

**WEST PLAINS R-VII SCHOOL DISTRICT**

Financial Statements and Supplementary Information

June 30, 2016 and 2015

**WEST PLAINS R-VII SCHOOL DISTRICT**

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SCHULTZ, WOOD & RAPP, P.C.

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**INDEPENDENT AUDITOR'S REPORT**

October 31, 2016

Board of Education  
West Plains R-VII School District  
West Plains, Missouri 65775

Dear Members of the Board:

**Report on the Financial Statements**

We have audited the accompanying financial statements of the governmental activities, fiduciary activities, and each major fund of the West Plains R-VII School District, as of and for the years ended June 30, 2016 and 2015, 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 error or fraud.

**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, fiduciary activities, and each major fund of the West Plains R-VII School District, as of June 30, 2016 and 2015, 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.

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### ***Emphasis of Matters***

As discussed in Notes 1 (M) and Note 9, West Plains R-VII School District has adopted the provisions of GASB Statement 68, as amended by GASB statement 71 relating to the accounting for participation in defined benefit pension plans. Our opinions are not modified with respect to this matter.

As discusses in Notes 1 (N), the financial statements have been restated to reflect a correction of an error to the 2015 financial statements. Our opinion is not modified with respect to this matter.

### ***Other Matters***

#### ***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis (pages 3-9) and 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)-Governmental Funds and the Summary of Selected Information are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, these schedules are fairly stated, in all material respects, in relation to the 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, 2016, 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.*

**WEST PLAINS R-VII SCHOOL DISTRICT**  
Management's Discussion and Analysis  
June 30, 2016 and 2015

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, 2016 and 2015. 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 10, 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 (2015-2016) (FY2016) and the prior (2014-2015) (FY2015) is required to be presented in the MD&A.

### ***Financial Highlights***

Key financial highlights for the fiscal years ended June 30, 2016 and 2015 include the following:

The government-wide net position increased by \$1,176,567 at June 30, 2016 as compared to an increase of \$1,589,821 at June 30, 2015. The governmental funds ending fund balances increased by \$76,328 at June 30, 2016 as compared to a decrease of \$238,976 at June 30, 2015. The difference between the government-wide net position changes and the governmental funds changes reflects the differences in the accrual basis of accounting and the modified accrual basis and is reconciled on page 18. Some of the significant differences are capitalization and depreciation of fixed assets and the method of reporting payments of bond principal, and the method of recording pension related items.

Program revenues made up 36.6% and 40.0% of the total revenues for the years ended June 30, 2016 and 2015, respectively, with general revenues making up the balance. These program revenues covered 38.3% and 42.6%, respectively of the program expenditures leaving 61.7% and 57.4%, respectively, to be covered by general revenues or the use of existing fund balances.

### ***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 2015-2016 fiscal year?" In short, is the District better or worse financially this year than the prior year? These statements include all assets and liabilities using the accrual basis of accounting used by most private-sector enterprises. The accrual basis takes into account all of the District's current year revenues and expenses regardless of when paid or received.

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 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 13. 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, 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 15 and 18.

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.

### ***Government-Wide Financial Analysis***

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

	<u>2016</u>	<u>2015</u>
Current assets	\$ 7,545,856	7,360,766
Capital assets	20,220,575	21,170,085
Total assets	<u>27,766,431</u>	<u>28,218,332</u>
Deferred outflows of resources	<u>6,788,669</u>	<u>2,496,388</u>
Long-term liabilities	21,787,019	18,948,540
Current liabilities	2,552,224	1,573,714
Total liabilities	<u>24,339,243</u>	<u>8,311,150</u>
Deferred inflows of resources	<u>4,788,969</u>	<u>6,254,664</u>
Net position		
Invested in capital assets, net of related debt	14,079,640	14,148,417
Restricted	1,323,677	1,321,903
Unrestricted	<u>(9,976,429)</u>	<u>(11,219,999)</u>
Total net position	<u>\$ 5,426,888</u>	<u>4,250,321</u>

Net position at June 30, 2016 reflected an increase of \$1,176,567 and net position at June 30, 2015 reflected an increase of \$1,589,821 from the prior year balances. Key elements of these changes consist of the following:

	<u>2016</u>	<u>2015</u>
Revenues:		
Program revenues:		
Charges for services	\$ 5,266,191	5,527,078
Operating grants and contributions	3,709,205	3,715,451
Capital grants and contributions	717,323	1,072,322
General revenues:		
Local taxes and fees	9,146,479	8,039,895
State and federal grants not restricted to specific programs	7,463,771	7,195,151
Other	176,335	255,090
Total revenues	<u>26,479,304</u>	<u>25,804,987</u>
Expenses:		
Instruction	13,576,217	13,447,570
Student activities	948,516	882,799
Student services	985,530	834,852
Instructional staff support	265,898	216,886
Administration	3,115,006	2,961,483
Operation of plant	2,822,051	2,496,812
Transportation	1,050,275	1,020,159
Food service	1,159,719	1,074,367
Facilities acquisition & construction	881,247	8,771.00
Adult education	194,787	832,802
Community service and other	146,155	242,264
Interest/fees on long-term debt	157,336	196,401
Total expenses	<u>25,302,737</u>	<u>24,215,166</u>
Change in net position	1,176,567	1,589,821
Net Position, beginning of year	4,250,321	19,907,182
Prior period adjustment, GASB 68	-	(17,246,682)
Net Position, beginning of year after prior period adjustment	<u>4,250,321</u>	<u>2,660,500</u>
Net position, end of year	<u>\$ 5,426,888</u>	<u>4,250,321</u>

As reflected above, certain expenses of the District's government-wide activities for the years ended June 30, 2016 and 2015 are not all borne by the taxpayers of West Plains. Of these amounts \$5,266,191 and \$5,527,078 respectively, was paid by those who used or benefited from the services rendered (e.g., charges for school lunches, student activities, and school tuition) and \$4,426,528 and \$4,787,773, respectively, was paid through various federal and state grants. Consequently, the net costs of \$15,610,018 and \$13,900,315, 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, 2016 and 2015. 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.

	2016		2015	
	Total Expense of Program	Net Expense (Revenue) of Program	Total Expense of Program	Net Expense (Revenue) of Program
Instruction	\$ 13,576,217	7,731,057	13,447,570	7,023,585
Student activities	948,516	(284,402)	882,799	(137,751)
Student services	985,530	625,053	834,852	494,885
Instructional staff support	265,898	194,788	216,886	145,437
Administration	3,115,006	2,812,883	2,961,483	2,657,921
Operation of plant	2,822,051	2,483,432	2,496,812	2,156,581
Transportation	1,050,275	893,146	1,020,159	861,796
Food service	1,159,719	(6,392)	1,074,367	21,142
Support services	94,303	94,303	87,667	87,667
Facilities acquisition & construction	-	-	8,771	8,771
Adult education	881,247	753,482	832,802	279,124
Community service and other	246,639	156,461	154,597	105,890
Interest/fees on long-term debt	157,336	156,207	196,401	195,267
Total	<u>\$ 25,302,737</u>	<u>15,610,018</u>	<u>24,215,166</u>	<u>13,900,315</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 basis 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, 2016 with a combined fund balance for governmental funds (as presented in the balance sheet on page 13) of \$6,351,024 as compared to a combined fund balance of \$6,274,696 as of July 1, 2015, an increase of \$76,328.

During 2016, the fund balance of the general fund increased by \$740,258, primarily due to transfers to other funds.

The major source of local revenue for operations is local property taxes amounting to \$5,768,483 and \$5,511,541 in 2016 and 2015, respectively. This amount is derived from the District's adjusted operating levy of \$3.6450 and \$3.6318 per \$100 of assessed valuation for calendar years 2016 and 2015, respectively. Other significant local revenues for 2016 and 2015 consist of \$1,915,619 and \$1,847,197 from sales tax, \$313,252 and \$315,133 from intangible tax (commercial property), breakfast and lunch revenues of \$252,805 and \$220,672, post-secondary tuition of \$542,216 and \$553,678, and student activity revenue of \$1,082,421 and \$869,336, respectively.

County revenue of \$318,071 and \$313,085 for 2016 and 2015, respectively, was derived primarily from county fine receipts and state assessed utility taxes.

State funding makes up 33.9% and 35.3% of total revenues for 2016 and 2015, respectively. The Missouri state foundation basic formula decreased in 2016 by \$280,115 to \$6,738,421 and in 2015 increased by \$401,949 to \$7,018,536. Other significant state revenues are:

	<u>2016</u>	<u>2015</u>
Classroom trust fund	\$ 725,350	721,557
High need fund	43,663	43,868
State transportation aid	157,129	158,363
Early childhood special education program	515,551	402,671
Vocational/At risk program	566,705	521,182
Vocational enhancement grant	127,765	109,095

Title I funding amounted to \$906,073 and \$695,793 in 2016 and 2015, respectively. Federal food services reimbursements amounted to \$905,830 and \$825,350 for 2016 and 2015, respectively. All other federal revenues are designated for special programs, such as individuals with disabilities, instructional improvement, and various other direct grants.

Total governmental funds expenditures were \$26,402,912 and \$26,043,843 for 2016 and 2015, respectively. The General Fund accounts for 38.8% and 38.2% of the total expenditures for 2016 and 2015, respectively. The Special Revenue Fund accounts for 54.8% and 54.3% for 2016 and 2015, respectively, of the expenditures and primarily consists of certificated salaries and employee benefits. Capital Projects Fund expenditures for capital equipment and facility repairs and construction projects for 2016 and 2015 amounted to \$1,686,610 and \$1,965,486, respectively.

