

Lee's Summit R-VII School District

Basic Financial Statements
Year Ended June 30, 2023

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 modified cash basis 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, 2023, 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 modified cash basis 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, 2023, 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.

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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 the Schedule of Expenditures of Federal Awards, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, are presented for purposes of additional analysis and are not a required part of the basic financial statements. 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 8, 2023, 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
Springfield, Missouri
December 8, 2023

Government-Wide Financial Statements

Lee's Summit R-VII School District

Statement of Net Position – Modified Cash Basis

June 30, 2023

	Governmental Activities
Assets	
Cash and investments	\$ 161,225,191
Cash and cash equivalents - Employee health insurance plan	10,615,544
Total Assets	<u>\$ 171,840,735</u>
Net Position	
Restricted	
Student activities	\$ 2,750,224
Food service	3,129,220
Debt service	32,036,932
Unspent bond proceeds	33,485,064
Employee health insurance plan	10,615,544
Unrestricted	89,823,751
Total Net Position	<u>\$ 171,840,735</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, 2023

	Program Cash Receipts				Net
	Cash Disbursements	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Receipts and Changes in Net Position
Governmental Activities					
Instruction	\$(143,085,450)	\$ 5,788,098	\$ 19,118,276	\$ 670,119	\$(117,508,957)
Student services	(18,266,204)	-	210,011	-	(18,056,193)
Instructional staff support	(9,214,237)	-	1,010,277	-	(8,203,960)
Building administration	(13,269,691)	-	-	-	(13,269,691)
General administration	(19,188,984)	-	-	-	(19,188,984)
Operation of plant	(34,308,039)	1,594,644	-	-	(32,713,395)
Transportation	(12,453,201)	141,781	6,618,199	-	(5,693,221)
Food service	(9,794,061)	5,368,180	5,068,803	10,900	653,822
Community services	(5,048,689)	526,076	728,099	-	(3,794,514)
Facilities acquisition and construction	(67,555,075)	-	-	-	(67,555,075)
Debt service	(46,230,349)	-	-	327,716	(45,902,633)
Net Program (Disbursements) Receipts	\$(378,413,980)	\$ 13,418,779	\$ 32,753,665	\$ 1,008,735	(331,232,801)
General Receipts					
Ad valorem tax receipts					140,491,265
Prop C sales tax receipts					22,102,960
Other tax receipts					11,665,603
County receipts					4,786,397
State receipts					69,358,775
Interest receipts					7,722,240
Other receipts					3,959,416
Total General Receipts					260,086,656
<i>Change in Net Position</i>					(71,146,145)
Net Position - Beginning of year					242,986,880
Net Position - End of year					\$ 171,840,735

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, 2023

	General Fund	Special Revenue Fund	Debt Service Fund	Capital Projects Fund	Total Governmental Funds
Assets					
Cash and investments	\$81,650,402	\$ -	\$32,036,932	\$ 47,537,857	\$161,225,191
Total Assets	\$81,650,402	\$ -	\$32,036,932	\$ 47,537,857	\$161,225,191
Fund Balances					
Restricted for					
Student activities	\$ 2,750,224	\$ -	\$ -	\$ -	\$ 2,750,224
Food service	3,129,220	-	-	-	3,129,220
Debt service	-	-	32,036,932	-	32,036,932
Unspent bond proceeds	-	-	-	33,485,064	33,485,064
Assigned for capital outlay	-	-	-	14,052,793	14,052,793
Unassigned	75,770,958	-	-	-	75,770,958
Total Fund Balances	\$81,650,402	\$ -	\$32,036,932	\$ 47,537,857	\$161,225,191
Total Fund Balances - Governmental Funds					\$161,225,191

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.

	10,615,544
Net Position of Governmental Activities	\$171,840,735

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, 2023

	General Fund	Special Revenue Fund	Debt Service Fund	Capital Projects Fund	Total Governmental Funds
Receipts					
Local	\$ 133,523,939	\$ 22,229,037	\$ 30,462,920	\$ 12,103,202	\$ 198,319,098
County	3,246,944	156,564	1,324,951	57,938	4,786,397
State	8,113,052	73,462,435	-	183,584	81,759,071
Federal	10,843,762	9,693,192	327,716	492,212	21,356,882
Other	141,781	635,028	-	-	776,809
Total Receipts	155,869,478	106,176,256	32,115,587	12,836,936	306,998,257
Disbursements					
Instruction	22,166,089	119,724,774	-	1,194,587	143,085,450
Student services	8,966,206	9,287,862	-	12,136	18,266,204
Instructional staff support	4,154,076	5,002,647	-	57,514	9,214,237
Building administration	3,677,300	9,549,063	-	43,328	13,269,691
General administration	14,686,849	3,181,314	-	591,490	18,459,653
Operation of plant	24,063,311	148	-	10,244,580	34,308,039
Transportation	12,394,035	-	-	59,166	12,453,201
Food service	9,085,943	-	-	708,118	9,794,061
Community services	4,504,873	517,001	-	26,815	5,048,689
Facilities acquisition and construction	-	-	-	67,555,075	67,555,075
Debt service	-	-	42,056,220	4,174,129	46,230,349
Total Disbursements	103,698,682	147,262,809	42,056,220	84,666,938	377,684,649
<i>Excess (Deficit) of Receipts Over Disbursements</i>	52,170,796	(41,086,553)	(9,940,633)	(71,830,002)	(70,686,392)
Other Financing Sources (Uses)					
Net insurance recovery	199,179	-	-	-	199,179
Sale of school buses	-	-	-	39,906	39,906
Sale of other property	20,972	-	-	9,521	30,493
Operating transfers in	-	41,086,553	-	8,400,000	49,486,553
Operating transfers (out)	(49,486,553)	-	-	-	(49,486,553)
Total Other Financing Sources (Uses)	(49,266,402)	41,086,553	-	8,449,427	269,578
<i>Net Change in Fund Balances</i>	2,904,394	-	(9,940,633)	(63,380,575)	(70,416,814)
Fund Balance, July 1, 2022	78,746,008	-	41,977,565	110,918,432	231,642,005
Fund Balance, June 30, 2023	\$ 81,650,402	\$ -	\$ 32,036,932	\$ 47,537,857	\$ 161,225,191

