

Diamond R-IV School District

Basic Financial Statements
Year Ended June 30, 2021

KPM
CPAS & ADVISORS

Table of Contents

Independent Auditors' Report	3
Basic Financial Statements	
Statement of Net Position—Modified Cash Basis.....	7
Statement of Activities—Modified Cash Basis.....	8
Statement of Assets and Fund Balances—Governmental Funds—Modified Cash Basis.....	10
Statement of Receipts, Disbursements, and Changes in Fund Balances— Governmental Funds—Modified Cash Basis.....	11
Notes to the Financial Statements.....	12
Supplementary Information	
Budgetary Comparison Schedule—General Fund.....	23
Budgetary Comparison Schedule—Special Revenue Fund	24
Budgetary Comparison Schedule—Debt Service Fund	25
Budgetary Comparison Schedule—Capital Projects Fund	26
Notes to the Budgetary Comparison Schedules	27
Other Financial Information	
Schedule of Receipts by Source	29
Schedule of Disbursements by Object	31
Schedule of Transportation Costs Eligible for State Aid	33
Other Reporting Requirements	
Independent Auditors' Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	35
Independent Auditors' Report on Compliance for each Major Program and on Internal Control over Compliance Required by the Uniform Guidance	37
Schedule of Expenditures of Federal Awards	39
Notes to the Schedule of Expenditures of Federal Awards	41
Schedule of Findings and Questioned Costs	42
Summary Schedule of Prior Audit Findings.....	44
Corrective Action Plan.....	45
Supplementary State Information	
Independent Accountants' Report on Management's Assertions about Compliance with Specified Requirements of Missouri Laws and Regulations	47
Schedule of Selected Statistics.....	48



Board of Education
Diamond R-IV School District
Diamond, Missouri

Report on the Financial Statements

We have audited the basic financial statements of the governmental activities and each major fund of the Diamond R-IV School District as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the District's basic 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 the 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.

Auditors' 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 auditors' 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 District'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 District'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.

www.kpmcpa.com

1445 E. Republic Road Springfield, MO 65804 | 417-882-4300 | fax 417-882-4343
500 W. Main Street, Suite 200 Branson, MO 65616 | 417-334-2987 | fax 417-336-3403

Member of The Leading Edge Alliance

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 Diamond R-IV School District as of June 30, 2021, and the respective changes in modified cash basis financial position thereof for the year then ended, in conformity with the 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 the modified cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to that matter.

Disclaimer of Opinion on Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The budgetary comparison information, which is the responsibility of management, is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

Other Financial Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Diamond R-IV School District's basic financial statements. The data contained under Other Financial Information, is presented for purposes of additional analysis and is not a required part of the financial statements. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and is also not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements.

The Other Financial Information and the Schedule of Expenditures of Federal Awards 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 basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 22, 2021, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

KPM CPAs, PC

KPM CPAs, PC
Springfield, Missouri
November 22, 2021

Government-Wide Financial Statements

Diamond R-IV School District

Statement of Net Position—Modified Cash Basis

June 30, 2021

	Governmental Activities
Assets	
Cash and cash equivalents	\$ 3,835,803
Investments	599,603
Total Assets	<u>\$ 4,435,406</u>
Net Position	
Restricted for	
Debt service	\$ 422,529
Student scholarships	176,467
Student activities	66,971
Unrestricted	3,769,439
Total Net Position	<u>\$ 4,435,406</u>

See accompanying notes to the financial statements.

Diamond R-IV School District

Statement of Activities—Modified Cash Basis

Year Ended June 30, 2021

	Program Cash Receipts			Net (Disbursements)	
	Cash Disbursements	Charges for Services	Operating Grants and Contributions		Capital Grants and Contributions
Governmental Activities					
Instruction	\$ (3,960,273)	\$ 110,891	\$ 1,334,305	\$ 200	\$ (2,514,877)
Student services	(332,227)	-	-	-	(332,227)
Instructional staff support	(440,711)	-	-	52,000	(388,711)
Building administration	(558,365)	-	-	-	(558,365)
General administration	(453,261)	-	-	-	(453,261)
Operation of plant	(1,260,470)	-	130,100	-	(1,130,370)
Transportation	(491,828)	-	79,025	-	(412,803)
Food service	(13,318)	7,697	7,046	-	1,425
Community services	(779,728)	-	742,297	-	(37,431)
Facilities acquisition and construction	(408,517)	-	-	-	(408,517)
Debt service	(668,342)	-	-	-	(668,342)
Net Program (Disbursements) Receipts	\$ (9,367,040)	\$ 118,588	\$ 2,292,773	\$ 52,200	(6,903,479)
General Receipts					
Ad valorem tax receipts					2,904,527
Prop C sales tax receipts					775,471
Other tax receipts					23,848
County receipts					279,394
State receipts					3,025,638
Interest receipts					11,210
Other					18,989
Total General Receipts					7,039,077
Special Items					
Sale of buses					4,400
Sale of property					2,864
Total Special Items					7,264
<i>Change in Net Position</i>					142,862
Net Position—Beginning of year					4,292,544
Net Position—End of year					\$ 4,435,406

See accompanying notes to the financial statements.

Fund Financial Statements

Diamond R-IV School District

Statement of Assets and Fund Balances—Governmental Funds—Modified Cash Basis

June 30, 2021

	General Fund	Special Revenue Fund	Debt Service Fund	Capital Projects Fund	Total Governmental Funds
Assets					
Cash and cash equivalents	\$ 2,647,058	\$ -	\$ 165,926	\$ 1,022,819	\$ 3,835,803
Investments	343,000	-	256,603	-	599,603
Total Assets	\$ 2,990,058	\$ -	\$ 422,529	\$ 1,022,819	\$ 4,435,406
Fund Balances					
Restricted for					
Debt service	\$ -	\$ -	\$ 422,529	\$ -	\$ 422,529
Student scholarships	176,467	-	-	-	176,467
Student activities	66,971	-	-	-	66,971
Assigned for capital outlay	-	-	-	1,022,819	1,022,819
Unassigned	2,746,620	-	-	-	2,746,620
Total Fund Balances	\$ 2,990,058	\$ -	\$ 422,529	\$ 1,022,819	\$ 4,435,406

See accompanying notes to the financial statements.

