

**HICKMAN MILLS C-1 SCHOOL DISTRICT
KANSAS CITY, MISSOURI**

**FINANCIAL STATEMENTS TOGETHER
WITH INDEPENDENT AUDITORS' REPORT**

FOR THE YEAR ENDED JUNE 30, 2025

**HICKMAN MILLS C-1 SCHOOL DISTRICT
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WESTBROOK & CO., P.C.

Certified Public Accountants

749 Driskill Drive
Richmond, MO 64085
Phone (816) 776-3584

306 North Mason
Carrollton, MO 64633
Phone (660) 542-0102

www.westbrookcpa.com

INDEPENDENT AUDITORS' REPORT

To the Board of Education
Hickman Mills C-1 School District

Report on the Audit of the Financial Statements

Adverse Opinion

We have audited the accompanying modified cash basis financial statements of the governmental activities and each major fund of Hickman Mills C-1 School District as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise a portion of the District's basic financial statements as listed in the table of contents.

In our opinion, because of the significance of the matter discussed in the Basis for Adverse Opinion on the Financial Statements as a Whole section of our report, the accompanying financial statements referred to above do not present fairly the modified cash basis financial position of Hickman Mills C-1 School District as of June 30, 2025, or the changes in modified cash basis financial position for the year then ended in accordance with the basis of accounting described in Note A.

Basis for Adverse Opinion on the Financial Statements as a Whole

Management has not presented aggregate remaining fund information to display the financial position and changes in financial position of its fiduciary fund. The Governmental Accounting Standards Board requires the presentation of aggregate remaining fund information. The amounts that would be reported in the aggregate remaining fund information for the District's fiduciary fund have not been determined.

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

Emphasis of Matter - Basis of Accounting

We draw attention to Note A of the financial statements that 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 adverse opinion is not modified with respect to this matter.

"Consistently Exceeding Expectations"

Responsibilities of Management 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.

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

Auditors' Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

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

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

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The supplementary information, as listed in the table of contents, including the schedule of expenditures of federal awards, 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, is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. Because of the significance of the matter discussed in the Basis for Adverse Opinion on the Financial Statements as a Whole section of our report, it is inappropriate to, and we do not express an opinion on the supplementary information.

Other Information

Management is responsible for the other information included in the annual report. The other information comprises the management's discussion and analysis, on pages 4 through 10, but does not include the basic financial statements and our auditors' report thereon. Our adverse opinion on the basic financial statements does not cover the other information, and we do not express an opinion or any form of assurance thereon.

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 2, 2025 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, grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

Westbrook & Co., P.C.

Richmond, Missouri
December 2, 2025



MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)

The discussion and analysis of the Hickman Mills C-1 School District's financial performance provides an overview of the District's financial activities for the fiscal year that ended on June 30, 2025. The intent of this discussion and analysis is to look at the District's financial performance as a whole; readers should review the basic financial statements, notes to the financial statements and other supplemental information to enhance their understanding of the District's financial performance.

Financial Highlights

Key financial highlights for the 2025 fiscal year are as follows:

1. Operating fund balances for the District (General Fund and Special Revenue Fund) decreased by \$7,876,840 from \$32,676,786 to \$24,799,946.
2. District operating funds revenues increased by \$373,476 from \$93,174,396 to \$93,547,872, the majority of which is due to an increase in local revenue.
3. District operating funds expenditures increased by \$5,026,219, from \$96,398,493 to \$101,424,712, the majority of which is due to an increase in staff salaries, other salary related benefits, and purchased services.
4. The District's long-term debt decreased by \$6,170,000 from \$85,500,000 to \$79,330,000, as a result of annual principal payments.
5. The Capital Projects Fund balance decreased by \$8,236,857 from \$13,816,098 to \$5,579,241, the majority of which is due to the work being completed for the RWLC, Burke, the district warehouse, and the improvement of Alvin Brooks Middle School.

Using this Annual Report

This annual report consists of two distinct series of financial statements: the district-wide reports and fund financials.

- Government-wide Financial Reports: Provide both *short-term* and *long-term* information about the District's overall financial status. Government-wide statements include the Statement of Net Position and Statement of Activities.
- Fund Financial Statements: Focus on *individual funds* of the District, reporting activities in *more detail*. These statements show how services were financed in the short-term as well as what remains for future spending.

Reporting the District as a Whole

Statement of Net Position and the Statement of Activities

The view of the District as a whole looks at all financial transactions and asks the questions, “*Are we in a better financial position this year than last?*” and “*Why*” or “*Why not.*” The Statement of Net Position and the Statement of Activities provide the basis for answering these questions. The statements include *all assets and liabilities* using the *modified cash basis of accounting*.

Basis of accounting refers to when revenues and expenditures are recognized in the accounts and reported in the financial statements. The financial statements are presented on the modified cash basis of accounting, under which revenues are recorded when received rather than when susceptible to accrual, and expenditures are recorded when paid rather than when the fund liability is incurred, except for teachers’ salaries. Such teachers’ salaries are recorded as expenditures paid in the fiscal year in which the obligations under the salary contracts are fulfilled by the teachers, even though a portion of such salaries are not paid until July and August of the following fiscal year.

These two statements report the District’s *net position* and change in net position. The change in net position is important because it tells the reader that, for the District as a whole, the *financial position* of the District has improved or diminished. The causes of this change may be the result of many factors, some financial, some not. Non-financial factors include the District’s property tax base, facility conditions, required educational programs and other factors.

In the Statement of Net Position and the Statement of Activities, the District reports governmental activities. Governmental activities are the activities where most of the District’s programs and services are reported including, but not limited to, instruction, support services, operation and maintenance of plant, pupil transportation, food service and extracurricular activities.

Reporting the District’s Most Significant Funds

Fund financial reports provide detailed information about the District’s major funds. District 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 funds are used by the District:

Governmental Funds:

General Fund: Accounts for and reports all financial resources not accounted for and reported in another fund.

Special Revenue Fund: Accounts for and reports the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes other than debt service or capital projects.

Debt Service Fund: Accounts for and reports financial resources that are restricted, committed, or assigned to expenditures for principal and interest.

Capital Projects Fund: Accounts for and reports financial resources that are restricted, committed, or assigned to expenditures for capital outlay, including the acquisition or construction of capital facilities and other capital assets.

Fiduciary Fund:

The District is the trustee, or fiduciary, for a healthcare fund. All of the District's fiduciary activities are reported in separate statements. We exclude these activities from the District's other financial statements because the District cannot use these assets to finance its operations. The District is responsible for ensuring that the assets reported in these funds are used for their intended purpose. The fiduciary fund statements have been omitted.

The District as A Whole

The Statements of Net Position provides the perspective of the District as a whole. Table 1 provides a summary and comparison of the District's net position for 2025 and 2024:

TABLE 1	<u>Governmental Activities</u>	
	<u>2025</u>	<u>2024</u>
ASSETS		
Cash and cash equivalents	<u>\$ 37,095,998</u>	<u>\$ 53,000,040</u>
NET POSITION		
Restricted for:		
Professional development	\$ 12,000	\$ 89,378
Capital outlay	5,579,241	13,816,098
Debt service	6,716,811	6,507,156
Unrestricted	<u>24,787,946</u>	<u>32,587,408</u>
Total Net Position	<u>\$ 37,095,998</u>	<u>\$ 53,000,040</u>

Total assets at June 30, 2025 were reported at \$37,095,998.

Unrestricted net position that can be used to finance day-to-day activities without constraints established by grants or legal requirements were \$24,787,946. The District has restricted net position of \$12,000 restricted for professional development, \$5,579,241 restricted for capital outlay and \$6,716,811 to comply with requirements imposed by creditors.

Table 2 shows the change in net position for fiscal years 2025 and 2024.

TABLE 2		
REVENUES	<u>2025</u>	<u>2024</u>
Program Revenues:		
Charges for services	\$ 436,971	\$ 277,794
Operating grants and contributions	27,053,652	23,860,744
Capital grants and contributions	<u>3,420,711</u>	<u>3,081,151</u>
Total Program Revenues	<u>30,911,334</u>	<u>27,219,689</u>
General Revenues:		
Property taxes	41,162,597	39,400,077
Basic formula	24,097,429	25,651,012
Sales tax	7,950,734	7,734,287
Earnings on investments	2,820,531	4,977,003
State assessed utilities	1,275,716	1,301,231
M&M surtax	1,064,289	913,456
In lieu of tax	198,451	194,396
Financial institution tax	172,217	38,589
Fines and escheats	26,413	33,909
Other revenue	<u>54,480</u>	<u>1,934,946</u>
Total General Revenues	<u>78,822,857</u>	<u>82,178,906</u>
Special item - proceeds from bonds	-	<u>20,495,000</u>
Total General Revenues and Special Item	<u>78,822,857</u>	<u>102,673,906</u>
Total Revenues	<u>109,734,191</u>	<u>129,893,595</u>
PROGRAM EXPENSES		
Instruction	44,700,921	44,903,379
Student activities	888,352	608,615
Student services	9,249,797	8,255,413
Instructional staff support	4,240,735	3,615,803
General administration and central services	12,900,081	10,623,507
Building administration	4,791,630	4,252,329
Operation of plant	12,050,886	12,804,016
Transportation	7,563,614	6,480,608
Food service	4,923,216	4,905,645
Community services	3,580,216	3,790,375
Facility acquisition and construction	11,314,412	18,696,061
Debt Service:		
Principal retirement	6,170,000	26,016,092
Interest and fees	<u>3,264,373</u>	<u>4,136,278</u>
Total Governmental Activities Expenses	<u>125,638,233</u>	<u>149,088,121</u>
CHANGE IN NET POSITION	(15,904,042)	(19,194,526)
Net Position, beginning of year	<u>53,000,040</u>	<u>72,194,566</u>
Net Position, end of year	<u>\$ 37,095,998</u>	<u>\$ 53,000,040</u>

Governmental Activities

Revenues

General revenues totaled \$78,822,857. The three largest sources of general revenue for Hickman Mills C-1 School District are generated from the local property taxes \$41,162,597, State Basic Foundation Formula \$24,097,429 and Proposition C sales tax \$7,950,734. Program specific revenues in the form of operating and capital grants and contributions totaled \$30,474,363. The largest portion of this revenue was from the Education Stabilization Fund, Title I, Individuals with Disabilities (IDEA), Early Childhood Special Education and food service programs. State and federal reimbursement for food service and transportation were \$3,690,601 and \$3,091,425, respectively. Charges for services, including student activities and food service, totaled \$436,971.

