

# ROLLA SCHOOL DISTRICT NO. 31

Rolla, Missouri

INDEPENDENT AUDITOR'S REPORT

For the Year Ended June 30, 2023

## TABLE OF CONTENTS

	<u>PAGE</u>
INDEPENDENT AUDITOR’S REPORT	1 – 3
BASIC FINANCIAL STATEMENTS:	
Statement of Net Position – Modified Cash Basis	4
Statement of Activities – Modified Cash Basis	5
Balance Sheet – Modified Cash Basis – Governmental Funds	6
Statement of Revenues, Expenditures, and Changes in Fund Balances – Modified Cash Basis – Governmental Funds	7
Reconciliation to the Statement of Activities – Modified Cash Basis	8
Statement of Net Position – Cash Basis – Proprietary Fund	9
Statement of Revenues, Expenses, and Changes in Fund Net Position – Cash Basis – Proprietary Fund	10
NOTES TO THE FINANCIAL STATEMENTS	11 – 31
OTHER INFORMATION:	
Budgetary Comparison Schedules – Modified Cash Basis:	
General Fund	32
Special Revenue Fund	33
Notes to the Budgetary Comparison Schedules	34
SUPPLEMENTARY INFORMATION:	
<u>Federal Compliance Section</u>	
Schedule Expenditures of Federal Awards	35 – 36
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>	37 – 38
Independent Auditor’s Report on Compliance for Each Major Program and on Internal Control Over Compliance Required by <i>The Uniform Guidance</i>	39 – 41
Schedule of Findings and Responses 2 CFR Section 200.515	42 – 43
Corrective Action Plan	44 – 45

TABLE OF CONTENTS  
(Continued)

	<u>PAGE</u>
SUPPLEMENTARY STATE INFORMATION:	
<u>State Compliance Section</u>	
Independent Accountant's Report on Management's Assertions about Compliance with Specified Requirements of Missouri Laws and Regulations	46 – 47
Schedule of Selected Statistics	48 – 51



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## INDEPENDENT AUDITOR'S REPORT

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

Report on the Audit of the Financial Statements

### *Opinions*

We have audited the accompanying modified cash basis financial statements of the governmental 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, 2023, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective modified cash financial position of the governmental activities, the aggregate discretely presented component unit, and each major fund of the District, as of and for the year ended June 30, 2023, and the respective changes in the modified cash basis financial position thereof for the year then ended in accordance with the modified cash basis of accounting described in Note 1.

### *Basis for Opinions*

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

### *Emphasis of Matter – Basis of Accounting*

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

### *Responsibilities of Management for the Financial Statements*

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

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

### *Auditor's Responsibilities for the Audit of the Financial Statements*

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

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

- Exercise professional judgement and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgement, there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for a reasonable period of time.

### *Supplementary Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The accompanying Schedule of Expenditures of Federal Awards, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Schedule of Expenditures of Federal Awards is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

### *Other Information*

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

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

### *Other Reporting Required by Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 15, 2023, 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, 2023

## 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 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 - MODIFIED CASH BASIS  
 JUNE 30, 2023

	<u>Primary Government</u>	<u>Component Unit</u>
	<u>Governmental Activities</u>	<u>C.O.R.E</u>
<b>ASSETS</b>		
Cash and Cash Equivalents	\$ 22,920,146	\$ 63,368
Restricted Cash	31,089,692	97,775
Restricted Cash with Fiscal Agent	1,072,019	-
Restricted Investments	-	950,609
Inventory Held for Resale	330,342	-
<b>TOTAL ASSETS</b>	<u><u>55,412,199</u></u>	<u><u>1,111,752</u></u>
<b>NET POSITION</b>		
Restricted for:		
Retirement of Long-Term Debt	3,020,911	-
R31 2020 Bond Issue Construction	12,625,125	-
R31 2023 Bond Issue Construction	10,750,135	-
Self-Funded Insurance Plan	5,759,855	-
Unrestricted	<u>23,256,173</u>	<u>1,111,752</u>
<b>TOTAL NET POSITION</b>	<u><u>\$ 55,412,199</u></u>	<u><u>\$ 1,111,752</u></u>

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

ROLLA SCHOOL DISTRICT NO. 31

STATEMENT OF ACTIVITIES – MODIFIED CASH BASIS  
FOR THE YEAR ENDED JUNE 30, 2023

Functions/Programs	Expenses	Program Revenues			Net (Expenses) Revenues and Changes in Net Position	
		Charges for	Operating Grants	Capital Grants and	Primary Government	Component Unit
		Services	and Contributions	Contributions	Governmental Activities	C.O.R.E
Primary Government:						
Governmental Activities:						
Instruction	\$ (30,532,941)	\$ 2,262,746	\$ 6,641,661	\$ 886,752	\$ (20,741,783)	\$ -
Attendance	(300,696)	-	-	-	(300,696)	-
Guidance	(1,364,429)	-	97,044	-	(1,267,385)	-
Health, Psych, Speech and Audio	(1,214,565)	-	78,551	-	(1,136,014)	-
Improvement of Instruction	(377,359)	-	837,704	-	460,345	-
Professional Development	(148,952)	-	148,952	-	-	-
Media Services	(920,848)	-	-	-	(920,848)	-
Board of Education Services	(190,261)	-	-	-	(190,261)	-
Executive Administration	(2,786,570)	-	-	-	(2,786,570)	-
Building Administration	(2,324,936)	-	-	-	(2,324,936)	-
Business/Central Services	(481,434)	-	-	-	(481,434)	-
Operation of Plant	(4,211,648)	136,417	-	-	(4,075,231)	-
Security Services	(298,474)	-	-	-	(298,474)	-
Transportation	(2,510,319)	50,544	1,280,325	-	(1,179,450)	-
Food Service	(1,997,558)	557,467	1,708,690	67,500	336,099	-
Central Office Support Services	(169,271)	-	-	-	(169,271)	-
Community Education	(622,128)	-	347,064	-	(275,064)	-
Facility Acquisition and Construction	(16,924,816)	-	-	-	(16,924,816)	-
Redemption of Principal	(1,375,000)	-	-	185,697	(1,189,303)	-
Interest	(1,462,926)	-	-	-	(1,462,926)	-
Fees	(138,647)	-	-	-	(138,647)	-
Self-Insurance	(4,412,977)	5,430,864	-	-	1,017,887	-
Total Governmental Activities	(74,766,758)	8,438,038	11,139,990	1,139,949	(54,048,781)	-
Component Unit:						
C.O.R.E	(137,546)	-	90,211	-	-	(47,335)
Total Component Unit	(137,546)	-	90,211	-	-	(47,335)
General Revenues:						
Property Taxes					18,773,493	-
Sales Taxes					5,089,242	-
State Aid					15,476,846	-
Fines and Forfeitures					317,953	-
Proceeds from Bond Issuance					10,000,000	-
Premium on Bonds Sold					886,777	-
Sale of School Buses					3,769	-
Sale of Other Property					7,539	-
Investment Income					1,834,783	621
Miscellaneous					421,210	-
Unrealized Gain (Loss)					-	84,110
Total General Revenues and Transfers					52,811,612	84,731
Change in Net Position					(1,237,167)	37,396
Net Position, Beginning of Year					56,649,366	1,074,356
Net Position, End of Year					\$ 55,412,199	\$ 1,111,752

