

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

**AUDITED FINANCIAL STATEMENTS  
AS OF AND FOR THE YEAR ENDED  
JUNE 30, 2020**

**TOGETHER WITH  
INDEPENDENT AUDITORS' REPORT**

**DSWA CERTIFIED PUBLIC ACCOUNTANTS, P.C.  
210 W 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 Financial Statements**

We have audited the accompanying financial statements of the governmental activities and each major fund of the Reorganized School District No. IV of Cass County, Missouri, as of and for the fiscal year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the Reorganized School District No. IV of Cass County, Missouri's basic financial statements as listed in the table of contents.

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

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

### ***Auditors' Responsibility***

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

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

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

### ***Opinions***

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of the Reorganized School District No. IV of Cass County, Missouri, as of June 30, 2020, and the respective changes in financial position thereof for the fiscal year then ended in accordance with the modified cash basis of accounting described in Note 1.

### ***Basis of Accounting***

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

### ***Other Matters***

#### ***Supplementary Information and Other Information***

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Reorganized School District No. IV of Cass County, Missouri's basic financial statements. The budgetary comparison schedules and schedule of selected statistics presented on pages 29 through 32 and 34 through 40 are presented for purposes of additional analysis and are not a required part of the basic financial statements. The budgetary comparison schedules and schedule of selected statistics have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

The combined statement of revenues collected by source – modified cash basis is presented for purposes of additional analysis and is not a required part of the basic financial statements. The combined schedule of revenues collected by source - modified cash basis is the responsibility of management and was derived from, and relate directly to, the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combined schedule of revenues collected by source-modified cash basis is fairly stated in all material respects in relation to the basic financial statements as a whole.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated December 21, 2020, on our consideration of the Reorganized School District No. IV of Cass County'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 Reorganized School District No. IV of Cass County'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 Reorganized School District No. IV of Cass County'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 December 21, 2020, on our consideration of certain management's assertions of the Reorganized School District No. IV of Cass County, Missouri. The purpose of that report is to describe the scope of our testing of certain management assertions related to requirements of Missouri laws and regulations pertaining to public school districts and the results of that testing, and not to provide an opinion on such assertions.

*DSWA Certified Public Accountants, P.C.*

Butler, Missouri  
December 21, 2020

**REORGANIZED SCHOOL DISTRICT NO. IV OF CASS COUNTY, MISSOURI**  
**STATEMENT OF NET POSITION - MODIFIED CASH BASIS**  
**JUNE 30, 2020**

	<b>Primary Government</b>
	<b>Governmental Activities</b>
<b>ASSETS</b>	
Cash	\$ 1,026,852
Investments	98,545
Capital assets, net of accumulated depreciation:	
Land	110,000
Buildings and improvements	5,653,375
Equipment	163,949
Total assets	7,052,721
<b>LIABILITIES</b>	
Current liabilities:	
Capital leases due in less than one year	4,334
General obligation bonds due within one year	125,000
Noncurrent liabilities:	
Capital leases due in more than one year	1,445
General obligation bonds due in more than one year	2,980,000
Total liabilities	3,110,779
<b>NET POSITION</b>	
Net investment in capital assets	2,816,545
Restricted for:	
Professional development	3,010
Debt service	176,078
Unrestricted	946,309
Total net position	\$ 3,941,942

