

**DADE COUNTY R-3 SCHOOL DISTRICT**  
**EVERTON, MISSOURI**

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FINANCIAL STATEMENTS  
AND  
SUPPLEMENTARY INFORMATION  
WITH  
INDEPENDENT AUDITORS' REPORT  
YEAR ENDED JUNE 30, 2019

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**INDEPENDENT AUDITORS' REPORT**

Board of Education  
Dade County R-3 School District  
Everton, Missouri

We have audited the accompanying cash basis financial statements of the governmental activities and each major fund of the Dade County R-3 School District as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the District's 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 cash basis of accounting described in Note 1; this includes determining that the cash basis of accounting is an acceptable basis for the preparation of the financial statements in the circumstances. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

**Auditor's Responsibility**

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

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

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

## **Opinions**

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective cash basis financial position of the governmental activities and each major fund of the Dade County R-3 School District as of and for the year ended June 30, 2019, and the respective changes in the cash basis financial position for the year then ended in accordance with the basis of accounting as described in Note 1.

## **Basis of Accounting**

We draw attention to Note 1 of the financial statements, which describes the basis of accounting. The financial statements are prepared on the 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.

## **Other Information**

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Dade County R-3 School District's financial statements. The management's discussion and analysis, budgetary comparison schedules, retirement plan schedules, and the schedule of selected statistics, which are the responsibility of management, are presented for purposes of additional analysis and are not a required part of the financial statements. Such information has not been subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we do not express an opinion or provide any assurance on it.

## **Supplementary Information**

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Dade County R-3 School District's financial statements. The schedule of transportation costs eligible for state aid, schedule of revenues collected by source, and the schedule of expenditures paid by object are presented for purposes of additional analysis as required by the Missouri Department of Elementary and Secondary Education and is not a required part of the financial statements. The information is the responsibility of management and was derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the 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 our opinion, the state compliance information is fairly stated in all material respects in relation to the financial statements as a whole.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated November 18, 2019 on our consideration of the Dade County R-3 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. 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 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 Dade County R-3 School District's internal control over financial reporting and compliance.

*R/M/C, CPA's*

Springfield, Missouri  
November 18, 2019

MANAGEMENT'S DISCUSSION AND ANALYSIS

DADE COUNTY R-3 SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS

YEAR ENDED JUNE 30, 2019

(Unaudited)

This Management's Discussion and Analysis (MD&A) of the Dade County R-3 School District's financial performance provides an overall review of financial activities for the fiscal year. The reader is encouraged to consider the information presented here in conjunction with additional information presented in the financial statements, notes to the financial statements, and other information to enhance their understanding of the district's financial performance.

The MD&A is an element of other information as specified in the Governmental Accounting Standards Board (GASB) Statement No. 34 – *Basic Financial Statements and Management's Discussion and Analysis – for State and Local Governments*. Certain comparative information between fiscal years 2019 and 2018 is required to be presented in the MD&A and is included herein.

### **FINANCIAL OVERVIEW**

Key financial aspects for the fiscal year ended June 30, 2019 includes the following:

- The total net position/fund balance of the Dade County R-3 School District at the end of the 2019 fiscal year was \$380,639. This is an increase of \$40,287 from the prior fiscal year.
- The combined fund balance for the General Fund and Teachers Fund is \$299,976 or 16.34% of the FY19 expenditures of these funds. The prior year fund balance as a percentage of the FY18 expenditures was 13.89%.
- Total revenues of the district were \$2,151,547 and total expenditures were \$2,111,260 for FY19. Total revenues for FY18 were \$2,074,495 and total expenditures were \$2,071,337.
- During FY19, the district obtained a \$96,234 grant for the purchase of a new school bus.

DADE COUNTY R-3 SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
(CONTINUED)

YEAR ENDED JUNE 30, 2019

(Unaudited)

**OVERVIEW OF THE FINANCIAL STATEMENTS**

The annual report consists of three parts:

- Management's discussion and analysis (this section),
- Basic financial statements (district-wide and fund financial statements), including notes to the financial statements, and
- Supplementary / other information.

The basic financial statements consist of two different kinds of statements that present different views of the district's financial activities.

- District-wide financial statements – these financial statements provide information about the district's overall financial status both short-term (the recently completed fiscal year) and long-term. The district-wide statements include the Statement of Net Position – Cash Basis and Statement of Activities – Cash Basis.
- Fund financial statements – these financial statements focus on individual funds of the district and report the district's operations in more detail than the district-wide statements.

The notes to the financial statements provide further explanation of some of the information in the statements and provide additional disclosures and more detailed data. This will allow statement readers to have a more complete description and understanding of the district's financial activities and position.

The supplementary / other information includes budgetary comparison schedules. Such information provides users of this report with additional data that supplements the district-wide statements, fund financial statements and notes.

The supplementary / other information also includes information required to be reported to the Missouri Department of Elementary and Secondary Education, pass-through entities and federal awarding agencies.



DADE COUNTY R-3 SCHOOL DISTRICT

MANAGEMENT’S DISCUSSION AND ANALYSIS  
(CONTINUED)

YEAR ENDED JUNE 30, 2019

(Unaudited)

The major features of the district’s financial statements, including the portion of the district’s activities reported and the type of information contained is shown in Table 1.

| Table 1<br>Major Features of the District-Wide and Fund Financial Statements |   |  |
|--|---|--|
|  | District-wide<br>Statements   | Fund Financial Statements<br>Governmental Funds  |
| Scope  | Entire district   | The activities of the district classified by major governmental fund   |
| Required financial statements  | <ul style="list-style-type: none"> <li>● Statement of net position – cash basis</li> <li>● Statement of activities – cash basis</li> </ul>                    | <ul style="list-style-type: none"> <li>● Statement of cash basis assets and fund balances and cash receipts, disbursements and changes in cash basis fund balances – governmental funds</li> </ul> |
| Accounting basis and measurement focus                                       | Cash basis of accounting and current financial resources measurement focus  | Cash basis of accounting and current financial resources measurement focus   |
| Type of asset / liability information  | Generally assets expected to be used up and liabilities that come due during the year or soon thereafter; no capital assets or long-term liabilities included | Generally assets expected to be used up and liabilities that come due during the year or soon thereafter; no capital assets or long-term liabilities included                                      |
| Type of inflow / outflow information   | Revenues for which cash is received during the year; expenditures when goods or services have been received and paid  | Revenues for which cash is received during the year; expenditures when goods or services have been received and paid   |

DADE COUNTY R-3 SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
(CONTINUED)

YEAR ENDED JUNE 30, 2019

(Unaudited)

**DISTRICT-WIDE STATEMENTS**

The district-wide statements report information about the district as a whole using accounting methods similar to those used by private-sector companies. The two district-wide statements report the district's net position and how they have changed. Net position, the difference between the district's assets and liabilities, are one way to measure the district's overall financial position.

- Increases or decreases in the district's net position are an indicator of whether its financial position is improving or deteriorating, respectively.
- To assess the district's overall financial position, additional non-financial factors, such as changes in the district's property tax base and the condition of its school buildings and other facilities, should be considered.

In the district-wide financial statements, the district's activities are:

- Governmental activities – The district's basic services are included here, such as regular, vocational and special education, support services including operation of plant, transportation, food services, community services and administration. Property taxes and state formula aid finance most of these activities.

**FUND FINANCIAL STATEMENTS**

The fund financial statements provide more detailed information about the district's funds, focusing on its most significant or "major" funds, not the district as a whole. Funds are accounting devices the district uses to keep track of specific sources of funding and spending on particular programs:

- Some funds are required by state law and by bond covenants.
- The district establishes other funds to control and manage money for particular purposes (such as repaying its long-term debt) or to show that it is properly using certain revenues (such as grants and bond issue proceeds).

DADE COUNTY R-3 SCHOOL DISTRICT  
MANAGEMENT’S DISCUSSION AND ANALYSIS  
(CONTINUED)

YEAR ENDED JUNE 30, 2019

(Unaudited)

The district has the following funds:

- Governmental funds – All of the district’s basic services are included in governmental funds, which generally focus on (1) how cash and other financial assets that can readily be converted to cash flow in and out and (2) the balances left at year-end that are available for spending. Consequently, the governmental funds statements provide a detailed short-term view that helps you determine whether there are more or fewer financial resources that can be spent in the future to finance the district’s programs.

**FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE**

Table 2 provides a summary of the district’s net position for the year ended June 30, 2019.

| Table 2<br>Condensed Statement of Net Position – Cash Basis<br>June 30, 2019<br>With Comparative Totals for June 30, 2018 |                         |                   |
|---|-------------------------|-------------------|
|   | Governmental Activities |                   |
|   | 2019                    | 2018              |
| Assets:   |                         |                   |
| Cash and cash equivalents   | \$ <u>380,639</u>       | \$ <u>340,352</u> |
| Net Position:   |                         |                   |
| Restricted  | \$ 82,347               | \$ 71,295         |
| Unrestricted  | <u>298,292</u>          | <u>269,057</u>    |
|   | <u>\$ 380,639</u>       | <u>\$ 340,352</u> |

DADE COUNTY R-3 SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
(CONTINUED)

YEAR ENDED JUNE 30, 2019

(Unaudited)

Table 3 provides a summary of the changes in net position for the year ended June 30, 2019.

| Table 3<br>Changes in Net Position from Operating Results<br>Year Ended June 30, 2019<br>With Comparative Totals for Year Ended June 30, 2018 |                                |                  |
|---|--------------------------------|------------------|
|   | <u>Governmental Activities</u> |                  |
|   | <u>2019</u>                    | <u>2018</u>      |
| Revenues:   |                                |                  |
| Program revenues:   |                                |                  |
| Charges for services  | \$ 80,664                      | \$ 100,745       |
| Operating grants and contributions  | 220,826                        | 299,294          |
| Capital grants and contributions  | 102,313                        | -                |
| General revenues:   |                                |                  |
| Local receipts  | 793,706                        | 727,746          |
| County receipts   | 120,184                        | 117,718          |
| State receipts  | 817,185                        | 815,215          |
| Federal receipts  | 12,436                         | 13,033           |
| Investment income   | <u>4,233</u>                   | <u>744</u>       |
|   | <u>2,151,547</u>               | <u>2,074,495</u> |
| Expenses:   |                                |                  |
| Instruction   | 951,144                        | 929,121          |
| Support services:   |                                |                  |
| Pupil / instructional support   | 231,740                        | 236,125          |
| Administration  | 256,873                        | 279,213          |
| Operation of plant  | 201,585                        | 205,279          |
| Pupil transportation  | 171,959                        | 109,188          |
| Facilities acquisition and construction   | 24,998                         | 19,999           |
| Community services  | 79,638                         | 110,118          |
| Debt services   | 98,837                         | 84,896           |
| Food services   | <u>94,486</u>                  | <u>97,398</u>    |
|   | <u>2,111,260</u>               | <u>2,071,337</u> |
| Increase in net position  | <u>\$ 40,287</u>               | <u>\$ 3,158</u>  |

DADE COUNTY R-3 SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
(CONTINUED)

YEAR ENDED JUNE 30, 2019

(Unaudited)

**GOVERNMENTAL ACTIVITIES**

As shown in Table 3, general revenues provide 81% of the total funding for governmental activities. The Dade County R-3 School District relies on property taxes for funding its governmental activities with 32% of general revenues coming from local property taxes.