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

ROLLA SCHOOL DISTRICT NO. 31

BALANCE SHEET – MODIFIED CASH BASIS  
GOVERNMENTAL FUNDS  
JUNE 30, 2023

	General Fund	Special Revenue Fund	Debt Service Fund	Capital Projects Fund	Total Governmental Funds
<b>ASSETS</b>					
Cash and Cash Equivalents	\$ 18,432,837	\$ -	\$ -	\$ 4,487,309	\$ 22,920,146
Restricted Cash	5,685	-	1,948,892	23,375,260	25,329,837
Restricted Cash with Fiscal Agent	-	-	1,072,019	-	1,072,019
Inventory Held for Resale	-	-	-	330,342	330,342
<b>TOTAL ASSETS</b>	<u>\$ 18,438,522</u>	<u>\$ -</u>	<u>\$ 3,020,911</u>	<u>\$ 28,192,911</u>	<u>\$ 49,652,344</u>
<b>FUND BALANCES</b>					
Nonspendable:					
Inventory Held for Resale	-	-	-	330,342	330,342
Restricted for:					
Retirement of Long-Term Debt	-	-	3,020,911	-	3,020,911
R31 2020 Bond Issue Construction	-	-	-	12,625,125	12,625,125
R31 2023 Bond Issue Construction	-	-	-	10,750,135	10,750,135
Committed to:					
Education Advanced, Inc.- Embare Subscription	11,708	-	-	-	11,708
Renaissance Learning, Inc - StarMath Subscription	28,993	-	-	-	28,993
Edmentum	280,741	-	-	-	280,741
ESGI	8,214	-	-	-	8,214
Riverside Insights - ECBM Renewal	5,700	-	-	-	5,700
Gobiquity - Visual Acuity Screening Services	2,508	-	-	-	2,508
PowerSchool	12,485	-	-	-	12,485
School Datebooks	3,049	-	-	-	3,049
NWEA Testing Contract	33,750	-	-	-	33,750
Nearpod - Curriculum Subscription	25,113	-	-	-	25,113
Discovery Education - Science Textbooks	399,932	-	-	-	399,932
Teacher Created Materials	23,951	-	-	-	23,951
Gilmore & Bell Continuing Disclosure Services	1,200	-	-	-	1,200
Peak Performance Athletic Trainer Services	15,000	-	-	-	15,000
Assigned to:					
Activity Funds	861,552	-	-	-	861,552
Other Purposes	5,685	-	-	-	5,685
Unassigned	16,718,942	-	-	4,487,309	21,206,250
<b>TOTAL FUND BALANCES</b>	<u>\$ 18,438,522</u>	<u>\$ -</u>	<u>\$ 3,020,911</u>	<u>\$ 28,192,911</u>	<u>\$ 49,652,344</u>

Reconciliation to the Statement of Net Position - Modified  
Cash Basis

Internal Service Funds are used by management to charge the cost of certain activities to individual funds. The assets of the Internal Service Fund are included in governmental activities in the Statement of Net Position:

Net Position of Governmental Activities	<u>5,759,855</u>
	<u>\$ 55,412,199</u>

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 - MODIFIED CASH BASIS  
 GOVERNMENTAL FUNDS  
 FOR THE YEAR ENDED JUNE 30, 2023

	General Fund	Special Revenue Fund	Debt Service Fund	Capital Projects Fund	Total Governmental Funds
<b>Revenues</b>					
Local	\$ 16,815,001	\$ 5,089,637	\$ 2,867,211	\$ 849,606	\$ 25,621,455
County	599,663	317,953	77,196	-	994,812
State	1,334,544	18,070,498	-	347,159	19,752,201
Federal	2,176,407	5,494,451	185,697	148,030	8,004,586
Investment Income	835,635	291	91,823	759,659	1,687,409
Other	50,544	942,260	-	-	992,805
Total Revenues	21,811,794	29,915,090	3,221,927	2,104,455	57,053,267
<b>Expenditures</b>					
Instruction	3,078,845	26,282,520	-	1,171,577	30,532,941
Attendance	300,696	-	-	-	300,696
Guidance	188,415	1,176,014	-	-	1,364,429
Health, Psych, Speech and Audio	654,851	558,144	-	1,571	1,214,565
Improvement of Instruction	116,867	260,492	-	-	377,359
Professional Development	73,571	75,381	-	-	148,952
Media Services	221,876	698,972	-	-	920,848
Board of Education Services	190,261	-	-	-	190,261
Executive Administration	1,508,464	1,124,479	-	153,627	2,786,570
Building Administration	607,837	1,717,099	-	-	2,324,936
Business/Central Services	481,434	-	-	-	481,434
Operation of Plant	4,014,725	-	-	196,923	4,211,648
Security Services	270,102	-	-	28,372	298,474
Transportation	1,984,497	-	-	525,822	2,510,319
Food Service	1,930,211	-	-	67,347	1,997,558
Central Office Support Services	169,271	-	-	-	169,271
Community Education	60,362	10,100	-	-	70,462
Community Services	53,731	497,935	-	-	551,666
Facility Acquisition and Construction	-	-	-	16,924,816	16,924,816
<b>Debt Services</b>					
Principal	-	-	1,375,000	-	1,375,000
Interest	-	-	1,275,370	187,556	1,462,926
Fees	-	-	2,005	136,642	138,647
Total Expenditures	15,906,017	32,401,135	2,652,375	19,394,254	70,353,781
Excess (Deficiency) of Revenues over (under) Expenditures	5,905,778	(2,486,046)	569,552	(17,289,798)	(13,300,514)
<b>Other Financing Sources (Uses):</b>					
Proceeds from Sales	3,782	-	-	7,526	11,308
Premium on Bonds Sold	-	-	-	886,777	886,777
Proceeds from Bond Issuance	-	-	-	10,000,000	10,000,000
Transfers to (from) fund	(4,711,046)	2,486,046	-	2,225,000	-
Total Other Financing Sources (Uses)	(4,707,264)	2,486,046	-	13,119,303	10,898,084
Net Change in Fund Balances	1,198,514	-	569,552	(4,170,495)	(2,402,429)
Fund Balances- Beginning of Year	17,240,009	-	2,451,358	32,363,406	52,054,773
Fund Balances, End of Year	\$ 18,438,522	\$ -	\$ 3,020,911	\$ 28,192,911	\$ 49,652,344

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

ROLLA SCHOOL DISTRICT NO. 31

RECONCILIATION TO THE STATEMENT OF ACTIVITIES  
– MODIFIED CASH BASIS  
FOR THE YEAR ENDED JUNE 30, 2023

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Net Changes in Fund Balances-Total Government Funds	\$ (2,402,429)
Net Change in Position of the Internal Service Fund is included in governmental activities on government-wide statements	1,165,262
Change in Net Assets of Governmental Funds	<u><u>\$ (1,237,167)</u></u>

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

ROLLA SCHOOL DISTRICT NO. 31

STATEMENT OF NET POSITION – CASH BASIS  
PROPRIETARY FUND  
JUNE 30, 2023

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	<u>Governmental Activities</u>
	<u>Internal Service Fund</u>
	<u>Self-Funded Insurance Plan</u>
ASSETS	
Cash	\$ 5,759,855
Total Assets	<u>\$ 5,759,855</u>
Net Assets	
Restricted for Self-Funded Plan	\$ 5,759,855
Total Net Assets	<u>\$ 5,759,855</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 – CASH BASIS  
PROPRIETARY FUND  
FOR THE YEAR ENDED JUNE 30, 2023

