



Daniel Jones & Associates

CERTIFIED PUBLIC ACCOUNTANTS

MEMBERS OF
MISSOURI SOCIETY OF CPA'S
AMERICAN INSTITUTE OF CPA'S

October 4, 2016

To the Members of the Board of Education
Northwest R-I School District

In planning and performing our audit of the modified cash based financial statements of the governmental activities, each major fund, and the remaining fund information of the Northwest R-I School District (the "District") as of and for the year ended June 30, 2016, in accordance with auditing standards generally accepted in the United States of America, we considered the District's internal control over financial reporting (internal control) as a basis for designing 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.

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

A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention to those charged with governance.

Our comments concerning internal control and other significant matters are presented as follows:

- I. Changes Impacting Governmental Organizations
- II. Information Required by Professional Standards

This communication is intended solely for the information and use of the District Board of Education, District Management, the Missouri DESE and federal agencies and is not intended to be and should not be used by anyone other than these specified parties.

Very truly yours,

Daniel Jones & Associates

DANIEL JONES & ASSOCIATES, P.C.
CERTIFIED PUBLIC ACCOUNTANTS
ARNOLD, MISSOURI

I. CHANGES IMPACTING GOVERNMENTAL ORGANIZATIONS

GASB Statement No. 72– *Fair Value Measurement and Application*. The objective is to improve guidance for determining fair value measurement for financial reporting purposes. This Statement is effective for periods beginning after June 15, 2015.

GASB Statement No. 73– *Accounting and Financial Reporting for Pensions and Related Assets that are not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68*. The objective is to improve the usefulness of information about pensions included in the general purpose external financial reports of state and local governments for making decisions and assessing accountability. This Statement is effective for periods beginning after June 15, 2015.

GASB Statement No. 74– *Financial Reporting for Postemployment Benefit Plans Other than Pension Plans*. The objective of this Statement is to improve the usefulness of information about postemployment benefits other than pensions (other postemployment benefits or OPEB) included in the general purpose external financial reports of state and local governments OPEB plans for making decisions and assessing accountability. This Statement is effective for periods beginning after June 15, 2016.

GASB Statement No. 75 – *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. The objective of this Statement is to improve accounting and financial reporting by state and local governments for postemployment benefits other than pensions (other postemployment benefits or OPEB). It also improves information provided by state and local governmental employers about financial support for OPEB that is provided by other entities. This Statement is effective for periods beginning after December 15, 2017.

GASB Statement No. 76– *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments*. The objective of this Statement is to identify – in the context of current governmental financial reporting environment – the hierarchy of generally accepted accounting principles (GAAP). This Statement is effective for periods beginning after June 15, 2015.

GASB Statement No. 77– *Tax Abatement Disclosures*. The objective of this Statement is to require governments that enter into tax abatement agreements to further disclose various details regarding the specific taxes, commitments, and amounts of the taxes being abated. This Statement is effective for periods beginning after December 15, 2015.

GASB Statement No. 78– *Pension Provided through Certain Multiple-Employer Defined Benefit Pension Plans*. The objective of this Statement is to address a practice issue regarding the scope and applicability of Statement No. 68, *Accounting and Financial Reporting for Pensions*. This issue is associated with pensions provided through certain multiple-employer defined benefit pension plans and to state or local governmental employers whose employees are provided with such pensions. This Statement is effective for periods beginning after December 15, 2015.

GASB Statement No. 79– *Certain External Investment Pools and Pool Participants*. The objective of this Statement is to address accounting and financial reporting for certain external investment pools and pool participants. Specifically, it establishes criteria for an external investment pool to qualify for making the election to measure all of its investments at amortized cost for financial reporting purposes. This Statement is effective for periods beginning after June 15, 2015.

I CHANGES IMPACTING GOVERNMENTAL ORGANIZATIONS (Concluded)

GASB Statement No. 82– *Pension Issues – an amendment of GASB statements No. 67, No. 68 and No. 73*. The objective of this Statement is to address certain issues that have been raised with respect to Statements 67, 68 and 73. Specifically this statement addresses issues regarding (1) the presentation of payroll- related measures in required supplementary information, (2) the selection of assumptions and treatment of deviations from the guidance in an Actuarial Standard of Practice for financial reporting purposes, and (3) the classification of payments made by employers to satisfy employee (plan member) contribution requirements. This Statement is effective for periods beginning after June 15, 2016.

II INFORMATION REQUIRED BY PROFESSIONAL STANDARDS

Our Responsibilities under U.S. Generally Accepted Auditing Standards and Government Auditing Standards

Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards, *Government Auditing Standards* and the Uniform Guidance, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letter to you dated June 23, 2016. Professional standards also require that we communicate to you the following information related to our audit.

Significant Audit Findings

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the District are described in Note I to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during the 2016 fiscal year. We noted no transactions entered into by Northwest R-I School District during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. Due to the District applying the modified cash basis of accounting, no estimates are made during the preparation of financial statements. The financial statement disclosures are neutral, consistent, and clear.

Difficulties Encountered in Performing the Audit

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

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. Management has corrected all such misstatements. In addition, none of the misstatements detected as a result of audit procedures and corrected by management were material, either individually or in the aggregate, to each opinion unit's financial statements taken as a whole.

Disagreements with Management

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

II INFORMATION REQUIRED BY PROFESSIONAL STANDARDS (Concluded)

Management Representations

We have requested certain representations from management that are included in the management representation letter dated October 4, 2016.

Management Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the District's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Other Audit Findings or Issues

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

Other Matters

We were engaged to report on budgetary comparison schedules and the schedule of expenditure of federal awards, which accompany the financial statements but are not RSI (required supplementary information). With respect to this supplementary information, we made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine that the information complies with the modified cash basis of accounting, the method of preparing it has not changed from the prior period, and the information is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the supplementary information to the underlying accounting records used to prepare the financial statements or to the financial statements themselves.

We were not engaged to report on management's discussion and analysis, which accompanies the financial statements but is not RSI. 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.

NORTHWEST R-I SCHOOL DISTRICT

JEFFERSON COUNTY, MISSOURI

AUDITED FINANCIAL STATEMENTS

JUNE 30, 2016

NORTHWEST R-I SCHOOL DISTRICT
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FINANCIAL SECTION



**Daniel Jones
& Associates**
CERTIFIED PUBLIC ACCOUNTANTS

MEMBERS OF
MISSOURI SOCIETY OF CPA'S
AMERICAN INSTITUTE OF CPA'S

INDEPENDENT AUDITOR'S REPORT

To the Members of the Board of Education
Northwest R-I 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 remaining fund information of Northwest R-I School District ("District"), Missouri, 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 I; 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.

Auditor's 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 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 entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective modified cash basis financial position of the governmental activities, each major fund and the remaining fund information of the District as of June 30, 2016, and the respective changes in modified cash basis financial position thereof for the year then ended in accordance with the basis of accounting described in Note I.

Basis of Accounting

We draw attention to Note I of the financial statements that describes the basis of accounting. The financial statements are prepared on a 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.

Other Matters

Report on Supplementary and Other 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 management's discussion and analysis, budgetary comparison schedules and the schedule of expenditures of federal awards, as required by *Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The budgetary comparison schedules presented on pages 47 through 51 and the schedule of expenditures of federal awards presented on page 63 are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the budgetary comparison schedules and the schedule of expenditures of federal awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The management's discussion and analysis on pages 3 through 12 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 4, 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 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 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.

Daniel Jones & Associates

DANIEL JONES & ASSOCIATES, P.C.
CERTIFIED PUBLIC ACCOUNTANTS
ARNOLD, MISSOURI

October 4, 2016



Northwest R-I

SCHOOL DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS

FYE JUNE 30, 2016

(UNAUDITED)

The discussion and analysis of the Northwest R-I School District's financial performance provides a 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 Northwest R-I School District's financial performance as a whole. Readers should also review the basic financial statements and their supporting notes to enhance their understanding of the School District's financial performance.

The financial statements of the District have been prepared on the modified cash basis of accounting, as applied to local governmental units, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. Differences in the modified cash basis of accounting and accounting principles generally accepted in the United States of America arise in the recognition of revenue when received, rather than when earned, and the presentation of expenditures/expenses when paid versus when incurred.

Financial Highlights

- The beginning fund balance for the Northwest R-I School District was \$21,242,986, of which \$5,341,792 was restricted in the Capital Projects Fund and \$3,914,361 was restricted in the Debt Service Fund.
- The ending fund balance for the Northwest R-I School District was \$20,008,453, of which \$30,397 was restricted in the General Fund, \$700,696 was restricted in the Capital Projects Fund and \$4,302,589 was restricted in the Debt Service Fund.
- The ending unrestricted fund balance was \$14,974,770 which represents an ending fund balance percentage in the General and Teachers' Funds of 23.91%. (General Fund balance of \$ 15,005,167).
 - The District budget for the fiscal year reflected a balanced budget. This year the surplus increased due to the District receiving a onetime increase to local tax collections received from a five year protested tax settlement as well as experiencing savings from record low fuel costs.
- During the 2014-2015 school year the District failed a ballot issue asking for a tax levy increase. When the levy increase failed, the District cut \$2.4 million dollars for the 2015-2016 school year and identified four priorities in terms of budgeting.
 - Priority number one, the District will maintain a balanced budget annually and make the necessary cuts moving forward if necessary.
 - Priority number two, the district restored \$500,000 to the maintenance budget to ensure that buildings and capital assets are maintained.
 - Priority number three, the district will maintain quality salaries and benefits for employees in the Northwest R-I School district. The District implemented a new certified salary schedule and entered into a two year agreement with staff. The Classified salary schedule was also revised through committee work in April of 2016 and the district will continue to revise the Administrative and Extra Duty schedules during the 2016-2017 school year.
 - Priority number four focuses on increasing technology across the District through an allocation of \$450,000 that supported the purchase of instructional technology.

NORTHWEST R-I SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2016
(UNAUDITED)

Using this Other Comprehensive Basis of Accounting Report (OCBOA)

This annual report consists of a series of financial statements and notes to the financial statements. The Statement of Net Position – Modified Cash Basis and the Statement of Activities – Modified Cash Basis provide information about the activities of the Northwest R-I School District as a whole and present a longer-term view of the District's finances. Fund financial statements start on page 13. For governmental activities, these statements tell how these services were financed in the short term as well as what remains for future spending. The statements then proceed to provide an increasingly detailed look at specific financial activities.

By showing the change in net position (modified cash basis) for the year, the reader may ascertain whether the District's modified cash basis financial condition has improved or deteriorated. The changes that are discussed in this MD&A may be financial or non-financial in nature. Non-financial factors that may have an impact on the District's financial condition include increases in or erosion of the property tax base within the District, facilities maintenance and condition, mandated educational programs for which little or no funding is provided, or other external factors.

To provide more in-depth reporting of the District's modified cash basis financial position and changes in modified cash basis financial position, fund basis financial information is presented in the "Fund Financial Statements" section beginning on page 15. The Statements of Revenues, Expenditures, and Changes in Fund Balance reports should be familiar to those who have read previous governmental financial statements. These statements report governmental activities on a current cash basis, indicating cash basis sources and uses of funds.

Fund financial statements also provide more in-depth data on the District's most significant funds, its General Fund, Teacher's Fund, Debt Service Fund, and Capital Project's Fund. These funds are considered "major funds" under GASB statement No. 34. The relationship between governmental activities reported in the government-wide financial statements and the governmental funds reported in the fund financial statements are reconciled to the financial statements on page 18.

Government-wide Financial Analysis

Net Position of the Northwest R-I School District at June 30, 2015 of \$24,093,116 reflects the District's total assets of cash and investments. This amount is the final audited Net assets of the District for 2015. Net Position of the District as of June 30, 2016 consists of the following:

Net Position:

Unrestricted	\$15,538,380.00
Restricted	<u>7,221,614.64</u>
Total Net Position:	<u>\$22,759,994.64</u>

The restricted assets are restricted for payment of principal and interest on general obligation bonds, capital projects, professional development, payment of certificates of participation and payment of future medical insurance claims.

Governmental Activities

Net Position as presented in the Statement of Activities – Modified Cash Basis in the amount of \$22,759,994.64 as of June 30, 2016 reflects a decrease of \$1,333,121.82 under the June 30, 2015 balance of \$24,093,116.46. Key elements of this decrease consist of the following:

NORTHWEST R-I SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2016
(UNAUDITED)

Governmental Activities (Concluded)

Revenues collected

Program revenues collected:

Charges for services	\$ 2,267,617.04
Operating grants and contributions	33,710,213.26
Capital grants and contributions	7,066.86

General revenues collected:

Property taxes	26,330,271.55
Other taxes	6,257,523.67
State and federal grants not restricted to specific programs	1,767,756.20
Interest and Investment earnings	1,325,636.72
Bond issue and bond refunding proceeds	9,150,000.00
Other	<u>379,178.35</u>

Total revenues collected: \$81,195,263.65

Expenses paid

Instruction	\$39,485,387.51
Student services	4,081,551.93
Instructional staff support	555,077.91
Administration and Board of Education	2,916,761.63
Building level administration	3,271,602.46
Operation of plant	6,631,673.03
Transportation	4,262,276.35
Food service	2,560,735.58
Debt service	13,726,806.19
Capital outlay	4,447,516.44
Community services	<u>588,996.44</u>

Total expenses paid: \$82,528,385.47
Change in net position (1,333,121.82)
Net Position, July 1, 2015 24,093,116.46
Net Position June 30, 2016 \$22,759,994.64

Governmental Funds Financial Analysis

The District uses funds to control and manage money for particular purposes (e.g., dedicated taxes and bond proceeds). The fund basis financial statements allow the reader to obtain more insight into the modified cash basis financial workings of the District and assess further the District's modified cash basis financial health.

NORTHWEST R-I SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2016
(UNAUDITED)

Governmental Funds Financial Analysis (Concluded)

The District completed the fiscal year ended June 30, 2016 with a combined modified cash basis fund balance for governmental funds [as presented in the Statement of Revenues, Expenditures and Changes in Fund Balances (Modified Cash Basis) on page 16] of \$20,008,453.25, as compared to a combined fund balance of \$21,242,986.05 from 2014-2015, for a decrease of \$1,234,532.80.

The fund balance of the General Fund increased by \$3,018,334.13, due in large part to significant savings in fuel, staffing, and a onetime increase to our local tax collection from a five year protested tax settlement. The District also appreciated the passage of House Bill 42 which increased our State Formula allocation through verbiage stating that "hold harmless" districts would be made whole. For the past several years, the District only received a pro-rated amount or percentage of what the formula designated.

The District has restricted some fund balances. The balance of \$4,302,589.42 in the Debt Service Fund is legally restricted for payment of general obligation bond principal, interest and related fees. The balance of \$700,696.47 in the Capital Projects Fund is restricted for Capital Projects and the maintenance of the District facilities.

