

**MID-BUCHANAN R-V SCHOOL DISTRICT
FAUCETT, MISSOURI**

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

FOR THE YEAR ENDED JUNE 30, 2019

**MID-BUCHANAN R-V SCHOOL DISTRICT
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INDEPENDENT AUDITORS' REPORT

To the Board of Education
Mid-Buchanan R-V School District

We have audited the accompanying modified cash basis financial statements of the governmental activities and each major fund of Mid-Buchanan R-V School District as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective modified cash basis financial position of the governmental activities and each major fund of Mid-Buchanan R-V School District as of June 30, 2019, and the respective changes in modified cash basis financial position thereof for the year then ended in accordance with the basis of accounting described in Note A.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements as a whole that collectively comprise the District's basic financial statements. The supplementary information, as listed in the table of contents, is presented for purposes of additional analysis and is not a required part of the basic financial statements.

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 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 information is fairly stated in all material respects in relation to the basic financial statements as a whole, on the basis of accounting described in Note A.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated November 4, 2019 on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements. The purpose of that report is 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.

Basis of Accounting

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

Westbrook & Co., P.C.

Richmond, Missouri
November 4, 2019

**MID-BUCHANAN R-V SCHOOL DISTRICT
STATEMENT OF NET POSITION - MODIFIED CASH BASIS
FOR THE YEAR ENDED JUNE 30, 2019**

	<u>GOVERNMENTAL ACTIVITIES</u>
ASSETS	
Cash and cash equivalents	<u>\$ 5,431,917</u>
NET POSITION	
Restricted for:	
Capital outlay	\$ 170,525
Scholarships	1,975
Debt service	3,049,026
Unrestricted	<u>2,210,391</u>
Total net position	<u>\$ 5,431,917</u>

See accompanying notes to the basic financial statements.

MID-BUCHANAN R-V SCHOOL DISTRICT
STATEMENT OF ACTIVITIES - MODIFIED CASH BASIS
FOR THE YEAR ENDED JUNE 30, 2019

	PROGRAM REVENUES				Net (Expenditures) Revenues and Change in Net Position Governmental
	Expenditures	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
GOVERNMENTAL ACTIVITIES:					
Instruction	\$ 3,474,715	\$ -	\$ 572,549	\$ -	\$ (2,902,166)
Student activities	559,838	253,121	-	-	(306,717)
Student services	282,945	-	-	-	(282,945)
Instructional staff support	499,838	-	-	-	(499,838)
General administration and central services	421,651	-	-	-	(421,651)
Building administration	524,445	-	-	-	(524,445)
Operation of plant	712,394	-	-	-	(712,394)
Transportation	434,712	-	79,998	-	(354,714)
Food service	364,725	184,275	82,797	-	(97,653)
Community services	172,357	134,996	9,400	-	(27,961)
Facility acquisition and construction	191,621	-	-	-	(191,621)
Debt service:					
Principal retirement	465,000	-	-	-	(465,000)
Interest and fees	223,561	-	-	-	(223,561)
Total Governmental Activities	\$ 8,327,802	\$ 572,392	\$ 744,744	\$ -	(7,010,666)

General Revenues:	
Basic formula	2,818,711
Property taxes	3,674,404
Sales tax	750,732
State assessed utilities	246,976
Fines and escheats	8,014
Earnings on investments	108,260
M&M surtax	56,128
Other revenue	44,098
Total General Revenues	7,707,323
Change in net position	696,657
Net Position Beginning of Year	4,735,260
Net Position End of Year	<u>\$ 5,431,917</u>

See accompanying notes to the basic financial statements.

**MID-BUCHANAN R-V SCHOOL DISTRICT
BALANCE SHEET - MODIFIED CASH BASIS
GOVERNMENTAL FUNDS
JUNE 30, 2019**

	GENERAL FUND	SPECIAL REVENUE FUND	DEBT SERVICE FUND	CAPITAL PROJECTS FUND	TOTAL GOVERNMENTAL FUNDS
ASSETS					
Cash and cash equivalents	\$ 2,206,651	\$ 5,715	\$ 3,049,026	\$ 170,525	\$ 5,431,917
FUND BALANCES					
Restricted	\$ 1,975	\$ -	\$ 3,049,026	\$ -	\$ 3,051,001
Committed	-	-	-	81,394	81,394
Assigned	145,846	5,715	-	89,131	240,692
Unassigned	2,058,830	-	-	-	2,058,830
Total fund balances	\$ 2,206,651	\$ 5,715	\$ 3,049,026	\$ 170,525	\$ 5,431,917

See accompanying notes to the basic financial statements.

