

# The School District of Washington



Washington, Missouri  
[www.washington.k12.mo.us](http://www.washington.k12.mo.us)

EVERY CHILD, EVERY DAY. THE WASHINGTON WAY.



**2015**

## Comprehensive Annual Financial Report

For fiscal year ending June 30, 2015



# **THE SCHOOL DISTRICT OF WASHINGTON**

## **Washington, Missouri**

Comprehensive Annual Financial Report  
For the year ended June 30, 2015

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**Dr. Brendan Mahon, Assistant Superintendent of  
Finance and Operations**

**Mrs. Robin Kluesner, CPA, Director of Accounting**  
<http://www.washington.k12.mo.us>

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**A**NNUAL

**F**INANCIAL

**R**EPORT



2015

INTRODUCTORY SECTION



SCHOOL DISTRICT OF WASHINGTON  
220 LOCUST STREET  
WASHINGTON, MO 63090  
636-231-2000 ~ 636-239-3315 FAX

Dr. Lori VanLeer,  
Superintendent  
Mr. Dan Contarini,  
Board President

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Dr. Judy Straatmann, Asst. Supt. Curriculum ~ Dr. Brendan Mahon, Asst. Supt. Finance ~ Dr. Rachael Franssen, Asst. Supt. Personnel

December 9, 2015

Members of the Board of Education and  
Residents of the School District of Washington

We are pleased to submit to you the Comprehensive Annual Financial Report (CAFR) of the School District of Washington (District) for the fiscal year ended, June 30, 2015. This report provides full disclosure of the District's financial operation. This CAFR, which includes an opinion from the Independent Auditors who conducted the District's audit, conforms to the Generally Accepted Accounting Principles in the United States of America (GAAP) as applicable to governmental entities. The District maintains full responsibility for the accuracy of the data and the completeness and fairness of the presentation, including all disclosures.

We believe that all data, as presented, is accurate in all material respects and that it is presented in a manner to fairly set forth the financial position and results of the District's operations as measured by the financial activity of its various funds. We further believe that all disclosures necessary to enable the reader to gain the maximum understanding of the District's financial activities have been included.

The Comprehensive Annual Financial Report is presented in three sections as follows:

1. The Introductory Section, which includes a Table of Contents, Letter of Transmittal, listing of elected Board of Education members, listing of administrative officials and an organizational chart of the District.
2. The Financial Section, which begins with the Independent Auditor's Report and includes the Management's Discussion and Analysis, the Basic Financial Statements and Notes to Financial Statements.
3. The Statistical Section, which includes selected comparative financial, non-financial, demographic and economic data for the District.

### **Profile of the District**

The School District of Washington has provided education services to the students in the Franklin County area since its incorporation as a public entity in 1889. Through mergers, it has become one of the largest geographical school districts in Missouri with the reorganization and addition of area in both Warren and St. Charles counties. Population growth in the District has remained constant with increases from year to year. Enrollment projections indicate the student population during the next five years will continue at a slow rate of increase at approximately .5% each year. It is believed once the economy has improved the District will realize much residential growth. The District currently provides education to approximately 3,862 students Kindergarten through grade 12, with an additional 160 students in its early childhood education programs.

The District encompasses approximately 257 square miles in Franklin County, southern St. Charles County and eastern Warren County. The cities within the District's boundaries are Augusta, Labadie, Marthasville, New Haven, Union, Villa Ridge and Washington. The District operates as fiscally independent of the State of Missouri or any other jurisdiction in the county or local township in which it operates.

The District's educational facilities include a new early learning center, seven elementary schools, one middle school and one high school. The District also provides a Vocational Career Center that supports high school students from the Washington School District and nine other surrounding high schools. The District has one operational support building, an administration building, a Family Resource Center for special education services, and a Technology and Learning Center which houses the Technology Department.

The District employs approximately 671 staff members to assist in the student learning process. Personnel costs, including salaries and benefits, account for 60% of the District's total operating expenditures. The student to teacher ratio is 18:1 for the District as a whole, 15:1 for elementary schools, 17:1 for middle school and 22:1 for high school. By looking at the student to teacher ratio for elementary, the reader would tend to believe the District has low classes sizes. Many of the District's outlying buildings do have low enrollment, but it seems each year the District has a few buildings with pockets of growth at varying grade levels. So much so, it means they are at the bubble of what is acceptable or an additional classroom needs to be added.

The District contracts with First Student, Inc. to provide transportation to and from school to eligible students and on school sponsored activity trips. Approximately 2,700 students are transported on a daily basis. Forty school buses are used in the transportation program with most buses serving multiple routes.

Washington's Investment in Great Schools Foundation (WINGS) provides annual program grants to the District teachers from funds raised through its own fundraising efforts. The Foundation is a legally separate entity.

The District is governed by the Board of Education, whose membership is elected for staggered three-year terms of office. The Board is a policy-making body whose primary function is to establish policies for the District, provide for the general operation and personnel of the District and to safeguard the assets of the District. It is the responsibility of the District to make public education available to residents of the School District of Washington. The District is an independent entity and receives its funding from local, state, and federal government sources and must comply with the requirements of these funding agencies.

The District provides a wide range of public educational services at all grade levels ranging from Kindergarten through grade twelve. In addition to a great regular academic curriculum, the District offers a broad range of other programs for students including gifted/talented, English as a Second Language, fine arts, advanced college placement, interscholastic and intramural athletics, assistance for at-risk students and others. In addition, the District provides services beyond the broad K-12. The District provides Early Childhood services, including regular preschool, which serves children before they attend Kindergarten. The District also provides a Career Center which serves nine surrounding high schools and provides adult continuing education. Some of the services provided to our students include instructional staff, instructional materials, instructional facilities, administrative and business service support, food service, bus transportation services and facility maintenance.



The District is committed to developing, maintaining, and improving effective management systems and controls. The District makes conscientious efforts to employ high qualified employees through active recruitment and thorough evaluations. Further, operations are continually evaluated to assure they function effectively and provide appropriate levels of supervision and segregation of duties.

### **Local Economy**

Washington is situated along the Missouri River and is located 55 miles west of St. Louis. Highway 100 and Highway 47 are the two state highways leading into Washington. Construction converting Missouri State Highway 100 to four lanes from I-44 to Washington began in 2008 and was completed in 2010. Amtrak and Union Pacific Railroads also serve the town. The Washington Memorial Airport is located in Warren County. The airport is home base for 36 airplanes and just recently added another hangar.

With more than 300 retail stores, it is the largest shopping community between St. Louis and Jefferson City. Phoenix Center II Community Improvement District was established in 2006. Anchor stores for the District are Target and Kohl's. Within the last year Dick's Sporting Goods and Cato Fashions have opened retail shops in the area.

Over 60 industries are located in Washington, employing an estimated 7,000 people. Washington has a growing visitor industry, attracted by the boat access to the Missouri River, historical buildings, and wineries located in the general area.

There are two radio stations, two local television stations and a twice-weekly newspaper. In addition, the cable television company carries a local channel broadcast from East Central College. Additional radio and television services are available from the St. Louis area.

There are currently seven banks with combined assets of approximately \$1.3 billion.

Mercy Hospital has been serving the area since 1926. Part of the Sisters of Mercy Health System, the 187 bed non-profit facility is a Level III Trauma Center that has received numerous state and national honors over the years.

### **Major Initiatives**

The District continues to improve its facilities and infrastructure to better serve students. New classrooms were constructed at Washington West Elementary in August of 2015. The 14 new classrooms were added to accommodate students from Fifth Street Elementary due to the retirement of that building. In addition, the new classrooms also helped to alleviate overcrowding and lack of classroom space prior to the merge. Also at West Elementary is a newly designed playground to accommodate the active student population.

Wireless access points continue to be installed in district buildings to allow for a highly robust technology environment that supports the District's iBelieve Initiative. In the fall of 2015, Washington High School went to a 1:1 (student to computer) ratio, deploying over 1300 laptops to students for educational purposes. Additionally, an internal enterprise opportunity, as well as a new educational opportunity, now exists for students with our new student ran IT Help Desk located near the library at Washington High School. Part of the iBelieve Initiative is our movement to a 1:1 environment in grades 3-6. All of our elementary schools are now fully functioning in this manner. Over the next couple years, the District will become educationally modernized, providing computer laptops for every student in grades 3-12.

The School District of Washington is now embarking on a new project, becoming a member of the Center for Advanced Professional Studies Network. This is in addition to partnering with Missouri's Pathways to Prosperity and our Project Lead the Way Program. Currently, planning teams comprised of

teachers, counselors, and administrators are working on choice programs for students in four main pathways of study: 1) Industrial Manufacturing and Engineering, 2) Bio Science and Health Science 3) Business, IT, and Media and 4) Art and Humanities. Each pathway will include strands of classes where cohorts will be formed that allow students to access rigorous coursework, engage in real authentic professional based learning opportunities, gain both high school and college credit, and potentially participate in shadowing, mentoring, and internships opportunities. As we build the Washington CAPS (Center for Advanced Professional Studies) program, courses will be offered at Washington High School and Four Rivers Career Center. Newly acquired space at the Career Center will be useful as we design a space conducive to advanced professional studies and innovative learning opportunities for students.

Additionally, the District is studying the idea of pursuing a no tax rate increase bond issue in 2016 or 2017 for the purposes of acquiring a new building, likely an elementary school to replace the aging South Point Elementary, situated in a flood plain and landlocked. The District also continues to study a new middle school for grades 6-8 and high school renovations that are needed to accommodate the learning needs of students.

### **Long-Term Financial Planning**

The Board of Education adopted a series of policies that provide direction regarding the District's budget and financial affairs that reflect the educational philosophy of the District, and provide a framework in which the District's administration can effectively operate. The purpose of the District's budget and finance policies is to provide direction for a systematic process that maintains continuity from year to year and inform the public regarding the education and financial operations of the District.

In 2010, the District formed two focus groups. Focus Group 1 centered on literacy, 21<sup>st</sup> century learning environments, appropriate interventions for all learners, and professional learning for our teachers and leaders who serve our students. Focus Group 2 focused on the strategic short and long term goals for facilities. During the FY 2013-2014 school year Focus Group 3 was added, with a focus on improving student achievement in the age of advanced technology. Focus Group 4 was added for the 2014-2015 school year called Pathways to Success: Ensuring Students are College and/or Career Ready. Focus Group 4 assisted analyzing and guiding the design of college and career pathways and other essential learning opportunities for future graduates of Washington High School and Four Rivers Career Center.

The District adopted a Fund Balance policy in accordance with GASB 54. The primary objective of the Fund Balance policy is to protect against revenue shortfalls or unexpected expenditures. The policy states the District will maintain a reserve of 22-27% in the Operating Fund. If the fund balance falls below the minimum of 22%, the board will put a plan in place to replenish the fund balance within two years. As of June 30, 2015, the fund balance in the Operating Fund was 32.85%, well above the board's target.

In addition, the District has continued to maintain and update facilities and equipment by financing them through voter authorization to issue general obligation bonds or lease purchase agreements. The District currently has a five-year capital improvement plan built within its 2015-2016 budget.

### **Accounting System and Budgetary Control**

The District's accounting system for governmental funds reflects the modified accrual basis of accounting. At the end of the year, the governmental funds are converted from modified accrual basis to the accrual basis for presentation in district-wide financial statements. The District utilizes a fully automated accounting system as well as an automated system of control for fixed assets and payroll. This system provides a complete set of self-balancing accounts for each District fund. The chart of accounts used in this accounting system was developed in accordance with the Missouri Financial

In developing the District's accounting system, much consideration was given to the adequacy of internal accounting controls. Internal accounting controls are designed to provide reasonable, but not absolute, assurance regarding the safeguarding of assets against loss from unauthorized use or disposition and the reliability of financial records for preparing financial statements and maintaining accountability for assets. The concept of reasonable assurance recognizes that the cost of these controls should not exceed the benefit and the evaluation of costs and benefits requires estimates and judgments by management.

The District believes the internal accounting controls adequately safeguard assets and provide reasonable assurance of proper recording of financial transactions.

The District's accounting system is organized on the basis of funds, each of which is considered its own entity. The District considers four funds (General, Special Revenue-Teachers', Debt Service and Capital Projects) as major.

The school budget is an instrument which provides a definite financial policy for the direction of business operations of the District as per policy DB. It provides an outline of the probable expenditures and the anticipated receipts during a specified period of time. The budget is one of the most important legal documents of a school district. It is not a static document but rather a working document that changes. The fiscal year for the budget is defined as beginning annually on the first day of July and ending on the thirtieth day of June as set by board policy DBB.

In accordance with Chapter 67 RSMo, each year, the Superintendent of Schools is required to submit to the Board of Education for its consideration a detailed annual budget showing estimates of income and expenditures for the ensuing fiscal year. The Board may accept, reject, modify, or request revisions of the budget, but will adopt a budget by June 30, according to statutory provisions.

Each entity may request to revise, alter, increase or decrease the items contained in the proposed budget, subject to such limitations as may be provided by law; provided, that in no event shall the total authorized expenditures from any fund exceed the estimated revenues to be received plus any unencumbered balance or less any deficit estimated for the beginning of the budget year. After the entity has approved the budget for any year and has approved or adopted the orders, motions, resolutions, or ordinances required to authorize the expenditures proposed in the budget, the entity shall not increase the total amount authorized for expenditure from any fund, unless the governing body approves the order.

By law the approved estimated expenditures for each fund cannot exceed the estimated revenues to be received plus the unencumbered beginning cash balance for the fund. After the beginning of the fiscal year, the Superintendent reviews with the Board the adopted budget in relationship to the beginning cash balances for each fund. Monthly financial statements are prepared and distributed to the Board for their approval.

#### **Independent Audit**

The revised statutes of the State of Missouri require that an independent audit be conducted on a biennial basis. The District policy, however, requires that an independent certified public accounting firm conduct an audit annually. This requirement has been satisfied and the opinion of Daniel Jones & Associates, CPA, is included in this report.

The School Board is also required to undergo an annual single audit in conformity with the provisions of Single Audit Act Amendments of 1996 and US Office of Management and Budget (OMB) Circular A-133, Audits of State, Local Governments, and Non-Profit Organizations. Information related to this single audit, including the schedule of expenditures of federal awards, law and regulations is included in a separate single audit report and is available at the School District's Administrative Office for inspection.

### **Management's Discussion and Analysis**

As part of this reporting model, management is responsible for providing a narrative introduction and analysis to accompany the basic financial statements. This can be found in the Management Discussion and Analysis (MD&A) section of this report. The MD&A can be found immediately following the report of the independent auditors in the Financial Section.

### **Awards and Acknowledgements**

For the past five years, the District has received the Association of School Business Officials (ASBO) International Meritorious Budget Award (MBA), the prestigious award for excellence in budgeting. The year ended June 30, 2015, will be the District's fourth time applying for the Association of School Business Officials International Certificate of Excellence in Financial Reporting. The year ended June 30, 2013, was the first year the District was the recipient of the COE award. We will continue to provide the utmost comprehensive report.

It is our intention for this Comprehensive Annual Financial Report to provide the District's management, outside investors, and interested local citizens with the most meaningful financial presentation possible. We are hopeful that all readers of the report will obtain a clear and concise picture of the District's financial condition as of June 30, 2015.

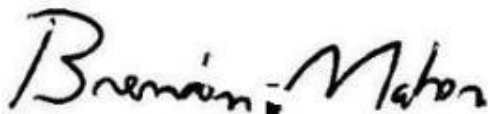
We want to express our appreciation to all staff members, in particular those in Business Services, who assisted and contributed to the preparation of this report. We would also like to thank the members of the Board of Education and the Board Finance Committee for their interest and support in planning and conducting the financial operations of the District in a responsible and progressive manner.

Respectfully submitted,



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Dr. Lori Van Leer  
Superintendent



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Dr. Brendan Mahon  
Assistant Superintendent of Finance & Operations



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Robin Kluesner, CPA  
Director of Accounting

The School District of Washington  
**Board of Education 2014-2015**



**Mr. Dan Contarini**  
*School Board President*



**Mr. Scott Byrne**  
*School Board Vice-President*



**Mrs. Becky Voelkerding**  
*School Board Secretary*



**Mr. Kevin Blackburn**  
*School Board Treasurer*



**Mr. John Freitag**



**Mrs. Susan Thatcher**



**Mrs. Trish Mitchell**



Dr. Lori VanLeer  
*Superintendent of Schools*

## Superintendent's Cabinet



Dr. Judy Straatmann  
*Assistant Superintendent  
Curriculum Instruction*



Dr. Brendan Mahon  
*Assistant Superintendent  
Finance & Operations*



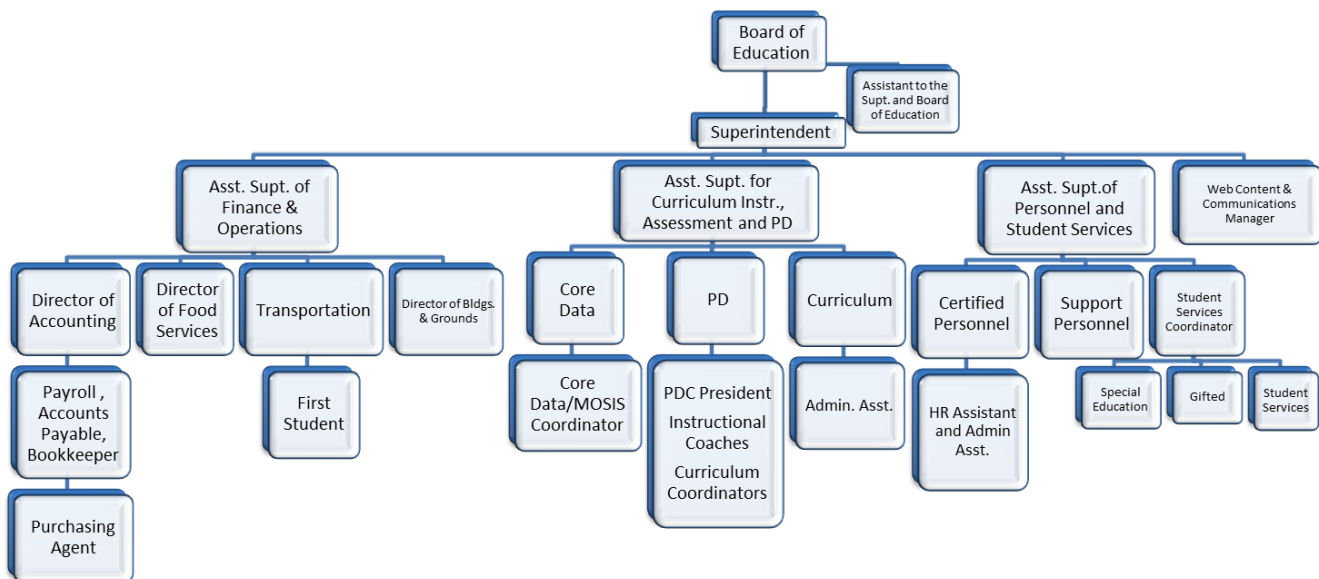
Robin Kluesner, CPA  
*Director of Accounting*



Dr. Rachael Franssen  
*Assistant Superintendent  
Personnel & Support Services*

# The School District of Washington

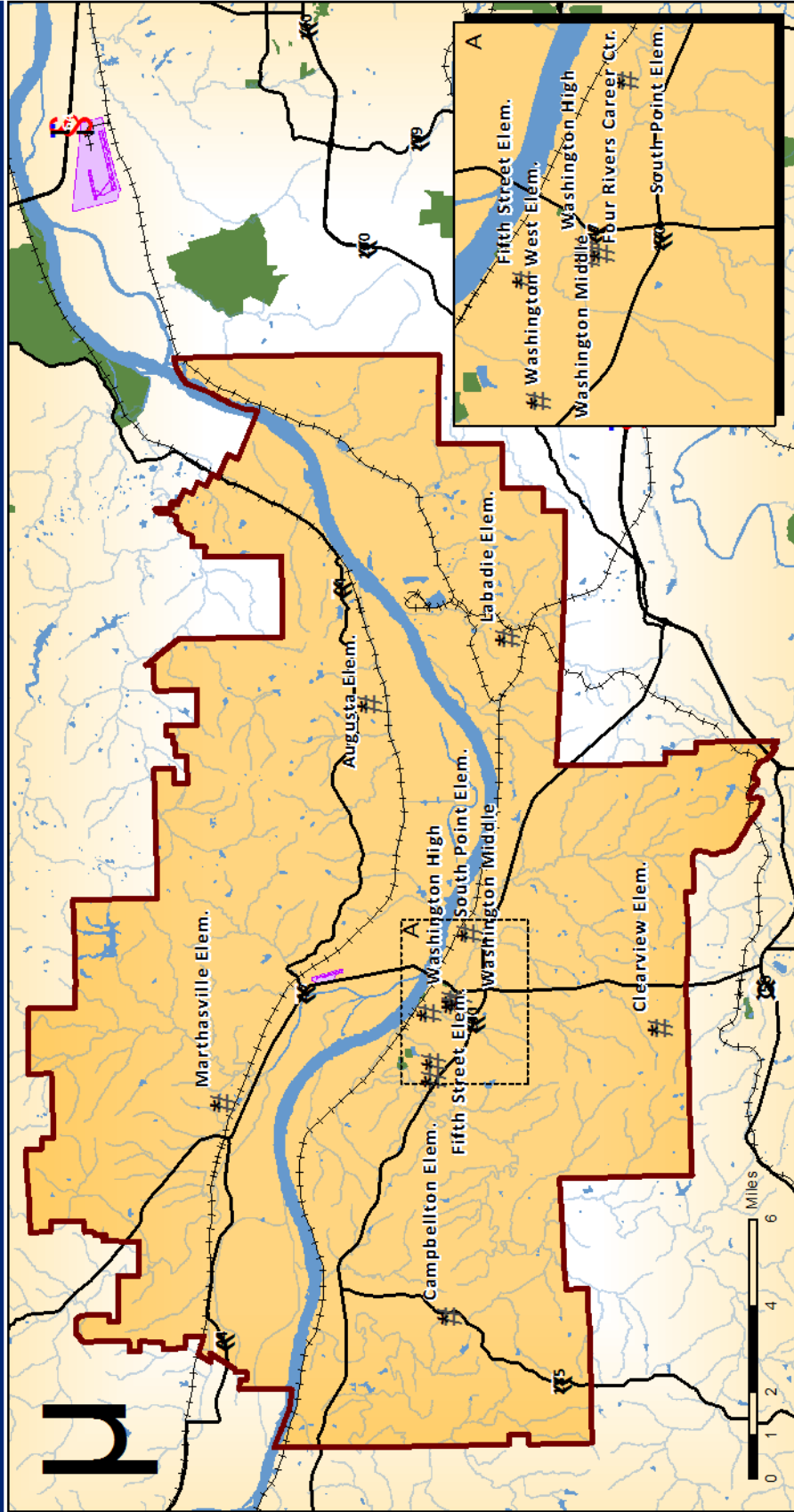
## Organizational Chart





# School District of Washington

## District Overview



# Schools — Streets —+— Railroads — Highways —+— Rivers — Water — Parks — Airports — School District





# Association of School Business Officials International



*The Certificate of Excellence in Financial Reporting Award  
is presented to*

**School District of Washington**

*For Its Comprehensive Annual Financial Report (CAFR)  
For the Fiscal Year Ended June 30, 2014*

The CAFR has been reviewed and met or exceeded  
ASBO International's Certificate of Excellence standards



A handwritten signature in black ink, appearing to read "M. Pepera", is written over a horizontal line.

Mark C. Pepera, MBA, RSBO, SFO  
President

A handwritten signature in black ink, appearing to read "John D. Musso", is written over a horizontal line.

