

**STRASBURG C-3 SCHOOL DISTRICT  
ANNUAL FINANCIAL REPORT  
FOR THE YEAR ENDED JUNE 30, 2020**

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# RANDALL FIENE

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## INDEPENDENT AUDITOR'S REPORT

Members of the Board of Education  
Strasburg C-3 School District

### Report on the Financial Statements

I have audited the accompanying financial statements of the governmental activities, and each major fund of the Strasburg C-3 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 I; this includes determining that the modified cash basis of accounting is an acceptable basis for the preparation of the financial statements in the circumstances. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of the financial statements that are free from material misstatement, whether due to fraud or error.

### Auditor's Responsibility

My responsibility is to express opinions on these financial statements based on my audit. I conducted my 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 I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, I 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.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinions.

### Opinions

In my 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 Strasburg C-3 School District, as of June 30, 2020, and the respective changes in modified cash basis financial position thereof for the year then ended in conformity with the basis of accounting described in Note I.

## **Basis of Accounting**

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

## **Other Matters**

### **Report on Supplementary and Other Information**

My audit was conducted for the purpose of forming opinions on the financial statements as a whole that collectively comprise the Strasburg C-3 School District's basic financial statements. The budgetary comparison information, Schedule of Revenues-Modified Cash Basis, Schedule of Expenditures-Modified Cash Basis, and the Schedule of Debt Service Requirements are presented for purposes of additional analysis and are not a required part of the basic financial statements. The budgetary comparison information, Schedule of Revenues-Modified Cash Basis, Schedule of Expenditures-Modified Cash Basis, and the Schedule of Debt Service Requirements are the responsibility of management and were derived from and relate directly to the underlying accounting records or other underlying records used to prepare the District's basic financial statements.

The Schedule of Revenues-Modified Cash Basis, Schedule of Expenditures-Modified Cash Basis, and the Schedule of Debt Service Requirements have 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 financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In my opinion, the Schedule of Revenues-Modified Cash Basis, Schedule of Expenditures-Modified Cash Basis, and the Schedule of Debt Service Requirements are fairly stated in all material respects in relation to the financial statements as a whole.

The budgetary comparison information has not been subjected to the auditing procedures applied in the audit of the basic financial statements. I have applied limited procedures, which consisted primarily of inquiries of management regarding the method of measurement and presentation of these schedules. However, I did not audit this information and express no opinion on this financial information.

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

In accordance with *Government Auditing Standards*, I have also issued my report dated October 28, 2020, on my consideration of the Strasburg C-3 School District's internal control over financial reporting and on my 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 my testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and considering the Strasburg C-3 School District's internal control over financial reporting and compliance.



Randall C. Fiene, CPA  
Concordia, Missouri  
October 28, 2020

**GOVERNMENT-WIDE FINANCIAL STATEMENTS**

**EXHIBIT A**  
**STRASBURG C-3 SCHOOL DISTRICT**  
**STATEMENT OF NET POSITION-MODIFIED CASH BASIS**  
**JUNE 30, 2020**

**ASSETS**

Cash and cash equivalents	\$ 1,163,296
Investments	<u>55,882</u>
<b>TOTAL ASSETS</b>	<u><u>1,219,178</u></u>

**NET POSITION**

Restricted for:

Professional development	663
Debt service	217,047
Capital outlay	23,229
Teachers' salaries and benefits	70,629
Unrestricted	<u>907,610</u>

**TOTAL NET POSITION**    \$ 1,219,178

The accompanying Notes to the Financial Statements are an integral part of this statement.

**EXHIBIT B**  
**STRASBURG C-3 SCHOOL DISTRICT**  
**STATEMENT OF ACTIVITIES - MODIFIED CASH BASIS**  
**FOR THE YEAR ENDED JUNE 30, 2020**

		Program Revenues			
	Expenditures	Charges for Services	Operating Grants and Contributions	Net (Expenditures) Revenues and Changes in Net Position	
<b>Governmental activities:</b>					
Instructional services	\$ (1,023,704)	1,050	55,068	\$ (967,586)	
Student activities	(3,330)	1,484	0	(1,846)	
Instructional staff support	(50,059)	0	40,101	(9,958)	
Building administration	(223,595)	0	0	(223,595)	
General administration and central services	(13,667)	0	0	(13,667)	
Operation of plant	(171,372)	0	0	(171,372)	
Transportation	(98,218)	0	20,364	(75,854)	
Food service	(40,751)	15,705	24,979	(67)	
Community services	(2,240)	1,050	0	(1,190)	
Facilities acquisition and construction	(14,523)	0	0	(14,523)	
Retirement of indebtedness	(295,000)	0	0	(295,000)	
Interest expense	(49,568)	0	0	(49,568)	
Other	(635)	0	0	(635)	
<b>Net program (expenditures) revenues</b>	<b>\$ (1,984,662)</b>	<b>19,289</b>	<b>140,512</b>	<b>(1,824,861)</b>	
<b>General revenues:</b>					
Current taxes				767,856	
Delinquent taxes				121,861	
School District Trust Fund				157,538	
M&M surtax				497	
Fines				3,209	
State assessed utility taxes				63,815	
Small schools grant				68,908	
Basic Formula - State Monies				621,741	
Basic Formula - Classroom Trust Fund				50,469	
Other Local Sources				570	
Investment income				15,503	
<b>Total General Revenues</b>				<b>1,871,967</b>	
Increase in net position				47,106	
<b>Net Position - beginning of year</b>				<b>1,172,072</b>	
<b>Net Position - end of year</b>				<b>\$ 1,219,178</b>	

The accompanying Notes to the Financial Statements are an integral part of this statement.