The following table summarizes the governmental fund revenues and expenditures for the years ended June 30:

	<u>2016</u>	<u>2015</u>
<u>Revenue</u>		
Local	\$ 10,304,465	9,901,902
County	318,071	313,085
State	8,988,318	9,096,537
Federal	2,901,981	2,583,370
Tuition from other districts	3,952,970	3,909,648
Other	13,435	325
	<u>26,479,240</u>	<u>25,804,867</u>
<u>Expenditures</u>		
Instruction	\$ 15,161,466	13,886,154
Administration and support	8,859,879	9,699,852
Acquisition and construction	1,083,847	1,260,949
Debt service	161,989	157,091
Community service and other	1,135,731	1,039,797
	<u>26,402,912</u>	<u>26,043,843</u>

-continued-

## ***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 18, 2015 and the final budget was approved on June 30, 2016.

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 a decrease of \$2,893,253 which is 17.3% under the original budgeted revenues. The majority of this decrease was attributable to actual tuition revenue from other districts being classified as Special Revenue Fund revenues. The General Fund's actual expenditures reflect an increase of \$940,450, which is 10.1% over the original budgeted expenditures.

For fiscal year 2016, total actual revenues exceeded the total original budgeted revenues by \$1,372,403, and total actual expenditures exceeded originally budgeted expenditures by \$2,729,456.

## ***Capital Assets and Debt Administration***

### ***Capital Assets***

At June 30, 2016, the District had \$20,220,575 (net of accumulated depreciation) invested in a broad range of capital assets, including land, buildings, furniture, buses and vehicles, computers, and other 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 \$580,876 and \$3,730,313 for 2016 and 2015, respectively. Asset disposals for 2016 and 2015 were \$-0- and \$7,782,711, respectively. Depreciation amounted to \$1,530,386 and \$1,476,500 for 2016 and 2015, respectively.

Additional information on the District's capital assets can be found in Note 5 on page 27 of the financial statements.

### ***Long-Term Debt***

At June 30, 2016, the District had outstanding capital lease obligations of \$6,140,935 compared to \$7,021,668 at June 30, 2015 and \$6,385,000 at June 30, 2014. Payment of principal of \$880,733 caused the 2016 change. Principal payments of \$933,664 and new debt issuance of \$1,570,332 caused the 2015 change.

State statutes limit the amount of general obligation debt a school district may issue to 15% of the assessed valuation. The legal debt margin of \$24,046,952 at June 30, 2016 is an increase of \$760,875 over the June 30, 2015 debt margin of \$23,286,077, following an increase of \$440,263 from the limitation of \$22,845,814, as of June 30, 2014.

The District had obligations for compensated absences of \$416,253 and \$434,699 at June 30, 2016 and 2015, respectively.

Additional information on the District's long-term obligations can be found in Note 6 on pages 27-28 of the financial statements.

### ***Economic Factors and Next Year's Budget***

The District's administration is carefully watching developments unfolding within the Missouri legislature, the executive branch, and the judicial system. In the past, the state has had many 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 2016-2017.

### ***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 Mulford at the District administration offices, 305 Valley View Dr., West Plains, Missouri 65775.

**WEST PLAINS R-VII SCHOOL DISTRICT**  
Government-Wide Statements of Net Position  
June 30, 2016 and 2015

	<u>2016</u>	<u>2015</u>
<b>Assets:</b>		
Cash	\$ 6,820,551	5,951,239
Investments	326	664,192
Receivables	631,329	649,117
Prepaid expenses	69,973	74,315
Inventories	23,677	21,903
Capital assets, net of accumulated depreciation	<u>20,220,575</u>	<u>21,170,085</u>
Total assets	<u>27,766,431</u>	<u>28,530,851</u>
 Deferred outflows of resources	 <u>6,788,669</u>	 <u>2,496,388</u>
<b>Liabilities:</b>		
Accounts payable	229,167	116,256
Accrued interest payable	48,554	53,207
Accrued payroll and related benefits	965,339	969,552
Compensated absences payable	416,253	434,699
Capital lease obligations payable:		
Due within one year	892,911	880,733
Due in more than one year	5,248,024	6,140,935
Net pension liability	<u>16,538,995</u>	<u>11,926,872</u>
Total liabilities	<u>24,339,243</u>	<u>20,522,254</u>
 Deferred inflows of resources	 <u>4,788,969</u>	 <u>6,254,664</u>
<b>Net Position:</b>		
Invested in capital assets, net of related debt	14,079,640	14,148,417
Restricted for:		
Inventory	23,677	21,903
Capital improvements	1,300,000	1,300,000
Unrestricted	<u>(9,976,429)</u>	<u>(11,219,999)</u>
Total net position	<u>\$ 5,426,888</u>	<u>4,250,321</u>

The accompanying notes are integral part of these financial statements.

**WEST PLAINS R-VII SCHOOL DISTRICT**  
Government-Wide Statements of Activities  
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	
<b>Governmental Activities</b>					
General instruction	\$ (12,484,616)	1,768,343	2,320,057	717,323	(7,678,893)
Vocational instruction	(1,091,601)	1,025,002	14,435	-	(52,164)
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	(1,050,275)	-	157,129	-	(893,146)
Food services	(1,159,719)	252,805	913,306	-	6,392
Support services	(94,303)	-	-	-	(94,303)
Adult education	(881,247)	-	127,765	-	(753,482)
Community services	(194,787)	46,515	43,663	-	(104,609)
Interest and fees	(157,336)	1,129	-	-	(156,207)
<b>Total</b>	<b>\$ (25,302,737)</b>	<b>5,266,191</b>	<b>3,709,205</b>	<b>717,323</b>	<b>(15,610,018)</b>

**General Revenues**

Local taxes and fees	9,146,479
State and federal grants not restricted to specific programs	7,463,771
Investment earnings	162,900
Miscellaneous	13,435

Total general revenues 16,786,585

**Change in Net Position** 1,176,567

**Net Position, beginning of year** 4,250,321

**Net Position, end of year** \$ 5,426,888

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

**WEST PLAINS R-VII SCHOOL DISTRICT**  
Government-Wide Statements of Activities  
Year Ended June 30, 2015

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
<b>Governmental Activities</b>					
General instruction	\$ (12,444,064)	1,776,763	1,774,763	962,435	(7,930,103)
Vocational instruction	(1,003,506)	1,010,328	789,809	109,887	906,518
Student activities	(882,799)	1,020,550	-	-	137,751
Attendance and guidance	(534,021)	151,214	-	-	(382,807)
Health services	(199,781)	1,890	111,256	-	(86,635)
Improvement of instruction	(164,579)	71,071	-	-	(93,508)
Professional development	(52,307)	378	-	-	(51,929)
Media services	(101,050)	75,607	-	-	(25,443)
General administration	(1,798,080)	302,428	-	-	(1,495,652)
Building level administration	(1,163,403)	1,134	-	-	(1,162,269)
Operation of plant	(2,496,812)	340,231	-	-	(2,156,581)
Security services	(3,041)	-	-	-	(3,041)
Pupil transportation	(1,020,159)	-	158,363	-	(861,796)
Food services	(1,074,367)	220,672	832,553	-	(21,142)
Support services	(87,667)	-	-	-	(87,667)
Facilities acquisition & construction	(8,771)	-	-	-	(8,771)
Adult education	(832,802)	553,678	-	-	(279,124)
Community services	(151,556)	-	48,707	-	(102,849)
Interest	(196,401)	1,134	-	-	(195,267)
<b>Total</b>	<b>\$ (24,215,166)</b>	<b>5,527,078</b>	<b>3,715,451</b>	<b>1,072,322</b>	<b>(13,900,315)</b>
<b>General Revenues</b>					
					8,039,895
					7,195,151
					157,685
					97,405
					<u>15,490,136</u>
					<b>Change in Net Position</b>
					<u>1,589,821</u>
					<b>Net Position, beginning of year</b>
					19,907,182
					Prior period adjustment, GASB 68
					<u>(17,246,682)</u>
					<b>Net Position, beginning of year after prior period adjustment</b>
					<u>2,660,500</u>
					<b>Net Position, end of year</b>
					<u>\$ 4,250,321</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, 2016

	General Fund	Special Revenue Fund	Capital Projects Fund	2016 Total
<b><u>Assets</u></b>				
Cash	\$ 5,732,485	(282,572)	1,370,638	6,820,551
Accounts receivable	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>
<b><u>Liabilities and Fund Equity</u></b>				
Liabilities:				
Accounts payable	\$ 99,164	-	130,003	229,167
Salaries, wages, amounts withheld from employees and employer's share of payroll taxes, retirement and insurance	965,339	-	-	965,339
Total Liabilities	<u>1,064,503</u>	<u>-</u>	<u>130,003</u>	<u>1,194,506</u>
Fund Equity:				
Fund Balances:				
Nonspendable for inventories	23,677	-	-	23,677
Nonspendable for prepaid expenses	10,608	-	59,365	69,973
Assigned for specific fund purposes	-	-	1,240,635	1,240,635
Unassigned fund balance	5,016,739	-	-	5,016,739
Total Fund Equity	<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**  
Balance Sheets - Governmental Funds  
(Modified Accrual Basis)  
June 30, 2015