John D. Musso, CAE, RSBA  
Executive Director

COMPREHENSIVE

ANNUAL

FINANCIAL

REPORT



2015

FINANCIAL SECTION



# Daniel Jones & Associates

CERTIFIED PUBLIC ACCOUNTANTS

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

## Independent Auditor's Report

To the Members of the Board of Education  
School District of Washington

### **Report on the Financial Statements**

We have audited the accompanying financial statements of the governmental activities and each major fund of School District of Washington ("District"), Missouri, as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

### ***Management's Responsibility for the Financial Statements***

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### ***Auditor's Responsibility***

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

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

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

## ***Opinions***

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of School District of Washington, Missouri, as of June 30, 2015, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## ***Emphasis of Matters***

As described in Note J to the financial statements in 2015, the District has adopted new accounting guidance, GASB Statement No. 68, *Accounting and Financial Reporting for Pension Plans*, and GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date – An Amendment of GASB Statement No. 68*. Our opinions are not modified with respect to these matters.

Also described in Note J to the financial statements in 2015, the District restated its June 30, 2014, net position to reflect additional capital assets and related accumulated depreciation for assets purchased prior to July 1, 2014, not included in the prior year comprehensive annual financial report. Our opinions are not modified with respect to this matter.

## ***Other Matters***

### ***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, Budgetary Comparison Schedules – General Fund and Special Revenue Fund, Pension Obligation and Other Post-Employment Benefit Obligation on pages 4 through 13, 51 through 52, 54 through 55 and page 56 to be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### ***Other Information***

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise School District of Washington's basic financial statements. The Budgetary Comparison Schedules – Debt Service Fund and Capital Projects Fund, Introductory Section and

Statistical Section are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The Budgetary Comparison Schedules – Debt Service Fund and Capital Projects Fund, Introductory Section and Statistical Section have 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 them.

**Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated December 4, 2015, on our consideration of School District of Washington's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering School District of Washington's internal control over financial reporting and compliance.

*Daniel Jones & Associates, P.C.*

Daniel Jones & Associates, P.C.  
Certified Public Accountants  
Arnold, Missouri

December 4, 2015

# **SCHOOL DISTRICT OF WASHINGTON**

## **MANAGEMENT'S DISCUSSION AND ANALYSIS - UNAUDITED YEAR ENDED JUNE 30, 2015**

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The discussion and analysis of School District of Washington's financial performance provides a comprehensive overview of the District's financial activities and the results of operations for the fiscal year ended June 30, 2015. Readers of the District statements, including this discussion and analysis, are encouraged to review the notes to the basic financial statements to enhance their understanding of the District's financial performance.

The Management's discussion and analysis is provided at the beginning of the audit to communicate the past and current position of the District's financial condition.

### **Financial Highlights**

The key government-wide financial highlights for FY15 are as follows:

- At the government-wide level, the net position was \$10.7 million compared to \$7.3 million at the end of FY14 for an increase of \$3.4 million. Of the \$10.7 million of the net position (assets less liabilities), \$16.9 million is the District's net investment in capital assets.

At June 30, 2015, \$3.0 million of the net position was restricted by Missouri Statute for Debt Service Fund. Net position restricted for capital projects decreased \$4.1 million.

At June 30, 2015, (\$11.8) million is unrestricted and may be used to finance day-to-day activities without constraints established by Federal or State statutes. Unrestricted net position decreased \$362 thousand.

- Total assets decreased by \$861 thousand in the current year. The District realized a decrease in current assets of \$5.3 million and a net increase in noncurrent assets of \$4.4 million. Accumulated depreciation on the District's capital assets was approximately \$109.1 million compared to additions of \$4.4 million.
- Total deferral outflows of resources increased by \$1,030,830.
- Total liabilities decreased \$13.9 million in the current year. The District's long-term obligations had a net decrease of \$14.5 million primarily due to the reduction on outstanding principal from the District's general obligation bonds and a reduction in net pension liability. Of the total long-term obligation, \$3.0 million is classified as current, as this represents the amount due within one year of June 30, 2015.
- Total deferral inflows of resources increased by \$10,600,603.
- General revenues accounted for \$40.8 million or 78% of the District's \$52 million total revenue. Of this general revenue, \$36.0 million or 88% was from local effort including all taxes. Program specific revenue in the form of charges for services, operating grants, contributions and capital grants accounted for approximately \$11.2 million or 21.5% of the total revenue.

The dependence upon local tax revenues is apparent. The assessed valuation for the fiscal

# **SCHOOL DISTRICT OF WASHINGTON**

## **MANAGEMENT'S DISCUSSION AND ANALYSIS - UNAUDITED YEAR ENDED JUNE 30, 2015**

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year ended June 30, 2015, increased \$33.9 million (4.8%) to \$749,868,345 from the prior year. The District's tax rate increased \$.0305 to a total rate of \$4.051.

- At the government-wide level, the District had \$48.6 million in expenses. Of these expenses approximately \$11.2 million were offset by program specific charges for services, grants or contributions. General revenues were adequate to provide for the District's programs in FY15.

### **Enrollment**

The District served a student body of 3,862 students as recorded by the September membership report to the Department of Elementary and Secondary Education. The District's enrollment has experienced slight annual reductions over the last four years. The overall picture for the next few years reflects stagnant with no anticipated immediate residential growth. It is felt once the economy has recovered, the Washington area will realize residential growth. As far as commercial growth, the Washington area has realized much growth in that area with merchants such as Kohl's, JoAnn Fabrics, Marshalls, Dress Barn, Ulta Beauty and Ross recently moving into the area. Joining those retail chains this past year was Dick's Sporting Goods and Cato Fashions.

### **Using this Annual Report**

The District's annual report consists of a series of financial statements that show information for the District as a whole. The Statement of Net Position on page 13 and the Statement of Activities on pages 14 provide information about the activities of the Government as a whole, based on the full-accrual basis of accounting and present a longer-term view of the District's finances. The Fund Financial Statements, the Balance Sheet—Governmental Funds and Statement of Revenues, Expenditures and Changes in Fund Balances, provide the next level of detail about the District's four required funds; the General Fund, the Special Revenue (Teacher's) Fund, the Debt Service Fund and the Capital Projects Fund. These statements tell how the District financed program services in the short-term, as well as what remains for future spending. The fund level statements are prepared on the modified accrual basis of accounting and include a bridge schedule to reconcile them to the government-wide level statements. These statements provide a comparative look at FY15 versus the prior year.

The annual report also includes the notes to the basic financial statements. The user of the annual report should read the independent auditor's report, as well as the notes to the basic financial statements, to gain a clear picture of the financial position of the District.

### **Reporting the District as a Whole**

The District adheres to Missouri State requirements for school districts and uses four major funds to account for the revenues, programs and activities each fiscal year. These statements provide information on these funds individually and the view of the District as a whole. The Statement of Activities answers the question of how well did the District do financially during the year.

# **SCHOOL DISTRICT OF WASHINGTON**

## **MANAGEMENT'S DISCUSSION AND ANALYSIS - UNAUDITED YEAR ENDED JUNE 30, 2015**

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The Statement of Activities explains the types of resources: revenues, charges for services,

grants and contributions and the uses of resources: instructional and support services expenses. In addition, the Statement of Net Position reports the District's net position and changes in those assets and liabilities or claims against those assets. This statement tells the reader that, for the District as a whole, the financial position during the current year has either improved or diminished.

These statements report revenues and expenses, and assets, liabilities and fund balances using the full accrual basis of accounting similar to the accounting used by most private-sector entities. This basis of accounting recognizes all of the current year's revenues and expenses regardless of when cash is received or paid.

In the Statement of Net Position and the Statement of Activities, the District reports governmental activities including instruction, support services, operation and maintenance of plant, pupil transportation and extracurricular and miscellaneous activities. The District does not have any business-type activities.

### **The District as a Whole**

Table 1 provides a summary of the District's net position as of June 30, 2015, compared to June 30, 2014.



# SCHOOL DISTRICT OF WASHINGTON

## MANAGEMENT'S DISCUSSION AND ANALYSIS - UNAUDITED YEAR ENDED JUNE 30, 2015

**Table 1**  
**SCHOOL DISTRICT OF WASHINGTON**  
**Condensed Statements of Net Position - Governmental Activities**  
**June 30,**

	<u>2015</u>	<u>2014</u>	<u>Increase (Decrease)</u>
<b>Assets</b>			
Current Assets	\$ 27,248,650	\$ 32,523,751	\$ (5,275,101)
Capital Assets, Net	64,164,513	59,750,108	4,414,405
<b>Total Assets</b>	<b>91,413,163</b>	<b>92,273,859</b>	<b>(860,696)</b>
 <b>Deferred Outflows of Revenues</b>	 4,525,275	 3,494,445	 1,030,830
 <b>Liabilities</b>			
Current Liabilities	1,861,460	1,279,030	582,430
Noncurrent Liabilities			
Due Within One Year	3,009,710	3,038,715	(29,005)
Share of Missouri State Pension Liability	21,113,292	33,470,422	(12,357,130)
Due in More Than One Year	48,634,020	50,701,556	(2,067,536)
<b>Total Liabilities</b>	<b>74,618,482</b>	<b>88,489,723</b>	<b>(13,871,241)</b>
 <b>Deferred Inflows of Revenues</b>	 10,600,603	 -	 10,600,603
 <b>Net Position</b>			
Net investment in capital assets	16,932,730	10,095,281	6,837,449
Restricted	5,551,559	8,586,252	(3,034,693)
Unrestricted	(11,764,936)	(11,402,952)	(361,984)
<b>Total Net Position</b>	<b>\$ 10,719,353</b>	<b>\$ 7,278,581</b>	<b>\$ 3,440,772</b>

Table 2 shows the sources of the changes in net position for the year ended June 30, 2015, compared to the year ended June 30, 2014.

# SCHOOL DISTRICT OF WASHINGTON

## MANAGEMENT'S DISCUSSION AND ANALYSIS - UNAUDITED YEAR ENDED JUNE 30, 2015

Table 2  
**SCHOOL DISTRICT OF WASHINGTON**  
**Changes in Net Position for Government-Wide Assets**  
**Year ended June 30**

	2015	2014	Increase (Decrease)	%
<b>Program revenues</b>				
Charges for services	\$ 3,411,891	\$ 2,963,636	\$ 448,255	15.1%
Operating grants and contributions	7,825,666	7,470,852	354,814	4.7%
General Revenue				
Property taxes and other county taxes	35,470,434	34,107,395	1,363,039	4.0%
State Aid	4,009,291	3,819,530	189,761	5.0%
Investment Earnings	518,707	764,485	(245,778)	-32.1%
Miscellaneous	773,384	1,378,858	(605,474)	-43.9%
<b>Total revenue</b>	<b>52,009,373</b>	<b>50,504,756</b>	<b>1,504,617</b>	<b>3.0%</b>
<b>Program expenses</b>				
Instructional programs	23,355,597	25,422,510	(2,066,913)	-8.1%
Other	23,205,026	27,950,839	(4,745,813)	-17.0%
Interest and other expenses on long-term debt	2,007,978	2,728,478	(720,500)	-26.4%
<b>Total expense</b>	<b>48,568,601</b>	<b>56,101,827</b>	<b>(7,533,226)</b>	<b>-13.4%</b>
<b>Change in net position</b>	<b>\$ 3,440,772</b>	<b>\$ (5,597,071)</b>		

# SCHOOL DISTRICT OF WASHINGTON

## MANAGEMENT'S DISCUSSION AND ANALYSIS - UNAUDITED YEAR ENDED JUNE 30, 2015

The Statement of Activities shows the cost of program services and any charges for services and grants offsetting those services, which are defined as net cost of services. Table 3 shows the total cost of services and the net cost of services. This table identifies the amount of the total cost of services, including depreciation, supported by tax revenue, other local effort, and unrestricted entitlements.

**Table 3**  
**Total and Net Costs of Governmental Activities**  
**Year ended June 30**

	<b>2015</b>		<b>2014</b>	
	<b>Total Cost of services</b>	<b>Net Cost of services</b>	<b>Total Cost of services</b>	<b>Net Cost of services</b>
Instructional programs	\$ 23,355,597	\$ 15,614,023	\$ 25,422,510	\$ 17,940,948
Attendance	235,864	235,864	180,565	180,565
Guidance	932,827	932,827	927,955	927,955
Health services	923,482	923,482	848,735	848,735
Improvement of instruction	565,816	436,079	549,850	446,606
Professional development	53,659	53,659	80,216	80,216
Media services	1,351,232	1,351,232	1,625,868	1,625,868
Board of education	162,738	162,738	168,339	168,339
Executive administration	2,522,983	2,522,983	2,139,746	2,139,746
Building level administration	2,347,443	2,347,443	2,415,915	2,415,915
Operation of plant	7,430,143	7,387,317	4,946,752	4,946,752
Pupil transportation	2,820,535	2,148,928	2,633,332	2,056,423
Food services	1,761,399	28,628	1,711,675	54,331
Central office support	61,000	61,000	60,629	60,629
Business and central services	579,407	579,407	358,771	358,771
Security services	375,270	375,270	412,101	54,415
Adult education	1,023,757	666,209	607,121	381,864
Community services	57,471	(504,023)	8,283,269	8,250,783
Debt service	2,007,978	2,007,978	2,728,478	2,728,478
	<b>\$ 48,568,601</b>	<b>\$ 37,331,044</b>	<b>\$ 56,101,827</b>	<b>\$ 45,667,339</b>

# SCHOOL DISTRICT OF WASHINGTON

## MANAGEMENT'S DISCUSSION AND ANALYSIS - UNAUDITED YEAR ENDED JUNE 30, 2015

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### Capital Assets

At June 30, 2015, the District had \$173,317,572 invested in capital assets at the gross level with \$64,164,513 net of depreciation. Table 4 shows June 30, 2015, compared to June 30, 2014.

**Table 4**  
**Capital Assets**  
**June 30,**

	<u>2015</u>	<u>2014</u>	<u>Increase</u> <u>(Decrease)</u>
Land	\$ 10,608,600	\$ 10,608,600	\$ -
Buildings and building improvements	154,372,473	145,318,707	9,053,766
Furniture and Equipment	4,176,377	3,448,211	728,166
Construction in Progress	4,160,122	6,635,249	(2,475,127)
<b>Total Assets</b>	<b>\$ 173,317,572</b>	<b>\$ 166,010,767</b>	<b>\$ 9,053,766</b>

Overall capital assets increased \$9.1 million from June 30, 2014. The increase in capital assets is related to the District spending the remaining proceeds of the 2013 bond issuance. Of the remaining proceeds spent during the year ended June 30, 2015, \$5.9 million was capitalized for building improvements at locations District wide.

Further information may be found in Note C, Capital Assets.

### Debt Administration

At June 30, 2015, the District had general obligation bonds outstanding of \$30,395,000 and lease debt of \$15,260,000. The District has made major additions and renovations on our campuses in recent years including HVAC, a new building, building additions and a new turf field. The bonds issued in September 2010 allowed the District to install HVAC at most of the buildings in the District. The bonds issued in 2013 Series, were used for major renovations on a number of campuses, including a new Early Learning Center on the West Elementary campus. The remainder of the 2013 Series was used for further improvements and additions.

# SCHOOL DISTRICT OF WASHINGTON

## MANAGEMENT'S DISCUSSION AND ANALYSIS - UNAUDITED YEAR ENDED JUNE 30, 2015

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Table 5 shows bond debt due from June 30, 2015:

<b>Table 5</b>			
<b>Bond Obligation</b>			
	<b>Principal</b>	<b>Interest</b>	<b>Total</b>
<b>Year ending June 30,</b>			
2016	\$ 1,450,000	\$ 1,470,550	\$ 2,920,550
2017	740,000	1,421,925	2,161,925
2018	950,000	1,394,175	2,344,175
2019	1,000,000	1,358,075	2,358,075
2020	1,130,000	1,319,575	2,449,575
2021-2025	6,375,000	5,844,375	12,219,375
2026-2030	9,750,000	4,003,375	13,753,375
2031-2033	9,000,000	920,000	9,920,000
	<b><u>\$ 30,395,000</u></b>	<b><u>\$ 17,732,050</u></b>	<b><u>\$ 48,127,050</u></b>

Lease debt in 2012 was used for land purchase, building purchase, technology enhancements and building improvements. Table 6 shows outstanding lease debt.

<b>Table 6</b>	
<b>Lease Debt</b>	
<b>Year ending June 30,</b>	
2016	\$ 1,355,787
2017	1,406,488
2018	1,479,925
2019	1,535,238
2020	1,642,725
2021-2025	7,820,500
2026-2028	<u>4,790,968</u>
<b>Total future minimum lease payments</b>	<b>\$ 20,031,631</b>
<b>Less amount representing interest</b>	<b><u>4,771,631</u></b>
<b>Present value of future minimum lease payments</b>	<b><u>\$ 15,260,000</u></b>

Other long-term debt obligations included accrued compensated absences, a liability for other Post Employment Benefits and a liability for Net Pension Liability. Further information may be found in Note D, Changes in Long-Term Liabilities.

Missouri statute allows school districts to incur debt up to an amount equal to 15% of the most current assessed valuation. The District's allowable debt level ceiling was \$112.5 million at June 30, 2015, far above the District's current level of debt. Missouri law also requires school districts to set a tax levy adequate to service the outstanding debt. The District's Debt Service

# **SCHOOL DISTRICT OF WASHINGTON**

## **MANAGEMENT'S DISCUSSION AND ANALYSIS - UNAUDITED YEAR ENDED JUNE 30, 2015**

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levy for FY15 was \$ 0.37 on each \$100 of assessed valuation. The Debt Service Fund balance at June 30, 2015, was \$3.06 million.

### **Budgeting Highlights**

The District's budget is prepared according to Missouri law and is based on accounting for certain transactions on a basis of cash receipts, disbursements, and encumbrances. The District uses site-based budgeting and the budgeting systems are designed to tightly control total site budgets but provide flexibility for site management.

Statements showing the original budget and the final budget amounts compared to the District's actual activity are provided on pages 50, 51, 56 and 57. Budgetary expenditures are obtained for the General Ledger and are reported based on budgetary accounting rules. It contains capital expenditures but excludes such items as depreciation, changes in unfunded liability estimates and certain other non-fund costs and activities.

### **Reporting the District's Most Significant Funds**

#### **The District's Funds**

The District had actual revenues of \$52.3 million and actual expenditures of \$57.9 million, which resulted in an overall fund balance decrease of \$5.6 million from \$31 million in 2014 to \$25.4 million in 2015. This is largely due to continuing construction from the 2013 bond issue. The Capital Projects Fund decreased \$5.6 million as construction continued. The General Fund balance decreased by \$562 thousand, the Teachers Fund increased by \$55 thousand and the Debt Service Fund increased by \$373 thousand.

Schedules showing the District's original and final budget compared with actual operating results are provided in the CAFR on pages 50 and 51 for the General Fund and Teachers (Special Revenue) Fund, and on pages 56 to 57 for the Debt Service Fund and Capital Projects Fund.

The District's budget and reporting structure follow the statutes of the State of Missouri and as such consists of four major funds: the General Fund, the Teachers (Special Revenue) Fund, the Debt Service Fund and the Capital Projects Fund. At the fund level, the District accounts for the annual activities and prepares the budget using the accrual basis of accounting. Revenues are recognized in the accounting period in which they become measurable and available or collectible within sixty days after the end of the current period (June 30). Expenditures are recognized in the accounting period in which the liability is incurred, if measurable, except for unmatured interest on general long-term debt, which is recognized when due.

### **For the Future**

The School District of Washington continues to be in excellent financial health and is committed to wise financial management. The operating fund balances are at 24.74% of expenditures. The current Board of Education policy is to ensure year-end operating fund balances are maintained to range between 22-27%. The school board has put into policy measures to be put

## **SCHOOL DISTRICT OF WASHINGTON**

### **MANAGEMENT'S DISCUSSION AND ANALYSIS - UNAUDITED YEAR ENDED JUNE 30, 2015**

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into place if the balance should fall below 22%.

Over the next few years the District will be faced with many financial challenges. Revenue sources are projecting to remain relatively flat over the next three fiscal years. The estimated increase in revenue from local sources will be offset by decreases in funding from the State formula as our recent trend of declining enrollment will impact future funding. Expenditures related to District staff will increase and without funding from bond issues the District will be budgeting routine maintenance from operating funds.

In conclusion and in response to the financial challenges that we will face, the School District of Washington is committed to providing outstanding educational opportunities for its students and to provide the necessary resources to ensure student success. The District's systems for financial planning, budgeting and internal control are well regarded. The District will continue to be prudent in financial management in order to meet the challenges of the future.

#### **Contacting the District's Financial Management:**

This report is designed to give an overview of the financial conditions of the School District of Washington. If you desire additional information, you may contact Dr. Brendan Mahon, Assistant Superintendent of Operations and Finance or Robin Kluesner, CPA, Director of Accounting, at 636-231-2007.

SCHOOL DISTRICT OF WASHINGTON

STATEMENT OF NET POSITION

As of June 30, 2015

	<b>Governmental activities</b>
<b>ASSETS</b>	
Cash and investments	\$ 19,648,914
Property taxes receivable	821,372
Other receivables	2,032,416
Prepaid items	261,899
Inventories	179,324
Restricted Assets:	
Cash	1,353,118
Investments	2,951,607
Land	10,608,600
Construction in progress	4,160,122
Depreciable capital assets, net of accumulated depreciation	49,395,791
<b>TOTAL ASSETS</b>	<b>91,413,163</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>	
Differences between expected and actual experience	911,888
Employer contributions subsequent to the measurment date	3,613,387
<b>Total Deferred Outflows of Resources</b>	<b>4,525,275</b>
<b>LIABILITIES</b>	
Overdraft	315
Accounts payable	881,762
Accrued payroll and related liabilities	304,585
Interest payable	674,798
Noncurrent liabilities	
Due within one year	3,009,710
Share of Missouri State Pension Liabilities	21,113,292
Due in more than one year	48,634,020
<b>Total liabilities</b>	<b>74,618,482</b>
<b>DEFERRED INFLOW OF RESOURCES</b>	
Difference between expected and actual experiences	45,801
Net differences between projected and actual earnings on pension plan investments	10,330,626
Changes in proportion and differences between employer contributions and proportionate share of contributions	224,176
<b>Total Deferred Inflows of Resources</b>	<b>10,600,603</b>
<b>NET POSITION</b>	
Net investment in capital assets	16,932,730
Restricted for:	
Capital Assets	1,255,030
Debt service	3,058,488
Certificated employees' compensation and benefits	1,238,041
Unrestricted	(11,764,936)
<b>Total net position</b>	<b>\$ 10,719,353</b>

The accompanying notes are an integral part of this statement.



# SCHOOL DISTRICT OF WASHINGTON

## STATEMENT OF ACTIVITIES

For the year ended June 30, 2015

Function/Program	Expenses	Program revenues		Net (expense) revenue and changes in net position
		Charges for services	Operating grants and contributions	Total governmental activities
<b>Governmental activities</b>				
Instruction	\$ 23,355,597	\$ 1,990,362	\$ 5,751,212	\$ (15,614,023)
Attendance	235,864	-	-	(235,864)
Guidance	932,827	-	-	(932,827)
Health services	923,482	-	-	(923,482)
Improvement of instruction	565,816	-	129,737	(436,079)
Professional development	53,659	-	-	(53,659)
Media services	1,351,232	-	-	(1,351,232)
Board of Education services	162,738	-	-	(162,738)
Executive administration	2,522,983	-	-	(2,522,983)
Building level administration	2,347,443	-	-	(2,347,443)
Operation of plant	7,430,143	42,826	-	(7,387,317)
Pupil transportation	2,820,535	-	671,607	(2,148,928)
Food services	1,761,399	928,008	804,763	(28,628)
Central office support	61,000	-	-	(61,000)
Business and central services	579,407	-	-	(579,407)
Security services	375,270	-	-	(375,270)
Adult education	1,023,757	-	357,548	(666,209)
Community services	57,471	450,695	110,799	504,023
Interest and other expenses on long-term debt	2,007,978	-	-	(2,007,978)
<b>Total governmental activities</b>	<b>\$ 48,568,601</b>	<b>\$ 3,411,891</b>	<b>\$ 7,825,666</b>	<b>(37,331,044)</b>
<b>General revenues</b>				
Taxes				
Property taxes				29,753,232
Sales taxes				3,565,652
Other				2,151,550
State aid				4,009,291
Investment earnings				518,707
Miscellaneous				773,384
<b>Total general revenues</b>				<b>40,771,816</b>
<b>Change in net position</b>				<b>3,440,772</b>
Net position at July 1, 2014, as restated				7,278,581
Net position at June 30, 2015				<u>\$ 10,719,353</u>

The accompanying notes are an integral part of this statement.

