

Mark Twain R-VIII School District  
Reuter, Missouri

BASIC FINANCIAL STATEMENTS  
Year Ended June 30, 2018



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## **INDEPENDENT AUDITORS' REPORT**

Board of Education  
Mark Twain R-VIII School District  
Rueter, Missouri

We have audited the basic financial statements of the governmental activities and each major fund of the Mark Twain R-VIII School District as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the District's basic financial statements 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 A; this includes determining that the modified cash basis of accounting is an acceptable basis for the preparation of the financial statements in the circumstances. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### **Auditors' Responsibility**

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

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

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

### **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 Mark Twain R-VIII School District as of June 30, 2018, and the respective changes in modified cash basis financial position thereof for the year then ended, in conformity with the basis of accounting described in Note A.

### **Basis of Accounting**

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

### **Disclaimer of Opinion on Supplementary Information**

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The budgetary comparison information on pages 24-27 which is the responsibility of management, are presented for purposes of additional analysis and are not a required part of the basic financial statements. The budgetary comparison information has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

### **Other Financial Information**

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Mark Twain R-VIII School District's basic financial statements. The data contained under Other Financial Information, is presented for purposes of additional analysis and is not a required part of the financial statements.

The Other Financial Information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Board of Education  
Mark Twain R-VIII School District  
Rueiter, Missouri

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

In accordance with *Government Auditing Standards*, we have also issued our report dated October 5, 2018, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

KPM CPAs, PC

KPM CPAs, PC  
Springfield, Missouri  
October 5, 2018

## **GOVERNMENT-WIDE FINANCIAL STATEMENTS**

MARK TWAIN R-VIII SCHOOL DISTRICT  
STATEMENT OF NET POSITION – MODIFIED CASH BASIS  
June 30, 2018

		<u>Governmental Activities</u>
ASSETS		
Cash and cash equivalents		\$ 323,290
Investments		<u>12,175</u>
	TOTAL ASSETS	<u><u>\$ 335,465</u></u>
NET POSITION		
Restricted for student activities		\$ 8,306
Unrestricted		<u>327,159</u>
	TOTAL NET POSITION	<u><u>\$ 335,465</u></u>

See accompanying notes.



MARK TWAIN R-VIII SCHOOL DISTRICT  
STATEMENT OF ACTIVITIES – MODIFIED CASH BASIS  
Year Ended June 30, 2018

		Program Cash Receipts			Net (Disbursements)
	Cash	Charges for	Operating	Capital	Receipts and
	Disbursements	Services	Grants and	Grants and	Changes in
			Contributions	Contributions	Net Position
Governmental Activities:					
Instruction	\$ (555,817)	\$ 33,161	\$ 89,319	\$ -	\$ (433,337)
Student services	(18,686)	-	11,176	-	(7,510)
Instructional staff support	(3,850)	-	-	-	(3,850)
General administration	(105,031)	-	-	-	(105,031)
Operation of plant	(89,133)	-	-	-	(89,133)
Transportation	(72,503)	-	16,159	-	(56,344)
Food service	(56,504)	3,859	20,597	3,030	(29,018)
Community services	(5,962)	-	3,086	-	(2,876)
NET PROGRAM (DISBURSEMENTS) RECEIPTS	<u>\$ (907,486)</u>	<u>\$ 37,020</u>	<u>\$ 140,337</u>	<u>\$ 3,030</u>	(727,099)
General Receipts:					
Ad valorem tax receipts					308,647
Prop C sales tax receipts					64,183
Other tax receipts					347
County receipts					62,408
State receipts					263,245
Interest receipts					4,674
Other receipts					14,038
TOTAL GENERAL RECEIPTS					<u>717,542</u>
DECREASE IN NET POSITION					(9,557)
NET POSITION - Beginning of year					<u>345,022</u>
NET POSITION - End of year					<u>\$ 335,465</u>

See accompanying notes.

## **FUND FINANCIAL STATEMENTS**

MARK TWAIN R-VIII SCHOOL DISTRICT  
STATEMENT OF ASSETS AND FUND BALANCES – GOVERNMENTAL FUNDS – MODIFIED CASH  
BASIS  
June 30, 2018

	General Fund	Special Revenue Fund	Capital Projects Fund	Total Governmental Funds
ASSETS				
Cash and cash equivalents	\$ 281,992	\$ -	\$ 41,298	\$ 323,290
Investments	12,175	-	-	12,175
TOTAL ASSETS	<u>\$ 294,167</u>	<u>\$ -</u>	<u>\$ 41,298</u>	<u>\$ 335,465</u>
FUND BALANCES				
Restricted for:				
Student activities	\$ 8,306	\$ -	\$ -	\$ 8,306
Assigned for capital outlay	-	-	41,298	41,298
Unassigned	285,861	-	-	285,861
TOTAL FUND BALANCES	<u>\$ 294,167</u>	<u>\$ -</u>	<u>\$ 41,298</u>	<u>\$ 335,465</u>

See accompanying notes.

