

**REORGANIZED SCHOOL DISTRICT NO. IV
OF CASS COUNTY, MISSOURI**

**AUDITED FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED
JUNE 30, 2018**

**TOGETHER WITH
INDEPENDENT AUDITORS' REPORT**

**DSWA CERTIFIED PUBLIC ACCOUNTANTS, P.C.
1118 REMINGTON PLAZA, SUITE A
RAYMORE, MISSOURI 64083**

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INDEPENDENT AUDITORS' REPORT

To the Board of Education
Reorganized School District No. IV School District
of Cass County, Missouri
Drexel, Missouri

Report on the Financial Statements

We have audited the accompanying modified cash basis financial statements of the governmental activities and each major fund of the Reorganized School District No. IV School District of Cass County, Missouri, as of and for the fiscal year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the Reorganized School District No. IV School District of Cass County, Missouri's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the modified cash basis of accounting; 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.

Auditors' Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the 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 the Reorganized School District No. IV School District of Cass County, Missouri, as of June 30, 2018, and the respective changes in financial position thereof for the fiscal year then ended in accordance with the modified cash basis of accounting described in Note 1.

Basis of Accounting

We draw attention to Note 1 of the financial statements, which describes the basis of accounting. The financial statements are prepared on the modified cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United State of America. Our opinion is not modified with respect to this matter.

Other Matters

Supplementary Information and Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Reorganized School District No. IV School District of Cass County, Missouri's basic financial statements. The budgetary comparison information on pages 30 and 31, 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 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.

The budgetary comparison schedules, combined statement of revenues collected by source-modified cash basis, and schedule of selected statistics presented of pages 32 through 38 are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combined schedule of revenues collected by source - modified cash basis is the responsibility of management and was derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combined schedule of revenues collected by source-modified cash basis is fairly stated in all material respects in relation to the basic financial statements as a whole.

The budgetary comparison schedules and schedule of selected statistics on pages 30 through 33 and 35 through 38 has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated October 15, 2018, on our consideration of the Reorganized School District No. IV School District of Cass County, Missouri's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Reorganized School District No. IV School District of Cass County, Missouri's internal control over financial reporting and compliance.

Report on Other Legal and Regulatory Requirements

In accordance with requirements of Missouri laws and regulations, we have also issued our report dated October 15, 2018, on our consideration of certain management's assertions of the Reorganized School District No. IV School District of Cass County, Missouri. The purpose of that report is to describe the scope of our testing of certain management assertions related to requirements of Missouri laws and regulations pertaining to public school districts and the results of that testing, and not to provide an opinion on such assertions.

DSWA Certified Public Accountants, P.C.
Raymore, Missouri
October 15, 2018

REORGANIZED SCHOOL DISTRICT NO. IV OF CASS COUNTY, MISSOURI
STATEMENT OF NET POSITION - MODIFIED CASH BASIS
JUNE 30, 2018

| | <u>Governmental Activities</u> |
|--|------------------------------------|
| ASSETS | |
| Cash and cash equivalents | \$ 502,769 |
| Investments | 2,017,708 |
| Capital assets, net of accumulated depreciation: | |
| Land | 110,000 |
| Buildings and improvements | 4,855,006 |
| Equipment | 182,989 |
| Total assets | <u>\$ 7,668,472</u> |
| LIABILITIES | |
| Current liabilities: | |
| Capital lease obligation | \$ 5,108 |
| Bonds payable | 125,000 |
| Total current liabilities | <u>130,108</u> |
| Noncurrent liabilities: | |
| Capital lease obligation | 11,368 |
| Bonds payable | 3,750,000 |
| Total noncurrent liabilities | <u>3,761,368</u> |
| Total liabilities | <u>3,891,476</u> |
| NET POSITION | |
| Net invested in capital assets | 1,256,519 |
| Restricted for: | |
| Debt service | 2,012,338 |
| Capital projects | 27 |
| Unrestricted | 508,112 |
| Total net position | <u>\$ 3,776,996</u> |

The accompanying notes are an integral part of the basic financial statements.

**REORGANIZED SCHOOL DISTRICT NO. IV OF CASS COUNTY, MISSOURI
STATEMENT OF ACTIVITIES - MODIFIED CASH BASIS
FOR THE YEAR ENDED JUNE 30, 2018**

| Functions | Expenses | Program Revenues | | | Net (Expense) Revenue and Changes In Net Position |
|---|---------------------|-------------------------|---------------------------------------|-------------------------------------|---|
| | | Charges for Services | Operating Grants And Contributions | Capital Grants And Contributions | Total Governmental Activities |
| GOVERNMENTAL ACTIVITIES | | | | | |
| Instructional services | | | | | |
| Regular | \$ 1,535,991 | \$ - | \$ 210,171 | \$ - | \$ (1,325,820) |
| Special | 378,188 | - | 91,976 | - | (286,212) |
| Vocational | 58,813 | - | 283 | - | (58,530) |
| Student activities | 291,619 | 158,048 | - | - | (133,571) |
| Payments to other districts | 3,416 | - | - | - | (3,416) |
| Supporting services | | | | | |
| Students | 113,710 | - | - | - | (113,710) |
| Instructional staff | 227,202 | - | 10,760 | - | (216,442) |
| Building administration | 223,086 | - | - | - | (223,086) |
| General administration | 254,959 | - | - | - | (254,959) |
| Operation and maintenance of facilities | 342,277 | - | - | - | (342,277) |
| Transportation | 166,001 | - | 19,171 | - | (146,830) |
| Food services | 160,312 | 69,985 | 84,132 | - | (6,195) |
| Community services | 66,187 | 26,836 | - | - | (39,351) |
| Interest | 129,882 | - | - | - | (129,882) |
| Total school district | <u>\$ 3,951,643</u> | <u>\$ 254,869</u> | <u>\$ 416,493</u> | <u>\$ -</u> | <u>(3,280,281)</u> |
| GENERAL REVENUES | | | | | |
| Property taxes levied for: | | | | | |
| General purposes and debt service | | | | | 1,107,344 |
| Other taxes | | | | | 296,860 |
| Federal and state aid not restricted to specific purposes | | | | | 1,591,101 |
| Earnings on investments | | | | | 8,269 |
| Miscellaneous | | | | | 143,255 |
| Total general revenues | | | | | <u>3,146,829</u> |
| Change in net position | | | | | (133,452) |
| NET POSITION - BEGINNING | | | | | <u>3,910,448</u> |
| NET POSITION - ENDING | | | | | <u>\$ 3,776,996</u> |

The accompanying notes are an integral part of the basic financial statements..

REORGANIZED SCHOOL DISTRICT NO. IV OF CASS COUNTY, MISSOURI
BALANCE SHEET - MODIFIED CASH BASIS
GOVERNMENTAL FUNDS
JUNE 30, 2018

| | General (Incidental) Fund | Special Revenue (Teachers') Fund | Debt Service Fund | Capital Projects (Building) Fund | Total Governmental Funds |
|-------------------------------------|--|---|----------------------------------|---|---|
| ASSETS | | | | | |
| Cash and cash equivalents | \$ 472,133 | \$ - | \$ 30,609 | \$ 27 | \$ 502,769 |
| Investments - refunding bond escrow | - | - | 2,017,708 | - | 2,017,708 |
| Due from other funds | 35,979 | - | - | - | 35,979 |
| Total assets | <u>\$ 508,112</u> | <u>\$ -</u> | <u>\$ 2,048,317</u> | <u>\$ 27</u> | <u>\$ 2,556,456</u> |
| LIABILITIES | | | | | |
| Due to other funds | - | - | 35,979 | - | 35,979 |
| Total Liabilities | <u>-</u> | <u>-</u> | <u>35,979</u> | <u>-</u> | <u>35,979</u> |
| FUND BALANCES | | | | | |
| Restricted for: | | | | | |
| Debt service | \$ - | \$ - | \$ 2,012,338 | \$ - | \$ 2,012,338 |
| Capital projects | - | - | - | 27 | 27 |
| Assigned for: | | | | | |
| Student activities | 22,697 | - | - | - | 22,697 |
| Unassigned | 485,415 | - | - | - | 485,415 |
| Total fund balances | <u>508,112</u> | <u>-</u> | <u>2,012,338</u> | <u>27</u> | <u>2,520,477</u> |
| Total liabilities and fund balances | <u>\$ 508,112</u> | <u>\$ -</u> | <u>\$ 2,048,317</u> | <u>\$ 27</u> | <u>\$ 2,556,456</u> |

Reconciliation to Statement of Net Position

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

Total fund balance - governmental funds **\$ 2,520,477**

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds. The cost of the assets is \$7,300,350 and the accumulated depreciation is \$2,152,355. 5,147,995

Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds. (3,891,476)

Total net position - governmental activities **\$ 3,776,996**

The accompanying notes are an integral part of the basic financial statements.

