

**PLATTE COUNTY R-III SCHOOL DISTRICT
PLATTE CITY, MISSOURI**

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

FOR THE YEAR ENDED JUNE 30, 2018

**PLATTE COUNTY R-III SCHOOL DISTRICT
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INDEPENDENT AUDITORS' REPORT

To the Board of Education
Platte County R-III School District

Report on the Financial Statements

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

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to the 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 District's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinions

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

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 supplementary information as listed in the table of contents and the schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, is presented for purposes of additional analysis and is not a required part of the basic financial statements.

Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the basic financial statements as a whole, on the basis of accounting described in Note A.

The management's discussion and analysis on pages 3 through 8 has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on such information.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated November 13, 2018 on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

Basis of Accounting

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

Westbrook & Co., P.C.

Richmond, Missouri
November 13, 2018



MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)

This discussion and analysis of Platte County R-III School District's financial performance provides an overall review of the District's financial activities for the fiscal year ended June 30, 2018. 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 and financial statements to enhance their understanding of the District's financial performance.

Financial Highlights

Key financial highlights for the 2018 fiscal year include:

- 1) Operating balances for the District (General Fund and Special Revenue Fund) increased from \$6,040,953 to \$6,634,693.
- 2) District operating revenues increased from \$43,022,411 in 2017 to \$45,729,198 in 2018.
- 3) District operating expenditures increased from \$43,142,532 in 2017 to \$43,666,769 in 2018.

Using this Annual Report

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

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

Reporting the District as a Whole

The Statement of Net Position provides information about the District's overall financial situation taking into account all liabilities and all assets using the modified cash basis of accounting. This basis of accounting takes into account the District's current year revenues and expenses based upon when cash is paid or received, except for certain teacher's salaries.

As can be determined in the following chart the District ended the 2017-2018 school budget year with cash and cash equivalents of \$28,356,355. The following chart identifies the net position of the District showing both the restricted and unrestricted position that give the long-term and short-term perspective of the District's financial position.

	2018	2017
ASSETS		
Cash and cash equivalents	\$ 28,356,355	\$ 18,142,494
NET POSITION		
Restricted for:		
Capital outlay	\$ 18,032,814	\$ 613,846
Debt service	3,688,848	11,487,695
Unrestricted	6,634,693	6,040,953
Total net position	\$ 28,356,355	\$ 18,142,494

Reporting the District's Most Significant Funds

Fund financial reports provide detailed information about the District's major funds. The District uses 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 the balances left at year-end available for spending in future periods. The funds are reported using an accounting method called "modified cash accounting". The modified cash basis of accounting records revenues when collected and expenses when paid, except for teachers' salaries as explained in Note A to the financial statements. The governmental fund 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 fewer financial resources that can be spent in the near future to finance educational programs.

Summary of District Government Funds and Balances

The District's fund balances increased from \$6,040,953 in operating funds (General Fund and Special Revenue Fund) in 2017 to \$6,634,693 in 2018. The District's fund balance in the Capital Projects Fund increased from \$42,960 in 2017 to \$56,459 in 2018. The District's fund balance in the Debt Service Fund decreased from \$11,487,695 in 2017 to \$3,688,848 in 2018 due to paying off the Series 2008 general obligation building bonds

A summary of the District's prior year fund balances as of June 30, 2017 is included below:

	General Fund	Special Revenue Fund	Debt Service Fund	Capital Projects Fund
Revenues	\$ 23,157,147	\$ 19,865,264	\$ 5,811,806	\$ 3,565,083
Expenditures	16,423,721	26,718,811	18,774,771	4,827,647
Revenue Over (Under) Expenditures	6,733,426	(6,853,547)	(12,962,965)	(1,262,564)
Other Financing Sources (Uses)	(7,949,163)	6,853,547	-	1,095,616
Net change in fund balance	(1,215,737)	-	(12,962,965)	(166,948)
Fund balance, beginning	7,256,690	-	24,450,660	209,908
Fund balance, ending	\$ 6,040,953	\$ -	\$ 11,487,695	\$ 42,960

A summary of the District's fund balances as of June 30, 2018 is included below:

	General Fund	Special Revenue Fund	Debt Service Fund	Capital Projects Fund
Revenues	\$ 25,307,580	\$ 20,421,618	\$ 6,770,863	\$ 2,610,181
Expenditures	16,561,556	27,105,213	14,569,710	4,065,371
Revenue Over (Under) Expenditures	8,746,024	(6,683,595)	(7,798,847)	(1,455,190)
Other Financing Sources (Uses)	(8,152,284)	6,683,595	-	1,468,689
Net change in fund balance	593,740	-	(7,798,847)	13,499
Fund balance, beginning	6,040,953	-	11,487,695	42,960
Fund balance, ending	<u>\$ 6,634,693</u>	<u>\$ -</u>	<u>\$ 3,688,848</u>	<u>\$ 56,459</u>

TRANSFERS

The District makes transfers from various funds in accordance with state law that allows appropriate expenditures to occur in those funds. During the year, the District made a transfer from the General Fund to the Special Revenue Fund to avoid deficit spending.

GENERAL FUND BUDGETING HIGHLIGHTS

Missouri statutes are very specific regarding public school finance. These laws establish funds that must be used in the accounting process and place certain limits upon the use of revenue and expenditure transactions allowed in these funds. The District's budget is prepared according to Missouri law and is based on accounting for certain transactions on the modified cash basis. The District amended the General Fund budget during the last month of the fiscal year.

Major reasons for amendments are as follows:

- Budget must be constructed before local property tax and state revenue figures are available.
- Changes in program and/or personnel needs during the school year.

The General Fund final actual revenue was \$25,307,580 representing a \$1,964,197 increase over the original budget estimate of \$23,343,383, and a \$181,019 increase over the final budget estimate of \$25,126,561. Most of the difference was due to normal annual variances that cannot be predicted during the budgeting process. General Fund expenditures were \$16,561,556, representing a \$583,523 increase from the original budget estimate of \$15,978,033. The variance is due to several factors including: higher than expected contracted pupil transportation, worker's compensation insurance, repairs and maintenance costs and operations & maintenance supplies and materials as well as timing of telephone charges and an increase in salaries and benefits.

REVENUES

District revenues come from five different sources with the following percentages accounting for the amount of revenue received in the 2017 - 2018 school year.

Local Revenue 61% (\$33,743,510), County Revenue 4% (\$2,191,499), State Revenue 29% (\$16,120,470), Federal Revenue 4% (\$1,934,539) and Other Revenue 2% (\$1,120,224).

Local Revenue

Local revenue receipts were lower than anticipated budgeted levels by \$281,109. The budget was developed using historical collection data. The decrease is due to lower than expected collection of delinquent taxes.

County Revenue

County revenues receipts were higher than budgeted amounts by \$478,499. This is primarily due to an increase in Railroad & Utility revenue.

State Revenue

State revenue receipts were higher than anticipated budgeted amounts in 2017-2018 by \$569,953. The budget was developed based on historical data as well as the best information available at the time.

Federal Revenue

Federal revenue dollars received by the District were lower than the budgeted amount by \$17,407. This is primarily due to variances in student needs.

Other Revenue

Other revenue received by the District comes largely from the tuition paid by area school districts for vocational training of students at the Northland Career Center as well as homeless transportation, Perkins cost of instruction and sale of buses, if applicable.

Revenues for the Statement of Activities are presented by program revenues and general revenues. There are three program revenue types: charges for services, operating grants and contributions, and capital grants and contributions. On the following page is a table that presents revenues, program expenses and change in net position for the 2018 and 2017 fiscal years:

	<u>2018</u>	<u>2017</u>
REVENUES		
Program revenues:		
Charges for services	\$ 3,442,240	\$ 3,398,717
Operating grants and contributions	3,738,106	3,823,023
Capital grants and contributions	<u>133,456</u>	<u>386,496</u>
Total Program Revenues	<u>7,313,802</u>	<u>7,608,236</u>
General revenues:		
Property tax	26,015,501	23,411,674
Sales tax	3,768,786	3,706,087
Basic formula	14,213,341	13,459,341
Earnings on investments	939,617	341,747
M&M surtax	538,826	468,649
In lieu of tax	494,263	501,153
State assessed utilities	1,951,654	1,361,840
Fines and escheats	239,845	232,417
Financial institution tax	3,182	5,239
Other revenue	218,342	457,347
Special item - bond proceeds	<u>19,260,000</u>	<u>-</u>
Total General Revenues and Special item	<u>67,643,357</u>	<u>43,945,494</u>
Total Revenues	<u>74,957,159</u>	<u>51,553,730</u>

PROGRAM EXPENSES

Instruction	24,868,689	24,883,341
Student activities	1,660,839	1,136,776
Student services	1,917,626	2,387,214
Instruction staff support	1,811,857	1,896,608
Building administration	2,471,746	2,431,823
General administration & central services	2,850,303	2,972,125
Operation of plant	4,194,923	4,150,787
Transportation	2,263,050	2,225,707
Food service	1,771,134	1,688,841
Community services	370,973	382,345
Facility acquisition and construction	946,434	12,567,472
Debt service:		
Principal retirement	16,107,990	17,394,077
Interest and fees	<u>3,507,734</u>	<u>3,930,845</u>
Total Governmental Activities Expenses	<u>64,743,298</u>	<u>78,047,961</u>
CHANGE IN NET POSITION	10,213,861	(26,494,221)
Net position beginning of year	<u>18,142,494</u>	<u>44,636,715</u>
Net position end of year	<u>\$ 28,356,355</u>	<u>\$ 18,142,494</u>

EXPENDITURES

District operating expenditures for instruction and support increased from \$26,020,117 in 2016-2017 to \$26,529,528 in 2017-18 for an increase of \$509,411 over the previous year. Increases in salary and benefits account for the largest part of this budget increase with the remaining being increases in supplies, materials, and day-to-day operations of the District.

