

POPLAR BLUFF R-I SCHOOL DISTRICT  
POPLAR BLUFF, MISSOURI

FINANCIAL STATEMENTS

JUNE 30, 2018

Poplar Bluff R-I School District  
Table of Contents  
June 30, 2018

CONTENTS

	<u>Page</u>
INDEPENDENT AUDITORS' REPORT	1-3
OTHER INFORMATION	
Management's Discussion and Analysis	4-10
FINANCIAL STATEMENTS	
Government-Wide Financial Statements	
Statement of Net Position-Cash Basis	11
Statement of Activities-Cash Basis	12
Fund Financial Statements	
Statement of Assets and Fund Balance- Cash Basis – Governmental Funds	13
Statement of Receipts, Disbursements and Changes in Fund Balance- Cash Basis – Governmental Funds	14-15
Statement of Fiduciary Net Position- Cash Basis	16
Statement of Changes in Fiduciary Net Position-Cash Basis	16
NOTES TO FINANCIAL STATEMENTS	17-39
OTHER INFORMATION	
Budgetary Comparison Schedules:	
General Fund	40
Special Revenue Fund	41
Schedules of Proportionate Share of the Net Pension Liability and Related Ratios – PSRS/PEERS	42
Schedules of Contributions – PSRS/PEERS	43

Poplar Bluff R-I School District  
Table of Contents  
June 30, 2018

SUPPLEMENTARY INFORMATION

<u>Schedule</u>	<u>Description</u>	<u>Page</u>
	Budgetary Comparison Schedules:	
1	Debt Service Fund	44
2	Capital Projects Fund	45
3	Schedule of Revenues Collected by Source-School District Funds	46-47
4	Schedule of Expenditures Paid by Object-School District Funds	48

STATE COMPLIANCE SECTION

INDEPENDENT AUDITORS' REPORT ON MANAGEMENT'S ASSERTIONS ABOUT COMPLIANCE WITH SPECIFIED REQUIREMENTS OF MISSOURI LAWS AND REGULATIONS	49
---	----

<u>Schedule</u>	<u>Description</u>	<u>Page</u>
A	Schedule of Selected Statistics	50-52
B	Schedule of Transportation Costs Eligible for State Aid	53

FEDERAL COMPLIANCE SECTION

INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH <i>GOVERNMENT AUDITING STANDARDS</i>	54-55
---	-------

INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE	56-57
--	-------

<u>Schedule</u>	<u>Description</u>	<u>Page</u>
A	Schedule of Expenditures of Federal Awards	58-61
B	Schedule of Findings and Questioned Costs	62
C	Summary Schedule of Prior Year Audit Findings	63



**KRAFT, MILES & TATUM, LLC**  
CERTIFIED PUBLIC ACCOUNTANTS

---

1650 WEST HARPER  
POPLAR BLUFF, MISSOURI 63901-4196  
(573)-785-6438  
FAX (573) 785-0114

**INDEPENDENT AUDITORS' REPORT**

Board of Education  
Poplar Bluff R-I School District  
Poplar Bluff, Missouri 63901

**Report on the Financial Statements**

We have audited the accompanying financial statements of the governmental activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of Poplar Bluff R-I School District (the District), as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

**Management's Responsibility for the Financial Statements**

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the cash basis of accounting described in Note 2; this includes determining that the cash basis of accounting is an acceptable basis for the preparation of the financial statements in the circumstances. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

**Auditors' Responsibility**

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

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

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

## **Opinions**

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective cash basis financial position of the governmental activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the District as of June 30, 2018, and the respective changes in cash basis financial position thereof for the year then ended in accordance with the basis of accounting described in Note 2.

## **Basis of Accounting**

As described in Note 2, the District prepares its financial statements on the basis of cash receipts and disbursements, which is a basis of accounting other than accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

## **Emphasis of Matter**

As described in Note 1 to the financial statements, Poplar Bluff R-1 Public School Foundation has been included as a component unit of the reporting entity for the year ended June 30, 2018.

## **Other Matters**

### *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 management's discussion and analysis on pages 4-10, budgetary comparison information on pages 40-41, and pension schedules on pages 42-43, which are the responsibility of management, are presented for purposes of additional analysis and are not a required part of the basic financial statements. We have applied certain limited procedures to the other 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.

### *Supplementary Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The supplementary information, as listed in the table of contents, 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.

Schedules 3 and 4 and the schedule of expenditures of federal awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects in relation to the financial statements taken as a whole on the basis of accounting described in Note 2.

Schedules 1 and 2 have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated September 4, 2018, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is 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 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.

*Kraft, Miles & Tatum, LLC*

Certified Public Accountants

September 4, 2018

## OTHER INFORMATION

Poplar Bluff R-I School District  
Management's Discussion & Analysis  
For the Fiscal Year Ended June 30, 2018  
(Unaudited)

The discussion and analysis of Poplar Bluff R-I School District's financial performance has been prepared by the administration of the District and provides an overall review of the District's financial activities for the fiscal year ended June 30, 2018. The intent of this discussion and analysis is to assist the reader in focusing on significant issues by looking at the District's financial performance as a whole.

### **Current Financial Issues and Concerns**

The Poplar Bluff R-1 School District ended the 2017-2018 school year financially sound. Although the change in net position over the prior year was up \$169,390, the overall gain in fund balances was at \$2,704,917. The District maintained fund balances that exceeded board policy on reserves in all funds. This was achieved with an ongoing district-wide building program, growth in staff, and increases in salaries over the past six years that exceed the CPI.

The state legislature upheld their commitment to fully fund the foundation formula. Transportation continues to be underfunded. It is concerning that in order to fully fund the formula; the decision was made to remove some provision in the original formula that allowed for adjustments to the rising costs of education over time. With the adjustment down for the State Adequacy Target, the State eliminated the proration factor in the formula. Because of this change, the hold harmless districts will continue to gain funding at the expense of the formula district, which includes Poplar Bluff. With the fully funding of the formula a trigger, enabling funding for early childhood education was reached. During the 2018-2019 school term, the state law provides for a percentage of those students to be included in the formula the year after fully funding is achieved. This could be positive in providing funding for our existing pre-kindergarten, but will also spread the total state funds over more students. Poplar Bluff does not meet the attendance hour guidelines to claim this aid. It is anticipated that a revamping of our program will qualify for aid during the 2019-2020 school term.

The District realized a slight decline in local revenue. The District collected \$16,586,816 in local taxes, down from the prior year by \$24,202. Assessed valuation (A.V.) did show an increase of 1.3%. Personal property continues to decline from \$110,571,627 to \$105,460,864, a decrease of \$5,119,763. The biggest gain in A.V. was in commercial property with an increase of \$7,403,426. It is important to note that the commercial TIF zone increased in A.V. by \$13,376,874 in which the District receives one-half of the taxes collected. So it appears that we are losing commercial A.V. that is being taxed at 100% and almost doubling that A.V. in the TIF zone.

The District has seen a trend of increasing enrollment per grade that is starting to show increases in high school enrollment and graduation rates. We are seeing a decline of enrollment entering kindergarten for the first time in many years. The District's total Weighted Average Daily Attendance was 5,301.8496 which represent a gain of 75 ADA that includes added weight for disadvantaged numbers. The base ADA increased by 54 students. Total expenditures per ADA was calculated at \$8,712. Of this, \$3,797 was local.

Poplar Bluff R-I School District  
Management's Discussion & Analysis  
For the Fiscal Year Ended June 30, 2018  
(Unaudited)

The District moved funds to the capital projects fund by the DESE allowed transfer and by designating a portion of the Classroom Trust Funds into the capital projects fund. The District is moving forward with the plan to construct a new early childhood center and use reserves instead of borrowing funds. This has a potential of saving the District \$3.6 Million in interest on a \$7.3 Million project.

The base salary for the Poplar Bluff R-I School District was increased for the seventh year in a row. By adding \$500 to the base, the starting salary increased to \$32,500. The District did allow for step increases for years of experience and educational advancement. The District continues to fully pay for employees' health insurance benefits.

Overall the District is in good financial position. The operating fund balance ended with a reserve of 45.32% although not all of these funds are discretionary funds as shown on the GASB 54 restriction of fund balance report. The District anticipates a surplus in operating funds of 18.13% above the board's policy of 17% reserves or excess funds of \$8,449,571.

The District saw the following changes in fund balance for the 2017-2018 school year:

- General Fund: \$(737,558)
- Special Revenue Fund \$0
- Debt Service Fund \$116,479
- Capital Projects Fund \$3,304,882

Note: \$100,000 of the increase in the Debt Service Fund was placed in a debt sinking fund account. A total of \$406,695 is restricted for this debt.

Poplar Bluff R-I School District  
Management's Discussion & Analysis  
For the Fiscal Year Ended June 30, 2018  
(Unaudited)

**Using this Annual Financial Report**

This annual report consists of two distinct series of financial statements as follows:

- Government-wide Financial Statements
- Fund Financial Statements

**Government-wide Financial Statements**

The government-wide financial statements include a *Statement of Net Position* and a *Statement of Activities* that are designed to provide consolidated financial information about the cash basis activities and financial position of the Poplar Bluff R-I School District. The change in the cash basis net position of the District is actually a change in cash position and not necessarily a measure of the District's financial health.

The District's policy is to prepare its financial statements on the cash basis of accounting. By adopting this method of accounting, revenues are recognized when received rather than earned, and expenditures and purchases of assets are recognized when cash is disbursed rather than when obligated. The *Statement of Net Position* and *Statement of Activities* include all significant cash and investment balances using the cash basis of accounting. In the *Statement of Activities*, the District reports the following governmental activities:

- Instruction
- Student Services
- Instructional Staff Support
- Building Administration
- General Administration
- Operation of Plant
- Security Services
- Transportation
- Food Service
- Central Office Support Services
- Community Services
- Facility Acquisition and Construction
- Debt Service

Poplar Bluff R-I School District  
Management's Discussion & Analysis  
For the Fiscal Year Ended June 30, 2018  
(Unaudited)

**Fund Financial Statements**

The fund financial statements provide detailed information about the District's major funds. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific objectives or activities. The Missouri Department of Elementary and Secondary Education (DESE) specifies the funds that must be maintained to assure compliance with the finance-related legal requirements of the State. The four funds are:

- Fund 1 - General (Incidental) Fund
- Fund 2 - Special Revenue (Teachers) Fund
- Fund 3 - Debt Service Fund
- Fund 4 - Capital Projects Fund

The activities of the Poplar Bluff R-I School District are reported in these four governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end available for spending in future periods. These statements provide information that can help in the decision-making process for the future funding of educational programs. The fund account statements also contain a reconciliation of any differences between the governmental activities and the governmental funds.

A requirement under GASB 54 is to report constraints on fund balances changing from restricted and non-restricted to non-spendable, restricted, committed, assigned and unassigned. This will more clearly display which fund the balances are in and for what purpose.

**Fiduciary Funds**

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

**The District as a Whole**

The Statement of Net Position provides the perspective of the District as a whole. Table 1 provides a summary and comparison of the District's net position for 2018 and 2017:

**TABLE 1**

	2018	2017
<u>Assets</u>		
Cash and Investments	\$ 36,414,134	33,709,217
<u>Net Position</u>		
Restricted	2,207,761	2,075,980
Unrestricted	34,206,373	31,633,237
Total Net Position	\$ 36,414,134	33,709,217

Total assets at June 30, 2018 were reported at \$36,414,134.

Poplar Bluff R-I School District  
Management's Discussion & Analysis  
For the Fiscal Year Ended June 30, 2018  
(Unaudited)

Unrestricted net position that can be used to finance day-to-day activities without constraints established by grants or legal requirements was \$34,206,373. The District has restricted net position of \$2,207,761.

Table 2 shows the change in net position for fiscal years 2018 and 2017.

