



**Raymore-Peculiar  
R-II School District**

**Auditors' Report**

**June 30, 2017**

# INDEPENDENT AUDITORS' REPORT

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

## Paragraph #1

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective modified cash basis financial position of the governmental activities and each major fund of Raymore-Peculiar R-II School District as of June 30, 2017, and the respective changes in modified cash basis financial position thereof for the year then ended in accordance with the basis of accounting described in Note A.

**RAYMORE-PECULIAR R-II SCHOOL DISTRICT  
STATEMENT OF ACTIVITIES - MODIFIED CASH BASIS  
FOR THE YEAR ENDED JUNE 30, 2017**

	<u>Expenditures</u>	<u>PROGRAM REVENUES</u>			Net (Expenditures)
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>	<u>Revenue and Change in Net Position</u>
					<u>Governmental</u>
<b>GOVERNMENTAL ACTIVITIES</b>					
Instruction	\$ 34,049,590	\$ -	\$ 4,635,521	\$ 51,617	\$ (29,362,452)
Student activities	1,945,870	1,283,841	-	-	(662,029)
Student services	2,333,778	-	28,165	-	(2,305,613)
Instruction staff support	3,992,222	-	-	-	(3,992,222)
Building administration	2,056,403	-	-	-	(2,056,403)
General administration & central services	2,647,268	-	-	-	(2,647,268)
Operation of plant	9,747,781	30,868	-	-	(9,716,913)
Transportation	4,523,396	-	825,354	-	(3,698,042)
Food service	2,614,116	1,530,901	1,049,877	-	(33,338)
Community services	765,430	727,454	62,610	-	24,634
Facility acquisition and construction	-	-	-	-	-
Debt service:					
Interest and fees	2,259,391	-	-	-	(2,259,391)
<b>Total Governmental Activities</b>	<b>\$ 66,935,245</b>	<b>\$ 3,573,064</b>	<b>\$ 6,601,527</b>	<b>\$ 51,617</b>	<b>(56,709,037)</b>

**RAYMORE-PECULIAR R-II SCHOOL DISTRICT**  
**BALANCE SHEET - MODIFIED CASH BASIS**  
**GOVERNMENTAL FUNDS**  
**JUNE 30, 2017**

	<u>GENERAL FUND</u>	<u>SPECIAL REVENUE FUND</u>	<u>DEBT SERVICE FUND</u>	<u>CAPITAL PROJECTS FUND</u>	<u>TOTAL GOVERNMENTAL FUNDS</u>
<b>ASSETS</b>					
Cash and cash equivalents	\$ 11,806,511	\$ -	\$ 4,853,167	\$ 5,593,100	\$ 22,252,778
Investments	<u>1,494,580</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,494,580</u>
Total assets	<u>\$ 13,301,091</u>	<u>\$ -</u>	<u>\$ 4,853,167</u>	<u>\$ 5,593,100</u>	<u>\$ 23,747,358</u>
<b>FUND BALANCES</b>					
Fund Balances:					
Restricted	\$ -	\$ -	\$ 4,853,167	\$ 5,353,841	\$ 10,207,008
Committed	-	-	-	239,259	239,259
Assigned	766,579	-	-	-	766,579
Unassigned	<u>12,534,512</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>12,534,512</u>
Total fund balances	<u>\$ 13,301,091</u>	<u>\$ -</u>	<u>\$ 4,853,167</u>	<u>\$ 5,593,100</u>	<u>\$ 23,747,358</u>



	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Debt Service Fund</u>	<u>Capital Projects Fund</u>
Restricted:				
Debt service	\$ -	\$ -	\$ 4,853,167	\$ -
Unspent bond proceeds	<u>-</u>	<u>-</u>	<u>-</u>	<u>5,353,841</u>
Total Restricted	<u>-</u>	<u>-</u>	<u>4,853,167</u>	<u>5,353,841</u>
Committed:				
Capital outlay	<u>-</u>	<u>-</u>	<u>-</u>	<u>239,259</u>
Assigned:				
Student activities	652,680	-	-	-
Food service	<u>113,900</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Assigned	<u>766,580</u>	<u>-</u>	<u>-</u>	<u>-</u>
Unassigned	<u>12,534,511</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total fund balances	<u>\$13,301,091</u>	<u>\$ -</u>	<u>\$ 4,853,167</u>	<u>\$ 5,593,100</u>