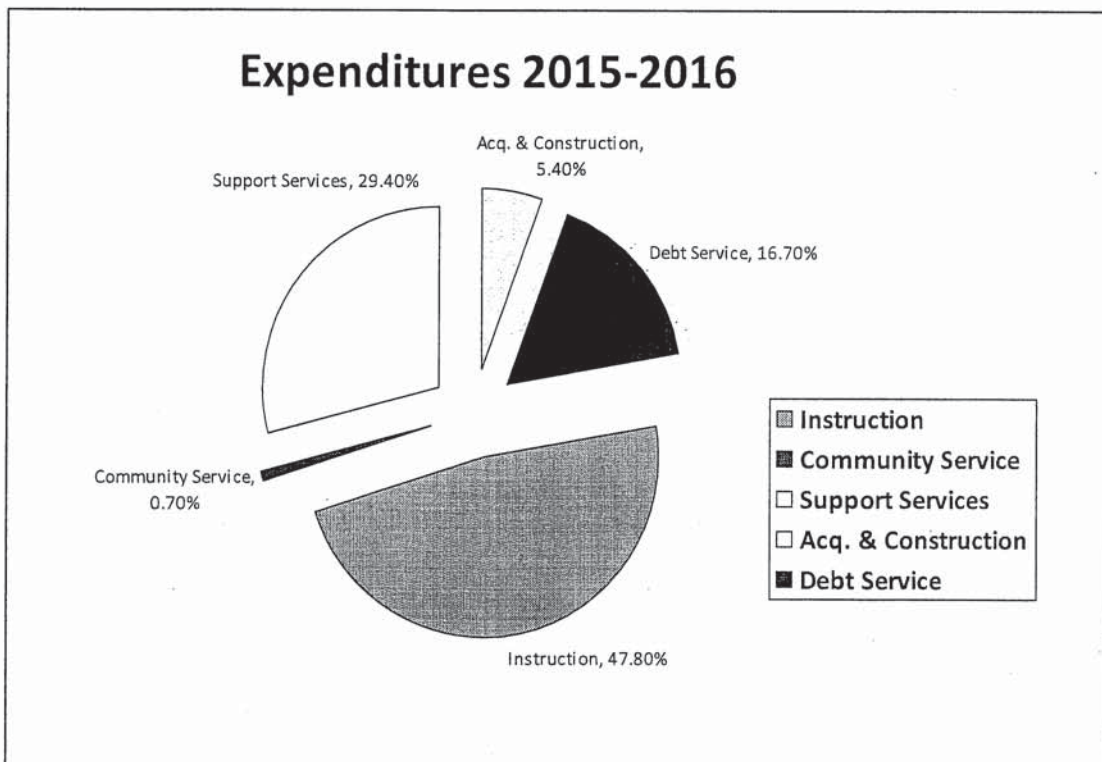
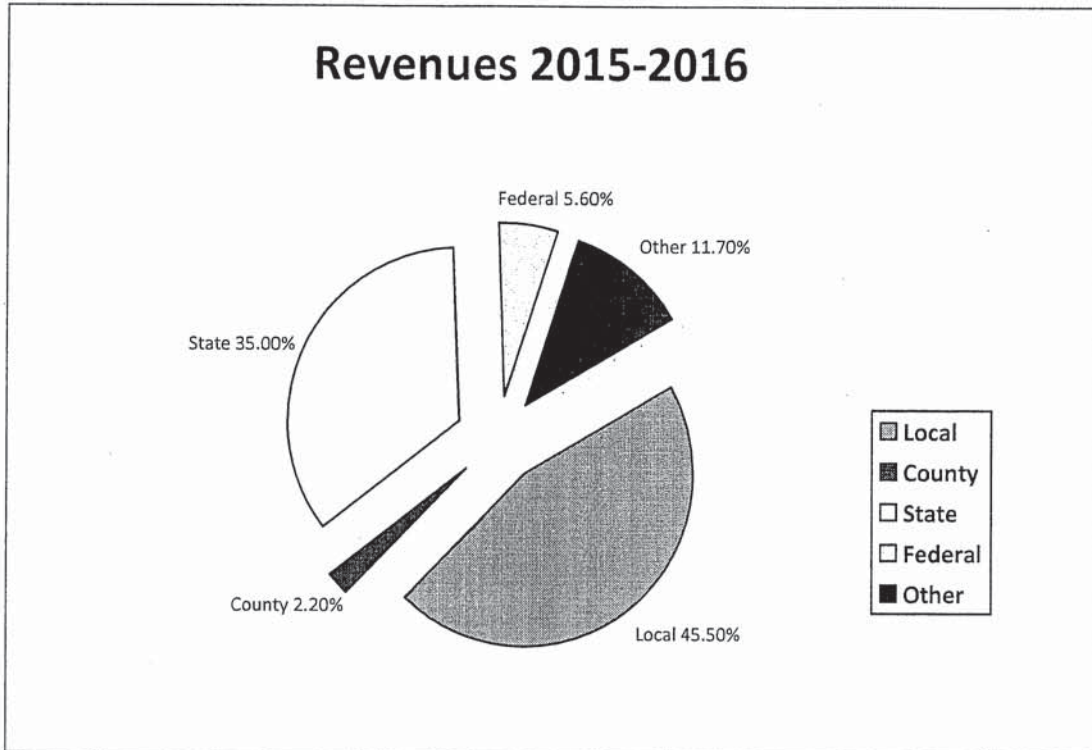
The following table summarizes the governmental fund revenues collected and expenditures paid for the year ended June 30, 2016:

Revenues Collected:	2015-2016	2014-2015	Increase (Decrease)
Local	\$36,918,751.86	34,612,716.74	\$2,306,035.12
County	1,767,756.20	1,641,206.18	126,550.02
State	28,444,519.58	28,181,918.69	262,600.89
Federal	4,583,115.55	3,877,669.04	705,446.51
Other	9,481,120.46	257,221.10	9,223,899.36
Total Revenues Collected:	\$81,195,263.65	\$68,570,731.75	\$12,624,531.90

Expenditures Paid:	2015-2016	2014-2015	Increase (Decrease)
Instruction	\$39,424,896.76	\$39,714,270.86	(\$289,374.10)
Support Services	24,242,482.96	23,101,327.72	1,141,155.24
Acquisition and Construction	4,447,516.44	8,078,136.39	(3,630,619.95)
Debt Service	13,726,806.19	3,807,925.48	9,918,880.71
Community Service and Other	588,094.10	713,230.36	(\$125,136.26)
Total Expenditures Paid:	\$82,429,796.45	\$75,414,890.81	\$7,014,905.64

NORTHWEST R-I SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2016
(UNAUDITED)

The charts below reflect the percentages of the governmental fund revenues collected and expenditures paid as summarized above:



NORTHWEST R-I SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2016
(UNAUDITED)

Local revenue in the amount of \$36,918,752 accounts for 45.50% of the total revenues collected for the District. The major source of local revenue for the operations and debt service is the local property taxes. Local property taxes collected for the 2015-2016 school year were \$26,330,272. This amount is derived from the District's operating levy of \$3.8268, Capital Projects levy of \$.15 and the debt service levy of \$.6258 for a total levy of \$4.6026. The other significant local revenues are \$6,082,742 from Proposition C, \$1,325,637 from Earnings on Investments which included the bond premiums from the 2008 bond refunding, \$1,029,312 from Food Services - breakfasts and lunches served, \$1,189,603 from Student Activities, and \$596,097 from after school program and preschool program tuition.

County revenue in the amount of \$1,767,756 accounts for 2.20% of the total revenues collected for the District. The major source of county revenue for the District is from State Assessed Railroad and Utilities in the amount of \$1,687,606. These revenues are used for operations and debt service.

State revenue in the amount of \$28,444,520 accounts for 35.00% of the total revenues collected for the District. The major sources of state revenue for the District are from the Basic Formula Calculation, \$23,512,696 and from Classroom Trust Fund, \$2,482,644. Other significant state revenues include \$983,938 from Transportation, \$1,127,178 from Early Childhood Special Education and \$164,931 from the High Need Fund. Other state revenues include State Food Service, Vocational Aid, Career Education Enhancement Grant, Parents as Teachers, and Other.

Federal revenue in the amount of \$4,583,116 accounts for 5.60% of the total revenues collected for the District. The major sources of federal revenue for the District are from the Federal School Lunch and Breakfast Program in the amount of \$1,479,039 combined, \$1,410,381 from Individuals with Disabilities Education Act (IDEA), \$155,995 from Early Childhood Special Education, \$1,096,839 from Title I, \$273,365 from Title II and \$11,058 from Title III. Other sources of federal revenue include Medicaid, IDEA Grant and Carl Perkins Grant.

Other revenue in the amount of \$9,481,120 accounts for 11.70% of the total revenues collected for the District. The District received normal other revenue from tuition from other Districts of \$93,548, contracted educational services of \$12,575 and transportation from other Districts totaling \$36,127. The District also received \$78,250 from the sale of vehicles, \$110,620 from an insurance claim for storm damage and \$9,150,000 from the sale of refunding bonds (2008 partial).

Overall, the total revenues from the 2015-2016 fiscal year increased by \$12,624,532 as compared to the 2014-2015 fiscal year. \$9,150,000 was from the sale of the 2008 bonds that the District refunded this year. The revenue generated from the refunding was placed in escrow and will be used to make the payments at a lower than previously financed rate. This year we have also seen an overall increase to Federal Programs revenues due to the timing of when the final 2014-2015 payments were received as well as an increase to Classroom Trust revenues by \$26,124. The District experienced an overall increase to the formula of \$470,846.

Local revenue increased by \$2,306,035. This increase was predominantly revenue received from the collection of settlement from a five year protested tax combined with an increase to our tax collections totaling \$1,319,123, an increase in Proposition C revenue of \$163,681, an increase in earnings on investments of \$872,892 which includes the bond premiums from the refunding of the 2008 bonds and an increase of \$109,292 in Student Activity revenues, partially offset by a decrease in M & M Surtax of \$36,902, a decrease in food service program and non-program combined of \$59,838 and a decrease in local revenue of \$47,864.

County revenue increased by \$126,550. This was due to an increase in State Assessed Railroad and Utilities of \$155,909 offset by a decrease in the Fines and Forfeitures revenues of \$29,359.

NORTHWEST R-I SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2016
(UNAUDITED)

State revenues increased by a total of \$262,601. This year the Basic Formula and Classroom Trust funding from the state increased in total. The amount that was paid by state-sourced funds increased by \$496,970 from the 2014-2015 fiscal year - the Basic Formula state sourced funding increased by \$470,846 and the Classroom Trust funds increased by \$26,124. Another increase was \$24,321 in the Career Education Enhancement Grant. This increase was offset by decreases in transportation of \$128,282, the Missouri Preschool Project of \$37,661, Parents as Teachers of \$20,998, the High Needs Fund of \$2,260 and Career Education of \$2,955. Early Childhood Special Education funding also decreased by \$66,379 which is based on the expenditures of the 2014-2015 fiscal year.

Federal revenues increased by \$705,447. IDEA funding increased by \$427,044 based on the current year entitlement and IDEA Grants increased by \$4,608. The District also had an increase in Title I funding of \$309,287, an increase in Title II funding of \$131,739 and an increase in Title III funding of \$4,882 due to the timing of revenues carried over from the previous fiscal year. These increases were offset by a decrease in the federal lunch and breakfast program of \$36,610, a decrease Early Childhood Special Education of \$121,660 and a decrease in Medicaid Revenue of \$14,432.

Other revenue increased by \$9,223,899 which is due in large part to the revenue received from the partial refunding of the 2008 bonds. Other increases included \$51,246 in net insurance recovery, \$38,370 in sale of other property and \$24,044 in transportation from other LEAs. These increases were offset by a decrease of \$23,382 in tuition from other districts and \$11,379 in contracted education services.

The governmental funds expenditures paid were \$82,429,796 for the 2015-2016 fiscal year. This is an increase of \$7,014,906 from the 2014-2015 fiscal year. This increase in expenditures is due to an increase in support services expenditures and an increase in debt service expenditures, offset by reductions in instruction and community service. The largest portion of expenditures was for Instruction \$39,424,897. This accounts for 47.80% of the total expenditures. This is a decrease of \$289,374 from the 2014-2015 fiscal year. Expenditures include salaries and benefits for teachers and classified staff, totaling \$35,206,700. The other significant expenditures include tuition for the summer school program of \$1,108,719, student activities of \$1,121,557 and other purchased services, supplies and capital outlay of \$1,987,921. In addition, tuition from summer school increased by \$26,278 due to an increase in student participation.

Support Services expenditures of \$24,242,483 accounted for 29.40% of the total expenditures for the District. This is an increase of \$1,141,155 from last year. Expenditures include salaries and benefits of \$12,694,180, food service supplies, equipment and purchased services of \$1,277,255, transportation services and supplies of \$4,239,441, operation of plant supplies, equipment and other purchased services of \$3,992,134, board and administration supplies and other purchased services of \$840,905 (which includes informational technology), library and media supplies (which include instructional technology) of \$997,080 and other supplies and purchased services in the amount of \$201,487.

Facilities, Acquisition and Construction expenditures of \$4,447,516 accounted for 5.40% of the total expenditures for the District. This is a decrease of \$3,630,620 from last fiscal year. These expenditures are a direct result of the 2014 bond proceeds approved by the voters and received during the 2013-2014 fiscal year. This fiscal year represents the final year of expenditures for the 2014 bond proceeds.

Debt Service expenditures of \$13,726,806 accounted for 16.70% of the total expenditures for the District. These expenditures were for the partial refunding of the 2008 bond issue and fees in the amount of \$10,185,628, payment of principal, interest and fees relating to the general obligation bonds in the amount of \$3,378,066 and principal and interest and fees for the certificates of participation in the amount of \$163,112. The \$10,185,628 in expenditures from debt service offset the revenue generated from the sale of the 2008 refunded bonds.

NORTHWEST R-I SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2016
(UNAUDITED)

Community Service expenditures of \$588,094 accounted for 0.70 % of the total expenditures for the District. This is a decrease of \$125,136 from last fiscal year. These are the expenditures related to the Parents as Teachers program, the Pre-School program and for the School Age Child Care Program (SACC) for the District. Salaries and benefits paid for these programs totaled \$538,346. Supplies, purchased services and capital outlay totaled \$49,748. The decrease is due to reductions to the Parents as Teachers program and the School Age Child Care Program. Funding calculations for the Parents as Teachers program changed this year resulting in a decrease of revenue. The District is committed to maintaining expenditures equivalent to the revenues received.

District Annual Budget

In May 2015, the Northwest R-I School District's Board of Education approved a preliminary budget for the 2015-2016 fiscal year. The District presented a revised budget to the Board of Education in November 2015, an amended budget in March 2016 and a final budget to the Board of Education in June 2016. The Amended budget in March included any purchase requests that were generated from potential savings that were able to be recaptured and reallocated. The final budget amendment approved by the Board of Education in June adopted the Final budget as the actual expenditures and revenues at the close of the fiscal year.

With the change in the state basic formula calculation and rules for placement of funds for the revenues, the District opted once again to place all of the state basic formula revenues, including those for the Classroom Trust Fund and Prop "C" into the Teacher's Fund. The District placed all local tax revenue income into the General, Debt Service and Capital Project's Funds.

Capital Assets

The District operates under the modified cash basis of government accounting, therefore, capital asset purchases are recorded as expenditures and depreciation is not recognized.

