

**RAYMORE-PECULIAR R-II SCHOOL DISTRICT
PECULIAR, MISSOURI**

**FINANCIAL STATEMENTS
TOGETHER WITH INDEPENDENT AUDITORS' REPORTS**

FOR THE YEAR ENDED JUNE 30, 2009

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INDEPENDENT AUDITORS' REPORT

To the Board of Education
Raymore-Peculiar R-II School District

We have audited the accompanying financial statements of the governmental activities and each major fund of the Raymore-Peculiar R-II School District as of and for the year ended June 30, 2009, which collectively comprise the District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the District's administration. Our responsibility is to express opinions on these financial statements based on our audit.

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

As discussed in Note A, the basic financial statements were prepared on the modified cash basis of accounting, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

In our opinion, the financial statements referred to above present fairly, in all material respects, the assets and liabilities and net assets/fund equity of the governmental activities and each major fund of the District as of June 30, 2009, and the revenues and expenditures, where applicable, thereof for the year then ended in conformity with the basis of accounting described in Note A.

In accordance with *Government Auditing Standards*, we have also issued our report dated September 30, 2009 on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The required supplementary information, as listed in the accompanying table of contents, is not a required part of the basic financial statements, but is supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

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 supplementary information presented on pages 31 through 41, including the schedule of expenditures of federal awards as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, is presented for purposes of additional analysis and is not a required part of the basic financial statements. This information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly presented in all material respects in relation to the basic financial statements taken as a whole on the basis of accounting as described in Note A.

September 30, 2009



Raymore-Peculiar School District

FINANCE DIVISION

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MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)

The discussion and analysis of Raymore-Peculiar R-II School District's financial performance provides an overall review of the District's financial activities for the fiscal year ended June 30, 2009. The intent of this discussion and analysis is to look at the District's financial performance as a whole; readers should also review the notes to the basic financial statements and financial statements to enhance their understanding of the District's financial performance.

Financial Highlights

Key financial highlights for 2009 are as follows:

- The District's financial status, as reflected in total net assets, increased by \$1,316,886.
- General revenues are reported at \$47,533,018. Program specific revenues in the form of charges for services, operating of grants and contributions, and capital grants and contributions accounted for \$11,058,707 of total revenue.
- The District had \$57,274,839 in expenses; \$11,058,707 of the expenses were offset by program specific charges for services, grants or contributions. General revenues (primarily taxes and state aid) of \$47,533,018 were adequate to provide for these programs.
- Total assets of governmental activities were valued at \$130,578,099. Included in this amount were current assets valued at \$42,365,152. Current assets include cash and cash equivalents as well as investments. Non-current assets were valued at \$88,212,947. Non-current assets include land, buildings, contents, and construction in progress, less any accumulated depreciation.
- Outstanding bonded debt decreased to \$78,050,000 from \$80,825,000 in 2008.
- Among major funds, the General Fund had \$20,230,524 in revenues and \$20,658,650 in expenditures. The General Fund's balance decreased \$2,428,126 from 2008 to 2009. The District transferred \$2,000,000 from the General Fund to the Capital Projects Fund.

Using this Annual Report

This annual report consists of a series of financial statements and notes to those statements. The Statement of Net Assets and the Statement of Activities provide information about the activities of the Raymore-Peculiar School District as a whole and present a longer-term view of the District's finances.

Fund financial statements provide the next level of detail. For government activities, these statements tell how these services were financed in the short-term as well as what remains for future spending. The statements then proceed to provide an increasingly detailed look at specific financial activities. The fund financial statements also look at the District's most significant funds.

Reporting the District as a Whole

Statement of Net Assets and the Statement of Activities

While this document contains the funds used by the District to provide programs and activities, the view of the District as a whole looks at all financial transactions and asks the questions, “How did we do financially during 2009?” The Statement of Net Assets and the Statement of Activities answer this question. These statements include all assets and liabilities using the modified cash basis of accounting. The modified cash basis of accounting records revenues when collected and expenditures when paid, except for teachers’ salaries as explained in Note A to the financial statements.

These two statements report the District’s net assets and changes in those assets. This change in net assets is important because it tells the reader that, for the District as a whole, the financial position of the District has improved or diminished. The cause of this change may be the result of many factors, some financial, and some not. Non-financial factors include the District’s property tax base, current property tax laws in Missouri, required educational programs, facility conditions and other factors.

In the Statement of Net Assets and the Statement of Activities, the District reports governmental activities. Governmental activities are the activities where the District’s programs and services are reported including, but not limited to, instruction, support services, operation and maintenance of plant, pupil transportation and extracurricular activities. The District does not have any business-type activities.

Reporting the District’s Most Significant Funds

Fund Financial Statements

Fund financial reports provide detailed information about the District’s major funds. The District uses four funds to account for a multitude of financial transactions. The District considers the following to be major governmental funds: General (Incidental) Fund, Special Revenue (Teachers’) Fund, Debt Service Fund and Capital Projects Fund.

Governmental Funds

The District’s activities are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end available for spending in the future periods. These funds are reported using an accounting method called modified cash accounting. The governmental fund statements provide a detailed short-term view of the District’s general government operations and the basic services it provides. Governmental fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance educational programs. The relationship (or differences) between governmental activities (reported in the Statement of Net Assets and the Statement of Activities) and governmental funds is reconciled in the financial statements.

The District as a Whole

Recall that the Statement of Net Assets provides the perspective of the District as a whole.

Table 1 on the following page provides a summary of the District’s net assets for 2009 and 2008:

TABLE 1

	<u>2009</u>	<u>2008</u>
ASSETS		
Cash and cash equivalents	\$ 38,824,251	\$ 46,984,444
Investments	3,540,901	9,621,614
Capital assets, net of accumulated depreciation	<u>88,212,947</u>	<u>75,430,155</u>
Total assets	<u>130,578,099</u>	<u>132,036,213</u>
LIABILITIES		
Current liabilities:		
Current portion long-term debt	2,900,000	2,775,000
Non-current liabilities:		
Non-current portion long-term debt	<u>75,150,000</u>	<u>78,050,000</u>
Total liabilities	<u>78,050,000</u>	<u>80,825,000</u>
NET ASSETS		
Invested in capital assets, net of related debt	37,316,547	31,790,155
Restricted:		
Capital outlay	662,918	2,906,317
Debt service	3,947,964	3,112,252
Unrestricted	<u>10,600,670</u>	<u>13,402,489</u>
Total net assets	<u>\$ 52,528,099</u>	<u>\$ 51,211,213</u>

Total assets of governmental activities were valued at \$130,578,099. Included in this amount were current assets valued at \$42,365,152. Current assets include cash and cash equivalents. Non-current assets were valued at \$88,212,947. Non-current assets include land, buildings, contents and construction in progress, less any applicable accumulated depreciation.

Total liabilities at June 30, 2009 were \$78,050,000. Long-term bond and lease obligations were reported at \$75,150,000.

As shown in Table 1, \$37,316,547 of the net assets is reflected by its investment in capital assets less any related outstanding debt used to acquire those assets. The District uses these capital assets to provide buildings and services to the students and patrons of the District; consequently these assets are not available for future spending. Although the District's investment in its capital assets is reported net of related debt, it should be noted that resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate liabilities.

Unrestricted General Fund net assets, the part of the net assets that can be used to finance day-to-day activities without constraints established by grants or legal requirements, of the District are reported at \$10,600,670. The District has restricted net assets of \$3,947,964 within the Debt Service Fund to comply with requirements imposed by their creditors. The District also has restricted net assets of \$662,918 for capital outlay.

Table 2 shows the changes in net assets for fiscal year 2009 and 2008.

TABLE 2

	<u>2009</u>	<u>2008</u>
REVENUES		
Program Revenues:		
Charges for services	\$ 2,938,274	\$ 2,795,484
Operating grants and contributions	8,006,601	7,859,150
Capital grants and contributions	<u>113,832</u>	<u>87,908</u>
Total Program Revenues	<u>11,058,707</u>	<u>10,742,542</u>
General Revenues:		
Property taxes	22,664,378	21,420,360
Basic formula	17,425,787	17,196,568
Sales tax	4,585,432	4,755,574
State assessed utility tax	912,711	929,765
Earnings on investments	1,395,491	2,800,876
Fines and escheats	132,243	128,982
Other county revenue	84,043	82,935
M&M surtax	49,626	48,247
In lieu of tax	166,992	166,992
Other local revenue	133,285	111,805
Financial institution tax	16,497	5,773
Sale of surplus property	8,532	18,212
Loss on disposal of assets	<u>(41,999)</u>	<u>-</u>
Total General Revenues	<u>47,533,018</u>	<u>47,666,089</u>
Total Revenues	<u>58,591,725</u>	<u>58,408,631</u>
PROGRAM EXPENSES		
Instruction	29,801,624	28,741,681
Student services	2,025,465	2,104,088
Instructional staff support	3,263,498	3,238,640
Building administration	2,682,273	2,532,893
General administration and central services	2,693,603	3,568,793
Operation of plant	7,558,803	7,026,491
Transportation	3,181,574	3,158,616
Food service	2,270,536	2,013,765
Community services	359,887	357,640
Debt service:		
Interest and fees	<u>3,437,576</u>	<u>2,779,126</u>
Total Governmental Activities Expenses	<u>57,274,839</u>	<u>55,521,733</u>
CHANGE IN NET ASSETS	1,316,886	2,886,898
Net assets beginning of year	<u>51,211,213</u>	<u>48,324,315</u>
Net assets end of the year	<u>\$ 52,528,099</u>	<u>\$ 51,211,213</u>

GOVERNMENTAL ACTIVITIES

General revenues accounted for \$47,533,018 in revenue. General revenues are composed primarily of receipts from property taxes, \$22,664,378. Other sources of general revenues are state aid not restricted for specific purposes, \$17,425,787 with the remaining portion from investment earnings and miscellaneous other sources. Program specific revenues in the form of charges for services, operating grants and contributions, and capital grants and contributions accounted for \$11,058,707 of total revenues.

