MACON COUNTY R-I SCHOOL DISTRICT
MACON, MISSOURI

FINANCIAL STATEMENTS
WITH SUPPLEMENTAL DATA
AND INDEPENDENT AUDITORS' REPORTS

June 30, 2024

MACON COUNTY R-I SCHOOL DISTRICT
MACON, MISSOURI

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MACON COUNTY R-1 SCHOOL DISTRICT

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MACON COUNTY R-1 SCHOOL DISTRICT

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INDEPENDENT AUDITORS' REPORT

Board of Education
Macon County R-I School District
702 North Missouri
Macon, Missouri 63552

Report on the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, and each major fund of Macon County R-I School District, as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective modified cash basis financial position of the governmental activities and each major fund of Macon County R-I School District, as of June30, 2024, and the respective changes in modified cash basis financial position thereof for the year then ended in accordance with the basis of accounting in Note 1.

Basis for Opinions

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

Emphasis of Matter - Basis of Accounting

As described in Note 1 of the financial statements, which describes the basis of accounting the financial statements are prepared on the modified cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the modified cash basis of accounting described in Note 1; and for 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.

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

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

* Exercise professional judgment and maintain professional skepticism throughout the audit.

* Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.

* Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, no such opinion is expressed.

* Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management as well as evaluate the overall presentation of the financial statements.

* Conclude whether, in our judgment, there are conditions or events considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for a reasonable period of time.

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

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The accompanying Schedule of Receipts by Source, Schedule of Disbursements by Object, Schedule of Transportation Costs Eligible for State Aid, Summary Schedule of Revenue Collected, Expenditures Paid and Changes in Fund Balance, and the Schedule of State Financial Assistance are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Schedule of Receipts by Source, Schedule of Disbursements by Object, Schedule of Transportation Costs Eligible for State Aid, are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

Management is responsible for the other information. The other information comprises the budgetary comparison schedules, Public School Retirement System schedules and Public Education Employee Retirement system schedules but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other informaiton 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 matierla 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 16, 2024 on our consideration of Macon County R-I School District's internal control over financial reporting and on our tests of its compliance with certain provisions of the laws, regulations, contracts, and grant agreements, and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering Macon County R-I School District's internal control over financial reporting and compliance.

Conrad + Higgins, LLC

Conrad and Higgins, LLC
Princeton, Missouri
December 16, 2024

BASIC FINANCIAL STATEMENTS

Macon County R-I School District
Statement of Net Position Arising From Modified
Cash Basis Transactions - Governmental Activities
For the Year Ended June 30, 2024

ASSETS:	
Cash	$ 5,735,178
Land, buildings and equipment, net of accumulated depreciation	14,408,555
Total Assets	$ 20,143,733
LIABILITIES:	
Lease payable	$ 6,015,021
Total Liabilities	$ 6,015,021
NET POSITION:	
Net investment in capital assets	$ 8,393,534
Restricted for:	
Teacher fund	1,193
Capital projects	92,863
Scholorships	535,554
Unrestricted	5,105,568
Total Net Position	$ 14,128,712

The accompanying notes to financial statements are an integral part of this statement.

Macon County R-I School District
Statement of Activities Arising From Modified
Cash Basis Transactions - Governmental Activities
For the Year Ended June 30, 2024

		Program Receipts			
	Expenditures	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Net Expenses and Changes in Net Position
Instruction	$ 8,941,946	$ 876,631	$ 2,213,957	$ 286,221	$ (5,565,137)
Student services	640,360	-	-	-	(640,360)
Instructional staff support	297,956	-	-	-	(297,956)
Building administration	885,821	-	-	-	(885,821)
General administration	1,611,780	-	-	-	(1,611,780)
Operation of plant	1,151,137	-	-	-	(1,151,137)
Pupil transportation	812,457	-	406,005	-	(406,452)
Food services	673,550	210,702	405,157	-	(57,691)
Interest	218,644	-	-	-	(218,644)
Facilities acquisition and construction	895,110	-	-	-	(895,110)
Other	-	-	-	-	-
Adult education and community services	326,846	71,104	-	-	(255,742)
Total	$ 16,455,607	$ 1,158,437	$ 3,025,119	$ 286,221	(11,985,830)

General Revenues:	
Property and other taxes	6,697,049
Proposition C revenue	1,735,596
Basic formula	3,922,038
Earnings on investments	150,382
Other	361,305
Increase/(decrease) in net position	880,540
Net Position, July 1, 2023	13,248,172
Net Position, June 30, 2024	$ 14,128,712

The accompanying notes to financial statements are an integral part of this statement.

