

**Jefferson C-123 School District
of Nodaway County, Missouri
Conception Junction, Missouri**

**Annual Financial Statements
And Accompanying Auditor's Report**

For the Year Ended June 30, 2020

Jefferson C-123 School District of Nodaway County, Missouri
Annual Financial Statements
And Accompanying Auditor’s Report
For the Year Ended June 30, 2020

Table of Contents

	Page
Section I: Financial Information	
Independent Auditor’s Report	1
Management’s Discussion and Analysis	4
Financial Statements:	
Government-Wide Financial Statements:	
Statement of Net Position – Modified Cash Basis	13
Statement of Activities – Modified Cash Basis	14
Fund Financial Statements:	
Governmental Funds Financial Statements:	
Statement of Assets, Liabilities and Fund Balances – Modified Cash Basis	15
Statement of Receipts, Disbursements, and Changes in Fund Balances – Modified Cash Basis	16
Notes to Financial Statements	17
Supplementary Information:	
Schedule of Receipts by Source – Modified Cash Basis	35
Schedule of Disbursements by Object - Modified Cash Basis	36
Other Information:	
Budgetary Comparison Schedules – Modified Cash Basis:	
General Fund	37
Special Revenue Fund	38
Debt Service Fund	39
Capital Projects Fund	40
Notes to the Budgetary Comparison Schedules	41

Jefferson C-123 School District of Nodaway County, Missouri
Annual Financial Statements
And Accompanying Auditor's Report
For the Year Ended June 30, 2020

Table of Contents

	Page
Section II: Other Reporting Required by <i>Government Auditing Standards</i>	
Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	42
Schedule of Findings and Responses	44
Section III: State Compliance Information	
Independent Practitioner's Report on Management's Assertion about Compliance with Specified Requirements of Missouri Laws and Regulations	45
Schedule of Selected Statistics	46

Section I

Financial Information

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Independent Auditor's Report

To the Board of Education
Jefferson C-123 School District of Nodaway County, Missouri
Conception Junction, Missouri

Report on the Financial Statements

We have audited the accompanying modified cash basis financial statements of the governmental activities and each major fund of Jefferson C-123 School District of Nodaway County, Missouri, as of and for the year ended June 30, 2020, and the related notes to financial statements, which collectively comprise the District's financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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 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 from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

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 Jefferson C-123 School District of Nodaway County, Missouri, as of June 30, 2020, and the respective changes in modified cash basis financial position for the year then ended in accordance with the modified cash basis of accounting described in Note 1.

Basis of Accounting

We draw attention to Note 1 of the financial statements, which describes the basis of accounting. The financial statements are prepared on a modified cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America. Our opinions are not modified with respect to this matter.

Supplementary Information and Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Jefferson C-123 School District of Nodaway County, Missouri's financial statements. Management's discussion and analysis, the budgetary comparison information, schedule of receipts by source-modified cash basis and schedule of disbursements by object-modified cash basis are presented for purposes of additional analysis and are not a required part of the financial statements.

The schedule of receipts by source-modified cash basis and schedule of disbursements by object-modified cash basis presented on pages 35-36 are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of receipts by source-modified cash basis and schedule of disbursements by object-modified cash basis are fairly stated, in all material respects, in relation to the financial statements as a whole on the basis of accounting described in Note 1.

Management's discussion and analysis and the budgetary comparison information presented on pages 4-12 and 37-41, respectively, which are the responsibility of management, have not been subjected to the auditing procedures applied in the audit of the financial statements, and accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 9, 2020, on our consideration of Jefferson C-123 School District of Nodaway County, Missouri'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 solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Jefferson C-123 School District of Nodaway County, Missouri's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Jefferson C-123 School District of Nodaway County, Missouri's internal control over financial reporting and compliance.

Marsh, Espey & Merrill, P.C.

Maryville, Missouri
December 9, 2020

MANAGEMENT DISCUSSION AND ANALYSIS

The discussion and analysis of the District's financial performance provides an overview of the District's financial activity during the fiscal year ended June 30, 2020. Please read it in conjunction with the District's financial statements, notes to financial statements, and supplementary and other information which immediately follow this section.

Financial Highlights

- * The total fund balances arising from cash transactions were \$1,478,948 at June 30, 2020. This was an increase of \$51,273 from the prior fiscal year. The district returned to a normal budget year following the completion of the Gym Building Project. The COVID-19 pandemic struck during the spring of the 2019-20 School Year. While this did negatively impact revenue received from the state, the district's operating costs were significantly reduced. School was closed the middle of March and remained closed for the remainder of the year. By closing the school, operating costs were reduced as bus routes weren't ran, meals were significantly reduced, buildings were not heated and cooled at normal levels, career ladder hours were not able to be completed, etc. The district did not complete any facilities improvements that were included in the budget.
- * Total receipts were \$2,350,916, down \$77,868 from the prior year. The largest reduction came from state withholdings due to the COVID-19 pandemic. The June state payment was reduced by \$42,616. During the previous year the district had received a \$25,000 donation from the Jefferson Foundation. These two amounts account for the majority of the reduction in revenue.
- * Total disbursements decreased \$194,803 from the prior year. During the previous year, the district spent approximately \$95,000 on construction costs. The district also purchased a bus for \$78,000 during the previous school year. These two amounts account for the majority of the decrease in disbursements.

Overview of the Financial Statements

This section of the annual financial report consists of four parts:15

- * Management's discussion and analysis (this section),
- * Financial statements (District-wide and fund financial statements), including notes to financial statements
- * Supplementary information, and
- * Other information

The financial statements consist of two different kinds of statements that present different views of the District's financial activities.

- * District-wide financial statements – provide both short-term and long-term information about the District's overall financial status. The district-wide statements include the Statement of Net Position and Statement of Activities.
- * Fund financial statements – focus on *individual funds* of the District and report the District's operations in more detail than the District-wide statements.

The financial statements also include notes that explain some of the information in the financial statements and also provide more detailed data. The statements are followed by a section of supplementary information and other information that further explains and supports the financial statements.

The major features of the District’s financial statements are shown in Table MDA – 1 below:

Table MDA-1		
Major Features of the District-Wide and Fund Financial Statements		
	District-Wide Statements	Fund Financial Statements
		Governmental Funds
Scope	Entire district	The activities of the District that are not proprietary or fiduciary, such as special education and building maintenance
Required Financial Statements	Statement of net position Statement of activities	Statement of assets, liabilities and fund balances Statement of receipts, disbursements and changes in fund balances
Accounting basis and measurement focus	Modified cash basis of accounting and economic resources focus	Modified cash basis of accounting and current financial resources focus

District-wide Statements

District-wide statements report information about the District as a whole using accounting methods similar to those used by private-sector companies. The two district-wide statements report the District’s *net position* and how they have changed. Net position (the difference between the District’s assets and liabilities) is one way to measure the District’s overall financial position.

- * Over time, increases or decreases in the District’s net position are an indicator of whether its financial position is improving or deteriorating, respectively.
- * To assess the District’s overall financial position, additional non-financial indicators, such as changes in the District’s property tax base and the condition of its school buildings and other facilities, should be considered.

In the district-wide financial statements, the District’s activities are categorized as *Governmental activities*.

Governmental activities – all of the District’s basic services are included here, such as regular and special education, support services including operation of plant, pupil transportation, food service operations, and administration. These activities are primarily financed by property taxes, sales tax, State formula aid and grants.

Fund Financial Statement

The fund financial statements provide more detailed information about the District's funds, focusing on its most significant or major funds, not the District as a whole. Funds are accounting devices the District uses to keep track of specific sources of funding and spending on particular programs. All funds are required by state law and by bond covenants.

Governmental funds: All of the Districts services are included in governmental funds which generally focus on (1) how cash and other financial assets that can readily be converted to cash flow in and out and (2) the balance left at year end that is available for spending. Consequently, the governmental funds statements provide a detailed short-term view that helps determine whether there are more or fewer financial resources that can be spent in the near future to finance the District's programs.

Financial Analysis of the District as a Whole

The net position of the District is summarized as follows in Table MDA-2

Table MDA - 2		
Net Position		
	Governmental Activities	
	2020	2019
Cash and cash equivalents - pooled	\$ 1,345,108	\$ 1,329,776
Restricted assets:		
Cash - nonpooled	60,694	68,579
Cash - pooled	24,776	15,669
Cash equivalents held by fiscal agent	48,370	48,654
Total assets	<u>\$ 1,478,948</u>	<u>\$ 1,462,678</u>
Checks written in excess of cash balances	-	35,003
Total liabilities	-	35,003
Net position		
Restricted for:		
Debt service	108,742	116,915
Student activity funds	24,776	15,669
Unrestricted	<u>1,345,430</u>	<u>1,295,091</u>
Total net position	<u>\$ 1,478,948</u>	<u>\$ 1,427,675</u>

The District's total net position was \$1,478,948 as of June 30, 2020. The unrestricted net position consists of Capital Projects fund balance of \$314,696 and General Fund balance of \$1,030,734, of which \$98,905 is assigned to next year's appropriations. Total net position increased by \$51,273 from the prior year.

Governmental Activities

The financial activities of the District for the year ended June 30, 2020 are compared with the change in net position from the year ended June 30, 2019 in Table MDA-3 below:

Table MDA - 3						
Change in Net Position						
Functions	2020			2019		
	Disbursements	Program Receipts	Net Disbursements	Disbursements	Program Receipts	Net Disbursements
Regular instruction	\$ 937,112	\$ 29,452	\$ 907,660	\$ 942,074	\$ 25,059	\$ 917,015
Special education instruction	86,430	26,540	59,890	77,916	25,764	52,152
Career education	59,331	5,083	54,248	62,496	4,473	58,023
Student activities	188,696	123,634	65,062	197,690	124,303	73,387
Other instruction	62,351	31,455	30,896	62,523	34,329	28,194
Student services	69,507	2,612	66,895	73,257	3,075	70,182
Instructional staff support	26,936	10,829	16,107	35,764	8,477	27,287
Building administration	146,402	-	146,402	144,484	-	144,484
General administration	249,758	1,811	247,947	233,223	4,690	228,533
Operation of plant	164,277	-	164,277	157,531	325	157,206
Transportation	70,153	9,471	60,682	157,543	30,508	127,035
Food services	71,762	66,326	5,436	83,005	78,248	4,757
Early childhood	44,990	13,216	31,774	39,714	17,547	22,167
Facilities acquisition and construction	-	-	-	100,865	25,500	75,365
Principal	65,000	-	65,000	68,708	-	68,708
Interest and other fees	56,938	-	56,938	57,653	-	57,653
Total governmental activities	<u>\$ 2,299,643</u>	<u>\$ 320,429</u>	<u>1,979,214</u>	<u>\$ 2,494,446</u>	<u>\$ 382,298</u>	<u>2,112,148</u>
General receipts:						
Taxes:						
Property			893,508			879,642
School District Trust Fund (Prop C)			121,212			116,884
Surtax			7,983			7,958
In lieu of			343			343
Fines, escheats, etc.			6,370			6,202
State assessed utilities			73,584			64,084
Basic formula - state monies			799,335			832,141
Basic formula - classroom trust fund			38,626			48,104
Small schools grant			61,473			60,472
Earnings on temporary deposits			21,377			29,545
Sale of property			755			-
Other			5,921			1,111
Total general receipts			<u>2,030,487</u>			<u>2,046,486</u>
Change in net position			51,273			(65,662)
Net position, beginning of year			<u>1,427,675</u>			<u>1,493,337</u>
Net position, end of year			<u>\$ 1,478,948</u>			<u>\$ 1,427,675</u>

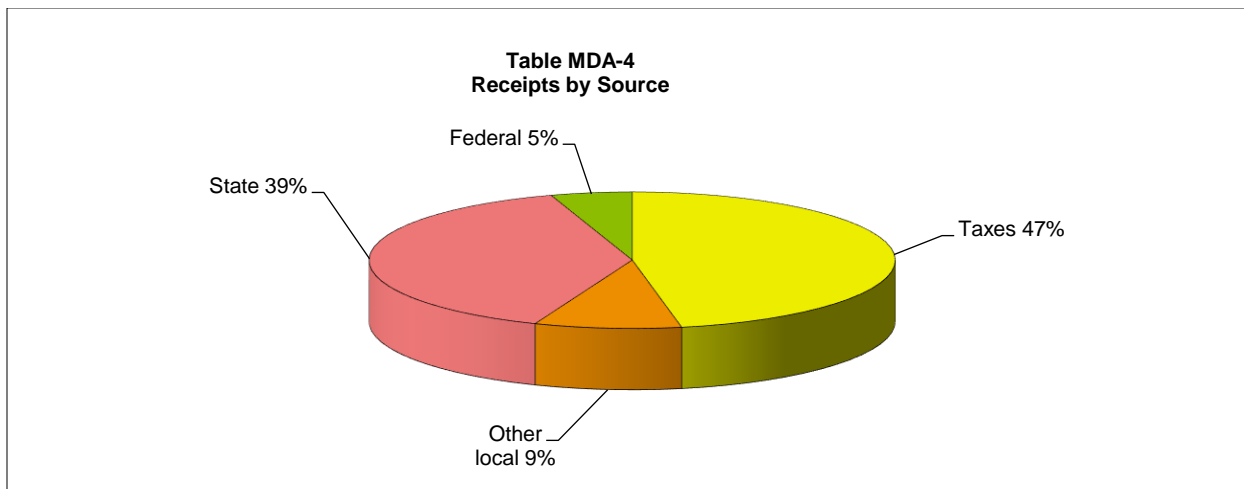
The District's net position increased \$51,273 for the year:

Expenditures were down \$194,803. The decrease in expenditures was due to reduced construction costs as the gym project was primarily completed. The district also purchased a bus for \$78,000 during the previous school year. These two amounts account for the majority of the decrease in disbursements.