The District had \$57,274,839 in expenses; only \$11,058,707 of these expenses was offset by program specific charges for services, grants or contributions. General revenues (primarily taxes and state aid) of \$47,533,018 were adequate to provide for these programs.

The Statement of Activities shows the costs of program services and the charges for services and grants offsetting those services. Table 3 shows the total cost of services and the net cost of services. That is, it identifies the costs of these services supported by tax revenue and unrestricted State entitlements.

TABLE 3

	2009		2008	
	Total Cost of Services	Net Cost of Services	Total Cost of Services	Net Cost of Services
Instruction	\$ 29,801,624	\$ 22,685,844	\$ 28,741,681	\$ 21,670,666
Student services	2,025,465	2,008,219	2,104,088	2,081,585
Instructional staff support	3,263,498	3,263,498	3,238,640	3,238,640
Building administration	2,682,273	2,682,273	2,532,893	2,532,893
General administration and central services	2,693,603	2,693,603	3,568,793	3,568,793
Operation of plant	7,558,803	7,538,072	7,026,491	7,013,404
Transportation	3,181,574	1,838,523	3,158,616	1,962,040
Food service	2,270,536	14,049	2,013,765	(167,218)
Community services	359,887	54,475	357,640	99,262
Debt service:				
Interest and fees	3,437,576	3,437,576	2,779,126	2,779,126
Total Governmental Activities	<u>\$ 57,274,839</u>	<u>\$ 46,216,132</u>	<u>\$ 55,521,733</u>	<u>\$ 44,779,191</u>

Instruction expenses include activities directly dealing with the teaching of pupils and the interaction between teacher and pupil.

Student services include guidance and counseling, health services, as well as the costs of student attendance reporting.

Instructional staff support includes the activities involved with assisting staff with the content and process of teaching pupils.

Building administration includes the cost of salaries and benefits for building level principals and office support staff.

General administration and central services includes the expenses associated with administrative and financial supervision of the District. It also includes expenses related to planning, research, development and evaluation of support services, as well as the reporting of this information internally and to the public.

Operations of plant activities involve keeping the school grounds, buildings, and equipment in an effective working condition.

Transportation includes activities involved with the conveyance of students to and from school, as well as to and from school activities, as provided by state law.

Food services include the preparation, delivery, and servicing of lunches, snacks, and other incidental meals to students and school staff in connection with school activities.

Community services includes expense related to student activities provided by the District which are designed to provide opportunities for pupils to participate in school events, public events, or a combination of these for the purposes of motivation, enjoyment and skill improvement. These services also include our early childcare program.

Facility acquisition and construction include expenditures for land or existing buildings; improvements of grounds; construction of buildings; remodeling of buildings; initial equipment; additional equipment; and replacement of equipment. Items purchased and capitalized in the current year will not be reported as current expenses on the statement of activities. The depreciation for assets directly associated with a specific function or a small number of functions are required to be reported as a direct expense of that function.

Interest and fees involves the transactions associated with the payment of interest and other related charges for debt of the District.

The District's Funds

The District's major funds are accounted for using the modified cash basis of accounting. All major funds had total revenues of \$58,633,724 and expenditures of \$72,874,630. The net change in fund balance for the year was most significant in the Capital Projects Fund, a decrease of \$12,274,799. Capital Project expenditures for the year include continued construction of the district's new middle school (Raymore-Peculiar East Middle School), district carpet and flooring improvements, site work improvements, district playground and fencing improvements, sub base and site work for the synthetic turf and track project at the district stadium, district roofing improvements and district parking lot improvements.

General Fund Budgeting Highlights

The District's budget is prepared according to Missouri law and is based on accounting for certain transactions on the modified cash basis. The most significant budgeted fund is the General Fund.

During the course of the 2009 fiscal year, the District amended its General Fund budget numerous times. Most of the amendments are due to State or Federal grants not budgeted until notice of award or changes in the award are received. These budget changes include the following grants; High Schools That Work, Vocational Enhancement, Early Childhood Special Education, Safe Schools Program, and the Family and Consumer Science grant.

For the General Fund, the final budget basis revenue was \$19,399,658 representing a \$78,514 increase from the original budget estimates of \$19,321,144.

Total budgeted expenditures were \$2,828,023 over budgeted revenues.

The District's ending cash balance in the General Fund was \$2,399,897 higher the final budgeted amount.

Capital Assets

At the end of fiscal year 2009, the District had \$110,328,431 invested in capital assets. Accumulated depreciation was reported at \$22,115,484. The net investment in capital assets at year-end was \$88,212,947.

Table 4 shows 2009 and 2008 balances:

TABLE 4

	<u>2009</u>	<u>2008</u>
Capital Assets		
Land	\$ 2,275,116	\$ 2,275,116
Buildings	74,892,562	73,415,550
Land improvements	12,644,776	12,644,776
Furniture and fixtures	3,863,297	3,697,305
Computers	2,134,931	1,772,693
Construction in progress	<u>14,517,749</u>	<u>750,278</u>
Total capital assets	<u>\$ 110,328,431</u>	<u>\$ 94,555,718</u>
Accumulated depreciation		
Buildings	\$ 16,678,318	\$ 14,848,021
Land improvements	2,386,932	1,774,230
Furniture and fixtures	2,178,091	1,924,428
Computers	<u>872,143</u>	<u>578,884</u>
Total accumulated depreciation	<u>\$ 22,115,484</u>	<u>\$ 19,125,563</u>

At fiscal year end, the District had construction in progress totaling \$14,517,749 for the continued construction of the Middle School building project and of the High School stadium project.

Debt Administration

At June 30, 2009, the District had \$78,050,000 in general obligation bonds and lease certificates of participation, due in varying amounts over 15 years. The purpose of each debt project was for facility additions and improvements and refunding a portion of the 2002 Bond Issue.

Table 5 shows outstanding debt at June 30:

TABLE 5

	<u>2009</u>	<u>2008</u>
2002 General Obligation Bonds	\$ 24,600,000	\$ 25,700,000
2005 General Obligation Bonds	12,450,000	14,000,000
2007 General Obligation Refunding Bonds	9,885,000	9,885,000
2008 general Obligation Bonds	27,000,000	27,000,000
2006 Lease Certificates of Participation	<u>4,115,000</u>	<u>4,240,000</u>
	<u>\$ 78,050,000</u>	<u>\$ 80,825,000</u>

At June 30, 2009 the District's current portion of debt was \$2,900,000 and the non-current portion of debt was \$75,150,000.

Current Financial Issues and Concerns

The Raymore-Peculiar School District continues to be in good financial health and is committed to strong financial management. The District is limiting spending by budgeting conservatively and planning for future projects.

The budgeting process continues to guide the District in a financially sound and responsible direction. The District will continue to be prudent in financial management in order to meet the challenges of the future. The District will continue to provide quality programs while at the same time make improvements to its facilities.

Contacting the School District's Financial Management

This financial report is designed to provide our patrons, taxpayers, investors and creditors with a general overview of the District's finances and to show the District's accountability for the money it receives. If you have questions about this report or need additional financial information contact Kendra Hutsell, Chief Financial Officer at Raymore-Peculiar R-II School District, P.O. Box 366, Peculiar, MO 64078.

RAYMORE-PECULIAR R-II SCHOOL DISTRICT
STATEMENT OF NET ASSETS - MODIFIED CASH BASIS
JUNE 30, 2009

	GOVERNMENTAL ACTIVITIES
ASSETS	
Cash and cash equivalents	\$ 38,824,251
Investments	3,540,901
Capital assets not being depreciated	16,792,865
Other capital assets, net of accumulated depreciation	<u>71,420,082</u>
 Total assets	 <u>130,578,099</u>
 LIABILITIES	
Current liabilities:	
Current portion long-term debt	2,900,000
Non-current liabilities:	
Non-current portion long-term debt	<u>75,150,000</u>
 Total liabilities	 <u>78,050,000</u>
 NET ASSETS	
Invested in capital assets, net of related debt	37,316,547
Restricted for:	
Capital outlay	662,918
Debt service	3,947,964
Unrestricted	<u>10,600,670</u>
 Total net assets	 <u>\$ 52,528,099</u>

See accompanying notes to the basic financial statements.

**RAYMORE-PECULIAR R-II SCHOOL DISTRICT
STATEMENT OF ACTIVITIES - MODIFIED CASH BASIS
FOR THE YEAR ENDED JUNE 30, 2009**

	PROGRAM REVENUES				NET (EXPENSE)
	EXPENSES	CHARGES FOR SERVICES	OPERATING GRANTS AND CONTRIBUTIONS	CAPITAL GRANTS AND CONTRIBUTIONS	REVENUE AND CHANGE IN NET ASSETS
GOVERNMENTAL ACTIVITIES					GOVERNMENTAL
Instruction	\$ 29,801,624	\$ 1,138,357	\$ 5,863,591	\$ 113,832	\$ (22,685,844)
Student services	2,025,465	-	17,246	-	(2,008,219)
Instruction staff support	3,263,498	-	-	-	(3,263,498)
Building administration	2,682,273	-	-	-	(2,682,273)
General administration & central services	2,693,603	-	-	-	(2,693,603)
Operation of plant	7,558,803	20,731	-	-	(7,538,072)
Transportation	3,181,574	-	1,343,051	-	(1,838,523)
Food service	2,270,536	1,585,168	671,319	-	(14,049)
Community services	359,887	194,018	111,394	-	(54,475)
Facility acquisition and construction	-	-	-	-	-
Debt service:					
Interest and fees	3,437,576	-	-	-	(3,437,576)
Total Governmental Activities	\$ 57,274,839	\$ 2,938,274	\$ 8,006,601	\$ 113,832	(46,216,132)

General Revenues:

Property taxes	22,664,378
Basic formula	17,425,787
Sales tax	4,585,432
State assessed utilities	912,711
Earnings on investments	1,395,491
Other local revenue	133,285
Fines and escheats	132,243
Other county revenue	84,043
M&M surtax	49,626
Financial institution tax	16,497
In lieu of tax	166,992
Sale of surplus property	8,532
Loss on disposal of assets	(41,999)
Total General Revenues	47,533,018
Change in net assets	1,316,886
Net Assets Beginning of Year	51,211,213
Net Assets End of Year	\$ 52,528,099

See accompanying notes to the basic financial statements.