# SCHOOL DISTRICT OF WASHINGTON

## BALANCE SHEET - GOVERNMENTAL FUNDS

As of June 30, 2015

	General	Special Revenue	Debt Service	Capital Projects	Total Governmental Funds
<b>ASSETS</b>					
Cash and investments	\$ 15,028,882	\$ -	\$ -	\$ 4,620,032	\$ 19,648,914
Receivables	1,048,147	1,410,535	75,020	320,086	2,853,788
Prepaid items	261,899	-	-	-	261,899
Inventories	179,324	-	-	-	179,324
Restricted Assets:					
Cash	-	-	98,088	1,255,030	1,353,118
Investments	-	-	2,951,607	-	2,951,607
<b>Total assets</b>	<b>\$ 16,518,252</b>	<b>\$ 1,410,535</b>	<b>\$ 3,124,715</b>	<b>\$ 6,195,148</b>	<b>\$ 27,248,650</b>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>					
<b>LIABILITIES</b>					
Overdraft	\$ -	\$ 315	\$ -	\$ -	\$ 315
Accounts Payable	295,043	52,685	1,075	532,959	881,762
Accrued payroll and benefits	185,091	119,494	-	-	304,585
<b>Total liabilities</b>	<b>480,134</b>	<b>172,494</b>	<b>1,075</b>	<b>532,959</b>	<b>1,186,662</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>					
Deferred Property Taxes	579,502	-	65,152	68,674	713,328
<b>FUND BALANCES</b>					
Nonspendable					
Prepaid items	261,899	-	-	-	261,899
Inventory	179,324	-	-	-	179,324
Restricted					
Teachers salaries and benefits	-	1,238,041	-	-	1,238,041
Debt service	-	-	3,058,488	-	3,058,488
Capital projects	-	-	-	1,255,030	1,255,030
Assigned					
Other capital projects	-	-	-	4,338,485	4,338,485
Unassigned	15,017,393	-	-	-	15,017,393
<b>Total fund balances</b>	<b>15,458,616</b>	<b>1,238,041</b>	<b>3,058,488</b>	<b>5,593,515</b>	<b>25,348,660</b>
<b>Total liabilities, deferred inflows of resources, and fund balances</b>	<b>\$ 16,518,252</b>	<b>\$ 1,410,535</b>	<b>\$ 3,124,715</b>	<b>\$ 6,195,148</b>	<b>\$ 27,248,650</b>

The accompanying notes are an integral part of this statement.

# SCHOOL DISTRICT OF WASHINGTON

## RECONCILIATION OF THE GOVERNMENTAL FUNDS

### BALANCE SHEET WITH THE GOVERNMENT-WIDE STATEMENT OF NET POSITION

As of June 30, 2015

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

<b>Total fund balance - governmental funds</b>	<b>\$</b>	<b>25,348,660</b>
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. The cost of the assets is \$173,317,572 and the accumulated depreciation is \$109,153,059		64,164,513
Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the funds as follows: Deferred property taxes		713,328
Bond discounts are reported as expenditures in the governmental funds. The cost is \$683,881 and the accumulated amortization is \$280,715.		403,166
To recognize interest accrued on general obligation bonds and obligations under capital leases		(674,798)
Deferred outflows of resources are not due and payable in the current period and therefore are not reported in the funds Differences between expected and actual experience Employer contributions subsequent to the measurement date		911,888 3,613,387
Deferred inflows of resources are not due and payable in the current period and therefore are not reported in the funds Differences between expected and actual experience Net differences between projected and actual earnings on pension plan investments Changes in proportion and differences between employer contributions and proportionate share of contributions		(45,801) (10,330,626) (224,176)
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 as follows: General obligation bonds Bond premium, net of accumulated amortization Compensated absences Net pension liability Postemployment benefits other than pensions Capital lease obligation Total	(30,395,000) (1,979,948) (3,923,548) (21,113,292) (488,400) <u>(15,260,000)</u>	      (73,160,188)
<b>Total net position - governmental activities</b>	<b>\$</b>	<b>10,719,353</b>

The accompanying notes are an integral part of this statement.

# SCHOOL DISTRICT OF WASHINGTON

## STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS

For the year ended June 30, 2015

	General	Special Revenue	Debt Service	Capital Projects	Total Governmental Funds
<b>Revenues</b>					
Local	\$ 27,287,900	\$ 4,006,246	\$ 3,032,915	\$ 2,969,511	\$ 37,296,572
County	1,185,683	248,185	213,125	69,284	1,716,277
State	2,387,900	5,573,750	250,000	347,148	8,558,798
Federal	2,037,185	1,301,359	-	-	3,338,544
Other	-	1,353,467	-	-	1,353,467
<b>Total revenues</b>	<b>32,898,668</b>	<b>12,483,007</b>	<b>3,496,040</b>	<b>3,385,943</b>	<b>52,263,658</b>
<b>Expenditures</b>					
Current					
Instruction	4,202,745	21,113,357	-	207,668	25,523,770
Attendance	176,276	67,542	-	-	243,818
Guidance	75,225	980,845	-	-	1,056,070
Health services	617,339	343,048	-	1,699	962,086
Improvement of instruction	304,267	261,928	-	-	566,195
Professional development	25,700	35,010	-	-	60,710
Media services	687,984	607,141	-	112,509	1,407,634
Board of Education services	162,738	-	-	-	162,738
Executive administration	1,844,117	486,105	-	626,271	2,956,493
Building level administration	657,027	1,751,489	-	-	2,408,516
Operation of plant	4,872,998	-	-	48,742	4,921,740
Pupil transportation	2,820,535	-	-	-	2,820,535
Food services	1,745,503	-	-	29,542	1,775,045
Central office support	67,434	-	-	-	67,434
Business and central services	444,608	-	-	1,556	446,164
Security services	138,548	3,931	-	7,127	149,606
Adult education	160,485	225,930	-	-	386,415
Community services	558,518	423,539	-	22,591	1,004,648
Facilities acquisition and construction	-	-	-	6,596,327	6,596,327
Debt service					
Principal retirement	-	-	1,600,000	685,000	2,285,000
Interest and other charges	-	-	1,523,100	606,266	2,129,366
<b>Total expenditures</b>	<b>19,562,047</b>	<b>26,299,865</b>	<b>3,123,100</b>	<b>8,945,298</b>	<b>57,930,310</b>
<b>Revenues over (under) expenditures</b>	<b>13,336,621</b>	<b>(13,816,858)</b>	<b>372,940</b>	<b>(5,559,355)</b>	<b>(5,666,652)</b>
<b>Other financing sources (uses)</b>					
Transfers	(13,900,376)	13,872,163	-	28,213	-
Sale of other property	1,402	-	-	10,709	12,111
<b>Total other financing sources (uses)</b>	<b>(13,898,974)</b>	<b>13,872,163</b>	<b>-</b>	<b>38,922</b>	<b>12,111</b>
<b>NET CHANGE IN FUND BALANCES</b>	<b>(562,353)</b>	<b>55,305</b>	<b>372,940</b>	<b>(5,520,433)</b>	<b>(5,654,541)</b>
Fund balances at July 1, 2014	16,020,969	1,182,736	2,685,548	11,113,948	31,003,201
Fund balances at June 30, 2015	\$ 15,458,616	\$ 1,238,041	\$ 3,058,488	\$ 5,593,515	\$ 25,348,660

The accompanying notes are an integral part of this statement.

## SCHOOL DISTRICT OF WASHINGTON

### RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES WITH THE GOVERNMENT-WIDE STATEMENT OF ACTIVITIES For the year ended June 30, 2015

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**Net change in fund balances - total governmental funds** **\$ (5,654,541)**

Capital outlays are reported as expenditures in the governmental funds. However, in the Statement of Activities, the cost of capital assets is allocated over their estimated useful lives as depreciation expense. In the current period, these amounts are:

Capital asset purchases	7,375,962	
Depreciation expense	<u>(2,921,530)</u>	
		4,454,432

Revenue in the Statement of Activities that does not provide current financial resources are not reported as revenues in the governmental funds. These amounts consist of:

Decrease in Deferred Tax Revenue	(266,393)
----------------------------------	-----------

Deferred outflows of resources related to the pension plans are not reported in the funds	2,787,357
---	-----------

The difference between the annual cost and contributions made for retiree medical insurance is recognized as an expenditure in the statement of activities but is not recognized in the governmental funds.	(131,500)
---	-----------

The governmental funds report debt (e.g. bonds and capital leases) proceeds as an other financing source, while repayment of debt principal is reported as an expenditure. Also, governmental funds report the effect of discounts and premiums when debt is first issued, whereas these amounts are deferred and amortized in the Statement of Activities. The net effect of these differences in the treatment of debt and related items is as follows:

Repayment of bond principal	1,600,000	
Repayment of capital lease obligation	685,000	
Amortization of bond issuance discounts	(34,592)	
Amortization of bond premium	<u>132,606</u>	
Total		2,383,014

Some expenses reported in the Statement of Activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds. These activities consist of:

Increase in compensated absences	(154,972)
Net decrease in accrued interest	<u>23,375</u>

**Change in net position of governmental activities** **\$ 3,440,772**

The accompanying notes are an integral part of this statement.

# **WASHINGTON SCHOOL DISTRICT**

## **NOTES TO BASIC FINANCIAL STATEMENTS**

**June 30, 2015**

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### **NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The School District of Washington (“District”) is a political subdivision of the State of Missouri and operates under the regulations pursuant to Section 162.092 RSMo of the Public School Laws of Missouri, which designates a Board of Education to act as the governing authority. The District provides educational services to pre-kindergarten through high school residents.

The financial statements of the District have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

#### **1. Principles Determining the Scope of Reporting Entity**

Generally accepted accounting principles require that the financial reporting entity is to include (1) the primary government, (2) organizations for which the primary government is financially accountable and, (3) other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity’s financial statements to be misleading or incomplete. The criteria provided in the applicable GASB statements have been considered and there are no other agencies or entities, which should be presented with the District.

#### **2. Fund Accounting**

The accounts of the District are organized on the basis of legally established 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 equity, 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 fund types are used by the District:

#### **Governmental Funds**

Governmental funds are those through which most functions of the District are financed. The District’s expendable financial resources are accounted for through Governmental Funds. The measurement focus is based upon determination of changes in the financial position rather than upon net income determination. Governmental funds focus on the sources, uses and balances of current financial resources. Expendable assets are assigned to the various governmental funds according to the purposes for which they may or must be used. Current liabilities are assigned to the fund from which they will be paid. The fund balance is calculated by adding together the governmental fund assets and deferred outflows of resources and then subtracting the governmental fund liabilities and deferred inflows of resources. The following are the District’s governmental funds, each of which the District considers to be a major fund:

# **WASHINGTON SCHOOL DISTRICT**

## **NOTES TO BASIC FINANCIAL STATEMENTS**

**June 30, 2015**

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### **NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICES (continued)**

#### **2. Fund Accounting (concluded)**

##### **General (Incidental) Fund**

This fund is the general operating fund of the District and accounts for expenditures for noncertified employees, pupil transportation costs, operation of plant, fringe benefits, student body activities, community services, the food service program, and any expenditure not required or permitted to be accounted for in other funds.

##### **Special Revenue (Teachers') Fund**

This fund accounts for revenues derived from specific taxes or other earmarked revenue sources. The Special Revenue (Teachers') Fund is a special revenue fund, which accounts for expenditures for certified employees involved in administration and instruction, and includes revenues restricted or committed for the payment of teacher salaries and certain benefits.

##### **Debt Service Fund**

This fund is used to account for and report financial resources that are restricted, committed, or assigned to expenditures for the periodic payment of, principal, interest and fiscal charges on certain long-term debt.

##### **Capital Projects Fund**

This fund is used to account for and report financial resources that are restricted, committed or assigned to expenditures for capital outlays, including the acquisition or construction of capital facilities or other capital assets.

#### **3. Fund Balances – Governmental Funds**

In the fund financial statements, governmental funds report the following classifications of fund balance:

Nonspendable – includes amounts that cannot be spent because they are either not spendable in form or are legally or contractually required to remain intact.

Restricted – includes amounts restricted by external sources (creditors, laws of other governments, etc.) or by constitutional provision or enabling legislation.

# WASHINGTON SCHOOL DISTRICT

## NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2015

### NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICES (continued)

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#### 3. Fund Balances – Governmental Funds (concluded)

Committed – includes amounts that can only be used for specific purposes. Committed fund balance is reported pursuant to limitations imposed by the Board of Education, the District's highest level of decision-making authority. Commitments may be modified or rescinded only through ordinances approved by the Board. The District does not have any committed fund balances.

Assigned – includes amounts that the District intends to use for a specific purpose but that do not meet the definition of restricted or committed fund balance. Under the District's adopted policy, amounts may be assigned by the Chief Financial Officer.

Unassigned – includes amounts that have not been assigned to other funds or restricted, committed or assigned to a specific purpose within the General Fund.

When an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available, the District considers restricted funds to have been spent first. When an expenditure is incurred for which committed, assigned, or unassigned fund balances are available, the District considers amounts to have been spent first out of committed funds, then assigned funds, and finally unassigned funds, as needed, unless the Board has provided otherwise in its commitment or assignment actions.

The details of the fund balances are included in the Balance Sheet – Governmental Funds.

#### 4. Basis of Presentation

##### *Government-wide Financial Statements*

The Statement of Net Position and the Statement of Activities present financial information about the District as a whole. These statements include the financial activities of the primary government. Governmental activities generally are financed through taxes, intergovernmental revenues, and other nonexchange transactions.

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

The Statement of Net Position presents the financial condition of the governmental activities of the District at year-end. The government-wide Statement of Activities presents a comparison between direct expenses and program revenues for each function of the District's governmental activities. Direct expenses are those that are specifically associated with and are clearly identifiable to a particular function. Amounts reported as *program revenues* include (a) charges paid by the students for tuition, fees, goods and services offered by the program and (b) grants and contributions that are restricted to meeting the operational or capital requirements of a



# WASHINGTON SCHOOL DISTRICT

## NOTES TO BASIC FINANCIAL STATEMENTS

**June 30, 2015**

### NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICES (continued)

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#### **4. Basis of Presentation (concluded)**

particular program. Revenues not classified as *program revenues* are presented as general revenues and include all property taxes. The comparison of direct expenses with program revenues identifies the extent to which each governmental function is self-financing or drawing from the general revenues of the District.

#### ***Fund Financial Statements***

The fund financial statements provide detail information about the District's funds. The emphasis of fund financial statements is on *major* governmental funds. Each fund is displayed in a separate column.

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

#### **5. Basis of Accounting**

Basis of accounting determines when transactions are reported on the financial statements. Government-wide financial statements are prepared using the accrual basis of accounting. Governmental funds use the modified accrual basis of accounting at the fund level.

***Revenues – Exchange and Non-Exchange Transactions*** – Revenues resulting from exchange transactions in which each party receives essentially equal value, are recorded on the accrual basis when the exchange takes place. On the modified accrual basis, revenues are recorded in the fiscal year in which the resources are measurable and available. Available means that the resources will be collected within the current fiscal year or are expected to be collected soon enough thereafter to be used to pay liabilities of the current fiscal year. For the District, available means expected to be received within sixty days of the fiscal year-end.

Nonexchange transactions, in which the District receives value without directly giving value in return, include property taxes, grants, entitlements and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants, entitlements and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the fiscal year when use is first permitted, matching requirements, in which the District must provide local resources to be used for a specified purpose, and expenditure requirements, in which the resources are provided to the

## WASHINGTON SCHOOL DISTRICT

### NOTES TO BASIC FINANCIAL STATEMENTS

**June 30, 2015**

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#### NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICES (continued)

##### **5. Basis of Accounting (concluded)**

District on a reimbursement basis. On a modified accrual basis, revenues from nonexchange transactions must also be available before they can be recognized.

Under the modified accrual basis, the following revenue sources are considered to be both measurable and available at fiscal year-end: property taxes, sales tax, interest, tuition, grants, student fees and rentals.

***Unearned Revenue*** – unearned revenue arises when assets are recognized before revenue recognition criteria have been satisfied. Grants and entitlements received, (i.e., cash advances) before eligibility requirements are met, are recorded as unearned revenues.

***Expenses/Expenditures*** – On the accrual basis of accounting, expenses are recognized at the time they are incurred.

The measurement focus of governmental fund accounting is on decreases in net financial resources (expenditures) rather than expenses. Expenditures are generally recognized in the accounting period in which the related fund liability is incurred, if measurable. Allocations of cost, such as depreciation and amortization, are not recognized in governmental funds at the fund reporting level.

##### **6. Property Taxes**

Property taxes attach as an enforceable lien on property as of January 1. Taxes are levied on November 1 and are payable by December 31. The county collects the property tax and remits it to the District. An allowance for uncollectible taxes has been provided for delinquent taxes.

At the fund reporting level, property tax revenues are recognized when they become measurable and available. Available includes those property tax receivables expected to be collected within sixty (60) days after year end. Revenue recognition of delinquent property taxes not collected within sixty (60) days of fiscal year end is deferred.

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

The assessed valuations of the tangible taxable property for the calendar years 2014 and 2013, for purposes of local taxation, were \$749,868,345 and \$716,525,469, respectively.

# WASHINGTON SCHOOL DISTRICT

## NOTES TO BASIC FINANCIAL STATEMENTS

**June 30, 2015**

### NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICES (continued)

#### 6. Property Taxes (concluded)

The tax levy per \$100 of assessed valuation of tangible taxable property for the calendar years 2014 and 2013, for purposes of local taxation, were:

	December 31,	
	2014	2013
General Fund	\$ 3.2910	\$ 3.2988
Special Revenue Fund	-	-
Debt Service Fund	0.3700	0.3317
Capital Projects Fund	0.3900	0.3900
Total	<u>\$ 4.0510</u>	<u>\$ 4.0205</u>

The receipts of current property taxes during the fiscal year ended June 30, 2015, aggregated approximately 99.20% of the current assessment computed on the basis of the levy as shown above.

#### 7. Pooled Cash and Temporary Investments

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

The District may invest in bonds of the State of Missouri, of the United States, or any wholly-owned corporation of the United States; or in other short-term obligations of the United States.

Investments are stated at fair value, which is based on quoted market prices as of June 30, 2015.

Interest income earned is allocated to contributing funds based on each fund's proportionate share of funds invested.

#### 8. Restricted Cash and Investments

Restricted cash and investments represent amounts limited by legal requirements and they consist of unexpended bond proceeds and amounts escrowed for future general obligation bond principal and interest payments in conjunction with the Missouri School District Direct Deposit Program and Missouri Securities Investment Program. Restricted cash and investments also include amounts escrowed for future lease participation certificates principal and interest payments.

# WASHINGTON SCHOOL DISTRICT

## NOTES TO BASIC FINANCIAL STATEMENTS

**June 30, 2015**

### NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICES (continued)

#### 9. Receivables

Balances due from other entities:

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Debt Service Fund</u>	<u>Capital Projects Fund</u>	<u>Total</u>
Property Taxes	\$ 643,891	\$ -	\$ 72,391	\$ 76,305	\$ 792,587
DESE	358,296	1,368,481	-	241,010	1,967,787
Interest	23,385	-	2,629	2,771	28,785
Other	<u>22,575</u>	<u>42,054</u>	<u>-</u>	<u>-</u>	<u>64,629</u>
Total Receivables	<u>\$ 1,048,147</u>	<u>\$ 1,410,535</u>	<u>\$ 75,020</u>	<u>\$ 320,086</u>	<u>\$ 2,853,788</u>

#### 10. Prepaid Items

Payments made to vendors for services that will benefit periods beyond June 30, 2015, are recorded as prepaid items using the consumption method. A current asset for the prepaid amount is recorded at the time of the purchase, and an expenditure/expense is reported in the year in which services are consumed.

#### 11. Inventory

Inventories are stated at cost, on a first-in, first-out (FIFO) basis, and are expensed when used.

#### 12. Capital Assets

General capital assets result from expenditures in the governmental funds. These assets are reported in the governmental activities column of the government-wide statement of net position but are not reported in the fund financial statements.

All capital assets are recorded at cost (or estimated historical cost) and are updated for additions and retirements during the year. Donated capital assets are recorded at their fair market values as of the date received. The District maintains a capitalization threshold of one thousand dollars (\$1,000) for each individual asset for inventory control purposes and five thousand dollars (\$5,000) for financial reporting purposes.

The cost of normal maintenance and repairs that do not add value to the asset or materially extend the asset's life are not capitalized.

# WASHINGTON SCHOOL DISTRICT

## NOTES TO BASIC FINANCIAL STATEMENTS

**June 30, 2015**

### **NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

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#### **12. Capital Assets (concluded)**

Major outlays for capital assets and improvements are capitalized as projects are constructed and placed in service. Improvements are depreciated over the remaining useful lives of the related capital assets. Except for land and construction in progress, all reported capital assets are depreciated. Depreciation is calculated using the straight-line method over the following useful lives:

Buildings and Improvements	39 – 40	years
Vehicles and Equipment	5 – 15	years

#### **13. Compensated Absences**

It is the District's policy to permit employees to accumulate earned but unused vacation and sick pay benefits. Accumulated vacation and sick pay benefits, within limits set by the Board of Education policy, which are unused and vested to the employee are payable upon termination. Sick pay is accrued in the government-wide financial statements for the amount of sick pay benefits accumulated at year end. All vacation pay is accrued when incurred in the government-wide financial statements. A liability for these amounts are reported in governmental funds only after they become payable, for example, as a result of employee resignations and retirements.

#### **14. Accrued Liabilities and Long-term Obligations**

All payables, accrued liabilities and long-term obligations are reported in the government-wide financial statements.

In general, payables and accrued liabilities that will be paid from governmental funds are reported on the governmental fund financial statements regardless of whether they will be liquidated with current resources. However, special termination benefits, claims and judgments, and compensated absences that will be paid from governmental funds are reported as a liability in the fund financial statements only to the extent that they are due for payment. In general, liabilities that mature or are due for payment during the fiscal year are considered to have been made with current available financial resources. Bonds, capital leases and other long-term obligations that will be paid from governmental funds are not recognized as a liability in the fund financial statements until due.

#### **15. Net Position**

Net position is displayed in three components. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balance of any borrowings used for the acquisition, construction or improvement of those assets. Net position is reported as restricted when there are limitations imposed on its use, either through the enabling legislation adopted by the District or through external restrictions imposed by regulators, grantors or laws or regulations of other governments. The remaining balance of net position is

## **WASHINGTON SCHOOL DISTRICT**

### **NOTES TO BASIC FINANCIAL STATEMENTS**

**June 30, 2015**

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#### **NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (concluded)**

##### **15. Net Position (concluded)**

reported as unrestricted. When both restricted and unrestricted resources are available for use, it is the District's policy to use restricted resources first.

##### **16. Interfund Activity**

Interfund transfers, if applicable, are reported as other financing sources (uses) in governmental funds. During the year, the District transferred \$13,872,163 and \$28,213 from the General Fund to the Special Revenue Fund and Capital Projects Fund, respectively. Transfers are made to the Special Revenue Fund to cover any negative fund balance incurred in a fiscal year. Transfers are made to the Capital Projects Fund to help pay for equipment and capital lease obligations.

##### **17. Estimates**

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results may differ from these estimates.

#### **NOTE B – CASH AND INVESTMENTS**

The District maintains a cash and temporary investment pool that is available for use by all funds except the Debt Service Fund (State law requires that all deposits of the Debt Service Fund be kept separate and apart from all other funds of the District). Each fund's portion of this pool is displayed on the balance sheet as "cash and investments" under each fund's caption.

