

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

**AUDITED FINANCIAL STATEMENTS  
AS OF AND FOR THE YEAR ENDED  
JUNE 30, 2023**

**TOGETHER WITH  
INDEPENDENT AUDITORS' REPORT**

**DSWA CERTIFIED PUBLIC ACCOUNTANTS, P.C.  
210 WEST OHIO  
BUTLER, MISSOURI 64730**

**REORGANIZED SCHOOL DISTRICT NO. IV OF CASS COUNTY, MISSOURI  
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## INDEPENDENT AUDITORS' REPORT

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

### Report on the Audit of the Financial Statements

#### **Opinions**

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 of Cass County, Missouri ("District"), as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective modified cash basis financial position of the governmental activities and each major fund of the District as of June 30, 2023, and the respective changes in modified cash basis financial position thereof, for the year then ended in accordance with the modified cash basis of accounting described in Note 1.

#### **Basis for Opinions**

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. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the District and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

#### **Emphasis of Matter – 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 States of America. Our opinions are not modified with respect to this matter.

#### **Responsibilities of Management for the Financial Statements**

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the modified cash basis of accounting described in Note 1, and for determining that the modified cash basis of accounting is an acceptable basis for the preparation of the financial statements in the circumstances. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

## ***Auditors' Responsibilities for the Audit of the Financial Statements***

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

### ***Supplementary Information***

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The accompanying combined schedule of revenues collected by source – modified cash basis is presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The 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.

### ***Other Information***

Management is responsible for the other information included in the annual report. The other information comprises the budgetary comparison schedules but does not include the basic financial statements and our auditors' report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated November 20, 2023, on our consideration of the District’s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District’s internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District’s internal control over financial reporting and compliance.

**Report on Other Legal and Regulatory Requirements**

In accordance with requirements of Missouri laws and regulations, we have also issued our report dated November 20, 2023, on our consideration of certain management’s assertions of the District. 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.*

Butler, Missouri  
November 20, 2023

**REORGANIZED SCHOOL DISTRICT NO. IV OF CASS COUNTY, MISSOURI**  
**STATEMENT OF NET POSITION - MODIFIED CASH BASIS**  
**JUNE 30, 2023**

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	<b>Governmental Activities</b>
<b>ASSETS</b>	
Cash and cash equivalents	\$ 1,396,042
Investments	92,861
Capital assets, net of accumulated depreciation	<u>5,286,796</u>
Total assets	6,775,699
<b>LIABILITIES</b>	
Current liabilities:	
Finance leases due in less than one year	2,128
General obligation bonds due within one year	130,000
Noncurrent liabilities:	
Finance leases due in more than one year	749
General obligation bonds due in more than one year	<u>2,590,000</u>
Total liabilities	<u>2,722,877</u>
<b>NET POSITION</b>	
Net investment in capital assets	2,563,919
Restricted for:	
Debt service	311,021
Unrestricted	<u>1,177,882</u>
Total net position	<u>\$ 4,052,822</u>

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

**REORGANIZED SCHOOL DISTRICT NO. IV OF CASS COUNTY, MISSOURI**  
**STATEMENT OF ACTIVITIES - MODIFIED CASH BASIS**  
**FOR THE YEAR ENDED JUNE 30, 2023**

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
<b>PRIMARY GOVERNMENT</b>					
<b>GOVERNMENTAL ACTIVITIES</b>					
Instructional services					
Regular	\$ 1,784,797	\$ -	\$ 205,253	\$ -	\$ (1,579,544)
Special	483,340	-	172,591	-	(310,749)
Vocational	67,718	-	3,645	-	(64,073)
Student activities	456,747	187,599	-	-	(269,148)
Payments to other districts	48,670	-	-	-	(48,670)
Supporting services					
Students	126,704	-	-	-	(126,704)
Instructional staff	297,513	-	10,501	-	(287,012)
Building administration	228,011	-	-	-	(228,011)
General administration	321,714	-	-	-	(321,714)
Operation and maintenance of facilities	372,661	-	-	-	(372,661)
Transportation	127,210	-	56,263	-	(70,947)
Food services	197,682	67,501	120,394	-	(9,787)
Community services	72,573	24,859	-	-	(47,714)
Interest	108,573	-	-	-	(108,573)
Total school district	<u>\$ 4,693,913</u>	<u>\$ 279,959</u>	<u>\$ 568,647</u>	<u>\$ -</u>	<u>(3,845,307)</u>
<b>GENERAL REVENUES</b>					
Property taxes levied for:					
General purposes					1,504,565
Debt service					286,006
Federal and state aid not restricted to specific purposes					1,958,616
Earnings on investments					66,846
Miscellaneous					162,169
Total general revenues					<u>3,978,202</u>
Change in net position					132,895
<b>NET POSITION - BEGINNING</b>					<u>3,919,927</u>
<b>NET POSITION - ENDING</b>					<u>\$ 4,052,822</u>

