

**RAYMORE-PECULIAR R-II SCHOOL DISTRICT
PECULIAR, MISSOURI**

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

FOR THE YEAR ENDED JUNE 30, 2016

**RAYMORE-PECULIAR R-II SCHOOL DISTRICT
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INDEPENDENT AUDITORS' REPORT

To the Board of Education
Raymore-Peculiar R-II School District

Report on the Financial Statements

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

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the District's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective modified cash basis financial position of the governmental activities and each major fund of Raymore-Peculiar R-II School 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 A.

Supplementary and Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements as a whole that collectively comprise the District's basic financial statements. The supplementary information as listed in the table of contents is presented for purposes of additional analysis and is not a required part of the basic financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and is also not a required part of the basic financial statements.

The supplementary information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. 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 supplementary information is fairly stated, in all material respects, in relation to the basic financial statements as a whole on the basis of accounting described in Note A.

The management's discussion and analysis 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 September 6, 2016 on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

Basis of Accounting

We draw attention to Note A of the financial statements that describes the basis of accounting. The financial statements are prepared on the modified cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America. Our opinions are not modified with respect to this matter.



Richmond, Missouri
September 6, 2016



Raymore-Peculiar School District

FINANCE DIVISION

P.O. Box 789, Peculiar, Mo 64078

Phone (816) 892-1300 • Fax: (816) 892-1381

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED JUNE 30, 2016 (UNAUDITED)

The Management's Discussion and Analysis (MD&A) of the Raymore-Peculiar R-II School District (the District) provides an overall review of the District's financial activities for the fiscal year ended June 30, 2016. The intent of the MD&A is to look at the District's financial performance as a whole. Readers should also review the financial statements and the notes thereto to obtain a full understanding of the District's financial performance.

Financial Highlights

Key financial highlights for the fiscal year ended June 30, 2016 are as follows:

- The District's total net position increased by \$3,652,125, reflecting an increase in assets of \$23,278,216 offset by an increase in liabilities of \$19,626,091. The increase in assets is primarily due to cash provided by the issuance of \$27 million in general obligation bonds in May, 2016. These bonds were approved by the voters in April, 2016 for capital building projects, and most of these funds had yet to be spent at year end. The increase in liabilities is also primarily caused by the issuance of the 2016 general obligation bonds, offset by the retirement of 2008 general obligation debt, which was aided by the issuance of \$17,375,000 in general obligation refunding bonds.
- Of the District's \$64,287,084 in expenses, \$9,715,581 (15.1%) were offset by program specific revenues in the form of charges for services, operating grants and contributions, and capital grants and contributions. General revenues (primarily taxes and state aid) of \$58,223,628 were adequate to provide for the remaining expenditures, and resulted in total revenues of \$67,939,209.
- The District ended the year with a General Fund balance of \$15,107,963; \$14,273,502 of which is unassigned and available for spending at the District's discretion. The Special Revenue Fund, as required by statute, had a zero fund balance. The ending General Fund balance represents 26.3% of the total annual operating expenditures for the year.
- County and local revenues comprised 57.7% of total District receipts, while state, federal, and other revenues comprised the remaining 42.3%. This compares to 55.4% and 44.6%, respectively, in the prior year. The District maintained a total tax levy of \$5.0397, with no increase over the prior year.
- The District transferred \$1,400,000 from the General Fund to the Capital Projects Fund, all of which was expended during the year.

Overview of the Financial Statements

The District's basic financial statements consist of two sets of financial statements and notes to those statements. The government-wide financial statements report on the District as a whole, and include the Statement of Net Position and the Statement of Activities. These financial statements include capital assets and long-term liabilities, thereby presenting a long-term view of the District's financial position. These documents are followed by the fund financial statements, which focus on individual funds and provide a more short-term view of how District services were financed in the current year and what remains for future spending.

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2016
(UNAUDITED)**

Reporting the District as a Whole

Statement of Net Position and the Statement of Activities

A view of the District as a whole looks at both short-term and long-term financial transactions and asks the question, "How did we do financially during Fiscal Year 2015-2016?" The Statement of Net Position and the Statement of Activities answer this question. These statements include all assets and liabilities of the District using the modified cash basis of accounting. Under the modified cash basis of accounting, revenues are recorded when collected and expenditures are recorded when paid, except for teachers' salaries as explained in Note A to the financial statements.

These two statements report the District's net position and change in net position. The change in net position is important because it tells the reader whether the financial position of the District has improved or diminished. The cause of this change may be the result of many factors; some financial, and some not. Non-financial factors that may have an impact on the District's financial position include the District's property tax base, current property tax laws in Missouri, required educational programs that may include unfunded mandates, facility conditions and other factors.

The Statement of Net Position and the Statement of Activities report the District's governmental activities. The District's governmental activities include, but are not limited to, instruction, support services, operation and maintenance of plant, pupil transportation and extracurricular activities. The District has no non-governmental activities to report.

Reporting the District by Fund

Fund Financial Statements

The fund financial statements provide detailed information about the District by major fund. These statements include the Balance Sheet and the Statement of Revenues, Expenditures and Changes in Fund Balances. Consistent with the reporting requirements of the Department of Elementary and Secondary Education, the District uses four funds to account for its financial transactions, all of which are considered to be major governmental funds. These are the General Fund, Special Revenue Fund, Debt Service Fund and Capital Projects Fund. District resources are allocated to these funds based on the purpose for which they are to be spent and the means by which spending activities are controlled. The use of each fund is described in Note A to the financial statements.

The fund financial statements are also prepared using the modified cash basis of accounting described above. Each of these financial statements is followed by a reconciliation to its counterpart in the statements reporting on the District as a whole. These reconciliations illustrate the relationship between the District's net financial position and total fund balances, as well as the differences between the long-term and short-term views.

Analysis of the District as a Whole

Recall that the Statement of Net Position and the Statement of Activities provide the perspective of the District's financial position and change in net position as a whole.

Tables 1 and 2 on the following pages provide a comparative summary of these financial statements for the current and prior year, followed by an analysis of the information they provide.

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2016
(UNAUDITED)**

TABLE 1 – Statements of Net Position – Modified Cash Basis

	<u>June 30, 2016</u>	<u>June 30, 2015</u>
ASSETS		
Cash and cash equivalents	\$ 39,822,261	\$ 14,328,561
Investments	5,503,423	5,503,423
Capital assets, net of accumulated depreciation	<u>90,164,723</u>	<u>92,380,207</u>
Total assets	<u>135,490,407</u>	<u>112,212,191</u>
LIABILITIES		
Current liabilities:		
Current portion long-term debt	4,509,570	4,598,908
Non-current liabilities:		
Non-current portion long-term debt	<u>62,933,701</u>	<u>43,218,272</u>
Total liabilities	<u>67,443,271</u>	<u>47,817,180</u>
NET POSITION		
Net investment in capital assets	49,285,122	44,563,027
Restricted:		
Capital outlay	386,792	831,032
Debt service	3,267,259	2,719,654
Unrestricted	<u>15,107,963</u>	<u>16,281,298</u>
Total net position	<u>\$ 68,047,136</u>	<u>\$ 64,395,011</u>

Cash and cash equivalents increased from 13% of total assets at June 30, 2015 to 29% at June 30, 2016 due to the issuance of general obligation bonds in May, 2016 as approved by the voters in a special bond election in April, 2016. These bond proceeds are included in the portion of the District's net position that is restricted for capital outlay, and will be spent for the purpose of constructing, renovating, improving, furnishing and equipping school facilities of the District. This includes constructing an addition to the south high school building to accommodate all high school students into one building, which will allow the District to repurpose the north high school building into a second middle school. The improvements also include converting the District's two intermediate schools into elementary schools and converting one of the elementary schools into an early childhood center, reconfiguring the District to include a separate early childhood center, seven K-5 elementary schools, two 6-8 middle schools, and a single high school with an alternative school in its existing space. This construction and improvement was underway prior to the end of the fiscal year, and it is planned to be complete by the beginning of the 2017-2018 academic year.

Non-current assets of \$90,164,723 include land, buildings, and contents, less any applicable accumulated depreciation, and construction in progress. The current portion of debt (amounts due within one year) and the long-term portion of debt together total \$67,443,271. The amount of debt spent on capital assets of \$40,879,601 is offset against the investment in capital assets of \$90,164,723 to arrive at the net investment in capital assets of \$49,285,122. This portion of the District's net position represents assets already invested in providing the services of the District, and therefore not available for future spending.

The District has an additional restricted net position of \$3,267,259 for debt service to comply with requirements imposed by its creditors. After these restrictions, the District is left with an unrestricted net position of \$15,107,963. This is the portion of District assets that can be used to finance day-to-day activities without constraints established by grants or legal requirements.

Table 2 shows the change in net position for fiscal year 2016 and 2015.

