

# Pike County R-III School District

Basic Financial Statements  
Year Ended June 30, 2023

**KPM**  
CPAS & ADVISORS

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Board of Education  
Pike County R-III School District  
Clarksville, Missouri

## **Report on the Audit of the Financial Statements**

### ***Opinions***

We have audited the accompanying modified cash basis financial statements of the governmental activities and each major fund of Pike County R-III, as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

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

### ***Basis for Opinions***

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

### ***Basis of Accounting***

As described in Note 1 of the financial statements, the financial statements are prepared on the modified cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to that matter.

### ***Responsibilities of Management for the Financial Statements***

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

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

### ***Auditors' Responsibilities for the Audit of the Financial Statements***

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

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

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

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

### ***Supplementary Information***

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The accompanying Schedule of Receipts by Source, Schedule of Disbursements by Object, Schedule of Transportation Costs Eligible for State Aid, and Schedule of Expenditures of Federal Awards, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements.

The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Schedule of Receipts by Source, Schedule of Disbursements by Object, Schedule of Transportation Costs Eligible for State Aid, and the Schedule of Expenditures of Federal Awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

***Other Information***

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

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

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

In accordance with *Government Auditing Standards*, we have also issued our report dated December 7, 2023, on our consideration of Pike County R-III's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Pike County R-III's internal control over financial reporting and compliance.

*KPM CPAs, PC*

KPM CPAs, PC  
Springfield, Missouri  
December 7, 2023

## **Government-Wide Financial Statements**

# Pike County R-III

## Statement of Net Position – Modified Cash Basis

June 30, 2023

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	<b>Governmental Activities</b>
<b>Assets</b>	
Cash and cash equivalents	\$ 4,371,479
Investments	201,405
<b>Total Assets</b>	<b><u>\$ 4,572,884</u></b>
<b>Net Position</b>	
Restricted for	
Student activities	\$ 371,893
Food service	29,420
Student scholarships	22,244
Debt service	540,344
Unrestricted	3,608,983
<b>Total Net Position</b>	<b><u>\$ 4,572,884</u></b>

See accompanying Notes to the Financial Statements

## Pike County R-III

Statement of Activities – Modified Cash Basis

Year Ended June 30, 2023

	Program Cash Receipts			Net (Disbursements) Receipts and Changes in Net Position	
	Cash Disbursements	Charges for Services	Operating Grants and Contributions		Capital Grants and Contributions
<b>Governmental Activities</b>					
Instruction	\$ (3,484,128)	\$ 995,221	\$ 1,199,069	\$ 15,363	\$ (1,274,475)
Student services	(264,453)	21,135	50,774	-	(192,544)
Instructional staff support	(122,574)	-	16,832	-	(105,742)
Building administration	(465,080)	-	-	-	(465,080)
General administration	(713,821)	-	-	186,511	(527,310)
Operation of plant	(945,450)	-	-	79,810	(865,640)
Transportation	(383,232)	-	155,199	-	(228,033)
Food service	(271,946)	81,700	198,612	-	8,366
Adult vocational education	(565,391)	493,378	104,820	-	32,807
Community services	(171,111)	7,665	27,426	-	(136,020)
Facilities acquisition and construction	(1,846)	-	-	-	(1,846)
Debt service	(316,744)	-	-	-	(316,744)
<b>Net Program (Disbursements) Receipts</b>	<u>\$ (7,705,776)</u>	<u>\$ 1,599,099</u>	<u>\$ 1,752,732</u>	<u>\$ 281,684</u>	(4,072,261)
<b>General Receipts</b>					
Ad valorem tax receipts					2,730,085
Prop C sales tax receipts					512,525
Other tax receipts					18,597
County receipts					531,460
State receipts					1,072,202
Interest receipts					19,691
Other receipts					98,320
<b>Total General Receipts</b>					<u>4,982,880</u>
<i>Change in Net Position</i>					910,619
Net Position - Beginning of year					3,662,265
<b>Net Position - End of year</b>					<u>\$ 4,572,884</u>

See accompanying Notes to the Financial Statements



## **Fund Financial Statements**

## Pike County R-III

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

June 30, 2023

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Debt Service Fund</u>	<u>Capital Projects Fund</u>	<u>Total Governmental Funds</u>
<b>Assets</b>					
Cash and cash equivalents	\$ 3,419,819	\$ -	\$ 338,939	\$ 612,721	\$ 4,371,479
Investments	-	-	201,405	-	201,405
<b>Total Assets</b>	<u>\$ 3,419,819</u>	<u>\$ -</u>	<u>\$ 540,344</u>	<u>\$ 612,721</u>	<u>\$ 4,572,884</u>
<b>Fund Balances</b>					
Restricted for					
Debt service	\$ -	\$ -	\$ 540,344	\$ -	\$ 540,344
Student activities	371,893	-	-	-	371,893
Student scholarships	22,244	-	-	-	22,244
Food service	29,420	-	-	-	29,420
Assigned to capital outlay	-	-	-	612,721	612,721
Unassigned	2,996,262	-	-	-	2,996,262
<b>Total Fund Balances</b>	<u>\$ 3,419,819</u>	<u>\$ -</u>	<u>\$ 540,344</u>	<u>\$ 612,721</u>	<u>\$ 4,572,884</u>