Table 4 presents the cost of each of the major district governmental activities: instruction, pupil support services, administration, other support services, debt service, depreciation, food services program and other expenses. The table also shows each activity's net cost (total cost less revenues generated by the activities). The net cost shows the financial burden that was placed on the district's taxpayers by each of these functions.

| Table 4<br>Net Cost of Governmental Activities<br>Year Ended June 30, 2019<br>With Comparative Totals for Year Ended June 30, 2018 |                        |                     |                      |                     |
|--|------------------------|---------------------|----------------------|---------------------|
|  | Total Cost of Services |                     | Net Cost of Services |                     |
|  | <u>2019</u>            | <u>2018</u>         | <u>2019</u>          | <u>2018</u>         |
| Governmental activities:   |                        |                     |                      |                     |
| Instruction  | \$ 951,144             | \$ 929,121          | \$ 810,070           | \$ 795,701          |
| Pupil / instructional support  | 231,740                | 236,125             | 183,597              | 187,298             |
| Administration   | 256,873                | 279,213             | 256,873              | 271,414             |
| Operation of plant   | 201,585                | 205,279             | 201,585              | 205,279             |
| Pupil transportation   | 171,959                | 109,188             | 60,165               | 94,814              |
| Facilities acquisition and<br>construction   | 24,998                 | 19,999              | 24,998               | 19,999              |
| Community services   | 79,638                 | 110,118             | 50,662               | (16,579)            |
| Debt services  | 98,837                 | 84,896              | 98,837               | 84,896              |
| Food services  | <u>94,486</u>          | <u>97,398</u>       | <u>20,670</u>        | <u>28,476</u>       |
| Total governmental activities  | <u>\$ 2,111,260</u>    | <u>\$ 2,071,337</u> | <u>\$ 1,707,457</u>  | <u>\$ 1,671,298</u> |

DADE COUNTY R-3 SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
(CONTINUED)

YEAR ENDED JUNE 30, 2019

(Unaudited)

Table 4 provides the following highlights:

- The total cost of all governmental activities for fiscal year 2019 was \$2,111,260.
- Instruction represents 45% of the total cost of all governmental activities of the district.
- Pupil / instructional support services (this area includes student activities, student services and instructional staff support) represents 11% of the total cost of all governmental activities of the district.
- Administration (includes Board of Education, District, Building and Business Services) represents 12% of the total cost of all governmental activities.
- The net cost of all governmental activities was \$1,707,457 with \$403,803 of the total cost being financed by program cash receipts (charges for services, operating grants and contributions, and capital grants and contributions).
- For food services program, expenses exceeded revenues by \$20,670.
- Charges for services in the food services program were \$3,545 or 4% of the total expenses of the program.
- Operating grants and contributions for the food services program, which includes federal and state aid, including payment for free and reduced meals and commodities totaled \$70,271 or 74% of the total expenses of the program.

**FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS**

The district completed the year with a total governmental fund balance of \$380,639, an increase of \$40,287 from the prior year. The district had originally budgeted a decrease of \$15,186 in fund balances for FY19.

The district adopts a budget in June for the following fiscal year. However, it is expected that budget amendments will be made periodically throughout the year as additional information becomes available. At the June board meeting, the budgeted revenues and expenditures are amended to equal actual expenditures for the year.

DADE COUNTY R-3 SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
(CONTINUED)

YEAR ENDED JUNE 30, 2019

(Unaudited)

**CAPITAL ASSETS**

In the district-wide financial statements and the fund financial statements, governmental activities are presented using the cash basis of accounting, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. Under the cash basis of accounting, capital assets are recognized as expenditures in the Capital Projects Fund at the time the cash is disbursed. During the year ended June 30, 2019, the district expended \$151,605 in capital assets and \$57,617 on principal, interest and fees related to the purchase of capital assets. In addition, the district spent \$66,218 on principal, interest and fees in the Debt Service Fund for the purpose of financing capital asset purchases. Under accounting principles generally accepted in the United States of America, capital assets should be capitalized in the statement of net position and depreciated over their estimated useful lives.

**DEBT ADMINISTRATION**

At June 30, 2019, the district had a \$50,002 balance on a gym lease, \$765,000 of general obligation bonds, \$165,426 of energy loans payable and \$55,673 on a bus lease. Details of these leases and the bond can be found in Notes 4, 5, and 6 of the notes to the financial statements.

**ECONOMIC FACTORS AND NEXT YEAR'S BUDGET**

At the time these financial statements were prepared and audited, the district was aware of the following circumstance that could affect its future financial health:

- Current economic conditions will be a factor in the next year as budgets are stretched by increasing healthcare costs for employees, and ever increasing utility and fuel costs.

**CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT**

This financial report is designed to provide a general overview of the Dade County R-3 School District's finances for all those with an interest in the district's finances. Questions concerning any of the information provided in this report or requests for additional information should be addressed to the Office of Superintendent, Dade County R-3 School District, P.O. Box 107, Everton, Missouri 65646.

FINANCIAL STATEMENTS



DADE COUNTY R-3 SCHOOL DISTRICT  
STATEMENT OF NET POSITION – CASH BASIS  
JUNE 30, 2019

|                           | <u>Governmental<br/>Activities</u> |
|---------------------------|------------------------------------|
| ASSETS                    |                                    |
| Cash and cash equivalents | <u>\$ 380,639</u>                  |
| NET POSITION              |                                    |
| Restricted for:           |                                    |
| Debt Service              | \$ 80,663                          |
| Professional development  | 1,684                              |
| Unrestricted              | <u>298,292</u>                     |
| TOTAL NET POSITION        | <u>\$ 380,639</u>                  |

The accompanying notes are an integral part of these financial statements.

DADE COUNTY R-3 SCHOOL DISTRICT

STATEMENT OF ACTIVITIES – CASH BASIS

YEAR ENDED JUNE 30, 2019

|  | <u>Program cash receipts</u> |                  |                      |                      | Net                   |
|--|------------------------------|------------------|----------------------|----------------------|-----------------------|
|  | Cash                         | Charges for      | Operating            | Capital              | (Disbursements)       |
|  | <u>Disbursements</u>         | <u>Services</u>  | <u>Grants and</u>    | <u>Grants and</u>    | Receipts and          |
|  |                              |                  | <u>Contributions</u> | <u>Contributions</u> | Changes in            |
|  |                              |                  |                      |                      | <u>Net Position</u>   |
| Governmental activities:                       |                              |                  |                      |                      |                       |
| Regular instruction                            | \$ (652,166)                 | \$ -             | \$ 2,750             | \$ -                 | \$ (649,416)          |
| Special education instruction                  | (93,723)                     | -                | 128,772              | -                    | 35,049                |
| Career Education                               | (103,614)                    | -                | 3,473                | 6,079                | (94,062)              |
| Student activities                             | (94,320)                     | 48,143           | -                    | -                    | (46,177)              |
| Other instruction                              | (101,641)                    | -                | -                    | -                    | (101,641)             |
| Student services                               | (77,025)                     | -                | -                    | -                    | (77,025)              |
| Instruction staff support                      | (60,395)                     | -                | -                    | -                    | (60,395)              |
| Building administration                        | (109,089)                    | -                | -                    | -                    | (109,089)             |
| General administrative and<br>central services | (147,784)                    | -                | -                    | -                    | (147,784)             |
| Operation of plant                             | (201,585)                    | -                | -                    | -                    | (201,585)             |
| Transportation                                 | (171,959)                    | -                | 15,560               | 96,234               | (60,165)              |
| Food services                                  | (94,486)                     | 3,545            | 70,271               | -                    | (20,670)              |
| Community services                             | (79,638)                     | 28,976           | -                    | -                    | (50,662)              |
| Facility acquisition and construction          | (24,998)                     | -                | -                    | -                    | (24,998)              |
| Debt services                                  | (98,837)                     | -                | -                    | -                    | (98,837)              |
|  | <u>(2,111,260)</u>           | <u>80,664</u>    | <u>220,826</u>       | <u>102,313</u>       | <u>(1,707,457)</u>    |
| Net program (disbursements)<br>receipts        | <u>\$ (2,111,260)</u>        | <u>\$ 80,664</u> | <u>\$ 220,826</u>    | <u>\$ 102,313</u>    | <u>\$ (1,707,457)</u> |
| General receipts:                              |                              |                  |                      |                      |                       |
| Local receipts:                                |                              |                  |                      |                      |                       |
| Property tax                                   |                              |                  |                      |                      | 567,595               |
| Sales tax                                      |                              |                  |                      |                      | 166,549               |
| Other  |                              |                  |                      |                      | 59,562                |
| County receipts                                |                              |                  |                      |                      | 120,184               |
| State receipts                                 |                              |                  |                      |                      | 817,185               |
| Federal receipts                               |                              |                  |                      |                      | 12,436                |
| Investment income                              |                              |                  |                      |                      | <u>4,233</u>          |
| Total general receipts                         |                              |                  |                      |                      | <u>1,747,744</u>      |
| Increase in net position                       |                              |                  |                      |                      | 40,287                |
| Net assets – beginning of year                 |                              |                  |                      |                      | <u>340,352</u>        |
| Net assets – end of year                       |                              |                  |                      |                      | <u>\$ 380,639</u>     |

The accompanying notes are an integral part of these financial statements.

