Lebanon R-III School District
Lebanon, Missouri

BASIC FINANCIAL STATEMENTS
Year Ended June 30, 2018

KPM
CPAS & ADVISORS

TABLE OF CONTENTS

INDEPENDENT AUDITORS' REPORT 4

BASIC FINANCIAL STATEMENTS

Statement of Net Position – Modified Cash Basis 8

Statement of Activities – Modified Cash Basis 9

Statement of Assets and Fund Balances – Governmental Funds – Modified Cash Basis 11

Statement of Receipts, Disbursements and Changes in Fund Balances – Governmental Funds – Modified Cash Basis 12

Statement of Net Position – Proprietary Fund – Modified Cash Basis 13

Statement of Receipts, Disbursements, and Changes in Net Position – Proprietary Fund – Modified Cash Basis 14

Statement of Cash Flows – Proprietary Fund – Modified Cash Basis 15

Notes to Financial Statements 16

SUPPLEMENTARY INFORMATION

Budgetary Comparison Schedule – General Fund 32

Budgetary Comparison Schedule – Special Revenue Fund 33

Budgetary Comparison Schedule – Debt Service Fund 34

Budgetary Comparison Schedule – Capital Projects Fund 35

Note to Budgetary Comparison Schedules 36

OTHER FINANCIAL INFORMATION

Schedule of Receipts by Source 38

Schedule of Disbursements by Object 40

Schedule of Transportation Costs Eligible for State Aid 41

TABLE OF CONTENTS

OTHER REPORTING REQUIREMENTS

Independent Auditors' Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards* 43

Independent Auditors' Report on Compliance for each Major Program and on Internal Control over Compliance Required by the Uniform Guidance 45

Schedule of Expenditures of Federal Awards 47

Summary Schedule of Findings and Questioned Costs 49

Schedule of Prior Audit Findings 50

SUPPLEMENTARY STATE INFORMATION

Independent Accountants' Report on Management's Assertions About Compliance with Specified Requirements of Missouri Laws and Regulations 52

Schedule of Selected Statistics 53

INDEPENDENT AUDITORS' REPORT

Board of Education
Lebanon R-III School District
Lebanon, Missouri

We have audited the basic financial statements of the governmental activities and each major fund of the Lebanon R-III School District as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective modified cash basis financial position of the governmental activities and each major fund of Lebanon R-III School District as of June 30, 2018, and the respective changes in modified cash basis financial position thereof for the year then ended, in conformity with the basis of accounting described in Note A.

Basis of Accounting

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

Disclaimer of Opinion on Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The budgetary comparison information on pages 32-36, which is the responsibility of management, is presented for purposes of additional analysis and is not a required part of the basic financial statements. The pension information and budgetary comparison information has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

Other Financial Information

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

Board of Education
Lebanon R-III School District
Lebanon, Missouri

The Other Financial Information and the Schedule of Expenditures of Federal Awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 30, 2018, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

KPM CPAs, PC

KPM CPAs, PC
Springfield, Missouri
November 30, 2018

GOVERNMENT-WIDE FINANCIAL STATEMENTS

LEBANON R-III SCHOOL DISTRICT
STATEMENT OF NET POSITION – MODIFIED CASH BASIS
June 30, 2018

		Governmental Activities
ASSETS		
Cash and cash equivalents		$ 17,241,175
Cash and cash equivalents - GOCAPS		10,941
Investments		1,308,571
	TOTAL ASSETS	$ 18,560,687
NET POSITION		
Restricted for student activities		$ 812,036
Restricted for debt service		10,877,580
Restricted for GOCAPS		10,941
Unrestricted		6,860,130
	TOTAL NET POSITION	$ 18,560,687

See accompanying notes

LEBANON R-III SCHOOL DISTRICT
STATEMENT OF ACTIVITIES – MODIFIED CASH BASIS
Year Ended June 30, 2018

	Cash Disbursements	Program Cash Receipts: Charges for Services	Program Cash Receipts: Operating Grants and Contributions	Program Cash Receipts: Capital Grants and Contributions	Net (Disbursements) Receipts and Changes in Net Position
Governmental Activities:					
Instruction	$ (27,020,727)	$ 2,256,839	$ 3,635,764	$ 3,234	$ (21,124,890)
Student services	(1,253,367)	-	50,643	-	(1,202,724)
Instructional staff support	(1,164,056)	105,000	506,628	-	(552,428)
Building administration	(2,600,355)	-	-	-	(2,600,355)
General administration	(2,645,652)	-	-	-	(2,645,652)
Operation of plant	(3,164,658)	-	-	-	(3,164,658)
Transportation	(2,724,121)	-	450,224	-	(2,273,897)
Food service	(2,451,210)	697,032	1,936,291	-	182,113
Community services	(427,086)	-	362,519	-	(64,567)
Facilities acquisition and construction	(523,860)	-	-	-	(523,860)
Debt service	(3,160,234)	-	-	-	(3,160,234)
NET PROGRAM (DISBURSEMENTS) RECEIPTS	$ (47,135,326)	$ 3,058,871	$ 6,942,069	$ 3,234	(37,131,152)
General Receipts:					
Ad valorem tax receipts					11,351,064
Prop C sales tax receipts					4,232,967
Other tax receipts					638,036
County receipts					733,167
State receipts					17,630,623
Interest receipts					399,899
Other receipts					17,155
TOTAL GENERAL RECEIPTS					35,002,911
Special Items:					
Refunding bonds					8,660,000
Sale of other property					11,552
Net insurance recovery					10,062
TOTAL SPECIAL ITEMS					8,681,614
INCREASE IN NET POSITION					6,553,373
NET POSITION - Beginning of year					12,007,314
NET POSITION - End of year					$ 18,560,687

See accompanying notes

FUND FINANCIAL STATEMENTS

LEBANON R-III SCHOOL DISTRICT
STATEMENT OF ASSETS AND FUND BALANCES – GOVERNMENTAL FUNDS – MODIFIED CASH BASIS
June 30, 2018

	General Fund	Special Revenue Fund	Debt Service Fund	Capital Projects Fund	Total Governmental Funds
ASSETS					
Cash and cash equivalents	$ 5,329,525	$ -	$ 9,763,438	$ 2,148,212	$ 17,241,175
Investments	194,429	-	1,114,142	-	1,308,571
TOTAL ASSETS	$ 5,523,954	$ -	$ 10,877,580	$ 2,148,212	$ 18,549,746
FUND BALANCES					
Restricted for:					
Student activities	$ 812,036	$ -	$ -	$ -	$ 812,036
Debt service	-	-	10,877,580	-	10,877,580
Assigned for capital outlay	-	-	-	2,148,212	2,148,212
Unassigned	4,711,918	-	-	-	4,711,918
TOTAL FUND BALANCES	$ 5,523,954	$ -	$ 10,877,580	$ 2,148,212	$ 18,549,746

