

**STRASBURG C-3 SCHOOL DISTRICT  
ANNUAL FINANCIAL REPORT  
FOR THE YEAR ENDED JUNE 30, 2023**

**STRASBURG C-3 SCHOOL DISTRICT  
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## **INDEPENDENT AUDITOR'S REPORT**

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

### **Report on the Financial Statements**

#### **Opinions**

I have audited the accompanying modified cash basis financial statements of the governmental activities, and each major fund of the Strasburg C-3 School District, as of and for the fiscal year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the Strasburg C-3 School District's basic financial statements as listed in the Table of Contents.

In my opinion, the modified cash basis financial statements referred to above present fairly, in all material respect, the respective modified cash basis financial position of the governmental activities and each major fund of the Strasburg C-3 School District as of June 30, 2023, and the respective changes in financial position for the year then ended in accordance with the basis of accounting described in Note I.

#### **Basis for Opinions**

I conducted my audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. My responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of my report. I am required to be independent of the Strasburg C-3 School District and to meet other ethical responsibilities, in accordance with the relevant ethical requirements relating to my audit. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinions.

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

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the modified cash basis of accounting, 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 Strasburg C-3 School District's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

## **Auditor's Responsibilities for the Audit of the Financial Statements**

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

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

- 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 Strasburg C-3 School District's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in my judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Strasburg C-3 School District's ability to continue as a going concern for a reasonable period of time.

I am 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 I identified during the audit.

## **Supplementary Information**

My audit was conducted for the purpose of forming opinions on the financial statements as a whole that collectively comprise the Strasburg C-3 School District's basic financial statements. The accompanying Schedule of Revenues-Modified Cash Basis and the Schedule of Expenditures-Modified Cash Basis 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 relate directly to the underlying accounting records or other underlying records used to prepare the District's basic financial statements.

The information has been subjected to the auditing procedures applied in the audit of the modified cash basis financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the modified cash basis financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In my opinion, the Schedule of Revenues-Modified Cash Basis and the Schedule of Expenditures-Modified Cash Basis are fairly stated, in all material respects, in relation to the 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 my auditor's report thereon. My opinions on the basic financial statements do not cover the other information, and I do not express an opinion or any form of assurance thereon.


In connection with my audit of the basic financial statements, my 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, I conclude that an uncorrected material misstatement of the other information exist, I am required to describe it in my report.

### **Basis of Accounting**

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

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

In accordance with *Government Auditing Standards*, I have also issued my report dated October 31, 2023, on my consideration of the Strasburg C-3 School District's internal control over financial reporting and on my tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of my testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and considering the Strasburg C-3 School District's internal control over financial reporting and compliance.

  
Randall C. Fiene, CPA  
Concordia, Missouri  
October 31, 2023

**GOVERNMENT-WIDE FINANCIAL STATEMENTS**

**EXHIBIT A**  
**STRASBURG C-3 SCHOOL DISTRICT**  
**STATEMENT OF NET POSITION-MODIFIED CASH BASIS**  
**JUNE 30, 2023**

**ASSETS**

Cash and cash equivalents	\$	779,518
Investments		<u>2,444,491</u>
<b>TOTAL ASSETS</b>		<u><u>3,224,009</u></u>

**NET POSITION**

Restricted for:		
Debt service		194,287
Capital outlay		6,568
Future teachers' salaries and fringe benefits		90,996
Unexpended bond proceeds		1,809,235
Student activities		11,025
Unrestricted		<u>1,111,898</u>
<b>TOTAL NET POSITION</b>	<b>\$</b>	<u><u>3,224,009</u></u>

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

**EXHIBIT B**  
**STRASBURG C-3 SCHOOL DISTRICT**  
**STATEMENT OF ACTIVITIES - MODIFIED CASH BASIS**  
**FOR THE YEAR ENDED JUNE 30, 2023**

		Program Revenues			
	Expenditures	Charges for Services	Operating Grants and Contributions	\$	Net (Expenditures) Receipts and Changes in Net Position
<b>Governmental activities:</b>					
Instructional services	\$ (1,356,045)	0	235,251	\$	(1,120,794)
Student activities	(11,550)	7,823	0		(3,727)
Instructional staff support	(100,817)	0	21,407		(79,410)
Building administration	(304,829)	0	0		(304,829)
General administration and central services	(39,167)	0	0		(39,167)
Operation of plant	(202,679)	0	0		(202,679)
Transportation	(133,111)	0	58,091		(75,020)
Food service	(79,160)	17,112	37,121		(24,927)
Community services	(14,749)	946	8,769		(5,034)
Retirement of indebtedness	(100,000)	0	0		(100,000)
Interest expense	(73,760)	0	0		(73,760)
Facilities acquisition and construction	(597,850)	0	0		(597,850)
Other	(41,618)	0	0		(41,618)
<b>Net program (expenditures) revenues</b>	<b>\$ (3,055,335)</b>	<b>25,881</b>	<b>360,639</b>		<b>(2,668,815)</b>
 <b>General revenues:</b>					
Current taxes					942,865
Delinquent taxes					107,767
School District Trust Fund					196,268
M&M surtax					563
Financial Institution Tax					10
Fines					3,771
State assessed utility taxes					71,653
Small schools grant					60,917
Basic Formula - State Monies					581,540
Basic Formula - Classroom Trust Fund					64,602
Other Local Sources					14,937
Other State Sources					500
Investment income					104,213
<b>Total General Revenues</b>					<b>2,149,606</b>
 <b>Special Item:</b>					
Sale of Bonds					2,200,000
Premium on bonds sold					181,364
Increase in net position					1,862,155
<b>Net Position - beginning of year</b>					1,361,854
<b>Net Position - end of year</b>				<b>\$</b>	<b>3,224,009</b>