	GENERAL FUND	SPECIAL REVENUE FUND	DEBT SERVICE FUND	CAPITAL PROJECTS FUND	TOTAL GOVERNMENTAL FUNDS
<b>REVENUES:</b>					
Local	\$ 22,641,952	\$ 5,698,756	\$ 6,986,270	\$ 353,629	\$ 35,680,607
County	1,707,069	155,728	484,335	-	2,347,132
State	1,848,125	25,361,888	-	-	27,210,013
Federal	1,942,386	482,048	-	28,346	2,452,780
Other	10,153	-	-	4,153	14,306
<b>Total Revenues</b>	<b>28,149,685</b>	<b>31,698,420</b>	<b>7,470,605</b>	<b>386,128</b>	<b>67,704,838</b>
<b>EXPENDITURES:</b>					
Instruction	4,461,191	28,927,570	-	12,230	33,400,991
Student activities	1,362,317	583,553	-	-	1,945,870
Student services	1,034,017	1,299,761	-	-	2,333,778
Instruction staff support	2,688,311	1,303,911	-	70,310	4,062,532
Building administration	24,592	2,031,811	-	-	2,056,403
General administration & central services	1,989,320	657,948	-	-	2,647,268
Operation of plant	5,787,733	-	-	872,856	6,660,589
Transportation	4,523,396	-	-	-	4,523,396
Food service	2,614,116	-	-	49,649	2,663,765
Community services	755,920	9,510	-	-	765,430
Facility acquisition and construction	-	-	-	21,334,181	21,334,181
Debt service:					
Principal retirement	-	-	13,735,000	659,570	14,394,570
Interest and fees	-	-	1,914,697	344,694	2,259,391
<b>Total Expenditures</b>	<b>25,240,913</b>	<b>34,814,064</b>	<b>15,649,697</b>	<b>23,343,490</b>	<b>99,048,164</b>
<b>Revenues Over (Under) Expenditures</b>	<b>2,908,772</b>	<b>(3,115,644)</b>	<b>(8,179,092)</b>	<b>(22,957,362)</b>	<b>(31,343,326)</b>
<b>Other Financing Sources (Uses):</b>					
Transfers	(4,715,644)	3,115,644	-	1,600,000	-
Proceeds from sale of bonds	-	-	9,765,000	-	9,765,000
<b>Total Other Financing Sources (Uses)</b>	<b>(4,715,644)</b>	<b>3,115,644</b>	<b>9,765,000</b>	<b>1,600,000</b>	<b>9,765,000</b>
<b>Net change in fund balance</b>	<b>(1,806,872)</b>	<b>-</b>	<b>1,585,908</b>	<b>(21,357,362)</b>	<b>(21,578,326)</b>
Fund balance, beginning	15,107,963	-	3,267,259	26,950,462	45,325,684
Fund balance, ending	\$ 13,301,091	\$ -	\$ 4,853,167	\$ 5,593,100	\$ 23,747,358

	Balance July 1, 2016	Additions	Retirements	Balance June 30, 2017	Amount Due Within One Year
Bonds Payable	\$ 60,035,000	\$ 9,765,000	\$ 13,735,000	\$ 56,065,000	\$ 4,125,000
Lease Certificates of Participation	6,925,000	-	425,000	6,500,000	425,000
Capital Lease Obligations	483,271	-	234,571	248,700	239,692
Total	<u>\$ 67,443,271</u>	<u>\$ 9,765,000</u>	<u>\$ 14,394,571</u>	<u>\$ 62,813,700</u>	<u>\$ 4,789,692</u>

