

WEBSTER GROVES SCHOOL DISTRICT

**FINANCIAL STATEMENTS AND
SUPPLEMENTARY INFORMATION**

YEAR ENDED JUNE 30, 2018

DRAFT

**WEBSTER GROVES SCHOOL DISTRICT
TABLE OF CONTENTS (CONTINUED)
YEAR ENDED JUNE 30, 2018**

INDEPENDENT AUDITORS' REPORT	1
MANAGEMENT'S DISCUSSION AND ANALYSIS	4
FINANCIAL STATEMENTS	
STATEMENT OF NET POSITION — CASH BASIS	13
STATEMENT OF ACTIVITIES — CASH BASIS	14
STATEMENT OF ASSETS, LIABILITIES, AND FUND BALANCE ARISING FROM CASH TRANSACTIONS — GOVERNMENTAL FUNDS	15
RECONCILIATION OF TOTAL GOVERNMENTAL FUND BALANCE (CASH BASIS) TO NET POSITION (CASH BASIS) OF GOVERNMENTAL ACTIVITIES	16
STATEMENT OF CASH RECEIPTS, DISBURSEMENTS, AND CHANGES IN FUND BALANCE — CASH BASIS — GOVERNMENTAL FUNDS	17
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)	18
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN FUND BALANCE — BUDGET TO ACTUAL — GENERAL FUND AND SPECIAL REVENUE FUND	19
NOTES TO BASIC FINANCIAL STATEMENTS	21
SUPPLEMENTARY INFORMATION	
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS	35
SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN FUND BALANCE — BUDGET TO ACTUAL — DEBT SERVICE FUND AND CAPITAL PROJECTS FUND	37
SCHEDULE OF RECEIPTS BY SOURCE — ALL GOVERNMENT FUNDS — CASH BASIS	39
SCHEDULE OF DISBURSEMENTS BY OBJECT — CASH BASIS	40
INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH <i>GOVERNMENT AUDITING STANDARDS</i>	41

**WEBSTER GROVES SCHOOL DISTRICT
TABLE OF CONTENTS (CONTINUED)
YEAR ENDED JUNE 30, 2018**

INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM AND REPORT ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE	43
SCHEDULE OF FINDINGS AND QUESTIONED COSTS	45
INDEPENDENT AUDITORS' REPORT ON TRANSPORTATION COSTS ELIGIBLE FOR STATE AID	47
SCHEDULE OF TRANSPORTATION DISBURSEMENTS — CASH BASIS	48
REPORT ON COMPLIANCE WITH STATE REQUIREMENTS	49
SCHEDULE OF SELECTED STATISTICS	50

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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, 2018, 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, 2018, 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 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 management's discussion and analysis and the other supplementary information 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 35 through 40 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.

The management's discussion and analysis has not been subject of the auditory procedures applied in the audit of the basic financial statements, and accordingly we do not express an opinioin or provide assurance on it.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated October XX, 2018, 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 solely 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 the effectiveness of 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
October XX, 2018

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**WEBSTER GROVES SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2018 (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, 2018. 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, 2018 will include an analysis with comparative data between year ended June 30, 2018 and June 30, 2017.

Key financial highlights for 2018 are as follows:

- The District's financial status, as reflected in total net position is \$46,960,496. The District had a beginning net position balance of \$24,740,788 to which was added a 2018 fiscal year surplus of \$22,219,708. The restricted net position balance encompasses balances reserved from bond issue sales. Below is a reflection of net position changes from 2017 to 2018.

	2018	2017
NET POSITION		
Restricted	\$ 20,970,465	\$ 1,752,214
Unrestricted	25,990,031	22,988,574
Total Net Position	\$ 46,960,496	\$ 24,740,788

- The School District had \$63,700,013 in disbursements; \$6,929,471 of the disbursements was offset by program specific charges for services, grants, or contributions. General receipts (primarily taxes), along with receipts for operating grants and contributions and escrow funds totaling \$78,990,250 adequately provided for these programs. Shown below is a two year comparison of disbursements:

	2018	2017
Charges, Operating Grants, and Contributions	\$ 6,929,471	\$ 7,531,920
All Other Disbursements		
Salaries, Benefits, Supplies, Equipment, etc.	56,770,542	53,494,356
Total Disbursements	\$ 63,700,013	\$ 61,026,276

- Total assets of governmental activities were valued at \$49,328,151. Current assets include cash and cash held in escrow by trustee.

	2018	2017
ASSETS		
Current	\$ 49,328,151	\$ 25,032,774
Total Assets	\$ 49,328,151	\$ 25,032,774

- The District's current assets increased by \$ 24,295,377 from last year due to a bond refunding transaction of \$16,990,000 and a budget surplus of \$7,305,377. \$19.8 million of this surplus was expected and reflected in district budget projections.

**WEBSTER GROVES SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2018 (UNAUDITED)**

Financial Highlights (Continued)

- Total liabilities were \$2,367,655. These liabilities are payroll deductions and withholdings.

LIABILITIES	2018	2017
Current	\$ 2,367,655	\$ 291,986
Total Liabilities	\$ 2,367,655	\$ 291,986

- The District is reporting a July 1, 2017 beginning total fund balance of \$24,740,788 and has a June 30, 2018 ending total fund balance of \$46,960,496. The District fund balance is more than sufficient to maintain positive cash flow at all times during the fiscal year so that no intra-year borrowing are needed.
- Among major funds, the Operating Funds, (General, Special, and Capital Projects) had \$61,811,236 in receipts and \$58,809,779 in disbursements. The School District transferred \$9,862,984 from the General Fund to the Special Revenue (Teachers) Fund and \$1,174,377 from the General Fund to the Capital Projects Fund. The Operating Fund's balance was \$25,990,031 as of June 30, 2018.
- Debt Service Fund had \$24,108,485 in receipts, which included \$16,990,000 from the sale of refunding bonds and \$4,890,234 in disbursements. The Debt Service Fund's balance increased \$19,218,251 for fiscal year ended June 30, 2018.

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.

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 2017-2018?" 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.

**WEBSTER GROVES SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2018 (UNAUDITED)**

Reporting the School District as a Whole (Continued)

Statement of Net Position and the Statement of Activities (Continued)

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 whether, for the School District of Webster Groves as a whole, the financial position of the District has improved or diminished during the past two year. The causes of any change may be the result of many factors — financial, economic, operational, regulatory, etc.