Diamond R-IV School District

Statement of Receipts, Disbursements, and Changes in Fund Balances—Governmental Funds—Modified Cash Basis

Year Ended June 30, 2021

	General Fund	Special Revenue Fund	Debt Service Fund	Capital Projects Fund	Total Governmental Funds
Receipts					
Local	\$ 2,587,359	\$ 776,923	\$ 460,791	\$ 23,985	\$ 3,849,058
County	209,338	26,978	43,078	-	279,394
State	91,066	2,830,455	-	277,657	3,199,178
Federal	1,945,465	173,968	-	52,000	2,171,433
Other	3,575	-	-	-	3,575
Total Receipts	4,836,803	3,808,324	503,869	353,642	9,502,638
Disbursements					
Instruction	664,267	3,294,764	-	1,242	3,960,273
Student services	72,534	259,693	-	-	332,227
Instructional staff support	292,364	78,230	-	70,117	440,711
Building administration	188,990	369,375	-	-	558,365
General administration	259,291	191,553	-	2,417	453,261
Operation of plant	1,223,683	-	-	36,787	1,260,470
Transportation	334,680	-	-	157,148	491,828
Food service	10,320	-	-	2,998	13,318
Community services	729,294	50,434	-	-	779,728
Facilities acquisition and construction	-	-	-	408,517	408,517
Debt service	-	-	652,600	15,742	668,342
Total Disbursements	3,775,423	4,244,049	652,600	694,968	9,367,040
<i>Excess (Deficit) of Receipts Over Disbursements</i>	1,061,380	(435,725)	(148,731)	(341,326)	135,598
Other Financing Sources (Uses)					
Sale of school buses	-	-	-	4,400	4,400
Sale of other property	2,864	-	-	-	2,864
Operating transfers in (out)	(864,243)	435,725	-	428,518	-
Total Other Financing Sources (Uses)	(861,379)	435,725	-	432,918	7,264
<i>Excess (Deficit) of Receipts and Other Sources Over Disbursements and Other (Uses)</i>	200,001	-	(148,731)	91,592	142,862
Fund Balance, July 1, 2020	2,990,057	-	571,260	731,227	4,292,544
Fund Transfer in (out)	(200,000)	-	-	200,000	-
Fund Balance, June 30, 2021	\$ 2,990,058	\$ -	\$ 422,529	\$ 1,022,819	\$ 4,435,406

See accompanying notes to the financial statements.

Diamond R-IV School District

Notes to the Financial Statements

June 30, 2021

1. Summary of Significant Accounting Policies

The District's accounting policies conform to the modified cash basis of accounting, which is characteristic of local governmental units of this type.

Financial Reporting Entity

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

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. They include all funds of the reporting entity. The statements present governmental activities generally financed through taxes, intergovernmental receipts, and other non-exchange 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 constitute its assets, fund equity, receipts, and disbursements. The District has only governmental funds. The governmental funds of the District are all considered major funds by the Department of Elementary and Secondary Education.

The funds presented in the accompanying basic financial statements include all funds established under Missouri Revised Statutes and controlled by the Board of Education. The purpose of each fund is:

General Fund: Accounts for disbursements for non-certified employees, school transportation costs, operation of plant, fringe benefits, student body activities, community services, the food service program, and any disbursements not accounted for in other funds.

Special Revenue Fund: Accounts for receipts for certified employees involved in administration and instruction, and includes receipts restricted by the State for the payment of teacher salaries and taxes allocated to this fund based on the District's tax levy.

Debt Service Fund: Accounts for receipts restricted, committed, or assigned for the retirement of principal and interest on the District's general obligation bonds.

Capital Projects Fund: Accounts for taxes and other receipts restricted, committed, or assigned for acquisition or construction of major capital assets and other capital outlay as defined by State of Missouri statutes.

Diamond R-IV School District

Notes to the Financial Statements

June 30, 2021

Basis of Accounting

The government-wide Statement of Net Position and Statement of Activities, and the fund financial statements, are presented using the modified cash basis of accounting. This basis recognizes assets, net position/fund equity, receipts, and disbursements when they result from cash transactions. The modification to the cash basis of accounting relates to the presentation of investments. This basis is a special purpose framework of reporting other than accounting principles generally accepted in the United States of America.

As a result of the use of the modified cash basis of accounting, certain assets and their related revenues (such as accounts receivable and revenue for billed or provided services not yet collected) and certain liabilities and their related expenditures (such as accounts payable and expenses for goods or services received but not yet paid, and accrued expenses and liabilities) *are not recorded* in these financial statements.

If the District used the basis of accounting recognized as generally accepted, the fund financial statements for governmental funds would use the modified accrual basis of accounting. All government-wide financials would be presented on the accrual basis of accounting.

Capital Outlay

General fixed assets are recorded as disbursements in the Capital Projects Fund at the time the goods received are paid for.

Compensated Absences

Vacation time, personal business days, and sick leave are considered as disbursements in the year paid. Such amounts unused that are vested in the employee are payable upon termination at varying rates depending on length of service.

Long-Term Debt

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

Teachers' Salaries

The salary payment schedule of the District for the 2020-2021 school year requires the payment of salaries for a twelve-month period. Consequently, the July and August 2021, payroll checks are included in the financial statements as disbursements in the month of June. This practice has been consistently followed in previous years.

Pooled Cash, Cash Equivalents and Investments

Cash, cash equivalents and investments of the individual funds are combined to form a pool of cash and cash equivalents and investments, with the exception of the Debt Service Fund, which is kept in a separate bank account. Investments of the pooled accounts consist primarily of Certificates of Deposit and money market accounts, carried at cost, which approximates market. Certificates of Deposit with an original maturity of less than 3 months are considered cash equivalents.

Diamond R-IV School District

Notes to the Financial Statements

June 30, 2021

Inventories

Inventories are valued at cost and consist of food and educational materials. The cost is recorded as a disbursement at the time inventory is purchased.

Equity Classification

In the government-wide financial statements, net position is classified in two components as follows:

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

Unrestricted net position: All other net position that does not meet the definition of “restricted.”

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

In the fund financial statements, governmental funds report aggregate amounts for five classifications of fund balances based on constraints imposed on the use of these resources as follows:

Nonspendable fund balance: This classification includes amounts that cannot be spent because they are either a) not in spendable form or b) legally or contractually required to be maintained intact.

Restricted fund balance: This classification reflects the constraints imposed on resources either a) externally by creditors, grantors, contributors, or laws and regulations of other governments; or b) imposed by law through constitutional provisions or enabling legislation.

Committed fund balance: These amounts can only be used for specific purposes pursuant to constraints imposed by formal resolutions of the Board of Education – the government’s highest level of decision making authority. Those committed amounts cannot be used for any other purpose unless the Board of Education removes the specified use by taking the same type of action imposing the commitment.

Assigned fund balance: This classification reflects the amounts constrained by the District’s “intent” to be used for specific purposes, but are neither restricted nor committed. Assigned fund balances include all remaining amounts (except negative balances) that are reported in the governmental funds, other than the General Fund, that are not classified as nonspendable and are neither restricted nor committed.

Unassigned fund balance: This fund balance is the residual classification for the General Fund. It is used to report negative fund balances in other governmental funds.

In circumstances when a disbursement is made for a purpose for which amounts are available in multiple fund balance classifications, fund balance is depleted in the order of restricted, committed, assigned, and unassigned.

