

# ROLLA SCHOOL DISTRICT NO. 31

Rolla, Missouri

INDEPENDENT AUDITOR'S REPORT

For the Year Ended June 30, 2021

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## INDEPENDENT AUDITOR'S REPORT

To the Board of Education of the  
Rolla School District No. 31  
Rolla, Missouri:

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component unit, and each major fund of the Rolla School District No. 31 (the "District"), as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, 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 accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### *Auditor's Responsibility*

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. The financial statements of the Internal Service Fund and the Champions of Rolla Education Foundation (C.O.R.E.) were not audited in accordance with *Government Auditing Standards*. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

### *Opinions*

In our opinion, except for the effect of the proprietary fund financial statements prepared on the cash basis, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component unit, and each major fund of the District, as of and for the year ended June 30, 2021, and the respective changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### *Basis of Accounting*

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

### *Other Matters*

#### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, Budgetary Comparison Information, Schedules of Proportionate Share of the Net Pension Liability and Related Ratios, Schedules of Employer Contributions, Schedule of Changes in Total OPEB Liability and Related Ratios, and Schedule of Total OPEB Liability, as listed in the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the Required Supplementary Information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### *Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The Supplementary State Information is presented for purposes of additional analysis and is not a required part of the basic financial statements. The Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and is also not a required part of the basic financial statements.

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

### *Other Reporting Required by Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 5, 2021, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is 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.

Graves and Associates,  
CPAs, LLC

GRAVES AND ASSOCIATES, CPAs, LLC  
Jefferson City, Missouri

November 5, 2021

## MANAGEMENT'S DISCUSSION AND ANALYSIS

An objective and easily readable analysis of the District's financial activities.

The Management's Discussion and Analysis presents an analytical overview of both short-term and long-term financial information.

ROLLA SCHOOL DISTRICT NO. 31  
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)  
JUNE 30, 2021

As management of the Rolla School District No. 31, we offer readers of the District's financial statements this narrative discussion, overview, and analysis of the financial activities of the District for the fiscal year ending June 30, 2021. The intent of this discussion and analysis is to look at the District's financial performance as a whole. The reader is encouraged to consider the information presented here in conjunction with additional information presented in the financial statements, notes to the financial statements, and required and other supplemental information to enhance their understanding of the School District's financial performance.

The Governmental Accounting Standards Board (GASB) in their Statement No. 34, Basic Financial Statements –Management's Discussion and Analysis – adopted this reporting model for State and Local Governments, issued in June 1999. The financial statements of the District have been prepared on the accrual basis of accounting, except for the internal service fund, which is reported on the cash basis of accounting.

Financial Highlights

- On the accrual basis of accounting as of June 30, 2021, the governmental funds reported a combined ending fund balance of \$56,052,214, an increase of \$30,021,016 from the prior year adjusted ending fund balance. The fund balance for the General Fund and Special Revenue Fund increased by \$2,922,416. The Capital Projects Fund balance increased by \$26,557,190. The Debt Service Fund balance increased by \$541,410. The large increase in total ending fund balances is primarily due to \$25 million in bonds sold during FY21.
- On the accrual basis of accounting, the combined unrestricted fund balance for the General Fund and Teachers Fund is \$18,318,349, or 41% of the FY21 expenditures of these funds. On the modified cash basis of accounting, the combined unrestricted fund balance for the General Fund and Teachers Fund is \$17,629,151, or 39.83% of the FY21 expenditures of these funds. The district adopted a policy of maintaining an unassigned operating fund balance on June 30 of not less than 17 percent of the expenditures for those funds.



ROLLA SCHOOL DISTRICT NO. 31  
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)  
JUNE 30, 2021

GASB 54 Reporting June 30, 2021					
	General	Special Revenue	Debt Service	Capital Projects	Total
<b>Nonspendable:</b>					
<b>Restricted for:</b>					
Debt Service			2,046,921		2,046,921
R31 2020 Bond Issue Construction Projects				23,885,716	23,885,716
<b>Committed to:</b>					
Destiny Resource Management	1,967.40				1,967
RJH Roofing Project - balance due	89,584.00				89,584
Infinite Campus Annual Licensing Fees	9,542.00				9,542
Edgenuity Digital Libraries	53,995.00				53,995
Education Governance & Leadership CSIP Services	9,800.00				9,800
NWEA Testing Contract	31,250.00				31,250
McGraw Hill Math Textbooks					-
Gilmore & Bell Continuing Disclosure Services	1,200.00				1,200
Peak Performance Athletic Trainer Services	15,000.00				15,000
<b>Assigned to:</b>					
Activity funds	842,200.69				842,201
Other purposes	4,670				4,670
Other Capital projects					-
<b>Unassigned</b>	16,675,058.01	584,082	-	11,801,228	29,060,368
<b>Total fund balances</b>	17,734,268	584,082	2,046,921	35,686,944	56,052,214

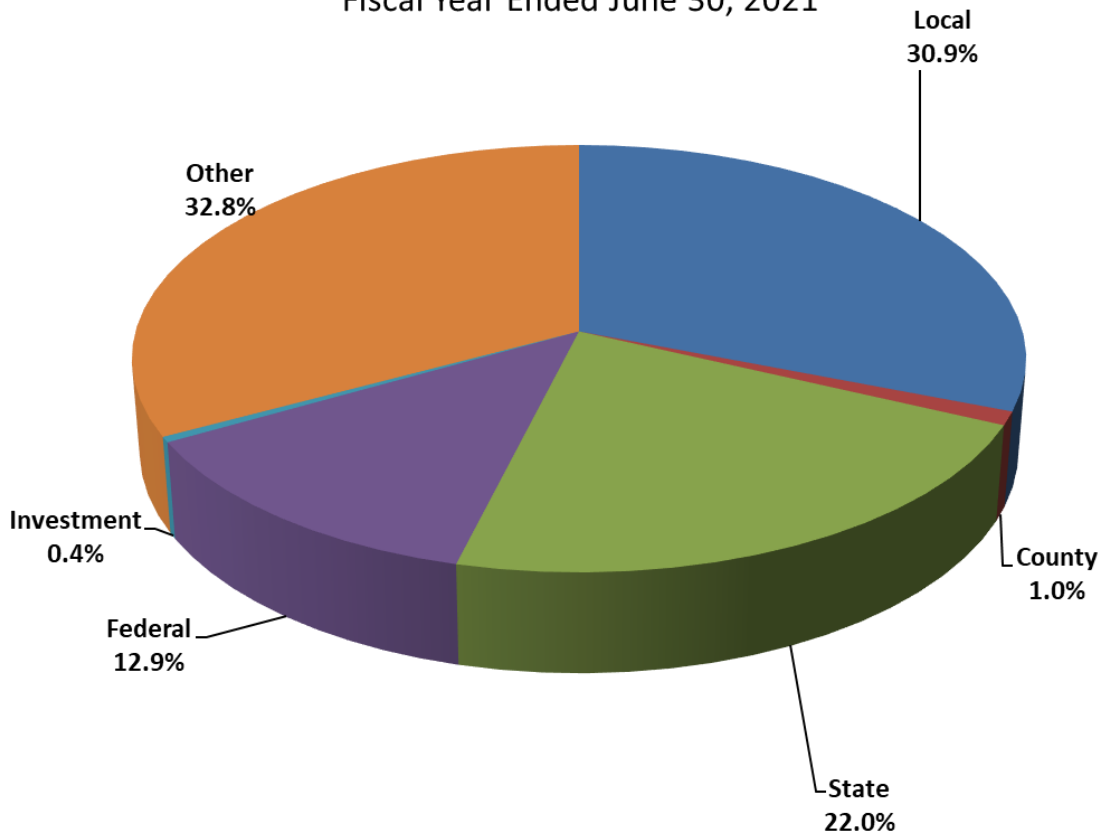
- Transfers were made from the General Fund to the Capital Projects Fund related to transportation (\$257,547), food service (\$34,245), student activities (\$15,758) and area career center (\$658,102).
- The net position of the Internal Service Funds (established to account for the District's self-funded benefit programs) increased by \$813,452.
- The district completed an advanced crossover refunding of the callable portion of the Series 2003 general obligation bonds on June 22, 2012 (Series 2012). The refunding resulted in a net reduction of interest payment of \$1,068,672. This savings will accrue to the benefit of the district's debt service fund in future years. These bonds will be retired in March 2023.
- The district completed an advanced crossover refunding of the callable portion of the Series 2010A & 2010B general obligation bonds on December 28, 2017 (Series 2017). The refunding resulted in a net reduction of interest payments of \$218,950. This savings will accrue to the benefit of the district's debt service fund in future years. These bonds will be retired in March of 2030.

ROLLA SCHOOL DISTRICT NO. 31  
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JUNE 30, 2021

- The \$3.626 million general obligation bond issue (Series 2010C) will be retired in March 2030 with a true interest cost of 2.1216%. The purpose of this general obligation bond issue is to make improvements at the Junior High, High School and Middle School buildings.
- The \$4.0 million general obligation bond issue (Series 2015) will be retired in March 2035 with a true interest cost of 3.2617%. The purpose of this general obligation bond issue is to add classrooms at the High School to accommodate movement of the ninth grade to this building.
- The district sold \$25 million in general obligation bonds issued in September of 2020 (Series 2020). The bonds will be retired in March 2040 with a true interest cost of 3.111%. The purpose of this general obligation bond issue is to build a new multipurpose gymnasium near Rolla High School, re-purpose the current high school gymnasium into a performing arts center, update classroom space at the Rolla Technical Institute, add classroom space and reconfigure the front entrance at Truman Elementary and add classrooms at Rolla Junior High School to accommodate movement of the ninth grade to this building.
- Total revenues reported on the accrual basis of accounting were \$79,921,496. (Total revenues for the fiscal year reported on the modified cash basis were \$79,421,106). The primary sources of revenue are:
  1. Local revenues, primarily tax receipts, totaling \$24,714,654
  2. State revenues, primarily basic formula, entitlements and grants, totaling \$17,548,243
  3. Federal revenues, primarily ESSER I, ESSER II, Title I, IDEA, and National School Lunch and Breakfast Program funds, totaling \$10,279,604
  4. Other revenues, primarily sale of bonds, tuition and sale of property totaling \$26,231,343
  5. County revenues, primarily fines and state assessed utilities, totaling \$816,178
  6. Investment income totaling \$331,475

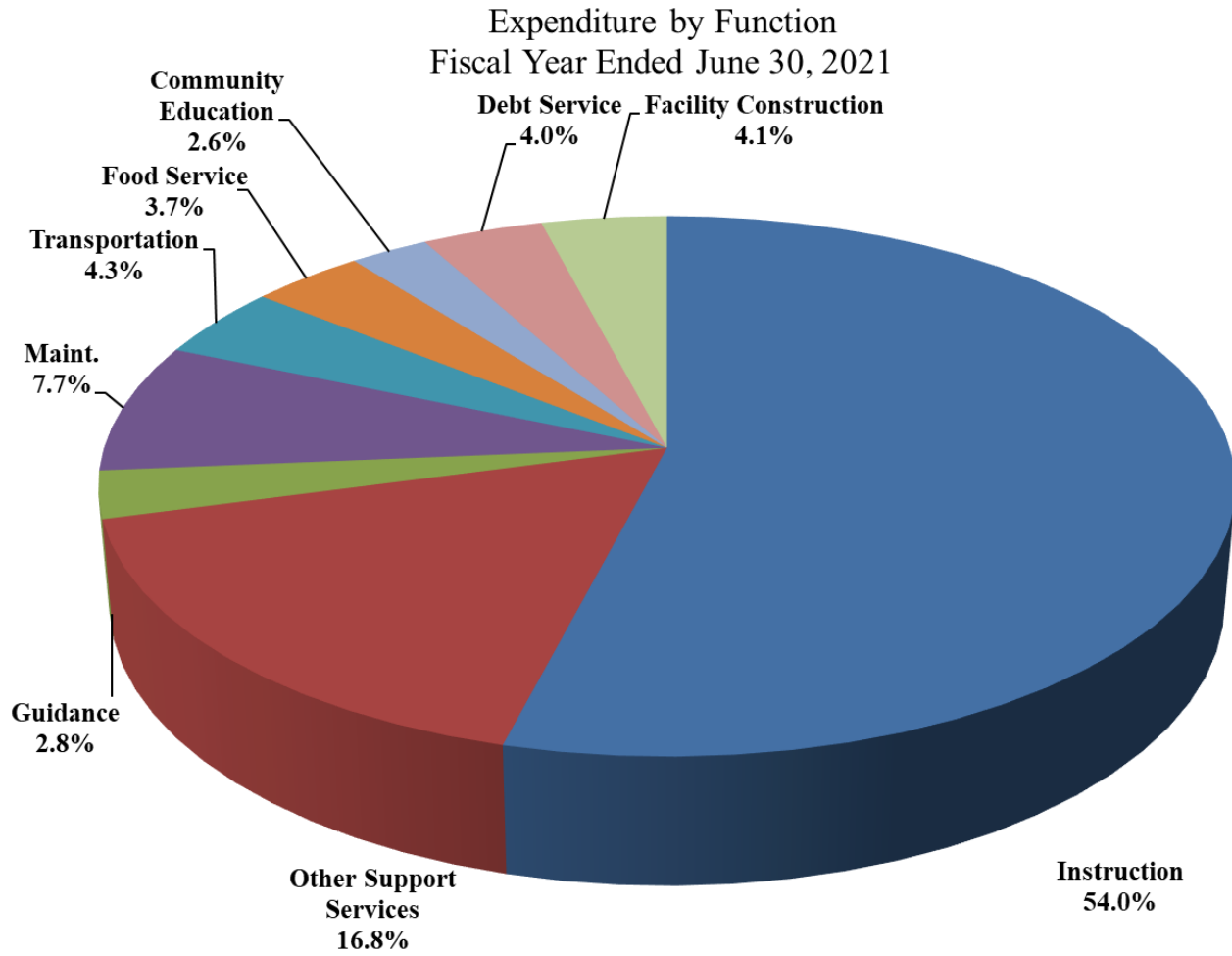
ROLLA SCHOOL DISTRICT NO. 31  
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)  
JUNE 30, 2021

Revenues by Source  
Fiscal Year Ended June 30, 2021



- Total expenditures reported on the accrual basis of accounting were \$49,900,481. This includes Debt Service expenditures of \$1,973,106 and Capital Projects expenditures of \$2,041,315. The following graph indicates expenditure categories for total expenditures. (Total expenditures for the fiscal year reported on the modified cash basis were \$48,870,102).

ROLLA SCHOOL DISTRICT NO. 31  
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)  
JUNE 30, 2021



ROLLA SCHOOL DISTRICT NO. 31  
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)  
JUNE 30, 2021

The following schedule provides a comparison of expenditures by major object for fiscal years ending June 30, 2021 and 2020.

	Expenditures by Major Object			Percentage Change
	FY 2021	FY 2020	Increase (Decrease)	
Certificated Salaries	21,174,170	20,576,040	598,129	2.9%
Support Salaries	6,557,675	6,391,423	166,252	2.6%
Employee Benefits	8,751,515	8,476,197	275,318	3.2%
Purchased Services	2,983,808	2,444,844	538,964	22.0%
Supplies	4,879,448	4,511,703	367,745	8.2%
Capital Outlay	3,580,759	2,371,673	1,209,086	51.0%
Other	1,973,106	6,291,126	(4,318,020)	-68.6%
	49,900,481	51,063,005	(1,162,525)	-2.3%

Overview of the Financial Statements

This section of the comprehensive annual financial report consists of three parts:

- Management's discussion and analysis (this section),
- Basic financial statements (district-wide and fund financial statements), including notes to the financial statements, and
- Combining and individual fund statements and schedules.

The basic financial statements consist of two different kinds of statements that present different views of the District's financial activities.

- District-wide financial statements – these financial statements provide information about the District's overall financial status both short-term (the recently completed fiscal year) and long-term. The district-wide statements include the Statement of Net Position and Statement of Activities.
- Fund financial statements – these financial statements focus on individual funds of the District and report the District's operations in more detail than the district-wide statements.

The notes to the financial statements provide further explanation of some of the information in the statements with combining schedules for non-major funds and comparisons of the District's budget to actual amounts for the year.

ROLLA SCHOOL DISTRICT NO. 31  
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)  
JUNE 30, 2021

District-wide Statements

Overview of the Financial Statements (Continued)

The district-wide statements report information about the District as a whole using accounting methods similar to those used by private-sector companies. The two district-wide statements report the District's net position and how they have changed. Net position, the difference between the District's assets and liabilities, are one way to measure the District's overall financial position.

- Increases or decreases in the District's net position are an indicator of whether its financial position is improving or deteriorating, respectively.
- To assess the District's overall financial position, additional non-financial factors, such as changes in the District's property tax base, student enrollment, required educational programs for which little or no funding is provided, and the facility conditions, should be considered.

The District's component unit is the Champions of Rolla Education Foundation, which is a legally separate entity. Although the Board does not control the activities of the component unit, the component unit provides its resources solely to the District. The Management's Discussion and Analysis focuses on the primary government activities.

Fund Financial Statements

The fund financial statements provide more detailed information about the District's funds, focusing on its most significant or "major" funds, not the District as a whole. Funds are accounting devices the District uses to keep track of specific sources of funding and spending on particular programs:

- Some funds are required by state law and by bond covenants.
- The District establishes other funds to control and manage money for particular purposes (such as repaying its long-term debt) or to show that it is properly using certain revenues (such as grants and bond issue proceeds).

The District's major funds are the general fund, special revenue fund, debt service fund, and capital projects fund. These fund statements report governmental activities on the current or short-term basis as opposed to a long-term basis.

Most of the District's basic services are included in governmental funds, which generally focus on how cash and other financial assets that can readily be converted to cash flow in and out and the balances left at year-end that are available for spending. Consequently, the governmental funds statements provide a detailed short-term view that helps you determine whether there are more or fewer financial resources that can be spent in the future to finance the District's programs.