DEBT ADMINISTRATION

The District's sustained enrollment growth has caused the District to go to its voters to get authority to issue debt to build facilities to educate our students on a regular basis. Of the total outstanding debt of \$91,878,021, all except \$49,670,000 for the Building Corporation Leasehold, the DNR loans and Chromebook leases are paid through the Debt Service Fund with proceeds from the annual Debt Service taxes (\$1.1903 per \$100 assessed valuations in 2017-2018) collected. The following chart shows the District's debt obligations:

	<u>2018</u>	<u>2017</u>
2008 General Obligation Building Bonds	\$ -	\$ 7,950,000
2009 General Obligation Refunding Bonds	1,550,000	3,100,000
2010 General Obligation Refunding Bonds	2,000,000	4,000,000
2012 General Obligation Refunding Bonds	9,700,000	9,700,000
2014 General Obligation Refunding Bonds	-	1,165,000
2016 General Obligation Refunding Bonds	28,645,000	28,645,000
2008 Building Corporation Leasehold		
Refunding and Improvement Revenue Bonds	450,000	2,865,000
2015 Building Corporation Leasehold Revenue Bonds	25,125,000	25,825,000
2016 Building Corporation Leasehold Revenue Bonds	4,835,000	5,025,000
2017 Building Corporation Leasehold Refunding Revenue Bonds	19,260,000	-
DNR loan #NPDELQ22	73,797	93,974
DNR loan #CPDELZM2	34,913	44,037
Chromebook lease	<u>204,311</u>	<u>313,000</u>
	<u>\$ 91,878,021</u>	<u>\$ 88,726,011</u>

Current Financial Issues and Concerns

Platte County R-III School District is financially stable. Specifically, our last Standards and Poor's stand-alone bond rating was "AA" which means we have "very strong capacity to meet our financial commitments." As the preceding information shows, the District heavily depends on its property taxpayers. About 65 percent of the District's revenue is generated from local and county sources.

The District has been successful in continuing an academic focus while dealing with reduced funding levels at state (modified SAT and Transportation) and federal (unfunded mandates). Administration and Board of Education members are concerned about the ramifications to student achievement, programs, and personnel if state funding to the District continues to be cut while costs continue to rise. It would appear that local revenue has stabilized and is showing signs of improvement which is encouraging. However, our enrollment is projected to continue to increase over the next five years making the need for additional classroom space a concern. The District successfully ran a tax levy increase on April 7, 2015 that provided the necessary revenue to construct \$29 million in facilities expansion and renovation. This successful passage allowed the District to carry out the next phase of the District Long Range Plan by addressing overcrowded conditions.

Projected enrollment growth has required District leadership to immediately begin planning for a future project. Projections would suggest a possible project around the year 2020/2021 and initial financial analysis would suggest this could be funded through a no-tax increase General Obligation Bond issuance.

In March of 2016, the District announced that MD Management gifted the District approximately 80 acres for two future schools. The District closed on the 80 acre property on July 27, 2017 which will allow the District to address short-term needs, as well as prepare for a major long-term need of another high school.

Additionally, the District has listed approximately 35 acres of prime real estate for sale at a listing price of approximately \$3.1 million. This revenue may provide funding for professional fees associated with future projects, acquiring additional land, or other expenses associated with managing enrollment growth.

Although the District experienced a budget surplus this fiscal year, balances are still below the desired range of 18-22%. To assist in rebuilding balances to the desired range, the District has heightened monitoring of expenditures and utilized five year forecasting.

In conclusion, Platte County R-III School District has a long-standing tradition of fiscal stability. The administration and Board of Education are committed to continue this level of financial excellence for the future. Aligned to the District's Strategic Plan and Long Range Facility Plan, financial planning and budgeting will continue to strive for academic excellence while providing the patrons of the District with sound fiscal management to meet future challenges in the best interest of our students.

Contacting the District's Financial Management

This report is designed to provide our patrons, taxpayers, and constituents involved in any manner with our District a general overview of the District's finances and to demonstrate the District's financial responsibility for the funding it receives. If you have questions about this report or need further information, contact Dr. Mike Reik, Superintendent of Schools, Platte County R-III School District Central Office at 816-858-5420.

PLATTE COUNTY R-III SCHOOL DISTRICT
STATEMENT OF NET POSITION - MODIFIED CASH BASIS
JUNE 30, 2018

	<u>GOVERNMENTAL ACTIVITIES</u>
ASSETS	
Cash and cash equivalents	\$ <u>28,356,355</u>
NET POSITION	
Restricted for:	
Capital outlay	\$ 18,032,814
Debt service	3,688,848
Unrestricted	<u>6,634,693</u>
Total net position	\$ <u>28,356,355</u>

See accompanying notes to the basic financial statements.

**PLATTE COUNTY R-III SCHOOL DISTRICT
STATEMENT OF ACTIVITIES - MODIFIED CASH BASIS
FOR THE YEAR ENDED JUNE 30, 2018**

FUNCTION/PROGRAMS	Expenditures	PROGRAM REVENUES			Net (Expense) Revenue and Change in Net Position Governmental
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
GOVERNMENTAL ACTIVITIES:					
Instruction	\$ 24,868,689	\$ 1,192,120	\$ 2,763,118	\$ 40,900	\$ (20,872,551)
Student activities	1,660,839	1,037,609	-	-	(623,230)
Student services	1,917,626	62,662	-	-	(1,854,964)
Instruction staff support	1,811,857	-	-	-	(1,811,857)
Building administration	2,471,746	-	-	-	(2,471,746)
General administration & central services	2,850,303	-	-	-	(2,850,303)
Operation of plant	4,194,923	74,694	-	-	(4,120,229)
Transportation	2,263,050	6,474	351,284	-	(1,905,292)
Food service	1,771,134	993,733	585,508	-	(191,893)
Community services	370,973	74,948	38,196	-	(257,829)
Facility acquisition and construction	946,434	-	-	92,556	(853,878)
Debt service:					
Principal retirement	16,107,990	-	-	-	(16,107,990)
Interest and fees	3,507,734	-	-	-	(3,507,734)
Total Governmental Activities	\$ 64,743,298	\$ 3,442,240	\$ 3,738,106	\$ 133,456	(57,429,496)
General Revenues:					
					26,015,501
					3,768,786
					14,213,341
					939,617
					538,826
					494,263
					1,951,654
					239,845
					3,182
					218,342
					19,260,000
					<u>67,643,357</u>
					10,213,861
					18,142,494
					<u>\$ 28,356,355</u>

See accompanying notes to the basic financial statements.

PLATTE COUNTY R-III SCHOOL DISTRICT
COMBINED STATEMENT OF ASSETS, LIABILITIES AND FUND BALANCES - MODIFIED CASH BASIS
GOVERNMENTAL FUNDS
JUNE 30, 2018

	GENERAL FUND	SPECIAL REVENUE FUND	DEBT SERVICE FUND	CAPITAL PROJECTS FUND	TOTAL GOVERNMENTAL FUNDS
ASSETS					
Cash and cash equivalents	\$ 6,634,693	\$ -	\$ 3,688,848	\$ 18,032,814	\$ 28,356,355
FUND BALANCES					
Restricted	\$ -	\$ -	\$ 3,688,848	\$ 17,976,355	\$ 21,665,203
Committed	-	-	-	56,459	56,459
Assigned	862,382	-	-	-	862,382
Unassigned	5,772,311	-	-	-	5,772,311
Total fund balances	\$ 6,634,693	\$ -	\$ 3,688,848	\$ 18,032,814	\$ 28,356,355

See accompanying notes to the basic financial statements.

PLATTE COUNTY R-III SCHOOL DISTRICT
COMBINED STATEMENT OF REVENUES, EXPENDITURES AND CHANGE IN FUND BALANCES
MODIFIED CASH BASIS - GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2018

	GENERAL FUND	SPECIAL REVENUE FUND	DEBT SERVICE FUND	CAPITAL PROJECTS FUND	TOTAL GOVERNMENTAL FUNDS
REVENUES:					
Local	\$ 20,981,281	\$ 4,002,804	\$ 6,378,869	\$ 2,967,473	\$ 34,330,427
County	1,371,285	239,845	391,994	188,375	2,191,499
State	1,401,075	14,678,495	-	40,900	16,120,470
Federal	1,547,465	387,074	-	-	1,934,539
Other	6,474	1,113,400	-	350	1,120,224
Total Revenues	<u>25,307,580</u>	<u>20,421,618</u>	<u>6,770,863</u>	<u>3,197,098</u>	<u>55,697,159</u>
EXPENDITURES:					
Instruction	2,706,265	21,915,704	-	246,720	24,868,689
Student activities	1,302,398	232,613	-	125,828	1,660,839
Student services	794,078	1,121,558	-	1,990	1,917,626
Instruction staff support	789,985	1,001,930	-	19,942	1,811,857
Building administration	751,609	1,720,137	-	-	2,471,746
General administration & central services	1,798,307	942,785	-	109,211	2,850,303
Operation of plant	4,184,243	-	-	10,680	4,194,923
Transportation	2,263,050	-	-	-	2,263,050
Food service	1,771,134	-	-	-	1,771,134
Community services	200,487	170,486	-	-	370,973
Facility acquisition and construction	-	-	-	946,434	946,434
Debt service:					
Principal retirement	-	-	12,665,000	3,442,990	16,107,990
Interest and fees	-	-	1,904,710	1,603,024	3,507,734
Total Expenditures	<u>16,561,556</u>	<u>27,105,213</u>	<u>14,569,710</u>	<u>6,506,819</u>	<u>64,743,298</u>
Revenues Over (Under) Expenditures	<u>8,746,024</u>	<u>(6,683,595)</u>	<u>(7,798,847)</u>	<u>(3,309,721)</u>	<u>(9,046,139)</u>
Other Financing Sources (Uses):					
Proceeds from bonds issued	-	-	-	19,260,000	19,260,000
Transfers	(8,152,284)	6,683,595	-	1,468,689	-
Total Other Financing Sources (Uses)	<u>(8,152,284)</u>	<u>6,683,595</u>	<u>-</u>	<u>20,728,689</u>	<u>19,260,000</u>
Net change in fund balance	593,740	-	(7,798,847)	17,418,968	10,213,861
Fund balance, beginning	6,040,953	-	11,487,695	613,846	18,142,494
Fund balance, ending	<u>\$ 6,634,693</u>	<u>\$ -</u>	<u>\$ 3,688,848</u>	<u>\$ 18,032,814</u>	<u>\$ 28,356,355</u>

See accompanying notes to the basic financial statements.

PLATTE COUNTY R-III SCHOOL DISTRICT
STATEMENT OF NET POSITION - MODIFIED CASH BASIS
FIDUCIARY FUND
JUNE 30, 2018

	<u>SCHOLARSHIP FUND</u>
ASSETS	
Cash and cash equivalents	\$ 5,601
Certificates of deposit	<u>57,026</u>
Total assets	<u>\$ 62,627</u>
NET POSITION	
Held in trust for scholarships	<u>\$ 62,627</u>

See accompanying notes to the basic financial statements.

