

Lee's Summit R-VII School District

Basic Financial Statements
Year Ended June 30, 2022

KPM
CPAS & ADVISORS

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Independent Auditors' Report

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

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities and each major fund of Lee's Summit R-VII School District, as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective modified cash basis financial position of the governmental activities and each major fund of Lee's Summit R-VII School District, as of June 30, 2022, and the respective changes in modified cash basis financial position thereof for the year then ended in accordance with the basis of accounting in Note 1.

Basis for Opinions

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

Basis of Accounting

As described in Note 1 of the financial statements, 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.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the 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; and 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.

www.kpmcpa.com

1445 E. Republic Road Springfield, MO 65804 | 417-882-4300 | fax 417-882-4343
500 W. Main Street, Suite 200 Branson, MO 65616 | 417-334-2987 | fax 417-336-3403

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

Auditors' Responsibilities for the Audit of the Financial Statements

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

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

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

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The accompanying Schedule of Receipts by Source, Schedule of Disbursements by Object, Schedule of Transportation Costs Eligible for State Aid, and Schedule of Expenditures of Federal Awards, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records

used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Schedule of Receipts by Source, Schedule of Disbursements by Object, Schedule of Transportation Costs Eligible for State Aid, and the Schedule of Expenditures of Federal Awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

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

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 7, 2022, on our consideration of Lee's Summit R-VII School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Lee's Summit R-VII School District's internal control over financial reporting and compliance.

KPM CPAs, PC

KPM CPAs, PC
Springfield, Missouri
December 7, 2022

Government-Wide Financial Statements

Lee's Summit R-VII School District

Statement of Net Position – Modified Cash Basis

June 30, 2022

	Governmental Activities
Assets	
Cash and investments	\$ 231,642,005
Cash and cash equivalents - Employee health insurance plan	11,344,875
Total Assets	<u>\$ 242,986,880</u>
Net Position	
Restricted	
Student activities	\$ 2,178,359
Debt service	41,977,565
Unspent bond proceeds	99,008,096
Employee health insurance plan	11,344,875
Unrestricted	88,477,985
Total Net Position	<u>\$ 242,986,880</u>

See accompanying Notes to the Financial Statements

Lee's Summit R-VII School District

Statement of Activities – Modified Cash Basis

Year Ended June 30, 2022

	Program Cash Receipts			Net	
	Cash Disbursements	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	(Disbursements) Receipts and Changes in Net Position
Governmental Activities					
Instruction	\$(135,222,626)	\$ 5,114,204	\$ 14,410,675	\$ 206,588	\$(115,491,159)
Student services	(17,499,204)	-	96,883	-	(17,402,321)
Instructional staff support	(7,991,147)	-	894,029	-	(7,097,118)
Building administration	(12,377,148)	-	-	-	(12,377,148)
General administration	(14,403,222)	-	-	-	(14,403,222)
Operation of plant	(26,368,396)	1,595,587	-	-	(24,772,809)
Transportation	(13,088,282)	-	3,075,740	-	(10,012,542)
Food service	(9,388,195)	1,001,215	10,972,633	-	2,585,653
Community services	(4,970,514)	211,501	3,260,809	-	(1,498,204)
Facilities acquisition and construction	(109,863,680)	-	-	-	(109,863,680)
Debt service	(33,736,840)	-	-	325,862	(33,410,978)
Net Program (Disbursements) Receipts	\$(384,909,254)	\$ 7,922,507	\$ 32,710,769	\$ 532,450	(343,743,528)
General Receipts					
Ad valorem tax receipts					137,348,779
Prop C sales tax receipts					20,865,517
Other tax receipts					8,270,596
County receipts					4,460,164
State receipts					69,728,578
Interest receipts					1,639,089
Other receipts					7,050,262
Total General Receipts					249,362,985
Special Items					
Premium on bonds sold					7,120,004
Sale of bonds					74,225,000
Net insurance recovery					43,911
Sale of other property					50,443
Refunding bonds - principal					(21,730,000)
Total Special Items					59,709,358
<i>Change in Net Position</i>					(34,671,185)
Net Position - Beginning of year					277,658,065
Net Position - End of year					\$ 242,986,880

See accompanying Notes to the Financial Statements

Fund Financial Statements

Lee's Summit R-VII School District

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

June 30, 2022

	General Fund	Special Revenue Fund	Debt Service Fund	Capital Projects Fund	Total Governmental Funds
Assets					
Cash and investments	\$78,746,008	\$ -	\$41,977,565	\$110,918,432	\$231,642,005
Total Assets	\$78,746,008	\$ -	\$41,977,565	\$110,918,432	\$231,642,005
Fund Balances					
Restricted for					
Student activities	\$ 2,178,359	\$ -	\$ -	\$ -	\$ 2,178,359
Debt service	-	-	41,977,565	-	41,977,565
Unspent bond proceeds	-	-	-	99,008,096	99,008,096
Assigned for capital outlay	-	-	-	11,910,336	11,910,336
Unassigned	76,567,649	-	-	-	76,567,649
Total Fund Balances	\$78,746,008	\$ -	\$41,977,565	\$110,918,432	\$231,642,005
Total Fund Balances - Governmental Funds					\$231,642,005

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

An internal service fund is used by the District's management to charge the costs of the self-funded healthcare plan to the individual funds. The assets of the Internal Service Fund are included in governmental activities in the Statement of Net Position - Modified Cash Basis.

Net Position of Governmental Activities	11,344,875
	\$242,986,880

See accompanying Notes to the Financial Statements

Lee's Summit R-VII School District

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

Year Ended June 30, 2022

	General Fund	Special Revenue Fund	Debt Service Fund	Capital Projects Fund	Total Governmental Funds
Receipts					
Local	\$ 126,112,911	\$ 20,866,149	\$ 27,432,332	\$ 8,186,111	\$ 182,597,503
County	3,042,478	100,529	1,285,758	31,399	4,460,164
State	6,374,757	73,443,942	-	-	79,818,699
Federal	17,474,444	5,146,204	325,862	76,549	23,023,059
Other	-	629,286	-	-	629,286
Total Receipts	153,004,590	100,186,110	29,043,952	8,294,059	290,528,711
Disbursements					
Instruction	19,294,721	115,079,395	-	848,510	135,222,626
Student services	8,697,097	8,775,661	-	26,446	17,499,204
Instructional staff support	3,662,854	4,270,311	-	57,982	7,991,147
Building administration	3,448,399	8,897,642	-	31,107	12,377,148
General administration	12,373,712	3,243,466	-	391,373	16,008,551
Operation of plant	21,845,498	-	-	4,522,898	26,368,396
Transportation	11,066,000	-	-	2,022,282	13,088,282
Food service	8,946,781	-	-	441,414	9,388,195
Community services	4,414,378	551,432	-	4,704	4,970,514
Facilities acquisition and construction	-	-	-	109,863,680	109,863,680
Debt service	-	-	28,887,720	4,849,120	33,736,840
Total Disbursements	93,749,440	140,817,907	28,887,720	123,059,516	386,514,583
<i>Excess (Deficit) of Receipts Over Disbursements</i>	59,255,150	(40,631,797)	156,232	(114,765,457)	(95,985,872)
Other Financing Sources (Uses)					
Premium on bonds sold	-	-	1,631,560	5,488,444	7,120,004
Sale of bonds	-	-	20,225,000	54,000,000	74,225,000
Net insurance recovery	37,008	-	-	6,903	43,911
Sale of other property	50,443	-	-	-	50,443
Refunding bonds - principal	-	-	(21,730,000)	-	(21,730,000)
Operating transfers in	-	40,631,797	-	6,446,118	47,077,915
Operating transfers (out)	(47,077,915)	-	-	-	(47,077,915)
Total Other Financing Sources (Uses)	(46,990,464)	40,631,797	126,560	65,941,465	59,709,358
<i>Excess (Deficit) of Receipts and Other Sources Over Disbursements and Other (Uses)</i>	12,264,686	-	282,792	(48,823,992)	(36,276,514)
Fund Balance, July 1, 2021	66,481,322	-	41,694,773	159,742,424	267,918,519
Fund Balance, June 30, 2022	\$ 78,746,008	\$ -	\$ 41,977,565	\$ 110,918,432	\$ 231,642,005
Net change in fund balances - total governmental funds - modified cash basis					\$ (36,276,514)
An Internal Service Fund is used by the District's management to charge the costs of the self-funded health care plan to the individual funds. The net receipts (expenses) of the activities of the Internal Service Fund is reported with governmental activities.					1,605,329
Change in net position of governmental activities - modified cash basis					\$ (34,671,185)