Expenditures

Expenditures for governmental activities totaled \$125,638,233. Only \$30,911,334 was offset by program specific charges for services, grants or contributions. General revenues, primarily property taxes, sales tax, the basic formula and to a lesser extent state assessed utilities, fines and earnings on investments provided for program activities.

The Statement of Activities shows the costs of program services and the charges for services and grants offsetting those services. Table 3 shows the total cost of services and the net cost of services. That is, it identifies the costs of these services supported by tax revenue and unrestricted State entitlements.

TABLE 3

	2025		2024	
	Total Cost of Services	Net Cost of Services	Total Cost of Services	Net Cost of Services
Instruction	\$ 44,700,921	\$ 25,538,983	\$ 44,903,379	\$ 29,577,487
Student activities	888,352	525,825	608,615	389,338
Student services	9,249,797	8,001,587	8,255,413	7,790,987
Instructional staff support	4,240,735	2,559,635	3,615,803	2,692,069
General administration and central services	12,900,081	12,532,903	10,623,507	10,102,556
Building administration	4,791,630	4,309,640	4,252,329	4,164,948
Operation of plant	12,050,886	11,753,230	12,804,016	11,644,488
Transportation	7,563,614	4,472,189	6,480,608	3,909,358
Food service	4,923,216	1,211,321	4,905,645	260,163
Community services	3,580,216	3,072,801	3,790,375	3,326,737
Facility acquisition and construction	11,314,412	11,314,412	18,696,061	17,857,931
Debt Service:				
Principal retirement	6,170,000	6,170,000	26,016,092	26,016,092
Interest and fees	3,264,373	3,264,373	4,136,278	4,136,278
Total Governmental Activities	<u>\$ 125,638,233</u>	<u>\$ 94,726,899</u>	<u>\$ 149,088,121</u>	<u>\$ 121,868,432</u>

Instruction includes activities directly dealing with the teaching of pupils and the interaction between teacher and pupil.

Student activities includes expenses related to extracurricular activities and services.

Student services include guidance and counseling, health services, as well as the costs of student attendance reporting.

Instructional staff support includes the activities involved with assisting staff with the content and process of teaching pupils.

General administration and central services includes the expenses associated with administrative and financial supervision of the District and office support staff. It also includes expenses related to planning, research, development and evaluation of instructional and support services, as well as the reporting of this information internally and to the public.

Building administration includes the cost of salaries and benefits for building level principals and office support staff.

Operation of plant activities involves keeping the school grounds, buildings, and equipment in an effective working condition.

Transportation includes activities involved with the conveyance of students to and from school, as well as to and from school activities, as provided by state law.

Food service includes the preparation, delivery, and servicing of lunches, snacks, and other incidental meals to students and school staff in connection with school activities.

Community services includes expense related to student activities provided by the District which are designed to provide opportunities for pupils to participate in school events, public events, or a combination of these for the purpose of motivation, enjoyment and skill improvement.

Facility acquisition and construction includes expenditures for land or existing buildings; improvement of grounds; construction of buildings; remodeling of buildings; initial equipment; additional equipment; and replacement of equipment.

Debt service involves the transactions associated with the payment of principal, interest and other related charges for debt of the District.

The District's Funds

The District's funds are accounted for using the modified cash basis of accounting. All governmental funds for the District had total revenues of \$109,734,191 and total expenditures of \$125,638,233. The net change in fund balances for the year was significant in the General Fund and Capital Projects Fund, which decreased by \$7,876,840 and \$8,236,857, respectively. The reason for this change in fund balances is discussed in the financial highlights.

General Fund Budgeting Highlights

Missouri statutes are very specific regarding public school finance. These laws establish funds which must be used in the accounting process and place certain limits upon the use of revenue and expenditure transactions allowed in these funds. The District's budget is prepared according to Missouri law and is prepared using the modified cash basis used for fund reporting. During the course of the year, the District amended the budget various times. The major reasons for the amendments during the fiscal year were primarily due to decisions after the budget was initially approved, as information becomes available throughout the year. The most significant budgeted fund is the General Fund.

The General Fund actual revenue was \$64,196,216 representing a \$5,636,669 decrease from the original budget estimate of \$69,832,885. Total actual General Fund expenditures were \$50,010,803 representing a \$1,196,477 decrease from the original budget estimate of \$51,207,280.

In general, the District follows a practice of budgeting for revenue conservatively low and for expenditures conservatively high.

Debt Administration

As of June 30, 2025, the District had \$79,330,000 in outstanding debt. This represents a decrease of \$6,170,000 from the \$85,500,000 in outstanding debt that existed as of June 30, 2024.

TABLE 4

Outstanding Debt

	<u>2025</u>	<u>2024</u>
Series 2016 G.O. Refunding Bonds	\$ 2,990,000	\$ 5,870,000
Series 2020 G.O. Improvement and Refunding Bonds	23,985,000	24,890,000
Series 2022 G.O. Improvement Bonds	20,000,000	20,000,000
Series 2024 G.O. Refunding Bonds	19,030,000	20,495,000
Series 2015 Lease Certificates of Participation	7,300,000	7,775,000
Series 2016 Lease Certificates of Participation	2,180,000	2,260,000
Series 2014 Building Corporation Leasehold Revenue and Refunding Bonds	<u>3,845,000</u>	<u>4,210,000</u>
Total	<u>\$ 79,330,000</u>	<u>\$ 85,500,000</u>

Current Financial Issues and Concerns

The Hickman Mills C-1 School District remains financially stable; however, the District continues to experience increasing budgetary pressure due to several revenue and expenditure trends. Year-to-date revenues through November 30, 2025, are tracking slightly below the prior year, which is expected at this point in the fiscal cycle, as the majority of property tax collections occur later in the year. Federal revenues also appear lower early in the year because these funds are reimbursable and collected after expenditures have been incurred. In addition, the full sunset of federal COVID-19 stimulus funding has reduced the level of one-time support available to offset operating costs. The District's unrestricted operating fund balance decreased from 33.80% in Fiscal Year 2024 to 24.44% in Fiscal year 2025. For 2025-2026, the District is projecting a \$14M deficit and an ending operating fund balance of \$13,790,091 or 13.4%.

Despite these challenges, the District has taken proactive steps to strengthen its financial outlook. Long-range budget projections presented to the Board show that the District is evaluating multiple strategies to stabilize the operating fund, reallocate existing resources, and sustain essential student services. These efforts include extensive financial modeling, identification of structural cost adjustments, and continued monitoring of enrollment trends, staffing needs, and operating efficiencies. Maintaining a healthy fund balance remains a priority, as it supports cash flow needs, protects the District from economic volatility, and reinforces the District's ability to provide uninterrupted educational services.

In conclusion, the Hickman Mills C-1 School District remains committed to sound financial stewardship and transparent reporting. As the District continues to navigate a challenging fiscal environment, preserving financial stability will be essential to supporting academic excellence and meeting the evolving needs of students and the community. The administration will continue to evaluate emerging financial conditions, explore strategic opportunities to realign resources, and implement responsible fiscal practices that support the long-term success of the District.

Contacting the School District's Financial Management

This financial report is designed to provide our taxpayers, investors and creditors with a general overview of the Hickman Mills C-1 School District's finances and to show the District's accountability for the money it receives. If you have questions about this report or need additional financial information contact Aigne Cox, Executive Director of Business & Finance, at Hickman Mills School District, 5401 East 103rd Street, Kansas City, Missouri 64137.

HICKMAN MILLS C-1 SCHOOL DISTRICT
STATEMENT OF NET POSITION - MODIFIED CASH BASIS
JUNE 30, 2025

	<u>GOVERNMENTAL ACTIVITIES</u>
ASSETS	
Cash and cash equivalents	\$ <u>37,095,998</u>
 NET POSITION	
Restricted for:	
Professional development	\$ 12,000
Capital outlay	5,579,241
Debt service	6,716,811
Unrestricted	<u>24,787,946</u>
Total net position	\$ <u>37,095,998</u>

See accompanying notes to the basic financial statements.

HICKMAN MILLS C-1 SCHOOL DISTRICT
STATEMENT OF ACTIVITIES - MODIFIED CASH BASIS
FOR THE YEAR ENDED JUNE 30, 2025

	Expenditures	PROGRAM REVENUES			Net (Expenditure)
		Charges For Services	Operating Grants And Contributions	Capital Grants And Contributions	Revenue And Change in Net Position
					Governmental
GOVERNMENTAL ACTIVITIES					
Instruction	\$ 44,700,921	\$ 66,755	\$ 15,685,025	\$ 3,410,158	\$ (25,538,983)
Student activities	888,352	343,037	8,937	10,553	(525,825)
Student services	9,249,797	-	1,248,210	-	(8,001,587)
Instruction staff support	4,240,735	-	1,681,100	-	(2,559,635)
General administration & central services	12,900,081	-	367,178	-	(12,532,903)
Building administration	4,791,630	-	481,990	-	(4,309,640)
Operation of plant	12,050,886	5,885	291,771	-	(11,753,230)
Transportation	7,563,614	-	3,091,425	-	(4,472,189)
Food service	4,923,216	21,294	3,690,601	-	(1,211,321)
Community services	3,580,216	-	507,415	-	(3,072,801)
Facility acquisition and construction	11,314,412	-	-	-	(11,314,412)
Debt service:					
Principal retirement	6,170,000	-	-	-	(6,170,000)
Interest and fees	3,264,373	-	-	-	(3,264,373)
Total Governmental Activities	\$ 125,638,233	\$ 436,971	\$ 27,053,652	\$ 3,420,711	(94,726,899)

General Revenues:	
Property taxes	41,162,597
Basic formula	24,097,429
Sales tax	7,950,734
Earnings on investments	2,820,531
State assessed utilities	1,275,716
M&M surtax	1,064,289
In lieu of tax	198,451
Financial institution tax	172,217
Fines and escheats	26,413
Other revenue	54,480
Total General Revenues	78,822,857
Change in net position	(15,904,042)
Net Position, beginning of year	53,000,040
Net Position, end of year	\$ 37,095,998

See accompanying notes to the basic financial statements.