**TABLE 2**

	<u>2018</u>	<u>2017</u>
<u>Program Receipts by Major Source</u>		
Charges for Services	\$ 1,908,880	2,726,457
Operating Grants & Contributions	7,886,614	8,439,235
Capital Grants and Contributions	277,149	405,264
 <u>General Receipts by Major Source</u>		
Local Receipts	22,378,496	22,355,199
County Receipts	849,417	804,131
State Receipts	20,718,767	20,599,573
Investment Income	435,741	151,299
Other	373,400	60,568
Total Receipts	<u>\$ 54,828,464</u>	<u>55,541,726</u>
 <u>Program Expenditures</u>		
Instruction	\$ 28,543,506	28,192,656
Student Services	1,771,963	1,718,164
Instructional Support Staff	2,419,104	2,491,454
Building Administration	2,003,152	2,022,896
General Administration	1,382,493	1,198,841
Operation of Plant	4,940,037	4,780,501
Security Services	142,925	83,987
Transportation	2,166,489	2,043,488
Food Service	2,722,009	3,266,753
Central Office Support Services	-	-
Community Services	606,901	2,337,895
Early Childhood Services	809,049	-
Capital Outlay	770,209	813,407
Debt Service	3,845,710	4,056,157
Total Program Expenditures	<u>\$ 52,123,547</u>	<u>53,006,199</u>
 <u>Other Financial Sources (Uses)</u>		
Sale of Refunding Bonds	\$ -	-
 <u>Fund Transfers</u>		
Zero Teachers Fund Balance	\$ 1,143,878	175,824
7% x SAT x WADA	2,341,371	2,309,052
Transportation	141,467	305,417
Net Position +/-	<u>2,704,917</u>	<u>2,535,527</u>
Ending Net Position	<u>\$ 36,414,134</u>	<u>33,709,217</u>

Poplar Bluff R-I School District  
Management's Discussion & Analysis  
For the Fiscal Year Ended June 30, 2018  
(Unaudited)

The net cost of all governmental activities was \$42,050,904 with \$10,072,643 of the total cost being financed by revenues generated from the governmental activities.

**TABLE 3**

	<u>Total Cost of Services</u>		<u>Net Cost of Services</u>	
	2018	2017	2018	2017
Instruction	\$ 28,543,506	28,192,656	21,581,604	20,042,833
Student Services	1,771,963	1,718,164	1,771,963	1,718,164
Instructional Support Staff	2,419,104	2,491,454	2,419,104	2,491,454
Building Administration	2,003,152	2,022,896	2,003,152	2,022,896
General Administration	1,382,493	1,198,841	1,382,493	1,198,841
Operation of Plant	4,940,037	4,780,501	4,940,037	4,780,501
Security Services	142,925	83,987	142,925	83,987
Transportation	2,166,489	2,043,488	1,858,338	1,765,430
Food Service	2,722,009	3,266,753	(51,045)	394,733
Community Services	606,901	2,337,895	577,365	2,108,592
Early Childhood Services	809,049	-	809,049	-
Capital Outlay	770,209	813,407	770,209	771,655
Debt Service	3,845,710	4,056,157	3,845,710	4,056,157
Total	<u>\$ 52,123,547</u>	<u>53,006,199</u>	<u>42,050,904</u>	<u>41,435,243</u>

**Financial Analysis of the District's Funds**

The governmental funds present combined fund balances of \$36,414,134, which is above last year's ending funds balances of \$33,709,217 by \$2,704,917.

The District originally budgeted a surplus of revenues to expenses in the General Fund of \$1,315,818 and ended the year with a surplus of \$2,889,158. The additional surplus was primarily due to an increase in the state funding formula through estimation of enrollment and a higher than average collection of local taxes.

The amount expended from the Teachers Fund was \$712,192 less than budgeted. The primary reason for this was employee retirements, failure to fill all vacancies, and a decrease in insurance expense due to employee resignations and openings.

The fund balance of the Debt Service Fund is \$1,436,717 which is \$116,479 more than the prior year balance of \$1,320,238.

The fund balance of the Capital Projects Fund is \$13,527,431 which is \$3,304,882 more than the prior year balance of \$10,222,549.

Poplar Bluff R-I School District  
 Management's Discussion & Analysis  
 For the Fiscal Year Ended June 30, 2018  
 (Unaudited)

**Budgetary Highlights**

During the course of the fiscal year, the district amended the budgets one time. The primary reason for the amendments was to adjust board approved changes in expenditure allocations and to amend grant allocations once approved.

**Debt**

The district has general obligation bond principal of \$7,545,000 for the construction of school buildings and capital lease obligation principal of \$40,475,000 for facility improvements outstanding at June 30, 2018.

**Debt Activity Schedule**

**TABLE 4**

	2018	2017
General Obligation Bonds		
Series 2014 General Obligation Refunding Bond	\$ 550,000	1,075,000
Series 2009A Build America Bonds (BAB)	2,100,000	2,100,000
Series 2009B Qualified School Construction Bond	4,895,000	4,895,000
Capital Lease Obligations		
Lease Participation Certificate (Series 2008)	1,825,000	1,975,000
Lease Participation Certificate (Series 2014)	38,650,000	39,525,000
Macbook Air Personal Computers	-	228,704
	\$ 48,020,000	49,798,704

**Contacting the School District's Financial Management**

This financial report is designed to provide our citizens, taxpayers, and investors and creditors with a general overview of the Poplar Bluff R-I School District's finances and to show the District's accountability for the money it receives. If you have any questions about this report or need additional financial information, contact Rod Priest, Assistant Superintendent of Business, at Poplar Bluff R-I School District, 1110 Westwood Boulevard, Poplar Bluff, Missouri 63901.

## FINANCIAL STATEMENTS

Poplar Bluff R-I School District  
Statement of Net Position-Cash Basis  
Year Ended June 30, 2018

	Governmental Activities	Component Unit Poplar Bluff R-1 Public School Foundation
Assets		
Cash and Investments	\$ 34,206,373	-
Restricted Cash and Investments	1,908,993	298,768
Total Assets	\$ 36,115,366	298,768
Net Position		
Restricted For:		
Scholarships	\$ 23,406	-
Component Unit	-	298,768
Debt Service	1,436,717	-
Other	448,870	-
Unrestricted	34,206,373	
Total Net Position	\$ 36,115,366	298,768

The accompanying notes are an integral part of these financial statements

Poplar Bluff R-I School District  
Statement of Activities-Cash Basis  
Year Ended June 30, 2018

Functions/Programs	Disbursements	Program Cash Receipts			Net (Disbursements) Receipts and Changes in Net Position	Component Unit
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Totals	Poplar Bluff R-1 Public School Foundation
					June 30, 2018	June 30, 2018
Governmental Activities:						
Instruction	\$ (28,543,506)	1,397,883	5,286,870	277,149	(21,581,604)	-
Student Services	(1,771,963)	-	-	-	(1,771,963)	-
Instruction Staff Support	(2,419,104)	-	-	-	(2,419,104)	-
Building Administration	(2,003,152)	-	-	-	(2,003,152)	-
General Administration	(1,357,970)	-	-	-	(1,357,970)	(24,523)
Operation of Plant	(4,940,037)	-	-	-	(4,940,037)	-
Security Services	(142,925)	-	-	-	(142,925)	-
Transportation	(2,166,489)	-	308,151	-	(1,858,338)	-
Food Service	(2,722,009)	510,997	2,262,057	-	51,045	-
Community Services	(606,901)	-	29,536	-	(577,365)	-
Early Childhood Services	(809,049)	-	-	-	(809,049)	-
Capital Outlay	(770,209)	-	-	-	(770,209)	-
Debt Service	(3,845,710)	-	-	-	(3,845,710)	-
Net Program (Disbursements) Receipts	<u>\$ (52,099,024)</u>	<u>1,908,880</u>	<u>7,886,614</u>	<u>277,149</u>	<u>(42,026,381)</u>	<u>(24,523)</u>
General Receipts:						
					\$ 16,568,815	-
					5,295,864	-
					258,180	-
					255,637	-
					849,417	-
					20,718,767	-
					428,708	7,033
					334,796	38,604
					<u>44,710,184</u>	<u>45,637</u>
					2,683,803	21,114
					<u>33,431,563</u>	<u>277,654</u>
					<u>\$ 36,115,366</u>	<u>298,768</u>

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

Poplar Bluff R-I School District  
Statement of Assets and Fund Balance-Cash Basis  
Governmental Funds  
June 30, 2018

	General Fund	Special Revenue Fund	Debt Service Fund	Capital Projects Fund	Total Governmental Funds	Component Unit <u>Poplar Bluff R-1 Public School Foundation</u>
Assets						
Cash and Investments	\$ 20,678,942	-	-	13,527,431	34,206,373	-
Restricted Cash and Investments	472,276	-	1,436,717	-	1,908,993	298,768
Total Assets	<u>\$ 21,151,218</u>	<u>-</u>	<u>1,436,717</u>	<u>13,527,431</u>	<u>36,115,366</u>	<u>298,768</u>
Fund Balance						
Nonspendable	\$ -	-	-	-	-	-
Restricted	472,276	-	1,436,717	-	1,908,993	298,768
Committed	-	-	-	4,708,858	4,708,858	-
Assigned	4,304,974	-	-	8,818,573	13,123,547	-
Unassigned	16,373,968	-	-	-	16,373,968	-
Total Fund Balance	<u>\$ 21,151,218</u>	<u>-</u>	<u>1,436,717</u>	<u>13,527,431</u>	<u>36,115,366</u>	<u>298,768</u>

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

Poplar Bluff R-I School District  
Statement of Receipts, Disbursements, and Changes in  
Fund Balance-Cash Basis-Governmental Funds  
Year Ended June 30, 2018

	General Fund	Special Revenue Fund	Debt Service Fund	Capital Projects Fund	Total Governmental Funds	Component Unit Poplar Bluff R-1 Public School Foundation
<b>Receipts</b>						
Local	\$ 14,574,448	5,319,321	769,257	3,456,887	24,119,913	-
County	554,882	119,353	33,919	141,263	849,417	-
State	1,796,693	19,136,440	-	1,634,533	22,567,666	-
Federal	5,278,828	996,887	39,149	-	6,314,864	-
Investment Income	413,124	1,937	12,085	1,562	428,708	7,033
Other	142,908	24,555	-	334,796	502,259	38,604
<b>Total Receipts</b>	<b>22,760,883</b>	<b>25,598,493</b>	<b>854,410</b>	<b>5,569,041</b>	<b>54,782,827</b>	<b>45,637</b>
<b>Disbursements</b>						
<b>Current:</b>						
Instruction	5,743,760	22,415,518	-	384,228	28,543,506	-
Attendance	188,190	2,941	-	-	191,131	-
Guidance	2,937	910,050	-	-	912,987	-
Health, Psych, Speech and Audio	667,845	-	-	-	667,845	-
Improvement of Instruction	97,709	150,263	-	-	247,972	-
Professional Development	163,418	33,805	-	-	197,223	-
Media Services	1,417,413	523,639	-	32,857	1,973,909	-
Board of Education Services	95,065	-	-	-	95,065	-
Executive Administration	683,757	548,416	-	30,732	1,262,905	24,523
Building Level Administration	581,246	1,421,906	-	-	2,003,152	-
Operation of Plant	4,729,582	94,109	-	116,346	4,940,037	-
Security Services	142,925	-	-	-	142,925	-
Transportation	1,877,115	-	-	289,374	2,166,489	-
Food Services	2,706,537	-	-	15,472	2,722,009	-
Adult Basic Education	96,588	160,944	-	-	257,532	-
Community Services	334,565	14,804	-	-	349,369	-
Early Childhood Services	343,073	465,976	-	-	809,049	-
<b>Capital Outlay:</b>						
Facilities Acquisition and Construction	-	-	-	770,209	770,209	-
<b>Debt Service:</b>						
Principal Retirement	-	-	525,000	1,253,704	1,778,704	-
Interest and Fiscal Charges	-	-	212,931	1,854,075	2,067,006	-
<b>Total Disbursements</b>	<b>\$ 19,871,725</b>	<b>26,742,371</b>	<b>737,931</b>	<b>4,746,997</b>	<b>52,099,024</b>	<b>24,523</b>

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

Poplar Bluff R-I School District  
Statement of Receipts, Disbursements, and Changes in  
Fund Balance-Cash Basis-Governmental Funds-Continued  
Year Ended June 30, 2018

	General Fund	Special Revenue Fund	Debt Service Fund	Capital Projects Fund	Total Governmental Funds	Component Unit Poplar Bluff R-1 Public School Foundation
Excess (Deficiency) of Receipts Over Disbursements	\$ 2,889,158	(1,143,878)	116,479	822,044	2,683,803	21,114
Other Financing Sources (Uses): Transfers	<u>(3,626,716)</u>	<u>1,143,878</u>	<u>-</u>	<u>2,482,838</u>	<u>-</u>	<u>-</u>
Net Changes in Fund Balance	(737,558)	-	116,479	3,304,882	2,683,803	21,114
Cash Basis Fund Balance - Beginning of Year	<u>21,888,776</u>	<u>-</u>	<u>1,320,238</u>	<u>10,222,549</u>	<u>33,431,563</u>	<u>277,654</u>
Cash Basis Fund Balance - End of Year	<u><u>\$ 21,151,218</u></u>	<u><u>-</u></u>	<u><u>1,436,717</u></u>	<u><u>13,527,431</u></u>	<u><u>36,115,366</u></u>	<u><u>298,768</u></u>

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

Poplar Bluff R-I School District  
Statement of Fiduciary Net Position-Cash Basis  
Year Ended June 30, 2018

Assets	
Cash and Cash Equivalents	\$ 999,003
Total Assets	\$ 999,003
Net Position	
Unrestricted	\$ 999,003
Total Net Position	\$ 999,003

Poplar Bluff R-I School District  
Statement of Changes in Fiduciary Net Position-Cash Basis  
Year Ended June 30, 2018

Additions	
Dental Insurance Premiums	\$ 360,179
Total Additions	360,179
Deductions	
Dental Insurance Claims	297,803
Total Disbursements	297,803
Increase in Net Position	62,376
Net Position - Beginning of Year	936,627
Net Position - End of Year	\$ 999,003

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

Poplar Bluff R-I School District  
Notes to Financial Statements  
Year Ended June 30, 2018

1. Description of the School District and Reporting Entity

Poplar Bluff R-I School District (the District) was established under the statutes of the State of Missouri. The District operates under a locally-elected Board form of government consisting of seven members elected at-large for terms of three years. The District provides educational services as authorized by state and federal guidelines.

