

WEBB CITY R-VII SCHOOL DISTRICT

WEBB CITY, MISSOURI

BASIC FINANCIAL STATEMENTS

Year Ended June 30, 2017

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INDEPENDENT AUDITORS' REPORT

Board of Education
Webb City R-VII School District
Webb City, Missouri

We have audited the basic financial statements of the governmental activities, the discretely presented component unit, and each major fund, of the Webb City R-VII School District as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the modified cash basis of accounting described in Note A; this includes determining that the modified 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 District's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District'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.

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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 modified cash basis financial position of the governmental activities, the discretely presented component unit, and each major fund, of Webb City R-VII School District as of June 30, 2017, and the respective changes in modified cash basis financial position thereof for the year then ended, in conformity with the basis of accounting described in Note A.

Basis of Accounting

We draw attention to Note A of the financial statements, which describes the basis of accounting. The financial statements are prepared on the modified 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.

Disclaimer of Opinion on Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The budgetary comparison information on pages 33-37, which is the responsibility of management, is presented for purposes of additional analysis and is not a required part of the basic financial statements. The budgetary comparison information has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

Other Financial Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Webb City R-VII School District's basic financial statements. The data contained under Other Financial Information is presented for purposes of additional analysis and is not a required part of the financial statements. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by Title 2 U.S. *Code of Federal Regulations* (CFR) part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and is also 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 financial statements.

Board of Education
Webb City R-VII School District
Webb City, Missouri

The Other Financial Information 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 financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 20, 2017, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

KPM CPAs, PC

KPM CPAs, PC
Springfield, Missouri
November 20, 2017

GOVERNMENT-WIDE FINANCIAL STATEMENTS

WEBB CITY R-VII SCHOOL DISTRICT
STATEMENT OF NET POSITION – MODIFIED CASH BASIS
June 30, 2017

	<u>Primary Government</u>	<u>Component Unit</u>
	<u>Governmental Activities</u>	<u>Webb City R-VII School Foundation</u>
ASSETS		
Cash and investments	\$ 16,909,549	\$ 1,076,791
TOTAL ASSETS	<u>\$ 16,909,549</u>	<u>\$ 1,076,791</u>
NET POSITION		
Restricted for:		
Self insurance	\$ 2,138,768	\$ -
Student activities	227,445	-
Crossover refunding bond escrow	5,100,330	-
Debt service	1,649,264	-
Webb City R-VII School Foundation	-	1,076,791
Unrestricted	<u>7,793,742</u>	<u>-</u>
TOTAL NET POSITION	<u>\$ 16,909,549</u>	<u>\$ 1,076,791</u>

See accompanying notes.

WEBB CITY R-VII SCHOOL DISTRICT
 STATEMENT OF ACTIVITIES – MODIFIED CASH BASIS
 Year Ended June 30, 2017

	Program Cash Receipts				Net (Disbursements) Receipts and Changes in Net Position	
	Cash Disbursements	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary	Component
					Government	Unit
					Receipts and	Webb City R-VII
					Changes in	School
					Net Position	Foundation
Primary Government						
Governmental Activities:						
Instruction	\$ (23,091,560)	\$ 705,359	\$ 2,515,838	\$ 96,180	\$ (19,774,183)	
Student services	(1,170,800)	-	12,915	-	(1,157,885)	
Instructional staff support	(2,332,534)	-	187,957	-	(2,144,577)	
Building administration	(1,915,209)	-	-	-	(1,915,209)	
General administration	(1,556,244)	-	-	-	(1,556,244)	
Operation of plant	(3,253,793)	-	-	-	(3,253,793)	
Transportation	(1,519,435)	-	357,183	-	(1,162,252)	
Food service	(1,533,000)	397,132	1,100,433	-	(35,435)	
Community services	(421,809)	69,033	331,359	-	(21,417)	
Facilities acquisition and construction	(1,511,015)	-	-	-	(1,511,015)	
Debt service	(1,839,721)	-	86,757	-	(1,752,964)	
NET PROGRAM (DISBURSEMENTS) RECEIPTS	<u>\$ (40,145,120)</u>	<u>\$ 1,171,524</u>	<u>\$ 4,592,442</u>	<u>\$ 96,180</u>	<u>(34,284,974)</u>	
Component Unit						
Webb City R-VII School Foundation	<u>\$ (132,194)</u>	<u>\$ -</u>	<u>\$ 146,674</u>	<u>\$ -</u>		\$ 14,480
General Receipts:						
Ad valorem tax receipts					8,475,649	-
Prop C sales tax receipts					4,066,354	-
Other tax receipts					278,262	-
County receipts					766,540	-
State receipts					19,845,502	-
Interest receipts					133,502	48,099
Other receipts					95,576	-
TOTAL GENERAL RECEIPTS					<u>33,661,385</u>	<u>48,099</u>
INCREASE (DECREASE) IN NET POSITION					(623,589)	62,579
NET POSITION - Beginning of year					<u>17,533,138</u>	<u>1,014,212</u>
NET POSITION - End of year					<u>\$ 16,909,549</u>	<u>\$ 1,076,791</u>

See accompanying notes.

FUND FINANCIAL STATEMENTS

WEBB CITY R-VII SCHOOL DISTRICT
STATEMENT OF ASSETS AND FUND BALANCES – GOVERNMENTAL FUNDS – MODIFIED CASH
BASIS
June 30, 2017

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Debt Service Fund</u>	<u>Capital Projects Fund</u>	<u>Total Governmental Funds</u>
ASSETS					
Cash and investments	\$ 6,378,318	\$ -	\$ 6,749,594	\$ 1,642,869	\$ 14,770,781
TOTAL ASSETS	<u>\$ 6,378,318</u>	<u>\$ -</u>	<u>\$ 6,749,594</u>	<u>\$ 1,642,869</u>	<u>\$ 14,770,781</u>
FUND BALANCES					
Restricted for:					
Student activities	\$ 227,445	\$ -	\$ -	\$ -	\$ 227,445
Crossover refunding bond escrow	-	-	5,100,330	-	5,100,330
Debt service	-	-	1,649,264	-	1,649,264
Assigned to capital outlay	-	-	-	1,642,869	1,642,869
Unassigned	<u>6,150,873</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>6,150,873</u>
TOTAL FUND BALANCES	<u>\$ 6,378,318</u>	<u>\$ -</u>	<u>\$ 6,749,594</u>	<u>\$ 1,642,869</u>	14,770,781
RECONCILIATION TO STATEMENT OF NET POSITION					
Amounts reported for governmental activities in the statement of net position are different because:					
Self insurance net position					<u>2,138,768</u>
TOTAL NET POSITION					<u>\$ 16,909,549</u>

See accompanying notes.