Total Fund Balances - Governmental Funds	$ 18,549,746
Amounts reported for governmental activities in the statement of net position are different because:	
The fiduciary fund is used by the District's management to charge the costs of the Greater Ozarks Centers for Advanced Professional Studies (GOCAPS) program. The assets of the internal service fund are included in governmental activities in the statement of net position - modified cash basis	10,941
Net Position of Governmental Activities	$ 18,560,687

See accompanying notes

LEBANON R-III SCHOOL DISTRICT
STATEMENT OF RECEIPTS, DISBURSEMENTS AND CHANGES IN FUND BALANCES – GOVERNMENTAL FUNDS – MODIFIED CASH BASIS
Year Ended June 30, 2018

	General Fund	Special Revenue Fund	Debt Service Fund	Capital Projects Fund	Total Governmental Funds
RECEIPTS					
Local	$ 9,015,092	$ 6,404,958	$ 3,001,083	$ 4,230	$ 18,425,363
County	458,515	224,696	49,956	-	733,167
State	5,259,786	14,826,414	-	-	20,086,200
Federal	4,231,323	255,169	-	-	4,486,492
Other	-	1,275,863	-	-	1,275,863
TOTAL RECEIPTS	18,964,716	22,987,100	3,051,039	4,230	45,007,085
DISBURSEMENTS					
Instruction	8,264,932	18,530,199	-	225,596	27,020,727
Student services	509,604	743,763	-	-	1,253,367
Instructional staff support	213,793	950,263	-	-	1,164,056
Building administration	656,901	1,942,693	-	761	2,600,355
General administration	1,691,299	593,481	-	360,872	2,645,652
Operation of plant	3,138,822	-	-	36,777	3,175,599
Transportation	2,482,264	-	-	241,857	2,724,121
Food service	2,441,955	-	-	9,255	2,451,210
Community services	200,385	226,701	-	-	427,086
Facilities acquisition and construction	-	-	-	523,860	523,860
Debt service	-	-	3,122,662	37,572	3,160,234
TOTAL DISBURSEMENTS	19,599,955	22,987,100	3,122,662	1,436,550	47,146,267
EXCESS (DEFICIT) OF RECEIPTS OVER DISBURSEMENTS	(635,239)	-	(71,623)	(1,432,320)	(2,139,182)
OTHER FINANCING SOURCES (USES)					
Sale of other property	-	-	-	11,552	11,552
Refunding bonds	-	-	8,660,000	-	8,660,000
Net insurance recovery	10,062	-	-	-	10,062
Operating transfers in	-	-	-	994,054	994,054
Operating transfers (out)	(994,054)	-	-	-	(994,054)
TOTAL OTHER FINANCING SOURCES (USES)	(983,992)	-	8,660,000	1,005,606	8,681,614
EXCESS (DEFICIT) OF RECEIPTS AND OTHER SOURCES OVER DISBURSEMENTS AND OTHER (USES)	(1,619,231)	-	8,588,377	(426,714)	6,542,432
FUND BALANCE, July 1, 2017	7,143,185	-	2,289,203	2,574,926	12,007,314
FUND BALANCE, June 30, 2018	$ 5,523,954	$ -	$10,877,580	$ 2,148,212	$ 18,549,746

Net change in fund balances - total governmental funds - modified cash basis	$ 6,542,432
The fiduciary fund is used by the District's management to charge the costs of the Greater Ozarks Centers for Professional Studies program. The net expenses of the activities of the internal service fund is reported with governmental activities.	10,941
Change in net position of governmental activities - modified cash basis	$ 6,553,373

See accompanying notes

LEBANON R-III SCHOOL DISTRICT
STATEMENT OF NET POSITION – PROPRIETARY FUND – MODIFIED CASH BASIS
June 30, 2018

	Fiduciary Fund
ASSETS	
Cash and cash equivalents	$ 10,941
NET POSITION	
Restricted for GOCAPS	$ 10,941

See accompanying notes

LEBANON R-III SCHOOL DISTRICT
STATEMENT OF RECEIPTS, DISBURSEMENTS AND CHANGES IN NET POSITION – PROPRIETARY FUND – MODIFIED CASH BASIS
Year Ended June 30, 2018

	Fiduciary Fund
RECEIPTS	
Charges for services	$ 200,000
TOTAL RECEIPTS	200,000
DISBURSEMENTS	
Teacher salaries and administrative expenses	195,749
TOTAL DISBURSEMENTS	195,749
OPERATING INCOME	4,251
NONOPERATING RECEIPTS	
Interest receipts	302
Donations	6,388
TOTAL NONOPERATING RECEIPTS	6,690
NET INCOME	10,941
NET POSITION, July 1, 2017	-
NET POSITION, June 30, 2018	$ 10,941

See accompanying notes

LEBANON R-III SCHOOL DISTRICT
STATEMENT OF CASH FLOWS – PROPRIETARY FUND – MODIFIED CASH BASIS
Year Ended June 30, 2018

	Fiduciary Fund
CASH FLOWS FROM OPERATING ACTIVITIES	
Receipts from participants	$ 200,000
Payment of teacher salaries and administrative costs	(195,749)
NET CASH PROVIDED BY OPERATING ACTIVITIES	4,251
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES	
GOCAPS Donations	6,388
NET CASH PROVIDED BY FINANCING ACTIVITIES	6,388
CASH FLOWS FROM INVESTING ACTIVITIES	
Interest received	302
NET CASH PROVIDED BY INVESTING ACTIVITIES	302
NET INCREASE IN CASH	10,941
CASH AND CASH EQUIVALENTS, July 1, 2017	-
CASH AND CASH EQUIVALENTS, June 30, 2018	$ 10,941
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES	
Operating income	$ 4,251
NET CASH PROVIDED BY OPERATING ACTIVITIES	$ 4,251

See accompanying notes

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

Financial Reporting Entity

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

Basis of Presentation

Government-Wide Financial Statements

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

Fund Financial Statements

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

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

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

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

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

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

Fiduciary Fund - The Fiduciary Fund of the District is used to account for the Greater Ozarks Centers for Advanced Professional Studies program.

Basis of Accounting

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

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

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

Capital Outlay

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

Compensated Absences

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

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Long-Term Debt

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

Teachers' Salaries

The salary payment schedule of the District for the 2017-2018 school year requires the payment of salaries for a twelve-month period. Consequently, the July and August 2018 payroll checks are included in the financial statements as disbursements in the month of June. This practice has been consistently followed in previous years.

Pooled Cash and Investments

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

Inventories

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

Equity Classification

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

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

Unrestricted net position – All other net position that does not meet the definition of "restricted".