**PLATTE COUNTY R-III SCHOOL DISTRICT
STATEMENT OF CHANGE IN NET POSITION
MODIFIED CASH BASIS - FIDUCIARY FUND
FOR THE YEAR ENDED JUNE 30, 2018**

	<u>SCHOLARSHIP FUND</u>
Additions	
Interest received	\$ 101
Contributions received	<u>650</u>
Total additions	751
Deductions	
Scholarships paid to students	<u>(5,000)</u>
Change in Net Position	(4,249)
Net Position Beginning of Year	<u>66,876</u>
Net Position End of Year	<u>\$ 62,627</u>

See accompanying notes to the basic financial statements.

**PLATTE COUNTY R-III SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2018**

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Principles Used to Determine Scope of Entity: The District's reporting entity includes the District's governing board and all related organizations.

The combined financial statements of the District include all organizations that raise and hold economic resources for the direct benefit of the District. The District has implemented GASB Statement No. 61, *The Financial Reporting Entity: Omnibus an amendment of GASB Statements No. 14 and No. 34*. GASB Statement No. 61 amended GASB Statement No. 14. GASB Statement No. 61 modifies certain requirements for inclusion of component units in the financial reporting entity. The following entity is included in the District's annual financial statements, as it is part of the District's entity based on the criteria established in GASB Statement No. 61.

Platte County R-III School District Building Corporation: This component unit was incorporated as a not-for-profit organization whose stated purpose is to operate exclusively for the benefit of the District. Although the District is not legally responsible for the debt of the building corporation, the corporation's sole source of revenue is lease payments from the District. The financial information presented for the Building Corporation has been blended with that of the School District. The information must be reported using the blended method since the component unit is so closely related to the primary government that the component unit, in effect, is the same as the primary unit. The separate information for the Building Corporation can be found in the supplemental information.

Basis of Presentation

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

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

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

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

**PLATTE COUNTY R-III SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2018**

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Fund Accounting

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

Major Governmental Funds:

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

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

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

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

Other Fund Types:

Fiduciary (Scholarship) Fund: Accounts for memorial gifts received from outside parties. The fund provides the awarding of scholarships to specified individuals in accordance with the terms of scholarship trust agreements entered into with the donors.

Measurement Focus

Government-wide Financial Statements: The government-wide financial statements are prepared using the total economic resources measurement focus. All assets and liabilities arising from cash transactions are included on the Statement of Net Position.

Fund Financial Statements: All governmental funds are accounted for using a flow of current financial resources measurement focus. With this measurement of focus, only current assets and current liabilities generally are included on the balance sheet. The Statement of Revenues, Expenditures, and Change in Fund Balances reports on the sources (revenues and other financing sources) and uses (expenditures and other financing uses) of current financial resources. This approach does not differ from the manner in which the governmental activities of the District-wide financial statements are prepared.

PLATTE COUNTY R-III SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2018

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

Pooled Cash and Temporary Investments: Cash resources of the individual funds are combined to form a pool of cash and temporary investments, which is managed by the Executive Director of Business Services. Investments of the pooled accounts consist primarily of certificates of deposit, commercial paper and money market funds, carried at cost. Interest income received is allocated to contributing funds based on cash and temporary investment balances. The investment pool is available for use by all funds except the Debt Service Fund (State law requires that all deposits of the Debt Service Fund be kept separate and apart from all other funds of the District).

Paid time off: Vacation time and annual leave days are considered as expenditures in the year paid. Unused vacation days at the end of the fiscal year are paid out to employees the beginning of the following year and are reimbursed at the daily rate of pay for a substitute. All eligible staff receive twelve annual leave days per year. The annual leave days will accumulate to 120 days. Annual leave days in excess of 120 days at the end of a school year will be paid at half the daily rate of pay for a substitute.

Teachers' Salaries: Payroll checks for July and August 2018 written and held at June 30, 2018, in the amount of \$1,964,607 are included in the financial statements as expenditures paid in the month of June. This practice has been consistently followed in previous years.

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

NOTE B - CASH AND CASH EQUIVALENTS

Custodial credit risk: For deposits, custodial credit risk is the risk that in the event of bank failure, the District's deposits may not be returned to it. At June 30, 2018, the bank balances of the District's deposits totaled \$3,125,320. Of this amount \$250,000 was covered by FDIC insurance and \$2,875,320 was supported by collateral, held by banks in the District's name that do not hold the collateralized deposits.

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

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

**PLATTE COUNTY R-III SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2018**

NOTE B - CASH AND CASH EQUIVALENTS (continued)

MOSIP is professionally managed by PFM Asset Management LLC, a registered investment adviser, who is one of the nations' largest administrators of local government investment programs. All investments in the MOSIP pool are rated AAAM by Standard and Poor's and meet the permitted investments statutes for Missouri Schools. The District had \$10,733,285 invested with MOSIP at June 30, 2018.

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

Escrow Fund: The District has established an escrow fund with proceeds from the Series 2017 Leasehold Refunding Revenue bonds for the purpose of refunding \$16,950,000 Series 2015 Leasehold Revenue bonds. The escrow fund will be used to meet the debt service requirements of the refunding bonds until the "cross over" date of April 1, 2022, at which time the refunding escrow will be used to retire the refunded bonds. At June 30, 2018, the escrow balance was \$17,970,833.

NOTE C - TAXES

Property taxes attach as an enforceable lien on property as of January 1. Taxes are levied on November 1 and payable by December 31. The counties of Platte and Clay each collect property tax and remit it to the District. The District also receives sales tax collected by the state and remitted based on weighted average daily attendance. The District is required to reduce its property tax levy by one-half the amount of sales tax estimated to be received in the subsequent calendar year.

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

Real Estate:		
Residential	\$	323,552,493
Agricultural		3,520,765
Commercial		94,233,440
Personal Property		<u>112,325,264</u>
Total	\$	<u><u>533,631,962</u></u>

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

	<u>Unadjusted</u>	<u>Adjusted</u>
General Fund	\$ 3.7424	\$ 3.4350
Special Revenue Fund	-	-
Debt Service Fund	1.1903	1.1903
Capital Projects Fund	<u>0.4186</u>	<u>0.4186</u>
	<u><u>\$ 5.3513</u></u>	<u><u>\$ 5.0439</u></u>

The receipts of current and delinquent property taxes during the fiscal year ended June 30, 2018, aggregated approximately 97% of the current assessment computed on the basis of the levy as shown above.

**PLATTE COUNTY R-III SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2018**

NOTE D - RETIREMENT PLAN

The Public School Retirement System of Missouri (PSRS), is a mandatory cost-sharing multiple-employer retirement system for all full-time certificated employees and certain part-time certificated employees of all public school districts in Missouri (except the school districts of St. Louis and Kansas City) and all public community colleges. PSRS also includes certificated employees of PSRS, Missouri State Teachers' Association, Missouri State High School Activities Association, and certain employees of the state of Missouri who elected to remain covered by PSRS under legislation enacted in 1986, 1987 and 1989. The majority of PSRS members are exempt from Social Security contributions. In some instances, positions may be determined not to be exempt from Social Security contributions. Any PSRS member who is required to contribute to Social Security comes under the requirements of Section 169.070(9) RSMo, known as the "2/3's statute". PSRS members required to contribute to Social Security are required to contribute two-thirds of the approved PSRS contribution rate and their employer is required to match the contribution. The member's benefits are further calculated at two-thirds the normal benefit amount. A Comprehensive Annual Financial Report ("CAFR") can be obtained at www.psrps-peers.org.

PSRS is a defined benefit plan providing retirement, disability, and death/survivor benefits. Members are vested for service retirement benefits after accruing five years of service. Individuals who (a) are at least age 60 and have a minimum of 5 years of service, (b) have 30 years of service, or (c) qualify for benefits under the "Rule of 80" (service and age total at least 80) are entitled to a monthly benefit for life, which is calculated using a 2.5% benefit factor. Beginning July 1, 2001, and ending July 1, 2014, a 2.55% benefit factor is used to calculate benefits for members who have 31 or more years of service. Actuarially age-reduced benefits are available for members with five to 24.9 years of service at age 55. Members who are younger than age 55 and who do not qualify under the "Rule of 80" but have between 25 and 29.9 years of service may retire with a lesser benefit factor. Members that are three years beyond normal retirement can elect to have their lifetime monthly benefits actuarially reduced in exchange for the right to also receive a one-time partial lump sum (PLSO) payment at retirement equal to 12, 24, or 36 times the Single Life benefit amount. A Summary Plan Description detailing the provisions of the plan can be found on PSRS' website at www.psrps-peers.org. Since the prior valuation date, the benefit provisions were amended to make permanent an early retirement benefit allowing members to retire at any age after 25 years of service.

PSRS members were required to contribute 14.5% of their annual covered salary during fiscal year 2018. Employers were required to match the contributions made by employees. The contribution rate is set each year by the PSRS Board of Trustees upon the recommendation of the independent actuary within the contribution restrictions set in Section 169.030 RSMo. The annual statutory increase in the total contribution rate may not exceed 1% of pay. Contributions for employees of the State of Missouri were made by the state in accordance with the actuarially determined contribution rate needed to fund current costs and prior service costs of state employees as authorized in Section 104.342.8 RSMo.

The District's contributions to PSRS for the year ended June 30, 2018 was \$3,236,822, equal to the required contributions. The District's contributions to S-PSRS, the "2/3's statute", for the year ended June 30, 2018 was \$35,671, equal to the required contributions.

PLATTE COUNTY R-III SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2018

NOTE D - RETIREMENT PLAN (continued)

The District also contributes to The Public Education Employee Retirement System of Missouri (PEERS), which is a mandatory cost-sharing multiple-employer retirement system for all public school district employees (except the school districts of St. Louis and Kansas City), employees of the Missouri Association of School Administrators, and community college employees (except the Community College of St. Louis). Employees of covered districts who work 20 or more hours per week on a regular basis and who are not contributing members of the Public School Retirement System of Missouri (PSRS) must contribute to PEERS. Employees of PSRS who do not hold Missouri educator certificates also contribute to PEERS. PEERS was established as a trust fund by an Act of the Missouri General Assembly effective October 13, 1965. Statutes governing the System are found in Section 169.600 – 169.715 and Sections 169.560 – 169.595 RSMo. The statutes place responsibility for the operation of PEERS on the Board of Trustees of the Public School Retirement Systems of Missouri. A Comprehensive Annual Financial Report (“CAFR”) can be obtained at www.psr-peers.org.