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, 2018 (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 2018 and 2017.

**TABLE 1
NET POSITION**

	Governmental Activities June 30,	
	2018	2017
ASSETS		
Current and Other Assets	\$ 49,328,151	\$ 25,032,774
Total Assets	49,328,151	25,032,774
LIABILITIES		
Current	2,367,655	291,986
Total Liabilities	2,367,655	291,986
NET POSITION		
Restricted	20,970,465	1,752,214
Unrestricted	25,990,031	22,988,574
Total Net Position	\$ 46,960,496	\$ 24,740,788

Total assets of governmental activities were valued at \$46,960,496. The District reports on cash basis accounting.

Total liabilities at June 30, 2018 were \$2,367,655. This was an increase of \$2,075,669. Unrestricted net position totals \$25,990,031. The District has restricted net position of \$20,970,465 from a bond refunding escrow that complies with requirements imposed by the state of Missouri. Please note that the district also owns the real estate, buildings, equipment, and furniture comprising nine school campuses and two support service locations. Because the district uses the cash basis of accounting, however, the value of these assets are not shown on the balance sheet.

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 1. Table 2 shows the changes in combined restricted plus unrestricted net position for fiscal year 2018.

**WEBSTER GROVES SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2018 (UNAUDITED)**

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

**TABLE 2
CHANGE IN NET POSITION**

	Governmental Activities Year Ended June 30,	
	<u>2018</u>	<u>2017</u>
RECEIPTS		
Charges for Services	\$ 5,752,881	\$ 5,324,653
Operating Grants and Contributions	1,176,590	2,207,267
General Receipts:		
Property and Fair Share Taxes	49,159,674	47,300,319
Grants and Entitlements	10,379,072	9,168,707
Interest and Investment Earnings	2,037,547	154,971
Other	423,957	1,212,158
Sale of General Obligations and Refunding Bonds	16,990,000	-
Total Receipts	<u>85,919,721</u>	<u>65,368,075</u>
PROGRAM DISBURSEMENTS		
Instruction	34,476,179	34,141,515
Student Services	2,654,659	2,488,766
Instructional Staff Support	1,908,039	1,813,177
Building Administration	3,831,722	3,480,298
General Administration and Central Services	3,507,416	3,483,852
Operation of Plant	8,236,324	6,830,855
Transportation	385,857	272,773
Food Service	1,241,954	988,911
Community Services	2,442,711	2,316,138
Facility Acquisition and Construction	-	295,929
Debt Service and Fiscal Charges	5,015,152	4,914,062
Total Disbursements	<u>63,700,013</u>	<u>61,026,276</u>
CHANGE IN NET POSITION	<u>\$ 22,219,708</u>	<u>\$ 4,341,799</u>

Governmental Activities

General receipts accounted for \$78,990,250 or 92% of all receipts. General receipts are composed primarily of receipts from property taxes of \$49,159,674. Other sources of general receipts are federal and state aid not restricted for specific purposes of \$10,379,072, sale of refunding bonds of \$16,990,000, interest and investment earnings of \$2,037,547, and miscellaneous other sources of \$423,957.

Program specific receipts in the form of charges for services, operating grants and contributions accounted for \$6,929,471 or 8% of total receipts of \$85,919,721.

**WEBSTER GROVES SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2018 (UNAUDITED)**

Governmental Activities (Continued)

The School District of Webster Groves had \$63,700,013 in disbursements; \$6,929,471 of these disbursements were offset by program specific charges for services, grants, or contributions. General receipts (primarily property taxes) of \$78,990,250, along with the offset of program specific receipts and escrow accounts for bond payments allowed the District to have adequate resources to provide for the following programs:

- Disbursements for instruction and students services account for 58% of total district disbursements and were \$37,130,838.
- Disbursements for student support services, administration, facility improvements, and facility construction account for the majority of remaining disbursements and were \$26,569,175 or 42%.

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 costs of services and then the cost of services net of program specific receipts. That is, it identifies the cost of these services supported by tax receipts and unrestricted state entitlements.

TABLE 3

	Year Ended June 30,			
	2018		2017	
	Total Cost of Services	Net Cost of Services	Total Cost of Services	Net Cost of Services
Instruction	\$ 34,476,179	\$ (31,435,379)	\$ 34,141,515	\$ (30,204,889)
Student Services	2,654,659	(2,654,659)	2,488,766	(2,488,766)
Instructional Staff Support	1,908,039	(1,842,816)	1,813,177	(1,533,545)
Building Administration	3,831,722	(3,831,722)	3,480,298	(3,480,298)
General Administration and Central Services	3,507,416	(3,507,416)	3,483,852	(3,483,852)
Operation of Plant	8,236,324	(8,236,324)	6,830,855	(6,830,855)
Transportation	385,857	(382,435)	272,773	(271,668)
Food Service	1,241,954	(71,212)	988,911	154,032
Community Services	2,442,711	206,573	2,316,138	(144,524)
Facility Acquisition and Construction	-	-	295,929	(295,929)
Debt Service and Fiscal Charges	5,015,152	(5,015,152)	4,914,062	(4,914,062)
Total Disbursements	<u>\$ 63,700,013</u>	<u>\$ (56,770,542)</u>	<u>\$ 61,026,276</u>	<u>\$ (53,494,356)</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.

**WEBSTER GROVES SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2018 (UNAUDITED)**

Governmental Activities (Continued)

- Building Administration includes the cost of salaries and benefits for building level principals and office support staff.
- 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.
- Operation of Plant activities involve keeping the school grounds, buildings, and equipment in good working condition.
- Transportation includes activities involved with the conveying of students to and from school, as well as to and from school-related activities, in accordance with 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 bond indebtedness of the School District.

The dependence upon tax receipts is apparent. Over 90% 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 very limited 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 \$85,919,721 and disbursements of \$63,700,013. The net change in the fund balance total for the year was an increase of \$22,219,708. The General (Incidental) Fund net change in fund balance was an increase of \$3,001,457. The Debt Service net change in fund balance was an increase of \$19,218,251. The Special Revenue Fund (Teachers) and Capital Projects Fund 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, 2018 (UNAUDITED)**

Operating 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 revenues upon cash receipt and recognizes expenditures upon cash disbursement.