DADE COUNTY R-3 SCHOOL DISTRICT

STATEMENT OF CASH BASIS ASSETS AND FUND BALANCES AND  
CASH RECEIPTS, DISBURSEMENTS AND CHANGES IN CASH BASIS FUND BALANCES –  
GOVERNMENTAL FUNDS

YEAR ENDED JUNE 30, 2019

|   | General<br>Fund   | Special<br>Revenue<br>Fund | Debt<br>Service<br>Fund | Capital<br>Projects<br>Fund | Total             |
|---|-------------------|----------------------------|-------------------------|-----------------------------|-------------------|
| Receipts:   |                   |                            |                         |                             |                   |
| Local   | \$ 606,320        | \$ 166,549                 | \$ 65,070               | \$ 40,664                   | \$ 878,603        |
| County  | 101,866           | 7,802                      | 10,516                  | -                           | 120,184           |
| State   | 174,522           | 683,094                    | -                       | 102,313                     | 959,929           |
| Federal   | <u>139,179</u>    | <u>53,652</u>              | <u>-</u>                | <u>-</u>                    | <u>192,831</u>    |
|   | <u>1,021,887</u>  | <u>911,097</u>             | <u>75,586</u>           | <u>142,977</u>              | <u>2,151,547</u>  |
| Disbursements:  |                   |                            |                         |                             |                   |
| Instruction   | 209,001           | 822,810                    | -                       | 13,652                      | 1,045,463         |
| Attendance and guidance                               | 1,007             | 43,813                     | -                       | -                           | 44,820            |
| Health services                                       | 32,206            | -                          | -                       | -                           | 32,206            |
| Improvement of instruction                            | -                 | 4,509                      | -                       | -                           | 4,509             |
| Professional development                              | 5,146             | -                          | -                       | -                           | 5,146             |
| Media services  | 796               | 49,944                     | -                       | -                           | 50,740            |
| General administration                                | 58,235            | 89,549                     | -                       | -                           | 147,784           |
| Building level administration                         | 37,088            | 72,001                     | -                       | -                           | 109,089           |
| Operation of plant                                    | 182,556           | -                          | -                       | 19,029                      | 201,585           |
| Pupil transportation                                  | 53,035            | -                          | -                       | 118,924                     | 171,959           |
| Food services   | 94,486            | -                          | -                       | -                           | 94,486            |
| Community services                                    | 31,828            | 47,810                     | -                       | -                           | 79,638            |
| Facilities acquisition and<br>construction            | -                 | -                          | -                       | 24,998                      | 24,998            |
| Principal (excluding debt service)                    | -                 | -                          | -                       | 23,691                      | 23,691            |
| Interest (excluding debt service)                     | -                 | -                          | -                       | 7,983                       | 7,983             |
| Other (excluding debt service)                        | -                 | -                          | -                       | 945                         | 945               |
| Debt service:   |                   |                            |                         |                             |                   |
| Principal   | -                 | -                          | 35,000                  | -                           | 35,000            |
| Interest  | -                 | -                          | 30,900                  | -                           | 30,900            |
| Other   | <u>-</u>          | <u>-</u>                   | <u>318</u>              | <u>-</u>                    | <u>318</u>        |
|   | <u>705,384</u>    | <u>1,130,436</u>           | <u>66,218</u>           | <u>209,222</u>              | <u>2,111,260</u>  |
| Excess (deficiency) of receipts<br>over disbursements | 316,503           | (219,339)                  | 9,368                   | (66,245)                    | 40,287            |
| Other financing sources (uses):                       |                   |                            |                         |                             |                   |
| Operating transfers in (out)                          | (285,584)         | 219,339                    | -                       | 66,245                      | -                 |
| Cash basis fund balance,<br>beginning of year         | <u>269,057</u>    | <u>-</u>                   | <u>71,295</u>           | <u>-</u>                    | <u>340,352</u>    |
| Cash basis fund balance,<br>end of year               | <u>\$ 299,976</u> | <u>\$ -</u>                | <u>\$ 80,663</u>        | <u>\$ -</u>                 | <u>\$ 380,639</u> |

DADE COUNTY R-3 SCHOOL DISTRICT

STATEMENT OF CASH BASIS ASSETS AND FUND BALANCES AND  
CASH RECEIPTS, DISBURSEMENTS AND CHANGES IN CASH BASIS FUND BALANCES –  
GOVERNMENTAL FUNDS  
(CONTINUED)

YEAR ENDED JUNE 30, 2019

|  | General<br>Fund   | Special<br>Revenue<br>Fund | Debt<br>Service<br>Fund | Capital<br>Projects<br>Fund | Total             |
|--|-------------------|----------------------------|-------------------------|-----------------------------|-------------------|
| Cash basis assets – end of year:           |                   |                            |                         |                             |                   |
| Cash and cash equivalents                  | \$ 270,200        | \$ -                       | \$ 110,439              | \$ -                        | \$ 380,639        |
| Due to/from other funds                    | <u>29,776</u>     | <u>-</u>                   | <u>(29,776)</u>         | <u>-</u>                    | <u>-</u>          |
|  | <u>\$ 299,976</u> | <u>\$ -</u>                | <u>\$ 80,663</u>        | <u>\$ -</u>                 | <u>\$ 380,639</u> |
| <br>                                       |                   |                            |                         |                             |                   |
| Cash basis fund balances – end<br>of year: |                   |                            |                         |                             |                   |
| Restricted                                 | \$ 1,684          | \$ -                       | \$ 80,663               | \$ -                        | \$ 82,347         |
| Unassigned                                 | <u>298,292</u>    | <u>-</u>                   | <u>-</u>                | <u>-</u>                    | <u>298,292</u>    |
|  | <u>\$ 299,976</u> | <u>\$ -</u>                | <u>\$ 80,663</u>        | <u>\$ -</u>                 | <u>\$ 380,639</u> |

The accompanying notes are an integral part of these financial statements.

DADE COUNTY R-3 SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2019

1. Summary of significant accounting policies

A. Reporting entity

The district's reporting entity includes the district's governing board and all related organizations which exercise oversight responsibility.

The district has developed criteria to determine whether outside agencies with activities which benefit the citizens of the district, including joint agreements which serve pupils from numerous districts, should be included within its financial reporting entity. The criteria includes, but is not limited to, whether the district exercises oversight responsibility (which includes financial interdependency, selection of governing authority, designation of management, ability to significantly influence operations, and accountability for fiscal matters), scope of public service, and special financing relationships.

The district has determined that no other outside agency meets the above criteria and, therefore, no other agency has been included as a component unit in the district's financial statements. In addition, the district is not aware of any entity which would exercise such oversight which would result in the district being considered a component unit of the entity.

B. Basis of presentation

District-Wide Financial Statements:

The Statement of Net Position – Cash Basis and the Statement of Activities – Cash Basis present financial information about the financial activities of the overall school district in its entirety. They include all funds of the reporting entity.

Fund Financial Statements:

Fund financial statements of the reporting entity are organized into funds, each of which is considered to be separate accounting entities. The district segregates transactions related to certain functions or activities into the separate funds in order to aid financial management and to demonstrate legal compliance. The focus of governmental fund financial statements is on major funds. Each major fund is presented in a separate column in the fund financial statements. Nonmajor funds, if any, are aggregated and presented in a single column in the statements.

1. Summary of significant accounting policies (continued)

C. Fund accounting

The district uses funds to maintain its financial resources during the year. District resources are allocated to and accounted for in individual funds based upon the purpose for which they are to be spent and the means by which spending activities are controlled. The following are the district's major governmental funds:

General (Incidental) Fund: Accounts for general activities of the district, including student activities, food services, and textbooks which are not required to be accounted for in another fund.

Special Revenue (Teachers') 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: Accounts for the accumulation of resources for and the payment of principal, interest and fiscal charges on long-term debt.

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

D. Basis of accounting / measurement focus

Basis of accounting refers to when revenues and expenditures are recognized in the accounts and reported in the financial statements.

In the district-wide financial statements and the fund financial statements, governmental activities are presented using the current financial resources measurement focus and the cash basis of accounting. This measurement focus and basis recognizes revenues when received rather than when earned, and expenditures and purchases of assets are recognized when cash is disbursed rather than when the obligation is incurred. This basis is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

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

When both restricted and unrestricted resources are available for use, it is the district's policy to use restricted resources first, then unrestricted resources as they are needed.

1. Summary of significant accounting policies (continued)

E. Inventories

The district does not maintain inventory cost records. Inventory is deemed to be immaterial and accounted for using the purchase method in which supplies are charged to expenditures when purchased.

F. Pooled cash and temporary investments

As discussed in Note 2, cash balances from all funds, except the Debt Service Fund, are combined to form a pool of cash and temporary investments which is managed by the District Treasurer. State law requires that all deposits of the Debt Service Fund be kept separate. Investments of the district's funds may consist primarily of certificates of deposit and U.S. government securities, carried at cost, which approximates fair value. Interest income earned is allocated to contributing funds based on the individual fund's cash and temporary investment balances.

G. Capital assets

Capital assets are recorded as expenditures in the Capital Projects Fund at the time the expenditures are paid. No depreciation is provided on capital assets.

H. Compensated absences

Vacation time, personal business days, and sick leave are considered as expenditures in the year paid. Such amounts unused that are vested in the employee are payable upon termination at varying rates depending on length of service.

I. Teachers' salaries

The salary payment schedule of the district for the 2018-19 school year requires the payment of salaries for a twelve-month period. Consequently, the July and August payroll checks, written and dated in June 2019 for July and August 2019 payrolls were included in the financial statements as an expenditure paid in the month of June. This practice has been consistently followed in previous years.

J. Program receipts

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

2. Cash and deposits

The district is governed by the deposit and investment limitations of state law. The deposits held at June 30, 2019, and reported at fair value, are as follows:

| <u>Type</u>                                  | <u>Carrying<br/>Value</u> |
|--|---------------------------|
| Deposits:                                    |                           |
| Demand deposits                              | \$ 350,449                |
| Missouri School District Deposit Program     | <u>30,190</u>             |
|  | <u>\$ 380,639</u>         |
| Reconciliation to Statement of Net Position: |                           |
| Cash and cash equivalents                    | <u>\$ 380,639</u>         |

*Custodial Credit Risk* – Deposits in financial institutions, reported as components of cash, had a bank balance of \$675,813 at June 30, 2019 that was fully insured by depository insurance or secured with collateral held by the district’s agent in its name.

*Investment Interest Rate Risk* – The district has no formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

*Investment Credit Risk* – The district has no investment policy that limits its investment choices other than the limitation of state law as follows:

1. Obligations of the United States government or any agency or instrumentality, including repurchase agreements.
2. Bonds of the state of Missouri, of the United States, or of any wholly owned corporation of the United States, and other short-term obligations of the United States.
3. Under limited circumstances, commercial paper and bankers’ acceptances.
4. Deposit accounts with insured financial institutions, provided those accounts are entirely insured by the Federal Depository Insurance Corporation (FDIC) or collateralized with government securities that have a fair value exceeding the deposit amount.

*Concentration of Investment Credit Risk* – The district places no limit on the amount it may invest in any one issuer. At June 30, 2019, the district had no concentration of credit risk.



3. Taxes

Property taxes attach as an enforceable lien on property as of January 1. Taxes are levied on November 1 and payable by December 31. The county collects the property tax and remits it to the district.

The district also receives sales tax collected by the state and remitted based on eligible pupils. The assessed valuation of the tangible taxable property for the calendar year 2018 for purposes of local taxation was \$11,832,310.

The tax levy per \$100 of the assessed valuation of tangible taxable property for the calendar year 2018 for purposes of local taxation was:

|                       | <u>Unadjusted</u> | <u>Adjusted</u>  |
|-----------------------|-------------------|------------------|
| Incidental Fund       | \$ 4.3346         | \$ 4.3346        |
| Teachers' Fund        | -                 | -                |
| Debt Service Fund     | .5500             | .5500            |
| Capital Projects Fund | <u>-</u>          | <u>-</u>         |
|                       | <u>\$ 4.8846</u>  | <u>\$ 4.8846</u> |

The receipts of current and delinquent property taxes during the fiscal year ended June 30, 2019 aggregated approximately 98 percent of the current assessment computed on the basis of the levy as shown above.

