

**MEMO TO: BOARD MEMBERS
DR. JOHN SIMPSON**

FROM: BRUCE ELLERMAN

DATE: NOVEMBER 14, 2016

RE: 2015-16 Audit Report

Each year the school district's financial records are audited by an independent CPA firm. Pursuant to a previous RFP process, the firm of CliftonLarsenAllen is the current district auditor. While Missouri statutes require such annual audits, one of the additional purposes it serves is to assure the district taxpayers and community that funds are being accounted for properly and that reasonable internal controls and safeguards are in place for the safekeeping of school district assets.

We are pleased to inform the Board and the Webster Groves School District community that the district has once again received a "clean" audit opinion on its financial statements for the past fiscal year 2015-16. This is the highest level of financial reporting assurance and distinction a "cash basis" school district can achieve.

Mr. Darrell Songer, CPA, principal with CliftonLarsonAllen will be at the Board meeting to present a brief overview of the audit report (draft copy attached) and their findings. While it is customary for the auditors to also submit a Management Letter outlining any concerns or suggestions for accounting, reporting and internal control improvements, no such opportunities were noted during last year's audit.

This meeting's audit consideration will be presentation/discussion only and no formal action is required at this time. Instead, the Board will be asked to formally approve the audit at its December meeting. An approved copy of the audit and the Board minutes indicating its approval must be submitted by the district to DESE by December 31, 2016.

RECOMMENDED BOARD ACTION....report and discussion only. No action required at this time.

Board of Education
Webster Groves School District
Webster Groves, Missouri

We have audited the financial statements of the governmental activities, the discretely presented component unit and each major fund of Webster Groves School District (the school) as of and for the year ended June 30, 2016, and have issued our report thereon dated November XX, 2016. We have previously communicated to you information about our responsibilities under auditing standards generally accepted in the United States of America, *Government Auditing Standards*, and Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), as well as certain information related to the planned scope and timing of our audit. Professional standards also require that we communicate to you the following information related to our audit.

Significant audit findings

Qualitative aspects of accounting practices

Accounting policies

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the school are described in Note 2 to the financial statements.

New accounting standards GASBS No. 72 related to accounting for fair value measurement and application and No. 79 related certain external investment pools and pool participants have been issued and were adopted by the District.

We noted no transactions entered into by the school 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

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. There were no accounting estimates affecting the financial statements which were particularly sensitive or required substantial judgments by management.

Financial statement disclosures

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

- The disclosure of Long-Term Debt in Note 5 to the financial statements. Debt transactions can be very complicated and bonding capacity is very important to a school district so it is important that the disclosure be accurate.

The financial statement disclosures are neutral, consistent, and clear.

Difficulties encountered in performing the audit

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

Uncorrected misstatements

Professional standards require us to accumulate all misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. Management did not identify and we did not notify them of any uncorrected financial statement misstatements.

Corrected misstatements

Management did not identify and we did not notify them of any financial statement misstatements detected as a result of audit procedures.

Disagreements with management

For purposes of this letter, a disagreement with management is a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditors' report. No such disagreements arose during our audit.

Management representations

We have requested certain representations from management that are included in the attached management representation dated November XX, 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 school's financial statements or a determination of the type of auditors' 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.

Significant issues discussed with management prior to engagement

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to engagement as the school's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our engagement.

Other information in documents containing audited financial statements

With respect to the schedule of expenditures of federal awards (SEFA) accompanying the financial statements, on which we were engaged to report in relation to the financial statements as a whole, we made certain inquiries of management and evaluated the form, content, and methods of preparing the SEFA to determine that the SEFA complies with the requirements the Uniform Guidance, the method of preparing it has not changed from the prior period or the reasons for such changes, and the SEFA is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the SEFA to the underlying accounting records used to prepare the financial statements or to the financial statements themselves. We have issued our report thereon dated November XX, 2016.

Other information in documents containing audited financial statements (continued)

With respect to the Schedule of Receipts, Disbursements and Changes in Fund Balance - Budget to Actual - Debt Service Fund and Capital Projects Fund, the Schedule of Receipts by Source – All Governmental Funds, the Schedule of Disbursements Paid by Object and the schedule of expenditures of federal awards, (collectively, the supplementary information) accompanying the financial statements, on which we were engaged to report in relation to the financial statements as a whole, we made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine that the information complies with accounting principles generally accepted in the United States of America, the method of preparing it has not changed from the prior period or the reasons for such changes, and the information is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the supplementary information to the underlying accounting records used to prepare the financial statements or to the financial statements themselves. We have issued our report thereon dated November XX, 2016.

The Management's Discussion and Analysis accompanying the financial statements, which is the responsibility of management, was prepared for purposes of additional analysis and is not a required part of the financial statements. Such information was not subjected to the auditing procedures applied in the audit of the financial statements, and, accordingly, we did not express an opinion or provide any assurance on it.

Our auditors' opinion, the audited financial statements, and the notes to financial statements should only be used in their entirety. Inclusion of the audited financial statements in a document you prepare, such as an annual report, should be done only with our prior approval and review of the document.

* * *

This communication is intended solely for the information and use of the board of education and management of the school and is not intended to be, and should not be, used by anyone other than these specified parties.

CliftonLarsonAllen LLP

St. Louis, Missouri
November XX, 2016

WEBSTER GROVES SCHOOL DISTRICT

FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2016

DRAFT

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DRAFT

INDEPENDENT AUDITORS' REPORT

Board of Education
Webster Groves School District
Webster Groves, Missouri

Report on the Financial Statements

We have audited the accompanying cash basis financial statements of the governmental activities and each major fund of Webster Groves School District, as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise the entity's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the cash basis of accounting described in Note 2; this includes determining that the cash basis of accounting is an acceptable basis for the preparation of the financial statements in the circumstances. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position – cash basis of the governmental activities and each major fund of the Webster Groves School District as of June 30, 2016, and the respective changes in financial position – cash basis, thereof and the respective budgetary comparison for the General Fund and the Major Special Revenue Fund – cash basis for the year then ended, on the basis of accounting described in Note 2.

Basis of Accounting

We draw attention to Note 2 of the financial statements, which describes the basis of accounting. The financial statements are prepared on the cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to that matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis on pages 4 through 11 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 Webster Groves School District's basic financial statements. The other supplementary information on pages 33 through 39 as listed in the table of contents is presented for purposes of additional analysis and is not a required part of the basic financial statements. The schedule of expenditures of federal awards, as required by *Title 2 U.S. Code of Federal Regulation, Part 200, Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards*, is also presented for purposes of additional analysis and is not a required part of the basic financial statements.

The other supplementary information on pages 33 through 39 and the schedule of expenditures of federal awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated November 14, 2016, on our consideration of the Webster Groves 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 result 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 Webster Groves School District's internal control over financial reporting and compliance.

CliftonLarsonAllen LLP

St. Louis, Missouri
November 14, 2016

**WEBSTER GROVES SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2016
(UNAUDITED)**

The School District of Webster Groves financial performance provides an overall review of the District's financial activities for the fiscal year ended June 30, 2016. The intent of this discussion and analysis is to look at the School District of Webster Groves financial performance as a whole; readers should also review the notes to the basic financial statements to enhance their understanding of the District's financial performance.

Financial Highlights

The School District of Webster Groves GASB 34 reporting model for fiscal year ended June 30, 2016 will include an analysis with comparative data between year ending June 30, 2016 and June 30, 2015.

Key financial highlights for 2016 are as follows:

- ❖ The District's financial status, as reflected in total net position is \$20,398,989. The District had a beginning net position balance of \$39,510,438 which produced a fiscal year decrease of \$19,111,449. The restricted Net Position balance encompasses balance reserved from bond issue sales. Below is a reflection of net position changes from 2015 to 2016.

	2016	2015
NET POSITION		
Restricted	\$ 789,542	\$ 22,226,600
Unrestricted	19,609,447	17,283,838
Total Net Position	<u>\$ 20,398,989</u>	<u>\$ 39,510,438</u>

- ❖ The School District had \$81,911,463 in disbursements; \$7,859,637 of the disbursements was offset by program specific charges for services, grants or contributions. General receipts (primarily taxes) of \$54,940,377, along with receipts for operating grants and contributions and escrow funds adequately provided for these programs. Shown below is a two year comparison:

	2016	2015
Charges, Operating Grants, and Contributions	\$ 7,859,637	\$ 7,524,902
All Other Disbursements		
Salaries, Benefits, Supplies, Equipment, etc.	74,051,826	56,300,033
Total Disbursements	<u>\$ 81,911,463</u>	<u>\$ 63,824,935</u>

- ❖ Total assets of governmental activities were valued at \$20,650,175. Current assets include cash and cash held in escrow by Trustee.

