

Diamond R-IV School District

Basic Financial Statements
Year Ended June 30, 2022

KPM
CPAS & ADVISORS

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

Report on the Audit of the Financial Statements

Opinions

We have audited 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, 2022, and the related notes to the financial statements, which collectively comprise the District’s basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of Diamond R-IV School District, as of June 30, 2022, and the respective changes in financial position thereof for the year then ended in accordance with the basis of accounting in Note 1.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to the financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditors’ Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Diamond R-IV School District and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Basis of Accounting

As described in Note 1 of the financial statements, 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.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the 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, and 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.

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In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

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 accompanying Schedule of Receipts by Source, Schedule of Disbursements by Object, Schedule of Transportation Costs Eligible for State Aid, and Schedule of Expenditures of Federal Awards, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, are presented for purposes of additional analysis and are 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 basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic 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 Schedule of Receipts by Source, Schedule of Disbursements by Object, Schedule of Transportation Costs Eligible for State Aid, and the Schedule of Expenditures of Federal Awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

Management is responsible for the other information. The other information comprises the budgetary comparison schedules but does not include the basic financial statements and our auditor’s report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated November 30, 2022, on our consideration of Diamond R-IV School 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 solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District’s internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Diamond R-IV School District’s internal control over financial reporting and compliance.

KPM CPAs, PC

KPM CPAs, PC
Springfield, Missouri
November 30, 2022

Government-Wide Financial Statements

Diamond R-IV School District

Statement of Net Position—Modified Cash Basis

June 30, 2022

	Governmental Activities
Assets	
Cash and cash equivalents	\$ 3,440,600
Investments	252,403
Total Assets	<u>\$ 3,693,003</u>
Net Position	
Restricted for	
Debt service	\$ 338,113
Student scholarships	177,794
Student activities	74,091
Unrestricted	3,103,005
Total Net Position	<u>\$ 3,693,003</u>

See accompanying Notes to the Financial Statements.

Diamond R-IV School District

Statement of Activities—Modified Cash Basis

Year Ended June 30, 2022

	<u>Cash</u> <u>Disbursements</u>	<u>Program Cash Receipts</u>			Net
		<u>Charges for</u> <u>Services</u>	<u>Operating</u> <u>Grants and</u> <u>Contributions</u>	<u>Capital</u> <u>Grants and</u> <u>Contributions</u>	Receipts and Changes in Net Position
Governmental Activities					
Instruction	\$ (4,332,511)	\$ 181,266	\$ 882,036	\$ -	\$ (3,269,209)
Student services	(400,335)	-	-	-	(400,335)
Instructional staff support	(627,273)	-	120,438	18,042	(488,793)
Building administration	(598,962)	-	-	-	(598,962)
General administration	(551,037)	-	-	-	(551,037)
Operation of plant	(1,339,111)	-	177,699	-	(1,161,412)
Transportation	(632,448)	-	87,970	112,175	(432,303)
Food service	(814,865)	3,650	779,499	-	(31,716)
Community services	(138,187)	-	73,971	-	(64,216)
Facilities acquisition and construction	(125,960)	-	-	-	(125,960)
Debt service	(644,671)	-	-	-	(644,671)
Net Program (Disbursements)					
Receipts	<u>\$ (10,205,360)</u>	<u>\$ 184,916</u>	<u>\$ 2,121,613</u>	<u>\$ 130,217</u>	(7,768,614)
General Receipts					
Ad valorem tax receipts					3,038,789
Prop C sales tax receipts					900,432
Other tax receipts					23,696
County receipts					272,136
State receipts					2,752,988
Interest receipts					9,276
Other					24,983
Total General Receipts					<u>7,022,300</u>
Special Items					
Sale of school buses					2,500
Sale of property					1,411
Total Special Items					<u>3,911</u>
<i>Change in Net Position</i>					(742,403)
Net Position—Beginning of year					4,435,406
Net Position—End of year					<u>\$ 3,693,003</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, 2022