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2016
(UNAUDITED)**

TABLE 2

	<u>2016</u>	<u>2015</u>
REVENUES		
Program Revenues:		
Charges for services	\$ 3,532,198	\$ 3,446,229
Operating grants and contributions	6,126,842	6,636,211
Capital grants and contributions	<u>56,541</u>	<u>56,419</u>
Total Program Revenues	<u>9,715,581</u>	<u>10,138,859</u>
General Revenues:		
Property taxes	24,395,942	23,806,584
Basic formula	22,519,280	21,582,179
Sales tax	5,431,479	5,282,711
State assessed utility tax	2,170,467	1,757,817
In lieu of tax	302,617	287,492
Earnings on investments	2,840,751	75,733
Fines and escheats	185,285	144,984
M&M surtax	82,967	76,516
Other revenue	294,334	263,767
Financial institution tax	<u>506</u>	<u>1,382</u>
Total General Revenues	<u>58,223,628</u>	<u>53,279,165</u>
Total Revenues	<u>67,939,209</u>	<u>63,418,024</u>
PROGRAM EXPENSES		
Instruction	34,869,872	33,735,274
Student services	2,060,717	2,119,754
Instructional staff support	3,824,116	3,601,056
Building administration	1,860,413	1,834,650
General administration and central services	2,607,533	2,533,288
Operation of plant	8,960,669	8,639,498
Transportation	4,324,732	3,989,717
Food service	2,499,098	2,205,884
Community services	724,839	720,771
Facility acquisition and construction	11,125	-
Debt service:		
Interest and fees	<u>2,543,970</u>	<u>2,226,313</u>
Total Expenses	<u>64,287,084</u>	<u>61,606,205</u>
CHANGE IN NET POSITION		
Net position beginning of year	<u>64,395,011</u>	<u>62,583,192</u>
Net position end of the year	<u>\$ 68,047,136</u>	<u>\$ 64,395,011</u>

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2016
(UNAUDITED)**

CHANGE IN NET POSITION (TABLE 2)

As mentioned previously, the District has no non-governmental activities; its change in net position is fully the result of governmental activities. General revenues accounted for \$58,223,628 in revenue. This is composed primarily of receipts from property taxes, which were \$24,395,942. Other sources of general revenues were state aid not restricted for specific purposes of \$22,519,280, with the remaining portion from investment earnings and miscellaneous other sources. Program specific revenues in the form of charges for services, operating grants and contributions, and capital grants and contributions accounted for \$9,715,581 of total revenues. The District had \$64,287,084 in expenses, of which \$9,715,581 was offset by these program specific revenues. General revenues were adequate to provide for the remaining cost of District programs and produce an increase in net position of \$3,652,125.

The Statement of Activities shows the cost of services by program and the program specific revenues offsetting those costs. Table 3 below also shows the total cost of services by program and the net cost of services after program specific revenues. The net cost is the cost of these services supported by tax revenue and unrestricted State entitlements.

TABLE 3

	2016		2015	
	Total Cost of Services	Net Cost of Services	Total Cost of Services	Net Cost of Services
Instruction	\$ 34,869,872	\$ 29,435,595	\$ 33,735,274	\$ 27,751,651
Student services	2,060,717	2,036,034	2,119,754	2,100,786
Instructional staff support	3,824,116	3,824,116	3,601,056	3,601,056
Building administration	1,860,413	1,860,413	1,834,650	1,834,650
General administration and central services	2,607,533	2,607,533	2,533,288	2,533,288
Operation of plant	8,960,669	8,930,143	8,639,498	8,577,137
Transportation	4,324,732	3,385,173	3,989,717	2,871,154
Food service	2,499,098	(37,909)	2,205,884	8,496
Community services	724,839	(24,690)	720,771	(37,185)
Facility acquisition and construction	11,125	11,125	-	-
Debt service:				
Interest and fees	<u>2,543,970</u>	<u>2,543,970</u>	<u>2,226,313</u>	<u>2,226,313</u>
Total Governmental Activities	<u>\$ 64,287,084</u>	<u>\$ 54,571,503</u>	<u>\$ 61,606,205</u>	<u>\$ 51,467,346</u>

Instruction includes activities directly involving the teaching of students and the interaction between teacher and pupil.

Student services include student guidance and counseling, health services, and the costs of student attendance reporting.

Instructional staff support includes the activities involved in assisting staff with the content and process of teaching students.

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

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

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2016
(UNAUDITED)**

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

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

Food service includes the preparation, delivery, and servicing of breakfast, lunches, snacks, and other incidental meals to students and school staff in connection with school activities.

Community services includes expenses related to student activities provided by the District which are designed to provide opportunities for pupils to participate in school events, public events, or a combination of these for the purposes of motivation, enjoyment and skill improvement. These services also include our early childcare program.

Facility acquisition and construction in the Statement of Activities includes uncapitalized expenditures for land or existing buildings, improvements of buildings and grounds, repairs, and equipment. Items purchased and capitalized in the current year are not reported as current expenses on the statement of activities. The depreciation for assets directly associated with a specific function or a small number of functions are required to be reported as a direct expense of that function.

Interest and fees involves the transactions associated with payment of interest and other related charges for debt of the District.

The District's Funds

As described above, the District accounts for its revenues and expenditures using four funds: the General Fund, Special Revenue Fund, Debt Service Fund, and Capital Projects Fund. Total revenues received in all funds was \$113,319,482, which includes \$45,375,000 of debt proceeds. Total expenditures from all funds was \$87,825,782. The net change in fund balance for the year was most significant in the Capital Projects Fund, an increase of \$26,119,430. This increase is due to the fact that most of the proceeds from the \$27,000,000 general obligation bonds issued in May, 2016 was not yet spent at June 30, 2016.

General Fund Budgeting Highlights

The District's budget is prepared according to Missouri law and is prepared using the modified cash basis used for fund reporting. The most significant budgeted fund is the General Fund.

During the course of the 2016 fiscal year, the District amended its budget numerous times. Budget changes were made for federal program grants received after the original budget was established, technology purchases, additional building maintenance needs, and staffing adjustments for the summer school program expansion.

For the General Fund, the final budget basis revenue was \$27,318,533 representing a \$260,000 increase over the original budget estimate of \$27,058,533. The District's ending fund balance in the General Fund was \$116,952 higher than the final budgeted amount. Total budgeted revenues for the General Fund were \$3,403,508 over budgeted expenditures. The District made a transfer of \$3,174,162 from the General Fund to the Special Revenue Fund.

Capital Assets

At the end of fiscal year 2016, the District had \$139,914,310 invested in capital assets. Accumulated depreciation was reported at \$49,749,587. The net investment in capital assets at year-end was \$90,164,723.

Table 4 shows 2016 and 2015 balances:

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2016
(UNAUDITED)**

TABLE 4

	2016	2015
Capital Assets		
Land	\$ 2,426,402	\$ 2,275,116
Construction in progress	819,544	-
Buildings	108,781,618	108,781,618
Building improvements	18,553,153	18,015,729
Furniture and fixtures	5,969,752	5,532,614
Computers	3,363,841	3,363,841
Total capital assets	<u>139,914,310</u>	<u>137,968,918</u>
Accumulated depreciation		
Buildings	34,632,175	31,963,113
Building improvements	8,184,499	7,301,130
Furniture and fixtures	4,319,414	3,948,908
Computers	2,613,499	2,375,560
Total accumulated depreciation	<u>49,749,587</u>	<u>45,588,711</u>
Capital assets, net	<u>\$ 90,164,723</u>	<u>\$ 92,380,207</u>

Debt Administration

At June 30, 2016, the District had \$67,443,271 in general obligation bonds, lease certificates of participation and capital leases, due in varying amounts over 20 years. The purpose of each debt project was for facility additions and improvements and refunding the outstanding balance of the 2008 general obligation bond issue. Table 5 shows outstanding debt at June 30:

TABLE 5

	2016	2015
2007 General Obligation Refunding Bonds	\$ 9,885,000	\$ 9,885,000
2008 General Obligation Bonds	-	22,050,000
2011 General Obligation Refunding Bonds	5,775,000	7,775,000
2015 General Obligation Refunding Bonds	17,375,000	-
2016 General Obligation Bonds	27,000,000	-
2006 Lease Certificates of Participation	2,975,000	3,150,000
2010A Lease Certificates of Participation	925,000	1,140,000
2010B Lease Certificates of Participation	3,025,000	3,025,000
2013 Cloud Computing Lease Purchase	268,922	403,383
2014 Cloud Computing Lease Purchase	-	79,211
2014 Copier lease	214,349	309,586
	<u>\$ 67,443,271</u>	<u>\$ 47,817,180</u>

At June 30, 2016 the District's current portion of debt was \$4,509,570 and the non-current portion of debt was \$62,933,701.

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2016
(UNAUDITED)**

Economic Factors, Growth and Next Year's Budget

The District continues to be in good financial health and is committed to strong financial management. The District's Strategic Plan adopted in February 2014 directs that District operating fund balances will be maintained at 23% of annual expenditures as measured by our end of year Annual Secretary of the Board Report to the Missouri Department of Elementary and Secondary Education. At June 30, 2016, the District's fund balance stood at 26.3% of annual expenditures.

Our community's assessed valuation growth is 2.7% for 2016 (a non-reassessment year). As the general economy continues to recover, planning for growth has once again become a priority. A Long Range Facility Plan was approved in September 2015, and \$27 million in general obligation bonds were approved by the voters in April 2016 and issued in May. Construction related to the Long Range Facility Plan began at the close of the school year. Total District enrollment is expected to exceed 6,000 students for the 2016-2017 school year.

The budget for 2016-2017 reflects the above growth and the priorities of the District as outlined in the Strategic Plan. Student Success remains the prime focus of the District. In 2016-17, the District will produce its first International Baccalaureate Diploma candidates, and the Project Lead The Way program will be introduced at the middle and high school levels in the areas of engineering and computer science. Staffing plans include maintaining current class sizes and adding to targeted interventions. Instruction and assessment practices are constantly reviewed and enhanced through ongoing professional development and the addition of new academic benchmarking tools. Resources are being purchased to support the recently updated English Language Arts curriculum. Steady growth on multiple measures serves as evidence of a commitment to continuous improvement.

Workforce Satisfaction and Engagement is another prime focus area in the Strategic Plan requiring budget considerations. The budget includes enhancements to the salary and benefit packages for staff, many of which were outlined as needs through a compensation study commissioned by the District in 2012. With the modifications completed over the last few years, the majority of the recommended structural changes to the compensation schedules have been completed. Further emphasis on market competitiveness is needed in the future.

Technology Optimization also continues to be a focus area for students and staff in the District. The budget includes funds to upgrade certain aspects of the technology infrastructure, a process which has been ongoing for several years. The District's Bring Your Own Device (BYOD) program began in 2013-2014, and has been expanded to more than 150 classrooms. In 2016-17, grades three through six and grade nine will be shifted to a full one-to-one integration model, with BYOD classrooms added at other grade levels. Professional development of staff is a critical element of successful technology integration. The response from students and teachers has been tremendous as the District continues through the Digital Transformation process.

