

MONTGOMERY COUNTY R-II SCHOOL DISTRICT
MONTGOMERY COUNTY, MISSOURI
AUDITED FINANCIAL STATEMENTS
JUNE 30, 2021

MONTGOMERY COUNTY R-II SCHOOL DISTRICT

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MONTGOMERY COUNTY R-II SCHOOL DISTRICT

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FINANCIAL SECTION



Daniel Jones & Associates

MEMBERS OF
MISSOURI SOCIETY OF CPA'S
AMERICAN INSTITUTE OF CPA'S

CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITOR'S REPORT

To the Members of the Board of Education
Montgomery County R-II School District

Report on the Financial Statements

We have audited the accompanying modified cash-basis financial statements of the governmental activities and each major fund of Montgomery County R-II School District ("District"), Missouri, as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective modified cash-basis financial position of the governmental activities and each major fund of the District as of June 30, 2021, and the respective changes in modified cash basis financial position thereof for the year then ended in accordance with the modified cash-basis of accounting described in Note I.

Basis of Accounting

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

Other Matters

Supplementary and Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements as a whole that collectively comprise the District's basic financial statements. The budgetary comparison schedules and the schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The budgetary comparison schedules presented on pages 30 through 34 and the schedule of expenditures of federal awards presented on page 47 are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the budgetary comparison schedules and the schedule of expenditures of federal awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole on the basis of accounting described in Note I.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 1, 2021, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is 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.



DANIEL JONES & ASSOCIATES, P.C.
CERTIFIED PUBLIC ACCOUNTANTS
ARNOLD, MISSOURI

December 1, 2021

BASIC FINANCIAL STATEMENTS

MONTGOMERY COUNTY R-II SCHOOL DISTRICT
STATEMENT OF NET POSITION - MODIFIED CASH BASIS
AS OF JUNE 30, 2021

	<u>Governmental Activities</u>
Assets	
Current assets:	
Cash and Cash Equivalents (Note II)	\$ 5,624,306.77
Total Current Assets	<u>5,624,306.77</u>
Restricted assets:	
Cash and Cash Equivalents	
Debt Service	1,157,658.37
Investments	
Student Scholarships	6,485.63
Endowments	106,585.38
Total Restricted Assets	<u>1,270,729.38</u>
Total Assets	<u><u>6,895,036.15</u></u>
Liabilities	
Payroll Liabilities	-
Net Position	
Restricted for:	
Endowments	106,585.38
Student Scholarships	6,485.63
Debt Service	1,157,658.37
Unrestricted	<u>5,624,306.77</u>
Total Net Position	<u>6,895,036.15</u>
Total Liabilities and Net Position	<u><u>\$ 6,895,036.15</u></u>

The notes to the financial statements are an integral part of this statement.

**MONTGOMERY COUNTY R-II SCHOOL DISTRICT
STATEMENT OF ACTIVITIES - MODIFIED CASH BASIS
FOR THE YEAR ENDED JUNE 30, 2021**

Functions/Programs	Expenses	Program Revenues			Net (Expenses) Revenue and Changes in Net Position
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities
Governmental activities:					
Instruction	\$ 6,951,134.09	\$ 501,482.05	\$ 2,567,610.01	\$ -	\$ (3,882,042.03)
Attendance	71,147.58	-	-	-	(71,147.58)
Guidance	294,226.83	-	-	-	(294,226.83)
Health, Psych, Speech and Audio	419,367.46	-	-	-	(419,367.46)
Improvement of Instruction	125,939.99	-	52,455.64	-	(73,484.35)
Professional Development	40,564.93	-	-	-	(40,564.93)
Media Services (Library)	247,549.83	-	-	-	(247,549.83)
Board of Education Services	123,126.16	-	-	-	(123,126.16)
Executive Administration	866,414.79	-	-	-	(866,414.79)
Building Level Administration	800,746.12	-	-	-	(800,746.12)
Business Central Service	58,126.12	-	-	-	(58,126.12)
Operation of Plant	1,135,423.58	-	-	-	(1,135,423.58)
Security Services	581.88	-	-	-	(581.88)
Pupil Transportation	842,827.51	-	130,732.00	-	(712,095.51)
Food Services	112,626.43	53,503.07	3,120.79	-	(56,002.57)
Central Office Support Services	835.65	-	-	-	(835.65)
Other Supporting Services	-	-	-	-	-
Community Services	843,257.77	714.33	-	-	(842,543.44)
Capital Outlay	354,923.97	-	-	-	(354,923.97)
Debt Service:					
Principal Retirement	4,135,000.00	-	-	-	(4,135,000.00)
Interest and Fiscal Charges	510,474.28	-	-	-	(510,474.28)
Total Governmental Activities	<u>\$ 17,934,294.97</u>	<u>\$ 555,699.45</u>	<u>\$ 2,753,918.44</u>	<u>\$ -</u>	<u>(\$14,624,677.08)</u>
General revenues:					
Property taxes, levied for gen purposes					4,526,624.36
Property taxes, levied for debt service					881,906.84
Other taxes					281,036.17
Prop C - Sales tax					1,219,095.28
Federal, State, County Aid not restricted to specific purposes					4,443,374.83
Interest and investment earnings					1,013,818.11
Bond Issuance					5,500,000.00
Sale of Property					2,474.83
Miscellaneous					40,366.25
Subtotal, general revenues					<u>17,908,696.67</u>
Change in net position					3,284,019.59
Net position July 1, 2020					<u>3,611,016.56</u>
Net position June 30, 2021					<u>\$ 6,895,036.15</u>

The notes to the financial statements are an integral part of this statement.

**MONTGOMERY COUNTY R-II SCHOOL DISTRICT
BALANCE SHEET -MODIFIED CASH BASIS
ALL GOVERNMENTAL FUNDS
AS OF JUNE 30, 2021**

	General Fund	Special Revenue Fund	Debt Service Fund	Capital Projects Fund	Total Governmental Funds
ASSETS					
Cash and Cash Equivalents (Note II)	\$ 3,164,686.26	\$ 0.55	\$ -	\$ 2,459,619.96	\$ 5,624,306.77
Investments	-	-	-	-	-
Restricted Assets:					
Cash and Cash Equivalents	-	-	1,157,658.37	-	1,157,658.37
Investments	113,071.01	-	-	-	113,071.01
Total Assets	\$ 3,277,757.27	\$ 0.55	\$ 1,157,658.37	\$ 2,459,619.96	\$ 6,895,036.15
Liabilities					
Payroll Liabilities	-	-	-	-	-
Total Liabilities	-	-	-	-	-
FUND BALANCES					
Fund Balances (Note I):					
Nonspendable:					
Endowment	106,585.38	-	-	-	106,585.38
Restricted for:					
Debt Service	-	-	1,157,658.37	-	1,157,658.37
Student Scholarships	6,485.63	-	-	-	6,485.63
Assigned to:					
Capital Projects	-	-	-	2,459,619.96	2,459,619.96
Unrestricted	3,164,686.26	0.55	-	-	3,164,686.81
Total Fund Balances	3,277,757.27	0.55	1,157,658.37	2,459,619.96	6,895,036.15
Total Liabilities and Fund Balances	\$ 3,277,757.27	\$ 0.55	\$ 1,157,658.37	\$ 2,459,619.96	\$ 6,895,036.15

The notes to the financial statements are an integral part of this statement.

MONTGOMERY COUNTY R-II SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - MODIFIED CASH BASIS
ALL GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2021

	General Fund	Special Revenue Fund	Debt Service Fund	Capital Projects Fund	Total Governmental Funds
Revenues					
Local Sources	\$ 5,781,573.01	\$ 917,320.10	\$ 882,684.92	\$ 936,968.43	\$ 8,518,546.46
County Sources	1,239,314.56	69,341.26	292,374.87	-	1,601,030.69
State Sources	427,190.42	3,321,426.32	-	-	3,748,616.74
Federal Sources	1,495,338.93	352,306.91	-	-	1,847,645.84
TOTAL REVENUES	8,943,416.92	4,660,394.59	1,175,059.79	936,968.43	15,715,839.73
Expenditures					
Current					
Regular Instruction	1,646,384.88	5,301,551.96	-	3,197.25	6,951,134.09
Attendance	71,147.58	-	-	-	71,147.58
Guidance	57,801.65	236,425.18	-	-	294,226.83
Health, Psych, Speech & Audio	334,083.83	85,283.63	-	-	419,367.46
Improvement of Instruction	8,811.07	117,128.92	-	-	125,939.99
Professional Development	28,926.40	11,638.53	-	-	40,564.93
Media Services	55,902.47	191,647.36	-	-	247,549.83
Board of Education Services	123,126.16	-	-	-	123,126.16
Executive Administration	592,934.36	270,324.53	-	3,155.90	866,414.79
Building Level Administration	259,019.51	541,726.61	-	-	800,746.12
Business Central Services	58,126.12	-	-	-	58,126.12
Operation of Plant	1,129,588.58	-	-	5,835.00	1,135,423.58
Security Services	581.88	-	-	-	581.88
Pupil Transportation	820,218.86	22,608.65	-	-	842,827.51
Food Service	97,554.08	15,072.35	-	-	112,626.43
Central Office Support Services	835.65	-	-	-	835.65
Other Supporting Services	-	-	-	-	-
Community Services	752,742.86	90,514.91	-	-	843,257.77
Capital Outlay	-	-	-	354,923.97	354,923.97
Debt Service:					
Principal	-	-	420,000.00	3,715,000.00	4,135,000.00
Interest and Charges	-	-	396,237.45	114,236.83	510,474.28
Total Expenditures	6,037,785.94	6,883,922.63	816,237.45	4,196,348.95	17,934,294.97
Excess (deficiency) of revenues over expenditures	2,905,630.98	(2,223,528.04)	358,822.34	(3,259,380.52)	(2,218,455.24)
Other Financing Sources (Uses):					
Transfers	(2,423,528.59)	2,223,528.59	-	200,000.00	-
Sale of Bonds	-	-	-	5,500,000.00	5,500,000.00
Net Insurance Recovery	-	-	-	-	-
Sale of Other Property	-	-	-	2,474.83	2,474.83
Refunding Bonds	-	-	-	-	-
Tuition from other Districts	-	-	-	-	-
Area Voc Fees from Other LEAS	-	-	-	-	-
Contracted Educational Services	-	-	-	-	-
Trans from other LEAS Non-Handi	-	-	-	-	-
Trans from other LEAS for Handi	-	-	-	-	-
Trans from other LEAS for ECSE Handi	-	-	-	-	-
Total Other Financing Sources (Uses)	(2,423,528.59)	2,223,528.59	-	5,702,474.83	5,502,474.83
NET CHANGE IN FUND BALANCES	482,102.39	0.55	358,822.34	2,443,094.31	3,284,019.59
Fund Balances, July 1, 2020	2,795,654.88	-	798,836.03	16,525.65	3,611,016.56
Fund Balances, June 30, 2021	\$ 3,277,757.27	\$ 0.55	\$ 1,157,658.37	\$ 2,459,619.96	\$ 6,895,036.15

The notes to the financial statements are an integral part of this statement.

