

MONTROSE R-XIV SCHOOL DISTRICT

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

**TOGETHER WITH
INDEPENDENT AUDITORS' REPORT**

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

**MONTROSE R-XIV SCHOOL DISTRICT
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INDEPENDENT AUDITORS' REPORT

To the Board of Education
Montrose R-XIV School District
Montrose, Missouri

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying modified cash basis financial statements of the governmental activities and each major fund of the Montrose R-XIV School District of St. Clair County, Missouri ("District"), as of and for the fiscal year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

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

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the District and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Emphasis of Matter—Basis of Accounting

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

Responsibilities of Management for the Financial Statements

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

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

FULL COPY OF THE AUDIT IS AVAILABE TO VIEW IN THE
SUPERINTENDENT'S OFFICE

Auditors' Responsibilities for the Audit of the Financial Statements

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

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

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

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

Other Supplementary Information

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

Other Information

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

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 19, 2023, on our consideration of the District’s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District’s internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District’s internal control over financial reporting and compliance.

Report on Other Legal and Regulatory Requirements

In accordance with requirements of Missouri laws and regulations, we have also issued our report dated December 19, 2023, on our consideration of certain management’s assertions of the District. The purpose of that report is to describe the scope of our testing of certain management assertions related to requirements of Missouri laws and regulations pertaining to public school districts and the results of that testing, and not to provide an opinion on such assertions.

DSWA Certified Public Accountants, P.C.

Butler, Missouri
December 19, 2023

MONTROSE R-XIV SCHOOL DISTRICT
STATEMENT OF NET POSITION - MODIFIED CASH BASIS
JUNE 30, 2023

	Governmental Activities
ASSETS	
Cash	\$ 1,224,636
Investments	<u>23,812</u>
Total assets	<u>1,248,448</u>
 NET POSITION	
Restricted for:	
Debt service	396,401
Unrestricted	<u>851,339</u>
Total net position	<u><u>\$ 1,248,448</u></u>

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

**MONTROSE R-XIV SCHOOL DISTRICT
STATEMENT OF ACTIVITIES - MODIFIED CASH BASIS
FOR THE YEAR ENDED JUNE 30, 2023**

Functions	Expenses	Program Revenues			Net (Expense) Revenue and Changes In Net Position
		Charges for Services	Operating Grants And Contributions	Capital Grants And Contributions	Total Governmental Activities
PRIMARY GOVERNMENT					
GOVERNMENTAL ACTIVITIES					
Instructional services					
Regular	\$ 590,725	\$ -	\$ 65,474	\$ -	\$ (525,251)
Special	114,079	-	55,196	-	(58,883)
Vocational	71,475	-	7,289	-	(64,186)
Student activities	124,008	95,119	-	-	(28,889)
Payments to other districts	32,230	-	-	-	(32,230)
Supporting services					
Students	61,953	-	-	-	(61,953)
Instructional staff	34,555	-	-	-	(34,555)
Building administration	60,325	-	-	-	(60,325)
General administration	315,916	-	-	-	(315,916)
Operation and maintenance of facilities	151,026	-	-	-	(151,026)
Transportation	75,691	-	22,028	-	(53,663)
Food services	55,353	12,915	41,676	6,849	6,087
Community services	726	-	-	-	(726)
Facilities acquisition and construction	25,020	-	-	-	(25,020)
Principal	55,000	-	-	-	(55,000)
Interest	5,115	-	-	-	(5,115)
Other	11,099	-	-	-	(11,099)
Total school district	<u>\$ 1,784,296</u>	<u>\$ 108,034</u>	<u>\$ 191,663</u>	<u>\$ 6,849</u>	<u>(1,477,750)</u>
GENERAL REVENUES					
Property taxes levied for:					
General purposes 721,617					
Debt service 117,398					
Federal and state aid not restricted to specific purposes 585,683					
Earnings on investments 1,266					
Sale of bonds 300,000					
Miscellaneous 78,639					
Total general revenues <u>1,804,603</u>					
Change in net position 326,853					
NET POSITION - BEGINNING <u>921,595</u>					
NET POSITION - ENDING <u>\$ 1,248,448</u>					

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

**MONTROSE R-XIV SCHOOL DISTRICT
BALANCE SHEET - MODIFIED CASH BASIS
GOVERNMENTAL FUNDS
JUNE 30, 2023**

	General (Incidental) Fund	Special Revenue (Teachers') Fund	Debt Service Fund	Capital Projects (Building) Fund	Total Governmental Funds
ASSETS					
Cash	\$ 596,180	\$ 85	\$ 372,589	\$ 255,782	\$ 1,224,636
Investments	-	-	23,812	-	23,812
Total assets	<u>\$ 596,180</u>	<u>\$ 85</u>	<u>\$ 396,401</u>	<u>\$ 255,782</u>	<u>\$ 1,248,448</u>
FUND BALANCES					
Restricted for:					
Professional development	\$ 708	\$ -	\$ -	\$ -	\$ 708
Debt service	-	-	396,401	-	396,401
Assigned to:					
Future teacher salaries and benefits	-	85	-	-	85
Capital outlay	-	-	-	255,782	255,782
Student activities	55,289	-	-	-	55,289
Unassigned	<u>540,183</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>540,183</u>
Total fund balances	<u>596,180</u>	<u>85</u>	<u>396,401</u>	<u>255,782</u>	<u>1,248,448</u>
Total liabilities and fund balances	<u>\$ 596,180</u>	<u>\$ 85</u>	<u>\$ 396,401</u>	<u>\$ 255,782</u>	<u>\$ 1,248,448</u>