## **FUND FINANCIAL STATEMENTS**

**EXHIBIT C  
STRASBURG C-3 SCHOOL DISTRICT  
BALANCE SHEET - MODIFIED CASH BASIS  
ALL GOVERNMENTAL FUNDS  
JUNE 30, 2020**

	Governmental Funds				Total
	General	Special Revenue	Debt Service	Capital Projects	
<b>ASSETS</b>					
Cash and cash equivalents	\$ 908,273	70,629	161,165	23,229	1,163,296
Investments	0	0	55,882	0	55,882
<b>TOTAL ASSETS</b>	<b>\$ 908,273</b>	<b>70,629</b>	<b>217,047</b>	<b>23,229</b>	<b>1,219,178</b>
<b>FUND BALANCES</b>					
Restricted:					
Debt service	0	0	217,047	0	217,047
Professional development	663	0	0	0	663
Teachers' salaries and benefits	0	70,629	0	0	70,629
Assigned	0	0	0	23,229	23,229
Unassigned	907,610	0	0	0	907,610
<b>TOTAL FUND BALANCES</b>	<b>908,273</b>	<b>70,629</b>	<b>217,047</b>	<b>23,229</b>	<b>1,219,178</b>

The accompanying Notes to the Financial Statements are an integral part of this statement.

**EXHIBIT D**  
**STRASBURG C-3 SCHOOL DISTRICT**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN**  
**FUND BALANCES - MODIFIED CASH BASIS - ALL GOVERNMENTAL FUNDS**  
**FOR THE YEAR ENDED JUNE 30, 2020**

	General	Special Revenue	Debt Service	Capital Projects	Total
<b>REVENUES</b>					
Local	\$ 707,165	112,754	262,086	59	1,082,064
County	398	50,813	15,813	0	67,024
State	297,469	466,309	0	0	763,778
Federal	62,730	56,172	0	0	118,902
<b>TOTAL REVENUES</b>	<u>1,067,762</u>	<u>686,048</u>	<u>277,899</u>	<u>59</u>	<u>2,031,768</u>
<b>EXPENDITURES</b>					
Instruction	381,366	642,338	0	0	1,023,704
Student activities	3,330	0	0	0	3,330
Professional development	2,607	807	0	0	3,414
Media and health services	25,418	21,227	0	0	46,645
Board of Education	13,667	0	0	0	13,667
Building level administration	106,393	117,202	0	0	223,595
Operation of plant	171,372	0	0	0	171,372
Transportation	96,218	0	0	0	96,218
Food service	40,751	0	0	0	40,751
Community services	2,240	0	0	0	2,240
Facilities acquisition and construction	0	0	0	14,523	14,523
Retirement of debt	0	0	295,000	0	295,000
Interest	0	0	49,568	0	49,568
Other	0	0	635	0	635
<b>TOTAL EXPENDITURES</b>	<u>843,362</u>	<u>781,574</u>	<u>345,203</u>	<u>14,523</u>	<u>1,984,662</u>
Excess (deficiency) of revenues over expenditures before other financing sources (uses)	<u>224,400</u>	<u>(95,526)</u>	<u>(67,304)</u>	<u>(14,464)</u>	<u>47,106</u>
<b>OTHER FINANCING SOURCES (USES)</b>					
Operating transfers in	0	57,182	0	0	57,182
Operating transfers out	(57,182)	0	0	0	(57,182)
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<u>(57,182)</u>	<u>57,182</u>	<u>0</u>	<u>0</u>	<u>0</u>
Excess (deficiency) of revenues over expenditures after other financing sources (uses)	<u>167,218</u>	<u>(38,344)</u>	<u>(67,304)</u>	<u>(14,464)</u>	<u>47,106</u>
Fund balances at beginning of year.	<u>741,055</u>	<u>108,973</u>	<u>284,351</u>	<u>37,693</u>	<u>1,172,072</u>
Fund balances at end of year.	<u>\$ 908,273</u>	<u>70,629</u>	<u>217,047</u>	<u>23,229</u>	<u>1,219,178</u>

The accompanying Notes to the Financial Statements are an integral part of this statement.

## **NOTES TO THE FINANCIAL STATEMENTS**

**STRASBURG C-3 SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS**

**I. Summary of Significant Accounting Policies**

**A. 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 of Education. The District is not financially accountable for any other organization, nor is it a component unit of any other primary governmental entity.

**B. Basis of Presentation**

**GOVERNMENT – WIDE FINANCIAL STATEMENTS**

The Statement of Net Position–Modified Cash Basis and Statement of Activities–Modified Cash Basis display information about the reporting government as a whole. They include all funds of the reporting entity except for fiduciary funds. The statements distinguish between governmental and business-type activities. Governmental activities generally are financed through taxes, intergovernmental revenues, and other non-exchange revenues. Business-type activities are financed in whole or in part by fees charged to external parties for goods or services. Since the District has no enterprise or internal service funds, the government-wide financial statements do not reflect business-type activities.

**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 constitutes its assets, liabilities, fund equity, revenues, and expenditures/expenses. Funds are organized into two major categories: governmental and proprietary. The District presently has no proprietary or fiduciary funds. An emphasis is placed on major funds within the governmental categories. A fund is considered major if it is the primary operating fund of the District or meets the following criteria:

1. Total assets, liabilities, revenues, or expenditures/expenses of that individual governmental or enterprise fund are at least 10 percent of the corresponding total for all funds of that category or type, and
2. Total assets, liabilities, revenues, or expenditures/expenses of the individual governmental fund or enterprise fund are at least 5 percent of the corresponding total for all governmental and enterprise funds combined. Or,
3. The governing body elects to designate a governmental fund as major.

The Board of Education has elected to designate all governmental funds as major funds. The District's major governmental funds are as follows:

General Fund: The general fund is the general operating fund of the District. This fund is used to account for all financial resources except those required to be accounted for and reported in another fund.