	<u>Governmental Activities</u>
	<u>Internal Service Fund</u>
	<u>Self-Funded Insurance Plan</u>
<b>OPERATING RECEIPTS</b>	
Charges for services:	
Participant Contributions	\$ 5,430,864
Total Operating Receipts	<u>5,430,864</u>
<b>OPERATING DISBURSEMENTS</b>	
Benefits to Participants	<u>4,412,977</u>
Total Operating Disbursements	<u>4,412,977</u>
Operating Income (Loss)	1,017,887
<b>NON-OPERATING REVENUE</b>	
Interest Earnings	<u>147,375</u>
Non-Operating Income (Loss)	<u>147,375</u>
Change in Net Position	1,165,262
Net Position, Beginning	<u>4,594,593</u>
Net Position, Ending	<u>\$ 5,759,855</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, 2023

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 represent 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 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. The District did not have any *business-type activities* as of the year ended. 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, 2023

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

Basis of Presentation (Continued)

Government-Wide Financial Statements (Continued)

Separate financial statements are provided for governmental funds and proprietary funds. Major individual governmental funds and major individual proprietary 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, 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 presently has no fiduciary funds. An emphasis is placed on major funds within the governmental category. A fund is considered major if it is the primary operating fund of the District or meets the following criteria:

- Total assets, revenues, or expenditures of that individual governmental fund are at least 10 percent of the corresponding total for all funds of that category or type, and
- Total assets, revenues, or expenditures of the individual governmental fund are at least 5 percent of the corresponding total for all governmental and combined funds.

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 – The primary operating fund of the District and always classified as major-fund. It is used to account for all financial resources not accounted for and reported in another fund.

ROLLA SCHOOL DISTRICT NO. 31  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2023

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

Basis of Presentation (Continued)

Fund Financial Statements (Continued)

Governmental Funds (Continued)

Special Revenue Fund – Accounts for and reports 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 teachers’ 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.

Proprietary Fund Financial Statements

Internal Service Fund

The Internal Service fund is used to account for the proceeds from contributions for the payment of claims and the liabilities associated with the District’s self- insurance activities (primary medical and dental benefits). Disbursements include claims paid, direct insurance payments, and administrative fees. The proprietary fund Statement of Net Position and Statement of Revenues, Expenses, and Change in Fund Net Position display information about the proprietary fund, as a whole, in accordance with the cash basis of accounting.

Even though the internal service fund is classified as a proprietary fund, the nature of the activity accounted for within the fund is governmental and is reported as governmental activities on the government-wide financial statements.

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

ROLLA SCHOOL DISTRICT NO. 31  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2023

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

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

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

Measurement Focus

In the government-wide Statement of Net Position and the Statement of Activities, governmental activities are presented using the economic resources measurement focus, within the limitations of the modified cash basis of accounting, as defined below:

In the fund financial statements, the current financial resources measurement focus, as applied to the modified cash basis of accounting, is used as appropriate:

- a) All governmental funds utilize a current financial resources measurement focus within the limitations of the modified cash basis of accounting. Only current financial assets are generally included on their Balance Sheets. Their operating statements present sources and uses of available spendable financial resources during a given period. These funds use fund balance as their measure of available spendable financial resources at the end of the period.
- b) The proprietary fund utilizes an economic resources measurement focus within the limitations of the cash basis of accounting. The accounting objectives of this measurement focus are the determination of operating income, changes in net position (or cost recovery), and net financial position. All assets are generally reported within the limitations of the cash basis of accounting.

Basis of Accounting

The financial statements are presented in accordance with a modified cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States (“U.S. GAAP”) as established by the Governmental Accounting Standards Board (“GASB”). This basis of accounting involves modifications to the cash basis of accounting to report in the statements of net position or balance sheets cash transactions or events that provide a benefit or result in an obligation that covers a period greater than the period in which the cash transaction or event occurred. Such reported balances include investments, interfund receivables and payables, capital assets and related depreciation, and short-term and long-term liabilities.

ROLLA SCHOOL DISTRICT NO. 31  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2023

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

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

Basis of Accounting (Continued)

The cash basis of accounting differs from U.S. GAAP primarily because certain assets and their related revenues (such as accounts receivable and revenue for billed or provided services not yet collected and other accrued revenue and receivables) and certain liabilities and their related expenses or expenditures (such as accounts payable and expenses for goods or services received but not yet paid and other accrued expenses and liabilities) are not recorded in these proprietary fund financial statements. In addition, other economic assets that do not arise from a cash transaction or event are not reported, and the measurement of reported assets does not involve adjustment to fair values.

The modified cash basis of accounting differs from U.S. GAAP primarily because certain assets and their related revenues (such as accounts receivable and revenue for billed or provided services not yet collected and other accrued revenue and receivables) and certain liabilities and their related expenses or expenditures (such as accounts payable and expenses for goods or services received but not yet paid and other accrued expenses and liabilities) are not recorded in these financial statements. In addition, other economic assets that do not arise from a cash transaction or event are not reported, and the measurement of reported assets does not involve adjustment to fair value.

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

Financial Position

Cash and Cash Equivalents

For the purpose of financial reporting, cash and cash equivalents includes all demand and savings accounts and certificates of deposit or short-term investments with original maturity of three months or less from date of purchase.

Investments

Investments are carried at cost, which approximates market.

ROLLA SCHOOL DISTRICT NO. 31  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2023

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

Financial Position (Continued)

Inventories

Inventories held for resale in the general fund are stated at historical cost. They consist of student vocational projects for which the District expects to receive future economic benefit at the time they are sold.

Capital Assets

Property, plant, and equipment (capital assets) acquired for use in governmental fund operations are accounted for as capital outlay expenditures or expenses of the governmental fund upon acquisition.

Restricted Assets

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

Long-Term Debt

Long-term debt arising from cash transactions for governmental funds is not reported as liabilities in the fund financial statements. The debt proceeds are reported as other financing sources and payment of principal and interest are reported as expenditures or expenses. The District's long-term debt consists primarily of bonds payable.

Net Position/Fund Balance Classifications

*Government-Wide Financial Statements*

Net position is classified and displayed in two components:

*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 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 expenditure or 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, 2023

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

Financial Position (Continued)

*Fund Financial Statements*

*Governmental Funds*

Governmental fund equity is classified as fund balance.

The difference among assets 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).

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.

ROLLA SCHOOL DISTRICT NO. 31  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2023

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

Financial Position (Continued)

*Fund Financial Statements (Continued)*

*Governmental Funds (Continued)*

*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 assets of proprietary funds are reported as net position and classified in the same manner as the government-wide financial statements, as previously described.