REORGANIZED SCHOOL DISTRICT NO. IV OF CASS COUNTY, MISSOURI
COMBINED STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
MODIFIED CASH BASIS
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2018

| | <u>General</u> | <u>Special Revenue (Teachers) Fund</u> | <u>Debt Service</u> | <u>Capital Projects</u> | <u>Total Governmental Funds</u> |
|--|---------------------|--|-------------------------|-----------------------------|---|
| Revenues | | | | | |
| Local | \$ 1,135,776 | \$ 326,282 | \$ 207,704 | \$ 6,385 | \$ 1,676,147 |
| County | 105,209 | 14,061 | 15,180 | - | 134,450 |
| State | 292,600 | 1,483,564 | - | 22,469 | 1,798,633 |
| Federal | 125,812 | 66,386 | - | 16,763 | 208,961 |
| Total revenues | <u>\$ 1,659,397</u> | <u>\$ 1,890,293</u> | <u>\$ 222,884</u> | <u>\$ 45,617</u> | <u>\$ 3,818,191</u> |
| Expenditures | | | | | |
| Instructional services | | | | | |
| Regular | \$ 26,004 | \$ 1,336,003 | \$ - | \$ 3,634 | \$ 1,365,641 |
| Special | 191,439 | 186,749 | - | - | 378,188 |
| Vocational | 3,534 | 55,279 | - | 29,983 | 88,796 |
| Student activities | 197,674 | 93,945 | - | 11,973 | 303,592 |
| Payments to other districts | 3,416 | - | - | - | 3,416 |
| Students | 57,797 | 55,913 | - | - | 113,710 |
| Instructional staff | 97,541 | 129,661 | - | - | 227,202 |
| Building administration | 46,852 | 176,234 | - | - | 223,086 |
| General administration | 150,395 | 104,564 | - | - | 254,959 |
| Operation and maintenance of facilities | 342,277 | - | - | - | 342,277 |
| Transportation | 166,001 | - | - | - | 166,001 |
| Food service | 160,312 | - | - | - | 160,312 |
| Other services | | | | | |
| Community services | 14,803 | 51,384 | - | - | 66,187 |
| Principal | - | - | 75,000 | - | 75,000 |
| Interest | - | - | 129,882 | - | 129,882 |
| Total expenditures | <u>1,458,045</u> | <u>2,189,732</u> | <u>204,882</u> | <u>45,590</u> | <u>3,898,249</u> |
| Excess of revenues over (under) expenditures | <u>201,352</u> | <u>(299,439)</u> | <u>18,002</u> | <u>27</u> | <u>(80,058)</u> |
| Other financing sources (uses) | | | | | |
| Transfers in (out) | <u>(299,439)</u> | <u>299,439</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| Total other financing sources (uses) | <u>(299,439)</u> | <u>299,439</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| Net change in fund balances | (98,087) | - | 18,002 | 27 | (80,058) |
| Fund balances - beginning | 606,199 | - | 1,994,336 | - | 2,600,535 |
| Fund balances - ending | <u>\$ 508,112</u> | <u>\$ -</u> | <u>\$ 2,012,338</u> | <u>\$ 27</u> | <u>\$ 2,520,477</u> |

The accompanying notes are an integral part of the basic financial statements.

**REORGANIZED SCHOOL DISTRICT NO. IV OF CASS COUNTY, MISSOURI
RECONCILIATION OF THE COMBINED STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
MODIFIED CASH BASIS
FOR THE YEAR ENDED JUNE 30, 2018**

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

Net change in fund balances-total governmental funds **\$ (80,058)**

Governmental funds report capital outlays as expenditures. However, in the statement of activities, assets with an initial, individual cost of more than \$5,000 are capitalized and the cost is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which depreciation exceeded capital outlays in the current period.

| | | |
|----------------------|------------------|-----------|
| Capital outlays | \$ 46,951 | |
| Depreciation expense | <u>(175,479)</u> | (128,528) |

Capital assets acquired by a note payable or capital lease are shown as an expenditure and other financing source in the governmental funds. Equipment financed by the loan is less than the District's capitalization threshold; the District has elected to expense the equipment. The other financing source must be removed from the statement of activities; principal payments are applied to the loan or capital lease liability; interest expense is recognized as it is paid.

| | | |
|--|--------------|-----|
| Other financing source - capital lease | (4,995) | |
| Principal payments on capital lease | <u>5,129</u> | 134 |

The governmental funds report bond proceeds as an other financing source, while repayment of bond principal is reported as an expenditure. The net effect of this difference in the treatment of general obligation bonds and related items is as follows:

| | | |
|-----------------------------|---------------|---------------|
| Repayment of bond principal | <u>75,000</u> | <u>75,000</u> |
|-----------------------------|---------------|---------------|

Change in net position of governmental activities **\$ (133,452)**

**REORGANIZED SCHOOL DISTRICT NO. IV
OF CASS COUNTY, MISSOURI
NOTES TO THE BASIC FINANCIAL STATEMENTS**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

- A. Reporting Entity: The financial reporting entity consists of (a) the primary government, (b) organizations for which the primary government is financially accountable, and (c) other organizations for which the primary government is not accountable, but for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete. Component units are legally separate organizations for which the elected officials of the primary government are financially accountable. Financially accountable means the primary government is accountable for the component unit and the primary government is able to impose its will or the component unit may provide financial benefits or impose a burden on the primary government. In addition, component units can be other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete.

The District is not aware of any entity that would be required to include the District as a component unit.

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

1. Government-wide financial statements: The Statement of Net Position and the Statement of Activities display information about the District as a whole. These statements include the financial activities of the primary government. The statements present governmental activities generally financed through taxes, intergovernmental receipts, and other non-exchange transactions.

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

2. Fund financial statements: The Balance Sheet and Statement of Revenues, Expenditures, and Changes in Fund Balances present the activities of the District segregated into funds in order to aid financial management and demonstrate legal compliance. Each fund is presented in a separate column.

**REORGANIZED SCHOOL DISTRICT NO. IV
OF CASS COUNTY, MISSOURI
NOTES TO THE BASIC FINANCIAL STATEMENTS**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued):

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

- General (Incidental) Fund - Accounts for general activities of the District, including student activities and food service, which are not required to be accounted for in a separate fund.
- Special Revenue (Teachers') Fund - Accounts for expenditures for certified employees involved in administration and instruction. It includes revenues restricted by the State for payment of teachers' salaries and employee benefits.
- Debt Service Fund – Accounts for the accumulation of resources for the payment of long-term debt principal, interest, and related costs.
- Capital Projects Fund - Accounts for the proceeds of long-term debt, taxes and other revenues designated for construction of major capital assets and all other capital outlay.

D. Basis of Accounting: The government-wide Statement of Net Position and Statement of Activities and the fund financial statements are presented using the modified cash basis of accounting. This basis recognizes assets, net position/fund balance, revenues, and expenditures when they result from cash transactions. The modification to the cash basis of accounting relates to the presentation of investments and due to/due from between funds. This basis is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

As a result of the use of the modified cash basis of accounting, certain assets and their related revenues (such as accounts receivable and revenue for billed or provided services not yet collected) and certain liabilities and their related expenditures (such as accounts payable and expenses for goods or services received but not yet paid, and accrued expenses and liabilities) are not recorded in these financial statements.

If the District utilized the basis of accounting recognized as generally accepted, the fund financial statements for governmental funds would use the modified accrual basis of accounting. All government-wide financials would be presented on the accrual basis of accounting.

E. Measurement Focus:

1. Government-wide financial statements: The Statement of Net Position and Statement of Activities are prepared using the total economic resources measurement focus within the limitations of the modified cash basis of accounting, as defined above. Accordingly, the District's capital assets and long-term debt are included in the Statement of Net Position.