**MONTGOMERY COUNTY R-II SCHOOL DISTRICT
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
WITH THE GOVERNMENT-WIDE STATEMENT OF NET POSITION - MODIFIED CASH BASIS
JUNE 30, 2021**

Amounts reported for governmental activities in the statement of activities are different because:

Total Fund Balance - Governmental Funds	\$ 6,895,036.15
There are no items of reconciliation.	<u>-</u>
Total Net Position - Governmental Activities	<u><u>\$ 6,895,036.15</u></u>

The notes to the financial statements are an integral part of this statement.

MONTGOMERY COUNTY R-II SCHOOL DISTRICT
RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES WITH THE GOVERNMENT-WIDE STATEMENT OF ACTIVITIES - MODIFIED CASH BASIS
FOR THE YEAR ENDED JUNE 30, 2021

Total net change in fund balances - governmental funds	\$ 3,284,019.59
There are no items of reconciliation.	<u>-</u>
Change in net position of governmental activities:	<u><u>\$ 3,284,019.59</u></u>

The notes to the financial statements are an integral part of this statement.

MONTGOMERY COUNTY R-II SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2021

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Montgomery County R-II School District (“District”) operates under the regulations pursuant to Section 162.092 RSMo of the Public School Laws of Missouri, which designates a Board of Education to act as the governing authority. The District provides educational services.

As discussed further in Note I, these financial statements are presented on the modified cash basis of accounting. This modified cash basis of accounting differs from accounting principles generally accepted in the United States of America (GAAP). Generally accepted accounting principles include all relevant Governmental Accounting Standards Board (GASB) pronouncements.

A. Principles Determining the Scope of Reporting Entity

The financial statements of the District consist only of the funds of the District. The District has no financial accountability for any other governmental entity, since no other entities are considered to be controlled by or dependent on the District. Control or dependence is determined on the basis of budget adoption, taxing authority, funding, and appointment of the respective board. In addition, the District is not aware of any entity which would exercise such oversight which would result in the District being considered a component unit of the entity.

Excluded from the reporting entity:

Public School Retirement System of Missouri, Public Education Employee Retirement System, and Missouri United School Insurance Council (MUSIC). The participating School District’s governing bodies have appointed these potential component units jointly. These are independent units that select management staff, set user charges, establish budgets and control all aspects of its daily activity.

The District has determined that no other outside agency meets the above criteria and, therefore, no other agency has been included as a component unit in the District’s financial statements. In addition, the District is not aware of any entity that would exercise such oversight which would result in the District being considered a component unit of the entity.

Additionally, while the parent-teacher organizations of the District’s schools are organizations that provide financial support exclusively to the District, they are not required to be included as a component unit because the amount of financial support provided is of a de minimis nature.

B. Fund Accounting

The accounts of the District are organized on the basis of legally established funds, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund balance, revenues and expenditures/expenses on the modified cash basis of accounting. District resources are allocated to, and accounted for, in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled. The following fund types are used by the District:

MONTGOMERY COUNTY R-II SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2021

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

B. Fund Accounting (concluded)

1. Governmental Fund

Governmental Funds are those through which most of the District's functions are financed. The District's expendable financial resources are accounted for through Governmental Funds. The measurement focus is determined upon changes in the financial position rather than upon net income determination. The following are the District's governmental fund types, each of which the District considers to be a major fund.

General Fund

This fund is the general operating fund of the District and accounts for expenditures for non-certified employees, pupil transportation costs, operation of plant, fringe benefits, student body activities, community services, the food service program, and any expenditures not required or permitted to be accounted for in other funds.

Special Revenue Fund

A special revenue fund accounts for revenues derived from specific taxes or other earmarked revenue sources. The special revenue fund accounts for expenditures for certified employees involved in administration and instruction, and includes revenues restricted by the state and local tax levy allocations for the payment of teacher salaries and certain benefits.

Debt Service Fund

This fund is used to account for the accumulation of resources for, and the payment of, principal, interest and fiscal charges on long-term debt.

Capital Projects Fund

This fund is used to account for the proceeds of long-term debt, taxes and other revenues restricted for acquisition or construction of major capital assets and all other capital outlay.

MONTGOMERY COUNTY R-II SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2021

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

C. Basis of Presentation

Government-wide Financial Statements

The statement of net position and the statement of activities present financial information about the District as a whole. These statements include the financial activities of the primary government. Governmental activities generally are financed through taxes, intergovernmental revenues, and other non-exchange transactions.

The statement of net position presents the financial condition of the governmental activities of the District at year-end. The statement of activities presents a comparison between direct expenses and program revenues for each function of the District's governmental activities. Direct expenses are those that are specifically associated with and are clearly identifiable to a particular function. Amounts reported as *program revenues* include (a) charges paid by the students for tuition, fees, or goods and services offered by the programs and (b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program.

Revenues not classified as *program revenues* are presented as general revenues and include all property taxes. The comparison of direct expenses with program revenues identifies the extent to which each governmental function is self-financing or draws from the general revenues of the District.

Fund Financial Statements

The governmental fund financial statements present fund balances based on classifications that comprise a hierarchy based primarily on the extent to which the District is bound to honor constraints on the specific purposes for which amounts in the respective governmental funds can be spent. The classifications used in the governmental fund financial statements are as follows:

- Nonspendable Fund Balance consists of funds that cannot be spent due to their form (e.g., inventories and prepaids) or funds that legally or contractually must remain intact. The District has endowment funds included in this category.
- Restricted Fund Balance consists of funds that are mandated for a specific purpose by external parties, constitutional provisions or enabling legislation. Debt service resources are to be used for future servicing of the District held bonds and are restricted through debt covenants.
- Committed Fund Balance consists of funds that are set aside for a specific purpose by the District's highest level of decision-making authority, which is the Board of Education. Formal action must be taken prior to the end of the fiscal year, such as a vote from the Board of Education. The same formal action must be taken to remove or change the limitations placed on the funds.

MONTGOMERY COUNTY R-II SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2021

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

C. Basis of Presentation (concluded)

Fund Financial Statements (concluded)

- Assigned Fund Balance consists of funds that are set aside with the intent to be used for a specific purpose by the District's highest level of decision making authority, which is the Board of Education, or a body or official, like the Superintendent, that has been given the authority to assign funds. Assigned funds cannot cause a deficit in unassigned fund balance. This classification includes the remaining positive fund balance of all governmental funds except for the General Fund.
- Unassigned Fund Balance consists of excess funds that have not been classified in the previous four categories. All funds in this category are considered spendable resources. This category also provides the resources necessary to meet unexpected expenditures and revenue shortfalls.

The District would typically use Restricted fund balances first, followed by Committed resources, and then Assigned resources, as appropriate opportunities arise, but reserves the right to selectively spend Unassigned resources first to defer the use of these other classified funds.

As of June 30, 2021, fund balance components other than unassigned fund balances consist of the following:

	<u>Nonspendable</u>	<u>Restricted</u>	<u>Committed</u>	<u>Assigned</u>
General (Incidental) Fund	\$ 106,585.38	\$ 6,485.63	\$ -	\$ -
Special Revenue				
(Teachers) Fund	-	-	-	-
Debt Service Fund	-	1,157,658.37	-	-
Capital Projects Fund	-	-	-	2,459,619.96
	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,459,619.96</u>
Total	<u>\$ 106,585.38</u>	<u>\$ 1,164,144.00</u>	<u>\$ -</u>	<u>\$ 2,459,619.96</u>

D. Basis of Accounting

The financial statements are presented on a modified cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America (GAAP) as established by the Governmental Accounting Standards Board. This basis of accounting involves modifications to the cash basis of accounting to report in the statement of net position or balance sheet 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 and short-term liabilities arising from cash transactions or events.

MONTGOMERY COUNTY R-II SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2021

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

D. Basis of Accounting (concluded)

This modified cash basis of accounting differs from 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, deferred outflows, liabilities, and deferred inflows that do not arise from a cash transaction or event (such as donated assets and postemployment benefit obligations) are not reported, and the measurement of reported assets and liabilities does not involve adjustment to fair value.

If the District utilized the basis of accounting recognized as generally accepted in the United States, the fund financial statements for governmental funds would use the modified accrual basis of accounting, and the fund financial statements for proprietary fund types (if any) would use the accrual basis of accounting. All government-wide financial statements would be presented on the accrual basis of accounting.

Fiduciary Funds are maintained on the modified cash basis of accounting. This basis is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. Under the modified cash basis of accounting, revenue is recorded when received and expenditures are recorded when paid.

E. Pooled Cash and Temporary Investments

Cash resources are combined to form a pool of cash and temporary investments which are managed by the District Treasurer, except resources from the Debt Service Fund, as state law requires these deposits to be separately maintained. Cash and cash equivalents have a maturity date of less than three months or are highly liquid. Investments have terms longer than three months and are not able to be liquefied easily.

The District may invest in United States Treasury-bills, notes, bonds, government agency and instrumental obligations, repurchase agreements collateralized by government securities, time certificates of deposit, bankers' acceptances issued by domestic commercial banks, and commercial paper issued by domestic corporations.

Interest income earned is allocated to contributing funds based on each funds' proportionate share of funds invested. In addition, see Note II, Cash and Investments.

F. Restricted Cash

Restricted cash represents amounts whose use is limited by legal requirements, and consists of amounts escrowed for future general obligation bond principal and interest payments in conjunction with the Missouri School District Direct Deposit Program as discussed in Note II and Note IV.

MONTGOMERY COUNTY R-II SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2021

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (concluded)

G. Fund Balance Reserves

The District reserves those portions of fund balance legally segregated for a specific future use or which do not represent available expendable resources and therefore are not available for appropriation or expenditure. Unreserved fund balance indicates that portion of fund balance that is available for appropriation in future periods.

H. Net Position

Net position represents the difference between assets and liabilities. Net position is reported as restricted when there are limitations imposed on its use, either through the enabling legislation adopted by the District or through external restrictions imposed by creditors, grantors or laws or regulations of other governments. All other net position is reported as unrestricted. The District applies restricted resources first when an expense is incurred for purposes for which both restricted and unrestricted net position is available.