WEBB CITY R-VII SCHOOL DISTRICT
STATEMENT OF RECEIPTS, DISBURSEMENTS AND CHANGES IN FUND BALANCES –
GOVERNMENTAL FUNDS – MODIFIED CASH BASIS
Year Ended June 30, 2017

	General Fund	Special Revenue Fund	Debt Service Fund	Capital Projects Fund	Total Governmental Funds
RECEIPTS					
Local	\$ 10,667,502	\$ 1,662,745	\$ 1,723,734	\$ 105,422	\$ 14,159,403
County	601,963	99,433	65,144	-	766,540
State	788,963	19,063,439	-	1,501,089	21,353,491
Federal	1,776,728	1,317,148	86,757	-	3,180,633
Other	61,464	-	-	-	61,464
TOTAL RECEIPTS	<u>13,896,620</u>	<u>22,142,765</u>	<u>1,875,635</u>	<u>1,606,511</u>	<u>39,521,531</u>
DISBURSEMENTS					
Instruction	4,542,598	17,948,160	-	214,753	22,705,511
Student services	444,997	725,803	-	-	1,170,800
Instructional staff support	1,158,522	1,124,836	-	49,176	2,332,534
Building administration	364,430	1,550,779	-	-	1,915,209
General administration	839,729	716,515	-	-	1,556,244
Operation of plant	3,223,885	923	-	28,985	3,253,793
Transportation	1,463,694	-	-	55,741	1,519,435
Food service	1,447,950	-	-	85,050	1,533,000
Community services	346,060	75,749	-	-	421,809
Facilities acquisition and construction	-	-	-	1,511,015	1,511,015
Debt service	-	-	1,837,106	2,615	1,839,721
TOTAL DISBURSEMENTS	<u>13,831,865</u>	<u>22,142,765</u>	<u>1,837,106</u>	<u>1,947,335</u>	<u>39,759,071</u>
EXCESS (DEFICIT) OF RECEIPTS OVER DISBURSEMENTS					
	64,755	-	38,529	(340,824)	(237,540)
FUND BALANCE, July 1, 2016					
	<u>6,313,563</u>	<u>-</u>	<u>6,711,065</u>	<u>1,983,693</u>	<u>15,008,321</u>
FUND BALANCE, June 30, 2017					
	<u>\$ 6,378,318</u>	<u>\$ -</u>	<u>\$ 6,749,594</u>	<u>\$ 1,642,869</u>	<u>\$ 14,770,781</u>
RECONCILIATION TO THE STATEMENT OF ACTIVITIES					
Net change in fund balances - total governmental funds					\$ (237,540)
(Deficit) of receipts over disbursements of the self insurance fund					<u>(386,049)</u>
Change in net position of governmental activities					<u>\$ (623,589)</u>

See accompanying notes.

WEBB CITY R-VII SCHOOL DISTRICT
 STATEMENT OF NET POSITION – PROPRIETARY FUND – MODIFIED CASH BASIS
 June 30, 2017

	<u>Internal Service Fund</u>
ASSETS	
Cash and cash equivalents	\$ 805,905
Investments	<u>1,332,863</u>
	TOTAL ASSETS
	<u><u>\$ 2,138,768</u></u>
NET POSITION	
Restricted for health claims	<u><u>\$ 2,138,768</u></u>

See accompanying notes.

WEBB CITY R-VII SCHOOL DISTRICT
STATEMENT OF RECEIPTS, DISBURSEMENTS AND CHANGES IN NET POSITION – PROPRIETARY
FUND – MODIFIED CASH BASIS
Year Ended June 30, 2017

	Internal Service Fund
RECEIPTS	
Contributions	\$ 3,548,898
	<u>3,548,898</u>
	TOTAL RECEIPTS
DISBURSEMENTS	
Insurance claims	3,480,204
Premiums	387,487
Administration	80,137
	<u>3,947,828</u>
	TOTAL DISBURSEMENTS
	OPERATING (LOSS)
	(398,930)
NONOPERATING RECEIPTS	
Interest receipts	12,881
	<u>12,881</u>
	TOTAL NONOPERATING RECEIPTS
	NET (LOSS)
	(386,049)
NET POSITION, July 1, 2016	<u>2,524,817</u>
NET POSITION, June 30, 2017	<u><u>\$ 2,138,768</u></u>

See accompanying notes.

WEBB CITY R-VII SCHOOL DISTRICT
STATEMENT OF CASH FLOWS – PROPRIETARY FUND – MODIFIED CASH BASIS
Year Ended June 30, 2017

	Internal Service Fund
	<u> </u>
CASH FLOWS FROM OPERATING ACTIVITIES	
Receipts from contributions	\$ 3,548,898
Payment of claims	(3,480,204)
Payments for insurance premiums	(387,487)
Payment of administrative costs	<u>(80,137)</u>
	NET CASH (USED) BY OPERATING ACTIVITIES
	(398,930)
CASH FLOWS FROM INVESTING ACTIVITIES	
Interest received	12,881
Maturity of investments	<u>738,424</u>
	NET CASH PROVIDED BY INVESTING ACTIVITIES
	<u>751,305</u>
	NET INCREASE IN CASH
	352,375
CASH AND CASH EQUIVALENTS, July 1, 2016	<u>453,530</u>
CASH AND CASH EQUIVALENTS, June 30, 2017	<u><u>\$ 805,905</u></u>
RECONCILIATION OF OPERATING (LOSS) TO NET CASH (USED) BY OPERATING ACTIVITIES	
Operating (loss)	<u>\$ (398,930)</u>
	NET CASH (USED) BY OPERATING ACTIVITIES
	<u><u>\$ (398,930)</u></u>

See accompanying notes.

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The District's accounting policies conform to the modified cash basis of accounting, which is characteristic of local governmental units of this type.

Financial Reporting Entity

The financial reporting entity consists of (a) the primary government, (b) organizations for which the primary government is financially accountable, and (c) other organizations for which the primary government is not accountable, but for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete. Component units are legally separate organizations for which the elected officials of the primary government are financially accountable. Financially accountable means the primary government is accountable for the component unit and the primary government is able to impose its will or the component unit may provide financial benefits or impose a burden on the primary government. In addition, component units can be other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete.

The District is a primary government, which is governed by an elected seven-member board. As required by accounting principles generally accepted in the United States of America, the District has evaluated the above criteria to determine whether any other entity meets the definition of a component unit and must be included in these financial statements. The Webb City R-VII School Foundation has been included as a component unit based upon the significance of the operational and financial relationship with the District. The District is not aware of any entity for which the District would be considered as a component unit of that entity.

Discretely Presented Component Unit

The Webb City R-VII School Foundation is a legally separate, tax-exempt organization supporting the District. The Foundation, governed by a 13-member board, is a community-based advocate of the District, which acts primarily as a fund-raising organization to support programs to enhance the educational opportunities of the District students and staff, and to respond to critical needs of the District.

Basis of Presentation

Government-Wide Financial Statements

The Statement of Net Position and Statement of Activities display information about the reporting government as a whole. They include all funds of the reporting entity except fiduciary funds. The statements present governmental activities generally financed through taxes, intergovernmental receipts, and other non-exchange transactions.

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Fund Financial Statements

Fund financial statements of the reporting entity are organized into funds, each of which is considered to be a separate accounting entity. Each fund is accounted for by providing a separate set of self-balancing accounts that constitute its assets, fund balance, receipts and disbursements. The District has governmental funds, an internal service fund, and a fiduciary fund. The funds of the District are all considered major funds.

The funds presented in the accompanying basic financial statements include all funds established under Missouri Revised Statutes and controlled by the Board of Education. The purpose of each fund is:

General Fund - Accounts for disbursements for non-certified employees, school transportation costs, operation of plant, fringe benefits, student body activities, community services, the food service program, and any disbursements not accounted for in other funds.