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



**FUND FINANCIAL STATEMENTS**

EXHIBIT C  
STRASBURG C-3 SCHOOL DISTRICT  
BALANCE SHEET - MODIFIED CASH BASIS  
ALL GOVERNMENTAL FUNDS  
JUNE 30, 2023

	Governmental Funds				
	General	Special Revenue	Debt Service	Capital Projects	Total
<b>ASSETS</b>					
Cash and cash equivalents	\$ 611,593	90,996	70,361	6,568	779,518
Investments	511,330	0	123,926	1,809,235	2,444,491
<b>TOTAL ASSETS</b>	<b>\$ 1,122,923</b>	<b>90,996</b>	<b>194,287</b>	<b>1,815,803</b>	<b>3,224,009</b>
<b>FUND BALANCES</b>					
Restricted:					
Debt service	0	0	194,287	0	194,287
Future teachers' salaries and fringe benefits	0	90,996	0	0	90,996
Unexpended bond proceeds	0	0	0	1,809,235	1,809,235
Student activities	11,025	0	0	0	11,025
Assigned	0	0	0	6,568	6,568
Unassigned	1,111,898	0	0	0	1,111,898
<b>TOTAL FUND BALANCES</b>	<b>1,122,923</b>	<b>90,996</b>	<b>194,287</b>	<b>1,815,803</b>	<b>3,224,009</b>

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

EXHIBIT D  
STRASBURG C-3 SCHOOL DISTRICT  
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN  
FUND BALANCES - MODIFIED CASH BASIS - ALL GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED JUNE 30, 2023

	General	Special Revenue	Debt Service	Capital Projects	Total
<b>REVENUES</b>					
Local	\$ 817,521	196,385	480,134	79,828	1,573,868
County	52,289	3,771	19,364	0	75,424
State	350,674	441,300	0	0	791,974
Federal	164,129	112,095	0	0	276,224
<b>TOTAL REVENUES</b>	<u>1,384,613</u>	<u>753,551</u>	<u>499,498</u>	<u>79,828</u>	<u>2,717,490</u>
<b>EXPENDITURES</b>					
Instruction	517,359	850,236	0	0	1,367,595
Improvement of instruction	5,407	903	0	0	6,310
Professional development	4,285	2,026	0	0	6,311
Media and health services	63,875	24,321	0	0	88,196
Board of Education	39,167	0	0	0	39,167
Building level administration	194,052	110,777	0	0	304,829
Operation of plant	195,866	0	0	6,813	202,679
Transportation	133,111	0	0	0	133,111
Food service	76,160	0	0	3,000	79,160
Community services	14,749	0	0	0	14,749
Facilities acquisition and construction	0	0	0	597,850	597,850
Retirement of debt	0	0	100,000	0	100,000
Interest	0	0	73,760	0	73,760
Other	0	0	318	41,300	41,618
<b>TOTAL EXPENDITURES</b>	<u>1,244,031</u>	<u>988,263</u>	<u>174,078</u>	<u>648,963</u>	<u>3,055,335</u>
Excess (deficiency) of revenues over expenditures before other financing sources (uses)	<u>140,582</u>	<u>(234,712)</u>	<u>325,420</u>	<u>(569,135)</u>	<u>(337,845)</u>
<b>OTHER FINANCING SOURCES (USES)</b>					
Sale of Bonds	0	0	0	2,200,000	2,200,000
Operating transfer in	0	0	0	181,364	181,364
Operating transfer out	0	0	(181,364)	0	(181,364)
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<u>0</u>	<u>0</u>	<u>(181,364)</u>	<u>2,381,364</u>	<u>2,200,000</u>
Excess (deficiency) of revenues over expenditures after other financing sources (uses)	<u>140,582</u>	<u>(234,712)</u>	<u>144,056</u>	<u>1,812,229</u>	<u>1,862,155</u>
<b>Fund balances at beginning of year</b>	<u>982,341</u>	<u>325,708</u>	<u>50,231</u>	<u>3,574</u>	<u>1,361,854</u>
<b>Fund balances at end of year</b>	<u>\$ 1,122,923</u>	<u>90,996</u>	<u>194,287</u>	<u>1,815,803</u>	<u>3,224,009</u>

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

**NOTES TO THE FINANCIAL STATEMENTS**

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

I. Summary of Significant Accounting Policies

A. Reporting Entity

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

B. Basis of Presentation

GOVERNMENT – WIDE FINANCIAL STATEMENTS

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

FUND FINANCIAL STATEMENTS

Fund financial statements of the reporting entity are organized into funds, each of which is considered to be a separate accounting entity. Each fund is accounted for by providing a separate set of self-balancing accounts that constitutes its assets, liabilities, fund equity, revenues, and expenditures/expenses. Funds are organized into two major categories: governmental and proprietary. The District presently has no proprietary or fiduciary funds. An emphasis is placed on major funds within the governmental categories. A fund is considered major if it is the primary operating fund of the District or meets the following criteria:

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

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

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

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

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

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

### C. Measurement Focus and Basis of Accounting

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

#### MEASUREMENT FOCUS

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

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

#### BASIS OF ACCOUNTING

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

D. Pooled Cash

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

E. Capital Assets

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

F. Vacation and Sick Leave

Vacation time, personal business days, and sick leave are considered expenditures in the year paid. Such amounts unused and which are vested by the employee are payable upon termination. At June 30, 2023, the District's compensated leave liability balance was approximately \$18,588.

G. Teachers' Salaries

Payroll checks written and dated in June, 2023, for July and August, 2023, (payrolls from 2022-2023 contracts) are included in the financial statements as expenditures paid in the month of June. This practice has been consistently followed in previous years.