Long-term Debt

As of June 30, 2016 the District had outstanding general obligation indebtedness in the amount of \$33,345,000 as compared to \$35,855,000 as of June 30, 2015. This was due to the payment of \$11,660,000 in principal offset by the 2016 Refunding issue of 9,150,000.

The District paid principal in addition to interest on the certificates of participation from the high school parking lot project. \$130,000 was repaid on this loan during the 2015-2016 fiscal year.

The District also incurs obligations for compensated absences for vacation and sick leave. The obligations as of June 30, 2016 were \$195,145 for vacation and \$2,243,257 for sick leave.

The District operates under a modified cash basis of accounting; therefore, payments on long-term debt are recorded as expenditures. Commitments for long-term debt are disclosed in the notes to the financial statements. Additional information of the District's long-term debt can be found in Notes IV, V, VI, VII and VIII on pages 33 through 45 of this report.

Economic Factors and Next Year Budget Rates

- The District will continue to budget according the following priorities.
 - Priority number one, the District will maintain a balanced budget annually and make additional cuts moving forward if necessary.

NORTHWEST R-I SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2016
(UNAUDITED)

Economic Factors and Next Year Budget Rates (Concluded)

- Priority number two, the district will continue to budget \$500,000 to maintain District buildings and capital assets. \$500,000 broken down is approximately \$.50 per square foot, which is a small amount for a district as big as Northwest R-I.
- Priority number three, the district will maintain quality salaries and benefits for employees in the Northwest R-I School district. The District implemented a new certified salary schedule and entered into a two agreement with staff. The new classified salary schedule approved in April of 2016 will be implemented and the district will continue to work this year to revise the Administrative and Extra Duty schedules. The District has been able to elevate the starting teacher salary but we are still significantly behind other districts in the metropolitan area.
- Priority number four focuses on increasing technology across the District. The Board of Education approved \$530,500 to be allocated during the 2016-2017 school year to support the District's E-Learning program.
- In terms of revenue, 2016 is a non-reassessment year and historically the district has experienced a minimal increase to assessed valuations during these years. The current Consumer Price Index is also set at .7% which specifies the District can only appreciate this percentage increase to any existing properties.
- The District is projecting a slight decrease in funding from the state foundation formula due to a decrease in WADA. Keep in mind that these revenues are still projected higher than they were two years ago as a result of HB 42. The state is also projecting an increase to Prop C and the district will budget conservatively at approximately \$960 per WADA for the 2016-2017 school year.
- The healthcare plan premiums for 2016-2017 will remain the same as 2015-2016. Northwest R-I has managed the self-funded insurance exceptionally well and there is a 0% increase for the renewal of the plan. The District Paid Deductible Plan will be \$524 per month.
 - Employees can buy up to the premium plan coverage for \$184 per month
 - Employees can elect the high deductible plan and apply \$103 per month savings to an HSA, stipend or as a credit toward family health, dental or vision coverage.
- The budget annually allocates resources to buildings on a per pupil basis. Allocations were made for instructional supplies, textbooks, special education, library materials, building repairs and office supplies. This budget reflects an overall rate of \$55 per pupil to cover these building expenditures.
- The Local Tax Rate was set on September 15, 2016 after the tax rate hearing was held and the Board of Education approved the calculation submitted to the State Auditor's Office. The total tax rate for 2016 is set at \$4.5460 per \$100 of assessed value. Of the \$4.5460, \$.59 is allocated strictly for debt service and \$.15 is allocated for capital projects.

NORTHWEST R-I SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2016
(UNAUDITED)

Contacting the District Financial Management

The financial report is designed to provide our citizens, taxpayers, investors and creditors with a general overview of the Northwest R-I School District's finances and to demonstrate the District's accountability for the money it receives. If you have any questions about this report, or need additional information, please contact the Northwest R-I School District Finance Department.

BASIC FINANCIAL STATEMENTS

NORTHWEST R-I SCHOOL DISTRICT
Statement of Net Position - Modified Cash Basis
As of June 30, 2016

	<u>Governmental Activities</u>
Assets	
Current assets:	
Cash and cash equivalents (Note II)	\$ 8,039,400.85
Investments	7,498,979.15
Total Current Assets	<u>15,538,380.00</u>
Restricted assets:	
Self Insurance Cash	2,751,541.39
Restricted for Professional Development	30,397.21
Debt Service	
Investments	4,302,589.42
Capital Projects	
Cash	136,803.08
Investments	283.54
Total Restricted assets	<u>7,221,614.64</u>
Total assets	<u><u>\$ 22,759,994.64</u></u>
Net Position	
Restricted for:	
Capital Projects	137,086.62
Professional Development	30,397.21
For Future Insurance Claims	2,781,938.60
Debt Service	4,302,589.42
Unrestricted	<u>15,507,982.79</u>
Total net position	<u><u>\$ 22,759,994.64</u></u>

The notes to the financial statements are an integral part of this statement.

NORTHWEST R-I SCHOOL DISTRICT
Statement of Activities - Modified Cash Basis
For the Year Ended June 30, 2016

Functions/Programs	Expenses	Program Revenues			Net (Expenses) Revenue and Changes in Net Position
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
Governmental activities:					Governmental Activities
Instruction	\$ 39,485,387.51	\$ 1,202,178.38	\$ 30,273,089.04	\$ 7,066.86	\$ (8,003,053.23)
Attendance	96,564.87	-	-	-	(96,564.87)
Guidance	1,168,097.67	-	-	-	(1,168,097.67)
Health, Psych Speech and Audio	585,070.73	-	-	-	(585,070.73)
Improvement of Instruction	348,893.51	-	273,365.10	-	(75,528.41)
Professional Development	206,184.40	-	-	-	(206,184.40)
Media Services (Library)	2,231,818.66	-	-	-	(2,231,818.66)
Board of Education Services	295,861.61	-	-	-	(295,861.61)
Executive Administration	2,620,900.02	-	-	-	(2,620,900.02)
Building Level Administration	3,271,602.46	-	-	-	(3,271,602.46)
Business Central Service	-	-	-	-	-
Operation of Plant	6,465,538.32	-	-	-	(6,465,538.32)
Security Services	166,134.71	-	-	-	(166,134.71)
Pupil Transportation	4,262,276.35	36,126.71	983,938.00	-	(3,242,211.64)
Food Services	2,560,735.58	1,029,311.95	1,498,561.81	-	(32,861.82)
Central Office Support Services	-	-	-	-	-
Other Supporting Services	-	-	-	-	-
Adult Education	-	-	-	-	-
Community Services	588,996.44	-	681,259.31	-	92,262.87
Capital Outlay	4,447,516.44	-	-	-	(4,447,516.44)
Debt Service:					
Principal Retirement	11,790,000.00	-	-	-	(11,790,000.00)
Interest and Fiscal Charges	1,936,806.19	-	-	-	(1,936,806.19)
Total Governmental activities	<u>\$ 82,528,385.47</u>	<u>\$ 2,267,617.04</u>	<u>\$ 33,710,213.26</u>	<u>\$ 7,066.86</u>	<u>(46,543,488.31)</u>
General revenues:					
Property taxes, levied for general purposes					22,749,354.63
Property taxes, levied for debt service					3,580,916.92
Other taxes					174,781.79
Prop C - Sales tax					6,082,741.88
Federal, State and County aid not restricted to specific purposes					1,767,756.20
Interest and investment earnings					1,325,636.72
Bond Proceeds					-
Refunding Bonds Proceeds					9,150,000.00
Miscellaneous					379,178.35
Subtotal, general revenues					<u>45,210,366.49</u>
Change in net position					(1,333,121.82)
Net position July 1, 2015					<u>24,093,116.46</u>
Net position June 30, 2016					<u>\$ 22,759,994.64</u>

The notes to the financial statements are an integral part of this statement.

NORTHWEST R-I SCHOOL DISTRICT
Balance Sheet - Modified Cash Basis
All Governmental Funds
As of June 30, 2016

	General Fund	Special Revenue Fund	Debt Service Fund	Capital Projects Fund	Total Governmental Funds
ASSETS					
Cash and cash equivalents (Note II)	\$ 7,475,791.00	\$ -	\$ -	\$ 563,609.85	\$ 8,039,400.85
Investments - Restricted - Amount Held in Escrow	-	-	4,302,589.42	-	4,302,589.42
Cash - Restricted	30,397.21	-	-	136,803.08	167,200.29
Investments	7,498,979.15	-	-	283.54	7,499,262.69
Total Assets	\$ 15,005,167.36	\$ -	\$ 4,302,589.42	\$ 700,696.47	\$ 20,008,453.25
LIABILITIES AND FUND BALANCES					
Fund Balances (Note I):					
Restricted for:					
Debt Service	-	-	4,302,589.42	-	4,302,589.42
Capital Projects	-	-	-	137,086.62	137,086.62
Professional Development	30,397.21	-	-	-	30,397.21
Unrestricted	14,974,770.15	-	-	563,609.85	15,538,380.00
Total Liabilities and Fund Balances	\$ 15,005,167.36	\$ -	\$ 4,302,589.42	\$ 700,696.47	\$ 20,008,453.25

The notes to the financial statements are an integral part of this statement.

NORTHWEST R-I SCHOOL DISTRICT
Statement of Revenues, Expenditures and Changes in Fund Balances - Modified Cash Basis
All 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 Sources	\$ 25,254,378.44	\$ 6,094,123.39	\$ 4,484,483.97	\$ 1,085,766.06	\$ 36,918,751.86
County Sources	1,350,063.18	80,149.94	316,896.06	20,647.02	1,767,756.20
State Sources	2,402,383.78	25,995,340.00	-	46,795.80	28,444,519.58
Federal Sources	3,486,276.91	1,096,838.64	-	-	4,583,115.55
TOTAL REVENUES	32,493,102.31	33,266,451.97	4,801,380.03	1,153,208.88	71,714,143.19
Expenditures					
Current					
Regular Instruction	6,725,585.10	32,542,079.97	-	157,231.69	39,424,896.76
Attendance	96,416.93	-	-	-	96,416.93
Guidance	12,846.74	1,153,461.43	-	-	1,166,308.17
Health, Psych Speech & Audio	580,351.46	2,084.36	-	1,738.59	584,174.41
Improvement of Instruction	74,110.41	274,248.60	-	-	348,359.01
Professional Development	102,886.23	102,982.30	-	-	205,868.53
Media Services	1,018,843.99	821,059.50	-	388,496.07	2,228,399.56
Board of Education Services	295,408.36	-	-	-	295,408.36
Executive Administration	1,491,213.41	1,033,903.79	-	91,767.66	2,616,884.86
Building Level Administration	981,398.60	2,285,191.84	-	-	3,266,590.44
Business Central Services	-	-	-	-	-
Operation of Plant	5,714,846.68	-	-	740,786.58	6,455,633.26
Security Services	165,880.20	-	-	-	165,880.20
Pupil Transportation	4,243,178.92	12,567.72	-	-	4,255,746.64
Food Service	2,316,255.66	-	-	240,556.93	2,556,812.59
Central Office Support Services	-	-	-	-	-
Other Supporting Services	-	-	-	-	-
Adult Continuing Education	-	-	-	-	-
Community Services	481,893.43	104,774.67	-	1,426.00	588,094.10
Capital Outlay	-	-	-	4,447,516.44	4,447,516.44
Debt Service:					
Principal	-	-	11,660,000.00	130,000.00	11,790,000.00
Interest and Charges	-	-	1,903,151.74	33,654.45	1,936,806.19
Total Expenditures	24,301,116.12	38,332,354.18	13,563,151.74	6,233,174.41	82,429,796.45
Excess (deficiency) of revenues over expenditures	8,191,986.19	(5,065,902.21)	(8,761,771.71)	(5,079,965.53)	(10,715,653.26)
Other Financing Sources (Uses):					
Transfers	(5,209,778.77)	4,959,778.77	-	250,000.00	-
Sale of Bonds	-	-	-	-	-
Net Insurance Recovery	-	-	-	110,620.31	110,620.31
Sale of School Buses	-	-	-	-	-
Sale of Other Property	-	-	-	78,250.00	78,250.00
Refunding Bonds	-	-	9,150,000.00	-	9,150,000.00
Tuition from other Districts	-	93,548.00	-	-	93,548.00
Area Voc Fees from Other LEAS	-	-	-	-	-
Contracted Educational Services	-	12,575.44	-	-	12,575.44
Trans from other LEAS Non-Handi	36,126.71	-	-	-	36,126.71
Trans from other LEAS for Handi	-	-	-	-	-
Trans from other LEAS for ECSE Handi	-	-	-	-	-
Total Other Financing Sources (Uses)	(5,173,652.06)	5,065,902.21	9,150,000.00	438,870.31	9,481,120.46
NET CHANGE IN FUND BALANCES	3,018,334.13	-	388,228.29	(4,641,095.22)	(1,234,532.80)
Fund Balances July 1, 2015	11,986,833.23	-	3,914,361.13	5,341,791.69	21,242,986.05
Fund Balances June 30, 2016	\$ 15,005,167.36	\$ -	\$ 4,302,589.42	\$ 700,696.47	\$ 20,008,453.25

The notes to the financial statements are an integral part of this statement.

NORTHWEST R-I SCHOOL DISTRICT
Reconciliation of the Governmental Funds Balance Sheet
With the Government-Wide Statement of Net Position - Modified Cash Basis
As of June 30, 2016

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

Total Fund Balance - Governmental Funds	\$ 20,008,453.25
Total Fund Balance - Self Insurance Fund	2,751,541.39
	<hr/>
Total Net Position - Governmental Activities	<u><u>\$ 22,759,994.64</u></u>

The notes to the financial statements are an integral part of this statement.

NORTHWEST R-I SCHOOL DISTRICT
Reconciliation of the Governmental Funds Statement of Revenues, Expenditures
and Changes in Fund Balances with the Government-Wide Statement of Activities - Modified Cash Basis
For the Year Ended June 30, 2016

Total net change in fund balances - governmental funds	\$ (1,234,532.80)
Total net change in fund balance - Self Insurance Fund	<u>(98,589.02)</u>
Change in net position of governmental activities	<u><u>\$ (1,333,121.82)</u></u>

The notes to the financial statements are an integral part of this statement.

NORTHWEST R-I SCHOOL DISTRICT
Statement of Net Position
Modified Cash Basis - Proprietary Fund
As of June 30, 2016

	<u>Self Insurance Fund</u>
ASSETS	
Restricted:	
Cash and Cash Equivalents	\$ 2,751,541.39
Investments	<u>-</u>
Total Assets	<u><u>2,751,541.39</u></u>
LIABILITIES	
Accounts Payable and Accrued Liabilities	<u>\$ -</u>
Total Liabilities	<u><u>\$ -</u></u>
NET POSITION	
Invested in Capital Assets, Net of Related Debt	\$ -
Restricted for Future Claims	2,751,541.39
Unrestricted	<u>-</u>
Total Net Position	<u><u>\$ 2,751,541.39</u></u>

The notes to the financial statements are an integral part of this statement.