PEERS is a defined benefit plan providing service retirement and disability benefits to its members. Members are vested for service retirement benefits after accruing five years of service. Individuals who (a) are at least age 60 and have a minimum of five years of service, (b) have 30 years of service, or (c) qualify for benefits under the “Rule of 80” (service and age total at least 80) are entitled to a monthly benefit for life, which is calculated using a 1.61% benefit factor. Members qualifying for “Rule of 80” or “30-and-out” are entitled to an additional temporary .8% benefit multiplier until reaching minimum Social Security age (currently age 62). Actuarially age-reduced retirement benefits are available with five years of service at age 55. Members who are younger than age 55 and who do not qualify under the “Rule of 80” but have between 25 and 29.9 years of service may retire with a lesser benefit factor. Members that are three years beyond normal retirement can elect to have their lifetime monthly benefits actuarially reduced in exchange for the right to also receive a one-time partial lump sum (PLSO) payment at retirement equal to 12, 24, or 36, times the Single Life benefit amount. A Summary Plan Description detailing the provisions of the plan can be found on PSRS’ website at www.psr-peers.org.

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

The District's contributions to PEERS for the year ended June 30, 2018 were \$490,353 equal to the required contribution.

NOTE E - INSURANCE

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; injuries to employees; and natural disasters. The District maintains commercial insurance to protect itself from such risks.

NOTE F - COMMITMENT

In May 2018, the District entered into a contract for replacement of lights in the Wilson Auditorium. Remaining contract costs at June 30, 2018 was \$130,000.

**PLATTE COUNTY R-III SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2018**

NOTE G - INTERFUND TRANSFERS

During the year, the District made a \$1,360,000 transfer from the General Fund to the Capital Projects Fund for necessary capital outlay expenditures. This revenue transfer is capped by an amount calculated annually by the Missouri Department of Elementary and Secondary Education (DESE).

The District also transferred \$6,683,595 from the General Fund to the Special Revenue Fund to avoid deficit spending in the Special Revenue Fund.

NOTE H - OPERATING LEASES

As of June 30, 2012, the District renewed an earlier agreement to lease 10.02 acres for an annual lease payment calculated at \$31,500, due September 1. This lease is for 20 years unless terminated by the District or by the provision of the agreement.

On May 20, 2015, the District entered into a 48-month lease agreement for copy machines. The lease requires monthly payments of \$8,235 beginning July 1, 2015.

Also, on May 13, 2016, the District entered into a 37-month lease agreement for technology equipment. The lease requires three annual payments of \$151,853 beginning in August 2016.

On April 30, 2018, the District entered into a 24-month lease agreement for modular classrooms. The lease requires two annual payments of \$30,000 beginning July 1, 2018.

The future required minimum lease payments on the above leases are as follows (assuming non-cancellation):

Year ending, June 30,	Amount
2019	\$ 312,170
2020	61,500
2021	31,500
2022	31,500
2023	31,500
2024-2028	157,500
2029-2031	94,500
	<u>\$ 720,170</u>

NOTE I - LONG-TERM DEBT

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

	Balance July 1, 2017	Additions	Retirements	Balance June 30, 2018	Amount Due Within One Year
Bonds payable	\$ 88,275,000	\$ 19,260,000	\$ 15,970,000	\$ 91,565,000	\$ 5,125,000
Capital lease	313,000	-	108,689	204,311	100,037
Loans payable	138,011	-	29,301	108,710	29,530
Total	<u>\$ 88,726,011</u>	<u>\$ 19,260,000</u>	<u>\$ 16,107,990</u>	<u>\$ 91,878,021</u>	<u>\$ 5,254,567</u>

**PLATTE COUNTY R-III SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2018**

NOTE J - LOAN AGREEMENTS

The District has entered into loan agreements with the Department of Natural Resources to finance District-wide lighting improvements. As of June 30, 2018, these outstanding loans consist of:

Note payable to the Missouri Department of Natural Resources payable in semi-annual installments of \$10,089 with a final installment of \$3,177 due March 1, 2022, 0% interest	\$ 73,797
Note payable to the Missouri Department of Natural Resources payable in semi-annual installments of \$5,084 including interest at 2.5% with a final installment of \$1,149 due April 1, 2022	<u>34,913</u>
	<u><u>\$ 108,710</u></u>

Debt service requirements to maturity for the loan agreements are:

Year Ending June 30,	Principal	Interest	Total
2019	\$ 29,530	\$ 815	\$ 30,345
2020	29,766	579	30,345
2021	30,007	338	30,345
2022	19,407	91	19,498
Total	\$ 108,710	\$ 1,823	\$ 110,533

NOTE K - CAPITAL LEASE OBLIGATION

On June 1, 2017, the District entered into a lease purchase agreement in the amount of \$313,000 with a third party to finance the cost of technology equipment. The lease is for three years, requiring annual lease payments of \$108,689, interest at 4.235%.

Future minimum lease payments on the above lease are as follows:

Year Ending June 30,	Principal	Interest	Total
2019	\$ 100,037	\$ 8,652	\$ 108,689
2020	104,274	4,415	108,689
Total	\$ 204,311	\$ 13,067	\$ 217,378

**PLATTE COUNTY R-III SCHOOL DISTRICT
 NOTES TO THE BASIC FINANCIAL STATEMENTS
 FOR THE YEAR ENDED JUNE 30, 2018**

NOTE L - BONDS PAYABLE

Bonds payable at June 30, 2018, consist of:

SCHOOL DISTRICT:

Series 2016 general obligation refunding bonds due in varying annual installments through March 1, 2030; interest of 2.498 to 4.00%	\$ 28,645,000
Series 2012 general obligation refunding bonds due in varying annual installments through March 1, 2024; interest of 2.0%	9,700,000
Series 2010 general obligation refunding bonds due in varying annual installments through March 1, 2021; interest of 4.6% to 4.25%	2,000,000
Series 2009 general obligation refunding bonds due in varying annual installments through March 1, 2019; interest of 2.5% to 3.2%	<u>1,550,000</u>
Total School District	<u>41,895,000</u>

BUILDING CORPORATION:

Series 2008 Platte County R-III School District Building Corporation leasehold revenue bonds due in varying annual installments through March 1, 2020; interest of 4.15% to 4.25%.	450,000
Series 2015 Platte County R-III School District Building Corporation leasehold revenue bonds due in varying annual installments through April 1, 2035; interest of 2.0% to 5.0%.	25,125,000
Series 2016 Platte County R-III School District Building Corporation leasehold revenue bonds due in varying annual installments through April 1, 2031; interest of 3.0% to 4.0%.	4,835,000
Series 2017 Platte County R-III School District Building Corporation leasehold refunding revenue bonds due in varying annual installments through April 1, 2035; interest at 3.4%	<u>19,260,000</u>
Total Building Corporation	<u>49,670,000</u>
Total School District and Building Corporation	<u><u>\$ 91,565,000</u></u>

The Building Corporation issued \$19,260,000 Series 2017 bonds to refund \$2,085,000 Series 2008 bonds on March 1, 2018 and cross-over refund \$16,950,000 Series 2015 bonds on April 1, 2022 resulting in an economic gain of \$1,139,616.

**PLATTE COUNTY R-III SCHOOL DISTRICT
 NOTES TO THE BASIC FINANCIAL STATEMENTS
 FOR THE YEAR ENDED JUNE 30, 2018**

NOTE L - BONDS PAYABLE (continued)

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

Year Ending June 30,	Principal	Interest	Total
2019	\$ 5,125,000	\$ 3,446,300	\$ 8,571,300
2020	4,945,000	3,124,478	8,069,478
2021	3,895,000	2,996,470	6,891,470
2022	22,235,000	2,904,860	25,139,860
2023	5,775,000	1,975,690	7,750,690
2024	6,380,000	1,774,910	8,154,910
2025	4,465,000	1,604,900	6,069,900
2026	4,860,000	1,432,030	6,292,030
2027	5,365,000	1,251,250	6,616,250
2028	6,190,000	1,051,410	7,241,410
2029	5,390,000	819,520	6,209,520
2030	5,785,000	603,920	6,388,920
2031	2,435,000	382,720	2,817,720
2032	1,955,000	296,480	2,251,480
2033	2,095,000	230,010	2,325,010
2034	2,255,000	158,780	2,413,780
2035	2,415,000	82,110	2,497,110
Total	<u>\$ 91,565,000</u>	<u>\$ 24,135,838</u>	<u>\$ 115,700,838</u>

NOTE M - COOPERATIVE AGREEMENT

On September 15, 2011, the District entered into a limited purpose contractual relationship to cooperate in the development and operation of a competitive swimming facility with the County of Platte. The District agrees to offset the County's costs to develop the Natatorium building and pool by reimbursing the County for 25% of the actual costs for the Natatorium building and pool, 50% of actual costs for two sports locker rooms, 100% of actual costs for spectator areas and separate facility entrance/exit, and related financing costs related to this portion of the total cost of the Natatorium building and pool (amount determined in amendment below). The initial term of this agreement is for a twenty-year period, beginning on the date the Natatorium is opened and the District shall have the right to renew the term of this agreement for another twenty years after the initial term. The agreement shall be deemed renewed unless the District notifies the County in writing 60 days prior to the expiration of the initial term. The agreement requires an annual user fee of \$25,000 for the duration of the initial twenty-year term.

On July 21, 2014, the District entered into an amendment to the cooperative agreement. The amendment requires, in addition to the \$25,000 annual user fee, eight annual payments of \$207,604 beginning on or before August 21, 2014. The parties acknowledge that all such payments are subject to annual appropriation by the applicable governing body.

The future required minimum payments on the above agreement are as follows (assuming non-cancellation):

**PLATTE COUNTY R-III SCHOOL DISTRICT
 NOTES TO THE BASIC FINANCIAL STATEMENTS
 FOR THE YEAR ENDED JUNE 30, 2018**

NOTE M - COOPERATIVE AGREEMENT (continued)

Year ending, June 30,	Amount
2019	\$ 207,604
2020	207,604
2021	207,604
2022	207,604
	\$ 830,416

NOTE N - FUND BALANCES - GOVERNMENTAL FUNDS

Statement No. 54 of the Governmental Accounting Standards Board (GASB 54) establishes accounting and financial reporting standards for all governments that report governmental funds. GASB 54 establishes criteria for classifying fund balances and clarifies definitions for governmental fund types.

For committed fund balances (as defined in GASB 54), the District's highest level of decision making authority is the Board of Education (the Board). Restrictions are authorized by the Board based on recommended fund placement in the original adopted budget and later revised budget, as well as by Board resolution. Further, the Board delegates the authority to assign amounts for specific purpose(s) to the Superintendent or designee.

GASB 54 establishes five (5) fund balance categories: Nonspendable, Restricted, Committed, Assigned and Unassigned:

Nonspendable fund balance - Funds that cannot be spent due to their form or funds that legally or contractually must be maintained intact.