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

**MONTROSE R-XIV SCHOOL DISTRICT
 COMBINED STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
 MODIFIED CASH BASIS
 GOVERNMENTAL FUNDS
 FOR THE YEAR ENDED JUNE 30, 2023**

	<u>General</u>	<u>Special Revenue (Teachers') Fund</u>	<u>Debt Service</u>	<u>Capital Projects</u>	<u>Total Governmental Funds</u>
Revenues					
Local	\$ 728,100	\$ 137,303	\$ 117,703	\$ -	\$ 983,106
County	30,977	5,778	7,093	-	43,848
State	32,402	498,091	-	-	530,493
Federal	82,451	164,402	-	6,849	253,702
Total revenues	<u>873,930</u>	<u>805,574</u>	<u>124,796</u>	<u>6,849</u>	<u>1,811,149</u>
Expenditures					
Instructional services					
Regular	29,519	556,456	-	4,750	590,725
Special	6,385	107,694	-	-	114,079
Vocational	10,407	61,068	-	-	71,475
Student activities	104,436	19,572	-	-	124,008
Payments to other districts	-	32,230	-	-	32,230
Supporting services					
Students	7,205	54,748	-	-	61,953
Instructional staff	7,939	26,616	-	-	34,555
Building administration	2,930	57,395	-	-	60,325
General administration	212,881	103,035	-	-	315,916
Operation and maintenance of facilities	151,026	-	-	-	151,026
Transportation	75,691	-	-	-	75,691
Food service	44,856	-	-	10,497	55,353
Other services					
Community services	726	-	-	-	726
Facilities acquisition and construction	-	-	-	25,020	25,020
Principal	-	-	55,000	-	55,000
Interest	-	-	5,115	-	5,115
Other	-	-	299	10,800	11,099
Total expenditures	<u>654,001</u>	<u>1,018,814</u>	<u>60,414</u>	<u>51,067</u>	<u>1,784,296</u>
Excess of revenues over (under) expenditures	<u>219,929</u>	<u>(213,240)</u>	<u>64,382</u>	<u>(44,218)</u>	<u>26,853</u>
Other financing sources (uses)					
Sale of bonds	-	-	-	300,000	300,000
Transfers in (out)	<u>(212,882)</u>	<u>212,882</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total other financing sources (uses)	<u>(212,882)</u>	<u>212,882</u>	<u>-</u>	<u>300,000</u>	<u>300,000</u>
Net change in fund balances	7,047	(358)	64,382	255,782	326,853
Fund balances - beginning	<u>589,133</u>	<u>443</u>	<u>332,019</u>	<u>-</u>	<u>921,595</u>
Fund balances - ending	<u>\$ 596,180</u>	<u>\$ 85</u>	<u>\$ 396,401</u>	<u>\$ 255,782</u>	<u>\$ 1,248,448</u>

FULL AUDIT REPORT IS AVAILABLE TO VIEW IN THE SUPERINTENDENT'S OFFICE

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

**MONTROSE R-XIV SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

A. Reporting Entity: The District follows the applicable Governmental Accounting Standards Board's (GASB) Statements to define the reporting entity. The financial statements include all operations over which the District is financially accountable. The District is not a participant in any joint venture and has not identified any entities which would be component units of the District.

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

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

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

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

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

1. General (Incidental) Fund - Accounts for general activities of the District, including student activities and food service, which are not required to be accounted for in a separate fund.
2. Special Revenue (Teachers') Fund - Accounts for expenditures for certified employees involved in administration and instruction. It includes revenues restricted by the State for payment of teachers' salaries and employee benefits.
3. Debt Service Fund - Accounts for the accumulation of resources for the payment of long-term debt principal, interest, and related costs.

**MONTROSE R-XIV SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued):

C. Fund Accounting (continued):

4. Capital Projects Fund - Accounts for the proceeds of long-term debt, taxes and other revenues designated for construction of major capital assets and all other capital outlay.

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

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

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

E. Measurement Focus:

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

- F. Budgetary Accounting: The District follows these procedures in establishing the budgetary data reflected in the financial statements:

1. In accordance with Chapter 67, RSMo, the District adopts a budget for each fund.
2. Prior to July, the superintendent, who serves as the budget officer, submits to the Board of Education a proposed budget for the fiscal year beginning on the following July 1. The proposed budget includes estimated revenues and proposed expenditures for all District funds. Budgeted expenditures cannot exceed beginning available monies plus estimated revenues for the year.
3. A public hearing is conducted to obtain taxpayers' comments. Prior to its approval by the Board of Education, the budget document is available for public inspection.

**MONTROSE R-XIV SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued):

F. Budgetary Accounting (continued):

4. Prior to July 1, the budget is legally enacted by a vote of the Board of Education.
5. Subsequent to its final approval of the budget, the Board of Education has the authority to make necessary adjustments to the budget by formal vote of the board. Adjustments made during the year are reflected in the budget information included in the financial statements.
6. Budgets for District funds are prepared and adopted using the cash basis of accounting as described in item D above (budget basis).

G. Pooled Cash: The District maintains a cash pool that is available for use by all funds except the Debt Service Fund. State law requires that all deposits in the Debt Service Fund be kept separate and apart from all other funds of the District. Interest income received is allocated to the various funds according to each fund's share of the pool.

