

ROLLA SCHOOL DISTRICT NO. 31

Rolla, Missouri

INDEPENDENT AUDITOR'S REPORT

For the Year Ended June 30, 2018

TABLE OF CONTENTS

	<u>PAGE</u>
INDEPENDENT AUDITOR'S REPORT	1 - 3
MANAGEMENT'S DISCUSSION AND ANALYSIS	4 - 18
BASIC FINANCIAL STATEMENTS:	
Statement of Net Position	19
Statement of Activities	20
Balance Sheet - Governmental funds	21
Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds	22
Reconciliation to the Statement of Activities	23
Statement of Net Position - Proprietary Fund	24
Statement of Revenues, Expenses, and Changes in Fund Net Position - Proprietary Fund	25
NOTES TO THE FINANCIAL STATEMENTS	26 - 71
REQUIRED SUPPLEMENTARY INFORMATION:	
Budgetary Comparison Schedules:	
General Fund	72
Special Revenue Fund	73
Notes to the Budgetary Comparison Schedules	74 - 75
Schedules of Proportionate Share of the Net Pension Liability and Related Ratios – PSRS and PEERS	76
Schedules of Employer Contributions – PSRS and PEERS	77
Schedule of Changes in Total OPEB Liability and Related Ratios	78
Total OPEB Liability	79
Notes to Schedules of Changes in Total OPEB Liability and Related Ratios and Total OPEB Liability	80

TABLE OF CONTENTS
(Continued)

OTHER INFORMATION:

Federal Compliance Section

Schedule of Expenditures of Federal Awards	81 - 82
Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	83 - 84
Independent Auditor's Report on Compliance for Each Major Program and on Internal Control Over Compliance Required by <i>The Uniform Guidance</i>	85 - 86
Schedule of Findings	87 - 88
Corrective Action Plan	89 - 90

SUPPLEMENTARY STATE INFORMATION:

State Compliance Section

Independent Accountant's Report on Management's Assertions About Compliance with Specified Requirements of Missouri Laws and Regulations	91
Schedule of Selected Statistics	92 - 94



3702 West Truman Blvd, Suite 213
Jefferson City, MO 65109

Phone: (573) 893-7700 Fax: (573) 893-6649

Web: gravescpas.com

INDEPENDENT AUDITOR'S REPORT

To the Board of Education of
Rolla School District No. 31
Rolla, Missouri:

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component unit, and each major fund of the Rolla School District No. 31 (the "District"), as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the District 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 accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. The financial statements of the Internal Service Fund and the Champions of Rolla Education Foundation were not audited in accordance with *Government Auditing Standards*. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component unit, and each major fund of the District, as of and for the year ended June 30, 2018, and the respective changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, Schedules of Proportionate Share of the Net Pension Liability and Related Ratios, the Schedules of Employer Contributions, the Schedule of Changes In Total OPEB Liability and Related Ratios, and the Schedule of Total OPEB Liability, as listed in the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other 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 supplementary state information is presented for purposes of additional analysis and is not a required part of the basic financial statements. The 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.

The schedule of expenditures of federal awards are 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. Such 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 expenditures of federal awards 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 15, 2018, 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 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 the District's internal control over financial reporting and compliance.

Graves and Associates,
CPAs, LLC

GRAVES AND ASSOCIATES, CPAs, LLC
Jefferson City, Missouri

November 15, 2018

MANAGEMENT'S DISCUSSION AND ANALYSIS

An objective and easily readable analysis of the District's financial activities. The Management's Discussion and Analysis presents an analytical overview of both short-term and long-term financial information.

ROLLA SCHOOL DISTRICT NO. 31
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
JUNE 30, 2018

As management of the Rolla School District No. 31, we offer readers of the District's financial statements this narrative discussion, overview, and analysis of the financial activities of the District for the fiscal year ending June 30, 2018. The intent of this discussion and analysis is to look at the District's financial performance as a whole. The reader is encouraged to consider the information presented here in conjunction with additional information presented in the financial statements, notes to the financial statements, and required and other supplemental information to enhance their understanding of the School District's financial performance.

The Governmental Accounting Standards Board (GASB) in their Statement No. 34, Basic Financial Statements –Management's Discussion and Analysis – adopted this reporting model for State and Local Governments, issued in June 1999. The financial statements of the District have been prepared on the accrual basis of accounting.

Financial Highlights

- On the accrual basis of accounting as of June 30, 2018, the governmental funds reported a combined ending fund balance of \$30,034,665, an increase of \$6,295,350 from the prior year adjusted ending fund balance. The fund balance for the General Fund and Special Revenue Fund increased by \$719,835. Additionally, the Capital Projects Fund balance increased by \$764,738. The Debt Service Fund balance increased by \$4,810,777, primarily due to the advanced crossover refunding of the Series 2010A & 2010B general obligation bond issues.
- On the accrual basis of accounting, the combined unrestricted fund balance for the General Fund and Teachers Fund is \$14,172,104, or 34.9% of the FY18 expenditures of these funds. On the modified cash basis of accounting, the combined unrestricted fund balance for the General Fund and Teachers Fund is \$13,355,258, or 32.83% of the FY18 expenditures of these funds. The district adopted a policy of maintaining an unassigned operating fund balance on June 30 of not less than 17 percent of the expenditures for those funds.

ROLLA SCHOOL DISTRICT NO. 31
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
JUNE 30, 2018

GASB 54 Reporting
June 30, 2018

	General	Special Revenue	Debt Service	Capital Projects	Total
Nonspendable:					
Restricted for:					
Debt Service			6,234,554		6,234,554
Committed to:					
HS Practice Gym Floor & Bleachers				116,500	116,500
Junior High Partial Roofing Project				179,805	179,805
MT, TR & WY Wireless Access Point Upgrades	89,676				89,676
MT, TR & WY Wireless Access Point Materials	9,825				9,825
SpedTrack - FY20	9,025				9,025
RMS Internal Connections upgrades	89,170				89,170
Gilmore & Bell Continuing Disclosure Services	1,200				1,200
Meramec Adventure Learning Ranch Student Trip	3,330				3,330
Peak Performance Athletic Trainer Services	15,000				15,000
Stericycle Medical Waste Services	2,064				2,064
Heartland Student Cafeteria Payment Services	7,220				7,220
Assigned to:					
Activity funds	786,635				786,635
Other purposes	10,049				10,049
Other Capital projects				9,331,702	9,331,702
Unassigned	12,288,148	860,762			13,148,910
Total fund balances	13,311,342	860,762	6,234,554	9,628,007	30,034,665

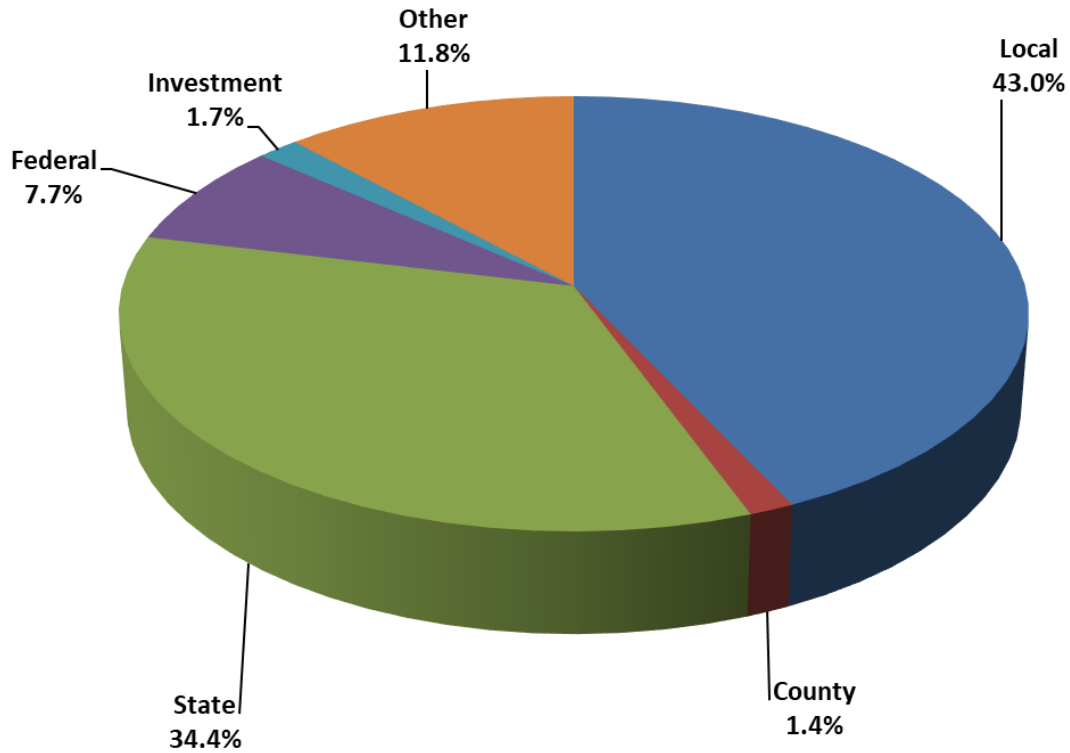
- Transfers were made from the General Fund to the Capital Projects Fund related to transportation (\$210,801), food service (\$48,175) and area career center (\$143,210). Additionally, the 7% transfer was made totaling \$1,027,304.
- The net position of the Internal Service Funds (established to account for the District's self-funded benefit programs) increased by \$243,984.
- The district completed an advanced crossover refunding of the callable portion of the Series 2003 general obligation bonds on June 22, 2012. The refunding resulted in a net reduction of interest payment of \$1,068,672. This savings will accrue to the benefit of the district's debt service fund in future years. These bonds will be retired in March 2023.

ROLLA SCHOOL DISTRICT NO. 31
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
JUNE 30, 2018

- The district completed an advanced crossover refunding of the callable portion of the Series 2010A & 2010B general obligation bonds on December 28, 2017. The refunding resulted in a net reduction of interest payments of \$218,950. This savings will accrue to the benefit of the district's debt service fund in future years. These bonds will be retired in March of 2030.
- The \$8.3 million general obligation bond issue will be retired in March 2030 with a true interest cost of 2.1216%. The purpose of this general obligation bond issue is to make improvements at the Junior High, High School and Middle School buildings.
- The \$4.0 million general obligation bond issue will be retired in March 2035 with a true interest cost of 3.2617%. The purpose of this general obligation bond issue is to add classrooms at the High School to accommodate movement of the ninth grade to this building.
- Total revenues reported on the accrual basis of accounting were \$49,938,990. (Total revenues for the fiscal year reported on the modified cash basis were \$49,461,697). The primary sources of revenue are:
 1. Local revenues, primarily tax receipts, totaling \$21,451,078
 2. State revenues, primarily basic formula, entitlements and grants, totaling \$17,170,575
 3. Federal revenues, primarily Title I, IDEA, and National School Lunch and Breakfast Program funds, totaling \$3,842,921
 4. Other revenues, primarily tuition, sale of property and debt service refunding (\$4,630,000), totaling \$5,908,854
 5. County revenues, primarily fines and state assessed utilities, totaling \$718,041
 6. Investment income totaling \$847,521

ROLLA SCHOOL DISTRICT NO. 31
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
JUNE 30, 2018

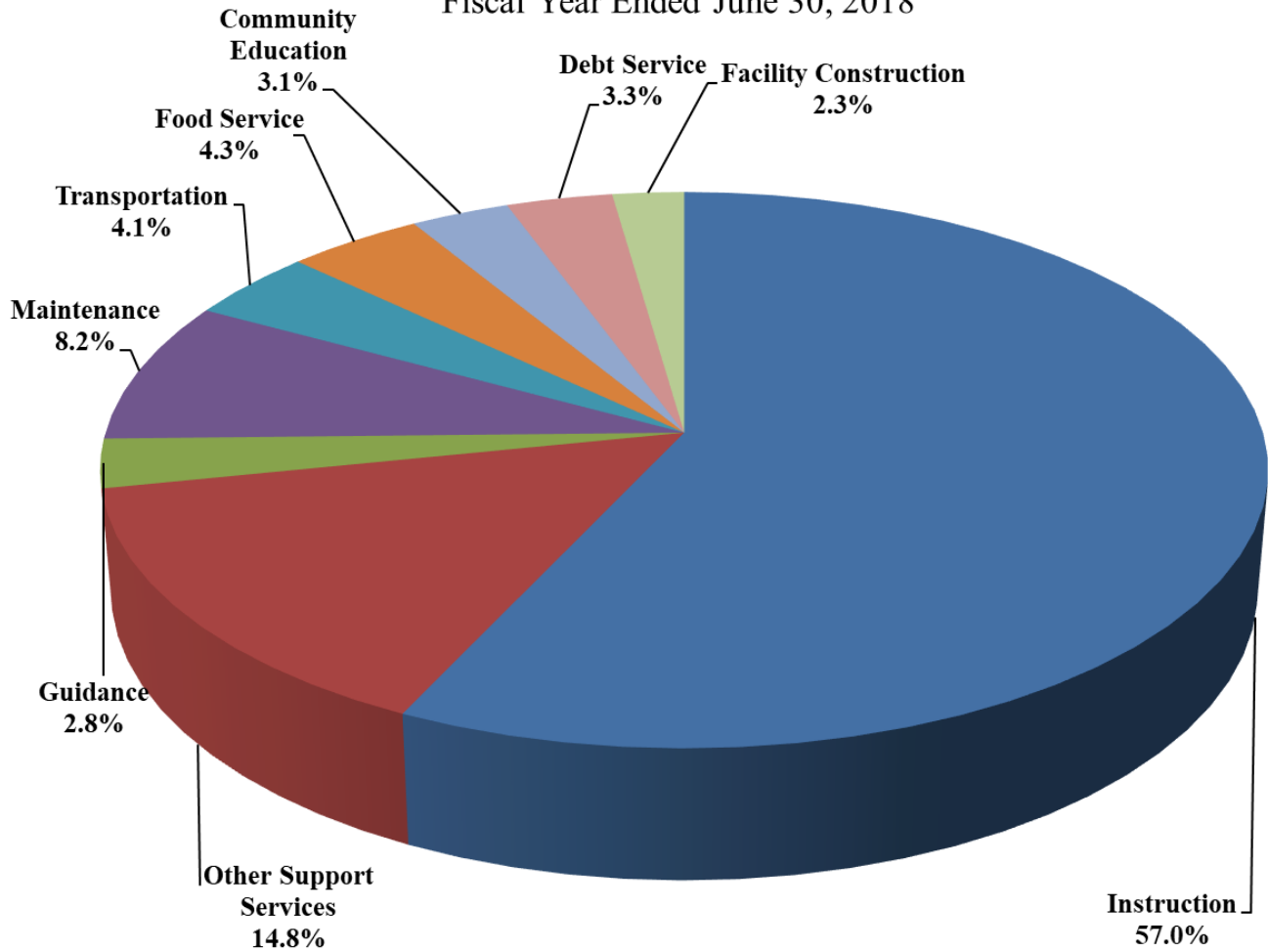
Revenues by Source
Fiscal Year Ended June 30, 2018



- Total expenditures reported on the accrual basis of accounting were \$43,643,640. This includes Debt Service expenditures of \$1,461,949 and Capital Projects expenditures of \$985,864. The following graph indicates expenditure categories for total expenditures. (Total expenditures for the fiscal year reported on the modified cash basis were \$44,062,434).

ROLLA SCHOOL DISTRICT NO. 31
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
JUNE 30, 2018

Expenditure by Function
Fiscal Year Ended June 30, 2018



The following schedule provides a comparison of expenditures by major object for fiscal years ending June 30, 2018 and 2017.

ROLLA SCHOOL DISTRICT NO. 31
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
JUNE 30, 2018

Expenditures by Major Object				
	FY 2018	FY 2017	Increase (Decrease)	Percentage Change
Certificated Salaries	19,811,953	19,104,461	707,492	3.7%
Support Salaries	6,118,840	5,847,858	270,982	4.6%
Employee Benefits	7,921,799	7,840,033	81,767	1.0%
Purchased Services	2,036,101	2,015,294	20,807	1.0%
Supplies	4,668,660	4,886,308	(217,648)	-4.5%
Capital Outlay	1,624,338	7,295,597	(5,671,259)	-77.7%
Other	1,461,949	1,360,600	101,350	7.4%
	43,643,640	48,350,150	(4,706,510)	-9.7%

Overview of the Financial Statements

This section of the comprehensive annual financial report consists of three parts:

- Management's discussion and analysis (this section),
- Basic financial statements (district-wide and fund financial statements), including notes to the financial statements, and
- Combining and individual fund statements and schedules.

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

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

The notes to the financial statements provide further explanation of some of the information in the statements with combining schedules for non-major funds and comparisons of the District's budget to actual amounts for the year.

ROLLA SCHOOL DISTRICT NO. 31
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
JUNE 30, 2018

District-wide Statements

Overview of the Financial Statements (Continued)

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

- Increases or decreases in the District's net position are an indicator of whether its financial position is improving or deteriorating, respectively.
- To assess the District's overall financial position, additional non-financial factors, such as changes in the District's property tax base, student enrollment, required educational programs for which little or no funding is provided, and the facility conditions, should be considered.

The District's component unit is the Champions of Rolla Education Foundation, which is a legally separate entity. Although the Board does not control the activities of the component unit, the component unit provides its resources solely to the District. The Management's Discussion and Analysis focuses on the primary government activities.

