

**LATHROP R-II SCHOOL DISTRICT
LATHROP, MISSOURI**

**FINANCIAL STATEMENTS TOGETHER WITH
INDEPENDENT AUDITORS' REPORT**

FOR THE YEAR ENDED JUNE 30, 2016

**LATHROP R-II SCHOOL DISTRICT
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INDEPENDENT AUDITORS' REPORT

To the Board of Education
Lathrop R-II School District

Report on the Financial Statements

We have audited the accompanying modified cash-basis financial statements of the governmental activities, each major fund and the aggregate remaining fund information of Lathrop R-II School District as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

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 the financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the 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.

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, each major fund, and the aggregate remaining fund information of Lathrop R-II School District as of June 30, 2016, and the respective changes in modified cash basis financial position for the year then ended in accordance with the basis of accounting described in Note A.

Supplementary and Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements as a whole that collectively comprise the District's basic financial statements. The 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.

Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the 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, on the basis of accounting described in Note A.

The other information, which consists of management's discussion and analysis, is presented for purposes of additional analysis and is not a required part of the basic financial statements. Management's discussion and analysis on pages 3 through 10 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 such information.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated July 27, 2016 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. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

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 opinions are not modified with respect to this matter.



Richmond, Missouri
July 27, 2016

LATHROP R-II SCHOOL DISTRICT

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“Whatever it takes to go from good to great!”

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MANAGEMENT’S DISCUSSION AND ANALYSIS (UNAUDITED)

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

Financial Highlights

Key financial highlights for the 2016 fiscal year include:

- Operating balances for the School District (General Fund and Special Revenue Fund) decreased from \$2,741,489 to \$2,660,645.
- The District finished the school year with a balance of \$415,439 in the Capital Projects Fund.
- The District’s total revenues decreased from \$13,695,733 in 2015 to \$11,152,438 in 2016.
- The District’s total expenditures increased from \$10,933,383 in 2015 to \$20,055,346 in 2016.
- The District’s indebtedness decreased from \$18,265,309 in 2015 to \$11,408,239 in 2016.

Using this Annual Report

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 provide information about the activities of the Lathrop R-II School District as a whole and present a longer-term view of the District’s finances.

Fund financial statements provide the next level of detail. For government 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. The fund financial statements also look at the District’s most significant funds.

Reporting the School District as a Whole

Statement of Net Position and the Statement of Activities

While this document contains the funds used by the School District to provide programs and activities, the view of the School District as a whole looks at all financial transactions and asks the questions, “How did we do financially during 2016?” The Statement of Net Position and the Statement of Activities answer this question. These statements include all assets and liabilities using the modified cash basis of accounting. The modified cash basis of accounting records revenues when collected and expenses when paid, except for teachers’ salaries as explained in Note A to the financial statements.

These two statements report the School District’s net position and change in net position. This change in net position is important because it tells the reader that, for the School District as a whole, the financial position of the School District has improved or diminished. The cause of this change may be the result of many factors, some financial, and some not. Non-financial factors include the School District’s property tax base, current property tax laws in Missouri, required educational programs, facility conditions and other factors.

In the Statement of Net Position and the Statement of Activities, the School District 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.

Reporting the School District’s Most Significant Funds

Fund Financial Statements

Fund financial reports provide detailed information about the District’s major funds. The School District uses four major funds to account for a multitude of financial transactions. The School District considers the following to be major governmental funds: General Fund, Special Revenue Fund, Debt Service Fund, and Capital Projects Fund.

The Scholarship Fund accounts for assets held on behalf of outside parties. The fund maintains the awarding of scholarships to specific individuals in accordance with the terms of scholarship agreements entered into with the donors.

Governmental Funds

All 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 future periods. The funds are reported using a modified cash basis. The modified cash basis of accounting records revenues when collected and expenses when paid, except for teacher’s salaries. The governmental fund statements provide a detailed short-term view of the School District’s general governmental operations and the basic services it provides. 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 School District as a Whole

The Statement of Net Position and Statement of Activities provide information about the District’s overall financial situation taking into account all liabilities and all assets using the modified cash basis of accounting. This basis of accounting takes into account the District’s current year’s revenues and expenses based upon when cash is paid or received, except certain teacher’s salaries.

The following chart identifies the net position of the District showing both the restricted and unrestricted assets that give the long-term and short-term perspective of the District's financial position.

ASSETS	<u>2016</u>	<u>2015</u>
Cash and cash equivalents	\$ 255,689	\$ 9,392,403
Certificates of deposit	<u>3,491,505</u>	<u>3,257,699</u>
 Total assets	 <u>3,747,194</u>	 <u>12,650,102</u>
 NET POSITION		
Restricted for:		
Professional development	-	1,135
Capital outlay	415,439	2,767,473
Debt service	671,110	7,141,140
Unrestricted	<u>2,660,645</u>	<u>2,740,354</u>
 Total net position	 <u>\$ 3,747,194</u>	 <u>\$ 12,650,102</u>

Total net position of governmental activities decreased by \$8,902,908. Unrestricted net position, the part of the net position that can be used to finance day-to-day activities without constraints, established by grants or legal requirements of the School District, decreased by \$79,709. The District's restricted net position for professional development decreased by \$1,135. The restricted net position for debt service decreased by \$6,470,030. The restricted net position for capital outlay decreased by \$2,352,034.

REVENUES

School District revenues come from five different sources with the following percentages accounting for the amount of revenue received in 2015-2016 school year.

Local Revenue 46.6% (\$5,192,838), County Revenue 4.8% (\$539,274), State Revenue 43.6% (\$4,864,863), Federal Revenue 5.0% (\$555,313) and Other Revenue 0% (\$150).

Local Revenue

Local revenues were within 12.3% of what was originally budgeted.

County Revenue

County revenues exceeded what was originally budgeted by \$56,042. The difference was due to an underestimation of revenue from State Assessed Railroad and Utilities.

State Revenue

State revenue receipts were budgeted conservatively in the original budget and adjusted in the amended budget. Overall this area came in over original budget on revenues by \$48,619.

Federal Revenue

Federal revenue dollars received by the District were \$46,871 more than originally budgeted.

Revenues for the Statement of Activities are presented by program revenues and general revenues. There are three program revenue types: Charges for Services, Operating Grants and Contributions and Capital Grants and Contributions. Total revenues, expenditures and change in net position are presented in the following table:

	<u>2016</u>	<u>2015</u>
REVENUES:		
Program Revenues:		
Charges for services	\$ 515,358	\$ 536,108
Operating grants and contributions	885,871	878,117
Capital grants and contributions	4,814	7,017
Total Program Revenues	<u>1,406,043</u>	<u>1,421,242</u>
General Revenues:		
Basic formula	4,529,491	4,348,160
Property taxes	3,233,314	3,245,915
Sales tax	855,349	824,202
State assessed utilities	489,599	489,221
Fines and escheats	49,675	56,815
Earnings on investments	55,536	105,295
M&M surtax	23,143	24,480
Other revenue	510,288	480,403
Special item - debt proceeds	-	2,700,000
Total General Revenues and Special Item	<u>9,746,395</u>	<u>12,274,491</u>
Total revenues	<u>11,152,438</u>	<u>13,695,733</u>

	<u>2016</u>	<u>2015</u>
PROGRAM EXPENDITURES:		
Instruction	\$ 6,119,467	\$ 5,976,686
Student services	273,089	268,188
Instructional staff support	214,763	223,257
General administration and central services	633,636	571,874
Building level administration	581,023	567,113
Operation of plant	767,358	758,598
Transportation	497,254	454,124
Food service	380,077	364,906
Community services	144,238	93,767
Facility acquisition and construction	2,895,630	459,522
Debt service:		
Principal retirement	6,857,070	506,931
Interest and fees	691,741	688,417
Total expenditures	<u>20,055,346</u>	<u>10,933,383</u>
CHANGE IN NET POSITION	(8,902,908)	2,762,350
Net position beginning of year	<u>12,650,102</u>	<u>9,887,752</u>
Net position end of year	<u>\$ 3,747,194</u>	<u>\$ 12,650,102</u>

District program expenditures, excluding debt service, increased \$2,768,500 over the previous year. This was due to the construction of the sports complex.