Revenues, Expenditures, and Expenses

Program Revenues

Governmental Activities

In the Statement of Activities, modified cash basis revenues that are derived directly from each activity or from parties outside the District are reported as program revenues. The District has or may have the following program revenues:

<i>Program Revenues</i>	<i>Examples</i>
Charges for Services	Tuition, adult/continuing education, transportation fees, sales, rentals, community services, food services – non program, admissions, student organization membership dues and fees
Operating Grants and Contributions	Gifts, professional development committee portion of basic formula funds, state transportation funds, various state and federal grants
Capital Grants and Contributions	Gifts, various state and federal grants

ROLLA SCHOOL DISTRICT NO. 31  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2023

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

Financial Position (Continued)

Revenues, Expenditures, and Expenses (Continued)

Program Revenues (Continued)

Governmental Activities (Continued)

All other governmental revenues are reported as general. All taxes are classified as general revenues even if restricted for a specific purpose.

Operating Revenue and Expenses

Operating revenues and expenses for proprietary funds and the similar discretely presented component unit result from providing services and producing and delivering goods or services. They also include all revenues and expenses not related to capital and related financing, noncapital financing, or investing activities.

Internal and Interfund Balances and Activities

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

Fund Financial Statements:

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

- Interfund loans – Amounts provided with requirement for repayment are reported as interfund receivables and payables.
- Interfund reimbursements – Repayments from funds responsible for certain expenditures or expenses to the funds that initially paid for them are not reported as reimbursements, but as adjustments to expenditures or expenses in the respective funds.
- Interfund transfers – Flow of assets from one fund to another where payment is not expected are reported as transfers in and out.
- Interfund services – Sales or purchases of goods and services between funds are reported as revenues and expenditures or expenses.

ROLLA SCHOOL DISTRICT NO. 31  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2023

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

Internal and Interfund Balances and Activities (Continued)

Government-Wide Financial Statements:

Interfund activity and balances, if any, are eliminated or reclassified in the government-wide financial statements as follows:

- Internal balances – Amounts reported in the fund financial statements as interfund receivables and payables are eliminated in the governmental columns of the Statement of Net Position.
- Internal activities – Amounts reported as interfund transfers in the fund financial statements are eliminated in the government-wide Statement of Activities except for the net amount of transfers between governmental activities, which are reported as Transfers – Internal Activities. The effects of interfund services between funds are not eliminated in the Statement of Activities.
- Primary government and component unit activity and balances – Resources flow between the primary government and the discretely-presented component unit are reported as if they were external transactions and are classified separately from internal balances and activities within the primary government.

Use of Estimates

The preparation of financial statements in accordance with the modified cash basis of accounting used by the District requires management to make estimates and assumptions that affect certain amounts and disclosures; accordingly, actual results could differ from those estimates.

NOTE 2 – CASH AND CASH EQUIVALENTS AND INVESTMENTS:

Deposits and Investments

Primary Government

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 Fund 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 fund's Balance Sheet as "Cash and Investments" under each fund's caption.

ROLLA SCHOOL DISTRICT NO. 31  
 NOTES TO THE FINANCIAL STATEMENTS  
 FOR THE YEAR ENDED JUNE 30, 2023

NOTE 2 – CASH AND CASH EQUIVALENTS AND INVESTMENTS: (Continued)

*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 \$54,009,838 and the bank balance was \$57,504,952. The bank balances were covered, in combination, by the Federal Depository Insurance Corporation (FDIC), across multiple financial institutions, and by collateral held at the District’s safekeeping bank agent, in the District’s name.

*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	\$ 246,210
Direct Deposit Program – Bond Escrow	<u>825,809</u>
Total	<u>\$ 1,072,019</u>

ROLLA SCHOOL DISTRICT NO. 31  
 NOTES TO THE FINANCIAL STATEMENTS  
 FOR THE YEAR ENDED JUNE 30, 2023

NOTE 2 – CASH AND CASH EQUIVALENTS AND INVESTMENTS: (Continued)

Component Unit

Total bank balance of \$163,393, of the discretely presented component unit was fully insured by FDIC insurance. Total carrying value of the deposits was \$161,143.

Fair value of investments was determined by quoted market prices as of the year ended. Investments, as of the year ended, consisted of the following:

	<u>Fair Value</u>	<u>Quoted Prices in Active Markets for Identical Assets Level 1</u>	<u>Quoted Price in Active Markets for Similar Assets Level 2</u>	<u>Unobservable Inputs Level 3</u>
Investments:				
Mutual Funds	\$ 950,609	\$ 950,609	\$ -	\$ -
Total Investments	<u>\$ 950,609</u>	<u>\$ 950,609</u>	<u>\$ -</u>	<u>\$ -</u>

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

ROLLA SCHOOL DISTRICT NO. 31  
 NOTES TO THE FINANCIAL STATEMENTS  
 FOR THE YEAR ENDED JUNE 30, 2023

NOTE 3 – LONG-TERM DEBT:

Governmental Activities

General Obligation Bonds

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

Bonds Payable, Beginning	\$ 37,246,000
Bonds Issued	10,000,000
Bonds Retired	<u>(1,375,000)</u>
Bonds Payable, Ending	<u>\$ 45,871,000</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.

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

\$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
\$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 3.50%.	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 3.5%. The refinancing will result in an economic gain of \$182,703.	4,175,000
\$25,000,000 in General Obligation Bonds, Series 2020 – due in varying principal installments ranging from \$410,000 to \$2,960,000 through March 1, 2040, interest rate is variable from 3.0% to 4.0%.	24,070,000
\$10,000,000 in General Obligation Bonds, Series 2023 – due in varying principal installments ranging from \$3,125,000 to \$3,545,000 through March 1, 2043, interest rate is 5.0%	<u>10,000,000</u>
	<u>\$ 45,871,000</u>

ROLLA SCHOOL DISTRICT NO. 31  
 NOTES TO THE FINANCIAL STATEMENTS  
 FOR THE YEAR ENDED JUNE 30, 2023

NOTE 3 – LONG-TERM DEBT: (Continued)

Governmental Activities

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

	<u>PRINCIPAL</u>	<u>INTEREST</u>	<u>TOTAL</u>
2024	\$ 1,040,000	\$ 1,578,753	\$ 2,618,753
2025	450,000	1,697,320	2,147,320
2026	475,000	1,679,320	2,154,320
2027	4,136,000	1,660,320	5,796,320
2028	1,685,000	1,431,425	3,116,425
2029-2033	9,845,000	6,248,400	16,093,400
2034-2038	12,445,000	4,536,000	16,981,000
2039-2043	15,795,000	2,283,650	18,078,650
	<u>\$ 45,871,000</u>	<u>\$ 21,115,188</u>	<u>\$ 66,986,188</u>

As of the year ended, the District incurred interest expense of \$1,275,370.

Certificate of Participation

\$8,000,000 Series 2022 Certificate of Participation  
 due in varying installments through April 1, 2042,  
 interest at 4.00%

\$ 8,000,000

Certificates payable, Beginning of Year  
 Certificates issued  
 Certificates retired  
 Certificates payable, End of Year

\$ -  
 8,000,000  
 (-)  
\$ 8,000,000

ROLLA SCHOOL DISTRICT NO. 31  
 NOTES TO THE FINANCIAL STATEMENTS  
 FOR THE YEAR ENDED JUNE 30, 2023

NOTE 3 – LONG-TERM DEBT: (Continued)

Certificate of Participation (Continued)

The annual requirements to amortize certificates outstanding as of the year ended are as follows:

	<u>PRINCIPAL</u>	<u>INTEREST</u>	<u>TOTAL</u>
2024	\$ 290,000	\$ 320,000	\$ 610,000
2025	300,000	308,400	608,400
2026	315,000	296,400	611,400
2027	325,000	283,800	608,800
2028	340,000	270,800	610,800
2029-2033	1,900,000	1,140,000	3,040,000
2034-2038	2,320,000	727,400	3,047,400
2039-2042	2,210,000	225,400	2,435,400
	<u>\$ 8,000,000</u>	<u>\$ 3,572,200</u>	<u>\$ 11,572,200</u>

The District’s total interest expense for the year ended was \$187,556.

