

WALNUT GROVE R-V SCHOOL DISTRICT

WALNUT GROVE, MISSOURI

BASIC FINANCIAL STATEMENTS

Year Ended June 30, 2015

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INDEPENDENT AUDITORS' REPORT

Board of Education
Walnut Grove R-V School District
Walnut Grove, Missouri

We have audited the basic financial statements of the governmental activities and each major fund of the Walnut Grove R-V School District as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the 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 cash basis financial position of the governmental activities and each major fund of Walnut Grove R-V School District as of June 30, 2015, and the respective changes in 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 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 pension information and budgetary comparison information on pages 32-39, which is the responsibility of management, is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such 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 Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated October 23, 2015, 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.

Board of Education
Walnut Grove R-V School District
Walnut Grove, Missouri

Other Financial Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Walnut Grove R-V 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 Other Financial Information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the 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.

KPM CPAs, PC

KPM CPAs, PC
Springfield, Missouri
October 23, 2015

GOVERNMENT-WIDE FINANCIAL STATEMENTS

WALNUT GROVE R-V SCHOOL DISTRICT
 STATEMENT OF NET POSITION – CASH BASIS
 June 30, 2015

	<u>Governmental Activities</u>
ASSETS	
Cash and cash equivalents	\$ 1,004,649
TOTAL ASSETS	<u><u>\$ 1,004,649</u></u>
NET POSITION	
Restricted for:	
Student activities	\$ 93,456
Digital imaging	178
Professional development	1,044
Unrestricted	909,971
TOTAL NET POSITION	<u><u>\$ 1,004,649</u></u>

See accompanying notes.

WALNUT GROVE R-V SCHOOL DISTRICT
STATEMENT OF ACTIVITIES – CASH BASIS
Year Ended June 30, 2015

	Cash Disbursements	Program Cash Receipts		Net (Disbursements) Receipts and Changes in Net Position
		Charges for Services	Operating Grants and Contributions	
Governmental Activities:				
Instruction	\$ (1,440,297)	\$ 159,379	\$ 218,114	\$ -
Student services	(83,243)	-	-	-
Instructional staff support	(67,146)	-	36,026	-
Building administration	(198,674)	-	-	-
General administration	(267,417)	-	-	-
Operation of plant	(239,586)	-	-	-
Transportation	(188,420)	5,598	40,990	-
Food service	(123,800)	30,485	71,459	-
Community services	(69,813)	28,743	43,476	-
Debt service	(85,361)	-	-	-
NET PROGRAM (DISBURSEMENTS) RECEIPTS	<u>\$ (2,763,757)</u>	<u>\$ 224,205</u>	<u>\$ 410,065</u>	<u>\$ -</u>
General Receipts:				
Ad valorem tax receipts				700,473
Prop C sales tax receipts				247,243
Other tax receipts				1,518
County receipts				23,985
State receipts				1,115,554
Interest receipts				4,863
Other receipts				11,406
TOTAL GENERAL RECEIPTS				<u>2,105,042</u>
Special Item:				
Sale of buses				<u>3,200</u>
(DECREASE) IN NET POSITION				<u>(21,245)</u>
NET POSITION - Beginning of year				<u>1,025,894</u>
NET POSITION - End of year				<u>\$ 1,004,649</u>

See accompanying notes.

FUND FINANCIAL STATEMENTS

WALNUT GROVE R-V SCHOOL DISTRICT
 STATEMENT OF ASSETS AND FUND BALANCES – GOVERNMENTAL FUNDS – CASH BASIS
 June 30, 2015

	General Fund	Special Revenue Fund	Capital Projects Fund	Total Governmental Funds
ASSETS				
Cash and cash equivalents	\$ 848,097	\$ -	\$ 156,552	\$ 1,004,649
TOTAL ASSETS	<u>\$ 848,097</u>	<u>\$ -</u>	<u>\$ 156,552</u>	<u>\$ 1,004,649</u>
FUND BALANCES				
Restricted for:				
Student activities	\$ 93,456	\$ -	\$ -	\$ 93,456
Digital imaging	178	-	-	178
Professional development	1,044	-	-	1,044
Assigned for capital outlay	-	-	156,552	156,552
Unassigned	753,419	-	-	753,419
TOTAL FUND BALANCES	<u>\$ 848,097</u>	<u>\$ -</u>	<u>\$ 156,552</u>	<u>\$ 1,004,649</u>

See accompanying notes.

WALNUT GROVE R-V SCHOOL DISTRICT
STATEMENT OF RECEIPTS, DISBURSEMENTS AND CHANGES IN FUND BALANCES –
GOVERNMENTAL FUNDS – CASH BASIS
Year Ended June 30, 2015

	General Fund	Special Revenue Fund	Capital Projects Fund	Total Governmental Funds
RECEIPTS				
Local	\$ 937,467	\$ 245,118	\$ 1,525	\$ 1,184,110
County	18,746	5,239	-	23,985
State	95,706	1,131,287	100,984	1,327,977
Federal	94,022	103,620	-	197,642
Other	5,598	-	-	5,598
TOTAL RECEIPTS	1,151,539	1,485,264	102,509	2,739,312
DISBURSEMENTS				
Instruction	322,350	1,090,036	27,911	1,440,297
Student services	24,780	58,463	-	83,243
Instructional staff support	13,836	53,310	-	67,146
Building administration	58,489	140,185	-	198,674
General administration	137,458	93,444	36,515	267,417
Operation of plant	225,111	-	14,475	239,586
Transportation	185,420	3,000	-	188,420
Food service	117,000	-	6,800	123,800
Community services	22,987	46,826	-	69,813
Debt service	-	-	85,361	85,361
TOTAL DISBURSEMENTS	1,107,431	1,485,264	171,062	2,763,757
EXCESS (DEFICIT) OF RECEIPTS OVER DISBURSEMENTS	44,108	-	(68,553)	(24,445)
OTHER FINANCING SOURCES (USES)				
Sale of buses	-	-	3,200	3,200
Operating transfers in (out)	(47,439)	-	47,439	-
TOTAL OTHER FINANCING SOURCES (USES)	(47,439)	-	50,639	3,200
(DEFICIT) OF RECEIPTS AND OTHER SOURCES OVER DISBURSEMENTS AND OTHER (USES)	(3,331)	-	(17,914)	(21,245)
FUND BALANCE, July 1, 2014	851,428	-	174,466	1,025,894
FUND BALANCE, June 30, 2015	<u>\$ 848,097</u>	<u>\$ -</u>	<u>\$ 156,552</u>	<u>\$ 1,004,649</u>

See accompanying notes.

