

Neosho R-5 School District

BASIC FINANCIAL STATEMENTS
Year Ended June 30, 2020

KPM
CPAS & ADVISORS

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Independent Auditors' Report

Board of Education
Neosho R-5 School District
Neosho, Missouri

Report on the Financial Statements

We have audited the basic financial statements of the governmental activities and each major fund of the Neosho R-5 School District as of and for the year ended June 30, 2020, 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 1; 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 financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the 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.

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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 the Neosho R-5 School District as of June 30, 2020, and the respective changes in the modified cash basis financial position, and, where applicable, cash flows thereof for the year then ended, in conformity with the 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 that matter.

Disclaimer of Opinion on Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The budgetary comparison information, which is the responsibility of management, is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

Other Financial Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Neosho R-5 School District's basic financial statements. The data contained under Other Financial Information is presented for purposes of additional analysis and is not a required part of the financial statements. The Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by Title 2 U.S. *Code of Federal Regulations* (CFR) part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and is also not a required part of the basic financial statements.

The Other Financial Information and the Schedule of Expenditures of Federal Awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the 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.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 14, 2020, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is 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.

KPM CPAs, PC

KPM CPAs, PC
Springfield, Missouri
December 14, 2020

Government-Wide Financial Statements

Neosho R-5 School District

Statement of Net Position – Modified Cash Basis

June 30, 2020

	Governmental Activities
Assets	
Cash and cash equivalents	\$ 12,152,432
Cash - restricted health insurance trust	589,056
Investments	855,071
Total Assets	<u>\$ 13,596,559</u>
Net Position	
Restricted for	
Health insurance	\$ 589,056
Debt service	2,117,546
Student activities	374,242
Construction and improvement projects	209,160
Unrestricted	10,306,555
Total Net Position	<u>\$ 13,596,559</u>

See accompanying notes to the financial statements.

Neosho R-5 School District

Statement of Activities – Modified Cash Basis

Year Ended June 30, 2020

	Cash Disbursements	Program Cash Receipts			Net (Disbursements) Receipts and Changes in Net Position
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
Governmental Activities					
Instruction	\$ (24,118,369)	\$ 998,190	\$ 2,641,947	\$ -	\$ (20,478,232)
Student services	(3,238,013)	-	135,379	-	(3,102,634)
Instructional staff support	(1,684,926)	-	840,267	-	(844,659)
Building administration	(1,695,357)	-	-	-	(1,695,357)
General administration	(3,225,741)	-	-	-	(3,225,741)
Operation of plant	(4,469,837)	-	446,847	-	(4,022,990)
Transportation	(2,134,966)	-	452,118	-	(1,682,848)
Food service	(1,735,926)	236,941	1,231,071	-	(267,914)
Community services	(1,016,225)	45,755	1,075,158	-	104,688
Facilities acquisition and construction	(5,492,593)	-	-	624,578	(4,868,015)
Debt service	(8,277,930)	-	-	-	(8,277,930)
Net Program (Disbursements) Receipts	<u>\$ (57,089,883)</u>	<u>\$ 1,280,886</u>	<u>\$ 6,822,787</u>	<u>\$ 624,578</u>	(48,361,632)
General Receipts					
Ad valorem tax receipts					10,831,280
Prop C sales tax receipts					4,943,757
Other tax receipts					187,345
County receipts					1,714,620
State receipts					22,178,788
Interest receipts					635,775
Other receipts					545,189
Total General Receipts					<u>41,036,754</u>
Special Items					
Net insurance recovery					3,455,601
Refunding bonds					4,785,000
Total Special Items					<u>8,240,601</u>
<i>Increase in Net Position</i>					915,723
Net Position - Beginning of year					<u>12,680,836</u>
Net Position - End of year					<u><u>\$ 13,596,559</u></u>

See accompanying notes to the financial statements.

Fund Financial Statements

Neosho R-5 School District

Statement of Assets and Fund Balances – Governmental Funds – Modified Cash Basis

June 30, 2020

	General Fund	Special Revenue Fund	Debt Service Fund	Capital Projects Fund	Total Governmental Funds
Assets					
Cash and cash equivalents	\$7,242,566	\$ -	\$ 1,262,626	\$ 3,647,240	\$12,152,432
Investments	151	-	854,920	-	855,071
Total Assets	\$7,242,717	\$ -	\$ 2,117,546	\$ 3,647,240	\$13,007,503
Fund Balances					
Restricted for					
Debt service	\$ -	\$ -	\$ 2,117,546	\$ -	\$ 2,117,546
Student activities	374,242	-	-	-	374,242
Construction and improvement projects	-	-	-	209,160	209,160
Assigned to capital outlay	-	-	-	3,438,080	3,438,080
Unassigned	6,868,475	-	-	-	6,868,475
Total Fund Balances	\$7,242,717	\$ -	\$ 2,117,546	\$ 3,647,240	\$13,007,503

Total Fund Balances - Governmental Funds

\$13,007,503

Some of the amounts reported for governmental activities in the Statement of Net Position are different because Internal Service Fund assets are included with governmental activities.

Net Position of Governmental Activities

589,056

\$13,596,559

See accompanying notes to the financial statements.

Neosho R-5 School District

Statement of Receipts, Disbursements, and Changes in Fund Balances – Governmental Funds – Modified Cash Basis

Year Ended June 30, 2020

	General Fund	Special Revenue Fund	Debt Service Fund	Capital Projects Fund	Total Governmental Funds
Receipts					
Local	\$10,068,138	\$4,950,771	\$2,479,958	\$ 455,098	\$17,953,965
County	1,286,492	231,879	196,249	-	1,714,620
State	6,040,425	16,354,525	-	1,405,875	23,800,825
Federal	3,380,024	1,820,726	-	624,578	5,825,328
Other	470,267	-	-	-	470,267
Total Receipts	21,245,346	23,357,901	2,676,207	2,485,551	49,765,005
Disbursements					
Instruction	6,155,611	17,898,852	-	261,375	24,315,838
Student services	1,309,691	1,928,322	-	-	3,238,013
Instructional staff support	744,661	811,369	-	128,896	1,684,926
Building administration	284,548	1,410,809	-	-	1,695,357
General administration	2,287,257	938,484	-	-	3,225,741
Operation of plant	4,365,279	-	-	104,558	4,469,837
Transportation	1,655,134	-	-	479,832	2,134,966
Food service	1,735,926	-	-	-	1,735,926
Community services	646,160	370,065	-	-	1,016,225
Facilities acquisition and construction	-	-	-	5,492,593	5,492,593
Debt service	-	-	7,350,436	927,494	8,277,930
Total Disbursements	19,184,267	23,357,901	7,350,436	7,394,748	57,287,352
<i>Excess (Deficit) of Receipts Over Disbursements</i>	2,061,079	-	(4,674,229)	(4,909,197)	(7,522,347)
Other Financing Sources (Uses)					
Net insurance recovery	218,817	-	-	3,236,784	3,455,601
Refunding bonds	-	-	4,785,000	-	4,785,000
Operating transfers in	-	-	-	2,700,000	2,700,000
Operating transfers (out)	(2,700,000)	-	-	-	(2,700,000)
Total Other Financing Sources (Uses)	(2,481,183)	-	4,785,000	5,936,784	8,240,601
<i>Excess (Deficit) of Receipts and Other Sources Over Disbursements and Other (Uses)</i>	(420,104)	-	110,771	1,027,587	718,254
Fund Balance, July 1, 2019	7,662,821	-	2,006,775	2,619,653	12,289,249
Fund Balance, June 30, 2020	\$ 7,242,717	\$ -	\$2,117,546	\$3,647,240	\$13,007,503

See accompanying notes to the financial statements.

Neosho R-5 School District

Statement of Receipts, Disbursements, and Changes in Fund Balances – Governmental Funds – Modified Cash Basis

Year Ended June 30, 2020

Change in Fund Balances - Governmental Funds	\$ 718,254
The Change in Net Position for governmental activities in the Statement of Activities is different than the Change in Fund Balances - Governmental Funds because Internal Service Fund receipts and disbursements are included in the Statement of Activities.	<u>197,469</u>
Change in Net Position - Governmental Activities	<u><u>\$ 915,723</u></u>

See accompanying notes to the financial statements.