GOVERNMENTAL ACTIVITIES

General revenues accounted for \$9,746,395 in revenue. General revenues are composed primarily of State Basic Foundation Formula, \$4,529,491, and receipts from local property taxes, \$3,233,314. Other sources of general revenues are federal and state aid not restricted for specific purposes. Program specific revenues in the form of charges for services, operating grants and contributions, and capital grants and contributions accounted for \$1,406,043 of total revenues.

The School District had \$20,055,346 in expenses, only \$1,406,043 of these expenses was offset by program specific charges for services, grants or contributions.

The Statement of Activities shows the costs of program services and the charges for services and grants offsetting those services. The table below, comparing 2016 and 2015, shows the total cost of services and the net cost of services. That is, it identifies the costs of these services supported by tax revenue and unrestricted State entitlements.

	2016		2015	
	Total Cost of Services	Net Cost of Services	Total Cost of Services	Net Cost of Services
Instruction	\$ 6,119,467	\$ 5,243,503	\$ 5,976,686	\$ 5,023,987
Student services	273,089	273,089	268,188	268,188
Instructional staff support	214,763	214,763	223,257	223,257
General administration & central services	633,636	633,636	571,874	571,874
Building level administration	581,023	581,023	567,113	567,113
Operation of plant	767,358	758,552	758,598	748,208
Transportation	497,254	421,579	454,124	367,774
Food service	380,077	60,565	364,906	48,240
Community services	144,238	18,152	93,767	38,630
Facility acquisition and construction	2,895,630	2,895,630	459,522	459,522
Debt service:				
Principal retirement	6,857,070	6,857,070	506,931	506,931
Interest and fees	691,741	691,741	688,417	688,417
Total Governmental Activities	<u>\$ 20,055,346</u>	<u>\$ 18,649,303</u>	<u>\$ 10,933,383</u>	<u>\$ 9,512,141</u>

Instruction expenses 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 costs of student attendance reporting.

Instructional staff support includes the activities involved with assisting staff with the content and process of teaching to pupils.

General administration and central services includes the expenses associated with administrative and financial supervision of the district. It also includes expenses related to planning, research, development and evaluation of support services, as well as the reporting of this information internally and to the public.

Building level administration includes the cost of salaries and benefits for building level principals and office support staff.

Operations of plant activities involve keeping the school grounds, buildings, and equipment in an effective working condition.

Transportation includes activities involved with the conveyance of students to and from school, as well as to and from school activities, as provided by state law.

Food service includes 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 expense 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 expenditures for land or existing buildings; improvements of grounds; construction of buildings; remodeling of buildings; initial equipment; additional equipment; and replacement of equipment.

Debt service involves the transactions associated with the payment of principal, interest, and other related charges for debt of the School District.

The School District’s Funds

The School District’s major funds are accounted for using the modified cash basis of accounting. All major funds had total revenues of \$11,152,438 and expenditures of \$20,055,346.

General Fund Budgeting Highlights

The District’s budget is prepared according to Missouri law and is based on accounting for certain transactions on the modified cash basis.

During the course of the 2016 fiscal year, the District amended its General Fund budget once in November and again in June. In November, revenue estimates were increased due to receiving more funds from the Leroy Sater Trust and a projected increase in enrollment. Budgeted expenditures were increased in November due to late staff additions and interest payments on our general obligation bonds being higher than originally budgeted. June updates included revenue increases in county taxes, railroad and utility taxes and in student activity funds.

For the General Fund, the final budget basis revenue was \$4,782,251 representing a \$559,322 increase over the original budget.

The District’s ending actual total fund balance was \$8,389,080 below the original budget estimate for all funds, which is due to refunding a prior bond and paying for the new sports complex.

DEBT ADMINISTRATION

The District’s general obligation debt balance for facilities that is repaid through local tax dollars each year on a scheduled basis is \$2,700,000. The District is postured to comfortably handle this debt as long as the current structure of funding schools remains in place.

The following chart shows the District’s total outstanding debt obligations at June 30:

	<u>2016</u>	<u>2015</u>
2006 General Obligation Building Bonds	\$ -	\$ 6,600,000
2014 General Obligation Refunding Bonds	6,500,000	6,500,000
2015 General Obligation Building Bonds	2,700,000	2,700,000
2007 Certificates of Participation	1,605,000	1,705,000
2013 Certificates of Participation	485,000	635,000
Solar Panel Capital Lease	118,239	125,309
	<u>\$ 11,408,239</u>	<u>\$ 18,265,309</u>

Current Financial Issues and Concerns

The Lathrop R-II School District is financially sound. Our two main concerns at this time are our assessed valuation and the state economy. Our assessed valuation has been nearly unchanged over the last several years. It does seem like the economy is picking up so it will be interesting to see if that is reflected in next year's assessments. The state economy also seemed to be on an upward swing, but the reports for the last couple of months have not been positive. We are confident our current levy can fund our needs, but it is one of the highest in the area. We are extremely grateful that our public has been supportive of this fact. Increasing enrollment has helped to offset some decreased local revenue, but it brings its own financial implications. The District will continue to maintain a budget that provides an outstanding academic program for the students.

In conclusion, Lathrop R-II School District has committed itself to financial excellence. The District plans to continue its sound fiscal management to meet the challenges of the future.

Contacting the District's Financial Management

This report is designed to provide our patrons, taxpayers and constituents involved in any manner with our District, a general overview of the District's finances, and to demonstrate the District's financial responsibility for the funding it receives. If you have questions about this report or need further information, contact Mr. Chris Fine, Superintendent of Schools, Lathrop R-II School District Central Office at 816-528-7500.

LATHROP R-II SCHOOL DISTRICT
STATEMENT OF NET POSITION - MODIFIED CASH BASIS
JUNE 30, 2016

	<u>GOVERNMENTAL ACTIVITIES</u>
ASSETS	
Cash and cash equivalents	\$ 255,689
Certificates of deposit	<u>3,491,505</u>
Total assets	<u>3,747,194</u>
NET POSITION	
Restricted for:	
Capital outlay	415,439
Debt service	671,110
Unrestricted	<u>2,660,645</u>
Total net position	<u>\$ 3,747,194</u>

See accompanying notes to the basic financial statements.

**LATHROP R-II SCHOOL DISTRICT
STATEMENT OF ACTIVITIES - MODIFIED CASH BASIS
FOR THE YEAR ENDED JUNE 30, 2016**

	PROGRAM REVENUES				Net (Expenditures) Revenue and Change in Net Position <u>Governmental</u>
	Expenditures	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
GOVERNMENTAL ACTIVITIES:					
Instruction	\$ 6,119,467	\$ 330,608	\$ 540,542	\$ 4,814	\$ (5,243,503)
Student services	273,089	-	-	-	(273,089)
Instructional staff support	214,763	-	-	-	(214,763)
General administration and central services	633,636	-	-	-	(633,636)
Building level administration	581,023	-	-	-	(581,023)
Operation of plant	767,358	8,806	-	-	(758,552)
Pupil transportation	497,254	3,424	72,251	-	(421,579)
Food service	380,077	154,291	165,221	-	(60,565)
Community services	144,238	18,229	107,857	-	(18,152)
Facility acquisition and construction	2,895,630	-	-	-	(2,895,630)
Debt service:					
Principal retirement	6,857,070	-	-	-	(6,857,070)
Interest and fees	691,741	-	-	-	(691,741)
 Total Governmental Activities	 \$ 20,055,346	 \$ 515,358	 \$ 885,871	 \$ 4,814	 (18,649,303)
			General Revenues:		
			Basic formula		4,529,491
			Property taxes		3,233,314
			Sales tax		855,349
			State assessed utilities		489,599
			Fines and escheats		49,675
			Earnings on investments		55,536
			M & M surtax		23,143
			Other revenue		510,288
			Total General Revenues		9,746,395
			Change in net position		(8,902,908)
			Net Position Beginning of Year		12,650,102
			Net Position End of Year		\$ 3,747,194

See accompanying notes to the basic financial statements.