The focus area of Stakeholder Satisfaction and Engagement includes an emphasis on school safety and overall educational quality. Safety improvements for 2016-2017 include the addition of a third School Resource Officer to enhance safety throughout the District. Staff training on responses to safety threats will continue as well.

We are thankful for the loyalty and support of our taxpayers, the vision of the Board of Education, the dedication and hard work of district employees and the success of our students. We will continue to thoughtfully and prudently spend the funds entrusted to our management and care.

Contacting the School District's Financial Management

This financial report is designed to provide our patrons, taxpayers, investors and creditors with a general overview of the District's finances and to show the District's accountability for the money it receives. If you have questions about this report or need additional financial information, contact Ms. Cynthia Byous, Chief Financial Officer, at Raymore-Peculiar R-II School District, P.O. Box 789, Peculiar, MO 64078.

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

	<u>GOVERNMENTAL ACTIVITIES</u>
ASSETS	
Cash and cash equivalents	\$ 39,822,261
Investments	5,503,423
Capital assets, net of accumulated depreciation	<u>90,164,723</u>
Total assets	<u>135,490,407</u>
LIABILITIES	
Current liabilities:	
Current portion long-term debt	4,509,570
Non-current liabilities:	
Non-current portion long-term debt	<u>62,933,701</u>
Total liabilities	<u>67,443,271</u>
NET POSITION	
Net investment in capital assets	49,285,122
Restricted for:	
Capital outlay	386,792
Debt service	3,267,259
Unrestricted	<u>15,107,963</u>
Total net position	<u>\$ 68,047,136</u>

See accompanying notes to the basic financial statements.

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

	Expenditures	PROGRAM REVENUES			Net (Expenditures)
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Revenue and Change in Net Position
					Governmental
GOVERNMENTAL ACTIVITIES					
Instruction	\$ 34,869,872	\$ 1,320,141	\$ 4,057,595	\$ 56,541	\$ (29,435,595)
Student services	2,060,717	-	24,683	-	(2,036,034)
Instruction staff support	3,824,116	-	-	-	(3,824,116)
Building administration	1,860,413	-	-	-	(1,860,413)
General administration & central services	2,607,533	-	-	-	(2,607,533)
Operation of plant	8,960,669	30,526	-	-	(8,930,143)
Transportation	4,324,732	-	939,559	-	(3,385,173)
Food service	2,499,098	1,490,052	1,046,955	-	37,909
Community services	724,839	691,479	58,050	-	24,690
Facility acquisition and construction	11,125	-	-	-	(11,125)
Debt service:					
Interest and fees	2,543,970	-	-	-	(2,543,970)
Total Governmental Activities	<u>\$ 64,287,084</u>	<u>\$ 3,532,198</u>	<u>\$ 6,126,842</u>	<u>\$ 56,541</u>	<u>(54,571,503)</u>
			General Revenues:		
			Property taxes		24,395,942
			Basic formula		22,519,280
			Sales tax		5,431,479
			State assessed utilities		2,170,467
			Earnings on investments		2,840,751
			Other revenue		294,334
			Fines and escheats		185,285
			M&M surtax		82,967
			Financial institution tax		506
			In lieu of tax		302,617
			Total General Revenues		<u>58,223,628</u>
			Change in net position		3,652,125
			Net Position Beginning of Year		<u>64,395,011</u>
			Net Position End of Year		<u>\$ 68,047,136</u>

See accompanying notes to the basic financial statements.

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

	<u>GENERAL FUND</u>	<u>SPECIAL REVENUE FUND</u>	<u>DEBT SERVICE FUND</u>	<u>CAPITAL PROJECTS FUND</u>	<u>TOTAL GOVERNMENTAL FUNDS</u>
ASSETS					
Cash and cash equivalents	\$ 9,604,540	\$ -	\$ 3,267,259	\$ 26,950,462	\$ 39,822,261
Investments	<u>5,503,423</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>5,503,423</u>
Total assets	<u>\$ 15,107,963</u>	<u>\$ -</u>	<u>\$ 3,267,259</u>	<u>\$ 26,950,462</u>	<u>\$ 45,325,684</u>
 FUND BALANCES					
Fund Balances:					
Restricted	\$ -	\$ -	\$ 3,267,259	\$ 26,563,670	\$ 29,830,929
Committed	-	-	-	386,792	386,792
Assigned	834,461	-	-	-	834,461
Unassigned	<u>14,273,502</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>14,273,502</u>
Total fund balances	<u>\$ 15,107,963</u>	<u>\$ -</u>	<u>\$ 3,267,259</u>	<u>\$ 26,950,462</u>	<u>\$ 45,325,684</u>

See accompanying notes to the basic financial statements.

**RAYMORE-PECULIAR R-II SCHOOL DISTRICT
RECONCILIATION OF THE BALANCE SHEET
TO THE STATEMENT OF NET POSITION
GOVERNMENTAL FUNDS
JUNE 30, 2016**

Fund Balances - Total Governmental Funds \$ 45,325,684

Amounts reported for governmental activities in the
Statement of Net Position are different because:

Capital assets used in governmental activities are not
financial resources and therefore are not reported in the funds.

Governmental Capital Assets	\$ 139,914,310	
Less: Accumulated depreciation	<u>(49,749,587)</u>	90,164,723

Long-term liabilities, including bonds and leases payable, are
not due and payable in the current period and therefore are not
reported in the funds.

2007 General Obligation School Refunding Bonds	(9,885,000)	
2006 Lease Certificates of Participation	(2,975,000)	
2010 Lease Certificates of Participation	(3,950,000)	
2010 Cloud Computing Lease Purchase	(268,922)	
2011 General Obligation School Refunding Bonds	(5,775,000)	
2014 Copier lease	(214,349)	
2015 General Obligation School Refunding Bonds	(17,375,000)	
2016 General Obligation School Building Bonds	<u>(27,000,000)</u>	<u>(67,443,271)</u>

Net Position of Governmental Activities \$ 68,047,136

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

	GENERAL FUND	SPECIAL REVENUE FUND	DEBT SERVICE FUND	CAPITAL PROJECTS FUND	TOTAL GOVERNMENTAL FUNDS
REVENUES:					
Local	\$ 21,885,387	\$ 5,448,989	\$ 8,842,169	\$ 677,496	\$ 36,854,041
County	1,691,875	185,285	478,592	-	2,355,752
State	1,778,468	24,596,447	-	153,000	26,527,915
Federal	1,811,781	297,312	-	56,541	2,165,634
Other	33,745	-	-	7,395	41,140
Total Revenues	<u>27,201,256</u>	<u>30,528,033</u>	<u>9,320,761</u>	<u>894,432</u>	<u>67,944,482</u>
EXPENDITURES:					
Instruction	5,585,081	28,615,529	-	5,015	34,205,625
Student services	993,813	1,066,904	-	-	2,060,717
Instruction staff support	2,471,616	1,352,500	-	-	3,824,116
Building administration	21,895	1,838,518	-	-	1,860,413
General administration & central services	1,990,783	616,750	-	-	2,607,533
Operation of plant	5,400,566	-	-	1,156,968	6,557,534
Transportation	4,122,906	201,826	-	-	4,324,732
Food service	2,499,098	-	-	37,627	2,536,725
Community services	714,671	10,168	-	-	724,839
Facility acquisition and construction	-	-	-	830,669	830,669
Debt service:					
Principal retirement	-	-	25,050,000	698,909	25,748,909
Interest and fees	-	-	2,098,156	445,814	2,543,970
Total Expenditures	<u>23,800,429</u>	<u>33,702,195</u>	<u>27,148,156</u>	<u>3,175,002</u>	<u>87,825,782</u>
Revenues Over (Under) Expenditures	<u>3,400,827</u>	<u>(3,174,162)</u>	<u>(17,827,395)</u>	<u>(2,280,570)</u>	<u>(19,881,300)</u>
Other Financing Sources (Uses):					
Transfers	(4,574,162)	3,174,162	-	1,400,000	-
Proceeds from sale of bonds	-	-	18,375,000	27,000,000	45,375,000
Total Other Financing Sources (Uses)	<u>(4,574,162)</u>	<u>3,174,162</u>	<u>18,375,000</u>	<u>28,400,000</u>	<u>45,375,000</u>
Net change in fund balance	(1,173,335)	-	547,605	26,119,430	25,493,700
Fund balance, beginning	<u>16,281,298</u>	<u>-</u>	<u>2,719,654</u>	<u>831,032</u>	<u>19,831,984</u>
Fund balance, ending	<u>\$ 15,107,963</u>	<u>\$ -</u>	<u>\$ 3,267,259</u>	<u>\$ 26,950,462</u>	<u>\$ 45,325,684</u>

See accompanying notes to the basic financial statements.

**RAYMORE-PECULIAR R-II SCHOOL DISTRICT
RECONCILIATION OF THE STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES OF
GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2016**

Net Change in Fund Balances - Total Governmental Funds \$ 25,493,700

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

Governmental Funds report capital outlays as expenditures
while governmental activities report depreciation expense to
allocate those expenditures over the life of the assets:

Capital outlay	\$ 2,002,531	
Gain on disposal	3,679	
Depreciation expense	<u>(4,221,694)</u>	(2,215,484)

Repayment of debt principal is an expenditure in the governmental
funds, but the repayment reduces long-term liabilities in the
Statement of Net Position:

Principal payment on 2006 Lease Certificates of Participation	175,000	
Principal payment on 2008 General Obligation Bonds	22,050,000	
Principal payment on 2010 Lease Certificates of Participation	215,000	
Principal payment on 2010 Cloud Computing Lease Purchase	134,461	
Principal payment on 2011 General Obligation Refunding Bonds	2,000,000	
Principal payment on 2013 Cloud Computing Lease Purchase	79,211	
Principal payment on 2014 Copier Lease Purchase	95,237	
Principal payment on 2015 General Obligation Refunding Bonds	<u>1,000,000</u>	25,748,909

Issuance of debt is recorded as debt proceeds in the governmental
funds, but the proceeds create long-term liabilities in the Statement of
Net Position:

Proceeds from 2015 General Obligation Refunding Bonds	(18,375,000)	
Proceeds from 2016 General Obligation Building Bonds	<u>(27,000,000)</u>	<u>(45,375,000)</u>

Change in Net Position of Governmental Activities \$ 3,652,125

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

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

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

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

Basis of Presentation

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

Government-wide Financial Statements - The Statement of Net Position and the Statement of Activities display information about the School District as a whole. These statements include the financial activities of the primary government.