Total receipts decreased \$77,868. The largest reduction came from two areas. In June, the State withheld funding due to the COVID-19 pandemic. The June state payment was reduced by \$42,616. During the previous year the district had received a \$25,000 donation from the Jefferson Foundation. These two amounts account for the majority of the reduction in revenue.

Jefferson C-123 School primarily relies on local property taxes, sales tax, state aid, and federal and state grant programs for funding its governmental activities. In 2019-2020, 39% came from state programs, 56% from local property taxes, sales tax, county taxes and fines and other local receipts, and 5% coming from federal programs.

See Table MDA-4 below:

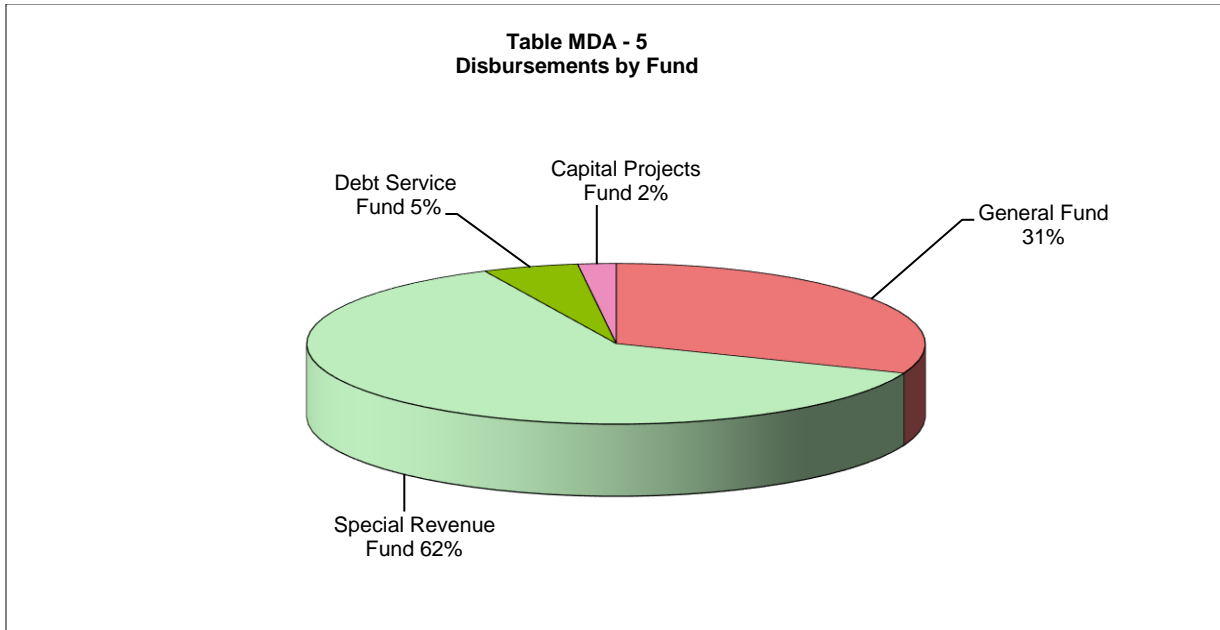


Program specific receipts consist of: receipts for services of \$173,276; operating grants and contributions of \$147,153; and capital grants of \$0.

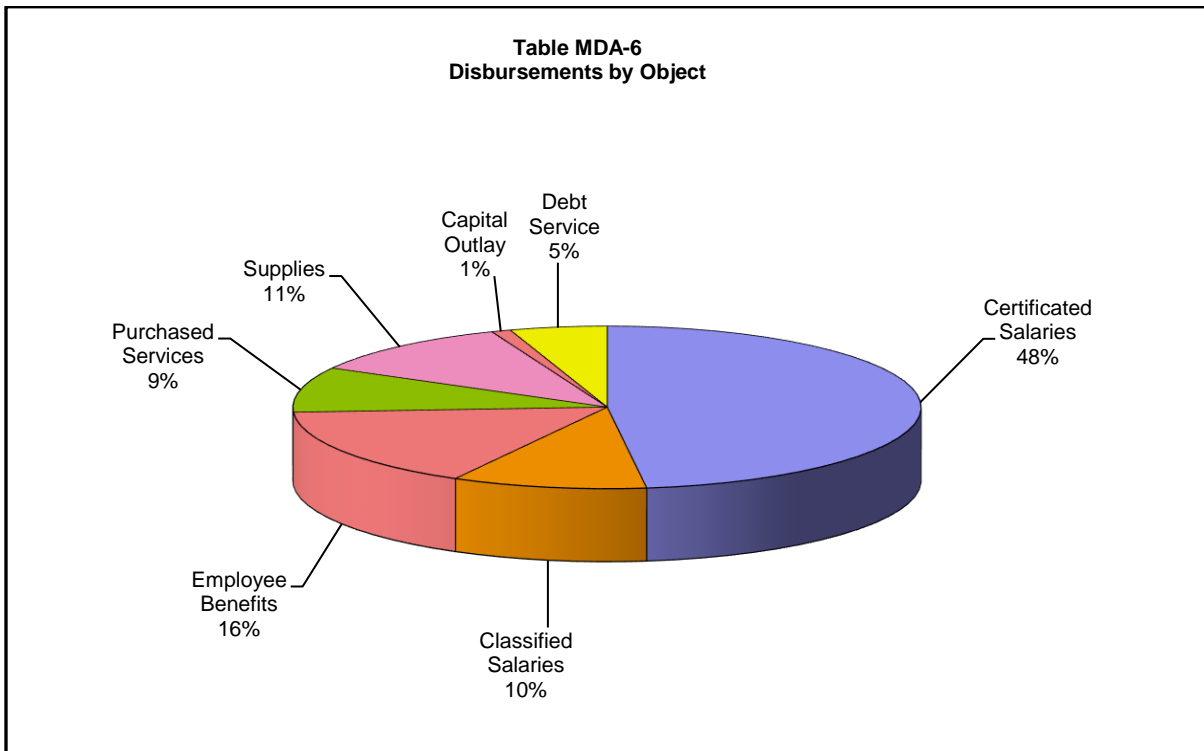
The District's major governmental activities include: instruction, instruction support, and administration.

* The cost for all governmental activities for the year decreased to \$2,299,643 from \$2,494,446. All costs were financed by receipts generated by governmental activities.

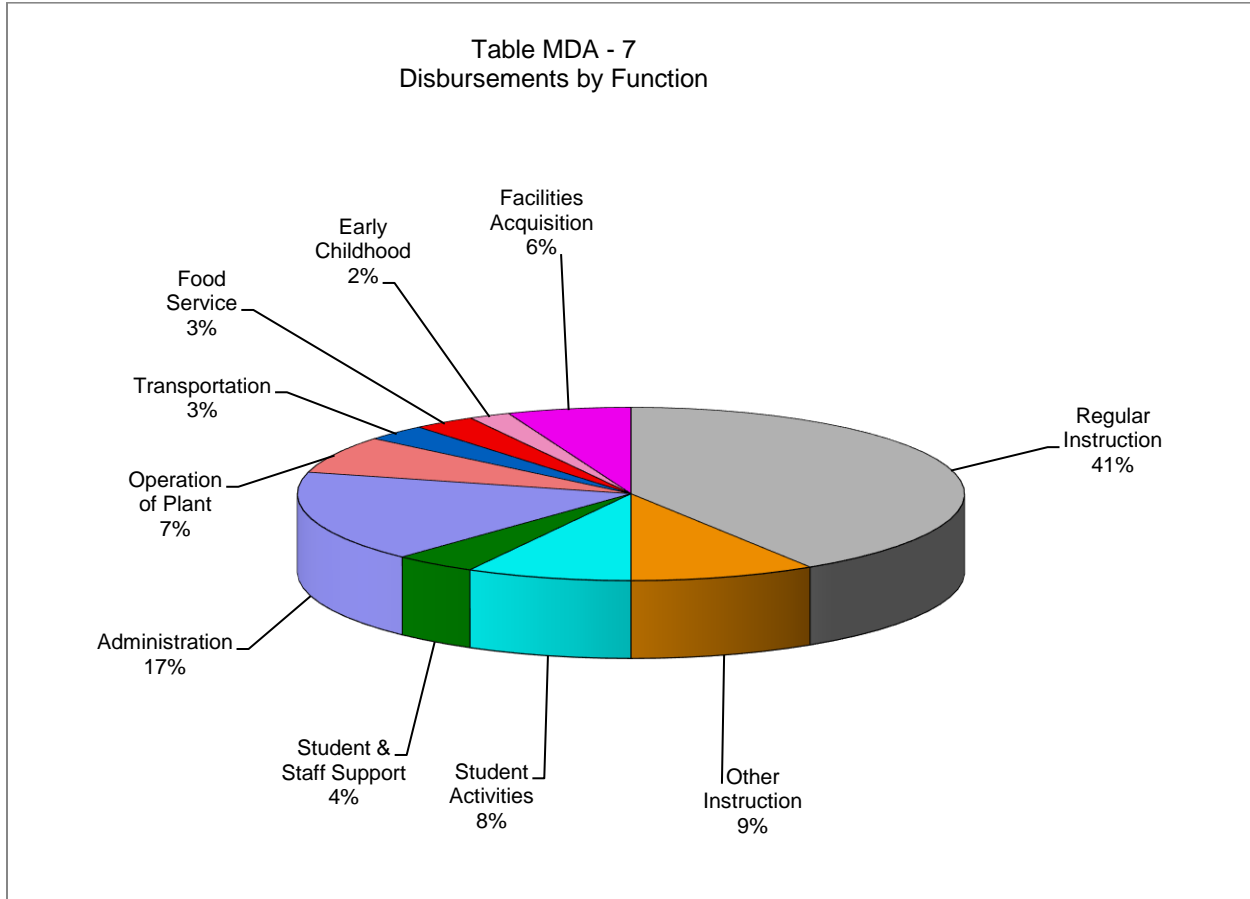
See Table MDA-5 below for disbursements by fund.



See Table MDA-6 below for disbursements by object.



See Table MDA-7 for disbursements by function.



Financial Analysis of the District's Funds

At June 30, 2020 the District's governmental funds reported combined fund balances of \$1,478,948 which is an increase of \$51,273 from last year's ending fund balances of \$1,427,675. The District's budget projected a deficit of \$198,604. Conservative revenue estimates were used in budget development. The district had budgeted capital projects expenses that were not incurred.

The district continues to make payments on the Series 2016 General Obligation Bonds. The district ended the year with a \$108,742 balance in the debt service fund.

The district made interest payments in the amount of \$56,938 and a principal payment in the amount of \$65,000.

The general (incidental) fund ended the year with an increase in carryover of \$87,151. Revenues were \$92,036 more than budgeted. Expenditures were \$157,841 less than budgeted.

General Fund Budgetary Highlights

There were no budget amendments. The district did approve spending one half of one percent on professional development. This reduction in professional development expenditures was mainly due to the COVID-19 Pandemic and not being able to participate in professional development activities in the spring. General fund receipts were \$88,104 lower than budgeted. The reduction in state payment was primarily responsible for this amount being lower. Overall expenditures were \$157,840 lower than budgeted. The teachers' fund receipts were over budget by \$11,128 and expenditures were under the budgeted amount by \$21,058.

Capital Assets and Debt Administration

Capital Assets

The District operates on a modified cash basis of accounting; therefore, capital asset purchases are recorded as an expenditure. Capital assets and depreciation are not recognized in the financial statements. The buildings, land, and equipment are kept clean and well maintained.

