
NORMANDY SCHOOLS COLLABORATIVE

***FINANCIAL STATEMENTS
AND INDEPENDENT AUDITORS' REPORTS
AND SUPPLEMENTARY INFORMATION***

JUNE 30, 2020

Contents

	Page
INDEPENDENT AUDITORS' REPORT	1 - 2
BASIC FINANCIAL STATEMENTS:	
<i>Government-Wide Financial Statements:</i>	
Statement of Net Position - Modified Cash Basis	3
Statement of Activities - Modified Cash Basis.....	4
<i>Fund Financial Statements:</i>	
Balance Sheet - Modified Cash Basis - Governmental Funds	5
Statement of Revenues, Expenditures and Changes in Fund Balances - Modified Cash Basis - Governmental Funds	6 - 7
Notes to Basic Financial Statements.....	8 - 25
SUPPLEMENTARY INFORMATION:	
Budgetary Comparison Schedule – Modified Cash Basis:	
General Fund - Unaudited	26
Special Revenue Fund - Unaudited.....	27
Debt Service Fund - Unaudited.....	28
Capital Projects Fund - Unaudited.....	29
Notes to the Budgetary Comparison Schedules.....	30
STATE COMPLIANCE SECTION:	
Schedule of Selected Statistics	31 - 35
Independent Auditors' Report on Compliance with Specified Requirements of Missouri State Laws and Regulations.....	36

	Page
FEDERAL COMPLIANCE SECTION:	
Schedule of Expenditures of Federal Awards.....	37
Notes to the Schedule of Expenditures of Federal Awards	38
Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	39 - 40
Report on Compliance for Each Major Federal Program and Report on Internal Control Over Compliance Required by the Uniform Guidance	41 - 42
Schedule of Findings and Questioned Costs	43

Independent Auditors' Report

Joint Executive Governing Board
Normandy Schools Collaborative

Report on the Financial Statements

We have audited the accompanying modified cash basis financial statements of the governmental activities and each major fund of Normandy Schools Collaborative as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise Normandy Schools Collaborative's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the modified cash basis of accounting as described in Note 1; this includes determining that the modified cash basis of accounting is an acceptable basis for the preparation of the financial statements in the circumstances. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

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

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

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

Opinions

In our opinion, the 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 Normandy Schools Collaborative as of June 30, 2020, and the respective changes in modified cash basis financial position, thereof for the year then ended in accordance with the basis of accounting described in Note 1.

Basis of Accounting

We draw attention to Note 1 of the financial statements, which describes the basis of accounting. The financial statements are prepared on the modified cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America. Our opinions are not modified with respect to that matter.

Other Matters

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Normandy Schools Collaborative's basic financial statements. The budgetary comparison schedules and schedule of selected statistics, which are the responsibility of management, are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedule of expenditures of federal awards is presented for the purposes of additional analysis as required by Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and is also not a required part of the basic financial statements.

The schedule of expenditures of federal awards 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. Such 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 expenditures of federal awards is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The budgetary comparison schedules and schedule of selected statistics have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 4, 2020, on our consideration of Normandy Schools Collaborative's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on 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 Normandy Schools Collaborative's internal control over financial reporting and compliance.

Kirby, Eck & Brackel LLP

St. Louis, Missouri
December 4, 2020

Basic Financial Statements

NORMANDY SCHOOLS COLLABORATIVE

**STATEMENT OF NET POSITION - MODIFIED CASH BASIS
JUNE 30, 2020**

	Governmental Activities
-- ASSETS --	
Cash and investments	\$ 10,808,965
Restricted cash and investments	<u>6,555,689</u>
TOTAL ASSETS	<u>\$ 17,364,654</u>
-- LIABILITIES AND NET POSITION --	
LIABILITIES:	
Payroll withholdings	<u>\$ 475,591</u>
NET POSITION:	
Restricted for:	
Capital projects	350,716
Debt service	10,049,569
Teachers' salary and benefits	521,233
Unrestricted	<u>5,967,545</u>
Total Net Position	<u>16,889,063</u>
TOTAL LIABILITIES AND NET POSITION	<u>\$ 17,364,654</u>

See accompanying notes to basic financial statements

NORMANDY SCHOOLS COLLABORATIVE

STATEMENT OF ACTIVITIES - MODIFIED CASH BASIS FOR THE FISCAL YEAR ENDED JUNE 30, 2020

			Program Revenues			Net (Expense) Revenue and Changes in Net Position
			Charges for Services and Sales	Operating Grants, Contributions and Debt Proceeds	Capital Grants and Contributions	
Expenses						Total Governmental Activities
GOVERNMENTAL ACTIVITIES:						
Instruction	\$ 20,650,782	\$ 91,834	\$ 4,766,488	\$ -	\$ -	(15,792,460)
Attendance and social work services	458,083	-	-	-	-	(458,083)
Guidance services	732,559	-	111,776	-	-	(620,783)
Health services	421,486	-	-	-	-	(421,486)
Improvement of instruction	633,224	-	-	-	-	(633,224)
Professional development	153,204	-	211,992	-	-	58,788
Media services	605,247	-	-	-	-	(605,247)
Board of Education services	333,318	-	-	-	-	(333,318)
Executive administration	3,524,305	-	-	-	-	(3,524,305)
Building level administration	2,250,340	-	-	-	-	(2,250,340)
Operation and maintenance of plant services	5,036,338	47,443	6,000	-	-	(4,982,895)
Pupil transportation	2,045,992	-	325,534	-	-	(1,720,458)
Food services	1,987,468	1,398	1,980,480	-	-	(5,590)
Business and central services	3,155,119	-	-	-	-	(3,155,119)
Security services	1,081,899	-	-	-	-	(1,081,899)
Community services	2,695,783	2,711	-	-	-	(2,693,072)
Facilities acquisition and construction	8,633,059	-	896,589	-	-	(7,736,470)
Debt service:						
Principal retirements	3,457,152	-	-	-	-	(3,457,152)
Interest	1,542,349	-	-	-	-	(1,542,349)
TOTAL GOVERNMENTAL ACTIVITIES	\$ 59,397,707	\$ 143,386	\$ 8,298,859	\$ -	\$ -	(50,955,462)
General Revenues						
Taxes:						
						17,095,139
Property taxes						3,640,366
Sales taxes						856,650
Other taxes						22,000,190
State aid						346,538
Grants and contributions not restricted to specific programs						51,643
Fines and forfeitures						621,451
State assessed utilities						250,072
Investment earnings						
TOTAL GENERAL REVENUES						44,862,049
CHANGE IN NET POSITION						(6,093,413)
NET POSITION, BEGINNING OF YEAR						22,982,476
NET POSITION, END OF YEAR						\$ 16,889,063

See accompanying notes to basic financial statements

NORMANDY SCHOOLS COLLABORATIVE

**BALANCE SHEET - MODIFIED CASH BASIS - GOVERNMENTAL FUNDS
JUNE 30, 2020**

	General	Special Revenue	Debt Service	Capital Projects	Total Governmental Funds
-- ASSETS --					
Cash and investments	\$ 6,128,639	\$ 835,730	\$ 3,499,911	\$ 344,685	\$ 10,808,965
Restricted cash and investments	-	-	6,549,658	6,031	6,555,689
TOTAL ASSETS	\$ 6,128,639	\$ 835,730	\$ 10,049,569	\$ 350,716	\$ 17,364,654
-- LIABILITIES AND FUND BALANCES --					
LIABILITIES:					
Payroll withholdings	\$ 161,094	\$ 314,497	\$ -	\$ -	\$ 475,591
FUND BALANCES:					
Restricted for:					
Capital projects	\$ -	\$ -	\$ -	\$ 350,716	\$ 350,716
Debt service	-	-	10,049,569	-	10,049,569
Teachers' salary and benefits	-	521,233	-	-	521,233
Assigned for:					
Student activities	58,798	-	-	-	58,798
Unassigned	5,908,747	-	-	-	5,908,747
Total Fund Balances	5,967,545	521,233	10,049,569	350,716	16,889,063
TOTAL LIABILITIES AND FUND BALANCES	\$ 6,128,639	\$ 835,730	\$ 10,049,569	\$ 350,716	\$ 17,364,654

See accompanying notes to basic financial statements

NORMANDY SCHOOLS COLLABORATIVE

**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES - MODIFIED CASH BASIS - GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