See accompanying Notes to the Financial Statements

## Pike County R-III

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

Year Ended June 30, 2023

	General Fund	Special Revenue Fund	Debt Service Fund	Capital Projects Fund	Total Governmental Funds
<b>Receipts</b>					
Local	\$ 3,188,823	\$ 512,541	\$ 416,290	\$ 62,424	\$ 4,180,078
County	409,870	7,250	110,052	4,288	531,460
State	511,649	1,003,891	-	280,733	1,796,273
Federal	808,541	335,482	-	166,322	1,310,345
Other	766,133	32,106	-	-	798,239
<b>Total Receipts</b>	5,685,016	1,891,270	526,342	513,767	8,616,395
<b>Disbursements</b>					
Instruction	747,361	2,628,012	-	108,755	3,484,128
Student services	221,116	43,337	-	-	264,453
Instructional staff support	57,909	62,306	-	2,359	122,574
Building administration	212,733	252,347	-	-	465,080
General administration	391,151	225,822	-	96,848	713,821
Operation of plant	735,136	-	-	210,314	945,450
Transportation	341,138	-	-	42,094	383,232
Food services	253,491	-	-	18,455	271,946
Adult vocational education	349,246	216,145	-	-	565,391
Community services	59,256	44,500	-	67,355	171,111
Facilities acquisition and construction	-	-	-	1,846	1,846
Debt service	-	-	304,395	12,349	316,744
<b>Total Disbursements</b>	3,368,537	3,472,469	304,395	560,375	7,705,776
<i>Excess (Deficit) of Receipts over Disbursements</i>	2,316,479	(1,581,199)	221,947	(46,608)	910,619
<b>Other Financing Sources (Uses)</b>					
Operating transfers in	-	1,581,199	-	301,338	1,882,537
Operating transfers (out)	(1,882,537)	-	-	-	(1,882,537)
<b>Total Other Financing Sources (Uses)</b>	(1,882,537)	1,581,199	-	301,338	-
<i>Net Change in Fund Balances</i>	433,942	-	221,947	254,730	910,619
Fund Balance, July 1, 2022	3,110,932	-	318,397	232,936	3,662,265
Fund Transfer In (Out)	(125,055)	-	-	125,055	-
<b>Fund Balance, June 30, 2023</b>	\$ 3,419,819	\$ -	\$ 540,344	\$ 612,721	\$ 4,572,884

See accompanying Notes to the Financial Statements

# Pike County R-III

## Notes to the Financial Statements

June 30, 2023

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### 1. Summary of Significant Accounting Policies

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

#### Financial Reporting Entity

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

#### Basis of Presentation

##### *Government-Wide Financial Statements*

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

##### *Fund Financial Statements*

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

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

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

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

*Debt Service Fund:* Accounts for receipts restricted, committed, or assigned for the retirement of principal and interest on the District's long-term debt.

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

# Pike County R-III

## Notes to the Financial Statements

June 30, 2023

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### **Basis of Accounting**

The government-wide Statement of Net Position and Statement of Activities and the fund financial statements are presented using the modified cash basis of accounting. This basis recognizes assets, net position/fund equity, receipts, and disbursements when they result from cash transactions. The modification to cash basis relates to the presentation of investments. This is a basis of accounting other than accounting principles generally accepted in the United States of America; and as a result, these financial statements may not be suitable for another purpose.

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

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

### **Capital Outlay**

General fixed assets are recorded as disbursements in the Capital Projects Fund at the time the goods received are paid for.

### **Compensated Absences**

Vacation time, personal business days, and sick leave are considered as disbursements 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.

### **Long-Term Debt**

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

### **Teachers' Salaries**

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

### **Pooled Cash and Cash Equivalents**

Cash and cash equivalents of the individual funds are combined to form a pool of cash and cash equivalents with the exception of the Debt Service Fund, which is kept in a separate bank account. Cash equivalents of the pooled accounts consist primarily of money market accounts, carried at cost, which approximates market.

### **Inventories**

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

# Pike County R-III

## Notes to the Financial Statements

June 30, 2023

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### Equity Classification

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

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

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

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

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

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

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

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

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

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

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

### Program Receipts

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

# Pike County R-III

## Notes to the Financial Statements

June 30, 2023

### 2. Cash & Cash Equivalents

State statutes require that the District's deposits be insured or collateralized in the name of the District by the trust department of a bank that does not hold the collateralized deposits. As of June 30, 2023, all bank balances on deposit were entirely insured or collateralized with securities.

### 3. Investments

The District has the following investments at June 30, 2023:

<u>Investment Type</u>	<u>Maturity</u>	<u>Amount</u>
Pro-rata shares of investment contracts with BOK Financial through the Missouri School District Direct Deposit Program	N/A	<u>\$ 201,405</u>

#### Investment Contracts with BOK Financial

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

The District does not have a policy on interest rate risk.

### 4. 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 District is required to reduce its property tax levy by one-half the amount of sales tax estimated to be received in the subsequent calendar year unless the voters have approved a waiver of the rollback provision. The District has voted a full waiver of the rollback provision.

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

Real estate	\$ 36,161,949
Personal property	<u>16,495,616</u>
<b>Total Assessed Valuation</b>	<u><u>\$ 52,657,565</u></u>

# Pike County R-III

## Notes to the Financial Statements

June 30, 2023

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

	<b>Unadjusted</b>	<b>Adjusted</b>
General Fund	\$ 4.1996	\$ 4.1996
Debt Service Fund	0.7521	0.7521
Capital Projects Fund	0.0500	0.0500
<b>Total Levy</b>	<b>\$ 5.0017</b>	<b>\$ 5.0017</b>

The receipts of current and delinquent property taxes during the fiscal year ended June 30, 2023, aggregated approximately 103 percent of the current assessment computed on the basis of the levy as shown above.

### 5. General Obligation Bonds Payable

Bonds payable at June 30, 2023, consist of:

\$3,950,000 general obligation refunding bonds issue dated September 23, 2015, due in varying annual installments through March 1, 2025; interest at 0.95% to 2.30%.	<u><u>\$ 835,000</u></u>
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The following is a summary of bond transactions for the year ended June 30, 2023:

Bonds Payable, July 1, 2022	\$ 1,115,000
Bonds issued	-
Bonds retired	(280,000)
<b>Bonds Payable, June 30, 2023</b>	<b>\$ 835,000</b>

Debt service requirements are:

<b>Year Ending June 30,</b>	<b>Principal</b>	<b>Interest</b>	<b>Total</b>
2024	\$ 485,000	\$ 18,478	\$ 503,478
2025	350,000	8,050	358,050
	<b>\$ 835,000</b>	<b>\$ 26,528</b>	<b>\$ 861,528</b>

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

Constitutional debt limit	\$ 7,898,635
General obligation bonds payable	(835,000)
Amount available in Debt Service Fund	540,344
<b>Legal Debt Margin</b>	<b>\$ 7,603,979</b>