##### **Deposits**

Missouri statutes require that all deposits with financial institutions be collateralized in an amount at least equal to uninsured deposits. At June 30, 2015, the carrying amount of the deposits under District control was \$21,002,032 and the bank balance was \$23,515,106, which was covered by federal depository insurance and collateral held by the District's safekeeping bank agent, in the District's name.

##### **Investments**

The District may purchase any investments allowed by the State Treasurer. These include (1) obligations of the United States Government or any agency or instrumentality thereof maturing and becoming payable not more than three years from the date of purchase, or (2) repurchase agreements, maturing and becoming payable within 90 days secured by U.S. Treasury obligations or obligations of U.S. Government agencies or instrumentalities of any maturity, as provided by law. As of June 30, 2015, the District had the following investments and maturities.

## WASHINGTON SCHOOL DISTRICT

### NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2015

#### NOTE B – CASH AND INVESTMENTS (continued)

Type	Fair Value	Investment Maturities	
		0 to 1 year	1 to 3 years
U.S. Treasury securities	\$ -	\$ -	\$ -
External investment pools	2,951,607	2,951,607	-
	<u>\$ 2,951,607</u>	<u>\$ 2,951,607</u>	<u>\$ -</u>

#### Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. The District does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. However, one of the ways the District manages its exposure to interest rate risk is by purchasing a combination of short-term and long-term investments and by timing cash flows from maturities so a portion of the portfolio is maturing and coming close to maturity evenly over time as necessary to provide the cash flow and liquidity needed for operations.

#### Credit Risk

Credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. The District's investment in Missouri Securities Investment Program and U.S. treasury securities are rated AAAm and AA+ by Standard and Poor's.

#### Concentration of Credit Risk

The investment policy of the District contains no limitations on the amount that can be invested in any one issuer beyond what is provided by law. There were no investments in any one issuer representing 5% or more of the total investments (excluding investments issued or explicitly guaranteed by the U.S. government, investments in mutual funds, external investment pools and other pooled investments) at June 30, 2015.

#### Custodial Credit Risk

For an investment, custodial credit risk is the risk that, in the event of failure of the counterparty, the District will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The District does not have a formal policy regarding the custody of its cash and investments. As of June 30, 2015, the District's investments in U.S. treasury securities were held by the investment's counterparty.

# WASHINGTON SCHOOL DISTRICT

## NOTES TO BASIC FINANCIAL STATEMENTS

**June 30, 2015**

### NOTE B – CASH AND INVESTMENTS (concluded)

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#### Summary

The cash deposits and investments are summarized and presented in the financial statements as follows as of June 30, 2015:

Carrying amount of deposits	\$ 21,002,032
Investments	<u>2,951,607</u>
	<u>\$ 23,953,639</u>
Cash and investments - restricted	\$ 4,304,725
Cash and investments - unrestricted	<u>19,648,914</u>
Total reporting entity	<u>\$ 23,953,639</u>

The District has investments managed by Wells Fargo in conjunction with the Missouri School District Deposit Program. These investments are restricted for payment of interest and retirement of general obligation bonds issued through the MOHEFA Bond program as discussed more fully in Note D. The District also has funds invested in the Missouri Securities Investment Program. All funds in this program are invested in accordance with Section 165.061 RSMo. Each school district owns a pro rata share of each investment, which is held in the name of the Fund. The District also has restricted cash and investments escrowed for future bond and lease payments.



# WASHINGTON SCHOOL DISTRICT

## NOTES TO BASIC FINANCIAL STATEMENTS

**June 30, 2015**

### NOTE C - CAPITAL ASSETS

The following is a summary of changes occurring in capital assets for the year ended June 30, 2015:

<b>School District of Washington</b> <b>Property Plant and Equipment Change Comparison</b> <b>June 30, 2015</b>					
	<b>July 1, 2014</b>				<b>June 30, 2015</b>
	<b>Balance</b>	<b>Transfers</b>	<b>Additions</b>	<b>Deletions</b>	<b>Balance</b>
<b>Governmental Activities</b>					
<b>Capital assets not being depreciated</b>					
Land	\$ 10,608,600	\$ -	\$ -	\$ -	\$ 10,608,600
Construction in Progress	6,635,249	(8,391,416)	5,916,289	-	4,160,122
<b>Capital assets that are depreciated</b>					
Buildings and Building Improvements	145,318,707	8,391,416	662,350	-	154,372,473
Furniture and equipment	3,448,211	-	784,166	(56,000)	4,176,377
Totals at historical cost	\$ 166,010,767	\$ -	\$ 7,362,805	\$ (56,000)	\$ 173,317,572
Less Accumulated Depreciation					
Buildings and improvements	(103,576,642)	-	(2,641,119)	-	(106,217,761)
Furniture and equipment	(2,684,014)	-	(280,411)	29,127	(2,935,298)
Total accumulated depreciation	(106,260,656)	-	(2,921,530)	29,127	(109,153,059)
<b>Total Capital Assets, Net</b>	<b>\$ 59,750,111</b>	<b>\$ -</b>	<b>\$ 4,441,275</b>	<b>\$ (26,873)</b>	<b>\$ 64,164,513</b>

Depreciation was charged to functions of the District as follows:

Instruction	\$ 159,977
Executive Administration	42,617
Operation of Plant	2,692,512
Food Services	26,424
	<u>\$ 2,921,530</u>

Construction in Progress of \$4,160,122 represents the completion of the Washington West Classroom Addition and the Locker Room Renovations.

**WASHINGTON SCHOOL DISTRICT****NOTES TO BASIC FINANCIAL STATEMENTS****June 30, 2015****NOTE D - CHANGES IN LONG-TERM LIABILITIES**

The following is a summary of changes occurring in long-term liabilities for the year ended June 30, 2015:

	Balance July 1, 2014	Additions	Reductions	Balance June 30, 2015	Amounts due within one year
<b>Governmental activities</b>					
Bonds payable					
General obligation bonds	\$ 31,995,000	\$ -	\$ (1,600,000)	\$ 30,395,000	\$ 1,450,000
Deferred amounts for issuance discount	(437,758)	-	34,592	(403,166)	-
Deferred amounts for issuance premium	2,112,553	-	(132,605)	1,979,948	-
Total bonds payable, net	33,669,795	-	(1,698,013)	31,971,782	1,450,000
Obligations under capital leases	15,945,000	-	(685,000)	15,260,000	775,000
Compensated absences	3,768,576	154,972	-	3,923,548	784,710
Other postemployment benefit obligation	356,900	131,500	-	488,400	-
Total governmental activity long-term liabilities	<u>\$ 53,740,271</u>	<u>\$ 286,472</u>	<u>\$ (2,383,013)</u>	<u>\$ 51,643,730</u>	<u>\$ 3,009,710</u>

Payments on the general obligation bonds are made by the Debt Service Fund. The obligations under capital leases are paid by the Capital Projects Fund. The accrued vacation and other post-employment benefit obligation will be liquidated by the fund in which the employee's salary was charged.

**WASHINGTON SCHOOL DISTRICT****NOTES TO BASIC FINANCIAL STATEMENTS****June 30, 2015****NOTE D - CHANGES IN LONG-TERM LIABILITIES (continued)****Bonds Payable**

The District issues general obligation bonds to provide funds for the acquisition and construction of major capital facilities.

Bonds payable consist of the following at June 30, 2015:

Date issued	Maturity date	Rate of interest	Original issue amount	Balance at June 30, 2015
6/1/2004	3/1/2021	3.50% - 5.25%	\$ 9,400,000	\$ 800,000
12/15/2006	3/1/2021	3.75% - 4.00%	6,445,000	4,945,000
12/1/2010	3/1/2030	4.50% - 5.55%	15,000,000	15,000,000
12/1/2010	3/1/2016	2.00% - 3.00%	2,650,000	650,000
6/15/2013	3/1/2033	5.00%	9,000,000	9,000,000
			<u>\$ 42,495,000</u>	<u>\$ 30,395,000</u>

The annual requirements to amortize bonded debt outstanding as of June 30, 2015, are as follows:

	Principal	Interest	Total
Year ending June 30,			
2016	\$ 1,450,000	\$ 1,470,550	\$ 2,920,550
2017	740,000	1,421,925	2,161,925
2018	950,000	1,394,175	2,344,175
2019	1,000,000	1,358,075	2,358,075
2020	1,130,000	1,319,575	2,449,575
2021-2025	6,375,000	5,844,375	12,219,375
2026-2030	9,750,000	4,003,375	13,753,375
2031-2033	9,000,000	995,000	9,995,000
	<u>\$ 30,395,000</u>	<u>\$ 17,807,050</u>	<u>\$ 48,202,050</u>

Certain bond issue payments are made through the Missouri School District Direct Deposit program, which is a mechanism for public school bond repayments. It authorizes direct depositing a portion of the District's state aid payment by the State of Missouri to a trustee bank that accumulates these payments and then makes the principal and interest payments to the

# WASHINGTON SCHOOL DISTRICT

## NOTES TO BASIC FINANCIAL STATEMENTS

**June 30, 2015**

### **NOTE D - CHANGES IN LONG-TERM LIABILITIES (continued)**

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#### **Bonds Payable (concluded)**

paying agents on the bonds.

The District has \$1,168,220 on deposit with Wells Fargo in conjunction with this program, as discussed in Note B.

#### **Advanced Refunding**

In prior years, the District defeased certain general obligation bonds by placing the proceeds of the new bonds in irrevocable trusts to provide for all future debt service payments on the old bonds. Accordingly, the trust account assets and the liability for defeased bonds are not included in the District's financial statements.

#### **Legal Debt Margin**

Article VI, Section 26(b), Constitution of Missouri, limits the outstanding amount of authorized general obligation bonds of a District to fifteen (15%) percent of the assessed valuation of the District (including State assessed railroad and utility). The legal debt margin, computed including the assessed valuation of State assessed railroad and utilities, of the District at June 30, 2015, was:

Constitutional debt limit	\$ 112,480,252
General obligation bonds payable	(30,395,000)
Amount available in Debt Service Fund	<u>3,058,488</u>
Legal debt margin	<u><u>\$ 85,143,740</u></u>

#### **Capital Lease Payable**

On July 1, 2007, lease participation certificates were issued, sold and delivered for Series 2007 in the amount of \$12,550,000, for the purpose of providing funds to pay the cost of acquisition of land, construction and installation of certain improvement projects.

On February 15, 2013, the District issued \$5,420,000 in Series 2013 certificates to refinance \$6,050,000 of outstanding Series 2003. The 2003 escrow fund of \$692,000 was used to offset the total debt due. This was undertaken to reduce the total debt by reducing interest rates from 2% - 4% to 2% - 2.625%.

The cost for such projects related to Series 2003 (refunded by Series 2013) and 2007 as of June 30, 2015, was \$11,225,442, with current year depreciation totaling \$175,189 and accumulated depreciation of \$1,324,861.

## WASHINGTON SCHOOL DISTRICT

### NOTES TO BASIC FINANCIAL STATEMENTS

**June 30, 2015**

#### **NOTE D - CHANGES IN LONG-TERM LIABILITIES (concluded)**

<b>Issue</b>	<b>Balance July 1, 2014</b>	<b>Additions</b>	<b>Principal Payments</b>	<b>Balance June 30, 2015</b>	<b>Due in One Year</b>
Series 2007	\$ 10,800,000	\$ -	\$ 350,000	\$ 10,450,000	\$ 400,000
Series 2013	5,145,000	-	335,000	4,810,000	375,000
Total	<u>\$ 15,945,000</u>	<u>\$ -</u>	<u>\$ 685,000</u>	<u>\$ 15,260,000</u>	<u>\$ 775,000</u>

The following is a schedule of future minimum lease payments under the capital leases together with the present value of the net minimum lease payments as of June 30, 2015.

	<b>Principal</b>	<b>Interest</b>	<b>Total</b>
Year ending June 30,			
2016	\$ 775,000	\$ 580,788	\$ 1,355,788
2017	850,000	556,488	1,406,488
2018	950,000	529,925	1,479,925
2019	1,035,000	500,238	1,535,238
2020	1,175,000	467,725	1,642,725
2021-2025	6,150,000	1,670,500	7,820,500
2026-2028	<u>4,325,000</u>	<u>465,969</u>	<u>4,790,969</u>
	<u>\$ 15,260,000</u>	<u>\$ 4,771,633</u>	<u>\$ 20,031,633</u>

#### **NOTE E - RETIREMENT PLAN**

##### **Public School Retirement System of Missouri**

The District contributes to the Public School Retirement System of Missouri (PSRS), a cost-sharing multiple-employer defined benefit pension plan.

##### **General Information about the Pension Plan**

*Plan Description.* PSRS is a mandatory cost-sharing multiple employer retirement system for all full-time certificated employees and certain part-time certificated employees of all public school districts in Missouri (except the school districts of St. Louis and Kansas City) and all public community colleges. PSRS also includes certificated employees of PSRS, Missouri State Teachers' Association, Missouri State High School Activities Association, and certain employees of the State of Missouri who elected to remain covered by PSRS under legislation enacted in 1986, 1987 and 1989. The majority of PSRS members are exempt from Social Security contributions. In some instances, positions may be determined not to be exempt from Social Security contributions. Any PSRS member who is required to contribute to Social Security comes under the requirements of Section 169.070 (9) RSMo, known as the "2/3's statute." PSRS

## WASHINGTON SCHOOL DISTRICT

### NOTES TO BASIC FINANCIAL STATEMENTS

**June 30, 2015**

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#### NOTE E - RETIREMENT PLAN (continued)

##### **General Information about the Pension Plan (concluded)**

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](http://www.psr-peers.org).

*Benefits Provided.* PSRS is a defined benefit plan providing retirement, disability, and death/survivor benefits. Members are vested for service retirement benefits after accruing five years of service. Individuals who (a) are at least age 60 and have a minimum of 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](http://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.

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

*Contributions.* PSRS members were required to contribute 14.5% of their annual covered salary during fiscal year 2015. Employers were required to match the contributions made by employees. The contribution rate is set each year by the PSRS Board of Trustees upon the recommendation of the independent actuary within the contribution restrictions set in Section 169.030 RSMo. The annual statutory increase in the total contribution rate may not exceed 1% of pay. Contributions for employees of the State of Missouri were made by the state in accordance with the actuarially determined contribution rate needed to fund current costs and prior service costs of state employees as authorized in Section 104.342.8 RSMo.

The District's contributions to PSRS were \$3,148,884 for the year ended June 30, 2015.

# WASHINGTON SCHOOL DISTRICT

## NOTES TO BASIC FINANCIAL STATEMENTS

**June 30, 2015**

### NOTE E - RETIREMENT PLAN (continued)

#### **Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions**

At June 30, 2015, the District recorded a liability of \$19,573,387 for its proportionate share of the net pension liability. The net pension liability for the plan in total was measured as of June 30, 2014, and determined by an actuarial valuation as of that date. The District's proportionate share of the total net pension liability was based on the ratio of its actual contributions of \$3,072,553 paid to PSRS for the year ended June 30, 2014, relative to the actual contributions of \$643,964,894 from all participating employers. At June 30, 2014, the District's proportionate share was 0.4771%.

For the year ended June 30, 2015, the District recognized a pension expense of \$663,400, its proportionate share of the total pension expense.

At June 30, 2015, the District reported deferred outflows of resources and deferred inflows of resources from the following sources related to PSRS pension benefits:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Balance of Deferred Outflows and Inflows Due to:		
- Differences between expected and actual experience	\$ 911,888	\$ -
- Changes of assumptions	-	-
- Net difference between projected and actual earnings on pension plan investments	-	9,413,406
- Changes in proportion and differences between Employer contributions and proportionate share of contributions	-	172,284
- Employer contributions subsequent to the measurement date	3,148,884	-
Total	<u>\$ 4,060,772</u>	<u>\$ 9,585,690</u>

Deferred outflows of resources to pension in the amount of \$3,148,884 resulting from contributions subsequent to the measurement date of June 30, 2014, will be recognized as a reduction to the net pension liability in the year ended June 30, 2016.

# WASHINGTON SCHOOL DISTRICT

## NOTES TO BASIC FINANCIAL STATEMENTS

**June 30, 2015**

### **NOTE E - RETIREMENT PLAN (continued)**

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#### **Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (concluded)**

Other amounts reported as collective deferred (inflows) / outflows of resources to be recognized in pension expense:

Year Ending June 30:

2016	(2,216,134)
2017	(2,216,134)
2018	(2,216,134)
2019	(2,216,134)
2020	137,218
Thereafter	53,515
	<hr/>
\$	(8,673,803)

#### **Actuarial Assumptions**

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

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

Measurement Date - June 30, 2014

Valuation Date - June 30, 2014

Expected Return on Investments - 8.00%, net of investment expenses and including 2.5% inflation

Inflation - 2.50%

Total Payroll Growth - 3.50% per annum, consisting of 2.50% inflation, .50% additional inflation due to the inclusion of health care costs in pension earnings, and 0.50% of real wage growth.

Future Salary Increases - 4.00% - 10.00%, depending on service and including 2.50% inflation, 0.50% additional inflation due to the inclusion of health care costs in pension earnings, and real wage growth of 1.00% to 7.00%.



## WASHINGTON SCHOOL DISTRICT

### NOTES TO BASIC FINANCIAL STATEMENTS

**June 30, 2015**

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#### **NOTE E - RETIREMENT PLAN (continued)**

##### **Actuarial Assumptions (continued)**

Cost-of-Living Increases - 2.0% compounded annually, beginning on the second January after retirement and capped at 80% lifetime increase.

##### **Mortality Assumption -**

- Actives: RP 2000 Mortality Table set back one year for males and six years for females, then projected to 2016 using Scale AA.
- Non-Disabled Retirees, Beneficiaries and Survivors: RP 2000 Mortality Table set back one year for both males and females, then projected to 2016 using Scale AA.
- Disabled Retirees: RP 2000 Disabled Mortality Table

Changes in Actuarial Assumptions and Methods: There were no changes in actuarial assumptions or methods for the June 30, 2014, valuation.

Fiduciary Net Position: PSRS issues a publicly available financial report that can be obtained at [www.psrs-peers.org](http://www.psrs-peers.org)

##### **Expected Rate of Return**

The long-term expected rate of return on PSRS' investments was determined using a building-block method in which best-estimate ranges of expected future real rates of returns (expected returns, net of investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in PSRS' target allocation as of June 30, 2014, is summarized below along with the long term geometric return. Geometric return (also referred to as the time weighted return) is considered standard practice within the investment management industry. Geometric returns represent the compounded rate of growth of a portfolio. The method eliminates the effects created by cashflows.

# WASHINGTON SCHOOL DISTRICT

## NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2015

### NOTE E - RETIREMENT PLAN (continued)

#### Actuarial Assumptions (continued)

Asset Class	Target Asset Allocation	Long-term Expected Real Return Arithmetic Basis	Weighted Long-term Expected Real Return Arithmetic Basis
U.S. Public Equity	27.00 %	5.85 %	1.58 %
Public Credit	12.00	2.44	0.29
Hedged Assets	6.00	5.22	0.31
Non-U.S. Public Equity	15.00	6.64	1.00
U.S. Treasuries	16.00	1.01	0.16
U.S TIPS	4.00	1.12	0.04
Private Credit	2.00	7.61	0.15
Private Equity	10.50	8.61	0.90
Private Real Estate	7.50	4.60	0.35
Total	100.00 %		4.78
		Inflation	2.50
		Long-term arithmetical nominal return	7.28
		Effect of covariance matrix	0.81
		Long-term expected geometric return	8.09 %

#### Discount Rate

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

#### Discount Rate Sensitivity

The sensitivity of the District's net pension liability to changes in the discount rate is presented below. The District's net pension liability calculated using the discount rate of 8.0% is presented as well as the net pension liability using a discount rate that is 1.0% lower (7.0%) or 1.0% higher (9.0%) than the current rate.

# WASHINGTON SCHOOL DISTRICT

## NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2015

### NOTE E - RETIREMENT PLAN (continued)

#### Actuarial Assumptions (concluded)

	Discount Rate	1% Decrease (7.00%)	Current Rate (8.00%)	1% Increase (9.00%)
Proportionate share of the Net Pension Liability / (Asset)	\$	41,446,844	\$ 19,573,387	\$ 1,226,482

#### Public Education Employee Retirement System of Missouri

The District contributes to the Public Education Employee Retirement System of Missouri (PEERS), a cost-sharing multiple-employer defined benefit pension plan.

#### General Information about the Pension Plan

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

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

## WASHINGTON SCHOOL DISTRICT

### NOTES TO BASIC FINANCIAL STATEMENTS

**June 30, 2015**

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#### **NOTE E - RETIREMENT PLAN (continued)**

##### **General Information about the Pension Plan (concluded)**

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

*Contributions.* PEERS members were required to contribute 6.86% of their annual covered salary during fiscal year 2015. Employers were required to match the contributions made by employees. The contribution rate is set each year by the PSRS Board of Trustees upon the recommendation of the independent actuary within the contribution restrictions set in Section 169.030 RSMo. The annual statutory increase in the total contribution rate may not exceed 0.5% of pay.

The District's contributions to PEERS were \$464,503 for the year ended June 30, 2015.

##### **Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions**

At June 30, 2015, the District recorded a liability of \$1,539,905 for its proportionate share of the net pension liability. The net pension liability for the plan in total was measured as of June 30, 2014, and determined by an actuarial valuation as of that date. The District's proportionate share of the total net pension liability was based on the ratio of its actual contributions of \$421,892 paid to PEERS for the year ended June 30, 2014, relative to the actual contributions of \$100,035,580 from all participating employers. At June 30, 2014, the District's proportionate share was 0.4217%.

For the year ended June 30, 2015, the District recognized a pension expense of \$162,630, its proportionate share of the total pension expense.

# WASHINGTON SCHOOL DISTRICT

## NOTES TO BASIC FINANCIAL STATEMENTS

**June 30, 2015**

### NOTE E - RETIREMENT PLAN (continued)

#### **Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (concluded)**

At June 30, 2015, the District reported deferred outflows of resources and deferred inflows of resources from the following sources related to PEERS pension benefits:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Balance of Deferred Outflows and Inflows Due to:		
- Differences between expected and actual experience	\$ -	\$ 45,801
- Changes of assumptions	-	-
- Net difference between projected and actual earnings on pension plan investments	-	917,220
- Changes in proportion and differences between Employer contributions and proportionate share of contributions	-	51,892
- Employer contributions subsequent to the measurement date	464,503	-
Total	<u>\$ 464,503</u>	<u>\$ 1,014,913</u>

Deferred outflows of resources to pension in the amount of \$464,503 resulting from contribution subsequent to the measurement date of June 30, 2014, will be recognized as a reduction to the net pension liability in the year ended June 30, 2016.

Other amounts reported as collective deferred (inflows) / outflows of resources to be recognized in pension expense:

Year Ending June 30:	
2016	\$ (260,319)
2017	(260,319)
2018	(260,319)
2019	(233,957)
	<u>\$ (1,014,914)</u>

## WASHINGTON SCHOOL DISTRICT

### NOTES TO BASIC FINANCIAL STATEMENTS

**June 30, 2015**

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#### NOTE E - RETIREMENT PLAN (continued)

##### Actuarial Assumptions

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

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

Measurement Date - June 30, 2014

Valuation Date - June 30, 2014

Expected Return on Investments - 8.00%, net of investment expenses and including 2.5% inflation

Inflation - 2.50%

Total Payroll Growth - 3.75% per annum, consisting of 2.50% inflation, .75% additional inflation due to the inclusion of health care costs in pension earnings, and 0.50% of real wage growth.

Future Salary Increases - 5.00% - 12.00%, depending on service and including 2.50% inflation, 0.75% additional inflation due to the inclusion of health care costs in pension earnings, and real wage growth of 1.75% to 8.75%.

Cost-of-Living Increases - 2.0% compounded annually, beginning on the fourth January after retirement and capped at 80% lifetime increase.