NORTHWEST R-I SCHOOL DISTRICT
Statement of Revenues, Expenses and
Changes in Fund Net Position
Modified Cash Basis - Proprietary Fund
For the Year Ended June 30, 2016

OPERATING REVENUES	
Self-Insurance Premiums	\$ 5,401,661.00
Total Operating Revenues	<u>5,401,661.00</u>
 OPERATING EXPENSES	
Medical Claims	4,784,641.22
Administration Fees	510,286.72
Fees	37,110.08
ACA Fees	47,080.00
Stop Loss premium payments	410,703.44
SmartBen Fees	51,133.53
Total Operating Expenses	<u>5,840,954.99</u>
 Operating Income (Loss)	 (439,293.99)
 NON-OPERATING REVENUES (EXPENSES)	
Interest Income	7,407.08
Stop Loss Reimbursement	40,212.47
Prescription Rebates	293,085.42
Prescription Performance Guarantee	-
Wellness Credit	-
Topotol XL TPP Settlement	-
Total Non-Operating Revenues (Expenses)	<u>340,704.97</u>
 Income (Loss) Before Capital Contributions	 (98,589.02)
 Capital Contributions	 <u>-</u>
 Change in Net Position	 (98,589.02)
 Total Net Position - July 1, 2015	 <u>2,850,130.41</u>
 Total Net Position - June 30, 2016	 <u>\$ 2,751,541.39</u>

The notes to the financial statements are an integral part of this statement.

NORTHWEST R-I SCHOOL DISTRICT
Statement of Cash Flows
Modified Cash Basis - Proprietary Fund
For the Year Ended June 30, 2016

	<u>Self Insurance Fund</u>
CASH FLOWS FROM OPERATING ACTIVITIES	
Cash Received from User Charges	\$ 5,401,661.00
Pharmacy Rebate	293,085.42
Prescription Performance Guarantee	-
Stop Loss Reimbursement	40,212.47
Wellness Credit	-
Topotol XL TPP Settlement	-
Cash Payments for Insurance Claims and Fees	<u>(5,840,954.99)</u>
Net Cash Ued in Operating Activities	(105,996.10)
CASH FLOWS FROM INVESTING ACTIVITIES	
Interest on Investments	<u>7,407.08</u>
Net Increase (Decrease) in Cash and Cash Equivalents	(98,589.02)
Cash and Cash Equivalents - July 1, 2015	<u>2,850,130.41</u>
Cash and Cash Equivalents - June 30, 2016	<u><u>2,751,541.39</u></u>
Reconciliation of Operating Income/(Loss) to Net Cash Provided	
(Used) by Operating Activities:	
Operating Income (Loss)	<u>(105,996.10)</u>
NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES	<u><u>\$ (105,996.10)</u></u>

The notes to the financial statements are an integral part of this statement.

NORTHWEST R-I SCHOOL DISTRICT
Statement of Fiduciary Net Position -
Modified Cash Basis - Fiduciary Funds (Agency)
As of June 30, 2016

	<u>Agency Fund</u> <u>Cafeteria and Flex Plan</u>
ASSETS	
Current Assets:	
Cash and Cash Equivalents	\$ 24,019.35
Total Assets	<u>24,019.35</u>
LIABILITIES	
Current Liabilities:	
Accrued Liabilities for Future Payment Requests	\$ (24,019.35)
Total Liabilities	<u>(24,019.35)</u>
NET POSITION	
Invested in Capital Assets	\$ -
Restricted	-
Unrestricted	-
Total Net Position	<u>\$ -</u>

The notes to the financial statements are an integral part of this statement.

NORTHWEST R-I SCHOOL DISTRICT
Statement of Fiduciary Net Position -
Modified Cash Basis - Fiduciary Funds (Agency)
As of June 30, 2016

	<u>Agency Fund</u> <u>COBRA/Retiree Insurance</u>
ASSETS	
Current Assets:	
Cash and Cash Equivalents	\$ 8,275.36
Total Assets	<u>8,275.36</u>
LIABILITIES	
Current Liabilities:	
Accrued Liabilities for Future Payment Requests	\$ (8,275.36)
Total Liabilities	<u>(8,275.36)</u>
NET POSITION	
Invested in Capital Assets	\$ -
Restricted	-
Unrestricted	-
Total Net Position	<u>\$ -</u>

The notes to the financial statements are an integral part of this statement.

NORTHWEST R-I SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2016

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Northwest R-I School District ("District") operates under the regulations pursuant to Section 162.092 RSMo of the Public School Laws of Missouri, which designates a Board of Education to act as the governing authority. The District provides educational services.

As discussed further in Note I, these financial statements are presented on the modified cash basis of accounting. This modified cash basis of accounting differs from accounting principles generally accepted in the United States of America (GAAP). Generally accepted accounting principles include all relevant Governmental Accounting Standards Board (GASB) pronouncements.

Principles Determining the Scope of Reporting Entity

The District's reporting entity includes the District's governing board and all related organizations that exercise oversight responsibility.

The District has developed criteria to determine whether outside agencies with activities that benefit the citizens of the District, including joint agreements that serve pupils from numerous districts, should be included within its financial reporting entity. The criterion includes, but is not limited to, whether the District exercises oversight responsibility (which includes financial interdependency, selection of governing authority, designation of management, ability to significantly influence operations, and accountability for fiscal matter), scope of public service, and special financing relationships.

Excluded from the reporting entity:

Public School Retirement System of Missouri, Public Education Employee Retirement System, and Missouri United School Insurance Council (MUSIC). The participating school districts' governing bodies have appointed these potential component units jointly. These are independent units that select management staff, set user charges, establish budgets and control all aspects of its daily activity.

The District has determined that no other outside agency meets the above criteria and, therefore, no other agency has been included as a component unit in the District's financial statements. In addition, the District is not aware of any entity that would exercise such oversight, which would result in the District being considered a component unit of the entity.

Additionally, while the parent-teacher organizations of the District's schools are organizations that provide financial support exclusively to the District, they are not required to be included as a component unit because the amount of financial support provided is of a de minimus nature.

Fund Accounting

The District's accounts are organized on the basis of legally established funds, each of which is considered a separate accounting entity. Each Fund's operations are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues and expenditures/expenses on the modified cash basis of accounting. 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 fund types are used by the District:

NORTHWEST R-I SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2016

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Governmental Funds

Governmental Funds are those through which most functions of the District are financed. The District's expendable financial resources are accounted for through Governmental Funds. The measurement focus is determined upon changes in the financial position rather than upon net income determination. The following are the District's governmental fund types, each of which the District considers to be a major fund.

General Fund: This fund is the District's general operating fund, and it accounts for expenditures for non-certified employees, pupil transportation costs, operation of plant, fringe benefits, student body activities, community services, the food service program, and any expenditures not required or permitted to be accounted for in other funds.

Special Revenue Fund: A special revenue fund accounts for revenues derived from specific taxes or other earmarked revenue sources. The Special Revenue Fund accounts for expenditures for certified employees involved in administration and instruction, and it includes revenues restricted by the State for the payment of teacher salaries and certain benefits.

Debt Service Fund: This fund is used to account for the accumulation of resources for, and the payment of, principal, interest and fiscal charges on long-term debt.

Capital Projects Fund: This fund is used to account for the proceeds of long-term debt, taxes and other revenues restricted for acquisition or construction of major capital assets and all other capital outlay.

Proprietary Funds

Proprietary funds include enterprise and internal service funds. Enterprise funds account for ongoing organizations and activities, which are similar to those often found in the private sector. The measurement focus is determined upon change in net position.

Internal service funds are established to account for services furnished by a department of the District to other departments on a cost reimbursement basis. The District's proprietary fund includes the activity of the District's self-insured medical benefits account. Proprietary funds distinguish between operating revenues and expenses from non-operating items. Operating revenues and expenses normally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The District's internal service fund principal operating revenues are District and employee contributions. Operating services include benefit payments, insurance premiums and administrative costs. Investment income is reported as non-operating revenue.

Fiduciary Funds

Fiduciary fund reporting focuses on net position and changes in the net position. The Fiduciary fund category is split into four classifications: pension or other employee benefit trust funds, investment trust funds, private-purpose trust funds and agency funds. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of changes in net position. The District has no trust funds. The District's agency funds are the following private-purpose trust funds:

Section 125 Cafeteria Plan: Accounts for transactions of the District's flexible spending account.

COBRA/Retiree Insurance Plan: Accounts for transactions of the District's COBRA and retiree insurance recipients.

NORTHWEST R-I SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2016

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Cash and Cash Equivalents

The District considers all liquid investments with original maturities of three months or less to be cash equivalents.

Basis of Presentation

Government-Wide Financial Statements

The Statement of Net Position and the Statement of Activities display information about the District, as a whole. These statements include the District's non-fiduciary financial activities. The effect of interfund activity has been eliminated from these statements. These statements report the District activities that are governmental (i.e. generally supported by taxes and intergovernmental revenues). Fiduciary funds are not included in the government-wide financial statements.

The government-wide statements are prepared using the economic resources measurement focus and modified cash basis of accounting. This approach differs from the manner in which governmental fund financial statements are prepared. Therefore, governmental fund financial statements include reconciliations with brief explanations to better identify the relationship between the government-wide statements and the statements for governmental funds.

The government-wide Statement of Activities presents a comparison between direct expenses and program revenues for each program of the District's governmental activities. Direct expenses are those that are specifically associated with a service, program, or department, and therefore, are clearly identifiable to a particular function. Program revenues include charges paid by the recipient of the 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 the District's general revenues, with certain limited exceptions. The comparison of direct expenses with program revenues identifies the extent to which each governmental function is self-financing or drawing from the District's general revenues.

Fund Financial Statements

Fund financial statements report detailed information about the District. The District segregates transactions related to certain functions or activities into separate funds in order to aid financial management and to demonstrate legal compliance. Fund financial statements are designed to present the District's financial information at this more detailed level. Governmental financial statements focus on major funds, and each major fund is presented in a separate column. Non-major funds are aggregated and presented in a single column. The District believes that all the funds presented are important to the users of its financial statements; therefore, it considers the General Fund, Special Revenue Fund, Debt Service Fund, and Capital Projects Fund to be major.

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. All governmental fund types are accounted for using a flow of current financial resources measurement focus. The financial statements for governmental funds include a statement of assets, liabilities and fund balances which generally includes only current assets and current liabilities, and a statement of revenues, expenditures, and changes in fund balances, which reports on the sources (i.e., revenues and other financing sources) and uses (i.e. expenditures and other financing uses) of current financial resources.

NORTHWEST R-I SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2016

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Basis of Accounting

The financial statements are presented on a modified cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America (GAAP) as established by the Governmental Accounting Standards Board. This basis of accounting involves modifications to the cash basis of accounting to report in the Statement of Net Position or Balance Sheet cash transactions or events that provide a benefit or result in an obligation that covers a period greater than the period in which the cash transaction or event occurred. Such reported balances include investments arising from cash transactions or events.

This modified cash basis of accounting differs from GAAP primarily because certain assets and their related revenues (such as accounts receivable and revenue for billed or provided services not yet collected, and other accrued revenue and receivables) and certain liabilities and their related expenses or expenditures (such as accounts payable and expenses for goods or services but not yet paid, and other accrued expenses and liabilities) are not recorded in these financial statements. In addition, other economic assets, deferred outflows, liabilities, and deferred inflows that do not arise from a cash transaction or event (such as donated assets and post-employment benefit obligations) are not reported, and the measurement of reported assets and liabilities does not involve adjustment to fair value.

If the School District utilized the basis of accounting recognized as generally accepted in the United States, the fund financial statements for governmental funds would use the modified accrual basis of accounting, and the fund financial statements for proprietary fund types would use the accrual basis of accounting. All government-wide financial statements would be presented on the accrual basis of accounting.

Pooled Cash and Temporary Investments

Cash resources are combined to form a pool of cash and temporary investments which is managed by the District Treasurer, except resources from the Debt Service Fund, as state law requires these deposits to be separately maintained.

The District may invest in United States Treasury-bills, notes, bonds, government agency and instrumental obligations, repurchase agreements collateralized by government securities, time certificates of deposit, bankers' acceptances issued by domestic commercial banks, and commercial paper issued by domestic corporations.

Interest income earned is allocated to contributing funds based on each fund's proportionate share of funds invested. In addition, see Note II, Cash and Investments.

Restricted Cash

Restricted cash represents amounts limited by legal requirements, and they consist of amounts escrowed for future general obligation bond principal and interest payments in conjunction with the Missouri School District Direct Deposit Program, as discussed in Note II.

Fund Balance Reserves

The District reserves those portions of fund balance legally segregated for a specific future use or those portions that do not represent available expendable resources, and therefore, are not available for appropriation or expenditure. Unreserved fund balance indicates that portion of fund balance that is available for appropriation in future periods.

NORTHWEST R-I SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2016

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Net Position

Net position represents the difference between assets and liabilities. Net assets are reported as restricted when there are limitations imposed on their use, either through the enabling legislation adopted by the District or through external restrictions imposed by creditors, grantors or laws or regulations of other governments. All other net assets are reported as unrestricted. The District applies restricted resources first when an expense is incurred for purposes for which both restricted and unrestricted net assets are available.

Interfund Activity

Interfund transfers are reported as other financing sources/uses in governmental funds. Repayments from funds responsible for particular expenditures/expenses to the funds that initially paid for them are not presented on the financial statements.

Extraordinary and Special Items

Extraordinary items are transactions or events that are both unusual in nature and infrequent in occurrence. Special items are transactions or events that are within the control of the Board of Education and that are either unusual in nature or infrequent in occurrence.

Post-Employment Benefits

COBRA Benefits - Under the Consolidated Omnibus Budget Reconciliation Act (COBRA), the District provides healthcare benefits to eligible former employees and eligible dependents. Certain requirements are outlined by the federal government for this coverage. The premium plus a 2% administration charge, which the District has elected to waive, is paid in full by the insured on or before the tenth (10th) day of the month for the actual month covered. This program is offered for a duration of 18 months after the termination date. There is no associated cost to the District under this program, and there were 4 participants in the program during June 30, 2016.

Inventories

The District does not maintain inventory cost records. Inventory is deemed to be immaterial and accounted for using the purchase method in which supplies are charged to expenditures when purchased.

Capital Assets

Capital assets are recorded as expenditures paid in the General (Incidental) Fund or the Capital Projects Fund at the time the expenditure is made. The District does not maintain a capital asset schedule. Therefore, no depreciation is provided on capital assets.

Compensated Absences

Vacation time is considered an expenditure in the year paid. Amounts that are unpaid and vested in the employee are paid at termination. Total vested and unpaid vacation at June 30, 2016, amounted to \$195,145.00. Total unpaid sick leave at June 30, 2016, amounted to \$2,243,256.98. These estimates have not been subjected to auditing procedures.

NORTHWEST R-I SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2016

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONCLUDED)

Teachers Salaries

The salary payment schedule of the District for the 2015-16 school year requires paying salaries over a 12-month period. Consequently, the July and August 2016 payroll checks are included in the accompanying financial statements as an expenditure paid in the month of June. This practice has been consistently followed in previous years.

FUND BALANCE CLASSIFICATIONS

Committed Fund Balance consists of funds that are set aside for a specific purpose by the District's highest level of decision making authority, the Board of Education. Formal action by vote of the Board 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 consists of funds that are set aside for a specific purpose by the District's highest level of decision-making authority, the Board of Education, which has been given the authority to assign funds. Assigned funds cannot cause a deficit in unassigned fund balance. This classification includes the remaining positive fund balance of all governmental funds except for the General Fund.