4. Bond commitment

The following is a summary of bond transactions for the year ended June 30, 2019:

|                              |                   |
|------------------------------|-------------------|
| Bonds payable, July 1, 2018  | \$ 800,000        |
| Bonds issued                 | -                 |
| Bonds retired                | <u>(35,000)</u>   |
| Bonds payable, June 30, 2019 | <u>\$ 765,000</u> |

Bonds payable at June 30, 2019, consists of:

|  |                   |
|--|-------------------|
| Various interest rates from 1.25% to 5.0% due March 1, 2035, with serial retirements of the principal starting in 2016 and running through 2035. | <u>\$ 765,000</u> |
|--|-------------------|

4. Bond commitment (continued)

Debt service requirements to maturity are:

| Year ending<br><u>June 30,</u> | <u>Principal</u>  | <u>Interest</u>   | <u>Total</u>        |
|--------------------------------|-------------------|-------------------|---------------------|
| 2020                           | \$ 45,000         | \$ 30,463         | \$ 75,463           |
| 2021                           | 40,000            | 29,900            | 69,900              |
| 2022                           | 40,000            | 29,100            | 69,100              |
| 2023                           | 40,000            | 28,300            | 68,300              |
| 2024                           | 50,000            | 27,500            | 77,500              |
| 2025-2029                      | 250,000           | 111,250           | 361,250             |
| 2030-2034                      | 250,000           | 50,000            | 300,000             |
| 2035                           | <u>50,000</u>     | <u>2,500</u>      | <u>52,500</u>       |
|                                | <u>\$ 765,000</u> | <u>\$ 309,013</u> | <u>\$ 1,074,013</u> |

The total interest incurred for the year ended June 30, 2019 was \$30,900.

5. Lease commitments

The following is a summary of lease transactions for the year ended June 30, 2019:

|                               |                   |
|-------------------------------|-------------------|
| Leases payable, July 1, 2018  | \$ 75,000         |
| Leases issued                 | 58,773            |
| Leases retired                | <u>(28,098)</u>   |
| Leases payable, June 30, 2019 | <u>\$ 105,675</u> |

During 2011, the district entered into a cancelable ten-year lease as lessee to finance gym renovations in the amount of \$115,000.

This lease provides for interest at 4%. \$ 50,002

During 2019, the district financed the purchase of a 2020 Blue Bird bus in the amount of \$58,773. The note provides for interest at 3.25%. 55,673

\$ 105,675

5. Lease commitments (continued)

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

| Year ending<br><u>June 30,</u> | <u>Principal</u>  | <u>Interest</u> | <u>Total</u>      |
|--------------------------------|-------------------|-----------------|-------------------|
| 2020                           | \$ 44,085         | \$ 3,527        | \$ 47,612         |
| 2021                           | 44,714            | 1,897           | 46,611            |
| 2022                           | <u>16,876</u>     | <u>252</u>      | <u>17,128</u>     |
|                                | <u>\$ 105,675</u> | <u>\$ 5,676</u> | <u>\$ 111,351</u> |

Total interest paid for the year ended June 30, 2019 was \$3,334.

6. Energy loan commitments

The following is a summary of loan transactions for the year ended June 30, 2019:

|                                    |                   |
|------------------------------------|-------------------|
| Energy loan payable, July 1, 2018  | \$ 189,117        |
| Energy loan obtained               | -                 |
| Energy loan payments               | <u>(23,691)</u>   |
| Energy loan payable, June 30, 2019 | <u>\$ 165,426</u> |

Energy loan payable at June 30, 2019 consists of:

|   |                   |
|---|-------------------|
| Payable to Missouri Department of Economic Development<br>Division of Energy, in the amount of \$246,600 with interest<br>at the rate of 2.5%. Matures September 1, 2025. | <u>\$ 165,426</u> |
|---|-------------------|

Principal payments on the energy loan to maturity are as follows:

| Year ending<br><u>June 30,</u> |                   |
|--------------------------------|-------------------|
| 2020                           | \$ 24,287         |
| 2021                           | 24,898            |
| 2022                           | 25,525            |
| 2023                           | 26,167            |
| 2024                           | 26,825            |
| 2025-2026                      | <u>37,724</u>     |
|                                | <u>\$ 165,426</u> |

Total interest paid during the year ended June 30, 2019 was \$4,650.

7. Public School and Education Employee Retirement Systems of Missouri

Summary of significant accounting policies

Financial reporting information pertaining to the district's participation in the Public School Retirement System of Missouri and the Public Education Employee Retirement System of Missouri (PSRS and PEERS, also referred to as the Systems) is prepared in accordance with Governmental Accounting Standards Boards (GASB) Statement No. 68, *Accounting and Financial Reporting for Pensions*, as amended.

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 the Systems, Missouri State Teachers' Association, Missouri State High School Activities Association, and certain employees of the state of Missouri who elected to remain covered by PSRS under legislation enacted in 1986, 1987 and 1989. The majority of PSRS members are exempt from Social Security contributions. In some instances, positions may be determined not to be exempt from Social Security contributions. Any PSRS member who is required to contribute to Social Security comes under the requirements of Section 169.070 (9) RSMo, known as the "two-thirds statute." PSRS members required to contribute to Social Security are required to contribute two-thirds of the approved PSRS contribution rate and their employer is required to match the contribution. The members' benefits are further calculated at two-thirds the normal benefit amount.

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

*Benefits Provided.* PSRS is a defined benefit plan providing retirement, disability, and death/survivor benefits. Members are vested for service retirement benefits after accruing five years of service. Individuals who (a) are at least age 60 and have a minimum of five years of service, (b) have 30 years of service, or (c) qualify for benefits under the "Rule of 80" (service and age total at least 80) are entitled to a monthly benefit for life, which is calculated using a 2.5% benefit factor. Beginning July 1, 2001, and ending July 1, 2014, a 2.55% benefit factor was used to calculate benefits for members who had 31 or more years of service at retirement. Actuarially age-reduced benefits are available for members with five to 24.9 years of service at age 55. Members who are

7. Public School and Education Employee Retirement Systems of Missouri (continued)

younger than age 55 and who do not qualify under the “Rule of 80” but have between 25 and 29.9 years of service may retire with a lesser benefit factor. Members that are three years beyond normal retirement can elect to have their lifetime monthly benefits actuarially reduced in exchange for the right to also receive a one-time partial lump sum (PLSO) payment at retirement equal to 12, 24, or 36 times the Single Life benefit amount.

PEERS is a defined benefit plan providing retirement, disability, and death benefits to its members. Members are vested for service retirement benefits after accruing five years of service. Individuals who (a) are at least age 60 and have a minimum of five years of service, (b) have 30 years of service, or (c) qualify for benefits under the “Rule of 80” (service and age total at least 80) are entitled to a monthly benefit for life, which is calculated using a 1.61% benefit factor. Members qualifying for “Rule of 80” or “30-and-out” are entitled to an additional temporary benefit until reaching minimum Social Security age (currently age 62), which is calculated using a 0.8% benefit factor. Actuarially age-reduced retirement benefits are available with 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.

Summary Plan Description 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 COLAs to both PSRS and PEERS members as follows:

- If the June to June change in the Consumer Price Index for All Urban Consumers (CPI-U) is less than 2% for consecutive one-year periods, a cost-of-living increase of 2% will be granted when the cumulative increase is equal to or greater than 2%, at which point the cumulative increase in the CPI-U will be reset to zero. For the following year, the starting CPI-U will be based on the June value immediately preceding the January 1 at which the 2% cost-of-living increase is granted.
- If the June to June change in the CPI-U is greater than or equal to 2%, but less than 5%, a cost-of-living increase of 2% is granted.
- If the June to June change in the CPI-U is greater than or equal to 5%, a cost-of-living increase of 5% is granted.
- If the CPI decreases, no COLA is provided.

7. Public School and Education Employee Retirement Systems of Missouri (continued)

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 years 2017, 2018 and 2019. 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 2017, 2018 and 2019. 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 \$133,157 and \$15,878, respectively, for the year ended June 30, 2019.

Pension liabilities

At June 30, 2019, the district had a liability of \$1,451,279 for its proportionate share of PSRS net pension liability and \$119,770 for its proportionate share of PEERS net pension liability. In total the district has net pension liabilities of \$1,571,049. The net pension liability for the plans in total was measured as of June 30, 2018, 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 \$135,984 and \$17,637, respectively, for the year ended June 30, 2018, relative to the total contributions of \$697,214,371 for PSRS and \$114,141,743 for PEERS from all participating employers. At June 30, 2018, the district's proportionate share was 0.0195% for PSRS and 0.0155% for PEERS.

Actuarial assumptions

Actuarial valuations of the Systems involve assumptions about probability of occurrence of events far into the future in order to estimate the reported amounts. Examples include assumptions about future employment, salary increases, and mortality. Amounts determined regarding the net pension liability are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The Board of Trustees adopts actuarial assumptions, each of which individually represents a reasonable long-term estimate of anticipated experience for the Systems, derived from experience studies conducted every fifth year and from Board policies concerning investments and COLAs. The most recent comprehensive experience studies were completed in June 2016. All economic and demographic assumptions were

7. Public School and Education Employee Retirement Systems of Missouri (continued)

reviewed and updated, where appropriate, based on the results of the studies and effective with the June 30, 2016 valuation. For the June 30, 2017 valuations, the investment rate of return was reduced from 7.75% to 7.60% and the assumption for the annual cost-of-living adjustments was updated in accordance with the funding policies amended by the Board of Trustees at their November 2017 meeting. Significant actuarial assumption and methods, including changes from the prior year resulting from changes in Board policy, are detailed below. For the June 30, 2018 valuation, the investment rate of return assumption was further reduced from 7.60% to 7.50%. Significant actuarial assumptions and methods, including changes from the prior year, are detailed below. For additional information please refer to the Systems' Comprehensive Annual Financial Report (CAFR). The next experience studies are scheduled for 2021.