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

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

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

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

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

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

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

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

Program Receipts

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

NOTE B – CASH AND CASH EQUIVALENTS

State statutes require that the District's deposits be insured or collateralized in the name of the District by the trust department of a bank that does not hold the collateralized deposits. As of June 30, 2018, all bank balances on deposit are entirely insured or collateralized with securities.

NOTE C – INVESTMENTS

The District has the following investments at June 30, 2018:

Investment Type	Maturity	Total
Pro-rata shares of investment contracts with BOK Financial through the Missouri School District Direct Deposit Program	N/A	$ 1,114,142
Certificates of deposit	7/1/2018	194,429
		$ 1,308,571

Investment Contracts with BOK Financial

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

Certificates of Deposit

Certificates of deposit with maturities in excess of three months are classified as investments but are considered deposits for custodial risk determination. State statutes require that the District’s deposits be collateralized in the name of the District by the trust department of a bank that does not hold the collateralized deposits. As of June 30, 2018, all certificates of deposit are entirely insured or collateralized with securities.

The District does not have a formal policy on interest rate risk.

NOTE D – TAXES

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

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

The assessed valuation of the tangible taxable property for the calendar year 2017 for purposes of local taxation was:

Real estate	$ 230,644,720
Personal property	89,323,214
	$ 319,967,934

The tax levy per $100 of the assessed valuation of tangible taxable property for the calendar year 2017 for purposes of local taxation was:

	Unadjusted	Adjusted
General Fund	$ 2.1000	$ 2.1000
Special Revenue Fund	.6500	.6500
Debt Service Fund	.8400	.8400
TOTAL LEVY	$ 3.5900	$ 3.5900

The receipts of current and delinquent property taxes during the fiscal year ended June 30, 2018, aggregated approximately 99 percent of the current assessment computed on the basis of the levy as shown above.

NOTE E – GENERAL OBLIGATION BONDS PAYABLE

Bonds payable at June 30, 2018, consist of:

$6,490,000 general obligation refunding bonds issued December 15, 2011, due in varying annual installments through March 1, 2019; interest at 0.90% to 2.90%.	$ 780,000
$9,850,000 general obligation bonds issued May 27, 2014, due in varying annual installments through March 1, 2024; interest at 0.40% to 2.30%.	8,250,000
$10,000,000 general obligation bonds issued March 10, 2015, due in varying annual installments through March 1, 2035; interest at 3.00% to 4.00%.	10,000,000
$8,825,000 general obligation bonds issued January 1, 2016, due in varying installments through March 1, 2029; interest at 2.00% to 5.00%.	8,525,000
$8,660,000 general obligation refunding bonds issued December 29, 2017, due in varying annual installments through March 1, 2029; interest at 2.25% to 3.00%.	8,660,000
	$ 36,215,000

The following is a summary of bond transactions for the year ended June 30, 2018:

Bonds Payable, July 1, 2017	$ 29,585,000
Bonds issued	8,660,000
Bonds retired	(2,030,000)
Bonds Payable, June 30, 2018	$ 36,215,000

NOTE E – GENERAL OBLIGATION BONDS PAYABLE (continued)

Debt service requirements are:

Year Ended June 30,	Principal	Interest	Total
2019	$ 1,830,000	$ 1,259,802	$ 3,089,802
2020	1,200,000	1,186,591	2,386,591
2021	1,350,000	1,167,989	2,517,989
2022	1,450,000	1,143,691	2,593,691
2023	1,550,000	1,114,689	2,664,689
2024	10,175,000	1,081,365	11,256,365
2025	1,570,000	617,165	2,187,165
2026	1,600,000	570,065	2,170,065
2027	1,715,000	522,065	2,237,065
2028	1,830,000	470,615	2,300,615
2029	1,945,000	415,715	2,360,715
2030	1,460,000	336,465	1,796,465
2031	1,540,000	289,695	1,829,695
2032	1,610,000	233,625	1,843,625
2033	1,710,000	167,225	1,877,225
2034	1,790,000	97,225	1,887,225
2035	1,890,000	30,713	1,920,713
	$ 36,215,000	$ 10,704,700	$ 46,919,700

Article VI, Section 26(b), Constitution of Missouri, limits the outstanding amount of authorized general obligation bonds of a district to 15 percent of the assessed valuation of the district. The legal debt margin (excluding state assessed railroad and utility) of the District at June 30, 2018, was:

Constitutional debt limit	$ 47,995,190
General obligation bonds payable	(36,215,000)
Amount available in Debt Service Fund	10,877,580
LEGAL DEBT MARGIN	$ 22,657,770

NOTE F – RETIREMENT PLANS

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

Summary of Significant Accounting Policies

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

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

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

NOTE F – RETIREMENT PLANS (continued)

Benefits Provided. PSRS is a defined benefit plan providing retirement, disability, and death/survivor benefits. Members are vested for service retirement benefits after accruing five years of service. Individuals who (a) are at least age 60 and have a minimum of five years of service, (b) have 30 years of service, or (c) qualify for benefits under the "Rule of 80" (service and age total at least 80) are entitled to a monthly benefit for life, which is calculated using a 2.5% benefit factor. Beginning July 1, 2001, and ending July 1, 2014, a 2.55% benefit factor was used to calculate benefits for members who had 31 or more years of service at retirement. Actuarially age-reduced benefits are available for members with 5 to 24.9 years of service at age 55. Members who are younger than age 55 and who do not qualify under the "Rule of 80" but have between 25 and 29.9 years of service may retire with a lesser benefit factor. Members that are three years beyond normal retirement can elect to have their lifetime monthly benefits actuarially reduced in exchange for the right to also receive a one-time partial lump sum (PLSO) payment at retirement equal to 12, 24, or 36 times the Single Life benefit amount.

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

Cost-of-Living Adjustments ("COLA"). The Board of Trustees has established a policy of providing a 0.00% COLA for years in which the CPI increases between 0.00% and 2.00%, a 2.00% COLA for years in which CPI increases between 2.00% and 5.00%, and a COLA of 5.00% if the CPI is greater than 5.00%. If the CPI decreases, no COLA is provided. For any PSRS member retiring on or after July 1, 2001, such adjustments commence on the second January after commencement of benefits and occur annually thereafter. For PEERS members, such adjustments commence on the fourth January after commencement of benefits and occur annually thereafter. The total of such increases may not exceed 80% of the original benefit for any member.

Contributions. PSRS members were required to contribute 14.5% of their annual covered salary during fiscal year 2018. 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.

NOTE F – RETIREMENT PLANS (continued)

Contributions. PEERS members were required to contribute 6.86% of their annual covered salary during fiscal year 2018. Employers were required to match the contributions made by employees. The contribution rate is set each year by the PSRS Board of Trustees upon the recommendation of the independent actuary within the contribution restrictions set in Section 169.030 RSMo. The annual statutory increase in the total contribution rate may not exceed 0.5% of pay.