NOTE 4 – INTERFUND TRANSFERS:

Interfund Receivables, Payables, Transfers, and Payments

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>\$ 2,486,046</u>
 <i>Capital Projects Fund</i>	
Transportation Calc Cost	\$ 386,532
Area Vocational – Tech Schools	107,184
Food Services	67,347
\$162,326 or 7% $\times$ SAT $\times$ WADA	<u>1,663,937</u>
Total transfers to Capital Projects Fund	<u>\$ 2,225,000</u>
 Total transfers from the General Fund	 <u>\$ 4,711,046</u>

ROLLA SCHOOL DISTRICT NO. 31  
 NOTES TO THE FINANCIAL STATEMENTS  
 FOR THE YEAR ENDED JUNE 30, 2023

NOTE 4 – INTERFUND TRANSFERS: (Continued)

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

Rolla Enrichment Programs	\$ 40,165
Discretionary Funds	8,000
Castleman Fund	8,400
Postage and Supplies	1,386
RTI Greenhouse	25,000
McFarland Family	1,893
Maroon & Grey Soiree	5,438
Breakthrough Scholarship	10,000
Southern Bank Sponsorship	10,000
	<u>\$ 110,282</u>

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.

NOTE 5 – 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, 2023

NOTE 5 – RISK MANAGEMENT: (Continued)

Self-Funded 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 \$5,759,855, restricted for payment of self-insurance claims. For insured programs, there have been no reductions in insurance coverage.

NOTE 6 – CONTINGENCIES:

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.

NOTE 7 – TEACHERS' SALARIES:

Payroll checks written and dated in June, for July and August 2023 payroll from 2022-2023 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, 2023

NOTE 8 – 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 2022 for the purposes of local taxation was as follows:

Dent County	\$	81,440
Maries County		3,061,050
Phelps County		502,610,048
Total		<u>\$ 505,752,538</u>

The tax levy per \$100 of the assessed valuation of tangible taxable property for the calendar year 2022 for purposes of local taxation was:

	<u>Unadjusted</u>	<u>Adjusted</u>
General Fund	\$ 3.4645	\$ 3.0030
Debt Service Fund	<u>0.5850</u>	<u>0.5850</u>
Total	<u>\$ 4.0495</u>	<u>\$ 3.5880</u>

The receipts of current and delinquent property taxes during the fiscal year ended aggregated approximately 117% for Dent County; 99% for Maries County; and 97% for Phelps County, of the current assessment computed on the basis of the levy shown above. The collection of current and delinquent property taxes for Dent County are higher this fiscal year due to timing differences of receipts.

ROLLA SCHOOL DISTRICT NO. 31  
 NOTES TO THE FINANCIAL STATEMENTS  
 FOR THE YEAR ENDED JUNE 30, 2023

NOTE 9 – RETIREMENT PLAN:

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 “two-third’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. An Annual Comprehensive Financial Report (“ACFR”) can be obtained at <https://www.psrs-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. A Summary Plan Description detailing the provisions of the plan can be found on PSRS’ website at <https://www.psrs-peers.org>.

*Contributions.* PSRS members are required to contribute a percentage of their annual covered salary and the District is required to contribute a matching amount. The contribution requirements of members and the District are established and may be amended by the PSRS Board of Trustees. The District’s contributions to PSRS for the year ended were equal to the required contributions.

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>
2023	\$ 3,588,178	14.5%
2022	\$ 3,489,559	14.5%
2021	\$ 3,412,306	14.5%

ROLLA SCHOOL DISTRICT NO. 31  
 NOTES TO THE FINANCIAL STATEMENTS  
 FOR THE YEAR ENDED JUNE 30, 2023

NOTE 9 – RETIREMENT PLAN: (Continued)

Public Education Employee Retirement System (PEERS)

*Plan Description.* The District also contributes to the Public Education Employee Retirement System (“PEERS”), a mandatory cost sharing multiple-employer retirement system for all public school district employees in Missouri (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 do not contribute to PSRS must contribute to PEERS. Certain part-time certified employees may be covered by this plan. Positions covered by PEERS are also covered by social security.

*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. Benefit provisions are set forth in Section 169.600-169.715 and 169.560-169.595, of the Missouri Revised Statutes. The Statutes assign responsibility for the administration of the system to the Board of Trustees of the PSRS of Missouri. PEERS issues a publicly available financial report that includes financial statements and required supplementary information. A Summary Plan Description detailing the provisions of the plan can be found on PEERS’ website at <https://www.psr-peers.org>.

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>
2023	\$ 500,880	6.86%
2022	\$ 501,438	6.86%
2021	\$ 473,307	6.86%

NOTE 10 – OTHER POST-EMPLOYMENT BENEFITS:

The District provides health insurance benefits to its retirees on a reimbursable basis. The cost of the insurance premium is charged to the retirees at the same cost as active employees. This situation causes an implicit premium subsidy for the difference the retirees would have to pay for similar insurance coverage and the actual amount of their premiums. This implicit premium subsidy represents an unfunded obligation to the District. This obligation has not been valued or reported because the District reports its financial activity using the modified cash basis of accounting.

ROLLA SCHOOL DISTRICT NO. 31  
 NOTES TO THE FINANCIAL STATEMENTS  
 FOR THE YEAR ENDED JUNE 30, 2023

NOTE 11 – TAX ABATEMENTS:

Name of Business	Purpose of Tax Abatement	Type of Abatement	Percent Abated	Assessed Value Abated	Tax Amount Abated	Tax Year Abatement Ends	Year in which TIF ends; property should be added as new construction on tax rolls
Rolla Preservation LP	Redevelopment of blighted area	Section 353.110 RSMo	95.5%	463,440	\$ 20,499.80	2032	2032
Kohls Department Stores Inc	Promote economic development, job growth, development of blighted or underdeveloped area	Section 99.800-99.865 RSMo	70.6%	958,300	\$ 42,389.44	2033	
Hartmann US Inc	Promote economic development, job growth	Chapter 100	75.0%	6,826,125	\$ 301,946.81	2026	
Hartmann US Inc	Promote economic development, job growth	Section 135.950-135.973	43.3%	1,014,920	\$ 44,893.97	2039	
UTW Rolla Development LLC	Promote economic development, job growth, development of blighted or underdeveloped area	Section 99.800-99.865 RSMo	75.0%	19,180	\$ 848.41	2033*	2033*
Menard Inc.	Promote economic development, job growth, development of blighted or underdeveloped area	Section 99.800-99.865 RSMo	75.0%	2,899,400	\$ 128,252.06	2033*	2033*
UTW Rolla Development LLC	Promote economic development, job growth, development of blighted or underdeveloped area	Section 99.800-99.865 RSMo	75.0%	543,100	\$ 24,023.49	2033*	2033*
UTW Rolla Development LLC	Promote economic development, job growth, development of blighted or underdeveloped area	Section 99.800-99.865 RSMo	75.0%	280,060	\$ 12,388.17	2033*	2033*
UTW Rolla Development LLC	Promote economic development, job growth, development of blighted or underdeveloped area	Section 99.800-99.865 RSMo	75.0%	846,260	\$ 37,433.46	2033*	2033*
UTW Rolla Development LLC	Promote economic development, job growth, development of blighted or underdeveloped area	Section 99.800-99.865 RSMo	75.0%	51,560	\$ 2,280.71	2033*	2033*
Kris Hotel LLC	Promote economic development, job growth, development of blighted or underdeveloped area	Section 135.950-135.973	65.0%	856,499	\$ 37,886.38	2032	2032
					\$ 652,842.71		

NOTE 12 – CONSTRUCTION COMMITMENTS:

The District had several uncompleted construction contracts in the capital projects fund. The remaining commitment on these construction contracts was approximately \$23,375,260.