The Poplar Bluff R-I School District is located in Butler County in the southeast section of Missouri. The District covers 212 square miles and includes the city of Poplar Bluff (population 17,023 according to the 2010 census). Most of the students reside in rural areas outside the city limits, which gives the school the unique feature of being a city school in a country environment. Poplar Bluff R-I School District had an approximate enrollment of 5,302 students for the 2017-2018 school year.

A. Reporting Entity

A reporting entity is composed of the primary government, component units, and other organizations that are included to ensure the financial statements are not misleading. The primary government of the District consists of all funds, departments, boards and agencies that are not legally separate from the District. For Poplar Bluff R-I School District this includes the governmental funds of the District.

In evaluating how to define the District, for financial reporting purposes, management has considered all potential component units. The decision to include a potential component unit in the reporting entity was made by applying criteria set forth in the accounting principles generally accepted in the United States of America. The basic, but not the only, criterion for including a potential component unit within the reporting entity is the governing body's ability to exercise oversight responsibility. The most significant manifestation of this ability is financial interdependency. Other manifestations of the ability to exercise oversight responsibility include but are not limited to the selection of governing authority, the designation of management, the ability to significantly influence operations and accountability for fiscal matters. The other criterion used to evaluate potential component units for inclusion or exclusion from the reporting entity is the existence of special financing relationships, regardless of whether the District is able to exercise oversight responsibilities. Based upon the application of these criteria, the following is a brief review of each potential component unit addressed in defining the District's reporting entity.

Excluded from the reporting entity:

Public School Retirement System of Missouri, Non-Teacher Retirement System of Missouri, and Missouri United School Insurance Council (MUSIC). These potential component units have been appointed jointly by the participating school district's governing bodies. These independent units select management staff, set user charges, establish budgets and control all aspects of their daily activity.

Poplar Bluff R-I School District  
Notes to Financial Statements  
Year Ended June 30, 2018

Included in the reporting entity:

Poplar Bluff R-1 Public School Foundation. This component unit was incorporated on April 27, 1998, as a general not-for-profit corporation whose statement of purpose is to make it possible for individuals and businesses to make contributions or bequests for the purpose of providing special equipment, scholarships, and programs beneficial to the local school system. Questions concerning the component unit's financial information or requests for additional financial information should be directed to Poplar Bluff School Foundation, 1110 Westwood Boulevard, Poplar Bluff, Missouri 63901.

2. Summary of Significant Accounting Policies

The financial statements of the District have been prepared on the basis of cash receipts and disbursements, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. Following are the more significant of the District's accounting policies.

A. Basis of Presentation

The District's financial statements consist of government-wide statements, including a Statement of Net Position-Cash Basis and a Statement of Activities-Cash Basis, and fund financial statements which provide a more detailed level of financial information.

Government-Wide Financial Statements

The Statement of Net Position-Cash Basis and Statement of Activities-Cash Basis display information about the reporting government as a whole. These statements include the financial activities of the primary government, except for fiduciary funds.

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

Poplar Bluff R-I School District  
Notes to Financial Statements  
Year Ended June 30, 2018

Fund Financial Statements

During the fiscal year, the District segregates transactions related to certain District functions or activities in separate funds in order to aid financial management and to demonstrate legal compliance. Fund financial statements are designed to present financial information of the District at this more detailed level. The focus of governmental fund financial statements is on major funds. Each major fund is presented in a separate column. Nonmajor funds are aggregated and presented in a single column. The District has no nonmajor funds. Fiduciary funds are reported by type. The following funds are used by the District:

Governmental Funds

Governmental funds are those through which most governmental functions of the District are financed. Governmental fund reporting focuses on the sources, uses, and balances of current financial resources. Revenues are assigned to the various governmental funds according to the purposes for which they may or must be used. Current disbursements are assigned to the fund from which they may or must be paid. The difference between governmental fund assets and liabilities is reported as fund balance. All of the governmental funds of the District are considered major funds.

General Fund – Accounts for general activities of the District, including student activities, food service, and textbook funds which are not designated in a separate fund.

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

Debt Service Fund – Accounts for the accumulation of resources for, and the payment of, principal, interest and fiscal charges on the District's bonded debt.

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

Fiduciary Funds

Fiduciary fund reporting focuses on net position and changes in net position. The fiduciary fund is split into four classifications: pension (and other employee benefit) trust funds, investment trust funds, private purpose trust funds, and agency funds. Trust funds are used to account for assets held by the District under a trust agreement for individuals, private organizations, or other governments and are not available to support the District's own programs.

The fiduciary fund of the District consists of the employees and their dependents dental insurance trust fund. The District has an agreement with FMH Core Source to provide group dental insurance to the District's employees and their dependents.

Poplar Bluff R-I School District  
Notes to Financial Statements  
Year Ended June 30, 2018

The District is considered to be a participating employer whereby it will provide the funds to pay benefits up to certain maximum amounts. Although the District expenses the transfer each time one is made, it retains a reversionary interest in the unused funds.

B. Basis of Accounting

Basis of accounting determines when transactions are recorded in the financial records and reported on the financial statements.

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

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

C. Budgets and Budgetary Accounting

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

1. In accordance with Chapter 67, RSMo, the District adopts a budget for each fund.
2. Prior to July, the Superintendent, who serves as the budget officer, submits to the Board of Education a proposed budget for the fiscal year beginning on the following July 1. The proposed budget includes estimated receipts and proposed cash disbursements for all District funds. Budgeted cash disbursements cannot exceed beginning available monies plus estimated receipts 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. On June 29, 2017, the budget was 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 required supplementary information.

Poplar Bluff R-I School District  
Notes to Financial Statements  
Year Ended June 30, 2018

D. Cash and Investments

Cash resources of the individual funds are combined to form a pool of cash and temporary investments which is managed by the District Superintendent of Business. This investment pool is available for use by all governmental funds except the Debt Service Fund. (State law requires all deposits of the Debt Service Fund to be kept separate and apart from all other funds.) Investments of the pooled accounts consist of certificates of deposit, and money market accounts, carried at cost, which approximates market value. Interest income received is allocated to the contributing funds based on cash and temporary investment balances. Each fund type's portion of this pool is displayed on the financial statements as "Cash and Investments."

E. Restricted Assets

Assets are reported as restricted when limitations on their use change the nature or normal understanding of the availability of the asset. Such constraints are either imposed by creditors, contributors, grantors, laws of other governments, or imposed by enabling legislation. Restricted assets in the governmental funds include amounts required to be set aside to make professional development expenses, contributor constraints, and scholarships for students of the District.

F. Capital Assets

Purchase of capital assets, including property and equipment, are recorded as expenditures paid at the time the expenditure is made. Under the cash basis of accounting, the District does not present capital assets in the government-wide or fund financial statements.

G. Compensated Absences

Vacation time, sick leave and emergency leave are considered as expenditures in the year paid. Such amounts unused and which are vested in the employee are payable upon termination. (See Note 8).

H. Net Position

Cash basis net position represents the balance of total cash and investments available. Net position is reported as restricted when there are limitations imposed on its use either through the enabling legislation adopted by the District or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. The District's policy is to first apply restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net assets are available.

I. Post Employment Benefits

Retirees are provided the opportunity to enroll in postemployment healthcare at the retiree's expense. Participation by retirees in the District's health plan is subject to terms and conditions set forth in the Board Policy.

Poplar Bluff R-I School District  
Notes to Financial Statements  
Year Ended June 30, 2018

Under the Consolidated Omnibus Budget Reconciliation Act (COBRA), the District provides healthcare benefits to eligible former employees and eligible dependents. Certain requirements are outlined by the Federal government for this coverage. The premium is paid by the insured either monthly or quarterly at the insured's discretion for the next period's coverage. This program is offered for a duration of 18 months after the termination date. There is no associated cost to the District under this plan.

J. Fund Balance

Purpose

The District has enacted the following policy in an effort to ensure financial security through the maintenance of a healthy reserve fund that guides the creation, maintenance, and use of resources for financial stabilization purposes. The District's primary objective is to maintain a prudent level of financial resources to protect against reducing service levels or raising tax and fees due to temporary revenue shortfalls or unpredicted one-time expenditures. The District also seeks to maintain the highest possible credit ratings which are dependent, in part, on the District's maintenance of a healthy fund balance.

Consistent with best practice recommendations from the Government Finance Officers Association of the United States and Canada, the District will strive to maintain total General Fund discretionary reserves equal to 5-17% of annual General Fund operating revenues. This range will be further subdivided into "traffic light" increments where 5-10% represents the red light, signaling that no further use of reserves should be made except in dire emergencies or where almost immediate replenishment is assured. Further, priority should be given to increase reserve levels. The 10-17% increment of the range represents the yellow light, signaling that caution should be exercised in the use of reserves and only for one-time costs. In addition, consideration should be given to increase reserve levels should resources become available. Above 17%, a green light is given; adequate reserve levels have been achieved. Additional resources need not be set aside at this time for economic uncertainties but used to further other Board goals.

Fund balances created as a result of actual revenue and expenditure deviations from the budget will be used to achieve and maintain the Board's reserve goals and to balance the next year's budget. Reliance upon fund balance for budget balancing will be managed judiciously, taking into account its volatility and past actual activity.

Fund balance classification shall be recorded in accordance with governmental accounting standards as promulgated by the Governmental Accounting Standards Board. Reserve accounts are classified as nonspendable fund balance, restricted fund balance, and committed fund balance. Non-reserve fund balance classifications consist of assigned and unassigned.

The five classifications of fund balance of the governmental fund types are as follows:

Poplar Bluff R-I School District  
Notes to Financial Statements  
Year Ended June 30, 2018

- *Nonspendable fund balance* – the portion of fund balance that is not in spendable form, such as a vocational project held for resale. This classification would also be used to report the principle portion of a nonexpendable trust fund.
- *Restricted fund balance* – the portion of fund balance that has been set aside for a specific purpose by external parties. This classification could include:
  - Unspent portion of funds restricted by law for use for a specific purpose, such as professional development funds.
  - Portion of Debt Service Fund balance consisting of taxes levied specifically to retire debt.
  - Portion of Capital Projects Fund balance consisting of bond proceeds held for construction activities.
  - Unspent portion of funds donated for a specific purpose, such as scholarships, grants and specific program donations.
- *Committed fund balance* – the portion of fund balance that has been set aside for a specific purpose by a district’s highest level of decision making authority. Typically a resolution by the Board of Education would be needed to commit a portion of the fund balance for a specific purpose. The commitment may be subsequently removed or changed by Board action.
- *Assigned fund balance* – the portion of fund balance that is intended to be used for a specific purpose. The intent to use a portion of the fund balance for a specific purpose may be expressed by either the Board or an official authorized by the Board, typically the Associate Superintendant of Business. This classification can include but is not limited to:
  - Student activity accounts that the District holds as fiduciary agents.
  - Athletic reimbursable accounts derived from donations from sponsors, fund raisers, and ticket sales to athletic events to support the overall board goals of the athletic department.
  - Sick Leave Liability, calculated as \$20 a day for days accumulated by employees with less than 10 years with the District, \$35 a day for those with more than 10 years but less than 30 years, and \$50 a day for those eligible for retirement.
  - Cash Flow reserves based on 10% of July-November pre-tax collection months’ expenditures
  - TCC Program Support derived from fund balances resulting from adult education program tuitions less all expenditures including staff
  - Food Service Program Reserves
  - Capital Improvements other than those committed to by the board
  - School Transportation capital expenditures at least an amount equal to DESE allowable transfer
  - Instructional and other capital equipment
  - Overall capital improvements for the District
  - Appropriations of existing fund balances to eliminate a projected budgetary deficit in next year’s budget and is limited to an amount no greater than the projected excess of expenditures over revenues.