**RAYMORE-PECULIAR R-II SCHOOL DISTRICT
BALANCE SHEET - MODIFIED CASH BASIS
GOVERNMENTAL FUNDS
JUNE 30, 2009**

	<u>GENERAL FUND</u>	<u>SPECIAL REVENUE FUND</u>	<u>DEBT SERVICE FUND</u>	<u>CAPITAL PROJECTS FUND</u>	<u>TOTAL GOVERNMENTAL FUNDS</u>
ASSETS					
Cash and cash equivalents	\$ 6,812,148	\$ 247,621	\$ 13,832,964	\$ 17,931,518	\$ 38,824,251
Investments	<u>3,540,901</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,540,901</u>
Total assets	<u>\$ 10,353,049</u>	<u>\$ 247,621</u>	<u>\$ 13,832,964</u>	<u>\$ 17,931,518</u>	<u>\$ 42,365,152</u>
FUND BALANCES					
Fund Balances:					
Reserved:					
Reserved for capital outlay	\$ -	\$ -	\$ -	\$ 17,931,518	\$ 17,931,518
Reserved for debt service	-	-	13,832,964	-	13,832,964
Unreserved	<u>10,353,049</u>	<u>247,621</u>	<u>-</u>	<u>-</u>	<u>10,600,670</u>
Total fund balances	<u>\$ 10,353,049</u>	<u>\$ 247,621</u>	<u>\$ 13,832,964</u>	<u>\$ 17,931,518</u>	<u>\$ 42,365,152</u>

See accompanying notes to the basic financial statements.

**RAYMORE-PECULIAR R-II SCHOOL DISTRICT
RECONCILIATION OF THE BALANCE SHEET
TO THE STATEMENT OF NET ASSETS
GOVERNMENTAL FUNDS**

JUNE 30, 2009

Fund Balances - Total Governmental Funds \$ 42,365,152

Amounts reported for governmental activities in the
Statement of Net Assets are different because:

Capital assets used in governmental activities are not
financial resources and therefore are not reported in the funds.

Governmental Capital Assets	\$ 110,328,432	
Less: Accumulated depreciation	<u>(22,115,485)</u>	88,212,947

Long-term liabilities, including bonds payable, are not due and
payable in the current period and therefore are not reported in
the funds.

2002 General Obligation School Building Bonds	(24,600,000)	
2005 General Obligation School Building Bonds	(12,450,000)	
2007 General Obligation School Refunding Bonds	(9,885,000)	
2006 Lease Certificates of Participation	(4,115,000)	
2008 General Obligation School Building Bonds	<u>(27,000,000)</u>	<u>(78,050,000)</u>

Net Assets of Governmental Activities \$ 52,528,099

RAYMORE-PECULIAR R-II SCHOOL DISTRICT
STATEMENT OF REVENUES , EXPENDITURES AND CHANGES IN FUND BALANCES -
MODIFIED CASH BASIS - GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2009

	GENERAL FUND	SPECIAL REVENUE FUND	DEBT SERVICE FUND	CAPITAL PROJECTS FUND	TOTAL GOVERNMENTAL FUNDS
REVENUES:					
Local	\$ 15,634,834	\$ 7,946,182	\$ 6,539,576	\$ 1,834,233	\$ 31,954,825
County	631,688	279,579	207,885	9,845	1,128,997
State	1,866,596	21,455,537	-	113,832	23,435,965
Federal	2,090,874	-	-	-	2,090,874
Other	6,532	14,531	-	2,000	23,063
	<u>20,230,524</u>	<u>29,695,829</u>	<u>6,747,461</u>	<u>1,959,910</u>	<u>58,633,724</u>
Total Revenues					
EXPENDITURES:					
Instruction	4,031,566	25,103,965	-	30,338	29,165,869
Student services	910,028	1,115,437	-	-	2,025,465
Instruction staff support	1,868,853	1,394,646	-	445,857	3,709,356
Building administration	1,031,488	1,650,785	-	-	2,682,273
General administration & central services	2,089,688	603,915	-	3,940	2,697,543
Operation of plant	5,112,936	2,868	-	1,615,332	6,731,136
Transportation	3,034,036	147,538	-	-	3,181,574
Food service	2,270,536	-	-	73,021	2,343,557
Community services	309,519	50,368	-	-	359,887
Facility acquisition and construction	-	-	-	13,765,394	13,765,394
Debt service:					
Principal retirement	-	-	2,650,000	125,000	2,775,000
Interest and fees	-	-	3,261,749	175,827	3,437,576
	<u>20,658,650</u>	<u>30,069,522</u>	<u>5,911,749</u>	<u>16,234,709</u>	<u>72,874,630</u>
Total Expenditures					
Revenues Over (Under) Expenditures	<u>(428,126)</u>	<u>(373,693)</u>	<u>835,712</u>	<u>(14,274,799)</u>	<u>(14,240,906)</u>
Other Financing Sources (Uses):					
Transfers	<u>(2,000,000)</u>	<u>-</u>	<u>-</u>	<u>2,000,000</u>	<u>-</u>
Net change in fund balance	(2,428,126)	(373,693)	835,712	(12,274,799)	(14,240,906)
Fund balance, beginning	<u>12,781,175</u>	<u>621,314</u>	<u>12,997,252</u>	<u>30,206,317</u>	<u>56,606,058</u>
Fund balance, ending	<u>\$ 10,353,049</u>	<u>\$ 247,621</u>	<u>\$ 13,832,964</u>	<u>\$ 17,931,518</u>	<u>\$ 42,365,152</u>

See accompanying notes to the basic financial statements.

**RAYMORE-PECULIAR R-II SCHOOL DISTRICT
RECONCILIATION OF THE STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES OF
GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2009**

Net Change in Fund Balances - Total Governmental Funds \$ (14,240,906)

Amounts reported for governmental activities in the
Statement of Activities are different because:

Governmental Funds report capital outlays as expenditures
while governmental activities report depreciation expense to
allocate those expenditures over the life of the assets:

Capital outlay	\$ 15,933,883	
Loss on disposal of assets	(41,999)	
Depreciation expense	<u>(3,109,092)</u>	12,782,792

Repayment of debt principal is an expenditure in the governmental
funds, but the repayment reduces long-term liabilities in the
Statement of Net Assets:

Principal payment on 2002 General Obligation Bonds	\$ 1,100,000	
Principal payment on 2005 General Obligation Bonds	1,550,000	
Principal payment on 2006 Lease Certificates of Participation	<u>125,000</u>	<u>2,775,000</u>

Change in Net Assets of Governmental Activities \$ 1,316,886

RAYMORE-PECULIAR R-II SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2009

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Principles Used to Determine Scope of Entity: The District's reporting entity includes the District's governing board and all related organizations.

GASB Statement No. 39, *Determining Whether Certain Organizations are Component Units*, which amended GASB Statement No. 14, provides specific criteria which must be met in order for an organization to be included in the District's financial statements. Based on the District's evaluation there were no organizations required to be included in the financial statements.

Also, the District is not aware of any entity which would result in the District being considered a component unit of the entity.

Basis of Presentation

The District's basic financial statements consist of government-wide statements, including a statement of net assets and a statement of activities, and fund financial statements which provide a more detailed level of financial information.

Government-wide Financial Statements - The Statement of Net Assets and the Statement of Activities display information about the School District as a whole. These statements include the financial activities of the primary government.

The Statement of Net Assets presents the financial condition of the governmental activities of the District at year-end. The Statement of Activities presents a comparison between direct expenditures and program revenues for each program or function of the District's governmental activities. Direct expenditures are those that are specifically associated with a service, program, or department and therefore clearly identifiable to a particular function. Program revenues include amounts paid by the recipient of goods or services offered by the program and grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues which are not classified as program revenues are presented as general revenues of the District. The comparison of direct expenditures with program revenues identifies the extent to which each governmental function is self-financing or draws from the general revenues of the District.

Fund-Financial Statements - During the year, the District segregates transactions related to certain District functions or activities in separate funds in order to aid financial management and to demonstrate legal compliance. Fund financial statements are designed to present financial information of the District at this more detailed level. The focus of governmental fund financial statements is on major funds. Each major fund is presented in a separate column.

Fund Accounting

The accounts of the District are organized on the basis of funds, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund balance, revenues and expenditures. District resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled. The following funds are used by the District:

RAYMORE-PECULIAR R-II SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2009

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Major Governmental Funds:

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

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

Debt Service Fund: Accounts for the accumulation of resources for the payment of long-term debt principal, interest and related costs.

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

Measurement Focus

Government-wide Financial Statements: The statement of net assets and the statement of activities display information about the District as a whole. The government-wide financial statements are prepared using the total economic resources measurement focus within the limitations of the modified cash basis of accounting as defined below.

Fund Financial Statements: All governmental funds are accounted for using a flow of current financial resources measurement focus within the limitations of modified cash basis of accounting as defined below. With this measurement of focus, only current assets and current liabilities generally are included on the balance sheet. The Statement of Revenues, Expenditures, and Changes in Fund Balances reports on the sources (revenues and other financing sources) and uses (expenditures and other financing uses) of current financial resources. This approach differs from the manner in which the governmental activities of the District-wide financial statements are prepared. Governmental fund financial statements therefore include a reconciliation with brief explanations to better identify the relationship between the District-wide statements and the statements for governmental funds.

Basis of Accounting: In the government-wide Statement of Net Assets and Statement of Activities and the fund financial statements, governmental activities are presented using a modified cash basis of accounting. This basis recognizes assets, liabilities, net assets/fund equity, revenues and expenditures when they result from cash transactions with a provision for depreciation in the district-wide statements. Also, District-wide salaries, health insurance and retirement expenditures are recorded as expenditures paid in the fiscal year in which the obligation under the salary contracts are fulfilled by the teachers, even though a portion of such salaries are not paid until July and August of the following fiscal year. This basis is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

RAYMORE-PECULIAR R-II SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2009

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Pooled Cash and Temporary Investments: The District maintains a cash and temporary investment pool that is available for use by all funds except the Debt Service Fund (state law requires that all deposits of the Debt Service Fund be kept separate and apart from all other funds of the District). Investments of the pooled accounts may consist primarily of certificates of deposit and U.S. Government securities, carried at cost. Interest income received is allocated to contributing funds based on cash and temporary investment balances.