Special Revenue Fund: Accounts for expenditures for certified employees involved in administration and instruction. It includes revenues restricted by the State and the local tax levy for the payment of teacher salaries and certain employee benefits.

Debt Service Fund: The Debt Service Fund is used to account for all financial resources that are restricted, committed, or assigned to expenditures for principal and interest.

Capital Projects Fund: The purpose of this fund is to account for all financial resources that are restricted, committed, or assigned to expenditures for capital outlay.

### C. Measurement Focus and Basis of Accounting

Measurement focus is a term used to describe “how” transactions are recorded within the various financial statements. Basis of accounting refers to “when” transactions are recorded regardless of the measurement focus applied.

#### MEASUREMENT FOCUS

In the government-wide Statement of Net Position-Modified Cash Basis and the Statement of Activities-Modified Cash Basis, governmental activities are presented using the economic resources measurement focus, within the limitations of the modified cash basis of accounting.

In the fund financial statements, the “current financial resources” measurement focus or the “economic resources” measurement focus, as applied to the modified cash basis of accounting, is used as appropriate. All governmental funds utilize a “current financial resources” measurement focus. Only current financial assets (cash and investments) are generally included on the Balance Sheet-Modified Cash Basis-All Governmental Funds. They present sources and uses of available spendable financial resources (cash and investments) during a given period. These funds use fund balance as their measure of available spendable financial resources at the end of the period.

#### BASIS OF ACCOUNTING

In the government-wide Statement of Net Position-Modified Cash Basis and Statement of Activities-Modified Cash Basis and the fund financial statements, governmental activities are presented using a modified cash basis of accounting. This basis recognizes assets, net position/fund equity, revenues, and expenditures when they result from cash transactions with the exception of investments. This basis is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

D. Pooled Cash

Cash resources of the individual funds are combined to form a pool of cash and cash equivalents, which is managed by the District Treasurer. Interest income received is allocated to contributing funds based on fund balances.

E. Capital Assets

Capital assets are recorded as expenditures in the General Fund and the Capital Projects Fund at the time the expenditures are paid.

F. Vacation and Sick Leave

Vacation time, personal business days, and sick leave are considered expenditures in the year paid. Such amounts unused and which are vested by the employee are payable upon termination. At June 30, 2020, the District's compensated leave liability balance was approximately \$17,552 which represents 448 days.

G. Teachers' Salaries

Payroll checks written and dated in June, 2020, for July and August, 2020, (payrolls from 2019-2020 contracts) are included in the financial statements as expenditures paid in the month of June. This practice has been consistently followed in previous years.

H. Inventories

Inventories are reported as expenditures in the appropriate fund when purchased.

I. Net Position

Net Position is classified and displayed in two components:

1. Restricted net position – Consists of net position funds 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.
2. Unrestricted net position – All other net position funds that do not meet the definition of “restricted”.

It is the District's policy to first use restricted net position funds prior to the use of unrestricted net position funds when the expenditure is incurred for purposes for which both restricted and unrestricted net positions are available.

J. Cash and Investments

The District's cash includes demand deposits and certificates of deposit. Investments consist of funds held in Missouri School District Direct Deposit Program accounts maintained at BOK Financial, and certificates of deposit with a term of three months or greater.

K. Statement of Activities–Modified Cash Basis

In the Statement of Activities-Modified Cash Basis, revenues that are derived directly from each activity or from parties outside the District’s taxpayers are reported as program revenues. The District has the following program revenues in each activity:

Instructional services	State and federal aid
Student services	Student activity fees
Transportation	Transportation state aid
Food service	State and Federal aid, meal prices paid by food service participants.
Instructional Staff Support	State and federal aid

L. 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.

II. Deposits and Investments

The District complies with various restrictions on deposits and investments which are imposed by state statutes and bond covenants.

Investments

Investments of the District as of June 30, 2020 are as follows:

<u>Investment Type</u>	<u>Maturity</u>	<u>Amount</u>
BOK Financial through the Missouri School District Direct Deposit Program	Not Applicable	<u>55,882</u>
Total Investments		<u>\$ 55,882</u>

**Interest Rate Risk:** Interest risk is the risk that changes in interest rates will adversely affect the fair value of an investment. In accordance with the District’s investment policy and state law, the District manages its exposure to declines in fair values by investing only in the Missouri School District Direct Deposit Programs.

The District’s investments with BOK Financial are invested in investment contracts in accordance with Sections 165.051 and 360.120 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 district. Fair market value approximates cost and carries various interest rates.

**Credit Risk:** Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The District’s credit risk in the Missouri School District Direct Deposit



Program is set forth in Section 360.120.1(5), which allows the District to invest its funds in investment agreements constituting an obligation of a bank, bank holding company, savings and loan association, trust company, financial institution or other credit provider whose outstanding 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.

**Concentration of Credit Risk:** Concentration of credit risk is the risk of loss attributed to the magnitude of a government's investment in a single issuer. The District limits its concentration to the Missouri School District Direct Deposit Program.

**Custodial Credit Risk-Investments:** Custodial credit risk for investments is the risk that, in the event of the failure of the counterparty to a transaction, a government will not be able to recover the value of investment or collateral securities that are in the possession of an outside party. The District's investment custodial credit risk is limited to investment contracts through the Missouri School District Direct Deposit Program.

### Deposits

**Custodial Credit Risk-Deposits:** Custodial credit risk for deposits is the risk that, in the event of a depository financial institution failure, a government will not be able to recover deposits or will not be able to recover collateral securities that are in the possession of an outside party. In accordance with Section 110.010 and 110.020, RSMo, the District's deposits at June 30, 2020, were entirely insured by the Federal Deposit Insurance Corporation (FDIC). Of the District's total deposits of \$1,345,952 (which includes \$1,262,292 in a Certificate of Deposit Account Registry Service offered by the depository bank) at June 30, 2020, \$1,345,952 was insured by the FDIC.

