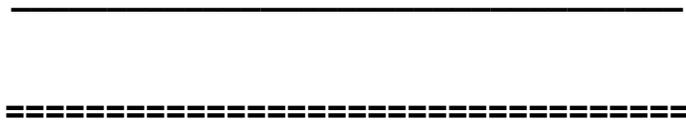


**NELL HOLCOMB R-IV SCHOOL DISTRICT
Cape Girardeau, Missouri**



June 30, 2021

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NELL HOLCOMB R-IV SCHOOL DISTRICT
Cape Girardeau, Missouri

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Cape Girardeau, Missouri

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INDEPENDENT AUDITOR'S REPORT

Board of Education Nell Holcomb R-IV School District Cape Girardeau, Missouri

Report on the Financial Statements

We have audited the accompanying cash basis financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component unit, and each major fund of the Nell Holcomb R-IV School District (the "District"), as of and for the year ended June 30, 2021, and the related notes to financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the cash basis of accounting described in Note 1; this includes determining that the 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 Responsibility

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

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

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

INDEPENDENT AUDITOR'S REPORT
Nell Holcomb R-IV School District

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective cash basis financial position of the governmental activities, the business-type activities, the aggregate discretely presented component unit, and each major fund of the Nell Holcomb R-IV School District as of June 30, 2021 and the respective changes in the cash basis financial position, thereof for the year then ended in accordance with the cash basis of accounting described in Note 1.

Basis of Accounting

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

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, the budgetary comparison information, the schedule of proportionate share of the net pension liability and related ratios, and the schedule of employer contributions be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

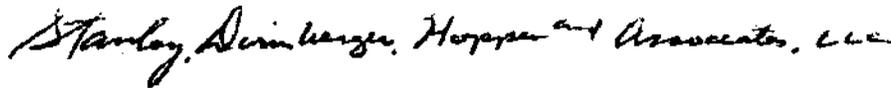
Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The statement of revenues collected, expenditures paid and changes in fund balances – budget and actual for the Capital Projects Fund, the schedule of revenues collected by source, the schedule of expenditures paid by object, and the schedule of transportation costs eligible for state aid (together the "supplementary information") are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and is also not a required part of the basic financial statements.

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

INDEPENDENT AUDITOR'S REPORT
Nell Holcomb R-IV School District

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated November 1, 2021, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on 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.



STANLEY, DIRNBERGER, HOPPER AND ASSOCIATES, LLC
Certified Public Accountants

Cape Girardeau, Missouri
November 1, 2021

REQUIRED SUPPLEMENTARY INFORMATION

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Mike Wortmann, Principal

Nell Holcomb R-IV
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2021
(Unaudited)

The management discussion and analysis of the Nell Holcomb R-IV School District ("the District" or "School District"), provides an overall review of District financial activities for the fiscal year ended June 30, 2021. The intent of this discussion and analysis is to look at the District's financial performance as a whole; readers should also review the notes to the basic financial statements to enhance their understanding of the District's financial performance.

The Management's Discussion and Analysis (MD&A) is an element of Required Supplementary Information specified in the Governmental Accounting Standards Board (GASB) Statement No. 34 – *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments* issued in 1999. Certain comparative information between the current year ended June 30, 2021 and the prior year ended June 30, 2020 is required to be presented in the MD&A and is included herein.

Financial Highlights

Key financial highlights for the 2020-2021 school year include:

- Total District-wide governmental revenues increased by \$589,440.78. June 30, 2021 revenues were \$4,663,672.13 while June 30, 2020 revenues were \$4,074,231.35. The largest increase to revenues was in property taxes and Federal funding received in response to the COVID-19 pandemic. Property taxes collected increased by \$297,354.33 largely from an increase in the levy while Federal revenues in total increased by \$440,954.18. Offsetting these increases was a reduction in State basic formula monies totaling \$75,160.23. Prior year revenues also included a one-time grant from the Missouri Division of Energy for \$119,499.16.
- Total District-wide governmental expenses increased this year by \$367,063.78. June 30, 2021 expenses were \$4,414,912.83 while June 30, 2020 expenses were \$4,047,849.05. The major increase in expenses was within the instructional functional area where the District was required to pay \$811,423.91 in tuition to other districts, an increase of \$144,185.71 over the prior year. The District also purchased \$212,590.62 in instructional technology equipment using Federal CARES Act funding designed to assist the District in its educational response to the COVID-19 pandemic. The District did meet all debt service requirements (lease purchase arrangements accounted for in the Capital Projects Fund) and did again have to secure a tax anticipation note for \$400,000.00 for operational purposes.
- The District-wide change in net assets, for the governmental activities, for the year ended June 30, 2021 was a net profit of \$248,759.30 as compared to prior year net profit of \$26,382.30.
- The Unrestricted Ending Fund Balance (Incidental Fund + Teachers Fund) is 12.18% of related expenditures at June 30, 2021 (6.32% as of June 30, 2020).
- The General (Incidental) Fund ended with a fund balance at June 30, 2021 of \$489,911.15 and the Capital Projects Fund had an ending fund balance of \$102,079.27. Total District governmental funds increased by \$248,759.30.

Using this Annual Financial Report

This annual financial report consists of a series of financial statements and notes to those statements. The statements are organized so the reader can understand the District as a whole and then proceed to provide an increasingly detailed look at specific financial activities.

The District has elected to present its financial statements on a cash basis of accounting. This cash basis of accounting is a basis of accounting other than accounting principles generally accepted in the United States of America. Basis of accounting is a reference to when financial events are recorded, such as the timing for recognizing revenues, expenses and their related assets and liabilities. Under the cash basis of accounting, revenues and expenses and related assets are recorded when they result from cash transactions.

As a result of the use of this cash basis of accounting, certain assets and their related revenues (such as accounts receivable and revenue for billed or provided services not yet collected) and liabilities and their related expenses (such as accounts payable and expenses for goods or services received but not yet paid, and accrued expenses and liabilities) are not recorded in these financial statements. Therefore, when reviewing the financial information and discussion within this annual report, the reader should keep in mind the limitations resulting from the use of the cash basis of accounting.

Reporting the District as a Whole – Cash Basis

The Statement of Net Position – Cash Basis and Statement of Activities – Cash Basis

One of the most important questions asked about the District's finances is, "Is the District better off or worse off as a result of the year's activities?" The statements referred to above report information about the District as a whole and about its activities in a manner that helps to answer this question.

The Statement of Net Position – Cash Basis includes only cash deposits and investments and the net assets of the District in accordance with the cash basis of accounting. The Statement of Activities – Cash Basis reports the expenses and revenues of the District's 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 and extracurricular activities. "Charges for services" include payments made by parties that purchase, use, or directly benefit from goods or services provided by a given function or segment of the District. Examples include tuition paid by students not residing in the District, school lunch charges, etc... "Operating and capital grants and contributions" include amounts paid by organizations outside the District to help meet the operational or capital requirement of a given function. Examples include grants under the Elementary and Secondary Education Act. If revenue is not program revenue, it is general revenue used to support all of the District's functions. Taxes are always general revenues. The District does not have any business-like activities.

These two statements report the District's net position and changes in them. The change in net position provides the reader a tool to assist in determining whether the District's financial health is improving or deteriorating. The reader will need to consider other non-financial factors such as property tax base, current property tax laws, student enrollment growth, and facility conditions in arriving at a conclusion regarding the overall health of the District.

Reporting the District's Most Significant Funds

Fund financial reports provide detailed information about the District's major funds. Missouri School Districts use four major funds to account for a multitude of financial transactions. All of the District's activities are reported in governmental funds, which focus on how money flows into and out of those funds and balances left at year-end available for spending in future periods. The governmental fund financial statements provide a detailed short-term view of the District's general governmental operations and the basic services it provides. Governmental fund information helps you determine whether there are more or less financial resources available to spend in the near future to finance the District's programs. The District's governmental funds include:

- 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 local tax levy, if levied for the payment of teacher salaries and certain employee benefits.
- Debt Service Fund – Accounts for the accumulation of resources for and the payment of long-term debt principal, interest and related costs. Nell Holcomb R-IV does not presently use the debt service fund because it has no bond indebtedness that requires a tax levy to be repaid.
- Capital Projects Fund – Accounts for proceeds of long-term debt, taxes and other revenues designated for construction of major capital assets and all other capital outlay.

Government-Wide Financial Analysis

The District's assets are comprised entirely of cash deposits and investments. The District's cash deposits and investments are made up of a N.O.W. account, certificates of deposit with various financial institutions, and investments with the Missouri Securities Investment Program (MOSIP). The investments with MOSIP at June 30, 2021 consisted of a money market account.

The District expenses capital assets, including property, equipment, infrastructure, etc., as they are purchased rather than recorded as a capital asset. This policy is in accordance with the cash basis of accounting.

The unrestricted ending net position balance as a function of related expenditures is 12.18% as of June 30, 2021 (6.32% as of June 30, 2020). Net position for the governmental activities of the District at June 30, 2021 and June 30, 2020 consist of the following:

	<u>2021</u>	<u>2020</u>
Restricted for Capital Expenditures	\$ 102,079.27	\$ 102,673.86
Restricted for Teachers' Fund	-	-
Unrestricted	<u>489,911.15</u>	<u>240,557.26</u>
Total Net Position	<u>\$ 591,990.42</u>	<u>\$ 343,231.12</u>

A breakdown of revenues by source for the governmental funds is as follows:

	<u>2021</u>	<u>%</u>	<u>2020</u>	<u>%</u>
Local Sources	\$ 2,729,701.23	58.5	\$ 2,475,907.47	60.8
County Sources	86,071.50	1.9	78,238.92	1.9
State Sources	1,071,782.81	23.0	1,162,392.89	28.5
Federal Sources	776,116.59	16.6	335,162.41	8.2
Other Sources	-	0.0	22,529.66	0.6
Total Revenues	<u>\$ 4,663,672.13</u>	<u>100.0</u>	<u>\$ 4,074,231.35</u>	<u>100.0</u>

Local revenue is largely comprised of property taxes, Prop C monies, student activities and food service revenue. The overall increase is the result of a 13.1% increase in the 2020 property taxes levy as compared to the 2019 levy.

County revenue is comprised of fines, escheats, etc. and State Assessed Utility collections.

State source revenues decreased this year as the District in the prior year received \$119,499.16 from the Missouri Department of Natural Resources, Division of Energy, in the form of an energy loan that has repayment terms over the next ten years. Otherwise, the main source of State revenues is from Basic Formula monies, which also declined in total by \$75,160.23 as compared to the prior year.

Federal revenues increased due to the receipt of CARES Act funding as passed thru the Missouri Department of Elementary and Secondary Education and as passed thru Cape Girardeau County. These funds were received to assist the District in its direct response to the COVID-19 pandemic.

Another breakdown of revenues collected in the District-wide governmental activities is as follows:

	<u>2021</u>	<u>%</u>	<u>2020</u>	<u>%</u>
Program Revenues:				
Charges for Services	\$ 47,188.65	1.0	\$ 81,605.38	2.0
Operating Grants and Contributions	836,262.86	17.9	509,775.73	12.5
Capital Grants and Contributions	186,608.51	4.0	119,499.16	2.9
General Revenues:				
Property Taxes	2,293,315.82	49.2	1,995,961.49	49.0
Other Taxes	384,533.77	8.3	388,544.00	9.5
State and County Aid not				
Restricted to Specific Programs	910,349.53	19.5	969,742.96	23.8
Earnings on Investments	1,937.87	0.0	8,127.27	0.2
Other	3,475.12	0.1	975.36	0.0
Total Revenues	<u>\$ 4,663,672.13</u>	<u>100.0</u>	<u>\$ 4,074,231.35</u>	<u>100.0</u>

Program revenues comprised 22.9% (17.4% in the prior year) of total revenues as compared to general revenues, which is largely made up of property taxes and basic formula state aid, which comprised 77.1% (82.6% in the prior year).

Program revenues covered 24.2% (17.6% in the prior year) of total expenditures for the year ended June 30, 2021, leaving general revenues and existing net assets or fund balances to cover the remainder.

A comparison of the District-wide expenses for the years ended June 30, 2021 and 2020 is below:

	<u>2021</u>	<u>%</u>	<u>2020</u>	<u>%</u>	<u>Variance</u>
Instructional Expenses	\$ 2,987,104.04	67.7	\$ 2,601,159.29	64.2	\$ 385,944.75
Support Services					
Attendance / Guidance	65,347.48	1.5	63,590.84	1.6	1,756.64
Health, Psych, Speed and Audio	76,340.57	1.7	49,380.14	1.2	26,960.43
Improvement of Instruction	45,377.80	1.0	95,796.40	2.4	(50,418.60)
Professional Development	6,950.13	0.2	4,928.01	0.1	2,022.12
Media Services	34,215.44	0.8	31,457.90	0.8	2,757.54
Board of Education	13,975.53	0.3	14,501.79	0.4	(526.26)
Administration	387,516.82	8.8	367,508.81	9.1	20,008.01
Business, Fiscal, Internal Service	5.92	0.0	2,735.96	0.1	(2,730.04)
Operation of Plant	287,058.80	6.5	254,478.79	6.3	32,580.01
Security Services	41,288.94	0.9	32,572.02	0.8	8,716.92
Transportation	230,454.17	5.2	195,343.20	4.8	35,110.97
Food Services	105,719.49	2.4	113,604.79	2.8	(7,885.30)
Non-Instructional Services					
Early Childhood Programs	6,302.72	0.1	5,415.78	0.1	886.94
Facilities Acquisition & Constr.	65,074.09	1.5	179,789.55	4.4	(114,715.46)
Principal, Interest & Other Charges	62,180.89	1.4	35,585.78	0.9	26,595.11
Total Expenses	<u>\$ 4,414,912.83</u>	<u>100.0</u>	<u>\$ 4,047,849.05</u>	<u>100.0</u>	<u>\$ 367,063.78</u>

Instructional expenses include activities directly dealing with the teaching of pupils and the interaction between teacher and pupil. It also has to do with the salary and benefit package afforded the faculty. The increase is largely the result of an increase in instructional equipment and tuition to other educating districts.