Fund Financial Statements

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

- Some funds are required by state law and by bond covenants.
- The District establishes other funds to control and manage money for particular purposes (such as repaying its long-term debt) or to show that it is properly using certain revenues (such as grants and bond issue proceeds).

The District's major funds are the general fund, special revenue fund, debt service fund, and capital projects fund. These fund statements report governmental activities on the current or short-term basis as opposed to a long-term basis.

Most of the District's basic services are included in governmental funds, which generally focus on how cash and other financial assets that can readily be converted to cash flow in and out and the balances left at year-end that are available for spending. Consequently, the governmental funds statements provide a detailed short-term view that helps you determine whether there are more or fewer financial resources that can be spent in the future to finance the District's programs.

ROLLA SCHOOL DISTRICT NO. 31
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
JUNE 30, 2018

STATEMENT OF NET POSITION
YEAR ENDED JUNE 30, 2018

	Primary Government Governmental Activities
ASSETS	
Cash and Investments	\$ 23,026,465
Restricted Cash and Investments	\$ 9,090,852
Receivables	\$ 1,326,285
Receivables - Restricted	\$ 9,575
Total Current Assets	\$ 33,453,178
Noncurrent Assets:	
Capital Assets not being Depreciated:	
Land	\$ 5,622,321
Construction in Progress	\$ -
Capital Assets net of Accumulated Depreciation:	
Buildings	\$ 22,471,139
Building Improvements	\$ 4,346,091
Site Improvements	\$ 1,116,576
Vehicles	\$ 1,185,854
Equipment	\$ 566,018
Total Noncurrent Assets	\$ 35,307,999
TOTAL ASSETS	\$ 68,761,177
Deferred Outflows of Resources	
Pension related deferred outflows	\$ 19,964,264
OPEB related deferred outflows	\$ -
Total Deferred Outflows	\$ 19,964,264
LIABILITIES	
Accounts Payable	\$ 213,312
Accrued Interest Payable	\$ 275,875
Deferred Federal Revenue	\$ -
Deferred Local Revenue	\$ 45,413
Payroll Liabilities	\$ 299,602
Current Portion of Long-Term Debt	\$ 740,000
Total Current Liabilities	\$ 1,574,202
Noncurrent Liabilities:	
Net Pension Liability	\$ 34,531,873
Net OPEB Liability	\$ 10,672,650
Long-Term Debt	\$ 19,880,000
Total Noncurrent Liabilities	\$ 65,084,523
TOTAL LIABILITIES	\$ 66,658,725
Deferred Inflows of Resources	
Pension related deferred inflows	\$ 10,563,249
OPEB related deferred inflows	\$ 432,514
Total Deferred Inflows	\$ 10,995,763
Restricted for:	
Invested in Capital Assets, Net of Related Debt	\$ 14,687,999
Retirement of long-term debt	\$ 6,234,554
Self-Funded Insurance Plan	\$ 2,860,186
Unrestricted	\$ (12,711,786)
TOTAL NET POSITION	\$ 11,070,953

ROLLA SCHOOL DISTRICT NO. 31
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
JUNE 30, 2018

Table 3 provides a summary of the changes in net position for three years ending June 30.

Table 3
CHANGES IN NET POSITION FROM OPERATING RESULTS
FOR GOVERNMENTAL ACTIVITIES
YEAR ENDED JUNE 30

Revenues			
Program Revenues:	2018	2017	2016
Charges for Services	7,659,489	7,959,362	7,300,419
Operating Grants and Contributions	5,685,814	5,892,826	5,457,217
Capital Grants and Contributions	93,829	166,892	193,981
Special / Extraordinary Items		17,488	
General Revenues:			
Property Taxes	14,991,566	14,267,293	13,806,056
Sales Taxes	3,932,790	3,884,708	3,724,546
State Aid	15,230,112	14,758,888	14,433,707
Fines & Forfeitures	291,478	261,826	257,570
Investment Earnings	893,539	430,682	418,207
Sale of Property	77,198	61,955	240,495
Other	189,658	37,147	37,216
Total Revenue	49,045,472	47,739,066	45,869,413
Expenses			
Program Expenses:			
Instruction	25,608,636	25,262,320	19,808,898
Support Services	2,009,124	1,793,080	1,467,514
Instructional Staff Support	1,395,639	2,646,290	1,958,432
General Administration & Central Services	2,310,951	1,814,987	1,348,899
Building Administration	2,207,979	2,206,239	1,759,251
Operation of Plant	3,661,616	3,607,965	3,484,507
Transportation	1,845,796	1,756,465	1,757,706
Food Service	1,866,882	1,879,726	1,784,292
Community Service	1,397,860	1,280,234	1,141,604
Facility Projects	2,076,848	1,695,402	1,878,939
Debt Service	830,883	704,809	735,027
Self-Insurance	3,492,499	3,975,694	3,338,333
Total Expenses	48,704,711	48,623,210	40,463,402
Increase (Decrease) in Net Position	340,761	(884,143)	5,406,011

As shown in Table 3, general revenues provide 72.6% of the funding required for governmental activities. The Rolla Public School District relies on property taxes for funding its governmental activities with 42.1% of general revenues coming from local property taxes.

ROLLA SCHOOL DISTRICT NO. 31
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
JUNE 30, 2018

Overview of the Financial Statements (Continued)

Table 4 presents the cost of each of the major district governmental activities: instructional activities (including general instruction, special education, and student activities), student services, instructional staff support, building administration, general administration and central services, operation of plant, transportation, food service, community services, facility projects, and debt service. The table also shows each activity's net cost (total cost less revenues generated by the activities) for the years ending June 30, 2017 and June 30, 2016. The net cost shows the financial burden that was placed on the District's taxpayers by each of these functions.

Table 4
TOTAL AND NET COST OF GOVERNMENTAL ACTIVITIES

	Total Cost	Net Cost	Total Cost	Net Cost	Total Cost	Net Cost
	of Services	of Services	of Services	of Services	of Services	of Services
	2018		2017		2016	
Governmental Activities						
Instructional Services	25,608,636	19,874,601	25,262,320	19,628,571	19,808,898	14,556,747
Student Services	2,009,124	1,938,047	1,793,080	1,689,541	1,467,514	1,372,312
Instructional Staff Support	1,395,639	1,261,768	2,646,290	2,247,607	1,958,432	1,791,800
Building Administration	2,310,951	2,279,221	2,206,239	2,176,239	1,759,251	1,729,251
General Adm & Central Service	2,207,979	2,207,979	1,814,987	1,814,987	1,348,899	1,348,899
Operation of Plant	3,661,616	3,481,231	3,607,965	3,438,849	3,484,507	3,303,183
Transportation	1,845,796	1,507,643	1,756,465	1,327,163	1,757,706	1,284,291
Food Service	1,866,882	94,764	1,879,726	69,565	1,784,292	(89,466)
Community Service	1,397,860	189,443	1,280,234	(72,808)	1,141,604	(260,163)
Facility Projects	2,076,848	2,076,848	1,695,402	1,695,402	1,878,939	1,878,939
Debt Service	830,883	552,000	704,809	426,620	735,027	457,436
Total Governmental Activities	45,212,213	35,463,545	44,647,515	34,441,734	37,125,070	27,373,230

Table 4 provides the following highlights:

- The total cost of all governmental activities for fiscal year 2018 was \$45.2 million.
- Instructional services represent 56.6% of the total cost of all governmental activities of the District.

ROLLA SCHOOL DISTRICT NO. 31
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
JUNE 30, 2018

Overview of the Financial Statements (Continued)

- Student Services and Instructional Staff Support (this area includes Guidance, Library, Technology, and Health Services) represents 7.5% of all governmental activities of the District.
- Administration (includes Board of Education, District, Building, and Business Services) represents 10.0% of the total cost of all governmental activities.
- Operation of Plant represents 8.1%, and Facility Projects represent 4.6%, of the total cost of all governmental activities. Food Service represents 4.1% of the total cost of all governmental activities and Transportation represents 4.1%. Community Service accounts for 3.1% (including early childhood programming) and Debt Service represented 1.8% of the total cost of all governmental activities.
- The net cost of all governmental activities was \$35.5 million, with \$9.8 million of the total cost being financed by revenues generated by governmental activities.
- Operating grants and contributions for the food service program, which includes federal and state aid, including payment for free and reduced meals and commodities totaled \$1,150,787, or 61.6% of the total expenses of the program.

ROLLA SCHOOL DISTRICT NO. 31
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
JUNE 30, 2018

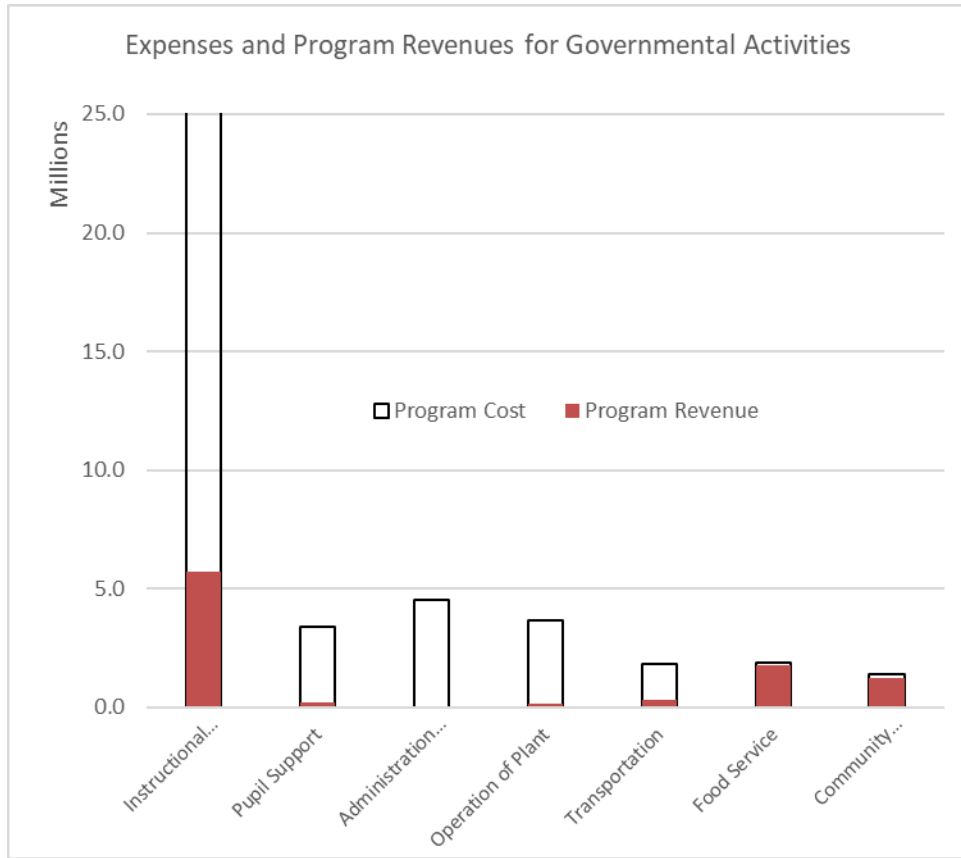


Table 5 below provides a revenue and expenditure comparison between the fiscal year ending June 30, 2018 to the fiscal years ending June 30, 2017 and June 30, 2016.

ROLLA SCHOOL DISTRICT NO. 31
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
JUNE 30, 2018

Table 5
REVENUE / EXPENDITURE COMPARISON
FOR THE YEAR ENDED JUNE 30

Revenue	FY 2018	FY 2017	FY 2016
Local	21,451,078	20,829,550	20,180,931
County	718,041	692,337	655,802
State	17,170,575	16,777,393	16,370,729
Federal	3,842,921	3,748,223	3,625,294
Insurance, Property Sale	-	79,443	240,495
Investment Income	847,521	409,267	403,907
Other Revenue (Tuition, Bond)	5,908,854	1,368,139	5,178,179
Total	49,938,990	43,904,353	46,655,337
Expenditures			
Instruction	24,889,661	24,175,651	23,124,730
Other Support Services	6,449,829	7,178,833	6,040,448
Guidance	1,243,421	1,112,184	1,087,390
Maintenance	3,597,619	3,560,575	3,672,408
Transportation	1,784,470	1,972,946	1,856,739
Food Service	1,870,129	1,858,573	1,840,237
Community Ed	1,360,698	1,218,764	1,284,918
Debt Service	1,461,949	1,359,142	1,294,236
Facility Construction	985,864	5,958,008	1,220,065
Total	43,643,640	48,394,676	41,421,170

ROLLA SCHOOL DISTRICT NO. 31
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
JUNE 30, 2018

Budgetary Highlights

The District adopts a “final” budget in June each year for the following fiscal year. However, it is anticipated that budget amendments will be made periodically as additional information becomes available. For fiscal year 2018, the budget was amended on five occasions for the following reasons:

- Increase revenues by \$4,630,000 and expenditures by \$310,676.47 to reflect transactions associated with refunding Series 2010A & 2010B Series general obligation bonds.
- Increase revenues and expenditures by \$35,431 to reflect Perkins Secondary funds.
- Increase revenues by \$6,505 to reflect the increase in ECSE state funding and expenditures by \$36,684 to reflect an increase in ECSE staff.
- Increase revenues and expenditures by \$25,781 to record the donation from the Rolla Foundation (CORE) for the High School Lecture Room.
- Increase revenues by \$44,974 to reflect Part B IDEA carryover funds.
- Increase expenditures by \$249,900 to purchase property near Rolla Junior High.

The above items were the more significant items amended in the budget for fiscal year 2018.

Capital Assets

As of June 30, 2018, the District had \$35,307,999, net of accumulated depreciation, invested in land, buildings and equipment.

Table 6
Capital Assets
(Net of Depreciation)

	2018	2017	2016
Land	5,622,321	5,372,421	5,372,421
Construction in Progress	-	5,651,696	245,000
Site Improvements	22,471,139	1,171,338	1,027,257
Buildings	4,346,091	18,042,201	19,114,317
Building Improvements	1,116,576	4,418,728	4,619,743
Equipment and Furniture	566,018	672,335	651,955
Vehicles	1,185,854	1,204,681	984,977
	35,307,999	36,533,400	32,015,670

ROLLA SCHOOL DISTRICT NO. 31
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
JUNE 30, 2018

Debt Service

As of June 30, 2018, the District had \$20,620,000 in general obligation bonds outstanding. The District issued \$4.0 million in general obligation bonds, dated September 25, 2015, issued \$8.3 million in general obligation bonds, dated June 25, 2010, an advanced crossover refunding (for the 2003B issue) of \$6.785 million dated June 22, 2012 and an advanced crossover refunding (for the 2010A & 2010B issues) of \$4.63 million dated December 28, 2017. The 2003B advanced crossover refunding issue has a balance as of June 30, 2018 of \$3.69 million.

Economic Factors and Fiscal Year 2019 Budget Outlook

- Student enrollment is projected to remain stable overall.
- The FY19 budget was created using a conservative SAT amount of \$6,275, rather than the state appropriated amount of \$6,308, due to other state budgetary commitments that may result in the district receiving less than the appropriated amount.
- The district's FY19 budget projects a \$2.7 million use of operating reserves. Given the use of these reserves, the district's unrestricted fund balance is still projected to be 23%.

The Rolla School District projects to receive approximately 47.8% of its revenues from local sources and 38.9% from state sources. The school district must continue to be diligent to properly manage our resources.

Other Matters

Due to a requirement of the United States Department of Education the district must present its financials utilizing the accrual basis of accounting. This will allow our adult students to receive Title IV funding. The ASBR was reported using the modified cash basis and our audit contained a reconciliation of modified cash to accrual. The financial information in this document (MD&A) used the accrual basis unless otherwise stated.

Contacting the District's Financial Management

This financial report is designed to provide a general overview of the Rolla Public School District's finances for all those with an interest in the District's finances. Questions concerning any of the information provided in this report or requests for additional information should be addressed to the office of the Chief Financial Officer, Rolla Public Schools, 500 A Forum Drive Rolla, MO 65401.

BASIC FINANCIAL STATEMENTS

The basic financial statements include integrated sets of financial statements as required by the GASB. The sets of statements include:

- Government-wide financial statements

- Fund financial statements:
 - Governmental Funds
 - Proprietary (Enterprise) Fund

In addition, the notes to the financial statements are included to provide information that is essential to a user's understanding of the basic financial statements.