	General Fund	Special Revenue Fund	Capital Projects Fund	2015 Total
<b><u>Assets</u></b>				
Cash	\$ 5,163,195	(464,707)	1,252,751	5,951,239
Accounts receivable	180,610	464,707	667,730	1,313,047
Prepaid expenses	17,965	-	56,350	74,315
Inventories	21,903	-	-	21,903
	<u>\$ 5,383,673</u>	<u>-</u>	<u>1,976,831</u>	<u>7,360,504</u>
<b><u>Liabilities and Fund Equity</u></b>				
Liabilities:				
Accounts payable	\$ 103,355	-	12,901	116,256
Salaries, wages, amounts withheld from employees and employer's share of payroll taxes, retirement and insurance	969,552	-	-	969,552
Total Liabilities	<u>1,072,907</u>	<u>-</u>	<u>12,901</u>	<u>1,085,808</u>
Fund Equity:				
Fund Balances:				
Nonspendable for inventories	21,903	-	-	21,903
Nonspendable for prepaid expenses	17,965	-	-	17,965
Assigned for specific fund purposes	-	-	1,963,930	1,963,930
Unassigned fund balance	4,270,898	-	-	4,270,898
Total Fund Equity	<u>4,310,766</u>	<u>-</u>	<u>1,963,930</u>	<u>6,274,696</u>
	<u>\$ 5,383,673</u>	<u>-</u>	<u>1,976,831</u>	<u>7,360,504</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  
June 30, 2016 and 2015

	2016	2015
Amounts reported for governmental activities in the statement of net position are different due to the following:		
Total fund balances - Total Governmental Funds	\$ 6,351,024	6,274,696
Capital assets used in governmental activities are not financial resources and therefore are not reported as assets in governmental funds.	20,220,575	21,170,085
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 financial resources.	(416,253)	(434,699)
Pension related deferred outflows/inflows and liabilities are not recorded in the governmental funds statements.		
Net pension liability	(16,538,995)	(11,926,872)
Deferred outflows of resources	6,788,669	2,496,388
Deferred inflows of resources	(4,788,969)	(6,254,664)
Capital leases payable are not due and payable in the current period and therefore are not reported as liabilities in the governmental funds.		
Capital lease funds receivable	-	(663,930)
Cash held by fiscal agent	326	664,192
Capital lease obligations payable	(6,140,935)	(7,021,668)
Accrued interest on leases	(48,554)	(53,207)
Total net position - Government-Wide Statement of Net Position	\$ 5,426,888	4,250,321

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)  
Years Ended June 30, 2016

	General Fund	Special Revenue Fund	Capital Projects Fund	2016 Total
<b>Revenues:</b>				
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
Tuition from other districts	-	3,952,970	-	3,952,970
Other	10,224	-	3,211	13,435
<b>Total Revenues</b>	<b>13,860,029</b>	<b>11,799,163</b>	<b>820,048</b>	<b>26,479,240</b>
<b>Expenditures:</b>				
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
Transportation - other	-	-	10,250	10,250
Food services	1,127,365	-	31,068	1,158,433
Support services	94,303	-	-	94,303
Facilities acquisition and construction	-	-	1,083,847	1,083,847
Adult education	282,946	598,301	59,697	940,944
Community services	90,993	103,794	-	194,787
Capital lease payments:				
Principal	-	-	155,602	155,602
Interest and fees	-	-	6,387	6,387
<b>Total Expenditures</b>	<b>10,250,131</b>	<b>14,466,171</b>	<b>1,686,610</b>	<b>26,402,912</b>
Revenues over (under) expenditures	3,609,898	(2,667,008)	(866,562)	76,328
Other financing sources (uses): Transfers	(2,869,640)	2,667,008	202,632	-
Fund balances, beginning of year	4,310,766	-	1,963,930	6,274,696
Fund balances, end of year	\$ 5,051,024	-	1,300,000	6,351,024

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)  
Years Ended June 30, 2015

	General Fund	Special Revenue Fund	Capital Projects Fund	2015 Total
<b>Revenues:</b>				
Local	\$ 8,695,556	692,699	513,647	9,901,902
County	218,980	94,105	-	313,085
State	2,138,447	6,117,622	840,468	9,096,537
Federal	1,414,178	1,165,392	3,800	2,583,370
Tuition from other districts	-	3,909,648	-	3,909,648
Other	-	-	325	325
<b>Total Revenues</b>	<b>12,467,161</b>	<b>11,979,466</b>	<b>1,358,240</b>	<b>25,804,867</b>
<b>Expenditures:</b>				
General instruction	2,496,158	10,205,160	1,995	12,703,313
Vocational instruction	118,117	895,324	169,400	1,182,841
Student activities	829,085	-	-	829,085
Attendance and guidance	107,980	485,361	-	593,341
Health services	159,689	41,519	-	201,208
Improvement of instruction	40,027	124,830	-	164,857
Professional development	51,019	19,558	-	70,577
Media services	96,059	167,506	-	263,565
General administration	1,420,886	481,432	153,600	2,055,918
Building level administration	408,600	1,021,306	-	1,429,906
Operation of plant	1,793,709	-	46,420	1,840,129
Security services	3,041	-	-	3,041
Pupil transportation	946,146	-	163,664	1,109,810
Food services	1,041,664	-	9,084	1,050,748
Support services	87,667	-	-	87,667
Facilities acquisition and construction	-	-	1,260,949	1,260,949
Adult education	279,220	588,720	3,283	871,223
Community services	67,133	101,441	-	168,574
Capital lease payments:				
Interest	-	-	149,521	149,521
Fees	-	-	7,570	7,570
<b>Total Expenditures</b>	<b>9,946,200</b>	<b>14,132,157</b>	<b>1,965,486</b>	<b>26,043,843</b>
Revenues over (under) expenditures	2,520,961	(2,152,691)	(607,246)	(238,976)
Other financing sources (uses): Transfers	(3,013,275)	2,152,691	860,584	-
Fund balances, beginning of year	4,803,080	-	1,710,592	6,513,672
Fund balances, end of year	\$ 4,310,766	-	1,963,930	6,274,696

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

**WEST PLAINS R-VII SCHOOL DISTRICT**

Reconciliations of the Statement of Revenues, Expenditures and Changes in Fund  
Balances - Governmental Funds to the Government-Wide Statements of Activities  
June 30, 2016 and 2015

	<u>2016</u>	<u>2015</u>
Amounts reported for governmental activities in the statement of activities are different due to the following:		
Net change in fund balances - Total Governmental Funds	\$ 76,328	(238,976)
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 expense.		
Depreciation expense	(1,530,386)	(1,476,500)
Capital outlays	580,876	3,730,313
Capital items purchased with proceeds of debt refinancings are not included in the governmental funds expenditures, but are capitalized in government-wide financial statements.	-	(2,864,353)
Repayment of capital lease 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.	880,733	933,664
Expenditures from new debt that was not recorded in the governmental fund statements, but is recorded as interest and fees on the government-wide statement of net position.	-	(27,530)
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.	4,653	(11,780)
Income from the 2013 and 2012 series lease certificates.	65	120
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.	1,145,853	1,561,533
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.	<u>18,446</u>	<u>(16,670)</u>
Change in net position - Government-Wide Statement of Activities	<u>\$ 1,176,568</u>	<u>1,589,821</u>

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

**WEST PLAINS R-VII SCHOOL DISTRICT**  
 Statements of Fiduciary Net Position  
 Fiduciary Funds  
 (Cash Basis)  
 June 30, 2016 and 2015

	Flexible Spending Fund		Financial Aid Fund	
	2016	2015	2016	2015
<b><u>Assets</u></b>				
Cash	\$ -	5,025	-	-
<b><u>Net Position</u></b>				
Held in trust for Flexible Spending Fund	\$ -	5,025	-	-

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

**WEST PLAINS R-VII SCHOOL DISTRICT**  
**Statements of Changes in Fiduciary Net Position**  
**Fiduciary Funds**  
**(Cash Basis)**  
**Years Ended June 30, 2016 and 2015**

	Flexible Spending Fund		Financial Aid Fund	
	2016	2015	2016	2015
<b><u>Additions</u></b>				
Grants received	\$ -	-	765,599	738,158
Total additions	-	-	765,599	738,158
<b><u>Deductions</u></b>				
Grants disbursed	-	-	765,599	738,158
Refunded to District	5,025	-	-	-
Benefits to participants	-	451	-	-
Total deductions	5,025	451	765,599	738,158
Change in net position	(5,025)	(451)	-	-
Net position, beginning of year	5,025	5,476	-	-
Net position, end of year	\$ -	5,025	-	-

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

## WEST PLAINS R-VII SCHOOL DISTRICT

Notes to Financial Statements

June 30, 2016 and 2015

### 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, the following is a brief review of each potential component unit addressed in defining the District's reporting entity.

#### B. Basis of Presentation

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

**Government-wide Financial Statements** - The statement of net position and the statement of activities display information about the District as a whole. These statements include the nonfiduciary financial activities of the District. These statements report those activities of the District that are governmental (i.e. generally supported by taxes and intergovernmental revenues). Fiduciary funds 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 for 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. Separate financial statements are provided for governmental funds and fiduciary funds. The focus of governmental fund financial statements is on major funds. Each major fund is presented in a single column. The fiduciary funds are reported in individual columns by type of activity.



## WEST PLAINS R-VII SCHOOL DISTRICT

Notes to Financial Statements (continued)

June 30, 2016 and 2015

### **Note 1: Summary of Significant Accounting Policies (continued)**

**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 certificated 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.

**Capital Projects Fund** - Accounts for the proceeds of long-term debt including some capital lease proceeds, 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.

**Fiduciary Funds** - Fiduciary fund reporting focuses on net position and changes in net position. The District's fiduciary funds account for assets held by the District in a Trustee capacity.

#### **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 basis 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. Fiduciary fund transactions are reported using the current financial resources measurement focus and the cash basis of accounting.

## WEST PLAINS R-VII SCHOOL DISTRICT

Notes to Financial Statements (continued)

June 30, 2016 and 2015

### **Note 1: Summary of Significant Accounting Policies (continued)**

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 are not recognized. Capital lease transactions with the Missouri Association of Rural Education (MARE) are not recognized.

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.