The District Capital Project fund (Fund 4) decreased its fund balance by \$27,704. Fund 4 receipts were under budget by \$39,350 and expenditures were under budget by \$48,646. Fund 4 receipts were down as receipts from Classroom Trust Fund were placed in the general fund instead of Fund 4 as in the past. As the district does not have any large foreseeable capital expense, efforts will be made to reduce the carryover in Fund 4.

Debt

At June 30, 2020, the District had \$1,405,000 of Series 2016 General Obligation Bonds. The District's constitutional debt limit for outstanding general obligation bonds is \$2,171,936. See Note 2.B of the notes to financial statements for a more detailed description of transactions and other details for the District's long-term debt.

Economic Factors and Next Year's Budget

Budget highlights include:

- The district operating levy increased by \$0.0059. The increase in the tax levy was due to another drop in assessed valuation. The district's assessed valuation dropped by \$20,391.
- The debt service levy of 75 cents remains and will remain for several years as the bonds are paid back. The district will have a chance, for the first time, to refinance the bonds in December. Interest rates remain low and the potential refinancing of the bonds could save the district a significant amount.
- Total receipts are projected to decrease by \$32,894.
- Current tax receipts are budgeted to remain similar to the previous year.
- This year's federal receipts are projected to remain similar. The district again received \$10,000 in Title IV funding. Federal funding continues to slightly decline.

- The COVID-19 pandemic continues at the start of the 2020-21 budget year. July's state payment was reduced significantly. Overall state funding is projected to be at 95% of what we are supposed to receive. Hold-harmless schools are supposed to receive 100% funding according to state law. This statute was waived due to the governor declaring a state of emergency.
- The District plans to transfer \$215,000 from Fund 4 to Fund 1. This normally is not possible unless the district is financially stressed. This statute was waived to allow this transfer as part of the governor's decree of a state of emergency. This will allow those funds more flexibility in use.
- Raises of approximately 3.8% were given to certified staff and the retirement percentage remained the same for both certified and non-certified staff members. Non-certified staff members received an increase of 2%. The board paid insurance benefit remains at \$470 per month.
- The Superintendent's position was moved to half time. The high school principal's salary, as well as the superintendent's secretary's position were given significant raises as their duties will increase. The certified staff and non-certified staff raises took into account the savings the district will incur due to the reduction in the superintendent's position.
- The board will continue to support the career ladder program with local funds. At one time, the state funded a portion of this program.
- Jefferson continues to upgrade technology equipment and maintain wireless access throughout the building. The goal of a 1-1 device to student ratio has been realized. An instructional technology position continues to be maintained to help teachers implement technology and provide professional development. The next round of e-rate funding will open next year. This will provide funding for the District to maintain and upgrade our technology connections.

Contacting the District's Financial Management

The financial report is designed to provide the District's citizens, taxpayers, customers, and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the money it receives. Questions concerning any of the information provided in this report or requests for additional information should be directed to: Tim Jermain, Office of the Superintendent, Jefferson C-123 Schools, 37614 US Highway 136, Conception Junction, Missouri, 64434, phone: 660-944-2316, email: timjermain@jc123.k12.mo.us.

Government-Wide Financial Statements

Jefferson C-123 School District of Nodaway County, Missouri
Statement of Net Position - Modified Cash Basis
June 30, 2020

	Governmental Activities
Assets	
Cash - pooled	\$ 0.00
Cash equivalents - pooled	1,345,107.98
Restricted assets:	
Cash - nonpooled	60,694.00
Cash - pooled	24,775.77
Cash equivalents held by fiscal agent	48,370.02
 Total assets	 1,478,947.77
Net Position	
Restricted for:	
Student activities	24,775.77
Debt service - taxes levied to retire debt	108,742.12
Unrestricted	1,345,429.88
 Total net position	 \$ 1,478,947.77

See accompanying notes to financial statements.

Jefferson C-123 School District of Nodaway County, Missouri
Statement of Activities - Modified Cash Basis
For the Year Ended June 30, 2020

Functions	Disbursements	Program Receipts			Net (Disbursements)
		Receipts for Services	Operating Grants and Contributions	Capital Grants and Contributions	Receipts and Changes in Net Position
Regular instruction	\$ 937,111.70	\$ 4,000.00	\$ 25,452.00	\$	\$ (907,659.70)
Special education instruction	86,429.87		26,539.69		(59,890.18)
Career education programs	59,331.05		5,082.65		(54,248.40)
Student activities	188,695.68	123,379.05	255.25		(65,061.38)
Other instruction	62,350.63		31,455.41		(30,895.22)
Student services support	69,507.31		2,612.18		(66,895.13)
Instructional staff support	26,936.46		10,829.31		(16,107.15)
Building administration	146,402.55				(146,402.55)
General administration	249,758.22		1,811.25		(247,946.97)
Operation of plant	164,276.62				(164,276.62)
Transportation	70,153.27		9,471.00		(60,682.27)
Food service	71,761.69	38,555.29	27,770.63		(5,435.77)
Early Childhood Program	44,990.44	7,341.73	5,874.11		(31,774.60)
Principal	65,000.00				(65,000.00)
Interest and fees	56,938.00				(56,938.00)
Total governmental activities	\$ 2,299,643.49	\$ 173,276.07	\$ 147,153.48	\$ -	(1,979,213.94)
General receipts:					
Taxes:					
Property					893,508.19
School district trust fund (Proposition C)					121,212.20
M&M surtax					7,983.34
In lieu of					343.48
Fines, escheats, etc.					6,369.93
State assessed utilities					73,583.55
Total taxes					1,103,000.69
Basic formula - state monies					799,334.92
Basic formula - classroom trust fund					38,625.96
Small schools grant					61,473.00
Earnings on temporary deposits					21,376.72
Sale of property					755.00
Other					5,920.56
Total general receipts					2,030,486.85
Change in net position					51,272.91
Net position, beginning of year					1,427,674.86
Net position, end of year					\$ 1,478,947.77

See accompanying notes to financial statements.

**Fund Financial Statements –
Governmental Funds**

Jefferson C-123 School District of Nodaway County, Missouri
Statement of Assets, Liabilities and Fund Balances - Modified Cash Basis
All Governmental Funds
June 30, 2020

	General Fund	Special Revenue Fund	Debt Service Fund	Capital Projects Fund	Total Governmental Funds
Assets					
Cash - pooled	\$ 0.00	\$ -	\$ -	\$ -	\$ 0.00
Cash equivalents - pooled	1,030,411.86	-	-	314,696.12	1,345,107.98
Restricted assets:					
Cash - nonpooled	-	-	60,694.00	-	60,694.00
Cash - pooled	24,775.77	-	-	-	24,775.77
Cash equivalents held by fiscal agent	-	-	48,370.02	-	48,370.02
Due from other funds	321.90	-	-	-	321.90
 Total assets	<u>1,055,509.53</u>	<u>-</u>	<u>109,064.02</u>	<u>314,696.12</u>	<u>1,479,269.67</u>
 Liabilities and Fund Balances					
Liabilities:					
Due to other funds	-	-	321.90	-	321.90
 Total liabilities	<u>-</u>	<u>-</u>	<u>321.90</u>	<u>-</u>	<u>321.90</u>
 Fund Balances					
Restricted for:					
Student activities	24,775.77	-	-	-	24,775.77
Debt service - taxes levied to retire debt	-	-	108,742.12	-	108,742.12
Assigned to:					
Capital projects	-	-	-	314,696.12	314,696.12
Appropriations	98,905.00	-	-	-	98,905.00
Unassigned	931,828.76	-	-	-	931,828.76
 Total fund balances	<u>1,055,509.53</u>	<u>-</u>	<u>108,742.12</u>	<u>314,696.12</u>	<u>1,478,947.77</u>
 Total liabilities and fund balances	<u>\$ 1,055,509.53</u>	<u>\$ -</u>	<u>\$ 109,064.02</u>	<u>\$ 314,696.12</u>	<u>\$ 1,479,269.67</u>

See accompanying notes to financial statements.

Jefferson C-123 School District of Nodaway County, Missouri
Statement of Receipts, Disbursements and Changes in
Fund Balances - Modified Cash Basis - Governmental Funds
For the Year Ended June 30, 2020

	General Fund	Special Revenue Fund	Debt Service Fund	Capital Projects Fund	Total Governmental Funds
Receipts					
Local	\$ 976,761.35	\$ 132,553.93	\$ 105,730.84	\$ 11,281.68	\$ 1,226,327.80
County	65,549.76	6,369.93	8,033.79	-	79,953.48
State	81,095.08	847,531.94	-	-	928,627.02
Federal	38,539.81	76,713.29	-	-	115,253.10
Other	755.00	-	-	-	755.00
Total receipts	<u>1,162,701.00</u>	<u>1,063,169.09</u>	<u>113,764.63</u>	<u>11,281.68</u>	<u>2,350,916.40</u>
Disbursements					
Current:					
Instruction:					
Regular instruction	39,981.93	881,380.77	-	15,749.00	937,111.70
Special education instruction	38,520.93	47,908.94	-	-	86,429.87
Career education programs	84.88	59,246.17	-	-	59,331.05
Student activities	130,913.28	43,482.40	-	14,300.00	188,695.68
Other instruction	13,065.01	49,285.62	-	-	62,350.63
Student services support	14,810.11	54,697.20	-	-	69,507.31
Instructional staff support	8,451.24	18,485.22	-	-	26,936.46
Building administration	39,770.18	106,632.37	-	-	146,402.55
General administration	135,924.87	113,833.35	-	-	249,758.22
Operation of plant	159,971.62	-	-	4,305.00	164,276.62
Transportation	65,929.97	4,223.30	-	-	70,153.27
Food service	71,261.69	-	-	500.00	71,761.69
Early Childhood	225.00	44,765.44	-	-	44,990.44
Debt service:					
Principal	-	-	65,000.00	-	65,000.00
Interest and fees	-	-	56,938.00	-	56,938.00
Total disbursements	<u>718,910.71</u>	<u>1,423,940.78</u>	<u>121,938.00</u>	<u>34,854.00</u>	<u>2,299,643.49</u>
Excess (deficit) of receipts over disbursements	<u>443,790.29</u>	<u>(360,771.69)</u>	<u>(8,173.37)</u>	<u>(23,572.32)</u>	<u>51,272.91</u>
Other financing sources (uses)					
Operating transfers in	4,131.68	360,771.69	-	-	364,903.37
Operating transfers out	<u>(360,771.69)</u>	<u>-</u>	<u>-</u>	<u>(4,131.68)</u>	<u>(364,903.37)</u>
Total other financing sources (uses)	<u>(356,640.01)</u>	<u>360,771.69</u>	<u>-</u>	<u>(4,131.68)</u>	<u>-</u>
Net change in fund balances	87,150.28	-	(8,173.37)	(27,704.00)	51,272.91
Fund balances, beginning of year	<u>968,359.25</u>	<u>-</u>	<u>116,915.49</u>	<u>342,400.12</u>	<u>1,427,674.86</u>
Fund balances, end of year	<u>\$ 1,055,509.53</u>	<u>\$ -</u>	<u>\$ 108,742.12</u>	<u>\$ 314,696.12</u>	<u>\$ 1,478,947.77</u>

See accompanying notes to financial statements.

Jefferson C-123 School District of Nodaway County, Missouri
Notes to Financial Statements
June 30, 2020

Note 1. Summary of Significant Accounting Policies

As discussed further in Note 1.C, these financial statements are presented in accordance with a modified cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America (GAAP) established by the Governmental Accounting Standards Board (GASB). These modified cash basis financial statements generally meet the presentation and disclosure requirements applicable to GAAP, in substance, but are limited to the elements presented in the financial statements and the constraints of the measurement and recognition criteria of this modified cash basis of accounting.

1.A. Financial Reporting Entity

The District's financial reporting entity comprises the following:

Primary Government: Jefferson C-123 School District of Nodaway County, Missouri

Blended Component Units: None

Discretely Presented Component Units: None

Primary Government

Jefferson C-123 School District of Nodaway County, Missouri (the District) was established under the Statutes of the State of Missouri. The District operates as a "seven director" district as described in Revised Statutes of Missouri (RSMo), Chapter 162.

1.B. Basis of Presentation

Government-wide Financial Statements

The Statement of Net Position and Statement of Activities display information about the reporting government as a whole within the limitations of this modified cash basis of accounting. They include all funds of the reporting entity except for fiduciary funds. Governmental activities generally are financed through taxes, intergovernmental receipts, and other nonexchange transactions.

