

MARION COUNTY R-II SCHOOL DISTRICT

FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2023

TABLE OF CONTENTS

<u>INDEPENDENT AUDITOR'S REPORT</u>	1-3
<u>BASIC FINANCIAL STATEMENTS:</u>	
Statement of Net Position –Modified Cash Basis	4
Statement of Activities –Modified Cash Basis	5
Statement of Modified Cash Basis Assets and Fund Balances – Governmental Funds	6
Statement of Cash Receipts, Disbursements and Changes in Modified Cash Basis Fund Balances – Governmental Funds	7
Notes to the Basic Financial Statements	8-23
<u>OTHER SUPPLEMENTAL INFORMATION</u>	
Budgetary Comparison Schedule –Modified Cash Basis General (Incidental) Fund	24
Budgetary Comparison Schedule –Modified Cash Basis Special Revenue (Teachers') Fund	25
Budgetary Comparison Schedules –Modified Cash Basis Debt Service Fund	26
Budgetary Comparison Schedule –Modified Cash Basis Capital Projects Fund	27
Notes to the Budgetary Schedules	28

TABLE OF CONTENTS – CONTINUED

FEDERAL COMPLIANCE SECTION

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 <i>Government Auditing Standards</i>	29-30
Schedule of Findings and Responses	31-32
Schedule of Prior Audit Findings	33

STATE COMPLIANCE SECTION

Independent Auditor’s Report on Compliance with State Requirements – Financial	34
Schedule of Transportation Costs Eligible for State Aid	35
Independent Auditor’s Report on Compliance with State Requirements – Statistical	36
Schedule of Selected Statistics	37-43

JOHN W. GILLUM, CPA, LLC

CERTIFIED PUBLIC ACCOUNTANT

Member:
Missouri Society of
Certified Public Accountants
American Institute of
Certified Public Accountants
AICPA Private Companies Practice
Section (PCPS)

310 S. Elson Street
P.O. Box 1068
Kirksville, Missouri 63501
Telephone (660) 627-1259
Toll Free 800-397-3630
Fax (660) 627-1250
email johngillumcpa@yahoo.com

INDEPENDENT AUDITOR'S REPORT

To the Board of Education
Marion County R-II School District
Philadelphia, 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 Marion County R-II School District, as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the Marion County R-II School 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 Marion County R-II School District, as of June 30, 2023, and the respective changes in modified cash basis financial position for the 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 Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Marion County R-II School 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 the financial statements in accordance with the modified cash basis of accounting described in Note 1, and 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 Marion County R-II School 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.

Auditor's 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 auditor's 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 judgement 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 Marion County R-II School 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 Marion County R-II School 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 Matters

Other Information

Management is responsible for the other information included in the annual report. The other information comprises the budgetary comparison information but does not include the basic financial statements and our auditor's 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 28, 2023, on our consideration of the Marion County R-II School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Marion County R-II School 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 Marion County R-II School District's internal control over financial reporting and compliance.



John W. Gillum, CPA, LLC
Certified Public Accountant
Kirksville, Missouri
December 28, 2023

BASIC FINANCIAL STATEMENTS

Marion County R-II School District
Statement of Net Position – Modified Cash Basis
June 30, 2023

ASSETS	<u>Governmental Activities</u>
Cash and equivalents	\$ 623,896
Investments	466,103
Restricted cash and equivalents	151,955
Restricted Investments	<u>18,153</u>
Total Assets	<u>\$ 1,260,107</u>
NET POSITION	
Restricted for:	
Debt service	\$ 141,541
Student scholarships	28,567
Unrestricted	<u>1,089,999</u>
Total Net Position	<u>\$ 1,260,107</u>

See Accompanying Notes to Financial Statements

Marion County R-II School District
Statement of Activities – Modified Cash Basis
For the Year Ended June 30, 2023

	Cash	---Program Cash Receipts---		Net
	<u>Disbursements</u>	<u>Charges for</u>	<u>Operating</u>	<u>Disbursements,</u>
		<u>Services</u>	<u>Grants and</u>	<u>Receipts and</u>
			<u>Contributions</u>	<u>Changes in</u>
				<u>Net Position</u>
Governmental Activities				
Instructional services	\$ (1,687,849)	\$ 131,976	\$ 612,311	\$ (943,562)
Support services	(773,650)	-	66,649	(707,001)
Food services	(178,016)	59,220	92,383	(26,413)
Building maintenance and improvements	(269,530)	-	-	(269,530)
Principal and interest on indebtedness	(673,417)	-	-	(673,417)
Other	<u>(61,488)</u>	<u>-</u>	<u>-</u>	<u>(61,488)</u>
Net program (disbursements) receipts	<u>· \$ (3,643,950)</u>	<u>\$ 191,196</u>	<u>\$ 771,343</u>	<u>(2,681,411)</u>
General receipts				
Property tax receipts				903,069
Other local receipts				331,498
County receipts				130,439
State receipts				989,033
Federal receipts				33,790
Investment receipts				18,265
Other receipts				<u>600,000</u>
Total general receipts				<u>3,006,094</u>
Change in net position				324,683
Net position – beginning of year				<u>935,424</u>
Net position – end of year				<u>\$ 1,260,107</u>

See Accompanying Notes to Financial Statement

Marion County R-II School District
Statement of Modified Cash Basis Assets and Fund Balances
Governmental Funds
As of and for the Year Ended June 30, 2023

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Debt Service Fund</u>	<u>Capital Projects Fund</u>	<u>Total Governmental Funds</u>
ASSETS					
Cash & equivalents	\$ 203,255	\$ 155,974	\$ -	\$ 264,667	\$ 623,896
Investments	466,103	-	-	-	466,103
Restricted cash & equivalents	10,414	-	141,541	-	151,955
Restricted investments	18,153	-	-	-	18,153
Concession inventory	<u>2,860</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,860</u>
	<u>\$ 700,785</u>	<u>\$ 155,974</u>	<u>\$ 141,541</u>	<u>\$ 264,667</u>	<u>\$ 1,262,967</u>
FUND BALANCES					
Nonspendable	\$ 2,860	\$ -	\$ -	\$ -	\$ 2,860
Restricted for:					
Debt Service	-	-	141,541	-	141,541
Student Scholarships	28,567	-	-	-	28,567
Committed to:					
Capital Projects	-	-	-	264,667	264,667
Unassigned	<u>669,358</u>	<u>155,974</u>	<u>-</u>	<u>-</u>	<u>825,332</u>
	<u>\$ 700,785</u>	<u>\$ 155,974</u>	<u>\$ 141,541</u>	<u>\$ 264,667</u>	1,262,967

Reconciliation to Statement of Net Position:

Amounts reported for government activities in the statement of net position are different because:

Concession inventory is not reflected as an asset in the statement of net position	<u>(2,860)</u>
---	----------------

Net Position, Government-Wide	<u>\$ 1,260,107</u>
-------------------------------	---------------------

See Accompanying Notes to Financial Statements

Marion County R-II School District
Statement of Cash Receipts, Disbursements and
Changes in Modified Cash Basis Fund Balances – Governmental Funds
As of and for the Year Ended June 30, 2023