##### Mortality Assumption –

- Actives: RP 2000 Mortality Table set back one year for males and six years for females, then projected to 2016 using Scale AA.
- Non-Disabled Retirees, Beneficiaries and Survivors: RP 2000 Mortality Table set back one year for both males and females, then projected to 2016 using Scale AA.
- Disabled Retirees: RP 2000 Disabled Mortality Table

Changes in Actuarial Assumptions and Methods: There were no changes in actuarial assumptions or methods for the June 30, 2014, valuation.

Fiduciary Net Position: PEERS issues a publicly available financial report that can be obtained at [www.psr-peers.org](http://www.psr-peers.org)

# WASHINGTON SCHOOL DISTRICT

## NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2015

### NOTE E - RETIREMENT PLAN (continued)

#### Actuarial Assumptions (continued)

##### Expected Rate of Return

The long-term expected rate of return on PEERS' investments was determined using a building-block method in which best-estimate ranges of expected future real rates of returns (expected returns, net of investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in PEERS' target allocation as of June 30, 2014, is summarized below along with the long term geometric return. Geometric return (also referred to as the time weighted return) is considered standard practice within the investment management industry. Geometric returns represent the compounded rate of growth of a portfolio. The method eliminates the effects created by cashflows.

Asset Class	Target Asset Allocation	Long-term Expected Real Return Arithmetic Basis	Weighted Long-term Expected Real Return Arithmetic Basis
U.S. Public Equity	27.00 %	5.85 %	1.58 %
Public Credit	12.00	2.44	0.29
Hedged Assets	6.00	5.22	0.31
Non-U.S. Public Equity	15.00	6.64	1.00
U.S. Treasuries	16.00	1.01	0.16
U.S TIPS	4.00	1.12	0.04
Private Credit	2.00	7.61	0.15
Private Equity	10.50	8.61	0.90
Private Real Estate	7.50	4.60	0.35
Total	100.00 %		4.78
		Inflation	2.50
		Long-term arithmetical nominal return	7.28
		Effect of covariance matrix	0.81
		Long-term expected geometric return	8.09 %

##### Discount Rate

The discount rate used to measure the total pension liability was 8.00% as of June, 30, 2014, and is consistent with the long-term expected geometric return on plan investments. The projection of cash flows used to determine the discount rate assumed that employer contributions would be made at the actuarially calculated rate computed in accordance with assumptions and methods

## WASHINGTON SCHOOL DISTRICT

### NOTES TO BASIC FINANCIAL STATEMENTS

**June 30, 2015**

#### **NOTE E - RETIREMENT PLAN (concluded)**

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##### **Actuarial Assumptions (concluded)**

stated in the funding policy adopted by the Board of Trustees, which requires payment of the normal cost and amortization of the unfunded actuarially accrued liability in level percent of employee payroll installments over 30 years utilizing a closed period, layered approach. Based on this assumption, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members.

##### Discount Rate Sensitivity

The sensitivity of the District's net pension liability to changes in the discount rate is presented below. The District's net pension liability calculated using the discount rate of 8.0% is presented as well as the net pension liability using a discount rate that is 1.0% lower (7.0%) or 1.0% higher (9.0%) than the current rate.

	Discount Rate	1% Decrease (7.00%)	Current Rate (8.00%)	1% Increase (9.00%)
Proportionate share of the Net Pension Liability / (Asset)	\$	3,695,177	\$ 1,539,905	\$ (280,852)

#### **NOTE F – OTHER POST-EMPLOYMENT BENEFITS (OPEB)**

##### **Plan Description**

In addition to providing the pension benefits described above, the District provides continuation of medical, dental and vision insurance coverage to employees who are eligible for retirement under a single employer plan. Retirees who elect to participate must pay the premium in effect for the current plan year or any subsequent year at the premium rates in effect at that time. Since the retirees pay the premium for each year, the District's share of any premium cost is determined on the basis of a blended rate or implicit rate subsidy calculation. A stand-alone financial report is not available for the plan.

##### **Funding Policy**

The District currently pays for the implicit rate subsidy associated with these post-employment health care benefits on a pay-as-you-go basis. The District determines contribution requirements and may be amended by the District. As of June 30, 2015, no trust fund has been established for the funding of the plan's post-employment benefit obligation, resulting in the classification of the entire liability as unfunded. The schedule of funding progress is presented as required supplementary information.



# WASHINGTON SCHOOL DISTRICT

## NOTES TO BASIC FINANCIAL STATEMENTS

**June 30, 2015**

### **NOTE F – OTHER POST-EMPLOYMENT BENEFITS (OPEB) – (continued)**

#### **Annual Other Post-employment Benefit Cost**

The District's annual OPEB cost (expense) is calculated based on the annual required contribution of the employer (ARC). The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and to amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years.

As of June 30, 2015, the schedule of employer contributions and net OPEB obligation is as follows:

Annual required contribution	\$ 350,400
Interest on net OPEB obligation	13,400
Adjustment to annual required contribution	<u>(13,600)</u>
Annual OPEB cost (expense)	350,200
Contributions made	<u>218,700</u>
Increase in net OPEB obligation	131,500
Net OPEB obligation at July 1, 2014	<u>356,900</u>
Net OPEB obligation at June 30, 2015	<u><u>\$ 488,400</u></u>

As of June 30, 2015, the annual OPEB cost, the percentage of annual OPEB cost contributed to the plan and the net OPEB obligation were as follows:

<u>Plan Year</u>	<u>Annual OPEB Cost</u>	<u>Percentage of OPEB Cost Contributed</u>	<u>Net OPEB Obligation</u>
2012	\$ 262,100	78.14%	\$ 57,300
2013	262,100	43.04%	206,600
2014	346,600	56.64%	356,900
2015	350,200	62.45%	488,400

#### **Funded Status and Funding Progress**

As of July 1, 2015, the actuarial accrued liability for benefits was \$3,378,900, all of which was unfunded. The covered payroll (annual payroll of active employees covered by the plan) was \$25,991,258, and the ratio of the unfunded actuarial liability to the covered payroll was 13.0%.

The projection of future benefit payments for an ongoing plan involves estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare

## **WASHINGTON SCHOOL DISTRICT**

### **NOTES TO BASIC FINANCIAL STATEMENTS**

**June 30, 2015**

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#### **NOTE F – OTHER POST-EMPLOYMENT BENEFITS (OPEB) – (concluded)**

##### **Funded Status and Funding Progress (concluded)**

cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revisions as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

##### **Actuarial Methods and Assumptions**

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan understood by the employer and the plan members) and include the types of benefits provided at the time of each valuation and the historical pattern to that point. The methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities consistent with the long-term prospective of the calculations. The initial unfunded actuarial accrued liability is being amortized as a level percentage of projected payroll on a closed basis over 30 years.

In the actuarial valuation, the liabilities were computed using the projected unit credit cost method. The actuarial assumptions utilized a 3.75% discount rate. Because the plan is unfunded, reference to general assets, which are short-term in nature, was considered in the selection of the 3.75% rate. The healthcare trends used are based on long term healthcare trends generated by the Getzen Model.

#### **NOTE G - RISK MANAGEMENT**

The District is exposed to various risks of loss related to theft, damage to and destruction of assets; errors and omissions; injuries to employees and natural disaster. To cover these risks, the District is a participant in the Missouri United School Insurance Council (the “Council”) which is a Protected Self-Insurance Program of Missouri Public School Districts with 475 members. The District pays an assessment to the Council, which for the calendar year 2015 was \$511,828. Part of the assessment then goes to buy excess insurance contracts for the group as a whole. Should the contributions received by the Council not be sufficient, special assessments can be made to the member Districts. The District believes that it is not possible to estimate the range of contingent losses to be borne by the District. For the three previous years, settlements did not exceed the insurance coverage provided by commercial insurance. There has been no significant reduction in insurance coverage from the preceding year.

# **WASHINGTON SCHOOL DISTRICT**

## **NOTES TO BASIC FINANCIAL STATEMENTS**

**June 30, 2015**

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### **NOTE H - COMMITMENTS AND CONTINGENCIES**

#### **Grants**

The District received financial assistance from federal and state agencies in the form of grants. The disbursements of funds received under these programs generally require compliance with terms and conditions specified in the grant agreements and are subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the general fund or other applicable funds. However, in the opinion of management, any such disallowed claims will not have a material adverse effect on the overall financial position of the District at June 30, 2015.

#### **Litigation**

The District is currently a party in pending litigation. The outcome of this litigation could potentially result in a gain to the District but the likelihood of realization is not known.

### **NOTE I – ACTUAL EXPENDITURES IN EXCESS OF BUDGET**

For the year ended June 30, 2015, the District's actual expenditures were in excess of its budgeted expenditures in the Special Revenue Fund by \$502.

### **NOTE J – PRIOR PERIOD ADJUSTMENT**

The net position as of June 30, 2014, has been restated as follows to reflect additional capital assets and related accumulated depreciation for assets purchased prior to July 1, 2014, not included in the prior year comprehensive annual financial report and for the implementation of GASB Statement No. 68, as amended by GASB Statement No. 71:

# WASHINGTON SCHOOL DISTRICT

## NOTES TO BASIC FINANCIAL STATEMENTS

**June 30, 2015**

### NOTE J – PRIOR PERIOD ADJUSTMENT (Concluded)

Description	Governmental Activities
<b>Net position as previously reported at June 30, 2014:</b>	<b>\$ 32,829,046</b>
<b>Prior period adjustment:</b>	
Net Pension Liability (measurement date as of June 30, 2013)	33,470,422
<b>Deferred outflows:</b>	
District contributions made during fiscal year 2014	3,494,445
To record additional capital assets (less related debt)	4,425,512
<b>Total prior period adjustment</b>	<b>(25,550,465)</b>
<b>Net position at June 30, 2014, as restated</b>	<b>\$ 7,278,581</b>

### NOTE K – OPERATING LEASES

The District has entered into leases for postage equipment, modular classrooms, and rent for a trailer that have been determined to be operating leases. The expenditures related to these leases for the year ended June 30, 2015, were approximately \$27,684.

Future minimum lease payments under these lease agreements are as follows:

	Postage Machine	SP 24 x 48 Modular	SP 24 x 34 Modular	Total
2016	\$ 1,188	\$ 4,050	\$ 2,475	\$ 7,713

### NOTE L – SUBSEQUENT EVENTS

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

## **REQUIRED SUPPLEMENTARY INFORMATION**

**SCHOOL DISTRICT OF WASHINGTON**

**BUDGETARY COMPARISON SCHEDULE -  
GENERAL FUND - UNAUDITED  
For the year ended June 30, 2015**

	<b>Budgeted amounts</b>		<b>Actual</b>	<b>Variance with</b>
	<b>Original</b>	<b>Final</b>	<b>(budgetary basis)</b>	<b>final budget positive (negative)</b>
<b>Revenues</b>				
Local	\$ 27,820,021	\$ 27,506,852	\$ 27,297,906	\$ (208,946)
County	1,157,600	1,185,683	1,185,683	-
State	1,215,000	2,387,944	2,387,491	(453)
Federal	1,472,697	2,039,590	2,105,175	65,585
<b>Total revenues</b>	<b>31,665,318</b>	<b>33,120,069</b>	<b>32,976,255</b>	<b>(143,814)</b>
<b>Expenditures</b>				
Current				
Instruction	4,965,824	4,573,845	4,207,721	366,124
Attendance	120,434	176,267	176,267	-
Guidance	79,328	75,323	75,323	-
Health services	552,977	618,788	618,788	-
Improvement of instruction	372,733	275,575	306,207	(30,632)
Professional development	34,000	25,354	25,354	-
Media services	348,911	671,178	677,872	(6,694)
Board of Education services	170,575	186,257	188,137	(1,880)
Executive administration	1,811,875	1,822,147	1,857,541	(35,394)
Building level administration	649,530	654,160	655,950	(1,790)
Operation of plant	5,311,521	4,846,344	4,853,637	(7,293)
Pupil transportation	2,767,648	2,751,801	2,778,803	(27,002)
Food services	1,759,057	1,775,470	1,775,519	(49)
Central office support	86,371	67,434	67,434	-
Business and central services	383,828	431,772	431,772	-
Security services	29,250	62,554	60,542	2,012
Adult/Community services	554,462	676,847	689,071	(12,224)
<b>Total expenditures</b>	<b>19,998,324</b>	<b>19,691,116</b>	<b>19,445,938</b>	<b>245,178</b>
<b>Excess of revenues over (under) expenditures</b>	<b>11,666,994</b>	<b>13,428,953</b>	<b>13,530,317</b>	<b>101,364</b>
<b>Other financing uses</b>				
Transfers	(13,903,162)	(13,903,162)	(13,900,376)	2,786
Sale of Property	5,000	1,402	1,402	-
<b>NET CHANGE IN FUND BALANCE</b>	<b>\$ (2,231,168)</b>	<b>\$ (472,807)</b>	<b>(368,657)</b>	<b>\$ 104,150</b>
Fund Balance, July 1, 2014			15,397,537	
<b>Fund Balance, June 30, 2015</b>			<b>\$ 15,028,880</b>	
Reconciliation of budgetary basis (cash basis) of accounting to modified accrual basis of accounting				
Revenues per above - cash basis			\$ 32,976,255	
Current year revenue accruals			468,509	
Prior year revenue accruals			(546,096)	
<b>Revenues - modified accrual basis</b>			<b>\$ 32,898,668</b>	
Expenditures per above - cash basis			\$ 19,445,938	
Current year expenditure accruals			38,776	
Prior year expenditure accruals			77,333	
<b>Expenditures - modified accrual basis</b>			<b>\$ 19,562,047</b>	

The accompanying notes to budgetary comparison schedules is an integral part of this statement.

**SCHOOL DISTRICT OF WASHINGTON**

**BUDGETARY COMPARISON SCHEDULE -  
SPECIAL REVENUE FUND - UNAUDITED  
For the year ended June 30, 2015**

	Budgeted amounts		Actual	Variance with
	Original	Final	(budgetary basis)	final budget positive (negative)
<b>Revenues</b>				
Local	\$ 3,853,721	\$ 4,102,795	\$ 4,086,205	\$ (16,590)
County	350,000	248,191	248,185	(6)
State	5,285,265	5,576,097	5,576,097	-
Federal	1,710,914	1,209,037	1,170,984	(38,053)
Other	1,245,000	1,353,466	1,353,466	-
<b>Total revenues</b>	<b>12,444,900</b>	<b>12,489,586</b>	<b>12,434,937</b>	<b>(54,649)</b>
<b>Expenditures</b>				
Current				
Instruction	21,191,224	21,256,821	21,123,681	133,140
Attendance	117,419	67,542	67,542	-
Guidance	922,495	980,845	980,845	-
Health services	344,751	343,048	343,048	-
Improvement of instruction	423,260	263,102	263,102	-
Professional development	12,059	34,836	34,836	-
Media services	595,183	607,141	607,141	-
Executive administration	341,811	357,555	486,105	(128,550)
Building level administration	1,731,705	1,751,489	1,751,489	-
Security services	3,931	3,931	3,931	-
Adult education	242,142	231,823	231,823	-
Community services	379,543	408,465	413,557	(5,092)
<b>Total expenditures</b>	<b>26,305,523</b>	<b>26,306,598</b>	<b>26,307,100</b>	<b>(502)</b>
<b>Excess of revenues over (under) expenditures</b>	<b>(13,860,623)</b>	<b>(13,817,012)</b>	<b>(13,872,163)</b>	<b>(55,151)</b>
<b>Other financing sources</b>				
Transfers	13,874,949	13,874,949	13,872,163	(2,786)
<b>NET CHANGE IN FUND BALANCE</b>	<b>\$ 14,326</b>	<b>\$ 57,937</b>	<b>-</b>	<b>\$ (57,937)</b>
Budget Fund Balance, July 1, 2014			-	
<b>Budget Fund Balance, June 30, 2015</b>			<b>\$ -</b>	
Reconciliation of budgetary basis (cash basis) of accounting to modified accrual basis of accounting				
Revenues per above - cash basis			\$ 12,434,937	
Current year revenue accruals			1,410,536	
Prior year revenue accruals			(1,362,466)	
<b>Revenues - modified accrual basis</b>			<b>\$ 12,483,007</b>	
Expenditures per above - cash basis			\$ 26,307,100	
Current year expenditure accruals			172,494	
Prior year expenditure accruals			(179,729)	
<b>Expenditures - modified accrual basis</b>			<b>\$ 26,299,865</b>	

The accompanying notes to budgetary comparison schedules is an integral part of this statement.

**SCHOOL DISTRICT OF WASHINGTON**  
**NOTES TO BUDGETARY COMPARISON SCHEDULE**  
**JUNE 30, 2015**

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**NOTE A – BUDGETS AND BUDGETARY ACCOUNTING**

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

1. In accordance with Chapter 67 RSMo, the District adopts a budget for each fund.
2. Prior to July, the Superintendent, who serves as the budget officer, submits to the Board of Education a proposed budget for the fiscal year beginning on July 1. The proposed budget includes estimated revenues and proposed expenditures for all District funds. Budgeted expenditures cannot exceed beginning available monies plus estimated revenues for the year.
3. A public hearing is conducted to obtain taxpayer comments. Prior to its approval by the Board of Education, the budget document is available for public inspection.
4. Prior to July 1, the budget is legally enacted by a vote of the Board of Education.
5. Subsequent to its formal approval of the budget, the Board of Education has the authority to make necessary adjustments to the budget by formal vote of the Board. For each fund, total fund expenditures may not legally exceed final amended budgeted expenditures. Expenditure appropriations lapse at the end of the fiscal year.
6. Budgets are presented on the cash basis of accounting for all governmental funds. The cash basis is used to enable the District to more accurately budget revenue and expenditures as the resources are expended or received.



# SCHOOL DISTRICT OF WASHINGTON

## PENSION OBLIGATION – UNAUDITED

June 30, 2015

### PSRS RETIREMENT PLAN

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

Year Ended*	Proportion of the Net Pension Liability (Asset)	Proportionate Share of the Net Pension Liability (Asset)	Actual Covered Member Payroll	Net Pension Liability (Asset) as a Percentage of Covered Payroll	Fiduciary Net Position as a Percentage of Total Pension Liability
6/30/2015	0.4771%	\$ 19,573,387	\$ 21,362,520	91.62%	89.30%

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

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

#### Schedule of Employer Contributions

Year Ended	Statutorily Required Contribution	Actual Employer Contributions	Contribution Excess / (Deficiency) (Deficiency)	Actual Covered Member Payroll	Contributions as a Percentage of Covered Payroll
6/30/2013	\$ 3,017,623	\$ 3,017,623	\$ -	\$ 20,970,566	14.39%
6/30/2014	3,072,553	3,072,553	-	21,362,520	14.38%
6/30/2015	3,148,884	3,148,884	-	21,388,857	14.72%

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

# SCHOOL DISTRICT OF WASHINGTON

## PENSION OBLIGATION – UNAUDITED (CONCLUDED)

June 30, 2015

### PEERS RETIREMENT PLAN

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

Year Ended*	Proportion of the Net Pension Liability (Asset)	Proportionate Share of the Net Pension Liability (Asset)	Actual Covered Member Payroll	Net Pension Liability (Asset) as a Percentage of Covered Payroll	Fiduciary Net Position as a Percentage of Total Pension Liability
6/30/2015	0.4217%	\$ 1,539,905	\$ 6,157,328	25.0%	91.30%

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

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

#### Schedule of Employer Contributions

Year Ended	Statutorily Required Contribution	Actual Employer Contributions	Contribution Excess / (Deficiency) (Deficiency)	Actual Covered Member Payroll	Contributions as a Percentage of Covered Payroll
6/30/2013	\$ 416,649	\$ 416,649	\$ -	\$ 6,073,609	6.86%
6/30/2014	421,892	421,892	-	6,157,328	6.85%
6/30/2015	464,503	464,503	-	6,782,043	6.85%

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

# SCHOOL DISTRICT OF WASHINGTON

## OTHER POST-EMPLOYMENT BENEFIT OBLIGATION – UNAUDITED YEAR ENDED June 30, 2015

### Schedule of Funding Progress

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (b)	Unfunded Actuarial Accrued Liability (UAAL) (b - a)	Funded Ratio (a / b)	Covered Payroll (c)	(UAAL) Percentage of Covered Payroll ((b - a) / c)
July 1, 2011	\$ -	\$ 2,819,700	\$ 2,819,700	0.00%	\$ 23,792,696	11.85%
July 1, 2013	-	3,378,900	3,378,900	0.00%	25,991,258	13.00%

### Schedule of Employer Contributions

Plan Year	Annual Required Contribution (ARC)	OPEB Cost Contributed
2012	\$ 262,100	\$ 204,800
2013	262,100	112,800
2014	346,500	196,300
2015	350,400	218,700

The District implemented GASB No. 45 for the year ended June 30, 2012; therefore, information for prior years is not available.

## **SUPPLEMENTARY INFORMATION**

**SCHOOL DISTRICT OF WASHINGTON**

**BUDGETARY COMPARISON SCHEDULE -  
DEBT SERVICE FUND - UNAUDITED  
For the year ended June 30, 2015**

	<b>Budgeted amounts</b>		<b>Actual (budgetary basis)</b>	<b>Variance with final budget positive (negative)</b>
	<b>Original</b>	<b>Final</b>		
<b>Revenues</b>				
Local	\$ 2,612,518	\$ 2,994,769	\$ 3,035,135	\$ 40,366
County	196,440	217,992	213,125	(4,867)
State	-	250,000	250,000	-
<b>Total revenues</b>	<b>2,808,958</b>	<b>3,462,761</b>	<b>3,498,260</b>	<b>35,499</b>
<b>Expenditures</b>				
Debt service				
Principal retirement	1,600,000	1,600,000	1,600,000	-
Interest and other charges	1,253,170	1,523,100	1,523,100	-
<b>Total expenditures</b>	<b>2,853,170</b>	<b>3,123,100</b>	<b>3,123,100</b>	<b>-</b>
<b>NET CHANGE IN FUND BALANCE</b>	<b>\$ (44,212)</b>	<b>\$ 339,661</b>	<b>\$ 375,160</b>	<b>\$ 35,499</b>
Fund Balance, July 1, 2014			2,674,535	
<b>Fund Balance, June 30, 2015</b>			<b>\$ 3,049,695</b>	
Reconciliation of budgetary basis (cash basis) of accounting to modified accrual basis of accounting				
Revenues per above - cash basis			\$ 3,498,260	
Current year revenue accruals			9,868	
Prior year revenue accruals			(12,088)	
<b>Revenues - modified accrual basis</b>			<b>\$ 3,496,040</b>	
Expenditures per above - cash basis			\$ 3,123,100	
Current year expenditure accruals			1,075	
Prior year expenditure accruals			(1,075)	
<b>Expenditures - modified accrual basis</b>			<b>\$ 3,123,100</b>	

**SCHOOL DISTRICT OF WASHINGTON**

**BUDGETARY COMPARISON SCHEDULE -  
CAPITAL PROJECTS FUND - UNAUDITED  
For the year ended June 30, 2015**

	<b>Budgeted amounts</b>		<b>Actual (budgetary basis)</b>	<b>Variance with final budget positive (negative)</b>
	<b>Original</b>	<b>Final</b>		
<b>Revenues</b>				
Local	\$ 2,963,670	\$ 2,959,788	\$ 2,983,956	\$ 24,168
County	61,645	64,417	69,284	4,867
State	1,650,633	305,515	305,515	-
Federal	10,200	-	-	-
<b>Total revenues</b>	<b>4,686,148</b>	<b>3,329,720</b>	<b>3,358,755</b>	<b>29,035</b>
<b>Expenditures</b>				
Instruction	214,209	206,870	207,668	(798)
Health services	5,003	1,699	1,699	-
Improvement of instruction	1,200	30,631	-	30,631
Media services	861,710	117,799	112,509	5,290
Board of Education Services	-	1,880	-	1,880
Executive administration	275,200	637,926	626,271	11,655
Operation of plant	36,500	42,856	48,742	(5,886)
Food services	30,000	28,213	28,213	-
Central office support	3,000	-	-	-
Business and central services	2,200	1,556	1,556	-
Security services	35,360	5,116	7,128	(2,012)
Community services	-	14,330	22,591	(8,261)
Facilities acquisition and construction	6,967,526	6,100,089	6,096,222	3,867
Debt Service				
Principal retirement	685,000	685,000	685,000	-
Interest and other charges	607,188	606,266	606,266	-
<b>Total expenditures</b>	<b>9,724,096</b>	<b>8,480,231</b>	<b>8,443,865</b>	<b>36,366</b>
<b>Excess of revenues over (under) expenditures</b>	<b>(5,037,948)</b>	<b>(5,150,511)</b>	<b>(5,085,110)</b>	<b>65,401</b>
<b>Other financing sources (uses)</b>				
Transfers	28,213	28,213	28,213	-
Sale of other property	-	10,709	10,709	-
<b>Total other financing sources</b>	<b>28,213</b>	<b>38,922</b>	<b>38,922</b>	<b>-</b>
<b>NET CHANGE IN FUND BALANCE</b>	<b>\$ (5,009,735)</b>	<b>\$ (5,111,589)</b>	<b>\$ (5,046,188)</b>	<b>\$ 65,401</b>
Fund Balance, July 1, 2014			9,666,220	
<b>Fund Balance, June 30, 2015</b>			<b>\$ 4,620,032</b>	
Reconciliation of budgetary basis (cash basis) of accounting to modified accrual basis of accounting				
Revenues per above - cash basis			\$ 3,358,755	
Current year revenue accruals			251,412	
Prior year revenue accruals			(224,224)	
<b>Revenues - modified accrual basis</b>			<b>\$ 3,385,943</b>	
Expenditures per above - cash basis			\$ 8,443,865	
Current year expenditure accruals			532,958	
Prior year expenditure accruals			(31,525)	
<b>Expenditures - modified accrual basis</b>			<b>\$ 8,945,298</b>	

**C**OMPREHENSIVE

**A**NNUAL

**F**INANCIAL

**R**EPORT



2015

STATISTICAL SECTION

# **SCHOOL DISTRICT OF WASHINGTON**

## **SUMMARY OF STATISTICAL INFORMATION YEAR ENDED JUNE 30, 2015**

This part of the District's comprehensive annual financial report presents detailed information as a context for understanding what the financial information in the financial statements, note disclosures, and required supplementary information says about the District's overall financial health.