I. Interfund Activity

Interfund transfers are reported as other financing sources/uses in governmental funds. Repayments from funds responsible for particular expenditures/expenses to the funds that initially paid for them are not presented on the financial statements.

J. Extraordinary and Special Items

Extraordinary items are transactions or events that are both unusual in nature and infrequent in occurrence. Special items are transactions or events that are within the control of the Board of Education and that are either unusual in nature or infrequent in occurrence.

K. Inventories

The District does not maintain inventory cost records. Inventory is deemed to be immaterial and accounted for using the purchase method in which supplies are charged to expenditures when purchased.

L. Compensated Absences

Vacation time, personal sick days and sick leave are considered expenditures in the year paid. Amounts that are unpaid and which are vested in the employee are paid at termination.

M. Teachers' Salaries

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

MONTGOMERY COUNTY R-II SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2021

II. CASH AND INVESTMENTS

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

Deposits - Missouri statutes require that all deposits with financial institutions be collateralized in an amount at least equal to uninsured deposits. At June 30, 2021, the carrying amount of the District's deposits was \$6,895,036.15, and the bank balance was \$7,449,260.75. Of the bank balance, \$250,000 was covered by collateral held at the Federal Reserve Bank of St. Louis, \$4,599,847.15 was covered by federal depository insurance through the ICS program and the District's safekeeping bank agent, in the District's name, \$491,312.55 was secured through the MOHEFA program, and \$2,108,101.05 was secured by pledged securities.

The deposits and investments held at June 30, 2021, and reported at fair market value are as follows:

TYPE	MATURITIES	FAIR MARKET VALUE
DEPOSITS:		
Demand Deposits	N/A	\$ 3,369,193.46
RESTRICTED CASH:		
MOHEFA Bond Program	N/A	491,312.55
Demand Deposits	N/A	2,921,459.13
Total Deposits		6,290,652.59
INVESTMENTS:		
CD	11/17/2021	51,357.92
TRUST	N/A	6,485.63
CD	1/17/2022	3,597.46
CD	8/24/2021	51,630.00
Total Investments		113,071.01
TOTAL CASH AND INVESTMENTS		\$ 6,895,036.15

A. Custodial Credit Risk – Deposits

For a deposit, custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it. The District's investment policy does not include custodial credit risk requirements. The District's deposits were not exposed to custodial credit risk for the year ended June 30, 2021.

MONTGOMERY COUNTY R-II SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2021

II. CASH AND INVESTMENTS (concluded)

Custodial Credit Risk – Investments

Investment securities are exposed to custodial credit risk if the securities are uninsured, are not registered in the name of the government, and are held by the party who sold the security to the District or its agent but not in the government's name. The District does not have a policy for custodial credit risk relating to investments. All investments, evidenced by individual securities, are registered in the name of the District or of a type not exposed to custodial credit risk.

B. Summary of Carrying Values

The carrying values of deposits shown above are included in the financial statements at June 30, 2021, as follows:

Included in the following fund financial statement captions.

BALANCE SHEET – CASH, CASH EQUIVALENTS, AND INVESTMENT BALANCES

General Fund	\$	3,277,757.27
Special Revenue Fund		.55
Debt Service Fund		1,157,658.37
Capital Projects Fund		<u>2,459,619.96</u>
TOTAL CASH & INVESTMENTS	\$	<u><u>6,895,036.15</u></u>

III. TAXES

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

The District also receives sales tax collected by the State and remitted based on a prior year weighted average attendance. Districts are required to reduce the property tax levy by one-half the amount of sales tax estimated to be received in the subsequent calendar year, unless the District receives a Proposition C waiver.

The assessed valuation of the tangible taxable property (including state assessed railroad and utilities) for the calendar year 2020, for purposes of local taxation, was:

Real Estate:		
Residential	\$	61,081,360
Agricultural		12,309,129
Commercial		30,904,412
Personal Property:		<u>34,382,290</u>
TOTAL	\$	<u><u>138,677,191</u></u>

MONTGOMERY COUNTY R-II SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2021

III. TAXES (concluded)

The tax levy per \$100 of the assessed valuation of tangible taxable property for the fiscal year 2020-21, for purposes of local taxation, was:

	<u>UNADJUSTED</u>	<u>ADJUSTED</u>
General Fund	\$ 3.3363	\$ 3.3363
Special Revenue Fund	0.0000	0.0000
Debt Service Fund	0.6500	0.6500
Capital Projects Fund	0.0000	0.0000
TOTAL	<u>\$ 3.9863</u>	<u>\$ 3.9863</u>

The receipts of current property taxes during the fiscal year ended June 30, 2021, aggregated approximately 91.97% of the current assessment computed on the basis of the levy as shown above.

IV. CHANGES IN LONG-TERM DEBT

The following is a summary of changes in long-term debt for the year ended June 30, 2021:

	<u>GENERAL OBLIGATION BONDS</u>	<u>LEASEHOLD REVENUE BONDS</u>
Long-Term Debt July 1, 2020	\$ 9,785,000	\$ 3,715,000
Add-Issued	5,500,000	-
Less-Payments	<u>(420,000)</u>	<u>(3,715,000)</u>
Long-Term Debt - June 30, 2021	<u>\$ 14,865,000</u>	<u>\$ -</u>

Bonds payable at June 30, 2021, consist of:

\$10,000,000 General Obligation Refunding Bonds Series 2013 due in varying installments ranging from \$735,000 to \$765,000 through March 1, 2024; interest is variable between 1.80% and 2.00% paid in semiannual payments.	\$ 2,250,000
\$4,500,000 General Obligation Refunding Bonds Series 2014 due in varying installments ranging from \$620,000 to \$670,000 through March 1, 2021; interest is variable between 0.40% and 2.10% paid in semiannual payments.	-
\$7,645,000 General Obligation Refunding Bonds Series 2019 due in varying installments ranging from \$500,000 to \$925,000 through March 1, 2033; interest is variable between 2.00% and 3.00% paid in semiannual payments.	7,115,000
\$10,000,000 General Obligation Refunding Bonds Series 2020 due in varying installments ranging from \$800,000 to \$1,000,000 through March 1, 2039; interest rate is 5.00% and 2.00% paid in semiannual payments. These paid off the Lease Participation Certificates Series 2014A and 2015.	<u>5,500,000</u>
TOTAL GENERAL OBLIGATION BONDS.....	<u>\$ 14,865,000</u>

MONTGOMERY COUNTY R-II SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2021

IV. CHANGES IN LONG-TERM DEBT (concluded)

The annual requirements to amortize general obligation bond debt outstanding as of June 30, 2021, including interest payments are as follows:

FISCAL YEAR ENDING JUNE 30,	PRINCIPAL	INTEREST	TOTAL
2022	\$ 735,000	\$ 493,280	\$ 1,228,280
2023	750,000	480,050	1,230,050
2024	765,000	465,800	1,230,800
2025	500,000	450,500	950,500
2026	800,000	440,500	1,240,500
2027-2031	4,275,000	1,947,100	6,222,100
2032-2036	4,090,000	1,317,150	5,407,150
2037-2039	2,950,000	297,500	3,247,500
TOTALS	<u>\$ 14,865,000</u>	<u>\$ 5,891,880</u>	<u>\$ 20,756,880</u>

The bond payments are made from the Debt Service fund.

Article VI, Section 26(b), Constitution of Missouri, limits the outstanding amount of authorized general obligation bonds of a district to 15% of the assessed valuation of the district (including state-assessed railroad and utilities). The District did not exceed the legal debt margin at June 30, 2021.

V. OPERATING LEASES

The District leases copiers from Marco Financial as an operating lease agreement. The lease agreement dated June 28, 2017, has 60 monthly payments of \$1,898.63. The future payment requirements for the operating leases are as follows:

FISCAL YEAR ENDING JUNE 30,	RENTAL PAYMENTS
2022	<u>\$ 22,783.56</u>
TOTAL	<u>\$ 22,783.56</u>

MONTGOMERY COUNTY R-II SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2021

VI. RETIREMENT PLAN

Summary of Significant Accounting Policies

Financial reporting information pertaining to the district's participation in the Public School Retirement System of Missouri and the Public Education Employee Retirement System of Missouri (PSRS and PEERS, also referred to as the Systems) is prepared in accordance with Governmental Accounting Standards Board (GASB) Statement No. 68, *Accounting and Financial Reporting for Pensions*, as amended.

The fiduciary net position, as well as additions to and deductions from fiduciary net position, of PSRS and PEERS have been determined on the same basis as they are reported by the Systems. The financial statements were prepared using the accrual basis of accounting. Member and employer contributions are recognized when due, pursuant to formal commitments and statutory requirements. Benefits and refunds of employee contributions are recognized when due and payable in accordance with the statutes governing the Systems. Expenses are recognized when the liability is incurred, regardless of when payment is made. Investments are reported at fair value. The fiduciary net position is reflected in the measurement of the district's net pension liability, deferred outflows and inflows of resources related to pensions, and pension expense. A Comprehensive Annual Financial Report ("CAFR") can be obtained at www.psrs-peers.org.

General Information about the Pension Plan - PSRS

Plan Description. PSRS is a mandatory cost-sharing multiple employer retirement system for all full-time certificated employees and certain part-time certificated employees of all public school districts in Missouri (except the school districts of St. Louis and Kansas City) and all public community colleges. PSRS also includes certificated employees of the Systems, Missouri State Teachers' Association, Missouri State High School Activities Association, and certain employees of the state of Missouri who elected to remain covered by PSRS under legislation enacted in 1986, 1987 and 1989. The majority of PSRS members are exempt from Social Security contributions. In some instances, positions may be determined not to be exempt from Social Security contributions. Any PSRS member who is required to contribute to Social Security comes under the requirements of Section 169.070 (9) RSMo, known as the "two-thirds statute." PSRS members required to contribute to Social Security are required to contribute two-thirds of the approved PSRS contribution rate and their employer is required to match the contribution. The members' benefits are further calculated at two-thirds the normal benefit amount.

Benefits Provided. PSRS is a defined benefit plan providing retirement, disability, and death/survivor benefits. Members are vested for service retirement benefits after accruing five years of service. Individuals who (a) are at least age 60 and have a minimum of 5 years of service, (b) have 30 years of service, or (c) qualify for benefits under the "Rule of 80" (service and age total at least 80) are entitled to a monthly benefit for life, which is calculated using a 2.5% benefit factor. Actuarially age-reduced benefits are available for members with five to 24.9 years of service at age 55. Members who are younger than age 55 and who do not qualify under the "Rule of 80" but have between 25 and 29.9 years of service may retire with a lesser benefit factor. Members that are three years beyond normal retirement can elect to have their lifetime monthly benefits actuarially reduced in exchange for the right to also receive a one-time partial lump sum (PLSO) payment at retirement equal to 12, 24, or 36 times the Single Life benefit amount.