MID-BUCHANAN R-V SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
MODIFIED CASH BASIS - GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2019

	GENERAL FUND	SPECIAL REVENUE FUND	DEBT SERVICE FUND	CAPITAL PROJECTS FUND	TOTAL GOVERNMENTAL FUNDS
REVENUES:					
Local	\$ 3,785,975	\$ 778,118	\$ 641,921	\$ -	\$ 5,206,014
County	196,749	8,014	50,227	-	254,990
State	605,999	2,718,779	-	-	3,324,778
Federal	92,394	146,283	-	-	238,677
Total Revenues	<u>4,681,117</u>	<u>3,651,194</u>	<u>692,148</u>	<u>-</u>	<u>9,024,459</u>
EXPENDITURES:					
Instruction	257,992	3,215,539	-	1,184	3,474,715
Student activities	367,172	164,326	-	28,340	559,838
Student services	87,679	195,266	-	-	282,945
Instructional staff support	286,772	132,628	-	80,438	499,838
General administration and central services	264,596	155,055	-	2,000	421,651
Building administration	143,123	381,322	-	-	524,445
Operation of plant	667,394	-	-	45,000	712,394
Transportation	434,712	-	-	-	434,712
Food service	362,545	-	-	2,180	364,725
Community services	107,589	64,768	-	-	172,357
Facility acquisition and construction	-	-	-	191,621	191,621
Debt service:					
Principal retirement	-	-	465,000	-	465,000
Interest and fees	-	-	223,561	-	223,561
Total Expenditures	<u>2,979,574</u>	<u>4,308,904</u>	<u>688,561</u>	<u>350,763</u>	<u>8,327,802</u>
Revenues Over (Under) Expenditures	1,701,543	(657,710)	3,587	(350,763)	696,657
Other Financing Sources (Uses):					
Transfers	<u>(990,425)</u>	<u>663,425</u>	<u>-</u>	<u>327,000</u>	<u>-</u>
Net change in fund balances	711,118	5,715	3,587	(23,763)	696,657
Fund balance, beginning	<u>1,495,533</u>	<u>-</u>	<u>3,045,439</u>	<u>194,288</u>	<u>4,735,260</u>
Fund balance, ending	<u>\$ 2,206,651</u>	<u>\$ 5,715</u>	<u>\$ 3,049,026</u>	<u>\$ 170,525</u>	<u>\$ 5,431,917</u>

See accompanying notes to the basic financial statements.

MID-BUCHANAN R-V SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

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

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

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

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

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

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

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

MID-BUCHANAN R-V SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Major Governmental Funds:

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

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

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

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

Measurement Focus

Government-wide Financial Statements: The government-wide financial statements are prepared using the total economic measurement focus. All assets and liabilities arising from cash basis transactions are included on the Statement of Net Position.

Fund Financial Statements: All governmental funds are accounted for using a flow of current financial resources measurement focus. With this measurement of focus, only current assets and current liabilities generally are included on the balance sheet. The Statement of Revenues, Expenditures and Changes in Fund Balances reports on the sources (revenues and other financing sources) and uses (expenditures and other financing uses) of current financial resources. This approach does not differ from the manner in which the governmental activities of the District-wide financial statements are prepared.

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

Pooled Cash: Cash resources of the individual funds are combined to form a pool of cash, which is managed by the District's Treasurer. Interest income received is allocated to contributing funds based on cash balances. The investment pool is available for use by all funds except the Debt Service Fund (State law requires that all deposits of the Debt Service Fund be kept separate and apart from all other funds of the District).

Vacation and Sick Leave: Vacation, personal days, and sick leave are considered as expenditures in the year paid. Unlimited sick leave accumulation is allowed in the District. Upon leaving the District, specified employees are eligible to be reimbursed for unused sick leave days at \$10 per day, or half the substitute rate upon retirement if the individual has 30 or more years experience.

MID-BUCHANAN R-V SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

Teachers' Salaries: Payroll benefit checks for health insurance written and held at June 30, 2019, for July and August 2019 payrolls from 2018-2019 contracts in the amount of \$39,657 are included in the financial statements as an expenditure paid in the month of June. This practice has been consistently followed in previous years.

NOTE B - DEPOSITS AND INVESTMENTS

Custodial credit risk: For deposits, custodial credit risk is the risk that in the event of bank failure, the District's deposits may not be returned to it. At June 30, 2019, the bank balances of the District's deposits totaled \$560,093. Of this amount \$250,000 was covered by FDIC insurance and \$310,093 was supported by collateral, held by banks in the District's name that do not hold the collateralized deposits.

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

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

The District is participating in the program created by Senate Bill 301 administered by the Missouri Health and Educational Authority (MOHEFA). The program intercepts a portion of state aid and places those funds in escrow to pay the current debt service requirement of the District's outstanding bonds. The District's investments in MOHEFA are not rated by any of the nationally recognized statistical rating organizations. At June 30, 2019, the District had \$276,547 invested with MOHEFA.

MOSIP is professionally managed by PFM Asset Management LLC, a registered investment adviser, who is one of the nations' largest administrators of local government investment programs. All investments in the MOSIP pool are rated AAA by Standard and Poor's and meet the permitted investments statutes for Missouri Schools. The District had \$2,662,230 invested with MOSIP at June 30, 2019.

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

Escrow Fund: The District has established an escrow fund with the proceeds of the 2017 Refunding Bonds for the purpose of refunding \$2,330,000 of the 2015 General Obligation Bonds. This fund will be used to meet debt service requirements of the 2017 Refunding Bonds until the "crossover" date of March 1, 2020, at which time the refunding escrow will be used to retire the refunded bonds. At June 30, 2019, the escrow fund balance was \$2,338,646 which was invested in U.S. Treasury securities.