	<b>Pages</b>
<b>Financial Trends</b>	60-66

These schedules contain trend information to help the reader understand how the District's financial performance and position have changed over time.

<b>Revenue Capacity</b>	67-71
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These schedules contain information to help the reader assess the District's most significant local revenue source – property tax.

<b>Debt Capacity</b>	72-73
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These schedules contain information to help the reader assess the affordability of the District's current levels of outstanding debt and the District's ability to issue additional debt in the future.

<b>Demographic and Economic Information</b>	74-76
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These schedules offer demographic economic indicators to help the reader understand the environment within which the District's financial activities take place.

<b>Operating Information</b>	77-82
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These schedules contain service data to help the reader assess how information in the District's financial reports relates to the services the District provides and the activities it performs.

Sources: Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial reports for the relevant year.



**School District of Washington**  
**NET POSITION BY COMPONENT**  
**LAST TEN FISCAL YEARS**  
**(modified accrual basis of accounting)**

<b>Net Position</b>	<b>2015</b>	<b>2014</b>	<b>2013</b>	<b>2012</b>	<b>2011</b>
Net Investment in Capital Assets	\$ 16,932,730	\$ 10,095,285	\$ 7,285,664	\$ 492,896	\$ -
Restricted	\$ 9,890,043	\$ 14,459,929	\$ 17,382,072	\$ 19,554,544	\$ 28,349,060
Unrestricted	\$ (16,103,420)	\$ (17,276,633)	\$ 13,759,381	\$ 13,676,064	\$ 18,014,917
<b>Total net position</b>	<b>\$ 10,719,353</b>	<b>\$ 7,278,581</b>	<b>\$ 38,427,117</b>	<b>\$ 33,723,504</b>	<b>\$ 46,363,977</b>

<b>Net Position</b>	<b>2010</b>	<b>2009</b>	<b>2008</b>	<b>2007</b>	<b>2006</b>
Net Investment in Capital Assets	\$ -	\$ -	\$ -	\$ -	\$ -
Restricted	\$ 18,205,095	\$ 12,941,245	\$ 13,304,960	\$ 10,823,649	\$ 5,533,313
Unrestricted	\$ 10,385,375	\$ 12,209,776	\$ 11,176,881	\$ 9,766,321	\$ 7,838,434
<b>Total net position</b>	<b>\$ 28,590,470</b>	<b>\$ 25,151,021</b>	<b>\$ 24,481,841</b>	<b>\$ 20,589,970</b>	<b>\$ 13,371,747</b>

Source: School District of Washington records

Note: During 2011-2012, the District switched to the accrual basis of accounting, thus the first year Capital Assets are required to be reported. During 2014-2015, GASB 68: Pension Reporting requirements were implemented. The balances for 2014 were also restated to reflect those requirements, but the years prior to 2013 were not restated.

**School District of Washington**  
**Expenses, Program Revenues and Net(Expense)/Revenue**  
**Last Ten Fiscal Years**  
**(modified accrual basis of accounting)**

	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
Expenses										
Governmental Activities:										
Total Instruction	\$ 23,355,597	\$ 25,422,510	\$ 25,190,876	\$ 23,846,562	\$ 23,374,795	\$ 22,653,732	\$ 23,177,851	\$ 22,060,930	\$ 19,754,381	\$ 19,805,177
Support Services:										
Attendance	235,864	180,565	146,831	139,673	104,208	139,905	179,360	100,094	81,967	63,201
Guidance	932,827	927,955	880,770	899,504	793,033	786,806	782,800	648,541	620,278	658,315
Health, Psych, Speech and Audio	923,482	848,735	1,400,999	1,278,829	1,153,972	1,180,038	663,088	623,929	562,642	521,740
Improvement of Instruction	565,816	549,850	494,414	460,627	506,006	491,341	411,678	176,552	232,352	237,773
Professional Development	53,659	80,216	54,832	47,504	71,197	54,121	67,592	110,060	40,324	55,341
Media Services (Library)	1,351,232	1,625,868	871,040	869,509	1,890,394	1,640,700	1,553,461	1,808,511	894,536	859,095
Board of Education Services	162,738	168,339	122,216	129,421	163,894	112,108	129,701	124,636	135,446	99,345
Executive Administration	2,522,983	2,139,746	1,781,448	1,629,110	780,742	827,954	1,324,942	1,363,979	1,468,181	1,422,031
Building Level Administration	2,347,443	2,415,915	2,349,276	2,190,853	2,032,067	2,041,801	2,101,055	1,960,258	1,832,381	1,734,950
Business Services	579,407	358,771	327,816	348,417	371,301	328,972	-	-	-	-
Security Services	375,270	412,101	17,556	11,305	15,388	-	-	-	-	-
Operation of Plant	7,430,143	4,946,752	7,476,859	5,152,447	4,261,152	4,122,899	4,449,441	4,409,375	3,854,851	3,695,844
Pupil Transportation	2,820,535	2,633,332	2,649,380	2,483,182	2,344,042	2,328,762	2,298,371	2,233,479	2,156,817	2,142,866
Food Services	1,761,399	1,711,675	1,677,953	1,502,884	1,455,752	1,463,522	1,522,679	1,421,720	1,385,581	1,339,379
Central Office Support Services	61,000	60,629	146,875	37,891	710	-	11,790	-	60	-
Adult Education and Community Services	1,081,228	8,890,390	1,004,276	1,099,844	1,084,813	1,149,061	1,225,323	1,244,293	1,104,348	917,018
Capital Outlay	-	-	-	6,752,013	638,596	460,659	-	9,027,558	2,092,824	5,628,476
Debt Service:										
Interest and Fiscal Charges	2,007,978	2,728,478	2,253,788	2,647,053	7,265,113	4,363,114	4,328,355	6,104,399	3,275,209	3,072,105
Total Primary Government Expenses	\$ 48,568,601	\$ 56,101,827	\$ 48,847,205	\$ 51,526,628	\$ 48,307,175	\$ 44,145,495	\$ 45,155,088	\$ 53,418,314	\$ 39,492,178	\$ 42,252,656
Program Revenues										
Government Activities										
Charges for services										
Total Instruction	\$ 1,990,362	\$ 1,899,964	\$ -	\$ -	\$ -	\$ 1,941,900	\$ 2,156,034	\$ 1,369,101	\$ 1,270,108	\$ 1,313,641
Support Services:										
Attendance	-	-	-	-	-	-	-	-	-	-
Guidance	-	-	-	-	-	-	-	-	-	-
Health, Psych, Speech, and Audio	-	-	-	-	-	-	-	-	-	-
Improvement of Instruction	-	-	-	-	-	-	-	-	-	-
Professional Development	-	-	-	-	-	-	-	-	-	-
Media Services (Library)	-	-	-	-	-	-	-	-	-	-
Board of Education Services	-	-	-	-	-	-	-	-	-	-
Executive Administration	-	-	-	-	-	-	-	-	-	-
Building Level Administration	-	-	-	-	-	-	-	-	-	-
Business Services	-	-	-	-	-	-	-	-	-	-
Security Services	-	-	-	-	-	-	-	-	-	-
Operation of Plant	-	-	-	-	-	80,449	79,804	75,830	76,215	9,703
Pupil Transportation	-	-	-	-	-	-	-	-	-	322,577
Food Services	928,008	913,398	902,893	941,522	916,604	1,014,344	1,089,885	1,002,740	1,033,038	-
Central Office Support Services	-	-	-	-	-	-	-	-	-	-
Adult Education and Community Services	450,695	117,788	206,346	197,877	197,449	145,733	120,425	169,773	158,775	105,471
Capital Outlay	42,826	32,486	-	-	-	-	-	-	-	-
Debt Service:										
Interest and Fiscal Charges	-	-	-	-	-	-	-	-	-	-
Operating Grants and Contributions	7,825,666	7,470,853	10,721,744	11,251,350	10,563,098	6,566,271	5,291,038	17,251,266	11,399,880	6,443,211
Capital Grants and Contributions	-	-	-	76,000	58,957	199,578	137,734	302,392	244,908	258,987
Total Primary Government Program Revenue	\$ 11,237,557	\$ 10,434,489	\$ 11,830,983	\$ 12,466,749	\$ 11,736,108	\$ 9,948,275	\$ 8,874,920	\$ 20,171,102	\$ 14,182,924	\$ 8,453,590
Net (Expense)/Revenue										
Total Primary Government Net Expense	\$ (37,331,044)	\$ (45,667,338)	\$ (37,016,222)	\$ (39,059,878)	\$ (36,571,067)	\$ (34,197,220)	\$ (36,280,168)	\$ (33,247,212)	\$ (25,309,254)	\$ (33,799,066)

Source: School District of Washington records

**SCHOOL DISTRICT OF WASHINGTON**  
**GENERAL REVENUES AND TOTAL CHANGE IN NET POSITION**  
**LAST TEN FISCAL YEARS**  
**(modified accrual basis of accounting)**

	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
<b>Net (Expense)/Revenue</b>										
Total Primary Government Net Expense	\$ (37,331,044)	\$ (45,667,339)	\$ (37,016,222)	\$ (39,059,879)	\$ (36,571,068)	\$ (34,197,220)	\$ (36,280,168)	\$ (33,247,212)	\$ (25,309,254)	\$ (33,799,066)
<b>General Revenues:</b>										
Taxes:										
Property Tax	\$ 29,753,232	\$ 28,478,380	\$ 30,276,973	\$ 28,206,888	\$ 27,859,003	\$ 25,209,345	\$ 24,438,798	\$ 23,449,365	\$ 22,930,820	\$ 21,900,131
Sales Tax	3,565,652	3,452,691	3,865,077	3,307,819	3,136,813	3,089,298	3,201,282	3,405,963	3,389,551	3,231,810
Other	2,151,550	2,176,324	1,375,656	507,320	668,713	3,707,434	3,450,602	2,995,522	1,863,415	1,736,508
State Aid	4,009,291	3,819,530	4,221,810	4,192,687	3,349,480	4,859,142	5,166,440	4,770,081	4,408,198	2,873,851
Interest and Investment Earnings	518,707	764,485	553,208	878,511	624,435	473,574	636,235	1,243,448	1,134,975	682,201
Bond Proceeds	-	-	-	-	17,650,000	-	-	-	-	-
Miscellaneous	773,384	1,378,858	1,426,112	1,592,665	1,403,908	9,055	55,991	75,763	-	-
Total General Revenues	40,771,816	40,070,268	41,718,836	38,685,890	54,692,353	37,347,848	36,949,348	35,940,142	33,726,959	30,424,501
<b>Change in Net Position</b>										
Total Primary Government	\$ 3,440,772	\$ (5,597,071)	\$ 4,702,614	\$ (373,989)	\$ 18,121,285	\$ 3,150,628	\$ 669,180	\$ 2,692,930	\$ 8,417,705	\$ (3,374,565)

Source: School District of Washington records

**SCHOOL DISTRICT OF WASHINGTON**  
**FUND BALANCES - GOVERNMENTAL FUNDS**  
**LAST TEN FISCAL YEARS**  
**(modified accrual basis of accounting)**

	2015	2014	2013	2012	2011	Fiscal Year				
						2010	2009	2008	2007	2006
General Fund										
Reserved						\$ -	\$ -	\$ -	\$ -	\$ -
Unreserved						14,000,110	12,184,913	11,427,035	9,967,095	8,398,173
Total General Fund						14,000,110	12,184,913	11,427,035	9,967,095	8,398,173
All Other Governmental Funds										
Reserved - Debt Service						9,533,910	8,753,386	8,873,977	10,823,649	3,279,905
Unreserved reported in:										
Special Revenue Fund						226,785	423,815	1,388,712	1,211,967	819,273
Capital Projects Fund						4,829,665	4,246,816	4,430,983	1,199,481	2,253,408
Total All Other Governmental Funds						14,590,360	13,424,017	14,693,672	13,235,097	6,352,586
Total Fund Balance						\$ 28,590,470	\$ 25,608,930	\$ 26,120,707	\$ 23,202,192	\$ 14,750,759

<b>General Fund</b>					
Nonspendable					
Prepaid items	\$ 261,899	\$ 246,932	\$ 233,516	\$ -	\$ -
Inventory	179,324	152,262	279,484	708,403	-
Unassigned	15,017,393	15,621,773	16,414,931	17,241,402	16,159,815
Total General Fund	15,458,616	16,020,967	16,927,931	17,949,805	16,159,815
All Other Governmental Funds					
Restricted					
Debt Service	3,058,488	2,685,548	9,513,265	9,146,254	11,754,059
Teacher salaries and benefits	1,238,041	1,182,737	1,068,382	-	-
Escrowed Certificates of Participation	1,255,030	1,255,030	1,266,806	1,947,623	2,023,623
Assigned Fund Balance					
Unspent Bond Proceeds	-	3,985,243	10,082,250	3,985,243	14,571,378
Other Capital Projects	4,338,485	5,873,677	7,274,504	4,475,424	1,855,101
Total all other governmental funds	9,890,044	14,982,235	29,205,207	19,554,544	30,204,162
Total Fund Balance	\$ 25,348,660	\$ 31,003,202	\$ 46,133,138	\$ 37,504,349	\$ 46,363,977

Source: School District of Washington records

**SCHOOL DISTRICT OF WASHINGTON  
GOVERNMENTAL FUND REVENUES  
LAST TEN FISCAL YEARS  
(modified accrual basis of accounting)**

	<b>2015</b>	<b>2014</b>	<b>2013</b>	<b>2012</b>	<b>2011</b>	<b>2010</b>	<b>2009</b>	<b>2008</b>	<b>2007</b>	<b>2006</b>
Revenues										
Local Sources	\$ 37,296,572	\$ 35,713,091	\$ 36,804,257	\$ 35,715,466	\$ 34,614,132	\$ 31,316,300	\$ 31,108,277	\$ 30,766,935	\$ 29,858,099	\$ 28,048,236
County Sources	1,716,277	1,722,449	1,700,915	1,885,998	1,211,492	3,025,721	2,761,578	2,504,931	1,414,589	1,367,378
State Sources	8,558,798	8,254,411	9,475,018	8,443,507	7,264,413	7,330,172	7,879,007	7,472,978	6,919,392	6,600,042
Federal Sources	3,338,544	3,279,096	3,238,166	3,822,364	4,491,385	4,300,696	2,706,243	2,503,610	2,527,473	2,235,122
Other Sources	1,353,467	1,320,998	1,280,560	-	-	1,323,234	1,365,225	589,641	755,883	627,313
Total Revenues	\$ 52,263,658	\$ 50,290,045	\$ 52,498,916	\$ 49,867,335	\$ 47,581,422	\$ 47,296,123	\$ 45,820,330	\$ 43,838,095	\$ 41,475,436	\$ 38,878,091

Source: School District of Washington records

**SCHOOL DISTRICT OF WASHINGTON**  
**GOVERNMENTAL FUNDS EXPENDITURES AND DEBT SERVICE RATIO**  
**LAST TEN FISCAL YEARS**  
(modified accrual basis of accounting)

	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
<b>EXPENDITURES</b>										
<b>Total Instruction</b>	\$ 25,523,770	\$ 25,359,227	\$ 25,301,470	\$ 23,850,214	\$ 23,374,795.00	\$ 22,653,732.00	\$ 23,177,851.00	\$ 22,060,930.00	\$ 19,754,381.00	\$ 19,805,177.00
<b>Support Services</b>										
Attendance	243,818	180,129	147,599	139,673	104,208	139,905	179,360	100,094	81,967	63,201
Guidance	1,056,070	925,209	885,447	899,793	793,033	786,806	782,800	648,541	620,278	658,315
Health, Psych, Speech, and Audio	962,086	846,304	1,408,378	1,279,393	1,153,972	1,180,038	663,088	623,929	562,642	521,740
Improvement of Instruction	566,195	548,513	496,554	460,774	506,006	491,341	411,678	176,552	232,352	237,773
Professional Development	60,710	80,116	55,001	47,539	71,197	54,121	67,592	110,060	40,324	55,341
Media Services (Library)	1,407,634	1,623,834	874,729	869,584	1,890,394	1,640,700	1,553,461	1,808,511	894,536	859,095
Board of Education Services	162,738	168,339	122,216	129,422	163,894	112,108	129,701	124,636	135,446	99,345
Executive Administration	2,956,493	2,137,211	1,785,860	1,628,232	780,741	827,954	1,324,942	1,363,979	1,468,181	1,422,031
Building Level Administration	2,408,516	2,408,820	2,212,212	2,191,642	2,032,067	2,041,801	2,101,055	1,960,258	1,832,381	1,734,950
Business Services	446,164	361,284	329,622	348,560	371,301	328,972	11,790	-	-	-
Operation of Plant	4,921,740	4,939,870	4,180,530	4,278,038	4,261,152	4,122,899	4,449,441	4,409,375	3,854,851	3,695,844
Security Services	149,606	45,128	17,350	11,309	15,388	-	-	-	-	-
Pupil Transportation	2,820,535	2,633,332	2,649,609	2,483,182	2,344,042	2,328,762	2,298,371	2,233,479	2,156,817	2,142,866
Food Services	1,775,045	1,708,992	1,682,695	1,503,323	1,455,752	1,463,522	1,522,679	1,421,720	1,385,581	1,339,379
Central Office Support Services	67,434	60,456	147,540	37,893	710	-	-	-	60	-
Adult Education	386,415	411,184	397,555	458,793	514,514	522,072	561,323	605,943	526,715	447,725
Community Services	1,004,648	605,540	611,586	641,468	570,299	626,989	664,000	638,350	577,633	469,293
<b>Capital Outlay</b>	6,596,327	9,413,416	6,294,978	11,022,715	638,596	460,659	927,601	9,027,558	2,092,824	5,628,476
<b>Debt Service</b>										
Principal Retirement	2,285,000	8,700,000	1,775,000	4,200,000	5,295,000	2,370,000	2,215,000	4,025,000	1,610,000	1,535,000
Interest and Fiscal Charges	2,129,366	2,422,310	3,066,007	2,779,286	1,970,113	1,993,114	2,113,355	2,079,399	1,665,209	1,537,105
Total Support Services	32,406,540	40,219,987	29,140,468	35,410,619	24,932,379	21,491,763	21,977,237	31,357,384	19,737,797	22,447,479
<b>TOTAL EXPENDITURES</b>	<b>\$ 57,930,310</b>	<b>\$ 65,579,214</b>	<b>\$ 54,441,938</b>	<b>\$ 59,260,833</b>	<b>\$ 48,307,174</b>	<b>\$ 44,145,495</b>	<b>\$ 45,155,088</b>	<b>\$ 53,418,314</b>	<b>\$ 39,492,178</b>	<b>\$ 42,252,656</b>
<b>Debt Service as a % of non-capital expenditures</b>	8.60%	19.80%	10.05%	12.72%	15.24%	9.99%	9.79%	13.75%	8.76%	8.39%

Source: School District of Washington records

**SCHOOL DISTRICT OF WASHINGTON**  
**OTHER FINANCING SOURCES AND USES AND NET CHANGE IN FUND BALANCES - GOVERNMENTAL FUNDS**  
**LAST TEN FISCAL YEARS**  
**(modified accrual basis of accounting)**

Year	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
Excess (deficiency) of revenues over expenditures	\$ (5,666,652)	\$ (15,289,169)	\$ (1,943,022)	\$ (9,393,498)	\$ (725,754)	\$ 3,150,628	\$ 665,242	\$ (9,580,219)	\$ 1,983,258	\$ (3,374,565)
<b>Other Financing Sources (Uses):</b>										
Transfers	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Payments to refunded capital lease escrow agent	-	-	(6,050,000)	-	-	-	-	12,109,609	-	-
Proceeds from capital lease	-	-	5,420,000	-	-	-	-	-	-	-
Bond Issuance	-	-	9,000,000	-	15,000,000	-	-	-	-	-
Refunding bond issued	-	-	-	-	2,650,000	-	-	-	6,445,000	-
Payment to be refunded bond escrow agent	-	-	-	-	42,607	-	-	-	(10,553)	-
Premium on issuance of bonds	-	-	2,056,260	-	-	-	-	-	-	-
Other Noncurrent/Sale of Property	12,111	159,233	145,552	147,639	-	-	3,938	163,000	-	-
Area Voc. & Contract Ed Services	-	-	-	1,137,666	1,154,432	-	-	-	-	-
Net change in fund balances	\$ (5,654,541)	\$ (15,129,936)	\$ 8,628,790	\$ (8,108,193)	\$ 18,121,285	\$ 3,150,628	\$ 669,180	\$ 2,692,390	\$ 8,417,705	\$ (3,374,565)

Basic Financial Statements

**School District of Washington**  
**Assessed Value and Actual Value of Taxable Property**  
**Last Ten Fiscal Years**

Fiscal Year Ending 6/30	Real Property Assessed Value 19%	Real Property Est. Actual Value	Personal Property Assessed Value 33%	Personal Property Est. Actual Value	Total Property Assessed Value	Total Property Est. Actual Value	Total Tax Rate per \$100 A/V
2015	\$ 557,340,226	\$ 2,666,545,537	\$ 192,528,119	\$ 577,642,121	\$ 749,868,345	\$ 3,244,187,658	\$ 4.0510
2014	\$ 548,630,323	\$ 2,633,748,191	\$ 167,895,146	\$ 503,735,812	\$ 716,525,469	\$ 3,137,484,003	\$ 4.0205
2013	\$ 603,646,860	\$ 2,862,271,579	\$ 158,800,884	\$ 476,450,297	\$ 762,447,744	\$ 3,338,721,876	\$ 3.8260
2012	\$ 601,609,547	\$ 2,848,653,839	\$ 142,531,864	\$ 427,638,356	\$ 744,141,411	\$ 3,276,292,195	\$ 3.8060
2011	\$ 609,658,457	\$ 2,893,061,711	\$ 133,935,903	\$ 401,847,894	\$ 743,594,360	\$ 3,294,909,605	\$ 3.7860
2010	\$ 593,468,806	\$ 2,829,617,981	\$ 126,423,341	\$ 379,307,954	\$ 719,892,147	\$ 3,208,925,935	\$ 3.7923
2009	\$ 587,265,704	\$ 2,799,519,722	\$ 131,495,617	\$ 394,526,304	\$ 718,761,321	\$ 3,194,046,026	\$ 3.6600
2008	\$ 566,639,835	\$ 2,710,514,768	\$ 122,597,913	\$ 367,830,522	\$ 689,237,748	\$ 3,078,345,290	\$ 3.6600
2007	\$ 503,585,258	\$ 2,413,499,960	\$ 124,226,760	\$ 372,717,552	\$ 627,812,018	\$ 2,786,217,512	\$ 3.6600
2006	\$ 481,340,958	\$ 2,305,177,597	\$ 131,356,861	\$ 394,109,994	\$ 612,697,819	\$ 2,699,287,591	\$ 3.6600

Source: Franklin, St. Charles, and Warren County Assessor's Offices

Note: On January 1 of every second year the property values are rendered for appraisal (reassessment). The appraisal process for the School District of Washington is conducted by the Franklin, St. Charles and Warren County Assessor's offices. For the School District of Washington, residential real estate is appraised at 19% of market value, commercial at 32% of value, agricultural at 12% of value and personal property at 33% of value.

