

# Lee's Summit R-VII School District

Basic Financial Statements  
Year Ended June 30, 2021

**KPM**  
CPAS & ADVISORS

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## Independent Auditors' Report

Board of Education  
Lee's Summit R-VII School District  
Lee's Summit, Missouri

### Report on the Financial Statements

We have audited the basic financial statements of the governmental activities and each major fund of the Lee's Summit R-VII School 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 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 1; this includes determining that the modified cash basis of accounting is an acceptable basis for the preparation of the financial statements in the circumstances. 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 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 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 opinions.

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## **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 Lee's Summit R-VII School District as of June 30, 2021, 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 1.

## **Basis of Accounting**

We draw attention to Note 1 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 and the historical schedule of insurance reserves, which are 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 and the historical schedule of insurance reserves have 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 them.

## **Other Financial Information**

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Lee's Summit R-VII 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 accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by Title 2 U.S. *Code of Federal Regulations* (CFR) part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and is also not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements.

The Other Financial Information and the Schedule of Expenditures of Federal Awards are the responsibility of management and were derived from and relate 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.

**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 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  
December 1, 2021

## **Government-Wide Financial Statements**

# Lee's Summit R-VII School District

## Statement of Net Position – Modified Cash Basis

June 30, 2021

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	<b>Governmental Activities</b>
<b>Assets</b>	
Cash and investments	\$ 267,918,519
Cash and cash equivalents - Employee health insurance plan	9,739,546
<b>Total Assets</b>	<b><u>\$ 277,658,065</u></b>
<b>Net Position</b>	
Restricted	
Student activities	\$ 1,185,808
Debt service	41,694,773
Unspent bond proceeds	149,547,109
Employee health insurance plan	9,739,546
Unrestricted	75,490,829
<b>Total Net Position</b>	<b><u>\$ 277,658,065</u></b>

See accompanying notes to the financial statements.



# Lee's Summit R-VII School District

Statement of Activities – Modified Cash Basis

Year Ended June 30, 2021

	Program Cash Receipts			Net	
	Cash Disbursements	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	(Disbursements) Receipts and Changes in Net Position
<b>Governmental Activities</b>					
Instruction	\$(133,900,369)	\$ 3,176,459	\$ 12,615,493	\$ 126,408	\$(117,982,009)
Student services	(16,337,065)	-	78,209	-	(16,258,856)
Instructional staff support	(7,937,278)	-	1,951,390	-	(5,985,888)
Building administration	(11,727,943)	-	-	-	(11,727,943)
General administration	(15,214,748)	-	-	-	(15,214,748)
Operation of plant	(26,066,358)	1,595,786	-	-	(24,470,572)
Transportation	(10,587,825)	-	2,574,536	-	(8,013,289)
Food service	(6,953,706)	266,097	6,205,858	-	(481,751)
Community services	(5,712,508)	1,646,294	2,666,599	-	(1,399,615)
Facilities acquisition and construction	(48,914,455)	-	-	-	(48,914,455)
Debt service	(31,849,318)	-	-	513,624	(31,335,694)
<b>Net Program (Disbursements) Receipts</b>	<b><u>\$ (315,201,573)</u></b>	<b><u>\$ 6,684,636</u></b>	<b><u>\$ 26,092,085</u></b>	<b><u>\$ 640,032</u></b>	<b>(281,784,820)</b>
<b>General Receipts</b>					
Ad valorem tax receipts					124,490,723
Prop C sales tax receipts					17,970,016
Other tax receipts					8,200,487
County receipts					4,351,002
State receipts					68,159,082
Interest receipts					1,782,570
Other receipts					4,067,647
<b>Total General Receipts</b>					<b>229,021,527</b>
<b>Special Items</b>					
Premium on bonds sold					31,593,521
Sale of bonds					169,950,000
Net insurance recovery					109,118
Sale of other property					104,114
Refunding bonds					4,660,000
<b>Total Special Items</b>					<b>206,416,753</b>
<i>Increase in Net Position</i>					153,653,460
Net Position - Beginning of year					124,004,605
<b>Net Position - End of year</b>					<b>\$ 277,658,065</b>

See accompanying notes to the financial statements.

## **Fund Financial Statements**

## Lee's Summit R-VII School District

Statement of Assets and Fund Balances – Governmental Funds – Modified Cash Basis

June 30, 2021

	General Fund	Special Revenue Fund	Debt Service Fund	Capital Projects Fund	Total Governmental Funds
<b>Assets</b>					
Cash and investments	\$66,481,322	\$ -	\$41,694,773	\$159,742,424	\$267,918,519
<b>Total Assets</b>	<u>\$66,481,322</u>	<u>\$ -</u>	<u>\$41,694,773</u>	<u>\$159,742,424</u>	<u>\$267,918,519</u>
<b>Fund Balances</b>					
Restricted for					
Student activities	\$ 1,185,808	\$ -	\$ -	\$ -	\$ 1,185,808
Debt service	-	-	41,694,773	-	41,694,773
Unspent bond proceeds	-	-	-	149,547,109	149,547,109
Assigned for capital outlay	-	-	-	10,195,315	10,195,315
Unassigned	65,295,514	-	-	-	65,295,514
<b>Total Fund Balances</b>	<u>\$66,481,322</u>	<u>\$ -</u>	<u>\$41,694,773</u>	<u>\$159,742,424</u>	<u>\$267,918,519</u>
<b>Total Fund Balances - Governmental Funds</b>					\$267,918,519

Amounts reported for governmental activities in the statement of net position are different because:  
 An internal service fund is used by the District's management to charge the costs of the self-funded healthcare plan to the individual funds. The assets of the internal service fund are included in governmental activities in the statement of net position - modified cash basis.

**Net Position of Governmental Activities**

9,739,546
<u>\$277,658,065</u>

See accompanying notes to the financial statements.

## Lee's Summit R-VII School District

Statement of Receipts, Disbursements, and Changes in Fund Balances – Governmental Funds – Modified Cash Basis

Year Ended June 30, 2021

	General Fund	Special Revenue Fund	Debt Service Fund	Capital Projects Fund	Total Governmental Funds
<b>Receipts</b>					
Local	\$ 111,733,240	\$ 18,101,458	\$ 25,226,282	\$ 7,409,926	\$ 162,470,906
County	3,017,995	63,330	1,235,286	34,391	4,351,002
State	7,428,884	69,518,244	-	97,086	77,044,214
Federal	13,480,475	3,823,564	513,624	-	17,817,663
Other	-	754,495	-	-	754,495
<b>Total Receipts</b>	135,660,594	92,261,091	26,975,192	7,541,403	262,438,280
<b>Disbursements</b>					
Instruction	22,724,997	109,755,442	-	1,419,930	133,900,369
Student services	8,286,007	8,051,058	-	-	16,337,065
Instructional staff support	3,680,219	4,192,642	-	64,417	7,937,278
Building administration	3,081,740	8,636,709	-	9,494	11,727,943
General administration	11,521,821	3,384,727	-	2,030,116	16,936,664
Operation of plant	20,924,399	148	-	5,141,811	26,066,358
Transportation	8,667,368	-	-	1,920,457	10,587,825
Food service	6,813,321	-	-	140,385	6,953,706
Community services	5,123,820	578,004	-	10,684	5,712,508
Facilities acquisition and construction	-	-	-	48,914,455	48,914,455
Debt service	-	-	27,742,307	4,107,011	31,849,318
<b>Total Disbursements</b>	90,823,692	134,598,730	27,742,307	63,758,760	316,923,489
<i>Excess (Deficit) of Receipts Over Disbursements</i>	44,836,902	(42,337,639)	(767,115)	(56,217,357)	(54,485,209)
<b>Other Financing Sources (Uses)</b>					
Premium on bonds sold	-	-	16,457	31,577,064	31,593,521
Sale of bonds	-	-	-	169,950,000	169,950,000
Net insurance recovery	109,118	-	-	-	109,118
Sale of other property	45,979	-	-	58,135	104,114
Refunding bonds	-	-	4,660,000	-	4,660,000
Operating transfers in	-	42,337,639	-	140,385	42,478,024
Operating transfers (out)	(42,478,024)	-	-	-	(42,478,024)
<b>Total Other Financing Sources (Uses)</b>	(42,322,927)	42,337,639	4,676,457	201,725,584	206,416,753
<i>Excess of Receipts and Other Sources Over Disbursements and Other (Uses)</i>	2,513,975	-	3,909,342	145,508,227	151,931,544
Fund Balance, July 1, 2020	64,155,799	-	37,785,431	14,045,745	115,986,975
Equity transfers in (out)	(188,452)	-	-	188,452	-
<b>Fund Balance, June 30, 2021</b>	\$ 66,481,322	\$ -	\$ 41,694,773	\$ 159,742,424	\$ 267,918,519
Net change in fund balances - total governmental funds - modified cash basis					\$ 151,931,544
An internal service fund is used by the District's management to charge the costs of the self-funded health care plan to the individual funds. The net receipts (expenses) of the activities of the internal service fund is reported with governmental activities.					1,721,916
<b>Change in net position of governmental activities - modified cash basis</b>					<b>\$ 153,653,460</b>

See accompanying notes to the financial statements.