Net change in fund balances - total governmental funds - modified cash basis \$ (70,416,814)

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.

Change in net position of governmental activities - modified cash basis **\$ (71,146,145)**

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, 2023

	<u>Governmental Activities Internal Service Fund</u>
Assets	
Cash and cash equivalents	<u>\$ 10,615,544</u>
Net Position	
Restricted for employee health insurance plan	<u>\$ 10,615,544</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, 2023

	Governmental Activities
	Internal Service Fund
Receipts	
Charges for services	\$ 26,742,938
Total Receipts	<u>26,742,938</u>
Disbursements	
Insurance claims and administrative expenses	27,472,269
Total Disbursements	<u>27,472,269</u>
<i>Operating (Loss)</i>	(729,331)
Net Position, July 1, 2022	11,344,875
Net Position, June 30, 2023	<u><u>\$ 10,615,544</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, 2023

	Governmental Activities
	Internal Service Fund
Cash Flows From Operating Activities	
Receipts from insurance premiums	\$ 26,742,938
Payment of insurance claims and administrative costs	<u>(27,472,269)</u>
Net Cash (Used) by Operating Activities	<u>(729,331)</u>
Cash and Cash Equivalents, July 1, 2022	<u>11,344,875</u>
Cash and Cash Equivalents, June 30, 2023	<u><u>\$ 10,615,544</u></u>
Reconciliation of Operating Income to Net Cash Provided by Operating Activities	
Operating (Loss)	\$ (729,331)
Net Cash (Used) By Operating Activities	<u><u>\$ (729,331)</u></u>

See accompanying Notes to the Financial Statements

Lee's Summit R-VII School District

Notes to the Financial Statements

June 30, 2023

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, 2023

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, and as a result, these financial statements may not be suitable for another purpose.

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

Capital 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 2022-2023 school year requires the payment of salaries for a twelve-month period. Consequently, the July and August 2023 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, 2023

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, 2023

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, 2023, all bank balances on deposit are entirely insured or collateralized with securities.

3. Investments

The District has the following investments at June 30, 2023:

<u>Investment Type</u>	<u>Maturity</u>	<u>Total</u>
MOSIP - Liquid series, local government investment pool	N/A	\$ 90,940,795
MOSIP - Term investment	7/21/2023-9/15/2023	40,000,000
MOCAAT - Liquid series	N/A	15,651,783
UBS - Government securities	7/15/2023-8/26/2026	25,573,094
UBS - Certificates of deposit	7/24/2023-6/21/2027	5,015,000
		<u>\$ 177,180,672</u>

Missouri Securities Investment Program (MOSIP)

The District investments funds with MOSIP, in which it has a pro-rata share. Funds of the liquid series are considered a local government investment pool (LGIP) which has a current rating AAAM by Standard and Poor'. Securities in the LGIP portfolio must be rated in the highest category of short-term ratings. Additionally, the District also has funds invested in MOSIP's term series investment portfolio which has a current rating of AAAF by Fitch Ratings. The term series portfolio contains investments with terms from 60 days to one year and have fixed rates. The funds are invested in accordance with Section 165.051 of the Missouri Revised Statutes.

Missouri Capital Asset Advantage Treasury (MOCAAT)

District funds in MOCAAT 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 rated AAAM by Standard and Poor's and is invested in accordance with Section 165.051 of the Missouri Revised Statutes.

UBS Fixed Income

Funds invested at UBS Financial Services are held in fixed income securities which includes government securities and certificates of deposit. These investments are permitted investments in accordance with Section 165.051 of the Missouri Revised Statutes.

Lee's Summit R-VII School District

Notes to the Financial Statements

June 30, 2023

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 2022 for purposes of local taxation was:

Real estate	\$2,174,211,429
Personal property	534,609,798
Total Assessed Valuation	<u><u>\$2,708,821,227</u></u>

The tax levy per \$100 of the assessed valuation of tangible taxable property for the calendar year 2022 for purposes of local taxation was:

	<u>Unadjusted</u>	<u>Adjusted</u>
General Fund	\$ 4.3462	\$ 4.1889
Debt Service Fund	1.0700	1.0700
Capital Projects Fund	.0500	.0500
Total Levy	<u><u>\$ 5.4662</u></u>	<u><u>\$ 5.3089</u></u>

The receipts of current and delinquent property taxes during the fiscal year ended June 30, 2023, aggregated approximately 98 percent of the current assessment computed on the basis of the levy as shown above.

