

# Saint Joseph School District

BASIC FINANCIAL STATEMENTS  
Year Ended June 30, 2019

**KPM**  
CPAS & ADVISORS

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## Independent Auditors' Report

Board of Education  
Saint Joseph School District  
Saint Joseph, Missouri

### Report on the Financial Statements

We have audited the basic financial statements of the governmental activities and each major fund of the Saint Joseph School District as of and for the year ended June 30, 2019, 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.

## **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 Saint Joseph School District as of June 30, 2019, 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, which is the responsibility of management, is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

## **Other Financial Information**

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Saint Joseph 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 November 15, 2019, 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  
November 15, 2019

## **Government-Wide Financial Statements**

# Saint Joseph School District

## Statement of Net Position – Modified Cash Basis

June 30, 2019

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	<u>Governmental Activities</u>
<b>Assets</b>	
Current Assets	
Cash and cash equivalents	\$ 40,529,386
Investments	1,400,720
<b>Total Assets</b>	<u>\$ 41,930,106</u>
<b>Net Position</b>	
Restricted for debt service	\$ 6,515,061
Restricted for student activities	1,423,056
Restricted for professional development	81,683
Restricted for healthcare trust	798,502
Unrestricted	33,111,804
<b>Total Net Position</b>	<u>\$ 41,930,106</u>

See accompanying notes to the financial statements.



# Saint Joseph School District

## Statement of Activities – Modified Cash Basis

Year Ended June 30, 2019

	Program Cash Receipts				Net (Disbursements) Receipts and Changes in Net Position
	Cash Disbursements	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
<b>Governmental Activities</b>					
Instruction	\$ (64,187,270)	\$ 2,352,703	\$ 10,986,570	\$ -	\$ (50,847,997)
Student services	(8,815,423)	-	430,838	-	(8,384,585)
Instructional staff support	(3,398,963)	-	549,355	-	(2,849,608)
Building administration	(6,094,922)	-	-	-	(6,094,922)
General administration	(9,364,173)	-	-	-	(9,364,173)
Operation of plant	(11,959,644)	-	-	-	(11,959,644)
Transportation	(4,981,701)	-	1,325,022	-	(3,656,679)
Food services	(5,777,234)	909,693	4,997,251	-	129,710
Adult continuing education	(670,176)	707,384	-	-	37,208
Community services	(1,727,312)	7,252	1,006,324	-	(713,736)
Facilities acquisition and construction	(1,497,968)	-	-	-	(1,497,968)
Debt service	(5,119,803)	-	-	-	(5,119,803)
<i>Net Program (Disbursements) Receipts</i>	<u>\$ (123,594,589)</u>	<u>\$ 3,977,032</u>	<u>\$ 19,295,360</u>	<u>\$ -</u>	<u>(100,322,197)</u>
<b>General Receipts</b>					
Ad valorem tax receipts					39,032,153
Prop C sales tax receipts					12,018,438
Other tax receipts					3,189,288
County receipts					3,562,667
State receipts					45,064,280
Interest receipts					1,259,011
Other receipts					449,501
<b>Total General Receipts</b>					<u>104,575,338</u>
<b>Special Items</b>					
Net insurance recovery					24,144
Sale of property					141,000
<b>Total Special Items</b>					<u>165,144</u>
<i>Increase in Net Position</i>					4,418,285
Net Position - Beginning of year					37,511,821
<b>Net Position - End of year</b>					<u>\$ 41,930,106</u>

See accompanying notes to the financial statements.

## **Fund Financial Statements**

## Saint Joseph School District

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

June 30, 2019

	General Fund	Special Revenue Fund	Debt Service Fund	Bond Capital Projects Fund	Other Capital Projects Fund	Total Governmental Funds
<b>Assets</b>						
Cash and cash equivalents	\$ 24,812,205	\$ -	\$ 5,114,489	\$ -	\$ 9,804,190	\$ 39,730,884
Investments	-	-	1,400,572		148	1,400,720
<b>Total Assets</b>	<b>\$ 24,812,205</b>	<b>\$ -</b>	<b>\$ 6,515,061</b>	<b>\$ -</b>	<b>\$ 9,804,338</b>	<b>\$ 41,131,604</b>
<b>Fund Balances</b>						
Restricted for						
Debt service	\$ -	\$ -	\$ 6,515,061	\$ -	\$ -	\$ 6,515,061
Student activities	1,423,056	-	-	-	-	1,423,056
Professional development	81,683	-	-	-	-	81,683
Assigned to						
Capital outlay	-	-	-	-	9,804,338	9,804,338
Unassigned	23,307,466	-	-	-	-	23,307,466
<b>Total Fund Balances</b>	<b>\$ 24,812,205</b>	<b>\$ -</b>	<b>\$ 6,515,061</b>	<b>\$ -</b>	<b>\$ 9,804,338</b>	<b>\$ 41,131,604</b>

See accompanying notes to the financial statements.

## Saint Joseph School District

### Reconciliation of the Governmental Funds Statement of Assets and Fund Balances to the Statement of Net Position

June 30, 2019

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Fund balance - total governmental funds	\$ 41,131,604
Some of the amounts reported for governmental activities in the Statement of Net Position are different because Fiduciary Funds' assets have been included with governmental activities	<u>798,502</u>
<b>Net position of governmental activities</b>	<u><u>\$ 41,930,106</u></u>

See accompanying notes to the financial statements.

## Saint Joseph School District

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

Year Ended June 30, 2019

	General Fund	Special Revenue Fund	Debt Service Fund	Bond Capital Projects Fund	Other Capital Projects Fund	Total Governmental Funds
<b>Receipts</b>						
Local	\$ 39,318,541	\$ 14,947,533	\$ 5,599,403	\$ -	\$ 13,711	\$ 59,879,188
County	2,976,706	121,583	464,378	-	-	3,562,667
State	5,853,943	45,064,280	-	-	-	50,918,223
Federal	13,115,395	-	-	-	-	13,115,395
Other	372,257	-	-	-	-	372,257
<b>Total Receipts</b>	61,636,842	60,133,396	6,063,781	-	13,711	127,847,730
<b>Disbursements</b>						
Instruction	9,317,564	52,485,416	-	-	75,857	61,878,837
Student services	4,714,215	3,792,699	-	-	-	8,506,914
Instructional staff support	1,548,117	1,266,653	-	-	497,692	3,312,462
Building administration	1,552,909	4,309,239	-	-	-	5,862,148
General administration	5,464,116	2,429,061	-	-	1,215,576	9,108,753
Operation of plant	11,548,790	8,103	-	-	128,397	11,685,290
Transportation	4,862,768	-	-	-	82,179	4,944,947
Food services	5,655,464	-	-	-	-	5,655,464
Adult continuing education	332,047	303,974	-	-	-	636,021
Community services	1,087,994	585,488	-	-	-	1,673,482
Facilities acquisition and construction	-	-	-	-	1,497,968	1,497,968
Debt service	-	-	5,103,390	-	16,413	5,119,803
<b>Total Disbursements</b>	46,083,984	65,180,633	5,103,390	-	3,514,082	119,882,089
<i>Excess (Deficit) of Receipts over Disbursements</i>	15,552,858	(5,047,237)	960,391	-	(3,500,371)	7,965,641
<b>Other Financing Sources (Uses)</b>						
Net insurance recovery	20,938	-	-	-	3,206	24,144
Sale of other property	-	-	-	-	141,000	141,000
Operating transfers in	-	5,047,237	-	-	5,279,409	10,326,646
Operating transfers (out)	(10,325,512)	-	-	(1,134)	-	(10,326,646)
<b>Total Other Financing Sources (Uses)</b>	(10,304,574)	5,047,237	-	(1,134)	5,423,615	165,144
<i>Excess (Deficit) of Receipts and Other Sources over Disbursements and Other (Uses)</i>	5,248,284	-	960,391	(1,134)	1,923,244	8,130,785
Fund Balance, July 1, 2018	19,563,921	-	5,554,670	1,134	7,881,094	33,000,819
<b>Fund Balance, June 30, 2019</b>	\$ 24,812,205	\$ -	\$ 6,515,061	\$ -	\$ 9,804,338	\$ 41,131,604

See accompanying notes to the financial statements.

## Saint Joseph School District

### Reconciliation of the Statement of Receipts, Disbursements and Changes in Fund Balances – Governmental Funds – Modified Cash Basis to the Statement of Activities

Year Ended June 30, 2019

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Net change in fund balance - total governmental funds	\$ 8,130,785
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Amounts reported for governmental activities in the Statement  
of Activities are different because:

Some expenditures reported in the governmental fund represent the use of current  
financial resources and were recognized in the statement of activities when incurred:

Net (loss) for healthcare trust fund	<u>(3,712,500)</u>
<b>Change in net position of governmental activities</b>	<u><u>\$ 4,418,285</u></u>

See accompanying notes to the financial statements.

# Saint Joseph School District

## Statement of Net Position – Proprietary Fund – Modified Cash Basis

June 30, 2019

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	<u>Internal Service Fund</u>
<b>Assets</b>	
Current Assets	
Cash and cash equivalents	\$ 798,502
<b>Total Assets</b>	<u>\$ 798,502</u>
<b>Net Position</b>	
Unrestricted	\$ 798,502
<b>Total Net Position</b>	<u>\$ 798,502</u>

See accompanying notes to the financial statements.

## Saint Joseph School District

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

Year Ended June 30, 2019

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	<b>Internal Service Fund</b>
<b>Receipts</b>	
Employer contributions	\$ 10,645,224
Miscellaneous	41,640
<b>Total Receipts</b>	<b>10,686,864</b>
<b>Disbursements</b>	
Premiums, claims, and administrative fees	14,399,364
<b>Total Disbursements</b>	<b>14,399,364</b>
<i>(Deficit) of Receipts over Disbursements</i>	(3,712,500)
Net Position, July 1, 2018	4,511,002
<b>Net Position, June 30, 2019</b>	<b>\$ 798,502</b>

See accompanying notes to the financial statements.



# Saint Joseph School District

## Statement of Fiduciary Net Position – Modified Cash Basis

June 30, 2019

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	<u>Agency Fund</u> <u>Scholarship</u>
<b>Assets</b>	
Cash and investments	\$ 111,582
<b>Total Assets</b>	<u>111,582</u>
<b>Liabilities</b>	
Due to others	111,582
<b>Total Liabilities</b>	<u>\$ 111,582</u>

See accompanying notes to the financial statements.

# Saint Joseph School District

## Notes to the Financial Statements

June 30, 2019

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### 1. Summary of Significant Accounting Policies

The District's financial statements are presented on 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-director district as described in RSMo Chapter 162, which designates a Board of Education to act as the governing body.