During the course of the fiscal year 2018, the School District of Webster Groves amended its budget two times, which resulted in a total budget increase of \$19,753,752 in receipts, which included \$16,990,000 from the sale of refunding bonds and a decrease of \$1,693,080 in disbursements.

The District uses site-based budgeting and the budgeting systems are designed to tightly control total site expenditure 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, 2018, the School District of Webster Groves had \$67,419,000 general obligation bonds, due in varying amounts with interest rate charges over 20 years. The purpose of each debt project was for facility and technology infrastructure additions and improvements.

	<u>2018</u>	<u>2017</u>
2007 General Obligation Bonds	\$ 3,905,000	\$ 4,075,000
2010A General Obligation Bonds	-	550,000
2010B General Obligation Bonds	18,900,000	18,900,000
2010C General Obligation Bonds	4,254,000	4,254,000
2012A General Obligation Bonds	9,395,000	9,495,000
2013A General Obligation Bonds	9,885,000	9,885,000
2014A General Obligation Bonds	4,090,000	5,790,000
2017A General Obligation Bonds	16,990,000	-
Total	<u>\$ 67,419,000</u>	<u>\$ 52,949,000</u>

At June 30, 2018, the School District's overall legal debt margin was \$121 million.

**WEBSTER GROVES SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2018 (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 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.

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**WEBSTER GROVES SCHOOL DISTRICT
STATEMENT OF NET POSITION — CASH BASIS
JUNE 30, 2018**

	Governmental Activities
ASSETS	
Cash and Investments	\$ 28,357,686
Restricted Assets:	
Cash	687,016
Cash in Escrow	20,283,449
Total Assets	49,328,151
LIABILITIES	
Payroll Deductions and Withholdings	2,367,655
Total Liabilities	2,367,655
NET POSITION	
Restricted for:	
Debt Service	20,970,465
Unrestricted	25,990,031
Total Net Position	\$ 46,960,496

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**WEBSTER GROVES SCHOOL DISTRICT
STATEMENT OF ACTIVITIES — CASH BASIS
YEAR ENDED JUNE 30, 2018**

Functions/Programs	Disbursements	Program Receipts		Net
		Charges for Services and Sales	Operating Grants and Contributions	(Disbursements) Receipts and Changes in Net Position
				Governmental Activities
GOVERNMENTAL ACTIVITIES:				
Instruction	\$ 34,476,179	\$ 2,312,526	\$ 728,274	\$ (31,435,379)
Student Services	2,654,659	-	-	(2,654,659)
Instructional Staff Support	1,908,039	-	65,223	(1,842,816)
Building Administration	3,831,722	-	-	(3,831,722)
General Administration and Central Services	3,507,416	-	-	(3,507,416)
Operation of Plant	8,236,324	-	-	(8,236,324)
Transportation	385,857	-	3,422	(382,435)
Food Service	1,241,954	791,071	379,671	(71,212)
Community Services	2,442,711	2,649,284	-	206,573
Debt Service and Fiscal Charges	5,015,152	-	-	(5,015,152)
Total Governmental Activities	<u>\$ 63,700,013</u>	<u>\$ 5,752,881</u>	<u>\$ 1,176,590</u>	<u>(56,770,542)</u>
GENERAL RECEIPTS:				
Taxes				
Property Taxes, Levied for General Purposes				27,148,542
Property Taxes, Levied for Instruction				16,669,798
Property Taxes, Levied for Debt Services				4,784,147
Property Taxes, Levied for Capital Projects				557,187
Federal and State Aid Not Restricted to Specific Purposes				
General				9,641,938
State Assessed Utilities				737,134
Interest and Investment Earnings				2,037,547
Sale of General Obligations and Refunding Bonds				16,990,000
Miscellaneous				423,957
Total General Receipts				<u>78,990,250</u>
CHANGE IN NET POSITION				22,219,708
Net Position - Beginning of Year				<u>24,740,788</u>
NET POSITION - END OF YEAR				<u>\$ 46,960,496</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, 2018**

	Governmental Fund Types				Total
	General (Incidental) Fund	Special Revenue (Teachers) Fund	Debt Service Fund	Capital Projects Fund	
ASSETS					
Cash and Investments	\$ 28,357,686	\$ -	\$ -	\$ -	\$ 28,357,686
Restricted Assets:					
Cash	-	-	687,016	-	687,016
Cash in Escrow	-	-	20,283,449	-	20,283,449
Total Assets	\$ 28,357,686	\$ -	\$ 20,970,465	\$ -	\$ 49,328,151
LIABILITIES AND FUND BALANCE					
LIABILITIES					
Payroll Deductions and Withholdings	2,367,655	\$ -	\$ -	\$ -	\$ 2,367,655
Total Liabilities	2,367,655	-	-	-	2,367,655
FUND BALANCE					
Restricted:					
Debt Service	-	-	20,970,465	-	20,970,465
Unassigned	25,990,031	-	-	-	25,990,031
Total Fund Balance	25,990,031	-	20,970,465	-	46,960,496
Total Liabilities and Fund Balance	\$ 28,357,686	\$ -	\$ 20,970,465	\$ -	\$ 49,328,151

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, 2018**

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

Total Fund Balance - Cash Basis - Governmental Funds	\$ 46,960,496
There are no Reconciling Items	<u>-</u>
Total Net Position - Cash Basis - Governmental Activities	<u><u>\$ 46,960,496</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, 2018**