Neosho R-5 School District

Statement of Net Position – Proprietary Fund – Modified Cash Basis

June 30, 2020

	<u>Internal Service Fund</u>
Assets	
Cash and cash equivalents	\$ 589,056
Net Position	
Restricted for health insurance	\$ 589,056

See accompanying notes to the financial statements.

Neosho R-5 School District

Statement of Receipts, Disbursements, and Changes in Net Position – Proprietary Fund – Modified Cash Basis

Year Ended June 30, 2020

	Internal Service Fund
Receipts	
Charges for services	\$ 4,434,606
Total Receipts	<u>4,434,606</u>
Disbursements	
Insurance claims and administrative expenses	4,239,419
Total Disbursements	<u>4,239,419</u>
Operating Income	195,187
Non-Operating Receipts	
Interest receipts	2,282
Total Non-Operating Receipts	<u>2,282</u>
<i>Net Income</i>	197,469
Net Position, July 1, 2019	391,587
Net Position, June 30, 2020	<u><u>\$ 589,056</u></u>

See accompanying notes to the financial statements.

Neosho R-5 School District

Statement of Cash Flows – Proprietary Fund – Modified Cash Basis

Year Ended June 30, 2020

	Internal Service Fund
Cash Flows From Operating Activities	
Receipts from insurance premiums	\$ 4,434,606
Payment of insurance claims and administrative costs	(4,239,419)
Net Cash Provided by Operating Activities	<u>195,187</u>
Cash Flows From Investing Activities	
Interest received	2,282
Net Cash Provided by Investing Activities	<u>2,282</u>
<i>Net Increase in Cash</i>	<u>197,469</u>
Cash and Cash Equivalents, July 1, 2019	391,587
Cash and Cash Equivalents, June 30, 2020	<u><u>\$ 589,056</u></u>
Reconciliation of Operating Income to Net Cash Provided by Operating Activities	
Operating income	\$ 195,187
Net Cash Provided by Operating Activities	<u><u>\$ 195,187</u></u>

See accompanying notes to the financial statements.

Neosho R-5 School District

Notes to the Financial Statements

June 30, 2020

1. Summary of Significant Accounting Policies

The District's accounting policies conform to the modified cash basis of accounting, which is characteristic of local governmental units of this type.

Financial Reporting Entity

The District is organized under the laws of the State of Missouri and is a primary government governed by an elected seven-member board. The District is not financially accountable for any other organization, nor is it a component unit of any other primary governmental entity.

Basis of Presentation

Government-Wide Financial Statements

The Statement of Net Position and Statement of Activities display information about the reporting government as a whole. They include all funds of the reporting entity. The statements present governmental activities generally financed through taxes, intergovernmental receipts, and other non-exchange transactions.

Fund Financial Statements

Fund financial statements of the reporting entity are organized into funds, each of which is considered to be a separate accounting entity. Each fund is accounted for by providing a separate set of self-balancing accounts that constitute its assets, fund equity, receipts, and disbursements. The governmental funds of the District are all considered major funds by the Department of Elementary and Secondary Education.

The funds presented in the accompanying basic financial statements include all funds established under Missouri Revised Statutes and controlled by the Board of Education. The purpose of each fund is:

General Fund: Accounts for disbursements for noncertified employees, school transportation costs, operation of plant, fringe benefits, student body activities, community services, the food service program, and any disbursements not accounted for in other funds.

Special Revenue Fund: Accounts for receipts for certified employees involved in administration and instruction, and includes receipts restricted by the State for the payment of teacher salaries and taxes allocated to this fund based on the District's tax levy.

Debt Service Fund: Accounts for receipts restricted, committed, or assigned for the retirement of principal and interest on the District's general obligation bonds.

Capital Projects Fund: Accounts for taxes and other receipts restricted, committed, or assigned for acquisition or construction of major capital assets and other capital outlay as defined by State of Missouri statutes.

Internal Service Fund: Accounts for the financing of goods or services provided by one department or agency to other departments or agencies of the District. The Internal Service Fund of the District is used to account for the health self-insurance program.

Neosho R-5 School District

Notes to the Financial Statements

June 30, 2020

Basis of Accounting

The government-wide Statement of Net Position and Statement of Activities and the fund financial statements are presented using the modified cash basis of accounting. This basis recognizes assets, net position/fund balance, receipts, and disbursements when they result from cash transactions. The modification to the cash basis relates to the presentation of investments. This basis is a special purpose framework 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 disbursements (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 used 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.

Capital Outlay

Capital assets are recorded as disbursements paid in the Capital Projects Fund at the time the invoices for the capital items are paid.

Compensated Absences

Vacation time and personal business days are considered as disbursements in the year paid. Such amounts unused that are vested in the employee are payable upon termination.

Long-Term Debt

Long-term debt arising from cash transactions of the governmental funds is not reported in the government-wide financial statements or the fund financial statements, which is consistent with the modified cash basis of accounting. The debt proceeds are reported as other financing sources and payment of principal and interest are reported as disbursements.

Teachers' Salaries

The salary payment schedule of the District for the 2019-2020 school year requires the payment of salaries for a twelve-month period. Consequently, the July and August 2020 payroll checks are included in the financial statements as a disbursement in the month of June. This practice has been consistently followed in previous years.

Pooled Cash and Investments

Cash and investments of the individual funds are combined to form a pool of cash and investments, with the exception of the Debt Service Fund, which is kept in separate accounts. Investments of the pooled accounts consist primarily of money market accounts and U.S. Treasury notes, carried at cost, which approximates market.

Inventories

Inventories are valued at cost and consist of food and educational materials. The cost is recorded as a disbursement at the time inventory is purchased.

Neosho R-5 School District

Notes to the Financial Statements

June 30, 2020

Equity Classification

In the government-wide financial statements, net position is classified in two components as follows:

Restricted net position: Consists of net position with constraints placed on the use either by (1) external groups such as creditors, grantors, contributors, or laws and regulations of other governments; or (2) law through constitutional provisions or enabling legislation.

Unrestricted net position: All other net position that does not meet the definition of “restricted.”

It is the District’s policy to first use restricted net position prior to the use of unrestricted net position when disbursements are made for purposes for which both restricted and unrestricted net position are available.

In the fund financial statements, governmental funds report aggregate amounts for five classifications of fund balances based on constraints imposed on the use of these resources as follows:

Nonspendable fund balance: This classification includes amounts that cannot be spent because they are either a) not in spendable form or b) legally or contractually required to be maintained intact.

Restricted fund balance: This classification reflects the constraints imposed on resources either a) externally by creditors, grantors, contributors, or laws and regulations of other governments; or b) imposed by law through constitutional provisions or enabling legislation.

Committed fund balance: These amounts can only be used for specific purposes pursuant to constraints imposed by formal resolutions of the Board of Education – the government’s highest level of decision making authority. Those committed amounts cannot be used for any other purpose unless the Board of Education removes the specified use by taking the same type of action imposing the commitment.

Assigned fund balance: This classification reflects the amounts constrained by the District’s “intent” to be used for specific purposes, but are neither restricted nor committed. Assigned fund balances include all remaining amounts (except negative balances) that are reported in the governmental funds, other than the General Fund, that are not classified as nonspendable and are neither restricted nor committed.

Unassigned fund balance: This fund balance is the residual classification for the General Fund. It is also used to report negative fund balances in other governmental funds.

In circumstances when a disbursement is made for a purpose for which amounts are available in multiple fund balance classifications, fund balance is depleted in the order of restricted, committed, assigned, and unassigned.

Program Receipts

Amounts reported as program receipts include 1) charges to students or others for goods, services or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions. All other governmental receipts are reported as general receipts. All taxes are classified as general receipts even if restricted for a specific purpose.

Neosho R-5 School District

Notes to the Financial Statements

June 30, 2020

2. Risks & Uncertainties

During 2020, a strain of Coronavirus (COVID-19) was identified as a global pandemic and began affecting the health of large portions of the global population. The detrimental impact of this virus is not yet fully determinable, but will likely continue to be significant for both the District and the overall economy. COVID-19 has been identified as a significant risk and uncertainty that could impact future operations.

3. Cash & Cash Equivalents

State statutes require that 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.