ROLLA SCHOOL DISTRICT NO. 31  
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)  
JUNE 30, 2021

STATEMENT OF NET POSITION  
YEAR ENDED JUNE 30, 2021

	<b>Primary Government</b>
	<b>Governmental</b>
	<b>Activities</b>
<b>ASSETS</b>	
Cash and Investments	\$ 30,315,873
Restricted Cash and Investments	\$ 29,686,022
Receivables	\$ 1,455,000
Receivables - Restricted	\$ 13,705
Total Current Assets	\$ 61,470,600
Noncurrent Assets:	
Capital Assets not being Depreciated:	
Land	\$ 6,512,321
Construction in Progress	\$ 854,130
Capital Assets net of Accumulated Depreciation:	
Buildings	\$ 19,135,718
Building Improvements	\$ 4,271,672
Site Improvements	\$ 669,282
Vehicles	\$ 913,895
Equipment	\$ 2,017,736
Total Noncurrent Assets	\$ 34,374,753
<b>TOTAL ASSETS</b>	<b>\$ 95,845,353</b>
<b>Deferred Outflows of Resources</b>	
Pension related deferred outflows	\$ 15,600,276
OPEB related deferred outflows	\$ 2,736,966
Total Deferred Outflows	\$ 18,337,242
<b>LIABILITIES</b>	
Accounts Payable	\$ 1,257,075
Accrued Interest Payable	\$ 439,523
Deferred Federal Revenue	\$ -
Deferred Local Revenue	\$ 65,791
Payroll Liabilities	\$ 352,999
Current Portion of Long-Term Debt	\$ 1,310,000
Total Current Liabilities	\$ 3,425,388
Noncurrent Liabilities:	
Net Pension Liability	\$ 44,391,802
Net OPEB Liability	\$ 15,073,728
Long-Term Debt	\$ 37,246,000
Total Noncurrent Liabilities	\$ 96,711,530
<b>TOTAL LIABILITIES</b>	<b>\$ 100,136,918</b>
<b>Deferred Inflows of Resources</b>	
Pension related deferred inflows	\$ 4,068,694
OPEB related deferred inflows	\$ 1,390,673
Total Deferred Inflows	\$ 5,459,367
<b>Restricted for:</b>	
Invested in Capital Assets, Net of Related Debt	\$ (4,181,247)
Retirement of long-term debt	\$ 2,046,921
Self-Funded Insurance Plan	\$ 3,742,521
<b>Unrestricted</b>	<b>\$ 6,978,114</b>
<b>TOTAL NET POSITION</b>	<b>\$ 8,586,310</b>

ROLLA SCHOOL DISTRICT NO. 31  
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)  
JUNE 30, 2021

Table 3 provides a summary of the changes in net position for three years ending June 30.

Table 3  
CHANGES IN NET POSITION FROM OPERATING RESULTS  
FOR GOVERNMENTAL ACTIVITIES  
YEAR ENDED JUNE 30

<b>Revenues</b>			
	2021	2020	2019
Program Revenues:			
Charges for Services	8,419,077	8,578,102	7,981,733
Operating Grants and Contributions	11,743,974	7,078,768	5,851,945
Capital Grants and Contributions	335,060	104,308	199,982
Special / Extraordinary Items			
General Revenues:			
Property Taxes	16,496,457	16,023,422	15,344,245
Sales Taxes	4,137,631	3,960,253	3,985,755
State Aid	15,340,509	14,810,938	15,316,162
Fines & Forfeitures	313,129	348,738	320,952
Investment Earnings	3,172,770	723,177	999,477
Sale of Property	50,402	236,443	51,304
Other	456,118	166,910	274,991
<b>Total Revenue</b>	<b>60,465,127</b>	<b>52,031,058</b>	<b>50,326,547</b>
<b>Expenses</b>			
Program Expenses:			
Instruction	30,116,493	28,762,275	26,546,708
Support Services	3,070,910	2,925,794	2,742,980
Instructional Staff Support	1,184,832	1,349,419	1,464,901
General Administration & Central Services	2,545,986	2,564,382	2,295,626
Building Administration	3,641,720	3,070,508	2,924,484
Operation of Plant	4,089,612	3,966,260	4,164,285
Transportation	2,050,590	2,007,694	1,989,991
Food Service	1,925,080	1,728,162	1,792,997
Community Service	1,337,372	1,445,695	1,476,202
Facility Projects	2,647,160	1,350,904	1,627,293
Debt Service	1,380,239	728,575	826,514
Self-Insurance	4,730,179	4,293,203	4,542,349
<b>Total Expenses</b>	<b>58,720,174</b>	<b>54,192,870</b>	<b>52,394,331</b>
<b>Increase (Decrease) in Net Position</b>	<b>1,744,953</b>	<b>(2,161,812)</b>	<b>(2,067,784)</b>

As shown in Table 3, general revenues provide 66.10% of the funding required for governmental activities. The Rolla Public School District relies on property taxes for funding its governmental activities with 41.28% of general revenues coming from local property taxes.



ROLLA SCHOOL DISTRICT NO. 31  
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)  
JUNE 30, 2021

Overview of the Financial Statements (Continued)

Table 4 presents the cost of each of the major district governmental activities: instructional activities (including general instruction, special education, and student activities), student services, instructional staff support, building administration, general administration and central services, operation of plant, transportation, food service, community services, facility projects, and debt service. The table also shows each activity's net cost (total cost less revenues generated by the activities) for the years ending June 30, 2021 and June 30, 2020. The net cost shows the financial burden that was placed on the District's taxpayers by each of these functions.

Table 4  
TOTAL AND NET COST OF GOVERNMENTAL ACTIVITIES

	Total Cost	Net Cost	Total Cost	Net Cost	Total Cost	Net Cost
	of Services	of Services	of Services	of Services	of Services	of Services
	2021		2020		2019	
Governmental Activities						
Instructional Services	30,116,493	18,551,986	28,762,275	20,892,804	26,546,708	19,503,425
Student Services	3,070,910	2,945,039	2,925,794	2,793,943	2,742,980	2,624,624
Instructional Staff Support	1,184,832	1,117,882	1,349,419	1,107,272	1,464,901	1,293,967
Building Administration	2,545,986	2,545,986	2,564,382	2,564,382	2,295,626	2,295,626
General Adm & Central Services	3,641,720	3,641,686	3,070,508	3,070,508	2,924,484	2,924,484
Operation of Plant	4,089,612	3,844,341	3,966,260	3,807,241	4,164,285	4,015,115
Transportation	2,050,590	1,591,609	2,007,694	1,691,909	1,989,991	1,654,910
Food Service	1,925,080	(24,659)	1,728,162	317,440	1,792,997	82,472
Community Service	1,337,372	942,188	1,445,695	1,223,902	1,476,202	1,150,444
Facility Projects	2,647,160	2,596,758	1,350,904	1,350,904	1,627,293	1,627,293
Debt Service	1,380,239	1,194,309	728,575	223,865	826,514	546,895
Total Governmental Activities	53,989,995	38,947,126	49,899,667	39,044,171	47,851,981	37,719,255

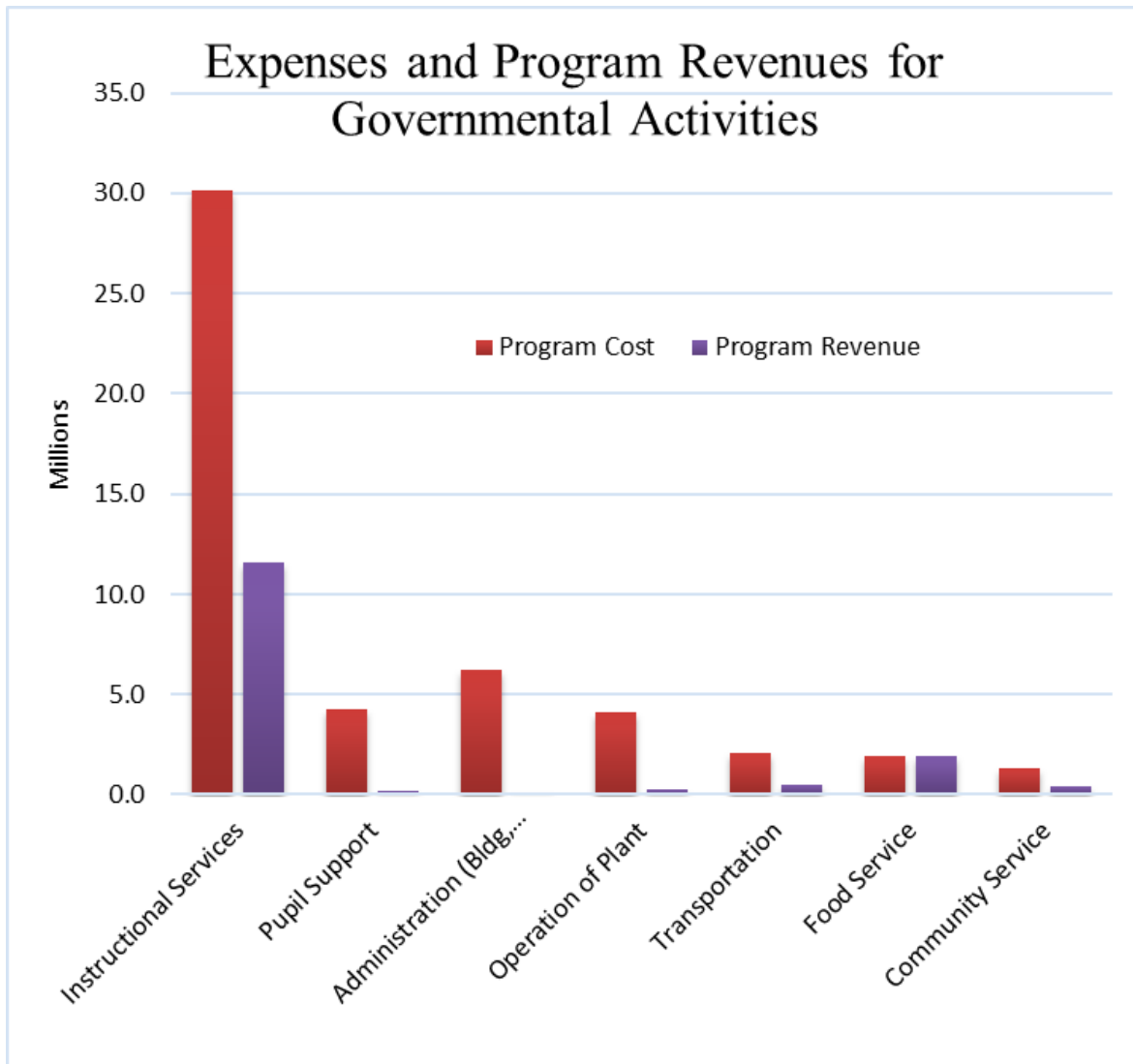
Table 4 provides the following highlights:

- The total cost of all governmental activities for fiscal year 2021 was \$53.99 million.
- Instructional services represent 55.78% of the total cost of all governmental activities of the District.
- Student Services and Instructional Staff Support (this area includes Guidance, Library, Technology, and Health Services) represents 7.88% of all governmental activities of the District.
- Administration (includes Board of Education, District, Building, and Business Services) represents 11.46% of the total cost of all governmental activities.

ROLLA SCHOOL DISTRICT NO. 31  
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)  
JUNE 30, 2021

Overview of the Financial Statements (Continued)

- Operation of Plant represents 7.57% and Facility Projects represent 4.90%, of the total cost of all governmental activities. Food Service represents 3.57% of the total cost of all governmental activities and Transportation represents 3.80%. Community Service accounts for 2.48% (including early childhood programming) and Debt Service represented 2.56% of the total cost of all governmental activities.
- The net cost of all governmental activities was \$38.95 million, with \$14.8 million of the total cost being financed by revenues generated by governmental activities.
- Operating grants and contributions for the food service program, which includes federal and state aid, including payment for free and reduced meals and commodities, totaled \$1.8 million, or 95.10% of the total expenses of the program.



ROLLA SCHOOL DISTRICT NO. 31  
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)  
JUNE 30, 2021

Table 5 below provides a revenue and expenditure comparison between the fiscal year ending June 30, 2021 to the fiscal years ending June 30, 2020 and June 30, 2019.

Table 5  
REVENUE / EXPENDITURE COMPARISON  
FOR THE YEAR ENDED JUNE 30

Revenue	FY 2021	FY 2020	FY 2019
Local	24,714,654	22,071,341	21,943,430
County	816,178	810,613	755,760
State	17,548,243	16,961,249	17,652,929
Federal	10,279,604	5,034,288	3,784,180
Insurance, Property Sale	-	-	-
Investment Income	331,475	686,897	937,937
Other Revenue (Tuition, Bond)	26,231,343	1,524,708	1,289,836
Total	79,921,496	47,089,096	46,364,072
Expenditures			
Instruction	26,968,769	25,582,619	25,597,355
Other Support Services	8,370,846	7,885,832	8,146,570
Guidance	1,415,973	1,272,208	1,272,223
Maintenance	3,854,865	3,848,519	3,889,015
Transportation	2,145,554	2,232,500	2,235,467
Food Service	1,848,661	1,685,640	1,758,391
Community Ed	1,281,391	1,295,544	1,410,872
Debt Service	1,973,106	6,291,126	1,571,448
Facility Construction	2,041,315	969,018	512,290
Total	49,900,481	51,063,005	46,393,630

ROLLA SCHOOL DISTRICT NO. 31  
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)  
JUNE 30, 2021

Budgetary Highlights

The District adopts a “final” budget in June each year for the following fiscal year. However, it is anticipated that budget amendments will be made periodically as additional information becomes available. For fiscal year 2021, the budget was amended on five occasions for the following reasons:

- Update budget to reflect actual FY21 ending balances.
- Update revenues and expenditures to reflect carry-over funding received for the Title and Special Education programs.
- Increase revenues to reflect \$3.85 million in ESSER II Federal relief funds used to offset teacher salaries.
- Increase revenues and expenditures to reflect \$463,000 in additional Federal relief funds used for COVID specific purposes, such as PPE supplies, technology supplies and equipment for distance learning and the purchase of water bottle fillers to replace traditional water fountains.

The above items were the more significant items amended in the budget for fiscal year 2021.

ROLLA SCHOOL DISTRICT NO. 31  
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)  
JUNE 30, 2021

Capital Assets

As of June 30, 2021, the District had \$34,374,753, net of accumulated depreciation, invested in land, buildings and equipment.

Table 6  
Capital Assets  
(Net of Depreciation)

	2021	2020	2019
Land	6,512,321	6,512,321	5,802,321
Construction in Progress	854,130	-	-
Site Improvements	669,282	827,527	974,845
Buildings	19,135,718	20,247,525	21,359,332
Building Improvements	4,271,672	4,453,832	4,273,663
Equipment and Furniture	2,017,736	1,860,034	1,584,182
Vehicles	913,895	622,166	621,288
	34,374,753	34,523,404	34,615,631

ROLLA SCHOOL DISTRICT NO. 31  
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)  
JUNE 30, 2021

Debt Service

As of June 30, 2021, the District had \$38,556,000 in general obligation bonds outstanding. The District issued \$3.626 million in general obligation bonds, dated June 25, 2010, issued an advanced crossover refunding (for the 2003B issue) of \$2.15 million dated June 22, 2012, issued \$4.0 million in general obligation bonds, dated September 25, 2015, issued an advanced crossover refunding (for the 2010A & 2010B issues) of \$4.63 million dated December 28, 2017 and issued \$25 million in general obligation bonds, dated September, 2020.

Economic Factors and Fiscal Year 2022 Budget Outlook

- Due to a significant influx of Federal relief funding in FY21 and confidence by the State of a fully funded foundation formula in FY22, the District's FY22 budget is slightly less conservative than the prior fiscal year.
- Student enrollment is projected to remain stable overall, and attendance is expected to increase in FY22, due to many students returning to in-person learning.
- The FY22 budget was created using a fully funded SAT amount of \$6,375. However, the District is using a reduction factor of 2.5% in the event State general revenues are less than anticipated.
- The district's FY22 budget projects a \$6.85 million use of operating reserves. Given the use of these reserves, the district's unrestricted fund balance is projected to be 21.83%.

The Rolla School District projects to receive approximately 48% of its revenues from local sources and 37% from state sources. The school district must continue to be diligent to properly manage our resources.

Other Matters

Due to a requirement of the United States Department of Education the district must present its financials utilizing the accrual basis of accounting. This will allow our adult students to receive Title IV funding. The ASBR was reported using the modified cash basis and our audit contained a reconciliation of modified cash to accrual. The financial information in this document (MD&A) used the accrual basis unless otherwise stated.

Contacting the District's Financial Management

This financial report is designed to provide a general overview of the Rolla Public School District's finances for all those with an interest in the District's finances. Questions concerning any of the information provided in this report or requests for additional information should be addressed to the office of the Chief Financial Officer, Rolla Public Schools, 500 A Forum Drive Rolla, MO 65401.

## BASIC FINANCIAL STATEMENTS

The basic financial statements include integrated sets of financial statements as required by the GASB. The sets of statements include:

- Government-Wide Financial Statements
  
- Fund Financial Statements:
  - Governmental Funds
  - Proprietary (Enterprise) Fund

In addition, the notes to the financial statements are included to provide information that is essential to a user's understanding of the basic financial statements.

ROLLA SCHOOL DISTRICT NO. 31

STATEMENT OF NET POSITION  
JUNE 30, 2021

	Primary Government Governmental Activities	Component Units C.O.R.E
<b>ASSETS</b>		
Current Assets		
Cash and Investments	\$ 30,315,873	\$ 139,140
Restricted Cash and Investments	29,686,022	1,006,530
Receivables	1,455,000	-
Receivables - Restricted	13,705	-
Total Current Assets	<u>61,470,600</u>	<u>1,145,670</u>
Noncurrent Assets:		
Capital Assets not being Depreciated:		
Land	6,512,321	-
Construction in Progress	854,130	-
Capital Assets net of Accumulated Depreciation:		
Buildings	19,135,718	-
Building Improvements	4,271,672	-
Site Improvements	669,282	-
Equipment	913,895	-
Vehicles	2,017,736	-
Total Noncurrent Assets	<u>34,374,753</u>	<u>-</u>
<b>TOTAL ASSETS</b>	<u><u>95,845,353</u></u>	<u><u>1,145,670</u></u>
Deferred Outflows of Resources		
Pension related deferred outflows	15,600,276	-
OPEB related deferred outflows	2,736,966	-
<b>LIABILITIES</b>		
Current Liabilities		
Accounts Payable	1,257,075	-
Accrued Interest Payable	439,523	-
Deferred Local Revenue	65,791	-
Payroll Liabilities	352,999	-
Current Portion of Long-Term Debt	1,310,000	-
Total Current Liabilities	<u>3,425,388</u>	<u>-</u>
Noncurrent Liabilities:		
Net Pension Liability	44,391,802	-
Net OPEB Liability	15,073,728	-
Long-Term Debt	37,246,000	-
Total Noncurrent Liabilities	<u>96,711,530</u>	<u>-</u>
<b>TOTAL LIABILITIES</b>	<u><u>100,136,918</u></u>	<u><u>-</u></u>
Deferred Inflows of Resources		
Pension related deferred inflows	4,068,694	-
OPEB related deferred inflows	1,390,673	-
<b>NET POSITION</b>		
Invested in Capital Assets, Net of Related Debt	(4,181,247)	-
Restricted for:		
Retirement of long-term debt	2,046,921	-
Self-Funded Insurance Plan	3,742,521	-
Unrestricted	6,978,114	1,145,670
<b>TOTAL NET POSITION</b>	<u><u>8,586,310</u></u>	<u><u>1,145,670</u></u>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<u><u>\$ 114,182,595</u></u>	<u><u>\$ 1,145,670</u></u>

The accompanying notes are an integral part of these financial statements.



