

Auditors' Report

June 30, 2019



INDEPENDENT AUDITORS' REPORT

Page 2 – Paragraph #1

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

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, 2019, 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 - CASH BASIS FOR THE YEAR ENDED JUNE 30, 2019

Page 13, excerpt

	<u>Expenditures</u>	<u>PROGRAM REVENUES</u>			Net (Expenditures) Revenue and Change in Net Position <u>Governmental</u>
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>	
GOVERNMENTAL ACTIVITIES					
Instruction	\$ 33,164,637	\$ 21,044	\$ 5,625,599	\$ 56,936	\$ (27,461,058)
Student activities	2,114,601	1,283,938	-	-	(830,663)
Student services	3,462,313	-	29,784	-	(3,432,529)
Instruction staff support	3,861,134	-	-	-	(3,861,134)
Building administration	3,153,133	-	-	-	(3,153,133)
General administration & central services	4,012,781	-	-	-	(4,012,781)
Operation of plant	11,606,817	-	-	-	(11,606,817)
Transportation	4,775,087	-	931,397	-	(3,843,690)
Food service	2,762,569	1,690,269	1,107,103	-	34,803
Community services	1,306,534	1,077,873	76,350	-	(152,311)
Debt service:					
Interest and fees	1,859,700	-	-	-	(1,859,700)
Total Governmental Activities	<u>\$ 72,079,306</u>	<u>\$ 4,073,124</u>	<u>\$ 7,770,233</u>	<u>\$ 56,936</u>	<u>(60,179,013)</u>

RAYMORE-PECULIAR R-II SCHOOL DISTRICT BALANCE SHEET– MODIFIED CASH BASIS GOVERNMENTAL FUNDS JUNE 30, 2019

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	GENERAL FUND	SPECIAL REVENUE FUND	DEBT SERVICE FUND	CAPITAL PROJECTS FUND	TOTAL GOVERNMENTAL FUNDS
ASSETS					
Cash and cash equivalents	<u>\$ 14,949,695</u>	<u>\$ -</u>	<u>\$ 6,797,677</u>	<u>\$ 55,269</u>	<u>\$ 21,802,641</u>
 FUND BALANCES					
Fund Balances:					
Restricted	\$ -	\$ -	\$ 6,797,677	\$ -	\$ 6,797,677
Committed	1,026,479	-	-	55,269	1,081,748
Assigned	688,139	-	-	-	688,139
Unassigned	<u>13,235,077</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>13,235,077</u>
Total fund balances	<u>\$ 14,949,695</u>	<u>\$ -</u>	<u>\$ 6,797,677</u>	<u>\$ 55,269</u>	<u>\$ 21,802,641</u>

RAYMORE-PECULIAR R-II SCHOOL DISTRICT

NOTES TO THE BASIC FINANCIAL STATEMENTS

JUNE 30, 2019

Page 30, excerpt from Note M – Fund Balances – Governmental Funds

	General Fund	Special Revenue Fund	Debt Service Fund	Capital Projects Fund
Restricted:				
Debt service	\$ -	\$ -	\$ 6,797,677	\$ -
Committed:				
Technology purchases	1,026,479			
Capital outlay	-	-	-	55,269
Total Committed	1,026,479	-	-	55,269
Assigned:				
Student activities	655,355	-	-	-
Food service	32,784	-	-	-
Total Assigned	688,139	-	-	-
Unassigned	13,235,077	-	-	-
Total fund balances	\$ 14,949,695	\$ -	\$ 6,797,677	\$ 55,269