H. Inventories

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

I. Net Position

Net Position is classified and displayed in two components:

1. Restricted net position – Consists of net position funds with constraints placed on the use either by (1) external groups such as creditors, grantors, contributors, or laws and regulations of other governments; or (2) law through constitutional provisions or enabling legislation.
2. Unrestricted net position – All other net position funds that do not meet the definition of “restricted”.

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

J. Cash and Investments

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

K. Statement of Activities–Modified Cash Basis

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

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

L. Long-Term Debt

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

II. Deposits and Investments

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

Investments

Investments of the District as of June 30, 2023 are as follows:

<u>Investment Type</u>	<u>Maturity</u>	<u>Amount</u>
BOK Financial through the Missouri School District Direct Deposit Program	Not Applicable	\$ 123,926
Missouri Capital Asset Advantage Treasury		<u>2,320,565</u>
Total Investments		<u>\$ 2,444,491</u>

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

The District’s investments with BOK Financial are invested in investment contracts in accordance with Sections 165.051 and 360.120 of the Missouri Revised Statutes through the Missouri School District Direct Deposit Program. Each district investing in the program owns a pro-rata share of each investment which is held in the name of the district. Fair market value approximates cost and carries various interest rates.

The District’s investment with Missouri Capital Asset Advantage Treasury is a financial management resource for Missouri School Districts, municipalities, colleges, and other political



The District's investment with Missouri Capital Asset Advantage Treasury is a financial management resource for Missouri School Districts, municipalities, colleges, and other political subdivisions. This investment program was established in 2020 and sponsored by Education Plus, the Cooperating School Districts of Greater Kansas City, the Missouri Association of Rural Education, and the Greater Ozarks Cooperating School Districts.

**Credit Risk:** Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The District's credit risk in the Missouri School District Direct Deposit Program is set forth in Section 360.120.1(5), which allows the District to invest its funds in investment agreements constituting an obligation of a bank, bank holding company, savings and loan association, trust company, financial institution or other credit provider whose outstanding unsecured long-term debt is rated at the time of such agreement in either of the two highest rating categories by a nationally recognized rating service.

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

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

### Deposits

**Custodial Credit Risk-Deposits:** Custodial credit risk for deposits is the risk that, in the event of a depository financial institution failure, a government will not be able to recover deposits or will not be able to recover collateral securities that are in the possession of an outside party. In accordance with Section 110.010 and 110.020, RSMo, the District's deposits at June 30, 2023, were entirely insured by the Federal Deposit Insurance Corporation (FDIC). Of the District's total deposits of \$555,584 (which includes \$544,839 in a Certificate of Deposit Account Registry Service offered by the depository bank) at June 30, 2023, \$555,584 was insured by the FDIC.

## III. Taxes

Property taxes attach as an enforceable lien on property as of January 1. Taxes are levied on November 1 and payable by December 31. Counties collect the property taxes and remit it to the District.

The District also received sales tax collected by the state and remitted based on eligible pupils. The District is required to reduce its property tax levy by one-half the amount of sales tax estimated to be received in the subsequent calendar year.

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

Residential	\$	12,267,140
Agricultural		1,250,460
Commercial		209,867
Personal Property		4,038,763
Total	\$	<u>17,766,230</u>

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

		<u>Unadjusted</u>	<u>Adjusted</u>
General Fund	\$	3.9221	3.9221
Debt Service Fund		1.5527	1.5527
Total	\$	<u>5.4748</u>	<u>5.4748</u>

During the fiscal year ended June 30, 2023, there were no tax abatements.

#### IV. Bonds Payable

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

Bonds Payable, July 1, 2022	\$	500,000
Bonds Issued		2,200,000
Bonds Retired		<u>(100,000)</u>
Bonds Payable, June 30, 2023	\$	<u>2,600,000</u>

Bonds payable consist of General Obligation Refunding Bonds Series 2022, with various interest rates ranging from 0.800 percent to 1.150 percent, interest payments due semiannually on March 1 and September 1, and principal payments due annually in March.

The future debt service requirements are as follows:

<u>For the Fiscal Year Ending June 30:</u>		<u>Principal</u>	<u>Interest</u>
2024	\$	200,000	4,300
2025		200,000	2,300
Total	\$	<u>400,000</u>	<u>6,600</u>

Bonds payable also consist of General Obligation Bonds Series, 2022A, with various interest rates ranging from 4.00 percent to 5.00 percent, interest payments due semiannually on March 1 and September 1, and principal payments due annually in March.

The future debt service requirements are as follows:

<u>For the Fiscal Year Ending June 30:</u>	<u>Principal</u>	<u>Interest</u>
2024	\$ 0	105,500
2025	0	105,500
2026	150,000	105,500
2027	150,000	99,500
2028	150,000	93,500
2029 - 2033	875,000	354,000
2034 - 2037	875,000	112,000
Total	<u>\$ 2,200,000</u>	<u>975,500</u>

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	\$ 2,664,935
General obligation bonds payable	(2,600,000)
Amount available in Debt Service Fund	<u>194,287</u>
LEGAL DEBT MARGIN	<u>\$ 259,222</u>

#### V. Cafeteria Plan

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

#### VI. Claims and Judgments

The District receives substantial funding from state and federal governments. Expenditures financed by this funding are subject to audit by those state and federal governments. If expenditures are disallowed due to noncompliance with state or federal regulations, the District may be required to reimburse the applicable government. As of June 30, 2023, expenditures have not been audited by state or federal governments, but the District believes that disallowed expenditures, if any, based on subsequent audits will not have a material effect on any individual government funds or the overall financial position of the District.