	General (Incidental) Fund	Special Revenue (Teachers) Fund	Debt Service Fund	Capital Projects Fund	Total
RECEIPTS					
Local	\$ 32,817,968	\$ 17,230,946	\$ 6,458,938	\$ 557,371	\$ 57,065,223
County	387,517	270,409	109,973	11,581	779,480
State	483,119	9,002,013	-	-	9,485,132
Federal	741,476	-	549,574	-	1,291,050
Other	-	308,836	-	-	308,836
Total Receipts	<u>34,430,080</u>	<u>26,812,204</u>	<u>7,118,485</u>	<u>568,952</u>	<u>68,929,721</u>
DISBURSEMENTS					
Instruction	4,350,236	29,912,484	-	213,459	34,476,179
Student Services	1,031,789	1,622,870	-	-	2,654,659
Instructional Staff Support	417,862	1,320,813	-	169,364	1,908,039
Building Administration	1,128,069	2,703,653	-	-	3,831,722
General Administration and Central Services	2,913,693	549,438	-	44,285	3,507,416
Operation of Plant	7,220,095	-	-	1,016,229	8,236,324
Transportation	385,857	-	-	-	385,857
Food Service	1,066,880	-	-	175,074	1,241,954
Community Services	1,876,781	565,930	-	-	2,442,711
Debt Service and Fiscal Charges	-	-	4,890,234	124,918	5,015,152
Total Disbursements	<u>20,391,262</u>	<u>36,675,188</u>	<u>4,890,234</u>	<u>1,743,329</u>	<u>63,700,013</u>
RECEIPTS OVER (UNDER) DISBURSEMENTS	14,038,818	(9,862,984)	2,228,251	(1,174,377)	5,229,708
OTHER FINANCING SOURCES (USES)					
Transfer From	(11,037,361)	-	-	-	(11,037,361)
Transfer To	-	9,862,984	-	1,174,377	11,037,361
Sale of Refunding Bonds	-	-	16,990,000	-	16,990,000
Total Other Financing Sources (Uses)	<u>(11,037,361)</u>	<u>9,862,984</u>	<u>16,990,000</u>	<u>1,174,377</u>	<u>16,990,000</u>
NET CHANGE IN FUND BALANCE	3,001,457	-	19,218,251	-	22,219,708
FUND BALANCE - JULY 1, 2017	<u>22,988,574</u>	<u>-</u>	<u>1,752,214</u>	<u>-</u>	<u>24,740,788</u>
FUND BALANCE - JUNE 30, 2018	<u>\$ 25,990,031</u>	<u>\$ -</u>	<u>\$ 20,970,465</u>	<u>\$ -</u>	<u>\$ 46,960,496</u>

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, 2018**

Total Net Change in Fund Balance - Cash Basis - Governmental Funds	\$ 22,219,708
There are no Reconciling Items	<u>-</u>
Change in Net Position - Cash Basis - Governmental Activities	<u>\$ 22,219,708</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, 2018

	General (Incidental) Fund			Variance with Final Budget
	Original Budget	Final Budget	Actual	
RECEIPTS				
Local	\$ 34,063,536	\$ 33,374,911	\$ 32,817,968	\$ (556,943)
County	401,000	401,000	387,517	(13,483)
State	444,153	444,153	483,119	38,966
Federal	925,150	892,500	741,476	(151,024)
Other	-	-	-	-
Total Receipts	<u>35,833,839</u>	<u>35,112,564</u>	<u>34,430,080</u>	<u>(682,484)</u>
DISBURSEMENTS				
Instruction	4,953,000	4,744,994	4,350,236	394,758
Student Services	1,138,671	1,188,364	1,031,789	156,575
Instructional Staff Support	465,984	477,545	417,862	59,683
Building Administration	1,175,843	1,163,624	1,128,069	35,555
General Administration and Central Services	2,868,287	2,705,496	2,913,693	(208,197)
Operation of Plant	7,020,156	7,089,309	7,220,095	(130,786)
Transportation	433,199	432,199	385,857	46,342
Food Service	1,118,286	998,000	1,066,880	(68,880)
Community Services	1,857,895	1,891,954	1,876,781	15,173
Total Disbursements	<u>21,031,321</u>	<u>20,691,485</u>	<u>20,391,262</u>	<u>300,223</u>
				-
RECEIPTS OVER (UNDER) DISBURSEMENTS	14,802,518	14,421,079	14,038,818	(382,261)
OTHER FINANCING SOURCES (USES)				
Transfer From	(13,563,850)	(11,037,361)	(11,037,361)	-
Transfer To	-	-	-	-
Total Other Financing Sources (Uses)	<u>(13,563,850)</u>	<u>(11,037,361)</u>	<u>(11,037,361)</u>	<u>-</u>
NET CHANGE IN FUND BALANCE	1,238,668	3,383,718	3,001,457	(382,261)
FUND BALANCE - JULY 1, 2017	<u>18,368,955</u>	<u>22,202,831</u>	<u>22,988,574</u>	<u>785,743</u>
FUND BALANCE - JUNE 30, 2018	<u>\$ 19,607,623</u>	<u>\$ 25,586,549</u>	<u>\$ 25,990,031</u>	<u>\$ 403,482</u>

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, 2018**

Special Revenue (Teachers) Fund			
Original Budget	Final Budget	Actual	Variance with Final Budget
\$ 15,102,537	\$ 15,961,662	\$ 17,230,946	\$ 1,269,284
238,000	238,000	270,409	32,409
7,693,798	8,773,000	9,002,013	229,013
-	-	-	-
298,000	248,000	308,836	60,836
<u>23,332,335</u>	<u>25,220,662</u>	<u>26,812,204</u>	<u>1,591,542</u>
29,217,403	30,097,245	29,912,484	184,761
1,425,322	1,425,322	1,622,870	(197,548)
1,199,728	1,256,454	1,320,813	(64,359)
2,705,844	2,709,844	2,703,653	6,191
612,707	614,173	549,438	64,735
747	747	-	747
-	-	-	-
-	-	-	-
654,559	550,000	565,930	(15,930)
<u>35,816,310</u>	<u>36,653,785</u>	<u>36,675,188</u>	<u>(21,403)</u>
(12,483,975)	(11,433,123)	(9,862,984)	1,570,139
-	-	-	-
12,483,975	9,862,984	9,862,984	-
<u>12,483,975</u>	<u>9,862,984</u>	<u>9,862,984</u>	<u>-</u>
-	(1,570,139)	-	1,570,139
(25,000)	835,783	-	(835,783)
<u>\$ (25,000)</u>	<u>\$ (734,356)</u>	<u>\$ -</u>	<u>\$ 734,356</u>

See accompanying Notes to Financial Statements.

**WEBSTER GROVES SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2018**

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 306 noncertificated employees, 368 certificated full-time teaching personnel, 196 certificated substitutes, and 28 administrative employees who provide services to over 4,660 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, 2018, 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, 2018, all of the District’s activities are classified as governmental type.

**WEBSTER GROVES SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2018**

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.