	General Fund	Special Revenue Fund	Debt Service Fund	Capital Projects Fund	Total Governmental Funds
Assets					
Cash and cash equivalents	\$ 1,856,389	\$ -	\$ 85,710	\$ 1,498,501	\$ 3,440,600
Investments	-	-	252,403	-	252,403
Total Assets	\$ 1,856,389	\$ -	\$ 338,113	\$ 1,498,501	\$ 3,693,003
Fund Balances					
Restricted for					
Debt service	\$ -	\$ -	\$ 338,113	\$ -	\$ 338,113
Student scholarships	177,794	-	-	-	177,794
Student activities	74,091	-	-	-	74,091
Assigned for capital outlay	-	-	-	1,498,501	1,498,501
Unassigned	1,604,504	-	-	-	1,604,504
Total Fund Balances	\$ 1,856,389	\$ -	\$ 338,113	\$ 1,498,501	\$ 3,693,003

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, 2022

	General Fund	Special Revenue Fund	Debt Service Fund	Capital Projects Fund	Total Governmental Funds
Receipts					
Local	\$ 2,832,052	\$ 828,875	\$ 512,532	\$ -	\$ 4,173,459
County	200,500	26,384	45,252	-	272,136
State	314,940	2,380,752	-	287,895	2,983,587
Federal	1,617,989	291,067	-	112,175	2,021,231
Other	-	8,633	-	-	8,633
Total Receipts	4,965,481	3,535,711	557,784	400,070	9,459,046
Disbursements					
Instruction	830,881	3,500,036	-	1,594	4,332,511
Student services	52,537	347,798	-	-	400,335
Instructional staff support	507,170	100,130	-	19,973	627,273
Building administration	163,315	435,647	-	-	598,962
General administration	317,024	234,013	-	-	551,037
Operation of plant	1,319,542	-	-	19,569	1,339,111
Transportation	430,123	-	-	202,325	632,448
Food service	810,621	-	-	4,244	814,865
Community services	119,051	19,136	-	-	138,187
Facilities acquisition and construction	-	-	-	125,960	125,960
Debt service	-	-	642,200	2,471	644,671
Total Disbursements	4,550,264	4,636,760	642,200	376,136	10,205,360
<i>Excess (Deficit) of Receipts Over Disbursements</i>	415,217	(1,101,049)	(84,416)	23,934	(746,314)
Other Financing Sources (Uses)					
Sale of school buses	-	-	-	2,500	2,500
Sale of other property	-	-	-	1,411	1,411
Operating transfers in (out)	(1,101,049)	1,101,049	-	-	-
Total Other Financing Sources (Uses)	(1,101,049)	1,101,049	-	3,911	3,911
<i>Excess (Deficit) of Receipts and Other Sources Over Disbursements and Other (Uses)</i>	(685,832)	-	(84,416)	27,845	(742,403)
Fund Balance, July 1, 2021	2,990,058	-	422,529	1,022,819	4,435,406
Fund Transfer in (out)	(447,837)	-	-	447,837	-
Fund Balance, June 30, 2022	\$ 1,856,389	\$ -	\$ 338,113	\$ 1,498,501	\$ 3,693,003

See accompanying Notes to the Financial Statements.

Diamond R-IV School District

Notes to the Financial Statements

June 30, 2022

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, 2022

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 2021-2022 school year requires the payment of salaries for a twelve-month period. Consequently, the July and August 2022, 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 and Cash Equivalents

Cash and cash equivalents of the individual funds are combined to form a pool of cash and cash equivalents, with the exception of the Debt Service Fund, which is kept in a separate bank account. Cash equivalents of the pooled accounts consist primarily of money market accounts, carried at cost, which approximates market.

Diamond R-IV School District

Notes to the Financial Statements

June 30, 2022

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, 2022

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, 2022, all bank balances on deposit are entirely insured or collateralized with securities.

3. Investments

The District had the following investments at June 30, 2022:

<u>Investment Type</u>	<u>Maturity</u>	<u>Amount</u>
Pro-rata Shares of investment contracts with BOK Financial through the Missouri District Direct Deposit Program	N/A	<u>\$ 252,403</u>

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.