Restricted fund balance - Funds that are constrained for a specific purpose - restricted expenditure use.

Committed fund balance - Funds that are designated for a special purpose by a government using its highest level of decision making authority. The Board would make the commitment and only the Board can remove such a commitment.

Assigned fund balance - For all governmental funds other than the General Fund - the amount reported as assigned should not result in a deficit in unassigned fund balance.

Unassigned fund balance - Represents only the General Fund and all remaining fund balances not classified in the first four levels.

For all funds except the Debt Service Fund, the Board may consider the order of spending as restricted, committed, assigned, and then unassigned amounts as available. For the Debt Service Fund, the Board may approve unrestricted or assigned balances to be spent prior to restricted balances, allowing the spending of interest prior to principal. The year-end audit process will establish the fund balance restriction recommendations for classifying remaining fund balances as required by GASB 54.

**PLATTE COUNTY R-III SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2018**

NOTE N - FUND BALANCES - GOVERNMENTAL FUNDS (continued)

State rules for public school finance require Teacher’s Fund (Special Revenue Fund) be used to account for revenue sources legally restricted to expenditures for the purpose of teachers’ salaries and benefits and tuition payments to other school districts as outlined by the Annual Secretary of the Board Report (ASBR). Substantial sources of revenue for the Teacher’s Fund will be through transfers from General Fund balances and the required state basic formula and Proposition C sales tax allocations. The Board established the Teacher’s Fund as a special revenue fund, and a major fund, in the financial statements.

The District shall maintain sufficient financial reserves to provide for prudent financial management and for adequacy of cash flow to support operations. The operating fund balance is the combined fund balances of the General, Teacher’s and Capital Projects Funds. These reserves include elements for an operating reserve and a financial stabilization reserve. The appropriate amount for the operating reserve fund should be reviewed periodically.

As fund balances approach the 16 - 22 percent, Board established minimum reserve balance, the Board may determine necessary action to include, but not be limited to, a levy election or significant budget reduction measures.

As of June 30, 2018, fund balances are composed of the following:

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Debt Service Fund</u>	<u>Capital Projects Fund</u>
Restricted:				
Debt service	\$ -	\$ -	\$ 3,688,848	\$ -
Capital projects	<u>-</u>	<u>-</u>	<u>-</u>	<u>17,976,355</u>
Total Restricted	<u>-</u>	<u>-</u>	<u>3,688,848</u>	<u>17,976,355</u>
Committed:				
Capital projects	<u>-</u>	<u>-</u>	<u>-</u>	<u>56,459</u>
Assigned:				
Student activities	<u>862,382</u>	<u>-</u>	<u>-</u>	<u>-</u>
Unassigned	<u>5,772,311</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total fund balances	<u>\$ 6,634,693</u>	<u>\$ -</u>	<u>\$ 3,688,848</u>	<u>\$ 18,032,814</u>

SUPPLEMENTARY INFORMATION

PLATTE COUNTY R-III SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE - MODIFIED CASH BASIS
GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2018

	BUDGET		ACTUAL	VARIANCE
	ORIGINAL	FINAL		
REVENUES:				
Local	\$ 19,577,594	\$ 21,360,772	\$ 20,981,281	\$ (379,491)
County	1,100,000	1,100,000	1,371,285	271,285
State	1,112,304	1,112,304	1,401,075	288,771
Federal	1,549,485	1,549,485	1,547,465	(2,020)
Other	4,000	4,000	6,474	2,474
Total Revenues	23,343,383	25,126,561	25,307,580	181,019
EXPENDITURES:				
Instruction	2,881,982	2,946,982	2,706,265	240,717
Student activities	991,942	991,942	1,302,398	(310,456)
Student services	804,419	804,419	794,078	10,341
Instruction staff support	882,497	882,497	789,985	92,512
Building administration	738,150	738,150	751,609	(13,459)
General administration & central services	1,941,030	1,971,030	1,798,307	172,723
Operation of plant	3,838,651	4,272,302	4,184,243	88,059
Transportation	1,966,607	2,331,607	2,263,050	68,557
Food service	1,705,884	1,755,884	1,771,134	(15,250)
Community services	226,871	226,871	200,487	26,384
Facility acquisition and construction	-	-	-	-
Debt service:				
Principal retirement	-	-	-	-
Interest and fees	-	-	-	-
Total Expenditures	15,978,033	16,921,684	16,561,556	360,128
Revenues Over (Under) Expenditures	7,365,350	8,204,877	8,746,024	541,147
Other Financing Sources (Uses):				
Transfers	(7,249,746)	(8,432,337)	(8,152,284)	280,053
Net change in fund balance	115,604	(227,460)	593,740	821,200
Fund balance, beginning	6,040,953	6,040,953	6,040,953	-
Fund balance, ending	<u>\$ 6,156,557</u>	<u>\$ 5,813,493</u>	<u>\$ 6,634,693</u>	<u>\$ 821,200</u>

**PLATTE COUNTY R-III SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE - MODIFIED CASH BASIS
SPECIAL REVENUE FUND
FOR THE YEAR ENDED JUNE 30, 2018**

	BUDGET		ACTUAL	VARIANCE
	ORIGINAL	FINAL		
REVENUES:				
Local	\$ 3,901,539	\$ 3,901,538	\$ 4,002,804	\$ 101,266
County	210,000	210,000	239,845	29,845
State	14,385,550	14,438,213	14,678,495	240,282
Federal	402,461	402,461	387,074	(15,387)
Other	1,298,750	1,298,750	1,113,400	(185,350)
Total Revenues	20,198,300	20,250,962	20,421,618	170,656
EXPENDITURES:				
Instruction	21,705,138	22,285,138	21,915,704	369,434
Student activities	98,367	98,367	232,613	(134,246)
Student services	1,192,958	1,192,958	1,121,558	71,400
Instruction staff support	976,050	976,050	1,001,930	(25,880)
Building administration	1,731,478	1,764,396	1,720,137	44,259
General administration & central services	847,717	847,717	942,785	(95,068)
Operation of plant	-	-	-	-
Transportation	-	-	-	-
Food service	-	-	-	-
Community services	158,673	158,673	170,486	(11,813)
Facility acquisition and construction	-	-	-	-
Debt service:				
Principal retirement	-	-	-	-
Interest and fees	-	-	-	-
Total Expenditures	26,710,381	27,323,299	27,105,213	218,086
Revenues Over (Under) Expenditures	(6,512,081)	(7,072,337)	(6,683,595)	388,742
Other Financing Sources (Uses):				
Transfers	6,512,081	7,072,337	6,683,595	(388,742)
Net change in fund balance	-	-	-	-
Fund balance, beginning	-	-	-	-
Fund balance, ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

PLATTE COUNTY R-III SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE - MODIFIED CASH BASIS
DEBT SERVICE FUND
FOR THE YEAR ENDED JUNE 30, 2018

	BUDGET		ACTUAL	VARIANCE
	ORIGINAL	FINAL		
REVENUES:				
Local	\$ 5,627,166	\$ 6,467,331	\$ 6,378,869	\$ (88,462)
County	220,000	220,000	391,994	171,994
State	-	-	-	-
Federal	-	-	-	-
Other	-	-	-	-
Total Revenues	<u>5,847,166</u>	<u>6,687,331</u>	<u>6,770,863</u>	<u>83,532</u>
EXPENDITURES:				
Instruction	-	-	-	-
Student activities	-	-	-	-
Student services	-	-	-	-
Instruction staff support	-	-	-	-
Building administration	-	-	-	-
General administration & central services	-	-	-	-
Operation of plant	-	-	-	-
Transportation	-	-	-	-
Food service	-	-	-	-
Community services	-	-	-	-
Facility acquisition and construction	-	-	-	-
Debt service:				
Principal retirement	3,715,000	12,665,000	12,665,000	-
Interest and fees	<u>1,606,650</u>	<u>1,904,711</u>	<u>1,904,710</u>	<u>1</u>
Total Expenditures	<u>5,321,650</u>	<u>14,569,711</u>	<u>14,569,710</u>	<u>1</u>
Revenues Over (Under) Expenditures	525,516	(7,882,380)	(7,798,847)	83,533
Other Financing Sources (Uses):				
Transfers	-	-	-	-
Net change in fund balance	525,516	(7,882,380)	(7,798,847)	83,533
Fund balance, beginning	<u>11,487,695</u>	<u>11,487,695</u>	<u>11,487,695</u>	<u>-</u>
Fund balance, ending	<u>\$ 12,013,211</u>	<u>\$ 3,605,315</u>	<u>\$ 3,688,848</u>	<u>\$ 83,533</u>

**PLATTE COUNTY R-III SCHOOL DISTRICT
 BUDGETARY COMPARISON SCHEDULE - MODIFIED CASH BASIS
 CAPITAL PROJECTS FUND
 FOR THE YEAR ENDED JUNE 30, 2018**

	BUDGET		ACTUAL	VARIANCE
	ORIGINAL	FINAL		
REVENUES:				
Local	\$ 2,963,421	\$ 2,294,978	\$ 2,380,556	\$ 85,578
County	93,000	183,000	188,375	5,375
State	103,899	90,425	40,900	(49,525)
Federal	-	-	-	-
Other	-	-	350	350
Total Revenues	<u>3,160,320</u>	<u>2,568,403</u>	<u>2,610,181</u>	<u>41,778</u>
EXPENDITURES:				
Instruction	211,705	211,705	246,720	(35,015)
Student activities	151,550	151,550	125,828	25,722
Student services	4,000	4,000	1,990	2,010
Instruction staff support	5,000	5,000	19,942	(14,942)
Building administration	-	-	-	-
General administration & central services	206,000	228,341	109,211	119,130
Operation of plant	20,000	20,000	10,680	9,320
Transportation	-	-	-	-
Food service	18,000	18,000	-	18,000
Community services	-	-	-	-
Facility acquisition and construction	1,851,500	1,851,500	2,013,330	(161,830)
Debt service:				
Principal retirement	29,301	29,301	137,990	(108,689)
Interest and fees	1,400,929	1,400,929	1,399,680	1,249
Total Expenditures	<u>3,897,985</u>	<u>3,920,326</u>	<u>4,065,371</u>	<u>(145,045)</u>
Revenues Over (Under) Expenditures	(737,665)	(1,351,923)	(1,455,190)	(103,267)
Other Financing Sources (Uses):				
Transfers	<u>737,665</u>	<u>1,360,000</u>	<u>1,468,689</u>	<u>108,689</u>
Net change in fund balance	-	8,077	13,499	5,422
Fund balance, beginning	<u>42,960</u>	<u>42,960</u>	<u>42,960</u>	<u>-</u>
Fund balance, ending	<u>\$ 42,960</u>	<u>\$ 51,037</u>	<u>\$ 56,459</u>	<u>\$ 5,422</u>

