

**FINANCIAL REPORT OF
HALLSVILLE R-IV SCHOOL DISTRICT
HALLSVILLE, MISSOURI
JUNE 30, 2025**



HALLSVILLE R-IV SCHOOL DISTRICT

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GERDING, KORTE & CHITWOOD CPAS

Professional Corporation

Certified Public Accountants

INDEPENDENT AUDITOR’S REPORT

Board of Education
Hallsville R-IV School District
Hallsville, Missouri

Opinions

We have audited the accompanying modified cash basis financial statements of the governmental activities and each major fund of Hallsville R-IV School District, Hallsville, Missouri, (the “District”) as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise the Hallsville R-IV School District’s basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective modified cash basis financial position of the governmental activities and each major fund of the Hallsville R-IV School District, as of June 30, 2025, and the respective changes in modified cash basis financial position for the year then ended in accordance with the modified cash basis of accounting as described in Note 1.

Basis for Opinions

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

Emphasis of Matter—Basis of Accounting

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

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Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the modified cash basis of accounting described in Note 1, and for determining that the modified cash basis of accounting is an acceptable basis for the preparation of the financial statements in the circumstances. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Hallsville R-IV School District's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Hallsville R-IV School District's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Hallsville R-IV School District's ability to continue as a going concern for a reasonable period of time.

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

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Hallsville R-IV School 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 supplementary information and accompanying Schedule of Expenditures of Federal Awards, as required by Title 2 U.S. *Code of Federal Regulations* (CFR) part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The supplementary information and schedule of expenditures of federal awards have been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information as listed in the table of contents and the Schedule of Expenditures of Federal Awards, are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Financial Information

Management is responsible for the other financial information included in the annual report. The other financial information comprises the budgetary comparison schedules and the schedule of selected statistics but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other financial information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other financial information and consider whether a material inconsistency exists between the other financial information and the basic financial statements, or the other financial information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other financial information exists, we are required to describe it in our report.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 17, 2025, on our consideration of the Hallsville R-IV School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Hallsville R-IV School District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Hallsville R-IV School District's internal control over financial reporting and compliance.

November 17, 2025

Gerding, Korte & Chitwood
Gerding, Korte and Chitwood
Certified Public Accountants
Columbia, Missouri

BASIC FINANCIAL
STATEMENTS

HALLSVILLE R-IV SCHOOL DISTRICT
STATEMENT OF NET POSITION - MODIFIED CASH BASIS
AS OF
June 30, 2025

	<u>Primary Government</u>
ASSETS:	
Cash and investments	\$ 11,531,881
Restricted deposits held by MMEBG	23,540
Restricted - held with escrow agent	259,746
Capital assets, net of accumulated depreciation	33,289,054
Total Assets	45,104,221
 LIABILITIES:	
Current maturities:	
Bonds payable	565,000
Lease payable	184,117
Long-term maturities:	
Bonds payable	13,055,000
Lease payable	1,379,283
Total Liabilities	15,183,400
 NET POSITION:	
Net investment in capital assets	18,105,654
Restricted for:	
Health insurance benefits	23,540
Bond retirement	1,840,521
Unrestricted	9,951,106
Total Net Position	\$ 29,920,821

See Notes to Financial Statements

HALLSVILLE R-IV SCHOOL DISTRICT
STATEMENT OF ACTIVITIES - MODIFIED CASH BASIS
FOR THE YEAR ENDED
June 30, 2025

	Expenditures	Program Revenues			Net Expenditures and Changes in Net Position
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
Primary Government:					
Regular instruction	\$ 6,794,947	\$ 11,541	\$ 266,151	\$ -	\$ (6,517,255)
Special instruction	1,958,339	100,553	716,923	-	(1,140,863)
Student activities	853,507	368,623	-	-	(484,884)
Tuition to other districts	205,878	-	-	-	(205,878)
Pupil support services	1,118,721	-	-	-	(1,118,721)
Instructional support services	552,215	-	132,909	-	(419,306)
Administration - building level and business support services	2,429,843	-	-	-	(2,429,843)
Operation of plant	2,783,552	-	-	-	(2,783,552)
Pupil transportation	790,061	-	516,163	-	(273,898)
Food services	651,265	355,219	271,088	-	(24,958)
Central office support services	90,987	-	-	-	(90,987)
Community services	206,097	7,440	200	-	(198,457)
Interest and fees	745,941	-	-	-	(745,941)
Total	<u>\$ 19,263,254</u>	<u>\$ 843,376</u>	<u>\$ 1,903,434</u>	<u>\$ -</u>	
			General Revenues:		
			Property and other taxes		8,895,574
			General State/Federal aid		8,252,310
			Earnings on investments		583,906
			Other		184,675
			Increase/(decrease) in net position		<u>1,400,021</u>
			Net Position, June 30, 2024		<u>28,520,800</u>
			Net Position, June 30, 2025		<u>\$ 29,920,821</u>

See Notes to Financial Statements

HALLSVILLE R-IV SCHOOL DISTRICT
STATEMENT OF ASSETS AND FUND BALANCES
MODIFIED CASH BASIS
AS OF
June 30, 2025

	Governmental Fund Types				Total
	General (Incidental) Fund	Special Revenue (Teachers) Fund	Debt Service Fund	Capital Projects Fund	
ASSETS:					
Cash and investments	\$ 8,401,311	\$ 125	\$ 1,580,775	\$ 1,549,670	\$ 11,531,881
Restricted - held with escrow agent	-	-	259,746	-	259,746
Restricted - bond proceeds & lease purchase proceeds	-	-	-	-	-
Restricted - lease purchase proceeds	-	-	-	-	-
Restricted deposits, held by MMEBG Consortium	23,540	-	-	-	23,540
TOTAL ASSETS	<u>\$ 8,424,851</u>	<u>\$ 125</u>	<u>\$ 1,840,521</u>	<u>\$ 1,549,670</u>	<u>\$ 11,815,167</u>
FUND BALANCES:					
Fund Balances					
Restricted for:					
Health insurance benefits	\$ 23,540	\$ -	\$ -	\$ -	\$ 23,540
Bond retirement	-	-	1,840,521	-	1,840,521
Committed (none)	-	-	-	-	-
Assigned to:					
Capital projects	-	-	-	1,549,670	1,549,670
Subsequent year's budget appropriations of fund balance	143,938	-	-	-	143,938
Unassigned	8,257,373	125	-	-	8,257,498
TOTAL FUND BALANCES	<u>\$ 8,424,851</u>	<u>\$ 125</u>	<u>\$ 1,840,521</u>	<u>\$ 1,549,670</u>	<u>\$ 11,815,167</u>

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

Capital assets (net of accumulated depreciation) used in governmental activities are not financial resources and, therefore are not reported in the funds.