H. Payroll Related Expenditures: The salary payment schedule of the District allows for the payment of salaries over a twelve-month period. Consequently, the July and August 2023 payroll checks, written and dated in June 2023, are included in the financial statements as an expenditure paid in the year ended June 30, 2023. This practice has been consistently followed in the previous years.

I. Compensated Absences: Vacation, personal business days and sick leave are considered as expenditures in the year paid. Vacation is either used or lost at year end. Leave days roll over to the subsequent fiscal year. Employees are paid \$35 per day at the end of the year for any sick days accumulated over 60 days. Leave days are payable to employees that leave the district due to retirement or changes of employment. Leave days accumulated at June 30, 2023, totaled \$16,284.

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

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

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

**MONTROSE R-XIV SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued):

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

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

- L. Non-exchange Transactions: Non-exchange transactions, in which the District receives value without directly giving equal value in return, include property taxes, grants, entitlements and donations.
- M. Program Revenue: Amounts reported as program revenue 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 revenue are reported as general receipts. All taxes are classified as general receipts even if restricted for a specific purpose.
- N. Change in Accounting Principles: For fiscal year 2022, the District implemented Governmental Accounting Standards Board (GASB) Statement No. 87, *Leases*. GASB Statement No. 87 enhances the relevance and consistency of information of the government’s leasing activities. It establishes requirements for lease accounting based on the principle that leases are financings of the right to use an underlying asset. A lessee is required to recognize a lease liability and an intangible right to use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources. At June 30, 2022 and 2023, there were no material finance leases for right-to-use assets.

**MONTROSE R-XIV SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued):

N. Change in Accounting Principles (continued):

For fiscal year 2023, the District implemented Governmental Accounting Standards Board (GASB) Statement No. 96, Subscription-Based Information Technology Arrangements (SBITA). GASB Statement No. 96 defined a SBITA as a contract that conveys control of the right to use another party's (a SBITA vendor's) information technology (IT) software, alone or in combination with tangible capital assets (the underlying IT assets), as specified in the contract for a period of time in an exchange or exchange-like transaction. Under this Statement, a government generally should recognize a right to use subscription asset—an intangible asset—and a corresponding subscription liability. At June 30, 2023, there were no material SBITAs.

2. RETIREMENT PLAN:

A. Summary of Significant Accounting Policies:

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

B. Plan Description:

PSRS is a mandatory cost-sharing multiple employer retirement system for all full-time certificated employees and certain part-time certificated employees of all public school districts in Missouri (except the school districts of St. Louis and Kansas City) and all public community colleges. PSRS also includes certificated employees of 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. Any PSRS member who is required to contribute to Social Security comes under the requirements of Section 169.070 (9) RSMO, known as the "2/3's statute." PSRS members required to contribute to Social Security are required to contribute two-thirds of the approved PSRS contribution rate and their employer is required to match the contribution. The members' benefits are further calculated at two-thirds the normal benefit amount.

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.

**MONTROSE R-XIV SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS**

2. RETIREMENT PLAN (continued):

C. Benefits Provided:

PSRS is a defined benefit plan providing retirement, disability, and death/survivor benefits. Members are vested for service retirement benefits after accruing five years of service. Individuals who (a) are at least age 60 and have a minimum of 5 years of service, (b) have 30 years of service, or (c) qualify for benefits under the "Rule of 80" (service and age total at least 80) are entitled to a monthly benefit for life, which is calculated using a 2.5% benefit factor. Actuarially age-reduced benefits are available for members with five to 24.9 years of service at age 55. Members who are younger than age 55 and who do not qualify under the "Rule of 80" but have between 25 and 29.9 years of service may retire with a lesser benefit factor. Members that are three years beyond normal retirement can elect to have their lifetime monthly benefits actuarially reduced in exchange for the right to also receive a one-time partial lump sum (PLSO) payment at retirement equal to 12, 24, or 36 times the Single Life benefit amount.

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. Summary Plan Descriptions detailing the provisions of the plans can be found on the Systems' website at www.psr-peers.org.

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

The Board of Trustees has established a policy of providing COLAs to both PSRS and PEERS members as follows; if the June to June change in the Consumer Price Index for All Urban Consumers (CPI-U) is less than 2% for one or more consecutive one-year periods, a cost-of-living increase of 2% will be granted when the cumulative increase is equal to or greater than 2%, at which point the cumulative increase in the CPI-U will be reset to zero. For the following year, the starting CPI-U will be based on the June value immediately preceding the January 1 at which the 2% cost-of-living increase is granted. If the June to June change in the CPI-U is greater than or equal to 2%, but less than 5%, a cost-of-living increase of 2% will be granted. If the June to June change in the CPI-U is greater than or equal to 5%, a cost-of-living increase of 5% will be granted. 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.

**MONTROSE R-XIV SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS**

2. RETIREMENT PLAN (continued):

E. Contributions:

PSRS members were required to contribute 14.5% of their annual covered salary during fiscal years 2021, 2022 and 2023. Employers were required to match the contributions made by employees. The contribution rate is set each year by the PSRS Board of Trustees upon the recommendation of the independent actuary within the contribution restrictions set in Section 169.030 RSMo. The annual statutory increase in the total contribution rate may not exceed 1% of pay.

The District's contributions to PSRS were \$96,561; \$85,798; and \$98,720 respectively, for the years ended June 30, 2021, 2022 and 2023.

PEERS members were required to contribute 6.86% of their annual covered salary during fiscal years 2021, 2022 and 2023. Employers were required to match the contributions made by employees. The contribution rate is set each year by the PSRS Board of Trustees upon the recommendation of the independent actuary within the contribution restrictions set in Section 169.030 RSMo. The annual statutory increase in the total contribution rate may not exceed 0.5% of pay.