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The District's accounting policies conform to the 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 District has determined that the Walnut Grove R-V School District Public Building Corporation meets the above criteria and, therefore, has been included as a component unit in the District's financial statements. In addition, the District is not aware of any entity for which the District would be considered as a component unit of that entity.

Component Unit

The Walnut Grove R-V School District Public Building Corporation is a not-for-profit corporation organized for the purpose of benefiting and carrying out the purposes of the District, by providing for the acquisition, construction, improvement, extension, repair, remodeling, renovation and financing of public school sites, buildings, facilities, furnishings and equipment for the use of the District. Walnut Grove R-V School District Public Building Corporation is governed by a five-member board appointed by the District. Although the District is not legally responsible for the debt of the Public Building Corporation, the Corporation's sole source of revenue is the lease payments from the District.

In conformity with accounting principles generally accepted in the United States of America, the financial statements of the component unit have been included in the financial reporting entity as a blended component unit.

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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. The statements present governmental activities generally financed through taxes, intergovernmental receipts, and other non-exchange transactions.

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 equity, receipts and disbursements. The District has only governmental funds. The governmental funds of the District are all considered major funds by the Department of Elementary and Secondary Education.

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.

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

Basis of Accounting

The government-wide Statement of Net Position and Statement of Activities and the fund financial statements are presented using the cash basis of accounting. This basis recognizes assets, net position/fund equity, receipts, and disbursements when they result from cash transactions. 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 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.

Capital Outlay

General fixed assets are recorded as disbursements in the Capital Projects Fund at the time the invoice for the capital item is paid.

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 cash basis of accounting. The debt proceeds are reported as other financing sources and payment of principal and interest are reported as disbursements.

Teachers' Salaries

The salary payment schedule of the District for the 2014-2015 school year requires the payment of salaries for a twelve-month period. Consequently, the July and August 2015 payroll checks are included in the financial statements as disbursements in the month of June. This practice has been consistently followed in previous years.

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Pooled Cash and Cash Equivalents

Cash and cash equivalents of the individual funds are combined to form a pool of cash and cash equivalents. Cash equivalents of the pooled accounts consist primarily of money market accounts, 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.

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.

WALNUT GROVE R-V SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2015

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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, 2015, all bank balances on deposit are entirely insured or collateralized.

NOTE C – 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 counties collect the property taxes and remit them to the District.

WALNUT GROVE R-V SCHOOL DISTRICT
 NOTES TO FINANCIAL STATEMENTS
 June 30, 2015

NOTE C – TAXES (continued)

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 2014 for purposes of local taxation was:

Real estate	\$ 13,735,470
Personal property	<u>4,243,365</u>
TOTAL ASSESSED VALUATION	<u><u>\$ 17,978,835</u></u>

The tax levy per \$100 of the assessed valuation of tangible property for the calendar year 2014 for purposes of local taxation was:

	<u>Unadjusted</u>	<u>Adjusted</u>
General Fund	<u>\$ 3.8559</u>	<u>\$ 3.8559</u>
TOTAL LEVY	<u><u>\$ 3.8559</u></u>	<u><u>\$ 3.8559</u></u>

The receipts of current and delinquent property taxes during the fiscal year ended June 30, 2015, aggregated approximately 101 percent of the current assessment computed on the basis of the levy as shown above.

NOTE D – RETIREMENT PLANS

Public School Retirement System of Missouri

Summary of Significant Accounting Policies

Financial reporting information included in the notes to the financial statements pertaining to the District's participation in the Public School Retirement System of Missouri ("PSRS") is prepared in accordance with Governmental Accounting Standards Board ("GASB) Statement No. 68, *Accounting and Financial Reporting for Pensions*, as amended by GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date* as applicable to the District's modified cash basis of accounting.

WALNUT GROVE R-V SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2015

NOTE D – RETIREMENT PLANS (continued)

The financial statements 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.

General Information about the Pension Plan

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. A Comprehensive Annual Financial Report ("CAFR") can be obtained at www.psr-peers.org.

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

WALNUT GROVE R-V SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2015

NOTE D – RETIREMENT PLANS (continued)

Cost-of-Living Adjustments (“COLA”). The PSRS Board has established a policy of providing a 2.00% COLA for years in which the CPI increases between 0.00% and 5.00%. If the CPI increase is greater than 5.00%, the Board will provide a COLA of 5.00%. If the CPI decreases, no COLA is provided. For any member retiring on or after July 1, 2001, such adjustments commence on the second 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 2015. Employers were required to match the contributions made by employees. The contribution rate is set each year by the PSRS Board of Trustees upon the recommendation of the independent actuary within the contribution restrictions set in Section 169.030 RSMo. The annual statutory increase in the total contribution rate may not exceed 1% of pay. Contributions for employees of the State of Missouri were made by the state in accordance with the actuarially determined contribution rate needed to fund current costs and prior service costs of state employees as authorized in Section 104.342.8 RSMo.

The District's contributions to PSRS were \$178,918 for the year ended June 30, 2015.