Significant actuarial assumptions and other inputs used to measure the total pension liability:

|                                  |   |   |
|----------------------------------|---|---|
| ● Measurement date               | June 30, 2018   |   |
| ● Valuation date                 | June 30, 2018   |   |
| ● Expected return on investments | 7.50%, net of investment expenses and including 2.25% inflation |   |
| ● Inflation                      | 2.25%   |   |
| ● Total payroll growth           | PSRS  | 2.75% per annum, consisting of 2.25% inflation, 0.25% real wage growth due to the inclusion of active health care costs in pensionable earnings, and 0.25% of real wage growth due to productivity.                     |
|                                  | PEERS   | 3.25% per annum, consisting of 2.25% inflation, 0.50% real wage growth due to the inclusion of active health care costs in pensionable earnings, and 0.50% of real wage growth due to productivity.                     |
| ● Future salary increases        | PSRS  | 3.00% - 9.50%, depending on service and including 2.25% inflation, 0.25% real wage growth due to the inclusion of active health care costs in pensionable earnings, and 0.25% of real wage growth due to productivity.  |
|                                  | PEERS   | 4.00% - 11.00%, depending on service and including 2.25% inflation, 0.50% real wage growth due to the inclusion of active health care costs in pensionable earnings, and 0.50% of real wage growth due to productivity. |

7. Public School and Education Employee Retirement Systems of Missouri (continued)

- Cost-of-living increases      PSRS & PEERS
- The annual COLA assumed in the valuation increases from 1.25% to 1.65% over eight years, beginning January 1, 2020. The COLA reflected for January 1, 2019 is 2.0%, in accordance with the actual COLA approved by the Board. This COLA assumption reflects an assumption that general inflation will increase from 1.85% to a normative inflation assumption of 2.25% over eight years. It is also based on the current policy of the Board to grant a COLA on each January 1 as follows:
- If the June to June change in the CPI-U is less than 2% for consecutive one year periods, a cost-of-living increase of 2% will be granted when the cumulative increase is equal to or greater than 2%, at which point the cumulative increase in the CPI-U will be reset to zero. For the following year, the starting CPI-U will be based on the June value immediately preceding the January 1 at which the 2% cost-of-living increase is granted.
  - If the June to June change in the CPI-U is greater than or equal to 2%, but less than 5%, a cost-of-living increase of 2% will be granted.
  - If the June to June change in the CPI-U is greater than or equal to 5%, a cost-of-living increase of 5% will be granted.
  - If the CPI decreases, no COLA is provided.
- The COLA applies to service retirements and beneficiary annuities. The COLA does not apply to the benefits for in-service death payable to spouses (where the spouse is over age 60), and does not apply to the spouse with children pre-retirement death benefit, the dependent children pre-retirement death benefit, or the dependent parent death benefit. The total lifetime COLA cannot exceed 80% of the original benefit. PSRS members receive a COLA on the second



7. Public School and Education Employee Retirement Systems of Missouri (continued)

|   |                 |   |
|---|-----------------|---|
|   |                 | January after retirement, while PEERS members receive a COLA on the fourth January after retirement.  |
| ● Mortality Assumption                                    |                 |   |
| Actives:  | PSRS            | RP 2006 White Collar Employee Mortality Table, multiplied by an adjustment factor of 0.75 at all ages for both males and females, with static projection using the 2014 SSA Improvement Scale to 2028.  |
|   | PEERS           | RP 2006 Total Dataset Employee Mortality Table, multiplied by an adjustment factor of 0.75 at all ages for both males and females, with static projection using the 2014 SSA Improvement Scale to 2028.   |
| Non-disabled retirees,<br>beneficiaries and<br>survivors: | PSRS            | RP 2006 White Collar Employee Mortality Table with plan-specific experience adjustments and static projection to 2028 using the 2014 SSA Improvement Scale.   |
|   | PEERS           | RP 2006 Total Dataset Employee Mortality Table with plan-specific experience adjustments and static projection to 2028 using the 2014 SSA Improvement Scale.  |
| Disabled retirees:  | PSRS &<br>PEERS | RP 2006 Disabled Retiree Mortality Table with static projection to 2028 using the 2014 SSA Improvement Scale.   |
| Changes in actuarial assumptions and methods              | PSRS &<br>PEERS | The following assumptions were updated by the Board at the October 29, 2018 meeting:<br><br>- The investment return assumption was lowered from 7.60% to 7.50% per year.  |
| Fiduciary net position                                    |                 | The Systems issue a publicly available financial report (CAFR) that can be obtained at <a href="http://www.psr-peers.org">www.psr-peers.org</a> .   |
| ● Expected rate of return                                 |                 | The long-term expected rate of return on investments was determined in accordance with Actuarial Standard of Practice (ASOP) No. 27, <i>Selection of Economic Assumptions for Measuring Pension Obligations</i> . ASOP No. 27 provides guidance on the selection of an appropriate assumed rate of return. The long-term expected rate of return on the Systems' investments was determined using a |

7. Public School and Education Employee Retirement Systems of Missouri (continued)

building-block method in which best-estimate ranges of expected future real rates of returns (expected returns, net of investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the Systems' target allocation as of June 30, 2018 are summarized below along with the long-term geometric return. Geometric return (also referred to as the time weighted return) is considered standard practice within the investment management industry. Geometric returns represent the compounded rate of growth of a portfolio. The method eliminates the effects created by cash flows.

| <u>Asset Class</u>     | <u>Target Asset Allocation</u> | <u>Long-term<br/>Expected Real<br/>Return Arithmetic<br/>Basis</u> | <u>Weighted Long-term<br/>Expected Real Return<br/>Arithmetic Basis</u> |
|------------------------|--------------------------------|--|---|
| U.S. Public Equity     | 27.0%                          | 5.16%  | 1.39%   |
| Public Credit          | 7.0%                           | 2.17%  | 0.15%   |
| Hedged Assets          | 6.0%                           | 4.42%  | 0.27%   |
| Non-U.S. Public Equity | 15.0%                          | 6.01%  | 0.90%   |
| U.S. Treasuries        | 16.0%                          | 0.96%  | 0.15%   |
| U.S. TIPS              | 4.0%                           | 0.80%  | 0.03%   |
| Private Credit         | 4.0%                           | 5.60%  | 0.22%   |
| Private Equity         | 12.0%                          | 9.86%  | 1.18%   |
| Private Real Estate    | <u>9.0%</u>                    | 3.56%  | <u>0.32%</u>  |
| Total                  | <u>100.0%</u>                  |  | 4.61%   |
|                        |                                |  | <u>2.25%</u>  |
|                        |                                |  | 6.86%   |
|                        |                                |  | <u>0.64%</u>  |
|                        |                                |  | <u>7.50%</u>  |

7. Public School and Education Employee Retirement Systems of Missouri (continued)

- Discount rate The long-term expected rate of return used to measure the total pension liability was 7.50% as of June 30, 2018, and is consistent with the long-term expected geometric return on plan investments. The actuarial assumed rate of return was 8.0% from 1980 through fiscal year 2016. The Board of Trustees adopted a new actuarial assumed rate of return of 7.75% effective with the June 30, 2016 valuation based on the actuarial experience studies and asset-liability study conducted during the 2016 fiscal year. As previously discussed, the Board of Trustees further reduced the assumed rate of return to 7.60% effective with the June 30, 2017 valuation and to 7.50% effective with the June 30, 2018 valuation. The projection of cash flows used to determine the discount rate assumed that employer contributions would be made at the actuarially calculated rate computed in accordance with assumptions and methods stated in the funding policy adopted by the Board of Trustees, which requires payment of the normal cost and amortization of the unfunded actuarial accrued liability in level percent of employee payroll installments over 30 years utilizing a closed period, layered approach. Based on this assumption, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members.

- Discount rate sensitivity

The sensitivity of the district's net pension liabilities to changes in the discount rate is presented below. The district's net pension liabilities calculated using the discount rate of 7.50% is presented as well as the net pension liabilities using a discount rate that is 1.0% lower (6.50%) or 1.0% higher (8.50%) than the current rate.

|       |  | 1% decrease<br><u>(6.50%)</u> | Current rate<br><u>(7.50%)</u> | 1% Increase<br><u>(8.50%)</u> |
|-------|--|-------------------------------|--------------------------------|-------------------------------|
| PSRS  | Proportionate share of the net pension liability / (asset) | \$ 2,601,526                  | \$ 1,451,279                   | \$ 495,304                    |
| PEERS | Proportionate share of the net pension liability / (asset) | \$ 225,541                    | \$ 119,770                     | \$ 31,061                     |

8. Risk management

The district is exposed to various risks of loss related to torts, theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The district has purchased commercial insurance in an amount adequate to cover all such risks of loss that may arise.

9. Equity classification

District-Wide Statements:

Equity is classified as net position and displayed in two components:

- a. Restricted – Consists of components of net position with constraints placed on 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.
- b. Unrestricted – All other components of net position that do not meet the definition of “restricted.”

Fund Financial Statements:

The district adopted GASB Statement No. 54 which established fund balance classifications that comprised a hierarchy based primarily on the extent to which the district is bound to observe constraints imposed upon the use of its resources reported in governmental funds.

Governmental fund equity is classified as fund balance and displayed in three components:

- a. Committed – Portion of fund balance that has been set aside for a specific purpose by a district’s highest level of decision making authority.
- b. Assigned – Assignment of fund balances to identify the portion of the fund balance that is intended to be used for a specific purpose.
- c. Unassigned – Portion of general fund that is available to be used for any purpose.

Fund Balance at June 30, 2019 consists of the following:

Restricted

Debt Service fund balance in the amount of \$80,663 consisting of taxes levied specifically to retire general obligation bonds and the debt service escrow account for bond payments and general fund balance in the amount of \$1,684 for professional development.

When an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available, the district considers restricted funds to have been spent first. When an expenditure is incurred for which committed, assigned or unassigned fund balances are available, the district considers amounts to have been spent first out of committed funds, then assigned funds and finally unassigned funds, as needed, unless the Board of Education has provided otherwise in its commitment or assignment actions.

10. Transfers

Transfers within the district are substantially for the purposes of subsidizing operating functions and funding capital projects and asset acquisitions. Resources are accumulated in a fund to support and simplify the administration of various projects and programs.

The district-wide Statement of Activities – Cash Basis eliminates transfers as reported within the Statement of Cash Basis Assets and Fund Balances and Cash Receipts, Disbursements and Changes in Cash Basis Fund Balances – Governmental Funds.

During the fiscal year, the district transferred \$219,339 to the Special Revenue Fund to subsidize operations of the fund. The Special Revenue Fund carries no fund balance, therefore most of the district’s revenues are recorded in the General Fund and routine transfers are made to the Special Revenue Fund to finance operations. The district also transferred \$66,245 to the Capital Projects Fund to finance building construction, acquisitions of equipment, and facility improvements. The following schedule reports transfers within the district for fiscal year ended June 30, 2019.

| <u>Transfer from</u> | <u>Transfers To</u>         |                              | <u>Total</u>      |
|----------------------|-----------------------------|------------------------------|-------------------|
|                      | <u>Special Revenue Fund</u> | <u>Capital Projects Fund</u> |                   |
| General Fund         | <u>\$ 219,339</u>           | <u>\$ 66,245</u>             | <u>\$ 285,584</u> |

11. Post employment benefits

In addition to the pension benefits described in Note 7, 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 subject to terms and conditions set forth in the Board policy. The cost of the coverage is charged to the retiree at a blended rate for all employees. The district has not made a formal evaluation or projection on the future cost of the existing health care benefit plan in relation to retirees.