Lee's Summit R-VII School District

Notes to the Financial Statements

June 30, 2023

5. General Obligation Bonds Payable

Bonds payable at June 30, 2023, 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
\$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%.	17,880,000
\$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 issues December 2, 2021, due in varying annual installments through March 1, 2041; interest at 3.423% to 5.00%.	59,825,000
	<u>\$ 282,152,000</u>

The following is a summary of bond transactions for the year ended June 30, 2023:

Bonds Payable, July 1, 2022	\$ 311,982,000
Bonds issued	-
Bonds retired	(29,830,000)
Bonds Payable, June 30, 2023	<u><u>\$ 282,152,000</u></u>

Lee's Summit R-VII School District

Notes to the Financial Statements

June 30, 2023

Debt service requirements for the bonds are as follows:

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
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	1,090,000	8,856,130	9,946,130
2029-2033	79,015,000	37,859,450	116,874,450
2034-2038	88,800,000	22,175,530	110,975,530
2039-2041	68,000,000	4,740,000	72,740,000
	<u>\$ 282,152,000</u>	<u>\$ 112,882,062</u>	<u>\$ 395,034,062</u>

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, 2023, was:

Constitutional debt limit	\$ 406,323,184
General obligation bonds payable	(282,152,000)
Amount available in Debt Service Fund	32,036,932
Legal Debt Margin	<u>\$ 156,208,116</u>

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, 2023:

Certificates Payable, July 1, 2022	\$ 16,445,000
Certificates issued	-
Certificates retired	(890,000)
Certificates Payable, June 30, 2023	<u>\$ 15,555,000</u>

Lee's Summit R-VII School District

Notes to the Financial Statements

June 30, 2023

Debt service requirements for the Certificates are as follows:

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
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	1,085,000	523,500	1,608,500
2029-2033	6,125,000	1,917,600	8,042,600
2034-2036	4,410,000	413,800	4,823,800
	<u>\$ 15,555,000</u>	<u>\$ 5,350,300</u>	<u>\$ 20,905,300</u>

7. Energy Loan

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.

The following represents the changes in the energy loan obligations for the year ended June 30, 2023:

Energy Obligations, July 1, 2022	\$ 1,537,681
Additional energy obligations	-
Net energy obligation retirements	(652,681)
Energy Obligations, June 30, 2023	<u>\$ 885,000</u>

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

<u>Year Ending June 30,</u>	<u>Direct Borrowing</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2024	\$ 490,000	\$ 22,204	\$ 512,204
2025	395,000	8,176	403,176
	<u>\$ 885,000</u>	<u>\$ 30,380</u>	<u>\$ 915,380</u>

8. Financed Purchases

The District has entered into other various financed purchase agreements 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%.

Lee's Summit R-VII School District

Notes to the Financial Statements

June 30, 2023

On July 15, 2021, the District entered into an agreement to finance the purchase of 1,425 computers. Annual payments are \$756,548, with interest at 1.89%.

On July 15, 2021, the District entered into an agreement to finance the purchase of 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, 2023:

Financed Purchases, July 1, 2022	\$ 5,835,728
Additional obligations	-
Net retirements	(1,764,632)
Financed Purchases, June 30, 2023	<u><u>\$ 4,071,096</u></u>

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

Year Ending June 30,	Direct Borrowings			
	Energy Efficient Vehicles	Equipment	SMART Boards	Total
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	29,412	1,513,096	2,674,881	4,217,389
Less Amount Representing Interest	(1,420)	(41,841)	(103,032)	(146,293)
Net Financed Purchases	<u><u>\$ 27,992</u></u>	<u><u>\$ 1,471,255</u></u>	<u><u>\$ 2,571,849</u></u>	<u><u>\$ 4,071,096</u></u>

9. Other Long-term Obligations

The District has entered into an agreement to lease Chromebooks for student use for a three year term beginning in May 2023. The lease agreement requires annual payments of \$1,154,710. During the year ended June 30, 2023, the District paid \$1,154,710. Annual payments of the same amount are due in fiscal years ending 2024 and 2025 for a total amount remaining at June 30, 2023 of \$2,309,420.

10. Retirement Plans

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

Summary of Significant Accounting Policies

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

Lee's Summit R-VII School District

Notes to the Financial Statements

June 30, 2023

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

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

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

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

Lee's Summit R-VII School District

Notes to the Financial Statements

June 30, 2023

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 year 2023. 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 year 2023. Employers were required to match the contributions made by employees. The contribution rate is set each year by the PSRS Board of Trustees upon the recommendation of the independent actuary within the contribution restrictions set in Section 169.030 RSMo. The annual statutory increase in the total contribution rate may not exceed 0.5% of pay.

The District's contributions to PSRS and PEERS were \$17,323,727 and \$3,514,284, respectively, for the year ended June 30, 2023.

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.

11. 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.

12. Compensated Absences

Employees who retire under the Public School Retirement System of Missouri, have at least ten years of experience in the District, and are either 55 years old or have 25 years of service in the PSRS qualify to be paid for all paid days off at 90 percent of their daily rate. Vacation and comp time earned, but not used, is paid out at separation at the full daily rate. As of June 30, 2023, the maximum possible accumulated compensated absences payable, assuming all employees meet the requirements, was \$8,648,450.

13. 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, 2023, disbursements have not been audited by grantor

Lee's Summit R-VII School District

Notes to the Financial Statements

June 30, 2023

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.