Pension Liability

At June 30, 2015, the District had a liability of \$1,103,593 for its proportionate share of the net pension liability. The net pension liability for the plan in total was measured as of June 30, 2014, and determined by an actuarial valuation as of that date. The District's proportionate share of the total net pension liability was based on the ratio of its actual contributions of \$173,446 paid to PSRS for the year ended June 30, 2014, relative to the actual contributions of \$643,964,894 from all participating employers. At June 30, 2014, the District's proportionate share was 0.0269%.

Actuarial Assumptions

Actuarial valuations of PSRS involves estimates of the reported amount and assumptions about probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality and future salary increases. Amounts determined regarding the net pension liability are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The last experience study was conducted in 2011 and the next experience study is scheduled for 2016.

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

- Measurement Date – June 30, 2014

WALNUT GROVE R-V SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2015

NOTE D – RETIREMENT PLANS (continued)

- Valuation Date – June 30, 2014
- Expected Return on Investments – 8.00%, net of investment expenses and including 2.5% inflation
- Inflation – 2.50%
- Total Payroll Growth – 3.50% per annum, consisting of 2.50% inflation, 0.50% additional inflation due to the inclusion of health care costs in pension earnings, and 0.50% of real wage growth.
- Future Salary Increases – 4.00% - 10.00%, depending on service and including 2.50% inflation, 0.50% additional inflation due to the inclusion of health care costs in pension earnings, and real wage growth of 1.00% to 7.00%.
- Cost-Of-Living Increases – 2.0% compounded annually, beginning on the second January after retirement and capped at 80% lifetime increase.
- Mortality Assumption:
 - Actives – RP 2000 Mortality Table set back one year for males and six years for females, then projected to 2016 using Scale AA.
 - Non-Disabled Retirees, Beneficiaries and Survivors – RP 2000 Mortality Table set back one year for both males and females, then projected to 2016 using Scale AA.
 - Disabled Retirees – RP 2000 Disabled Mortality Table
- Changes in Actuarial Assumptions and Methods – There were no changes in actuarial assumptions or methods for the June 30, 2014, valuation.
- Fiduciary Net Position – PSRS issues a publicly available financial report that can be obtained at www.psr-peers.org.
- Expected Rate of Return – The long-term expected rate of return on PSRS' investments was determined using a building-block method in which best-estimate ranges of expected future real rates of returns (expected returns, net of investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in PSRS' target allocation as of June 30, 2014, is summarized below along with the long term geometric return. Geometric return (also referred to as the time weighted return) is considered standard practice within the investment management industry. Geometric returns represent the compounded rate of growth of a portfolio. The method eliminates the effects created by cashflows.

WALNUT GROVE R-V SCHOOL DISTRICT
 NOTES TO FINANCIAL STATEMENTS
 June 30, 2015

NOTE D – RETIREMENT PLANS (continued)

Asset Class	Target Asset Allocation	Long-Term Expected Real Return Arithmetic Basis	Weighted Long-Term Expected Real Return Arithmetic Basis
U.S. Public Equity	27.0%	5.85%	1.58%
Public Credit	12.0%	2.44%	0.29%
Hedged Assets	6.0%	5.22%	0.31%
Non-U.S. Public Equity	15.0%	6.64%	1.00%
U.S. Treasuries	16.0%	1.01%	0.16%
U.S. TIPS	4.0%	1.12%	0.04%
Private Credit	2.0%	7.61%	0.15%
Private Equity	10.5%	8.61%	0.90%
Private Real Estate	7.5%	4.60%	0.35%
Total	100.0%		4.78%
		Inflation	2.50%
		Long-term arithmetical nominal return	7.28%
		Effect of covariance matrix	0.81%
		Long-term expected geometric return	8.09%

- Discount Rate – The discount rate used to measure the total pension liability was 8.00% as of June 30, 2014, and is consistent with the long-term expected geometric return on plan investments. The projection of cash flows used to determine the discount rate assumed that employer contributions would be made at the actuarially calculated rate computed in accordance with assumptions and methods stated in the funding policy adopted by the Board of Trustees, which requires payment of the normal cost and amortization of the unfunded actuarially accrued liability in level percent of employee payroll installments over 30 years utilizing a closed period, layered approach. Based on this assumption, the pension plan’s fiduciary net position was projected to be available to make all projected future benefit payments of current plan members.
- Discount Rate Sensitivity – The sensitivity of the District’s net pension liability to changes in the discount rate is presented below. The District’s net pension liability calculated using the discount rate of 8.0% is presented as well as the net pension liability using a discount rate that is 1.0% lower (7.0%) or 1.0% higher (9.0%) than the current rate.

WALNUT GROVE R-V SCHOOL DISTRICT
 NOTES TO FINANCIAL STATEMENTS
 June 30, 2015

NOTE D – RETIREMENT PLANS (continued)

Discount Rate	<u>1% Decrease (7.00%)</u>	<u>Current Rate (8.00%)</u>	<u>1% Increase (9.00%)</u>
Proportionate share of the Net Pension Liability / (Asset)	\$ 2,336,869	\$ 1,103,593	\$ 69,152

Public Education Employee Retirement System of Missouri

Summary of Significant Accounting Policies

Financial reporting information included in the notes to the financial statements pertaining to our participation in the Public Education Employee Retirement System of Missouri ("PEERS") is prepared in accordance with Governmental Accounting Standards Board ("GASB) Statement No. 68, *Accounting and Financial Reporting for Pensions*, as amended by GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date* as applicable to the District's modified cash basis of accounting.

The financial statements 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.

General Information about the Pension Plan

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

NOTE D – 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. A Summary Plan Description detailing the provisions of the plan can be found on PSRS' website at www.psrs-peers.org.

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

Contributions. PEERS members were required to contribute 6.86% of their annual covered salary during fiscal year 2015. 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 were \$17,187 for the year ended June 30, 2015.