The District's contributions to PEERS were \$10,650; \$16,146; and \$15,895 respectively, for the years ended June 30, 2021, 2022 and 2023.

3. CASH:

State statutes require the District's deposits be insured or collateralized in the name of the District by the trust department of a bank that does not hold the collateralized deposits. As of June 30, 2023, all bank balances on deposit are entirely insured or collateralized with securities. The District has no foreign currency risk.

Cash held in the Debt Service Fund in the amount of \$23,812 is restricted for debt service payments as described in Note 6 below.

4. INVESTMENTS:

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

<u>Investment Type</u>	<u>Maturity</u>	<u>Balance</u>
Pro-rata shares of investment contracts with BOK Financial	N/A	\$ <u>23,812</u>

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

**MONTROSE R-XIV SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS**

4. INVESTMENTS (continued):

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

5. TAXES:

The county in which the District is located collects property tax and remits it to the District. Property taxes attach as an enforceable lien on January 1. Property taxes are levied on November 1, and become delinquent after December 31. The District also receives sales tax collected by the state which is remitted based on weighted average daily attendance.

The assessed valuation of the tangible taxable property for the calendar year 2022 for purposes of local taxation was as follows:

Real Estate:	
Residential	\$ 6,611,750
Agricultural	2,523,740
Commercial	1,532,630
Personal Property	4,766,199
	<u>\$ 15,434,319</u>

The tax levy per \$100 of assessed valuation of tangible taxable property for the calendar year 2022 for purposes of local taxation was as follows:

<u>Fund</u>	<u>Unadjusted</u>	<u>Adjusted</u>
General	\$ 3.8505	\$ 3.8505
Debt Service	0.7816	0.7816
	<u>\$ 4.6321</u>	<u>\$ 4.6321</u>

The receipts of current and delinquent property taxes during the fiscal year ended June 30, 2023, aggregated approximately 97.42% of the current assessment computed on the basis of the levy as shown above for the calendar year 2022.

**MONTROSE R-XIV SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS**

6. BONDS PAYABLE:

The following is a summary of bond transactions for the year ended June 30, 2023:

Bonds payable, July 1, 2022	\$	465,000
New Bond Issued		300,000
Less - Bonds retired		<u>(55,000)</u>
Bonds payable June 30, 2023	\$	<u>710,000</u>

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

Series 2021 General Obligation Refunding Bond issued March 22, 2021, for the purpose of refunding Series 2014 General Obligation Bond. This bond is due March 1, 2030, with interest payable annually at 1.1% per annum commencing March 1, 2022, through March 1, 2030.

Series 2023 General Obligation Refunding Bond issued June 20, 2023, for the purpose of improving safety and security and making improvements to building and grounds. This bond is due March 1, 2025, with interest payable annually at 2.39% per annum commencing March 1, 2024, through March 1, 2035.

The District has elected to participate in the program created by Senate Bill 301 administered by the Missouri Health and Educational Facilities Authority (MOHEFA) which allows the District an enhanced bond rating as well as having certain costs of issuance reimbursed. As a result of participating in this program, the District has executed a direct deposit agreement whereby a portion of state aid payments will be made to the direct deposit trustee who will then make the principal and interest payments on the bonds. At June 30, 2023, the District had \$23,812 in the escrow account.

Interest expense on these bonds for the year ended June 30, 2023, totaled \$5,115.

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

Debt service requirements for the outstanding bonds are as follows:

Year Ended June 30,	Principal	Interest	Total
2024	\$ 255,000	\$ 9,589	\$ 264,589
2025	155,000	6,328	161,328
2026	60,000	3,300	63,300
2027	60,000	2,640	62,640
2028	60,000	1,980	61,980
2029	60,000	1,320	61,320
2030	60,000	660	60,660
	<u>\$ 710,000</u>	<u>\$ 25,817</u>	<u>\$ 735,817</u>

**MONTROSE R-XIV SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS**

6. BONDS PAYABLE (continued):

Article VI, Section 26 (b), Constitution of Missouri, limits the outstanding amount of authorized general obligation bonds of a District to 15% of the assessed valuation of the District. The legal debt margin (excluding state-assessed railroad and utility) of the District at June 30, 2023, was:

Constitutional debt limit	\$ 2,315,148
Amount in Debt Service Fund available for payment of principal	396,401
General obligation bonds payable	<u>(710,000)</u>
Legal debt margin	<u>\$ 2,001,549</u>

7. RELATED PARTY TRANSACTIONS:

There are several instances where current board members are related to staff employed by the District. It appears the District is in compliance with state statutes regarding member voting.

8. COMMITMENTS AND CONTINGENCIES:

The District received financial assistance from federal and state agencies in the form of grants. The disbursements of funds received under these programs generally require compliance with terms and conditions specified in the grant agreements and are subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the general fund or other applicable funds. However, in the opinion of management, any such disallowed claims will not have a material adverse effect on the overall financial position of the District at June 30, 2023.

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

9. INTERFUND TRANSFERS:

Interfund transfers, the flow of assets from one fund to another where repayment is not expected, are reported as transfers in and out. The District is required to make transfers from the General Fund to the Teachers' Fund to cover the excess of disbursements over receipts each year. The District is also allowed to make transfers from the General Fund to the Capital Projects Fund to cover disbursements and build balances as allowed by state law. During the year ended June 30, 2023, the District made the following interfund transfers:

<u>TRANSFERS FROM</u>	<u>TRANSFERS TO</u>
	Special Revenue (Teachers') Fund
General Fund	<u>\$ 212,882</u>

**MONTROSE R-XIV SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS**

10. RISK MANAGEMENT:

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

11. DATE OF MANAGEMENT'S REVIEW:

Subsequent events were evaluated through December 19, 2023, which is the date the financial statements were available to be issued.