4. Investments

Investments at June 30, 2020, consisted of the following:

<u>Investment Type</u>	<u>Maturity</u>	<u>Amount</u>
Pro-rata shares of investment contracts with BOK Financial through the Missouri School District Direct Deposit Program	N/A	\$ 854,920
Missouri Securities Investment Program (MOSIP)	N/A	151
		<u>\$ 855,071</u>

Investment Contracts with BOK Financial

Funds on deposit with BOK Financial are invested in investment contracts in which the District has a pro-rata share of the investment contract. The investment contracts are in accordance with Section 165.051 and Section 360 of the Missouri Revised Statutes through the Missouri School District Direct Deposit Program. The investment contracts are 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. The District has a pro-rata share of the investment.

Missouri Securities Investment Program

District funds in the Missouri Securities Investment Program are invested in cash management funds in which the District has a pro-rata share. The funds are invested in accordance with Section 165.051 and Section 360 of the Missouri Revised Statutes and the cash management fund has a current rating of AAAM by S&P.

Interest Rate Risk

The District has no formal policy on interest rate risk.

Neosho R-5 School District

Notes to the Financial Statements

June 30, 2020

5. 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. The counties collect the property taxes and remit them to the District.

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

The assessed valuation of the tangible taxable property for the calendar year 2019 for purposes of local taxation was:

Real estate	\$ 234,062,530
Personal property	94,354,464
Total Assessed Valuation	<u>\$ 328,416,994</u>

The tax levy per \$100 of the assessed valuation of tangible taxable property for the calendar year 2019 for purposes of local taxation was:

	<u>Unadjusted</u>	<u>Adjusted</u>
General Fund	\$ 2.8950	\$ 2.7500
Debt Service Fund	.6000	.6000
Total Levy	<u>\$ 3.4950</u>	<u>\$ 3.3500</u>

The receipts of current and delinquent property taxes during the fiscal year ended June 30, 2020, aggregated approximately 98 percent of the current assessment computed on the basis of the levy as shown above.

6. Retirement Plans

Public School Retirement System of Missouri and Public Education Employee Retirement System of Missouri

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 Systems). 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.

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 the Systems, 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.

Neosho R-5 School District

Notes to the Financial Statements

June 30, 2020

Any PSRS member who is required to contribute to Social Security comes under the requirements of Sections 169.070 (9) RSMo, known as the “two-thirds 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.

Plan Description. PEERS is a mandatory cost-sharing multiple employer retirement system for all non-certificated 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 PSRS must contribute to PEERS. Employees of the Systems 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 PSRS.

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 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 2.5% benefit factor. Actuarially age-reduced benefits are available for members with 5 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.

Benefits Provided. PEERS is a defined benefit plan providing retirement, disability, and death 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 benefit until reaching minimum Social Security age (currently age 62), which is calculated using a 0.8% benefit factor. Actuarially age-reduced retirement benefits are available with 5 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.

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 is greater than 5.00%. If the CPI decreases, no COLA is provided. For any PSRS member retiring on or after July 1, 2001, such adjustments commence on the second January after commencement of benefits and occur annually thereafter. For PEERS members, such adjustments commence on the fourth January after commencement of benefits and occur annually thereafter. The total of such increases may not exceed 80% of the original benefit for any member.

Neosho R-5 School District

Notes to the Financial Statements

June 30, 2020

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.

Contributions. 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 PSRS and PEERS were \$2,833,920 and \$547,396, respectively, for the year ended June 30, 2020.

Summary Plan descriptions detailing the provisions of the plans as well as additional information regarding the District's net pension liability and deferred inflows and outflows of resources can be found on the Systems' website at www.psr-peers.org.

7. General Obligation Bonds Payable

Bonds payable at June 30, 2020, consist of:

\$4,785,000 general obligation refunding bond issue dated February 28, 2020, due in varying annual installments starting on September 1, 2020 through March 1, 2026, with interest at 4.00%.	\$ 4,785,000
\$4,000,000 general obligation bond issue dated March 21, 2017, due in varying annual installments starting on September 1, 2018 through March 1, 2037, with interest at 4.00%.	4,000,000
\$10,000,000 general obligation bond issue dated March 21, 2016, due in varying annual installments starting on March 1, 2017 through March 1, 2036, with interest at 2.00% to 5.00%.	9,800,000
\$10,000,000 general obligation bond issue dated June 26, 2015, due in varying annual installments starting on March 1, 2032 through March 1, 2035, with interest at 4.00%.	10,000,000
\$9,300,000 general obligation crossover refunding bond issue dated June 1, 2012, due in varying annual installments through March 1, 2026, with interest at 2.00% to 2.25%.	795,000
	<u>\$ 29,380,000</u>

Neosho R-5 School District

Notes to the Financial Statements

June 30, 2020

The following summary of bond transactions for the year ended June 30, 2020:

Bonds Payable, July 1, 2019	\$ 30,725,000
Bonds Issued	4,785,000
Bonds Retired	(6,130,000)
Bonds Payable, June 30, 2020	<u><u>\$ 29,380,000</u></u>

Debt service requirements are:

Year Ending June 30,	Principal	Interest	Total
2021	\$ 795,000	\$ 1,258,895	\$ 2,053,895
2022	810,000	1,241,400	2,051,400
2023	875,000	1,209,000	2,084,000
2024	915,000	1,174,000	2,089,000
2025	1,035,000	1,137,400	2,172,400
2026	1,150,000	1,096,000	2,246,000
2027	1,075,000	1,050,000	2,125,000
2028	1,175,000	996,250	2,171,250
2029	1,325,000	937,500	2,262,500
2030	1,475,000	871,250	2,346,250
2031	1,850,000	797,500	2,647,500
2032	2,150,000	705,000	2,855,000
2033	2,500,000	619,000	3,119,000
2034	2,750,000	519,000	3,269,000
2035	3,000,000	409,000	3,409,000
2036	3,200,000	289,000	3,489,000
2037	3,300,000	132,000	3,432,000
	<u><u>\$ 29,380,000</u></u>	<u><u>\$ 14,442,195</u></u>	<u><u>\$ 43,822,195</u></u>

Article VI, Section 26(b), Constitution of Missouri, limits the outstanding amount of authorized general obligation bonds of a district to 15 percent 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	\$ 49,262,549
General obligation bonds payable	(29,380,000)
Amount available in Debt Service Fund	2,117,546
Legal Debt Margin	<u><u>\$ 22,000,095</u></u>

Neosho R-5 School District

Notes to the Financial Statements

June 30, 2020

8. Leases Payable

On July 9, 2018, the District entered into a lease purchase agreement with Insight Investment, LLC to finance the purchase of technology equipment in the amount of \$585,015, plus interest at 3.451%. The lease agreement is subject to annual renewal and appropriation by the Board of Education (the Board). In the event the Board does not approved the annual renewal of the lease debt, early termination clauses apply and the applicable asset serving as collateral is relinquished back to the lender.

On July 23, 2018, the District entered into a lease purchase agreement with US Bancorp to finance the purchase of 18 school buses in the amount of \$1,441,778, plus interest at 2.70%. The lease agreement is subject to annual renewal and appropriation by the Board of Education (the Board). In the event the Board does not approved the annual renewal of the lease debt, early termination clauses apply and the applicable asset serving as collateral is relinquished back to the lender.

Although the agreements provide for cancellation of the leases at the District's option at the renewal dates each year, the District does not foresee exercising its options to cancel. Therefore, the leases are accounted for as non-cancelable capital leases.

The following is a schedule of the future minimum lease payments under the leases (assuming noncancellation):

<u>Year Ending June 30,</u>	<u>Direct Borrowing</u>		
	<u>2019</u>	<u>2019</u>	<u>Total</u>
	<u>Bus</u>	<u>Technology</u>	
2021	\$ 493,452	\$ 208,616	\$ 702,068
Total Minimum Lease Payments	493,452	208,616	702,068
Less Amount Representing Interest	(12,973)	(6,959)	(19,932)
Net Lease Payments	\$ 480,479	\$ 201,657	\$ 682,136

The following represents the changes in leases payable for the year ended June 30, 2020:

Leases Payable, July 1, 2019	\$ 1,344,913
Additional Lease Obligations	-
Lease Retirement	(662,777)
Leases Payable, June 30, 2020	\$ 682,136

9. Certificate of Participation Leases

On June 15, 2011, the District entered into a lease agreement for \$4,825,000 with the Missouri School Boards Association. The lease provided \$507,500 in escrow to refund the principal amount of the 2003A Certificates of Participation on September 1, 2011, and the remainder of the funds to pay for the costs of issuance, accrued interest into a Certificate fund, and provide construction funds in a Project fund. The funds were provided by lease participation certificates with a lease term through April 1, 2021, and bear interest at 2.0% to 3.5%. In the event of default, after 30 days, the Lessor may take possession of the facilities, declare all amounts owed due immediately, or take any other legal action that is necessary or desirable to collect the rental payments.