MARK TWAIN R-VIII SCHOOL DISTRICT  
STATEMENT OF RECEIPTS, DISBURSEMENTS AND CHANGES IN FUND BALANCES –  
GOVERNMENTAL FUNDS – MODIFIED CASH BASIS  
Year Ended June 30, 2018

	General Fund	Special Revenue Fund	Capital Projects Fund	Total Governmental Funds
RECEIPTS				
Local	\$ 353,588	\$ 64,556	\$ 347	\$ 418,491
County	60,939	1,469	-	62,408
State	31,969	277,943	-	309,912
Federal	73,460	20,210	3,030	96,700
Other	-	10,418	-	10,418
TOTAL RECEIPTS	519,956	374,596	3,377	897,929
DISBURSEMENTS				
Instruction	125,991	429,826	-	555,817
Student services	4,612	14,074	-	18,686
Instructional staff support	3,850	-	-	3,850
General administration	46,659	58,372	-	105,031
Operation of plant	86,103	-	3,030	89,133
Transportation	69,603	2,900	-	72,503
Food service	53,604	2,900	-	56,504
Community services	5,962	-	-	5,962
TOTAL DISBURSEMENTS	396,384	508,072	3,030	907,486
EXCESS (DEFICIT) OF RECEIPTS OVER DISBURSEMENTS	123,572	(133,476)	347	(9,557)
OTHER FINANCING SOURCES (USES)				
Operating transfers in	-	133,476	-	133,476
Operating transfers (out)	(133,476)	-	-	(133,476)
TOTAL OTHER FINANCING SOURCES (USES)	(133,476)	133,476	-	-
EXCESS (DEFICIT) OF RECEIPTS AND OTHER SOURCES OVER DISBURSEMENTS AND OTHER (USES)	(9,904)	-	347	(9,557)
FUND BALANCE, July 1, 2017	304,071	-	40,951	345,022
FUND BALANCE, June 30, 2018	\$ 294,167	\$ -	\$ 41,298	\$ 335,465

See accompanying notes.

## NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The District's accounting policies conform to the modified cash basis of accounting, which is characteristic of local governmental units of this type.

### Financial Reporting Entity

The District is organized under the laws of the State of Missouri and is a primary government governed by an elected seven-member board. The District is not financially accountable for any other organization, nor is it a component unit of any other primary governmental entity.

### Basis of Presentation

#### *Government-Wide Financial Statements*

The Statement of Net Position and Statement of Activities display information about the reporting government as a whole. They include all funds of the reporting entity. The statements present governmental activities generally financed through taxes, intergovernmental receipts, and other non-exchange transactions.

#### *Fund Financial Statements*

Fund financial statements of the reporting entity are organized into funds, each of which is considered to be a separate accounting entity. Each fund is accounted for by providing a separate set of self-balancing accounts that constitute its assets, fund balances, receipts and disbursements. The District has only governmental funds. The governmental funds of the District are all considered major funds by the Department of Elementary and Secondary Education.

The funds presented in the accompanying basic financial statements include all funds established under Missouri Revised Statutes and controlled by the Board of Education. The purpose of each fund is:

General Fund - Accounts for disbursements for non-certified employees, school transportation costs, operation of plant, fringe benefits, student body activities, community services, the food service program, and any disbursements not accounted for in other funds.

Special Revenue Fund - Accounts for receipts for certified employees involved in administration and instruction, and includes receipts restricted by the State for the payment of teacher salaries and taxes allocated to this fund based on the District's tax levy.

Capital Projects Fund - Accounts for taxes and other receipts restricted, committed, or assigned for acquisition or construction of major capital assets and other capital outlay as defined by State of Missouri statutes.

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Basis of Accounting

The government-wide Statement of Net Position and Statement of Activities and the fund financial statements are presented using the modified cash basis of accounting. This basis recognizes assets, net position/fund balances, receipts, and disbursements when they result from cash transactions. The modification to cash basis relates to the presentation of investments. This basis is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

As a result of the use of the modified cash basis of accounting, certain assets and their related revenues (such as accounts receivable and revenue for billed or provided services not yet collected) and certain liabilities and their related expenditures (such as accounts payable and expenses for goods or services received but not yet paid, and accrued expenses and liabilities) *are not recorded* in these financial statements.

If the District utilized the basis of accounting recognized as generally accepted, the fund financial statements for governmental funds would use the modified accrual basis of accounting. All government-wide financials would be presented on the accrual basis of accounting.

Capital Outlay

General fixed assets are recorded as disbursements in the Capital Projects Fund at the time the invoice for the capital item is paid.