The Assessor's Office submits preliminary values to the school district by June. These values are usually a realistic estimate of the ultimate certified values that come by August. The preliminary values are good estimates upon which to base the tax levies for the operating and debt service budgets. Once the certified values are received by the district, the tax rate adoption is completed prior to September and the budgeting process can begin for the subsequent fiscal year.

Property owners (both Real Estate and Personal Property) are taxed by the various taxing authorities (including the school district) in their county of residence. Tax levy rates (so much per \$100 of assessed valuations) are set by the taxing authorities according to the State law. Assessed valuations are set by the county in which the property resides and every other year is a reassessment year. The tax obligation is billed by the county department of revenue and paid through that department to the taxing authorities. The tax billed is simply the levy rate multiplied by the assessed valuation. There are normally multiple taxing authority obligations included on one tax bill which is typically mailed to tax payers in November with a due date of December 31. The District receives the majority of its revenue in late December and January.



**School District of Washington**  
**Direct and Overlapping Property Tax Rates**  
**Last Ten Fiscal Years**  
**(rate per \$100 of assessed value)**

<b>Taxing Districts</b>	<b>2015</b>	<b>2014</b>	<b>2013</b>	<b>2012</b>	<b>2011</b>	<b>2010</b>	<b>2009</b>	<b>2008</b>	<b>2007</b>	<b>2006</b>
<b>School District of Washington</b>	\$ 4.0510	\$ 4.0205	\$ 3.8260	\$ 3.8060	\$ 3.7860	\$ 3.7923	\$ 3.6600	\$ 3.6600	\$ 3.6600	\$ 3.6600
General Fund	\$ 3.2910	\$ 3.2988	\$ 3.1043	\$ 3.2175	\$ 3.3260	\$ 3.1244	\$ 1.8656	\$ 1.8656	\$ 1.6831	\$ 1.6719
Special (Teachers') Fund	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1.2700	\$ 1.2700	\$ 1.2700	\$ 1.2700
Capital Fund	\$ 0.3900	\$ 0.3900	\$ 0.3900	\$ 0.2900	\$ 0.1700	\$ 0.3779	\$ 0.3779	\$ 0.3600	\$ 0.3600	\$ 0.3581
Debt Service Fund	\$ 0.3700	\$ 0.3317	\$ 0.3317	\$ 0.2985	\$ 0.2900	\$ 0.2900	\$ 0.1465	\$ 0.1644	\$ 0.3469	\$ 0.3600

<b>Overlapping</b>										
City of Washington	\$ 0.6062	\$ 0.6062	\$ 0.6062	\$ 0.6048	\$ 0.6020	\$ 0.5962	\$ 0.5959	\$ 0.5941	\$ 0.5857	\$ 0.5940
East Central College	\$ 0.4541	\$ 0.4541	\$ 0.4400	\$ 0.4385	\$ 0.4329	\$ 0.4329	\$ 0.4348	\$ 0.4313	\$ 0.4471	\$ 0.4473
Total Overlapping	\$ 1.0603	\$ 1.0603	\$ 1.0462	\$ 1.0433	\$ 1.0349	\$ 1.0291	\$ 1.0307	\$ 1.0254	\$ 1.0328	\$ 1.0413

Source: Franklin County Collector and Assessor's Offices

School District of Washington Principal Property Taxpayers 2011-2015																
		2015			2014			2013			2012			2011		
Taxpayer		Taxable Assessed Valuation	Rank	Percentage of Total of Taxable Value	Taxable Assessed Valuation	Rank	Percentage of Total of Taxable Value	Taxable Assessed Valuation	Rank	Percentage of Total of Taxable Value	Taxable Assessed Valuation	Rank	Percentage of Total of Taxable Value	Taxable Assessed Valuation	Rank	Percentage Of Total Taxable Value
Real Estate																
	AmerenUE	\$ 11,745,284	1	2.11%	\$ 12,014,462	1	2.16%	\$ 12,014,492	1	2.16%	\$ 19,403,849	1	3.48%	\$ 19,412,847	1	3.23%
	Wal-Mart Real Estate Business	\$ 5,440,000	2	0.98%	\$ 5,440,000	2	0.98%	\$ 5,440,000	2	0.98%	\$ 5,719,446	3	1.03%	\$ 5,719,446	3	0.95%
	Missouri Natural Gas	\$ 3,977,654	3	0.72%	\$ 3,968,589	3	0.71%	\$ 2,688,634	6	0.49%	\$ 2,690,230	7	0.45%	\$ 2,758,896	7	0.46%
	Parker-Hannifin Corp	\$ 3,429,048	4	0.62%	\$ 3,474,465	4	0.62%	\$ 3,474,465	3	0.63%	\$ 3,491,535	4	0.58%	\$ 3,491,535	4	0.58%
	PCII Lots 10A and 10C LLC	\$ 3,320,012	5	0.60%	\$ 3,448,087	5	0.62%									
	Bank of Washington	\$ 3,068,175	6	0.55%	\$ 3,279,952	6	0.59%	\$ 3,289,350	4	0.60%	\$ 3,410,900	5	0.57%	\$ 3,329,449	5	0.55%
	USR-DESCO Washington Crossing	\$ 3,958,828	7	0.71%	\$ 3,027,077	7	0.54%	\$ 3,027,077	5	0.55%	\$ 3,030,725	6	0.50%			
	Lowes Home Centers Inc	\$ 2,691,344	8	0.48%	\$ 2,839,578	8	0.51%	\$ 2,414,775	8	0.44%	\$ 2,624,406	9	0.43%	\$ 2,624,406	9	0.44%
	CG Power Systems USA Inc	\$ 2,603,249	9	0.47%	\$ 2,661,900	9	0.48%	\$ 2,661,900	7	0.49%	\$ 2,664,406	8	0.44%	\$ 2,664,285	8	0.44%
	PC II Vertical LLC	\$ 2,355,641	10	0.42%				\$ 2,342,212	10	0.43%						
	Target Corporation Target Pro				\$ 2,406,973	10	0.43%	\$ 2,406,973	9	0.44%	\$ 2,407,815	10	0.40%			
	Mercy Health East Communities										\$ 13,150,305	2	2.18%			
	Creekside Land & Dev Co LLC													\$ 10,462,853	2	1.74%
	MCW-RD Washington Crossing													\$ 3,033,125	6	0.50%
	Creekside Land & Development													\$ 2,464,000	10	0.41%
	Subtotal Top Ten Property Owners	\$ 42,589,235		7.66%	\$ 42,561,083		7.64%	\$ 39,759,878		7.20%	\$ 58,593,617		10.05%	\$ 55,960,842		9.30%
	Remaining property owners	\$ 513,614,063		92.34%	\$ 514,779,143		92.36%	\$ 508,870,445		92.75%	\$ 545,053,243		90.29%	\$ 545,647,480		90.70%
	Total Assessed Value	\$ 556,203,298		100.00%	\$ 557,340,226		100.00%	\$ 548,630,323		99.95%	\$ 603,646,860		100.35%	\$ 601,608,322		100.00%
Personal Property																
	AmerenUE	\$ 33,529,879	1	22.09%	\$ 72,827,388	1	37.83%	\$ 54,977,097	1	32.74%	\$ 39,908,391	1	25.13%	\$ 27,774,087	1	19.49%
	Alberici Constructors	\$ 2,000,106	2	1.32%	\$ 3,852,333	2	2.00%									
	RTI Advanced Forming Inc	\$ 1,982,532	3	1.31%	\$ 1,878,974	3	0.98%	\$ 1,137,875	2	0.68%						
	CG Powers Systems USA, Inc	\$ 1,436,719	4	0.95%	\$ 1,684,462	4	0.87%	\$ 768,840	6	0.46%	\$ 771,763	10	0.49%	\$ 869,181	8	0.61%
	C G Power Systems USA, Inc	\$ 1,084,128	5	0.71%	\$ 1,361,483	5	0.71%									
	Valent Aerostructures-Wash. LLC	\$ 1,006,948	6	0.66%	\$ 1,247,086	6	0.65%	\$ 1,080,630	3	0.64%						
	G H T M LC	\$ 851,372	7	0.56%	\$ 814,363	8	0.42%	\$ 716,025	7	0.43%						
	Magnet LLC	\$ 799,576	8	0.53%	\$ 876,984	7	0.46%	\$ 924,128	4	0.55%	\$ 1,107,248	3	0.70%	\$ 875,579	7	0.61%
	Fricks Meat Products	\$ 689,442	9	0.45%	\$ 761,511	9	0.40%	\$ 705,055	8	0.42%	\$ 806,457	9	0.51%	\$ 833,710	9	0.58%
	Charah, Inc	\$ 668,185	10	0.44%												
	Enterprise Rent-A-Car (Washington)				\$ 706,637	10	0.37%									
	W M F Inc							\$ 853,649	5	0.51%	\$ 900,978	7	0.57%	\$ 955,247	6	0.67%
	Canam Steel Corp-Midwestern							\$ 634,166	9	0.38%	\$ 831,859	8	0.52%	\$ 810,091	10	0.57%
	Miete Corp-KJU IN							\$ 524,694	10	0.31%						
	PFHC Medical Management LLC										\$ 2,112,281	2	1.33%	\$ 2,549,210	3	1.79%
	Bank of AM Leasing - CG Power Systems										\$ 1,039,390	4	0.65%	\$ 1,319,083	4	0.93%
	RTI Tradco Inc-Wash Inc										\$ 1,015,843	5	0.64%	\$ 971,409	5	0.68%
	L L Enterprises Ilc										\$ 967,473	6	0.61%			
	Harman Becker - Washington													\$ 3,532,072	2	2.48%
	Subtotal Top Ten Property Owners	\$ 44,048,887		29.03%	\$ 86,011,221		44.67%	\$ 62,322,159		37.12%	\$ 49,461,683		6.02%	\$ 40,489,669		8.92%
	Remaining Property Owners	\$ 107,709,797		70.97%	\$ 106,516,898		55.33%	\$ 105,572,987		62.88%	\$ 109,339,201		68.85%	\$ 102,042,195		71.59%
	Total Assessed Value	\$ 151,758,684		100.00%	\$ 192,528,119		100.00%	\$ 167,895,146		100.00%	\$ 158,800,884		74.87%	\$ 142,531,864		80.51%

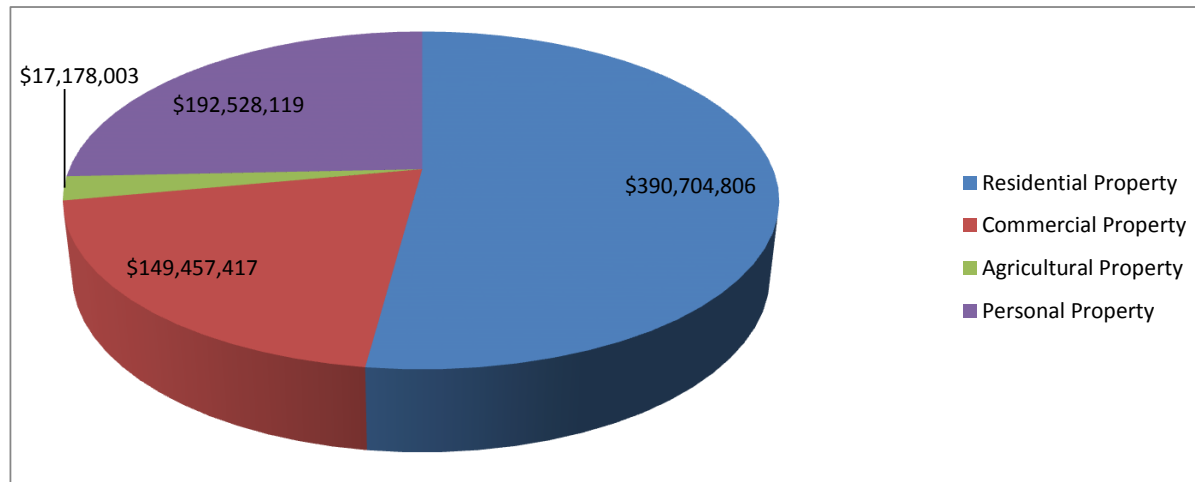
Source: Franklin County Collector's Office

Note: Reporting five years as the remaining years of information was not available.

**School District of Washington  
Assessed Value and Estimate Actual Value of Taxable Property  
Last Ten Fiscal Years**

<b>June 30</b>	<b>Residential Property</b>	<b>Commercial Property</b>	<b>Agricultural Property</b>	<b>Personal Property</b>	<b>Total Taxable Assessed Value</b>	<b>Total Direct Tax Rate</b>	<b>Total Property Est. Actual Value</b>
2015	\$ 390,704,806	\$ 149,457,417	\$ 17,178,003	\$ 192,528,119	\$ 749,868,345	\$ 4.0510	\$ 3,244,187,659
2014	\$ 387,028,231	\$ 143,985,907	\$ 17,616,185	\$ 167,895,146	\$ 716,525,469	\$ 4.0205	\$ 3,137,484,002
2013	\$ 422,083,970	\$ 167,471,440	\$ 14,091,450	\$ 158,800,884	\$ 762,447,744	\$ 3.8260	\$ 3,338,721,876
2012	\$ 418,435,007	\$ 168,977,313	\$ 14,197,227	\$ 142,531,864	\$ 744,141,411	\$ 3.8060	\$ 3,276,292,194
2011	\$ 426,334,923	\$ 168,672,465	\$ 14,651,069	\$ 133,935,903	\$ 743,594,360	\$ 3.7923	\$ 3,294,909,604
2010	\$ 420,906,829	\$ 158,149,938	\$ 14,412,039	\$ 126,423,341	\$ 719,892,147	\$ 3.6600	\$ 3,208,925,935
2009	\$ 417,020,051	\$ 156,294,994	\$ 13,950,659	\$ 131,495,617	\$ 718,761,321	\$ 3.6600	\$ 3,194,046,025
2008	\$ 405,982,774	\$ 146,888,739	\$ 13,768,322	\$ 122,597,913	\$ 689,237,748	\$ 3.6600	\$ 3,078,345,290
2007	\$ 361,083,409	\$ 129,495,253	\$ 13,006,596	\$ 124,226,760	\$ 627,812,018	\$ 3.6600	\$ 2,786,217,512
2006	\$ 344,506,862	\$ 124,473,705	\$ 12,360,391	\$ 131,356,861	\$ 612,697,819	\$ 3.6693	\$ 2,699,287,591

Source: Franklin, St. Charles, and Warren County Assessor's Offices



As is evident by the chart above, over 60% of revenue comes from income, property and vehicle taxes with Residential being the most significant of those revenues. As we realize a decline in this major revenue source, the District will need to implement strategies to decrease spending and increase other revenue sources.

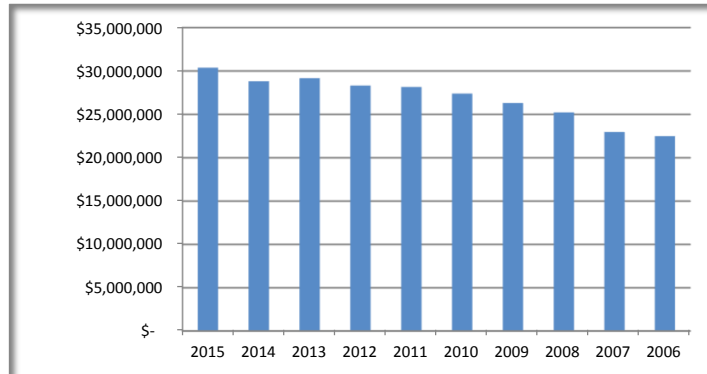
**School District of Washington  
Property Tax Levies and Collections  
Last Ten Fiscal Years**

	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
Assessed Valuations	\$ 749,868,345	\$ 716,525,469	\$ 762,447,744	\$ 744,140,186	\$ 743,594,360	\$ 722,367,397	\$ 718,658,701	\$ 689,237,748	\$ 627,812,018	\$ 612,697,819
Tax Rate	\$ 4.0510	\$ 4.0205	\$ 3.8260	\$ 3.8060	\$ 3.7860	\$ 3.7923	\$ 3.6600	\$ 3.6600	\$ 3.6600	\$ 3.6693
Taxes Levied for the Fiscal Year	\$ 30,377,167	\$ 28,807,906	\$ 29,171,251	\$ 28,321,975	\$ 28,152,482	\$ 27,394,339	\$ 26,302,908	\$ 25,226,102	\$ 22,977,920	\$ 22,481,721
Collected within Fiscal Year of										
Amount	\$ 28,491,019	\$ 27,008,132	\$ 27,272,976	\$ 26,705,721	\$ 26,203,085	\$ 24,308,028	\$ 22,673,715	\$ 21,808,861	\$ 21,150,716	\$ 18,313,758
% of Levy	94%	94%	93%	94%	93%	89%	86%	86%	92%	81%
Collected in Subsequent Years										
Amount	\$ 1,635,099	\$ 658,432	\$ 2,387,435	\$ 1,545,114	\$ 1,689,789	\$ 1,659,265	\$ 1,938,507	\$ 1,122,585	\$ 749,415	\$ 812,062
% of Levy	99%	96%	102%	100%	99%	95%	94%	91%	95%	85%

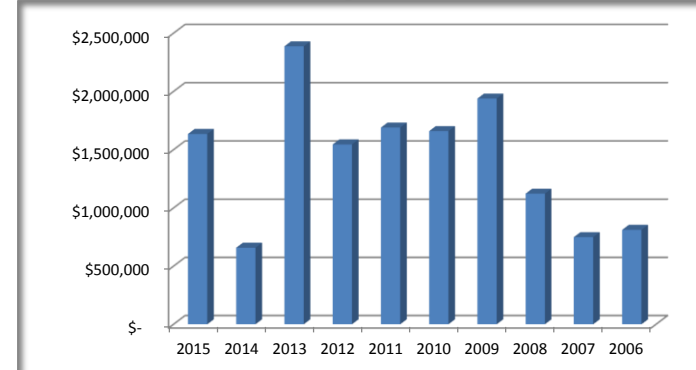
Note: Based on Fiscal Year, Warren County unable to provide delinquent information.

Source: School District of Washington records and Franklin, St. Charles and Warren County Department of Revenue

**Taxes Levied**



**Delinquent Taxes Collected**



**School District of Washington  
Outstanding Debt By Type  
Last Ten Fiscal Years**

	<b>2015</b>	<b>2014</b>	<b>2013</b>	<b>2012</b>	<b>2011</b>
Capital Leases	\$ 15,260,000	\$ 15,945,000	\$ 16,545,000	\$ 17,650,000	\$ 18,100,000
General Obligation Bonds	\$ 30,395,000	\$ 31,995,000	\$ 40,095,000	\$ 32,395,000	\$ 36,145,000
Total Primary	\$ 45,655,000	\$ 47,940,000	\$ 56,640,000	\$ 50,045,000	\$ 54,245,000
Estimated Actual Value of Taxable Property	\$ 3,244,187,659	\$ 3,137,484,002	\$ 3,338,721,876	\$ 3,276,292,194	\$ 3,294,909,604
% of General Bonded Debt to Estimated Actual Value of Taxable Property	1.41%	1.53%	1.70%	1.53%	1.65%
Personal Income (County data)	N/A	39,112,903	3,755,524	3,648,796	3,555,654
% of Personal Income	N/A	1.23%	15.08%	13.72%	15.26%
Population (County data)	N/A	102,084	101,757	101,386	101,648
Per Capita	N/A	\$ 470	\$ 557	\$ 494	\$ 534

	<b>2010</b>	<b>2009</b>	<b>2008</b>	<b>2007</b>	<b>2006</b>
Capital Leases	\$ 18,500,000	\$ 18,940,000	\$ 19,430,000	\$ 7,400,000	\$ 7,590,000
General Obligation Bonds	\$ 19,395,000	\$ 20,095,000	\$ 20,695,000	\$ 23,160,000	\$ 17,170,000
Total Primary	\$ 37,895,000	\$ 39,035,000	\$ 40,125,000.00	\$ 30,560,000.00	\$ 24,760,000.00
Estimated Actual Value of Taxable Property	\$ 3,208,925,935	\$ 3,194,046,025	\$ 3,078,345,290	\$ 2,786,217,512	\$ 2,699,287,591
% of General Bonded Debt to Estimated Actual Value of Taxable Property	1.18%	1.22%	1.30%	1.10%	0.92%
Personal Income (County data)	3,420,151	3,407,119	3,487,936	3,328,130	3,174,151
% of Personal Income	11.08%	11.46%	11.50%	9.18%	7.80%
Population (County data)	101,537	101,422	101,149	100,265	99,341
Per Capita	\$ 373	\$ 385	\$ 397	\$ 305	\$ 249

Note: N/A - Not Available; Information is for Franklin County, 2012 and 2013 demographic information not available at the time of publication.