#### **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 Assistant Superintendent of Finance, 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 modified accrual basis (budget basis), recognizing revenues when susceptible to accrual and expenditures when incurred. 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 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.

**WEST PLAINS R-VII SCHOOL DISTRICT**

Notes to Financial Statements (continued)

June 30, 2016 and 2015

**Note 1: Summary of Significant Accounting Policies (continued)**

F. Property Taxes and Other Receivables

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.

G. Inventories

Inventories are valued at cost and consist of carpentry program lots, houses, and food supplies. The cost is recorded as an expenditure at the time the inventory is purchased. Reported inventories are equally offset by a fund balance designation which indicates they are unavailable for appropriation.

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 earn vacation days after completing a full year of service. Accumulated unpaid vacation, which was earned in the current and prior fiscal years but unused at the end of the current fiscal year is accrued and amounted to \$86,653 and \$99,636 at June 30, 2016 and 2015, respectively. Non-certificated employees who work less than 12 calendar months per year do not earn vacation days.

Certificated and non-certificated employees receive ten sick days annually and the unused portion is accumulated and carried forward. Sick leave is accrued at year end, and upon termination, employees receive any accumulated sick leave pay. Accrued sick leave amounted to \$329,600 and \$335,063 at June 30, 2016 and 2015, respectively.

J. Interfund Transfers

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

K. Subsequent Events

Subsequent events have been evaluated through October 31, 2016, which is the audit report date.

L. Fund Balance Classification

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

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.

## WEST PLAINS R-VII SCHOOL DISTRICT

Notes to Financial Statements (continued)

June 30, 2016 and 2015

### **Note 1: Summary of Significant Accounting Policies (continued)**

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 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.

#### **M. 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 is reflected in the measurement of the District's net pension liability, deferred outflows and inflows of resources related to pensions, and pension expense and has been recorded in the District's Government-wide accrual basis financial statements.

#### **N. Prior Period Adjustment - Restatement of 2015 Financial Statements**

The 2015 Governmental Fund Financial Statements have been restated to record as a receivable certain proceeds from the capital lease entered into during 2015. The recording of this receivable resulted in a reduction of \$663,930 of facilities acquisition and construction costs. The net effect of this restatement is to increase the fund balance of the Capital Projects Fund by \$663,930 to \$1,963,930 as of June 30, 2015. This restatement had no effect on the Government-Wide Financial Statements.

### **Note 2: Cash and Investments**

The District complies with various restrictions on deposits and investments which are imposed by state statutes as follows:

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. Investments are reported at fair market value, as determined by quoted market prices as of June 30, 2016 and 2015, respectively.

**WEST PLAINS R-VII SCHOOL DISTRICT**

Notes to Financial Statements (continued)

June 30, 2016 and 2015

**Note 2: Cash and Investments (continued)**

At June 30, 2016, the District had cash balances at banks of \$8,383,154 which were sufficiently covered by federal depository insurance and by collateral held at the District's safekeeping bank agents, in the District's name.

The District had the following escrowed cash and investments held by fiscal agents at June 30, 2016 and 2015:

Type of Investment	Fair Value	Maturity Less than 1 Year	Maturity 1-5 Years
June 30, 2016:			
External investment pools:			
Federated Government Obligation Fund #703 held at UMB Bank, N.A.	\$ 326	326	-
	<u>\$ 326</u>	<u>326</u>	<u>-</u>
June 30, 2015:			
External investment pools:			
Federated Government Obligation Fund #703 held at UMB Bank, N.A.	\$ 664,192	664,192	-
	<u>\$ 664,192</u>	<u>664,192</u>	<u>-</u>

**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, 2016, the Federated Government Obligation Fund #703 is rated AAAM 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. The county collects the property tax and remits it to the District.

The assessed valuation of the taxable property for the calendar years 2016 and 2015 for purposes of local taxation was \$160,313,010 and \$155,240,510, respectively.

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

	2016		2015	
	Unadjusted	Adjusted	Unadjusted	Adjusted
General Fund	\$ 3.6450	3.6450	3.6318	3.6318

The receipts of current and delinquent property taxes during the fiscal years ended June 30, 2016 and 2015, aggregated approximately 98.7% and 97.8%, respectively, of the current assessment computed on the basis of the levy as shown above.

**WEST PLAINS R-VII SCHOOL DISTRICT**

Notes to Financial Statements (continued)

June 30, 2016 and 2015

**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, 2015 and 2016 follows:

	Balances			Balances			Balances
	July 1, 2014	Additions	Disposals	June 30, 2015	Additions	Disposals	June 30, 2016
Land	\$ 672,383	-	-	672,383	3,500	-	675,883
Buildings	29,354,249	2,646,779	-	32,001,028	253,290	-	32,254,318
Furniture, Vehicles & Equipment	12,078,047	1,083,534	7,782,711	5,378,870	324,086	-	5,702,956
Total	\$ 42,104,679	3,730,313	7,782,711	38,052,281	580,876	-	38,633,157

A summary of changes in accumulated depreciation for the years ended June 30, 2015 and 2016 follows:

	Balances		Depreciation		Balances		Depreciation		Balances
	July 1, 2014	Expense	Disposals	June 30, 2015	Expense	Disposals	June 30, 2016	June 30, 2016	
Buildings	\$ 12,690,241	884,986	-	13,575,227	952,451	-	14,527,678		
Furniture, Vehicles & Equipment	10,498,166	591,514	7,782,711	3,306,969	577,935	-	3,884,904		
Total	\$ 23,188,407	1,476,500	7,782,711	16,882,196	1,530,386	-	18,412,582		

A summary of the allocation of depreciation for the years ended June 30, 2016 and 2015 follows:

	2016	2015
General instruction	\$ 281,527	295,636
Student activities	81,439	80,222
General administration	15,159	13,468
Operation of plant	987,352	921,401
Pupil transportation	132,555	133,070
Food service	32,354	32,703
Total	\$ 1,530,386	1,476,500

**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%.

**WEST PLAINS R-VII SCHOOL DISTRICT**

Notes to Financial Statements (continued)

June 30, 2016 and 2015

**Note 6: Long-term Debt (continued)**

**Capital Leases (continued)**

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 \$326 are held in escrow at UMB Bank, N.A. as of June 30, 2016.

Transactions related to these leases for the years ended June 30, 2015 and 2016 are as follows:

	Series 2012	Series 2013	Series 2015 Bus	Series 2015	Total
Capital leases payable, July 1, 2014	\$ 1,230,000	5,155,000	-	-	6,385,000
New borrowings	-	-	745,332	825,000	1,570,332
Principal payments	(145,000)	(625,000)	(163,664)	-	(933,664)
Capital leases payable, June 30, 2015	1,085,000	4,530,000	581,668	825,000	7,021,668
Principal payments	(145,000)	(635,000)	(100,733)	-	(880,733)
Capital leases payable, June 30, 2016	\$ 940,000	3,895,000	480,935	825,000	6,140,935

The following is a summary of all future lease payments under the leases:

Year Ending June 30	
2017	\$ 1,035,336
2018	1,032,206
2019	1,036,914
2020	1,034,851
2021	914,370
2022-2024	1,713,852
<b>Total Lease Payments</b>	<b>6,767,529</b>
<b>Less Amounts Representing Interest</b>	<b>(626,594)</b>
<b>Net Lease Payments</b>	<b>\$ 6,140,935</b>

**General Obligation Bonds**

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, 2016 was:

Constitutional debt limit	
General obligation bonds payable	\$ 24,046,952
Amount in Debt Service Fund available for payment of bond principal - balance sheet	-
<b>Legal debt margin</b>	<b>\$ 24,046,952</b>

At June 30, 2016, 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, 2016 and 2015

**Note 7: Healthcare and Other Postemployment Benefits**

**Plan Description.** West Plains R-VII School District provided its Healthcare Plan annually through its participation in a defined benefit health care plan, which included 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 within the District. Current employee premiums are funded via a combination of payroll contributions from such employees and District contributions. Retiree premiums are 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, retirees and/or their dependents.

	<u>2016</u>	<u>2015</u>	<u>2014</u>
Insurance provider	Anthem	Coventry	Coventry
<b><u>Employee coverage</u></b>			
Monthly healthcare contribution rates ranged as follows:	\$0 to \$1,179	\$22 to \$894	\$42 to \$932
Healthcare costs for current employees and dependents is summarized as follows:			
Employee paid contributions	\$ 281,420	309,305	329,264
District paid contributions	<u>1,522,699</u>	<u>1,593,086</u>	<u>1,482,159</u>
Total employee healthcare costs	<u>\$ 1,804,119</u>	<u>1,811,423</u>	<u>1,885,895</u>

**Retiree coverage**

Number of retirees electing coverage	<u>56</u>	<u>68</u>	<u>72</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	\$ 360,319	374,723	364,868
District paid contributions	<u>-</u>	<u>-</u>	<u>-</u>
Total retiree healthcare costs	<u>\$ 360,319</u>	<u>364,868</u>	<u>379,352</u>

**Note 8: Risk Management**

The District is exposed to various risks of loss from tort; theft of, damage to and destruction of assets; business interruption; error and omissions; natural disasters; employee injuries and illnesses; and employee health, dental and accident benefits. 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.



## WEST PLAINS R-VII SCHOOL DISTRICT

Notes to Financial Statements (continued)

June 30, 2016 and 2015

### **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](http://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 comes under the requirements of Section 169.070(9) RSMo, known as the "2/3's statute." PSRS members required to contribute 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](http://www.psr-peers.org). Since the prior valuation date, the benefit provisions were amended to make permanent an early retirement benefit allowing members to retire at any age after 25 years of service.