# Pike County R-III

## Notes to the Financial Statements

June 30, 2023

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### 6. Retirement Plans

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

##### *Summary of Significant Accounting Policies*

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

*Plan Description.* PSRS is a mandatory cost-sharing multiple employer retirement system for all full-time certificated employees and certain part-time certificated employees of all public school districts in Missouri (except the school districts of St. Louis and Kansas City) and all public community colleges. PSRS also includes certificated employees of the Systems, Missouri State Teachers' Association, Missouri State High School Activities Association, and certain employees of the State of Missouri who elected to remain covered by PSRS under legislation enacted in 1986, 1987 and 1989. The majority of PSRS members are exempt from Social Security contributions. In some instances, positions may be determined not to be exempt from Social Security contributions. Any PSRS member who is required to contribute to Social Security comes under the requirements of Sections 169.070 (9) RSMo, known as the "two-thirds statute." PSRS members required to contribute to Social Security are required to contribute two-thirds of the approved PSRS contribution rate and their employer is required to match the contribution. The members' benefits are further calculated at two-thirds the normal benefit amount.

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

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

*Benefits Provided.* PEERS is a defined benefit plan providing retirement, disability, and death benefits to its members. Members are vested for service retirement benefits after accruing five years of service. Individuals who (a) are at least age 60 and have a minimum of five years of service, (b) have 30 years of service, or (c) qualify for benefits under the "Rule

# Pike County R-III

## Notes to the Financial Statements

June 30, 2023

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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.

*Cost-of-Living Adjustments (COLA).* The Board of Trustees has established a policy of providing COLAs to both PSRS and PEERS members as follows: if the June to June change in the Consumer Price Index for All Urban Consumers (CPI-U) is less than 2% for one or more consecutive one-year periods, a cost-of-living increase of 2% will be granted when the cumulative increase is equal to or greater than 2%, at which point the cumulative increase in the CPI-U will be reset to zero. For the following year, the starting CPI-U will be based on the June value immediately preceding the January 1 at which the 2% cost-of-living increase is granted. If the June to June change in the CPI-U is greater than or equal to 2%, but less than 5%, a cost of living increase of 2% will be granted. If the June to June change in the CPI-U is greater than or equal to 5%, a cost-of-living increase of 5% will be granted. If the CPI decreases, no COLA is provided. For any PSRS member retiring on or after July 1, 2001, such adjustments commence on the second January after commencement of benefits and occur annually thereafter. For PEERS members, such adjustment commence on the fourth January after commencement of benefits and occur annually thereafter. The total of such increases may not exceed 80% of the original benefit for any member.

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

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

The District's contributions to PSRS and PEERS were \$417,958 and \$77,745, respectively, for the year ended June 30, 2023.

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

## 7. Claims & Adjustments

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

# Pike County R-III

## Notes to the Financial Statements

June 30, 2023

### 8. Risk Management

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

### 9. Interfund Transfers

Transfers between funds of the District for the year ended June 30, 2023, were as follows:

	<u>Transfers In</u>	<u>Transfers Out</u>
General Fund	\$ -	\$ 1,882,537
Special Revenue Fund	1,581,199	-
Capital Project Fund	301,338	-
	<u>\$ 1,882,537</u>	<u>\$ 1,882,537</u>

The District is required to make a transfer from the General Fund to the Special Revenue Fund to cover the excess of disbursements over receipts each year. As permitted by state law, the District makes allowed transfers from the General Fund to the Capital Projects Fund to cover disbursements and build balances. During the year, the District also approved adjustments in prior years to finance District projects. This adjustment resulted in a transfer of beginning fund balance from the General Fund to the Capital Projects Fund in the amount of \$125,055.

### 10. Post-Employment Benefits

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

### 11. Compensated Absences Payable

Compensated absences payable consists of accumulated sick leave by District personnel. The District's policy allows personnel to have ten to twelve sick days per year depending on full time status with the District. Upon retirement from the District, eligible employees are paid for unused sick days at varying rates depending on the length of service. Unused sick leave is only eligible for payout up to a maximum of 90 days. Total compensated absences payable at June 30, 2023, was \$224,547.

# Pike County R-III

## Notes to the Financial Statements

June 30, 2023

### 12. Lease Obligation

In November 2020, the District entered into a four-year agreement as lessee to lease office equipment. The lease agreement requires monthly payments of \$1,029 through 2025, which includes interest at 3.28%.

Although the agreements provide for the cancellation of the lease at the District's option at the renewal date each year, the District does not foresee exercising its option to cancel. If the District does not renew the lease, the lessor can take possession of the equipment leased.

The following is a schedule of the future minimum lease payments under the leases:

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2024	\$ 11,968	\$ 381	\$ 12,349
2025	5,104	43	5,147
	<u>\$ 17,072</u>	<u>\$ 424</u>	<u>\$ 17,496</u>

The following represents the changes in the net lease payments for the year ended June 30, 2023:

Lease Payable, July 1, 2022	\$ 28,654
Lease additions	-
Net lease retirements	(11,582)
<b>Lease Payable, June 30, 2023</b>	<u>\$ 17,072</u>

### 13. Subsequent Event

On April 4, 2023, voters of the District approved the issuance of \$5,500,000 in general obligation bonds for the purpose of improving and remodeling District facilities. On September 20, 2023, the District issued these bonds.