# Lee's Summit R-VII School District

Statement of Net Position – Proprietary Fund – Modified Cash Basis

June 30, 2021

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	<u>Internal Service Fund</u>
<b>Assets</b>	
Cash and cash equivalents	<u>\$ 9,739,546</u>
<b>Net Position</b>	
Restricted for employee health insurance plan	<u>\$ 9,739,546</u>

See accompanying notes to the financial statements.

## Lee's Summit R-VII School District

Statement of Receipts, Disbursements, and Changes in Net Position – Proprietary Fund – Modified Cash Basis

Year Ended June 30, 2021

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	<b>Internal Service Fund</b>
<b>Receipts</b>	
Charges for services	\$ 25,565,238
<b>Total Receipts</b>	25,565,238
<b>Disbursements</b>	
Insurance claims and administrative expenses	23,843,322
<b>Total Disbursements</b>	23,843,322
<i>Operating Income</i>	1,721,916
Net Position, July 1, 2020	8,017,630
<b>Net Position, June 30, 2021</b>	<b>\$ 9,739,546</b>

See accompanying notes to the financial statements.

# Lee's Summit R-VII School District

Statement of Cash Flows – Proprietary Fund – Modified Cash Basis

Year Ended June 30, 2021

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	<b>Internal Service Fund</b>
<b>Cash Flows From Operating Activities</b>	
Receipts from insurance premiums	\$ 25,565,238
Payment of insurance claims and administrative costs	(23,843,322)
<b>Net Cash Provided by Operating Activities</b>	<u>1,721,916</u>
Cash and Cash Equivalents, July 1, 2020	<u>8,017,630</u>
<b>Cash and Cash Equivalents, June 30, 2021</b>	<u><u>\$ 9,739,546</u></u>
<b>Reconciliation of Operating Income to Net Cash Provided by Operating Activities</b>	
Operating Income	<u>\$ 1,721,916</u>
<b>Net Cash Provided By Operating Activities</b>	<u><u>\$ 1,721,916</u></u>

See accompanying notes to the financial statements.

# Lee's Summit R-VII School District

## Notes to the Financial Statements

June 30, 2021

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### 1. Summary of Significant Accounting Policies

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

#### Financial Reporting Entity

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

#### Basis of Presentation

##### *Government-Wide Financial Statements*

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

##### *Fund Financial Statements*

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

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:

#### Governmental Funds:

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

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

*Debt Service Fund:* Accounts for receipts restricted, committed, or assigned for the retirement of principal and interest on the District's general obligation bonds.

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



# Lee's Summit R-VII School District

## Notes to the Financial Statements

June 30, 2021

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### Proprietary Fund:

*Internal Service Fund:* Accounts for the financing of goods or services provided by one department or agency to other departments or agencies of the District. The Internal Service Fund of the District is used to account for the health self-insurance program.

### **Basis of Accounting**

The government-wide Statement of Net Position and Statement of Activities and the fund financial statements are presented using the modified cash basis of accounting. This basis recognizes assets, net position/fund equity, receipts, and disbursements when they result from cash transactions. The modification to the cash basis of accounting relates to the presentation of investments. This basis is a special purpose framework of 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 used the basis of accounting recognized as generally accepted, the fund financial statements for governmental funds would use the modified accrual basis of accounting. All government-wide financials would be presented on the accrual basis of accounting.

### **Capital Outlay**

General fixed assets are recorded as disbursements in the Capital Projects Fund at the time the goods received are purchased.

### **Compensated Absences**

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

### **Long-Term Debt**

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

### **Teachers' Salaries**

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

# Lee's Summit R-VII School District

## Notes to the Financial Statements

June 30, 2021

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### **Pooled Cash and Investments**

Cash and investments of the individual funds are combined to form a pool of cash and cash equivalents with the exception of the Debt Service Fund, which is kept in separate bank accounts. Investments of the pooled accounts consist primarily of money market accounts, U.S. Treasury notes and certificates of deposit, 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.

*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.

# Lee's Summit R-VII School District

## Notes to the Financial Statements

June 30, 2021

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.

## 2. Cash & Cash Equivalents

State statutes require that the District's deposits be insured or collateralized in the name of the District by the trust department of a bank that does not hold the collateralized deposits. As of June 30, 2021, all bank balances on deposit are entirely insured or collateralized with securities.

## 3. Investments

The District has the following investments at June 30, 2021:

<u>Investment Type</u>	<u>Maturity</u>	<u>Total</u>
MOSIP - Money market fund	N/A	\$ 228,314,245
MOSIP - Term investment	N/A	21,000,000
U.S. Treasury notes	8/31/2021-2/28/2023	11,998,873
UBS - Treasury notes - fixed income	7/19/2021-8/4/2025	23,163,048
UBS - Certificates of deposit - fixed income	12/20/2021-8/26/2025	6,925,000
		<u>\$ 291,401,166</u>

### Missouri Securities Investment Program

District funds in the Missouri Securities Investment Program are invested in cash management funds in which the District has a pro-rata share. The funds are invested in accordance with Section 165.051 of the Missouri Revised Statutes. The cash management fund has a current rating of AAAM from Standard and Poor's.

### Missouri Securities Investment Program Term Investment

District funds in Missouri Securities Investment Program Term Investments are fixed rate investments permitted under Missouri Law. The funds are invested in short-term governmental investments. The fund has a current rating of AAAf from Fitch Ratings.

### U.S. Treasury Notes (SLGS)

District funds in U.S. Treasury Notes are from a bond refunding dated December 28, 2017. These investments are held in irrevocable trust accounts with UMB Bank. These funds were used to refund Series 2010A general obligation bonds on March 1, 2020 and will refund Series 2015B general obligation bonds on March 1, 2023. The funds are invested in accordance with Section 165.051 and Section 360 of the Missouri Revised Statutes.

# Lee's Summit R-VII School District

## Notes to the Financial Statements

June 30, 2021

### UBS Fixed Income

Funds invested at UBS Financial Services are held in fixed income securities, including \$23,163,048 in government securities and \$6,925,000 in certificates of deposit.

### Interest Rate Risk

As a means of limiting its exposure to fair value losses arising from rising interest rates, the District's investment policy mandates structuring the investment portfolio so that investments mature to meet cash requirements for ongoing operations, thereby avoiding the need to sell investments on the open market prior to maturity.

## 4. Taxes

Property taxes attach as an enforceable lien on property as of January 1. Taxes are levied on November 1 and payable by December 31. The 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 partial waiver of the rollback provision.

The assessed valuation of the tangible taxable property for the calendar year 2020 for purposes of local taxation was:

Real estate	\$1,944,460,670
Personal property	380,074,261
<b>Total Assessed Valuation</b>	<u><u>\$2,324,534,931</u></u>

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

	<u>Unadjusted</u>	<u>Adjusted</u>
General Fund	\$ 4.4976	\$ 4.3505
Debt Service Fund	1.0700	1.0700
Capital Projects Fund	.0500	.0500
<b>Total Levy</b>	<u><u>\$ 5.6176</u></u>	<u><u>\$ 5.4705</u></u>

The receipts of current and delinquent property taxes during the fiscal year ended June 30, 2021, aggregated approximately 98 percent of the current assessment computed on the basis of the levy as shown above.

# Lee's Summit R-VII School District

## Notes to the Financial Statements

June 30, 2021

### 5. General Obligation Bonds Payable

Bonds payable at June 30, 2021, consist of:

\$6,447,000 general obligation bonds issued August 2, 2010, due in full on March 1, 2027; interest at 5.48%.	\$ 6,447,000
\$29,345,000 general obligation refunding bonds issued February 25, 2014, due in varying annual installments through March 1, 2026; interest at 2.00% to 5.00%.	15,400,000
\$71,780,000 general obligation refunding bonds issued February 27, 2015, due in varying annual installments through March 1, 2028; interest at 2.00% to 3.00%.	26,295,000
\$12,000,000 general obligation bonds issued July 7, 2015, due in varying annual installments through March 1, 2035; interest at 5.00%.	12,000,000
\$28,000,000 general obligation bonds issued April 1, 2016, due in varying annual installments through March 1, 2036; interest at 3.00% to 5.00%.	28,000,000
\$18,775,000 general obligation refunding bonds issued December 28, 2017, due in varying annual installments through March 1, 2035; interest at 3.20% to 5.00%.	18,775,000
\$174,610,000 general obligation building and refunding bonds issued September 10, 2020, due in varying annual installments through March 1, 2040; interest at 3.00% to 4.00%.	170,000,000
	<u>\$ 276,917,000</u>

The following is a summary of bond transactions for the year ended June 30, 2021:

Bonds Payable, July 1, 2020	\$ 122,257,000
Bonds issued	174,610,000
Bonds retired	(19,950,000)
<b>Bonds Payable, June 30, 2021</b>	<u><u>\$ 276,917,000</u></u>

# Lee's Summit R-VII School District

## Notes to the Financial Statements

June 30, 2021

Debt service requirements are:

Year Ending June 30,	Principal	Interest	Total
2022	\$ 8,430,000	\$ 10,600,776	\$ 19,030,776
2023	21,355,000	10,310,376	31,665,376
2024	6,905,000	9,363,375	16,268,375
2025	7,285,000	9,104,975	16,389,975
2026	7,790,000	8,832,926	16,622,926
2027-2031	59,652,000	38,724,145	98,376,145
2032-2036	82,500,000	24,305,890	106,805,890
2037-2040	83,000,000	7,489,500	90,489,500
	\$ 276,917,000	\$ 118,731,963	\$ 395,648,963

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, 2021, was:

Constitutional debt limit	\$ 348,680,240
General obligation bonds payable	(276,917,000)
Amount available in Debt Service Fund	41,694,773
<b>Legal Debt Margin</b>	<b>\$ 113,458,013</b>

## 6. Retirement Plans

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

#### *Summary of Significant Accounting Policies*

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

# Lee's Summit R-VII School District

## Notes to the Financial Statements

June 30, 2021

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*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 PSRS must contribute to PEERS. Employees of the Systems who do not hold Missouri educator certificates also contribute to PEERS. PEERS was established as a trust fund by an Act of the Missouri General Assembly effective October 13, 1965. Statutes governing the System are found in Sections 169.600 - 169.715 and Sections 169.560 - 169.595 RSMo. The statutes place responsibility for the operation of PEERS on the Board of Trustees of PSRS.

*Benefits Provided.* PSRS is a defined benefit plan providing retirement, disability, and death/survivor benefits. Members are vested for service retirement benefits after accruing five years of service. Individuals who (a) are at least age 60 and have a minimum of five years of service, (b) have 30 years of service, or (c) qualify for benefits under the "Rule of 80" (service and age total at least 80) are entitled to a monthly benefit for life, which is calculated using a 2.5% benefit factor. Actuarially age-reduced benefits are available for members with 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 a 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.

# Lee's Summit R-VII School District

## Notes to the Financial Statements

June 30, 2021

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*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 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.

*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 PSRS and PEERS were \$16,172,867 and \$3,232,429, respectively, for the year ended June 30, 2021.

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

## 7. Leases Payable

On July 20, 2010, the District entered into a fifteen-year cancelable lease to finance the purchase of energy efficient vehicles at a cost of \$363,739. The lease purchase provides for interest at 4.57%.

On June 1, 2013, the District entered into a nine-year lease to finance the purchase of school buses at a cost of \$18,213,078. The lease purchase provides for interest at 1.75%.

On June 18, 2013, the District entered into a ten-year cancelable lease to finance the purchase of facility vehicles at a cost of \$2,033,074. The lease purchase provides for interest at 1.5%.

On June 18, 2013, the District entered into a ten-year lease agreement to finance the purchase of land at a cost of \$619,000. The lease purchase provides for interest at 2.29%.

On December 13, 2016, the District entered into a lease agreement to finance the construction of a new technology building. The Series 2016 Certificates of Participation were issued in the amount of \$20,215,000 with interest rates ranging from 3.0% to 5.0% with principal payments due May 1 and interest payments due November 1 and May 1.



# Lee's Summit R-VII School District

## Notes to the Financial Statements

June 30, 2021

Although the agreements provide for cancellation of the leases at the District's option at the renewal dates, the District does not foresee exercising its options to cancel. In the event of cancellation, the entire remaining balance becomes due and payable or underlying collateral is transferred back to the lending institution.

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

Year Ending June 30,	Direct Borrowings					
	Energy Efficient Vehicles	Facility Vehicles	Land	2016 COP	School Buses	Total
2022	\$ 14,220	\$ 214,779	\$ 69,610	\$ 1,607,450	\$ 1,967,097	\$ 3,873,156
2023	14,220	214,779	69,610	1,606,500	-	1,905,109
2024	14,220	-	-	1,605,900	-	1,620,120
2025	14,220	-	-	1,608,900	-	1,623,120
2026	972	-	-	1,605,300	-	1,606,272
2027-2031	-	-	-	8,046,700	-	8,046,700
2032-2036	-	-	-	8,038,500	-	8,038,500
Total Minimum Lease Payments	57,852	429,558	139,220	24,119,250	1,967,097	26,712,977
Less Amount Representing Interest	(5,222)	(7,956)	(3,896)	(6,809,250)	(33,911)	(6,860,235)
<b>Net Lease Payments</b>	<b>\$ 52,630</b>	<b>\$ 421,602</b>	<b>\$ 135,324</b>	<b>\$ 17,310,000</b>	<b>\$ 1,933,186</b>	<b>\$ 19,852,742</b>

The following represents the changes in the net lease payments for the year ended June 30, 2021:

Leases Payable, July 1, 2020	\$ 22,875,612
Additional obligations	-
Net retirements	(3,022,870)
<b>Leases Payable, June 30, 2021</b>	<b>\$ 19,852,742</b>

## 8. 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.

# Lee's Summit R-VII School District

## Notes to the Financial Statements

June 30, 2021

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### 9. Compensated Absences

After working for the District for 10 years, and meeting the requirements to qualify for teacher or Public Education employee retirement benefits, professional and support staff may receive 90% of their daily rate for each personal day accumulated, subject to board policy limitations, upon retirement with the District. As of June 30, 2021, the liability for accumulated compensated absences payable was \$9,918,273.

### 10. Claims & Adjustments

The District participates in a number of federal and state programs that are fully or partially funded by grants received from other governmental units. Disbursements financed by grants are subject to audit by the appropriate grantor government. If disbursements are disallowed due to noncompliance with grant program regulation, the District may be required to reimburse the grantor government. As of June 30, 2021, 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.

### 11. Post-Employment Benefits

In addition to the pension benefits described in Note 6, the District makes available post-retirement healthcare benefits to all employees who retire from the District. Participation by retirees in the District health plan is subjected to terms and conditions set forth in the Board policy. The cost of the coverage is charged to the retiree at a blended rate for all employees. The District has not made a formal evaluation or projection on the future cost of the existing health care benefit plan in relation to retirees.

### 12. Interfund Transfers

Transfers between funds of the District for the year ended June 30, 2021, were as follows:

	<u>Transfers In</u>	<u>Transfers Out</u>
General Fund	\$ -	\$ 42,478,024
Special Revenue Fund	42,337,639	-
Capital Projects Fund	140,385	-
	<u>\$ 42,478,024</u>	<u>\$ 42,478,024</u>

The District is required to make transfers from the General Fund to the Special Revenue Fund to cover the excess of disbursements over receipts each year. The District is also allowed to make transfers from the General Fund to the Capital Projects Fund to cover excess costs and build balances.

### 13. Tax Abatements

As of June 30, 2021, the District did not provide tax abatements to any businesses. However, the District's taxes were reduced by agreements entered into by other governments through the following programs: the Real Property Tax Increment Allocation Redevelopment Act (Tax Incremental Financing), the Urban Redevelopment Corporation Law (Chapter 353), and the Chapter 100 Industrial Development Act (Chapter 100).

# Lee's Summit R-VII School District

## Notes to the Financial Statements

June 30, 2021

- Tax Incremental Financing is an economic development tool which redirects local tax revenues towards the redevelopment of eligible properties that are otherwise economically unfeasible. Sections 99.800-99.865, RSMo, the Real Property Tax Increment Allocation Redevelopment Act, enables cities to finance certain redevelopment costs with the incremental tax revenue generated by the net increase in assessed valuation resulting from the redevelopment. Real estate taxes in the redevelopment area are frozen at the current level or base valuation. The increased assessed valuation resulting from the redevelopment is referred to as payments in lieu of taxes (PILOT). PILOTs for each TIF district are collected by the county collector and distributed to the cities that authorized the TIF. These funds are then distributed to a TIF special allocation fund or other political subdivisions.
- The Urban Redevelopment Corporation Law, or Chapter 353, is an economic development tool to encourage redevelopment of blighted areas. Under Sections 353.010-353.190 RSMo, the Urban Redevelopment Corporation has a tax abatement available for 25 years. During the first 10 years, the property is not subject to real property taxes except in the amount of real property taxes assessed on the land during the calendar year during which the Urban Redevelopment Corporation acquired title to the real property. For the remaining 15 years, the property may be assessed up to 50% of its true value. Payments in lieu of taxes (PILOTs) may be imposed on the Urban Redevelopment Corporation by the city in order to replace all or part of the real estate taxes abated. The PILOTs must be allocated based on a proportionate share to each taxing district.
- The Chapter 100 Industrial Development Act allows cities or counties to purchase or construct certain types of projects with bond proceeds and lease the project to a company under Sections 100.010-100.200, RSMo. Eligible projects include the purchase, construction, extension and improvement of warehouses, distributions facilities, research and development facilities, office industries, agricultural processing industries, service facilities which provide interstate commerce, and industrial plants. Since the city or county owns the property and leases it to the company any amount of the property taxes can be abated for a term agreed on by the city or county issuer and the company. Cities and counties are allowed to require the company to make payments in lieu of taxes (PILOTs) for a portion of the taxes it would have otherwise been required to pay.