BUDGETARY COMPARISON SCHEDULES

DADE COUNTY R-3 SCHOOL DISTRICT

BUDGETARY COMPARISON SCHEDULE – GENERAL FUND

YEAR ENDED JUNE 30, 2019

|   | General Fund      |                   |                   |             |
|---|-------------------|-------------------|-------------------|-------------|
|   | Budget            |                   | Actual            | Variance    |
|   | Original          | Final             |                   |             |
| Receipts:   |                   |                   |                   |             |
| Local   | \$ 624,000        | \$ 606,320        | \$ 606,320        | \$ -        |
| County  | 103,000           | 101,866           | 101,866           | -           |
| State   | 173,783           | 174,522           | 174,522           | -           |
| Federal   | 174,429           | 139,179           | 139,179           | -           |
|   | <u>1,075,212</u>  | <u>1,021,887</u>  | <u>1,021,887</u>  | <u>-</u>    |
| Disbursements:  |                   |                   |                   |             |
| Instruction   | 243,601           | 209,001           | 209,001           | -           |
| Attendance and guidance                               | 1,700             | 1,007             | 1,007             | -           |
| Health services                                       | 32,582            | 32,206            | 32,206            | -           |
| Improvement of instruction                            | -                 | -                 | -                 | -           |
| Professional development                              | 7,060             | 5,146             | 5,146             | -           |
| Media services  | 12,119            | 796               | 796               | -           |
| General administration                                | 69,767            | 58,235            | 58,235            | -           |
| Building level administration                         | 41,310            | 37,088            | 37,088            | -           |
| Operation of plant                                    | 196,432           | 182,556           | 182,556           | -           |
| Pupil transportation                                  | 81,685            | 53,035            | 53,035            | -           |
| Food services   | 96,972            | 94,486            | 94,486            | -           |
| Community services                                    | 31,907            | 31,828            | 31,828            | -           |
| Facilities acquisition and construction               | -                 | -                 | -                 | -           |
| Principal (excluding debt service)                    | -                 | -                 | -                 | -           |
| Interest (excluding debt service)                     | -                 | -                 | -                 | -           |
| Other (excluding debt service)                        | -                 | -                 | -                 | -           |
| Debt service:   |                   |                   |                   |             |
| Principal   | -                 | -                 | -                 | -           |
| Interest  | -                 | -                 | -                 | -           |
| Fees  | -                 | -                 | -                 | -           |
|   | <u>815,135</u>    | <u>705,384</u>    | <u>705,384</u>    | <u>-</u>    |
| Excess (deficiency) of receipts<br>over disbursements | 260,077           | 316,503           | 316,503           | -           |
| Other financing sources (uses):                       |                   |                   |                   |             |
| Operating transfers in (out)                          | (257,640)         | (285,584)         | (285,584)         | -           |
| Cash basis fund balance, beginning of year            | <u>269,057</u>    | <u>269,057</u>    | <u>269,057</u>    | <u>-</u>    |
| Cash basis fund balance, end of year                  | <u>\$ 271,494</u> | <u>\$ 299,976</u> | <u>\$ 299,976</u> | <u>\$ -</u> |

See accompanying notes to budgetary comparison schedules.

DADE COUNTY R-3 SCHOOL DISTRICT

BUDGETARY COMPARISON SCHEDULE – SPECIAL REVENUE FUND

YEAR ENDED JUNE 30, 2019

|   | Special Revenue Fund |                  |                  |             |
|---|----------------------|------------------|------------------|-------------|
|   | Budget               |                  | Actual           | Variance    |
|   | Original             | Final            |                  |             |
| Receipts:   |                      |                  |                  |             |
| Local   | \$ 160,064           | \$ 166,549       | \$ 166,549       | \$ -        |
| County  | 4,000                | 7,802            | 7,802            | -           |
| State   | 685,000              | 683,094          | 683,094          | -           |
| Federal   | 55,200               | 53,652           | 53,652           | -           |
|   | <u>904,264</u>       | <u>911,097</u>   | <u>911,097</u>   | <u>-</u>    |
| Disbursements:  |                      |                  |                  |             |
| Instruction   | 780,572              | 822,810          | 822,810          | -           |
| Attendance and guidance                               | 43,576               | 43,813           | 43,813           | -           |
| Health services                                       | -                    | -                | -                | -           |
| Improvement of instruction                            | 3,880                | 4,509            | 4,509            | -           |
| Professional development                              | 1,612                | -                | -                | -           |
| Media services  | 43,327               | 49,944           | 49,944           | -           |
| General administration                                | 90,104               | 89,549           | 89,549           | -           |
| Building level administration                         | 72,124               | 72,001           | 72,001           | -           |
| Operation of plant                                    | -                    | -                | -                | -           |
| Pupil transportation                                  | 600                  | -                | -                | -           |
| Food services   | -                    | -                | -                | -           |
| Community services                                    | 47,829               | 47,810           | 47,810           | -           |
| Facilities acquisition and construction               | -                    | -                | -                | -           |
| Principal (excluding debt service)                    | -                    | -                | -                | -           |
| Interest (excluding debt service)                     | -                    | -                | -                | -           |
| Other (excluding debt service)                        | -                    | -                | -                | -           |
| Debt service:   |                      |                  |                  |             |
| Principal   | -                    | -                | -                | -           |
| Interest  | -                    | -                | -                | -           |
| Fees  | -                    | -                | -                | -           |
|   | <u>1,083,624</u>     | <u>1,130,436</u> | <u>1,130,436</u> | <u>-</u>    |
| Excess (deficiency) of receipts<br>over disbursements | (179,360)            | (219,339)        | (219,339)        | -           |
| Other financing sources (uses):                       |                      |                  |                  |             |
| Operating transfers in (out)                          | 198,640              | 219,339          | 219,339          | -           |
| Cash basis fund balance, beginning of year            | -                    | -                | -                | -           |
| Cash basis fund balance, end of year                  | <u>\$ 19,280</u>     | <u>\$ -</u>      | <u>\$ -</u>      | <u>\$ -</u> |

See accompanying notes to budgetary comparison schedules.



DADE COUNTY R-3 SCHOOL DISTRICT

BUDGETARY COMPARISON SCHEDULE – DEBT SERVICE FUND

YEAR ENDED JUNE 30, 2019

|   | Debt Service Fund |                  |                  |             |
|---|-------------------|------------------|------------------|-------------|
|   | Budget            |                  | Actual           | Variance    |
|   | Original          | Final            |                  |             |
| Receipts:   |                   |                  |                  |             |
| Local   | \$ 64,947         | \$ 65,070        | \$ 65,070        | \$ -        |
| County  | 11,000            | 10,516           | 10,516           | -           |
| State   | -                 | -                | -                | -           |
| Federal   | -                 | -                | -                | -           |
|   | <u>75,947</u>     | <u>75,586</u>    | <u>75,586</u>    | <u>-</u>    |
| Disbursements:  |                   |                  |                  |             |
| Instruction   | -                 | -                | -                | -           |
| Attendance and guidance                               | -                 | -                | -                | -           |
| Health services                                       | -                 | -                | -                | -           |
| Improvement of instruction                            | -                 | -                | -                | -           |
| Professional development                              | -                 | -                | -                | -           |
| Media services  | -                 | -                | -                | -           |
| General administration                                | -                 | -                | -                | -           |
| Building level administration                         | -                 | -                | -                | -           |
| Operation of plant                                    | -                 | -                | -                | -           |
| Pupil transportation                                  | -                 | -                | -                | -           |
| Food services   | -                 | -                | -                | -           |
| Community services                                    | -                 | -                | -                | -           |
| Facilities acquisition and construction               | -                 | -                | -                | -           |
| Principal (excluding debt service)                    | -                 | -                | -                | -           |
| Interest (excluding debt service)                     | -                 | -                | -                | -           |
| Other (excluding debt service)                        | -                 | -                | -                | -           |
| Debt service:   |                   |                  |                  |             |
| Principal   | 35,000            | 35,000           | 35,000           | -           |
| Interest  | 30,000            | 30,900           | 30,900           | -           |
| Fees  | <u>350</u>        | <u>318</u>       | <u>318</u>       | <u>-</u>    |
|   | <u>65,350</u>     | <u>66,218</u>    | <u>66,218</u>    | <u>-</u>    |
| Excess (deficiency) of receipts<br>over disbursements | 10,597            | 9,368            | 9,368            | -           |
| Other financing sources (uses):                       |                   |                  |                  |             |
| Operating transfers in (out)                          | -                 | -                | -                | -           |
| Cash basis fund balance, beginning of year            | <u>71,295</u>     | <u>71,295</u>    | <u>71,295</u>    | <u>-</u>    |
| Cash basis fund balance, end of year                  | <u>\$ 81,892</u>  | <u>\$ 80,663</u> | <u>\$ 80,663</u> | <u>\$ -</u> |

See accompanying notes to budgetary comparison schedules.

DADE COUNTY R-3 SCHOOL DISTRICT

BUDGETARY COMPARISON SCHEDULE – CAPITAL PROJECTS FUND

YEAR ENDED JUNE 30, 2019

|   | Capital Projects Fund |                |                |             |
|---|-----------------------|----------------|----------------|-------------|
|   | Budget                |                | Actual         | Variance    |
|   | Original              | Final          |                |             |
| Receipts:   |                       |                |                |             |
| Local   | \$ -                  | \$ 40,664      | \$ 40,664      | \$ -        |
| County  | -                     | -              | -              | -           |
| State   | -                     | 102,313        | 102,313        | -           |
| Federal   | -                     | -              | -              | -           |
|   | <u>-</u>              | <u>142,977</u> | <u>142,977</u> | <u>-</u>    |
| Disbursements:  |                       |                |                |             |
| Instruction   | -                     | 13,652         | 13,652         | -           |
| Attendance and guidance                               | -                     | -              | -              | -           |
| Health services                                       | -                     | -              | -              | -           |
| Improvement of instruction                            | -                     | -              | -              | -           |
| Professional development                              | -                     | -              | -              | -           |
| Media services  | -                     | -              | -              | -           |
| General administration                                | -                     | -              | -              | -           |
| Building level administration                         | -                     | -              | -              | -           |
| Operation of plant                                    | 50,000                | 19,029         | 19,029         | -           |
| Pupil transportation                                  | -                     | 118,924        | 118,924        | -           |
| Food services   | -                     | -              | -              | -           |
| Community services                                    | -                     | -              | -              | -           |
| Facilities acquisition and construction               | 25,000                | 24,998         | 24,998         | -           |
| Principal (excluding debt service)                    | 23,800                | 23,691         | 23,691         | -           |
| Interest (excluding debt service)                     | 7,700                 | 7,983          | 7,983          | -           |
| Other (excluding debt service)                        | -                     | 945            | 945            | -           |
| Debt service:   |                       |                |                |             |
| Principal   | -                     | -              | -              | -           |
| Interest  | -                     | -              | -              | -           |
| Fees  | -                     | -              | -              | -           |
|   | <u>106,500</u>        | <u>209,222</u> | <u>209,222</u> | <u>-</u>    |
| Excess (deficiency) of receipts<br>over disbursements | (106,500)             | (66,245)       | (66,245)       | -           |
| Other financing sources (uses):                       |                       |                |                |             |
| Operating transfers in (out)                          | 59,000                | 66,245         | 66,245         | -           |
| Cash basis fund balance, beginning of year            | <u>-</u>              | <u>-</u>       | <u>-</u>       | <u>-</u>    |
| Cash basis fund balance, end of year                  | <u>\$ (47,500)</u>    | <u>\$ -</u>    | <u>\$ -</u>    | <u>\$ -</u> |

See accompanying notes to budgetary comparison schedules.

DADE COUNTY R-3 SCHOOL DISTRICT  
NOTES TO BUDGETARY COMPARISON SCHEDULES

JUNE 30, 2019

Budgets and budgetary accounting

The district follows these procedures in establishing the budgetary data reflected in the financial statements.