Unassigned Fund Balance consists of excess funds that have not been classified in the previous four 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 District would typically use Restricted fund balances first, followed by Committed resources, and then Assigned resources, as appropriate opportunities arise, but it reserves the right to selectively spend Unassigned resources first to defer using these other classified funds.

As of June 30, 2016, fund balance components other than unassigned fund balances consist of the following:

	<u>Nonspendable</u>	<u>Restricted</u>	<u>Committed</u>	<u>Assigned</u>
General Fund	\$ -	\$ 30,397.21	\$ -	\$ -
Special Revenue (Teachers) Fund	-	-	-	-
Debt Service Fund	-	4,302,589.42	-	-
Capital Projects Fund	-	137,086.62	-	563,609.85
Total	\$ -	\$ 4,470,073.25	\$ -	\$ 563,609.85

II. CASH AND INVESTMENTS

The District maintains a cash and temporary investment pool that is available for use by all funds except the Debt Service Fund (State law requires that all deposits of the Debt Service Funds be kept separate and apart from all other funds of the District). Each fund type's portion of this pool is displayed on the Balance Sheet Governmental Funds as *Cash and Investments* under each fund's caption. In addition, the District maintains two separate accounts that are not included on the Department of Elementary and Secondary Education reporting document, the Annual Secretary of the Board Report. These two accounts are noted within the self-insurance funds and the agency funds. As of June 30, 2016, 100% of the District's investments were guaranteed by the U.S. Government through pledged securities and FDIC insurance.

NORTHWEST R-I SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2016

II. CASH AND INVESTMENTS (CONTINUED)

Restricted Deposits and Investments:

Investments Restricted for Capital Projects	\$ 283.54
Investments Restricted for Debt Service	4,302,589.42
Deposits Restricted for Professional Development	30,397.21
Deposits Restricted for Capital Projects Fund	136,803.08

Total Restricted Deposits and Investments	\$ 4,470,073.25
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Unrestricted Deposits and Investments:

Unrestricted Deposits	\$ 8,039,400.85
Unrestricted Investments	7,498,979.15

Total Unrestricted Deposits and Investments	\$ 15,538,380.00
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Total Governmental Cash and Investments	\$ 20,008,453.25
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Deposits and Investments – Proprietary Self Insurance

Investments - MOSIP	\$ 2,751,541.39
Investments – CD's	-

Total Government-Wide Balances	\$ 22,759,994.64
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Deposits – Agency Funds

Demand Deposits – Cafeteria and Flex Plan	\$ 24,019.35
Demand Deposits – COBRA and Retiree Insurance	8,275.36
	\$ 32,294.71

Investments are as follows:

Type	Fair Value	Maturity Less Than 1 Year	Maturity 1-5 Years
Certificates of Deposit	\$ 7,498,979.24	\$ 6,850,392.88	\$ 648,586.36
External Investment Pools:			
Missouri School District Direct Deposit Program	1,437,397.00	-	1,145,938.00
Missouri Securities Investment Program	2,865,475.87	2,865,475.87	-
Missouri Securities Investment Program – Self Insurance	2,751,541.39	2,751,541.39	-
	\$ 14,553,393.50	\$ 12,467,410.14	\$ 1,794,524.36

NORTHWEST R-I SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2016

II. CASH AND INVESTMENTS (CONTINUED)

Type	Maturity 6-10 Years	Maturity 11-15 Years	Maturity 16-20 Years
Certificates of Deposit	\$ -	\$ -	\$ -
External Investment Pools:			
Missouri School District Direct Deposit Program	128,586.50	-	162,872.50
Missouri Securities Investment Program	-	-	-
Missouri Securities Investment Program – Self Insurance	-	-	-
	<u>\$ 128,586.50</u>	<u>\$ -</u>	<u>\$ 162,872.50</u>

MISSOURI SECURITIES INVESTMENT PROGRAM (MOSIP):

All assets contained in the Program are invested in accordance with Section 165.01 RSMo 2001. Each school district or government agency owns shares of the fund, which invests the pooled assets. Since the Program has the characteristics of a mutual fund, it would not be reported by risk category in accordance with Governmental Accounting Standards Board Statement #3. Certificates of deposit or other fixed term investments are purchased by the District through the Fund's administrator; they are purchased in the name of the school district.

MISSOURI HEALTH AND EDUCATIONAL FACILITIES AUTHORITY (MOHEFA)

In the past, the District sold general obligation bonds and participated in the program created by Senate Bill 301 administered by the Missouri Health and Educational Facilities Authority (MOHEFA). The program intercepts a portion of state aid and places those funds in escrow to pay the debt service requirements of the bonds.

Custodial Credit Risk – Deposits

For a deposit, custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it. The District's investment policy does not include custodial credit risk requirements. The District's deposits were not exposed to custodial credit risk for the year ended June 30, 2016.

Custodial Credit Risk – Investments

Investment securities are exposed to custodial credit risk if the securities are uninsured, are not registered in the name of the government, and are held by the party who sold the security to the District or its agent but not in the government's name. The District does not have a policy for custodial credit risk relating to investments. All investments, evidenced by individual securities, are registered in the name of the District or of a type not exposed to custodial credit risk.

Investment Interest Rate Risk

Investment interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The District does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

NORTHWEST R-I SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2016

II. CASH AND INVESTMENTS (CONCLUDED)

Concentration of Investment Credit Risk

Concentration of investment credit risk is required to be disclosed by the District for any single investment that represents 5% or more of total investments (excluding investments issued by or explicitly guaranteed by the U.S. Government, investments in mutual funds, investments in external investment pools and investments in other pooled investments). The District has no policy in place to minimize the risk of loss resulting from over concentration of assets in specific maturity, specific issuer or specific class of securities. The District's deposits were not exposed to concentration of investment credit risk for the year ended June 30, 2016.

III. TAXES

Property taxes attach as an enforceable lien on property as of January 1. Taxes are levied on November 1 and are payable by December 31. All unpaid taxes become delinquent January 1, of the following year. The county collects the property taxes and remits them to the District on a monthly basis.

The District also receives sales tax collected by the State, and it is remitted based on ADA of regular term and Summer School. 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, a prop C rollback. However, April 4, 1995, the District's voters approved a 20-year full waiver of the Prop C rollback and passed a permanent waiver on April 2, 2013.

The assessed valuation of the tangible taxable property (including state assessed railroad and utilities) for the calendar year 2015, for purposes of local taxation, was:

Real Estate:	
Residential	\$ 345,659,578
Agricultural	1,758,825
Commercial	93,989,721
Personal Property Including Local	
Assessed Railroad & Utility	116,436,534
Total	<u>\$ 557,844,658</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:

	Unadjusted	Adjusted
General Fund	\$ 3.8268	\$ 3.8268
Special Revenue Fund	.0000	.0000
Debt Service Fund	.6258	.6258
Capital Projects Fund	.1500	.1500
Total	<u>\$ 4.6026</u>	<u>\$ 4.6026</u>

The receipts of current and delinquent property taxes during the fiscal year ended June 30, 2016, aggregated approximately 100.02% of the current assessment computed on the basis of the levy as shown above.

NORTHWEST R-I SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2016

IV. CHANGES IN LONG-TERM DEBT

The following is a summary of changes in long-term debt for the year ended June 30, 2016:

	GENERAL OBLIGATION BONDS	CAPITAL LEASES	TOTAL
Long-Term Debt – July 1, 2015	\$ 35,855,000.00	\$ 845,000.00	\$ 36,700,000.00
Add-issued	9,150,000.00	-	9,150,000.00
Less-Payments	(11,660,000.00)	(130,000.00)	(11,790,000.00)
Long-Term Debt – June 30, 2016	<u>\$ 33,345,000.00</u>	<u>\$ 715,000.00</u>	<u>\$ 34,060,000.00</u>

General Obligation Bonds

Bonds payable at June 30, 2016, consist of:

\$10,000,000.00 Original Principal Northwest R-I School District General Obligation Refunding Bonds Series 2008 – partially refunded in 2016 now \$710,000.00 due in varying annual principal installments beginning March 1, 2020, ranging from \$250,000 to \$460,000; interest rate is 4.25%. \$ 710,000.00

\$7,930,000.00 Original Principal Northwest R-I School District General Obligation Refunding Bonds Series 2009 due in varying annual principal installments beginning March 1, 2010, ranging from \$275,000 to \$1,390,000; interest rate is variable from 3.375% to 4.100%. 890,000.00

\$4,330,000.00 Original Principal Northwest R-I School District General Obligation Refunding Bonds Series 2011 – Refunds part of the 2004 bonds - due in varying annual principal installments beginning March 1, 2016, ranging from \$250,000 to \$1,000,000; interest rate is variable from 2.0% to 3.0%. 3,400,000.00

\$8,740,000.00 Original Principal Northwest R-I School District General Obligation Refunding Bonds Series 2012 – Refunds part of the 2004 bonds - due in varying annual principal installments beginning March 1, 2013, ranging from \$30,000 to \$2,000,000; interest rate is variable from 1.0% to 3.5%. 6,795,000.00

\$8,880,000.00 Original Principal Northwest R-I School District General Obligation Bonds Series 2014A - due in varying annual principal installments beginning March 1, 2024, ranging from \$685,000 to \$960,000; interest rate is variable from 3.0% to 4.0%. 8,880,000.00

NORTHWEST R-I SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2016

IV. CHANGES IN LONG-TERM DEBT (CONTINUED)

\$3,620,000.00 Original Principal Northwest R-I School District General Obligation Qualified Zone Academy Bonds Series 2014B – due in varying annual principal installments beginning March 16, 2016, ranging from \$50,000 to \$305,000; interest rate is fixed at 1.15% 3,520,000.00

\$9,150,000.00 Original Principal Northwest R-I School District General Obligation Refunding Bonds Series 2016 – due in varying annual principal installments beginning March 1, 2021, ranging from \$2,405,000 to \$3,530,000; interest rate is fixed at 3.000% 9,150,000.00

\$ 33,345,000.00

The annual requirements to amortize all bonds outstanding as of June 30, 2016, including interest payments, are as follows:

Fiscal Year Ending June 30,	Principal	Interest	Total
2017	\$ 2,555,000.00	\$ 1,038,395.00	\$ 3,593,395.00
2018	2,765,000.00	943,170.00	3,708,170.00
2019	2,915,000.00	854,332.50	3,769,332.50
2020	3,300,000.00	760,092.50	4,060,092.50
2021	2,915,000.00	648,892.50	3,563,892.50
2022-2026	9,785,000.00	2,003,940.00	11,788,940.00
2027-2031	5,435,000.00	1,110,745.00	6,545,745.00
2032-2034	3,675,000.00	245,472.50	3,920,472.50
Totals	<u>\$ 33,345,000.00</u>	<u>\$ 7,605,040.00</u>	<u>\$ 40,950,040.00</u>

Article VI, Section 26(b), Constitution of Missouri, limits the outstanding amount of authorized general obligation bonds of a district to 15% of the assessed valuation of the district (including state-assessed railroad and utilities). The District did not exceed the legal debt margin at June 30, 2016. The bond payments are made from the Debt Service Fund.

Certificates of Participation

The District issued Certificates of Participation to finance the District Energy Improvement Project. These are Certificates of Participation. The District is required to make semi-annual lease payments due April 1 and October 1. These payments are made out of the Capital Projects Fund.

The above noted Certificates of Participation payable at June 30, 2016, consist of:

Certificate of participation, Series 2010, due in varying annual principal installments beginning November 1, 2010, ranging from \$115,000 to \$150,000; interest rate is variable ranging from 3.00% to 4.00%. \$715,000.00
\$715,000.00

NORTHWEST R-I SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2016

IV. CHANGES IN LONG-TERM DEBT (CONCLUDED)

Fiscal Year Ending June 30,	Principal	Interest	Total
2017	\$ 130,000.00	\$ 25,062.50	\$ 155,062.50
2018	135,000.00	19,762.50	154,762.50
2019	150,000.00	14,343.75	164,343.75
2020	150,000.00	8,531.25	158,531.25
2021	150,000.00	3,000.00	153,000.00
Totals	<u>\$ 715,000.00</u>	<u>\$ 70,700.00</u>	<u>\$ 785,700.00</u>

V. LEASES

OPERATING LEASES

On May 20, 2016, the District extended their lease with the Jefferson County Library District for office space. The payment is \$4,453.24 a month for 12 months. These lease payments are made out of the General Fund.

The following is a schedule of the future minimum lease payments under the leases (assuming non-cancellation):

Fiscal Year Ending June 30,	Principal
2017	\$ 53,438.88
TOTAL	<u>\$ 53,438.88</u>

On various dates, the District entered into various leases with Enterprise Fleet Management for various vehicles that will be delivered at various dates. Monthly payments will range from \$329.59 to \$429.06 for 60 months. These lease payments are made out of the General Fund.

The following is a schedule of the future minimum lease payments under the leases (assuming non-cancellation):

Fiscal Year Ending June 30,	Principal
2017	\$ 64,268.52
2018	64,268.52
2019	64,268.52
2020	44,324.90
2021	17,677.55
TOTAL	<u>\$ 254,808.01</u>

NORTHWEST R-I SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2016

V. LEASES (CONTINUED)

OPERATING LEASES (Concluded)

On August 28, 2014, the District entered into a lease with Pitney Bowes for postage machines. The payment is \$403.62 a month for 60 months. These lease payments are made out of the General Fund.

The following is a schedule of the future minimum lease payments under the leases (assuming non-cancellation):

Fiscal Year Ending June 30,	Principal
2017	\$ 4,843.44
2018	4,843.44
2019	4,843.44
2020	807.24
TOTAL	<u>\$ 15,337.56</u>

CAPITAL LEASES

The capital leases payable at June 30, 2016, consist of:

On December 22, 2014, the District entered into a lease-purchase for copiers with De Lage Landen Public Finance for \$533,484.67. The term is for 63 months with a 3.99% interest rate with a monthly payment of \$9,400.00.

\$ 392,267.74

On June 24, 2014, the District entered into lease purchases for the construction of solar panel systems for the production of electricity of several sites. One term is for 10 years and has quarterly payments ranging from \$3,600.00 - \$4,800.00. Another term is for 20 years and has quarterly payments ranging from \$519.00 - \$789.00. The interest rate is unstated for this lease.

171,872.00

On June 24, 2013, the District entered into a lease purchase for a new phone system with PNC Equipment Finance, LLC. The term is for 60 months with annual installments of \$37,367.18. The interest rate is unstated for this lease, but it calculates to around 2%.

72,474.51

\$ 636,614.25

NORTHWEST R-I SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2016

V. LEASES (CONCLUDED)

CAPITAL LEASES (Concluded)

The following is a schedule of the future minimum lease payments under the leases (assuming non-cancellation):

Fiscal Year Ending June 30,	Principal	Interest	Total
2017	\$ 151,285.09	\$ 15,358.09	\$ 166,643.18
2018	156,435.39	10,293.79	166,729.18
2019	124,431.39	9,650.61	134,082.00
2020	100,926.38	1,389.62	102,316.00
2021	18,160.00	-	18,160.00
2022-2026	60,876.00	-	60,876.00
2027-2031	13,794.00	-	13,794.00
2032-2035	10,706.00	-	10,706.00
Totals	\$ 636,614.25	\$ 36,692.11	\$ 673,306.36

Payments for the copiers, time clock equipment, the solar panel system and the phone system are made from the General Fund.