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

Contributions. PSRS members were required to contribute 14.5% of their annual covered salary for fiscal years 2014-2016. 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 \$1,745,214, \$1,731,155, and \$1,717,903 for the years ended June 30, 2016, 2015, and 2014, respectively.

**WEST PLAINS R-VII SCHOOL DISTRICT**

Notes to Financial Statements (continued)

June 30, 2016 and 2015

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

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

Contributions. PEERS members were required to contribute 6.86% of their annual covered salary during fiscal years 2014-2016. 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 \$260,204, \$255,294, and \$268,825 for the years ended June 30, 2016, 2015, and 2014, respectively.

**Change in Accounting Principle**

Net Position as of July 1, 2014 has been restated as follows for the implementation of GASB Statement No. 68, as amended by GASB Statement No. 71.

Net Position as previously reported at June 30, 2014	\$ 19,907,182
Prior period adjustment (measurement date as of June 30, 2013)	
Net pension liability PEERS	(1,827,654)
Net pension liability PSRS	(17,405,756)
Deferred outflows:	
District Contributions made to PEERS during fiscal year 2014	268,825
District Contributions made to PSRS during fiscal year 2014	1,717,903
Net Position as restated at July 1, 2014	<u>\$ 2,660,500</u>

**WEST PLAINS R-VII SCHOOL DISTRICT**

Notes to Financial Statements (continued)

June 30, 2016 and 2015

**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, 2016 the District had a liability of \$15,217,259 for its proportionate share of the net pension liability. The net pension liability for the plan in total was measured as of June 30, 2015 and determined by an actuarial valuation as of that date. The District's proportionate share of the total net pension liability was based on the ratio of its actual contributions of \$1,730,990 paid to PSRS for the year ended June 30, 2015 relative to the actual contributions of \$656,578,122 from all participating employers. At June 30, 2015, the District proportionate share was 0.2636%.

For the year ended June 30, 2016, the District recognized a pension expense of \$789,972 in the government-wide financial statement of activities which is its proportionate share of the total pension expense.

At June 30, 2016, the District had deferred outflows of resources and deferred inflows of resources from the following sources related to PSRS pension benefits:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Balance of Deferred Outflows and Inflows Due to:		
Differences between expected and actual experience	\$ 1,745,697	-
Changes of assumptions	-	-
Net difference between projected and actual earnings on pension plan investments	2,665,701	3,900,713
Changes in proportion and differences between Employer contributions and proportionate share of contributions	-	369,713
Employer contributions subsequent to the measurement date	1,745,214	-
	<u>\$ 6,156,612</u>	<u>4,270,426</u>

The District had \$1,745,214 as deferred outflows of resources to pensions resulting from contributions subsequent to the measurement date of June 30, 2015 that will be recognized as a reduction to the net pension liability in the year ended June 30, 2017. Other amounts reported as collective deferred (inflows) / outflows of resources to be recognized in pension expense:

Year Ending June 30:	
2017	\$ (378,270)
2018	(378,270)
2019	(378,270)
2020	921,968
2021	234,473
Thereafter	119,341
	<u>\$ 140,972</u>

**WEST PLAINS R-VII SCHOOL DISTRICT**

Notes to Financial Statements (continued)

June 30, 2016 and 2015

**Note 9: Pension Plans (Continued)**

**PEERS:** At June 30, 2016, the District had a liability of \$1,321,736 for its proportionate share of the net pension liability. The net pension liability for the plan in total was measured as of June 30, 2015 and determined by an actuarial valuation as of that date. The District's proportionate share of the total net pension liability was based on the ratio of its actual contributions of \$257,092 paid to PEERS for the year ended June 30, 2015 relative to the actual contributions of \$102,864,099 from all participating employers. At June 30, 2015, the District's proportionate share was 0.2499%.

For the year ended June 30, 2016, the District recognized a pension expense of \$69,593 in the government-wide financial statement of activities which is its proportionate share of the total pension expense.

At June 30, 2016, the District had deferred outflows of resources and deferred inflows of resources from the following sources related to PEERS pension benefits:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Balance of Deferred Outflows and Inflows Due to:		
Differences between expected and actual experience	\$ 85,675	18,525
Changes of assumptions	-	-
Net difference between projected and actual earnings on pension plan investments	286,178	407,659
Changes in proportion and differences between Employer contributions and proportionate share of contributions	-	92,359
Employer contributions subsequent to the measurement date	<u>260,204</u>	<u>-</u>
	<u>\$ 632,057</u>	<u>518,543</u>

The District had \$260,204 as deferred outflows of resources to pensions resulting from contributions subsequent to the measurement date of June 30, 2015 that will be recognized as a reduction to the net pension liability in the year ended June 30, 2017. Other amounts reported as collective deferred (inflows) / outflows of resources to be recognized in pension expense:

Year Ending June 30:	
2017	\$ (80,884)
2018	(80,884)
2019	(57,557)
2020	<u>72,635</u>
	<u>\$ (146,690)</u>

**WEST PLAINS R-VII SCHOOL DISTRICT**

Notes to Financial Statements (continued)

June 30, 2016 and 2015

**Note 9: Pension Plans (Continued)**

***Actuarial Valuations:***

Actuarial valuations of 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 last experience study was conducted in 2011 and the next experience study is scheduled for 2016.

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

Measurement date	June 30, 2015
Valuation date	June 30, 2015
Expected return on investments	8.00% net of investment expenses and including 2.50% inflation
Inflation	2.50%
Total payroll growth	PSRS: 3.50% per annum, consisting of 2.50% inflation, 0.50% additional inflation due to inclusion of health care costs in pension earnings, and 0.50% for real wage growth.  PEERS: 3.75% per annum, consisting of 2.50% inflation, 0.75% additional inflation due to inclusion of health care costs in pension earnings, and 0.50% for real wage growth.
Future salary increases	PSRS: 4.00% - 10.00% depending on service and including 2.50% inflation, 0.50% additional inflation due to the inclusion of health care costs in pension earnings, and real wage growth of 1.00% to 7.00%  PEERS: 5.00% - 12.00% depending on service and including 2.50% inflation, 0.75% additional inflation due to the inclusion of health care costs in pension earnings, and real wage growth of 1.75% to 8.75%.
Cost of living increases	2.0% compounded annually, beginning on the second January after retirement and capped at 80% lifetime increase.
Mortality assumptions:	
Actives	RP 2000 Mortality Table set back one year for males and six years for females, then projected 2016 using Scale AA.
Non-disabled retirees, beneficiaries and survivors	RP 2000 Mortality Table set back one year for both males and females, then projected 2016 using Scale AA.
Disabled retirees	RP 2000 Disabled Mortality Table
Changes in actuarial assumptions and methods	There were no changes in actuarial assumptions or methods for the June 30, 2015 valuation.
Fiduciary net position	PSRS and PEERS issues a publicly available financial report that can be obtained at <a href="http://www.psr-peers.org">www.psr-peers.org</a>

**WEST PLAINS R-VII SCHOOL DISTRICT**

Notes to Financial Statements (continued)

June 30, 2016 and 2015

**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 PSRS' and PEERS' investments was determined using a building block method in which best-estimate ranges of expected future real rates of returns (expected returns, net of investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in PSRS' and PEERS' target allocation as of June 30, 2015 is summarized below along with the long term geometric return. Geometric return (also referred to as the time weighted return) is considered standard 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%	5.85%	1.58%
Public Credit	12.0%	2.44%	0.29%
Hedged asset	6.0%	5.22%	0.31%
Non-U.S. public entity	15.0%	6.64%	1.00%
U.S. treasuries	16.0%	1.01%	0.16%
U.S. tips	4.0%	1.12%	0.04%
Private credit	2.0%	7.61%	0.15%
Private equity	10.5%	8.61%	0.90%
Private real estate	7.5%	4.60%	0.35%
	100.0%		4.78%
		Inflation	2.50%
		Long term arithmetical nominal return	7.28%
		Effect of covariance matrix	0.81%
		Long term expected geometric rate	8.09%



**REQUIRED SUPPLEMENTARY INFORMATION**



**WEST PLAINS R-VII SCHOOL DISTRICT**

## Budgetary Comparison Schedule

## General Fund

Year Ended June 30, 2016

	Original Budget	Final Budget	Actual	Variance Final Budget to Actual
Revenues:				
Local	\$ 8,490,850	9,571,695	9,571,695	-
County	210,000	222,739	222,739	-
State	2,218,034	2,163,886	2,163,886	-
Federal	1,721,017	1,891,485	1,891,485	-
Other	4,113,381	10,224	10,224	-
Total Revenues	16,753,282	13,860,029	13,860,029	-
Expenditures:				
General instruction	2,437,979	2,661,388	2,661,388	-
Vocational instruction	40,352	145,506	145,506	-
Student activities	644,466	903,539	903,539	-
Attendance and guidance	102,339	98,572	98,572	-
Health services	169,128	176,140	176,140	-
Improvement of instruction	75,600	24,395	24,395	-
Professional development	79,855	54,576	54,576	-
Media services	86,870	88,874	88,874	-
General administration	1,316,040	1,250,024	1,250,024	-
Building level administration	388,133	458,025	458,025	-
Operation of plant	1,764,362	1,866,593	1,866,593	-
Security services	105,600	51,852	51,852	-
Pupil transportation	838,759	875,040	875,040	-
Food services	1,090,041	1,127,365	1,127,365	-
Support services	93,058	94,303	94,303	-
Adult education	-	282,946	282,946	-
Community services	77,099	90,993	90,993	-
Total Expenditures	9,309,681	10,250,131	10,250,131	-
Revenues over expenditures	7,443,601	3,609,898	3,609,898	-
Other financing (uses):				
Transfers	(6,010,220)	(2,869,640)	(2,869,640)	-
Fund balances, beginning of year	4,310,766	4,310,766	4,310,766	-
Fund balances, end of year	\$ 5,744,147	5,051,024	5,051,024	-