## Supplementary Information

## Pike County R-III

### Schedule of Receipts by Source

Year Ended June 30, 2023

	General Fund	Special Revenue Fund	Debt Service Fund	Capital Projects Fund	Total
<b>Local</b>					
Current taxes	\$ 2,030,486	\$ -	\$ 363,637	\$ 24,175	\$ 2,418,298
Delinquent taxes	260,091	-	47,675	4,021	311,787
School district trust fund (Prop C)	-	512,525	-	-	512,525
Financial institution tax	79	-	14	1	94
M&M surtax	-	-	4,415	13,213	17,628
In lieu of tax	875	-	-	-	875
Adult/continuing education tuition - post secondary	493,378	-	-	-	493,378
Earnings from temporary deposits	112	16	549	19,014	19,691
Sales to pupils - reimbursable school meals	75,170	-	-	-	75,170
Sales to adults for adult meals - non- program food	4,663	-	-	-	4,663
Nonreimbursable meal sales - non- program food	1,867	-	-	-	1,867
Admissions - student activities	21,135	-	-	-	21,135
Student organization membership dues and fees	98,114	-	-	-	98,114
Other pupil activity income	53,348	-	-	-	53,348
Community services	7,665	-	-	-	7,665
PK tuition from parents	45,520	-	-	-	45,520
Gifts	59,322	-	-	2,000	61,322
Prior period adjustment	16,452	-	-	-	16,452
Miscellaneous local revenue	20,546	-	-	-	20,546
<b>Total Local</b>	<b>3,188,823</b>	<b>512,541</b>	<b>416,290</b>	<b>62,424</b>	<b>4,180,078</b>
<b>County</b>					
Fines, escheats, etc.	-	7,250	-	-	7,250
State assessed utilities	409,759	-	110,032	4,286	524,077
Other - county	111	-	20	2	133
<b>Total County</b>	<b>409,870</b>	<b>7,250</b>	<b>110,052</b>	<b>4,288</b>	<b>531,460</b>
<b>State</b>					
Basic formula - state monies	-	915,992	-	-	915,992
Transportation	155,199	-	-	-	155,199
Early childhood special education	3,814	-	-	-	3,814
Basic formula - classroom trust fund	-	-	-	165,370	165,370
Educational screening program/PAT	23,540	-	-	-	23,540
Career education	321,395	70,973	-	15,363	407,731
Food service - state	872	-	-	-	872
Teacher baseline grant	-	16,926	-	-	16,926
Residential placement/excess cost	6,329	-	-	-	6,329
School safety grant	-	-	-	100,000	100,000
Other - state	500	-	-	-	500
<b>Total State</b>	<b>511,649</b>	<b>1,003,891</b>	<b>-</b>	<b>280,733</b>	<b>1,796,273</b>

The above presentation agrees with the Annual Secretary of the Board Report

## Pike County R-III

### Schedule of Receipts by Source

Year Ended June 30, 2023

	General Fund	Special Revenue Fund	Debt Service Fund	Capital Projects Fund	Total
<b>Federal</b>					
Medicaid	20,501	-	-	-	20,501
ARP - ESSER III	-	253,144	-	166,322	419,466
CRRSA - ESSER II	-	82,338	-	-	82,338
CARES - ESSER fund	11,183	-	-	-	11,183
Perkins basic grant, career education	224,244	-	-	-	224,244
ARP - IDEA 611 entitlement funds	19,911	-	-	-	19,911
IDEA entitlement funds, part B IDEA	171,664	-	-	-	171,664
Early childhood special education - federal	4,095	-	-	-	4,095
ARP - IDEA early childhood special education (ECSE)	1,396	-	-	-	1,396
National school lunch program	147,629	-	-	-	147,629
School breakfast program	49,390	-	-	-	49,390
After school snack program	721	-	-	-	721
Title I - ESEA	85,251	-	-	-	85,251
Title IV.A student support and academic enrichment	9,100	-	-	-	9,100
Title II, part A&B, ESEA - teacher and principal training	14,136	-	-	-	14,136
Title V, part B rural education initiative	32,209	-	-	-	32,209
Other federal	17,111	-	-	-	17,111
<b>Total Federal</b>	808,541	335,482	-	166,322	1,310,345
<b>Other Sources</b>					
Tuition from other LEAs - regular term	-	20,487	-	-	20,487
Area vocational fees from other LEAs	766,133	-	-	-	766,133
Contracted educational services	-	11,619	-	-	11,619
<b>Total Other Sources</b>	766,133	32,106	-	-	798,239
<b>Total Receipts</b>	\$ 5,685,016	\$ 1,891,270	\$ 526,342	\$ 513,767	\$ 8,616,395

The above presentation agrees with the Annual Secretary of the Board Report

## Pike County R-III

### Schedule of Disbursements by Object

Year Ended June 30, 2023

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	<b>General Fund</b>	<b>Special Revenue Fund</b>	<b>Debt Service Fund</b>	<b>Capital Projects Fund</b>	<b>Total</b>
Salaries	\$ 1,138,768	\$ 2,644,620	\$ -	\$ -	\$ 3,783,388
Employee benefits	350,687	821,306	-	-	1,171,993
Purchased services	799,156	6,543	-	-	805,699
Supplies	1,079,926	-	-	-	1,079,926
Capital outlay	-	-	-	548,026	548,026
Other objects	-	-	304,395	12,349	316,744
<b>Total Disbursements</b>	<b>\$ 3,368,537</b>	<b>\$ 3,472,469</b>	<b>\$ 304,395</b>	<b>\$ 560,375</b>	<b>\$ 7,705,776</b>

The above presentation agrees with the Annual Secretary of the Board Report



# Pike County R-III

## Schedule of Transportation Costs Eligible for State Aid

Year Ended June 30, 2023

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	<b>District Operated Non-Disabled</b>
Certificated salaries	\$ 29,193
Non-certificated salaries	149,258
Employee benefits	39,093
Purchased services	27,107
Supplies	96,488
Capital outlay	1,040
Depreciation	109,440
	<u>\$ 451,619</u>