Escrow Funds: Proceeds of the 2007 Refunding Bonds have been placed in escrow to generate resources to pay interest on the 2007 bonds until crossover date March 1, 2012. The escrow fund balance will then refund \$9,775,000 of callable Series 2002 bonds.

Sick and Personal Leave: Any employee on a twelve month full-time contract is entitled to twelve days of sick leave. Full-time employees who work only during the regular school term are entitled to ten days sick leave. Unused sick leave can be accumulated up to 150 days. Personal leave shall not exceed two days per school year and is to be deducted from accumulated sick leave. Unused personal leave will convert to sick leave for accumulation purposes; however, one personal day can be carried over to the next year. Any employee who, at the time of retirement from the District, is eligible for benefits from PSRS or PEERS will be reimbursed for unused sick leave at the rate of \$25 per day up to 150 sick days. The employee must have five years of service to the District prior to retirement.

Payroll Related Expenditures: Payroll checks written and held in June 2009, for the July and August 2009 payroll expenditures in the amount of \$1,384,275 are included in the financial statements as an expenditure paid in the month of June. This practice has been consistently followed in previous years.

Capital Assets: Government-wide Statements: In the government-wide financial statements, capital assets are accounted for as assets in the Statement of Net Assets. All capital assets are valued at historical cost or estimated historical cost, if actual cost is unavailable.

Depreciation of all exhaustible capital assets is recorded as an allocated expenditure in the Statement of Activities, with accumulated depreciation reflected in the Statement of Net Assets. Depreciation is provided over the assets' estimated useful lives using the straight-line method of depreciation. A capitalization threshold of \$1,000 is used to report capital assets. The range of useful lives by type of asset is as follows:

Buildings	40 years
Land improvements	20 years
Furniture and fixtures	10 years
Computers	5 years

Fund Financial Statements: In the fund financial statements, capital assets acquired for use in governmental fund operations are accounted for as capital outlay expenditures of the governmental fund upon acquisition.

**RAYMORE-PECULIAR R-II SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2009**

NOTE B - DEPOSITS AND INVESTMENTS

Custodial credit risk: For deposits, custodial credit risk is the risk that in the event of bank failure, the District's deposits may not be returned to it. At June 30, 2009, the bank balances of the District's deposits totaled \$3,440,324. Of this amount \$250,000 was covered by FDIC insurance and \$3,190,324 was supported by collateral, held by banks in the District's name that do not hold the collateralized deposit.

Interest rate risk: Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The District has a formal investment policy that minimize the risk that the market value of securities in the portfolio will fall due to changes in general interest rates by structuring the investment portfolio so that securities mature to meet cash requirement for ongoing operation, thereby avoiding the need to sell securities on the open market prior to maturity and investing operating funds primarily in shorter term securities.

Credit risk: Credit risk is defined as the risk that an issuer or other counterparties to an investment in debt securities will not fulfill its obligation.

The District is participating in the program created by Senate Bill 301 administered by the Missouri Health and Educational Authority (MOHEFA). The program intercepts a portion of state aid and places those funds in escrow to pay the debt service requirement of the District's outstanding bonds. The District's investments in MOHEFA are not rated by any of the nationally recognized statistical rating organizations. The District had \$2,404,042 invested with MOHEFA at June 30, 2009.

MOSIP is professionally managed by PFM Asset Management LLC, a registered investment advisor, who is one of the nations' largest administrators of local government investment programs. All investments in the MOSIP pool are rated AAAM by Standard and Poor's and meet the permitted investment statutes for Missouri Schools. The District has \$27,057,846 invested with MOSIP at June 30, 2009.

Concentration of credit risk: Concentration of credit risk is the risk loss attributed to the magnitude of a government's investment in a single user. The District's investment policy places no limit on the amount the District may invest in any one user.

Escrow Funds: The District has an escrow fund established with the proceeds of the 2007 Refunding Bonds for the purpose of refunding the 2002 General Obligation Bonds which are callable on March 1, 2012. At June 30, 2009, the escrow fund balance was \$9,795,131 which was invested in U.S. Treasury notes.

Investments of the District as of June 30, 2009 are as follows:

<u>Investment Type</u>	<u>Maturity</u>	<u>Cost</u>
Negotiable certificates of deposit	07/13/09 - 07/16/09	\$ 1,470,000
FHLB Discount Notes	10/31/11 & 01/17/12	<u>2,070,901</u>
		<u>\$ 3,540,901</u>

**RAYMORE-PECULIAR R-II SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2009**

NOTE C - INSURANCE

The District is exposed to various risks of loss related to torts, theft of, damage to, and destruction of assets; injuries to employees, and natural disasters. The District has joined with other schools to form the Missouri United School Insurance Council (MUSIC), a public entity risk pool currently operating as a common risk management and insurance program for its members. The District pays an annual premium to MUSIC for its insurance coverage. Such coverage allows for liability claims up to \$2,500,000, property claims to various amounts and worker's compensation claims to statutory limits. The District maintains reinsurance for claims in excess of MUSIC's primary \$2,500,000 up to \$10,000,000.

NOTE D - 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. Cass County collects the property tax and remits it to the District. The District also receives sales tax collected and remitted by the state based on weighted average daily attendance. The District is required to reduce its total operating levy by one-half the amount of sales tax received in the previous fiscal year. The District's voters have approved a waiver of the rollback and, therefore, the District was not required to reduce its levy for the calendar year 2008.

The assessed valuation of the tangible taxable property for the calendar year 2008 for purposes of local taxation was:

Real Estate:	
Residential	\$ 338,089,417
Agricultural	2,184,300
Commercial	32,665,230
Personal Property	<u>72,138,181</u>
 Total	 <u><u>\$ 445,077,128</u></u>

The tax levy per \$100 of the assessed valuation of tangible taxable property for the calendar year 2008 for purposes of local taxation was:

	<u>Unadjusted</u>	<u>Adjusted</u>
General Fund	\$ 2.7500	\$ 2.7500
Special Revenue Fund	0.7400	0.7400
Debt Service Fund	1.3392	1.3392
Capital Projects Fund	<u>0.2105</u>	<u>0.2105</u>
	<u><u>\$ 5.0397</u></u>	<u><u>\$ 5.0397</u></u>

The receipts of current and delinquent property taxes during the fiscal year ended June 30, 2009, aggregated approximately 101 percent of the current assessment computed on the basis of the levy as shown above.

**RAYMORE-PECULIAR R-II SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2009**

NOTE E - RETIREMENT PLAN

The District contributes to the Public School Retirement System of Missouri (PSRS), a cost-sharing multiple-employer defined benefit pension plan. PSRS provides retirement and disability benefits to full-time (and certain part-time) certificated employees and death benefits to members and beneficiaries. Positions covered by the Public School Retirement System of Missouri are not covered by Social Security. PSRS benefit provisions are set forth in Chapter 169.010-.141 of the Missouri Revised Statutes. The statutes assign responsibility for the administration of the system to a seven member Board of Trustees. PSRS issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to: The Public School Retirement System of Missouri, P.O. Box 268, Jefferson City, Missouri 65102, or by calling 1-800-392-6848.

PSRS members are required to contribute 13.0% of their annual covered salary and the District is required to contribute a matching amount. The contribution requirements of members and the District are established and may be amended by the PSRS Board of Trustees. The District's contributions to PSRS for the year ended June 30, 2009, were \$3,272,366, equal to the required contributions.

The District also contributes to the Public Education Employee Retirement System of Missouri (PEERS), a cost-sharing multiple-employer defined benefit pension plan. PEERS provides retirement and disability benefits to employees of the district who work 20 or more hours per week and who do not contribute to the Public School Retirement System of Missouri. Positions covered by the Public Education Employee Retirement System of Missouri are also covered by Social Security. Benefit provisions are set forth in Chapter 169.600-.715 of the Missouri Revised Statutes. The statutes assign responsibility for the administration of the system to the Board of Trustees of the Public School Retirement System of Missouri. PEERS issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to: The Public Education Employee Retirement System of Missouri, P.O. Box 268, Jefferson City, Missouri 65102 or by calling 1-800-392-6848.

PEERS members are required to contribute 6.25% of their annual covered salary and the District is required to contribute a matching amount. The contribution requirements of members and the District are established and may be amended by the Board of Trustees. The District's contributions to PEERS for the year ended June 30, 2009, were \$433,041, equal to the required contributions.