MID-BUCHANAN R-V SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE C - TAXES

Property taxes attach as an enforceable lien on property as of January 1. Taxes are levied on November 1 and payable by December 31. DeKalb, Daviess and Gentry Counties collect the property tax and remit it to the District.

The District also receives sales tax collected by the state and remitted based on weighted average daily attendance. The District is required to reduce its property tax levy by one-half the amount of sales tax estimated to be received in the subsequent calendar year. The District's voters have approved a waiver of the rollback and, therefore, the District was not required to reduce its levy for the calendar year 2018.

The assessed valuation of the tangible taxable property for the calendar year 2018 for purposes of local taxation was:

Real Estate:	
Residential	\$ 38,730,730
Agriculture	3,044,760
Commercial	4,703,550
Personal Property	<u>19,282,227</u>
	<u>\$ 65,761,267</u>

The tax levy per \$100 of the assessed valuation of tangible taxable property for the calendar year 2018 for purposes of local taxation was:

	<u>Unadjusted</u>	<u>Adjusted</u>
General Fund	\$ 4.6944	\$ 4.6944
Special Revenue Fund	-	-
Debt Service Fund	0.9000	0.9000
Capital Projects Fund	-	-
	<u>\$ 5.5944</u>	<u>\$ 5.5944</u>

The receipts of current and delinquent property taxes during the fiscal year ended June 30, 2019, aggregated approximately 100 percent of the current assessment computed on the basis of the levy as shown above.

NOTE D - INSURANCE

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; injuries to employees; and natural disasters. The District has joined with other schools to form the Missouri United School Insurance Council (MUSIC), a public entity risk pool currently operating as a common risk management and insurance program for its members. The District pays an annual premium to MUSIC for its insurance coverage. Such coverage allows for liability claims up to \$3,000,000, property claims to various amounts and worker's compensation claims to statutory limits. The District maintains reinsurance for claims in excess of \$3,000,000 up to \$2,000,000 which are not covered by MUSIC.

MID-BUCHANAN R-V SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE E - RETIREMENT PLAN

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

The members' benefits are further calculated at two-thirds the normal benefit amount. A Comprehensive Annual Financial Report ("CAFR") can be obtained at www.psr-peers.org.

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

PSRS members were required to contribute 14.5% of their annual covered salary during fiscal year 2019. Employers were required to match the contributions made by employees. The contribution rate is set each year by the PSRS Board of Trustees upon the recommendation of the independent actuary within the contribution restrictions set in Section 169.030 RSMo. The annual statutory increase in the total contribution rate may not exceed 1% of pay. Contributions for employees of the State of Missouri were made by the state in accordance with the actuarially determined contribution rate needed to fund current costs and prior service costs of state employees as authorized in Section 104.342.8 RSMo.

The District's contributions to PSRS for the year ended June 30, 2019 was \$508,528.

**MID-BUCHANAN R-V SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2019**

NOTE E - RETIREMENT PLAN (continued)

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

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

PEERS members were required to contribute 6.86% of their annual covered salary during fiscal year 2019. Employers were required to match the contributions made by employees. The contribution rate is set each year by the PSRS Board of Trustees upon the recommendation of the independent actuary within the contribution restrictions set in Section 169.030 RSMo. The annual statutory increase in the total contribution rate may not exceed 0.5% of pay.

The District's contributions to PEERS for the year ended June 30, 2019 was \$65,341.

NOTE F - LONG-TERM DEBT

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

	Balance			Balance	Amount
	<u>July 1, 2018</u>	<u>Additions</u>	<u>Retirements</u>	<u>June 30, 2019</u>	<u>Due Within</u>
					<u>One Year</u>
General Obligations Bonds	<u>\$ 7,160,000</u>	<u>\$ -</u>	<u>\$ 465,000</u>	<u>\$ 6,695,000</u>	<u>\$ 2,810,000</u>

MID-BUCHANAN R-V SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE G - GENERAL OBLIGATION BONDS

Bonds payable at June 30, 2019 consist of:

Series 2010 general obligation bonds due in varying annual installments through March 1, 2021, interest at 3.00 to 3.40%	\$ 735,000
Series 2015 general obligation bonds due in varying annual installments through March 1, 2035, interest at 1.30 to 5.00%	3,630,000
Series 2017 general obligation refunding bonds due in varying annual installments through March 1, 2028, interest at 1.40 to 2.30%	<u>2,330,000</u>
Total	<u><u>\$ 6,695,000</u></u>

Debt service requirements to maturity are:

Year ending June 30,	Principal	Interest	Total
2020	\$ 2,810,000	\$ 211,313	\$ 3,021,313
2021	565,000	81,153	646,153
2022	465,000	65,892	530,892
2023	460,000	58,618	518,618
2024	500,000	50,598	550,598
2025	510,000	41,197	551,197
2026	570,000	30,907	600,907
2027	575,000	18,632	593,632
2028	<u>240,000</u>	<u>5,520</u>	<u>245,520</u>
Total	<u><u>\$ 6,695,000</u></u>	<u><u>\$ 563,830</u></u>	<u><u>\$ 7,258,830</u></u>

MID-BUCHANAN R-V SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE H - OPERATING AGREEMENTS

On February 24, 2015, the District entered into an operating lease agreement for copy machines. The lease is for 5 years and requires monthly installments of \$1,466 beginning March 1, 2015 and continuing through February 28, 2020. Lease expense for the year ended June 30, 2019 was \$17,591. Lease expense for the year ending June 30, 2020 is \$11,727.