## III. 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. Counties collect the property taxes and remit it to the District.

The District also received 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.

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

Residential	\$	11,410,170
Agricultural		1,202,390
Commercial		202,187
Personal Property		3,199,965
Total	\$	<u>16,014,712</u>

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

	<u>Unadjusted</u>	<u>Adjusted</u>
General Fund	\$ 3.9199	3.9199
Debt Service Fund	<u>1.5501</u>	<u>1.5501</u>
Total	<u>\$ 5.4700</u>	<u>5.4700</u>

During the fiscal year ended June 30, 2020, there were no tax abatements.

#### IV. Bonds Payable

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

Bonds Payable, July 1, 2019	\$ 1,485,000
Bonds Retired	<u>(295,000)</u>
Bonds Payable, June 30, 2020	<u>\$ 1,190,000</u>

Bonds payable consist of General Obligation Bonds Series 2012, with various interest rates ranging from 1.70 percent to 2.75 percent, interest payments due semiannually on March 1 and September 1, and principal payments due annually in March; and General Obligation Bonds Series 2017, with interest rates ranging from 1.20 percent to 5 percent, interest payments due semiannually on March 1 and September 1, and principal payments due annually in March.

Schedule 7 found in the Other Supplementary Data shows the future debt service requirements for each bond issue.

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	\$ 2,402,207
General obligation bonds payable	(1,190,000)
Amount available in Debt Service Fund	<u>217,047</u>
LEGAL DEBT MARGIN	<u>\$ 1,429,254</u>

#### V. Cafeteria Plan

The cafeteria plan is a flexible compensation program created in accordance with Internal Revenue Code Section 125. This plan permits employees to reduce their salaries in exchange for nontaxable benefits, creating tax savings that are used to pay or reimburse certain expenses elected by the employees. The options available to employees are medical expense reimbursement, dependent care reimbursement, and premium payments for state medical and life insurance.

#### VI. Claims and Judgments

The District receives substantial funding from state and federal governments. Expenditures financed by this funding are subject to audit by those state and federal governments. If expenditures are disallowed due to noncompliance with state or federal regulations, the District may be required to reimburse the applicable government. As of June 30, 2020, expenditures have not been audited by state or federal governments, but the District believes that disallowed

expenditures, if any, based on subsequent audits will not have a material effect on any individual government funds or the overall financial position of the District.

## VII. Post-Employment Benefits

Under the Consolidated Omnibus Budget Reconciliation Act (COBRA), the District provides health care benefits to eligible former employees and eligible dependents. Certain requirements are outlined by the federal government for this coverage. The premium is paid in full by the insured on or before the month for the actual month covered. This program is offered for duration of 18 months after the termination date. There is no associated cost to the District under this program.

## VIII. Risk Management

The District is exposed to various risk of losses 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. There has been no significant reduction in insurance coverage from the previous year.

## IX. Pension Plans— Public School and Education Employee Retirement Systems of Missouri

### **General Information about the Pension Plan**

*Plan Description.* PSRS is a mandatory cost-sharing multiple employer retirement system for all full-time certificated employees and certain part-time certificated employees of all public school districts in Missouri (except the school districts of St. Louis and Kansas City) and all public community colleges. PSRS also includes certificated employees of PSRS, Missouri State Teachers' Association, Missouri State High School Activities Association, and certain employees of the State of Missouri who elected to remain covered by PSRS under legislation enacted in 1986, 1987, and 1989. The majority of PSRS members are exempt from Social Security contributions. In some instances, positions may be determined not to be exempt from Social Security contributions. Any PSRS member who is required to contribute to Social Security comes under the requirements of 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.

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

*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 2.50 percent 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 service retirement and disability benefits to its members. Members are vested for service retirement benefits after accruing five years of service. Individuals who (a) are at least age 60 and have a minimum of 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 1.61 percent benefit factor. Members qualifying for “Rule of 80” or “30-and-out” are entitled to an additional temporary .8% benefit multiplier until reaching minimum Social Security age (currently age 62). Actuarially age-reduced retirement benefits are available with five years of service at age 55. Members who are younger than age 55 and who do not qualify under the “Rule of 80” but have between 25 and 29.9 years of service may retire with a lesser benefit factor. Members that are three years beyond normal retirement can elect to have their lifetime monthly benefits actuarially reduced in exchange for the right to also receive a one-time partial lump sum (PLSO) payment at retirement equal to 12, 24, or 36 times the Single Life benefit amount.

Summary Plan Descriptions detailing the provisions of the plans can be found on the Systems’ website at [www.psr-peers.org](http://www.psr-peers.org).

*Cost-of-living Adjustments (COLA).* The Board of Trustees has established a policy of providing a 0.00 percent COLA for years in which the CPI increases between 0.00 percent and 2.00 percent, a 2.00 percent COLA for years in which the CPI increases between 2.00 percent and 5.00 percent, and a COLA of 5.00 percent if the CPI increase is greater than 5.00 percent. 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 80.00 percent of the original benefit for any member.

*Contributions.* PSRS members were required to contribute 14.50 percent of their annual covered salary during the 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.

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 \$93,797 and \$12,714, respectively for the year ended June 30, 2020.

#### X. Post-Employment Health Care Plan

**Plan Description:** The District participates in a multiple-employer defined benefit health care plan administered by Midwest Public Risk. The District provides medical insurance benefits to eligible retirees through this plan in accordance with the Consolidated Omnibus Budget Reconciliation Act (COBRA). The obligation for payment of benefits has been transferred from the District to the retiree. The retiree sends the premium directly to Midwest Public Risk.

Various policies give the Board of Education the authority to establish and amend benefit provisions for current and retired employees. The District does not guarantee benefits in the event of the insurance company's insolvency. The District does not issue a separate publicly available financial report.