Information relevant to disclosure of these programs for the year ended June 30, 2021, is as follows:

<u>Government Entering into Agreement</u>	<u>Tax Abatement Program</u>	<u>Amount of Taxes Abated</u>
City of Lee's Summit	Tax Increment Financing	\$ 3,164,626
	Chapter 353	205,765
	Chapter 100	108,930
		<u>\$ 3,479,321</u>

### 14. DNR Energy Loans & Energy Lease Purchase Agreements

On July 22, 2005, the District received a loan from the Missouri Department of Natural Resources (DNR) in the amount of \$549,031. The loan is payable in semi-annual payments of \$23,102, including interest at 3.75%. In the event of default on the loan, after 30 days, a late charge of 1% of the payment due shall be assessed to the Borrower.

# Lee's Summit R-VII School District

## Notes to the Financial Statements

June 30, 2021

On April 4, 2006, the District received a loan from the Missouri Department of Natural Resources (DNR) in the amount of \$749,786. The loan is payable in semi-annual payments of \$31,772, including interest at 4.00%. In the event of default on the loan, after 60 days, DNR shall initiate available remedies pursuant to Section 640.660 of the Energy Act by notifying the Department of Elementary and Secondary Education to deduct such payment amount from the next regular apportionment of state funds to the District.

On September 25, 2012, the District received a loan from the Missouri Department of Natural Resources (DNR) in the amount of \$2,499,700. The loan is payable in semi-annual payments of \$144,159, including interest at 3.10%. In the event of default on the loan, after 30 days, a late charge of \$25 plus 2% of the past due amount shall be assessed to the Borrower.

On December 29, 2011, the District entered into an energy lease purchase refinance for \$4,790,000 with Metcalf Bank (now known as Central Bank of the Midwest). This agreement calls for varying quarterly installments with interest at 3.10%. In the event of default, the Lessor may declare all current and remaining lease payments immediately due and payable. The Lessor may also retake possession of the equipment or allow the District to sell, lease, or sublease the equipment with the District remaining liable for all remaining rental payments. The Lessor may also take any other action at law or in equity that may appear necessary or desirable to enforce its rights as the owner of the equipment.

On March 15, 2012, the District entered into an energy lease purchase refinance for \$5,358,594 with Metcalf Bank (now known as Central Bank of the Midwest). This agreement calls for varying quarterly installments with interest at 3.10%. The Board has the option annually to renew. In the case that the Board chooses not to renew, the District has the option to prepay 100% of the remaining principal, plus interest accrued thereon to the prepayment date, with 30 days written notice to the lessor of such prepayment.

The following is a schedule of the future minimum loan/lease payments:

Year Ending June 30,	Direct Borrowing		
	Principal	Interest	Total
2022	\$ 804,868	\$ 61,961	\$ 866,829
2023	652,680	39,691	692,371
2024	490,000	22,204	512,204
2025	395,000	8,176	403,176
	\$ 2,342,548	\$ 132,032	\$ 2,474,580

The following represents the changes in the net loan/lease payments for the year ended June 30, 2021:

Leases/Loans Payable, July 1, 2020	\$ 3,350,067
Additional obligations	-
Net retirements	(1,007,519)
<b>Leases/Loans Payable, June 30, 2021</b>	<b>\$ 2,342,548</b>

# Lee's Summit R-VII School District

## Notes to the Financial Statements

June 30, 2021

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### 15. Self-Insurance Fund

The District has established a partially self-funded health benefit plan for District employees and their covered dependents to minimize the total cost of medical health insurance to the District. This program is for the benefit of all District employees covered under the Lee's Summit R-VII Schools Employee Health Care Plan. Medical claims exceeding an individual participant limit of \$150,000 are covered through a private insurance carrier. The program is administered by a third-party vendor which provides claims review, processing and payment of claims from the health insurance fund. The District established an Internal Service Fund to account for these activities.

### 16. Risks & Uncertainties

During 2020, a strain of coronavirus (COVID-19) was identified as a global pandemic and began affecting the health of large portions of the global population. The detrimental impact of this virus is not yet fully determinable, but will likely be significant for both the District and overall economy. COVID-19 has been identified as a significant risk and uncertainty that could impact future operations and result in changes in estimates and assumptions made in the financial statements.

### 17. Current Year Bond Refunding

On August 20, 2020, the District issued \$174,610,000 in Series 2020 General Obligation School Building and Refunding Bonds, of which \$4,660,000 was issued for the purpose of refunding the outstanding balance of Series 2012B Refunding Bonds on September 25, 2020. The Series 2020 bond issue has interest ranging from 2.705% to 3.0%; the refunded Series 2012B had interest at 4.0%.

As a result of the refunding, the District reduced its debt service requirements by \$92,910, which resulted in an economic gain (difference between the present value of debt service payments on old and new debt) of \$68,768.

### 18. Commitments

The District had the following commitments at June 30, 2021:

- Blue Cross Blue Shield of Kansas City for June health insurance claims in the amount of \$1,820,525
- McCown Gordon Construction for construction project in the amount of \$41,119,894
- J.E. Dunn Construction Company for construction project in the amount of \$6,160,126
- Monarch Build, LLC for construction project in the amount of \$2,830,882
- J.E. Dunn Construction Company for construction project in the amount of \$64,872,156
- Gould Evans, Inc. for construction project in the amount of \$912,734
- A.T.G. Ram Industries, LLC for construction project in the amount of \$418,970

Additionally, on June 15, 2021, the Board approved to enter into two lease purchase agreements. The Microsoft Surface Book 3 lease is in the amount of \$2,943,026 which will be funded over four years with annual payments of \$756,548 each. The lease is dated July 15, 2021, with interest at 1.89%. The SMART interactive learning suite lease is approved in the amount of \$4,287,524. The learning suits will be funded over five years with annual payments of \$891,627 each. The lease is dated July 15, 2021, with interest at 1.99%.

# Lee's Summit R-VII School District

## Notes to the Financial Statements

June 30, 2021

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### **19. Subsequent Event**

On June 2, 2020, voters of the District approved the issuance of \$224,000,000 in general obligation bonds for the purpose of acquiring property and constructing, renovating, improving, furnishing, and equipping of school sites and facilities. On August 20, 2020 the District issued \$170,000,000 of the approved bonds. On November 3, 2021, the Board authorized the issuance of the remaining \$54,000,000, Series 2021 general obligation school building and refunding bonds. Included in the authorization is an additional \$20,225,000, which together with bond premiums upon issuance, will refund the Series 2014 general obligation refunding bonds and the Series 2015 general obligation refunding bonds. The refunded bonds will be called for redemption on March 1, 2022. As of December 1, 2021, the date of this report, the bonds had not been issued.

## Supplementary Information

## Lee's Summit R-VII School District

### Budgetary Comparison Schedule – General Fund

Year Ended June 30, 2021

	Budgeted Amounts		Actual	Variance with
	Original	Final		Final Budget Positive (Negative)
<b>Receipts</b>				
Local	\$115,310,838	\$106,917,622	\$111,733,240	\$ 4,815,618
County	3,253,056	3,020,397	3,017,995	(2,402)
State	4,517,651	4,116,820	7,428,884	3,312,064
Federal	7,503,011	7,585,097	13,480,475	5,895,378
<b>Total Receipts</b>	130,584,556	121,639,936	135,660,594	14,020,658
<b>Disbursements</b>				
Instruction	22,951,304	22,951,304	22,724,997	226,307
Student services	8,427,844	8,427,844	8,286,007	141,837
Instructional staff support	4,095,014	4,095,014	3,680,219	414,795
Building administration	2,973,242	2,973,242	3,081,740	(108,498)
General administration	14,588,789	11,647,859	11,521,821	126,038
Operation of plant	19,619,117	19,619,117	20,924,399	(1,305,282)
Transportation	9,804,791	8,804,791	8,667,368	137,423
Food service	8,156,839	7,156,839	6,813,321	343,518
Community services	5,354,496	5,354,496	5,123,820	230,676
<b>Total Disbursements</b>	95,971,436	91,030,506	90,823,692	206,814
<i>Excess of Receipts Over Disbursements</i>	34,613,120	30,609,430	44,836,902	14,227,472
<b>Other Financing Sources (Uses)</b>				
Net insurance recovery	-	-	109,118	109,118
Sale of other property	-	-	45,979	45,979
Operating transfers (out)	(43,610,224)	(41,960,195)	(42,478,024)	(517,829)
<b>Total Other Financing Sources (Uses)</b>	(43,610,224)	(41,960,195)	(42,322,927)	(362,732)
<i>Excess (Deficit) of Receipts and Other Sources Over Disbursements and Other (Uses)</i>	(8,997,104)	(11,350,765)	2,513,975	13,864,740
Fund Balance, July 1, 2020	64,155,799	64,155,799	64,155,799	-
Equity transfer (out)	-	-	(188,452)	(188,452)
<b>Fund Balance, June 30, 2021</b>	\$ 55,158,695	\$ 52,805,034	\$ 66,481,322	\$ 13,676,288

See accompanying Notes to the Budgetary Comparison Schedules.