**LATHROP R-II SCHOOL DISTRICT
BALANCE SHEET - MODIFIED CASH BASIS
GOVERNMENTAL FUNDS
JUNE 30, 2016**

	GENERAL FUND	SPECIAL REVENUE FUND	DEBT SERVICE FUND	CAPITAL PROJECTS FUND	TOTAL GOVERNMENTAL FUNDS
ASSETS					
Cash and cash equivalents	\$ (496,125)	\$ -	\$ 336,375	\$ 415,439	\$ 255,689
Certificates of deposits	3,156,770	-	334,735	-	3,491,505
Total assets	<u>\$ 2,660,645</u>	<u>\$ -</u>	<u>\$ 671,110</u>	<u>\$ 415,439</u>	<u>\$ 3,747,194</u>
FUND BALANCES					
Fund Balances:					
Restricted	\$ -	\$ -	\$ 671,110	\$ -	\$ 671,110
Committed	-	-	-	72,734	72,734
Assigned	178,527	-	-	342,705	521,232
Unassigned	2,482,118	-	-	-	2,482,118
Total Fund Balances	<u>\$ 2,660,645</u>	<u>\$ -</u>	<u>\$ 671,110</u>	<u>\$ 415,439</u>	<u>\$ 3,747,194</u>

See accompanying notes to the basic financial statements.

LATHROP R-II SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
MODIFIED CASH BASIS - GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2016

	GENERAL FUND	SPECIAL REVENUE FUND	DEBT SERVICE FUND	CAPITAL PROJECTS FUND	TOTAL GOVERNMENTAL FUNDS
REVENUES :					
Local	\$ 3,231,671	\$ 857,170	\$ 630,821	\$ 473,176	\$ 5,192,838
County	398,042	49,675	91,557	-	539,274
State	616,113	4,201,436	-	47,314	4,864,863
Federal	525,224	30,089	-	-	555,313
Other	-	-	-	150	150
Total Revenues	4,771,050	5,138,370	722,378	520,640	11,152,438
EXPENDITURES :					
Instruction	1,160,160	4,854,800	-	104,507	6,119,467
Student services	96,247	176,842	-	-	273,089
Instructional staff support	88,026	126,737	-	-	214,763
General administration & central services	361,400	260,455	-	11,781	633,636
Building level administration	181,519	399,504	-	-	581,023
Operation of plant	749,985	-	-	17,373	767,358
Pupil transportation	497,254	-	-	-	497,254
Food service	380,077	-	-	-	380,077
Community services	63,552	80,686	-	-	144,238
Facility acquisition and construction	-	-	-	2,895,630	2,895,630
Debt service:					
Principal retirement	-	-	6,600,000	257,070	6,857,070
Interest and fees	-	-	592,408	99,333	691,741
Total Expenditures	3,578,220	5,899,024	7,192,408	3,385,694	20,055,346
Revenues Over (Under) Expenditures	1,192,830	(760,654)	(6,470,030)	(2,865,054)	(8,902,908)
Other Financing Sources (Uses):					
Transfers	(1,273,674)	760,654	-	513,020	-
Net change in fund balances	(80,844)	-	(6,470,030)	(2,352,034)	(8,902,908)
Fund balance, beginning	2,741,489	-	7,141,140	2,767,473	12,650,102
Fund balance, ending	<u>\$ 2,660,645</u>	<u>\$ -</u>	<u>\$ 671,110</u>	<u>\$ 415,439</u>	<u>\$ 3,747,194</u>

See accompanying notes to the basic financial statements.

**LATHROP R-II SCHOOL DISTRICT
STATEMENT OF NET POSITION - MODIFIED CASH BASIS
FIDUCIARY FUND
JUNE 30, 2016**

	<u>SCHOLARSHIP FUND</u>
ASSETS	
Certificate of deposit	<u>\$ 53,930</u>
NET POSITION	
Held in trust for scholarships	<u>\$ 53,930</u>

See accompanying notes to the basic financial statements.

**LATHROP R-II SCHOOL DISTRICT
STATEMENT OF CHANGE IN NET POSITION
MODIFIED CASH BASIS - FIDUCIARY FUND
JUNE 30, 2016**

	<u>SCHOLARSHIP FUND</u>
Additions	
Interest received	\$ 53
Deductions	
Scholarships paid to students	<u>200</u>
Change in Net Position	(147)
Net Position, beginning	<u>54,077</u>
Net Position, ending	<u>\$ 53,930</u>

See accompanying notes to the basic financial statements.

LATHROP R-II SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2016

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Principles Used to Determine Scope of Entity: The District's reporting entity includes the District's governing board and all related organizations.

The combined financial statements of the District include all organizations that raise and hold economic resources for the direct benefit of the District. The District has implemented GASB Statement No. 61, *The Financial Reporting Entity: Omnibus an amendment of GASB Statements No. 14 and 34*. GASB Statement No. 61 amended GASB Statement No. 14. GASB Statement No. 61 modifies certain requirements for inclusion of component units in the financial reporting entity.

The District has determined that no outside agency meets the criteria set forth in GASB Statement No. 61 and, therefore, no other agency has been included as a component unit in the District's financial statements.

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

Government-wide Financial Statements - The Statement of Net Position and the Statement of Activities display information about the School District as a whole. These statements include the financial activities of the District, except for fiduciary funds.

The Statement of Net Position presents the financial condition of the governmental activities of the District at year-end. The Statement of Activities presents a comparison between direct expenditures and program revenues for each program or function of the District's governmental activities. Direct expenditures are those that are specifically associated with a service, program, or department and therefore clearly identifiable to a particular function. Program revenues include amounts paid by the recipient of goods or services offered by the program and grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues which are not classified as program revenues are presented as general revenues of the District. The comparison of direct expenditures with program revenues identifies the extent to which each governmental function is self-financing or draws from the general revenues of the District.

Fund-Financial Statements - During the year, the District segregates transactions related to certain District functions or activities in separate funds in order to aid financial management and to demonstrate legal compliance. Fund financial statements are designed to present financial information of the District at this more detailed level. The focus of governmental fund financial statements is on major funds. Each major fund is presented in a separate column.

Fund Accounting: The accounts of the District are organized on the basis of funds, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund balance, revenues and expenditures. District resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled. The following funds are used by the District:

LATHROP R-II SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2016

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Major Governmental Funds:

General Fund: Accounts for and reports all financial resources not accounted for and reported in another fund.

Special Revenue Fund: Accounts for and reports the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes other than debt service or capital projects.

Debt Service Fund: Accounts for and reports financial resources that are restricted, committed, or assigned to expenditures for principal and interest.

Capital Projects Fund: Accounts for and reports financial resources that are restricted, committed, or assigned to expenditures for capital outlay, including the acquisition or construction of capital facilities and other capital assets.

Fiduciary Fund:

Scholarship Fund: Accounts for assets held on behalf of outside parties. The fund maintains the awarding of scholarships to specific individuals in accordance with the terms of scholarship agreements entered into with the donors.

Measurement Focus

Government-wide Financial Statements: The government-wide financial statements are prepared using the total economic resources measurement focus. All assets and liabilities arising from cash basis transactions are included on the Statement of Net Position.

Fund Financial Statements: All governmental funds are accounted for using a flow of current financial resources measurement focus. With this measurement of focus, only current assets and current liabilities generally are included on the balance sheet. The Statement of Revenues, Expenditures and Changes in Fund Balances reports on the sources (revenues and other financing sources) and uses (expenditures and other financing uses) of current financial resources. This approach does not differ from the manner in which the governmental activities of the District-wide financial statements are prepared.

Basis of Accounting: In the government-wide Statement of Net Position and Statement of Activities and the fund financial statements, governmental activities are presented using a modified cash basis of accounting. This basis recognizes assets, liabilities, net assets/fund equity, revenues and expenditures when they result from cash transactions. Also, salaries for teachers are recorded as expenditures paid in the fiscal year in which the obligation under the salary contracts are fulfilled by the teachers, even though a portion of such salaries are not paid until July and August of the following fiscal year. This basis is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

Pooled Cash and Temporary Investments: Cash resources of the individual funds are combined to form a pool of cash and temporary investments which is managed by the District's Treasurer. Interest income received is allocated to contributing funds based on cash and temporary investment balances. The investment pool 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).