Fund Financial Statements

Fund financial statements of the reporting entity are organized into funds, each of which is considered to be a separate accounting entity. Each fund is accounted for by providing a separate set of self-balancing accounts that constitutes its assets, liabilities, net position or fund balance, receipts, and disbursements. The District's funds are organized into the governmental activities category. The District presently has no proprietary or fiduciary funds. An emphasis is placed on major funds within the governmental category.

All four of the District's governmental funds are considered "major funds" since state law established these funds and certain restrictions on the transfers between them require the Missouri Department of Elementary and Secondary Education to obtain financial data on each fund.

Jefferson C-123 School District of Nodaway County, Missouri
Notes to Financial Statements
June 30, 2020

Note 1. Summary of Significant Accounting Policies (continued)

1.B. Basis of Presentation (continued)

The governmental funds of the financial reporting entity are described subsequently:

General Fund – Accounts for and reports general activities of the District, including student activities and food service, which are not required to be accounted for and reported in another fund.

Special Revenue Funds – Account for and report the proceeds of specific revenue sources that are either restricted or committed to expenditures for specified purposes other than debt service or capital projects. The District’s only special revenue fund is the Teachers’ Fund.

Teachers’ Fund – accounts for the proceeds of moneys derived from the County School Fund; taxation for teachers’ wages; school district trust fund (Prop C), federal grants, and state moneys received under RSMo section 163.031 that are legally restricted to expenditures for the purpose of teachers’ salaries and benefits and tuition payments to other districts or private agencies.

Debt Service Fund – accounts for and reports the proceeds of property taxes and other receipts restricted, committed, or assigned for the retirement of principal and interest on the District’s long-term debt.

Capital Projects Fund – Accounts for and reports the proceeds of long-term debt, taxes and other receipts restricted, committed, or assigned for capital outlays, including the acquisition or construction of major capital assets or other capital items.

1.C. Measurement Focus and Basis of Accounting

Measurement focus is a term used to describe what transactions or other events are recorded within the various financial statements. Basis of accounting refers to when and how transactions or other events are recorded, regardless of the measurement focus applied.

Measurement Focus

In the government-wide Statement of Net Position and Statement of Activities, governmental activities are presented using the economic resources measurement focus. The accounting objectives of this measurement focus are the determination of operating income, changes in net position (or cost recovery), net financial position, and cash flows. All assets, deferred outflows of resources, liabilities, and deferred inflows of resources (whether current or noncurrent or financial or nonfinancial) associated with their activities are generally reported, within the limitations of the modified cash basis.

Jefferson C-123 School District of Nodaway County, Missouri
Notes to Financial Statements
June 30, 2020

Note 1. Summary of Significant Accounting Policies (continued)

1.C. Measurement Focus and Basis of Accounting (continued)

Measurement Focus (continued)

In the fund financial statements, the current financial resources measurement focus or the economic resources measurement focus, as applied to this modified cash basis of accounting, is used as appropriate. All governmental funds utilize a current financial resources measurement focus within the limitations of the modified cash basis of accounting. Only current financial assets and liabilities are generally included on their statements of assets and fund balances. Their operating statements present sources and uses of available spendable financial resources during a given period. These funds use fund balance as their measure of available spendable financial resources at the end of the period.

Basis of Accounting

The financial statements are presented in accordance with a modified cash basis of accounting, which is a basis of accounting other than GAAP as established by GASB. This basis of accounting involves modifications to the cash basis of accounting to report in the statements of net position or statement of assets and fund balances cash transactions or other events that provide a benefit or result in an obligation that covers a period greater than the period in which the cash transaction or other event occurred. Such reported balances include nonnegotiable certificates of deposit, investments, and interfund receivables and payables arising from cash transactions or other events.

This modified cash basis of accounting differs from GAAP primarily because certain assets and their related revenues (such as accounts receivable and revenue for billed or provided services not yet collected and other accrued revenue and receivables, inventory, and capital assets) and certain liabilities and their related expenses or expenditures (such as accounts payable and expenses for goods or services received but not yet paid and other accrued expenses and liabilities and long-term debt) are *not recorded* in these financial statements. In addition, other economic assets, deferred outflows of resources, liabilities, and deferred inflows of resources that do not arise from a cash transaction or other event (such as postemployment benefit obligations) are not reported, and the measurement of reported assets and liabilities does not involve adjustment to fair value.

If the District utilized the basis of accounting recognized as generally accepted in the United States of America, the fund financial statements for governmental funds would use the modified accrual basis of accounting. All government-wide financial statements would be presented in accordance with the accrual basis of accounting.

Jefferson C-123 School District of Nodaway County, Missouri
Notes to Financial Statements
June 30, 2020

Note 1. Summary of Significant Accounting Policies (continued)

1.D. Financial Position

Cash – includes currency, checks on hand, and deposit accounts (demand, savings and money market).

Cash Equivalents – For the purpose of financial reporting, cash equivalents includes nonnegotiable certificates of deposit or short-term investments with an original maturity of three months or less. Investments in open-ended mutual fund shares are also considered cash equivalents.

Pooled Cash and Cash Equivalents – The District maintains pooled cash and investment accounts that are available to all funds with the exception of the Debt Service Fund, which is kept in separate bank and investment accounts. Earnings received are allocated to the contributing funds based on cash and investment balances. When a fund overdraws its share of pooled cash, the overdraft is reported as an interfund payable in that fund.

Restricted Assets – assets are reported as restricted when limitations on their use change the nature or normal understanding of the availability of the asset. Such constraints are either externally imposed by creditors, grantors, contributors, or laws or regulations of other governments, or imposed by law through constitutional provisions or enabling legislation. The amounts reported as restricted assets comprise amounts set aside for debt service payments and student activities.

Compensated Absences – Vacation time, personal business days, and sick leave are considered as disbursements in the year paid and are *not reported* as a liability in the government-wide or fund financial statements. The District's policy allows employees to earn eight to ten sick days annually. The maximum accumulation is fifty days for non-certificated employees and sixty days for certificated employees. The sick leave vests and is payable to employees upon termination.

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

Net Position/Fund Balance Classifications

Government-Wide Financial Statements

Net position is classified and displayed in two components:

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

Jefferson C-123 School District of Nodaway County, Missouri
Notes to Financial Statements
June 30, 2020

Note 1. Summary of Significant Accounting Policies (continued)

1.D. Financial Position (continued)

Net Position/Fund Balance Classifications (continued)

Government-Wide Financial Statements (continued)

Unrestricted – consists of all other net position that does not meet the “restricted” definition.

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

Fund Financial Statements

The difference among assets and liabilities of governmental funds is reported as fund balance and classified as nonspendable, restricted, committed, assigned, and unassigned based on the respective level of constraint. These constraints are defined as follows:

Nonspendable – amounts that cannot be spent because they are either not in spendable form or are legally or contractually required to be maintained intact.

Restricted – amounts constrained regarding use from restrictions externally imposed by creditors (such as through a debt covenant), grantors, contributors, or laws or regulations of other governments, or by restrictions imposed by law through constitutional provisions or enabling legislation.

Committed – amounts constrained regarding use for specific purposes pursuant to requirements imposed by formal action (resolution) of the Board of Education, the District’s highest level of decision-making authority. These amounts cannot be used for any other purpose unless the Board of Education removes or changes the specified use by taking the same type of action that was employed when the funds were initially committed. This classification also includes contractual obligations to the extent that existing resources have been specifically committed for use in satisfying those contractual requirements. The Board of Education has not taken formal action that commits fund balance to a specific purpose prior to the end of the reporting period.

Assigned – amounts constrained by the District’s intent to be used for specific purposes but that are neither restricted nor committed. This intent can be expressed by the Board of Education or through the Board of Education delegating this responsibility to the District administrator through the budgetary process. This classification also includes the remaining positive fund balance for all governmental funds except for the General Fund.

Jefferson C-123 School District of Nodaway County, Missouri
Notes to Financial Statements
June 30, 2020

Note 1. Summary of Significant Accounting Policies (continued)

1.D. Financial Position (continued)

Net Position/Fund Balance Classifications (continued)

Fund Financial Statements (continued)

Unassigned – This classification includes the residual fund balance for the General Fund. The “unassigned” classification also includes negative residual fund balance of any other governmental fund that cannot be eliminated by offsetting of “assigned” fund balance amounts.

It is the District’s policy to first use restricted fund balances prior to the use of unrestricted fund balances when a disbursement is made for purposes for which both restricted and unrestricted fund balances are available. It is also District policy to use committed fund balances before assigned fund balances and assigned fund balances before unassigned amounts when a disbursement is made for purposes for which amounts in those classifications are available to be used, unless the Board of Education has provided otherwise in its commitment or assignment actions.

The District has no formal minimum fund balance policies or any formal stabilization arrangements in place.

1.E. Receipts and Disbursements

Program Receipts

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

Instruction	Tuition; student activities receipts; gifts; early childhood special education and career education state aid; contributions; operating and capital grants from Missouri Department of Elementary and Secondary Education (DESE); and receipts from other sources
Support services	Food service receipts; transportation state aid; operating and capital grants from DESE; and receipts from other sources
Early childhood Program	Charges for preschool tuition; operating and capital grants from DESE
Facilities acquisition and construction	Operating and capital grants from DESE; and receipts from other sources

Jefferson C-123 School District of Nodaway County, Missouri
Notes to Financial Statements
June 30, 2020

Note 1. Summary of Significant Accounting Policies (continued)

1.E. Receipts and Disbursements (continued)

Program Receipts (continued)

All other governmental receipts are reported as general receipts and include property and other taxes, basic formula–state aid, basic formula–classroom trust fund, small schools grant, earnings on investments, unrestricted contributions, proceeds from issuance of long-term debt for acquisition and construction of facilities, and all other local receipts not classified as program receipts. All taxes are classified as general receipts even if restricted for a specific purpose.

Disbursements

In the government-wide financial statements, governmental fund disbursements are classified by function.

In the fund financial statements, governmental fund disbursements are classified by character, and further classified by function. In the fund financial statements, governmental funds report disbursements of financial resources.

1.F. Internal and Interfund Balances and Activities

In the process of aggregating the financial information for the government-wide Statement of Net Position and Statement of Activities, some amounts reported as interfund activity and balances in the fund financial statements have been eliminated or reclassified.

Fund Financial Statements

Interfund activity resulting from cash transactions or other events, if any, within the governmental funds is reported as follows in the fund financial statements:

Due to and Due from Other Funds – Amounts provided with a requirement for repayment are reported as interfund receivables and payables. The balances result from the time lag between the dates that a portion of state aid payments are intercepted under the Missouri Direct Deposit Program for debt service and repayments of intercepted amounts from the Debt Service Fund to the General Fund are made.

Interfund services – Sales or purchases of goods and services between funds are reported as receipts and disbursements.

Interfund reimbursements – Repayments from funds responsible for certain disbursements to the funds that initially paid for them are not reported as reimbursements but as adjustments to disbursements in the respective funds.

Interfund transfers – Flows of assets from one fund to another where repayment is not expected are reported as transfers in and out.

Jefferson C-123 School District of Nodaway County, Missouri
Notes to Financial Statements
June 30, 2020

Note 1. Summary of Significant Accounting Policies (continued)

1.F. Internal and Interfund Balances and Activities (continued)

Government-Wide Financial Statements

Interfund activity and balances resulting from cash transactions or other events, if any, are eliminated or reclassified in the government-wide financial statements as follows:

Internal balances – Amounts reported in the fund financial statements as interfund receivables and payables are eliminated in the "Governmental Activities" column of the Statement of Net Position.

Internal activities – Amounts reported as interfund transfers in the fund financial statements are eliminated in the government-wide Statement of Activities.

1.G. Teachers' Salaries

The salary payment schedule of the District for the 2019-2020 school year requires the payment of salaries over a twelve-month period. Consequently, the July and August 2020 payroll checks are included in the financial statements as disbursements in the month of June. This practice has been consistently followed in previous years.

1.H. Use of Estimates

The preparation of financial statements in conformity with the modified cash basis of accounting used by the District requires management to make estimates and assumptions that affect the disclosure of compensated absences payable; accordingly, actual results could differ from those estimates.

Note 2. Detail Notes on Transaction Classes/Accounts

The following notes present detail information to support the amounts reported in the financial statements for various assets, liabilities, net position, receipts and disbursements.

2.A. Deposits and Investments

Deposits and Investments Laws and Regulations

State statutes permit the District to invest its monies as follows: 1) obligations of the United States government or any agency or instrumentality, including repurchase agreements; 2) bonds of the state of Missouri, of the United States, or of any wholly owned corporation of the United States, and other short-term obligations of the United States; 3) under limited circumstances, commercial paper and bankers' acceptances; and 4) deposit accounts with insured financial institutions, provided those accounts are entirely insured by the FDIC or collateralized with certain U.S. Government or Governmental Agency securities, certain State or political subdivision debt obligations, surety bonds, or certain letters of credit that have a fair value exceeding the deposit amount. As required by 12 U.S.C.A., Section 1823(e), all financial institutions must have a written collateral agreement approved by the board of directors or loan committee.