The above presentation agrees with the Annual Secretary of the Board Report

## Other Information

## Pike County R-III

### Budgetary Comparison Schedule – General Fund

Year Ended June 30, 2023

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Receipts</b>				
Local	\$ 3,068,468	\$ 3,188,823	\$ 3,188,823	\$ -
County	407,151	409,870	409,870	-
State	566,599	511,649	511,649	-
Federal	503,487	808,541	808,541	-
Other	761,000	766,133	766,133	-
<b>Total Receipts</b>	<u>5,306,705</u>	<u>5,685,016</u>	<u>5,685,016</u>	<u>-</u>
<b>Disbursements</b>				
Instruction	903,073	747,361	747,361	-
Student services	291,142	221,116	221,116	-
Instructional staff support	90,963	57,909	57,909	-
Building administration	267,070	212,733	212,733	-
General administration	455,936	391,151	391,151	-
Operation of plant	919,904	735,136	735,136	-
Transportation	327,032	341,138	341,138	-
Food service	246,079	253,491	253,491	-
Adult vocational education	212,512	349,246	349,246	-
Community services	43,095	59,256	59,256	-
<b>Total Disbursements</b>	<u>3,756,806</u>	<u>3,368,537</u>	<u>3,368,537</u>	<u>-</u>
<i>Excess (Deficit) of Receipts Over Disbursements</i>	1,549,899	2,316,479	2,316,479	-
<b>Other Financing (Uses)</b>				
Operating transfers (out)	<u>(1,497,907)</u>	<u>(1,882,537)</u>	<u>(1,882,537)</u>	<u>-</u>
<i>Net Change in Fund Balance</i>	51,992	433,942	433,942	-
Fund Balance, July 1, 2022	3,110,932	3,110,932	3,110,932	-
Fund Balance Transfer	-	(125,055)	(125,055)	-
<b>Fund Balance, June 30, 2023</b>	<u>\$ 3,162,924</u>	<u>\$ 3,419,819</u>	<u>\$ 3,419,819</u>	<u>\$ -</u>

See accompanying Notes to the Budgetary Comparison Schedules

## Pike County R-III

### Budgetary Comparison Schedule – Special Revenue Fund

Year Ended June 30, 2023

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Receipts</b>				
Local	\$ 489,341	\$ 512,541	\$ 512,541	\$ -
County	10,000	7,250	7,250	-
State	1,108,382	1,003,891	1,003,891	-
Federal	360,766	335,482	335,482	-
Other	15,000	32,106	32,106	-
<b>Total Receipts</b>	<u>1,983,489</u>	<u>1,891,270</u>	<u>1,891,270</u>	<u>-</u>
<b>Disbursements</b>				
Instruction	2,682,274	2,628,012	2,628,012	-
Student services	-	43,337	43,337	-
Instructional staff support	62,229	62,306	62,306	-
Building administration	265,742	252,347	252,347	-
General administration	223,588	225,822	225,822	-
Adult vocational education	203,476	216,145	216,145	-
Community Services	44,087	44,500	44,500	-
<b>Total Disbursements</b>	<u>3,481,396</u>	<u>3,472,469</u>	<u>3,472,469</u>	<u>-</u>
<i>Excess (Deficit) of Receipts Over Disbursements</i>	(1,497,907)	(1,581,199)	(1,581,199)	-
<b>Other Financing Sources</b>				
Operating transfers in	<u>1,497,907</u>	<u>1,581,199</u>	<u>1,581,199</u>	<u>-</u>
<i>Net Change in Fund Balance</i>	-	-	-	-
Fund Balance, July 1, 2022	-	-	-	-
<b>Fund Balance, June 30, 2023</b>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>

See accompanying Notes to the Budgetary Comparison Schedules

## Pike County R-III

### Budgetary Comparison Schedule – Debt Service Fund

Year Ended June 30, 2023

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Receipts</b>				
Local	\$ 396,359	\$ 416,290	\$ 416,290	\$ -
County	72,916	110,052	110,052	-
<b>Total Receipts</b>	469,275	526,342	526,342	-
<b>Disbursements</b>				
Debt service	502,963	304,395	304,395	-
<b>Total Disbursements</b>	502,963	304,395	304,395	-
<i>Excess (Deficit) of Receipts Over Disbursements</i>	(33,688)	221,947	221,947	-
Fund Balance, July 1, 2022	318,397	318,397	318,397	-
<b>Fund Balance, June 30, 2023</b>	\$ 284,709	\$ 540,344	\$ 540,344	\$ -

See accompanying Notes to the Budgetary Comparison Schedules

## Pike County R-III

### Budgetary Comparison Schedule – Capital Projects Fund

Year Ended June 30, 2023

	<b>Budgeted Amounts</b>		<b>Actual</b>	<b>Variance with Final Budget Positive (Negative)</b>
	<b>Original</b>	<b>Final</b>		
<b>Receipts</b>				
Local	\$ 26,170	\$ 62,424	\$ 62,424	\$ -
County	-	4,288	4,288	-
State	73,500	280,733	280,733	-
Federal	90,211	166,322	166,322	-
<b>Total Receipts</b>	<b>189,881</b>	<b>513,767</b>	<b>513,767</b>	<b>-</b>
<b>Disbursements</b>				
Instruction	73,375	108,755	108,755	-
Student services	2,160	-	-	-
Instructional staff support	-	2,359	2,359	-
General administration	10,000	96,848	96,848	-
Operation of plant	114,811	210,314	210,314	-
Transportation	-	42,094	42,094	-
Food service	-	18,455	18,455	-
Facilities acquisition and construction	-	1,846	1,846	-
Community services	-	67,355	67,355	-
Debt service	12,356	12,349	12,349	-
<b>Total Disbursements</b>	<b>212,702</b>	<b>560,375</b>	<b>560,375</b>	<b>-</b>
<i>Excess (Deficit) of Receipts Over Disbursements</i>	(22,821)	(46,608)	(46,608)	-
<b>Other Financing Sources</b>				
Operating transfers in	-	301,338	301,338	-
<i>Net Change in Fund Balance</i>	(22,821)	254,730	254,730	-
Fund Balance, July 1, 2022	232,936	232,936	232,936	-
Fund Balance Transfer	-	125,055	125,055	-
<b>Fund Balance, June 30, 2023</b>	<b>\$ 210,115</b>	<b>\$ 612,721</b>	<b>\$ 612,721</b>	<b>\$ -</b>

See accompanying Notes to the Budgetary Comparison Schedules

# Pike County R-III

Notes to the Budgetary Comparison Schedules

Year Ended June 30, 2023

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## **Budgets and Budgetary Accounting**

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

1. In accordance with Chapter 67, RSMo, the District adopts a budget for each fund.
2. Prior to July, the superintendent, who serves as the Budget Officer, submits to the Board of Education a proposed budget for the fiscal year beginning on the following July 1. The budget includes estimated receipts and proposed disbursements for all District funds. Budgeted disbursements cannot exceed beginning available monies plus estimated receipts for the year.
3. A public hearing is conducted to obtain taxpayer comments. Prior to its approval by the Board of Education, the budget document is available for public inspection.
4. Prior to July 1, the budget is legally enacted by a vote of the Board of Education.
5. Subsequent to its formal approval of the budget, the Board of Education has the authority to make necessary adjustments to the budget by formal vote of the Board. Adjustments made during the year are reflected in the budget information included in the financial statements. Budgeted amounts are as originally adopted, or as amended by the Board of Education. Individual amendments were not material to the original appropriations, which were amended.
6. Budgets for District funds are prepared and adopted on the modified cash basis (budget basis).