Neosho R-5 School District

Notes to the Financial Statements

June 30, 2020

On June 29, 2018, the District entered into a lease agreement with UMB Bank, N.A for \$4,260,000 to finance energy savings projects. These Certificate of Participation funds (Series 2018 Certificates) bear interest at 3.00% to 3.10% through 2028. In the event of default, after 30 days, the Lessor may take possession of the facilities, declare all amounts owed due immediately, or take other legal action to collect the rental payments.

Although the agreements provide for cancellation of the leases at the District's option at the renewal dates each year, the District does not foresee exercising its options to cancel. Therefore, the leases are accounted for as non-cancelable capital leases.

The following is a schedule of the future minimum lease payments under the leases (assuming noncancellation):

Year Ending June 30,	Direct Borrowing		
	Principal	Interest	Total
2021	\$ 540,000	\$ 147,365	\$ 687,365
2022	555,000	128,465	683,465
2023	575,000	111,815	686,815
2024	590,000	94,565	684,565
2025	605,000	76,865	681,865
2026	625,000	58,715	683,715
2027	645,000	39,965	684,965
2028	665,000	20,615	685,615
	<u>\$ 4,800,000</u>	<u>\$ 678,370</u>	<u>\$ 5,478,370</u>

The following represents the changes in leases payable for the year ended June 30, 2020:

Leases Payable, July 1, 2019	\$ 5,325,000
Additional Lease Obligations	-
Lease Retirement	(525,000)
Leases Payable, June 30, 2020	<u>\$ 4,800,000</u>

10. Compensated Absences Payable

Compensated absences payable consists of accumulated vacation and sick days by District personnel. Upon leaving the District, the employees may be paid accrued vacation days up to 15 days at their regular hourly rate of pay. Upon leaving the district after ten years of service, the employee may be paid for accrued sick days at \$15 per day not to exceed \$1,500. Compensated absences payable at June 30, 2020, totaled \$172,023.

11. Operating Lease

During 2020, the District entered into an operating lease finance arrangement with Central State Bus Sales, Inc. for the rental of one bus. The operating lease calls for annual payments of \$23,919 through fiscal year ended June 30, 2022 and annual payments of \$14,098 for the fiscal years ended June 30, 2023 and 2024.

Neosho R-5 School District

Notes to the Financial Statements

June 30, 2020

As of June 30, 2020, the following is a schedule of future minimum payments for the lease:

<u>Year Ending June 30,</u>	<u>Total</u>
2021	\$ 23,919
2022	23,919
2023	14,098
2024	14,098
	<u>\$ 76,034</u>

12. Claims & Adjustments

The District participates in a number of federal and state programs that are fully or partially funded by grants received from other governmental units. Disbursements financed by grants are subject to audit by the appropriate grantor governments. If disbursements are disallowed due to noncompliance with grant program regulation, the District may be required to reimburse the grantor governments. As of June 30, 2020, disbursements have not been audited by grantor governments, but the District believes that disallowed disbursements, if any, based on subsequent audits, will not have a material effect on any of the individual government funds or the overall financial position of the District.

13. Self-Insurance Fund

The District has established a medical self-insurance plan for District employees and their covered dependents to minimize the total cost of medical health insurance to the District. This program is for the benefit of all District employees covered under the Neosho School's Employee Health Care Plan. Medical claims exceeding an individual participant limit of \$125,000 are covered through a private insurance carrier. The District established an Internal Service Fund to account for these activities.

14. Risk Management

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The District has transferred its risk by obtaining coverage from commercial insurance companies. In addition, it has effectively managed risk through various employee education and prevention programs. There has been no significant reduction in insurance coverage from the previous year.

15. Post-Employment Benefits

In addition to the pension benefits described in Note 6, the District makes available post-retirement healthcare benefits to all employees who retire from the District. Participation by retirees in the District health plan is subjected to terms and conditions set forth in the Board policy. The cost of the coverage is charged to the retiree at a blended rate for all employees. The District has not made a formal evaluation or projection on the future cost of the existing health care benefit plan in relation to retirees.

Neosho R-5 School District

Notes to the Financial Statements

June 30, 2020

16. Interfund Transfers

Interfund transfers for the year ended June 30, 2020, consisted of the following:

	<u>Transfers In</u>	<u>Transfers Out</u>
General Fund	\$ -	\$ 2,700,000
Capital Projects Fund	2,700,000	-
	<u>\$ 2,700,000</u>	<u>\$ 2,700,000</u>

As allowed by State law, the District makes transfers from the General Fund to the Capital Projects Fund to cover disbursements and build balances.

17. Commitments

At June 30, 2020, the District had the following commitments:

- Construction Services Group in the amount of \$623,333 for the Goodman Elementary construction project.
- Mid-America Golf & Landscape in the amount of \$1,071,678 for artificial turf at the Bob Anderson Football Stadium.
- Pearson Education in the amount of \$213,576 for textbooks.
- Toth & Associates in the amount of \$29,762 for the Goodman Elementary construction project.
- Bales Construction in the amount of \$423,506 for High School restroom upgrades.
- Paragon Architecture in the amount of \$21,000 for High School restroom upgrades.
- Double Down Asphalt in the amount of \$48,432 for restriping of various District parking lots.
- Joplin Roofing in the amount of \$218,416 for roof replacement at Field Early Childhood Center.
- Atlas Safe Rooms in the amount of \$319,532 for installation of shelters at Central Elementary and Field Early Childhood Center.

18. Tax Abatements

The District did not provide tax abatements to any businesses. However, the District's taxes were reduced by \$271,083 due to agreements entered into by other governments through the following programs: the Urban Redevelopment Corporation Law (Chapter 353), Enhanced Enterprise Zones Program, and Real Property Tax Increment Allocation Redevelopment Act (Tax Incremental Financing).

The Urban Redevelopment Corporation Law, or Chapter 353, is an economic development tool to encourage redevelopment of blighted areas. Under Sections 353.010-353.190, RSMo., the Urban Redevelopment Corporation has a tax abatement available for 25 years. During the first 10 years, the property is not subject to real property taxes except in the amount of real property taxes assessed on the land during the calendar year during with the Urban Redevelopment Corporation acquired title to the real property.

Neosho R-5 School District

Notes to the Financial Statements

June 30, 2020

For the remaining 15 years, the property may be assessed up to 50% of its true value. Payments in lieu of taxes (PILOTs) may be imposed on the Urban Redevelopment Corporation by the city in order to replace all or part of the real estate taxes abated. The PILOTs must be allocated based on a proportionate share to each taxing district.

The Enhanced Enterprise Zones Program is designed to attract new or expanding businesses to the area. Under Sections 135.950-135.970, RSMo., in order for a manufacturer, distributor, or certain service industries to qualify for the 50% tax abatement for 10 years, the business must meet certain minimum criteria depending on the type of business facility. New or expanded business facilities must have two new employees and \$100,000 in new investment. Replacement business facilities must have two new employees and \$1,000,000 in new investment. Both types of business facilities must also offer health insurance to full time employees in Missouri, of which at least 50% is paid by the employer.

Tax Incremental Financing (TIF) is an economic development tool which redirects local tax revenues towards the redevelopment of eligible properties that are otherwise economically unfeasible. Sections 99.800-99.865, RSMo, the Real Property Tax Increment Allocation Redevelopment Act, enables cities to finance certain redevelopment costs with the incremental tax revenue generated by the net increase in assessed valuation resulting from the redevelopment. Real estate taxes in the redevelopment area are frozen at the current level or base valuation. The increased assessed valuation resulting from the redevelopment is referred to as payments in lieu of taxes (PILOT). PILOTs for each TIF district are collected by the county collector and distributed to the cities that authorized the TIF, these funds are then distributed to a TIF special allocation fund or other political subdivisions.