#### VII. Post-Employment Benefits

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

## VIII. Risk Management

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

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

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

*Plan Description.* PSRS is a mandatory cost-sharing multiple employer retirement system for all full-time certificated employees and certain part-time certificated employees of all public school districts in Missouri (except the school districts of St. Louis and Kansas City) and all public community colleges. PSRS also includes certificated employees of PSRS, Missouri State Teachers' Association, Missouri State High School Activities Association, and certain employees of the State of Missouri who elected to remain covered by PSRS under legislation enacted in 1986, 1987, and 1989. The majority of PSRS members are exempt from Social Security contributions. In some instances, positions may be determined not to be exempt from Social Security contributions. Any PSRS member who is required to contribute to Social Security comes under the requirements of Section 169.070 (9) RSMo, known as the "2/3's statute." PSRS members required to contribute to Social Security are required to contribute two-thirds of the approved PSRS contribution rate and their employer is required to match the contribution. The members' benefits are further calculated at two-thirds the normal benefit amount.

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

*Benefits Provided.* PSRS is a defined benefit plan providing retirement, disability, and death/survivor benefits. Members are vested for service retirement benefits after accruing five years of service. Individuals who (a) are at least age 60 and have a minimum of 5 years of service, (b) have 30 years of service, or (c) qualify for benefits under the "Rule of 80" (service and age total at least 80) are entitled to a monthly benefit for life, which is calculated using a 2.50 percent benefit factor. Actuarially age-reduced benefits are available for members with five to 24.9 years of service at age 55. Members who are younger than age 55 and who do not qualify under the "Rule of 80" but have between 25 and 29.9 years of service may retire with a lesser benefit factor. Members that are three years beyond normal retirement can elect to have their lifetime monthly benefits actuarially reduced in exchange for the right to also receive a one-time partial lump sum (PLSO) payment at retirement equal to 12, 24, or 36 times the Single Life benefit amount.

PEERS is a defined benefit plan providing service retirement and disability benefits to its members. Members are vested for service retirement benefits after accruing five years of service. Individuals who (a) are at least age 60 and have a minimum of 5 years of service, (b) have 30 years of service, or (c) qualify for benefits under the “Rule of 80” (service and age total at least 80) are entitled to a monthly benefit for life, which is calculated using a 1.61 percent benefit factor. Members qualifying for “Rule of 80” or “30-and-out” are entitled to an additional temporary .8% benefit multiplier until reaching minimum Social Security age (currently age 62). Actuarially age-reduced retirement benefits are available with five years of service at age 55. Members who are younger than age 55 and who do not qualify under the “Rule of 80” but have between 25 and 29.9 years of service may retire with a lesser benefit factor. Members that are three years beyond normal retirement can elect to have their lifetime monthly benefits actuarially reduced in exchange for the right to also receive a one-time partial lump sum (PLSO) payment at retirement equal to 12, 24, or 36 times the Single Life benefit amount.

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

*Cost-of-living Adjustments (COLA).* The Board of Trustees has established a policy of providing a 0.00 percent COLA for years in which the CPI increases between 0.00 percent and 2.00 percent, a 2.00 percent COLA for years in which the CPI increases between 2.00 percent and 5.00 percent, and a COLA of 5.00 percent if the CPI increase is greater than 5.00 percent. If the CPI decreases, no COLA is provided. For any PSRS member retiring on or after July 1, 2001, such adjustments commence on the second January after commencement of benefits and occur annually thereafter. For PEERS members, such adjustments commence on the fourth January after commencement of benefits and occur annually thereafter. The total of such increases may not exceed 80.00 percent of the original benefit for any member.

*Contributions.* PSRS members were required to contribute 14.50 percent of their annual covered salary during the fiscal years 2020, 2021 and 2022. 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 2020, 2021 and 2022. 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 \$116,569 and \$11,637, respectively for the year ended June 30, 2023.

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

Plan Description: The District participates in a multiple-employer defined benefit health care plan administered by Missouri Educators Unified Health Plan. The District provides medical insurance benefits to eligible retirees through this plan in accordance with the Consolidated Omnibus Budget Reconciliation Act (COBRA). The obligation for payment of benefits has been transferred from

the District to the retiree. The retiree sends the premium directly to Missouri Educators Unified Health Plan.

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

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

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

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

## XI. Fund Balance Reporting

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

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

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

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

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

- Restricted for State Categorical Programs, Capital Projects, Debt Service and Student Activities: Federal Laws, Missouri Statutes and local ordinances require that certain revenues be specifically designed for the purposes of capital projects, debt service and student activities. The funds have been included in restricted category of fund balance. The restricted fund balances are \$194,287 in debt service, \$90,996 for future teachers' salaries and fringe benefits, \$1,809,235 in unexpended bond proceeds, and \$11,025 for student activities.
- Assigned: The assigned fund balance for the Capital Projects Fund is \$6,568.
- Unassigned: The unassigned fund balance for the General Fund is \$1,111.898.

## XII. Budgets and Budgetary Practices

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

- A. In accordance with Chapter 67, RSMo, the District adopts a budget for each fund.
- B. Prior to July, the superintendent, who serves as the budget officer, submits to the Board of Education a proposed budget for the fiscal year beginning on the following July 1. The proposed budget includes estimated revenues and proposed expenditures for all district funds. Budgeted expenditures cannot exceed beginning available monies plus estimated revenues for the year.
- C. A public hearing is conducted to obtain taxpayer comments. Prior to its approval by the Board of Education, the budget document is available for public inspection.
- D. In June, 2022, the budget was legally enacted by a vote of the Board of Education.
- E. Subsequent to its formal approval of the budget, the Board of Education has the authority to make necessary adjustments to the budget by formal vote of the board.
- F. Budgets for district funds are prepared and adopted on the modified cash basis recognizing revenues when collected and expenditures when paid, except for investments.