Compensated Absences

Vacation time, personal business days, and sick leave are considered as disbursements in the year paid. Such amounts unused that are vested in the employee are payable upon termination at varying rates depending on length of service.

Long-Term Debt

Long-term debt arising from cash transactions of the governmental funds is not reported in the government-wide financial statements or the fund financial statements, which is consistent with the modified cash basis of accounting. The debt proceeds are reported as other financing sources and payment of principal and interest are reported as disbursements.

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Teachers' Salaries

The salary payment schedule of the District for the 2017-2018 school year requires the payment of salaries for a twelve-month period. Consequently, the July and August 2018 payroll checks are included in the financial statements as disbursements in the month of June. This practice has been consistently followed in previous years.

Pooled Cash and Investments

Cash and investments of the individual funds are combined to form a pool of cash and investments. Investments of the pooled accounts consist primarily of money market accounts, carried at cost, which approximates market.

Inventories

Inventories are valued at cost and consist of food and educational materials. The cost is recorded as a disbursement at the time inventory is purchased.

Equity Classification

In the government-wide financial statements, net position is classified in two components as follows:

*Restricted net position* – Consists of net position with constraints placed on the use either by (1) external groups such as creditors, grantors, contributors, or laws and regulations of other governments; or (2) law through constitutional provisions or enabling legislation.

*Unrestricted net position* – All other net position that does not meet the definition of “restricted”.

It is the District’s policy to first use restricted net position prior to the use of unrestricted net position when disbursements are made for purposes for which both restricted and unrestricted net position are available.

In the fund financial statements, governmental funds report aggregate amounts for five classifications of fund balances based on constraints imposed on the use of these resources as follows:

*Nonspendable fund balance* – This classification includes amounts that cannot be spent because they are either a) not in spendable form or b) legally or contractually required to be maintained intact.

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

*Restricted fund balance* – This classification reflects the constraints imposed on resources either a) externally by creditors, grantors, contributors, or laws and regulations of other governments; or b) imposed by law through constitutional provisions or enabling legislation.

*Committed fund balance* – These amounts can only be used for specific purposes pursuant to constraints imposed by formal resolutions of the Board of Education – the government’s highest level of decision making authority. Those committed amounts cannot be used for any other purpose unless the Board of Education removes the specified use by taking the same type of action imposing the commitment.

*Assigned fund balance* – This classification reflects the amounts constrained by the District’s “intent” to be used for specific purposes, but are neither restricted nor committed. Assigned fund balances include all remaining amounts (except negative balances) that are reported in the governmental funds, other than the General Fund, that are not classified as nonspendable and are neither restricted nor committed.

*Unassigned fund balance* – This fund balance is the residual classification for the General Fund. It is used to report negative fund balances in other governmental funds.

In circumstances when a disbursement is made for a purpose for which amounts are available in multiple fund balance classifications, fund balance is depleted in the order of restricted, committed, assigned, and unassigned.

Program Receipts

Amounts reported as program receipts include 1) charges to students or others for goods, services or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions. All other governmental receipts are reported as general receipts. All taxes are classified as general receipts even if restricted for a specific purpose.

NOTE B – CASH AND CASH EQUIVALENTS

State statutes require that the District's deposits be insured or collateralized in the name of the District by the trust department of a bank that does not hold the collateralized deposits. As of June 30, 2018, all bank balances on deposit are entirely insured or collateralized with securities.



MARK TWAIN R-VIII SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2018

NOTE C – INVESTMENTS

Investments of the District as of June 30, 2018, are as follows:

<u>Investment Type</u>	<u>Maturity</u>	<u>Amount</u>
Missouri Securities Investment Program (MOSIP)	N/A	<u>\$ 12,175</u>

Missouri Securities Investment Program

The District has funds invested in the Missouri Securities Investment Program (MOSIP) cash management fund, which are invested in accordance with Section 165.051 of the Missouri Revised Statutes. Each district investing in these programs owns a pro-rata share of each investment or deposit, which is held in the name of the fund. Fair market value approximates cost as the District has a pro-rata share of the fund. The cash management fund has a rating of AAA by Standard and Poor’s.

Interest Rate Risk

The District does not have a formal investment policy but limits its exposure to fair value losses arising from rising interest rates by limiting the District’s investment portfolio to short-term maturities. All investments are held to maturity.

NOTE D – TAXES

Property taxes attach as an enforceable lien on property as of January 1. Taxes are levied on November 1 and payable by December 31. The county collects the property tax and remits it to the District.

The District also receives sales tax collected by the State and remitted based on eligible pupils. The District is required to reduce its property tax levy by one-half the amount of sales tax estimated to be received in the subsequent calendar year unless the voters have approved a waiver of the rollback provision. The District has voted a full waiver of the rollback provision.