FUND FINANCIAL STATEMENTS

Macon County R-I School District
Combined Statement of Assets and Fund Balance
Arising from Modified Cash Transactions - All Fund Types
June 30, 2024

	General (Incidental) Fund	Special Revenue (Teachers') Fund	Capital Projects (Building) Fund	Totals (Governmental Funds)
ASSETS				
Cash	$ 5,641,122	$ 1,193	$ 92,863	$ 5,735,178
Total Assets	$ 5,641,122	$ 1,193	$ 92,863	$ 5,735,178
FUND BALANCE				
Net Position:				
Restricted for:				
Special revenue	$ -	$ 1,193	$ -	1,193
Capital projects	-	-	92,863	92,863
Scholorships	535,554	-	-	535,554
Unassigned:	5,105,568	-	-	5,105,568
Total Fund Balance	$ 5,641,122	$ 1,193	$ 92,863	5,735,178

Amounts reported for governmental activities in the statement of net position are different because:	
Capital assets (net of accumulated depreciation) used in governmental activities are not financial resources, and therefore, are not reported in the funds.	14,408,555
Long-term liabilities are not due and payable in the current period, and therefore, are not reported in the funds.	(6,015,021)
Fund Balance of governmental activities	$ 14,128,712

The accompanying notes to financial statements are an integral part of this statement.

Macon County R-I School District
Combined Statement of Revenues Collected, Expenditures Paid
and Changes in Fund Balance - All Governmental Fund Types
for the Year Ended June 30, 2024

	General (Incidental) Fund	Special Revenue (Teachers') Fund	Capital Projects (Building) Funds	Totals (Governmental Funds)
REVENUES COLLECTED:				
Local	$ 5,754,544	$ 1,636,160	$ 758,047	$ 8,148,751
County	1,191,002	144,007	208,488	1,543,497
State	1,643,581	3,684,192	206,220	5,533,993
Federal	993,112	626,270	80,000	1,699,382
Other revenue	112,147	-	350	112,497
From other districts	146	297,880	-	298,026
Total Revenues Collected	9,694,532	6,388,509	1,253,105	17,336,146
EXPENDITURES PAID:				
Instruction	1,207,203	7,629,016	95,464	8,931,683
Attendance	-	-	-	-
Guidance	115,935	195,997	-	311,932
Health services	203,616	124,813	-	328,429
Improvement of instruction	-	-	-	-
Professional development	48,297	52,794	-	101,091
Media services	51,351	145,513	-	196,864
Executive administration	1,045,993	429,618	65,612	1,541,223
Building level administration	279,785	669,198	7,395	956,378
Operation of plant	1,396,695	-	28,388	1,425,083
Pupil transportation	747,220	-	129,463	876,683
Food services	673,550	-	-	673,550
Adult/community programs	232,927	93,919	-	326,846
Facilities acquisition and construction	-	-	895,110	895,110
Debt service:				
Principal	-	-	670,000	670,000
Interest and other charges	-	-	218,644	218,644
Total Expenditures Paid	6,002,572	9,340,868	2,110,076	17,453,516
REVENUES COLLECTED OVER (UNDER) EXPENDITURES PAID	3,691,960	(2,952,359)	(856,971)	(117,370)
OTHER FINANCING SOURCES (USES):				
Transfers	(2,953,552)	2,953,552	-	-
Total other financing sources (uses)	(2,953,552)	2,953,552	-	-
REVENUES COLLECTED AND OTHER SOURCES OVER (UNDER) EXPENDITURES PAID AND OTHER USES	738,408	1,193	(856,971)	(117,370)
FUND BALANCE, JULY 1, 2023	4,902,714	-	949,834	
FUND BALANCE, JUNE 30, 2024	$ 5,641,122	$ 1,193	$ 92,863	

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

Governmental funds report capital outlays as expenditures. However, in the statement of activities capital costs are allocated over their estimated useful lives through depreciation expense. This is the amount by which capital outlays were exceeded by depreciation.	327,910
Borrowing/repayment of long-term debt provides/consumes current financial resources but has no effect on net position.	670,000
	-
CHANGES IN FUND BALANCE OF GOVERNMENTAL ACTIVITIES	$ 880,540

The accompanying notes to financial statements are an integral part of this statement.