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Debt Service Fund</u>	<u>Capital Projects Fund</u>	<u>Total Governmental Funds</u>
<u>RECEIPTS</u>					
Property tax receipts	\$ 779,540	\$ -	\$ 123,529	\$ -	\$ 903,069
Other local receipts	252,829	258,511	29,185	434	540,959
County receipts	110,208	6,180	14,051	-	130,439
State receipts	174,623	1,005,911	-	-	1,180,534
Federal receipts	146,608	447,024	-	20,000	613,632
Other receipts	-	-	600,000	-	600,000
Total receipts	<u>1,463,808</u>	<u>1,717,626</u>	<u>766,765</u>	<u>20,434</u>	<u>3,968,633</u>
<u>DISBURSEMENTS</u>					
Instructional services	256,208	1,420,388	-	11,253	1,687,849
Support services	416,087	269,520	-	88,043	773,650
Food services	178,016	-	-	-	178,016
Building maintenance and facility acquisition	186,093	-	-	83,437	269,530
Redemption of principal	-	-	630,000	-	630,000
Debt service interest	-	-	42,525	892	43,417
Other	9,850	31,084	20,554	-	61,488
Total disbursements	<u>1,046,254</u>	<u>1,720,992</u>	<u>693,079</u>	<u>183,625</u>	<u>3,643,950</u>
Excess (deficiency) of receipts over disbursements	417,554	(3,366)	73,686	(163,191)	324,683
Other financing sources(uses)					
Operating transfers (out)	(321,666)	-	-	-	(321,666)
in	-	159,340	-	162,326	321,666
Total Other Financing Sources (uses)	<u>(321,666)</u>	<u>159,340</u>	<u>-</u>	<u>162,326</u>	<u>-</u>
Change in fund balance	95,888	155,974	73,686	(865)	324,683
Fund balance – beginning	<u>604,897</u>	<u>-</u>	<u>67,855</u>	<u>265,532</u>	<u>938,284</u>
Fund balance – ending	<u>\$ 700,785</u>	<u>\$ 155,974</u>	<u>\$ 141,541</u>	<u>\$ 264,667</u>	<u>\$ 1,262,967</u>

See Accompanying Notes to Financial Statements

Marion County R-II School District
Notes to the Basic Financial Statements
For the Year Ended June 30, 2023

Note 1: Summary of Significant Accounting Policies

Marion County R-II School District (the “District”) is a public educational district operating under the applicable laws and regulations of the State of Missouri. It is governed by a “six director” district (with seven members of the Board of Education) as described in RSMO Chapter 162, which are elected by registered voters of the District. The District prepares its basic financial statements in conformity with the modified cash basis of accounting, which is an other comprehensive basis of accounting promulgated by the Governmental Accounting Standards Board (GASB) and other authoritative sources; and it complies with the requirements of the appropriate version of the Missouri Department of Elementary and Secondary Education (DESE) Financial Accounting Manual (the “Accounting Manual”) and the requirements of contracts and grants of agencies from which it receives funds.

A. REPORTING ENTITY

The financial reporting entity consists of (a) the primary government, (b) organizations for which the primary government is financially accountable, and (c) other organizations for which the primary government is not accountable, but for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete. Component units are legally separate organizations for which the elected officials of the primary government are financially accountable. Financially accountable means the primary government is accountable for the component unit and the primary government is able to impose its will or the component unit may provide financial benefits or impose a burden on the primary government. In addition, component units can be other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete.

The District is a primary government, which is governed by an elected seven-member board. As required by the modified cash basis of accounting, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America, the District has evaluated the above criteria to determine whether any other entity meets the definition of a component unit and must be included in these financial statements. The District has determined that no other outside entity meets the above criteria and therefore, no other entity has been included as a component unit in the District's financial statements. In addition, the District is not aware of any entity for which the District would be considered as a component unit of that entity.

B. BASIC FINANCIAL STATEMENTS – GOVERNMENT-WIDE STATEMENTS

The District's basic financial statements include both government-wide (reporting the District as a whole) and fund financial statements (reporting the District's major funds). Both the government-wide and fund financial statements categorize primary activities as either governmental or business type. The District does not have any business-type activities that rely, to a significant extent, on fees and charges for support.

In the government-wide Statement of Net Position, the District's net position is reported in two parts—restricted net position and unrestricted net position. The District first utilizes restricted resources to finance qualifying activities.

Marion County R-II School District
Notes to the Basic Financial Statements
For the Year Ended June 30, 2023

Note 1: Summary of Significant Accounting Policies (Continued)

B. BASIC FINANCIAL STATEMENTS – GOVERNMENT-WIDE STATEMENTS (CONTINUED)

The government-wide Statement of Activities report both the gross and net cost of each of the District's functions. The functions are also supported by general government revenues (property taxes, other local, county, state and federal revenues, etc.). The Statement of Activities reduces gross expenses by related program revenues, operating and capital grants. Program revenues must be directly associated with the function (instructional services, support services, food services, etc.). Operating grants include operating-specific and discretionary (either operating or capital) grants while the capital grants column reports capital-specific grants.

The net costs by function are normally covered by general revenue (property taxes, other local, county, state and federal revenues, interest income, etc.).

This government-wide focus is more on the sustainability of the District as an entity and the change in the District's net position resulting from the current year's activities.

C. BASIC FINANCIAL STATEMENTS – FUND FINANCIAL STATEMENTS

The financial transactions of the District are reported in individual funds in the fund financial statements. Each fund is accounted for by providing a separate set of self-balancing accounts that comprises its assets, liabilities, fund equity, revenues and expenditures/expenses.

Major individual governmental funds are reported as separate columns in the fund financial statements. The District considers all governmental funds to be major funds and reports their financial condition and results of operations in a separate column.

1. Governmental Funds

The focus of the governmental funds' measurement (in the funds statements) is upon determination of financial position and changes in financial position (sources, uses and balances of financial resources) rather than upon net income. The District reports the following major governmental funds:

- a) General (Incidental) Fund: Accounts for general activities of the District, including student activities, food service and textbook funds which are not designated in a separate fund.
- b) Special Revenue (Teachers') Fund: Accounts for expenditures for certified employees involved in administration and instruction. It includes revenues restricted by the State for the payment of teacher salaries and fines collected by the county.
- c) Debt Service Fund: Accounts for the accumulation of resources for, and the payment of, principal, interest and fiscal charges on general long-term debt.
- d) Capital Projects (Building) Fund: Accounts for the proceeds of long-term debt, taxes and other revenues designated for acquisition or construction of major capital assets.

The activities reported in these funds are reported as governmental activities in the government-wide financial statements.

Marion County R-II School District
Notes to the Basic Financial Statements
For the Year Ended June 30, 2023

Note 1: Summary of Significant Accounting Policies (Continued)

D. MEASUREMENT FOCUS, BASIS OF ACCOUNTING, AND FINANCIAL STATEMENT PRESENTATION

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 government-wide statements are prepared using the economic resources measurement focus, which differs from the manner in which government fund financial statements are prepared. Governmental fund financial statements therefore include a reconciliation with brief explanations to better identify the relationship between the government-wide statements and the statements for governmental funds.