Special Revenue Fund - Accounts for receipts for certified employees involved in administration and instruction, and includes receipts restricted by the State for the payment of teacher salaries and taxes allocated to this fund based on the District's tax levy.

Debt Service Fund - Accounts for receipts restricted, committed or assigned for the retirement of principal and interest on the District's general obligation bonds.

Capital Projects Fund - Accounts for taxes and other receipts restricted, committed or assigned for acquisition or construction of major capital assets and other capital outlay as defined by State of Missouri statutes.

Internal Service Fund - Accounts for the financing of goods and services provided by one department or agency to other departments or agencies of the District. The Internal Service Fund of the District is used to account for the health self insurance fund.

Basis of Accounting

Primary Government

The government-wide Statement of Net Position and Statement of Activities and the fund financial statements are presented using the modified cash basis of accounting. This basis recognizes assets, net position/fund balance, receipts, and disbursements when they result from cash transactions. The modification to the cash basis relates to the presentation of investments. This basis is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

As a result of the use of the modified cash basis of accounting, certain assets and their related revenues (such as accounts receivable and revenue for billed or provided services not yet collected) and certain liabilities and their related expenditures (such as accounts payable and expenses for goods or services received but not yet paid, and accrued expenses and liabilities) *are not recorded* in these financial statements.

If the District utilized the basis of accounting recognized as generally accepted, the fund financial statements for governmental funds would use the modified accrual basis of accounting. All government-wide financials would be presented on the accrual basis of accounting.

Webb City R-VII School Foundation

The Foundation follows a modified-cash basis of accounting, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. As such, certain financial account recognition and presentation features are different from the modified-cash basis of accounting followed by the District.

Capital Outlay

General fixed assets are recorded as disbursements in the Capital Projects Fund at the time the goods received are paid for.

Compensated Absences

Vacation time, personal business days, and sick leave are considered as disbursements in the year paid. Such amounts unused that are vested in the employee are payable upon termination at varying rates depending on length of service.

Long-Term Debt

Long-term debt arising from cash transactions of the governmental funds is not reported in the government-wide financial statements or the fund financial statements, which is consistent with the modified cash basis of accounting. The debt proceeds are reported as other financing sources and payment of principal and interest are reported as disbursements.

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Teachers' Salaries

The salary payment schedule of the District for the 2016-2017 school year requires the payment of salaries for a twelve-month period. Consequently, the July and August 2017 payroll checks are included in the financial statements as disbursements in the month of June. This practice has been consistently followed in previous years.

Pooled Cash and Investments

Cash and investments of the individual funds are combined to form a pool of cash and investments with the exception of the Debt Service Fund, which is kept in separate accounts. Investments of the pooled accounts consist primarily of certificates of deposit and U.S. Treasury notes, carried at cost, which approximates market.

Inventories

Inventories are valued at cost and consist of food and educational materials. The cost is recorded as a disbursement at the time inventory is purchased.

Equity Classification

In the government-wide financial statements, net position is classified in two components as follows:

Restricted net position – Consists of net position with constraints placed on the use either by (1) external groups such as creditors, grantors, contributors, or laws and regulations of other governments; or (2) law through constitutional provisions or enabling legislation.

Unrestricted net position – All other net position that does not meet the definition of “restricted”.

It is the District’s policy to first use restricted net position prior to the use of unrestricted net position when disbursements are made for purposes for which both restricted and unrestricted net position are available.

In the fund financial statements, governmental funds report aggregate amounts for five classifications of fund balances based on constraints imposed on the use of these resources as follows:

Nonspendable fund balance – This classification includes amounts that cannot be spent because they are either a) not in spendable form or b) legally or contractually required to be maintained intact.

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Restricted fund balance – This classification reflects the constraints imposed on resources either a) externally by creditors, grantors, contributors, or laws and regulations of other governments; or b) imposed by law through constitutional provisions or enabling legislation.

Committed fund balance – These amounts can only be used for specific purposes pursuant to constraints imposed by formal resolutions of the Board of Education – the government’s highest level of decision making authority. Those committed amounts cannot be used for any other purpose unless the Board of Education removes the specified use by taking the same type of action imposing the commitment.

Assigned fund balance – This classification reflects the amounts constrained by the District’s “intent” to be used for specific purposes, but are neither restricted nor committed. Assigned fund balances include all remaining amounts (except negative balances) that are reported in the governmental funds, other than the General Fund, that are not classified as nonspendable and are neither restricted nor committed.

Unassigned fund balance – This fund balance is the residual classification for the General Fund. It is used to report negative fund balances in other governmental funds.

In circumstances when a disbursement is made for a purpose for which amounts are available in multiple fund balance classifications, fund balance is depleted in the order of restricted, committed, assigned, and unassigned.

Program Receipts

Amounts reported as program receipts include 1) charges to students or others for goods, services or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions. All other governmental receipts are reported as general receipts. All taxes are classified as general receipts even if restricted for a specific purpose.

NOTE B – CASH AND CASH EQUIVALENTS

State statutes require that the District's deposits be insured or collateralized in the name of the District by the trust department of a bank that does not hold the collateralized deposits. As of June 30, 2017, all bank balances on deposit were entirely insured or collateralized with securities.

WEBB CITY R-VII SCHOOL DISTRICT
 NOTES TO FINANCIAL STATEMENTS
 June 30, 2017

NOTE C – INVESTMENTS

Primary Government

Investments of the District as of June 30, 2017, were as follows:

Investment Type	Maturity	Amount
Pro-rata shares of investment contracts with BOK Financial	N/A	\$ 756,471
Missouri Securities Investment Program - Cash Management Funds	N/A	24,505
Missouri Securities Investment Program - Certificates of Deposit	7/6/2017 to 5/15/2018	2,473,000
Missouri Securities Investment Program - Term	10/13/2017 to 12/22/2017	5,750,000
U.S. Treasury Notes (SLGS) held by First Bank of Missouri	9/1/2017 to 3/1/2018	5,100,330
		<u>\$ 14,104,306</u>

Investment Contracts with BOK Financial

Funds on deposit with BOK Financial are invested in investment contracts in which the District has a pro-rata share of the investment contract. The investment contracts are in accordance with Section 165.051 and Section 360 of the Missouri Revised Statutes through the Missouri School District Direct Deposit Program. The investment contracts are with credit providers whose unsecured long-term debt is rated at the time of such agreement in either of the two highest rating categories by a nationally recognized rating service. Fair market value approximates cost.

Certificates of Deposit

Certificates of deposit with maturities in excess of three months are classified as investments but are considered deposits for custodial risk determination. State statutes require that the District's deposits be collateralized in the name of the District by the trust department of a bank that does not hold the collateralized deposits. As of June 30, 2017, all certificates of deposit are entirely insured or collateralized with securities.

Missouri Securities Investment Program

District funds in the Missouri Securities Investment Program are invested in cash management funds in which the District has a pro-rata share. The funds are invested in accordance with Section 165.051 of the Missouri Revised Statutes and the cash management fund has a current rating of AAAM, and the MOSIP Term Series has a rating of AAAf.