ROLLA SCHOOL DISTRICT NO. 31

STATEMENT OF ACTIVITIES  
For the Year Ended June 30, 2021

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position	
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government	Component Units
Primary Government					Governmental Activities	C.O.R.E
Governmental Activities:						
Instruction	\$ (30,116,493)	\$ 2,567,987	\$ 8,996,405	\$ -	\$ (18,552,102)	\$ -
Attendance	(629,853)	-	-	-	(629,853)	-
Guidance	(1,304,092)	-	125,871	-	(1,178,221)	-
Health, Psych, Speech and Audio	(1,136,966)	-	-	-	(1,136,966)	-
Improvement of Instruction	(73,643)	-	12,525	-	(61,118)	-
Professional Development	(56,787)	-	54,425	-	(2,361)	-
Media Services	(1,054,403)	-	-	-	(1,054,403)	-
Board of Education Services	(137,442)	-	-	-	(137,442)	-
Executive Administration	(2,954,281)	-	-	-	(2,954,281)	-
Building Administration	(2,545,986)	-	-	-	(2,545,986)	-
Business/Central Services	(465,056)	-	-	-	(465,056)	-
Operation of Plant	(3,891,188)	173,793	-	-	(3,717,394)	-
Security Services	(198,424)	-	-	-	(198,424)	-
Transportation	(2,050,590)	-	458,929	-	(1,591,661)	-
Food Service	(1,925,080)	117,523	1,830,764	-	23,207	-
Central Office Support Services	(84,941)	-	-	-	(84,941)	-
Community Education	(1,337,372)	31,402	79,125	284,658	(942,188)	-
Facility Acquisition and Construction	(2,647,160)	-	-	50,402	(2,596,758)	-
Debt Services Interest	(1,380,239)	-	185,930	-	(1,194,309)	-
Self-Insurance	(4,730,179)	5,528,372	-	-	798,193	-
Total Governmental Activities	<u>(58,720,174)</u>	<u>8,419,077</u>	<u>11,743,974</u>	<u>335,060</u>	<u>(38,222,063)</u>	<u>-</u>
Total Primary Government	<u>\$ (58,720,174)</u>	<u>\$ 8,419,077</u>	<u>\$ 11,743,974</u>	<u>\$ 335,060</u>	<u>(38,222,063)</u>	<u>-</u>
Component Units:						
C.O.R.E						
Total Component Units	<u>\$ (68,963)</u>	<u>\$ 27,905</u>	<u>\$ 61,623</u>	<u>\$ -</u>	<u>-</u>	<u>20,565</u>
General Revenues:						
Property Taxes					16,496,457	-
Sales Taxes					4,137,631	-
State Aid					15,340,509	-
Fines and Forfeitures					313,129	-
Federal Stimulus Funds					456,118	-
Sale of School Buses					7,492	-
Sale of Other Property					42,910	-
Investment Income					2,930,798	245,979
Miscellaneous					241,972	-
Total General Revenues and Transfers					<u>39,967,016</u>	<u>245,979</u>
Change in Net Position					1,744,953	266,544
Net Position, Beginning of Year					<u>6,841,357</u>	<u>879,126</u>
Net Position, End of Year					<u>\$ 8,586,310</u>	<u>\$ 1,145,670</u>

The accompanying notes are an integral part of these financial statements.

ROLLA SCHOOL DISTRICT NO. 31

BALANCE SHEET  
GOVERNMENTAL FUNDS  
JUNE 30, 2021

	General Fund	Special Revenue Fund	Debt Service Fund	Capital Projects Fund	Total Governmental Funds
<b>ASSETS</b>					
Cash and Investments	\$ 17,604,581	\$ -	\$ -	\$ 12,711,292	\$ 30,315,873
Restricted Cash and Investments	24,570	-	752,315	23,885,716	24,662,600
Restricted Cash with Fiscal Agent Receivables	-	-	1,280,901	-	1,280,901
Taxes and Fines Receivable	121,335	310,480	10,891	3,093	445,798
Tuition	30,644	-	-	-	30,644
Accrued Interest Receivable	31,354	247	2,814	1,009	35,424
Federal Revenue	189,106	522,051	-	37,050	748,206
Other Receivables	206,570	-	-	2,062	208,633
Total Receivables	579,009	832,777	13,705	43,214	1,468,705
<b>TOTAL ASSETS</b>	<b>18,208,160</b>	<b>832,777</b>	<b>2,046,921</b>	<b>36,640,221</b>	<b>57,728,079</b>
<b>LIABILITIES AND FUND BALANCES</b>					
<b>Liabilities</b>					
Accounts Payable	246,770	57,028	-	953,277	1,257,075
Payroll Liabilities	161,331	191,668	-	-	352,999
Deferred Food Service Revenue	65,791	-	-	-	65,791
Total Liabilities	473,892	248,696	-	953,277	1,675,865
<b>Fund Balances</b>					
<b>Restricted for:</b>					
Retirement of Long-Term Debt	-	-	2,046,921	-	2,046,921
R31 2020 Bond Issue Construction	-	-	-	23,885,716	23,885,716
<b>Committed to:</b>					
Destiny Resource Management	1,967	-	-	-	1,967
RJH Roofing Project - balance due	89,584	-	-	-	89,584
Infinite Campus Annual Licensing Fees	9,542	-	-	-	9,542
Edgenuity Digital Libraries	53,995	-	-	-	53,995
NWEA Testing Contract	31,250	-	-	-	31,250
Education Governance & Leadership CSIP Service	9,800	-	-	-	9,800
Gilmore & Bell Continuing Disclosure Services	1,200	-	-	-	1,200
Peak Performance Athletic Trainer Services	15,000	-	-	-	15,000
<b>Assigned to:</b>					
Other Capital Projects	-	-	-	11,801,228	11,801,228
Activity Funds	842,201	-	-	-	842,201
Other Purposes	4,670	-	-	-	4,670
<b>Unassigned:</b>					
Total Fund Balances	16,675,058	584,082	-	-	17,259,140
<b>BALANCES</b>	<b>\$ 18,208,160</b>	<b>\$ 832,777</b>	<b>\$ 2,046,921</b>	<b>\$ 36,640,221</b>	<b>\$ 57,728,079</b>

Amounts reported for governmental activities in the Statement of Net Position are different because:

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	34,374,753
Long-term liabilities, including bonds payable and net pension liability and net OPEB liability, are not due and payable in the current period and therefore are not reported in the funds.	(85,583,179)
The assets and liabilities of internal service funds are included in governmental activities for the Statement of Net Position	3,742,521

Net assets of governmental activities \$ 8,586,310

The accompanying notes are an integral part of these financial statements.

ROLLA SCHOOL DISTRICT NO. 31

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES – GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED JUNE 30, 2021

	General (Incidental) Fund	Special Revenue Fund	Debt Service Fund	Capital Projects Fund	Total Governmental Funds
<b>Revenues</b>					
Local	\$ 16,074,481	\$ 4,137,631	\$ 1,279,789	\$ 638,689	\$ 22,130,590
County	455,544	313,129	47,505	-	816,178
State	463,810	16,881,755	-	202,678	17,548,243
Federal	2,746,691	7,040,897	185,930	306,086	10,279,604
Investment Income	193,206	247	741,137	1,980,949	2,915,539
Non-revenue receipts	37,188	1,143,753	-	-	1,180,941
Total Revenues	<u>19,970,921</u>	<u>29,517,411</u>	<u>2,254,361</u>	<u>3,128,402</u>	<u>54,871,095</u>
<b>Expenditures</b>					
Instruction	2,273,910	24,085,483	-	609,376	26,968,769
Attendance	316,749	-	-	-	316,749
Guidance	188,875	1,227,098	-	-	1,415,973
Health, Psych, Speech, and Audio	552,765	498,206	-	16,200	1,067,171
Improvement of Instruction	26,646	41,756	-	-	68,401
Professional Development	24,425	29,236	-	-	53,662
Media Services	183,845	770,597	-	-	954,442
Board of Education Services	132,906	-	-	-	132,906
Executive Administration	1,589,028	1,004,199	-	171,897	2,765,123
Building Administration	575,884	1,704,050	-	-	2,279,934
Business/Central Services	451,657	-	-	-	451,657
Operation of Plant	3,640,412	-	-	214,453	3,854,865
Security Services	198,424	-	-	-	198,424
Transportation	1,671,118	-	-	474,436	2,145,554
Food Service	1,814,416	-	-	34,245	1,848,661
Central Office Support Services	82,378	-	-	-	82,378
Community Education	266,487	996,068	-	18,837	1,281,391
Facility Acquisition and Construction	-	-	-	2,041,315	2,041,315
Debt Services	-	-	1,712,951	260,155	1,973,106
Total Expenditures	<u>13,989,924</u>	<u>30,356,692</u>	<u>1,712,951</u>	<u>3,840,914</u>	<u>49,900,481</u>
Excess (Deficiency) of Revenues over (under) Expenditures	5,980,998	(839,281)	541,410	(712,512)	4,970,614
<b>Other Financing Sources (Uses):</b>					
Proceeds from Sales	34,374	-	-	16,028	50,402
Proceeds from Bond Issuance	-	-	-	25,000,000	25,000,000
Transfers to (from) Fund	(3,421,093)	1,190,702	-	2,230,391	-
Total Other Financing Sources (Uses)	<u>(3,386,719)</u>	<u>1,190,702</u>	<u>-</u>	<u>27,246,419</u>	<u>25,050,402</u>
Net Change in Fund Balances	2,594,279	351,421	541,410	26,533,906	30,021,016
Fund Balances, Beginning of Year	15,139,989	232,661	1,505,511	9,153,038	26,031,198
Fund Balances, End of Year	<u>\$ 17,734,268</u>	<u>\$ 584,082</u>	<u>\$ 2,046,921</u>	<u>\$ 35,686,944</u>	<u>\$ 56,052,214</u>

The accompanying notes are an integral part of the financial statements.

ROLLA SCHOOL DISTRICT NO. 31

RECONCILIATION TO THE STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2021

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Net Changes in Fund Balances-Total Government Funds	\$ 30,021,016
<p>Governmental funds report capital outlays as expenditures while governmental activities report depreciation expense to allocate those expenditures over the useful lives of the assets.</p>	
Cost of capital assets	2,150,938
Depreciation expense	(2,299,588)
	<u>(148,650)</u>
<p>Repayment of bond principal is an expenditure in the governmental funds, but it reduces liabilities in the Statement of Net Assets and does not affect the Statement of Activities. Proceeds from a bond issue is a financing source in the governmental funds, but it increases liabilities in the Statement of Net Assets and does not affect the Statement of Activities.</p>	
Bond proceeds	(25,000,000)
Bond principal retirements	850,000
Change in accrued bond interest	(257,133)
	<u>(24,407,133)</u>
Income earned by internal service funds is included in governmental activities on government-wide statements	813,452
<p>Fund financial statements do not recognize OPEB liability. The increase (decrease) is recognized in the Statement of Activities.</p>	
	(1,064,852)
<p>Fund financial statements do not recognize pension liability. The increase (decrease) is recognized in the Statement of Activities.</p>	
	(3,468,878)
Change in Net Assets of Governmental Funds	<u>\$ 1,744,953</u>

The accompanying notes are an integral part of these financial statements.

ROLLA SCHOOL DISTRICT NO. 31

STATEMENT OF NET POSITION – CASH BASIS  
PROPRIETARY FUND  
June 30, 2021

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	<u>Self-Funded Plan</u> <u>Internal Service Fund</u>
ASSETS	
Cash	\$ 3,742,521
TOTAL ASSETS	<u>\$ 3,742,521</u>
NET POSITION	
Restricted for Self-Funded Plan	\$ 3,742,521
TOTAL NET POSITION	<u>\$ 3,742,521</u>

The accompanying notes are an integral part of these financial statements.

ROLLA SCHOOL DISTRICT NO. 31

STATEMENT OF RECEIPTS, DISBURSEMENTS,  
AND CHANGES IN FUND NET POSITION – CASH BASIS  
PROPRIETARY FUND  
FOR THE YEAR ENDED JUNE 30, 2021

	<u>Self-Funded Plan Internal Service Fund</u>
<b>OPERATING RECEIPTS</b>	
Charges for services:	
Participant Contributions	\$ 5,528,372
Total Operating Receipts	<u>5,528,372</u>
<b>OPERATING DISBURSEMENTS</b>	
Benefits to participants	<u>4,730,179</u>
Total Operating Disbursements	<u>4,730,179</u>
Operating Income (Loss)	798,193
<b>NON-OPERATING RECEIPTS</b>	
Interest Earnings	<u>15,259</u>
Total Non-Operating Receipts	15,259
Non-Operating Income (Loss)	<u>15,259</u>
Change in Net Position	813,452
Net Position, Beginning	<u>2,929,070</u>
Net Position, Ending	<u>\$ 3,742,521</u>

The accompanying notes are an integral part of these financial statements.

ROLLA SCHOOL DISTRICT NO. 31  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2021

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

Reporting Entity

The Rolla School District No. 31 (the “District”) is a political subdivision of the State of Missouri, which designates an elected seven member Board of Education to act as the governing authority. The accompanying financial statements represent the government and its component unit, an entity for which the government is considered to be financially accountable. The discretely presented component unit is reported in a separate column in the government-wide financial statements (see note below for description) to emphasize that it is legally separate from the primary government.

Discretely Presented Component Unit

Discretely presented component units are separate legal entities that meet the component unit criteria described above, but do not meet the criteria for blending.

The Champions of Rolla Education Foundation (C.O.R.E.) (the “Foundation”) is organized exclusively for the benefit of the District and its students to assist them in attaining their educational goals. The Foundation, a tax-exempt organization under Internal Revenue Code 501(c)(3), follows the federal income tax basis of accounting.

The discretely presented component unit of the District does not issue separately audited component unit financial statements.

Basis of Presentation

Government-Wide Financial Statements

The government-wide financial statements (i.e. the Statement of Net Position and Statement of Activities) report information on all of the non-fiduciary activities of the primary government and its component unit. *Governmental activities*, which normally are supported by taxes and intergovernmental revenues, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges for support. Likewise, the *primary government* is reported separately from a certain legally separate *component unit* for which the primary government is financially accountable.

The Statement of Activities demonstrates the degree to which the direct expenses of a given function or segment is offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function or segment. *Program revenues* include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as *general revenues*.

ROLLA SCHOOL DISTRICT NO. 31  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2021

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (Continued)

Basis of Presentation (Continued)

Government-Wide Financial Statements (Continued)

Separate financial statements are provided for governmental funds and proprietary (enterprise) funds. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

Fund Financial Statements

Fund financial statements of the reporting entity are organized into funds, each of which is considered to be a separate accounting entity. Each fund is accounted for by providing a separate set of self-balancing accounts that constitutes its assets, deferred outflows, liabilities, deferred inflows, net position or fund balance, revenues, and expenditures or expenses. The District's funds are organized into two major categories: governmental and proprietary. The District currently has no fiduciary funds. An emphasis is placed on major funds within the governmental and proprietary categories. A fund is considered major if it is the primary operating fund of the District or meets the following criteria:

- a. Total assets, deferred outflows, liabilities, deferred inflows, revenues, or expenditures or expenses of that individual governmental or enterprise fund are at least 10 percent of the corresponding total for all funds of that category or type.
- b. Total assets, deferred outflows, liabilities, deferred inflows, revenues, or expenditures or expenses of the individual governmental fund or enterprise fund are at least 5 percent of the corresponding total for all governmental and enterprise funds combined.

Governmental Funds

The funds of the financial reporting entity are described below:

The Missouri Department of Elementary and Secondary Education has directed the following governmental funds to be treated as major:

General Fund – The primary operating fund of the District and always classified as major-fund. It is used to account for all financial resources not accounted for and reported in another fund.



ROLLA SCHOOL DISTRICT NO. 31  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2021

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (Continued)

Basis of Presentation (Continued)

Fund Financial Statements (Continued)

Governmental Funds (Continued)

Special Revenue Fund – Accounts for and reports the proceeds of the specific revenue sources that are either legally restricted to expenditures for specified purposes or designated to finance particular functions or activities of the District. The District has the following Special Revenue Fund:

Teachers’ Fund – Accounts for expenditures for certified employees involved in administration and instruction. It includes revenues restricted by the State for the payment of teachers’ salaries and the local tax levy.

Debt Service Fund – Accounts for the accumulation of resources for, and the payment of, principal, interest, and fiscal charges on general long-term debt.

Capital Projects Fund – Accounts for the proceeds of long-term debt, taxes, and other revenues designated for construction of major capital assets and all other capital outlay.

Proprietary Fund Financial Statements

Enterprise Fund

Enterprise funds are used to account for business-like activities. These activities are charged primarily by user charges and the measurement financial activity focuses on net income measurement similar to the private sector. The proprietary fund Statement of Net Position and Statement of Receipts, Disbursements, and Change in Fund Net Position display information about the proprietary fund as a whole within the limitations of the cash basis of accounting.

Internal Service Fund – Accounts for proceeds from contributions for the payment of claims and the liabilities associated with the District’s self-insurance activities (primary medical and dental benefits). Disbursements include claims paid, direct insurance payments, and administrative fees.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements.

ROLLA SCHOOL DISTRICT NO. 31  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2021

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (Continued)

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be *available* when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due. Only current financial assets and liabilities are generally included on their Balance Sheets. Their operating statements present sources and uses of available spendable financial resources at the end of the period.