**REORGANIZED SCHOOL DISTRICT NO. IV
OF CASS COUNTY, MISSOURI
NOTES TO THE BASIC FINANCIAL STATEMENTS**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued):

E. Measurement Focus (continued):

2. Fund financial statements: The Balance Sheet and Statement of Revenues, Expenditures, and Changes in Fund Balances are prepared using the current financial resources measurement focus within the limitations of the modified cash basis of accounting, as defined above. Accordingly, only current assets are shown in the Balance Sheet.

D. Pooled Cash, Cash Equivalents and Temporary Investments: The District maintains a cash and temporary investment pool that is available for use by all funds except the Debt Service Fund. State law requires that all deposits in the Debt Service Fund be kept separate and apart from all other funds of the District. Interest income received is allocated based on a formula computed by the District. The District considers all investments with a maturity date less than 90 days after year end as cash equivalents.

E. Capital Assets: In the government-wide financial statements, capital assets are accounted for as assets in the Statement of Net Position. All capital assets are valued at historical cost, or estimated historical cost if actual is unavailable, except for donated capital assets which are recorded at their estimated fair value at the date of donation. A capitalization threshold of \$5,000 is used to report capital assets, which are depreciated using the straight-line method over the following estimated useful lives:

Buildings and improvements 20 - 50 years
Vehicles & equipment 8 – 20 years

In the fund financial statements, capital assets are accounted for as capital outlays upon acquisition.

F. Payroll Related Expenditures: The salary payment schedule of the District allows for the payment of salaries over a twelve-month period. Consequently, the July and August 2018 payroll checks, written and dated in June 2018, are included in the financial statements as an expenditure paid in the year ended June 30, 2018. This practice has been consistently followed in the previous years.

G. Compensated Absences: Certified personnel are provided twelve (12) days of leave time per year. Total leave days may accumulate to 40 days total. Certified employees working less than 1.0 FTE will accumulate leave in an amount directly proportional to the working time frame. Salary deductions will be made for all absences which are not covered by the various policies. Teachers shall be paid \$20 per day for unused accumulated sick leave over the accumulated total days. Upon retirement certificated personnel are paid \$10 a day with six to ten years of service in the district and \$15 a day with more than ten years of service in the district for any time they have banked. Seven certified staff members are eligible for retirement for a potential cost to the district of \$2,935.

Non-Certified personnel are provided nine (9) days leave time per year. Total leave days may accumulate to 30 days total. Salary deductions will be made for all absences which are not covered by the various policies. Upon retirement, Non-Certified staff is paid \$10 a day for any time they have banked only if requested and approved by management.

**REORGANIZED SCHOOL DISTRICT NO. IV
OF CASS COUNTY, MISSOURI
NOTES TO THE BASIC FINANCIAL STATEMENTS**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued):

H. Net Position: Net position in the government-wide financial statements represents the difference between assets and liabilities, and are reported in three categories:

1. Net investment in capital assets consists of net capital assets reduced by outstanding balances of any related debt obligations and deferred inflows of resources attributable to the acquisition, construction, or improvement of those assets and increased by balances of deferred outflows of resources related to those assets.
1. Restricted net position consists of net position with use constrained to a particular purpose. Restrictions are imposed by external organizations such as federal or state laws or bond covenants. Restricted net position is reduced by liabilities and deferred inflows of resources related to the restricted assets.
2. Unrestricted net position consists of all other net position that does not meet the definition of the above two components and is available for general use by the District.

The District first applies restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position are available.

I. Fund Balances: The fund financial statements present fund balances by classification based on the extent to which the District is bound to honor constraints on the specific purposes for which the funds may be spent. The following classifications are used to describe the relative strength of these constraints:

1. Nonspendable – amounts that are either not in spendable form, or legally or contractually required to be maintained intact.
2. Restricted – amounts constrained to specific uses by external groups such as creditors, grantors, or contributors; or by laws and regulations of other governments.
3. Committed – amounts constrained to specific uses by the District itself, using its highest level of decision making authority, the District's Board of Education. Commitments may be established, modified, or rescinded only through resolutions passed by the District's Board of Education.
4. Assigned – amounts that do not meet the criteria to be classified as restricted or committed but that the District intends to use for a specific purpose. For all funds other than the General Fund, this includes any remaining funds not otherwise classified, as they are assigned to the purposes for which the fund was established. For the General Fund, the assignment can result from intent expressed by the District's Board of Education or by District administrators to which the Board of Education delegates the authority.
5. Unassigned – amounts that are available for any purpose. Positive amounts are reported in only the General Fund. Negative unassigned fund balances are reported for all other governmental funds where the nonspendable, restricted, and committed fund balances exceed the total fund balance.

**REORGANIZED SCHOOL DISTRICT NO. IV
OF CASS COUNTY, MISSOURI
NOTES TO THE BASIC FINANCIAL STATEMENTS**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued):

I. Fund Balances (continued):

When an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available, the District applies restricted funds first. When an expenditure is incurred for which committed, assigned, and/or unassigned fund balances are available, the District first applies committed funds, then assigned funds, and finally unassigned funds, as needed.

J. Use of Estimates: The preparation of financial statements in conformity with the modified cash basis of accounting requires management to make estimates and assumptions that affect the amounts reported in these financial statements and accompanying notes. Actual results could differ from these estimates.

K. Non-exchange Transactions: Non-exchange transactions in which the District receives value without directly giving equal value in return include property taxes, grants, entitlements and donations.

L. 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 the following 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 taxpayers' 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 final approval of the budget, the Board of Education has the authority to make necessary adjustments to the budget by formal vote of the board. Adjustments made during the year are reflected in the budget information included in the financial statements.
6. Budgets for District funds are prepared and adopted using the cash basis of accounting (budget basis). The budgetary comparison schedules presented have used the modified cash basis of accounting described in item D above as this basis is substantially the same as the cash basis of accounting.

**REORGANIZED SCHOOL DISTRICT NO. IV
OF CASS COUNTY, MISSOURI
NOTES TO THE BASIC FINANCIAL STATEMENTS**

2. RETIREMENT PLAN:

A. Summary of Significant Accounting Policies:

The District participates in the Public School Retirement System and the Public Education Employee Retirement System (PSRS and PEERS, also referred to as the System). The financial statements of the District were prepared using the modified cash basis of accounting. Therefore, member and employer contributions are recognized when paid and the District's net pension liability, deferred outflows and inflows of resources related to pensions are not recorded in these financial statements.

B. Plan Description:

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

PEERS is a mandatory cost-sharing multiple employer retirement system for all public school district employees in Missouri (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 (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 169.600 through 169.715 and Sections 169.560 through 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.

C. 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 was 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.

**REORGANIZED SCHOOL DISTRICT NO. IV
OF CASS COUNTY, MISSOURI
NOTES TO THE BASIC FINANCIAL STATEMENTS**

2. RETIREMENT PLAN (continued):

C. Benefits Provided (continued):

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.

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.psrps-peers.org.

D. Cost-of-Living Adjustments ("COLA"):

The Board of Trustees has established a policy of providing a 0.00% COLA for years in which the CPI increases between 0.00% and 2.00%, a 2.00% COLA for years in which CPI increases between 2.00% and 5.00%, and a COLA of 5.00% if the CPI increase is greater than 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.

E. Contributions:

PSRS members were required to contribute 14.5% of their annual covered salary during fiscal years 2016, 2017 and 2018. 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.

The District's contributions to PSRS were \$246,852; \$265,987; and \$264,236; respectively, for the years ended June 30, 2016, 2017, and 2018.

**REORGANIZED SCHOOL DISTRICT NO. IV
OF CASS COUNTY, MISSOURI
NOTES TO THE BASIC FINANCIAL STATEMENTS**

2. RETIREMENT PLAN (continued):

E. Contributions (continued):

PEERS members were required to contribute 6.86% of their annual covered salary during fiscal years 2016, 2017 and 2018. 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 \$22,864; \$30,608; and \$33,400; respectively, for the years ended June 30, 2016, 2017, and 2018.

3. CASH AND CASH EQUIVALENTS:

State statutes require the District's deposits be insured or collateralized in the name of the District by the trust department of a bank that does not hold the collateralized deposits. As of June 30, 2018, all bank balances on deposit are entirely insured or collateralized with securities.