WEBB CITY R-VII SCHOOL DISTRICT
 NOTES TO FINANCIAL STATEMENTS
 June 30, 2017

NOTE C – INVESTMENTS (continued)

U.S. Treasury Notes

District funds in U.S. Treasury Notes (SLGS) are from the bond refunding dated April 12, 2016. These investments are held in irrevocable trust accounts with First Bank of Missouri and will be used to refund bonds on March 1, 2018. The funds are invested in accordance with Section 165.051 and Section 360 of the Missouri Revised Statutes. Fair market value approximates cost.

Interest Rate Risk

As a means of limiting its exposure to fair value losses arising from rising interest rates, the District’s investment policy limits the Districts investment portfolio to maturities of approximately one year with the exception of funds held in trust for advance refundings. Investments are generally held to maturity to limit interest rate risk.

Webb City R-VII School Foundation

Investments of the Foundation as of June 30, 2017, were as follows:

<u>Investment Type</u>	<u>Maturity</u>	<u>Amount</u>
Certificates of deposits	5/2/2018 to 5/27/2019	\$ 55,077
Stocks held by Arvest Asset Management	N/A	2,148
Mutual funds held by Arvest Asset Management	N/A	4,024
Corporate bonds held by Arvest Asset Management	N/A	185,000
Government bonds held by Arvest Asset Management	N/A	200,000
Equities held by Arvest Asset Management	N/A	358,003
		<u>\$ 804,252</u>

Certificates of Deposit

Certificates of deposit with maturities in excess of three months are classified as investments but are considered deposits for custodial risk determination. The Foundation’s Certificates of deposit were fully covered by FDIC insurance at June 30, 2017.

Government Bonds

Funds held by Arvest Asset Management are U.S. Government Bonds with various maturities.

WEBB CITY R-VII SCHOOL DISTRICT
 NOTES TO FINANCIAL STATEMENTS
 June 30, 2017

NOTE C – INVESTMENTS (continued)

Corporate Bonds

The Foundation has fixed income securities on deposit with Arvest Asset Management and are rated BAA2 and BAA1 by Moody’s.

Equities

Funds held by Arvest Asset Management are invested in ABG Equity Fund and are rated B2 by Moody’s.

NOTE D – 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 District also receives sales tax collected by the State and remitted based on eligible pupils. The District is required to reduce its property tax levy by one-half the amount of sales tax estimated to be received in the subsequent calendar year unless the voters have approved a waiver of the rollback provision. The District has voted a full waiver of the rollback provision.

The assessed valuation of the tangible taxable property for the calendar year 2016 for purposes of local taxation was:

Real estate	\$ 181,746,930
Personal property	<u>57,921,278</u>
	<u><u>\$ 239,668,208</u></u>

The tax levy per \$100 of the assessed valuation of tangible taxable property for the calendar year 2016 for purposes of local taxation was:

	<u>Unadjusted</u>	<u>Adjusted</u>
General Fund	\$ 2.75	\$ 2.75
Debt Service Fund	<u>.68</u>	<u>.68</u>
TOTAL LEVY	<u><u>\$ 3.43</u></u>	<u><u>\$ 3.43</u></u>

The receipts of current and delinquent property taxes during the fiscal year ended June 30, 2017, aggregated approximately 103 percent of the current assessment computed on the basis of the levy as shown above.

WEBB CITY R-VII SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2017

NOTE E – GENERAL OBLIGATION BONDS PAYABLE

General Obligation Bonds payable at June 30, 2017, consist of:

\$5,000,000 general obligation bond issue dated May 15, 2008, due in varying annual installments through March 1, 2028; interest at 4.0% to 5.0%.	\$ 5,000,000
\$582,000 Build America Recovery Zone Economic Development Bond issue dated June 30, 2010, due in varying annual installments through March 1, 2010; interest at 6.0%.	582,000
\$1,418,000 qualified school construction bond (QSCB) issue dated June 30, 2010, due in varying annual installments through March 1, 2027; interest at 5.9%.	1,418,000
\$5,200,000 general obligation school refunding bond issue dated March 1, 2012, due in varying annual installments through March 1, 2023; interest at 1.15% to 2.0%.	4,500,000
\$6,000,000 general obligation bond issued dated September 10, 2013, due in varying annual installments through March 1, 2033; interest at 4.25% to 4.50%.	6,000,000
\$7,625,000 general obligation refunding bond issue dated September 24, 2014, due in varying annual installments through March 1, 2034; interest at 2.0% to 4.0%.	5,790,000
\$4,815,000 general obligation refunding bond issue dated April 12, 2016, due in varying annual installments through March 1, 2028; interest at 3.0%.	4,815,000
	<u>\$ 28,105,000</u>

WEBB CITY R-VII SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2017

NOTE E – GENERAL OBLIGATION BONDS PAYABLE (continued)

The following is a summary of bond transactions for the year ended June 30, 2017:

Bonds Payable, July 1, 2016	\$ 28,905,000
Bonds issued	-
Bonds retired	(800,000)
Bonds Payable, June 30, 2017	<u>\$ 28,105,000</u>

Debt service requirements are:

Year Ended June 30,	Principal	Interest	Interest Rebate	Principal Intercepts	Total
2018	\$ 5,950,000	\$ 1,024,807	\$ (93,137)	\$ -	\$ 6,881,670
2019	1,090,000	798,682	(93,137)	-	1,795,545
2020	910,000	780,432	(93,137)	100,000	1,697,295
2021	975,000	762,882	(93,137)	100,000	1,744,745
2022	1,060,000	742,732	(93,137)	100,000	1,809,595
2023	1,150,000	716,082	(93,137)	100,000	1,872,945
2024	1,240,000	686,082	(93,137)	150,000	1,982,945
2025	1,365,000	645,382	(93,137)	100,000	2,017,245
2026	1,390,000	600,532	(93,137)	200,000	2,097,395
2027	950,000	558,832	(93,137)	568,000	1,983,695
2028	1,107,000	446,670	(15,714)	-	1,537,956
2029	1,450,000	411,000	(13,500)	-	1,847,500
2030	1,450,000	345,000	(6,750)	-	1,788,250
2031	1,700,000	279,000	-	-	1,979,000
2032	1,700,000	208,000	-	-	1,908,000
2033	1,700,000	134,000	-	-	1,834,000
2034	1,500,000	60,000	-	-	1,560,000
	<u>\$ 26,687,000</u>	<u>\$ 9,200,115</u>	<u>\$ (967,334)</u>	<u>\$ 1,418,000</u>	<u>\$ 36,337,781</u>

NOTE E – GENERAL OBLIGATION BONDS PAYABLE (continued)

The interest and principal accumulation deposits on the Series QSCB issue will be intercepted under the Missouri Direct Deposit Program guidelines. The District will be partially reimbursed for the interest payments by the U.S. Treasury. The principal accumulation intercepts of various amounts per year beginning on March 1, 2020, are intercepted by DESE over a ten month period. On March 1 of each year those funds are to be transferred to First Bank of Missouri and deposited in the principal account of the bond fund. On March 1, 2027, the principal accumulation deposits will pay off \$1,418,000 Series 2010 QSCB issue in full.