**HICKMAN MILLS C-1 SCHOOL DISTRICT
BALANCE SHEET - MODIFIED CASH BASIS
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2025**

	<u>GENERAL FUND</u>	<u>SPECIAL REVENUE FUND</u>	<u>DEBT SERVICE FUND</u>	<u>CAPITAL PROJECTS FUND</u>	<u>TOTAL GOVERNMENTAL FUNDS</u>
ASSETS					
Cash and cash equivalents	\$ 24,799,946	\$ -	\$ 6,716,811	\$ 5,579,241	\$ 37,095,998
FUND BALANCES					
Restricted	\$ 12,000	\$ -	\$ 6,716,811	\$ 144,832	\$ 6,873,643
Committed	-	-	-	1,575,905	1,575,905
Assigned	2,398,208	-	-	3,858,504	6,256,712
Unassigned	<u>22,389,738</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>22,389,738</u>
Total fund balances	<u>\$ 24,799,946</u>	<u>\$ -</u>	<u>\$ 6,716,811</u>	<u>\$ 5,579,241</u>	<u>\$ 37,095,998</u>

See accompanying notes to the basic financial statements.

HICKMAN MILLS C-1 SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
MODIFIED CASH BASIS - GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2025

	GENERAL FUND	SPECIAL REVENUE FUND	DEBT SERVICE FUND	CAPITAL PROJECTS FUND	TOTAL GOVERNMENTAL FUNDS
REVENUES:					
Local	\$ 41,690,012	\$ 3,165,365	\$ 7,897,263	\$ 2,115,764	\$ 54,868,404
County	1,135,287	26,413	358,257	-	1,519,957
State	11,398,643	20,090,988	-	2,404,877	33,894,508
Federal	9,972,274	6,002,135	-	3,410,158	19,384,567
Other	-	66,755	-	-	66,755
Total Revenues	64,196,216	29,351,656	8,255,520	7,930,799	109,734,191
EXPENDITURES:					
Instruction	6,811,479	36,879,739	-	1,009,703	44,700,921
Student activities	534,302	210,110	-	143,940	888,352
Student services	6,101,122	3,148,675	-	-	9,249,797
Instruction staff support	1,406,165	2,834,570	-	-	4,240,735
General administration & central services	7,935,973	3,052,077	-	1,912,031	12,900,081
Building administration	1,351,403	3,440,227	-	-	4,791,630
Operation of plant	11,644,770	204,837	-	201,279	12,050,886
Transportation	7,563,614	-	-	-	7,563,614
Food service	4,751,101	-	-	172,115	4,923,216
Community services	1,910,874	1,643,674	-	25,668	3,580,216
Facility acquisition and construction	-	-	-	11,314,412	11,314,412
Debt service:					
Principal retirement	-	-	5,250,000	920,000	6,170,000
Interest and fees	-	-	2,795,865	468,508	3,264,373
Total Expenditures	50,010,803	51,413,909	8,045,865	16,167,656	125,638,233
Revenues Over (Under) Expenditures	14,185,413	(22,062,253)	209,655	(8,236,857)	(15,904,042)
Other Financing Sources (Uses):					
Transfers	(22,062,253)	22,062,253	-	-	-
Net change in fund balance	(7,876,840)	-	209,655	(8,236,857)	(15,904,042)
Fund balance, beginning	32,676,786	-	6,507,156	13,816,098	53,000,040
Fund balance, ending	\$ 24,799,946	\$ -	\$ 6,716,811	\$ 5,579,241	\$ 37,095,998

See accompanying notes to the basic financial statements.

HICKMAN MILLS C-1 SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2025

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Principles Used to Determine Scope of Entity: The District's reporting entity includes the District's governing board and all related organizations. The combined financial statements of the District include all organizations that raise and hold economic resources for the direct benefit of the District. The District has implemented GASB Statement No. 61, *The Financial Reporting Entity: Omnibus an amendment of GASB Statements No. 14 and 34*. GASB Statement No. 61 amended GASB Statement No. 14. GASB Statement 61 modifies certain requirements for inclusion of component units in the financial reporting entity.

Hickman Mills C-1 School District Building Corporation: The Hickman Mills C-1 School District Building Corporation, (the "Building Corporation") is a separate non-profit corporation authorized under Section 355 of the Missouri Revised Statutes, as amended. The Building Corporation was organized on September 14, 1999, for planning, development, acquisition, construction, renovation and financing of public school sites, buildings, structures, facilities, furnishings and equipment for the benefit or use of the District for educational purposes. The projects are being financed through the Building Corporation's issuance of leasehold revenue bonds. The District has entered into lease-purchase agreements with the Building Corporation for the resulting fixed assets. The Board of Education appoints members to the board of directors of the Building Corporation. Financial transactions of the Building Corporation are maintained and recorded by the District's accounting department. The financial information presented for the Building Corporation has been blended with that of the School District. The information must be reported using the blended method since the component unit is so closely related to the primary government that the component unit, in effect, is the same as the primary unit. The separate information for the Building Corporation can be found in the supplemental information.

Basis of Presentation

The District's basic financial statements consist of government-wide statements, including a statement of net position and a statement of activities, and fund financial statements which provide a more detailed level of financial information.

Government-wide Financial Statements: The Statement of Net Position and the Statement of Activities display information about the School District as a whole. These statements include the financial activities of the primary government, except for fiduciary funds.

The Statement of Net Position presents the financial condition of the governmental activities of the District at year-end. The Statement of Activities presents a comparison between direct expenditures and program revenues for each program or function of the District's governmental activities. Direct expenditures are those that are specifically associated with a service, program, or department and therefore clearly identifiable to a particular function. Program revenues include amounts paid by the recipient of goods or services offered by the program and grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues which are not classified as program revenues are presented as general revenues of the District. The comparison of direct expenditures with program revenues identifies the extent to which each governmental function is self-financing or draws from the general revenues of the District.

Fund Financial Statements: During the year, the District segregates transactions related to certain District functions or activities in separate funds in order to aid financial management and to demonstrate legal compliance. Fund financial statements are designed to present financial information of the District at this more detailed level. The focus of governmental fund financial statements is on major funds. Each major fund is presented in a separate column.

HICKMAN MILLS C-1 SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2025

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Fund Accounting

The accounts of the District are organized on the basis of 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 balance, revenues and expenditures. District 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 funds are used by the District:

Major Governmental Funds:

General Fund: Accounts for and reports all financial resources not accounted for and reported in another fund.

Special Revenue Fund: Accounts for and reports the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes other than debt service or capital projects.

Debt Service Fund: Accounts for and reports financial resources that are restricted, committed, or assigned to expenditures for principal and interest.

Capital Projects Fund: Accounts for and reports financial resources that are restricted, committed, or assigned to expenditures for capital outlay, including the acquisition or construction of capital facilities and other capital assets.

Fiduciary Funds:

Health Care Fund: Accounts for the District's self-funded health care plan for the purpose of providing benefits to eligible employees. The fiduciary fund statements have been omitted.

Measurement Focus

Government-wide Financial Statements: The statement of net position and the statement of activities display information about the District as a whole. The government-wide financial statements are prepared using the total economic resources measurement focus within the limitations of the modified cash basis of accounting as defined below.

Fund Financial Statements: All governmental funds are accounted for using a flow of current financial resources measurement focus within the limitations of modified cash basis of accounting as defined below. With this measurement of focus, only current assets and current liabilities generally are included on the balance sheet. The Statement of Revenues, Expenditures, and Changes in Fund Balances reports on the sources (revenues and other financing sources) and uses (expenditures and other financing uses) of current financial resources.

Basis of Accounting: In the government-wide Statement of Net Position and Statement of Activities and the fund financial statements, governmental activities are presented using a modified cash basis of accounting. This basis recognizes assets, liabilities, net position/fund equity, revenues and expenditures when they result from cash transactions. Also, District-wide salaries, health insurance and retirement expenditures are recorded as expenditures paid in the fiscal year in which the obligation under the salary contracts are fulfilled by the teachers, even though a portion of such salaries are not paid until July of the following fiscal year. This basis is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

HICKMAN MILLS C-1 SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2025

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Pooled Cash and Temporary Investments: The District maintains a cash and temporary investment pool that is available for use by all funds except the Debt Service Fund (state law requires that all deposits of the Debt Service Fund be kept separate and apart from all other funds of the District). Investments of the pooled accounts may consist primarily of certificates of deposit and U.S. Government securities, carried at cost. Interest income received is allocated to contributing funds based on cash and temporary investment balances.

OPEB Liabilities: As the District uses the modified cash basis of accounting, OPEB liabilities are not reported in these financial statements. The District has not provided for an estimate of this liability to be performed.

Sick and Personal Leave: Personal leave for emergencies, sickness and personal business are considered as expenditures in the year paid. An employee may accumulate unused leave to 150 days; however, an employee may only be paid upon retirement for a maximum of 150 days and only when the employee qualifies for payment as provided in the District's policy. Accumulation of leave is only paid upon retirement, termination or death of personnel and is limited to those employees with ten years of consecutive service to the District.

Payroll Related Expenditures: Payroll checks and employee benefits written and held at June 30, 2025 for the July 2025 payroll expenditures in the amount of \$2,062,956 are included in the financial statements as an expenditure paid in the month of June. This practice has been consistently followed in previous years.

NOTE B - CASH AND CASH EQUIVALENTS

Custodial credit risk: For deposits, custodial credit risk is the risk that in the event of bank failure, the District's deposits may not be returned to it. At June 30, 2025, the bank balances of the District's deposits totaled \$12,271,460. Of this amount \$250,000 was covered by FDIC insurance; \$883,460 was covered by pledged collateral; and \$11,138,000 was guaranteed with securities under a repurchase agreement.

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

Credit risk: Credit risk is defined as the risk that an issuer or other counterparties to an investment in debt securities will not fulfill its obligation.

Concentration of credit risk: Concentration of credit risk is the risk loss attributed to the magnitude of a government's investment in a single user. The District's investment policy places no limit on the amount the District may invest in any one user.