Long-term liabilities are not due and payable in the current period and, therefore are not reported in the funds.

Net position of governmental activities

33,289,054
(15,183,400)
\$ 29,920,821

See Notes to Financial Statements

HALLSVILLE R-IV SCHOOL DISTRICT
STATEMENT OF RECEIPTS, DISBURSEMENTS AND CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS
MODIFIED CASH BASIS
FOR THE YEAR ENDED
June 30, 2025

	Governmental Fund Types				Total
	General (Incidental) Fund	Special Revenue (Teachers) Fund	Debt Service Fund	Capital Projects Fund	
RECEIPTS:					
Local	\$ 5,900,640	\$ 2,192,893	\$ 1,506,252	\$ 512,564	\$ 10,112,349
County	96,798	38,392	17,291	2,543	155,024
State	1,324,276	7,611,000	-	463,972	9,399,248
Federal	985,113	-	-	-	985,113
Other	11,541	-	-	-	11,541
Total Receipts	<u>8,318,368</u>	<u>9,842,285</u>	<u>1,523,543</u>	<u>979,079</u>	<u>20,663,275</u>
DISBURSEMENTS:					
Regular instruction	548,492	6,201,711	-	227,869	6,978,072
Special instruction	608,020	1,350,319	-	-	1,958,339
Student activities	609,915	243,592	-	298,322	1,151,829
Tuition to other districts	56,660	149,218	-	-	205,878
Student support services	635,341	465,492	-	17,888	1,118,721
Instructional support services	281,176	271,039	-	-	552,215
Administration - building level and business support services	1,130,515	1,299,328	-	35,213	2,465,056
Operation and maintenance of plant	1,956,350	-	-	75,019	2,031,369
Pupil transportation	811,587	-	-	193,365	1,004,952
Food services	651,265	-	-	8,147	659,412
Central office support services	15,121	75,866	-	-	90,987
Community services	120,334	85,763	-	-	206,097
Facilities acquisition and construction	-	-	-	2,726,777	2,726,777
Debt service:					
Principal repayment	-	-	540,008	-	540,008
Interest and other charges	-	-	666,797	80,855	747,652
Total Disbursements	<u>7,424,776</u>	<u>10,142,328</u>	<u>1,206,805</u>	<u>3,663,455</u>	<u>22,437,364</u>
EXCESS (DEFICIT) OF RECEIPTS OVER DISBURSEMENTS	<u>893,592</u>	<u>(300,043)</u>	<u>316,738</u>	<u>(2,684,376)</u>	<u>(1,774,089)</u>
OTHER FINANCING SOURCES (USES):					
Transfers	(1,065,071)	300,168	-	764,903	-
Total Other Financing Sources (Uses)	<u>(1,065,071)</u>	<u>300,168</u>	<u>-</u>	<u>764,903</u>	<u>-</u>
EXCESS (DEFICIT) OF RECEIPTS AND OTHER FINANCING SOURCES OVER DISBURSEMENTS AND OTHER FINANCING USES	<u>(171,479)</u>	<u>125</u>	<u>316,738</u>	<u>(1,919,473)</u>	<u>(1,774,089)</u>
FUND BALANCES, BEGINNING OF YEAR	<u>8,596,330</u>	<u>-</u>	<u>1,523,783</u>	<u>3,469,143</u>	
FUND BALANCES, END OF YEAR	<u>\$ 8,424,851</u>	<u>\$ 125</u>	<u>\$ 1,840,521</u>	<u>\$ 1,549,670</u>	

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

Governmental funds report capital outlays as expenditures. However, in the Statement of Activities capital costs are allocated over their estimated useful lives through depreciation expense.

This is the amount by which capital outlays exceeded depreciation.

2,466,809

Repayment of the principal long-term debt consumes current financial resources but has no effect on net position of governmental funds.

707,301

Changes in net position of governmental activities

\$ 1,400,021

HALLSVILLE R-IV SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Hallsville R-IV School District (the “District”) have been prepared in conformity with the modified cash basis of accounting. As such, these financial statements reflect the cash and investment position of the District and the receipts and disbursements arising from its modified cash activities. The modified cash basis of accounting is a basis of accounting other than accounting principles generally accepted in the United States of America (GAAP) established by the Governmental Accounting Standards Board (GASB). These modified cash basis financial statements generally meet the presentation and disclosure requirements applicable to GAAP in substance, but are limited to the elements presented in the financial statements and the constraints of the measurement and recognition criteria of the modified cash basis of accounting. The significant accounting policies of the District are described below.

A. Reporting Entity

Primary Government:

The District is governed by an elected seven-member board. The Hallsville R-IV School District’s Board of Education (the “Board”) is the basic level of government that has financial accountability and control over all activities related to public school education in the District. The accompanying financial statements present the activities of the District.

Component Unit:

Component units are legally separate organizations for which the District is financially accountable. The District is financially accountable for an organization if the District appoints a voting majority of the organization's governing board and (a) the District is able to significantly influence the programs or services performed or provided by the organization; or (b) the District is legally entitled to or can otherwise access the organization's resources; the District is legally obligated or has otherwise assumed the responsibility to finance the deficits of, or provide financial support to, the organization; or the District is obligated for the debt of the organization. Component units may also include organizations that are fiscally dependent on the District in that the District approves the budget, the issuance of debt or the levying of taxes. The District is not a component unit of another reporting entity and the District has no material component units.

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

HALLSVILLE R-IV SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. Basis of Presentation

District-Wide Financial Statements:

The Statement of Net Position and the Statement of Activities display information about the primary government (the District) as a whole within the limitations of the modified cash basis of accounting. These statements include the financial activities of the overall government, except for fiduciary activities. Governmental activities generally are financed through taxes, intergovernmental revenues, and other nonexchange transactions.

The Statement of Activities 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 program or function and, therefore, are clearly identifiable to a particular function. Program revenues include (a) fees, fines and charges paid by the recipients for goods or services offered by the programs and (b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues.