ROLLA SCHOOL DISTRICT NO. 31

STATEMENT OF NET POSITION
JUNE 30, 2018

	<u>Primary Government</u>	<u>Component Unit</u>
	<u>Governmental Activities</u>	<u>C.O.R.E</u>
ASSETS		
Cash and Investments	\$ 23,026,465	\$ 109,420
Restricted Cash and Investments	9,090,852	711,266
Receivables	1,326,285	-
Receivables - Restricted	9,575	-
Total Current Assets	<u>33,453,178</u>	<u>820,686</u>
Noncurrent Assets:		
Capital Assets not being Depreciated:		
Land	5,622,321	-
Capital Assets net of Accumulated Depreciation:		
Buildings	22,471,139	-
Building Improvements	4,346,091	-
Site Improvements	1,116,576	-
Vehicles	1,185,854	-
Equipment	566,018	-
Total Noncurrent Assets	<u>35,307,999</u>	<u>-</u>
TOTAL ASSETS	<u>68,761,177</u>	<u>820,686</u>
Deferred Outflows of Resources:		
Pension related deferred outflows	19,964,264	-
LIABILITIES		
Current Liabilities:		
Accounts Payable	213,312	-
Accrued Interest Payable	275,875	-
Deferred Local Revenue	45,413	-
Payroll Liabilities	299,602	-
Current Portion of Long-Term Debt	740,000	-
Total Current Liabilities	<u>1,574,202</u>	<u>-</u>
Noncurrent Liabilities:		
Net Pension Liability	34,531,873	-
Net OPEB Liability	10,672,650	-
Noncurrent Portion of Long-Term Debt	19,880,000	-
Total Noncurrent Liabilities	<u>65,084,523</u>	<u>-</u>
TOTAL LIABILITIES	<u>66,658,725</u>	<u>-</u>
Deferred Inflows of Resources:		
Pension related deferred inflows	10,563,249	-
OPEB related deferred inflows	432,514	-
NET POSITION		
Restricted for:		
Net Investment in Capital Assets	14,687,999	-
Restricted for:		
Retirement of long-term debt	6,234,554	-
Self-Funded Insurance Plan	2,860,186	-
Unrestricted	(12,711,786)	820,686
TOTAL NET POSITION	<u>\$ 11,070,953</u>	<u>\$ 820,686</u>

The accompanying notes are an integral part of these financial statements.

ROLLA SCHOOL DISTRICT NO. 31

STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2018

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position	
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government	Component Unit
					Total Governmental Activities	C.O.R.E
Primary Government:						
Governmental Activities:						
Instruction	\$ (25,608,636)	\$ 2,202,024	\$ 3,459,446	\$ 72,564	\$ (19,874,601)	\$ -
Attendance	(388,162)	-	-	-	(388,162)	-
Guidance	(1,270,118)	-	71,077	-	(1,199,041)	-
Health, Psych, Speech and Audio	(350,844)	-	-	-	(350,844)	-
Improvement of Instruction	(158,023)	-	(3,153)	-	(161,175)	-
Professional Development	(143,531)	-	137,023	-	(6,508)	-
Media Services	(1,094,085)	-	-	-	(1,094,085)	-
Board of Education Services	(122,424)	-	-	-	(122,424)	-
Executive Administration	(1,992,926)	-	-	-	(1,992,926)	-
Building Administration	(2,310,951)	-	31,730	-	(2,279,221)	-
Business/Central Services	(83,199)	-	-	-	(83,199)	-
Operation of Plant	(3,596,734)	180,385	-	-	(3,416,349)	-
Security Services	(64,882)	-	-	-	(64,882)	-
Transportation	(1,845,796)	41,742	296,410	-	(1,507,643)	-
Food Service	(1,866,882)	621,331	1,150,787	-	(94,764)	-
Central Office Support Services	(9,430)	-	-	-	(9,430)	-
Community Education	(1,397,860)	923,543	263,609	21,265	(189,443)	-
Facility Acquisition and Construction	(2,076,848)	-	-	-	(2,076,848)	-
Debt Services Interest	(830,883)	-	278,883	-	(552,000)	-
Self-Insurance	(3,492,499)	3,690,465	-	-	197,966	-
Total Governmental Activities	(48,704,711)	7,659,489	5,685,814	93,829	(35,265,579)	-
Total Primary Government	(48,704,711)	7,659,489	5,685,814	93,829	(35,265,579)	-
Component Units:						
C.O.R.E	(143,038)	23,410	65,264	-		(54,364)
General Revenues:						
Property Taxes					14,991,566	-
Sales Taxes					3,932,790	-
State Aid					15,230,112	-
Fines and Forfeitures					291,478	-
Sale of School Buses					4,808	-
Sale of Other Property					72,389	-
Investment Income					893,539	62,876
Miscellaneous					189,658	-
Total General Revenues					35,606,340	62,876
Change in Net Position					340,761	8,512
Net Position, Beginning of Year - Restated					10,730,192	812,174
Net Position, End of Year					\$ 11,070,953	\$ 820,686

The accompanying notes are an integral part of these financial statements.

ROLLA SCHOOL DISTRICT NO. 31

BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2018

	General Fund	Special Revenue Fund	Debt Service Fund	Capital Projects Fund	Total Governmental Funds
ASSETS					
Cash and Investments	\$ 13,349,570	\$ -	\$ -	\$ 9,676,895	\$ 23,026,465
Restricted Cash and Investments	5,688	-	865,319	-	871,007
Restricted Cash with Fiscal Agent	-	-	5,359,659	-	5,359,659
Receivables					
Taxes and Fines Receivable	102,329	290,095	7,721	21,085	421,230
Tuition	7,045	-	-	-	7,045
Accrued Interest Receivable	24,571	454	1,854	691	27,569
Federal Revenue	128,280	728,562	-	-	856,842
Other Receivables	14,005	670	-	8,498	23,174
Total Receivables	276,230	1,019,781	9,575	30,274	1,335,860
TOTAL ASSETS	13,631,488	1,019,781	6,234,554	9,707,169	30,592,992
LIABILITIES AND FUND BALANCES					
Accounts Payable	133,415	735	-	79,162	213,312
Payroll Liabilities	141,318	158,284	-	-	299,602
Deferred Food Service Revenue	45,413	-	-	-	45,413
TOTAL LIABILITIES	320,146	159,019	-	79,162	558,327
FUND BALANCES					
Restricted for:					
Retirement for Long-Term Debt	-	-	6,234,554	-	6,234,554
Committed to:					
HS Practice Gym Floor & Bleachers	-	-	-	116,500	116,500
Junior High Partial Roofing Project	-	-	-	179,805	179,805
MT, TR, & WY Wireless Access Point Upgrades	89,676	-	-	-	89,676
MT, TR, & WY Wireless Access Point Materials	9,825	-	-	-	9,825
RMS Internal Connections Upgrades	89,170	-	-	-	89,170
SpedTrack Software - FY20	9,025	-	-	-	9,025
Gilmore & Bell Continuing Disclosure Services	1,200	-	-	-	1,200
Meramec Adventure Learning Ranch Student Trip	3,330	-	-	-	3,330
Peak Performance Athletic Trainer Services	15,000	-	-	-	15,000
Stericycle Medical Waste Services	2,064	-	-	-	2,064
Heartland Student Cafeteria Payment Services	7,220	-	-	-	7,220
Assigned to:					
Other Capital Projects	-	-	-	9,331,702	9,331,702
Activity Funds	786,635	-	-	-	786,635
Other Purposes	10,049	-	-	-	10,049
Unassigned	12,288,148	860,762	-	-	13,148,910
Total Fund Balances	13,311,342	860,762	6,234,554	9,628,007	30,034,665
TOTAL LIABILITIES AND FUND BALANCES	\$ 13,631,488	\$ 1,019,781	\$ 6,234,554	\$ 9,707,169	\$ 30,592,992

Amounts reported for governmental activities in the Statement of Net Position are different because:

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.

Long-term liabilities, including bonds payable, net pension liability, and net OPEB liability, are not due and payable in the current period and, therefore, are not reported in the funds. (21,823,897)

The assets and liabilities of internal service funds are included in governmental activities for the Statement of Net Position 2,860,186

Net position of governmental activities

\$ 11,070,953

The accompanying notes are an integral part of these financial statements.

ROLLA SCHOOL DISTRICT NO. 31

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2018

	General Fund	Special Revenue Fund	Debt Service Fund	Capital Projects Fund	Total Governmental Funds
Revenues:					
Local	\$ 15,830,121	\$ 3,943,460	\$ 989,921	\$ 687,577	\$ 21,451,078
County	396,318	291,478	30,244	-	718,041
State	525,618	16,544,622	-	100,334	17,170,575
Federal	1,389,301	2,175,130	278,491	-	3,842,921
Investment Income	402,809	511	280,148	164,053	847,521
Non-Revenue Receipts	41,742	1,159,915	-	-	1,201,657
Total Revenues	<u>18,585,909</u>	<u>24,115,115</u>	<u>1,578,804</u>	<u>951,964</u>	<u>45,231,792</u>
Expenditures:					
Instruction	2,765,241	21,875,402	-	249,018	24,889,661
Attendance	379,752	-	-	-	379,752
Guidance	127,289	1,109,567	-	-	1,236,856
Health, Psych, Speech and Audio	342,848	-	-	-	342,848
Improvement of Instruction	25,398	130,129	-	-	155,527
Professional Development	51,173	91,864	-	-	143,036
Media Services	216,132	775,585	-	10,045	1,001,762
Board of Education Services	119,617	-	-	2,807	122,424
Executive Administration	1,505,985	418,129	-	39,976	1,964,090
Building Administration	573,950	1,679,284	-	1,095	2,254,329
Business/Central Services	83,199	-	-	-	83,199
Operation of Plant	3,447,482	-	-	85,255	3,532,737
Security Services	51,178	-	-	13,705	64,882
Transportation	1,622,981	-	-	161,488	1,784,470
Food Service	1,821,954	-	-	48,175	1,870,129
Central Office Support Services	9,426	-	-	-	9,426
Community Education	225,039	1,108,750	-	26,909	1,360,698
Facility Acquisition and Construction	-	-	-	985,864	985,864
Debt Services	63,922	-	1,398,027	-	1,461,949
Total Expenditures	<u>13,432,566</u>	<u>27,188,709</u>	<u>1,398,027</u>	<u>1,624,338</u>	<u>43,643,640</u>
Excess (Deficiency) of Revenues over (under) Expenditures	5,153,343	(3,073,594)	180,777	(672,374)	1,588,152
Other Financing Sources (Uses):					
Proceeds from Sales	69,577	-	-	7,621	77,198
Proceeds from Bond Issuance	-	-	4,630,000	-	4,630,000
Transfers to (from) fund	(5,037,916)	3,608,425	-	1,429,491	-
Total Other Financing Sources (Uses)	<u>(4,968,339)</u>	<u>3,608,425</u>	<u>4,630,000</u>	<u>1,437,112</u>	<u>4,707,198</u>
Net Change In Fund Balances	185,004	534,831	4,810,777	764,738	6,295,350
Fund Balances- Beginning	13,126,338	325,931	1,423,777	8,863,269	23,739,315
Fund Balances, Ending	<u>\$ 13,311,342</u>	<u>\$ 860,762</u>	<u>\$ 6,234,554</u>	<u>\$ 9,628,007</u>	<u>\$ 30,034,665</u>

The accompanying notes are an integral part of these financial statements.

ROLLA SCHOOL DISTRICT NO. 31
RECONCILIATION TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2018

Net Changes in Fund Balances-Total Government Funds	\$	6,295,350
<p>Governmental funds report capital outlays as expenditures while governmental activities report depreciation expense to allocate those expenditures over the useful lives of the assets.</p>		
Capital Asset Purchases		1,015,058
Depreciation Expense		(2,240,459)
		(1,225,401)
<p>Repayment of bond principal is an expenditure in the governmental funds, but it reduces liabilities in the Statement of Net Position and does not affect the Statement of Activities. Proceeds from a bond issue is a financing source in the governmental funds, but it increases liabilities in the Statement of Net Position and does not affect the Statement of Activities.</p>		
Bond Proceeds		(4,630,000)
Bond Principal Retirements		675,000
Change in Accrued Bond Interest		(43,933)
		(3,998,933)
<p>Income earned by internal service funds is included in governmental activities on government-wide statements</p>		
		243,984
<p>Fund financial statements do not recognize OPEB liability. The increase (decrease) is recognized in the Statement of Activities.</p>		
		(598,635)
<p>Fund financial statements do not recognize pension liability. The increase (decrease) is recognized in the Statement of Activities.</p>		
		(375,603)
Change in Net Assets of Governmental Funds	\$	340,761

The accompanying notes are an integral part of these financial statements.

ROLLA SCHOOL DISTRICT NO. 31

STATEMENT OF NET POSITION
PROPRIETARY FUND
FOR THE YEAR ENDED JUNE 30, 2018

	<u>Self-Funded Plan Internal Service Fund</u>
ASSETS	
Cash	\$ 2,860,186
Total Assets	<u>\$ 2,860,186</u>
Net Assets	
Restricted for Self-Funded Plan	\$ 2,860,186
Total Net Assets	<u>\$ 2,860,186</u>

The accompanying notes are an integral part of these financial statements.

ROLLA SCHOOL DISTRICT NO. 31

STATEMENT OF REVENUES, EXPENSES,
AND CHANGES IN FUND NET POSITION
PROPRIETARY FUND
FOR THE YEAR ENDED JUNE 30, 2018

	Self-Funded Plan Internal Service Fund
	<u> </u>
OPERATING REVENUES	
Charges for services:	
Participant Contributions	\$ 3,690,465
Total Operating Revenues	<u>3,690,465</u>
OPERATING EXPENSES	
Benefits to participants	3,492,499
Total Operating Expenses	<u>3,492,499</u>
Operating Revenue (Loss)	197,966
NON-OPERATING REVENUE	
Interest Earnings	46,018
Non-Operating Revenue (Loss)	<u>46,018</u>
Change in Net Position	243,984
Net Position, Beginning	<u>2,616,202</u>
Net Position, Ending	<u><u>\$ 2,860,186</u></u>

The accompanying notes are an integral part of these financial statements.

ROLLA SCHOOL DISTRICT NO. 31
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2018

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

Reporting Entity

The Rolla School District No. 31 (the “District”) is a political subdivision of the State of Missouri which designates an elected seven member Board of Education to act as the governing authority. The accompanying financial statements present the government and its component unit, an entity for which the government is considered to be financially accountable. The discretely presented component unit is reported in a separate column in the government-wide financial statements (see note below for description) to emphasize that it is legally separate from the primary government.

Discretely Presented Component Unit

Discretely presented component units are separate legal entities that meet the component unit criteria described above, but do not meet the criteria for blending.

The Champions of Rolla Education Foundation (C.O.R.E.) (the “Foundation”) is organized exclusively for the benefit of the District and its students to assist them in attaining their educational goals. The Foundation, a tax-exempt organization under Internal Revenue Code 501(c)(3), follows the federal income tax basis of accounting.

The discretely presented component unit of the District does not issue separately audited component unit financial statements.

Basis of Presentation

Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e. the Statement of Net Position and Statement of Activities) report information on all of the non-fiduciary activities of the primary government and its component unit. *Governmental activities*, which normally are supported by taxes and intergovernmental revenues, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges for support. Likewise, the *primary government* is reported separately from a certain legally separate *component unit* for which the primary government is financially accountable.

The Statement of Activities demonstrates the degree to which the direct expenses of a given function or segment is offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function or segment. *Program revenues* include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as *general revenues*.

ROLLA SCHOOL DISTRICT NO. 31
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2018

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (Continued)

Basis of Presentation (Continued)

Government-Wide and Fund Financial Statements (Continued)

Separate financial statements are provided for governmental funds and proprietary funds. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

Fund Financial Statements

Fund financial statements of the reporting entity are organized into funds, each of which is considered to be a separate accounting entity. Each fund is accounted for by providing a separate set of self-balancing accounts that constitutes its assets, deferred outflows, liabilities, deferred inflows, net position or fund balance, revenues, and expenditures or expenses. The District's funds are organized into two major categories: governmental and proprietary. The District currently has no fiduciary funds. An emphasis is placed on major funds within the governmental and proprietary categories. A fund is considered major if it is the primary operating fund of the District or meets the following criteria:

- a. Total assets, deferred outflows, liabilities, deferred inflows, revenues, or expenditures or expenses of that individual governmental or enterprise fund are at least 10 percent of the corresponding total for all funds of that category or type.
- b. Total assets, deferred outflows, liabilities, deferred inflows, revenues, or expenditures or expenses of the individual governmental fund or enterprise fund are at least 5 percent of the corresponding total for all governmental and enterprise funds combined.

Governmental Funds

The funds of the financial reporting entity are described below:

The Missouri Department of Elementary and Secondary Education has directed the following governmental funds to be treated as major:

General Fund - Accounts for general activities of the District, including student activities, food service, and textbook funds which are not designated in a separate fund.

ROLLA SCHOOL DISTRICT NO. 31
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2018

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (Continued)

Basis of Presentation (Continued)

Government-Wide and Fund Financial Statements (Continued)

Fund Financial Statements (Continued)

Governmental Funds (Continued)

Special Revenue Fund – Special Revenue Funds are used to account for the proceeds of the specific revenue sources that are either legally restricted to expenditures for specified purposes or designated to finance particular functions or activities of the District. The District has the following Special Revenue Fund:

Teachers Fund - Accounts for expenditures for certified employees involved in administration and instruction. It includes revenues restricted by the State for the payment of teacher salaries and the local tax levy.

Debt Service Fund - Accounts for the accumulation of resources for, and the payment of, principal, interest, and fiscal charges on general long-term debt.

Capital Projects Fund - Accounts for the proceeds of long-term debt, taxes and other revenues designated for construction of major capital assets and all other capital outlay.

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*, as is the proprietary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be *available* when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due. Only current financial assets and liabilities are generally included on their balance sheets. Their operating statements present sources and uses of available spendable financial resources at the end of the period.

ROLLA SCHOOL DISTRICT NO. 31
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2018

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (Continued)

Measurement Focus, Basis of Accounting, and Financial Statement Presentation (Continued)

Property taxes, sales taxes, franchise taxes, licenses, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Only the portion of special assessments receivable due within the current fiscal period is considered to be susceptible to accrual as revenue of the current period. All other revenue items are considered to be measurable and available only when cash is received by the government.