Attendance, guidance, and health services include activities of counseling with pupils and parents, providing consultation with other staff members on problems, evaluating the abilities of pupils, assisting pupils to make their own educational and career plans and choices, assisting pupils in personal and social development, providing referral assistance, and working with other staff members in planning and conducting guidance programs for pupils. It also includes expenditures for physical and mental health services not included in direct instruction. Included are activities that provide pupils with appropriate medical, dental, and nursing services.

Improvement of instruction expenses include activities involved with assisting the teaching staff with the content and process of providing learning experiences to pupils to enhance their knowledge base.

Media Services expenses include those activities to keep updated periodicals, SRC books and quizzes on file, and provide current news to students.

Board of education services include activities concerned with establishing and administering policy for operating the School District. These activities include the elected or appointed body, which has been created according to state law and vested with responsibilities for educational activities in a given administrative unit and those activities associated with the overall general administration of executive responsibility for the entire District.

Administration expenses include activities concerned with directing and managing the operation of the District. These include the activities performed by the Principal and Superintendent in the general supervision of the District, evaluation of staff members, assignment of duties to staff members, supervision and maintenance of the records and coordination of instructional activities with the LEA. It includes clerical staff in teaching and administrative duties.

Operation of plant expenses include those activities concerned with keeping the physical plant open, comfortable, and safe for use; and keeping the grounds, buildings, and equipment in an effective working condition and state of repair. This includes activities of maintaining safety in buildings, on the grounds, and in the vicinity of the school.

The District contracts with the County of Cape Girardeau, Missouri for a resource officer.

Pupil transportation includes those activities concerned with providing transportation for students. The increase is the result of an additional lease purchase arrangement entered into by the District for three (3) new school buses during the year ended June 30, 2021.

Food services include those activities concerned with providing food to pupils and staff in the School District. This service area includes the preparation, delivery, and serving of regular and incidental meals, lunches, or snacks in connection with school activities.

Early childhood programs consist of the Districts parents-as-teachers program.

Facility acquisition and construction expenses involve transactions associated with the payment of principal and other related charges for the building lease purchase arrangement as well as upgrades to the physical plant. In the prior year, the District did pay \$127,330.00 for new energy saving LED lighting.

Analysis of Individual Governmental Funds

The District makes transfers from various funds in accordance with laws that allow for such. For the year ended June 30, 2021, the District transferred \$1,017,357.76 from the General (Incidental) Fund to the Special Revenue (Teachers') Fund to zero such out and also transferred \$30,373.51 to the Capital Projects Fund to offset some of the current year capital expenditures.

The General (Incidental) Fund began the year with a fund balance at \$240,557.26 and ended with a fund balance at \$489,911.15, an increase of \$249,353.89. Expenditures increased from \$1,765,198.88 for the year ended June 30, 2020 to \$1,945,507.95 for the year ended June 30, 2021. Total revenues for the year ended June 30, 2021 were \$3,242,593.11, which are significantly more than the prior year revenues of \$2,499,895.11. The increase in expenditures is most notable in instructional expenditures which increased by \$138,590.44 largely from increases in salaries and benefits and tuition to other districts. Administrative expenditures also increased mostly from operational supplies and technology supplies, largely in response to the COVID-19 pandemic. The significant revenue increase is from property taxes as well as COVID-19 Federal support.

The Special Revenues (Teachers') Fund was zeroed out at June 30, 2021 via the transfer previously mentioned. The majority of expenditures within this fund are instructional salaries and benefits. Total expenditures for the year ended June 30, 2021 were \$2,076,845.05 which is comparable to the expenditures in the prior year ending June 30, 2020 of \$2,040,271.58.

The Capital Projects Fund remained steady declining by only \$594.59 to an ending fund balance at June 30, 2021 of \$102,079.27. Current year expenditures were \$392,559.83 compared to \$242,378.59 in the prior year and mostly consisted of the lease purchase principal and interest payments as well as instructional equipment purchased to help the District respond to the COVID-19 pandemic. Total allocated revenues were \$361,591.73 as compared to \$342,746.16 in the prior year. The District did transfer \$30,373.51 into the Capital Projects Fund to help maintain the balance consistent with the prior year.

Debt Administration

The following is a summary of the lease purchases for the year ended June 30, 2021:

Lease Purchases, July 1, 2020	\$	1,241,910.00
New Issuance		223,275.00
Payments		<u>(88,363.00)</u>
Lease Purchases, June 30, 2021	\$	<u>1,376,822.00</u>

Effective February 1, 2020, the District refinanced the outstanding balance of the Series 2012 Certificates with the issuance of \$1,241,910.00 in Series 2020 Certificates. The Series 2020 Certificates carry an interest rate of 3.45% and have a scheduled maturity date of March 1, 2035. Total principal and interest paid during the year ended June 30, 2021 was \$44,000.00 and \$43,076.12, respectively. Payment requirements are as follows:

For the Year Ended June 30,	Principal	Interest	Total Payments
2022	\$ 67,997.99	\$ 41,327.90	\$ 109,325.89
2023	70,343.92	38,981.96	109,325.88
2024	72,770.78	36,555.10	109,325.88
2025	75,281.38	34,044.50	109,325.88
2026	77,878.58	31,447.30	109,325.88
2027-2031	431,597.62	115,031.78	546,629.40
2032-2035	<u>402,039.73</u>	<u>35,263.82</u>	<u>437,303.55</u>
	<u>\$ 1,197,910.00</u>	<u>\$ 332,652.36</u>	<u>\$ 1,530,562.36</u>

Effective August 19, 2020, the District entered into a lease purchase arrangement for three (3) school buses at a total cost of \$223,275.00. The arrangement calls for an initial payment of \$44,363.00 and four (4) annual payments of \$48,363.00 which includes interest at 3.20%. Total principal and interest paid during the year ended June 30, 2021 was \$44,363.00 and \$0.00, respectively. Payment requirements are as follows:

For the Year Ended June 30,	Principal	Interest	Total Payments
2022	\$ 42,637.82	\$ 5,725.18	\$ 48,363.00
2023	44,002.23	4,360.77	48,363.00
2024	45,410.30	2,952.70	48,363.00
2025	<u>46,861.65</u>	<u>1,501.35</u>	<u>48,363.00</u>
	<u>\$ 178,912.00</u>	<u>\$ 14,540.00</u>	<u>\$ 193,452.00</u>

During the 2019-20 school year, the District received \$119,499.16 from the Division of Energy to provide LED lighting. The loan will be repaid in 20 semi-annual installments of \$6,601.00 each at an interest rate of 2.00%. Total principal and interest paid during the year ended June 30, 2021 was \$10,985.73 and \$2,216.27, respectively. Payment requirements are as follows:

June 30,	Principal	Interest	Total Payments
2022	\$ 11,206.54	\$ 1,995.46	\$ 13,202.00
2023	11,431.79	1,770.21	13,202.00
2024	11,661.57	1,540.43	13,202.00
2025	11,895.97	1,306.03	13,202.00
2026	12,135.08	1,066.92	13,202.00
2027-2030	<u>44,229.72</u>	<u>1,780.98</u>	<u>46,010.70</u>
	<u>\$ 102,560.67</u>	<u>\$ 9,460.03</u>	<u>\$ 112,020.70</u>

General Fund Budgeting Highlights

Missouri statutes are very specific regarding public school finance. These laws established 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 to be prepared according to Missouri law and is based on accounting for certain transactions on the cash basis of accounting. The most significant budgeted fund is the General (Incidental) Fund. During the course of the year, the District typically amends the General (Incidental) Fund budget several times. Major reasons for amendments typically are as follows:

- The preliminary budget must be constructed before local property tax and state revenue figures are finalized.
- Some expenditures came in above what was initially projected in the preliminary budget.
- Variances in the determined allocation of revenues.
- Transfers that need to be made, i.e. to zero out the Special Revenue (Teachers') Fund and to cover current year capital project fund expenditures.

The District's original budget for the 2020-21 year was prepared only at a District-wide level rather than on a fund by fund analysis. The final budget for 2020-21 was amended to actual. The District did monitor and manage all District operations throughout the year at the fund level in addition to the District-wide level. The District's original budgeted revenues were at \$4,205,800.00 and expenditures were budgeted at \$4,058,944.00. The District's original budget did not factor in the impact of additional necessary expenditures in response to the COVID-19 pandemic as well as the additional available sources of revenue from the pandemic as actual revenues were \$4,663,672.13 while actual expenditures were \$4,414,912.83.

Current Financial Issues and Concerns

The District continues on task in its plan to increase or at least maintain balances. The major area of concern continues to be the payment of high school tuition to the Cape Girardeau and Jackson school districts. The District continues to work with those school districts to keep the tuition increases at an absolute minimum. The District is proud of its accomplishments and enjoys strong community support and participation. The Board of Education is committed to maintaining and developing quality educational opportunities for the students. Facilities continue to be updated and modernized to meet the immediate and future needs of the District and continue to provide adequate educational surroundings for the students. Improved technology will also continue to be a priority for the District.

The COVID-19 pandemic continues to bring instability and financial pressures to various sectors of the economy. Management cannot predict or reasonably estimate any financial impact, if any, this event will have on programs and operations or on the reported assets, liabilities or estimates used to prepare these financial statements. However, the District feels confident in its abilities to manage the financial hardships brought on by the pandemic.

Contacting the School District's Financial Management

This financial report is designed to provide our citizens, taxpayers, investors, and creditors with a general overview of the District's finances and to show the District's accountability for the funds it receives. If you have any questions about this report or need additional information, contact Bleau Deckerd, Superintendent at Nell Holcomb R-IV School District, 6547 State Highway 177, Cape Girardeau, MO 63701, (573) 334-3644.

BASIC FINANCIAL STATEMENTS

NELL HOLCOMB R-IV SCHOOL DISTRICT
Cape Girardeau, Missouri

STATEMENT OF NET POSITION - CASH BASIS

JUNE 30, 2021

	Governmental Activities	Component Unit Nell Holcomb R-IV School Foundation
ASSETS:		
Cash Deposits and Investments	\$ 591,990.42	\$ 166,918.77
TOTAL ASSETS	\$ 591,990.42	\$ 166,918.77
NET POSITION:		
Restricted for Capital Expenditures	\$ 102,079.27	\$ -
Restricted for Food Services	41,800.00	-
Unrestricted	448,111.15	166,918.77
TOTAL NET POSITION	\$ 591,990.42	\$ 166,918.77

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

NELL HOLCOMB R-IV SCHOOL DISTRICT
Cape Girardeau, Missouri
STATEMENT OF ACTIVITIES - CASH BASIS
FOR THE YEAR ENDED JUNE 30, 2021

	Program Receipts			Net Expense (Revenue) and Changes in Net Position		
	Expenditures	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental	Component Unit
Governmental Activities:						
Instruction	\$ 2,987,104.04	\$ 33,169.79	\$ 561,318.32	\$ 186,608.51	\$ (2,206,007.42)	\$ -
Attendance and Guidance	65,347.48	-	-	-	(65,347.48)	-
Health, Psych, Speech and Audio	76,340.57	-	-	-	(76,340.57)	-
Improvement of Instruction	45,377.80	-	26,379.00	-	(18,998.80)	-
Professional Development	6,950.13	-	-	-	(6,950.13)	-
Educational Media Services	34,215.44	-	-	-	(34,215.44)	-
Board of Education Services	13,975.53	-	-	-	(13,975.53)	-
Administration	387,516.82	-	-	-	(387,516.82)	-
Business, Fiscal, Internal Service	5.92	-	-	-	(5.92)	-
Operation and Maintenance of Plant	287,058.80	-	66,864.43	-	(220,194.37)	-
Security Services	41,288.94	-	-	-	(41,288.94)	-
Student Transportation	230,454.17	-	54,275.57	-	(176,178.60)	-
Food Services	105,719.49	14,018.86	120,133.02	-	28,432.39	-
Early Childhood Program / Instruction	6,302.72	-	7,292.52	-	989.80	-
Facilities Acquisition and Construction	65,074.09	-	-	-	(65,074.09)	-
Principal, Interest and Other Charges	62,180.89	-	-	-	(62,180.89)	-
Total Governmental Activities	\$ 4,414,912.83	\$ 47,188.65	\$ 836,262.86	\$ 186,608.51	\$ (3,344,852.81)	\$ -
Component Unit:						
Nell Holcomb R-IV School Foundation	\$ 6,784.52	\$ -	\$ 650.00	\$ -		\$ (6,134.52)
		General Revenues:				
				\$ 2,293,315.82	\$ -	
				384,533.77	-	
				5,976.48	-	
				80,095.02	-	
				824,278.03	-	
				1,967.77	-	
				1,507.35	(1,507.35)	
				1,937.87	9,572.31	
			Total General Revenues	\$ 3,593,612.11	\$ 8,064.96	
			Change in Net Position	\$ 248,759.30	\$ 1,930.44	
			Net Position - Beginning of Year	343,231.12	164,988.33	
			Net Position - End of Year	\$ 591,990.42	\$ 166,918.77	

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

NELL HOLCOMB R-IV SCHOOL DISTRICT
Cape Girardeau, Missouri

STATEMENT OF ASSETS AND FUND BALANCES - ARISING FROM
CASH TRANSACTIONS - ALL GOVERNMENTAL FUND TYPES

JUNE 30, 2021

	<u>General (Incidental) Fund</u>	<u>Special Revenue (Teachers') Fund</u>	<u>Capital Projects Fund</u>	<u>Total</u>
ASSETS:				
Cash Deposits and Investments	\$ 489,911.15	\$ -	\$ 102,079.27	\$ 591,990.42
TOTAL ASSETS	<u>\$ 489,911.15</u>	<u>\$ -</u>	<u>\$ 102,079.27</u>	<u>\$ 591,990.42</u>
 FUND BALANCES:				
Restricted for:				
Food Services	\$ 51,583.39	\$ -	\$ -	\$ 51,583.39
Committed for:				
Earned Accumulated Sick Days	41,800.00	-	-	41,800.00
Assigned for:				
Other Capital Projects	-	-	102,079.27	102,079.27
Student Activities	5,066.96	-	-	5,066.96
Unassigned	<u>391,460.80</u>	<u>-</u>	<u>-</u>	<u>391,460.80</u>
TOTAL FUND BALANCES	<u>\$ 489,911.15</u>	<u>\$ -</u>	<u>\$ 102,079.27</u>	<u>\$ 591,990.42</u>