## XIII. Commitment

At June 30, 2023, the District was committed to pay a construction company \$592,699 to complete various capital improvement projects.

## **OTHER INFORMATION**



**SCHEDULE 1**  
**STRASBURG C-3 SCHOOL DISTRICT**  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND**  
**BALANCES - MODIFIED CASH BASIS - BUDGET AND ACTUAL - GENERAL FUND**  
**FOR THE YEAR ENDED JUNE 30, 2023**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Local	\$ 785,907	817,521	817,521	0
County	57,690	52,289	52,289	0
State	310,835	350,674	350,674	0
Federal	33,004	164,129	164,129	0
<b>TOTAL REVENUES</b>	<u>1,187,436</u>	<u>1,384,613</u>	<u>1,384,613</u>	<u>0</u>
<b>EXPENDITURES</b>				
Instruction	382,649	517,359	517,359	0
Student activities	7,250	0	0	0
Improvement of instruction	0	5,407	5,407	0
Professional development	5,200	4,285	4,285	0
Media and health services	53,169	63,875	63,875	0
Board of Education	16,839	39,167	39,167	0
Building level administration	142,328	194,052	194,052	0
Operation of plant	166,020	195,866	195,866	0
Transportation	132,000	133,111	133,111	0
Food services	71,680	76,160	76,160	0
Community services	4,500	14,749	14,749	0
<b>TOTAL EXPENDITURES</b>	<u>981,635</u>	<u>1,244,031</u>	<u>1,244,031</u>	<u>0</u>
Excess (deficiency) of revenues over expenditures	<u>205,801</u>	<u>140,582</u>	<u>140,582</u>	<u>0</u>
<b>Fund balances at beginning of year</b>	<u>982,341</u>	<u>982,341</u>	<u>982,341</u>	<u>0</u>
<b>Fund balances at end of year</b>	<u>\$ 1,188,142</u>	<u>1,122,923</u>	<u>1,122,923</u>	<u>0</u>

**SCHEDULE 2**  
**STRASBURG C-3 SCHOOL DISTRICT**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -**  
**MODIFIED CASH BASIS - BUDGET AND ACTUAL - SPECIAL REVENUE FUND**  
**FOR THE YEAR ENDED JUNE 30, 2023**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Local	\$ 143,893	196,385	196,385	0
County	1,000	3,771	3,771	0
State	434,971	441,300	441,300	0
Federal	88,442	112,095	112,095	0
<b>TOTAL REVENUES</b>	<u>668,306</u>	<u>753,551</u>	<u>753,551</u>	<u>0</u>
<b>EXPENDITURES</b>				
Instruction	693,585	850,236	850,236	0
Improvement of instruction	750	903	903	0
Professional development	88,278	2,026	2,026	0
Media and health services	23,413	24,321	24,321	0
Building level administration	98,838	110,777	110,777	0
<b>TOTAL EXPENDITURES</b>	<u>904,864</u>	<u>988,263</u>	<u>988,263</u>	<u>0</u>
Excess (deficiency) of revenues over expenditures	<u>(236,558)</u>	<u>(234,712)</u>	<u>(234,712)</u>	<u>0</u>
Fund balances at beginning of year	<u>325,708</u>	<u>325,708</u>	<u>325,708</u>	<u>0</u>
Fund balances at end of year	<u>\$ 89,150</u>	<u>90,996</u>	<u>90,996</u>	<u>0</u>

**SCHEDULE 3**  
**STRASBURG C-3 SCHOOL DISTRICT**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -**  
**MODIFIED CASH BASIS - BUDGET AND ACTUAL - DEBT SERVICE FUND**  
**FOR THE YEAR ENDED JUNE 30, 2023**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget - Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>REVENUES</b>				
Local	\$ 270,350	480,134	480,134	0
County	24,000	19,364	19,364	0
<b>TOTAL REVENUES</b>	<u>294,350</u>	<u>499,498</u>	<u>499,498</u>	<u>0</u>
<b>EXPENDITURES</b>				
Retirement of debt	100,000	100,000	100,000	0
Interest	71,185	73,760	73,760	0
Other	636	318	318	0
<b>TOTAL EXPENDITURES</b>	<u>171,821</u>	<u>174,078</u>	<u>174,078</u>	<u>0</u>
Excess (deficiency) of revenues over expenditures before other financing sources (uses)	<u>122,529</u>	<u>325,420</u>	<u>325,420</u>	<u>0</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Operating transfer out	<u>0</u>	<u>(181,364)</u>	<u>(181,364)</u>	<u>0</u>
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<u>0</u>	<u>(181,364)</u>	<u>(181,364)</u>	<u>0</u>
Excess (deficiency) of revenues over expenditures after other financing sources (uses)	<u>122,529</u>	<u>144,056</u>	<u>144,056</u>	<u>0</u>
Fund balances at beginning of year	<u>50,231</u>	<u>50,231</u>	<u>50,231</u>	<u>0</u>
Fund balances at end of year	<u>\$ 172,760</u>	<u>194,287</u>	<u>194,287</u>	<u>0</u>