## **Other Reporting Requirements**





**Independent Auditors' Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards***

Board of Education  
Pike County R-III School District  
Clarksville, Missouri

We have audited, 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, the financial statements of the governmental activities and each major fund of the Pike County R-III School District, as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the Pike County R-III School District's basic financial statements, and have issued our report thereon dated December 7, 2023.

**Report on Internal Control over Financial Reporting**

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and, therefore, material weaknesses or significant deficiencies may exist that were not identified. We identified a certain deficiency in internal control, described in the accompanying Schedule of Findings and Questioned Costs as items 2023-001, that we consider to be a material weakness.

### **Report on Compliance and Other Matters**

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

### **Pike County R-III School District's Response to Finding**

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

### **Purpose of this Report**

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

*KPM CPAs, PC*

KPM CPAs, PC  
Springfield, Missouri  
December 7, 2023



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

Board of Education  
Pike County R-III School District  
Clarksville, Missouri

### Report on Compliance for Each Major Federal Program

#### *Opinion on Each Major Federal Program*

We have audited the Pike County R-III School District's compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of the Pike County R-III School District's major federal programs for the year ended June 30, 2023. The Pike County R-III School District's major federal programs are identified in the Summary of Auditors' Results section of the accompanying Schedule of Findings and Questioned Costs.

In our opinion, the Pike County R-III School District, complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2023.

#### *Basis for Opinion on Each Major Federal Program*

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditors' Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the Pike County R-III School District, and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of the District's compliance with the compliance requirements referred to above.

#### *Responsibilities of Management for Compliance*

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to the District's federal programs.

[www.kpmcpa.com](http://www.kpmcpa.com)

1445 E. Republic Road, Springfield, MO 65804 | 417-882-4300 | fax 417-882-4343  
500 W. Main Street, Suite 200 Branson, MO 65616 | 417-334-2987 | fax 417-336-3403

### ***Auditors' Responsibilities for the Audit of Compliance***

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the Pike County R-III School District's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is substantial likelihood that, individually or in the aggregate, it would influence the judgement made by a reasonable user of the report on compliance about the Pike County R-III School District's compliance with the requirements of each major federal program as a whole.

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the Pike County R-III School District's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the Pike County R-III School District's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

### **Report on Internal Control over Compliance**

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

Our consideration of internal control over compliance was for the limited purpose described in the Auditors' Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

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

*KPM CPAs, PC*

KPM CPAs, PC  
Springfield, Missouri  
December 7, 2023

# Pike County R-III

## Schedule of Expenditures of Federal Awards

Year Ended June 30, 2023

Federal Grantor/Pass Through Grantor/Program Title	Assistance Listing Number	Pass-through Grantor's Number	Passed-through to Subrecipients	Federal Expenditures
<b>U.S. Department of Agriculture</b>				
Missouri Department of Elementary and Secondary Education				
Child Nutrition Cluster				
School Breakfast Program	10.553	20221N119943	\$ -	\$ 19,241
		20232N119943	-	30,149
			-	49,390
National School Lunch Program - Cash	10.555	20221N119943	-	42,245
		20232N119943	-	84,597
		20221N890343	-	13,223
		20232N890343	-	8,285
National School Lunch Program - Commodities		082-101	-	15,549
			-	163,899
<b>Total Child Nutrition Cluster</b>			-	213,289
<b>Total U.S. Department of Agriculture</b>			-	213,289
<b>U.S. Department of Education</b>				
Direct				
Rural Education	84.358B	N/A	-	32,209
Student Financial Assistance Cluster				
Federal Pell Grant Program	84.063	N/A	-	130,997
Federal Direct Student Loans	84.268	N/A	-	171,642
<b>Total Student Financial Assistance Cluster</b>			-	302,639
East Central College				
Career and Technical Education - Basic Grants to States	84.048A	082-101	-	7,193
Missouri Department of Elementary and Secondary Education				
Career and Technical Education - Basic Grants to States	84.048A	V048A210025	-	50,293
		V048A220025	-	141,147
			-	198,633
Title I Grants to Local Educational Agencies	84.010A	S010A210025	-	36,267
		S424A210026	-	10,520
		S367A210024	-	16,792
		S010A220025	-	63,359
			-	126,938

See accompanying Notes to the Schedule of Expenditures of Federal Awards

# Pike County R-III

## Schedule of Expenditures of Federal Awards

Year Ended June 30, 2023

<u>Federal Grantor/Pass Through Grantor/Program Title</u>	<u>Assistance Listing Number</u>	<u>Pass-through Grantor's Number</u>	<u>Passed-through to Subrecipients</u>	<u>Federal Expenditures</u>
Special Education Grants Cluster (IDEA)				
Special Education - Grants to States (IDEA, Part B)	84.027A	H027A220040	-	83,579
COVID-19 - Special Education - Grants to States (IDEA, Part B)	84.027X	H027X210040	-	19,911
			-	<u>103,490</u>
Special Education - Preschool Grants (IDEA Preschool)	84.173A	H173A210103	-	1,836
COVID-19 - Special Education - Preschool Grants (IDEA Preschool)	84.173X	H173X210103	-	1,396
			-	<u>3,232</u>
<b>Total Special Education Grants Cluster (IDEA)</b>			-	<u>106,722</u>
COVID-19 - Education Stabilization Fund	84.425U	S425U210021	-	485,321
<b>Total U.S. Department of Education</b>			-	<u>1,252,462</u>
<b>U.S. Department of Health and Human Services</b>				
Missouri Department of Health and Senior Services				
COVID-19 - Epidemiology and Laboratory Capacity for Infectious Diseases (ELC)	93.323	NU50CK000546	-	17,111
<b>Total U.S. Department of Health and Human Services</b>			-	<u>17,111</u>
<b>Federal Communications Commission</b>				
Direct				
COVID-19 - Emergency Connectivity Fund Program	32.009	N/A	-	96,000
<b>Total Federal Communications Commission</b>			-	<u>96,000</u>
<b>Total Expenditures of Federal Awards</b>			<u>\$ -</u>	<u>\$ 1,578,862</u>

N/A – not applicable

See accompanying Notes to the Schedule of Expenditures of Federal Awards

# Pike County R-III

Notes to the Schedule of Expenditures of Federal Awards

Year Ended June 30, 2023

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## 1. Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards (the Schedule) includes the federal award activity of the District for the year ended June 30, 2023, and is presented on the modified cash basis of accounting as described below. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the District, it is not intended to and does not present the financial position, changes in net position or cash flows of the District.