Proprietary Funds

Internal Service Fund - Accounts for proceeds from contributions for the payment of claims and the liabilities associated with the District's self-insurance activities (primary medical and dental benefits). Expenses include claims paid, direct insurance payments, and administrative fees.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements.

Amounts reported as *program revenues* include 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions. Internally dedicated resources are reported as *general revenues* rather than as program revenues. Likewise, general revenues include all taxes.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenue of the government's Internal Service Fund is participant contributions. Operating expenses for the Internal Service Fund are primarily benefit payments. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

When both restricted and unrestricted resources are available for use, it is the government's policy to use restricted resources first, then unrestricted resources as they are needed.

ROLLA SCHOOL DISTRICT NO. 31
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2018

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (Continued)

Financial Position

Cash and Cash Equivalents

The District's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with a maturity of three months or less from the date of acquisition.

Investments

Investments for the government, as well as for its component unit, are reported at fair value based on quoted market rates.

Receivables and Payables

Activities between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "due to/from other funds" or "advances to/from other funds." All other outstanding balances between funds are reported as "due/to/from other funds." Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances."

All trade and property tax receivables are shown at actual collections. Therefore, an allowance for doubtful accounts is not shown as of the year ended.

Inventories

Inventories of governmental funds are recorded as expenditures when purchased.

Restricted Assets

Restricted assets include assets that are legally restricted as to their use. The primary restricted assets are accounts restricted for debt service and self-medical insurance.

ROLLA SCHOOL DISTRICT NO. 31
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2018

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (Continued)

Financial Position (Continued)

Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets, are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets, other than infrastructure assets, are defined by the government as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of two years. The government reports infrastructure assets on a network and subsystem basis. Accordingly, the amounts spent for the construction or acquisition of infrastructure assets are capitalized and reported in the government – wide financial statements regardless of their amount.

Management has elected to include certain homogeneous asset categories with individual assets less than \$5,000 as composite groups for financial reporting purposes. In addition, capital assets purchased with long-term debt may be capitalized regardless of the thresholds established.

Such assets are reported at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are reported at their estimated fair market value at the date of donation. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized.

All reported capital assets are depreciated using the straight-line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Buildings	30
Vehicles	5 to 8
Equipment	4 to 10

ROLLA SCHOOL DISTRICT NO. 31
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2018

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (Continued)

Financial Position (Continued)

Compensated Absences

It is the District's policy to permit employees to accumulate earned but unused vacation time, personal business days, and sick pay benefits. Vacation benefits are accrued as a liability as the benefits are earned if the employees' rights to receive compensation are attributable to services already rendered and it is probable that the employer will compensate the employees for the benefits through paid time off or some other means.

Sick leave benefits are accrued as a liability using the termination method. An accrual for earned sick leave is made to the extent that it is probable that benefits will result in termination payments. The liability is an estimate based on the District's past experience of making termination payments.

The entire compensated absence liability is reported on the government-wide financial statements. In the governmental fund financial statements, none of the liability is reported as it is not expected to be paid using expendable available resources.

Long-Term Obligations

In the government-wide financial statements, long-term debt is reported as liabilities in the applicable governmental activities Statement of Net Position.

Pensions

Financial reporting information pertaining to the District's participation in the Public School Retirement System of Missouri ("PSRS") and Public Education Employee Retirement System ("PEERS") are prepared in accordance with Governmental Accounting Standards Board ("GASB") Statement No. 68, Accounting and Financial Reporting for Pensions, as amended by GASB Statement No. 71, Pension Transition for Contributions Made Subsequent to the Measurement Date.

The fiduciary net position, as well as additions to and deductions from the fiduciary net position, of PSRS and PEERS have been determined on the same basis as they are reported by PSRS and PEERS. The financial statements were prepared using the accrual basis of accounting. Member and employer contributions are recognized when due, pursuant to formal commitment and statutory requirements. Benefits and refunds of employee contributions are recognized when due and payable in accordance with the statutes governing PSRS and PEERS. Expenses are recognized when the liability is incurred, regardless of when payment is made. Investments are reported at fair value on a trade date basis. The fiduciary net position is reflected in the measurement of the District's net pension liability, deferred outflows, and deferred inflows of resources related to pensions and pension expense.

ROLLA SCHOOL DISTRICT NO. 31
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2018

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (Continued)

Financial Position (Continued)

Net Position/Fund Balance Classifications

Government-Wide Financial Statements:

Net position is classified and displayed in three components:

Net Investment in Capital Assets – Consists of capital assets, including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvements of those assets and adjusted for any deferred inflows and outflows of resources attributable to capital assets and related debt.

Restricted – Consists of restricted assets with restriction constraints placed on the use either by external groups, such as creditors, grantors, contributors, or laws and regulations of other governments, or law through constitutional provisions or enabling legislation.

Unrestricted – Net amount of assets, deferred outflows of resources, liabilities, and deferred inflows of resources that are not included in the determination of the restricted component of net position.

It is the District's policy to first use restricted net resources prior to the use of unrestricted net resources when an expense is incurred for purposes for which both restricted and unrestricted net resources are available.

ROLLA SCHOOL DISTRICT NO. 31
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2018

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (Continued)

Financial Position (Continued)

Net Position/Fund Balance Classifications (Continued)

Fund Financial Statements

Governmental Funds

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

- **Nonspendable:** Amounts that cannot be spent because they either are not in spendable form or are legally or contractually required to be maintained intact.
- **Restricted:** Amounts constrained regarding use from restrictions externally imposed by creditors, grantors, contributors, or laws or regulations of other governments or by restrictions imposed by law through constitutional provisions or enabling legislation.
- **Committed:** Amounts constrained regarding use for specific purposes pursuant to requirements imposed by formal action of the District's highest level of decision-making authority (i.e. the Board of Education).
- **Assigned:** Amounts constrained by the District's intent to be used for specific purposes but that are neither restricted nor committed. Intent can be expressed by the District's Board of Education or by an official body to which the Board of Education delegates authority.
- **Unassigned:** The residual classification of the General Fund for spendable amounts that have not been restricted, committed, or assigned to specific purposes.

The Board of Education establishes (and modifies or rescinds) fund balance commitments by passage of a motion or a resolution. This is typically done through adoption and amendment of the budget. A fund balance commitment is further indicated in the budget document as a designation or commitment of the fund (such as for special incentives). Assigned fund balance is established by the Board of Education through adoption or amendment of the budget as intended for specific purposes (such as the purchase of capital assets, construction, debt services, or for other purposes).

ROLLA SCHOOL DISTRICT NO. 31
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2018

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (Continued)

Financial Position (Continued)

Net Position/Fund Balance Classifications (Continued)

Fund Financial Statements (Continued)

Governmental Funds (Continued)

In the General Fund, the District strives to maintain an unassigned fund balance not less than 17% of the actual expenditures for the prior fiscal year.

Order of Spending

For all funds, except the Debt Service Fund, when both restricted and unrestricted funds are available for expenditure, restricted funds should be spent first unless legal requirements disallow it. When committed, assigned, and unassigned funds are available for expenditure, committed funds should be spent first, assigned funds second, and unassigned funds last. For the Debt Service Fund, the Board of Education considers unrestricted (assigned) balances to be spent prior to restricted balances. It is expected that spending will be classified by identification of remaining fund balances, rather than classifying expenditures during the year.

Proprietary Funds

The difference among assets, deferred outflows, liabilities, and deferred inflows of proprietary funds is reported as net position and classified in the same manner as the government-wide financial statements, as previously described.

ROLLA SCHOOL DISTRICT NO. 31
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE YEAR ENDED JUNE 30, 2018

NOTE 2 – DETAILED NOTES ON ALL FUNDS:

Deposits and Investments

Deposits

The District maintains a cash and temporary cash investment pool that is available for use by all funds except the Debt Service Fund (State law requires that all deposits of the Debt Service Funds be kept separate and apart from all other funds of the District). Each fund type’s portion of this pool is displayed on the governmental funds balance sheet as “cash and investments” under each fund’s caption.

Custodial Credit Risk – Missouri statutes require that all deposits with financial institutions be collateralized in an amount at least equal to uninsured deposits. As of the year ended, the carrying amount of the District’s deposits was \$26,757,659, and the bank balance was \$33,785,663. Of the bank balance, \$250,000 was covered by the Federal Depository Insurance Corporation (FDIC) and \$33,535,663, was covered by collateral held at the District’s safekeeping bank agent, in the District’s name or irrevocable letters of credit.

Investment Interest Rate Risk - the District has no formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

Concentration of Investment Credit Risk - the District places no limit on the amount it may invest in any one issuer. As of the year ended, the District had no concentration of credit risk.

Investments (Investment Credit Risk) - The District may purchase any investment allowed by the State Treasurer. These include (1) obligations of the United States government or any agency or instrumentality thereof maturing and becoming payable not more than three years from the date of purchase, or (2) repurchase agreements maturing and becoming payable within ninety days secured by U.S. Treasury obligations or obligations of U.S. government agencies or instrumentalities of any maturity, as provided by law.

Cash Escrow Accounts:

UMB Bond Interest Fund	\$ 83,476
UMB Series 2017 Fund	4,790,618
Direct Deposit Program – Bond Escrow	<u>485,565</u>
Total	<u>\$ 5,359,659</u>

ROLLA SCHOOL DISTRICT NO. 31
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE YEAR ENDED JUNE 30, 2018

NOTE 2 – DETAILED NOTES ON ALL FUNDS: (Continued)

Deposits and Investments (Continued)

Component Unit

Total bank balance of \$826,701, of the discretely presented component unit were fully insured by FDIC insurance or collateral pledged in the District’s name. Total carrying value of the deposits was \$820,687. Fair value was determined by quoted market prices as of the year ended.

Investments, as of the year ended, consisted of the following:

	<u>Cost</u>	<u>Quoted Prices Markets For Identical Assets (Level 1)</u>
Investments:		
Mutual Funds	\$ 3,422	\$ 3,422
Total Investments	<u>\$ 3,422</u>	<u>\$ 3,422</u>

Financial assets valued using Level 1 inputs are based on unadjusted quoted market prices with active markets.

Capital Assets

Depreciation was charged to functions/programs of the primary government as follows:

Governmental activities:

Instructional Services	\$ 113,893
Media Services	63,319
Building Administration	965
Operation of Plant	24,192
Transportation	206,740
Food Service	6,101
Community Service	14,619
Facilities Acquisition	<u>1,810,630</u>
	<u>\$ 2,240,459</u>

ROLLA SCHOOL DISTRICT NO. 31
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE YEAR ENDED JUNE 30, 2018

NOTE 2 – DETAILED NOTES ON ALL FUNDS: (Continued)

Capital Assets (Continued)

Capital asset activity as of the year ended was as follows:

Primary Government:

<i>Governmental Activities</i>	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets, not being depreciated	\$ 5,372,421	\$ 249,900	\$ -	\$ 5,622,321
Construction in Progress	5,651,696	-	(5,651,696)	-
Total capital assets, not being depreciated	11,024,117	249,900	(5,651,696)	5,622,321
Capital assets, being depreciated				
Buildings	73,092,775	5,690,745	-	78,783,520
Building Improvements	6,029,620	259,575	-	6,289,195
Site Improvements	2,008,497	160,871	-	2,169,368
Equipment	2,049,847	108,709	(109,504)	2,049,052
Vehicles	4,617,259	196,954	(292,479)	4,521,734
Total capital assets being depreciated	87,797,998	6,416,854	(401,983)	93,812,869
Less accumulated depreciation for:				
Buildings	(55,050,574)	(1,261,807)	-	(56,312,381)
Building Improvements	(1,610,892)	(332,212)	-	(1,943,104)
Site Improvements	(837,159)	(215,633)	-	(1,052,792)
Equipment	(1,377,512)	(215,026)	109,504	(1,483,034)
Vehicles	(3,412,578)	(215,781)	292,479	(3,335,880)
Total accumulated depreciation	(62,288,715)	(2,240,459)	401,983	(64,127,191)
Total capital assets, being depreciated, net	25,509,283	4,176,395	-	29,685,678
Governmental activities capital assets, net	\$ 36,533,400	\$ 4,426,295	\$ (5,651,696)	\$ 35,307,999

Total depreciation expense for the year ended was \$2,240,459.

ROLLA SCHOOL DISTRICT NO. 31
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE YEAR ENDED JUNE 30, 2018

NOTE 2 – DETAILED NOTES ON ALL FUNDS: (Continued)

Interfund Receivables, Payables, Transfers, and Payments

Transfers are used to (1) move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them, (2) move revenues restricted to debt service from the funds collecting the revenues to the Debt Service Fund as debt service payments become due, and (3) use unrestricted revenues collected in the General Fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

Interfund transfers for the year ended consisted of the following:

Transfers from the General fund:

<i>Special Revenue Fund</i>	
To “zero” Teachers Fund	
Total transfers to Special Revenue Fund	<u>\$ 3,608,425</u>

<i>Capital Projects Fund</i>	
Transportation Calc Cost	\$ 210,801
Area Vocational – Tech Schools	143,210
Food Services	48,175
\$162,326 or 7% SATxWADA	<u>1,027,304</u>
Total transfers to Capital Projects Fund	<u>\$ 1,429,491</u>

Total transfers from the General Fund	<u>\$5,037,916</u>
---------------------------------------	--------------------

Payments from Component Unit – C.O.R.E Foundation:

<i>General Fund</i>	
Rolla Enrichment Programs	\$ 32,242
Discretionary Funds	8,000
Castleman Fund	8,400
Honors Banquet & Meetings	2,743
Robotics Program Donation/PLTW Donation	1,550
RMS Stage Curtains via US Bank	2,000
Mark Rolufs Grant	1,449
CORE RHS Lecture Room Donation	23,482
Student Needs Grants	2,000
RHS Art Gallery Donation	28,550
Athletic Program Donation, Whitefield	670
Haskell Wrestling Memorial Fund Grant	3,840
Alumni Field Advertising	30,895
ECSE Books Donation	<u>500</u>
Total	<u>\$ 146,320</u>

ROLLA SCHOOL DISTRICT NO. 31
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2018

NOTE 2 – DETAILED NOTES ON ALL FUNDS: (Continued)

Long-Term Debt

Governmental Activities

General Obligation Bonds

General obligation bond transactions as of the year ended were, as follows:

Bonds Payable, Beginning	\$ 16,665,000
Bonds Issued	4,630,000
Bonds Retired	<u>(675,000)</u>
Bonds Payable, Ending	<u>\$ 20,620,000</u>

Repayment of the bond issues is made through the Missouri School District Direct Deposit Program which is a mechanism for public school bond repayments. It authorizes the direct deposit of a portion of the District's state aid payment by the State of Missouri to a trustee bank that accumulates these payments and then makes the principal and interest payments to the paying agent on the bonds.

ROLLA SCHOOL DISTRICT NO. 31
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE YEAR ENDED JUNE 30, 2018

NOTE 2 – DETAILED NOTES ON ALL FUNDS: (Continued)

Long-Term Debt (Continued)

Governmental Activities (Continued)

General Obligation Bonds (Continued)

General obligation bonds payable as of the year ended consisted of:

\$1,624,000 General Obligation Bonds, Series 2010A - due in two principal installments of \$324,000 and \$1,300,000 on March 1, 2029 and 2030, interest rate is 5.85%.	\$ 1,624,000
\$3,050,000 General Obligation Bonds, Series 2010B - due in varying principal installments ranging from \$450,000 to \$1,125,000 through March 1, 2029, interest rate is variable from 5.30% to 5.75%.	3,050,000
\$3,626,000 General Obligation Bonds, Series 2010C - due in one principal installment of \$3,626,000 March 1, 2027, interest rate is 5.75%.	3,626,000
\$6,785,000 General Obligation Refunding Bonds, Series 2012 - due in varying annual principal installments ranging from \$120,000 to \$900,000 through March 1, 2023, interest rate is 2%. The refinancing will result in an economic gain of \$967,262.	3,690,000
\$4,000,000 in General Obligation School Building Bonds, Series 2015 – due in varying principal installments ranging from \$700,000 to \$900,000, through March 1, 2035, interest rate is variable from 3.25% to 3.5%.	4,000,000
\$4,630,000, in General Obligation Refunding Bonds, Series 2017 – due in varying principal installments ranging from \$455,000 to \$1,280,000 through March 1, 2030, interest rate is variable from 3.0% to 3.50%. The refinancing will result in an economic gain of \$182,703.	<u>4,630,000</u>
	<u>\$20,620,000</u>

ROLLA SCHOOL DISTRICT NO. 31
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE YEAR ENDED JUNE 30, 2018

NOTE 2 – DETAILED NOTES ON ALL FUNDS: (Continued)

Long-Term Debt (Continued)

Governmental Activities (Continued)

General Obligation Bonds (Continued)

General obligation bond debt service requirements as of the year ended were:

	<u>PRINCIPAL</u>	<u>INTEREST</u>	<u>TOTAL</u>
2019	\$ 740,000	\$ 827,624	\$ 1,567,624
2020	800,000	812,824	1,612,824
2021	850,000	796,824	1,646,824
2022	900,000	779,824	1,679,824
2023	1,305,000	761,824	2,066,824
2024-2028	7,071,000	3,173,925	10,244,925
2029-2033	7,204,000	948,217	8,152,217
2033-2035	1,750,000	92,750	1,842,750
	<u>\$ 20,620,000</u>	<u>\$ 8,193,812</u>	<u>\$ 28,813,812</u>

As of the year ended, the District incurred interest expense of \$830,883.