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, 2020**

Functions	Expenses	Program Revenues			Net (Expense) Revenue and Changes In Net Position
		Charges for Services	Operating Grants And Contributions	Capital Grants And Contributions	Primary Government
					Total Governmental Activities
<b>PRIMARY GOVERNMENT</b>					
<b>GOVERNMENTAL ACTIVITIES</b>					
Instructional services					
Regular	\$ 1,598,143	\$ -	\$ 185,570	\$ -	\$ (1,412,573)
Special	334,735	-	147,235	-	(187,500)
Vocational	66,346	-	7,300	-	(59,046)
Student activities	234,516	112,295	-	-	(122,221)
Payments to other districts	28,433	-	-	-	(28,433)
Supporting services					
Students	145,161	-	-	-	(145,161)
Instructional staff	228,127	-	7,484	-	(220,643)
Building administration	189,503	-	-	-	(189,503)
General administration	269,181	-	-	-	(269,181)
Operation and maintenance of facilities	303,283	-	-	-	(303,283)
Transportation	132,521	-	13,672	-	(118,849)
Food services	135,803	45,432	57,311	-	(33,060)
Community services	65,374	17,212	-	-	(48,162)
Interest	104,635	-	-	-	(104,635)
Other	30,250	-	-	-	(30,250)
Total school district	\$ 3,866,011	\$ 174,939	\$ 418,572	\$ -	(3,272,500)
<b>GENERAL REVENUES</b>					
Property taxes levied for:					
General purposes					1,221,416
Debt service					239,866
Federal and state aid not restricted to specific purposes					1,549,299
Earnings on investments					14,806
Premium on bonds sold					156,418
Miscellaneous					161,871
Total general revenues					3,343,676
Change in net position					71,176
<b>NET POSITION - BEGINNING</b>					3,870,766
<b>NET POSITION - ENDING</b>					\$ 3,941,942

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, 2020**

	General (Incidental) Fund	Special Revenue (Teachers') Fund	Debt Service Fund	Capital Projects (Building) Fund	Total Governmental Funds
<b>ASSETS</b>					
Cash	\$ 621,784	\$ -	\$ 77,533	\$ 327,535	\$ 1,026,852
Investments	-	-	98,545	-	98,545
Total assets	<u>\$ 621,784</u>	<u>\$ -</u>	<u>\$ 176,078</u>	<u>\$ 327,535</u>	<u>\$ 1,125,397</u>
<b>FUND BALANCES</b>					
Restricted for:					
Professional development	\$ 3,010	\$ -	\$ -	\$ -	\$ 3,010
Debt service	-	-	176,078	-	176,078
Assigned to:					
Capital outlay	-	-	-	327,535	327,535
Student activities	41,164	-	-	-	41,164
Unassigned	577,610	-	-	-	577,610
Total fund balances	<u>621,784</u>	<u>-</u>	<u>176,078</u>	<u>327,535</u>	<u>1,125,397</u>
Total liabilities and fund balances	<u>\$ 621,784</u>	<u>\$ -</u>	<u>\$ 176,078</u>	<u>\$ 327,535</u>	<u>\$ 1,125,397</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>	<b>\$ 1,125,397</b>
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds. The cost of the assets is \$8,507,002 and the accumulated depreciation is \$2,579,678.	5,927,324
Long-term liabilities, including bonds and capital leases payable, are not due and payable in the current period and, therefore, are not reported in the funds.	<u>(3,110,779)</u>
<b>Total net position - governmental activities</b>	<b><u>\$ 3,941,942</u></b>

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, 2020**

	<u>General</u>	<u>Special Revenue Teachers'</u>	<u>Debt Service</u>	<u>Capital Projects</u>	<u>Total Governmental Funds</u>
<b>Revenues</b>					
Local	\$ 1,125,574	\$ 301,039	\$ 241,829	\$ 158,766	\$ 1,827,208
County	109,945	14,425	17,738	-	142,108
State	279,149	1,424,446	-	-	1,703,595
Federal	120,693	143,583	-	-	264,276
Total revenues	<u>1,635,361</u>	<u>1,883,493</u>	<u>259,567</u>	<u>158,766</u>	<u>3,937,187</u>
<b>Expenditures</b>					
Instructional services					
Regular	93,258	1,256,951	-	-	1,350,209
Special	169,868	164,867	-	-	334,735
Vocational	3,972	56,369	-	6,005	66,346
Student activities	150,290	73,423	-	10,803	234,516
Payments to other districts	28,433	-	-	-	28,433
Supporting services					
Students	89,149	54,932	-	1,080	145,161
Instructional staff	97,799	128,610	-	1,718	228,127
Building administration	31,065	161,202	-	-	192,267
General administration	163,013	108,993	-	-	272,006
Operation and maintenance of facilities	313,401	-	-	1,155,688	1,469,089
Transportation	132,521	-	-	-	132,521
Food service	135,803	-	-	-	135,803
Other services					
Community services	14,694	50,680	-	-	65,374
Principal	-	-	120,000	-	120,000
Interest	-	-	104,635	-	104,635
Other	-	-	-	30,250	30,250
Total expenditures	<u>1,423,266</u>	<u>2,056,027</u>	<u>224,635</u>	<u>1,205,544</u>	<u>4,909,472</u>
Excess of revenues over (under) expenditures	<u>212,095</u>	<u>(172,534)</u>	<u>34,932</u>	<u>(1,046,778)</u>	<u>(972,285)</u>
<b>Other financing sources (uses)</b>					
Sale of bonds	-	-	-	1,350,000	1,350,000
Transfers in (out)	<u>(196,847)</u>	<u>172,534</u>	<u>-</u>	<u>24,313</u>	<u>-</u>
Total other financing sources (uses)	<u>(196,847)</u>	<u>172,534</u>	<u>-</u>	<u>1,374,313</u>	<u>1,350,000</u>
Net change in fund balances	15,248	-	34,932	327,535	377,715
Fund balances - beginning	606,536	-	141,146	-	747,682
Fund balances - ending	<u>\$ 621,784</u>	<u>\$ -</u>	<u>\$ 176,078</u>	<u>\$ 327,535</u>	<u>\$ 1,125,397</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, 2020**

