180,000 caused the decrease in 2017 and principal payments of \$880,733 caused the 2016 decrease.

State statutes limit the amount of general obligation debt a school district may issue to 15% of the assessed valuation. The constitutional debt limitation of \$23,523,453 at June 30, 2017 is a decrease of \$523,499 from the June 30, 2016 debt limitation of \$24,046,952. The legal debt margin available to the District at June 30, 2017 was \$23,523,453 compared to \$24,046,952 at June 30, 2016.

Additional information of the District's long-term obligations can be found in Note 6 on pages 25 and 26 of this report.

Economic Factors and Next Year's Budget

The District's administration is carefully watching developments unfolding at the Missouri legislature, the executive branch and the judicial system. In the past, the state has had budget cuts and the supporters of public education are seeking to protect the public school sector from even deeper funding cuts. The final effects cannot be known until the situation unfolds for the remainder of 2017-2018.

Contacting the District's Financial Management

While this Management's Discussion & Analysis is designed to provide a general overview of the financial condition and operations of the District, citizens groups, taxpayers, parents, students, investors or creditors may want further details. To obtain such details, please contact Superintendent Dr. John Mulford at the District administration offices, 305 Valley View Dr., West Plains, MO, 65775

WEST PLAINS R-VII SCHOOL DISTRICT
Government-Wide Statements of Net Position
June 30, 2017 and 2016

	2017	2016
<u>ASSETS AND DEFERRED OUTFLOWS OF RESOURCES</u>		
Cash	\$ 7,078,542	6,820,551
Escrowed cash and investments	34	326
Receivables	909,112	631,329
Prepaid expenses	30,856	69,973
Inventories	7,847	23,677
Capital assets, net of accumulated depreciation	19,738,894	20,220,575
Total assets	27,765,285	27,766,431
Deferred outflows of resources - defined pension plans	11,116,665	6,788,669
Total assets and deferred outflows of resources	\$ 38,881,950	34,555,100
<u>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION</u>		
Liabilities:		
Accounts payable	\$ 374,249	229,167
Accrued interest	43,178	48,554
Accrued payroll and related benefits	958,263	965,339
Compensated absences payable	447,857	416,253
Long-term debt payable		
Due within one year	965,135	892,911
Due in more than one year	4,402,889	5,248,024
Net pension liability	21,045,161	16,538,995
Total liabilities	28,236,732	24,339,243
Deferred inflows of resources - defined pension plans	5,004,837	4,788,969
Total liabilities and deferred inflows of resources	33,241,569	29,128,212
Net Position:		
Invested in capital assets, net of related debt	14,370,870	14,079,640
Restricted for:		
Inventory	7,847	23,677
Capital projects	1,438,758	1,300,000
Unassigned	(10,177,094)	(9,976,429)
Total net position	5,640,381	5,426,888
Total liabilities, deferred inflows of resources and net position	\$ 38,881,950	34,555,100

The accompanying notes are an integral part of these financial statements.

WEST PLAINS R-VII SCHOOL DISTRICT
Government-Wide Statement of Activities
For the year ended June 30, 2017

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
Governmental Activities					
Instruction	\$ (13,433,462)	3,715,050	2,490,696	106,595	(7,121,121)
Vocational instruction	(1,360,337)	123,778	766,655	-	(469,904)
Student activities	(1,489,906)	987,541	-	-	(502,365)
Attendance and guidance	(618,248)	-	-	-	(618,248)
Health services	(208,330)	-	179,649	-	(28,681)
Improvement of instruction	(251,504)	-	-	-	(251,504)
Professional development	(73,795)	-	-	-	(73,795)
Media services	(429,131)	-	-	-	(429,131)
General administration	(1,657,270)	-	-	-	(1,657,270)
Building level administration	(1,569,715)	-	-	-	(1,569,715)
Operation of plant	(2,742,085)	-	-	-	(2,742,085)
Security services	(59,696)	-	-	-	(59,696)
Pupil transportation	(1,005,594)	-	139,729	-	(865,865)
Transportation - other	(14,933)	-	-	-	(14,933)
Food services	(1,164,124)	239,718	933,971	-	9,565
Support services	(116,374)	-	-	-	(116,374)
Adult education	(961,663)	589,044	30,708	-	(341,911)
Community services	(180,222)	350	67,885	-	(111,987)
Debt Service	(141,496)	-	-	-	(141,496)
Total	\$ (27,477,885)	5,655,481	4,609,293	106,595	(17,106,516)
General Revenues					
					8,677,834
					8,484,715
					157,460
					<u>17,320,009</u>
					213,493
					<u>5,426,888</u>
					<u>\$ 5,640,381</u>

The accompanying notes are an integral part of these financial statements.

WEST PLAINS R-VII SCHOOL DISTRICT
 Government-Wide Statement of Activities
 For the year Ended June 30, 2016

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
Governmental Activities					
Instruction	\$ (12,484,616)	1,836,863	2,219,320	129,456	(8,298,977)
Vocational instruction	(1,091,601)	1,025,002	788,889	-	722,290
Student activities	(948,516)	1,232,918	-	-	284,402
Attendance and guidance	(576,147)	150,497	-	-	(425,650)
Health services	(206,044)	1,881	132,850	-	(71,313)
Improvement of instruction	(212,149)	70,734	-	-	(141,415)
Professional development	(53,749)	376	-	-	(53,373)
Media services	(203,339)	75,249	-	-	(128,090)
General administration	(1,680,845)	300,994	-	-	(1,379,851)
Building level administration	(1,434,161)	1,129	-	-	(1,433,032)
Operation of plant	(2,822,051)	338,619	-	-	(2,483,432)
Security services	(51,852)	-	-	-	(51,852)
Pupil transportation	(1,040,025)	-	157,129	-	(882,896)
Transportation - other	(10,250)	-	-	-	(10,250)
Food services	(1,159,719)	252,805	913,305	-	6,391
Support services	(94,303)	-	-	-	(94,303)
Adult education	(881,247)	542,216	14,435	-	(324,596)
Community services	(194,787)	46,515	71,144	-	(77,128)
Debt Service	(157,336)	1,129	-	-	(156,207)
Total	\$ (25,302,737)	5,876,927	4,297,072	129,456	(14,999,282)
General Revenues					
Local taxes and fees					8,535,743
State and federal grants not restricted to specific programs					7,463,771
Investment earnings					162,900
Other					13,435
Total general revenues					<u>16,175,849</u>
Change in Net Position					1,176,567
Net Position, beginning of year					<u>4,250,321</u>
Net Position, end of year					<u>\$ 5,426,888</u>

The accompanying notes are an integral part of these financial statements.

WEST PLAINS R-VII SCHOOL DISTRICT
Balance Sheets
Governmental Funds (modified accrual basis)
June 30, 2017 and 2016

	General Fund	Special Revenue Fund	Capital Projects Fund	Totals
<u>June 30, 2017</u>				
<u>ASSETS</u>				
Cash	\$ 6,087,610	(416,843)	1,407,775	7,078,542
Receivables	280,984	426,072	202,056	909,112
Prepaid expenses	20,856	-	10,000	30,856
Inventories	7,847	-	-	7,847
	<u>\$ 6,397,297</u>	<u>9,229</u>	<u>1,619,831</u>	<u>8,026,357</u>
<u>LIABILITIES</u>				
Accounts payable	\$ 183,947	9,229	181,073	374,249
Accrued payroll and related benefits	958,263	-	-	958,263
Total liabilities	<u>1,142,210</u>	<u>9,229</u>	<u>181,073</u>	<u>1,332,512</u>
<u>FUND BALANCES</u>				
Fund balances:				
Nonspendable for inventories	7,847	-	-	7,847
Nonspendable for prepaid expenses	20,856	-	10,000	30,856
Assigned to capital projects	-	-	1,428,758	1,428,758
Unassigned	5,226,384	-	-	5,226,384
Total fund balances	<u>5,255,087</u>	<u>-</u>	<u>1,438,758</u>	<u>6,693,845</u>
	<u>\$ 6,397,297</u>	<u>9,229</u>	<u>1,619,831</u>	<u>8,026,357</u>
<u>June 30, 2016</u>				
<u>ASSETS</u>				
Cash	\$ 5,732,485	(282,572)	1,370,638	6,820,551
Receivables	348,757	282,572	-	631,329
Prepaid expenses	10,608	-	59,365	69,973
Inventories	23,677	-	-	23,677
	<u>\$ 6,115,527</u>	<u>-</u>	<u>1,430,003</u>	<u>7,545,530</u>
<u>LIABILITIES</u>				
Accounts payable	\$ 99,164	-	130,003	229,167
Accrued payroll and related benefits	965,339	-	-	965,339
Total liabilities	<u>1,064,503</u>	<u>-</u>	<u>130,003</u>	<u>1,194,506</u>
<u>FUND BALANCES</u>				
Fund balances:				
Nonspendable for inventories	23,677	-	-	23,677
Nonspendable for prepaid expenses	10,608	-	59,365	69,973
Assigned to capital projects	-	-	1,240,635	1,240,635
Unassigned	5,016,739	-	-	5,016,739
Total fund balances	<u>5,051,024</u>	<u>-</u>	<u>1,300,000</u>	<u>6,351,024</u>
	<u>\$ 6,115,527</u>	<u>-</u>	<u>1,430,003</u>	<u>7,545,530</u>

The accompanying notes are an integral part of these financial statements.

WEST PLAINS R-VII SCHOOL DISTRICT
Reconciliations of the Balance Sheets - Governmental Funds
to the Government-Wide Statements of Net Position
For the year ended June 30, 2017 and 2016

	2017	2016
Amounts reported for governmental activities in the statement of net position are different due to the following:		
Total fund balances - Governmental Funds	\$ 6,693,845	6,351,024
Capital assets used in governmental activities are not financial resources and therefore not financial resources and therefore are not reported as assets in governmental funds.	19,738,894	20,220,575
Certain liabilities for compensated absences are recognized as liabilities in the governmental funds only when the amounts are normally expected to be liquidated with expendable available resources.	(447,857)	(416,253)
Pension related deferred outflows/inflows and liabilities are not recorded in the governmental funds statements.		
Net pension liability	(21,045,161)	(16,538,995)
Deferred outflows of resources	(5,004,837)	(4,788,969)
Deferred inflows of resources	11,116,665	6,788,669
Capital leases and notes payable are not due and payable in the current period and therefore are not reported as liabilities in the governmental funds.		
Capital leases	(5,248,024)	(6,140,935)
Notes payable	(120,000)	-
Accrued interest on leases	(43,178)	(48,554)
Cash held by fiscal agent	34	326
Total net position - Government-Wide Statement of Net Position	\$ 5,640,381	5,426,888

The accompanying notes are an integral part of these financial statements.