NOTE 3 – OTHER INFORMATION:

Risk Management

The District is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; business interruptions; errors and omissions; natural disasters; employee injuries and illnesses; and employee health and accident benefits. Commercial insurance coverage is purchased for claims arising from such matters other than employee health benefits. Settled claims have not exceeded this commercial coverage in any of the three preceding years.

General and Casualty Insurance

The District is a member of the Missouri United School Insurance Council (MUSIC), a protected self-insurance program of approximately 400 Missouri Public School Districts. The District does not pay premiums to purchase insurance policies, but pays an assessment to be a member of this self-sustaining risk sharing group. Part of the assessment is used to purchase excess insurance for the group as a whole.

ROLLA SCHOOL DISTRICT NO. 31
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2018

NOTE 3 – OTHER INFORMATION: (Continued)

Health Insurance Fund

The District is participating in partially self-funded medical and prescription drug insurance plans covering substantially all certificated employees and participating support staff employees. A monthly premium is paid to the insurance company which includes an amount for administrative costs. The maximum liability of the District for each individual covered is \$125,000 per plan year. The transactions of the health insurance plan are accounted for in the Certificated Health Fund. As of the year ended, the District had \$2,860,186, restricted for payment of self-insurance claims. For insured programs, there have been no reductions in insurance coverage.

Contingent Liabilities

Grant Audit - The District receives Federal grants and State funding for specific purposes that are subject to review and audit. These reviews and audits could lead to requests for reimbursement or to withholding of future funding for expenditures disallowed under or other noncompliance with the terms of the grants and funding. The District is not aware of any noncompliance with Federal or State provisions that might require the District to provide reimbursement.

Litigation - Various claims and lawsuits are possible against the District. In the opinion of the District's management, the potential loss on all claims and lawsuits will not be significant to the District's financial statements.

Compensated Absences

Vacation time, personal business days, and sick leave are considered as expenses in the year paid. Certified employees forfeit any unused vacation pay at termination. Classified employees are paid for any unused vacation pay at termination. Sick pay, within limits set by Board of Education policy, which is unused and vested to the employee, is payable upon termination. As of the year ended, accrued sick leave and vacation was valued at \$299,602.

Teachers' Salaries

Payroll checks written and dated in June, for July and August 2018 payroll from 2017-2018 contracts are included in the financial statements as an expenditure paid in the month of June. This practice has been consistently followed in previous years.

ROLLA SCHOOL DISTRICT NO. 31
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE YEAR ENDED JUNE 30, 2018

NOTE 3 – OTHER INFORMATION: (Continued)

Taxes

Property taxes attach as an enforceable lien on property as of January 1. Taxes are levied on November 1 and payable by December 31. The county collects the property taxes and remits them to the District on a monthly basis. All unpaid taxes become delinquent January 1 of the following year.

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

The assessed valuation of tangible taxable property for the calendar year 2017 for the purposes of local taxation was as follows:

	<u>Total</u>
TOTAL	<u>\$ 404,129,395</u>

The tax levy per \$100 of the assessed valuation of tangible taxable property for the calendar year 2017 for purposes of local taxation was:

	<u>Unadjusted</u>	<u>Adjusted</u>
General Fund	\$ 3.7582	\$ 3.3133
Debt Service Fund	<u>.2500</u>	<u>.2500</u>
TOTAL	<u>\$ 4.0082</u>	<u>\$ 3.5633</u>

The receipts of current and delinquent property taxes during the fiscal year ended aggregated approximately 98% of the current assessment computed on the basis of the levy shown above.

ROLLA SCHOOL DISTRICT NO. 31
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2018

NOTE 3 – OTHER INFORMATION: (Continued)

Retirement Plans

Public School Retirement System of Missouri (PSRS)

Plan Description. Public School Retirement System of Missouri (PSRS) is a mandatory cost-sharing multiple employer retirement system for all full-time certificated employees and certain part-time certificated employees of all public school Districts in Missouri (except the school Districts of St. Louis and Kansas City) and all public community colleges. PSRS also includes certificated employees of PSRS, Missouri State Teachers' Association, Missouri State High School Activities Association, and certain employees of the State of Missouri who elected to remain covered by PSRS under legislation enacted in 1986, 1987, and 1989. The majority of PSRS members are exempt from Social Security contributions. In some instances, positions may be determined not to be exempt from Social Security contributions. Any PSRS member who is required to contribute to Social Security comes under the requirements of Section 169.070 (9) RSMo, known as the "2/3's 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. A Comprehensive Annual Financial Report ("CAFR") can be obtained at <https://www.psr-peers.org>.

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 5 years of service, (b) have 30 years of service, or (c) qualify for benefits under the "Rule of 80" (service and age total at least 80) are entitled to a monthly benefit for life, which is calculated using a 2.5% benefit factor. Beginning July 1, 2001, and ending July 1, 2014, a 2.55% benefit factor was used to calculate benefits for members who have 31 or more years of service. 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. A Summary Plan Description detailing the provisions of the plan can be found on PSRS' website at <https://www.psr-peers.org>.

Cost-of-Living Adjustments ("COLA"). The PSRS 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 increase 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. The total of such increases may not exceed 80% of the original benefit for any member.

ROLLA SCHOOL DISTRICT NO. 31
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE YEAR ENDED JUNE 30, 2018

NOTE 3 – OTHER INFORMATION: (Continued)

Retirement Plans (Continued)

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

Contributions. PSRS members were required to contribute 14.5% of their annual covered salary during fiscal years 2016, 2017, and 2018. 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 for employees of the State of Missouri were made by the State in accordance with the actuarially determined contribution rate needed to fund current costs and prior service costs of state employees as authorized in Section 104.342.8 RSMo. The contributions for the last three fiscal years were as follows:

<u>Year Ended</u>	<u>Amount of Employer Contributions</u>	<u>Percentage of Contributions</u>
2018	\$ 3,166,848	14.5%
2017	3,004,027	14.5%
2016	2,955,600	14.5%

*Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and
 Deferred Inflows of Resources Related to Pensions*

At June 30, 2018, the District recorded a liability of \$31,709,717, for its proportionate share of PSRS' net pension liability. The net pension liability for the plan was measured as of June 30, 2017, and determined by an actuarial valuation as of that date. The District's proportionate share of the total net pension liability was based on the ratio of its actual contributions paid to PSRS of \$3,004,027, respectively, for the year ended June 30, 2017, relative to the actual contributions of \$684,085,861, for PSRS from all participating employers. At June 30, 2017, the District's proportionate share was 0.4391% for PSRS.

ROLLA SCHOOL DISTRICT NO. 31
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE YEAR ENDED JUNE 30, 2018

NOTE 3 – OTHER INFORMATION: (Continued)

Retirement Plans (Continued)

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

For the year ended June 30, 2018, the District recognized pension expense of \$3,483,156, for PSRS, its proportionate share of the total pension expense.

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 1,883,504	\$ 2,019,024
Changes of assumptions	5,003,254	0
Net difference between projected and actual earnings on pension plan investments	8,049,114	7,393,152
Changes in proportion and differences between District contributions and proportionate share of contributions	111,488	237,677
District contributions subsequent to the measurement date of June 30, 2017	3,166,848	-----
Total	<u>\$ 18,214,208</u>	<u>\$ 9,649,853</u>

Amounts reported as deferred outflows of resources resulting from contribution subsequent to the measurement date of June 30, 2017, will be recognized as a reduction to the net pension liability in the year ended June 30, 2019. Other amounts reported as collected deferred (inflows)/outflows of resources are to be recognized in pension expense, as follows:

Plan Year ending June 30:	
2019	\$ 634,593
2020	2,800,505
2021	1,607,591
2022	(587,486)
2023	814,514
Thereafter	127,791
Total	<u>\$ 5,397,507</u>

ROLLA SCHOOL DISTRICT NO. 31
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE YEAR ENDED JUNE 30, 2018

NOTE 3 – OTHER INFORMATION: (Continued)

Retirement Plans (Continued)

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

Actuarial valuations of PSRS involve assumptions about probability of occurrence of events far into the future in order to estimate the reported amounts. Examples include assumptions about future employment, salary increases, and mortality. Amounts determined regarding the net pension liability are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The PSRS Board of Trustees adopts actuarial assumptions, each of which individually represents a reasonable long-term estimate of anticipated experience for PSRS, derived from experience studies conducted every fifth year and from Board policies concerning investments and COLAs. The most recent comprehensive experience studies were completed in June 2016. All economic and demographic assumptions were reviewed and updated, where appropriate, based on the results of the studies and effective with the June 30, 2016 valuation. For the June 30, 2017 valuations, the investment rate of return was reduced from 7.75% to 7.6% and the assumption for the annual cost-of-living adjustments was updated in accordance with the funding policies amended by the PSRS Board of Trustees at their November 2017 meeting. Significant actuarial assumption and methods, including changes from the prior year resulting from changes in Board policy, are detailed below. For additional information please refer to PSRS' CAFR. The next experience studies are scheduled for 2021.

Significant actuarial assumptions and other inputs used to measure the total pension liability:

Measurement Date	June 30, 2017
Valuation Date	June 30, 2017
Expected Return on Investments	7.60%, net of investment expenses and including 2.25% inflation
Inflation	2.25%
Total Payroll Growth	2.75% per annum, consisting of 2.25% inflation, 0.25% real wage growth due to the inclusion of active health care costs in pensionable earnings, and 0.25% of real wage growth due to productivity.

ROLLA SCHOOL DISTRICT NO. 31
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2018

NOTE 3 – OTHER INFORMATION: (Continued)

Retirement Plans (Continued)

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

Future Salary Increases 3.00% - 9.50%, depending on service and including 2.25% inflation, 0.25% real wage growth due to the inclusion of active health care costs in pensionable earnings, and 0.25% of real wage growth due to productivity.

Cost-of-Living Increases The annual COLA assumed in the valuation increases from 1.20% to 1.65% over nine years, beginning January 1, 2019. The COLA reflected for January 1, 2018 is 1.63%, in accordance with the actual COLA approved by the Board. This COLA assumption reflects an assumption that general inflation will increase from 1.80% to a normative inflation assumption of 2.25% over nine years. It is also based on the current policy of the Board to grant a COLA on each January 1 as follows:

- If the June to June change in the CPI-U is less than 2% for consecutive one year periods, a cost-of-living increase of 2% will be granted when the cumulative increase is equal to or greater than 2%, at which point the cumulative increase in the CPI-U will be reset to zero. For the following year, the starting CPI-U will be based on the June value immediately preceding the January 1 at which the 2% cost-of-living increase is granted.
- If the June to June change in the CPI-U is greater than or equal to 2%, but less than 5%, a cost-of-living increase of 2% will be granted.
- If the June to June change in the CPI-U is greater than or equal to 5%, a cost-of-living increase of 5% will be granted.
- If the CPI decreases, no COLA is provided.

ROLLA SCHOOL DISTRICT NO. 31
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2018

NOTE 3 – OTHER INFORMATION: (Continued)

Retirement Plan (Continued)

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

Cost of Living Increases_(Continued)

The COLA applies to service retirements and beneficiary annuities. The COLA does not apply to the benefits for in-service death payable to spouses (where the spouse is over age 60), and does not apply to the spouse with children pre-retirement death benefit, the dependent children pre-retirement death benefit, or the dependent parent death benefit. The total lifetime COLA cannot exceed 80% of the original benefit. PSRS members receive a COLA on the second January after retirement.

Actuarial Assumptions

Mortality Assumption

Actives

RP 2006 White Collar Employee Mortality Table, multiplied by an adjustment factor of 0.75 at all ages for both males and females, with static projection using the 2014 SSA Improvement Scale to 2028.

Non-Disabled Retirees, Beneficiaries,
And Survivors

RP-2006 White Collar Mortality Tables with plan-specific experience adjustments and static projection to 2028 using the 2014 SSA Improvement Scale.

Disabled Retirees

RP-2006 Disabled Retiree Mortality Tables with static projection to 2028 using the 2014 SSA Improvement Scale.

ROLLA SCHOOL DISTRICT NO. 31
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2018

NOTE 3 – OTHER INFORMATION: (Continued)

Retirement Plans (Continued)

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

Actuarial Assumptions (Continued)

Changes in Actuarial Assumptions and
Methods

The investment return and COLA assumptions were updated by the Board as follows based on changes to the Board's funding policy adopted at the November 3, 2017 meeting:

- The investment return assumption was lowered from 7.75% to 7.60% per year.
- The Board adopted a new COLA policy on November 3, 2017, resulting in a change to the future COLA assumption from an increasing assumption of 1.05%-1.50% over nine years to an increasing assumption of 1.20%-1.65% over nine years, beginning January 1, 2019.

Fiduciary Net Position

PSRS issues a publicly available financial report that can be obtained at <https://www.psrs-peers.org>.

ROLLA SCHOOL DISTRICT NO. 31
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2018

NOTE 3 – OTHER INFORMATION: (Continued)

Retirement Plans (Continued)

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

Expected Rate of Return

The long-term expected rate of return on investments was determined in accordance with Actuarial Standard of Practice (ASOP) No. 27, *Selection of Economic Assumptions for Measuring Pension Obligations*. ASOP No. 27 provides guidance on the selection of an appropriate assumed rate of return. The long-term expected rate of return on PSRS' investments was determined using a building-block method in which best-estimate ranges of expected future real rates of returns (expected returns, net of investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in PSRS' target allocation as of June 30, 2017, are summarized below along with the long-term geometric return. Geometric return (also referred to as the time weighted return) is considered standard practice within the investment management industry. Geometric returns represent the compounded rate of growth of a portfolio. The method eliminates the effects created by cash flows.

ROLLA SCHOOL DISTRICT NO. 31
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE YEAR ENDED JUNE 30, 2018

NOTE 3 – OTHER INFORMATION: (Continued)

Retirement Plans (Continued)

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

Expected Rate of Return_(Continued)

Asset Class	Target Asset Allocation	Long-term Expected Real Return Arithmetic Basis	Weighted Long-term Expected Real Return Arithmetic Basis
U.S. Public Equity	27.0%	5.16%	1.39%
Public Credit	7.0%	2.17%	0.15%
Hedged Assets	6.0%	4.42%	0.27%
Non-U.S. Public Equity	15.0%	6.01%	0.90%
U.S. Treasuries	16.0%	0.96%	0.15%
U.S. TIPS	4.0%	0.80%	0.03%
Private Credit	4.0%	5.60%	0.22%
Private Equity	12.0%	9.86%	1.18%
Private Real Estate	9.0%	3.56%	0.32%
Total	100.0%		4.61%
		Inflation	2.25%
		Long-term arithmetical nominal return	6.86%
		Effect of covariance matrix	0.74%
		Long-term expected geometric return	7.60%

ROLLA SCHOOL DISTRICT NO. 31
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2018

NOTE 3 – OTHER INFORMATION: (Continued)

Retirement Plans (Continued)

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

Discount Rate

The long-term expected rate of return used to measure the total pension liability was 7.6% as of June 30, 2017, and is consistent with the long-term expected geometric return on plan investments. The actuarial assumed rate of return was 8.0% from 1980 through fiscal year 2016. The PSRS Board of Trustees adopted a new actuarial assumed rate of return of 7.75% effective with the June 30, 2016 valuation, based on the actuarial experience studies and asset-liability study conducted during the 2016 fiscal year. As previously discussed, the PSRS Board of Trustees further reduced the assumed rate of return to 7.6% effective with the June 30, 2017 valuation. The projection of cash flows used to determine the discount rate assumed that employer contributions would be made at the actuarially calculated rate computed in accordance with assumptions and methods stated in the funding policy adopted by the PSRS Board of Trustees, which requires payment of the normal cost and amortization of the unfunded actuarial accrued liability in level percent of employee payroll installments over 30 years utilizing a closed period, layered approach. Based on this assumption, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members.

ROLLA SCHOOL DISTRICT NO. 31
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE YEAR ENDED JUNE 30, 2018

NOTE 3 – OTHER INFORMATION: (Continued)

Retirement Plans (Continued)

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

Discount Rate Sensitivity

The sensitivity of the District's net pension liabilities to changes in the discount rate is presented below. The District's net pension liabilities calculated using the discount rate of 7.60% is presented as well as the net pension liabilities using a discount rate that is 1.0% lower (6.60%) or 1.0% higher (8.60%) than the current rate.

Discount Rate	1% Decrease (6.60%)	Current Rate (7.60%)	1% Increase (8.60%)
Proportionate share of the Net Pension Liability / (Asset)	\$56,318,216	\$31,709,717	\$11,251,121

Public Education Employee Retirement System (PEERS)

Plan Description. PEERS is a mandatory cost-sharing multiple employer retirement system for all public school District employees (except the school Districts of St. Louis and Kansas City), employees of the Missouri Association of School Administrators, and community college employees (except the Community College of St. Louis). Employees of covered Districts who work 20 or more hours per week on a regular basis and who are not contributing members of PSRS must contribute to PEERS. Employees of PSRS who do not hold Missouri educator certificates also contribute to PEERS. PEERS was established as a trust fund by an Act of the Missouri General Assembly effective October 13, 1965. Statutes governing PEERS 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 PSRS Board of Trustees. A CAFR can be obtained at <https://www.psrs-peers.org>.