The School District of St. Joseph Board of Education is the basic level of government, which has financial accountability, and control over all activities related to public school education in the District. The Board receives funding from local, state and federal sources and must comply with the requirements of these funding source entities. However, the Board is not included in any other governmental "reporting entity" as defined by GASB pronouncements, since Board members are elected by the public and have decision making authority, the authority to levy taxes, the power to designate management, the ability to significantly influence operations and have primary financial accountability for fiscal matters. In addition, there are no material component units as defined in GASB Statement 61.

#### 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 governmental funds of the District are all considered major funds by the Department of Elementary and Secondary Education.

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

*General Fund:* Accounts for disbursements for noncertified 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. For purposes of reporting financial information to the State of Missouri on the Annual Secretary of the Board Report, this fund is combined with the activity and balances of the District's Fiduciary 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.

# Saint Joseph School District

## Notes to the Financial Statements

June 30, 2019

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

*Other 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. For purposes of reporting financial information to the State of Missouri in the Annual Secretary of the Board Report, this fund has been combined with the Bond Capital Projects Fund.

*Bond Capital Projects Fund:* Accounts for bond proceeds and other receipts restricted, committed, or assigned for acquisition or construction of major capital assets and other capital outlay as allowed under definitions contained in each bond transcript. For purposes of reporting financial information to the State of Missouri in the Annual Secretary of the Board Report, this fund has been combined with the Other Capital Projects Fund.

*Proprietary Fund:* The Internal Service Fund has been created to account for resources accumulated to fund and operate the District's self-insurance program for employee health insurance.

*Fiduciary Fund:* Fiduciary fund is excluded from the government-wide financial statements because the assets are not available for District operations. In the District's Annual Secretary of the Board Report, these funds are grouped with the District's General Fund activity.

*Agency Funds:* Accounts for restricted resources, which are not used to support District operations. These activities include resources restricted for providing scholarships to students from the scholarship fund. The Townsend Fund accounts for funds restricted for donor specified purposes.

### **Basis of Accounting**

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

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

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

### **Capital Outlay**

Capital outlay is recorded as disbursements in the Capital Projects Fund at the time the goods received are purchased.

# Saint Joseph School District

## Notes to the Financial Statements

June 30, 2019

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### **Compensated Absences**

Compensated absences are considered expenditures in the year actually paid in the fund financial statements. Vacation time, personal time, and sick leave time are granted to employees as requested or needed according to local Board policy. With the exception of certain accumulated sick leave, the time granted is forfeited if not taken in the period granted. Unused sick leave is payable only to employees retiring under the Public School or Public Education Employee Retirement Systems. This sick leave is payable at the rate of \$20 per day up to 225 days for a maximum of \$4,500.

### **Long-Term Debt**

Long-term debt arising from cash transactions of the governmental funds is reported in the government-wide financial statements but not 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 in the fund financial statements and as a reduction of liability in the government-wide financial statements.

### **Teachers' Salaries**

The salary payment schedule of the District for the 2018-2019 school year requires the payment of salaries for a twelve-month period. Consequently, the July and August 2019 payroll checks are included in the financial statements as a disbursement in the month of June. This practice has been consistently followed in previous years.

### **Pooled Cash and Investments**

Cash resources of the individual funds are combined to form a pool of cash and temporary investments that is managed by the District treasurer. Investments of the pooled accounts consist of a depository contract agreement, bank deposits, United States government or agency securities, and from time to time, commercial paper. Interest income earned is allocated to contributing funds based on cash and temporary investment balances.

The District records investments as assets at historical cost.

### **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.

### **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 subject 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.

### **Encumbrances**

Encumbrance accounting, under which purchase orders, contracts, and other commitments for the expenditure of funds are recorded in order to reserve that portion of the applicable appropriation, is employed by the governmental funds. At year-end, all outstanding encumbrances are canceled and, if properly approved, are issued against the next year's budget.

# Saint Joseph School District

## Notes to the Financial Statements

June 30, 2019

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### Use of Estimates

The preparation of financial statements in conformity with the modified cash basis of accounting requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results may differ from those estimates.

### 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 District’s highest level of decision making authority. Those committed amounts cannot be used for any other purpose unless the Board of Education removes the specified use by taking the same type of action imposing the commitment.

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

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

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

# Saint Joseph School District

## Notes to the Financial Statements

June 30, 2019

### Program Receipts

In the Statement of Activities, receipts that are derived directly from each activity or from parties outside the District's taxpayers are reported as program receipts. These include various grants from the State and Federal governments. All other governmental receipts are reported as general. 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, 2019, all bank balances on deposit are entirely insured or collateralized with securities.

## 3. Investments

The District's investment policy allows purchase of any investments allowed by the State Treasurer. These include obligations of the United States government or any agency or instrumentality thereof maturing and becoming payable not more than five years from the date of purchase; repurchase agreements maturing and becoming payable within ninety days secured by U.S. Treasury obligations or obligations of U.S. government agencies or instrumentalities of any maturity; or commercial paper issued by domestic corporations, which has received the highest rating by Moody's Investor Services, Inc. or Standard and Poor's Corporation.

The District's investments at June 30, 2019, are as follows:

<u>Investment Type</u>	<u>Rating</u>	<u>Interest Rate</u>	<u>Maturity</u>	<u>Cost</u>
Pro-rata shares of investment contracts with BOK Financial through the Missouri School District Direct Deposit Program	N/A	N/A	N/A	\$ 1,400,572
Missouri Securities Investment Program (MOSIP) - Money Market Fund	N/A	0.04%	N/A	<u>148</u>
				<u>\$ 1,400,720</u>

### Investment Contracts with BOK Financial

Funds on deposit with BOK Financial are invested in investment contracts in which the District has a pro-rata share of the investment contract. The investment contracts are in accordance with Section 165.051 and Section 360 of the Missouri Revised Statutes through the Missouri School District Direct Deposit Program. The investment contracts are with credit providers whose unsecured long-term debt is rated at the time of such agreement in either of the two highest rating categories by a nationally recognized rating service. These investments are carried at historical cost.

### 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, and are carried at historical cost.

# Saint Joseph School District

## Notes to the Financial Statements

June 30, 2019

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### Investment Risk

The District's investment policy addresses the following types of risk:

*Custodial credit risk:* For deposits, custodial credit risk is the risk that in the event of bank failure, the District's deposits may not be returned to it. The District's deposits are either FDIC insured or covered by pledged collateral. The District has an investment banking agreement with UMB Bank, N.A. Based upon this agreement, UMB deposits securities in an amount at least equal in market value of the aggregate amount on deposit less any amount insured by the FDIC. Commerce Bank provides an irrevocable letter of credit from the Federal Home Loan Bank as collateral for the debt service certificate of deposit. The District also has certificates of deposit with various other financial institutions; these institutions also deposit securities in an amount at least equal in market value to the aggregate amount on deposit less any amount insured by the FDIC.

At June 30, 2019, the bank balances of the District's deposits totaled \$30.7 million. Of this amount, \$250,000 was covered by FDIC insurance and \$30.5 million was supported by collateral in custody at the Federal Reserve Bank. The District also had investments of \$5.8 million in securities which are held in the District's name. The deposits of \$1.4 million in the Missouri School District Direct Deposit Program (to provide funds for bond payments) are collateralized by the Bank as a group for all schools included in the program.

*Interest rate risk:* Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The District has a formal investment policy that minimizes the risk that the market value of securities in the portfolio will fall due to changes in general interest rates by structuring the investment portfolio so that securities mature to meet cash requirements for ongoing operations, thereby avoiding the need to sell securities on the open market prior to maturity and investing operating funds primarily in shorter term securities.

*Credit risk:* Credit risk is defined as the risk that an issuer or other counterparts to an investment in debt securities will not fulfill its obligation. The District's investment policy limits credit risk by requiring diversification and pre-qualification of financial institutions, brokers/dealers, intermediaries, and advisors with which the District will do business.

*Concentration of credit risk:* Concentration of credit risk is the risk of loss attributed to the magnitude of a government's investment in a specific maturity, issuer or class of security. The District's investment policy includes minimum diversification standards by security type and issuer and maximum maturity provisions.

## 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 waiver of the rollback provision.

# Saint Joseph School District

## Notes to the Financial Statements

June 30, 2019

The assessed valuation of the tangible taxable property for the calendar year 2018 for purposes of local taxation was:

Real estate	\$	803,143,987
Personal property		287,032,783
		\$ 1,090,176,770

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 taxes estimated to be received in the subsequent calendar year unless the voters approved a waiver of the rollback provision. The District voters have not approved any waiver of the rollback provision.

The tax levy per \$100 of the assessed valuation of tangible taxable property for the calendar year 2018 for purposes of local taxation was:

	Unadjusted	Adjusted
General Fund	\$ 3.6445	\$ 3.1228
Debt Service Fund	.5076	.5076
	\$ 4.1521	\$ 3.6304

The receipts of current and delinquent property taxes during the fiscal year ended June 30, 2019, aggregated approximately 99 percent of the current assessment computed on the basis of the levy as shown above.

### 5. General Obligation Bonds Payable

Bonds payable at June 30, 2019, consists of:

\$9,980,000 Series 2012A general obligation building bond issue dated September 11, 2012, due in varying annual installments through June 30, 2032; interest at 2.3% to 3.0%.	\$ 9,980,000
\$1,130,000 Series 2012B taxable general obligation qualified zone academy bond issue dated September 11, 2012, due in varying annual installments through March 1, 2027; interest at .760%.	1,130,000
\$21,890,000 Series 2013A general obligation building bond issue dated April 23, 2013, due in varying annual installments through March 1, 2031; interest at 2.07% to 4.0%.	21,890,000
\$2,720,000 Series 2013B taxable general obligation qualified zone academy bond issue dated December 19, 2013, due in varying annual installments through March 1, 2022; interest at 1.16%.	2,720,000
\$6,280,000 Series 2014 general obligation building bond issue dated October 30, 2014, due in varying annual installments through March 1, 2034; interest at 4.00%.	6,280,000
	\$ 42,000,000



# Saint Joseph School District

## Notes to the Financial Statements

June 30, 2019

The following is a summary of bond transactions for the year ended June 30, 2019:

Bonds Payable, July 1, 2018	\$ 45,600,000
Bonds issued	-
Bonds retired	(3,600,000)
<b>Bonds Payable, June 30, 2019</b>	<b><u><u>\$ 42,000,000</u></u></b>

Debt service requirements are:

Year Ending June 30,	Principal	Interest	Total
2020	\$ 2,190,000	\$ 1,311,265	\$ 3,501,265
2021	2,300,000	1,266,015	3,566,015
2022	2,300,000	1,213,165	3,513,165
2023	2,400,000	1,131,165	3,531,165
2024	2,500,000	1,035,165	3,535,165
2025	2,600,000	935,165	3,535,165
2026	2,700,000	831,165	3,531,165
2027	2,830,000	723,165	3,553,165
2028	4,265,000	646,577	4,911,577
2029	4,355,000	557,043	4,912,043
2030	3,005,000	462,075	3,467,075
2031	2,500,000	379,950	2,879,950
2032	2,575,000	301,450	2,876,450
2033	2,680,000	219,200	2,899,200
2034	2,800,000	112,000	2,912,000
	<b><u><u>\$ 42,000,000</u></u></b>	<b><u><u>\$ 11,124,565</u></u></b>	<b><u><u>\$ 53,124,565</u></u></b>

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, 2019, was:

Constitutional debt limit	\$ 163,526,516
General obligation bonds payable	(42,000,000)
Amount available in Debt Service Fund	<u>6,515,061</u>
<b>Legal Debt Margin</b>	<b><u><u>\$ 128,041,577</u></u></b>

# Saint Joseph School District

## Notes to the Financial Statements

June 30, 2019

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### 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.