Jefferson C-123 School District of Nodaway County, Missouri
Notes to Financial Statements
June 30, 2020

Note 2. Detail Notes on Transaction Classes/Accounts (continued)

2.A. Deposits and Investments (continued)

Deposits

Custodial Credit Risk – The carrying amount of the District’s deposits at June 30, 2020 was \$67,553.73. The bank balances on June 30, 2020 were \$379,399.76. The District’s deposits were entirely covered by federal depository insurance (FDIC) or by collateral held by the District’s agent in the District’s name. For *custodial credit risk* determinations, *deposits* include cash and nonnegotiable certificates of deposit.

Investments

Credit Risk – The District’s investment policy limits investment types to securities issued by the State of Missouri, United States Treasury Securities, United States Agency Securities, Repurchase Agreements, collateralized Certificates of Deposit, and Bankers’ Acceptances and Commercial Paper issued by domestic commercial banks possessing the highest rating issued by Moody’s Investor Service or Standard and Poor’s.

Interest Rate Risk – As a means of limiting its exposure to fair value losses arising from rising interest rates, the District’s investment policy limits the weighted average maturity to not exceeding 3 years and requires a portion of the portfolio should be continuously invested in readily available funds to insure appropriate liquidity is maintained.

Concentration of Credit Risk – As a means of limiting its exposure to fair value losses arising from overconcentration of investments, the District’s investment policy 1) limits the amount of investments in certain issuers including U.S. Treasury Securities, collateralized time and demand deposits, U.S. Government Agencies, collateralized repurchase agreements and commercial paper and bankers’ acceptances and 2) establishes maximum maturities by security type.

During the year ended June 30, 2020, the District’s investments consisted of: (1) a pro-rata share of an open-ended money-market mutual fund in a financial institution’s trust department relating to a debt trust account and (2) Missouri Securities Investment Program (MOSIP) Liquid Series, which the District utilizes as a pooled investment account. At June 30, 2020, the carrying value and fair value of the pro-rata share of the money-market mutual fund investment totaled \$48,370.02, and the carrying value and fair value of the MOSIP Liquid Series investment totaled \$1,327,191.94. For purposes of financial reporting, both investments are classified as cash equivalents. The money-market mutual fund and MOSIP Liquid Series are not classified regarding custodial credit risk because they are not evidenced by specific investment securities. A further discussion of each investment follows.

Jefferson C-123 School District of Nodaway County, Missouri
Notes to Financial Statements
June 30, 2020

Note 2. Detail Notes on Transaction Classes/Accounts (continued)

2.A. Deposits and Investments (continued)

Investments (continued)

Money Market Mutual Fund

Funds on deposit with BOK Financial are invested in Cavanal Hill U.S. Treasury Money Market Fund administrative class shares of which the District has a pro-rata share of the investment. The District is participating in the Missouri School District Direct Deposit Program (the Program). The Program was established in accordance with the provisions of Section 165.051 and Section 360 of the Revised Statutes of Missouri. The Program intercepts a portion of state aid and deposits those funds in the escrow account at BOK Financial (as Direct Deposit Trustee) to provide for payment of principal and interest on the Series 2016 Bonds when due. As of June 30, 2020, the fund was rated AAAM by Standard & Poor's and Aaa by Moody's.

Missouri Securities Investment Program

MOSIP is an instrumentality of Missouri public school districts and other political subdivisions established under the authority of Article VI, Section 16 of the Constitution of Missouri and Sections 70.210 to 70.320, Revised Statutes of Missouri, as amended. Management of the affairs of MOSIP is the responsibility of the Board of Directors which has engaged PFM Asset Management LLC as administrator and investment adviser. U.S. Bank, N.A. serves as custodian bank for MOSIP. All assets contained in MOSIP are invested in accordance with Missouri Revised Statutes. Each School District owns shares of the MOSIP Liquid Series, which invests the pooled assets. Local Government Investment Pool shares are valued at their net asset value as of the last day of the statement period. The Fund seeks to maintain a stable net asset value of \$1.00 per share. As of June 30, 2020, MOSIP Liquid Series was rated AAAM by Standard & Poor's.

2.B. Long-Term Obligations

Changes in Long-Term Obligations

The following is a summary of changes in long-term obligations for the year ended June 30, 2020:

	Beginning balance	Additions	Reductions	Ending balance	Amount due within one year
Governmental Activities:					
General Obligation Bonds	\$ 1,470,000.00	\$ -	\$ (65,000.00)	\$ 1,405,000.00	\$ 65,000.00

Jefferson C-123 School District of Nodaway County, Missouri
Notes to Financial Statements
June 30, 2020

Note 2. Detail Notes on Transaction Classes/Accounts (continued)

2.B. Long-Term Obligations (continued)

General Description of the Individual Long-Term Obligations

As of June 30, 2020, the long-term debt arising from cash transactions or other events, consisted of the following:

General Obligation Bonds, Series 2016 (Missouri Direct Deposit Program), dated June 21, 2016, due in varying annual installments through March 1, 2036, with principal payments beginning March 1, 2019, interest rate varies from 1.10% to 5.00%. \$1,405,000.00

Debt Service Requirements to Maturity

The annual debt service requirements to maturity, including principal and interest, for long-term obligations as of June 30, 2020, are as follows:

Year Ending June 30,	General Obligation Bonds	
	Principal	Interest
2021	\$ 65,000.00	\$ 55,905.00
2022	70,000.00	54,995.00
2023	70,000.00	54,015.00
2024	70,000.00	52,895.00
2025	75,000.00	51,775.00
2026-2030	420,000.00	221,387.50
2031-2035	510,000.00	109,500.00
2036	125,000.00	6,250.00
Totals	\$ 1,405,000.00	\$ 606,722.50

Constitutional Debt Limit

Article VI, Section 26 (b), Constitution of Missouri limits the outstanding amount of authorized general obligation bonds of a District to 15 percent of the assessed valuation of the District. The legal debt margin (excluding state-assessed railroad and utility) of the District at June 30, 2020 was:

Constitutional debt limit	\$ 2,171,936.00
General obligation bonds payable	(1,405,000.00)
Amount available in debt service fund	<u>108,742.12</u>
Legal debt margin	\$ <u>875,678.12</u>

Jefferson C-123 School District of Nodaway County, Missouri
Notes to Financial Statements
June 30, 2020

Note 2. Detail Notes on Transaction Classes/Accounts (continued)

2.C. Interfund Transfers

Transfers between major funds for the year ended June 30, 2020 was as follows:

Transfer to:	Transfer from:	
	General fund	Capital projects fund
Special revenue- teachers' fund	\$ 360,771.69	\$ -
General fund	-	4,131.68
Total	\$ 360,771.69	\$ 4,131.68

Transfers are used to move receipts collected in the general fund to finance disbursements in the special revenue and capital projects funds, as authorized in Section 165.011, RSMo. The District also transferred from the capital projects fund to the general fund the interest earned from undesignated balances in the capital projects fund, as authorized in Section 165.011, RSMo.

2.D. Property Taxes

Property taxes attach as an enforceable lien on property as of January 1. Taxes are levied on November 1, and payable by December 31. The County collects the property tax and remits it to the District on a monthly basis.

The District also receives sales tax collected by the State and remitted based on eligible prior year weighted average daily attendance calculation. The District is required to reduce its property tax levy by one-half the amount of sales tax estimated to be received in the subsequent calendar year.

The assessed valuation of the tangible taxable property for the calendar year 2019 for purposes of local taxation was \$14,479,575. The tax levy per \$100 of the assessed valuation of tangible taxable property for the calendar year 2019 for purposes of local taxation was:

	<u>Unadjusted</u>	<u>Adjusted</u>
General fund	\$5.9841	\$5.6430
Debt service fund	<u>0.7500</u>	<u>0.7500</u>
Total levy	<u>\$6.7341</u>	<u>\$6.3930</u>

The receipts of current and delinquent property taxes during the fiscal year ended June 30, 2020, aggregated approximately 97% of the current assessment computed on the basis of the levy as shown above.

Jefferson C-123 School District of Nodaway County, Missouri
Notes to Financial Statements
June 30, 2020

Note 3. Other Notes

3.A. Employee Pension Plans

Jefferson C-123 School District of Nodaway County, Missouri contributes to two separate pension plans as described below:

Summary of Significant Accounting Policies

These financial statements of the District are presented in accordance with a modified cash basis of accounting. Therefore, member and employer contributions are recognized when paid and the District's net pension liability and deferred outflows and inflows of resources related to pensions are *not reported* in the financial statements and GAAP disclosures related to actuarial calculations for determining total pension liability are not required.

(1) Public School Retirement System of Missouri (PSRS)

General Information about the Pension Plan

Plan Description – PSRS is a mandatory cost-sharing multiple employer retirement system for all full-time certificated employees and certain part-time certificated employees of all public school districts in Missouri (except the school districts of St. Louis and Kansas City) and all public community colleges. PSRS also includes certificated employees of PSRS, Missouri State Teachers' Association, Missouri State High School Activities Association, and certain employees of the state of Missouri who elected to remain covered by PSRS under legislation enacted in 1986, 1987 and 1989. The majority of PSRS members are exempt from Social Security contributions. In some instances, positions may be determined not to be exempt from Social Security contributions. Any PSRS member who is required to contribute to Social Security comes under the requirements of Section 169.070 (9) RSMo, known as the “two-thirds statute.” PSRS members required to contribute to Social Security are required to contribute two-thirds of the approved PSRS contribution rate and their employer is required to match the contribution. The members' benefits are further calculated at two-thirds the normal benefit amount. PSRS was established as an independent trust fund by an Act of the Missouri General Assembly effective August 1, 1945. Statutes governing the System are found in Sections 169.010-169.141 and Sections 169.560-169.595 RSMo.

Benefits Provided – PSRS is a defined benefit plan providing retirement, disability, and death/survivor benefits. Members are vested for service retirement benefits after accruing five years of service. Individuals who (a) are at least age 60 and have a minimum of five years of service, (b) have 30 years of service, or (c) qualify for benefits under the “Rule of 80” (service and age total at least 80) are entitled to a monthly benefit for life, which is calculated using a 2.5% benefit factor. Beginning July 1, 2001, and ending July 1, 2014, a 2.55% benefit factor was used to calculate benefits for members who had 31 or more years of service at retirement.

Jefferson C-123 School District of Nodaway County, Missouri
Notes to Financial Statements
June 30, 2020

Note 3. Other Notes (continued)

3.A. Employee Pension Plans (continued)

(1) Public School Retirement System of Missouri (PSRS) (continued)

General Information about the Pension Plan (continued)

Benefits Provided (continued)

Actuarially age-reduced benefits are available for members with five to 24.9 years of service at age 55. Members who are younger than age 55 and who do not qualify under the “Rule of 80” but have between 25 and 29.9 years of service may retire with a lesser benefit factor. Members that are three years beyond normal retirement can elect to have their lifetime monthly benefits actuarially reduced in exchange for the right to also receive a one-time partial lump sum (PLSO) payment at retirement equal to 12, 24, or 36 times the Single Life benefit amount.

Cost-of-Living Adjustments (COLA) – Under the funding policies adopted by the Board of Trustees, a 0.00% COLA will be given for years in which the change in CPI for the previous fiscal year is between 0.00% and 2.00%, a 2.00% COLA will be given when the change is between 2% and 5.00%. If the CPI increase is greater than 5.00%, the Board will provide a COLA of 5.00%. If the CPI decreases, no COLA is provided. For any member retiring on or after July 1, 2001, such adjustments commence on the second January after commencement of benefits and occur annually thereafter. The total of such increases may not exceed 80% of the original benefit for any member.

Contributions – PSRS members were required to contribute 14.5% of their annual covered salary during fiscal year 2020. Employers were required to match the contributions made by employees. The contribution rate is set each year by the PSRS Board of Trustees upon the recommendation of the independent actuary within the contribution restrictions set in Section 169.030 RSMo. The annual statutory increase in the total contribution rate may not exceed 1% of pay. The District's contributions to PSRS for the year ended June 30, 2020 were \$168,105.64, which represents 100% of the required contributions for the year.

A “Summary Plan Description” detailing the provisions of the plan, as well as additional information regarding the District’s net pension liability and deferred inflows and deferred outflows of resources, and a “Comprehensive Annual Financial Report (CAFR)” can be found on PSRS' website at www.psr-peers.org.