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

NELL HOLCOMB R-IV SCHOOL DISTRICT
Cape Girardeau, Missouri

STATEMENT OF REVENUES COLLECTED, EXPENDITURES PAID AND
CHANGES IN FUND BALANCES - ALL GOVERNMENTAL FUND TYPES

FOR THE YEAR ENDED JUNE 30, 2021

	General (Incidental) Fund	Special Revenue (Teachers') Fund	Capital Projects Fund	Total
REVENUES COLLECTED:				
Local	\$ 2,206,303.89	\$ 354,357.03	\$ 169,040.31	\$ 2,729,701.23
County	74,152.11	5,976.48	5,942.91	86,071.50
State	380,807.28	690,975.53	-	1,071,782.81
Federal	581,329.83	8,178.25	186,608.51	776,116.59
Other	-	-	-	-
Total Revenues Collected	\$ 3,242,593.11	\$ 1,059,487.29	\$ 361,591.73	\$ 4,663,672.13
EXPENDITURES PAID:				
Instruction	\$ 1,073,884.66	\$ 1,700,628.76	\$ 212,590.62	\$ 2,987,104.04
Attendance and Guidance	108.60	65,238.88	-	65,347.48
Health, Psych, Speech and Audio	76,340.57	-	-	76,340.57
Improvement of Instruction	30,977.80	14,400.00	-	45,377.80
Professional Development	4,653.25	2,296.88	-	6,950.13
Educational Media Services	2,803.44	31,412.00	-	34,215.44
Board of Education Services	13,975.53	-	-	13,975.53
Administration	120,407.36	255,769.46	11,340.00	387,516.82
Business, Fiscal, Internal Service	5.92	-	-	5.92
Operation and Maintenance of Plant	284,144.80	-	2,914.00	287,058.80
Security Services	41,288.94	-	-	41,288.94
Student Transportation	178,992.10	7,099.07	44,363.00	230,454.17
Food Services	105,719.49	-	-	105,719.49
Early Childhood Program / Instruction	6,302.72	-	-	6,302.72
Facilities Acquisition and Construction	-	-	65,074.09	65,074.09
Principal, Interest and Other Charges	5,902.77	-	56,278.12	62,180.89
Total Expenditures Paid	\$ 1,945,507.95	\$ 2,076,845.05	\$ 392,559.83	\$ 4,414,912.83
REVENUES COLLECTED OVER (UNDER) EXPENDITURES PAID	\$ 1,297,085.16	\$ (1,017,357.76)	\$ (30,968.10)	\$ 248,759.30
OTHER FINANCING SOURCES (USES):				
Transfers	\$ (1,047,731.27)	\$ 1,017,357.76	\$ 30,373.51	\$ -
Total Other Financing Sources (Uses)	\$ (1,047,731.27)	\$ 1,017,357.76	\$ 30,373.51	\$ -
REVENUES COLLECTED AND OTHER FINANCING SOURCES (USES) OVER (UNDER) EXPENDITURES PAID	\$ 249,353.89	\$ -	\$ (594.59)	\$ 248,759.30
FUND BALANCES, BEGINNING OF YEAR	240,557.26	-	102,673.86	343,231.12
FUND BALANCES, END OF YEAR	\$ 489,911.15	\$ -	\$ 102,079.27	\$ 591,990.42

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

NELL HOLCOMB R-IV SCHOOL DISTRICT
Cape Girardeau, Missouri

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2021

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nell Holcomb R-IV School District (the "District") was established 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 Nell Holcomb R-IV School District have been prepared in conformity with the cash basis of accounting, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America (GAAP). The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant accounting policies of the District are described below.

A. Reporting Entity:

In evaluating how to define the District, for financial reporting purposes, management has considered all potential component units. A decision whether to include a potential component unit in the reporting entity would be 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 and whether the economic resources received or held by an individual organization that the District has the ability to otherwise access, are significant to the District. 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.

Nell Holcomb R-IV School District Foundation (the "Foundation"): This component unit was incorporated as a not-for-profit organization whose stated purpose is to support the District and students. The financial information presented for the Foundation has been discretely presented in the Statement of Net Position – Cash Basis and the Statement of Activities – Cash Basis.

The District has determined that no other outside agency besides the organization listed above meets the above criteria and, therefore, no other agency has been included as a component unit in the District's financial statements. In addition, the District is not aware of any entity, which would exercise such oversight, and which would result in the District being considered a component unit of the entity.

B. 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 expenditures during the reporting period. Actual results could differ from those estimates.

The Covid-19 pandemic has brought instability and financial pressures to various sectors of the economy. Management cannot predict or reasonably estimate any financial impact, if any, this event will have on programs and operations or on the reported assets, liabilities or estimates used to prepare these financial statements.

NELL HOLCOMB R-IV SCHOOL DISTRICT
Cape Girardeau, Missouri

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2021

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

C. District-Wide Financial Statements:

The Statement of Net Position – Cash Basis and the Statement of Activities – Cash Basis are district-wide financial statements, they report information on all of the Nell Holcomb R-IV School District’s governmental activities. Governmental activities include programs supported primarily by taxes, State foundation funds, grants and other intergovernmental revenues. The District has no business type activities that rely, to a significant extent, on fees and charges for support.

The Statement of Activities – Cash Basis demonstrates how other people or entities that participate in programs the District operates have shared in the payment of the direct costs. This statement categorizes revenues primarily as either program revenues or general revenues. Program revenues are categorized as either: “charges for services”, “operating grants and contributions”, or “capital grants and contributions”. The “charges for services” column includes payments made by parties that purchase, use, or directly benefit from goods or services provided by a given function or segment of the District. Examples include tuition paid by students not residing in the District, school lunch charges, etc. The “operating grants and contributions” and “capital grants and contributions” columns include amounts paid by organizations outside the District to help meet the operational or capital requirement of a given function. Examples include grants under the Elementary and Secondary Education Act. If revenue is not program revenue, it is general revenue used to support all of the District’s functions. Taxes are always general revenues.

D. Fund Financial Statements:

Major individual governmental funds are reported as separate columns in the fund financial statements.

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, fund balances, 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 governmental funds 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. It includes revenues restricted for the professional development committee.
- SPECIAL REVENUE (TEACHERS’) FUND: Accounts for expenditures for certified employees involved in administration and instruction. It includes revenues restricted by the State for the payment of teachers’ salaries and certain employee benefits.
- CAPITAL PROJECTS FUND: Accounts for the proceeds of long-term debt, taxes and other revenues designated for acquisition or construction of major capital assets and all other capital outlay.

NELL HOLCOMB R-IV SCHOOL DISTRICT
Cape Girardeau, Missouri

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2021

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

E. Net Position and Fund Balances:

The District uses restricted funds first when an expense is incurred for purposes for which both restricted and unrestricted funds are available. The Statement of Net Position - Cash Basis includes the following net position classifications:

- Restricted for Capital Expenditures: The component of net position that reports the amount of proceeds of long-term debt, taxes and other revenues designated for acquisition or construction of major capital assets, payment of capital leases, and certain equipment and expenditures designated by Missouri Statute.
- Restricted for Food Services: The component of net position that reports the amount of remaining proceeds restricted for use in the District's food service programs.
- Unrestricted: The component of net position that can be used by the District for general purposes without any restriction. The difference between the assets on hand as of the balance sheet date and the restricted net position.

GASB Statement No. 54, Fund Balance Reporting and Governmental Fund Type Definitions requires the fund balance amounts in the governmental fund financial statements to be reported within one of the fund balance categories described below:

- Nonspendable: Funds that cannot be spent because they are either not in a spendable form (not expected to be converted to cash) or are legally or contractually required to be maintained intact. The District has no nonspendable funds.
- Restricted: Funds with constraints placed on their use being either externally imposed by creditors (such as debt covenants), grantors, contributors, or laws and regulations of other governments, or imposed by law through constitutional provisions or enabling legislation. The District has no restricted funds.
- Committed: Funds that can only be used for specific purposes pursuant to constraints imposed by formal action of the District's Board of Education. The purpose of these funds can only be changed by Board resolution.
- Assigned: Funds that are constrained by the District's intent to be used for a specific purpose, but are neither restricted nor committed. Intent is expressed by the District's Board of Education or the Superintendent to which the Board of Education has delegated the authority to assign amounts to be used for specific purposes.
- Unassigned: Funds that may be spent by the District for general purposes and that are not restricted, committed or assigned. This typically represents the residual classification of the General Fund.

The District uses (in the following order) restricted, committed and assigned fund balances first when an expense is incurred for purposes for which restricted, committed, assigned and unassigned fund balances are available. The District has no minimum fund balance policy.

NELL HOLCOMB R-IV SCHOOL DISTRICT
Cape Girardeau, Missouri

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2021

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

E. Measurement Focus and Basis of Accounting:

The district-wide financial statements are reported using the economic resources measurement focus and the cash basis of accounting. Revenues are recognized when received rather than when earned and expenditures are recognized when cash is disbursed rather than when the obligation is incurred.

The governmental fund financial statements are reported using the current financial resources measurement focus and the cash basis of accounting. Revenues are recognized when received rather than when earned and expenditures are recognized when cash is disbursed rather than when the obligation is incurred.

G. Interfund Activity:

Fund Financial Statements

Interfund activity within the governmental fund categories in accordance with the cash basis of accounting is reported as follows:

- Interfund reimbursements – repayments from funds responsible for certain disbursements to the funds that initially paid for them are not reported as reimbursements but as adjustments to disbursements in the respective funds.
- Interfund transfers – flow of assets from one fund to another where payment is not expected are reported as transfers within other financing sources (uses).
- Interfund services – sales or purchases of goods and services between funds are reported as receipts and disbursements.

District-Wide Statements

Interfund activity is eliminated or reclassified in the district-wide financial statements as follows:

- Internal activities – amounts reported as interfund transfers in the fund financial statements are eliminated in the district-wide Statement of Activities. The effects of interfund services between funds are not eliminated in the Statement of Activities.

H. Cash Deposits and Investments:

The District's cash deposits and investments are considered to be cash on deposit, demand deposits, certificates of deposit, and short-term investments.

I. Inventories:

The District does not maintain supply inventory cost records. Supply inventory is accounted for using the purchase method in which supplies are charged to expenditures when purchased.

J. Capital Assets:

Capital assets are recorded as expenditures in the Capital Projects Fund at the time the expenditures are made in accordance with the cash basis of accounting.

K. Compensated Absences:

Vacation time, personal business days, and sick leave are expenditures in the year paid.

NELL HOLCOMB R-IV SCHOOL DISTRICT
Cape Girardeau, Missouri

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2021

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

L. Teachers' Salaries:

Payroll checks written and dated in June 2021 for July payroll, from 2020-2021 contracts are included in the basic financial statements as expenditures in the month of June. This practice has been consistently followed in previous years.

M. Pension Reporting:

Financial reporting information pertaining to the District's participation in the Public School Retirement System of Missouri and Public Education Employee Retirement System of Missouri ("PSRS" and "PEERS", also referred to as the "Systems") is prepared in accordance with Governmental Accounting Standards Board ("GASB") Statement No. 68, *Accounting and Financial Reporting for Pensions*, as amended.

The fiduciary net position, as well as additions to and deductions from the fiduciary net position, of PSRS and PEERS have been determined on the same basis as they are reported by the Systems. The financial statements were prepared using the accrual basis of accounting. Member and employer contributions are recognized when due, pursuant to formal commitments and statutory requirements. Benefits and refunds of employee contributions are recognized when due and payable in accordance with the statutes governing the Systems. Expenses are recognized when the liability is incurred, regardless of when payment is made. Investments are reported at fair value. The fiduciary net position is reflected in the measurement of the District's net pension liability, deferred outflows and inflows of resources related to pensions, and pension expense. A Comprehensive Annual Financial Report ("CAFR") can be obtained at www.psr-peers.org.

N. Post-Employment Benefits:

Under the Consolidated Omnibus Budget Reconciliation Act (COBRA), the District provides health care benefits to eligible former employees and eligible dependents. Certain requirements are outlined by the government for this coverage. Premiums are paid in full by the insured for the actual month covered. This program is offered for the duration of 18 months after the termination date. There are no associated costs to the District under this program.

O. Extraordinary and Special Items:

Extraordinary items are transaction or events that are both unusual in nature and infrequent in occurrence. Special items are transactions or events that are with the control of the Board of Education and that are either unusual in nature or infrequent in occurrence.

P. Subsequent Events:

The District has evaluated the existence of subsequent events through November 1, 2021, which represents the date the financial statements were available to be issued.

NOTE 2: INTERFUND TRANSFERS

The District made a transfer out of the general (incidental) fund to the special revenue (teachers') fund for \$1,017,357.76 to zero out the special revenue (teachers') fund. The District also made a transfer out of the general (incidental) fund to the capital projects fund for \$30,373.51 to help offset current year capital outlay expenditures.

NELL HOLCOMB R-IV SCHOOL DISTRICT
Cape Girardeau, Missouri

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2021

NOTE 3: CASH DEPOSITS AND INVESTMENTS

The District's primary government deposits and investments are recorded at cost, which approximate market value at June 30, 2021. The primary government deposits of the District at June 30, 2021 were as follows:

	Bank Statement Balance	Reconciled Book Balance
N.O.W. Accounts	\$ 650,538.47	\$ 173,152.07
Missouri Securities Investment Program:		
Money Market	418,838.35	418,838.35
Total Cash Deposits and Investments	\$ 1,069,376.82	\$ 591,990.42

Cash Deposits and Investments:

The District maintains a cash pool that is available for use by all funds except the Debt Service Fund (the District does not have a Debt Service Fund) (State law requires that all deposits of the Debt Service Fund are kept separate and apart from all other funds). Each fund type's portion of this pool is displayed on the Statement of Net Position – Cash Basis and the Statement of Assets and Fund Balances Arising from Cash Transactions as "Cash Deposits and Investments".

The District, in accordance with Section 165.051 of the Missouri Revised Statutes, may legally invest in direct obligations guaranteed as to principal by the U.S. Treasury and U.S. agencies and instrumentalities; obligations guaranteed by the full faith and credit of the State of Missouri; repurchase agreements; certificates of deposit; bankers acceptances; and commercial paper. The Missouri Securities Investment Program (MOSIP) also operates under state law and is restricted to the above investments.