MONTGOMERY COUNTY R-II SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2021

VI. RETIREMENT PLAN (CONTINUED)

General Information about the Pension Plan – PSRS (Concluded)

A Summary Plan Description detailing the provisions of the plan can be found on Systems' website at www.psr-peers.org.

Contributions. PSRS members were required to contribute 14.5% of their annual covered salary during fiscal years 2019, 2020 and 2021. Employers were required to match the contributions made by employees. The contribution rate is set each year by the PSRS Board of Trustees upon the recommendation of the independent actuary within the contribution restrictions set in Section 169.030 RSMo. The annual statutory increase in the total contribution rate may not exceed 1% of pay.

The district's contributions to PSRS were \$817,107.37 for the year ended June 30, 2021.

General Information about the Pension Plan - PEERS

Plan Description. PEERS is a mandatory cost-sharing multiple employer retirement system for all non-certificated public school district employees (except the school districts of St. Louis and Kansas City), employees of the Missouri Association of School Administrators, and community college employees (except the Community College of St. Louis). Employees of covered districts who work 20 or more hours per week on a regular basis and who are not contributing members of the Public School Retirement System of Missouri (PSRS) must contribute to PEERS. Employees of the Systems who do not hold Missouri educator certificates also contribute to PEERS. PEERS was established as a trust fund by an Act of the Missouri General Assembly effective October 13, 1965. Statutes governing the System are found in Sections 169.600 - 169.715 and Sections 169.560-169.595 RSMo. The statutes place responsibility for the operation of PEERS on the Board of Trustees of the PSRS.

Benefits Provided. PEERS is a defined benefit plan providing retirement, disability and death benefits to its members. Members are vested for service retirement benefits after accruing five years of service. Individuals who (a) are at least age 60 and have a minimum of five years of service, (b) have 30 years of service, or (c) qualify for benefits under the "Rule of 80" (service and age total at least 80) are entitled to a monthly benefit for life, which is calculated using a 1.61% benefit factor. Members qualifying for "Rule of 80" or "30-and-out" are entitled to an additional temporary benefit until reaching minimum Social Security age (currently age 62), which is calculated using a 0.8% benefit factor. Actuarially age-reduced retirement benefits are available with five to 24.9 years of service at age 55. Members who are younger than age 55 and who do not qualify under the "Rule of 80" but have between 25 and 29.9 years of service may retire with a lesser benefit factor. Members that are three years beyond normal retirement can elect to have their lifetime monthly benefits actuarially reduced in exchange for the right to also receive a one-time partial lump sum (PLSO) payment at retirement equal to 12, 24 or 36 times the Single Life benefit amount.

MONTGOMERY COUNTY R-II SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2021

VI. RETIREMENT PLAN (CONTINUED)

General Information about the Pension Plan – PEERS (Concluded)

A Summary Plan Description detailing the provisions of the plan can be found on Systems' website at www.psr-peers.org.

Contributions. PEERS members were required to contribute 6.86% of their annual covered salary during fiscal years 2019, 2020 and 2021. Employers were required to match the contributions made by employees. The contribution rate is set each year by the PSRS Board of Trustees upon the recommendation of the independent actuary within the contribution restrictions set in Section 169.030 RSMo. The annual statutory increase in the total contribution rate may not exceed 0.5% of pay.

The district's contributions to PEERS were \$132,591.37 for the year ended June 30, 2021.

Cost-of-Living Adjustments (COLA)

The Board of Trustees has established a policy of providing COLAs to both PSRS and PEERS members as follows:

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

For any PSRS member retiring on or after July 1, 2001, such adjustments commence on the second January after commencement of benefits and occur annually thereafter. For PEERS members, such adjustments commence on the fourth January after commencement of benefits and occur annually thereafter. The total of such increases may not exceed 80% of the original benefit for any member.

Pension Liabilities and Pension Expense - PSRS

At June 30, 2021, the district recorded a liability of \$9,886,303 for its proportionate share of the PSRS net pension liability. The net pension liability for the plan in total was measured as of June 30, 2020, and determined by an actuarial valuation as of that date. The district's proportionate share of the total net pension liability was based on the ratio of its actual contributions of \$801,281 paid to PSRS for the year ended June 30, 2020, relative to the total contributions of \$723,970,206 from all participating employers. At June 30, 2020, the district's proportionate share was 0.1107%.

MONTGOMERY COUNTY R-II SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2021

VI. RETIREMENT PLAN (CONTINUED)

Pension Liabilities and Pension Expense - PEERS

At June 30, 2021, the district recorded a liability of \$990,939 for its proportionate share of the PEERS net pension liability. The net pension liability for the plan in total was measured as of June 30, 2020, and determined by an actuarial valuation as of that date. The district's proportionate share of the total net pension liability was based on the ratio of its actual contributions of \$125,998 paid to PEERS for the year ended June 30, 2020, relative to the total contributions of \$123,440,288 from all participating employers. At June 30, 2020, the District's proportionate share was 0.1021%.

For the year ended June 30, 2021, the district recognized pension expense of \$1,466,438 for PSRS and \$202,174 for PEERS, its proportionate share of the total pension expense.

Actuarial Assumptions – PSRS and PEERS

Actuarial valuations of the Systems involve assumptions about probability of occurrence of events far into the future in order to estimate the reported amounts. Examples include assumptions about future employment, salary increases, and mortality. Amounts determined regarding the net pension liability are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The Board of Trustees adopts actuarial assumptions, each of which individually represents a reasonable long-term estimate of anticipated experience for the Systems, derived from experience studies conducted every fifth year and from Board policies concerning investments and COLAs. The most recent comprehensive experience studies were completed in June 2016. All economic and demographic assumptions were reviewed and updated, where appropriate, based on the results of the studies and effective with the June 30, 2016, valuation. For the June 30, 2017 valuations, the investment rate of return was reduced from 7.75% to 7.6% and the assumption for the annual cost-of-living adjustments was updated in accordance with the funding policies amended by the Board of Trustees at their November 2017 meeting. For the June 30, 2018 valuation, the investment rate of return assumption was further reduced from 7.6% to 7.50%. No additional assumptions have occurred. Significant actuarial assumption and methods are detailed below. For additional information please refer to the Systems' CAFR. The next experience studies are scheduled for 2021.

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

- Measurement Date	June 30, 2020
- Valuation Date	June 30, 2020
- Expected Return on Investments	7.50%, net of investment expenses and including 2.25% inflation
- Inflation	2.25%
- Total Payroll Growth - PSRS	2.75% per annum, consisting of 2.25% inflation, 0.25% real wage growth due to the inclusion of active health care costs in pensionable earnings, and 0.25% of real wage growth due to productivity.

MONTGOMERY COUNTY R-II SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2021

VI. RETIREMENT PLAN (CONTINUED)

Actuarial Assumptions – PSRS and PEERS (Continued)

- Total Payroll Growth - PEERS 3.25% per annum, consisting of 2.25% inflation, 0.50% real wage growth due to the inclusion of active health care costs in pensionable earnings, and 0.50% of real wage growth due to productivity.
- Future Salary Increases - PSRS 3.00% - 9.50%, depending on service and including 2.25% inflation, 0.25% real wage growth due to the inclusion of active health care costs in pensionable earnings, and 0.25% of real wage growth due to productivity and real wage growth for merit, promotion and seniority of 0.25% to 6.75%.
- Future Salary Increases - PEERS 4.00% - 11.00%, depending on service and including 2.25% inflation, 0.50% real wage growth due to the inclusion of active health care costs in pensionable earnings, and 0.50% of real wage growth due to productivity and real wage growth for merit, promotion and seniority of 0.75% to 7.75%.
- Cost-of-Living Increases – Both The annual COLA assumed in the valuation increases from 1.35% to 1.65% over six years beginning January 1, 2022. The COLA reflected for January 1, 2021, is 2.00%, in accordance with the actual COLA approved by the Board. This COLA assumption reflects an assumption that general inflation will increase from 1.95% to a normative inflation assumption of 2.25% over six years. It is also based on the current policy of the Board to grant a COLA on each January 1 as follows:
 - If the June to June change in the CPI-U is less than 2% for one or more consecutive one year periods, a cost-of-living increase of 2% will be granted when the cumulative increase is equal to or greater than 2%, at which point the cumulative increase in the CPI-U will be reset to zero. For the following year, the starting CPI-U will be based on the June value immediately preceding the January 1 at which the 2% cost-of-living increase is granted.
 - If the June to June change in the CPI-U is greater than or equal to 2%, but less than 5%, a cost-of-living increase of 2% will be granted.
 - If the June to June change in the CPI-U is greater than or equal to 5%, a cost-of-living increase of 5% will be granted.

MONTGOMERY COUNTY R-II SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2021

VI. RETIREMENT PLAN (CONTINUED)

Actuarial Assumptions – PSRS and PEERS (Continued)

- If the CPI decreases, no COLA is provided.

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

- Mortality Assumption

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

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

Non-Disabled Retirees,
Beneficiaries and Survivors - PSRS: RP 2006 White Collar Mortality Tables with plan-specific experience adjustments and static projection to 2028 using the 2014 SSA Improvement Scale.

Non-Disabled Retirees,
Beneficiaries and Survivors - PEERS: RP 2006 Total Dataset Mortality Tables with plan-specific experience adjustments and static projection to 2028 using the 2014 SSA Improvement Scale.

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

Changes in Actuarial Assumptions and Methods

There have been no assumption changes since the June 30, 2018 valuations.

Fiduciary Net Position

The Systems issues a publicly available financial report (CAFR) that can be obtained at www.psr-peers.org.

MONTGOMERY COUNTY R-II SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2021

VI. RETIREMENT PLAN (CONTINUED)

Expected Rate of Return

The long-term expected rate of return on investments was determined in accordance with Actuarial Standard Practice (ASOP) No. 27, *Selection of Economic Assumptions for Measuring Pension Obligations*. ASOP No. 27 provides guidance on the selection of an appropriate assumed rate of return. The long-term expected rate of return on the Systems' investments was determined using a building-block method in which best-estimate ranges of expected future real rates of returns (expected returns, net of investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the Systems' target allocation as of June 30, 2020, are summarized below.