Pension Liability

At June 30, 2015, the District had a liability of \$65,365 for its proportionate share of the net pension liability. The net pension liability for the plan in total was measured as of June 30, 2014, and determined by an actuarial valuation as of that date. The District's proportionate share of the total net pension liability was based on the ratio of its actual contributions of \$17,915 paid to PEERS for the year ended June 30, 2014, relative to the actual contributions of \$100,035,580 from all participating employers. At June 30, 2014, the District's proportionate share was 0.0179%.

NOTE D – RETIREMENT PLANS (continued)

Actuarial Assumptions

Actuarial valuations of PEERS involves estimates of the reported amount and assumptions about probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality and future salary increases.

Amounts determined regarding the net pension liability are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The last experience study was conducted in 2011 and the next experience study is scheduled for 2016.

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

- Measurement Date – June 30, 2014
- Valuation Date – June 30, 2014
- Expected Return on Investments – 8.00%, net of investment expenses and including 2.5% inflation
- Inflation – 2.50%
- Total Payroll Growth – 3.75% per annum, consisting of 2.50% inflation, 0.75% additional inflation due to the inclusion of health care costs in pension earnings, and 0.50% of real wage growth.
- Future Salary Increases – 5.00% - 12.00%, depending on service and including 2.50% inflation, 0.75% additional inflation due to the inclusion of health care costs in pension earnings, and real wage growth of 1.75% to 8.75%.
- Cost-Of-Living Increases – 2.0% compounded annually, beginning on the fourth January after retirement and capped at 80% lifetime increase.
- Mortality Assumption:
 - Actives – RP 2000 Mortality Table set back one year for males and six years for females, then projected to 2016 using Scale AA.
 - Non-Disabled Retirees, Beneficiaries and Survivors – RP 2000 Mortality Table set back one year for both males and females, then projected to 2016 using Scale AA.
 - Disabled Retirees – RP 2000 Disabled Mortality Table

WALNUT GROVE R-V SCHOOL DISTRICT
 NOTES TO FINANCIAL STATEMENTS
 June 30, 2015

NOTE D – RETIREMENT PLANS (continued)

- Changes in Actuarial Assumptions and Methods – There were no changes in actuarial assumptions or methods for the June 30, 2014, valuation.
- Fiduciary Net Position – PEERS issues a publicly available financial report that can be obtained at www.psrps-peers.org.
- Expected Rate of Return – The long-term expected rate of return on PEERS’ investments was determined using a building-block method in which best-estimate ranges of expected future real rates of returns (expected returns, net of investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in PEERS’ target allocation as of June 30, 2014, is summarized below along with the long term geometric return. Geometric return (also referred to as the time weighted return) is considered standard practice within the investment management industry. Geometric returns represent the compounded rate of growth of a portfolio. The method eliminates the effects created by cashflows.

Asset Class	Target Asset Allocation	Long-Term Expected Real Return Arithmetic Basis	Weighted Long-Term Expected Real Return Arithmetic Basis
U.S. Public Equity	27.0%	5.85%	1.58%
Public Credit	12.0%	2.44%	0.29%
Hedged Assets	6.0%	5.22%	0.31%
Non-U.S. Public Equity	15.0%	6.64%	1.00%
U.S. Treasuries	16.0%	1.01%	0.16%
U.S. TIPS	4.0%	1.12%	0.04%
Private Credit	2.0%	7.61%	0.15%
Private Equity	10.5%	8.61%	0.90%
Private Real Estate	7.5%	4.60%	0.35%
Total	100.0%		4.78%
		Inflation	2.50%
		Long-term arithmetical nominal return	7.28%
		Effect of covariance matrix	0.81%
		Long-term expected geometric return	8.09%

WALNUT GROVE R-V SCHOOL DISTRICT
 NOTES TO FINANCIAL STATEMENTS
 June 30, 2015

NOTE D – RETIREMENT PLANS (continued)

- Discount Rate – The discount rate used to measure the total pension liability was 8.00% as of June 30, 2014, and is consistent with the long-term expected geometric return on plan investments. The projection of cash flows used to determine the discount rate assumed that employer contributions would be made at the actuarially calculated rate computed in accordance with assumptions and methods stated in the funding policy adopted by the Board of Trustees, which requires payment of the normal cost and amortization of the unfunded actuarially accrued liability in level percent of employee payroll installments over 30 years utilizing a closed period, layered approach. Based on this assumption, the pension plan’s fiduciary net position was projected to be available to make all projected future benefit payments of current plan members.
- Discount Rate Sensitivity – The sensitivity of the District’s net pension liability to changes in the discount rate is presented below. The District’s net pension liability calculated using the discount rate of 8.0% is presented as well as the net pension liability using a discount rate that is 1.0% lower (7.0%) or 1.0% higher (9.0%) than the current rate.

Discount Rate	<u>1% Decrease (7.00%)</u>	<u>Current Rate (8.00%)</u>	<u>1% Increase (9.00%)</u>
Proportionate share of the Net Pension Liability / (Asset)	\$ 156,850	\$ 65,365	\$ (11,921)

NOTE E – LEASE PAYABLE

On August 12, 2010, the Walnut Grove School District Public Building Corporation entered into a lease purchase agreement to advance refund \$475,000 in Series 2002 Leasehold Revenue Bonds. The District’s base rental agreement with the Public Building Corporation has been amended to reflect a payment schedule based on this lease purchase agreement. The Public Building Corporation’s lease agreement with First Security Leasing, Inc. in the original amount of \$506,980 and bears interest at 3.75%.