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

**WEST PLAINS R-VII SCHOOL DISTRICT**

## Budgetary Comparison Schedule

## Special Revenue Fund

Year Ended June 30, 2016

	Original Budget	Final Budget	Actual	Variance Final Budget to Actual
Revenues:				
Local	\$ 744,870	718,970	718,970	-
County	105,000	95,332	95,332	-
State	5,432,959	6,043,266	6,043,266	-
Federal	877,604	988,625	988,625	-
Tuition from other districts	-	3,952,970	3,952,970	-
Total Revenues	<u>7,160,433</u>	<u>11,799,163</u>	<u>11,799,163</u>	<u>-</u>
Expenditures:				
General instruction	9,737,065	10,332,187	10,332,187	-
Vocational instruction	316,269	979,308	979,308	-
Student activities	306,864	-	-	-
Attendance and guidance	500,152	487,137	487,137	-
Health Services	42,780.00	43,089	43,089	-
Improvement of instruction	2,330	188,896	188,896	-
Professional development	143,752	13,154	13,154	-
Media services	171,596	170,026	170,026	-
General administration	448,213	483,619	483,619	-
Building level administration	1,044,037	1,018,062	1,018,062	-
Pupil transportation	52,985	48,598	48,598	-
Adult education	-	598,301	598,301	-
Community services	105,413	103,794	103,794	-
Total Expenditures	<u>12,871,456</u>	<u>14,466,171</u>	<u>14,466,171</u>	<u>-</u>
Expenditures over revenues	(5,711,023)	(2,667,008)	(2,667,008)	-
Other financing sources:				
Transfers	5,711,023	2,667,008	2,667,008	-
Fund balances, beginning of year	-	-	-	-
Fund balances, 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

Year Ended June 30, 2016

	Original Budget	Final Budget	Actual	Variance Final Budget to Actual
<b>Revenues:</b>				
Local	\$ 10,000	13,800	13,800	-
State	858,294	781,166	781,166	-
Federal	324,828	21,871	21,871	-
Other	-	3,211	3,211	-
<b>Total Revenues</b>	<b>1,193,122</b>	<b>820,048</b>	<b>820,048</b>	<b>-</b>
<b>Expenditures:</b>				
General instruction	15,544	15,347	15,347	-
Vocational instruction	-	124,191	124,191	-
Health services	1,500	-	-	-
Media services	3,750	-	-	-
General administration	94,614	42,463	42,463	-
Building level administration	900	-	-	-
Operation of plant	22,000	57,025	57,025	-
Pupil transportation	147,933	100,733	100,733	-
Transportation - other	-	10,250	10,250	-
Food services	21,500	31,068	31,068	-
Facilities acquisition and construction	1,019,500	1,083,847	1,083,847	-
Adult education	-	59,697	59,697	-
Community services	1,000	-	-	-
Capital lease payments:				
Principal	154,178	155,602	155,602	-
Interest and fees	9,900	6,387	6,387	-
<b>Total Expenditures</b>	<b>1,492,319</b>	<b>1,686,610</b>	<b>1,686,610</b>	<b>-</b>
Expenditures over revenues	(299,197)	(866,562)	(866,562)	-
<b>Other financing sources:</b>				
Transfers	299,197	202,632	202,632	-
Fund balances, beginning of year	1,963,930	1,963,930	1,963,930	-
Fund balances, end of year	1,963,930	1,300,000	1,300,000	-

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  
Ten Years Ended June 30, 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
6/30/2014 & prior	Not Available	Not Available	Not Available	Not Available	Not Available
6/30/2015	0.2668%	\$ 10,945,671	\$ 11,899,710	91.98%	89.30%
6/30/2016	0.2636%	15,217,259	12,002,975	126.8%	85.8%

PSRS Fiscal Year Ended	Statutorily Required Contribution	Actual Employer Contributions	Contribution Excess/ (Deficiency)	Actual Covered Member Payroll	Fiduciary Net Contributions as a Percentage of Covered Payroll
6/30/2012 & prior	Not Available	Not Available	Not Available	Not Available	Not Available
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%

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.

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 (PEERS) and Schedule of Employer Contributions  
Ten Years Ended June 30, 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
6/30/2014 & prior	Not Available	Not Available	Not Available	Not Available	Not Available
6/30/2015	0.2687%	\$ 981,201	\$ 3,918,739	25.0%	91.3%
6/30/2016	0.2499%	\$ 1,321,736	3,747,702	35.3%	88.3%

PEERS Fiscal Year Ended	Statutorily Required Contribution	Actual Employer Contributions	Contribution Excess/ (Deficiency)	Actual Covered Member Payroll	Fiduciary Net Contributions as a Percentage of Covered Payroll
6/30/2012 & prior	Not Available	Not Available	Not Available	Not Available	Not Available
6/30/2013	\$ 270,590	\$ 270,590	\$ -	\$ 3,920,983	6.90%
6/30/2014	268,825	268,825	-	3,918,739	6.86%
6/30/2015	257,092	257,092	-	3,747,702	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.

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

**OTHER SUPPLEMENTARY INFORMATION**

**WEST PLAINS R-VII SCHOOL DISTRICT**

Schedules of Revenues Collected by Source-Per Annual Secretary of the Board Report  
(ASBR)-Governmental Funds  
Years Ended June 30, 2016 and 2015

	General Fund	Special Revenue Fund	Capital Projects Fund	2016 Totals	2015 Totals
<b>Local:</b>					
Property tax	\$ 5,768,483	-	-	5,768,483	5,511,541
Sales tax	1,197,262	718,357	-	1,915,619	1,847,197
Financial institution tax	45,808	-	-	45,808	52,939
Intangible tax	313,252	-	-	313,252	315,133
Tuition - post secondary	542,216	-	-	542,216	553,678
Earnings on investments	162,223	613	-	162,836	157,566
Food services	252,805	-	-	252,805	220,672
Student activities	1,082,421	-	-	1,082,421	869,336
Community services	46,515	-	-	46,515	48,707
Other	160,710	-	13,800	174,510	325,133
<b>Total Local</b>	<b>9,571,695</b>	<b>718,970</b>	<b>13,800</b>	<b>10,304,465</b>	<b>9,901,902</b>
<b>County:</b>					
Fines and escheats	-	95,332	-	95,332	94,105
State assessed utility taxes	222,739	-	-	222,739	218,980
<b>Total County</b>	<b>222,739</b>	<b>95,332</b>	<b>-</b>	<b>318,071</b>	<b>313,085</b>
<b>State:</b>					
Basic formula	1,684,605	5,053,816	-	6,738,421	7,018,536
Transportation	157,129	-	-	157,129	158,363
Classroom trust fund	-	51,769	673,581	725,350	721,557
Early childhood special education	160,824	354,727	-	515,551	402,671
Career education	3,751	562,954	-	566,705	521,182
Career education/at risk	-	20,000	-	20,000	20,000
Food services	7,475	-	-	7,475	7,203
Career education enhancement grant	20,180	-	107,585	127,765	109,095
Residential placement	21,595	-	-	21,595	12,345
High need fund	43,663	-	-	43,663	43,868
Preschool project	-	-	-	-	28,800
Other	64,664	-	-	64,664	52,917
<b>Total State</b>	<b>\$ 2,163,886</b>	<b>6,043,266</b>	<b>781,166</b>	<b>8,988,318</b>	<b>9,096,537</b>

NOTE: The above schedules are reported revenues by source per Annual Secretary of the Board Report (ASBR).

-continued-

**WEST PLAINS R-VII SCHOOL DISTRICT**

Schedules of Revenues Collected by Source-Per Annual Secretary of the Board Report  
(ASBR)-Governmental Funds (continued)  
Years Ended June 30, 2016 and 2015

	General Fund	Special Revenue Fund	Capital Projects Fund	2016 Totals	2015 Totals
Federal:					
Categorical Aid:					
State Administered:					
ESEA, Title I	\$ 381,438	524,635	-	906,073	695,793
IDEA, Part B	153,119	264,394	-	417,513	441,785
IDEA grants	4,282	-	-	4,282	-
Perkins Basic Grant, career education	144,413	37,591	21,871	203,875	221,331
Food services	905,830	-	-	905,830	825,350
Childcare development fund	8,262	-	-	8,262	3,723
ESEA, Title II, Part A	-	121,525	-	121,525	120,717
Early childhood special education	22,402	40,480	-	62,882	97,821
Medicaid	132,850	-	-	132,850	111,256
Vocational rehabilitation	14,435	-	-	14,435	1,832
Title VI-Rural education initiative	34,246	-	-	34,246	26,077
Other	90,208	-	-	90,208	37,685
Total Federal	<u>1,891,485</u>	<u>988,625</u>	<u>21,871</u>	<u>2,901,981</u>	<u>2,583,370</u>
Received from other districts:					
Tuition	-	3,762,432	-	3,762,432	3,780,348
Contracted educational services	-	122,018	-	122,018	26,256
Area vocational school fees	-	68,520	-	68,520	103,044
Total from other districts	<u>-</u>	<u>3,952,970</u>	<u>-</u>	<u>3,952,970</u>	<u>3,909,648</u>
Other:					
Sale of other property	10,224	-	-	10,224	325
Net Insurance recovery	-	-	3,211	3,211	-
Total Other	<u>10,224</u>	<u>-</u>	<u>3,211</u>	<u>13,435</u>	<u>325</u>
<b>TOTAL REVENUES</b>	<u><u>\$ 13,860,029</u></u>	<u><u>11,799,163</u></u>	<u><u>820,048</u></u>	<u><u>26,479,240</u></u>	<u><u>25,804,867</u></u>

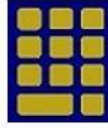
NOTE: The above schedules are reported revenues by source per Annual Secretary of the Board Report (ASBR).