**PLATTE COUNTY R-III SCHOOL DISTRICT
NOTES TO THE BUDGETARY COMPARISON SCHEDULE
FOR THE YEAR ENDED JUNE 30, 2018**

Budgetary Process

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

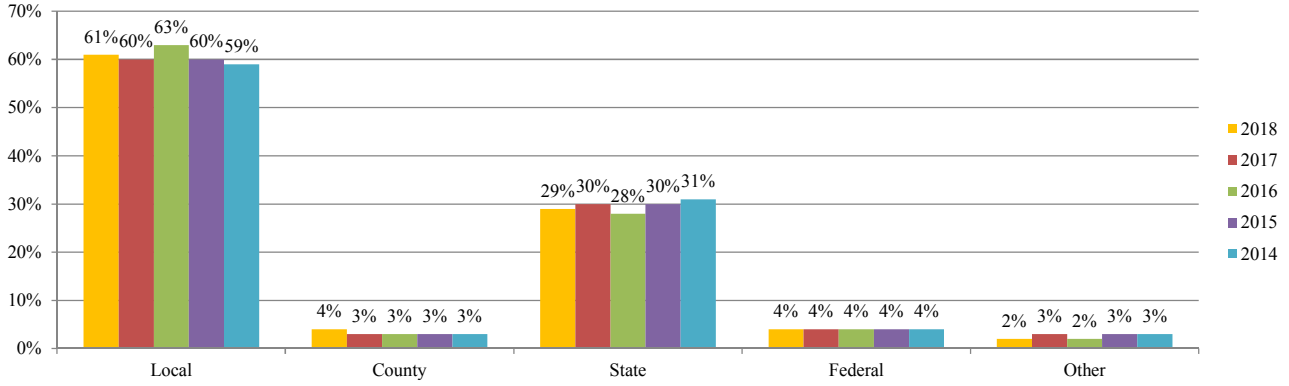
1. In accordance with Chapter 67, RSMo, the District adopts a budget for each fund.
2. Prior to July, the superintendent, who serves as the budget officer, submits to the Board of Education a proposed budget for the fiscal year beginning on the following July 1. The proposed budget includes estimated revenues and proposed expenditures for all 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. The Board of Education has the authority to make necessary adjustments to the budget by formal vote of the Board. Adjustments made during the year are reflected in the final budget information included in the financial statements.
6. Budgets for District funds are prepared and adopted on the modified cash basis (budget basis), recognizing revenues when collected and expenditures when paid.

PLATTE COUNTY R-III SCHOOL DISTRICT
SCHEDULE OF REVENUES COLLECTED BY SOURCE - SCHOOL DISTRICT
FOR THE YEAR ENDED JUNE 30, 2018

	GENERAL FUND	SPECIAL REVENUE FUND	DEBT SERVICE FUND	CAPITAL PROJECTS FUND	TOTAL
LOCAL:					
Property tax	\$ 17,717,103	\$ -	\$ 6,139,346	\$ 2,159,052	\$ 26,015,501
Sales tax	-	3,768,786	-	-	3,768,786
Financial institution tax	2,167	-	751	264	3,182
M & M surtax	366,952	-	127,156	44,718	538,826
In lieu of tax	494,263	-	-	-	494,263
Tuition	220	78,500	-	-	78,720
Earnings on investments	231,368	444	111,616	9,272	352,700
Food service	993,733	-	-	-	993,733
Student activities	1,037,609	-	-	-	1,037,609
Community services	74,948	-	-	-	74,948
Other local revenue	62,918	155,074	-	167,250	385,242
Total Local	<u>20,981,281</u>	<u>4,002,804</u>	<u>6,378,869</u>	<u>2,380,556</u>	<u>33,743,510</u>
COUNTY:					
Fines and escheats	-	239,845	-	-	239,845
State assessed utilities	1,371,285	-	391,994	188,375	1,951,654
Total County	<u>1,371,285</u>	<u>239,845</u>	<u>391,994</u>	<u>188,375</u>	<u>2,191,499</u>
STATE:					
Basic formula	-	12,760,508	-	-	12,760,508
Transportation	351,284	-	-	-	351,284
Early Childhood Special Ed.	488,644	81,163	-	-	569,807
Basic formula - classroom trust	-	1,580,438	-	-	1,580,438
Career education at risk	50,803	-	-	-	50,803
Career education	254,241	256,386	-	40,900	551,527
Food service	12,858	-	-	-	12,858
Educational screening	38,196	-	-	-	38,196
Career education enhancement grant	57,443	-	-	-	57,443
High need fund	147,606	-	-	-	147,606
Total State	<u>1,401,075</u>	<u>14,678,495</u>	<u>-</u>	<u>40,900</u>	<u>16,120,470</u>
FEDERAL:					
Title I	48,701	239,182	-	-	287,883
Title II A	-	60,612	-	-	60,612
Title III	7,133	-	-	-	7,133
Title IV	5,394	-	-	-	5,394
Individuals with Disabilities	653,821	-	-	-	653,821
IDEA grants	3,140	-	-	-	3,140
Child development associate grant	5,098	-	-	-	5,098
Medicaid	62,662	-	-	-	62,662
Child Nutrition	572,650	-	-	-	572,650
Perkins	180,379	-	-	-	180,379
Early Childhood Special Ed.	-	79,499	-	-	79,499
Other federal revenue	8,487	7,781	-	-	16,268
Total Federal	<u>1,547,465</u>	<u>387,074</u>	<u>-</u>	<u>-</u>	<u>1,934,539</u>
OTHER:					
Proceeds from sale of property	-	-	-	350	350
Transportation from other districts	6,474	-	-	-	6,474
Area vocational fees	-	1,111,000	-	-	1,111,000
Payments from other districts	-	2,400	-	-	2,400
Total Other	<u>6,474</u>	<u>1,113,400</u>	<u>-</u>	<u>350</u>	<u>1,120,224</u>
Total Revenues Collected	<u>\$ 25,307,580</u>	<u>\$ 20,421,618</u>	<u>\$ 6,770,863</u>	<u>\$ 2,610,181</u>	<u>\$ 55,110,242</u>

**PLATTE COUNTY R-III SCHOOL DISTRICT
COMPARISON OF REVENUES COLLECTED BY SOURCE
FOR THE YEARS ENDED JUNE 30, 2018, 2017, 2016, 2015 AND 2014**

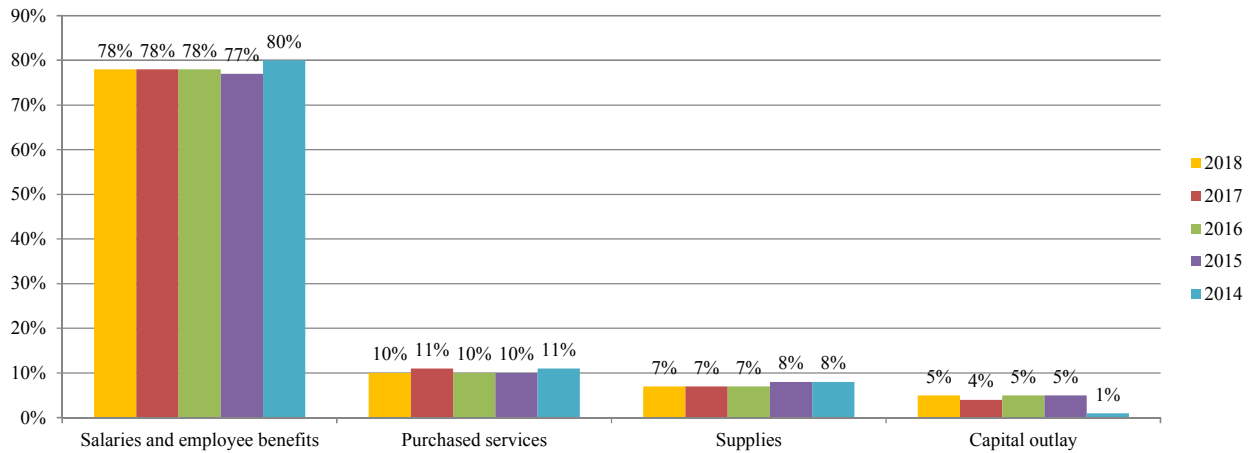
	2018	2017	2016	2015	2014
Local	\$ 33,743,510	\$ 31,991,095	\$ 34,198,142	\$ 27,426,311	\$ 26,553,521
County	2,191,499	1,594,257	1,789,688	1,366,983	1,387,801
State	16,120,470	15,465,083	15,223,155	13,648,766	14,132,999
Federal	1,934,539	2,026,272	2,171,103	2,027,907	1,884,038
Other	1,120,224	1,322,593	1,281,085	1,154,339	1,165,319
Total	\$ 55,110,242	\$ 52,399,300	\$ 54,663,173	\$ 45,624,306	\$ 45,123,678



Note: The above graphs do not include proceeds from the sale of bonds.