Fund Financial Statements:

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

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

All of the governmental funds are listed as major funds.

HALLSVILLE R-IV SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Governmental Funds:

Governmental funds are those through which most governmental functions typically are financed. Governmental fund reporting focuses on the sources, uses, and balances of current financial resources. Expendable assets are assigned to the various governmental funds according to the purposes for which they may, or must, be used. Current liabilities (if any) are assigned to the fund from which they will be paid. The difference between governmental fund assets and liabilities is reported as fund balance. The following are the District's major governmental funds:

General Fund -The General Fund is the operating fund of the District and is used to account for all financial resources except those required to be accounted for in another fund.

Special Revenue (Teachers) Fund -The Special Revenue (Teachers) Fund is required to be established by state law and may be used for the payment of salaries and insurance benefits for certificated personnel. The fund's revenues include property taxes, investment income, and county, state, and federal aid. The fund is also used to account for certain tuition payments made between school districts.

Debt Service Fund -The Debt Service Fund accounts for the revenue collected from local taxation restricted for the payment of principal and interest on bonded indebtedness.

Capital Projects Fund -The Capital Projects Fund accounts for expenditures from the proceeds of bond issues, investment income earned on the proceeds and other revenues designated for acquisition or construction of capital assets. The expenditures include capital outlay projects and equipment purchases for instructional and support programs.

C. Measurement Focus and Basis of Accounting

Measurement focus is a term used to describe what transactions or events are recorded within the various financial statements. Basis of accounting refers to when and how transactions or events are recorded, regardless of the measurement focus applied.

HALLSVILLE R-IV SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Measurement Focus:

In the government-wide Statement of Net Position and Statement of Activities, the governmental activities are presented using the economic resources measurement focus, within the limitations of the modified cash basis of accounting. The accounting objectives of this measurement focus are the determination of operating income, changes in net position (or cost recovery), and net financial position. All assets, deferred outflows of resources, liabilities, and deferred inflows of resources (whether current or noncurrent or financial or nonfinancial) associated with their activities are generally reported within the limitations of the modified cash basis of accounting.

In the fund financial statements, all governmental funds utilize a current financial resources measurement focus within the limitations of the modified cash basis of accounting. Only current financial assets and liabilities are generally included on their balance sheets. Their operating statements present sources and uses of available spendable financial resources during a given period. These funds use fund balances as their measurement of available spendable financial resources at the end of the period.

Basis of Accounting:

The financial statements are presented in accordance with a modified cash basis of accounting, which is a basis of accounting other than GAAP as established by GASB. This basis of accounting involves modifications to the cash basis of accounting to report in the statements of net position or balance sheets cash transactions or events that provide a benefit or result in an obligation that covers a period greater than the period in which the cash transaction or event occurred. Such reported balances include investments, capital assets and related depreciation, and short-term and long-term liabilities arising from cash transactions or events.

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

If the District utilized accounting principles generally accepted in the United States of America, the fund financial statements for governmental funds would use the modified accrual basis of accounting and all government-wide financial statements would be presented in accordance with the accrual basis of accounting.

HALLSVILLE R-IV SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Use of Estimates

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

E. Cash and Investments

For the purpose of financial reporting, cash and investments include all demand and savings accounts and certificates of deposit or short-term investments. Cash resources of the individual funds are combined to form a pool of cash and temporary investments, which is managed by the District Treasurer. Investments of the pooled accounts consist primarily of certificates of deposit and money market checking accounts. Interest income earned is allocated to contributing funds based on cash and temporary investment balances. All funds except the Debt Service Fund participate in the pooled cash and investments. State law requires the Debt Service Fund's cash to be maintained separately.

F. Capital Assets

The District's modified cash basis of accounting reports capital assets resulting from cash transactions or events and reports depreciation, when appropriate. The accounting treatment over property, plant, and equipment (capital assets) depends on whether the assets are reported in the government-wide or fund financial statements.

District-Wide Statements:

In the district-wide financial statements, capital assets arising from cash transactions or events are accounted for as assets in the Statement of Net Position. All capital assets are valued at historical cost or estimated historical cost if actual is unavailable. Estimated historical cost was used to value the majority of the assets acquired prior to July 1, 2003. Prior to July 1, 2003, governmental funds' infrastructure assets were not capitalized. Depreciation of all exhaustible capital assets arising from cash transactions or events is recorded as an allocated expense in the Statement of Activities, with accumulated depreciation reflected in the Statement of Net Position. Depreciation is provided over the assets' estimated useful lives using the straight-line method of depreciation. A capitalization threshold of \$5,000 is used to report capital assets. The range of estimated useful lives by type of asset is as follows:

Buildings	75 years
Improvements other than buildings	10-30 years
Machinery, furniture, and equipment	5-10 years

HALLSVILLE R-IV SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Fund Financial Statements:

In the fund financial statements, capital assets arising from cash transactions or events acquired for use in governmental fund operations are accounted for as capital outlay expenditures upon acquisition.

G. Long-Term Debt

All long-term bonds, notes, and other debt arising from cash transactions or events to be repaid from governmental resources are reported as liabilities in the government-wide statements.

Long-term debt arising from cash transactions or events of governmental funds is not reported as liabilities in the fund financial statements. The debt proceeds are reported as other financing sources, and payment of principal and interest is reported as expenditures.

H. Net Position

The government-wide financial statements, net position is classified in two components as follows:

Restricted net position: consists of net position with constraints placed on the use either by external groups (1) such as creditors, grantors, contributors, or laws and regulations of other governments; of (2) law through constitutional provisions of enabling legislation.

Unrestricted net position: All other net position that does not meet the definition of "restricted".

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

I. Fund Balance Reporting

Fund balances for governmental funds are reported in classifications that comprise a hierarchy based primarily on the extent to which the government is bound to honor constraints on the specific purposes for which amounts in those funds can be spent.

HALLSVILLE R-IV SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

The classifications are as follows:

- *Nonspendable Fund Balance*-The nonspendable fund balance classification includes amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact.
- *Restricted Fund Balance*-Fund balance should be reported as restricted when constraints placed on the use of resources are either:
 - a. Externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments; or
 - b. Imposed by law through constitutional provisions or enabling legislation.
- *Committed Fund Balance*-Amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the government's highest level of decision-making authority should be reported as committed fund balance. Missouri law establishes that the Board of Education is the highest level of decision making authority.
- *Assigned Fund Balance*-Amounts that are constrained by the government's intent to be used for specific purposes, but are neither restricted nor committed, should be reported as assigned fund balance, except for stabilization arrangements. Typically, assigned fund balances are the residual balance of governmental funds, other than the general fund.
- *Unassigned Fund Balance*-Unassigned fund balance is the residual classification for the general fund. This classification represents fund balance that has not been assigned to other funds and that has not been restricted, committed, or assigned to specific purposes within the general fund.