The government-wide statement of activities presents a comparison between direct expenses and program revenues for each function or program of the District's governmental activities. Direct expenses are those that are specifically associated with a service or program and are therefore clearly identifiable to a particular function. Program revenues include charges paid by the recipient of the goods or services offered by the program and grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues which are not classified as program revenues are presented as general revenues of the District. The comparison of direct expenses with program revenues identifies the extent to which each governmental function is self-financing or draws from general revenues.

Fund Financial Statements

Fund financial statements report detailed information about the District. The focus of governmental fund financial statements is on major funds rather than reporting funds by type. Each major fund is reported in a separate column. The Governmental Funds are accounted for on the "flow of current financial resources" measurement focus. This measurement focus is based on the concept of accountability, which includes measuring whether current year revenues were sufficient to pay for current year services.

BASIS OF ACCOUNTING

Basis of accounting determines when transactions are recorded in the financial records and reported on the financial statements. Both the government-wide and governmental fund financial statements are prepared using the modified cash basis of accounting, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. Under that basis, the only assets recognized are cash and investments, and no liabilities are recognized. All transactions are recognized as either cash receipts or disbursements. Noncash transactions are not recognized in the financial statements. The modified cash basis differs from accounting principles generally accepted in the United States of America primarily because certain assets and their related revenues (such as accounts receivable and revenue for uncollected taxes or grants) and certain liabilities and their related expenses (such as accounts payable and expenses for goods or service received but not yet paid) and certain assets and their related debt (such as capital assets and the debt issued to acquire the assets) are not recorded in these financial statements.

Marion County R-II School District
Notes to the Basic Financial Statements
For the Year Ended June 30, 2023

Note 1: Summary of Significant Accounting Policies (Continued)

E. BUDGETS AND BUDGETARY ACCOUNTING

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

1. In accordance with Chapter 67, RSMo, the District adopts a budget for each fund of the political subdivision.
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 taxpayer comments. Prior to its approval by the Board of Education, the budget document is available for public inspection.
4. On June 29, 2022, the budget was legally enacted by a vote of the Board of Education.
5. Subsequent to its formal approval of the budget, the Board of Education has the authority to make necessary adjustments to the budget by formal vote of the board. Adjustments made during the year are reflected in the budget information included in the financial statements.

Budgeted amounts are as originally adopted, or as amended by the Board of Education.

6. Appropriations and the authority to expend funds lapse on June 30, 2023.

F. FINANCIAL STATEMENT AMOUNTS

1. CASH AND CASH EQUIVALENTS

For the purpose of financial reporting, "cash and cash equivalents" include all demand and savings accounts and certificates of deposit or short-term investments with an original maturity of three months or less. Additionally, the District maintains a cash and temporary cash investment pool that is available for use by all funds. Each fund type's portion of this pool is presented as cash and cash equivalents.

2. INVENTORIES

The purchase method is used to account for inventories. Under the purchase method, inventories are recorded as expenditures when purchased, however, material amounts of inventories are reported as assets of the respective fund. Reported inventories in these funds are equally offset by a fund balance reserve, which indicates they are unavailable for appropriations even though they are a component of reported assets. There are no material amounts of inventories at June 30, 2023 and no inventories are recorded in the accompanying financial statements.

Marion County R-II School District
Notes to the Basic Financial Statements
For the Year Ended June 30, 2023

Note 1: Summary of Significant Accounting Policies (Continued)

F. FINANCIAL STATEMENT AMOUNTS (CONTINUED)

3. CAPITAL ASSETS

The District does not maintain records of capital assets such as land, buildings and equipment. Capital assets when acquired have been reflected in the current year budget as capital outlay. Accordingly, depreciation for assets placed in service and depreciated over their estimated useful lives has not been recorded or reflected in these government-wide financial statements.

4. PROPERTY TAXES

Property taxes are levied by October 1 on the assessed value listed as of the prior January 1 for all real and business personal property located in the District. Property taxes attach as an enforceable lien on property as of January 1 of the year of the levy. Taxes are levied on October 1, and payable by December 31. All unpaid taxes become delinquent January 1, of the following year. The county collects the property tax and remits it to the District on a monthly basis.

The District also receives sales tax collected by the state and remitted based on eligible pupil counts. The District is not required to reduce its property tax levy by one-half the amount of sales tax estimated to be received in the subsequent calendar year, because voters of the District have approved a waiver of proposition C rollback.

The assessed valuation of the tangible taxable property (excluding state assessed railroad and utilities) for the calendar years 2022 and 2021 for purposes of local taxation was \$2,182,424 and \$20,053,631 respectively.

The tax levy per \$100 of assessed valuation of tangible taxable property for the calendar years 2022 and 2021 for purposes of local taxation was:

	2022		2021	
	Unadjusted	Adjusted	Unadjusted	Adjusted
General (Incidental) Fund	\$ 3.6415	\$ 3.6415	\$ 3.6000	\$ 3.6000
Debt Service Fund	.5786	.5786	.5786	.5786
Total	\$ 4.2201	\$ 4.2201	\$ 4.1786	\$ 4.1786

The receipts of current and delinquent property taxes during the fiscal year ended June 30, 2023, aggregate approximately 98 percent of the current assessment computed on the basis of the levy as shown above.

Marion County R-II School District
Notes to the Basic Financial Statements
For the Year Ended June 30, 2023

Note 1: Summary of Significant Accounting Policies (Continued)

F. FINANCIAL STATEMENT AMOUNTS (CONTINUED)

5. COMPENSATED ABSENCES

Vacation time, personal business days and sick leave are considered as expenditures in the year paid. Such amounts unused and which are vested in the employee are payable upon termination. Due to its use of the modified cash basis of accounting, the District has not recorded the liability for compensated absences in the financial statements for the year ended June 30, 2023.

6. TEACHERS' SALARIES

The salary payment schedule of the District for the 2022-2023 school year requires the payment of salaries over a twelve-month period. Consequently, the July and August, 2023 payroll checks are included in the financial statements as expenditures paid in the month of June. This practice has been consistently followed in previous years.

7. LONG – TERM DEBT

In the district-wide financial statements and in the fund financial statements, long-term debt and other long-term obligations are not reported as liabilities in the applicable governmental activities statement of net position. Bond premiums and discounts, as well as issuance costs, are not deferred and amortized over the life of the bonds.

In the fund financial statements, governmental fund types recognized bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

8. GOVERNMENT-WIDE NET POSITION

Government-wide fund net position is divided into two components:

- a. **Restricted net position**—consists of net position that is restricted by the District's creditors (for example, through debt covenants), by grantors (both federal and state) or by other enabling legislation.
- b. **Unrestricted**—all other net position is reported in this category.

