

# Diamond R-IV School District

## BASIC FINANCIAL STATEMENTS Year Ended June 30, 2020



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## Independent Auditors' Report

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, 2020, 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.

## **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, 2020, 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 30, 2020, 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 30, 2020

## **Government-Wide Financial Statements**

## Diamond R-IV School District

### Statement of Net Position—Modified Cash Basis

June 30, 2020

	<b>Governmental Activities</b>
<b>Assets</b>	
Cash and cash equivalents-unrestricted	\$ 2,459,337
Investments-unrestricted	776,821
Cash and cash equivalents-restricted	619,783
Investments-restricted	436,603
<b>Total Assets</b>	<b>\$ 4,292,544</b>
<b>Net Position</b>	
Restricted for	
Debt service	\$ 571,260
Student scholarships	181,995
Student activities	52,799
Bond proceeds	250,332
Unrestricted	3,236,158
<b>Total Net Position</b>	<b>\$ 4,292,544</b>

See accompanying notes to the financial statements.

## Diamond R-IV School District

### Statement of Activities—Modified Cash Basis

Year Ended June 30, 2020

		Program Cash Receipts			Net (Disbursements)
	Cash	Charges for	Operating	Capital	Receipts and
	Disbursements	Services	Grants and	Grants and	Changes in
			Contributions	Contributions	Net Position
<b>Governmental Activities</b>					
Instruction	\$ (3,936,852)	\$ 119,548	\$ 315,702	\$ 3,579	\$ (3,498,023)
Student services	(278,484)	-	-	-	(278,484)
Instructional staff support	(505,183)	-	-	-	(505,183)
Building administration	(555,681)	-	-	-	(555,681)
General administration	(456,864)	-	-	-	(456,864)
Operation of plant	(1,031,204)	-	-	-	(1,031,204)
Transportation	(440,313)	-	70,164	-	(370,149)
Food service	(448,266)	70,742	286,405	-	(91,119)
Community services	(181,354)	-	260,607	-	79,253
Facilities acquisition and construction	(1,289,501)	-	-	-	(1,289,501)
Debt service	(635,376)	-	-	-	(635,376)
<b>Net Program (Disbursements) Receipts</b>	<u>\$ (9,759,078)</u>	<u>\$ 190,290</u>	<u>\$ 932,878</u>	<u>\$ 3,579</u>	<u>(8,632,331)</u>
<b>General Receipts</b>					
Ad valorem tax receipts					2,853,750
Prop C sales tax receipts					795,182
Other tax receipts					22,576
County receipts					308,824
State receipts					3,021,855
Interest receipts					21,454
Other					64,848
<b>Total General Receipts</b>					<u>7,088,489</u>
<i>(Decrease) in Net Position</i>					(1,543,842)
Net Position—Beginning of year					<u>5,836,386</u>
<b>Net Position—End of year</b>					<u><u>\$ 4,292,544</u></u>

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, 2020

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Debt Service Fund</u>	<u>Capital Projects Fund</u>	<u>Total Governmental Funds</u>
<b>Assets</b>					
Cash and cash equivalents- unrestricted	\$ 1,978,442	\$ -	\$ -	\$ 480,895	\$ 2,459,337
Investments-unrestricted	776,821	-	-	-	776,821
Cash and cash equivalents- restricted	58,794	-	310,657	250,332	619,783
Investments-restricted	176,000	-	260,603	-	436,603
<b>Total Assets</b>	<u><u>\$ 2,990,057</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 571,260</u></u>	<u><u>\$ 731,227</u></u>	<u><u>\$ 4,292,544</u></u>
<b>Fund Balances</b>					
Restricted for					
Debt service	\$ -	\$ -	\$ 571,260	\$ -	\$ 571,260
Student scholarships	181,995	-	-	-	181,995
Student activities	52,799	-	-	-	52,799
Bond proceeds	-	-	-	250,332	250,332
Assigned for capital outlay	-	-	-	480,895	480,895
Unassigned	2,755,263	-	-	-	2,755,263
<b>Total Fund Balances</b>	<u><u>\$ 2,990,057</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 571,260</u></u>	<u><u>\$ 731,227</u></u>	<u><u>\$ 4,292,544</u></u>