The District currently does not have a policy regarding the order of spending funds when an expense is incurred for the purposes for which both restricted and unrestricted funds are available. Therefore, in accordance with GASB Statement No. 54, the flow of funds uses the default assumption that prescribes that the funds with the highest level of constraint are expended first. If restricted or unrestricted funds are available for spending, the restricted funds are spent first. Additionally, if different levels of unrestricted funds are available for spending, the District considers committed funds to be expended first followed by assigned and then unassigned funds.

HALLSVILLE R-IV SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

J. Internal and Interfund Activities

In the process of aggregating the financial information for the district-wide Statement of Net Position and Statement of Activities, amounts reported as interfund activity in the fund financial statements have been eliminated.

K. Teacher Salaries

The contractual teacher salary payment schedule of the District requires the payment of salaries for a twelve-month period beginning in August of each year. Consequently, the July and August 2025 payroll checks, written and dated in June 2025, are included in the financial statements as an expenditure in the 2024-2025 year. This practice is consistent with prior years.

NOTE 2: DEPOSITS AND INVESTMENTS

Deposits:

At June 30, 2025, the carrying value of the District's unrestricted deposits was \$4,834,833 and the bank balance was \$22,707. Custodial credit risk is the risk that in the event of a bank failure, a government's deposits may not be returned to it. The District's deposit policy for custodial credit risk requires compliance with the provisions of state law.

In accordance with state law, all uninsured deposits of municipal funds in financial institutions must be secured with acceptable collateral. Acceptable collateral includes certain U. S. Government or Government Agency securities, certain State or political subdivision debt obligations, surety bonds, or certain letters of credit. At June 30, 2025, all of the District's deposits were adequately secured in accordance with State law.

The District's deposits with MMEBG (see note 3) are held with the consortium's fiscal agent. The fiscal agent is also a Missouri School District with the responsibility of obtaining collateralization of the consortium's deposits.

The District also has deposits escrowed under the Missouri Direct Deposit Program that are legally restricted as to their use.

The District has two lease purchase agreements. The funds received are restricted to construct, furnish and equip an eight-classroom addition to the middle school and purchase buses.

HALLSVILLE R-IV SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS

NOTE 2: DEPOSITS AND INVESTMENTS (Continued)

Investments:

The District may legally invest in direct obligations of and other obligations guaranteed as to principal by the U. S. Treasury and U. S. agencies and instrumentalities; obligations guaranteed by the full faith and credit of the state of Missouri; repurchase agreements; certificates of deposit; bankers acceptances; and commercial paper. The Missouri School District Direct Deposit Program also operates under state law and is restricted to the above investments.

Interest rate risk- The District manages its exposure to declines in fair values by investing in bank certificates, U. S. Treasury and Agency Securities, and managed external investment pools. District policy mandates liquidity and safety as the primary objectives regarding interest rate risk. Accordingly, all investments are short-term. The investments in the Missouri Direct Deposit Program external investment pool are presented with a maturity of less than 1 year because they are redeemable at six-month intervals to coincide with the District's general obligation bond principal and interest debt service requirements. The District structures its investment portfolio so that securities mature to meet cash requirements, and the District invests operating funds primarily in shorter-term investments.

Credit risk- Credit risk is the risk that the issuer or other counterparty to an investment will not fulfill its obligations. At June 30, 2025, the District's overnight repurchase agreement was backed by debt securities of the U.S. government and its agencies. The District's investment in the Missouri School District Direct Deposit Program is not rated.

Concentration of credit risk- As a means of limiting its exposure to losses arising from concentration of investments, the District's investment policy mandates that the portfolio not have a concentration of assets in specific maturity, specific issuer, or specific class of securities. At a minimum, diversification standards by security type and issuer are established as: a) U.S. treasuries and securities having principal and/or interest guaranteed by the U. S. Government - 100%; b) collateralized time and demand deposits - 100%; c) U. S. Government agencies, and government sponsored enterprises-100%; d) collateralized repurchase agreements, no more than 50%; e) U. S. Government callable securities, no more than 30%; f) commercial paper, no more than 50%; g) bankers' acceptances, no more than 50%.

Custodial credit risk – investments- For an investment, this is the risk that, in the event of the failure of the counterparty, the District will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The District's investments are held by financial institutions and are contractually obligated to the District through a repurchase agreement.

HALLSVILLE R-IV SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS

NOTE 2: DEPOSITS AND INVESTMENTS (Continued)

The District categorizes its fair value measurements in accordance with Governmental Accounting Standards Board Statement No. 72, *Fair Value Measurement and Application*. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 are quoted prices in active markets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. As of June 30, 2025, the District had the following deposits and investments:

<u>Investment Type</u>	<u>Carrying Value</u>	<u>Maturity Less Than One Year</u>
U.S agency security collateralized repurchase agreement (Level 1)	\$ 5,262,331	\$ 5,262,331
MOCAAT Liquid Series (restricted) (Level 1)	26,367	26,367
Missouri School District deposit external investment pool (restricted - held with escrow agent) (Level 1)	259,746	259,746
Total Investments	\$ 5,548,444	\$ 5,548,444
Deposits		
Held at MMEBG	23,540	
Held by District	6,243,183	
Total Deposits and Investments	\$ 11,815,167	
Financial Statements:		
Governmental Funds	\$ 11,815,167	

NOTE 3: RESTRICTED DEPOSITS

To help control the cost of health insurance, the District is a member of the Mid-Missouri Educational Benefits Group (MMEBG). As a condition of membership, the District has deposited funds and allowed plan refunds to be held by the MMEBG's fiscal agent. The amounts held are as follows:

Initial deposit	\$ 14,800
Interest Earned	8,740
Total Deposit	\$ 23,540

The deposits held are restricted by an operating agreement for future payments of health insurance benefits.