Marion County R-II School District
Notes to the Basic Financial Statements
For the Year Ended June 30, 2023

Note 1: Summary of Significant Accounting Policies (Continued)

F. FINANCIAL STATEMENT AMOUNTS (CONTINUED)

9. GOVERNMENTAL FUND BALANCES

In the governmental fund financial statements, fund balances are classified as follows:

- a. **Nonspendable**—Amounts that cannot be spent either because they are in a nonspendable form or because they are legally or contractually required to be maintained intact.
- b. **Restricted**—Externally enforceable limitations on use; amounts that can be spent only for specific purposes; limitations are imposed by creditors, grantors, or laws and regulations of other governments.
- c. **Committed**—Self-imposed limitations that must be set in place prior to the end of the period; amounts that can be used only for specific purposes determined by a formal action by the District's Board of Education; removal of the commitment must also be approved by a formal action of the District's Board of Education.
- d. **Assigned**—Limitation resulting from intended use; amounts that are designated by the District's Board of Education or Superintendent for a particular purpose but are not spendable until there is a majority vote approval by the District's Board of Education.
- e. **Unassigned**—All amounts not included in other spendable classifications.

The District does not have assigned governmental fund balances to report. In addition, the District has not formally adopted a stabilization policy.

10. RECONCILIATION BETWEEN GOVERNMENT WIDE AND FUND FINANCIAL STATEMENTS

The government-wide and fund financial statements of the District are prepared on the modified cash basis of accounting, which requires that revenues are recorded when received and expenditures are recorded when paid. However, the District presents a reconciliation between its' government-wide and fund financial statements to present the effect of payroll liabilities and concession inventory on cash and net position amounts. The expenditures resulting in the payroll liabilities are still recorded in both the government-wide and fund financial statements in the period in which they are paid, but this method allows the District to present the true values of cash and net position for its government-wide statements in the period in which the payroll liabilities are incurred.

11. USE OF RESTRICTED RESOURCES

When an expense is incurred that can be paid using either restricted or unrestricted resources (net position), the District's policy is to first apply the expense toward restricted resources and then toward unrestricted resources. In governmental funds, the District's policy is to first apply the expenditure toward restricted fund balance and then to other, less-restrictive classifications—committed and then assigned fund balances before using unassigned fund balances.

Marion County R-II School District
Notes to the Basic Financial Statements
For the Year Ended June 30, 2023

Note 2: Cash and Cash Equivalents

State statutes require that the District's deposits be 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.

Note 3: Investments

The District's investments at June 30, 2023, consist of:

<u>Investment Type</u>	<u>Maturity</u>	<u>Amount</u>
Certificates of Deposit	Various	\$ <u>484,256</u>

Investments are reflected in the Statement of Net Assets, as follows:

Investments	\$ 466,103
Restricted Investments	<u>18,153</u>
	<u>\$ 484,256</u>

Note 4 – Restricted Assets

Restricted assets at June 30, 2023, consist of cash and equivalents and investments, restricted for the following purposes:

<u>Restricted for:</u>	<u>General Fund</u>	<u>Debt Service Fund</u>	<u>Total</u>
Student scholarships	\$ 28,567	\$ -	\$ 28,567
Debt service	<u>-</u>	<u>141,541</u>	<u>141,541</u>
	<u>\$ 28,567</u>	<u>\$ 141,541</u>	<u>\$ 170,108</u>

Restricted Assets are reflected in the Statement of Net Assets, as follows:

Restricted Cash & Equivalents	\$ 151,955
Restricted Investments	<u>18,153</u>
	<u>\$ 170,108</u>

Marion County R-II School District
Notes to the Basic Financial Statements
For the Year Ended June 30, 2023

Note 5 – Long-Term Debt

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

Bonds payable, July 1, 2022	\$ 865,000
Bonds issued	600,000
Bonds retired	<u>(630,000)</u>
Bonds payable, June 30, 2023	<u>\$ 835,000</u>

During the year, the District issued General Obligation Refunding Bonds, Series 2023 for the purpose of prepaying the Series 2018 General Obligation Bonds. Details of the transaction were as follows:

<u>Sources of Funds</u>	
Proceeds from Series 2023 Refunding Bonds	\$ 600,000
Reoffering Premium	18,372
District Funds	<u>6,478</u>
	<u>\$ 624,850</u>

<u>Uses of Funds</u>	
Prepay Series 2018 Bonds	\$ 600,000
Accrued Interest 2018 Bonds	5,250
Costs of Issuance	<u>19,600</u>
	<u>\$ 624,850</u>

Bonds payable at June 30, 2023 consist of:

<p>\$575,000 Marion County R-II School District General Obligation Bonds Series 2012—due in varying annual principal installments ranging from \$35,000 to \$50,000 through March 2027, interest rate is variable from 1.10% to 2.75%.</p>	\$ 75,000
<p>\$850,000 Marion County R-II School District General Obligation Bonds Series 2018—due in varying annual principal installments ranging from \$10,000 to \$120,000 commencing March 2020 through March 2027 interest rate is variable from 2.25% to 5.00%.</p>	160,000
<p>\$600,000 Marion County R-II School District General Obligation Refunding Bonds Series 2023—due in annual principal installments of \$100,000 commencing March 2025 through March 2033 interest rate is 4.00%.</p>	<u>600,000</u>
	<u>\$ 835,000</u>

Marion County R-II School District
Notes to the Basic Financial Statements
For the Year Ended June 30, 2023

Note 5 – Long-Term Debt (Continued)

Interest paid on bonds during the year totaled \$42,525. Payments are made from the District's Debt Service Fund.

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 with the addition of state-assessed railroad and utilities. The District is not considered to be in violation of the Missouri Constitution, and did not exceed the legal debt margin at June 30, 2023.

The following schedule presents bond maturities and future debt service requirements:

Fiscal Year Ending June 30	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2024	\$ 35,000	\$ 26,467	\$ 61,467
2025	140,000	29,812	169,812
2026	85,000	24,612	109,612
2027	75,000	22,188	97,188
2028	-	20,000	20,000
2029-33	<u>500,000</u>	<u>60,000</u>	<u>560,000</u>
	<u>\$ 835,000</u>	<u>\$ 183,079</u>	<u>\$ 1,018,079</u>

Note 6 – Capital Leases

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

Capital leases - Beginning	\$ 51,837
Leases repaid	<u>(16,985)</u>
Capital leases - Ending	<u>\$ 34,852</u>

Capital leases payable at June 30, 2023, consist of:

\$68,535 capital lease for the purchase of a school bus; due in annual principal and interest payments of \$17,877 commencing March 2023 through March 2025; interest at 1.72% per annum.	<u>\$ 34,852</u>
--	------------------

Interest paid on capital leases during the year totaled \$892. Payments are made from the District's Capital Projects Fund.