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, 2020

	General Fund	Special Revenue Fund	Debt Service Fund	Capital Projects Fund	Total Governmental Funds
<b>Receipts</b>					
Local	\$ 2,670,100	\$ 847,969	\$ 422,946	\$ 321	\$ 3,941,336
County	226,449	39,458	42,917	-	308,824
State	78,113	3,055,430	-	3,579	3,137,122
Federal	671,765	149,425	-	-	821,190
Other	6,764	-	-	-	6,764
<b>Total Receipts</b>	<u>3,653,191</u>	<u>4,092,282</u>	<u>465,863</u>	<u>3,900</u>	<u>8,215,236</u>
<b>Disbursements</b>					
Instruction	606,218	3,278,966	-	51,668	3,936,852
Student services	59,095	219,389	-	-	278,484
Instructional staff support	258,498	116,361	-	130,324	505,183
Building administration	155,875	399,806	-	-	555,681
General administration	241,810	214,567	-	487	456,864
Operation of plant	1,007,900	-	-	23,304	1,031,204
Transportation	325,515	-	-	114,798	440,313
Food service	442,590	-	-	5,676	448,266
Community services	132,219	49,135	-	-	181,354
Facilities acquisition and construction	-	-	-	1,289,501	1,289,501
Debt service	-	-	611,000	24,376	635,376
<b>Total Disbursements</b>	<u>3,229,720</u>	<u>4,278,224</u>	<u>611,000</u>	<u>1,640,134</u>	<u>9,759,078</u>
<i>Excess (Deficit) of Receipts Over Disbursements</i>	423,471	(185,942)	(145,137)	(1,636,234)	(1,543,842)
<b>Other Financing Sources (Uses)</b>					
Operating transfers in (out)	(613,468)	185,942	-	427,526	-
<b>Total Other Financing Sources (Uses)</b>	<u>(613,468)</u>	<u>185,942</u>	<u>-</u>	<u>427,526</u>	<u>-</u>
<i>(Deficit) of Receipts and Other Sources Over Disbursements and Other (Uses)</i>	(189,997)	-	(145,137)	(1,208,708)	(1,543,842)
Fund Balance, July 1, 2019	3,180,054	-	716,397	1,939,935	5,836,386
<b>Fund Balance, June 30, 2020</b>	<u><u>\$ 2,990,057</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 571,260</u></u>	<u><u>\$ 731,227</u></u>	<u><u>\$ 4,292,544</u></u>

See accompanying notes to the financial statements.

# Diamond R-IV School District

## Notes to the Financial Statements

June 30, 2020

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### 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, 2020

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### **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 2019-2020 school year requires the payment of salaries for 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.

### **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, 2020

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### 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, 2020

### 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, 2020, all bank balances on deposit are entirely insured or collateralized with securities.

## 3. Investments

The District had the following investments at June 30, 2020:

Investment Type	Maturity	Amount
Pro-rata Shares of investment contracts with BOK Financial	N/A	\$ 260,603
Certificates of Deposit	10/15/20 - 5/18/22	952,821
		<u>\$ 1,213,424</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, 2020, 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, 2020

The assessed valuation of the tangible taxable property for the calendar year 2019 for purposes of local taxation was:

Real estate	\$ 52,055,830
Personal property	25,139,387
<b>Total Assessed Valuation</b>	<u><u>\$ 77,195,217</u></u>

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	\$ 3.1195	\$ 3.1195
Debt Service Fund	.5900	.5900
<b>Total Levy</b>	<u><u>\$ 3.7095</u></u>	<u><u>\$ 3.7095</u></u>

The receipts of current and delinquent property taxes during the fiscal year ended June 30, 2020, 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, 2020, 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%.

\$ 1,500,000

\$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%.