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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** **\$ 377,715**

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	\$ 1,165,806	
Depreciation expense	<u>(247,934)</u>	
		917,872

Capital assets acquired by loans and capital 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 - capital leases	<u>5,589</u>	
		5,589

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:

General obligation bond proceeds	(1,350,000)	
Repayment of bond principal	<u>120,000</u>	
		<u>(1,230,000)</u>

**Change in net position of governmental activities** **\$ 71,176**

**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 2020 payroll checks, written and dated in June 2020, are included in the financial statements as an expenditure paid in the year ended June 30, 2020. 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 \$10 a day with six to ten years of service in the district and \$15 a day with more than ten years of service in the district for any time they have banked. Five certified staff members are eligible for retirement for a potential cost to the district of \$2,059.

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 2018, 2019 and 2020. 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 \$264,236; \$248,265; and \$251,909; respectively, for the years ended June 30, 2018, 2019, and 2020.



**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 2018, 2019 and 2020. 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 \$33,400; \$31,043; and \$30,810; respectively, for the years ended June 30, 2018, 2019, and 2020.

**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, 2020, all bank balances on deposit are entirely insured or collateralized with securities. Cash in the debt service fund of \$176,078 is restricted for debt service payments.

**4. INVESTMENTS:**

The District's investments at June 30, 2020, consisted of the following:

Pro-rata shares of investment contracts with BOK Financial	\$ <u>98,545</u>
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- 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 2019 for purposes of local taxation was as follows:

	Bates	Cass	Total
Real Estate:			
Residential	\$ 2,640,770	\$ 10,272,120	\$ 12,912,890
Agricultural	428,650	1,412,950	1,841,600
Commercial	430,003	1,848,630	2,278,633
Personal Property	1,131,064	3,953,147	5,084,211
	\$ 4,630,487	\$ 17,486,847	\$ 22,117,334

For the calendar year 2019, for purposes of local taxation, the tax levy per \$100 of assessed valuation was \$5.2385 adjusted to \$5.2385 for estimated real estate and personal property tax collected, as follows:

<u>Fund</u>	<u>Unadjusted</u>	<u>Adjusted</u>
General	\$ 4.1713	\$ 4.1713
Debt service	1.0672	1.0672
	\$ 5.2385	\$ 5.2385

The receipts of current and delinquent property taxes during the fiscal year ended June 30, 2020, aggregated approximately 100.15% of the current assessment computed on the basis of the levy as shown above for the calendar year 2019.

**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, 2020:

Bonds payable, July 1, 2019	\$ 1,875,000
Plus – Principal issued	1,350,000
Less – Bonds retired	<u>( 120,000)</u>
Bonds payable, June 30, 2020	<u>\$ 3,105,000</u>

Bonds payable at June 30, 2020, consisted of the following:

\$1,755,000 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, 2020, totaled \$59,823.

\$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, 2020, totaled \$44,813.

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, 2020, the District had \$71,543 in the Series 2017 escrow account and \$27,002 in the Series 2019 escrow account.