See accompanying Notes to the Financial Statements

Lee's Summit R-VII School District

Statement of Net Position – Proprietary Fund – Modified Cash Basis

June 30, 2022

	<u>Governmental Activities</u> <u>Internal Service Fund</u>
Assets	
Cash and cash equivalents	<u>\$ 11,344,875</u>
Net Position	
Restricted for employee health insurance plan	<u>\$ 11,344,875</u>

See accompanying Notes to the Financial Statements

Lee's Summit R-VII School District

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

Year Ended June 30, 2022

	Governmental Activities
	Internal Service Fund
Receipts	
Charges for services	\$ 25,576,459
Total Receipts	<u>25,576,459</u>
Disbursements	
Insurance claims and administrative expenses	23,971,130
Total Disbursements	<u>23,971,130</u>
<i>Operating Income</i>	1,605,329
Net Position, July 1, 2021	9,739,546
Net Position, June 30, 2022	<u><u>\$ 11,344,875</u></u>

See accompanying Notes to the Financial Statements

Lee's Summit R-VII School District

Statement of Cash Flows – Proprietary Fund – Modified Cash Basis

Year Ended June 30, 2022

	Governmental Activities
	Internal Service Fund
Cash Flows From Operating Activities	
Receipts from insurance premiums	\$ 25,576,459
Payment of insurance claims and administrative costs	<u>(23,971,130)</u>
Net Cash Provided by Operating Activities	<u>1,605,329</u>
Cash and Cash Equivalents, July 1, 2021	<u>9,739,546</u>
Cash and Cash Equivalents, June 30, 2022	<u><u>\$ 11,344,875</u></u>
Reconciliation of Operating Income to Net Cash Provided by Operating Activities	
Operating Income	\$ 1,605,329
Net Cash Provided By Operating Activities	<u><u>\$ 1,605,329</u></u>

See accompanying Notes to the Financial Statements

Lee's Summit R-VII School District

Notes to the Financial Statements

June 30, 2022

1. Summary of Significant Accounting Policies

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

Financial Reporting Entity

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

Basis of Presentation

Government-Wide Financial Statements

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

Fund Financial Statements

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

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

Governmental Funds:

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

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

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

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

Lee's Summit R-VII School District

Notes to the Financial Statements

June 30, 2022

Proprietary Fund:

Internal Service Fund: Accounts for the financing of goods or services provided by one department or agency to other departments or agencies of the District. The Internal Service Fund of the District is used to account for the health self-insurance program and is considered a governmental activity for purposes of the government-wide financial statements.

Basis of Accounting

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

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

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

Capital Outlay

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

Compensated Absences

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

Long-Term Debt

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

Teachers' Salaries

The salary payment schedule of the District for the 2021-2022 school year requires the payment of salaries for a twelve-month period. Consequently, the July and August 2022 payroll checks are included in the financial statements as disbursements in the month of June. This practice has been consistently followed in previous years.

Lee's Summit R-VII School District

Notes to the Financial Statements

June 30, 2022

Pooled Cash and Investments

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

Inventories

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

Equity Classification

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

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

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

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

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

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

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

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

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

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

Lee's Summit R-VII School District

Notes to the Financial Statements

June 30, 2022

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

Program Receipts

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

2. Cash & Cash Equivalents

State statutes require that the District's deposits be insured or collateralized in the name of the District by the trust department of a bank that does not hold the collateralized deposits. As of June 30, 2022, all bank balances on deposit are entirely insured or collateralized with securities.

3. Investments

The District has the following investments at June 30, 2022:

<u>Investment Type</u>	<u>Maturity</u>	<u>Total</u>
MOSIP - Money market fund	N/A	\$ 103,553,528
MOSIP - Term investment	7/28/2022-1/26/2023	87,163,419
MOCAAT - Liquid series	N/A	20,033,777
U.S. Treasury notes	8/31/2022-2/28/2023	11,807,707
UBS - Treasury notes - fixed income	8/15/2022-8/4/2026	25,084,809
UBS - Certificates of deposit - fixed income	7/5/2022-8/26/2025	6,440,000
		<u>\$ 254,083,240</u>

Missouri Securities Investment Program (MOSIP)

District funds in the Missouri Securities Investment Program, in the amount of \$103,553,528, are invested in cash management funds, in which the District has a pro-rata share. The cash management fund has a current rating of AAAM from Standard and Poor's. Additionally, funds in the amount of \$87,163,419, are invested in the Missouri Securities Investment Program in term investments, in which the District has a pro-rata share. The fund has a current rating of AAAf from Fitch Ratings. The funds are invested in accordance with Section 165.051 of the Missouri Revised Statutes.

Missouri Capital Asset Advantage Treasury (MOCAAT)

District funds in Missouri Capital Asset Advantage Treasury are invested in the Fund's liquid series investments which are comprised of money market instruments designed to meet daily liquidity needs. The fund is not rated and is permitted under Missouri Law.

U.S. Treasury Notes (SLGS)

District funds in U.S. Treasury Notes are from a bond refunding dated December 28, 2017. These investments are held in irrevocable trust accounts with UMB Bank. These funds were used to refund Series 2010A general obligation bonds on

Lee's Summit R-VII School District

Notes to the Financial Statements

June 30, 2022

March 1, 2020 and will refund Series 2015B general obligation bonds on March 1, 2023. The funds are invested in accordance with Section 165.051 and Section 360 of the Missouri Revised Statutes.

UBS Fixed Income

Funds invested at UBS Financial Services are held in fixed income securities, including \$25,084,809 in government securities and \$6,440,000 in certificates of deposit.

Interest Rate Risk

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

4. Taxes

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

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

The assessed valuation of the tangible taxable property for the calendar year 2021 for purposes of local taxation was:

Real estate	\$2,107,002,809
Personal property	428,178,969
Total Assessed Valuation	<u><u>\$2,535,181,778</u></u>

The tax levy per \$100 of the assessed valuation of tangible taxable property for the calendar year 2021 for purposes of local taxation was:

	<u>Unadjusted</u>	<u>Adjusted</u>
General Fund	\$ 4.4909	\$ 4.3637
Debt Service Fund	1.0700	1.0700
Capital Projects Fund	.0500	.0500
Total Levy	<u><u>\$ 5.6109</u></u>	<u><u>\$ 5.4837</u></u>

The receipts of current and delinquent property taxes during the fiscal year ended June 30, 2022, aggregated approximately 99 percent of the current assessment computed on the basis of the levy as shown above.