**PLATTE COUNTY R-III SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES PAID BY OBJECT - SCHOOL DISTRICT
FOR THE YEARS ENDED JUNE 30, 2018, 2017, 2016, 2015 AND 2014**

	GENERAL FUND	SPECIAL REVENUE FUND	DEBT SERVICE FUND	CAPITAL PROJECTS FUND	2018 TOTALS	2017 TOTALS	2016 TOTALS	2015 TOTALS	2014 TOTALS
Salaries	\$ 6,836,634	\$21,339,797	\$ -	\$ -	\$28,176,431	\$27,707,755	\$26,940,399	\$25,606,462	\$23,650,840
Employee benefits	2,102,879	5,351,308	-	-	7,454,187	7,315,025	7,038,479	6,612,174	6,046,407
Purchased services	4,417,613	414,108	-	-	4,831,721	4,865,637	4,465,447	4,376,912	3,963,414
Supplies	3,204,430	-	-	-	3,204,430	3,285,615	3,149,419	3,298,036	3,034,871
Capital outlay	-	-	-	2,527,701	2,527,701	3,159,652	3,494,012	2,607,402	2,205,267
Principal	-	-	12,665,000	108,689	12,773,689	16,484,077	13,243,858	2,753,848	26,120,177
Interest and fees	-	-	1,904,710	1,428,981	3,333,691	3,927,189	3,267,260	2,329,962	3,538,276
	<u>\$ 16,561,556</u>	<u>\$27,105,213</u>	<u>\$ 14,569,710</u>	<u>\$ 4,065,371</u>	<u>\$62,301,850</u>	<u>\$66,744,950</u>	<u>\$61,598,874</u>	<u>\$47,584,796</u>	<u>\$68,559,252</u>

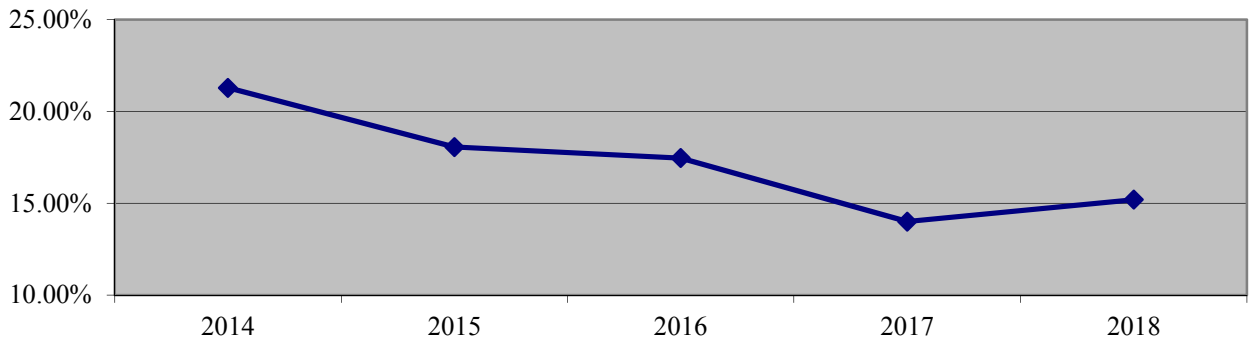


Note: The above graphs do not include expenditures for debt service or for capital improvements.

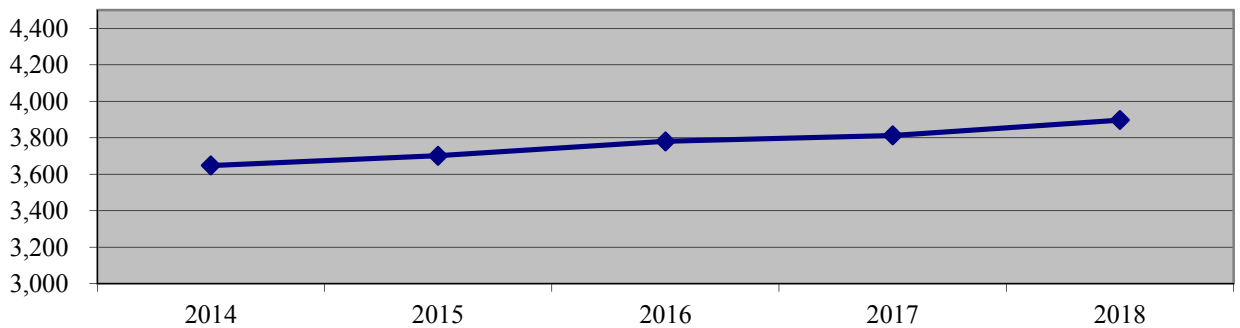
**PLATTE COUNTY R-III SCHOOL DISTRICT
SELECTED TRENDS
FOR THE YEARS ENDED JUNE 30, 2014 THROUGH 2018**

<u>General and Special Revenue Funds</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
Total Fund Balances	\$ 7,805,144	\$ 7,199,779	\$ 7,256,690	\$ 6,040,953	\$ 6,634,693
Total Expenditures	<u>36,664,032</u>	<u>39,862,084</u>	<u>41,562,244</u>	<u>43,142,532</u>	<u>43,666,769</u>
Reserve Ratio	21.29%	18.06%	17.46%	14.00%	15.19%
Average Daily Attendance	3,647.95	3,701.35	3,780.42	3,812.80	3,896.68

Reserve Ratio



Average Daily Attendance



**PLATTE COUNTY R-III SCHOOL DISTRICT
SUMMARY SCHEDULE OF REVENUES, EXPENDITURES AND CHANGE IN FUND BALANCES
MODIFIED CASH BASIS - SCHOOL DISTRICT
FOR THE YEAR ENDED JUNE 30, 2018**

	<u>GENERAL FUND</u>	<u>SPECIAL REVENUE FUND</u>	<u>DEBT SERVICE FUND</u>	<u>CAPITAL PROJECTS FUND</u>	<u>TOTALS</u>
REVENUES	\$ 25,307,580	\$ 20,421,618	\$ 6,770,863	\$ 2,610,181	\$ 55,110,242
EXPENDITURES	<u>16,561,556</u>	<u>27,105,213</u>	<u>14,569,710</u>	<u>4,065,371</u>	<u>62,301,850</u>
Revenues Over (Under) Expenditures	8,746,024	(6,683,595)	(7,798,847)	(1,455,190)	(7,191,608)
Other Financing Sources (Uses)	<u>(8,152,284)</u>	<u>6,683,595</u>	<u>-</u>	<u>1,468,689</u>	<u>-</u>
Net change in fund balance	593,740	-	(7,798,847)	13,499	(7,191,608)
Fund balance, beginning	<u>6,040,953</u>	<u>-</u>	<u>11,487,695</u>	<u>42,960</u>	<u>17,571,608</u>
Fund balance, ending	<u>\$ 6,634,693</u>	<u>\$ -</u>	<u>\$ 3,688,848</u>	<u>\$ 56,459</u>	<u>\$ 10,380,000</u>

**PLATTE COUNTY R-III SCHOOL DISTRICT
 COMBINING STATEMENT OF ASSETS, LIABILITIES AND FUND BALANCES
 MODIFIED CASH BASIS - ALL CAPITAL PROJECTS FUNDS
 JUNE 30, 2018**

	SCHOOL DISTRICT	BUILDING CORPORATION	TOTALS
ASSETS			
Cash and cash equivalents	<u>\$ 56,459</u>	<u>\$ 17,976,355</u>	<u>\$ 18,032,814</u>
FUND BALANCES			
Committed	\$ 56,459	\$ -	\$ 56,459
Assigned	<u>-</u>	<u>17,976,355</u>	<u>17,976,355</u>
Total fund balances	<u>\$ 56,459</u>	<u>\$ 17,976,355</u>	<u>\$ 18,032,814</u>

**PLATTE COUNTY R-III SCHOOL DISTRICT
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
CHANGE IN FUND BALANCES - MODIFIED CASH BASIS - ALL CAPITAL PROJECTS FUNDS
FOR THE YEAR ENDED JUNE 30, 2018**

	SCHOOL DISTRICT	BUILDING CORPORATION	COMBINING/ ELIMINATING ENTRIES	TOTALS
REVENUES:				
Local	\$ 2,380,556	\$ 3,047,698	\$ (2,460,781)	\$ 2,967,473
County	188,375	-	-	188,375
State	40,900	-	-	40,900
Federal	-	-	-	-
Other	350	-	-	350
Total Revenues	<u>2,610,181</u>	<u>3,047,698</u>	<u>(2,460,781)</u>	<u>3,197,098</u>
EXPENDITURES:				
Instruction	246,720	-	-	246,720
Student activities	125,828	-	-	125,828
Student services	1,990	-	-	1,990
Instruction staff support	19,942	-	-	19,942
General administration & central services	109,211	-	-	109,211
Operation of plant	10,680	-	-	10,680
Transportation	-	-	-	-
Food service	-	-	-	-
Community services	-	-	-	-
Facility acquisition and construction	2,013,330	-	(1,066,896)	946,434
Debt service:				
Principal	137,990	3,305,000	-	3,442,990
Interest and fees	1,399,680	1,597,229	(1,393,885)	1,603,024
Total Expenditures	<u>4,065,371</u>	<u>4,902,229</u>	<u>(2,460,781)</u>	<u>6,506,819</u>
Revenues Over (Under) Expenditures	<u>(1,455,190)</u>	<u>(1,854,531)</u>	<u>-</u>	<u>(3,309,721)</u>
Other Financing Sources (Uses):				
Proceeds from bonds issued	-	19,260,000	-	19,260,000
Transfers	1,468,689	-	-	1,468,689
Net change in fund balance	13,499	17,405,469	-	17,418,968
Fund balance, beginning	<u>42,960</u>	<u>570,886</u>	<u>-</u>	<u>613,846</u>
Fund balance, ending	<u>\$ 56,459</u>	<u>\$ 17,976,355</u>	<u>\$ -</u>	<u>\$ 18,032,814</u>

**PLATTE COUNTY R-III SCHOOL DISTRICT
SCHEDULE OF SELECTED STATISTICS
FOR THE YEAR ENDED JUNE 30, 2018**

County District Number 083-003

1. CALENDAR

- A. Standard day length (SDL) - The total number of hours between the starting time of the first class and the dismissal time of the last class, minus the time allowed for lunch and one passing time, and minus Channel One time. Reported with 4 decimal places.

Pathfinder Elementary (Grades K-4)	6.6000
Donald D. Siegreest Elementary (Grades K-5)	6.6000
Compass Elementary (Grades K-5)	6.6000
Barry School (Grades 5-8)	6.7500
Platte County Middle School (Grades 6-8)	6.8000
Platte County High School (Grades 9-12)	6.8000

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

Pathfinder Elementary (Grades K-4)	1,119.40
Donald D. Siegreest Elementary (Grades K-5)	1,119.40
Compass Elementary (Grades K-5)	1,119.40
Barry School (Grades 5-8)	1,146.55
Platte County Middle School (Grades 6-8)	1,154.55
Platte County High School (Grades 9-12)	1,154.55

- C. The number of days classes were in session and pupils were under the direction of teachers during this school year was 174 days.