Poplar Bluff R-I School District  
Notes to Financial Statements  
Year Ended June 30, 2018

- *Unassigned fund balance* – amounts that are available for any purpose; these amounts are reported only in the General Fund

Policy Statement

The fund balance of the Poplar Bluff R-1 School District's General Fund has been accumulated to meet this purpose, to provide stability and flexibility to respond to unexpected adversity and/or opportunities.

The target is to maintain an unrestricted fund balance of not less than 17% of annual operating expenditures for the fiscal year.

The District's basic goal is to maintain annual expenditure increases at a growth rate, and to limit expenditures to anticipated revenue in order to maintain a balanced budget. The decision to retain an unrestricted fund balance of not less than 17% of operating expenditures stems from the following:

- This amount provides adequate funding to cover approximately two (2) months of operating expenses.
- This amount provides the liquidity necessary to accommodate the District's uneven cash flow, which is inherent in its periodic tax collection schedule and the uncertainty on the State of Missouri's support through appropriations and the foundation formula calculation.
- This amount provides the liquidity to respond to contingent liabilities.
- The Government Finance Officers Association recommends the minimum General Fund unrestricted fund balance to be maintained should be no less than either two (2) months of regular operating revenues or expenditures.

Unassigned fund balances shall be any remaining amounts.

This policy may be amended from time to time per the Board of Education.

The District will spend the most restricted dollars before less restricted in the following order:

- Nonspendable (if funds become spendable)
- Restricted
- Committed
- Assigned
- Unassigned

The following table outlines the District's fund balances as of June 30, 2018, as reflected on the Statement of Assets and Fund Balance:

Poplar Bluff R-I School District  
Notes to Financial Statements  
Year Ended June 30, 2018

	General Fund	Special Revenue Fund	Debt Service Fund	Capital Projects Fund	Total Governmental Funds	Component Unit Poplar Bluff R-1 Public School Foundation
Fund Balances						
Restricted for:						
KP Drama/Science	\$ 448,870	-	-	-	448,870	-
Scholarships	23,406	-	-	-	23,406	298,768
Debt Service Reserve	-	-	1,030,022	-	1,030,022	-
Debt Sinking Fund 2009B QSCB	-	-	406,695	-	406,695	-
	<u>472,276</u>	<u>-</u>	<u>1,436,717</u>	<u>-</u>	<u>1,908,993</u>	<u>298,768</u>
Committed to:						
OG Kitchen Renovation	-	-	-	360,000	360,000	-
Roof Repairs	-	-	-	227,888	227,888	-
Architecture/Engineering	-	-	-	384,000	384,000	-
LR Window Walls	-	-	-	54,000	54,000	-
H.S. Lease Purchase Reserve	-	-	-	228,070	228,070	-
2014 Lease Purchase Reserve	-	-	-	3,454,900	3,454,900	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>4,708,858</u>	<u>4,708,858</u>	<u>-</u>
Assigned to:						
Athletic Program Support	858,050	-	-	-	858,050	-
TCC Program Support	122,086	-	-	160,836	282,922	-
Cash Flow Reserves	2,351,033	-	-	-	2,351,033	-
Sick Leave Liability	461,296	-	-	-	461,296	-
Food Service Capital Exp	-	-	-	-	-	-
Food Service Reserve	128,938	-	-	20,000	148,938	-
Capital Improvement	-	-	-	230,000	230,000	-
School Transportation	-	-	-	290,000	290,000	-
Instructional Equipment	-	-	-	167,400	167,400	-
Other Equipment	-	-	-	151,000	151,000	-
High School Activity Accounts	106,627	-	-	-	106,627	-
AHR Student Athletes Accounts	49,209	-	-	-	49,209	-
Jr. High Activity Accounts	47,504	-	-	-	47,504	-
Elementary Activity Accounts	74,711	-	-	-	74,711	-
TCC Student Accounts	5,907	-	-	-	5,907	-
Other Fiduciary Accounts	99,613	-	-	-	99,613	-
Long Range Planning	-	-	-	7,799,337	7,799,337	-
	<u>4,304,974</u>	<u>-</u>	<u>-</u>	<u>8,818,573</u>	<u>13,123,547</u>	<u>-</u>
Unassigned	<u>16,373,968</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>16,373,968</u>	<u>-</u>
Total Fund Balance	<u>\$ 21,151,218</u>	<u>-</u>	<u>1,436,717</u>	<u>13,527,431</u>	<u>36,115,366</u>	<u>298,768</u>

J. Teachers' Salaries

The salary payment schedule of the District for the 2017-2018 school year requires the payment of salaries for a twelve-month period. Consequently, the July and August 2018 payroll checks are included in the financial statements as an expenditure paid in the current year. This practice has been consistently followed in previous years.

Poplar Bluff R-I School District  
Notes to Financial Statements  
Year Ended June 30, 2018

K. Interfund Transfers

Interfund transfers are reported as other financing sources/uses in governmental funds and are eliminated on the government-wide statement of activities-cash basis.

3. Cash and Investments

The Revised Missouri Statutes allow funds belonging to the District to be invested. District policy authorizes and appoints the Superintendent (or Business Officer or Treasurer of the Board) to serve as the investment officer of the District to invest surplus District monies which are determined as not being immediately needed for the operation of the District. Collateralized investments will comply with the requirements of the Financial Institutions Reform, Recovery, and Enforcement Act of 1989.

Funds may be invested in the following types of securities within certain limitations: United States government securities, securities backed by the full faith and credit of the United States, bank certificates of deposit, commercial paper, money market mutual funds, savings and loan securities, and repurchase agreements.

Deposits. At June 30, 2018, the carrying value of the District's deposits was \$36,525,954 and the bank balance was \$40,011,790. The bank balance classified by custodial credit risk category includes \$40,011,790 covered by federal depository insurance and collateral held by the District's agent in the District's name. State law requires collateralization of all deposits with federal depository insurance; bonds and other obligations of the U.S. Treasury, U.S. agencies and instrumentalities of the state of Missouri; bonds of any city, county, school district or special road district of the state of Missouri; bonds of any state; or a surety bond having an aggregate value at least equal to the amount of the deposits.

Investments at June 30, 2018, consisted of the following:

Investment Type	Amortized Cost	Maturity Less Than 1 Year
Certificates of Deposit	\$ -	-
Direct Deposit Program	887,183	887,183
	\$ 887,183	887,183

Interest Rate Risk. As a means of limiting its exposure to fair value losses arising from rising interest rates, the District's investment policy is to structure the investment portfolio so that securities mature to meet cash requirements for ongoing operations thereby avoiding the need to sell securities prior to maturity. The investment policy also mandates investing operating funds primarily in shorter-term securities.

Credit Risk. Credit risk is the risk that the issuer or the counterparty to an investment will not fulfill its obligations. At June 30, 2018, all of the District's investments were fully secured.

Poplar Bluff R-I School District  
Notes to Financial Statements  
Year Ended June 30, 2018

Concentration of Credit Risk. The District places no limit on the amount the District may invest in any one issuer. More than 5 percent of the district's investments are in the BOK Financial (53.19%) and Commerce Trust (45.42%).

Summary of Carrying Values. The carrying values of deposits and investments shown above are included in the Statements of Net Position as follows:

Carrying Value	
Deposits	\$ 36,525,954
Investments	887,183
	\$ 37,413,137

Included in the following Statements of Net Position captions:

Governmental Funds	
Cash and Investments	\$ 34,206,373
Restricted Cash and Investments	1,908,993
Fiduciary Funds	
Cash and Investments	999,003
Component Unit	
Restricted Cash and Investments	298,768
	\$ 37,413,137

4. Taxes

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

The District also receives sales tax collected by the State and remitted based on eligible pupil counts. Districts are generally required to reduce their property tax levy by one-half the amount of sales tax estimated to be received in the subsequent calendar year. However, the District's voters in February 1994 gave their approval for a full waiver of this rollback requirement.

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

Real Estate:	
Residential	\$ 210,650,210
Agricultural	3,788,250
Commercial	143,956,533
Personal Property	105,460,864
Total	\$ 463,855,857

Poplar Bluff R-I School District  
Notes to Financial Statements  
Year Ended June 30, 2018

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

	Unadjusted	Adjusted
General Fund	\$ 2.75	\$ 2.75
Special Revenue Fund	-	-
Debt Service Fund	0.17	0.17
Capital Projects Fund	0.70	0.70
Total	\$ 3.62	\$ 3.62

The receipts of current and delinquent property taxes during the fiscal year ended June 30, 2018, aggregated approximately 98.72% of the current assessment computed on the basis of the levy as shown above.

5. Long-Term Obligations

The following is a summary of long-term obligation transactions for the District for the year ended June 30, 2018:

	Balance June 30, 2017	Additions	Deductions	Balance June 30, 2018	Current Portion
General Obligation Bonds					
Series 2014 General Obligation Refunding Bond	\$ 1,075,000	-	(525,000)	550,000	550,000
Series 2009A Build America Bonds (BAB)	2,100,000	-	-	2,100,000	-
Series 2009B Qualified School Construction Bond	4,895,000	-	-	4,895,000	-
Capital Lease Obligations					
Lease Participation Certificate (Series 2008)	1,975,000	-	(150,000)	1,825,000	150,000
Lease Participation Certificate (Series 2014)	39,525,000	-	(875,000)	38,650,000	925,000
Macbook Air Personal Computers	228,704	-	(228,704)	-	-
Total Long-Term Obligations	\$ 49,798,704	-	(1,778,704)	48,020,000	1,625,000

General Obligation Bonds Payable:

On December 1, 2009, the District issued \$3,105,000 of Build America Bonds. The bonds bear interest at rates of 1.3% to 5.85% and are due in semiannual installments which began September 1, 2010. Principal maturities began March 1, 2010, and then cease until March 1, 2026, and continue until 2029. Proceeds from the issuance of these bonds were used to pay the costs of construction of a new kindergarten center and to re-model the District's Jr. High School. The bonds are secured by the net revenues available for debt service of the District. The District incurred bond issuance costs of \$62,100 that were paid in December 2009.

On December 8, 2009, the District issued \$4,895,000 of Qualified School Construction Bonds. The bonds bear interest at a rate of 1.4% and are due in quarterly installments which began March 15, 2010. Principal maturity will be due on September 15, 2025. Proceeds from the issuance of these bonds were used to pay the costs of construction of a new kindergarten center and to re-model the District's Jr. High School. The bonds are secured by the net revenues available for debt service of the District. The District incurred bond issuance costs of \$101,875 that were paid in December 2009.

Poplar Bluff R-I School District  
Notes to Financial Statements  
Year Ended June 30, 2018

On March 1, 2014, the District issued \$2,445,000 of General Obligation Refunding Bonds. The bonds bear interest at a rate of 2.0% and are due in semiannual installments which began on September 1, 2014. Principal maturity began on March 1, 2015. Proceeds from the issuance of these bonds were used to refund the General Obligation School Building Bonds, Series 2004. The bonds are secured by the net revenues available for debt service of the District. The District incurred bond issuance costs of \$44,750 that were paid in March 2014.

Capital Lease Obligations:

On May 1, 2008, the District entered into a Lease Participation Agreement with the Missouri School Boards Association, a Missouri nonprofit corporation. The total amount of the Series 2008 certificates is \$3,130,000. The Series 2008 certificates are being issued for the purpose of renovating, improving and equipping the District's Senior High School and Junior High School. The lease participation agreement does not constitute a debt or liability of the District or the State of Missouri or any political subdivision thereof and shall not constitute indebtedness within the meaning of any constitutional or statutory debt limitation or restriction. The District provides no assurance of appropriation of funds for rental payments or renewal of the lease after the initial lease term. Neither the 2008 certificates nor the lease constitute a general obligation or other indebtedness of the District, nor a mandatory payment obligation in any fiscal year subsequent to a fiscal year in which the lease is in effect. The District is not legally required to budget or appropriate monies for any subsequent fiscal year beyond the current fiscal year.

Under terms of the lease, if the District elects to renew the lease at the end of the initial term or any renewal term, it is obligated to budget, appropriate and set aside a portion of its revenues derived from property taxes and other sources in the Capital Projects Fund. The District is obligated to make two rental payments to the trustee during each fiscal year in which the lease is in effect. For the 2017-2018 school year, the District has agreed to make principal and interest payments in the amounts of \$150,000 and \$83,620, respectively.