Lee's Summit R-VII School District

Notes to the Financial Statements

June 30, 2022

5. General Obligation Bonds Payable

Bonds payable at June 30, 2022, consist of:

\$6,447,000 general obligation bonds issued August 2, 2010, due in full on March 1, 2027; interest at 5.48%.	\$ 6,447,000
\$29,345,000 general obligation refunding bonds issued February 25, 2014, due in varying annual installments through March 1, 2026; interest at 2.00% to 5.00%.	2,535,000
\$12,000,000 general obligation bonds issued July 7, 2015, due in varying annual installments through March 1, 2035; interest at 5.00%.	12,000,000
\$28,000,000 general obligation bonds issued April 1, 2016, due in varying annual installments through March 1, 2036; interest at 3.00% to 5.00%.	28,000,000
\$18,775,000 general obligation refunding bonds issued December 28, 2017, due in varying annual installments through March 1, 2035; interest at 3.20% to 5.00%.	18,775,000
\$174,610,000 general obligation building and refunding bonds issued September 10, 2020, due in varying annual installments through March 1, 2040; interest at 3.00% to 4.00%.	170,000,000
\$74,225,000 general obligation school building and refunding bonds issued December 2, 2021, due in varying annual installments through March 1, 2041; interest at 3.423% to 5.00%.	74,225,000
	<u>\$ 311,982,000</u>

The following is a summary of bond transactions for the year ended June 30, 2022:

Bonds Payable, July 1, 2021	\$ 276,917,000
Bonds issued	74,225,000
Bonds retired	(39,160,000)
Bonds Payable, June 30, 2022	<u><u>\$ 311,982,000</u></u>

Lee's Summit R-VII School District

Notes to the Financial Statements

June 30, 2022

Debt service requirements for the bonds are as follows:

Year Ending June 30,	Principal	Interest	Total
2023	\$ 29,830,000	\$ 12,221,426	\$ 42,051,426
2024	19,445,000	10,876,176	30,321,176
2025	18,315,000	9,903,925	28,218,925
2026	1,040,000	9,261,426	10,301,426
2027	6,447,000	9,209,425	15,656,425
2028-2032	63,405,000	40,395,650	103,800,650
2033-2037	85,500,000	25,325,460	110,825,460
2038-2041	88,000,000	7,910,000	95,910,000
	\$ 311,982,000	\$ 125,103,488	\$ 437,085,488

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, 2022, was:

Constitutional debt limit	\$ 380,277,267
General obligation bonds payable	(311,982,000)
Amount available in Debt Service Fund	41,977,565
Legal Debt Margin	\$ 110,272,832

6. Certificates of Participation

On December 13, 2016, the District issued Series 2016 Certificates of Participation, in the amount of \$20,215,000, for the purpose of construction of a new technology building. Principal payments are due annually on May 1, interest payments are due annually on November 1 and May 1; annual interest rates range from 3.0% to 5.0%.

The following is a summary of Certificate transactions for the year ended June 30, 2022:

Certificates Payable, July 1, 2021	\$ 17,310,000
Certificates issued	-
Certificates retired	(865,000)
Certificates Payable, June 30, 2022	\$ 16,445,000

Lee's Summit R-VII School District

Notes to the Financial Statements

June 30, 2022

Debt service requirements for the Certificates are as follows:

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2023	\$ 890,000	\$ 716,500	\$ 1,606,500
2024	925,000	680,900	1,605,900
2025	965,000	643,900	1,608,900
2026	1,000,000	605,300	1,605,300
2027	1,045,000	565,300	1,610,300
2028-2032	5,880,000	2,165,500	8,045,500
2033-2036	5,740,000	689,400	6,429,400
	<u>\$ 16,445,000</u>	<u>\$ 6,066,800</u>	<u>\$ 22,511,800</u>

7. Energy Loans and Financed Purchase Agreements

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

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

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

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

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

Lee's Summit R-VII School District

Notes to the Financial Statements

June 30, 2022

The following represents the changes in the energy obligations for the year ended June 30, 2022:

Energy Obligations, July 1, 2021	\$ 2,342,548
Additional energy obligations	-
Net energy obligation retirements	(804,867)
Energy Obligations, June 30, 2022	<u>\$ 1,537,681</u>

The following is a schedule of the future minimum loan and financed purchase payments:

Year Ending June 30,	Direct Borrowing		
	Principal	Interest	Total
2023	\$ 652,681	\$ 39,691	\$ 692,372
2024	490,000	22,204	512,204
2025	395,000	8,176	403,176
	<u>\$ 1,537,681</u>	<u>\$ 70,071</u>	<u>\$ 1,607,752</u>

8. Other Long-term Obligations

The District has entered into other various financed purchase agreements and leases, as defined by GASB 87 - *Leases*, which consist of the following:

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

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

On July 15, 2021, the District entered into a lease for the right-to-use 1,425 computers. Annual payments are \$756,548, with interest at 1.89%.

On July 15, 2021, the District entered into a lease for the right-to-use 939 SMART boards. Annual payments are \$891,627, with interest at 1.99%.

The following represents the changes in other long-term obligation for the year ended June 30, 2022:

Other Long-term Obligations, July 1, 2021	\$ 2,542,742
Additional obligations	7,230,551
Net retirements	(3,937,565)
Other Long-term Obligations, June 30, 2022	<u>\$ 5,835,728</u>

Lee's Summit R-VII School District

Notes to the Financial Statements

June 30, 2022

The following is a schedule of the future minimum payments for other long-term obligations:

Year Ending June 30,	Direct Borrowings		Leases		Total
	Energy Efficient Vehicles	Facility Vehicles	Laptops Lease	SMART Boards Lease	
2023	\$ 14,220	\$ 214,779	\$ 756,548	\$ 891,627	\$ 1,877,174
2024	14,220	-	756,548	891,627	1,662,395
2025	14,220	-	756,548	891,627	1,662,395
2026	972	-	-	891,627	892,599
Total Minimum Payments	43,632	214,779	2,269,644	3,566,508	6,094,563
Less Amount Representing Interest	(3,036)	(2,022)	(83,166)	(170,611)	(258,835)
Net Other Long-term Obligations	\$ 40,596	\$ 212,757	\$ 2,186,478	\$ 3,395,897	\$ 5,835,728

9. 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.

Lee's Summit R-VII School District

Notes to the Financial Statements

June 30, 2022

Statutes governing the System are found in Sections 169.600 - 169.715 and Sections 169.560 - 169.595 RSMo. The statutes place responsibility for the operation of PEERS on the Board of Trustees of PSRS.

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

Benefits Provided. PEERS is a defined benefit plan providing retirement, disability, and death benefits to its members. Members are vested for service retirement benefits after accruing five years of service. Individuals who (a) are at least age 60 and have a minimum of five years of service, (b) have 30 years of service, or (c) qualify for benefits under the "Rule of 80" (service and age total at least 80) are entitled to a monthly benefit for life, which is calculated using a 1.61% benefit factor. Members qualifying for "Rule of 80" or "30-and-out" are entitled to an additional temporary benefit until reaching minimum Social Security age (currently age 62), which is calculated using a 0.8% benefit factor. Actuarially age-reduced retirement benefits are available with 5 to 24.9 years of service at age 55. Members who are younger than age 55 and who do not qualify under the "Rule of 80" but have between 25 and 29.9 years of service may retire with a lesser benefit factor. Members that are three years beyond normal retirement can elect to have their lifetime monthly benefits actuarially reduced in exchange for the right to also receive a one-time partial lump sum (PLSO) payment at retirement equal to 12, 24, or 36 times the Single Life benefit amount.