3,000,000

\$ 4,500,000

The following is a summary of bond transactions for the year ended June 30, 2020:

Bonds Payable, July 1, 2019	\$ 4,950,000
Bonds issued	-
Bonds retired	(450,000)
<b>Bonds Payable, June 30, 2020</b>	<u><u>\$ 4,500,000</u></u>



## Diamond R-IV School District

### Notes to the Financial Statements

June 30, 2020

Debt service requirements are:

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2021	\$ 500,000	\$ 151,500	\$ 651,500
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>\$ 4,500,000</u>	<u>\$ 1,471,600</u>	<u>\$ 5,971,600</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, 2020, was:

Constitutional debt limit	\$ 11,579,283
General obligation bonds payable	(4,500,000)
Amount available in Debt Service Fund	571,260
<b>Legal Debt Margin</b>	<u><u>\$ 7,650,543</u></u>

# Diamond R-IV School District

## Notes to the Financial Statements

June 30, 2020

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### 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 Sections 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 5 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.

*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

# Diamond R-IV School District

## Notes to the Financial Statements

June 30, 2020

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"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 .8% benefit factor. Actuarially age-reduced retirement benefits are available with 5 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 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.

*Contributions.* PEERS members were required to contribute 6.86% of their annual covered salary during the 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 PSRS and PEERS were \$511,498 and \$70,846, respectively, for the year ended June 30, 2020.

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.psrs-peers.org](http://www.psrs-peers.org).

# Diamond R-IV School District

## Notes to the Financial Statements

June 30, 2020

### 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, 2020, 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.

### 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, 2020, was \$47,662.

### 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, 2020, were as follows:

	Transfers In	Transfers Out
General Fund	\$ -	\$ 613,468
Special Revenue Fund	185,942	-
Capital Projects Fund	427,526	-
	<u>\$ 613,468</u>	<u>\$ 613,468</u>

# Diamond R-IV School District

## Notes to the Financial Statements

June 30, 2020

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.

### 12. Energy Loan

The District has entered into an agreement with the Missouri Department of Natural Resources (DNR) in order to finance the costs of the design, acquisition, installation and implementation of energy conservation measures. The interest rate is a simple annual rate of 4.89%. The loan is considered direct borrowing. If the District elects to cancel the loan, the remaining principal becomes due in full or collateral securing the loan is transferred to the lender.

The following is a summary of the payment requirements to maturity:

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2021	\$ 8,209	\$ 215	\$ 8,424

The following represents the change in energy loan payable for the year ended June 30, 2020:

Energy Loan Payable, July 1, 2019	\$ 22,945
Additions	-
Principal payments	(14,736)
<b>Energy Loan Payable, June 30, 2020</b>	<b>\$ 8,209</b>

### 13. 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>
2021	\$ 117,310	\$ 6,185	\$ 123,495
2022	119,877	3,618	123,495
2023	91,624	996	92,620
	<u>\$ 328,811</u>	<u>\$ 10,799</u>	<u>\$ 339,610</u>

## Diamond R-IV School District

### Notes to the Financial Statements

June 30, 2020

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The following represents the changes in the net lease payments for the year ended June 30, 2020:

Lease Payable, July 1, 2019	\$ 443,609
Additional Lease Obligation	-
Net Lease Retirements	<u>(114,798)</u>
<b>Lease Payable, June 30, 2020</b>	<b><u>\$ 328,811</u></b>

#### 14. Risks & 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 be significant for both the District and overall economy. COVID-19 has been identified as a significant risk and uncertainty that could impact future operations and result in changes in estimates and assumptions made in the financial statements.