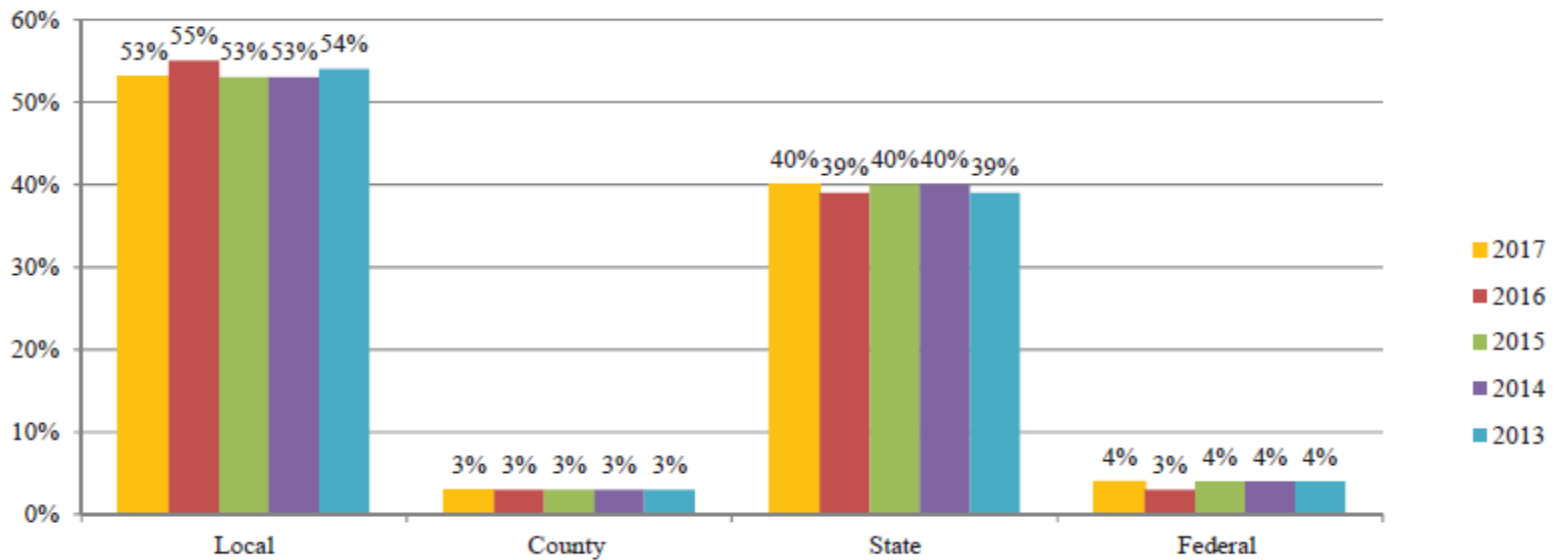


Year Ending <u>June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2018	\$ 4,125,000	\$ 1,689,318	\$ 5,814,318
2019	4,640,000	1,549,825	6,189,825
2020	4,730,000	1,388,650	6,118,650
2021	5,405,000	1,227,300	6,632,300
2022	5,615,000	1,047,200	6,662,200
2023	4,550,000	934,900	5,484,900
2024	3,075,000	707,400	3,782,400
2025	3,200,000	584,400	3,784,400
2026	3,260,000	520,400	3,780,400
2027	3,330,000	447,050	3,777,050
2028	3,400,000	380,450	3,780,450
2029	3,485,000	295,450	3,780,450
2030	3,575,000	203,969	3,778,969
2031	<u>3,675,000</u>	<u>105,656</u>	<u>3,780,656</u>
Total	<u>\$ 56,065,000</u>	<u>\$ 11,081,968</u>	<u>\$ 67,146,968</u>