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 2020, 2021 and 2022. 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 2020, 2021 and 2022. 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.

Lee's Summit R-VII School District

Notes to the Financial Statements

June 30, 2022

The District's contributions to PSRS and PEERS were \$16,730,046 and \$3,393,515, respectively, for the year ended June 30, 2022.

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.

10. 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.

11. Compensated Absences

After working for the District for 10 years, and meeting the requirements to qualify for teacher or Public Education employee retirement benefits, professional and support staff may receive 90% of their daily rate for each personal day accumulated, subject to board policy limitations, upon retirement with the District. As of June 30, 2022, the liability for accumulated compensated absences payable was \$9,286,041.

12. 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, 2022, 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.

13. Post-Employment Benefits

In addition to the pension benefits described in Note 9, the District makes available post-retirement healthcare benefits to all employees who retire from the District. Participation by retirees in the District health plan is subjected to terms and conditions set forth in the Board policy. The cost of the coverage is charged to the retiree at a blended rate for all employees. The District has not made a formal evaluation or projection on the future cost of the existing health care benefit plan in relation to retirees.

Lee's Summit R-VII School District

Notes to the Financial Statements

June 30, 2022

14. Interfund Transfers

Transfers between funds of the District for the year ended June 30, 2022, were as follows:

	<u>Transfers In</u>	<u>Transfers Out</u>
General Fund	\$ -	\$ 47,077,915
Special Revenue Fund	40,631,797	-
Capital Projects Fund	6,446,118	-
	<u>\$ 47,077,915</u>	<u>\$ 47,077,915</u>

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

15. Tax Abatements

As of June 30, 2022, the District did not provide tax abatements to any businesses. However, the District's taxes were reduced by agreements entered into by other governments through the following programs: the Real Property Tax Increment Allocation Redevelopment Act (Tax Incremental Financing), the Urban Redevelopment Corporation Law (Chapter 353), and the Chapter 100 Industrial Development Act (Chapter 100).

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

Lee's Summit R-VII School District

Notes to the Financial Statements

June 30, 2022

the company. Cities and counties are allowed to require the company to make payments in lieu of taxes (PILOTS) for a portion of the taxes it would have otherwise been required to pay.

Information relevant to disclosure of these programs for the year ended June 30, 2022, is as follows:

<u>Government Entering into Agreement</u>	<u>Tax Abatement Program</u>	<u>Amount of Taxes Abated</u>
City of Lee's Summit	Tax Increment Financing	\$ 2,673,002
	Chapter 353	259,088
	Chapter 100	104,563
		<u>\$ 3,036,653</u>

16. Self-Insurance Fund

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

17. Risks & Uncertainties

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

18. Current Year Bond Refunding

On December 2, 2021, the District issued \$74,225,000 in Series 2021 General Obligation School Building and Refunding Bonds, of which \$20,225,000, plus an additional \$9,000,000 of District funds, was used to refund a portion of the District's Series 2014 General Obligation Refunding Bonds, in the amount of \$10,105,000, and the Series 2015 General Obligation Refunding Bonds, in the amount of \$20,625,000, on March 1, 2022. The Series 2021 bonds bear interest 3.423% to 5.000%. The refunded bonds had interest at 4.0% and 3.0% for the Series 2014 and Series 2015, respectively.

As a result of the refunding, the District reduced its debt service requirements by \$11,847,048, which resulted in an economic gain (difference between the present value of debt service payments on old and new debt) of \$11,063,097.

Lee's Summit R-VII School District

Notes to the Financial Statements

June 30, 2022

19. Commitments

The District had the following commitments at June 30, 2022:

- Blue Cross Blue Shield of Kansas City for incurred but not recorded health insurance claims for May and June, 2022, in the amount of \$3,701,997
- DLR Group for the new middle school in the amount of \$220,677
- Hollis Miller Architects for the Paradise Park EEC remodel project in the amount of \$166,696
- Hollis Miller Architects for Paradise Park site study in the amount of \$126,770
- Hollis Miller Architects for Miller Park Campus project in the amount of \$128,294
- Gould Evans, Inc., for high school renovation and addition project in the amount of \$554,160
- Gould Evans, Inc. for the robotics project in the amount of \$527,740
- JE Dunn Construction Company for the Mason Elementary project in the amount of \$565,076
- JE Dunn Construction Company for the high school project in the amount of \$31,872,474
- McCown Gordon Construction, LLC for the Middle School #4 project in the amount of \$9,018,276
- McCown Gordon Construction, LLC for the Pleasant Lea project in the amount of \$5,305,406
- McCown Gordon Construction, LLC for the Summit Lakes project in the amount of \$2,350,700
- McCown Gordon Construction, LLC for the Bernard Campbell project in the amount of \$5,498,542

20. Subsequent Events

On August 18, 2022, the Board approved entering into a contract with Bruner Contracting Company, LLC, for Miller Park campus addition, renovations, and new building project in the amount of \$4,406,000.

On October 20, 2022, the Board approved entering into a contract with Newkirk Novak for the Geometry/Robotics project in the amount of \$11,196,637, and with Universal Construction for the Paradise Park Site Programs project for \$5,206,726.

On July 1, 2022, the District entered into a lease for the right-to-use 15 buses. Annual payments are \$98,444, with no stated interest rate.

Supplementary Information

Lee's Summit R-VII School District

Schedule of Receipts by Source

Year Ended June 30, 2022

	General Fund	Special Revenue Fund	Debt Service Fund	Capital Projects Fund	Total
Local					
Current taxes	\$107,112,529	\$ -	\$ 26,263,951	\$ 1,227,589	\$ 134,604,069
Delinquent taxes	2,183,826	-	535,956	24,928	2,744,710
School district trust fund (Prop C)	-	20,865,517	-	-	20,865,517
Financial institution tax	478,746	-	118,046	5,518	602,310
M & M surtax	2,680,767	-	27	4,981,025	7,661,819
In lieu of tax	5,146	-	1,262	59	6,467
Earnings from temporary deposits	905,266	167	513,090	220,566	1,639,089
Premium on bonds sold	-	-	1,631,560	5,488,444	7,120,004
Sales to adults - non-program food sales	10,974	-	-	-	10,974
Food service non-program food sales	990,241	-	-	-	990,241
Admissions - student activities	1,753,255	-	-	-	1,753,255
Bookstore sales	217,444	-	-	-	217,444
Student organization membership dues and fees	346,703	-	-	-	346,703
Revenue from enterprise activities	190,452	-	-	-	190,452
Other pupil activity income	936,464	-	-	-	936,464
Community services	211,501	-	-	-	211,501
Rentals	1,040,600	-	-	1,595,587	2,636,187
Gifts	560,529	-	-	130,039	690,568
Prior period adjustment	1,006,062	465	-	800	1,007,327
Net receipts from clearing accounts	365,985	-	-	-	365,985
Miscellaneous local revenue	5,116,421	-	-	-	5,116,421
Total Local	126,112,911	20,866,149	29,063,892	13,674,555	189,717,507
County					
Fines, escheats, etc.	-	100,529	-	-	100,529
State assessed utilities	3,042,478	-	1,285,758	31,399	4,359,635
Total County	3,042,478	100,529	1,285,758	31,399	4,460,164
State					
Basic formula - state monies	-	62,336,500	-	-	62,336,500
Transportation	2,214,662	-	-	-	2,214,662
Early childhood special education	1,466,712	3,264,615	-	-	4,731,327
Basic formula - classroom trust fund	-	7,392,078	-	-	7,392,078
Educational screening program/PAT	540,356	-	-	-	540,356
Career education	546,218	-	-	-	546,218
Food service - state	97,915	-	-	-	97,915
Residential placement/excess cost	78,354	-	-	-	78,354
High need fund - special education	-	450,749	-	-	450,749
Other - state	1,430,540	-	-	-	1,430,540
Total State	6,374,757	73,443,942	-	-	79,818,699