VI. RETIREMENT PLAN

Summary of Significant Accounting Policies

Financial reporting information pertaining to the District's participation in the Public School Retirement System of Missouri and the Public Education Employee Retirement System of Missouri (PSRS and PEERS, also referred to as the Systems) is prepared in accordance with Governmental Accounting Standards Board (GASB) Statement No. 68, *Accounting and Financial Reporting for Pensions*, as amended by GASB Statements No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date*.

The fiduciary net position, as well as additions to and deductions from fiduciary net position, of PSRS and PEERS have been determined on the same basis as they are reported by the Systems. The financial statements were prepared using the accrual basis of accounting. Member and employer contributions are recognized when due, pursuant to formal commitments and statutory requirements. Benefits and refunds of employee contributions are recognized when due and payable in accordance with the statutes governing the Systems. Expenses are recognized when the liability is incurred, regardless of when payment is made. Investments are reported at fair value on a trade date basis. The fiduciary net position is reflected in the measurement of the District's net pension liability, deferred outflows and inflows of resources related to pensions, and pension expense. A Comprehensive Annual Financial Report ("CAFR") can be obtained at www.psr-peers.org.

NORTHWEST R-I SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2016

VI. RETIREMENT PLAN (CONTINUED)

General Information about the Pension Plan - PSRS

Plan Description. PSRS is a mandatory cost-sharing multiple employer retirement system for all full-time certificated employees and certain part-time certificated employees of all public school districts in Missouri (except the school districts of St. Louis and Kansas City) and all public community colleges. PSRS also includes certificated employees of PSRS, Missouri State Teachers' Association, Missouri State High School Activities Association, and certain employees of the state of Missouri who elected to remain covered by PSRS under legislation enacted in 1986, 1987 and 1989. The majority of PSRS members are exempt from Social Security contributions. In some instances, positions may be determined not to be exempt from Social Security contributions. Any PSRS member who is required to contribute to Social Security comes under the requirements of Section 169.070 (9) RSMo, known as the "2/3's statute." PSRS members required to contribute to Social Security are required to contribute two-thirds of the approved PSRS contribution rate and their employer is required to match the contribution. The members' benefits are further calculated at two-thirds the normal benefit amount. A Comprehensive Annual Financial Report ("CAFR") can be obtained at www.psrs-peers.org.

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

Cost-of-Living Adjustments ("COLA"). The PSRS Board has established a policy of providing a 2.00% COLA for years in which the CPI increases between 0.00% and 5.00%. If the CPI increase is greater than 5.00%, the Board will provide a COLA of 5.00%. If the CPI decreases, no COLA is provided. For any member retiring on or after July 1, 2001, such adjustments 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 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.

NORTHWEST R-I SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2016

VI. RETIREMENT PLAN (CONTINUED)

General Information about the Pension Plan – PSRS (Concluded)

The District's contributions to PSRS were \$4,722,365 for the year ended June 30, 2016.

General Information about the Pension Plan - PEERS

Plan Description. PEERS is a mandatory cost-sharing multiple employer retirement system for all public school district employees (except the school districts of St. Louis and Kansas City), employees of the Missouri Association of School Administrators, and community college employees (except the Community College of St. Louis). Employees of covered districts who work 20 or more hours per week on a regular basis and who are not contributing members of the Public School Retirement System of Missouri (PSRS) must contribute to PEERS.

Employees of PSRS who do not hold Missouri educator certificates also contribute to PEERS. PEERS was established as a trust fund by an Act of the Missouri General Assembly effective October 13, 1965. Statutes governing the System are found in Sections 169.600 - 169.715 and Sections 169.560-169.595 RSMo. The statutes place responsibility for the operation of PEERS on the Board of Trustees of the Public School Retirement System of Missouri. A Comprehensive Annual Financial Report ("CAFR") can be obtained at www.psrs-peers.org.

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

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

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

NORTHWEST R-I SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2016

VI. RETIREMENT PLAN (CONTINUED)

General Information about the Pension Plan – PEERS (Concluded)

The District's contributions to PEERS were \$598,555 for the year ended June 30, 2016.

Pension Liabilities and Pension Expense - PSRS

At June 30, 2016, the District has a liability of \$41,518,410 for its proportionate share of the net pension liability. The net pension liability for the plan in total was measured as of June 30, 2015, 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 \$4,722,365 paid to PSRS for the year ended June 30, 2015, relative to the actual contributions of \$656,578,122 from all participating employers. At June 30, 2015, the District's proportionate share was 0.7192%.

Pension Liabilities and Pension Expense - PEERS

At June 30, 2016, the District has a liability of \$3,077,705 for its proportionate share of the net pension liability. The net pension liability for the plan in total was measured as of June 30, 2015, 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 \$598,555 paid to PEERS for the year ended June 30, 2015, relative to the actual contributions of \$102,864,099 from all participating employers. At June 30, 2015, the District's proportionate share was 0.5819%.

Actuarial Assumptions - PSRS

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, 2015
- Valuation Date	June 30, 2015
- Expected Return on Investments	8.00%, net of investment expenses and including 2.5% inflation
- Inflation	2.5%
- 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.

NORTHWEST R-I SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2016

VI. RETIREMENT PLAN (CONTINUED)

Actuarial Assumptions – PSRS (Concluded)

- 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, 2015, valuation.

Fiduciary Net Position: PSRS issues a publicly available financial report that can be obtained at www.psrs-peers.org.

Actuarial Assumptions - PEERS

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, 2015
- Valuation Date June 30, 2015
- Expected Return on Investments 8.00%, net of investment expenses and including 2.5% inflation
- Inflation 2.5%
- 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.

NORTHWEST R-I SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2016

VI. RETIREMENT PLAN (CONTINUED)

Actuarial Assumptions – PEERS (Concluded)

- 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

Changes in Actuarial Assumptions and Methods

There were no changes in actuarial assumptions or methods for the June 30, 2015, valuation.

Fiduciary Net Position: PEERS issues a publicly available financial report that can be obtained at www.psrs-peers.org.

Expected Rate of Return

The long-term expected rate of return on PSRS and 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 PSRS and PEERS' target allocation as of June 30, 2015, 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 cash flows.

NORTHWEST R-I SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2016

VI. RETIREMENT PLAN (CONTINUED)

Expected Rate of Return (Concluded)

Asset Class	Target Asset Allocation	Long-term Expected Real Return Arithmetic	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 coverage 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.

Discount Rate	1% Decrease (7.00%)	Current Rate (8.00%)	1% Increase (9.00%)
PSRS Proportionate share of the Net Pension			
Liability / (Asset)	\$75,359,908	\$41,518,410	\$12,255,434

NORTHWEST R-I SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2016

VI. RETIREMENT PLAN (CONCLUDED)

Discount Rate 1% Decrease (7.00%) Current Rate (8.00%) 1% Increase (9.00%)

PEERS Proportionate share of the Net Pension

Liability / (Asset) \$6,213,379 \$3,077,705 \$426,763

Schedule of Proportionate Share of the Net Pension Liability and Related Ratios - PSRS

Year Ended	Proportion of the Net Pension Liability (Asset)	Proportionate Share Of the Net Pension Liability (Asset)	Actual Covered Member Payroll	Net Pension Liability (Asset) As a Percentage Of Covered Payroll	Fiduciary Net Position as A Percentage of Total Pension Liability
6/30/15	0.7791%	\$31,963,165	\$34,813,807	91.81%	89.34%
6/30/16	0.7792%	\$41,518,410	\$32,745,336	126.79%	85.78%

Schedule of Proportionate Share of the Net Pension Liability and Related Ratios PEERS

Year ended	Proportion of the Net Pension Liability (Asset)	Proportionate Share Of the Net Pension Liability (Asset)	Actual Covered Member Payroll	Net Pension Liability (Asset) As a Percentage Of Covered Payroll	Fiduciary Net Position as A Percentage of Total Pension Liability
6/30/15	0.6781%	\$2,476,190	\$9,888,937	25.04%	91.33%
6/30/16	0.5819%	\$3,077,705	\$8,725,280	35.27%	88.28%

Schedule of Employer Contributions - PSRS

Year Ended	Statutorily Required Contribution	Actual Employer Contributions	Contribution Excess/ (Deficiency)	Actual Covered Member Payroll	Contributions as a Percentage of Covered Payroll
6/30/14	\$4,938,550	\$4,938,550	\$ -	\$34,160,079	14.46%
6/30/15	5,017,028	5,017,028	-	34,813,807	14.41%
6/30/16	4,722,365	4,722,365	-	32,745,336	14.42%

Schedule of Employer Contributions - PEERS

Year Ended	Statutorily Required Contribution	Actual Employer Contributions	Contribution Excess/ (Deficiency)	Actual Covered Member Payroll	Contributions as a Percentage of Covered Payroll
6/30/14	\$637,297	\$637,297	\$ -	\$9,290,076	6.86%
6/30/15	678,383	678,383	-	9,888,937	6.86%
6/30/16	598,555	598,555	-	8,725,280	6.86%

NORTHWEST R-I SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2016

VII. CONTINGENCIES

The District is involved in a complaint with the Equal Employment Opportunity Commission as of the audit report date. The District's attorney is vigorously defending the District in this matter. District management believes that such litigation and claims will ultimately be resolved without material financial liability, if any, to the District.

VIII. INSURANCE PROGRAM

The District, along with 467 other local school districts and junior college districts, participates in the Missouri United School Insurance Council (MUSIC), an insurance association for workers' compensation, general liability and property casualty insurance. The purpose of MUSIC is to distribute the cost of self-insurance over similar entities. MUSIC requires an annual premium payment to cover estimated claims payable and reserves for claims for each entity. The District paid \$661,207.00 in premiums during the current year. Part of the assessment then goes to buy excess insurance contracts for the group as a whole. Should the contributions received by MUSIC not be sufficient, special assessments can be made of the member districts.

IX. EARLY SEPARATION INCENTIVE PLAN

Sick Leave Compensation – all District personnel who have been continuously employed by Northwest R-I School District for not less than 7 years will be compensated for accumulated unused sick leave.

For the year ended June 30, 2016, the District paid \$163,133.75 under the early retirement alternative plan. As of June 30, 2016, the District had unpaid future benefits for fiscal year 16/17 estimated at \$243,128.10.

X. INTERFUND TRANSFERS

During 2016, transfers were made to the Capital Projects Fund and Special Revenue Fund from the General Fund. The transfer to the Capital Projects Fund consists of \$250,000.00 for the \$162,326 or 7%xSATxWADA transfer. The maximum allowable transfer is the greater of the prior year guaranteed tax base or 9% of the prior June 30 line one entitlement. Transfers are made to the Special Revenue Fund in order to achieve a zero balance in the account.

The following is a summary of interfund transfers for the year ended June 30, 2016:

Transfers From	Transfers To		Total
	Special Revenue (Teacher's) Fund	Capital Projects Fund	
General (Incidental) Fund	\$ 4,959,778.77	\$ 250,000.00	\$5,209,778.77
	<u>\$ 4,959,778.77</u>	<u>\$ 250,000.00</u>	<u>\$5,209,778.77</u>

NORTHWEST R-I SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2016

XI. POST-EMPLOYMENT BENEFITS

In addition to the pension benefits described in Note VI, the District allows employees who retire from the District to participate in the District's health, dental and vision insurance plans. Upon meeting the retirement requirements per PSRS and PEERS, the employees can elect to participate in the District's plans. The retirees must pay for 100% of their coverage for each plan in which they elect to participate. The premiums are based on a single-blended rate used for both active employees and retirees. The difference between the amount the retiree is required to pay and the actual cost to the District is considered to be a post-employment benefit. The District has not established an irrevocable trust fund for accumulating resources for the future payment of benefits under the plan; benefits are paid on a pay-as-you-go basis. A stand alone financial report is not available for the plan. During the year, 199 retirees participated in the District's insurance plans and paid premiums totaling \$802,904.38. There were a total of 4 employees that participated in Cobra during the year ended June 30, 2016.

XII. SELF-INSURANCE PLAN

The District has a self-insurance plan which covers substantially all employees' (and their dependents) medical expenses. The District has a \$125,000 specific deductible with an annual aggregate deductible of \$5,990,002, or 100% of the monthly aggregate deductible for the first month of the policy year, then multiplied by 12 - with Sun Life for October 1, 2015, to September 30, 2016.

XIII. SUBSEQUENT EVENTS

There are no subsequent events to report as of the audit report date.

SUPPLEMENTARY INFORMATION

NORTHWEST R-I SCHOOL DISTRICT
Budgetary Comparison Schedule - Modified Cash Basis - General Fund
For the Year Ended June 30, 2016

	Budgeted Amounts		Actual	Over (Under)
	Original	Final		Final Budget
Revenues				
Local Sources	\$ 23,770,232.00	\$ 25,254,378.44	\$ 25,254,378.44	\$ -
County Sources	1,233,805.00	1,350,063.18	1,350,063.18	-
State Sources	2,626,487.00	2,402,383.78	2,402,383.78	-
Federal Sources	3,706,898.00	3,486,276.91	3,486,276.91	-
TOTAL REVENUES	31,337,422.00	32,493,102.31	32,493,102.31	-
Expenditures				
Current				
Instruction	6,380,936.00	6,725,585.10	6,725,585.10	-
Attendance	103,183.00	96,416.93	96,416.93	-
Guidance	51,500.00	12,846.74	12,846.74	-
Health, Psych Speech & Audio	627,803.00	580,351.46	580,351.46	-
Improvement of Instruction	125,960.00	74,110.41	74,110.41	-
Professional Development	168,612.00	102,886.23	102,886.23	-
Media Services	101,101.00	1,018,843.99	1,018,843.99	-
Instructional Related Technology	904,460.00	-	-	-
Board of Education Services	387,079.00	295,408.36	295,408.36	-
Executive Administration	834,940.00	1,491,213.41	1,491,213.41	-
Administrative Technology	661,139.00	-	-	-
Building Level Administration	1,033,396.00	981,398.60	981,398.60	-
Business Central Services	-	-	-	-
Operation of Plant	6,044,064.00	5,714,846.68	5,714,846.68	-
Security Services	-	165,880.20	165,880.20	-
Pupil Transportation	4,668,132.00	4,243,178.92	4,243,178.92	-
Food Service	2,575,414.00	2,316,255.66	2,316,255.66	-
Central Office Support Services	-	-	-	-
Other Supporting Services	-	-	-	-
Adult Continuing Education	-	-	-	-
Community Services	535,515.00	481,893.43	481,893.43	-
Capital Outlay	-	-	-	-
Debt Service:				
Principal	-	-	-	-
Interest and Charges	-	-	-	-
Total Expenditures	25,203,234.00	24,301,116.12	24,301,116.12	-
Revenues Collected Over (Under)				
Expenditures	6,134,188.00	8,191,986.19	8,191,986.19	-
Other Financing Sources (Uses):				
Transfers	(7,866,121.31)	(5,209,778.77)	(5,209,778.77)	-
Sale of Bonds	-	-	-	-
Net Insurance Recovery	-	-	-	-
Sale of School Buses	-	-	-	-
Sale of Other Property	-	-	-	-
Refunding Bonds	-	-	-	-
Tuition from other Districts	-	-	-	-
Area Voc Fees from Other LEAS	-	-	-	-
Contracted Educational Services	-	-	-	-
Trans from other LEAS Non-Handi	-	36,126.71	36,126.71	-
Trans from other LEAS for Handi	-	-	-	-
Trans from other LEAS for ECSE Handi	-	-	-	-
Total Other Financing Sources (Uses)	(7,866,121.31)	(5,173,652.06)	(5,173,652.06)	-
NET CHANGE IN FUND BALANCE	(1,731,933.31)	3,018,334.13	3,018,334.13	-
Fund Balance July 1, 2015	11,986,833.23	11,986,833.23	11,986,833.23	-
Fund Balance June 30, 2016	\$ 10,254,899.92	\$ 15,005,167.36	\$ 15,005,167.36	\$ -