The following is a summary of lease transactions for the year ended June 30, 2015:

	Total
Lease Payable, July 1, 2014	\$ 309,852
Lease payments	(72,967)
Lease Payable, June 30, 2015	\$ 236,885

WALNUT GROVE R-V SCHOOL DISTRICT
 NOTES TO FINANCIAL STATEMENTS
 June 30, 2015

NOTE E – LEASE PAYABLE (continued)

Annual debt service requirements to maturity for the above lease is:

Year Ended June 30,	Principal	Interest	Total
2016	\$ 75,886	\$ 9,475	\$ 85,361
2017	78,921	6,440	85,361
2018	82,078	3,283	85,361
	<u>\$ 236,885</u>	<u>\$ 19,198</u>	<u>\$ 256,083</u>

NOTE F – LEGAL DEBT MARGIN

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, 2015, was:

Constitutional debt limit	<u>\$ 2,696,825</u>
LEGAL DEBT MARGIN	<u><u>\$ 2,696,825</u></u>

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, 2015, 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.

WALNUT GROVE R-V SCHOOL DISTRICT
 NOTES TO FINANCIAL STATEMENTS
 June 30, 2015

NOTE H – COMPENSATED ABSENCES PAYABLE

Compensated absences payable consists of accumulated sick leave by District employees. The District’s policy allows employees to accumulate up to 50 days of sick leave for nine month employees, 55 days for ten month employees, and 65 days for twelve month employees. Any days accumulated in excess of the appropriate amount is reimbursed at the end of the year at the rate of two-thirds of substitute pay per day. Anyone leaving the District is paid at the rate of two-thirds substitute pay for any unused days. Total compensated absences payable at June 30, 2015, was \$41,337.

NOTE I – 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 J – INTERFUND TRANSFERS

Transfers between funds of the District for the year ended June 30, 2015, were as follows:

	<u>Transfers In</u>	<u>Transfers Out</u>
General Fund	\$ -	\$ 47,439
Capital Projects Fund	47,439	-
	<u>\$ 47,439</u>	<u>\$ 47,439</u>

The District is permitted by state law to make various transfers from the General Fund to the Capital Projects Fund to cover disbursements and build balances.

WALNUT GROVE R-V SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2015

NOTE K – POST EMPLOYMENT BENEFIT

In addition to the pension benefits described in Note D, 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 – OPERATING LEASE

On May 3, 2012, the District entered into an operating lease for the rental of six copiers. Monthly payments are set at \$1,999 per month through May 3, 2017.

SUPPLEMENTARY INFORMATION

WALNUT GROVE R-V SCHOOL DISTRICT
 SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY AND RELATED RATIOS – PSRS
 Year Ended June 30, 2015

Public School Retirement System (PSRS)

<u>Year Ended</u>	<u>Proportion of the Net Pension Liability (Asset)</u>	<u>Proportionate Share of the Net Pension Liability (Asset)</u>	<u>Actual Covered Member Payroll</u>	<u>Net Pension Liability (Asset) as a Percentage of Covered Payroll</u>	<u>Fiduciary Net Position as a Percentage of Total Pension Liability</u>
6/30/2015	0.0269%	\$ 1,103,593	\$ 1,196,177	92.26%	89.30%

Note: This schedule is intended to show information for ten years. Additional years will be displayed as they become available.

*The data provided in the schedule is based as of the measurement date of PSRS' net pension liability, which is as of the beginning of the District's fiscal year.

WALNUT GROVE R-V SCHOOL DISTRICT
 SCHEDULE OF EMPLOYER CONTRIBUTIONS – PSRS
 Year Ended June 30, 2015

Public School Retirement System (PSRS)

<u>Year Ended</u>	<u>Statutorily Required Contribution</u>	<u>Actual Employer Contributions</u>	<u>Contribution Excess / (Deficiency)</u>	<u>Actual Covered Member Payroll</u>	<u>Contributions as a Percentage of Covered Payroll</u>
6/30/2013	\$ 167,923	\$ 167,923	\$ -	\$ 1,158,092	14.50%
6/30/2014	173,446	173,446	-	1,196,177	14.50%
6/30/2015	178,918	178,918	-	1,233,917	14.50%

Note: This schedule is intended to show information for ten years. Additional years will be displayed as they become available.

WALNUT GROVE R-V SCHOOL DISTRICT
 SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY AND RELATED RATIOS – PEERS
 Year Ended June 30, 2015

Public Education Employee Retirement System (PEERS)

<u>Year Ended</u>	<u>Proportion of the Net Pension Liability (Asset)</u>	<u>Proportionate Share of the Net Pension Liability (Asset)</u>	<u>Actual Covered Member Payroll</u>	<u>Net Pension Liability (Asset) as a Percentage of Covered Payroll</u>	<u>Fiduciary Net Position as a Percentage of Total Pension Liability</u>
6/30/2015	0.0179%	\$ 65,365	\$ 261,152	25.0%	91.3%

Note: This schedule is intended to show information for ten years. Additional years will be displayed as they become available.

*The data provided in the schedule is based as of the measurement date of PSRS' net pension liability, which is as of the beginning of the District's fiscal year.

WALNUT GROVE R-V SCHOOL DISTRICT
 SCHEDULE OF EMPLOYER CONTRIBUTIONS – PEERS
 Year Ended June 30, 2015

Public Education Employee Retirement System (PEERS)

<u>Year Ended</u>	<u>Statutorily Required Contribution</u>	<u>Actual Employer Contributions</u>	<u>Contribution Excess / (Deficiency)</u>	<u>Actual Covered Member Payroll</u>	<u>Contributions as a Percentage of Covered Payroll</u>
6/30/2013	\$ 16,051	\$ 16,051	\$ -	\$ 233,976	6.86%
6/30/2014	17,915	17,915	-	261,152	6.86%
6/30/2015	17,187	17,187	-	250,539	6.86%

Note: This schedule is intended to show information for ten years. Additional years will be displayed as they become available.