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

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

Fund Accounting

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

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

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Major Governmental Funds:

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

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

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

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

Measurement Focus

Government-wide Financial Statements: The statement of net position and the statement of activities display information about the District as a whole. The government-wide financial statements are prepared using the total economic resources measurement focus within the limitations of the modified cash basis of accounting as defined below.

Fund Financial Statements: All governmental funds are accounted for using a flow of current financial resources measurement focus within the limitations of modified cash basis of accounting as defined below. With this measurement of focus, only current assets including investments reported at cost, and current liabilities arising from cash transactions, generally are included on the balance sheet. The Statement of Revenues, Expenditures, and Changes in Fund Balances reports on the sources (revenues and other financing sources) and uses (expenditures and other financing uses) of current financial resources. This approach differs from the manner in which the governmental activities of the District-wide financial statements are prepared. Governmental fund financial statements therefore include a reconciliation with brief explanations to better identify the relationship between the District-wide statements and the statements for governmental funds.

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

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

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Pooled Cash and Temporary 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 Fund be kept separate and apart from all other funds of the District). Investments of the pooled accounts may consist primarily of certificates of deposit and U.S. Government securities, carried at cost. Interest income received is allocated to contributing funds based on cash and temporary investment balances.

Sick and Personal Leave: Any employee on a twelve month full-time contract is entitled to 12 days of sick leave. Full-time employees who work only during the regular school term are entitled to ten days sick leave. Unused sick leave can be accumulated up to 150 days. Personal leave shall not exceed four days per school year and is to be deducted from accumulated sick leave. Unused personal leave will convert to sick leave for accumulation purposes; however, two personal days can be carried over to the next year. Any employee who, at the time of retirement from the District, is eligible for benefits from PSRS or PEERS will be reimbursed for unused sick leave at the rate of \$25 per day up to 150 sick days. The employee must have five years of service to the District prior to retirement.

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

Payroll Related Expenditures: Payroll and benefit checks written and held at June 30, 2016, for the July and August 2016 payroll expenditures in the amount of \$1,641,781 are included in the financial statements as an expenditure paid in the month of June. This practice has been consistently followed in previous years.

Capital Assets: Government-wide Statements: In the government-wide financial statements, capital assets are accounted for as assets in the Statement of Net Position. All capital assets are valued at historical cost or estimated historical cost, if actual cost is unavailable.

Depreciation of all exhaustible capital assets is recorded as an allocated expenditure in the Statement of Activities, with accumulated depreciation reflected in the Statement of Net Position. Depreciation is provided over the assets' estimated useful lives using the straight-line method of depreciation. A capitalization threshold of \$5,000 is used to report capital assets. The range of useful lives by type of asset is as follows:

Buildings	40 years
Building improvements	20 years
Furniture and fixtures	10 years
Computers	5 years

Fund Financial Statements: In the fund financial statements, capital assets acquired for use in governmental fund operations are accounted for as capital outlay expenditures of the governmental fund upon acquisition.

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

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Group Insurance Liability: In consultation with the District's health insurance broker (CBIZ), and the District's health insurance provide (BCBS of Kansas City), it was determined that there were financial benefits to having the District assume some risk when considering the impact of new federally mandated regulations. Consequently, it was decided that the District accept a small degree of risk by agreeing to cover the costs associated with any claims filed against the health insurance program subsequent to a termination date with the current provider. To provide the District funds to cover this potential liability, the District was permitted to retain a portion of insurance premiums. On the modified cash basis, this accrued liability is not recorded. The balance of this liability at June 30, 2016 was \$561,930.

NOTE B - DEPOSITS AND INVESTMENTS

Custodial credit risk: For deposits, custodial credit risk is the risk that in the event of bank failure, the District's deposits may not be returned to it. At June 30, 2016, the bank balances of the District's deposits totaled \$2,131,176. Of this amount \$250,000 was covered by FDIC insurance and \$1,881,176 was supported by collateral, held by banks in the District's name that do not hold the collateralized deposit.

Interest rate risk: Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The District has a formal investment policy that minimize the risk that the market value of securities in the portfolio will fall due to changes in general interest rates by structuring the investment portfolio so that securities mature to meet cash requirement for ongoing operation, thereby avoiding the need to sell securities on the open market prior to maturity and investing operating funds primarily in shorter term securities.

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

The District is participating in the program created by Senate Bill 301 administered by the Missouri Health and Educational Authority (MOHEFA). The program intercepts a portion of state aid and places those funds in escrow to pay the debt service requirement of the District's outstanding bonds. The District's investments in MOHEFA are not rated by any of the nationally recognized statistical rating organizations. The District had \$2,061,818 invested with MOHEFA at June 30, 2016.

MOSIP is professionally managed by PFM Asset Management LLC, a registered investment advisor, who is one of the nations' largest administrators of local government investment programs. All investments in the MOSIP pool are rated AAAM by Standard and Poor's and meet the permitted investment statutes for Missouri Schools. The District has \$12,667,255 invested with MOSIP at June 30, 2016.

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

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

NOTE B - DEPOSITS AND INVESTMENTS (continued)

Investments: The District has \$5,503,423 invested in FNMA and FHLMC, recorded at cost.

Cost	Maturity Date
\$ 1,990,400	04/20/2017
2,018,443	05/12/2017
1,494,580	09/20/2017
\$ 5,503,423	

NOTE C - INSURANCE

The District is exposed to various risks of loss related to torts, theft of, damage to, and destruction of assets; injuries to employees, and natural disasters. The District has joined with other schools to form the Missouri United School Insurance Council (MUSIC), a public entity risk pool currently operating as a common risk management and insurance program for its members. The District pays an annual premium to MUSIC for its insurance coverage. Such coverage allows for liability claims up to \$2,800,000, property claims to various amounts and worker's compensation claims to statutory limits. The District maintains reinsurance for claims in excess of MUSIC's primary \$2,800,000 up to \$10,000,000.

NOTE D - TAXES

Property taxes attach as an enforceable lien on property as of January 1. Taxes are levied on November 1 and payable by December 31. Cass County collects the property tax and remits it to the District. The District also receives sales tax collected and remitted by the state based on weighted average daily attendance. The District is required to reduce its total operating levy by one-half the amount of sales tax received in the previous fiscal year. The District's voters have approved a waiver of the rollback and, therefore, the District was not required to reduce its levy for the calendar year 2015.

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

Real Estate:	
Residential	\$ 363,381,830
Agricultural	2,440,270
Commercial	37,529,389
Personal Property	79,795,450
Total	\$ 483,146,939

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

NOTE D - TAXES (continued)

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

	<u>Unadjusted</u>	<u>Adjusted</u>
General Fund	\$ 3.6940	\$ 3.6940
Special Revenue Fund	-	-
Debt Service Fund	1.3457	1.3457
Capital Projects Fund	-	-
	<u>\$ 5.0397</u>	<u>\$ 5.0397</u>

The receipts of current and delinquent property taxes during the fiscal year ended June 30, 2016, aggregated approximately 100 percent of the current assessment computed on the basis of the levy as shown above.

NOTE E - RETIREMENT PLAN

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

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

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

NOTE E - RETIREMENT PLAN (continued)

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.

The District contributions to PSRS for the year ended June 30, 2016 were \$4,003,811. The District's contributions to S-PSRS, the "2/3's statute", for the year ended June 30, 2016 were \$37,496.

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

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

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

The District's contributions to PEERS for the year ended June 30, 2016 were \$573,779.

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

NOTE F - LONG-TERM DEBT

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

	Balance			Balance		Amount Due
	July 1, 2015	Additions	Retirements	June 30, 2016		Within One
						Year
Bonds Payable	\$ 39,710,000	\$ 45,375,000	\$ 25,050,000	\$ 60,035,000	\$	3,850,000
Lease Certificates of Participation	7,315,000	-	390,000	6,925,000		425,000
Capital Lease Obligations	792,180	-	308,909	483,271		234,570
Total	<u>\$ 47,817,180</u>	<u>\$ 45,375,000</u>	<u>\$ 25,748,909</u>	<u>\$ 67,443,271</u>	<u>\$</u>	<u>4,509,570</u>

During the year, the District issued \$18,375,000 Series 2015 General Obligation Refunding Bonds to advance refund \$22,050,000 of the Series 2008 bond on March 1, 2016. This refunding was undertaken to obtain an economic gain of \$2,512,613.