The District's contributions to PSRS and PEERS were $2,851,189 and $551,640, respectively, for the year ended June 30, 2018.

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

NOTE G – LEASES AND LOANS PAYABLE

On June 13, 2018, the District entered into a five-year cancellable lease to finance the purchase of a new Konica copier at a cost of $30,942. The lease provides for interest at 5.497%.

On August 21, 2017, the District entered into a five-year cancelable lease to finance the purchase of four buses at a cost of $203,827. The lease purchase provides for interest at 1.93%.

On July 12, 2016, the District entered into a four-year cancelable lease to finance the purchase of three buses at a cost of $254,120. The lease purchase provides for interest at 1.55%.

On July 15, 2015, the District entered into a four-year cancelable lease to finance the purchase of three buses at a cost of $229,500. This lease provides for interest at 2.86%.

On July 11, 2014, the District entered into a four-year cancelable lease to finance the purchase of three buses at a cost of $150,000. This lease provides for interest at 1.61%.

On January 22, 2015, the District entered into a ten-year loan agreement with the Missouri Department of Economic Development/Energy Division in the amount of $26,845 to finance certain improvements. The loan provides for annual payments of principal and interest with an interest rate of 2.5%.

On May 16, 2016, the District entered into a four-year cancelable lease to finance a new phone system at a cost of $76,594. The lease provides for annual payments of principal in the amount of $25,531.

NOTE G – LEASES AND LOANS PAYABLE (continued)

Although the agreements provide for cancellation of the leases/loans at the District's option at the renewal dates, the District does not foresee exercising its options to cancel.

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

Year Ending June 30,	2014 Bus Lease	2015 Bus Lease	2016 Bus Lease	2017 Bus Lease	DNR Energy Loan	Phone Lease	Copier Lease	Total
2019	$ 31,033	$ 48,740	$ 52,524	$ 53,573	$ 3,202	$ 25,531	$ 7,092	$ 221,695
2020	-	48,740	52,524	53,573	3,201	25,531	7,092	190,661
2021	-	-	52,524	53,573	3,200	25,532	7,092	141,921
2022	-	-	-	53,573	3,201	-	7,092	63,866
2023	-	-	-	-	3,200	-	7,092	10,292
2024	-	-	-	-	3,201	-	-	3,201
2025	-	-	-	-	1,404	-	-	1,404
TOTAL MINIMUM LEASE/LOAN PAYMENTS	31,033	97,480	157,572	214,292	20,609	76,594	35,460	633,040
LESS AMOUNT REPRESENTING INTEREST	(492)	(4,078)	(5,042)	(10,465)	(1,683)	-	(4,518)	(26,278)
NET LEASE/LOAN PAYMENTS	$ 30,541	$ 93,402	$ 152,530	$ 203,827	$ 18,926	$ 76,594	$ 30,942	$ 606,762

The following represents the changes in the net lease/loan payments for the year ended June 30, 2018:

Leases/Loans Payable, July 1, 2017	$ 588,484
Additional obligations	234,769
Net retirements	(216,691)
Leases/Loans Payable, June 30, 2018	$ 606,562

NOTE H – RISK MANAGEMENT

The District is exposed to various risks of losses related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The District has transferred its risk by obtaining coverage from commercial insurance companies. In addition, it has effectively managed risk through various employee education and prevention programs. There has been no significant reduction in insurance coverage from the previous year.

NOTE I – COMPENSATED ABSENCES

After working for the District for 10 years and meeting the requirements to qualify for teacher or Public Education employee retirement benefits, professional staff may receive $38.50 per day and support staff may receive up to $30 per day for each sick leave day accumulated, up to 120 days upon retirement.

NOTE J – CLAIMS AND ADJUSTMENTS

The District participates in a number of federal and state programs that are fully or partially funded by grants received from other governmental units. Disbursements financed by grants are subject to audit by the appropriate grantor government. If disbursements are disallowed due to noncompliance with grant program regulation, the District may be required to reimburse the grantor government. As of June 30, 2018, disbursements have not been audited by grantor governments, but the District believes that disallowed disbursements, if any, based on subsequent audits will not have a material effect on any of the individual government funds or the overall financial position of the District.

NOTE K – POST EMPLOYMENT BENEFITS

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

NOTE L – COMMITMENTS

At June 30, 2018, the District was committed to a contract for copiers for the middle school with Copy Products Inc. in the amount of $57,221. The District was also committed to a contract with Lenovo Financial in the amount of $619,588 for new Chrome books. The District was also committed to a contract with the Lebanon Education Foundation in the amount of $61,427 for a wireless project repayment. The District was also committed to a contract with Providence Capital Network in the amount of $40,680 for technology equipment.

NOTE M – INTERFUND TRANSFERS

Transfers between funds of the District for the year ended June 30, 2018, were as follows:

	Transfers In	Transfers Out
General Fund	$ -	$ 994,054
Capital Projects Fund	994,054	-
	$ 994,054	$ 994,054

The District makes allowed transfers from the General Fund to the Capital Projects Fund to cover disbursements and build balances as allowed by state law.

NOTE N – TAX ABATEMENTS

As of June 30, 2018, the District did not provide tax abatements to any businesses. However, the District's taxes were reduced by agreements entered into by other governments through the following: Enhance Enterprise Zones and the Urban Redevelopments Corporation or Chapter 353.

- The Enhanced Enterprise Zones Program is designed to attract new or expanding businesses to the area. Under Sections 135.950-135.970, RSMo., in order for a manufacturer, distributor, or certain service industries to qualify for various tax abatements for 10 to 25 years, the business must meet certain minimum criteria depending on the type of business facility. New or expanded business facilities must have two new employees and $100,000 in new investment. Replacement business facilities must have two new employees and $1,000,000 in new investment. Both types of business facilities must also offer health insurance to full time employees in Missouri, of which at least 50% is paid by the employer. The City of Lebanon, Missouri had abatements that reduced taxes by $76,205 and Laclede County had abatements that reduced taxes by $16,572 under this program.

- The Urban Redevelopment Corporation Law, or Chapter 353, is an economic development tool to encourage redevelopment of blighted areas. Under Sections 353.010-353.190, RSMo., the Urban Redevelopment Corporation has a tax abatement available for 25 years. During the first 10 years, the property is not subject to real property taxes except in the amount of real property taxes assessed on the land during the calendar year during with the Urban Redevelopment Corporation acquired title to the real property. For the remaining 15 years, the property may be assessed up to 50% of its true value. Payments in lieu of taxes (PILOTs) may be imposed on the Urban Redevelopment Corporation by the city in order to replace all or part of the real estate taxes abated. The PILOTs must be allocated based on a proportionate share to each taxing district. The City of Lebanon, Missouri granted abatements under this program that resulted in a tax reduction of $43,565.