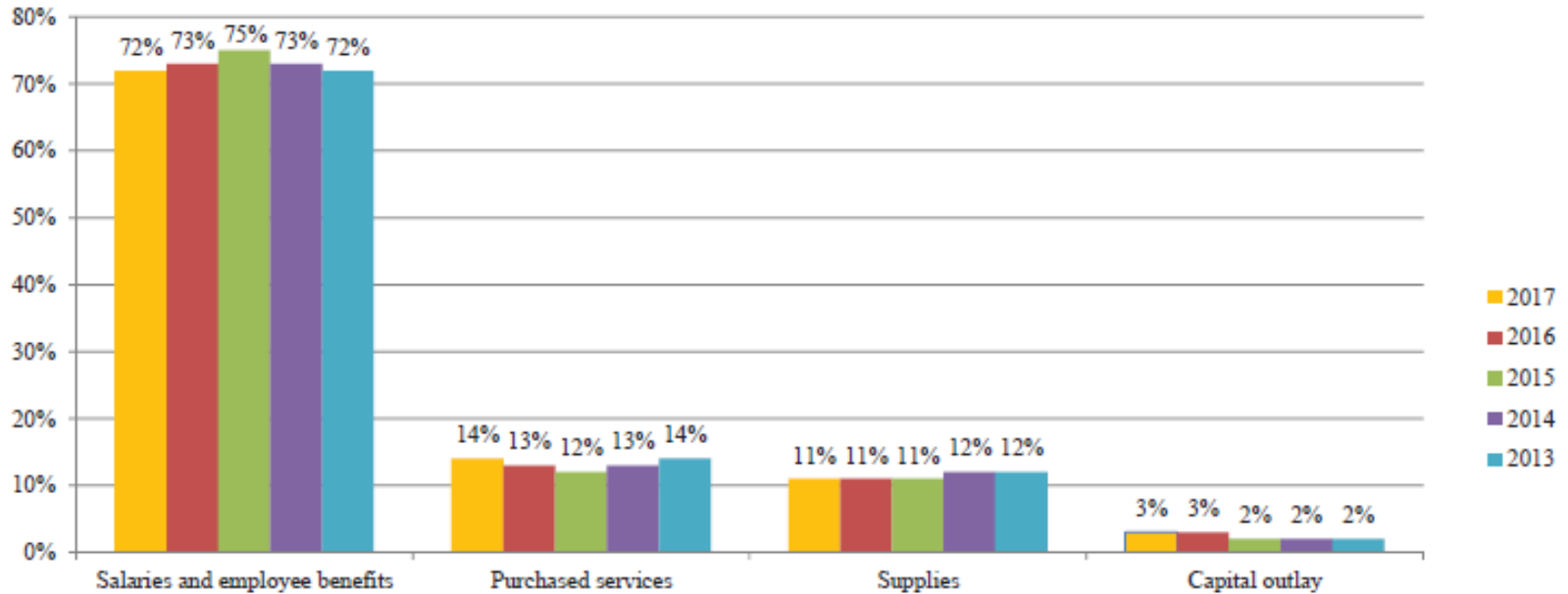
Year Ending June 30,	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2018	\$ 664,692	\$ 313,610	\$ 978,302
2019	434,008	297,960	731,968
2020	450,000	281,748	731,748
2021	475,000	263,747	738,747
2022	485,000	241,623	726,623
2023	520,000	218,972	738,972
2024	535,000	194,798	729,798
2025	545,000	169,335	714,335
2026	585,000	143,347	728,347
2027	1,020,000	112,733	1,132,733
2028	330,000	63,652	393,652
2029	345,000	43,357	388,357
2030	<u>360,000</u>	<u>22,140</u>	<u>382,140</u>
Total	<u>\$ 6,748,700</u>	<u>\$ 2,367,022</u>	<u>\$ 9,115,722</u>

	2017	2016	2015	2014	2013
Local	\$ 35,680,607	\$ 36,854,041	\$ 33,224,588	\$ 32,405,715	\$ 32,285,032
County	2,347,132	2,355,752	1,902,720	1,712,476	1,657,753
State	27,210,013	26,527,915	25,656,204	24,337,044	23,493,447
Federal	2,452,780	2,165,634	2,614,077	2,398,736	2,267,298
Other	14,306	41,140	20,684	12,550	2,696
	<u>\$ 67,704,838</u>	<u>\$ 67,944,482</u>	<u>\$ 63,418,273</u>	<u>\$ 60,866,521</u>	<u>\$ 59,706,226</u>