On October 9, 2014, the District entered into a Lease Participation Agreement with the Missouri School Boards Association, a Missouri nonprofit corporation. The total amount of the Series 2014 certificates is \$42,725,000. The Series 2014 certificates are being issued for the purpose of constructing, renovating, improving, furnishing and equipping school facilities, including safety and security at all elementary schools, a new Senior High School campus by transforming the existing 5<sup>th</sup> and 6<sup>th</sup> Grade Center, a new 4<sup>th</sup>, 5<sup>th</sup>, and 6<sup>th</sup> Grade campus by extensively renovating the existing Senior High School, and Junior High School security, FEMA safe room, additional classrooms, new restrooms and expansion of the cafeteria. The lease participation agreement does not constitute a debt or liability of the District or the State of Missouri or any political subdivision thereof and shall not constitute indebtedness within the meaning of any constitutional or statutory debt limitation or restriction. The District provides no assurance of appropriation of funds for rental payments or renewal of the lease after the initial lease term. Neither the 2014 certificates nor the lease constitute a general obligation or other indebtedness of the District, nor a mandatory payment obligation in any fiscal year subsequent to a fiscal year in which the lease is in effect. The District is not legally required to budget or appropriate monies for any subsequent fiscal year beyond the current fiscal year.

Poplar Bluff R-I School District  
Notes to Financial Statements  
Year Ended June 30, 2018

Under terms of the lease, if the District elects to renew the lease at the end of the initial term or any renewal term, it is obligated to budget, appropriate and set aside a portion of its revenues derived from property taxes and other sources in the Capital Projects Fund. The District is obligated to make two rental payments to the trustee during each fiscal year in which the lease is in effect. For the 2017-2018 school year, the District has agreed to make principal and interest payments in the amounts of \$875,000 and \$1,745,750, respectively.

On July 15, 2014, the District entered into a lease purchase agreement with Apple Inc. The total amount of the lease is \$973,833. The lease bears interest at a rate of 2.25% and will be due in annual installments beginning on July 15, 2014 and will continue until July 2017. The proceeds from the lease agreement were used to purchase Macbook Air personal computers for students.

The debt service requirements as of June 30, 2018, are as follows:

Year Ending June 30,	General Obligation Bonds		Capital Lease Obligations		Total to be paid
	Principal	Interest	Principal	Interest	
2019	550,000	199,480	1,075,000	1,797,570	3,622,050
2020	-	188,480	1,160,000	1,764,120	3,112,600
2021	-	188,480	1,215,000	1,717,880	3,121,360
2022	-	188,480	1,270,000	1,669,280	3,127,760
2023	-	188,480	1,380,000	1,607,310	3,175,790
2024-2028	6,395,000	675,743	8,300,000	7,009,350	22,380,093
2029-2033	600,000	35,100	9,800,000	5,131,250	15,566,350
2034-2038	-	-	13,200,000	2,409,000	15,609,000
2039	-	-	3,075,000	123,000	3,198,000
Total	<u>\$ 7,545,000</u>	<u>1,664,243</u>	<u>40,475,000</u>	<u>23,228,760</u>	<u>72,913,003</u>

Article VI, Section 26(b), Constitution of Missouri limits the outstanding amount of authorized general obligation bonds of a district to 15 percent of the assessed valuation of the District. The District did not exceed the legal debt margin at June 30, 2018.

6. Defined Benefit Pension Plan

Summary of Significant Accounting Policies

Financial reporting information pertaining to the District's participation in the Public School Retirement System of Missouri and the Public Education Employee Retirement System of Missouri (PSRS and PEERS, also referred to as "the Systems") is prepared in accordance with Governmental Accounting Standards Board (GASB) Statement No. 68, *Accounting and Financial Reporting for Pensions*, as amended by GASB Statement No. 71 *Pension Transition for Contributions Made Subsequent to the Measurement Date*, by GASB Statement No. 73, *Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68*, and *Amendments to Certain Provisions of GASB Statements 67 and 68*, and by GASB Statement No. 82, *Pension Issues*.

Poplar Bluff R-I School District  
Notes to Financial Statements  
Year Ended June 30, 2018

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

General Information about the Pension Plan

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

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

*Benefits Provided.* PSRS is a defined benefit plan providing retirement, disability, and death/survivor benefits. Members are vested for service retirement benefits after accruing 5 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 services, or (c) qualify for benefits under the "Rule of 80" (service and age total at least 80) are entitled to a monthly benefit for life, which is calculated using a 2.5% benefit factor. Beginning July 1, 2001, and ending July 1, 2014, a 2.55% benefit factor is used to calculate benefits for members who have 31 or more years of service at retirement. Actuarially age-reduced benefits are available for members with 5 to 24.9 years of

Poplar Bluff R-I School District  
Notes to Financial Statements  
Year Ended June 30, 2018

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 3 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.

PEERS is a defined benefit plan providing service retirement, disability, and death benefits to its members. Members are vested for service retirement benefits after accruing 5 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 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 62), which is calculated using a 0.8% 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 3 years beyond normal retirement can elect to have their lifetime monthly benefits actuarially reduced in exchanged for the right to also receive a one-time partial lump sum (PLSO) payment at retirement equal to 12, 24, or 36 times the Single Life benefit amount.

Summary Plan Descriptions detailing the provisions of the plans can be found on the Systems’ website at [www.psr-peers.org](http://www.psr-peers.org).

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

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

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

Poplar Bluff R-I School District  
Notes to Financial Statements  
Year Ended June 30, 2018

*Contributions.* PSRS members were required to contribute 14.5% of their annual covered salary during fiscal years 2016, 2017 and 2018. Employers were required to match the contributions made by employees. The contribution rate is set each year by the PSRS Board of Trustees upon the recommendation of the independent actuary within the contribution restrictions set in Section 169.030 RSMo. The annual statutory increase in the total contribution rate may not exceed 1% of pay.

PEERS members were required to contribute 6.86% of their annual covered salary during fiscal years 2016, 2017 and 2018. Employers were required to match the contribution made by employees. The contribution rate is set each year by the PSRS Board of Trustees upon the recommendation of the independent actuary within the contribution restrictions set in Section 169.030 RSMo. The annual statutory increase in the total contribution rate may not exceed 0.5% of pay.

The District's contributions to PSRS and PEERS were \$3,245,858 and 557,902 for the year ended June 30, 2018.

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

At June 30, 2018, had the financial statements been prepared in accordance with generally accepted accounting principles (GAAP), the District would have recorded a liability of \$34,576,663 for its proportionate share of the PSRS net pension liability and \$3,713,282 for its proportionate share of PEERS net pension liability. In total the District would have recorded net pension liabilities of \$38,289,945. The net pension liability for the plans in total was measured as of June 30, 2017 and determined by an actuarial valuation as of that date. The District's proportionate share of the total net pension liability was based on the ratio of its actual contributions paid to PSRS and PEERS of \$3,275,400 and \$536,562, respectively, for the year ended June 30, 2017, relative to the total contributions of \$684,085,861 for PSRS and \$110,244,418 for PEERS from all participating employers. At June 30, 2017, the District's proportionate share was 0.4788% for PSRS and 0.4867% for PEERS.

For the year ended June 30, 2018, had the financial statements been prepared in accordance with GAAP, the District would have recognized a pension expense of \$3,830,791 for PSRS and \$846,065 for PEERS, its proportionate share of the total pension expense.

At June 30, 2018, had the financial statements been prepared in accordance with GAAP, the District would have reported deferred outflows of resources and deferred inflows of resources from the following sources related to PSRS and PEERS pension benefits:

Poplar Bluff R-I School District  
Notes to Financial Statements  
Year Ended June 30, 2018

	<b>PSRS</b>		<b>PEERS</b>	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Balance of Deferred Outflows and Inflows Due to:				
Difference between expected and actual experience	\$ 2,053,796	2,201,568	59,208	150,424
Changes of assumptions	5,455,609	-	639,284	-
Net difference between projected and actual earnings on pension plan investments	8,776,852	8,061,583	1,029,757	949,861
Changes in proportion and differences between employer contributions and proportionate share of contributions	452,775	295,421	279,342	28,024
Employer contributions subsequent to the measurement date	3,245,858	-	557,902	-
<b>Total</b>	<u><u>\$ 19,984,890</u></u>	<u><u>10,558,572</u></u>	<u><u>2,565,493</u></u>	<u><u>1,128,309</u></u>

Amounts reported as deferred outflows of resources to pensions resulting from contribution subsequent to the measurement date of June 30, 2017 would be recognized as a reduction to the net pension liability in the year ended June 30, 2018. Other amounts reported as collective deferred (inflows)/outflows of resources would be recognized in pension expense:

	<b>PSRS</b>	<b>PEERS</b>
Year Ending June 30:		
2019	\$ 724,683	296,085
2020	3,086,420	520,398
2021	1,785,160	234,101
2022	(561,024)	(171,302)
2023	992,562	-
Thereafter	152,659	-
	<u><u>\$ 6,180,460</u></u>	<u><u>879,282</u></u>

Actuarial Assumptions

Actuarial valuations of the Systems 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 Board of Trustees adopts actuarial assumptions, each of which individually represents a reasonable long-term estimate of anticipated experience for the Systems, derived from experience

Poplar Bluff R-I School District  
Notes to Financial Statements  
Year Ended June 30, 2018

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 7.60% and the assumptions for the annual cost-of-living adjustments was updated in accordance with the funding policies amended by the Board of Trustees at their November 2017 meeting. Significant actuarial assumptions and methods, including changes from the prior year resulting from changes in Board policy, are detailed below. For additional information please refer to the Systems' 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, 2017
Valuation Date		June 30, 2017
Expected Return on Investments		7.60%, net of investment expenses
Inflation		2.25%
Total Payroll Growth	<b>PSRS</b>	2.75% per annum, consisting of 2.25% inflation, 0.25% real wage growth due to the inclusion of health care costs in pensionable earnings, and 0.25% of real wage growth due to productivity.
	<b>PEERS</b>	3.25% per annum, consisting of 2.25% inflation, 0.50% real wage growth due to the inclusion of health care costs in pensionable earnings, and 0.50% of real wage growth due to productivity.
Future Salary Increases	<b>PSRS</b>	3.00%-9.50%, depending on service and including 2.25% inflation, 0.25% real wage growth due to the inclusion of health care costs in pensionable earnings, and 0.25% of real wage growth due to productivity.
	<b>PEERS</b>	4.00%-11.00%, depending on service and including 2.25% inflation, 0.50% real wage growth due to the inclusion of health care costs in pensionable earnings, and 0.50% of real wage growth due to productivity.
Cost-of-Living Increases	<b>PSRS &amp; PEERS</b>	The annual COLA assumed in the valuation increases from 1.20% to 1.65% over nine years, beginning January 1, 2019. The COLA reflected for January 1, 2018 is 1.63%, in accordance with the actual COLA approved by the Board. This COLA assumption reflects an assumption that general inflation will increase from 1.80% to a normative inflation assumption of 2.25% over nine years. It is also based on the current policy of the Board to grant a COLA on each January 1 as follows: <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 decreases, no COLA is provided.</li> </ul>

Poplar Bluff R-I School District  
Notes to Financial Statements  
Year Ended June 30, 2018

Cost-of-Living Increases (Cont.)

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, of the dependent parent death benefit. The total lifetime COLA cannot exceed 80% of the original benefit. PSRS member receive a COLA on the second January after retirement, while PEERS members receive a COLA on the fourth January after retirement.

Mortality Assumption:

Actives:	<b>PSRS</b>	RP 2006 White Collar Employee Mortality Table, multiplied by an adjustment factor of 0.75 at all ages for both male and females, with static projection using the 2014 SSA Improvement Scale to 2028.
	<b>PEERS</b>	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:	<b>PSRS</b>	RP 2006 White Collar Employee Mortality Tables with plan-specific experience adjustments and static projection to 2028 using the 2014 SSA Improvement Scale.
	<b>PEERS</b>	RP 2006 Disabled Retiree Mortality Tables with static projection to 2028 using the 2014 SSA Improvement Scale.
Disabled Retirees:	<b>PSRS &amp; PEERS</b>	RP 2006 Disabled Retiree Mortality Tables with static projection to 2028 using the 2014 SSA Improvement Scale.
Changes in Actuarial Assumptions and Methods:	<b>PSRS &amp; PEERS</b>	<p>The investment return assumption and COLA assumptions were updated by the Board as follows based on changes to the Board's funding policy adopted at the November 3, 2017 meeting:</p> <ul style="list-style-type: none"> <li>• The investment return assumption was lowered from 7.75% to 7.60% per year.</li> <li>• The Board adopted a new COLA policy on November 3, 2017 resulting in a change to the future COLA assumption from an increasing assumption of 1.05%-1.50% over nine years to an increasing assumption of 1.20%-1.65% over nine years, beginning January 1, 2019.</li> </ul>
Fiduciary Net Position:		The Systems issue a publicly available financial report (CAFR) that can be obtained at <a href="http://www.psr-peers.org">www.psr-peers.org</a> .