WALNUT GROVE R-V SCHOOL DISTRICT
 BUDGETARY COMPARISON SCHEDULE – GENERAL FUND
 Year Ended June 30, 2015

	Budgeted Amounts		Actual	Variance with
	Original	Final		Final Budget: Positive (Negative)
RECEIPTS				
Local	\$ 897,586	\$ 897,586	\$ 937,467	\$ 39,881
County	15,400	15,400	18,746	3,346
State	61,733	61,733	95,706	33,973
Federal	114,443	114,443	94,022	(20,421)
Other	-	-	5,598	5,598
TOTAL RECEIPTS	1,089,162	1,089,162	1,151,539	62,377
DISBURSEMENTS				
Instruction	277,239	277,239	322,350	(45,111)
Student services	36,765	36,765	24,780	11,985
Instructional staff support	29,589	29,589	13,836	15,753
Building administration	60,225	60,225	58,489	1,736
General administration	144,446	144,446	137,458	6,988
Operation of plant	219,046	219,046	225,111	(6,065)
Transportation	85,051	196,801	185,420	11,381
Food service	132,822	132,822	117,000	15,822
Community services	27,317	27,317	22,987	4,330
TOTAL DISBURSEMENTS	1,012,500	1,124,250	1,107,431	16,819
EXCESS (DEFICIT) OF RECEIPTS OVER DISBURSEMENTS	76,662	(35,088)	44,108	79,196
OTHER FINANCING (USES)				
Operating transfers (out)	(138,789)	(138,789)	(47,439)	91,350
(DEFICIT) OF RECEIPTS OVER DISBURSEMENTS AND OTHER (USES)	(62,127)	(173,877)	(3,331)	170,546
FUND BALANCE, July 1, 2014	739,207	739,207	851,428	112,221
FUND BALANCE, June 30, 2015	\$ 677,080	\$ 565,330	\$ 848,097	\$ 282,767

WALNUT GROVE R-V SCHOOL DISTRICT
 BUDGETARY COMPARISON SCHEDULE – SPECIAL REVENUE FUND
 Year Ended June 30, 2015

	Budgeted Amounts		Actual	Variance with
	Original	Final		Final Budget: Positive (Negative)
RECEIPTS				
Local	\$ 241,046	\$ 241,046	\$ 245,118	\$ 4,072
County	5,000	5,000	5,239	239
State	1,130,555	1,130,555	1,131,287	732
Federal	128,787	128,787	103,620	(25,167)
TOTAL RECEIPTS	1,505,388	1,505,388	1,485,264	(20,124)
DISBURSEMENTS				
Instruction	1,187,766	1,187,766	1,090,036	97,730
Student services	51,126	51,126	58,463	(7,337)
Instructional staff support	46,019	46,019	53,310	(7,291)
Building administration	134,853	134,853	140,185	(5,332)
General administration	97,073	97,073	93,444	3,629
Transportation	479	479	3,000	(2,521)
Community services	49,728	49,728	46,826	2,902
TOTAL DISBURSEMENTS	1,567,044	1,567,044	1,485,264	81,780
(DEFICIT) OF RECEIPTS OVER DISBURSEMENTS	(61,656)	(61,656)	-	61,656
OTHER FINANCING SOURCES				
Operating transfers in	61,656	61,656	-	(61,656)
EXCESS OF RECEIPTS AND OTHER SOURCES OVER DISBURSEMENTS	-	-	-	-
FUND BALANCE, July 1, 2014	-	-	-	-
FUND BALANCE, June 30, 2015	\$ -	\$ -	\$ -	\$ -

WALNUT GROVE R-V SCHOOL DISTRICT
 BUDGETARY COMPARISON SCHEDULE – CAPITAL PROJECTS FUND
 Year Ended June 30, 2015

	Budgeted Amounts		Actual	Variance with
	Original	Final		Final Budget: Positive (Negative)
RECEIPTS				
Local	\$ 9,500	\$ 9,500	\$ 1,525	\$ (7,975)
State	100,689	100,689	100,984	295
TOTAL RECEIPTS	110,189	110,189	102,509	(7,680)
DISBURSEMENTS				
Instruction	35,200	41,037	27,911	13,126
General administration	36,000	36,000	36,515	(515)
Operation of plant	11,000	11,000	14,475	(3,475)
Food services	6,800	6,800	6,800	-
Debt service	86,361	86,361	85,361	1,000
TOTAL DISBURSEMENTS	175,361	181,198	171,062	10,136
(DEFICIT) OF RECEIPTS OVER DISBURSEMENTS	(65,172)	(71,009)	(68,553)	2,456
OTHER FINANCING SOURCES				
Sale of buses	-	3,200	3,200	-
Operating transfers in	77,133	77,133	47,439	(29,694)
TOTAL OTHER FINANCING SOURCES	77,133	80,333	50,639	(29,694)
EXCESS (DEFICIT) OF RECEIPTS AND OTHER SOURCES OVER DISBURSEMENTS	11,961	9,324	(17,914)	(27,238)
FUND BALANCE, July 1, 2014	208,807	208,807	174,466	(34,341)
FUND BALANCE, June 30, 2015	\$ 220,768	\$ 218,131	\$ 156,552	\$ (61,579)

WALNUT GROVE R-V SCHOOL DISTRICT
NOTE TO BUDGETARY COMPARISON SCHEDULES
Year Ended June 30, 2015

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. A budget is not required and was not prepared for the Walnut Grove R-V School District Public Building Corporation.
- 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 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 cash basis (budget basis).