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

**REORGANIZED SCHOOL DISTRICT NO. IV OF CASS COUNTY, MISSOURI**  
**BALANCE SHEET - MODIFIED CASH BASIS**  
**GOVERNMENTAL FUNDS**  
**JUNE 30, 2023**

	<b>General (Incidental) Fund</b>	<b>Special Revenue (Teachers') Fund</b>	<b>Debt Service Fund</b>	<b>Capital Projects (Building) Fund</b>	<b>Total Governmental Funds</b>
<b>ASSETS</b>					
Cash and cash equivalents	\$ 1,157,882	\$ -	\$ 218,160	\$ 20,000	\$ 1,396,042
Investments	-	-	92,861	-	92,861
Total assets	<u>\$ 1,157,882</u>	<u>\$ -</u>	<u>\$ 311,021</u>	<u>\$ 20,000</u>	<u>\$ 1,488,903</u>
<b>FUND BALANCES</b>					
Debt service	\$ -	\$ -	\$ 311,021	\$ -	\$ 311,021
Assigned to:					
Capital outlay	-	-	-	20,000	20,000
Student activities	55,386	-	-	-	55,386
Unassigned	1,102,496	-	-	-	1,102,496
Total fund balances	<u>1,157,882</u>	<u>-</u>	<u>311,021</u>	<u>20,000</u>	<u>1,488,903</u>
Total liabilities and fund balances	<u>\$ 1,157,882</u>	<u>\$ -</u>	<u>\$ 311,021</u>	<u>\$ 20,000</u>	<u>\$ 1,488,903</u>

**Reconciliation to Statement of Net Position**

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

<b>Total fund balance - governmental funds</b>	\$ 1,488,903
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds. The cost of the assets is \$8,594,500 and the accumulated depreciation is \$3,307,704.	5,286,796
Long-term liabilities, including bonds and finance leases payable, are not due and payable in the current period and, therefore, are not reported in the funds.	<u>(2,722,877)</u>
<b>Total net position - governmental activities</b>	<u>\$ 4,052,822</u>

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

**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, 2023**

	<u>General</u>	<u>Special Revenue (Teachers') Fund</u>	<u>Debt Service</u>	<u>Capital Projects</u>	<u>Total Governmental Funds</u>
<b>Revenues</b>					
Local	\$ 1,477,389	\$ 383,349	\$ 288,344	\$ -	\$ 2,149,082
County	117,295	13,932	19,235	-	150,462
State	371,651	1,490,919	-	-	1,862,570
Federal	<u>552,570</u>	<u>112,123</u>	<u>-</u>	<u>-</u>	<u>664,693</u>
Total revenues	<u>2,518,905</u>	<u>2,000,323</u>	<u>307,579</u>	<u>-</u>	<u>4,826,807</u>
<b>Expenditures</b>					
Instructional services					
Regular	51,404	1,489,007	-	-	1,540,411
Special	233,897	249,443	-	-	483,340
Vocational	4,045	63,673	-	-	67,718
Student activities	293,623	105,128	-	57,996	456,747
Payments to other districts	48,670	-	-	-	48,670
Supporting services					
Students	126,704	-	-	-	126,704
Instructional staff	151,912	64,543	-	81,058	297,513
Building administration	46,743	181,268	-	-	228,011
General administration	200,599	123,077	-	-	323,676
Operation and maintenance of facilities	430,657	-	-	-	430,657
Transportation	127,210	-	-	-	127,210
Food service	197,682	-	-	-	197,682
Other services					
Community services	14,851	57,722	-	-	72,573
Principal	-	-	130,000	-	130,000
Interest	<u>-</u>	<u>-</u>	<u>108,573</u>	<u>-</u>	<u>108,573</u>
Total expenditures	<u>1,927,997</u>	<u>2,333,861</u>	<u>238,573</u>	<u>139,054</u>	<u>4,639,485</u>
Excess of revenues over (under) expenditures	<u>590,908</u>	<u>(333,538)</u>	<u>69,006</u>	<u>(139,054)</u>	<u>187,322</u>
<b>Other financing sources (uses)</b>					
Sale of other property	-	-	-	1	1
Transfers in (out)	<u>(472,591)</u>	<u>333,538</u>	<u>-</u>	<u>139,053</u>	<u>-</u>
Total other financing sources (uses)	<u>(472,591)</u>	<u>333,538</u>	<u>-</u>	<u>139,054</u>	<u>1</u>
Net change in fund balances	118,317	-	69,006	-	187,323
<b>Fund balances - beginning</b>	<u>1,039,565</u>	<u>-</u>	<u>242,015</u>	<u>20,000</u>	<u>1,301,580</u>
<b>Fund balances - ending</b>	<u>\$ 1,157,882</u>	<u>\$ -</u>	<u>\$ 311,021</u>	<u>\$ 20,000</u>	<u>\$ 1,488,903</u>