4. INVESTMENTS:

The District's investments at June 30, 2018, consisted of the following:

| | | |
|---|-----------|---------------------|
| Pro-rata shares of investment contracts | | |
| with BOK Financial | N/A | \$ 153,836 |
| U.S. Treasury Bonds held at US Bank | 2/15/2019 | <u>\$ 1,863,872</u> |
| | | <u>\$ 2,017,708</u> |

Interest Rate Risk: As a means of limiting its exposure to fair value losses arising from rising interest rates, the District's investment policy mandates structuring the investment portfolio so that investments mature to meet cash requirements for ongoing operations thereby avoiding the need to sell investments on the open market prior to maturity.

A. Investment Contracts with BOK Financial: The District funds on deposit with BOK Financial, which are invested in investment contracts with credit providers whose unsecured long-term debt is rated at the time of such agreement in either of the two highest rating categories by a nationally recognized rating service, in accordance with Section 165.051 and 360 of the Missouri Revised Statutes through the Missouri School District Direct Deposit Program. Each District investing in the program owns a pro-rata share of each investment which is held in the name of the fund. Fair market value approximates cost as the District has a pro-rata share of the fund.

B. U.S. Treasury Notes: District funds from U.S. Treasury Notes are from a bond refunding dated February 15, 1989. These investments are held in irrevocable trust accounts with U.S. Bank and will be used to refund bonds on February 15, 2019. The funds are invested in accordance with Section 165.051 and Section 360 of the Missouri Revised Statutes.

**REORGANIZED SCHOOL DISTRICT NO. IV
OF CASS COUNTY, MISSOURI
NOTES TO THE BASIC FINANCIAL STATEMENTS**

5. TAXES:

The counties in which the District is located collect property tax and remit it to the District. The District also receives sales tax collected by the state which is remitted based on eligible pupils.

Property taxes attach as an enforceable lien on property as of January 1. Taxes are levied on November 1 and are payable by December 31. All unpaid taxes become delinquent January 1 of the following year. The assessed valuation of the tangible taxable property for the calendar year 2017 for purposes of local taxation was as follows:

| | Bates | Cass | Total |
|-------------------|--------------|---------------|---------------|
| Real Estate: | | | |
| Residential | \$ 2,502,650 | \$ 8,977,430 | \$ 11,480,080 |
| Agricultural | 431,580 | 1,398,220 | 1,829,800 |
| Commercial | 380,063 | 2,071,789 | 2,451,852 |
| Personal Property | 1,093,545 | 3,589,846 | 4,683,391 |
| | \$ 4,407,838 | \$ 16,037,285 | \$ 20,445,123 |

For the calendar year 2017, for purposes of local taxation, the tax levy per \$100 of assessed valuation was \$5.1935 adjusted to \$5.1935 for estimated real estate and personal property tax collected, as follows:

| <u>Fund</u> | <u>Unadjusted</u> | <u>Adjusted</u> |
|--------------|-------------------|-----------------|
| General | \$ 4.2263 | \$ 4.2263 |
| Debt service | 0.9672 | 0.9672 |
| | \$ 5.1935 | \$ 5.1935 |

The receipts of current and delinquent property taxes during the fiscal year ended June 30, 2018, aggregated approximately 102.58% of the current assessment computed on the basis of the levy as shown above for the calendar year 2017.

6. RISK MANAGEMENT:

The District is exposed to various risks of loss to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The District is a member of the Missouri School Insurance Council (MUSIC). MUSIC is a public entity risk pool operating as a common risk management and insurance program. The District does not pay premiums to purchase insurance policies but pays an assessment to be a member of the self-sustaining risk sharing group. Part of the assessment is used to purchase excess insurance for the group as a whole. The pooling agreement requires the pool to be self-sustaining. The District believes that it is not possible to estimate the range of contingent losses to be borne by the District. Settled claims have not exceeded insurance coverage in any of the last three years. There were no significant reductions in coverage compared to the prior year.

**REORGANIZED SCHOOL DISTRICT NO. IV
OF CASS COUNTY, MISSOURI
NOTES TO THE BASIC FINANCIAL STATEMENTS**

7. BONDS PAYABLE:

The following is a summary of bond transactions for the year ended June 30, 2018:

| | |
|------------------------------|---------------------|
| Bonds payable, July 1, 2017 | \$ 3,950,000 |
| Less – Bonds retired | <u>(75,000)</u> |
| Bonds payable, June 30, 2018 | <u>\$ 3,875,000</u> |

Bonds payable at June 30, 2018, consisted of the following:

Series 2009 general obligation refunding bonds due in varying annual installments through March 1, 2018, with variable annual interest rates of 1.65% to 3.60%. These refunding general obligation bonds were issued on March 11, 2009, to refund the Series 1998 and Series 2004 outstanding bonds. It is estimated by the bonding agency that the District will save approximately \$63,769 in interest payments from this refunding. These bonds were fully retired during the 2017-2018 year.

Interest paid on these bonds during the year ended June 30, 2018, totaled \$2,700.

\$2,000,000 Series 2014 outstanding general obligation bonds due in varying annual installments through March 1, 2034, with variable interest rates of 1.40% to 5.00%. These general obligation bonds were issued July 1, 2014, for the purpose of energy efficiency; to expand the gymnasium and install new bleachers; and, to the extent funds are available, renovate the cafeteria and kitchen; to construct, equip, and furnish an addition for storage and office space; and other remodeling, renovation, and repair improvements to existing facilities of the District.

Interest paid on these bonds during the year ended June 30, 2017, totaled \$78,825.

\$1,875,000 Series 2017 outstanding general obligation refunding bonds due in varying annual installments through March 1, 2032, with variable interest rates of 2.00% to 5.00%. These general obligation refunding bonds were issued May 10, 2017, for the purpose of refunding in advance \$1,875,000 of the District Series 2014 bonds.

Interest paid on these bonds during the year ended June 30, 2018, totaled \$48,357.

On May 10, 2017, the District issued \$1,875,000 in Series 2017 General Obligation Refunding Bonds with interest rates ranging between 2.0% and 5.0%. The District issued the bonds to advance refund \$1,875,000 of the outstanding Series 2014 General Obligation Bonds. The District used the net proceeds along with other resources to purchase U.S. government securities. These securities were deposited in an irrevocable trust to provide for all future debt service on the refunded portion of the 2014 series bonds. As a result, the 2014 series bonds are considered defeased; however, the District shows the outstanding balance of debt and the cash balance held in trust. The outstanding principal of the defeased bonds is \$2,000,000 at June 30, 2018.

**REORGANIZED SCHOOL DISTRICT NO. IV
OF CASS COUNTY, MISSOURI
NOTES TO THE BASIC FINANCIAL STATEMENTS**

7. BONDS PAYABLE (continued):

The District has elected to participate in the program created by Senate Bill 301 administered by the Missouri Health and Educational Facilities Authority (MOHEFA) which allows the District an enhanced bond rating as well as having certain costs of issuance reimbursed. As a result of participating in this program, the District has executed a direct deposit agreement whereby a portion of state aid payments will be made to the direct deposit trustee who will then make the principal and interest payments on the bonds. At June 30, 2018, the District had \$81,541 in the Series 2014 escrow account, and \$72,295 in the Series 2017 escrow account.

As part of the Series 2017 General Obligation Refunding Bond, the funds received from the bond issuance were placed in an escrow account until the refunding date of March 1, 2019. At June 30, 2018, the District had \$1,894,481 in the irrevocable trust account as described above. This amount is part of the debt service cash balance and is fully insured.

Debt service requirements are as follows:

| Year ending June 30, | Principal | Interest | Total |
|-------------------------|---------------------|-------------------|---------------------|
| 2019 | \$ 2,000,000 * | \$ 138,648 | \$ 2,138,648 |
| 2020 | 120,000 | 59,823 | 179,823 |
| 2021 | 125,000 | 53,823 | 178,823 |
| 2022 | 130,000 | 47,573 | 177,573 |
| 2023 | 130,000 | 41,072 | 171,072 |
| 2024-2028 | 700,000 | 144,589 | 844,589 |
| 2029-2032 | 670,000 | 49,225 | 719,225 |
| | <u>\$ 3,875,000</u> | <u>\$ 534,753</u> | <u>\$ 4,409,753</u> |

* This amount includes the \$1,875,000 to be paid from the irrevocable trust account for the Series 2017 Advanced Refunding of Series 2014 General Obligation Bonds.