The above presentation is in accordance with the Annual Secretary of the Board Report

Lee's Summit R-VII School District

Schedule of Receipts by Source

Year Ended June 30, 2022

	General Fund	Special Revenue Fund	Debt Service Fund	Capital Projects Fund	Total
Federal					
Medicaid	916,033	-	-	-	916,033
Reserve officer training corps (ROTC)	-	177,994	-	-	177,994
CRRSA - ESSER II	-	4,535,518	-	-	4,535,518
CARES - Governor's emergency education relief fund	272,463	-	-	-	272,463
Perkins basic grant, career education	110,128	11,716	-	76,549	198,393
IDEA grants	-	10,775	-	-	10,775
IDEA entitlement funds, part B IDEA	3,494,679	-	-	-	3,494,679
Early childhood special education - federal	411,219	-	-	-	411,219
School lunch program	8,435,465	-	-	-	8,435,465
School breakfast program	2,327,689	-	-	-	2,327,689
Fresh fruits and vegetable program	27,833	-	-	-	27,833
Title I - ESEA	552,744	334,364	-	-	887,108
Title IV.A student support and academic enrichment	41,331	-	-	-	41,331
Title III, ESEA - English language acquisition	27,896	20,628	-	-	48,524
Title II, part A&B, ESEA - teacher and principal training	269,743	3,309	-	-	273,052
Child nutrition program EOC reimbursement	47,123	-	-	-	47,123
Dept of Health food service program	36,608	-	-	-	36,608
Headstart	497,890	-	-	-	497,890
Other - federal	5,600	51,900	325,862	-	383,362
Total Federal	17,474,444	5,146,204	325,862	76,549	23,023,059
Other Sources					
Sale of bonds	-	-	-	54,000,000	54,000,000
Net insurance recovery	37,008	-	-	6,903	43,911
Sale of other property	50,443	-	-	-	50,443
Refunding bonds	-	-	20,225,000	-	20,225,000
Tuition from other LEAs - regular term	-	607,911	-	-	607,911
Contracted educational services	-	21,375	-	-	21,375
Total Other Sources	87,451	629,286	20,225,000	54,006,903	74,948,640
Total Receipts	\$153,092,041	\$100,186,110	\$ 50,900,512	\$ 67,789,406	\$ 371,968,069

The above presentation is in accordance with the Annual Secretary of the Board Report

Lee's Summit R-VII School District

Schedule of Disbursements by Object

June 30, 2022

	General Fund	Special Revenue Fund	Debt Service Fund	Capital Projects Fund	Totals
Salaries	\$ 43,195,516	\$ 105,012,477	\$ -	\$ -	\$ 148,207,993
Employee benefits	17,589,083	31,832,037	-	-	49,421,120
Purchased services	14,064,433	3,973,393	-	-	18,037,826
Supplies	18,900,408	-	-	-	18,900,408
Capital outlay	-	-	-	118,210,396	118,210,396
Other objects	-	-	50,617,720	4,849,120	55,466,840
Total Disbursements	\$ 93,749,440	\$ 140,817,907	\$ 50,617,720	\$ 123,059,516	\$ 408,244,583

The above presentation is in accordance with the Annual Secretary of the Board Report

Lee's Summit R-VII School District

Schedule of Transportation Costs Eligible for State Aid

Year Ended June 30, 2022

	District Owned	Disabled Transportation District Owned	Contracted	Disabled Contracted	Total
Certificated salaries	\$ 349,069	\$ -	\$ -	\$ -	\$ 349,069
Non-certificated salaries	4,985,432	492,132	-	-	5,477,564
Employee benefits	2,255,036	243,686	-	-	2,498,722
Purchased services	241,779	21,522	340,836	60,751	664,888
Supplies	1,274,282	3,069	5,850	-	1,283,201
Capital outlay	89,096	-	-	-	89,096
Depreciation	580,133	-	-	-	580,133
	<u>\$ 9,774,827</u>	<u>\$ 760,409</u>	<u>\$ 346,686</u>	<u>\$ 60,751</u>	<u>\$ 10,942,673</u>
School buses					
Principal	<u>\$ 1,933,186</u>				
Interest	<u>\$ 33,911</u>				

The above presentation is in accordance with the Annual Secretary of the Board Report

Other Information

Lee's Summit R-VII School District

Budgetary Comparison Schedule – General Fund

Year Ended June 30, 2022

	Budgeted Amounts		Actual	Variance with
	Original	Final		Final Budget Positive (Negative)
Receipts				
Local	\$113,706,723	\$125,000,000	\$126,112,911	\$ 1,112,911
County	3,204,202	3,150,000	3,042,478	(107,522)
State	4,685,696	6,359,595	6,374,757	15,162
Federal	13,196,119	16,300,000	17,474,444	1,174,444
Total Receipts	134,792,740	150,809,595	153,004,590	2,194,995
Disbursements				
Instruction	19,077,952	19,541,782	19,294,721	247,061
Student services	8,696,941	8,746,941	8,697,097	49,844
Instructional staff support	3,855,522	3,755,522	3,662,854	92,668
Building administration	3,024,802	3,474,802	3,448,399	26,403
General administration	14,254,845	12,454,845	12,373,712	81,133
Operation of plant	20,149,458	21,849,458	21,845,498	3,960
Transportation	10,143,610	11,068,610	11,066,000	2,610
Food service	7,742,007	8,992,007	8,946,781	45,226
Community services	4,766,033	4,466,033	4,414,378	51,655
Total Disbursements	91,711,170	94,350,000	93,749,440	600,560
<i>Excess of Receipts Over Disbursements</i>	43,081,570	56,459,595	59,255,150	2,795,555
Other Financing Sources (Uses)				
Net insurance recovery	-	-	37,008	37,008
Sale of other property	-	-	50,443	50,443
Operating transfers (out)	(34,027,707)	(47,945,000)	(47,077,915)	867,085
Total Other Financing Sources (Uses)	(34,027,707)	(47,945,000)	(46,990,464)	954,536
<i>Excess of Receipts and Other Sources Over Disbursements and Other (Uses)</i>	9,053,863	8,514,595	12,264,686	3,750,091
Fund Balance, July 1, 2021	64,326,674	66,481,322	66,481,322	-
Fund Balance, June 30, 2022	\$ 73,380,537	\$ 74,995,917	\$ 78,746,008	\$ 3,750,091

See accompanying Notes to the Budgetary Comparison Schedules

Lee's Summit R-VII School District

Budgetary Comparison Schedule – Special Revenue Fund

Year Ended June 30, 2022

	Budgeted Amounts		Actual	Variance with
	Original	Final		Final Budget Positive (Negative)
Receipts				
Local	\$ 18,712,334	\$ 20,500,000	\$ 20,866,149	\$ 366,149
County	83,000	95,000	100,529	5,529
State	75,449,947	73,870,000	73,443,942	(426,058)
Federal	11,025,644	5,500,000	5,146,204	(353,796)
Other	730,000	730,000	629,286	(100,714)
Total Receipts	106,000,925	100,695,000	100,186,110	(508,890)
Disbursements				
Instruction	113,693,633	116,305,001	115,079,395	1,225,606
Student services	9,259,522	9,259,522	8,775,661	483,861
Instructional staff support	4,413,308	4,413,308	4,270,311	142,997
Building administration	9,385,497	9,385,497	8,897,642	487,855
General administration	3,067,751	3,067,751	3,243,466	(175,715)
Operation of plant	10,000	10,000	-	10,000
Community services	198,921	198,921	551,432	(352,511)
Total Disbursements	140,028,632	142,640,000	140,817,907	1,822,093
<i>(Deficit) of Receipts Over Disbursements</i>	(34,027,707)	(41,945,000)	(40,631,797)	1,313,203
Other Financing Sources				
Operating transfers in	34,027,707	41,945,000	40,631,797	(1,313,203)
<i>Excess of Receipts and Other Sources Over Disbursements</i>	-	-	-	-
Fund Balance, July 1, 2021	-	-	-	-
Fund Balance, June 30, 2022	\$ -	\$ -	\$ -	\$ -