OTHER FINANCIAL INFORMATION

WALNUT GROVE R-V SCHOOL DISTRICT
 COMBINING STATEMENT OF ASSETS AND FUND BALANCE – ALL CAPITAL PROJECTS FUNDS –
 CASH BASIS
 June 30, 2015

	Walnut Grove R-V School District	Walnut Grove R-V School District Public Building Corporation	Totals
ASSETS			
Cash and cash equivalents	\$ 156,552	\$ -	\$ 156,552
TOTAL ASSETS	<u>\$ 156,552</u>	<u>\$ -</u>	<u>\$ 156,552</u>
FUND BALANCE			
Assigned to capital outlay	\$ 156,552	\$ -	\$ 156,552
TOTAL FUND BALANCE	<u>\$ 156,552</u>	<u>\$ -</u>	<u>\$ 156,552</u>

WALNUT GROVE R-V SCHOOL DISTRICT
 COMBINING STATEMENT OF RECEIPTS, DISBURSEMENTS AND CHANGES IN FUND BALANCE –
 ALL CAPITAL PROJECTS FUNDS – CASH BASIS
 Year Ended June 30, 2015

	Walnut Grove R-V School District	Walnut Grove R-V School District Public Building Corporation	Eliminations	Totals
RECEIPTS				
Local	\$ 1,525	\$ -	\$ -	\$ 1,525
State	100,984	-	-	100,984
TOTAL RECEIPTS	102,509	-	-	102,509
DISBURSEMENTS				
Instruction	27,911	-	-	27,911
General administration	36,515	-	-	36,515
Operation of plant	14,475	-	-	14,475
Food service	6,800	-	-	6,800
Debt service	85,361	85,361	(85,361)	85,361
TOTAL DISBURSEMENTS	171,062	85,361	(85,361)	171,062
(DEFICIT) OF RECEIPTS OVER DISBURSEMENTS	(68,553)	(85,361)	85,361	(68,553)
OTHER FINANCING SOURCES				
Sale of buses	3,200	-	-	3,200
Operating transfers in	47,439	85,361	(85,361)	47,439
TOTAL OTHER FINANCING SOURCES	50,639	85,361	(85,361)	50,639
(DEFICIT) OF RECEIPTS AND OTHER SOURCES OVER DISBURSEMENTS	(17,914)	-	-	(17,914)
FUND BALANCE, July 1, 2014	174,466	-	-	174,466
FUND BALANCE, June 30, 2015	\$ 156,552	\$ -	\$ -	\$ 156,552

WALNUT GROVE R-V SCHOOL DISTRICT
SCHEDULE OF RECEIPTS BY SOURCE
Year Ended June 30, 2015

	General Fund	Special Revenue Fund	Capital Projects Fund	Total
LOCAL				
Current taxes	\$ 634,304	\$ -	\$ -	\$ 634,304
Delinquent taxes	66,169	-	-	66,169
School district trust fund (Prop C)	2,435	244,808	-	247,243
M&M surtax	-	-	1,221	1,221
In lieu of tax	-	-	297	297
Earnings on investments	4,546	310	7	4,863
Food service program	29,914	-	-	29,914
Food service non-program	571	-	-	571
Student activities	159,379	-	-	159,379
Community services	28,743	-	-	28,743
Other	11,406	-	-	11,406
TOTAL LOCAL	937,467	245,118	1,525	1,184,110
COUNTY				
Fines, escheats, etc.	-	5,239	-	5,239
State assessed utilities	18,746	-	-	18,746
TOTAL COUNTY	18,746	5,239	-	23,985
STATE				
Basic formula - state monies	28,695	987,590	-	1,016,285
Transportation	26,009	-	-	26,009
Early childhood special education	13,108	-	-	13,108
Basic formula - classroom trust fund	-	-	99,269	99,269
Educational screening program/PAT	-	5,815	-	5,815
Small schools grant	26,739	87,755	-	114,494
Career education	-	12,466	1,715	14,181
Food service	1,155	-	-	1,155
Missouri preschool project	-	37,661	-	37,661
TOTAL STATE	95,706	1,131,287	100,984	1,327,977

WALNUT GROVE R-V SCHOOL DISTRICT
SCHEDULE OF RECEIPTS BY SOURCE (continued)
Year Ended June 30, 2015

	General Fund	Special Revenue Fund	Capital Projects Fund	Total
FEDERAL				
IDEA entitlement, Part B	-	61,286	-	61,286
Early childhood special education	1,873	-	-	1,873
School lunch program	49,783	-	-	49,783
School breakfast program	20,521	-	-	20,521
ESEA, Title I	-	42,334	-	42,334
Title VI, Part B	21,845	-	-	21,845
TOTAL FEDERAL	94,022	103,620	-	197,642
OTHER SOURCES				
Transportation from other LEAs for non-disabled route	5,598	-	-	5,598
Sale of school buses	-	-	3,200	3,200
TOTAL OTHER SOURCES	5,598	-	3,200	8,798
TOTAL RECEIPTS	<u>\$ 1,151,539</u>	<u>\$ 1,485,264</u>	<u>\$ 105,709</u>	<u>\$ 2,742,512</u>

NOTE: The above presentation agrees to the Annual Secretary of the Board Report. It does not include receipts of the Walnut Grove R-V School District Public Building Corporation.

WALNUT GROVE R-V SCHOOL DISTRICT
SCHEDULE OF DISBURSEMENTS BY OBJECT
Year Ended June 30, 2015

	General Fund	Special Revenue Fund	Capital Projects Fund	Total
Salaries	\$ 296,565	\$ 1,169,328	\$ -	\$ 1,465,893
Teacher retirement	56,462	128,396	-	184,858
Non-teacher retirement	10,801	-	-	10,801
OASDI	18,305	486	-	18,791
Medicare	8,653	11,311	-	19,964
Employee insurance	29,741	107,045	-	136,786
Tuition	14,780	68,698	-	83,478
Professional services	20,796	-	-	20,796
Audit services	13,654	-	-	13,654
Technical services	49,736	-	-	49,736
Legal services	7,971	-	-	7,971
Property services	158,457	-	-	158,457
Travel	11,677	-	-	11,677
Property insurance	21,285	-	-	21,285
Liability insurance	1,940	-	-	1,940
Fidelity premium	225	-	-	225
Other purchased services	23,030	-	-	23,030
General supplies	223,067	-	-	223,067
Regular textbook	267	-	-	267
Library books	206	-	-	206
Periodicals	261	-	-	261
Food service - food only	66,823	-	-	66,823
Energy supplies/service	72,729	-	-	72,729
Buildings	-	-	14,475	14,475
Equipment - general	-	-	56,226	56,226
Equipment - instructional	-	-	15,000	15,000
Principal	-	-	72,967	72,967
Interest	-	-	12,394	12,394
TOTAL DISBURSEMENTS	\$ 1,107,431	\$ 1,485,264	\$ 171,062	\$ 2,763,757