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

To the Board of Education
Montrose R-XIV School District
Montrose, Missouri

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities and each major fund of the District, as of and for the fiscal year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the District's basic financial statements and have issued our report thereon dated December 19, 2023.

Report on Internal Control over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We identified certain deficiencies in internal control, described in the accompanying schedule of findings as item 2023-001 that we consider to be a significant deficiency.

Report on Compliance and Other Matters

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

District's Response to Finding

Government Auditing Standards requires the auditor to perform limited procedures on the District's response to the findings identified in our audit and described in the accompanying schedule of findings. The District's response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

Purpose of This Report

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

DSWA Certified Public Accountants, P.C.

Butler, Missouri
December 19, 2023

MONTROSE R-XIV SCHOOL DISTRICT

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

JUNE 30, 2023

INTERNAL CONTROL OVER FINANCIAL REPORTING

2023-001 Segregation of duties

Statement of Condition: The District is not able to segregate the duties of employees to all phases of an accounting transaction.

Criteria: Adequate segregation of non-compatible duties is important for a sound and efficient internal control system.

Effect: Errors and irregularities may result from the lack of segregation of employee duties and responsibilities.

Cause: Because of a limited number of available personnel, it is not always possible to adequately segregate certain incompatible duties so no one employee has access to both physical assets and the related accounting records or to all phases of a transaction.

Recommendation: Efficient segregation of duties in a small governmental environment is often difficult; however, we feel the governing body and District management should be aware of the risk associated with this lack of duty segregation and attempt to exercise as much oversight control in these areas as possible and feasible.

District's Response: *The District is aware of the lack of segregation and great effort is put into providing as much oversight as possible. The District has also begun to develop an internal control policy with a risk assessment.*

COMPLIANCE

None

MONTROSE R-XIV SCHOOL DISTRICT

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

JUNE 30, 2023

INTERNAL CONTROL OVER FINANCIAL REPORTING

2022-001 Segregation of duties

Statement of Condition: The District is not able to segregate the duties of employees to all phases of an accounting transaction.

Criteria: Adequate segregation of non-compatible duties is important for a sound and efficient internal control system.

Effect: Errors and irregularities may result from the lack of segregation of employee duties and responsibilities.

Cause: Because of a change in personnel during the fiscal year and 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.

Recommendation: Efficient segregation of duties in a small governmental environment is often difficult; however, we feel the governing body and District management should be aware of the risk associated with this lack of duty segregation and attempt to exercise as much oversight control in these areas as possible and feasible.

District's Response: *The District is aware of the lack of segregation and great effort is put into providing as much oversight as possible. The District has also begun to develop an internal control policy with a risk assessment.*

Follow-up as of June 30, 2023: This finding is still considered a significant deficiency.

COMPLIANCE

None

MONTROSE R-XIV SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
MODIFIED CASH BASIS - BUDGET AND ACTUAL - GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2023

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget - Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Local	\$ 660,670	\$ 728,100	\$ 728,100	\$ -
County	35,695	30,977	30,977	-
State	30,704	32,402	32,402	-
Federal	125,556	82,451	82,451	-
Total revenues	<u>852,625</u>	<u>873,930</u>	<u>873,930</u>	<u>-</u>
Expenditures				
Instructional services				
Regular	14,669	29,519	29,519	-
Special	6,300	6,385	6,385	-
Vocational	3,800	10,407	10,407	-
Student activities	44,542	104,436	104,436	-
Supporting services				
Students	63,383	7,205	7,205	-
Instructional staff	23,640	7,939	7,939	-
Building administration	-	2,930	2,930	-
General administration	173,903	212,881	212,881	-
Operation and maintenance of facilities	107,031	151,026	151,026	-
Transportation	68,000	75,691	75,691	-
Food service	65,050	44,856	44,856	-
Other services				
Community services	1,400	726	726	-
Total expenditures	<u>571,718</u>	<u>654,001</u>	<u>654,001</u>	<u>-</u>
Excess of revenues over expenditures	<u>280,907</u>	<u>219,929</u>	<u>219,929</u>	<u>-</u>
Other financing sources (uses)				
Transfer out	<u>(279,359)</u>	<u>(212,882)</u>	<u>(212,882)</u>	<u>-</u>
Total other financing sources (uses)	<u>(279,359)</u>	<u>(212,882)</u>	<u>(212,882)</u>	<u>-</u>
Net change in fund balances	1,548	7,047	7,047	-
Fund balances - beginning	<u>589,133</u>	<u>589,133</u>	<u>589,133</u>	<u>-</u>
Fund balances - ending	<u>\$ 590,681</u>	<u>\$ 596,180</u>	<u>\$ 596,180</u>	<u>\$ -</u>