See accompanying Notes to the Budgetary Comparison Schedules

Lee's Summit R-VII School District

Budgetary Comparison Schedule – Debt Service Fund

Year Ended June 30, 2022

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Receipts				
Local	\$ 25,883,215	\$ 27,275,000	\$ 27,432,332	\$ 157,332
County	1,175,895	1,295,000	1,285,758	(9,242)
Federal	513,000	326,000	325,862	(138)
Total Receipts	27,572,110	28,896,000	29,043,952	147,952
Disbursements				
Debt service	27,674,696	29,000,000	28,887,720	112,280
Total Disbursements	27,674,696	29,000,000	28,887,720	112,280
<i>Excess (Deficit) of Receipts Over Disbursements</i>	(102,586)	(104,000)	156,232	260,232
Other Financing Sources (Uses)				
Premium on bonds sold	-	1,600,000	1,631,560	31,560
Sale of bonds	-	20,225,000	20,225,000	-
Refunding bonds - principal	(21,500,000)	(21,500,000)	(21,730,000)	(230,000)
Total Other Financing Sources (Uses)	(21,500,000)	325,000	126,560	(198,440)
<i>Excess (Deficit) of Receipts and Other Sources Over Disbursements and Other (Uses)</i>	(21,602,586)	221,000	282,792	61,792
Fund Balance, July 1, 2021	41,326,623	41,694,773	41,694,773	-
Fund Balance, June 30, 2022	\$ 19,724,037	\$ 41,915,773	\$ 41,977,565	\$ 61,792

See accompanying Notes to the Budgetary Comparison Schedules

Lee's Summit R-VII School District

Budgetary Comparison Schedule – Capital Projects Fund

Year Ended June 30, 2022

	Budgeted Amounts		Actual	Variance with
	Original	Final		Final Budget Positive (Negative)
Receipts				
Local	\$ 8,291,737	\$ 7,930,000	\$ 8,186,111	\$ 256,111
County	57,242	43,600	31,399	(12,201)
Federal	-	76,400	76,549	149
Total Receipts	8,348,979	8,050,000	8,294,059	244,059
Disbursements				
Instruction	528,445	928,445	848,510	79,935
Student services	-	40,000	26,446	13,554
Instructional staff support	32,913	62,913	57,982	4,931
Building administration	-	40,000	31,107	8,893
General administration	1,033,151	433,151	391,373	41,778
Operation of plant	5,414,408	4,614,408	4,522,898	91,510
Transportation	10,000	2,030,000	2,022,282	7,718
Food service	-	450,000	441,414	8,586
Community services	2,000	12,000	4,704	7,296
Facilities acquisition and construction	98,794,178	128,276,636	109,863,680	18,412,956
Debt service	6,387,420	4,887,420	4,849,120	38,300
Total Disbursements	112,202,515	141,774,973	123,059,516	18,715,457
<i>(Deficit) of Receipt Over Disbursements</i>	(103,853,536)	(133,724,973)	(114,765,457)	18,959,516
Other Financing Sources				
Premium on bonds sold	-	5,710,000	5,488,444	(221,556)
Sale of bonds	-	54,000,000	54,000,000	-
Net insurance recovery	-	-	6,903	6,903
Operating transfers in	-	6,000,000	6,446,118	446,118
Total Other Financing Sources	-	65,710,000	65,941,465	231,465
<i>(Deficit) of Receipts and Other Sources Over Disbursements</i>	(103,853,536)	(68,014,973)	(48,823,992)	19,190,981
Fund Balance, July 1, 2021	170,834,550	159,742,424	159,742,424	-
Fund Balance, June 30, 2022	\$ 66,981,014	\$ 91,727,451	\$ 110,918,432	\$ 19,190,981

See accompanying Notes to the Budgetary Comparison Schedules.

Lee's Summit R-VII School District

Notes to the Budgetary Comparison Schedules

Year Ended June 30, 2022

Budgets and Budgetary Accounting

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

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

Lee's Summit R-VII School District

Historical Schedule of Insurance Reserves

Year Ended June 30, 2022

Internal Service Fund Insurance Reserve Balance as of:

Benefit year ending December 31, 2021	\$ 4,149,507
Fiscal year ending June 30, 2022	<u>\$ 11,344,875</u>
Benefit year ending December 31, 2020	\$ 3,259,438
Fiscal year ending June 30, 2021	<u>\$ 9,739,546</u>
Benefit year ending December 31, 2019	\$ 1,269,341
Fiscal year ending June 30, 2020	<u>\$ 8,017,630</u>
Benefit year ending December 31, 2018	\$ 1,418,845
Fiscal year ending June 30, 2019	<u>\$ 5,831,721</u>
Benefit year ending December 31, 2017	\$ 1,771,404
Fiscal year ending June 30, 2018	<u>\$ 7,351,727</u>

Other Reporting Requirements



Independent Auditors' Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on An Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*

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

We have audited, in accordance with 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 the Lee's Summit R-VII School District, as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the Lee's Summit R-VII School District's basic financial statements, and have issued our report thereon dated December 7, 2022.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Lee's Summit R-VII School District's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Lee's Summit R-VII School District's internal control. Accordingly, we do not express an opinion on the effectiveness of the District's internal control.

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that were not identified.

www.kpmcpa.com

1445 E. Republic Road Springfield, MO 65804 | 417-882-4300 | fax 417-882-4343
500 W. Main Street, Suite 200 Branson, MO 65616 | 417-334-2987 | fax 417-336-3403

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Report on Compliance and Other Matters

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

Purpose of this Report

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

KPM CPAs, PC

KPM CPAs, PC
Springfield, Missouri
December 7, 2022



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

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

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited the Lee's Summit R-VII School District's compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of the Lee's Summit R-VII School District's major federal programs for the year ended June 30, 2022. The Lee's Summit R-VII School District's major federal programs are identified in the Summary of Auditors' Results section of the accompanying Schedule of Findings and Questioned Costs.

In our opinion, the Lee's Summit R-VII School District, complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2022.