MARK TWAIN R-VIII SCHOOL DISTRICT  
 NOTES TO FINANCIAL STATEMENTS  
 June 30, 2018

NOTE D – TAXES (continued)

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

Real estate	\$ 6,149,464
Personal property	<u>1,556,269</u>
	<u><u>\$ 7,705,733</u></u>

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

	<u>Unadjusted</u>	<u>Adjusted</u>
General Fund	<u>\$ 3.9342</u>	<u>\$ 3.9342</u>
TOTAL LEVY	<u><u>\$ 3.9342</u></u>	<u><u>\$ 3.9342</u></u>

The receipts of current and delinquent property taxes during the fiscal year ended June 30, 2018, aggregated approximately 98 percent of the current assessment computed on the basis of the levy as shown above.

NOTE E – CONSTITUTIONAL DEBT LIMIT

Article VI, Section 26(b), Constitution of Missouri, limits the outstanding amount of authorized general obligation bonds of a district to 15 percent of the assessed valuation of the district. The legal debt margin (excluding state assessed railroad and utility) of the District at June 30, 2018, was:

Constitutional debt limit	<u>\$ 1,155,860</u>
LEGAL DEBT MARGIN	<u><u>\$ 1,155,860</u></u>

NOTE F – RETIREMENT PLANS

**Public School Retirement System of Missouri and Public Education Employee Retirement System of Missouri**

Summary of Significant Accounting Policies

The District participates in the Public School Retirement System and the Public Education Employee Retirement System (PSRS and PEERS, also referred to as the systems). The financial statements of the District were prepared using the modified cash basis of accounting. Therefore, member and employer contributions are recognized when paid and the District's net pension liability, deferred outflows and inflows of resources related to pensions are not recorded in these financial statements.

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

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

NOTE F – RETIREMENT PLANS (continued)

*Benefits Provided.* PSRS is a defined benefit plan providing retirement, disability, and death/survivor benefits. Members are vested for service retirement benefits after accruing five years of service. Individuals who (a) are at least age 60 and have a minimum of five years of service, (b) have 30 years of service, or (c) qualify for benefits under the “Rule of 80” (service and age total at least 80) are entitled to a monthly benefit for life, which is calculated using a 2.5% benefit factor. Beginning July 1, 2001, and ending July 1, 2014, a 2.55% benefit factor was used to calculate benefits for members who had 31 or more years of service at retirement. Actuarially age-reduced benefits are available for members with 5 to 24.9 years of service at age 55. Members who are younger than age 55 and who do not qualify under the “Rule of 80” but have between 25 and 29.9 years of service may retire with a lesser benefit factor. Members that are three years beyond normal retirement can elect to have their lifetime monthly benefits actuarially reduced in exchange for the right to also receive a one-time partial lump sum (PLSO) payment at retirement equal to 12, 24, or 36 times the Single Life benefit amount.

*Benefits Provided.* PEERS is a defined benefit plan providing retirement, disability, and death benefits to its members. Members are vested for service retirement benefits after accruing five years of service. Individuals who (a) are at least age 60 and have a minimum of five years of service, (b) have 30 years of service, or (c) qualify for benefits under the “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 an 0.8% benefit factor. Actuarially age-reduced retirement benefits are available with 5 to 24.9 years of service at age 55. Members who are younger than age 55 and who do not qualify under the “Rule of 80” but have between 25 and 29.9 years of service may retire with a lesser benefit factor. Members that are three years beyond normal retirement can elect to have their lifetime monthly benefits actuarially reduced in exchange for the right to also receive a one-time partial lump sum (PLSO) payment at retirement equal to 12, 24, or 36 times the Single Life benefit amount.

*Cost-of-Living Adjustments (“COLA”).* The Board of Trustees has established a policy of providing a 0.00% COLA for years in which the CPI increases between 0.00% and 2.00%, a 2.00% COLA for years in which CPI increases between 2.00% and 5.00%, and a COLA of 5.00% if the CPI is greater than 5.00%. If the CPI decreases, no COLA is provided. For any PSRS member retiring on or after July 1, 2001, such adjustments commence on the second January after commencement of benefits and occur annually thereafter. For PEERS members, such adjustments commence on the fourth January after commencement of benefits and occur annually thereafter. The total of such increases may not exceed 80% of the original benefit for any member.

*Contributions.* PSRS members were required to contribute 14.5% of their annual covered salary during fiscal years 2016, 2017 and 2018. Employers were required to match the contributions made by employees. The contribution rate is set each year by the PSRS Board of Trustees upon the recommendation of the independent actuary within the contribution restrictions set in Section 169.030 RSMo. The annual statutory increase in the total contribution rate may not exceed 1% of pay.