The District is legally required to include any retirees for whom it provides health insurance coverage in the same insurance pool as its active employees, whether the premiums are paid by the District or the retiree. Consequently, participating retirees are considered to receive a secondary benefit known as an "implicit rate subsidy." This benefit relates to the assumption that the retiree is receiving a more favorable premium rate than they would otherwise be able to obtain if purchasing insurance on their own, due to being included in the same pool with the District's younger and statistically healthier active employees.

**Funding Policy:** The District requires retired plan members to contribute 100% of the premium amount for the plan option they select. While, in regards to retirees, this amount contains an implied rate subsidy by the District through a reduced blended premium covering all current employees and retirees, there is no actuarial valuation performed to determine the amount of such subsidy. Because the retiree insurance premium as established is paid entirely by retiree contributions directly to Midwest Public Risk, there is no cash outflow by the District related to these benefits. Therefore, there are no cash basis disbursements reported for the District in regards to plan benefits.

The plan options and contribution requirements of plan members is reviewed and established annually by the Board of Education. The required contribution is based on plan options offered by the insurance company. The District does not provide any additional amount to prefund benefits nor does the plan have an actuarial valuation.

#### XI. Fund Balance Reporting

GASB 54 provides for two major types of fund balances, which are nonspendable and spendable. Nonspendable fund balances are balances that cannot be spent because they are not expected to be converted to cash or they are legally or contractually required to remain intact. The District has no nonspendable fund balances.

GASB 54 has provided a hierarchy of spendable fund balances, based on a hierarchy of spending constraints.

- Restricted: fund balances that are constrained by external parties, constitutional provisions, or enabling legislation.
- Committed: fund balances that contain self-imposed constraints of the government from its highest level of decision making authority.
- Assigned: fund balances that contain self-imposed constraints of the government to be used for a particular purpose.
- Unassigned: fund balance of the General Fund that is not constrained for any particular purpose.

The District has classified its fund balances with the following hierarchy:

Spendable: The District has classified the spendable fund balances as *Restricted, Assigned and Unassigned* and considered each to have been spent when expenditures are incurred. The District currently has no funds classified as committed.

- Restricted for State Categorical Programs, Capital Projects, Debt Service and Student Activities:

Federal Laws, Missouri Statutes and local ordinances require that certain revenues be specifically designed for the purposes of capital projects, debt service and student activities. The funds have been included in restricted category of fund balance. The restricted fund balances totaled \$288,339 and represents \$217,047 in debt service, \$663 in professional development and \$70,629 in teachers' salaries.

- Assigned:  
The assigned fund balance for the Capital Projects Fund is \$23,229.
- Unassigned:  
The unassigned fund balance for the General Fund is \$907,610.

## XII. Budgets and Budgetary Practices

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

- A. In accordance with Chapter 67, RSMo, the District adopts a budget for each fund.
- B. 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.
- C. 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.
- D. In June, 2019, the budget was legally enacted by a vote of the Board of Education.

- E. 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.
- F. Budgets for district funds are prepared and adopted on the modified cash basis recognizing revenues when collected and expenditures when paid, except for investments.

**OTHER FINANCIAL SUPPLEMENTARY INFORMATION**



**SCHEDULE 1  
STRASBURG C-3 SCHOOL DISTRICT  
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND  
BALANCES - MODIFIED CASH BASIS - BUDGET AND ACTUAL - GENERAL FUND  
FOR THE YEAR ENDED JUNE 30, 2020**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Local	\$ 662,825	707,165	707,165	0
County	509	398	398	
State	310,750	297,469	297,469	0
Federal	39,100	62,730	62,730	0
<b>TOTAL REVENUES</b>	<u>1,013,184</u>	<u>1,067,762</u>	<u>1,067,762</u>	<u>0</u>
<b>EXPENDITURES</b>				
Instruction	409,420	381,366	381,366	0
Student activities	7,500	3,330	3,330	0
Guidance	500	0	0	0
Professional development	5,200	2,607	2,607	0
Media and health services	17,625	25,418	25,418	0
Board of Education	14,350	13,667	13,667	0
Building level administration	104,164	106,393	106,393	0
Operation of plant	144,880	171,372	171,372	0
Transportation	104,088	96,218	96,218	0
Food services	49,877	40,751	40,751	0
Community services	4,500	2,240	2,240	0
<b>TOTAL EXPENDITURES</b>	<u>862,104</u>	<u>843,362</u>	<u>843,362</u>	<u>0</u>
Excess (deficiency) of revenues over expenditures before other financing sources (uses)	<u>151,080</u>	<u>224,400</u>	<u>224,400</u>	<u>0</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Operating transfer out	0	(57,182)	(57,182)	0
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<u>0</u>	<u>(57,182)</u>	<u>(57,182)</u>	<u>0</u>
Excess (deficiency) of revenues over expenditures after other financing sources (uses)	151,080	167,218	167,218	0
Fund balances at beginning of year	741,055	741,055	741,055	0
Fund balances at end of year	<u>\$ 892,135</u>	<u>908,273</u>	<u>908,273</u>	<u>0</u>