**SCHEDULE 4**  
**STRASBURG C-3 SCHOOL DISTRICT**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -**  
**MODIFIED CASH BASIS - BUDGET AND ACTUAL - CAPITAL PROJECTS FUND**  
**FOR THE YEAR ENDED JUNE 30, 2023**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Local	0	79,828	79,828	0
<b>TOTAL REVENUES</b>	<b>\$ 0</b>	<b>79,828</b>	<b>79,828</b>	<b>0</b>
<b>EXPENDITURES</b>				
Facilities acquisition and construction	323,989	648,963	648,963	0
<b>TOTAL EXPENDITURES</b>	<b>323,989</b>	<b>648,963</b>	<b>648,963</b>	<b>0</b>
Excess (deficiency) of revenues over expenditures before other financing sources (uses)	(323,989)	(569,135)	(569,135)	0
<b>OTHER FINANCING SOURCES (USES)</b>				
Sale of Bonds	2,200,000	2,200,000	2,200,000	0
Operating transfer in	0	181,364	181,364	0
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>2,200,000</b>	<b>2,381,364</b>	<b>2,381,364</b>	<b>0</b>
Excess (deficiency) of revenues over expenditures after other financing sources (uses)	1,876,011	1,812,229	1,812,229	0
Fund balances at beginning of year	3,574	3,574	3,574	0
Fund balances at end of year	<b>\$ 1,879,585</b>	<b>1,815,803</b>	<b>1,815,803</b>	<b>0</b>

SCHEDULE 5  
STRASBURG C-3 SCHOOL DISTRICT  
SCHEDULE OF REVENUES - MODIFIED CASH BASIS  
FOR THE YEAR ENDED JUNE 30, 2023

	General	Special Revenue	Debt Service	Capital Projects	Total (Memorandum Only)
<b>LOCAL</b>					
Current taxes	\$ 675,459	0	267,406	0	942,865
Delinquent taxes	77,203	0	30,564	0	107,767
School District Trust Fund (Prop C)	0	196,268	0	0	196,268
M&M surtax	403	0	160	0	563
Earnings from investments	23,628	117	640	79,828	104,213
Financial Institution Tax	10	0	0	0	10
Prior period adjustment	10,177	0	0	0	10,177
Food service program	16,326	0	0	0	16,326
Food service non-program	786	0	0	0	786
Community services	946	0	0	0	946
Other	4,760	0	0	0	4,760
Premium on bonds sold	0	0	181,364	0	181,364
Student activities	7,823	0	0	0	7,823
<b>TOTAL LOCAL</b>	<u>817,521</u>	<u>196,385</u>	<u>480,134</u>	<u>79,828</u>	<u>1,573,868</u>
<b>COUNTY</b>					
Fines	0	3,771	0	0	3,771
State assessed utility taxes	52,289	0	19,364	0	71,653
<b>TOTAL COUNTY</b>	<u>52,289</u>	<u>3,771</u>	<u>19,364</u>	<u>0</u>	<u>75,424</u>
<b>STATE</b>					
Basic formula - State Monies	145,385	436,155	0	0	581,540
Transportation	58,091	0	0	0	58,091
Basic formula - Classroom Trust Fund	64,602	0	0	0	64,602
Educational screening	20,956	0	0	0	20,956
Small schools grant	60,917	0	0	0	60,917
Food service	223	0	0	0	223
Teacher baseline grant	0	5,145	0	0	5,145
Other	500	0	0	0	500
<b>TOTAL STATE</b>	<u>350,674</u>	<u>441,300</u>	<u>0</u>	<u>0</u>	<u>791,974</u>
<b>FEDERAL</b>					
American Rescue Plan Act - Elementary Secondary School Emergency Relief Fund III	92,958	6,558	0	0	99,516
Coronavirus Response and Relief Supplemental Appropriations Act - Elementary Secondary School Emergency Relief Fund II	16	5,574	0	0	5,590
Coronavirus Response and Relief Supplemental Appropriations Act - Elementary Secondary School Emergency Relief Fund	0	5,221	0	0	5,221
American Rescue Plan - IDEA 611 Entitlement Funds	0	7,050	0	0	7,050
IDEA Entitlement Funds, Part B IDEA	0	30,259	0	0	30,259
Early Childhood Special Education	5,796	0	0	0	5,796
American Rescue Plan - IDEA Early Childhood Special Education	494	0	0	0	494
National School Lunch program	36,898	0	0	0	36,898
School Breakfast program	8,769	0	0	0	8,769
Title I - ESEA	0	40,492	0	0	40,492
Title II, Part A&B, ESEA - Teacher & Principal Quality	4,466	0	0	0	4,466
Title IV, Part A Student Support and Academic Enrichment	0	16,941	0	0	16,941
Title V, Part B Rural Education Initiative	14,732	0	0	0	14,732
<b>TOTAL FEDERAL</b>	<u>164,129</u>	<u>112,095</u>	<u>0</u>	<u>0</u>	<u>276,224</u>
<b>TOTAL REVENUES</b>	<u>\$ 1,384,613</u>	<u>753,551</u>	<u>499,498</u>	<u>79,828</u>	<u>2,717,490</u>