Jefferson C-123 School District of Nodaway County, Missouri
Notes to Financial Statements
June 30, 2020

Note 3. Other Notes (continued)

3.A. Employee Pension Plans (continued)

(2) Public Education Employee Retirement System of Missouri (PEERS)

General Information about the Pension Plan

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

Benefits Provided – PEERS is a defined benefit plan providing service retirement, disability, and death/survivor benefits. Members are vested for service retirement benefits after accruing five years of service. Individuals who (a) are at least age 60 and have a minimum of five years of service, (b) have 30 years of service, or (c) qualify for benefits under the “Rule of 80” (service and age total at least 80) are entitled to a monthly benefit for life, which is calculated using a 1.61% benefit factor. Members qualifying for "Rule of 80" or "30-and-out" are entitled to an additional temporary 0.8% benefit multiplier until reaching minimum Social Security age (currently age 62). Actuarially age-reduced retirement benefits are available with five years of service at age 55. Members who are younger than age 55 and who do not qualify under the “Rule of 80” but have between 25 and 29.9 years of service may retire with a lesser benefit factor. Members that are three years beyond normal retirement can elect to have their lifetime monthly benefits actuarially reduced in exchange for the right to also receive a one-time partial lump sum (PLSO) payment at retirement equal to 12, 24, or 36 times the Single Life benefit amount.

Cost-of-Living Adjustments (COLA) – Under the funding policies adopted by the Board of Trustees, a 0.00% COLA will be given for years in which the change in CPI for the previous fiscal year is between 0.00% and 2.00%, a 2.00% COLA will be given when the change is between 2% and 5.00%. If the CPI increase is greater than 5.00%, the Board will provide a COLA of 5.00%. If the CPI decreases, no COLA is provided. For any member, such adjustments commence on the fourth January after commencement of benefits and occur annually thereafter. The total of such increases may not exceed 80% of the original benefit for any member.

Jefferson C-123 School District of Nodaway County, Missouri
Notes to Financial Statements
June 30, 2020

Note 3. Other Notes (continued)

3.A. Employee Pension Plans (continued)

(2) Public Education Employee Retirement System of Missouri (PEERS) (continued)

General Information about the Pension Plan (continued)

Contributions – PEERS members were required to contribute 6.86% of their annual covered salary during fiscal year 2020. Employers were required to match the contributions made by employees. The contribution rate is set each year by the PSRS Board of Trustees upon the recommendation of the independent actuary within the contribution restrictions set in Section 169.030 RSMo. The annual statutory increase in the total contribution rate may not exceed 0.5% of pay. The District's contributions to PEERS for the year ended June 30, 2020 were \$12,625.16, which represents 100% of the required contributions for the year.

A “Summary Plan Description” detailing the provisions of the plan, as well as additional information regarding the District’s net pension liability and deferred inflows and deferred outflows of resources, and a “Comprehensive Annual Financial Report (CAFR)” can be found on PSRS' website at www.psr-peers.org.

3.B. Other Post-Employment Benefits (OPEB)

In addition to the pension benefits described in Note 3.A, the District makes available post-retirement healthcare benefits to all employees who retire from the District. Participation by retirees in the District health plan is subjected to terms and conditions set forth in the Board policy. The cost of the coverage is charged to the retiree at a blended rate for all employees. The District has not made a formal evaluation or projection of the future cost of the existing health care benefit plan in relation to retirees.

3.C. Commitments and Contingencies

Operating lease – The District entered into an operating lease of copier equipment in July 2019. The lease is for a term of 60 months. Total rental expense for the year ended June 30, 2020 was \$5,400.00. Future minimum lease payments for this lease are as follows:

<u>Year ending June 30,</u>	<u>Amount</u>
2020	\$ 8,400.00
2021	8,400.00
2022	8,400.00
2022	8,400.00
2023	<u>3,000.00</u>
Total future minimum lease payments	<u>\$36,600.00</u>

Compensated Absences Payable – Total payable at June 30, 2020, was \$9,720.00. Compensated absences payable are liquidated by the general and special revenue funds.

Jefferson C-123 School District of Nodaway County, Missouri
Notes to Financial Statements
June 30, 2020

Note 3. Other Notes (continued)

3.C. Commitments and Contingencies (continued)

Grant Program Involvement – the District participates in various Federal or State grant or loan programs from year to year. The grant or loan programs are often subject to additional audits by agents of the granting or loaning agency, the purpose of which is to ensure compliance with the specific conditions of the grant or loan. Any liability of reimbursement that may arise as a result of these audits cannot be reasonably determined at this time, although it is believed the amount, if any, would not be material. For the year ended June 30, 2020, the District expended approximately \$119,328 of federal awards.

3.D. Risk Management

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The District has transferred its risk by participation in a public entity risk pool. Additionally, the District carries cyber coverage with a per occurrence limit of liability of \$2,000,000 obtained from a commercial insurance company. There has been no significant reduction in insurance coverage from the previous year and settlements have not exceeded coverage in any of the prior three years.

The District is a member of the Missouri United School Insurance Council (MUSIC), a not-for-profit association organized to operate as a group self-insured risk pool. MUSIC seeks to prevent or lessen casualty and property losses to its member school districts and injuries to persons or employees which might result in claims being made against such districts. Coverage obtained by the District through MUSIC includes property, crime, general liability, auto liability, workers' compensation, public officials liability, and treasurer's bond.

MUSIC is governed by a board of directors elected by its members and operates as a risk management pool. The District has no direct control over budgeting, financing, governing body or management selection.

MUSIC is funded by its members. Annual member assessments are billed in advance and are calculated based on members' school bus fleet, property valuation, and payroll data multiplied by a pool assessment factor. The assessment factor is based on the loss experience of the entire pool adjusted up or down for each member depending on the member's own loss experience. Members with a consistent record of costly claims will pay more than members with a consistent record of lesser claims activity. Losses from individual claims in excess of these limits remain the responsibility of the respective members.

In the unlikely event that all or any of the insurance companies cancel, fail to renew or are unable to meet their obligations under excess insurance contracts, MUSIC and its member participants would be responsible for such defaulted amounts. Additionally, the Articles of the Association provide for supplemental assessments in the event the annual assessment is not sufficient to meet obligations. No supplemental assessments were required by MUSIC during 2020.

Jefferson C-123 School District of Nodaway County, Missouri
Notes to Financial Statements
June 30, 2020

Note 3. Other Notes (continued)

3.D. Risk Management (continued)

The District is a member of Missouri Educators Unified Health Plan (MEUHP), a non-profit corporation formed for the purpose of providing its member District's with accident, health, dental and vision insurance through a self-funded pooled health plan. Additionally, stop loss reinsurance for the benefit of members is provided by a commercial insurance company. Premiums are set by MEUHP and are paid monthly.

3.E. Risks and Economic Uncertainties

During 2020, a strain of Coronavirus (COVID-19) was identified as a global pandemic and began affecting the health of large portions of the global population. The detrimental impact of this virus is not yet fully determinable, but will likely continue to be significant for both the District and the overall economy. COVID-19 has been identified as a significant risk and uncertainty that could impact future operations.

3.F. Subsequent Events

At the August 19, 2020 board meeting, the board approved the following:

- Transfer of unrestricted funds of \$215,000 from the capital projects fund to the general fund under a waiver of the "funds transfer statute." Due to extended school closures and budget shortfalls resulting from COVID-19, the Missouri Department of Education requested the waiver of the statute, which the governor approved.
- Purchase of a bus for \$87,988.

3.G. Implementation of new Accounting Pronouncements

In March 2018, the GASB issued GASB Statement No. 88, *Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements*. This statement expands the information that is disclosed in notes to government financial statements related to debt, including direct borrowings and direct placements. Statement 88 was implemented by the District for the year ended June 30, 2020, which resulted in expanded debt disclosures in Note 2.B.

In May 2020, the GASB issued GASB Statement No. 95, *Postponement of the Effective Dates of Certain Authoritative Guidance*. The primary objective of this Statement is to provide temporary relief to governments and other stakeholders in light of the COVID-19 pandemic. That objective is accomplished by postponing the effective dates of certain provisions in Statements and Implementation Guides that first became effective or are scheduled to become effective for periods beginning after June 15, 2018, and later. The District postponed the implementation dates of the GASB statements affected by this standard.

Supplementary

Information

Jefferson C-123 School District of Nodaway County, Missouri
Supplementary Information
Schedule of Receipts by Source - Modified Cash Basis
For the Year Ended June 30, 2020

	General Fund	Special Revenue Fund	Debt Service Fund	Capital Projects Fund	Total Governmental Funds
Local					
Current taxes	\$ 779,966.57	\$ -	\$ 103,647.99	\$ -	\$ 883,614.56
Delinquent taxes	8,729.72	-	1,163.91	-	9,893.63
School district trust fund (Prop C)	-	121,212.20	-	-	121,212.20
M & M surtax	7,983.34	-	-	-	7,983.34
In lieu of tax	343.48	-	-	-	343.48
Reg day school tuition (K-12) from individuals	-	4,000.00	-	-	4,000.00
Earnings on temporary deposits	16,326.10	-	918.94	4,131.68	21,376.72
Food service - sales to pupils	28,076.19	-	-	-	28,076.19
Food service - sales to adults	5,529.20	-	-	-	5,529.20
Food service non-program	4,949.90	-	-	-	4,949.90
Student activities	116,229.05	-	-	7,150.00	123,379.05
PK tuition from parents	-	7,341.73	-	-	7,341.73
Gifts	640.74	-	-	-	640.74
Recovery of items disbursed in a prior period	16.90	-	-	-	16.90
Miscellaneous local receipts	7,970.16	-	-	-	7,970.16
Total local	<u>976,761.35</u>	<u>132,553.93</u>	<u>105,730.84</u>	<u>11,281.68</u>	<u>1,226,327.80</u>
County					
Fines, escheats, etc.	-	6,369.93	-	-	6,369.93
State assessed utilities	65,549.76	-	8,033.79	-	73,583.55
Total county	<u>65,549.76</u>	<u>6,369.93</u>	<u>8,033.79</u>	<u>-</u>	<u>79,953.48</u>
State					
Basic formula - state monies	-	807,408.99	-	-	807,408.99
Transportation	9,471.00	-	-	-	9,471.00
Early childhood special education	728.66	2,245.45	-	-	2,974.11
Basic formula - classroom trust fund	38,625.96	-	-	-	38,625.96
Educational screening program/PAT	-	2,900.00	-	-	2,900.00
Small schools grant	30,736.50	30,736.50	-	-	61,473.00
State career and technical education (CT)	841.65	4,241.00	-	-	5,082.65
Food service - state	691.31	-	-	-	691.31
Total state	<u>81,095.08</u>	<u>847,531.94</u>	<u>-</u>	<u>-</u>	<u>928,627.02</u>
Federal					
Medicaid	2,512.18	-	-	-	2,512.18
CARES-ESSER fund	-	11,128.00	-	-	11,128.00
IDEA entitlement funds, Part B IDEA	6,356.31	22,249.69	-	-	28,606.00
Early childhood special education	-	4,290.00	-	-	4,290.00
School lunch program	19,692.27	-	-	-	19,692.27
School breakfast program	4,512.57	-	-	-	4,512.57
Title I - ESEA	-	14,421.56	-	-	14,421.56
Title IV.A student support and and academic enrichment	-	10,677.54	-	-	10,677.54
Title II, Part A&B, ESEA - teacher and principal training	-	2,713.50	-	-	2,713.50
CARES-school lunch program	2,874.48	-	-	-	2,874.48
Title VI, Part B rural education initiative	2,592.00	11,233.00	-	-	13,825.00
Total federal	<u>38,539.81</u>	<u>76,713.29</u>	<u>-</u>	<u>-</u>	<u>115,253.10</u>
Other revenue					
Sale of other property	755.00	-	-	-	755.00
Total other revenue	<u>755.00</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>755.00</u>
Total receipts	<u>\$ 1,162,701.00</u>	<u>\$ 1,063,169.09</u>	<u>\$ 113,764.63</u>	<u>\$ 11,281.68</u>	<u>\$ 2,350,916.40</u>

Jefferson C-123 School District of Nodaway County, Missouri
Supplementary Information
Schedule of Disbursements by Object - Modified Cash Basis
For the Year Ended June 30, 2020