NOTE O – CURRENT YEAR BOND REFUNDING

On December 29, 2017, the District issued $8,660,000 in general obligation refunding bonds with interest rates ranging from 2.25% to 3.00%. The District issued the bonds to refund on March 1, 2024, $8,525,000 of outstanding Series 2016 general obligation bonds with varying interest rates of 2.00% to 5.00%.

As a result of the refunding, the District reduced its total debt service requirements by $397,450, which resulted in an economic gain (difference between the present value of debt service payments on old and new debt) of $320,115.

SUPPLEMENTARY INFORMATION

LEBANON R-III SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE – GENERAL FUND
Year Ended June 30, 2018

	Budgeted Amounts			Variance with Final Budget Positive
	Original	Final	Actual	(Negative)
RECEIPTS				
Local	$ 11,976,702	$ 9,015,092	$ 9,015,092	$ -
County	465,063	458,515	458,515	-
State	7,001,730	5,259,786	5,259,786	-
Federal	4,121,857	4,231,323	4,231,323	-
Other	94,893	-	-	-
TOTAL RECEIPTS	23,660,245	18,964,716	18,964,716	-
DISBURSEMENTS				
Instruction	6,083,157	8,264,932	8,264,932	-
Student services	521,539	509,604	509,604	-
Instructional staff support	376,548	213,793	213,793	-
Building administration	687,708	656,901	656,901	-
General administration	1,802,307	1,691,299	1,691,299	-
Operation of plant	3,310,674	3,138,822	3,138,822	-
Transportation	2,444,280	2,482,264	2,482,264	-
Food service	2,110,691	2,441,955	2,441,955	-
Community services	238,372	200,385	200,385	-
TOTAL DISBURSEMENTS	17,575,276	19,599,955	19,599,955	-
EXCESS (DEFICIT) OF RECEIPTS OVER DISBURSEMENTS	6,084,969	(635,239)	(635,239)	-
OTHER FINANCING SOURCES (USES)				
Net insurance recovery	-	10,062	10,062	-
Operating transfers (out)	(7,136,174)	(994,054)	(994,054)	-
TOTAL OTHER FINANCING SOURCES (USES)	(7,136,174)	(983,992)	(983,992)	-
(DEFICIT) OF RECEIPTS AND OTHER SOURCES OVER DISBURSEMENTS AND OTHER (USES)	(1,051,205)	(1,619,231)	(1,619,231)	-
FUND BALANCE, July 1, 2017	7,976,498	7,143,185	7,143,185	-
FUND BALANCE, June 30, 2018	$ 6,925,293	$ 5,523,954	$ 5,523,954	$ -

LEBANON R-III SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE – SPECIAL REVENUE FUND
Year Ended June 30, 2018

	Budgeted Amounts			Variance with Final Budget Positive
	Original	Final	Actual	(Negative)
RECEIPTS				
Local	$ 3,198,960	$ 6,404,958	$ 6,404,958	$ -
County	284,912	224,696	224,696	-
State	13,401,020	14,826,414	14,826,414	-
Federal	239,128	255,169	255,169	-
Other	991,798	1,275,863	1,275,863	-
TOTAL RECEIPTS	18,115,818	22,987,100	22,987,100	-
DISBURSEMENTS				
Instruction	19,156,714	18,530,199	18,530,199	-
Student services	729,178	743,763	743,763	-
Instructional staff support	652,694	950,263	950,263	-
Building administration	1,827,998	1,942,693	1,942,693	-
General administration	645,639	593,481	593,481	-
Community services	223,558	226,701	226,701	-
TOTAL DISBURSEMENTS	23,235,781	22,987,100	22,987,100	-
(DEFICIT) OF RECEIPTS OVER DISBURSEMENTS	(5,119,963)	-	-	-
OTHER FINANCING SOURCES				
Operating transfers in	5,119,963	-	-	-
EXCESS OF RECEIPTS AND OTHER SOURCES OVER DISBURSEMENTS	-	-	-	-
FUND BALANCE, July 1, 2017	-	-	-	-
FUND BALANCE, June 30, 2018	$ -	$ -	$ -	$ -

LEBANON R-III SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE – DEBT SERVICE FUND
Year Ended June 30, 2018

	Budgeted Amounts			Variance with Final Budget Positive
	Original	Final	Actual	(Negative)
RECEIPTS				
Local	$ 2,727,370	$ 3,001,083	$ 3,001,083	$ -
County	38,860	49,956	49,956	-
TOTAL RECEIPTS	2,766,230	3,051,039	3,051,039	-
DISBURSEMENTS				
Debt service	3,017,070	3,122,662	3,122,662	-
TOTAL DISBURSEMENTS	3,017,070	3,122,662	3,122,662	-
(DEFICIT) OF RECEIPTS OVER DISBURSEMENTS	(250,840)	(71,623)	(71,623)	-
OTHER FINANCING SOURCES				
Refunding bonds	-	8,660,000	8,660,000	-
EXCESS (DEFICIT) OF RECEIPTS AND OTHER SOURCES OVER DISBURSEMENTS	(250,840)	8,588,377	8,588,377	-
FUND BALANCE, July 1, 2017	2,493,218	2,289,203	2,289,203	-
FUND BALANCE, June 30, 2018	$ 2,242,378	$ 10,877,580	$ 10,877,580	$ -

LEBANON R-III SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE – CAPITAL PROJECTS FUND
Year Ended June 30, 2018

	Budgeted Amounts			Variance with Final Budget Positive
	Original	Final	Actual	(Negative)
RECEIPTS				
Local	$ 32,982	$ 4,230	$ 4,230	$ -
State	131,031	-	-	-
TOTAL RECEIPTS	164,013	4,230	4,230	-
DISBURSEMENTS				
Instruction	233,165	225,596	225,596	-
Building administration	3,000	761	761	-
General administration	395,531	360,872	360,872	-
Operation of plant	-	36,777	36,777	-
Transportation	250,274	241,857	241,857	-
Food service	-	9,255	9,255	-
Facilities acquisition and construction	2,813,974	523,860	523,860	-
Debt service	21,877	37,572	37,572	-
TOTAL DISBURSEMENTS	3,717,821	1,436,550	1,436,550	-
(DEFICIT) OF RECEIPTS OVER DISBURSEMENTS	(3,553,808)	(1,432,320)	(1,432,320)	-
OTHER FINANCING SOURCES				
Sale of other property	-	11,552	11,552	-
Operating transfers in	2,016,211	994,054	994,054	-
TOTAL OTHER FINANCING SOURCES	2,016,211	1,005,606	1,005,606	-
(DEFICIT) OF RECEIPTS AND OTHER SOURCES OVER DISBURSEMENTS	(1,537,597)	(426,714)	(426,714)	-
FUND BALANCE, July 1, 2017	1,537,597	2,574,926	2,574,926	-
FUND BALANCE, June 30, 2018	$ -	$ 2,148,212	$ 2,148,212	$ -

Budgets and Budgetary Accounting

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

1) In accordance with Chapter 67, RSMo, the District adopts a budget for each fund

2) Prior to July, the superintendent, who serves as the Budget Officer, submits to the Board of Education a proposed budget for the fiscal year beginning on July 1. The budget includes estimated receipts and proposed disbursements for all District funds. Budgeted disbursements cannot exceed beginning available monies plus estimated receipts for the year.