## Supplementary Information

# Diamond R-IV School District

## Budgetary Comparison Schedule—General Fund

Year Ended June 30, 2020

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
<b>Receipts</b>				
Local	\$ 2,556,741	\$ 2,670,100	\$ 2,670,100	\$ -
County	181,000	226,449	226,449	-
State	88,900	78,113	78,113	-
Federal	523,643	671,765	671,765	-
Other	8,000	6,764	6,764	-
<b>Total Receipts</b>	<u>3,358,284</u>	<u>3,653,191</u>	<u>3,653,191</u>	<u>-</u>
<b>Disbursements</b>				
Instruction	700,995	606,218	606,218	-
Student services	53,355	59,095	59,095	-
Instructional staff support	260,023	258,498	258,498	-
Building administration	159,193	155,875	155,875	-
General administration	205,629	241,810	241,810	-
Operation of plant	943,258	1,007,900	1,007,900	-
Transportation	351,701	325,515	325,515	-
Food service	360,000	442,590	442,590	-
Community services	37,191	132,219	132,219	-
<b>Total Disbursements</b>	<u>3,071,345</u>	<u>3,229,720</u>	<u>3,229,720</u>	<u>-</u>
<i>Excess of Receipts Over Disbursements</i>	286,939	423,471	423,471	-
<b>Other Financing (Uses)</b>				
Operating transfers (out)	<u>(248,335)</u>	<u>(613,468)</u>	<u>(613,468)</u>	<u>-</u>
<i>Excess (Deficit) of Receipts Over Disbursements and Other (Uses)</i>	38,604	(189,997)	(189,997)	-
Fund Balance, July 1, 2019	<u>3,180,054</u>	<u>3,180,054</u>	<u>3,180,054</u>	<u>-</u>
<b>Fund Balance, June 30, 2020</b>	<u><u>\$ 3,218,658</u></u>	<u><u>\$ 2,990,057</u></u>	<u><u>\$ 2,990,057</u></u>	<u><u>\$ -</u></u>

See accompanying notes to the Budgetary Comparison Schedules.



## Diamond R-IV School District

### Budgetary Comparison Schedule—Special Revenue Fund

Year Ended June 30, 2020

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
<b>Receipts</b>				
Local	\$ 834,591	\$ 847,969	\$ 847,969	\$ -
County	40,000	39,458	39,458	-
State	3,299,791	3,055,430	3,055,430	-
Federal	204,882	149,425	149,425	-
<b>Total Receipts</b>	<u>4,379,264</u>	<u>4,092,282</u>	<u>4,092,282</u>	<u>-</u>
<b>Disbursements</b>				
Instruction	3,408,985	3,278,966	3,278,966	-
Student services	226,359	219,389	219,389	-
Instructional staff support	128,214	116,361	116,361	-
Building administration	400,542	399,806	399,806	-
General administration	214,586	214,567	214,567	-
Community services	48,913	49,135	49,135	-
<b>Total Disbursements</b>	<u>4,427,599</u>	<u>4,278,224</u>	<u>4,278,224</u>	<u>-</u>
<i>(Deficit) of Receipts Over Disbursements</i>	(48,335)	(185,942)	(185,942)	-
<b>Other Financing Sources</b>				
Operating transfers in	<u>48,335</u>	<u>185,942</u>	<u>185,942</u>	<u>-</u>
<i>Excess of Receipts and Other Sources Over Disbursements</i>	-	-	-	-
Fund Balance, July 1, 2019	-	-	-	-
<b>Fund Balance, June 30, 2020</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

See accompanying notes to the Budgetary Comparison Schedules.

## Diamond R-IV School District

### Budgetary Comparison Schedule—Debt Service Fund

Year Ended June 30, 2020

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
<b>Receipts</b>				
Local	\$ 431,700	\$ 422,946	\$ 422,946	\$ -
County	35,000	42,917	42,917	-
<b>Total Receipts</b>	466,700	465,863	465,863	-
<b>Disbursements</b>				
Debt service	612,500	611,000	611,000	-
<b>Total Disbursements</b>	612,500	611,000	611,000	-
<i>(Deficit) of Receipts Over Disbursements</i>	(145,800)	(145,137)	(145,137)	-
Fund Balance, July 1, 2019	716,397	716,397	716,397	-
<b>Fund Balance, June 30, 2020</b>	<u>\$ 570,597</u>	<u>\$ 571,260</u>	<u>\$ 571,260</u>	<u>\$ -</u>

See accompanying notes to the Budgetary Comparison Schedules.