Article VI, Section 26 (b), Constitution of Missouri, limits the outstanding amount of authorized general obligation bonds of a District to 15% of the assessed valuation of the District. The legal debt margin (excluding state-assessed railroad and utility) of the District at June 30, 2018, was:

| | |
|---|---------------------|
| Constitutional debt limit | \$ 3,066,768 |
| Amount in Debt Service Fund available for payment of principal | 2,012,338 |
| General obligation bonds payable | <u>(3,875,000)</u> |
| Legal debt margin | <u>\$ 1,204,106</u> |

Principal and interest on general obligation bonds are liquidated through the Debt Service Fund. Capital leases are liquidated through the Capital Projects Fund.

**REORGANIZED SCHOOL DISTRICT NO. IV
OF CASS COUNTY, MISSOURI
NOTES TO THE BASIC FINANCIAL STATEMENTS**

8. INTERFUND TRANSFERS AND DUE TO/DUE FROM:

Interfund transfers, the flow of assets from one fund to another where repayment is not expected, are reported as transfers in and out. The District is required to make transfers from the General Fund to the Teachers' Fund to cover the excess of disbursements over receipts each year. The District makes allowed transfers from the General Fund to the Capital Projects Fund to cover disbursements and build balances as allowed by state law. During the year ended June 30, 2018, the District made the following interfund transfers:

| <u>TRANSFER FROM</u> | <u>TRANSFER TO</u> |
|----------------------|----------------------------|
| General Fund | Special Revenue Fund |
| | <u>\$ 299,439</u> |

During the year ended June 30, 2017, the District issued Series 2017 Refunding bonds as described in Note 7 above. Due to this transaction, the District was left with insufficient funds in non-trustee accounts for the District to transfer from debt service to general fund amounts necessary for repayment of amounts deposited into the MOHEFA account described in Note 6, above. As a result, the District shows a balance due to the general fund from the debt service fund in the amount of \$35,979. These funds will be repaid when amounts in the non-custodial accounts are sufficient to cover the deficit.

9. RELATED PARTY TRANSACTIONS:

There are several instances where board members are related to employees of the district. It appears the board members abstained from hiring of these employees.

10. CAPITAL ASSETS:

The capital assets activity of the governmental funds at June 30, 2018, is as follows:

| | Balance June 30, 2017 | Additions | Retirements | Balance June 30, 2018 |
|--------------------------------------|-----------------------------|--------------|-------------|-----------------------------|
| Capital assets not depreciated | | | | |
| Land | \$ 110,000 | \$ - | \$ - | \$ 110,000 |
| Capital assets being depreciated | | | | |
| Buildings and improvements | 6,772,218 | 29,983 | - | 6,802,201 |
| Furniture, vehicles and equipment | 376,571 | 16,968 | (5,390) | 388,149 |
| | 7,258,789 | 46,951 | (5,390) | 7,300,350 |
| Less: Accumulated depreciation | 1,982,266 | 175,479 | (5,390) | 2,152,355 |
| Net capital assets | \$ 5,276,523 | \$ (128,528) | \$ - | \$ 5,147,995 |

Included in the amount above are capital assets of \$12,110, net of \$9,613 accumulated depreciation, purchased under capital leases.

**REORGANIZED SCHOOL DISTRICT NO. IV
OF CASS COUNTY, MISSOURI
NOTES TO THE BASIC FINANCIAL STATEMENTS**

10. CAPITAL ASSETS (continued):

Depreciation expense was charged to functions of the governmental funds as follows:

| | |
|------------------------|-------------------|
| Instructional services | <u>\$ 175,479</u> |
|------------------------|-------------------|

11. COMMITMENTS AND CONTINGENCIES:

The District received financial assistance from federal and state agencies in the form of grants. The disbursement of funds received under these programs generally requires 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, 2018.

The District offers post-retirement healthcare benefits to all employees who retire from the District. Retirees and their dependents may obtain coverage by paying required premium rates. The District does not pay a portion of the required premium rates for retirees; however, the premiums paid by the District for active employees are based on combined active and retiree experience, so an implicit subsidy exists. Under the District's modified cash basis of accounting, no liability for this subsidy is included in the financial statements.

12. LEASES:

A. Capital Leases:

The following is a summary of the copy machine capital leases for the year ended June 30, 2018:

| | |
|--|------------------|
| Capital lease payable, July 1, 2017 | \$ 16,610 |
| Add – Capital leases entered during year | 4,995 |
| Less – Capital lease payments | <u>(5,129)</u> |
| Capital lease payable, June 30, 2018 | <u>\$ 16,476</u> |

On October 10, 2016, the district entered into an agreement with a financial institution for the purchase of a copy machine. The capital lease is collateralized by said copy machine and the terms of the lease are monthly installments in the amount of \$141 beginning December 2016 and maturing November 2020.

On March 28, 2017, the district entered into an agreement with a financial institution for the purchase of two copy machines. The capital lease is collateralized by said copy machines and the terms of the lease are monthly installments in the amount of \$263 beginning April 2017 and maturing March 2021.

On April 4, 2018, the district entered into an agreement with a financial institution for the purchase of two copy machines. The capital lease is collateralized by said copy machines and the terms of the lease are monthly installments in the amount of \$142 beginning May 2018 and maturing May 2022.

**REORGANIZED SCHOOL DISTRICT NO. IV
OF CASS COUNTY, MISSOURI
NOTES TO THE BASIC FINANCIAL STATEMENTS**

12. LEASES (continued):

A. Capital Leases (continued):

Minimum future payments under this capital lease are as follows:

| Year ending June 30, | Principal | Interest | Total |
|-------------------------|-----------|----------|-----------|
| 2019 | \$ 5,108 | \$ 1,442 | \$ 6,550 |
| 2020 | 5,588 | 961 | 6,549 |
| 2021 | 4,334 | 440 | 4,774 |
| 2022 | 1,446 | 117 | 1,563 |
| | \$ 16,476 | \$ 2,960 | \$ 19,436 |

Imputed interest on these capital leases was \$1,183 for the year ended June 30, 2018.

B. Operating Lease:

The following is a summary of the operating lease for the year ended June 30, 2018:

In April 2017, the District entered into a lease arrangement for the lease of 180 Chromebooks. The lease totaled \$50,064 with annual payments due of \$16,688, including imputed interest. Future minimum rental payments under these operating leases are as follows:

| Year ending June 30, | Principal |
|-------------------------|-----------|
| 2019 | 16,688 |
| | \$ 16,688 |

Total rental payments during the year ended June 30, 2018, totaled \$16,688.

13. DATE OF MANAGEMENT REVIEW:

Subsequent events were evaluated through October 15, 2018, which is the date the financial statements were available to be issued.



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

To the Board of Education
Reorganized School District No. IV
of Cass County, Missouri

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the modified cash basis financial statements of the governmental activities and each major fund of the Reorganized School District No. IV of Cass County, Missouri as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the Reorganized School District No. IV of Cass County, Missouri's basic financial statements and have issued our report thereon dated October 15, 2018.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Reorganized School District No. IV of Cass County, Missouri's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Reorganized School District No. IV of Cass County, Missouri's internal control. Accordingly, we do not express an opinion on the effectiveness of the Reorganized School District No. IV of Cass County, Missouri's internal control.

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

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Reorganized School District No. IV of Cass County, Missouri's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and, accordingly, we do not express such an opinion. The results of our tests disclosed an instance of noncompliance or other matters that is required to be reported under *Government Auditing Standards* and which is described in the accompanying schedule of findings and responses as item 2018-001 on page 27.

Reorganized School District No. IV of Cass County, Missouri's Responses to Findings

Reorganized School District No. IV of Cass County, Missouri's responses to the finding identified in our audit is described in the accompanying schedule of findings and responses. Reorganized School District No. IV of Cass County, Missouri's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Purpose of this Report

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

DSWA Certified Public Accountants, PC.

Raymore, Missouri
October 15, 2018

**REORGANIZED SCHOOL DISTRICT NO. IV
OF CASS COUNTY, MISSOURI**

**SCHEDULE OF CURRENT YEAR FINDINGS AND RESPONSES TO THE INDEPENDENT
AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON
COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL
STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING
STANDARDS***

FOR THE YEAR ENDED JUNE 30, 2018

Internal Control Over Financial Reporting

None

Compliance

None

**REORGANIZED SCHOOL DISTRICT NO. IV
OF CASS COUNTY, MISSOURI**

**SCHEDULE OF PRIOR YEAR FINDINGS AND RESPONSES TO THE INDEPENDENT
AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON
COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL
STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING
STANDARDS**

FOR THE YEAR ENDED JUNE 30, 2017

Internal Control Over Financial Reporting

None

Compliance

2017-001 Competitive Bidding

Statement of Condition: We noted bids were not obtained for a transportation contract entered into during the year which exceed the District's \$15,000 bid threshold.