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

Constitutional debt limit	\$ 35,950,231
General obligation bonds payable	(28,105,000)
Amount available in Debt Service Fund	<u>6,749,594</u>
LEGAL DEBT MARGIN	<u><u>\$ 14,594,825</u></u>

NOTE F – RETIREMENT PLANS

Public School Retirement System of Missouri and Public Education Employee Retirement System of Missouri

Summary of Significant Accounting Policies

The District participates in the Public School Retirement System and the Public Education Employee Retirement System (PSRS and PEERS, also referred to as the Systems). The financial statements of the District were prepared using the modified cash basis of accounting. Therefore, member and employer contributions are recognized when paid and the District's net pension liability, deferred outflows and inflows of resources related to pensions are not recorded in these financial statements.

NOTE F – RETIREMENT PLANS (continued)

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 Sections 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.

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.

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.

NOTE F – RETIREMENT PLANS (continued)

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

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

Contributions. 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. PEERS members were required to contribute 6.86% 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 0.5% of pay.

The District's contributions to PSRS and PEERS were \$2,581,999 and \$463,783, respectively, for the year ended June 30, 2017.

Summary Plan descriptions detailing the provisions of the plans as well as additional information regarding the District’s net pension liability and deferred inflows and outflows of resources can be found on the Systems’ website at www.psr-peers.org.

NOTE G – CLAIMS AND ADJUSTMENTS

The District participates in a number of federal and state programs that are fully or partially funded by grants received from other governmental units. Disbursements financed by grants are subject to audit by the appropriate grantor government. If disbursements are disallowed due to noncompliance with grant program regulation, the District may be required to reimburse the grantor government. As of June 30, 2017, disbursements have not been audited by grantor governments, but the District believes that disallowed disbursements, if any, based on subsequent audits will not have a material effect on any of the individual government funds or the overall financial position of the District.

NOTE H – RISK MANAGEMENT

The District is exposed to various risks of losses related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The District has transferred its risk by obtaining coverage from commercial insurance companies. In addition, it has effectively managed risk through various employee education and prevention programs. There has been no significant reduction in insurance coverage from the previous year.

NOTE I – SELF INSURANCE FUND

The District has established a partially self-funded health benefit plan for District employees and their covered dependents to minimize the total cost of medical health insurance to the District. This program is for the benefit of all District employees covered under the Webb City R-VII Schools Employee Health Care Plan. Medical claims exceeding an individual participant limit of \$90,000 are covered through a private insurance carrier. The program is administered by Benefit Management, Inc. which provides claims review, processing and payment of claims from the health insurance fund. The District established an Internal Service Fund to account for these activities.

NOTE J – COMPENSATED ABSENCES PAYABLE

Employees earn ten sick days annually and the unused portion is accumulated and carried forward to a maximum of 150 days. Upon retirement, eligible employees are reimbursed 15 percent of the final daily salary rate times the number of unused sick days accumulated. The liability for accumulated sick leave payable at June 30, 2017, amounted to \$662,781.

WEBB CITY R-VII SCHOOL DISTRICT
 NOTES TO FINANCIAL STATEMENTS
 June 30, 2017

NOTE K – POST EMPLOYMENT BENEFITS

In addition to the pension benefits described in Note F, the District makes available post-retirement healthcare benefits to all employees who retire from the District. Participation by retirees in the District health plan is subjected to terms and conditions set forth in the Board policy. The cost of the coverage is charged to the retiree at a blended rate for all employees. The District has not made a formal evaluation or projection on the future cost of the existing health care benefit plan in relation to retirees.

NOTE L – LEASE PURCHASE

In August 2013, the District entered into a lease purchase agreement to finance the purchase of three school buses in the amount of \$246,660. The 3.45% lease is being repaid with annual payments of \$58,356 through September 20, 2017.

The following is a schedule of future minimum payments for the lease:

Year Ended June 30,	Lease Payments
2018	\$ 58,356
TOTAL MINIMUM LEASE PAYMENTS	58,356
LESS AMOUNT REPRESENTING INTEREST	(1,356)
NET LEASE PAYMENTS	<u>\$ 57,000</u>

The following represents the changes in the net lease payments for the year ended June 30, 2017:

Lease Payable, July 1, 2016	\$ 112,741
Lease additions	-
Lease retirements	(55,741)
Lease Payable, June 30, 2017	<u>\$ 57,000</u>

WEBB CITY R-VII SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2017

NOTE M – CROSSOVER BOND REFUNDING

On April 12, 2016, the District issued \$4,815,000 in general obligation and refunding bonds with interest at 3%. The District used the refunding bond proceeds to purchase U.S. Government Securities. The securities were deposited in an irrevocable trust and will be used to pay Series 2008 bonds on March 1, 2018. The Series 2008 bonds had interest ranging from 4% to 5%. The Series 2008 bonds are not considered defeased at June 30, 2017.

NOTE N – OPERATING LEASE

As of June 30, 2017, the District was committed to a lease for copiers. The following is a schedule of future minimum payments for the leases:

Year Ended June 30,	Copier Operating Lease
2018	\$ 76,800
2019	76,800
2020	64,000
	<u>\$ 217,600</u>

SUPPLEMENTARY INFORMATION

WEBB CITY R-VII SCHOOL DISTRICT
 BUDGETARY COMPARISON SCHEDULE – GENERAL FUND
 Year Ended June 30, 2017

	Budgeted Amounts		Actual	Variance with
	Original	Final		Final Budget Positive (Negative)
RECEIPTS				
Local	\$ 9,447,777	\$ 10,027,742	\$ 10,667,502	\$ 639,760
County	550,000	600,000	601,963	1,963
State	642,956	665,000	788,963	123,963
Federal	1,256,353	1,715,000	1,776,728	61,728
Other	-	-	61,464	61,464
TOTAL RECEIPTS	11,897,086	13,007,742	13,896,620	888,878
DISBURSEMENTS				
Instruction	4,421,045	4,814,047	4,542,598	271,449
Student services	460,079	456,079	444,997	11,082
Instructional staff support	1,133,597	1,190,596	1,158,522	32,074
Building administration	363,397	373,397	364,430	8,967
General administration	815,798	759,798	839,729	(79,931)
Operation of plant	3,179,208	3,239,208	3,223,885	15,323
Transportation	1,462,876	1,487,875	1,463,694	24,181
Food service	1,637,112	1,462,112	1,447,950	14,162
Community services	311,424	311,424	346,060	(34,636)
TOTAL DISBURSEMENTS	13,784,536	14,094,536	13,831,865	262,671
EXCESS (DEFICIT) OF RECEIPTS OVER DISBURSEMENTS	(1,887,450)	(1,086,794)	64,755	1,151,549
FUND BALANCE, July 1, 2016	6,500,000	6,500,000	6,313,563	(186,437)
FUND BALANCE, June 30, 2017	\$ 4,612,550	\$ 5,413,206	\$ 6,378,318	\$ 965,112