Deposits and Investments - Risks:

Custodial credit risk is the risk that in the event of the failure of the counterparty, the District will not be able to recover the value of its investment or collateral securities that are in possession of an outside party. The District's deposit policy for custodial credit risk requires compliance with the provision of state law.

State law requires collateralization of all deposits with federal depository insurance; bonds and other obligations of the U.S. Treasury, U.S. agencies or instrumentalities of the State of Missouri; bonds of any city having a population of not less than two thousand, county, school district or special road district of the State of Missouri; bonds of any state; tax anticipation notes issued by a first class county; irrevocable standby letter of credit issued by a Federal Home Loan Bank; out-of-state municipal bonds rated in the highest category by a nationally recognized statistical rating agency; or, a surety bond having an aggregate value at least equal to the amount of deposits.

The District's deposits and investments in banks at June 30, 2021 were entirely covered by federal depository insurance or by other collateral in accordance with Missouri statutes.

NELL HOLCOMB R-IV SCHOOL DISTRICT
Cape Girardeau, Missouri

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2021

NOTE 3: CASH DEPOSITS AND INVESTMENTS - Continued

Interest Rate Risk – Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. The District has no formal investment policy regarding interest rate risk.

Concentration of Credit Risk – The investment policy of the District contains no limitations on the amount that can be invested in any one issuer beyond what is provided by law.

Earnings on Investments

Governmental earnings on cash deposits and investments, including a minimal amount of interest earnings from county tax collections, is comprised primarily of interest and dividend income and amounted to \$1,937.87 for the year ended June 30, 2021.

Nell Holcomb R-IV School District Foundation (the “Foundation”):

The Foundation’s deposits and investments are recorded at cost. The Foundation’s deposits are comprised of the following at June 30, 2021:

	Statement Balance	Reconciled Book Balance
N.O.W. Accounts	\$ 664.66	\$ 180.66
Merrill Lynch:		
Bank Deposit Program	5,560.64	5,560.64
Equities at Cost	161,177.47	161,177.47
Total Cash Deposits and Investments	\$ 167,402.77	\$ 166,918.77

The Foundation’s investments with Merrill Lynch contain equities (consisting of common and preferred stocks in corporate entities) which are recorded at cost but are valued by Merrill Lynch at fair value using level 1 inputs. Level 1 inputs consist of unadjusted quoted prices in active markets for identical assets and have the highest priority. As of June 30, 2021, the fair value of all of the equities invested by Merrill Lynch is \$197,840.04. As such, the Foundation has an unrecorded unrealized gain of \$36,662.57 as of June 30, 2021.

The earnings of the Foundation consist of the following for the year ended June 30, 2021:

Dividends and Interest	\$ 5,138.27	
Realized Gains	8,115.89	
Less: Investment Fees	(3,681.85)	
Total Earnings on Investments	\$ 9,572.31	

NELL HOLCOMB R-IV SCHOOL DISTRICT
Cape Girardeau, Missouri

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2021

NOTE 4: TAXES

Property taxes attach as an enforceable lien on property as of January 1. Taxes are levied on November 1 and payable by December 31. The county collects the property tax and remits it to the District net of certain fees. The District also receives sales tax collected by the state and remitted based on eligible pupil counts. The assessed valuation of the tangible taxable property for the calendar years 2020 and 2019 for purposes of local taxation was as follows:

	<u>2020</u>	<u>2019</u>
Residential	\$ 23,735,320.00	\$ 23,440,180.00
Agricultural	1,564,350.00	1,562,240.00
Commercial	13,162,260.00	13,138,930.00
Personal Property	<u>17,382,931.00</u>	<u>16,372,780.00</u>
	<u>\$ 55,844,861.00</u>	<u>\$ 54,514,130.00</u>

The tax levy per \$100 of the assessed valuation of tangible taxable property for the calendar years 2020 and 2019 for the purposes of local taxation was as follows:

<u>Funds</u>	<u>2020</u>		<u>2019</u>	
	<u>Unadjusted</u>	<u>Adjusted</u>	<u>Unadjusted</u>	<u>Adjusted</u>
Incidental	\$ 3.7700	\$ 3.7700	\$ 3.2500	\$ 3.2500
Teachers'	0.0000	0.0000	0.0000	0.0000
Capital Projects	<u>0.3000</u>	<u>0.3000</u>	<u>0.3500</u>	<u>0.3500</u>
Total	<u>\$ 4.0700</u>	<u>\$ 4.0700</u>	<u>\$ 3.6000</u>	<u>\$ 3.6000</u>

NOTE 5: TAX ANTICIPATION NOTE

During the year ended June 30, 2021, the District received a cash advance of \$400,000.00 to assist with cash flow of daily operations until property tax revenues were received. The note was repaid in full with interest totaling \$5,902.77.

NELL HOLCOMB R-IV SCHOOL DISTRICT
Cape Girardeau, Missouri

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2021

NOTE 6: LEASE PURCHASE ARRANGEMENTS

The following is a summary of the lease purchases for the year ended June 30, 2021:

Lease Purchases, July 1, 2020	\$	1,241,910.00
New Issuance		223,275.00
Payments		<u>(88,363.00)</u>
Lease Purchases, June 30, 2021	\$	<u><u>1,376,822.00</u></u>

Effective August 17, 2007, the District financed a construction and renovation project with \$2,300,000.00 million in Lease Certificates of Participation, Series 2007. Effective August 1, 2012, the District refinanced the outstanding balance of the Series 2007 Certificates with the issuance of \$2,005,000.00 in Lease Refunding Certificates of Participation Series 2012. Effective February 1, 2020, the District refinanced the outstanding balance of the Series 2012 Certificates with the issuance of \$1,241,910.00 in Lease Refunding Certificates of Participation Series 2020. The Series 2020 Certificates carry an interest rate of 3.45% and have a scheduled maturity date of March 1, 2035. Total principal and interest paid during the year ended June 30, 2021 was \$44,000.00 and \$43,076.12, respectively. The lease purchase requirements for the building lease are as follows:

For the Year Ended June 30,	Principal	Interest	Total Payments
2022	\$ 67,997.99	\$ 41,327.90	\$ 109,325.89
2023	70,343.92	38,981.96	109,325.88
2024	72,770.78	36,555.10	109,325.88
2025	75,281.38	34,044.50	109,325.88
2026	77,878.58	31,447.30	109,325.88
2027-2031	431,597.62	115,031.78	546,629.40
2032-2035	<u>402,039.73</u>	<u>35,263.82</u>	<u>437,303.55</u>
	<u>\$ 1,197,910.00</u>	<u>\$ 332,652.36</u>	<u>\$ 1,530,562.36</u>

Effective August 19, 2020, the District entered into a lease purchase arrangement for three (3) school buses at a total cost of \$223,275.00. The arrangement calls for an initial payment of \$44,363.00 and four (4) annual payments of \$48,363.00 which includes interest at 3.20%. The final payment is due on August 19, 2024. Total principal and interest paid during the year ended June 30, 2021 was \$44,363.00 and \$0.00, respectively. The lease purchase requirements for the school buses are as follows:

For the Year Ended June 30,	Principal	Interest	Total Payments
2022	\$ 42,637.82	\$ 5,725.18	\$ 48,363.00
2023	44,002.23	4,360.77	48,363.00
2024	45,410.30	2,952.70	48,363.00
2025	<u>46,861.65</u>	<u>1,501.35</u>	<u>48,363.00</u>
	<u>\$ 178,912.00</u>	<u>\$ 14,540.00</u>	<u>\$ 193,452.00</u>

NELL HOLCOMB R-IV SCHOOL DISTRICT
Cape Girardeau, Missouri

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2021

NOTE 7: ENERGY LOAN PROGRAM

During the 2019-20 school year, the District received \$119,499.16 from the Division of Energy of the Missouri Department of Economic Development. The proceeds were used to provide LED lighting. The loan will be repaid in 20 semi-annual installments of \$6,601.00 each at an interest rate of 2.00%. The first payment was made effective May 1, 2020 with the final payment scheduled for November 1, 2029. Total principal and interest paid during the year ended June 30, 2021 was \$10,985.73 and \$2,216.27, respectively. The loan payment requirements are as follows:

June 30,	Principal	Interest	Total Payments
2022	\$ 11,206.54	\$ 1,995.46	\$ 13,202.00
2023	11,431.79	1,770.21	13,202.00
2024	11,661.57	1,540.43	13,202.00
2025	11,895.97	1,306.03	13,202.00
2026	12,135.08	1,066.92	13,202.00
2027-2030	44,229.72	1,780.98	46,010.70
	<u>\$ 102,560.67</u>	<u>\$ 9,460.03</u>	<u>\$ 112,020.70</u>

NOTE 8: CONTINGENCIES AND RISK MANAGEMENT

The District handles risks of loss by participation in a public entity risk pool known as The Missouri United School Insurance Council. This is a protected self-insurance program of Missouri public school districts. The districts do not receive conventional insurance policies, but rather pay an assessment to be a member of this risk-sharing group. Part of their assessment then goes to buy excess insurance contracts for the group as a whole. The pooling agreement requires the pool to be self-sustaining. The District believes that it is not possible to estimate the range of contingent losses to be borne, if any, by the District. The District has coverage for the following: property, general liability, school buses, school board liability, worker's compensation, equipment breakdown, and treasurer's bond. The 2021 assessment, net of any credits, totaled \$44,825.00.

The District does have policies that provide for sick days, personal days and vacation days. The District's policy permits employees to accumulate and carryover up to eighty (80) sick days for certified staff and forty (40) sick days for noncertified staff. These days may be paid out upon retirement or resignation, but only if the employee has completed 10 years of service with the District. Sick days earned and accumulated over eighty (80) or forty (40) days are not allowed to be carried over and are paid out each year end. When an eligible employee retires or resigns, they are paid \$50.00 for each accumulated sick day. The total accumulation of sick days for all employees eligible for payout upon retirement or resignation as of June 30, 2021, was \$41,800.00.

The District receives federal 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 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.

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. These risks are covered by commercial insurance purchased from independent third parties. There has been no significant change in the District's insurance coverage.

NELL HOLCOMB R-IV SCHOOL DISTRICT
Cape Girardeau, Missouri

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2021

NOTE 9: PUBLIC SCHOOL AND EDUCATION RETIREMENT SYSTEMS OF MISSOURI

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.

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

Benefits Provided:

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

NELL HOLCOMB R-IV SCHOOL DISTRICT
Cape Girardeau, Missouri

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2021

NOTE 9: PUBLIC SCHOOL AND EDUCATION RETIREMENT SYSTEMS OF MISSOURI - Continued

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 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.

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

Cost-of-Living Adjustments ("COLA"):

The Board of Trustees has established a policy of providing COLAs to both PSRS and PEERS members as follows:

- If the June to June change in the Consumer Price Index for All Urban Consumers (CPI-U) is less than 2% for 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 preceding the January 1 at which the 2% cost-of-living increase is granted.
- If the June to June change in the CPI-U is greater than or equal to 2%, but less than 5%, a cost-of-living increase of 2% will be granted.
- If the June to June change in the CPI-U is greater than or equal to 5%, a cost-of-living increase of 5% will be granted.
- If the CPI decreases, no COLA is provided.

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

NELL HOLCOMB R-IV SCHOOL DISTRICT
Cape Girardeau, Missouri

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2021

NOTE 9: PUBLIC SCHOOL AND EDUCATION RETIREMENT SYSTEMS OF MISSOURI - Continued

Contributions:

PSRS members were required to contribute 14.50% of their annual covered salary during fiscal years 2019, 2020 and 2021. Employers were required to match the contributions made by employees. The contribution rate is set each year by the PSRS Board of Trustees upon the recommendation of the independent actuary within the contribution restrictions set in Section 169.030 RSMo. The annual statutory increase in the total contribution rate may not exceed 1% of pay.

PEERS members were required to contribute 6.86% of their annual covered salary during fiscal years 2019, 2020 and 2021. 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 \$252,543 and \$33,383, respectively, for the year ended June 30, 2021.

Pension Liabilities, Pension Expense, Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

At June 30, 2021, the District had a liability of \$3,018,582 for its proportionate share of PSRS' net pension liability and \$263,021 for its proportionate share of PEERS' net pension liability. In total the District had a net pension liability of \$3,281,603. The net pension liability for the plans in total was measured as of June 30, 2020 and determined by an actuarial valuation as of that date. The District's proportionate share of the total net pension liability was based on the ratio of its actual contributions paid to PSRS and PEERS of \$244,436 and \$33,490, respectively, for the year ended June 30, 2020, relative to the total contributions of \$723,970,206 for PSRS and \$123,440,288 for PEERS from all participating employers. At June 30, 2020, the District's proportionate share was 0.0338% for PSRS and 0.0271% for PEERS.

For the year ended June 30, 2021, the District's recognized pension expense, as reported by the Systems, was \$398,623 for PSRS and \$68,658 for PEERS, its proportionate share of the total pension expense.