3) A public hearing is conducted to obtain taxpayer comments. Prior to its approval by the Board of Education, the budget document is available for public inspection.

4) Prior to July 1, the budget is legally enacted by a vote of the Board of Education.

5) Subsequent to its formal approval of the budget, the Board of Education has the authority to make necessary adjustments to the budget by formal vote of the Board. Adjustments made during the year are reflected in the budget information included in the financial statements. Budgeted amounts are as originally adopted, or as amended by the Board of Education. Individual amendments were not material to the original appropriations, which were amended.

6) Budgets for District funds are prepared and adopted on the modified cash basis (budget basis).

OTHER FINANCIAL INFORMATION

LEBANON R-III SCHOOL DISTRICT
SCHEDULE OF RECEIPTS BY SOURCE
Year Ended June 30, 2018

	General Fund	Special Revenue Fund	Debt Service Fund	Capital Projects Fund	Total
LOCAL					
Current taxes	$ 6,021,466	$ 1,863,787	$ 2,408,587	$ -	$ 10,293,840
Delinquent taxes	624,164	185,687	247,373	-	1,057,224
School district trust fund (Prop C)	-	4,232,967	-	-	4,232,967
Financial institution tax	25,672	5,715	-	-	31,387
M & M surtax	496,810	109,839	-	-	606,649
Tuition from individuals	-	6,821	-	-	6,821
Earnings on investments	53,638	142	345,123	996	399,899
Food service - programs	458,552	-	-	-	458,552
Food service non-program	238,480	-	-	-	238,480
Student activities	1,071,538	-	-	-	1,071,538
Rentals	7,617	-	-	-	7,617
Gifts	7,737	-	-	3,234	10,971
Miscellaneous local revenue	9,418	-	-	-	9,418
TOTAL LOCAL	9,015,092	6,404,958	3,001,083	4,230	18,425,363
COUNTY					
Fines, escheats, etc.	-	224,696	-	-	224,696
State assessed utilities	458,515	-	49,956	-	508,471
TOTAL COUNTY	458,515	224,696	49,956	-	733,167
STATE					
Basic formula - state monies	1,925,935	14,062,324	-	-	15,988,259
Transportation	403,123	-	-	-	403,123
Early childhood special education	452,864	599,720	-	-	1,052,584
Basic formula - classroom trust fund	1,642,364	-	-	-	1,642,364
Career education/at risk	20,000	-	-	-	20,000
Educational screening program	82,600	-	-	-	82,600
Career education	214,519	164,370	-	-	378,889
Food service - state	18,903	-	-	-	18,903
Career education enhancement grant	136,259	-	-	-	136,259
High need fund	363,219	-	-	-	363,219
TOTAL STATE	5,259,786	14,826,414	-	-	20,086,200

LEBANON R-III SCHOOL DISTRICT
SCHEDULE OF RECEIPTS BY SOURCE (continued)
Year Ended June 30, 2018

	General Fund	Special Revenue Fund	Debt Service Fund	Capital Projects Fund	Total
FEDERAL					
Medicaid	128,372	-	-	-	128,372
Child development associate grant	12,322	-	-	-	12,322
Perkins basic grant, career education	-	108,313	-	-	108,313
IDEA grants	8,358	-	-	-	8,358
IDEA entitlement, Part B	793,461	-	-	-	793,461
Early childhood special education - federal	-	146,856	-	-	146,856
School lunch program	1,231,553	-	-	-	1,231,553
School breakfast program	585,551	-	-	-	585,551
Title I	1,136,414	-	-	-	1,136,414
Title IV.A student support and academic enrichment	10,358	-	-	-	10,358
Title II.A	150,022	-	-	-	150,022
Childcare development fund grant	9,795	-	-	-	9,795
Dept of Health food service program	100,284	-	-	-	100,284
Title V.B rural education achievement program	63,992	-	-	-	63,992
Other - federal	841	-	-	-	841
TOTAL FEDERAL	4,231,323	255,169	-	-	4,486,492
OTHER SOURCES					
Sale of other property	-	-	-	11,552	11,552
Net insurance recovery	10,062	-	-	-	10,062
Refunding bonds	-	-	8,660,000	-	8,660,000
Tuition from other districts	-	1,170,863	-	-	1,170,863
Area vocational fees from other LEAs	-	105,000	-	-	105,000
TOTAL OTHER SOURCES	10,062	1,275,863	8,660,000	11,552	9,957,477
TOTAL RECEIPTS	$ 18,974,778	$ 22,987,100	$ 11,711,039	$ 15,782	$ 53,688,699