*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. Beginning July 1, 2001, and ending July 1, 2014, a 2.55% benefit factor was used to calculate benefits for members who had 31 or more years of service at retirement. Actuarially age-reduced benefits are available for members with 5 to 24.9 years of service at age 55. Members who are younger than age 55 and who do not qualify under the "Rule of 80" but have between 25 and 29.9 years of service may retire with a lesser benefit factor. Members that are three years beyond normal retirement can elect to have their lifetime monthly benefits actuarially reduced in exchange for the right to also receive a one-time partial lump sum (PLSO) payment at retirement equal to 12, 24, or 36 times the Single Life benefit amount.

# Saint Joseph School District

## Notes to the Financial Statements

June 30, 2019

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*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.

*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 2017, 2018, and 2019. 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 2017, 2018, and 2019. 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 \$7,863,650 and \$1,535,448, respectively, for the year ended June 30, 2019.

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).

# Saint Joseph School District

## Notes to the Financial Statements

June 30, 2019

### 7. 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, 2019, 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.

### 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.

#### Interfund Transfers

Transfers between funds of the District for the year ended June 30, 2019, were as follows:

	<u>Transfers In</u>	<u>Transfers Out</u>
General Fund	\$ -	\$ 10,325,512
Special Revenue Fund	5,047,237	-
Bond Capital Projects Fund	-	1,134
Other Capital Projects Fund	5,279,409	-
	<u>\$ 10,326,646</u>	<u>\$ 10,326,646</u>

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

### 9. Leases

During the year ended June 30, 2018, the District entered into a direct borrowing equipment lease purchase agreement to finance the purchase of ten school buses at a cost of \$452,402. The lease contains a provision for interest at a rate of 4.65%. In the event of default on the agreement, the lessor, its agents, servants, attorneys or representatives, may repossess and take away equipment, and for that purpose may enter upon the premises where equipment may be.

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

<u>Year Ending June 30,</u>	<u>Direct Borrowing/Direct Placement</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2020	\$ 86,007	\$ 12,585	\$ 98,592
2021	90,012	8,580	98,592
2022	94,204	4,388	98,592
	<u>\$ 270,223</u>	<u>\$ 25,553</u>	<u>\$ 295,776</u>

# Saint Joseph School District

## Notes to the Financial Statements

June 30, 2019

The following represents the changes in the net lease payments for the year ended June 30, 2019:

### Direct Borrowing/Direct Placement

Lease Payable, July 1, 2018	\$ 352,402
Additional Lease Obligation	-
Net Lease Retirement	<u>(82,179)</u>
<b>Lease Payable, June 30, 2019</b>	<b><u><u>\$ 270,223</u></u></b>

## 10. 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 subject 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.

## 11. 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 Saint Joseph Schools Employee Health Care Plan. Medical claims exceeding an individual participant limit of \$200,000 are covered through a private insurance carrier. The program is administered by Benefit Management, Inc. 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.

## 12. Deferred Compensation Plan

The District offers its employees deferred compensation plans created in accordance with Internal Revenue Code Sections 403(b) and 457(b). The plans, available to all District employees, permit participants to defer a portion of their salary until future years. The deferred compensation is not available to employees until termination, retirement, death or unforeseeable emergency.

The District funds all amounts of compensation deferred under the plan, at the direction of the covered employee, through investments in individual annuity contracts and custodial accounts for regulated investment company stocks offered by various investment companies.

# Saint Joseph School District

## Notes to the Financial Statements

June 30, 2019

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### 13. Tax Abatements

As of June 30, 2019, 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 Real Property Tax Increment Allocation Redevelopment Act (Tax Incremental Financing), Enhanced Enterprise Zones, Urban Redevelopments Corporation or Chapter 353, and Chapter 100 Industrial Development Act.

Tax Incremental Financing (TIF) 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 a TIF special allocation fund or other political subdivisions.

The Enhanced Enterprise Zones Program is designed to attract new or expanding businesses to the area. Under Sections 135.950-135.970, RSMo., in order for a manufacturer, distributor, or certain service industries to qualify for various tax abatements for 10 to 25 years, the business must meet certain minimum criteria depending on the type of business facility. New or expanded business facilities must have two new employees and \$100,000 in new investment. Replacement business facilities must have two new employees and \$1,000,000 in new investment. Both types of business facilities must also offer health insurance to full time employees in Missouri, of which at least 50% is paid by the employer.

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 with 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 allow 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, an 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.

# Saint Joseph School District

## Notes to the Financial Statements

June 30, 2019

Information relevant to disclosure of these programs for the year ended June 30, 2019, is as follows:

<u>Government Entering Into Agreement</u>	<u>Tax Abatement Program</u>	<u>Amount of Abated Assessed Value</u>	<u>Amount of Taxes Abated</u>	<u>Payment in Lieu of Tax Received</u>
City of St. Joseph, Missouri	Tax Increment Financing Ad-valorem taxes	\$ 71,155,530	\$ 2,583,231	\$ 262,578
City of St. Joseph, Missouri	Enhanced Enterprise Zones Ad-valorem taxes	\$ 26,279,563	\$ 954,053	\$ -
City of St. Joseph, Missouri	Chapter 353 Ad-valorem taxes	\$ 6,388,660	\$ 231,933	\$ -
City of St. Joseph, Missouri	Chapter 100 Ad-valorem taxes	\$ 37,572,193	\$ 1,364,021	\$ -

### 14. Commitment

At June 30, 2019, the District was committed to Allegiant Technology for a phone system in the amount of \$208,155.

## Supplementary Information



# Saint Joseph School District

## Budgetary Comparison Schedule – General Fund

Year Ended June 30, 2019

	Budgeted Amounts		Actual	Variance with
	Original	Final		Final Budget
				Positive (Negative)
<b>Receipts</b>				
Local	\$ 36,735,000	\$ 36,735,000	\$ 39,318,541	\$ 2,583,541
County	3,260,000	3,260,000	2,976,706	(283,294)
State	4,808,000	4,808,000	5,853,943	1,045,943
Federal	13,791,858	13,791,858	13,115,395	(676,463)
Other	1,295,000	745,000	372,257	(372,743)
<b>Total Receipts</b>	<u>59,889,858</u>	<u>59,339,858</u>	<u>61,636,842</u>	<u>2,296,984</u>
<b>Disbursements</b>				
Instruction	12,043,180	12,101,337	9,317,564	2,783,773
Student services	3,343,619	3,243,715	4,714,215	(1,470,500)
Instructional staff support	4,059,546	3,556,826	1,548,117	2,008,709
Building administration	6,164,870	6,218,042	1,552,909	4,665,133
General administration	1,472,011	1,472,011	5,464,116	(3,992,105)
Operation of plant	11,405,966	11,405,966	11,548,790	(142,824)
Transportation	4,658,425	4,632,652	4,862,768	(230,116)
Food services	5,754,240	5,754,240	5,655,464	98,776
Adult continuing education	233,764	233,764	332,047	(98,283)
Community services	1,397,589	1,242,466	1,087,994	154,472
<b>Total Disbursements</b>	<u>50,533,210</u>	<u>49,861,019</u>	<u>46,083,984</u>	<u>3,777,035</u>
<i>Excess of Receipts over Disbursements</i>	9,356,648	9,478,839	15,552,858	6,074,019
<b>Other Financing Sources (Uses)</b>				
Net insurance recovery	-	-	20,938	(20,938)
Operating transfers (out)	(6,535,521)	(11,870,373)	(10,325,512)	1,544,861
<b>Total Other Financing Sources (Uses)</b>	<u>(6,535,521)</u>	<u>(11,870,373)</u>	<u>(10,304,574)</u>	<u>1,523,923</u>
<i>Excess (Deficit) of Receipts and Other Sources over Disbursements and Other (Uses)</i>	2,821,127	(2,391,534)	5,248,284	7,597,942
Fund Balance, July 1, 2018	19,563,921	19,563,921	19,563,921	-
<b>Fund Balance, June 30, 2019</b>	<u><u>\$ 22,385,048</u></u>	<u><u>\$ 17,172,387</u></u>	<u><u>\$ 24,812,205</u></u>	<u><u>\$ 7,597,942</u></u>

# Saint Joseph School District

## Budgetary Comparison Schedule – Special Revenue Fund

Year Ended June 30, 2019

	Budgeted Amounts		Actual	Variance with
	Original	Final		Final Budget
				Positive (Negative)
<b>Receipts</b>				
Local	\$ 14,971,000	\$ 14,971,000	\$ 14,947,533	\$ (23,467)
County	150,000	150,000	121,583	(28,417)
State	45,690,000	45,690,000	45,064,280	(625,720)
<b>Total Receipts</b>	<u>60,811,000</u>	<u>60,811,000</u>	<u>60,133,396</u>	<u>(677,604)</u>
<b>Disbursements</b>				
Instruction	57,390,467	57,640,968	52,485,416	5,155,552
Student services	2,573,137	2,555,307	3,792,699	(1,237,392)
Instructional staff support	690,140	701,541	1,266,653	(565,112)
Building administration	1,188,105	1,174,975	4,309,239	(3,134,264)
General administration	4,044,076	4,320,384	2,429,061	1,891,323
Operation of plant	54,251	54,251	8,103	46,148
Adult continuing education	772,799	772,799	303,974	468,825
Community services	633,546	181,739	585,488	(403,749)
<b>Total Disbursements</b>	<u>67,346,521</u>	<u>67,401,964</u>	<u>65,180,633</u>	<u>2,221,331</u>
<i>(Deficit) of Receipts over Disbursements</i>	(6,535,521)	(6,590,964)	(5,047,237)	1,543,727
<b>Other Financing Sources</b>				
Operating transfers in	<u>6,535,521</u>	<u>6,590,964</u>	<u>5,047,237</u>	<u>(1,543,727)</u>
<i>Excess of Receipts and Other Sources over Disbursements</i>	-	-	-	-
Fund Balance, July 1, 2018	-	-	-	-
<b>Fund Balance, June 30, 2019</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