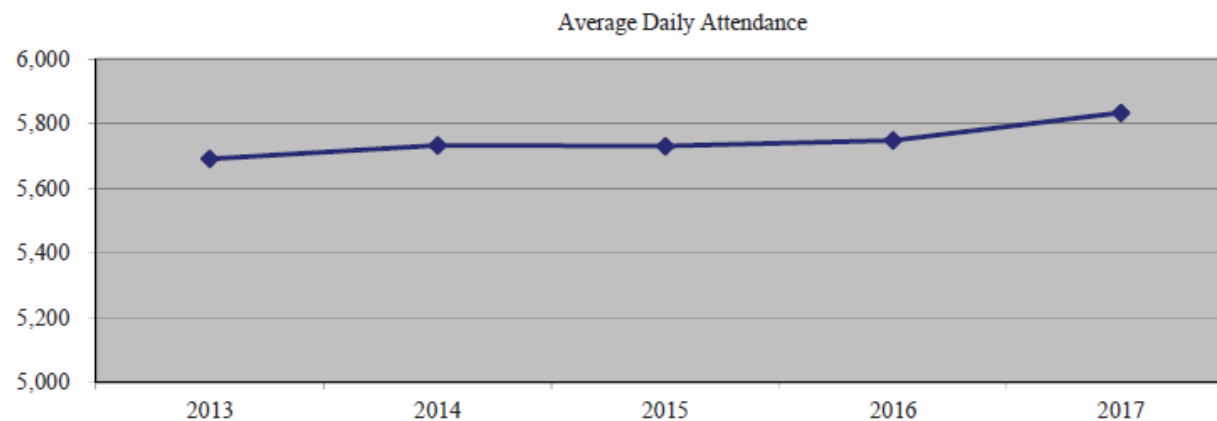
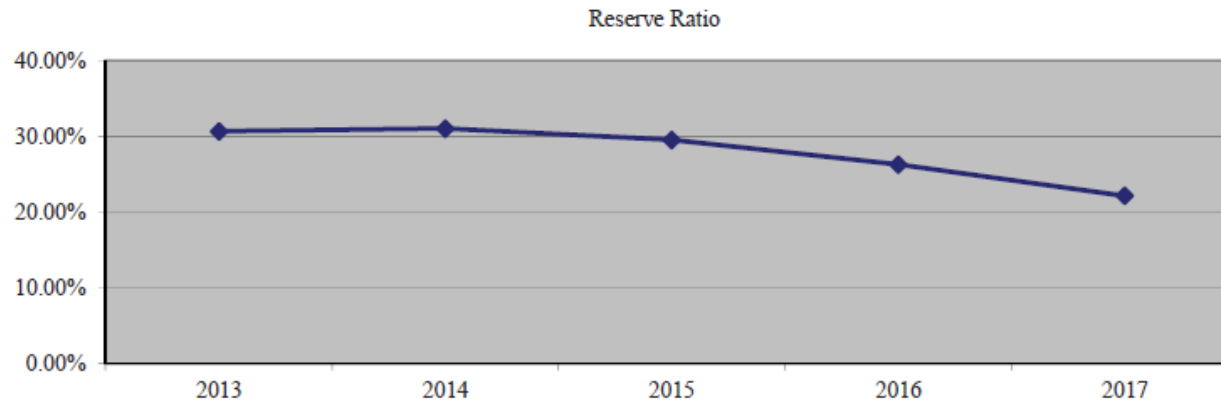
Note: The above graphs do not include proceeds from the sale of bonds.

	GENERAL FUND	SPECIAL REVENUE FUND	DEBT SERVICE FUND	CAPITAL PROJECTS FUND	2017 TOTALS	2016 TOTALS	2015 TOTALS	2014 TOTALS	2013 TOTALS
Salaries	\$ 7,906,434	\$26,238,337	\$ -	\$ -	\$34,144,771	\$ 33,143,374	\$32,305,840	\$30,979,906	\$30,553,730
Employee benefits	2,617,521	7,788,641	-	-	10,406,162	10,033,632	9,545,677	8,325,194	7,512,337
Purchased services	7,877,446	787,086	-	-	8,664,532	7,858,735	6,919,168	6,919,406	7,205,893
Supplies	6,839,512	-	-	-	6,839,512	6,466,883	6,407,217	6,194,640	6,188,690
Capital outlay	-	-	-	22,339,226	22,339,226	2,030,279	829,228	769,898	675,962
Principal	-	-	13,735,000	659,570	14,394,570	25,748,909	5,879,507	5,384,120	3,641,589
Interest and other charges	-	-	1,914,697	344,694	2,259,391	2,543,970	2,226,313	2,233,385	2,557,755
	<u>\$25,240,913</u>	<u>\$34,814,064</u>	<u>\$15,649,697</u>	<u>\$23,343,490</u>	<u>\$99,048,164</u>	<u>\$87,825,782</u>	<u>\$64,112,950</u>	<u>\$60,806,549</u>	<u>\$58,335,956</u>