2. AVERAGE DAILY ATTENDANCE (ADA)

Grades K-12	3,826.88
Resident II	2.50
Summer School	<u>67.30</u>
Total Regular Term Plus Summer School ADA	<u><u>3,896.68</u></u>

3. SEPTEMBER MEMBERSHIP

September Membership FTE Count: 4,073.69

4. FREE AND REDUCED PRICE LUNCH FTE COUNT (Section 163.011(6), RSMo)

State FTE Total: Free: 778.00
Reduced: 204.00
Total: 982.00

5. FINANCE

- A. As required by Section 162.401, RSMo. a bond was purchased for the District's treasurer in the amount of: \$25,000

**PLATTE COUNTY R-III SCHOOL DISTRICT
SCHEDULE OF SELECTED STATISTICS
FOR THE YEAR ENDED JUNE 30, 2018**

County District Number 083-003

5. FINANCE (continued)

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

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

- D. Salaries reported for educators in the October Core Data cycle are supported by payroll/contract records. True

- E. If a \$162,326 or 7% x SAT x WADA transfer was made in excess of adjusted expenditures, did the Board approve a resolution to make the transfer, which identified the specific projects to be funded by the transfer and an expected expenditure date for the projects to be undertaken? N/A

- F. The District 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

- G. The District has a professional development committee plan adopted by the board with the professional development committee plan identifying the expenditure of seventy-five percent (75%) of one percent (1%) of the current year basic formula apportionment. True

- H. The amount spent for approved professional development committee plan activities was: \$272,036

6. TRANSPORTATION (Section 163.161, RSMo.)

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

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

- C. Based on the ridership records, the average number of students (non-disabled K-12, K-12 students with disabilities and career education) transported on a regular basis (ADT) was:
Eligible ADT: 2,641.50
Ineligible ADT: 233.00

- D. The District's transportation odometer mileage records are maintained in a manner to accurately disclose in all material respects the eligible and ineligible miles for the year. True

- E. Actual odometer records show the total District-operated and contracted mileage for the year was:
477,247

Of this total, the eligible non-disabled and students with disabilities route miles and the ineligible non-route and disapproved miles (combined) was:
Eligible miles: 362,438
Ineligible miles (non-route/disapproved): 114,809

- F. Number of days the District operated the school transportation system during the regular school year: 174

**PLATTE COUNTY R-III SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2018**

FEDERAL GRANTOR/ PASS-THROUGH GRANTOR/ PROGRAM TITLE	FEDERAL CFDA NUMBER	PASS-THROUGH GRANTOR NUMBER	EXPENDITURES
<u>U.S. Department of Agriculture</u>			
Passed-through Missouri Department of Elementary and Secondary Education:			
School Breakfast Program	10.553	083-003	\$ 107,185
National School Lunch Program	10.555	083-003	465,465
Non-Cash: Food Distribution	10.555	083-003	<u>124,085</u>
Total Child Nutrition Cluster			<u>696,735</u>
<u>U.S. Department of Education</u>			
Passed-through Missouri Department of Elementary and Secondary Education:			
Special Education Cluster (IDEA)			
Special Education - Grants to States	84.027A	083-003	661,761
Special Education - Preschool Grants	84.173A	083-003	<u>17,695</u>
Total Special Education Cluster			<u>679,456</u>
Title I - Grants to Local Educational Agencies	84.010A	083-003	357,209
Career and Technical Education - Basic Grants to States	84.048A	083-003	168,590
Passed-through St. Joseph Public Schools:			
Perkins VI Post-Secondary Grant	84.048A		<u>2,750</u>
Total Career and Technical Education			<u>171,340</u>
English Language Acquisition Grants	84.365A	083-003	7,133
Student Support and Academic Enrichment Program	84.424A	083-003	5,802
Direct:			
Student Financial Assistance Cluster:			
Federal Direct Student Loans	84.268		<u>7,617</u>
Total U.S. Department of Education			<u>1,228,557</u>
<u>U.S. Department of Health and Human Services</u>			
Passed-through Missouri Department of Elementary and Secondary Education:			
CCDF Cluster:			
Child Care and Development Block Grant	93.575	083-003	5,098
Passed-through Missouri Department of Health and Senior Services:			
Assistance Programs for Chronic Disease Prevention and Control	93.945	5U58DP004817-02	<u>408</u>
Total U.S. Department of Health and Human Services			<u>5,506</u>
<u>Department of Veteran Affairs</u>			
Direct:			
Post-9/11 Veterans Educational Assistance	64.027		<u>7,767</u>
Total Expenditures of Federal Awards			<u>\$ 1,938,565</u>

Note 1. Basis of Presentation

The accompanying schedule of expenditures of federal awards (the "Schedule") includes the federal grant activity of Platte County R-III School District under programs of the federal government for the year ended June 30, 2018. 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 Platte County R-III School District, it is not intended to and does not present the financial position, changes in net position or cash flows of Platte County R-III School District.

Note 2. Summary of Significant Accounting Policies

Expenditures reported on the Schedule are reported on the modified cash basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited to reimbursement. Platte County R-III School District has elected not to use the 10-percent de minimis indirect cost rate allowed under the Uniform Guidance.

INTERNAL CONTROL AND COMPLIANCE

**REPORT ON THE ADMINISTRATION'S ASSERTIONS
ABOUT COMPLIANCE WITH SPECIFIED
REQUIREMENTS OF MISSOURI LAWS AND REGULATIONS**

To the Board of Education
Platte County R-III School District

We have audited the administration's assertions, included in its representation letter dated November 13, 2018, that Platte County R-III School District complied with the requirements of Missouri Laws and Regulations regarding budgetary and disbursement procedures; accurate disclosure by the District's attendance records of average daily attendance, resident membership on the last Wednesday of September, 2017, and the number of students eligible to receive free or reduced price lunches on the last Wednesday of January, 2018; and accurate disclosure by the District's pupil transportation records of the average students scheduled to be transported eligible and ineligible for state aid, the number of miles eligible and ineligible for state aid, and the allowable costs for pupil transportation during the year ended June 30, 2018. As discussed in that representation letter, the administration is responsible for the District's compliance with those requirements. Our responsibility is to express an opinion on the administration's assertions about the District's compliance based on our audit.

Our audit was made in accordance with standards established by the American Institute of Certified Public Accountants and, accordingly, included examining evidence supporting compliance with the specified laws and regulations, 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 opinion does not provide a legal determination on the District's compliance with specified requirements.

In our opinion, the administration's assertions that the District complied with the aforementioned requirements for the year ended June 30, 2018 are fairly stated in all material respects.

We noted certain immaterial instances of noncompliance with the aforementioned requirements that we have reported to the administration of the District in the accompanying Schedule of State Findings.

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

Westbrook & Co., P.C.

November 13, 2018

**PLATTE COUNTY R-III SCHOOL DISTRICT
SCHEDULE OF STATE FINDINGS
FOR THE YEAR ENDED JUNE 30, 2018**

ATTENDANCE

During our audit, we noted that hours in session reported on screen 10 in Core Data for Barry Middle School did not agree with the hours in session recorded in the District's software. The non-standard days were entered incorrectly on the Screen 10 Calendar. We noted that the hours in session for Barry Middle School were reported correctly on the MOSIS upload. As a result of our audit, Core Data has been corrected.

We also noted attendance hours reported to DESE in Core Data for the high school did not agree with the District's attendance software. We recommend that the District review its procedures for attendance reporting and revise them as necessary to improve controls over reporting. As a result of our audit, Core Data has been corrected.

TRANSPORTATION

During our audit, we noted transportation information reported on the Application for State Transportation Aid did not agree with the detail ridership and mileage information provided to us by the District. We recommend that the District implement procedures to ensure accurate information is reported on the Application for State Transportation Aid. As a result of our audit, the Application for State Transportation Aid has been corrected.

BUDGET

Chapter 67, RSMo requires that the budget include the estimated revenues to be received from all sources for the current budget year along with a comparative statement of the actual or estimated revenues for the prior two years. These revenues must be itemized by year, fund and source. We noted that the budget document did not include the revenues itemized by year.

Chapter 67, RSMo also requires that the budget include the proposed expenditures for the current budget year, with a comparative statement of actual or estimated expenditures for the prior two years. These expenditures must be itemized by year, fund, activity and object. We noted the budget document did not include the expenditures by fund and activity.

Chapter 67, RSMo prohibits the expenditure of public monies unless those expenditures have been authorized. During our audit, we noted that actual expenditures of \$4,065,371 in the Capital Projects Fund exceeded budgeted amounts of \$3,920,326 by \$145,045.

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

To the Board of Education
Platte County R-III School District

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 modified cash basis financial statements of the governmental activities, each major fund and the aggregate remaining fund information of Platte County R-III School District as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated November 13, 2018.

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 over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. 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 a certain deficiency in internal control, described in the accompanying schedule of findings and questioned costs as item 2018-001, that we consider to be a significant deficiency.

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 no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

District's Response to Findings

The District's response to the 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 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 result of that testing, and not to provide an opinion on the effectiveness of the District'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 District's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Westbrook & Co., P.C.

Richmond, Missouri
November 13, 2018

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

To the Board of Education
Platte County R-III School District

Report on Compliance for Each Major Federal Program

We have audited the District's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the District's major federal programs for the year ended June 30, 2018. The District's major federal programs are identified in the summary of auditors' results section of the accompanying Schedule of Findings and Questioned Costs.

Management's Responsibility

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

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for each of the 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 District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2018.

Report on Internal Control Over Compliance

Management of the 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. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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

Westbrook & Co., P.C.

Richmond, Missouri
November 13, 2018

**PLATTE COUNTY R-III SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2018**

A. SUMMARY OF AUDITORS' RESULTS

Financial Statements

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

Unmodified

Internal control over financial reporting:

- Material weakness(es) identified? Yes X No
- Significant deficiency(ies) identified? X Yes None reported

Noncompliance material to financial statements noted?

 Yes X No

Federal Awards

Internal control over major federal programs:

- Material weakness(es) identified? Yes X No
- Significant deficiency(ies) identified? Yes X None reported

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

Unmodified

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

 Yes X No

Identification of major federal programs:

Special Education Cluster CFDA No. 84.027 and 84.173
 Title I - Grants to Local Educational Agencies CDFA No. 84.010A

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

\$ 750,000

Auditee qualified as low-risk auditee?

 Yes X No

**PLATTE COUNTY R-III SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2018**

B. FINDINGS - FINANCIAL STATEMENT AUDIT

SIGNIFICANT DEFICIENCY

2018-001 CASH DISBURSEMENTS

Condition: The bookkeeper, who inputs all accounts payable checks, has the ability to print a check and electronically sign the check without approval or a purchase order.

Criteria: Safeguards should be in place so that a transaction cannot be electronically signed without proper approval.

Cause: The District has not properly segregated accounts payable duties.

Effect: Inadequate controls could allow for fraud to occur.

Recommendation: We recommend the District modify controls as needed and consideration be given to reassigning duties so that the same person who prepares the checks cannot initiate the electronic signing.

Auditee's Response: The District has implemented mitigating controls to have an employee with no check writing permissions to review the bank statement and images while performing the monthly bank reconciliation.

**C. FINDINGS AND QUESTIONED COSTS - MAJOR FEDERAL AWARD PROGRAMS
AUDIT**

None