## Lee's Summit R-VII School District

### Budgetary Comparison Schedule – Special Revenue Fund

Year Ended June 30, 2021

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		Positive (Negative)
<b>Receipts</b>				
Local	\$ 18,187,622	\$ 18,011,435	\$ 18,101,458	\$ 90,023
County	181,237	79,200	63,330	(15,870)
State	70,924,509	72,201,043	69,518,244	(2,682,799)
Federal	1,470,696	2,122,415	3,823,564	1,701,149
Other	822,000	822,000	754,495	(67,505)
<b>Total Receipts</b>	<u>91,586,064</u>	<u>93,236,093</u>	<u>92,261,091</u>	<u>(975,002)</u>
<b>Disbursements</b>				
Instruction	110,231,640	110,231,640	109,755,442	476,198
Student services	8,072,088	8,072,088	8,051,058	21,030
Instructional staff support	4,591,148	4,591,148	4,192,642	398,506
Building administration	8,714,555	8,714,555	8,636,709	77,846
General administration	3,354,934	3,354,934	3,384,727	(29,793)
Operation of plant	369	369	148	221
Community services	231,554	231,554	578,004	(346,450)
<b>Total Disbursements</b>	<u>135,196,288</u>	<u>135,196,288</u>	<u>134,598,730</u>	<u>597,558</u>
<i>(Deficit) of Receipts Over Disbursements</i>	(43,610,224)	(41,960,195)	(42,337,639)	(377,444)
<b>Other Financing Sources</b>				
Operating transfers in	<u>43,610,224</u>	<u>41,960,195</u>	<u>42,337,639</u>	<u>377,444</u>
<i>Excess of Receipts and Other Sources Over Disbursements</i>	-	-	-	-
Fund Balance, July 1, 2020	-	-	-	-
<b>Fund Balance, June 30, 2021</b>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>

See accompanying Notes to the Budgetary Comparison Schedules.

## Lee's Summit R-VII School District

### Budgetary Comparison Schedule – Debt Service Fund

Year Ended June 30, 2021

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Receipts</b>				
Local	\$ 23,879,394	\$ 24,861,282	\$ 25,226,282	\$ 365,000
County	1,159,052	1,235,829	1,235,286	(543)
Federal	460,000	513,624	513,624	-
<b>Total Receipts</b>	25,498,446	26,610,735	26,975,192	364,457
<b>Disbursements</b>				
Debt service	27,746,000	27,746,000	27,742,307	3,693
<b>Total Disbursements</b>	27,746,000	27,746,000	27,742,307	3,693
<i>(Deficit) of Receipts Over Disbursements</i>	(2,247,554)	(1,135,265)	(767,115)	368,150
<b>Other Financing Sources</b>				
Premium on bonds sold	-	16,457	16,457	-
Refunding bonds	-	4,660,000	4,660,000	-
<b>Total Other Financing Sources</b>	-	4,676,457	4,676,457	-
<i>Excess (Deficit) of Receipts and Other Sources Over Disbursements</i>	(2,247,554)	3,541,192	3,909,342	368,150
Fund Balance, July 1, 2020	37,785,431	37,785,431	37,785,431	-
<b>Fund Balance, June 30, 2021</b>	\$ 35,537,877	\$ 41,326,623	\$ 41,694,773	\$ 368,150

See accompanying Notes to the Budgetary Comparison Schedules.

## Lee's Summit R-VII School District

### Budgetary Comparison Schedule – Capital Projects Fund

Year Ended June 30, 2021

	Budgeted Amounts		Actual	Variance with
	Original	Final		Final Budget Positive (Negative)
<b>Receipts</b>				
Local	\$ 6,881,854	\$ 8,065,394	\$ 7,409,926	\$ (655,468)
County	56,422	34,418	34,391	(27)
State	-	4,067	97,086	93,019
<b>Total Receipts</b>	6,938,276	8,103,879	7,541,403	(562,476)
<b>Disbursements</b>				
Instruction	1,356,062	1,356,062	1,419,930	(63,868)
Instructional staff support	55,783	55,783	64,417	(8,634)
Building administration	3,641	3,641	9,494	(5,853)
General administration	5,636,465	5,636,465	2,030,116	3,606,349
Operation of plant	5,321,911	5,321,911	5,141,811	180,100
Transportation	20,000	1,920,000	1,920,457	(457)
Food service	-	-	140,385	(140,385)
Community services	2,000	2,000	10,684	(8,684)
Facilities acquisition and construction	45,119,417	45,119,417	48,914,455	(3,795,038)
Debt service	4,921,430	4,921,430	4,107,011	814,419
<b>Total Disbursements</b>	62,436,709	64,336,709	63,758,760	577,949
<i>(Deficit) of Receipt Over Disbursements</i>	(55,498,433)	(56,232,830)	(56,217,357)	15,473
<b>Other Financing Sources</b>				
Premium on bonds sold	-	31,577,064	31,577,064	-
Sale of bonds	200,000,000	169,950,000	169,950,000	-
Sale of other property	-	54,055	58,135	4,080
Operating transfers in	-	-	140,385	140,385
<b>Total Other Financing Sources</b>	200,000,000	201,581,119	201,725,584	144,465
<i>Excess of Receipts and Other Sources Over Disbursements</i>	144,501,567	145,348,289	145,508,227	159,938
Fund Balance, July 1, 2020	14,045,745	14,045,745	14,045,745	-
Equity transfer in	-	-	188,452	188,452
<b>Fund Balance, June 30, 2021</b>	\$ 158,547,312	\$ 159,394,034	\$ 159,742,424	\$ 348,390

See accompanying Notes to the Budgetary Comparison Schedules.

# Lee's Summit R-VII School District

Notes to the Budgetary Comparison Schedules

June 30, 2021

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## **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 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).

# Lee's Summit R-VII School District

## Historical Schedule of Insurance Reserves

June 30, 2021

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### Internal Service Fund Insurance Reserve Balance as of:

Benefit year ending December 31, 2020	<u>\$ 3,259,438</u>
Fiscal year ending June 30, 2021	<u>\$ 9,739,546</u>
Benefit year ending December 31, 2019	<u>\$ 1,269,341</u>
Fiscal year ending June 30, 2020	<u>\$ 8,017,630</u>
Benefit year ending December 31, 2018	<u>\$ 1,418,845</u>
Fiscal year ending June 30, 2019	<u>\$ 5,831,721</u>
Benefit year ending December 31, 2017	<u>\$ 1,771,404</u>
Fiscal year ending June 30, 2018	<u>\$ 7,351,727</u>
Benefit year ending December 31, 2016	<u>\$ 2,671,404</u>
Fiscal year ending June 30, 2017	<u>\$ 9,154,072</u>

## **Other Financial Information**

# Lee's Summit R-VII School District

## Schedule of Receipts by Source

Year Ended June 30, 2021

	General Fund	Special Revenue Fund	Debt Service Fund	Capital Projects Fund	Total
<b>Local</b>					
Current taxes	\$ 97,916,628	\$ -	\$ 24,080,889	\$ 1,125,308	\$ 123,122,825
Delinquent taxes	1,106,482	-	249,748	11,668	1,367,898
School district trust fund (Prop C)	-	17,970,016	-	-	17,970,016
Financial institution tax	1,118,507	-	275,087	12,855	1,406,449
M & M surtax	2,354,485	-	-	4,439,553	6,794,038
Earnings from temporary deposits	966,578	-	620,558	195,434	1,782,570
Premium on bonds sold	-	-	16,457	31,577,064	31,593,521
Sales to adults - non-program food sales	8,078	-	-	-	8,078
Food service non-program food sales	258,019	-	-	-	258,019
Admissions - student activities	804,296	-	-	-	804,296
Bookstore sales	38,004	-	-	-	38,004
Student organization membership dues and fees	317,629	-	-	-	317,629
Revenue from enterprise activities	89,171	-	-	-	89,171
Other pupil activity income	591,385	-	-	-	591,385
Community services	1,646,294	-	-	-	1,646,294
Rentals	581,479	-	-	1,595,786	2,177,265
Gifts	264,804	-	-	-	264,804
Prior period adjustment	126,732	-	-	-	126,732
Net receipts from clearing accounts	336,237	-	-	-	336,237
Miscellaneous local revenue	3,208,432	131,442	-	29,322	3,369,196
<b>Total Local</b>	111,733,240	18,101,458	25,242,739	38,986,990	194,064,427
<b>County</b>					
Fines, escheats, etc.	-	63,330	-	-	63,330
State assessed utilities	3,017,995	-	1,235,286	34,391	4,287,672
<b>Total County</b>	3,017,995	63,330	1,235,286	34,391	4,351,002
<b>State</b>					
Basic formula - state monies	-	61,034,438	-	-	61,034,438
Transportation	1,713,458	-	-	-	1,713,458
Early childhood special education	4,721,929	-	-	-	4,721,929
Basic formula - classroom trust fund	-	7,124,644	-	-	7,124,644
Educational screening program/PAT	584,295	-	-	-	584,295
Career education	292,679	43,251	-	97,086	433,016
Food service - state	59,303	-	-	-	59,303
Residential placement/excess cost	57,220	-	-	-	57,220
High need fund - special education	-	1,315,911	-	-	1,315,911
<b>Total State</b>	7,428,884	69,518,244	-	97,086	77,044,214