	2016	2015
ASSETS		
Current	\$ 20,650,175	\$ 39,626,307
Total Assets	<u>\$ 20,650,175</u>	<u>\$ 39,626,307</u>

- ❖ The District's current assets decreased by \$18,976,132 from last year due to The District's 2006 Series Bond being paid off in the current year resulting in a large decrease in the escrow account balance.

**WEBSTER GROVES SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2016
(UNAUDITED)**

Financial Highlights (Continued)

- ❖ Total liabilities were \$251,186. These liabilities are Payroll Deductions and Withholdings.

	2016	2015
LIABILITIES		
Current	\$ 251,186	\$ 115,869
Total Liabilities	<u>\$ 251,186</u>	<u>\$ 115,869</u>

- ❖ The District is reporting a July 1, 2015 beginning Fund Balance of \$39,510,438 and has a June 30, 2016 ending fund balance of \$20,398,989. The decrease of \$19,111,449 is primarily due to the payment of bonds.
- ❖ Among major funds, the Operating Funds, (General, Special, and Capital Projects) had \$57,626,954 in receipts and \$55,653,482 in disbursements. The School District transferred \$12,412,635 from the General Fund to the Special Revenue (Teachers) Fund and transferred \$717,092 from the General Fund to the Capital Projects Fund. The Operating Fund's balance was \$19,601,293 as of June 30, 2016.
- ❖ Debt Service Fund had \$5,173,060 in receipts and \$26,257,981 in disbursements. The Debt Service Fund's balance decreased \$21,084,921 for fiscal year ending June 30, 2016 due to continuing payments on bonds, which were not specifically identified in the original budget of the Debt Service Fund.

Using the Other Comprehensive Basis of Accounting (OCBOA)

This annual report consists of a series of financial statements and notes to those statements. The Statement of Net Position and the Statement of Activities are presented on pages 13 and 14. Fund financial statements start on page 15. For governmental activities, these statements tell how these services were financed in the short term as well as what remains for future spending. The statements then proceed to provide an increasingly detailed look at specific financial activities.

**WEBSTER GROVES SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2016
(UNAUDITED)**

Reporting the School District as a Whole

Statement of Net Position and the Statement of Activities

While this document contains the large number of funds used by the School District to provide programs and activities, the view of the School District of Webster Groves as a whole looks at all financial transactions and asks the question, "How did we do financially during school year 2015-2016?" The Statement of Net Position and the Statement of Activities answer this question. These statements include all assets and liabilities using the cash basis of accounting which is an Other Comprehensive Basis of Accounting than Generally Accepted Accounting Principles. The District's policy is to prepare its financial statements on the cash basis of accounting; consequently, revenues are recognized when received rather than earned, and expenditures and purchases of assets are recognized when cash is disbursed rather than when the obligation is incurred.

These two statements report the School District's net position and changes in those assets. This change in net position is important because it tells the reader that, for the School District of Webster Groves as a whole, the financial position of the District has improved or diminished. The causes of this change may be the result of many factors, some financial, and some not.

In the Statement of Net Position and the Statement of Activities, the School District of Webster Groves reports governmental activities. Governmental activities are the activities where most of the School District's programs and services are reported including, but not limited to: instruction, support services, operation and maintenance of plant, pupil transportation and extracurricular activities. The School District of Webster Groves does not have any business-like activities.

Reporting the School District of Webster Groves Most Significant Funds

Fund Financial Statements

The analysis of the School District of Webster Groves major funds begins on page 15. Fund financial reports provide detailed information about the District's major funds. The School District uses many funds to account for a multitude of financial transactions. However, these fund financial statements focus on the School District's most significant funds. The School District's major governmental funds are the General (Incidental) Fund, Special Revenue (Teachers) Fund, Debt Service Fund, and Capital Projects Fund.

Governmental Funds

Most of the School District's activities are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end available for spending in the future periods. These statements include all significant assets and liabilities using the cash basis of accounting, which is an Other Comprehensive Basis of Accounting (OCBOA) than Generally Accepted Accounting Principles. Under this basis of accounting, revenues are recognized when received rather than when earned, and expenditures and purchases of assets are recognized when cash is disbursed rather than when the obligation is incurred. Governmental fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance educational programs. The relationship (or differences) between governmental activities (reported in the Statement of Net Position and the Statement of Activities) and governmental funds is reconciled in the financial statements.

**WEBSTER GROVES SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2016
(UNAUDITED)**

The School District of Webster Groves as a Whole

Recall that the Statement of Net Position provides the perspective of the School District as a whole. Table 1 provides a summary of the School District's net position for 2016 and 2015.

**TABLE 1
NET POSITION**

	Governmental Activities June 30,	
	2016	2015
ASSETS		
Current and Other Assets	\$ 20,650,175	\$ 39,626,307
Total Assets	20,650,175	39,626,307
LIABILITIES		
Current	251,186	115,869
Total Liabilities	251,186	115,869
NET POSITION		
Restricted	789,542	22,226,600
Unrestricted	19,609,447	17,283,838
Total Net Position	\$ 20,398,989	\$ 39,510,438

Total assets of governmental activities were valued at \$20,650,175. The District reports on cash basis accounting.

Total liabilities at June 30, 2016, were \$251,186. This was an increase of \$135,317. Unrestricted net position totals \$19,609,447. The District has restricted net position of \$789,542 to comply with requirements imposed by the State of Missouri. This balance is made of \$196,785 restricted for future General Obligation Bond payments and \$592,757 for purposes of construction.

**WEBSTER GROVES SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2016
(UNAUDITED)**

The School District of Webster Groves as a Whole (Continued)

Unrestricted net position, the part of net position that can be used to finance day-to-day activities without constraints established by grants or legal requirements, of the School District are reported at Table 2 shows the changes in net position for fiscal year 2016.

**TABLE 2
CHANGE IN NET POSITION**

	Governmental Activities Year Ended June 30,	
	2016	2015
RECEIPTS		
Charges for Services	\$ 5,689,669	\$ 5,585,355
Operating Grants and Contributions	2,169,968	1,939,547
General Receipts:		
Property and Fair Share Taxes	46,110,894	46,109,797
Grants and Entitlements	7,490,066	6,605,166
Interest and Investment Earnings	44,545	70,316
Other	1,294,872	1,392,351
Total Receipts	<u>62,800,014</u>	<u>61,702,532</u>
PROGRAM DISBURSEMENTS		
Instruction	33,779,530	33,849,152
Student Services	2,496,546	2,554,703
Instructional Staff Support	1,531,250	1,561,079
Building Administration	3,551,395	4,016,531
General Administration and Central Services	3,335,415	3,333,414
Operation of Plant	6,675,060	6,971,019
Transportation	220,814	264,816
Food Service	1,110,608	1,157,696
Community Services	2,257,192	2,306,546
Facility Acquisition and Construction	471,477	1,052,257
Debt Service and Fiscal Charges	26,482,176	6,757,722
Total Disbursements	<u>81,911,463</u>	<u>63,824,935</u>
CHANGE IN NET POSITION	<u>\$ (19,111,449)</u>	<u>\$ (2,122,403)</u>

Governmental Activities

General receipts accounted for \$54,940,377 or 87 percent of all receipts. General receipts are composed primarily of receipts from taxes of \$46,110,894. Other sources of general receipts are federal and state aid not restricted for specific purposes of \$7,490,066, interest and investment earnings of \$44,545, and miscellaneous other sources of \$1,294,872.

Program specific receipts in the form of charges for services, operating grants and contributions accounted for \$7,859,637 or 13 percent of total receipts of \$62,800,014.

**WEBSTER GROVES SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2016
(UNAUDITED)**

Governmental Activities (Continued)

The School District of Webster Groves had \$81,911,463 in disbursements; \$7,859,637 of these disbursements was offset by program specific charges for services, grants or contributions. General receipts (primarily taxes) of \$54,940,377, along with the offset of program specific receipts and escrow accounts for bond payments allowed the District to have adequate resources to provide for these programs.

Disbursements for instruction and student services account for 44 percent of total district disbursements at \$36,276,077. Disbursements for student support services, administration, facility improvements, and facility construction account for the majority of remaining disbursements at \$45,635,386 or 56 percent.

The Statement of Activities shows the cost of program services and the charges for services and grants offsetting those services. Table 3 shows the total cost of services and the net cost of services. That is, it identifies the cost of these services supported by tax receipts and unrestricted State entitlements.