**WEST PLAINS R-VII SCHOOL DISTRICT**  
Schedules of Expenditures Paid By Object-  
Per Annual Secretary of the Board Report (ASBR)-Governmental Funds  
Years Ended June 30, 2016 and 2015

	General Fund	Special Revenue Fund	Capital Projects Fund	2016 Totals	2015 Totals
Salaries	\$ 3,575,066	11,455,934	-	15,031,000	14,839,484
Employee benefits	1,264,049	2,979,513	-	4,243,562	4,179,101
Purchased services	2,866,340	30,724	-	2,897,064	2,482,882
Supplies	2,544,676	-	-	2,544,676	2,576,890
Capital outlay	-	-	1,524,622	1,524,622	1,808,396
Other uses	-	-	161,988	161,988	157,090
Total	<u>\$ 10,250,131</u>	<u>14,466,171</u>	<u>1,686,610</u>	<u>26,402,912</u>	<u>26,043,843</u>

NOTE: The above schedules are reported expenditures by object per Annual Secretary of the Board Report (ASBR).



SCHULTZ, WOOD & RAPP, P.C.

CERTIFIED PUBLIC ACCOUNTANTS · BUSINESS CONSULTANTS  
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**INDEPENDENT AUDITOR'S REPORT ON STATE SCHEDULES**

October 31, 2016

Board of Education  
West Plains R-VII School District  
West Plains, Missouri 65775

Dear Members of the Board:

We have audited the basic financial statements of the West Plains R-VII School District, as of and for the year ended June 30, 2016 and have issued our report thereon dated October 31, 2016. Those basic financial statements are the responsibility of the District's management. Our responsibility is to express an opinion on those financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and *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 basic financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall basic financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

Our audit was made for the purpose of forming an opinion on the basic financial statements of the West Plains R-VII School District taken as a whole. The accompanying Schedules of Selected Statistics, Transportation Costs Eligible for State Aid and State Financial Grant Assistance are presented for purposes of additional analysis and are not a required part of the basic financial statements. The information in those schedules has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

*Schultz, Wood & Rapp, P.C.*

**WEST PLAINS R-VII SCHOOL DISTRICT**

Schedule of Selected Statistics

Year Ended June 30, 2016

County District Number: 040-134

Type of Audit Performed: Yellow Book: \_\_\_\_\_ Single Audit: X

**1. Calendar (Sections 160.041 and 171.031, RSMo)**

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

Kindergarten - A.M.	_____	Hours	Grades	<u>1 - 8</u>	<u>1,115.06</u>	Hours
Kindergarten - P.M.	_____	Hours	Grades	<u>9 - 12</u>	<u>1,115.06</u>	Hours
Kindergarten - Full-day	<u>1,115.06</u>	Hours	Grades	_____	_____	Hours

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

Kindergarten - A.M.	_____	Days	Grades	<u>1 - 8</u>	<u>162</u>	Days
Kindergarten - P.M.	_____	Days	Grades	<u>9 - 12</u>	<u>162</u>	Days
Kindergarten - Full-day	<u>162</u>	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	<u>147.99</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>147.99</u>	<u>-</u>
Grades 1 - 8	<u>1,151.06</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,151.06</u>	<u>-</u>
Grades 9 - 12	<u>523.95</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>523.95</u>	<u>-</u>
Grades _____	_____	_____	_____	_____	_____	_____
Grades _____	_____	_____	_____	_____	_____	_____
<b>Subtotal Regular Term</b>	<u>1,823.00</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,823.00</u>	<u>-</u>
		<b>Resident</b>	<b>Deseg In</b>	<b>Federal Lands</b>	<b>Total</b>	
<b>Summer School Subtotal</b>		<u>80.47</u>	<u>-</u>	<u>-</u>	<u>80.47</u>	
<b>Total Regular Term Plus Summer School ADA</b>					<u>1,903.47</u>	<u>-</u>

Notes: Summer School ADA includes Special Education Extended School Year (ESY)  
ADA of 3.06

**WEST PLAINS R-VII SCHOOL DISTRICT**  
 Schedule of Selected Statistics (continued)  
 Year Ended June 30, 2016

**3. September Membership**

	Full-Time & Part- Time	Deseg In	Federal Lands	Total	Deseg Out
<b>September Membership FTE Count</b>	1,941	-	-	1,941	-

Notes: \_\_\_\_\_  
 \_\_\_\_\_

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

		Full-Time & Part- Time	Deseg In	Total
<b>State FTE Total</b>				
	<b>Free</b>	786	-	786
	<b>Reduced</b>	176	-	176
	<b>Total</b>	962	-	962

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:	<u>\$ 50,000</u>
B. The District's deposits were secured during the year as required by Sections 110.010 and 110.020, RSMo.	<u>true</u>
C. The District maintained a separate bank account for the Debt Service Fund in accordance with Section 165.011, RSMo.	<u>N/A</u>
D. Salaries reported for educators in the October Core Data cycle are supported by payroll/contract records.	<u>true</u>
E. If a \$162,326 or 7% x SAT x WADA transfer was made in excess of adjusted expenditures, the Board approved a resolution to make the transfer, which identified the specific projects to be funded by the transfer and an expected expenditure date for the projects to be undertaken.	<u>N/A</u>
F. The District published a summary of the prior year's audit report within thirty days of the receipt of the audit pursuant to Section 165.121, RSMo.	<u>true</u>
G. The District has a professional development committee plan adopted by the Board with the professional development committee plan identifying the expenditure of seventy-five percent (75%) of one percent (1%) of the current year basic formula apportionment.	<u>true</u>
H. The amount spent for approved professional development committee plan activities was:	<u>\$ 67,730</u>

**WEST PLAINS R-VII SCHOOL DISTRICT**  
 Schedule of Selected Statistics (continued)  
 Year Ended June 30, 2016

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

Finding # : \_\_\_\_\_  
 Management Letter Comment # : \_\_\_\_\_

Notes: \_\_\_\_\_  
 \_\_\_\_\_

**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>1,237.5</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>265,523</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>184,204</u> |
| ▪ Ineligible Miles (Non-Route/Disapproved)  | <u>81,319</u>  |
| F. Number of days the District operated the school transportation system during the regular school year:  | <u>162</u>     |
| G. All above "false" answers <u>must</u> be supported by a finding or management letter comment.  |                |

Finding # : \_\_\_\_\_  
 Management Letter Comment # : \_\_\_\_\_

Notes: \_\_\_\_\_  
 \_\_\_\_\_

**WEST PLAINS R-VII SCHOOL DISTRICT**  
 Schedule of Transportation Costs Eligible for State Aid  
 Year Ended June 30, 2016

	District Owned	Handicapped District Owned	Handicapped Contracted	Total
Certified Salaries	\$ 40,014	-	-	40,014
Noncertificated salaries	484,118	28,797	-	512,915
Employee benefits	161,032	12,367	-	173,399
Purchased services	41,416	-	6,147	47,563
Supplies	141,372	8,375	-	149,747
Capital outlay	100,733	-	-	100,733
Depreciation	92,819	-	-	92,819
Total	<u>\$ 1,061,504</u>	<u>49,539</u>	<u>6,147</u>	<u>1,117,190</u>

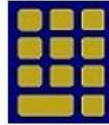
Nonroute contracted transportation None

Purchase of new buses \$ -

Transportation revenues from other districts None

**WEST PLAINS R-VII SCHOOL DISTRICT**  
 Schedule of State Financial Grant Assistance  
 Year Ended June 30, 2016

	<u>Grantor's Number</u>	<u>Balance 6/30/2015</u>	<u>Receipts</u>	<u>Disbursements</u>	<u>Balance 6/30/2016</u>
Department of Elementary & Secondary Education:					
Vocational/Technical Enhancements	2016-046-134	\$ -	127,765	127,765	-
Total State Financial Grant Assistance		<u>\$ -</u>	<u>127,765</u>	<u>127,765</u>	<u>-</u>



SCHULTZ, WOOD & RAPP, P.C.

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**INDEPENDENT AUDITOR'S REPORT  
ON COMPLIANCE WITH STATE REQUIREMENTS**

October 31, 2016

Board of Education  
West Plains R-VII School District  
West Plains, Missouri 65775

Dear Members of the Board:

We have audited the basic financial statements of the West Plains R-VII School District, as of and for the year ended June 30, 2016, and have issued our report thereon dated October 31, 2016. As required by the Revised Statutes of the State of Missouri, we have performed auditing procedures to test compliance with the requirements governing budgets (Chapter 67 RSMo) and the methods of maintaining pupil attendance and pupil transportation records (Chapter 165.121.3(7) RSMo). The management of the District is responsible for the District's compliance with those requirements. Our responsibility is to express an opinion on the District's compliance with those requirements based on our audit.

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

In our opinion, the District's budgetary and disbursement procedures were in compliance with the budgetary statute (Chapter 67 RSMo). It is further our opinion that the pupil attendance and pupil transportation records are so maintained as to accurately disclose, in all material respects, the average daily attendance, resident membership on the last Wednesday of September and January, average number of regular riders transported, and mileage and allowable cost for pupil transportation in compliance with state and administrative rules.

This report is intended solely for the information and use of the Board of Education, 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 those specified parties.

*Schultz, Wood & Rapp, P.C.*





SCHULTZ, WOOD & RAPP, P.C.

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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, 2016

Board of Education  
West Plains R-VII School District  
West Plains, Missouri 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, 2016, and the related notes to the financial statements, and have issued our report thereon dated October 31, 2016. The District prepares its financial statements on the accrual basis and modified accrual basis of accounting, which are accounting principles generally accepted in the United States of America.