**WEBSTER GROVES SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2018**

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

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.
- The District held public board meetings to discuss both the preliminary and final budgets and at which time public comments were invited.
- The budget was legally enacted by the vote of the board of education on June 26, 2017.
- 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 \$(1,403,759) receipts and \$(640,059) disbursements (General Fund), \$3,479,869 receipts and \$858,878 disbursements (Special Revenue Fund), \$1,756,027 receipts and \$253,566 disbursements (Debt Service Fund) and \$66,715 receipts and \$(83,940) disbursements (Capital Projects Fund). Budgets for District funds for the current year were originally prepared and adopted on the cash basis of accounting, recognizing receipts when collected and disbursements when paid.

**WEBSTER GROVES SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2018**

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Cash and Investments

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 short term 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.

Cash in Escrow Held by Trustee

Cash in escrow held by trustee at a financial institution consists of state and local government holdings.

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 \$20,970,465 of segregated resources for purposes of servicing general obligation bonds.

Teachers' Salaries

Payroll checks written and dated in June 2018, for July and August 2018 payrolls from 2017–2018 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 postretirement 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.

**WEBSTER GROVES SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2018**

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

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, 2018.

The nature and purpose of the restricted balances are:

Restricted for Debt Service: The District has \$20,970,465 restricted for purposes of servicing general obligation bonds.

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.

**WEBSTER GROVES SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2018**

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.

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, 2018, 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.

**WEBSTER GROVES SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2018**

NOTE 3 CASH AND INVESTMENTS (CONTINUED)

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.

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 2017 for purposes of local taxation was \$807,408,120.

The tax levy per \$100 of the assessed valuation of tangible taxable property for the calendar year 2017 for purposes of local taxation was:

	Unadjusted	Adjusted
General (Incidental) Fund	\$ 2.9029	\$ 2.9029
Special Revenue (Teachers) Fund	1.7900	1.7900
Debt Service Fund	0.5699	0.5699
Capital Projects Fund	0.0625	0.0625
Total	\$ 5.3253	\$ 5.3253

The receipts of current and delinquent property taxes during the fiscal year ended June 30, 2018 aggregated approximately 100.54% 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, 2018**

NOTE 5 LONG-TERM DEBT

Long-term liability balances and activity of the District's Governmental Activities for the year ended June 30, 2018 were as follows:

	Balance June 30, 2017	Additions	Reductions	Balance June 30, 2018	Due Within One Year
General Obligation Bonds	\$ 52,949,000	\$ 16,990,000	\$ (2,520,000)	\$ 67,419,000	\$ 2,590,000
Capital Lease Liabilities	270,752	183,699	(114,364)	340,086	140,229
Total Long-Term Liabilities	<u>\$ 53,219,752</u>	<u>\$ 17,173,699</u>	<u>\$ (2,634,364)</u>	<u>\$ 67,759,086</u>	<u>\$ 2,730,229</u>

The District had a bond refunding during the year ended June 30, 2018, resulting in receipts of \$16,990,000 and the new General Obligation Refunding Bond, Series 2017. The new bonds were issued in December 2017 for the purpose of advance refunding a portion of the District's outstanding Series 2010B bond.

General Obligation Bonds

<u>Description</u>	<u>Amount</u>
General obligation bonds, Series 2007, due in varying annual installments through March 1, 2026, interest at 3.82%.	\$ 3,905,000
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%.	9,395,000
General obligation bonds, Series 2013A, maturing on March 1, 2033, interest at 2.00% - 3.00%.	9,885,000
General obligation bonds, Series 2014A, maturing on March 1, 2021, interest at 3.00% to 4.00%.	4,090,000
General obligation bonds, Series 2017A, maturing on March 1, 2030, interest at 4.45% to 5.70%.	16,990,000
Total General Obligation Bonds Payable	<u>\$ 67,419,000</u>

General obligation bond debt service requirements to maturity are:

<u>Year Ended June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2019	\$ 2,590,000	\$ 2,617,513	\$ 5,207,513
2020	2,975,000	2,526,152	5,501,152
2021	3,555,000	2,426,857	5,981,857
2022	3,620,000	2,328,523	5,948,523
2023	4,100,000	2,233,592	6,333,592
2024-2028	26,284,000	9,154,049	35,438,049
2029-2033	24,295,000	2,081,800	26,376,800
Total	<u>\$ 67,419,000</u>	<u>\$ 23,368,486</u>	<u>\$ 90,787,486</u>

**WEBSTER GROVES SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2018**

NOTE 5 LONG-TERM DEBT (CONTINUED)

General Obligation Bonds

Article VI, Section 26(b), Constitution of Missouri, limits the outstanding amount of authorized general obligation bonds of a district to 15% 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, 2018.

Capital Leases

The District has leases for computers which provide for interest at variable percentage rates.

Future minimum lease obligations and the net present value of these minimum lease payments are as follows:

<u>Year Ended June 30,</u>	<u>Payment</u>
2019	\$ 140,229
2020	140,229
2021	66,246
2022	17,500
Future Minimum Lease Payments	364,205
Less: Amounts Representing Interest	24,119
Present Value of Future Minimum Lease Payments	340,086
Less: Current Maturities	140,229
Noncurrent Portion	\$ 199,856

NOTE 6 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 \$98,773 in 2018.

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

<u>Year Ended June 30,</u>	<u>Payment</u>
2019	\$ 87,221
2020	60,825
2021	14,485
Total Minimum Lease Payments	\$ 162,531

**WEBSTER GROVES SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2018**

NOTE 7 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.

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.psr-peers.org.

Cost-of-Living Adjustments (COLA)

The PEERS board has established a policy of providing a 2.00% COLA for years in which the CPI increases between 0.00% and 2.00%. 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.

**WEBSTER GROVES SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2018**

NOTE 8 RETIREMENT PLAN (CONTINUED)

PEERS (Continued)

Contributions

PEERS members were required to contribute 6.86% of their annual covered salary during fiscal year 2018. 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 ended June 30, 2018, 2017 and 2016 were \$562,820, \$524,386, and \$545,019, 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.

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.

**WEBSTER GROVES SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2018**

NOTE 8 RETIREMENT PLAN (CONTINUED)

PSRS (Continued)

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 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 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 2.00%. 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 2017. 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.

The School District's contributions to PSRS for the years ended June 30, 2018, 2017 and 2016 were \$4,424,848, \$4,316,026, and \$4,225,469, respectively, equal to the required contributions for each year.

**WEBSTER GROVES SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2018**

NOTE 8 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 three years.