MOSIP is professionally managed by PFM Asset Management LLC, a registered investment advisor, who is one of the nations' largest administrators of local government investment programs. All investments in the MOSIP pool are rated AAAM by Standard and Poor's and meet the permitted investment statutes for Missouri School. The District has \$576,613 invested with MOSIP at June 30, 2025.

HICKMAN MILLS C-1 SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2025

NOTE B - CASH AND CASH EQUIVALENTS (continued)

The District is participating in the program created by Senate Bill 301 administered by the Missouri Health and Educational Authority (MOHEFA). The program intercepts a portion of state aid and places those funds in escrow to pay the debt service requirement of the District's outstanding bonds. The District's investments in MOHEFA are not rated by any of the nationally recognized statistical rating organizations. The District had \$2,806,977 invested with MOHEFA at June 30, 2025.

The Missouri Capital Asset Advantage Treasury (MOCAAT) is professionally managed by PMA Financial Network, a registered investment adviser, who is one of the Midwest's largest administrators of local government investment programs. All investments in the MOCAAT liquid series are rated AAAM by Standard and Poor's and meet the permitted investments statutes for Missouri Schools. At June 30, 2025, the District has a total of \$30,988,711 invested with MOCAAT, which was invested in money market and savings deposit accounts.

NOTE C - 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. Jackson County collects the property tax and remits it to the District. The District also receives sales tax collected and remitted by the state based on weighted average daily attendance. The District is required to reduce its total operating levy by one-half the amount of sales tax received in the previous fiscal year. The District's voters have approved a waiver of the rollback and, therefore, the District was not required to reduce its levy for the calendar year 2024. The assessed valuation of the tangible taxable property for the calendar year 2024 for purposes of local taxation was:

Real Estate:	
Residential	\$ 445,595,202
Agricultural	389,197
Commercial	142,310,826
Personal Property	<u>132,977,114</u>
Total	<u><u>\$ 721,272,339</u></u>

The tax levy per \$100 of the assessed valuation of tangible taxable property for the calendar year 2024 for purposes of local taxation was:

	<u>Unadjusted</u>	<u>Adjusted</u>
General Fund	\$ 4.8254	\$ 4.8254
Special Revenue Fund	-	-
Debt Service Fund	1.1000	1.1000
Capital Projects Fund	-	-
	<u><u>\$ 5.9254</u></u>	<u><u>\$ 5.9254</u></u>

The receipts of current and delinquent property taxes during the fiscal year ended June 30, 2025, aggregated approximately 95 percent of the current assessment computed on the basis of the levy as shown above.

NOTE D - TAX ABATEMENT

The District's 2024 property tax revenues were reduced by \$4,188,051 under agreements entered into by Jackson County. The District also received \$165,016 in lieu of tax payments related to these agreements.

HICKMAN MILLS C-1 SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2025

NOTE E - INSURANCE AND SELF-FUNDED GROUP HEALTH BENEFIT PLAN

The District is exposed to various risks of loss related to torts, theft of, damage to, and destruction of assets; injuries to employees, and natural disasters. The District has purchased commercial insurance coverage to mitigate these risks. Such coverage allows for liability claims up to \$2,000,000, property claims to various amounts and worker's compensation claims to statutory limits.

Effective July 1, 2020, the District adopted a self-funded health care plan for the purpose of providing medical, dental, and prescription benefits to eligible employees. The administration of the plan is provided through a third party claims administrator. Plan contributions for employee and dependent coverage are made by the District and employees. Benefits are paid directly from the plan through the claims administrator.

NOTE F - RETIREMENT PLAN

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 PSRS, 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. An Annual Comprehensive Financial Report ("ACFR") can be obtained at www.psrspers.org.

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. Beginning July 1, 2001, and ending July 1, 2014, a 2.55% benefit factor is used to calculate benefits for members who have 31 or more years of service. 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. A Summary Plan Description detailing the provisions of the plan can be found on PSRS' website at www.psrspers.org. Since the prior valuation date the benefit provisions were amended to make permanent an early retirement benefit allowing members to retire at any age after 25 years of service.

PSRS members were required to contribute 14.5% of their annual covered salary during fiscal year 2025. Employers were required to match the contributions made by employees. The contribution rate is set each year by the PSRS Board of Trustees upon the recommendation of the independent actuary within the contribution restrictions set in Section 169.030 RSMo. The annual statutory increase in the total contribution rate may not exceed 1% of pay. Contributions for employees of the State of Missouri were made by the state in accordance with the actuarially determined contribution rate needed to fund current costs and prior service costs of state employees as authorized in Section 104.342.8 RSMo.

HICKMAN MILLS C-1 SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2025

NOTE F - RETIREMENT PLAN (continued)

The District's contributions to PSRS for the year ended June 30, 2025 was \$5,800,475. The District's contributions to S-PSRS, the "2/3's statute", for the year ended June 30, 2025 was \$20,846.

PEERS is a mandatory cost-sharing multiple employer retirement system for all 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 the Public School Retirement System of Missouri (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 the Public School Retirement System of Missouri. An Annual Comprehensive Financial Report ("ACFR") can be obtained at www.psr-peers.org.

PEERS is a defined benefit plan providing service retirement and disability 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 .8% benefit multiplier until reaching minimum Social Security age (currently age 62). Actuarially age-reduced retirement benefits are available with five 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. A Summary Plan Description detailing the provisions of the plan can be found on PSRS' website at www.psr-peers.org.

PEERS members were required to contribute 6.86% of their annual covered salary during fiscal year 2025. 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 PEERS for the year ended June 30, 2025 was \$1,212,641.

NOTE G - LONG-TERM DEBT

Changes in debt for the School District and Building Corporation combined during the fiscal year were as follows:

	Balance			Balance	Amount Due
	July 1, 2024	Additions	Retirements	June 30, 2025	Within One
					Year
General Obligation Bonds	\$ 71,255,000	\$ -	\$ 5,250,000	\$ 66,005,000	\$ 5,405,000
Building Corporation					
Leasehold Revenue Bonds	4,210,000	-	365,000	3,845,000	380,000
Lease Certificates of Participation	10,035,000	-	555,000	9,480,000	575,000
Total	<u>\$ 85,500,000</u>	<u>\$ -</u>	<u>\$ 6,170,000</u>	<u>\$ 79,330,000</u>	<u>\$ 6,360,000</u>

**HICKMAN MILLS C-1 SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2025**

NOTE H - BONDS PAYABLE

Bonds payable outstanding at June 30, 2025 are as follows:

SCHOOL DISTRICT:

Series 2016 general obligation refunding bonds, due in varying annual installments through March 2026, interest at 2.0 to 2.125%	\$ 2,990,000
Series 2020 general obligation improvement & refunding bonds, due in varying annual installments beginning March 2021 through March 2040, interest at 3.0 to 4.0%	23,985,000
Series 2022 general obligation improvement bonds, due in varying annual installments beginning March 2029 through March 2042, interest at 4.75 to 5.75%	20,000,000
Series 2024 general obligation refunding bonds due in varying annual installments beginning March 2025 through March 2032, interest at 4.0%	<u>19,030,000</u>
Total School District	<u>66,005,000</u>

BUILDING CORPORATION:

Series 2021 Hickman Mills School District Building Corporation leasehold refunding revenue bonds, due in varying annual installments through April 1, 2034, interest of 3.0%	<u>3,845,000</u>
	<u>\$ 69,850,000</u>

Debt service requirements to maturity for the School District and Building Corporation combined are:

Year Ending	Principal	Interest	Total
<u>June 30,</u>			
2026	\$ 5,785,000	\$ 2,833,663	\$ 8,618,663
2027	5,990,000	2,662,125	8,652,125
2028	3,785,000	2,427,425	6,212,425
2029	3,655,000	2,280,025	5,935,025
2030	3,810,000	2,131,525	5,941,525
2031	3,965,000	1,978,525	5,943,525
2032	4,125,000	1,744,075	5,869,075
2033	2,095,000	1,652,275	3,747,275
2034	2,175,000	1,563,675	3,738,675
2035	1,765,000	1,471,050	3,236,050
2036	3,680,000	1,388,975	5,068,975
2037	4,385,000	1,255,325	5,640,325
2038	4,545,000	1,099,775	5,644,775
2039	4,705,000	937,925	5,642,925
2040	4,875,000	774,088	5,649,088
2041	5,105,000	604,325	5,709,325
2042	5,405,000	310,788	5,715,788
Total	<u>\$ 69,850,000</u>	<u>\$ 27,115,564</u>	<u>\$ 96,965,564</u>

HICKMAN MILLS C-1 SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2025

NOTE I - LEASE CERTIFICATES OF PARTICIPATION

On December 30, 2015, the District issued \$9,860,000 Series 2015 Lease Certificates of Participation to finance a Guaranteed Energy Savings Contract. The certificates provide for interest at 3.0 to 4.0% with principal due in varying annual installments beginning April 15, 2020 through April 15, 2035. The outstanding balance at June 30, 2025 was \$7,300,000.

On February 9, 2016, the District issued \$3,700,000 Series 2016 Lease Certificates of Participation to finance the costs of acquiring and installing energy conservation measures at school facilities. The certificates provide for interest at 2.0 to 3.375% with principal due in varying annual installments through April 15, 2036. The outstanding balance at June 30, 2025 was \$2,180,000.

Debt service requirements on the above leases are as follows:

Year Ending June 30,	Principal	Interest	Total
2026	\$ 575,000	\$ 321,781	\$ 896,781
2027	595,000	304,531	899,531
2028	650,000	286,681	936,681
2029	705,000	267,181	972,181
2030	770,000	245,150	1,015,150
2031	835,000	220,244	1,055,244
2032	905,000	192,838	1,097,838
2033	980,000	162,425	1,142,425
2034	1,065,000	129,300	1,194,300
2035	1,155,000	87,563	1,242,563
2036	1,245,000	42,019	1,287,019
Total	<u>\$ 9,480,000</u>	<u>\$ 2,259,713</u>	<u>\$ 11,739,713</u>

NOTE J - LEASE COMMITMENTS

On July 20, 2021, the District entered into a lease agreement for copiers. The lease is for sixty months, requiring monthly payments of \$8,019 beginning April 2022 through March 2027.

Also, on May 1, 2025, the District entered into a lease agreement for iPads. The lease is for four years, requiring annual payments of \$273,719 beginning July 2025 through July 2028.