- I. In accordance with Chapter 67, RSMo, the district adopts a budget for each fund.
- II. 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.
- III. Prior to its approval by the Board of Education, the budget document is available for public inspection. A public hearing is conducted to obtain taxpayer comments.
- IV. Prior to July 1, the budget is legally enacted by a vote of the Board of Education.
- V. 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.
- VI. Budgets for district funds are prepared and adopted on the cash basis (budget basis), recognizing revenues when collected and expenditures when paid.

RETIREMENT PLAN SCHEDULES

DADE COUNTY R-3 SCHOOL DISTRICT  
SCHEDULES OF EMPLOYER CONTRIBUTIONS  
YEAR ENDED JUNE 30, 2019

Public School Retirement System of Missouri

| <u>Year Ended</u> | <u>Statutorily Required Contribution</u> | <u>Actual Employer Contributions</u> | <u>Contribution Excess / (Deficiency)</u> | <u>Actual Covered Member Payroll</u> | <u>Contributions as a Percentage of Covered Payroll</u> |
|-------------------|--|--------------------------------------|---|--------------------------------------|---|
| 6-30-2013         | \$ 109,000                               | \$ 109,000                           | \$ -                                      | \$ 751,726                           | 14.50%  |
| 6-30-2014         | 119,919                                  | 119,919                              | -   | 827,026                              | 14.50%  |
| 6-30-2015         | 129,859                                  | 129,859                              | -   | 895,579                              | 14.50%  |
| 6-30-2016         | 129,834                                  | 129,834                              | -   | 895,406                              | 14.50%  |
| 6-30-2017         | 134,363                                  | 134,363                              | -   | 926,639                              | 14.50%  |
| 6-30-2018         | 135,984                                  | 135,984                              | -   | 937,819                              | 14.50%  |

Public Education Employee Retirement System of Missouri

| <u>Year Ended</u> | <u>Statutorily Required Contribution</u> | <u>Actual Employer Contributions</u> | <u>Contribution Excess / (Deficiency)</u> | <u>Actual Covered Member Payroll</u> | <u>Contributions as a Percentage of Covered Payroll</u> |
|-------------------|--|--------------------------------------|---|--------------------------------------|---|
| 6-30-2013         | \$ 12,782                                | \$ 12,782                            | \$ -                                      | \$ 186,321                           | 6.86%   |
| 6-30-2014         | 13,056                                   | 13,056                               | -   | 190,319                              | 6.86%   |
| 6-30-2015         | 15,710                                   | 15,710                               | -   | 229,001                              | 6.86%   |
| 6-30-2016         | 15,040                                   | 15,040                               | -   | 219,241                              | 6.86%   |
| 6-30-2017         | 15,342                                   | 15,342                               | -   | 223,638                              | 6.86%   |
| 6-30-2018         | 17,637                                   | 17,637                               | -   | 257,095                              | 6.86%   |

DADE COUNTY R-3 SCHOOL DISTRICT

SCHEDULES OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY  
AND RELATED RATIOS

YEAR ENDED JUNE 30, 2019

Public School Retirement System of Missouri

| <u>Year Ended</u> | <u>Proportion of the Net Pension Liability (Asset)</u> | <u>Proportionate Share of the Net Pension Liability (Asset)</u> | <u>Actual Covered Member Payroll</u> | <u>Net Pension Liability (Asset) as a Percentage of Covered Payroll</u> | <u>Fiduciary Net Position as a Percentage of Total Pension Liability</u> |
|-------------------|--|---|--------------------------------------|---|--|
| 6-30-2014         | 0.0186%  | \$ 763,079  | \$ 827,026                           | 92.27%  | 89.34%   |
| 6-30-2015         | 0.0198%  | 1,143,026   | 895,579                              | 127.63%   | 85.78%   |
| 6-30-2016         | 0.0194%  | 1,443,486   | 895,406                              | 161.21%   | 82.18%   |
| 6-30-2017         | 0.0196%  | 1,415,419   | 926,639                              | 152.75%   | 83.77%   |
| 6-30-2018         | 0.0195%  | 1,451,279   | 937,819                              | 154.75%   | 84.06%   |

Public Education Employee Retirement System of Missouri

| <u>Year Ended</u> | <u>Proportion of the Net Pension Liability (Asset)</u> | <u>Proportionate Share of the Net Pension Liability (Asset)</u> | <u>Actual Covered Member Payroll</u> | <u>Net Pension Liability (Asset) as a Percentage of Covered Payroll</u> | <u>Fiduciary Net Position as a Percentage of Total Pension Liability</u> |
|-------------------|--|---|--------------------------------------|---|--|
| 6-30-2014         | 0.0131%  | \$ 47,837   | \$ 190,319                           | 25.14%  | 91.33%   |
| 6-30-2015         | 0.0153%  | 80,923  | 229,001                              | 35.34%  | 88.28%   |
| 6-30-2016         | 0.0142%  | 113,932   | 219,241                              | 51.97%  | 83.32%   |
| 6-30-2017         | 0.0139%  | 106,050   | 223,638                              | 47.42%  | 85.35%   |
| 6-30-2018         | 0.0155%  | 119,770   | 257,095                              | 46.59%  | 86.06%   |

STATE COMPLIANCE

**ROBERTS, MCKENZIE, MANGAN & CUMMINGS**

*A Professional Corporation*

4035 S. Fremont

Springfield, Missouri 65804

(417) 883-5348 – (417) 883-8961 fax

REPORT ON COMPLIANCE WITH STATE REQUIREMENTS

Board of Education  
Dade County R-3 School District  
Everton, Missouri

We have audited the financial statements of Dade County R-3 School District, as of and for the year ended June 30, 2019, and have issued our report thereon dated November 18, 2019.

**Management's Responsibility**

As required by the Revised Statutes of the State of Missouri, we have performed auditing procedures to test compliance with the requirements governing budgets (Chapter 67 RSMo) and the methods of maintaining pupil attendance and pupil transportation records (Chapter 165.121.3(7)RSMo). The management of the district is responsible for the district's compliance with those requirements. Our responsibility is to express an opinion on the district's compliance with those requirements based on our audit.

**Auditor's Responsibility**

We conducted our audit of compliance with those requirements in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether material noncompliance with the requirements referred to above occurred. An audit includes examining, on a test basis, evidence about the district's compliance with those requirements. We believe that our audit provides a reasonable basis for our opinion.

**Opinion**

In our opinion, the district's budgetary and disbursement procedures were in compliance with the budgetary statute (Chapter 67 RSMo). It is further our opinion that the pupil attendance and pupil transportation records are so maintained as to accurately disclose, in all material respects, the average daily attendance, resident membership on the last Wednesday of September and January, average daily transportation of pupils and mileage and allowable cost for pupil transportation in compliance with state and administrative rules.

**Purpose of this Report**

The purpose of this report is solely to describe our testing of compliance with the requirements governing budgets and the methods of maintaining pupil attendance and pupil transportation records. Accordingly, this report is not suitable for any other purpose.

*RMMC, CPA's*

Springfield, Missouri  
November 18, 2019



DADE COUNTY R-3 SCHOOL DISTRICT

SCHEDULE OF SELECTED STATISTICS

YEAR ENDED JUNE 30, 2019

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

| School Code | Begin Grade | End Grade | Half Day Indicator | Standard Day Length | Days | Hours in Session |
|-------------|-------------|-----------|--------------------|---------------------|------|------------------|
| 029-003     | K           | 7         | -                  | 7.3666              | 144  | 1,054.2672       |
| 029-003     | 8           | 12        | -                  | 7.3500              | 144  | 1,052.0000       |

Notes: \_\_\_\_\_

2. **Average Daily Attendance (ADA)**

| School Code | Grade Level | Full-Time | Part-Time | Remedial Hours | Other | Summer School | Total    |
|-------------|-------------|-----------|-----------|----------------|-------|---------------|----------|
| 029-003     | K           | 8.7611    | -         | -              | -     | -             | 8.7611   |
| 029-003     | 1           | 10.2337   | -         | -              | -     | -             | 10.2337  |
| 029-003     | 2           | 16.4783   | -         | -              | -     | -             | 16.4783  |
| 029-003     | 3           | 11.1779   | -         | -              | -     | -             | 11.1779  |
| 029-003     | 4           | 14.5915   | -         | -              | -     | -             | 14.5915  |
| 029-003     | 5           | 15.0958   | -         | -              | -     | -             | 15.0958  |
| 029-003     | 6           | 9.9813    | -         | -              | -     | -             | 9.9813   |
| 029-003     | 7           | 14.4383   | -         | -              | -     | -             | 14.4383  |
| 029-003     | 8           | 14.3426   | -         | -              | -     | -             | 14.3426  |
| 029-003     | 9           | 8.7786    | -         | -              | -     | -             | 8.7786   |
| 029-003     | 10          | 8.1551    | -         | -              | -     | -             | 8.1551   |
| 029-003     | 11          | 9.2410    | -         | -              | -     | -             | 9.2410   |
| 029-003     | 12          | 10.6220   | -         | -              | -     | -             | 10.6220  |
|             |             |           |           |                |       |               |          |
| TOTAL       |             | 151.8970  | -         | -              | -     | -             | 151.8970 |

Notes: \_\_\_\_\_

3. **September Membership**

| School Code | Grade Level | Full-Time | Part-Time | Other | Total  |
|-------------|-------------|-----------|-----------|-------|--------|
| 029-003     | K           | 9.00      | -         | -     | 9.00   |
| 029-003     | 1           | 11.00     | -         | -     | 11.00  |
| 029-003     | 2           | 17.00     | -         | -     | 17.00  |
| 029-003     | 3           | 12.00     | -         | -     | 12.00  |
| 029-003     | 4           | 15.00     | -         | -     | 15.00  |
| 029-003     | 5           | 16.00     | -         | -     | 16.00  |
| 029-003     | 6           | 10.00     | -         | -     | 10.00  |
| 029-003     | 7           | 15.00     | -         | -     | 15.00  |
| 029-003     | 8           | 13.00     | 0.50      | -     | 13.50  |
| 029-003     | 9           | 9.00      | -         | -     | 9.00   |
| 029-003     | 10          | 9.00      | -         | -     | 9.00   |
| 029-003     | 11          | 9.00      | -         | -     | 9.00   |
| 029-003     | 12          | 11.00     | -         | -     | 11.00  |
|             |             |           |           |       |        |
| TOTAL       |             | 156.00    | 0.50      | -     | 156.50 |

Notes: \_\_\_\_\_

DADE COUNTY R-3 SCHOOL DISTRICT

SCHEDULE OF SELECTED STATISTICS  
(CONTINUED)

YEAR ENDED JUNE 30, 2019

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

| School Code | Free Lunch | Reduced Lunch | Deseg In Free | Deseg In Reduced | Total |
|-------------|------------|---------------|---------------|------------------|-------|
| 029-003     | 161        | -             | -             | -                | 161   |