TABLE 3

Year Ended June 30,

	2016		2015	
	Total Cost of Services	Net Cost of Services	Total Cost of Services	Net Cost of Services
Instruction	\$ 33,779,530	\$ (29,511,324)	\$ 33,849,152	\$ (29,942,547)
Student Services	2,496,546	(2,496,546)	2,554,703	(2,554,703)
Instructional Staff Support	1,531,250	(1,419,415)	1,561,079	(1,438,507)
Building Administration	3,551,395	(3,551,395)	4,016,531	(4,016,531)
General Administration and Central Services	3,335,415	(3,335,415)	3,333,414	(3,333,414)
Operation of Plant	6,675,060	(6,675,060)	6,971,019	(6,971,019)
Transportation	220,814	(214,696)	264,816	(260,271)
Food Service	1,110,608	114,885	1,157,696	83,322
Community Services	2,257,192	(9,207)	2,306,546	(56,384)
Facility Acquisition and Construction	471,477	(471,477)	1,052,257	(1,052,257)
Debt Service and Fiscal Charges	26,482,176	(26,482,176)	6,757,722	(6,757,722)
Total Disbursements	<u>\$ 81,911,463</u>	<u>\$ (74,051,826)</u>	<u>\$ 63,824,935</u>	<u>\$ (56,300,033)</u>

- ❖ Instruction disbursements include activities directly dealing with the teaching of pupils and the interaction between teacher and pupil.
- ❖ Student Services include guidance and counseling, health services, as well as the cost of student attendance reporting.
- ❖ Instructional Staff Support includes the activities involved with assisting staff with the content and process of teaching to pupils.
- ❖ Building Administration includes the cost of salaries and benefits for building level principals and office support staff.

**WEBSTER GROVES SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2016
(UNAUDITED)**

Governmental Activities (Continued)

- ❖ General Administration and Central Services includes disbursements associated with administrative and financial supervision of the District. It also includes disbursements related to planning, research, development and evaluation of support services, as well as the reporting of this information internally and to the public.
- ❖ Operations of Plant activities involve keeping the school grounds, buildings, and equipment in an effective working condition.
- ❖ Transportation includes activities involved with the conveyance of students to and from school, as well as to and from school activities, as provided by state law.
- ❖ Food Services include the preparation, delivery, and servicing of lunches, snacks and other incidental meals to students and school staff in connection with school activities.
- ❖ Community Services includes disbursements related to student activities provided by the School District which are designed to provide opportunities for pupils to participate in school events, public events, or a combination of these for the purposes of motivation, enjoyment and skill improvement.
- ❖ Facility Acquisition and Construction includes disbursements for land or existing buildings; improvements of grounds; remodeling of buildings; initial equipment; additional equipment; and replacement of equipment.
- ❖ Debt Service and Fiscal Charges involve the transactions associated with the payment of principal, interest and other related charges to debt of the School District.

The dependence upon tax receipts is apparent. Over 80 percent of instructional activities are supported through taxes and other general receipts. Any fluctuation in local tax revenue will significantly affect the District's operating activities. The community, as a whole, is the primary support for the School District of Webster Groves. Having no additional revenue available from the State of Missouri reinforces the School District's essential reliance upon future property taxes.

The School District's Funds

Information about the School District's major funds starts on page 15. These funds are accounted for using the cash basis of accounting. All governmental funds had total receipts of \$62,800,014 and disbursements of \$81,911,463. The net change in the fund balance total for the year was a decrease of \$19,111,449. The General (Incidental) Fund net change in fund balance was an increase of \$2,444,949. The Debt Service net change in fund balance was a decrease of \$21,084,921. The Capital Projects Fund net change in fund balance was a decrease of \$471,477 due to expenses incurred in Proposition W. The Special Revenue Fund (Teachers) received a transfer of funds from the General Fund (Incidental) to cover the expenses incurred.

**WEBSTER GROVES SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2016
(UNAUDITED)**

General Fund Budgeting Highlights

The School District's budget is prepared according to Missouri law and is based on accounting for certain transaction on the cash basis accounting method which recognizes cash receipts and disbursements.

During the course of the fiscal year 2016, the School District of Webster Groves amended its budget two times, which resulted in a total budget increase of \$1,184,851 in receipts and a decrease of \$716,829 in disbursements.

The District uses site-based budgeting and the budgeting systems are designed to tightly control total site budgets but provide flexibility for site management.

Capital Assets

The District has chosen to exclude monies invested in land, buildings, furniture and equipment and vehicles from the cash basis financial statements.

Debt Administration

At June 30, 2016, the School District of Webster Groves had \$55,583,280 general obligation bonds, due in varying amounts with interest rate charges over 20 years. The purpose of each debt project was for facility additions and improvements.

	<u>2016</u>	<u>2015</u>
2006 General Obligation Bonds	\$ -	\$ 22,035,000
2007 General Obligation Bonds	4,235,000	4,209,280
2010A General Obligation Bonds	1,300,000	2,300,000
2010B General Obligation Bonds	18,900,000	18,900,000
2010C General Obligation Bonds	4,254,000	4,254,000
2012A General Obligation Bonds	9,595,000	9,595,000
2013A General Obligation Bonds	9,885,000	9,885,000
2014A General Obligation Bonds	7,440,000	7,440,000
Total	<u>\$ 55,609,000</u>	<u>\$ 78,618,280</u>

At June 30, 2016, the School District's overall legal debt margin was \$110,279,105 and the current debt was \$55,609,000.

**WEBSTER GROVES SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2016
(UNAUDITED)**

Current Financial Issues and Concerns

The School District of Webster Groves is financially stable. The District is proud of its community support for the public schools. As the preceding information shows, the School District of Webster Groves will continue to provide quality programs with little increase in District disbursements for instructional cost.

Due to the current school finance formula of the State of Missouri, the School District must continue to rely heavily upon local revenues to sustain current programs. The District has not recognized any meaningful growth in state revenue for several years.

The Webster Groves School District has committed itself to financial excellence. The District's system of financial planning, budgeting, and internal financial controls are well regarded and the District will continue its sound fiscal management to meet the challenges of the future.

Contacting the School District's Financial Management

This financial report is designed to provide our citizens, taxpayers, investors and creditors with a general overview of the School District's finances and to show the District's accountability for the money it receives. If you have questions about this report or need additional financial information contact Bruce Ellerman, Interim Chief Financial Officer at School District of Webster Groves, 400 East Lockwood, Webster Groves, Missouri, 63119.

**WEBSTER GROVES SCHOOL DISTRICT
STATEMENT OF NET POSITION – CASH BASIS
JUNE 30, 2016**

	<u>Governmental Activities</u>
ASSETS	
Cash	\$ 19,860,633
Restricted Assets:	
Cash	609,139
Cash in Escrow	<u>180,403</u>
Total Assets	<u>20,650,175</u>
LIABILITIES	
Payroll Deductions and Withholdings	<u>251,186</u>
Total Liabilities	<u>251,186</u>
NET POSITION	
Restricted for:	
Debt Service	196,785
Capital Projects	592,757
Unrestricted	<u>19,609,447</u>
Total Net Position	<u><u>\$ 20,398,989</u></u>

See accompanying Notes to Financial Statements.

**WEBSTER GROVES SCHOOL DISTRICT
STATEMENT OF ACTIVITIES – CASH BASIS
YEAR ENDED JUNE 30, 2016**

Functions/Programs	Disbursements	Program Receipts		Net (Disbursements)
		Charges for Services and Sales	Operating Grants and Contributions	Receipts and Changes in Net Position
				Governmental Activities
GOVERNMENTAL ACTIVITIES:				
Instruction	\$ 33,779,530	\$ 2,638,272	\$ 1,629,934	\$ (29,511,324)
Student Services	2,496,546	-	-	(2,496,546)
Instructional Staff Support	1,531,250	-	111,835	(1,419,415)
Building Administration	3,551,395	-	-	(3,551,395)
General Administration and Central Services	3,335,415	-	-	(3,335,415)
Operation of Plant	6,675,060	-	-	(6,675,060)
Transportation	220,814	-	6,118	(214,696)
Food Service	1,110,608	803,412	422,081	114,885
Community Services	2,257,192	2,247,985	-	(9,207)
Facility Acquisition and Construction	471,477	-	-	(471,477)
Debt Service and Fiscal Charges	26,482,176	-	-	(26,482,176)
	<u>\$ 81,911,463</u>	<u>\$ 5,689,669</u>	<u>\$ 2,169,968</u>	<u>(74,051,826)</u>
GENERAL RECEIPTS:				
Taxes				
Property Taxes, Levied for General Purposes				26,936,656
Property Taxes, Levied for Instruction				14,530,792
Property Taxes, Levied for Debt Services				4,182,531
Property Taxes, Levied for Capital Projects				460,915
Federal and State Aid Not Restricted to Specific Purposes				
General				6,753,831
State Assessed Utilities				736,235
Interest and Investment Earnings				44,545
Miscellaneous				1,294,872
Subtotal, General Receipts				<u>54,940,377</u>
Change in Net Position				(19,111,449)
Net Position - Beginning				<u>39,510,438</u>
NET POSITION - ENDING				<u>\$ 20,398,989</u>

See accompanying Notes to Financial Statements.