WEST PLAINS R-VII SCHOOL DISTRICT
Statement of Revenues,
Expenditures, and Changes in Fund Balances
Governmental Funds
(modified accrual basis)
For the year ended June 30, 2017

	General Fund	Special Revenue Fund	Capital Projects Fund	Totals
REVENUES COLLECTED:				
Local	\$ 9,137,475	764,764	390,594	10,292,833
County	240,535	118,549	-	359,084
State	2,669,211	6,686,715	760,833	10,116,759
Federal	2,028,924	1,035,577	19,343	3,083,844
Receipts other districts	-	3,838,828	-	3,838,828
Total Revenues Collected	<u>14,076,145</u>	<u>12,444,433</u>	<u>1,170,770</u>	<u>27,691,348</u>
EXPENDITURES PAID:				
General instruction	2,989,638	9,820,884	41,054	12,851,576
Vocational instruction	243,251	1,071,811	97,994	1,413,056
Student activities	1,091,515	301,164	-	1,392,679
Attendance and guidance	105,699	494,951	-	600,650
Health services	174,837	43,425	1,542	219,804
Improvement of instruction	48,107	194,772	-	242,879
Professional development	70,155	3,478	-	73,633
Media services	234,816	188,555	16,440	439,811
General administration	1,151,332	486,941	12,476	1,650,749
Building level administration	493,235	1,050,154	-	1,543,389
Operation of plant	1,815,660	-	84,935	1,900,595
Security services	59,696	-	-	59,696
Pupil transportation	903,673	-	102,911	1,006,584
Other transportation	2,814	-	89,105	91,919
Food services	1,145,690	-	2,452	1,148,142
Other support services	120,534	-	-	120,534
Adult education	291,549	636,614	37,106	965,269
Community services	74,543	103,978	-	178,521
Facility acquisition and construction	-	-	1,302,169	1,302,169
Capital lease payments:				
Interest	-	-	142,102	142,102
Other fees	-	-	4,770	4,770
Total Expenditures Paid	<u>11,016,744</u>	<u>14,396,727</u>	<u>1,935,056</u>	<u>27,348,527</u>
Revenues collected over (under) expenditures paid	3,059,401	(1,952,294)	(764,286)	342,821
Other financing sources (uses):				
Transfers in (out)	(2,855,338)	1,952,294	903,044	-
Fund balances, beginning of year	<u>5,051,024</u>	<u>-</u>	<u>1,300,000</u>	<u>6,351,024</u>
Fund balances, end of year	<u>\$ 5,255,087</u>	<u>-</u>	<u>1,438,758</u>	<u>6,693,845</u>

The accompanying notes are an integral part of these financial statements.

WEST PLAINS R-VII SCHOOL DISTRICT
Statement of Revenues,
Expenditures, and Changes in Fund Balances
Governmental Funds
(modified accrual basis)
For the year ended June 30, 2016

	General Fund	Special Revenue Fund	Capital Projects Fund	Totals
REVENUES COLLECTED:				
Local	\$ 9,571,695	718,970	13,800	10,304,465
County	222,739	95,332	-	318,071
State	2,163,886	6,043,266	781,166	8,988,318
Federal	1,891,485	988,625	21,871	2,901,981
Other	10,224	-	3,211	13,435
Receipts other districts	-	3,952,970	-	3,952,970
Total Revenues Collected	<u>13,860,029</u>	<u>11,799,163</u>	<u>820,048</u>	<u>26,479,240</u>
EXPENDITURES PAID:				
General instruction	2,661,388	10,332,187	15,347	13,008,922
Vocational instruction	145,506	979,308	124,191	1,249,005
Student activities	903,539	-	-	903,539
Attendance and guidance	98,572	487,137	-	585,709
Health services	176,140	43,089	-	219,229
Improvement of instruction	24,395	188,896	-	213,291
Professional development	54,576	13,154	-	67,730
Media services	88,874	170,026	-	258,900
General administration	1,250,024	483,619	42,463	1,776,106
Building level administration	458,025	1,018,062	-	1,476,087
Operation of plant	1,866,593	-	57,025	1,923,618
Security services	51,852	-	-	51,852
Pupil transportation	875,040	48,598	100,733	1,024,371
Other transportation	-	-	10,250	10,250
Food services	1,127,365	-	31,068	1,158,433
Other support services	94,303	-	-	94,303
Adult education	282,946	598,301	59,697	940,944
Community services	90,993	103,794	-	194,787
Facility acquisition and construction	-	-	1,083,847	1,083,847
Capital lease payments:				
Interest	-	-	155,602	155,602
Other fees	-	-	6,387	6,387
Total Expenditures Paid	<u>10,250,131</u>	<u>14,466,171</u>	<u>1,686,610</u>	<u>26,402,912</u>
Revenues collected over (under) expenditures paid	3,609,898	(2,667,008)	(866,562)	76,328
Other financing sources (uses):				
Transfers in (out)	(2,869,640)	2,667,008	202,632	-
Fund balances, beginning of year	<u>4,310,766</u>	<u>-</u>	<u>1,963,930</u>	<u>6,274,696</u>
Fund balances, end of year	<u>\$ 5,051,024</u>	<u>-</u>	<u>1,300,000</u>	<u>6,351,024</u>

The accompanying notes are an integral part of these financial statements.

WEST PLAINS R-VII SCHOOL DISTRICT
Reconciliations of the Statements of Revenues, Expenditures, and Changes in Fund
Balances - Governmental Funds to the Government-Wide Statements of Activities
Years Ended June 30, 2017 and 2016

	2017	2016
Amounts reported for governmental activities in the statement of activities are different due to the following:		
Net change in fund balances - Governmental Funds	\$ 342,821	76,328
Certain capital outlays to purchase or build capital assets are reported in governmental funds as expenditures. However, in the statement of activities, the cost of those assets are allocated over their estimated useful lives as depreciation		
Depreciation expense	(1,496,955)	(1,530,386)
Capital outlays	1,015,274	580,876
Repayment of capital lease and notes payable principal is an expenditure in the governmental funds, but it reduces long-term liabilities in the statement of net position and does not affect the statement of activities.	952,911	880,733
Capital assets purchased through notes payable are not recognized on the governmental funds statements but are recognized on the Government-Wide Statement of Net position.	(180,000)	-
Interest on long-term debt in the statement of activities differs from the amount reported in the governmental funds because interest is recorded as an expenditure in the funds, when it is due, and thus requires the use of current financial resources. In the statement of activities, however, interest expense is recognized as the interest accrues, regardless of when it is due.	5,376	4,653
Interest on escrowed cash from the 2014, 2013, and 2012 series lease certificates.	30	64
Escrow cash utilized for debt service.	(322)	-
Payments to pension plans are expenditures in the governmental funds, but pension expense in the Government-Wide Statement of Net Position includes the changes in Deferred outflows/inflows of resources and net pension liability, which are not recognized in the Governmental funds statements.	(394,038)	1,145,853
Liabilities for compensated absences are recognized as expenditures in the governmental funds when the amounts are liquidated with expendable available financial resources. They are however reported as expenses in the statement of activities when the liability is incurred.	(31,604)	18,446
Change in net position - Government-Wide Statement of Activities	\$ 213,493	1,176,567

The accompanying notes are an integral part of these financial statements.

WEST PLAINS R-VII SCHOOL DISTRICT
Statements of Fiduciary Net Position - Financial Aid Fund
(cash basis)
Years Ended June 30, 2017 and 2016

	2017	2016
<u>Assets</u>		
Cash	\$ -	-
	-	-
<u>Net Position</u>		
Fiduciary Net Position	\$ -	-

The accompanying notes are an integral part of these financial statements.

WEST PLAINS R-VII SCHOOL DISTRICT
Statements of Changes in Fiduciary Net Position - Financial Aid Fund
(cash basis)
Years Ended June 30, 2017 and 2016

	2017	2016
<u>Additions</u>		
Pell and Stafford loans	\$ 854,083	765,599
Administrative cost allowances	460	-
Total additions	854,083	765,599
<u>Deductions</u>		
Grants disbursed	854,083	765,599
Administrative cost allowances disbursed to West Plains R-VII	460	-
Total deductions	854,083	765,599
Change in net position	-	-
Net position, beginning of year	-	-
Net position, end of year	\$ -	-

The accompanying notes are an integral part of these financial statements.

WEST PLAINS R-VII SCHOOL DISTRICT
Notes to Financial Statements
June 30, 2017 and 2016

Note 1: Summary of Significant Accounting Policies

A. Principles Used to Determine Reporting Entity

The District's reporting entity includes the District's governing board and all related organizations for which the District exercises oversight responsibility.

The District has developed criteria to determine whether outside agencies with activities which benefit the citizens of the District, including joint agreements which serve pupils from numerous districts, should be included within its financial reporting entity. The criteria include, but are not limited to, whether the District exercises oversight responsibility (which includes financial interdependency, selection of governing authority, designation of management, ability to significantly influence operations, and accountability for fiscal matters), scope of public service, and special financing relationships. Based upon the application of these criteria, there were no component units included in the District's reporting entity.

B. Basis of Presentation

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

Government-Wide Financial Statements - The statement of net position and the statement of activities display information about the District as a whole. These statements report the non-fiduciary activities of the District that are governmental (i.e. generally supported by taxes and intergovernmental revenues). Fiduciary funds, if any, are not included in the government-wide financial statements.

The statement of net position presents the financial position of the District at year-end. The statement of activities presents a comparison between direct expenses and program revenues for each program or function of the District's governmental activities and the remaining revenues that are not directly associated with specific programs. Direct expenses are those that are specifically associated with a service, program or department and 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 and contributions (including related investment earnings) 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 District. The comparison of direct expenses with program revenues identifies the extent to which each governmental function is self-financing or draws from the general revenues.

Fund Financial Statements - The District maintains fund accounting in order to aid financial management and to demonstrate legal compliance. Fund financial statements are designed to present financial information of the District at a more detailed level. The focus of governmental fund financial statements is on major funds. Each major fund is presented in a single column. Fiduciary funds, if any, are reported in separate statements, by type of activity.

Governmental Funds - Governmental fund reporting focuses 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 are used. Current liabilities are assigned to the fund from which they will be paid. The difference between governmental fund assets and liabilities is reported as fund balance. The following are the District's major governmental funds:

General Fund - Accounts for general activities of the District not accounted for in other specific funds.

Special Revenue Fund - Accounts for expenditures for certified employees involved in administration and instruction. It includes revenues restricted by the State and the local tax levy for the payment of salaries and certain benefits.

WEST PLAINS R-VII SCHOOL DISTRICT
Notes to Financial Statements (continued)
June 30, 2017 and 2016

Note 1: Summary of Significant Accounting Policies (continued)

Debt Service Fund - Accounts for the accumulation of resources for, and the payment of, principal, interest and fiscal charges on general obligation long-term debt. The debt service fund was inactive for 2017 and 2016.

Capital Projects Fund - Accounts for the proceeds of long-term debt, taxes and other revenues designated for acquisition or construction of major capital assets and other capital outlay purchases required by law or the State of Missouri Department of Elementary and Secondary Education ("DESE") regulations to be reported in the Capital Projects Fund.

C. Basis of Accounting/Measurement Focus

The financial statements of the District have been prepared in conformity with accounting principles generally accepted in the United States of America as applied to local governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting principles.

The measurement focus establishes the basis of accounting. The basis of accounting determines when transactions are recorded in the financial records and reported in the financial statements. Differences in the accrual and the modified accrual bases of accounting arise in the recognition of revenue, the recording of deferred revenue, the presentation of expenses versus expenditures, the recording of capital assets, the recognition of depreciation and the recording of long-term liabilities. Governmental fund financial statements therefore include a reconciliation with brief explanations to better identify the relationship between the government-wide financial statements and the governmental fund financial statements.

The government-wide financial statements are prepared using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when the related liability is incurred, regardless of the timing of related cash flows.

The governmental fund financial statements are prepared using a flow of current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized when susceptible to accrual, i.e., both measurable and available. Available means collectible within the current period or soon enough thereafter to pay current liabilities. The District considers revenues to be available if they are collected within 60 days after the end of the current fiscal period. Property taxes, state and federal grants and interest associated with the current fiscal period are all considered to be susceptible to accrual.