## Diamond R-IV School District

### Budgetary Comparison Schedule – Capital Projects Fund

Year Ended June 30, 2020

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
<b>Receipts</b>				
Local	\$ 3,000	\$ 321	\$ 321	\$ -
State	5,478	3,579	3,579	-
<b>Total Receipts</b>	<u>8,478</u>	<u>3,900</u>	<u>3,900</u>	<u>-</u>
<b>Disbursements</b>				
Instruction	17,755	51,668	51,668	-
Instructional staff support	15,000	130,324	130,324	-
General administration	500	487	487	-
Operation of plant	23,000	23,304	23,304	-
Transportation	121,798	114,798	114,798	-
Food service	4,000	5,676	5,676	-
Facilities acquisition and construction	1,734,351	1,289,501	1,289,501	-
Debt service	24,376	24,376	24,376	-
<b>Total Disbursements</b>	<u>1,940,780</u>	<u>1,640,134</u>	<u>1,640,134</u>	<u>-</u>
<i>(Deficit) of Receipts Over Disbursements</i>	(1,932,302)	(1,636,234)	(1,636,234)	-
<b>Other Financing Sources</b>				
Operating transfers in	<u>200,000</u>	<u>427,526</u>	<u>427,526</u>	<u>-</u>
<i>(Deficit) of Receipts and Other Sources Over Disbursements</i>	(1,732,302)	(1,208,708)	(1,208,708)	-
Fund Balance, July 1, 2019	<u>1,939,935</u>	<u>1,939,935</u>	<u>1,939,935</u>	<u>-</u>
<b>Fund Balance, June 30, 2020</b>	<u><u>\$ 207,633</u></u>	<u><u>\$ 731,227</u></u>	<u><u>\$ 731,227</u></u>	<u><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, 2020

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#### **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, 2020

	General Fund	Special Revenue Fund	Debt Service Fund	Capital Projects Fund	Total
<b>Local</b>					
Current taxes	\$ 2,161,958	\$ -	\$ 408,585	\$ -	\$ 2,570,543
Delinquent taxes	272,053	-	11,154	-	283,207
School district trust fund (Prop C)	-	795,182	-	-	795,182
Financial institution tax	4	-	-	1	5
M&M surtax	22,571	-	-	-	22,571
Earnings from temporary deposits	17,927	-	3,207	320	21,454
Food service - sales to pupils	62,155	-	-	-	62,155
Food service - sales to adults	8,587	-	-	-	8,587
Admissions -student activities	111,150	-	-	-	111,150
Revenue from enterprise activities	1,634	-	-	-	1,634
Rentals	1,295	-	-	-	1,295
Gifts	7,049	-	-	-	7,049
Miscellaneous local revenue	3,717	52,787	-	-	56,504
<b>Total Local</b>	2,670,100	847,969	422,946	321	3,941,336
<b>County</b>					
Fines, escheats, etc.	-	39,458	-	-	39,458
State assessed utilities	226,449	-	42,917	-	269,366
<b>Total County</b>	226,449	39,458	42,917	-	308,824
<b>State</b>					
Basic formula - state monies	-	2,784,172	-	-	2,784,172
Transportation	70,164	-	-	-	70,164
Early childhood special education	2,836	25,519	-	-	28,355
Basic formula-classroom trust fund	-	237,683	-	-	237,683
Educational screening program/PAT	1,890	-	-	-	1,890
Career education	-	8,056	-	3,579	11,635
Food service - state	2,953	-	-	-	2,953
Other - state	270	-	-	-	270
<b>Total State</b>	78,113	3,055,430	-	3,579	3,137,122