## 2. Summary of Significant Accounting Policies

Expenditures reported on the Schedule are reported on the modified cash basis of accounting which is described in Note 1 to the District's financial statements. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

## 3. Indirect Cost Rate

The District elected not to use the 10-percent *de minimis* indirect cost rate allowed under the Uniform Guidance.

## 4. Noncash Assistance

Commodities received and expended were valued by the Food Service Section of the Department of Elementary and Secondary Education.

## 5. Loan Programs

The District participates in the Federal Direct Student Loan Program, which provides federal loans directly to the students rather than through private lending institutions. The District is responsible only for the origination of the loan (e.g., determining students eligibility and disbursing loan proceeds to the borrower). The Direct Loan Servicer is then responsible for the overall servicing and collection of the loan. Accordingly, these loans are not included in the District's financial statements.



# Pike County R-III

## Schedule of Findings and Questioned Costs

Year Ended June 30, 2023

### Section I: Summary of Auditors' Results

Financial Statements		
Type of report the auditor issued on whether the financial statements audited were prepared in accordance with the modified cash basis of accounting:		Unmodified
Internal Control over Financial Reporting:		
Material weakness(es) identified?		Yes
Significant deficiency(ies) identified?		None Reported
Noncompliance material to financial statements noted?		No
Federal Awards		
Internal control over major federal programs:		
Material weakness(es) identified?		No
Significant deficiency(ies) identified?		None Reported
Type of auditors' report issued on compliance for major federal program:		Unmodified
Any audit findings disclosed that are required to be reported in accordance with 2CFR 200.516(a)?		No
Identification of major federal programs:		
<b>Assistance Listing Number(s)</b>	<b>Name of Federal Program or Cluster</b>	
10.553 & 10.555	Child Nutrition Cluster	
84.425U	COVID-19 – Educational Stabilization Fund	
Dollar threshold used to distinguish between type A and type B programs:		\$750,000
Auditee qualified as low-risk auditee?		No

# Pike County R-III

Schedule of Findings and Questioned Costs

Year Ended June 30, 2023

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## Section II – Financial Statement Findings

### Material Weakness

2023-001      *Segregation of Duties*

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

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

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

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

*Response:* The limited number of available personnel prohibits segregation of incompatible duties.

This is a repeat finding of 2022-001.

## Section III – Federal Award Findings and Questioned Costs

None

# Pike County R-III

Summary Schedule of Prior Audit Findings

Year Ended June 30, 2023

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## Financial Statement Finding

2022-001 Segregation of Duties

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

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



# CLOPTON HAWKS

Pike County R-III School District  
Dr. Todd Smith, Superintendent of Schools  
28176 Hwy WW  
Clarksville, MO 63336  
(573) 242-3546  
[www.clopton.k12.mo.us](http://www.clopton.k12.mo.us)



December 7, 2023

U.S. Department of Education

Pike County R-III School District respectfully submits the following corrective action plan for the year ended June 30, 2023. Contact information for the individual responsible for the corrective action:

Dr. Todd Smith, Superintendent  
Pike County R-III School District  
28176 Hwy WW.  
Clarksville, MO 63336

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

Audit Period: Year ended June 30, 2023

The findings from the June 30, 2023, Schedule of Findings and Questioned Costs are discussed below. The findings are numbered consistently with the numbers assigned in the schedule.

## Findings—Financial Statement Audit

### Material Weakness

2023-001 Segregation of Duties

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

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

*Completion Date:* Not applicable

Sincerely,

*Todd Smith/ah*

Dr. Todd Smith, Superintendent  
Pike County R-III School District

## Supplementary State Information

# KPM

## CPAS & ADVISORS

### Independent Accountants' Report

Board of Education  
Pike County R-III School District  
Clarksville, Missouri

We have examined Pike County R-III School District's compliance with the requirements of Missouri laws and regulations regarding budgetary and disbursement procedures; accurate disclosure of the District's attendance records of average daily attendance, standard day length, resident membership on the last Wednesday of September, pupil transportation records of the average daily transportation of pupils eligible and ineligible for state aid, the number of miles eligible and ineligible for state aid and other statutory requirements as listed in the Schedule of Selected Statistics during the year ended June 30, 2023. Management of Pike County R-III School District is responsible for the District's compliance with the specified requirements. Our responsibility is to express an opinion on Pike County R-III School District's compliance based on our examination.

Our examination was conducted in accordance with attestation standards established by the AICPA, and those standards require that we plan and perform the examination to obtain reasonable assurance about whether Pike County R-III School District complied, in all material respects, with the specified requirements referenced above. An examination involves performing procedures to obtain evidence about whether Pike County R-III School District complied with the specified requirements. The nature, timing, and extent of the procedures selected depend on our judgment, including an assessment of the risks of material noncompliance, whether due to fraud or error. We believe that our examination provides a reasonable basis for our opinion.

We are required to be independent and to meet our other ethical responsibilities in accordance with relevant ethical requirements relating to the examination engagement.

Our examination engagement does not provide a legal determination on Pike County R-III School District's compliance with the specified requirements.

In our opinion, Pike County R-III School District complied in all material respects, with the aforementioned requirements for the year ended June 30, 2023.