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

**MONTROSE R-XIV SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
MODIFIED CASH BASIS - BUDGET AND ACTUAL - TEACHERS' FUND
SPECIAL REVENUE FUND
FOR THE YEAR ENDED JUNE 30, 2023**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget - Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Local	\$ 125,997	\$ 137,303	\$ 137,303	\$ -
County	5,300	5,778	5,778	-
State	491,806	498,091	498,091	-
Federal	70,755	164,402	164,402	-
Total revenues	<u>693,858</u>	<u>805,574</u>	<u>805,574</u>	<u>-</u>
Expenditures				
Instructional services				
Regular	568,786	556,456	556,456	-
Special	113,415	107,694	107,694	-
Vocational	58,516	61,068	61,068	-
Student activities	-	19,572	19,572	-
Payments to other districts	18,000	32,230	32,230	-
Supporting services				
Students	30,155	54,748	54,748	-
Instructional staff	25,007	26,616	26,616	-
Building administration	-	57,395	57,395	-
General administration	154,245	103,035	103,035	-
Total expenditures	<u>968,124</u>	<u>1,018,814</u>	<u>1,018,814</u>	<u>-</u>
Excess of revenues (under) expenditures	<u>(274,266)</u>	<u>(213,240)</u>	<u>(213,240)</u>	<u>-</u>
Other financing sources (uses)				
Transfer in	279,359	212,882	212,882	-
Total other financing sources (uses)	<u>279,359</u>	<u>212,882</u>	<u>212,882</u>	<u>-</u>
Net change in fund balances	5,093	(358)	(358)	-
Fund balances - beginning	<u>443</u>	<u>443</u>	<u>443</u>	<u>-</u>
Fund balances - ending	<u>\$ 5,536</u>	<u>\$ 85</u>	<u>\$ 85</u>	<u>\$ -</u>

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

**MONTROSE R-XIV SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
MODIFIED CASH BASIS - BUDGET AND ACTUAL - DEBT SERVICE FUND
FOR THE YEAR ENDED JUNE 30, 2023**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget - Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Local	\$ 121,119	\$ 117,703	\$ 117,703	\$ -
County	7,437	7,093	7,093	-
Total revenues	<u>128,556</u>	<u>124,796</u>	<u>124,796</u>	<u>-</u>
Expenditures				
Other services				
Principal	55,000	55,000	55,000	-
Interest	5,053	5,115	5,115	-
Other	300	299	299	-
Total expenditures	<u>60,353</u>	<u>60,414</u>	<u>60,414</u>	<u>-</u>
Excess of revenues (under) expenditures	<u>68,203</u>	<u>64,382</u>	<u>64,382</u>	<u>-</u>
Net change in fund balances	68,203	64,382	64,382	-
Fund balances - beginning	<u>332,019</u>	<u>332,019</u>	<u>332,019</u>	<u>-</u>
Fund balances - ending	<u>\$ 400,222</u>	<u>\$ 396,401</u>	<u>\$ 396,401</u>	<u>\$ -</u>

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

**MONTROSE R-XIV SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
MODIFIED CASH BASIS - BUDGET AND ACTUAL - CAPITAL PROJECTS FUND
FOR THE YEAR ENDED JUNE 30, 2023**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget - Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Federal	\$ -	\$ 6,849	\$ 6,849	\$ -
Total revenues	<u>-</u>	<u>6,849</u>	<u>6,849</u>	<u>-</u>
Expenditures				
Instructional services				
Regular	-	4,750	4,750	-
Supporting services				
Food service	-	10,497	10,497	-
Other services				
Facilities acquisition and construction	-	25,020	25,020	-
Other	-	10,800	10,800	-
Total expenditures	<u>-</u>	<u>51,067</u>	<u>51,067</u>	<u>-</u>
Excess of revenues (under) expenditures	<u>-</u>	<u>(44,218)</u>	<u>(44,218)</u>	<u>-</u>
Other financing sources (uses)				
Sale of bonds	<u>-</u>	<u>300,000</u>	<u>300,000</u>	<u>-</u>
Total other financing sources (uses)	<u>-</u>	<u>300,000</u>	<u>300,000</u>	<u>-</u>
Net change in fund balances	-	255,782	255,782	-
Fund balances - beginning	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balances - ending	<u>\$ -</u>	<u>\$ 255,782</u>	<u>\$ 255,782</u>	<u>\$ -</u>

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

**MONTROSE R-XIV SCHOOL DISTRICT
COMBINED SCHEDULE OF REVENUES COLLECTED BY SOURCE
MODIFIED CASH BASIS
FOR THE YEAR ENDED JUNE 30, 2023**