## Saint Joseph School District

### Budgetary Comparison Schedule – Debt Service Fund

Year Ended June 30, 2019

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Receipts</b>				
Local	\$ 5,290,000	\$ 5,290,000	\$ 5,599,403	\$ 309,403
County	523,000	523,000	464,378	(58,622)
<b>Total Receipts</b>	<u>5,813,000</u>	<u>5,813,000</u>	<u>6,063,781</u>	<u>250,781</u>
<b>Disbursements</b>				
Debt service	5,103,765	5,103,765	5,103,390	375
<b>Total Disbursements</b>	<u>5,103,765</u>	<u>5,103,765</u>	<u>5,103,390</u>	<u>375</u>
<i>Excess of Receipts over Disbursements</i>	709,235	709,235	960,391	251,156
Fund Balance, July 1, 2018	5,554,670	5,554,670	5,554,670	-
<b>Fund Balance, June 30, 2019</b>	<u><u>\$ 6,263,905</u></u>	<u><u>\$ 6,263,905</u></u>	<u><u>\$ 6,515,061</u></u>	<u><u>\$ 251,156</u></u>

# Saint Joseph School District

## Budgetary Comparison Schedule – Bond Capital Projects Fund

Year Ended June 30, 2019

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Receipts</b>				
Local	\$ -	\$ -	\$ -	\$ -
<b>Total Receipts</b>	-	-	-	-
<b>Disbursements</b>				
Facilities acquisition and construction	-	-	-	-
<b>Total Disbursements</b>	-	-	-	-
<i>Excess of Receipts over Disbursements</i>	-	-	-	-
<b>Other Financing Sources</b>				
Operating transfers (out)	-	(1,134)	(1,134)	-
<b>Total Other Financing Sources</b>	-	(1,134)	(1,134)	-
<i>(Deficit) Of Receipts and Other Sources over Disbursements</i>	-	(1,134)	(1,134)	-
Fund Balance, July 1, 2018	1,134	1,134	1,134	-
<b>Fund Balance, June 30, 2019</b>	<u>\$ 1,134</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

## Saint Joseph School District

### Budgetary Comparison Schedule – Capital Projects Fund

Year Ended June 30, 2019

	Budgeted Amounts		Actual	Variance with
	Original	Final		Final Budget
				Positive (Negative)
<b>Receipts</b>				
Local	\$ -	\$ -	\$ 13,711	\$ 13,711
Other	20,000	20,000	-	(20,000)
<b>Total Receipts</b>	<u>20,000</u>	<u>20,000</u>	<u>13,711</u>	<u>(6,289)</u>
<b>Disbursements</b>				
Instruction	55,000	79,000	75,857	3,143
Instructional staff support	700,000	700,000	497,692	202,308
Building administration	175,000	698,101	-	698,101
General administration	-	-	1,215,576	(1,215,576)
Operation of plant	1,955,000	1,955,000	128,397	1,826,603
Transportation	100,000	100,000	82,179	17,821
Food services	15,000	15,000	-	15,000
Facilities acquisition and construction	-	-	1,497,968	(1,497,968)
Debt service	-	-	16,413	(16,413)
<b>Total Disbursements</b>	<u>3,000,000</u>	<u>3,547,101</u>	<u>3,514,082</u>	<u>33,019</u>
<i>(Deficit) of Receipts over Disbursements</i>	(2,980,000)	(3,527,101)	(3,500,371)	26,730
<b>Other Financing Sources</b>				
Operating transfers in	-	5,279,409	5,279,409	-
Net insurance recovery	-	-	3,206	3,206
Sale of other property	-	-	141,000	141,000
<b>Total Other Financing Sources</b>	<u>-</u>	<u>5,279,409</u>	<u>5,423,615</u>	<u>144,206</u>
<i>Excess (Deficit) of Receipts and Other Sources over Disbursements</i>	(2,980,000)	1,752,308	1,923,244	170,936
Fund Balance, July 1, 2018	7,881,094	7,881,094	7,881,094	-
<b>Fund Balance, June 30, 2019</b>	<u>\$ 4,901,094</u>	<u>\$ 9,633,402</u>	<u>\$ 9,804,338</u>	<u>\$ 170,936</u>

# Saint Joseph School District

Note to the Budgetary Comparison Schedule

Year Ended June 30, 2019

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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 Director of Finance, who serves as the Budget Officer, submits to the Board of Education a proposed budget for the fiscal year beginning on the following July 1. The 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).

## Other Financial Information

# Saint Joseph School District

## Schedule of Receipts by Source

Year Ended June 30, 2019

	General Fund	Special Revenue Fund	Debt Service Fund	Capital Projects Fund	Total
<b>Local</b>					
Current taxes	\$ 32,542,096	\$ -	\$ 5,289,632	\$ -	\$ 37,831,728
Delinquent taxes	1,037,902	-	162,523	-	1,200,425
School district trust fund (Prop C)	-	12,018,438	-	-	12,018,438
Financial institution tax	-	154,852	-	-	154,852
M & M surcharge taxes	-	2,771,858	-	-	2,771,858
In lieu of tax	242,432	-	20,146	-	262,578
Reg day school tuition (K-12) from individuals	27,069	-	-	-	27,069
Adult/continuing education tuition - post secondary	707,384	-	-	-	707,384
Earnings from temporary deposits	1,129,513	2,385	127,102	11	1,259,011
Food service - sales to pupils	706,327	-	-	-	706,327
Food service - non-program	203,366	-	-	-	203,366
Admissions - student activities	101,105	-	-	-	101,105
Bookstore sales	41,966	-	-	-	41,966
Student organization membership dues and fees	11,674	-	-	-	11,674
Revenue from enterprise activities	28,961	-	-	-	28,961
Other pupil activity income	1,769,671	-	-	-	1,769,671
Community services	7,252	-	-	-	7,252
Rentals	2,290	-	-	-	2,290
Gifts	197,694	-	-	13,700	211,394
Prior period adjustment	156,522	-	-	-	156,522
Miscellaneous local revenue	292,979	-	-	-	292,979
<b>Total Local</b>	<b>39,206,203</b>	<b>14,947,533</b>	<b>5,599,403</b>	<b>13,711</b>	<b>59,766,850</b>
<b>County</b>					
Fines, escheats, etc.	-	121,583	-	-	121,583
State assessed utilities	2,976,706	-	464,378	-	3,441,084
<b>Total County</b>	<b>2,976,706</b>	<b>121,583</b>	<b>464,378</b>	<b>-</b>	<b>3,562,667</b>
<b>State</b>					
Basic formula - state monies	-	40,641,537	-	-	40,641,537
Transportation	823,522	-	-	-	823,522
Early childhood special education	2,124,844	-	-	-	2,124,844
Basic formula - classroom trust fund	-	4,422,743	-	-	4,422,743
Educational screening program/PAT	380,110	-	-	-	380,110
Career education	740,704	-	-	-	740,704
Food service - state	45,923	-	-	-	45,923
Adult education & literacy (AEL)	652,623	-	-	-	652,623
Residential placement/Excess cost	15,752	-	-	-	15,752
Readers for the blind	197	-	-	-	197
High need fund - special education	693,746	-	-	-	693,746
Other - state	376,522	-	-	-	376,522
<b>Total State</b>	<b>5,853,943</b>	<b>45,064,280</b>	<b>-</b>	<b>-</b>	<b>50,918,223</b>



# Saint Joseph School District

## Schedule of Receipts by Source

Year Ended June 30, 2019

	General Fund	Special Revenue Fund	Debt Service Fund	Capital Projects Fund	Total
<b>Federal</b>					
Medicaid	458,061	-	-	-	458,061
Reserve officer training corps (ROTC)	132,361	-	-	-	132,361
Perkins basic grant, career education	418,897	-	-	-	418,897
Adult education & literacy (AEL)	132,544	-	-	-	132,544
IDEA Grants	19,967	-	-	-	19,967
IDEA entitlement funds, part B IDEA	3,023,142	-	-	-	3,023,142
School lunch program	3,591,694	-	-	-	3,591,694
School breakfast program	1,289,684	-	-	-	1,289,684
After school snack program	4,934	-	-	-	4,934
Fresh fruits and vegetable program	65,016	-	-	-	65,016
Title I - ESEA	2,848,788	-	-	-	2,848,788
Title I, part C - migrant education	31,581	-	-	-	31,581
Title IV.A student support and academic enrichment	121,943	-	-	-	121,943
Title III - ESEA - English language acquisition	108,765	-	-	-	108,765
Educ for homeless children & youth	127,183	-	-	-	127,183
Title II, part A&B, ESEA	524,742	-	-	-	524,742
Pell grants	215,093	-	-	-	215,093
Other - federal	1,000	-	-	-	1,000
<b>Total Federal</b>	13,115,395	-	-	-	13,115,395
<b>Other Sources</b>					
Net insurance recovery	20,938	-	-	3,206	24,144
Sale of other property	-	-	-	141,000	141,000
Tuition from other LEAs - regular term	68,198	-	-	-	68,198
Area voc fees from other LEAs	304,059	-	-	-	304,059
<b>Total Other Sources</b>	393,195	-	-	144,206	537,401
<b>Total Receipts</b>	\$ 61,545,442	\$ 60,133,396	\$ 6,063,781	\$ 157,917	\$ 127,900,536

The above presentation is in the form of the Annual Secretary of the Board Report (ASBR). For purposes of reporting financial information, the District's fiduciary fund activity is included in the General Fund for the ASBR while the District's Bond Capital Projects Fund and Other Capital Projects Fund have been combined on the ASBR within the Capital Projects Fund.