ROLLA SCHOOL DISTRICT NO. 31
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2018

NOTE 3 – OTHER INFORMATION: (Continued)

Retirement Plans (Continued)

Public Education Employee Retirement System (PEERS) (Continued)

Benefits Provided. PEERS is a defined benefit plan providing service retirement and disability 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 .8% benefit multiplier until reaching minimum Social Security age (currently age 62). Actuarially age-reduced retirement benefits are available with five years of service at age 55. Members who are younger than age 55 and who do not qualify under the “Rule of 80” but have between 25 and 29.9 years of service may retire with a lesser benefit factor. Members that are three years beyond normal retirement can elect to have their lifetime monthly benefits actuarially reduced in exchange for the right to also receive a PLSO payment at retirement equal to 12, 24, or 36 times the Single Life benefit amount. A Summary Plan Description detailing the provisions of the plan can be found on PSRS’ website at <https://www.psr-s-peers.org>.

Cost-of-Living Adjustments ("COLA"). The PSRS’ 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 increase is greater than 5.00%. If the CPI decreases, no COLA is provided. 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. PEERS members were required to contribute 6.86% of their annual covered salary during fiscal years 2016, 2017, and 2018. 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.

ROLLA SCHOOL DISTRICT NO. 31
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE YEAR ENDED JUNE 30, 2018

NOTE 3 – OTHER INFORMATION: (Continued)

Retirement Plans (Continued)

Public Education Employee Retirement System (PEERS) (Continued)

The contributions for the last three fiscal years were as follows:

<u>Year Ended</u>	<u>Amount of Employer Contributions</u>	<u>Percentage of Contributions</u>
2018	\$ 436,559	6.86%
2017	407,861	6.86%
2016	396,092	6.86%

*Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and
 Deferred Inflows of Resources Related to Pensions*

At June 30, 2018, the District recorded a liability of \$2,822,155, for its proportionate share of PEERS' net pension liability. The net pension liability for the plan was measured as of June 30, 2017, and determined by an actuarial valuation as of that date. The District's proportionate share of the total net pension liability was based on the ratio of its actual contributions paid to PEERS of \$407,826, respectively, for the year ended June 30, 2017, relative to the actual contributions of \$110,244,418, for PEERS from all participating employers. At June 30, 2017, the District's proportionate share was 0.3699% for PEERS.

For the year ended June 30, 2018, the District recognized pension expense of \$495,819, for PEERS, its proportionate share of the total pension expense.

ROLLA SCHOOL DISTRICT NO. 31
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE YEAR ENDED JUNE 30, 2018

NOTE 3 – OTHER INFORMATION: (Continued)

Retirement Plans (Continued)

Public Education Employee Retirement System (PEERS) (Continued)

At June 30, 2018, the District reported deferred outflows of resources and deferred inflows of resources from the following sources related to PEERS pension benefits:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 44,999	\$ 114,325
Changes of assumptions	485,866	0
Net difference between projected and actual earnings on pension plan investments	782,632	721,910
Changes in proportion and differences between District contributions and proportionate share of contributions	0	77,162
District contributions subsequent to the measurement date of June 30, 2017	436,559	-----
Total	<u>\$ 1,750,056</u>	<u>\$ 913,397</u>

Amounts reported as deferred outflows of resources resulting from contribution subsequent to the measurement date of June 30, 2017, will be recognized as a reduction to the net pension liability in the year ended June 30, 2019. Other amounts reported as collected deferred (inflows)/outflows of resources are to be recognized in pension expense, as follows:

Plan Year ending June 30:	
2018	\$ 104,743
2019	288,135
2020	137,416
2021	(130,193)
2022	0
Thereafter	0
Total	<u>\$ 400,100</u>

ROLLA SCHOOL DISTRICT NO. 31
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2018

NOTE 3 – OTHER INFORMATION: (Continued)

Retirement Plans (Continued)

Public Education Employee Retirement System (PEERS) (Continued)

Actuarial valuations of PEERS involve assumptions about probability of occurrence of events far into the future in order to estimate the reported amounts. Examples include assumptions about future employment, salary increases, and mortality. Amounts determined regarding the net pension liability are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The PSRS Board of Trustees adopts actuarial assumptions, each of which individually represents a reasonable long-term estimate of anticipated experience for PEERS, derived from experience studies conducted every fifth year and from Board policies concerning investments and COLAs. The most recent comprehensive experience studies were completed in June 2016. All economic and demographic assumptions were reviewed and updated, where appropriate, based on the results of the studies and effective with the June 30, 2016 valuation. For the June 30, 2017 valuations, the investment rate of return was reduced from 7.75% to 7.6% and the assumption for the annual cost-of-living adjustments was updated in accordance with the funding policies amended by the PSRS Board of Trustees at their November 2017 meeting. Significant actuarial assumption and methods, including changes from the prior year resulting from changes in Board policy, are detailed below. For additional information please refer to PEERS' CAFR. The next experience studies are scheduled for 2021.

Significant actuarial assumptions and other inputs used to measure the total pension liability:

Measurement Date	June 30, 2017
Valuation Date	June 30, 2017
Expected Return on Investments	7.60%, net of investment expenses and including 2.25% inflation
Inflation	2.25%
Total Payroll Growth	3.25% per annum, consisting of 2.25% inflation, 0.50% real wage growth due to the inclusion of active health care costs in pensionable earnings, and 0.50% of real wage growth due to productivity.

ROLLA SCHOOL DISTRICT NO. 31
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2018

NOTE 3 – OTHER INFORMATION: (Continued)

Retirement Plans (Continued)

Public Education Employee Retirement System (PEERS) (Continued)

Future Salary Increases 4.00% - 11.00%, depending on service and including 2.25% inflation, 0.50% real wage growth due to the inclusion of active health care costs in pensionable earnings, and 0.50% of real wage growth due to productivity.

Cost-of-Living Increases The annual COLA assumed in the valuation increases from 1.20% to 1.65% over nine years, beginning January 1, 2019. The COLA reflected for January 1, 2018 is 1.63%, in accordance with the actual COLA approved by the Board. This COLA assumption reflects an assumption that general inflation will increase from 1.80% to a normative inflation assumption of 2.25% over nine years. It is also based on the current policy of the Board to grant a COLA on each January 1 as follows:

- If the June to June change in the CPI-U is less than 2% for consecutive one year periods, a cost-of-living increase of 2% will be granted when the cumulative increase is equal to or greater than 2%, at which point the cumulative increase in the CPI-U will be reset to zero. For the following year, the starting CPI-U will be based on the June value immediately preceding the January 1 at which the 2% cost-of-living increase is granted.
- If the June to June change in the CPI-U is greater than or equal to 2%, but less than 5%, a cost-of-living increase of 2% will be granted.
- If the June to June change in the CPI-U is greater than or equal to 5%, a cost-of-living increase of 5% will be granted.
- If the CPI decreases, no COLA is provided.

ROLLA SCHOOL DISTRICT NO. 31
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2018

NOTE 3 – OTHER INFORMATION: (Continued)

Retirement Plans (Continued)

Public Education Employee Retirement System (PEERS) (Continued)

Cost of Living Increases (Continued)

The COLA applies to service retirements and beneficiary annuities. The COLA does not apply to the benefits for in-service death payable to spouses (where the spouse is over age 60), and does not apply to the spouse with children pre-retirement death benefit, the dependent children pre-retirement death benefit, or the dependent parent death benefit. The total lifetime COLA cannot exceed 80% of the original benefit. PEERS members receive a COLA on the fourth January after retirement.

Mortality Assumption

Actives

RP 2006 Total Dataset Employee Mortality Table, multiplied by an adjustment factor of 0.75 at all ages for both males and females, with static projection using the 2014 SSA Improvement Scale to 2028.

Non-Disabled Retirees, Beneficiaries,
And Survivors

RP 2006 Total Dataset Mortality Tables with plan-specific experience adjustments and static projection to 2028 using the 2014 SSA Improvement Scale.

Disabled Retirees

RP 2006 Disabled Retiree Mortality Table with static projection to 2028 using the 2014 SSA Improvement Scale.

ROLLA SCHOOL DISTRICT NO. 31
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2018

NOTE 3 – OTHER INFORMATION: (Continued)

Retirement Plans (Continued)

Public Education Employee Retirement System (PEERS) (Continued)

Changes in Actuarial Assumptions and
Methods

The investment return and COLA assumptions were updated by the Board as follows based on changes to the Board's funding policy adopted at the November 3, 2017 meeting:

- The investment return assumption was lowered from 7.75% to 7.60% per year.
- The Board adopted a new COLA policy on November 3, 2017, resulting in a change to the future COLA assumption from an increasing assumption of 1.05%-1.50% over nine years to an increasing assumption of 1.20%-1.65% over nine years, beginning January 1, 2019.

Fiduciary Net Position

PEERS issues a publicly available financial report that can be obtained at <https://www.psr-peers.org>.

ROLLA SCHOOL DISTRICT NO. 31
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2018

NOTE 3 – OTHER INFORMATION: (Continued)

Retirement Plans (Continued)

Public Education Employee Retirement System (PEERS) (Continued)

Expected Rate of Return

The long-term expected rate of return on investments was determined in accordance with Actuarial Standard of Practice (ASOP) No. 27, *Selection of Economic Assumptions for Measuring Pension Obligations*. ASOP No. 27 provides guidance on the selection of an appropriate assumed rate of return. The long-term expected rate of return on PEERS' investments was determined using a building-block method in which best-estimate ranges of expected future real rates of returns (expected returns, net of investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in PEERS' target allocation as of June 30, 2017, are summarized below along with the long-term geometric return. Geometric return (also referred to as the time weighted return) is considered standard practice within the investment management industry. Geometric returns represent the compounded rate of growth of a portfolio. The method eliminates the effects created by cash flows.

ROLLA SCHOOL DISTRICT NO. 31
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE YEAR ENDED JUNE 30, 2018

NOTE 3 – OTHER INFORMATION: (Continued)

Retirement Plan (Continued)

Public Education Employee Retirement System (PEERS) (Continued)

Expected Rate of Return (Continued)

Asset Class	Target Asset Allocation	Long-term Expected Real Return Arithmetic Basis	Weighted Long-term Expected Real Return Arithmetic Basis
U.S. Public Equity	27.0%	5.16%	1.39%
Public Credit	7.0%	2.17%	0.15%
Hedged Assets	6.0%	4.42%	0.27%
Non-U.S. Public Equity	15.0%	6.01%	0.90%
U.S. Treasuries	16.0%	0.96%	0.15%
U.S. TIPS	4.0%	0.80%	0.03%
Private Credit	4.0%	5.60%	0.22%
Private Equity	12.0%	9.86%	1.18%
Private Real Estate	9.0%	3.56%	0.32%
Total	100.0%		4.61%
		Inflation	2.25%
		Long-term arithmetical nominal return	6.86%
		Effect of covariance matrix	0.74%
		Long-term expected geometric return	7.60%

ROLLA SCHOOL DISTRICT NO. 31
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2018

NOTE 3 – OTHER INFORMATION: (Continued)

Retirement Plan (Continued)

Public Education Employee Retirement System (PEERS) (Continued)

Discount Rate

The long-term expected rate of return used to measure the total pension liability was 7.6% as of June 30, 2017, and is consistent with the long-term expected geometric return on plan investments. The actuarial assumed rate of return was 8.0% from 1980 through fiscal year 2016. The PSRS Board of Trustees adopted a new actuarial assumed rate of return of 7.75% effective with the June 30, 2016 valuation, based on the actuarial experience studies and asset-liability study conducted during the 2016 fiscal year. As previously discussed, the Board of Trustees further reduced the assumed rate of return to 7.6% effective with the June 30, 2017 valuation. The projection of cash flows used to determine the discount rate assumed that employer contributions would be made at the actuarially calculated rate computed in accordance with assumptions and methods stated in the funding policy adopted by the PSRS Board of Trustees, which requires payment of the normal cost and amortization of the unfunded actuarial accrued liability in level percent of employee payroll installments over 30 years utilizing a closed period, layered approach. Based on this assumption, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members.

ROLLA SCHOOL DISTRICT NO. 31
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE YEAR ENDED JUNE 30, 2018

NOTE 3 – OTHER INFORMATION: (Continued)

Retirement Plan (Continued)

Public Education Employee Retirement System (PEERS) (Continued)

Discount Rate Sensitivity

The sensitivity of the District's net pension liabilities to changes in the discount rate is presented below. The District's net pension liabilities calculated using the discount rate of 7.60% is presented as well as the net pension liabilities using a discount rate that is 1.0% lower (6.60%) or 1.0% higher (8.60%) than the current rate.

Discount Rate	1% Decrease (6.75%)	Current Rate (7.75%)	1% Increase (8.75%)
Proportionate share of the Net Pension Liability / (Asset)	\$5,198,761	\$2,822,155	\$828,680

Other Post-Employment Benefits

In addition to the retirement benefits described previously, the District provides a portion of health care insurance through the Rolla School District Other Post-Employment Benefits Program (OPEB Program) in accordance with Missouri State statutes. The OPEB Program is an Internal Service fund of the District. For the purpose of reporting OPEB costs and obligations in accordance with GASB Statement 75, the OPEB Program is considered an agent, multiple-employer, defined benefit plan administered by the District. Medical insurance benefits are established by the District's Board of Education.

The District does not have a dedicated Trust for prefunding OPEB liabilities and is treated under the accounting standards as an unfunded plan. The District implemented GASB 75 for the fiscal year ended June 30, 2018.

ROLLA SCHOOL DISTRICT NO. 31
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE YEAR ENDED JUNE 30, 2018

NOTE 3 – OTHER INFORMATION: (Continued)

Other Post-Employment Benefits (Continued)

Benefits include (1) medical, (2) dental, (3) and life insurance. Eligible members are employees who retired from the District based on a vesting schedule and who participate in the OPEB Program. Employer and member contributions are established by the District’s Board of Education. Premiums vary by coverage categories, which include retirees, spouses, and children. Retirees pay the average required premium rate for coverage. The OPEB Program is financed on a pay-as-you-go basis.

The stand-alone plan financial report can be obtained by contacting the office of the Chief Financial Officer, Rolla Public Schools, 500 A Forum Drive, Rolla, MO 65401.

Actuarial Assumptions:

Discount rate assumption: The interest rate for discounting liabilities is 3.87% per annum.

Payroll Inflation: Payroll is assumed at an increase of 3.00% per annum.

Healthy Mortality: RP-2014 Mortality Table (employee and healthy annuitant tables), projected generationally using Scale MP-2016.

For the year ended June 30, 2018, the District recognized OPEB expense of \$929,973. At June 30, 2018, the District reported deferred outflows of resources and deferred inflows of resources related to OPEBs from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences Between Expected and Actual Experience	\$ -	\$ -
Changes of Assumptions	(432,514)	-
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	-	-
Changes in Proportion and Differences Between Fund Contributions and Proportionate Share of Contributions	-	-
Fund Contributions Subsequent to the Measurement Date of June 30, 2017	-	-
Total	<u>\$ (432,514)</u>	<u>\$ -</u>

ROLLA SCHOOL DISTRICT NO. 31
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE YEAR ENDED JUNE 30, 2018

NOTE 3 – OTHER INFORMATION: (Continued)

Other Post-Employment Benefits (Continued)

Plan Year Ending:

2019	\$	(54,336)
2020		(54,336)
2021		(54,336)
2022		(54,336)
2023		(54,336)
Thereafter		<u>(160,834)</u>
Total	\$	<u><u>(432,514)</u></u>

The Valuation Date is June 30, 2017. This is the date as of which the actuarial valuation is performed. The Measurement Date is June 30, 2018. This is the date of which the total OPEB liability is determined. The Reporting Date is June 30, 2018. This is the plan’s and/or the employer’s fiscal year ending date.

There have been no significant changes between the valuation date and the fiscal year end.

Actuarial Assumptions. The employer does not pre-fund benefits. The current funding policy is to pay benefits directly from general assets on a pay-as-you-go basis and there is not a trust for accumulating plan assets. The following actuarial methods and assumptions were used in the June 30, 2017, accounting valuation.

Valuation Timing	Actuarial valuations are performed biennially as of June 30 for accounting purposes only. The most recent valuation was performed as of June 30, 2017.
Actuarial Cost Method	Entry age normal
Amortization Method	N/A
Inflation	2.3 percent, approximate
Salary Increases	3.0%
Discount Rate	3.87%; Based on 20 Year Bond GO Index
Healthcare Cost Trend Rates	6.6% for 2017, gradually decreasing to an ultimate rate of 4.1% for 2074 and beyond.
Other	The plan has not had a formal actuarial experience study performed.

ROLLA SCHOOL DISTRICT NO. 31
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE YEAR ENDED JUNE 30, 2018

NOTE 3 – OTHER INFORMATION: (Continued)

Other Post-Employment Benefits (Continued)

Sensitivity Analysis. The following represents the total OPEB liability of the District, calculated using the discount rate of 3.87%, as well as what the District’s total OPEB liability would be if it were calculated using a discount rate that is 1 percentage point lower (2.87%) or 1 percentage point higher (4.87%) than the current rate.