NORTHWEST R-I SCHOOL DISTRICT
Budgetary Comparison Schedule - Modified Cash Basis - Special Revenue Fund
For the Year Ended June 30, 2016

	Budgeted Amounts		Actual	Over (Under) Final Budget
	Original	Final		
Revenues				
Local Sources	\$ 5,913,197.00	\$ 6,094,123.39	\$ 6,094,123.39	\$ -
County Sources	148,000.00	80,149.94	80,149.94	-
State Sources	26,254,938.00	25,995,340.00	25,995,340.00	-
Federal Sources	1,265,445.00	1,096,838.64	1,096,838.64	-
TOTAL REVENUES	33,581,580.00	33,266,451.97	33,266,451.97	-
Expenditures				
Current				
Instruction	33,408,335.00	32,542,079.97	32,542,079.97	-
Attendance	-	-	-	-
Guidance	1,282,168.00	1,153,461.43	1,153,461.43	-
Health, Psych Speech & Audio	48,033.00	2,084.36	2,084.36	-
Improvement of Instruction	223,164.00	274,248.60	274,248.60	-
Professional Development	84,788.00	102,982.30	102,982.30	-
Media Services	714,038.00	821,059.50	821,059.50	-
Instructional Related Technology	107,987.00	-	-	-
Board of Education Services	-	-	-	-
Executive Administration	896,231.00	1,033,903.79	1,033,903.79	-
Administrative Technology	22,525.00	-	-	-
Building Level Administration	2,489,557.00	2,285,191.84	2,285,191.84	-
Business Central Services	-	-	-	-
Operation of Plant	-	-	-	-
Security Services	-	-	-	-
Pupil Transportation	-	12,567.72	12,567.72	-
Food Service	-	-	-	-
Central Office Support Services	-	-	-	-
Other Supporting Services	-	-	-	-
Adult Continuing Education	-	-	-	-
Community Services	167,245.00	104,774.67	104,774.67	-
Capital Outlay	-	-	-	-
Debt Service:				
Principal	-	-	-	-
Interest and Charges	-	-	-	-
Total Expenditures	39,444,071.00	38,332,354.18	38,332,354.18	-
Revenues Collected Over (Under)				
Expenditures	(5,862,491.00)	(5,065,902.21)	(5,065,902.21)	-
Other Financing Sources (Uses):				
Transfers	5,862,491.00	4,959,778.77	4,959,778.77	-
Sale of Bonds	-	-	-	-
Net Insurance Recovery	-	-	-	-
Sale of School Buses	-	-	-	-
Sale of Other Property	-	-	-	-
Refunding Bonds	-	-	-	-
Tuition from other Districts	-	93,548.00	93,548.00	-
Area Voc Fees from Other LEAS	-	-	-	-
Contracted Educational Services	-	12,575.44	12,575.44	-
Trans from other LEAS Non-Handi	-	-	-	-
Trans from other LEAS for Handi	-	-	-	-
Trans from other LEAS for ECSE Handi	-	-	-	-
Total Other Financing Sources (Uses)	5,862,491.00	5,065,902.21	5,065,902.21	-
NET CHANGE IN FUND BALANCE	-	-	-	-
Fund Balance July 1, 2015	-	-	-	-
Fund Balance June 30, 2016	\$ -	\$ -	\$ -	\$ -

NORTHWEST R-I SCHOOL DISTRICT
Budgetary Comparison Schedule - Modified Cash Basis - Debt Service Fund
For the Year Ended June 30, 2016

	Budgeted Amounts		Actual	Over (Under) Final Budget
	Original	Final		
Revenues				
Local Sources	\$ 3,262,024.00	\$ 4,484,483.97	\$ 4,484,483.97	\$ -
County Sources	283,664.00	316,896.06	316,896.06	-
State Sources	-	-	-	-
Federal Sources	-	-	-	-
TOTAL REVENUES	3,545,688.00	4,801,380.03	4,801,380.03	-
Expenditures				
Current				
Instruction	-	-	-	-
Attendance	-	-	-	-
Guidance	-	-	-	-
Health, Psych Speech & Audio	-	-	-	-
Improvement of Instruction	-	-	-	-
Professional Development	-	-	-	-
Media Services	-	-	-	-
Board of Education Services	-	-	-	-
Executive Administration	-	-	-	-
Building Level Administration	-	-	-	-
Business Central Services	-	-	-	-
Operation of Plant	-	-	-	-
Security Services	-	-	-	-
Pupil Transportation	-	-	-	-
Food Service	-	-	-	-
Central Office Support Services	-	-	-	-
Other Supporting Services	-	-	-	-
Community Services	-	-	-	-
Capital Outlay	-	-	-	-
Debt Service:				
Principal	2,370,000.00	11,660,000.00	11,660,000.00	-
Interest and Charges	1,202,885.00	1,903,151.74	1,903,151.74	-
Total Expenditures	3,572,885.00	13,563,151.74	13,563,151.74	-
Revenues Collected Over (Under)				
Expenditures	(27,197.00)	(8,761,771.71)	(8,761,771.71)	-
Other Financing Sources (Uses):				
Transfers	-	-	-	-
Sale of Bonds	-	-	-	-
Net Insurance Recovery	-	-	-	-
Sale of School Buses	-	-	-	-
Sale of Other Property	-	-	-	-
Refunding Bonds	-	9,150,000.00	9,150,000.00	-
Tuition from other Districts	-	-	-	-
Area Voc Fees from Other LEAS	-	-	-	-
Contracted Educational Services	-	-	-	-
Trans from other LEAS Non-Handi	-	-	-	-
Trans from other LEAS for Handi	-	-	-	-
Trans from other LEAS for ECSE Handi	-	-	-	-
Total Other Financing Sources (Uses)	-	9,150,000.00	9,150,000.00	-
NET CHANGE IN FUND BALANCE	(27,197.00)	388,228.29	388,228.29	-
Fund Balance July 1, 2015	3,914,361.13	3,914,361.13	3,914,361.13	-
Fund Balance June 30, 2016	\$ 3,887,164.13	\$ 4,302,589.42	\$ 4,302,589.42	\$ -

NORTHWEST R-I SCHOOL DISTRICT
Budgetary Comparison Schedule - Modified Cash Basis - Capital Projects Fund
For the Year Ended June 30, 2016

	Budgeted Amounts		Actual	Over (Under) Final Budget
	Original	Final		
Revenues				
Local Sources	\$ 1,104,469.00	\$ 1,085,766.06	\$ 1,085,766.06	\$ -
County Sources	14,228.00	20,647.02	20,647.02	-
State Sources	29,990.00	46,795.80	46,795.80	-
Federal Sources	-	-	-	-
TOTAL REVENUES	1,148,687.00	1,153,208.88	1,153,208.88	-
Expenditures				
Current				
Instruction	285,275.00	157,231.69	157,231.69	-
Attendance	-	-	-	-
Guidance	-	-	-	-
Health, Psych Speech & Audio	3,500.00	1,738.59	1,738.59	-
Improvement of Instruction	-	-	-	-
Professional Development	-	-	-	-
Media Services	-	388,496.07	388,496.07	-
Instructional Related Technology	277,552.00	-	-	-
Board of Education Services	-	-	-	-
Executive Administration	69,562.00	91,767.66	91,767.66	-
Administrative Technology	105,800.00	-	-	-
Building Level Administration	-	-	-	-
Business Central Services	-	-	-	-
Operation of Plant	503,940.00	740,786.58	740,786.58	-
Security Services	-	-	-	-
Pupil Transportation	-	-	-	-
Food Service	42,000.00	240,556.93	240,556.93	-
Central Office Support Services	-	-	-	-
Other Supporting Services	-	-	-	-
Adult Continuing Education	-	-	-	-
Community Services	2,214.00	1,426.00	1,426.00	-
Facilities Acquisition	7,034,741.00	4,447,516.44	4,447,516.44	-
Capital Outlay	-	-	-	-
Debt Service:				
Principal	130,000.00	130,000.00	130,000.00	-
Interest and Charges	39,525.00	33,654.45	33,654.45	-
Total Expenditures	8,494,109.00	6,233,174.41	6,233,174.41	-
Revenues Collected Over (Under)				
Expenditures	(7,345,422.00)	(5,079,965.53)	(5,079,965.53)	-
Other Financing Sources (Uses):				
Transfers	2,003,630.31	250,000.00	250,000.00	-
Sale of Bonds	-	-	-	-
Net Insurance Recovery	-	110,620.31	110,620.31	-
Sale of School Buses	-	-	-	-
Sale of Other Property	-	78,250.00	78,250.00	-
Refunding Bonds	-	-	-	-
Tuition from other Districts	-	-	-	-
Area Voc Fees from Other LEAS	-	-	-	-
Contracted Educational Services	-	-	-	-
Total Other Financing Sources (Uses)	2,003,630.31	438,870.31	438,870.31	-
NET CHANGE IN FUND BALANCE	(5,341,791.69)	(4,641,095.22)	(4,641,095.22)	-
Fund Balance July 1, 2015	5,341,791.69	5,341,791.69	5,341,791.69	-
Fund Balance June 30, 2016	\$ -	\$ 700,696.47	\$ 700,696.47	\$ -

NORTHWEST R-I SCHOOL DISTRICT
Budgetary Comparison Schedule - Modified Cash Basis - All Governmental Funds
For the Year Ended June 30, 2016

	Budgeted Amounts		Actual	Over (Under) Final Budget
	Original	Final		
Revenues				
Local Sources	\$ 34,049,922.00	\$ 36,918,751.86	\$ 36,918,751.86	\$ -
County Sources	1,679,697.00	1,767,756.20	1,767,756.20	-
State Sources	28,911,415.00	28,444,519.58	28,444,519.58	-
Federal Sources	4,972,343.00	4,583,115.55	4,583,115.55	-
TOTAL REVENUES	69,613,377.00	71,714,143.19	71,714,143.19	-
Expenditures				
Current				
Instruction	40,074,546.00	39,424,896.76	39,424,896.76	-
Attendance	103,183.00	96,416.93	96,416.93	-
Guidance	1,333,668.00	1,166,308.17	1,166,308.17	-
Health, Psych Speech & Audio	679,336.00	584,174.41	584,174.41	-
Improvement of Instruction	349,124.00	348,359.01	348,359.01	-
Professional Development	253,400.00	205,868.53	205,868.53	-
Media Services	815,139.00	2,228,399.56	2,228,399.56	-
Instructional Related Technology	1,289,999.00	-	-	-
Board of Education Services	387,079.00	295,408.36	295,408.36	-
Executive Administration	1,800,733.00	2,616,884.86	2,616,884.86	-
Administrative Technology	789,464.00	-	-	-
Building Level Administration	3,522,953.00	3,266,590.44	3,266,590.44	-
Business Central Services	-	-	-	-
Operation of Plant	6,548,004.00	6,455,633.26	6,455,633.26	-
Security Services	-	165,880.20	165,880.20	-
Pupil Transportation	4,668,132.00	4,255,746.64	4,255,746.64	-
Food Service	2,617,414.00	2,556,812.59	2,556,812.59	-
Central Office Support Services	-	-	-	-
Adult Continuing Education	-	-	-	-
Other Support Services	-	-	-	-
Community Services	704,974.00	588,094.10	588,094.10	-
Facilities Acquisition	7,034,741.00	4,447,516.44	4,447,516.44	-
Capital Outlay	-	-	-	-
Debt Service:				
Principal	2,500,000.00	11,790,000.00	11,790,000.00	-
Interest and Charges	1,242,410.00	1,936,806.19	1,936,806.19	-
Total Expenditures	76,714,299.00	82,429,796.45	82,429,796.45	-
Revenues Collected Over (Under)				
Expenditures	(7,100,922.00)	(10,715,653.26)	(10,715,653.26)	-
Other Financing Sources (Uses):				
Transfers	-	-	-	-
Sale of Bonds	-	-	-	-
Net Insurance Recovery	-	110,620.31	110,620.31	-
Sale of School Buses	-	-	-	-
Sale of Other Property	-	78,250.00	78,250.00	-
Refunding Bonds	-	9,150,000.00	9,150,000.00	-
Tuition from other Districts	-	93,548.00	93,548.00	-
Area Voc Fees from Other LEAS	-	-	-	-
Contracted Educational Services	-	12,575.44	12,575.44	-
Trans from other LEAS Non-Handi	-	36,126.71	36,126.71	-
Trans from other LEAS for Handi	-	-	-	-
Trans from other LEAS for ECSE Handi	-	-	-	-
Total Other Financing Sources (Uses)	-	9,481,120.46	9,481,120.46	-
NET CHANGE IN FUND BALANCES	(7,100,922.00)	(1,234,532.80)	(1,234,532.80)	-
Fund Balances July 1, 2015	21,242,986.05	21,242,986.05	21,242,986.05	-
Fund Balances June 30, 2016	\$ 14,142,064.05	\$ 20,008,453.25	\$ 20,008,453.25	\$ -

NORTHWEST R-I SCHOOL DISTRICT
NOTES TO THE BUDGETARY COMPARISON SCHEDULES
YEAR ENDED JUNE 30, 2016

Budgets and Budgetary Accounting

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

1. In accordance with Chapter 67 RSMo, the District adopts a budget for each fund.
2. Prior to June 30, the Superintendent, who serves as the budget officer, submits to the Board of Education a proposed budget for the fiscal year beginning July 1. The proposed budget includes estimated revenues and proposed expenditures for all District 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 budget information included in the financial statements.

Budgeted amounts are as originally adopted on June 26, 2015, and as finally amended by the Board of Education on June 30, 2016.

6. Budgets are adopted on the cash basis of accounting for all Governmental Funds.

NORTHWEST R-I SCHOOL DISTRICT
OTHER POST-EMPLOYMENT BENEFITS
YEAR ENDED JUNE 30, 2016

POST-EMPLOYMENT BENEFITS

In addition to the pension benefits described in Note VI, the District allows employees who retire from the District to participate in the District's health, dental and vision insurance plans. Upon meeting the retirement requirements per PSRS and PEERS, the employees can elect to participate in the District's plans. The retirees must pay for 100% of their coverage for each plan in which they elect to participate. The premiums are based on a single-blended rate used for both active employees and retirees. The difference between the amount the retiree is required to pay and the actual cost to the District is considered to be a post-employment benefit. The District has not established an irrevocable trust fund for accumulating resources for the future payment of benefits under the plan; benefits are paid on a pay-as-you-go basis. A standalone financial report is not available for the plan. During the year, 199 retirees participated in the District's insurance plans and paid premiums totaling \$805,904.38. There were a total of 4 employees who participated in Cobra during the year ended June 30, 2016.