NELL HOLCOMB R-IV SCHOOL DISTRICT
Cape Girardeau, Missouri

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2021

NOTE 9: PUBLIC SCHOOL AND EDUCATION RETIREMENT SYSTEMS OF MISSOURI – Continued

At June 30, 2021, the District reported deferred outflows of resources and deferred inflows of resources from the following sources related to PSRS and PEERS pension benefits:

	PSRS	
	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Balance of Deferred Outflows and Inflows Due to:		
- Differences between expected and actual experience	\$ 49,204	\$ 123,756
- Changes of assumptions	247,972	-
- Net difference between projected and actual earnings on pension plan investments	477,242	152,586
- Changes in proportion and differences between employer contributions and proportionate share of contributions	91,598	230,791
- Employer contributions subsequent to the measurement date	<u>252,543</u>	<u>-</u>
Total	<u>\$ 1,118,559</u>	<u>\$ 507,133</u>

	PEERS	
	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Balance of Deferred Outflows and Inflows Due to:		
- Differences between expected and actual experience	\$ -	\$ 3,928
- Changes of assumptions	2,679	-
- Net difference between projected and actual earnings on pension plan investments	47,372	14,471
- Changes in proportion and differences between employer contributions and proportionate share of contributions	37,800	300
- Employer contributions subsequent to the measurement date	<u>33,383</u>	<u>-</u>
Total	<u>\$ 121,234</u>	<u>\$ 18,698</u>

	District Total	
	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Balance of Deferred Outflows and Inflows Due to:		
- Differences between expected and actual experience	\$ 49,204	\$ 127,684
- Changes of assumptions	250,651	-
- Net difference between projected and actual earnings on pension plan investments	524,614	167,057
- Changes in proportion and differences between employer contributions and proportionate share of contributions	129,397	231,091
- Employer contributions subsequent to the measurement date	<u>285,926</u>	<u>-</u>
Total	<u>\$ 1,239,792</u>	<u>\$ 525,832</u>

NELL HOLCOMB R-IV SCHOOL DISTRICT
Cape Girardeau, Missouri

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2021

NOTE 9: PUBLIC SCHOOL AND EDUCATION RETIREMENT SYSTEMS OF MISSOURI – Continued

- Future Salary Increases
 - PSRS: 3.00% - 9.50%, depending on service and including 2.25% inflation, 0.25% real wage growth due to the inclusion of active health care costs in pensionable earnings, and 0.25% of real wage growth due to productivity, and real wage growth for merit, promotion and seniority of 0.25% to 6.75%.
 - PEERS: 4.00% - 11.00%, depending on service and including 2.25% inflation, 0.50% real wage growth due to the inclusion of active health care costs in pensionable earnings, and 0.50% of real wage growth due to productivity, and real wage growth for merit, promotion and seniority of 0.75% to 7.75%..
- Cost of Living Increases
 - PSRS and PEERS: The annual COLA assumed in the valuation increases from 1.35% to 1.65% over seven years, beginning January 1, 2022. The COLA reflected for January 1, 2021 is 2.00% in accordance with the actual COLA approved by the Board. This COLA assumption reflects an assumption that general inflation will increase from 1.95% to a normative inflation assumption of 2.25% over six years. It is also based on the current policy of the Board to grant a COLA on each January 1 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 preceding the January 1 at which the 2% cost-of-living increase is granted.
 - If the June to June change in the CPI-U is greater than or equal to 2%, but less than 5%, a cost-of-living increase of 2% will be granted.
 - If the June to June change in the CPI-U is greater than or equal to 5%, a cost-of-living increase of 5% will be granted.
 - If the CPI decreases, no COLA is provided.

The COLA applies to service retirements and beneficiary annuities. The COLA does not apply to the benefits for in-service death payable to spouses (where the spouse is over age 60), and does not apply to the spouse with children pre-retirement death benefit, the dependent children pre-retirement death benefit, or the dependent parent death benefit. The total lifetime COLA cannot exceed 80% of the original benefit. PSRS members receive a COLA on the second January after retirement, while PEERS members receive a COLA on the fourth January after retirement.

NELL HOLCOMB R-IV SCHOOL DISTRICT
Cape Girardeau, Missouri

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2021

NOTE 9: PUBLIC SCHOOL AND EDUCATION RETIREMENT SYSTEMS OF MISSOURI – Continued

- Mortality Assumption
 - Actives:
 - PSRS RP 2006 White Collar Employee Mortality Table, multiplied by an adjustment factor of 0.75 at all ages for both males and females, with static projection using the 2014 SSA Improvement Scale to 2028.
 - PEERS RP 2006 Total Dataset Employee Mortality Table, multiplied by an adjustment factor of 0.75 at all ages for both males and females, with static projection using the 2014 SSA Improvement Scale to 2028.
 - Non-Disabled Retirees,
Beneficiaries and Survivors:
 - PSRS RP-2006 White Collar Mortality Tables with plan-specific experience adjustments and static projection to 2028 using the 2014 SSA Improvement Scale.
 - PEERS RP-2006 Total Dataset Mortality Tables with plan-specific experience adjustments and static projection to 2028 using the 2014 SSA Improvement Scale.
 - Disabled Retirees:
 - PSRS and PEERS: RP-2006 Disabled Retiree Mortality Tables with static projection to 2028 using the 2014 SSA Improvement Scale.
- Changes in Actuarial Assumptions and Methods:
 - PSRS and PEERS: There have been no assumption changes since June 30, 2018 valuations.
- Fiduciary Net Position: The Systems issue a publicly available financial report (CAFR) that can be obtained at www.psr-peers.org.
- Expected Rate of Return: The long-term expected rate of return on investments was determined in accordance with Actuarial Standard of Practice (ASOP) No. 27, *Selection of Economic Assumptions for Measuring Pension Obligations*. ASOP No. 27 provides guidance on the selection of an appropriate assumed rate of return. The long-term expected rate of return on the Systems' investments was determined using a building-block method in which best-estimate ranges of expected future real rates of returns (expected returns, net of investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the Systems' target allocation as of June 30, 2020 are summarized below.

NELL HOLCOMB R-IV SCHOOL DISTRICT
Cape Girardeau, Missouri

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2021

NOTE 9: PUBLIC SCHOOL AND EDUCATION RETIREMENT SYSTEMS OF MISSOURI - Continued

Asset Class	Target Asset Allocation	Long-term Expected Real Return Arithmetic Basis
U.S. Public Equity	23.0%	4.81%
Public Credit	0.0%	0.80%
Hedged Assets	6.0%	2.39%
Non-U.S. Public Equity	16.0%	6.88%
U.S. Treasuries	20.0%	-0.02%
U.S. TIPS	0.0%	0.29%
Private Credit	8.0%	5.61%
Private Equity	16.0%	10.90%
Private Real Estate	11.0%	7.47%
	100.0%	

- Discount Rate: The long-term expected rate of return used to measure the total pension liability was 7.50% as of June 30, 2020, and is consistent with the long-term expected geometric return on plan investments. The actuarial assumed rate of return was 8.0% from 1980 through fiscal year 2016. The Board of Trustees adopted a new actuarial assumed rate of return of 7.75% effective with the June 30, 2016 valuation based on the actuarial experience studies and asset-liability study conducted during the 2016 fiscal year. As previously discussed, the Board of Trustees further reduced the assumed rate of return to 7.6% effective with the June 30, 2017 valuation, and to 7.50% effective with the June 30, 2018 valuation. The projection of cash flows used to determine the discount rate assumed that employer contributions would be made at the actuarially calculated rate computed in accordance with assumptions and methods stated in the funding policy adopted by the Board of Trustees, which requires payment of the normal cost and amortization of the unfunded actuarial accrued liability in level percent of employee payroll installments over 30 years utilizing a closed period, layered approach. Based on this assumption, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members.
- Discount Rate Sensitivity: The sensitivity of the District's net pension liabilities to changes in the discount rate is presented below. The District's net pension liabilities calculated using the discount rate of 7.50% is presented as well as the net pension liabilities using a discount rate that is 1.0% lower (6.50%) or 1.0% higher (8.50%) than the current rate.

Discount Rate	1% Decrease (6.50%)	Current Rate (7.50%)	1% increase (8.50%)
PSRS Proportionate share of the Net Pension Liability (Asset)	\$ 5,122,372	\$ 3,018,582	\$ 1,269,011
PEERS Proportionate share of the Net Pension Liability (Asset)	\$ 463,519	\$ 263,021	\$ 94,791

REQUIRED SUPPLEMENTARY INFORMATION

NELL HOLCOMB R-IV SCHOOL DISTRICT
Cape Girardeau, Missouri

STATEMENT OF REVENUES COLLECTED, EXPENDITURES PAID AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL - GENERAL (INCIDENTAL) FUND

FOR THE YEAR ENDED JUNE 30, 2021

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
REVENUES COLLECTED:				
Local	\$ -	\$ 2,206,303.89	\$ 2,206,303.89	\$ -
County	-	74,152.11	74,152.11	-
State	-	380,807.28	380,807.28	-
Federal	-	581,329.83	581,329.83	-
Other	-	-	-	-
Total Revenues Collected	<u>\$ -</u>	<u>\$ 3,242,593.11</u>	<u>\$ 3,242,593.11</u>	<u>\$ -</u>
EXPENDITURES PAID:				
Instruction	\$ -	\$ 1,073,884.66	\$ 1,073,884.66	-
Attendance and Guidance	-	108.60	108.60	-
Health, Psych, Speech and Audio	-	76,340.57	76,340.57	-
Improvement of Instruction	-	30,977.80	30,977.80	-
Professional Development	-	4,653.25	4,653.25	-
Educational Media Services	-	2,803.44	2,803.44	-
Board of Education Services	-	13,975.53	13,975.53	-
Administration	-	120,407.36	120,407.36	-
Business, Fiscal, Internal Service	-	5.92	5.92	-
Operation and Maintenance of Plant	-	284,144.80	284,144.80	-
Security Services	-	41,288.94	41,288.94	-
Student Transportation	-	178,992.10	178,992.10	-
Food Services	-	105,719.49	105,719.49	-
Early Childhood Program / Instruction	-	6,302.72	6,302.72	-
Facilities Acquisition and Construction	-	-	-	-
Principal, Interest and Other Charges	-	5,902.77	5,902.77	-
Total Expenditures Paid	<u>\$ -</u>	<u>\$ 1,945,507.95</u>	<u>\$ 1,945,507.95</u>	<u>\$ -</u>
REVENUES COLLECTED OVER (UNDER) EXPENDITURES PAID	<u>\$ -</u>	<u>\$ 1,297,085.16</u>	<u>\$ 1,297,085.16</u>	<u>\$ -</u>
OTHER FINANCING SOURCES (USES):				
Transfers	\$ -	\$ (1,047,731.27)	\$ (1,047,731.27)	-
Total Other Financing Sources (Uses)	<u>\$ -</u>	<u>\$ (1,047,731.27)</u>	<u>\$ (1,047,731.27)</u>	<u>\$ -</u>
REVENUES COLLECTED AND OTHER FINANCING SOURCES (USES) OVER (UNDER) EXPENDITURES PAID	<u>\$ -</u>	<u>\$ 249,353.89</u>	<u>\$ 249,353.89</u>	<u>\$ -</u>
FUND BALANCES, BEGINNING OF YEAR	<u>240,557.26</u>	<u>240,557.26</u>	<u>240,557.26</u>	<u>-</u>
FUND BALANCES, END OF YEAR	<u><u>\$ 240,557.26</u></u>	<u><u>\$ 489,911.15</u></u>	<u><u>\$ 489,911.15</u></u>	<u><u>\$ -</u></u>

NOTE:

The Original Budget was budgeted in total for the District rather than being budgeted by Fund.

The accompanying notes to required supplementary information are an integral part of this statement.

NELL HOLCOMB R-IV SCHOOL DISTRICT
Cape Girardeau, Missouri

STATEMENT OF REVENUES COLLECTED, EXPENDITURES PAID AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL -SPECIAL REVENUE (TEACHERS') FUND

FOR THE YEAR ENDED JUNE 30, 2021

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
REVENUES COLLECTED:				
Local	\$ -	\$ 354,357.03	\$ 354,357.03	\$ -
County	-	5,976.48	5,976.48	-
State	-	690,975.53	690,975.53	-
Federal	-	8,178.25	8,178.25	-
Other	-	-	-	-
Total Revenues Collected	\$ -	\$ 1,059,487.29	\$ 1,059,487.29	\$ -
EXPENDITURES PAID:				
Instruction	\$ -	\$ 1,700,628.76	\$ 1,700,628.76	\$ -
Attendance and Guidance	-	65,238.88	65,238.88	-
Health, Psych, Speech and Audio	-	-	-	-
Improvement of Instruction	-	14,400.00	14,400.00	-
Professional Development	-	2,296.88	2,296.88	-
Educational Media Services	-	31,412.00	31,412.00	-
Board of Education Services	-	-	-	-
Administration	-	255,769.46	255,769.46	-
Business, Fiscal, Internal Service	-	-	-	-
Operation and Maintenance of Plant	-	-	-	-
Security Services	-	-	-	-
Student Transportation	-	7,099.07	7,099.07	-
Food Services	-	-	-	-
Early Childhood Program / Instruction	-	-	-	-
Facilities Acquisition and Construction	-	-	-	-
Principal, Interest and Other Charges	-	-	-	-
Total Expenditures Paid	\$ -	\$ 2,076,845.05	\$ 2,076,845.05	\$ -
REVENUES COLLECTED OVER (UNDER) EXPENDITURES PAID	\$ -	\$ (1,017,357.76)	\$ (1,017,357.76)	\$ -
OTHER FINANCING SOURCES (USES):				
Transfers	\$ -	\$ 1,017,357.76	\$ 1,017,357.76	\$ -
Total Other Financing Sources (Uses)	\$ -	\$ 1,017,357.76	\$ 1,017,357.76	\$ -
REVENUES COLLECTED AND OTHER FINANCING SOURCES (USES) OVER (UNDER) EXPENDITURES PAID	\$ -	\$ -	\$ -	\$ -
FUND BALANCES, BEGINNING OF YEAR	-	-	-	-
FUND BALANCES, END OF YEAR	\$ -	\$ -	\$ -	\$ -

NOTE:

The Original Budget was budgeted in total for the District rather than being budgeted by Fund.

The accompanying notes to required supplementary information are an integral part of this statement.

NELL HOLCOMB R-IV SCHOOL DISTRICT
Nell Holcomb, Missouri

SCHEDULE 1

SCHEDULES OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY AND RELATED RATIOS

FOR THE YEAR ENDED JUNE 30, 2021

<u>Year Ending *</u>	<u>Proportion of the Net Pension Liability (Asset)</u>	<u>Proportionate Share of the Net Pension Liability (Asset)</u>	<u>Actual Covered Member Payroll</u>	<u>Net Pension Liability (Asset) as a Percentage of Covered Payroll</u>	<u>Fiduciary Net Position as a Percentage of Total Pension Liability</u>
Public School Retirement System ("PSRS")					
6/30/2014	0.0416%	\$ 1,706,671	\$ 1,845,634	92.47%	89.34%
6/30/2015	0.0409%	2,361,100	1,852,644	127.44%	85.78%
6/30/2016	0.0368%	2,738,159	1,698,905	161.17%	82.18%
6/30/2017	0.0331%	2,390,325	1,560,949	153.13%	83.77%
6/30/2018	0.0344%	2,560,205	1,654,017	154.79%	84.06%
6/30/2019	0.0357%	2,634,685	1,751,577	150.42%	84.62%
6/30/2020	0.0338%	3,018,582	1,685,766	179.06%	82.01%
Public Education Employee Retirement System ("PEERS")					
6/30/2014	0.0263%	\$ 96,039	\$ 383,497	25.04%	91.33%
6/30/2015	0.0250%	132,227	375,505	35.21%	88.28%
6/30/2016	0.0225%	180,525	347,432	51.96%	83.32%
6/30/2017	0.0197%	150,301	317,137	47.39%	85.35%
6/30/2018	0.0194%	149,906	323,120	46.39%	86.06%
6/30/2019	0.0210%	166,102	351,788	47.22%	86.38%
6/30/2020	0.0271%	263,021	474,635	55.42%	84.06%

Note: These schedules are intended to show information for ten years. Additional years will be displayed as they become available.