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

**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, 2023**

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

**Net change in fund balances - total governmental funds** \$ 187,323

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	\$ 57,996	
Depreciation expense	<u>(244,386)</u>	(186,390)

Capital or right to use assets acquired by loans and finance leases are shown as an expenditure and revenue in the governmental funds. The revenue must be removed from the statement of activities; principal payments are applied to the liability; interest expense is recognized as it is paid.

Principal payments - finance leases	<u>1,962</u>	1,962
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The governmental funds report bond proceeds as an other financing source, while repayment of bond principal is reported as an expenditure. However, bond proceeds and repayment of bond principal are not included in the statement of activities because they are reported as changes in the balance of debt in the statement of net assets. The net effect of this difference in the treatment of general obligation bonds and related items is as follows:

Repayment of bond principal	<u>130,000</u>	<u>130,000</u>
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**Change in net position of governmental activities** \$ 132,895

**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:

1. 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.
2. 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.
3. Debt Service Fund – Accounts for the accumulation of resources for the payment of long-term debt principal, interest, and related costs.
4. 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 have been prepared using the modified cash basis of accounting. This basis generally recognizes assets, net position/fund balance, revenues, and expenditures when they result from cash transactions, with the exception of certain payroll expenditures described below in Note 1 (H), with a provision for depreciation in the government-wide financial statements and with a modification relating to the presentation of investments, debt and capital assets. 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.

F. Pooled Cash, Cash and Temporary Investments: The District maintains a cash and temporary investment pool that is available for use by all funds except the Debt Service Fund. State law requires that all deposits 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.

G. 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.

H. 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 2023 payroll checks, written and dated in June 2023, are included in the financial statements as an expenditure paid in the year ended June 30, 2023. This practice has been consistently followed in the previous years.

I. 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 \$40 a day with six to ten years of service in the district and \$50 a day with more than ten years of service in the district for any time they have banked. Four certified staff members are eligible for retirement for a potential cost to the district of \$6,330.

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):**

J. 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.
2. 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.
3. 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.

K. 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):**

K. Fund Balances (continued):

When an expenditure is incurred for purposes for which both restricted and unrestricted fund balances are 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.

L. 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.

M. 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.

N. 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.psr-peers.org](http://www.psr-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 2021, 2022 and 2023. 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 \$260,583; \$249,846; and \$282,763 respectively, for the years ended June 30, 2021, 2022, and 2023.

**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 2021, 2022 and 2023. 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 \$32,212; \$35,340 and \$43,297 respectively, for the years ended June 30, 2021, 2022, and 2023.

**3. CASH:**

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, 2023, all bank balances on deposit are entirely insured or collateralized with FDIC insurance or securities. Cash in the debt service fund of \$311,021 is restricted for debt service payments. Cash in the capital projects fund of \$20,000 is restricted for capital assets.

**4. INVESTMENTS:**

The District's investments at June 30, 2023, consisted of the following:

<u>Investment Type</u>	<u>Maturity</u>	<u>Balance</u>
Pro-rata shares of investment contracts with BOK Financial		\$ <u>92,861</u>

A. 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.

B. 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.

**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 2022 for purposes of local taxation was as follows:

	Bates	Cass	Total
Real Estate:			
Residential	\$ 2,693,010	\$ 12,303,390	\$ 14,996,400
Agricultural	452,330	1,399,940	1,852,270
Commercial	426,258	1,999,011	2,425,269
Personal Property	1,653,334	4,382,895	6,036,229
	\$ 5,224,932	\$ 20,085,236	\$ 25,310,168

For the calendar year 2022, for purposes of local taxation, the tax levy per \$100 of assessed valuation was \$5.3526 adjusted to \$5.3526 for estimated real estate and personal property tax collected, as follows:

<u>Fund</u>	<u>Unadjusted</u>	<u>Adjusted</u>
General	\$ 4.2854	\$ 4.2854
Debt service	1.0672	1.0672
	\$ 5.3526	\$ 5.3526

The receipts of current and delinquent property taxes during the fiscal year ended June 30, 2023, aggregated approximately 104.34% of the current assessment computed on the basis of the levy as shown above for the calendar year 2022.