NOTE 9 TAX ABATEMENTS

Tax abatements, as defined by Governmental Accounting Standards Board ("GASB") Statement No. 77, Tax Abatement Disclosures ("GASB 77"), are agreements between a government and an individual or entity in which the government promises to forgo tax revenues and the individual or entity promises to subsequently take a specific action that contributes to economic development or otherwise benefits the government or its citizens. This Statement requires disclosure of tax abatement information about (1) a reporting government's own tax abatement agreements and (2) those that are entered into by other governments and that reduce the reporting government's tax revenues.

Since the District does not and has not entered into tax abatement agreements directly with any individuals or entities, the following estimates are from tax abatements entered into by other governments, specifically the county and municipalities within the District's boundary, that have reduced the District's tax revenues.

Tax Increment Financing affecting Webster Groves School District

Missouri's Real Property Tax Increment Allocation Redevelopment Act enables cities to finance certain redevelopment costs with the revenue generated from (i) payments in lieu of real estate taxes, as measured by the net increase in assessed valuation resulting from redevelopment and (ii) a portion of the increase in other local tax revenue associated with new economic activity. When a tax increment financing ("TIF") plan is adopted, real estate taxes in the redevelopment are affected. By applying the real estate tax rate of all taxing districts having taxing power within the redevelopment area to the increased assessed valuation resulting from redevelopment, a tax "increment" is produced.

**WEBSTER GROVES SCHOOL DISTRICT
 NOTES TO BASIC FINANCIAL STATEMENTS
 JUNE 30, 2018**

NOTE 9 TAX ABATEMENTS (CONTINUED)

The estimated TIF incremental values and the District's net reduced tax revenue resulting from the TIFs adopted are as follows for the year ended June 30, 2018:

	TIF Incremental Value/Assessments	Reduced Tax Revenues
Various Redevelopment Project Areas within the District's Geographic Area	\$ 7,121,840	\$ 389,123

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, 2018**

Federal Grantor/Pass-Through Grantor/ Cluster or Program Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Federal Expenditures
Department of Education			
Pass-Through Missouri Department of Elementary and Secondary Education: Title I, Part A Cluster:			
Title I Grants to Local Educational Agencies	84.010	096-114	\$ 422,340
Total Title I, Part A Cluster			<u>422,340</u>
Pass-Through Missouri Department of Elementary and Secondary Education: Improving Teacher Quality State Grants	84.367	096-114	65,749
Student Support and Academic Enrichment	84.424	096-114	3,454
Total			<u>69,203</u>
Total Department of Education			<u>491,543</u>
Department of Agriculture			
Pass-Through Missouri Department of Elementary and Secondary Education: Child Nutrition Cluster:			
Noncash Assistance (Commodities):			
National School Lunch Program	10.555	096-114	70,717
Noncash Assistance Subtotal			<u>70,717</u>
Cash Assistance:			
National School Lunch Program	10.555	096-114	301,526
School Breakfast Program	10.553	096-114	69,826
Cash Assistance Subtotal			<u>371,352</u>
Total Child Nutrition Cluster			<u>442,069</u>
Total Department of Agriculture			442,069
Department of Health and Human Services			
Pass-Through Missouri Department of Elementary and Secondary Education: Youth Risk Behavior Survey			
Child Care and Development Block Grant	93.575	096-114	20,000
Total Department of Health and Human Services			<u>20,000</u>
Total Federal Expenditures			<u>\$ 953,612</u>

**WEBSTER GROVES SCHOOL DISTRICT
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
JUNE 30, 2018**

NOTE 1 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)*.

NOTE 2 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.

NOTE 3 INDIRECT COST RATE

The School District has elected to use the 10% de Minimis indirect cost rate allowed under the Uniform Guidance.

NOTE 4 COMMODITIES

Commodities are included in schedule of expenditures of federal awards as appropriate but are not included within the financial statements due to the financial statements being presented on the cash basis method of accounting.

**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, 2018**

	Debt Service Fund			Variance with Final Budget
	Original Budget	Final Budget	Actual	
RECEIPTS				
Local	\$ 4,711,458	\$ 6,309,158	\$ 6,458,938	\$ 149,780
County	101,000	100,000	109,973	9,973
Federal	550,000	550,000	549,574	(426)
Total Receipts	<u>5,362,458</u>	<u>6,959,158</u>	<u>7,118,485</u>	<u>159,327</u>
DISBURSEMENTS				
Instruction	-	-	-	-
Instructional Staff Support	-	-	-	-
General Administration and Central Services	-	-	-	-
Operation of Plant	-	-	-	-
Food Service	-	-	-	-
Debt Service and Fiscal Charges	4,636,668	4,913,168	4,890,234	22,934
Total Disbursements	<u>4,636,668</u>	<u>4,913,168</u>	<u>4,890,234</u>	<u>22,934</u>
RECEIPTS OVER DISBURSEMENTS	725,790	2,045,990	2,228,251	182,261
OTHER FINANCING SOURCES				
Transfer To	-	-	-	-
Sale of Refunding Bonds	-	16,990,000	16,990,000	-
Total Other Financing Sources	<u>-</u>	<u>16,990,000</u>	<u>16,990,000</u>	<u>-</u>
NET CHANGE IN FUND BALANCE	725,790	19,035,990	19,218,251	182,261
FUND BALANCE - JULY 1, 2017	<u>7,167,304</u>	<u>247,686</u>	<u>1,752,214</u>	<u>1,504,528</u>
FUND BALANCE - JUNE 30, 2018	<u>\$ 7,893,094</u>	<u>\$ 19,283,676</u>	<u>\$ 20,970,465</u>	<u>\$ 1,686,789</u>

Capital Projects Fund

Original Budget	Final Budget	Actual	Variance with Final Budget
\$ 495,237	\$ 495,237	\$ 557,371	\$ 62,134
7,000	7,000	11,581	4,581
-	-	-	-
<u>502,237</u>	<u>502,237</u>	<u>568,952</u>	<u>66,715</u>
235,026	235,978	213,459	22,519
193,358	193,358	169,364	23,994
156,618	156,618	44,285	112,333
945,947	1,843,719	1,016,229	827,490
76,000	76,000	175,074	(99,074)
220,320	240,537	124,918	115,619
<u>1,827,269</u>	<u>2,746,210</u>	<u>1,743,329</u>	<u>1,002,881</u>
(1,325,032)	(2,243,973)	(1,174,377)	1,069,596
1,079,876	1,174,377	1,174,377	-
-	-	-	-
<u>1,079,876</u>	<u>1,174,377</u>	<u>1,174,377</u>	<u>-</u>
(245,156)	(1,069,596)	-	1,069,596
400,763	-	-	-
<u>\$ 155,607</u>	<u>\$ (1,069,596)</u>	<u>\$ -</u>	<u>\$ 1,069,596</u>