LATHROP R-II SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2016

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

OPEB Liabilities: As the District uses the modified cash basis of accounting, other post-employment benefits (OPEB) liabilities are not reported in these financial statements. The District has not provided for an estimate of this liability to be performed.

Vacation and Sick Leave: Vacation time, personal business days, and sick leave are considered as expenditures in the year paid. Sick leave amounts unused and which are vested in the employee are payable upon retirement or separation. Each year end, employees may accumulate unused sick leave up to 75 days. Excess of 75 sick days will be reimbursed yearly at the end of the fiscal year at a rate based on years of service. Certificated staff will be reimbursed \$35 per day after being employed for 5-9 years, \$65 per day after being employed for 10-14 years, and \$80 per day after being employed for 15 years or more. Non-certified employees will be reimbursed at \$20 per day after being employed for 5-9 years, \$50 per day after being employed for 10-14 years, and \$65 per day after being employed for 15 years or more.

Teachers' Salaries: Payroll checks and related taxes written and dated in June 2016, for July and August 2016 payrolls related to 2015-2016 contracts in the amount of \$703,096 are included in the financial statements as an expenditure paid in the month of June. This practice has been consistently followed in previous years.

NOTE B - DEPOSITS AND INVESTMENTS

Custodial credit risk: For deposits, custodial credit risk is the risk that in the event of bank failure, the District's deposits may not be returned to it. At June 30, 2016, the bank balances of the District's deposits totaled \$392,091 which was covered by FDIC insurance.

Interest rate risk: Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The District has a formal investment policy that minimizes 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 investing operating funds primarily in shorter term securities.

Credit risk: Credit risk is defined as the risk that an issuer or other counterparties to an investment in debt securities will not fulfill its obligation.

The District is participating in the program created by Senate Bill 301 administered by the Missouri Health and Educational Authority (MOHEFA). The program intercepts a portion of state aid and places those funds in escrow to pay the current debt service requirement of the District's outstanding bonds. The District's investments in MOHEFA are not rated by any of the nationally recognized statistical rating organizations. The District had \$267,783 invested with MOHEFA at June 30, 2016.

MOSIP is professionally managed by PFM Asset Management LLC, a registered investment adviser, who is one of the nations' largest administrators of local government investment programs. All investments in the MOSIP pool are rated AAAM by Standard and Poor's and meet the permitted investments statutes for Missouri Schools. The District had \$745,362 invested with MOSIP at June 30, 2016.

Concentration of credit risk: Concentration of credit risk is the risk loss attributed to the magnitude of a government's investment in a single user. The District's investment policy places no limit on the amount the District may invest in any one issuer.

LATHROP R-II SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2016

NOTE B - DEPOSITS AND INVESTMENTS (continued)

Certificates of Deposit: Certificates of deposit with maturities in excess of three months are considered deposits for custodial risk determination. As of June 30, 2016, the bank balances of the District's certificates of deposit totaled \$3,296,635. Of this amount \$110,094 was covered by FDIC insurance, and \$3,186,541 was supported by collateral, held by banks in the District's name that do not hold the collateralized deposits.

NOTE C - RETIREMENT PLAN

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.

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

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

LATHROP R-II SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2016

NOTE C - RETIREMENT PLAN (continued)

The District's contributions to PSRS for the year ended June 30, 2016 were \$680,393. The District's contributions to S-PSRS, the "2/3's statute", for the year ended June 30, 2016 were \$13,525.

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.

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.

PEERS members were required to contribute 6.86% of their annual covered salary during fiscal year 2016. Employers were required to match the contributions made by employees. The contribution rate is set each year by the PSRS Board of Trustees upon the recommendation of the independent actuary within the contribution restrictions set in Section 169.030 RSMo. The annual statutory increase in the total contribution rate may not exceed 0.5% of pay.

The District's contributions to PEERS for the year ended June 30, 2016 were \$77,832.

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. Clinton County and Caldwell County collect the property tax and remit it to the District. The District also receives sales tax collected by the state and remitted based on weighted average daily attendance. 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. The District's voters have approved a waiver of the rollback and, therefore, the District was not required to reduce its levy for the calendar year 2015.

LATHROP R-II SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2016

NOTE D - TAXES (Continued)

The assessed valuation of the tangible taxable property for the calendar year 2015 for the purposes of local taxation was:

Real Estate:		
Residential	\$	38,385,780
Agricultural		5,149,390
Commercial		5,579,024
Personal Property		<u>11,194,123</u>
	<u>\$</u>	<u>60,308,317</u>

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

	<u>Unadjusted</u>	<u>Adjusted</u>
General Fund	\$ 4.3619	\$ 4.3619
Special Revenue Fund	-	-
Debt Service Fund	0.9725	0.9725
Capital Projects Fund	<u>-</u>	<u>-</u>
	<u>\$ 5.3344</u>	<u>\$ 5.3344</u>

The receipts of current and delinquent property taxes during the fiscal year ended June 30, 2016 aggregated approximately 101 percent of the current assessment computed on the basis of the levy as shown above.

NOTE E - INSURANCE

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; injuries to employees; and natural disasters. The District maintains commercial insurance to protect itself from such risks.

NOTE F - LONG-TERM DEBT

Changes in long-term debt during the fiscal year were as follows:

	Balance July 1, 2015	Additions	Retirements	Balance June 30, 2016	Amount Due Within One Year
Bonds payable	\$ 15,800,000	\$ -	\$ 6,600,000	\$ 9,200,000	\$ 380,000
Capital leases	<u>2,465,309</u>	<u>-</u>	<u>257,070</u>	<u>2,208,239</u>	<u>266,840</u>
Total	<u>\$ 18,265,309</u>	<u>\$ -</u>	<u>\$ 6,857,070</u>	<u>\$ 11,408,239</u>	<u>\$ 646,840</u>

LATHROP R-II SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2016

NOTE G - CAPITAL LEASE OBLIGATIONS

On December 31, 2002, the District entered into a lease purchase agreement with a bank to finance the cost of acquiring and installing certain equipment designed to reduce energy consumption and operating costs. The District issued \$1,935,000 Series 2002 Certificates of Participation (Lathrop R-II School District Energy Improvement Project) with the proceeds used to provide funds to pay the costs of the project. Under the project, the District entered into an agreement with the contractor installing the equipment to guarantee certain savings. The lease required varying annual installments through August 2018; interest at 3.80 to 5.125%. This lease was paid off January 15, 2013, as discussed below.

On November 15, 2007, the District entered into a lease purchase agreement with a financial institution to finance the cost of acquisition, construction, improving, renovating, furnishing and equipping the new high school facility. The District issued \$2,255,000 Series 2007 Certificates of Participation with the proceeds used to provide funds to pay the costs of the project. The lease requires varying annual installments through March 1, 2028, interest at 4.00 to 5.00%.

On January 15, 2013, the District entered into a refunding lease agreement with a financial institution to refinance the Series 2002 Certificates of Participation. The District issued \$930,000 Series 2013 Refunding Lease Participation Certificates with the proceeds used to refinance the remaining balance of the Series 2002 Certificates of Participation plus reserves and cost of issuance. The lease requires varying annual installments through March 1, 2019, interest at 2.00%.

On October 1, 2013, the District entered into a lease purchase agreement for the installation and maintenance of three solar electric generating systems. The total cost of the lease is \$136,800. The lease requires monthly installments through October 1, 2033, interest at 0.00%.