# Lee's Summit R-VII School District

## Schedule of Receipts by Source

Year Ended June 30, 2021

	General Fund	Special Revenue Fund	Debt Service Fund	Capital Projects Fund	Total
<b>Federal</b>					
Medicaid	353,099	-	-	-	353,099
Reserve officer training corps (ROTC)	-	176,902	-	-	176,902
CARES - ESSER Fund	-	1,184,391	-	-	1,184,391
Perkins basic grant, career education	66,957	13,076	-	-	80,033
Coronavirus Relief Fund (OA CRF)	1,587,393	-	-	-	1,587,393
IDEA grants	-	55,152	-	-	55,152
IDEA entitlement funds, part B					
IDEA	2,847,226	39,593	-	-	2,886,819
Early childhood special education - federal	413,028	422,331	-	-	835,359
School lunch program	3,873,861	-	-	-	3,873,861
School breakfast program	1,266,443	-	-	-	1,266,443
Fresh fruits and vegetable program	22,493	-	-	-	22,493
Title I - ESEA	464,013	1,505,263	-	-	1,969,276
Title IV.A student support and academic enrichment	170,215	-	-	-	170,215
Title III, ESEA - English language acquisition	28,915	38,849	-	-	67,764
Title II, part A&B, ESEA - teacher and principal training	93,668	356,007	-	-	449,675
CARES - school lunch program	637,075	-	-	-	637,075
CARES - school breakfast program	325,896	-	-	-	325,896
Dept of Health food service program	20,787	-	-	-	20,787
Headstart	544,932	-	-	-	544,932
Other - federal	764,474	32,000	513,624	-	1,310,098
<b>Total Federal</b>	13,480,475	3,823,564	513,624	-	17,817,663
<b>Other Sources</b>					
Sale of bonds	-	-	-	169,950,000	169,950,000
Net insurance recovery	109,118	-	-	-	109,118
Sale of other property	45,979	-	-	58,135	104,114
Refunding bonds	-	-	4,660,000	-	4,660,000
Tuition from other LEAs - regular term	-	657,351	-	-	657,351
Contracted educational services	-	97,144	-	-	97,144
<b>Total Other Sources</b>	155,097	754,495	4,660,000	170,008,135	175,577,727
<b>Total Receipts</b>	\$ 135,815,691	\$ 92,261,091	\$ 31,651,649	\$ 209,126,602	\$ 468,855,033

The above presentation is in accordance with the Annual Secretary of the Board Report (ASBR).



# Lee's Summit R-VII School District

## Schedule of Disbursements by Object

Year Ended June 30, 2021

	General Fund	Special Revenue Fund	Debt Service Fund	Capital Projects Fund	Total
Certificated - regular salaries	\$ 302	\$ 83,635,708	\$ -	\$ -	\$ 83,636,010
Certificated - administrators salaries	3,188,169	9,609,877	-	-	12,798,046
Certificated - part-time salaries	-	2,311	-	-	2,311
Certificated - other part-time salaries	-	451,245	-	-	451,245
Certificated supplemental pay	333,883	5,241,233	-	-	5,575,116
Certificated unused leave and/or severance pay	98,554	2,151,311	-	-	2,249,865
Classified salaries regular	28,504,099	54	-	-	28,504,153
Classified instructional aide salaries	4,933,085	29	-	-	4,933,114
Classified substitute salaries	40,354	-	-	-	40,354
Classified salaries - part-time	3,274,213	12,051	-	-	3,286,264
Classified employees unused leave and/or severance	499,409	1,814	-	-	501,223
Teacher's retirement	207,913	15,940,635	-	-	16,148,548
Non-teacher retirement	3,166,397	34,594	-	-	3,200,991
Old age survivor and disability (OASDI)	2,348,534	91,517	-	-	2,440,051
Medicare	558,265	1,377,283	-	-	1,935,548
Employee insurance	9,926,877	12,875,426	-	-	22,802,303
Workers' compensation insurance	783,713	303,097	-	-	1,086,810
Unemployment compensation	115,807	-	-	-	115,807
Other employer provided benefits	148,391	159,127	-	-	307,518
Purchased instructional services - tuition	510,483	1,079,511	-	-	1,589,994
Instructional program improvement services	549,563	-	-	-	549,563
Pupil services	133,522	-	-	-	133,522
Staff services	299,955	1,631,907	-	-	1,931,862
Audit services	28,742	-	-	-	28,742
Legal services	167,812	-	-	-	167,812
Election services	75,203	-	-	-	75,203
Other professional services	1,824,312	-	-	-	1,824,312
Cleaning services	30,859	-	-	-	30,859
Repairs and maintenance	481,370	-	-	-	481,370
Rentals - land and buildings	279,369	-	-	-	279,369
Rentals - equipment	29,929	-	-	-	29,929
Water and sewer	380,651	-	-	-	380,651
Trash removal	234,095	-	-	-	234,095
Technology-related repairs and maintenance	1,005,642	-	-	-	1,005,642
Rentals of computers and related equipment	2,361,751	-	-	-	2,361,751
Contracted transportation to and from school	130,629	-	-	-	130,629
Other contracted pupil transportation (non-rout	52,040	-	-	-	52,040

# Lee's Summit R-VII School District

## Schedule of Disbursements by Object

Year Ended June 30, 2021

	General Fund	Special Revenue Fund	Debt Service Fund	Capital Projects Fund	Total
Travel	138,509	-	-	-	138,509
Other transportation services	10,322	-	-	-	10,322
Property insurance	815,040	-	-	-	815,040
Liability insurance	734,822	-	-	-	734,822
Fidelity bond premiums	100	-	-	-	100
Judgement against LEA and settlements	119,227	-	-	-	119,227
Communication	355,454	-	-	-	355,454
Advertising	14,501	-	-	-	14,501
Printing and binding	258,763	-	-	-	258,763
Dues and membership	232,850	-	-	-	232,850
Other purchased services	1,132,594	-	-	-	1,132,594
Other expenses	145,244	-	-	-	145,244
General supplies	5,318,020	-	-	-	5,318,020
Supplies - technology - related	7,382,786	-	-	-	7,382,786
Textbook	259,053	-	-	-	259,053
Library books	297,877	-	-	-	297,877
Resource materials	17,658	-	-	-	17,658
Warehouse inventory adjustments	6,594	-	-	-	6,594
Food supplies - exclude non-food supplies	2,420,473	-	-	-	2,420,473
Electric	3,072,927	-	-	-	3,072,927
Gas - natural	505,477	-	-	-	505,477
Gasoline/diesel	245,847	-	-	-	245,847
Other supplies and materials	635,662	-	-	-	635,662
Buildings	-	-	-	50,841,281	50,841,281
Improvements other than buildings	-	-	-	721,909	721,909
Regular equipment	-	-	-	2,790,711	2,790,711
Equipment - classroom instructional apparatus	-	-	-	183,634	183,634
Technology - related hardware	-	-	-	2,992,898	2,992,898
Vehicles - except school buses	-	-	-	221,455	221,455
Pupil transportation vehicles - school buses	-	-	-	1,899,861	1,899,861
Principal - bonded indebtedness	-	-	19,950,000	-	19,950,000
Principal - lease purchase agreements	-	-	-	1,111,518	1,111,518
Principal - long term loans	-	-	-	1,019,009	1,019,009
Interest - bonded indebtedness	-	-	7,766,373	-	7,766,373
Interest - lease purchase agreements	-	-	-	847,754	847,754
Interest - long term loans	-	-	-	89,523	89,523
Fees - bonded indebtedness	-	-	25,934	1,039,207	1,065,141
<b>Total Disbursements</b>	<b>\$ 90,823,692</b>	<b>\$134,598,730</b>	<b>\$ 27,742,307</b>	<b>\$ 63,758,760</b>	<b>\$316,923,489</b>

The above presentation is in accordance with the Annual Secretary of the Board Report (ASBR).