The assessed valuation of the tangible taxable property for the calendar year 2021 for purposes of local taxation was:

Real estate	\$ 55,646,130
Personal property	<u>27,942,054</u>
Total Assessed Valuation	<u><u>\$ 83,588,184</u></u>

Diamond R-IV School District

Notes to the Financial Statements

June 30, 2022

The tax levy per \$100 of the assessed valuation of tangible taxable property for the calendar year 2021 for purposes of local taxation was:

	Unadjusted	Adjusted
General Fund	\$ 3.0884	\$ 3.0884
Debt Service Fund	.6308	.6308
Total Levy	\$ 3.7192	\$ 3.7192

The receipts of current and delinquent property taxes during the fiscal year ended June 30, 2022, aggregated approximately 98 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, 2022, 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%.	\$ 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
	\$ 3,500,000

The following is a summary of bond transactions for the year ended June 30, 2022:

Bonds Payable, July 1, 2021	\$ 4,000,000
Bonds issued	-
Bonds retired	(500,000)
Bonds Payable, June 30, 2022	\$ 3,500,000

Diamond R-IV School District

Notes to the Financial Statements

June 30, 2022

Debt service requirements are:

Year Ending June 30,	Principal	Interest	Total
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
	\$ 3,500,000	\$ 1,178,600	\$ 4,678,600

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, 2022, was:

Constitutional debt limit	\$ 12,538,228
General obligation bonds payable	(3,500,000)
Amount available in Debt Service Fund	338,113
Legal Debt Margin	\$ 9,376,341

Diamond R-IV School District

Notes to the Financial Statements

June 30, 2022

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, 2022

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 2022. 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 2022. 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 \$535,317 and \$85,263, respectively, for the year ended June 30, 2022.

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, 2022, 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, 2022

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, 2022, was \$49,815.

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, 2022, were as follows:

	<u>Transfers In</u>	<u>Transfers Out</u>
General Fund	\$ -	\$ 1,101,049
Special Revenue Fund	1,101,049	-
	<u>\$ 1,101,049</u>	<u>\$ 1,101,049</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 \$447,837 from prior year allowable transfers occurred for the year ended June 30, 2022.

Diamond R-IV School District

Notes to the Financial Statements

June 30, 2022

12. Financed Purchase

During the year ended June 30, 2016, the District entered into a cancelable financed purchase 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 at the District's option at the renewal dates, the District does not foresee exercising its option to cancel. The agreement is considered direct borrowing. If the District elects to cancel the agreement, the remaining principal becomes due in full or collateral securing the buses is transferred to the lender.

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

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2023	\$ 91,625	\$ 996	\$ 92,621

The following represents the changes in the net payments for the year ended June 30, 2022:

Financed Purchase Payable, July 1, 2021	\$ 181,775
Additional Obligation	-
Net Retirements	(90,150)
Financed Purchase Payable, June 30, 2022	<u>\$ 91,625</u>

13. Commitment

At June 30, 2022, the District was committed to a contract with Branco Enterprises for construction work associated with the secure entrances project in the amount of \$2,084,500.