14. Post-Employment Benefits

In addition to the pension benefits described in Note 10, 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.

15. Interfund Transfers

Transfers between funds of the District for the year ended June 30, 2023, were as follows:

	<u>Transfers In</u>	<u>Transfers Out</u>
General Fund	\$ -	\$ 49,486,553
Special Revenue Fund	41,086,553	-
Capital Projects Fund	8,400,000	-
	<u>\$ 49,486,553</u>	<u>\$ 49,486,553</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.

16. Tax Abatements

As of June 30, 2023, 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

Lee's Summit R-VII School District

Notes to the Financial Statements

June 30, 2023

taxes except in the amount of real property taxes assessed on the land during the calendar year during which the Urban Redevelopment Corporation acquired title to the real property. For the remaining 15 years, the property may be assessed up to 50% of its true value. Payments in lieu of taxes (PILOTs) may be imposed on the Urban Redevelopment Corporation by the city in order to replace all or part of the real estate taxes abated. The PILOTs must be allocated based on a proportionate share to each taxing district.

- The Chapter 100 Industrial Development Act allows cities or counties to purchase or construct certain types of projects with bond proceeds and lease the project to a company under Sections 100.010-100.200, RSMo. Eligible projects include the purchase, construction, extension and improvement of warehouses, distributions facilities, research and development facilities, office industries, agricultural processing industries, service facilities which provide interstate commerce, and industrial plants. Since the city or county owns the property and leases it to the company any amount of the property taxes can be abated for a term agreed on by the city or county issuer and the company. Cities and counties are allowed to require the company to make payments in lieu of taxes (PILOTs) for a portion of the taxes it would have otherwise been required to pay.

Information relevant to disclosure of these programs for the year ended June 30, 2023, 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	\$ 2,703,879
	Chapter 353	254,766
	Chapter 100	111,932
		<u>\$ 3,070,577</u>

17. 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.

18. 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.

Lee's Summit R-VII School District

Notes to the Financial Statements

June 30, 2023

19. Commitments

The District has active construction projects at year end. At June 30, 2023, the District's commitments with contractors are as follows:

<u>Project</u>	<u>Original Contract Amount</u>	<u>Remaining Commitment</u>
High school	\$ 68,088,200	\$ 12,121,945
Paradise Park	\$ 13,764,880	\$ 5,512,236
Miller Park campus renovations	\$ 4,406,000	\$ 2,548,243
Robotics	\$ 11,196,637	\$ 4,752,861
West high school	\$ 5,212,331	\$ 1,873,063

Additionally, the District is committed to Blue Cross Blue Shield of Kansas City for incurred but not recorded health insurance claims for June 2023 in the amount of \$2,790,797.

Supplementary Information

Lee's Summit R-VII School District

Schedule of Receipts by Source

Year Ended June 30, 2023

	General Fund	Special Revenue Fund	Debt Service Fund	Capital Projects Fund	Total
Local					
Current taxes	\$108,703,195	\$ -	\$ 27,766,468	\$ 1,297,743	\$ 137,767,406
Delinquent taxes	2,156,719	-	541,816	25,324	2,723,859
School district trust fund (Prop C)	-	22,102,960	-	-	22,102,960
Financial institution tax	195,778	-	50,010	2,337	248,125
M & M surtax	858,120	-	118,934	6,908,096	7,885,150
In lieu of tax	3,531,035	-	1,235	58	3,532,328
Earnings from temporary deposits	3,466,461	1,544	1,984,457	2,269,778	7,722,240
Food service - sales to pupils	3,348,311	-	-	-	3,348,311
Sales to adults - non-program food sales	99,522	-	-	-	99,522
Food service non-program food sales	1,920,347	-	-	-	1,920,347
Admissions - student activities	1,973,718	-	-	-	1,973,718
Bookstore sales	209,209	-	-	-	209,209
Student organization membership dues and fees	267,072	-	-	-	267,072
Revenue from enterprise activities	178,341	-	-	-	178,341
Other pupil activity income	1,265,240	-	-	-	1,265,240
Community services	526,076	-	-	-	526,076
Rentals	1,259,490	-	-	1,594,644	2,854,134
Gifts	703,124	-	-	5,222	708,346
Prior period adjustment	140,099	1,164	-	-	141,263
Net receipts from clearing accounts	28,656	-	-	-	28,656
Miscellaneous local revenue	2,693,426	123,369	-	-	2,816,795
Total Local	133,523,939	22,229,037	30,462,920	12,103,202	198,319,098
County					
Fines, escheats, etc.	-	156,564	-	-	156,564
State assessed utilities	3,246,944	-	1,324,951	57,938	4,629,833
Total County	3,246,944	156,564	1,324,951	57,938	4,786,397
State					
Basic formula - state monies	-	62,043,245	-	-	62,043,245
Transportation	5,756,825	-	-	-	5,756,825
Early childhood special education	1,369,338	3,454,993	-	-	4,824,331
Basic formula - classroom trust fund	-	7,315,530	-	-	7,315,530
Educational screening program/PAT	643,361	-	-	-	643,361
Career education	179,364	106,355	-	1,049	286,768
Food service - state	41,719	-	-	-	41,719
Residential placement/excess cost	115,351	-	-	-	115,351
High need fund - special education	-	541,259	-	-	541,259
Other - state	7,094	1,053	-	182,535	190,682
Total State	8,113,052	73,462,435	-	183,584	81,759,071