Property taxes, sales taxes, franchise taxes, licenses, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Only the portion of special assessments receivable due within the current fiscal period is considered to be susceptible to accrual as revenue of the current period. All other revenue items are considered to be measurable and available only when cash is received by the government.

The proprietary fund financial statements are presented in accordance with the cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America (“U.S. GAAP”), as established by Government Accounting Standards Board (“GASB”). This basis of accounting involves modifications to the cash basis of accounting to report in the Statements of Net Position or Balance Sheet’s cash transactions or events that provide a benefit or result in an obligation that covers a period greater than the period in which the cash transaction or event occurred. Such reported balances may include investments, interfund receivables and payables, capital assets and related depreciation, and short-term and long-term liabilities arising from cash transactions or events.

ROLLA SCHOOL DISTRICT NO. 31  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2021

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (Continued)

Measurement Focus, Basis of Accounting, and Financial Statement Presentation (Continued)

The cash basis of accounting differs from U.S. GAAP primarily because certain assets and their related revenues (such as accounts receivable and revenue for billed or provided services not yet collected and other accrued revenue and receivables) and certain liabilities and their related expenses or expenditures (such as accounts payable and expenses for goods or services received but not yet paid and other accrued expenses and liabilities) are not recorded in these proprietary fund financial statements. In addition, other economic assets that do not arise from a cash transaction or event are not reported, and the measurement of reported assets does not involve adjustment to fair values.

If the proprietary fund financial statements utilized the basis of accounting recognized as generally accepted in the United States, the fund financial statements for the proprietary fund would use the accrual basis of accounting.

Amounts reported as *program receipts* include 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions. Internally dedicated resources are reported as *general receipts* rather than as program receipts. Likewise, general receipts include all taxes.

Proprietary funds distinguish operating receipts and disbursements from non-operating items. Operating receipts and disbursements generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating receipts of the government's Internal Service Fund is participant contributions. Operating disbursements for the Internal Service Fund are primarily benefit payments. All receipts and disbursements not meeting this definition are reported as non-operating receipts and disbursements.

When both restricted and unrestricted resources are available for use, it is the government's policy to use restricted resources first, then unrestricted resources as they are needed.

Financial Position

Cash and Cash Equivalents

The District's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with a maturity of three months or less from the date of acquisition.

Investments

Investments for the government, as well as for its component unit, are reported at fair value based on quoted market rates.

ROLLA SCHOOL DISTRICT NO. 31  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2021

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (Continued)

Financial Position (Continued)

Receivables and Payables

Activities between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either “due to/from other funds” or “advances to/from other funds.” All other outstanding balances between funds are reported as “due to/from other funds.” Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as “internal balances.”

All trade and property tax receivables are shown at actual collections. Therefore, an allowance for doubtful accounts is not shown as of the year ended.

Inventories

Inventories of governmental funds are recorded as expenditures when purchased.

Restricted Assets

Restricted assets include assets that are legally restricted as to their use. The primary restricted assets are accounts restricted for debt service and self-funded medical insurance.

Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets, are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets, other than infrastructure assets, are defined by the government as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of two years. The government reports infrastructure assets on a network and subsystem basis. Accordingly, the amounts spent for the construction or acquisition of infrastructure assets are capitalized and reported in the government-wide financial statements regardless of their amount.

Management has elected to include certain homogeneous asset categories with individual assets less than \$5,000 as composite groups for financial reporting purposes. In addition, capital assets purchased with long-term debt may be capitalized regardless of the thresholds established.

Such assets are reported at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are reported at their estimated fair market value at the date of donation. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized.

ROLLA SCHOOL DISTRICT NO. 31  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2021

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (Continued)

Financial Position (Continued)

Capital Assets (Continued)

All reported capital assets are depreciated using the straight-line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Buildings	30
Vehicles	5 to 8
Equipment	4 to 10

Compensated Absences

It is the District's policy to permit employees to accumulate earned but unused vacation time, personal business days, and sick pay benefits. Vacation benefits are accrued as a liability as the benefits are earned if the employees' rights to receive compensation are attributable to services already rendered and it is probable that the employer will compensate the employees for the benefits through paid time off or some other means.

Sick leave benefits are accrued as a liability using the termination method. An accrual for earned sick leave is made to the extent that it is probable that benefits will result in termination payments. The liability is an estimate based on the District's past experience of making termination payments.

The entire compensated absence liability is reported on the government-wide financial statements. In the governmental fund financial statements, none of the liability is reported as it is not expected to be paid using expendable available resources.

ROLLA SCHOOL DISTRICT NO. 31  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2021

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (Continued)

Financial Position (Continued)

Net Position/Fund Balance Classifications

Long-Term Obligations

In the government-wide financial statements, long-term debt is reported as liabilities in the applicable governmental activities Statement of Net Position.

Pensions

Financial reporting information pertaining to the District’s participation in the Public School Retirement System of Missouri (“PSRS”) and Public Education Employee Retirement System (“PEERS”) are prepared in accordance with GASB Statement No. 68, Accounting and Financial Reporting for Pensions, as amended by GASB Statement No. 71, Pension Transition for Contributions Made Subsequent to the Measurement Date.

The fiduciary net position, as well as additions to and deductions from the fiduciary net position, of PSRS and PEERS have been determined on the same basis as they are reported by PSRS and PEERS. The financial statements were prepared using the accrual basis of accounting. Member and employer contributions are recognized when due, pursuant to formal commitment and statutory requirements. Benefits and refunds of employee contributions are recognized when due and payable in accordance with the statutes governing PSRS and PEERS. Expenses are recognized when the liability is incurred, regardless of when payment is made. Investments are reported at fair value on a trade date basis. The fiduciary net position is reflected in the measurement of the District’s net pension liability, deferred outflows, and deferred inflows of resources related to pensions and pension expense.

*Government-Wide Financial Statements*

Net position is classified and displayed in three components:

*Net Investment in Capital Assets* – Consists of capital assets, including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvements of those assets and adjusted for any deferred inflows and outflows of resources attributable to capital assets and related debt.

*Restricted* – Consists of restricted assets with restriction constraints placed on the use either by external groups, such as creditors, grantors, contributors, or laws and regulations of other governments, or law through constitutional provisions or enabling legislation.

*Unrestricted* – Net amount of assets, deferred outflows of resources, liabilities, and deferred inflows of resources that are not included in the determination of the restricted component of net position.

ROLLA SCHOOL DISTRICT NO. 31  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2021

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (Continued)

Financial Position (Continued)

Net Position/Fund Balance Classifications (Continued)

*Government-Wide Financial Statements (Continued)*

It is the District's policy to first use restricted net resources prior to the use of unrestricted net resources when an expense is incurred for purposes for which both restricted and unrestricted net resources are available.

*Fund Financial Statements*

*Governmental Funds*

The difference among assets, deferred outflows, liabilities, and deferred inflows of governmental funds is reported as fund balance and classified as nonspendable, restricted, committed, assigned, and unassigned based on the respective level of constraint. These constraints are defined as follows:

- **Nonspendable:** Amounts that cannot be spent because they either are not in spendable form or are legally or contractually required to be maintained intact.
- **Restricted:** Amounts constrained regarding use from restrictions externally imposed by creditors, grantors, contributors, or laws or regulations of other governments or by restrictions imposed by law through constitutional provisions or enabling legislation.
- **Committed:** Amounts constrained regarding use for specific purposes pursuant to requirements imposed by formal action of the District's highest level of decision-making authority (i.e. the Board of Education).
- **Assigned:** Amounts constrained by the District's intent to be used for specific purposes but that are neither restricted nor committed. Intent can be expressed by the District's Board of Education or by an official body to which the Board of Education delegates authority.
- **Unassigned:** The residual classification of the General Fund for spendable amounts that have not been restricted, committed, or assigned to specific purposes.

The Board of Education establishes (and modifies or rescinds) fund balance commitments by passage of a motion or a resolution. This is typically done through adoption and amendment of the budget. A fund balance commitment is further indicated in the budget document as a designation or commitment of the fund (such as for special incentives). Assigned fund balance is established by the Board of Education through adoption or amendment of the budget as intended for specific purposes (such as the purchase of capital assets, construction, debt services, or for other purposes).

ROLLA SCHOOL DISTRICT NO. 31  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2021

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (Continued)

Financial Position (Continued)

Net Position/Fund Balance Classifications (Continued)

*Fund Financial Statements (Continued)*

*Governmental Funds (Continued)*

In the General Fund, the District strives to maintain an unassigned fund balance not less than 17% of the actual expenditures for the prior fiscal year.

*Order of Spending*

For all funds, except the Debt Service Fund, when both restricted and unrestricted funds are available for expenditure, restricted funds should be spent first unless legal requirements disallow it. When committed, assigned, and unassigned funds are available for expenditure, committed funds should be spent first, assigned funds second, and unassigned funds last. For the Debt Service Fund, the Board of Education considers unrestricted (assigned) balances to be spent prior to restricted balances. It is expected that spending will be classified by identification of remaining fund balances, rather than classifying expenditures during the year.

*Proprietary Funds*

The difference among assets, deferred outflows, liabilities, and deferred inflows of proprietary funds is reported as net position and classified in the same manner as the government-wide financial statements, as previously described.



ROLLA SCHOOL DISTRICT NO. 31  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2021

NOTE 2 – DETAILED NOTES ON ALL FUNDS:

Deposits and Investments

Primary Government

The District maintains a cash and temporary cash investment pool that is available for use by all funds except the Debt Service Fund (State law requires that all deposits of the Debt Service Fund be kept separate and apart from all other funds of the District). Each fund type's portion of this pool is displayed on the governmental fund's Balance Sheet as "Cash and Investments" under each fund's caption.

*Custodial Credit Risk* – Missouri statutes require that all deposits with financial institutions be collateralized in an amount at least equal to uninsured deposits. As of the year ended, the carrying amount of the District's deposits was \$32,235,524, and the bank balance was \$35,443,141. Of the bank balance, \$250,000 was covered by the Federal Depository Insurance Corporation (FDIC) and \$35,193,141, was covered by collateral held at the District's safekeeping bank agent, in the District's name or irrevocable letters of credit.

*Investment Interest Rate Risk* – The District has no formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

*Concentration of Investment Credit Risk* – The District places no limit on the amount it may invest in any one issuer. As of the year ended, the District had no concentration of credit risk.

*Investments (Investment Credit Risk)* – The District may purchase any investment allowed by the State Treasurer. These include (1) obligations of the United States government or any agency or instrumentality thereof maturing and becoming payable not more than three years from the date of purchase, or (2) repurchase agreements maturing and becoming payable within ninety days secured by U.S. Treasury obligations or obligations of U.S. government agencies or instrumentalities of any maturity, as provided by law.

Cash Escrow Accounts:

UMB Bond Interest Fund	\$ 83,423
Direct Deposit Program – Bond Escrow	482,298
Total	<u>\$ 565,721</u>

ROLLA SCHOOL DISTRICT NO. 31  
 NOTES TO THE FINANCIAL STATEMENTS  
 FOR THE YEAR ENDED JUNE 30, 2021

NOTE 2 – DETAILED NOTES ON ALL FUNDS: (Continued)

Deposits and Investments (Continued)

Component Unit

Total bank balance of \$1,145,670, of the discretely presented component unit were fully insured by FDIC insurance or collateral pledged in the District’s name. Total carrying value of the deposits was \$1,145,670. Fair value was determined by quoted market prices as of the year ended.

Investments, as of the year ended, consisted of the following:

	<u>Fair Value</u>	<u>Quoted Prices in Active Markets for Identical Assets Level 1</u>	<u>Quoted Price in Active Markets for Similar Assets Level 2</u>	<u>Unobservable Inputs Level 3</u>
Investments:				
Mutual Funds	\$ 37,335	\$ 37,335	\$ -	\$ -
Total Investments	<u>\$ 37,335</u>	<u>\$ 37,335</u>	<u>\$ -</u>	<u>\$ -</u>

Financial assets valued using Level 1 inputs are based on unadjusted quoted market prices with active markets.

Capital Assets

Depreciation was charged to functions/programs of the primary government as follows:

Governmental activities:	
Instructional Services	\$ 115,156
Media Services	13,121
Building Administration	500
Operation of Plant	57,635
Transportation	378,571
Food Service	21,527
Community Service	2,400
Facilities Acquisition	1,710,678
	<u>\$ 2,299,588</u>

ROLLA SCHOOL DISTRICT NO. 31  
 NOTES TO THE FINANCIAL STATEMENTS  
 FOR THE YEAR ENDED JUNE 30, 2021

NOTE 2 – DETAILED NOTES ON ALL FUNDS: (Continued)

Capital Assets (Continued)

Capital asset activity as of the year ended was as follows:

Primary Government:

<i>Governmental Activities</i>	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets, not being depreciated	\$ 6,512,321	\$ -	\$ -	\$ 6,512,321
Construction in Progress	-	854,130	-	854,130
Total capital assets, not being depreciated	6,512,321	854,130	-	7,366,451
Capital assets, being depreciated				
Buildings	78,783,520	-	-	78,783,520
Building Improvements	7,123,921	211,083	-	7,335,004
Site Improvements	2,294,276	39,621	-	2,333,897
Equipment	2,359,831	503,633	(463,475)	2,399,989
Vehicles	5,345,321	542,470	(129,423)	5,758,368
Total capital assets being depreciated	95,906,869	1,296,807	(592,898)	96,610,778
Less accumulated depreciation for:				
Buildings	(58,535,995)	(1,111,807)	-	(59,647,802)
Building Improvements	(2,670,090)	(393,242)	-	(3,063,332)
Site Improvements	(1,466,749)	(197,866)	-	(1,664,615)
Equipment	(1,737,665)	(211,904)	463,475	(1,486,094)
Vehicles	(3,485,287)	(384,768)	129,423	(3,740,632)
Total accumulated depreciation	(67,895,786)	(2,299,588)	592,898	(69,602,475)
Total capital assets, being depreciated, net	28,011,083	(1,002,781)	-	27,008,302
Governmental activities capital assets, net	\$ 34,523,404	\$ (148,651)	\$ -	\$ 34,374,753

Total depreciation expense for the year ended was \$2,299,588.

ROLLA SCHOOL DISTRICT NO. 31  
 NOTES TO THE FINANCIAL STATEMENTS  
 FOR THE YEAR ENDED JUNE 30, 2021

NOTE 2 – DETAILED NOTES ON ALL FUNDS: (Continued)

Interfund Receivables, Payables, Transfers, and Payments

Transfers are used to (1) move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them, (2) move revenues restricted to debt service from the funds collecting the revenues to the Debt Service Fund as debt service payments become due, and (3) use unrestricted revenues collected in the General Fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

Interfund transfers for the year ended consisted of the following:

Transfers from the General fund:

<i>Special Revenue Fund</i>	
To “zero” Teachers Fund	
Total transfers to Special Revenue Fund	<u>\$1,190,702</u>
 <i>Capital Projects Fund</i>	
Transportation Calc Cost	\$ 257,547
Area Vocational – Tech Schools	658,102
Food Services	34,245
Student Services	15,758
\$162,326 or 7%xSATxWADA	<u>1,264,739</u>
Total transfers to Capital Projects Fund	<u>\$ 2,230,391</u>
 Total transfers from the General Fund	 <u>\$ 3,421,093</u>

Payments from Component Unit – C.O.R.E Foundation:

Rolla Enrichment Programs	\$ 11,773
Discretionary Funds	8,000
Castleman Fund	8,400
Postage and Supplies	366
Alumni Association Donations	500
Esther Long Memorial	1,800
Howard Roberts Scholarship	500
	<u>\$ 31,339</u>

ROLLA SCHOOL DISTRICT NO. 31  
 NOTES TO THE FINANCIAL STATEMENTS  
 FOR THE YEAR ENDED JUNE 30, 2021

NOTE 2 – DETAILED NOTES ON ALL FUNDS: (Continued)

Long-Term Debt

Governmental Activities

General Obligation Bonds

General obligation bond transactions as of the year ended were, as follows:

Bonds Payable, Beginning	\$ 14,406,000
Bonds Issued	25,000,000
Bonds Retired	<u>(850,000)</u>
Bonds Payable, Ending	<u>\$ 38,556,000</u>

Repayment of the bond issues is made through the Missouri School District Direct Deposit Program which is a mechanism for public school bond repayments. It authorizes the direct deposit of a portion of the District’s state aid payment by the State of Missouri to a trustee bank that accumulates these payments and then makes the principal and interest payments to the paying agent on the bonds.

General obligation bonds payable as of the year ended consisted of:

\$3,626,000 General Obligation Bonds, Series 2010C - due in one principal installment of \$3,626,000 March 1, 2027, interest rate is 5.75%.	\$ 3,626,000
\$6,785,000 General Obligation Refunding Bonds, Series 2012 - due in varying annual principal installments ranging from \$120,000 to \$900,000 through March 1, 2023, interest rate is 2%. The refinancing will result in an economic gain of \$967,262.	1,300,000
\$4,000,000 in General Obligation School Building Bonds, Series 2015 – due in varying principal installments ranging from \$700,000 to \$900,000, through March 1, 2035, interest rate is variable from 3.25% to 3.50%.	4,000,000
\$4,630,000, in General Obligation Refunding Bonds, Series 2017 – due in varying principal installments ranging from \$455,000 to \$1,280,000 through March 1, 2030, interest rate is variable from 3.0% to 3.5%. The refinancing will result in an economic gain of \$182,703.	4,630,000

ROLLA SCHOOL DISTRICT NO. 31  
 NOTES TO THE FINANCIAL STATEMENTS  
 FOR THE YEAR ENDED JUNE 30, 2021

NOTE 2 – DETAILED NOTES ON ALL FUNDS: (Continued)

Long-Term Debt (Continued)

Governmental Activities (Continued)

General Obligation Bonds (Continued)

\$25,000,000 in General Obligation Bonds,  
 Series 2020 – due in varying principal installments ranging  
 from \$410,000 to \$2,960,000 through March 1, 2040, interest  
 rate is variable from 3.0% to 4.0%.

25,000,000

\$38,556,000

General obligation bond debt service requirements as of the year ended were:

	<u>PRINCIPAL</u>	<u>INTEREST</u>	<u>TOTAL</u>
2022	\$ 1,310,000	\$ 1,301,570	\$ 2,611,570
2023	1,375,000	1,275,370	2,650,370
2024	1,040,000	1,232,920	2,272,920
2025	450,000	1,197,320	1,647,320
2026	475,000	1,179,320	1,654,320
2027-2031	11,436,000	4,530,520	15,966,520
2032-2036	11,360,000	2,757,025	14,117,025
2037-2040	11,110,000	851,250	11,961,250
	<u>\$ 38,556,000</u>	<u>\$ 14,325,295</u>	<u>\$ 52,881,295</u>

As of the year ended, the District incurred interest expense of \$1,380,239.