WEBSTER GROVES SCHOOL DISTRICT
STATEMENT OF ASSETS, LIABILITIES AND FUND BALANCE ARISING FROM
CASH TRANSACTIONS - GOVERNMENTAL FUNDS
JUNE 30, 2016

		Governmental Fund Types				
		General (Incidental) Fund	Special Revenue (Teachers) Fund	Debt Service Fund	Capital Projects Fund	Total
ASSETS						
ASSETS						
Cash		\$ 19,852,479	\$ -	\$ -	\$ 8,154	\$ 19,860,633
Restricted Assets:						
Cash		-	-	16,382	592,757	609,139
Cash in Escrow		-	-	180,403	-	180,403
Total Assets		<u>\$ 19,852,479</u>	<u>\$ -</u>	<u>\$ 196,785</u>	<u>\$ 600,911</u>	<u>\$ 20,650,175</u>
LIABILITIES AND FUND BALANCE						
LIABILITIES						
Payroll Deductions and Withholdings		<u>251,186</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 251,186</u>
Total Liabilities		<u>251,186</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>251,186</u>
FUND BALANCE						
Restricted:						
Debt Service		-	-	196,785	-	196,785
Capital Projects		-	-	-	592,757	592,757
Assigned, For:						
Capital Projects		-	-	-	8,154	8,154
Unassigned		<u>19,601,293</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>19,601,293</u>
Total Fund Balance		<u>19,601,293</u>	<u>-</u>	<u>196,785</u>	<u>600,911</u>	<u>20,398,989</u>
Total Liabilities and Fund Balance		<u>\$ 19,852,479</u>	<u>\$ -</u>	<u>\$ 196,785</u>	<u>\$ 600,911</u>	<u>\$ 20,650,175</u>

See accompanying Notes to Financial Statements.

**WEBSTER GROVES SCHOOL DISTRICT
RECONCILIATION OF TOTAL GOVERNMENTAL FUND BALANCE (CASH BASIS)
TO NET POSITION (CASH BASIS) OF GOVERNMENTAL ACTIVITIES
JUNE 30, 2016**

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

Total Fund Balance - Cash Basis - Governmental Funds	\$ 20,398,989
There are no reconciling items	<u>-</u>
Total Net Position - Cash Basis - Governmental Activities	<u><u>\$ 20,398,989</u></u>

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WEBSTER GROVES SCHOOL DISTRICT
STATEMENT OF CASH RECEIPTS, DISBURSEMENTS AND CHANGES IN
FUND BALANCE – CASH BASIS – GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2016

	General (Incidental) Fund	Special Revenue (Teachers) Fund	Debt Service Fund	Capital Projects Fund	Total
RECEIPTS					
Local	\$ 33,050,669	\$ 14,963,036	\$ 4,248,594	\$ 460,915	\$ 52,723,214
County	406,470	261,935	103,494	8,448	780,347
State	999,525	5,888,747	-	-	6,888,272
Federal	1,245,416	-	820,972	-	2,066,388
Other	-	341,793	-	-	341,793
Total Receipts	35,702,080	21,455,511	5,173,060	469,363	62,800,014
DISBURSEMENTS					
Instruction	5,504,622	28,023,048	-	251,860	33,779,530
Student Services	989,687	1,506,859	-	-	2,496,546
Instructional Staff Support	387,079	1,015,166	-	129,005	1,531,250
Building Administration	1,069,350	2,482,045	-	-	3,551,395
General Administration and Central Services	2,694,432	414,089	-	226,894	3,335,415
Operation of Plant	6,367,189	673	-	307,198	6,675,060
Transportation	220,814	-	-	-	220,814
Food Service	1,063,305	-	-	47,303	1,110,608
Community Services	1,830,926	426,266	-	-	2,257,192
Facility Acquisition and Construction	-	-	-	471,477	471,477
Debt Service and Fiscal Charges	-	-	26,257,981	224,195	26,482,176
Total Disbursements	20,127,404	33,868,146	26,257,981	1,657,932	81,911,463
RECEIPTS OVER (UNDER) DISBURSEMENTS	15,574,676	(12,412,635)	(21,084,921)	(1,188,569)	(19,111,449)
OTHER FINANCING SOURCES (USES)					
Transfer From	(13,129,727)	-	-	-	(13,129,727)
Transfer To		12,412,635	-	717,092	13,129,727
Total Other Financing Sources (Uses)	(13,129,727)	12,412,635	-	717,092	-
NET CHANGE IN FUND BALANCE	2,444,949	-	(21,084,921)	(471,477)	(19,111,449)
FUND BALANCE - JULY 1, 2015	17,156,344	-	21,281,706	1,072,388	39,510,438
FUND BALANCE - JUNE 30, 2016	\$ 19,601,293	\$ -	\$ 196,785	\$ 600,911	\$ 20,398,989

See accompanying Notes to Financial Statements.

**WEBSTER GROVES SCHOOL DISTRICT
RECONCILIATION OF THE STATEMENT OF CASH RECEIPTS, DISBURSEMENTS AND
CHANGES IN FUND BALANCE OF GOVERNMENTAL FUNDS (CASH BASIS)
TO THE STATEMENT OF ACTIVITIES (CASH BASIS)
YEAR ENDED JUNE 30, 2016**

Total Net Change in Fund Balance - Cash Basis - Governmental Funds	\$ (19,111,449)
There are no reconciling items	<u>-</u>
Change in Net Position - Cash Basis - Governmental Activities	<u><u>\$ (19,111,449)</u></u>

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WEBSTER GROVES SCHOOL DISTRICT
STATEMENT OF RECEIPTS, DISBURSEMENTS AND CHANGES IN FUND BALANCE
BUDGET TO ACTUAL – GENERAL FUND AND SPECIAL REVENUE FUND
YEAR ENDED JUNE 30, 2016

	General (Incidental) Fund			
	Original Budget	Final Budget	Actual	Variance with Final Budget
RECEIPTS				
Local	\$ 32,304,229	\$ 33,050,669	\$ 33,050,669	\$ -
County	350,000	406,470	406,470	-
State	963,000	999,525	999,525	-
Federal	900,000	1,245,416	1,245,416	-
Other	-	-	-	-
Total Receipts	34,517,229	35,702,080	35,702,080	-
DISBURSEMENTS				
Instruction	5,280,391	5,504,622	5,504,622	-
Student Services	1,115,283	989,687	989,687	-
Instructional Staff Support	385,074	387,079	387,079	-
Building Administration	1,372,846	1,069,350	1,069,350	-
General Administration and Central Services	2,593,457	2,694,432	2,694,432	-
Operation of Plant	6,593,626	6,367,189	6,367,189	-
Transportation	271,715	220,814	220,814	-
Food Service	1,156,932	1,063,305	1,063,305	-
Community Services	2,067,911	1,830,926	1,830,926	-
Debt Service and Fiscal Charges	7,000	-	-	-
Total Disbursements	20,844,235	20,127,404	20,127,404	-
RECEIPTS OVER (UNDER) DISBURSEMENTS	13,672,994	15,574,676	15,574,676	-
OTHER FINANCING SOURCES (USES)				
Transfer From	(13,213,437)	(13,129,727)	(13,129,727)	-
Transfer To	-	-	-	-
Total Other Financing Sources (Uses)	(13,213,437)	(13,129,727)	(13,129,727)	-
NET CHANGE IN FUND BALANCE	459,557	2,444,949	2,444,949	-
FUND BALANCE - JULY 1, 2015	17,156,344	17,156,344	17,156,344	-
FUND BALANCE - JUNE 30, 2016	\$ 17,615,901	\$ 19,601,293	\$ 19,601,293	\$ -

See accompanying Notes to Financial Statements.

WEBSTER GROVES SCHOOL DISTRICT
STATEMENT OF RECEIPTS, DISBURSEMENTS AND CHANGES IN FUND BALANCE
BUDGET TO ACTUAL – GENERAL FUND AND SPECIAL REVENUE FUND
YEAR ENDED JUNE 30, 2016

Special Revenue (Teachers) Fund			
Original Budget	Final Budget	Actual	Variance with Final Budget
\$ 15,216,750	\$ 14,963,036	\$ 14,963,036	\$ -
190,000	261,935	261,935	-
5,300,000	5,888,747	5,888,747	-
-	-	-	-
211,801	341,793	341,793	-
20,918,551	21,455,511	21,455,511	-
28,323,818	28,023,048	28,023,048	-
1,479,888	1,506,859	1,506,859	-
972,627	1,015,166	1,015,166	-
2,475,083	2,482,045	2,482,045	-
439,022	414,089	414,089	-
-	673	673	-
-	-	-	-
-	-	-	-
458,550	426,266	426,266	-
8,000	-	-	-
34,156,988	33,868,146	33,868,146	-
(13,238,437)	(12,412,635)	(12,412,635)	-
-	-	-	-
13,213,437	12,412,635	12,412,635	-
13,213,437	12,412,635	12,412,635	-
(25,000)	-	-	-
-	-	-	-
\$ (25,000)	\$ -	\$ -	\$ -

**WEBSTER GROVES SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2016**

NOTE 1 DESCRIPTION OF THE SCHOOL DISTRICT AND REPORTING ENTITY

Webster Groves School District (the District) was established in 1846 under the Statutes of the State of Missouri. The District operates as a "six director" district (with seven members of the Board of Education) as described in RSMo Chapter 162.