**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, 2023:

Bonds payable, July 1, 2022	\$ 2,850,000
Less – Bonds retired	<u>( 130,000)</u>
Bonds payable, June 30, 2023	<u>\$ 2,720,000</u>

Bonds payable at June 30, 2023, consisted of the following:

\$1,500,000 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, 2023, totaled \$41,073.

\$1,350,000 Series 2019 outstanding general obligation refunding bonds due in varying annual installments through March 1, 2039, with an interest rate of 5.00%. These general obligation refunding bonds were issued July 2, 2019, for the purpose of capital improvements.

Interest paid on these bonds during the year ended June 30, 2023, totaled \$67,500.

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, 2023, the District had \$65,860 in the Series 2017 escrow account and \$27,001 in the Series 2019 escrow account.

Debt service requirements are as follows:

Year ending June 30,	Principal	Interest	Total
2024	\$ 130,000	\$ 102,073	\$ 232,073
2025	140,000	99,473	239,473
2026	130,000	96,533	226,533
2027	145,000	93,673	238,673
2028	155,000	90,338	245,338
2029-2033	840,000	386,725	1,226,725
2034-2038	960,000	203,000	1,163,000
2039	220,000	11,000	231,000
	<u>\$ 2,720,000</u>	<u>\$ 1,082,815</u>	<u>\$ 3,802,815</u>

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

**7. BONDS PAYABLE (continued):**

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, 2023, was:

Constitutional debt limit	\$ 3,796,525
Amount in Debt Service Fund available for payment of principal	311,021
General obligation bonds payable	<u>(2,720,000)</u>
 Legal debt margin	 <u>\$ 1,387,546</u>

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

**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 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, 2023, the District made the following interfund transfers:

	TRANSFERS TO	
TRANSFERS FROM	Special Revenue (Teachers') Fund	Capital Projects Fund
General Fund	\$ 333,538	\$ 139,053

**9. RELATED PARTY TRANSACTIONS:**

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

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

**10. CAPITAL ASSETS:**

The capital assets activity of the governmental funds at June 30, 2023, is as follows:

	Balance June 30, 2022	Additions	Retirements	Balance June 30, 2023
Capital assets not depreciated				
Land	\$ 110,000	\$ -	\$ -	\$ 110,000
Capital assets being depreciated				
Buildings and improvements	7,989,757	-	-	7,989,757
Furniture, vehicles and equipment	436,747	57,996	-	494,743
	8,536,504	57,996	-	8,594,500
Less: Accumulated depreciation	3,063,318	244,386	-	3,307,704
Net capital assets	\$ 5,473,186	\$ (186,390)	\$ -	\$ 5,286,796

Included in the amount above are capital assets of \$29,475, net of \$27,539 accumulated depreciation, purchased under finance leases.

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

Instructional services	<u>\$ 244,386</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, 2023.

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.

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

**12. LEASES:**

A. Finance Leases:

The following is a summary of the copy machine finance leases for the year ended June 30, 2023:

Finance lease payable, July 1, 2022	\$ 4,839
Less – Finance lease payments	<u>(1,962)</u>
Finance lease payable, June 30, 2023	<u>\$ 2,877</u>

On October 15, 2020, the district entered into an agreement with a financial institution for the purchase of a copy machine. The finance lease is collateralized by said copy machines and the terms of the lease are monthly installments in the amount of \$190 beginning November 2020 and maturing October 2024.

Minimum future payments under this finance lease are as follows:

<u>Year ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2024	\$ 2,128	\$ 157	\$ 2,285
2025	<u>749</u>	<u>13</u>	<u>762</u>
	<u>\$ 2,877</u>	<u>\$ 170</u>	<u>\$ 3,047</u>

Imputed interest on these finance leases was \$322 for the year ended June 30, 2023.

**13. DATE OF MANAGEMENT REVIEW:**

Subsequent events were evaluated through November 20, 2023, which is the date the financial statements were available to be issued.



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**INDEPENDENT AUDITOR'S 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  
Drexel, 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 financial statements of the governmental activities and each major fund of the District, as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated November 20, 2023.