ROLLA SCHOOL DISTRICT NO. 31  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2021

NOTE 3 – OTHER INFORMATION:

Risk Management

The District is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; business interruptions; errors and omissions; natural disasters; employee injuries and illnesses; and employee health and accident benefits. Commercial insurance coverage is purchased for claims arising from such matters other than employee health benefits. Settled claims have not exceeded this commercial coverage in any of the three preceding years.

General and Casualty Insurance

The District is a member of the Missouri United School Insurance Council (MUSIC), a protected self-insurance program of approximately 400 Missouri Public School Districts. The District does not pay premiums to purchase insurance policies, but pays an assessment to be a member of this self-sustaining risk sharing group. Part of the assessment is used to purchase excess insurance for the group as a whole.

Health Insurance Fund

The District is participating in partially self-funded medical and prescription drug insurance plans covering substantially all certificated employees and participating support staff employees. A monthly premium is paid to the insurance company which includes an amount for administrative costs. The maximum liability of the District for each individual covered is \$125,000 per plan year. The transactions of the health insurance plan are accounted for in the Certificated Health Fund. As of the year ended, the District had \$3,742,521, restricted for payment of self-insurance claims. For insured programs, there have been no reductions in insurance coverage.

Contingent Liabilities

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

Litigation – Various claims and lawsuits are possible against the District. In the opinion of the District's management, the potential loss on all claims and lawsuits will not be significant to the District's financial statements.

ROLLA SCHOOL DISTRICT NO. 31  
 NOTES TO THE FINANCIAL STATEMENTS  
 FOR THE YEAR ENDED JUNE 30, 2021

NOTE 3 – OTHER INFORMATION: (Continued)

Compensated Absences

Vacation time, personal business days, and sick leave are considered as expenses in the year paid. Certified employees forfeit any unused vacation pay at termination. Classified employees are paid for any unused vacation pay at termination. Sick pay, within limits set by Board of Education policy, which is unused and vested to the employee, is payable upon termination. As of the year ended, accrued sick leave and vacation was valued at \$352,999.

Teachers' Salaries

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

Taxes

Property taxes attach as an enforceable lien on property as of January 1. Taxes are levied on November 1 and payable by December 31. The county collects the property taxes and remits them to the District on a monthly basis. All unpaid taxes become delinquent January 1 of the following year.

The District also receives sales tax collected by the State and remitted based on eligible pupil counts. 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 tangible taxable property for the calendar year 2020 for the purposes of local taxation was as follows:

Dent County	\$	32,440
Maries County		2,692,660
Phelps County		433,581,299
Total	\$	<u>436,306,399</u>

The tax levy per \$100 of the assessed valuation of tangible taxable property for the calendar year 2020 for purposes of local taxation was:

	<u>Unadjusted</u>	<u>Adjusted</u>
General Fund	\$ 3.7639	\$ 3.3424
Debt Service Fund	<u>0.3000</u>	<u>0.3000</u>
Total	<u>\$ 4.0639</u>	<u>\$ 3.6424</u>

The receipts of current and delinquent property taxes during the fiscal year ended aggregated approximately 144% for Dent County; 104% for Maries County; and 98% for Phelps County, of the current assessment computed on the basis of the levy shown above.



ROLLA SCHOOL DISTRICT NO. 31  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2021

NOTE 3 – OTHER INFORMATION: (Continued)

Retirement Plans

Public School Retirement System of Missouri (PSRS)

*Plan Description.* 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 “two-third’s statute.” PSRS members required to contribute to Social Security are required to contribute two-thirds of the approved PSRS contribution rate and their employer is required to match the contribution. The members’ benefits are further calculated at two-thirds the normal benefit amount. A Comprehensive Annual Financial Report (“CAFR”) can be obtained at <https://www.psr-peers.org>.

*Benefits Provided.* PSRS is a defined benefit plan providing retirement, disability, and death/survivor benefits. Members are vested for service retirement benefits after accruing five years of service. Individuals who (a) are at least age 60 and have a minimum of 5 years of service, (b) have 30 years of service, or (c) qualify for benefits under the “Rule of 80” (service and age total at least 80) are entitled to a monthly benefit for life, which is calculated using a 2.5% benefit factor. Actuarially age-reduced benefits are available for members with 5 to 24.9 years of service at age 55. Members who are younger than age 55 and who do not qualify under the “Rule of 80” but have between 25 and 29.9 years of service may retire with a lesser benefit factor. Members that are three years beyond normal retirement can elect to have their lifetime monthly benefits actuarially reduced in exchange for the right to also receive a one-time partial lump sum (“PLSO”) payment at retirement equal to 12, 24, or 36 times the Single Life benefit amount. [A Summary Plan Description detailing the provisions of the plan can be found on PSRS’ website at <https://www.psr-peers.org>.]

ROLLA SCHOOL DISTRICT NO. 31  
 NOTES TO THE FINANCIAL STATEMENTS  
 FOR THE YEAR ENDED JUNE 30, 2021

NOTE 3 – OTHER INFORMATION: (Continued)

Retirement Plans (Continued)

Public School Retirement System of Missouri (PSRS) (Continued)

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

- If the June to June change in the Consumer Price Index for All Urban Consumers (CPI-U) is less than 2% for consecutive one-year periods, a cost-of living increase of 2% will be granted when the cumulative increase is equal to or greater than 2%, at which point the cumulative increase in the CPI-U will be reset to zero. For the following year, the starting CPI-U will be based on the June value immediately preceding the January 1, at which the 2% cost-of-living increase is granted.
- If the June to June change in the CPI-U is greater than or equal to 2%, but less than 5%, a cost-of-living increase of 2% will be granted.
- If the June to June change in the CPI-U is greater than or equal to 5%, a cost-of-living increase of 5% will be granted.
- If the CPI-U decreases, no COLA is provided.

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

*Contributions.* PSRS members were required to contribute 14.5% of their annual covered salary during fiscal years 2019, 2020, and 2021. Employers were required to match the contributions made by employees. The contribution rate is set each year by the PSRS Board of Trustees upon the recommendation of the independent actuary within the contribution restrictions set in Section 169.030 RSMo. The annual statutory increase in the total contribution rate may not exceed 1% of pay.

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 contributions for the last three fiscal years were as follows:

<u>Year Ended</u>	<u>Amount of Employer Contributions</u>	<u>Percentage of Contributions</u>
2021	\$ 3,412,306	14.5%
2020	\$ 3,301,241	14.5%
2019	\$ 3,243,202	14.5%

ROLLA SCHOOL DISTRICT NO. 31  
 NOTES TO THE FINANCIAL STATEMENTS  
 FOR THE YEAR ENDED JUNE 30, 2021

NOTE 3 – OTHER INFORMATION: (Continued)

Retirement Plans (Continued)

Public School Retirement System of Missouri (PSRS) (Continued)

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

At June 30, 2021, the District recorded a liability of \$40,724,066, for its proportionate share of PSRS' net pension liability. The net pension liability for the plan was measured as of June 30, 2020, and determined by an actuarial valuation as of that date. The District's proportionate share of the total net pension liability was based on the ratio of its actual contributions paid to PSRS of \$3,301,241, for the year ended June 30, 2020, relative to the total contributions of \$723,970,206, for PSRS from all participating employers. At June 30, 2020, the District's proportionate share was 0.4560% for PSRS.

For the year ended June 30, 2021, the District recognized pension expense of \$6,582,851, for PSRS, its proportionate share of the total pension expense.

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

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 663,823	\$ 1,669,608
Changes of assumptions	3,345,418	-
Net difference between projected and actual earnings on pension plan investments	6,438,534	2,058,560
Changes in proportion and differences between District contributions and proportionate share of contributions	550,247	68,115
District contributions subsequent to the measurement date of June 30, 2020	3,412,306	-
<u>Total</u>	<u>\$ 14,410,328</u>	<u>\$ 3,796,283</u>

ROLLA SCHOOL DISTRICT NO. 31  
 NOTES TO THE FINANCIAL STATEMENTS  
 FOR THE YEAR ENDED JUNE 30, 2021

NOTE 3 – OTHER INFORMATION: (Continued)

Retirement Plans (Continued)

Public School Retirement System of Missouri (PSRS) (Continued)

*Pension Liabilities, Pension Expense, and Deferred Outflows and Inflows of Resources  
 Related to Pensions* (Continued)

Amounts reported as deferred outflows of resources resulting from contribution subsequent to the measurement date of June 30, 2020, will be recognized as a reduction to the net pension liability in the year ended June 30, 2022. Other amounts reported as collective deferred (inflows)/outflows of resources are to be recognized in pension expense, as follows:

Plan Year ending June 30:	
2022	\$ 1,129,347
2023	2,585,350
2024	2,222,080
2025	1,235,141
2026	29,821
Thereafter	-
Total	<u>\$ 7,201,739</u>

*Actuarial Assumptions.* Actuarial valuations of PSRS involve assumptions about probability of occurrence of events far into the future in order to estimate the reported amounts. Examples include assumptions about future employment, salary increases, and mortality. Amounts determined regarding the net pension liability are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The PSRS Board of Trustees adopts actuarial assumptions, each of which individually represents a reasonable long-term estimate of anticipated experience for PSRS, derived from experience studies conducted every fifth year and from Board policies concerning investments and COLAs. The most recent comprehensive experience studies were completed in June 2016. All economic and demographic assumptions were reviewed and updated, where appropriate, based on the results of the studies and effective with the June 30, 2016 valuation. For the June 30, 2017 valuations, the investment rate of return was reduced from 7.75% to 7.6% and the assumption for the annual cost-of-living adjustments was updated in accordance with the funding policies amended by the PSRS Board of Trustees at their November 2017 meeting. For the June 30, 2018, valuation, the investment rate of return assumption was further reduced from 7.60% to 7.50%. Significant actuarial assumption and methods, including changes from the prior year, are detailed below. For additional information please refer to PSRS' CAFR. The next experience studies are scheduled for 2021.

ROLLA SCHOOL DISTRICT NO. 31  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2021

NOTE 3 – OTHER INFORMATION: (Continued)

Retirement Plans (Continued)

Public School Retirement System of Missouri (PSRS) (Continued)

*Actuarial Assumptions* (Continued)

Significant actuarial assumptions and other inputs used to measure the total pension liability:

Measurement Date	June 30, 2020
Valuation Date	June 30, 2020
Expected Return on Investments	7.50%, net of investment expenses and including 2.25% inflation
Inflation	2.25%
Total Payroll Growth	2.75% per annum, consisting of 2.25% inflation, 0.25% real wage growth due to the inclusion of active health care costs in pensionable earnings, and 0.25% of real wage growth due to productivity.
Future Salary Increases	3.00% - 9.50%, depending on service and including 2.25% inflation, 0.25% real wage growth due to the inclusion of active health care costs in pensionable earnings, and 0.25% of real wage growth due to productivity, and real wage growth for merit, promotion, and seniority of 0.25% to 6.75%.
Cost-of-Living Increases	The annual COLA assumed in the valuation increases from 1.35% to 1.65% over seven years, beginning January 1, 2022. The COLA reflected for January 1, 2021, is 2.00%, in accordance with the actual COLA approved by the Board. This COLA assumption reflects an assumption that general inflation will increase from 1.95% to a normative inflation assumption of 2.25% over six years. It is also based on the current policy of the Board to grant a COLA on each January 1 as follows:

ROLLA SCHOOL DISTRICT NO. 31  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2021

NOTE 3 – OTHER INFORMATION: (Continued)

Retirement Plan (Continued)

Public School Retirement System of Missouri (PSRS) (Continued)

*Actuarial Assumptions* (Continued)

Cost of Living Increases (Continued)

- If the June to June change in the CPI-U is less than 2% for consecutive one year periods, a cost-of-living increase of 2% will be granted when the cumulative increase is equal to or greater than 2%, at which point the cumulative increase in the CPI-U will be reset to zero. For the following year, the starting CPI-U will be based on the June value immediately preceding the January 1 at which the 2% cost-of-living increase is granted.
- If the June to June change in the CPI-U is greater than or equal to 2%, but less than 5%, a cost-of-living increase of 2% will be granted.
- If the June to June change in the CPI-U is greater than or equal to 5%, a cost-of-living increase of 5% will be granted.
- If the CPI-U decreases, no COLA is provided.

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

ROLLA SCHOOL DISTRICT NO. 31  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2021

NOTE 3 – OTHER INFORMATION: (Continued)

Retirement Plans (Continued)

Public School Retirement System of Missouri (PSRS) (Continued)

*Actuarial Assumptions* (Continued)

Mortality Assumption

Actives

RP-2006 White Collar Employee Mortality Table, multiplied by an adjustment factor of 0.75 at all ages for both males and females, with static projection using the 2014 SSA Improvement Scale to 2028.

Non-Disabled Retirees, Beneficiaries,  
and Survivors

RP-2006 White Collar Mortality Tables with plan-specific experience adjustments and static projection to 2028 using the 2014 SSA Improvement Scale.

Disabled Retirees

RP-2006 Disabled Retiree Mortality Tables with static projection to 2028 using the 2014 SSA Improvement Scale.

Changes in Actuarial Assumptions and  
Methods

There have been no assumption changes since the June 30, 2018, valuation.

Fiduciary Net Position

PSRS issues a publicly available financial report (CAFR) that can be obtained at <https://www.psrs-peers.org>.

ROLLA SCHOOL DISTRICT NO. 31  
 NOTES TO THE FINANCIAL STATEMENTS  
 FOR THE YEAR ENDED JUNE 30, 2021

NOTE 3 – OTHER INFORMATION: (Continued)

Retirement Plans (Continued)

Public School Retirement System of Missouri (PSRS) (Continued)

*Actuarial Assumptions* (Continued)

Expected Rate of Return                      The long-term expected rate of return on investments was determined in accordance with Actuarial Standard of Practice (“ASOP”) No. 27, *Selection of Economic Assumptions for Measuring Pension Obligations*. ASOP No. 27 provides guidance on the selection of an appropriate assumed rate of return. The long-term expected rate of return on PSRS’ investments was determined using a building-block method in which best-estimate ranges of expected future real rates of returns (expected returns, net of investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long- term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in PSRS’ target allocation as of June 30, 2020, are summarized below.

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



ROLLA SCHOOL DISTRICT NO. 31  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2021

NOTE 3 – OTHER INFORMATION: (Continued)

Retirement Plans (Continued)

Public School Retirement System of Missouri (PSRS) (Continued)

*Actuarial Assumptions* (Continued)

Discount Rate

The long-term expected rate of return used to measure the total pension liability was 7.5% as of June 30, 2020, and is consistent with the long-term expected geometric return on plan investments. The actuarial assumed rate of return was 8.0% from 1980 through fiscal year 2016. The PSRS Board of Trustees adopted a new actuarial assumed rate of return of 7.75% effective with the June 30, 2016, valuation, based on the actuarial experience studies and asset-liability study conducted during the 2016 fiscal year. As previously discussed, the PSRS Board of Trustees further reduced the assumed rate of return to 7.6% effective with the June 30, 2017, valuation, and to 7.5% effective with the June 30, 2018, valuation. The projection of cash flows used to determine the discount rate assumed that employer contributions would be made at the actuarially calculated rate computed in accordance with assumptions and methods stated in the funding policy adopted by the PSRS Board of Trustees, which requires payment of the normal cost and amortization of the unfunded actuarial accrued liability in level percent of employee payroll installments over 30 years utilizing a closed period, layered approach. Based on this assumption, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members.

ROLLA SCHOOL DISTRICT NO. 31  
 NOTES TO THE FINANCIAL STATEMENTS  
 FOR THE YEAR ENDED JUNE 30, 2021

NOTE 3 – OTHER INFORMATION: (Continued)

Retirement Plans (Continued)

Public School Retirement System of Missouri (PSRS) (Continued)

*Actuarial Assumptions* (Continued)

Discount Rate Sensitivity                      The sensitivity of the District's net pension liabilities to changes in the discount rate is presented below. The District's net pension liabilities calculated using the discount rate of 7.50% is presented, as well as the net pension liabilities using a discount rate that is 1.0% lower (6.50%) or 1.0% higher (8.50%) than the current rate.

Discount Rate	1% Decrease (6.50%)	Current Rate (7.50%)	1% Increase (8.50%)
Proportionate share of the Net Pension Liability / (Asset)	\$69,106,560	\$40,724,066	\$17,120,383

Public Education Employee Retirement System (PEERS)

*Plan Description.* Public Education Employee Retirement System (“PEERS”) is a mandatory cost-sharing multiple employer retirement system for all non-certified public school District employees (except the school Districts of St. Louis and Kansas City), employees of the Missouri Association of School Administrators, and community college employees (except the Community College of St. Louis). Employees of covered Districts who work 20 or more hours per week on a regular basis and who are not contributing members of PSRS must contribute to PEERS. Employees of 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 PEERS are found in Sections 169.600 – 169.715 and 169.560 – 169.595 RSMo. The statutes place responsibility for the operation of PEERS on the Board of Trustees of PSRS. A CAFR can be obtained at <https://www.psrps-peers.org>.

ROLLA SCHOOL DISTRICT NO. 31  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2021

NOTE 3 – OTHER INFORMATION: (Continued)

Retirement Plans (Continued)

Public Education Employee Retirement System (PEERS) (Continued)

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

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

- If the June to June change in the Consumer Price Index for All Urban Consumers (CPI-U) is less than 2% for consecutive one-year periods, a cost-of living increase of 2% will be granted when the cumulative increase is equal to or greater than 2%, at which point the cumulative increase in the CPI-U will be reset to zero. For the following year, the starting CPI-U will be based on the June value immediately preceding the January 1, at which the 2% cost-of-living increase is granted.
- If the June to June change in the CPI-U is greater than or equal to 2%, but less than 5%, a cost-of-living increase of 2% will be granted.
- If the June to June change in the CPI-U is greater than or equal to 5%, a cost-of-living increase of 5% will be granted.
- If the CPI-U decreases, no COLA is provided.