NOTE G - BONDS PAYABLE

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

Series 2007 general obligation refunding bonds due in varying annual installments beginning March 2019 through March 2022 interest at 4.00%	\$ 9,885,000
Series 2011 general obligation refunding bonds due in varying annual installments beginning March 2014 through March 2019 interest at 2.00% to 2.50%	5,775,000
Series 2015 general obligation refunding bonds due in varying annual installments beginning March 2016 through March 2023 interest at 2.00% to 5.00%	17,375,000
Series 2016 general obligation school building bonds due in varying annual installments beginning March 2024 through March 2031 interest at 2.875% to 4.00%	<u>27,000,000</u>
Total	<u>\$ 60,035,000</u>

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

NOTE G - BONDS PAYABLE (continued)

Debt service requirements to maturity are:

Year Ending June 30,	Principal	Interest	Total
2017	\$ 3,850,000	\$ 1,820,070	\$ 5,670,070
2018	4,125,000	1,894,300	6,019,300
2019	4,610,000	1,749,925	6,359,925
2020	4,725,000	1,565,650	6,290,650
2021	5,450,000	1,354,400	6,804,400
2022	5,725,000	1,112,400	6,837,400
2023	4,550,000	934,900	5,484,900
2024	3,075,000	707,400	3,782,400
2025	3,200,000	584,400	3,784,400
2026	3,260,000	520,400	3,780,400
2027	3,330,000	447,050	3,777,050
2028	3,400,000	380,450	3,780,450
2029	3,485,000	295,450	3,780,450
2030	3,575,000	203,969	3,778,969
2031	3,675,000	105,656	3,780,656
Total	<u>\$ 60,035,000</u>	<u>\$ 13,676,420</u>	<u>\$ 73,711,420</u>

NOTE H - CAPITAL LEASE OBLIGATIONS

On October 1, 2006, the District entered into a lease purchase agreement to finance the cost of acquiring and installing energy conservation equipment in several buildings. The lease is for twenty-one years requiring varying annual installments through March 1, 2027; interest at 4.00 to 4.20%. The lessor issued \$4,565,000 Series 2006 Certificates of Participation which will be used to pay costs of acquiring the equipment, funding a reserve fund and paying costs of issuance of the certificates.

On May 28, 2010, the District entered into a lease purchase agreement to finance the cost of finishing construction projects at the new middle school. The lease is for ten years requiring varying annual installments through March 1, 2020; interest at 2.00 to 4.00%. The lessor issued \$2,165,000 Series 2010A Certificates of Participation which will be used to pay costs of acquiring the equipment and paying costs of issuance of the certificates.

On May 28, 2010, the District entered into a lease purchase agreement to finance the cost of finishing construction projects at the new middle school. The lease is for twenty years requiring varying annual installments through March 1, 2030; interest at 5.25 to 6.15%. The lessor issued \$3,025,000 Series 2010B Certificates of Participation which will be used to pay costs of acquiring the equipment and paying costs of issuance of the certificates.

On June 1, 2010, the District entered into a lease purchase agreement to finance the cost of network communications projects throughout the entire District. The lease is for five years requiring annual installments in the amount of \$131,400 through July 1, 2014; interest at 4.07%. On May 15, 2014, the District entered into an addendum to this lease purchase agreement to finance the cost of additional network communications projects throughout the entire District. The lease is for four years, requiring annual installments in the amount of \$134,460 through August 15, 2017; interest at 0.00%.

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

NOTE H - CAPITAL LEASE OBLIGATIONS (continued)

On August 1, 2013, the District entered into an addendum to the lease purchase agreement above to finance the cost of additional network communications projects throughout the entire District. The lease is for three years requiring annual installments in the amount of \$87,789 through September 19, 2015; interest at 3.09%.

On June 26, 2014, the District entered into a lease agreement for copier equipment. The lease is for four years requiring monthly payments of \$9,046 through July 14, 2018; interest at 5.00%. Future minimum lease payments on the above leases are as follows:

Year Ending June 30,	Principal	Interest	Total
2017	\$ 659,570	\$ 328,697	\$ 988,267
2018	664,692	313,610	978,302
2019	434,009	297,960	731,969
2020	450,000	281,748	731,748
2021	475,000	263,747	738,747
2022	485,000	241,623	726,623
2023	520,000	218,972	738,972
2024	535,000	194,798	729,798
2025	545,000	169,335	714,335
2026	585,000	143,347	728,347
2027	1,020,000	112,733	1,132,733
2028	330,000	63,652	393,652
2029	345,000	43,357	388,357
2030	360,000	22,140	382,140
Total	<u>\$ 7,408,271</u>	<u>\$ 2,695,719</u>	<u>\$ 10,103,990</u>

NOTE I - OPERATING LEASES

The District signed a non-cancelable lease agreement which provides the District with the use of a fiber optic system for the District's wide area network. The service will provide fiber optic access and all maintenance. The 9-year lease agreement requires annual payments of \$252,162 beginning July 1, 2007 through June 2016. In January 2016, the District signed an amendment to this agreement, requiring nine annual payments of \$58,838 beginning on July 1, 2016. Several addendums have also been executed to extend the network to additional facilities requiring annual payments of \$360 through July 2018 and \$41,488 through July 2020. In March 2013, the District signed a non-cancellable lease agreement to upgrade the fiber optic system requiring an initial payment of \$175,081 followed by ten annual lease payments of \$84,054 beginning July 1, 2013. Additionally, in March 2015, the District signed a new non-cancellable lease agreement for wide area network fiber optic services requiring annual payments of \$147,095 beginning July 1, 2015 through July 1, 2025.

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

NOTE I - OPERATING LEASES (continued)

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

Year ending June 30,	Total
2017	\$ 331,835
2018	331,835
2019	331,475
2020	331,475
2021	289,987
2022	289,987
2023	289,987
2024	205,933
2025	<u>205,933</u>
Total	<u>\$ 2,608,447</u>

Lease expense for the year ended June 30, 2016 was \$525,159.

NOTE J - INTERFUND TRANSFERS

During the year, the District made a \$1,400,000 transfer from the General Fund to the Capital Projects Fund for necessary capital outlay expenditures. This revenue transfer is capped by an amount calculated annually by the Missouri Department of Elementary and Secondary Education (DESE). The District also transferred \$3,174,162 from the General Fund to the Special Revenue Fund to avoid deficit spending in the Special Revenue Fund.

NOTE K - LITIGATION

The District is a defendant in unsettled lawsuits. Under the modified cash basis of accounting, the financial statements do not include any accrual or provision for loss contingencies that may result.

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

NOTE L - CAPITAL ASSETS

Capital asset activity resulting from modified cash basis transactions for governmental activities for the year ended June 30, 2016 were as follows:

	Balance July 1, 2015	Additions	Reclassifications/ Retirements	Balance June 30, 2016
Capital Assets Not Being Depreciated:				
Land	\$ 2,275,116	\$ 151,286	\$ -	\$ 2,426,402
Construction in progress	<u>-</u>	<u>819,544</u>	<u>-</u>	<u>819,544</u>
Total Capital Assets Not Being Depreciated	<u>2,275,116</u>	<u>970,830</u>	<u>-</u>	<u>3,245,946</u>
Other Capital Assets:				
Buildings	108,781,618	-	-	108,781,618
Building improvements	18,015,729	537,424	-	18,553,153
Furniture and fixtures	5,532,614	503,229	(66,091)	5,969,752
Computers	<u>3,363,841</u>	<u>-</u>	<u>-</u>	<u>3,363,841</u>
Total Other Capital Assets	<u>135,693,802</u>	<u>1,040,653</u>	<u>(66,091)</u>	<u>136,668,364</u>
Less Accumulated Depreciation:				
Buildings	31,963,113	2,669,062	-	34,632,175
Building improvements	7,301,130	883,369	-	8,184,499
Furniture and fixtures	3,948,908	431,323	(60,817)	4,319,414
Computers	<u>2,375,560</u>	<u>237,939</u>	<u>-</u>	<u>2,613,499</u>
Total Accumulated Depreciation	<u>45,588,711</u>	<u>4,221,693</u>	<u>(60,817)</u>	<u>49,749,587</u>
Other Capital Assets, Net	<u>90,105,091</u>	<u>(3,181,040)</u>	<u>(5,274)</u>	<u>86,918,777</u>
Total	<u>\$ 92,380,207</u>	<u>\$ (2,210,210)</u>	<u>\$ (5,274)</u>	<u>\$ 90,164,723</u>

Depreciation expenditure was charged to the governmental functions as follows:

Instruction	\$ 669,262
Operation of plant	<u>3,552,431</u>
Total	<u>\$ 4,221,693</u>

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

NOTE M - FUND BALANCES - GOVERNMENTAL FUNDS

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

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

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

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

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

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

Unassigned fund balance - Excess funds that have not been classified in the previous four (4) categories. All funds in this category are considered spendable resources. This category also provides the resources necessary to meet unexpected expenditures and revenue shortfalls.

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

Upon adoption of a budget where fund balance is used as a source to balance the budget, the chief financial officer (CFO) shall record the amount as assigned fund balance.

The Board delegates the authority to assign amounts for specific purpose(s) to the Superintendent or designee.

For all funds except the Debt Service Fund, the order of spending as unassigned, assigned, committed, and the restricted amounts as available. For the Debt Service Fund, the Board approved unrestricted or assigned balances to be spent prior to restricted balances, allowing the spending of interest prior to principal. The year-end audit process will establish the fund balance restriction recommendations for classifying remaining fund balances as required by GASB 54.

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

NOTE M - FUND BALANCES - GOVERNMENTAL FUNDS (continued)

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

	General Fund	Special Revenue Fund	Debt Service Fund	Capital Projects Fund
Restricted:				
Debt service	\$ -	\$ -	\$ 3,267,259	\$ -
Capital projects	<u>-</u>	<u>-</u>	<u>-</u>	<u>26,563,670</u>
Total Restricted	<u>-</u>	<u>-</u>	<u>3,267,259</u>	<u>26,563,670</u>
Committed:				
Capital outlay	<u>-</u>	<u>-</u>	<u>-</u>	<u>386,792</u>
Assigned:				
Student activities	631,574	-	-	-
Food service	<u>202,887</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Assigned	<u>834,461</u>	<u>-</u>	<u>-</u>	<u>-</u>
Unassigned	<u>14,273,502</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total fund balances	<u>\$ 15,107,963</u>	<u>\$ -</u>	<u>\$ 3,267,259</u>	<u>\$ 26,950,462</u>

NOTE N - COMMITMENTS

The District has entered into contracts for HVAC installation at Timber Creek, paving improvements at the stadium lot and Peculiar Elementary, and the addition of a turn lane at the middle school. As of June 30, 2016, the District was committed to \$614,281 of remaining contract costs.