* The data provided in the schedules is based as of the measurement date of the Systems' net pension liability, which is as of the beginning of the District's fiscal year.

The accompanying notes to required supplementary information are an integral part of this statement.

NELL HOLCOMB R-IV SCHOOL DISTRICT
Nell Holcomb, Missouri

SCHEDULE 2

SCHEDULES OF EMPLOYER CONTRIBUTIONS

FOR THE YEAR ENDED JUNE 30, 2021

<u>Year Ending</u>	<u>Statutorily Required Contribution</u>	<u>Actual Employer Contributions</u>	<u>Contribution Excess / (Deficiency)</u>	<u>Actual Covered Member Payroll</u>	<u>Contribution as a Percentage of Covered Payroll</u>
Public School Retirement System ("PSRS")					
6/30/2013	\$ 267,433	\$ 267,433	\$ -	\$ 1,844,363	14.50%
6/30/2014	267,617	267,617	-	1,845,634	14.50%
6/30/2015	268,633	268,633	-	1,852,644	14.50%
6/30/2016	246,341	246,341	-	1,698,905	14.50%
6/30/2017	226,338	226,338	-	1,560,949	14.50%
6/30/2018	239,832	239,832	-	1,654,017	14.50%
6/30/2019	253,979	253,979	-	1,751,577	14.50%
6/30/2020	244,436	244,436	-	1,685,766	14.50%
6/30/2021	252,543	252,543	-	1,741,676	14.50%
Public Education Employee Retirement System ("PEERS")					
6/30/2013	\$ 28,172	\$ 28,172	\$ -	\$ 410,672	6.86%
6/30/2014	26,308	26,308	-	383,497	6.86%
6/30/2015	25,760	25,760	-	375,505	6.86%
6/30/2016	23,834	23,834	-	347,432	6.86%
6/30/2017	21,811	21,811	-	317,137	6.88%
6/30/2018	22,166	22,166	-	323,120	6.86%
6/30/2019	24,957	24,957	-	351,788	7.09%
6/30/2020	33,490	33,490	-	474,635	7.06%
6/30/2021	33,383	33,383	-	486,633	6.86%

Note: These schedules are intended to show information for ten years. Additional years will be displayed as they become available.

The accompanying notes to required supplementary information are an integral part of this statement.

NELL HOLCOMB R-IV SCHOOL DISTRICT
Cape Girardeau, Missouri

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

FOR THE YEAR ENDED JUNE 30, 2021

NOTE 1: BUDGETARY ACCOUNTING

The accompanying Statements of Revenues Collected, Expenditures Paid and Changes in Fund Balances – Budget to Actual for the General (Incidental) and Special Revenue (Teachers') Funds of the Nell Holcomb R-IV School District are presented on the cash basis of accounting, consistent with the preparation of the basic financial statements, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. The cash basis recognizes revenue when received, and expenditures are recognized when the obligation is paid. The District established the following budgetary procedures:

- 1) In accordance with Chapter 67, RSMo, the District adopts a budget for each fund.
- 2) Prior to July the superintendent, who serves as the budget officer, submits to the Board of Education a proposed budget for the fiscal year beginning on the following July 1. The proposed budget includes estimated revenues and proposed expenditures for all District 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. Budgeted amounts are presented as originally adopted, and as amended by the Board of Education.
- 6) Budgets for District funds are prepared and adopted on the cash basis, recognizing revenues when collected and expenditures when paid.

FINDING:

For the year ended June 30, 2021, the Original Budget document for the District was prepared with District totals rather than on a by fund basis. The Original Budget document also did not include a comparison analysis to the prior two years, nor a general budget summary. These requirements are established by Sections 67.010 and 67.020, RSMo, respectively.

NOTE 2: PENSION REPORTING

Financial reporting information pertaining to the District's participation in the Public School Retirement System of Missouri and Public Education Employee Retirement System of Missouri ("PSRS" and "PEERS", also referred to as the "Systems") is prepared in accordance with Governmental Accounting Standards Board ("GASB") Statement No. 68, *Accounting and Financial Reporting for Pensions*, as amended.

The fiduciary net position, as well as additions to and deductions from the fiduciary net position, of PSRS and PEERS have been determined on the same basis as they are reported by the Systems. The financial statements were prepared using the accrual basis of accounting. Member and employer contributions are recognized when due, pursuant to formal commitments and statutory requirements. Benefits and refunds of employee contributions are recognized when due and payable in accordance with the statutes governing the Systems. Expenses are recognized when the liability is incurred, regardless of when payment is made. Investments are reported at fair value. The fiduciary net position is reflected in the measurement of the District's net pension liability, deferred outflows and inflows of resources related to pensions, and pension expense. A Comprehensive Annual Financial Report can be obtained at www.psr-peers.org.

SUPPLEMENTARY INFORMATION

NELL HOLCOMB R-IV SCHOOL DISTRICT
Cape Girardeau, Missouri

STATEMENT OF REVENUES COLLECTED, EXPENDITURES PAID AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL - CAPITAL PROJECTS FUND

FOR THE YEAR ENDED JUNE 30, 2021

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
REVENUES COLLECTED:				
Local	\$ -	\$ 169,040.31	\$ 169,040.31	\$ -
County	-	5,942.91	5,942.91	-
State	-	-	-	-
Federal	-	186,608.51	186,608.51	-
Other	-	-	-	-
	-	-	-	-
Total Revenues Collected	\$ -	\$ 361,591.73	\$ 361,591.73	\$ -
EXPENDITURES PAID:				
Instruction	\$ -	\$ 212,590.62	\$ 212,590.62	\$ -
Attendance and Guidance	-	-	-	-
Health, Psych, Speech and Audio	-	-	-	-
Improvement of Instruction	-	-	-	-
Professional Development	-	-	-	-
Educational Media Services	-	-	-	-
Board of Education Services	-	-	-	-
Administration	-	11,340.00	11,340.00	-
Business, Fiscal, Internal Service	-	-	-	-
Operation and Maintenance of Plant	-	2,914.00	2,914.00	-
Security Services	-	-	-	-
Student Transportation	-	44,363.00	44,363.00	-
Food Services	-	-	-	-
Early Childhood Program / Instruction	-	-	-	-
Facilities Acquisition and Construction	-	65,074.09	65,074.09	-
Principal, Interest and Other Charges	-	56,278.12	56,278.12	-
	-	-	-	-
Total Expenditures Paid	\$ -	\$ 392,559.83	\$ 392,559.83	\$ -
REVENUES COLLECTED OVER (UNDER) EXPENDITURES PAID	\$ -	\$ (30,968.10)	\$ (30,968.10)	\$ -
OTHER FINANCING SOURCES (USES):				
Transfers	\$ -	\$ 30,373.51	\$ 30,373.51	\$ -
	-	-	-	-
Total Other Financing Sources (Uses)	\$ -	\$ 30,373.51	\$ 30,373.51	\$ -
REVENUES COLLECTED AND OTHER FINANCING SOURCES (USES) OVER (UNDER) EXPENDITURES PAID	\$ -	\$ (594.59)	\$ (594.59)	\$ -
FUND BALANCES, BEGINNING OF YEAR	102,673.86	102,673.86	102,673.86	-
FUND BALANCES, END OF YEAR	102,673.86	102,079.27	102,079.27	-

NOTE:

The Original Budget was budgeted in total for the District rather than being budgeted by Fund.

NELL HOLCOMB R-IV SCHOOL DISTRICT
Cape Girardeau, Missouri

Schedule 3

SCHEDULE OF REVENUES COLLECTED BY SOURCE

FOR THE YEAR ENDED JUNE 30, 2021

	General (Incidental) Fund	Special Revenue (Teachers') Fund	Capital Projects Fund	Totals	
				June 30, 2021	June 30, 2020
LOCAL:					
Property Tax	\$ 2,124,275.51	\$ -	\$ 169,040.31	\$ 2,293,315.82	\$ 1,995,961.49
School District Trust Fund (Prop C)	-	354,326.51	-	354,326.51	359,050.29
M & M Surtax	29,618.21	-	-	29,618.21	28,934.07
In Lieu of Tax	589.05	-	-	589.05	559.64
Earnings on Investments	1,907.35	30.52	-	1,937.87	8,127.27
Food Service	14,018.86	-	-	14,018.86	26,495.60
Student Activities	33,169.79	-	-	33,169.79	32,580.12
Gifts and Other - From Local Sources	2,725.12	-	-	2,725.12	24,198.99
Total Local	\$ 2,206,303.89	\$ 354,357.03	\$ 169,040.31	\$ 2,729,701.23	\$ 2,475,907.47
COUNTY:					
Fines, Escheats, Etc.	\$ -	\$ 5,976.48	\$ -	\$ 5,976.48	\$ 8,050.70
State Assessed Utilities	74,152.11	-	5,942.91	80,095.02	70,188.22
Total County	\$ 74,152.11	\$ 5,976.48	\$ 5,942.91	\$ 86,071.50	\$ 78,238.92
STATE:					
Basic Formula - State Monies	\$ -	\$ 690,975.53	\$ -	\$ 690,975.53	\$ 789,739.93
Transportation	47,571.00	-	-	47,571.00	41,732.00
Basic Formula - Classroom Trust Fund	133,302.50	-	-	133,302.50	109,698.33
Educational Screening Program / PAT	7,292.52	-	-	7,292.52	6,600.00
Small Schools Grant	186,161.00	-	-	186,161.00	93,844.00
Food Service - State	1,152.18	-	-	1,152.18	1,279.47
MO Department of Natural Resources Energy Loan	-	-	-	-	119,499.16
Residential Placement / Excess Cost	4,578.08	-	-	4,578.08	-
Other - State	750.00	-	-	750.00	-
Total State	\$ 380,807.28	\$ 690,975.53	\$ -	\$ 1,071,782.81	\$ 1,162,392.89

NELL HOLCOMB R-IV SCHOOL DISTRICT
Cape Girardeau, Missouri

Schedule 3

SCHEDULE OF REVENUES COLLECTED BY SOURCE

FOR THE YEAR ENDED JUNE 30, 2021

	General	Special	Capital	Totals	
	(Incidental) Fund	Revenue (Teachers') Fund	Projects Fund	June 30, 2021	June 30, 2020
FEDERAL:					
CARES - ESSER II	\$ 120,000.00	\$ -	\$ -	\$ 120,000.00	\$ 52,219.50
CARES - ESSER Fund	-	7,780.50	-	7,780.50	-
CARES - Governor's Emergency Education Relief Fund	6,704.57	-	-	6,704.57	-
Coronavirus Relief Fund	21,919.00	-	-	21,919.00	-
IDEA Entitlement Funds, Part B IDEA	99,412.72	-	-	99,412.72	60,000.00
Early Childhood Special Education - Federal	7,975.00	-	-	7,975.00	3,000.00
School Lunch and Breakfast Programs	109,192.58	-	-	109,192.58	60,448.46
Title I - ESEA	99,810.53	-	-	99,810.53	82,977.47
Title IV, Part A Student Support and Academic Enrichment	10,351.73	-	-	10,351.73	20,144.27
Title II, Part A&B, ESEA - Teacher & Principal Quality	16,972.02	397.75	-	17,369.77	14,904.23
CARES - School Lunch Program	7,158.44	-	-	7,158.44	11,144.88
CARES - School Breakfast Program	2,629.82	-	-	2,629.82	6,216.60
Title V.B, Rural Education Initiative	26,379.00	-	-	26,379.00	24,107.00
Other - Federal	52,824.42	-	186,608.51	239,432.93	-
Total Federal	\$ 581,329.83	\$ 8,178.25	\$ 186,608.51	\$ 776,116.59	\$ 335,162.41
OTHER:					
Tuition from Other Districts	\$ -	\$ -	\$ -	\$ -	\$ 22,529.66
Total Other	\$ -	\$ -	\$ -	\$ -	\$ 22,529.66
TOTAL	\$ 3,242,593.11	\$ 1,059,487.29	\$ 361,591.73	\$ 4,663,672.13	\$ 4,074,231.35

NELL HOLCOMB R-IV SCHOOL DISTRICT
Cape Girardeau, Missouri

Schedule 4

SCHEDULE OF EXPENDITURES PAID BY OBJECT

FOR THE YEAR ENDED JUNE 30, 2021

	General (Incidental) Fund	Special Revenue (Teachers') Fund	Capital Projects Fund	Total	
				June 30, 2021	June 30, 2020
Salaries	\$ 472,935.52	\$ 1,587,257.40	\$ -	\$ 2,060,192.92	\$ 1,997,154.91
Employee Benefits	184,492.02	489,587.65	-	674,079.67	682,085.20
Tuition	811,423.91	-	-	811,423.91	667,238.20
Purchased Services	248,613.90	-	-	248,613.90	252,687.37
Supplies	222,139.83	-	-	222,139.83	198,906.04
Capital Outlay	-	-	336,281.71	336,281.71	214,191.55
Principal, Interest and Other Charges	5,902.77	-	56,278.12	62,180.89	35,585.78
	\$ 1,945,507.95	\$ 2,076,845.05	\$ 392,559.83	\$ 4,414,912.83	\$ 4,047,849.05