	GENERAL FUND	SPECIAL REVENUE FUND	DEBT SERVICE FUND	CAPITAL PROJECTS FUND	TOTAL GOVERNMENTAL FUNDS
REVENUES:					
Local	\$ 30,671,487	\$ 5,945,958	\$ 5,611,916	\$ 214,347	\$ 42,443,708
County	1,741,689	149,098	381,950	-	2,272,737
State	2,093,917	27,636,665	-	-	29,730,582
Federal	2,152,567	768,615	-	56,936	2,978,118
Other	22,316	21,044	-	-	43,360
Total Revenues	36,681,976	34,521,380	5,993,866	271,283	77,468,505
EXPENDITURES:					
Instruction	4,189,259	28,317,746	-	24,751	32,531,756
Student activities	1,464,261	650,340	-	-	2,114,601
Student services	1,599,921	1,862,392	-	-	3,462,313
Instruction staff support	2,310,246	1,550,888	-	-	3,861,134
Building administration	822,096	2,331,037	-	-	3,153,133
General administration & central services	2,314,120	1,698,661	-	-	4,012,781
Operation of plant	6,510,959	11,141	-	1,952,531	8,474,631
Transportation	4,775,087	-	-	-	4,775,087
Food service	2,762,569	-	-	78,223	2,840,792
Community services	1,045,513	261,021	-	-	1,306,534
Facility acquisition and construction	-	-	-	-	-
Debt service:					
Principal retirement	-	-	4,640,000	493,512	5,133,512
Interest and fees	-	-	1,550,425	309,275	1,859,700
Total Expenditures	27,794,031	36,683,226	6,190,425	2,858,292	73,525,974
Revenues Over (Under) Expenditures	8,887,945	(2,161,846)	(196,559)	(2,587,009)	3,942,531
Other Financing Sources (Uses):					
Transfers	(4,751,846)	2,161,846	-	2,590,000	-
Net change in fund balance	4,136,099	-	(196,559)	2,991	3,942,531
Fund balance, beginning	10,813,596	-	6,994,236	52,278	17,860,110
Fund balance, ending	\$ 14,949,695	\$ -	\$ 6,797,677	\$ 55,269	\$ 21,802,641

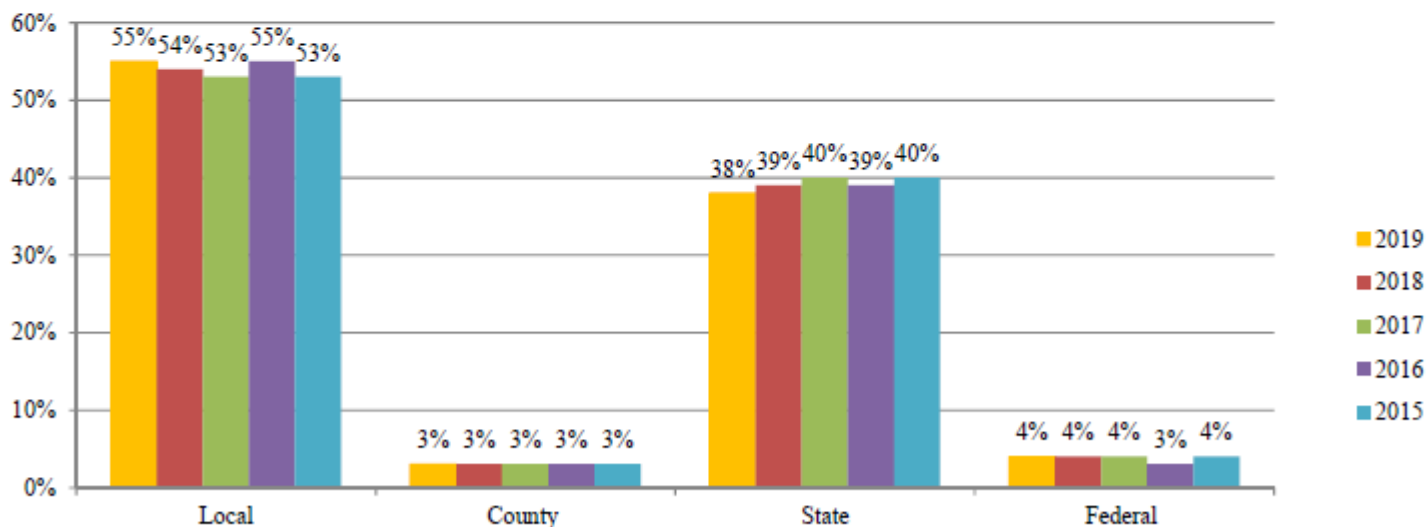
RAYMORE-PECULIAR R-II SCHOOL DISTRICT NOTES TO THE BASIC FINANCIAL STATEMENTS JUNE 30, 2019