	General	Special Revenue	Debt Service	Capital Projects	Total Governmental Funds
REVENUES:					
Local sources:					
Property taxes	\$ 10,396,408	\$ -	\$ 5,236,630	\$ 1,462,100	\$ 17,095,138
Sales taxes	-	3,640,366	-	-	3,640,366
Investment income	90,621	1,300	147,064	11,087	250,072
Food service	1,398	-	-	-	1,398
Other local	886,587	2,711	255,769	301,013	1,446,080
Total local	11,375,014	3,644,377	5,639,463	1,774,200	22,433,054
County sources:					
State assessed utilities	476,685	-	117,997	26,768	621,450
Other county	-	51,643	-	-	51,643
Total county	476,685	51,643	117,997	26,768	673,093
State sources:					
Basic formula	4,007,218	18,204,964	-	-	22,212,182
State grants and contributions	511,079	-	-	-	511,079
Total state	4,518,297	18,204,964	-	-	22,723,261
Federal sources	6,572,296	-	-	-	6,572,296
Total Revenues	\$ 22,942,292	\$ 21,900,984	\$ 5,757,460	\$ 1,800,968	\$ 52,401,704
EXPENDITURES:					
Current:					
Instruction	\$ 4,519,457	\$ 15,716,574	\$ -	\$ -	\$ 20,236,031
Attendance and social work services	458,083	-	-	-	458,083
Guidance services	5,408	727,151	-	-	732,559
Health services	418,587	2,899	-	-	421,486
Improvement of instruction	536,880	96,344	-	-	633,224
Professional development	142,000	11,204	-	-	153,204
Media services	82,326	522,921	-	-	605,247
Board of Education services	333,318	-	-	-	333,318
Executive administration	2,120,773	922,517	-	-	3,043,290
Building level administration	494,026	1,756,314	-	-	2,250,340
Operation and maintenance of plant services	5,036,338	-	-	-	5,036,338
Pupil transportation	2,045,992	-	-	-	2,045,992
Food services	1,987,468	-	-	-	1,987,468
Business and central services	2,075,999	1,054,160	-	-	3,130,159
Security services	1,081,899	-	-	-	1,081,899
Community services	1,557,515	1,138,268	-	-	2,695,783
Capital outlay	-	-	-	9,553,785	9,553,785
Debt service:					
Principal retirements	925,174	-	2,300,000	231,978	3,457,152
Interest	103,994	-	1,313,439	124,916	1,542,349
Total Expenditures	\$ 23,925,237	\$ 21,948,352	\$ 3,613,439	\$ 9,910,679	\$ 59,397,707

See accompanying notes to basic financial statements

NORMANDY SCHOOLS COLLABORATIVE

**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES - MODIFIED CASH BASIS - GOVERNMENTAL FUNDS (CONTINUED)
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

	General	Special Revenue	Debt Service	Capital Projects	Total Governmental Funds
EXCESS OF REVENUES (UNDER) OVER EXPENDITURES	\$ (982,945)	\$ (47,368)	\$ 2,144,021	\$ (8,109,711)	\$ (6,996,003)
OTHER FINANCING SOURCES:					
Sale of surplus property	-	-	-	6,000	6,000
Proceeds of energy loans		-	-	896,590	896,590
Total Other Financing Sources	-	-	-	902,590	902,590
NET CHANGE IN FUND BALANCES	(982,945)	(47,368)	2,144,021	(7,207,121)	(6,093,413)
FUND BALANCES, BEGINNING OF YEAR	6,950,490	568,601	7,905,548	7,557,837	22,982,476
FUND BALANCES, END OF YEAR	\$ 5,967,545	\$ 521,233	\$ 10,049,569	\$ 350,716	\$ 16,889,063

See accompanying notes to basic financial statements

NORMANDY SCHOOLS COLLABORATIVE

NOTES TO BASIC FINANCIAL STATEMENTS JUNE 30, 2020

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

On June 30, 2014, the Missouri State Board of Education lapsed the Normandy School District and replaced it with the Normandy Schools Collaborative (the "Collaborative"), effective July 1, 2014. The Missouri State Board of Education appointed the Joint Executive Governing Board to govern operations in place of an elected seven-member Board of Education. The Joint Executive Governing Board was authorized to retain and exercise all authority granted to the Normandy Board of Education and to take actions necessary for the operations of the Normandy Schools Collaborative subject to the advice and consent of the State Board of Education.

As discussed further in Note 1, these financial statements are presented on the modified cash basis of accounting. This modified basis of accounting differs from accounting principles generally accepted in the United States of America (GAAP). Generally accepted accounting principles include all relevant Governmental Accounting Standards Board (GASB) pronouncements.

Principles Determining the Scope of Reporting Entity

The financial statements of the Collaborative consist only of the funds of the Collaborative. A component unit is a legally separate organization for which the primary government is financially accountable or closely related. The Collaborative has no financial accountability for any other governmental entity, since no other entities are considered to be controlled by or dependent on the Collaborative. Control or dependence is determined on the basis of budget adoption, taxing authority, funding, and appointment of the respective board. In addition, the Collaborative is not aware of any entity that would exercise such oversight which would result in the Collaborative being considered a component unit of the entity.

While the parent-teacher organizations of the Collaborative's schools are organizations that provide financial support exclusively to the Collaborative, they are not required to be included as a component unit because the amount of financial support provided is of a de minimus nature.

Fund Accounting

The accounts of the Collaborative are organized on the basis of legally established funds, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues, and expenditures. Collaborative resources are allocated to, and accounted for, in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled. The following fund types are used by the Collaborative:

Governmental Funds

Governmental Funds are those through which all functions of the Collaborative are financed. The Collaborative's expendable financial resources are accounted for through Governmental Funds. The measurement focus is upon determination of changes in the financial position rather than upon net income determination. The following are the Collaborative's governmental funds, each of which the Collaborative considers to be a major fund:

NORMANDY SCHOOLS COLLABORATIVE

Notes to Basic Financial Statements (continued)

General Fund

This fund is the general operating fund of the Collaborative and accounts for expenditures for non-certified employees, pupil transportation costs, operation of plant, fringe benefits, student body activities, community services, the food service program, and any expenditure not required or permitted to be accounted for in other funds.

Special Revenue Fund

A special revenue fund accounts for revenues derived from specific taxes or other earmarked revenue sources. The Special Revenue Fund accounts for expenditures for certified employees involved in administration and instruction, and includes revenues restricted by the state and local tax levy allocations for the payment of teacher salaries and benefits.

Debt Service Fund

This fund is used to account for the accumulation of resources for and the payment of principal, interest, and fiscal charges on long-term debt.

Capital Projects Fund

This fund is used to account for the proceeds of long-term debt, taxes, and other revenues restricted for acquisition or construction of major capital assets.

Basis of Presentation

Government-Wide Financial Statements:

The Statement of Net Position and the Statement of Activities present financial information about the Collaborative as a whole. These statements include the financial activities of the primary government. The effect of interfund activity has been eliminated for these statements. Governmental activities generally are financed through taxes, intergovernmental revenues, and other non-exchange transactions.

The Statement of Net Position presents the financial condition of the governmental activities of the Collaborative at year-end. The Statement of Activities presents a comparison between direct expenses and program revenues for each function of the Collaborative's governmental activities. Direct expenses are those that are specifically associated with and are clearly identifiable to a particular function. Amounts reported as *program revenues* include (a) charges paid by the students for tuition, fees, or goods and services offered by the programs and (b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues not classified as *program revenues* are presented as general revenues and include all property taxes. The comparison of direct expenses with program revenues identifies the extent to which each governmental function is self-financing or draws from the general revenues of the Collaborative.

NORMANDY SCHOOLS COLLABORATIVE

Notes to Basic Financial Statements (continued)

Fund Financial Statements:

The fund financial statements provide information about the Collaborative's funds. A balance sheet - modified cash basis and statement of revenues, expenditures, and changes in fund balances - modified cash basis are presented. The emphasis of fund financial statements is on *major* governmental funds, each displayed in a separate column. The Collaborative considers each of its funds to be major.

Basis of Accounting

Basis of accounting determines when transactions are recorded in the financial records and reported on the financial statements. Government-wide financial statements and fund financial statements are prepared using the modified cash basis of accounting.

This basis of accounting recognizes assets, liabilities, net position/fund equity, revenues, and expenditures/expenses when they result from cash transactions except that the purchase of investments are recorded as assets and payroll withholdings are reported as liabilities. This basis is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

As a result of using this modified cash basis of accounting, certain assets (such as accounts receivable and capital assets), certain revenues (such as revenue for billed or provided services not yet collected), certain liabilities (such as accounts payable, general obligation bonds payable, and obligations under capital leases), and certain expenses (such as expenses for goods or services received but not yet paid) are not recorded in these financial statements.

If the Collaborative utilized the basis of accounting recognized as generally accepted, the fund financial statements for governmental funds would use the modified accrual basis of accounting, while the fund financial statements for proprietary fund types (if any) would use the accrual basis of accounting. All government-wide financial statements would be presented on the accrual basis of accounting.