Asset Class	Target Asset Allocation	Long-term Expected Real Return Arithmetic Basis
U.S. Public Equity	23.0%	4.81%
Public Credit	0.0%	0.80%
Hedged Assets	6.0%	2.39%
Non-U.S. Public Equity	16.0%	6.88%
U.S. Treasuries	20.0%	-0.02%
U.S. TIPS	0.0%	0.29%
Private Credit	8.0%	5.61%
Private Equity	16.0%	10.90%
Private Real Estate	11.0%	7.47%
Total	100.0%	

- Discount Rate

The long-term expected rate of return used to measure the total pension liability was 7.5% as of June 30, 2020, and is consistent with the long-term expected geometric return on plan investments. The actuarial assumed rate of return was 8.0% from 1980 through fiscal year 2016. The Board of Trustees adopted a new actuarial assumed rate of return of 7.75% effective with June 30, 2016, valuation based on the actuarial experience studies and asset-liability study conducted during the 2016 fiscal year. As previously discussed, the Board of Trustees further reduced the assumed rate of return to 7.6% effective with the June 30, 2017, valuation, and to 7.5% effective with the June 30, 2018 valuation. The projection of cash flows used to determine the discount rate assumed that employer contributions would be made at the actuarially calculated rate computed in accordance with assumptions and methods stated in the funding policy adopted by the Board of Trustees, which requires payment of the normal cost and amortization of the unfunded actuarially accrued liability in level percent of employee payroll installments over 30 years utilizing a closed period, layered approach. Based on this assumption, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members.

MONTGOMERY COUNTY R-II SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2021

VI. RETIREMENT PLAN (CONTINUED)

Expected Rate of Return (Concluded)

- Discount Rate Sensitivity

The sensitivity of the district's net pension liabilities to changes in the discount rate is presented below. The district's net pension liabilities calculated using the discount rate of 7.50% is presented as well as the net pension liability using a discount rate that is 1.0% lower (6.50%) or 1.0% higher (8.50%) than the current rate.

Discount Rate	<u>1% Decrease (6.50%)</u>	<u>Current Rate (7.50%)</u>	<u>1% Increase (8.50%)</u>
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PSRS Proportionate share of the Net Pension

Liability / (Asset)	\$16,776,527	\$9,886,303	\$4,156,198
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PEERS Proportionate share of the Net Pension

Liability / (Asset)	\$1,746,321	\$990,939	\$357,127
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Schedule of Proportionate Share of the Net Pension Liability and Related Ratios - PSRS

Year Ended	Proportion of the Net Pension Liability (Asset)	Proportionate Share Of the Net Pension Liability (Asset)	Actual Covered Member Payroll	Net Pension Liability (Asset) As a Percentage Of Covered Payroll	Fiduciary Net Position as A Percentage of Total Pension Liability
6/30/14	0.1217%	\$ 4,992,834	\$ 5,429,108	91.96%	89.34%
6/30/15	0.1187%	5,396,183	5,396,183	126.99%	85.78%
6/30/16	0.1194%	8,884,135	5,523,957	160.83%	82.18%
6/30/17	0.1188%	8,579,172	5,607,820	152.99%	83.77%
6/30/18	0.1115%	8,298,339	5,361,042	154.79%	84.06%
6/30/19	0.1112%	8,206,638	5,467,349	150.10%	84.62%
6/30/20	0.1107%	9,886,303	5,527,200	178.87%	82.01%

MONTGOMERY COUNTY R-II SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2021

VI. RETIREMENT PLAN (CONCLUDED)

Schedule of Proportionate Share of the Net Pension Liability and Related Ratios - PEERS

Year Ended	Proportion of the Net Pension Liability (Asset)	Proportionate Share Of the Net Pension Liability (Asset)	Actual Covered Member Payroll	Net Pension Liability (Asset) As a Percentage Of Covered Payroll	Fiduciary Net Position as A Percentage of Total Pension Liability
6/30/14	0.0994%	\$ 362,975	\$1,450,014	25.03%	91.33%
6/30/15	0.1022%	540,542	1,531,816	35.29%	88.28%
6/30/16	0.1020%	818,382	1,575,816	51.93%	83.32%
6/30/17	0.1038%	791,943	1,668,110	47.48%	85.35%
6/30/18	0.1052%	812,893	1,750,104	46.45%	86.06%
6/30/19	0.1079%	853,447	1,869,127	45.66%	86.38%
6/30/20	0.1021%	990,939	1,830,205	54.14%	84.06%

Schedule of Employer Contributions - PSRS

Year Ended	Statutorily Required Contribution	Actual Employer Contributions	Contribution Excess/ (Deficiency)	Actual Covered Member Payroll	Contributions as a Percentage of Covered Payroll
6/30/13	\$744,359	\$744,359	\$ -	\$5,155,802	14.44%
6/30/14	783,835	783,835	-	5,429,108	14.44%
6/30/15	779,085	779,085	-	5,396,183	14.44%
6/30/16	799,871	799,871	-	5,523,957	14.48%
6/30/17	812,539	812,539	-	5,607,820	14.49%
6/30/18	777,351	777,351	-	5,361,042	14.50%
6/30/19	791,358	791,358	-	5,467,349	14.47%
6/30/20	801,281	801,281	-	5,527,200	14.50%

Schedule of Employer Contributions - PEERS

Year Ended	Statutorily Required Contribution	Actual Employer Contributions	Contribution Excess/ (Deficiency)	Actual Covered Member Payroll	Contributions as a Percentage of Covered Payroll
6/30/13	\$93,758	\$ 93,758	\$ -	\$1,366,726	6.86%
6/30/14	99,471	99,471	-	1,450,014	6.86%
6/30/15	105,083	105,083	-	1,531,816	6.86%
6/30/16	108,101	108,101	-	1,575,816	6.86%
6/30/17	114,432	114,432	-	1,668,110	6.86%
6/30/18	120,057	120,057	-	1,750,104	6.86%
6/30/19	128,521	128,521	-	1,869,127	6.88%
6/30/20	125,998	125,998	-	1,830,205	6.88%

MONTGOMERY COUNTY R-II SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2021

VII. CONTINGENCIES

Litigation – The District is involved in pending lawsuits at June 30, 2021. No provision has been made in the financial statements for any loss that might arise in the event of an unfavorable outcome of these matters. District management believes that such litigation and claims will ultimately be resolved without material financial liability, if any, to the District.

Grant Audits – 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.

Participation in Public Entity Risk Pools – The District is exposed to various risks of loss due to torts; theft to, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The District was joined together with approximately 482 other Missouri public school districts and Missouri Junior Colleges to form the Missouri United School Insurance Council (MUSIC). MUSIC is a public entity risk pool currently operating as a common risk management and insurance program.

The District does not pay premiums to purchase insurance policies, but pays an assessment to be a member of the self-sustaining risk sharing group. Part of the assessment is used to purchase excess insurance for the group as a whole. The calendar year 2021 assessment was \$154,750.

The pooling agreement requires the pool to be self-sustaining. The District believes that it is not possible to estimate the range of contingent losses to be borne by the District.

VIII. POST-EMPLOYMENT BENEFITS

COBRA Benefits - Under the Consolidated Omnibus Budget Reconciliation Act (COBRA), the District provides healthcare benefits to eligible former employees and eligible dependents. Certain requirements are outlined by the federal government for this coverage. The premium is paid in full by the insured on or before the tenth (10th) day of the month for the actual month covered. This program is offered for a duration of 18 months after the termination date. There is no associated cost to the District under this program. For the year ended June 30, 2021, the District had no participants in this program.

In addition to the pension benefits described in Note VI, the District allows employees who retire from the District to participate in the District's health, dental and life insurance plans. Upon meeting the retirement requirements per PSRS and PEERS, the employees can elect to participate in the District's plans. The retirees must pay for 100% of their coverage for each plan in which they elect to participate. The premiums are based on a single blended rate used for both active employees and retirees. The difference between the amount the retiree is required to pay and the actual cost to the District is considered a post-employment benefit. The District has not established an irrevocable trust fund for the accumulation of resources for the future payment of benefits under the plan; benefits are paid on a pay-as-you-go basis. A standalone financial report is not available for the plan. During the year, approximately 84 retirees participated in the District's insurance plans and paid premiums totaling \$175,509.14.

MONTGOMERY COUNTY R-II SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2021

IX. INTERFUND TRANSFERS

During 2021, transfers were made to the Special Revenue Fund and the Capital Projects Fund from the General Fund. Transfers are made to the Special Revenue Fund in order to allocate more funds to the purpose of the Teachers' Fund. Transfers are made to the Capital Projects Fund to allocate more funds to capital projects.

TRANSFERS FROM:	TRANSFERS TO:	
	SPECIAL REVENUE (TEACHER'S FUND)	CAPITAL PROJECTS FUND
General (Incidental) Fund	\$ 2,223,528.59	\$ 200,000.00
	<u>\$ 2,223,528.59</u>	<u>\$ 200,000.00</u>

X. SUBSEQUENT EVENTS

There are no subsequent events to report as of the audit report date.

SUPPLEMENTARY INFORMATION

MONTGOMERY COUNTY R-II SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE - MODIFIED CASH BASIS
GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2021

	Budgeted Amounts		Actual	Variance Actual Over (Under) Final Budget
	Original	Final		
Revenues				
Local Sources	\$ 5,735,768.00	\$ 5,781,573.01	\$ 5,781,573.01	\$ -
County Sources	1,113,400.00	1,239,314.56	1,239,314.56	-
State Sources	402,697.00	427,190.42	427,190.42	-
Federal Sources	545,963.00	1,495,338.93	1,495,338.93	-
TOTAL REVENUES	7,797,828.00	8,943,416.92	8,943,416.92	-
Expenditures				
Current				
1000-Instruction	1,234,659.83	1,646,384.88	1,646,384.88	-
2000-Attendance	66,297.22	71,147.58	71,147.58	-
2120-Guidance	61,977.52	57,801.65	57,801.65	-
2130-Health, Psych Speech & Audio	222,610.08	334,083.83	334,083.83	-
2210-Improvement of Instruction	8,400.00	8,811.07	8,811.07	-
2214-Professional Development	30,496.79	28,926.40	28,926.40	-
2220-Media Services	75,774.15	55,902.47	55,902.47	-
2310-Board of Education Services	78,330.00	123,126.16	123,126.16	-
2320-Executive Administration	496,648.25	592,934.36	592,934.36	-
2400-Building Level Administration	284,295.65	259,019.51	259,019.51	-
2510-Business Central Services	46,561.60	58,126.12	58,126.12	-
2540-Operation of Plant	1,102,939.23	1,129,588.58	1,129,588.58	-
2546-Security Services	28,040.00	581.88	581.88	-
2550-Pupil Transportation	857,860.16	820,218.86	820,218.86	-
2561-Food Service	553,162.19	97,554.08	97,554.08	-
2600-Central Office Support Services	5,000.00	835.65	835.65	-
2900-Other Supporting Services	-	-	-	-
3000-Community Services	466,847.58	752,742.86	752,742.86	-
4000-Capital Outlay	-	-	-	-
Debt Service:				
5100-Principal	-	-	-	-
5200-Interest and Charges	-	-	-	-
Total Expenditures	5,619,900.25	6,037,785.94	6,037,785.94	-
Revenues Over (Under)				
Expenditures	2,177,927.75	2,905,630.98	2,905,630.98	-
Other Financing Sources (Uses)				
Transfers	-	(2,423,528.59)	(2,423,528.59)	-
Sale of Bonds	-	-	-	-
Net Insurance Recovery	-	-	-	-
Tuition from other Districts	-	-	-	-
Transportation From Other LEA's	-	-	-	-
Sale of Other Property/Net Insure Rec	200.00	-	-	-
Sources (Uses)	200.00	(2,423,528.59)	(2,423,528.59)	-
NET CHANGE IN FUND BALANCE	2,178,127.75	482,102.39	482,102.39	-
Fund Balance, July 1, 2020	2,795,654.88	2,795,654.88	2,795,654.88	-
Fund Balance, June 30, 2021	\$ 4,973,782.63	\$ 3,277,757.27	\$ 3,277,757.27	\$ -