Criteria: The District's board approved Procedures of Operation and Risk Assessment require the District to obtain bids for services exceeding \$15,000.

Effect: The District did not follow its procedures in approving said contract.

Cause: The District did not request competitive bids for transportation services.

Recommendation: We recommend the District ensure all purchases made in excess of \$15,000 be competitively bid as outlined in the District's procedures.

District's Response: *Review of available records support the assertion that transportation service contracts have not been submitted to bid for several years. The current contractual obligation is in effect through the 2019-2020 academic year. From all records and evidence available for review, transportation services have been of good quality. Discussion with administration and Board of Education beginning in early Spring 2018 will support bid procedures being followed for all major services for the Drexel R-IV District per state requirements, Board policy, and Missouri School Board Association recommendation. The bid process for transportation services will be conducted prior to July 1, 2020. This service provision per contract obligations noted above will not take effect until academic year 2020-2021.*

Status June 30, 2018: It appears the District requested competitive bids when required.



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

Board of Education
Reorganized School District No. IV
of Cass County, Missouri
Drexel, Missouri

Report on Management's Assertions

We have examined management's assertions that the Reorganized School District No. IV of Cass County, Missouri complied with the requirements of Missouri laws and regulations regarding budgetary and disbursement procedures; accurate disclosure of the District's attendance records of average daily attendance, standard day length, resident membership on the last Wednesday of September; pupil transportation records of the average daily transportation of pupils eligible and ineligible for state aid, the number of miles eligible and ineligible for state aid; and other statutory requirements as listed in the Schedule of Selected Statistics of the Reorganized School District No. IV of Cass County, Missouri, as of and for the year ended June 30, 2018. Management is responsible for the District's compliance with those requirements. Our responsibility is to express an opinion on management's assertions based on our examination.

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

Opinions

In our opinion, management's assertions referred to above are fairly stated, in all material respects, with the aforementioned requirements for the year ended June 30, 2018 except as described in the accompanying schedule of findings and responses as finding 2018-001.

Reorganized School District No. IV of Cass County, Missouri's Responses to Findings

The Reorganized School District No. IV of Cass County, Missouri's response to the finding identified in our audit is described in the accompanying schedule of findings and responses. The Reorganized School District No. IV of Cass County, Missouri's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Purpose of this Report

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

DSWA Certified Public Accountants, PC.
Raymore, Missouri
October 15, 2018

REORGANIZED SCHOOL DISTRICT NO. IV
OF CASS COUNTY, MISSOURI

SCHEDULE OF CURRENT YEAR FINDINGS AND RESPONSES TO THE INDEPENDENT
ACCOUNTANTS' REPORT ON MANAGEMENT'S ASSERTIONS ABOUT COMPLIANCE
WITH SPECIFIC REQUIREMENTS OF MISSOURI LAWS AND REGULATIONS

FOR THE YEAR ENDED JUNE 30, 2018

Budget

None

Attendance

2018-001

Statement of Condition: The District's attendance reporting system could not be tied to the information reported to the Department of Elementary and Secondary Education (DESE).

Criteria: The District is required to track attendance of students for reporting to DESE based on actual hours of attendance based on the District's final approved calendar.

Effect: The District is unable to substantiate the attendance hours reported to DESE.

Cause: While it appears variances between the attendance reporting system and DESE may be due to the timing of reports and the tracking of student grade movements with the software, the District was unable to reconcile the differences.

Recommendation: We recommend the District review its procedures and options within the attendance reporting software to ensure all attendance can be accurately verified.

District's Response: The district acknowledges that its current attendance system, PowerSchool, cannot be tied to the reports from Core Data. The district purchased a new student information system in early spring of the 2017-2018 academic year that will be more compatible with MOSIS reporting. The district has the new student information system in place for the 2018-2019 academic year.

Transportation

None

Other Compliance

None

REORGANIZED SCHOOL DISTRICT NO. IV
OF CASS COUNTY, MISSOURI

SCHEDULE OF PRIOR YEAR FINDINGS AND RESPONSES TO THE INDEPENDENT
ACCOUNTANTS' REPORT ON MANAGEMENT'S ASSERTIONS ABOUT COMPLIANCE
WITH SPECIFIC REQUIREMENTS OF MISSOURI LAWS AND REGULATIONS

FOR THE YEAR ENDED JUNE 30, 2017

Budget

None

Attendance

2017-002

Statement of Condition: The District's attendance reporting system could not be tied to the information reported to the Department of Elementary and Secondary Education (DESE).

Criteria: The District is required to track attendance of students for reporting to DESE based on actual hours of attendance based on the District's final approved calendar.

Effect: The District is unable to substantiate the attendance hours reported to DESE.

Cause: While it appears variances between the attendance reporting system and DESE may be due to the timing of reports and the tracking of student grade movements with the software, the District was unable to reconcile the differences.

Recommendation: We recommend the District review its procedures and options within the attendance reporting software to ensure all attendance can be accurately verified.

District's Response: The district acknowledges that its current attendance system, PowerSchool, cannot be tied to the reports from Core Data. The district plans to solicit a Request For Proposal (RFP) for a new student information system that will be more compatible with MOSIS reporting. This will occur during the early spring of the 2017-2018 academic year. It is the intent of the district to have a new student information system in place for the 2018-2019 academic year. The district also acknowledges that there may be attendance reporting issues during the 2017-2018 academic year as a result of using the same attendance system that will likely not be tied into the reports from Core Data

Status, June 30, 2018: It appears the District continues to have attendance reporting discrepancies as described in Finding 2018-01.

Transportation

None

**REORGANIZED SCHOOL DISTRICT NO. IV
OF CASS COUNTY, MISSOURI**

**SCHEDULE OF PRIOR YEAR FINDINGS AND RESPONSES TO THE INDEPENDENT
ACCOUNTANTS' REPORT ON MANAGEMENT'S ASSERTIONS ABOUT COMPLIANCE
WITH SPECIFIC REQUIREMENTS OF MISSOURI LAWS AND REGULATIONS**

FOR THE YEAR ENDED JUNE 30, 2017

Other Compliance

2017-003 District Salary Reporting to Core Data

Statement of Condition: The salaries for all certified individuals selected for testing did not tie to the amounts reported in Core Data.

Criteria: The District is required to report the pay of teachers through Core Data to DESE.

Effect: The District did not accurately report wages to Core Data.

Cause: It appears there was an error in reporting wages when entered into Core Data.

Recommendation: We recommend the District review its procedures to ensure wages are appropriately reflected in Core Data.

District's Response: *The district acknowledges that there was one instance of a teacher's salary in Core Data not matching the pay per the signed contract, including extra duties. The district contends that the employee was paid the actual amount as indicated per the signed contract, including extra duties. However, due to a data entry error, there was one instance of pay not matching in Core Data and the signed contract. The district plans to solicit a Request For Proposal (RFP) for a new student information system that will be more compatible with MOSIS and Core Data reporting. This will occur during the early spring of the 2017-2018 academic year. It is the intent of the district to have a new student information system in place for the 2018-2019 academic year.*

Status, June 30, 2018: It appears the District is correctly reporting the pay of teachers through Core Data.