MARK TWAIN R-VIII SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2018

NOTE F – RETIREMENT PLANS (continued)

*Contributions.* PEERS members were required to contribute 6.86% of their annual covered salary during fiscal years 2016, 2017 and 2018. Employers were required to match the contributions made by employees. The contribution rate is set each year by the PSRS Board of Trustees upon the recommendation of the independent actuary within the contribution restrictions set in Section 169.030 RSMo. The annual statutory increase in the total contribution rate may not exceed 0.5% of pay.

The District's contributions to PSRS and PEERS were \$44,755 and \$8,739, respectively, for the year ended June 30, 2018.

Summary Plan descriptions detailing the provisions of the plans as well as additional information regarding the District's net pension liability and deferred inflows and outflows of resources can be found on the Systems' website at [www.psrs-peers.org](http://www.psrs-peers.org).

NOTE G – CLAIMS AND ADJUSTMENTS

The District participates in a number of federal and state programs that are fully or partially funded by grants received from other governmental units. Disbursements financed by grants are subject to audit by the appropriate grantor government. If disbursements are disallowed due to noncompliance with grant program regulation, the District may be required to reimburse the grantor government. As of June 30, 2018, disbursements have not been audited by grantor governments, but the District believes that disallowed disbursements, if any, based on subsequent audits will not have a material effect on any of the individual government funds or the overall financial position of the District.

NOTE H – RISK MANAGEMENT

The District is exposed to various risks of losses related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The District has transferred its risk by obtaining coverage from commercial insurance companies. In addition, it has effectively managed risk through various employee education and prevention programs. There has been no significant reduction in insurance coverage from the previous year.

MARK TWAIN R-VIII SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2018

NOTE I – INTERFUND TRANSFERS

Transfers between funds of the District for the year ended June 30, 2018, were as follows:

	<u>Transfers In</u>	<u>Transfers Out</u>
General Fund	\$ -	\$ 133,476
Special Revenue Fund	<u>133,476</u>	<u>-</u>
	<u>\$ 133,476</u>	<u>\$ 133,476</u>

The District is required to make a transfer from the General Fund to the Special Revenue Fund to cover the excess of disbursements over receipts, if applicable, each year.

NOTE J – COMPENSATED ABSENCES PAYABLE

Compensated absences payable consists of accumulated sick leave by District personnel. The District’s policy allows full-time personnel employed only during the regular school term to receive ten days of sick leave and full-time personnel employed for 12 months to receive thirteen days of sick leave, accumulated up to a maximum of 50 days. Upon leaving or retiring from the District, personnel are compensated at the rate of one half the substitute pay for the position the employee is occupying per day for all accumulated sick days. Total compensated absences payable at June 30, 2018, was \$10,613.

## **SUPPLEMENTARY INFORMATION**

MARK TWAIN R-VIII SCHOOL DISTRICT  
BUDGETARY COMPARISON SCHEDULE – GENERAL FUND  
Year Ended June 30, 2018

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
RECEIPTS				
Local	\$ 333,987	\$ 348,688	\$ 353,588	\$ 4,900
County	15,410	13,253	60,939	47,686
State	34,421	31,968	31,969	1
Federal	78,689	75,916	73,460	(2,456)
TOTAL RECEIPTS	462,507	469,825	519,956	50,131
DISBURSEMENTS				
Instruction	157,435	126,853	125,991	862
Student services	4,564	4,613	4,612	1
Instructional staff support	3,437	3,850	3,850	-
General administration	44,558	46,663	46,659	4
Operation of plant	93,176	84,739	86,103	(1,364)
Transportation	72,649	71,574	69,603	1,971
Food service	49,811	56,637	53,604	3,033
Community services	5,289	5,965	5,962	3
TOTAL DISBURSEMENTS	430,919	400,894	396,384	4,510
EXCESS OF RECEIPTS OVER DISBURSEMENTS	31,588	68,931	123,572	54,641
OTHER FINANCING (USES)				
Operating transfers (out)	(110,166)	(96,764)	(133,476)	(36,712)
TOTAL OTHER FINANCING (USES)	(110,166)	(96,764)	(133,476)	(36,712)
(DEFICIT) OF RECEIPTS OVER DISBURSEMENTS AND OTHER (USES)	(78,578)	(27,833)	(9,904)	17,929
FUND BALANCE, July 1, 2017	304,071	304,071	304,071	-
FUND BALANCE, June 30, 2018	\$ 225,493	\$ 276,238	\$ 294,167	\$ 17,929