Expenditures are recorded when the liability is incurred, except for compensated absences and interest on long-term debt which are recorded when normally expected to be liquidated with expendable available financial resources. Proceeds from issuance of long-term debt are recognized when received and payment of long-term debt principal is reported as an expenditure when paid. Capital asset purchases are recorded as expenditures and depreciation is not recognized. Net pension liabilities and deferred outflows and inflows of resources are not recorded.

Nonexchange transactions, in which the District receives value without directly giving equal value in return, include property taxes, grants, entitlements and donations. Revenues from property taxes are recognized in the period for which the taxes are levied. Revenues from grants, entitlements and donations are recognized when all eligibility requirements imposed by the provider have been satisfied. Eligibility requirements include timing requirements (which specify the year the resources are required to be used or the year when use is first permitted), matching requirements and expenditure requirements when the resources are provided to the District on a reimbursement basis. Under the modified accrual basis of accounting, revenue from nonexchange transactions must also be available before it can be recognized.

WEST PLAINS R-VII SCHOOL DISTRICT
Notes to Financial Statements (continued)
June 30, 2017 and 2016

Note 1: Summary of Significant Accounting Policies (continued)

D. Budgets and Budgetary Accounting

The District follows these procedures in establishing the budgetary data reflected in the budgetary comparison schedules:

- 1) In accordance with Chapter 67, RSMo, the District adopts a budget for each fund.
- 2) The superintendent, who serves as the budget officer, submits to the Board of Education a proposed budget for the fiscal year beginning on July 1. The proposed budget includes estimated revenues and proposed expenditures for all district funds. Budgeted expenditures cannot exceed beginning available monies plus estimated revenues for the year.
- 3) A public hearing is conducted to obtain taxpayer comments. Prior to its approval by the Board of Education, the budget document is available for public inspection.
- 4) The budget is legally enacted by a vote of the Board of Education.
- 5) Subsequent to its formal approval of the budget, the Board of Education has the authority to make necessary adjustments to the budget by formal vote of the Board. Adjustments made during the year are reflected in the budgetary comparison schedules included in the financial statements. Budgeted amounts are presented both as originally adopted and as finally amended by the Board of Education. Expenditures of a particular fund may not legally exceed the budgeted expenditures for that fund.
- 6) Budgets for District funds are prepared and adopted on the cash basis (budget basis), recognizing revenues when received and expenditures when paid. The actual results of operations presented in the budgetary comparison schedules are presented in accordance with the budget basis to provide a meaningful comparison of actual results with the budget.

E. Cash and Temporary Investments

Cash resources of the individual funds, except the Debt Service Fund, are combined to form a pool of cash and temporary investments which is managed by the District treasurer. Investments of the pooled accounts may consist primarily of certificates of deposit and U.S. Government securities, carried at cost, which approximates market. Interest income is allocated to contributing funds based on cash and temporary investment balances. The Debt Service Fund cash is statutorily required to be maintained in a separate set of cash and temporary investment accounts.

F. Property Taxes and Other Revenues

Property tax revenue is recognized in the fiscal year for which the taxes have been levied and become available. Property tax revenues are considered available when they become due or past due and receivable within the current period and collected within the current period or expected to be collected within sixty days after year end.

Federal and state grant aid is reported as revenue when the reimbursable expenditures are incurred. Unrestricted aid is reported as revenue in the fiscal year the entitlement is received.

G. Inventories

Inventories are valued at cost and consist of available food supplies. Reported inventories are equally offset by a fund balance designation which indicates they are unavailable for appropriation.

Note 1: Summary of Significant Accounting Policies (continued)

H. Capital Assets

In the Government-Wide Financial Statements, capital assets are recorded at cost (or estimated historical cost) and updated for additions and retirements during the year. Donated assets are recorded at their estimated fair value as of the date received. Land is not depreciated, and other capital assets are depreciated over their useful lives of 5 to 40 years, using the straight-line method.

I. Vacation and Sick Leave

Certificated and non-certificated employees receive 10 sick days annually and the unused portion is accumulated and carried forward. In the Government-Wide Financial Statements, sick leave is accrued at year end, and upon termination, employees receive any accumulated sick leave pay. Accrued sick leave amounted to \$447,857 and \$416,253 at June 30, 2017 and 2016, respectively.

J. Subsequent Events

Subsequent events have been evaluated through October 31, 2017, which is the audit report date.

K. Interfund Transfers

Annually, the District makes transfers between funds to cover disbursements and build fund balances as allowed by DESE and state law.

L. Pension Plans

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

The fiduciary net position, as well as additions to and deductions from the fiduciary net position, of PSRS and PEERS have been determined on the same basis as they are reported by PSRS and PEERS. The PSRS and PEERS financial statements were prepared using the accrual basis of accounting. The fiduciary net position would be reflected in the measurement of the District's net pension liability, deferred outflows and inflows of resources related to pensions, and pension expense and have been recorded in the District's Government-wide accrual basis financial statements.

M. Fund Balance Classification

Governmental fund equity is classified as fund balance. Fund balance is further classified as nonspendable, restricted, committed, assigned, and unassigned. Proprietary fund equity, if any, is classified the same as in the government-wide statements.

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

The District has determined that when both restricted and unrestricted funds are available for expenditure, restricted funds should be spent first unless legal requirements disallow it. When committed, assigned and unassigned funds are available for expenditure, committed funds are to be spent first, assigned funds second, and unassigned funds last.

WEST PLAINS R-VII SCHOOL DISTRICT
Notes to Financial Statements (continued)
June 30, 2017 and 2016

Note 1: Summary of Significant Accounting Policies (continued)

The classifications used in the governmental fund financial statements are as follows:

Non-spendable Fund Balance consists of funds that cannot be spent due to their form (e.g., inventories and prepaid) or that legally or contractually must be maintained intact.

Restricted Fund Balance consists of funds that are mandated for a specific purpose by external parties, constitutional provisions or enabling legislation.

Committed Fund Balance consists of funds that are set aside for a specific purpose by the District's highest level of decision making authority. Formal action by the Board to commit funds must be taken prior to the end of the fiscal year. The same formal action must be taken to remove or change the limitations placed on the funds.

Assigned Fund Balance consists of funds that are set aside with the intent to be used for a specific purpose by the District's highest level of decision making authority or a body or official that has been given the authority to assign funds. Assigned funds cannot cause a deficit in unassigned fund balance.

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

- N. Prior year reclassifications - Prior year amounts have been reclassified to match current year classifications.

Note 2: Cash and Investments

The District maintains a cash and temporary cash investment pool that is available for use by all funds, except the Debt Service Fund, which is required by statute to be kept separate. Each fund type's portion of this pool is displayed on the Governmental Funds Balance Sheet as "Cash" under each fund's caption. Interest income received is allocated to contributing funds based on cash and temporary investment balances.

Deposits - All deposits with financial institutions must be collateralized in an amount at least equal to uninsured deposits.

Investments - The District may purchase any investments allowed by the State Treasurer. These include (1) obligations of the United States government or any agency or instrumentality thereof maturing and becoming payable not more than five years from the date of purchase, (2) repurchase agreements maturing and becoming payable within ninety days secured by U.S. Treasury obligations or obligations of U.S. government agencies or instrumentalities of any maturity, as provided by law, (3) bankers' acceptances, and (4) commercial paper.

The District has not invested in any securities at June 30, 2017 and 2016. At June 30, 2017, the District had bank balances of \$8,624,934 which were covered by federal depository insurance and by collateral held at the District's safekeeping bank agent, in the District's name. The District had the following investments held by fiscal agents as of June 30, 2017 and 2016:

Type of investment	Fair Value	Maturity < 1 Year	Maturity 1-5 Years
June 30, 2017			
External investment pools:			
Federated Government Obligation Fund #703 held at UMB Bank, N.A.	34	34	-
	34	34	-
June 30, 2016			
External investment pools:			
Federated Government Obligation Fund #703 held at UMB Bank, N.A.	326	326	-
	326	326	-

WEST PLAINS R-VII SCHOOL DISTRICT
Notes to Financial Statements (continued)
June 30, 2017 and 2016

Note 2: Cash and Investments (continued)

Interest Rate Risk: The District's investment policy structures its portfolio so that certificates of deposit and other investments mature to meet cash requirements for operations to avoid redeeming investments at a pre-maturity or open market loss. Consequently, the District invests its operating funds in short-term securities.

Credit Risk: The District reduces its credit risk due to the failure of the security issuer or backer by pre-qualifying the financial institutions and intermediaries with which the District will do business and by diversifying the portfolio so that potential loss will be minimized. The District obtains adequate collateralization as to bank depositories and investing in external investment pools that comply with Missouri state law. At June 30, 2017, the Missouri Direct Deposit Program was rated AA+ by Standard and Poor's.

Custodial Credit Risk: To minimize custodial credit risk, the District requires investments be perfected in the name of or for the District and if necessary, held by third-party custodians with appropriate safekeeping receipts.

Concentration of Credit Risk: The District's investment policy mandates diversification of the investment portfolio to avoid concentration of assets in specific maturity, specific issuer or specific class of securities. To avoid concentration, the District restricts its investments to short-term bank depositories and external investment pools which manage their investment portfolios in accordance with Missouri state law and State Treasurer guidelines for Missouri school districts.

Note 3: Taxes

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

The assessed valuation of the tangible property for the calendar years 2016 and 2015 for purposes of local taxation was \$156,823,020 and \$160,313,010, respectively. At June 30, 2017, the District was not subject to any property tax abatement agreements.

The tax levies per \$100 of the assessed valuation of taxable property for the calendar years of 2016 and 2015 for purpose of local taxation were:

	2016		2015	
	<u>Unadjusted</u>	<u>Adjusted</u>	<u>Unadjusted</u>	<u>Adjusted</u>
General Fund	\$ 3.8086	3.8086	3.6450	3.6450
Total	\$ 3.8086	3.8086	3.6450	3.6450

The receipts of current and delinquent property taxes during the fiscal years ended June 30, 2017 and 2016, aggregated approximately 101.8% and 98.7%, respectively, of the current assessment computed on the basis of the levy as shown above.

In October 2005, The City of West Plains adopted the Redevelopment Plan for the South U.S. Highway 160 Tax Increment Finance Redevelopment Area #2 (Plan #2) to assist the city in the planned, comprehensive development and redevelopment of the southwestern area of the city. The Plan requires the affected taxing districts (including West Plains R-VII School District) to relinquish 50% of the increase in real estate taxes over the 2005 base year assessed valuation of real property located within the redevelopment area. The amounts not received by the District for 2017 and 2016 amounted to \$1,819 and \$-0-, respectively. The tax abatement plan is scheduled to expire in 2028.

WEST PLAINS R-VII SCHOOL DISTRICT
Notes to Financial Statements (continued)
June 30, 2017 and 2016

Note 3: Taxes (continued)

In November 2006, The City of West Plains adopted the Redevelopment Plan for the U.S. Highway 63 Tax Increment Finance Redevelopment Area #3 (Plan #3) to assist the city in the planned, comprehensive development and redevelopment of the southwestern area of the city. The Plan requires the affected taxing districts (including West Plains R-VII School District) to relinquish 50% of the increase in real estate taxes over the 2006 base year assessed valuation of real property located within the redevelopment area. The amounts not received by the District for 2017 and 2016 amounted to \$13,608 and \$-0-, respectively. The tax abatement plan is scheduled to expire in 2029.

Note 4: Contingencies

From time to time, the District is a defendant in various lawsuits and/or arbitration claims. Although the outcome of such cases of action are not presently determinable, in the opinion of the District's management and legal counsel, the resolution of these matters will not have a material adverse effect on the financial condition of the District.