NOTE I - INTERFUND TRANSFERS

During the year, the District transferred \$663,425 from the General Fund to the Special Revenue Fund to avoid deficit spending in the Special Revenue Fund. The District also made a \$327,000 transfer from the General Fund to the Capital Projects Fund for necessary capital outlay expenditures. This revenue transfer is capped by an amount calculated annually by the Missouri Department of Elementary and Secondary Education (DESE).

NOTE J - FUND BALANCES - GOVERNMENTAL FUNDS

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

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

Nonspendable fund balance - Funds that cannot be spent due to their form or funds that legally or contractually must be maintained intact.

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

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

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

Unassigned fund balance - Excess funds that have not been classified in the previous four (4) categories. All funds in this category are considered spendable resources. This category also provides the resources necessary to meet unexpected expenditures and revenue shortfalls. The General Fund should be the only fund that reports a positive unassigned fund balance amount. In other governmental funds, if expenditures incurred for specific purposes exceeded the amounts restricted, committed or assigned to those purposes, it may be necessary to report a negative fund balance.

When both restricted and unrestricted funds are available for expenditure, restricted funds should be spent first unless legal requirements disallow it.

**MID-BUCHANAN R-V SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2019**

NOTE J - FUND BALANCES - GOVERNMENTAL FUNDS (continued)

As of June 30, 2019, fund balances are composed of the following:

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Debt Service Fund</u>	<u>Capital Projects Fund</u>
Restricted:				
Scholarships	\$ 1,975	\$ -		\$ -
Debt Service	<u>-</u>	<u>-</u>	<u>3,049,026</u>	<u>-</u>
Committed:				
Capital outlay	<u>-</u>	<u>-</u>	<u>-</u>	<u>81,394</u>
Assigned:				
Student activities	145,846	-		-
Teacher salaries	-	5,715		
Capital outlay	<u>-</u>	<u>-</u>	<u>-</u>	<u>89,131</u>
Total assigned	<u>145,846</u>	<u>5,715</u>	<u>-</u>	<u>89,131</u>
Unassigned	<u>2,058,830</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total fund balances	<u>\$ 2,206,651</u>	<u>\$ 5,715</u>	<u>\$ 3,049,026</u>	<u>\$ 170,525</u>

NOTE K - LITIGATION

As of June 30, 2019, the District had several unsettled claims at various stages of litigation. At this time, the outcomes cannot be predicted, however, the District is vigorously defending against each claim.

NOTE L - COMMITMENT

During the year, the Board approved a contract to upgrade the wireless infrastructure of the District. The total amount committed by the District for this project but not paid as of June 30, 2019 was \$81,394.

SUPPLEMENTARY INFORMATION

MID-BUCHANAN R-V SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE - MODIFIED CASH BASIS
GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2019

	BUDGET		ACTUAL	VARIANCE
	ORIGINAL	FINAL		
REVENUES:				
Local	\$ 3,325,202	\$ 3,325,702	\$ 3,785,975	\$ 460,273
County	180,000	180,000	196,749	16,749
State	67,600	67,600	605,999	538,399
Federal	85,000	96,597	92,394	(4,203)
Other	-	-	-	-
Total Revenues	<u>3,657,802</u>	<u>3,669,899</u>	<u>4,681,117</u>	<u>1,011,218</u>
EXPENDITURES:				
Instruction	267,242	267,159	257,992	9,167
Student activities	185,315	106,700	367,172	(260,472)
Student services	-	85,392	87,679	(2,287)
Instructional staff support	350,737	283,694	286,772	(3,078)
General administration and central services	238,682	243,547	264,596	(21,049)
Building administration	145,803	145,803	143,123	2,680
Operation of plant	664,473	686,104	667,394	18,710
Transportation	434,500	443,588	434,712	8,876
Food service	340,147	342,470	362,545	(20,075)
Community services	113,788	113,788	107,589	6,199
Facility acquisition and construction	-	-	-	-
Debt service:				
Principal retirement	-	-	-	-
Interest and fees	-	-	-	-
Total Expenditures	<u>2,740,687</u>	<u>2,718,245</u>	<u>2,979,574</u>	<u>(261,329)</u>
Revenues Over (Under) Expenditures	917,115	951,654	1,701,543	749,889
Other Financing Sources (Uses):				
Transfers	-	-	(990,425)	(990,425)
Net change in fund balance	917,115	951,654	711,118	(240,536)
Fund balance, beginning	<u>1,495,533</u>	<u>1,495,533</u>	<u>1,495,533</u>	<u>-</u>
Fund balance, ending	<u>\$ 2,412,648</u>	<u>\$ 2,447,187</u>	<u>\$ 2,206,651</u>	<u>\$ (240,536)</u>

See accompanying notes to the budgetary comparison schedule.