NOTE F - LONG-TERM DEBT

Changes in long-term debt during the fiscal year were as follows:

	Balance			Amount Due	
	July 1, 2008	Additions	Retirements	Balance June 30, 2009	Within One Year
2002 G.O. Building Bonds	\$ 25,700,000	\$ -	\$ 1,100,000	\$ 24,600,000	\$ 1,200,000
2005 G.O. Bonds	14,000,000	-	1,550,000	12,450,000	1,700,000
2007 G.O. Refunding Bonds	9,885,000	-	-	9,885,000	-
2008 G.O. Building Bonds	27,000,000	-	-	27,000,000	-
2006 Lease Certificates of Participation	4,240,000	-	125,000	4,115,000	140,000
Total	\$ 80,825,000	\$ -	\$ 2,775,000	\$ 78,050,000	\$ 3,040,000

**RAYMORE-PECULIAR R-II SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2009**

NOTE G - BONDS PAYABLE

Bonds payable outstanding at June 30, 2009 are as follows:

Series 2002 general obligation school building bonds due in varying annual installments through March 2022 interest at 4.00% to 5.50%	\$ 24,600,000
Series 2005 general obligation school building bonds due in varying annual installments through March 2015 interest at 3.50% to 5.00%	12,450,000
Series 2007 general obligation refunding bonds due in varying annual installments beginning March 2019 through March 2022 interest at 4.00%	9,885,000
Series 2008 general obligation school building bonds due in varying annual installments beginning September 2008 through March 2023 interest at 3.25% to 5.00%	<u>27,000,000</u>
Total	<u>\$ 73,935,000</u>

Debt service requirements to maturity are:

Year Ending <u>June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2010	\$ 2,900,000	\$ 3,412,475	\$ 6,312,475
2011	3,150,000	3,304,975	6,454,975
2012	13,775,000	3,166,475	16,941,475
2013	4,400,000	2,513,063	6,913,063
2014	5,300,000	2,322,437	7,622,437
2015	5,700,000	2,097,463	7,797,463
2016	3,650,000	1,834,063	5,484,063
2017	4,000,000	1,666,562	5,666,562
2018	4,300,000	1,461,962	5,761,962
2019	4,810,000	1,241,962	6,051,962
2020	5,200,000	1,010,500	6,210,500
2021	5,950,000	775,500	6,725,500
2022	6,250,000	508,500	6,758,500
2023	<u>4,550,000</u>	<u>227,500</u>	<u>4,777,500</u>
Total	<u>\$ 73,935,000</u>	<u>\$ 25,543,437</u>	<u>\$ 99,478,437</u>

**RAYMORE-PECULIAR R-II SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2009**

NOTE H - CAPITAL LEASE OBLIGATION

On October 1, 2006, the District entered into a lease purchase agreement to finance the cost of acquiring and installing energy conservation equipment in several buildings. The lease is for twenty-one years requiring varying annual installments through March 1, 2027; interest at 4.00 to 4.20%. The lessor issued \$4,565,000 Series 2006 Certificates of Participation which will be used to pay costs of acquiring the equipment, funding a reserve fund and paying costs of issuance of the certificates.

Future minimum lease payments on the above lease are as follows:

Year Ending June 30,	Principal	Interest	Total
2010	\$ 140,000	\$ 167,550	\$ 307,550
2011	150,000	161,950	311,950
2012	150,000	155,950	305,950
2013	175,000	149,950	324,950
2014	175,000	142,950	317,950
2015	175,000	135,950	310,950
2016	175,000	128,950	303,950
2017	200,000	121,950	321,950
2018	200,000	113,950	313,950
2019	200,000	105,950	305,950
2020	200,000	97,950	297,950
2021	225,000	89,950	314,950
2022	225,000	80,950	305,950
2023	250,000	71,950	321,950
2024	250,000	61,950	311,950
2025	250,000	51,450	301,450
2026	275,000	40,950	315,950
2027	700,000	29,400	729,400
Total	<u>\$ 4,115,000</u>	<u>\$ 1,909,650</u>	<u>\$ 6,024,650</u>

NOTE I - OPERATING LEASES

The District signed a non-cancelable lease agreement which provides the District with the use of a fiber optic system for the District's wide area network. The service will provide fiber optic access and all maintenance. The 9-year lease agreement requires annual payments of \$255,519 beginning July 1, 2007.

In May 2006, the District entered into a non-cancelable 48-month lease agreement for copier equipment. The lease requires monthly payments of \$10,924 beginning October 2006.

In July 2006, the District entered into a 60-month lease agreement for security equipment and service. The lease requires monthly payments of \$49,992 beginning October 2006.

RAYMORE-PECULIAR R-II SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2009

NOTE J - COMMITMENT

The District has entered into a construction contract for the construction of a new middle school. As of June 30, 2009, the District was committed to \$20,379,000 of remaining construction costs.

NOTE K - INTERFUND TRANSFERS

During the year, the District made a \$2,000,000 transfer from the General Fund to the Capital Projects Fund for necessary capital outlay expenditures. This revenue transfer is capped by an amount calculated annually by the Missouri Department of Elementary and Secondary Education (DESE).

NOTE L - CAPITAL ASSETS

Capital asset activity resulting from modified cash basis transactions for governmental activities for the year ended June 30, 2009 were as follows:

	Balance July 1, 2008	Additions	Reclassifications/ Retirements	Balance June 30, 2009
Capital Assets Not Being Depreciated:				
Land	\$ 2,275,116	\$ -	\$ -	\$ 2,275,116
Construction in progress	750,278	13,767,471	-	14,517,749
Total Capital Assets Not Being Depreciated	<u>3,025,394</u>	<u>13,767,471</u>	<u>-</u>	<u>16,792,865</u>
Other Capital Assets:				
Buildings	73,415,551	1,480,663	3,652	74,892,562
Land improvements	12,644,776	-	-	12,644,776
Furniture and fixtures	3,697,304	238,746	72,753	3,863,297
Computers	1,772,693	447,002	84,764	2,134,931
Total Other Capital Assets	<u>91,530,324</u>	<u>2,166,411</u>	<u>161,169</u>	<u>93,535,566</u>
Less Accumulated Depreciation:				
Buildings	14,848,021	1,830,297	-	16,678,318
Land improvements	1,774,230	612,702	-	2,386,932
Furniture and fixtures	1,924,428	299,380	45,717	2,178,091
Computers	578,884	366,713	73,454	872,143
Total Accumulated Depreciation	<u>19,125,563</u>	<u>3,109,092</u>	<u>119,171</u>	<u>22,115,484</u>
Other Capital Assets, Net	<u>72,404,761</u>	<u>(942,681)</u>	<u>41,998</u>	<u>71,420,082</u>
Total	<u>\$ 75,430,155</u>	<u>\$ 12,824,790</u>	<u>\$ 41,998</u>	<u>\$ 88,212,947</u>

RAYMORE-PECULIAR R-II SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2009

NOTE L - CAPITAL ASSETS (continued)

Depreciation expenditure was charged to the governmental functions as follows:

Instruction	\$ 666,093
Operation of plant	<u>2,442,999</u>
Total	<u><u>\$ 3,109,092</u></u>

As of June 30, 2009, the District had construction in progress related to the construction of a new middle school and the high school stadium project. The projects are expected to be completed in Fall 2010 and 2009, respectively.

REQUIRED SUPPLEMENTARY INFORMATION

RAYMORE-PECULIAR R-II SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE - MODIFIED CASH BASIS
GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2009

	BUDGET		ACTUAL	VARIANCE
	ORIGINAL	FINAL		
REVENUES:				
Local	\$ 15,406,645	\$ 15,406,645	\$ 15,634,834	\$ 228,189
County	620,000	620,000	631,688	11,688
State	1,431,000	1,457,210	1,866,596	409,386
Federal	1,862,499	1,914,803	2,090,874	176,071
Other	1,000	1,000	6,532	5,532
Total Revenues	19,321,144	19,399,658	20,230,524	830,866
EXPENDITURES:				
Instruction	4,240,496	4,307,377	4,031,566	275,811
Student services	869,294	884,394	910,028	(25,634)
Instruction staff support	1,922,279	1,914,479	1,868,853	45,626
Building administration	1,026,375	1,026,375	1,031,488	(5,113)
General administration & central services	2,325,840	2,325,840	2,089,688	236,152
Operation of plant	5,287,532	5,287,532	5,112,936	174,596
Transportation	4,004,000	4,005,000	3,034,036	970,964
Food service	2,197,673	2,197,673	2,270,536	(72,863)
Community services	279,011	279,011	309,519	(30,508)
Facility acquisition and construction	-	-	-	-
Debt service:				
Principal retirement	-	-	-	-
Interest and fees	-	-	-	-
Total Expenditures	22,152,500	22,227,681	20,658,650	1,569,031
Revenues Over (Under) Expenditures	(2,831,356)	(2,828,023)	(428,126)	2,399,897
Other Financing Sources (Uses):				
Transfers	(2,200,000)	(2,000,000)	(2,000,000)	-
Net change in fund balance	(5,031,356)	(4,828,023)	(2,428,126)	2,399,897
Fund balance, beginning	12,781,175	12,781,175	12,781,175	-
Fund balance, ending	<u>\$ 7,749,819</u>	<u>\$ 7,953,152</u>	<u>\$ 10,353,049</u>	<u>\$ 2,399,897</u>

See accompanying notes to the required supplementary information.

RAYMORE-PECULIAR R-II SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE - MODIFIED CASH BASIS
SPECIAL REVENUE FUND
FOR THE YEAR ENDED JUNE 30, 2009

	BUDGET		ACTUAL	VARIANCE
	ORIGINAL	FINAL		
REVENUES:				
Local	\$ 8,167,974	\$ 8,167,974	\$ 7,946,182	\$ (221,792)
County	265,000	265,000	279,579	14,579
State	22,052,620	22,085,440	21,455,537	(629,903)
Federal	-	-	-	-
Other	7,000	7,000	14,531	7,531
Total Revenues	30,492,594	30,525,414	29,695,829	(829,585)
EXPENDITURES:				
Instruction	25,658,240	25,549,886	25,103,965	445,921
Student services	1,306,000	1,306,000	1,115,437	190,563
Instruction staff support	1,449,889	1,449,889	1,394,646	55,243
Building administration	1,743,101	1,748,825	1,650,785	98,040
General administration & central services	664,869	664,869	603,915	60,954
Operation of plant	18,642	18,642	2,868	15,774
Transportation	-	-	147,538	(147,538)
Food service	-	-	-	-
Community services	23,693	23,693	50,368	(26,675)
Facility acquisition and construction	-	-	-	-
Debt service:				
Principal retirement	-	-	-	-
Interest and fees	-	-	-	-
Total Expenditures	30,864,434	30,761,804	30,069,522	692,282
Revenues Over (Under) Expenditures	(371,840)	(236,390)	(373,693)	(137,303)
Other Financing Sources (Uses):				
Transfers	200,000	-	-	-
Net change in fund balance	(171,840)	(236,390)	(373,693)	(137,303)
Fund balance, beginning	621,314	621,314	621,314	-
Fund balance, ending	\$ 449,474	\$ 384,924	\$ 247,621	\$ (137,303)

See accompanying notes to the required supplementary information.