**SCHEDULE 2  
STRASBURG C-3 SCHOOL DISTRICT  
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -  
MODIFIED CASH BASIS - BUDGET AND ACTUAL - SPECIAL REVENUE FUND  
FOR THE YEAR ENDED JUNE 30, 2020**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	Variance with Final Budget - Positive (Negative)
	<u>Original</u>	<u>Final</u>		
<b>REVENUES</b>				
Local	\$ 317,650	112,754	112,754	0
County	44,840	50,813	50,813	0
State	487,500	466,309	466,309	0
Federal	25,500	56,172	56,172	0
<b>TOTAL REVENUES</b>	<u>875,490</u>	<u>686,048</u>	<u>686,048</u>	<u>0</u>
<b>EXPENDITURES</b>				
Instruction	658,190	642,338	642,338	0
Professional development	3,130	807	807	0
Media and health services	20,805	21,227	21,227	0
Building level administration	118,251	117,202	117,202	0
<b>TOTAL EXPENDITURES</b>	<u>800,376</u>	<u>781,574</u>	<u>781,574</u>	<u>0</u>
Excess (deficiency) of revenues over expenditures before other financing sources (uses)	<u>75,114</u>	<u>(95,526)</u>	<u>(95,526)</u>	<u>0</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Operating transfer in	<u>0</u>	<u>57,182</u>	<u>57,182</u>	<u>0</u>
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<u>0</u>	<u>57,182</u>	<u>57,182</u>	<u>0</u>
Excess (deficiency) of revenues over expenditures after other financing sources (uses)	<u>75,114</u>	<u>(38,344)</u>	<u>(38,344)</u>	<u>0</u>
Fund balances at beginning of year	<u>108,973</u>	<u>108,973</u>	<u>108,973</u>	<u>0</u>
Fund balances at end of year	<u>\$ 184,087</u>	<u>70,629</u>	<u>70,629</u>	<u>0</u>

**SCHEDULE 3  
STRASBURG C-3 SCHOOL DISTRICT  
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -  
MODIFIED CASH BASIS - BUDGET AND ACTUAL - DEBT SERVICE FUND  
FOR THE YEAR ENDED JUNE 30, 2020**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Local	\$ 500	262,086	262,086	0
County	14,451	15,813	15,813	0
<b>TOTAL REVENUES</b>	<u>14,951</u>	<u>277,899</u>	<u>277,899</u>	<u>0</u>
<b>EXPENDITURES</b>				
Retirement of debt	171,000	295,000	295,000	0
Interest	25,000	49,568	49,568	0
Other	0	635	635	0
<b>TOTAL EXPENDITURES</b>	<u>196,000</u>	<u>345,203</u>	<u>345,203</u>	<u>0</u>
Excess (deficiency) of revenues over expenditures before other financing sources (uses)	<u>(181,049)</u>	<u>(67,304)</u>	<u>(67,304)</u>	<u>0</u>
Fund balances at beginning of year	<u>284,351</u>	<u>284,351</u>	<u>284,351</u>	<u>0</u>
Fund balances at end of year	<u>\$ 103,302</u>	<u>217,047</u>	<u>217,047</u>	<u>0</u>

**SCHEDULE 4**  
**STRASBURG C-3 SCHOOL DISTRICT**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -**  
**MODIFIED CASH BASIS - BUDGET AND ACTUAL - CAPITAL PROJECTS FUND**  
**FOR THE YEAR ENDED JUNE 30, 2020**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Local	0	59	59	0
<b>TOTAL REVENUES \$</b>	<u>0</u>	<u>59</u>	<u>59</u>	<u>0</u>
<b>EXPENDITURES</b>				
Operation of plant	0	0	0	0
Food service	0	0	0	0
Facilities acquisition and construction	0	14,523	14,523	0
<b>TOTAL EXPENDITURES</b>	<u>0</u>	<u>14,523</u>	<u>14,523</u>	<u>0</u>
Excess (deficiency) of revenues over expenditures	<u>0</u>	<u>(14,464)</u>	<u>(14,464)</u>	<u>0</u>
<b>Fund balances at beginning of year</b>	<u>37,693</u>	<u>37,693</u>	<u>37,693</u>	<u>0</u>
<b>Fund balances at end of year</b>	<u>\$ 37,693</u>	<u>23,229</u>	<u>23,229</u>	<u>0</u>

SCHEDULE 5  
STRASBURG C-3 SCHOOL DISTRICT  
SCHEDULE OF REVENUES-MODIFIED CASH BASIS  
FOR THE YEAR ENDED JUNE 30, 2020

	General	Special Revenue	Debt Service	Capital Projects	Total (Memorandum Only)
<b>LOCAL</b>					
Current taxes	\$ 550,261	0	217,595	0	767,856
Delinquent taxes	91,502	0	30,359	0	121,861
School District Trust Fund (Prop C)	44,784	112,754	0	0	157,538
M&M surtax	430	0	67	0	497
Earnings from investments	1,379	0	14,065	59	15,503
Food service	15,705	0	0	0	15,705
Student activities	1,484	0	0	0	1,484
Community services	1,050	0	0	0	1,050
Other local sources	570	0	0	0	570
<b>TOTAL LOCAL</b>	<u>707,165</u>	<u>112,754</u>	<u>262,086</u>	<u>59</u>	<u>1,082,064</u>
<b>COUNTY</b>					
Fines	0	3,209	0	0	3,209
State assessed utility taxes	398	47,604	15,813	0	63,815
<b>TOTAL COUNTY</b>	<u>398</u>	<u>50,813</u>	<u>15,813</u>	<u>0</u>	<u>67,024</u>
<b>STATE</b>					
Basic formula - State Monies	155,432	466,309	0	0	621,741
Transportation aid	20,364	0	0	0	20,364
Basic formula - Classroom Trust Fund	50,469	0	0	0	50,469
Educational screening	2,020	0	0	0	2,020
Small schools grant	68,908	0	0	0	68,908
Food service	276	0	0	0	276
<b>TOTAL STATE</b>	<u>297,469</u>	<u>466,309</u>	<u>0</u>	<u>0</u>	<u>763,778</u>
<b>FEDERAL</b>					
IDEA Entitlement Funds, Part B IDEA	0	34,032	0	0	34,032
CARES-ESSER Fund	5,051	0	0	0	5,051
School Lunch program	17,605	0	0	0	17,605
School Breakfast program	7,098	0	0	0	7,098
Title I - ESEA	0	20,440	0	0	20,440
Title IV.A Student Support and Academic Enrichment	6,839	1,700	0	0	8,539
Title II, Part A, ESEA - Teacher & Principal Quality	6,315	0	0	0	6,315
Title VI, Part B Rural Education Initiative	19,822	0	0	0	19,822
<b>TOTAL FEDERAL</b>	<u>62,730</u>	<u>56,172</u>	<u>0</u>	<u>0</u>	<u>118,902</u>
<b>TOTAL REVENUES \$</b>	<u><u>1,067,762</u></u>	<u><u>686,048</u></u>	<u><u>277,899</u></u>	<u><u>59</u></u>	<u><u>2,031,768</u></u>