Diamond R-IV School District

Notes to the Financial Statements

June 30, 2021

Program Receipts

Amounts reported as program receipts include 1) charges to students or others for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions. All other governmental receipts are reported as general receipts. All taxes are classified as general receipts, even if restricted for a specific purpose.

2. Cash & Cash Equivalents

State statutes require that the District's deposits be insured or collateralized in the name of the District by the trust department of a bank that does not hold the collateralized deposits. As of June 30, 2021, all bank balances on deposit are entirely insured or collateralized with securities.

3. Investments

The District had the following investments at June 30, 2021:

<u>Investment Type</u>	<u>Maturity</u>	<u>Amount</u>
Pro-rata Shares of investment contracts with BOK Financial	N/A	\$ 256,603
Certificates of Deposit	8/15/21 - 5/18/22	343,000
		<u>\$ 599,603</u>

Certificates of Deposit

Certificates of Deposit are classified as investments but are considered deposits for custodial risk determination. State statutes require that the District's deposits be collateralized in the name of the District by the trust department of a bank that does not hold the collateralized deposits. As of June 30, 2021, all Certificates of Deposit are entirely insured or collateralized with securities.

Investment Contracts with BOK Financial

Funds on deposit with BOK Financial are invested in investment contracts in which the District has a pro-rata share of the investment contract. The investment contracts are in accordance with Section 165.051 and Section 360 of the Missouri Revised Statutes through the Missouri School District Direct Deposit Program. The investment contracts are with credit providers whose unsecured long-term debt is rated, at the time of such agreement, in either of the two highest rating categories by a nationally recognized rating service.

The District does not have a policy on interest rate risk.

4. 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 counties collect the property taxes and remit them to the District.

The District also receives sales tax collected by the State and remitted based on eligible pupils. The District is required to reduce its property tax levy by one-half the amount of sales tax estimated to be received in the subsequent calendar year unless the voters have approved a waiver of the rollback provision. The District has voted a full waiver of the rollback provision.

Diamond R-IV School District

Notes to the Financial Statements

June 30, 2021

The assessed valuation of the tangible taxable property for the calendar year 2020 for purposes of local taxation was:

Real estate	\$ 52,244,280
Personal property	25,565,074
Total Assessed Valuation	<u><u>\$ 77,809,354</u></u>

The tax levy per \$100 of the assessed valuation of tangible taxable property for the calendar year 2020 for purposes of local taxation was:

	Unadjusted	Adjusted
General Fund	\$ 3.1292	\$ 3.1292
Debt Service Fund	.5900	.5900
Total Levy	<u><u>\$ 3.7192</u></u>	<u><u>\$ 3.7192</u></u>

The receipts of current and delinquent property taxes during the fiscal year ended June 30, 2021, aggregated approximately 100 percent of the current assessment computed on the basis of the levy as shown above.

5. General Obligation Bonds Payable

Bonds payable at June 30, 2021, consist of:

\$3,000,000 general obligation building bond issue dated July 10, 2013, due in varying annual installments through March 1, 2023; interest at 2.00% to 2.20%.	\$ 1,000,000
\$3,000,000 general obligation building bond issue dated July 11, 2018, due in varying annual installments through March 1, 2038; interest at 4.00%.	<u>3,000,000</u>
	<u><u>\$ 4,000,000</u></u>

The following is a summary of bond transactions for the year ended June 30, 2021:

Bonds Payable, July 1, 2020	\$ 4,500,000
Bonds issued	-
Bonds retired	(500,000)
Bonds Payable, June 30, 2021	<u><u>\$ 4,000,000</u></u>

Diamond R-IV School District

Notes to the Financial Statements

June 30, 2021

Debt service requirements are:

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2022	\$ 500,000	\$ 141,500	\$ 641,500
2023	500,000	131,000	631,000
2024	150,000	120,000	270,000
2025	155,000	114,000	269,000
2026	160,000	107,800	267,800
2027	170,000	101,400	271,400
2028	175,000	94,600	269,600
2029	185,000	87,600	272,600
2030	190,000	80,200	270,200
2031	195,000	72,600	267,600
2032	205,000	64,800	269,800
2033	215,000	56,600	271,600
2034	220,000	48,000	268,000
2035	230,000	39,200	269,200
2036	240,000	30,000	270,000
2037	250,000	20,400	270,400
2038	260,000	10,400	270,400
	<u>\$ 4,000,000</u>	<u>\$ 1,320,100</u>	<u>\$ 5,320,100</u>

Article VI, Section 26(b), Constitution of Missouri, limits the outstanding amount of authorized general obligation bonds of a district to 15 percent of the assessed valuation of the district. The legal debt margin (excluding state assessed railroad and utility) of the District at June 30, 2021, was:

Constitutional debt limit	\$ 11,671,403
General obligation bonds payable	(4,000,000)
Amount available in Debt Service Fund	<u>422,529</u>
Legal Debt Margin	<u><u>\$ 8,093,932</u></u>

Diamond R-IV School District

Notes to the Financial Statements

June 30, 2021

6. Retirement Plans

Public School Retirement System of Missouri and Public Education Employee Retirement System of Missouri

Summary of Significant Accounting Policies

The District participates in the Public School Retirement System and the Public Education Employee Retirement System (PSRS and PEERS, also referred to as the Systems). The financial statements of the District were prepared using the modified cash basis of accounting. Therefore, member and employer contributions are recognized when paid and the District's net pension liability, deferred outflows and inflows of resources related to pensions are not recorded in these financial statements.

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 the Systems, 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.

Plan Description. PEERS is a mandatory cost-sharing multiple employer retirement system for all non-certificated 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 the Systems 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. 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. 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.

Diamond R-IV School District

Notes to the Financial Statements

June 30, 2021

Benefits Provided. PEERS is a defined benefit plan providing retirement, disability, and death benefits to its members. Members are vested for service retirement benefits after accruing five years of service. Individuals who (a) are at least age 60 and have a minimum of 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 benefit until reaching minimum Social Security age (currently age 62), which is calculated using a 0.8% benefit factor. Actuarially age-reduced retirement benefits are available 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). The Board of Trustees has established a policy of providing a 0.00% COLA for years in which the CPI increases between 0.00% and 2.00%, a 2.00% COLA for years in which CPI increases between 2.00% and 5.00%, and a COLA of 5.00% if the CPI is greater than 5.00%. If the CPI decreases, no COLA is provided. For any PSRS member retiring on or after July 1, 2001, such adjustments commence on the second January after commencement of benefits and occur annually thereafter. For PEERS members, such adjustments commence on the fourth January after commencement of benefits and occur annually thereafter. The total of such increases may not exceed 80% of the original benefit for any member.