Future minimum lease payments on the above leases are as follows:

Year ending June 30,	Principal	Interest	Total
2017	\$ 266,840	\$ 88,333	\$ 355,173
2018	271,840	80,633	352,473
2019	276,840	72,583	349,423
2020	121,840	63,838	185,678
2021	131,840	58,375	190,215
2022	131,840	52,438	184,278
2023	141,840	46,500	188,340
2024	151,840	39,750	191,590
2025	156,840	32,500	189,340
2026	166,840	25,000	191,840
2027	171,840	17,000	188,840
2028	181,840	8,750	190,590
2029	6,840	-	6,840
2030	6,840	-	6,840
2031	6,840	-	6,840
2032	6,840	-	6,840
2033	6,840	-	6,840
2034	1,959	-	1,959
Total	<u>\$ 2,208,239</u>	<u>\$ 585,700</u>	<u>\$ 2,793,939</u>

LATHROP R-II SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2016

NOTE H - BONDS PAYABLE

Bonds payable outstanding at June 30, 2016 are as follows:

Series 2014 general obligation refunding bonds due in varying annual installments through March 2027, interest from 3.0% to 3.1%	\$ 6,500,000
Series 2015 general obligation building bonds due in varying annual installments through March 2035, interest from 3.25% to 3.75%	<u>2,700,000</u>
Total	<u><u>\$ 9,200,000</u></u>

Debt service requirements to maturity are:

Year ending June 30,	Principal	Interest	Total
2017	\$ 380,000	\$ 289,448	\$ 669,448
2018	420,000	278,038	698,038
2019	460,000	265,448	725,448
2020	500,000	251,648	751,648
2021	540,000	236,648	776,648
2022	625,000	220,448	845,448
2023	680,000	201,698	881,698
2024	700,000	181,298	881,298
2025	700,000	160,298	860,298
2026	735,000	139,298	874,298
2027	760,000	117,248	877,248
2028	250,000	93,688	343,688
2029	275,000	85,563	360,563
2030	300,000	76,625	376,625
2031	325,000	66,875	391,875
2032	350,000	56,313	406,313
2033	375,000	44,063	419,063
2034	400,000	30,938	430,938
2035	<u>425,000</u>	<u>15,938</u>	<u>440,938</u>
Total	<u><u>\$ 9,200,000</u></u>	<u><u>\$ 2,811,518</u></u>	<u><u>\$ 12,011,518</u></u>

LATHROP R-II SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2016

NOTE I - LEASE COMMITMENTS

The District signed a new lease for copiers from a third party under an operating lease dated March 25, 2014. The lease started upon delivery of the equipment on June 30, 2014. The copier lease is non-cancelable with a term of 48 months, requiring monthly lease payments of \$1,659.

The District also leases communication equipment from a third party under a lease agreement dated October 1, 2007. The lease automatically renewed on October 1, 2012, for another five year term and requires monthly lease payments of \$675.

Future minimum lease payments (assuming non-cancellation) are as follows:

Year ending June 30,	
2017	\$ 30,432
2018	24,405
2019	2,517
2020	2,568
2021	2,619
2022 - thereafter	<u>35,828</u>
Total	<u>\$ 98,369</u>

Lease expense for the year ended June 30, 2016 was \$30,384.

NOTE J - INTERFUND TRANSFERS

During the year, the District made a \$350,000 transfer from the General Fund to the Capital Projects Fund for necessary capital outlay expenditures. This revenue transfer is capped by an amount calculated annually by the Missouri Department of Elementary and Secondary Education (DESE).

The District also made a \$163,020 transfer from the General Fund to the Capital Projects Fund based on the Guaranteed Energy Performance Savings Contract.

Also, as allowed by DESE, the District transferred \$760,654 from the General Fund to the Special Revenue Fund to avoid deficit spending in the Special Revenue Fund.

NOTE K - COMMITMENT

During the prior fiscal year, the District entered into an agreement to construct an athletic complex at the Lathrop High School. As of June 30, 2016, the District had \$72,734 in remaining costs.

LATHROP R-II SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2016

NOTE L - FUND BALANCES - GOVERNMENTAL FUNDS

Statement No. 54 of the Governmental Accounting Standards Board (GASB 54) establishes accounting and financial reporting standards for all governments that report governmental funds. GASB 54 establishes criteria for classifying fund balances and clarifies definitions for governmental fund types.

GASB 54 establishes five (5) fund balance categories: Nonspendable, Restricted, Committed, Assigned and Unassigned:

Nonspendable fund balance - Funds that cannot be spent due to their form (e.g., inventories and prepaid) or funds that legally or contractually must be maintained intact.

Restricted fund balance - Funds that are mandated for a specific purpose by external parties, constitutional provisions or enabling legislation.

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

Assigned fund balance - Funds that are set aside with the intent to be used for a specific purpose by the District's highest level of decision-making authority to a body or official who has been given the authority to assign funds. Assigned funds are residual amounts in governmental funds other than the General Funds. Assigned funds cannot cause a deficit in unassigned fund balance.

Unassigned fund balance - Excess funds that have not been classified in the previous four (4) categories. All funds in this category are considered spendable resources. This category also provides the resources necessary to meet unexpected expenditures and revenue shortfalls. The General Fund should be the only fund that reports a positive unassigned fund balance amount. In other governmental funds, if expenditures incurred for specific purposes exceeded the amounts restricted, committed or assigned to those purposes, it may be necessary to report a negative fund balance.

The Board of Education has the authority to set aside funds for a specific purpose. Commitments are authorized by formal Board resolution. The passage of a resolution must take place prior to June 30 of the applicable fiscal year. If the actual amount of the commitment is not available by June 30, the resolution must state the process or format necessary to calculate the actual amount as soon as information is available. Assignments are authorized by fund placement in the Special Revenue, Capital Projects and Debt Service Funds in the original, adopted and later revised budget.

The Board delegates the authority to assign amounts for specific purpose(s) to the Superintendent. Upon adoption of a budget where fund balance is used as a source to balance the budget, the Superintendent shall record the amount as assigned fund balance.

When both restricted and unrestricted funds are available for expenditure, unrestricted funds should be spent first unless legal requirements disallow it.

When committed, assigned and unassigned funds are available for expenditure, unassigned funds should be spent first, assigned funds second and committed funds last.

LATHROP R-II SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2016

NOTE L - FUND BALANCES - GOVERNMENTAL FUNDS (continued)

As of June 30, 2016, fund balances are composed of the following:

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Debt Service Fund</u>	<u>Capital Projects Fund</u>
Restricted:				
Debt service	\$ -	\$ -	\$ 671,110	\$ -
Committed:				
Capital projects	-	-	-	72,734
Assigned:				
Student activities	128,527	-	-	-
Capital projects	-	-	-	342,705
Scholarships	50,000	-	-	-
Total Assigned	<u>178,527</u>	<u>-</u>	<u>-</u>	<u>342,705</u>
Unassigned	<u>2,482,118</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total fund balances	<u>\$ 2,660,645</u>	<u>\$ -</u>	<u>\$ 671,110</u>	<u>\$ 415,439</u>

SUPPLEMENTARY INFORMATION

LATHROP R-II SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE - MODIFIED CASH BASIS
GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2016

	BUDGET		ACTUAL	VARIANCE
	ORIGINAL	FINAL		
REVENUES:				
Local	\$ 2,835,082	\$ 3,230,907	\$ 3,231,671	\$ 764
County	342,000	400,000	398,042	(1,958)
State	567,494	630,991	616,113	(14,878)
Federal	478,353	520,353	525,224	4,871
Other	-	-	-	-
Total Revenues	4,222,929	4,782,251	4,771,050	(11,201)
EXPENDITURES:				
Instruction	901,775	1,100,590	1,160,160	(59,570)
Student services	115,853	115,852	96,247	19,605
Instructional staff support	171,855	76,731	88,026	(11,295)
General administration & central services	224,277	348,643	361,400	(12,757)
Building level administration	200,553	200,553	181,519	19,034
Operation of plant	856,394	856,394	749,985	106,409
Pupil transportation	483,690	483,690	497,254	(13,564)
Food service	409,129	413,630	380,077	33,553
Community services	33,780	33,780	63,552	(29,772)
Facility acquisition and construction	-	-	-	-
Debt service:				
Principal retirement	-	-	-	-
Interest and fees	-	-	-	-
Total Expenditures	3,397,306	3,629,863	3,578,220	51,643
Revenues Over (Under) Expenditures	825,623	1,152,388	1,192,830	40,442
Other Financing Sources (Uses):				
Transfers	(1,394,976)	(1,357,554)	(1,273,674)	83,880
Net change in fund balance	(569,353)	(205,166)	(80,844)	124,322
Fund balance, beginning	2,741,489	2,741,489	2,741,489	-
Fund balance, ending	<u>\$ 2,172,136</u>	<u>\$ 2,536,323</u>	<u>\$ 2,660,645</u>	<u>\$ 124,322</u>

See accompanying notes to the budgetary comparison schedule.