Notes: \_\_\_\_\_

\_\_\_\_\_

5. **Finance**

|     |  |          |
|-----|--|----------|
| 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  | N/A      |
|     | Homebound instruction  | N/A      |
|     | Missouri Options   | N/A      |
|     | Prekindergarten eligible to be claimed for state aid   | N/A      |
|     | Remediation  | N/A      |
|     | Sheltered Workshop participation   | N/A      |
|     | Students participating in the school flex program  | N/A      |
|     | Traditional instruction (full and part-time students)  | True     |
|     | Virtual instruction (MOCAP or other option)  | 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     |
| 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     |

DADE COUNTY R-3 SCHOOL DISTRICT

SCHEDULE OF SELECTED STATISTICS  
(CONTINUED)

YEAR ENDED JUNE 30, 2019

5. **Finance (continued)**

|      |  |         |
|------|--|---------|
| 5.9  | If a \$162,326 or 7% x SAT x WADA transfer was made in excess of adjusted expenditures, the board approved a resolution to make the transfer, which identified the specific projects to be funded by the transfer and an expected expenditure date for the projects to be undertaken. (Not applicable to charter schools.)   | N/A     |
| 5.10 | The district/charter school published a summary of the prior year's audit report within thirty days of the receipt of the audit pursuant to Section 165.121, RSMo.   | True    |
| 5.11 | The district has a professional development committee plan adopted by the board with the professional development committee plan identifying the expenditure of seventy-five percent (75%) of one percent (1%) of the current year basic formula apportionment. Remaining 25% of 1% if not spent must be restricted and spent on appropriate expenditures in the future. 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 costs. (Not applicable to charter schools.) | True    |
| 5.12 | The amount spent for approved professional development committee plan activities was:  | \$5,146 |

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

Finding #: \_\_\_\_\_

Management Letter Comment # \_\_\_\_\_

Notes: \_\_\_\_\_

\_\_\_\_\_

DADE COUNTY R-3 SCHOOL DISTRICT

SCHEDULE OF SELECTED STATISTICS  
(CONTINUED)

YEAR ENDED JUNE 30, 2019

6. **Transportation** (Section 163.161, RSMo)

|     |  |        |
|-----|--|--------|
| 6.1 | The school transportation allowable costs substantially conform to 5 CSR 30-261.040, Allowable Costs for State Transportation Aid.   | True   |
| 6.2 | The district's/charter school's pupil transportation ridership records are maintained in a manner to accurately disclose in all material respects the average number of regular riders transported.  | True   |
| 6.3 | Based on the ridership records, the average number of students (non-disabled K-12, K-12 students with disabilities and career education) transported on a regular basis (ADT) was:                   |        |
|     | Eligible ADT   | 82     |
|     | Ineligible ADT   | 23     |
| 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:  | 41,284 |
| 6.6 | Of this total, the eligible non-disabled and students with disabilities route miles and the ineligible non-route and disapproved miles (combined) was:   |        |
|     | Eligible miles   | 29,845 |
|     | Ineligible miles (Non-route/disapproved)   | 11,439 |
| 6.7 | Number of days the district/charter school operated the school transportation system during the regular school year:   | 144    |

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

Finding #: \_\_\_\_\_

Management Letter Comment # \_\_\_\_\_

Notes: \_\_\_\_\_

\_\_\_\_\_

DADE COUNTY R-3 SCHOOL DISTRICT

SCHEDULE OF TRANSPORTATION COSTS ELIGIBLE FOR STATE AID

YEAR ENDED JUNE 30, 2019

|                          | <u>District<br/>Owned</u> |
|--------------------------|---------------------------|
| Certificated salaries    | \$ 461                    |
| Noncertificated salaries | 30,225                    |
| Employee benefits        | 4,467                     |
| Purchased services       | 6,873                     |
| Supplies                 | 11,008                    |
| Capital outlay           | 96,234                    |
| Depreciation             | <u>24,481</u>             |
|                          | <u>\$ 173,749</u>         |
| <br>                     |                           |
| School buses leased:     |                           |
| Principal                | \$ 22,690                 |
| Interest                 | <u>335</u>                |
|                          | <u>\$ 23,025</u>          |

DADE COUNTY R-3 SCHOOL DISTRICT

SCHEDULE OF REVENUES COLLECTED BY SOURCE

YEAR ENDED JUNE 30, 2019

|   | Governmental Fund Types         |   |                         |                             | Total               |
|---|---------------------------------|---|-------------------------|-----------------------------|---------------------|
|   | General<br>(Incidental)<br>Fund | Special<br>Revenue<br>(Teachers')<br>Fund | Debt<br>Service<br>Fund | Capital<br>Projects<br>Fund |                     |
| Local:                                  |                                 |   |                         |                             |                     |
| Property tax                            | \$ 504,023                      | \$ -                                      | \$ 63,572               | \$ -                        | \$ 567,595          |
| Sales tax                               | -                               | 166,549                                   | -                       | -                           | 166,549             |
| Intangible taxes                        | 142                             | -   | 1,059                   | -                           | 1,201               |
| Earnings on investments                 | 749                             | -   | 439                     | 3,045                       | 4,233               |
| Food service                            | 3,545                           | -   | -                       | -                           | 3,545               |
| Student activities                      | 48,143                          | -   | -                       | -                           | 48,143              |
| Other                                   | 49,718                          | -   | -                       | 37,619                      | 87,337              |
|   | <u>606,320</u>                  | <u>166,549</u>                            | <u>65,070</u>           | <u>40,664</u>               | <u>878,603</u>      |
| County:                                 |                                 |   |                         |                             |                     |
| Fines and escheats                      | -                               | 7,802                                     | -                       | -                           | 7,802               |
| State assessed utility taxes            | 101,866                         | -   | 10,516                  | -                           | 112,382             |
|   | <u>101,866</u>                  | <u>7,802</u>                              | <u>10,516</u>           | <u>-</u>                    | <u>120,184</u>      |
| State:                                  |                                 |   |                         |                             |                     |
| Basic formula – state monies            | -                               | 682,894                                   | -                       | -                           | 682,894             |
| Transportation aid                      | 15,560                          | -   | -                       | -                           | 15,560              |
| Early Childhood Special Education       | 17,956                          | -   | -                       | -                           | 17,956              |
| Basic Formula – Classroom<br>Trust Fund | 63,015                          | -   | -                       | -                           | 63,015              |
| Educational screening                   | 2,750                           | -   | -                       | -                           | 2,750               |
| Small schools grant                     | 71,276                          | -   | -                       | -                           | 71,276              |
| Career education                        | 3,273                           | 200                                       | -                       | 6,079                       | 9,552               |
| Food service                            | 692                             | -   | -                       | -                           | 692                 |
| Other                                   | -                               | -   | -                       | 96,234                      | 96,234              |
|   | <u>174,522</u>                  | <u>683,094</u>                            | <u>-</u>                | <u>102,313</u>              | <u>959,929</u>      |
| Federal:                                |                                 |   |                         |                             |                     |
| Medicaid                                | 12,436                          | -   | -                       | -                           | 12,436              |
| IDEA                                    | 40,951                          | -   | -                       | -                           | 40,951              |
| Food service                            | 69,579                          | -   | -                       | -                           | 69,579              |
| Title I                                 | -                               | 50,022                                    | -                       | -                           | 50,022              |
| Title II                                | -                               | 3,630                                     | -                       | -                           | 3,630               |
| Title IV                                | 6,023                           | -   | -                       | -                           | 6,023               |
| Other                                   | 10,190                          | -   | -                       | -                           | 10,190              |
|   | <u>139,179</u>                  | <u>53,652</u>                             | <u>-</u>                | <u>-</u>                    | <u>192,831</u>      |
|   | <u>\$ 1,021,887</u>             | <u>\$ 911,097</u>                         | <u>\$ 75,586</u>        | <u>\$ 142,977</u>           | <u>\$ 2,151,547</u> |

DADE COUNTY R-3 SCHOOL DISTRICT  
 SCHEDULE OF EXPENDITURES PAID BY OBJECT  
 YEAR ENDED JUNE 30, 2019

|                    | General<br>(Incidental)<br>Fund | Special<br>Revenue<br>(Teachers')<br>Fund | Capital<br>Projects<br>Fund | Totals              |
|--------------------|---------------------------------|---|-----------------------------|---------------------|
| Salaries           | \$ 257,587                      | \$ 824,813                                | \$ -                        | \$ 1,082,400        |
| Employee benefits  | 94,102                          | 275,993                                   | -                           | 370,095             |
| Purchased services | 138,780                         | 29,630                                    | -                           | 168,410             |
| Supplies           | 214,915                         | -   | -                           | 214,915             |
| Capital outlay     | -                               | -   | 176,602                     | 176,602             |
| Other              | -                               | -   | 32,620                      | 32,620              |
|                    | <u>\$ 705,384</u>               | <u>\$ 1,130,436</u>                       | <u>\$ 209,222</u>           | <u>\$ 2,045,042</u> |

GOVERNMENT AUDITING STANDARDS



**ROBERTS, MCKENZIE, MANGAN & CUMMINGS**

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

Board of Education  
Dade County R-3 School District  
Everton, 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 *Governmental Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities and each major fund of Dade County R-3 School District as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise Dade County R-3 School District's basic financial statements, and have issued our report thereon dated November 18, 2019.

**Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered Dade County R-3 School 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 our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Dade County R-3 School District's internal control. Accordingly, we do not express an opinion on the effectiveness of the Dade County R-3 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. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified. We did identify a certain deficiency in internal control, described as item 2019-1 in the accompanying schedule of findings and responses that we consider to be a significant deficiency.

### **Compliance and Other Matters**

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

### **Dade County R-3 School District's Response to Findings**

Dade County R-3 School District's response to the finding identified in our audit is described in the accompanying schedule of findings and responses. Dade County R-3 School District's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

### **Purpose of this Report**

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

*R/M/C, CPA's*

Springfield, Missouri  
November 18, 2019

DADE COUNTY R-3 SCHOOL DISTRICT  
SCHEDULE OF FINDINGS AND RESPONSES  
YEAR ENDED JUNE 30, 2019

Item 2019-1: *Segregation of Duties*

|                      |  |
|----------------------|--|
| Criteria:            | The most effective system of internal control would provide for segregation of duties so that no individual would be involved in multiple phases of receiving, disbursing, processing or recording of assets and transactions.   |
| Condition:           | The size of the district is such that it is not feasible to have enough employees for adequate segregation of duties for internal control.   |
| Context:             | All accounting transactions  |
| Effect:              | The condition could adversely affect the district's ability to record, process, summarize, and report financial data consistent with the assertion of management in the financial statements.  |
| Cause:               | Not having sufficient number of personnel to allow for adequate segregation of duties.   |
| Recommendation:      | Any changes to the system of internal control to increase segregation of duties requires estimates and judgments by management of expected benefits and related costs. We recommend that management continue its active involvement in management of the district and strive to improve internal controls where practical. |
| Management response: | The size and budget constraints of the district limit the application of adequate segregation of duties. These areas will be reviewed periodically and consideration given to improving the segregation of duties.   |