**Report on Internal Control over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the District's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we do not express an opinion on the effectiveness of the District's internal control.

*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 or significant deficiencies may exist that were not identified.

**Report on Compliance and Other Matters**

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

**Purpose of This Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the 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, P.C.*

Butler, Missouri  
November 20, 2023

**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, 2023**

**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, 2023**

**Internal Control Over Financial Reporting**

None

**Compliance**

None

**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, 2023**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget - Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues</b>				
Local	\$ 1,248,041	\$ 1,477,389	\$ 1,477,389	\$ -
County	107,500	117,295	117,295	-
State	336,518	371,651	371,651	-
Federal	99,240	552,570	552,570	-
Total revenues	<u>1,791,299</u>	<u>2,518,905</u>	<u>2,518,905</u>	<u>-</u>
<b>Expenditures</b>				
Instructional services				
Regular	12,900	51,404	51,404	-
Special	258,316	233,897	233,897	-
Vocational	2,700	4,045	4,045	-
Student activities	133,407	293,623	293,623	-
Payments to other districts	9,500	48,670	48,670	-
Supporting services				
Students	132,048	126,704	126,704	-
Instructional staff	89,488	151,912	151,912	-
Building administration	31,471	46,743	46,743	-
General administration	157,365	200,599	200,599	-
Operation and maintenance of facilities	330,320	430,657	430,657	-
Transportation	127,000	127,210	127,210	-
Food service	140,332	197,682	197,682	-
Other services				
Community services	9,624	14,851	14,851	-
Total expenditures	<u>1,434,471</u>	<u>1,927,997</u>	<u>1,927,997</u>	<u>-</u>
Excess of revenues over expenditures	<u>356,828</u>	<u>590,908</u>	<u>590,908</u>	<u>-</u>
<b>Other financing sources (uses)</b>				
Transfer out	<u>(291,990)</u>	<u>(472,591)</u>	<u>(472,591)</u>	<u>-</u>
Total other financing sources (uses)	<u>(291,990)</u>	<u>(472,591)</u>	<u>(472,591)</u>	<u>-</u>
Net change in fund balances	64,838	118,317	118,317	-
<b>Fund balances - beginning</b>	<u>-</u>	<u>1,039,565</u>	<u>1,039,565</u>	<u>-</u>
<b>Fund balances - ending</b>	<u>\$ 64,838</u>	<u>\$ 1,157,882</u>	<u>\$ 1,157,882</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 - TEACHERS' FUND  
SPECIAL REVENUE FUND  
FOR THE YEAR ENDED JUNE 30, 2023**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget - Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues</b>				
Local	\$ 373,243	\$ 383,349	\$ 383,349	\$ -
County	9,000	13,932	13,932	-
State	1,501,343	1,490,919	1,490,919	-
Federal	<u>123,500</u>	<u>112,123</u>	<u>112,123</u>	-
Total revenues	<u>2,007,086</u>	<u>2,000,323</u>	<u>2,000,323</u>	-
<b>Expenditures</b>				
Instructional services				
Regular	1,461,121	1,489,007	1,489,007	-
Special	245,809	249,443	249,443	-
Vocational	61,059	63,673	63,673	-
Student activities	111,452	105,128	105,128	-
Supporting services				
Instructional staff	60,374	64,543	64,543	-
Building administration	180,790	181,268	181,268	-
General administration	122,861	123,077	123,077	-
Other services				
Community services	<u>55,610</u>	<u>57,722</u>	<u>57,722</u>	-
Total expenditures	<u>2,299,076</u>	<u>2,333,861</u>	<u>2,333,861</u>	-
Excess of revenues (under) expenditures	<u>(291,990)</u>	<u>(333,538)</u>	<u>(333,538)</u>	-
<b>Other financing sources (uses)</b>				
Transfer in	<u>291,990</u>	<u>333,538</u>	<u>333,538</u>	-
Total other financing sources (uses)	<u>291,990</u>	<u>333,538</u>	<u>333,538</u>	-
Net change in fund balances	-	-	-	-
<b>Fund balances - beginning</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Fund balances - ending</b>	<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, 2023**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget - Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues</b>				
Local	\$ 264,807	\$ 288,344	\$ 288,344	\$ -
County	20,000	19,235	19,235	-
Total revenues	<u>284,807</u>	<u>307,579</u>	<u>307,579</u>	<u>-</u>
<b>Expenditures</b>				
Other services				
Principal	177,573	130,000	130,000	-
Interest	67,500	108,573	108,573	-
Total expenditures	<u>245,073</u>	<u>238,573</u>	<u>238,573</u>	<u>-</u>
Excess of revenues (under) expenditures	<u>39,734</u>	<u>69,006</u>	<u>69,006</u>	<u>-</u>
Net change in fund balances	39,734	69,006	69,006	-
<b>Fund balances - beginning</b>	-	242,015	242,015	-
<b>Fund balances - ending</b>	<u>\$ 39,734</u>	<u>\$ 311,021</u>	<u>\$ 311,021</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, 2023**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget - Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues</b>				
Federal	\$ 23,272	\$ -	\$ -	\$ -
Total revenues	<u>23,272</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Expenditures</b>				
Instructional services				
Vocational	500	-	-	-
Student activities	-	57,996	57,996	-
Supporting services				
Instructional staff	<u>5,000</u>	<u>81,058</u>	<u>81,058</u>	<u>-</u>
Total expenditures	<u>5,500</u>	<u>139,054</u>	<u>139,054</u>	<u>-</u>
Excess of revenues (under) expenditures	<u>17,772</u>	<u>(139,054)</u>	<u>(139,054)</u>	<u>-</u>
<b>Other financing sources (uses)</b>				
Sale of other property	-	1	1	-
Transfer in	<u>-</u>	<u>139,053</u>	<u>139,053</u>	<u>-</u>
Total other financing sources (uses)	<u>-</u>	<u>139,054</u>	<u>139,054</u>	<u>-</u>
Net change in fund balances	17,772	-	-	-
<b>Fund balances - beginning</b>	<u>-</u>	<u>20,000</u>	<u>20,000</u>	<u>-</u>
<b>Fund balances - ending</b>	<u>\$ 17,772</u>	<u>\$ 20,000</u>	<u>\$ 20,000</u>	<u>\$ -</u>