WEBB CITY R-VII SCHOOL DISTRICT
 BUDGETARY COMPARISON SCHEDULE – SPECIAL REVENUE FUND
 Year Ended June 30, 2017

	Budgeted Amounts		Actual	Variance with
	Original	Final		Final Budget
				Positive (Negative)
RECEIPTS				
Local	\$ 2,373,773	\$ 2,207,758	\$ 1,662,745	\$ (545,013)
County	100,000	100,000	99,433	(567)
State	18,233,971	19,095,000	19,063,439	(31,561)
Federal	1,455,013	1,260,000	1,317,148	57,148
Other	25,000	25,000	-	(25,000)
TOTAL RECEIPTS	22,187,757	22,687,758	22,142,765	(544,993)
DISBURSEMENTS				
Instruction	18,605,955	18,413,456	17,948,160	465,296
Student services	714,111	726,611	725,803	808
Instructional staff support	1,008,097	1,144,097	1,124,836	19,261
Building administration	1,530,095	1,545,095	1,550,779	(5,684)
General administration	329,499	858,499	716,515	141,984
Operation of plant	-	-	923	(923)
Community services	-	-	75,749	(75,749)
TOTAL DISBURSEMENTS	22,187,757	22,687,758	22,142,765	544,993
EXCESS OF RECEIPTS OVER DISBURSEMENTS	-	-	-	-
FUND BALANCE, July 1, 2016	-	-	-	-
FUND BALANCE, June 30, 2017	\$ -	\$ -	\$ -	\$ -

WEBB CITY R-VII SCHOOL DISTRICT
 BUDGETARY COMPARISON SCHEDULE – DEBT SERVICE FUND
 Year Ended June 30, 2017

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
RECEIPTS				
Local	\$ 1,603,216	\$ 1,777,216	\$ 1,723,734	\$ (53,482)
County	50,000	50,000	65,144	15,144
Federal	-	85,000	86,757	1,757
TOTAL RECEIPTS	1,653,216	1,912,216	1,875,635	(36,581)
DISBURSEMENTS				
Debt service	1,773,183	1,873,183	1,837,106	36,077
TOTAL DISBURSEMENTS	1,773,183	1,873,183	1,837,106	36,077
EXCESS (DEFICIT) OF RECEIPTS OVER DISBURSEMENTS	(119,967)	39,033	38,529	(504)
FUND BALANCE, July 1, 2016	6,717,000	6,717,000	6,711,065	(5,935)
FUND BALANCE, June 30, 2017	<u>\$ 6,597,033</u>	<u>\$ 6,756,033</u>	<u>\$ 6,749,594</u>	<u>\$ (6,439)</u>

WEBB CITY R-VII SCHOOL DISTRICT
 BUDGETARY COMPARISON SCHEDULE – CAPITAL PROJECTS FUND
 Year Ended June 30, 2017

	Budgeted Amounts		Actual	Variance with
	Original	Final		Final Budget
				Positive (Negative)
RECEIPTS				
Local	\$ 13,000	\$ 32,000	\$ 105,422	\$ 73,422
State	1,412,909	1,502,909	1,501,089	(1,820)
TOTAL RECEIPTS	<u>1,425,909</u>	<u>1,534,909</u>	<u>1,606,511</u>	<u>71,602</u>
DISBURSEMENTS				
Instruction	230,000	220,000	214,753	5,247
Instructional staff support	550,000	-	49,176	(49,176)
General administration	3,000	3,000	-	3,000
Operation of plant	15,000	15,000	28,985	(13,985)
Transportation	150,000	85,000	55,741	29,259
Food service	25,000	150,000	85,050	64,950
Facilities acquisition and construction	466,286	1,716,286	1,511,015	205,271
Debt service	-	-	2,615	(2,615)
TOTAL DISBURSEMENTS	<u>1,439,286</u>	<u>2,189,286</u>	<u>1,947,335</u>	<u>241,951</u>
(DEFICIT) OF RECEIPTS OVER DISBURSEMENTS	(13,377)	(654,377)	(340,824)	313,553
FUND BALANCE, July 1, 2016	<u>2,000,000</u>	<u>2,000,000</u>	<u>1,983,693</u>	<u>(16,307)</u>
FUND BALANCE, June 30, 2017	<u>\$ 1,986,623</u>	<u>\$ 1,345,623</u>	<u>\$ 1,642,869</u>	<u>\$ 297,246</u>

WEBB CITY R-VII SCHOOL DISTRICT
NOTE TO BUDGETARY COMPARISON SCHEDULES
June 30, 2017

Budgets and Budgetary Accounting

The District follows these procedures in establishing the budgetary data reflected in the financial statements:

- 1) In accordance with Chapter 67, RSMo, the District adopts a budget for each fund.
- 2) 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 budget includes estimated receipts and proposed disbursements for all District funds. Budgeted disbursements cannot exceed beginning available monies plus estimated receipts for the year.
- 3) A public hearing is conducted to obtain taxpayer comments. Prior to its approval by the Board of Education, the budget document is available for public inspection.
- 4) Prior to July 1, the budget is legally enacted by a vote of the Board of Education.
- 5) Subsequent to its formal approval of the budget, the Board of Education has the authority to make necessary adjustments to the budget by formal vote of the Board. Adjustments made during the year are reflected in the budget information included in the financial statements. Budgeted amounts are as originally adopted, or as amended by the Board of Education. Individual amendments were not material to the original appropriations, which were amended.
- 6) Budgets for District funds are prepared and adopted on the modified cash basis (budget basis), recognizing receipts when collected and disbursements when paid.

OTHER FINANCIAL INFORMATION

WEBB CITY R-VII SCHOOL DISTRICT
SCHEDULE OF RECEIPTS BY SOURCE
Year Ended June 30, 2017

	General Fund	Special Revenue Fund	Debt Service Fund	Capital Projects Fund	Total
LOCAL					
Current taxes	\$ 6,483,903	\$ -	\$ 1,603,293	\$ -	\$ 8,087,196
Delinquent taxes	311,442	-	77,011	-	388,453
School district trust fund (Prop C)	2,426,296	1,640,058	-	-	4,066,354
Financial institution tax	37,189	-	-	-	37,189
M & M surtax	239,968	-	-	-	239,968
In lieu of tax	886	-	219	-	1,105
Tuition from individuals (K-12)	-	500	-	-	500
Earnings on investments	52,002	22,187	43,211	16,102	133,502
Food service program	363,106	-	-	-	363,106
Food service non-program	34,026	-	-	-	34,026
Student activities	643,395	-	-	-	643,395
Community services	69,033	-	-	-	69,033
Prior period adjustment	-	-	-	65,031	65,031
Miscellaneous local revenue	6,256	-	-	24,289	30,545
TOTAL LOCAL	10,667,502	1,662,745	1,723,734	105,422	14,159,403
COUNTY					
Fines, escheats, etc.	-	99,433	-	-	99,433
State assessed utilities	601,963	-	65,144	-	667,107
TOTAL COUNTY	601,963	99,433	65,144	-	766,540
STATE					
Basic formula - state monies	-	18,365,949	-	-	18,365,949
Transportation	227,061	-	-	-	227,061
Early childhood special education	-	694,340	-	-	694,340
Basic formula - classroom trust fund	258,303	-	-	1,404,909	1,663,212
Educational screening program	144,861	-	-	-	144,861
Career education	3,150	3,150	-	96,180	102,480
Food service - state	13,043	-	-	-	13,043
High need fund - special education	129,870	-	-	-	129,870
Social worker grant	12,675	-	-	-	12,675
TOTAL STATE	788,963	19,063,439	-	1,501,089	21,353,491

WEBB CITY R-VII SCHOOL DISTRICT
SCHEDULE OF RECEIPTS BY SOURCE (continued)
Year Ended June 30, 2017