REORGANIZED SCHOOL DISTRICT NO. IV OF CASS COUNTY, MISSOURI
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
MODIFIED CASH BASIS - BUDGET AND ACTUAL - GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2018

| | <u>Budgeted Amounts</u> | | <u>Actual Amounts</u> | <u>Variance with Final Budget - Positive (Negative)</u> |
|---|-------------------------|-------------------|---------------------------|---|
| | <u>Original</u> | <u>Final</u> | | |
| Revenues | | | | |
| Local | \$ 1,035,498 | \$ 1,135,776 | \$ 1,135,776 | \$ - |
| County | 111,534 | 105,209 | 105,209 | - |
| State | 297,308 | 292,600 | 292,600 | - |
| Federal | 95,165 | 125,812 | 125,812 | - |
| Total revenues | <u>1,539,505</u> | <u>1,659,397</u> | <u>1,659,397</u> | <u>-</u> |
| Expenditures | | | | |
| Instructional services | | | | |
| Regular | 14,950 | 26,004 | 26,004 | - |
| Special | 192,643 | 191,439 | 191,439 | - |
| Vocational | 6,700 | 3,534 | 3,534 | - |
| Student activities | 144,900 | 197,674 | 197,674 | - |
| Payments to other districts | 3,000 | 3,416 | 3,416 | - |
| Supporting services | | | | |
| Students | 62,089 | 57,797 | 57,797 | - |
| Instructional staff | 69,027 | 97,541 | 97,541 | - |
| Building administration | 62,241 | 46,852 | 46,852 | - |
| General administration | 152,833 | 150,395 | 150,395 | - |
| Operation and maintenance of facilities | 292,970 | 342,277 | 342,277 | - |
| Transportation | 138,650 | 166,001 | 166,001 | - |
| Food service | 176,035 | 160,312 | 160,312 | - |
| Other services | | | | |
| Community services | - | 14,803 | 14,803 | - |
| Total expenditures | <u>1,316,038</u> | <u>1,458,045</u> | <u>1,458,045</u> | <u>-</u> |
| Excess of revenues over expenditures | <u>223,467</u> | <u>201,352</u> | <u>201,352</u> | <u>-</u> |
| Other financing sources (uses) | | | | |
| Transfer out | <u>(277,389)</u> | <u>(299,439)</u> | <u>(299,439)</u> | <u>-</u> |
| Total other financing sources (uses) | <u>(277,389)</u> | <u>(299,439)</u> | <u>(299,439)</u> | <u>-</u> |
| Net change in fund balances | (53,922) | (98,087) | (98,087) | - |
| Fund balances - beginning | <u>583,881</u> | <u>606,199</u> | <u>606,199</u> | <u>-</u> |
| Fund balances - ending | <u>\$ 529,959</u> | <u>\$ 508,112</u> | <u>\$ 508,112</u> | <u>\$ -</u> |

See independent auditors' report and accompanying notes to the financial statements.

REORGANIZED SCHOOL DISTRICT NO. IV OF CASS COUNTY, MISSOURI
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
MODIFIED CASH BASIS - BUDGET AND ACTUAL - SPECIAL REVENUE
(TEACHERS') FUND
FOR THE YEAR ENDED JUNE 30, 2018

| | <u>Budgeted Amounts</u> | | <u>Actual Amounts</u> | <u>Variance with Final Budget - Positive (Negative)</u> |
|--|-------------------------|------------------|---------------------------|---|
| | <u>Original</u> | <u>Final</u> | | |
| Revenues | | | | |
| Local | \$ 327,722 | \$ 326,282 | \$ 326,282 | \$ - |
| County | 15,000 | 14,061 | 14,061 | - |
| State | 1,476,634 | 1,483,564 | 1,483,564 | - |
| Federal | 100,273 | 66,386 | 66,386 | - |
| Total revenues | <u>1,919,629</u> | <u>1,890,293</u> | <u>1,890,293</u> | <u>-</u> |
| Expenditures | | | | |
| Instructional services | | | | |
| Regular | 1,346,386 | 1,336,003 | 1,336,003 | - |
| Special | 165,407 | 186,749 | 186,749 | - |
| Vocational | 53,781 | 55,279 | 55,279 | - |
| Student activities | 100,079 | 93,945 | 93,945 | - |
| Supporting services | | | | |
| Students | 55,484 | 55,913 | 55,913 | - |
| Instructional staff | 130,020 | 129,661 | 129,661 | - |
| Building administration | 160,914 | 176,234 | 176,234 | - |
| General administration | 104,716 | 104,564 | 104,564 | - |
| Other services | | | | |
| Community services | 58,231 | 51,384 | 51,384 | - |
| Total expenditures | <u>2,175,018</u> | <u>2,189,732</u> | <u>2,189,732</u> | <u>-</u> |
| Excess of revenues over (under) expenditures | <u>(255,389)</u> | <u>(299,439)</u> | <u>(299,439)</u> | <u>-</u> |
| Other financing sources (uses) | | | | |
| Transfers in | <u>255,389</u> | <u>299,439</u> | <u>299,439</u> | <u>-</u> |
| Net change in fund balances | - | - | - | - |
| Fund balances - beginning | - | - | - | - |
| Fund balances - ending | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> |

See independent auditors' report and accompanying notes to the financial statements.

**REORGANIZED SCHOOL DISTRICT NO. IV OF CASS COUNTY, MISSOURI
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
MODIFIED CASH BASIS - BUDGET AND ACTUAL - DEBT SERVICE FUND
FOR THE YEAR ENDED JUNE 30, 2018**

| | <u>Budgeted Amounts</u> | | <u>Actual Amounts</u> | <u>Variance with Final Budget - Positive (Negative)</u> |
|----------------------------------|-------------------------|---------------------|---------------------------|---|
| | <u>Original</u> | <u>Final</u> | | |
| Revenues | | | | |
| Local | \$ 194,862 | \$ 207,704 | \$ 207,704 | \$ - |
| County | 24,455 | 15,180 | 15,180 | - |
| Total revenues | <u>219,317</u> | <u>222,884</u> | <u>222,884</u> | <u>-</u> |
| Expenditures | | | | |
| Other services | | | | |
| Principal | 156,525 | 75,000 | 75,000 | - |
| Interest | - | 129,882 | 129,882 | - |
| Total expenditures | <u>156,525</u> | <u>204,882</u> | <u>204,882</u> | <u>-</u> |
| Net change in fund balances | <u>62,792</u> | <u>18,002</u> | <u>18,002</u> | <u>-</u> |
| Fund balances - beginning | <u>52,268</u> | <u>1,994,336</u> | <u>1,994,336</u> | <u>-</u> |
| Fund balances - ending | <u>\$ 115,060</u> | <u>\$ 2,012,338</u> | <u>\$ 2,012,338</u> | <u>\$ -</u> |

See independent auditors' report and accompanying notes to the financial statements.

**REORGANIZED SCHOOL DISTRICT NO. IV OF CASS COUNTY, MISSOURI
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
MODIFIED CASH BASIS - BUDGET AND ACTUAL - CAPITAL PROJECTS FUND
FOR THE YEAR ENDED JUNE 30, 2018**

| | <u>Budgeted Amounts</u> | | <u>Actual Amounts</u> | <u>Variance with Final Budget - Positive (Negative)</u> |
|--|-------------------------|---------------|---------------------------|---|
| | <u>Original</u> | <u>Final</u> | | |
| Revenues | | | | |
| Local | \$ - | \$ 6,385 | \$ 6,385 | \$ - |
| State | - | 22,469 | 22,469 | - |
| Federal | 18,000 | 16,763 | 16,763 | - |
| Total revenues | <u>18,000</u> | <u>45,617</u> | <u>45,617</u> | <u>-</u> |
| Expenditures | | | | |
| Instructional services | | | | |
| Regular | 6,000 | 3,634 | 3,634 | - |
| Vocational | 2,500 | 29,983 | 29,983 | - |
| Student activities | 6,000 | 11,973 | 11,973 | - |
| Supporting services | | | | |
| Students | 1,000 | - | - | - |
| Instructional staff | 21,500 | - | - | - |
| Operation and maintenance of facilities | 2,000 | - | - | - |
| Food service | 1,000 | - | - | - |
| Total expenditures | <u>40,000</u> | <u>45,590</u> | <u>45,590</u> | <u>-</u> |
| Excess of revenues over (under) expenditures | <u>(22,000)</u> | <u>27</u> | <u>27</u> | <u>-</u> |
| Other financing sources (uses) | | | | |
| Transfer in | <u>22,000</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| Net change in fund balances | <u>-</u> | <u>27</u> | <u>27</u> | <u>-</u> |
| Fund balances - beginning | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| Fund balances - ending | <u>\$ -</u> | <u>\$ 27</u> | <u>\$ 27</u> | <u>\$ -</u> |

See independent auditors' report and accompanying notes to the financial statements.