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

**REORGANIZED SCHOOL DISTRICT NO. IV OF CASS COUNTY, MISSOURI**  
**COMBINED SCHEDULE OF REVENUES COLLECTED BY SOURCE**  
**MODIFIED CASH BASIS**  
**FOR THE YEAR ENDED JUNE 30, 2023**

	General (Incidental) Fund	Special Revenue (Teachers') Fund	Debt Service Fund	Capital Projects (Building) Fund	Total (Memorandum Only)
<b>LOCAL</b>					
Current taxes	\$ 995,391	\$ -	\$ 247,884	\$ -	\$ 1,243,275
Delinquent taxes	136,350	-	33,985	-	170,335
School district trust fund (Prop C)	-	355,737	-	-	355,737
Financial institution tax	147	-	37	-	184
M & M surtax	16,830	-	4,073	-	20,903
In lieu of tax	110	-	27	-	137
Earnings from temporary deposits	64,369	139	2,338	-	66,846
Food service program - sales to pupils	66,137	-	-	-	66,137
Food service non-program	1,364	-	-	-	1,364
Student activities	184,985	2,614	-	-	187,599
Community services	-	24,859	-	-	24,859
Gifts	11,706	-	-	-	11,706
Total local	<u>1,477,389</u>	<u>383,349</u>	<u>288,344</u>	<u>-</u>	<u>2,149,082</u>
<b>COUNTY</b>					
Fines, escheats, etc.	-	13,932	-	-	13,932
State assessed utilities	117,295	-	19,235	-	136,530
Total county	<u>117,295</u>	<u>13,932</u>	<u>19,235</u>	<u>-</u>	<u>150,462</u>
<b>STATE</b>					
Basic formula - state monies	172	1,475,449	-	-	1,475,621
Transportation	56,263	-	-	-	56,263
Early childhood special education	32,795	-	-	-	32,795
Basic formula - classroom trust fund	113,879	-	-	-	113,879
Educational screening program/PAT	2,762	-	-	-	2,762
Small schools grant	111,136	-	-	-	111,136
Career education	3,645	-	-	-	3,645
Food service - State	489	-	-	-	489
Teacher baseline grant	-	15,470	-	-	15,470
School safety grant	50,000	-	-	-	50,000
Other state	510	-	-	-	510
Total state	<u>371,651</u>	<u>1,490,919</u>	<u>-</u>	<u>-</u>	<u>1,862,570</u>
<b>FEDERAL</b>					
State administered					
Medicaid	-	9,265	-	-	9,265
ARP - ESSER III	236,686	-	-	-	236,686
CRRSA - ESSER II	10,018	-	-	-	10,018
CARES - ESSER fund	-	15,000	-	-	15,000
CRRSA - GEER II	366	-	-	-	366
ARP - IDEA 611 entitlement funds	13,663	-	-	-	13,663
IDEA entitlement funds, Part B IDEA	-	62,157	-	-	62,157
Early childhood special education	15,315	-	-	-	15,315
ARP - IDEA early childhood special education	957	-	-	-	957
National school lunch program	86,302	-	-	-	86,302
School breakfast program	33,603	-	-	-	33,603
Title I, ESEA	31,837	21,222	-	-	53,059
Title IV.A, Student support & academic enrichment	13,386	-	-	-	13,386
Title II, ESEA - Teacher & principal	6,022	4,479	-	-	10,501
Title VI, Part B rural education initiative	27,459	-	-	-	27,459
Other federal	76,956	-	-	-	76,956
Total federal	<u>552,570</u>	<u>112,123</u>	<u>-</u>	<u>-</u>	<u>664,693</u>
<b>OTHER</b>					
Sale of other property	-	-	-	1	1
Total other	<u>-</u>	<u>-</u>	<u>-</u>	<u>1</u>	<u>1</u>
Total revenue	<u>\$ 2,518,905</u>	<u>\$ 2,000,323</u>	<u>\$ 307,579</u>	<u>\$ 1</u>	<u>\$ 4,826,808</u>