	General Fund	Special Revenue Fund	Debt Service Fund	Capital Projects Fund	Total
FEDERAL					
Medicaid	100,018	-	-	-	100,018
ROTC	-	43,881	-	-	43,881
Perkins basic grant, career education	56,735	-	-	-	56,735
IDEA grants	9,553	-	-	-	9,553
IDEA entitlement funds, Part B IDEA	-	698,749	-	-	698,749
Early childhood special education	-	102,132	-	-	102,132
School lunch program	833,999	-	-	-	833,999
School breakfast program	249,991	-	-	-	249,991
Special milk program	3,400	-	-	-	3,400
Title I - ESEA	429,482	337,450	-	-	766,932
Title III - ESEA - English language acquisition	27,745	-	-	-	27,745
Title II, Part A & B, ESEA	-	134,936	-	-	134,936
Dept. of health food service program	65,565	-	-	-	65,565
Grant for state assessment	240	-	-	-	240
Interest subsidy - federal	-	-	86,757	-	86,757
TOTAL FEDERAL	1,776,728	1,317,148	86,757	-	3,180,633
OTHER SOURCES					
Tuition from other districts	61,464	-	-	-	61,464
TOTAL OTHER SOURCES	61,464	-	-	-	61,464
TOTAL RECEIPTS	<u>\$ 13,896,620</u>	<u>\$ 22,142,765</u>	<u>\$ 1,875,635</u>	<u>\$ 1,606,511</u>	<u>\$ 39,521,531</u>

WEBB CITY R-VII SCHOOL DISTRICT
SCHEDULE OF DISBURSEMENTS BY OBJECT
Year Ended June 30, 2017

	General Fund	Special Revenue Fund	Debt Service Fund	Capital Projects Fund	Total
Salaries	\$ 6,168,198	\$17,283,455	\$ -	\$ -	\$23,451,653
Teacher's retirement	1,683	2,581,088	-	-	2,582,771
Non-teacher retirement	462,914	-	-	-	462,914
Old age survivor and disability (OASDI)	374,465	15,105	-	-	389,570
Medicare	83,989	238,438	-	-	322,427
Employee insurance	1,054,877	1,432,048	-	-	2,486,925
Purchased instructional services - tuition	-	592,631	-	-	592,631
Professional services	265,753	-	-	-	265,753
Audit services	21,125	-	-	-	21,125
Data processing and technology-related services	35,981	-	-	-	35,981
Legal services	10,624	-	-	-	10,624
Repairs and maintenance	419,414	-	-	-	419,414
Rentals - equipment	79,262	-	-	-	79,262
Water and sewer	81,309	-	-	-	81,309
Trash removal	53,356	-	-	-	53,356
Travel	80,475	-	-	-	80,475
Property insurance	169,284	-	-	-	169,284
Liability insurance	10,254	-	-	-	10,254
Fidelity bond premiums	5,882	-	-	-	5,882
Communication	59,244	-	-	-	59,244
Advertising, printing, dues and other purchased services	44,799	-	-	-	44,799
General supplies	2,268,434	-	-	-	2,268,434
Supplies - technology related	615,176	-	-	-	615,176
Library books	166,256	-	-	-	166,256
Food supplies	577,479	-	-	-	577,479
Energy	717,778	-	-	-	717,778
Other supplies and materials	3,854	-	-	-	3,854
Land	-	-	-	214,360	214,360
Buildings	-	-	-	124,328	124,328
Improvements other than buildings	-	-	-	1,130,844	1,130,844
Regular equipment	-	-	-	177,850	177,850
Technology - related hardware	-	-	-	195,475	195,475
Technology software	-	-	-	17,618	17,618
Vehicles - except school buses	-	-	-	21,900	21,900
Pupil transportation vehicles - school buses	-	-	-	55,741	55,741
Other capital outlay	-	-	-	6,604	6,604
Principal	-	-	800,000	-	800,000
Interest	-	-	1,032,355	2,615	1,034,970
Other	-	-	4,751	-	4,751
TOTAL DISBURSEMENTS	\$13,831,865	\$22,142,765	\$ 1,837,106	\$ 1,947,335	\$39,759,071

WEBB CITY R-VII SCHOOL DISTRICT
 SCHEDULE OF TRANSPORTATION COSTS ELIGIBLE FOR STATE AID
 Year Ended June 30, 2017

	<u>District Owned</u>
Non-certified salaries	\$ 829,418
Employee benefits	280,110
Purchased services	48,875
Supplies	175,170
Depreciation	<u>114,442</u>
	<u>\$ 1,448,015</u>
 School bus lease	
Principal	<u>\$ 55,741</u>
Interest	<u>\$ 2,615</u>

OTHER REPORTING REQUIREMENTS



**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
Webb City R-VII School District
Webb City, 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, each major fund, and the discretely presented component unit of Webb City R-VII School District as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise Webb City R-VII School District's basic financial statements and have issued our report thereon dated November 20, 2017.

Internal Control over Financial Reporting

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

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

Board of Education
Webb City R-VII School District
Webb City, Missouri

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 a material weakness. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Webb City R-VII 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 Report

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

KPM CPAs, PC

KPM CPAs, PC
Springfield, Missouri
November 20, 2017



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

Board of Education
Webb City R-VII School District
Webb City, Missouri

Report on Compliance for Each Major Federal Program

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

Management's Responsibility

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

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for Webb City R-VII School District's major federal program 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 Webb City R-VII School District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

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Member of The Leading Edge Alliance

Opinion on Each Major Federal Program

In our opinion, the Webb City R-VII 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, 2017.

Report on Internal Control Over Compliance

Management of the Webb City R-VII 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 the Webb City R-VII 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 the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the District's internal control over compliance.

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

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

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

KPM CPAs, PC

KPM CPAs, PC
Springfield, Missouri
November 20, 2017

WEBB CITY R-VII SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Year Ended June 30, 2017

Federal Grantor Pass Through Grantor/ Program Title	Federal CFDA Number	Pass-through Grantor's Number	Passed-through to Subrecipients	Federal Expenditures	
<u>U.S. DEPARTMENT OF AGRICULTURE</u>					
Missouri Department of Elementary and Secondary Education					
Child Nutrition Cluster					
School Breakfast Program	10.553	2016N109943	\$ -	\$ 54,944	
		20177N109943	-	195,047	
			-	249,991	
Special Milk Program	10.556	2016N109943	-	681	
		20177N109943	-	2,719	
			-	3,400	
National School Lunch - Cash	10.555	2016N109943	-	147,088	
		20177N109943	-	686,912	
			-	834,000	
- Commodities	10.555	049-144	-	259,880	
Missouri Department of Health and Senior Services					
Child Nutrition Cluster					
Summer School Food Service Program	10.559	ERS0462044S	-	77,805	
TOTAL U.S. DEPARTMENT OF AGRICULTURE				-	1,425,076
<u>U.S. DEPARTMENT OF EDUCATION</u>					
Missouri Department of Elementary and Secondary Education					
Title I Grants to LEAs	84.010	S010A150025	-	15,039	
		S010A160025	-	738,142	
			-	753,181	
Grants for State Assessments and Related Activities	84.369	S369A150026	-	240	
Supporting Effective Instruction State Grant	84.367	S367A160024	-	134,936	
English Language Acquisition State Grants	84.365	S365A150025	-	19,449	
Career and Technical Education - Basic Grants to States	84.048	V048A150025	-	6,535	
		V048A160025	-	50,198	
			-	56,733	
Special Education Grants Cluster					
Special Education Grants to States	84.027	H027A150040	-	601,802	
		H027A160040	-	185,338	
			-	787,140	
Special Education Preschool Grants	84.173	H173A160103	-	23,294	
Total Special Education Cluster			-	810,434	
TOTAL U.S. DEPARTMENT OF EDUCATION				-	1,774,973