Property Taxes

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

The assessed valuations of the tangible taxable property for the calendar years 2019 and 2018, for purposes of local taxation were \$302,124,290 and \$270,121,380, respectively.

NORMANDY SCHOOLS COLLABORATIVE

Notes to Basic Financial Statements (continued)

The tax levy per \$100 of the assessed valuation of tangible taxable property for the calendar years 2019 and 2018, for purposes of local taxation were:

	December 31, 2019	December 31, 2018
	Adjusted	Adjusted
General Fund	\$ 3.4914	\$ 3.9549
Special Revenue Fund	-	-
Debt Service Fund	1.7825	1.7336
Capital Projects Fund	0.5100	0.3500
Total	\$ 5.7839	\$ 6.0385

The receipts of current and delinquent property taxes during the fiscal year ended June 30, 2020, aggregated approximately 98% of the current assessment computed on the basis of the levy as shown above.

Pooled Cash and Temporary Investments

Cash resources are combined to form a pool of cash and temporary investments which is managed by the Collaborative Treasurer, except resources from the Debt Service Fund, as state law requires these deposits to be separately maintained.

The Collaborative may invest in United States Treasury bills, notes, bonds, government agency and instrumentality obligations, repurchase agreements collateralized by government securities, time certificates of deposit, bankers' acceptances issued by domestic commercial banks, and commercial paper issued by domestic corporations. Investments are reported at cost which approximates fair value.

Restricted Cash and Investments

Restricted cash and investments represent amounts whose use is limited by legal requirements and consists of unspent bond proceeds restricted under Qualified Zone Academy Bond agreements and amounts escrowed for future general obligation bond principal and interest payments in conjunction with the Missouri School Collaborative Direct Deposit Program.

Governmental Fund Balances

In the governmental fund financial statements, the following classifications are used to define the governmental fund balances:

Nonspendable - This consists of the governmental fund balances that are not in spendable form or legally or contractually are required to remain intact. The Collaborative has no nonspendable fund balance as of June 30, 2020.

Restricted - This consists of the governmental fund balances that are legally restricted by outside parties or by law through constitutional provisions or enabling legislation. The Collaborative's restricted funds consist of amounts restricted for capital projects, debt service, and for teachers' salary and benefits.

NORMANDY SCHOOLS COLLABORATIVE

Notes to Basic Financial Statements (continued)

Committed - This consists of the governmental fund balances that can only be used for specific purposes pursuant to constraints imposed by formal action (resolution) of the Joint Executive Governing Board, the Collaborative's highest level of decision-making authority. The Collaborative has no committed fund balances as of June 30, 2020.

Assigned - This consists of the governmental fund balances that are intended to be used for specific purposes by the Joint Executive Governing Board or the Superintendent. The Collaborative's assigned fund balance consists of student activities.

Unassigned - This consists of the governmental funds that do not meet the definition of "nonspendable," "restricted," "committed," or "assigned."

When an expenditure is incurred for purposes for which both restricted and unrestricted fund balances are available, the Collaborative considers restricted funds to have been spent first. When an expenditure is incurred for which committed, assigned or unassigned fund balances are available, the Collaborative considers amounts to have been spent first out of committed funds, then assigned funds and finally unassigned funds, as needed unless the Board has provided otherwise on its commitment or assignment actions.

Net Position

Net position represents the difference between assets and liabilities. Net position is reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the Collaborative or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. The Collaborative applies restricted resources first when an expense is incurred for purposes for which both restricted and unrestricted net position are available.

Interfund Activity

Interfund receivables and payables are eliminated in the statement of net position to reduce the "grossing up" effect on assets and liabilities within the governmental activities column. Interfund transfers are reported as other financing sources/uses in governmental funds. Repayments from funds responsible for particular expenditures/expenses to the funds that initially paid for them are not presented on the financial statements.

During the year ended June 30, 2020, no interfund transfers were made.

Extraordinary and Special Items

Extraordinary items are transactions or events that are both unusual in nature and infrequent in occurrence. Special items are transactions or events that are within the control of the Joint Executive Governing Board and are either unusual in nature or infrequent in occurrence. Neither type of transaction occurred during the fiscal year ended June 30, 2020.

NORMANDY SCHOOLS COLLABORATIVE

Notes to Basic Financial Statements (continued)

2. CASH AND INVESTMENTS

The Collaborative is governed by the deposit and investment limitations of state law. The depository bank is to pledge securities in addition to Federal Deposit Insurance Corporation (FDIC) insurance at least equal to the amount on deposit at all times in accordance with sections 110.010 and 110.020 of the Missouri Revised Statutes.

The Collaborative may invest funds in bonds or any instrument permitted by law for the investment of state monies in accordance with section 165.051 of the Missouri Revised Statutes. The Collaborative participates in the Missouri Direct Deposit Program which is a mechanism for public school bond repayments through the MOHEFA Bond Program. It authorizes the direct deposit of a portion of the Collaborative's state aid payment by the State of Missouri to a trustee bank that accumulates these payments and then makes the principal and interest payments to the paying agent on the bonds. The direct deposits occur monthly and the balance is withdrawn every six months to pay the debt service requirement of the related bond issues. At June 30, 2020, the Collaborative had \$1,152,035 in this program.

The Collaborative also participates in the Missouri Securities Investment Program (MOSIP). MOSIP is an external investment pool in which the Collaborative's monies are pooled with other school districts' monies to purchase investments that are permitted by state statutes. The Collaborative's monies purchase a pro-rata share of the pool. A board of directors composed of Missouri school administrators, school board members, and school business officials provides governance and oversight of MOSIP's operations. The board seeks to maintain a stable net asset value of \$1 per share. At June 30, 2020, the Collaborative had \$6,341 invested through MOSIP.

The deposits and investments held at June 30, 2020, and reported at cost, are as follows:

Type	Maturities	Carrying Value
Deposits:		
Cash and demand deposits	N/A	\$ 10,810,498
Investments:		
External investment pool	Less than 1 year	6,341
MOHEFA Bond Program:		
Money market mutual funds	Less than 1 year	1,152,035
Federal agency bonds	Less than 1 year	2,202,293
Mutual funds	Less than 1 year	868
Commercial paper	Less than 1 year	3,192,619
TOTAL DEPOSITS AND INVESTMENTS		\$ 17,364,654

Custodial Credit Risk - Deposits - Custodial credit risk is the risk that in the event of a bank failure, the Collaborative's deposits may not be returned to it. The Collaborative has a custodial credit risk policy for repurchase agreement investments and for certificates of deposit which requires these funds to be collateralized at least 100% or greater of the balance plus any demand deposit with the depository, less and insurance (FDIC or NCUSIF), as applicable. As of June 30, 2020, the Collaborative's deposits were not exposed to custodial credit risk.

NORMANDY SCHOOLS COLLABORATIVE

Notes to Basic Financial Statements (continued)

Custodial Credit Risk - Investments - Investment securities are exposed to custodial credit risk if the securities are uninsured, are not registered in the name of the government, and are held by the party who sold the security to the Collaborative or its agent but not in the government's name. The Collaborative has no formal investment policy for custodial credit risk. All investments, evidenced by individual securities, are registered in the name of the Collaborative or are of a type not exposed to custodial credit risk.

Investment Interest Rate Risk - The Collaborative minimizes the risk that the market value of securities in the portfolio will fall due to changes in general interest rates by structuring the investments portfolio so that securities mature to meet cash requirements for ongoing operations, thereby avoiding the need to sell securities on the open market prior to maturity and by investing operating funds primarily in no more than 180 days from purchase date and all other investments shall mature and become payable in no more than five years from purchase date. Maturities of investments held at June 30, 2020 are summarized in the schedule on the previous page.

Investment Credit Risk - Investment credit risk is the risk that an issuer of an investment will not fulfill its obligations to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. To minimize credit risk, the Collaborative prequalifies the institutions, brokers/dealers, intermediaries and advisors with which the Collaborative will do business and by diversifying the portfolio so that potential losses on individual securities will be minimized. At June 30, 2020, the Collaborative's investments were rated as follows:

Description	Financial Institution	Amount	Rating
External investment pool	MOSIP	\$ 6,341	AAAm
MOHEFA Bond Program:			
Money market mutual funds	BOK Financial	1,152,035	AAAm
Federal agency bonds:			
Federal Home Loan Mortgage Corporation	USBank	1,405,379	A-1
Federal Home Loan Bank	USBank	796,914	A-1
Mutual funds	USBank	868	AAAm
Commercial paper	USBank	3,192,619	A-1

Concentration of Investment Credit Risk - Concentration of credit risk is required to be disclosed by the Collaborative for any single investment that represents 5% or more of total investments (excluding investments issued by or explicitly guaranteed by the U.S. Government, investments in mutual funds, investments in external investment pools and investments in other pooled investments).