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

LEBANON R-III SCHOOL DISTRICT
SCHEDULE OF DISBURSEMENTS BY OBJECT
Year Ended June 30, 2018

	General Fund	Special Revenue Fund	Debt Service Fund	Capital Projects Fund	Total
Salaries	$ 7,037,050	$ 17,703,004	$ -	$ -	$ 24,740,054
Teacher's retirement	10,947	2,824,332	-	-	2,835,279
Non-teacher retirement	547,086	4,366	-	-	551,452
Old age survivor and disability (OASDI)	414,515	24,501	-	-	439,016
Medicare	97,696	243,491	-	-	341,187
Employee insurance	1,829,753	2,165,204	-	-	3,994,957
Other employer provided services	2,868	22,202	-	-	25,070
Purchased instructional services - tuition	27,603	-	-	-	27,603
Professional services	455,550	-	-	-	455,550
Audit services	23,600	-	-	-	23,600
Legal services	17,273	-	-	-	17,273
Election services	13,860	-	-	-	13,860
Other professional services	91,129	-	-	-	91,129
Repairs and maintenance	210,543	-	-	-	210,543
Rentals - land and buildings	21,142	-	-	-	21,142
Rentals - equipment	104,516	-	-	-	104,516
Water and sewer	69,322	-	-	-	69,322
Trash removal	19,684	-	-	-	19,684
Travel	206,294	-	-	-	206,294
Property insurance	381,887	-	-	-	381,887
Fidelity Bond Premiums	125	-	-	-	125
Communication	119,198	-	-	-	119,198
Advertising, printing, dues and other purchased services	3,215,686	-	-	-	3,215,686
General supplies	2,167,532	-	-	-	2,167,532
Supplies - technology-related	8,265	-	-	-	8,265
Library books	43,468	-	-	-	43,468
Resource materials	3,118	-	-	-	3,118
Food supplies - excludes non-food supplies	1,428,213	-	-	-	1,428,213
Energy	949,620	-	-	-	949,620
Other supplies	71,471	-	-	-	71,471
Buildings	-	-	-	414,301	414,301
Improvements other than buildings	-	-	-	109,093	109,093
Regular equipment	-	-	-	575,911	575,911
Equipment - classroom instructional apparatus	-	-	-	26,953	26,953
Vehicles - Except School Buses	-	-	-	30,398	30,398
Pupil transportation vehicles - school buses	-	-	-	241,857	241,857
Other capital outlay	-	-	-	465	465
Principal	-	-	2,030,000	28,209	2,058,209
Interest	-	-	985,570	9,363	994,933
Other	-	-	107,092	-	107,092
TOTAL DISBURSEMENTS	$ 19,589,014	$ 22,987,100	$ 3,122,662	$ 1,436,550	$ 47,135,326

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

LEBANON R-III SCHOOL DISTRICT
SCHEDULE OF TRANSPORTATION COSTS ELIGIBLE FOR STATE AID
Year Ended June 30, 2018

	District Owned	Disabled Transportation District Owned	Total
Non-certified salaries	$ 1,365,885	$ 54,932	$ 1,420,817
Employee benefits	420,530	36,518	457,048
Purchased services	107,595	100	107,695
Supplies	398,204	100	398,304
Depreciation	255,658	-	255,658
	$ 2,547,872	$ 91,650	$ 2,639,522

School buses lease/purchased	
Principal	$ 241,857
Interest	$ 8,839

OTHER REPORTING REQUIREMENTS

INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

Board of Education
Lebanon R-III School District
Lebanon, Missouri

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the accompanying financial statements of the governmental activities and each major fund of Lebanon R-III School District as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise Lebanon R-III School District's basic financial statements and have issued our report thereon dated November 30, 2018.

Internal Control over Financial Reporting

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

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

Board of Education
Lebanon R-III School District
Lebanon, Missouri

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Lebanon R-III School District'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*.

Purpose of This Report

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

KPM CPAs, PC

KPM CPAs, PC
Springfield, Missouri
November 30, 2018

INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

Board of Education
Lebanon R-III School District
Lebanon, Missouri

Report on Compliance for Each Major Federal Program

We have audited Lebanon R-III School District's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of Lebanon R-III School District's major federal programs for the year ended June 30, 2018. The Lebanon R-III School District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditors' Responsibility

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

We believe that our audit provides a reasonable basis for our opinion on compliance for its major federal program. However, our audit does not provide a legal determination on the Lebanon R-III School District's compliance.

Board of Education
Lebanon R-III School District
Lebanon, Missouri

Opinion on Each Major Federal Program

In our opinion, the Lebanon R-III School District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2018.

Report on Internal Control Over Compliance

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

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

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

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

KPM CPAs, PC

KPM CPAs, PC
Springfield, Missouri
November 30, 2018

LEBANON R-III SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Year Ended June 30, 2018

Federal Grantor Pass Through Grantor/ Program Title	Federal CFDA Number	Pass-through Grantor's Number	Passed-through to Subrecipients	Federal Expenditures
U.S. DEPARTMENT OF AGRICULTURE				
Missouri Department of Elementary and Secondary Education				
Child Nutrition Cluster				
National School Lunch Program - Commodities	10.555	053-113	$ -	$ 210,000
- Cash	10.555	20177N109943	-	220,307
		20188N109943	-	1,011,246
			-	1,441,553
School Breakfast Program	10.553	20177N109943	-	101,994
		20188N109943	-	483,557
			-	585,551
Missouri Department of Health and Senior Services				
Child Nutrition Cluster				
Summer Food Service Program for Children	10.559	ERS0461944S	-	100,284
Total Child Nutrition Cluster			-	2,127,388
TOTAL U.S. DEPARTMENT OF AGRICULTURE			-	2,127,388
U.S. DEPARTMENT OF EDUCATION				
Missouri Department of Elementary and Secondary Education				
Title I Grants to LEAs	84.010	S010A160025	-	607,480
		S010A170025	-	622,780
			-	1,230,260
Special Education Grants Cluster				
Special Education Grants to States	84.027	H027A160040	-	676,216
		H027A170040	-	125,603
			-	801,819
Special Education Preschool Grants	84.173	H171A170103	-	146,856
Total Special Education Grants Cluster			-	948,675
Career and Technical Education - Basic Grants to States	84.048	V048A160025	-	108,313
		V048A170025	-	14,839
			-	123,152
Small Rural School Achievement Program	84.358	S358B160025	-	46,895
		S358B170025	-	57,836
			-	104,731
Supporting Effective Instruction State Grant	84.367	S367A160024	-	82,908
		S367A170024	-	56,871
			-	139,779
Grants for State Assessments	84.369	S369A150026	-	231
		S369A160026	-	610
			-	841
TOTAL U.S. DEPARTMENT OF EDUCATION			-	2,547,438

LEBANON R-III SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (continued)
Year Ended June 30, 2018

Federal Grantor Pass Through Grantor/ Program Title	Federal CFDA Number	Pass-through Grantor's Number	Passed-through to Subrecipients	Federal Expenditures
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES				
Missouri Department of Elementary and Secondary Education				
Childcare & Development Block Grant-School Age Community	93.575	1701MOCCDF	-	4,934
		1801MOCCDF	-	28,712
			-	33,646
TOTAL U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES			-	33,646
TOTAL EXPENDITURES OF FEDERAL AWARDS			$ -	$ 4,708,472

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

1. The Schedule of Expenditures of Federal Awards is presented using the modified cash basis of accounting, which is described in Note A to the District's financial statements.