WEBSTER GROVES SCHOOL DISTRICT
SCHEDULE OF RECEIPTS BY SOURCE — ALL GOVERNMENT FUNDS — CASH BASIS
YEAR ENDED JUNE 30, 2018

	Government Funds				Total
	General	Special	Debt	Capital	
	(Incidental) Fund	Revenue (Teachers) Fund	Service Fund	Projects Fund	
LOCAL					
Current Taxes	\$ 23,356,632	\$ 14,402,349	\$ 4,585,546	\$ 503,030	\$ 42,847,557
Delinquent Taxes	217,412	121,467	38,673	4,241	381,793
School District Trust Fund	2,613,529	1,568,117	-	-	4,181,646
Financial Institution Taxes	107,925	75,547	-	32,377	215,849
M & M Surcharge Tax	826,218	486,529	154,901	16,988	1,484,636
In Lieu of Tax	26,826	15,789	5,027	551	48,193
Transportation from Individuals	102,064	-	-	-	102,064
Earnings on Investment	111,395	251,178	1,674,791	184	2,037,548
Food Service Program	427,708	-	-	-	427,708
Food Service Nonprogram	363,363	-	-	-	363,363
Student Activities	1,901,626	-	-	-	1,901,626
Community Services	2,649,284	-	-	-	2,649,284
Other Local	113,986	309,970	-	-	423,956
Total Local	<u>32,817,968</u>	<u>17,230,946</u>	<u>6,458,938</u>	<u>557,371</u>	<u>57,065,223</u>
COUNTY					
Fines, etc.	-	42,346	-	-	42,346
State Assessed Utilities	387,517	228,063	109,973	11,581	737,134
Total County	<u>387,517</u>	<u>270,409</u>	<u>109,973</u>	<u>11,581</u>	<u>779,480</u>
STATE					
Basic Formula	-	7,249,306	-	-	7,249,306
Transportation	3,422	-	-	-	3,422
Basic Formula - Classroom Trust Fund	-	1,752,707	-	-	1,752,707
Educational Screening Program	57,394	-	-	-	57,394
Vocational/Technical Aid	2,553	-	-	-	2,553
Food Service	8,319	-	-	-	8,319
Other State	411,431	-	-	-	411,431
Total State	<u>483,119</u>	<u>9,002,013</u>	<u>-</u>	<u>-</u>	<u>9,485,132</u>
FEDERAL					
Food Service	371,352	-	-	-	371,352
Title I - ESEA	233,442	-	-	-	233,442
Title II, Part A, ESEA	65,223	-	-	-	65,223
Title VI, Part A, SSAE	3,454	-	-	-	3,454
Childcare Development Fund Grant	20,000	-	-	-	20,000
Other Federal	48,005	-	549,574	-	597,579
Total Federal	<u>741,476</u>	<u>-</u>	<u>549,574</u>	<u>-</u>	<u>1,291,050</u>
OTHER					
Tuition from Other Districts	-	308,836	-	-	308,836
Refunding Bonds	-	-	16,990,000	-	16,990,000
Total Other	<u>-</u>	<u>308,836</u>	<u>16,990,000</u>	<u>-</u>	<u>17,298,836</u>
Total - All Sources	<u>\$ 34,430,080</u>	<u>\$ 26,812,204</u>	<u>\$ 24,108,485</u>	<u>\$ 568,952</u>	<u>\$ 85,919,721</u>

**WEBSTER GROVES SCHOOL DISTRICT
 SCHEDULE OF DISBURSEMENTS BY OBJECT — CASH BASIS
 YEAR ENDED JUNE 30, 2018**

	General (Incidental) Fund	Special Revenue (Teachers) Fund	Debt Service Fund	Capital Projects Fund
Salaries	\$ 8,280,782	\$ 28,423,785	\$ -	\$ -
Employee Benefits	2,400,949	7,388,747	-	-
Purchased Services	4,801,870	862,656	-	-
Supplies	4,907,661	-	-	-
Capital Outlay	-	-	-	1,618,411
Debt Service and Fiscal Charges	-	-	4,890,234	124,918
	<u>\$ 20,391,262</u>	<u>\$ 36,675,188</u>	<u>\$ 4,890,234</u>	<u>\$ 1,743,329</u>
Total	<u>\$ 20,391,262</u>	<u>\$ 36,675,188</u>	<u>\$ 4,890,234</u>	<u>\$ 1,743,329</u>

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**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, 2018, 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 October XX, 2018.

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
October XX, 2018

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**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, 2018. 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, 2018.

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
October XX, 2018

**WEBSTER GROVES SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2018**

Section I – Summary of Auditors’ Results

Financial Statements

1. Type of auditors' report issued: Unmodified
2. Internal control over financial reporting
- Material Weakness(es) identified? _____ Yes X No
 - Significant deficiency(ies) identified? _____ Yes X None Reported
3. Noncompliance material to financial statements noted? _____ Yes X No

Federal Awards

1. Internal control major federal programs:
- Material Weakness(es) identified? _____ Yes X No
 - Significant deficiency(ies) identified? _____ Yes X None Reported
2. Type of auditors' report issued on compliance for major federal programs: Unmodified
3. Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)? _____ Yes X No

Identification of Major Federal Programs

CFDA Numbers	Name of Federal Program or Cluster	Amount
10.555	National School Lunch Program	\$ 301,526
10.553	National School Breakfast Program	<u>\$ 69,826</u>
	Total	<u><u>\$ 371,352</u></u>
Dollar threshold used to distinguish between type A and type B programs:		<u><u>\$ 750,000</u></u>
Auditee qualified as low-risk auditee?		_____ <u> X </u> Yes <u> </u> No

**WEBSTER GROVES SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2018**

Section II – Financial Statement Findings

Our audit did not disclose any matters required to be reported in accordance with *Government Auditing Standards*.