# Saint Joseph School District

## Schedule of Disbursements by Object

Year Ended June 30, 2019

	General Fund	Special Revenue Fund	Debt Service Fund	Capital Projects Fund	Total
Certificated - regular salaries	\$ -	\$ 40,871,995	\$ -	\$ -	\$ 40,871,995
Certificated - administrators salaries	594,423	5,034,916	-	-	5,629,339
Certificated - part-time salaries	212,869	819,418	-	-	1,032,287
Certificated - other part-time salaries	12,129	492,894	-	-	505,023
Certificated supplemental pay	53,927	1,762,648	-	-	1,816,575
Certificated unused leave and/or severance pay	7,180	207,880	-	-	215,060
Classified salaries regular	15,924,505	45,308	-	-	15,969,813
Classified instructional aide salaries	1,594,491	657,666	-	-	2,252,157
Classified substitute salaries	34,289	8,740	-	-	43,029
Classified salaries - part-time	913,882	43,487	-	-	957,369
Classified employees unused leave and/or severance	125,523	12,843	-	-	138,366
Teacher's retirement	74,404	7,836,550	-	-	7,910,954
Non-teacher retirement	1,474,301	61,749	-	-	1,536,050
Old age survivor and disability (OASDI)	1,132,014	163,874	-	-	1,295,888
Medicare	267,366	694,714	-	-	962,080
Employee insurance	3,759,013	6,167,099	-	-	9,926,112
Worker's compensation insurance	458,665	272,643	-	-	731,308
Unemployment compensation	31,290	-	-	-	31,290
Other employer provided benefits	58,576	26,209	-	-	84,785
Purchased instructional services - tuition	1,683,559	-	-	-	1,683,559
Instructional program improvement services	734	-	-	-	734
Pupil services	26,583	-	-	-	26,583
Staff services	56,706	-	-	-	56,706
Audit services	73,443	-	-	-	73,443
Data processing and technology related services	16,245	-	-	-	16,245
Legal services	125,452	-	-	-	125,452
Election services	53,270	-	-	-	53,270
Other professional services	2,270,884	-	-	-	2,270,884
Repairs and maintenance	261,418	-	-	-	261,418
Rentals - land and buildings	76,070	-	-	-	76,070
Rentals - equipment	348,000	-	-	-	348,000
Water and sewer	374,691	-	-	-	374,691
Trash removal	64,457	-	-	-	64,457
Technology-related repairs and maintenance	23,377	-	-	-	23,377
Rentals of computers and related equipment	69,422	-	-	-	69,422
Contracted transportation to and from school	3,127,064	-	-	-	3,127,064
Other contracted pupil transportation (non-route)	359,561	-	-	-	359,561
Travel	252,427	-	-	-	252,427
Other transportation services	44,971	-	-	-	44,971
Property insurance	4,571	-	-	-	4,571
Liability insurance	25,000	-	-	-	25,000
Judgments against LEA and settlements	128	-	-	-	128
Communication	187,703	-	-	-	187,703
Advertising	29,669	-	-	-	29,669

# Saint Joseph School District

## Schedule of Disbursements by Object

Year Ended June 30, 2019

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Debt Service Fund</u>	<u>Capital Projects Fund</u>	<u>Total</u>
Printing and binding	141	-	-	-	141
Dues and membership	49,838	-	-	-	49,838
Other purchased services	289,701	-	-	-	289,701
Other expenses	16,847	-	-	-	16,847
General supplies	3,874,722	-	-	-	3,874,722
Supplies - technology - related	446,805	-	-	-	446,805
Textbook	431,338	-	-	-	431,338
Library books	78,050	-	-	-	78,050
Food supplies - exclude non-food supplies	2,226,887	-	-	-	2,226,887
Electric	1,461,811	-	-	-	1,461,811
Gas - natural	440,332	-	-	-	440,332
Gasoline/diesel	413,819	-	-	-	413,819
Other supplies and materials	69,441	-	-	-	69,441
Buildings	-	-	-	1,357,364	1,357,364
Improvements other than buildings	-	-	-	48,407	48,407
Regular equipment	-	-	-	708,658	708,658
Equipment - classroom instructional apparatus	-	-	-	79,126	79,126
Technology - related hardware	-	-	-	197,385	197,385
Technology software	-	-	-	1,008,937	1,008,937
Vehicles - except school buses	-	-	-	13,700	13,700
Pupil transportation vehicles - school buses	-	-	-	82,179	82,179
Other capital outlay	-	-	-	1,913	1,913
Principal - bonded indebtedness	-	-	3,600,000	-	3,600,000
Interest - bonded indebtedness	-	-	1,500,265	-	1,500,265
Interest - lease purchase agreements	-	-	-	16,413	16,413
Fees - bonded indebtedness	-	-	3,125	-	3,125
<b>Total Disbursements</b>	<u>\$ 46,083,984</u>	<u>\$ 65,180,633</u>	<u>\$ 5,103,390</u>	<u>\$ 3,514,082</u>	<u>\$ 119,882,089</u>

## Saint Joseph School District

### Schedule of Transportation Costs Eligible for State Aid

Year Ended June 30, 2019

	<b>Contracted</b>	<b>District Owned</b>	<b>Contracted Disabled</b>	<b>Disabled District Owned</b>	<b>Total</b>
Non-certified salaries	\$ 2,159	\$ 7,428	\$ -	\$ 338,830	\$ 348,417
Employee benefits	528	1,412	-	161,649	163,589
Purchased services	3,099,851	3,295	386,774	7,862	3,497,782
Supplies	263,336	532	-	42,962	306,830
Depreciation, net of adjustment	-	69,982	-	-	69,982
	<b>\$ 3,365,874</b>	<b>\$ 82,649</b>	<b>\$ 386,774</b>	<b>\$ 551,303</b>	<b>\$ 4,386,600</b>
<b>School buses purchased</b>					<b>\$ 82,179</b>

## **Other Required Reports**



## **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  
Saint Joseph School District  
Saint Joseph, 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 Saint Joseph School District as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise Saint Joseph School District's basic financial statements and have issued our report thereon dated November 15, 2019.

### **Internal Control over Financial Reporting**

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and, therefore, material weaknesses or significant deficiencies may exist that were not identified. We did identify certain deficiencies in internal control, described in the accompanying Schedule of Findings and Questioned Costs as items 2019-001 and 2019-002, that we consider to be a material weaknesses.

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### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the Saint Joseph 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 determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

### **Response to Findings**

The District's responses to the findings are identified in our audit are described in the accompanying Schedule of Findings and Questioned Costs. The District's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

### **Purpose of 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  
November 15, 2019



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

Board of Education  
Saint Joseph School District  
Saint Joseph, Missouri

### **Report on Compliance for Each Major Federal Program**

We have audited Saint Joseph 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 Saint Joseph School District's major federal programs for the year ended June 30, 2019. The Saint Joseph 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 requirements of laws, regulations, contracts, and grants applicable to its federal programs.

### **Auditors' Responsibility**

Our responsibility is to express an opinion on compliance for Saint Joseph School District's major federal program 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 Saint Joseph 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 on the Saint Joseph School District's compliance.

### **Basis for Qualified Opinion on the Student Financial Assistance Cluster**

As described in the accompanying schedule of findings and questioned costs, the Saint Joseph School District did not comply with requirements regarding CFDA 84.063 Pell Grants, CFDA 84.268 Federal Direct Student Loans, and 84.007 Federal Supplemental Education Opportunity Grants as described in findings 2019-003 through 2019-005 for special testing and eligibility and reporting, respectively. Compliance with such requirements is necessary in our opinion, for the Saint Joseph School District to comply with the requirements applicable to that program.

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### **Qualified Opinion on the Student Financial Assistance Cluster**

In our opinion, except for the noncompliance described in the Basis for Qualified Opinion paragraph, the Saint Joseph 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 the Student Financial Aid Cluster for the year ended June 30, 2019.

### **Unmodified Opinion on the Other Major Federal Programs**

In our opinion, the Saint Joseph 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 its other major federal programs identified in the Summary of Auditors' Results section of the accompanying Summary Schedule of Findings and Questioned Costs for the year ended June 30, 2019.

### **Other Matters**

The Saint Joseph School District's response to the noncompliance findings identified in our audit is described in the accompanying schedule of findings and questioned costs. The Saint Joseph School District's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

### **Report on Internal Control Over Compliance**

Management of the Saint Joseph 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 Saint Joseph 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 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. However, as discussed below, we identified certain deficiencies in internal control over compliance that we consider to be material weaknesses. We consider the deficiencies in internal control over compliance described in the accompanying schedule of findings and questioned costs, identified as items 2019-003 through 2019-006, to be a material weaknesses.

The Saint Joseph School District's response to the internal control over compliance findings identified in our audit is described in the accompanying schedule of findings and questioned costs. The Saint Joseph School District's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

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*

KPM CPAs, PC  
Springfield, Missouri  
November 15, 2019

# Saint Joseph School District

## Schedule of Expenditures of Federal Awards

Year Ended June 30, 2019

<u>Federal Grantor/Pass Through Grantor/Program Title</u>	<u>Federal CFDA Number</u>	<u>Pass-through Grantor's Number or Other Identifying Number</u>	<u>Passed-through to Subrecipients</u>	<u>Federal Expenditures</u>
<b>U.S. Department of Agriculture</b>				
Missouri Department of Elementary and Secondary Education				
Child Nutrition Cluster				
School Breakfast Program	10.553	20188N109943	\$ -	\$ 274,924
		20199N109943	-	1,014,760
			-	1,289,684
National School Lunch Program				
Cash	10.555	20188N109943	-	740,479
		20199N109943	-	2,851,215
Commodities	10.555	011-082	-	507,299
			-	4,098,993
After School Snack Program	10.555	20188N109943	-	339
		20199N109943	-	4,595
			-	4,934
<b>Total Child Nutrition Cluster</b>			-	5,393,611
Fresh Fruits and Vegetables Program				
	10.582	20188L160343	-	7,042
		20199L160343	-	57,974
			-	65,016
<b>Total U.S. Department of Agriculture</b>			-	5,458,627
<b>U.S. Department of Education</b>				
Missouri Department of Elementary and Secondary Education				
Title I Grants to LEAs				
	84.010	S010A170025	-	1,714,447
		S010A180025	-	947,475
			-	2,661,922
Migrant Education State Grant Program				
	84.011	S011A160025	-	241
		S011A170025	-	19,294
		S011A170025	-	6,202
			-	25,737
Student Support and Academic Enrichment				
	84.424	S424A170026	-	23,216
		S424A180026	-	42,787
			-	66,003
Adult Education & Literacy - Federal				
	84.002	V002A170026	-	73,909
		V002A180026	-	58,635
			-	132,544