Note 5: Capital Assets and Accumulated Depreciation

A summary of changes in capital assets for the years ended June 30, 2017 and 2016 follows:

	Balance			Balance June 30, 2016	Additions	Deletions	Balance June 30, 2017
	July 1, 2015	Additions	Deletions				
Land	\$ 672,383	3,500	-	675,883	18,000	-	693,883
Buildings	32,001,028	253,290	-	32,254,318	567,096	-	32,821,414
Furniture, Vehicles and Equipment	5,378,870	324,086	-	5,702,956	430,178	-	6,133,134
Totals	\$38,052,281	580,876	-	38,633,157	1,015,274	-	39,648,431

A summary of changes in accumulated depreciation for the years ended June 30, 2017 and 2016 follows:

	Balance			Balance June 30, 2016	Additions	Deletions	Balance June 30, 2017
	July 1, 2015	Additions	Deletions				
Buildings	\$13,575,227	952,451	-	14,527,678	964,789	-	15,492,467
Furniture, Vehicles and Equipment	3,306,969	577,935	-	3,884,904	532,166	-	4,417,070
Totals	\$16,882,196	1,530,386	-	18,412,582	1,496,955	-	19,909,537

A summary of the allocation of depreciation by activity for the years ended June 30, 2017 and 2016 follows:

	2017	2016
Instruction	\$ 252,800	281,527
Student activities	81,250	81,439
Vocational instruction	10,910	-
General administration	15,737	15,159
Operation of plant	968,134	987,352
Transportation	131,353	132,555
Other transportation	12,119	-
Food Service	24,652	32,354
	\$ 1,496,955	1,530,386

WEST PLAINS R-VII SCHOOL DISTRICT
Notes to Financial Statements (continued)
June 30, 2017 and 2016

Note 6: Long-term Debt

Capital leases

During July 2012, the District issued the Series 2012 lease certificates in the principal amount of \$1,522,000 to provide funds for the remodeling and improvement of the career center. These lease certificates are payable in varying amounts through 2022 and bear interest at varying rates from 1.07% to 3.07%.

During 2013, the District issued the Series 2013 lease refunding certificates in the principal amount of \$5,780,000. The proceeds of these certificates were used to retire previously issued lease certificates, fund additional capital improvements and pay \$109,399 of costs of issuing the refunding certificates. These lease certificates are payable in varying amounts through 2022 and bear interest varying from 0.57% to 2.6%.

On July 8, 2014, the District issued the Series 2015 school bus lease certificates in the principal amount of \$745,332. The proceeds of these certificates were used to purchase nine school buses for use by the District and pay \$2,800 of costs of issuing the certificates. These lease certificates are payable in varying amounts through 2024 and bear interest at 2.15%.

On July 16, 2014, the District issued the Series 2015 lease certificates in the principal amount of \$825,000. The proceeds of these certificates were used to fund additional capital improvements and pay \$24,713 of costs of issuing the certificates. These lease certificates are payable in varying amounts through 2024 and bear interest at 3.25%.

These leases qualify as capital leases for accounting purposes and therefore have been recorded at the present value of the future minimum lease payments as of the date of their inception. The improvements associated with these projects have been capitalized as capital assets, and unexpended funds of \$34 and \$326 are held in escrow at UMB Bank, N.A. as of June 30, 2017 and 2016, respectively.

On December 1, 2016, the District entered into a promissory note for the purchase of a building for maintenance operations in the principal amount of \$180,000. This promissory note is payable in \$60,000 annual installments through 2018 and bears no interest.

Subsequent to yearend, the District issued the Series 2017 school bus lease certificates in the principal amount of \$720,739. The proceeds of these certificates were used to purchase eight school buses for use by the District. These lease certificates are payable in \$112,768 annual installments through 2023 and bear interest at 3.10%.

The following is a summary of capital lease and promissory note transactions for the years ended June 30, 2017 and 2016:

	<u>Series 2012</u>	<u>Series 2013</u>	<u>Series 2015 Bus</u>	<u>Series 2015</u>	<u>Promissory Note</u>	<u>Total</u>
Capital lease payable July 01, 2015	\$1,085,000	4,530,000	581,668	825,000	-	7,021,668
Principal payments	<u>(145,000)</u>	<u>(635,000)</u>	<u>(100,733)</u>	-	-	<u>(880,733)</u>
Capital lease payable June 30, 2016	940,000	3,895,000	480,935	825,000	-	6,140,935
New borrowings	-	-	-	-	180,000	180,000
Principal payments	<u>(150,000)</u>	<u>(640,000)</u>	<u>(102,911)</u>	-	<u>(60,000)</u>	<u>(952,911)</u>
Capital lease and notes payable June 30, 2017	<u>\$ 790,000</u>	<u>3,255,000</u>	<u>378,024</u>	<u>825,000</u>	<u>120,000</u>	<u>5,368,024</u>

WEST PLAINS R-VII SCHOOL DISTRICT
Notes to Financial Statements (continued)
June 30, 2017 and 2016

Note 6: Long-term Debt

The annual requirements to amortize all capital leases as of June 30, 2017 and the Series 2017 Bus lease issued after June 30, 2017, including interest payments, are as follows:

	Series 2012		Series 2013		Series 2015 Bus		
	Principal	Interest	Principal	Interest	Principal	Interest	
2018	\$150,000	20,390	650,000	72,302	105,136	7,565	
2019	155,000	17,286	665,000	60,115	107,408	5,293	
2020	160,000	13,689	675,000	46,649	109,729	2,971	
2021	160,000	9,578	630,000	31,630	55,751	599	
2022	165,000	5,066	635,000	16,510	-	-	
2023	-	-	-	-	-	-	
2024	-	-	-	-	-	-	
Total debt payments	\$790,000	66,009	3,255,000	227,206	378,024	16,428	

	Series 2014		Promissory	Series 2017 Bus		Total
	Principal	Interest	Note	Principal	Interest	
2018	\$ -	26,812	60,000	112,768	-	1,204,974
2019	-	26,813	60,000	93,650	19,117	1,209,681
2020	-	26,812	-	96,595	16,173	1,147,619
2021	-	26,813	-	99,633	13,135	1,027,138
2022	-	26,812	-	102,766	10,002	961,156
2023	405,000	26,813	-	105,997	6,771	544,580
2024	420,000	13,650	-	109,330	3,438	546,418
Total debt payments	\$825,000	174,525	120,000	720,739	68,636	6,641,567
Less: Interest						(552,804)
Net principal payments						\$ 6,088,763

Article VI, Section 26 (b), Constitution of Missouri, limits the outstanding amount of authorized general obligation bonds of a District to 15 percent of the assessed valuation of the District (including state-assessed railroad and utilities). The legal debt margin (computed excluding state-assessed railroad and utility) of the District at June 30, 2017 was:

Constitutional debt limit	\$ 23,523,453
General obligation bonds payable	-
Amount in Debt Service Fund available for payment of principal - balance sheet	-
Legal debt margin	\$ 23,523,453

At June 30, 2017, the District was in compliance with the above article of the Constitution of Missouri.

WEST PLAINS R-VII SCHOOL DISTRICT
Notes to Financial Statements (continued)
June 30, 2017 and 2016

Note 7: Risk Management

The District is exposed to various risks of loss from torts; theft of, damage to and destruction of assets; business interruption; errors and omissions; natural disasters, and employee injuries and/or illnesses. The District has transferred its risk by obtaining coverage with commercial insurance companies. There has been no significant reduction in insurance coverage from the prior year.

Note 8: Fair Value Measurements

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

The District had the following recurring fair value measurements as of June 30, 2017:

	Fair Value Measurement Using			Total
	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	
Investment in External investment pools:				
Held at UMB Bank, N.A.				
Federated Government Obligation Fund #703	\$ 34	-	-	34

Note 9: Healthcare and Other Post-Employment Benefits

Plan Description. The West Plains R-VII School District provides its Healthcare Plan annually through its single employer defined contribution plan, including available health care coverage for the District's retired employees, if so elected. The Plan provides health care coverage for certain persons (and their dependents) who are currently employed or retired from the school district. Current employees' premiums are funded via a combination of payroll contributions from such employees and District contributions. Retiree premiums are generally funded solely via retiree contributions.

Funding Policy. Contribution requirements under the pay-as-you-go plans were actuarially determined each fiscal year ended June 30 by independent health care insurance providers chosen by the District during a formal bidding process. Monthly contribution rates vary depending upon coverage elected for employees and/or their family.

	2017	2016	2015
Insurance provider	MEUHP	Anthem	Coventry
<u>Employee coverage</u>			
Monthly healthcare contribution rates ranged as follows:	\$361 to \$1,604	\$421 to \$1,314	\$366 to \$1,299
Healthcare costs for current employees and dependents is summarized as follows:			
Employee paid contributions	\$ 313,822	281,420	309,305
District paid contributions	1,390,596	1,522,699	1,593,086
Total employee healthcare costs	\$ 1,704,418	1,804,119	1,902,391
<u>Retiree coverage</u>			
Number of retirees electing coverage	<u>55</u>	<u>56</u>	<u>68</u>
Monthly healthcare contribution rates ranged as follows:	\$361 to \$1,604	\$421 to \$1,314	\$366 to \$1,299
Healthcare costs for retired employees and dependents is summarized as follows:			
Retired employee paid contributions	\$ 314,846	360,319	374,723
District paid contributions	-	-	-
Total retiree healthcare costs	\$ 314,846	360,319	374,723

WEST PLAINS R-VII SCHOOL DISTRICT
Notes to Financial Statements (continued)
June 30, 2017 and 2016

Note 9: Pension Plans

General Information

Introduction. The following information is derived from the audited financial statements of PSRS and PEERS, which can be obtained at www.psr-peers.org. The information presented applies to both PSRS and PEERS unless otherwise indicated.

PSRS Plan Description. PSRS is a mandatory cost-sharing multiple employer retirement system for all full-time certificated employees and certain part-time certificated employees of all public school districts in Missouri (except the school districts of St. Louis and Kansas City) and all public community colleges. PSRS also includes certificated employees of PSRS, Missouri State Teachers' Association, Missouri State High School Activities Association, and certain employees of the state of Missouri who elected to remain covered by PSRS under legislation enacted in 1986, 1987 and 1989. The majority of PSRS members are exempt from Social Security contributions. In some instances, positions may be determined not to be exempt from Social Security contributions. Any PSRS members required to contribute to Social Security come under the requirements of Section 169.070(9) RSMo, know as the "2/3's statute." PSRS members required to contribute to Social Security are required to contribute two-thirds of the approved PSRS contribution rate and their employer is required to match the contribution. The members' benefits are further calculated at two-thirds the normal benefit amount.

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

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

The District's contributions remitted to PSRS were \$1,756,003, \$1,745,214, and \$1,731,155 for the years ended June 30, 2017, 2016, and 2015, respectively.

WEST PLAINS R-VII SCHOOL DISTRICT
Notes to Financial Statements (continued)
June 30, 2017 and 2016

Note 9: Pension Plans (continued)

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

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

Contributions. PEERS members were required to contribute 6.86% of their annual covered salary during fiscal years 2015-2017. Employers were required to match the contributions made by the employee. The contribution rate is set each year by the PSRS Board of Trustees upon the recommendation of the independent actuary within the contribution restrictions set in Section 169.030 RSMo. The annual statutory increase in the total contribution rate may not exceed 0.5% of pay.