## Lee's Summit R-VII School District

### Schedule of Transportation Costs Eligible for State Aid

Year Ended June 30, 2021

	<b>District Owned</b>	<b>Disabled Transportation District Owned</b>	<b>Contracted</b>	<b>Disabled Contracted</b>	<b>Total</b>
Certificated salaries	\$ 402,312	\$ -	\$ -	\$ -	\$ 402,312
Non-certificated salaries	3,538,046	490,658	-	-	4,028,704
Employee benefits	1,983,080	278,520	-	-	2,261,600
Purchased services	230,849	4,979	161,744	21,151	418,723
Supplies	839,865	1,169	491	-	841,525
Capital outlay	20,596	-	-	-	20,596
Depreciation	2,305,675	-	-	-	2,305,675
	<u>\$ 9,320,423</u>	<u>\$ 775,326</u>	<u>\$ 162,235</u>	<u>\$ 21,151</u>	<u>\$ 10,279,135</u>
School buses leased/purchased					
Principal	<u>\$ 1,899,861</u>				
Interest	<u>\$ 67,236</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  
Lee's Summit R-VII School District  
Lee's Summit, Missouri

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities and each major fund of Lee's Summit R-VII School District as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise Lee's Summit R-VII School 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 Lee's Summit R-VII School District's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we do not express an opinion on the effectiveness of the District's internal control.

*A deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or 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 a material weakness. However, material weaknesses may exist that have not been identified.

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### **Compliance and Other Matters**

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

### **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  
December 1, 2021



## Independent Auditors' Report on Compliance for Each Major Program and on Internal Control over Compliance Required by the Uniform Guidance

Board of Education  
Lee's Summit R-VII School District  
Lee's Summit, Missouri

### Report on Compliance for Each Major Federal Program

We have audited Lee's Summit R-VII School District's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of Lee's Summit R-VII School District's major federal programs for the year ended June 30, 2021. The Lee's Summit R-VII School District's major federal programs are identified in the summary of auditors' results section of the accompanying Schedule of Findings and Questioned Costs.

### Management's Responsibility

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

### Auditors' Responsibility

Our responsibility is to express an opinion on compliance for Lee's Summit R-VII School 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 Lee's Summit R-VII School 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 Lee's Summit R-VII School District's compliance.

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### Opinion on Each Major Federal Program

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

### Report on Internal Control Over Compliance

Management of the Lee's Summit R-VII School 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 Lee's Summit R-VII School District's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the District's internal control over compliance.

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

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

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



KPM CPAs, PC  
Springfield, Missouri  
December 1, 2021



# Lee's Summit R-VII School District

## Schedule of Expenditures of Federal Awards

Year Ended June 30, 2021

<u>Federal Grantor/Pass Through Grantor/Program Title</u>	Assistance		<u>Passed-through to Subrecipients</u>	<u>Federal Expenditures</u>
	<u>Listing Number</u>	<u>Pass-through Grantor's Number</u>		
<b>U.S. Department of Agriculture</b>				
Missouri Department of Elementary and Secondary Education				
Child Nutrition Cluster				
National School Lunch Program				
Commodities	10.555	048-071	\$ -	\$ 281,412
Cash	10.555	20210N109943	-	3,873,861
COVID-19 - School Lunch Program	10.555	2020N850343	-	637,075
COVID-19 - School Breakfast Program	10.555	2020N850343	-	325,897
			-	5,118,245
School Breakfast Program	10.553	20210N109943	-	1,266,442
Missouri Department of Health and Senior Services				
Child Nutrition Cluster				
Summer Food Service Program for Children	10.559	ERS0461944S	-	16,265
<b>Total Child Nutrition Cluster</b>			-	6,400,952
Missouri Department of Elementary and Secondary Education				
Fresh Fruits and Vegetable Program				
Fresh Fruits and Vegetable Program	10.582	20200L160343	-	6,043
Fresh Fruits and Vegetable Program	10.582	2021IL160343	-	16,450
			-	22,493
<b>Total U.S. Department of Agriculture</b>			-	6,423,445
<b>U.S. Department of Education</b>				
Missouri Department of Elementary and Secondary Education				
Title I Grants to LEAs	84.010	S010A200025	-	1,639,435
Special Education Grants Cluster				
Special Education Grants to States	84.027	H027A190040	-	55,152
Special Education Grants to States	84.027	H027A200040	-	3,453,903
			-	3,509,055
Special Education Preschool Grants	84.173	H173A200103	-	73,760
<b>Total Special Education Grants Cluster</b>			-	3,582,815

## Lee's Summit R-VII School District

### Schedule of Expenditures of Federal Awards

Year Ended June 30, 2021

<u>Federal Grantor/Pass Through Grantor/Program Title</u>	Assistance		<u>Passed-through to Subrecipients</u>	<u>Federal Expenditures</u>
	<u>Listing Number</u>	<u>Pass-through Grantor's Number</u>		
Career and Technical Education - Basic Grants to States	84.048	V048A200025	-	144,676
English Language Acquisition Grants	84.365	S365A190025	-	15,480
English Language Acquisition Grants	84.365	S365A200025	-	41,291
			-	56,771
Supporting Effective Instruction State Grant	84.367	S367A200024	-	326,232
Student Support and Academic Enrichment Program	84.424	S42A200026	-	98,762
<b>Total U.S. Department of Education</b>			-	5,848,691
<b>U.S. Department of Defense</b>				
Direct				
Junior Reserve Officers Training Corp Unit	12.000	N/A	-	176,902
<b>Total U.S. Department of Defense</b>			-	176,902
<b>U.S. Department of Health and Human Services</b>				
Mid-America Regional Council				
Preschool Development Grants	93.600	08CH7056	-	544,932
Missouri Department of Social Services				
Temporary Assistance for Needy Families	93.558	M00497-030	-	32,000
<b>Total U.S. Department of Health and Human Services</b>			-	576,932
<b>U.S. Department of the Treasury</b>				
Missouri Department of Elementary and Secondary Education				
COVID-19 Coronavirus Relief Fund	21.019	048-071	-	1,505,462
Missouri Department of Health and Senior Services				
COVID-19 Coronavirus Relief Fund	21.019	N/A	-	65,052
Jackson County, Missouri				
COVID-19 Coronavirus Relief Fund	21.019	N/A	-	654,931
<b>TOTAL U.S. Department of the Treasury</b>			-	2,225,445
<b>Total Expenditures of Federal Awards</b>			<u>\$ -</u>	<u>\$ 15,251,415</u>

N/A – Not Applicable

See accompanying Notes to the Schedule of Expenditures of Federal Awards.

## Lee's Summit R-VII School District

### Notes to the Schedule of Expenditures of Federal Awards

Year Ended June 30, 2021

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1. The Schedule of Expenditures of Federal Awards is presented using the modified cash basis of accounting, which is described in Note 1 to the District's financial statements.
2. Commodities received and expended are valued by the Food Service Section of the Department of Elementary and Secondary Education at \$281,412.
3. The District did not provide funds to subrecipients in the current year.
4. The District elected not to use the 10% de minimis indirect cost rate.

# Lee's Summit R-VII School District

## Schedule of Findings and Questioned Costs

Year Ended June 30, 2021

### Section I: Summary of Audit Results

Financial Statements		
Type of report the auditor issued on whether the financial statements audited were prepared in accordance with the modified cash basis of accounting:		Unmodified
Internal control over financial reporting:		
Material weakness(es) identified?		No
Significant deficiency(ies) identified?		None Reported
Noncompliance material to financial statements noted?		No
Federal Awards		
Internal control over major federal programs:		
Material weakness(es) identified?		No
Significant deficiency(ies) identified?		None Reported
Type of auditors' report issued on compliance for major federal program:		Unmodified
Any audit findings disclosed that are required to be reported in accordance with 2CFR 200.516(a)?		No
Identification of major federal programs:		
<b>Assistance Listing Number(s)</b>	<b>Name of Federal Program or Cluster</b>	
10.553, 10.555, & 10.559	Child Nutrition Cluster	
21.019	COVID-19 Coronavirus Relief Fund	
Dollar threshold used to distinguish between type A and type B programs:		\$750,000
Auditee qualified as low-risk auditee?		No

### Section II: Financial Statement Findings

None

### Section III: Federal Award Findings and Questioned Costs

None

# Lee's Summit R-VII School District

Summary Schedule of Prior Audit Findings

Year Ended June 30, 2021

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There were no prior year audit findings.