WEBB CITY R-VII SCHOOL DISTRICT
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (continued)
 Year Ended June 30, 2017

Federal Grantor Pass Through Grantor/ Program Title	Federal CFDA Number	Pass-through Grantor's Number	Passed-through to Subrecipients	Federal Expenditures
<u>U.S. DEPARTMENT OF DEFENSE</u>				
Direct				
ROTC Salary Reimbursement	12.112	N/A	-	40,666
TOTAL U.S. DEPARTMENT OF DEFENSE			-	40,666
TOTAL EXPENDITURES OF FEDERAL AWARDS			\$ -	\$ 3,240,715

N/A – not applicable

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

1. The Schedule of Expenditures of Federal Awards is presented using the modified cash basis of accounting, which is described in Note A to the District's financial statements.
2. Commodities, non-cash assistance of \$259,880, received and expended are valued by the Food Service Section of the Department of Elementary and Secondary Education.
3. The District did not provide funds to subrecipients in the current year.
4. The District elected not to use the 10% de minimis indirect cost rate.

WEBB CITY R-VII SCHOOL DISTRICT
 SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS
 Year Ended June 30, 2017

Section I – Summary of Audit Results

Financial Statements

Type of report the auditor issued on whether the financial statements audited were prepared in accordance with the modified cash basis of accounting:

Unmodified

Internal control over financial reporting:

- Material weakness(es) identified? yes no
- Significant deficiency(ies) identified: yes none reported

Noncompliance material to financial statements noted? yes no

Federal Awards

Internal control over major federal programs:

- Material weakness(es) identified? yes no
- Significant deficiency(ies) identified: yes none reported

Type of auditor’s report issued on compliance for major federal programs:

Unmodified

Any audit findings disclosed that are required to be reported in accordance with 2CFR 200.516(a)

yes no

Identification of major federal program:

CFDA Number(s)
 10.553, 10.555, 10.556 & 10.559

Name of Federal Program or Cluster
 Child Nutrition Cluster

Dollar threshold used to distinguish between type A and type B programs:

\$ 750,000

Auditee qualified as low-risk auditee?

yes no

Section II – Financial Statement Findings

None

Section III – Federal Award Findings and Questioned Costs

None

WEBB CITY R-VII SCHOOL DISTRICT
SCHEDULE OF PRIOR AUDIT FINDINGS
Year Ended June 30, 2017

There were no prior audit findings.

SUPPLEMENTARY STATE INFORMATION



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

Board of Education
Webb City R-VII School District
Webb City, Missouri

We have examined management's assertions that Webb City R-VII School District complied with the requirements of Missouri laws and regulations regarding budgetary and disbursement procedures; accurate disclosure of the District's attendance records of average daily attendance, standard day length, resident membership on the last Wednesday of September, pupil transportation records of the average daily transportation of pupils eligible and ineligible for state aid, the number of miles eligible and ineligible for state aid and other statutory requirements as listed in the schedule of selected statistics during the year ended June 30, 2017. Webb City R-VII School District's Management is responsible for its assertions. Our responsibility is to express an opinion on management's assertions based on our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. Those standards require that we plan and perform the examination to obtain reasonable assurance about whether management's assertions are fairly stated, in all material respects. An examination involves performing procedures to obtain evidence about management's assertions. 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 assertions, 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.

In our opinion, management's assertions referred to above are fairly stated, in all material respects.

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

KPM CPAs, PC

KPM CPAs, PC
Springfield, Missouri
November 20, 2017

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WEBB CITY R-VII SCHOOL DISTRICT 049-144
 SCHEDULE OF SELECTED STATISTICS
 Year Ended June 30, 2017

1. Calendar (Sections 160.041 and 171.031, RSMo)

A. Standard Day Length (SDL) – The total number of hours between the starting time of the first class and the dismissal time of the last class, minus the time allowed for lunch and one passing time, and minus Channel One time were as follows:

Grades K-4	6.6667
Grades 5-6	6.5833
Grades 7-8	6.2667
Grades 9-12	6.1000

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

Kindergarten – Grade 12	1,054.40
-------------------------	----------

C. The number of days classes were in session and pupils were under the direction of the teachers during this school year was 175.

2. Average Daily Attendance (ADA)

Average Daily Attendance:

Regular term:

Full-time kindergarten – Grade 12	4,042.85
Part-time kindergarten – Grade 12	.41
Remedial	<u>7.59</u>
Total regular term	4,050.85

Summer school average daily attendance	<u>131.21</u>
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Total Average Daily Attendance	<u><u>4,182.06</u></u>
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3. September Membership

September Membership FTE Count	<u><u>4,199.25</u></u>
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4. Free and Reduced Price Lunch FTE Count (Section 163.011(6), RSMo)

State FTE Total	Free	1,593.10
	Reduced	<u>367.00</u>
	Total	<u><u>1,960.10</u></u>

WEBB CITY R-VII SCHOOL DISTRICT 049-144
SCHEDULE OF SELECTED STATISTICS (continued)
Year Ended June 30, 2017

5. Finance

- A. A bond, as required by Section 162.401, RSMo, has been purchased for the District treasurer in the amount of \$25,000.
- B. The District's deposits were adequately secured during the year as required by Sections 110.010 and 110.020 RSMo.
- C. The District maintained a separate bank account for its Debt Service Fund in accordance with Section 165.011 RSMo.
- D. Salaries reported for educators in the October core data cycle are supported by payroll/contract records.
- E. The District did not make a 7% x SAT x WADA transfer.
- F. The District published a summary of the 2015-2016 audit report within thirty days of receipt of the audit, pursuant to Section 165.121, RSMo.
- G. The District has a professional development committee plan adopted by the Board with the professional development committee plan identifying the expenditure of seventy-five percent (75%) of one percent (1%) of the current year basic formula apportionment.
- H. The amount spent for approved professional development committee plan activities was \$191,013.

There were no findings noted above.

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.
- B. The District's school transportation ridership records are so maintained as to accurately disclose in all material respects the average number of regular riders transported.
- C. Based on the ridership records, the average number of students (non-disabled K-12, career education, and K-12 students with disabilities) transported on a regular basis (ADT) eligible for state transportation aid was 2,233.50 and the average number of students transported on a regular basis (ADT) ineligible to be counted for state transportation aid was -0-.
- D. The District's transportation odometer mileage records are so maintained as to accurately disclose in all material respects the eligible and ineligible mileage for the year.

WEBB CITY R-VII SCHOOL DISTRICT 049-144
SCHEDULE OF SELECTED STATISTICS (continued)
Year Ended June 30, 2017

6. Transportation (Section 163.161, RSMo) (continued)

E. Actual odometer records show the total District operated and contracted mileage for the year was 337,213. Of this total, the eligible non-disabled and students with disabilities route miles were 245,863 and the ineligible non-route and disapproved miles combined were 91,350.

F. The District operated the school transportation system for 175 days during this school year.

There were no findings noted above.