As of June 30, 2020, the amount of these abatements was as follows:

Tax Abatement Program	Amount of Taxes Abated
Tax Incremental Financing (TIF)	\$ 198,189
Enhanced Enterprise Zone Program	56,375
Urban Redevelopment Corporation Law (Chapter 353)	16,519
	<u>\$ 271,083</u>

19. Current Year Bond Refunding

On February 28, 2020, the District issued \$4,785,000 in general obligation refunding bonds with interest of 4.0%. The District issued the bonds to pay a partial payment on the Series 2012 general obligation refunding outstanding principal on March 1, 2020, in the amount of \$5,280,000.

As a result of the refunding, the District reduced its debt service requirements by \$159,291, which resulted in an economic gain (difference between the present value of the debt service payments on the old and new debt) of \$150,451.

Neosho R-5 School District

Notes to the Financial Statements

June 30, 2020

20. Subsequent Events

- In February 2020, the District approved a loan with the Missouri Department of Natural Resources for lighting improvements in the amount of \$120,920. As of June 30, 2020, the proceeds have not been issued. The District anticipates the loan to be issued during fiscal year ending June 30, 2021.
- On August 17, 2020, the District authorized the issuance of the Series 2020 Certificates of Participation for a maximum amount of \$22,500,000.
- On August 17, 2020, the District approved a proposal from Paragon Architecture in the amount of \$260,000 for architect fees related to an indoor practice facility, stadium improvements, and High School locker room renovations.
- On August 17, 2020, the District approved a contract with Mid-America Sports in the amount of \$1,141,795 for the construction of a new synthetic turf baseball field.

Supplementary Information

Neosho R-5 School District

Budgetary Comparison Schedule – General Fund

Year Ended June 30, 2020

	Budgeted Amounts		Actual	Variance with Final Budget: Positive (Negative)
	Original	Final		
Receipts				
Local	\$ 9,814,539	\$ 10,068,138	\$ 10,068,138	\$ -
County	1,075,000	1,286,492	1,286,492	-
State	1,000,000	6,040,425	6,040,425	-
Federal	2,789,500	3,380,024	3,380,024	-
Other	255,000	470,267	470,267	-
Total Receipts	<u>14,934,039</u>	<u>21,245,346</u>	<u>21,245,346</u>	<u>-</u>
Disbursements				
Instruction	5,742,013	6,155,611	6,155,611	-
Student services	1,263,009	1,309,691	1,309,691	-
Instructional staff support	2,100,787	744,661	744,661	-
Building administration	285,589	284,548	284,548	-
General administration	1,114,373	2,287,257	2,287,257	-
Operation of plant	3,987,756	4,365,279	4,365,279	-
Transportation	1,791,501	1,655,134	1,655,134	-
Food service	2,170,034	1,735,926	1,735,926	-
Community services	441,387	646,160	646,160	-
Total Disbursements	<u>18,896,449</u>	<u>19,184,267</u>	<u>19,184,267</u>	<u>-</u>
<i>Excess (Deficit) of Receipts Over Disbursements</i>	(3,962,410)	2,061,079	2,061,079	-
Other Financing Sources (Uses)				
Net insurance recovery	-	218,817	218,817	-
Operating transfers in (out)	3,374,717	(2,700,000)	(2,700,000)	-
Total Other Financing Sources (Uses)	<u>3,374,717</u>	<u>(2,481,183)</u>	<u>(2,481,183)</u>	<u>-</u>
<i>(Deficit) of Receipts and Other Sources Over Disbursements and Other (Uses)</i>	(587,693)	(420,104)	(420,104)	-
Fund Balance, July 1, 2019	7,597,685	7,662,821	7,662,821	-
Fund Balance, June 30, 2020	<u>\$ 7,009,992</u>	<u>\$ 7,242,717</u>	<u>\$ 7,242,717</u>	<u>\$ -</u>

Neosho R-5 School District

Budgetary Comparison Schedule – Special Revenue Fund

Year Ended June 30, 2020

	Budgeted Amounts		Actual	Variance with
	Original	Final		Final Budget
				Positive (Negative)
Receipts				
Local	\$ 4,986,495	\$ 4,950,771	\$ 4,950,771	\$ -
County	220,000	231,879	231,879	-
State	21,289,838	16,354,525	16,354,525	-
Federal	1,885,000	1,820,726	1,820,726	-
Other	160,000	-	-	-
Total Receipts	<u>28,541,333</u>	<u>23,357,901</u>	<u>23,357,901</u>	<u>-</u>
Disbursements				
Instruction	18,118,924	17,898,852	17,898,852	-
Student services	1,857,640	1,928,322	1,928,322	-
Instructional staff support	882,274	811,369	811,369	-
Building administration	1,394,029	1,410,809	1,410,809	-
General administration	996,897	938,484	938,484	-
Transportation	27,997	-	-	-
Community services	388,855	370,065	370,065	-
Total Disbursements	<u>23,666,616</u>	<u>23,357,901</u>	<u>23,357,901</u>	<u>-</u>
<i>Excess of Receipts Over Disbursements</i>	4,874,717	-	-	-
Other Financing (Uses)				
Operating transfers (out)	<u>(4,874,717)</u>	-	-	-
Total Other Financing (Uses)	<u>(4,874,717)</u>	-	-	-
<i>Excess of Receipts Over Disbursements and Other (Uses)</i>	-	-	-	-
Fund Balance, July 1, 2019	-	-	-	-
Fund Balance, June 30, 2020	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>

Neosho R-5 School District

Budgetary Comparison Schedule – Debt Service Fund

Year Ended June 30, 2020

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Receipts				
Local	\$ 1,923,536	\$ 2,479,958	\$ 2,479,958	\$ -
County	165,000	196,249	196,249	-
Total Receipts	2,088,536	2,676,207	2,676,207	-
Disbursements				
Debt service	2,044,700	7,350,436	7,350,436	-
Total Disbursements	2,044,700	7,350,436	7,350,436	-
<i>Excess (Deficit) of Receipts Over Disbursements</i>	43,836	(4,674,229)	(4,674,229)	-
Other Financing Sources				
Refunding bonds	-	4,785,000	4,785,000	-
Total Other Financing Sources	-	4,785,000	4,785,000	-
<i>Excess of Receipts and Other Sources Over Disbursements</i>	43,836	110,771	110,771	-
Fund Balance, July 1, 2019	1,974,059	2,006,775	2,006,775	-
Fund Balance, June 30, 2020	\$ 2,017,895	\$ 2,117,546	\$ 2,117,546	\$ -

Neosho R-5 School District

Budgetary Comparison Schedule – Capital Projects Fund

Year Ended June 30, 2020

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Receipts				
Local	\$ 193,000	\$ 455,098	\$ 455,098	\$ -
State	1,793,862	1,405,875	1,405,875	-
Federal	1,125,000	624,578	624,578	-
Total Receipts	3,111,862	2,485,551	2,485,551	-
Disbursements				
Instruction	27,500	261,375	261,375	-
Instructional staff support	393,116	128,896	128,896	-
Operation of plant	250,000	104,558	104,558	-
Transportation	502,452	479,832	479,832	-
Facilities acquisition and construction	6,185,000	5,492,593	5,492,593	-
Debt service	689,428	927,494	927,494	-
Total Disbursements	8,047,496	7,394,748	7,394,748	-
<i>(Deficit) of Receipts Over Disbursements</i>	(4,935,634)	(4,909,197)	(4,909,197)	-
Other Financing Sources				
Net insurance recovery	2,500,000	3,236,784	3,236,784	-
Operating transfers in	1,500,000	2,700,000	2,700,000	-
Total Other Financing Sources	4,000,000	5,936,784	5,936,784	-
<i>Excess (Deficit) of Receipts and Other Sources Over Disbursements</i>	(935,634)	1,027,587	1,027,587	-
Fund Balance, July 1, 2019	1,332,261	2,619,653	2,619,653	-
Fund Balance, June 30, 2020	\$ 396,627	\$ 3,647,240	\$ 3,647,240	\$ -

Neosho R-5 School District

Notes to the Budgetary Comparison Schedules

June 30, 2020

Budgets and Budgetary Accounting

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

- 1) In accordance with Chapter 67, RSMo, the District adopts a budget for each fund.
- 2) Prior to July, the superintendent, who serves as the Budget Officer, submits to the Board of Education a proposed budget for the fiscal year beginning on July 1. The budget includes estimated receipts and proposed disbursements for all District funds. Budgeted disbursements cannot exceed beginning available monies plus estimated receipts 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 budget information included in the financial statements. Budgeted amounts are as originally adopted, or as amended by the Board of Education. Individual amendments were not material to the original appropriations, which were amended.
- 6) Budgets for District funds are prepared and adopted on the modified cash basis (budget basis), recognizing receipts when collected and disbursements when paid.