Debt service requirements are as follows:

<u>Year ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2021	\$ 125,000	\$ 121,323	\$ 246,323
2022	130,000	115,073	245,073
2023	130,000	108,573	238,573
2024	130,000	102,073	232,073
2025	140,000	99,473	239,473
2026-2030	755,000	449,493	1,204,493
2031-2035	875,000	326,775	1,201,775
2036-2039	<u>820,000</u>	<u>105,000</u>	<u>925,000</u>
	<u>\$ 3,105,000</u>	<u>\$ 1,427,783</u>	<u>\$ 4,532,783</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, 2020, was:

Constitutional debt limit	\$ 3,317,600
Amount in Debt Service Fund available for payment of principal	176,078
General obligation bonds payable	<u>( 3,105,000)</u>
 Legal debt margin	 <u>\$ 388,678</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, 2020, the District made the following interfund transfers:

<u>TRANSFER FROM</u>	<u>TRANSFER TO</u>	
General Fund	Special Revenue Fund	Capital Projects Fund
	<u>\$ 172,534</u>	<u>\$24,313</u>

**9. RELATED PARTY TRANSACTIONS:**

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

**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, 2020, is as follows:

	Balance June 30, 2019	Additions	Retirements	Balance June 30, 2020
Capital assets not depreciated				
Land	\$ 110,000	\$ -	\$ -	\$ 110,000
Capital assets being depreciated				
Buildings and improvements	6,802,201	1,165,806	-	7,968,007
Furniture, vehicles and equipment	428,995	-	-	428,995
	7,341,196	1,165,806	-	8,507,002
Less: Accumulated depreciation	2,331,744	247,934	-	2,579,678
Net capital assets	<u>\$ 5,009,452</u>	<u>\$ 917,872</u>	<u>\$ -</u>	<u>\$ 5,927,324</u>

Included in the amount above are capital assets of \$21,723, net of \$20,475 accumulated depreciation, purchased under capital leases.

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

Instructional services	<u>\$ 247,934</u>
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**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, 2020.

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. Capital Leases:**

The following is a summary of the copy machine capital leases for the year ended June 30, 2020:

Capital lease payable, July 1, 2019	\$ 11,368
Less – Capital lease payments	<u>(5,589)</u>
Capital lease payable, June 30, 2020	<u>\$ 5,779</u>

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

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

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

Minimum future payments under this capital lease are as follows:

<u>Year ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2021	\$ 4,334	\$ 440	\$ 4,774
2022	<u>1,445</u>	<u>117</u>	<u>1,562</u>
	<u>\$ 5,779</u>	<u>\$ 557</u>	<u>\$ 6,336</u>

Imputed interest on these capital leases was \$961 for the year ended June 30, 2020.

**B. Operating Lease:**

The following is a summary of the operating lease for the year ended June 30, 2020:

In June 2020, the District entered into a lease arrangement for the lease of 200 Chromebooks. The lease totaled \$55,500 with annual payments due of \$18,500, including imputed interest.

Total rental payments during the year ended June 30, 2020, totaled \$0.

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

**13. COVID-19 SUBSEQUENT EVENT NOTE:**

The coronavirus pandemic has created both an economic and public health crisis in the United States. The effects of the pandemic could possibly impact the District's economically sensitive revenues, property tax collections, and other District revenues. The extent of the financial impact will depend on the duration and spread of the coronavirus. Due to the uncertainty surrounding the pandemic, management cannot estimate the economic impact to the District's future operating results and net position at this time.

**14. DATE OF MANAGEMENT REVIEW:**

Subsequent events were evaluated through December 21, 2020, which is the date the financial statements were available to be issued.



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

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the modified cash basis financial statements of the governmental activities and each major fund of the Reorganized School District No. IV of Cass County, Missouri as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the Reorganized School District No. IV of Cass County, Missouri's basic financial statements and have issued our report thereon dated December 21, 2020.