	1% Decrease (4.71%)	Current Discount Rate (5.71%)	1% Increase (6.71%)
Total OPEB Liability	\$ 12,505,562	\$ 10,672,650	\$ 9,223,469

The following represents the total OPEB liability of the District, calculated using the current healthcare cost trend rates as well as what the District’s total OPEB liability would be if it were calculated using trend rates that are 1 percentage point lower or 1 percentage point higher than the current trend rates.

	1% Decrease in Trend Rates (4.71%)	Current Trend Rates (5.71%)	1% Increase in Trend Rates (6.71%)
Total OPEB Liability	\$ 9,976,411	\$ 10,672,650	\$ 11,501,198

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

The following table provides details of the OPEB liability for the year ended:

The components of collective OPEB liability for the year are as follows:

Beginning Balance	\$ 10,506,529
Service Cost	592,831
Interest on the Total OPEB Liability	391,478
Effect of plan changes	-
Effect of economic/demographic gains or losses	-
Effect of assumptions changes or inputs	(486,850)
Benefit payments	<u>(331,338)</u>
Total OPEB expense	<u>\$ 10,672,650</u>

ROLLA SCHOOL DISTRICT NO. 31
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE YEAR ENDED JUNE 30, 2018

NOTE 3 – OTHER INFORMATION: (Continued)

Other Post-Employment Benefits (Continued)

	<u>June 30, 2018</u>
Total OPEB Liability	\$ 10,672,650
Covered Payroll	22,648,000
Total OPEB as a % of covered payroll	47.12%

The total OPEB liability was determined by an actuarial valuation as of the valuation date, calculated based on the discount rate and actuarial assumptions, and then was projected forward to the measurement date. Any significant changes during this period have been reflected as prescribed by GASB 75.

Change in Accounting Principle

Net position as of July 1, 2017, has been restated as follows for the implementation of GASB Statement No. 75.

Net Position as previously reported at June 30, 2017:	\$ 19,579,421
Net OPEB Liability as previously reported at June 30, 2017	1,657,300
Prior Period Adjustment:	
Net OPEB Liability (measurement date as of June 30, 2018)	<u>(10,506,529)</u>
Total Prior Period Adjustment	<u>(8,849,229)</u>
Net Position as Restated, July 1, 2017	<u>\$ 10,730,192</u>

Tax Abatements

Name of Business	Purpose of Tax Abatement	Type of Abatement	Percent Abated	Assessed Value Abated	Tax Amount Abated	Tax Year Abatement Ends
Rolla Preservation LP	Redevelopment of Blighted Area	Section 353.110 RSMo	77.9%	377,900	\$ 13,465.71	2032
Kohls Department Stores Inc	Promote economic development, job growth, development of blighted or underdeveloped area	Section 99.800-99.865 Mo	72.0%	1029280	\$ 36,676.33	2033
Hartmann US Inc	Promote economic development, job growth	Chapter 100	75.0%	2425995	\$ 86,581.34	2026
Hartman US Inc	Promote economic development, job growth	Section 135.200-135.260	43.0%	3516096	\$125,485.95	2039
UTW Rolla Development LLC	Promote economic development, job growth, development of blighted or underdeveloped area	Section 99.800-99.865 RSMo	75%	92595	\$ 3,304.62	2033
Mernard Inc	Promote economic development, job growth, development of blighted or underdeveloped area	Section 99.800-99.865 RSMo	75.0%	9762	\$ 3,483.96	2033*

*Estimated based on the amount of time required to fund the project

ROLLA SCHOOL DISTRICT NO. 31
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2018

NOTE 3 – OTHER INFORMATION: (Continued)

Evaluation of Subsequent Events

The District has evaluated subsequent events through November 15, 2018, the date which the financial statements were available to be issued.

REQUIRED
SUPPLEMENTARY
INFORMATION

ROLLA SCHOOL DISTRICT NO. 31

BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2018

	Original Budget	Final Budget	Actual	Variance
Receipts/Revenues				
Local	\$ 15,053,790	\$ 15,093,523	\$ 15,830,121	\$ 736,598
County	371,200	371,200	396,318	25,118
State	535,130	572,676	525,618	(47,058)
Federal	1,333,313	1,490,665	1,389,301	(101,364)
Investment Income	210,000	210,000	402,809	192,809
Non-revenue receipts/revenues	46,500	46,500	41,742	(4,758)
Total Receipts/Revenues	<u>17,549,933</u>	<u>17,784,564</u>	<u>18,585,909</u>	<u>801,345</u>
Disbursements/Expenditures				
Instruction	3,415,652	3,844,924	2,765,241	1,079,683
Attendance	336,490	394,690	379,752	14,938
Guidance	137,234	138,967	127,289	11,678
Health, Psych, Speech and Audio	342,311	346,611	342,848	3,763
Improvement of Instruction	45,566	43,927	25,398	18,529
Professional Development	60,130	62,717	51,173	11,545
Media Services	640,166	263,566	216,132	47,434
Board of Education Services	117,598	143,598	119,617	23,981
Executive Administration	1,170,594	1,421,715	1,505,985	(84,270)
Building Administration	594,106	598,644	573,950	24,694
Business/Central Services	131,950	80,550	83,199	(2,649)
Operation of Plant	3,999,092	3,973,478	3,447,482	525,996
Security Services	72,500	70,650	51,178	19,472
Transportation	1,851,903	1,870,803	1,622,981	247,822
Food Service	2,036,334	2,036,334	1,821,954	214,380
Central Office Support Services	4,200	13,200	9,426	3,774
Community Education	370,483	429,667	225,039	204,628
Other	-	66,136	63,922	2,214
Total Disbursements/Expenditures	<u>15,326,309</u>	<u>15,800,178</u>	<u>13,432,566</u>	<u>2,367,611</u>
Excess (Deficiency) of Receipts/Revenues Over (under) Disbursements/Expenditures	2,223,624	1,984,386	5,153,343	3,168,957
Other Financing Sources (Uses):				
Proceeds from Sales	-	-	69,577	69,577
Transfers from Fund	(4,754,046)	(4,572,232)	(5,037,916)	(465,684)
Total Other Financing Sources (Uses)	<u>(4,754,046)</u>	<u>(4,572,232)</u>	<u>(4,968,339)</u>	<u>(396,108)</u>
Excess (Deficiency) of Receipts/Revenues and Other Financing Sources Over (Under) Disbursements/Expenditures and Other Financing Sources (Uses)				
	(2,530,422)	(2,587,845)	185,004	2,772,849
Fund Balance, Beginning of Year	<u>13,126,338</u>	<u>13,126,338</u>	<u>13,126,338</u>	<u>-</u>
Fund Balance, End of Year	<u>\$ 10,595,916</u>	<u>\$ 10,538,493</u>	<u>\$ 13,311,342</u>	<u>\$ 2,772,849</u>

ROLLA SCHOOL DISTRICT NO. 31

BUDGETARY COMPARISON SCHEDULE
SPECIAL REVENUE FUND
FOR THE YEAR ENDED JUNE 30, 2018

	Original Budget	Final Budget	Actual	Variance
Receipts/Revenues				
Local	\$ 3,866,120	\$ 3,866,500	\$ 3,943,460	\$ 76,960
County	229,900	229,900	291,478	61,578
State	16,128,000	16,138,687	16,544,622	405,935
Federal	2,039,846	2,476,079	2,175,130	(300,949)
Investment Income	380	-	511	511
Non-revenue receipts/revenues	<u>1,177,500</u>	<u>1,177,500</u>	<u>1,159,915</u>	<u>(17,585)</u>
Total Receipts/Revenues	23,441,746	23,888,666	24,115,115	226,449
Disbursements/Expenditures				
Instruction	22,722,761	22,552,567	21,875,402	677,165
Guidance	1,107,736	1,119,997	1,109,567	10,430
Improvement of Instruction	139,685	144,453	130,129	14,324
Professional Development	118,643	116,056	91,864	24,192
Media Services	790,894	790,894	775,585	15,309
Executive Administration	420,531	420,531	418,129	2,402
Building Administration	1,685,127	1,685,127	1,679,284	5,843
Community Education	<u>710,415</u>	<u>1,131,273</u>	<u>1,108,750</u>	<u>22,523</u>
Total Disbursements/Expenditures	<u>27,695,792</u>	<u>27,960,898</u>	<u>27,188,709</u>	<u>772,189</u>
Excess (Deficiency) of Receipts/Revenues Over (Under) Disbursements/Expenditures	(4,254,046)	(4,072,232)	(3,073,594)	(998,638)
Other Financing Sources (Uses):				
Transfers to Fund	<u>4,254,046</u>	<u>4,072,232</u>	<u>3,608,425</u>	<u>463,807</u>
Total Other Financing Sources (Uses)	4,254,046	4,072,232	3,608,425	463,807
Excess (Deficiency) of Receipts/Revenues and Other Financing Sources Over (Under) Disbursements/Expenditures and Other	-	-	534,831	(534,831)
Fund Balance, Beginning of Year	<u>325,931</u>	<u>325,931</u>	<u>325,931</u>	<u>-</u>
Fund Balance, End of Year	<u>\$ 325,931</u>	<u>\$ 325,931</u>	<u>\$ 860,762</u>	<u>\$ (534,831)</u>

ROLLA SCHOOL DISTRICT NO. 31
NOTES TO THE BUDGETARY COMPARISON SCHEDULE
FOR THE YEAR ENDED JUNE 30, 2018

Budget Law

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 of the political subdivision.
2. Prior to July, the Director of Finance, who serves as the budget officer, submits to the Board of Education a proposed budget for the fiscal year beginning on the following July 1. The proposed budget includes estimated revenues and proposed expenditures for all District funds. Budgeted expenditures cannot exceed beginning available monies plus estimated revenues 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.
6. Budgeted amounts are as originally adopted or as amended by the Board of Education.
7. Budgets for District funds are prepared and adopted on the modified cash basis (budget basis), recognizing revenues when collected and expenditures when paid. Budgets lapse at year end.

ROLLA SCHOOL DISTRICT NO. 31
NOTES TO THE BUDGETARY COMPARISON SCHEDULE
FOR THE YEAR ENDED JUNE 30, 2018

A reconciliation of the different bases of revenue and expenditure recognition for the year ended is as follows:

General Fund

Revenues, modified accrual	\$ 18,655,486
Add:	
Prior year receivables recognized in the current year budget	314,659
Deduct:	
Current year receivables not recognized in the current year budget	<u>(276,230)</u>
Revenues, budgetary basis (modified cash)	<u>\$ 18,693,915</u>
Expenditures, modified accrual	\$ 13,432,566
Add:	
Prior year accrued liabilities recognized in the current year budget	321,164
Deduct:	
Current year accrued liabilities not recognized in the current year budget	<u>(320,146)</u>
Expenditures, budgetary basis (modified cash)	<u>\$ 13,433,584</u>

Special Revenue Fund

Revenues, modified accrual	\$ 24,115,115
Add:	
Prior year receivables recognized in the current year budget	518,627
Deduct:	
Current year receivables not recognized in the current year budget	<u>(1,019,781)</u>
Revenues, budgetary basis (modified cash)	<u>\$ 23,613,961</u>
Expenditures, modified accrual	\$ 27,188,709
Add:	
Prior year accrued liabilities recognized in the current year budget	192,696
Deduct:	
Current year accrued liabilities not recognized in the current year budget	<u>(159,019)</u>
Expenditures, budgetary basis (modified cash)	<u>\$ 27,222,386</u>

Rolla School District No. 31
Schedules of Proportionate Share of the Net Pension Liability and Related Ratios
Public School Retirement System (PSRS) and Public Education Employee Retirement System
(PEERS)
June 30, 2018

PSRS

Year Ended*	Proportion of the Net Pension Liability (Asset)	Proportionate Share of the Net Pension Liability (Asset)	Actual Covered Member Payroll	Net Pension Liability (Asset) as a Percentage of Covered Payroll	Fiduciary Net Position as a Percentage of Total Pension Liability
6/30/15	0.4400%	\$18,051,332	\$19,564,146	92.27%	89.34%
6/30/16	0.4435%	25,602,635	20,103,519	127.35%	85.78%
6/30/17	0.4412%	32,828,143	20,406,135	160.87%	82.18%
6/30/18	0.4391%	31,709,717	20,752,342	152.80%	83.77%

PEERS

Year Ended*	Proportion of the Net Pension Liability (Asset)	Proportionate Share of the Net Pension Liability (Asset)	Actual Covered Member Payroll	Net Pension Liability (Asset) as a Percentage of Covered Payroll	Fiduciary Net Position as a Percentage of Total Pension Liability
6/30/15	0.3996%	\$1,459,203	\$5,826,882	25.04%	91.33%
6/30/16	0.3920%	2,073,312	5,877,306	35.28%	88.28%
6/30/17	0.3742%	3,002,339	5,779,058	51.95%	83.32%
6/30/18	0.3699%	2,822,155	5,944,992	47.47%	85.35%

Note: These schedules are intended to show information for ten years. Additional years will be displayed as they become available.

* The data provided in these schedules are based as of the measurement date of PSRS' and PEERS' net pension liabilities, which is as of the beginning of the District's fiscal year.

Rolla School District No. 31
Schedules of Employer Contributions
Public School Retirement System (PSRS) and Public Education Employee Retirement System
(PEERS)
June 30, 2018

PSRS

Year Ending	Statutorily Required Contribution	Actual Employer Contributions	Contribution Excess/(Deficiency)	Actual Covered Member Payroll	Contributions as a Percentage of Covered Payroll
6/30/13	\$2,776,923	\$2,776,923	\$0	\$19,185,451	14.47%
6/30/14	2,833,733	2,833,733	0	19,564,146	14.48%
6/30/15	2,911,936	2,911,936	0	20,103,519	14.48%
6/30/16	2,955,156	2,955,156	0	20,406,135	14.48%
6/30/17	3,004,027	3,004,027	0	20,752,342	14.48%

PEERS

Year Ending	Statutorily Required Contribution	Actual Employer Contributions	Contribution Excess/(Deficiency)	Actual Covered Member Payroll	Contributions as a Percentage of Covered Payroll
6/30/13	\$391,186	\$391,186	\$0	\$5,702,421	6.86%
6/30/14	399,724	399,724	0	5,826,882	6.86%
6/30/15	403,184	403,184	0	5,877,306	6.86%
6/30/16	396,443	396,092	0	5,779,058	6.86%
6/30/17	407,861	407,861	0	5,945,496	6.86%

Note: These schedules are intended to show information for ten years. Additional years will be displayed as they become available.

ROLLA SCHOOL DISTRICT NO. 31
SCHEDULE OF CHANGES IN TOTAL OPEB LIABILITY AND RELATED RATIOS
(in 1,000s)
FISCAL YEAR ENDING JUNE 30

	2018
TOTAL OPEB LIABILITY	
Service Cost	\$ 593
Interest on Total OPEB Liability	391
Changes of Benefit Terms	-
Effect of Economic/Demographic Gains (Losses)	-
Effect of Assumption Changes or Inputs	(487)
Benefit Payments	(331)
Net Change in Total OPEB Liability	166
Total OPEB Liability, Beginning	10,507
Total OPEB Liability, Ending	\$ 10,673
Covered Payroll	\$ 22,648
Total OPEB Liability as a % of Covered Payroll	47.12%

This schedule is presented to illustrate the requirement to show information for 10 years. However, recalculations of prior years are not required, and if prior years are not reported in accordance with the current GASB standards, they should not be reported.

ROLLA SCHOOL DISTRICT NO. 31
TOTAL OPEB LIABILITY
FISCAL YEAR ENDING JUNE 30

TOTAL OPEB LIABILITY	2018	2017
Total OPEB Liability	\$ 10,672,650	\$ 10,506,529
Covered Payroll	22,648,000	25,520,000
Total OPEB liability as a % of covered payroll	47.12%	41.17%

The total OPEB liability was determined by an actuarial valuation as of the valuation date, calculated based on the discount rate and actuarial assumptions below, and was then projected forward to the measurement date. Any significant changes during this period have been reflected as prescribed by GASB 75.

Discount Rate	3.87%	3.58%
---------------	-------	-------

The discount rate was based on 20 Year Bond GO Index.

The plan has not had a formal actuarial experience study performed.

Valuation Date	June 30, 2017	June 30, 2017
Measurement Date	June 30, 2018	June 30, 2017
Inflation	2.30%	2.30%
Salary Increases Including Inflation	3.00%	3.00%
Mortality	RP-2014 Mortality for Employees and Healthy Annuitants, with generational projection per Scale MP-2016	RP-2014 Mortality for Employees and Healthy Annuitants, with generational projection per Scale MP-2016
Actuarial Cost Method	Entry Age Normal	Entry Age Normal

This schedule is presented to illustrate the requirement to show information for 10 years. However, recalculations of prior years are not required, and if prior years are not reported in accordance with the current GASB standards, they should not be reported.

ROLLA SCHOOL DISTRICT NO. 31
 NOTES TO THE SCHEDULES OF CHANGES IN TOTAL OPEB LIABILITY
 AND RELATED RATIOS AND TOTAL OPEB LIABILITY

Actuarial Assumptions. The employer does not pre-fund benefits. The current funding policy is to pay benefits directly from general assets on a pay-as-you-go basis and there is not a trust for accumulating plan assets. The following actuarial methods and assumptions were used in the June 30, 2017, accounting valuation.