LATHROP R-II SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE - MODIFIED CASH BASIS
SPECIAL REVENUE FUND
FOR THE YEAR ENDED JUNE 30, 2016

	BUDGET		ACTUAL	VARIANCE
	ORIGINAL	FINAL		
REVENUES:				
Local	\$ 818,070	\$ 861,800	\$ 857,170	\$ (4,630)
County	59,418	59,418	49,675	(9,743)
State	4,198,631	4,198,631	4,201,436	2,805
Federal	29,335	29,335	30,089	754
Other	-	-	-	-
Total Revenues	<u>5,105,454</u>	<u>5,149,184</u>	<u>5,138,370</u>	<u>(10,814)</u>
EXPENDITURES:				
Instruction	4,922,857	4,929,165	4,854,800	74,365
Student services	177,748	177,747	176,842	905
Instructional staff support	292,412	160,509	126,737	33,772
General administration & central services	128,964	260,868	260,455	413
Building level administration	399,792	399,791	399,504	287
Operation of plant	-	-	-	-
Pupil transportation	-	-	-	-
Food service	-	-	-	-
Community services	65,637	65,638	80,686	(15,048)
Facility acquisition and construction	-	-	-	-
Debt service:				
Principal retirement	-	-	-	-
Interest and fees	-	-	-	-
Total Expenditures	<u>5,987,410</u>	<u>5,993,718</u>	<u>5,899,024</u>	<u>94,694</u>
Revenues Over (Under) Expenditures	(881,956)	(844,534)	(760,654)	83,880
Other Financing Sources (Uses):				
Transfers	<u>881,956</u>	<u>844,534</u>	<u>760,654</u>	<u>(83,880)</u>
Net change in fund balance	-	-	-	-
Fund balance, beginning	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balance, ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

See accompanying notes to the budgetary comparison schedule.

**LATHROP R-II SCHOOL DISTRICT
 BUDGETARY COMPARISON SCHEDULE - MODIFIED CASH BASIS
 DEBT SERVICE FUND
 FOR THE YEAR ENDED JUNE 30, 2016**

	BUDGET		ACTUAL	VARIANCE
	ORIGINAL	FINAL		
REVENUES:				
Local	\$ 586,894	\$ 637,982	\$ 630,821	\$ (7,161)
County	58,000	95,000	91,557	(3,443)
State	-	-	-	-
Federal	-	-	-	-
Other	-	-	-	-
Total Revenues	<u>644,894</u>	<u>732,982</u>	<u>722,378</u>	<u>(10,604)</u>
EXPENDITURES:				
Instruction	-	-	-	-
Student services	-	-	-	-
Instructional staff support	-	-	-	-
General administration & central services	-	-	-	-
Building level administration	-	-	-	-
Operation of plant	-	-	-	-
Pupil transportation	-	-	-	-
Food service	-	-	-	-
Community services	-	-	-	-
Facility acquisition and construction	-	-	-	-
Debt service:				
Principal retirement	250,000	6,650,000	6,600,000	50,000
Interest and fees	396,324	592,083	592,408	(325)
Total Expenditures	<u>646,324</u>	<u>7,242,083</u>	<u>7,192,408</u>	<u>49,675</u>
Net change in fund balance	(1,430)	(6,509,101)	(6,470,030)	39,071
Fund balance, beginning	<u>7,141,140</u>	<u>7,141,140</u>	<u>7,141,140</u>	<u>-</u>
Fund balance, ending	<u>\$ 7,139,710</u>	<u>\$ 632,039</u>	<u>\$ 671,110</u>	<u>\$ 39,071</u>

See accompanying notes to the budgetary comparison schedule.

**LATHROP R-II SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE - MODIFIED CASH BASIS
CAPITAL PROJECTS FUND
FOR THE YEAR ENDED JUNE 30, 2016**

	BUDGET		ACTUAL	VARIANCE
	ORIGINAL	FINAL		
REVENUES:				
Local	\$ 22,019	\$ 480,580	\$ 473,176	\$ (7,404)
County	-	-	-	-
State	49,000	49,000	47,314	(1,686)
Federal	-	-	-	-
Other	-	-	150	150
Total Revenues	71,019	529,580	520,640	(8,940)
EXPENDITURES:				
Instruction	113,300	113,300	104,507	8,793
Student services	-	-	-	-
Instructional staff support	8,711	-	-	-
General administration & central services	-	8,711	11,781	(3,070)
Building administration	-	-	-	-
Operation of plant	40,500	49,510	17,373	32,137
Pupil transportation	-	-	-	-
Food service	3,500	3,500	-	3,500
Community services	5,500	5,500	-	5,500
Facility acquisition and construction	-	3,072,647	2,895,630	177,017
Debt service:				
Principal retirement	256,240	256,240	257,070	(830)
Interest and fees	99,333	99,333	99,333	-
Total Expenditures	527,084	3,608,741	3,385,694	223,047
Revenues Over (Under) Expenditures	(456,065)	(3,079,161)	(2,865,054)	214,107
Other Financing Sources (Uses):				
Transfers	513,020	513,020	513,020	-
Net change in fund balance	56,955	(2,566,141)	(2,352,034)	214,107
Fund balance, beginning	2,767,473	2,767,473	2,767,473	-
Fund balance, ending	<u>\$ 2,824,428</u>	<u>\$ 201,332</u>	<u>\$ 415,439</u>	<u>\$ 214,107</u>

See accompanying notes to the budgetary comparison schedule.

LATHROP R-II SCHOOL DISTRICT
NOTES TO THE BUDGETARY COMPARISON SCHEDULE
JUNE 30, 2016

Budgetary Process

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

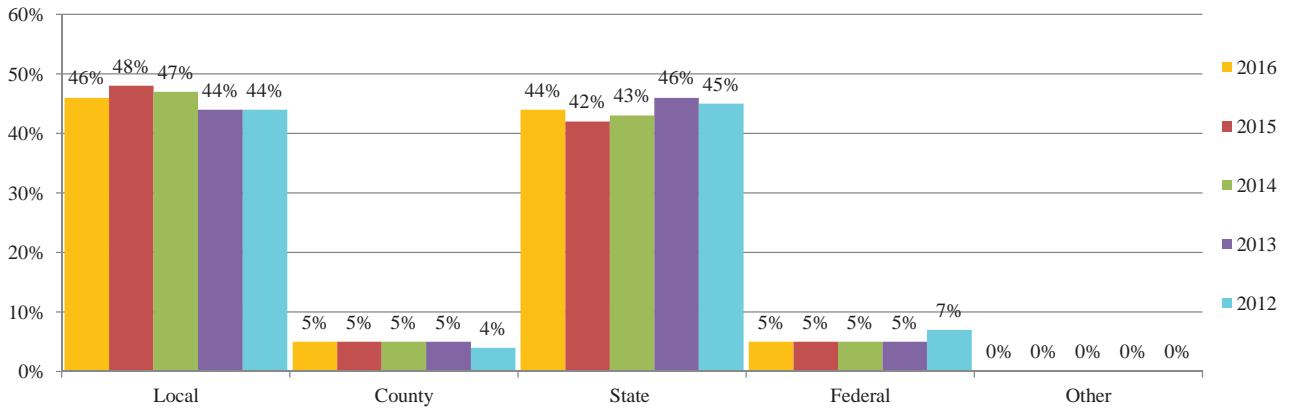
1. In accordance with Chapter 67, RSMo, the District adopts a budget for each fund.
2. Prior to July the superintendent, who serves as the budget officer, submits to the Board of Education a proposed budget for the fiscal year beginning on the following July 1. The proposed budget includes estimated revenues and proposed expenditures for all funds. Budgeted expenditures cannot exceed beginning available monies plus estimated revenues for the year.
3. A public hearing is conducted to obtain taxpayer comments. Prior to its approval by the Board of Education, the budget document is available for public inspection.
4. 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 final budget information included in the financial statements.
6. Budgets for District funds are prepared and adopted on the modified cash basis (budget basis), recognizing revenues when collected and expenditures when paid.