	General (Incidental) Fund	Special Revenue (Teachers') Fund	Debt Service Fund	Capital Projects (Building) Fund	Total (Memorandum Only)
LOCAL					
Current taxes	\$ 550,388	\$ -	\$ 111,721	\$ -	\$ 662,109
Delinquent taxes	28,696	-	5,677	-	34,373
School district trust fund (Prop C)	-	137,160	-	-	137,160
Financial institution tax	111	-	-	-	111
M & M surtax	4,852	-	-	-	4,852
In lieu of tax	410	-	-	-	410
Earnings from temporary deposits	961	-	305	-	1,266
Food service program - sales to pupils	12,169	-	-	-	12,169
Food service program - sales to adults	746	-	-	-	746
Student activities	95,119	-	-	-	95,119
Prior period adjustment	1,105	-	-	-	1,105
Miscellaneous local revenue	33,543	143	-	-	33,686
Total local	<u>728,100</u>	<u>137,303</u>	<u>117,703</u>	<u>-</u>	<u>983,106</u>
COUNTY					
Fines, escheats, etc.	-	5,778	-	-	5,778
State assessed utilities	30,977	-	7,093	-	38,070
Total county	<u>30,977</u>	<u>5,778</u>	<u>7,093</u>	<u>-</u>	<u>43,848</u>
STATE					
Basic formula - state monies	72	389,324	-	-	389,396
Transportation	22,028	-	-	-	22,028
Basic formula - classroom trust fund	-	41,430	-	-	41,430
Educational screening program/PAT	5,095	-	-	-	5,095
Small schools grant	-	38,818	-	-	38,818
Career education	4,500	2,789	-	-	7,289
Food service - State	208	-	-	-	208
Teacher baseline grant	-	25,305	-	-	25,305
Other state	499	425	-	-	924
Total state	<u>32,402</u>	<u>498,091</u>	<u>-</u>	<u>-</u>	<u>530,493</u>
FEDERAL					
State administered					
ARP - ESSER III	5,629	106,266	-	-	111,895
CRRSA - ESSER II	1,678	7,287	-	-	8,965
CARES - ESSER fund	2,418	-	-	-	2,418
ARP - IDEA 611 entitlement funds	3,206	2,699	-	-	5,905
IDEA entitlement funds, Part B IDEA	5,326	12,272	-	-	17,598
Early childhood special education	260	-	-	-	260
National school lunch equipment	-	-	-	6,849	6,849
National school lunch program	33,948	-	-	-	33,948
School breakfast program	7,520	-	-	-	7,520
Title I, ESEA	10,993	26,345	-	-	37,338
Title IV.A, Student support & academic enrichment	-	9,178	-	-	9,178
Title VI, Part B rural education initiative	11,459	-	-	-	11,459
Other federal	14	355	-	-	369
Total federal	<u>82,451</u>	<u>164,402</u>	<u>-</u>	<u>6,849</u>	<u>253,702</u>
OTHER					
Sale of bonds	-	-	-	300,000	300,000
Total other	<u>-</u>	<u>-</u>	<u>-</u>	<u>300,000</u>	<u>300,000</u>
Total revenue	<u>\$ 873,930</u>	<u>\$ 805,574</u>	<u>\$ 124,796</u>	<u>\$ 306,849</u>	<u>\$ 2,111,149</u>

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



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

To the Board of Education
Montrose R-XIV School District
Montrose, Missouri

We have examined management's assertions that the District complied with the requirements of Missouri laws and regulations regarding budgetary and disbursement procedures; accurate disclosure of the District's attendance records of average daily attendance, standard day length, resident membership on the last Wednesday of September; pupil transportation records of the average daily transportation of pupils eligible and ineligible for state aid, the number of miles eligible and ineligible for state aid; and other statutory requirements as listed in the schedule of selected statistics during the year ended June 30, 2023. The District's management is responsible for its assertions. Our responsibility is to express an opinion on management's assertions based on our examination.

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

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

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

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

DSWA Certified Public Accountants. P.C.

Butler, Missouri
December 19, 2023

MONTROSE R-XIV SCHOOL DISTRICT

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

JUNE 30, 2023

Budget

2023-002 Budget Compliance

Statement of Condition: The District had a discrepancy between budget summary transfer amount and budgeted detail transfer amount, resulting in a negative fund balance in the teachers' fund on the budget summary.

Criteria: RSMo. 67 states that a District may not budget for a negative fund balance in any fund.

Effect: The District is out of compliance with RSMo. Chapter 67.

Cause: The District did not ensure budgeted transfers in budget summary were correct, resulting in a negative fund balance in the teachers' fund.

Recommendation: We recommend the District ensure the budget summary and budget detail are reviewed to ensure the budgeted amounts do not result in a negative fund balance in any of the funds.

District's Response: *We will review the future budgets to ensure that we are in compliance.*

Attendance

None

Transportation

None

Other

None

MONTROSE R-XIV SCHOOL DISTRICT

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

JUNE 30, 2023

Budget

2022-002 Budget Compliance

Statement of Condition: The District did not properly budget for transfers in the budget summary resulting in a negative fund balance in the teachers' fund.

Criteria: RSMo 67 states that a District may not budget for a negative fund balance in any fund.

Effect: The District is out of compliance with RSMo. Chapter 67.

Cause: The District did not ensure that budgeted transfers were correct, resulting in a negative balance in the teachers' fund.

Recommendation: We recommend the District ensure the budget summary and budget detail are reviewed to ensure that the budgeted amounts do not result in a negative fund balance in any of the funds.

District's Response: *We will review the future budgets to ensure that we are in compliance.*

Follow-up as of June 30, 2023: This continues to be a finding in 2022-2023.

Attendance

None

Transportation

None

MONTROSE R-XIV SCHOOL DISTRICT

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

JUNE 30, 2023

Other Compliance

2022-003 Publication of Tax Rate Hearing Notice

Statement of Condition: The District did not maintain documentation for the posting of the tax rate hearing notice in at least three public places more than seven days prior to the hearing.

Criteria: RSMo 67.110 outlines the required elements that are to be included in the tax rate hearing notice.

Effect: It appears the District is out of compliance with RSMo 67.110.

Cause: The District did not maintain documentation of the posting of the tax rate hearing notice.

Recommendation: We recommend the District work to ensure all publication requirements are met in the future.

District's Response: *The District is aware of the requirements and will work to publish all required notices with all required elements in the future.*

Follow-up as of June 30, 2023: This has been corrected for the 2022-2023 fiscal year.

2022-004 Posting of updated financial information

Statement of Condition: The District did not post the searchable expenditure and revenue reports for the quarter ending September 2021 in a timely manner as required by Section 160.066, RSMo.

Criteria: The District is required to post 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 website.

Effect: The financial information of the District was not available for review.

Cause: The District did not post the required information timely.