Other Financial Information

Neosho R-5 School District

Schedule of Receipts by Source

Year Ended June 30, 2020

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Debt Service Fund</u>	<u>Capital Projects Fund</u>	<u>Total</u>
Local					
Current taxes	\$ 8,590,226	\$ -	\$ 1,874,231	\$ -	\$ 10,464,457
Delinquent taxes	301,712	-	65,111	-	366,823
School district trust fund (Prop C)	-	4,943,757	-	-	4,943,757
Financial institution tax	4,511	-	1,003	-	5,514
M&M surtax	-	-	552	181,279	181,831
Earnings from temporary deposits	90,789	1,606	19,775	4,319	116,489
Premium on bonds sold	-	-	519,286	-	519,286
Food service - sales to pupils	225,025	-	-	-	225,025
Food service - sales to adults	11,916	-	-	-	11,916
Admissions - student activities	103,098	-	-	-	103,098
Revenue from enterprise activities	10,619	-	-	-	10,619
Other pupil activity income	424,825	-	-	-	424,825
Community services	35,136	-	-	-	35,136
Gifts	114,682	-	-	269,500	384,182
Prior period adjustment	70,988	5,408	-	-	76,396
Miscellaneous local revenue	84,611	-	-	-	84,611
Total Local	<u>10,068,138</u>	<u>4,950,771</u>	<u>2,479,958</u>	<u>455,098</u>	<u>17,953,965</u>
County					
Fines, escheats, etc.	-	231,879	-	-	231,879
State assessed utilities	1,286,492	-	196,249	-	1,482,741
Total County	<u>1,286,492</u>	<u>231,879</u>	<u>196,249</u>	<u>-</u>	<u>1,714,620</u>
State					
Basic formula - state monies	4,786,699	16,196,041	-	-	20,982,740
Transportation	355,633	-	-	-	355,633
Early childhood special education	450,691	134,622	-	-	585,313
Basic formula - classroom trust fund	-	-	-	1,405,875	1,405,875
Educational screening prog/PAT	136,150	-	-	-	136,150
Career education	6,420	23,862	-	-	30,282
Food service - state	16,834	-	-	-	16,834
High need fund - special education	287,998	-	-	-	287,998
Total State	<u>6,040,425</u>	<u>16,354,525</u>	<u>-</u>	<u>1,405,875</u>	<u>23,800,825</u>

Neosho R-5 School District

Schedule of Receipts by Source

Year Ended June 30, 2020

	General Fund	Special Revenue Fund	Debt Service Fund	Capital Projects Fund	Total
Federal					
Medicaid	92,388	-	-	-	92,388
Reserve officer training corps (ROTC)	-	55,723	-	-	55,723
CARES - ESSER fund	635,000	-	-	-	635,000
IDEA grants	17,947	-	-	-	17,947
IDEA entitlement funds, Part B IDEA	-	827,673	-	-	827,673
Early childhood special education - federal	-	131,733	-	-	131,733
School lunch program	798,610	-	-	-	798,610
School breakfast program	404,044	-	-	-	404,044
Special milk program	4,038	-	-	-	4,038
After school snack program	7,545	-	-	-	7,545
Title I - ESEA	540,768	686,968	-	-	1,227,736
Title I, Part C - migrant education	10,538	-	-	-	10,538
Title IV. A - student support and academic enrichment	115,858	-	-	-	115,858
Title III, ESEA - English language acquisition	69,749	-	-	-	69,749
Title II, Part A&B, ESEA - teacher and principal training	108,298	118,629	-	-	226,927
Childcare development fund grant	72,134	-	-	-	72,134
Federal emergency mgt agency (FEMA) funds	-	-	-	624,578	624,578
Dept of Health food service program	452,045	-	-	-	452,045
Title VI, Part B rural education initiative	45,681	-	-	-	45,681
Other - federal	5,381	-	-	-	5,381
Total Federal	3,380,024	1,820,726	-	624,578	5,825,328
Other Sources					
Net insurance recovery	218,817	-	-	3,236,784	3,455,601
Refunding bonds	-	-	4,785,000	-	4,785,000
Tuition from other LEAs - regular term	442,376	-	-	-	442,376
Contracted educational services	27,891	-	-	-	27,891
Total Other Sources	689,084	-	4,785,000	3,236,784	8,710,868
Total Receipts	\$ 21,464,163	\$ 23,357,901	\$ 7,461,207	\$ 5,722,335	\$ 58,005,606

The above presentation agrees to the Annual Secretary of the Board Report.

Neosho R-5 School District

Schedule of Disbursements by Object

Year Ended June 30, 2020

	General Fund	Special Revenue Fund	Debt Service Fund	Capital Projects Fund	Total
Certificated - regular salaries	\$ -	\$ 17,259,081	\$ -	\$ -	\$ 17,259,081
Certificated supplemental pay	23,097	572,365	-	-	595,462
Certificated unused leave and/or severance pay	-	14,910	-	-	14,910
Classified salaries regular	6,249,312	-	-	-	6,249,312
Classified substitute salaries	315	-	-	-	315
Classified salaries - part-time	859,183	-	-	-	859,183
Classified employees unused leave and/or severance	4,523	-	-	-	4,523
Teacher's retirement	17,487	2,815,717	-	-	2,833,204
Non-teacher retirement	539,103	10,334	-	-	549,437
Old age survivor and disability (OASDI)	421,704	28,111	-	-	449,815
Medicare	97,502	245,852	-	-	343,354
Employee insurance	1,335,346	2,024,685	-	-	3,360,031
Workers' compensation insurance	256,871	-	-	-	256,871
Unemployment compensation	1,969	-	-	-	1,969
Purchased instructional services - tuition	88,935	386,846	-	-	475,781
Pupil Services	15,491	-	-	-	15,491
Staff services	368,536	-	-	-	368,536
Audit services	28,000	-	-	-	28,000
Data processing and technology related services	7,629	-	-	-	7,629
Legal services	5,724	-	-	-	5,724
Election services	6,549	-	-	-	6,549
Other professional services	298,369	-	-	-	298,369
Repairs and maintenance	394,144	-	-	-	394,144
Rentals - land and buildings	22,500	-	-	-	22,500
Rentals - equipment	127,678	-	-	-	127,678
Water and sewer	83,675	-	-	-	83,675
Trash removal	55,886	-	-	-	55,886
Technology-related repairs and maintenance	271,836	-	-	-	271,836
Travel	125,481	-	-	-	125,481
Property insurance	214,446	-	-	-	214,446
Liability insurance	109,664	-	-	-	109,664
Communication	191,506	-	-	-	191,506
Advertising	1,371	-	-	-	1,371
Printing and binding	28,117	-	-	-	28,117
Dues and membership	30,132	-	-	-	30,132
Other purchased services	1,654,256	-	-	-	1,654,256
Other expenses	7,815	-	-	-	7,815

Neosho R-5 School District

Schedule of Disbursements by Object

Year Ended June 30, 2020

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Debt Service Fund</u>	<u>Capital Projects Fund</u>	<u>Total</u>
General supplies	1,593,550	-	-	-	1,593,550
Supplies - technology - related	452,375	-	-	-	452,375
Textbook	517,877	-	-	-	517,877
Library books	58,201	-	-	-	58,201
Resource materials	11,412	-	-	-	11,412
Food supplies - exclude non-food supplies	1,353,976	-	-	-	1,353,976
Electric	737,673	-	-	-	737,673
Gas - natural	83,855	-	-	-	83,855
Gasoline/diesel	204,963	-	-	-	204,963
Other supplies and materials	226,233	-	-	-	226,233
Buildings	-	-	-	5,234,748	5,234,748
Improvements other than buildings	-	-	-	69,475	69,475
Regular equipment	-	-	-	386,771	386,771
Equipment - classroom instructional apparatus	-	-	-	15,485	15,485
Vehicles - except school buses	-	-	-	30,100	30,100
Pupil transportation vehicles - school buses	-	-	-	467,847	467,847
Other capital outlay	-	-	-	262,828	262,828
Principal - bonded indebtedness	-	-	6,130,000	-	6,130,000
Principal - lease purchase agreements	-	-	-	719,930	719,930
Interest - bonded indebtedness	-	-	1,194,700	-	1,194,700
Interest - lease purchase agreements	-	-	-	202,794	202,794
Fees - bonded indebtedness	-	-	25,736	-	25,736
Fees - lease purchase agreements	-	-	-	4,770	4,770
Total Disbursements	<u>\$ 19,184,267</u>	<u>\$ 23,357,901</u>	<u>\$ 7,350,436</u>	<u>\$ 7,394,748</u>	<u>\$ 57,287,352</u>

The above presentation agrees to the Annual Secretary of the Board Report.