The District has also entered into contracts for additions and renovation to the high school. As of June 30, 2016, the District was committed to \$25,387,439 of remaining contract costs.

Also, the District has entered into contracts for the purchase of several tablets, mac books, and desktop computers. As of June 30, 2016, the District was committed to \$604,500 of contract costs for these purchases.

SUPPLEMENTAL INFORMATION

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

	BUDGET		ACTUAL	VARIANCE
	ORIGINAL	FINAL		
REVENUES:				
Local	\$ 22,032,812	\$ 22,062,412	\$ 21,885,387	\$ (177,025)
County	1,501,500	1,501,500	1,691,875	190,375
State	1,799,461	1,799,461	1,778,468	(20,993)
Federal	1,714,760	1,945,160	1,811,781	(133,379)
Other	10,000	10,000	33,745	23,745
Total Revenues	<u>27,058,533</u>	<u>27,318,533</u>	<u>27,201,256</u>	<u>(117,277)</u>
EXPENDITURES:				
Instruction	5,670,100	5,670,100	5,585,081	85,019
Student services	1,004,683	1,004,683	993,813	10,870
Instruction staff support	2,610,353	2,591,413	2,471,616	119,797
Building administration	18,000	18,000	21,895	(3,895)
General administration & central services	2,125,080	2,125,080	1,990,783	134,297
Operation of plant	5,344,826	5,374,826	5,400,566	(25,740)
Transportation	3,933,175	3,933,175	4,122,906	(189,731)
Food service	2,289,030	2,549,030	2,499,098	49,932
Community services	648,718	648,718	714,671	(65,953)
Facility acquisition and construction	-	-	-	-
Debt service:				
Principal retirement	-	-	-	-
Interest and fees	-	-	-	-
Total Expenditures	<u>23,643,965</u>	<u>23,915,025</u>	<u>23,800,429</u>	<u>114,596</u>
Revenues Over (Under) Expenditures	<u>3,414,568</u>	<u>3,403,508</u>	<u>3,400,827</u>	<u>(2,681)</u>
Other Financing Sources (Uses):				
Transfers	(4,541,745)	(4,693,795)	(4,574,162)	119,633
Net change in fund balance	(1,127,177)	(1,290,287)	(1,173,335)	116,952
Fund balance, beginning	<u>16,281,298</u>	<u>16,281,298</u>	<u>16,281,298</u>	<u>-</u>
Fund balance, ending	<u>\$ 15,154,121</u>	<u>\$ 14,991,011</u>	<u>\$ 15,107,963</u>	<u>\$ 116,952</u>

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

	BUDGET		ACTUAL	VARIANCE
	ORIGINAL	FINAL		
REVENUES:				
Local	\$ 5,360,017	\$ 5,360,017	\$ 5,448,989	\$ 88,972
County	145,000	145,000	185,285	40,285
State	24,662,544	24,509,544	24,596,447	86,903
Federal	529,241	529,241	297,312	(231,929)
Other	-	-	-	-
Total Revenues	<u>30,696,802</u>	<u>30,543,802</u>	<u>30,528,033</u>	<u>(15,769)</u>
EXPENDITURES:				
Instruction	28,480,350	28,480,350	28,615,529	(135,179)
Student services	1,261,211	1,261,211	1,066,904	194,307
Instruction staff support	1,418,667	1,417,717	1,352,500	65,217
Building administration	1,996,831	1,996,831	1,838,518	158,313
General administration & central services	651,643	651,643	616,750	34,893
Operation of plant	-	-	-	-
Transportation	-	-	201,826	(201,826)
Food service	-	-	-	-
Community services	29,845	29,845	10,168	19,677
Facility acquisition and construction	-	-	-	-
Debt service:				
Principal retirement	-	-	-	-
Interest and fees	-	-	-	-
Total Expenditures	<u>33,838,547</u>	<u>33,837,597</u>	<u>33,702,195</u>	<u>135,402</u>
Revenues Over (Under) Expenditures	<u>(3,141,745)</u>	<u>(3,293,795)</u>	<u>(3,174,162)</u>	<u>119,633</u>
Other Financing Sources (Uses):				
Transfers	<u>3,141,745</u>	<u>3,293,795</u>	<u>3,174,162</u>	<u>(119,633)</u>
Net change in fund balance	-	-	-	-
Fund balance, beginning	-	-	-	-
Fund balance, ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

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

	BUDGET		ACTUAL	VARIANCE
	ORIGINAL	FINAL		
REVENUES:				
Local	\$ 6,222,317	\$ 8,465,871	\$ 8,842,169	\$ 376,298
County	468,750	468,750	478,592	9,842
State	-	-	-	-
Federal	-	-	-	-
Other	-	-	-	-
Total Revenues	6,691,067	8,934,621	9,320,761	386,140
EXPENDITURES:				
Instruction	-	-	-	-
Student services	-	-	-	-
Instruction staff support	-	-	-	-
Building administration	-	-	-	-
General administration & central services	-	-	-	-
Operation of plant	-	-	-	-
Transportation	-	-	-	-
Food service	-	-	-	-
Community services	-	-	-	-
Facility acquisition and construction	-	-	-	-
Debt service:				
Principal retirement	3,900,000	25,050,000	25,050,000	-
Interest and fees	1,645,625	2,099,907	2,098,156	1,751
Total Expenditures	5,545,625	27,149,907	27,148,156	1,751
Revenues Over (Under) Expenditures	1,145,442	(18,215,286)	(17,827,395)	387,891
Other Financing Sources (Uses):				
Transfers	-	-	-	-
Proceeds from sale of bonds	-	18,375,000	18,375,000	-
Total Other Financing Sources (Uses)	-	18,375,000	18,375,000	-
Net change in fund balance	1,145,442	159,714	547,605	387,891
Fund balance, beginning	2,719,654	2,719,654	2,719,654	-
Fund balance, ending	\$ 3,865,096	\$ 2,879,368	\$ 3,267,259	\$ 387,891

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

	BUDGET		ACTUAL	VARIANCE
	ORIGINAL	FINAL		
REVENUES:				
Local	\$ 194,992	\$ 658,256	\$ 677,496	\$ 19,240
County	-	-	-	-
State	-	153,000	153,000	-
Federal	56,000	56,000	56,541	541
Other	-	-	7,395	7,395
Total Revenues	<u>250,992</u>	<u>867,256</u>	<u>894,432</u>	<u>27,176</u>
EXPENDITURES:				
Instruction	35,000	35,000	5,015	29,985
Student services	-	-	-	-
Instruction staff support	-	-	-	-
Building administration	-	-	-	-
General administration & central services	10,000	-	-	-
Operation of plant	960,000	1,133,000	1,156,968	(23,968)
Transportation	-	-	-	-
Food service	40,000	40,000	37,627	2,373
Community services	-	-	-	-
Facility acquisition and construction	-	899,556	830,669	68,887
Debt service:				
Principal retirement	707,488	707,488	698,909	8,579
Interest and fees	361,465	526,465	445,814	80,651
Total Expenditures	<u>2,113,953</u>	<u>3,341,509</u>	<u>3,175,002</u>	<u>166,507</u>
Revenues Over (Under) Expenditures	<u>(1,862,961)</u>	<u>(2,474,253)</u>	<u>(2,280,570)</u>	<u>193,683</u>
Other Financing Sources (Uses):				
Transfers	1,400,000	1,400,000	1,400,000	-
Proceeds from sale of bonds	-	27,000,000	27,000,000	-
Total Other Financing Sources (Uses)	<u>1,400,000</u>	<u>28,400,000</u>	<u>28,400,000</u>	<u>-</u>
Net change in fund balance	(462,961)	25,925,747	26,119,430	193,683
Fund balance, beginning	<u>831,032</u>	<u>831,032</u>	<u>831,032</u>	<u>-</u>
Fund balance, ending	<u>\$ 368,071</u>	<u>\$ 26,756,779</u>	<u>\$ 26,950,462</u>	<u>\$ 193,683</u>

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

BUDGET PROCESS

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

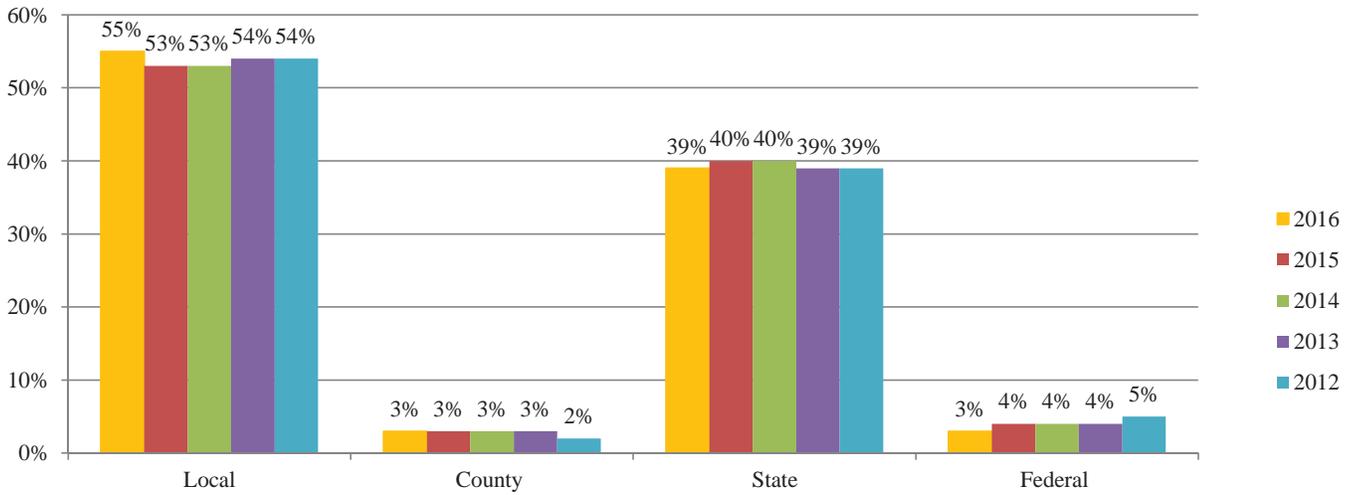
1. In accordance with Chapter 67, RSMo, the District adopts a budget for each fund.
2. Prior to July, the Superintendent, who serves as the budget officer, submits to the Board of Education a proposed budget for the fiscal year beginning on the following July 1. The proposed budget includes estimated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