Supplementary Information

Diamond R-IV School District

Schedule of Receipts by Source

Year Ended June 30, 2022

	<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	\$2,291,624	\$ -	\$ 467,346	\$ -	\$ 2,758,970
Delinquent taxes	234,633	-	45,186	-	279,819
School district trust fund (Prop C)	71,557	828,875	-	-	900,432
Financial institution tax	579	-	-	-	579
M&M surtax	23,117	-	-	-	23,117
Earnings from temporary deposits	9,276	-	-	-	9,276
Sales to pupils - reimbursable school meals	3,650	-	-	-	3,650
Admissions - student activities	170,272	-	-	-	170,272
Revenue from enterprise activities	2,361	-	-	-	2,361
Miscellaneous local revenue	24,983	-	-	-	24,983
Total Local	<u>2,832,052</u>	<u>828,875</u>	<u>512,532</u>	<u>-</u>	<u>4,173,459</u>
County					
Fines, escheats, etc.	-	26,384	-	-	26,384
State assessed utilities	200,500	-	45,252	-	245,752
Total County	<u>200,500</u>	<u>26,384</u>	<u>45,252</u>	<u>-</u>	<u>272,136</u>
State					
Basic formula - state monies	203,567	2,261,526	-	-	2,465,093
Transportation	87,970	-	-	-	87,970
Early childhood special education	-	44,043	-	-	44,043
Basic formula-classroom trust fund	-	-	-	287,895	287,895
Educational screening program/PAT	22,590	-	-	-	22,590
Career education	-	11,570	-	-	11,570
Food service - state	813	-	-	-	813
High need fund- special education	-	63,613	-	-	63,613
Total State	<u>314,940</u>	<u>2,380,752</u>	<u>-</u>	<u>287,895</u>	<u>2,983,587</u>

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

Diamond R-IV School District

Schedule of Receipts by Source

Year Ended June 30, 2022

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Debt Service Fund</u>	<u>Capital Projects Fund</u>	<u>Total</u>
Federal					
Medicaid	41,267	-	-	-	41,267
ARP - ESSER III	580,502	-	-	112,175	692,677
IDEA grants	1,521	-	-	-	1,521
IDEA entitlement funds, part B IDEA	-	249,159	-	-	249,159
Early childhood special education - federal	-	9,872	-	-	9,872
National school lunch program	276,543	-	-	-	276,543
School breakfast program	120,666	-	-	-	120,666
Fresh fruits and vegetable program	12,931	-	-	-	12,931
Title I - ESEA	190,571	-	-	-	190,571
Title IV.A student support and academic enrichment	13,142	-	-	-	13,142
Title II, part A&B, ESEA - teacher & principal training	-	32,036	-	-	32,036
Child nutrition program EOC reimbursement	6,078	-	-	-	6,078
Dept of health food service program	362,468	-	-	-	362,468
Other - federal	12,300	-	-	-	12,300
Total Federal	<u>1,617,989</u>	<u>291,067</u>	<u>-</u>	<u>112,175</u>	<u>2,021,231</u>
Other Sources					
Sale of school buses	-	-	-	2,500	2,500
Sale of other property	-	-	-	1,411	1,411
Contracted educational services	-	8,633	-	-	8,633
Total Other Sources	<u>-</u>	<u>8,633</u>	<u>-</u>	<u>3,911</u>	<u>12,544</u>
Total Receipts	<u><u>\$4,965,481</u></u>	<u><u>\$3,535,711</u></u>	<u><u>\$ 557,784</u></u>	<u><u>\$ 403,981</u></u>	<u><u>\$ 9,462,957</u></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, 2022

	General Fund	Special Revenue Fund	Debt Service Fund	Capital Projects Fund	Totals
Salaries	\$ 1,269,040	\$ 3,339,522	\$ -	\$ -	\$ 4,608,562
Employee benefits	405,927	1,012,159	-	-	1,418,086
Purchased services	1,702,133	285,079	-	-	1,987,212
Supplies	1,173,164	-	-	-	1,173,164
Capital outlay	-	-	-	373,666	373,666
Other objects	-	-	642,200	2,470	644,670
Total Disbursements	\$ 4,550,264	\$ 4,636,760	\$ 642,200	\$ 376,136	\$ 10,205,360

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, 2022

	District Owned	District Contracted	Contracted Disabled	Total
Non-certificated salaries	\$ 253,997	\$ -	\$ -	\$ 253,997
Employee benefits	42,571	-	-	42,571
Purchased services	58,764	4,899	667	64,330
Supplies	69,225	-	-	69,225
Depreciation, net	89,764	-	-	89,764
	\$ 514,321	\$ 4,899	\$ 667	\$ 519,887
 School bus purchased				 \$ 112,175
 School buses financed				
Principal				\$ 90,150
Interest				\$ 2,471