The School District, located in St. Louis County serves an area of approximately ten square miles. It is staffed by 343 non-certificated employees, 336 certificated full-time teaching personnel, 151 certificated substitutes, and 28 administrative employees who provide services to over 4,453 students and other community members. The School District currently operates seven elementary/middle schools (K-8), one high school (9-12), and one other education center.

A reporting entity is comprised of the primary government, component units, and other organizations that are included to insure that the financial statements of the School District are not misleading. The primary government consists of all funds, departments, boards, and agencies that are not legally separate from the School District. For Webster Groves School District, this includes general operations, food service, and student related activities of the School District.

Component units are legally separate organizations for which the School District is financially accountable. The School District is financially accountable for an organization if the School District appoints a voting majority of the organization's governing board and (1) the School District is able to significantly influence the programs or services performed or provided by the organization; or (2) the School District is legally entitled to or can otherwise access the organization's resources; the School District is legally obligated or has otherwise assumed the responsibility to finance the deficits of, or provide financial support to, the organization; or the School District is obligated for the debt of the organization. Component units may also include organizations that are fiscally dependent on the School District in that the School District approves the budget, the issuance of debt, or the levying of taxes. As of June 30, 2016, the School District has no component units.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

The School 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. Both the government-wide and fund financial statements categorize primary activities as either governmental or business type. For the year ended June 30, 2016, all of the District's activities are classified as governmental type.

**WEBSTER GROVES SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2016**

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Government-Wide Financial Statements

The statement of net position presents the financial condition of the governmental activities of the School District at year-end. The statement of activities presents a comparison between direct disbursements and program receipts for each program or function of the School District's governmental activities. Direct disbursements are those that are specifically associated with a service, program or department and therefore clearly identifiable to a particular function. Program receipts include charges paid by the recipient of the goods or services offered by the program, grants and contributions that are restricted to meeting the operational or capital requirements of a particular program and interest earned on grants that is required to be used to support a particular program. Receipts which are not classified as program receipts are presented as general receipts of the School District. The comparison of direct disbursements with program receipts identifies the extent to which each governmental function is self-financing or draws from the general receipts of the School District.

Fund Financial Statements

The School District uses funds to maintain its financial records during the fiscal year. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. The District uses only the governmental category of funds. All the funds of the District are considered major due in part to an administrative directive from the Missouri Department of Elementary and Secondary Education.

General (Incidental) Fund: Accounts for general activities of the District, including student activities, food service, and textbooks, which are not required to be accounted for in another fund.

Special Revenue (Teachers) Fund: Accounts for expenditures for certified employees involved in administration and instruction. It includes receipts restricted by the state and local tax levy for the payment of teacher salaries and certain employee benefits.

Debt Service Fund: Accounts for the accumulation of resources for, and in payment of, principal, interest, and finance charges on long-term debt.

Capital Projects Fund: Accounts for the proceeds of long-term debt, taxes, and other receipts restricted for acquisition or construction of major capital assets, payment of capital leases, and certain equipment and expenditures designated by Missouri Statute.

Measurement Focus and Basis of Accounting

Government-Wide Financial Statements

The School District's policy is to prepare its government-wide financial statements on the cash basis of accounting, consequently, receipts are recognized when received rather than when earned, and expenditures and purchases of assets are recognized when cash is disbursed rather than when the obligation is incurred. Accordingly, the government-wide financial statements do not present the net position and activities of the School District in accordance with U.S. generally accepted accounting principles.

**WEBSTER GROVES SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2016**

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Measurement Focus and Basis of Accounting (Continued)

Fund Financial Statements

The School District's policy is to prepare its fund financial statements on the cash basis of accounting; consequently, receipts are recognized when received rather than when earned, and expenditures and purchases of assets are recognized when cash is disbursed rather than when the obligation is incurred. Accordingly, the fund financial statements do not present the financial position and results of operations of the funds in accordance with U.S. generally accepted accounting principles.

Budgetary Accounting

The District adheres to the following procedures in establishing the budgetary data reflected in the financial statements:

In accordance with Chapter 67, RSMo, the District adopts a budget for each fund.

Prior to July the Superintendent, who serves as the budget officer, submits to the Board of Education a proposed budget for the fiscal year beginning on the following July 1. The proposed budget includes estimated receipts and proposed disbursements for all District funds. Budgeted disbursements cannot exceed beginning available monies plus estimated receipts for the year.

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.

The budget was legally enacted by the vote of the Board of Education on June 25, 2015.

Subsequent to its formal approval of the budget, the Board of Education has the authority to make necessary adjustments to the budget by formal vote of the Board. Adjustments made during the year are reflected in the budget information included in the financial statements. Budgeted amounts are as originally adopted, or as amended by the Board of Education. Fund increases (decreases) in total equal \$1,184,851 receipts and \$(716,839) disbursements (General Fund), \$536,960 receipts and \$(288,842) disbursements (Special Revenue Fund), \$768,032 receipts and \$7,694,683 disbursements (Debt Service Fund) and \$(21,887) receipts and \$378,824 disbursements (Capital Projects Fund). Budgets for District funds for the current year were originally prepared and adopted on the modified accrual basis of accounting and then amended on the cash basis of accounting, recognizing receipts when collected and disbursements when paid.

Cash

Cash consists of interest bearing accounts and deposits in the Missouri Securities Investment Program (MOSIP). Cash balances from all funds are combined and invested to the extent available in various securities as authorized by Missouri Statutes. Earnings from the pooled investments are allocated to the respective funds on the basis of applicable cash balance participation by each fund.

**WEBSTER GROVES SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2016**

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Cash in Escrow Held by Trustee

Cash in escrow held by trustee consists of United States treasury securities held by the Missouri Securities Investment Program (MOSIP).

Restricted Assets

Assets are reported as restricted when limitations on their use change the normal understanding of the availability of the asset. Such constraints are either imposed by creditors, contributors, grantors, or laws of other governments or imposed by enabling legislation. The nature of the restriction is:

Restricted for Debt Service: The District has \$196,785 of segregated resources for purposes of servicing general obligation bonds.

Restricted for Capital Projects: The District has assets of \$592,757 restricted for construction.

Teachers' Salaries

Payroll checks written and dated in June 2016, for July and August 2016 payrolls from 2015–2016 contracts are included in the financial statements as a disbursement paid in the month of June.

Postemployment Benefits

In addition to the pension benefits described in Note 8, the District provides post-retirement healthcare benefits to all employees who retire from the District. The premium is paid fully by the retiree either monthly or quarterly at the retiree's discretion for the next period's coverage. There is no associated cost to the District under this program.

Under the Consolidated Omnibus Budget Reconciliation Act (COBRA), the District provides healthcare benefits to eligible former employees and eligible dependents. Certain requirements are outlined by the Federal government for this coverage. The premium is paid by the insured either monthly or quarterly at the insured's discretion for the next period's coverage. This program is offered for a duration of 18 months after the termination date. There is no associated cost to the District under this program.

Net Position

Net position represents the difference between assets and liabilities. Net position is reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the District or through external restrictions imposed by creditors, grantors or laws or regulations of other governments.

The District first applies restricted resources when a disbursement is incurred for purposes for which both restricted and unrestricted net position is available.

**WEBSTER GROVES SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2016**

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Fund Balance

The District reports fund balances as restricted and unassigned in its governmental fund types. In the fund financial statements, restricted funds are constrained by outside parties (statute, grantors, bond agreements, etc.). Unassigned fund balances are those in the General Fund which are available for any purpose. Since the District has not established a policy regarding when committed, assigned and unassigned balances are used, the standard requires governments to report as if it is their policy to use committed resources first, then assigned resources, then unassigned resources. The District had only restricted and unassigned fund balances at June 30, 2016.

The nature and purpose of the restricted balances are:

Restricted for Debt Service: The District has \$196,785 restricted for purposes of servicing general obligation bonds.

Restricted for Capital Projects: The District has \$592,757 restricted for construction projects.

Assigned for Capital Projects: The District has \$8,154 assigned for capital projects.

Interfund Activity

Exchange transactions between funds are reported as receipts in the seller funds and as disbursements in the purchaser funds. Flows of cash or goods from one fund to another without a requirement for repayment are reported as interfund transfers. Interfund transfers are reported as other financing sources/uses in governmental funds. Repayments from funds responsible for particular expenditures to the funds that initially paid for them are not presented on the financial statements.

NOTE 3 CASH AND INVESTMENTS

Deposits

Custodial Credit Risk – Custodial credit risk is the risk that in the event of a bank failure, the District's deposits may not be returned to it. The District does not have a deposit policy for custodial credit risk and follows Missouri Statutes for deposits.