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



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

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

We have examined management's assertions that the District complied with the requirements of Missouri laws and regulations regarding budgetary and disbursement procedures; accurate disclosure of the District's attendance records of average daily attendance, 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 during the year ended June 30, 2023. The District's management is responsible for its assertions. 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. Those standards require that we plan and perform the examination to obtain reasonable assurance about whether management's assertions are fairly stated, in all material respects. An examination involves performing procedures to obtain evidence about management's assertions. The nature, timing, and extent of the procedures selected depend on our judgment, including an assessment of the risks of material misstatement of management's assertions, whether due to fraud or error. We believe that the evidence we obtained is sufficient and appropriate to provide a reasonable basis for our opinion.

In our opinion, management's assertions referred to above are fairly stated, in all material respects, for the year ended June 30, 2023, except as described in the accompanying schedule of findings and responses as findings 2023-001 through 2023-002.

The District's response to the findings identified in our audit are described in the accompanying schedule of findings and responses. The District'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.

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. P.C.*

Butler, Missouri  
November 20, 2023

**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, 2023**

**Budget**

None

**Attendance**

None

**Transportation**

**2023-001 – Lack of Odometer Readings**

Statement of Condition: The district was not given odometer readings by their contracted bus company. Because of this, they are unable to accurately report that they maintained odometer readings to determine mileage on the Application for State Transportation Aid.

Criteria: RSMo 165.121 states transportation records must be maintained by the district as to disclose accurately average daily transportation.

Effect: The District is not able to accurately report that they maintained odometer readings to determine mileage on the Application for State Transportation Aid.

Cause: Odometer readings were not able to be obtained from the contracted bus company.

Recommendation: We recommend that the district request the odometer readings and keep track of the odometer readings themselves.

District's Response: The district will request odometer readings from the bus company and work to maintain records themselves.

**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, 2023**

**Other Compliance**

**2023-002 – Salary Reporting in Core Data**

Statement of Condition: As part of our testing, we traced a sample of educator salaries to Core Data where said information is reported to the Missouri Department of Elementary and Secondary Education (DESE). We noted two instances where the salary was not properly reported in the October cycle of Core Data

Criteria: DESE requires all educators' salaries to be correctly reported in the October cycle of Core Data.

Effect: Incorrect data was reported in the October cycle of Core Data.

Cause: The District did not ensure all educators' salaries were reported accurately in the October Cycle of Core Data.

Recommendation: We recommend the District review all contracts with information reported in Core Data to confirm accuracy.

District's Response: The District will strive to make sure that what is in Core Data is accurate.

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, 2023

**Budget**

None

**Attendance**

None

**Transportation**

None

**Other Compliance**

None









Reorganized School District No. IV of Cass County, Missouri 019-150  
 Schedule of Selected Statistics  
 For the Year Ended June 30, 2023

**5. Finance**

Answer the following questions with an appropriate response of true, false, or N/A unless otherwise noted.