Contributions. PSRS members were required to contribute 14.5% of their annual covered salary during the fiscal year 2021. 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.

Contributions. PEERS members were required to contribute 6.86% of their annual covered salary during the fiscal year 2021. Employers were required to match the contributions made by employees. The contribution rate is set each year by the PSRS Board of Trustees upon the recommendation of the independent actuary within the contribution restrictions set in Section 169.030 RSMo. The annual statutory increase in the total contribution rate may not exceed 0.5% of pay.

The District's contributions to PSRS and PEERS were \$502,106 and \$75,900, respectively, for the year ended June 30, 2021.

Summary Plan descriptions detailing the provisions of the plans as well as additional information regarding the District's net pension liability and deferred inflows and outflows of resources can be found on the Systems' website at www.psr-peers.org.

7. Claims & Adjustments

The District participates in a number of federal and state programs that are fully or partially funded by grants received from other governmental units. Disbursements financed by grants are subject to audit by the appropriate grantor government. If disbursements are disallowed due to noncompliance with grant program regulation, the District may be required to reimburse the grantor government. As of June 30, 2021, disbursements have not been audited by grantor governments, but the District believes that disallowed disbursements, if any, based on subsequent audits, will not have a material effect on any of the individual government funds or the overall financial position of the District.

Diamond R-IV School District

Notes to the Financial Statements

June 30, 2021

8. Compensated Absences Payable

Compensated absences payable consists of accumulated sick leave and vacation leave for District personnel. Employees of the District may accrue up to 90 days of sick leave. Upon leaving the District, support staff with six or more years of service will be paid at a rate of \$10 per day, up to 70 days, and all accrued vacation days paid at the employee's hourly rate. Professional staff with six or more years of service will be paid at a rate of \$30 per day, for up to 50 days of accumulated sick leave, and up to 10 unused vacation days paid at the employee's hourly rate. Total compensated absences payable at June 30, 2021, was \$71,834.

9. 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 obtaining coverage from commercial insurance companies. In addition, it has effectively managed risk through various employee education and prevention programs. There has been no significant reduction in insurance coverage from the previous year.

10. Post-Employment Benefits

In addition to the pension benefits described in Note 6, 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 on the future cost of the existing health care benefit plan in relation to retirees.

11. Interfund Transfers

Transfers between funds of the District for the year ended June 30, 2021, were as follows:

	<u>Transfers In</u>	<u>Transfers Out</u>
General Fund	\$ -	\$ 864,243
Special Revenue Fund	435,725	-
Capital Projects Fund	428,518	-
	<u>\$ 864,243</u>	<u>\$ 864,243</u>

The District is allowed to make transfers from the General Fund to the Special Revenue Fund to cover the excess of disbursements over receipts each year, if applicable. The District is allowed to make a transfer from the General Fund to the Capital Projects Fund to cover disbursements and build balances as allowed by state law. An additional \$200,000 from prior year allowable transfers occurred for the year ended June 30, 2021.

Diamond R-IV School District

Notes to the Financial Statements

June 30, 2021

12. Lease Payable

During the year ended June 30, 2016, the District entered into a cancelable lease agreement with US Bancorp to finance the purchase of 10 school buses (collateral for agreement) at a cost of \$800,000 plus interest at 2.17%.

Although the agreement provides for cancellation of the lease at the District's option at the renewal dates, the District does not foresee exercising its option to cancel. The lease is considered direct borrowing. If the District elects to cancel the lease, the remaining principal becomes due in full or collateral securing the lease is transferred to the lender.

The following is a schedule of the future minimum lease payments under the lease (assuming noncancellation):

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2022	\$ 90,151	\$ 2,471	\$ 92,622
2023	91,624	996	92,620
	<u>\$ 181,775</u>	<u>\$ 3,467</u>	<u>\$ 185,242</u>

The following represents the changes in the net lease payments for the year ended June 30, 2021:

Lease Payable, July 1, 2020	\$ 328,811
Additional Lease Obligation	-
Net Lease Retirements	(147,036)
Lease Payable, June 30, 2021	<u>\$ 181,775</u>

Supplementary Information

Diamond R-IV School District

Budgetary Comparison Schedule—General Fund

Year Ended June 30, 2021

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Receipts				
Local	\$ 2,618,756	\$ 2,587,359	\$ 2,587,359	\$ -
County	181,000	209,338	209,338	-
State	75,900	91,066	91,066	-
Federal	708,030	1,945,465	1,945,465	-
Other	8,000	3,575	3,575	-
Total Receipts	3,591,686	4,836,803	4,836,803	-
Disbursements				
Instruction	697,995	664,267	664,267	-
Student services	62,500	72,534	72,534	-
Instructional staff support	265,023	292,364	292,364	-
Building administration	159,193	188,990	188,990	-
General administration	205,629	259,291	259,291	-
Operation of plant	993,258	1,223,683	1,223,683	-
Transportation	351,701	334,680	334,680	-
Food service	360,000	10,320	10,320	-
Community services	37,191	729,294	729,294	-
Total Disbursements	3,132,490	3,775,423	3,775,423	-
<i>Excess of Receipts Over Disbursements</i>	459,196	1,061,380	1,061,380	-
Other Financing Sources (Uses)				
Sale of other property	-	2,864	2,864	-
Operating transfers (out)	(368,423)	(864,243)	(864,243)	-
Total Other Financing Sources (Uses)	(368,423)	(861,379)	(861,379)	-
<i>Excess of Receipts and Other Sources Over Disbursements and Other (Uses)</i>	90,773	200,001	200,001	-
Fund Balance, July 1, 2020	2,990,057	2,990,057	2,990,057	-
Fund Transfer (out)	-	(200,000)	(200,000)	-
Fund Balance, June 30, 2021	\$ 3,080,830	\$ 2,990,058	\$ 2,990,058	\$ -

See accompanying notes to the Budgetary Comparison Schedules.

Diamond R-IV School District

Budgetary Comparison Schedule—Special Revenue Fund

Year Ended June 30, 2021

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Receipts				
Local	\$ 801,204	\$ 776,923	\$ 776,923	\$ -
County	40,000	26,978	26,978	-
State	3,212,058	2,830,455	2,830,455	-
Federal	173,435	173,968	173,968	-
Total Receipts	4,226,697	3,808,324	3,808,324	-
Disbursements				
Instruction	3,391,775	3,294,764	3,294,764	-
Student services	256,359	259,693	259,693	-
Instructional staff support	99,791	78,230	78,230	-
Building administration	400,542	369,375	369,375	-
General administration	197,740	191,553	191,553	-
Community services	48,913	50,434	50,434	-
Total Disbursements	4,395,120	4,244,049	4,244,049	-
<i>(Deficit) of Receipts Over Disbursements</i>	(168,423)	(435,725)	(435,725)	-
Other Financing Sources				
Operating transfers in	168,423	435,725	435,725	-
<i>Excess of Receipts and Other Sources Over Disbursements</i>	-	-	-	-
Fund Balance, July 1, 2020	-	-	-	-
Fund Balance, June 30, 2021	\$ -	\$ -	\$ -	\$ -

See accompanying notes to the Budgetary Comparison Schedules.