Neosho R-5 School District

Schedule of Transportation Costs Eligible for State Aid

Year Ended June 30, 2020

	District Owned	Disabled District Owned	Total
Certificated salaries	\$ 22,917	\$ -	\$ 22,917
Non-certificated salaries	884,622	79,681	964,303
Employee benefits	223,139	17,068	240,207
Purchased services	76,912	3,110	80,022
Supplies	228,994	22,206	251,200
Capital outlay	11,985	-	11,985
Depreciation	650,897	-	650,897
	<u>\$ 2,099,466</u>	<u>\$ 122,065</u>	<u>\$ 2,221,531</u>
School buses lease-purchased			
Principal paid	<u>\$ 467,847</u>		

Other Reporting Requirements



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*

Board of Education
Neosho R-5 School District
Neosho, Missouri

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities and each major fund of Neosho R-5 School District as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the Neosho R-5 School District's basic financial statements and have issued our report thereon dated December 14, 2020.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered Neosho R-5 School District's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we do not express an opinion on the effectiveness of the District's internal control.

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies 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 Questioned Costs as item 2020-001, that we consider to be a material weakness.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Neosho R-5 School District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Response to Findings

The District's response to the finding identified in our audit is described in the accompanying Schedule of Findings and Questioned costs. The District's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

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.

KPM CPAs, PC

KPM CPAs, PC
Springfield, Missouri
December 14, 2020



Independent Auditors' Report on Compliance for Each Major Program and on Internal Control over Compliance Required by the Uniform Guidance

Board of Education
Neosho R-5 School District
Neosho, Missouri

Report on Compliance for Each Major Federal Program

We have audited Neosho R-5 School District's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of Neosho R-5 School District's major federal programs for the year ended June 30, 2020. Neosho R-5 School District's major federal programs are identified in the summary of auditors' results section of the accompanying Schedule of Findings and Questioned Costs.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for each of Neosho R-5 School District's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Neosho R-5 School District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination on Neosho R-5 School District's compliance.

Opinion on Each Major Federal Program

In our opinion, Neosho R-5 School District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2020.

Report on Internal Control Over Compliance

Management of Neosho R-5 School District is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered Neosho R-5 School District's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the District's internal control over compliance.

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

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

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

KPM CPAs, PC

KPM CPAs, PC
Springfield, Missouri
December 14, 2020

Neosho R-5 School District

Schedule of Expenditures of Federal Awards

Year Ended June 30, 2020

<u>Federal Grantor/Pass-through Grantor/Program Title</u>	<u>Federal CFDA Number</u>	<u>Pass-through Grantor's Number</u>	<u>Passed-through to Subrecipients</u>	<u>Federal Expenditures</u>
U.S. Department of Agriculture				
Missouri Department of Elementary and Secondary Education				
Child Nutrition Cluster				
School Breakfast Program	10.553	20199N109943 20200N109943	\$ - -	\$ 108,527 295,517
National School Lunch Program			-	404,044
Cash	10.555	20199N109943 20200N109943	- -	217,919 588,236
Commodities	10.555	073-108	-	806,155 167,305
Special Milk Program	10.556	20199N109943 20200N109943	- -	1,915 2,123
			-	4,038
Missouri Department of Health and Senior Services				
Child Nutrition Cluster				
Summer Food Service Program for Children	10.559	ERS0461977S	-	228,363
COVID-19 Summer Food Service Program for Children	10.559	ERS0461977S	-	97,328
			-	325,691
Total Child Nutrition Cluster			-	1,707,233
Missouri Department of Health and Senior Services				
Child and Adult Care Food Program				
COVID-19 Child and Adult Care Food Program	10.558	ERS46201977	-	46,364
	10.558	ERS46201977	-	6,673
			-	53,037
Total U.S. Department of Agriculture			-	1,760,270
U.S. Department of Education				
Missouri Department of Elementary and Secondary Education				
Title I Grants to Local Education Agencies				
	84.010	S010A180025 S010A190025	- -	329,131 889,571
			-	1,218,702
Migrant Education State Grant Program	84.011	S011A190025	-	7,881
Supporting Effective Instruction State Grant	84.367	S367A180024 S367A190024	- -	111,376 108,808
			-	220,184
Student Support and Academic Enrichment Program	84.424	S424A180026 S424A190026	- -	45,087 54,405
			-	99,492
Special Education Grants Cluster				
Special Education Grants to States				
	84.027	H027A180040 H027A190040	- -	533,108 511,179
			-	1,044,287
Special Education Preschool Grants	84.173	H173A190103	-	32,385
Total Special Education Grants Cluster			-	1,076,672
English Language Acquisition State Grants	84.365	S365A180025	-	84,315

Neosho R-5 School District

Schedule of Expenditures of Federal Awards

Year Ended June 30, 2020

Federal Grantor/Pass-through Grantor/Program Title	Number	Grantor's Number	to Subrecipients	Expenditures
Title V.B Rural Education Achievement Program	84.358	S358B180025	-	21,168
		S358B190025	-	16,796
			-	37,964
COVID-19 Education Stabilization Fund	84.425D	S425D200021	-	650,315
Total U.S. Department of Education			-	3,395,525
U.S. Department of Defense				
Direct				
Junior Reserve Officers Training Corp Unit	12.000	N/A	-	55,723
Total U.S. Department of Defense			-	55,723
U.S. Department of Health and Human Services				
Missouri Department of Elementary and Secondary Education				
Child Care and Development Fund, Discretionary	93.575	1901MOCCDF	-	72,134
Total U.S. Department of Health and Human Services			-	72,134
U.S. Department of Homeland Security				
Missouri State Emergency Management Agency				
BRIC: Building Resilient Infrastructure and Communities	97.047	PDMC-PJ-07-MO-2017	-	815,819
Total U.S. Department of Homeland Security			-	815,819
U.S. Department of the Treasury				
Newton County				
COVID-19 Coronavirus Relief Fund	21.019	N/A	-	65,363
Total U.S. Department of the Treasury			-	65,363
Centers for Disease Control				
Missouri Department of Health and Senior Services				
State Physical Activity and Nutrition (SPAN)	93.439	DP006506-01	-	2,956
Environmental Public Health and Emergency Response	93.070	EH001393-01	-	2,425
Total Centers for Disease Control			-	5,381
Total Expenditures of Federal Awards			\$ -	\$ 6,170,215

N/A – Not applicable

See accompanying notes to the Schedule of Expenditures of Federal Awards

Neosho R-5 School District

Notes to the Schedule of Expenditures of Federal Awards

Year Ended June 30, 2020

1. The Schedule of Expenditures of Federal Awards is presented using the modified cash basis of accounting, which is described in Note 1 to the District's basic financial statements.
2. Commodities received and expended are valued by the Food Service Section of the Department of Elementary and Secondary Education.
3. The District did not provide funds to subrecipients in the current year.
4. The District elected not to use the 10% de minimis indirect cost rate.