HALLSVILLE R-IV SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS

NOTE 3: RESTRICTED DEPOSITS (continued)

Funds on deposit with BOK Financial are invested in investment contracts in which the District has a pro-rata share of the investment contract. The investment contracts are in accordance with Section 165.051 of the Missouri Revised Statutes through the Missouri School District Direct Deposit Program. The investment contracts are with credit providers whose unsecured long-term debt is rated at the time of such agreement in either of the two highest rating categories by a nationally recognized rating service.

NOTE 4: CAPITAL ASSETS

Capital asset activity resulting from modified cash basis transactions or events for the fiscal year ended June 30, 2025, was as follows:

	<u>Balance</u> <u>June 30, 2024</u>	<u>Additions</u>	<u>Adjustments</u> <u>and</u> <u>Retirements</u>	<u>Depreciation</u>	<u>Balance</u> <u>June 30, 2025</u>
Land	\$ 1,514,597	\$ -	\$ -	\$ -	\$ 1,514,597
Construction in progress	5,611,098	2,556,841	(7,205,247)	-	962,692
Buildings and improvements	29,385,424	7,252,540	329,564	-	36,967,528
Equipment	4,135,581	607,367	(69,661)	-	4,673,287
Accum. Depreciation	(9,824,454)	-	(95,120)	(909,476)	(10,829,050)
Total	<u>\$ 30,822,246</u>	<u>\$ 10,416,748</u>	<u>\$ (7,040,464)</u>	<u>\$ (909,476)</u>	<u>\$ 33,289,054</u>

In the statement of activities, depreciation is primarily allocated to operation of plant and transportation as follows:

Operation of plant	\$ 933,622
Transportation	<u>70,974</u>
	<u>\$ 1,004,596</u>

HALLSVILLE R-IV SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS

NOTE 5: TAXES

Property taxes attach as an enforceable lien on property as of January 1. Taxes are levied on November 1, and payable by December 31. The County collects the property tax and remits it to the District. The District also receives sales tax collected by the State and remitted based on eligible pupils. The District is required to reduce its property tax levy by one-half the amount of sales tax estimated to be received in the subsequent year.

The assessed valuation of the tangible taxable property for the calendar year 2024 for purposes of local taxation was \$129,644,494. The tax levy per \$100 of the assessed valuation of tangible taxable property for the calendar year 2024 for purposes of local taxation was:

	<u>Unadjusted</u>	<u>Adjusted</u>
General (Incidental) Fund	\$ 3.7259	\$3.7259
Special Revenue (Teachers) Fund	0.0000	0.0000
Debt Service Fund	1.1100	1.1100
Capital Projects Fund	0.1600	0.1600
Total	\$ 4.9959	\$4.9959

NOTE 6: BONDS PAYABLE AND LEASES

General Obligation Bonds: The following is a summary of bond transactions for the year ended June 30, 2025:

Bonds payable, July 1, 2024	\$	14,160,000
Bonds issued		-
Bonds retired		(540,000)
Bonds payable, June 30, 2025	\$	13,620,000

HALLSVILLE R-IV SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS

NOTE 6: BONDS PAYABLE AND LEASES (Continued)

Bonds payable at June 30, 2025 consist of:

\$6,000,000 general obligation bonds dated June 1, 2022, due in varying installments through March 1, 2042; interest 5.00% to 5.25%, proceeds used for purpose of acquiring, construction, renovating, equipping and furnishing sites, buildings and related facilities for school purposes.	\$ 5,680,000
\$7,000,000 general obligation bonds dated June 18, 2018, due in varying installments through March 1, 2038; interest 4.00% to 5.00%, proceeds used for purpose of acquiring, construction, renovating, equipping and furnishing sites, buildings and related facilities for school purposes.	7,000,000
\$1,655,000 general obligation refunding bonds dated January 7, 2020, due in varying installments through March 1, 2028; interest 3.00% to 4.00%, proceeds issued for the purpose of providing funds to refund Series 2013A bonds and pay the costs of issuance of the bonds.	<u>940,000</u>
Total Bonds Payable	<u>\$ 13,620,000</u>

Bonds payable debt service requirements are:

Years Ending	<u>June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2026	\$	565,000	\$	638,963
2027		690,000		613,413
2028		720,000		581,863
2029		575,000		555,613
2030		600,000		532,612
2031-2035		3,375,000		2,283,062
2036-2040		4,650,000		1,411,887
2041-2042		2,445,000		194,250
Total	\$	<u>13,620,000</u>	\$	<u>6,811,663</u>
			\$	<u>20,431,663</u>

HALLSVILLE R-IV SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS

NOTE 6: BONDS PAYABLE AND LEASES (Continued)

Article VI, Section 26(b), of the Constitution of Missouri, limits the outstanding amount of authorized general obligation bonds of a District to fifteen percent of the assessed valuation of the District. The approximate legal debt margin (excluding state-assessed railroad and utility) of the District at June 30, 2025, was:

Constitutional debt limit	\$ 19,446,674
General obligation bonds payable	(13,620,000)
Amount in Debt Service Fund available for payment of principal	1,840,521
Total	\$ 7,667,195

Leases: The District has entered into a lease agreement to finance school buses. Lease future minimum obligations are as follows:

Years Ending	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
<u>June 30,</u> 2026	\$ 270,400	\$ 59,409	\$ 329,809
2027	95,000	54,047	149,047
2028	99,000	50,076	149,076
2029	103,000	45,938	148,938
2030	107,000	41,633	148,633
2031-2035	609,000	136,979	745,979
2036-2037	280,000	17,681	297,681
Total	\$ 1,563,400	\$ 405,763	\$ 1,969,163

NOTE 7: FUND BALANCES

Restricted Fund Balances: The restricted balances in the Debt Service Fund represent amounts accumulated from the collection of property taxes which are legally restricted based upon bond issuance covenants.

The amount restricted for health insurance benefits relates to the amounts the District holds on deposit with the MMEBG insurance consortium (see note 3).

Unassigned Fund Balances: The unassigned fund balance represents the residual classification of amounts held in the General Fund.

HALLSVILLE R-IV SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS

NOTE 8: INTERFUND TRANSFERS

The District routinely transfers amounts from the General Fund to the Teachers Fund and the Capital Projects Fund in accordance with regulations of the State of Missouri.

The amounts transferred to the Teachers Fund are required to balance the fund’s cash receipts and disbursements.

The transfers to the Capital Projects Fund are for bus costs, food service equipment and other amounts allowed by State regulation.