Diamond R-IV School District

Budgetary Comparison Schedule—Debt Service Fund

Year Ended June 30, 2021

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Receipts				
Local	\$ 431,700	\$ 460,791	\$ 460,791	\$ -
County	35,000	43,078	43,078	-
Total Receipts	466,700	503,869	503,869	-
Disbursements				
Debt service	603,500	652,600	652,600	-
Total Disbursements	603,500	652,600	652,600	-
<i>(Deficit) of Receipts Over Disbursements</i>	(136,800)	(148,731)	(148,731)	-
Fund Balance, July 1, 2020	571,260	571,260	571,260	-
Fund Balance, June 30, 2021	\$ 434,460	\$ 422,529	\$ 422,529	\$ -

See accompanying notes to the Budgetary Comparison Schedules.

Diamond R-IV School District

Budgetary Comparison Schedule – Capital Projects Fund

Year Ended June 30, 2021

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Receipts				
Local	\$ 3,000	\$ 23,985	\$ 23,985	\$ -
State	5,478	277,657	277,657	-
Federal	-	52,000	52,000	-
Total Receipts	<u>8,478</u>	<u>353,642</u>	<u>353,642</u>	<u>-</u>
Disbursements				
Instruction	11,200	1,242	1,242	-
Instructional staff support	19,500	70,117	70,117	-
General administration	500	2,417	2,417	-
Operation of plant	23,000	36,787	36,787	-
Transportation	124,310	157,148	157,148	-
Food service	4,000	2,998	2,998	-
Facilities acquisition and construction	53,200	408,517	408,517	-
Debt service	14,611	15,742	15,742	-
Total Disbursements	<u>250,321</u>	<u>694,968</u>	<u>694,968</u>	<u>-</u>
<i>(Deficit) of Receipts Over Disbursements</i>	(241,843)	(341,326)	(341,326)	-
Other Financing Sources				
Sale of school buses	-	4,400	4,400	-
Operating transfers in	200,000	428,518	428,518	-
Total Other Financing Sources	<u>200,000</u>	<u>432,918</u>	<u>432,918</u>	<u>-</u>
<i>Excess (Deficit) of Receipts and Other Sources Over Disbursements</i>	(41,843)	91,592	91,592	-
Fund Balance, July 1, 2020	731,227	731,227	731,227	-
Fund Transfer in	-	200,000	200,000	-
Fund Balance, June 30, 2021	<u>\$ 689,384</u>	<u>\$ 1,022,819</u>	<u>\$ 1,022,819</u>	<u>\$ -</u>

See accompanying notes to the Budgetary Comparison Schedules.

Diamond R-IV School District

Notes to the Budgetary Comparison Schedules

Year Ended June 30, 2021

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 budget includes estimated receipts and proposed disbursements for all District funds. Budgeted disbursements cannot exceed beginning available monies plus estimated receipts for the year.
3. A public hearing is conducted to obtain taxpayer comments. Prior to its approval by the Board of Education, the budget document is available for public inspection.
4. Prior to July 1, the budget is legally enacted by a vote of the Board of Education.
5. Subsequent to its formal approval of the budget, the Board of Education has the authority to make necessary adjustments to the budget by formal vote of the Board. Adjustments made during the year are reflected in the budget information included in the financial statements. Budgeted amounts are as originally adopted, or as amended by the Board of Education. Individual amendments were not material to the original appropriations, which were amended.
6. Budgets for District funds are prepared and adopted on the modified cash basis (budget basis).

Other Financial Information

Diamond R-IV School District

Schedule of Receipts by Source

Year Ended June 30, 2021

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Debt Service Fund</u>	<u>Capital Projects Fund</u>	<u>Total</u>
Local					
Current taxes	\$2,075,997	\$ -	\$ 391,433	\$ -	\$ 2,467,430
Delinquent taxes	367,757	-	69,340	-	437,097
School district trust fund (Prop C)	-	775,471	-	-	775,471
Financial institution tax	31	-	-	-	31
M&M surtax	-	-	-	23,817	23,817
Earnings from temporary deposits	9,572	1,452	18	168	11,210
Food service - sales to pupils	7,697	-	-	-	7,697
Admissions - student activities	105,871	-	-	-	105,871
Revenue from enterprise activities	1,445	-	-	-	1,445
Rentals	779	-	-	-	779
Miscellaneous local revenue	18,210	-	-	-	18,210
Total Local	<u>2,587,359</u>	<u>776,923</u>	<u>460,791</u>	<u>23,985</u>	<u>3,849,058</u>
County					
Fines, escheats, etc.	-	26,978	-	-	26,978
State assessed utilities	209,338	-	43,078	-	252,416
Total County	<u>209,338</u>	<u>26,978</u>	<u>43,078</u>	<u>-</u>	<u>279,394</u>
State					
Basic formula - state monies	5,858	2,742,323	-	-	2,748,181
Transportation	67,750	-	-	-	67,750
Early childhood special education	-	34,674	-	-	34,674
Basic formula-classroom trust fund	-	-	-	277,457	277,457
Educational screening program/PAT	11,386	-	-	-	11,386
Career education	-	12,058	-	200	12,258
Food service - state	2,319	-	-	-	2,319
High need fund- special education	-	41,400	-	-	41,400
Other - state	3,753	-	-	-	3,753
Total State	<u>91,066</u>	<u>2,830,455</u>	<u>-</u>	<u>277,657</u>	<u>3,199,178</u>

Diamond R-IV School District

Schedule of Receipts by Source

Year Ended June 30, 2021

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Debt Service Fund</u>	<u>Capital Projects Fund</u>	<u>Total</u>
Federal					
Medicaid	28,338	-	-	-	28,338
CRRSA - ESSER II	688,693	-	-	-	688,693
CARES - ESSER fund	174,531	-	-	-	174,531
CARES - governor's emergency education relief fund	11,275	-	-	-	11,275
Coronavirus Relief Fund (OA CRF)	52,828	-	-	-	52,828
IDEA grants	1,735	-	-	-	1,735
IDEA entitlement funds, part B IDEA	-	136,860	-	-	136,860
Early childhood special education	-	7,835	-	-	7,835
Title I - ESEA	181,207	-	-	-	181,207
Title IV.A student support and academic enrichment	13,381	-	-	-	13,381
Title II, part A&B, ESEA - teacher & principal training	-	29,273	-	-	29,273
CARES - school lunch program	3,771	-	-	-	3,771
CARES - school breakfast program	956	-	-	-	956
Dept of health food service program	658,650	-	-	-	658,650
Other - federal	130,100	-	-	52,000	182,100
Total Federal	<u>1,945,465</u>	<u>173,968</u>	<u>-</u>	<u>52,000</u>	<u>2,171,433</u>
Other Sources					
Sale of school buses	-	-	-	4,400	4,400
Sale of other property	2,864	-	-	-	2,864
Tuition from other LEAs - regular term	3,575	-	-	-	3,575
Total Other Sources	<u>6,439</u>	<u>-</u>	<u>-</u>	<u>4,400</u>	<u>10,839</u>
Total Receipts	<u>\$4,839,667</u>	<u>\$3,808,324</u>	<u>\$ 503,869</u>	<u>\$ 358,042</u>	<u>\$ 9,509,902</u>

The above presentation agrees to the Annual Secretary of the Board Report.