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

*KPM CPAs, PC*

KPM CPAs, PC  
Springfield, Missouri  
December 7, 2023

[www.kpmcpa.com](http://www.kpmcpa.com)

1445 E. Republic Road, Springfield, MO 65804 | 417-882-4300 | fax 417-882-4343  
500 W. Main Street, Suite 200 Branson, MO 65616 | 417-334-2987 | fax 417-336-3403

# Pike County R-III

Schedule of Selected Statistics

Year Ended June 30, 2023

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

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

School Code	Begin Grade	End Grade	Half Day Indicator	Standard Day Length	Days	Hours in Session
4020	PK	6	-	7.40	147.00	1,081.02
1050	7	12	-	7.40	147.00	1,081.02

## 2. Attendance Hours

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

School Code	Grade Level	Full-Time Hours	Part-Time Hours	Remedial Hours	Other Hours	Summer School Hours	Total Hours
4020	PK-7	228,761.30	1,185.07	-	-	-	229,946.37
1050	7-12	194,775.17	493.13	-	-	-	195,268.30
<b>Grand Total</b>	<b>PK – 12</b>	<b>423,536.47</b>	<b>1,678.20</b>	-	-	-	<b>425,214.67</b>

## 3. September Membership

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

School Code	Grade Level	Full-Time	Part-Time	Other	Total
4020	PK-6	226.00	0.24	-	226.24
1050	7-12	198.00	0.55	-	198.55
<b>Grand Total</b>	<b>PK - 12</b>	<b>424.00</b>	<b>0.79</b>	-	<b>424.79</b>

## Pike County R-III

### Schedule of Selected Statistics

Year Ended June 30, 2023

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

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

School Code	Free Lunch	Reduced Lunch	DESEG In Free	DESEG In Reduced	Total
4020	71.00	23.51	-	-	94.51
1050	53.00	25.00	-	-	78.00
<b>Grand Total</b>	<b>124.00</b>	<b>48.51</b>	-	-	<b>172.51</b>

#### 5. Finance

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

Section	Question	Answer
5.1	The district/charter school maintained a calendar in accordance with 160.041, 171.029, 171.031, and 171.033, RSMo and all attendance hours were reported.	True
5.2	The district/charter school maintained complete and accurate attendance records allowing for the accurate calculation and reporting by category of Average Daily Attendance, which includes the reporting of calendar and attendance hours, for all students in accordance with all applicable state rules and regulations. Sampling of records included those students receiving instruction in the following categories:	
	Academic Programs Off-Campus	True
	Career Exploration Program – Off Campus	N/A
	Cooperative Occupational Education (COE) or Supervised Occupational Experience Program	N/A
	Dual enrollment	True
	Homebound instruction	True
	Missouri Options	True
	Prekindergarten eligible to be claimed for state aid	True
	Remediation	N/A
	Sheltered Workshop participation	N/A
	Students participating in the school flex program	True
	Traditional instruction (full and part-time students)	True
	Virtual instruction (MOCAP or other option)	True
	Work Experience for Students with Disabilities	N/A
5.3	The district/charter school maintained complete and accurate attendance records allowing for the accurate calculation of September Membership for all students in accordance with all applicable state rules and regulations.	True



## Pike County R-III

### Schedule of Selected Statistics

Year Ended June 30, 2023

5.4	The district/charter school maintained complete and accurate attendance and other applicable records allowing for the accurate reporting of the State FTE count for Free and Reduced Lunch for all students in accordance with all applicable state rules and regulations.	True
5.5	As required by Section 162.401, RSMo, a bond was purchased for the district's school treasurer or as required by Section 160.405, RSMo, a bond was purchased for the charter school's chief financial officer or an insurance policy issued by an insurance company that proves coverage in the event of employee theft in the total amount of:	\$50,000
5.6	The district's/charter school's deposits were secured during the year as required by Sections 110.010 and 110.020, RSMo, and the Missouri Financial Accounting Manual.	True
5.7	The district maintained a separate bank account for all Debt Service Fund monies in accordance with Section 108.180 and 165.011, RSMo. (Not applicable to charter schools)	True
5.8	Salaries reported for educators in the October MOSIS Educator Core and Educator School files are supported by complete and accurate payroll and contract records. This includes payments for Teacher Baseline Salary Grants and Career Ladder if applicable.	True
5.9	If a \$162,326 or 7% x SAT x WADA transfer was made in excess of adjusted expenditures, the board approve a resolution to make the transfer, which identified the specific projects to be funded by the transfer and an expected expenditure date for the projects to be undertaken. (Not applicable to charter schools)	N/A
5.10	The district/charter school published a summary of the prior year's audit report within thirty days of the receipt of the audit pursuant to Section 165.121, RSMo.	True
5.11	The district has a professional development committee plan adopted by the board with the professional development committee plan identifying the expenditure of seventy-five percent (75%) of one percent (1%) of the current year basic formula apportionment. Remaining 25% of 1%, if not spent, must be restricted and spent on appropriate expenditures in the future. (Not applicable to charter schools.)	True
5.12	The amount spent for approved professional development committee plan activities was:	\$19,610
5.13	The district/charter school has posted, at least quarterly, a searchable expenditure and revenue document or database detailing actual income, expenditures, and disbursement for the current calendar or fiscal year on the district or school website or other form of social media as required by Section 160.066, RSMo.	True

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

Finding:	None
Management Letter Comment:	N/A

## Pike County R-III

Schedule of Selected Statistics

Year Ended June 30, 2023

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

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

Section	Question	Answer
6.1	The school transportation allowable costs substantially conform to 5 CSR 30-261.040, Allowable Costs for State Transportation Aid.	True
6.2	The district's/charter school's pupil transportation ridership records are maintained in a manner to accurately disclose in all material respects the average number of regular riders transported.	True
6.3	Based on the ridership records, the average number of students (non-disabled K-12, K-12 students with disabilities and career education) transported on a regular basis (ADT) was:	
	Eligible ADT	263
	Ineligible ADT	0
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:	94,227
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	67,987
	Ineligible Miles (Non-Route/Disapproved)	26,240
6.7	Number of days the district/charter school operated the school transportation system during the regular school year:	147

Notes:	

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

Finding:	None
Management Letter Comment:	N/A