**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.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined below.

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.

## **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 no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

## **Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control 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.*

**WEST PLAINS R-VII SCHOOL DISTRICT**  
 Schedule of Findings and Questioned Costs  
 Year Ended June 30, 2016

Section I - Summary of Auditor's Results

Financial Statements

Type of auditor's report issued: Unmodified

Internal control over financial reporting:

Material weaknes(es) identified?	___ Yes	___x___ No
Significant deficiency(ies) Identified?	___ Yes	___x___ No
Control deficiency(ies) identified not considered to be significant deficiencies?	___ Yes	___x___ None Reported

Noncompliance material to financial statements noted? \_\_\_ Yes \_\_\_x\_\_\_ No

Federal Awards

Internal control over major programs:

Material weakness(es) identified?	___ Yes	___x___ No
Significant deficiency(ies) identified?	___ Yes	___x___ No
Control deficiency(ies) identified not considered to be significant deficiencies?	___ Yes	___x___ No

Type of auditor's report issued on compliance for major programs: Unmodified

Any audit findings disclosed that are required to be reported in accordance with the Uniform Guidance? \_\_\_ Yes \_\_\_x\_\_\_ No

Identifications of major programs:

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

Dollar threshold used to distinguish between Type A and Type B programs: \$ 750,000

Auditee qualified as low risk auditee? \_\_\_X\_\_\_ Yes \_\_\_ No

Section II - Financial Statement Findings

None.

**WEST PLAINS R-VII SCHOOL DISTRICT**  
 Schedule of Findings and Questioned Costs (continued)  
 Year Ended June 30, 2016

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 #'s 84.010A	None	None
Direct Grants:		
Student Financial Assistance Cluster, CFDA # 84.063, 84.268	None	None

**WEST PLAINS R-VII SCHOOL DISTRICT**

Summary Schedule of Prior Audit Findings  
Year Ended June 30, 2016

Finding 2015-1: Internal Control Deficiency - Data lost from ED Express program

The District has put in place safeguards and procedures to ensure that data integrity is ensured during any change in hardware and software systems.



SCHULTZ, WOOD & RAPP, P.C.

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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, 2016

Board of Education  
West Plains R-VII School District  
West Plains, Missouri 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, 2016. The District's major federal programs are identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs.

**Management's Responsibility**

Management is responsible for compliance with 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, 2016.

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1004 WEST BROADWAY · P.O. BOX 377 · WEST PLAINS, MO 65775 · TEL: 417-256-6191 · FAX: 417-256-0357

## **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, 2016, and have issued our report thereon dated October 31, 2016, 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.*

**WEST PLAINS R-VII SCHOOL DISTRICT**  
Schedule of Expenditures of Federal Awards  
Year Ended June 30, 2016

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	2016-046-134	\$ 299,550
National School Lunch Program	10.555	2016-046-134	562,132
National School Lunch Program, Non-Cash	10.555	2016-046-134	63,186
Missouri Dept. of Health and Senior Services -			
Summer Food	10.559	ERS0462211S	<u>44,149</u>
Total Child Nutrition Cluster and Total U.S. Department of Agriculture			<u>969,017</u>
<u>U.S. Department of Education:</u>			
Pass-Through Programs From:			
Missouri Dept. of Elementary & Secondary Education -			
Title I, Grants to local educational agencies	84.010A	2016-046-134-L	<u>906,073</u>
IDEA, Individuals with disabilities	84.027A	2016-046-134ENO1	421,795
ECSE - Special education grants	84.027A	2016-046-134ENO1	49,284
ECSE - Special education grants	84.173A	2016-046-134ENO1	<u>13,598</u>
Total Special Education Cluster (IDEA)			<u>484,677</u>
Perkins Basic Grant	84.048A	2016-046-134	<u>193,280</u>
Vocational rehabilitation grants to states	84.126A	2016-046-134	<u>14,435</u>
Eisenhower professional Development state grants - ESEA Title II A	84.367A	2016-046-134	<u>121,525</u>
Rural education initiative, Title VI B	84.358B	2016-046-134	<u>34,246</u>
Direct Grants:			
Federal Pell grant program	84.063	N/A	402,342
Federal Direct Student Loan	84.268	N/A	<u>363,257</u>
Subtotal Student Financial Assistance Cluster			<u>765,599</u>
Total US Department of Education			<u>\$ 2,519,835</u>



**WEST PLAINS R-VII SCHOOL DISTRICT**  
Schedule of Expenditures of Federal Awards (continued)  
Year Ended June 30, 2016

Federal Grantor/ Pass-Through Grantor Program Title	Federal CFDA Number	Pass-Through Grantor's Number	Federal Expenditures
<u>U.S. Department of Health &amp; Senior Services</u>			
Pass-Through Programs From:			
Missouri Dept. of Elementary & Secondary Education -			
School Age Community	93.575	2016-046-134	<u>\$ 57,671</u>
<u>U.S. Department of Labor:</u>			
Pass-Through Programs From:			
Missouri Division of Employment Security			
Trade adjustment assistance	17.245	2016-046-134	<u>90,208</u>
Total U.S. Department of Labor			<u>90,208</u>
TOTAL EXPENDITURES OF FEDERAL AWARDS			<u><u>\$ 3,636,731</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. The District uses the cash basis of accounting and does not account for non-cash inventories.
3. 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, 2016

Board of Education  
West Plains R-VII School District  
West Plains, Missouri 65775

Dear Members of the Board:

We have audited the financial statements of the West Plains R-VII School District for the year ended June 30, 2016, and have issued our report thereon dated October 31, 2016. 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, 2016. Professional standards also 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, 2016, 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 the District's accrual basis and modified accrual basis of accounting as described in Note 1 to the financial statements. 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. During 2015, the District adopted the provisions of GASB Statement 68, as amended by GASB Statement 71 relating to accounting for participation in defined benefit pension plans. 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, including depreciation expense, 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 capital lease obligations, 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 statement is 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, 2016, 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. No significant known or likely misstatements were identified during the audit.

#### *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, 2016.

#### *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.*

**WEST PLAINS R-7 SCHOOL DISTRICT**  
 Summary of Selected Information  
 Ten Years Ended June 30, 2016

	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
<b><u>GOVERNMENTAL FUNDS</u></b>										
Total Assets	\$ 7,545,530	7,360,504	7,980,366	8,163,334	9,285,326	8,102,881	7,166,320	7,125,708	7,726,958	9,419,207
Total Fund Equity	\$ 6,351,024	6,274,696	6,513,672	7,478,571	8,103,946	7,619,608	6,771,292	6,501,836	7,227,968	8,690,476
Percentage of Equity to Total Assets	84.2%	85.2%	81.6%	91.6%	90.5%	94.0%	94.5%	91.2%	93.5%	92.2%
Total Revenues	\$ 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	24,413,795
Less Total Expenditures	\$ 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	25,251,267
Revenues over (under) Expenditures	\$ 76,328	(238,976)	(842,868)	(625,375)	484,338	783,771	269,456	(726,132)	(1,462,508)	(837,472)
<b><u>OTHER SELECTED DATA</u></b>										
Long-Term Debt Outstanding as of June 30	\$ 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	6,685,000
Calendar Hours	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	1,078.11
Eligible Pupils / ADA	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	1,902.69
September Resident Membership	1,941	1,772	1,866	1,985	1,985	1,967	1,957	1,967	1,939	1,954
Operating Fund Balances/Expenditures Ratio	20.4%	17.9%	20.1%	21.9%	21.6%	25.0%	23.8%	16.7%	22.4%	32.7%

**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	Total
<b>Revenues:</b>				
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
Tuition from other districts	-	3,952,970	-	3,952,970
Other	10,224	-	3,211	13,435
Total Revenues	<u>13,860,029</u>	<u>11,799,163</u>	<u>820,048</u>	<u>26,479,240</u>
<b>Expenditures:</b>				
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
Transportation - other	-	-	10,250	10,250
Food services	1,127,365	-	31,068	1,158,433
Support services	94,303	-	-	94,303
Facilities acquisition and construction	-	-	1,083,847	1,083,847
Adult education	282,946	598,301	59,697	940,944
Community services	90,993	103,794	-	194,787
Capital lease payments:				
Principal	-	-	155,602	155,602
Interest and fees	-	-	6,387	6,387
Total Expenditures	<u>10,250,131</u>	<u>14,466,171</u>	<u>1,686,610</u>	<u>26,402,912</u>
Expenditures over revenues	3,609,898	(2,667,008)	(866,562)	76,328
<b>Other financing sources (uses):</b>				
Transfers	(2,869,640)	2,667,008	202,632	-
Fund balances, beginning of year	4,310,766	-	1,963,930	6,274,696
Fund balances, end of year	<u>\$ 5,051,024</u>	<u>-</u>	<u>1,300,000</u>	<u>6,351,024</u>

**INDEPENDENT AUDITOR'S REPORT**

**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 year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents of the District's financial statement report.

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

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the accrual basis and modified accrual basis of accounting described in Note 1 to the financial statements; this includes determining that these bases of accounting are acceptable bases for the preparation of the financial statements in the circumstances. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to error or fraud.

**Auditor's Responsibility**

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

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

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

**Opinion**

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, 2016, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

*Schultz, Wood & Rapp, P.C.*  
West Plains, MO  
October 31, 2016

ATTEST:

The complete audit report is available for inspection and examination, at the District administration offices, 305 Valley View Dr., West Plains, MO 65775

To the best of my knowledge and belief, the above is a true and correct statement of the West Plains R-VII School District.

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President, Board of Education

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Treasurer, Board of Education

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Secretary, Board of Education