**Internal Control over Financial Reporting**

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

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

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



### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the Reorganized School District No. IV of Cass County, Missouri's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests did not disclose any instances of noncompliance or other matters that is 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

December 21, 2020

**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, 2020**

**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, 2019

**Internal Control Over Financial Reporting**

None

**Compliance**

None



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

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

**Report on Management's Assertions**

We have examined management's assertions that the Reorganized School District No. IV of Cass County, Missouri complied with the requirements of Missouri laws and regulations regarding budgetary and disbursement procedures; accurate disclosure of the District's attendance records of average daily attendance, standard day length, resident membership on the last Wednesday of September; pupil transportation records of the average daily transportation of pupils eligible and ineligible for state aid, the number of miles eligible and ineligible for state aid; and other statutory requirements as listed in the Schedule of Selected Statistics of the Reorganized School District No. IV of Cass County, Missouri, as of and for the year ended June 30, 2020. Management is responsible for the District's compliance with those requirements. Our responsibility is to express an opinion on management's assertions based on our examination.

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

**Opinions**

In our opinion, management's assertions referred to above are fairly stated, in all material respects, with the aforementioned requirements for the year ended June 30, 2020.

**Purpose of this Report**

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

*DSWA Certified Public Accountants, P.C.*

Butler, Missouri  
December 21, 2020

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, 2020

**Budget**

None

**Attendance**

None

**Transportation**

None

**Other Compliance**

None

REORGANIZED SCHOOL DISTRICT NO. IV  
OF CASS COUNTY, MISSOURI

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

FOR THE YEAR ENDED JUNE 30, 2019

**Budget**

None

**Attendance**

None

**Transportation**

None

**Other 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, 2020**

	<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	\$ 1,155,956	\$ 1,125,574	\$ 1,125,574	\$ -
County	110,000	109,945	109,945	-
State	285,796	279,149	279,149	-
Federal	103,003	120,693	120,693	-
Total revenues	<u>1,654,755</u>	<u>1,635,361</u>	<u>1,635,361</u>	<u>-</u>
<b>Expenditures</b>				
Instructional services				
Regular	83,400	93,258	93,258	-
Special	231,003	169,868	169,868	-
Vocational	3,750	3,972	3,972	-
Student activities	166,100	150,290	150,290	-
Payments to other districts	28,500	28,433	28,433	-
Supporting services				
Students	56,956	89,149	89,149	-
Instructional staff	120,177	97,799	97,799	-
Building administration	30,828	31,065	31,065	-
General administration	147,444	163,013	163,013	-
Operation and maintenance of facilities	300,453	313,401	313,401	-
Transportation	150,500	132,521	132,521	-
Food service	137,122	135,803	135,803	-
Other services				
Community services	1,650	14,694	14,694	-
Total expenditures	<u>1,457,883</u>	<u>1,423,266</u>	<u>1,423,266</u>	<u>-</u>
Excess of revenues over expenditures	<u>196,872</u>	<u>212,095</u>	<u>212,095</u>	<u>-</u>
<b>Other financing sources (uses)</b>				
Transfer out	<u>(75,270)</u>	<u>(196,847)</u>	<u>(196,847)</u>	<u>-</u>
Total other financing sources (uses)	<u>(75,270)</u>	<u>(196,847)</u>	<u>(196,847)</u>	<u>-</u>
Net change in fund balances	121,602	15,248	15,248	-
<b>Fund balances - beginning</b>	<u>606,536</u>	<u>606,536</u>	<u>606,536</u>	<u>-</u>
<b>Fund balances - ending</b>	<u>\$ 728,138</u>	<u>\$ 621,784</u>	<u>\$ 621,784</u>	<u>\$ -</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 REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES**  
**MODIFIED CASH BASIS - BUDGET AND ACTUAL - TEACHERS' FUND**  
**SPECIAL REVENUE FUND**  
**FOR THE YEAR ENDED JUNE 30, 2020**