RAYMORE-PECULIAR R-II SCHOOL DISTRICT
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
JUNE 30, 2009

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 proposed budget includes estimated revenues and proposed expenditures for all funds. Budgeted expenditures cannot exceed beginning available monies plus estimated revenues for the year.
3. A public hearing is conducted to obtain taxpayer comments. Prior to its approval by the Board of Education, the budget document is available for public inspection.
4. 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 final budget information included in the financial statements.
6. Budgets for District funds are prepared and adopted on the modified cash basis (budget basis), recognizing revenues when collected and expenditures when paid.

SUPPLEMENTAL INFORMATION

RAYMORE-PECULIAR R-II SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE - MODIFIED CASH BASIS
DEBT SERVICE FUND
FOR THE YEAR ENDED JUNE 30, 2009

	BUDGET		ACTUAL	VARIANCE
	ORIGINAL	FINAL		
REVENUES:				
Local	\$ 6,012,121	\$ 6,012,121	\$ 6,539,576	\$ 527,455
County	200,000	200,000	207,885	7,885
State	-	-	-	-
Federal	-	-	-	-
Other	-	-	-	-
Total Revenues	6,212,121	6,212,121	6,747,461	535,340
EXPENDITURES:				
Instruction	-	-	-	-
Student services	-	-	-	-
Instruction staff support	-	-	-	-
Building administration	-	-	-	-
General administration & central services	-	-	-	-
Operation of plant	-	-	-	-
Transportation	-	-	-	-
Food service	-	-	-	-
Community services	-	-	-	-
Facility acquisition and construction	-	-	-	-
Debt service:				
Principal retirement	2,650,000	2,650,000	2,650,000	-
Interest and fees	3,251,581	3,261,949	3,261,749	200
Total Expenditures	5,901,581	5,911,949	5,911,749	200
Revenues Over (Under) Expenditures	310,540	300,172	835,712	535,540
Other Financing Sources (Uses):				
Transfers	-	-	-	-
Net change in fund balance	310,540	300,172	835,712	535,540
Fund balance, beginning	12,997,252	12,997,252	12,997,252	-
Fund balance, ending	<u>\$ 13,307,792</u>	<u>\$ 13,297,424</u>	<u>\$ 13,832,964</u>	<u>\$ 535,540</u>

RAYMORE-PECULIAR R-II SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE - MODIFIED CASH BASIS
CAPITAL PROJECTS FUND
FOR THE YEAR ENDED JUNE 30, 2009

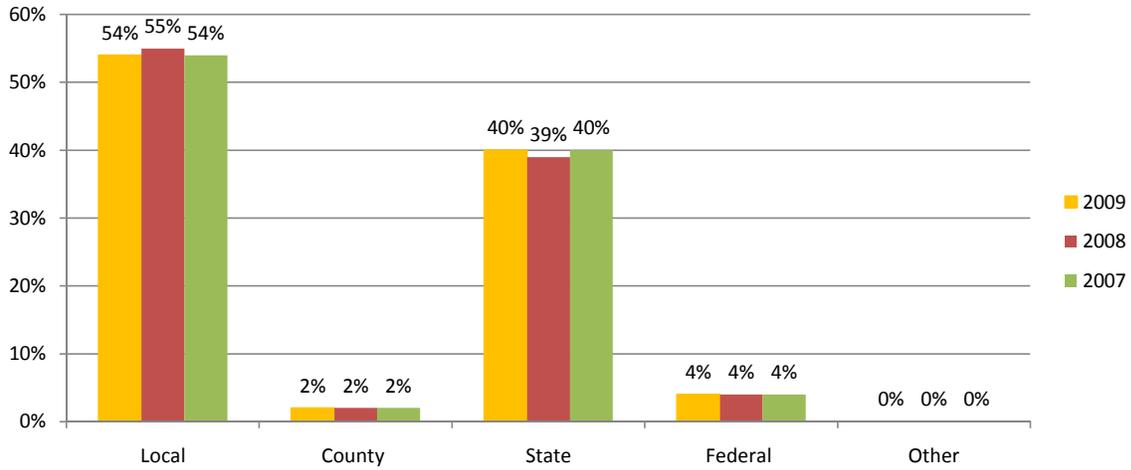
	BUDGET		ACTUAL	VARIANCE
	ORIGINAL	FINAL		
REVENUES:				
Local	\$ 1,602,689	\$ 1,602,689	\$ 1,834,233	\$ 231,544
County	20,000	20,000	9,845	(10,155)
State	-	115,592	113,832	(1,760)
Federal	-	-	-	-
Other	-	-	2,000	2,000
Total Revenues	<u>1,622,689</u>	<u>1,738,281</u>	<u>1,959,910</u>	<u>221,629</u>
EXPENDITURES:				
Instruction	86,000	50,981	30,338	20,643
Student services	-	-	-	-
Instruction staff support	337,700	456,275	445,857	10,418
Building administration	-	-	-	-
General administration & central services	50,000	85,019	3,940	81,079
Operation of plant	3,705,555	4,935,855	1,615,332	3,320,523
Transportation	-	-	-	-
Food service	125,000	125,000	73,021	51,979
Community services	-	-	-	-
Facility acquisition and construction	27,296,775	27,365,540	13,765,394	13,600,146
Debt service:				
Principal retirement	125,000	125,000	125,000	-
Interest and fees	172,550	180,650	175,827	4,823
Total Expenditures	<u>31,898,580</u>	<u>33,324,320</u>	<u>16,234,709</u>	<u>17,089,611</u>
Revenues Over (Under) Expenditures	<u>(30,275,891)</u>	<u>(31,586,039)</u>	<u>(14,274,799)</u>	<u>17,311,240</u>
Other Financing Sources (Uses):				
Transfers	<u>2,000,000</u>	<u>2,000,000</u>	<u>2,000,000</u>	<u>-</u>
Net change in fund balance	(28,275,891)	(29,586,039)	(12,274,799)	17,311,240
Fund balance, beginning	<u>30,206,317</u>	<u>30,206,317</u>	<u>30,206,317</u>	<u>-</u>
Fund balance, ending	<u>\$ 1,930,426</u>	<u>\$ 620,278</u>	<u>\$ 17,931,518</u>	<u>\$ 17,311,240</u>

**RAYMORE-PECULIAR R-II SCHOOL DISTRICT
SCHEDULE OF REVENUES COLLECTED BY SOURCE
FOR THE YEAR ENDED JUNE 30, 2009**

	GENERAL FUND	SPECIAL REVENUE FUND	DEBT SERVICE FUND	CAPITAL PROJECTS FUND	TOTAL
LOCAL:					
Property tax	\$ 12,367,226	\$ 3,327,901	\$ 6,022,605	\$ 946,646	\$ 22,664,378
Sales tax	-	4,585,432	-	-	4,585,432
M & M surtax	27,079	7,287	13,187	2,073	49,626
Financial institution tax	9,002	2,422	4,384	689	16,497
In lieu of tax	-	-	-	166,992	166,992
Tuition	386	-	-	-	386
Earnings on investments	184,853	22,690	499,400	688,548	1,395,491
Food service	1,585,168	-	-	-	1,585,168
Student activities	1,099,160	-	-	-	1,099,160
Community services	194,018	-	-	-	194,018
Other	167,942	450	-	29,285	197,677
Total Local	<u>15,634,834</u>	<u>7,946,182</u>	<u>6,539,576</u>	<u>1,834,233</u>	<u>31,954,825</u>
COUNTY:					
Fines and escheats	-	132,243	-	-	132,243
State assessed utilities	547,645	147,336	207,885	9,845	912,711
Other	84,043	-	-	-	84,043
Total County	<u>631,688</u>	<u>279,579</u>	<u>207,885</u>	<u>9,845</u>	<u>1,128,997</u>
STATE:					
Basic formula	-	19,361,986	-	-	19,361,986
Transportation	1,343,051	-	-	-	1,343,051
Basic formula - classroom trust fund	-	2,060,731	-	-	2,060,731
Early Childhood Special Ed.	201,124	-	-	-	201,124
Vocational/Technical aid	31,247	-	-	-	31,247
Vocational/Enhancement grant	-	-	-	113,832	113,832
Food service	14,196	-	-	-	14,196
High need fund	164,026	-	-	-	164,026
Safe school grant	-	32,820	-	-	32,820
Early childhood development	111,394	-	-	-	111,394
Other	1,558	-	-	-	1,558
Total State	<u>1,866,596</u>	<u>21,455,537</u>	<u>-</u>	<u>113,832</u>	<u>23,435,965</u>
FEDERAL:					
Title I	386,172	-	-	-	386,172
Title II - Part A	132,784	-	-	-	132,784
Title IV- Drug Free Schools	20,013	-	-	-	20,013
Title V	5,593	-	-	-	5,593
Medicaid	17,246	-	-	-	17,246
Individuals with Disabilities	835,444	-	-	-	835,444
Food Service	657,123	-	-	-	657,123
Early Childhood Special Ed.	36,235	-	-	-	36,235
Other	264	-	-	-	264
Total Federal	<u>2,090,874</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,090,874</u>
OTHER:					
Sale of surplus property	6,532	-	-	2,000	8,532
Payments from other districts	-	14,531	-	-	14,531
Total Other	<u>6,532</u>	<u>14,531</u>	<u>-</u>	<u>2,000</u>	<u>23,063</u>
Total Revenues Collected	<u>\$ 20,230,524</u>	<u>\$ 29,695,829</u>	<u>\$ 6,747,461</u>	<u>\$ 1,959,910</u>	<u>\$ 58,633,724</u>