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

<u>General and Special Revenue Funds</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
Total Fund Balances	\$ 15,774,687	\$ 16,258,016	\$ 16,281,298	\$ 15,107,963	\$ 13,301,091
Total Expenditures	51,460,650	52,419,146	55,177,901	57,502,624	60,054,977
Reserve Ratio	30.65%	31.02%	29.51%	26.27%	22.15%
Average Daily Attendance	5,691.34	5,733.52	5,731.27	5,748.77	5,834.04



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

**Paragraph #3**

In our opinion, the administration's assertions that the District complied with the aforementioned requirements for the year ended June 30, 2017, are fairly stated in all material respects.

**Paragraph #4**

We noted an immaterial instance of noncompliance with the aforementioned requirements that we have reported to the administration of the District in the accompanying Schedule of State Findings.

# Schedule of State Findings

## ATTENDANCE

During our audit, we noted that the hours in session reported on the MOSIS upload did not agree with Screen 10 in Core Data for Timber Creek Elementary. As a result of our audit, the District has updated MOSIS.

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

Paragraph #4

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in the internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.



**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR  
FEDERAL PROGRAM AND REPORT ON INTERNAL CONTROL OVER  
COMPLIANCE AS REQUIRED BY OMB CIRCULAR A-133**

**Paragraph #5, pg. 49**

In our opinion, the District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major federal programs for the year ended June 30, 2017.

**Paragraph #3, pg. 50**

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

**A. SUMMARY OF AUDITORS' RESULTS**

*Financial Statements*

**RAYMORE-PECULIAR R-II SCHOOL DISTRICT  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED JUNE 30, 2017**

Type of auditors' report issued on whether the financial statements audited were prepared in accordance with the modified cash basis: Unmodified

Internal control over financial reporting:  
Material weakness(es) identified? \_\_\_\_\_ Yes  X  No  
Significant deficiency(ies) identified? \_\_\_\_\_ Yes  X  None reported

Noncompliance material to financial statements noted? \_\_\_\_\_ Yes  X  No

*Federal Awards*

Internal control over major federal programs:  
Material weakness(es) identified? \_\_\_\_\_ Yes  X  No  
Significant deficiency(ies) identified? \_\_\_\_\_ Yes  X  None reported

Type of auditors' report issued on compliance for major federal programs: Unmodified

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)? \_\_\_\_\_ Yes  X  No

Identification of major programs:  
Child Nutrition Cluster CFDA No. 10.553 and 10.555

Dollar threshold used to distinguish between type A and type B programs: \$ 750,000

Auditee qualified as low-risk auditee? \_\_\_\_\_ Yes  X  No

**RAYMORE-PECULIAR R-II SCHOOL DISTRICT  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED JUNE 30, 2017**

**B. FINDINGS - FINANCIAL STATEMENTS AUDIT**

None

**C. FINDINGS AND QUESTIONED COSTS - MAJOR FEDERAL AWARD PROGRAMS  
AUDIT**

None

# Report to Administration

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

In planning and performing our audit of the financial statements of Raymore-Peculiar R-II School District for the year ended June 30, 2017, we considered its internal control in order to determine our auditing procedures for the purpose of expressing our opinions on the financial statements and not to provide assurance on the internal control.

During our audit, we noted certain matters involving the internal control and other operational matters that are presented for your consideration. (We previously reported on the District's internal control in our report dated September 14, 2017.) This letter does not affect our report dated September 14, 2017, on the financial statements of Raymore-Peculiar R-II School District.

These comments are not unusual in nature from what we see in other school districts. Our comments and recommendations, all of which have been discussed with appropriate members of administration, are intended to improve the internal control or result in other operating efficiencies. We will be pleased to discuss these comments in further detail at your convenience, to perform any additional study of these matters, or to assist you in implementing the recommendations. We will review the status of these comments during our next audit engagement. Our comments are summarized as follows:

# Report to Administration

**EMPLOYEE REIMBURSEMENTS** - During our audit, we noted an instance where an administrator had approved their own travel expense reimbursements. We also noted an instance where a travel expense reimbursement request did not have an approval signature. This could allow an opportunity for fraud or abuse to occur and go undetected. We would recommend that a district official approve the expense reimbursements for the administrators.