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

ROLLA SCHOOL DISTRICT NO. 31  
 NOTES TO THE FINANCIAL STATEMENTS  
 FOR THE YEAR ENDED JUNE 30, 2021

NOTE 3 – OTHER INFORMATION: (Continued)

Retirement Plans (Continued)

Public Education Employee Retirement System (PEERS) (Continued)

*Contributions.* PEERS members were required to contribute 6.86% of their annual covered salary during fiscal years 2019, 2020, and 2021. Employers were required to match the contributions made by employees. The contribution rate is set each year by the PSRS Board of Trustees upon the recommendation of the independent actuary within the contribution restrictions set in Section 169.030 RSMo. The annual statutory increase in the total contribution rate may not exceed 0.5% of pay.

The contributions for the last three fiscal years were as follows:

<u>Year Ended</u>	<u>Amount of Employer Contributions</u>	<u>Percentage of Contributions</u>
2021	\$ 473,307	6.86%
2020	\$ 466,531	6.86%
2019	\$ 448,691	6.86%

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

At June 30, 2021, the District recorded a liability of \$3,667,736, for its proportionate share of PEERS' net pension liability. The net pension liability for the plan was measured as of June 30, 2020, and determined by an actuarial valuation as of that date. The District's proportionate share of the total net pension liability was based on the ratio of its actual contributions paid to PEERS of \$466,531, for the year ended June 30, 2020, relative to the total contributions of \$123,440,288, for PEERS from all participating employers. At June 30, 2020, the District's proportionate share was 0.3779% for PEERS.

For the year ended June 30, 2021, the District recognized pension expense of \$771,640, for PEERS, its proportionate share of the total pension expense.

ROLLA SCHOOL DISTRICT NO. 31  
 NOTES TO THE FINANCIAL STATEMENTS  
 FOR THE YEAR ENDED JUNE 30, 2021

NOTE 3 – OTHER INFORMATION: (Continued)

Retirement Plans (Continued)

Public Education Employee Retirement System (PEERS) (Continued)

*Pension Liabilities, Pension Expense, and Deferred Outflows and Inflows of Resources  
 Related to Pensions* (Continued)

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

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ -	\$ 54,769
Changes of assumptions	37,361	-
Net difference between projected and actual earnings on pension plan investments	660,587	201,788
Changes in proportion and differences between District contributions and proportionate share of contributions	18,693	15,854
District contributions subsequent to the measurement date of June 30, 2020	473,307	-
Total	<u>\$ 1,189,948</u>	<u>\$ 272,411</u>

Amounts reported as deferred outflows of resources resulting from contribution subsequent to the measurement date of June 30, 2020, will be recognized as a reduction to the net pension liability in the year ended June 30, 2022. Other amounts reported as collective deferred (inflows)/outflows of resources are to be recognized in pension expense, as follows:

Plan Year ending June 30:	
2022	\$ 12,234
2023	117,608
2024	169,430
2025	144,957
2026	-
Thereafter	-
Total	<u>\$ 444,230</u>

ROLLA SCHOOL DISTRICT NO. 31  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2021

NOTE 3 – OTHER INFORMATION: (Continued)

Retirement Plans (Continued)

Public Education Employee Retirement System (PEERS) (Continued)

*Actuarial Assumptions.* Actuarial valuations of PEERS involve assumptions about probability of occurrence of events far into the future in order to estimate the reported amounts. Examples include assumptions about future employment, salary increases, and mortality. Amounts determined regarding the net pension liability are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The PEERS Board of Trustees adopts actuarial assumptions, each of which individually represents a reasonable long-term estimate of anticipated experience for PEERS, derived from experience studies conducted every fifth year and from Board policies concerning investments and COLAs. The most recent comprehensive experience studies were completed in June 2016. All economic and demographic assumptions were reviewed and updated, where appropriate, based on the results of the studies and effective with the June 30, 2016, valuation. For the June 30, 2017, valuations, the investment rate of return was reduced from 7.75% to 7.6% and the assumption for the annual cost-of-living adjustments was updated in accordance with the funding policies amended by the PEERS Board of Trustees at their November 2017, meeting. For the June 30, 2018, valuation, the investment rate of return assumption was further reduced from 7.60% to 7.50%. Significant actuarial assumption and methods, including changes from the prior year are detailed below. For additional information please refer to PEERS' CAFR. The next experience studies are scheduled for 2021.

Significant actuarial assumptions and other inputs used to measure the total pension liability:

Measurement Date	June 30, 2020
Valuation Date	June 30, 2020
Expected Return on Investments	7.50%, net of investment expenses and including 2.25% inflation
Inflation	2.25%
Total Payroll Growth	3.25% per annum, consisting of 2.25% inflation, 0.50% real wage growth due to the inclusion of active health care costs in pensionable earnings, and 0.50% of real wage growth due to productivity.

ROLLA SCHOOL DISTRICT NO. 31  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2021

NOTE 3 – OTHER INFORMATION: (Continued)

Retirement Plans (Continued)

Public Education Employee Retirement System (PEERS) (Continued)

*Actuarial Assumptions*

Future Salary Increases	4.00%-11.00%, depending on service and including 2.25% inflation, 0.50% real wage growth due to the inclusion of active health care costs in pensionable earnings, and 0.50% of real wage growth due to productivity, and real wage growth for merit, promotion, and seniority of 0.75% to 7.75%.
Cost-of-Living Increases	<p>The annual COLA assumed in the valuation increases from 1.35% to 1.65% over seven years, beginning January 1, 2022. The COLA reflected for January 1, 2021, is 2.00%, in accordance with the actual COLA approved by the Board. This COLA assumption reflects an assumption that general inflation will increase from 1.95% to a normative inflation assumption of 2.25% over six years. It is also based on the current policy of the Board to grant a COLA on each January 1 as follows:</p> <ul style="list-style-type: none"><li>- If the June to June change in the CPI-U is less than 2% for consecutive one year periods, a cost-of-living increase of 2% will be granted when the cumulative increase is equal to or greater than 2%, at which point the cumulative increase in the CPI-U will be reset to zero. For the following year, the starting CPI-U will be based on the June value immediately preceding the January 1 at which the 2% cost-of-living increase is granted.</li><li>- If the June to June change in the CPI-U is greater than or equal to 2%, but less than 5%, a cost-of-living increase of 2% will be granted.</li><li>- If the June to June change in the CPI-U is greater than or equal to 5%, a cost-of-living increase of 5% will be granted.</li><li>- If the CPI-U decreases, no COLA is provided.</li></ul>

ROLLA SCHOOL DISTRICT NO. 31  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2021

NOTE 3 – OTHER INFORMATION: (Continued)

Retirement Plans (Continued)

Public Education Employee Retirement System (PEERS) (Continued)

*Actuarial Assumptions*

Cost of Living Increases (Continued)

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

Mortality Assumption  
Actives

RP–2006 Total Dataset Employee Mortality Table, multiplied by an adjustment factor of 0.75 at all ages for both males and females, with static projection using the 2014 SSA Improvement Scale to 2028.

Non-Disabled Retirees, Beneficiaries,  
and Survivors

RP–2006 Total Dataset Mortality Tables with plan-specific experience adjustments and static projection to 2028 using the 2014 SSA Improvement Scale.

Disabled Retirees

RP–2006 Disabled Retiree Mortality Table with static projection to 2028 using the 2014 SSA Improvement Scale.



ROLLA SCHOOL DISTRICT NO. 31  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2021

NOTE 3 – OTHER INFORMATION: (Continued)

Retirement Plans (Continued)

Public Education Employee Retirement System (PEERS) (Continued)

*Actuarial Assumptions*

Changes in Actuarial Assumptions and  
Methods

There have been no assumption changes since the  
June 30, 2018, valuations.

Fiduciary Net Position

PEERS issues a publicly available financial report  
(CAFR) that can be obtained at <https://www.psr-peers.org>.

Expected Rate of Return

The long-term expected rate of return on  
investments was determined in accordance with  
Actuarial Standard of Practice (“ASOP”) No. 27,  
*Selection of Economic Assumptions for Measuring  
Pension Obligations*. ASOP No. 27 provides  
guidance on the selection of an appropriate assumed  
rate of return. The long-term expected rate of return  
on PEERS’ investments was determined using a  
building-block method in which best-estimate  
ranges of expected future real rates of returns  
(expected returns, net of investment expense and  
inflation) are developed for each major asset class.  
These ranges are combined to produce the long-  
term expected rate of return by weighting the  
expected future real rates of return by the target  
asset allocation percentage and by adding expected  
inflation. Best estimates of arithmetic real rates of  
return for each major asset class included in  
PEERS’ target allocation as of June 30, 2020, are  
summarized below.

ROLLA SCHOOL DISTRICT NO. 31  
 NOTES TO THE FINANCIAL STATEMENTS  
 FOR THE YEAR ENDED JUNE 30, 2021

NOTE 3 – OTHER INFORMATION: (Continued)

Retirement Plan (Continued)

Public Education Employee Retirement System (PEERS) (Continued)

*Actuarial Assumptions*

Expected Rate of Return (Continued)

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

ROLLA SCHOOL DISTRICT NO. 31  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2021

NOTE 3 – OTHER INFORMATION: (Continued)

Retirement Plan (Continued)

Public Education Employee Retirement System (PEERS) (Continued)

*Actuarial Assumptions*

Discount Rate

The long-term expected rate of return used to measure the total pension liability was 7.5% as of June 30, 2020, and is consistent with the long-term expected geometric return on plan investments. The actuarial assumed rate of return was 8.0% from 1980 through fiscal year 2016. The PEERS Board of Trustees adopted a new actuarial assumed rate of return of 7.75% effective with the June 30, 2016, valuation, based on the actuarial experience studies and asset-liability study conducted during the 2016 fiscal year. As previously discussed, the PEERS Board of Trustees further reduced the assumed rate of return to 7.6% effective with the June 30, 2017, valuation, and to 7.5% effective with the June 30, 2018, valuation. The projection of cash flows used to determine the discount rate assumed that employer contributions would be made at the actuarially calculated rate computed in accordance with assumptions and methods stated in the funding policy adopted by the PEERS Board of Trustees, which requires payment of the normal cost and amortization of the unfunded actuarial accrued liability in level percent of employee payroll installments over 30 years utilizing a closed period, layered approach. Based on this assumption, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members.

ROLLA SCHOOL DISTRICT NO. 31  
 NOTES TO THE FINANCIAL STATEMENTS  
 FOR THE YEAR ENDED JUNE 30, 2021

NOTE 3 – OTHER INFORMATION: (Continued)

Retirement Plan (Continued)

Public Education Employee Retirement System (PEERS) (Continued)

*Actuarial Assumptions*

Discount Rate Sensitivity

The sensitivity of the District's net pension liabilities to changes in the discount rate is presented below. The District's net pension liabilities calculated using the discount rate of 7.50% is presented as well as the net pension liabilities using a discount rate that is 1.0% lower (6.50%) or 1.0% higher (8.50%) than the current rate.

Discount Rate	1% Decrease (6.50%)	Current Rate (7.50%)	1% Increase (8.50%)
Proportionate share of the Net Pension Liability / (Asset)	\$6,463,611	\$3,667,736	\$1,321,825

Other Post-Employment Benefits (OPEB)

In addition to the retirement benefits described previously, the District provides a portion of health care insurance through the Rolla School District Other Post-Employment Benefits Program (“OPEB Program”) in accordance with Missouri State statutes. The OPEB Program is an Internal Service fund of the District. For the purpose of reporting OPEB costs and obligations in accordance with GASB Statement 75, the OPEB Program is considered an agent, multiple-employer, defined benefit plan administered by the District. Medical insurance benefits are established by the District’s Board of Education.

*The District does not have a dedicated Trust for prefunding OPEB liabilities and is treated under the accounting standards as an unfunded plan. The District implemented GASB 75 for the fiscal year ended June 30, 2021.*

ROLLA SCHOOL DISTRICT NO. 31  
 NOTES TO THE FINANCIAL STATEMENTS  
 FOR THE YEAR ENDED JUNE 30, 2021

NOTE 3 – OTHER INFORMATION: (Continued)

Other Post-Employment Benefits (OPEB) (Continued)

Benefits include (1) medical, (2) dental, (3) and life insurance. Eligible members are employees who retired from the District based on a vesting schedule and who participate in the OPEB Program. Employer and member contributions are established by the District’s Board of Education. Premiums vary by coverage categories, which include retirees, spouses, and children. Retirees pay the average required premium rate for coverage. The OPEB Program is financed on a pay-as-you-go basis.

The stand-alone plan financial report can be obtained by contacting the office of the Chief Financial Officer, Rolla Public Schools, 500 A Forum Drive, Rolla, MO 65401.

*Actuarial Assumptions*

Discount Rate Assumption: The interest rate for discounting liabilities is 2.16% per annum.

Payroll Inflation: Payroll is assumed at an increase of 3.00% per annum.

Healthy Mortality: Pub-2010 Teacher Mortality for Employees and Healthy Annuitants, with generational projection per Scale MP-2019.

For the year ended June 30, 2021, the District recognized OPEB expense of \$1,414,426. At June 30, 2021, the District reported deferred outflows of resources and deferred inflows of resources related to OPEBs from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences Between Expected and Actual Experience	\$ -	\$ (1,121,167)
Changes of Assumptions	2,736,966	(269,506)
Total	<u>\$ 2,736,966</u>	<u>\$ (1,390,673)</u>

Plan Year Ending:

2022	\$	174,934
2023		174,934
2024		174,934
2025		174,934
2026		177,108
Thereafter		469,449
Total	\$	<u>1,346,293</u>

ROLLA SCHOOL DISTRICT NO. 31  
 NOTES TO THE FINANCIAL STATEMENTS  
 FOR THE YEAR ENDED JUNE 30, 2021

NOTE 3 – OTHER INFORMATION: (Continued)

Other Post-Employment Benefits (OPEB) (Continued)

*Actuarial Assumptions* (Continued)

The Valuation Date is June 30, 2020. This is the date as of which the actuarial valuation is performed. The Measurement Date is June 30, 2021. This is the date of which the total OPEB liability is determined. The Reporting Date is June 30, 2021. This is the plan’s and/or the employer’s fiscal year ending date.

There have been no significant changes between the valuation date and the fiscal year end.

The employer does not pre-fund benefits. The current funding policy is to pay benefits directly from general assets on a pay-as-you-go basis and there is not a trust for accumulating plan assets. The following actuarial methods and assumptions were used in the June 30, 2020, accounting valuation.

Valuation Timing	Actuarial valuations are performed biennially as of June 30 for accounting purposes only. The most recent valuation was performed as of June 30, 2020.
Actuarial Cost Method	Entry age normal
Amortization Method	N/A
Inflation	2.3%, approximate
Salary Increases	3.0%
Discount Rate	2.16%; Based on 20 Year Bond GO Index
Other	The plan has not had a formal actuarial experience study performed.

*Sensitivity Analysis.* The following represents the total OPEB liability of the District, calculated using the discount rate of 2.21%, as well as what the District’s total OPEB liability would be if it were calculated using a discount rate that is 1 percentage point lower (1.21%) or 1 percentage point higher (3.21%) than the current rate.

	1% Decrease (1.21%)	Current Discount Rate (2.21%)	1% Increase (3.21%)
Total OPEB Liability	\$ 18,187,604	\$ 15,073,728	\$ 12,701,680

ROLLA SCHOOL DISTRICT NO. 31  
 NOTES TO THE FINANCIAL STATEMENTS  
 FOR THE YEAR ENDED JUNE 30, 2021

NOTE 3 – OTHER INFORMATION: (Continued)

Other Post-Employment Benefits (Continued)

*Sensitivity Analysis (Continued)*

The following represents the total OPEB liability of the District, calculated using the current healthcare cost trend rates as well as what the District’s total OPEB liability would be if it were calculated using trend rates that are 1 percentage point lower or 1 percentage point higher than the current trend rates.

	1% Decrease in Trend Rate	Current Trend Rate	1% Increase in Trend Rate
Total OPEB Liability	\$ 14,087,474	\$15,073,728	\$ 16,255,985

OPEB Expense and Deferred Outflows and Inflows of Resources Related to OPEB:

The following table provides details of the OPEB liability for the year ended:

The components of collective OPEB liability for the year are as follows:

Beginning Balance	\$ 14,049,664
Service Cost	912,666
Interest on the Total OPEB Liability	326,826
Effect of plan changes	-
Effect of economic/demographic gains or losses	-
Effect of assumptions changes or inputs	134,149
Benefit payments	(349,574)
Total OPEB expense	<u>\$ 15,073,728</u>

ROLLA SCHOOL DISTRICT NO. 31  
 NOTES TO THE FINANCIAL STATEMENTS  
 FOR THE YEAR ENDED JUNE 30, 2021

NOTE 3 – OTHER INFORMATION: (Continued)

Other Post-Employment Benefits (Continued)

*Sensitivity Analysis (Continued)*

	<u>June 30, 2021</u>
Total OPEB Liability	\$ 15,073,728
Covered Payroll	26,916,532
Total OPEB as a % of covered payroll	56.00%

The total OPEB liability was determined by an actuarial valuation as of the valuation date, calculated based on the discount rate and actuarial assumptions, and then was projected forward to the measurement date. Any significant changes during this period have been reflected as prescribed by GASB 75.

Tax Abatements

Name of Business	Purpose of Tax Abatement	Type of Abatement	Percent Abated	Assessed Value Abated	Tax Amount Abated	Tax Year Abatement Ends
Rolla Preservation LP	Redevelopment of blighted area	Section 353,110 RSMo	95.5%	463,440	\$ 16,765.41	2032
Kohls Department Stores Inc	Promote economic development, job growth, development of blighted or underdeveloped area	Section 99.800-99.865 RSMo	70.6%	958,300	\$ 34,667.46	2033
Hartmann US Inc	Promote economic development, job growth	Chapter 100	75.0%	1,251,040	\$ 45,257.62	2026
Hartmann US Inc	Promote economic development, job growth	Section 135.950-135.973	43.3%	1,125,150	\$ 40,703.43	2039
UTW Rolla Development LLC	Promote economic development, job growth, development of blighted or underdeveloped area	Section 99.800-99.865 RSMo	75.0%	18,990	\$ 686.98	2033*
Menard Inc.	Promote economic development, job growth, development of blighted or underdeveloped area	Section 99.800-99.865 RSMo	75.0%	2,899,400	\$ 104,888.69	2033*
UTW Rolla Development LLC	Promote economic development, job growth, development of blighted or underdeveloped area	Section 99.800-99.865 RSMo	75.0%	568,010	\$ 20,548.33	2033*
UTW Rolla Development LLC	Promote economic development, job growth, development of blighted or underdeveloped area	Section 99.800-99.865 RSMo	75.0%	291,530	\$ 10,546.39	2033*
UTW Rolla Development LLC	Promote economic development, job growth, development of blighted or underdeveloped area	Section 99.800-99.865 RSMo	75.0%	882,810	\$ 31,936.53	2033*
UTW Rolla Development LLC	Promote economic development, job growth, development of blighted or underdeveloped area	Section 99.800-99.865 RSMo	75.0%	51,560	\$ 1,865.23	2033*
					<u>\$ 307,866.08</u>	

NOTE 4 – EVALUATION OF SUBSEQUENT EVENTS:

The District has evaluated subsequent events through November 5, 2021, the date which the financial statements were available to be issued.