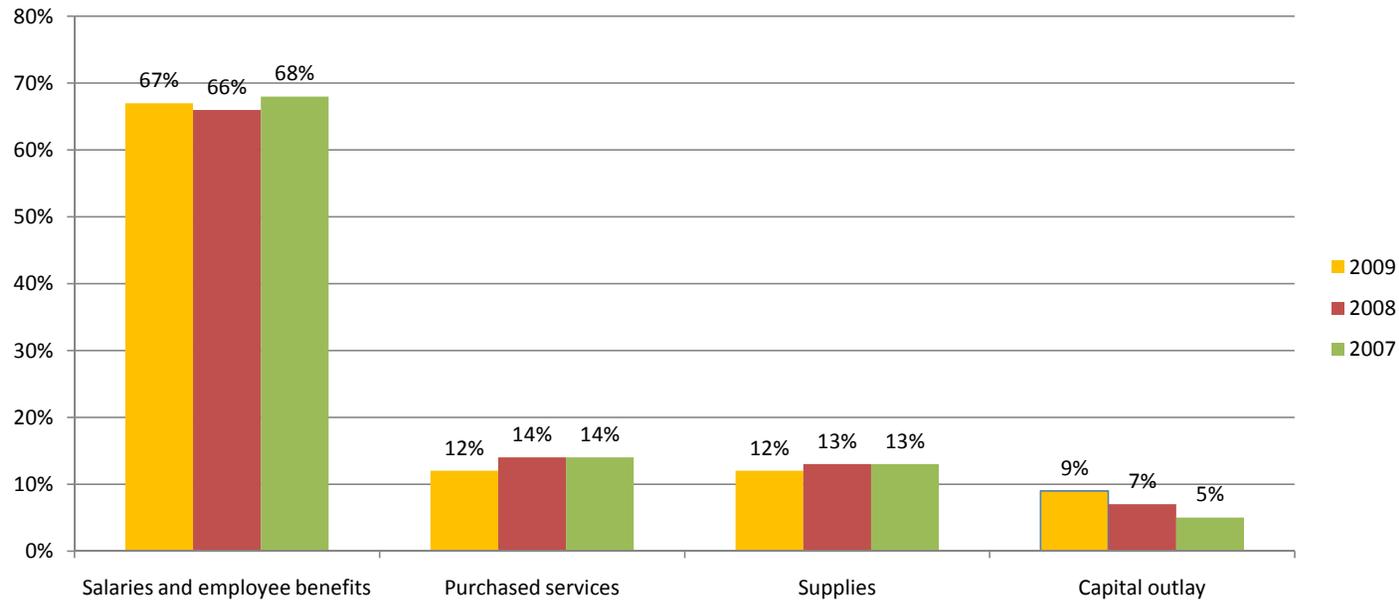
**RAYMORE-PECULIAR R-II SCHOOL DISTRICT
COMPARISON OF REVENUES COLLECTED BY SOURCE
FOR THE YEARS ENDED JUNE 30, 2009, 2008 AND 2007**

	2009	2008	2007
Local	\$ 31,954,825	\$ 32,097,024	\$ 29,019,255
County	1,128,997	1,141,682	1,144,878
State	23,435,965	22,894,084	21,542,620
Federal	2,090,874	2,249,542	2,001,343
Other	23,063	26,299	7,663
	<u>\$ 58,633,724</u>	<u>\$ 58,408,631</u>	<u>\$ 53,715,759</u>



**RAYMORE-PECULIAR R-II SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES PAID BY OBJECT
FOR THE YEARS ENDED JUNE 30, 2009, 2008 AND 2007**

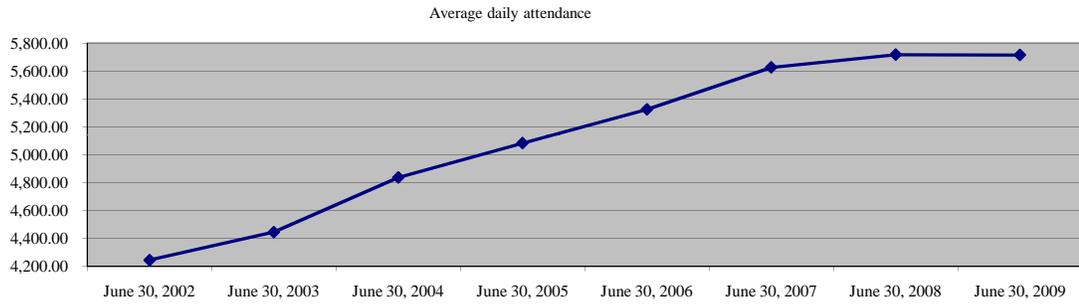
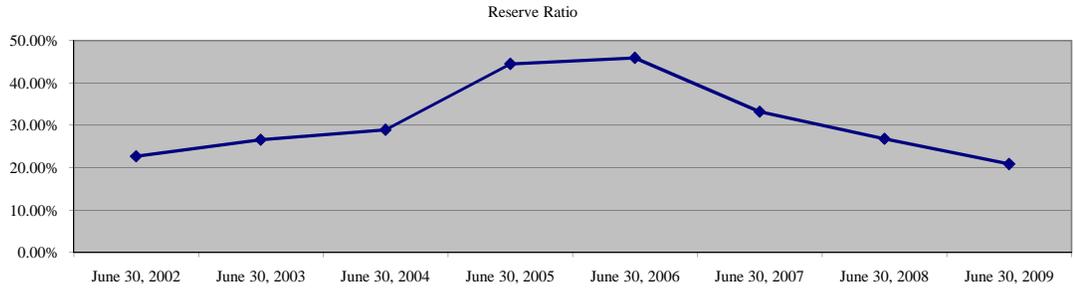
	GENERAL FUND	SPECIAL REVENUE FUND	DEBT SERVICE FUND	CAPITAL PROJECTS FUND	2009 TOTALS	2008 TOTALS	2007 TOTALS
Salaries	\$ 6,451,040	\$ 24,081,725	\$ -	\$ -	\$ 30,532,765	\$ 29,136,028	\$ 26,644,999
Employee benefits	1,647,579	5,429,893	-	-	7,077,472	6,471,775	5,639,972
Purchased services	5,937,143	557,904	-	-	6,495,047	7,438,076	6,930,257
Supplies	6,622,888	-	-	-	6,622,888	6,858,961	6,435,881
Capital outlay	-	-	-	15,933,882	15,933,882	3,471,928	7,679,136
Principal	-	-	2,650,000	125,000	2,775,000	5,025,000	4,600,000
Interest and other charges	-	-	3,261,749	175,827	3,437,576	2,779,126	2,422,390
	<u>\$ 20,658,650</u>	<u>\$ 30,069,522</u>	<u>\$ 5,911,749</u>	<u>\$ 16,234,709</u>	<u>\$ 72,874,630</u>	<u>\$ 61,180,894</u>	<u>\$ 60,352,635</u>



Note: The above graphs do not include expenditures for debt service or for capital improvements.

**RAYMORE-PECULIAR R-II SCHOOL DISTRICT
SELECTED TRENDS**

	<u>June 30, 2002</u>	<u>June 30, 2003</u>	<u>June 30, 2004</u>	<u>June 30, 2005</u>	<u>June 30, 2006</u>	<u>June 30, 2007</u>	<u>June 30, 2008</u>	<u>June 30, 2009</u>
Total Fund Balances - Funds 1 and 2	\$ 6,089,460	\$ 7,380,750	\$ 9,310,863	\$ 15,064,036	\$ 18,305,918	\$ 15,164,576	\$ 13,402,489	\$ 10,600,670
Total Expenditures - Funds 1 and 2	26,790,586	27,721,360	32,127,936	33,838,049	39,847,881	45,651,109	49,904,840	50,728,172
Reserve Ratio	22.73%	26.62%	28.98%	44.52%	45.94%	33.22%	26.86%	20.90%
Average daily attendance	4,245.81	4,445.89	4,837.34	5,082.98	5,325.53	5,626.28	5,717.11	5,715.24



**RAYMORE-PECULIAR R-II SCHOOL DISTRICT
SCHEDULE OF SELECTED STATISTICS
FOR THE YEAR ENDED JUNE 30, 2009**

Type of audit performed: Yellow Book _____ Single Audit X

1. CALENDAR

A. The number of hours classes were in session and pupils were under the direction of teachers during this school year was as follows:

Grades K - 4	1,100.75
Grades 5 - 6	1,100.75
Grades 7 - 8	1,147.80
Grade 9	1,122.40
Grades 10 - 12	1,125.68

B. The number of days classes were in session and pupils were under the direction of teachers during this school year was 174 days.

2. AVERAGE DAILY ATTENDANCE (ADA)

Grades K - 4	2,186.35
Grades 5 - 6	878.19
Grades 7 - 8	840.99
Grade 9	409.30
Grades 10 - 12	1,191.63
Remedial	6.79
Resident II	<u>10.71</u>
	5,523.96
Summer School	<u>191.28</u>
Total Average Daily Attendance	<u><u>5,715.24</u></u>

3. SEPTEMBER MEMBERSHIP

September Membership FTE Count 5,865.93

4. FREE AND REDUCED PRICE LUNCH FTE COUNT (Section 163.011(6), RSMo)

State FTE Total Free 912.90
Reduced 335.00

5. FINANCE

A. A bond as required by Section 162.401, RSMo. has been purchased for the District's treasurer in the amount of: \$25,000

B. The District's deposits were secured during the year as required by Section 110.010 and 110.020, RSMo. True

C. The District maintained a separate bank account for its Debt Service Fund in accordance with Section 165.011, RSMo. True

**RAYMORE-PECULIAR R-II SCHOOL DISTRICT
SCHEDULE OF SELECTED STATISTICS
FOR THE YEAR ENDED JUNE 30, 2009**

5. FINANCE (continued)

- D. The District issued the following type(s) of general obligation refunding bonds in the current year.
Current: N/A
Advanced-Defeased: N/A
Advanced-Crossover: N/A
- E. The District has appropriately included all current year and prior year crossover refunding bonds in the financial statements. True
- F. The District has a school improvement plan. True
- G. 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. True
- H. The amount spent for approved professional development committee plan activities was: \$195,630
- I. The District did not use state funded grant monies to supplant existing salaries. True
- J. Salaries reported for educators in the October Core Data cycle are supported by payroll/contract records. True
- K. If a \$162,326 or 7% x SAT x WADA transfer was made in excess of adjusted expenditures, did 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? N/A
- L. The District took action prior to October 31 to cause the current year audit to be performed. True
- M. 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