The District's contributions remitted to PEERS were \$269,675, \$260,204, and \$255,294 for the years ended June 30, 2017, 2016, and 2015, respectively.

WEST PLAINS R-VII SCHOOL DISTRICT
Notes to Financial Statements (continued)
June 30, 2017 and 2016

Note 9: Pension Plans (continued)

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

PSRS: At June 30, 2017, the District had a liability of \$19,382,890 for its proportionate share of the net pension liability. The net pension liability for the plan in total was measured as of June 30, 2016 and determined by an actuarial valuation as of that date. The District's proportionate share of the total net pension liability was based on the ratio of its actual contributions of \$1,745,214 paid to PSRS for the year ended June 30, 2016 relative to the actual contributions of \$669,858,142 from all participating employers. At June 30, 2016, the District proportionate share was 0.2605%.

At June 30, 2017, the District had deferred outflows of resources and deferred inflows of resources from the following sources related to PSRS pension benefits:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Balance of Deferred Outflows and Inflows Due to:		
Differences between expected and actual experience	\$ 1,394,590	\$ 1,480,973
Changes of assumptions	219,228	-
Net difference between projected and actual earnings on pension plan investments	6,586,475	475,324
Changes in proportion and differences between Employer contributions and proportionate share of contributions	-	2,569,893
Employer contributions subsequent to the measurement date	1,756,003	-
	\$ 9,956,296	\$ 4,526,190

The District had \$1,756,003 as deferred outflows of resources to pensions resulting from contributions subsequent to the measurement date of June 30, 2016 that will be recognized as a reduction to the District's net pension liability in the year ended June 30, 2018. Other amounts reported as collective deferred (inflows) / outflows of resources to be recognized in pension expense:

Year Ending June 30:	
2018	\$ 500,233
2019	500,233
2020	1,785,180
2021	1,106,193
2022	(155,873)
Thereafter	(61,863)
	\$ 3,674,103

WEST PLAINS R-VII SCHOOL DISTRICT
Notes to Financial Statements (continued)
June 30, 2017 and 2016

Note 9: Pension Plans (continued)

PEERS: At June 30, 2017, the District had a liability of \$1,970,535 for its proportionate share of the net pension liability. The net pension liability for the plan in total was measured as of June 30, 2016 and determined by an actuarial valuation as of that date. The District's proportionate share of the total net pension liability was based on the ratio of its actual contributions of \$260,204 paid to PEERS for the year ended June 30, 2016 relative to the actual contributions of \$105,934,385 from all participating employers. At June 30, 2016, the District's proportionate share was 0.2456%.

At June 30, 2017, the District had deferred outflows of resources and deferred inflows of resources from the following sources related to PEERS pension benefits:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Balance of Deferred Outflows and Inflows Due to:		
Differences between expected and actual experience	\$ 57,039	\$ 115,491
Changes of assumptions	117,365	-
Net difference between projected and actual earnings on pension plan investments	716,290	267,096
Changes in proportion and differences between Employer contributions and proportionate share of contributions	-	96,060
Employer contributions subsequent to the measurement date	269,675	-
	\$ 1,160,369	\$ 478,647

The District had \$269,675 as deferred outflows of resources to pensions resulting from contributions subsequent to the measurement date of June 30, 2016 that will be recognized as a reduction to the District's net pension liability in the year ended June 30, 2018. Other amounts reported as collective deferred (inflows) / outflows of resources to be recognized in pension expense:

Year Ending June 30:	
2018	\$ 33,673
2019	56,874
2020	195,163
2021	126,337
2022	-
Thereafter	-
	\$ 412,047

WEST PLAINS R-VII SCHOOL DISTRICT
Notes to Financial Statements (continued)
June 30, 2017 and 2016

Note 9: Pension Plans (continued)

Actuarial Valuations:

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

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

Measurement date	June 30, 2016
Valuation date	June 30, 2016
Expected return on investments	7.75% net of investment expenses and including 2.25% inflation
Inflation	2.25%
Total payroll growth	<p>PSRS: 2.75% per annum, consisting of 2.25% inflation, 0.25% additional inflation due to inclusion of health care costs in pension earnings, and 0.25% for real wage growth due to productivity.</p> <p>PEERS: 3.25% per annum, consisting of 2.25% inflation, 0.50% additional inflation due to inclusion of health care costs in pension earnings, and 0.50% for real wage growth due to productivity.</p>
Future salary increases	<p>PSRS: 3.00% - 9.50% depending on service and including 2.25% inflation, 0.25% real wage growth due to the inclusion of active health care costs in pensionable earnings, and 0.25% of real wage growth due to productivity.</p> <p>PEERS: 4.00% - 11.00% depending on service and including 2.25% inflation, 0.50% real wage growth due to the inclusion of active health care costs in pensionable earnings, and 0.50% of real wage growth due to productivity.</p>
Cost of living increases	<p>The long-term cost-of-living adjustment (COLA) assumed in the valuation is 1.50% per year, based on the current policy of the Board to grant a 0.00% COLA when annual inflation, as measured by the CPI-U index for a fiscal year, increases between 0.00% and 2.00% and to grant 2.00% when the increase is between 2.00% and 5.00%. The actuarial assumption increases from 1.00% to 1.50% over ten years (from fiscal year 2017 to fiscal year 2027). The COLA applies to service retirements and beneficiary annuities. The COLA does not apply to the benefits for in-service death payable to spouses (where the spouse is over age 60), and does not apply to the spouse with children pre-retirement death benefit, the dependent children pre-retirement death benefit, or the dependent parent death benefit. The total lifetime COLA cannot exceed 80% of the original benefit.</p>

WEST PLAINS R-VII SCHOOL DISTRICT
Notes to Financial Statements (continued)
June 30, 2017 and 2016

Note 9: Pension Plans (continued)

Actuarial Valuations (Continued):

PSRS members receive a COLA on the second January after retirement, while PEERS members receive a COLA on the fourth January after retirement.

Mortality assumptions:

Actives

PSRS: RP 2006 White Collar Employee Mortality Table, multiplied by an adjustment factor of 0.75 at all ages for both males and females, with static projection using the 2014 SSA Improvement Scale to 2028.

PEERS: RP 2006 Total Dataset Employee Mortality Table, multiplied by an adjustment factor of 0.75 at all ages for both males and females, with static projection using the 2014 SSA Improvement Scale to 2028.

Nondisabled retirees,
beneficiaries and survivors

PSRS: RP-2006 White Collar Mortality Tables with plan-specific experience adjustments and static projection to 2028 using the 2014 SSA Improvement Scale, then projected 2016 using Scale AA.

PEERS: RP-2006 Total Dataset Mortality Tables with plan-specific experience adjustments and static projection to 2028 using the 2014 SSA Improvement Scale.

Disabled retirees

RP-2006 Disabled Retiree Mortality Tables with static projection to 2028 using the 2014 SSA Improvement Scale.

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

PSRS & PEERS

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

PSRS

The payroll growth assumption decreased from 3.50% to 2.75% per year.

The future salary increase assumption decreased from 4.00%-10.00%, depending on service to 3.00%-9.50%, depending on service.

The investment return assumption decreased from 8.00% to 7.75% per year.

The active mortality assumption changed from the RP 2000 Mortality Table set back one year for males and six years for females, then projected to 2016 using Scale AA to 75% of the RP-2006 White Collar Mortality Tables with static projection to 2028 using the 2014 SSA Improvement Scale.

The non-disabled retiree mortality assumption changed from the RP 2000 Mortality Table set back one year for both males and females, then projected to 2016 using Scale AA to the RP-2006 White Collar Mortality Tables with plan-specific experience adjustments and static projection to 2028 using the 2014 SSA Improvement Scale.

The disabled retiree mortality assumption changed from the RP 2000 Disabled Retiree Mortality Table to the RP-2006 Disabled Retiree Mortality Tables with static projection to 2028 using the 2014 SSA Improvement Scale.

WEST PLAINS R-VII SCHOOL DISTRICT
Notes to Financial Statements (continued)
June 30, 2017 and 2016

Note 9: Pension Plans (continued)

Actuarial Valuations (Continued):

PEERS	<p>The payroll growth assumption decreased from 3.75% to 3.25% per year.</p> <p>The future salary increase assumption decreased from 5.00%-12.00%, depending on service to 4.00%-11.00%, depending on service.</p> <p>The investment return assumption decreased from 8.00% to 7.75% per year.</p> <p>The active mortality assumption changed from the RP 2000 Mortality Table set back one year for males and six years for females, then projected to 2016 using Scale AA to 75% of the RP-2006 Total Dataset Mortality Tables with static projection to 2028 using the 2014 SSA Improvement Scale.</p> <p>The non-disabled retiree mortality assumption changed from the RP 2000 Mortality Table set forward one year for males and no set back/forward for females, then projected to 2016 using Scale AA to the RP-2006 Total Dataset Mortality Tables with plan-specific experience adjustments and static projection to 2028 using the 2014 SSA Improvement Scale.</p> <p>The disabled retiree mortality assumption changed from the RP 2000 Disabled Retiree Mortality Table to the RP-2006 Disabled Retiree Mortality Tables with static projection to 2028 using the 2014 SSA Improvement Scale.</p>
PSRS & PEERS	<p>In addition, the Board adopted a new COLA policy during fiscal 2016 resulting in a decrease in the future COLA assumption from 2.00% per year to a variable, increasing assumption of 1.00%-1.50% over ten years beginning January 1, 2018.</p>
Fiduciary net position	<p>PSRS and PEERS issues a publicly available financial report that can be obtained at www.psr-peers.org.</p>

WEST PLAINS R-VII SCHOOL DISTRICT
Notes to Financial Statements (continued)
June 30, 2017 and 2016

Note 9: Pension Plans (continued)

Actuarial Valuations (Continued):

Significant actuarial assumptions and other inputs used to measure total pension liability (continued):

Expected Rate of Return

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

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

WEST PLAINS R-VII SCHOOL DISTRICT
Notes to Financial Statements (continued)
June 30, 2017 and 2016

Note 9: Pension Plans (continued)

Actuarial Valuations (Continued):

Significant actuarial assumptions and other inputs used to measure total pension liability (continued):

Discount rate	The long-term expected rate of return used to measure the total pension liability was 7.75% as of June, 30, 2016, and is consistent with the long-term expected geometric return on plan investments. The actuarial assumed rate of return was 8.0% from 1980 through fiscal year 2016. The Board of Trustees adopted a new actuarial assumed rate of return of 7.75% based on the actuarial experience studies and asset-liability study conducted during the current year. The projection of cash flows used to determine the discount rate assumed that employer contributions would be made at the actuarially calculated rate computed in accordance with assumptions and methods stated in the funding policy adopted by the Board of Trustees, which requires payment of the normal cost and amortization of the unfunded actuarially accrued liability in level percent of employee payroll installments over 30 years utilizing a closed period, layered approach. Based on this assumption, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members.
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Discount rate sensitivity	The sensitivity of the District's net pension liabilities to changes in the discount rate is presented below. The District's net pension liabilities calculated using the discount rate of 7.75% is presented as well as the net pension liabilities using a discount rate that is 1.0% lower (6.75%) or 1.0% higher (8.75%) than the current rate.
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Discount Rate	1% Decrease (6.75%)	Current Rate (7.75%)	1% Increase (8.75%)
Proportionate share of the net pension liability			
PSRS	\$ 32,882,271	19,382,890	8,142,605
PEERS	3,426,830	1,970,535	748,346
Totals	<u>\$ 36,309,101</u>	<u>21,353,425</u>	<u>8,890,951</u>