MID-BUCHANAN R-V SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE - MODIFIED CASH BASIS
SPECIAL REVENUE FUND
FOR THE YEAR ENDED JUNE 30, 2019

	BUDGET		ACTUAL	VARIANCE
	ORIGINAL	FINAL		
REVENUES:				
Local	\$ 721,539	\$ 721,539	\$ 778,118	\$ 56,579
County	9,000	9,000	8,014	(986)
State	2,946,122	2,946,122	2,718,779	(227,343)
Federal	249,676	254,458	146,283	(108,175)
Other	-	-	-	-
Total Revenues	3,926,337	3,931,119	3,651,194	(279,925)
EXPENDITURES:				
Instruction	3,362,350	3,355,236	3,215,539	139,697
Student activities	162,843	162,843	164,326	(1,483)
Student services	122,832	197,403	195,266	2,137
Instructional staff support	87,806	87,806	132,628	(44,822)
General administration and central services	140,749	140,922	155,055	(14,133)
Building administration	386,716	386,716	381,322	5,394
Operation of plant	-	-	-	-
Transportation	-	-	-	-
Food service	-	-	-	-
Community services	70,834	70,834	64,768	6,066
Facility acquisition and construction	-	-	-	-
Debt service:				
Principal retirement	-	-	-	-
Interest and fees	-	-	-	-
Total Expenditures	4,334,130	4,401,760	4,308,904	92,856
Revenues Over (Under) Expenditures	(407,793)	(470,641)	(657,710)	(187,069)
Other Financing Sources (Uses):				
Transfers	-	-	663,425	663,425
Net change in fund balance	(407,793)	(470,641)	5,715	476,356
Fund balance, beginning	-	-	-	-
Fund balance, ending	\$ (407,793)	\$ (470,641)	\$ 5,715	\$ 476,356

See accompanying notes to the budgetary comparison schedule.

MID-BUCHANAN R-V SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE - MODIFIED CASH BASIS
DEBT SERVICE FUND
FOR THE YEAR ENDED JUNE 30, 2019

	BUDGET		ACTUAL	VARIANCE
	ORIGINAL	FINAL		
REVENUES:				
Local	\$ 582,643	\$ 582,643	\$ 641,921	\$ 59,278
County	50,000	50,000	50,227	227
State	-	-	-	-
Federal	-	-	-	-
Other	-	-	-	-
Total Revenues	<u>632,643</u>	<u>632,643</u>	<u>692,148</u>	<u>59,505</u>
EXPENDITURES:				
Instruction	-	-	-	-
Student activities	-	-	-	-
Student services	-	-	-	-
Instructional staff support	-	-	-	-
General administration and central services	-	-	-	-
Building administration	-	-	-	-
Operation of plant	-	-	-	-
Transportation	-	-	-	-
Food service	-	-	-	-
Community services	-	-	-	-
Facility acquisition and construction	-	-	-	-
Debt service:				
Principal retirement	355,000	355,000	465,000	(110,000)
Interest and fees	210,750	210,750	223,561	(12,811)
Total Expenditures	<u>565,750</u>	<u>565,750</u>	<u>688,561</u>	<u>(122,811)</u>
Revenues Over (Under) Expenditures	66,893	66,893	3,587	(63,306)
Other Financing Sources (Uses):				
Proceeds from sale of bonds	-	-	-	-
Net change in fund balance	66,893	66,893	3,587	(63,306)
Fund balance, beginning	<u>3,045,439</u>	<u>3,045,439</u>	<u>3,045,439</u>	<u>-</u>
Fund balance, ending	<u>\$ 3,112,332</u>	<u>\$ 3,112,332</u>	<u>\$ 3,049,026</u>	<u>\$ (63,306)</u>

See accompanying notes to the budgetary comparison schedule.

MID-BUCHANAN R-V SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE - MODIFIED CASH BASIS
CAPITAL PROJECTS FUND
FOR THE YEAR ENDED JUNE 30, 2019

	BUDGET		ACTUAL	VARIANCE
	ORIGINAL	FINAL		
REVENUES:				
Local	\$ 1,000	\$ 1,000	\$ -	\$ (1,000)
County	-	-	-	-
State	-	-	-	-
Federal	-	-	-	-
Other	-	-	-	-
Total Revenues	<u>1,000</u>	<u>1,000</u>	<u>-</u>	<u>(1,000)</u>
EXPENDITURES:				
Instruction	1,500	1,500	1,184	316
Student activities	-	-	28,340	(28,340)
Student services	-	664	-	(27,676)
Instructional staff support	10,000	80,000	80,438	(438)
General administration and central services	2,000	2,000	2,000	-
Building administration	-	-	-	-
Operation of plant	45,000	45,000	45,000	-
Transportation	-	2,509	-	2,509
Food service	5,000	5,000	2,180	2,820
Community services	-	-	-	-
Facility acquisition and construction	140,000	200,000	191,621	8,379
Debt service:				
Principal retirement	-	-	-	-
Interest and fees	-	-	-	-
Total Expenditures	<u>203,500</u>	<u>336,673</u>	<u>350,763</u>	<u>(14,090)</u>
Revenues Over (Under) Expenditures	(202,500)	(335,673)	(350,763)	(15,090)
Other Financing Sources (Uses):				
Transfers	-	-	327,000	327,000
Net change in fund balance	(202,500)	(335,673)	(23,763)	311,910
Fund balance, beginning	<u>194,288</u>	<u>194,288</u>	<u>194,288</u>	<u>-</u>
Fund balance, ending	<u>\$ (8,212)</u>	<u>\$ (141,385)</u>	<u>\$ 170,525</u>	<u>\$ 311,910</u>

See accompanying notes to the budgetary comparison schedule.