On March 11, 2020, Coronavirus (“COVID-19”) was declared a pandemic by the World Health Organization. As of the date of this report, any potential effects of COVID-19, whether operational or financial, for the District are unknown. An estimate of the actual effects, whether operational or financial, cannot be reasonably determined as of the date of this report.



REQUIRED  
SUPPLEMENTARY  
INFORMATION

ROLLA SCHOOL DISTRICT NO. 31

BUDGETARY COMPARISON SCHEDULE – MODIFIED CASH BASIS  
 GENERAL FUND  
 FOR THE YEAR ENDED JUNE 30, 2021

	Original Budget	Final Budget	Actual	Variance
Receipts				
Local	\$ 15,623,255	\$ 16,599,255	\$ 16,074,481	\$ (524,774)
County	380,500	380,500	455,544	75,044
State	506,706	572,424	463,810	(108,614)
Federal	1,253,403	2,396,707	2,746,691	349,984
Investment Income	210,000	210,000	193,206	(16,794)
Non-revenue receipts	45,000	45,000	37,188	(7,812)
Total Receipts	<u>18,018,864</u>	<u>20,203,886</u>	<u>19,970,921</u>	<u>(232,965)</u>
Disbursements				
Instruction	3,823,331	4,197,792	2,273,910	1,923,882
Attendance	334,388	333,633	316,749	16,884
Guidance	207,380	202,933	188,875	14,058
Health, Psych, Speech, and Audio	763,047	740,103	552,765	187,338
Improvement of Instruction	15,600	15,600	26,646	(11,046)
Professional Development	138,207	65,033	24,425	40,608
Media Services	214,789	214,322	183,845	30,477
Board of Education Services	179,793	157,901	132,906	24,995
Executive Administration	1,373,162	1,774,630	1,589,028	185,602
Building Administration	648,024	647,068	575,884	71,184
Business/Central Services	464,463	482,193	451,657	30,536
Operation of Plant	4,090,233	4,129,909	3,640,412	489,497
Security Services	277,500	277,500	198,424	79,076
Transportation	2,046,573	1,919,483	1,671,118	248,365
Food Service	2,047,399	2,033,255	1,814,416	218,839
Central Office Support Services	107,969	107,879	82,378	25,501
Community Education	80,566	121,712	266,487	(144,775)
Other	-	14,850	-	14,850
Total Disbursements	<u>16,812,424</u>	<u>17,435,796</u>	<u>13,989,924</u>	<u>3,445,872</u>
Excess (Deficiency) of Receipts over (under) Disbursements	1,206,440	2,768,090	5,980,998	3,212,908
Other Financing Sources (Uses):				
Proceeds from Sales	-	-	34,374	34,374
Transfers to (from) Fund	(7,142,663)	(3,421,093)	(3,421,093)	-
Total Other Financing Sources (Uses)	<u>(7,142,663)</u>	<u>(3,421,093)</u>	<u>(3,386,719)</u>	<u>34,374</u>
Excess (Deficiency) of Receipts and Other Financing Sources over (under) Disbursements and Other Financing (Uses)	(5,936,223)	(653,003)	2,594,279	3,247,282
Fund Balance, Beginning of Year	<u>15,139,989</u>	<u>15,139,989</u>	<u>15,139,989</u>	<u>-</u>
Fund Balance, End of Year	<u>\$ 9,203,766</u>	<u>\$ 14,486,986</u>	<u>\$ 17,734,268</u>	<u>\$ 3,247,282</u>

ROLLA SCHOOL DISTRICT NO. 31

BUDGETARY COMPARISON SCHEDULE – MODIFIED CASH BASIS  
SPECIAL REVENUE FUND  
FOR THE YEAR ENDED JUNE 30, 2021

	Original Budget	Final Budget	Actual	Variance
Receipts				
Local	\$ 3,850,000	\$ 3,955,000	\$ 4,137,631	\$ 182,631
County	235,000	235,000	313,129	78,129
State	16,439,543	17,263,443	16,881,755	(381,688)
Federal	2,835,326	7,089,637	7,040,897	(48,740)
Investment Income	400	400	247	(153)
Non-revenue receipts	1,175,000	1,175,000	1,143,753	(31,247)
Total Receipts	<u>24,535,269</u>	<u>29,718,480</u>	<u>29,517,411</u>	<u>(201,069)</u>
Disbursements				
Instruction	25,205,129	25,380,381	24,085,483	1,294,898
Guidance	1,251,615	1,248,551	1,227,098	21,453
Health, Psych, Speech, and Audio	502,199	521,317	498,206	23,111
Improvement of Instruction	48,369	48,369	41,756	6,613
Professional Development	136,357	81,920	29,236	52,684
Media Services	807,688	804,868	770,597	34,271
Executive Administration	996,001	993,077	1,004,199	(11,122)
Building Administration	1,711,085	1,706,339	1,704,050	2,289
Community Education	519,489	510,174	996,068	(485,894)
Total Disbursements	<u>31,177,932</u>	<u>31,294,996</u>	<u>30,356,692</u>	<u>938,304</u>
Excess (Deficiency) of Receipts over (under) Disbursements	(6,642,663)	(1,576,516)	(839,281)	(737,235)
Other Financing Sources (Uses):				
Transfers to Fund	6,642,663	1,190,702	1,190,702	-
Total Other Financing Sources (Uses)	<u>6,642,663</u>	<u>1,190,702</u>	<u>1,190,702</u>	<u>-</u>
Excess (Deficiency) of Receipts and Other Financing Sources over (under) Disbursements and Other Financing (Uses)	-	(385,814)	351,421	(737,235)
Fund Balance, Beginning of Year	<u>232,661</u>	<u>232,661</u>	<u>232,661</u>	<u>-</u>
Fund Balance, End of Year	<u>\$ 232,661</u>	<u>\$ (153,153)</u>	<u>\$ 584,082</u>	<u>\$ (737,235)</u>

ROLLA SCHOOL DISTRICT NO. 31  
NOTES TO THE BUDGETARY COMPARISON SCHEDULES  
FOR THE YEAR ENDED JUNE 30, 2021

Budget Law

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

1. In accordance with Section 67, RSMo, the District adopts a budget for each fund of the political subdivision.
2. Prior to July, the Director of Finance, who serves as the budget officer, submits to the Board of Education a proposed budget for the fiscal year beginning on the following July 1. The proposed budget includes estimated revenues and proposed expenditures for all District funds. Budgeted expenditures cannot exceed beginning available monies plus estimated revenues for the year.
3. A public hearing is conducted to obtain taxpayer comments. Prior to its approval by the Board of Education, the budget document is available for public inspection.
4. Prior to July 1 the budget is legally enacted by a vote of the Board of Education.
5. Subsequent to its formal approval of the budget, the Board of Education has the authority to make necessary adjustments to the budget by formal vote of the Board. Adjustments made during the year are reflected in the budget information included in the financial statements.
6. Budgeted amounts are as originally adopted or as amended by the Board of Education.
7. Budgets for District funds are prepared and adopted on the modified cash basis (budget basis), recognizing revenues when collected and expenditures when paid. Budgets lapse at year end.

ROLLA SCHOOL DISTRICT NO. 31  
 NOTES TO THE BUDGETARY COMPARISON SCHEDULES  
 FOR THE YEAR ENDED JUNE 30, 2021

A reconciliation of the different bases of revenue and expenditure recognition for the year ended is as follows:

*General Fund*

Revenues, modified accrual	\$ 19,970,921
Add:	
Prior year receivables recognized in the current year budget	475,595
Deduct:	
Current year receivables not recognized in the current year budget	<u>(579,009)</u>
Revenues, budgetary basis (modified cash)	<u>\$ 19,867,507</u>
Expenditures, modified accrual	\$ 13,916,942
Add:	
Prior year accrued liabilities recognized in the current year budget	373,032
Deduct:	
Current year accrued liabilities not recognized in the current year budget	<u>(400,910)</u>
Expenditures, budgetary basis (modified cash)	<u>\$ 13,889,064</u>

*Special Revenue Fund*

Revenues, modified accrual	\$ 29,517,411
Add:	
Prior year receivables recognized in the current year budget	440,821
Deduct:	
Current year receivables not recognized in the current year budget	<u>(832,777)</u>
Revenues, budgetary basis (modified cash)	<u>\$ 29,125,455</u>
Expenditures, modified accrual	\$ 30,356,692
Add:	
Prior year accrued liabilities recognized in the current year budget	208,160
Deduct:	
Current year accrued liabilities not recognized in the current year budget	<u>(248,696)</u>
Expenditures, budgetary basis (modified cash)	<u>\$ 30,316,156</u>

ROLLA SCHOOL DISTRICT NO. 31

SCHEDULES OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY  
AND RELATED RATIOS  
PUBLIC SCHOOL RETIREMENT SYSTEM (PSRS) AND PUBLIC EDUCATION  
EMPLOYEE RETIREMENT SYSTEM (PEERS)  
JUNE 30, 2021

PSRS

Year Ended*	Proportion of the Net Pension Liability (Asset)	Proportionate Share of the Net Pension Liability (Asset)	Actual Covered Member Payroll	Net Pension Liability (Asset) as a Percentage of Covered Payroll	Fiduciary Net Position as a Percentage of Total Pension Liability
6/30/14	0.4400%	\$18,051,332	\$19,564,146	92.27%	89.34%
6/30/15	0.4435%	25,602,635	20,103,519	127.35%	85.78%
6/30/16	0.4412%	32,828,143	20,406,135	160.87%	82.18%
6/30/17	0.4391%	31,709,717	20,752,342	152.80%	83.77%
6/30/18	0.4542%	33,803,637	21,863,734	154.61%	84.06%
6/30/19	0.4556%	33,623,601	22,411,672	150.03%	84.62%
6/30/20	0.4560%	40,724,066	22,795,776	178.65%	82.01%

PEERS

Year Ended*	Proportion of the Net Pension Liability (Asset)	Proportionate Share of the Net Pension Liability (Asset)	Actual Covered Member Payroll	Net Pension Liability (Asset) as a Percentage of Covered Payroll	Fiduciary Net Position as a Percentage of Total Pension Liability
6/30/14	0.3996%	\$1,459,203	\$5,826,882	25.04%	91.33%
6/30/15	0.3920%	2,073,312	5,877,306	35.28%	88.28%
6/30/16	0.3742%	3,002,339	5,779,058	51.95%	83.32%
6/30/17	0.3699%	2,822,155	5,944,992	47.47%	85.35%
6/30/18	0.3824%	2,954,852	6,363,259	46.44%	86.06%
6/30/19	0.3768%	2,980,341	6,481,748	45.98%	86.38%
6/30/20	0.3779%	3,667,736	6,746,682	54.36%	84.06%

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

\* The data provided in these Schedules are based as of the measurement date of PSRS' and PEERS' net pension liabilities, which is as of the beginning of the District's fiscal year.

ROLLA SCHOOL DISTRICT NO. 31

SCHEDULES OF EMPLOYER CONTRIBUTIONS  
PUBLIC SCHOOL RETIRMENT SYSTEM (PSRS) AND PUBLIC EDUCATION  
EMPLOYEE RETIREMENT SYSTEM (PEERS)  
JUNE 30, 2021

PSRS

Year Ending	Statutorily Required Contribution	Actual Employer Contributions	Contribution Excess/(Deficiency)	Actual Covered Member Payroll	Contributions as a Percentage of Covered Payroll
6/30/13	\$2,776,923	\$2,776,923	\$ -	\$19,185,451	14.47%
6/30/14	2,833,733	2,833,733	-	19,564,146	14.48%
6/30/15	2,911,936	2,911,936	-	20,103,519	14.48%
6/30/16	2,955,156	2,955,156	-	20,406,135	14.48%
6/30/17	3,004,027	3,004,027	-	20,752,342	14.48%
6/30/18	3,166,848	3,166,848	-	21,863,734	14.48%
6/30/19	3,243,078	3,243,078	-	22,411,672	14.47%
6/30/20	3,301,241	3,301,241	-	22,795,776	14.48%

PEERS

Year Ending	Statutorily Required Contribution	Actual Employer Contributions	Contribution Excess/(Deficiency)	Actual Covered Member Payroll	Contributions as a Percentage of Covered Payroll
6/30/13	\$391,186	\$391,186	\$ -	\$5,702,421	6.86%
6/30/14	399,724	399,724	-	5,826,882	6.86%
6/30/15	403,184	403,184	-	5,877,306	6.86%
6/30/16	396,443	396,092	-	5,779,058	6.86%
6/30/17	407,826	407,826	-	5,944,992	6.86%
6/30/18	436,519	436,519	-	6,363,259	6.86%
6/30/19	448,652	448,652	-	6,481,748	6.92%
6/30/20	466,531	466,531	-	6,746,682	6.91%

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

ROLLA SCHOOL DISTRICT NO. 31

SCHEDULE OF CHANGES IN TOTAL OPEB LIABILITY AND RELATED RATIOS

(in 1,000s)

FISCAL YEAR ENDING JUNE 30

	2021	2020	2019	2018
<b>TOTAL OPEB LIABILITY</b>				
Service Cost	\$ 913	\$ 633	\$ 573	\$ 593
Interest on Total OPEB Liability	327	435	428	391
Changes of Benefit Terms	-	-	-	-
Effect of Economic/Demographic Gains (Losses)	-	(1,421)	-	-
Effect of Assumption Changes or Inputs	134	2,762	659	(487)
Benefit Payments	(350)	(328)	(363)	(331)
Net Change in Total OPEB Liability	1,024	2,081	1,297	166
Total OPEB Liability, Beginning	\$ 14,049	\$ 11,969	\$ 10,673	\$ 10,507
Total OPEB Liability, Ending	\$ 15,073	\$ 14,049	\$ 11,969	\$ 10,673
Covered Payroll	\$ 26,916	\$ 27,906	\$ 23,264	\$ 22,648
Total OPEB Liability as a % of Covered Payroll	56.00%	50.35%	51.45%	47.12%

This Schedule is presented to illustrate the requirement to show information for 10 years. However, recalculations of prior years are not required, and if prior years are not reported in accordance with the current GASB standards, they should not be reported.



ROLLA SCHOOL DISTRICT NO. 31

SCHEDULE OF TOTAL OPEB LIABILITY  
FISCAL YEAR ENDING JUNE 30

	2021	2020	2019	2018
<b>TOTAL OPEB LIABILITY</b>				
Total OPEB Liability	\$ 15,073,728	\$ 14,049,664	\$ 11,968,959	\$ 10,672,650
Covered Payroll	26,916,532	27,906,553	23,263,837	22,648,000
Total OPEB liability as a % of covered payroll	56.00%	50.35%	51.45%	47.12%

The total OPEB liability was determined by an actuarial valuation as of the valuation date, calculated based on the discount rate and actuarial assumptions below, and was then projected forward to the measurement date. Any significant changes during this period have been reelected as prescribed by GASB 75.

Discount Rate	2.16%	2.21%	3.50%	3.58%
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The discount rate was based on 20 Year Bond GO Index.

The plan has not had a formal actuarial experience study performed.

Valuation Date	June 30, 2020	June 30, 2020	June 30, 2017	June 30, 2017
Measurement Date	June 30, 2021	June 30, 2020	June 30, 2019	June 30, 2018
Inflation	2.30%	2.30%	2.30%	2.30%
Salary Increases Including Inflation	3.00%	3.00%	3.00%	3.00%
Mortality	Pub-2010 Teacher Mortality for Employees and Healthy Annuitants, with no generational projection per Scale MP-2019	Pub-2010 Teacher Mortality for Employees and Healthy Annuitants, with no generational projection per Scale MP-2019	RP-2014 Mortality for Employees and Healthy Annuitants, with generational projection per Scale MP-2016	RP-2014 Mortality for Employees and Healthy Annuitants, with generational projection per Scale MP-2016
Actuarial Cost Method	Entry Age Normal	Entry Age Normal	Entry Age Normal	Entry Age Normal

This Schedule is presented to illustrate the requirement to show information for 10 years. However, recalculations of prior years are not required, and if prior years are not reported in accordance with the current GASB Standards, they should not be reported.

ROLLA SCHOOL DISTRICT NO. 31  
 NOTES TO THE SCHEDULES OF CHANGES IN TOTAL OPEB LIABILITY AND  
 RELATED RATIOS AND TOTAL OPEB LIABILITY

*Actuarial Assumptions.* The employer does not pre-fund benefits. The current funding policy is to pay benefits directly from general assets on a pay-as-you-go basis and there is not a trust for accumulating plan assets. The following actuarial methods and assumptions were used in the June 30, 2021, accounting valuation.

Valuation Timing	Actuarial valuations are performed biennially as of June 30 for accounting purposes only. The most recent valuation was performed as of June 30, 2020.
Actuarial Cost Method	Entry age normal
Amortization Method	N/A
Inflation	2.30%, approximate
Salary Increases	3.00%
Discount Rate	2.16%; Based on 20 Year Bond GO Index
Other	The plan has not had a formal actuarial experience study performed.