As a means of limiting its exposure to losses arising from concentration of investments, the Collaborative's investment policy mandates that the portfolio not have a concentration of assets in specific maturity, specific issuer or specific class of securities. At a minimum, diversification standards by security type and issuer are established as: (a) U.S. treasuries and securities having principal and/or interest guaranteed by the U.S. Government, 100%; (b) collateralized time and demand deposits, 100%; (c) U.S. Government agencies and government sponsored enterprises, no more than 60%; (d) collateralized repurchase agreements, no more than 50%; (e) U.S. Government agency callable securities, no more than 30%; (f) commercial paper and bankers' acceptances, no more than 50%. At June 30, 2020, the Collaborative had the following concentrations of credit risk to be disclosed.

NORMANDY SCHOOLS COLLABORATIVE

Notes to Basic Financial Statements (continued)

Description	Financial Institution	Amount	Percentage of Total Investments
Federal Home Loan Mortgage Corporation	USBank	\$ 1,405,379	21.44%
Federal Home Loan Bank	USBank	796,914	12.16%
Commercial paper	USBank	3,192,619	48.71%

3. LONG-TERM LIABILITIES

Long-term debt activity for the year ended June 30, 2020, is summarized as follows:

	Balance July 1, 2019	Additions	Reductions	Balance June 30, 2020	Amount Due within One Year
Bonds payable:					
General obligation bonds	\$ 35,670,000	\$ -	\$ 2,300,000	\$ 33,370,000	\$ 6,871,000
Capital leases	2,271,127	42,481	925,174	1,388,434	43,846
Certificates of participation	1,993,000	-	74,000	1,919,000	82,000
Energy loans	1,209,776	896,590	157,978	1,948,388	198,779
Total long-term liabilities	\$ 41,143,903	\$ 939,071	\$ 3,457,152	\$ 38,625,822	\$ 7,195,625

Payments on the general obligation bonds are paid by the debt service fund. Payments on the capital leases are paid by the general fund. Payments on the certificates of participation and the energy loans are paid by the capital projects fund.

Bonds payable consist of the following at June 30, 2020:

	Maturity Date	Interest Rate	Original issue Amount	Balance at June 30, 2020
Series 2019 GO	2029	5.00%	\$ 10,000,000	\$ 10,000,000
Series 2018 GO	2028	2.20 - 2.75%	8,000,000	8,000,000
Series 2017 GO	2028	2.10 - 2.25%	5,000,000	5,000,000
Series 2012 GO Refunding Bonds	2022	.8% - 2%	10,000,000	3,170,000
Series 2004 GO QZAB	2021	-	1,500,000	1,500,000
Series 2004A GO QZAB	2021	-	851,000	851,000
Series 2005 GO QZAB	2021	-	1,500,000	1,500,000
Series 2005A GO QZAB	2021	-	750,000	750,000
Series 2006 GO QZAB	2022	-	1,399,000	1,399,000
Series 2008B QZAB	2022	.25%	3,000,000	1,200,000
Total			\$ 42,000,000	\$ 33,370,000

NORMANDY SCHOOLS COLLABORATIVE

Notes to Basic Financial Statements (continued)

In prior years, the Collaborative issued \$9,000,000 in Qualified Zone Academy Bonds ("QZAB"). The Collaborative will make payments one year in arrears into an escrow fund at the buyer's bank for the previous issues, and will receive interest at a rate specified by the bidder. The Series 2008 QZAB will be funded by five equal payments of \$600,000 starting in 2018 and ending in 2022. These payments will also be escrowed at the buyer's bank and receive interest at a rate specified by the bidder. At maturity, the amounts in the repayment fund will be used to pay the principal amount of the bonds. The balance of the repayment funds at June 30, 2020 is \$5,397,623. These amounts are reported in the Debt Service Fund.

The annual requirements to amortize bonded debt outstanding as of June 30, 2020, are as follows:

Year Ending June 30,	Principal	Interest	Total
2021	\$ 6,871,000	\$ 1,213,060	\$ 8,084,060
2022	2,100,000	1,181,500	3,281,500
2023	4,724,000	1,150,000	5,874,000
2024	3,525,000	983,750	4,508,750
2025	3,100,000	807,500	3,907,500
2026-2029	13,050,000	1,521,250	14,571,250
Total	\$ 33,370,000	\$ 6,857,060	\$ 40,227,060

Principal and interest on all bonded indebtedness is paid through the Debt Service Fund. Repayment of the Series 2012, 2017, 2018 and 2019 bond issues are through the Missouri Direct Deposit Program which is a mechanism for public school bond repayments. It authorizes the direct deposit of a portion of the School Collaborative's state aid payment by the State of Missouri to a trustee bank that accumulates these payments and then makes the principal and interest payments to the paying agent on the bonds.

General Obligation Bonds

General obligation bonds are supported by a pledge of the Collaborative's full faith and credit. These bonds were originally issued to finance various capital projects.

NORMANDY SCHOOLS COLLABORATIVE

Notes to Basic Financial Statements (continued)

Legal Debt Margin

Article VI, Section 26(b), Constitution of Missouri, limits the outstanding amount of authorized general obligation bonds of a Collaborative to fifteen (15%) percent of the assessed valuation of the Collaborative (including State assessed railroad and utility). The legal debt margin of the Collaborative at June 30, 2020, was:

Constitutional debt limit	\$ 45,318,644
General obligation bonds payable	(33,370,000)
Amount available in Debt Service Fund	<u>10,049,569</u>
Legal Debt Margin	<u>\$ 21,998,213</u>

Capital Lease Agreements

Bus Leases

During a prior fiscal year, the Collaborative entered into a lease purchase agreement with a company for a total of 30 buses. The lease is for a total principal amount of \$3,029,496 and calls for annual payments in varying amounts at an approximate interest rate of 2.8%. The final payment under this lease is due in July 30, 2023.

During a prior fiscal year, the Collaborative entered into a lease purchase agreement with a company for a total of two buses. This lease agreement was an amendment to the existing agreement described above. The lease amendment is for a total principal amount of \$194,362 and calls for annual payments in varying amounts.

Equipment Lease

During the fiscal year ended June 30, 2020, the Collaborative entered into a lease purchase agreement with a leasing company for an equipment purchase. The lease calls for a total principal amount of \$42,481 and calls for thirty-six (36) monthly payments of \$1,315 including interest at a rate of 7.15%. The final payment under this lease is due in October 2022.

NORMANDY SCHOOLS COLLABORATIVE

Notes to Basic Financial Statements (continued)

Future minimum lease payments under the leases described above is as follows:

Year Ending June 30,	Amount
2021	\$ 50,859
2022	693,610
2023	690,078
2024	20,908
Total future minimum lease payments	1,455,455
Less amount representing interest	67,021
Present value of future minimum lease payments	<u>\$ 1,388,434</u>

Note: In the fiscal year ended June 30, 2020, the District made certain payments that were due in the fiscal year 2021. The future lease payments have been adjusted accordingly.

Certificates of Participation

During a prior fiscal year, the Collaborative issued \$1,088,000 in Series 2018A and \$941,500 in Series 2018B Certificates of Participation for the purpose of providing funds for energy improvements for the Collaborative's schools. As described in Note 7, the Collaborative entered into a guaranteed energy savings contract with a contractor to facilitate completion of the project. The Certificates bear interest at rates ranging from 3.94% to 4.74%. The final payment is due March 1, 2033 for the Series 2018A Certificates and March 1, 2028 for the Series 2018B Certificates.

Future minimum payments for the Certificates described above is as follows:

Year Ending June 30,	Amount
2021	\$ 164,257
2022	169,370
2023	175,056
2024	179,269
2025	185,055
2026-2030	1,010,264
2031-2033	680,826
Total future minimum lease payments	2,564,097
Less amount representing interest	645,097
Present value of future minimum lease payments	<u>\$ 1,919,000</u>

NORMANDY SCHOOLS COLLABORATIVE

Notes to Basic Financial Statements (continued)

Energy Loans

During a prior fiscal year, the Collaborative entered into a loan in the amount of \$983,876, plus a 1% origination fee of \$9,839, from the Missouri Department of Economic Development Division of Energy for the purpose of providing funds for energy improvements for the Collaborative's schools. As described in Note 7, during the prior fiscal year the Collaborative entered into a guaranteed energy savings contract with a contractor to facilitate completion of the project. Principal and interest are due semi-annually at a rate of 2.75% through July 2029.

During a prior fiscal year, the Collaborative entered into a loan in the amount of \$278,295 from the Missouri Department of Economic Development Division of Energy for the purpose of providing funds for energy improvements for the Collaborative's schools. As described in Note 7, during the prior fiscal year, the Collaborative entered into a guaranteed energy savings contract with a contractor to facilitate completion of the project. Principal and interest are due semi-annually at a rate of 2.75% through July 2029.