Expected Rate of Return

The long-term expected rate of return was determined in accordance with Actuarial Standard of Practice (ASOP) No. 27, *Selection of Economic Assumptions for Measuring Pension Obligations*. ASOP No. 27 provides guidance on the selection of an appropriate assumed rate of return. The long-term expected rate of return on the System's investments was determined using a building-block method in which best-estimated ranges of expected future real rates of returns (expected returns, net of investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the Systems' target allocation as of June 30, 2017 are summarized below along with the long term geometric return. Geometric return (also referred to as the time weighted return) is considered standard practice within the

Poplar Bluff R-I School District  
Notes to Financial Statements  
Year Ended June 30, 2018

investment management industry. Geometric returns represent the compounded rate of growth of a portfolio. The method eliminates the effects created by cash flows.

Asset Class	Target Asset Allocation	Long-term Expected Real Return Arithmetic Basis	Weighted Long-term Expected Real Return Arithmetic Basis
U.S. Public Equity	27.0%	5.16%	1.39%
Public Credit	7.0%	2.17%	0.15%
Hedged Assets	6.0%	4.42%	0.27%
Non-U.S. Public Equity	15.0%	6.01%	0.90%
U.S. Treasuries	16.0%	0.96%	0.15%
U.S. TIPS	4.0%	0.80%	0.03%
Private Credit	4.0%	5.60%	0.22%
Private Equity	12.0%	9.86%	1.18%
Private Real Estate	9.0%	3.56%	0.32%
Total	<u>100%</u>		<u>4.61%</u>
		Inflation	<u>2.25%</u>
		Long-term arithmetical nominal return	6.86%
		effect of covariance matrix	<u>0.74%</u>
		Long term expected geometric return	<u>7.60%</u>

#### Discount Rate

The long-term expected rate of return used to measure the total pension liability was 7.60% as of June 30, 2017, and is consistent with the long-term expected geometric return on plan investments. The actuarial assumed rate of return was 8.0% from 1980 through fiscal year 2016. The Board of Trustees adopted a new actuarial assumed rate of return of 7.75% effective with the June 30, 2016 valuation based on the actuarial experience studies and asset-liability study conducted during the 2016 fiscal year. As previously discussed, the Board of Trustees further reduced the assumed rate of return to 7.60% effective with the June 30, 2017 valuation. The projection of cash flows used to determine the discount rate assumed that the employer contributions would be made at the actuarially calculated rate computed in accordance with assumptions and methods stated in the funding policy adopted by the Board of Trustees, which requires payment of the normal cost and amortization of the unfunded actuarial accrued liability in level percent of employee payroll installments over 30 years utilizing a closed period, layered approach. Based on this assumption, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members.

#### Discount Rate Sensitivity

The sensitivity of the District's net pension liabilities to changes in the discount rate is presented below. The District's net pension liabilities calculated using the discount rate of 7.60% is presented as well as the net pension liability using a discount rate that is 1.0% lower (6.60%) or 1.0% higher (8.60%) than the current rate.

Poplar Bluff R-I School District  
Notes to Financial Statements  
Year Ended June 30, 2018

	Discount Rate	<u>1% Decrease (6.60%)</u>	<u>Current Rate (7.60%)</u>	<u>1% Increase (8.60%)</u>
<b>PSRS</b>	Proportionate share of the Net Pension Liability	\$ 61,410,070	34,576,663	12,268,359
<b>PEERS</b>	Proportionate share of the Net Pension Liability	6,840,327	3,713,282	1,090,345

7. Risk Management

The District is exposed to various risks of losses related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The District has effectively managed risk through its insurance coverage and various educational and prevention programs.

The District management estimates that the amount of actual or potential claims as of the date of these financial statements will not materially affect the financial condition of the District; expenditures and claims are recognized as payment is made under the District's method of accounting; therefore, the financial statements contain no provision for estimated claims.

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 a self-sustaining risk sharing group. Part of the assessment is used to purchase excess insurance for the group as a whole.

8. Commitments and Contingencies

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

Compensated Absences – Upon termination of employment with the District, the District pays \$20 a day for employees with less than 10 years with the District, \$35 a day for those with more than 10 years but less than 30 years, and \$50 a day for those eligible for retirement. At June 30, 2018, this potential liability was \$461,296.

9. Restricted Assets

The District maintains several scholarship funds in the amount of \$23,406 that are restricted for student scholarships.

Poplar Bluff R-I School District  
Notes to Financial Statements  
Year Ended June 30, 2018

In accordance with the terms of the District's 2009 QSCB bonds, the District is required to maintain a debt sinking fund. For the year ended June 30, 2018, the balance in this fund was \$406,695.

The District has donor-imposed restrictions on funds in the amount of \$448,870 which must be used for the drama and science departments.

10. Fund Balance Transfers

The District made the following fund balance transfers during the current year, as permitted by the Missouri Department of Elementary and Secondary Education:

Transfers to Special Revenue Fund:

The District's budgeted and actual expenditures from the Special Revenue Fund exceeded the amount of beginning fund balance and estimated fund revenues (prior to the transfer).

To eliminate the deficit in the Special Revenue Fund, the District transferred \$1,143,878 from the General Fund to the Special Revenue Fund.

Transfers to Capital Projects Fund:

The District transferred \$2,341,371 allowed under the \$162,326 or 7% x SAT x WADA transfer amount for the year ended June 30, 2018.

The District is allowed to transfer a computed amount for transportation cost. The amount transferred was \$141,467 for the year ended June 30, 2018.

11. Tax Abatements

District property tax revenues were reduced by \$1,643,514 under agreements entered into by the City of Poplar Bluff through its Enhanced Enterprise Zone Program and Industrial Development Program. These programs have a stated purpose of increasing business activity and employment in the City of Poplar Bluff. The amount of abatement is achieved through a reduction of assessed valuation for both programs.

*Enhanced Enterprise Zone Program*

Under agreements entered into by the City of Poplar Bluff, District property tax revenues were reduced by \$1,477,239.

*Industrial Development Program*

Under agreements entered into by the City of Poplar Bluff, District property tax revenues were reduced by \$166,275.

## OTHER INFORMATION

Poplar Bluff R-I School District  
 Budgetary Comparison Schedule-Cash Basis  
 General Fund  
 Year Ended June 30, 2018

	Budgeted Amounts		Actual	Variance with Final Budget Favorable (Unfavorable)
	Original	Final		(Unfavorable)
Receipts				
Local	\$ 14,440,076	14,443,635	14,987,572	543,937
County	527,000	527,000	554,882	27,882
State	1,589,253	1,589,253	1,796,693	207,440
Federal	5,016,970	5,558,262	5,278,828	(279,434)
Other	166,500	166,500	142,908	(23,592)
Total Receipts	<u>21,739,799</u>	<u>22,284,650</u>	<u>22,760,883</u>	<u>476,233</u>
Disbursements				
Instruction	5,987,234	6,086,932	5,743,760	343,172
Attendance	177,740	177,740	188,190	(10,450)
Guidance	3,000	3,000	2,937	63
Health, Psych, Speech and Audio	686,306	686,306	667,845	18,461
Improvement of Instruction	101,066	114,646	97,709	16,937
Professional Development	169,010	167,541	163,418	4,123
Media Services	1,438,323	1,472,959	1,417,413	55,546
Board of Education Services	108,412	102,425	95,065	7,360
Executive Administration	638,948	688,618	683,757	4,861
Building Level Administration	625,088	625,088	581,246	43,842
Operation of Plant	4,823,185	4,895,850	4,729,582	166,268
Security Services	140,510	143,523	142,925	598
Transportation	1,925,228	1,990,140	1,877,115	113,025
Food Service	2,682,900	2,715,042	2,706,537	8,505
Adult Basic Education	145,202	145,202	96,588	48,614
Community Services	329,571	349,865	334,565	15,300
Early Childhood Services	442,258	461,258	343,073	118,185
Total Disbursements	<u>20,423,981</u>	<u>20,826,135</u>	<u>19,871,725</u>	<u>954,410</u>
Excess (Deficiency) of Receipts Over Disbursements	1,315,818	1,458,515	2,889,158	1,430,643
Other Financing Sources (Uses): Transfers	<u>(3,626,716)</u>	<u>(3,626,716)</u>	<u>(3,626,716)</u>	<u>-</u>
Net Change in Fund Balance	<u>\$ (2,310,898)</u>	<u>(2,168,201)</u>	(737,558)	<u>1,430,643</u>
Cash Basis Fund Balance - Beginning of Year			<u>21,888,776</u>	
Cash Basis Fund Balance - End of Year			<u>21,151,218</u>	

See Independent Auditors' Report

Poplar Bluff R-I School District  
 Budgetary Comparison Schedule-Cash Basis  
 Special Revenue Fund  
 Year Ended June 30, 2018

	Budgeted Amounts		Actual	Variance with
	Original	Final		Final Budget Favorable (Unfavorable)
Receipts				
Local	\$ 5,236,832	5,236,832	5,321,258	84,426
County	100,000	100,000	119,353	19,353
State	20,470,796	20,470,796	19,136,440	(1,334,356)
Federal	1,005,738	1,005,738	996,887	(8,851)
Other	-	-	24,555	24,555
Total Receipts	<u>26,813,366</u>	<u>26,813,366</u>	<u>25,598,493</u>	<u>(1,214,873)</u>
Disbursements				
Instruction	22,944,087	23,036,405	22,415,518	620,887
Attendance	6,424	6,424	2,941	3,483
Guidance	909,827	909,827	910,050	(223)
Health, Psych, Speech and Audio	-	-	-	-
Improvement of Instruction	126,677	164,290	150,263	14,027
Professional Development	34,410	35,889	33,805	2,084
Media Services	526,354	526,354	523,639	2,715
Executive Administration	550,177	550,177	548,416	1,761
Building Level Administration	1,425,949	1,425,949	1,421,906	4,043
Operation of Plant	93,853	93,853	94,109	(256)
Transportation	3,649	3,649	-	3,649
Adult Basic Education	210,389	210,389	160,944	49,445
Community Services	15,827	16,387	14,804	1,583
Early Childhood Services	474,970	474,970	465,976	8,994
Total Disbursements	<u>27,322,593</u>	<u>27,454,563</u>	<u>26,742,371</u>	<u>712,192</u>
Excess (Deficiency) of Receipts Over Disbursements	(509,227)	(641,197)	(1,143,878)	(502,681)
Other Financing Sources (Uses):				
Transfers	<u>1,143,878</u>	<u>1,143,878</u>	<u>1,143,878</u>	<u>-</u>
Net Change in Fund Balance	<u>\$ 634,651</u>	<u>502,681</u>	-	<u>502,681</u>
Cash Basis Fund Balance - Beginning of Year			<u>-</u>	
Cash Basis Fund Balance - End of Year			<u>-</u>	

See Independent Auditors' Report

Poplar Bluff R-I School District  
 Schedule of Proportionate Share of the  
 Net Pension Liability and Related Ratios – PSRS/PEERS  
 Year Ended June 30, 2018

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

Year Ended	Proportion of the Net Position Liability	Proportionate Share of the Net Pension Liability	Actual Covered Member Payroll	Net Pension Liability as a Percentage of Covered Payroll	Fiduciary Net Position as a Percentage of Total Pension Liability
6/30/2015	0.4768%	\$ 19,561,079	21,347,801	91.63%	89.30%
6/30/2016	0.4691%	27,080,487	21,416,807	126.45%	85.78%
6/30/2017	0.4711%	35,052,897	22,008,752	159.27%	82.18%
6/30/2018	0.4788%	34,576,663	22,789,850	151.72%	83.77%

**Public Education Employee Retirement System of Missouri (PEERS)**

Year Ended	Proportion of the Net Position Liability	Proportionate Share of the Net Pension Liability	Actual Covered Member Payroll	Net Pension Liability as a Percentage of Covered Payroll	Fiduciary Net Position as a Percentage of Total Pension Liability
6/30/2015	0.4302%	\$ 1,570,944	6,273,512	25.04%	91.33%
6/30/2016	0.4126%	2,182,267	6,186,957	35.27%	88.28%
6/30/2017	0.4371%	3,507,008	6,750,078	51.96%	83.32%
6/30/2018	0.4867%	3,713,282	7,821,099	47.48%	85.35%

Note: *This schedule is intended to show information for ten years. Additional years will be displayed as they become available.*  
 \*The data provided in the schedule is based as of the measurement date of PSRS'/PEERS' net pension liability, which is as of the beginning of the district's fiscal year.