Neosho R-5 School District

Summary Schedule of Findings and Questioned Costs

Year Ended June 30, 2020

Section I: Summary Schedule of Audit Results

Financial Statements		
Type of report the auditor issued on whether the financial statements audited were prepared in accordance with the modified cash basis of accounting:		Unmodified
Internal Control over Financial Reporting:		
Material weakness(es) identified?		Yes
Significant deficiency(ies) identified?		None Reported
Noncompliance material to financial statements noted?		No
Federal Awards		
Internal control over major federal programs:		
Material weakness(es) identified?		No
Significant deficiency(ies) identified?		None Reported
Type of auditors' report issued on compliance for major federal program:		Unmodified
Any audit findings disclosed that are required to be reported in accordance with 2CFR 200.516(a)?		No
Identification of major federal program:		
CFDA Number(s)	Name of Federal Program or Cluster	
84.010	Title I Grants to LEAs	
84.425D	COVID-19 Education Stabilization Fund	
97.047	BRIC: Building Resilient Infrastructure and Communities	
Dollar threshold used to distinguish between type A and type B programs:		\$750,000
Auditee qualified as low-risk auditee?		No

Neosho R-5 School District

Summary Schedule of Findings and Questioned Costs

Year Ended June 30, 2020

Section II – Financial Statement Findings

Material Weaknesses

2020-001 *Segregation of duties*

Condition: Because of a limited number of available personnel, it is not always possible to adequately segregate certain incompatible duties so that no one employee has access to both physical assets and the related accounting records, or to all phases of a transaction. The District currently has one full time accountant, an accounts payable position, and a payroll and benefits position. There are some mitigating controls in place, but it is not possible to have segregation in all areas.

Criteria: Duties should be segregated so that no one employee has access to both physical assets and the related accounting records, or to all phases of a transaction.

Effect: Risk is present that errors or irregularities in amounts that would be material to the basic financial statements may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions.

Recommendation: We realize because of limited resources and personnel, management may not be able to achieve a proper segregation of duties; however, our professional standards require that we bring this lack of segregation of duties to your attention in this report.

Response: The limited number of available personnel prohibits segregation of incompatible duties and the District does not have the resources to hire additional accounting personnel.

Section III – Federal Award Findings and Questioned Costs

None

Neosho R-5 School District

Schedule of Prior Audit Findings

Year Ended June 30, 2020

Financial Statement Finding

Material Weakness

2019-001 *Segregation of duties*

Auditors' Recommendation: We realize that because of limited resources and personnel, management may not be able to achieve a proper segregation of duties; however, our professional standards require that we bring this lack of segregation of duties to your attention in this report.

Status: Uncorrected



Neosho School District
Administrative Center

U.S. Department of Education

Neosho R-5 School District respectfully submits the following corrective action plan for the year ended June 30, 2020. Contact information for the individual responsible for the corrective action:

Dr. Jim Cummins, Superintendent
511 Neosho Blvd.
Neosho, Missouri
(417) 451-8600

Independent Public Accounting Firm: KPM CPAs, PC, 1445 E. Republic Road, Springfield, MO 65804

Audit Period: Year ended June 30, 2020

The findings from the June 30, 2020, Schedule of Findings and Questioned Costs are discussed below. The findings are numbered consistently with the numbers assigned in the schedule.

Findings – Financial Statement Audit

Material Weaknesses

2020-001 Segregation of duties

Recommendation: We realize because of limited resources and personnel, management may not be able to achieve a proper segregation of duties; however, our professional standards require that we bring this lack of segregation of duties to your attention in this report.

Action Taken: The limited number of available personnel prohibits segregation of incompatible duties and the District does not have the resources to hire additional accounting personnel.

Implementation Date: Not applicable

Sincerely,

Dr. Jim Cummins, Superintendent
Neosho R-5 School District

Supplementary State Information



Independent Accountants' Report on Management's Assertions about Compliance with Specified Requirements of Missouri Laws and Regulations

Board of Education
Neosho R-5 School District
Neosho, Missouri

We have examined management's assertions that Neosho R-5 School District complied with the requirements of Missouri laws and regulations regarding budgetary and disbursement procedures; accurate disclosure of the District's attendance records of average daily attendance, standard day length, resident membership on the last Wednesday of September, pupil transportation records of the average daily transportation of pupils eligible and ineligible for state aid, the number of miles eligible and ineligible for state aid and other statutory requirements as listed in the schedule of selected statistics during the year ended June 30, 2020. Neosho R-5 School District's management is responsible for its assertions. Our responsibility is to express an opinion on management's assertions based on our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. Those standards require that we plan and perform the examination to obtain reasonable assurance about whether management's assertions are fairly stated, in all material respects. An examination involves performing procedures to obtain evidence about management's assertions. The nature, timing, and extent of the procedures selected depend on our judgment, including an assessment of the risks of material misstatement of management's assertions, whether due to fraud or error. We believe that the evidence we obtained is sufficient and appropriate to provide a reasonable basis for our opinion.

In our opinion, management's assertions referred to above are fairly stated, in all material respects.

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.

KPM CPAs, PC

KPM CPAs, PC
Springfield, Missouri
December 14, 2020

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Neosho R-5 School District

Schedule of Selected Statistics

Year Ended June 30, 2020

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
4060	PK	PK	A	3.25	120.00	390.00
4060	PK	PK	P	3.25	120.00	390.00
4020	K	4	-	6.80	122.00	826.80
4040	K	4	-	6.80	122.00	826.80
4080	K	4	-	6.80	122.00	826.80
5020	K	4	-	6.80	122.00	826.80
5040	K	4	-	6.80	122.00	826.80
1010	PK	12	-	6.80	122.00	826.80
3000	5	6	-	6.60	122.00	802.60
2050	7	8	-	6.60	122.00	802.60
1050	9	12	-	6.60	121.00	796.00

2. Attendance Hours

Report the total attendance hours of PK-12 students allowed to be claimed for the calculation of Average Daily Attendance.

School Code	Grade Level	Full-Time Hours	Part-Time Hours	Remedial Hours	Other Hours	Summer School Hours	Total Hours
4060	PK	22,598.98	-	-	-	-	22,598.98
4020	K-4	369,543.98	26.00	-	-	-	369,569.98
4040	K-4	164,946.26	-	-	-	-	164,946.26
4080	K-4	229,730.54	-	-	-	29,067.77	258,798.31
5020	K-4	196,685.38	24.50	-	-	-	196,709.88
5040	K-4	427,052.05	48.00	-	214.50	76,989.50	504,304.05
3000	5-6	557,952.35	127.50	-	149.50	34,516.58	592,745.93
2050	7-8	565,033.59	67.00	-	118.25	20,291.40	585,510.24
1050	9-12	876,012.26	37,203.48	-	32.75	27,990.25	941,238.74
Grand Total	PK-12	3,409,555.39	37,496.48	-	515.00	188,855.50	3,636,422.37

Neosho R-5 School District

Schedule of Selected Statistics

Year Ended June 30, 2020

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
4060	PKA-PKP	64.00	-	-	64.00
4020	K-4	479.00	0.03	-	479.03
4040	K-4	200.00	-	-	200.00
4080	K-4	289.00	-	-	289.00
5020	K-4	249.00	0.03	-	249.03
5040	K-4	550.00	-	-	550.00
3000	5-6	735.00	0.09	-	735.09
2050	7-8	741.00	-	-	741.00
1050	9-12	1,221.00	49.28	-	1,270.28
Grand Total	PK-12	4,528.00	49.43	-	4,577.43

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
1050	429.49	95.28	-	-	524.77
2050	340.00	72.00	-	-	412.00
3000	389.03	71.06	-	-	460.09
4020	284.00	54.00	-	-	338.00
4040	151.00	17.00	-	-	168.00
4080	193.00	26.00	-	-	219.00
5020	118.00	34.00	-	-	152.00
5040	199.00	47.00	-	-	246.00
Grand Total	2,103.52	416.34	-	-	2,519.86

Neosho R-5 School District

Schedule of Selected Statistics

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:	
	Academic Programs Off-Campus	N/A
	Career Exploration Program – Off Campus	N/A
	Cooperative Occupational Education (COE) or Supervised Occupational Experience Program	True
	Dual enrollment	True
	Homebound instruction	True
	Missouri Options	True
	Prekindergarten eligible to be claimed for state aid	True
	Remediation	True
	Sheltered Workshop participation	N/A
	Students participating in the school flex program	True
	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
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

Neosho R-5 School District

Schedule of Selected Statistics

Year Ended June 30, 2020

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.)	True
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:	\$146,763
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.	True

Notes:	

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

Finding:	None
Management Letter Comment:	N/A

Neosho R-5 School District

Schedule of Selected Statistics

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.	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:	
	Eligible ADT	2,380
	Ineligible ADT	-
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:	443,635
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 (including food/instructional delivery miles 2019-20)	360,814
	Ineligible Miles (Non-Route/Disapproved)	82,821
6.7	Number of days the district/charter school operated the school transportation system during the regular school year:	122

Notes:	

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

Finding:	None
Management Letter Comment:	N/A