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, 2023

	General Fund	Special Revenue Fund	Debt Service Fund	Capital Projects Fund	Total
Federal					
Medicaid	1,100,915	-	-	-	1,100,915
Reserve officer training corps (ROTC)	-	132,449	-	-	132,449
ARP - ESSER III	-	8,184,091	-	-	8,184,091
CRRSA - ESSER II	-	556	-	-	556
CARES - ESSER fund	109,876	115,842	-	-	225,718
CRRSA - GEER II	20,586	-	-	-	20,586
Perkins basic grant, career education	208,993	48,116	-	38,850	295,959
IDEA grants	-	9,966	-	-	9,966
IDEA entitlement funds, part B IDEA	2,922,249	-	-	-	2,922,249
National school lunch equipment grant	-	-	-	10,900	10,900
School lunch program	4,126,933	-	-	-	4,126,933
School breakfast program	885,597	-	-	-	885,597
Fresh fruits and vegetable program	9,905	-	-	-	9,905
Title I - ESEA	987,682	1,047,545	-	-	2,035,227
Title IV.A student support and academic enrichment	65,279	-	-	-	65,279
Title III, ESEA - English language acquisition	57,400	16,323	-	-	73,723
Title II, part A&B, ESEA - teacher and principal training	132,703	115,190	-	-	247,893
Dept of Health food service program	4,649	-	-	-	4,649
Other - federal	210,995	23,114	327,716	442,462	1,004,287
Total Federal	10,843,762	9,693,192	327,716	492,212	21,356,882
Other Sources					
Net insurance recovery	199,179	-	-	-	199,179
Sale of school buses	-	-	-	39,906	39,906
Sale of other property	20,972	-	-	9,521	30,493
Tuition from other LEAs - regular term	-	535,047	-	-	535,047
Contracted educational services	-	99,981	-	-	99,981
Transportation from other LEAs for non-disabled routes	141,781	-	-	-	141,781
Total Other Sources	361,932	635,028	-	49,427	1,046,387
Total Receipts	\$156,089,629	\$106,176,256	\$ 32,115,587	\$ 12,886,363	\$ 307,267,835

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, 2023

	General Fund	Special Revenue Fund	Debt Service Fund	Capital Projects Fund	Totals
Salaries	\$ 44,643,792	\$ 108,778,606	\$ -	\$ -	\$ 153,422,398
Employee benefits	17,957,178	33,446,283	-	-	51,403,461
Purchased services	18,106,403	5,037,920	-	-	23,144,323
Supplies	22,991,309	-	-	-	22,991,309
Capital outlay	-	-	-	80,492,809	80,492,809
Other objects	-	-	42,056,220	4,174,129	46,230,349
Total Disbursements	\$ 103,698,682	\$ 147,262,809	\$ 42,056,220	\$ 84,666,938	\$ 377,684,649

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, 2023

	District Owned	Disabled Transportation District Owned	Contracted	Disabled Contracted	Total
Certificated salaries	\$ 365,042	\$ -	\$ -	\$ -	\$ 365,042
Non-certificated salaries	5,574,712	530,262	-	-	6,104,974
Employee benefits	2,451,377	266,410	-	-	2,717,787
Purchased services	238,083	76,422	929,851	69,438	1,313,794
Supplies	1,573,622	4,108	4,936	-	1,582,666
Capital outlay	59,166	-	-	-	59,166
Depreciation, net of adjustments	482,707	-	-	-	482,707
	\$ 10,744,709	\$ 877,202	\$ 934,787	\$ 69,438	\$ 12,626,136

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, 2023

	Budgeted Amounts		Actual	Variance with
	Original	Final		Final Budget Positive (Negative)
Receipts				
Local	\$129,438,755	\$134,225,000	\$133,523,939	\$ (701,061)
County	3,204,202	3,144,356	3,246,944	102,588
State	7,736,468	8,852,500	8,113,052	(739,448)
Federal	10,728,621	10,700,000	10,843,762	143,762
Other receipts	-	-	141,781	141,781
Total Receipts	151,108,046	156,921,856	155,869,478	(1,052,378)
Disbursements				
Instruction	20,028,631	22,074,371	22,166,089	(91,718)
Student services	11,193,048	9,193,048	8,966,206	226,842
Instructional staff support	3,933,296	4,183,296	4,154,076	29,220
Building administration	3,667,151	3,687,151	3,677,300	9,851
General administration	14,541,256	14,691,256	14,686,849	4,407
Operation of plant	22,350,826	24,100,826	24,063,311	37,515
Transportation	11,140,905	12,440,905	12,394,035	46,870
Food service	8,666,648	9,166,648	9,085,943	80,705
Community services	3,641,527	4,541,527	4,504,873	36,654
Total Disbursements	99,163,288	104,079,028	103,698,682	380,346
<i>Excess (Deficit) of Receipts Over Disbursements</i>	51,944,758	52,842,828	52,170,796	(672,032)
Other Financing Sources (Uses)				
Net insurance recovery	-	200,000	199,179	(821)
Sale of other property	-	20,972	20,972	-
Operating transfers (out)	(50,169,446)	(48,830,000)	(49,486,553)	(656,553)
Total Other Financing Sources (Uses)	(50,169,446)	(48,609,028)	(49,266,402)	(657,374)
<i>Net Change in Fund Balance</i>	1,775,312	4,233,800	2,904,394	(1,329,406)
Fund Balance, July 1, 2022	75,067,032	78,746,008	78,746,008	-
Fund Balance, June 30, 2023	\$ 76,842,344	\$ 82,979,808	\$ 81,650,402	\$ (1,329,406)