Poplar Bluff R-I School District  
Schedule of Employer Contributions – PSRS/PEERS  
Year Ended June 30, 2018

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

Year Ended	Statutorily Required Contribution	Actual Employer Contribution	Contribution Excess / (Deficiency)	Actual Covered Member Payroll	Contributions as a Percentage of Covered Payroll
6/30/2013	\$ 3,008,788	3,008,788	-	20,875,317	14.41%
6/30/2014	3,070,650	3,070,650	-	21,347,801	14.38%
6/30/2015	3,079,955	3,079,955	-	21,416,807	14.38%
6/30/2016	3,155,808	3,155,808	-	22,008,752	14.34%
6/30/2017	3,275,400	3,275,400	-	22,186,733	14.76%
6/30/2018	3,245,858	3,245,858	-	22,234,013	14.60%

**Public Education Employee Retirement System of Missouri (PEERS)**

Year Ended	Statutorily Required Contribution	Actual Employer Contribution	Contribution Excess / (Deficiency)	Actual Covered Member Payroll	Contributions as a Percentage of Covered Payroll
6/30/2013	\$ 396,902	396,902	-	5,785,752	6.86%
6/30/2014	430,347	430,347	-	6,273,512	6.86%
6/30/2015	424,424	424,424	-	6,186,957	6.86%
6/30/2016	463,057	463,057	-	6,750,078	6.86%
6/30/2017	536,562	536,562	-	7,821,604	6.86%
6/30/2018	557,902	557,902	-	8,132,685	6.86%

Note: This schedule is intended to show information for ten years. Additional years will be displayed as they become available.

SUPPLEMENTARY INFORMATION

Poplar Bluff R-I School District  
 Budgetary Comparison Schedule-Cash Basis  
 Debt Service Fund  
 Year Ended June 30, 2018

	Budgeted Amounts		Actual	Variance with Final Budget Favorable (Unfavorable)
	Original	Final		(Unfavorable)
Receipts				
Local	\$ 682,833	682,833	781,342	98,509
County	29,500	29,500	33,919	4,419
State	-	-	-	-
Federal	36,000	36,000	39,149	3,149
Other	-	-	-	-
Total Receipts	<u>748,333</u>	<u>748,333</u>	<u>854,410</u>	<u>106,077</u>
Disbursements				
Debt Service				
Principal	625,000	625,000	525,000	100,000
Interest and Fiscal Charges	<u>213,480</u>	<u>213,530</u>	<u>212,931</u>	<u>599</u>
Total Disbursements	<u>838,480</u>	<u>838,530</u>	<u>737,931</u>	<u>100,599</u>
Excess (Deficiency) of Receipts Over Disbursements	(90,147)	(90,197)	116,479	206,676
Other Financing Sources (Uses):				
Bond Proceeds	-	-	-	-
Transfers	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balance	<u>\$ (90,147)</u>	<u>(90,197)</u>	116,479	<u>206,676</u>
Cash Basis Fund Balance - Beginning of Year			<u>1,320,238</u>	
Cash Basis Fund Balance - End of Year			<u>1,436,717</u>	

See Independent Auditors' Report

Poplar Bluff R-I School District  
 Budgetary Comparison Schedule-Cash Basis  
 Capital Projects Fund  
 Year Ended June 30, 2018

	Budgeted Amounts		Actual	Variance with
	Original	Final		Final Budget
				Favorable (Unfavorable)
Receipts				
Local	\$ 3,233,731	3,233,731	3,458,449	224,718
County	126,700	126,700	141,263	14,563
State	114,175	114,175	1,634,533	1,520,358
Federal	-	-	-	-
Other	200,000	200,000	334,796	134,796
Total Receipts	<u>3,674,606</u>	<u>3,674,606</u>	<u>5,569,041</u>	<u>1,894,435</u>
Disbursements				
Instruction	428,000	472,878	384,228	88,650
Media Services	27,510	37,023	32,857	4,166
Board of Education Services	-	-	-	-
Executive Administration	30,000	30,733	30,732	1
Operation of Plant	113,000	149,890	116,346	33,544
Transportation	290,000	290,000	289,374	626
Food Service	7,139	16,139	15,472	667
Community Service	-	-	-	-
Capital Outlay	1,488,624	1,348,834	770,209	578,625
Debt Service				
Principal	1,274,671	1,274,671	1,253,704	20,967
Interest and Fiscal Charges	1,838,343	1,840,574	1,854,075	(13,501)
Total Disbursements	<u>5,497,287</u>	<u>5,460,742</u>	<u>4,746,997</u>	<u>713,745</u>
Excess (Deficiency) of Receipts Over Disbursements	(1,822,681)	(1,786,136)	822,044	2,608,180
Other Financing Sources (Uses):				
Transfers	<u>2,482,838</u>	<u>2,482,838</u>	<u>2,482,838</u>	<u>-</u>
Net Change in Fund Balance	<u>\$ 660,157</u>	<u>696,702</u>	3,304,882	<u>2,608,180</u>
Cash Basis Fund Balance - Beginning of Year			<u>10,222,549</u>	
Cash Basis Fund Balance - End of Year			<u>13,527,431</u>	

See Independent Auditors' Report

Poplar Bluff R-I School District  
 Schedule of Revenues Collected by Source-School District Funds  
 Year Ended June 30, 2018

	General Fund	Special Revenue Fund	Debt Service Fund	Capital Projects Fund	Total Governmental Funds
<b>Local</b>					
Current Taxes	\$ 11,011,597	-	673,114	2,803,353	14,488,064
Delinquent Taxes	1,589,254	-	96,143	395,354	2,080,751
School District Trust Fund (Prop C)	-	5,295,864	-	-	5,295,864
Financial Institution Tax	-	-	-	13,300	13,300
M&M Surtax	-	-	-	190,781	190,781
In Lieu of Tax	-	-	-	54,099	54,099
Adult/Continuing Education Tuition - Post Secondary	203,318	-	-	-	203,318
Earnings on Investments	413,124	1,937	12,085	1,562	428,708
Food Services	510,997	-	-	-	510,997
Student Activities	1,027,102	-	-	-	1,027,102
Community Services	138,206	-	-	-	138,206
Other - From Local Sources	93,974	23,457	-	-	117,431
<b>Total Local</b>	<b>14,987,572</b>	<b>5,321,258</b>	<b>781,342</b>	<b>3,458,449</b>	<b>24,548,621</b>
<b>County</b>					
Fines and Escheats	-	119,353	-	-	119,353
State Assessed Utility Taxes	507,867	-	31,045	129,294	668,206
Federal Properties	47,015	-	2,874	11,969	61,858
<b>Total County</b>	<b>554,882</b>	<b>119,353</b>	<b>33,919</b>	<b>141,263</b>	<b>849,417</b>
<b>State</b>					
Basic Formula	-	18,685,647	-	-	18,685,647
Transportation	308,151	-	-	-	308,151
Early Childhood Special Education	860,662	-	-	-	860,662
Basic Formula - Classroom Trust Fund	-	450,793	-	1,544,563	1,995,356
Career Education/At Risk	20,000	-	-	-	20,000
Education Screening Prog/PAT	72,842	-	-	-	72,842
Career Education	272,777	-	-	4,372	277,149
Food Service - State	21,387	-	-	-	21,387
Adult Education & Literacy	-	-	-	-	-
Career Education Enhancement Grant	1,038	-	-	85,598	86,636
High Need Fund - Special Education	202,072	-	-	-	202,072
Missouri Preschool Project	-	-	-	-	-
Other - State	37,764	-	-	-	37,764
<b>Total State</b>	<b>\$ 1,796,693</b>	<b>19,136,440</b>	<b>-</b>	<b>1,634,533</b>	<b>22,567,666</b>

See Independent Auditors' Report

Poplar Bluff R-I School District  
 Schedule of Revenues Collected by Source-School District Funds - Continued  
 Year Ended June 30, 2018

	General Fund	Special Revenue Fund	Debt Service Fund	Capital Projects Fund	Total Governmental Funds
Federal					
Medicaid	\$ 321,704	-	-	-	321,704
Reserve Officer Training Corp (ROTC)	67,153	-	-	-	67,153
Perkins Basis Grant, Career Education	251,382	-	-	-	251,382
Adult Education & Literacy (AEL)	29,536	-	-	-	29,536
IDEA Grants	84,879	-	-	-	84,879
Non-IDEA Special Education Grants	33,455	-	-	-	33,455
IDEA Entitlement Funds, Part B IDEA	-	996,887	-	-	996,887
Early Childhood Special Education	120,080	-	-	-	120,080
Child Nutrition Programs	2,240,670	-	-	-	2,240,670
Title I	1,664,625	-	-	-	1,664,625
Title III	-	-	-	-	-
Title II.A	230,950	-	-	-	230,950
Childcare Development Fund Grant	34,918	-	-	-	34,918
Pell Grants	5,681	-	-	-	5,681
Title V.B Rural Education Achievement	57,407	-	-	-	57,407
Other - Federal	136,388	-	39,149	-	175,537
Total Federal	<u>5,278,828</u>	<u>996,887</u>	<u>39,149</u>	<u>-</u>	<u>6,314,864</u>
Other					
Net Insurance Recovery	-	-	-	121,993	121,993
Sale of Other Property	-	-	-	212,803	212,803
Tuition	13,798	-	-	-	13,798
Area Vocational School Fees	129,110	-	-	-	129,110
Contracted Educational Services	-	24,555	-	-	24,555
Total Other	<u>142,908</u>	<u>24,555</u>	<u>-</u>	<u>334,796</u>	<u>502,259</u>
Total Revenues Collected	<u>\$ 22,760,883</u>	<u>25,598,493</u>	<u>854,410</u>	<u>5,569,041</u>	<u>54,782,827</u>

See Independent Auditors' Report

Poplar Bluff R-I School District  
 Schedule of Expenditures Paid by Object – School District Funds  
 Year Ended June 30, 2018

	General Fund	Special Revenue Fund	Debt Service Fund	Capital Projects Fund	Totals
Salaries	\$ 6,900,780	20,546,954	-	-	27,447,734
Employee Benefits	3,034,601	6,109,321	-	-	9,143,922
Purchased Services	5,282,315	86,096	-	-	5,368,411
Supplies	4,654,029	-	-	-	4,654,029
Capital Outlay	-	-	-	1,639,216	1,639,216
Other	-	-	737,931	3,107,781	3,845,712
Total	<u>\$ 19,871,725</u>	<u>26,742,371</u>	<u>737,931</u>	<u>4,746,997</u>	<u>52,099,024</u>

See Independent Auditors' Report

STATE COMPLIANCE SECTION



**KRAFT, MILES & TATUM, LLC**  
CERTIFIED PUBLIC ACCOUNTANTS

1650 WEST HARPER  
POPLAR BLUFF, MISSOURI 63901-4196  
(573)-785-6438  
FAX (573) 785-0114

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

Board of Education  
Poplar Bluff R-I School District  
Poplar Bluff, Missouri 63901

We have examined management's assertions, included in its representation letter dated September 4, 2018, that Poplar Bluff R-I School District complied with the requirements of Missouri Laws and Regulations regarding budgetary and disbursement procedures; accurate disclosure by the District's attendance records of average daily attendance, resident membership on the last Wednesday of September 2017, and the number of students eligible to receive free or reduced price lunches on the last Wednesday of January 2018, and accurate disclosure by the District's pupil transportation records of the average 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, 2018. As discussed in that representation letter, 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 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 opinion does not provide a legal determination on the District's compliance with specified requirements.

In our opinion management's assertions that Poplar Bluff R-I School District complied with the aforementioned requirements for the year ended June 30, 2018, are fairly stated in all material respects.

This report is intended solely for the information 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 those specified parties.