MARK TWAIN R-VIII SCHOOL DISTRICT  
BUDGETARY COMPARISON SCHEDULE – SPECIAL REVENUE FUND  
Year Ended June 30, 2018

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
RECEIPTS				
Local	\$ 42,401	\$ 64,539	\$ 64,556	\$ 17
County	29,019	54,036	1,469	(52,567)
State	271,684	276,032	277,943	1,911
Federal	14,193	14,193	20,210	6,017
Other	14,021	14,021	10,418	(3,603)
TOTAL RECEIPTS	371,318	422,821	374,596	(48,225)
DISBURSEMENTS				
Instruction	408,790	441,329	429,826	11,503
Student services	14,181	14,084	14,074	10
Instructional staff support	-	-	-	-
General administration	52,713	58,372	58,372	-
Operation of plant	-	-	-	-
Transportation	2,900	2,900	2,900	-
Food service	2,900	2,900	2,900	-
TOTAL DISBURSEMENTS	481,484	519,585	508,072	11,513
(DEFICIT) OF RECEIPTS OVER DISBURSEMENTS	(110,166)	(96,764)	(133,476)	(36,712)
OTHER FINANCING SOURCES				
Operating transfers in	110,166	96,764	133,476	36,712
TOTAL OTHER FINANCING SOURCES	110,166	96,764	133,476	36,712
EXCESS OF RECEIPTS AND OTHER SOURCES OVER DISBURSEMENTS	-	-	-	-
FUND BALANCE, July 1, 2017	-	-	-	-
FUND BALANCE, June 30, 2018	\$ -	\$ -	\$ -	\$ -

MARK TWAIN R-VIII SCHOOL DISTRICT  
BUDGETARY COMPARISON SCHEDULE – CAPITAL PROJECTS FUND  
Year Ended June 30, 2018

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
RECEIPTS				
Local	\$ 298	\$ 346	\$ 347	\$ 1
Federal	-	-	3,030	3,030
TOTAL RECEIPTS	298	346	3,377	3,031
DISBURSEMENTS				
Operation of plant	7,120	7,120	-	7,120
Food service	-	-	3,030	(3,030)
TOTAL DISBURSEMENTS	7,120	7,120	3,030	4,090
EXCESS (DEFICIT) OF RECEIPTS OVER DISBURSEMENTS	(6,822)	(6,774)	347	7,121
FUND BALANCE, July 1, 2017	40,951	40,951	40,951	-
FUND BALANCE, June 30, 2018	\$ 34,129	\$ 34,177	\$ 41,298	\$ 7,121

MARK TWAIN R-VIII SCHOOL DISTRICT  
NOTE TO BUDGETARY COMPARISON SCHEDULES  
June 30, 2018

Budgets and Budgetary Accounting

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

- 1) In accordance with Chapter 67, RSMo, the District adopts a budget for each fund.
- 2) Prior to July, the superintendent, who serves as the Budget Officer, submits to the Board of Education a proposed budget for the fiscal year beginning on the following July 1. The budget includes estimated receipts and proposed disbursements for all District funds. Budgeted disbursements cannot exceed beginning available monies plus estimated receipts for the year.
- 3) A public hearing is conducted to obtain taxpayer comments. Prior to its approval by the Board of Education, the budget document is available for public inspection.
- 4) Prior to July 1, the budget is legally enacted by a vote of the Board of Education.
- 5) Subsequent to its formal approval of the budget, the Board of Education has the authority to make necessary adjustments to the budget by formal vote of the Board. Adjustments made during the year are reflected in the budget information included in the financial statements. Budgeted amounts are as originally adopted, or as amended by the Board of Education. Individual amendments were not material to the original appropriations, which were amended.
- 6) Budgets for District funds are prepared and adopted on the modified cash basis (budget basis), recognizing receipts when collected and disbursements when paid.

## **OTHER FINANCIAL INFORMATION**

MARK TWAIN R-VIII SCHOOL DISTRICT  
SCHEDULE OF RECEIPTS BY SOURCE  
Year Ended June 30, 2018

	General Fund	Special Revenue Fund	Capital Projects Fund	Total
LOCAL				
Current taxes	\$ 285,419	\$ -	\$ -	\$ 285,419
Delinquent taxes	23,228	-	-	23,228
School district trust fund (Prop C)	-	64,183	-	64,183
M & M surcharge taxes	-	-	347	347
Earnings on investments	4,301	373	-	4,674
Food service program	3,859	-	-	3,859
Student activities	22,743	-	-	22,743
Gifts	14,038	-	-	14,038
TOTAL LOCAL	353,588	64,556	347	418,491
COUNTY				
Fines, escheats, etc.	-	1,469	-	1,469
State assessed utilities	8,388	-	-	8,388
Federal properties	52,551	-	-	52,551
TOTAL COUNTY	60,939	1,469	-	62,408
STATE				
Basic formula	-	242,747	-	242,747
Transportation	16,159	-	-	16,159
Basic formula - classroom trust fund	-	22,925	-	22,925
Educational screening program	3,086	-	-	3,086
Small schools grant	12,526	12,271	-	24,797
Food service	198	-	-	198
TOTAL STATE	31,969	277,943	-	309,912