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

	GENERAL FUND	SPECIAL REVENUE FUND	DEBT SERVICE FUND	CAPITAL PROJECTS FUND	TOTAL
LOCAL:					
Property tax	\$ 17,882,226	\$ -	\$ 6,513,716	\$ -	\$ 24,395,942
Sales tax	-	5,431,479	-	-	5,431,479
M & M surtax	60,815	-	22,152	-	82,967
Financial institution tax	371	-	135	-	506
In lieu of tax	99,413	-	36,212	166,992	302,617
Earnings on investments	79,982	17,395	2,269,954	473,420	2,840,751
Food service	1,490,052	-	-	-	1,490,052
Student activities	1,320,141	-	-	-	1,320,141
Community services	691,479	-	-	-	691,479
Other local revenue	260,908	115	-	37,084	298,107
Total Local	<u>21,885,387</u>	<u>5,448,989</u>	<u>8,842,169</u>	<u>677,496</u>	<u>36,854,041</u>
COUNTY:					
Fines and escheats	-	185,285	-	-	185,285
State assessed utilities	1,691,875	-	478,592	-	2,170,467
Total County	<u>1,691,875</u>	<u>185,285</u>	<u>478,592</u>	<u>-</u>	<u>2,355,752</u>
STATE:					
Basic formula	-	22,519,280	-	-	22,519,280
Transportation	930,445	-	-	-	930,445
Basic formula - classroom trust fund	-	2,077,167	-	153,000	2,230,167
Early Childhood Special Ed.	521,725	-	-	-	521,725
Career education	5,250	-	-	-	5,250
Food service	21,214	-	-	-	21,214
High need fund	244,273	-	-	-	244,273
Educational screening/PAT	55,244	-	-	-	55,244
Other state revenue	317	-	-	-	317
Total State	<u>1,778,468</u>	<u>24,596,447</u>	<u>-</u>	<u>153,000</u>	<u>26,527,915</u>
FEDERAL:					
Title I	119,898	295,515	-	-	415,413
Title II - Part A	-	1,797	-	-	1,797
Medicaid	24,683	-	-	-	24,683
Individuals with Disabilities	483,834	-	-	-	483,834
IDEA grants	29,190	-	-	-	29,190
Food service	1,025,741	-	-	-	1,025,741
Early Childhood Special Ed.	127,435	-	-	-	127,435
Perkins Basic Grant, Career Education	1,000	-	-	-	1,000
Other federal revenue	-	-	-	56,541	56,541
Total Federal	<u>1,811,781</u>	<u>297,312</u>	<u>-</u>	<u>56,541</u>	<u>2,165,634</u>
OTHER:					
Proceeds from sale of bonds	-	-	18,375,000	27,000,000	45,375,000
Sale of property	24,631	-	-	7,395	32,026
Payments from other districts	9,114	-	-	-	9,114
Total Other	<u>33,745</u>	<u>-</u>	<u>18,375,000</u>	<u>27,007,395</u>	<u>45,416,140</u>
Total Revenues Collected	<u>\$ 27,201,256</u>	<u>\$ 30,528,033</u>	<u>\$ 27,695,761</u>	<u>\$ 27,894,432</u>	<u>\$ 113,319,482</u>

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

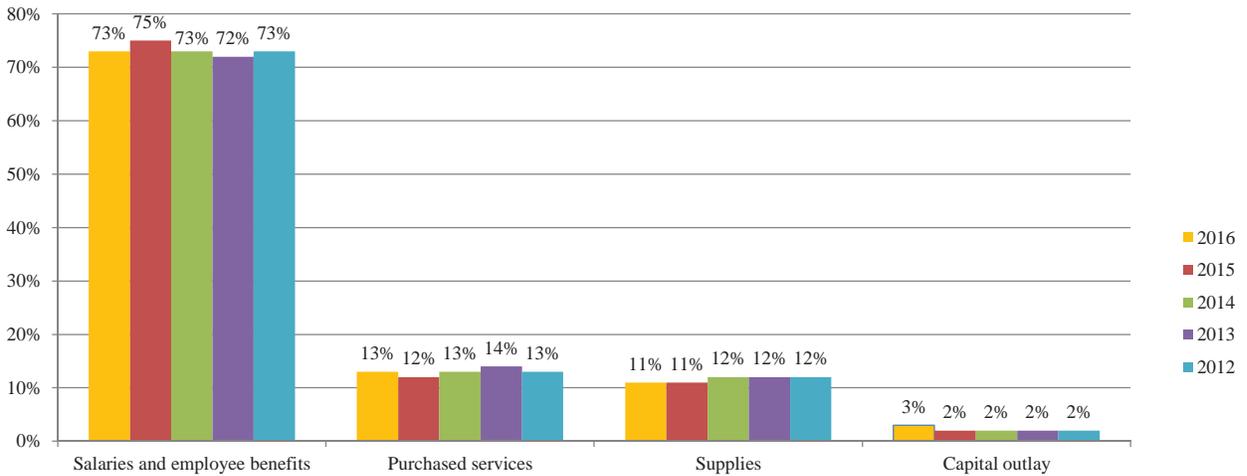
	2016	2015	2014	2013	2012
Local	\$ 36,854,041	\$ 33,224,588	\$ 32,405,715	\$ 32,285,032	\$ 32,500,945
County	2,355,752	1,902,720	1,712,476	1,657,753	1,484,370
State	26,527,915	25,656,204	24,337,044	23,493,447	23,223,083
Federal	2,165,634	2,614,077	2,398,736	2,267,298	2,801,548
Other	41,140	20,684	12,550	2,696	513
	<u>\$ 67,944,482</u>	<u>\$ 63,418,273</u>	<u>\$ 60,866,521</u>	<u>\$ 59,706,226</u>	<u>\$ 60,010,459</u>



Note: The above graphs do not include proceeds from the sale of bonds.

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

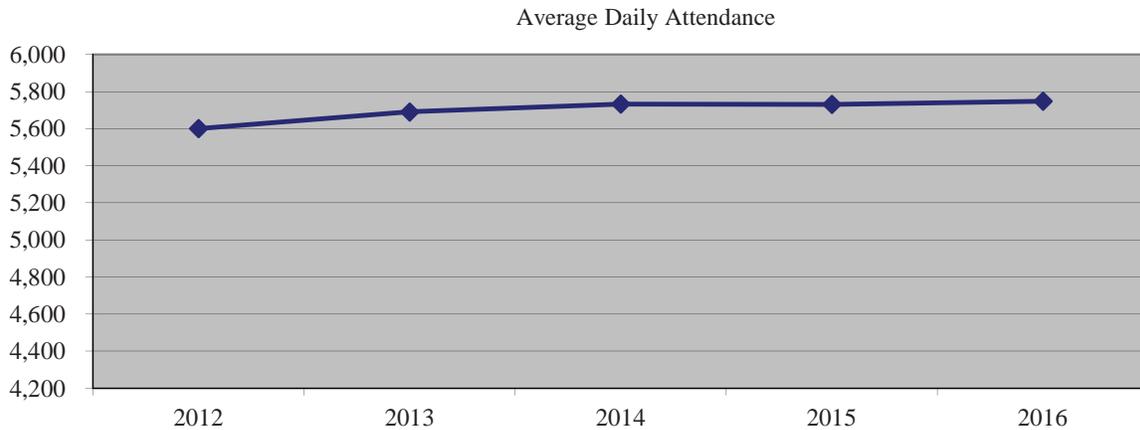
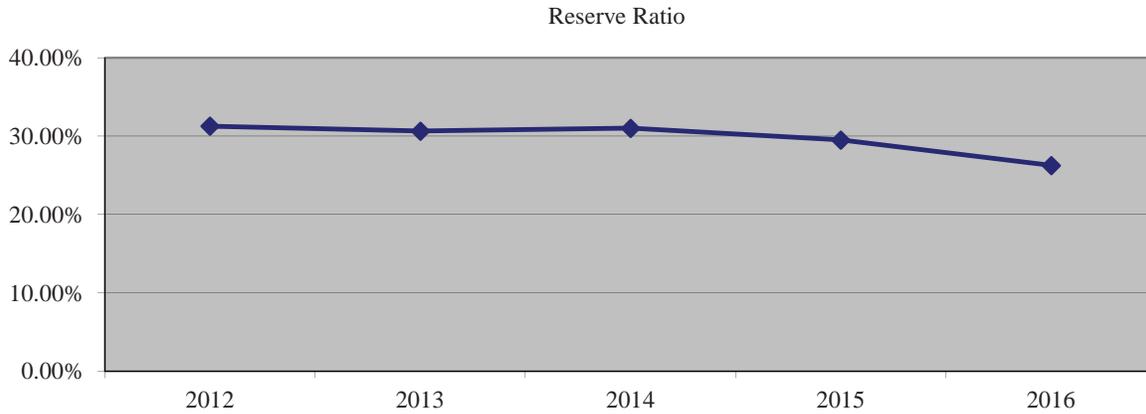
	GENERAL FUND	SPECIAL REVENUE FUND	DEBT SERVICE FUND	CAPITAL PROJECTS FUND	2016 TOTALS	2015 TOTALS	2014 TOTALS	2013 TOTALS	2012 TOTALS
Salaries	\$ 7,511,700	\$25,631,674	\$ -	\$ -	\$33,143,374	\$32,305,840	\$30,979,906	\$30,553,730	\$29,103,239
Employee benefits	2,467,833	7,565,799	-	-	10,033,632	9,545,677	8,325,194	7,512,337	7,088,820
Purchased services	7,354,013	504,722	-	-	7,858,735	6,919,168	6,919,406	7,205,893	6,606,254
Supplies	6,466,883	-	-	-	6,466,883	6,407,217	6,194,640	6,188,690	5,918,187
Capital outlay	-	-	-	2,030,279	2,030,279	829,228	769,898	675,962	431,691
Principal	-	-	25,050,000	698,909	25,748,909	5,879,507	5,384,120	3,641,589	25,162,033
Interest and other charges	-	-	2,098,156	445,814	2,543,970	2,226,313	2,233,385	2,557,755	3,761,012
	<u>\$23,800,429</u>	<u>\$33,702,195</u>	<u>\$27,148,156</u>	<u>\$ 3,175,002</u>	<u>\$87,825,782</u>	<u>\$64,112,950</u>	<u>\$60,806,549</u>	<u>\$58,335,956</u>	<u>\$78,071,236</u>