The District maintains a cash and investment pool that is available for use by all funds except the Debt Service Fund (State law requires that all deposits of the Debt Service Fund be kept separate and apart from all other funds of the District.) Each fund type's portion of this pool is displayed on the combined statement of assets, and fund balances arising from cash transactions under each fund's caption.

In accordance with applicable Missouri Statute, the District maintains deposits at depository banks authorized by the School District's Board.

**WEBSTER GROVES SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2016**

NOTE 3 CASH AND INVESTMENTS (CONTINUED)

Deposits (Continued)

Missouri Statutes require that all deposits be protected by insurance, surety bond, or collateral. The market value of the collateral pledged must equal 100% of the deposits not covered by insurance or corporate surety bonds.

The District's deposits in banks at June 30, 2016, were entirely covered by federal depository insurance or by surety bonds and collateral in accordance with Missouri Statutes.

Investments

The District may purchase any investments allowed by the Missouri State Treasurer and Repurchase Agreements. These include (1) obligations of the United States government or any agency or instrumentality thereof maturing and becoming payable not more than three years from the date of purchase, or (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.

The District records all interest revenue related to investment activities in the fund which owns the security.

Custodial Credit Risk – Investments

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

Investment Credit Risk

The District has policies in place to minimize credit risk, the risk of loss due to the failure of the security issuer or backer, by:

- pre-qualifying the institution with which the District will do business.
- diversifying the portfolio so that potential losses on individual securities will be minimized.

**WEBSTER GROVES SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2016**

NOTE 3 CASH AND INVESTMENTS (CONTINUED)

Investment Interest Rate Risk

The District has policies in place to minimize the risk that the market value of securities in the portfolio will fall due to changes in general interest rates by structuring the investment portfolio so that securities mature to meet cash requirements for ongoing operations, thereby avoiding the need to sell securities on the open market prior to maturity and by investing operating funds primarily in shorter-term securities. Investments in banker's acceptances and commercial paper shall mature in no more than 180 days from purchase date and all other investments shall mature and become payable in no more than five (5) years from the purchase date.

NOTE 4 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 tangible taxable property for the calendar year 2015 for purposes of local taxation was \$735,194,030.

The tax levy per \$100 of the assessed valuation of tangible taxable property for the calendar year 2015 for purposes of local taxation was:

	<u>Unadjusted</u>	<u>Adjusted</u>
General (Incidental) Fund	\$ 3.3544	\$ 3.3544
Special Revenue (Teachers) Fund	1.7900	1.7900
Debt Service Fund	0.5699	0.5699
Capital Projects Fund	0.0625	0.0625
Total	<u>\$ 5.7768</u>	<u>\$ 5.7768</u>

The receipts of current and delinquent property taxes during the fiscal year ended June 30, 2016 aggregated approximately 96.38 percent of the current assessment computed on the basis of the levy as shown above.

WEBSTER GROVES SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2016

NOTE 5 LONG-TERM DEBT

Long-term liability balances and activity of the District's Governmental Activities for the year ended June 30, 2016 were as follows:

	Balance June 30, 2015	Additions	Reductions	Balance June 30, 2016	Due Within One Year
General Obligation Bonds	\$ 78,618,280	\$ -	\$ (23,009,280)	\$ 55,609,000	\$ 2,660,000
Capital Lease Liabilities	-	224,195	(224,195)	-	-
Total Long-Term Liabilities	<u>\$ 78,618,280</u>	<u>\$ 224,195</u>	<u>\$ (23,233,475)</u>	<u>\$ 55,609,000</u>	<u>\$ 2,660,000</u>

General Obligation Bonds

General obligation bonds, Series 2007, due in varying annual installments through March 1, 2026, interest at 3.82%.	4,235,000
General obligation bonds, Series 2010A, due in varying annual installments through March 1, 2018, interest at 2.50% to 4.00%.	1,300,000
General obligation bonds, Series 2010B, due in varying annual installments through March 1, 2030, interest at 4.15% to 5.70%.	18,900,000
General obligation bonds, Series 2010C, maturing on March 1, 2027, interest at 5.70%.	4,254,000
General obligation bonds, Series 2012A, maturing on March 1, 2026, interest at 2.00%.	9,595,000
General obligation bonds, Series 2013A, maturing on March 1, 2033, interest at 2.0% - 3.0%.	9,885,000
General obligation bonds, Series 2014A, maturing on March 1, 2021, interest at 3.00% to 4.00%.	<u>7,440,000</u>
Total General Obligation Bonds Payable	<u>\$ 55,609,000</u>

General obligation bond debt service requirements to maturity are:

Year Ended June 30,	Principal	Interest	Total
2017	\$ 2,660,000	\$ 2,193,281	\$ 4,853,281
2018	2,520,000	2,096,669	4,616,669
2019	2,590,000	1,998,175	4,588,175
2020	2,975,000	1,906,814	4,881,814
2021	3,070,000	1,807,519	4,877,519
2022-2026	17,790,000	7,627,559	25,417,559
2027-2031	19,604,000	3,497,478	23,101,478
2032-2035	4,400,000	199,500	4,599,500
Total	<u>\$ 55,609,000</u>	<u>\$ 21,326,995</u>	<u>\$ 76,935,995</u>

**WEBSTER GROVES SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2016**

NOTE 5 LONG-TERM DEBT (CONTINUED)

General Obligation Bonds (Continued)

Article VI, Section 26(b), Constitution of Missouri, limits the outstanding amount of authorized general obligation bonds of a district to fifteen percent of the assessed valuation of a District (including state-assessed railroad and utilities). The District did not exceed its legal debt margin at June 30, 2016.

Capital Leases

The District paid off all capital lease during the fiscal year ended June 30, 2016.

NOTE 6 ADVANCE FUNDING

The District was authorized for borrowing \$2,500,000 through the PNC Bank, National Association and Trust Tax Anticipation Note Program. During fiscal year 2016, no amounts were disbursed to the District.

NOTE 7 OPERATING LEASES

The District has entered into several operating leases for various pieces of office equipment with various vendors. Payment terms vary by vendor and lease. Rent payments were \$118,863 in 2016.

Future annual lease payments for all equipment consist of the following:

Year Ended June 30,	Payment
2017	\$ 107,136
2018	98,773
2019	86,261
2020	43,210
Total Minimum Lease Payments	<u>\$ 335,380</u>

NOTE 8 RETIREMENT PLAN

PEERS

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

**WEBSTER GROVES SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2016**

NOTE 8 RETIREMENT PLAN (CONTINUED)

PEERS (Continued)

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

Cost-of-Living Adjustments (COLA). The PEERS Board has established a policy of providing a 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 year 2016. Employers were required to match the contributions made by employees. The contribution rate is set each year by the PSRS Board of Trustees upon the recommendation of the independent actuary within the contribution restrictions set in Section 169.030 RSMo. The annual statutory increase in the total contribution rate may not exceed 0.5% of pay.

The School District's contributions to PEERS for the years ending June 30, 2016, 2015 and 2014 were \$545,019, \$584,053 and \$552,884, respectively, equal to the required contributions for each year.

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.

**WEBSTER GROVES SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2016**

NOTE 8 RETIREMENT PLAN (CONTINUED)

PSRS (Continued)

The majority of PSRS members are exempt from Social Security contributions. In some instances, positions may be determined not to be exempt from Social Security contributions. Any PSRS member who is required to contribute to Social Security comes under the requirements of Section 169.070 (9) RSMo, known as the "2/3's statute." PSRS members required to contribute to Social Security are required to contribute two-thirds of the approved PSRS contribution rate and their employer is required to match the contribution. The members' benefits are further calculated at two-thirds the normal benefit amount. A Comprehensive Annual Financial Report ("CAFR") can be obtained at www.psr-peers.org.

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

Cost-of-Living Adjustments ("COLA"). The PSRS 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 retiring on or after July 1, 2001, such adjustments commencement of benefits and occur annually thereafter. The total of such increases may not exceed 80% of the original benefit for any member.

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

**WEBSTER GROVES SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2016**

NOTE 8 RETIREMENT PLAN (CONTINUED)

The School District's contributions to PSRS for the years ending June 30, 2016, 2015 and 2014 were \$4,225,469, \$4,288,112 and \$4,104,568, respectively, equal to the required contributions for each year.

NOTE 9 PARTICIPATION IN PUBLIC ENTITY RISK POOL - (MUSIC)

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The District was unable to obtain general liability insurance at a cost it considered to be economically justifiable and therefore joined together with approximately 467 other Missouri Public School Districts to form the Missouri School Insurance Council (MUSIC). MUSIC is a public entity risk pool currently operating as a common risk management and insurance program. The District does not pay premiums to purchase insurance policies but pays an assessment to be a member of the self-sustaining risk sharing group. Part of the assessment is used to purchase excess insurance for the group as a whole.

The pooling agreement requires the pool to be self-sustaining. The District believes that it is not possible to estimate the range of contingent losses to be borne by the District.