Marion County R-II School District
Notes to the Basic Financial Statements
For the Year Ended June 30, 2023

Note 6: Capital Leases (Continued)

The following schedule presents maturities of capital leases payable:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2024	\$ 17,277	\$ 600	\$ 17,877
2025	<u>17,575</u>	<u>302</u>	<u>17,877</u>
	<u>\$ 34,852</u>	<u>\$ 902</u>	<u>\$ 35,754</u>

Note 7—Receipts From All Sources

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Debt Service Fund</u>	<u>Capital Projects Fund</u>	<u>Total</u>
--	-------------------------	-------------------------------------	----------------------------------	--------------------------------------	--------------

Local and Intermediate Sources

Local Sources

Current taxes	\$ 743,835	\$ -	\$ 117,891	\$ -	\$ 861,726
Delinquent taxes	35,705	-	5,638	-	41,343
School district trust fund	-	252,024	-	-	252,024
Financial inst. tax	9	-	1	-	10
M&M sur tax	31,761	-	5,047	-	36,808
Earnings on investment	12,066	-	5,765	434	18,265
Food service sales to pupils	43,738	-	-	-	43,738
Food service sales to adults	4,178	-	-	-	4,178
Food service non program	11,304	-	-	-	11,304
Gifts	2,586	6,487	-	-	9,073
Revenue from enterprise activities	314	-	-	-	314
Other pupil activity income	131,662	-	-	-	131,662
Other local	12,817	-	-	-	12,817
Premium on bonds sold	-	-	18,372	-	18,372
Prior period adjustment	<u>2,394</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,394</u>
Total	<u>1,032,369</u>	<u>258,511</u>	<u>152,714</u>	<u>434</u>	<u>1,444,028</u>

County Sources

Fines	-	6,180	-	-	6,180
State assessed utilities	<u>110,208</u>	<u>-</u>	<u>14,051</u>	<u>-</u>	<u>124,259</u>
Total	<u>110,208</u>	<u>6,180</u>	<u>14,051</u>	<u>-</u>	<u>130,439</u>

Marion County R-II School District
Notes to the Basic Financial Statements
For the Year Ended June 30, 2023

Note 7—Receipts From All Sources (Continued)

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Debt Service Fund</u>	<u>Capital Projects Fund</u>	<u>Total</u>
<u>State and Federal Sources</u>					
State Sources					
Basic Formula	\$ -	\$ 907,510	\$ -	\$ -	\$ 907,510
Career Education	18,650	-	-	-	18,650
Transportation	60,590	-	-	-	60,590
Basic Formula Classroom Trust	-	81,041	-	-	81,041
Education Screening	20,004	-	-	-	20,004
Small Schools Grant	74,396	-	-	-	74,396
Food Service	501	-	-	-	501
Teacher Baseline Grant	-	17,360	-	-	17,360
Other	<u>482</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>482</u>
Total	<u>174,623</u>	<u>1,005,911</u>	<u>-</u>	<u>-</u>	<u>1,180,534</u>
Federal Sources					
IDEA, Part B Entitlement	-	46,493	-	-	46,493
ECSE	870	-	-	-	870
Medicaid	6,059	-	-	-	6,059
School Lunch	68,117	-	-	-	68,117
School Breakfast	23,765	-	-	-	23,765
Title I	25,219	23,405	-	-	48,624
Title II	3,601	3,342	-	-	6,943
Title IV A	5,187	4,814	-	-	10,001
CRRSA-ESSER II	-	11,411	-	-	11,411
ARP-ESSER III	-	357,559	-	-	357,559
Other	<u>13,790</u>	<u>-</u>	<u>-</u>	<u>20,000</u>	<u>33,790</u>
Total	<u>146,608</u>	<u>447,024</u>	<u>-</u>	<u>20,000</u>	<u>613,632</u>
Other Sources					
Refunding Bonds	<u>-</u>	<u>-</u>	<u>600,000</u>	<u>-</u>	<u>600,000</u>
Total	<u>-</u>	<u>-</u>	<u>600,000</u>	<u>-</u>	<u>600,000</u>
Total All Sources	<u>\$ 1,463,808</u>	<u>\$ 1,717,626</u>	<u>\$ 766,765</u>	<u>\$ 20,434</u>	<u>\$ 3,968,633</u>

Marion County R-II School District
Notes to the Basic Financial Statements
For the Year Ended June 30, 2023

Note 8: 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 certified 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.

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

A Comprehensive Annual Financial Report (CAFR) can be obtained at www.psr-peers.org.

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 60 and have a minimum of 5 years of service, (b) have 30 years of service, or (c) qualify for benefits under the "Rule of 80" (service and age total at least 80) are entitled to a monthly benefit for life, which is calculated using a 2.5% benefit factor. Beginning July 1, 2001, and ending July 1, 2014, a 2.55% benefit factor is used to calculate benefits for members who have 31 or more years of service. Actuarially age-reduced benefits are available for members with five to 24.9 years of service at age 55. Members who are younger than age 55 and who do not qualify under the "Rule of 80" but have between 25 and 29.9 years of service may retire with a lesser benefit factor. Members that are three years beyond normal retirement can elect to have their lifetime monthly benefits actuarially reduced in exchange for the right to also receive a one-time partial lump sum (PLSO) payment at retirement equal to 12, 24, or 36 times the Single Life benefit amount.

Marion County R-II School District
Notes to the Basic Financial Statements
For the Year Ended June 30, 2023

Note 8: Public School and Education Employee Retirement Systems of Missouri (Continued)

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 benefits for life, which is calculated using a 1.61% benefit factor. Members qualifying for "Rule 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.

Cost-of-Living Adjustments ("COLA"). The Board of Trustees has established a policy of providing a 0.00% COLA for years in which the CPI increases between 0.00% and 2.00%, a 2.00% COLA for years in which CPI increases between 2.00% and 5.00%, and a COLA of 5.00% if the CPI increase is greater than 5.00%. If the CPI decreases, no COLA is provided. For any 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.

Contributions. PSRS members were required to contribute 14.5% of their annual covered salary during fiscal year 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 restriction 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 year 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 contribution to PSRS and PEERS were \$198,416 and \$25,507, respectively, for the year ended June 30, 2023.

Marion County R-II School District
Notes to the Basic Financial Statements
For the Year Ended June 30, 2023

Note 8: Public School and Education Employee Retirement Systems of Missouri (Continued)

Commitment Related to Proportionate Share of Net Pension Liability. The net pension liability for PSRS and PEERS in total was measured as of June 30, 2022, and determined by an actuarial valuation as of that date. The district's proportionate share of the total net pension liability was based on the ratio of its actual contributions paid to PSRS and PEERS of \$181,797 and \$24,290, respectively, for the year ended June 30, 2022, relative to the actual contributions of \$763,765,597 for PSRS and \$133,912,935 for PEERS from all participating employers. At June 30, 2022, the district's proportionate share of the net pension liability was \$1,840,741 (0.0238%) for PSRS and \$152,966 (0.0181%) for PEERS. Because of the use of a modified cash basis of accounting framework in the preparation of these financial statements, this proportionate share of the PSRS/PEERS net pension liability is not reported in the District's financial statements as a liability, and is instead disclosed herein as a commitment. In accordance with the modified cash basis of accounting, pension expense or expenditures are only reported when contributions are paid by the Municipality to the Systems.