NOTES TO FINANCIAL STATEMENTS

1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Macon County R-I School District was established in 1865 under the Statutes of the State of Missouri. The District operates as a "six director" district (with seven members of the Board of Education as described in RSMo Chapter 162.)

The financial statements of Macon County R-I School District have been prepared on the modified cash basis of accounting, which is a comprehensive basis of accounting other than generally accepted accounting principles. The Governmental Accounting Standards Board is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the District's accounting policies are described below.

*The financial statements include:

** Financial statements prepared using modified-cash basis for government-wide financial statements and for the fund financial statements for all of the District's activities.

* Change in the fund financial statements to focus on the major funds.

These and other changes are reflected in the accompanying financial statements (including notes to financial statements).

A. Reporting Entity

In evaluating how to define the District, for financial reporting purposes, management has considered all potential component units. The decision to include a potential component unit in the reporting entity was made by applying criteria set forth in GAAP. The basic, but not the only, criterion for including a potential component unit within the reporting entity is the governing body's ability to exercise oversight responsibility. The most significant manifestation of this ability is financial interdependency. Other manifestations of the ability to exercise oversight responsibility include but are not limited to, the selection of governing authority, the designation of management, the ability to significantly influence operations and accountability for fiscal matters. The other criterion used to evaluate potential component units for inclusion or exclusion from the reporting entity is the existence of special financing relationships, regardless of whether the District is able to exercise oversight responsibilities. Based upon the application of these criteria, no additional component units should be included in the reporting entity.

B. Basis of Presentation - Fund Accounting

The District's financial statements include both government-wide (reporting the District as a whole) and fund financial statements (reporting the District's major funds). Both the government-wide and fund financial statements categorize primary activities as either governmental or business type. The District's General, Special Revenue, Debt Service and Capital Projects funds are classified as governmental activities.

In the government-wide Statement of Net Position, the governmental activities columns (a) are presented on a consolidated basis by column (b) and are reported on a modified cash basis of accounting, which recognizes all long-term assets as well as long-term debt and obligations. The District's net position is reported in three parts-invested in capital assets, net of related debt; restricted net position; and unrestricted net position.

1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. Basis of Presentation - Fund Accounting (Continued)

The government-wide Statement of Activities reports both the gross and net cost of each of the District's functions. The functions are also supported by general government revenues (property, sales and use taxes, certain intergovernmental revenues, fines, permits and charges, etc.). The Statement of Activities reduces gross expenses (including depreciation) by related program revenues, operation and capital grants. Program revenues must be directly associated with the function (food services, instruction, etc.). Operating grants include operating-specific and discretionary (either operating or capital) grants while the capital grants column reflects capital-specific grants.

The net costs (by function) are normally covered by general revenue (property, sales, intergovernmental revenues, interest income, etc.).

The District does not allocate indirect costs.

This government-wide focus is more on the sustainability of the District as an entity and the change in the District's net position resulting from the current year's activities.

Financial Statements - Fund Financial Statements

The financial transactions of the District are reported in individual funds in the fund financial statements. Each fund is accounted for by providing a separate set of self-balancing accounts that comprises its assets, reserves, net position, revenue collected and expenditures paid, arising from cash transactions.

The following governmental fund types are used by the District:

General (Incidental) Fund: Accounts for general activities of the District, including student activities, food service, and textbooks, which are not required to be accounted for in another fund.

Special Revenue (Teachers') Fund: Accounts for expenditures for certified employees involved in administration and instruction. It includes revenues restricted by the State and the local tax levy for the payment of teacher salaries and certain employee benefits.

Capital Projects (Building) Fund: Accounts for the proceeds of long-term debt, taxes and other revenues restricted for acquisition or construction of major capital assets.