	General Fund	Special Revenue Fund	Debt Service Fund	Capital Projects Fund	Total Governmental Funds
Salaries:					
Certificated	\$ 2,630.00	\$ 1,097,702.77	\$ -	\$ -	\$ 1,100,332.77
Classified	223,356.03	-	-	-	223,356.03
Total salaries	<u>225,986.03</u>	<u>1,097,702.77</u>	<u>-</u>	<u>-</u>	<u>1,323,688.80</u>
Employee benefits:					
Teacher's retirement	319.96	167,785.68	-	-	168,105.64
Non-teacher retirement	12,625.16	-	-	-	12,625.16
Old age survivor and disability (OASDI)	12,990.48	3,281.68	-	-	16,272.16
Medicare	3,076.83	15,131.75	-	-	18,208.58
Employee insurance	15,339.60	117,841.40	-	-	133,181.00
Workers' compensation insurance	9,675.00	-	-	-	9,675.00
Total employee benefits	<u>54,027.03</u>	<u>304,040.51</u>	<u>-</u>	<u>-</u>	<u>358,067.54</u>
Purchased services:					
Purchased instructional services - tuition	3,000.00	16,065.50	-	-	19,065.50
Instructional program improvement services	22,838.82	-	-	-	22,838.82
Pupil services	-	6,132.00	-	-	6,132.00
Audit services	7,200.00	-	-	-	7,200.00
Other professional services	46,193.91	-	-	-	46,193.91
Cleaning services	8,622.21	-	-	-	8,622.21
Repairs and maintenance	24,138.59	-	-	-	24,138.59
Rentals - equipment	7,983.22	-	-	-	7,983.22
Water and sewer	4,342.88	-	-	-	4,342.88
Trash removal	2,100.00	-	-	-	2,100.00
Travel	2,430.27	-	-	-	2,430.27
Property insurance	12,852.00	-	-	-	12,852.00
Liability insurance	10,286.00	-	-	-	10,286.00
Fidelity bond premiums	100.00	-	-	-	100.00
Communication	7,127.91	-	-	-	7,127.91
Advertising	2,510.00	-	-	-	2,510.00
Dues and memberships	19,260.71	-	-	-	19,260.71
Other purchased services	1,016.35	-	-	-	1,016.35
Other expenses	2,575.00	-	-	-	2,575.00
Total purchased services	<u>184,577.87</u>	<u>22,197.50</u>	<u>-</u>	<u>-</u>	<u>206,775.37</u>
Supplies:					
General	158,701.25	-	-	-	158,701.25
Technology related	5,299.42	-	-	-	5,299.42
Textbook	3,652.00	-	-	-	3,652.00
Library books	3,231.63	-	-	-	3,231.63
Resource materials	254.81	-	-	-	254.81
Food supplies - exclude non-food supplies	34,284.36	-	-	-	34,284.36
Electric	28,953.56	-	-	-	28,953.56
Gas - natural	8,993.41	-	-	-	8,993.41
Gasoline/diesel	10,949.34	-	-	-	10,949.34
Total supplies	<u>254,319.78</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>254,319.78</u>
Capital outlay:					
Regular equipment	-	-	-	4,305.00	4,305.00
Classroom instructional apparatus	-	-	-	16,249.00	16,249.00
Other	-	-	-	14,300.00	14,300.00
Total capital outlay	<u>-</u>	<u>-</u>	<u>-</u>	<u>34,854.00</u>	<u>34,854.00</u>
Debt service:					
Principal - bonded indebtedness	-	-	65,000.00	-	65,000.00
Interest	-	-	56,620.00	-	56,620.00
Other (fin. fees, etc.)	-	-	318.00	-	318.00
Total debt service	<u>-</u>	<u>-</u>	<u>121,938.00</u>	<u>-</u>	<u>121,938.00</u>
Total disbursements	<u>\$ 718,910.71</u>	<u>\$ 1,423,940.78</u>	<u>\$ 121,938.00</u>	<u>\$ 34,854.00</u>	<u>\$ 2,299,643.49</u>

**Other
Information**

Jefferson C-123 School District of Nodaway County, Missouri
Other Information
Budgetary Comparison Schedule - Modified Cash Basis
General Fund
For the Year Ended June 30, 2020

	Original Budget	Final Approved Budget	Actual	Variance with Final Budget Positive (Negative)
Receipts				
Local	\$ 919,510.00	\$ 919,510.00	\$ 976,761.35	\$ 57,251.35
County	52,000.00	52,000.00	65,549.76	13,549.76
State	45,066.00	45,066.00	81,095.08	36,029.08
Federal	40,574.00	40,574.00	38,539.81	(2,034.19)
Other	-	-	755.00	755.00
Total receipts	<u>1,057,150.00</u>	<u>1,057,150.00</u>	<u>1,162,701.00</u>	<u>105,551.00</u>
Disbursements				
Instruction:				
Regular instruction	56,200.00	56,200.00	39,981.93	16,218.07
Special education instruction	43,794.00	43,794.00	38,520.93	5,273.07
Career education programs	0.00	-	84.88	(84.88)
Student activities	149,425.00	149,425.00	130,913.28	18,511.72
Other instruction	13,700.00	13,700.00	13,065.01	634.99
Student services support	20,883.00	20,883.00	14,810.11	6,072.89
Instructional staff support	11,825.00	11,825.00	8,451.24	3,373.76
Building administration	41,213.00	41,213.00	39,770.18	1,442.82
General administration	136,627.00	136,627.00	135,924.87	702.13
Operation of plant	165,673.00	165,673.00	159,971.62	5,701.38
Transportation	84,561.00	84,561.00	65,929.97	18,631.03
Food service	80,864.00	80,864.00	71,261.69	9,602.31
Early Childhood Program	2,250.00	2,250.00	225.00	2,025.00
Total disbursements	<u>807,015.00</u>	<u>807,015.00</u>	<u>718,910.71</u>	<u>88,104.29</u>
Excess (deficit) of receipts over disbursements	<u>250,135.00</u>	<u>250,135.00</u>	<u>443,790.29</u>	<u>193,655.29</u>
Other financing sources (uses)				
Operating transfers in	0.00	0.00	4,131.68	4,131.68
Operating transfers out	<u>(507,863.00)</u>	<u>(507,863.00)</u>	<u>(360,771.69)</u>	<u>147,091.31</u>
Total other financing sources (uses)	<u>(507,863.00)</u>	<u>(507,863.00)</u>	<u>(356,640.01)</u>	<u>151,222.99</u>
Net change in fund balance	(257,728.00)	(257,728.00)	87,150.28	344,878.28
Fund balance, beginning of year	<u>968,359.25</u>	<u>968,359.25</u>	<u>968,359.25</u>	<u>-</u>
Fund balance, end of year	<u>\$ 710,631.25</u>	<u>\$ 710,631.25</u>	<u>\$ 1,055,509.53</u>	<u>\$ 344,878.28</u>

Jefferson C-123 School District of Nodaway County, Missouri
Other Information
Budgetary Comparison Schedule - Modified Cash Basis
Special Revenue Fund
For the Year Ended June 30, 2020

	Original Budget	Final Approved Budget	Actual	Variance with Final Budget Positive (Negative)
Receipts				
Local	\$ 122,500.00	\$ 122,500.00	\$ 132,553.93	\$ 10,053.93
County	6,000.00	6,000.00	6,369.93	369.93
State	853,700.00	853,700.00	847,531.94	(6,168.06)
Federal	65,600.00	65,600.00	76,713.29	11,113.29
Other	-	-	-	-
Total receipts	<u>1,047,800.00</u>	<u>1,047,800.00</u>	<u>1,063,169.09</u>	<u>15,369.09</u>
Disbursements				
Instruction:				
Regular instruction	891,285.00	891,285.00	881,380.77	9,904.23
Special education instruction	10,341.00	10,341.00	47,908.94	(37,567.94)
Career education programs	63,487.00	63,487.00	59,246.17	4,240.83
Student activities	44,450.00	44,450.00	43,482.40	967.60
Other instruction	48,919.00	48,919.00	49,285.62	(366.62)
Student services support	54,741.00	54,741.00	54,697.20	43.80
Instructional staff support	31,091.00	31,091.00	18,485.22	12,605.78
Building administration	106,835.00	106,835.00	106,632.37	202.63
General administration	149,687.00	149,687.00	113,833.35	35,853.65
Transportation	-	-	4,223.30	(4,223.30)
Early Childhood Program	44,163.00	44,163.00	44,765.44	(602.44)
Total disbursements	<u>1,444,999.00</u>	<u>1,444,999.00</u>	<u>1,423,940.78</u>	<u>21,058.22</u>
Excess (deficit) of receipts over disbursements	<u>(397,199.00)</u>	<u>(397,199.00)</u>	<u>(360,771.69)</u>	<u>36,427.31</u>
Other financing sources (uses)				
Operating transfers in	397,199.00	397,199.00	360,771.69	(36,427.31)
Total other financing sources (uses)	<u>397,199.00</u>	<u>397,199.00</u>	<u>360,771.69</u>	<u>(36,427.31)</u>
Net change in fund balance	-	-	-	(0.00)
Fund balance, beginning of year	-	-	-	-
Fund balance, end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (0.00)</u>

Jefferson C-123 School District of Nodaway County, Missouri
Other Information
Budgetary Comparison Schedule - Modified Cash Basis
Debt Service Fund
For the Year Ended June 30, 2020

	Original Budget	Final Approved Budget	Actual	Variance with Final Budget Positive (Negative)
Receipts				
Local	\$ 101,430.00	\$ 101,430.00	\$ 105,730.84	\$ 4,300.84
County	6,000.00	6,000.00	8,033.79	2,033.79
Total receipts	<u>107,430.00</u>	<u>107,430.00</u>	<u>113,764.63</u>	<u>6,334.63</u>
Disbursements				
Debt service:				
Principal	65,000.00	65,000.00	65,000.00	-
Interest	56,620.00	56,620.00	56,620.00	-
Other fees	350.00	350.00	318.00	32.00
Total disbursements	<u>121,970.00</u>	<u>121,970.00</u>	<u>121,938.00</u>	<u>32.00</u>
Net change in fund balance	(14,540.00)	(14,540.00)	(8,173.37)	6,366.63
Fund balance, beginning of year	<u>116,915.49</u>	<u>116,915.49</u>	<u>116,915.49</u>	<u>-</u>
Fund balance, end of year	<u>\$ 102,375.49</u>	<u>\$ 102,375.49</u>	<u>\$ 108,742.12</u>	<u>\$ 6,366.63</u>

Jefferson C-123 School District of Nodaway County, Missouri
Other Information
Budgetary Comparison Schedule - Modified Cash Basis
Capital Projects Fund
For the Year Ended June 30, 2020

	Original Budget	Final Approved Budget	Actual	Variance with Final Budget Positive (Negative)
Receipts				
Local	\$ 2,500.00	\$ 2,500.00	\$ 11,281.68	\$ 8,781.68
State	44,000.00	44,000.00	-	(44,000.00)
Total receipts	<u>46,500.00</u>	<u>46,500.00</u>	<u>11,281.68</u>	<u>(35,218.32)</u>
Disbursements				
Instruction:				
Regular instruction	17,500.00	17,500.00	15,749.00	1,751.00
Student activities	11,000.00	11,000.00	14,300.00	(3,300.00)
Instructional staff support	-	-	-	-
Building administration	1,000.00	1,000.00	-	1,000.00
General administration	8,000.00	8,000.00	-	8,000.00
Operation of plant	3,000.00	3,000.00	4,305.00	(1,305.00)
Transportation	-	-	-	-
Food service	3,000.00	3,000.00	500.00	2,500.00
Facilities acquisition & construction	40,000.00	40,000.00	-	40,000.00
Total disbursements	<u>83,500.00</u>	<u>83,500.00</u>	<u>34,854.00</u>	<u>48,646.00</u>
Excess (deficit) of receipts over disbursements	<u>(37,000.00)</u>	<u>(37,000.00)</u>	<u>(23,572.32)</u>	<u>13,427.68</u>
Other financing sources (uses)				
Operating transfers in	110,664.00	110,664.00	-	(110,664.00)
Operating transfers out	-	-	(4,131.68)	(4,131.68)
Total other financing sources (uses)	<u>110,664.00</u>	<u>110,664.00</u>	<u>(4,131.68)</u>	<u>(114,795.68)</u>
Net change in fund balance	73,664.00	73,664.00	(27,704.00)	(101,368.00)
Fund balance, beginning of year	<u>342,400.12</u>	<u>342,400.12</u>	<u>342,400.12</u>	<u>-</u>
Fund balance, end of year	<u>\$ 416,064.12</u>	<u>\$ 416,064.12</u>	<u>\$ 314,696.12</u>	<u>\$ (101,368.00)</u>

Jefferson C-123 School District of Nodaway County, Missouri
Other Information
Notes to Budgetary Comparison Schedules
For the Year Ended June 30, 2020

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 receipts and proposed disbursements for all District funds.
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 vote of the Board of Education.
5. Subsequent to its formal approval of the budget, the Board of Education has the authority to make necessary adjustments to the budget by formal vote of the Board. Adjustments made during the year are reflected in the budget information included in the financial statements.
6. Budgets for the District's funds are prepared in accordance with the modified cash basis (budget basis).