## Diamond R-IV School District

### Schedule of Receipts by Source

Year Ended June 30, 2020

	General Fund	Special Revenue Fund	Debt Service Fund	Capital Projects Fund	Total
<b>Federal</b>					
Medicaid	28,620	-	-	-	28,620
IDEA grants	254	-	-	-	254
IDEA entitlement funds, part B IDEA	-	116,996	-	-	116,996
Early childhood special education	-	10,849	-	-	10,849
School lunch program	118,495	-	-	-	118,495
School breakfast program	37,973	-	-	-	37,973
Title I - ESEA	156,755	-	-	-	156,755
Title IV.A student support and academic enrichment	13,073	-	-	-	13,073
Title II, part A&B, ESEA - teacher & principal training	-	21,580	-	-	21,580
Dept of health food service program	316,595	-	-	-	316,595
<b>Total Federal</b>	671,765	149,425	-	-	821,190
<b>Other Sources</b>					
Tuition from other LEAs - regular term	6,764	-	-	-	6,764
<b>Total Other Sources</b>	6,764	-	-	-	6,764
<b>Total Receipts</b>	<u>\$ 3,653,191</u>	<u>\$ 4,092,282</u>	<u>\$ 465,863</u>	<u>\$ 3,900</u>	<u>\$ 8,215,236</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, 2020

	General Fund	Special Revenue Fund	Debt Service Fund	Capital Projects Fund	Total
Certificated - regular salaries	\$ -	\$ 2,514,129	\$ -	\$ -	\$ 2,514,129
Certificated - administrators salaries	-	391,200	-	-	391,200
Certificated - part-time salaries	-	136,990	-	-	136,990
Certificated supplemental pay	-	157,854	-	-	157,854
Certificated unused leave and/or severance pay	1,500	5,683	-	-	7,183
Classified salaries regular	800,927	-	-	-	800,927
Classified instructional aide salaries	191,983	-	-	-	191,983
Classified substitute salaries	83,748	-	-	-	83,748
Classified employees unused leave and/or severance	16,182	-	-	-	16,182
Teacher's retirement	4,835	507,779	-	-	512,614
Non-teacher retirement	71,616	25	-	-	71,641
Old age survivor and disability (OASDI)	59,390	3,669	-	-	63,059
Medicare	14,373	42,600	-	-	56,973
Employee insurance	114,001	356,743	-	-	470,744
Workers' compensation insurance	41,588	-	-	-	41,588
Unemployment compensation	3,698	2,286	-	-	5,984
Purchased instructional services - tuition	-	44,760	-	-	44,760
Instructional program improvement services	77,240	-	-	-	77,240
Pupil services	2,835	114,506	-	-	117,341
Audit services	21,686	-	-	-	21,686
Data processing and technology-related services	110,180	-	-	-	110,180
Legal services	3,652	-	-	-	3,652
Other professional services	44,120	-	-	-	44,120
Repairs and maintenance	82,509	-	-	-	82,509
Water and sewer	22,203	-	-	-	22,203
Trash removal	12,873	-	-	-	12,873
Technology-related repairs and maintenance	3,124	-	-	-	3,124
Other property services	6,398	-	-	-	6,398
Travel	14,442	-	-	-	14,442
Property insurance	63,324	-	-	-	63,324
Liability insurance	8,129	-	-	-	8,129
Communication	36,661	-	-	-	36,661
Advertising	1,061	-	-	-	1,061
Printing and binding	30,098	-	-	-	30,098
Dues and membership	24,193	-	-	-	24,193
Other purchased services	553,285	-	-	-	553,285
Other expenses	282	-	-	-	282
General supplies	346,752	-	-	-	346,752
Supplies - technology related	14,513	-	-	-	14,513
Textbook	79,560	-	-	-	79,560
Library books	7,921	-	-	-	7,921
Resource materials	4,305	-	-	-	4,305
Food service - excludes non-food supplies	429	-	-	-	429



## Diamond R-IV School District

### Schedule of Disbursements by Object

Year Ended June 30, 2020

	General Fund	Special Revenue Fund	Debt Service Fund	Capital Projects Fund	Total
Electric	199,657	-	-	-	199,657
Gas - natural	18,979	-	-	-	18,979
Coal	5,083	-	-	-	5,083
Gasoline/diesel	30,385	-	-	-	30,385
Buildings	-	-	-	619,179	619,179
Improvements other than buildings	-	-	-	657,937	657,937
Regular equipment	-	-	-	75,460	75,460
Equipment - classroom instructional apparatus	-	-	-	6,759	6,759
Technology - related hardware	-	-	-	137,138	137,138
Technology software	-	-	-	4,487	4,487
Pupil transportation vehicles - school buses	-	-	-	114,798	114,798
Principal - bonded indebtedness	-	-	450,000	-	450,000
Principal - lease purchase agreements	-	-	-	14,736	14,736
Interest - bonded indebtedness	-	-	160,500	-	160,500
Interest - lease purchase agreements	-	-	-	9,640	9,640
Fees - bonded indebtedness	-	-	500	-	500
<b>Total Disbursements</b>	<u><u>\$ 3,229,720</u></u>	<u><u>\$ 4,278,224</u></u>	<u><u>\$ 611,000</u></u>	<u><u>\$ 1,640,134</u></u>	<u><u>\$ 9,759,078</u></u>