MONTGOMERY COUNTY R-II SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE - MODIFIED CASH BASIS
SPECIAL REVENUE FUND
FOR THE YEAR ENDED JUNE 30, 2021

	Budgeted Amounts			Variance Actual Over (Under) Final Budget
	Original	Final	Actual	
Revenues				
Local Sources	\$ 874,974.00	\$ 917,320.10	\$ 917,320.10	\$ -
County Sources	126,100.00	69,341.26	69,341.26	-
State Sources	3,231,337.00	3,321,426.32	3,321,426.32	-
Federal Sources	662,746.00	352,306.91	352,306.91	-
TOTAL REVENUES	4,895,157.00	4,660,394.59	4,660,394.59	-
Expenditures				
Current				
1000-Instruction	5,272,999.80	5,301,551.96	5,301,551.96	-
2000-Attendance	-	-	-	-
2120-Guidance	235,406.77	236,425.18	236,425.18	-
2130-Health, Psych Speech & Audio	85,753.06	85,283.63	85,283.63	-
2210-Improvement of Instruction	117,594.26	117,128.92	117,128.92	-
2214-Professional Development	8,346.75	11,638.53	11,638.53	-
2220-Media Services	188,533.86	191,647.36	191,647.36	-
2310-Board of Education Services	-	-	-	-
2320-Executive Administration	270,280.77	270,324.53	270,324.53	-
2400-Building Level Administration	541,208.71	541,726.61	541,726.61	-
2510-Business Central Services	-	-	-	-
2540-Operation of Plant	-	-	-	-
2546-Security Services	-	-	-	-
2550-Pupil Transportation	22,440.00	22,608.65	22,608.65	-
2561-Food Service	14,959.99	15,072.35	15,072.35	-
2600-Central Office Support Services	-	-	-	-
2900-Other Supporting Services	-	-	-	-
3000-Community Services	84,220.99	90,514.91	90,514.91	-
4000-Capital Outlay	-	-	-	-
Debt Service:				
5100-Principal	-	-	-	-
5200-Interest and Charges	-	-	-	-
Total Expenditures	6,841,744.96	6,883,922.63	6,883,922.63	-
Revenues Over (Under)				
Expenditures	(1,946,587.96)	(2,223,528.04)	(2,223,528.04)	-
Other Financing Sources (Uses)				
Transfers	-	2,223,528.59	2,223,528.59	-
Sale of Bonds	-	-	-	-
Net Insurance Recovery	-	-	-	-
Tuition from other Districts	-	-	-	-
Sale of Other Property/Net Insure Rec	-	-	-	-
Sources (Uses)	-	2,223,528.59	2,223,528.59	-
NET CHANGE IN FUND BALANCE	(1,946,587.96)	0.55	0.55	-
Fund Balance, July 1, 2020	-	-	-	-
Fund Balance, June 30, 2021	\$ (1,946,587.96)	\$ 0.55	\$ 0.55	\$ -

MONTGOMERY COUNTY R-II SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE - MODIFIED CASH BASIS
DEBT SERVICE FUND
FOR THE YEAR ENDED JUNE 30, 2021

	Budgeted Amounts		Actual	Variance Actual Over (Under) Final Budget
	Original	Final		
Revenues				
Local Sources	\$ 896,454.00	\$ 882,684.92	\$ 882,684.92	\$ -
County Sources	236,500.00	292,374.87	292,374.87	-
State Sources	-	-	-	-
Federal Sources	-	-	-	-
TOTAL REVENUES	1,132,954.00	1,175,059.79	1,175,059.79	-
Expenditures				
Current				
1000-Instruction	-	-	-	-
2000-Attendance	-	-	-	-
2120-Guidance	-	-	-	-
2130-Health, Psych Speech & Audio	-	-	-	-
2210-Improvement of Instruction	-	-	-	-
2214-Professional Development	-	-	-	-
2220-Media Services	-	-	-	-
2310-Board of Education Services	-	-	-	-
2320-Executive Administration	-	-	-	-
2400-Building Level Administration	-	-	-	-
2510-Business Central Services	-	-	-	-
2540-Operation of Plant	-	-	-	-
2546-Security Services	-	-	-	-
2550-Pupil Transportation	-	-	-	-
2561-Food Service	-	-	-	-
2600-Central Office Support Services	-	-	-	-
2900-Other Supporting Services	-	-	-	-
3000-Community Services	-	-	-	-
4000-Capital Outlay	-	-	-	-
Debt Service:				
5100-Principal	668,295.00	420,000.00	420,000.00	-
5200-Interest and Charges	302,000.00	396,237.45	396,237.45	-
Total Expenditures	970,295.00	816,237.45	816,237.45	-
Revenues Over (Under)				
Expenditures	162,659.00	358,822.34	358,822.34	-
Other Financing Sources (Uses)				
Transfers	-	-	-	-
Sale of Bonds	-	-	-	-
Net Insurance Recovery	-	-	-	-
Tuition from other Districts	-	-	-	-
Sale of Other Property/Net Insure Rec	-	-	-	-
Sources (Uses)	-	-	-	-
NET CHANGE IN FUND BALANCE	162,659.00	358,822.34	358,822.34	-
Fund Balance, July 1, 2020	798,836.03	798,836.03	798,836.03	-
Fund Balance, June 30, 2021	\$ 961,495.03	\$ 1,157,658.37	\$ 1,157,658.37	\$ -

MONTGOMERY COUNTY R-II SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE - MODIFIED CASH BASIS
CAPITAL PROJECTS FUND
FOR THE YEAR ENDED JUNE 30, 2021

	Budgeted Amounts			Variance Actual Over (Under) Final Budget
	Original	Final	Actual	
Revenues				
Local Sources	\$ 3,500.00	\$ 936,968.43	\$ 936,968.43	\$ -
County Sources	7,750.00	-	-	-
State Sources	32,324.00	-	-	-
Federal Sources	-	-	-	-
TOTAL REVENUES	43,574.00	936,968.43	936,968.43	-
Expenditures				
Current				
Instruction	10,060.00	3,197.25	3,197.25	-
Attendance	-	-	-	-
Guidance	-	-	-	-
Health, Psych Speech & Audio	-	-	-	-
Improvement of Instruction	-	-	-	-
Professional Development	-	-	-	-
Media Services	5,000.00	-	-	-
Board of Education Services	-	-	-	-
Executive Administration	2,000.00	3,155.90	3,155.90	-
Building Level Administration	-	-	-	-
Business Central Services	-	-	-	-
Operation of Plant	9,250.00	5,835.00	5,835.00	-
Security Services	-	-	-	-
Pupil Transportation	-	-	-	-
Food Service	5,000.00	-	-	-
Central Office Support Services	-	-	-	-
Other Supporting Services	-	-	-	-
Community Services	-	-	-	-
Capital Outlay	-	354,923.97	354,923.97	-
Debt Service:				
Principal	-	3,715,000.00	3,715,000.00	-
Interest and Charges	-	114,236.83	114,236.83	-
Total Expenditures	31,310.00	4,196,348.95	4,196,348.95	-
Revenues Over (Under)				
Expenditures	12,264.00	(3,259,380.52)	(3,259,380.52)	-
Other Financing Sources (Uses)				
Transfers	-	200,000.00	200,000.00	-
Sale of Bonds	-	5,500,000.00	5,500,000.00	-
Net Insurance Recovery	-	-	-	-
Tuition from other Districts	-	-	-	-
Sale of Other Property/Net Insure Rec	3,500.00	2,474.83	2,474.83	-
Sources (Uses)	3,500.00	5,702,474.83	5,702,474.83	-
NET CHANGE IN FUND BALANCE	15,764.00	2,443,094.31	2,443,094.31	-
Fund Balance, July 1, 2020	16,525.65	16,525.65	16,525.65	-
Fund Balance, June 30, 2021	\$ 32,289.65	\$ 2,459,619.96	\$ 2,459,619.96	\$ -

MONTGOMERY COUNTY R-II SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE - MODIFIED CASH BASIS
ALL GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2021