Actuarial Assumptions. Actuarial assumptions used in the determination of net pension liability, including mortality rates and life expectancies, long-term expected rate of return, discount rate and sensitivity of the net pension liability to changes in discount rate are available in the separately issued PSRS/PEERS financial report that can be obtained at www.psr-peers.org.

Note 9 – Other Postemployment Benefits (OPEB)

In addition to the pension benefits described in Note 8, the District makes available post-retirement healthcare benefits to all employees who retire from the District. Participation by retirees in the District health plan is subjected to terms and conditions set forth in the Board policy. The cost of the coverage is charged to the retiree.

Note 10 – Transfers

Interfund transfers for the year ended June 30, 2023, were as follows:

	General (Incidental) Fund	Special Revenue (Teachers') Fund	Capital Projects Fund
Transfers (from) to funds:			
Teachers Fund	\$ (159,340)	\$ 159,340	\$ -
\$162,326 x 7% x SAT x WADA	<u>(162,326)</u>	<u>-</u>	<u>162,326</u>
Total	<u>\$ (321,666)</u>	<u>\$ 159,340</u>	<u>\$ 162,326</u>

Interfund transfers were for recurring annual operating expenditures.

Marion County R-II School District
Notes to the Basic Financial Statements
For the Year Ended June 30, 2023

Note 11 – Risk Management

The District is exposed to various risks of loss related to limited torts; theft of, damage to and destruction of assets; errors and omissions and natural disasters for which the District carries commercial insurance. There have been no significant reductions in coverage from the prior year and settlements have not exceeded coverage in the past three years.

Note 12 – Contingencies

During 2022-2023 the District was awarded various financial assistance grants from the U.S. Government and the State of Missouri. Those awards are subject to program compliance audits by the grantors or their representatives. The audits of the programs have not been conducted. Accordingly, the District's compliance with applicable grant requirements will be established at some future date. The amount, if any, of expenditures which may be disallowed by the granting agency cannot be determined at this time; although the District expects such amounts, if any, to be immaterial.

Note 13: Subsequent Events

Management has evaluated subsequent events through December 28, 2023, the date on which the financial statements were available to be issued.

OTHER SUPPLEMENTAL INFORMATION

Marion County R-II School District
 Budgetary Comparison Schedule – Modified Cash Basis – General (Incidental) Fund
 For the Year Ended June 30, 2023

	----Budgeted Amounts---		Actual Amount	Variance Positive (Negative)
	<u>Original</u>	<u>Final</u>		
Resources (Receipts)				
Local	\$ 954,002	\$ 1,032,369	\$ 1,032,369	\$ -
County	95,000	110,208	110,208	-
State	152,823	174,623	174,623	-
Federal	84,271	146,608	146,608	-
Other	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total resources (receipts)	<u>1,286,096</u>	<u>1,463,808</u>	<u>1,463,808</u>	<u>-</u>
Application (Disbursements)				
Instructional services	182,767	256,208	256,208	-
Support services	373,891	416,087	416,087	-
Food services	139,326	178,016	178,016	-
Building maintenance and facility acquisition	195,750	186,093	186,093	-
Other	<u>7,424</u>	<u>9,850</u>	<u>9,850</u>	<u>-</u>
Total application (disbursements)	<u>899,158</u>	<u>1,046,254</u>	<u>1,046,254</u>	<u>-</u>
Excess (deficiency) of resources (receipts) over applications (disbursements)	<u>386,938</u>	<u>417,554</u>	<u>417,554</u>	<u>-</u>
Other financing sources (uses)				
Operating transfers (out) in	(162,326)	(321,666)	(321,666)	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total other financing sources (uses)	<u>(162,326)</u>	<u>(321,666)</u>	<u>(321,666)</u>	<u>-</u>
Change in fund balance	224,612	95,888	95,888	-
Fund balance--Beginning	<u>604,897</u>	<u>604,897</u>	<u>604,897</u>	<u>-</u>
Fund balance—Ending	<u>\$ 829,509</u>	<u>\$ 700,785</u>	<u>\$ 700,785</u>	<u>\$ -</u>

See Accompanying Notes to Financial Statements

Marion County R-II School District
 Budgetary Comparison Schedule – Modified Cash Basis – Special Revenue (Teachers’) Fund
 For the Year Ended June 30, 2023

	---Budgeted Amounts---		Actual	Variance
	<u>Original</u>	<u>Final</u>	<u>Amount</u>	<u>Positive (Negative)</u>
Resources (Receipts)				
Local	\$ 251,340	\$ 258,511	\$ 258,511	\$ -
County	12,500	6,180	6,180	-
State	998,505	1,005,911	1,005,911	-
Federal	<u>527,950</u>	<u>447,024</u>	<u>447,024</u>	<u>-</u>
Total resources (receipts)	<u>1,790,295</u>	<u>1,717,626</u>	<u>1,717,626</u>	<u>-</u>
Application (Disbursements)				
Instructional services	1,406,383	1,420,388	1,420,388	-
Support services	261,211	269,520	269,520	-
Other	<u>32,216</u>	<u>31,084</u>	<u>31,084</u>	<u>-</u>
Total application (disbursements)	<u>1,699,810</u>	<u>1,720,992</u>	<u>1,720,992</u>	<u>-</u>
Excess(deficiency) of resources (receipts) over applications (disbursements)	<u>90,485</u>	<u>(3,366)</u>	<u>(3,366)</u>	<u>-</u>
Other financing sources (uses)				
Operating transfers (out)	-	-	-	-
Operating transfers in	<u>-</u>	<u>159,340</u>	<u>159,340</u>	<u>-</u>
Total other financing sources (uses)	<u>-</u>	<u>159,340</u>	<u>159,340</u>	<u>-</u>
Change in fund balance	90,485	155,974	155,974	-
Fund Balance—Beginning	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balance—Ending	<u>\$ 90,485</u>	<u>\$ 155,974</u>	<u>\$ 155,974</u>	<u>\$ -</u>

See Accompanying Notes to Financial Statements

Marion County R-II School District
 Budgetary Comparison Schedule – Modified Cash Basis – Debt Service Fund
 For the Year Ended June 30, 2023

	---Budgeted Amounts---		Actual	Variance
	<u>Original</u>	<u>Final</u>	<u>Amount</u>	<u>Positive (Negative)</u>
Resources (Receipts)				
Local	\$ 127,394	\$ 152,714	\$ 152,714	\$ -
County	17,100	14,051	14,051	-
Other	<u>-</u>	<u>600,000</u>	<u>600,000</u>	<u>-</u>
Total resources (receipts)	<u>144,494</u>	<u>766,765</u>	<u>766,765</u>	<u>-</u>
Application (Disbursements)				
Redemption of principal	30,000	630,000	630,000	-
Debt service interest	37,275	42,525	42,525	-
Other	<u>700</u>	<u>20,554</u>	<u>20,554</u>	<u>-</u>
Total application (disbursements)	<u>67,975</u>	<u>693,079</u>	<u>693,079</u>	<u>-</u>
Excess(deficiency) of resources (receipts) over applications (disbursements)	<u>76,519</u>	<u>73,686</u>	<u>73,686</u>	<u>-</u>
Other financing sources (uses)				
Operating transfers (out)	-	-	-	-
in	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Change in fund balance	76,519	73,686	73,686	-
Fund Balance--Beginning	<u>67,855</u>	<u>67,855</u>	<u>67,855</u>	<u>-</u>
Fund Balance—Ending	<u>\$ 144,374</u>	<u>\$ 141,541</u>	<u>\$ 141,541</u>	<u>\$ -</u>