During a prior fiscal year, the Collaborative entered into a loan in the amount of \$896,590 from the Missouri Department of Economic Development Division of Energy for the purpose of providing funds for energy improvements for the Collaborative's schools. As described in Note 7, during a prior fiscal year, the Collaborative entered into a guaranteed energy savings contract with a contractor to facilitate completion of the project. Principal and interest are due semi-annually at a rate of 2.00% through September 2029. The funds on this note were drawn on during the fiscal year ended June 30, 2020.

During the fiscal year ended June 30, 2020, the Collaborative entered into a loan in the amount of \$985,620 from the Missouri Department of Economic Development Division of Energy for the purpose of providing funds for energy improvements for the Collaborative's schools. As described in Note 7, during a prior fiscal year, the Collaborative entered into a guaranteed energy savings contract with a contractor to facilitate completion of the project. Principal and interest are due semi-annually at a rate of 2.75% through July 2031. There were no draws on this note as of June 30, 2020.

The annual requirements to amortize energy loans outstanding as of June 30, 2020, are as follows:

Year Ending June 30,	Principal	Interest	Total
2021	\$ 198,779	\$ 45,987	\$ 244,766
2022	203,657	41,109	244,766
2023	208,658	36,108	244,766
2024	213,785	30,981	244,766
2025	219,040	28,726	247,766
2026-2030	904,469	48,150	952,619
Total	\$ 1,948,388	\$ 231,061	\$ 2,179,449

4. RETIREMENT PLANS

**Public School and Education Employee Retirement Systems of Missouri
(PSRS and PEERS also referred to as the Systems)**

General Information about the Pension Plans

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 Section 169.070 (9) RSMo, known as the "2/3's 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.

PEERS is a mandatory cost-sharing multiple employer retirement system for all non-certified 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 PSRS 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 5 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 five 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.

PEERS is a defined benefit plan providing service 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 five 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.

NORMANDY SCHOOLS COLLABORATIVE

Notes to Basic Financial Statements (continued)

Summary Plan Descriptions detailing the provisions of the plans can be found on the Systems' website at www.psr-peers.org.

Cost-of-Living Adjustments ("COLA"). The Board of Trustees has established a policy of providing COLAs to both PSRS and PEERS members as follows:

- If the June to June change in the Consumer Price Index for All Urban Consumers (CPI-U) is less than 2% for consecutive one-year periods, a cost of living increase of 2% will be granted when the cumulative increase is equal to or greater than 2%, at which point the cumulative increase in the CPI-U will be reset to zero. For the following year, the starting CPI-U will be based on the June value immediately preceding the January 1 at which the 2% cost-of-living increase is granted.
- If the June-to-June change in the CPI-U is greater than or equal to 2%, but less than 5%, a cost-of-living increase of 2% will be granted.
- If the June-to-June change in the CPI-U is greater than or equal to 5%, a cost-of-living increase of 5% will be granted.
- If the CPI decreases, no COLA is provided.

For any PSRS member retiring on or after July 1, 2001, such adjustments commence on the second January after commencement of benefits and occur annually thereafter. For PEERS members, such adjustments commence on the fourth January after commencement of benefits and occur annually thereafter. The total of such increases may not exceed 80% of the original benefit for any member.

Contributions. PSRS members were required to contribute 14.5% of their annual covered salary during fiscal years 2018, 2019 and 2020. 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.

PEERS members were required to contribute 6.86% of their annual covered salary during fiscal years 2018, 2019 and 2020. 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 Collaborative's contributions to PSRS and PEERS were \$2,396,490 and \$708,130 respectively, for the year ended June 30, 2020.

5. EMPLOYEE BENEFIT PLANS

The Collaborative offers its employees various tax-sheltered annuity programs created in accordance with Internal Revenue Code Section 403(b). The plans, available to all Collaborative employees, permit them to defer a portion of their salary for investment purposes. The Collaborative also offers a Section 125 Cafeteria Plan to all employees. Under this plan, the deferred portion can be used to purchase health insurance benefits and reimbursement for qualified dependent care costs and medical expenses.

NORMANDY SCHOOLS COLLABORATIVE

Notes to Basic Financial Statements (continued)

6. INSURANCE PROGRAM

The Collaborative, along with various other local school districts, participates in the Missouri United School Insurance Council ("MUSIC"), an insurance association for workers' compensation, general liability, and property and casualty insurance. The purpose of MUSIC is to distribute the cost of self-insurance over similar entities. MUSIC requires an annual premium payment to cover estimated claims payable and reserves for claims from each entity. The members of MUSIC have no legal interest in the assets, liabilities, or fund balances of the insurance association. However, the Collaborative retains a contingent liability to fund its pro rata share of any deficit incurred by MUSIC should it cease operations at some future date. The Collaborative's premium assessment from MUSIC for 2020 was \$1,051,705. Settled claims have not exceeded insurance coverage in any of the past three years.

7. COMMITMENTS AND CONTINGENCIES

Grant Audits

The Collaborative receives Federal grants and State funding for specific purposes that are subject to review and audit. These reviews and audits could lead to requests for reimbursement or to withholding of future funding for expenditures disallowed under or other noncompliance with the terms of the grants and funding. The Collaborative is not aware of any noncompliance with the Federal or State provisions that might require the Collaborative to provide reimbursement.

Protested Taxes

Each year, the County remits certain unresolved protested tax payments to the Collaborative. When the County refunds tax payments to those who are successful in their protests, it withholds the refunded amount from future distributions to taxing districts. Normal withholdings by the County are not material in relation to the Collaborative's financial position and results of operations.

Litigation

The Collaborative is involved in various lawsuits and other legal matters. While in the Collaborative's opinion, based on consultation with legal counsel, these items will be resolved with no material adverse effect on the Collaborative, the results of the proceedings have yet to be finalized.

Guaranteed Energy Savings Contract

During a prior fiscal year, the Collaborative entered into a guaranteed energy savings contract with a contractor to facilitate energy improvements for the Collaborative's schools. This project is anticipated to result in energy and operational savings for a period of 15 years. As discussed in Note 3, during a prior fiscal year, the Collaborative issued \$1,088,000 in Series 2018A and \$941,500 in Series 2018B Certificates of Participation for the purpose of providing funds for the project. As discussed in Note 11, subsequent to June 30, 2020, the Collaborative issued \$485,000 in Series 2020 Certificates of Participation for the purpose of providing funds for the project. Also as discussed in Note 3, during a prior fiscal year, the Collaborative entered into three loans with the Missouri Department of Economic Development in the total amount of \$2,158,761 for the purpose of providing funds for the remainder of the project. During the fiscal year ended June 30, 2020, the Collaborative entered into an additional loan with the Missouri Department of Economic Development to provide additional funds for the project in the amount of \$985,620.

NORMANDY SCHOOLS COLLABORATIVE

Notes to Basic Financial Statements (continued)

Coronavirus Pandemic

In March of 2020, the World Health Organization declared the outbreak of a novel coronavirus (COVID-19) as a "public health emergency of international concern", which continues to spread throughout the world and has adversely impacted global commercial activity and contributed to significant declines and volatility in financial markets. The outbreak could have a continued material adverse impact on economic and market conditions and trigger a period of global economic slowdown. The rapid development and fluidity of the situation precludes any prediction as to the ultimate material adverse impact on the Collaborative's future financial operating performance and financial condition.

8. POST-EMPLOYMENT BENEFITS

In addition to the pension benefits described in Note 4, the Collaborative allows employees who retire from the Collaborative to continue to participate in the Collaborative's health, dental, and life insurance plans. Upon meeting the retirement requirements, the retirees can elect to participate in the Collaborative's plans.

The retirees must pay for 100% of their coverage for each plan in which they elect to participate. The premiums are based on a single blended rate used for both active employees and retirees. The difference between the amount the retiree is required to pay and the actual cost to the Collaborative is considered to be a post-employment benefit. The Collaborative has not established an irrevocable trust fund for the accumulation of resources for the future payment of benefits under the plan; benefits are paid on a pay-as-you-go basis. A stand alone financial report is not available for the plan.

During the year ended June 30, 2020, 66 retirees received benefits.

9. TRANSFER PROGRAM

Beginning with the fiscal year ended June 30, 2014, a court ruling on RSMo 167.131 requires unaccredited school districts to pay for student transfer tuition and transportation costs to accredited schools. The cost of the transfer program was approximately \$703,000 for the fiscal year ended June 30, 2020. On January 2, 2018, the Missouri Department of Elementary and Secondary Education awarded the Collaborative with provisional accreditation status.