	Budgeted Amounts			Variance Actual Over (Under) Final Budget
	Original	Final	Actual	
Revenues				
Local Sources	\$ 7,510,896.00	\$ 8,518,546.46	\$ 8,518,546.46	\$ -
County Sources	1,483,750.00	1,601,030.69	1,601,030.69	-
State Sources	3,666,358.00	3,748,616.74	3,748,616.74	-
Federal Sources	1,208,709.00	1,847,645.84	1,847,645.84	-
TOTAL REVENUES	13,869,713.00	15,715,839.73	15,715,839.73	-
Expenditures				
Current				
1000-Instruction	6,517,719.63	6,951,134.09	6,951,134.09	-
2000-Attendance	66,297.22	71,147.58	71,147.58	-
2120-Guidance	297,384.29	294,226.83	294,226.83	-
2130-Health, Psych Speech & Audio	308,363.14	419,367.46	419,367.46	-
2210-Improvement of Instruction	125,994.26	125,939.99	125,939.99	-
2214-Professional Development	38,843.54	40,564.93	40,564.93	-
2220-Media Services	269,308.01	247,549.83	247,549.83	-
2310-Board of Education Services	78,330.00	123,126.16	123,126.16	-
2320-Executive Administration	768,929.02	866,414.79	866,414.79	-
2400-Building Level Administration	825,504.36	800,746.12	800,746.12	-
2510-Business Central Services	46,561.60	58,126.12	58,126.12	-
2540-Operation of Plant	1,112,189.23	1,135,423.58	1,135,423.58	-
2546-Security Services	28,040.00	581.88	581.88	-
2550-Pupil Transportation	880,300.16	842,827.51	842,827.51	-
2561-Food Service	573,122.18	112,626.43	112,626.43	-
2600-Central Office Support Services	5,000.00	835.65	835.65	-
2900-Other Supporting Services	-	-	-	-
3000-Community Services	551,068.57	843,257.77	843,257.77	-
4000-Capital Outlay	-	354,923.97	354,923.97	-
Debt Service:				
5100-Principal	668,295.00	4,135,000.00	4,135,000.00	-
5200-Interest and Charges	302,000.00	510,474.28	510,474.28	-
Total Expenditures	13,463,250.21	17,934,294.97	17,934,294.97	-
Revenues Over (Under)				
Expenditures	406,462.79	(2,218,455.24)	(2,218,455.24)	-
Other Financing Sources (Uses)				
Transfers	-	-	-	-
Sale of Bonds	-	5,500,000.00	5,500,000.00	-
Net Insurance Recovery	-	-	-	-
Tuition from other Districts	-	-	-	-
Transportation From Other LEA's	-	-	-	-
Sale of Other Property/Net Insur Rec	3,700.00	2,474.83	2,474.83	-
Sources (Uses)	3,700.00	5,502,474.83	5,502,474.83	-
NET CHANGE IN FUND BALANCES	410,162.79	3,284,019.59	3,284,019.59	-
Fund Balances, July 1, 2020	3,611,016.56	3,611,016.56	3,611,016.56	-
Fund Balances, June 30, 2021	\$ 4,021,179.35	\$ 6,895,036.15	\$ 6,895,036.15	\$ -

MONTGOMERY COUNTY R-II SCHOOL DISTRICT
NOTES TO BUDGETARY COMPARISON SCHEDULES
YEAR ENDED JUNE 30, 2021

I. BUDGETS AND BUDGETARY ACCOUNTING

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

- A. In accordance with Chapter 67 RSMo, the District adopts a budget for each fund.
- B. Prior to June 30, the Superintendent, who serves as the budget officer, submits to the Board of Education a proposed budget for the fiscal year beginning 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.
- C. 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.
- D. Prior to July 1, the budget is legally enacted by a vote of the Board of Education.
- E. Subsequent to its formal approval of the budget, the Board of Education has the authority to make necessary adjustments to the budget by formal vote of the Board. Adjustments made during the year are reflected in the budget information included in the financial statements.

Budgeted amounts are as originally adopted on June 25, 2020, and as finally amended by the Board of Education on June 10, 2021.

- F. Budgets are adopted on the cash basis of accounting for all Governmental Funds.

MONTGOMERY COUNTY R-II SCHOOL DISTRICT
OTHER POST-EMPLOYMENT BENEFITS
YEAR ENDED JUNE 30, 2021

OTHER POST-EMPLOYMENT BENEFITS

COBRA Benefits - Under the Consolidated Omnibus Budget Reconciliation Act (COBRA), the District provides healthcare benefits to eligible former employees and eligible dependents. Certain requirements are outlined by the federal government for this coverage. The premium is paid in full by the insured on or before the tenth (10th) day of the month for the actual month covered. This program is offered for a duration of 18 months after the termination date. There is no associated cost to the District under this program. For the year ended June 30, 2021, the District had no participants in this program.

In addition to the pension benefits described in Note VI, the District allows employees who retire from the District to participate in the District's health, dental and life insurance plans. Upon meeting the retirement requirements per PSRS and PEERS, the employees can elect to participate in the District's plans. The retirees must pay for 100% of their coverage for each plan in which they elect to participate. The premiums are based on a single blended rate used for both active employees and retirees. The difference between the amount the retiree is required to pay and the actual cost to the District is considered a post-employment benefit. The District has not established an irrevocable trust fund for the accumulation of resources for the future payment of benefits under the plan; benefits are paid on a pay-as-you-go basis. A standalone financial report is not available for the plan. During the year, approximately 84 retirees participated in the District's insurance plans and paid premiums totaling \$175,509.14.

STATE COMPLIANCE SECTION



Daniel Jones & Associates

MEMBERS OF
MISSOURI SOCIETY OF CPA'S
AMERICAN INSTITUTE OF CPA'S

CERTIFIED PUBLIC ACCOUNTANTS

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

To the Members of the
Board of Education
Montgomery County R-II School District

Report on Compliance with State Requirements

We have examined management's assertions that the Montgomery County R-II School District ("District") complied with the requirements of Missouri laws and regulations regarding budgetary and disbursement procedures; accurate disclosure by the District's records of pupil attendance and average daily transportation of pupils, and other statutory requirements as listed in the Schedule of Selected Statistics for the year ended June 30, 2021.

Management's Responsibility

Management is responsible for the District's compliance with the aforementioned requirements.

Auditor's Responsibility

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

Opinion on Compliance with State Requirements

In our opinion, management's assertions that the Montgomery County R-II School District complied with the aforementioned requirements for the year ended June 30, 2021, are fairly stated, in all material respects. However, we noted an immaterial instance of noncompliance in which the District deficit budgeted the Special Revenue Fund.

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

DANIEL JONES & ASSOCIATES, P.C.
CERTIFIED PUBLIC ACCOUNTANTS
ARNOLD, MISSOURI

December 1, 2021

MONTGOMERY COUNTY R-II SCHOOL DISTRICT
DISTRICT COUNTY NUMBER 070-093
SCHEDULE OF SELECTED STATISTICS
YEAR ENDED JUNE 30, 2021

I. CALENDAR (SECTIONS 160.041, 171.029 and 171.033 RSMO)

School Code	Begin Grade	End Grade	Half Day Indicator	Standard Day Length	Days	Hours in Session
4040	K	5	-	7.3333	148	1,085.3284
4060	K	5	-	7.3333	148	1,085.3284
3000	6	8	-	7.4166	148	1,097.6568
1050	9	12	-	7.3500	148	1,087.8000

II. ATTENDANCE HOURS

School Code	Grade Level	Full-Time Hours	Part-Time Hours	Remedial Hours	Other Hours	Summer School Hours	Total Hours
4040	K-5	178,829.3300	-	-	-	-	178,829.3300
4060	K-5	295,923.4300	360.4000	-	-	2,874.9982	299,158.8282
3000	6-8	243,049.8400	4,026.8300	-	-	1,690.7502	248,767.4202
1050	9-12	316,406.5100	5,020.3600	-	-	6,358.6673	327,785.5373
	Grand Total	1,034,209.1100	9,407.5900	-	-	10,924.4157	1,054,541.1157

III. SEPTEMBER MEMBERSHIP

School Code	Grade Level	Full-Time	Part-Time	Other	Total
4040	K-5	185.00	-	-	185.00
4060	K-5	301.00	.57	-	301.57
3000	6-8	254.00	.53	-	254.53
1050	9-12	348.00	1.76	-	349.76
	Grand Total	1,088.00	2.86	-	1,090.86

IV. 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
N/A	1.00	-	-	-	1.00
4040	71.05	17.00	-	-	88.05
4060	123.00	27.00	-	-	150.00
3000	97.00	25.00	-	-	122.00
1050	96.02	14.27	-	-	110.29
Grand Total	388.07	83.27	-	-	471.34

MONTGOMERY COUNTY R-II SCHOOL DISTRICT
DISTRICT COUNTY NUMBER 070-093
SCHEDULE OF SELECTED STATISTICS
YEAR ENDED JUNE 30, 2021

V. FINANCE

5.1	The district maintained a calendar in accordance with 160.041, 171.029, 171.031, and 171.033, RSMo and all attendance hours were reported.	True
5.2	The district maintained complete and accurate attendance records allowing for the accurate calculation of Average Daily Attendance, which includes the reporting of calendar and attendance hours, for all students in accordance with all applicable state rules and regulations. Sampling of records included those students receiving instruction in the following categories:	True
	Academic Programs Off-Campus	N/A
	Career Exploration Program – Off Campus	True
	Cooperative Occupational Education (COE) or Supervised Occupational Experience Program	N/A
	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	N/A
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
5.4	The district maintained complete and accurate attendance and other applicable records allowing for the accurate reporting of the State FTE count for Free and Reduced Lunch for all students in accordance with all applicable state rules and regulations.	True
5.5	As required by Section 162.401, RSMo, a bond was purchased for the district's treasurer in the total amount of:	\$50,000
5.6	The district's deposits were secured during the year as required by Sections 110.010 and 110.020, RSMo.	True
5.7	The district maintained a separate bank account for all Debt Service Fund monies in accordance with Section 108.180 and 165.011, RSMo. (Not applicable to charter schools)	True
5.8	Salaries reported for educators in the October MOSIS Educator Core and Educator School files are supported by complete and accurate payroll and contract records.	True

MONTGOMERY COUNTY R-II SCHOOL DISTRICT
DISTRICT COUNTY NUMBER 070-093
SCHEDULE OF SELECTED STATISTICS
YEAR ENDED JUNE 30, 2021

V. FINANCE (CONCLUDED)

5.9	If a \$162,326 or 7% x SAT x WADA transfer was made in excess of adjusted expenditures, the board approve a resolution to make the transfer, which identified the specific projects to be funded by the transfer and an expected expenditure date for the projects to be undertaken. (Not applicable to charter schools)	True
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.	True
5.11	The district has a professional development committee plan adopted by the board with the professional development committee plan identifying the expenditure of seventy-five percent (75%) of one percent (1%) of the current year basic formula apportionment. Remaining 25% of 1% if not spent must be restricted and spent on appropriate expenditures in the future. Spending requirement is modified to seventy-five percent (75%) of one half percent (1/2%) of the current year basic formula apportionment if through fiscal year 2024 the amount appropriated and expended to public schools for transportation is less than twenty-five percent (25%) of allowable cost. (Not applicable to charter schools.)	True
5.12	The amount spent for approved professional development committee plan activities was:	\$40,564.93
5.13	The district has posted, at least quarterly, a searchable expenditure and revenue document or database detailing actual income, expenditures, and disbursements for the current calendar or fiscal year on the district website or other form or social media as required by Section 160.066, RSMo.	True

MONTGOMERY COUNTY R-II SCHOOL DISTRICT
DISTRICT COUNTY NUMBER 070-093
SCHEDULE OF SELECTED STATISTICS
YEAR ENDED JUNE 30, 2021

VI. TRANSPORTATION

6.1	The school transportation allowable costs substantially conform to 5 CSR 30-261.040, Allowable Costs for State Transportation Aid.	True
6.2	The district's pupil transportation ridership records are maintained in a manner to accurately disclose in all material respects the average number of regular riders transported.	True
6.3	Based on the ridership records, the average number of students (non-disabled K-12, K-12 students with disabilities and career education) transported on a regular basis (ADT) was:	
	Eligible ADT	751.50
	Ineligible ADT	-
6.4	The district's transportation odometer mileage records are maintained in a manner to accurately disclose in all material respects the eligible and ineligible mileage for the year.	True
6.5	Actual odometer records show the total district/charter-operated and contracted mileage for the year was:	249,595
6.6	Of this total, the eligible non-disabled and students with disabilities route miles and the ineligible non-route and disapproved miles (combined) was:	
	Eligible Miles (including food/instructional delivery miles 2019-20)	234,939
	Ineligible Miles (Non-Route/Disapproved)	14,656
6.7	Number of days the district operated the school transportation system during the regular school year:	145

MONTGOMERY COUNTY R-II SCHOOL DISTRICT
SCHEDULE OF STATE FINDINGS
YEAR ENDED JUNE 30, 2021

I. CHAPTER 67 RSMO (BUDGET STATUTE)

Chapter 67 RSMo requires that each political subdivision of the State of Missouri adopts an annual budget, itemized by fund. It further requires that in no event shall the total proposed expenditures from any fund exceed the estimated revenues to be received plus any unencumbered balance or less any deficit estimated for the beginning of the budget year.