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

Other Information

Diamond R-IV School District

Budgetary Comparison Schedule—General Fund

Year Ended June 30, 2022

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Receipts				
Local	\$ 2,859,410	\$ 2,832,052	\$ 2,832,052	\$ -
County	194,870	200,500	200,500	-
State	225,823	314,940	314,940	-
Federal	1,461,964	1,617,989	1,617,989	-
Other	3,000	-	-	-
Total Receipts	4,745,067	4,965,481	4,965,481	-
Disbursements				
Instruction	628,111	830,881	830,881	-
Student services	53,855	52,537	52,537	-
Instructional staff support	232,378	507,170	507,170	-
Building administration	118,952	163,315	163,315	-
General administration	232,753	317,024	317,024	-
Operation of plant	947,000	1,319,542	1,319,542	-
Transportation	301,004	430,123	430,123	-
Food service	493,000	810,621	810,621	-
Community services	63,268	119,051	119,051	-
Total Disbursements	3,070,321	4,550,264	4,550,264	-
<i>Excess of Receipts Over Disbursements</i>	1,674,746	415,217	415,217	-
Other Financing (Uses)				
Operating transfers (out)	(117,805)	(1,101,049)	(1,101,049)	-
<i>Excess (Deficit) of Receipts Over Disbursements and Other (Uses)</i>	1,556,941	(685,832)	(685,832)	-
Fund Balance, July 1, 2021	2,990,058	2,990,058	2,990,058	-
Fund Transfer (out)	-	(447,837)	(447,837)	-
Fund Balance, June 30, 2022	\$ 4,546,999	\$ 1,856,389	\$ 1,856,389	\$ -

See accompanying Notes to the Budgetary Comparison Schedules.

Diamond R-IV School District

Budgetary Comparison Schedule—Special Revenue Fund

Year Ended June 30, 2022

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Receipts				
Local	\$ 900,000	\$ 828,875	\$ 828,875	\$ -
County	25,771	26,384	26,384	-
State	2,931,306	2,380,752	2,380,752	-
Federal	379,567	291,067	291,067	-
Other	8,633	8,633	8,633	-
Total Receipts	4,245,277	3,535,711	3,535,711	-
Disbursements				
Instruction	3,303,935	3,500,036	3,500,036	-
Student services	254,992	347,798	347,798	-
Instructional staff support	90,655	100,130	100,130	-
Building administration	394,323	435,647	435,647	-
General administration	233,040	234,013	234,013	-
Community services	86,137	19,136	19,136	-
Total Disbursements	4,363,082	4,636,760	4,636,760	-
<i>(Deficit) of Receipts Over Disbursements</i>	(117,805)	(1,101,049)	(1,101,049)	-
Other Financing Sources				
Operating transfers in	117,805	1,101,049	1,101,049	-
<i>Excess of Receipts and Other Sources Over Disbursements</i>	-	-	-	-
Fund Balance, July 1, 2021	-	-	-	-
Fund Balance, June 30, 2022	\$ -	\$ -	\$ -	\$ -

See accompanying Notes to the Budgetary Comparison Schedules.

Diamond R-IV School District

Budgetary Comparison Schedule—Debt Service Fund

Year Ended June 30, 2022

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Receipts				
Local	\$ 514,745	\$ 512,532	\$ 512,532	\$ -
County	44,232	45,252	45,252	-
Total Receipts	<u>558,977</u>	<u>557,784</u>	<u>557,784</u>	<u>-</u>
Disbursements				
Debt service	761,500	642,200	642,200	-
Total Disbursements	<u>761,500</u>	<u>642,200</u>	<u>642,200</u>	<u>-</u>
<i>(Deficit) of Receipts Over Disbursements</i>	(202,523)	(84,416)	(84,416)	-
Fund Balance, July 1, 2021	422,529	422,529	422,529	-
Fund Balance, June 30, 2022	<u><u>\$ 220,006</u></u>	<u><u>\$ 338,113</u></u>	<u><u>\$ 338,113</u></u>	<u><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, 2022