LATHROP R-II SCHOOL DISTRICT
SCHEDULE OF REVENUES COLLECTED BY SOURCE
FOR THE YEAR ENDED JUNE 30, 2016

	GENERAL FUND	SPECIAL REVENUE FUND	DEBT SERVICE FUND	CAPITAL PROJECTS FUND	TOTAL
LOCAL:					
Property tax	\$ 2,643,881	\$ -	\$ 589,433	\$ -	\$ 3,233,314
Sales tax	-	855,349	-	-	855,349
Financial institution tax	-	-	351	1,573	1,924
M & M surtax	-	-	4,219	18,924	23,143
Transportation fees	3,424	-	-	-	3,424
Earnings on investments	16,277	841	36,818	1,600	55,536
Food service	154,291	-	-	-	154,291
Student activities	330,608	-	-	-	330,608
Community services	18,229	-	-	-	18,229
Other local revenue	64,961	980	-	451,079	517,020
Total Local	<u>3,231,671</u>	<u>857,170</u>	<u>630,821</u>	<u>473,176</u>	<u>5,192,838</u>
COUNTY:					
Fines and escheats	-	49,675	-	-	49,675
State assessed utilities	398,042	-	91,557	-	489,599
Total County	<u>398,042</u>	<u>49,675</u>	<u>91,557</u>	<u>-</u>	<u>539,274</u>
STATE:					
Basic formula	-	4,178,284	-	-	4,178,284
Transportation	72,251	-	-	-	72,251
Early Childhood Special Ed.	147,130	-	-	-	147,130
Basic formula - classroom trust fund	285,555	23,152	-	42,500	351,207
Career education	5,521	-	-	4,814	10,335
Food service	2,861	-	-	-	2,861
Educational screening	46,520	-	-	-	46,520
High need fund	52,033	-	-	-	52,033
Other state revenue	4,242	-	-	-	4,242
Total State	<u>616,113</u>	<u>4,201,436</u>	<u>-</u>	<u>47,314</u>	<u>4,864,863</u>
FEDERAL:					
Title I	114,647	-	-	-	114,647
Title II A	-	30,089	-	-	30,089
Medicaid	38,842	-	-	-	38,842
Individuals with Disabilities	177,415	-	-	-	177,415
IDEA grants	3,000	-	-	-	3,000
Early childhood special education	28,960	-	-	-	28,960
Child Nutrition	162,360	-	-	-	162,360
Total Federal	<u>525,224</u>	<u>30,089</u>	<u>-</u>	<u>-</u>	<u>555,313</u>
OTHER:					
Sale of surplus property	-	-	-	150	150
Total Revenues Collected	<u>\$ 4,771,050</u>	<u>\$ 5,138,370</u>	<u>\$ 722,378</u>	<u>\$ 520,640</u>	<u>\$ 11,152,438</u>

**LATHROP R-II SCHOOL DISTRICT
SCHEDULE OF REVENUES COLLECTED BY SOURCE
FOR THE YEARS ENDED JUNE 30, 2016, 2015, 2014, 2013 AND 2012**

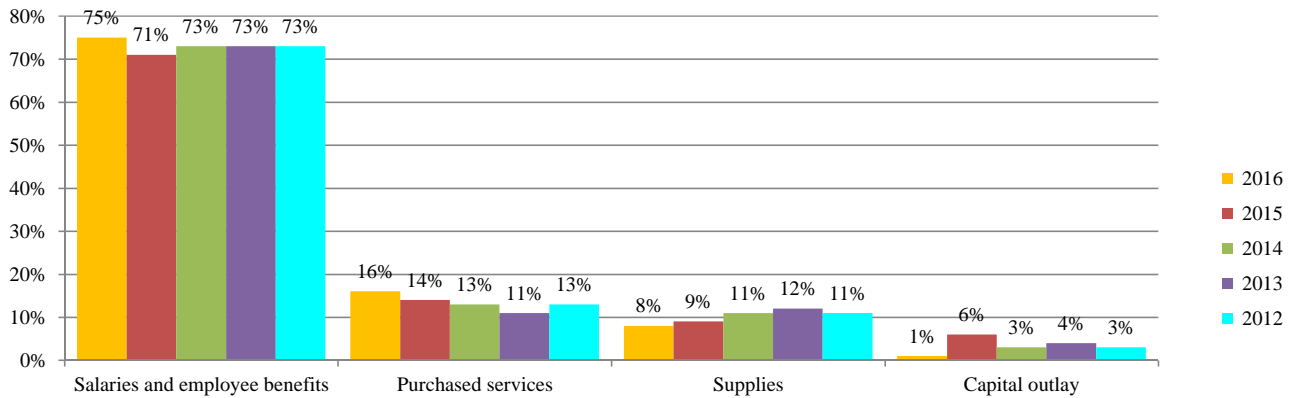
	2016	2015	2014	2013	2012
Local	\$ 5,192,838	\$ 5,216,403	\$ 4,885,032	\$ 4,361,489	\$ 4,142,668
County	539,274	546,036	542,091	452,914	368,618
State	4,864,863	4,644,249	4,408,162	4,494,512	4,204,503
Federal	555,313	589,045	485,003	527,804	629,794
Other	150	-	5,194	1,623	3,443
	<u>\$ 11,152,438</u>	<u>\$ 10,995,733</u>	<u>\$ 10,325,482</u>	<u>\$ 9,838,342</u>	<u>\$ 9,349,026</u>



Note: The above graphs do not include debt proceeds.

**LATHROP R-II SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES PAID BY OBJECT
FOR THE YEARS ENDED JUNE 30, 2016, 2015, 2014, 2013 AND 2012**

	GENERAL FUND	SPECIAL REVENUE FUND	DEBT SERVICE FUND	CAPITAL PROJECTS FUND	2016 TOTALS	2015 TOTALS	2014 TOTALS	2013 TOTALS	2012 TOTALS
Salaries	\$ 991,376	\$ 4,554,008	\$ -	\$ -	\$ 5,545,384	\$ 5,391,435	\$ 5,228,543	\$ 5,016,019	\$ 4,677,667
Employee benefits	357,573	1,276,952	-	-	1,634,525	1,561,599	1,477,340	1,382,806	1,328,939
Purchased services	1,441,157	68,064	-	-	1,509,221	1,360,909	1,162,805	975,513	1,048,054
Supplies	788,114	-	-	-	788,114	859,685	975,955	1,059,447	941,117
Capital outlay	-	-	-	3,029,291	3,029,291	564,407	709,610	374,214	190,945
Principal	-	-	6,600,000	257,070	6,857,070	506,931	647,560	360,000	411,318
Interest and fees	-	-	592,408	99,333	691,741	688,417	542,464	500,771	516,974
	<u>\$ 3,578,220</u>	<u>\$ 5,899,024</u>	<u>\$ 7,192,408</u>	<u>\$ 3,385,694</u>	<u>\$ 20,055,346</u>	<u>\$ 10,933,383</u>	<u>\$ 10,744,277</u>	<u>\$ 9,668,770</u>	<u>\$ 9,115,014</u>

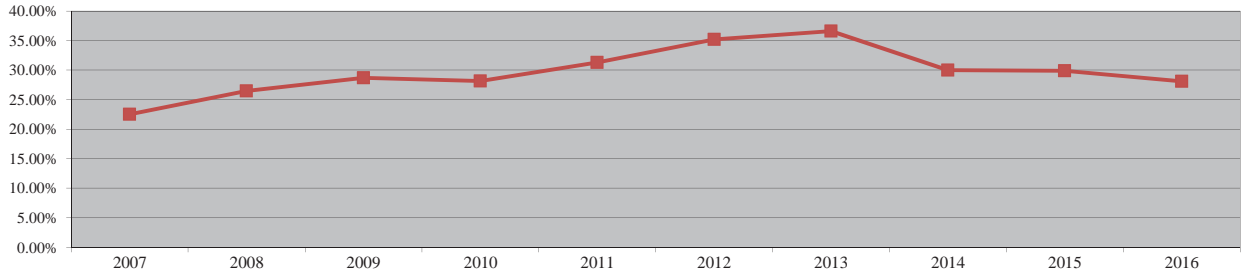


Note: The above graphs do not include expenditures for debt service expenditures or for capital improvements.