**SCHEDULE 6  
STRASBURG C-3 SCHOOL DISTRICT  
SCHEDULE OF EXPENDITURES-MODIFIED CASH BASIS  
FOR THE YEAR ENDED JUNE 30, 2020**

	<u>General</u>	<u>Special Revenue</u>	<u>Debt Service</u>	<u>Capital Projects</u>
Salaries	\$ 158,709	609,580	0	0
Fringe benefits	61,081	171,994	0	0
Tuition	289,148	0	0	0
Instructional program improvement services	44,758	0	0	0
Pupil services	13,905	0	0	0
Audit and accounting	5,700	0	0	0
Technical services	27,729	0	0	0
Election Services	32	0	0	0
Repairs and Maintenance	27,496	0	0	0
Water and Sewer	941	0	0	0
Trash Removal	864	0	0	0
Legal Service	657	0	0	0
Contracted transportation	90,504	0	0	0
Travel	2,411	0	0	0
Insurance	15,434	0	0	0
Communication	4,937	0	0	0
Advertising, printing, etc.	2,241	0	0	0
Supplies	39,416	0	0	0
Books and periodicals	6,987	0	0	0
Food service	18,186	0	0	0
Energy services	32,226	0	0	0
Retirement of indebtedness	0	0	295,000	0
Interest	0	0	49,568	0
Other	0	0	635	0
Capital Outlay	0	0	0	14,523
<b>TOTAL EXPENDITURES</b>	<b>\$ 843,362</b>	<b>781,574</b>	<b>345,203</b>	<b>14,523</b>

**SCHEDULE 7  
STRASBURG C-3 SCHOOL DISTRICT  
SCHEDULE OF DEBT SERVICE REQUIREMENTS  
FOR THE YEAR ENDED JUNE 30, 2020**

For the Year Ending June 30,	General Obligation Bonds Series 2012		General Obligation Bonds Series 2017		Total	
	Principal	Interest	Principal	Interest	Principal	Interest
2021	45,000	5,528	50,000	38,475	95,000	44,003
2022	170,000	4,538	50,000	37,625	220,000	42,163
2023	0	0	50,000	36,775	50,000	36,775
2024	0	0	50,000	35,775	50,000	35,775
2025	0	0	50,000	34,775	50,000	34,775
2026	0	0	50,000	33,600	50,000	33,600
2027	0	0	50,000	32,425	50,000	32,425
2028	0	0	125,000	31,250	125,000	31,250
2029	0	0	125,000	25,000	125,000	25,000
2030	0	0	125,000	18,750	125,000	18,750
2031	0	0	125,000	12,500	125,000	12,500
2032	0	0	125,000	6,250	125,000	6,250
<b>TOTAL</b>	<b>\$ 215,000</b>	<b>10,066</b>	<b>975,000</b>	<b>343,200</b>	<b>1,190,000</b>	<b>353,266</b>

The accompanying Notes to the Financial Statements are an integral part of this schedule.

**REPORTS ON INTERNAL CONTROLS AND COMPLIANCE MATTERS**



# RANDALL FIENE

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

Members of the Board of Education  
Strasburg C-3 School District

I 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 Strasburg C-3 School District, as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the Strasburg C-3 School District's basic financial statements, and have issued my report thereon dated October 28, 2020.

### **Internal Control Over Financial Reporting**

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

My 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 deficiencies or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. I did identify a certain deficiency in internal control, described in the accompanying Schedule of Findings and Responses as item 2020-01 that I consider to be a material weakness.

## **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the Strasburg C-3 School District's financial statements are free of material misstatement, I performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of my audit and, accordingly, I do not express such an opinion. The results of my tests disclosed no instances of noncompliance or other matters that was required to be reported under *Government Auditing Standards*.

### **Strasburg C-3 School District's Response to Finding**

Strasburg C-3 School District's response to the findings identified in my 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, I express no opinion on it.

### **Purpose of this Report**

The purpose of this report is solely to describe the scope of my 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.



Randall C. Fiene, CPA  
Concordia, Missouri  
October 28, 2020

**STRASBURG C-3 SCHOOL DISTRICT  
SCHEDULE OF FINDINGS AND RESPONSES**

2020-1.     Segregation of Duties

Criteria: To safeguard against the possible loss, theft, or misuse of district funds, proper internal controls require that duties be segregated so that no one person maintains the general ledger, perform monthly bank reconciliations, record and process expenditures, and record and process payroll which includes employee direct deposit payments.

Condition: During my review of the District's internal control policies and procedures, I noted that one person was primarily responsible to maintain the general ledger, perform monthly bank reconciliations, and record and process expenditures and payroll, and executing employee direct deposit payments.

Cause: Due to limited personnel, it is not always practical to entirely segregate duties.

Effect: The risk of intentional or unintentional errors and irregularities may not be prevented and go undetected when incompatible duties are not segregated.

Recommendation: Segregate duties so that no one person is responsible for maintaining the general ledger, performing monthly bank reconciliations, and recording and processing expenditures and payroll, and executing employee direct deposit paychecks. If duties cannot be segregated then someone who is not responsible to maintain the general ledger should perform supervisory reviews of the monthly bank reconciliations. The reviewer should determine the bank account balance agrees to the bank statement, the book balance shown on reconciliation agrees to the general ledger cash accounts, and trace outstanding automatic payments, outstanding checks, and outstanding employee direct deposit paychecks to subsequent bank statements.