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

3. The District did not provide funds to subrecipients in the current year.

4. The District elected not to use the 10% de minimis indirect cost rate.

LEBANON R-III SCHOOL DISTRICT
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ended June 30, 2018

Section I – Summary of Audit Results

Financial Statements

Type of report the auditor issued on whether the financial statements audited were prepared in accordance with the modified cash basis of accounting: Unmodified

Internal control over financial reporting:

- Material weakness(es) identified? _____ yes __X__ no
- Significant deficiency(ies) identified: _____ yes __X__ none reported

Noncompliance material to financial statements noted? _____ yes __X__ no

Federal Awards

Internal control over major federal programs:

- Material weakness(es) identified? _____ yes __X__ no
- Significant deficiency(ies) identified: _____ yes __X__ none reported

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

Any audit findings disclosed that are required to be reported in accordance with 2CFR 200.516(a)? _____ yes __X__ no

Identification of major federal programs:

CFDA Number(s)	Name of Federal Program or Cluster
10.553,10.555 & 10.559	Child Nutrition Cluster

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

Auditee qualified as low-risk auditee? _____ yes __X__ no

Section II – Financial Statement Findings

None

Section III – Federal Award Findings and Questioned Costs

None

LEBANON R-III SCHOOL DISTRICT
SCHEDULE OF PRIOR AUDIT FINDINGS
Year Ended June 30, 2018

There were no prior year audit findings.

SUPPLEMENTARY STATE INFORMATION

INDEPENDENT ACCOUNTANTS' REPORT ON MANAGEMENT'S ASSERTIONS ABOUT COMPLIANCE WITH SPECIFIED REQUIREMENTS OF MISSOURI LAWS AND REGULATIONS

Board of Education
Lebanon R-III School District
Lebanon, Missouri

We have examined management's assertions that Lebanon R-III School District complied with the requirements of Missouri laws and regulations regarding budgetary and disbursement procedures; accurate disclosure of the District's attendance records of average daily attendance, standard day length, resident membership on the last Wednesday of September, pupil transportation records of the average daily transportation of pupils eligible and ineligible for state aid, the number of miles eligible and ineligible for state aid and other statutory requirements as listed in the schedule of selected statistics during the year ended June 30, 2018. Lebanon R-III School District's management is responsible for its assertions. Our responsibility is to express an opinion on management's assertions based on our examination.

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

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

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

KPM CPAs, PC

KPM CPAs, PC
Springfield, Missouri
November 30, 2018

LEBANON R-III SCHOOL DISTRICT 053-113
SCHEDULE OF SELECTED STATISTICS
Year Ended June 30, 2018

1. Calendar (Sections 160.041 and 171.031, RSMo)

   A. Standard Day Length (SDL) – The total number of hours between the starting time of the first class and the dismissal time of the last class, minus the time allowed for lunch and one passing time, and minus Channel One time were as follows:

Grades K – 1	6.6000
Grades 2 – 3	6.5000
Grades 4 – 5	6.6000
Grades 6 – 8	6.7500
Grades 9 – 12	6.7000

   B. The number of actual calendar hours classes were in session and pupils were under the direction of teachers during this school year were:

Grades K – 1	1,111.50
Grades 2 – 3	1,094.50
Grades 4 – 5	1,111.50
Grades 6 – 8	1,137.00
Grades 9 – 12	1,106.40

   C. The number of days classes were in session and pupils were under the direction of the teachers during this school year was 170.

2. Average Daily Attendance (ADA)

Average Daily Attendance:	
Regular term:	
Full-time Kindergarten – Grade 12	3,883.43
Part-time Kindergarten – Grade 12	23.11
Remedial	2.97
Total regular term	3,909.51
Summer school average daily attendance	115.98
Total Average Daily Attendance	4,025.49

3. September Membership

September Membership FTE Count	4,164.35

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

State FTE Total	Free	2,090.37
	Reduced	421.08
	Total	2,511.45

5. Finance

A. A bond, as required by Section 162.401, RSMo, has been purchased for the District treasurer in the amount of $50,000.

B. The District's deposits were adequately secured during the year as required by Sections 110.010 and 110.020, RSMo.

C. The District maintained a separate bank account for its Debt Service Fund in accordance with Section 165.011, RSMo.

D. Salaries reported for educators in the October core data cycle are supported by payroll/contract records.

E. The District made a $162,326 or 7% x SAT x WADA transfer that was not in excess of adjusted expenditures and the Board of Education approved the transfer.

F. The District published a summary of the 2016-2017 audit report within thirty days of receipt of the audit, pursuant to Section 165.121, RSMo.

G. 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.

H. The amount spent for approved professional development committee plan activities was $160,841.

There were no findings noted above.

6. Transportation (Section 163.161, RSMo)

A. The school transportation allowable costs substantially conform to 5 CSR 30-261.040, Allowable Costs for State Transportation Aid.

B. The District's school transportation ridership records are so maintained as to accurately disclose in all material respects the average number of regular riders transported.

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

C. Based on the ridership records, the average number of students (non-disabled K-12, career education, and K-12 students with disabilities) transported on a regular basis (ADT) eligible for state transportation aid was 3,251.50 and the average number of students transported on a regular basis (ADT) ineligible to be counted for state transportation aid was 26.50.

D. The District's transportation odometer mileage records are so maintained as to accurately disclose in all material respects the eligible and ineligible mileage for the year.

E. Actual odometer records show the total District operated mileage for the year was 645,745. Of this total, the eligible non-disabled and students with disabilities route miles were 489,574 and the ineligible non-route and disapproved miles combined were 156,171.

F. The District operated the school transportation system for 170 days during this school year.

There were no findings noted above.

Board of Education
Lebanon R-III School District
Lebanon, Missouri

In planning and performing our audit of the basic financial statements of the Lebanon R-III School District, for the year ended June 30, 2018, we considered the District's internal control to determine our auditing procedures for the purpose of expressing an opinion on the basic financial statements and not to provide assurance on the internal control. Accordingly, we do not express an opinion on the effectiveness of the District's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weakness.

During the course of our audit, we became aware of an additional matter to bring to your attention. The following paragraphs summarize our comments and recommendations regarding this matter.

Account Code Structure Changes

Beginning on July 1, 2018, DESE implemented a new mandatory account code structure for Missouri school districts. The account code structure changes are designed to satisfy many uses by segmenting the code into several dimensions. District personnel are responsible for proper coding and recording in accordance with the new requirements. In addition, DESE is implementing a newly formatted Annual Secretary of the Board Report (ASBR) effective for the year ending June 30, 2019. The new ASBR requires all components to be electronically uploaded using the District's software. Correct use of the new account code structure is imperative for a successful ASBR upload.

We Recommend:

District personnel ensure that the District's software has been updated to reflect the new account structure. All personnel within the District who have management and disbursement coding responsibilities need to monitor activity within the general ledger to ensure appropriate codes are utilized in order to ensure a successful ASBR upload. Furthermore, we recommend District personnel continue training throughout the year on the new coding and ASBR changes.

We appreciate this opportunity to serve as Lebanon R-III School District's independent auditor and the courtesies and assistance extended to us by the District's employees.

Respectfully submitted,

KPM CPAs, PC

KPM CPAs, PC
Springfield, Missouri
November 30, 2018