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, 2023

	Budgeted Amounts		Actual	Variance with
	Original	Final		Final Budget
				Positive (Negative)
Receipts				
Local	\$ 21,855,379	\$ 23,650,000	\$ 22,229,037	\$ (1,420,963)
County	70,000	70,000	156,564	86,564
State	73,758,130	73,400,000	73,462,435	62,435
Federal	6,246,166	9,850,000	9,693,192	(156,808)
Other	-	-	635,028	635,028
Total Receipts	<u>101,929,675</u>	<u>106,970,000</u>	<u>106,176,256</u>	<u>(793,744)</u>
Disbursements				
Instruction	118,961,188	119,422,067	119,724,774	(302,707)
Student services	9,600,050	9,600,050	9,287,862	312,188
Instructional staff support	4,442,367	5,042,367	5,002,647	39,720
Building administration	9,605,686	9,605,686	9,549,063	56,623
General administration	3,287,015	3,187,015	3,181,314	5,701
Operation of plant	3,000	3,000	148	2,852
Community services	199,815	539,815	517,001	22,814
Total Disbursements	<u>146,099,121</u>	<u>147,400,000</u>	<u>147,262,809</u>	<u>137,191</u>
<i>Excess (Deficit) of Receipts Over Disbursements</i>	(44,169,446)	(40,430,000)	(41,086,553)	(656,553)
Other Financing Sources				
Operating transfers in	<u>44,169,446</u>	<u>40,430,000</u>	<u>41,086,553</u>	<u>656,553</u>
<i>Net Change in Fund Balance</i>	-	-	-	-
Fund Balance, July 1, 2022	-	-	-	-
Fund Balance, June 30, 2023	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>

See accompanying Notes to the Budgetary Comparison Schedules

Lee's Summit R-VII School District

Budgetary Comparison Schedule – Debt Service Fund

Year Ended June 30, 2023

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		<u>(Negative)</u>
Receipts				
Local	\$ 29,039,924	\$ 30,500,000	\$ 30,462,920	\$ (37,080)
County	1,175,895	1,300,000	1,324,951	24,951
Federal	325,000	328,000	327,716	(284)
Total Receipts	<u>30,540,819</u>	<u>32,128,000</u>	<u>32,115,587</u>	<u>(12,413)</u>
Disbursements				
Debt service	<u>29,675,346</u>	<u>42,060,000</u>	<u>42,056,220</u>	<u>3,780</u>
Total Disbursements	<u>29,675,346</u>	<u>42,060,000</u>	<u>42,056,220</u>	<u>3,780</u>
<i>Excess (Deficit) of Receipts Over Disbursements</i>	865,473	(9,932,000)	(9,940,633)	(8,633)
Fund Balance, July 1, 2022	<u>43,482,564</u>	<u>41,977,565</u>	<u>41,977,565</u>	<u>-</u>
Fund Balance, June 30, 2023	<u><u>\$ 44,348,037</u></u>	<u><u>\$ 32,045,565</u></u>	<u><u>\$ 32,036,932</u></u>	<u><u>\$ (8,633)</u></u>

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, 2023

	Budgeted Amounts		Actual	Variance with
	Original	Final		Final Budget Positive (Negative)
Receipts				
Local	\$ 8,861,981	\$ 12,590,000	\$ 12,103,202	\$ (486,798)
County	57,242	51,300	57,938	6,638
State	-	1,050	183,584	182,534
Federal	75,000	50,000	492,212	442,212
Total Receipts	8,994,223	12,692,350	12,836,936	144,586
Disbursements				
Instruction	823,751	1,323,751	1,194,587	129,164
Student services	-	-	12,136	(12,136)
Instructional staff support	110,907	110,907	57,514	53,393
Building administration	2,000	2,000	43,328	(41,328)
General administration	2,982,919	982,919	591,490	391,429
Operation of plant	10,680,598	10,680,598	10,244,580	436,018
Transportation	89,095	89,095	59,166	29,929
Food service	-	750,000	708,118	41,882
Community services	4,000	4,000	26,815	(22,815)
Facilities acquisition and construction	92,785,056	69,614,826	67,555,075	2,059,751
Debt service	4,176,431	4,176,431	4,174,129	2,302
Total Disbursements	111,654,757	87,734,527	84,666,938	3,067,589
<i>Excess (Deficit) of Receipts Over Disbursements</i>	(102,660,534)	(75,042,177)	(71,830,002)	3,212,175
Other Financing Sources				
Sale of school buses	-	-	39,906	39,906
Sale of other property	-	-	9,521	9,521
Operating transfers in (out)	6,000,000	8,400,000	8,400,000	-
Total Other Financing Sources	6,000,000	8,400,000	8,449,427	49,427
<i>Net Change in Fund Balance</i>	(96,660,534)	(66,642,177)	(63,380,575)	3,261,602
Fund Balance, July 1, 2022	109,413,432	110,918,432	110,918,432	-
Fund Balance, June 30, 2023	\$ 12,752,898	\$ 44,276,255	\$ 47,537,857	\$ 3,261,602

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, 2023

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, 2023

Internal Service Fund Insurance Reserve Balance as of:

Benefit year ending December 31, 2022	\$ 3,870,148
Fiscal year ending June 30, 2023	<u>\$ 10,615,544</u>
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>

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 modified cash basis 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, 2023, 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 8, 2023.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the modified cash basis 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.