MID-BUCHANAN R-V SCHOOL DISTRICT
NOTES TO THE BUDGETARY COMPARISON SCHEDULE
JUNE 30, 2019

Budgetary Process

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

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

Budget Compliance

General Fund expenditures and transfers exceeded budgeted amounts by \$1,251,754.

**MID-BUCHANAN R-V SCHOOL DISTRICT
SCHEDULE OF REVENUES COLLECTED BY SOURCE
FOR THE YEAR ENDED JUNE 30, 2019**

	GENERAL FUND	SPECIAL REVENUE FUND	DEBT SERVICE FUND	CAPITAL PROJECTS FUND	TOTAL
LOCAL:					
Property tax	\$ 3,085,173	\$ -	\$ 589,231	\$ -	\$ 3,674,404
Sales tax	-	750,732	-	-	750,732
M & M surtax	47,099	-	9,029	-	56,128
Earnings on investments	64,599	-	43,661	-	108,260
Food service	184,275	-	-	-	184,275
Student activities	253,121	-	-	-	253,121
Community services	50,987	-	-	-	50,987
Tuition	56,623	27,386	-	-	84,009
Other local revenue	44,098	-	-	-	44,098
Total Local	<u>3,785,975</u>	<u>778,118</u>	<u>641,921</u>	<u>-</u>	<u>5,206,014</u>
COUNTY:					
Fines and escheats	-	8,014	-	-	8,014
State assessed utilities	196,749	-	50,227	-	246,976
Total County	<u>196,749</u>	<u>8,014</u>	<u>50,227</u>	<u>-</u>	<u>254,990</u>
STATE:					
Basic formula	523,831	2,323,352	-	-	2,847,183
Transportation	79,998	-	-	-	79,998
Early Childhood Special Education	-	11,564	-	-	11,564
Basic formula - classroom trust fund	-	308,828	-	-	308,828
Educational screening	-	9,400	-	-	9,400
Food service	2,000	-	-	-	2,000
Career education	-	8,325	-	-	8,325
High need fund - special education	-	57,310	-	-	57,310
Other state revenue	170	-	-	-	170
Total State	<u>605,999</u>	<u>2,718,779</u>	<u>-</u>	<u>-</u>	<u>3,324,778</u>
FEDERAL:					
Individuals with Disabilities	-	132,682	-	-	132,682
Early Childhood Special Education	11,597	-	-	-	11,597
IDEA grants	-	4,513	-	-	4,513
Food service	80,797	-	-	-	80,797
Medicaid	-	9,088	-	-	9,088
Total Federal	<u>92,394</u>	<u>146,283</u>	<u>-</u>	<u>-</u>	<u>238,677</u>
Total Revenues Collected	<u>\$ 4,681,117</u>	<u>\$ 3,651,194</u>	<u>\$ 692,148</u>	<u>\$ -</u>	<u>\$ 9,024,459</u>

**MID-BUCHANAN R-V SCHOOL DISTRICT
SCHEDULE OF SELECTED STATISTICS
FOR THE YEAR ENDED JUNE 30, 2019**

County District Number: 011-078

1. CALENDAR (SECTIONS 160.041, 171.029, 171.031, AND 171.033 RSMO)

Report each unique calendar the district/charter school has as defined by Sections 160.041, 171.029, 171.031, and 171.033, RSMo.

School Code	Begin Grade	End Grade	Half Day Indicator	Standard Day Length	Days	Hours in Session
4020	K	6		6.6000	170	1,071.0833
1050	7	12		6.6167	170	1,074.4552

2. AVERAGE DAILY ATTENDANCE (ADA)

Report the total number of PK-12 student attendance hours allowed to be claimed for the calculation of Average Daily Attendance. Include only PK students allowed to be claimed for state aid in the calculation.

School Code	Grade Level	Full-Time	Part-Time	Remedial Hours	Other	Summer School	Total
4020	K-6	389.13	0.00		4.85	34.90	428.88
1050	7-12	297.65	1.05		0.00	4.68	303.38
Grand Total		686.78	1.05		4.85	39.58	732.26

3. SEPTEMBER MEMBERSHIP

Report the FTE count of resident students in grades PK-12 taken the last Wednesday in September who are enrolled on the count day and in attendance at least 1 of the 10 previous school days, by grade at each attendance center. This count should only include PK students marked as being eligible to be claimed for state aid in the October MOSIS Student Core File.