NELL HOLCOMB R-IV SCHOOL DISTRICT
Cape Girardeau, Missouri

Schedule 5

SCHEDULE OF TRANSPORTATION COSTS ELIGIBLE FOR STATE AID

FOR THE YEAR ENDED JUNE 30, 2021

			Handicapped		Payment to Other Districts	Total
	District Owned	Contracted	District Owned	Contracted		
Certificated Salaries	\$ 40,603.38	\$ -	\$ -	\$ -	\$ -	\$ 40,603.38
Noncertificated Salaries	58,472.18	-	-	-	-	58,472.18
Employee Benefits	37,879.52	-	-	-	-	37,879.52
Purchased Services	12,280.08	-	-	-	-	12,280.08
Supplies	30,151.44	-	-	-	-	30,151.44
Capital Outlay	-	-	-	-	-	-
Depreciation	43,526.00	-	-	-	-	43,526.00
Total Local	\$ 222,912.60	\$ -	\$ -	\$ -	\$ -	\$ 222,912.60
Nonroute Contracted Transportation	\$ -					
School Buses Leased / Purchased						
Principal Paid	\$ 44,363.00					
Interest Paid	\$ -					
School Buses - New Purchase (Cost)	\$ -					
Transportation Revenues from Other Districts	\$ -					

STATE COMPLIANCE SECTION

STANLEY, DIRNBERGER, HOPPER AND ASSOCIATES, LLC

CERTIFIED PUBLIC ACCOUNTANTS



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**INDEPENDENT ACCOUNTANT'S REPORT ON MANAGEMENT'S ASSERTION
ABOUT COMPLIANCE WITH SPECIFIED REQUIREMENTS OF
MISSOURI LAWS AND REGULATION**

**Board of Education
Nell Holcomb R-IV School District
Cape Girardeau, Missouri**

We have examined management's assertion, included in the accompanying Schedule of Selected Statistics, that Nell Holcomb R-IV School District (the "District") complied with the requirements of Missouri Laws and Regulations regarding specific finance procedures and requirements; accurate disclosure by the District's attendance records of average daily attendance, resident membership on the last Wednesday of September, 2020 and the number of students eligible to receive free or reduced price lunches on the last Wednesday of January, 2021; and accurate disclosure by the District's pupil transportation records of the average number of students scheduled to be transported on a regular basis eligible and ineligible for state transportation aid, the number of miles eligible and ineligible for state transportation aid and the allowable costs for pupil transportation, for the year ended June 30, 2021. Management is responsible for the District's compliance with those requirements. Our responsibility is to express an opinion on management's assertion about the District's compliance based on our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants and accordingly, included examining, on a test basis, evidence about the District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our examination provides a reasonable basis for our opinion. Our examination does not provide a legal determination of the District's compliance with specified requirements.

In our opinion, management's assertion referred to above is fairly stated, in all material respects, based on the requirements of Missouri Laws and Regulations as set forth in the accompanying Schedule of Selected Statistics.

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

A handwritten signature in black ink that reads "Stanley, Dirnberger, Hopper and Associates, LLC".

**STANLEY, DIRNBERGER, HOPPER AND ASSOCIATES, LLC
Certified Public Accountants**

Cape Girardeau, Missouri
November 1, 2021

SCHEDULE OF SELECTED STATISTICS, YEAR ENDED JUNE 30, 2021

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
Resident II	12	17.00	2.95		19.95
Resident II	11	20.00	0.76		20.76
Resident II	10	22.00			22.00
Resident II	9	38.00			38.00
4020	8	26.00			26.00
4020	7	31.00			31.00
4020	6	31.00			31.00
4020	5	24.00			24.00
4020	4	27.00			27.00
4020	3	27.00			27.00
4020	2	19.00			19.00
4020	1	24.00			24.00
4020	K	22.00			22.00
Grand Total		328.00	3.71		331.71

Notes:	

SCHEDULE OF SELECTED STATISTICS, YEAR ENDED JUNE 30, 2021

4. FREE AND REDUCED PRICED LUNCH FTE COUNT (SECTION 163.011(6), RSMO)

Report the FTE count taken the last Wednesday in January of resident students enrolled in grades K-12 and in attendance at least 1 of the 10 previous school days whose eligibility for free or reduced lunch is documented through the application process using federal eligibility guidelines or through the direct certification process. Desegregation students are considered residents of the district in which the students are educated.

School Code	Free Lunch	Reduced Lunch	Deseg In Free	Deseg In Reduced	Total
4020	82.00	18.00			100.00
Resident II	43.08	2.00			45.08
Grand Total	125.08	20.00			145.08

Notes:	

SCHEDULE OF SELECTED STATISTICS, YEAR ENDED JUNE 30, 2021

5. FINANCE

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

Section	Question	Answer
5.1	The district/charter school maintained a calendar in accordance with 160.041, 171.029, 171.031, and 171.033, RSMo and all attendance hours were reported.	True
5.2	The district/charter school maintained complete and accurate attendance records allowing for the accurate calculation of Average Daily Attendance, 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:	Choose an item.
	Academic Programs Off-Campus	N/A
	Career Exploration Program – Off Campus	N/A
	Cooperative Occupational Education (COE) or Supervised Occupational Experience Program	N/A
	Dual enrollment	N/A
	Homebound instruction	N/A
	Missouri Options	N/A
	Prekindergarten eligible to be claimed for state aid	N/A
	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
	Virtual instruction (MOCAP or other option)	True
	Work Experience for Students with Disabilities	N/A
5.3	The district/charter school maintained complete and accurate attendance records allowing for the accurate calculation of September Membership for all students in accordance with all applicable state rules and regulations.	True
5.4	The district/charter school maintained complete and accurate attendance and other applicable records allowing for the accurate reporting of the State FTE count for Free and Reduced Lunch for all students in accordance with all applicable state rules and regulations.	True
5.5	As required by Section 162.401, RSMo, a bond was purchased for the district's/charter school's treasurer in the total amount of:	\$ 50,000.00
5.6	The district's\charter school's deposits were secured during the year as required by Sections 110.010 and 110.020, RSMo.	True

SCHEDULE OF SELECTED STATISTICS, YEAR ENDED JUNE 30, 2021

5.7	The district maintained a separate bank account for all Debt Service Fund monies in accordance with Section 108.180 and 165.011, RSMo. (Not applicable to charter schools)	N/A
5.8	Salaries reported for educators in the October MOSIS Educator Core and Educator School files are supported by complete and accurate payroll and contract records.	True
5.9	If a \$162,326 or 7% x SAT x WADA transfer was made in excess of adjusted expenditures, the board 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
5.10	The district/charter school published a summary of the prior year’s audit report within thirty days of the receipt of the audit pursuant to Section 165.121, RSMo.	True
5.11	The district has a professional development committee plan adopted by the board with the professional development committee plan identifying the expenditure of seventy-five percent (75%) of one percent (1%) of the current year basic formula apportionment. Remaining 25% of 1% if not spent must be restricted and spent on appropriate expenditures in the future. Spending requirement is modified to seventy-five percent (75%) of one half percent (1/2%) of the current year basic formula apportionment if through fiscal year 2024 the amount appropriated and expended to public schools for transportation is less than twenty-five percent (25%) of allowable cost. (Not applicable to charter schools.)	True
5.12	The amount spent for approved professional development committee plan activities was:	\$ 6,950.13
5.13	The district/charter school has posted, at least quarterly, a searchable expenditure and revenue document or database detailing actual income, expenditures, and disbursement for the current calendar or fiscal year on the district or school website or other form of social media as required by Section 160.066, RSMo.	True

Notes:	

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

Finding:	
Management Letter Comment:	

SCHEDULE OF SELECTED STATISTICS, YEAR ENDED JUNE 30, 2021

6. TRANSPORTATION (SECTION 163.161, RSMO)

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

Section	Question	Answer
6.1	The school transportation allowable costs substantially conform to 5 CSR 30-261.040, Allowable Costs for State Transportation Aid.	True
6.2	The district's/charter school's pupil transportation ridership records are maintained in a manner to accurately disclose in all material respects the average number of regular riders transported.	True
6.3	Based on the ridership records, the average number of students (non-disabled K-12, K-12 students with disabilities and career education) transported on a regular basis (ADT) was:	Choose an item.
	Eligible ADT	# 189.5
	Ineligible ADT	# 0.0
6.4	The district's/charter school's transportation odometer mileage records are maintained in a manner to accurately disclose in all material respects the eligible and ineligible mileage for the year.	True
6.5	Actual odometer records show the total district/charter-operated and contracted mileage for the year was:	# 58,997
6.6	Of this total, the eligible non-disabled and students with disabilities route miles and the ineligible non-route and disapproved miles (combined) was:	Choose an item.
	Eligible Miles (including food/instructional delivery miles 2020-21)	# 58,216
	Ineligible Miles (Non-Route/Disapproved)	# 781
6.7	Number of days the district/charter school operated the school transportation system during the regular school year:	# 163

Notes:	

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

Finding:	
Management Letter Comment:	

FEDERAL COMPLIANCE SECTION

NELL HOLCOMB R-IV SCHOOL DISTRICT

SCHEDULE 7

Cape Girardeau, Missouri

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

FOR THE YEAR ENDED JUNE 30, 2021

Federal Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	Pass-Thru Entity Identifying Number	Expenditures	Subrecipient Expenditures
U.S. Department of Education:				
Rural and Low Income Schools Grant	84.358B	016-097	\$ 26,379.00	\$ -
Passed-through Missouri Department of Elementary and Secondary Education:				
Title I Grants to Local Educational Agencies	84.010A	016-097	97,596.13	-
Special Education - Grants to States (Part B Entitlement)	84.027A B	016-097	80,177.67	-
Special Education - Grants to States	84.027A B	016-097-ECSE	2,154.00	-
Special Education - Preschool Grants (IDEA Preschool)	84.173A B	016-097-ECSE	3,385.90	-
Supporting Effective Instruction State Grants	84.367A	016-097	16,972.02	-
Student Support and Academic Enrichment Program	84.424A	016-097	10,081.02	-
Elementary and Secondary School Emergency Relief Fund - ESSER II - COVID-19	84.425D C	016-097	120,000.00	-
Elementary and Secondary School Emergency Relief Fund - ESSER Fund - COVID-19	84.425D C	016-097	7,780.50	-
Governor's Emergency Ed Relief Fund - COVID-19	84.425C C	016-097	6,704.57	-
Coronavirus Relief Fund - COVID-19	21.019	016-097	21,919.00	-
Total Department of Education			\$ 393,149.81	\$ -
U.S. Department of Treasury:				
Passed-Through Cape Girardeau County, Missouri:				
Coronavirus Relief Fund - COVID-19	21.019	016-097	\$ 239,432.93	\$ -
U.S. Department of Agriculture:				
Passed-through Missouri Department of Elementary and Secondary Education:				
National School Lunch Program - COVID-19	10.555 A	016-097	\$ 7,158.44	\$ -
School Breakfast Program - COVID-19	10.555 A	016-097	2,629.82	-
National School Lunch Program	10.555 A	016-097	77,925.44	-
School Breakfast Program	10.553 A	016-097	31,267.14	-
National School Lunch Program (Commodities)	10.555 A	016-097	10,937.79	-
Total Department of Agriculture			\$ 129,918.63	\$ -
TOTALS			\$ 762,501.37	\$ -

A = Child Nutrition Cluster \$ 129,918.63

B = Special Education Cluster \$ 85,717.57

C = Education Stabilization Fund \$ 134,485.07

The accompanying notes to schedule of expenditures of federal awards are an integral part of this statement.

NELL HOLCOMB R-IV SCHOOL DISTRICT
Cape Girardeau, Missouri

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

FOR THE YEAR ENDED JUNE 30, 2021

NOTE 1: BASIS OF PRESENTATION

The accompanying Schedule of Expenditures of Federal Awards (the "Schedule") includes the federal award activity of the Nell Holcomb R-IV School District (the "District") under programs of the federal government for the year ended June 30, 2021. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the District, it is not intended to and does not present the financial position, changes in net position, or cash flows of the District.

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the Schedule are reported on the cash basis of accounting, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. The cash basis recognizes revenue when received, and expenditures are recognized when the obligation is paid. Such expenditures are recognized following the cost principles contained in the Uniform Guidance and OMB Circular A-87, Cost Principles for State, Local and Indian Tribal Governments, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

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

There were no federal expenditures during the year ended June 30, 2021 that the District passed-through to subrecipients.

NOTE 3: FOOD DISTRIBUTION

The disbursement of food distribution is calculated based on the inventory of food commodities on hand and food commodities received. The disbursements for the year ended June 30, 2021 is calculated as follows:

Beginning of Year Food Commodity Inventory	\$	-
Receipts of Food Commodities		10,937.79
End of Year Food Commodity Inventory		-
		<hr/>
Commodities Consumed	\$	<u>10,937.79</u>

Commodities consumed represent expenditures included in the National School Lunch Program (Federal CFDA Number 10.555) in the Schedule of Expenditures of Federal Awards.

STANLEY, DIRNBERGER, HOPPER AND ASSOCIATES, LLC

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

Board of Education Nell Holcomb R-IV School District Cape Girardeau, Missouri

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the aggregate discretely presented component units, and each major fund of the Nell Holcomb R-IV School District (the "District"), as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the District's basic financial statements and have issued our report thereon dated November 1, 2021. In our report, as described in Note 1, the District prepares its financial statements in conformity with the cash basis of accounting, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

Internal Control Over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings and responses as items 2021-1 and 2021-2 that we consider to be significant deficiencies.

**INDEPENDENT AUDITOR'S 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*
Nell Holcomb R-IV School District**

Compliance and Other Matters

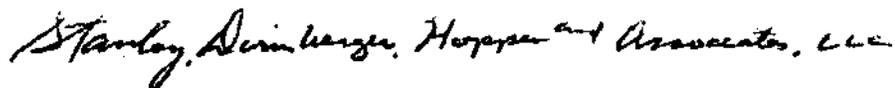
As part of obtaining reasonable assurance about whether the District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed an instance of noncompliance or other matters that is required to be reported under *Government Auditing Standards* and which is described in the accompanying schedule of findings and responses as item 2021-3.

District's Response to Findings

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

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion 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.



**STANLEY, DIRNBERGER, HOPPER AND ASSOCIATES, LLC
Certified Public Accountants**

Cape Girardeau, Missouri
November 1, 2021

STANLEY, DIRNBERGER, HOPPER AND ASSOCIATES, LLC

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

**Board of Education
Nell Holcomb R-IV School District
Cape Girardeau, Missouri**

Report on Compliance for Each Major Federal Program

We have audited the Nell Holcomb R-IV School District's (the "District") compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the District's major federal programs for the year ended June 30, 2021. 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.