**SCHEDULE 6  
STRASBURG C-3 SCHOOL DISTRICT  
SCHEDULE OF EXPENDITURES-CASH BASIS  
FOR THE YEAR ENDED JUNE 30, 2023**

	<u>General</u>	<u>Special Revenue</u>	<u>Debt Service</u>	<u>Capital Projects</u>
Salaries	\$ 152,186	722,858	0	0
Fringe benefits	43,157	265,050	0	0
Tuition	382,098	0	0	0
Instructional program improvement services	81,434	355	0	0
Pupil services	51,752	0	0	0
Audit and accounting	7,000	0	0	0
Technical services	18,630	0	0	0
Legal Services	2,258	0	0	0
Election Services	413	0	0	0
Other professional services	17,179	0	0	0
Repairs and Maintenance	110,266	0	0	0
Water and Sewer	2,693	0	0	0
Trash Removal	2,087	0	0	0
Contracted transportation	112,639	0	0	0
Travel	8,084	0	0	0
Insurance	17,750	0	0	0
Communication	1,640	0	0	0
Advertising, printing, etc.	9,335	0	0	0
Dues and membership	1,517	0	0	0
Supplies	92,809	0	0	0
Technology Supplies	22,886	0	0	0
Other purchased services	13,942	0	0	0
Books and periodicals	2,786	0	0	0
Food service	33,537	0	0	0
Energy services	55,953	0	0	0
Capital outlay	0	0	0	607,663
Retirement of indebtedness	0	0	100,000	0
Interest	0	0	73,760	0
Other	0	0	318	41,300
<b>TOTAL EXPENDITURES</b>	<b>\$ <u>1,244,031</u></b>	<b><u>988,263</u></b>	<b><u>174,078</u></b>	<b><u>648,963</u></b>

**REPORTS ON INTERNAL CONTROLS AND COMPLIANCE MATTERS**

# RANDALL FIENE

*Certified Public Accountant*

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Certified Public Accountants*

*Member of Missouri Society of  
Certified Public Accountants*

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

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

I have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, and each major fund of the Strasburg C-3 School District, as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the Strasburg C-3 School District's basic financial statements, and have issued my report thereon dated October 31, 2023.

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

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

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

My consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material deficiencies or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. I did identify a certain deficiency in internal control, described in the accompanying Schedule of Findings and Responses as item 2023-01 that I consider to be a material weakness.



## **Compliance and Other Matters**

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

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

Strasburg C-3 School District's response to the findings identified in my audit is described in the accompanying Schedule of Findings and Responses. The District's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, I express no opinion on it.

## **Purpose of this Report**

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



Randall C. Fiene, CPA  
Concordia, Missouri  
October 31, 2023

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

2023-1. Segregation of Duties

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

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

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

Effect: The risk of intentional or unintentional errors and irregularities may not be prevented and go undetected when incompatible duties are not segregated. In addition, the District may not be in full compliance with federal and state payroll tax responsibilities.

Recommendation: Segregate duties so that no one person is responsible for maintaining the general ledger, performing monthly bank reconciliations, and recording and processing expenditures, recording and processing payroll and the related payroll tax liabilities, and executing employee direct deposit paychecks. If incompatible duties cannot be segregated, then management should consider implementing supervisory reviews of the general ledger, monthly bank reconciliations and the payroll accounting records.

Management's Response: *"As noted in the findings, due to limited personnel, it is not practical to entirely segregate duties. However, the district has implemented new procedures as a means to execute a more segregated approach to the monthly processing of expenditures, recording and processing of payroll, and executing direct deposit paychecks, maintaining the general ledger, and performing monthly bank reconciliations.*

*On a monthly basis, general ledger/trial balance reports shall be created by the Finance Manager and reviewed by the Superintendent and the Board of Education. These reports record current assets and liabilities, fund balance, revenues and expenditures in the all four funds: the general fund, certificated pay, debt service, and building/large equipment.*

*Bank statement reconciliation shall be conducted on a monthly basis by the Finance Manager. The Superintendent shall review the account reconciliation documents and electronic payroll to ensure that no discrepancies exist. The payroll and direct deposit statements shall also be reviewed and approved monthly by the Board of*

*Education. In addition, the final numbers of the monthly bank reconciliations shall be approved via the Board report at each monthly meeting of the Board of Education.*

*Payroll shall be performed monthly and is scheduled for the 20th of each month. If that day falls on a holiday or weekend, payment shall be made on the last business day prior to that day, if possible in conjunction with Board approval and signatures. Timesheets are collected and reported by the finance manager, including the sub calendar posted by the district secretary. The district secretary shall maintain calendars and a monthly overview documenting personal days and sub coverage. The finance manager then compiles payroll data to determine final monthly payroll, including documentation of docked wages, insurance changes, and tax adjustments. Payroll reports are compiled and reviewed by the Superintendent, then further reviewed and approved by the Board of Education.*

*Once payroll receives final approval by the Board, an electronic file is submitted to the bank via secure ACH transmittal. Once the bank approves the electronic file, they shall provide email notification to the Finance Manager, which is then forwarded to the Superintendent.*

*When completed, all payroll documentation shall be assembled and filed for long-term storage. In addition, retirement reports, tax payments, and quarterly reports shall be handled in a timely manner following payroll.*

*The district recognizes that these internal control procedures shall be implemented as a means to decrease risk against possible loss, theft, or misuse of district funds.”*

# RANDALL FIENE

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## INDEPENDENT ACCOUNTANT'S REPORT

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

I have examined management of Strasburg C-3 School District's assertions that the District complied with the requirements of Missouri laws and regulations regarding budgetary and disbursement procedures; accurate disclosure of the District's attendance records of school calendar, attendance hours, standard day length, resident membership on the last Wednesday of September, free and reduced price lunch FTE count on the last Wednesday in January; pupil transportation records of the average daily transportation of pupils eligible and ineligible for state aid, the number of miles eligible and ineligible for state aid, and the transportation costs eligible for state aid, and other statutory requirements as listed in the Schedule of Selected Statistics during the year ended June 30, 2023. Strasburg C-3 School District's management is responsible for its assertions. My responsibility is to express an opinion on management's assertions based on my examination.

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

I am required to be independent and to meet other ethical responsibilities in accordance with relevant ethical requirements relating to the engagement.

In my opinion, management's assertions, referred in the Schedule of Selected Statistics, is presented in accordance with statutory requirements and is fairly stated in all material respects.