	<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	\$ 329,868	\$ 301,039	\$ 301,039	\$ -
County	14,000	14,425	14,425	-
State	1,484,750	1,424,446	1,424,446	-
Federal	120,018	143,583	143,583	-
Total revenues	<u>1,948,636</u>	<u>1,883,493</u>	<u>1,883,493</u>	<u>-</u>
<b>Expenditures</b>				
Instructional services				
Regular	1,227,105	1,256,951	1,256,951	-
Special	148,784	164,867	164,867	-
Vocational	54,567	56,369	56,369	-
Student activities	78,000	73,423	73,423	-
Supporting services				
Students	50,292	54,932	54,932	-
Instructional staff	128,637	128,610	128,610	-
Building administration	161,224	161,202	161,202	-
General administration	109,966	108,993	108,993	-
Other services				
Community services	63,204	50,680	50,680	-
Total expenditures	<u>2,021,779</u>	<u>2,056,027</u>	<u>2,056,027</u>	<u>-</u>
Excess of revenues (under) expenditures	<u>(73,143)</u>	<u>(172,534)</u>	<u>(172,534)</u>	<u>-</u>
<b>Other financing sources (uses)</b>				
Transfer in	73,143	172,534	172,534	-
Total other financing sources (uses)	<u>73,143</u>	<u>172,534</u>	<u>172,534</u>	<u>-</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>

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



**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, 2020**

	<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	\$ 215,416	\$ 241,829	\$ 241,829	\$ -
County	16,000	17,738	17,738	-
Total revenues	<u>231,416</u>	<u>259,567</u>	<u>259,567</u>	<u>-</u>
<b>Expenditures</b>				
Other services				
Principal	179,823	120,000	120,000	-
Interest	44,812	104,635	104,635	-
Total expenditures	<u>224,635</u>	<u>224,635</u>	<u>224,635</u>	<u>-</u>
Excess of revenues (under) expenditures	<u>6,781</u>	<u>34,932</u>	<u>34,932</u>	<u>-</u>
Net change in fund balances	6,781	34,932	34,932	-
<b>Fund balances - beginning</b>	<u>141,146</u>	<u>141,146</u>	<u>141,146</u>	<u>-</u>
<b>Fund balances - ending</b>	<u>\$ 147,927</u>	<u>\$ 176,078</u>	<u>\$ 176,078</u>	<u>\$ -</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 REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES  
MODIFIED CASH BASIS - BUDGET AND ACTUAL - CAPITAL PROJECTS FUND  
FOR THE YEAR ENDED JUNE 30, 2020**

	<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	\$ 1,000	\$ 158,766	\$ 158,766	\$ -
Federal	28,623	-	-	-
Other	1,350,000	-	-	-
Total revenues	<u>1,379,623</u>	<u>158,766</u>	<u>158,766</u>	<u>-</u>
<b>Expenditures</b>				
Instructional services				
Regular	20,000	-	-	-
Vocational	750	6,005	6,005	-
Student activities	-	10,803	10,803	-
Supporting services				
Students	1,000	1,080	1,080	-
Instructional staff	10,000	1,718	1,718	-
Operation and maintenance of facilities	1,350,000	1,155,688	1,155,688	-
Other services				
Other	-	30,250	30,250	-
Total expenditures	<u>1,381,750</u>	<u>1,205,544</u>	<u>1,205,544</u>	<u>-</u>
Excess of revenues (under) expenditures	<u>(2,127)</u>	<u>(1,046,778)</u>	<u>(1,046,778)</u>	<u>-</u>
<b>Other financing sources (uses)</b>				
Sale of bonds	-	1,350,000	1,350,000	-
Transfer in	2,127	24,313	24,313	-
Total other financing sources (uses)	<u>2,127</u>	<u>1,374,313</u>	<u>1,374,313</u>	<u>-</u>
Net change in fund balances	-	327,535	327,535	-
<b>Fund balances - beginning</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Fund balances - ending</b>	<u>\$ -</u>	<u>\$ 327,535</u>	<u>\$ 327,535</u>	<u>\$ -</u>