School Code	Grade Level	Full-Time	Part-Time	Other	Total
4020	K-6	400	0.20		400.20
1050	7-12	315	0.00		315.00
Grand Total		715	0.20		715.20

**MID-BUCHANAN R-V SCHOOL DISTRICT
SCHEDULE OF SELECTED STATISTICS
FOR THE YEAR ENDED JUNE 30, 2019**

County District Number: 011-078

4. FREE AND REDUCED PRICED LUNCH FTE COUNT (SECTION 163.011(6), RSMO)

Report the FTE count taken the last Wednesday in January of resident students enrolled in grades K-12 and in attendance at least 1 of the 10 previous school days whose eligibility for free or reduced lunch is documented through the application process using federal eligibility guidelines or through the direct certification process. Desegregation students are considered residents of the district in which the students are educated.

School Code	Free Lunch	Reduced Lunch	Deseg In Free	Deseg In Reduced	Total
4020	68.00	18.00			86.00
1050	43.00	4.00			47.00
Grand Total	111.00	22.00			133.00

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 of Average Daily Attendance 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	N/A
	Cooperative Occupational Education (COE) or Supervised Occupational Experience Program	N/A
	Dual enrollment	True
	Homebound instruction	True
	Missouri Options	N/A
	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

**MID-BUCHANAN R-V SCHOOL DISTRICT
SCHEDULE OF SELECTED STATISTICS
FOR THE YEAR ENDED JUNE 30, 2019**

County District Number: 011-078

	Virtual instruction (MOCAP or other option)	N/A
	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/charter school's treasurer in the total amount of:	\$50,000
5.6	The district's\charter school's deposits were secured during the year as required by Sections 110.010 and 110.020, RSMo.	True
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)	True
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.	True
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)	N/A
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.	True
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. Spending requirement is modified to seventy-five percent (75%) of one half percent (1/2%) of the current year basic formula apportionment if through fiscal year 2024 the amount appropriated and expended to public schools for transportation is less than twenty-five percent (25%) of allowable cost. (Not applicable to charter schools.)	True
5.12	The amount spent for approved professional development committee plan activities was:	\$33,908

**MID-BUCHANAN R-V SCHOOL DISTRICT
SCHEDULE OF SELECTED STATISTICS
FOR THE YEAR ENDED JUNE 30, 2019**

County District Number: 011-078

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.	True
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.	True
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:	True
	Eligible ADT	483.50
	Ineligible ADT	18.50
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.	True
6.5	Actual odometer records show the total district/charter-operated and contracted mileage for the year was:	124,051
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	96,574
	Ineligible Miles (Non-Route/Disapproved)	27,477
6.7	Number of days the district/charter school operated the school transportation system during the regular school year:	170

INTERNAL CONTROL AND COMPLIANCE

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

To the Board of Education
Mid-Buchanan R-V School District

We have audited the administration's assertions, included in its representation letter dated November 4, 2019, that Mid-Buchanan R-V School District complied with the requirements of Missouri Laws and Regulations regarding budgetary and disbursement procedures; accurate disclosure by the District's attendance records of average daily attendance, resident membership on the last Wednesday of September 2018 and the number of students eligible to receive free or reduced price lunches on the last Wednesday of January 2019; and accurate disclosure by the District's pupil transportation records of the average students scheduled to be transported eligible and ineligible for state aid, the number of miles eligible and ineligible for state aid and the allowable costs for pupil transportation during the year ended June 30, 2019. As discussed in that representation letter, the administration is responsible for the District's compliance with those requirements. Our responsibility is to express an opinion on the administration's assertions about the District's compliance based on our audit.

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

In our opinion, the administration's assertions that the District complied with the aforementioned requirements for the year ended June 30, 2019 are fairly stated in all material respects.

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

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

Westbrook & Co., P.C.

November 4, 2019

**MID-BUCHANAN R-V SCHOOL DISTRICT
SCHEDULE OF STATE FINDINGS
FOR THE YEAR ENDED JUNE 30, 2019**

BUDGET

Condition: The District did not include a budget summary in the original budget document.

Criteria: Chapter 67, RSMo requires the budget to include a general budget summary which summarizes the budgetary requirements of the District, including budgeted revenues, expenditures, and transfers.

Cause: The District did not prepare the budget with the required components.

Effect: The District did not comply with state statutes.

Recommendation: We recommend that the District include the required components in their original budget document.

Auditee's Response: A budget summary will be included in the annual budget report that will be presented to the Board of Education each fiscal year.

BUDGET

Condition: The District budgeted a deficit balance in the Special Revenue Fund in the original budget of \$407,793 and the final budget of \$470,641. The District also budgeted a deficit balance in the Capital Projects Fund in the original budget of \$8,212 and the final budget of \$141,385.

Criteria: Chapter 67, RSMo requires that the total proposed expenditures from each fund may not exceed the estimated revenues to be received plus any unencumbered balance or less any deficit estimated for the beginning of the budget year.

Cause: The District did not prepare a budget summary, which would have included budgeted transfer amounts.

Effect: The District did not comply with state statutes.

Recommendation: We recommend that the District prepare a budget that includes budgeted transfers.

Auditee's Response: Anticipated transfers to fund deficit expenditures were not part of the annual proposed budget, but will now become part of the budgeting process prior to Board approval.