NORMANDY SCHOOLS COLLABORATIVE

Notes to Basic Financial Statements (continued)

10. TAX ABATEMENTS

As of June 30, 2020, the Collaborative is subject to the following tax abatement programs initiated by other governmental entities:

	Real Estate Tax	Surcharge	Property Tax
Enhanced enterprise zones:			
City of Hazelwood	\$ -	\$ 771	\$ -
City of Berkeley	-	63	-
Industrial development bonds/St. Louis County :			
Chapter 100:			
City of Bellerive	77,556	302	-
City of Bridgeton	-	74	-
City of Clayton	-	3,366	-
City of Eureka	-	304	-
City of Ferguson	-	570	-
City of Hazelwood	-	3,611	-
City of Jennings	-	16	-
City of Maryland Heights	-	65	-
St. Louis County	-	22,216	-
St. Louis County Port Authority	-	939	-
Land Clearance for Redevelopment Authority (LCRA)			
City of University City	-	18	-
Urban redevelopment corporations:			
City of Bridgeton	-	1,905	-
City of Brentwood	-	979	-
City of Clayton	-	71	-
City of Edmundson	-	1,546	-
City of Ferguson	-	98	-
City of Hazelwood	-	11,461	-
City of Kinloch	-	4,223	-
City of Maplewood	-	442	-
City of Maryland Heights	-	1,188	-
City of Normandy	164,095	-	-
City of Overland	-	797	-
City of Richmond Heights	-	851	-
City of Rock Hill	-	486	-
City of Sunset Hills	-	15	-
City of Wellston	22,514	88	-
St. Louis County	144,990	562	-
Total	\$ 409,155	\$ 57,027	\$ -

NORMANDY SCHOOLS COLLABORATIVE

Notes to Basic Financial Statements (continued)

11. SUBSEQUENT EVENT

Subsequent to June 30, 2020, the Collaborative issued \$485,000 in Series 2020 Certificates of Participation for the purpose of providing funds for energy improvements for the Collaborative's schools. As described in Note 7, the Collaborative entered into a guaranteed energy savings contract with a contractor to facilitate completion of the project. The Certificates bear interest at rates ranging from 2.25% to 2.75%. The final payment is due March 1, 2035.

Supplementary Information

NORMANDY SCHOOLS COLLABORATIVE

**BUDGETARY COMPARISON SCHEDULE – MODIFIED CASH BASIS
GENERAL FUND - UNAUDITED
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final	Amounts	
REVENUES:				
Local	\$11,602,900	\$11,007,596	\$ 11,375,014	\$ 367,418
County	500,000	514,000	476,685	(37,315)
State	2,035,000	5,293,500	4,518,297	(775,203)
Federal	6,737,888	7,059,769	6,572,296	(487,473)
Total Revenues	\$ 20,875,788	\$ 23,874,865	\$ 22,942,292	\$ (932,573)
EXPENDITURES:				
Current:				
Instruction	\$ 3,420,082	\$ 4,403,298	\$ 4,519,457	\$ (116,159)
Attendance and social work services	441,749	461,150	458,083	3,067
Guidance services	2,900	5,600	5,408	192
Health services	334,625	416,935	418,587	(1,652)
Improvement of instruction	493,010	419,450	536,880	(117,430)
Professional development	3,400	252,969	142,000	110,969
Media services	5,000	76,400	82,326	(5,926)
Board of Education services	379,300	364,900	333,318	31,582
Executive administration	2,150,825	2,177,148	2,120,773	56,375
Building level administration	631,400	509,900	494,026	15,874
Operation and maintenance of plant services	5,505,900	5,110,500	5,036,338	74,162
Pupil transportation	3,015,100	2,586,002	2,045,992	540,010
Food services	1,884,175	2,141,586	1,987,468	154,118
Business and central services	2,126,100	2,108,400	2,075,999	32,401
Security services	1,175,100	1,099,100	1,081,899	17,201
Community services	1,588,700	1,975,072	1,557,515	417,557
Debt service:				
Principal retirements	-	-	925,174	(925,174)
Interest	-	-	103,994	(103,994)
Total Expenditures	23,157,366	24,108,410	23,925,237	183,173
NET CHANGE IN FUND BALANCE	\$ (2,281,578)	\$ (233,545)	(982,945)	\$ (749,400)
FUND BALANCE, BEGINNING OF YEAR			6,950,490	
FUND BALANCE, END OF YEAR			\$ 5,967,545	

See accompanying notes to the budgetary comparison schedules

NORMANDY SCHOOLS COLLABORATIVE

**BUDGETARY COMPARISON SCHEDULE – MODIFIED CASH BASIS
SPECIAL REVENUE FUND - UNAUDITED
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget Positive (Negative)
REVENUES:				
Local	\$ 3,910,800	\$ 3,664,015	\$ 3,644,377	\$ (19,638)
County	36,000	51,643	51,643	-
State	22,050,000	18,450,000	18,204,964	(245,036)
Total Revenues	\$ 25,996,800	\$ 22,165,658	\$ 21,900,984	\$ (264,674)
EXPENDITURES:				
Current:				
Instruction	\$ 17,557,979	\$ 15,830,815	\$ 15,716,574	\$ 114,241
Attendance and social work services	1,170	170	-	170
Guidance services	852,180	738,630	727,151	11,479
Health services	8,650	2,600	2,899	(299)
Improvement of instruction	92,997	97,497	96,344	1,153
Professional development	15,860	9,948	11,204	(1,256)
Media services	588,350	554,650	522,921	31,729
Executive administration	1,077,044	937,585	922,517	15,068
Building level administration	1,862,639	1,786,939	1,756,314	30,625
Business and central services	1,176,113	1,240,968	1,054,160	186,808
Community services	825,568	1,157,868	1,138,268	19,600
Total Expenditures	24,058,550	22,357,670	21,948,352	409,318
NET CHANGE IN FUND BALANCE	\$ 1,938,250	\$ (192,012)	(47,368)	\$ 144,644
FUND BALANCE, BEGINNING OF YEAR			568,601	
FUND BALANCE, END OF YEAR			\$ 521,233	

See accompanying notes to the budgetary comparison schedules

NORMANDY SCHOOLS COLLABORATIVE

**BUDGETARY COMPARISON SCHEDULE – MODIFIED CASH BASIS
DEBT SERVICE FUND - UNAUDITED
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget Positive (Negative)
REVENUES:				
Local	\$4,944,300	\$5,675,723	\$ 5,639,463	\$ (36,260)
County	110,000	125,150	117,997	(7,153)
Total Revenues	\$ 5,054,300	\$ 5,800,873	\$ 5,757,460	\$ (43,413)
EXPENDITURES:				
Debt Service:				
Principal retirements	\$ 2,300,000	\$ 2,300,000	\$ 2,300,000	\$ -
Interest	1,313,443	1,313,443	1,313,439	4
Total Expenditures	3,613,443	3,613,443	3,613,439	4
NET CHANGE IN FUND BALANCE	\$ 1,440,857	\$ 2,187,430	2,144,021	\$ (43,409)
FUND BALANCE, BEGINNING OF YEAR			7,905,548	
FUND BALANCE, END OF YEAR			\$ 10,049,569	

See accompanying notes to the budgetary comparison schedules

NORMANDY SCHOOLS COLLABORATIVE

**BUDGETARY COMPARISON SCHEDULE – MODIFIED CASH BASIS
CAPITAL PROJECTS FUND - UNAUDITED
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget Positive (Negative)
REVENUES:				
Local	\$ 1,059,800	\$ 1,937,800	\$ 1,774,200	\$ (163,600)
County	12,000	27,800	26,768	(1,032)
Total Revenues	\$ 1,071,800	\$ 1,965,600	\$ 1,800,968	\$ (164,632)
EXPENDITURES:				
Capital Outlay	\$ 6,750,378	\$ 9,682,499	\$ 9,553,785	\$ 128,714
Debt Service:				
Principal retirements	187,217	242,787	231,978	10,809
Interest	118,260	123,310	124,916	(1,606)
Total Expenditures	7,055,855	10,048,596	9,910,679	137,917
EXCESS OF REVENUES UNDER EXPENDITURES	(5,984,055)	(8,082,996)	(8,109,711)	(26,715)
OTHER FINANCING SOURCES:				
Sale of surplus property	-	6,000	6,000	-
Proceeds of energy loans	-	887,713	896,590	8,877
Total Other Financing Sources	-	893,713	902,590	8,877
NET CHANGE IN FUND BALANCE	\$ (5,984,055)	\$ (7,189,283)	(7,207,121)	\$ (17,838)
FUND BALANCE, BEGINNING OF YEAR			7,557,837	
FUND BALANCE, END OF YEAR			\$ 350,716	

See accompanying notes to the budgetary comparison schedules

NORMANDY SCHOOLS COLLABORATIVE

**NOTES TO THE BUDGETARY COMPARISON SCHEDULES
JUNE 30, 2020**

Budgets and Budgetary Accounting

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

1. In accordance with Chapter 67 RSMo, the Collaborative adopts a budget for each fund.
2. Prior to July, the Superintendent, who serves as the budget officer, submits to the Joint Executive Governing Board a proposed budget for the fiscal year beginning July 1. The proposed budget includes estimated revenues and proposed expenditures for all Collaborative funds. Budgeted expenditures cannot exceed beginning available monies plus estimated revenues for the year.
3. A public hearing is conducted to obtain taxpayer comments. Prior to its approval by the Joint Executive Governing Board, the budget document is available for public inspection.
4. Prior to July 1, the budget is legally enacted by a vote of the Joint Executive Governing Board.
5. Subsequent to its formal approval of the budget, the Joint Executive Governing Board 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 on June 10, 2019, or as amended by the Joint Executive Governing Board on June 8, 2020.