MARK TWAIN R-VIII SCHOOL DISTRICT  
SCHEDULE OF RECEIPTS BY SOURCE (continued)  
Year Ended June 30, 2018

	General Fund	Special Revenue Fund	Capital Projects Fund	Total
FEDERAL				
Medicaid	2,256	-	-	2,256
IDEA	13,011	-	-	13,011
National school lunch equipment grant	-	-	3,030	3,030
School lunch program	12,993	-	-	12,993
School breakfast program	7,406	-	-	7,406
Title I	12,093	17,589	-	29,682
Title II Part A	4,256	-	-	4,256
Title IV Part A	6,128	2,621	-	8,749
Title VI Part B - rural education	15,317	-	-	15,317
TOTAL FEDERAL	73,460	20,210	3,030	96,700
OTHER SOURCES				
Tuition from other districts	-	10,418	-	10,418
TOTAL OTHER SOURCES	-	10,418	-	10,418
TOTAL RECEIPTS	\$ 519,956	\$ 374,596	\$ 3,377	\$ 897,929

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

MARK TWAIN R-VIII SCHOOL DISTRICT  
SCHEDULE OF DISBURSEMENTS BY OBJECT  
Year Ended June 30, 2018

	General Fund	Special Revenue Fund	Capital Projects Fund	Total
Salaries	\$ 198,543	\$ 335,389	\$ -	\$ 533,932
Teacher retirement	-	43,535	-	43,535
Non-teacher retirement	8,778	-	-	8,778
Social security	4,158	832	-	4,990
Medicare	2,771	4,729	-	7,500
Employee insurance	1,905	101	-	2,006
Tuition	-	123,486	-	123,486
Professional services	10,742	-	-	10,742
Audit services	9,900	-	-	9,900
Legal services	350	-	-	350
Other professional services	14,147	-	-	14,147
Repairs and maintenance	13,289	-	-	13,289
Trash removal	1,632	-	-	1,632
Travel	759	-	-	759
Property insurance	15,110	-	-	15,110
Communication	4,481	-	-	4,481
Advertising, printing, dues, and other	1,059	-	-	1,059
General supplies	42,413	-	-	42,413
Supplies - technology related	15,097	-	-	15,097
Food supplies	17,271	-	-	17,271
Energy supplies	31,160	-	-	31,160
Other supplies	2,819	-	-	2,819
Regular equipment	-	-	3,030	3,030
TOTAL DISBURSEMENTS	<u>\$ 396,384</u>	<u>\$ 508,072</u>	<u>\$ 3,030</u>	<u>\$ 907,486</u>

MARK TWAIN R-VIII SCHOOL DISTRICT  
SCHEDULE OF TRANSPORTATION COSTS ELIGIBLE FOR STATE AID  
Year Ended June 30, 2018

	District Owned
Administrative salaries	\$ 2,500
Non-certified salaries	34,310
Employee benefits	4,882
Purchased services	13,752
Supplies	17,059
	<u>\$ 72,503</u>



## **OTHER REPORTING REQUIREMENTS**



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

Board of Education  
Mark Twain R-VIII School District  
Rueter, Missouri

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the accompanying financial statements of the governmental activities and each major fund of Mark Twain R-VIII School District as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise Mark Twain R-VIII School District's basic financial statements and have issued our report thereon dated October 5, 2018.

**Internal Control over Financial Reporting**

In planning and performing our audit, we considered the Mark Twain R-VIII School District's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances, for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we do not express an opinion on the effectiveness of the District's internal control.

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and, therefore, material weaknesses or significant deficiencies may exist that were not identified. We did identify a certain deficiency in internal control, described in the accompanying schedule of findings and responses, that we consider to be a material weakness. It is identified as item 2018-001.

### **Compliance and Other Matters**

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

### **Response to Finding**

The District's response to the finding identified in our audit is described in the accompanying schedule of findings and responses. We did not audit the District's response and, accordingly, express no opinion on it.

### **Purpose of This Report**

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

KPM CPAs, PC

KPM CPAs, PC  
Springfield, Missouri  
October 5, 2018

MARK TWAIN R-VIII SCHOOL DISTRICT  
SCHEDULE OF FINDINGS AND RESPONSES  
Year Ended June 30, 2018

2018-001 Segregation of duties

*Condition:* Because of a limited number of available personnel, it is not always possible to adequately segregate certain incompatible duties so that no one employee has access to both physical assets and the related accounting records, or to all phases of a transaction. The District currently has one full time bookkeeper to handle the accounting needs of the District. There are some mitigating controls in place but it is not possible to have segregation in all areas.

*Criteria:* Duties should be segregated so that no one employee has access to both physical assets and the related accounting records, or to all phases of a transaction.