Valuation Timing	Actuarial valuations are performed biennially as of June 30 for accounting purposes only. The most recent valuation was performed as of June 30, 2017.
Actuarial Cost Method	Entry age normal
Amortization Method	N/A
Inflation	2.3 percent, approximate
Salary Increases	3.0%
Discount Rate	3.87%; Based on 20 Year Bond GO Index
Healthcare Cost Trend Rates	6.6% for 2017, gradually decreasing to an ultimate rate of 4.1% for 2074 and beyond.
Other	The plan has not had a formal actuarial experience study performed.

**SUPPLEMENTARY
INFORMATION**

FEDERAL COMPLIANCE
SECTION

Rolla School District No.31
Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2018

<i>Federal Grantor/Pass-Through Grantor/Program or Cluster Title</i>	<i>Federal CFDA Number</i>	<i>Pass-through Entity Identifying Number</i>	<i>Passed Through to Subrecipients</i>	<i>Total Federal Expenditures(\$)</i>
<i>Student Financial Assistance Cluster</i>				
Department of Education Direct Programs				
Federal Pell Grant Program	84.063			\$ 373,912
Federal Supplemental Educational Opportunity Grants	84.007			12,418
<i>Total Student Financial Assistance Cluster</i>				<u>386,330</u>
<i>Child Nutrition Cluster</i>				
United States Department of Agriculture Pass-Through Programs				
Passed-through MO DESE				
Non Cash Food Distribution	10.555	081-096		139,045
School Services Lunch Payment	10.555	081-096		895,065
<i>Total National School Lunch Program</i>				<u>1,034,110</u>
School Breakfast Program	10.553	081-096		240,119
<i>Total Child Nutrition Cluster</i>				<u>1,274,229</u>
<i>IDEA Cluster</i>				
Department of Education Pass-Through Programs				
Passed-through MO DESE				
Special Education Grants to States	84.027	081-096		751,302
ECSE - Federal (611)	84.027	081-096		63,888
ECSE - Federal (619)	84.173	081-096		18,292
<i>Total IDEA Cluster</i>				<u>833,482</u>
<i>Other Programs</i>				
Department of Education Pass-Through Programs				
Passed-through MO DESE				
Perkins Career and Technical Education -- Basic Grants to States	84.048	081-096	38,968	339,634
Assessment Substitute Payment	84.369	081-096		838
Title I Grants to Local Educational Agencies	84.010	081-096		867,108
Title II.A Improving Teacher Quality State Grants	84.367	081-096		260
Title III English Language Acquisition State Grants	84.365	081-096		10,662
Title III Immigrant	84.365	081-096		5,841
Title V.B	84.358	081-096		213,220
<i>Total Other Programs</i>			<u>38,968</u>	<u>1,437,563</u>
<i>Total Expenditures of Federal Awards</i>			<u>\$ 38,968</u>	<u>\$ 3,931,604</u>

The accompanying notes are an integral part of this schedule.

BASIS OF PRESENTATION:

The Schedule of Expenditures of Federal Awards (the "Schedule") includes the federal award activity of the District under programs of the federal government for the year ended. The information in this Schedule is presented in accordance with the 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). Because the Schedule presents only a selected portion of the operations of the District, it is not intended to and does not present the financial position or change in financial position of the District.

Rolla School District No.31
Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2018

(Continued)

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the Schedule are reported in accordance with accounting principles generally accepted in the United States of America. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Negative amounts shown on the Schedule represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years. The District has not elected to use the 10-percent de minimis indirect cost rate as allowed under the Uniform Guidance.

FOOD DISTRIBUTION:

Non-monetary assistance is reported in the Schedule at the fair market value of the commodities received and disbursed. As of the year ended, the District had food commodities of \$37,147, in inventory.

Federal Family Education Loan Program

The District also participates in the Federal Family Education Loan Program ("FFEL") (84.032). The dollar amounts of the loans are not listed on the Schedule of Expenditures of Federal Awards because the District is not the recipient of the funds. These programs are considered to be a component of student financial assistance. Loans were as follows for the year ended:

Subsidized Loans Disbursed	84.032	\$ 234,841
Unsubsidized Loans Disbursed	84.032	254,907
		<u>\$ 489,748</u>



3702 West Truman Blvd, Suite 213
Jefferson City, MO 65109

Phone: (573) 893-7700 Fax: (573) 893-6649
Web: gravescpas.com

INDEPENDENT AUDITOR’S REPORT ON INTERNAL CONTROL OVER
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON
AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH
GOVERNMENT AUDITING STANDARDS

To the Board of Education of
Rolla School District No. 31
Rolla, Missouri:

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component unit, and each major fund of the Rolla School District No. 31 (the “District”), as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the District’s basic financial statements, and have issued our report thereon dated November 15, 2018.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the District’s internal control over financial reporting (internal control) to determine the 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 a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal controls that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified. We did identify a certain deficiency in internal control, described in the accompanying schedule of findings that we consider to be a significant deficiency. It is identified as 2018-001.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the District 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 determination of financial statement amounts. 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*.

District's Response to the Finding

The District's response to the finding identified in our audit is described in the accompanying schedule of findings. 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.

Graves and Associates,
CPAs, LLC

GRAVES AND ASSOCIATES, CPAs, LLC
Jefferson City, Missouri

November 15, 2018



3702 West Truman Blvd, Suite 213
Jefferson City, MO 65109
Phone: (573) 893-7700 Fax: (573) 893-6649
Web: gravescpas.com

INDEPENDENT AUDITOR’S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

To the Board of Education of
Rolla School District No. 31
Rolla, Missouri:

Report on Compliance for Each Major Federal Program

We have audited Rolla School District No. 31’s (the “District”) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the District’s major federal programs for the year ended June 30, 2018. The District’s major federal programs are identified in the summary of auditor’s results section of the accompanying schedule of findings.

Management’s Responsibility

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

Auditor’s Responsibility

Our responsibility is to express an opinion on compliance for each of the 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* (the 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 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 of the District’s compliance.

Opinion on Each Major Federal Program

In our opinion, the District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2018.

Report on Internal Control Over Compliance

Management of the 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 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 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 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.

Graves and Associates,
CPAs, LLC

GRAVES AND ASSOCIATES, CPAs, LLC
Jefferson City, Missouri

November 15, 2018

ROLLA SCHOOL DISTRICT NO. 31
 SCHEDULE OF FINDINGS 2 CFR SECTION 200.515
 FOR THE YEAR ENDED JUNE 30, 2018

SECTION I - SUMMARY OF AUDITOR'S RESULTS

Financial Statements

Type of Financial Statement Opinion: Unmodified

Internal Control Over Financial Reporting (GAGAS):

- Material weakness(es) reported? No
- Significant deficiency(ies) reported? Yes
- Noncompliance material to financial statements noted (GAGAS)? No

Federal Awards:

Internal Control Over Major Programs:

- Material weakness(es) reported? No
- Significant deficiency(ies) reported? No

Type of Opinion On Compliance for Major Programs: Unmodified

Are there any reportable findings under 2 CFR Section 200.516(a)? No

Identification of Major Programs:

<u>CFDA Number (s)</u>	<u>Name of Federal Program or Cluster</u>
------------------------	---

U.S. Department of Agriculture:

Passed Through the Missouri Department of Elementary and Secondary Education

10.553/10.555

Child Nutrition Cluster

ROLLA SCHOOL DISTRICT NO. 31
SCHEDULE OF FINDINGS 2 CFR SECTION 200.515
FOR THE YEAR ENDED JUNE 30, 2018

SECTION I - SUMMARY OF AUDITOR'S RESULTS (Continued)

Dollar Threshold: Type A/B Programs	Type A: >\$750,000 Type B: All Others
Low Risk Auditee under 2 CFR Section 200.520?	Yes

SECTION II - FINANCIAL STATEMENTS FINDINGS

SIGNIFICANT DEFICIENCY

2018-001: Segregation of Duties (Resubmitted)

Condition: As in many smaller to medium-sized organizations, it is difficult to obtain proper segregation of duties due to the limited number of employees.

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. The District has mitigating controls in place, but it is not possible to have segregation in all areas.

Effect: Due to the limited number of employees, the District might not prevent, or detect and correct misstatements on a timely basis in the normal performance of duties.

Recommendation: We recognize that because of limited resources and personnel, management may not be able to achieve a proper segregation of duties. However, professional standards require that we bring this lack of segregation of duties to your attention. We recommend management continue to review these processes accordingly to optimize the functionality of internal controls.

Response/Current Status: The District recognizes that the limited number of employees prohibits proper segregation of duties in all areas. The District will continue to review these processes accordingly to optimize the functionality of internal controls.

SECTION III - FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

No matters were reported.

ROLLA PUBLIC SCHOOLS

DR. AARON R. ZALIS
Superintendent

DR. KYLE W. DARE
Assistant Superintendent
Human Resources & Support Services

MR. CRAIG A. HOUNSOM
Assistant Superintendent
Curriculum & Instruction

CORRECTIVE ACTION PLAN

November 15, 2018

U.S. DEPARTMENT OF AGRICULTURE

The Rolla No. 31 School District respectfully submits the following corrective action plan for the year ended June 30, 2018.

Contact Information for the individual responsible for the corrective action:

Kindra Atkinson, Chief Financial Officer
500A Forum Drive
Rolla, MO 65401

Independent Public Accounting Firm:
Graves and Associates, CPAs, LLC
3702 West Truman Blvd, Suite 213
Jefferson City, MO 65109

Audit Period: Year ended June 30, 2018

The findings from the Schedule of Findings are discussed below. The findings are numbered consistently with the numbers assigned in the schedule.

CORRECTIVE ACTION PLAN (Continued)
November 15, 2018

FINDINGS – FINANCIAL STATEMENT AUDIT

SIGNIFICANT DEFICIENCIES

2018-001: Segregation of Duties (Resubmitted)

Condition: As in many smaller to medium-sized organizations, it is difficult to obtain proper segregation of duties due to the limited number of employees.

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. The District has mitigating controls in place, but it is not possible to have segregation in all areas.

Effect: Due to the limited number of employees, the District might not prevent, or detect and correct misstatements on a timely basis in the normal performance of duties.

Recommendation: We recognize that because of limited resources and personnel, management may not be able to achieve a proper segregation of duties. However, professional standards require that we bring this lack of segregation of duties to your attention. We recommend management continue to review these processes accordingly to optimize the functionality of internal controls.

Response: The District recognizes that the limited number of employees prohibits proper segregation of duties in all areas. The District will continue to review these processes accordingly to optimize the functionality of internal controls.

Completion Date: Not applicable.

Sincerely,



Kindra Atkinson, Chief Financial Officer
Rolla No. 31 School District

**SUPPLEMENTARY STATE
INFORMATION**

**STATE COMPLIANCE
SECTION**



3702 West Truman Blvd, Suite 213
Jefferson City, MO 65109

Phone: (573) 893-7700 Fax: (573) 893-6649
Web: gravescpas.com

INDEPENDENT ACCOUNTANT’S REPORT ON MANAGEMENT’S
ASSERTIONS ABOUT COMPLIANCE WITH SPECIFIED
REQUIREMENTS OF MISSOURI LAWS AND REGULATIONS

To the Board of Education of
Rolla School District No. 31
Rolla, Missouri:

We have examined management’s assertion that Rolla School District No. 31 (the “District”) complied with the requirements of Missouri laws and regulations regarding budgetary and disbursement procedures; accurate disclosure by attendance records of average daily attendance, resident membership on the last Wednesday of September and the number of students eligible to receive free and reduced price lunches on the last Wednesday of January; and accurate disclosure by 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 the allowable costs for pupil transportation during the year ended June 30, 2018. Management is responsible for the District’s compliance with those requirements. Our responsibility is to express an opinion on management’s assertions about the District’s compliance based on our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants and, accordingly, included examining, on a test basis, evidence about the District’s compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our examination provides a reasonable basis for our opinion. Our examination does not provide a legal determination on the District’s compliance with specified requirements.

In our opinion, the District complied, in all material respects with the aforementioned requirements during the year ended June 30, 2018.

This report is intended solely for the information and use of the Board of Education, 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.

*Graves and Associates,
CPAs, LLC*

GRAVES AND ASSOCIATES, CPAs, LLC
Jefferson City, Missouri
November 15, 2018

ROLLA SCHOOL DISTRICT NO. 31
 SCHEDULE OF SELECTED STATISTICS
 FOR THE YEAR ENDED JUNE 30, 2018

1. Calendar (Sections 160.041 and 171.031, RSMo)

A. Standard day length (SDL) – The total number of hours between the starting time of the first class and the dismissal time of the last class, minus the time allowed for lunch and one passing time, and minus Channel One time. Reported with 4 decimal places.

Kindergarten – A.M.	_____	SDL	Grades	<u>1-3</u>	<u>6.9000</u>	SDL
Kindergarten – P.M.	_____	SDL	Grades	<u>4-6</u>	<u>6.7500</u>	SDL
Kindergarten – Full-day	<u>6.9000</u>	SDL	Grades	<u>7-8</u>	<u>6.7000</u>	SDL
			Grades	<u>9-12</u>	<u>6.7500</u>	SDL

B. The number of actual calendar hours classes were in session and pupils were under the direction of teachers during this school year was as follows:

Kindergarten – A.M.	_____	Hours	Grades	<u>1-3</u>	<u>1,161.50</u>	Hours
Kindergarten – P.M.	_____	Hours	Grades	<u>4-6</u>	<u>1,136.45</u>	Hours
Kindergarten – Full-day	<u>1,161.50</u>	Hours	Grades	<u>7-8</u>	<u>1,127.97</u>	Hours
			Grades	<u>9-12</u>	<u>1,136.45</u>	Hours

C. The number of days classes were in session and pupils were under the direction of teachers during this school year was as follows:

Kindergarten – A.M.	_____	Days	Grades	<u>1-3</u>	<u>169</u>	Days
Kindergarten – P.M.	_____	Days	Grades	<u>4-6</u>	<u>169</u>	Days
Kindergarten – Full-day	<u>169</u>	Days	Grades	<u>10-12</u>	<u>169</u>	Days
			Grades	<u>9-12</u>	<u>169</u>	Days

2. Average Daily Attendance (ADA)

Regular Term	Full-time/ Part-time	Remedial	Total
Kindergarten – A.M.	_____	_____	_____
Kindergarten – P.M.	_____	_____	_____
Kindergarten-Full-Day	<u>281.97</u>	<u>0.00</u>	<u>281.97</u>
Grades <u>1-3</u>	<u>882.55</u>	<u>0.00</u>	<u>882.55</u>
Grades <u>4-6</u>	<u>909.56</u>	<u>0.00</u>	<u>909.56</u>
Grades <u>7-8</u>	<u>584.16</u>	<u>0.00</u>	<u>584.16</u>
Grades <u>9-12</u>	<u>1,040.14</u>	<u>0.00</u>	<u>1,040.14</u>
Subtotal Regular Term	<u>3,698.38</u>	<u>0.00</u>	<u>3,698.38</u>
Summer School			
Subtotal		<u>88.69</u>	<u>88.69</u>
Total Regular Term Plus Summer School ADA			<u>3,787.07</u>

ROLLA SCHOOL DISTRICT NO. 31
 SCHEDULE OF SELECTED STATISTICS
 FOR THE YEAR ENDED JUNE 30, 2018

3. September Membership

	Full-Time & Part-Time	Total
September Membership FTE Count	<u>3,973.79</u>	<u>3,973.79</u>

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

	Full-Time & Part-Time	Deseg In	Total
State FTE Total	Free <u>1,550.37</u>	<u> </u>	<u>1,550.37</u>
	Reduced <u>296.65</u>	<u> </u>	<u>296.65</u>
	Total <u>1,847.02</u>	<u> </u>	<u>1,847.02</u>

5. Finance

- A. As required by Section 162.401, RSMo, a bond was purchased for the District's treasurer in the total amount of \$50,000
- B. The District's deposits were secured during the year as required by Section 110.010 and 110.020, RSMo. True
- C. The District maintained a separate bank account for the Debt Service Fund in accordance with Section 165.011, RSMo. True
- D. Salaries reported for educators in the October Core Data cycle are supported by payroll/contract records. True
- E. 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. N/A
- F. The District published a summary of the prior year's audit report within thirty days of the receipt of the audit pursuant to Section 165.12 1, RSMo. True
- G. The District has a professional development committee plan adopted by the Board with the professional development committee plan identifying the expenditure of seventy-five (75%) of one percent (1%) of the current year formula apportionment. True
- H. The amount spent for approved professional development committee plan activities was: \$140,959

ROLLA SCHOOL DISTRICT NO. 31
 SCHEDULE OF SELECTED STATISTICS
 FOR THE YEAR ENDED JUNE 30, 2018

6. Transportation (Section 163.161, RSMo)

A. The school transportation allowable costs substantially conform to 5 CSR 30-261.040, Allowable Costs for State Transportation Aid. True

B. The District's school transportation ridership records are so maintained as to accurately disclose in all material respects the average number of regular riders transported. True

C. 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 # 2,698.50
- Ineligible ADT # 241.50

D. The District's transportation odometer mileage records are so maintained as to accurately disclose in all material respects the eligible and ineligible mileage for the year. True

E. Actual odometer records show the total district-operated and contracted mileage for the year was: # 454,621

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 # 358,139
- Ineligible Miles (Non-Route/Disapproved) # 96,482

F. Number of days the District operated the school transportation system during the regular school year. 169