Page 24, excerpt from Note F – Long-Term Debt

	Balance July 1, 2018	Additions	Retirements	Balance June 30, 2019	Amount Due Within One Year
General Obligation Bonds	\$ 51,940,000	\$ -	\$ 4,640,000	\$ 47,300,000	\$ 4,730,000
Lease Certificates of Participation	6,075,000	4,955,000	5,825,000	5,205,000	455,000
Direct Borrowings	129,444	-	68,512	60,932	60,932
Total	\$ 58,144,444	\$ 4,955,000	\$ 10,533,512	\$ 52,565,932	\$ 5,245,932

**RAYMORE-PECULIAR R-II SCHOOL DISTRICT
COMPARISON OF REVENUES COLLECTED BY SOURCE
FOR THE YEARS ENDED JUNE 30, 2019, 2018, 2017, 2016, AND 2015**

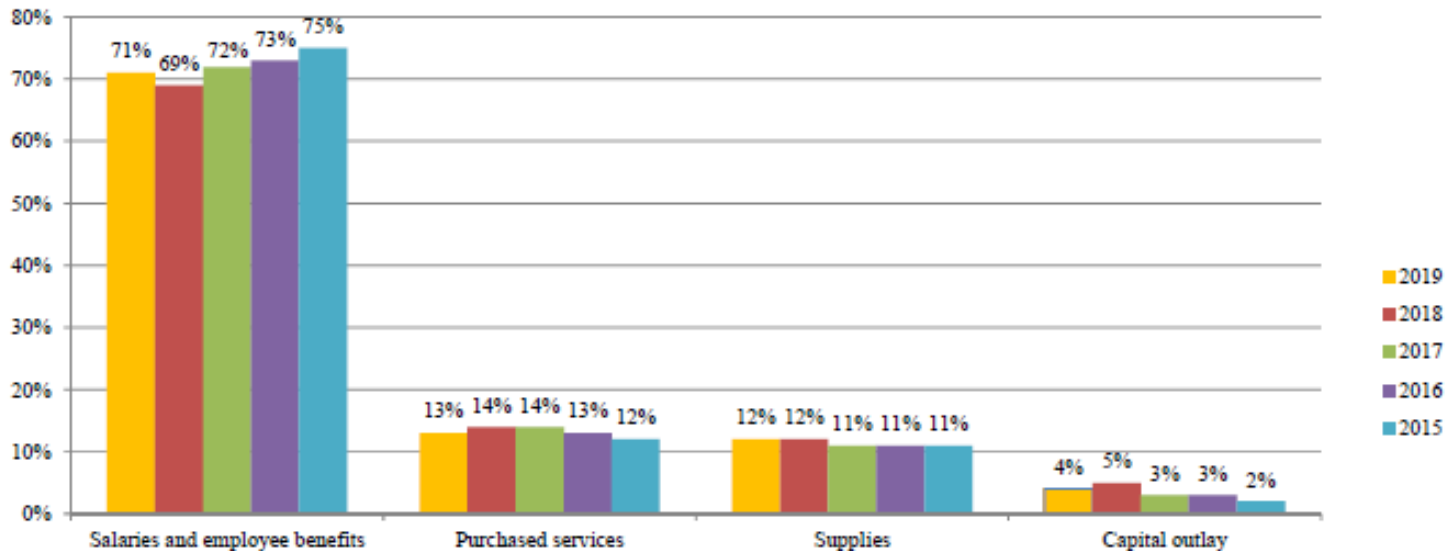
	2019	2018	2017	2016	2015
Local	\$ 42,443,708	\$ 37,869,966	\$ 35,680,607	\$ 36,854,041	\$ 33,224,588
County	2,272,737	2,286,316	2,347,132	2,355,752	1,902,720
State	29,730,582	27,919,351	27,210,013	26,527,915	25,656,204
Federal	2,978,118	3,081,624	2,452,780	2,165,634	2,614,077
Other	43,360	167,609	14,306	41,140	20,684
	<u>\$ 77,468,505</u>	<u>\$ 71,324,866</u>	<u>\$ 67,704,838</u>	<u>\$ 67,944,482</u>	<u>\$ 63,418,273</u>



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

**RAYMORE-PECULIAR R-II SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES PAID BY OBJECT
FOR THE YEARS ENDED JUNE 30, 2019, 2018, 2017, 2016, AND 2015**