The District has not seen any decreases in insurance coverage over the prior year and settled claims have not exceeded coverage in any of the proceeding 3 years.

NOTE 10 COMMITMENTS AND CONTINGENCIES

Litigation

The District is subject to asserted and unasserted claims encountered in the normal course of business. The District's management and legal counsel assess such contingent liabilities and such assessment inherently involves an exercise of judgment. In assessing loss contingencies related to legal proceedings that are pending against the District or unasserted claims that may result in such proceedings, the District's legal counsel evaluates the perceived merits of any legal proceedings or unasserted claims as well as the perceived merits of the amount of relief sought or expected to be sought therein. In the opinion of management, disposition of these matters will not have a material effect on the District's financial condition or results of operations.

Federal and State Receivables

Amounts received or receivable from federal or state agencies are subject to agency audit and adjustment. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable fund. The amount, if any, of funds which may be disallowed by the agencies cannot be determined at this time although the District expects such amounts, if any, to be immaterial.

**WEBSTER GROVES SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2016**

Federal Grantor/Pass-through Grantor/ Cluster or Program Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Federal Expenditures
U.S. DEPARTMENT OF EDUCATION:			
<i>Pass-through Missouri Department of Elementary and Secondary Education:</i>			
Title I, Part A Cluster:			
Title I Grants to Local Educational Agencies	84.010	096-114	\$ 601,148
Total Title I, Part A Cluster			601,148
<i>Pass-through Missouri Department of Elementary and Secondary Education:</i>			
Improving Teacher Quality State Grants	84.367	096-114	145,858
Total			145,858
Total U.S. Department of Education			747,006
U.S. DEPARTMENT OF AGRICULTURE:			
<i>Pass-through Missouri Department of Elementary and Secondary Education:</i>			
Child Nutrition Cluster:			
<i>Non-Cash Assistance (Commodities):</i>			
National School Lunch Program	10.555	096-114	83,707
<i>Non-Cash Assistance Subtotal</i>			83,707
<i>Cash Assistance:</i>			
National School Lunch Program	10.555	096-114	339,607
School Breakfast Program	10.553	096-114	73,733
<i>Cash Assistance Subtotal</i>			413,340
Total Child Nutrition Cluster			497,047
Total U.S. Department of Agriculture			497,047
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES:			
<i>Pass-through Missouri Department of Elementary and Secondary Education:</i>			
Youth Risk Behavior Survey			
Child Care and Development Block Grant	93.575	096-114	20,000
Total U.S. Department of Health and Human Services			20,000
Total Federal Financial Assistance			\$ 1,264,053

**WEBSTER GROVES SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2016**

Basis of Presentation

The accompanying schedule of expenditures of federal awards includes the federal grant activity of Webster Groves School District and is presented on the cash basis of accounting with the exception of the commodities, which is a comprehensive basis of accounting other than U.S. generally accepted accounting principles. The information in this schedule is presented in accordance with the requirements of *Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance)*.

Summary of Significant Accounting Policies

Expenditures reported on the schedule of expenditures of federal awards are reported on the cash basis of accounting and, accordingly, represent the total cash expended for the program. The schedule of expenditures of federal awards does not include transactions that might be included using the accrual basis of accounting as contemplated by generally accepted accounting principles.

Indirect Cost Rate

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

WEBSTER GROVES SCHOOL DISTRICT
SCHEDULE OF RECEIPTS, DISBURSEMENTS AND CHANGES IN FUND BALANCE
BUDGET TO ACTUAL – DEBT SERVICE FUND AND CAPITAL PROJECTS FUND
YEAR ENDED JUNE 30, 2016

	Debt Service Fund			Variance with Final Budget
	Original Budget	Final Budget	Actual	
RECEIPTS				
Local	\$ 4,025,350	\$ 4,248,594	\$ 4,248,594	\$ -
County	85,000	103,494	103,494	-
Federal	294,678	820,972	820,972	-
Total Receipts	4,405,028	5,173,060	5,173,060	-
DISBURSEMENTS				
Instruction	-	-	-	-
Instructional Staff Support	-	-	-	-
General Administration and Central Services	-	-	-	-
Operation of Plant	-	-	-	-
Food Service	-	-	-	-
Community Services	-	-	-	-
Facility Acquisition and Construction	-	-	-	-
Debt Service and Fiscal Charges	18,563,298	26,257,981	26,257,981	-
Total Disbursements	18,563,298	26,257,981	26,257,981	-
RECEIPTS UNDER DISBURSEMENTS	(14,158,270)	(21,084,921)	(21,084,921)	-
OTHER FINANCING SOURCES				
Transfer From	-	-	-	-
Total Other Financing Sources	-	-	-	-
NET CHANGE IN FUND BALANCE	(14,158,270)	(21,084,921)	(21,084,921)	-
FUND BALANCE - JULY 1, 2015	21,281,706	21,281,706	21,281,706	-
FUND BALANCE - JUNE 30, 2016	\$ 7,123,436	\$ 196,785	\$ 196,785	\$ -

**WEBSTER GROVES SCHOOL DISTRICT
SCHEDULE OF RECEIPTS, DISBURSEMENTS AND CHANGES IN FUND BALANCE
BUDGET TO ACTUAL – DEBT SERVICE FUND AND CAPITAL PROJECTS FUND
YEAR ENDED JUNE 30, 2016**

Capital Projects Fund			
Original Budget	Final Budget	Actual	Variance with Final Budget
\$ 481,250	\$ 460,915	\$ 460,915	\$ -
10,000	8,448	8,448	-
-	-	-	-
491,250	469,363	469,363	-
153,867	251,860	251,860	-
156,858	129,005	129,005	-
431,155	226,894	226,894	-
284,178	307,198	307,198	-
35,050	47,303	47,303	-
2,000	-	-	-
-	471,477	471,477	-
216,000	224,195	224,195	-
1,279,108	1,657,932	1,657,932	-
(787,858)	(1,188,569)	(1,188,569)	-
-	717,092	717,092	-
-	717,092	717,092	-
(787,858)	(471,477)	(471,477)	-
1,072,388	1,072,388	1,072,388	-
\$ 284,530	\$ 600,911	\$ 600,911	\$ -

WEBSTER GROVES SCHOOL DISTRICT
SCHEDULE OF RECEIPTS BY SOURCE – ALL GOVERNMENTAL FUNDS – CASH BASIS
YEAR ENDED JUNE 30, 2016

	Government Funds				Total
	General (Incidental) Fund	Special Revenue (Teachers) Fund	Debt Service Fund	Capital Projects Fund	
LOCAL					
Current Taxes	\$ 23,570,746	\$ 12,577,999	\$ 4,004,581	\$ 439,176	\$ 40,592,502
Delinquent Taxes	197,483	105,382	33,645	3,680	340,190
School District Trust Fund	2,301,652	1,380,991	-	-	3,682,643
Financial Institution Taxes	17,960	13,470	95	2,244	33,769
M & M Surcharge Tax	753,586	402,134	128,031	14,041	1,297,792
In Lieu of Tax	95,229	50,816	16,179	1,774	163,998
Tuition from Individuals PK - 12	-	426,101	-	-	426,101
Transportation from Individuals	80,278	-	-	-	80,278
Earnings on Investment	42,860	810	875	-	44,545
Food Service Program	432,324	-	-	-	432,324
Food Service Non-Program	371,088	-	-	-	371,088
Student Activities	1,790,100	-	-	-	1,790,100
Community Services	2,247,985	-	-	-	2,247,985
Other Local	1,149,378	5,333	65,188	-	1,219,899
Total Local	33,050,669	14,963,036	4,248,594	460,915	52,723,214
COUNTY					
Fines, etc.	-	44,112	-	-	44,112
State Assessed Utilities	406,470	217,823	103,494	8,448	736,235
Total County	406,470	261,935	103,494	8,448	780,347
STATE					
Basic Formula	-	4,376,651	-	-	4,376,651
Transportation	6,118	-	-	-	6,118
Basic Formula - Classroom Trust Fund	-	1,512,096	-	-	1,512,096
Educational Screening Program	55,564	-	-	-	55,564
Vocational/Technical Aid	4,041	-	-	-	4,041
Food Service	8,741	-	-	-	8,741
Other State	925,061	-	-	-	925,061
Total State	999,525	5,888,747	-	-	6,888,272

**SCHEDULE 3
(CONTINUED)**

**WEBSTER GROVES SCHOOL DISTRICT
SCHEDULE OF RECEIPTS BY SOURCE – ALL GOVERNMENTAL FUNDS – CASH BASIS
YEAR ENDED JUNE 30, 2016**