Recommendation: We recommend the District post and maintain at least quarterly the required financial information as detailed above.

District's Response: *The District is aware of the requirement and will begin posting the required information at least quarterly as soon as the information is available.*

Follow-up as of June 30, 2023: This has been corrected for the 2022-2023 fiscal year.

**Montrose R-XIV School District
Schedule of Selected Statistics
For the Year Ended June 30, 2023**

1. Calendar (Sections 160.041, 171.029, 171.031, and 171.033 RSMo)

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

School Code	Begin Grade	End Grade	Half Day Indicator	Standard Day Length	Days	Hours in Session
4020	K	6		7.2833	146	1,056.1952
1050	7	12		7.2833	146	1,056.1952

Notes:	

Montrose R-XIV School District
Schedule of Selected Statistics
For the Year Ended June 30, 2023

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
4020	K	2,960.3334	0.0000	0.0000	0.00	0.00	2,960.3334
4020	1	2,081.7834	0.0000	0.0000	0.00	0.00	2,081.7834
4020	2	998.2500	0.0000	0.0000	0.00	0.00	998.2500
4020	3	5,131.6666	0.0000	23.0000	0.00	0.00	5,154.6666
4020	4	2,051.6333	0.0000	0.0000	0.00	0.00	2,051.6333
4020	5	6,099.5667	0.0000	12.0000	0.00	0.00	6,111.5667
4020	6	4,071.2833	0.0000	1.0000	0.00	0.00	4,072.2833
1050	7	4,101.7501	0.0000	13.1667	0.00	0.00	4,114.9168
1050	8	7,798.0501	0.0000	53.0167	0.00	0.00	7,851.0668
1050	9	12,312.2333	0.0000	53.9999	0.00	0.00	12,366.2332
1050	10	9,219.2832	0.0000	43.7167	0.00	0.00	9,262.9999
1050	11	12,338.2667	0.0000	37.8333	0.00	0.00	12,376.1000
1050	12	5,075.8233	0.0000	31.6667	0.00	0.00	5,107.4900
Grand Total		74,239.9234	0.00	269.4000	0.00	0.00	74,509.3234

Notes:	
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Montrose R-XIV School District
 Schedule of Selected Statistics
 For the Year Ended June 30, 2023

3. September Membership

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

School Code	Grade Level	Full-Time	Part-Time	Other	Total
4020	K	3.0	0	0	3.0
4020	1	2.0	0	0	2.0
4020	2	1.0	0	0	1.0
4020	3	5.0	0	0	5.0
4020	4	2.0	0	0	2.0
4020	5	6.0	0	0	6.0
4020	6	4.0	0	0	4.0
1050	7	4.0	0	0	4.0
1050	8	8.0	0	0	8.0
1050	9	12.0	0	0	12.0
1050	10	9.0	0	0	9.0
1050	11	13.0	0	0	13.0
1050	12	6.0	0	0	6.0
Grand Total		75.0	0	0	75.0

Notes:	

Montrose R-XIV School District
 Schedule of Selected Statistics
 For the Year Ended June 30, 2023

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

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

School Code	Free Lunch	Reduced Lunch	Deseg In Free	Deseg In Reduced	Total
4020	13.00	3.00			16.00
1050	12.00	5.00			17.00
Grand Total	25.00	8.00			33.00

Notes:	

Montrose R-XIV School District
 Schedule of Selected Statistics
 For the Year Ended June 30, 2023

5. Finance

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

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

Montrose R-XIV School District
 Schedule of Selected Statistics
 For the Year Ended June 30, 2023

5. Finance (continued)

Section	Question	Answer
5.6	The district's/charter school's deposits were secured during the year as required by Sections 110.010 and 110.020, RSMo., and the Missouri Financial Accounting Manual.	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. This includes payments for Teacher Baseline Salary Grants and Career Ladder if applicable.	True
5.9	If a \$162,326 or 7% x SAT x WADA transfer was made in excess of adjusted expenditures, the board approved a resolution to make the transfer, which identified the specific projects to be funded by the transfer and an expected expenditure date for the projects to be undertaken. (Not applicable to charter schools.)	N/A
5.10	The district/charter school published a summary of the prior year's audit report within thirty days of the receipt of the audit pursuant to Section 165.121, RSMo.	True
5.11	The district has a professional development committee plan adopted by the board with the professional development committee plan identifying the expenditure of seventy-five percent (75%) of one percent (1%) of the current year basic formula apportionment. Remaining 25% of 1% if not spent must be restricted and spent on appropriate expenditures in the future. (Not applicable to charter schools.)	True
5.12	The amount spent for approved professional development committee plan activities was:	\$3,185
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:	
Management Letter Comment:	

Montrose R-XIV School District
 Schedule of Selected Statistics
 For the Year Ended June 30, 2023

6. Transportation (Section 163.161, RSMo)

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

Section	Question	Answer
6.1	The school transportation allowable costs substantially conform to 5 CSR 30-261.040, Allowable Costs for State Transportation Aid.	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	20.00
	Ineligible ADT	18.50
6.4	The district's/charter school's transportation odometer mileage records are maintained in a manner to accurately disclose in all material respects the eligible and ineligible mileage for the year.	True
6.5	Actual odometer records show the total district/charter-operated and contracted mileage for the year was:	24,290
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	6,291
	Ineligible Miles (Non-Route/Disapproved)	17,999
6.7	Number of days the district/charter school operated the school transportation system during the regular school year:	146

Notes:	

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

Finding:	
Management Letter Comment:	