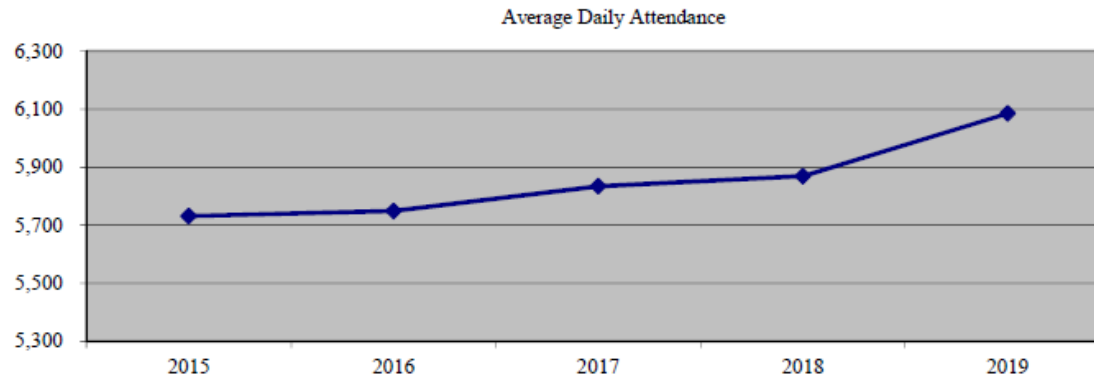
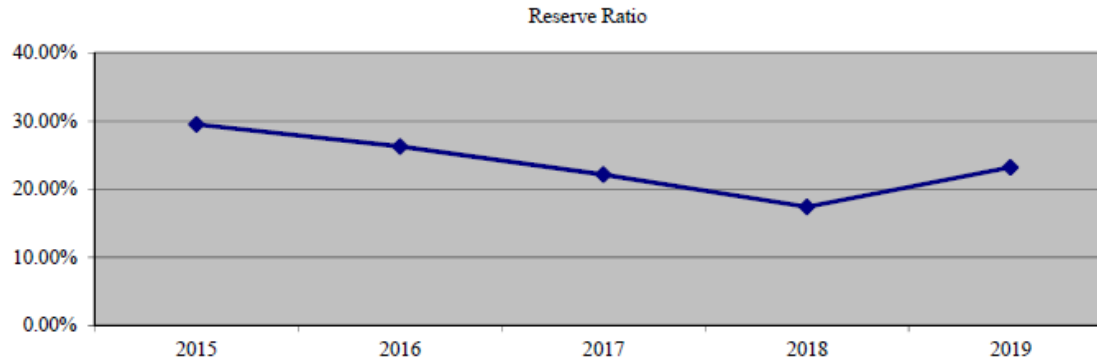
	GENERAL FUND	SPECIAL REVENUE FUND	DEBT SERVICE FUND	CAPITAL PROJECTS FUND	2019 TOTALS	2018 TOTALS	2017 TOTALS	2016 TOTALS	2015 TOTALS
Salaries	\$ 9,286,474	\$ 28,200,960	\$ -	\$ -	\$37,487,434	\$ 35,432,338	\$ 34,144,771	\$ 33,143,374	\$ 32,305,840
Employee benefits	2,971,503	7,530,243	-	-	10,501,746	9,997,724	10,406,162	10,033,632	9,545,677
Purchased services	7,808,289	952,023	-	-	8,760,312	8,805,086	8,664,532	7,858,735	6,919,168
Supplies	7,727,765	-	-	-	7,727,765	7,960,311	6,839,512	6,466,883	6,407,217
Capital outlay	-	-	-	2,055,505	2,055,505	8,204,166	22,339,226	2,030,279	829,228
Principal	-	-	4,640,000	493,512	5,133,512	4,798,701	14,394,570	25,748,909	5,879,507
Interest and other charges	-	-	1,550,425	309,275	1,859,700	2,013,788	2,259,391	2,543,970	2,226,313
	<u>\$27,794,031</u>	<u>\$36,683,226</u>	<u>\$ 6,190,425</u>	<u>\$ 2,858,292</u>	<u>\$73,525,974</u>	<u>\$ 77,212,114</u>	<u>\$99,048,164</u>	<u>\$ 87,825,782</u>	<u>\$ 64,112,950</u>