<u>Type of Transfers</u>	<u>General (Incidental) Fund</u>	<u>Special Revenue (Teachers) Fund</u>	<u>Capital Projects Fund</u>
Teachers Fund	\$ (300,168)	\$ 300,168	\$ -
Transportation Calc Cost	(80,855)	-	80,855
\$162,326 or 7% X SAT X WADA	(684,048)	-	684,048
Total net transfers	<u>\$ (1,065,071)</u>	<u>\$ 300,168</u>	<u>\$ 764,903</u>

NOTE 9: RETIREMENT PLANS

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

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

HALLSVILLE R-IV SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS

NOTE 9: RETIREMENT PLANS (Continued)

Plan Description. PEERS is a mandatory cost-sharing multiple employer retirement system for all public-school employees (except the school districts of St. Louis and Kansas City), employees of the Missouri Association of School Administrators, and community college employees (except the Community College of St. Louis). Employees of covered districts who work 20 or more hours per week on a regular basis and who are not contributing members of the Public School Retirement System of

Missouri (PSRS) must contribute to PEERS. Employees of PSRS who do not hold Missouri educator certificates also contribute to PEERS. PEERS was established as a trust fund by an Act of the Missouri General Assembly effective October 13, 1965. Statutes governing the System are found in 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 the Public School Retirement System of Missouri.

Benefits Provided. PSRS is a defined benefit plan providing retirement, disability, and death/survivor benefits. Members are vested for service retirement benefits after accruing five years of service. Individuals who (a) are at least age 60 and have a minimum of five years of service, (b) have 30 years of service, or (c) qualify for benefits under the “Rule of 80” (service and age total at least 80) are entitled to a monthly benefit for life, which is calculated using a 2.5% benefit factor. Beginning July 1, 2001, and ending July 1, 2014, a 2.55% benefit factor is used to calculate benefits for members who have 31 years or more of service. Actuarially age-reduced benefits are available for members with five to 24.9 years of service at age 55. Members who are younger

Than age 55 and who do not qualify under the “Rule of 80” but have between 25 and 29.9 years of service may retire with a lesser benefit factor. Members that are three years beyond normal retirement can elect to have their lifetime monthly benefits actuarially reduced in exchange for the right to also receive a one-time partial lump sum (PLSO) payment at retirement equal to 12, 24, or 36 times the Single Life benefit amount.

HALLSVILLE R-IV SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS

NOTE 9: RETIREMENT PLANS (Continued)

Benefits Provided. PEERS is a defined benefit plan providing service retirement and disability benefits to its members. Members are vested for service retirement benefits after accruing five years of service. Individuals who (a) are at least age 60 and have a minimum of five years of service, (b) have 30 years of service, or (c) qualify for benefits under the “Rule of 80” (service and age total at least 80) are entitled to a monthly benefit for life, which is calculated using a 1.61% benefit factor. Members qualifying for “Rule of 80” or “30-and-out” are entitled to an additional temporary 0.8% benefit multiplier until reaching minimum Social Security age (currently age 62). Actuarially age-reduced retirement benefits are available with five years of service at age 55. Members who are younger than age 55 and who do not qualify under the “Rule of 80” but have between 25 and 29.9 years of service may retire with a lesser benefit factor. Members that are three years beyond normal retirement can elect to have their lifetime monthly benefits actuarially reduced in exchange for the right to also receive a one-time lump sum (PLSO) payment at retirement equal to 12, 24, or 36 times the Single Life benefit amount.

Cost-of-Living Adjustments (“COLA”). The Board of Trustees has established a policy of providing a 0.00% COLA for years in which the CPI increases between 0.00% and 2.00%, a 2.00% COLA for years in which CPI increases between 2.00% and 5.00%, and a COLA of 5.00% if the CPI is greater than 5.00%. If the CPI decreases, no COLA is provided. For any PSRS member retiring on or after July 1, 2001, such adjustments commence on the second January after commencement of benefits and occur annually thereafter. For PEERS members, such adjustments commence on the fourth January after commencement of benefits and occur annually thereafter. The total of such increases may not exceed 80% of the original benefit for any member.

Contributions. PSRS members were required to contribute 14.5% of their annual covered salary during fiscal year 2025. Employers were required to match the contributions made by employees. The contribution rate is set each year by the PSRS Board of Trustees upon the recommendation of the independent actuary within the contribution restrictions set in Section 169.030 RSMo. The annual statutory increase in the total contribution rate may not exceed 1% of pay.

Contributions. PEERS members were required to contribute 6.86% of their annual covered salary during fiscal year 2025. Employers were required to match the contributions made by the employees. The contribution rate is set each year by the PSRS Board of Trustees upon the recommendation of the independent actuary within the contribution restrictions set in Section 169.030 RSMo. The annual statutory increase in the total contribution rate may not exceed 0.5% of pay. The District’s contributions to PSRS and PEERS were \$1,210,135 and \$188,853, respectively, for the year ended June 30, 2025.

HALLSVILLE R-IV SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS

NOTE 9: RETIREMENT PLANS (Continued)

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

NOTE 10: OTHER POST-EMPLOYMENT BENEFITS

In addition to the pension benefits described in Note 9, the District provides healthcare benefits to its retirees on a reimbursable basis. The cost of the insurance premium is charged to the retirees at the same cost as active employees. This situation causes an implicit premium subsidy for the difference the retirees would have to pay for similar insurance coverage and the actual amount of their premiums. This implicit premium subsidy represents an unfunded obligation to the District. This obligation has not been valued or reported because the District reports its financial activity using the modified cash basis of accounting.

NOTE 11: CONTINGENCIES

Grant Program Involvement

In the normal course of operations, the District participates in various Federal or State grant or loan programs from year to year. The grant or loan programs are often subject to additional audits by agents of the granting or loaning agency, the purpose of which is to ensure compliance with the specific conditions of the grant or loan. Any liability of reimbursement that may arise as a result of these audits cannot be reasonably determined at this time, although it is believed the amount, if any, would be immaterial.

Litigation

The District may periodically be the defendant in a lawsuit arising principally in the normal course of operations. In the opinion of the administration, the outcome of these lawsuits will not have a material effect on the accompanying financial statements and accordingly, no provision for losses has been recorded.