*Auditee's Response:* It has been the District's policy that all employee reimbursement requests be approved by the employee's supervisor, or for administrators, a senior District official. We have issued a reminder of this policy to all administrators, as well as to support personnel who process reimbursement requests.

# Report to Administration

**GATE RECEIPTS** - During our audit, we noted that District procedures require the administrator on duty to scan a copy of the “gate money receipt” form over to central office before taking the money and putting it in the lock box in the vault. The next morning the financial secretary at the building recounts the money, records the receipt in the general ledger and takes the deposit to the bank. The financial specialist at central office verifies the “gate money receipt” form agrees with the cash receipts recorded in the general ledger and deposited into the bank. We concur with this step in the procedures, but noted during the audit that not all “gate money receipt” forms from all events were in the binder in central office. We also noted some of the “gate money receipt” forms at central office did not include a signature of the administrator on duty indicating dual counting and reconciliation of the gate receipts. We recommend procedures are put in place to insure that all “gate money receipt” forms are sent to central office after each event and the administrator on duty signs, where indicated, to insure dual counting and reconciliation of the gate receipts. This strengthens internal controls by insuring that the cash that was documented as received at the athletic event agrees to the bank deposit that was made by the financial secretary.

*Auditee’s Response:* The Finance Department has strengthened procedures to ensure all “gate money receipt” forms are received using an activities calendar as a checklist. In addition, the finance specialist is following up with administrators to ensure signatures are obtained to indicate dual counting and reconciliation of the gate receipts.



# Report to Administration

**STUDENT DATA GOVERNANCE PROGRAMS** - The Missouri State Auditor completed five audits in 2016 as part of the State Auditor's Cyber Aware School Audits Initiative. That initiative focused on evaluating the effectiveness of data governance programs, including identifying cybersecurity safeguards and privacy controls that can help schools improve the security of student data. Data governance is defined by the U.S. Department of Education, Privacy Technical Assistance Center (PTAC), as an organizational approach to data and information management that is formalized as a set of policies and procedures encompassing the full life cycle of data, from acquisition to use to disposal. We recommend the District evaluate and identify strengths and areas where improvements can be made in their data governance programs. This evaluation should include controls for creating and maintaining user accounts and implementing security controls to safeguard the District's technology systems and data. Further, the District should establish and implement an incident response plan, data breach policy, and continuity plan outlining District policies and procedures for addressing potential incidents and protecting the privacy of student data, as well as provide formal security awareness training to staff.

*Auditee's Response:* The District's Director of Technology and other administrators have become familiar with the Missouri State Auditor's Cyber Aware School Audits Initiative, as well as the results of the State Auditor's five audits in 2016. Efforts to evaluate and identify areas where improvements might be necessary in the District's data governance program are ongoing and integrated into the District's policies and procedures. This includes incident response plans, data breach procedures, and continuity plans for District operations and the protection of student data, as well as disseminating the necessary information and training to District staff.





# Report to Administration

**ACCOUNTING STRUCTURE CHANGES** - Starting July 1, 2018, school districts will be required to record financial information using an updated code structure. There will be no change to the current Fund, Function, and Object codes. Three new codes; Location, Source of Funds and Project are now required. The Location Code refers to DESE's core data building codes used to distinguish separate campuses where student data is reported. The Source of Funds Code will be used to identify a subset of revenue used to fund a specific expenditures with either Local, County, State or Federal revenue. Lastly, the Project Code will be used to identify an expenditure paid for with a specific source of revenue or part of a specific grant. This new accounting code structure will need to be utilized when creating the budgets for the 2018-2019 school year.

*Auditee's Response:* We are aware of DESE's new account coding requirements and the significant challenges this will present in developing a new chart of accounts, as well as preserving the comparability of historical financial data recorded using the current chart of accounts. Our Finance Department has been collaborating with our general ledger software provider and other Missouri school districts that use this same software to develop strategies and methods for this conversion. Plans are underway to implement the required changes for the 2018-2019 fiscal year.



# Report to Administration

This report is intended solely for the information and use of the Board of Education and the administration and is not intended to be and should not be used by anyone other than these specified parties.

*Westbrook & Co., P.C.*

September 14, 2017