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

**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, 2020**

	General (Incidental) Fund	Special Revenue (Teachers') Fund	Debt Service Fund	Capital Projects (Building) Fund	Total (Memorandum Only)
<b>LOCAL</b>					
Current taxes	\$ 834,770	\$ -	\$ 213,570	\$ -	\$ 1,048,340
Delinquent taxes	89,501	-	22,482	-	111,983
School district trust fund (Prop C)	-	282,232	-	-	282,232
Financial institution tax	1	-	-	-	1
M & M surtax	14,802	-	3,786	-	18,588
In lieu of tax	110	-	28	-	138
Earnings from temporary deposits	9,279	1,216	1,963	2,348	14,806
Premium on bonds sold	-	-	-	156,418	156,418
Food service program - sales to pupils	45,160	-	-	-	45,160
Food service non-program	272	-	-	-	272
Student activities	111,916	379	-	-	112,295
Community services	-	17,212	-	-	17,212
Gifts	18,975	-	-	-	18,975
Prior Period Adjustment	788	-	-	-	788
Total local	<u>1,125,574</u>	<u>301,039</u>	<u>241,829</u>	<u>158,766</u>	<u>1,827,208</u>
<b>COUNTY</b>					
Fines, escheats, etc.	-	14,425	-	-	14,425
State assessed utilities	109,945	-	17,738	-	127,683
Total county	<u>109,945</u>	<u>14,425</u>	<u>17,738</u>	<u>-</u>	<u>142,108</u>
<b>STATE</b>					
Basic formula - state monies	-	1,424,446	-	-	1,424,446
Transportation	13,672	-	-	-	13,672
Early childhood special education	27,834	-	-	-	27,834
Basic formula - classroom trust	90,065	-	-	-	90,065
Educational screening program/PAT	13,350	-	-	-	13,350
Small schools grant	125,874	-	-	-	125,874
Career education	7,300	-	-	-	7,300
Food service - State	1,054	-	-	-	1,054
Total state	<u>279,149</u>	<u>1,424,446</u>	<u>-</u>	<u>-</u>	<u>1,703,595</u>
<b>FEDERAL</b>					
State administered					
Medicaid	-	6,842	-	-	6,842
CARES - ESSER Fund	-	34,788	-	-	34,788
Ind with Disability Act (IDEA)	-	62,978	-	-	62,978
Early childhood special education	10,606	-	-	-	10,606
School lunch program	37,051	-	-	-	37,051
School breakfast program	19,206	-	-	-	19,206
Title I, ESEA	-	38,975	-	-	38,975
Title IV.A, Student support & academic enrichment	9,403	-	-	-	9,403
Title II, ESEA - Teacher & principal quality	7,484	-	-	-	7,484
CARES - School lunch program	6,059	-	-	-	6,059
CARES - School breakfast program	3,830	-	-	-	3,830
Title VI, Part B rural education initiative	27,054	-	-	-	27,054
Total federal	<u>120,693</u>	<u>143,583</u>	<u>-</u>	<u>-</u>	<u>264,276</u>
<b>OTHER</b>					
Sale of bonds	-	-	-	1,350,000	1,350,000
Total other	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,350,000</u>	<u>1,350,000</u>
Total revenue	<u>\$ 1,635,361</u>	<u>\$ 1,883,493</u>	<u>\$ 259,567</u>	<u>\$ 1,508,766</u>	<u>\$ 5,287,187</u>

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









Reorganized School District No. IV of Cass County 019-150  
 Schedule of Selected Statistics  
 For the Year Ended June 30, 2020

**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, 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	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
	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/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

See independent auditors' report.



Reorganized School District No. IV of Cass County 019-150  
 Schedule of Selected Statistics  
 For the Year Ended June 30, 2020

**5. Finance (continued)**

Section	Question	Answer
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.	<b>True</b>
5.9	If a \$162,326 or 7% x SAT x WADA transfer was made in excess of adjusted expenditures, the board approve a resolution to make the transfer, which identified the specific projects to be funded by the transfer and an expected expenditure date for the projects to be undertaken. (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. 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.)	<b>True</b>
5.12	The amount spent for approved professional development committee plan activities was:	<b>\$9,380</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:	
Management Letter Comment:	

See independent auditors' report.

Reorganized School District No. IV of Cass County 019-150  
 Schedule of Selected Statistics  
 For the Year Ended June 30, 2020

**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 (including food/instructional delivery miles 2019-20)	<b>73.00</b>
	Ineligible ADT	<b>0.00</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>True</b>
6.5	Actual odometer records show the total district/charter-operated and contracted mileage for the year was:	<b>27,573</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>17,526</b>
	Ineligible Miles (Non-Route/Disapproved)	<b>10,047</b>
6.7	Number of days the district/charter school operated the school transportation system during the regular school year:	<b>110</b>

<b>Notes:</b>	

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

<b>Finding:</b>	
<b>Management Letter Comment:</b>	