NOTE K - INTERFUND TRANSFERS

During the year, the District transferred \$22,062,253 from the General Fund to the Special Revenue Fund to avoid deficit spending in the Special Revenue Fund.

HICKMAN MILLS C-1 SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2025

NOTE L - FUND BALANCES - GOVERNMENTAL FUNDS

The General Accounting Standards Board adopted Statement 54 regarding restricted fund balances. The objective of this statement is to enhance the usefulness of fund balance information by providing clearer fund balance classifications that can be more consistently applied and by clarifying the existing governmental fund type definitions. This statement establishes fund balance classifications that comprise a hierarchy based primarily on the extent to which a government is bound to observe constraints imposed upon the use of the resources reported in governmental funds.

The purpose of GASB 54 is to enhance the usefulness of the fund balance information by providing clearer fund balance classifications. It presents five new classifications that range from non-spendable through three levels of less binding constraints to an unassigned level.

Non-spendable funds: This represents amounts that cannot be spent because they are in non-spendable form or are legally or contractually required to be maintained intact. The District will not likely have non-spendable funds.

Restricted funds: This represents amounts reported as restricted but that are spendable only as directed by an external party such as another governmental unit, a donor or by constitutional provision or enabling legislation. Examples of restricted funds include grants for a specific purpose, bonds and statutorily restricted funds.

Committed funds: This represents amounts that can only be used as specified by the formal action of the Board of Directors. Amounts reported as committed can be redeployed for other purposes by using the same formal process that created the commitment. The Board of Directors must approve each commitment prior to the end of the fiscal year but the amount may be determined after the end of the fiscal year.

Assigned funds: This represents amounts that the Board of Directors intends to use for a specific purpose. Intent does not require formal action by the Board of Directors. The intended use is established internally by persons or groups with delegated authority such as the Superintendent, finance director, etc. Examples of assigned funds are student activity balances.

Unassigned funds: This represents amounts that are the residual balance for the General Fund only. These funds will be available for any purpose, similar to what was traditionally classified as unreserved.

The Board of Directors is the only authority that may assign funds to any of the five categories of funds and is the only authority that may direct the expenditure of funds within each category of funds. The Board of Directors may designate the Superintendent or their designee to spend Assigned Funds but only as specifically authorized by the Board of Directors.

Unless otherwise directed by the Board of Directors, the School District's funds shall be used beginning with unassigned funds, then assigned funds, committed funds, restricted funds and non-spendable funds, in that order.

**HICKMAN MILLS C-1 SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2025**

NOTE L - FUND BALANCES - GOVERNMENTAL FUNDS (continued)

As of June 30, 2025, fund balances are composed of the following:

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Debt Service Fund</u>	<u>Capital Projects Fund</u>
Restricted:				
Debt service	\$ -	\$ -	\$ 6,716,811	\$ -
Professional development	12,000	-	-	-
Unspent bond proceeds	-	-	-	144,832
Total Restricted	<u>12,000</u>	<u>-</u>	<u>6,716,811</u>	<u>144,832</u>
Committed:				
Capital outlay	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,575,905</u>
Assigned:				
Capital projects	-	-	-	3,858,504
Food service	1,177,226	-	-	-
Student activities	<u>1,220,982</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Assigned	<u>2,398,208</u>	<u>-</u>	<u>-</u>	<u>3,858,504</u>
Unassigned	<u>22,389,738</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total fund balances	<u>\$ 24,799,946</u>	<u>\$ -</u>	<u>\$ 6,716,811</u>	<u>\$ 5,579,241</u>

NOTE M - CONSTRUCTION COMMITMENTS

As of June 30, 2025, the District had \$1,720,737 of remaining costs on executed contracts for the Ervin Middle School, Smith-Hale Middle School and Sante Fe Elementary School renovations.

NOTE N - LITIGATION

The District is a defendant in several pending lawsuits at various stages of litigation. At this time, outcomes cannot be predicted, however, the District is vigorously defending against each claim.

SUPPLEMENTARY INFORMATION

HICKMAN MILLS C-1 SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE - MODIFIED CASH BASIS
GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2025

	BUDGET		ACTUAL	VARIANCE
	ORIGINAL	FINAL		
REVENUES:				
Local	\$ 44,332,915	\$ 44,374,915	\$ 41,690,012	\$ (2,684,903)
County	1,136,325	1,451,887	1,135,287	(316,600)
State	10,773,591	11,779,523	11,398,643	(380,880)
Federal	13,585,054	13,489,144	9,972,274	(3,516,870)
Other	5,000	5,000	-	(5,000)
Total Revenues	69,832,885	71,100,469	64,196,216	(6,904,253)
EXPENDITURES:				
Instruction	7,958,375	8,310,644	6,811,479	1,499,165
Student activities	319,486	359,148	534,302	(175,154)
Student services	6,851,105	6,615,134	6,101,122	514,012
Instruction staff support	1,632,661	1,735,035	1,406,165	328,870
General administration & central services	7,209,784	8,831,974	7,935,973	896,001
Building administration	1,419,453	1,418,855	1,351,403	67,452
Operation of plant	11,465,815	12,201,967	11,644,770	557,197
Transportation	6,306,334	10,372,758	7,563,614	2,809,144
Food service	5,772,932	5,868,910	4,751,101	1,117,809
Community services	2,271,335	2,422,270	1,910,874	511,396
Facility acquisition and construction	-	-	-	-
Debt service:				
Principal retirement	-	-	-	-
Interest and fees	-	-	-	-
Total Expenditures	51,207,280	58,136,695	50,010,803	8,125,892
Revenues Over (Under) Expenditures	18,625,605	12,963,774	14,185,413	1,221,639
Other Financing Sources (Uses):				
Transfers	(22,188,638)	(21,604,720)	(22,062,253)	(457,533)
Net change in fund balance	(3,563,033)	(8,640,946)	(7,876,840)	764,106
Fund balance, beginning	32,676,786	32,676,786	32,676,786	-
Fund balance, ending	<u>\$ 29,113,753</u>	<u>\$ 24,035,840</u>	<u>\$ 24,799,946</u>	<u>\$ 764,106</u>

See accompanying notes to the budgetary comparison schedule.

HICKMAN MILLS C-1 SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE - MODIFIED CASH BASIS
SPECIAL REVENUE FUND
FOR THE YEAR ENDED JUNE 30, 2025

	BUDGET		ACTUAL	VARIANCE
	ORIGINAL	FINAL		
REVENUES:				
Local	\$ 3,235,911	\$ 3,735,911	\$ 3,165,365	\$ (570,546)
County	50,000	50,000	26,413	(23,587)
State	20,356,859	19,914,171	20,090,988	176,817
Federal	8,520,702	8,520,702	6,002,135	(2,518,567)
Other	45,000	60,000	66,755	6,755
Total Revenues	<u>32,208,472</u>	<u>32,280,784</u>	<u>29,351,656</u>	<u>(2,929,128)</u>
EXPENDITURES:				
Instruction	38,962,325	38,618,559	36,879,739	1,738,820
Student activities	145,663	150,011	210,110	(60,099)
Student services	3,834,431	3,666,294	3,148,675	517,619
Instruction staff support	2,817,283	2,930,354	2,834,570	95,784
General administration & central services	3,458,240	3,468,240	3,440,227	28,013
Building administration	3,167,180	3,076,749	3,052,077	24,672
Operation of plant	174,878	174,878	204,837	(29,959)
Transportation	-	-	-	-
Food service	-	-	-	-
Community services	1,837,110	1,800,419	1,643,674	156,745
Facility acquisition and construction	-	-	-	-
Debt service:				
Principal retirement	-	-	-	-
Interest and fees	-	-	-	-
Total Expenditures	<u>54,397,110</u>	<u>53,885,504</u>	<u>51,413,909</u>	<u>2,471,595</u>
Revenues Over (Under) Expenditures	(22,188,638)	(21,604,720)	(22,062,253)	(457,533)
Other Financing Sources (Uses):				
Transfers	<u>22,188,638</u>	<u>21,604,720</u>	<u>22,062,253</u>	<u>457,533</u>
Net change in fund balance	-	-	-	-
Fund balance, beginning	-	-	-	-
Fund balance, ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

See accompanying notes to the budgetary comparison schedule.

HICKMAN MILLS C-1 SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE - MODIFIED CASH BASIS
DEBT SERVICE FUND
FOR THE YEAR ENDED JUNE 30, 2025

	BUDGET		ACTUAL	VARIANCE
	ORIGINAL	FINAL		
REVENUES:				
Local	\$ 8,121,064	\$ 8,152,752	\$ 7,897,263	\$ (255,489)
County	370,000	358,312	358,257	(55)
State	-	-	-	-
Federal	-	-	-	-
Other	-	-	-	-
Total Revenues	8,491,064	8,511,064	8,255,520	(255,544)
EXPENDITURES:				
Instruction	-	-	-	-
Student activities	-	-	-	-
Student services	-	-	-	-
Instruction staff support	-	-	-	-
General administration & central services	-	-	-	-
Building administration	-	-	-	-
Operation of plant	-	-	-	-
Transportation	-	-	-	-
Food service	-	-	-	-
Community services	-	-	-	-
Facility acquisition and construction	-	-	-	-
Debt service:				
Principal retirement	5,250,000	5,615,000	5,250,000	365,000
Interest and fees	2,798,065	2,861,364	2,795,865	65,499
Total Expenditures	8,048,065	8,476,364	8,045,865	430,499
Revenues Over (Under) Expenditures	442,999	34,700	209,655	174,955
Other Financing Sources (Uses):				
Transfers	-	-	-	-
Net change in fund balance	442,999	34,700	209,655	174,955
Fund balance, beginning	6,507,156	6,507,156	6,507,156	-
Fund balance, ending	\$ 6,950,155	\$ 6,541,856	\$ 6,716,811	\$ 174,955

See accompanying notes to the budgetary comparison schedule.