REQUIRED SUPPLEMENTARY INFORMATION

WEST PLAINS R-VII SCHOOL DISTRICT
Budgetary Comparison Schedule
General Fund
For the year ended June 30, 2017

	Original Budget	Final Budget	Actual	Final Budget to Actual Variance
Revenues:				
Local	\$ 9,304,881	9,137,475	9,137,475	-
County	215,000	240,535	240,535	-
State	2,264,182	2,669,211	2,669,211	-
Federal	1,772,472	2,028,924	2,028,924	-
Receipts Other Districts	5,000	-	-	-
Total Revenues	<u>13,561,535</u>	<u>14,076,145</u>	<u>14,076,145</u>	<u>-</u>
Expenditures:				
General instruction	2,773,725	2,989,638	2,989,638	-
Vocational instruction	298,601	243,251	243,251	-
Student activities	1,046,167	1,091,515	1,091,515	-
Attendance and guidance	105,273	105,699	105,699	-
Health services	161,964	174,837	174,837	-
Improvement of instruction	90,850	48,107	48,107	-
Professional development	76,300	70,155	70,155	-
Media services	88,864	234,816	234,816	-
General administration	1,386,449	1,151,332	1,151,332	-
Building level administration	462,658	493,235	493,235	-
Operation of plant	1,821,183	1,815,660	1,815,660	-
Security Services	138,850	59,696	59,696	-
Pupil transportation	899,207	903,673	903,673	-
Other transportation	-	2,814	2,814	-
Food services	1,078,197	1,145,690	1,145,690	-
Other support services	107,324	120,534	120,534	-
Adult education	333,031	291,549	291,549	-
Community services	110,587	74,543	74,543	-
Total Expenditures	<u>10,979,230</u>	<u>11,016,744</u>	<u>11,016,744</u>	<u>-</u>
Revenues over expenditures	2,582,305	3,059,401	3,059,401	-
Other financing (uses):				
Transfers	(2,796,832)	(2,855,338)	(2,855,338)	-
Fund balance, beginning of year	5,051,024	5,051,024	5,051,024	-
Fund balance, end of year	<u>\$ 4,836,497</u>	<u>5,255,087</u>	<u>5,255,087</u>	<u>-</u>

The accompanying notes are an integral part of these financial statements.

WEST PLAINS R-VII SCHOOL DISTRICT
 Budgetary Comparison Schedule
 Special Revenue Fund
 For the year ended June 30, 2017

	Original Budget	Final Budget	Actual	Final Budget to Actual Variance
Revenues:				
Local	\$ 781,673	764,764	764,764	-
County	95,000	118,549	118,549	-
State	5,967,015	6,686,715	6,686,715	-
Federal	968,935	1,035,577	1,035,577	-
Receipts other districts	4,059,342	3,838,828	3,838,828	-
Total Revenues	<u>11,871,965</u>	<u>12,444,433</u>	<u>12,444,433</u>	<u>-</u>
Expenditures:				
General instruction	9,990,563	9,820,884	9,820,884	-
Vocational instruction	1,020,071	1,071,811	1,071,811	-
Student activities	314,429	301,164	301,164	-
Attendance and guidance	519,204	494,951	494,951	-
Health services	43,318	43,425	43,425	-
Improvement of instruction	203,860	194,772	194,772	-
Professional development	17,393	3,478	3,478	-
Media services	186,880	188,555	188,555	-
General administration	446,576	486,941	486,941	-
Building level administration	1,049,052	1,050,154	1,050,154	-
Pupil transportation	53,819	-	-	-
Other support services	86,963	-	-	-
Adult education	607,960	636,614	636,614	-
Community services	128,709	103,978	103,978	-
Total Expenditures	<u>14,668,797</u>	<u>14,396,727</u>	<u>14,396,727</u>	<u>-</u>
Expenditures over revenues	(2,796,832)	(1,952,294)	(1,952,294)	-
Other financing sources:				
Transfers	2,796,832	1,952,294	1,952,294	-
Fund balance, beginning of year	-	-	-	-
Fund balance, end of year	<u>\$ -</u>	<u>-</u>	<u>-</u>	<u>-</u>

The accompanying notes are an integral part of these financial statements.

WEST PLAINS R-VII SCHOOL DISTRICT
 Budgetary Comparison Schedule
 Capital Projects Fund
 For the year ended June 30, 2017

	Original Budget	Final Budget	Actual	Final Budget to Actual Variance
Revenues:				
Local	\$ 10,000	390,594	390,594	-
State	942,709	760,833	760,833	-
Federal	30,662	19,343	19,343	-
Total Revenues	<u>983,371</u>	<u>1,170,770</u>	<u>1,170,770</u>	<u>-</u>
Expenditures:				
General instruction	30,544	41,054	41,054	-
Vocational instruction	169,403	97,994	97,994	-
Health services	1,500	1,542	1,542	-
Media services	3,750	16,440	16,440	-
General administration	21,800	12,476	12,476	-
Building level administration	900	-	-	-
Operation of plant	71,000	84,935	84,935	-
Pupil transportation	192,111	102,911	102,911	-
Other transportation	-	89,105	89,105	-
Food services	40,500	2,452	2,452	-
Adult education	19,225	37,106	37,106	-
Community services	1,000	-	-	-
Facility Acquisition and Construction	1,291,100	1,302,169	1,302,169	-
Capital lease payments:				
Interest	140,994	142,102	142,102	-
Other fees	9,900	4,770	4,770	-
Total Expenditures	<u>1,993,727</u>	<u>1,935,056</u>	<u>1,935,056</u>	<u>-</u>
Expenditures over revenues	(1,010,356)	(764,286)	(764,286)	-
Other financing sources:				
Transfers	-	903,044	903,044	-
Fund balance, beginning of year	<u>1,300,000</u>	<u>1,300,000</u>	<u>1,300,000</u>	<u>-</u>
Fund balance, end of year	<u>\$ 289,644</u>	<u>1,438,758</u>	<u>1,438,758</u>	<u>-</u>

The accompanying notes are an integral part of these financial statements.

WEST PLAINS R-VII SCHOOL DISTRICT
 Schedule of Proportionate Share of the Net Pension Liability and Related Ratios (PSRS)
 and Schedule of Employer Contributions
 June 30, 2017 and 2016

District Fiscal Year Ended*	Proportion of the Net Pension Liability (Asset)	Proportionate Share of the Net Pension Liability (Asset)	Actual Covered Member Payroll	Net Pension Liability (Asset) as a Percentage of Covered Payroll	Fiduciary Net Position as a Percentage of Total Pension Liability
6/30/14	0.2668%	\$ 10,945,671	\$ 11,899,710	91.98%	89.30%
6/30/15	0.2636%	15,217,259	12,002,975	126.78%	85.78%
6/30/16	0.2605%	19,382,890	12,103,656	160.14%	82.18%

PSRS Fiscal Year Ended	Statutorily Required Contribution	Actual Employer Contributions	Contribution Excess/ (Deficiency)	Actual Covered Member Payroll	Contributions as a percentage of covered payroll
6/30/2013	\$ 1,713,130	\$ 1,713,130	\$ -	\$ 11,885,179	14.41%
6/30/2014	1,717,903	1,717,903	-	11,899,710	14.44%
6/30/2015	1,730,990	1,730,990	-	12,002,975	14.42%
6/30/2016	1,745,214	1,745,214	-	12,103,656	14.42%

Note: These schedules are intended to show information for ten years. Additional years will be displayed as they become available.

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

WEST PLAINS R-VII SCHOOL DISTRICT
 Schedule of Proportionate Share of the Net Pension Liability and Related Ratios (PEERS)
 and Schedule of Employer Contributions
 June 30, 2017 and 2016

District Fiscal Year Ended*	Proportion of the Net Pension Liability (Asset)	Proportionate Share of the Net Pension Liability (Asset)	Actual Covered Member Payroll	Net Pension Liability (Asset) as a Percentage of Covered Payroll	Fiduciary Net Position as a Percentage of Total Pension Liability
6/30/14	0.2687%	\$ 981,201	\$ 3,918,739	25.04%	91.33%
6/30/15	0.2499%	1,321,736	3,747,702	35.27%	88.28%
6/30/16	0.2456%	1,970,535	3,793,068	51.95%	83.32%

PEERS Fiscal Year Ended	Statutorily Required Contribution	Actual Employer Contributions	Contribution Excess/ (Deficiency)	Actual Covered Member Payroll	Contributions as a percentage of covered payroll
6/30/2013	\$ 270,590	\$ 270,590	\$ -	\$ 3,920,983	6.86%
6/30/2014	268,825	268,825	-	3,918,739	6.86%
6/30/2015	257,092	257,092	-	3,747,702	6.86%
6/30/2016	260,204	260,204	-	3,793,068	6.86%

Note: These schedules are intended to show information for ten years. Additional years will be displayed as they become available.

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

OTHER SUPPLEMENTARY INFORMATION

WEST PLAINS R-VII SCHOOL DISTRICT

Schedules of Revenues Collected by Source - Per Annual Secretary of Board Report (ASBR) - Governmental Funds
Years ended June 30, 2017 and 2016

	General Fund	Special Revenue Fund	Capital Projects Fund	2017 Totals	2016 Totals
LOCAL:					
Property tax	\$ 5,819,215	-	-	5,819,215	5,768,483
School district trust fund (Prop C)	1,273,734	764,240	-	2,037,974	1,915,619
Financial institution tax	-	-	12,793	12,793	45,808
M&M surtax	-	-	318,800	318,800	313,252
In lieu of tax	15,427	-	-	15,427	-
Tuition - Post Secondary	589,044	-	-	589,044	542,216
Earnings on investments	156,906	524	-	157,430	162,836
Food service	239,718	-	-	239,718	252,805
Student activities	987,541	-	-	987,541	1,082,421
Community Services	350	-	-	350	46,515
Other - from local sources	55,540	-	59,001	114,541	174,510
Total Local	9,137,475	764,764	390,594	10,292,833	10,304,465
COUNTY:					
Fines, escheats, etc.	-	118,549	-	118,549	95,332
State assessed utilities	240,535	-	-	240,535	222,739
Total County	240,535	118,549	-	359,084	318,071
STATE:					
Basic formula - state monies	1,928,389	5,785,168	-	7,713,557	6,738,421
Transportation	139,729	-	-	139,729	157,129
Early Childhood Special Education	250,404	247,266	-	497,670	515,551
Basic formula - classroom trust fund	-	97,577	673,581	771,158	725,350
Career Education/At Risk	-	20,000	-	20,000	20,000
Career education	37,729	536,704	-	574,433	566,705
Food service - state	8,032	-	-	8,032	7,475
Career Education Enhancement Grant	19,592	-	87,252	106,844	127,765
Residential Placement/Excess Cost	30,622	-	-	30,622	21,595
High Need Fund	94,917	-	-	94,917	43,663
Other - state	159,797	-	-	159,797	64,664
Total State	\$ 2,669,211	6,686,715	760,833	10,116,759	8,988,318

WEST PLAINS R-VII SCHOOL DISTRICT

Schedules of Revenues Collected by Source - Per Annual Secretary of Board Report (ASBR) - Governmental Funds
(modified accrual basis)