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, 2020

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	District Owned
Non-certified salaries	\$ 202,197
Employee benefits	29,440
Purchased services	48,890
Supplies	44,988
Depreciation	94,770
	<u>\$ 420,285</u>
School buses lease purchased	
Principal	<u>\$ 114,798</u>
Interest	<u>\$ 8,696</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, 2020, 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 30, 2020.

**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 2020-001, that we consider to be a material weakness.

### **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 30, 2020



## **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, 2020. 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, 2020.

### 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 30, 2020

# Diamond R-IV School District

## Schedule of Expenditures of Federal Awards

Year Ended June 30, 2020

<u>Federal Grantor/Pass-through Grantor/Program Title</u>	<u>Federal CFDA Number</u>	<u>Pass-through Grantor's Number</u>	<u>Passed-through to Subrecipient</u>	<u>Federal Expenditures</u>
<b>U.S. Department of Agriculture</b>				
Missouri Department of Elementary and Secondary Education				
Child Nutrition Cluster				
School Breakfast Program	10.553	20199N109943	\$ -	\$ 9,786
	10.553	20200N109943	-	28,187
			-	37,973
National School Lunch Program - Cash	10.555	20199N109943	-	30,040
	10.555	20200N109943	-	88,455
National School Lunch Program - Commodities	10.555	073-102	-	32,175
			-	150,670
Missouri Department of Health and Senior Services				
Child Nutrition Cluster				
Summer Food Service Program for Children	10.559	ERS0462005S	-	64,218
COVID-19 - Summer Food Service Program for Children	10.559	ERS0462005S	-	125,393
			-	189,611
<b>Total Child Nutrition Cluster</b>			-	378,254
Missouri Department of Elementary and Secondary Education				
Child and Adult Care Food Program	10.558	ERS0462008	-	112,185
COVID-19 - Child and Adult Care Food Program	10.558	ERS0462008	-	14,799
			-	126,984
<b>Total U.S. Department of Agriculture</b>			-	505,238
<b>U.S. Department of Education</b>				
Missouri Department of Elementary and Secondary Education				
Special Education Grants Cluster				
Special Education Grants to States	84.027	H027A170040	-	254
	84.027	H027A180040	-	75,727
	84.027	H027A190040	-	93,987
			-	169,968
Special Education Preschool Grants	84.173	H171A180103	-	821
	84.173	H171A190103	-	2,361
			-	3,182
<b>Total Special Education Grants Cluster</b>			-	173,150
Title I Grants to LEAs	84.010	S010A190025	-	227,672
	84.010	S424A190026	-	19,031
			-	246,703
Supporting Effective Instruction State Grant	84.367	S367A180024	-	3,101
	84.367	S367A190024	-	28,806
			-	31,907
COVID-19 - Education Stabilization Fund	84.425D	S425D200021	-	151,818
<b>Total U.S. Department of Education</b>			-	603,578
<b>Total Expenditures of Federal Awards</b>			\$ -	\$ 1,108,816

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, 2020

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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

### Summary Schedule of Findings and Questioned Costs

Year Ended June 30, 2020

#### Section I: Summary Schedule of Audit Results

<b>Financial Statements</b>	
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
<b>Federal Awards</b>	
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:	
<b>CFDA Number(s)</b>	<b>Name of Federal Program or Cluster</b>
10.553, 10.555 & 10.559 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