	Government Funds				Total
	General (Incidental) Fund	Special Revenue (Teachers) Fund	Debt Service Fund	Capital Projects Fund	
FEDERAL					
Food Service	\$ 413,340	\$ -	\$ -	\$ -	\$ 413,340
Title I - ESEA	625,268	-	-	-	625,268
Title II, Part A, ESEA	111,835	-	-	-	111,835
Childcare Development Fund Grant	20,000	-	-	-	20,000
Other Federal	74,973	-	820,972	-	895,945
Total Federal	1,245,416	-	820,972	-	2,066,388
OTHER					
Tuition from Other Districts	-	341,793	-	-	341,793
Total Other	-	341,793	-	-	341,793
Total - All Sources	\$ 35,702,080	\$ 21,455,511	\$ 5,173,060	\$ 469,363	\$ 62,800,014

WEBSTER GROVES SCHOOL DISTRICT
SCHEDULE OF DISBURSEMENTS BY OBJECT – CASH BASIS
YEAR ENDED JUNE 30, 2016

	General (Incidental) Fund	Special Revenue (Teachers) Fund	Debt Service Fund	Capital Projects Fund
Salaries	\$ 8,168,035	\$ 27,025,969	\$ -	\$ -
Employee Benefits	2,314,340	6,842,167	-	-
Purchased Services	5,159,066	10	-	2,816
Supplies	4,485,963	-	-	-
Capital Outlay	-	-	-	1,430,921
Debt Service and Fiscal Charges	-	-	26,257,981	-
Other Uses	-	-	-	224,195
Total	<u>\$ 20,127,404</u>	<u>\$ 33,868,146</u>	<u>\$ 26,257,981</u>	<u>\$ 1,657,932</u>

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

Board of Education
Webster Groves School District
Webster Groves, Missouri

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities and each major fund of Webster Groves School District, as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise Webster Groves School District's basic financial statements, and have issued our report thereon dated November 14, 2016.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Webster Groves 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 opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Webster Groves School District's internal control. Accordingly, we do not express an opinion on the effectiveness of Webster Groves School District's internal control.

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

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Webster Groves School District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

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

CliftonLarsonAllen LLP

St. Louis, Missouri
November 14, 2016

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

Board of Education
Webster Groves School District
Webster Groves, Missouri

Report on Compliance for Each Major Federal Program

We have audited Webster Groves 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 Webster Groves School District's major federal programs for the year ended June 30, 2016. Webster Groves School District's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the federal statutes, regulations and the terms and conditions of its federal awards applicable to its federal programs.

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for each of Webster Groves School 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 Webster Groves School 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 Webster Groves School District's compliance.

Opinion on Each Major Federal Program

In our opinion, Webster Groves School 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.

Report on Internal Control Over Compliance

Management of Webster Groves School 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 Webster Groves School 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 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 Webster Groves School 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 result of that testing based on the requirements of Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

CliftonLarsonAllen LLP

St. Louis, Missouri
November 14, 2016

**WEBSTER GROVES SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2016**

Section I – Summary of Auditors' Results

Financial Statements

Type of auditor's report issued: Unmodified

Internal control over financial reporting:

- Material weakness identified? Yes X No
- Significant deficiency identified that is not considered to be material weakness?
 Yes X None Reported
- Noncompliance material to financial statements noted?
 Yes X No

Federal Awards

Internal control over major programs:

- Material weakness identified? Yes X No
- Significant deficiency identified that is not considered to be material weakness?
 Yes X None Reported

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 section 510(a) of the Uniform Guidance?

 Yes X No

Identification of major programs

<u>CFDA Number(s)</u>	<u>Name of Federal Program or Cluster</u>	<u>Amount</u>
10.553, 10.555	Child Nutrition Cluster	<u>\$ 497,047</u>

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

Auditee qualified as low-risk auditee? X Yes No

**WEBSTER GROVES SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2016**

Section II – Financial Statement Findings

The audit did not disclose any noncompliance which is material to the financial statements of the District.

Section III – Federal Awards Findings and Questioned Costs

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

DRAFT

**INDEPENDENT AUDITORS' REPORT ON
TRANSPORTATION COSTS ELIGIBLE FOR STATE AID**

Board of Education
Webster Groves School District
Webster Groves, Missouri

Report on Transportation Costs

We have audited the accompanying cash basis financial statements of the governmental activities and each major fund of Webster Groves School District, as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise the entity's basic financial statements as listed in the table of contents. We have issued our report thereon dated November 14, 2016, which contained unmodified opinions on those financial statements.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Webster Groves School District's basic financial statements. The accompanying Schedule of Transportation Disbursements is presented for purposes of additional analysis as required by the Missouri Department of Elementary and Secondary Education (DESE) and is not a required part of the basic 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 basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Schedule of Transportation Disbursements is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

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

CliftonLarsonAllen LLP

St. Louis, Missouri
November 14, 2016

**WEBSTER GROVES SCHOOL DISTRICT
SCHEDULE OF TRANSPORTATION DISBURSEMENTS – CASH BASIS
YEAR ENDED JUNE 30, 2016**

	Pupil District Contracted	Pupil District Owned	Total
Purchased Services	\$ 220,814	\$ -	\$ 220,814
Total	<u>\$ 220,814</u>	<u>\$ -</u>	<u>\$ 220,814</u>

DRAFT

REPORT ON COMPLIANCE WITH STATE REQUIREMENTS

Board of Education
Webster Groves School District
Webster Groves, Missouri

We have examined management's assertions that Webster Groves School District did comply with the requirements of Missouri laws and regulations regarding budgetary and disbursement procedures, attendance and pupil transportation records and other statutory requirements as listed in the Schedule of Selected Statistics. Management is responsible for the District's compliance with those requirements. Our responsibility is to express an opinion on management's assertions about the District's compliance based on our examination.

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

In our opinion, management's assertions that Webster Groves School District complied with the aforementioned requirements for the year ended June 30, 2016, are fairly stated, in all material respects.

CliftonLarsonAllen LLP

St. Louis, Missouri
November 14, 2016

**WEBSTER GROVES SCHOOL DISTRICT
SCHEDULE OF SELECTED STATISTICS
YEAR ENDED JUNE 30, 2016**

Single Audit - Year ended June 30, 2016

Calendar (Sections 160.041 and 171.031, RSMo)

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:

<u>Grades</u>	<u>Hours</u>
K-5	1,074
K-5	1,073
6	1,075
7-8	1,082
9-12	1,063

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

<u>Grades</u>	<u>Days</u>
K-6	175
7-12	175

Average Daily Attendance (ADA)

	<u>Full & Part-Time</u>	<u>Deseg In</u>	<u>Total</u>
Regular Term	4,056.54	122.92	4,179.49
	<u>Resident</u>	<u>Deseg In</u>	
Summer School	38.58	2.73	41.31
Regular Term Plus Summer School ADA			<u>4,220.80</u>

September Membership

	<u>Full & Part- Time</u>	<u>Deseg In/Out</u>	<u>Total</u>
September Membership FTE Count	4,261.98	157.80	4,419.78

**WEBSTER GROVES SCHOOL DISTRICT
SCHEDULE OF SELECTED STATISTICS
YEAR ENDED JUNE 30, 2016**

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

	Full & Part- Time	Deseg In	Total
Free FTE	520.31	89.14	609.45
Reduced FTE	109.66	7.00	116.66
Total	<u>629.97</u>	<u>96.14</u>	<u>726.11</u>

Finance

As required by Section 162.401, RSMo, a bond was purchased for the district's treasurer in the total amount of: **\$50,000**

The district's deposits were secured during the year as required by Sections 110.010 and 110.020, RSMo. **True**

The district maintained a separate bank account for the Debt Service Fund in accordance with Section 165.011, RSMo. **True**

Salaries reported for educators in the October Core Data cycle are supported by payroll/contract records. **True**

If a \$162,326 or 7% x SAT x WADA transfer was made in excess of adjusted expenditures, the board approve a resolution to make the transfer, which identified the specific projects to be funded by the transfer and an expected expenditure date for the projects to be undertaken. **N/A**

The district published a summary of the prior year's audit report within thirty days of the receipt of the audit pursuant to Section 165.121, RSMo. **True**

The district has a professional development committee plan adopted by the board with the professional committee plan identifying expenditure of 75% of 1% of the current year basic formula apportionment. **True**

The amount spent for approved professional development committee plan activities was: **\$112,086**

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

Finding #: **N/A**

Management Letter Comment #: **N/A**

Transportation (Section 163.161, RSMo)

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

**WEBSTER GROVES SCHOOL DISTRICT
SCHEDULE OF SELECTED STATISTICS
YEAR ENDED JUNE 30, 2016**

Transportation (Continued)

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.

True

Based on the ridership records, the average number of students (non-disabled K-12, K-12 students with disabilities and career education) transported on a regular basis (ADT) was:

Eligible ADT 17

Ineligible ADT 272

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.

True

Actual odometer records show the total district-operated and contracted mileage for the year was:

62,318

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 32,464

Ineligible Miles (Non-Route/Disapproved) 29,854

Number of days the district operated the school transportation system during the regular school year:

175

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

Finding #: **N/A**

Management Letter Comment #: **N/A**