See Accompanying Notes to Financial Statements

Marion County R-II School District
 Budgetary Comparison Schedule – Modified Cash Basis – Capital Projects Fund
 For the Year Ended June 30, 2023

	---Budgeted Amounts---		Actual	Variance
	<u>Original</u>	<u>Final</u>	<u>Amount</u>	<u>Positive (Negative)</u>
Resources (Receipts)				
Local	\$ 110	\$ 434	\$ 434	\$ -
Federal	<u>18,000</u>	<u>20,000</u>	<u>20,000</u>	<u>-</u>
Total resources (receipts)	<u>18,110</u>	<u>20,434</u>	<u>20,434</u>	<u>-</u>
Application (Disbursements)				
Instructional services	-	11,253	11,253	-
Support services	100,939	88,043	88,043	-
Building maintenance and facility acquisition	80,000	83,437	83,437	-
Debt service interest	<u>-</u>	<u>892</u>	<u>892</u>	<u>-</u>
Total application (disbursements)	<u>180,939</u>	<u>183,625</u>	<u>183,625</u>	<u>-</u>
Excess(deficiency) of resources (receipts) over applications (disbursements)	<u>(162,829)</u>	<u>(163,191)</u>	<u>(163,191)</u>	<u>-</u>
Other financing sources (uses)				
Operating transfers (out) in	<u>162,326</u>	<u>162,326</u>	<u>162,326</u>	<u>-</u>
Total other financing sources (uses)	<u>162,326</u>	<u>162,326</u>	<u>162,326</u>	<u>-</u>
Change in fund balance	(503)	(865)	(865)	-
Fund Balance—Beginning	<u>265,532</u>	<u>265,532</u>	<u>265,532</u>	<u>-</u>
Fund Balance—Ending	<u>\$ 265,029</u>	<u>\$ 264,667</u>	<u>\$ 264,667</u>	<u>\$ -</u>

See Accompanying Notes to Financial Statements

Marion County R-II School District
Notes to Budgetary Comparison Schedule
For the Year Ended June 30, 2023

BUDGET LAW

The District prepares its annual operating budget under the provisions of the Revised Missouri Statutes (RSMO) Chapter 67. In accordance with those provisions, the following process is used to adopt the annual budget.

- A. 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.
- B. 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.
- C. On June 29, 2022, the budget was legally enacted by a vote of the Board of Education.
- D. Subsequent to its formal approval of the budget, the Board of Education has the authority to make necessary adjustments to the budget by formal vote of the board. Adjustments made during the year are reflected in the budget information included in the financial statements.

Budgeted amounts are as originally adopted, or as amended by the Board of Education.

- E. Appropriations and the authority to expend funds lapse on June 30, 2023.

FEDERAL COMPLIANCE SECTION

JOHN W. GILLUM, CPA, LLC

CERTIFIED PUBLIC ACCOUNTANT

Member:
Missouri Society of
Certified Public Accountants
American Institute of
Certified Public Accountants
AICPA Private Companies Practice
Section (PCPS)

310 S. Elson Street
P.O. Box 1068
Kirksville, Missouri 63501
Telephone (660) 627-1259
Toll Free 800-397-3630
Fax (660) 627-1250
email johngillumcpa@yahoo.com

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

To the Board of Education
Marion County R-II School District
Philadelphia, Missouri

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the modified cash basis financial statements of the governmental activities and each major fund of the Marion County R-II School District, as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the Marion County R-II School District's basic financial statements, and have issued our report thereon dated December 28, 2023.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Marion County R-II School District's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Marion County R-II School District's internal control. Accordingly, we do not express an opinion on the effectiveness of the Marion County R-II School 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. We identified certain deficiencies in internal control, described in the accompanying schedule of findings and responses as items 2023-001 and 2023-002, that we consider to be material weaknesses.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Marion County R-II School District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of 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*.

Marion County R-II School District's Response to Finding

Government Auditing Standards requires the auditor to perform limited procedures on the Marion County R-II School District's response to the findings identified in our audit and described in the accompanying schedule of findings and responses. Marion County R-II School 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.



John W. Gillum, CPA, LLC
Certified Public Accountant
Kirksville, Missouri
December 28, 2023

Marion County R-II School District
Schedule of Findings and Responses
For the Year Ended June 30, 2023

FINANCIAL STATEMENT FINDINGS

MATERIAL WEAKNESS

2023-001 Segregation of Duties

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

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

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

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

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

Repeat finding of 2022-001.

Marion County R-II School District
Summary Schedule of Findings and Responses
For the Year Ended June 30, 2023

Financial Statement Findings

MATERIAL WEAKNESS

2023-002 Internal Controls Over Accounting and Financial Reporting

Criteria: The District is responsible for designing and following internal controls that provide reasonable assurance regarding the reliability of financial reporting.

Condition: Our audit identified the following deficiency in internal control that adversely affected the District's ability to produce reliable financial statements, and thus represents a material weakness:

- a. The District lacks procedures to ensure monthly bank reconciliations are completed timely and discrepancies between the bank and accounting records are researched and resolved.

Effect: Inaccurate accounting records and financial reports limit access to reliable financial information used by the District, the public, and other interest parties.

Recommendation: We recommend the District improve its control structure by ensuring bank reconciliations for all bank accounts are completed timely and reconcile to the accounting records.

Response: The District will take the necessary steps to ensure that monthly bank reconciliations are completed in a timely manner and that discrepancies between the bank and accounting records are resolved.

Repeat finding of 2022-002.

Marion County R-II School District
Schedule of Prior Audit Findings
For the Year Ended June 30, 2023

Financial Statement Findings

2022-001 Segregation of Duties

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

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

2022-002 Internal Controls Over Accounting and Financial Reporting

Auditor's Recommendation: We recommend the District improve its control structure by ensuring bank reconciliations for all banks accounts are completed timely and reconcile to the accounting records.

Status: Uncorrected. Discrepancies still exist between bank and accounting records.

STATE COMPLIANCE SECTION

JOHN W. GILLUM, CPA, LLC

CERTIFIED PUBLIC ACCOUNTANT

Member:
Missouri Society of
Certified Public Accountants
American Institute of
Certified Public Accountants
AICPA Private Companies Practice
Section (PCPS)

310 S. Elson Street
P.O. Box 1068
Kirksville, Missouri 63501
Telephone (660) 627-1259
Toll Free 800-397-3630
Fax (660) 627-1250
email johngillumcpa@yahoo.com

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH STATE REQUIREMENTS - FINANCIAL

Board of Education
Marion County R-II School District
Philadelphia, Missouri

We have audited the financial statements of Marion County R-II School District, as of and for the year ended June 30, 2023, and have issued our report thereon dated December 28, 2023. These financial statements are the responsibility of the District's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

Our audit was conducted for the purpose of forming an opinion on the financial statements of Marion County R-II School District taken as a whole. The accompanying Schedule of Transportation Costs Eligible for State Aid is presented for purposes of additional analysis and is not a required part of the financial statements. The information in this schedule has been subjected to the auditing procedures applied in the audit of the financial statements and, in our opinion, is fairly presented in all material respects in relation to the financial statements taken as a whole.