## Summary Schedule of Findings and Questioned Costs

Year Ended June 30, 2020

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### Section II: Financial Statement Findings

#### Material Weakness

##### 2020-001      *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 2019-001

### Section III: Federal Award Findings and Questioned Costs

None

## Diamond R-IV School District

### Schedule of Prior Audit Findings

Year Ended June 30, 2020

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#### **2019-001      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

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  
417-325-5189

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

Mr. Chris Mettlach, Principal/AD  
Diamond High School  
417-325-5188

Mr. John Lawrence, Principal  
Diamond Middle School  
417-325-5336

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

Mr. Mac Whitehead, Dean of Students  
Diamond High School  
417-325-5188

November 30, 2020

### U.S. Department of Education,

Diamond R-IV School District respectfully submits the following corrective action plan for the year ended June 30, 2020. 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, 2020

The findings from the June 30, 2020, 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

##### 2020-001 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, 2020. 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 30, 2020

[www.kpmcpa.com](http://www.kpmcpa.com)

1445 E. Republic Road Springfield, MO 65804 | 417-882-4300 | fax 417-882-4343

# Diamond R-IV School District

## Schedule of Selected Statistics

June 30, 2020

### 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	120.00	789.40

### 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	24,117.08	-	-	-	2,396.45	26,513.53
	1	33,347.22	-	183.00	-	1,874.38	35,404.60
	2	39,656.70	-	-	-	3,471.25	43,127.95
	3	34,042.18	-	-	-	3,427.97	37,470.15
	4	33,964.25	-	90.00	-	3,052.48	37,106.73
3000	5	48,198.77	-	34.00	-	2,851.60	51,084.37
	6	40,311.88	-	169.00	-	2,940.42	43,421.30
	7	46,802.28	-	9.25	-	1,732.50	48,544.03
	8	40,781.47	-	-	-	1,799.00	42,580.47
1050	9	44,439.40	-	3.25	-	75.18	44,517.83
	10	46,534.93	-	2.50	-	371.65	46,909.08
	11	31,805.07	-	-	-	613.22	32,418.29
	12	41,520.10	2,999.43	11.25	-	539.80	45,070.58
<b>Grand Total</b>	<b>K-12</b>	<b>505,521.33</b>	<b>2,999.43</b>	<b>502.25</b>	<b>-</b>	<b>25,145.90</b>	<b>534,168.91</b>



## Diamond R-IV School District

### Schedule of Selected Statistics

June 30, 2020

#### 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	31.00	-	-	31.00
	1	44.00	-	-	44.00
	2	52.00	-	-	52.00
	3	45.00	-	-	45.00
	4	45.00	-	-	45.00
3000	5	64.00	-	-	64.00
	6	56.00	-	-	56.00
	7	62.00	-	-	62.00
	8	55.00	-	-	55.00
1050	9	59.00	-	-	59.00
	10	64.00	-	-	64.00
	11	43.00	-	-	43.00
	12	63.00	-	-	63.00
<b>Grand Total</b>	<b>K-12</b>	<b>683.00</b>	-	-	<b>683.00</b>

#### 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	73.72	24.66	-	-	98.38
3000	102.00	22.00	-	-	124.00
4020	102.00	31.00	-	-	133.00
<b>Grand Total</b>	<b>277.72</b>	<b>77.66</b>	-	-	<b>355.38</b>

## Diamond R-IV School District

### Schedule of Selected Statistics

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/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:	
	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 accordance with all applicable state rules and regulations.	True
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

## Diamond R-IV School District

### Schedule of Selected Statistics

June 30, 2020

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:	\$23,003
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

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

Finding:	None
Management Letter Comment:	N/A

## Diamond R-IV School District

### Schedule of Selected Statistics

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/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	410.5
	Ineligible ADT	55.5
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.	
6.5	Actual odometer records show the total district/charter-operated and contracted mileage for the year was:	80,512
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)	65,398
	Ineligible Miles (Non-Route/Disapproved)	15,114
6.7	Number of days the district/charter school operated the school transportation system during the regular school year:	120

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

Finding:	None
Management Letter Comment:	N/A