STATE COMPLIANCE SECTION



**Daniel Jones
& Associates**
CERTIFIED PUBLIC ACCOUNTANTS

MEMBERS OF
MISSOURI SOCIETY OF CPA'S
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**INDEPENDENT ACCOUNTANT'S REPORT ON MANAGEMENT'S ASSERTIONS
ABOUT COMPLIANCE WITH SPECIFIED REQUIREMENTS OF
MISSOURI STATE LAWS AND REGULATIONS**

To the Members of the Board of Education
Northwest R-I School District

Report on Compliance with State Requirements

We have examined management's assertions that the Northwest R-I School District ("District") complied with the requirements of Missouri laws and regulations regarding budgetary and disbursement procedures; accurate disclosure by the District's records of average daily attendance and average daily transportation of pupils, and other statutory requirements as listed in the Schedule of Selected Statistics for the year ended June 30, 2016.

Management's Responsibility

Management is responsible for the District's compliance with the aforementioned requirements.

Auditor's Responsibility

Our responsibility is to express an opinion on management's assertions about the District's compliance based on our examination. Our examination was made in accordance with the attestation standards established by the American Institute of Certified Public Accountants and, accordingly, includes examining, on as 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.

Opinion on Compliance with State Requirements

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

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

DANIEL JONES & ASSOCIATES, P.C.
CERTIFIED PUBLIC ACCOUNTANTS
ARNOLD, MISSOURI

Daniel Jones & Associates

October 4, 2016

NORTHWEST R-I SCHOOL DISTRICT
COUNTY DISTRICT NUMBER 050-001
SCHEDULE OF SELECTED STATISTICS
YEAR ENDED JUNE 30, 2016

TYPE OF AUDIT PERFORMED – SINGLE AUDIT

I. CALENDAR (SECTION 160.041 AND 171.031, RSMO)

- A. Standard day length (SDL) – The total number of hours between the starting time of the first class and the dismissal time of the last class, minus the time allowed for lunch and one passing time, and minus Channel One time. Reported with 4 decimal places:

	SDL
Kindergarten – 5	6.7000
Grades 6-8	6.4667
Grades 9-12	6.4667

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

	Hours
Kindergarten – 5	1,093.10
Grades 6-8	1,056.97
Grades 9-12	1,057.47

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

	Days
Kindergarten – 5	169
Grades 6-8	169
Grades 9-12	169

II. AVERAGE DAILY ATTENDANCE (ADA)

Regular Term	Full-time / Part Time	Remedial	Total
Kindergarten – Full Day	442.1014	0.0453	442.1467
Grades 1-5	2,390.9465	5.0272	2,395.9737
Grades 6-8	1,311.6298	0.5104	1,312.1402
Grades 9-12	1,743.2678	-	1,743.2678
Subtotal Regular Year	5,887.9455	5.5829	5,893.5284
SUMMER SCHOOL SUBTOTAL			355.2824

The applicable summer school for this fiscal year was the one held in calendar year 2015.

TOTAL REGULAR TERM PLUS SUMMER SCHOOL ADA 6,248.8108

III. SEPTEMBER MEMBERSHIP FTE COUNT

September Resident Membership (Full-time and part-time) 6,247.10

NORTHWEST R-I SCHOOL DISTRICT
COUNTY DISTRICT NUMBER 050-001
SCHEDULE OF SELECTED STATISTICS
YEAR ENDED JUNE 30, 2016

IV. FREE AND REDUCED PRICED LUNCH FTE COUNT (SECTION 163.011(6), RSMo)

Free (Full-time and part-time)	2,196.65
Reduced (Full-time and part-time)	356.00
Total (Full-time and part-time)	<u>2,552.65</u>

V. FINANCE

A.	As required by Section 162.401, RSMo, a bond was purchased for the District's treasurer in the total amount of	<u>\$ 50,000</u>
B.	The District's deposits were secured during the year as required by Sections 110.010 and 110.020, RSMo	<u>TRUE</u>
C.	The District maintained a separate bank account for the Debt Service Fund in accordance with Section 165.011, RSMo	<u>TRUE</u>
D.	Salaries reported for educators in the October Core Data cycle are supported by payroll/contract records	<u>TRUE</u>
E.	If a \$162,326 or 7% x SAT x WADA transfer was made in excess of adjusted expenditures, the Board approved 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	<u>TRUE</u>
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	<u>TRUE</u>
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	<u>TRUE</u>
H.	The amount spent for approved professional development committee plan activities was:	<u>\$205,868.53</u>

NORTHWEST R-I SCHOOL DISTRICT
COUNTY DISTRICT NUMBER 050-001
SCHEDULE OF SELECTED STATISTICS
YEAR ENDED JUNE 30, 2016

VI. TRANSPORTATION (SECTION 163.161, RSMO)

A.	The school transportation allowable costs substantially conform to 5 CSR 30-261.040, Allowable Costs for State Transportation Aid	TRUE
B.	The District's school transportation ridership records are maintained in a manner 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	4,069.00
	• Ineligible ADT	367.00
D.	The District's transportation odometer mileage records are maintained in a manner to accurately disclose in all material respects the eligible and ineligible mileage for the year	TRUE
E.	Actual odometer records show the total District-operated <u>and</u> contracted mileage for the year was:	1,063,285.
	Of this total, the eligible non-disabled and students with disabilities route miles and the ineligible non-route <u>and</u> disapproved miles (combined) was:	
	• Eligible Miles	1,001,712
	• Ineligible Miles (Non-Route/Disapproved)	61,573
F.	Number of days the District operated the school transportation system during the regular school year:	169

NORTHWEST R-I SCHOOL DISTRICT
SCHEDULE OF STATE FINDINGS
YEAR ENDED JUNE 30, 2016

I. CHAPTER 67 RSMO (BUDGET STATUTE)

Chapter 67 RSMo requires that each political subdivision of the State of Missouri adopt an annual budget, itemized by fund. It further requires that in no event shall the total proposed expenditures from any fund exceed the estimated revenues to be received plus any unencumbered balance or less any deficit estimated for the beginning of the budget year.

There were no state budget findings for the year ended June 30, 2016.

II. OTHER FINDINGS

There are no other state findings to report for the year ended June 30, 2016.

FEDERAL COMPLIANCE SECTION



**Daniel Jones
& Associates**
CERTIFIED PUBLIC ACCOUNTANTS

MEMBERS OF
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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

INDEPENDENT AUDITOR'S REPORT

To the Members of the Board of Education
Northwest R-I 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 financial statements of the governmental activities, each major fund and the remaining fund information of Northwest R-I School District ("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 October 4, 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 from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the 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 entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Daniel Jones & Associates

DANIEL JONES & ASSOCIATES, P.C.
CERTIFIED PUBLIC ACCOUNTANTS
ARNOLD, MISSOURI

October 4, 2016



**Daniel Jones
& Associates**
CERTIFIED PUBLIC ACCOUNTANTS

MEMBERS OF
MISSOURI SOCIETY OF CPA'S
AMERICAN INSTITUTE OF CPA'S

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

INDEPENDENT AUDITOR'S REPORT

To the Members of the Board of Education
Northwest R-I School District

Report on Compliance for Each Major Federal Program

We have audited Northwest R-I School District's ("District") compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the District's major federal programs for the year ended June 30, 2016. The District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the District's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 *U.S. Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

Opinion on Each Major Federal Program

In our opinion, the District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2016.

Report on Internal Control Over Compliance

Management of the District is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the District's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the District's internal control over compliance.

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

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

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

Daniel Jones & Associates

DANIEL JONES & ASSOCIATES, P.C.
CERTIFIED PUBLIC ACCOUNTANTS
ARNOLD, MISSOURI

October 4, 2016

Northwest R-I School District
Schedule of Expenditures of Federal Awards
Year Ended June 30, 2016

Cash Federal Expenditures

Federal Grantor Pass-through Grantor Program Title	Programs CFDA Number	Pass Through Identification Number	Passed Through to Subrecipients	Total Federal Expenditures
U.S. Department of Education				
Passed-through Missouri				
Department of Elementary and Secondary Education				
Individuals With Disabilities IDEA	84.027A	050-001	\$ -	\$ 1,357,841.47
Early Childhood Special Education	84.027A	050-001	-	126,364.00
	84.173A	050-001	-	29,631.00
State Wide Collaborative Work Initiative	84.027A	050-001	-	34,463.02
Individuals With Disabilities IDEA - High Need	84.027A	050-001	-	16,173.44
Total Special Education Cluster			-	1,564,472.93
Title I	84.010	050-001	-	1,098,775.68
Title II-A	84.367A	050-001	-	310,409.57
Title III-LEP	84.365A	050-001	-	11,722.49
Passed-through				
The Junior College District of Jefferson County Missouri				
Vocational Carl Perkins Grant	84.048A	N/A	-	4,599.62
Passed-through Missouri				
Department of Elementary	84.048A	050-001	-	400.00
Total Vocational Carl Perkins Grant			-	4,999.62
Total U.S. Department of Education			-	2,990,380.29
U.S. Department of Agriculture				
Passed-through Missouri				
Department of Elementary and Secondary Education				
National School Lunch Program	10.555	050-001	-	1,096,239.51
National School Breakfast Program	10.553	050-001	-	382,799.18
<u>Non - Cash Federal Expenditures</u>				
U.S. Department of Agriculture				
Passed-through Missouri				
Department of Elementary and Secondary Education				
National School Lunch Program - Commodities	10.555	050-001	-	218,993.86
Total Child Nutrition Cluster			-	1,698,032.55
Total Federal Expenditures			\$ -	\$ 4,688,412.84

The notes to the schedule of expenditures of federal awards are an integral part of this statement.

NORTHWEST R-I SCHOOL DISTRICT
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2016

NOTE 1 – BASIS OF PRESENTATION

The accompanying Schedule of Expenditures of Federal Awards (the "Schedule") includes the federal award activity of Northwest R-I School District under programs of the federal government for the year ended June 30, 2016. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of Northwest R-I School District, it is not intended to and does not present the financial position, changes in net assets, or cash flows of Northwest R-I School District.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the Schedule are reported on the modified cash basis of accounting. Such expenditures are recognized following, as applicable, either the cost principles in OMB Circular A-87, *Cost Principles for State, Local, and Indian Tribal Governments*, or the cost principles contained in Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Negative amounts shown on the Schedule represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years.

NOTE 3 – INDIRECT COST RATE

The District has elected to use the 10-percent de minimis indirect cost rate as allowed under the Uniform Guidance.

NOTE 4 - RELATIONSHIP TO ACCOMPANYING FINANCIAL STATEMENTS

Federal awards are reported in the District's accompanying financial statements as follows:

<u>Federal Sources</u>	
General Fund	\$3,486,276.91
Special Revenue Fund	1,096,838.64
Capital Projects Fund	-
Total	<u>\$4,583,115.55</u>

NOTE 5 – RELATIONSHIP TO FEDERAL FINANCIAL REPORTS

Amounts reported in the accompanying schedule agree with the amounts reported in the related federal financial reports except for changes made to reflect amounts in accordance with the Modified Cash Basis of Accounting.

NOTE 6 –MATCHING REVENUES

For those funds that have matching revenues and state funding, federal expenditures were determined by deducting matching revenues from total expenditures.

NOTE 7 – NON-CASH PROGRAMS

The commodities received, which are non-cash revenues, are valued using prices provided by the United States Department of Agriculture.

NOTE 8 – SUBRECIPIENTS

The District provided no federal awards to subrecipients during the year ended June 30, 2016.

NORTHWEST R-I SCHOOL DISTRICT
SCHEDULE OF FINDINGS
AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2016

I. SUMMARY OF AUDITOR'S RESULTS

A. Financial Statements

1. Type of auditor's report issued: Unmodified – Modified Cash Basis
2. Internal control over financial reporting:
 - a. Material weakness(es) identified? ☐ Yes ☒ No
 - b. Significant deficiency(ies) identified? ☐ Yes ☒ None Reported
3. Noncompliance material to financial statements noted? ☐ Yes ☒ No

B. Federal Awards

1. Internal control over major federal programs:
 - a. Material weakness(es) identified? ☐ Yes ☒ No
 - b. Significant deficiency(ies) identified? ☐ Yes ☒ None Reported
2. Type of auditor's report issued on compliance for major federal programs: Unmodified
3. Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)? ☐ Yes ☒ No
4. Identification of major federal programs:

CFDA Number(s):

10.555, 10.553
84.010

Name of Federal Program or Cluster:

Child Nutrition Cluster
Title I

*

5. Dollar threshold used to distinguish between type A and type B programs: \$ 750,000
6. Auditee qualified as low-risk auditee? ☐ Yes ☒ No

NORTHWEST R-I SCHOOL DISTRICT
SCHEDULE OF FINDINGS
AND QUESTIONED COSTS (CONCLUDED)
FOR THE YEAR ENDED JUNE 30, 2016

Section II – FINDINGS – FINANCIAL STATEMENT AUDIT

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

**Section III – FINDINGS AND QUESTIONED COSTS – MAJOR FEDERAL AWARD
PROGRAMS AUDIT**

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

NORTHWEST R-I SCHOOL DISTRICT
SUMMARY SCHEDULE OF PRIOR YEAR AUDIT FINDINGS
FOR THE YEAR ENDED JUNE 30, 2016

PRIOR YEAR FINDINGS – FINANCIAL STATEMENT AUDIT

FS 2015-001 Criteria: All cash and investments held by financial institutions must be secured through the Federal Deposit Insurance Corporation (FDIC) or securities pledged by the financial statements institution.

Condition: The District holds bank accounts with a local financial institution that was under-collateralized for the year ended June 30, 2015.

Context: During our testing of cash and pledged securities, it was noted that the District was under-pledged for the year ended June 30, 2015, by \$1,401.52.

Effect: There is a risk that the District's under-collateralized balance may not be returned to the District because the balance is not covered under FDIC or other pledged securities for the year ended June 30, 2015.

Cause: Adequate oversight was not in place to ensure all bank account balances were secured through FDIC or other pledged securities.

Recommendation: We recommend that the District periodically review all account balances to ensure they are fully secured.

Views of Responsible Officials and Planned Corrective Actions: The District met with the local financial institution on September 25, 2015, to make provisions to ensure that this will not occur in the future and the District will review the bank documentation to make sure that all accounts have proper collateralization. The phone number for Mr. Geoff Macy, Chief Operating Officer in the Business and Finance Department, is 636-677-3473.

Auditor's Evaluation: The District has implemented appropriate corrective action in the current period being audited.

PRIOR YEAR FINDINGS – FEDERAL AWARDS

There were no audit findings related to internal control, compliance, questioned costs, or fraud that related to federal awards for the year ended June 30, 2015.