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Receipts				
State	\$ -	\$ 287,895	\$ 287,895	\$ -
Federal	-	112,175	112,175	-
Total Receipts	-	400,070	400,070	-
Disbursements				
Instruction	11,300	1,594	1,594	-
Instructional staff support	62,300	19,973	19,973	-
General administration	2,500	-	-	-
Operation of plant	20,000	19,569	19,569	-
Transportation	232,049	202,325	202,325	-
Food service	4,000	4,244	4,244	-
Facilities acquisition and construction	69,982	125,960	125,960	-
Debt service	3,618	2,471	2,471	-
Total Disbursements	405,749	376,136	376,136	-
<i>Excess (Deficit) of Receipts Over Disbursements</i>	(405,749)	23,934	23,934	-
Other Financing Sources				
Sale of school buses	67,500	2,500	2,500	-
Sale of other property	-	1,411	1,411	-
Total Other Financing Sources	67,500	3,911	3,911	-
<i>Excess (Deficit) of Receipts and Other Sources Over Disbursements</i>	(338,249)	27,845	27,845	-
Fund Balance, July 1, 2021	1,022,819	1,022,819	1,022,819	-
Fund Transfer in	-	447,837	447,837	-
Fund Balance, June 30, 2022	\$ 684,570	\$ 1,498,501	\$ 1,498,501	\$ -

See accompanying Notes to the Budgetary Comparison Schedules.

Diamond R-IV School District

Notes to the Budgetary Comparison Schedules

Year Ended June 30, 2022

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 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, 2022, 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, 2022.

Report on 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 2022-001, that we consider to be a material weakness.

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Report on 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

Government Auditing Standards requires the auditor to perform limited procedures on 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 the response.

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, 2022



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

Opinion on Each Major Federal Program

We have audited Diamond R-IV School District's compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of Diamond R-IV School District's major federal programs for the year ended June 30, 2022. Diamond R-IV School District's major federal programs are identified in the Summary Schedule of Audit Results section of the accompanying Schedule of Findings and Questioned Costs.

In our opinion 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, 2022.

Basis for Opinion on Each Major Federal Program

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). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditors' Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of Diamond R-IV School District, and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of the District's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of the effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to the District's federal programs.

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Auditors' Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion Diamond R-IV School District's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is substantial likelihood that, individually or in the aggregate, it would influence the judgement made by a reasonable user of the report on compliance about Diamond R-IV School District's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding Diamond R-IV School District's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of Diamond R-IV School District's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances 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 the District's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on 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 of a federal program 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 Auditors' Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance.

Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

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, 2022

Diamond R-IV School District

Schedule of Expenditures of Federal Awards

Year Ended June 30, 2022

Federal Grantor/Pass-through Grantor/Program Title	Assistance Listing Number	Pass-through Grantor's Number	Passed-through to Subrecipient	Federal Expenditures
U.S. Department of Agriculture				
Missouri Department of Elementary and Secondary Education				
Child Nutrition Cluster				
School Breakfast Program	10.553	20210N109943	\$ -	\$ 19,867
		20221N119943	-	100,798
			-	120,665
National School Lunch Program - Cash	10.555	20210N109943	-	45,968
		20221N119943	-	213,349
		20221N890343	-	17,226
		2021H170343	-	6,079
National School Lunch Program - Commodities		073-102	-	26,552
			-	309,174
Fresh Fruit and Vegetable Program	10.582	2021IL160343	-	1,203
		2022IL160343	-	11,728
			-	12,931
Missouri Department of Health and Senior Services				
Child Nutrition Cluster				
Summer Food Service Program for Children	10.559	ERS0462005S	-	17,277
Total Child Nutrition Cluster			-	460,047
Missouri Department of Health and Senior Services				
Child and Adult Care Food Program				
Total U.S. Department of Agriculture	10.558	ERS0462008	-	320,748
			-	780,795
U.S. Department of Education				
Missouri Department of Elementary and Secondary Education				
Special Education Grants Cluster				
Special Education Grants to States	84.027A	H027A200040	-	83,496
		H027A210040	-	101,250
			-	184,746
Special Education Preschool Grants	84.173A	H173A200103	-	1,044
		H173A210103	-	2,783
			-	3,827
Total Special Education Grants Cluster			-	188,573