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



Randall C. Fiene, CPA  
Concordia, Missouri  
October 31, 2023

**STRASBURG C-3 SCHOOL DISTRICT  
019-140  
SCHEDULE OF SELECTED STATISTICS  
FOR THE YEAR ENDED JUNE 30, 2023**

**1. Calendar**

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

School Code	Begin Grade	End Grade	Standard Day Length (SDL)	Days	Hours in Session
4020	Kindergarten	8th	7.1833	148	1,063.1284

**2. Attendance Hours**

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

School Code	Grade Level	Full-Time
4020	Kindergarten	9,688.7065
4020	1st	8,148.9630
4020	2nd	15,098.0489
4020	3rd	16,336.0935
4020	4th	15,516.4464
4020	5th	7,316.1998
4020	6th	19,449.1122
4020	7th	17,444.5053
4020	8th	14,106.3709
<b>Pupils attending other Districts:</b>		
	9th	7,444.7587
	10th	2,924.6072
	11th	6,009.5411
	12th	7,512.4163
<b>Grand Total</b>		<b>146,995.7698</b>

**3. September Membership**

Report the FTE count of resident students in grades PK-12 taken the last Wednesday in September who are enrolled on the count day and in attendance at least one of the ten previous school days, by grade at each attendance center.

School Code	Grade Level	Full-Time	Part-Time	Total
4020	Kindergarten	11.00	0.00	11.00
4020	1st	8.00	0.00	8.00
4020	2nd	16.00	0.00	16.00
4020	3rd	17.00	0.00	17.00
4020	4th	17.00	0.00	17.00
4020	5th	7.00	0.00	7.00
4020	6th	19.00	0.00	19.00
4020	7th	17.00	0.00	17.00
4020	8th	14.00	0.00	14.00
<b>Pupils attending other Districts:</b>				
	9th	9.00	0.00	9.00
	10th	10.00	0.00	10.00
	11th	9.00	0.00	9.00
	12th	14.00	0.00	14.00
<b>Grand Total</b>		168.00	0.00	168.00

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

Report the FTE count taken the last Wednesday in January of resident students enrolled in grades PK-12 and in attendance at least one of the ten previous school days whose eligibility for free or reduced lunch is documented through the application process using federal eligibility guidelines or through the direct certification process.

School Code	Free Lunch	Reduced Lunch	Total
4020	32	1	33
<b>Resident II Pupils</b>	11	1	12
<b>Grand Total</b>	43	2	45

**5. Finance**

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

  X   True           False

2. The District maintained complete and accurate attendance records allowing for the accurate calculation of Average Daily Attendance, 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	Not applicable
Career Exploration Program - Off Campus	Not applicable
Cooperative occupational Education (COE) or Supervised Occupational Experience Program	Not applicable
Dual enrollment	Not applicable
Homebound instruction	Not applicable
Missouri Options	Not applicable
Prekindergarten eligible to be claimed for state aid	Not applicable
Remediation	Not applicable
Sheltered Workshop participation	Not applicable
Students participating in the school flex program	Not applicable
Traditional instruction (full and part-time students)	True
Virtual instruction (MOCAP or other option)	True
Work Experience for Students with Disabilities	Not applicable

3. The District maintained complete and accurate attendance records allowing for the accurate calculation of September Membership for all students in accordance with all applicable state rules and regulations.

True  False

4. The District maintained complete and accurate attendance and other applicable records allowing for the accurate reporting of the State FTE count for Free and Reduced Lunch for all students in accordance with all applicable state rules and regulations.

True  False

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

True  False

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

True  False

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

True  False

8. Salaries reported for educators in the October MOSIS Educator Core and Educator School files are supported by complete and accurate payroll and contract records.

True  False

9. If a \$162,326 or 7% x SAT x WADA transfer was made in excess of adjusted expenditures, the board approve a resolution to make the transfer, which identified the specific projects to be funded by the transfer and an expected expenditure date for the projects to be undertaken.

True  False  Not applicable

10. The District published a summary of the prior year's audit report within thirty days of the receipt of the audit pursuant to Section 165.121, RSMo.

True  False

11. The District has a professional development committee plan adopted by the board with the professional development committee plan identifying the expenditure of seventy-five percent (75%) of one percent (1%) of the current year basic formula apportionment. Remaining 25% of 1% if not spent must be restricted and spent on appropriate expenditures in the future. Spending requirement is modified to seventy-five percent (75%) of one half percent (1/2%) of the current year basic formula apportionment if through fiscal year 2024 the amount appropriated and expended to public schools for transportation is less than twenty-five percent (25%) of allowable cost.

True  False

12. The amount spent for approved professional development committee plan activities was \$6,310.

13. The district/charter school has posted, at least quarterly, a searchable expenditures and revenue document or database detailing actual income, expenditures, and disbursement for the current calendar or fiscal year on the district or school website or other form of social media as required by Section 160.006, RSMo.

True  False



**6. Transportation**

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

True  False

2. The District's pupil transportation ridership records are maintained in a manner to accurately disclose in all material respects the average number of regular riders transported.

True  False

3. Based on the ridership records, the average number of students (non-disabled K-12, K-12 students with disabilities and career education) transported on a regular basis (ADT) was: Eligible ADT – 80.50 and ineligible ADT – 2.50.

True  False

4. The District's transportation odometer mileage records are maintained in a manner to accurately disclose in all material respects the eligible and ineligible mileage for the year.

True  False

5. Actual odometer records show the total District-operated and contracted mileage for the year was 34,952.

True  False

6. Of this total, the eligible non-disabled and students with disabilities route miles and the ineligible non-route and disapproved miles (combined) was: Eligible miles – 25,204 and ineligible miles (non-route/disapproved) – 9,748.

7. The total number of days the District's transportation system operated was 148 days.

True  False