6. Budgets are adopted on a modified cash basis of accounting.

State Compliance Section

NORMANDY SCHOOLS COLLABORATIVE**SCHEDULE OF SELECTED STATISTICS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

County Collaborative Number: 096-1091. Calendar (Sections 160.041, 171.031 and 171.033 RSMO)

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

School Code	Begin Grade	End Grade	Half Day Indicator	Standard Day Length	Days	Hours in Session
1050	9	12	-	6.6167	126	821.5700
4010	1	8	-	6.7000	126	837.9700
4090	1	8	-	6.7000	126	837.9700
4100	1	8	-	6.7000	126	837.9700
4145	1	8	-	6.7000	126	837.9700
4160	1	8	-	6.7000	126	837.9700
5020	PK	K	-	6.7000	126	837.9700

Notes: _____

2. Attendance Hours

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

School Code	Grade Level	Full-Time Hours	Part-Time Hours	Remedial Hours	Other Hours	Summer School Hours	Total Hours
1050	9-12	412,058.0276	30,924.7111	-	-	10,932.0000	453,914.7387
4010	1-8	328,346.0912	452.4333	-	-	51,939.1835	380,737.7080
4090	1-8	228,987.7130	-	-	-	-	228,987.7130
4100	1-8	168,398.9119	-	-	-	-	168,398.9119
4145	1-8	431,743.5479	1,060.3334	-	-	-	432,803.8813
4160	1-8	286,399.6302	-	-	-	-	286,399.6302
5020	PK-K	276,249.0448	559.2167	-	-	5,102.2000	281,910.4615
		2,132,182.9666	32,996.6945	-	-	67,973.3835	2,233,153.0446

Notes: _____

NORMANDY SCHOOLS COLLABORATIVE

Schedule of Selected Statistics (continued)

3. September Membership

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

School Code	Grade Level	Full-Time	Part-Time	Other	Total
1050	9-12	648.00	28.71	-	676.71
3000	8	2.00	-	-	2.00
4010	1-8	416.00	0.50	-	416.50
4090	1-8	353.00	-	-	353.00
4100	1-8	311.00	-	-	311.00
4145	1-8	698.00	0.90	-	698.90
4160	1-8	378.00	-	-	378.00
5020	PK-K	370.00	2.00	-	372.00
		3,176.00	32.11	-	3,208.11

Notes: _____

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
N/A	86.00	16.00	-	-	102.00
1050	596.21	-	-	-	596.21
4010	399.00	-	-	-	399.00
4090	358.00	-	-	-	358.00
4100	307.00	-	-	-	307.00
4145	683.90	-	-	-	683.90
4160	368.00	-	-	-	368.00
5020	268.50	-	-	-	268.50
		3,066.61	16.00	-	3,082.61

Notes: _____

NORMANDY SCHOOLS COLLABORATIVE

Schedule of Selected Statistics (continued)

5. Finance

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

Section	Question	Answer
5.1	The district/charter school maintained a calendar in accordance with 160.041, 171.029, 171.031, and 171.033, RSMo and all attendance hours were reported.	TRUE
5.2	The district/charter school maintained complete and accurate attendance records allowing for the accurate calculation of Average Daily Attendance for all students in accordance with all applicable state rules and regulations. Sampling of records included those students receiving instruction in the following categories:	
	Academic Programs Off-Campus	TRUE
	Career Exploration Program – Off Campus	N/A
	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	TRUE
	Remediation	TRUE
	Sheltered Workshop participation	N/A
	Students participating in the school flex program	TRUE
	Traditional instruction (full and part-time students)	TRUE
	Virtual instruction (MOCAP or other option)	TRUE
	Work Experience for Students with Disabilities	TRUE
5.3	The district/charter school maintained complete and accurate attendance records allowing for the accurate calculation of September Membership for all students in accordance with all applicable state rules and regulations.	TRUE
5.4	The district/charter school maintained complete and accurate attendance and other applicable records allowing for the accurate reporting of the State FTE count for Free and Reduced Lunch for all students in accordance with all applicable state rules and regulations.	TRUE
5.5	As required by Section 162.401, RSMo, a bond was purchased for the district's/charter school's treasurer in the total amount of:	\$50,000
5.6	The district's/charter school's deposits were secured during the year as required by Sections 110.010 and 110.020, RSMo.	TRUE

NORMANDY SCHOOLS COLLABORATIVE

Schedule of Selected Statistics (continued)

Section	Question	Answer
5.7	The district maintained a separate bank account for all Debt Service Fund monies in accordance with Section 108.180 and 165.011, RSMo. (Not applicable to charter schools)	TRUE
5.8	Salaries reported for educators in the October MOSIS Educator Core and Educator School files are supported by complete and accurate payroll and contract records.	TRUE
5.9	If a \$162,326 or 7% x SAT x WADA transfer was made in excess of adjusted expenditures, the board approve a resolution to make the transfer, which identified the specific projects to be funded by the transfer and an expected expenditure date for the projects to be undertaken. (Not applicable to charter schools)	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.	N/A
5.11	The district has a professional development committee plan adopted by the Board with the professional development committee plan identifying the expenditure of seventy-five percent (75%) of one percent (1%) of the current year basic formula apportionment. Remaining 25% of 1% if not spent must be restricted and spent on appropriate expenditures in the future. Spending requirement is modified to seventy-five percent (75%) of one half percent (1/2%) of the current year basic formula apportionment if through fiscal year 2024 the amount appropriated and expended to public schools for transportation is less than twenty-five percent (25%) of allowable cost. (Not applicable to charter schools.)	TRUE
5.12	The amount spent for approved professional development committee plan activities was:	\$153,203
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: _____

NORMANDY SCHOOLS COLLABORATIVE

Schedule of Selected Statistics (continued)

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 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: <ul style="list-style-type: none"> Eligible ADT Ineligible ADT 	1,463.0 0
6.4	The District'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-operated <u>and</u> contracted mileage for the year was:	385,464
6.6	Of this total, the eligible non-disabled and students with disabilities route miles and ineligible non-route <u>and</u> disapproved miles (combined) was: <ul style="list-style-type: none"> Eligible Miles Ineligible Miles (Non-Route/Disapproved) 	344,491 40,973
6.7	Number of days the District operated the school transportation system during the regular school year:	126

Notes: _____

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

Finding:	
Management Letter Comment:	



Kerber, Eck & Braeckel LLP P 314.231.6232
One South Memorial Drive F 314.880.9307
Suite 900
St. Louis, MO 63102

**Independent Accountants' Report on
Compliance with Specified Requirements of
Missouri Laws and Regulations**

Joint Executive Governing Board
Normandy Schools Collaborative

We have examined Normandy Schools Collaborative's compliance with the requirements of Missouri laws and regulations regarding budgetary and disbursement procedures, and accurate disclosure by the Normandy Schools Collaborative's records of average daily attendance and average daily transportation of pupils for the year ended June 30, 2020. Management is responsible for the Collaborative's compliance with those requirements. Our responsibility is to express an opinion on the Normandy Schools Collaborative's compliance with the specified requirements based on our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. Those standards require that we plan and perform the examination to obtain reasonable assurance about whether the Normandy Schools Collaborative complied, in all material respects, with the specified requirements referenced above. An examination involves performing procedures to obtain evidence about whether the Normandy Schools Collaborative 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 the evidence we obtained is sufficient and appropriate to provide a reasonable basis for our opinion.

Our examination does not provide a legal determination on Normandy Schools Collaborative's compliance with specified requirements.

In our opinion, Normandy Schools Collaborative complied, in all material respects, with the aforementioned requirements for the year ended June 30, 2020.