NOTE 13 – EVALUATION OF SUBSEQUENT EVENTS:

The District has evaluated subsequent events through November 15, 2023, the date which the financial statements were available to be issued.

## OTHER INFORMATION

ROLLA SCHOOL DISTRICT NO. 31

BUDGETARY COMPARISON SCHEDULE - MODIFIED CASH BASIS  
GENERAL FUND

FOR THE YEAR ENDED JUNE 30, 2023

	Original Budget	Final Budget	Actual	Variance
<b>Revenues</b>				
Local	\$ 15,385,157	\$ 16,811,762	\$ 16,815,001	\$ 3,239
County	450,500	564,500	599,663	35,163
State	1,151,022	1,198,105	1,334,544	136,439
Federal	1,287,581	2,260,760	2,176,407	(84,353)
Investment Income	60,000	-	835,635	835,635
Other	45,000	50,500	50,544	44
Total Revenues	<u>18,379,260</u>	<u>20,885,627</u>	<u>21,811,794</u>	<u>926,167</u>
<b>Expenditures</b>				
Instruction	3,453,489	4,027,853	3,078,845	949,008
Attendance	360,141	359,391	300,696	58,695
Guidance	210,471	215,671	188,415	27,256
Health, Psych, Speech and Audio	657,384	661,084	654,851	6,233
Improvement of Instruction	101,050	140,150	116,867	23,283
Professional Development	58,127	95,527	73,571	21,956
Media Services	237,584	237,584	221,876	15,708
Board of Education Services	235,050	242,672	190,261	52,411
Executive Administration	1,735,468	1,861,915	1,508,464	353,451
Building Administration	639,847	634,647	607,837	26,810
Business/Central Services	480,337	478,837	481,434	(2,597)
Operation of Plant	4,215,857	4,372,598	4,014,725	357,873
Security Services	267,500	293,500	270,102	23,398
Transportation	2,089,969	2,070,465	1,984,497	85,968
Food Service	2,102,896	2,147,791	1,930,211	217,580
Central Office Support Services	166,672	171,672	169,271	2,401
Community Education	66,237	122,734	60,362	62,372
Community Services	-	-	53,730.62	(53,730.62)
Total Expenditures	<u>17,078,079</u>	<u>18,134,091</u>	<u>15,906,017</u>	<u>2,228,074</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	1,301,181	2,751,536	5,905,778	3,154,242
<b>Other Financing Sources (Uses):</b>				
Proceeds from Sales	-	-	3,782	3,782
Transfers from Fund	(8,488,492)	(7,507,898)	(4,711,046)	2,796,852
Total Other Financing Sources (Uses)	<u>(8,488,492)</u>	<u>(7,507,898)</u>	<u>(4,711,046)</u>	<u>2,796,852</u>
Excess (Deficiency) of Revenues and Other Financing Sources over (Under) Expenditures and Other Financing (Uses)	(7,187,311)	(4,756,362)	1,198,514	5,954,876
Fund Balance, Beginning of Year - Restated	<u>17,240,009</u>	<u>17,240,009</u>	<u>17,240,009</u>	<u>-</u>
Fund Balance, End of Year	<u>\$ 10,052,698</u>	<u>\$ 12,483,647</u>	<u>\$ 18,438,522</u>	<u>\$ 5,954,876</u>

ROLLA SCHOOL DISTRICT NO. 31

BUDGETARY COMPARISON SCHEDULE - MODIFIED CASH BASIS  
SPECIAL REVENUE FUND

FOR THE YEAR ENDED JUNE 30, 2023

	Original Budget	Final Budget	Actual	Variance
<b>Revenues</b>				
Local	\$ 4,650,000	\$ 4,650,400	\$ 5,089,637	\$ 439,237
County	275,000	318,000	317,953	(47)
State	15,211,900	17,364,111	18,070,498	706,387
Federal	4,534,651	5,617,559	5,494,451	(123,108)
Investment Income	400	-	291	291
Other	1,030,000	1,133,000	942,260	(190,740)
Total Revenues	<u>25,701,951</u>	<u>29,083,070</u>	<u>29,915,090</u>	<u>832,020</u>
<b>Expenditures</b>				
Instruction	25,686,784	27,227,097	26,282,520	944,577
Guidance	1,215,499	1,302,412	1,176,014	126,398
Health, Psych, Speech and Audio	736,869	803,869	558,144	245,725
Improvement of Instruction	48,269	257,059	260,492	(3,433)
Professional Development	127,112	96,212	75,381	20,831
Media Services	712,087	712,087	698,972	13,115
Executive Administration	1,134,536	1,131,736	1,124,479	7,257
Building Administration	1,737,571	1,732,546	1,717,099	15,447
Community Education	497,636	521,978	10,100	511,878
Community Services	-	-	497,935	(497,935)
Total Expenditures	<u>31,896,363</u>	<u>33,784,996</u>	<u>32,401,135</u>	<u>1,383,861</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(6,194,412)	(4,701,926)	(2,486,046)	(2,215,880)
<b>Other Financing Sources (Uses):</b>				
Transfers to Fund	7,488,492	5,282,898	2,486,046	2,796,852
Total Other Financing Sources (Uses)	<u>7,488,492</u>	<u>5,282,898</u>	<u>2,486,046</u>	<u>2,796,852</u>
Excess (Deficiency) of Revenues and Other Financing Sources over (Under) Expenditures and Other Financing (Uses)	1,294,080	580,972	-	580,972
Fund Balance, Beginning of Year	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balance, End of Year	<u>\$ 1,294,080</u>	<u>\$ 580,972</u>	<u>\$ -</u>	<u>\$ 580,972</u>

ROLLA SCHOOL DISTRICT NO. 31  
NOTES TO THE BUDGETARY COMPARISON SCHEDULES  
FOR THE YEAR ENDED JUNE 30, 2023

Budget Law

The District follows these procedures in establishing the budgetary data reflected in the financial statements:

1. In accordance with Section 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.

SUPPLEMENTARY  
INFORMATION

# Federal Compliance Section

Rolla School District No.31  
Schedule of Expenditures of Federal Awards  
For the Year Ended June 30, 2023