HALLSVILLE R-IV SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS

NOTE 12: RISK MANAGEMENT - MISSOURI UNITED SCHOOL INSURANCE COUNCIL

The District is exposed to various risks of loss related to torts; theft of, damage to, or destruction of assets; errors and omissions; injuries to employees; employees' health and life; and natural disasters.

Participation in Public Entity Risk Pools

The District is a member of the Missouri United School Insurance Council (MUSIC), a not-for-profit corporation consisting of school districts and junior colleges. MUSIC was incorporated in 1985 to acquire insurance for its members. MUSIC operates as a purchasing pool and is not a joint venture activity of the District. The District has no control over budgeting, financing, management selection, or the governing body. MUSIC provides both conventional and self-insurance coverage for its members including property, casualty, general liability, workers' compensation, and fleet insurance. The District participates in all of the above coverages and there were no significant reductions in coverage during the year ended June 30, 2025. In addition, over the past three fiscal years, settled claims have not exceeded insurance coverages.

MUSIC manages the cash and investment pool, funded by insurance premiums, on behalf of its members. MUSIC's investment pool consists of U.S. Treasury strips.

In the event that a deficit occurs with respect to any fiscal year of MUSIC for which the District was a participant at any time during such year; and in the event that MUSIC determines that an assessment is required in order to provide additional funds for the obligations of MUSIC for such year; and further, in the event that the District was covered by the types of benefits requiring the assessment during the time period in which the assessment arose, the District is obligated to pay its pro rata share of any such assessment, irrespective of whether or not the District is a member of MUSIC at the time of such assessment. Management of the District is not aware of any deficit situation in MUSIC which would require any accrual of liability as of June 30, 2025. MUSIC's financial statements are presented in its Comprehensive Annual Financial Report for the year ended December 31, 2024.

NOTE 13: COMMITMENTS

Compensated Absences

As a result of the District's use of the modified cash basis of accounting, accrued liabilities related to compensated absences (vacation and personal days, and sick leave) and any employer-related costs earned and unpaid, are not reflected in the financial statements.

HALLSVILLE R-IV SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS

NOTE 13: COMMITMENTS (continued)

The amount of this liability has not been calculated and no funds or reservation of the net assets has been made for this commitment.

Other Commitments

As of June 30, 2025, the District has ongoing commitments totaling \$570,496.

On August 5, 2025, the District purchased land to be used for a school operated daycare facility. The purchase price was \$352,500.

NOTE 14: PLEDGED REVENUES

The District has pledged future revenues, net of specified operating expenses, to repay bonds and capital leases payable that were issued for the purpose of operations, improvements, buses and equipment. The bonds and capital leases are payable from debt service and capital projects fund net revenues and are payable through 2042. Annual principal and interest payments in fiscal year 2025 on the bonds and capital leases required 79% of debt service and 100% of capital projects net revenues. The total interest and principal remaining to be paid on the bonds and capital leases is \$22,400,826. Principal and interest paid for the current year and total net revenues for the current year were \$1,205,471 and \$1,522,209, respectively for the debt service fund. Principal and interest paid for the current year and total net revenues for the current year were \$66,960 and \$(1,770,612), respectively for the capital projects fund.

NOTE 15: CONSIDERATION OF SUBSEQUENT EVENTS

Subsequent events have been evaluated through November 17, 2025, which is the date the financial statements are available to be issued. No events requiring disclosure were identified as a result of this review.

OTHER FINANCIAL
INFORMATION

HALLSVILLE R-IV SCHOOL DISTRICT
GENERAL (INCIDENTAL) FUND
SCHEDULE OF RECEIPTS, DISBURSEMENTS AND CHANGES IN FUND BALANCE - MODIFIED CASH BASIS
BUDGET AND ACTUAL - UNAUDITED
FOR THE YEAR ENDED
June 30, 2025

	Original Budget	Final Budget	Actual	Variance to Final Budget
RECEIPTS:				
Local	\$ 5,921,714	\$ 5,900,640	\$ 5,900,640	\$ -
County	98,205	96,798	96,798	-
State	1,167,037	1,324,276	1,324,276	-
Federal	1,021,855	985,113	985,113	-
Other	34,866	11,541	11,541	-
Total Receipts	<u>8,243,677</u>	<u>8,318,368</u>	<u>8,318,368</u>	<u>-</u>
DISBURSEMENTS:				
Regular instruction	554,355	548,492	548,492	-
Special instruction	664,913	608,020	608,020	-
Student activities	303,125	609,915	609,915	-
Tuition to other districts	60,000	56,660	56,660	-
Student support services	658,703	635,341	635,341	-
Instructional support services	280,366	281,176	281,176	-
Administration - building level and business support services	1,180,681	1,130,515	1,130,515	-
Operation and maintenance of plant	1,803,298	1,956,350	1,956,350	-
Pupil transportation	796,388	811,587	811,587	-
Food services	667,490	651,265	651,265	-
Central office support services	84,178	15,121	15,121	-
Community services	33,343	120,334	120,334	-
Total Disbursements	<u>7,086,840</u>	<u>7,424,776</u>	<u>7,424,776</u>	<u>-</u>
EXCESS (DEFICIT) OF RECEIPTS OVER DISBURSEMENTS	1,156,837	893,592	893,592	-
OTHER FINANCING SOURCES (USES):				
Transfers	-	(1,065,071)	(1,065,071)	-
EXCESS (DEFICIT) OF RECEIPTS AND OTHER FINANCING SOURCES OVER DISBURSEMENTS AND OTHER FINANCING USES	1,156,837	(171,479)	(171,479)	-
FUND BALANCE, BEGINNING OF YEAR	<u>8,596,330</u>	<u>8,596,330</u>	<u>8,596,330</u>	<u>-</u>
FUND BALANCE, END OF YEAR	<u>\$ 9,753,167</u>	<u>\$ 8,424,851</u>	<u>\$ 8,424,851</u>	<u>\$ -</u>

See accompanying Note to Other Financial Information

HALLSVILLE R-IV SCHOOL DISTRICT
 SPECIAL REVENUE (TEACHERS) FUND
 SCHEDULE OF RECEIPTS, DISBURSEMENTS AND CHANGES IN FUND BALANCE - MODIFIED CASH BASIS
 BUDGET AND ACTUAL - UNAUDITED
 FOR THE YEAR ENDED
 June 30, 2025