# Saint Joseph School District

## Schedule of Expenditures of Federal Awards

Year Ended June 30, 2019

<u>Federal Grantor/Pass Through Grantor/Program Title</u>	<u>Federal CFDA Number</u>	<u>Pass-through Grantor's Number or Other Identifying Number</u>	<u>Passed-through to Subrecipients</u>	<u>Federal Expenditures</u>
Homeless Education	84.196	S196A160026	-	2,180
		S196A170026	-	26,767
		S196A180026	-	106,044
			-	134,991
Supporting Effective Instruction State Grants	84.367	S367A170024	-	404,471
		S367A180024	-	153,021
			-	557,492
English Language Acquisition Grants	84.365	S365A170025	-	84,468
		S365A180025	-	27,353
			-	111,821
Career and Technical Education - Basic Grants to States	84.048	V048A170025	-	149,977
		V048A180025	-	246,116
			-	396,093
Youth Risk Behavior Survey	93.079	18NU87	-	1,000
Special Education Grants Cluster				
Special Education Grants to States	84.027	H027A170040	-	1,132,294
		H027A180040	-	1,562,741
			-	2,695,035
Special Education Preschool Grants	84.173	H173A180103	-	59,349
<b>Total Special Educations Grants Cluster</b>			-	2,754,384
Direct				
Student Financial Assistance Cluster				
Federal Pell Grant Program (Pell)	84.063	N/A	-	210,106
Federal Direct Student Loans (Direct Loan)	84.268	N/A	-	497,613
Federal Supplemental Educational Opportunity Grants (FSEOG)	84.007	N/A	-	5,167
<b>Total Student Financial Assistance Cluster</b>			-	712,886
<b>Total U.S. Department of Education</b>			-	7,554,873
<b>U.S. Department of Defense</b>				
Direct				
ROTC Language and Culture Training Grants	12.000	N/A	-	130,424
<b>Total U.S. Department of Defense</b>			-	130,424
<b>Total Expenditures of Federal Awards</b>			\$ -	\$ 13,143,924

N/A – Not applicable

## Saint Joseph School District

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

Year Ended June 30, 2019

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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 \$507,299.
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.
5. Loan Programs: The District participates in the Federal Direct Student Loan Program, which provides federal loans directly to the students rather than through private lending institutions. The District is responsible only for the origination of the loan (e.g., determining students eligibility and disbursing loan proceeds to the borrower). The Direct Loan Servicer is then responsible for the overall servicing and collection of the loan. Accordingly, these loans are not included in the District's financial statements.

The amount reported on the schedule of expenditures of federal awards for the loan program represents the total value of the loans awarded and paid to the District's students during the year ended June 30, 2019.

# Saint Joseph School District

## Summary Schedule of Findings and Questioned Costs

Year Ended June 30, 2019

### Section I: Summary Schedule 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?		Yes
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?		Yes
Significant deficiency(ies) identified?		None Reported
Type of auditors' report issued on compliance for major federal program:		Qualified
Any audit findings disclosed that are required to be reported in accordance with 2CFR 200.516(a)?		Yes
Identification of major federal programs:		
<b>CFDA Number(s)</b>	<b>Name of Federal Programs or Clusters</b>	
84.010	Title I Grants to LEA	
84.027	Special Education Cluster	
84.063, 84.268, & 84.007	Student Financial Assistance Program	
Dollar threshold used to distinguish between type A and type B programs:		\$750,000
Auditee qualified as low-risk auditee?		No

# Saint Joseph School District

## Summary Schedule of Findings and Questioned Costs

Year Ended June 30, 2019

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### Section II – Financial Statement Findings

Material Weakness – 2019-001

#### **2019-001 Segregation of Duties**

*Condition:* Because of a limited number of available personnel and high employee turnover rate in the business office at various times during the year, it was not always possible to adequately segregate certain incompatible duties so that no one employee had access to both physical assets and the related accounting records, or to all phases of a transaction. There were some mitigating controls in place, but it was not possible to have segregation in all areas.

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

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

*Recommendation:* We realize that due to circumstances beyond their control, management may not be able to achieve a proper segregation of duties; however, our professional standards require that we bring this lack of segregation of duties to your attention in this report.

*Response:* Periodically, due to employee turnover and other factors, a limited number of available personnel can prohibit segregation of incompatible duties and the District utilizes its resources to hire additional accounting personnel and provide training in a timely manner. The District will continue to work on developing processes and procedures to further segregate duties within the business office and the District.

#### **2019-002 Bank Reconciliations and Supporting Documentation**

*Condition:* During the year ended June 30, 2019, reconciliations of all bank accounts were not correctly performed on a monthly basis. We noted that on some of the reconciliations performed, some bank statements were not included with the reconciliation to substantiate the cash and investments in the bank.

*Criteria:* Bank reconciliations are an important internal control within an entity operating on the modified cash basis of accounting. All bank accounts held under the District's tax identification number should be reconciled to the general ledger on a monthly basis. All supporting information for the bank reconciliation should be included behind the reconciliation document. These items would include a printout of general ledger cash, bank statements and detailed listings of outstanding items.

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

*Recommendation:* We recommend that all bank accounts be reconciled to the general ledger on a monthly basis. We further recommend that these bank reconciliations and supporting information be kept on file in accordance with Missouri record retention schedules.

*Response:* The District has corrected the underlying process by authorizing the appropriate personnel viewing privileges for all District bank and investment accounts. This will allow for the inclusion of all bank statements in the bank reconciliation process. The District is continuing to modify and correct banking procedures.

# Saint Joseph School District

## Summary Schedule of Findings and Questioned Costs

Year Ended June 30, 2019

---

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

Compliance Findings And Material Weaknesses – 2019-003 through 2019-005

#### U.S. Department of Education

Student Financial Assistance Cluster

Federal Direct Student Loan Program CFDA 84.268

Federal Pell Grant Program (PELL) CFDA 84.063

Federal Supplemental Educational Opportunity Grants (FSEOG) CFDA 84.007

#### 2019-003 Student Financial Assistance Cluster – Special Testing – Enrollment Reporting

*Criteria:* The U.S. Department of Education requires the District to update changes in student enrollment status, report the date the enrollment status was effective, and submit changes electronically with the National Student Loan Data System (NSLDS) website in accordance with 34 CFR 682.610 and 34 CFR 685.309. Enrollment information must be reported within 30 days whenever attendance changes for students, unless a roster will be submitted within 60 days. Institutions are responsible for timely reporting, whether they report directly or via a third-party servicer.

*Condition:* The District did not have procedures in place to ensure change in enrollment information was accurately being reported to the Department of Education within the required timeframe.

*Context:* A sample of 37 students revealed 23 instances in which the District reported a different graduation date to the National Student Loan Data System (NSLDS) than District records were reporting. A sample of 37 students revealed 6 instances in which the District did not certify specific student data within the required 60 day timeframe to NSLDS.

*Effect:* The District was not in compliance with enrollment reporting to the NSLDS for students who had graduated and the District was not in compliance with the timely reporting requirements for NSLDS reporting.

*Cause:* The District's policies and procedures did not include proper internal controls over compliance to ensure that these requirements were being met.

*Questioned costs:* The questioned costs are undeterminable and more likely than not would be clearly trivial, and therefore, there are no questioned costs.

*Recommendation:* We recommend the District implement procedures to strictly comply with requirements of 34 CFR 685.309 and 34 CFR 682.610 as it relates to the student enrollment status date information reported to the NSLDS and timely reporting requirements.

*Response:* The District was closed approximately two weeks during the 2018-19 school year because of adverse weather conditions. The unusually high number of absences resulted in the adult students having to make up several days of classroom instruction and clinical experience. This caused some confusion in terms of scheduled verses actual graduation dates for the adult student programs. Enrollment reporting to NSLDS is a shared responsibility between Hillyard and Campus Ivy. Hillyard staff will reevaluate and work to improve the process of communicating each student's last day of attendance to Campus Ivy.



# Saint Joseph School District

## Summary Schedule of Findings and Questioned Costs

Year Ended June 30, 2019

---

### **2019-004 Student Financial Assistance Cluster – Eligibility**

*Criteria:* The U.S. Department of Education limits unsubsidized Direct Student Loans at an aggregate amount of \$31,000 for dependent students in accordance with 34 CFR 685.203(e)(1).

*Condition:* The District improperly disbursed Direct Student Loan funds exceeding the aggregate loan limits for unsubsidized loans.

*Context:* 1 of the 37 students that we sampled had unsubsidized Direct Student Loan funds disbursed over the aggregate amount of \$31,000 for dependent students.

*Effect:* The District was not in compliance with disbursing unsubsidized Direct Student Loan funds within the aggregate limit.

*Cause:* The District's policies and procedures did not include proper internal controls over compliance to ensure that this requirement was being met.

*Questioned costs:* None, as the over awarded amount has already been refunded to the U.S. Department of Education.

*Recommendation:* We recommend the District implement procedures to strictly comply with requirements of 34 CFR 685.203 as it relates to loan limits for Direct Student Loans. .

*Response:* The improper disbursement was an isolated case which is normally prevented within regular processing parameters by the third party processor. Campus Ivy also failed to alert Hillyard staff to the over award. Hillyard is currently monitoring the aggregate subsidized and unsubsidized loan limits of borrowers to safeguard against this error in the future.

### **2019-005 Student Financial Assistance Cluster – Reporting – Financial Reporting**

*Criteria:* The U.S. Department of Education requires the District to report actual disbursement dates and amounts in accordance with 34 CFR 685.301(a)(2).

*Condition:* The District records did not match Common Origination and Disbursement (COD) System actual disbursement dates and amounts.

*Context:* 8 of the 37 students that we sampled had different dates reported to the COD system than what District records reported.

*Effect:* The District was not in compliance with reporting actual disbursement dates and amounts to the COD system.

*Cause:* The District's policies and procedures did not include proper internal controls over compliance to ensure that this requirement was being met.

*Questioned costs:* None.

*Recommendation:* We recommend the District implement procedures to strictly comply with requirements of 34 CFR 685.301(a) as it relates to reporting actual disbursement dates and amounts.

# Saint Joseph School District

## Summary Schedule of Findings and Questioned Costs

Year Ended June 30, 2019

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*Response:* Financial reporting guidelines are described in sections 4 and 11 of the Financial Aid Policies and Procedures Manual. Campus Ivy generates a disbursement roster that is used to update COD disbursement dates and amounts. The records are then posted by Hillyard staff, using the same dates and amounts as shown on the roster batch. The ledger postings are subsequently reviewed as part of the monthly reconciliation process. Campus Ivy also performs monthly reconciliations, as well as quarterly random audits of selected student accounts. Any differences discovered when comparing the student ledgers with Campus Ivy internal systems and COD are corrected. Hillyard staff will further examine the process to determine why several individual discrepancies went undetected.