## Supplementary State Information



## Independent Accountants' Report on Management's Assertions about Compliance with Specified Requirements of Missouri Laws and Regulations

Board of Education  
Lee's Summit R-VII School District  
Lee's Summit, Missouri

We have examined management's assertions that Lee's Summit R-VII 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, 2021. Lee's Summit R-VII School District's management is responsible for its assertions. Our responsibility is to express an opinion on management's assertions based on our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. Those standards require that we plan and perform the examination to obtain reasonable assurance about whether management's assertions are fairly stated, in all material respects. An examination involves performing procedures to obtain evidence about management's assertions. The nature, timing, and extent of the procedures selected depend on our judgment, including an assessment of the risks of material misstatement of management's assertions, whether due to fraud or error. We believe that the evidence we obtained is sufficient and appropriate to provide a reasonable basis for our opinion.

In our opinion, management's assertions referred to above are fairly stated, in all material respects.

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  
December 1, 2021

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Member of The Leading Edge Alliance

# Lee's Summit R-VII School District

## Schedule of Selected Statistics

Year Ended June 30, 2021

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

Report each unique calendar the district/charter school has as defined by Sections 160.041, 171.029, 171.031, and 171.033, RSMo.

School Code	Begin Grade	End Grade	Half Day Indicator	Standard Day Length	Days	Hours in Session
1015	8	12	-	6.50	162.00	1,053.00
	K	6	-	6.60	162.00	1,059.75
	7	8	-	6.55	162.00	1,052.10
	9	12	-	6.50	162.00	1,044.00

### 2. Attendance Hours

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

School Code	Grade Level	Full-Time	Part-Time	Remedial Hours	Other	Summer School	Total
	K	1,120,345.34	-	-	-	6,415.25	1,126,760.59
	1	1,179,896.44	818.27	-	6.50	13,885.50	1,194,606.71
	2	1,217,162.25	625.14	-	19.50	12,280.25	1,230,087.14
	3	1,282,985.23	951.77	-	19.50	10,876.50	1,294,833.00
	4	1,157,699.51	138.20	-	32.50	9,700.25	1,167,570.46
	5	1,327,826.17	-	-	32.50	11,273.20	1,339,131.87
	6	1,331,644.61	93.00	-	6.50	11,916.90	1,343,661.01
	7	1,384,711.55	749.11	-	58.50	9,025.05	1,394,544.21
	8	1,375,094.07	205.82	-	130.00	5,588.90	1,381,018.79
	9	1,382,243.51	5,144.19	-	23.75	25,730.17	1,413,141.62
	10	1,344,664.34	3,043.75	-	32.50	32,343.34	1,380,083.93
	11	1,348,689.32	1,303.47	-	19.50	46,304.13	1,396,316.42
	12	1,186,683.66	51,103.34	-	79.50	31,225.46	1,269,091.96
<b>Grand Total</b>	<b>K-12</b>	<b>16,639,646.00</b>	<b>64,176.06</b>	<b>-</b>	<b>460.75</b>	<b>226,564.90</b>	<b>16,930,847.71</b>



# Lee's Summit R-VII School District

## Schedule of Selected Statistics

Year Ended June 30, 2021

### 3. September Membership

Report the FTE count of resident students in grades K-12 taken the last Wednesday in September who are enrolled on the count day **and** in attendance at least 1 of the 10 previous school days, by grade at each attendance center. This count should only include PK students marked as being eligible to be claimed for state aid in the October MOSIS Student Core File.

School Code	Grade Level	Full-Time	Part-Time	Other	Total
	K	1,120.00	-	-	1,120.00
	1	1,177.00	-	-	1,177.00
	2	1,224.00	0.23	-	1,224.23
	3	1,287.00	0.09	-	1,287.09
	4	1,175.00	-	-	1,175.00
	5	1,340.00	-	-	1,340.00
	6	1,353.00	0.09	-	1,353.09
	7	1,433.00	0.49	-	1,433.49
	8	1,461.00	-	-	1,461.00
	9	1,474.00	1.97	-	1,475.97
	10	1,448.00	1.97	-	1,449.97
	11	1,488.00	1.44	-	1,489.44
	12	1,490.00	6.60	-	1,496.60
<b>Grand Total</b>	<b>K-12</b>	<b>17,470.00</b>	<b>12.88</b>	-	<b>17,482.88</b>

## Lee's Summit R-VII School District

### Schedule of Selected Statistics

Year Ended June 30, 2021

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

Report the FTE count taken the last Wednesday in January of resident students enrolled in grades K-12 and in attendance at least 1 of the 10 previous school days whose eligibility for free or reduced lunch is documented through the application process using federal eligibility guidelines or through the direct certification process. Desegregation students are considered residents of the district in which the students are educated.

School Code	Free Lunch	Reduced Lunch	DESEG In Free	DESEG In Reduced	Total
1015	4.99	-	N/A	N/A	4.99
1050	344.27	96.26	N/A	N/A	440.53
1070	352.00	92.00	N/A	N/A	444.00
1085	167.68	32.00	N/A	N/A	199.68
3000	210.00	51.00	N/A	N/A	261.00
3050	77.00	27.00	N/A	N/A	104.00
3080	212.95	43.00	N/A	N/A	255.95
4020	38.00	8.00	N/A	N/A	46.00
4030	32.00	5.00	N/A	N/A	37.00
4040	47.00	10.00	N/A	N/A	57.00
4060	121.00	19.00	N/A	N/A	140.00
4070	24.00	1.00	N/A	N/A	25.00
4080	52.00	12.00	N/A	N/A	64.00
4090	288.00	13.00	N/A	N/A	301.00
5010	101.00	18.00	N/A	N/A	119.00
5020	130.00	30.00	N/A	N/A	160.00
5025	53.00	32.00	N/A	N/A	85.00
5030	228.00	60.00	N/A	N/A	288.00
5035	55.00	20.00	N/A	N/A	75.00
5040	162.00	27.00	N/A	N/A	189.00
5045	69.00	12.00	N/A	N/A	81.00
5060	48.00	17.00	N/A	N/A	65.00
5080	28.00	5.00	N/A	N/A	33.00
6000	45.00	9.00	N/A	N/A	54.00
6010	29.00	19.00	N/A	N/A	48.00
<b>Grand Total</b>	<b>2,918.89</b>	<b>658.26</b>	<b>N/A</b>	<b>N/A</b>	<b>3,577.15</b>

# Lee's Summit R-VII School District

## Schedule of Selected Statistics

Year Ended June 30, 2021

### 5. Finance

Answer the following questions with an appropriate response of true, false, or N/A unless otherwise noted.

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

## Lee's Summit R-VII School District

### Schedule of Selected Statistics

Year Ended June 30, 2021

5.9	If a \$162,326 or 7% x SAT x WADA transfer was made in excess of adjusted expenditures, the board approve a resolution to make the transfer, which identified the specific projects to be funded by the transfer and an expected expenditure date for the projects to be undertaken. (Not applicable to charter schools)	N/A
5.10	The district/charter school published a summary of the prior year's audit report within thirty days of the receipt of the audit pursuant to Section 165.121, RSMo.	True
5.11	The district has a professional development committee plan adopted by the board with the professional development committee plan identifying the expenditure of seventy-five percent (75%) of one percent (1%) of the current year basic formula apportionment. Remaining 25% of 1% if not spent must be restricted and spent on appropriate expenditures in the future. Spending requirement is modified to seventy-five percent (75%) of one half percent (1/2%) of the current year basic formula apportionment if through fiscal year 2024 the amount appropriated and expended to public schools for transportation is less than twenty-five percent (25%) of allowable cost. (Not applicable to charter schools.)	True
5.12	The amount spent for approved professional development committee plan activities was:	\$591,674
5.13	The district/charter school has posted, at least quarterly, a searchable expenditure and revenue document or database detailing actual income, expenditures, and disbursement for the current calendar or fiscal year on the district or school website or other form of social media as required by Section 160.066, RSMo.	True

Notes:	

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

Finding:	There were no findings noted above.
Management Letter Comment:	N/A

# Lee's Summit R-VII School District

## Schedule of Selected Statistics

Year Ended June 30, 2021

### 6. Transportation (Section 163.161, RSMo)

Answer the following questions with an appropriate response of true, false, or N/A unless otherwise noted.

Section	Question	Answer
6.1	The school transportation allowable costs substantially conform to 5 CSR 30-261.040, Allowable Costs for State Transportation Aid.	True
6.2	The district's/charter school's pupil transportation ridership records are maintained in a manner to accurately disclose in all material respects the average number of regular riders transported.	True
6.3	Based on the ridership records, the average number of students (non-disabled K-12, K-12 students with disabilities and career education) transported on a regular basis (ADT) was:	
	Eligible ADT	6,233.0
	Ineligible ADT	1,332.5
6.4	The district's/charter school's transportation odometer mileage records are maintained in a manner to accurately disclose in all material respects the eligible and ineligible mileage for the year.	True
6.5	Actual odometer records show the total district/charter-operated and contracted mileage for the year was:	1,180,587
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 2020-21)	1,150,016
	Ineligible Miles (Non-Route/Disapproved)	30,571
6.7	Number of days the district/charter school operated the school transportation system during the regular school year:	162

Notes:	

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

Finding:	There were no findings noted above.
Management Letter Comment:	N/A