Basis for Opinion on Each Major Federal Program

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

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

Responsibilities of Management for Compliance

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

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1445 E. Republic Road Springfield, MO 65804 | 417-882-4300 | fax 417-882-4343
500 W. Main Street, Suite 200 Branson, MO 65616 | 417-334-2987 | fax 417-336-3403

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Auditors' Responsibilities for the Audit of Compliance

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

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

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

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

Report on Internal Control over Compliance

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

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

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

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

KPM CPAs, PC

KPM CPAs, PC
Springfield, Missouri
December 7, 2022

Lee's Summit R-VII School District

Schedule of Expenditures of Federal Awards

Year Ended June 30, 2022

Federal Grantor/Pass Through Grantor/Program Title	Assistance Listing Number	Pass-through Grantor's Number	Passed-through to Subrecipients	Federal Expenditures
U.S. Department of Agriculture				
Missouri Department of Elementary and Secondary Education				
Child Nutrition Cluster				
National School Lunch Program				
Commodities	10.555	048-071	\$ -	\$ 461,899
Cash		20210N109943	-	1,603,805
		20221N119943	-	6,518,333
		20221N890343	-	313,327
		2021H170343	-	47,123
			-	8,944,487
School Breakfast Program	10.553	20210N109943	-	434,259
		20221N119943	-	1,893,430
			-	2,327,689
Fresh Fruit and Vegetable Program	10.582	2021IL160343	-	5,964
		2022IL160343	-	21,869
			-	27,833
Missouri Department of Health and Senior Services				
Child Nutrition Cluster				
Summer Food Service Program for Children	10.559	ERS0461944S	-	33,583
Total Child Nutrition Cluster			-	11,333,592
Missouri Department of Health and Senior Services				
COVID-19 Child and Adult Care Food Program				
Total U.S. Department of Agriculture	10.558	ERS0461000S	-	3,025
			-	11,336,617
U.S. Department of Defense				
Direct				
Junior Reserve Officers Training Corp Unit	12.000	N/A	-	177,994
Total U.S. Department of Defense			-	177,994
U.S. Department of Education				
Missouri Department of Elementary and Secondary Education				
Title I Grants to Local Educational Agencies				
	84.010A	S010A200025	-	20,299
		S010A210025	-	1,394,089
		S367A210024	-	27,379
			-	1,441,767
Special Education Cluster				
Special Education Grants to States				
	84.027A	H027A200040	-	10,775
		H027A210040	-	3,547,887
			-	3,558,662
Special Education Preschool Grants	84.173A	H173A210103	-	76,577
Total Special Education Cluster			-	3,635,239

See accompanying Notes to the Schedule of Expenditures of Federal Awards

Lee's Summit R-VII School District

Schedule of Expenditures of Federal Awards

Year Ended June 30, 2022

Federal Grantor/Pass Through Grantor/Program Title	Assistance Listing Number	Pass-through Grantor's Number	Passed-through to Subrecipients	Federal Expenditures
Career and Technical Education - Basic Grants to States	84.048A	V048A200025	-	188,701
English Language Acquisition State Grants	84.365A	S365A210025	-	42,747
Supporting Effective Instruction State Grants	84.367A	S367A210024	-	264,460
Student Support and Academic Enrichment Program	84.424A	S424A210026	-	32,948
COVID-19 - Education Stabilization Fund	84.425C	S425C200016	-	131,288
	84.425D	S425D200021	-	39,894
	84.425D	S425D210021	-	4,536,074
	84.425R	S425R210052	-	27,000
	84.425U	S425U210021	-	680,856
			-	5,415,112
Total U.S. Department of Education			-	11,020,974
U.S. Department of Health and Human Services				
Missouri Department of Elementary and Secondary Education Cooperative Agreements to Promote Adolescent Health through School-Based HIV/STD Prevention and School- Based Surveillance	93.079	18NU87	-	500
CCDF Cluster				
COVID-19 Child Care and Development Block Grant	93.575	2101MOCCC5	-	1,411,680
Total CCDF Cluster			-	1,411,680
Missouri Department of Elementary and Secondary Education COVID-19 Epidemiology and Laboratory Capacity for Infectious Diseases (ELC)	93.323	NU50CK000546	-	6,986
Mid-America Regional Council Head Start Cluster				
Head Start	93.600	08CH7056	-	497,890
Total Head Start Cluster			-	497,890
Missouri Department of Social Services Temporary Assistance for Needy Families	93.558	M00497-030	-	30,000
Total U.S. Department of Health and Human Services			-	1,947,056
Total Expenditures of Federal Awards			\$ -	\$ 24,482,641

N/A – Not Applicable

See accompanying Notes to the Schedule of Expenditures of Federal Awards

Lee's Summit R-VII School District

Notes to the Schedule of Expenditures of Federal Awards

Year Ended June 30, 2022

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.
3. The District did not provide funds to subrecipients in the current year.
4. The District elected not to use the 10% de minimis indirect cost rate.

Lee's Summit R-VII School District

Schedule of Findings and Questioned Costs

Year Ended June 30, 2022

Section I: Summary of Auditors' Results

Financial Statements		
Type of report the auditor issued on whether the financial statements audited were prepared in accordance with the modified cash basis of accounting:		Unmodified
Internal control over financial reporting:		
Material weakness(es) identified?		No
Significant deficiency(ies) identified?		None Reported
Noncompliance material to financial statements noted?		No
Federal Awards		
Internal control over major federal programs:		
Material weakness(es) identified?		No
Significant deficiency(ies) identified?		None Reported
Type of auditors' report issued on compliance for major federal program:		Unmodified
Any audit findings disclosed that are required to be reported in accordance with 2CFR 200.516(a)?		No
Identification of major federal programs:		
Assistance Listing Number(s)	Name of Federal Program or Cluster	
84.010A	Title I Grants to Local Educational Agencies	
84.027A, 84.173A	Special Education Cluster	
84.425C, 84.425D, 84.425R, 84.425U	COVID-19 Education Stabilization Fund	
93.575	COVID-19 CCDF Cluster	
Dollar threshold used to distinguish between type A and type B programs:		\$750,000
Auditee qualified as low-risk auditee?		No

Section II: Financial Statement Findings

None

Section III: Federal Award Findings and Questioned Costs

None

Lee's Summit R-VII School District

Summary Schedule of Prior Audit Findings

Year Ended June 30, 2022

There were no prior year audit findings.

Supplementary State Information



CPAS & ADVISORS

Independent Accountants' Report

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

We have examined Lee's Summit R-VII School District's compliance 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, 2022. Management of Lee's Summit R-VII School District is responsible for the District's compliance with the specified requirements. Our responsibility is to express an opinion on Lee's Summit R-VII School District's compliance based on our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants, and those standards require that we plan and perform the examination to obtain reasonable assurance about whether Lee's Summit R-VII School District complied, in all material respects, with the specified requirements referenced above. An examination involves performing procedures to obtain evidence about whether Lee's Summit R-VII School District complied with the specified requirements. The nature, timing, and extent of the procedures selected depend on our judgment, including an assessment of the risks of material noncompliance, whether due to fraud or error. We believe that our examination provides a reasonable basis for our opinion.

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

Our examination engagement does not provide a legal determination on Lee's Summit R-VII School District's compliance with the specified requirements.

In our opinion, Lee's Summit R-VII School District complied in all material respects, with the aforementioned requirements for the year ended June 30, 2022.