### Internal Control

#### Material Weakness – 2019-005

##### U.S. Department of Education

Federal Direct Student Loans	CFDA 84.268
Federal Pell Grant Program (PELL)	CFDA 84.063
Federal Supplemental Educational Opportunity Grants (FSEOG)	CFDA 84.007

#### 2019-006 Ongoing Monitoring of Compliance with Grant Requirements (REPEAT)

*Condition:* The District's current policies and procedures that constitute the District's internal control over compliance allowed noncompliance with various compliance requirements of the Federal Direct Student Loans Program, CFDA No 84.268, the Federal Pell Grant Program, CFDA No 84.063 and the Federal Supplemental Educational Opportunity Grants (FSEOG), CFDA No 84.007, which are parts of the Student Financial Assistance Cluster of programs. These instances of non-compliance have been documented in findings 2019-002 through 2019-005.

*Criteria:* Internal controls over compliance should ensure that the various compliance requirements of each federal program are being met by the District.

*Effect:* Risk is present that instances of noncompliance may occur and not be detected and corrected within a timely period by employees in the normal course of performing their assigned functions.

*Cause:* Current policies and procedures resulted in an insufficient number of adequately trained personnel being involved in the process of meeting various filing and reporting requirements for federal grants.

*Recommendation:* We recommend that the District implement procedures in order to strictly comply with all compliance requirements.

*Response:* The District contracted with Campus Ivy, a third-party servicer, hired an experienced financial aid professional, developed a policies and procedures manual, financial aid handbook, and sent current employees to financial aid training conferences in order to satisfy compliance requirements related to student financial aid administration

# Saint Joseph School District

## Summary Schedule of Findings and Questioned Costs

Year Ended June 30, 2019

Current Year Finding Number	Current Year Finding Title	Repeat Finding: Yes/No	Corresponding Prior Year Finding Number
Financial Statement Findings: Material Weaknesses			
2019-001	Segregation of Duties	Yes	2018-001
2019-002	Bank Reconciliation and Related Documentation	No	N/A
Federal Award Findings and Questioned Costs: Compliance Findings			
2019-003	Student Financial Assistance Cluster - Special Testing - Enrollment Reporting	No	N/A
2019-004	Student Financial Assistance Cluster - Eligibility	No	N/A
2019-005	Student Financial Assistance Cluster - Reporting - Financial Reporting	No	N/A
Federal Award Findings and Questioned Costs: Material Weakness			
2019-006	Ongoing Monitoring of Compliance with Grant Requirements	Yes	2018-005

# Saint Joseph School District

Schedule of Prior Audit Findings

Year Ended June 30, 2019

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## Financial Statement Findings

Material Weaknesses – 2018-001

### **2018-001 Segregation of duties**

*Auditor's Recommendation:* We realize that due to circumstances beyond their control, management may not be able to achieve a proper segregation of duties; however, our professional standards require that we bring this lack of segregation of duties to your attention in this report.

*Status:* Uncorrected

## Section III – Federal Award Findings and Questioned Costs

Compliance Findings And Material Weaknesses – 2018-002 through 2018-005

### **U.S. Department of Education**

Federal Direct Student Loan Program	CFDA 84.268
Federal Pell Grant Program (PELL)	CFDA 84.063
Federal Supplemental Educational Opportunity Grants (FSEOG)	CFDA 84.007

### **2018-002 Student Financial Assistance Cluster – Special Testing – Enrollment Reporting**

*Auditor's Recommendation:* We recommend the District implement procedures to strictly comply with requirements of 34 CFR 668 as it relates to the student enrollment status information reported to the NSLDS, specifically as it relates to reporting the last date of attendance for withdrawals and reporting students as graduated.

*Status:* Corrected.

### **2018-003 Student Financial Assistance Cluster – Improper Disbursement of Direct Student Loan Funds**

*Auditor's Recommendation:* We recommend the District implement procedures to strictly comply with requirements of 34 CFR 685.303(b)(5) as it relates to the timeframe for new borrower Direct Student Loan fund disbursements

*Status:* Corrected

### **2018-004 Student Financial Assistance Cluster – Improper Disbursement of Direct Student Loan Funds**

*Auditor's Recommendation:* We recommend the District implement procedures to strictly comply with requirements of 34 CFR 685.201(a)(2) as it relates to the completion of the Master Promissory Note prior to Direct Student Loan fund disbursements.

*Status:* Corrected

# Saint Joseph School District

## Summary Schedule of Findings and Questioned Costs

Year Ended June 30, 2019

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### Material Weakness – 2018-005

#### **U.S. Department of Education**

Federal Direct Student Loan Program	CFDA 84.268
Federal Pell Grant Program (PELL)	CFDA 84.063
Federal Supplemental Educational Opportunity Grants (FSEOG)	CFDA 84.007

#### **2018-005      Ongoing Monitoring of Compliance with Grant Requirements**

*Auditor's Recommendation:* We recommend that the District review its policies and procedures to determine what changes need to be made to ensure future compliance with program requirements.

*Status:* Repeated in finding 2019-006

# Saint Joseph School District

## Corrective Action Plan

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### U.S. Department of Education

Saint Joseph School District respectfully submits the following corrective action plan for the year ended June 30, 2019.

District contact person responsible for corrective action:

Dr. Gabe Edgar, Director of Finance  
St. Joseph School District  
925 Felix  
St. Joseph, Missouri 64501  
(816) 671-4000

### Findings – Financial Statement Audit

2019-001 is considered a Material Weakness

*Finding Reference No:* 2019-001

*Finding Noted:* Segregation of Duties

*Recommendation:* We realize that due to circumstances beyond their control, management may not be able to achieve a proper segregation of duties; however, our professional standards require that we bring this lack of segregation of duties to your attention in this report.

*Corrective Action Plan:* Periodically, due to employee turnover and other factors, a limited number of available personnel can prohibit segregation of incompatible duties and the District utilizes its resources to hire additional accounting personnel and provide training in a timely manner. The District will continue to work on developing processes and procedures to further segregate duties within the business office and the District.

*Implementation Date:* June 30, 2019

*Finding Reference No:* 2019-002

*Finding Noted:* Bank Reconciliations and Supporting Documentation

*Recommendation:* We recommend that all bank accounts be reconciled to the general ledger on a monthly basis. We further recommend that these bank reconciliations and supporting information be kept on file in accordance with Missouri record retention schedules.

*Corrective Action Plan:* The District authorized appropriate personnel to have bank statement viewing privileges on all District bank accounts. This will allow all statements to be included in the reconciliation process.

*Implementation Date:* June 30, 2019

# Saint Joseph School District

Corrective Action Plan

Year Ended June 30, 2019

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## Findings – Federal Award Programs Audit

Findings 2019-003 to 2019-005 are Compliance Findings relating to the Student Financial Assistance Cluster

Finding 2019-006 is a Material Weakness

*Finding Reference No:* 2019-003

*Finding Noted:* Student Financial Assistance Cluster – Special Testing – Enrollment Reporting

*Recommendation:* We recommend the District implement procedures to strictly comply with requirements of 34 CFR 685.309 and 34 CFR 682.610 as it relates to the student enrollment status date information reported to the NSLDS and timely reporting requirements.

*Corrective Action Plan:* Enrollment reporting is now a shared responsibility between Hillyard Financial Aid Office and Campus Ivy, the third-party servicer. This relationship has allowed for additional training of employees which will prevent this finding in 2019-20.

*Implementation Date:* June 30, 2019

*Finding Reference No:* 2019-004

*Finding Noted:* Student Financial Assistance Cluster – Eligibility

*Recommendation:* We recommend the District implement procedures to strictly comply with requirements of 34 CFR 685.203 as it relates to loan limits for Direct Student Loans.

*Corrective Action Plan:* Campus Ivy will now alert Hillyard staff to any over awards. Hillyard will also monitor aggregate subsidized and unsubsidized loan limits of borrowers to safeguard against any further errors of this nature in the future.

*Implementation Date:* June 30, 2019

*Finding Reference No:* 2019-005

*Finding Noted:* Student Financial Assistance Cluster – Reporting – Financial Reporting

*Recommendation:* We recommend the District implement procedures to strictly comply with requirements of 34 CFR 685.301(a) as it relates to reporting actual disbursement dates and amounts.

*Corrective Action Plan:* Further examination of the process by Hillyard and Campus Ivy will be conducted in order to determine why the process did not catch the individual discrepancies. Processes and procedures will be updated to prevent this issue in the future.

*Implementation Date:* June 30, 2019

# Saint Joseph School District

Corrective Action Plan

Year Ended June 30, 2019

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*Finding Reference No:* 2019-006

*Finding Noted:* Ongoing Monitoring of Compliance with Grant Requirements

*Recommendation:* We recommend that the District implement procedures in order to strictly comply with all compliance requirements.

*Corrective Action Plan:* The District contracted with Campus Ivy, a third-party servicer, hired an experience financial aid professional, and sent current employees to financial aid training conferences in order to satisfy compliance requirement related to student financial aid administration.

*Implementation Date:* June 30, 2019

Sincerely,

Dr. Gabe Edgar, Director of Finance  
St. Joseph School District



## Supplementary State Information



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

Board of Education  
Saint Joseph School District  
Saint Joseph, Missouri

We have examined management's assertions that Saint Joseph 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, 2019. Saint Joseph 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  
November 15, 2019

[www.kpmcpa.com](http://www.kpmcpa.com)

1445 E. Republic Road Springfield, MO 65804 | 417-882-4300 | fax 417-882-4343

# Saint Joseph School District

## Schedule of Selected Statistics

Year Ended June 30, 2019

**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
1050	9	12	-	6.80	163	1,095.90
1075	9	12	-	6.80	163	1,094.90
1080	9	12	-	6.80	163	1,095.90
3000	6	8	-	6.80	163	1,095.90
3010	7	8	-	6.80	163	1,095.90
3020	6	8	-	6.80	163	1,095.90
3050	7	8	-	6.80	163	1,095.90
4040	K	6	-	6.65	163	1,072.95
4060	K	6	-	6.65	163	1,075.45
4070	K	6	-	6.65	163	1,075.45
4080	K	6	-	6.65	163	1,075.45
4100	K	6	-	6.65	163	1,075.45
4140	K	6	-	6.65	163	1,075.45
4180	K	5	-	6.65	163	1,075.45
4220	K	5	-	6.65	163	1,075.45
4260	K	5	-	6.65	163	1,075.45
4280	K	6	-	6.65	163	1,075.45
4390	K	6	-	6.65	163	1,075.45
4400	K	6	-	6.65	163	1,075.45
4420	K	6	-	6.65	163	1,075.45
4460	K	6	-	6.65	163	1,075.45

# Saint Joseph School District

## Schedule of Selected Statistics

Year Ended June 30, 2019

### 2. Average Daily Attendance (ADA)

Report the total number of PK-12 student attendance hours allowed to be claimed for the calculation of Average Daily Attendance. Include only PK students allowed to be claimed for state aid in the calculation.