Diamond R-IV School District

Schedule of Disbursements by Object

Year Ended June 30, 2021

	General Fund	Special Revenue Fund	Debt Service Fund	Capital Projects Fund	Total
Certificated - regular salaries	\$ -	\$ 2,484,559	\$ -	\$ -	\$ 2,484,559
Certificated - administrators salaries	-	344,667	-	-	344,667
Certificated - part-time salaries	-	134,096	-	-	134,096
Certificated supplemental pay	625	163,633	-	-	164,258
Certificated unused leave and/or severance pay	1,500	5,597	-	-	7,097
Classified salaries regular	853,787	-	-	-	853,787
Classified instructional aide salaries	236,963	-	-	-	236,963
Classified substitute salaries	94,705	-	-	-	94,705
Classified employees unused leave and/or severance	5,832	-	-	-	5,832
Teacher's retirement	7,608	523,966	-	-	531,574
Non-teacher retirement	75,132	263	-	-	75,395
Old age survivor and disability (OASDI)	64,348	4,243	-	-	68,591
Medicare	15,672	42,394	-	-	58,066
Employee insurance	141,708	360,806	-	-	502,514
Workers' compensation insurance	41,048	-	-	-	41,048
Unemployment compensation	13,294	-	-	-	13,294
Purchased instructional services - tuition	-	81,854	-	-	81,854
Instructional program improvement services	31,612	-	-	-	31,612
Pupil services	9,153	97,971	-	-	107,124
Audit services	6,706	-	-	-	6,706
Data processing and technology-related services	126,303	-	-	-	126,303
Legal services	2,403	-	-	-	2,403
Other professional services	72,661	-	-	-	72,661
Repairs and maintenance	100,374	-	-	-	100,374
Water and sewer	20,271	-	-	-	20,271
Trash removal	17,874	-	-	-	17,874
Technology-related repairs and maintenance	13,384	-	-	-	13,384
Other property services	4,965	-	-	-	4,965
Contracted transportation to and from school	4,895	-	-	-	4,895
Travel	11,061	-	-	-	11,061
Property insurance	60,036	-	-	-	60,036
Liability insurance	18,084	-	-	-	18,084
Communication	38,710	-	-	-	38,710
Advertising	3,169	-	-	-	3,169
Printing and binding	33,261	-	-	-	33,261
Dues and membership	19,251	-	-	-	19,251
Other purchased services	702,272	-	-	-	702,272
General supplies	513,108	-	-	-	513,108
Supplies - technology related	45,523	-	-	-	45,523
Textbook	101,197	-	-	-	101,197
Library books	6,026	-	-	-	6,026
Resource materials	1,181	-	-	-	1,181

Diamond R-IV School District

Schedule of Disbursements by Object

Year Ended June 30, 2021

	General Fund	Special Revenue Fund	Debt Service Fund	Capital Projects Fund	Total
Electric	209,824	-	-	-	209,824
Gas - natural	18,611	-	-	-	18,611
Coal	6,808	-	-	-	6,808
Gasoline/diesel	23,478	-	-	-	23,478
Land	-	-	-	40,336	40,336
Buildings	-	-	-	172,264	172,264
Improvements other than buildings	-	-	-	195,917	195,917
Regular equipment	-	-	-	53,555	53,555
Technology - related hardware	-	-	-	63,783	63,783
Technology software	-	-	-	6,335	6,335
Pupil transportation vehicles - school buses	-	-	-	147,036	147,036
Principal - bonded indebtedness	-	-	500,000	-	500,000
Principal - short term loans	-	-	-	8,209	8,209
Interest - bonded indebtedness	-	-	151,500	-	151,500
Interest - short term loans	-	-	-	201	201
Interest - lease purchase agreements	-	-	-	7,332	7,332
Fees - bonded indebtedness	-	-	1,100	-	1,100
Total Disbursements	\$ 3,775,423	\$ 4,244,049	\$ 652,600	\$ 694,968	\$ 9,367,040

The above presentation agrees to the Annual Secretary of the Board Report.

Diamond R-IV School District

Schedule of Transportation Costs Eligible for State Aid

Year Ended June 30, 2021

	District Owned	Contracted Disabled	Total
Non-certified salaries	\$ 199,023	\$ -	\$ 199,023
Employee benefits	36,437	-	36,437
Purchased services	53,653	4,895	58,548
Supplies	40,672	-	40,672
Capital outlay	10,112	-	10,112
Depreciation	90,370	-	90,370
	<u>\$ 430,267</u>	<u>\$ 4,895</u>	<u>\$ 435,162</u>
School buses lease purchased			
Principal			<u>\$ 147,036</u>
Interest			<u>\$ 7,332</u>

Other Reporting Requirements



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

Board of Education
Diamond R-IV School District
Diamond, 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 accompanying financial statements of the governmental activities and each major fund of Diamond R-IV School District as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise Diamond R-IV School District's basic financial statements and have issued our report thereon dated November 22, 2021.

Internal Control over Financial Reporting

In planning and performing our audit, we considered the Diamond R-IV School District'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 the District's internal control. Accordingly, we do not express an opinion on the effectiveness of the District's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or 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 were not identified. We did identify a certain deficiency in internal control, described in the accompanying Schedule of Findings and Questioned Costs as item 2021-001, that we consider to be a material weakness.

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1445 E. Republic Road Springfield, MO 65804 | 417-882-4300 | fax 417-882-4343
500 W. Main Street, Suite 200 Branson, MO 65616 | 417-334-2987 | fax 417-336-3403

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Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Diamond R-IV School District'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*.

Response to Findings

The District's response to the finding identified in our audit is described in the accompanying Schedule of Findings and Questioned Costs. The District'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.