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

KPM CPAs, PC

KPM CPAs, PC
Springfield, Missouri
December 7, 2022

www.kpmcpa.com

1445 E. Republic Road Springfield, MO 65804 | 417-882-4300 | fax 417-882-4343
500 W. Main Street, Suite 200 Branson, MO 65616 | 417-334-2987 | fax 417-336-3403

Member of The Leading Edge Alliance

Lee's Summit R-VII School District

Schedule of Selected Statistics

Year Ended June 30, 2022

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

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

School Code	Begin Grade	End Grade	Half Day Indicator	Standard Day Length	Days	Hours in Session
1015	8	12	-	6.50	170.00	1,071.00
	K	6	-	6.60	170.00	1,087.50
	7	8	-	6.55	170.00	1,085.90
	9	12	-	6.50	170.00	1,071.00

2. Attendance Hours

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

School Code	Grade Level	Full-Time Hours	Part-Time Hours	Remedial Hours	Other	Summer School Hours	Total
	K	1,214,527.06	919.60	-	-	30,080.97	1,245,527.63
	1	1,210,977.30	22.60	-	-	42,859.43	1,253,859.33
	2	1,270,801.44	722.00	-	144.75	45,216.29	1,316,884.48
	3	1,294,244.03	26.00	-	108.00	44,572.85	1,338,950.88
	4	1,359,855.38	-	-	453.00	36,699.88	1,397,008.26
	5	1,236,517.72	-	-	215.25	27,600.38	1,264,333.35
	6	1,391,826.16	1,740.20	-	154.50	26,392.90	1,420,113.76
	7	1,399,684.00	796.00	-	250.50	19,195.27	1,419,925.77
	8	1,472,797.80	976.80	-	255.00	15,381.99	1,489,411.59
	9	1,469,249.90	3,291.10	-	229.50	30,481.58	1,503,252.08
	10	1,456,875.40	2,692.20	-	536.25	47,648.64	1,507,752.49
	11	1,379,525.60	13,680.70	-	328.50	53,020.15	1,446,554.95
	12	1,183,114.36	158,488.70	-	632.25	46,577.58	1,388,812.89
Grand Total	K-12	17,339,996.15	183,355.90	-	3,307.50	465,727.91	17,992,387.46

Lee's Summit R-VII School District

Schedule of Selected Statistics

Year Ended June 30, 2022

3. September Membership

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

School Code	Grade Level	Full-Time	Part-Time	Other	Total
	K	1,191.00	-	-	1,191.00
	1	1,180.00	0.02	-	1,180.02
	2	1,237.00	-	-	1,237.00
	3	1,259.00	-	-	1,259.00
	4	1,320.00	-	-	1,320.00
	5	1,201.00	-	-	1,201.00
	6	1,362.00	0.85	-	1,362.85
	7	1,377.00	-	-	1,377.00
	8	1,458.00	-	-	1,458.00
	9	1,487.00	-	-	1,487.00
	10	1,480.00	1.97	-	1,481.97
	11	1,434.00	1.95	-	1,435.95
	12	1,533.00	15.06	-	1,548.06
Grand Total	K-12	17,519.00	19.85	-	17,538.85

Lee's Summit R-VII School District

Schedule of Selected Statistics

Year Ended June 30, 2022

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

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

School Code	Free Lunch	Reduced Lunch	DESEG In Free	DESEG In Reduced	Total
1015	2.00	-	N/A	N/A	2.00
1050	208.26	41.74	N/A	N/A	250.00
1070	264.92	28.93	N/A	N/A	293.85
1085	76.93	19.00	N/A	N/A	95.93
3000	135.00	16.00	N/A	N/A	151.00
3050	47.00	6.00	N/A	N/A	53.00
3080	122.00	19.00	N/A	N/A	141.00
4020	19.00	9.00	N/A	N/A	28.00
4030	35.00	5.00	N/A	N/A	40.00
4040	58.00	9.00	N/A	N/A	67.00
4060	107.00	23.00	N/A	N/A	130.00
4070	15.00	-	N/A	N/A	15.00
4080	32.00	6.00	N/A	N/A	38.00
4090	208.00	14.00	N/A	N/A	222.00
5010	54.00	12.00	N/A	N/A	66.00
5020	80.00	9.00	N/A	N/A	89.00
5025	23.00	11.00	N/A	N/A	34.00
5030	120.00	20.00	N/A	N/A	140.00
5035	46.00	9.00	N/A	N/A	55.00
5040	120.00	10.00	N/A	N/A	130.00
5045	43.00	10.00	N/A	N/A	53.00
5060	27.00	2.00	N/A	N/A	29.00
5080	14.00	5.00	N/A	N/A	19.00
6000	29.00	8.00	N/A	N/A	37.00
6010	29.00	9.00	N/A	N/A	38.00
Grand Total	1,915.11	301.67	N/A	N/A	2,216.78

Lee's Summit R-VII School District

Schedule of Selected Statistics

Year Ended June 30, 2022

5. Finance

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

Section	Question	Answer
5.1	The district/charter school maintained a calendar in accordance with 160.041, 171.029, 171.031, and 171.033, RSMo and all attendance hours were reported.	True
5.2	The district/charter school maintained complete and accurate attendance records allowing for the accurate calculation of Average Daily Attendance, which includes the reporting of calendar and attendance hours, for all students in accordance with all applicable state rules and regulations. Sampling of records included those students receiving instruction in the following categories:	
	Academic Programs Off-Campus	True
	Career Exploration Program – Off Campus	True
	Cooperative Occupational Education (COE) or Supervised Occupational Experience Program	N/A
	Dual enrollment	True
	Homebound instruction	True
	Missouri Options	True
	Prekindergarten eligible to be claimed for state aid	N/A
	Remediation	True
	Sheltered Workshop participation	N/A
	Students participating in the school flex program	N/A
	Traditional instruction (full and part-time students)	True
	Virtual instruction (MOCAP or other option)	True
	Work Experience for Students with Disabilities	True
5.3	The district/charter school maintained complete and accurate attendance records allowing for the accurate calculation of September Membership for all students in accordance with all applicable state rules and regulations.	True
5.4	The district/charter school maintained complete and accurate attendance and other applicable records allowing for the accurate reporting of the State FTE count for Free and Reduced Lunch for all students in accordance with all applicable state rules and regulations.	True
5.5	As required by Section 162.401, RSMo, a bond was purchased for the district's/charter school's treasurer in the total amount of:	\$50,000
5.6	The district's/charter school's deposits were secured during the year as required by Sections 110.010 and 110.020, RSMo., and the Missouri Financial Accounting Manual.	True
5.7	The district maintained a separate bank account for all Debt Service Fund monies in accordance with Section 108.180 and 165.011, RSMo. (Not applicable to charter schools.)	True

Lee's Summit R-VII School District

Schedule of Selected Statistics

Year Ended June 30, 2022

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.)	N/A
5.10	The district/charter school published a summary of the prior year's audit report within thirty days of the receipt of the audit pursuant to Section 165.121, RSMo.	True
5.11	The district has a professional development committee plan adopted by the board with the professional development committee plan identifying the expenditure of seventy-five percent (75%) of one percent (1%) of the current year basic formula apportionment. Remaining 25% of 1% if not spent must be restricted and spent on appropriate expenditures in the future. Spending requirement is modified to seventy-five percent (75%) of one half percent (1/2%) of the current year basic formula apportionment if through fiscal year 2024 the amount appropriated and expended to public schools for transportation is less than twenty-five percent (25%) of allowable cost. (Not applicable to charter schools.)	True
5.12	The amount spent for approved professional development committee plan activities was:	\$621,199
5.13	The district/charter school has posted, at least quarterly, a searchable expenditure and revenue document or database detailing actual income, expenditures, and disbursement for the current calendar or fiscal year on the district or school website or other form of social media as required by Section 160.066, RSMo.	True

Notes:	

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

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

Lee's Summit R-VII School District

Schedule of Selected Statistics

Year Ended June 30, 2022

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	5,937.0
	Ineligible ADT	1,868.0
6.4	The district's/charter school's transportation odometer mileage records are maintained in a manner to accurately disclose in all material respects the eligible and ineligible mileage for the year.	True
6.5	Actual odometer records show the total district/charter-operated and contracted mileage for the year was:	1,752,104
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	1,703,514
	Ineligible Miles (Non-Route/Disapproved)	48,590
6.7	Number of days the district/charter school operated the school transportation system during the regular school year:	170

Notes:	

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

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