Section III – Findings and Questioned Costs – Major Federal Programs

Our audit did not disclose any matters required to be reported in accordance with 2 CFR 200.516(a).

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, 2018, 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 October XX, 2018, 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
October XX, 2018

**WEBSTER GROVES SCHOOL DISTRICT
 SCHEDULE OF TRANSPORTATION DISBURSEMENTS — CASH BASIS
 YEAR ENDED JUNE 30, 2018**

	Pupil District Contracted	Pupil District Owned	Total
Purchased Services	\$ 385,857	\$ -	\$ 385,857
Total	\$ 385,857	\$ -	\$ 385,857

DRAFT

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

Board of Education
Webster Groves School District
Webster Groves, Missouri

We have examined management of Webster Groves School District's assertions that Webster Groves School District (the District) complied 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 during the year ended June 30, 2018. The District's management is responsible for its assertion. Our responsibility is to express an opinion on management's assertions about the District's compliance with the specified requirement based on our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants and the standards applicable to attestation engagements contained in *Government Auditing Standards* issued by the Comptroller General of the United States. Those standards require that we plan and perform the examination to obtain reasonable assurance about whether management's assertion about compliance is in accordance with Missouri Statutes, in all material respects. An examination involves performing procedures to obtain evidence about management's assertion about compliance. The nature, timing, and extent of the procedures selected depend on our judgment, including an assessment of the risks of material misstatement of management's assertion about compliance, whether due to fraud or error. We believe that the evidence we obtained is sufficient and appropriate to provide 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, 2018 are fairly stated, in all material respects.

The purpose of this report is to provide information to the administration, Board, management, and the MO DESE concerning the District's compliance with the aforementioned requirements. The report is not suitable for any other purpose.

CliftonLarsonAllen LLP

St. Louis, Missouri
October XX, 2018

**WEBSTER GROVES SCHOOL DISTRICT
SCHEDULE OF SELECTED STATISTICS
YEAR ENDED JUNE 30, 2018**

Single Audit Year Ended June 30, 2018
County District Number 096-110

1. Calendar (Sections 160.041 and 171.031, RSMo)

A. Standard Day Length (SDL) – The total number of hours between the starting time of the first class and the dismissal time of the last class, minus the time allowed for lunch and one passing time, minus Channel One time. Reported with four decimal places.

<u>Grades</u>	<u>SDL</u>
K-AM	3.0000
K	6.1667
1-6	6.1667
7-8	6.2167
9-12	6.2000

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

<u>Grades</u>	<u>Hours</u>
K-AM	531
K-5	1,083
K-5	1,083
K-5	1,077
K-6	1,085
7-8	1,086
9-12	1,069

C. The number of day's 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-AM	177
K-5	176
K-6	177
7-12	176

**WEBSTER GROVES SCHOOL DISTRICT
SCHEDULE OF SELECTED STATISTICS
YEAR ENDED JUNE 30, 2018**

2. Average Daily Attendance (ADA)

	<u>Full-Time and Part-Time</u>	<u>Deseg In</u>	<u>Total</u>
Kindergarten AM	3.48	-	3.48
Kindergarten Full Day	334.85	1.92	336.77
Grades: 1 - 5	1,600.19	22.64	1,622.83
Grades: 6	321.96	8.36	330.31
Grades: 7 -8	649.49	19.23	668.72
Grades : 9-12	1,192.93	44.90	1,237.84
Subtotal Regular Term	4,102.90	97.05	4,199.96
	Resident	Deseg In	
Summer School	40.06	1.06	<u>41.11</u>
Total Regular Term Plus Summer School ADA			<u><u>4,241.07</u></u>

3. September Membership

	<u>Full-Time and Part-Time</u>	<u>Deseg In</u>	<u>Total</u>	<u>Deseg Out</u>
September Membership FTE Count	4,341.32	106.71	4,448.03	14.00

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

	<u>Full-Time and Part-Time</u>	<u>Deseg In</u>	<u>Total</u>
Free FTE	480.04	70.00	550.04
Reduced FTE	92.40	7.00	99.40
Total	<u><u>572.44</u></u>	<u><u>77.00</u></u>	<u><u>649.44</u></u>

**WEBSTER GROVES SCHOOL DISTRICT
SCHEDULE OF SELECTED STATISTICS
YEAR ENDED JUNE 30, 2018**

5. Finance

- | | | |
|-----------|--|-------------------|
| A. | As required by Section 162.401, RSMo, a bond was purchased for the district's treasurer in the total amount of: | \$ 50,000 |
| B. | The district's deposits were secured during the year as required by Sections 110.010 and 110.020, RSMo. | True |
| C. | The district maintained a separate bank account for the Debt Service Fund in accordance with Section 165.011, RSMo. | True |
| D. | Salaries reported for educators in the October Core Data cycle are supported by payroll/contract records. | True |
| E. | If a \$162,326 or 7% x SAT x WADA transfer was made in excess of adjusted expenditures, the board 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 |
| F. | The district published a summary of the prior year's audit report within 30 days of the receipt of the audit pursuant to Section 165.121, RSMo. | True |
| G. | The district has a professional development committee plan adopted by the board with the professional committee plan identifying expenditure of 75% of 1% of the current year basic formula apportionment. | True |
| H. | The amount spent for approved professional development committee plan activities was: | \$ 186,561 |

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

Finding #: **N/A**

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

**WEBSTER GROVES SCHOOL DISTRICT
SCHEDULE OF SELECTED STATISTICS
YEAR ENDED JUNE 30, 2018**

6. Transportation (Section 163.161, RSMo)

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

The district's school transportation ridership records are so maintained as to
B. accurately disclose in all material respects the average number of regular riders transported. **True**

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

Eligible ADT **64.5**

Ineligible ADT **283**

The district's transportation odometer mileage records are so maintained as to
D. accurately disclose in all material respects the eligible and ineligible mileage for the year. **True**

E. Actual odometer records show the total district-operated and contracted mileage for the year was: **61,376**

Of this total, the eligible nondisabled and students with disabilities route miles and the ineligible nonroute and disapproved miles (combined) was:

Eligible Miles **30,623**

Ineligible Miles (Nonroute/Disapproved) **30,753**

F. Number of days the district operated the school transportation system during the regular school year: **176**

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

Finding #: **N/A**

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