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

**RAYMORE-PECULIAR R-II SCHOOL DISTRICT
SELECTED TRENDS
FOR THE YEARS ENDED JUNE 30, 2012 THROUGH 2016**

<u>General and Special Revenue Funds</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
Total Fund Balances	\$ 15,238,688	\$ 15,774,687	\$ 16,258,016	\$ 16,281,298	\$ 15,107,963
Total Expenditures	48,716,502	51,460,650	52,419,146	55,177,901	57,502,624
Reserve Ratio	31.28%	30.65%	31.02%	29.51%	26.27%
Average Daily Attendance	5,601.17	5,691.34	5,733.52	5,731.27	5,748.77



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

County District Number 019-142

1. CALENDAR

- 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.

Grades K - 4	6.5833
Grades 5 - 6	6.9000
Grades 7 - 8	6.9167
Grades 9 - 12	6.8500

- 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:

Grades K - 4	1,115.99
Grades 5 - 6	1,168.83
Grades 7 - 8	1,171.01
Grades 9 - 12	1,139.33

- C. The number of days classes were in session and pupils were under the direction of teachers during this school year was 172 days.

2. AVERAGE DAILY ATTENDANCE (ADA)

Grades K - 4	2,110.58
Grades 5 - 6	845.88
Grades 7 - 8	900.83
Grades 9 - 12	1,749.85
Resident II	<u>9.85</u>
	5,616.99
Summer School	<u>131.78</u>
Total Average Daily Attendance	<u><u>5,748.77</u></u>

3. SEPTEMBER MEMBERSHIP

September Membership FTE Count	5,925.57
--------------------------------	----------

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

State FTE Total		Free: 1,181.76
		Reduced: <u>295.00</u>
		Total <u>1,476.76</u>

5. FINANCE

- A. As required by Section 162.401, RSMo. a bond was purchased for the District's treasurer in the total amount of: \$50,000

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

County District Number 019-142

5. FINANCE (continued)

- B. The District's deposits were secured during the year as required by Section 110.010 and 110.020, RSMo. True
- C. The District maintained a separate bank account for its Debt Service Fund in accordance with Section 165.011, RSMo. True
- D. Salaries reported for educators in the October Core Data cycle are supported by payroll/contract records. True
- E. If a \$162,326 or 7% x SAT x WADA transfer was made in excess of adjusted expenditures, did the Board approve a resolution to make the transfer, which identified the specific projects to be funded by the transfer and an expected expenditure date for the projects to be undertaken? N/A
- F. The District published a summary of the prior year's audit report within thirty days of the receipt of the audit pursuant to Section 165.121, RSMo. True
- G. The District has a professional development committee plan adopted by the board with the professional development committee plan identifying the expenditure of seventy-five percent (75%) of one percent (1%) of the current year basic formula apportionment. True
- H. The amount spent for approved professional development committee plan activities was: \$226,245

6. TRANSPORTATION (Section 163.161, RSMo.)

- A. The District's transportation allowable costs substantially conform to 5 CSR 30-261.040, Allowable Costs for State Transportation Aid. True
- B. The District's 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: 4,074.00
 - Ineligible ADT: 184.00
- D. The District's transportation odometer mileage records are maintained in a manner to accurately disclose in all material respects the eligible and ineligible miles for the year. True
- E. Actual odometer records show the total district-operated and contracted mileage for the year was: 1,270,624
 - Of this total, the eligible non-disabled and students with disabilities route miles and the ineligible non-route and disapproved miles (combined) was:
 - Eligible miles: 1,128,749
 - Ineligible miles (non-route/disapproved): 141,875
- F. Number of days the District operated the school transportation system during the regular school year: 172

RAYMORE-PECULIAR R-II SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2016

FEDERAL GRANTOR/ PASS-THROUGH GRANTOR/ PROGRAM TITLE	FEDERAL CFDA NUMBER	PASS-THROUGH GRANTOR NUMBER	EXPENDITURES
<u>U.S. Department of Agriculture</u>			
Passed-through Missouri Department of Elementary and Secondary Education:			
National School Breakfast Program	10.553	019-142	\$ 178,831
National School Lunch Program	10.555	019-142	841,602
National School Snack Program	10.555	019-142	5,308
Non-cash: Food Distribution Program	10.555	019-142	<u>135,707</u>
Total Child Nutrition Cluster			<u>1,161,448</u>
<u>U.S. Department of Education</u>			
Passed-through Missouri Department of Elementary and Secondary Education:			
IDEA, Part B	84.027A	019-142	869,661
IDEA - Preschool Grants	84.173A	019-142	<u>23,393</u>
Total Special Education Cluster			<u>893,054</u>
Title I, Part A	84.010A	019-142	433,893
Title II.A	84.367A	019-142	90,414
Career Education	84.048A	019-142	<u>1,000</u>
			<u>\$ 2,579,809</u>

Note 1. Basis of Presentation

The accompanying schedule of expenditures of federal awards (the "Schedule") includes the federal award activity of Raymore-Peculiar R-II 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 Raymore-Peculiar R-II School District, it is not intended to and does not present the financial position, change in net position or cash flows of Raymore-Peculiar R-II 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 the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Raymore-Peculiar R-II School District has elected not to use the 10-percent de minimis indirect cost rate allowed under the Uniform Guidance.

INTERNAL CONTROL AND COMPLIANCE

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

To the Board of Education
Raymore-Peculiar R-II School District

We have audited the administration's assertions, included in its representation letter dated September 6, 2016, that Raymore-Peculiar R-II School District complied with the requirements of Missouri Laws and Regulations regarding budgetary and disbursement procedures; accurate disclosure by the District's attendance records of average daily attendance, resident membership on the last Wednesday of September, 2015 and the number of students eligible to receive free or reduced price lunches on the last Wednesday of January, 2016; and accurate disclosure by the District's pupil transportation records of the average students scheduled to be transported eligible and ineligible for state aid, the number of actual odometer miles eligible and ineligible for state aid and the allowable costs for pupil transportation during the year ended June 30, 2016. As discussed in that representation letter, the administration is responsible for the District's compliance with those requirements. Our responsibility is to express an opinion on the administration's assertions about the District's compliance based on our audit.

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

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

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

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

Westbrook & Co., P.C.

September 6, 2016

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

ATTENDANCE

During our audit, we noted that the District did not maintain a list of students that supports the figures reported in Core Data for the January free and reduced lunch count. We recommend that in the future the District maintain reports from the attendance software to support all figures reported in Core Data.

We also noted that the Resident II student hours of attendance did not agree with the hours reported to DESE. We recommend that the District implement controls to insure that the District's attendance data is reconciled to the data reported to DESE. As a result of our audit, Core Data has been corrected.

TRANSPORTATION

During our audit, we noted the number of students with disabilities transported on separate routes were overstated by 11 riders on the Application for State Transportation Aid. As a result of our audit, the Application for State Transportation Aid has been corrected.

BOARD APPROVAL OF CONTRACTS

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

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

To the Board of Education
Raymore-Peculiar R-II School District

We have audited, 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, the modified cash basis financial statements of the governmental activities and each major fund of Raymore-Peculiar R-II School District as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated September 6, 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.

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 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 the internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

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

Purpose of this Report

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

Westbrook & Co., P.C.

Richmond, Missouri
September 6, 2016

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

To the Board of Education
Raymore-Peculiar R-II School District

Report on Compliance for Each Major Federal Program

We have audited the District's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of 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 auditors' 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.

Auditors' 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 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.

Westbrook & Co., P.C.

Richmond, Missouri
September 6, 2016

**RAYMORE-PECULIAR R-II SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2016**

A. SUMMARY OF AUDITORS' RESULTS

Financial Statements

Type of auditors' report issued on whether
the financial statements audited were prepared
in accordance with the modified cash basis: Unmodified

Internal control over financial reporting:

Material weakness(es) identified? _____ Yes X No

Significant deficiency(ies) identified? _____ Yes X None reported

Noncompliance material to financial
statements noted? _____ Yes X No

Federal Awards

Internal control over major federal programs:

Material weakness(es) identified? _____ Yes X No

Significant deficiency(ies) identified? _____ Yes X None reported

Type of auditors' report issued on compliance
for major federal programs: Unmodified

Any audit findings disclosed that are required to
be reported in accordance with
2 CFR 200.516(a)? _____ Yes X No

Identification of major programs:

Child Nutrition Cluster CFDA No. 10.553 and 10.555

Dollar threshold used to distinguish between
type A and type B programs: \$ 750,000

Auditee qualified as low-risk auditee? _____ Yes X No

B. FINDINGS - FINANCIAL STATEMENT AUDIT

None

C. FINDINGS AND QUESTIONED COSTS - MAJOR FEDERAL AWARD PROGRAMS AUDIT

None

**RAYMORE-PECULIAR R-II SCHOOL DISTRICT
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE YEAR ENDED JUNE 30, 2016**

The prior audit report contained no audit findings.