KPM CPAs, PC

KPM CPAs, PC
Springfield, Missouri
November 22, 2021



Independent Auditors' Report on Compliance for Each Major Program and on Internal Control over Compliance Required by the Uniform Guidance

Board of Education
Diamond R-IV School District
Diamond, Missouri

Report on Compliance for Each Major Federal Program

We have audited the Diamond R-IV School District's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on Diamond R-IV School District's major federal programs for the year ended June 30, 2021. The Diamond R-IV School District's major federal programs are identified in the summary of auditors' results section of the accompanying Schedule of Findings and Questioned Costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for the Diamond R-IV School District's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Diamond R-IV School District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination on the Diamond R-IV School District's compliance.

Opinion on Each Major Federal Program

In our opinion, the Diamond R-IV School District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2021.

www.kpmcpa.com

1445 E. Republic Road Springfield, MO 65804 | 417-882-4300 | fax 417-882-4343
500 W. Main Street, Suite 200 Branson, MO 65616 | 417-334-2987 | fax 417-336-3403

Member of The Leading Edge Alliance

Report on Internal Control over Compliance

Management of the Diamond R-IV School District is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Diamond R-IV School District's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the District's internal control over compliance.

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

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

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

KPM CPAs, PC

KPM CPAs, PC
Springfield, Missouri
November 22, 2021

Diamond R-IV School District

Schedule of Expenditures of Federal Awards

Year Ended June 30, 2021

<u>Federal Grantor/Pass-through Grantor/Program Title</u>	<u>Assistance Listing Number</u>	<u>Pass-through Grantor's Number</u>	<u>Passed-through to Subrecipient</u>	<u>Federal Expenditures</u>
U.S. Department of Agriculture				
Missouri Department of Elementary and Secondary Education				
Child Nutrition Cluster				
COVID 19 - National School Lunch Program - Cash	10.555	2020N850343	\$ -	\$ 4,727
National School Lunch Program - Commodities		073-102	-	30,429
			-	35,156
Missouri Department of Health and Senior Services				
Child Nutrition Cluster				
Summer Food Service Program for Children	10.559	ERS0462005S	-	400,316
Total Child Nutrition Cluster			-	435,472
Missouri Department of Health and Senior Services				
Child and Adult Care Food Program				
	10.558	ERS0462008	-	300,055
Total U.S. Department of Agriculture			-	735,527
U.S. Department of Education				
Missouri Department of Elementary and Secondary Education				
Special Education Grants Cluster				
Special Education Grants to States	84.027	H027A190040	-	47,017
		H027A200040	-	142,288
			-	189,305
Special Education Preschool Grants	84.173	H171A190103	-	1,991
		H171A200103	-	1,712
			-	3,703
Total Special Education Grants Cluster			-	193,008
Title I Grants to LEAs	84.010	S010A190025	-	13,864
		S010A200025	-	185,615
		S424A190026	-	3,704
		S424A200026	-	9,765
		S367A190024	-	9,724
		S367A200024	-	24,218
			-	246,890
COVID 19 - Education Stabilization Fund	84.425D	S425D200021	-	22,713
		S425D210021	-	688,693
	84.425C	S425C200016	-	11,275
			-	722,681
Total U.S. Department of Education			-	1,162,579

See accompanying notes to the Schedule of Expenditures of Federal Awards.

Diamond R-IV School District

Schedule of Expenditures of Federal Awards

Year Ended June 30, 2021

<u>Federal Grantor/Pass-through Grantor/Program Title</u>	<u>Assistance Listing Number</u>	<u>Pass-through Grantor's Number</u>	<u>Passed-through to Subrecipient</u>	<u>Federal Expenditures</u>
U.S. Department of Health and Human Services				
Missouri Department of Elementary and Secondary Education Cooperative Agreements to Promote Adolescent Health through School-Based HIV/STD Prevention and School-Based Surveillance	93.079	18NU87	-	100
Total U.S. Department of Health and Human Services			-	100
U.S. Department of Treasury				
Missouri Department of Elementary and Secondary Education COVID 19 - Coronavirus Relief Fund	21.019	073-102	-	52,828
Newton County, Missouri COVID 19 - Coronavirus Relief Fund	21.019	-	-	162,750
Jasper County, Missouri COVID 19 - Coronavirus Relief Fund	21.019	-	-	19,350
Total U.S. Department of Treasury			-	234,928
Total Expenditures of Federal Awards			\$ -	\$ 2,133,134

N/A – Not applicable

See accompanying notes to the Schedule of Expenditures of Federal Awards.

Diamond R-IV School District

Notes to the Schedule of Expenditures of Federal Awards

Year Ended June 30, 2021

1. The Schedule of Expenditures of Federal Awards is presented using the modified cash basis of accounting, which is described in Note 1 to the District's financial statements.
2. Commodities received and expended are valued by the Food Service Section of the Department of Elementary and Secondary Education.
3. The District did not provide funds to subrecipients in the current year.
4. The District elected not to use the 10% de minimis indirect cost rate.

Diamond R-IV School District

Schedule of Findings and Questioned Costs

Year Ended June 30, 2021

Section I: Summary Schedule of Audit Results

Financial Statements	
Type of report the auditor issued on whether the financial statements audited were prepared in accordance with the modified cash basis of accounting:	Unmodified
Internal Control over Financial Reporting:	
Material weakness(es) identified?	Yes
Significant deficiency(ies) identified?	None Reported
Noncompliance material to financial statements noted?	No
Federal Awards	
Internal control over major federal programs:	
Material weakness(es) identified?	No
Significant deficiency(ies) identified?	None Reported
Type of auditors' report issued on compliance for major federal programs:	Unmodified
Any audit findings disclosed that are required to be reported in accordance with 2CFR 200.516(a)?	No
Identification of major federal programs:	
Assistance Listing Number(s)	Name of Federal Program or Cluster
10.555 & 10.559 84.425C & 84.425D	Child Nutrition Cluster COVID-19 - Education Stabilization Fund
Dollar threshold used to distinguish between type A and type B programs:	\$750,000
Auditee qualified as low-risk auditee?	No

Diamond R-IV School District

Schedule of Findings and Questioned Costs

Year Ended June 30, 2021

Section II: Financial Statement Findings

Material Weakness

2021-001 *Segregation of duties*

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 and a payables clerk to handle the accounting needs of the District. There are some mitigating controls in place but it is not possible to have segregation in all areas.

Criteria: Duties should be segregated so that no one employee has access to both physical assets and the related accounting records, or to all phases of a transaction.

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

Recommendation: We realize because of limited resources and personnel, management may not be able to achieve a proper segregation of duties; however, our professional standards require that we bring this lack of segregation of duties to your attention in this report.

Response: The limited number of available personnel prohibits segregation of incompatible duties and the District does not have the resources to hire additional accounting personnel.

Repeat finding of 2020-001

Section III: Federal Award Findings and Questioned Costs

None

Diamond R-IV School District

Summary Schedule of Prior Audit Findings

Year Ended June 30, 2021

2020-001 Segregation of duties

Recommendation: We realize because of limited resources and personnel, management may not be able to achieve a proper segregation of duties; however, our professional standards require that we bring this lack of segregation of duties to your attention in this report.