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 8, 2023



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, 2023. 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, 2023.

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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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 8, 2023

Lee's Summit R-VII School District

Schedule of Expenditures of Federal Awards

Year Ended June 30, 2023

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				
Non-cash Commodities	10.555	048-071	\$ -	\$ 706,152
Cash Assistance		20221N119943	-	1,490,006
		20232N119943	-	2,161,572
		20221N890343	-	337,602
		20232H170343	-	137,752
			-	4,833,084
School Breakfast Program	10.553	20221N119943	-	438,795
		20232N119943	-	446,802
			-	885,597
Fresh Fruit and Vegetable Program	10.582	2022IL160343	-	9,905
Total Child Nutrition Cluster			-	5,728,586
Missouri Department of Health and Senior Services				
COVID-19 Child and Adult Care Food Program				
	10.558	223MO305N1199	-	999
		233MO305N1199	-	3,650
			-	4,649
Missouri Department of Elementary and Secondary Education				
Child Nutrition Discretionary Grants Limited Availability				
Total U.S. Department of Agriculture	10.579	2021N810343	-	10,900
			-	5,744,135
U.S. Department of Defense				
Direct				
Junior Reserve Officers Training Corp Unit	12.000	N/A	-	132,449
Total U.S. Department of Defense			-	132,449
U.S. Department of the Treasury				
Direct - Non-cash Assistance				
Emergency Connectivity Fund Program	32.009	N/A	-	474,113
Total U.S. Department of the Treasury			-	474,113
U.S. Department of Education				
Missouri Department of Elementary and Secondary Education				
Title I Grants to Local Educational Agencies				
	84.010A	S010A210025	-	19,708
		S010A220025	-	1,335,090
			-	1,354,798

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, 2023

Federal Grantor/Pass Through Grantor/Program Title	Assistance Listing Number	Pass-through Grantor's Number	Passed-through to Subrecipients	Federal Expenditures
Special Education Cluster				
Special Education Grants to States	84.027A	H027A210040	-	9,966
		H027A220040	-	3,605,481
			-	3,615,447
COVID-19 Special Education Grants to States	84.027X	H027X210040	-	676,728
Special Education Preschool Grants	84.173A	H173A220103	-	79,009
COVID-19 Special Education Preschool Grants	84.173X	H173X210103	-	56,475
Total Special Education Cluster			-	4,427,659
Career and Technical Education - Basic Grants to States	84.048A	V048A210025	-	206,098
English Language Acquisition State Grants	84.365A	S365A210025	-	73,427
Supporting Effective Instruction State Grants	84.367A	S367A220024	-	217,347
Student Support and Academic Enrichment Program	84.424A	S424A210026	-	55,242
		S424A220026	-	16,713
			-	71,955
COVID-19 - Education Stabilization Fund	84.425C	S425C200016	-	20,351
	84.425D	S425D200021	-	226,620
	84.425D	S425D210021	-	5,589
	84.425U	S425U210021	-	8,312,860
			-	8,565,420
Total U.S. Department of Education			-	14,916,704
U.S. Department of Health and Human Services				
Missouri Department of Elementary and Secondary Education				
COVID-19 Epidemiology and Laboratory Capacity for Infectious Diseases (ELC)	93.323	NU50CK000546	-	173,664
Missouri Department of Social Services				
Temporary Assistance for Needy Families	93.558	M00497-030	-	28,000
Total U.S. Department of Health and Human Services			-	201,664
Total Expenditures of Federal Awards			\$ -	\$ 21,469,065

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, 2023

1. Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards (the Schedule) includes the federal award activity of the District for the year ended June 30, 2023, and is presented on the modified cash basis of accounting as described below. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the District, it is not intended to and does not present the financial position, changes in net position or cash flows of the District.

2. Summary of Significant Accounting Policies

Expenditures reported on the Schedule are reported on the modified cash basis of accounting which is described in Note 1 to the District's financial statements. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

3. Indirect Cost Rate

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

4. Noncash Assistance

Commodities received and expended are valued by the Food Service Section of the Department of Elementary and Secondary Education.

5. Education Stabilization Funds (ALN 84.425)

Included in the Schedule for the year ended June 30, 2023 is \$105,312 of federal expenditures under the Education Stabilization Funds, ALN 84.425D, that were paid in a previous fiscal year. The expenditures were approved in the current fiscal year, and these expenditures have been reported in the current fiscal year in accordance with reporting requirements.

Lee's Summit R-VII School District

Schedule of Findings and Questioned Costs

Year Ended June 30, 2023

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	
84.425C, 84.425D, 84.425U	COVID-19 Education Stabilization Fund	
Dollar threshold used to distinguish between type A and type B programs:		\$750,000
Auditee qualified as low-risk auditee?		No

Section II: Financial Statement Findings

None

Section III: Federal Award Findings and Questioned Costs

None

Lee's Summit R-VII School District

Summary Schedule of Prior Audit Findings

Year Ended June 30, 2023

There were no prior year audit findings.