6. TRANSPORTATION (Section 163.161, RSMo.)

- A. The school transportation allowable cost substantially conforms to 5 CSR 30-261.040, Allowable Costs for State Transportation Aid. True
- B. The District's school transportation ridership records are so maintained as to accurately disclose in all material respects the average number of regular riders transported. True
- C. 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: 4,014.00
Ineligible ADT: 163.00
- D. The District's transportation odometer mileage records are so maintained as to accurately disclose in all material respects the eligible and ineligible miles for the year. True

**RAYMORE-PECULIAR R-II SCHOOL DISTRICT
SCHEDULE OF SELECTED STATISTICS
FOR THE YEAR ENDED JUNE 30, 2009**

6. TRANSPORTATION (Section 163.161, RSMo.) (continued)

E. Actual odometer records, the total district-operated and contracted mileage for the year was: 1,158,634

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 1,028,915
Ineligible miles (non-route/disapproved) 129,719

F. Number of days the District operated the school transportation system during this school year. 174

7. MISSOURI SCHOOL IMPROVEMENT PROGRAM (MSIP)

A. The District has adequate procedures that allow for the proper recording and reporting of hours of absence. True

B. The District has adequate procedures that allow for the identification and recording of dropouts as defined in the Core Data Manual (Exhibit 6) and the subsequent reporting of those students to the Adult Literacy Hotline and on the June Cycle of Core Data. True

C. The District has a set of adequate procedures for following up on the College and Vocational Placement of all the previous years' graduates 180 days after graduation. True

D. The District has a set of procedures that ensures Advanced Courses and Vocational Courses (approved by the state) are properly identified and reported according to Core Data standards. True

**RAYMORE-PECULIAR R-II SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2009**

FEDERAL GRANTOR/ PASS-THROUGH GRANTOR/ PROGRAM TITLE	FEDERAL CFDA NUMBER	PASS-THROUGH GRANTOR NUMBER	RECEIPTS	EXPENDITURES
<u>U.S. Department of Agriculture</u>				
Passed-through Missouri Department of Elementary and Secondary Education:				
Child Nutrition Cluster:				
National School Breakfast Program	10.553	019-142	\$ 93,938	\$ 93,938
National School Lunch Program	10.555	019-142	563,185	563,185
Non-cash: Food Distribution Program	10.555	019-142	183,130	183,130
			<u>840,253</u>	<u>840,253</u>
<u>U.S. Department of Education</u>				
Passed-through Missouri Department of Elementary and Secondary Education:				
Title I	84.010A	019-142	386,172	386,755
IDEA	84.027A	019-142	871,679	945,929
Title IV A	84.186A	019-142	20,013	26,011
Title II.A	84.367A	019-142	132,784	132,597
Title V	84.298A	019-142	5,593	7,610
Assessment Substitute Payment	84.369A	019-142	264	264
			<u>\$ 2,256,758</u>	<u>\$ 2,339,419</u>

NOTE: This schedule was prepared on the modified cash basis of accounting.

INTERNAL CONTROL AND COMPLIANCE

**REPORT ON THE ADMINISTRATION'S ASSERTIONS
ABOUT COMPLIANCE WITH SPECIFIED
REQUIREMENTS OF MISSOURI LAWS AND REGULATIONS**

To the Board of Education
Raymore-Peculiar R-II School District

We have audited the administration's assertions, included in its representation letter dated September 30, 2009, that Raymore-Peculiar R-II School District complied with the requirements of Missouri Laws and Regulations regarding budgetary and disbursement procedures; accurate disclosure by the District's attendance records of average daily attendance, resident membership on the last Wednesday of September, 2008 and the number of students eligible to receive free or reduced price lunches on the last Wednesday of January, 2009; and accurate disclosure by the District's pupil transportation records of the average students scheduled to be transported eligible and ineligible for state aid, the number of actual odometer miles eligible and ineligible for state aid and the allowable costs for pupil transportation during the year ended June 30, 2009. As discussed in that representation letter, the administration is responsible for the District's compliance with those requirements. Our responsibility is to express an opinion on the administration's assertions about the District's compliance based on our audit.

Our audit was made in accordance with standards established by the American Institute of Certified Public Accountants and, accordingly, included examining, on a test basis evidence about the District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our opinion does not provide a legal determination on the District's compliance with specified requirements.

In our opinion, the administration's assertions that the District complied with the aforementioned requirements for the year ended June 30, 2009, are fairly stated in all material respects.

This report is intended solely for the information and use of the Board of Education, administration 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.

September 30, 2009

**RAYMORE-PECULIAR R-II SCHOOL DISTRICT
SCHEDULE OF STATE FINDINGS
FOR THE YEAR ENDED JUNE 30, 2009**

None

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

To the Board of Education
Raymore-Peculiar R-II School District

We have audited the financial statements of the governmental activities and each major fund of the Raymore-Peculiar R-II School District as of and for the year ended June 30, 2009, and have issued our report thereon dated September 30, 2009. These financial statements were prepared on the modified cash basis, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the District's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the District's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. However, as discussed below, we identified certain deficiencies in internal control over financial reporting that we consider to be significant deficiencies.

A control deficiency 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 misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the District's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the District's financial statements that is more than inconsequential will not be prevented or detected by the District's internal control over financial reporting. We consider the deficiency described in the accompanying schedule of findings and questioned costs as item 09-01 to be a significant deficiency in internal over financial reporting.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the District's internal control.

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies and, accordingly, would not necessarily disclose all significant deficiencies that are also considered to be material weaknesses. However, we consider the significant deficiency described above, to be a material weakness.

Compliance and Other Matters

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

We noted other matters involving internal control and compliance that we have reported to the administration of the District in a separate letter dated September 30, 2009.

This report is intended solely for the information and use of the administration, the Board of Education, the Missouri Department of Elementary and Secondary Education, federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

September 30, 2009

**REPORT ON COMPLIANCE WITH REQUIREMENTS
APPLICABLE TO EACH MAJOR PROGRAM AND ON INTERNAL
CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB A-133**

To the Board of Education
Raymore-Peculiar R-II School District

Compliance

We have audited the compliance of Raymore-Peculiar R-II School District with the types of compliance requirements described in the *U. S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the year ended June 30, 2009. The District's major federal programs are identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of the District's administration. Our responsibility is to express an opinion on the District's compliance based on our audit.

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 OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the District's compliance with those requirements.

In our opinion, the District complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2009.

Internal Control Over Compliance

The administration of the District is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered the District's internal control over compliance with requirements that could have a direct and material effect on major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the District's internal control over compliance.

A control deficiency in a District's internal control over compliance 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 noncompliance with a type of compliance requirement of a federal program on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the District's ability to administer a federal program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the District's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by the District's internal control.

Our consideration of the internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

This report is intended solely for the information and use of the administration, the Board of Education, the Missouri Department of Elementary and Secondary Education, federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

September 30, 2009

**RAYMORE-PECULIAR R-II SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2009**

A. SUMMARY OF AUDITOR'S RESULTS

1. The auditors' report expresses unqualified opinions on the financial statements of the District.
2. There was one significant deficiency relating to the audit of the financial statements that was reported in the Report on Internal Control over Financial Reporting, which was a material weakness
3. No instances of noncompliance material to the financial statements of the District were disclosed during the audit.
4. There were no significant deficiencies disclosed during the audit of the major federal award programs.
5. The auditors' report on compliance for the major federal award programs for the District expresses an unqualified opinion.
6. There were no audit findings relative to the major federal award programs for the District.
7. The programs tested as major programs was:

Child Nutrition Cluster CFDA No. 10.553 & 10.555
Title I CFDA No. 84.010A
8. The threshold for distinguishing Types A and B programs was \$300,000.
9. The District was determined to be a low-risk auditee.

B. FINDINGS - FINANCIAL STATEMENTS

MATERIAL WEAKNESS

09-01 FINANCIAL ACCOUNTING AND REPORTING

Statement on Auditing Standards 112, which is effective for audits of periods ending on or after December 15, 2006, require auditors to communicate control deficiencies whereby material misstatements will not be prevented or detected by the District's internal control.

Under SAS 112, the auditor cannot be part of the District's internal control, nor can any audit procedure be considered a compensating control. In prior years, material misstatements have often been identified by auditors during the audit process, and the resulting adjustments were then accepted and posted by the auditee. The auditors then rendered an opinion on the materially correct financial statements.

**RAYMORE-PECULIAR R-II SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2009**

09-01 FINANCIAL ACCOUNTING AND REPORTING (continued)

The new audit regulations require that material misstatements in the financial statements for the period under audit should be identified by the District's internal control and not by the auditor. Therefore, the District will need to have management and accounting employees with expertise in financial accounting and reporting. These employees should possess qualifications and training to be able to prepare materially correct financial statements and disclosures in conformity with the comprehensive basis of accounting used by the District. If financial statements are prepared by the auditors or other outside source, then the District must be able to detect any omission of material disclosure or material misstatement of account.

Condition: The District does not have the expertise in financial accounting and reporting as required under SAS 112.

Criteria: Internal controls should be designed to prevent, detect and correct misstatements in financial accounting and reporting.

Effect: Lack of controls could allow misstatements in the financial statements to occur and go undetected.

Recommendation: In order to remove this material weakness in the District's internal control, the District would need to hire an accounting firm independent of the auditing process; however, costs would exceed benefits. The District would incur costs for the accounting firm which would need to perform additional procedures in order to prepare materially correct financial statements and disclosures. The only benefit of this action would be to remove this comment from the report as the independent audit process will ultimately result in materially correct financial statements.

Response: We do not believe it is cost beneficial to hire additional personnel or out source this work in order to mitigate this condition. Further, we see no benefit of this action other than the removal of this comment from this report.

C. FINDINGS AND QUESTIONED COSTS - MAJOR FEDERAL AWARD PROGRAMS

None

**RAYMORE-PECULIAR R-II SCHOOL DISTRICT
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE YEAR ENDED JUNE 30, 2009**

The prior audit report contained no written comments relating to the federal awards programs.