WALNUT GROVE R-V SCHOOL DISTRICT
 SCHEDULE OF TRANSPORTATION COSTS ELIGIBLE FOR STATE AID
 Year Ended June 30, 2015

	District Owned	Disabled District Owned	Total
Administrative salaries	\$ 3,000	\$ -	\$ 3,000
Non-certificated salaries	42,606	5,000	47,606
Employee benefits	4,922	750	5,672
Purchased services	116,865	183	117,048
Supplies	14,547	547	15,094
Depreciation	5,218	-	5,218
	<u>\$ 187,158</u>	<u>\$ 6,480</u>	<u>\$ 193,638</u>



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

Board of Education
Walnut Grove R-V School District
Walnut Grove, 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 accompanying financial statements of the governmental activities and each major fund of Walnut Grove R-V School District as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise Walnut Grove R-V School District's basic financial statements and have issued our report thereon dated October 23, 2015.

Internal Control over Financial Reporting

In planning and performing our audit, we considered the Walnut Grove R-V 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.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and, therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying schedule of findings and responses, we identified a certain deficiency in internal control over financial reporting that we consider to be a material weakness.

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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 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. We consider the deficiency described in the accompanying schedule of findings and responses to be a material weakness. It is identified as item 2015-001.

Compliance and Other Matters

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

Response to Findings

The District's response to the finding identified in our audit is described in the accompanying schedule of findings and responses. We did not audit the District's response and, accordingly, express no opinion on it.

Purpose of This Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the 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
October 23, 2015

WALNUT GROVE R-V SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND RESPONSES
Year Ended June 30, 2015

2015-001 Segregation of duties

Condition: Because of a limited number of available personnel, it is not always possible to adequately segregate certain incompatible duties so that no one employee has access to both physical assets and the related accounting records, or to all phases of a transaction. The District currently has one full time bookkeeper to handle the accounting needs of the District. There are some mitigating controls in place, but it is not possible to have segregation in all areas.

Criteria: Duties should be segregated so that no one employee has access to both physical assets and the related accounting records, or to all phases of a transaction.

Effect: Risk is present that errors or irregularities in amounts that would be material to the basic financial statements may occur and not be detected and corrected within a timely period by employees in the normal course of performing their assigned functions.

Recommendation: We realize that because of limited resources and personnel, management may not be able to achieve a proper segregation of duties; however, our professional standards require that we bring this lack of segregation of duties to your attention in this report.

Response: The limited number of available personnel prohibits segregation of incompatible duties and the District does not have the resources to hire additional accounting personnel.

SUPPLEMENTARY STATE INFORMATION



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

Board of Education
Walnut Grove R-V School District
Walnut Grove, Missouri

We have examined management's assertions that Walnut Grove R-V 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, 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, 2015. Management is responsible for the Walnut Grove R-V School District's compliance with those requirements. 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 and, accordingly, included examining on a test basis, evidence about the Walnut Grove R-V School District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our examination provides a reasonable basis for our opinion. Our examination does not provide a legal determination on the Walnut Grove R-V School District's compliance with specified requirements.

In our opinion, management's assertions referred to above are fairly stated, in all material respects, with the aforementioned requirements for the year ended June 30, 2015.

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
October 23, 2015

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WALNUT GROVE R-V SCHOOL DISTRICT 039-136
 SCHEDULE OF SELECTED STATISTICS
 Year Ended June 30, 2015

1. Calendar (Sections 160.041 and 171.031, RSMo)

A. The number of actual calendar hours classes were in session and pupils were under the direction of teachers during this school year was 1,124.25.

B. The number of days classes were in session and pupils were under the direction of the teachers during this school year was 169.

2. Average Daily Attendance (ADA)

Average Daily Attendance:

Regular term:

Full-time Kindergarten – Grade 12	220.44
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Total Average Daily Attendance	220.44
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3. September Membership

September Membership FTE Count	252.00
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4. Free and Reduced Price Lunch FTE Count (Section 163.011(6), RSMo)

State FTE Total	Free	92.91
	Reduced	31.00
	Total	123.91

5. Finance

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

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

C. The District does not have a Debt Service Fund.

D. Salaries reported for educators in the October core data cycle are supported by payroll/contract records.

E. The District's \$162,326 or 7% x SAT x WADA transfer was not in excess of the adjusted operating expenditures. The transfer was approved by the Board of Education.

WALNUT GROVE R-V SCHOOL DISTRICT 039-136
SCHEDULE OF SELECTED STATISTICS (continued)
Year Ended June 30, 2015

5. Finance (continued)

- F. The District published a summary of the 2013-2014 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 \$11,550.

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 100.50 and the average number of students transported on a regular basis (ADT) ineligible to be counted for state transportation aid was 11.5.
- 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.
- E. Actual odometer records show the total District operated mileage for the year was 63,446. Of this total, the eligible non-disabled and students with disabilities route miles were 47,647 and the ineligible non-route and disapproved miles combined were 15,799.
- F. The District operated the school transportation system for 169 days during this school year.

There were no findings noted above.