Response: *"We do not have the funds or capacity to segregate the duties. The secretary takes all monies and puts them on a sheet, the bookkeeper then records them into the system and writes up a bank deposit, as long as the deposit and the sheets agree we call it good. Most of our money that comes in is auto deposit. As for the bills, the superintendent approves the requisitions and all purchase orders, and the Board of Education has a list of all the checks and auto payments as well. The Board approves these purchases in the consent agenda each month during the board meeting.*

*The superintendent also runs a check and balance system each month. The superintendent double check and sign off on the bank reconciliation, trial balance and state payments to make sure they all agree."*

# RANDALL FIENE

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*Member of Missouri Society of  
Certified Public Accountants*

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

Members of the Board of Education  
Strasburg C-3 School District

I have examined management's assertions that Strasburg C-3 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 attendance hours, standard day length, school calendar, resident membership on the last Wednesday of September, free and reduced price lunch FTE count for the last Wednesday in January, 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, transportation costs eligible for state aid, and other statutory requirements as listed in the Schedule of Selected Statistics during the year ended June 30, 2020. Strasburg C-3 School District's management is responsible for its assertions. My responsibility is to express an opinion on management's assertions based on my examination.

My examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. Those standards require that I 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 my judgment, including an assessment of the risks of material misstatement of management's assertions, whether due to fraud or error. I believe that the evidence I obtained is sufficient and appropriate to provide a reasonable basis of my opinion.

In my 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.



Randall C. Fiene, CPA  
Concordia, Missouri  
October 28, 2020

**STRASBURG C-3 SCHOOL DISTRICT  
019-140  
SCHEDULE OF SELECTED STATISTICS  
FOR THE YEAR ENDED JUNE 30, 2020**

**1. Calendar**

Report each unique calendar the District has as defined by Sections 160.041, 171.029, 171.031, and 171.033, RSMo.

School Code	Begin Grade	End Grade	Standard Day Length (SDL)	Days	Hours in Session
4020	Kindergarten	8th	6.6000	127	817.2000

**2. Attendance Hours**

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

School Code	Grade Level	Full-Time
4020	Kindergarten	10007.0004
4020	1st	14287.8510
4020	2nd	5345.3333
4020	3rd	14169.9172
4020	4th	11867.8161
4020	5th	12335.5336
4020	6th	8531.7167
4020	7th	9609.3836
4020	8th	7900.7167
<b>Pupils attending other Districts:</b>		
	9th	11515.3009
	10th	6970.0333
	11th	5153.5535
	12th	5807.6764
<b>Grand Total</b>		<b>123501.8327</b>

**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 one of the ten previous school days, by grade at each attendance center.

School Code	Grade Level	Full-Time
4020	Kindergarten	12
4020	1st	19
4020	2nd	7
4020	3rd	18
4020	4th	15
4020	5th	16
4020	6th	11
4020	7th	12
4020	8th	10
<b>Pupils attending other Districts:</b>		
	9th	15
	10th	9
	11th	8
	12th	8
<b>Grand Total</b>		<b>160</b>

**4. Free and Reduced Priced Lunch Full-time Equivalency Count**

Report the FTE count taken the last Wednesday in January of resident students enrolled in grades PK-12 and in attendance at least one of the ten 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.

School Code	Free Lunch	Reduced Lunch	Total
4020	30	7	37
<b>Resident II Pupils</b>	3	1	4
<b>Grand Total</b>	<b>33</b>	<b>8</b>	<b>41</b>

**5. Finance**

1. The District maintained a calendar in accordance with 160.041, 171.029, 171.031, and 171.033, RSMo and all attendance hours were reported.

  X   True         False

2. The District maintained complete and accurate attendance records allowing for the accurate calculation of Average Daily Attendance for all students in accordance with all applicable state rules and regulations. Sampling of records included those students receiving instruction in the following categories:

Academic Programs Off-Campus	Not applicable
Career Exploration Program - Off Campus	Not applicable
Cooperative occupational Education (COE) or Supervised Occupational Experience Program	Not applicable
Dual enrollment	Not applicable
Homebound instruction	Not applicable
Missouri Options	Not applicable
Prekindergarten eligible to be claimed for state aid	Not applicable
Remediation	Not applicable
Sheltered Workshop participation	Not applicable
Students participating in the school flex program	Not applicable
Traditional instruction (full and part-time students)	True
Virtual instruction (MOCAP or other option)	Not applicable
Work Experience for Students with Disabilities	Not applicable

3. The District 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  False

4. The District 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  False

5. As required by Section 162.401, RSMo, a bond was purchased for the District's treasurer in the total amount of \$50,000.

True  False

6. The District's school's deposits were secured during the year as required by Sections 110.010 and 110.020, RSMo.

True  False

7. The District maintained a separate bank account for all Debt Service Fund monies in accordance with Section 108.180 and 165.011, RSMo.

True  False

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  False

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.

True  False  Not applicable

10. The District 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  False

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.

True  False

12. The amount spent for approved professional development committee plan activities was \$3,415.

13. The district/charter school has posted, at least quarterly, a searchable expenditures 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 160.006, RSMo.

True  False



**6. Transportation**

1. The school transportation allowable costs substantially conform to 5 CSR 30-261.040, Allowable Costs for State Transportation Aid.

True  False

2. The District'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  False

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 – 101.5 and ineligible ADT – 3.00.

True  False

4. The District'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  False

5. Actual odometer records show the total District-operated and contracted mileage for the year was 16,789.

True  False

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 – 14,297 and ineligible miles (non-route/disapproved) – 2,492.

7. The total number of days the District's transportation system operated was 127 days.

True  False