D. Basis of Accounting

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus and basis of accounting. The District's policy is to prepare its government-wide financial statements on the modified cash basis of accounting which recognizes all long-term assets and long term-term debt obligations. The District's policy is to prepare its fund financial statements on the modified cash basis of accounting; consequently, revenues are recognized when received rather than when earned, and expenditures and purchases of assets are recognized when cash is disbursed rather than when the obligation is incurred.

E. Use of Estimates

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

I SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

F. Capital Assets

Capital assets purchased or acquired are reported at historical cost or estimated historical cost. Additions, improvements and other capital outlays that significantly extend the useful life of an asset are capitalized. Other costs incurred for repairs and maintenance are expensed as incurred. Depreciation on all assets is provided on the straight-line basis over the following estimated useful lives:

Buildings	40 years
Equipment	7 years
Improvements	20 years

G. Compensated Absences

Vacation time, personal business days, and sick leave are considered as expenditures in the year paid. Amounts unused and which are vested in the employee are payable upon termination. Total vested and unpaid sick leave at June 30, 2024, amounted to $285,150.

H. Teachers' Salaries

Payroll checks, written and dated in June 2024 for July 2024 payroll, in the amount of $961,836, from 2023-2024 contracts were released in June and are included in the financial statements as an expenditure paid in the month of June. This practice has been consistently followed in previous years.

I. Post Employment Benefits

COBRA Benefits: Under the Consolidated Omnibus Budget Reconciliation Act (COBRA), the District provides healthcare benefits to eligible former employees and eligible dependents. Certain requirements are outlined by the federal government for this coverage. The premium plus a 2% administration charge, which the District has elected to waive, is paid in full by the insured on or before the tenth (10th) day of the month for the actual month covered. This program is offered for a duration of 18 months after the termination date. There is no associated cost to the District under this program, and there were no participants in the program as of June 30, 2024.

J. Inventories

The District does not maintain inventory cost records. Inventory is deemed to be immaterial and accounted for using the purchase method in which supplies are charged to expenditures when purchased.

K. Public School Retirement System of Missouri

Financial reporting information pertaining to our participation in the Public School Retirement System of Missouri ("PSRS") and the Public Education Employee Retirement System of Missouri ("PEERS") is prepared in accordance with Governmental Accounting Standards Board ("GASB") Statement No. 68, *Accounting and Financial Reporting for Pensions*, as amended by GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement*

The fiduciary net position, as well as additions to and deductions from the fiduciary net positions, of PSRS and PEERS have been determined on the same basis as they are reported by PSRS and PEERS. The financial statements were prepared using the modified cash basis of accounting. Members and employer contrubitions are recognized when paid, pursuant to formal commitments and statutory requirements. Expenses are recognized when the payment is made.

1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

L. Restricted Assets

Restricted assets of the District consist of checking, certificates of deposit and investments which have been set aside based on 1) certain debt covenants, 2) taxing authority guidelines and 3) state statutory compliance. Debt covenants provide for the redemption of debt in future years and to service outstanding debt. Taxing authority guidelines provide for the taxes collected to be disbursed in accordance with the terms that the patrons of the District approved when they voted. State statutory compliance restricts transfers from the Special Revenue Fund, the Debt Service Fund and the Capital Projects Fund. It is the District's policy to first use restricted net position prior to the use of unrestricted net position when expenses are incurred for purpose for which both restricted and unrestricted net position are available.

2 DEPOSITS

Custodial Credit Risk - Missouri State Statutes authorize the Board of Education, with certain restrictions, to deposit funds in open accounts, time deposits and certificates of deposits. Statutes also require that collateral pledged have a fair market value equal to 100% of the funds on deposit, less insured amounts. Collateral securities must be held by the District or a disinterested third party and must be of the kind prescribed by State Statutes and approved by the State. At June 30, 2024, the carrying amount of deposits was $5,735,178 and the bank balance was $6,941,646. All of the bank balances were covered by federal depository insurance or by collateral held by the pledging financial institution's trust department or agent in the District's name.