John W. Gillum, CPA, LLC
Certified Public Accountant
Kirksville, Missouri
December 28, 2023

Marion County R-II School District
Schedule of Transportation Costs Eligible for State Aid
For the Year Ended June 30, 2023

	<u>District Owned</u>	<u>Contracted</u>	<u>Total</u>
District operated transportation			
Certificated salaries	\$ 14,455	\$ -	\$ 14,455
Non-certificated salaries	84,440	-	84,440
Employee benefits	24,581	-	24,581
Purchased services	13,912	-	13,912
Supplies	42,778	-	42,778
Depreciation	18,185	-	18,185
Capital outlay	<u>88,044</u>	<u>-</u>	<u>88,044</u>
Total costs	<u>\$ 286,395</u>	<u>\$ -</u>	<u>\$ 286,395</u>
Non-route contracted transportation			<u>\$ -</u>
School buses purchased			<u>\$ 88,044</u>
Transportation revenues from other districts			<u>\$ -</u>

JOHN W. GILLUM, CPA, LLC

CERTIFIED PUBLIC ACCOUNTANT

Member:
Missouri Society of
Certified Public Accountants
American Institute of
Certified Public Accountants
AICPA Private Companies Practice
Section (PCPS)

310 S. Elson Street
P.O. Box 1068
Kirksville, Missouri 63501
Telephone (660) 627-1259
Toll Free 800-397-3630
Fax (660) 627-1250
email johngillumcpa@yahoo.com

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

Board of Education
Marion County R-II School District
Philadelphia, Missouri

We have examined management's assertions, included in its representation letter dated December 28, 2023, that Marion County R-II School District complied with the requirements of Missouri Laws and Regulations regarding budgetary and disbursement procedures, accurate disclosure by the District's attendance records of average daily attendance and average daily pupil transportation and other statutory requirements as listed in the Schedule of Selected Statistics for the year ended June 30, 2023. As discussed in that representation letter, management is responsible for the District's compliance with those requirements. Our responsibility is to express an opinion on management's assertion about the District's compliance 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 the Schedule of Selected Statistics is in accordance with the criteria, in all material respects. An examination involves performing procedures to obtain evidence about the Schedule of Selected Statistics. The nature, timing, and extent of the procedures selected depend on our judgment, including an assessment of the risks of material misstatement of the Schedule of Selected Statistics, 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 that Marion County R-II School District complied with the aforementioned requirements for the year ended June 30, 2023 are fairly stated in all material respects.

This report is intended solely for the information and use of management and others within the organization, Board of Education, 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.



John W. Gillum, CPA, LLC
Certified Public Accountant
Kirksville, Missouri
December 28, 2023

Marion County R-II School District
 District Number: 064-072
 Schedule of Selected Statistics
 For the Year Ended June 30, 2023

2. AVERAGE DAILY ATTENDANCE (ADA)

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

School Code	Grade Level	Full-Time	Part-Time	Remedial Hours	ESY	Summer School	Total
064-072	K	13.21					13.21
064-072	1	9.07					9.07
064-072	2	13.78					13.78
064-072	3	18.37					18.37
064-072	4	13.71					13.71
064-072	5	11.28					11.28
064-072	6	12.94					12.94
064-072	7	18.99					18.99
064-072	8	10.42					10.42
064-072	9	20.28					20.28
064-072	10	20.33					20.33
064-072	11	14.12					14.12
064-072	12	14.63					14.63
Grand Total		191.13					191.13

Notes:	

Marion County R-II School District
 District Number: 064-072
 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
064-072	50	22			72
Grand Total	50	22			72

Notes:

Marion County R-II School District
 District Number: 064-072
 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 of Average Daily Attendance for all students in accordance with all applicable state rules and regulations. Sampling of records included those students receiving instruction in the following categories:	True
	Academic Programs Off-Campus	N/A
	Career Exploration Program – Off Campus	N/A
	Cooperative Occupational Education (COE) or Supervised Occupational Experience Program	N/A
	Dual enrollment	True
	Homebound instruction	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)	N/A
	Work Experience for Students with Disabilities	N/A
5.3	The district/charter school maintained complete and accurate attendance records allowing for the accurate calculation of September Membership for all students in accordance with all applicable state rules and regulations.	True
5.4	The district/charter school maintained complete and accurate attendance and other applicable records allowing for the accurate reporting of the State FTE count for Free and Reduced Lunch for all students in accordance with all applicable state rules and regulations.	True
5.5	As required by Section 162.401, RSMo, a bond was purchased for the district's/charter school's treasurer in the total amount of:	\$50,000
5.6	The district's/charter school's deposits were secured during the year as required by Sections 110.010 and 110.020, RSMo.	True
5.7	The district maintained a separate bank account for all Debt Service Fund monies in accordance with Section 108.180 and 165.011, RSMo. (Not applicable to charter schools)	True

Marion County R-II School District
 District Number: 064-072
 Schedule of Selected Statistics
 For the Year Ended June 30, 2023

5.8	Salaries reported for educators in the October MOSIS Educator Core and Educator School files are supported by complete and accurate payroll and contract records.	True
5.9	If a \$162,326 or 7% x SAT x WADA transfer was made in excess of adjusted expenditures, the board approve a resolution to make the transfer, which identified the specific projects to be funded by the transfer and an expected expenditure date for the projects to be undertaken. (Not applicable to charter schools)	N/A
5.10	The district/charter school published a summary of the prior year's audit report within thirty days of the receipt of the audit pursuant to Section 165.121, RSMo.	True
5.11	The district has a professional development committee plan adopted by the board with the professional development committee plan identifying the expenditure of seventy-five percent (75%) of one percent (1%) of the current year basic formula apportionment. Remaining 25% of 1% if not spent must be restricted and spent on appropriate expenditures in the future. Spending requirement is modified to seventy-five percent (75%) of one half percent (1/2%) of the current year basic formula apportionment if through fiscal year 2024 the amount appropriated and expended to public schools for transportation is less than twenty-five percent (25%) of allowable cost. (Not applicable to charter schools.)	True
5.12	The amount spent for approved professional development committee plan activities was:	\$9,561
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:	

Marion County R-II School District
 District Number: 064-072
 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:	True
	Eligible ADT	#203.5
	Ineligible ADT	#29.5
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:	#62,508
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:	True
	Eligible Miles	#41,303
	Ineligible Miles (Non-Route/Disapproved)	#21,046
6.7	Number of days the district/charter school operated the school transportation system during the regular school year:	#151

Notes:	

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

Finding:	
Management Letter Comment:	