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, 2022

<u>Federal Grantor/Pass-through Grantor/Program Title</u>	Assistance		<u>Passed-through to Subrecipient</u>	<u>Federal Expenditures</u>
	<u>Listing Number</u>	<u>Pass-through Grantor's Number</u>		
Title I Grants to Local Educational Agencies	84.010A	S010A200025	-	44,548
		S010A210025	-	122,340
		S367A200024	-	7,488
		S367A210024	-	20,561
		S424A200026	-	3,122
		S424A210026	-	8,552
			-	206,611
Comprehensive Literacy Development Grant	84.371C	S371C200019	-	540
COVID-19 - Education Stabilization Fund	84.425U	S425U210021	-	1,549,326
Total U.S. Department of Education			-	1,945,050
Federal Communications Commission				
Direct				
Emergency Connectively Fund Program	32.009	N/A	-	11,760
Total Federal Communications Commission			-	11,760
Total Expenditures of Federal Awards			\$ -	\$ 2,737,605

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, 2022

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, 2022

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
84.425U	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, 2022

Section II: Financial Statement Findings

Material Weakness

2022-001 *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 2021-001

Section III: Federal Award Findings and Questioned Costs

None

Diamond R-IV School District

Summary Schedule of Prior Audit Findings

Year Ended June 30, 2022

Financial Statement Finding

Material Weakness

2021-001 *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: 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
417-325-5186

Mrs. Angie Smith
Food Services Director
Diamond Central Office
417-325-5186

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

Mr. Anthony Ficken
Principal
Diamond High School
417-325-5188

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

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

Mr. Eric Henningsen
Dean of Students
K-12 Assistant Principal
417-325-5186

Mr. Matt McKee
Activities Director
Diamond Middle & High School
417-325-5188

November 30, 2022

U.S. Department of Education

Diamond R-IV School District respectfully submits the following corrective action plan for the year ended June 30, 2022 .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, 2022

The findings from the June 30, 2022 , 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

2022 -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

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, 2022. 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.

We are required to be independent and to meet our other ethical responsibilities in accordance with relevant ethical requirements relating to the examination engagement.

Our examination engagement does not provide a legal determination on Diamond R-IV School District's compliance with the specified requirements.

In our opinion, Diamond R-IV School District, complied in all material respects, with the aforementioned requirements for the year ended June 30, 2022.

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, 2022

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Diamond R-IV School District

Schedule of Selected Statistics

June 30, 2022

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
	PK	12	-	7.35	149.00	1,068.25

2. Attendance Hours

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

School Code	Grade Level	Full-Time Hours	Part-Time Hours	Remedial Hours	Other Hours	Summer School Hours	Total Hours
4020	PK-5	290,533.03	-	720.63	-	11,627.72	302,881.38
3000	6-8	162,612.83	-	279.63	-	4,869.05	167,761.51
1050	9-12	245,729.68	-	170.20	-	3,161.35	249,061.23
Grand Total	K-12	698,875.54	-	1,170.46	-	19,658.12	719,704.12

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	277.00	-	-	277.00
3000	6-8	166.00	-	-	166.00
1050	9-12	252.00	-	-	252.00
Grand Total	K-12	695.00	-	-	695.00

Diamond R-IV School District

Schedule of Selected Statistics

June 30, 2022

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	79.00	10.00	-	-	89.00
3000	63.00	14.00	-	-	77.00
4020	76.00	20.00	-	-	96.00
Grand Total	218.00	44.00	-	-	262.00

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	True
	Remediation	True
	Sheltered Workshop participation	N/A
	Students participating in the school flex program	True
	Traditional instruction (full and part-time students)	True
	Virtual instruction (MOCAP or other option)	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

Diamond R-IV School District

Schedule of Selected Statistics

June 30, 2022

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:	\$46,689
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, 2022