School Code	Grade Level	Full-Time	Part-Time	Remedial Hours	Other	Summer School	Total
	K	761.97	1.23	0.31	-	25.04	788.55
	1	799.81	0.69	0.25	-	22.76	823.51
	2	819.23	0.55	0.44	-	21.25	841.47
	3	817.31	-	0.04	-	18.34	835.69
	4	832.19	-	0.49	0.09	16.29	849.06
	5	847.64	0.53	0.43	0.03	16.84	865.47
	6	818.12	-	0.34	0.04	12.49	830.99
	7	819.97	1.12	-	0.09	10.58	831.76
	8	773.43	-	-	-	10.81	784.24
	9	821.61	1.19	-	0.31	10.45	833.56
	10	785.65	0.69	-	0.37	11.16	797.87
	11	694.78	2.85	-	0.12	12.60	710.35
	12	568.54	7.67	-	0.12	6.75	583.08
<b>Grand Total</b>	<b>K- 12</b>	<b>10,160.25</b>	<b>16.52</b>	<b>2.30</b>	<b>1.17</b>	<b>195.36</b>	<b>10,375.60</b>

### 3. September Membership

Report the FTE count of resident students in grades PK-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	818.00	2.00	-	820.00
	1	850.00	-	-	850.00
	2	868.00	-	-	868.00
	3	847.00	0.25	-	847.25
	4	876.00	-	-	876.00
	5	890.00	0.75	-	890.75
	6	863.00	-	-	863.00
	7	880.00	-	-	880.00
	8	832.00	-	-	832.00

# Saint Joseph School District

## Schedule of Selected Statistics

Year Ended June 30, 2019

	9	871.00	0.75	-	871.75
	10	846.00	0.50	-	846.50
	11	770.00	3.00	-	773.00
	12	662.00	4.00	-	666.00
<b>Grand Total</b>	<b>K – 12</b>	<b>10,873.00</b>	<b>11.25</b>	-	<b>10,884.25</b>

#### 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
1050	293.50	77.75	-	-	371.25
1075	528.25	106.00	-	-	634.25
1080	422.00	61.00	-	-	483.00
3000	445.00	-	-	-	445.00
3010	187.50	31.00	-	-	218.50
3020	515.00	-	-	-	515.00
3050	507.00	-	-	-	507.00
4040	404.00	-	-	-	404.00
4060	107.00	39.00	-	-	146.00
4070	594.75	-	-	-	594.75
4080	140.50	24.00	-	-	164.50
4100	100.50	28.00	-	-	128.50
4140	372.00	-	-	-	372.00
4180	517.00	-	-	-	517.00
4220	228.00	23.00	-	-	251.00
4260	523.25	-	-	-	523.25
4280	348.00	-	-	-	348.00
4390	394.00	-	-	-	394.00
4400	133.00	42.00	-	-	175.00
4420	302.50	-	-	-	302.50
4460	190.00	51.00	-	-	241.00
<b>Grand Total</b>	<b>7,252.75</b>	<b>482.75</b>	-	-	<b>7,735.50</b>

# Saint Joseph School District

## Schedule of Selected Statistics

Year Ended June 30, 2019

### 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 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	True
	Dual enrollment	True
	Homebound instruction	True
	Missouri Options	True
	Prekindergarten eligible to be claimed for state aid	N/A
	Remediation	True
	Sheltered Workshop participation	True
	Students participating in the school flex program	True
	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

# Saint Joseph School District

## Schedule of Selected Statistics

Year Ended June 30, 2019

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
5.9	If a \$162,326 or 7% x SAT x WADA transfer was made in excess of adjusted expenditures, the board approve a resolution to make the transfer, which identified the specific projects to be funded by the transfer and an expected expenditure date for the projects to be undertaken. (Not applicable to charter schools)	True
5.10	The district/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:	\$460,976

Finding:	None
Management Letter Comment:	N/A

# Saint Joseph School District

## Schedule of Selected Statistics

Year Ended June 30, 2019

### 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	3,622
	Ineligible ADT	1,268
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:	958,305
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	784,220
	Ineligible Miles (Non-Route/Disapproved)	174,085
6.7	Number of days the district/charter school operated the school transportation system during the regular school year:	163

Finding:	None
Management Letter Comment:	N/A





Board of Education  
Saint Joseph School District  
Saint Joseph, Missouri

In planning and performing our audit of the basic financial statements of Saint Joseph School District, for the year ended June 30, 2019, we considered the District's internal control to determine our auditing procedures for the purpose of expressing an opinion on the basic financial statements and not to provide assurance on the internal control. Accordingly, we do not express an opinion on the effectiveness of the District's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. However, as discussed in the Report on Internal Control Over Financial Reporting and on Other Matters Based on an Audit of Financial Statements Performed in Accordance With *Government Auditing Standards*, we identified certain deficiencies in internal control over financial reporting that we consider to be material weaknesses.

We did become aware of additional matters to bring to your attention. The following paragraphs summarize our comments and recommendations regarding these matters.

#### **1. Cybersecurity**

Cybersecurity threats are increasing and government entities of all sizes are at risk for a breach of their information systems. With this increase in risk, entities should be continually evaluating risk and taking steps necessary to ensure the security of information systems. Steps include identifying critical information systems, training employees to properly identify threats received in emails or by other means, and adopting internal communication methods other than email.

It is important that entities develop a recovery plan outlining procedures that personnel should follow once a cybersecurity breach is discovered. Additionally, entities should be aware of any insurance in place to help protect them from liabilities that can occur as the result of a breach.

#### *We Recommend*

The District evaluate its cybersecurity risks and take the necessary steps to reduce the risk of cybersecurity threats to their information systems. This evaluation should be performed frequently as technology and information systems are continually changing.

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## **2. Electronic Information Safeguards**

In the past year, we have observed an increase in the number of attacks using a form of computer malware known as ransomware. This type of attack can be triggered by opening an email or simply running the computer's mouse over an advertisement on a website. Once the attack is triggered, the malware runs an "\*.exe" file in the background without the knowledge of the user. Once the file executes, the attacked computer's hard drive is encrypted and the only access the user has to their computer is to see and follow the ransom instructions given to obtain an encryption key that will unlock the computer. If the computer is attacked while it is connected to a network, the malware will attempt to encrypt any network drives to which the computer is connected. The only known remedy to this situation is to pay the ransom or wipe the computer's hard drive and set it up as a new device.

### *We Recommend*

The District speak with its information technology professionals to determine that safeguards are in place to prevent such an attack. If proper safeguards are not currently in place, we recommend that policies and procedures be amended to include appropriate safeguards. Further, even if the District has a policy prohibiting saving of information to local hard drives of individual computers within the District, various work related files are likely being saved on individual workstations. This information needs to be backed up in such a way that it is recoverable in order to avoid loss of data. Having proper controls in place to ward off cyber-attacks is an important first step to safeguarding District data but it is not enough as attacks evolve faster than controls or preventative measures. Because of this, the District needs to have a means of backing up all District related electronic data in such a way that it can be restored in the event of a cyber-attack.

## **3. Internal Control Review**

As the District evolves and personnel turnover occurs, policies and procedures change, the District should periodically conduct a review of its internal control procedures to determine if any changes are necessary in order to protect the District's assets.

### *We Recommend*

We recommend the District conduct a review of its internal control procedures to determine opportunities for strengthening safeguards over the District's assets. The District may want to consider conducting reviews on cash management, computer information systems, mail distribution procedures, purchasing procedures, new vendor procedures, and other areas the District considers necessary.

## **4. Communication of Ethical Practices**

One of the procedures used for fraud prevention is communication to employees of the importance of ethical behavior and appropriate business practices. Although there may not be any current concerns, communication of expectations of employees in these areas could assist in preventing undesirable situations from occurring in the future.

### *We Recommend*

The District should consider adding comments regarding ethical behavior and appropriate business practices in future staff meetings.

## **5. Cross-Training of Personnel**

The accounting functions, specifically accounts payable, payroll, and cash reconciliation at the District are currently performed by a limited number of individuals. If one of these individual were absent, considerable amounts of time would be necessary to train someone else. This would delay the preparation of payroll and the financial statements of the District. This could also lead to additional expense if it were necessary for the District to obtain an outside accountant to perform these functions.

### *We Recommend*

The District should consider cross-training other individuals to perform these functions to prevent any delays in payroll, the financial reporting process, cash reconciliations, or other District reporting functions.

## **6. Budgetary Compliance**

The District was not in compliance with the budgetary statute, Chapter 67, RSMo, in the current year as actual expenditures exceeded the budgeted expenditures in the Special Revenue Fund. The budgetary statute prohibits actual expenditures exceeding budgeted expenditures for any fund maintained by the District.

### *We Commend*

The District for reviewing expenditures during the year and amending the budget as necessary to avoid expending more than the budgeted amount to ensure compliance with the budgetary statute (Chapter 67, RSMo).

## **7. Gramm-Leach-Bliley Act – Student Information Security**

The Gramm-Leach-Bliley Act (GLBA) requires financial institutions to explain their information-sharing practices to their customers and safeguard sensitive data. It was determined that institutions that participate in Title IV Educational Assistance Programs are considered financial institutions and are subject to the requirements of the GLBA. Schools are required to protect student financial aid information as required by 16 CFR 314.3. In addition an individual must be selected to oversee the information security program.

### *We Recommend*

The District evaluate and implement a policy specific to the Gramm-Leach-Bliley Act requirements. We understand the District currently has policies in place to safeguard student information at this time, but the requirements of 16 CFR 314.3 should be implemented as specifically required by the U.S. Department of Education.

We will review the status of these comments during our next audit engagement. We have already discussed these comments and suggestions with the District's administrative personnel, and we will be pleased to discuss them in further detail at your convenience, to perform any additional study of this matter or to assist you in implementing the recommendations.

This communication is intended solely for the information and use of management, Board of Education, and others within the District and is not intended to be and should not be used by anyone other than these specified parties.

We appreciate this opportunity to serve as Saint Joseph School District's independent auditor and the courtesies and assistance extended to us by the District's employees.

Sincerely,

*KPM CPAs, PC*

KPM CPAs, PC  
Springfield, Missouri  
November 15, 2019