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

Kerber, Eck & Braeckel LLP

St. Louis, Missouri
December 4, 2020

Federal Compliance Section

NORMANDY SCHOOLS COLLABORATIVE

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

Federal Grantor/ Pass-Through Grantor/or Cluster Title	Federal CFDA Number	Pass - Through Entity Identification Number	Passed Through to Subrecipients	Total Federal Expenditures
<u>U.S. Department of Education:</u>				
Passed through Missouri Department of Elementary and Secondary Education:				
Title I Grants to Local Educational Agencies	84.010	096-109	\$ -	\$ 2,657,831
Supporting Effective Instruction State Grants	84.367	096-109	-	344,215
Student Support and Academic Enrichment Program	84.424	096-109	-	171,469
Career and Technical Education	84.048	096-109	-	125,711
21st Century Community Learning Center	84.287	S287C170025	-	246,119
CARES Act - ESSER Fund	84.425	096-109	-	243,743
Total U.S. Department of Education			-	3,789,088
<u>U.S. Department of Agriculture:</u>				
Passed through Department of Health and Senior Services:				
Child Nutrition Cluster				
Summer Food Service Program for Children	10.559	ERS0461982S	-	78,781
Passed through Missouri Department of Elementary and Secondary Education:				
Child Nutrition Cluster				
National School Breakfast	10.553	096-109	-	612,630
National School Lunch	10.555	096-109	-	1,177,204
Commodities	10.555	096-109	-	254,273
Total Child Nutrition Cluster			-	2,122,888
Fresh Fruit and Vegetable Program	10.582	096-109	-	94,955
Total U.S. Department of Agriculture			-	2,217,843
<u>U.S. Department of Health and Human Services</u>				
Passed through Missouri Department of Social Services:				
477 Cluster:				
Temporary Assistance for Needy Families	93.558	1801MOTANF	-	61,500
Total U.S. Department of Health and Human Services			-	61,500
TOTAL			\$ -	\$ 6,068,431

NORMANDY SCHOOLS COLLABORATIVE

**NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2020**

Note 1 - Basis of Presentation

The accompanying schedule of expenditures of federal awards (the "Schedule") includes the federal award activity of the Collaborative under programs of the federal government for the fiscal year ended June 30, 2020. The information reported 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 Collaborative, it is not intended to and does not present the financial position, changes in net position or cash flows of the Collaborative.

Note 2 - Significant Accounting Policies

The accompanying Schedule of Expenditures of Federal Awards is a summary of the cash activity of the Collaborative's federal award programs and does not present transactions that would be included in financial statements of the Collaborative presented on the accrual basis of accounting, in accordance with accounting principles generally accepted in the United States of America.

Note 3 - Indirect Cost Rate

The Collaborative has elected not to use the 10 percent de minimis indirect cost rate allowed under the Uniform Guidance.

Note 4 - Food Distribution

Nonmonetary assistance is reported in the schedule at the fair market value of the commodities received and disbursed by the Collaborative during the fiscal year ended June 30, 2020.

Note 5 - Insurance

The Collaborative did not have any federal insurance in effect during the fiscal year ended June 30, 2020.

Note 6 - Loan/Loan Guarantees

The Collaborative did not have any loans or loan guarantees outstanding as of June 30, 2020.

Note 7 - Subrecipients

The Collaborative did not provide federal awards to any subrecipients during the fiscal year ended June 30, 2020.

**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***

Joint Executive Governing Board
Normandy Schools Collaborative

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities and each major fund of the Normandy Schools Collaborative, as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the Collaborative's basic financial statements and have issued our report thereon dated December 4, 2020. Our report on the basic financial statements disclosed that, as described in Note 1 to the financial statements, the Collaborative prepares its financial statements on the modified cash basis of accounting, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Normandy Schools Collaborative's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Normandy Schools Collaborative's internal control. Accordingly, we do not express an opinion on the effectiveness of Normandy Schools Collaborative'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 preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. Given these limitations, we did not identify any deficiencies in internal control that we considered to be material weaknesses. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings and questioned costs at item 2020-001, that we consider to be a significant deficiency.

Compliance and Other Matters

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

Normandy Schools Collaborative's Response to Findings

Normandy Schools Collaborative's response to the findings identified in our audit is described in the accompanying schedule of findings and questioned costs. Normandy Schools Collaborative's response was not subjected to the auditing procedures applied in the audit of the financial statements and accordingly, we express no opinion on it.

Purpose of 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 of 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.

Kerber, Eck & Braedke LLP

St. Louis, Missouri
December 4, 2020

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

Joint Executive Governing Board
Normandy Schools Collaborative

Report on Compliance for Each Major Federal Program

We have audited Normandy Schools Collaborative's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of Normandy Schools Collaborative's major federal programs for the year ended June 30, 2020. Normandy Schools Collaborative's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for each of the Collaborative's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Normandy Schools Collaborative's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of Normandy Schools Collaborative's compliance.

Opinion on Each Major Federal Program

In our opinion, Normandy Schools Collaborative 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, 2020.

Report on Internal Control Over Compliance

Management of Normandy Schools Collaborative is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Normandy Schools Collaborative's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Normandy Schools Collaborative's internal control over compliance.

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies, and therefore, material weaknesses or significant deficiencies may exist that have not been identified. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, we did identify certain deficiencies in internal control over compliance, as described in the accompanying schedule of findings and questioned costs as item 2020-001 that we consider to be a significant deficiency.

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

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

Kirby, Eck & Braedel LLP

St. Louis, Missouri
December 4, 2020

NORMANDY SCHOOLS COLLABORATIVE

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

SUMMARY OF AUDITORS' RESULTS

Financial Statements

Type of auditors' report issued on financial statements: Unmodified opinions

Internal control over financial reporting:

- Material weaknesses identified? No
- Significant deficiencies identified that are not considered material weaknesses? Yes

Noncompliance material to financial statements noted? No

Federal Awards

Type of auditor's report issued on compliance for major programs: Unmodified opinions

Internal control over major programs:

- Material weaknesses identified? No
- Significant deficiencies identified that are not considered to be material weaknesses? Yes

Any audit findings disclosed that are required to be reported in accordance with Section 510(a) of the Uniform Guidance? Yes

The programs tested as major programs include:

<u>CFDA Number(s)</u>	<u>Name of Federal Program or Cluster</u>
84.010	Title I Grants to Local Educational Agencies
84.425	CARES Act – ESSER Fund

Dollar threshold used to distinguish between type A and type B programs: \$750,000

Normandy Schools Collaborative qualified as low risk auditee? No

NORMANDY SCHOOLS COLLABORATIVE

Schedule Of Findings And Questioned Costs – (continued)

FINDINGS - FINANCIAL STATEMENT AUDIT

Finding 2020-001

Criteria: The District should maintain internal controls over the payroll cycle to accurately process employee payroll and ensure approved contracts are being followed.

Condition: The amount paid to an employee exceeded the approved contract amount for one of the forty payroll expenditures selected for testing.

Cause: The employee contract amount was incorrectly entered into the payroll system.

Effect: Internal controls over payroll may not be effective and there is a risk an employee could be overpaid.

Recommendation: We recommend the District strengthen internal controls over the payroll process by ensuring the accuracy of the contract amounts entered into the district financial software.

Management Response and Corrective Action Plan:

The Collaborative acknowledges the overpayment of \$1,616 that occurred in FY20. The Collaborative conducted an investigation to find the root cause of the issue. They discovered a flaw in their pay controls. In addition to continuing to verify pay amounts on the Personnel Action Forms (PAF) for every new hire or promotion, the Collaborative will conduct biannual verifications to compare the contract amount with the amount their SISFIN software has scheduled for payout. These additional two annual monitoring points will help the Collaborative ensure this error does not recur.

FINDINGS AND QUESTIONED COSTS – MAJOR FEDERAL AWARD PROGRAMS AUDIT

Finding 2020-002

Federal Program: Title I Grants to Local Education Agencies

CFDA No: 84.010

Federal Agency: U.S. Department of Education

Pass-through Agency: Missouri Department of Elementary and Secondary Education

Award No: As listed on the Schedule of Expenditures of Federal Awards

Award Period: July 1, 2019 – June 30, 2020

Compliance: Allowable Cost

Criteria: 2 CFR section 200.303 requires nonfederal entities to establish and maintain effective internal control over federal awards that provides reasonable assurance that the awards are being managed in compliance with federal statutes, regulations, and the terms and conditions of the federal award.

Significant Deficiency: As discussed in Finding 2020-001, the amount paid to the employee exceeded the approved contract amount for one of the forty payroll expenditures selected for testing. Internal controls over allowable costs may not be effective. The District should strengthen internal controls over the payroll process by ensuring the accuracy of the contract amounts entered into the district financial software.