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	333.5
	Ineligible ADT	47.0
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.	True
6.5	Actual odometer records show the total district/charter-operated and contracted mileage for the year was:	116,483
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	87,198
	Ineligible Miles (Non-Route/Disapproved)	29,285
6.7	Number of days the district/charter school operated the school transportation system during the regular school year:	149

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

Finding:	None
Management Letter Comment:	N/A



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

In planning and performing our audit of the basic financial statements of the Diamond R-IV School District, for the year ended June 30, 2022, we considered the District's internal control to determine our auditing procedures for the purpose of expressing an opinion on the basic financial statements and not to provide assurance on the internal control. Accordingly, we do not express an opinion on the effectiveness of the District's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. However, as discussed in the 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*, we identified a certain deficiency in internal control over financial reporting that we consider to be a material weakness.

In addition to the material weakness discussed in the 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*, we became aware of additional matters to bring to your attention. The following paragraphs summarize our comments and recommendations regarding these matters.

1. Bank Reconciliation Review

During our audit, we noted that bank reconciliations were not being prepared and confirmed to match the cash balances on the general ledger each month.

We Recommend:

Someone other than the bookkeeper receives and reviews the bank statements and cancelled checks prior to turning them over to the bookkeeper to prepare the bank reconciliations. The bookkeeper should then prepare a reconciliation for each account that includes all outstanding and other reconciling items that will combine with the bank statement balances to match the cash on the general ledger accounts. We further recommend the Superintendent or other authorized individual review the reconciliations after they are prepared.

2. Project Coding

During our audit, we noted that some expense accounts did not have proper project codes in the account code that identify which project or revenue source that expense is associated with. These codes are used to aggregate costs across sub funds and to construct the reports necessary for various granting agencies.

We Recommend:

The District review the Project Codes section of the DESE Financial Accounting Manual and ensure that all expenditures on the general ledger have the proper code structure. This should be done periodically during the year and whenever a new account is set up.

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3. New Accounting Pronouncements

GASB Statement No. 96 – *Subscription-Based Information Technology Arrangements (SBITAs)* – defines SBITAs and provides accounting and financial reporting for SBITAs by governments, including requiring a government to recognize a subscription liability and an intangible right-to-use subscription asset for SBITAs. To the extent relevant, the standards for SBITAs are based on the standards established in Statement No. 87 – *Leases*. This statement is effective for the fiscal year beginning July 1, 2022.

GASB Statement No. 100 – *Accounting Changes and Error Corrections*, an amendment of GASB Statement No. 62 – defines accounting changes and prescribes the accounting and financial reporting for each type of accounting change and error correction. This statement is effective for the fiscal year beginning July 1, 2023.

We Recommend:

Management examine the new pronouncements to determine the effect these will have on future financial reporting and to ensure successful implementation on the effective dates.

4. Cybersecurity

Cybersecurity threats are increasing and government entities of all sizes are at risk for a breach of their information systems. With this increase in risk, entities should be continually evaluating risk and taking steps necessary to ensure the security of information systems. Steps include identifying critical information systems, training employees to properly identify threats received in emails or by other means, and adopting internal communication methods other than email. It is important that entities develop a recovery plan outlining procedures that personnel should follow once a cybersecurity breach is discovered. Additionally, entities should be aware of any insurance in place to help protect them from liabilities that can occur as the result of a breach.

We Recommend:

The District continues to evaluate its cybersecurity risks and take the identified necessary steps to reduce the risk of cybersecurity threats to their information systems. This evaluation should be performed frequently as technology and information systems are continually changing. This information is intended solely for the use of the Board of Education and management of the Diamond R-IV School District and is not intended to be, and should not be, used by anyone other than these specified parties.

We appreciate this opportunity to serve as Diamond R-IV School District's independent auditor and the courtesies and assistance extended to us by the District's employees.

Respectfully submitted,

KPM CPAs, PC

KPM CPAs, PC
Springfield, Missouri
November 30, 2022