The District deficit budgeted the original budget of the Special Revenue Fund in the amount of (\$1,946,587.96).

FEDERAL COMPLIANCE SECTION



Daniel Jones & Associates

MEMBERS OF
MISSOURI SOCIETY OF CPA'S
AMERICAN INSTITUTE OF CPA'S

CERTIFIED PUBLIC ACCOUNTANTS

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

INDEPENDENT AUDITOR'S REPORT

To the Members of the Board of Education
Montgomery County R-II School District

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 and each major fund of Montgomery County R-II School District ("District"), as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated December 1, 2021.

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 District'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. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

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 District'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.

A handwritten signature in cursive script that reads "Daniel Jones & Associates".

DANIEL JONES & ASSOCIATES, P.C.
CERTIFIED PUBLIC ACCOUNTANTS
ARNOLD, MISSOURI

December 1, 2021



**REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM AND
REPORT ON INTERNAL CONTROL OVER COMPLIANCE
REQUIRED BY THE UNIFORM GUIDANCE**

INDEPENDENT AUDITOR'S REPORT

To the Members of the Board of Education
Montgomery County R-II School District

Report on Compliance for Each Major Federal Program

We have audited Montgomery County R-II School District's ("District") compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the District's major federal programs for the year ended June 30, 2021. The District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditor's Responsibility

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

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

Opinion on Each Major Federal Program

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

Report on Internal Control Over Compliance

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

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

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

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.



DANIEL JONES & ASSOCIATES, P.C.
CERTIFIED PUBLIC ACCOUNTANTS
ARNOLD, MISSOURI

December 1, 2021

**MONTGOMERY COUNTY R-II SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2021**

FEDERAL GRANTOR/ PASS-THROUGH GRANTOR PROGRAM TITLE	FEDERAL CFDA NUMBER	PASS-THROUGH ENTITY IDENTIFYING NUMBER	PROVIDED TO SUBRECIPIENTS	TOTAL FEDERAL EXPENDITURES
<u>Cash Federal Expenditures</u>				
U.S. DEPARTMENT OF EDUCATION				
Passed Through Missouri Department of Elementary and Secondary Education				
Special Education Cluster				
Special Education Grants to States- Assistive Technology	84.027	070-093	\$ -	\$ 6,785.96
Special Education Grants to States-Early Childhood	84.027	070-093	-	277,498.20
Special Education Grants to States-High Need Fund	84.027	070-093	-	3,435.90
Special Education Grants to States	84.027	070-093	-	42,210.00
Total Special Education Grants to States			-	329,930.06
Special Education Pre-School Grants	84.173	070-093	-	5,909.00
Total Special Education Cluster			-	335,839.06
Title I Grants to Local Education Agencies	84.010	070-093	-	308,979.75
Supporting Effective Instruction State Grants (Title II)	84.367	070-093	-	44,958.63
Student Support and Academic Enrichment Program (Title IV)	84.424	070-093	-	22,748.24
Education Stabilization Fund				
Covid-19: CARES Elementary & Secondary School Emergency Relief	84.425D	070-093	-	10,524.26
Covid-19: CARES Student Connectivity	84.425C	070-093	-	35,209.00
Covid-19: CARES CRRSAElementary & Secondary School Emergency Relief ESSER II	84.425D	070-093	-	120,315.05
Total Education Stabilization Fund			-	166,048.31
Total U.S. Department of Education			-	878,573.99
U.S. DEPARTMENT OF TREASURY				
Passed Through Missouri Department of Elementary and Secondary Education				
Coronavirus Relief Fund:				
Covid-19: CARES - K-12 Support - CRF	21.019	070-093	-	81,877.00
Covid-19: CARES - PPE/Medical/Sanitation - CRF	21.019	070-093	-	6,098.07
Covid-19: CARES - Student Access - CRF	21.019	070-093	-	16,000.00
Total Passed-through Missouri Department of Elementary & Secondary Education			-	103,975.07
Passed-through Montgomery County, Missouri				
Covid-19: Cornoavirus Relief Fund	21.019	070-093	-	90,320.10
Total Passed-through Montgomery County, Missouri			-	90,320.10
Total U.S. Department of Treasury and Coronavirus Relief Fund			-	194,295.17
U.S. DEPARTMENT OF AGRICULTURE				
Passed Through Missouri Department of Elementary and Secondary Education				
Child Nutrition Cluster				
Covid-19: CARES ACT Food & Nutrition Breakfast Program	10.553	070-093	-	1,113.42
Total School Breakfast Program			-	1,113.42
National School Lunch Program				
Covid-19: CARES ACT Food & Nutrition Lunch Program	10.555	070-093	-	4,615.90
Covid-19: CARES ACT Food & Nutrition Snack Program	10.555	070-093	-	245.76
Non-Cash Commodities				
National School Lunch Program-Commodities	10.555	070-093	-	35,006.46
Total National School Lunch Program			-	39,868.12
Passed Through State Department Health and Senior Services				
Summer Food Service Program	10.559	070-093	-	504,845.84
Total Summer Food Service Program			-	504,845.84
Total Child Nutriton Cluster			-	545,827.38
Child and Adult Care Food Program	10.558	070-093	-	56,507.62
Total Child and Adult Care Food Program			-	56,507.62
Total U.S. Department of Agriculture			-	602,335.00
TOTAL EXPENDITURES OF FEDERAL AWARDS			\$ -	\$ 1,675,204.16

The notes to the schedule of expenditures of federal awards are an integral part of this statement.

MONTGOMERY COUNTY R-II SCHOOL DISTRICT
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2021

NOTE 1 – BASIS OF PRESENTATION

The accompanying Schedule of Expenditures of Federal Awards (the “Schedule”) includes the federal award activity of the Montgomery County R-II School District under programs of the federal government for the year ended June 30, 2021. The information in this Schedule is presented in accordance with the requirements of Title 2 *U.S. Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the District, it is not intended to and does not present the financial position, changes in net assets, or cash flows of the District.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the Schedule are reported on 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.

NOTE 3 – INDIRECT COST RATE

The District has not elected to use the 10-percent de minimis indirect cost rate allowed under the Uniform Guidance.

NOTE 4 - RELATIONSHIP TO ACCOMPANYING FINANCIAL STATEMENTS

Federal awards are reported in the District's accompanying financial statements as follows:

<u>Federal Sources</u>	
General Fund	\$ 1,495,338.93
Special Revenue Fund	352,306.91
Debt Service Fund	-
Capital Projects Fund	-
	<u>\$ 1,847,645.84</u>

NOTE 5 - RELATIONSHIP TO FEDERAL FINANCIAL REPORTS

Amounts reported in the accompanying schedule agree with the amounts reported in the related federal financial reports except for changes made to reflect amounts in accordance with generally accepted accounting principles as applicable to the modified cash basis of accounting.

MONTGOMERY COUNTY R-II SCHOOL DISTRICT
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2021

NOTE 6 -MATCHING REVENUES

For those funds that have matching revenues and state funding, federal expenditures were determined by deducting matching revenues from total expenditures.

NOTE 7 – NON-CASH PROGRAMS

The commodities received, which are non-cash revenues, are valued using prices provided by the United States Department of Agriculture.

NOTE 8 – DONATED PERSONAL PROTECTIVE EQUIPMENT (UNAUDITED)

The District did not receive any donated personal protective equipment.

MONTGOMERY COUNTY R-II SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2021

I. SUMMARY OF AUDITOR'S RESULTS

A. Financial Statements

1. Type of auditor's report issued: Unmodified – Modified Cash Basis
2. Internal control over financial reporting:
 - a. Material weakness(es) identified? _____ Yes X No
 - b. Significant deficiency(ies) identified? _____ Yes X None Reported
3. Noncompliance material to financial statements noted? _____ Yes X No

B. Federal Awards

1. Internal control over major federal programs:
 - a. Material weakness(es) identified? _____ Yes X No
 - b. Significant deficiency(ies) identified? _____ Yes X None Reported
2. Type of auditor's report issued on compliance for major federal programs: Unmodified
3. Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)? _____ Yes X No

4. Identification of major federal programs:

CFDA Number(s):	Name of Federal Program or Cluster:
10.555, 10.553, 10.559	Child Nutrition Cluster
84.425C, 84.425D	Covid-19: Education Stabilization Fund
21.019	Covid-19: Coronavirus Relief Fund

5. Dollar threshold used to distinguish between type A and type B programs: \$ 750,000
6. Auditee qualified as low-risk auditee? _____ Yes X No

MONTGOMERY COUNTY R-II SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2021

II. FINANCIAL STATEMENT FINDINGS

There were no financial statement findings for the year ended June 30, 2021.

III. FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

There were no findings and questioned costs related to federal awards for the year ended June 30, 2021.

MONTGOMERY COUNTY R-II SCHOOL DISTRICT
SUMMARY SCHEDULE OF PRIOR YEAR FINDINGS
FOR THE YEAR ENDED JUNE 30, 2021

I. FINANCIAL STATEMENT FINDINGS – PRIOR YEAR

There were no financial statement findings for the year ended June 30, 2020.

II. FEDERAL AWARD FINDINGS AND QUESTIONED COSTS – PRIOR YEAR

There were no findings and questioned costs related to federal awards for the year ended June 30, 2020.