Bond covenants authorize the District to invest in direct obligations of, or obligations the principal of and interest on which are unconditionally guaranteed by the United States, or in other obligations in which public funds are permitted to be invested under Missouri law.

Interest Rate Risk - The District has no formal investment policy regarding interest rate risk.

Credit Risk - The District has no investment policy that limits in investment choice other than the limitation of state law as follows:

a. District obligations of the U.S. Government, its agencies and instrumentalities to which the full faith and credit of the U.S. Government is pledged, or obligations to the payment of which the full faith and credit of the State is pledged.

b. Certificates of deposit or savings accounts that are either insured or secured with acceptable collateral with in-state financial institutions, and fully insured certificates of deposit or savings accounts in out-of-state financial

Concentration of Investment Credit Risk - The District places no limit on the amount it may invest in any one issuer. At June 30, 2024, the District had no concentration of credit risk.

A reconciliation of cash as shown on the Balance Sheet was as follows:

	Carrying Amount
Cash on hand	$ -
Carrying amount of deposits	5,735,178
Total	$ 5,735,178
Cash	$ 5,727,523
Cash - restricted	7,655
Total	$ 5,735,178

3 TAXES

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

The District also receives sales tax collected by the State and remitted based on eligible pupils. The District is required to reduce its property tax levy by one-half the amount of sales tax estimated to be received in the subsequent calendar year. The district has a full waiver of this requirement that was approved by the voters in April 2004.

The assessed valuation of the tangible taxable property (excluding state assessed railroad and utilities) for the calendar year 2023 for purposes of local taxation were:

Real Estate:	
Residential	$ 65,625,540
Agriculture	5,344,850
Commercial	23,303,980
Personal Property:	48,369,500
Total	$ 142,643,870

The tax levy per $100 of the assessed valuation of tangible taxable property for the calendar year 2023 for purposes of local taxation was:

	Unadjusted	Adjusted
General Fund	$ 3.0169	$ 3.0169
Special Revenue Fund	-	-
Capital Project Fund	0.4598	0.4598
Total	$ 3.4767	$ 3.4767

The receipts of current and delinquent property taxes during the fiscal year ended June 30, 2024 aggregated approximately 98.48 percent of the current assessment computed on the basis of the levy as shown above.

4 CAPITAL LEASES

During the previous seven fiscal years, the District entered into cancelable ten, fifteen-year and eight year leases as lessee to finance the purchase of building improvements, which cost $2,290,000, $1,355,000, $370,000, $4,250,000, $399,960 and $865,000. Although the agreements provide for cancellation of the lease at the District's option at the renewal date of June 1 each year, the District does not foresee exercising its options to cancel. Therefore, these leases are accounted for as noncancelable capital leases in accordance with Statement of Financial Accounting Standards No. 13, "Accounting for Leases". The new leases provide for interest at 0.6-3.0 and 3.75 percent.

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

Year ending June 30	Principal	Interest	Total
2025	642,779	340,035	982,814
2026	657,779	177,573	835,352
2027	627,779	159,148	786,927
2028	613,905	141,898	755,803
2029-2033	3,472,779	388,433	3,861,212
Total	$ 6,015,021	$1,207,087	$ 7,222,108

Interest paid for the fiscal year ended June 30, 2024 was $211,224.

5 INTERFUND TRANSFERS

During the year ended June 30, 2024, the district transferred $2,953,552 from the General Fund to the Special Revenue Fund for teachers' salaries.

6 GASB STATEMENT NO. 54 - FUND BALANCE (NET POSITION) REPORTING

The objective of this Statement is to enhance the usefulness of net position 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 net position 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 initial distinction that is made in reporting net position information is identifying amounts that are considered *nonspendable*, such as fund balance associated with scholarships.

The *restricted* net position category includes amounts that can be spent only for the specific purposes stipulated by constitution, external resource providers, or through enabling legislation such as taxes levied by a vote of the public.

Unassigned net position is the residual classification for the government's general fund and includes all spendable amounts not contained in the other classifications. In other funds, the unassigned classification should be used only to report a deficit balance resulting from overspending for specific purposes for which amounts had been restricted.