Status: The limited number of available personnel prohibits segregation of incompatible duties and the District does not have the resources to hire additional accounting personnel.

Uncorrected.

Diamond R-IV School District

Corrective Action Plan

Year Ended June 30, 2021



Diamond R-IV School District

Dr. Keith White, Superintendent
P.O. Box 68 - 401 S. Main Street
Diamond, Missouri 64840
417-325-5186

Mrs. Cindy Sprague
Curriculum Director
Diamond Central Office
417-325-5186

Mr. Chris Nelson
Technology Director
Diamond Central Office
417-325-5186

Mr. Ron Gray
Maintenance/Transportation Director
Diamond Central Office
417-325-5186

Dr. Laura Weaver
Special Services Director
Diamond Central Office
417-325-7321

Mr. Chris Mettlach
Principal / Activities Director
Diamond High School
417-325-5188

Mr. Mac Whitehead
Principal
Diamond Middle School
417-325-5336

Mrs. Lisa Northup
Principal
Diamond Elementary School
417-325-5189

Mr. Anthony Ficken
Dean of Students, K-12
Diamond Central Office
417-325-5186

November 22, 2021

U.S. Department of Education

Diamond R-IV School District respectfully submits the following corrective action plan for the year ended June 30, 2021. Contact information for the individual responsible for the corrective action:

Dr. Keith White, Superintendent
Diamond R-IV School District
401 S. Main
Diamond, MO 64840
(417) 325-5188

Independent Public Accounting Firm: KPM CPAs, PC, 1445 E. Republic Road, Springfield, MO 65804

Audit Period: Year ended June 30, 2021

The findings from the June 30, 2021, Schedule of Findings and Questioned Costs are discussed below. The findings are numbered consistently with the numbers assigned in the schedule.

Finding—Financial Statement Audit

Material Weakness


2021-001 *Segregation of duties*

Recommendation: Duties should be segregated so that no one employee has access to both physical assets and the related accounting records, or to all phases of a transaction. Due to limited resources and personnel, management may not be able to achieve a proper segregation of duties.

Action Taken: The limited number of available personnel prohibits segregation of incompatible duties. Therefore, no corrective action will be taken.

Completion Date: Not applicable

Sincerely,


Dr. Keith White, Superintendent
Diamond R-IV School District

Supplementary State Information



Independent Accountants' Report on Management's Assertions about Compliance with Specified Requirements of Missouri Laws and Regulations

Board of Education
Diamond R-IV School District
Diamond, Missouri

We have examined management's assertions that Diamond R-IV School District complied with the requirements of Missouri laws and regulations regarding budgetary and disbursement procedures; accurate disclosure of the District's attendance records of average daily attendance, standard day length, resident membership on the last Wednesday of September, pupil transportation records of the average daily transportation of pupils eligible and ineligible for state aid, the number of miles eligible and ineligible for state aid and other statutory requirements as listed in the schedule of selected statistics during the year ended June 30, 2021. Diamond R-IV School District's management is responsible for its assertions. Our responsibility is to express an opinion on management's assertions 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 assertions are fairly stated, in all material respects. An examination involves performing procedures to obtain evidence about management's assertions. The nature, timing, and extent of the procedures selected depend on our judgment, including an assessment of the risks of material misstatement of management's assertions, 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.

In our opinion, management's assertions referred to above are 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.

KPM CPAs, PC

KPM CPAs, PC
Springfield, Missouri
November 22, 2021

www.kpmcpa.com

1445 E. Republic Road Springfield, MO 65804 | 417-882-4300 | fax 417-882-4343
500 W. Main Street, Suite 200 Branson, MO 65616 | 417-334-2987 | fax 417-336-3403

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Diamond R-IV School District

Schedule of Selected Statistics

June 30, 2021

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

Report each unique calendar the district/charter school 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	-	6.60	162.00	1,065.52

2. Attendance Hours

Report the total attendance hours of K-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-5	263,402.45	-	190.00	-	8,560.25	272,152.70
3000	6-8	178,986.87	-	281.00	-	3,550.13	182,818.00
1050	9-12	225,790.48	2,730.74	21.25	-	2,103.50	230,645.97
Grand Total	K-12	668,179.80	2,730.74	492.25	-	14,213.88	685,616.67

3. September Membership

Report the FTE count of resident students in grades K-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 Level	Full-Time	Part-Time	Other	Total
4020	K-5	259.00	-	-	259.00
3000	6-8	175.00	-	-	175.00
1050	9-12	223.00	5.84	-	228.84
Grand Total	K-12	657.00	5.84	-	662.84

Diamond R-IV School District

Schedule of Selected Statistics

June 30, 2021

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
1050	80.99	15.00	-	-	95.99
3000	82.60	19.00	-	-	101.60
4020	107.72	26.00	-	-	133.72
Grand Total	271.31	60.00	-	-	331.31

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/charter school 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/charter school 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:	Choose an item.
	Academic Programs Off-Campus	N/A
	Career Exploration Program – Off Campus	N/A
	Cooperative Occupational Education (COE) or Supervised Occupational Experience Program	True
	Dual enrollment	True
	Homebound instruction	True
	Missouri Options	True
	Prekindergarten eligible to be claimed for state aid	N/A
	Remediation	True
	Sheltered Workshop participation	N/A
	Students participating in the school flex program	N/A
	Traditional instruction (full and part-time students)	True
	Virtual instruction (MOCAP or other option)	True
	Work Experience for Students with Disabilities	N/A
5.3	The district/charter school maintained complete and accurate attendance records allowing for the accurate calculation of September Membership for all students in	True

Diamond R-IV School District

Schedule of Selected Statistics

June 30, 2021

	accordance with all applicable state rules and regulations.	
5.4	The district/charter school 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/charter school's treasurer in the total amount of:	\$50,000
5.6	The district's/charter school's deposits were secured during the year as required by Sections 110.010 and 110.020, RSMo.	True
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/charter school 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:	\$20,396
5.13	The district/charter school 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

Diamond R-IV School District

Schedule of Selected Statistics

June 30, 2021

All above “False” answers must be supported by a finding or management letter comment.

Finding:	None
Management Letter Comment:	N/A

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/charter school’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	344.0
	Ineligible ADT	48.5
6.4	The district’s/charter school’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.	Choose an item.
6.5	Actual odometer records show the total district/charter-operated and contracted mileage for the year was:	100,779
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)	76,280
	Ineligible Miles (Non-Route/Disapproved)	24,499
6.7	Number of days the district/charter school operated the school transportation system during the regular school year:	133

All above “False” answers must be supported by a finding or management letter comment.

Finding:	None
Management Letter Comment:	N/A