HICKMAN MILLS C-1 SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE - MODIFIED CASH BASIS
CAPITAL PROJECTS FUND
FOR THE YEAR ENDED JUNE 30, 2025

	BUDGET		ACTUAL	VARIANCE
	ORIGINAL	FINAL		
REVENUES:				
Local	\$ 1,877,596	\$ 2,303,232	\$ 2,115,764	\$ (187,468)
County	-	-	-	-
State	2,618,484	2,618,484	2,404,877	(213,607)
Federal	3,563,403	3,563,403	3,410,158	(153,245)
Other	350,000	225,959	-	(225,959)
Total Revenues	<u>8,409,483</u>	<u>8,711,078</u>	<u>7,930,799</u>	<u>(780,279)</u>
EXPENDITURES:				
Instruction	821,644	1,059,626	1,009,703	49,923
Student activities	169,252	153,752	143,940	9,812
Student services	-	-	-	-
Instruction staff support	-	-	-	-
General administration & central services	1,156,600	1,934,178	1,912,031	22,147
Building administration	-	-	-	-
Operation of plant	1,727,694	247,542	201,279	46,263
Transportation	-	-	-	-
Food service	300,000	198,500	172,115	26,385
Community services	-	-	25,668	(25,668)
Facility acquisition and construction	10,238,706	12,618,870	11,314,412	1,304,458
Debt service:				
Principal retirement	920,000	579,228	920,000	(340,772)
Interest and fees	470,231	406,100	468,508	(62,408)
Total Expenditures	<u>15,804,127</u>	<u>17,197,796</u>	<u>16,167,656</u>	<u>1,030,140</u>
Revenues Over (Under) Expenditures	(7,394,644)	(8,486,718)	(8,236,857)	249,861
Other Financing Sources (Uses):				
Transfers	-	-	-	-
Net change in fund balance	(7,394,644)	(8,486,718)	(8,236,857)	249,861
Fund balance, beginning	<u>13,816,098</u>	<u>13,816,098</u>	<u>13,816,098</u>	<u>-</u>
Fund balance, ending	<u>\$ 6,421,454</u>	<u>\$ 5,329,380</u>	<u>\$ 5,579,241</u>	<u>\$ 249,861</u>

See accompanying notes to the budgetary comparison schedule.

HICKMAN MILLS C-1 SCHOOL DISTRICT
NOTES TO THE BUDGETARY COMPARISON SCHEDULE
JUNE 30, 2025

Budgetary Process

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

1. In accordance with Chapter 67, RSMo, the District adopts a budget for each fund.
2. Prior to July, the Director of Business and Finance, who serves as the budget officer, submits to the Board of Education a proposed budget for the fiscal year beginning on the following July 1. The proposed budget includes estimated revenues and proposed expenditures for all 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 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 final budget information included in the financial statements.
6. Budgets for District funds are prepared and adopted on the modified cash basis (budget basis), recognizing revenues when collected and expenditures when paid, except for teachers' salaries as explained in Note A.

HICKMAN MILLS C-1 SCHOOL DISTRICT
SCHEDULE OF REVENUES COLLECTED BY SOURCE - SCHOOL DISTRICT
FOR THE YEAR ENDED JUNE 30, 2025

	GENERAL FUND	SPECIAL REVENUE FUND	DEBT SERVICE FUND	CAPITAL PROJECTS FUND	TOTAL
LOCAL:					
Property tax	\$ 33,503,215	\$ -	\$ 7,659,382	\$ -	\$ 41,162,597
Sales tax	4,929,455	3,021,279	-	-	7,950,734
M & M surtax	-	-	-	1,064,289	1,064,289
Financial institution tax	-	-	-	172,217	172,217
In lieu of tax	-	-	-	198,451	198,451
Earnings on investments	2,443,018	-	237,881	142,494	2,823,393
Food service	21,294	-	-	-	21,294
Student activities	343,037	-	-	-	343,037
Other local revenue	449,993	144,086	-	538,313	1,132,392
Total Local	<u>41,690,012</u>	<u>3,165,365</u>	<u>7,897,263</u>	<u>2,115,764</u>	<u>54,868,404</u>
COUNTY:					
Fines and escheats	-	26,413	-	-	26,413
State assessed utilities	917,459	-	358,257	-	1,275,716
Federal properties	217,828	-	-	-	217,828
Total County	<u>1,135,287</u>	<u>26,413</u>	<u>358,257</u>	<u>-</u>	<u>1,519,957</u>
STATE:					
Basic formula	6,085,209	18,255,628	-	-	24,340,837
Transportation	2,814,337	-	-	-	2,814,337
Basic formula - classroom trust fund	139,637	-	-	2,404,877	2,544,514
Early Childhood Special Education	1,733,211	1,820,812	-	-	3,554,023
Career Education	2,800	522	-	-	3,322
Food service	18,945	-	-	-	18,945
High Need Fund	262,989	-	-	-	262,989
Residential placement	145,044	-	-	-	145,044
Educational Screening Program	56,850	-	-	-	56,850
Evidence-Based Reading Grant	109,621	14,026	-	-	123,647
Other state revenue	30,000	-	-	-	30,000
Total State	<u>11,398,643</u>	<u>20,090,988</u>	<u>-</u>	<u>2,404,877</u>	<u>33,894,508</u>
FEDERAL:					
Title I	2,556,935	2,690,716	-	280,900	5,528,551
Title II	558,725	202,695	-	-	761,420
Title III	64,976	35,528	-	-	100,504
Title IV	214,701	119,282	-	-	333,983
Perkins Basic Grant	161,039	16,738	-	-	177,777
Reserve Officer Training Corps	-	50,498	-	-	50,498
Medicaid	796,782	-	-	-	796,782
Individuals with Disabilities	287,118	1,128,532	-	-	1,415,650
Early Childhood Special Education	53,392	-	-	-	53,392
Child Nutrition Program	3,014,509	-	-	-	3,014,509
Dept of Health Food Service Program	654,285	-	-	-	654,285
Education Stabilization Fund	1,585,117	1,758,146	-	3,129,258	6,472,521
Other federal revenue	24,695	-	-	-	24,695
Total Federal	<u>9,972,274</u>	<u>6,002,135</u>	<u>-</u>	<u>3,410,158</u>	<u>19,384,567</u>
OTHER:					
Payments from other districts	-	66,755	-	-	66,755
Total Revenues Collected	<u>\$ 64,196,216</u>	<u>\$ 29,351,656</u>	<u>\$ 8,255,520</u>	<u>\$ 7,930,799</u>	<u>\$ 109,734,191</u>

**HICKMAN MILLS C-1 SCHOOL DISTRICT
SUMMARY SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
MODIFIED CASH BASIS - SCHOOL DISTRICT
FOR THE YEAR ENDED JUNE 30, 2025**

	<u>GENERAL FUND</u>	<u>SPECIAL REVENUE FUND</u>	<u>DEBT SERVICE FUND</u>	<u>CAPITAL PROJECTS FUND</u>	<u>TOTALS</u>
REVENUES	\$ 64,196,216	\$ 29,351,656	\$ 8,255,520	\$ 7,930,799	\$ 109,734,191
EXPENDITURES	<u>50,010,803</u>	<u>51,413,909</u>	<u>8,045,865</u>	<u>16,167,656</u>	<u>125,638,233</u>
Revenues Over (Under) Expenditures	14,185,413	(22,062,253)	209,655	(8,236,857)	(15,904,042)
Other Financing Sources (Uses)	<u>(22,062,253)</u>	<u>22,062,253</u>	-	-	-
Net change in fund balance	(7,876,840)	-	209,655	(8,236,857)	(15,904,042)
Fund balance, beginning	<u>32,676,786</u>	<u>-</u>	<u>6,507,156</u>	<u>13,816,098</u>	<u>53,000,040</u>
Fund balance, ending	<u>\$ 24,799,946</u>	<u>\$ -</u>	<u>\$ 6,716,811</u>	<u>\$ 5,579,241</u>	<u>\$ 37,095,998</u>

**HICKMAN MILLS C-1 SCHOOL DISTRICT
 COMBINING BALANCE SHEET
 MODIFIED CASH BASIS - ALL CAPITAL PROJECTS FUNDS
 FOR THE YEAR ENDED JUNE 30, 2025**

	SCHOOL DISTRICT	BUILDING CORPORATION	TOTALS
ASSETS			
Cash and cash equivalents	\$ 5,579,241	\$ -	\$ 5,579,241
FUND BALANCES			
Restricted	\$ 144,832	\$ -	\$ 144,832
Committed	1,575,905	-	1,575,905
Assigned	3,858,504	-	3,858,504
Total fund balances	\$ 5,579,241	\$ -	\$ 5,579,241

**HICKMAN MILLS C-1 SCHOOL DISTRICT
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - MODIFIED CASH BASIS - ALL CAPITAL PROJECTS FUNDS
FOR THE YEAR ENDED JUNE 30, 2025**

	SCHOOL DISTRICT	BUILDING CORPORATION	COMBINING/ ELIMINATING ENTRIES	TOTALS
REVENUES:				
Local	\$ 2,115,764	\$ 493,100	\$ (493,100)	\$ 2,115,764
County	-	-	-	-
State	2,404,877	-	-	2,404,877
Federal	3,410,158	-	-	3,410,158
Other	-	-	-	-
Total Revenues	<u>7,930,799</u>	<u>493,100</u>	<u>(493,100)</u>	<u>7,930,799</u>
EXPENDITURES:				
Instruction	1,009,703	-	-	1,009,703
Student activities	143,940	-	-	143,940
Student services	-	-	-	-
Instruction staff support	-	-	-	-
General administration & central services	1,912,031	-	-	1,912,031
Building administration	-	-	-	-
Operation of plant	201,279	-	-	201,279
Transportation	-	-	-	-
Food service	172,115	-	-	172,115
Community services	25,668	-	-	25,668
Facility acquisition and construction	11,314,412	-	-	11,314,412
Debt service:				
Lease principal	920,000	365,000	(365,000)	920,000
Interest and fees	468,508	128,100	(128,100)	468,508
Total Expenditures	<u>16,167,656</u>	<u>493,100</u>	<u>(493,100)</u>	<u>16,167,656</u>
Revenues Over (Under) Expenditures	<u>(8,236,857)</u>	<u>-</u>	<u>-</u>	<u>(8,236,857)</u>
Other Financing Sources (Uses):				
Transfers	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balance	(8,236,857)	-	-	(8,236,857)
Fund balance, beginning	<u>13,816,098</u>	<u>-</u>	<u>-</u>	<u>13,816,098</u>
Fund balance, ending	<u>\$ 5,579,241</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 5,579,241</u>