<i>Federal Grantor/Pass-Through Grantor/Program or Cluster Title</i>	<i>Assistance Listing Number</i>	<i>Pass-through Entity Identifying Number</i>	<i>Total Federal Expenditures(\$)</i>
<b>Department of Agriculture Pass-Through Programs</b>			
Passed-through MO DESE			
<i>Child Nutrition Cluster</i>			
School Services Lunch Payment	10.555	081-096	1,258,508
School Breakfast Program	10.553	081-096	322,154
Non Cash Food Distribution	10.555	081-096	202,900
<i>Total Child Nutrition Cluster</i>			1,783,562
<b>Department of Education Pass-Through Programs</b>			
Passed-through MO DESE			
<i>IDEA Cluster</i>			
Special Education Grants to States	84.027	081-096	794,618
Special Education High Need Fund - Federal	84.027	081-096	441
Special Education - Assistive Technology Grant	84.027	081-096	746
ECSE - Federal (611)	84.027	081-096	118,749
ECSE - Federal (619)	84.173	081-096	32,445
COVID-19: ARP - IDEA 611 Entitlement Funds	84.027X	081-096	197,878
COVID-19: ARP - IDEA ECSE 619 Entitlement Funds	84.173X	081-096	13,866
<i>Total IDEA Cluster</i>			1,158,743
<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	354,606
Title I Grants to Local Educational Agencies	84.010	081-096	1,105,366
Title II.A Improving Teacher Quality State Grants/Title V			
Rural Low Income School Grants	84.367	081-096	145,208
Title III English Language Acquisition State Grants	84.365	081-096	6,490
Title IV.A	84.424A	081-096	86,449
Education Stabilization Fund (ESF)			
<i>ESF - Section I</i>			
COVID-19: CRSSA - CTE Equip & Enh Grant	84.425C	081-096	98,900
COVID-19: ARP - ESSER III	84.425U	081-096	2,694,632
COVID-19: CRRSA - ESSER II	84.425D	081-096	471
COVID-19: ARP - Homeless Children & Youth II	84.425W	081-096	1,436
COVID-19: ARP - ESSER II - Grow Your Own	84.425D	081-096	3,655
COVID-19: CARES - ESSER II - Teacher Retention	84.425D	081-096	69,154
<i>Total Education Stabilization Fund</i>			2,868,248
<i>Total Other Programs</i>			4,566,367
<b>Department of Health and Human Services Pass-Through Program</b>			
Passed-through MO DESE			
Kindergarten Entry Assessment	93.434	081-096	1,700
<i>Total Expenditures of Federal Awards</i>			\$ 7,510,372

The accompanying notes are an integral part of this schedule

Rolla School District No.31  
Schedule of Expenditures of Federal Awards  
For the Year Ended June 30, 2023

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(Continued)

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 ("The 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

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

Expenditures reported on the Schedule are reported in accordance with the modified cash basis of accounting. 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 \$17,891, in inventory.

The accompanying notes are an integral part of this schedule



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

To the Board of Education of the  
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 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, 2023, 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, 2023.

*Report on 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”) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District’s internal control. Accordingly, we do not express an opinion on the effectiveness of the District’s internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity’s financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or 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. We did identify a certain deficiency in internal control, described in the accompanying Schedule of Findings and Responses as item 2023-001, that we consider to be a significant deficiency.

*Report on 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 statements. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

*The District's Response to Findings*

*Government Auditing Standards* requires the auditor to perform limited procedures on the District's response to the findings identified in our audit and described in the accompanying Schedule of Findings and Responses. The District's response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

*Purpose of This Report*

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

Graves and Associates,  
CPAs, LLC

GRAVES AND ASSOCIATES, CPAs, LLC  
Jefferson City, Missouri

November 15, 2023



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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 the  
Rolla School District No. 31  
Rolla, Missouri:

Report on Compliance for Each Major Federal Program

*Opinion on Each Major Federal Program*

We have audited Rolla School District No. 31’s (the “District”) compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of the District’s major federal programs for the year ended June 30, 2023. The District’s major federal programs are identified in the summary of auditor’s results section of the accompanying Schedule of Findings and Responses.

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, 2023.

*Basis for Opinion on Each Major Federal Program*

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (“*The Uniform Guidance*”). Our responsibilities under those standards and *The Uniform Guidance* are further described in the Auditor’s Responsibilities for the Audit of Compliance section of our report.

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

*Responsibilities of Management for Compliance*

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

### *Auditor's Responsibilities for the Audit of Compliance*

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the District's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the District's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with *The Uniform Guidance*, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control over compliance. Accordingly, no such opinion is expressed.

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

### *Report on Internal Control Over Compliance*

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

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that have not been identified.

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

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

Graves and Associates,  
CPAs, LLC

GRAVES AND ASSOCIATES, CPAs, LLC  
Jefferson City, Missouri

November 15, 2023

ROLLA SCHOOL DISTRICT NO. 31  
 SCHEDULE OF FINDINGS AND RESPONSES 2 CFR SECTION 200.515  
 FOR THE YEAR ENDED JUNE 30, 2023

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:

Assistance Listing Number (s)

Name of Federal Program or Cluster

U.S. Department of Agriculture:

Passed through the Missouri Department of Elementary and Secondary Education

84.425  
 10.553/10.555

Educational Stabilization Fund – Section 1  
 Child Nutrition Cluster





# ROLLA PUBLIC SCHOOLS

D. Kent King Administration Center

**DR. KYLE DARE**  
Superintendent

**DR. MONICA FULTON**  
Assistant Superintendent Human  
Resources & Support Services

**DR. MANDY WELCH**  
Assistant Superintendent  
Curriculum & Instruction

CORRECTIVE ACTION PLAN  
November 15, 2023

U.S. DEPARTMENT OF EDUCATION AND U.S. DEPARTMENT OF EDUCATION

The Rolla School District No. 31 respectfully submits the following corrective action plan for the year ended June 30, 2023.

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, 2023

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

CORRECTIVE ACTION PLAN (Continued)  
November 15, 2023

FINDINGS – FINANCIAL STATEMENT FINDINGS:

SIGNIFICANT DEFICIENCY

2023-001: Segregation of Duties (Resubmitted)

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.

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.

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 School District No. 31

SUPPLEMENTARY STATE  
INFORMATION

# State Compliance Section



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

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

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

We have examined Rolla School District No. 31’s (the “District”) compliance with the requirements of Missouri laws and regulations regarding budgetary and disbursement procedures; accurate disclosure of the District’s attendance hours, standard day length, resident membership on the last Wednesday of September, pupil transportation records of the average daily transportation of pupils eligible and ineligible for state aid, the number of miles eligible and ineligible for state aid, and other statutory requirements as listed in the Schedule of Selected Statistics during the year ended June 30, 2023. Management of the District is responsible for its compliance with the specified requirements. Our responsibility is to express an opinion on 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 those standards require that we plan and perform the examination to obtain reasonable assurance about whether the District complied, in all material respects, with the specified requirements referenced above. An examination involves performing procedures to obtain evidence about whether the District complied with the specified requirements. The nature, timing, and extent of the procedures selected depend on our judgement, including an assessment of the risks of material noncompliance, whether due to fraud or error. We believe that our examination provides a reasonable basis for our opinion.

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

Our examination engagement does not provide a legal determination on the District’s compliance with the specified requirements.

In our opinion, the District complied, in all material respects, with the aforementioned requirements for the year ended June 30, 2023.