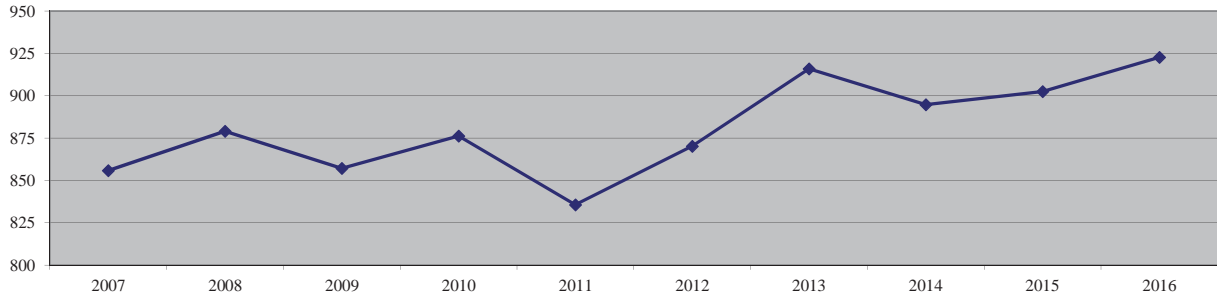
**LATHROP R-II SCHOOL DISTRICT
SELECTED TRENDS
FOR THE YEARS ENDED JUNE 30, 2007 THROUGH 2016**

General and Special Revenue Funds	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Total Fund Balances	\$ 1,731,455	\$ 2,112,424	\$ 2,445,421	\$ 2,443,574	\$ 2,541,712	\$ 2,815,902	\$ 3,086,931	\$ 2,651,916	\$ 2,741,489	\$ 2,660,645
Total Expenditures	7,696,855	7,980,201	8,521,794	8,682,834	8,125,197	7,995,777	8,433,785	8,844,643	9,173,628	9,477,244
Reserve ratios	22.50%	26.47%	28.70%	28.14%	31.28%	35.22%	36.60%	29.98%	29.88%	28.07%
Average Daily Attendance	855.71	879.12	857.09	876.27	835.47	870.13	915.94	894.72	902.52	922.65

Reserve Ratios



Average Daily Attendance



**LATHROP R-II SCHOOL DISTRICT
SCHEDULE OF SELECTED STATISTICS
FOR THE YEAR ENDED JUNE 30, 2016**

1. CALENDAR

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

Grades K - 5	1,088.64
Grades 6 - 8	1,083.66
Grades 9 - 12	1,091.11

B. The number of days classes were in session and pupils were under the direction of teachers during this school year was 149 days.

2. AVERAGE DAILY ATTENDANCE (ADA)

Grades K-12	880.30
Resident II	0.93
Summer School	<u>41.42</u>
Total Average Daily Attendance	<u><u>922.65</u></u>

3. SEPTEMBER MEMBERSHIP

September Membership FTE Count 930.22

4. FREE AND REDUCED PRICE LUNCH FTE COUNT (Section 163.011(6), RSMo)

State FTE Total Free 251.35
Reduced 65.00

5. FINANCE

A. A bond as required by Section 162.401, RSMo. has been purchased for the District's treasurer in the amount of: \$50,000

B. The District's deposits were secured during the year as required by Section 110.010 and 110.020, RSMo. True

C. The District maintained a separate bank account for its 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

**LATHROP R-II SCHOOL DISTRICT
SCHEDULE OF SELECTED STATISTICS
FOR THE YEAR ENDED JUNE 30, 2016**

5. **FINANCE** (continued)

- E. If a \$162,326 or 7% x SAT x WADA transfer was made in excess of adjusted expenditures, did 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 thirty days of the receipt of the audit pursuant to Section 165.121, RSMo. True
- G. The District has a professional development committee plan adopted by the Board with the professional development committee plan identifying the expenditure of seventy-five percent (75%) of one percent (1%) of the current year basic formula apportionment. True
- H. The amount spent for approved professional development committee plan activities was: \$49,215

6. **TRANSPORTATION** (Section 163.161, RSMo.)

- A. The District's transportation allowable costs substantially conform to 5 CSR 30-261.040, Allowable Costs for State Transportation Aid. True
- 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. True
- C. Based on the ridership records, the average number of students (non-disabled K-12, K-12 students with disabilities and career education) transported on a regular basis (ADT) was:
Eligible ADT: 469.00
Ineligible ADT: 9.00
- D. The District's transportation odometer mileage records are so maintained as to accurately disclose in all material respects the eligible and ineligible miles for the year. True
- E. Actual odometer records, the total district-operated and contracted mileage for the year was: 120,487
- Of this total, the eligible non-disabled and students with disabilities route miles and the ineligible non-route and disapproved miles (combined) was: Eligible miles: 81,454
Ineligible miles (non-route/disapproved): 39,033
- F. Number of days the District operated the school transportation system during this school year. 149

INTERNAL CONTROL AND COMPLIANCE

**REPORT ON THE ADMINISTRATION'S ASSERTIONS
ABOUT COMPLIANCE WITH SPECIFIED REQUIREMENTS
OF MISSOURI LAWS AND REGULATIONS**

To the Board of Education
Lathrop R-II School District

We have audited the administration's assertions, included in its representation letter dated July 27, 2016, that Lathrop R-II School District complied with the requirements of Missouri Laws and Regulations regarding budgetary and disbursement procedures; accurate disclosure by the District's attendance records of average daily attendance, resident membership on the last Wednesday of September, 2015 and the number of students eligible to receive free or reduced price lunches on the last Wednesday of January, 2016; and accurate disclosure by the District's pupil transportation records of the average students scheduled to be transported eligible and ineligible for state aid, the number of miles eligible and ineligible for state aid and the allowable costs for pupil transportation during the year ended June 30, 2016. As discussed in that representation letter, the administration is responsible for the District's compliance with those requirements. Our responsibility is to express an opinion on the administration's assertions about the District's compliance based on our audit.

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

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

We also noted immaterial instances of noncompliance with the aforementioned requirements that we have reported to the administration of the District in the accompanying Schedule of State Findings.

This report is intended solely for the information and use of the Board of Education, the administration 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.

Westbrook & Co., P.C.

July 27, 2016

**LATHROP R-II SCHOOL DISTRICT
SCHEDULE OF STATE FINDINGS
FOR THE YEAR ENDED JUNE 30, 2016**

BOARD APPROVAL OF CONTRACTS

Missouri Statutes regarding school contracting require a majority of the board to approve every contract, regardless of the dollar amount involved. This includes every purchase order and contract that a district may enter. Both §162.301 (seven director districts) and §162.511(urban districts) state that “no contract shall be let, person/teacher employed, bill approved or warrant ordered unless a majority of the whole board votes therefor.” §432.070, RSMo. requires that the contract be entered prior to performance under the contract. We tested expenditures for special education purchased services, noting that while the vendor invoices were approved by the Board as part of the consent agenda, the contracts were not presented to the Board for approval. We recommend that the administration present to the Board a listing of contracts up for renewal or award each applicable month, allowing for discussion and approval by the Board.

**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***

To the Board of Education
Lathrop R-II School District

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 modified cash basis financial statements of the governmental activities, each major fund and the aggregate remaining fund information of Lathrop R-II School District as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated July 27, 2016.

Internal Control Over Financial Reporting

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

Purpose of this Report

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

Handwritten signature in black ink that reads "Westbrook & Co., P.C." with a stylized ampersand.

Richmond, Missouri
July 27, 2016