7 CONTINGENCIES

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

8 CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2024, was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental activities:				
Capital assets not being depreciated:				
Land	$ 234,482	$ -	$ -	$ 234,482
Total capital assets not being depreciated	234,482	-	-	234,482
Other capital assets:				
Buildings and improvements	16,706,545	878,383	-	17,584,928
Equipment	6,254,740	213,586	-	6,468,326
School buses and vehicles	2,024,869	129,463	-	2,154,332
Total other capital assets at historical cost	24,986,154	1,221,432	-	26,207,586

8 CAPITAL ASSETS (continued)

	Beginning Balance	Increases	Decreases	Ending Balance
Less accumulated depreciation for:				
Buildings and improvements	3,934,395	604,437	-	4,538,832
Equipment	5,429,115	223,848	-	5,652,963
School buses and vehicles	1,776,481	65,237	-	1,841,718
Total accumulated depreciation	11,139,991	893,522	-	12,033,513
Other capital assets, net	13,846,163	327,910	-	14,174,073
Governmental activities capital assets, net	$ 14,080,645	$ 327,910	$ -	$ 14,408,555

Depreciation expense was charged to functions as follows:

Governmental activities:	
Instruction	$ 223,848
Operation of plant	604,437
Pupil transportation	65,237
Total governmental activities depreciation expense	$ 893,522

9 RISK MANAGEMENT

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

10 PENSION PLANS

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

Summary of Significant Accounting Policies

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

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

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

Benefits Provided PSRS is a defined benefit plan providing retirement, disability, and death/survivor benefits. Members are vested for service retirement benefits after accruing five years of service. Individuals who (a) are at least age 60 and have a minimum of five years of service, (b) have 30 years of service, or (c) qualify for benefits under the "Rule of 80" (service and age total at least 80) are entitled to a monthly benefit for life, which is calculated using a 2.5% benefit factor. Beginning July 1, 2001, and ending July 1, 2014, a 2.55% benefit factor was 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.

Benefits Provided PEERS is a defined benefit plan providing retirement, disability and death benefits to its members. Members are vested for service retirement benefits after accruing five years of service. Individuals who (a) are at least age 60 and have a minimum of five years of service, (b) have 30 years of service, or (c) qualify for benefits under the "Rule of 80" (service and age total at least 80) are entitled to a monthly benefit for life, which is calculated using a 1.61% benefit factor. Members qualifying for "Rule of 80" or "30-and-out" are entitled to an additional temporary benefit until reaching minimum Social Security age (currently age 62), which is calculated using a 0.8% benefit factor. Actuarially age-reduced retirement benefits are available with 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 lifelong 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.

10 PENSION PLANS (Continued)

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

-If the June to June change in the Consumer Price Index for All Urban Consumers (CPI-U) is less than 2% for one or more consecutive one-year periods, a cost-of-living increase of 2% will be granted when the cumulative increase is equal to or greater than 2% at which point the cumulative increase in the CPI-U will be reset to zero. For the following year, the starting CPI-U will be based on the June value immediately preceeding the January 1 at which the 2% cost-of-living increase is granted.

-If the June to June change in the CPI-U is greater than or equal to 2%, but less than 5%, a cost-of-living increase of 2% will be granted.

-If the June to June change in the CPI-U is greater than or equal to 5%, a cost-of-living increase of 5% will be granted.

-If the CPI decreases, no COLA is provided.

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

Contributions. PSRS members were required to contribute 14.5% of their annual covered salary during fiscal years 2022, 2023, and 2024. Employers were required to match the contributions made by the employees. The contribution rate is set each year by the PSRS Board of Trustees upon the recommendation of the independent actuary within the contribution restrictions set in Section 169.030 RSMo. The annual statutory increase in the total contribution rate may not exceed 1% of pay.

Contributions. PEERS members were required to contribute 6.86% of their annual covered salary during fiscal years 2022, 2023, and 2024. Employers were required to match the contributions made by employees. The contribution rate is set each year by the PSRS Board of Trustees upon the recommendation of the independent actuary within the contribution restrictions set in Section 169.030 RSMo. The annual statutory increase in the total contribution rate may not exceed 0.5% of pay.

The District's contributions to PSRS and PEERS were $834,609 and $208,787, respectively, for the year ended June 30, 2024.

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