*Effect:* Risk is present that errors or irregularities in amounts that would be material to the financial statements may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions.

*Recommendation:* We realize that because of limited resources and personnel, management may not be able to achieve a proper segregation of duties; however, our professional standards require that we bring this lack of segregation of duties to your attention in this report.

*Response:* The limited number of available personnel prohibits segregation of incompatible duties and the District does not have the resources to hire additional accounting personnel.

## **SUPPLEMENTARY STATE INFORMATION**



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

Board of Education  
Mark Twain R-VIII School District  
Rueter, Missouri

We have examined management's assertions that Mark Twain R-VIII School District complied with the requirements of Missouri laws and regulations regarding budgetary and disbursement procedures; accurate disclosure of the District's attendance records of average daily attendance, standard day length, resident membership on the last Wednesday of September, pupil transportation records of the average daily transportation of pupils eligible and ineligible for state aid, the number of miles eligible and ineligible for state aid and other statutory requirements as listed in the schedule of selected statistics during the year ended June 30, 2018. Management is responsible for the Mark Twain R-VIII School District's compliance with those requirements. Our responsibility is to express an opinion on management's assertions based on our examination.

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

In our opinion, management's assertions referred to above are fairly stated, in all material respects, with the aforementioned requirements for the year ended June 30, 2018.

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

*KPM CPAs, PC*

KPM CPAs, PC  
Springfield, Missouri  
October 5, 2018

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Member of The Leading Edge Alliance

MARK TWAIN R-VIII SCHOOL DISTRICT 106-008  
 SCHEDULE OF SELECTED STATISTICS  
 Year Ended June 30, 2018

1. Calendar (Sections 160.041 and 171.031, RSMo)

A. Standard Day Length (SDL) – The total number of hours between the starting time of the first class and the dismissal time of the last class, minus the time allowed for lunch and one passing time, and minus Channel One time were as follows:

Grades K – 8	7.50
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B. The number of actual calendar hours classes were in session and pupils were under the direction of teachers during this school year was 1,143.50.

C. The number of days classes were in session and pupils were under the direction of the teachers during this school year was 155.

2. Average Daily Attendance (ADA)

Average Daily Attendance:

Regular term:

Resident I

Full-time kindergarten – Grade 8	40.38
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Resident II

Grades 9 – 12	<u>18.40</u>
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Total regular term	<u>58.78</u>
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Total Average Daily Attendance	<u><u>58.78</u></u>
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3. September Membership

September Membership FTE Count	<u><u>62.00</u></u>
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4. Free and Reduced Price Lunch FTE Count (Section 163.011(6), RSMo)

State FTE Total	Free	33.00
	Reduced	<u>2.00</u>
	Total	<u><u>35.00</u></u>

5. Finance

A. A bond, as required by Section 162.401, RSMo, has been purchased for the District treasurer in the amount of \$50,000.

B. The District's deposits were adequately secured during the year as required by Sections 110.010 and 110.020, RSMo.

MARK TWAIN R-VIII SCHOOL DISTRICT 106-008  
SCHEDULE OF SELECTED STATISTICS (continued)  
Year Ended June 30, 2018

5. Finance (continued)

- C. The District does not have a Debt Service Fund.
- D. Salaries reported for educators in the October core data cycle are supported by payroll/contract records.
- E. The District did not make a \$162,326 or 7% x SAT x WADA transfer in excess of adjusted expenditures.
- F. The District published a summary of the 2016-2017 audit report within thirty days of receipt of the audit, pursuant to Section 165.121, RSMo.
- G. The District has a professional development committee plan adopted by the Board with the professional development committee plan identifying the expenditure of seventy-five percent (75%) of one percent (1%) of the current year basic formula apportionment.
- H. The amount spent for approved professional development committee plan activities was \$3,325.

There were no findings noted above.

6. Transportation (Section 163.161, RSMo)

- A. The school transportation allowable costs substantially conform to 5 CSR 30-261.040, Allowable Costs for State Transportation Aid.
- B. The District's school transportation ridership records are so maintained as to accurately disclose in all material respects the average number of regular riders transported.
- C. Based on the ridership records, the average number of students (non-disabled K-12, career education, and K-12 students with disabilities) transported on a regular basis (ADT) eligible for state transportation aid was 60.50 and the average number of students transported on a regular basis (ADT) ineligible to be counted for state transportation aid was -0-.
- D. The District's transportation odometer mileage records are so maintained as to accurately disclose in all material respects the eligible and ineligible mileage for the year.
- E. Actual odometer records show the total District operated and contracted mileage for the year was 35,097. Of this total, the eligible non-disabled and students with disabilities route miles were 34,228 and the ineligible non-route and disapproved miles combined were 869.
- F. The District operated the school transportation system for 155 days during this school year.

There were no findings noted above.