Supplementary State Information

KPM

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, 2023. 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, 2023.

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 8, 2023

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Lee's Summit R-VII School District

Schedule of Selected Statistics

Year Ended June 30, 2023

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
	K	05	-	6.60	170.00	1,088.55
	06	08	-	6.55	170.00	1,080.50
	09	12	-	6.50	170.00	1,072.00
1015	08	12	-	6.50	170.00	1,101.66
1050	09	12	-	6.50	169.00	1,065.50
8000	K	12	-	6.60	170.00	1,088.55

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	1,206,285.41	-	-	8.37	62,307.72	1,268,601.50
	1	1,257,954.08	-	-	4.50	32,226.88	1,290,185.46
	2	1,255,001.82	12.60	-	-	31,996.25	1,287,010.67
	3	1,317,979.40	-	-	66.87	28,205.38	1,346,251.65
	4	1,313,292.63	176.80	-	71.00	21,737.59	1,335,278.02
	5	1,386,985.20	-	-	36.00	10,435.99	1,397,457.19
	6	1,264,910.40	646.20	-	-	6,912.25	1,272,468.85
	7	1,406,662.55	2,206.30	-	22.50	3,055.81	1,411,947.16
	8	1,384,612.74	2,550.30	-	18.00	26,929.91	1,414,110.95
	9	1,465,139.95	6,569.78	-	-	36,411.39	1,508,121.12
	10	1,447,937.32	7,688.11	-	14.50	64,503.07	1,520,143.00
	11	1,431,387.94	18,648.61	-	9.50	37,185.14	1,487,231.19
	12	1,125,891.64	179,963.86	130.00	-	3,767.28	1,309,752.78
Grand Total	K-12	17,264,041.08	218,462.56	130.00	251.24	365,674.66	17,848,559.54

Lee's Summit R-VII School District

Schedule of Selected Statistics

Year Ended June 30, 2023

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	1,186.00	-	-	1,186.00
	1	1,220.00	-	-	1,220.00
	2	1,228.00	-	-	1,228.00
	3	1,270.00	-	-	1,270.00
	4	1,276.00	-	-	1,276.00
	5	1,345.00	-	-	1,345.00
	6	1,247.00	0.32	-	1,247.32
	7	1,374.00	1.84	-	1,375.84
	8	1,372.00	1.02	-	1,373.02
	9	1,459.00	4.94	-	1,463.94
	10	1,462.00	4.58	-	1,466.58
	11	1,480.00	7.13	-	1,487.13
	12	1,409.00	63.66	-	1,472.66
Grand Total	K-12	17,328.00	83.49	-	17,411.49

Lee's Summit R-VII School District

Schedule of Selected Statistics

Year Ended June 30, 2023

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	1.88	2.00	N/A	N/A	3.88
1050	297.46	84.60	N/A	N/A	382.06
1070	369.00	84.00	N/A	N/A	453.00
1085	133.00	36.63	N/A	N/A	169.63
3000	211.00	56.00	N/A	N/A	267.00
3020	140.00	54.00	N/A	N/A	194.00
3050	76.00	28.00	N/A	N/A	104.00
3080	164.00	47.00	N/A	N/A	211.00
4020	29.00	28.00	N/A	N/A	57.00
4030	48.00	9.00	N/A	N/A	57.00
4040	59.00	10.00	N/A	N/A	69.00
4060	93.00	32.00	N/A	N/A	125.00
4070	28.00	1.00	N/A	N/A	29.00
4080	35.00	12.00	N/A	N/A	47.00
4090	224.00	37.00	N/A	N/A	261.00
5010	91.00	19.00	N/A	N/A	110.00
5020	105.00	28.00	N/A	N/A	133.00
5025	44.00	26.00	N/A	N/A	70.00
5030	154.00	52.00	N/A	N/A	206.00
5035	60.00	21.00	N/A	N/A	81.00
5040	151.00	20.00	N/A	N/A	171.00
5045	44.00	12.00	N/A	N/A	56.00
5060	26.00	6.00	N/A	N/A	32.00
5080	18.00	6.00	N/A	N/A	24.00
6000	49.00	15.00	N/A	N/A	64.00
6010	40.00	16.00	N/A	N/A	56.00
Grand Total	2,690.34	742.23	N/A	N/A	3,432.57

Lee's Summit R-VII School District

Schedule of Selected Statistics

Year Ended June 30, 2023

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 and reporting by category 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 school treasurer or as required by Section 160.405, RSMo, a bond was purchased for the charter schools chief financial officer or an insurance policy issued by an insurance company that proves coverage in the event of employee theft 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

Lee's Summit R-VII School District

Schedule of Selected Statistics

Year Ended June 30, 2023

5.7	The district maintained a separate bank account for all Debt Service Fund monies in accordance with Section 108.180 and 165.011, RSMo. (Not applicable to charter schools.)	True
5.8	Salaries reported for educators in the October MOSIS Educator Core and Educator School files are supported by complete and accurate payroll and contract records. This includes payments for Teacher Baseline Salary Grants and Career Ladder if applicable.	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. (Not applicable to charter schools.)	True
5.12	The amount spent for approved professional development committee plan activities was:	\$463,208
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, 2023

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	9,585.5
	Ineligible ADT	1,773.0
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:	1,858,407
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	1,719,761
	Ineligible Miles (Non-Route/Disapproved)	138,646
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