**HICKMAN MILLS C-1 SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2025**

FEDERAL GRANTOR/ PASS-THROUGH GRANTOR/ PROGRAM TITLE	FEDERAL ASSISTANCE LISTING	PASS-THROUGH GRANTOR NUMBER	EXPENDITURES
<u>U.S. Department of Agriculture</u>			
Child Nutrition Cluster:			
Passed-through Missouri Department of Elementary and Secondary Education:			
School Breakfast Program	10.553	048-072	\$ 982,455
National School Lunch Program	10.555	048-072	2,032,054
Non-Cash: Food Distribution Program	10.555	048-072	314,148
			<u>3,328,657</u>
Passed-through Missouri Department of Health and Senior Services:			
Summer Food Service Program	10.559	ERS0462195S	121,788
Total Child Nutrition Cluster			<u>3,450,445</u>
Passed-through Missouri Department of Health and Senior Services:			
Child and Adult Care Food Program	10.558	ERS4611219S	524,628
Total U.S. Department of Agriculture			<u>3,975,073</u>
<u>U.S. Department of Defense</u>			
Direct:			
Reserve Officer Training Corps	12.000		<u>54,706</u>
<u>U.S. Department of Education</u>			
Passed-through Missouri Department of Elementary and Secondary Education:			
Special Education Cluster (IDEA):			
Special Education - Grants to States	84.027	048-072	1,887,966
Special Education - Preschool Grants	84.173	048-072	55,436
Total Special Education Cluster (IDEA)			<u>1,943,402</u>
Title I - Grants to Local Educational Agencies	84.010	048-072	4,536,920
Career and Technical Education Basic Grants to States	84.048	048-072	263,207
English Language Acquisition Grants	84.365	048-072	102,911
Supporting Effective Instruction State Grants	84.367	048-072	617,906
Student Support and Academic Enrichment Program	84.424	048-072	337,917
COVID-19 - Elementary and Secondary School Emergency Relief (ARP ESSER) Fund	84.425U	048-072	2,991,068
Total U.S. Department of Education			<u>10,793,331</u>
<u>U.S. Department of Health and Human Services</u>			
Passed-through Missouri Department of Elementary and Secondary Education:			
CCDF Cluster:			
Child Care & Development Block Grant	93.575	048-072	27,028
Passed-through Missouri Office of Refugee Administration:			
Refugee and Entrant Assistance State/Replacement Designee Administered Programs	93.566		52,040
Total U.S. Department of Health and Human Services			<u>79,068</u>
Total Expenditures of Federal Awards			<u>\$ 14,902,178</u>

Note 1. Summary of Significant Accounting Policies

Expenditures reported on the Schedule are reported on the modified cash basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. The District has elected to not use the 15-percent de minimis indirect cost rate allowed under the Uniform Guidance.

Note 2. Basis of Presentation

The accompanying schedule of expenditures of federal awards (the "Schedule") includes the federal award activity of Hickman Mills C-1 School District under programs of the federal government for the year ended June 30, 2025. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of Hickman Mills C-1 School District, it is not intended to and does not present the financial position, change in net position or cash flows of Hickman Mills C-1 School District.

INTERNAL CONTROL AND COMPLIANCE



WESTBROOK & CO., P.C.

Certified Public Accountants

749 Driskill Drive
Richmond, MO 64085
Phone (816) 776-3584

306 North Mason
Carrollton, MO 64633
Phone (660) 542-0102

www.westbrookcpa.com

INDEPENDENT ACCOUNTANTS' REPORT ON THE ADMINISTRATION'S ASSERTION ABOUT COMPLIANCE WITH SPECIFIED REQUIREMENTS OF MISSOURI LAWS AND REGULATIONS

To the Board of Education
Hickman Mills C-1 School District

We have examined the administration's assertion, included in its representation letter dated December 2, 2025 that Hickman Mills C-1 School District complied with the requirements of Missouri Laws and Regulations regarding budgetary and disbursement procedures; accurate disclosure by the District's attendance records of average daily attendance and resident membership on the last Wednesday of September 2024 and the number of students eligible to receive free or reduced price lunches on the last Wednesday of January 2025; and accurate disclosure by the District's pupil transportation records of the average students scheduled to be transported eligible and ineligible for state aid, the number of actual odometer miles eligible and ineligible for state aid and the allowable costs for pupil transportation during the year ended June 30, 2025. As discussed in that representation letter, the administration is responsible for the District's compliance with those requirements. Our responsibility is to express an opinion on the administration's assertion about the District's compliance based on our examination.

Our examination was conducted in accordance with attestation standards established by the AICPA. Those standards require that we plan and perform the examination to obtain reasonable assurance about whether the administration's assertion about compliance with the specified requirements is fairly stated, in all material respects. An examination involves performing procedures to obtain evidence about whether the administration's assertion is fairly stated, in all material respects. The nature, timing and extent of the procedures selected depend on our judgment, including an assessment of the risks of material misstatement of administration's assertion, 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. We are required to be independent and to meet our other ethical responsibilities in accordance with relevant ethical requirements relating to the examination engagement.

Our examination does not provide a legal determination on the District's compliance with the specified requirements.

In our opinion, the administration's assertion that the District complied with the aforementioned requirements for the year ended June 30, 2025, is fairly stated, in all material respects.

This report is intended solely for the information and use of the Board of Education, administration 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.

Westbrook & Co., P.C.

Richmond, Missouri
December 2, 2025

**HICKMAN MILLS C-1 SCHOOL DISTRICT
SCHEDULE OF SELECTED STATISTICS - UNAUDITED
FOR THE YEAR ENDED JUNE 30, 2025**

County District Number: 048-072

1. CALENDAR (SECTIONS 160.041, 171.029, 171.031, AND 171.033 RSMO)

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

School Code	Begin Grade	End Grade	Half Day Indicator	Standard Day Length	Days	Hours in Session
	PK	PK		6.4167	163	1,044.4167
	K	2		6.6000	161	1,057.0000
	3	5		6.6000	160	1,050.4000
	6	6		6.6000	161	1,057.0000
	7	8		6.6000	160	1,050.4000
	9	9		6.6000	161	1,057.0000
	10	12		6.6000	160	1,050.4000

2. ATTENDANCE HOURS

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

School Code	Grade Level	Full-Time	Part-Time	Remedial Hours	Other	Summer School	Total
	PK	173,119.18					173,119.18
	K-2	1,175,172.25	2,068.98		4,617.84		1,181,859.07
	3-5	1,112,711.75	2,720.31		3,492.96		1,118,925.02
	6	322,568.55	8,908.07		511.32		331,987.94
	7	299,891.11	8,166.42		367.75		308,425.28
	8	296,476.60	12,106.32		344.99		308,927.91
	9	316,443.87	21,911.00		733.74		339,088.61
	10-12	679,585.05	54,019.35		1,148.32		734,752.72
RII	K-12	38,686.52					38,686.52
Grand Total		4,414,654.88	109,900.45		11,216.92		4,535,772.25

**HICKMAN MILLS C-1 SCHOOL DISTRICT
SCHEDULE OF SELECTED STATISTICS - UNAUDITED
FOR THE YEAR ENDED JUNE 30, 2025**

County District Number: 048-072

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
	PK	195.00			195.00
	K-2	1,241.00	2.17		1,243.17
	3-5	1,146.00	1.51		1,147.51
	6	342.00	0.20		342.20
	7	332.00	1.36		333.36
	8	332.00	4.35		336.35
	9	396.00	8.50		404.50
	10-12	801.00	52.55		853.55
Grand Total		4,785.00	70.64		4,855.64

4. JANUARY MEMBERSHIP

Report the FTE count of resident students in grades PK-12 taken the last Wednesday in January 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 February MOSIS Student Core File.

School Code	Grade Level	Full-Time	Part-Time	Other	Total
	PK	203.00			203.00
	K-2	1,253.00	1.85		1,254.85
	3-5	1,181.00	1.62		1,182.62
	6	350.00	1.62		351.62
	7	330.00	0.87		330.87
	8	339.00	1.74		340.74
	9	367.00	19.15		386.15
	10-12	784.00	60.95		844.95
Grand Total		4,807.00	87.80		4,894.80

**HICKMAN MILLS C-1 SCHOOL DISTRICT
SCHEDULE OF SELECTED STATISTICS - UNAUDITED
FOR THE YEAR ENDED JUNE 30, 2025**

County District Number: 048-072

5. 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
	4,644.80				4,644.80
RII	42.00				42.00
Grand Total	4,686.80				4,686.80

6. FINANCE

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

Section	Question	Answer
6.1	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
6.2	The district/charter school maintained complete and accurate attendance records allowing for the accurate calculation and reporting by category of Average Daily Attendance, which includes the reporting of calendar and attendance hours, for all students in accordance with all applicable state rules and regulations. Sampling of records included those students receiving instruction in the following categories:	True
	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	N/A
	Sheltered Workshop participation	N/A
	Students participating in the school flex program	N/A
	Traditional instruction (full and part-time students)	True

**HICKMAN MILLS C-1 SCHOOL DISTRICT
SCHEDULE OF SELECTED STATISTICS - UNAUDITED
FOR THE YEAR ENDED JUNE 30, 2025**

County District Number: 048-072

	Virtual instruction (MOCAP or other option)	True
	Work Experience for Students with Disabilities	True
6.3	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
6.4	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
6.5	As required by Section 162.401, RSMo, a bond was purchased for the district's school treasurer or as required by Section 160.405, RSMo, a bond was purchased for the charter schools chief financial officer or an insurance policy issued by an insurance company that proves coverage in the event of employee theft in the total amount of:	\$1,000,000
6.6	The district's/charter school's deposits were secured during the year as required by Sections 110.010 and 110.020, RSMo., and the Missouri Financial Accounting Manual.	True
6.7	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
6.8	Salaries reported for educators in the October MOSIS Educator Core and Educator School files are supported by complete and accurate payroll and contract records. This includes payments for Teacher Baseline Salary Grants and Career Ladder if applicable.	True
6.9	If a \$162,326 or 7% x SAT x WADA transfer was made in excess of adjusted expenditures, the board approved 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
6.10	The district/charter school published a summary of the prior year's audit report within thirty days of the receipt of the audit pursuant to Section 165.121, RSMo.	True
6.11	The district has a professional development committee plan adopted by the board with the professional development committee plan identifying the expenditure of seventy-five percent (75%) of one percent (1%) of the current year basic formula apportionment. Remaining 25% of 1% if not spent must be restricted and spent on appropriate expenditures in the future. (Not applicable to charter schools.)	True
6.12	The amount spent for approved professional development committee plan activities was:	\$319,945