Budgeted disbursements cannot exceed beginning available monies plus estimated receipts for the year. Total actual disbursements may not legally exceed total budgeted disbursements. Appropriations lapse at year-end.

Section II

Other Reporting Required by *Government Auditing Standards*

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

To the Board of Education
Jefferson C-123 School District of Nodaway County, Missouri
Conception Junction, Missouri

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities and each major fund of Jefferson C-123 School District of Nodaway County, Missouri as of and for the year ended June 30, 2020, and the related notes to financial statements, which collectively comprise Jefferson C-123 School District of Nodaway County, Missouri's financial statements, and have issued our report thereon dated December 9, 2020.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Jefferson C-123 School District of Nodaway County, Missouri's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Jefferson C-123 School District of Nodaway County, Missouri's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Jefferson C-123 School District of Nodaway County, Missouri's internal control. Accordingly, we do not express an opinion on the effectiveness of Jefferson C-123 School District of Nodaway County, Missouri's internal control.

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. We did identify a certain deficiency in internal control, described in the accompanying schedule of findings and responses as item 2020-001, that we consider to be a material weakness.

Jefferson C-123 School District of Nodaway County, Missouri's Response to Findings

Jefferson C-123 School District of Nodaway County, Missouri's response to the finding identified in our audit is described in the accompanying schedule of findings and responses. Jefferson C-123 School District of Nodaway County, Missouri's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Purpose of this Report

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

Marsh, Espey & Merrill, P.C.

Maryville, Missouri
December 9, 2020

Jefferson C-123 School District of Nodaway County, Missouri
Schedule of Findings and Responses
For the Year Ended June 30, 2020

Material Weakness

2020-001. *Segregation of Duties*

Criteria – The segregation of duties and responsibilities between different individuals for custody of assets, recordkeeping for those assets, and reconciliation of those asset accounts is an important control activity needed to adequately protect the entity’s assets and ensure accurate financial reporting.

Condition – Because of a limited number of available personnel, it is not always possible to adequately segregate certain incompatible duties so that no one employee has access to both physical assets and the related accounting records, or to all phases of a transaction. The District currently has one full time bookkeeper to handle the accounting needs of the District and one staff person to receive funds and maintain records of the collection process. There are some mitigating controls in place but it is not possible to have segregation in all areas.

Context – We reviewed District policies and procedures and performed inquiries of management.

Cause - Adequate segregation of duties is limited by the number of available personnel and the cost to implement required changes in a cost-effective manner.

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

Recommendation – The District should segregate duties wherever possible and implement other controls to compensate for the lack of segregation of duties.

View of Responsible Officials – The limited number of available personnel prohibits segregation of incompatible duties and the District does not have the resources to hire additional accounting personnel.

Section III

State Compliance

Information

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Independent Practitioner's Report on Management's Assertion about Compliance With Specified Requirements of Missouri Laws and Regulations

To the Board of Education
Jefferson C-123 School District of Nodaway County, Missouri
Conception Junction, Missouri

We have examined management of Jefferson C-123 School District of Nodaway County, Missouri's assertion that Jefferson C-123 School District of Nodaway County, Missouri complied with the requirements of Missouri laws and regulations regarding budgetary and disbursement procedures; disclosure in the District's attendance records of standard day length, calendar days and hours in session, average daily attendance, resident membership on the last Wednesday of September, and free and reduced price lunch count on the last Wednesday of January; and disclosure in the District's transportation records of average daily transportation of pupils eligible and ineligible for state aid, the number of miles eligible and ineligible for state transportation aid, and the allowable costs of pupil transportation; and other statutory requirements as listed in the Schedule of Selected Statistics during the year ended June 30, 2020. Jefferson C-123 School District of Nodaway County, Missouri's management is responsible for its assertion. Our responsibility is to express an opinion on management's assertion about Jefferson C-123 School District of Nodaway County, Missouri's compliance with the specified requirements based on our examination.

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

Our examination does not provide a legal determination on Jefferson C-123 School District of Nodaway County, Missouri's compliance with the specified requirements.

In our opinion, management's assertion that Jefferson C-123 School District of Nodaway County, Missouri complied with the specified compliance requirements referred to above is fairly stated in all material respects.

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

Marsh, Espey & Merrill, P.C.

Maryville, Missouri
December 9, 2020

Jefferson C-123 School District of Nodaway County, Missouri
Schedule of Selected Statistics
For the Year Ended June 30, 2020

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

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

School Code	Begin Grade	End Grade	Half Day Indicator	Standard Day Length	Days	Hours in Session
	K	12	-	6.4000	126	800.1500

2. Average Daily Attendance (ADA)

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

School Code	Grade Level	Full-Time Hours	Part-Time Hours	Remedial Hours	Other Hours	Summer School Hours	Total Hours
4020	K	10,870.8668	0.0000	38.0000	0.0000	0.0000	10,908.8668
4020	1	7,949.0167	0.0000	83.7500	0.0000	0.0000	8,032.7667
4020	2	5,510.1500	0.0000	0.0000	0.0000	0.0000	5,510.1500
4020	3	7,470.4333	0.0000	58.6667	0.0000	0.0000	7,529.1000
4020	4	5,787.4500	0.0000	223.4167	0.0000	0.0000	6,010.8667
4020	5	4,689.2500	0.0000	15.0000	0.0000	0.0000	4,704.2500
4020	6	10,122.1000	0.0000	184.2833	0.0000	0.0000	10,306.3833
Subtotal	K - 6	52,399.2668	0.0000	603.1167	0.0000	0.0000	53,002.3835
1050	7	5,468.5667	0.0000	33.7334	0.0000	0.0000	5,502.3001
1050	8	10,101.4666	0.0000	6.0833	0.0000	0.0000	10,107.5499
1050	9	7,876.2333	0.0000	1.5000	0.0000	0.0000	7,877.7333
1050	10	7,817.5333	0.0000	40.9166	0.0000	0.0000	7,858.4499
1050	11	7,832.8667	0.0000	29.0000	0.0000	0.0000	7,861.8667
1050	12	7,837.4500	0.0000	34.5833	0.0000	0.0000	7,872.0333
Subtotal	7 - 12	46,934.1166	0.0000	145.8166	0.0000	0.0000	47,079.9332
Grand Total	K-12	99,333.3834	0.0000	748.9333	0.0000	0.0000	100,082.3167

Jefferson C-123 School District of Nodaway County, Missouri
Schedule of Selected Statistics
For the Year Ended June 30, 2020

3. September Membership

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

School Code	Grade Levels	Full-Time	Part-Time	Other	Total
4020	K	14.00	0.00	0.00	14.00
4020	01	10.00	0.00	0.00	10.00
4020	02	7.00	0.00	0.00	7.00
4020	03	9.00	0.00	0.00	9.00
4020	04	8.00	0.00	0.00	8.00
4020	05	6.00	0.00	0.00	6.00
4020	06	13.00	0.00	0.00	13.00
Subtotal	K - 6	67.00	0.00	0.00	67.00
1050	07	7.00	0.00	0.00	7.00
1050	08	13.00	0.00	0.00	13.00
1050	09	10.00	0.00	0.00	10.00
1050	10	10.00	0.00	0.00	10.00
1050	11	10.00	0.00	0.00	10.00
1050	12	10.00	0.00	0.00	10.00
Subtotal	7 - 12	60.0	0.00	0.00	60.00
Grand Total	K-12	127.00	0.00	0.00	127.00

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

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

School Code	Free Lunch	Reduced Lunch	Deseg In Free	Deseg In Reduced	Total
4020	16.00	8.00	0.00	0.00	24.00
1050	9.00	9.00	0.00	0.00	18.00
Grand Total	25.00	17.00	0.00	0.00	42.00

Jefferson C-123 School District of Nodaway County, Missouri
Schedule of Selected Statistics
For the Year Ended June 30, 2020

5. Finance

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

Section	Question	Answer
5.1	The district maintained a calendar in accordance with 160.041, 171.029, 171.031, and 171.033, RSMo and all attendance hours were reported.	True
5.2	The district maintained complete and accurate attendance records allowing for the accurate calculation of Average Daily Attendance, which includes the reporting of calendar and attendance hours, for all students in accordance with all applicable state rules and regulations. Sampling of records included those students receiving instruction in the following categories:	True
	Academic Programs Off-Campus	N/A
	Career Exploration Program – Off Campus	True
	Cooperative Occupational Education (COE) or Supervised Occupational Experience Program	N/A
	Dual enrollment	N/A
	Homebound instruction	N/A
	Missouri Options	N/A
	Prekindergarten eligible to be claimed for state aid	N/A
	Remediation	True
	Sheltered Workshop participation	N/A
	Students participating in the school flex program	True
	Traditional instruction (full and part-time students)	True
	Virtual instruction (MOCAP or other option)	N/A
	Work Experience for Students with Disabilities	N/A
5.3	The district maintained complete and accurate attendance records allowing for the accurate calculation of September Membership for all students in accordance with all applicable state rules and regulations.	True
5.4	The district maintained complete and accurate attendance and other applicable records allowing for the accurate reporting of the State FTE count for Free and Reduced Lunch for all students in accordance with all applicable state rules and regulations.	True
5.5	As required by Section 162.401, RSMo, a bond was purchased for the district’s treasurer in the total amount of:	\$50,000
5.6	The district’s deposits were secured during the year as required by Sections 110.010 and 110.020, RSMo.	True

Jefferson C-123 School District of Nodaway County, Missouri
Schedule of Selected Statistics
For the Year Ended June 30, 2020

5. Finance (continued)

5.7	The district maintained a separate bank account for all Debt Service Fund monies in accordance with Section 108.180 and 165.011, RSMo. (Not applicable to charter schools)	True
5.8	Salaries reported for educators in the October MOSIS Educator Core and Educator School files are supported by complete and accurate payroll and contract records.	True
5.9	If a \$162,326 or 7% x SAT x WADA transfer was made in excess of adjusted expenditures, the board approve a resolution to make the transfer, which identified the specific projects to be funded by the transfer and an expected expenditure date for the projects to be undertaken. (Not applicable to charter schools)	N/A
5.10	The district published a summary of the prior year's audit report within thirty days of the receipt of the audit pursuant to Section 165.121, RSMo.	True
5.11	The district has a professional development committee plan adopted by the board with the professional development committee plan identifying the expenditure of seventy-five percent (75%) of one percent (1%) of the current year basic formula apportionment. Remaining 25% of 1% if not spent must be restricted and spent on appropriate expenditures in the future. Spending requirement is modified to seventy-five percent (75%) of one half percent (1/2%) of the current year basic formula apportionment if through fiscal year 2024 the amount appropriated and expended to public schools for transportation is less than twenty-five percent (25%) of allowable cost. (Not applicable to charter schools.)	True
5.12	The amount spent for approved professional development committee plan activities was:	\$5,635.22
5.13	The district has posted, at least quarterly, a searchable expenditure and revenue document or database detailing actual income, expenditures, and disbursement for the current calendar or fiscal year on the district or school website or other form of social media as required by Section 160.066, RSMo.	True

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

Finding:	None
Management Letter Comment:	N/A

Jefferson C-123 School District of Nodaway County, Missouri
Schedule of Selected Statistics
For the Year Ended June 30, 2020

6. Transportation (Section 163.161, RSMo)

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

Section	Question	Answer
6.1	The school transportation allowable costs substantially conform to 5 CSR 30-261.040, Allowable Costs for State Transportation Aid.	True
6.2	The district's pupil transportation ridership records are maintained in a manner to accurately disclose in all material respects the average number of regular riders transported.	True
6.3	Based on the ridership records, the average number of students (non-disabled K-12, K-12 students with disabilities and career education) transported on a regular basis (ADT) was:	
	Eligible ADT	78.0
	Ineligible ADT	0.0
6.4	The district's transportation odometer mileage records are maintained in a manner to accurately disclose in all material respects the eligible and ineligible mileage for the year.	True
6.5	Actual odometer records show the total district-operated and contracted mileage for the year was:	41,756
6.6	Of this total, the eligible non-disabled and students with disabilities route miles and the ineligible non-route and disapproved miles (combined) was:	
	Eligible Miles (including food/instructional delivery miles 2019-20)	19,201
	Ineligible Miles (Non-Route/Disapproved)	22,555
6.7	Number of days the district operated the school transportation system during the regular school year:	126

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

Finding:	None
Management Letter Comment:	N/A