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

Graves and Associates,  
CPAs, LLC

GRAVES AND ASSOCIATES, CPAs, LLC  
Jefferson City, Missouri

November 15, 2023

ROLLA SCHOOL DISTRICT NO. 31  
 SCHEDULE OF SELECTED STATISTICS  
 FOR THE YEAR ENDED JUNE 30, 2023

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

School Code	Begin Grade	End Grade	Half Day Indicator	Standard Day Length	Days	Hours in Session
4040	K	3	-	6.9000	168	1,150.0000
4060	K	3	-	6.9000	168	1,150.0000
4100	K	3	-	6.9000	168	1,150.0000
3000	4	6	-	6.7500	168	1,125.4000
2050	7	8	-	6.7500	168	1,125.4000
1050	9	12	-	6.7500	168	1,125.4000

2. Attendance Hours

School Code	Grade Level	Full-Time Hours	Part-Time Hours	Remedial Hours	Other Hours	Summer School Hours	Total Hours
4040	K – 3	372,217.5971	193.9200	-	-	28,300.0504	400,711.5675
4060	K – 3	457,262.8984	245.8500	-	-	112.0000	457,620.7484
4100	K – 3	430,931.5015	656.2866	-	-	-	431,587.7881
3000	4 – 6	878,522.1528	2,097.4899	-	-	17,091.2997	897,710.9424
2050	7 – 8	636,179.9563	2,821.7100	-	-	5,124.6665	644,126.3228
1050	9 – 12	1,109,319.0659	127,597.1898	-	-	46,497.5949	1,283,413.8506
<b>Grand Total</b>		3,884,433.1720	133,612.4363	-	-	97,125.6115	4,115,171.2198

3. September Membership

School Code	Grade Level	Full-Time	Part-Time	Other	Total
4040	K – 3	353.00	0.72	-	353.72
4060	K – 3	423.00	0.43	-	423.43
4100	K – 3	404.00	0.85	-	404.85
3000	4 – 6	839.00	2.15	-	841.15
2050	7 – 8	618.00	3.85	-	621.85
1050	9 – 12	1,205.00	46.05	-	1,251.05
<b>Grand Total</b>		3,842.00	54.05	-	3,896.05

ROLLA SCHOOL DISTRICT NO. 31  
 SCHEDULE OF SELECTED STATISTICS  
 FOR THE YEAR ENDED JUNE 30, 2023

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

School Code	Free Lunch	Reduced Lunch	Deseg In Free	Deseg In Reduced	Total
4040	125.00	35.00	–	–	160.00
4060	154.00	39.00	–	–	193.00
4100	172.29	40.00	–	–	212.29
3000	274.71	76.00	–	–	350.71
2050	234.57	48.00	–	–	282.57
1050	335.31	96.14	–	–	431.45
Res II	16.00	1.00	–	–	17.00
<b>Grand Total</b>	<b>1,311.88</b>	<b>335.14</b>	<b>–</b>	<b>–</b>	<b>1,647.02</b>

5. Finance

- 5.1 The District maintained a calendar in accordance with Sections 160.041, 171.029, 171.031, and 171.033, RSMo and all attendance hours were reported. True
- 5.2 The District maintained complete and accurate attendance records allowing for the accurate calculation and reporting by category of Average Daily Attendance, which includes the reporting of calendar and attendance hours, for all students in accordance with all the applicable state rules and regulations. Sampling of records included those receiving instruction on the following categories:
- Academic Programs – Off-Campus N/A
  - Career Exploration Program – Off-Campus True
  - Cooperative Occupational Education (COE) or Supervised Occupational Experience Program True
  - Dual Enrollment True
  - Homebound instruction True
  - Missouri Options True
  - Prekindergarten eligible to be claimed for state aid N/A
  - Remediation N/A
  - Sheltered Workshop participation N/A
  - Students participating in the school flex program N/A
  - Traditional instruction (full and part-time students) True
  - Virtual instruction (MOCAP or other option) True
  - Work Experience for Students with Disabilities True
- 5.3 The District maintained complete and accurate attendance records allowing for the accurate calculation of September Membership for all students in accordance with all applicable state rules and regulations. True

ROLLA SCHOOL DISTRICT NO. 31  
 SCHEDULE OF SELECTED STATISTICS  
 FOR THE YEAR ENDED JUNE 30, 2023

5. Finance (Continued)

5.4	The District maintained complete and accurate attendance and other applicable record allowing for the accurate reporting of the State FTE count for Free and Reduced Lunch for all students in accordance with all applicable state rules and regulations.	<u>True</u>
5.5	As required by Section 162.401, RSMo, a bond was purchased for the District's treasurer in the total amount of:	<u>\$50,000</u>
5.6	The District's deposits were secured during the year as required by Sections 110.010 and 110.020, RSMo.	<u>True</u>
5.7	The District maintained a separate bank account for all Debt Service Fund monies in accordance with Section 108.180 and 165.011, RSMo. (Not applicable to charter schools)	<u>True</u>
5.8	Salaries reported for educators in the October MOSIS Educator Core and Educator School files are supported by complete and accurate payroll and contract records.	<u>True</u>
5.9	If a \$162,326 or 7% x SAT x WADA transfer was made in excess of adjusted expenditures, the Board approved 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.	<u>N/A</u>
5.10	The District published a summary of the prior year's audit report within thirty days of the receipt of the audit pursuant to Section 165.121, RSMo.	<u>True</u>
5.11	The District has a professional development committee plan adopted by the Board with the professional development committee plan identifying the expenditure of seventy-five percent (75%) of one percent (1%) of the current year formula apportionment. Remaining 25% of 1% if not spent must be restricted and spent on appropriate expenditures in the future.	<u>True</u>
5.12	The amount spent for approved professional development committee plan activities was:	<u>\$148,952</u>
5.13	The District has posted, at least quarterly, a searchable expenditure and revenue document or database detailing actual income, expenditures, and disbursement for the current calendar or fiscal year on the District website or other form of social media as required by Section 160.066, RSMo.	<u>True</u>

ROLLA SCHOOL DISTRICT NO. 31  
 SCHEDULE OF SELECTED STATISTICS  
 FOR THE YEAR ENDED JUNE 30, 2023

6. Transportation

6.1	The District’s transportation allowable costs substantially conform to 5 CSR 30-261.040, Allowable Costs for State Transportation Aid.	<u>True</u>
6.2	The District’s school’s pupil transportation ridership records are maintained in a manner to accurately disclose in all material respects the average number of regular riders transported.	<u>True</u>
6.3	Based on the ridership records, the average number of students (non-disabled K-12, K-12 students with disabilities and career education) transported on a regular basis (ADT) was:	
	• Eligible ADT	<u># 2,525.0</u>
	• Ineligible ADT	<u># 199.5</u>
6.4	The District’s school transportation odometer mileage records are maintained in a manner to accurately disclose in all material respects the eligible and ineligible mileage for the year.	<u>True</u>
6.5	Actual odometer records show the total district-operated <u>and</u> contracted mileage for the year was:	<u># 443,393</u>
6.6	Of this total, the eligible non-disabled and students with disabilities route miles and the ineligible non-route <u>and</u> disapproved miles (combined) was:	
	• Eligible Miles	<u># 346,181</u>
	• Ineligible Miles (Non-Route/Disapproved)	<u># 97,212</u>
6.7	Number of days the District operated the school transportation system during the regular school year.	<u>168</u>