**SUPPLEMENTARY  
INFORMATION**

# Federal Compliance Section

Rolla School District No.31  
Schedule of Expenditures of Federal Awards  
For the Year Ended June 30, 2021

<i>Federal Grantor/Pass-Through Grantor/Program or Cluster Title</i>	<i>Assistance Listing Number</i>	<i>Pass-through Entity Identifying Number</i>	<i>Passed Through to Subrecipients</i>	<i>Total Federal Expenditures(\$)</i>
Department of Education Direct Programs				
<i>Student Financial Assistance Cluster</i>				
Federal Pell Grant Program	84.063			\$ 323,179
Federal Supplemental Educational Opportunity Grants	84.007			12,418
<i>Total Student Financial Assistance Cluster</i>				<u>335,597</u>
ESF Section 2 - Higher Education				
HEERF Student Aid Portion	84.425E			334,060
HEERF Institutional Portion	84.425F			127,894
HEERF - FIPSE Grant	84.425N			221,182
<i>Total ESF - Section 2</i>				<u>683,136</u>
Department of Agriculture Pass-Through Programs				
Passed-through MO DESE				
<i>Child Nutrition Cluster</i>				
School Services Lunch Payment	10.555	081-096		1,079,964
School Breakfast Program	10.553	081-096		435,588
CARES Lunch Program	10.555	081-096		136,460
CARES Breakfast Program	10.555	081-096		46,636
Non Cash Food Distribution	10.555	081-096		109,884
<i>Total Child Nutrition Cluster</i>				<u>1,808,532</u>
Department of Education Pass-Through Programs				
Passed-through MO DESE				
<i>IDEA Cluster</i>				
Special Education Grants to States	84.027	081-096		924,899
ECSE - Federal (611)	84.027	081-096		97,971
ECSE - Federal (619)	84.173	081-096		15,817
<i>Total IDEA Cluster</i>				<u>1,038,687</u>
<i>Other Programs</i>				
Department of Education Pass-Through Programs				
Passed-through MO DESE				
Perkins Career and Technical Education -- Basic Grants to States	84.048	081-096	27,793	411,031
Title I Grants to Local Educational Agencies	84.010	081-096		1,139,988
Title II.A Improving Teacher Quality State Grants/Title V				
Rural Low Income School Grants	84.367	081-096		185,389
Title III English Language Acquisition State Grants	84.365	081-096		17,362
Student Support and Academic Enrichment Program	84.424	081-096		57,889
Rural Education	84.358	081-096		103,281
ESF - Section 1				
CARES - Elementary & Secondary School				
Emergency Relief (ESSER)	84.425D	081-096		229,154
CRRSA - ESSER II	84.425D	081-096		3,846,445
CARES - Student Connectivity	84.425D	081-096		113,418
CARES - Transportation Supplement	84.425C	081-096		43,595
<i>Total ESF - Section 1</i>				<u>4,232,611</u>
<i>Total Other Programs</i>			<u>27,793</u>	<u>6,147,551</u>
<i>Total Expenditures of Federal Awards</i>			<u>\$ 27,793</u>	<u>\$ 10,013,503</u>

The accompanying notes are an integral part of this schedule.

BASIS OF PRESENTATION:

The Schedule of Expenditures of Federal Awards (the "Schedule") includes the federal award activity of the District under programs of the federal government for the year ended. 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 ("The Uniform Guidance"). Because the Schedule presents only a selected portion of the operations of the District, it is not intended to and does not present the financial position or change in financial position of the District.

Rolla School District No.31  
 Schedule of Expenditures of Federal Awards  
 For the Year Ended June 30, 2021

(Continued)

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

Expenditures reported on the Schedule are reported in accordance with accounting principles generally accepted in the United States of America. Such expenditures are recognized following the cost principles contained in *The Uniform Guidance*, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Negative amounts shown on the Schedule represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years. The District has not elected to use the 10-percent de minimis indirect cost rate as allowed under *The Uniform Guidance*.

FOOD DISTRIBUTION:

Non-monetary assistance is reported in the Schedule at the fair market value of the commodities received and disbursed. As of the year ended, the District had food commodities of \$61,175, in inventory.

Federal Family Education Loan Program

The District also participates in the Federal Family Education Loan Program ("FFEL") (84.032). The dollar amounts of the loans are not listed on the Schedule because the District is not the recipient of the funds. These programs are considered to be a component of student financial assistance. Loans were as follows for the year ended:

<i>Federal Grantor/Pass-Through Grantor/Program or Cluster Title</i>	<i>Assistance Listing Number</i>	<i>Pass-through Entity Identifying Number</i>	<i>Passed Through to Subrecipients</i>	<i>Total Federal Expenditures(\$)</i>
Subsidized Loans Disbursed	84.032			\$ 209,760
Unsubsidized Loans Disbursed	84.032			182,443
PLUS Loans Disbursed	84.032			-
				<u>\$ 392,203</u>



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

To the Board of Education of the  
Rolla School District No. 31  
Rolla, Missouri:

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component unit, and each major fund of the Rolla School District No. 31 (the “District”), as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the District’s basic financial statements, and have issued our report thereon dated November 5, 2021.

*Internal Control over Financial Reporting*

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies and, therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal controls that we consider to be material weaknesses. We did identify a certain deficiency in internal control, described in the accompanying Schedule of Findings and Responses as item 2021-001, that we consider to be a significant deficiency.

*Compliance and Other Matters*

As part of obtaining reasonable assurance about whether the District financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the 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 the Finding*

The District's response to the finding identified in our audit is described in the accompanying Schedule of Findings and Responses. 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 results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Graves and Associates,  
CPAs, LLC

GRAVES AND ASSOCIATES, CPAs, LLC  
Jefferson City, Missouri

November 5, 2021





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

To the Board of Education of the  
Rolla School District No. 31  
Rolla, Missouri:

*Report on Compliance for Each Major Federal Program*

We have audited Rolla School District No. 31’s (the “District”) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the District’s major federal programs for the year ended June 30, 2021. The District’s major federal programs are identified in the Summary of Auditor’s Results section of the accompanying Schedule of Findings and Responses.

*Management’s Responsibility*

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

*Auditor’s Responsibility*

Our responsibility is to express an opinion on compliance for each of the District’s major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (“*The 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, 2021.

*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.

Graves and Associates,  
CPAs, LLC

GRAVES AND ASSOCIATES, CPAs, LLC  
Jefferson City, Missouri

November 5, 2021

ROLLA SCHOOL DISTRICT NO. 31  
 SCHEDULE OF FINDINGS AND RESPONSES 2 CFR SECTION 200.515  
 FOR THE YEAR ENDED JUNE 30, 2021

SECTION I – SUMMARY OF AUDITOR’S RESULTS:

Financial Statements

Type of Financial Statement Opinion: Unmodified

Internal Control Over Financial Reporting (GAGAS):

- Material weakness(es) reported? No
- Significant deficiency(ies) reported? Yes
- Noncompliance material to financial statements noted (GAGAS)? No

Federal Awards:

Internal Control Over Major Programs:

- Material weakness(es) reported? No
- Significant deficiency(ies) reported? No

Type of Opinion on Compliance for Major Programs: Unmodified

Are there any reportable findings under 2 CFR Section 200.516(a)? No

Identification of Major Programs:

Assistance Listing Number (s)

Name of Federal Program or Cluster

U.S. Department of Agriculture:

Passed through the Missouri Department of Elementary and Secondary Education

84.425

Education Stabilization Cluster

ROLLA SCHOOL DISTRICT NO. 31  
SCHEDULE OF FINDINGS AND RESPONSES 2 CFR SECTION 200.515  
FOR THE YEAR ENDED JUNE 30, 2021

SECTION I – SUMMARY OF AUDITOR’S RESULTS: (Continued)

Dollar Threshold: Type A/B Programs	Type A: >\$750,000 Type B: All Others
Low Risk Auditee under 2 CFR Section 200.520?	Yes

SECTION II – FINANCIAL STATEMENTS FINDINGS:

SIGNIFICANT DEFICIENCY

2021-001: Segregation of Duties (Resubmitted)

Criteria: Duties should be segregated so that no one employee has access to both physical assets and the related accounting records, or to all phases of a transaction. The District has mitigating controls in place, but it is not possible to have segregation in all areas.

Condition: As in many smaller to medium-sized organizations, it is difficult to obtain proper segregation of duties due to the limited number of employees.

Effect: Due to the limited number of employees, the District might not prevent, or detect and correct, misstatements on a timely basis in the normal performance of duties.

Recommendation: We recognize that because of limited resources and personnel, management may not be able to achieve a proper segregation of duties. However, professional standards require that we bring this lack of segregation of duties to your attention. We recommend management continue to review these processes accordingly to optimize the functionality of internal controls.

Response/Current Status: The District recognizes that the limited number of employees prohibits proper segregation of duties in all areas. The District will continue to review these processes accordingly to optimize the functionality of internal controls.

SECTION III – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS:

No matters were reported.



# ROLLA PUBLIC SCHOOLS

D. Kent King Administration Center

**MR. CRAIG HOUNSOM**  
Superintendent

**DR. KYLE DARE**  
Deputy Superintendent  
Human Resources & Support Services

**DR. JULIE WILLIAMS**  
Assistant Superintendent  
Curriculum, Instruction & Assessment

CORRECTIVE ACTION PLAN  
November 5, 2021

U.S. DEPARTMENT OF EDUCATION

The Rolla School District No. 31 respectfully submits the following corrective action plan for the year ended June 30, 2021.

Contact information for the individual responsible for the corrective action:

Kindra Atkinson, Chief Financial Officer  
500A Forum Drive  
Rolla, MO 65401

Independent Public Accounting Firm:  
Graves and Associates, CPAs, LLC  
3702 West Truman Blvd, Suite 213  
Jefferson City, MO 65109

Audit Period: Year ended June 30, 2021

The findings from the Schedule of Findings and Responses are discussed below. The findings are numbered consistently with the numbers assigned in the Schedule.

CORRECTIVE ACTION PLAN (Continued)  
November 5, 2021

FINDINGS – FINANCIAL STATEMENT FINDINGS:

SIGNIFICANT DEFICIENCY

2021-001: Segregation of Duties (Resubmitted)

Criteria: Duties should be segregated so that no one employee has access to both physical assets and the related accounting records, or to all phases of a transaction. The District has mitigating controls in place, but it is not possible to have segregation in all areas.

Condition: As in many smaller to medium-sized organizations, it is difficult to obtain proper segregation of duties due to the limited number of employees.

Effect: Due to the limited number of employees, the District might not prevent, or detect and correct, misstatements on a timely basis in the normal performance of duties.

Recommendation: We recognize that because of limited resources and personnel, management may not be able to achieve a proper segregation of duties. However, professional standards require that we bring this lack of segregation of duties to your attention. We recommend management continue to review these processes accordingly to optimize the functionality of internal controls.

Response: The District recognizes that the limited number of employees prohibits proper segregation of duties in all areas. The District will continue to review these processes accordingly to optimize the functionality of internal controls.

Completion Date: Not applicable.

Sincerely,



Kindra Atkinson, Chief Financial Officer  
Rolla School District No. 31

**SUPPLEMENTARY STATE  
INFORMATION**

# State Compliance Section





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

To the Board of Education of the  
Rolla School District No. 31  
Rolla, Missouri:

We have examined management’s assertion that Rolla School District No. 31 (the “District”) complied with the requirements of Missouri laws and regulations regarding budgetary and disbursement procedures; accurate disclosure by attendance records of average daily attendance, resident membership on the last Wednesday of September, and the number of students eligible to receive free and reduced price lunches on the last Wednesday of January; and accurate disclosure by pupil transportation records of the average daily transportation of pupils eligible and ineligible for state aid, the number of miles eligible and ineligible for state aid, and the allowable costs for pupil transportation during the year ended June 30, 2021. Management is responsible for the District’s compliance with those requirements. Our responsibility is to express an opinion on management’s assertions about the District’s compliance based on our examination.

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

In our opinion, the District complied, in all material respects with the aforementioned requirements during the year ended June 30, 2021.

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

*Graves and Associates,  
CPAs, LLC*

GRAVES AND ASSOCIATES, CPAs, LLC  
Jefferson City, Missouri  
November 5, 2021

ROLLA SCHOOL DISTRICT NO. 31  
 SCHEDULE OF SELECTED STATISTICS  
 FOR THE YEAR ENDED JUNE 30, 2021

1. Calendar (Sections 160.041, 171.029, 171.031 and 171.033, RSMo)

School Code	Begin Grade	End Grade	Half Day Indicator	Standard Day Length	Days	Hours in Session
4040	PK	3	-	6.9000	167	1,135.8500
4060	PK	3	-	6.9000	167	1,135.8500
4100	PK	3	-	6.9000	167	1,135.8500
3000	4	6	-	6.7500	167	1,111.4000
2050	7	8	-	6.7000	167	1,103.1000
1050	9	12	-	6.7500	167	1,091.1500

2. Average Daily Attendance (ADA)

School Code	Grade Level	Full-Time Hours	Part-Time Hours	Remedial Hours	Other Hours	Summer School Hours	Total Hours
4040	K – 3	327.4421	0.1842	-	-	10.3109	337.9372
4060	K – 3	386.0267	0.2051	-	-	-	386.2318
4100	K – 3	359.5356	0.9123	-	-	-	360.4479
3000	4 – 6	853.2457	0.5862	-	-	6.6294	860.4613
2050	7 – 8	581.5669	0.4717	-	-	3.1634	585.2020
1050	9 – 12	908.4186	114.8081	-	-	47.6915	1,070.9182
<b>Grand Total</b>		3,416.2356	117.1676	-	-	67.7952	3,601.1984

3. September Membership

School Code	Grade Level	Full-Time	Part-Time	Other	Total
4040	K – 3	383.00	1.06	-	384.06
4060	K – 3	406.00	0.56	-	406.56
4100	K – 3	353.00	0.84	-	353.84
3000	4 – 6	893.00	1.82	-	894.82
2050	7 – 8	623.00	0.71	-	623.71
1050	9 – 12	1,007.00	146.84	-	1,153.84
<b>Grand Total</b>		3,665.00	151.83	-	3,816.83

ROLLA SCHOOL DISTRICT NO. 31  
 SCHEDULE OF SELECTED STATISTICS  
 FOR THE YEAR ENDED JUNE 30, 2021

4. Free and Reduced Priced Lunch FTE Count (Section 163.011 (6), RSMO)

School Code	Free Lunch	Reduced Lunch	Deseg In Free	Deseg In Reduced	Total
4040	108.00	14.00	–	–	122.00
4060	126.00	21.00	–	–	147.00
4100	172.00	13.00	–	–	185.00
3000	312.00	21.00	–	–	333.00
2050	180.00	19.57	–	–	199.57
1050	245.60	28.28	–	–	273.88
<b>Grand Total</b>	1,143.60	116.85	–	–	1,206.45

5. Finance

- 5.1 The District maintained a calendar in accordance with Sections 160.041, 171.029, 171.031, and 171.033, RSMo and all attendance hours were reported. True
- 5.2 The District maintained complete and accurate attendance records allowing for the accurate calculation of Average Daily Attendance, which includes the reporting of calendar and attendance hours, for all students in accordance with all the applicable state rules and regulations. Sampling of records included those receiving instruction on the following categories: True
- Academic Programs – Off-Campus N/A
  - Career Exploration Program – Off-Campus True
  - Cooperative Occupational Education (COE) or Supervised Occupational Experience Program True
  - Dual Enrollment True
  - Homebound instruction True
  - Missouri Options True
  - Prekindergarten eligible to be claimed for state aid N/A
  - Remediation N/A
  - Sheltered Workshop participation N/A
  - Students participating in the school flex program N/A
  - Traditional instruction (full and part-time students) True
  - Virtual instruction (MOCAP or other option) True
  - Work Experience for Students with Disabilities True
- 5.3 The District maintained complete and accurate attendance records allowing for the accurate calculation of September Membership for all students in accordance with all applicable state rules and regulations. True

ROLLA SCHOOL DISTRICT NO. 31  
 SCHEDULE OF SELECTED STATISTICS  
 FOR THE YEAR ENDED JUNE 30, 2021

5. Finance (Continued)

5.4	The District maintained complete and accurate attendance and other applicable record allowing for the accurate reporting of the State FTE count for Free and Reduced Lunch for all students in accordance with all applicable state rules and regulations.	<u>True</u>
5.5	As required by Section 162.401, RSMo, a bond was purchased for the District's treasurer in the total amount of:	<u>\$50,000</u>
5.6	The District's deposits were secured during the year as required by Sections 110.010 and 110.020, RSMo.	<u>True</u>
5.7	The District maintained a separate bank account for all Debt Service Fund monies in accordance with Section 108.180 and 165.011, RSMo. (Not applicable to charter schools)	<u>True</u>
5.8	Salaries reported for educators in the October MOSIS Educator Core and Educator School files are supported by complete and accurate payroll and contract records.	<u>True</u>
5.9	If a \$162,326 or 7% x SAT x WADA transfer was made in excess of adjusted expenditures, the Board approved a resolution to make the transfer, which identified the specific projects to be funded by the transfer and an expected expenditure date for the projects to be undertaken.	<u>N/A</u>
5.10	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.	<u>True</u>
5.11	The District has a professional development committee plan adopted by the Board with the professional development committee plan identifying the expenditure of seventy-five percent (75%) of one percent (1%) of the current year formula apportionment. Remaining 25% of 1% if not spent must be restricted and spent on appropriate expenditures in the future. Spending requirement is modified to seventy-five percent (75%) of one-half percent (1/2%) of the current year basic formula apportionment if through fiscal year 2024 the amount appropriated and expended to public schools for transportation is less than twenty-five percent (25%) of allowable cost. (Not applicable to charter schools)	<u>True</u>
5.12	The amount spent for approved professional development committee plan activities was:	<u>\$49,785</u>

ROLLA SCHOOL DISTRICT NO. 31  
 SCHEDULE OF SELECTED STATISTICS  
 FOR THE YEAR ENDED JUNE 30, 2021

5. Finance (Continued)

5.13 The District has posted, at least quarterly, a searchable expenditure and revenue document or database detailing actual income, expenditures, and disbursement for the current calendar or fiscal year on the District website or other form of social media as required by Section 160.066, RSMo. True

6. Transportation

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

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

6.3 Based on the ridership records, the average number of students (non-disabled K-12, K-12 students with disabilities and career education) transported on a regular basis (ADT) was:

- Eligible ADT # 2,203.00
- Ineligible ADT # 178.50

6.4 The District’s school transportation odometer mileage records are maintained in a manner to accurately disclose in all material respects the eligible and ineligible mileage for the year. True

6.5 Actual odometer records show the total district-operated and contracted mileage for the year was: # 401,033

6.6 Of this total, the eligible non-disabled and students with disabilities route miles and the ineligible non-route and disapproved miles (combined) was:

- Eligible Miles # 346,100
- Ineligible Miles (Non-Route/Disapproved) # 54,933

6.7 Number of days the District operated the school transportation system during the regular school year. 166