**REORGANIZED SCHOOL DISTRICT NO. IV OF CASS COUNTY, MISSOURI
COMBINED SCHEDULES OF REVENUES COLLECTED BY SOURCE
MODIFIED CASH BASIS
FOR THE YEAR ENDED JUNE 30, 2018**

| | General (Incidental) Fund | Special Revenue (Teachers') Fund | Debt Service Fund | Capital Projects (Building) Fund | Total (Memorandum Only) |
|--|---------------------------------|---|-------------------------|---|-------------------------------|
| LOCAL | | | | | |
| Current taxes | \$ 789,680 | \$ - | \$ 180,721 | \$ - | \$ 970,401 |
| Delinquent taxes | 96,744 | - | 22,102 | - | 118,846 |
| School district trust fund (Prop C) | - | 296,860 | - | - | 296,860 |
| M & M surtax | 14,715 | - | 3,382 | - | 18,097 |
| Earnings on investments | 4,086 | 2,586 | 1,499 | 98 | 8,269 |
| Food service program | 68,594 | - | - | - | 68,594 |
| Food service non-program | 1,391 | - | - | - | 1,391 |
| Student activities | 158,048 | - | - | - | 158,048 |
| Community services | - | 26,836 | - | - | 26,836 |
| Gifts | 754 | - | - | 5,495 | 6,249 |
| Prior period adjustment | 1,764 | - | - | 792 | 2,556 |
| | <u>1,135,776</u> | <u>326,282</u> | <u>207,704</u> | <u>6,385</u> | <u>1,676,147</u> |
| COUNTY | | | | | |
| Fines, escheats, etc. | - | 14,061 | - | - | 14,061 |
| State assessed utilities | 105,209 | - | 15,180 | - | 120,389 |
| | <u>105,209</u> | <u>14,061</u> | <u>15,180</u> | <u>-</u> | <u>134,450</u> |
| STATE | | | | | |
| Basic formula | - | 1,469,404 | - | - | 1,469,404 |
| Transportation | 19,171 | - | - | - | 19,171 |
| Early childhood special education | 3,285 | - | - | - | 3,285 |
| Basic formula - classroom trust fund | 121,396 | - | - | - | 121,396 |
| Educational screening program/PAT | 11,179 | - | - | - | 11,179 |
| Small schools grant | 135,075 | - | - | - | 135,075 |
| Career education | 283 | - | - | - | 283 |
| Food service - state | 1,390 | - | - | - | 1,390 |
| A+ schools grant | - | - | - | 22,469 | 22,469 |
| High Need Fund | - | 14,160 | - | - | 14,160 |
| Other state | 821 | - | - | - | 821 |
| | <u>292,600</u> | <u>1,483,564</u> | <u>-</u> | <u>22,469</u> | <u>1,798,633</u> |
| FEDERAL | | | | | |
| State administered | | | | | |
| Medicaid | - | 3,891 | - | - | 3,891 |
| IDEA Grants | - | 301 | - | - | 301 |
| IDEA Entitlement Funds, Part B IDEA | - | 62,194 | - | - | 62,194 |
| Early childhood special education | 458 | - | - | - | 458 |
| School lunch program | 56,647 | - | - | - | 56,647 |
| School breakfast program | 26,095 | - | - | - | 26,095 |
| Title I, ESEA | 22,148 | - | - | - | 22,148 |
| Title IV, Drug free schools | 5,756 | - | - | - | 5,756 |
| Title II, ESEA - Teacher & principal quality | 10,760 | - | - | - | 10,760 |
| Title VI, Rural education initiative | 3,948 | - | - | 16,763 | 20,711 |
| | <u>125,812</u> | <u>66,386</u> | <u>-</u> | <u>16,763</u> | <u>208,961</u> |
| | <u>\$ 1,659,397</u> | <u>\$ 1,890,293</u> | <u>\$ 222,884</u> | <u>\$ 45,617</u> | <u>\$ 3,818,191</u> |

See independent auditors' report and accompanying notes to the financial statements.

Reorganized School District No. IV of Cass County, Missouri 019-150
 Schedule of Selected Statistics
 Year Ended June 30, 2018

1. **Calendar** (Sections 160.041 and 171.031, RSMo)

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

Kindergarten-12 7.1167

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

Kindergarten-12 1,051.19

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

Grades: K-12 148

Notes: _____

2. **Average Daily Attendance (ADA)**

| <u>Regular Term</u> | <u>Full-Time & Part-Time</u> | <u>Remedial</u> | <u>Deseg In</u> | <u>Federal Lands</u> | <u>Total</u> | <u>Deseg Out</u> |
|--|--------------------------------------|-----------------|---------------------|--------------------------|------------------------|----------------------|
| Grades K-12 | 294.6387 | - | - | - | 294.6387 | - |
| Subtotal Regular Term | 294.6387 | - | - | - | 294.6387 | - |
| | | | <u>Deseg In</u> | <u>Federal Lands</u> | <u>Total</u> | |
| Summer School | | - | - | - | - | - |
| Total Regular Term Plus Summer School ADA | | | | | <u><u>294.6387</u></u> | <u><u>-</u></u> |

Notes: _____

Reorganized School District No. IV of Cass County, Missouri 019-150
 Schedule of Selected Statistics
 Year Ended June 30, 2018

3. September Membership

| | Full-Time & Part- Time | Deseg In | Federal Lands | Total | Deseg Out |
|--------------------------------|---|---------------------|--------------------------|--------------|----------------------|
| September Membership FTE Count | 312.00 | - | - | 312.00 | - |

Notes: _____

4. Free and Reduced Priced Lunch FTE Count (Section 163.011(6), RSMo)

| State FTE Total | Full-Time & Part-Time | Deseg In | Total |
|------------------------|--------------------------------------|-----------------|--------------|
| Free | 100.00 | - | 100.00 |
| Reduced | 34.00 | - | 34.00 |
| Total | 134.00 | - | 134.00 |

Note: _____

5. Finance

Fill in the blank with the appropriate response of true, false, or N/A unless otherwise noted.

- A. As required by Section 162.401, RSMo, a bond was purchased for the district's treasurer in the total amount of: \$50,000
- B. The district's deposits were secured during the year as required by Sections 110.010 and 110.020, RSMo. TRUE
- C. The district maintained a separate bank account for the Debt Service Fund in accordance with Section 165.011, RSMo. TRUE
- D. Salaries reported for educators in the October Core Data cycle are supported by payroll/contract records. TRUE
- E. If a \$162,326 or 7% x SAT x WADA transfer was made in excess of adjusted expenditures, the board approve a resolution to make the transfer, which identified the specific projects to be funded by the transfer and an expected expenditure date for the projects to be undertaken. N/A

Reorganized School District No. IV of Cass County, Missouri 019-150
 Schedule of Selected Statistics
 Year Ended June 30, 2018

5. Finance (continued)

F. The district published a summary of the prior year's audit report within thirty days of the receipt of the audit pursuant to Section 165.121, RSMo. TRUE _____

G. The district has a professional development committee plan adopted by the board with the professional development committee plan identifying the expenditure of seventy-five percent (75%) of one percent (1%) of the current year basic formula apportionment. TRUE _____

H. The amount spent for approved professional development committee plan activities was: \$11,921 _____

All above "false" answers must be supported by a finding or management letter comment.

Finding #: _____

Management Letter Comment #: _____

Notes: _____

6. Transportation (Section 163.161, RSMo)

Fill in the blank with the appropriate response of true, false, or N/A unless otherwise noted.

A. The school transportation allowable costs substantially conform to 5 CSR 30-261.040, Allowable Costs for State Transportation Aid. TRUE _____

B. The district's school transportation ridership records are maintained in a manner as to accurately disclose in all material respects the average number of regular riders transported. TRUE _____

C. Based on the ridership records, the average number of students (non-disabled K-12, K-12 students with disabilities and career education) transported on a regular basis (ADT) was:

• **Eligible ADT** 95.50 _____

• **Ineligible ADT** 0.0 _____

D. The district's transportation odometer mileage records are maintained in a manner to accurately disclose in all material respects the eligible and ineligible mileage for the year. TRUE _____

Reorganized School District No. IV of Cass County, Missouri 019-150
Schedule of Selected Statistics
Year Ended June 30, 2018

6. Transportation (continued):

E. Actual odometer records show the total district-operated and
contracted mileage for the year was: 40,834

Of this total, the eligible non-disabled and students with
disabilities route miles and the ineligible non-route and
disapproved miles (combined) was:

• **Eligible Miles** 24,723

• **Ineligible Miles (Non-Route/Disapproved)** 16,111

F. Number of days the district operated the school
transportation system during the regular school year: 148

All above "False" answers must be supported by a finding or management letter
comment.

Finding #: _____

Management Letter Comment #: _____

Notes: _____