Source: School District of Washington records and Bureau of Economic Analysis

**School District Of Washington  
Legal Debt Margin Information  
Last Ten Fiscal Years**

**Legal Debt Margin Calculation for Fiscal Year 2015**

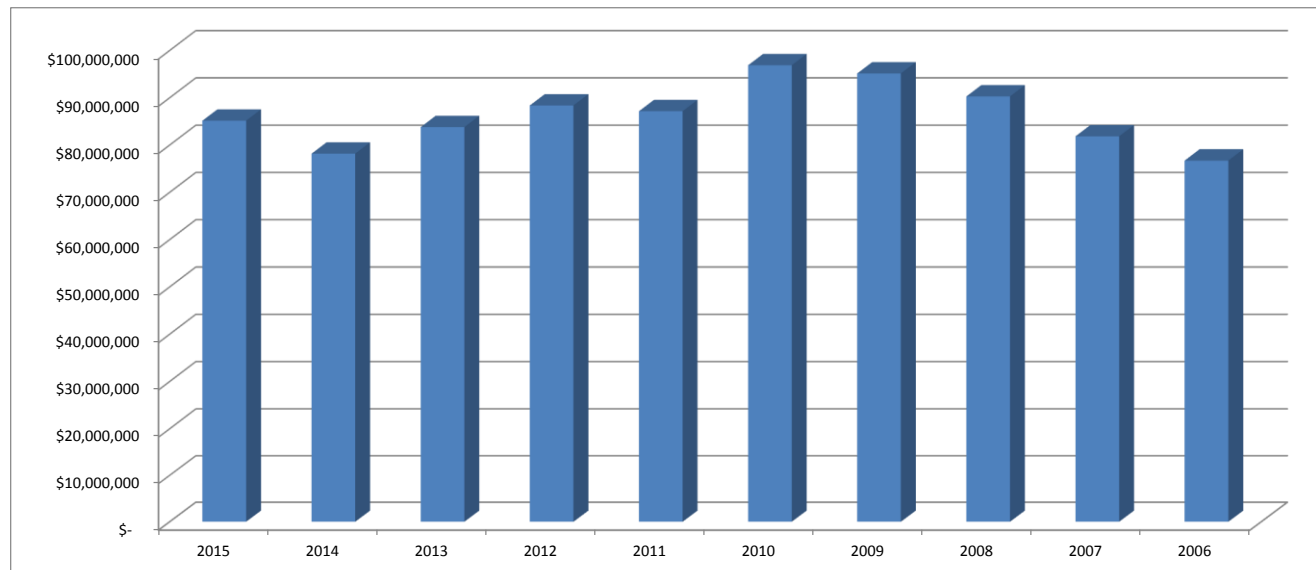
Assessed Value	\$ 749,868,345
Debt Limit (15% of Assessed Value)	\$ 112,480,252
Debt Applicable to Limit	\$ 30,395,000
Amount Available in Debt Service Fund	\$ 3,058,488

Legal Debt Margin \$ 85,143,740

	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
Debt Limitation	\$ 112,480,252	\$ 107,478,820	\$ 114,367,162	\$ 111,621,212	\$ 111,539,154	\$ 107,983,822	\$ 107,814,198	\$ 103,385,662	\$ 94,171,803	\$ 91,904,673
General Obligation Bonds Payable	\$ (30,395,000)	\$ (31,995,000)	\$ (40,095,000)	\$ (32,395,000)	\$ (36,145,000)	\$ (19,395,000)	\$ (20,095,000)	\$ (20,695,000)	\$ (23,160,000)	\$ (17,170,000)
Avail. Debt Service Fund Balance	\$ 3,058,488	\$ 2,685,547	\$ 9,513,265	\$ 9,139,001	\$ 11,754,059	\$ 8,272,199	\$ 7,416,642	\$ 7,580,868	\$ 10,823,649	\$ 1,973,369
Net Debt Applicable	\$ (27,336,512)	\$ (29,309,453)	\$ (30,581,735)	\$ (23,255,999)	\$ (24,390,941)	\$ (11,122,801)	\$ (12,678,358)	\$ (13,114,132)	\$ (12,336,351)	\$ (15,196,631)
Legal Debt Margin	\$ 85,143,740	\$ 78,169,367	\$ 83,785,427	\$ 88,365,213	\$ 87,148,213	\$ 96,861,021	\$ 95,135,840	\$ 90,271,530	\$ 81,835,452	\$ 76,708,042
Legal Debt Margin as a % of Debt Limit	75.70%	72.73%	73.26%	79.17%	78.13%	89.70%	88.24%	87.32%	86.90%	83.46%

Note: Legal Debt Margin is the additional amount of debt the District may incur. Legal Debt Limit is the assessed valuation (A/V) multiplied by 15%.

Source: School District of Washington financial records

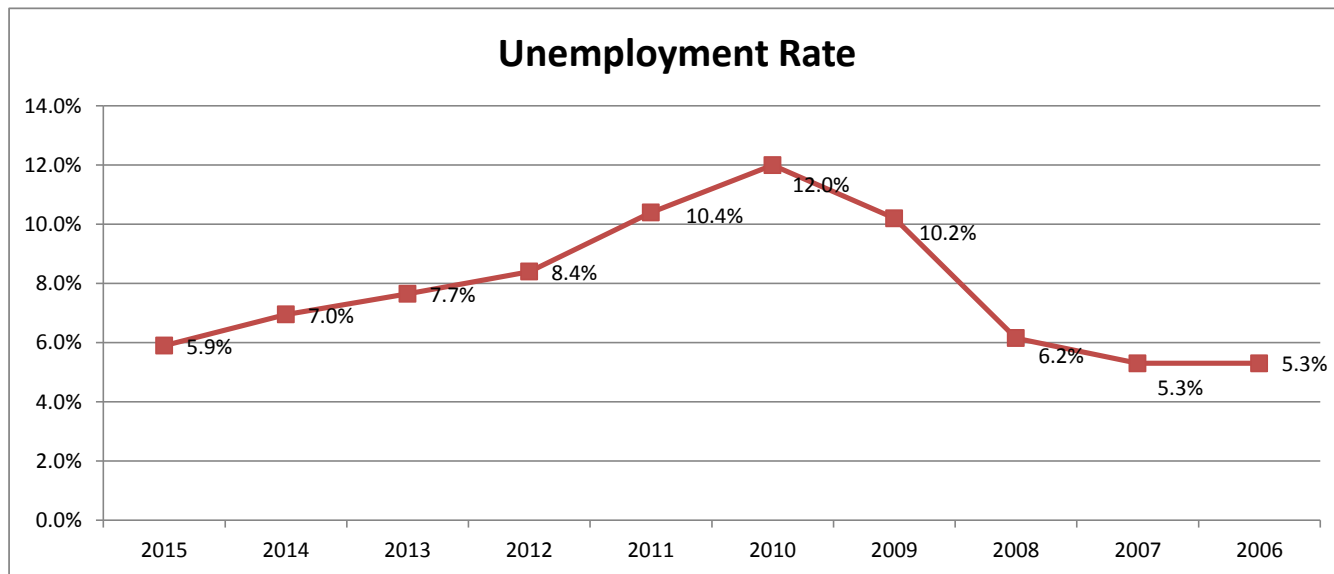


**School District of Washington  
Demographic and Economic Statistics - Franklin County Only  
Last Ten Fiscal Years**

<b>Year</b>	<b>Population</b>	<b>Personal Income</b>	<b>Per Capita Personal Income</b>	<b>Unemployment Rate</b>
2015	N/A	N/A	N/A	5.9%
2014	102,084	\$ 3,912,903	\$ 38,330	7.0%
2013	101,757	\$ 3,755,524	\$ 36,907	7.7%
2012	101,386	\$ 3,648,796	\$ 35,989	8.4%
2011	101,648	\$ 3,555,654	\$ 34,980	10.4%
2010	101,537	\$ 3,420,151	\$ 33,684	12.0%
2009	101,422	\$ 3,407,119	\$ 33,593	10.2%
2008	101,149	\$ 3,487,936	\$ 34,483	6.2%
2007	100,265	\$ 3,328,130	\$ 33,193	5.3%
2006	99,341	\$ 3,174,151	\$ 31,952	5.3%

Note: N/A - Not available

Source: Bureau of Economic Analysis and Federal Reserve Bank of St. Louis



**School District of Washington  
Principal Employers  
Current Year and Nine Years Ago**

		2015			2006		
Employer	Type	Employees	Rank	Percent of Total Employment	Employees	Rank	Percent of Total Employment
Mercy Hospital	Health Care	1288	1	6.40%	760	1	3.78%
Parker Hannifin	Manufacturer	1060	2	5.28	659	2	3.28
Washington School District	Education	660	3	3.29			
CG Powers (Pauwels)	Manufacturer	480	4	2.39	272	5	1.35
Walmart Super Center	Retail Merchant	400	5	2.00	427	3	2.13
Magnet	Advertising Spec	260	6	1.29	349	4	1.74
RTI Tradco	Manufacturer	199	7	0.99	142	9	0.71
Rawlings Sporting Goods Co	Manufacturer	173	8	0.86			
Frick's Quality Meats	Meat Processing	170	9	0.85			
Valent Aerostructures	Manufacturer	166	10	0.83			
YMCA	Athletic Club						
Canam Steel	Manufacturer				165	7	0.82
Schnucks	Grocery Store				130	10	0.65
Jefferson Products	Manufacturer				186	6	0.93
Cedar Crest Manor	Health Care				150	8	0.75

Source: City of Washington, Finance Department - Business Licenses  
Washington Area Chamber of Commerce



**SCHOOL DISTRICT OF WASHINGTON  
EMPLOYEE COUNTS  
LAST TEN FISCAL YEARS**

<b>POSITION</b>	<b>2015-16</b>	<b>2014-15</b>	<b>2013-14</b>	<b>2012-13</b>	<b>2011-12</b>	<b>2010-11</b>	<b>2009-10</b>	<b>2008-09</b>	<b>2007-08</b>	<b>2006-07</b>
<b>ADMINISTRATION</b>										
SUPT/ASST. SUPT	4	3	3	3	3	3	3	3	3	2
CFO/DIR OF BUSINESS SERVICES	1	1	1	1	1	1	1	1	1	1
PRINCIPAL HS AND MS	2	2	3	3	3	3	3	3	4	3
PRINCIPAL/ BLDG. SUPV. - ELEMENTARY	9	9	10	9	9	9	9	9	8	8
ASSOC & ASST. PRINCIPAL HS & MS	4	4	3	3	3	3	1	2	3	4
DIRECTOR/COORDINATORS	11	12	11	5	5	5	4	4	4	4
<b>SUB TOTAL</b>	<b>31</b>	<b>31</b>	<b>31</b>	<b>24</b>	<b>24</b>	<b>24</b>	<b>21</b>	<b>22</b>	<b>23</b>	<b>22</b>
<b>TEACHERS (INCLUDES COUNSELORS, LIBRARIANS, SPEECH PATHOLOGISTS, PSYCH EXAMINERS)</b>										
ELEMENTARY	183	172	169	170	158	150	164	158	159	152
MIDDLE SCHOOL	47	45	44	45	43	45	44	42	43	38
HIGH SCHOOL	94	92	98	92	86	82	85	85	96	81
CAREER CENTER	19	20	20	20	20	20	20	17	17	17
EARLY CHILDHOOD SPECIAL ED	9	10	11	9	9	9	13	9	9	9
INSTRUCT. COOR/PROCESS COOR	5	4	6	4	3	3	3	3	1	1
<b>SUB TOTAL</b>	<b>357</b>	<b>343</b>	<b>348</b>	<b>340</b>	<b>319</b>	<b>309</b>	<b>329</b>	<b>314</b>	<b>325</b>	<b>298</b>
<b>SUPPORT STAFF</b>										
DISTRICT OFFICE SUPPORT STAFF	12	11	11	10	10	13	13	11	12	10
ALL OTHER SEC/ADMIN. ASST.	28	30	30	29	26	24	25	27	28	27
TECHNOLOGY	6	6	6	8	7	7	7	6	5	4
PARAPROFESSIONAL	83	72	68	67	63	61	65	64	62	58
NURSE / HEALTH COORD	10	10	10	11	11	10	10	8	8	7
PT /OT AND ASST.	5	5	5	5	4	4	4	4	3	2
PARENT EDUCATOR	8	8	7	8	10	12	13	14	9	9
SOCIAL WORKER	2	2	1	1	N/A	N/A	N/A	N/A	N/A	N/A
FOOD SERVICE DIRECTOR	1	1	1	1	1	1	1	1	1	1
FOOD SERVICE COOK & KITCHEN MGR.	45	46	42	43	40	40	40	41	39	40
NOON AIDE/CROSSING GUARD	17	17	17	16	16	17	18	17	18	18
BEFORE/AFTER CARE FACILITATOR	5	12	5	N/A	N/A	N/A	N/A	N/A	N/A	N/A
BLDG GROUNDS DIR/MAINT. FOREMAN	2	2	2	2	2	2	2	2	2	2
GROUNDS/DELIVERY/MAINT.	12	12	12	12	12	12	11	12	12	12
CUSTODIANS/CUST. SUPERVISOR	47	46	43	41	42	44	44	46	48	46
<b>SUB TOTAL</b>	<b>283</b>	<b>280</b>	<b>260</b>	<b>254</b>	<b>244</b>	<b>247</b>	<b>253</b>	<b>253</b>	<b>247</b>	<b>236</b>
<b>GRAND TOTAL</b>	<b>671</b>	<b>654</b>	<b>639</b>	<b>618</b>	<b>587</b>	<b>580</b>	<b>603</b>	<b>589</b>	<b>595</b>	<b>556</b>

Note: Does not include substitutes, temporaries or seasonal employees

Source: School District of Washington HR records

**School District of Washington  
Operating Statistics  
Last Ten Fiscal Years**

	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
Enrolled Pupils (September)	3862	3928	3937	3947	3929	3994	4050	4018	4002	3991
Operating Expenditures	\$ 40,648,660	\$ 43,634,233	\$ 42,781,204	\$ 40,327,088	\$ 39,291,088	\$ 38,700,152	\$ 39,045,810	\$ 36,860,351	\$ 34,009,354	\$ 33,552,075
Cost Per Enrolled Pupil	\$ 10,831	\$ 10,214	\$ 9,903	\$ 9,072	\$ 9,074	\$ 8,810	\$ 8,798	\$ 8,690	\$ 8,720	\$ 8,062
% of Change	1.09%	1.13%	1.09%	1.00%	1.03%	1.00%	1.01%	1.00%	1.08%	1.19%
Teaching Staff	343	348	340	319	309	329	314	325	298	290
Enrolled Pupils/Teacher Ratio	18	18	19	18	19	19	18	19	19	18
# of Free & Reduced	1311	1359	1321	1090	1196	1168	944	793	746	718
% of Enrolled Pupils Qualifying for Free/Reduced	33.90%	34.70%	33.90%	30.80%	30.44%	29.24%	23.31%	19.74%	18.64%	17.98%
Fund Balance % (Reserves)	32.85%	35.29%	44.29%	41.23%	36.02%	31.27%	30.32%	23.97%	23.36%	26.85%

Note: Operating Expenditures are before transfers; Teaching Staff includes Counselors  
Source: School District of Washington records

**SCHOOL DISTRICT OF WASHINGTON  
TEACHER BASE SALARIES  
LAST TEN FISCAL YEARS**

	<b>2015</b>	<b>2014</b>	<b>2013</b>	<b>2012</b>	<b>2011</b>	<b>2010</b>	<b>2009</b>	<b>2008</b>	<b>2007</b>	<b>2006</b>
School District of Washington										
Minimum Salary	\$ 35,050	\$ 34,950	\$ 34,100	\$ 32,950	\$ 31,800	\$ 31,800	\$ 31,800	\$ 31,000	\$ 29,800	\$ 29,451
Maximum Salary	\$ 71,739	\$ 70,120	\$ 69,960	\$ 69,085	\$ 68,591	\$ 68,591	\$ 68,591	\$ 66,865	\$ 59,092	\$ 57,378
SDOW Average Salary	\$ 47,549	\$ 47,138	\$ 46,833	\$ 46,121	\$ 45,764	\$ 45,495	\$ 45,046	\$ 43,851	\$ 41,880	\$ 39,808
County Average Salary	\$ 42,422	\$ 42,092	\$ 41,250	\$ 40,242	\$ 39,212	\$ 39,077	\$ 39,302	\$ 38,140	\$ 37,213	\$ 36,010
Statewide Average Salary	\$ 48,483	\$ 46,756	\$ 46,913	\$ 46,740	\$ 46,288	\$ 46,945	\$ 46,069	\$ 45,050	\$ 43,524	\$ 42,063

Note: Amounts do not include benefits such as pension, health insurance, disability, etc.

Source: St. Louis Cooperating School District; District data from School District of Washington records; Dept of Secondary Education

**School District of Washington  
School Building Information  
Last Ten Fiscal Years**

<b>Location</b>	<b>2015</b>	<b>2014</b>	<b>2013</b>	<b>2012</b>	<b>2011</b>	<b>2010</b>	<b>2009</b>	<b>2008</b>	<b>2007</b>	<b>2006</b>
<b>Elementary</b>										
Augusta - 1939										
Square Feet	26392	26392	26392	26392	26392	26392	26392	26392	26392	26392
Capacity	235	235	235	235	235	235	235	235	235	235
Enrollment	149	138	145	139	146	141	144	158	156	153
Campbellton - 1958										
Square Feet	30941	30941	30941	30941	30941	30941	30941	30941	30941	30941
Capacity	280	280	280	280	280	280	280	280	158	158
Enrollment	140	157	155	152	149	154	167	186	182	156
Clearview - 1963										
Square Feet	35596	35596	35596	35596	35596	35596	35596	35596	35596	35596
Capacity	324	324	324	324	324	324	324	324	324	324
Enrollment	330	329	334	323	335	330	317	309	295	278
Fifth Street - 1938										
Square Feet	26392	26392	26392	26392	26392	26392	26392	26392	26392	26392
Capacity	236	236	236	236	236	236	236	236	236	236
Enrollment	109	125	125	130	136	140	122	136	134	145
Labadie - 1962										
Square Feet	25142	25142	25142	25142	25142	25142	25142	25142	25142	25142
Capacity	229	229	229	229	229	229	229	229	229	229
Enrollment	112	101	109	108	118	127	144	149	163	158
Marthasville - 1940										
Square Feet	36325	36325	29315	29315	29315	29315	29315	29315	29315	29315
Capacity	275	275	275	275	275	275	275	275	275	275
Enrollment	230	245	246	241	253	247	228	211	181	177
South Point - 1952									354	
Square Feet	48980	48980	48980	48980	48980	48980	48980	48980	48980	48980
Capacity	445	445	445	445	445	445	445	445	445	445
Enrollment	450	449	465	472	458	485	477	478	488	467
Washington West - 1998										
Square Feet	63340	63340	58385	58385	58385	58385	58385	58385	58385	58385
Capacity	500	500	500	500	500	500	500	500	500	500
Enrollment	431	455	424	419	397	385	402	377	354	339

**School District of Washington**  
**School Building Information (Concluded)**  
**Last Ten Fiscal Years**

<b>Location</b>	<b>2015</b>	<b>2014</b>	<b>2013</b>	<b>2012</b>	<b>2011</b>	<b>2010</b>	<b>2009</b>	<b>2008</b>	<b>2007</b>	<b>2006</b>
<b>Middle School</b>										
Washington Middle School - 1970										
Square Feet	77131	77131	77131	77131	77131	77131	77131	77131	77131	77131
Capacity	563	563	563	563	563	563	563	563	563	563
Enrollment	596	587	577	589	605	641	589	542	545	602
<b>High School</b>										
Washington High School - 1955										
Square Feet	277287	277287	277287	277287	277287	277287	277287	277287	277287	277287
Capacity	1713	1713	1713	1713	1713	1713	1713	1713	1713	1713
Enrollment	1314	1341	1368	1356	1396	1400	1429	1456	1491	1416
<b>Other Structures</b>										
Administration Building - 1889										
Square Feet	19131	19131	19131	19131	19131	19131	19131	19131	19131	19131
Capacity	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Enrollment	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Early Learning Center - 2014										
Square Feet	25320	25320	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Capacity	300	300	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Enrollment	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Central Warehouse - 1960										
Square Feet	16725	16725	16725	16725	16725	16725	16725	16725	16725	16725
Capacity	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Enrollment	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Family Resource Center - 1979										
Square Feet	1600	1600	1600	1600	1600	1600	1600	1600	1600	1600
Capacity	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Enrollment	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Four Rivers Career Center - 1979										
Square Feet	83727	83727	83727	83727	83727	83727	83727	83727	83727	83727
Capacity	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Enrollment	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Technology and Learning Center - 2008										
Square Feet	21868	21868	21868	21868	21868	21868	21868	21868	N/A	N/A
Capacity	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Enrollment	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A

Source: September Official Enrollment, Facilities Department

## PERSONNEL INFORMATION

Year		2010	2011	2012	2013	2014	2015
Average Teacher Salary	Washington	\$44,625	\$44,921	\$45,307	\$46,039	\$46,322	\$46,710
	Missouri	\$45,148	\$45,312	\$45,709	\$46,223	\$46,754	\$47,399
Average Teacher Salary (*total)	Washington	\$45,495	\$45,764	\$46,121	\$46,833	\$47,138	\$47,549
	Missouri	\$46,950	\$46,291	\$46,735	\$47,243	\$47,843	\$48,483
Average Administrator Salary	Washington	\$79,483	\$79,789	\$90,801	\$89,871	\$89,265	\$93,282
	Missouri	\$83,293	\$83,579	\$84,794	\$86,015	\$87,197	\$88,810
Average Years of Experience	Washington	13.9	14.2	13.4	13	12.3	12.6
	Missouri	12.4	12.5	12.4	12.4	12.8	12.2
Teachers with a Master's Degree or Higher (%)	Washington	54.5	61.8	61.3	57.3	55.3	53.7
	Missouri	56	57.7	58.8	59.1	58.9	58.9

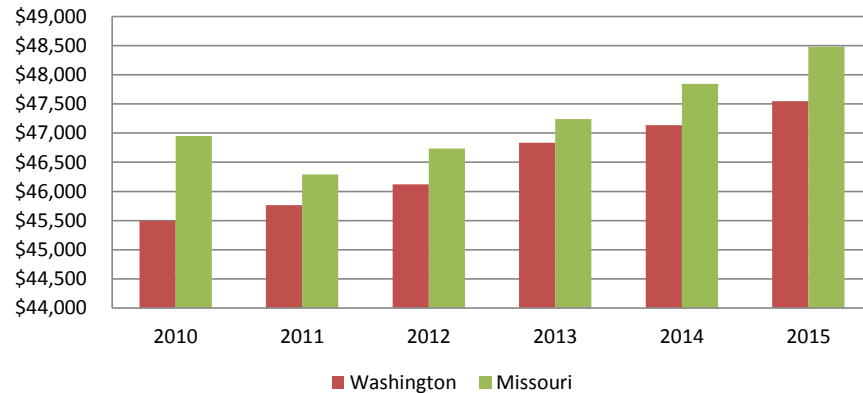
\*Includes extended contract salary and extra duty pay.

Source: Missouri Dept. of Elementary and Secondary Education

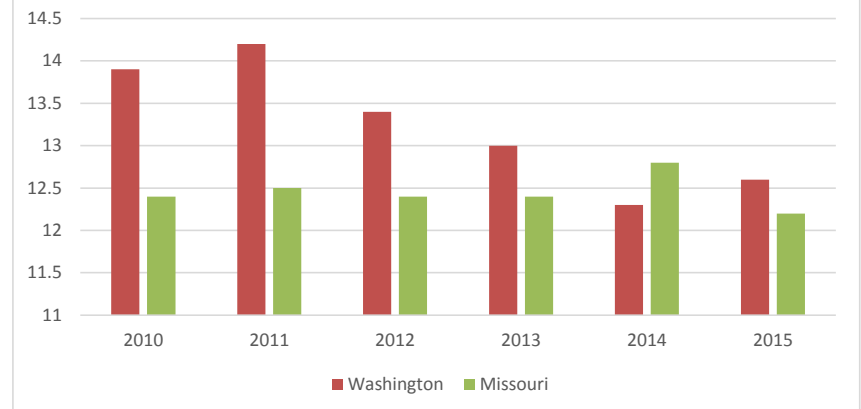
Core Data as Submitted by Missouri Public Schools

Data as of July 14, 2015

**Average Teacher Salary**



**Average Years of Experience - Teachers**



**SCHOOL DISTRICT OF WASHINGTON  
STUDENT TEACHERS RATIOS**

<b>Student/Teacher Ratios</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>
<b>Washington High School</b>	<b>24</b>	<b>22</b>	<b>23</b>	<b>23</b>	<b>22</b>
<b>Washington Middle School</b>	<b>17</b>	<b>17</b>	<b>17</b>	<b>16</b>	<b>17</b>
Augusta Elementary	16	15	16	15	14
Campbellton Elementary	17	17	16	16	14
Clearview Elementary	18	16	17	17	17
Fifth St. Elementary	15	14	14	13	12
Labadie Elementary	14	12	12	12	13
Marthasville Elementary	16	15	16	15	16
South Point Elementary	18	17	17	16	16
Washington West Elementary	22	21	18	19	19
<b>Average Elementary Ratio</b>	<b>17</b>	<b>16</b>	<b>16</b>	<b>15</b>	<b>15</b>

As you can see from the spreadsheet above, many of the outlying elementaries have relatively low populations, thus low student to teacher ratios. Also, by this report, the buildings look right in range to what would be considered an ideal ratio. But each year it seems the District has a few buildings with pockets of growth at varying grades levels. So much so, it means that they are at the bubble of what is acceptable or an additional class needs to be added.