Years ended June 30, 2017 and 2016

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Capital Projects Fund</u>	<u>2017 Totals</u>	<u>2016 Totals</u>
FEDERAL:					
Categorical Aid:					
State Administered:					
Medicaid	\$ 179,649	-	-	179,649	132,850
Perkins basic grant, career education	152,630	-	19,343	171,973	203,875
IDEA Grants	6,982	-	-	6,982	4,282
IDEA entitlement funds, Part B IDEA	161,531	246,329	-	407,860	417,513
Early childhood special education	24,748	39,239	-	63,987	62,882
Child nutrition programs	886,153	-	-	886,153	905,830
Title I - ESEA	484,836	559,423	-	1,044,259	906,073
Title II, Part A, ESEA	-	130,042	-	130,042	121,525
Childcare Development Fund Grant	3,898	-	-	3,898	8,262
Vocational Rehabilitation	30,708	-	-	30,708	14,435
Dept of health food service program	39,786	-	-	39,786	-
Title VI, Part B rural education initiative	-	60,544	-	60,544	34,246
Other Federal	58,003	-	-	58,003	90,208
Total Federal	<u>2,028,924</u>	<u>1,035,577</u>	<u>19,343</u>	<u>3,083,844</u>	<u>2,901,981</u>
OTHER:					
Net Insurance Recovery	-	-	-	-	3,211
Sale of Other Property	-	-	-	-	10,224
Total Other	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>13,435</u>
RECEIPTS OTHER DISTRICTS:					
Tuition From Other Districts	-	3,681,387	-	3,681,387	3,762,432
Contracted educational services	-	123,778	-	123,778	122,018
Area vocational school fees	-	33,663	-	33,663	68,520
Total Receipts other districts	<u>-</u>	<u>3,838,828</u>	<u>-</u>	<u>3,838,828</u>	<u>3,952,970</u>
TOTAL REVENUES COLLECTED	<u>\$ 14,076,145</u>	<u>12,444,433</u>	<u>1,170,770</u>	<u>27,691,348</u>	<u>26,479,240</u>

WEST PLAINS R-VII SCHOOL DISTRICT
Schedules of Expenditures Paid By Object -
Per Annual Secretary of Board Report (ASBR) - Governmental Funds
Years ended June 30, 2017 and 2016

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Capital Projects Fund</u>	<u>2017 Total</u>	<u>2016 Total</u>
Salaries	\$ 3,719,825	11,347,172	-	15,066,997	15,031,000
Employee benefits	1,297,096	3,017,520	-	4,314,616	4,243,562
Purchased services	2,898,951	32,035	-	2,930,986	2,897,064
Supplies	3,100,872	-	-	3,100,872	2,544,676
Capital outlay	-	-	1,788,184	1,788,184	1,524,622
Other uses	-	-	146,872	146,872	161,988
Total	<u><u>\$ 11,016,744</u></u>	<u><u>14,396,727</u></u>	<u><u>1,935,056</u></u>	<u><u>27,348,527</u></u>	<u><u>26,402,912</u></u>

WEST PLAINS R-VII SCHOOL DISTRICT
Schedule of Transportation Costs Eligible for State Aid
Year Ended June 30, 2017

	Non-Disabled District Operated	Disabled District Operated	Early Childhood Transportation Service	Total
Certified salaries	\$ 44,500	-	-	44,500
Noncertified salaries	484,919	20,515	-	505,434
Employee benefits	162,858	9,727	-	172,585
Supplies	32,629	-	5,238	37,867
Purchased services	134,813	8,474	-	143,287
Capital outlay	102,911	-	-	102,911
Depreciation	92,819	-	-	92,819
	<u>\$ 1,055,449</u>	<u>38,716</u>	<u>5,238</u>	<u>1,099,403</u>
Nonroute contracted transportation				<u>None</u>
Purchase of school bus				<u>None</u>
Transportation revenues from other districts				<u>None</u>



SCHULTZ, WOOD & RAPP, P.C.
CERTIFIED PUBLIC ACCOUNTANTS • BUSINESS CONSULTANTS
MEMBER AMERICAN INSTITUTE OF CERTIFIED PUBLIC ACCOUNTANTS

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

October 31, 2017

Board of Education
West Plains R-VII School District
305 Valley View Dr.
West Plains, MO 65775

Dear Members of the Board:

We have examined management's assertions that the West Plains R-VII School District complied with the requirements of Missouri laws and regulations regarding budgetary and disbursement procedures: accurate disclosure of the District's attendance records of average daily attendance, resident membership on the last Wednesday of September, pupil transportation records of the average daily transportation of pupils eligible and ineligible for state aid and other statutory requirements as listed in the Schedule of Selected Statistics during the year ended June 30, 2017. Management is responsible for the West Plains R-VII School District's compliance with those requirements. Our responsibility is to express an opinion on management's assertions based on our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants and, accordingly, included examining on a test basis, evidence about the West Plains R-VII School District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our examination provides a reasonable basis for our opinion. Our examination does not provide a legal determination on the West Plains R-VII School District's compliance with specified requirements.

In our opinion, management's assertions referred to above are fairly stated, in all material respects, with the aforementioned requirements for the year ended June 30, 2017.

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

Schultz, Wood & Rapp, P.C.
Springfield, MO

WEST PLAINS R-VII SCHOOL DISTRICT
 Schedule of Selected Statistics
 June 30, 2017

County District Number: 046-134

Type of Audit Performed: Yellowbook Single Audit X

1. Calendar (Sections 160.041 and 171.031, RSMo)

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

Kindergarten – A.M.	_____	SDL	Grades 1-8	6.90	SDL
Kindergarten – P.M.	_____	SDL	Grades 9-12	6.90	SDL
Kindergarten – Full-day	6.90	SDL	Grades	-	SDL

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

Kindergarten – A.M.	_____	Hours	Grades 1-8	1,098.20	Hours
Kindergarten – P.M.	_____	Hours	Grades 9-12	1,098.20	Hours
Kindergarten – Full-day	1,098.20	Hours	Grades	-	Hours

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

Kindergarten – A.M.	_____	Days	Grades 1-8	160	Days
Kindergarten – P.M.	_____	Days	Grades 9-12	160	Days
Kindergarten – Full-day	160	Days	Grades	-	Days

Notes: _____

2. Average Daily Attendance (ADA)

Regular Term	Full-Time & Part Time	Remedial	Deseg In	Federal Lands	Total	Deseg Out
Kindergarten – A.M.	-	-	-	-	-	-
Kindergarten – P.M.	-	-	-	-	-	-
Kindergarten – Full-day	154.53	-	-	-	154.53	-
Grades 1-8	1,209.18	0.52	-	-	1,209.70	-
Grades 9-12	516.08	-	-	-	516.08	-
Subtotal Regular	1,879.79	0.52	-	-	1,880.31	-
Summer School Subtotal		Resident 95.14	Deseg In -	Federal Lands -	Total 95.14	-
Total Regular Term Plus Summer School ADA					1,975.45	

WEST PLAINS R-VII SCHOOL DISTRICT
 Schedule of Selected Statistics
 June 30, 2017

3. September Membership

	Full-Time & Part Time	Remedial	Deseg In	Federal Lands	Total	Deseg Out
September Membership FTE Count	1,985	-	-	-	1,985	-

Notes: _____

4. Free & Reduced Lunch FTE Count (section 163.011(6), RSMo)

State FTE Count	Free Reduced	Full-Time & Part Time	Deseg In	Total
		1,105	221	1,326
		-	-	-
	Total	1,105	221	1,326

Notes: _____

5. Finance

- A. As required by Section 162.401, RSMo, a bond was purchased for the District's treasurer in the total amount of: \$50,000
- B. The District's deposits were secured during the year as required by Sections 110.010 and 110.020, RSMo. True
- C. The District maintained a separate bank account for the Debt Service Fund in accordance with Section 165.011, RSMo. N/A
- D. Salaries reported for educators in the October Core Data cycle are supported by payroll/contract records. True
- E. If a \$162,326 or 7% x SAT x WADA transfer was made in excess of adjusted expenditures, the Board approved a resolution to make the transfer, which identified the specific projects to be funded by the transfer and an expected expenditure date for the projects to be undertaken. N/A
- F. The District published a summary of the prior year's audit report within thirty days of the receipt of the audit pursuant to Section 165.121, RSMo. True
- G. The District has a professional development committee plan adopted by the Board with the professional development committee plan identifying the expenditure of seventy-five percent (75%) of one percent (1%) of the current year basic formula apportionment. True
- H. The amount spent for approved professional development committee plan activities was: \$73,633

All above "false" answers must be supported by a finding or management letter comment.

Finding #: _____
 Management Letter Comment #: _____

Notes: _____

WEST PLAINS R-VII SCHOOL DISTRICT
 Schedule of Selected Statistics
 June 30, 2017

6. Transportation (Section 163.161, RSMo)

- | | |
|---|----------------|
| A. The school transportation allowable costs substantially conforms to 5 CSR 30-261.040, Allowable Costs for State Transportation Aid. | <u>True</u> |
| B. The District's school transportation ridership records are so maintained as to accurately disclose in all material respects the average number of regular riders transported. | <u>True</u> |
| C. Based on ridership records, the average number of students (non-disabled K-12, K-12 students with disabilities and career education) transported on a regular basis (ADT) was: | |
| Eligible ADT | <u>1,239</u> |
| Ineligible ADT | <u>-</u> |
| D. The District's transportation odometer mileage records are so maintained as to accurately disclose in all material respects the eligible and ineligible mileage for the year. | <u>True</u> |
| E. Actual odometer records show the total district-operated and contracted mileage for the year was: | <u>268,452</u> |
| Of this total, the eligible non-disabled and students with disabilities route miles and the ineligible non-route and disapproved miles (combined) was: | |
| Eligible Miles | <u>187,346</u> |
| Ineligible Miles (Non-Route/Disapproved) | <u>81,106</u> |
| F. Number of days the District operated the school transportation system during the regular school year: | <u>160</u> |
- All above "false" answers must be supported by a finding or management letter comment.
- Finding #: _____
- Management Letter Comment #: _____

Notes: _____



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

October 31, 2017

Board of Education
West Plains R-VII School District
305 Valley View Dr.
West Plains, MO 65775

Dear Members of the Board:

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of West Plains R-VII School District, which comprise the District's basic financial statements as listed in the table of contents as of and for the year ended June 30, 2017, and the related notes to the financial statements, and have issued our report thereon dated October 31, 2017.

Internal Control Over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the West Plains R-VII School District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed one instance of noncompliance and other matters, described in the accompanying Schedule of Findings and Questioned Costs, Finding 2017-1, that are required to be reported under *Government Auditing Standards*.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the West Plains R-VII School District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed one instance of noncompliance and other matters, described in the accompanying Schedule of Findings and Questioned Costs, Finding 2017-1, that are required to be reported under *Government Auditing Standards*.