Management's Responsibility

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

Auditor's Responsibility

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

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

Opinion on Each Major Federal Program

In our opinion, the Nell Holcomb R-IV School District, complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2021.

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE
FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL
OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE
Nell Holcomb R-IV School District**

Report on Internal Control Over Compliance

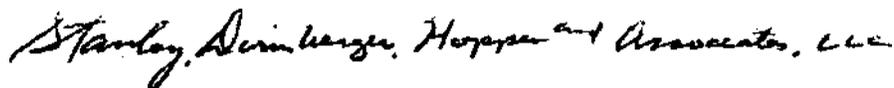
Management of the District is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the District's internal control over compliance with the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

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. We did identify a certain deficiency in internal control over compliance, as described in the accompanying schedule of findings and questioned costs as item 2021-2, that we consider to be a significant deficiency.

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

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



STANLEY, DIRNBERGER, HOPPER AND ASSOCIATES, LLC
Certified Public Accountants

Cape Girardeau, Missouri

November 1, 2021

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

FOR THE YEAR ENDED JUNE 30, 2021

SECTION I – SUMMARY OF AUDITOR’S RESULTS

FINANCIAL STATEMENTS:

Type of auditors’ report issued: Unqualified
Internal control over financial reporting:
Material weakness(es) identified? ___ Yes X No
Significant deficiency(ies) identified? X Yes ___ No
Noncompliance material to financial statements noted? X Yes ___ No

FEDERAL AWARDS:

Internal control over major programs:
Material weakness(es) identified? ___ Yes X No
Significant deficiency(ies) identified? X Yes ___ No
Type of auditors’ report issued on compliance for major programs Unqualified
Any audit findings disclosed that are required to reported in accordance with 2 CFR section 200.516(a)? ___ Yes X No

Identification of major programs:

<u>CFDA Number</u>	<u>Name of Federal Program</u>
21.019	Coronavirus Relief Fund
Education Stabilization Fund:	
84.425C	Governor’s Emergency Education Relief Fund
84.425D	Elementary and Secondary School Emergency Relief Fund

Dollar threshold used to distinguish between type A and type B programs? \$ 750,000.00
Auditee qualified as low-risk auditee? ___ Yes X No

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

FOR THE YEAR ENDED JUNE 30, 2021

SECTION II – FINANCIAL STATEMENT FINDINGS

Significant deficiencies that Government Auditing Standards required to be reported for an audit of financial statements with regards to internal control over financial reporting were as follows:

Item 2021-1: Budget Preparation

Criteria and Condition: A fundamental concept in a good system of internal control is the preparation, management and monitoring of a budget document. A budget document is an instrument that provides a definite financial policy for direction of the business operations of a school district. It provides a detail outline of the probable expenditures and the anticipated revenues during a specified period of time. The budget is one of the most important legal documents of a school district. It is not a static document but rather a working document that changes throughout the year, through board approved budget amendments as actual financial data change.

Cause: The original budget document was not prepared in accordance with Sections 67.010 and 67.020, RSMo, and there was no apparent managing or monitoring of the budget throughout the fiscal year. The only formal identified amendment to the budget was the authorization to amend the final budget to actual at the end of the fiscal year.

Effect: Without proper preparation, management and monitoring of the budget document, the risk of diversion from the District's defined financial policy exists. Additionally, there exists the potential for financial misstatements in the District's financial statements.

Recommendation: We recommend the District ensure proper preparation of a budget document and formally manage, monitor and amend the budget throughout the fiscal year.

Management's Response: We acknowledge that the original budget document was not prepared in accordance with Sections 67.010 and 67.020, RSMo, and will take necessary steps to ensure future budgets are properly prepared. The District does informally amend the budget monthly with the authorization of expenditures by the Board. The District will take steps to ensure a more formal managing, monitoring and amending process is implemented.

Item 2021-2: Federal Expenditure Classification and Coding

Criteria and Condition: Internal control over federal expenditures requires the process of identifying and classifying all eligible expenditures in compliance with established accounting codes and reconciling with final federal expenditure reporting.

Cause: A number of corrections were necessary to ensure all eligible federal expenditures were properly identified and classified in the District's general ledger and the classification agreed to the final expenditure reports.

Effect: Without proper identification and classification, eligible expenditures could be denied or missed entirely and reporting of final expenditures could be incorrect.

Recommendation: The District must continue to take steps to ensure eligible expenditures are identified and classified correctly throughout the year in line with established general ledger codes and final expenditure reporting requirements.

Management's Response: The District will continue to take necessary steps to ensure the identification and classification of eligible federal expenditures in the general ledger is improved and in compliance with requirements. Adequate training for all necessary individuals will be received.

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

FOR THE YEAR ENDED JUNE 30, 2021

SECTION II – FINANCIAL STATEMENT FINDINGS

Noncompliance material to the financial statements that Government Auditing Standards requires to be reported was as follows:

Item 2021-3: Budget Document

Criteria and Condition: Sections 67.010 and 67.020, RSMo, requires a budget document include five specific pieces of information: a budget message; estimated revenues with a prior two years comparison itemized by year, fund and source; estimated expenditures with a prior two years comparison itemized by year, fund and source; a schedule detailing the scheduled debt activity; and a general budget summary.

Cause: The District's original budget was prepared on a District-wide level rather than on a fund basis, revenues and expenditures were not compared to the prior two years actual activity, and there was not a general budget summary containing all necessary information.

Effect: The District's original budget was not prepared in compliance with Sections 67.010 and 67.020, RSMo.

Recommendation: The District's budget document must be prepared in compliance with Sections 67.010 and 67.020, RSMo.

Management's Response: The budget document for 2020-21 was prepared prior to the identification of this finding during the 2019-20 fiscal year. The District will ensure all future budget documents are prepared in compliance with Sections 67.010 and 67.020, RSMo.

SECTION III – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

A significant deficiency as defined by the Uniform Guidance 2 CFR 200.516(a) with regards to internal control over compliance required to be reported for an audit of federal awards was as follows.

Item 2021-2: Federal Expenditure Classification and Coding

Criteria and Condition: Internal control over federal expenditures requires the process of identifying and classifying all eligible expenditures in compliance with established accounting codes and reconciling with final federal expenditure reporting.

Cause: A number of corrections were necessary to ensure all eligible federal expenditures were properly identified and classified in the District's general ledger and the classification agreed to the final expenditure reports.

Effect: Without proper identification and classification, eligible expenditures could be denied or missed entirely and reporting of final expenditures could be incorrect.

Recommendation: The District must continue to take steps to ensure eligible expenditures are identified and classified correctly throughout the year in line with established general ledger codes and final expenditure reporting requirements.

Management's Response: The District will continue to take necessary steps to ensure the identification and classification of eligible federal expenditures in the general ledger is improved and in compliance with requirements. Adequate training for all necessary individuals will be received.

SCHEDULE OF RESOLUTIONS OF PRIOR YEAR AUDIT FINDINGS

FOR THE YEAR ENDED JUNE 30, 2021

FINANCIAL STATEMENT FINDINGS

The prior year audit report issued for the year ended June 30, 2020 contained the following audit findings that *Government Auditing Standards* required to be reported for an audit of financial statements:

Finding 2020-1: Budget Preparation

Criteria and Condition: A fundamental concept in a good system of internal control is the preparation, management and monitoring of a budget document. A budget document is an instrument that provides a definite financial policy for direction of the business operations of a school district. It provides a detail outline of the probable expenditures and the anticipated revenues during a specified period of time. The budget is one of the most important legal documents of a school district. It is not a static document but rather a working document that changes throughout the year, through board approved budget amendments as actual financial data change.

Recommendation: We recommend the District ensure proper preparation of a budget document and formally manage, monitor and amend the budget throughout the fiscal year.

Current Status: Significant deficiency for the year ending June 30, 2021.

Finding 2020-2: Federal Expenditure Classification and Coding

Criteria and Condition: Internal control over federal expenditures requires the process of identifying and classifying all eligible expenditures in compliance with established accounting codes and reconciling with final federal expenditure reporting.

Recommendation: The District must take steps to ensure eligible expenditures are identified and classified correctly throughout the year in line with established general ledger codes and final expenditure reporting requirements.

Current Status: Significant deficiency for the year ending June 30, 2021.

Finding 2020-3: Budget Document

Criteria and Condition: Sections 67.010 and 67.020, RSMo, requires a budget document include five specific pieces of information: a budget message; estimated revenues with a prior two years comparison itemized by year, fund and source; estimated expenditures with a prior two years comparison itemized by year, fund and source; a schedule detailing the scheduled debt activity; and a general budget summary.

Recommendation: The District's budget document must be prepared in compliance with Sections 67.010 and 67.020, RSMo.

Current Status: Noncompliance material to the financial statements for the year ending June 30, 2021.

SCHEDULE OF RESOLUTIONS OF PRIOR YEAR AUDIT FINDINGS

FOR THE YEAR ENDED JUNE 30, 2021

FINANCIAL STATEMENT FINDINGS

Finding 2020-4: Improper Reimbursement of Federal Expenditures

Criteria and Condition: *Government Auditing Standards* requires that requests for reimbursement of Federal expenditures be for either expenditures that have been previously paid by the District or for expenditures that will be paid upon receipt of the Federal monies.

Recommendation: The District should look into steps to correct the improper reporting of Federal expenditures and the subsequent receipt of Federal monies not supported by paid expenditures.

Current Status: Compliance matter was properly resolved.

FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

The prior year audit report issued for the year ended June 30, 2020 did not require an audit in accordance with Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance).



Nell Holcomb R-IV School District

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Bleau Deckerd, Superintendent Mike Wortmann, Principal

November 1, 2021

Stanley, Dirnberger, Hopper, and Associates, LLC
Certified Public Accountants
1441 N. Mount Auburn Road
Cape Girardeau, Missouri 63701

The Nell Holcomb R-IV School District respectfully submits the following corrective action plan for the year ended June 30, 2021. The findings from the schedule of findings and questioned costs are discussed below. The findings are numbered consistently with the numbers assigned in the schedule of findings and questioned costs.

Financial Statement Findings

Item 2021-1: Budget Preparation

Criteria and Condition: A fundamental concept in a good system of internal control is the preparation, management and monitoring of a budget document. A budget document is an instrument that provides a definite financial policy for direction of the business operations of a school district. It provides a detail outline of the probable expenditures and the anticipated revenues during a specified period of time. The budget is one of the most important legal documents of a school district. It is not a static document but rather a working document that changes throughout the year, through board approved budget amendments as actual financial data change.

Cause: The original budget document was not prepared in accordance with Sections 67.010 and 67.020, RSMo, and there was no apparent managing or monitoring of the budget throughout the fiscal year. The only formal identified amendment to the budget was the authorization to amend the final budget to actual at the end of the fiscal year.

Effect: Without proper preparation, management and monitoring of the budget document, the risk of diversion from the District's defined financial policy exists. Additionally, there exists the potential for financial misstatements in the District's financial statements.

Recommendation: We recommend the District ensure proper preparation of a budget document and formally manage, monitor and amend the budget throughout the fiscal year.

Management's Response: We acknowledge that the original budget document was not prepared in accordance with Sections 67.010 and 67.020, RSMo, and will take necessary steps to ensure future budgets are properly prepared. The District does informally amend the budget monthly with the authorization of expenditures by the Board. The District will take steps to ensure a more formal managing, monitoring and amending process is implemented.

Item 2021-2: Federal Expenditure Classification and Coding

Criteria and Condition: Internal control over federal expenditures requires the process of identifying and classifying all eligible expenditures in compliance with established accounting codes and reconciling with final federal expenditure reporting.

Cause: A number of corrections were necessary to ensure all eligible federal expenditures were properly identified and classified in the District's general ledger and the classification agreed to the final expenditure reports.

Effect: Without proper identification and classification, eligible expenditures could be denied or missed entirely and reporting of final expenditures could be incorrect.

Recommendation: The District must continue to take steps to ensure eligible expenditures are identified and classified correctly throughout the year in line with established general ledger codes and final expenditure reporting requirements.

Management's Response: The District will continue to take necessary steps to ensure the identification and classification of eligible federal expenditures in the general ledger is improved and in compliance with requirements. Adequate training for all necessary individuals will be received.

Item 2021-3: Budget Document

Criteria and Condition: Sections 67.010 and 67.020, RSMo, requires a budget document include five specific pieces of information: a budget message; estimated revenues with a prior two years comparison itemized by year, fund and source; estimated expenditures with a prior two years comparison itemized by year, fund and source; a schedule detailing the scheduled debt activity; and a general budget summary.

Cause: The District's original budget was prepared on a District-wide level rather than on a fund basis, revenues and expenditures were not compared to the prior two years actual activity, and there was not a general budget summary containing all necessary information.

Effect: The District's original budget was not prepared in compliance with Sections 67.010 and 67.020, RSMo.

Recommendation: The District's budget document must be prepared in compliance with Sections 67.010 and 67.020, RSMo.

Management's Response: The budget document for 2020-21 was prepared prior to the identification of this finding during the 2019-20 fiscal year. The District will ensure all future budget documents are prepared in compliance with Sections 67.010 and 67.020, RSMo.

Federal Award Findings and Questioned Costs

Item 2021-2: Federal Expenditure Classification and Coding

Criteria and Condition: Internal control over federal expenditures requires the process of identifying and classifying all eligible expenditures in compliance with established accounting codes and reconciling with final federal expenditure reporting.

Cause: A number of corrections were necessary to ensure all eligible federal expenditures were properly identified and classified in the District's general ledger and the classification agreed to the final expenditure reports.

Effect: Without proper identification and classification, eligible expenditures could be denied or missed entirely and reporting of final expenditures could be incorrect.

Recommendation: The District must continue to take steps to ensure eligible expenditures are identified and classified correctly throughout the year in line with established general ledger codes and final expenditure reporting requirements.

Management's Response: The District will continue to take necessary steps to ensure the identification and classification of eligible federal expenditures in the general ledger is improved and in compliance with requirements. Adequate training for all necessary individuals will be received.

Sincerely,



Bleau Deckerd
Superintendent