**HICKMAN MILLS C-1 SCHOOL DISTRICT
SCHEDULE OF SELECTED STATISTICS - UNAUDITED
FOR THE YEAR ENDED JUNE 30, 2025**

County District Number: 048-072

6.13	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
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7. 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
7.1	The school transportation allowable costs substantially conform to 5 CSR 30-261.040, Allowable Costs for State Transportation Aid.	True
7.2	The district's/charter school's pupil transportation ridership records are maintained in a manner to accurately disclose in all material respects the average number of regular riders transported.	True
7.3	Based on the ridership records, the average number of students (non-disabled K-12, K-12 students with disabilities and career education) transported on a regular basis (ADT) was:	
	Eligible ADT	2,814.0
	Ineligible ADT	1,640.0
7.4	The district's/charter school's transportation odometer mileage records are maintained in a manner to accurately disclose in all material respects the eligible and ineligible mileage for the year.	True
7.5	Actual odometer records show the total district/charter-operated and contracted mileage for the year was:	910,425
7.6	Of this total, the eligible non-disabled and students with disabilities route miles and the ineligible non-route and disapproved miles (combined) was:	
	Eligible Miles	815,354
	Ineligible Miles (Non-Route/Disapproved)	95,071
7.7	Number of days the district/charter school operated the school transportation system during the regular school year:	163



WESTBROOK & CO., P.C.

Certified Public Accountants

749 Driskill Drive
Richmond, MO 64085
Phone (816) 776-3584

306 North Mason
Carrollton, MO 64633
Phone (660) 542-0102

www.westbrookecpa.com

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*

To the Board of Education
Hickman Mills C-1 School District

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 modified cash basis financial statements of the governmental activities and each major fund for Hickman Mills C-1 School District as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our adverse report thereon dated December 2, 2025.

Report on Internal Control Over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We identified certain deficiencies in internal control, described in the accompanying schedule of findings and questioned costs as items 2025-001 and 2025-002, that we consider to be material weaknesses.

Report on Compliance and Other Matters

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

District's Response to Findings

Government Auditing Standards requires the auditor to perform limited procedures on the District's response to the findings identified in our audit and described in the accompanying schedule of findings and questioned costs. The District's response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

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.

Westbrook & Co., P.C.

Richmond, Missouri
December 2, 2025



WESTBROOK & CO., P.C.

Certified Public Accountants

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Richmond, MO 64085
Phone (816) 776-3584

306 North Mason
Carrollton, MO 64633
Phone (660) 542-0102

www.westbrookecpa.com

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

To the Board of Education
Hickman Mills C-1 School District

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Hickman Mills C-1 School District's compliance with the types of compliance requirements identified as subject to audit in the *OMB Compliance Supplement* that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2025. The District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, the 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, 2025.

Basis for Opinion on Each Major Federal Program

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

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

Responsibilities of Management for Compliance

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

Auditors' Responsibilities for the Audit of Compliance

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

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance, we:

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

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

Other Matters

The results of our auditing procedures disclosed instances of noncompliance which are required to be reported in accordance with the Uniform Guidance and which are described in the accompanying schedule of findings and questioned costs as item 2025-003. Our opinion on each major federal program is not modified with respect to these matters.

Government Auditing Standards requires the auditor to perform limited procedures on the District's response to the noncompliance findings identified in our audit described in the accompanying schedule of findings and questioned costs. The District's response was not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

Report on Internal Control over Compliance

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

a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the Auditors' Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies 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 identified a certain deficiency in internal control over compliance, as described in the accompanying schedule of findings and questioned costs as item 2025-003, that we consider to be a significant deficiency.

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

Government Auditing Standards requires the auditor to perform limited procedures on the District's response to the internal control over compliance findings identified in our audit described in the accompanying schedule of findings and questioned costs. The District's response was not subjected to the other 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.

Westbrook & Co., P.C.

Richmond, Missouri
December 2, 2025

**HICKMAN MILLS C-1 SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2025**

A. SUMMARY OF AUDITORS' RESULTS

Financial Statements

Type of auditors' report issued on whether the financial statements audited were prepared in accordance with the modified cash basis:

Adverse

Internal control over financial reporting:

- Material weakness(es) identified? X Yes 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? X Yes None reported

Type of auditors' report issued on compliance for major federal programs:

Unmodified

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?

 X Yes No

Identification of major federal programs:

- Special Education Cluster AL No. 84.027 & 84.173
- Title I - Grants to Local Educational Agencies AL No. 84.010

Dollar threshold used to distinguish between type A and type B programs:

\$ 750,000

Auditee qualified as low-risk auditee?

 Yes X No

B. FINDINGS - FINANCIAL STATEMENT AUDIT

**MATERIAL WEAKNESS
2025-001 SEGREGATION OF DUTIES**

Criteria: Accounting duties should be segregated such that a single individual does not have care, custody and control of District assets.

Condition: The Director of Business and Finance has the ability to login as software administrator which means she has the following accounting system permissions: approve purchase orders, add vendors and employees, approve invoices, and print checks and is the accounting software system administrator as well as performs the bank reconciliation.

**HICKMAN MILLS C-1 SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2025**

Cause: The District has not adequately segregated accounting duties.

Effect: Inadequate controls could allow for errors or fraud to occur.

Recommendation: Consideration should be given to reassigning duties or limiting system permissions in order to improve internal control. Additionally, the system administrator function should be moved to the IT department.

Response: We will review the assignment of accounting duties to determine if proper segregation can be achieved without significant additional personnel costs, as well as implement the recommended mitigating controls.

**MATERIAL WEAKNESS
2025-002 HEALTH CARE FUND**

Criteria: The health care fund transactions should be accurately recorded in the District's accounting system.

Condition: The District does not reconcile health care fund claims, fees, and premiums to the invoices or reports provided by the third party administrator. Additionally, there is not an adequate review of the health care fund activity.

Cause: Lack of knowledge and controls over health care fund transactions.

Effect: Inadequate controls could allow for errors or fraud to occur.

Recommendation: We recommend that the District implement procedures to provide internal controls over reporting the health care fund.

Response: Prior administration had not recorded health care fund transactions in the District's accounting system on a timely basis. Going forward, the District will strengthen internal controls over the Health Care Fund. Effective immediately, the District will implement a formal monthly reconciliation process to compare claims paid, administrative fees, and premium equivalents recorded in the accounting system to invoices and detailed reports provided by the third-party administrator. Any variances will be documented, investigated, and resolved in a timely manner. To enhance oversight, reconciliations will be prepared by Benefits and Business Office staff and independently reviewed and approved by supervisory personnel, with documentation retained for audit purposes. The District will also formalize written procedures and provide targeted training to staff involved in Health Care Fund accounting to ensure accurate reporting, proper review, and reduced risk of error or fraud.

C. FINDINGS AND QUESTIONED COSTS - MAJOR FEDERAL AWARD PROGRAMS

U.S. Department of Education

Program Name: Title I - Grants to Local Educational Agencies

AL No. 84.010

**SIGNIFICANT DEFICIENCY
2025-003 ALLOWABLE COSTS/COST PRINCIPLES**

Criteria: Per 2 CFR 200.475: “(a) **General.** Travel costs include the transportation, lodging, subsistence, and related items incurred by employees who are in travel status on official business of

**HICKMAN MILLS C-1 SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2025**

*the [District]. These costs may be charged on an actual cost basis, on a per diem or mileage basis, or on a combination of the two, provided the method used is applied to an entire trip and not to selected days of the trip. The method used must be consistent with those normally allowed in like circumstances in the [District]'s other activities and in accordance with the [District]'s established written policies. Notwithstanding the provisions of 2 CFR 200.444, **travel costs of officials covered by that section are allowable with the prior written approval of the Federal agency or pass-through entity when they are specifically related to the Federal award.** (b) **Lodging and subsistence.** Costs incurred by employees and officers for travel, including costs of lodging, other subsistence, and incidental expenses, must be considered reasonable and otherwise allowable only to the extent such costs do not exceed charges normally allowed by the [District] in its regular operations as the result of the [District]'s established written policy. In addition, if these costs are charged directly to the Federal award documentation must justify that: (1) Participation of the individual is necessary for the Federal award; and (2) The costs are reasonable and consistent with the [District]'s established written policy.”*

In addition, per the District’s travel expense policy, “*When federal funds are used for travel, the district must be able to justify the necessity of the travel to the federal program and demonstrate that the costs incurred were reasonable and consistent with the district's travel policy. Therefore, district staff or Board members using federal funds for travel must provide sufficient documentation to the superintendent or designee who oversees the applicable federal program. Such documentation may include, but is not limited to, the following: (1) An agenda of the event attended; (2) A list of attendees at the event; (3) A written statement justifying the expense; (4) **Evidence of prior written approval for the expense.** The superintendent or designee may require additional information when he or she determines it is necessary.”*

Condition: Two international trips were taken during the year, one to Ghana and one to China. Per the District’s Assistant Superintendent of Academics, she did not provide any signature approvals for either of the trips, nor were the trips approved by Missouri Department of Elementary and Secondary Education (DESE).

Questioned Costs: \$68,510

Context: Two international trips were taken during the year, one to Ghana and one to China. Per the District’s Assistant Superintendent of Academics, she did not provide any signature approvals for either of the trips, nor were the trips approved by Missouri Department of Elementary and Secondary Education (DESE).

Cause: The District’s internal controls over allowable costs are not operating according to its written procedures and the Uniform Guidance.

Effect: The District did not comply with its procedures and Uniform Guidance requirements for travel expenses.

Recommendation: We recommend that the District follow its travel procedures and Uniform Guidance regarding allowable costs/cost principles.

Response: The District has revised and resubmitted the Final Expenditure Report for the Title I School Improvement (a) grant and will repay the unallowable costs to DESE. In addition the District will ensure that its procedures and the Uniform Guidance requirements are being followed regarding allowable travel expenses.