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

RAYMORE-PECULIAR R-II SCHOOL DISTRICT
SELECTED TRENDS
FOR THE YEARS ENDED JUNE 30, 2015 THROUGH 2019

<u>General and Special Revenue Funds</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
Total Fund Balances	\$ 16,281,298	\$ 15,107,963	\$ 13,301,091	\$ 10,813,596	\$ 14,949,695
Total Expenditures	<u>55,177,901</u>	<u>57,502,624</u>	<u>60,054,977</u>	<u>621,195,459</u>	<u>64,477,257</u>
Reserve Ratio	29.51%	26.27%	22.15%	17.39%	23.19%
Average Daily Attendance	5,731.27	5,748.77	5,834.04	5,869.12	6,084.76



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

Page 45 – Paragraph #3

In our opinion, the administration's assertions that the District complied with the aforementioned requirements for the year ended June 30, 2019, are fairly stated in all material respects.

RAYMORE – PECULIAR R-II SCHOOL DISTRICT
SCHEDULE OF STATE FINDINGS
FOR THE YEAR ENDED JUNE 30, 2019

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None.

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

Page 47 – 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 PROGRAM AND REPORT ON INTERNAL
CONTROL OVER COMPLIANCE REQUIRED BY THE
UNIFORM GUIDANCE

Page 49 – Paragraph #5 & Page 50 – Paragraph #3

Page 49 – Paragraph #5

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 each of its major federal programs for the year ended June 30, 2019.

Page 50 – Paragraph #3

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.

RAYMORE-PECULIAR R-II SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2019

Page 51, excerpt

A. SUMMARY OF AUDITORS' RESULTS

Financial Statements

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, 2019

Page 51, cont.

B. FINDINGS - FINANCIAL STATEMENT AUDIT

None

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

None

Required Communications

BANK DEPOSITS - During our audit, we noted the District's bank deposit balances on June 30, 2019 at UMB exceeded FDIC coverage and pledged securities. All bank deposits in excess of FDIC insurance coverage should be adequately collateralized by securities held by a third party. We noted that on July 1, 2019, the bank increased pledged securities and the District's deposits at UMB became fully insured under the Dodd-Frank Wall Street Reform and Consumer Protection Act.

Auditee's Response: The collateral shortage was due to a transfer into the account of \$2,500,000 on June 30, 2019 that was not matched by an increase in collateral by the bank's treasury function until the next day's business. Procedures have been put in place to notify the bank's treasury department of all transfers into the operating account as they occur.

PAYROLL - During our audit, we analyzed the quarterly and annual payroll reports filed with the Internal Revenue Service. We noted the Social Security taxable wages reported on the quarterly Forms 941 did not reconcile to the Federal Form W-3. This amount should be reconciled when the Federal Form W-3 is filed to ensure accuracy. We recommend the District implement a review procedure to ensure accurate information is filed with the Internal Revenue Service.

Auditee's Response: The District's quarterly Forms 941 for calendar year 2018 were amended after filing the Federal Form W-3 due to a change in employee status that impacted Social Security payments in prior periods. However, the Federal Form W-3 was not amended accordingly. Procedures have been put in place to ensure Form W-3 is amended when necessary.

Required Communications

FOOD SERVICE VERIFICATION - During our audit, we noted two instances of noncompliance with USDA required eligibility verification procedure for free and reduced lunch program. We noted that in the two instances, the net pay amount had been used instead of the gross pay. We recommend that the District review its verification procedures and ensure that proper documentation is obtained to verify gross pay.

Auditee's Response: The District attempts to obtain required gross pay verification for all free and reduced lunch applications. However, some parents have difficulty obtaining the appropriate information from their employers or other sources. We will increase efforts to obtain the required gross pay verification.

Required Communications

ATTENDANCE - During our audit, we noted that the District's attendance information that is uploaded through MOSIS did not agree to the information in the District's attendance software. The Pre-K students information was not uploaded. As a result of our audit, Pre-K attendance was reported to DESE, resulting in additional state aid of approximately \$48,000. We recommend that the District implement a reconciliation and review process to ensure accurate and complete attendance information is reported to DESE.

Auditee's Response: The District was aware of its eligibility to claim Pre-K attendance and worked to identify the eligible students and maintain the necessary records throughout the 2018-2019 school year. The new reporting of this attendance in the Missouri Student Identification System (MOSIS) was not clear at the time attendance reports were produced for the audit, and the reports did not include the Pre-K attendance. We will modify our reconciliation and review process to ensure accurate and complete Pre-K attendance information is reported to DESE.