*Kraft, Miles & Tatum, LLC*

Certified Public Accountants  
September 4, 2018

Poplar Bluff R-I School District  
Schedule of Selected Statistics (County District No. 012-109)  
Year Ended June 30, 2018

1. Calendar (Sections 160.041 and 171.031, RSMo)

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

Grades K	<u>6.7500</u> SDL
Grades 1-3	<u>6.9166</u> SDL
Grades 4-6	<u>6.6667</u> SDL
Grades 7-8	<u>6.8667</u> SDL
Grades 9-12	<u>6.8333</u> SDL

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

Grades K	<u>1,097.50</u> Hours
Grades 1-3	<u>1,124.49</u> Hours
Grades 4-6	<u>1,084.01</u> Hours
Grades 7-8	<u>1,116.41</u> Hours
Grades 9-12	<u>1,111.08</u> Hours

C. The number of days that classes were in session and pupils were under the direction of the teachers during this school year are as follows:

Grades K-12	<u>163</u> Days
-------------	-----------------

2. Average Daily Attendance (ADA)

<u>Regular Term</u>	Full-Time & <u>Part-Time</u>	<u>Remedial</u>	<u>Total</u>
Grades K	340.57	7.04	347.61
Grades 1-3	1,476.13	28.82	1,504.95
Grades 4-6	733.11	0.35	733.46
Grades 7-8	738.94	0.77	739.71
Grades 9-12	<u>1,268.03</u>	<u>0.32</u>	<u>1,268.35</u>
Subtotal Regular Term	4,556.78	37.30	4,594.08
Summer School Subtotal			<u>125.99</u>
Total Regular Term Plus Summer School ADA			<u>4,720.07</u>

Poplar Bluff R-I School District  
Schedule of Selected Statistics (County District No. 012-109)  
Year Ended June 30, 2018

3. September Membership
- |                                |                 |
|--------------------------------|-----------------|
| September Membership FTE Count | <u>4,998.90</u> |
|--------------------------------|-----------------|
4. Free and Reduced Priced Lunch FTE Count (Section 163.011(6), RSMo)
- State FTE Total:
- |         |                 |
|---------|-----------------|
| Free    | 3,253.30        |
| Reduced | <u>263.00</u>   |
| Total   | <u>3,516.30</u> |
5. Finance
- A. As required by Section 162.401, RSMo, a bond was purchased for the district's treasurer in the total amount of:
- \$25,000
- B. The District's deposits were secured during the year as required by Sections 110.010 and 110.020, RSMo.
- True
- C. The District maintained a separate bank account for its Debt Service Fund in accordance with Section 165.011, RSMo.
- True
- D. Salaries reported for educators in the October Core Data cycle are supported by payroll/contract records.
- True
- E. If a \$162,326 or 7% x SAT x WADA transfer was made in excess of adjusted expenditures, 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.
- True
- F. The District published a summary of the prior year's audit report within thirty days of the receipt of the audit pursuant to Section 165.121, RSMo.
- True
- G. The District has a professional development committee plan adopted by the board with the professional development committee plan identifying the expenditure of seventy-five percent (75%) of one percent (1%) of the current year basic formula apportionment.
- True

Poplar Bluff R-I School District  
Schedule of Selected Statistics (County District No. 012-109)  
Year Ended June 30, 2018

- H. The amount spent for approved professional development committee plan activities was: \$197,223
6. Transportation (Section 163.161, RSMo)
- A. The school transportation allowable costs substantially conform to 5 CSR 30-261.040, Allowable costs for State Transportation Aid. True
- B. The District's school transportation ridership records are so maintained as to accurately disclose in all material respects the average number of regular riders transported. True
- C. Based on the ridership records, the average number of students (non-disabled K-12, K-12 students with disabilities and career education) transported on a regular basis (ADT) was:
- |                  |              |
|------------------|--------------|
| ▪ Eligible ADT   | <u>2,342</u> |
| ▪ Ineligible ADT | <u>0</u>     |
- D. The District's transportation odometer mileage records are so maintained as to accurately disclose in all material respects the eligible and ineligible mileage for the year. True
- E. Actual odometer records show the total District-operated and contracted mileage for the year. 630,940
- 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                           | <u>474,383</u> |
| • Ineligible Miles (Non-Route/Disapproved) | <u>156,549</u> |
- F. Number of days the District operated the school transportation system during the regular school year: 163

Poplar Bluff R-I School District  
 Schedule of Transportation Costs Eligible for State Aid  
 Year Ended June 30, 2018

	District Owned	Disabled District Owned	Total
Noncertificated Salaries	\$ 893,628	86,141	979,769
Employee Benefits	415,586	31,892	447,478
Purchased Services	58,639	-	58,639
Supplies	320,277	4,411	324,688
Capital Outlay	289,374	-	289,374
<b>Total</b>	<b>\$ 1,977,504</b>	<b>122,444</b>	<b>2,099,948</b>
Non-Route Contracted Transportation			<b>\$ -</b>
Transportation Revenues From Other Districts			<b>\$ -</b>
School Buses Purchased			<b>\$ 289,374</b>
School Buses Lease/Purchased: Principal			<b>\$ -</b>
Interest			<b>\$ -</b>

FEDERAL COMPLIANCE SECTION



**KRAFT, MILES & TATUM, LLC**  
CERTIFIED PUBLIC ACCOUNTANTS

---

1650 WEST HARPER  
POPLAR BLUFF, MISSOURI 63901-4196  
(573)-785-6438  
FAX (573) 785-0114

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

Board of Education  
Poplar Bluff R-I School District  
Poplar Bluff, Missouri 63901

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the governmental activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of Poplar Bluff R-I School District as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the Poplar Bluff R-I School District's basic financial statements, and have issued our report thereon dated September 4, 2018. As noted in that report, the District prepares its financial statements on the basis of cash receipts and disbursements, which is a basis of accounting other than accounting principles generally accepted in the United States of America.

**Internal Control over Financial Reporting**

In planning and performing our audit of the financial statements, we considered Poplar Bluff R-I School 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 Poplar Bluff R-I School District's internal control. Accordingly, we do not express an opinion on the effectiveness of Poplar Bluff R-I School 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 combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control to be material weaknesses. However, material weaknesses may exist that have not been identified.

### **Compliance and Other Matters**

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

### **Purpose of this Report**

This 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.

*Kraft, Miles & Tatum, LLC*

Certified Public Accountants

September 4, 2018



**KRAFT, MILES & TATUM, LLC**  
CERTIFIED PUBLIC ACCOUNTANTS

1650 WEST HARPER  
POPLAR BLUFF, MISSOURI 63901-4196  
(573)-785-6438  
FAX (573) 785-0114

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

Board of Education  
Poplar Bluff R-I School District  
Poplar Bluff, Missouri 63901

**Report on Compliance for Each Major Federal Program**

We have audited the Poplar Bluff R-I School District's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the District's major federal programs for the year ended June 30, 2018. Poplar Bluff R-I School District's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

**Management's Responsibility**

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

**Auditors' Responsibility**

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

**Opinion on Each Major Federal Program**

In our opinion, Poplar Bluff R-I School District complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2018.

## Report on Internal Control over Compliance

Management of the Poplar Bluff R-I School District is responsible for establishing and maintaining effective internal control over compliance with the types of compliance referred to above. In planning and performing our audit of compliance, we considered Poplar Bluff R-I School District's internal control over compliance with the types of requirements that could have a direct and material effect on a major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing our 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 Poplar Bluff R-I School 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 would not necessarily identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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

*Kraft, Miles & Tatum, LLC*

Certified Public Accountants  
Poplar Bluff, Missouri  
September 4, 2018

Poplar Bluff R-I School District  
 Schedule of Expenditures of Federal Awards  
 Year Ended June 30, 2018

Federal Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	Project Number	Federal Disbursements/ Expenditures	Amount Provided To Subrecipients
<u>U.S. Department of Agriculture</u>				
Child Nutrition Cluster:				
Passed - Through Missouri Department Of Elementary and Secondary Education:				
Non-Cash Assistance (Commodities):				
National School Lunch Program	10.555	012-109	\$ 187,252	
Cash Assistance				
National School Lunch Program	10.555	012-109	1,530,203	
National School Lunch Program - School Snack Program	10.555	012-109	<u>39,678</u>	\$ 1,757,133
School Breakfast Program	10.553	012-109		557,199
Special Milk Program for Children	10.556	012-109		1,740
Passed - Through Missouri Department Of Health and Senior Services:				
Summer School Food Service Program for Children	10.559	ERS0461989S		<u>102,601</u>
Total Child Nutrition Cluster				<u>2,418,673</u>
Total U.S. Department of Agriculture				<u>2,418,673</u>
<u>U.S. Department of Defense</u>				
Reserve Officer Training	12.000	012-109		<u>67,304</u>
Total U.S. Department of Defense				<u>67,304</u>
<u>Corporation for National Community Services</u>				
Passed - Through Missouri Community Service Commission AmeriCorps	94.006	14AFHMO0010014		<u>162,876</u>
Total Corporation for National Community Services				<u>162,876</u>

Poplar Bluff R-I School District  
 Schedule of Expenditures of Federal Awards - Continued  
 Year Ended June 30, 2018

Federal Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	Project Number	Federal Disbursements/ Expenditures	Amount Provided To Subrecipients
<u>U.S. Department of Education</u>				
Passed - Through Missouri Department Of Elementary and Secondary Education: Career and Technical Education - Basic Grants to States	84.048	012-109	217,261	
Passed - Through Three Rivers College Career and Technical Education - Basic Grants to States	84.048	012-109	<u>13,559</u>	230,820
Passed - Through Missouri Department Of Elementary and Secondary Education: Special Education Cluster (IDEA):				
Special Education - Grants to States - SPDG	84.027	012-109	125	
Special Education - Grants to States - MO Model Districts	84.027	012-109	75,308	
Special Education - Grants to States - High Need Fund	84.027	012-109	4,299	
Special Education - Grants to States - Part B Entitlement	84.027	012-109	996,887	
Special Education - Grants to States - ECSE Federal (611)	84.027	012-109	<u>93,352</u>	1,169,971
Special Education - Preschool Grants - ECSE Federal (619)	84.173	012-109		<u>26,728</u>
Total Special Education Cluster (IDEA)				<u>1,196,699</u>
Assistive Technology	84.224	012-109		5,147
Special Education - State Personnel Development - State-Wide Collaborative	84.323	012-109	22,862	
Special Education - State Personnel Development - MO Model Districts	84.323	012-109	<u>10,592</u>	33,454
Title I Grants To Local Educational Agencies	84.010	012-109		1,990,722
Improving Teacher Quality State Grants - Title II.A	84.367	012-109		291,328
Rural Education - Title V.B	84.358	012-109		88,026

Poplar Bluff R-I School District  
 Schedule of Expenditures of Federal Awards - Continued  
 Year Ended June 30, 2018

Federal Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	Project Number	Federal Disbursements/ Expenditures	Amount Provided To Subrecipients
<u>U.S. Department of Education - Cont'd</u>				
Direct Program				
Student Financial Aid Cluster:				
Federal Pell Grant Program	84.063		89,644	
Federal Direct Student Loans	84.268		<u>63,022</u>	
Total Student Financial Aid Cluster			<u>152,666</u>	
Total U.S. Department of Education			<u>3,988,862</u>	
<u>U.S. Department of Health and Human Services</u>				
Passed - Through Missouri Department Of Elementary and Secondary Education:				
Child Care and Development Block Grant	93.575	012-109	41,875	41,875
Passed - Through Missouri Department Of Health and Senior Services:				
Environmental Public Health and Emergency Response	93.070	AOC16380139	4,500	
Assistance Programs for Chronic Disease Prevention & Control	93.945	AOC16380139	<u>10,923</u>	
Total U.S. Department of Health and Human Services			<u>57,298</u>	<u>41,875</u>
Total Federal Financial Assistance			<u>\$ 6,695,013</u>	<u>\$ 41,875</u>

Poplar Bluff R-I School District  
Schedule of Expenditures of Federal Awards - Continued  
Year Ended June 30, 2018

NOTE 1 - BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards (“the Schedule”) includes the federal grant activity of the Poplar Bluff R-I School District under programs of the federal government for the year ended June 30, 2018. The information in this schedule is presented in accordance with the requirements of the Office of Management and Budget’s (OMB) Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance). Because the schedule presents only a selected portion of the operations of Poplar Bluff R-I School District, it is not intended to and does not present the financial position or changes in net position of the Poplar Bluff R-I School District.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the Schedule are reported on the cash basis of accounting. Pass-through entity identifying numbers are presented where available.

NOTE 3 - INDIRECT COST RATE

The District did not elect to use the 10% de minimis cost rate as allowed under the Uniform Guidance.

Poplar Bluff R-I School District  
 Schedule of Findings and Questioned Costs  
 Year Ended June 30, 2018

**Part I - SUMMARY OF AUDITORS' RESULTS**

An unmodified opinion was issued on the financial statements of Poplar Bluff R-I School District for the year ended June 30, 2018.

No material weaknesses in internal control over financial reporting of Poplar Bluff R-I School District were disclosed.

The audit did not disclose noncompliance which is material to the financial statements of Poplar Bluff R-I School District.

No material weaknesses in internal control over major programs of Poplar Bluff R-I School District were disclosed.

An unmodified opinion was issued on compliance for major programs.

The audit did not disclose audit findings which are required to be reported in accordance with 2 CFR 200.516(a).

The major programs tested and CFDA numbers during the year ended June 30, 2018, were:

Major Programs Tested and CFDA Numbers

Improving Teacher Quality State Grants	84.367
Special Education Cluster (IDEA)	
Special Education - Grants to States	84.027
Special Education- Preschool Grants	84.173
Child Nutrition Cluster	
School Food Service Lunch Payment	10.555
School Food Service Breakfast Payment	10.553
School Food Service Milk Payment	10.556
Summer School Food Services	10.559

The dollar threshold used to distinguish between Type A and Type B programs was \$750,000.

The District does not qualify as a low-risk auditee.

**Part II - FINDINGS RELATED TO FINANCIAL STATEMENTS**

None

**Part III - FINDINGS RELATED TO FEDERAL AWARDS**

None

Poplar Bluff R-I School District  
Summary Schedule of Prior Audit Findings  
June 30, 2018

No unresolved findings or questioned costs remain from the previous year.