Section	Question	Answer
5.1	The district/charter school maintained a calendar in accordance with 160.041, 171.029, 171.031, and 171.033, RSMo and all attendance hours were reported.	True
5.2	The district/charter school maintained complete and accurate attendance records allowing for the accurate calculation and reporting by category of Average Daily Attendance, which includes the reporting of calendar and attendance hours, for all students in accordance with all applicable state rules and regulations. Sampling of records included those students receiving instruction in the following categories:	True
	Academic Programs Off-Campus	N/A
	Career Exploration Program – Off Campus	True
	Cooperative Occupational Education (COE) or Supervised Occupational Experience Program	N/A
	Dual enrollment	N/A
	Homebound instruction	N/A
	Missouri Options	True
	Prekindergarten eligible to be claimed for state aid	N/A
	Remediation	N/A
	Sheltered Workshop participation	N/A
	Students participating in the school flex program	N/A
	Traditional instruction (full and part-time students)	True
	Virtual instruction (MOCAP or other option)	True
	Work Experience for Students with Disabilities	N/A
5.3	The district/charter school maintained complete and accurate attendance records allowing for the accurate calculation of September Membership for all students in accordance with all applicable state rules and regulations.	True
5.4	The district/charter school maintained complete and accurate attendance and other applicable records allowing for the accurate reporting of the State FTE count for Free and Reduced Lunch for all students in accordance with all applicable state rules and regulations.	True
5.5	As required by Section 162.401, RSMo, a bond was purchased for the district's school treasurer or as required by Section 160.405, RSMo, a bond was purchased for the charter schools chief financial officer or an insurance policy issued by an insurance company that proves coverage in the event of employee theft in the total amount of:	\$50,000

Reorganized School District No. IV of Cass County, Missouri 019-150  
 Schedule of Selected Statistics  
 For the Year Ended June 30, 2023

**5. Finance (continued)**

Section	Question	Answer
5.6	The district's/charter school's deposits were secured during the year as required by Sections 110.010 and 110.020, RSMo., and the Missouri Financial Accounting Manual.	<b>True</b>
5.7	The district maintained a separate bank account for all Debt Service Fund monies in accordance with Section 108.180 and 165.011, RSMo. (Not applicable to charter schools.)	<b>True</b>
5.8	Salaries reported for educators in the October MOSIS Educator Core and Educator School files are supported by complete and accurate payroll and contract records. This includes payments for Teacher Baseline Salary Grants and Career Ladder if applicable.	<b>False</b>
5.9	If a \$162,326 or 7% x SAT x WADA transfer was made in excess of adjusted expenditures, the board approved a resolution to make the transfer, which identified the specific projects to be funded by the transfer and an expected expenditure date for the projects to be undertaken. (Not applicable to charter schools.)	<b>N/A</b>
5.10	The district/charter school 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.	<b>True</b>
5.11	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. Remaining 25% of 1% if not spent must be restricted and spent on appropriate expenditures in the future. (Not applicable to charter schools.)	<b>True</b>
5.12	The amount spent for approved professional development committee plan activities was:	<b>\$11,744</b>
5.13	The district/charter school has posted, at least quarterly, a searchable expenditure and revenue document or database detailing actual income, expenditures, and disbursement for the current calendar or fiscal year on the district or school website or other form of social media as required by Section 160.066, RSMo.	<b>True</b>

Notes:	

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

Finding: 5.8	District did not report all salaries correctly in Core Data. See finding <b>2023-002</b> .
Management Letter Comment:	

Reorganized School District No. IV of Cass County, Missouri 019-150  
 Schedule of Selected Statistics  
 For the Year Ended June 30, 2023

**6. Transportation** (Section 163.161, RSMo)

Answer the following questions with an appropriate response of true, false, or N/A unless otherwise noted.

Section	Question	Answer
6.1	The school transportation allowable costs substantially conform to 5 CSR 30-261.040, Allowable Costs for State Transportation Aid.	<b>True</b>
6.2	The district's/charter school's pupil transportation ridership records are maintained in a manner to accurately disclose in all material respects the average number of regular riders transported.	<b>True</b>
6.3	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	<b>53.0</b>
	Ineligible ADT	<b>0</b>
6.4	The district's/charter school'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.	<b>False</b>
6.5	Actual odometer records show the total district/charter-operated and contracted mileage for the year was:	<b>27,324</b>
6.6	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	<b>15,288</b>
	Ineligible Miles (Non-Route/Disapproved)	<b>12,036</b>
6.7	Number of days the district/charter school operated the school transportation system during the regular school year:	<b>147</b>

Notes:	

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

Finding: 6.4	The District did not maintain odometer readings for the purpose of reporting eligible and ineligible mileage. See finding 2023-001.
Management Letter Comment:	