West Plains R-VII School District's Response to Finding

The District's response to the finding identified in our audit is described in the accompanying Corrective Action Plan. West Plains R-VII School District's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Purpose of this Report

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

Schultz, Wood & Rapp, P.C.
Springfield, MO

WEST PLAINS R-VII SCHOOL DISTRICT
Schedule of Findings and Questioned Costs
Year Ended June 30, 2017

Section I – Summary of Auditor's Results

Financial Statements

Type of Auditor's report issued:	<u>Unmodified</u>		
Internal control over financial reporting:			
Material weakness(es) identified	Yes <input type="checkbox"/>	No <input checked="" type="checkbox"/>	
Significant deficiency(ies) identified	Yes <input type="checkbox"/>	No <input checked="" type="checkbox"/>	
Control deficiencies identified not considered to be significant deficiency(es)	Yes <input type="checkbox"/>	None Reported <input checked="" type="checkbox"/>	
Noncompliance material to financial statements noted	Yes <input type="checkbox"/>	No <input checked="" type="checkbox"/>	

Federal Awards

Internal control over major programs:			
Material weakness(es) identified	Yes <input type="checkbox"/>	No <input checked="" type="checkbox"/>	
Significant deficiency(ies) identified	Yes <input type="checkbox"/>	No <input checked="" type="checkbox"/>	
Control deficiencies identified not considered to be significant deficiency(es)	Yes <input type="checkbox"/>	None Reported <input checked="" type="checkbox"/>	
Type of auditor's report issued on compliance for major programs:	<u>Unmodified</u>		
Any audit findings disclosed that are required to be reported in accordance with Uniform Guidance	Yes <input type="checkbox"/>	No <input checked="" type="checkbox"/>	

Identification of major programs:

<u>CFDA Number</u>	<u>Name of Federal Program or Cluster</u>
84.010A	Title I
10.553/10.555/10.559	Child Nutrition Cluster
84.063/84.268	Student Financial Assistance Cluster

Dollar Threshold used to distinguish between Type A and Type B programs:	<u>\$750,000</u>		
Auditee qualified as a low risk auditee?	Yes <input checked="" type="checkbox"/>	No <input type="checkbox"/>	

WEST PLAINS R-VII SCHOOL DISTRICT
 Schedule of Findings and Questioned Costs
 Year Ended June 30, 2017

Section II - Financial Statement Findings – Other Matters

Finding 2017-1 Property Acquisition

Criteria: Agreements for the purchase of facilities are authorized through provisions as specified in the revised statutes of the state of Missouri (RSMo) sections 177.088 and 164.121.

Condition: School Districts must follow the provisions for the purchase of facilities authorized in sections 177.088 or 164.121 RSMo.

Cause: The District entered into a purchase of facilities on an installment basis which did not follow the requirements of either provision.

Effect: The District incurred debt through the purchase agreement that constitutes a violation of state statutes.

Recommendation: The District should take steps to ensure that all future agreements for the purchase of facilities are structured according to state statutes.

Section III – Federal Award Findings and Questioned Costs

<u>Agency/Program/CFDA #</u>	<u>Finding/Noncompliance</u>	<u>Questioned Costs</u>
<u>U.S. Department of Agriculture:</u>		
Pass-Through Programs From:		
Missouri Dept. of Elementary And Secondary Education and Missouri Dept. of Health		
Child Nutrition Cluster: CFDA #'s 10.553/10.555/10.559	None	None
<u>U.S. Department of Education:</u>		
Pass-Through Programs From:		
Missouri Dept. of Elementary and Secondary Education –		
Title I Cluster, CFDA # 84.010A	None	None
Direct Grants:		
Student Financial Assistance Cluster CFDA #'s 84.063/84.268	None	None

WEST PLAINS R-VII SCHOOL DISTRICT
Summary Schedule of Prior Audit Findings and Corrective Action Plan
Year Ended June 30, 2017

Summary Schedule of Prior Audit Findings

There were no federal findings or questioned costs in the prior years' audit reports to be resolved.

Corrective Action Plan

Contact Person: Dr. John Mulford, Superintendent

Corrective Action Planned: The School District intends to make installment payments according to the agreement and will take the necessary steps to ensure that future agreements for purchases of facilities and equipment follow state statutes.



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**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON
INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE AND REPORT ON
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**

October 31, 2017

Board of Education
West Plains R-VII School District
305 Valley View Dr.
West Plains, MO 65775

Dear Members of the Board:

Report on Compliance for Each Major Federal Program

We have audited West Plains R-VII School District's compliance with the types of compliance requirements described in the OMB *Compliance Supplement* that could have a direct and material effect on each of the District's major federal programs for the year ended June 30, 2017. The District's major federal programs are identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditor's Responsibility

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

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

Opinion on Each Major Federal Program

In our opinion, the District, complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2017.

Report on Internal Control over Compliance

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

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

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

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

Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance

We have audited the financial statements of the District for the year ended June 30, 2017, and have issued our report thereon dated October 31, 2017, which contained an unmodified opinion on those financial statements. Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by the Uniform Guidance and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Schedule of Expenditures of Federal Awards is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Schultz, Wood & Rapp, P.C.
Springfield, MO

WEST PLAINS R-VII SCHOOL DISTRICT
Schedule of Expenditures of Federal Awards
Year Ended June 30, 2017

Federal Grantor/Pass-Through Grantor Program Title	Federal CFDA Number	Pass-Through Grantor's Number	Federal Expenditures
<u>U.S. Department of Agriculture:</u>			
Pass-through programs from:			
Missouri Dept. of Elementary & Secondary Education -			
School Breakfast Program	10.553	2017-046-134	\$ 313,385
National School Lunch Program	10.555	2017-046-134	572,767
National School Lunch Program, Non-cash	10.555	2017-046-134	<u>72,558</u>
Total Pass-through programs from DESE			958,710
Missouri Dept. of Health & Senior Services- Summer Food Service Program for Children	10.559	ERS04621965	<u>39,786</u>
Total U.S. Department of Agriculture and Child Nutrition Cluster			<u>998,496</u>
<u>U.S. Department of Education:</u>			
Pass-through programs from:			
Missouri Dept. of Elementary & Secondary Education -			
ESEA, Title I	84.010A	2017-046-134	<u>1,044,259</u>
Early childhood special education	84.027A	2017-046-134	11,032
Early childhood special education	84.173A	2017-046-134	106,844
IDEA, Part B - special education	84.027A	2017-046-134	<u>414,843</u>
Total Special Education Cluster (IDEA)			<u>532,719</u>
Title II, Part A	84.367A	2017-046-134	<u>130,042</u>
Title VI, Part B rural education initiative	84.358B	2017-046-134	<u>60,544</u>
Vocational rehabilitation	84.126A	2017-046-134	<u>30,709</u>
Perkins basic grant - Secondary	84.048A	2017-046-134	<u>187,073</u>
Direct Grants:			
Federal Pell grant program	84.063	N/A	428,572
Federal Direct Loan	84.268	N/A	<u>425,971</u>
Total Student Financial Assistance Cluster			<u>854,543</u>
Total U.S. Department of Education			<u>2,839,889</u>

(continued)

WEST PLAINS R-VII SCHOOL DISTRICT
Schedule of Expenditures of Federal Awards - (continued)
Year Ended June 30, 2017

Federal Grantor/Pass-Through Grantor Program Title	Federal CFDA Number	Pass-Through Grantor's Number	Federal Expenditures
<u>U.S. Department of Health & Senior Services</u>			
Pass-through programs from:			
Missouri Dept. of Elementary & Secondary Education - School Age Community	93.575	2017-046-134	<u>29,831</u>
Jobs for America's Graduates - Missouri - Temporary assistance for needy families	93.558	N/A	<u>5,000</u>
<u>U.S. Department of Labor</u>			
Pass-Through Programs From:			
Missouri Division of Employment Security Trade adjustment assistance	17.245	2017-046-134	<u>53,003</u>
Total Expenditures of Federal Awards			<u><u>\$ 3,926,219</u></u>

Notes to the Schedule of Expenditures of Federal Awards:

1. This schedule is presented on the cash basis of accounting. The information in this schedule is presented in accordance with the requirements of the Uniform Guidance. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.
2. No federal awards received by the District were provided to any sub-recipient during the fiscal year.



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**INDEPENDENT AUDITOR'S COMMUNICATION
WITH THOSE CHARGED WITH GOVERNANCE**

October 31, 2017

Board of Education
West Plains R-VII School District
305 Valley View Dr.
West Plains, MO 65775

Dear Members of the Board:

We have audited the financial statements of the West Plains R-VII School District as of June 30, 2017 and for the year then ended, and have issued our report thereon dated October 31, 2017. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards and *Government Auditing Standards*, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letter to the District dated June 1, 2017. Professional standards require that we provide you with the following information related to our audit.

Our Responsibility under U.S. Generally Accepted Auditing Standards

As stated in our engagement letter dated June 1, 2017, our responsibility, as described by professional standards, is to express an opinion about whether the financial statements prepared by management with your oversight are fairly presented, in all material respects, in conformity with accounting principles generally accepted in the United States of America. Our audit of the financial statements does not relieve you or management of your responsibilities.

As part of our audit, we considered the internal control of the West Plains R-VII School District. Such considerations were solely for the purpose of determining our audit procedures and not to provide any assurance concerning such internal control.

Significant Audit Findings

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the West Plains R-VII School District are described in Note 1 to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during 2017. We noted no transactions entered into by the District during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates, if any, are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected.

Certain financial statement disclosures are particularly sensitive because of their significance to financial statement users. The most sensitive disclosures affecting the financial statements were:

The disclosure of long-term debt, including capital leases, loans, and general obligation bonds, if any, in Note 6 to the financial statements. Financial statement users need to be aware of debt obligations in future periods as this

is not reflected in the Balance Sheets-Governmental Funds, since such statements are presented in accordance with the modified accrual basis of accounting.

The disclosure of the District's defined benefit pension plans, in Note 9 to the financial statements. Financial statement users need to be aware of unfunded pension obligations due to cost-sharing multiple employer retirement plans as of June 30, 2017, as this is not reflected in the Balance Sheets-Governmental Funds, since such statements are presented in accordance with the modified accrual basis of accounting.

Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing and completing our audit.

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are trivial, and communicate them to the appropriate level of management. Certain audit adjustments were proposed by us and recorded by management.

Disagreements with Management

For purposes of this letter, professional standards define a disagreement with management as a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

Management Representations

We have requested certain representations from management that are included in the management representation letter dated October 31, 2017.

Management Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the District's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

This information is intended solely for the use of the Board of Education and management of the West Plains R-VII School District and is not intended to be and should not be used by anyone other than those specified parties.

Schultz, Wood & Rapp, P.C.
Springfield, MO

WEST PLAINS R-VII SCHOOL DISTRICT
 Schedule of Selected Data
 For ten years ended June 30, 2017

	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
GOVERNMENTAL FUNDS										
Total Fund Balances	\$ 6,693,845	6,351,024	6,274,696	6,513,672	7,472,571	8,103,946	7,619,608	6,771,292	6,501,839	7,227,968
Total Revenues Collected	\$27,691,348	26,479,240	25,804,867	24,894,243	26,102,303	25,574,570	30,655,979	25,851,243	23,527,700	23,343,159
Less Expenditures Paid	27,348,527	26,402,912	26,043,843	25,737,111	26,727,678	25,090,232	29,872,208	25,581,787	24,253,832	24,805,667
Revenues Collected over (under) Expenditures paid	\$ 342,821	76,328	(238,976)	(842,868)	(625,375)	484,338	783,771	269,456	(726,132)	(1,462,508)

OTHER SELECTED DATA

Long term debt outstanding	\$ 5,368,024	6,140,935	7,021,668	6,385,000	7,150,000	4,935,000	5,435,000	4,870,000	5,815,000	6,255,000
Calendar Hours	1,098.20	1,115.06	1,073.50	949.00	1,090.75	1,104.25	1,084.80	1,095.15	1,067.80	1,054.20
Eligible Pupils/ADA	1,975.45	1,903.47	1,863.99	1,862.70	1,897.46	1,897.46	1,888.11	1,895.10	1,872.59	1,892.48
September Resident Membership	1,985.00	1,941.00	1,772.00	1,866.00	1,985.00	1,985.00	1,967.00	1,957.00	1,967.00	1,939.00
Operating Fund Balances/Expenditures Ratio	20.68%	20.40%	17.90%	20.10%	21.90%	21.60%	25.00%	23.80%	16.70%	22.40%