BUDGET

Condition: The District's actual expenditures and transfers in the General Fund of \$3,969,999 exceeded budgeted amount of \$2,718,245 by \$1,251,754; the Debt Service Fund actual expenditures of \$688,561 exceeded budgeted amounts of \$565,750 by \$122,811; Capital Projects Fund actual expenditures of \$350,763 exceeded budgeted amounts of \$336,673 by \$14,090.

Criteria: Chapter 67, RSMo prohibits the expenditures of public monies unless those expenditures have been authorized.

Cause: The District did not amend the budget as needed to account for unanticipated expenditures.

Effect: The District did not comply with state statutes.

**MID-BUCHANAN R-V SCHOOL DISTRICT
SCHEDULE OF STATE FINDINGS
FOR THE YEAR ENDED JUNE 30, 2019**

Recommendation: We recommend that the District consider amending budgeted expenditures when additional costs are anticipated.

Auditee's Response: The district administration had not brought budget amendments forth for Board approval as anticipated expenditures beyond the approved budget arose. The District will implement the process of monthly budget reviews, and if necessary, draft budget amendments to propose to the Board that will address expenditures that may exceed the original budget proposal.

ATTENDANCE

Condition: Hours in session reported to DESE did not agree with hours in session from the District's attendance software.

Criteria: Hours in session reported to DESE should agree with hours in session from the District's attendance software.

Cause: The District does not have a review or reconciliation process.

Effect: Inaccurate attendance hours were reported to DESE.

Recommendation: We recommend that the District implement a review and reconciliation process to ensure accurate and complete attendance information is reported to DESE.

Auditee's Response: The District did not verify attendance hours reported on the proposed calendar screen in Core Data with the PowerSchool SIS system. We will follow the recommendations of the auditors as listed above to verify hours in the two reporting systems. The superintendent has already worked with District technology coordinator to verify the daily minutes in the new SIS system, Tyler, agrees to the Core Data proposed calendar screen.

TRANSPORTATION

Condition: The District incorrectly included PK riders in the Non-Disabled ridership count.

Criteria: Non-Disabled ridership should only include Grades K-12 riders.

Cause: The District does not have a review process in place.

Effect: Incorrect ridership was reported to DESE.

Recommendation: We recommend that the District implement a review process to ensure accurate and complete ridership is reported to DESE.

Auditee's Response: As part of a team reconciliation meeting that will now take place at year end each school year, ridership lists will be assessed by the team to ensure Pre-K students are not included in ridership on the Application for Transportation Aid.

**MID-BUCHANAN R-V SCHOOL DISTRICT
SCHEDULE OF STATE FINDINGS
FOR THE YEAR ENDED JUNE 30, 2019**

TRANSPORTATION

Condition: Mileage originally reported to DESE on the Application for State Transportation Aid did not agree to the mileage provided by the transportation contractor.

Criteria: Mileage reported to DESE should agree with the mileage provided by the transportation contractor.

Cause: The District does not have a review and reconciliation process.

Effect: Inaccurate mileage was reported to DESE.

Recommendation: We recommend that the District implement a review and reconciliation process to ensure accurate and complete mileage is reported to DESE.

Auditee's Response: The District will implement an annual reconciliation process to ensure we are carefully reporting miles at year end. This process will include a team meeting with all transportation officials (superintendent, bookkeeper, transportation director, and Jarnik regional manager) to reconcile reportable miles.

**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
Mid-Buchanan R-V School District

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the modified cash basis financial statements of the governmental activities and each major fund of Mid-Buchanan R-V School District as of and for the year ended June 30, 2019, 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 4, 2019.

Internal Control Over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. We did identify a certain deficiency in internal control, described in the accompanying schedule of findings and responses as 2019-001, that we consider to be a material weakness.

Compliance and Other Matters

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

District's Responses to Findings

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

Westbrook & Co., P.C.

Richmond, Missouri
November 4, 2019

**MID-BUCHANAN R-V SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND RESPONSES
FOR THE YEAR ENDED JUNE 30, 2019**

MATERIAL WEAKNESS

2019-001 SEGREGATION OF DUTIES

Condition: The bookkeeper has the ability to perform the following duties: record deposits, set up new employees, input payroll information, post journal entries, set up new vendors, create disbursements, maintain the general ledger and perform the bank reconciliation.

Criteria: Accounting duties should be segregated so that one individual does not have sole care, custody and control of District assets.

Cause: The size of the District has not allowed for adequate segregation of duties.

Effect: Inadequate internal controls could allow for errors or fraud to occur.

Recommendation: Consideration should be given to reassigning duties performed by the bookkeeper and/or adding mitigating controls or review processes to improve internal controls. While the superintendent opens and reviews the bank statement, deposits and check images, the District should continue to monitor activities where segregation of duties cannot be achieved.

Auditee's Response: Our current financial software does not allow adequate controls regarding who can perform the duties outlined in the aforementioned sections. We have adopted a new financial platform, which will allow us to segregate program responsibilities within the software. This will also allow someone outside of the business office to be the system administrator. Although the bookkeeper currently has the ability to perform the outlined duties in the software, we actually implement controls to ensure duties are segregated. Currently, a separate office staff member is responsible for recording deposits, setting up new employees, inputting payroll information, and setting up new vendors. The bookkeeper posts journal entries, creates disbursements, maintains the ledger, and performs the bank reconciliation.