	Original Budget	Final Budget	Actual	Variance to Final Budget
RECEIPTS:				
Local	\$ 2,170,000	\$ 2,192,893	\$ 2,192,893	\$ -
County	45,686	38,392	38,392	-
State	7,781,161	7,611,000	7,611,000	-
Federal	-	-	-	-
Total Receipts	<u>9,996,847</u>	<u>9,842,285</u>	<u>9,842,285</u>	<u>-</u>
DISBURSEMENTS:				
Regular instruction	6,367,972	6,201,711	6,201,711	-
Special instruction	1,387,113	1,350,319	1,350,319	-
Student activities	235,478	243,592	243,592	-
Tuition to other districts	105,500	149,218	149,218	-
Student support services	447,856	465,492	465,492	-
Instructional support services	201,481	271,039	271,039	-
Administration - building level and business support services	1,324,807	1,299,328	1,299,328	-
Central office support services	81,385	75,866	75,866	-
Community services	53,000	85,763	85,763	-
Total Disbursements	<u>10,204,592</u>	<u>10,142,328</u>	<u>10,142,328</u>	<u>-</u>
EXCESS (DEFICIT) OF RECEIPTS OVER DISBURSEMENTS	(207,745)	(300,043)	(300,043)	-
OTHER FINANCING SOURCES (USES):				
Transfers	-	300,168	300,168	-
EXCESS (DEFICIT) OF RECEIPTS AND OTHER FINANCING SOURCES OVER DISBURSEMENTS AND OTHER FINANCING USES	(207,745)	125	125	-
FUND BALANCE, BEGINNING OF YEAR	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCE, END OF YEAR	<u>\$ (207,745)</u>	<u>\$ 125</u>	<u>\$ 125</u>	<u>\$ -</u>

See accompanying Note to Other Financial Information

HALLSVILLE R-IV SCHOOL DISTRICT
 DEBT SERVICE FUND
 SCHEDULE OF RECEIPTS, DISBURSEMENTS AND CHANGES IN FUND BALANCE - MODIFIED CASH BASIS
 BUDGET AND ACTUAL - UNAUDITED
 FOR THE YEAR ENDED
 June 30, 2025

	Original Budget	Final Budget	Actual	Variance to Final Budget
RECEIPTS:				
Local	\$ 1,418,488	\$ 1,506,252	\$ 1,506,252	\$ -
County	13,844	17,291	17,291	-
Total Receipts	<u>1,432,332</u>	<u>1,523,543</u>	<u>1,523,543</u>	<u>-</u>
DISBURSEMENTS:				
Principal repayment	540,000	540,008	540,008	-
Interest and other charges	656,463	666,797	666,797	-
Total Disbursements	<u>1,196,463</u>	<u>1,206,805</u>	<u>1,206,805</u>	<u>-</u>
EXCESS (DEFICIT) OF RECEIPTS OVER DISBURSEMENTS	235,869	316,738	316,738	-
FUND BALANCE, BEGINNING OF YEAR	<u>1,523,783</u>	<u>1,523,783</u>	<u>1,523,783</u>	<u>-</u>
FUND BALANCE, END OF YEAR	<u>\$ 1,759,652</u>	<u>\$ 1,840,521</u>	<u>\$ 1,840,521</u>	<u>\$ -</u>

See accompanying Note to Other Financial Information

HALLSVILLE R-IV SCHOOL DISTRICT
 CAPITAL PROJECTS FUND
 SCHEDULE OF RECEIPTS, DISBURSEMENTS AND CHANGES IN FUND BALANCE - MODIFIED CASH BASIS
 BUDGET AND ACTUAL - UNAUDITED
 FOR THE YEAR ENDED
 June 30, 2025

	Original Budget	Final Budget	Actual	Variance to Final Budget
RECEIPTS:				
Local	\$ 402,227	\$ 512,564	\$ 512,564	\$ -
County	844	2,543	2,543	-
State	564,427	463,972	463,972	-
Total Receipts	<u>967,498</u>	<u>979,079</u>	<u>979,079</u>	<u>-</u>
DISBURSEMENTS:				
Regular instruction	261,798	227,869	227,869	-
Student activities	100,000	298,322	298,322	-
Student support services	17,200	17,888	17,888	-
Administration - building level and business support services	44,760	35,213	35,213	-
Operation and maintenance of plant	102,500	75,019	75,019	-
Pupil transportation	90,065	193,365	193,365	-
Food services	50,000	8,147	8,147	-
Facilities acquisition and construction	2,486,234	2,726,777	2,726,777	-
Debt service:				
Principal repayment	74,000	-	-	-
Interest and other charges	80,182	80,855	80,855	-
Total Disbursements	<u>3,306,739</u>	<u>3,663,455</u>	<u>3,663,455</u>	<u>-</u>
EXCESS (DEFICIT) OF RECEIPTS OVER DISBURSEMENTS	(2,339,241)	(2,684,376)	(2,684,376)	-
OTHER FINANCING SOURCES (USES):				
Transfers	-	764,903	764,903	-
Total Other Financing Sources (Uses)	<u>-</u>	<u>764,903</u>	<u>764,903</u>	<u>-</u>
EXCESS (DEFICIT) OF RECEIPTS AND OTHER FINANCING SOURCES OVER DISBURSEMENTS AND OTHER FINANCING USES	(2,339,241)	(1,919,473)	(1,919,473)	-
FUND BALANCE, BEGINNING OF YEAR	<u>3,469,143</u>	<u>3,469,143</u>	<u>3,469,143</u>	<u>-</u>
FUND BALANCE, END OF YEAR	<u>\$ 1,129,902</u>	<u>\$ 1,549,670</u>	<u>\$ 1,549,670</u>	<u>\$ -</u>

See accompanying Note to Other Financial Information

HALLSVILLE R-IV SCHOOL DISTRICT
NOTE TO OTHER FINANCIAL INFORMATION

NOTE 1: BUDGETS AND BUDGETARY ACCOUNTING

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

- In accordance with Chapter 67, RSMo, the District adopts a budget for each fund.
- Prior to July, the superintendent, who serves as the budget officer, submits to the Board of Education a proposed budget for the fiscal year beginning on the following July 1. The proposed budget includes estimated revenues and expenditures for all District funds. Budgeted expenditures cannot exceed beginning available monies plus estimated revenues for the year.
- 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.
- Prior to July 1, the budget is legally enacted by a vote of the Board of Education.
- Subsequent to formal approval of the budget, the Board of Education has the authority to make necessary adjustments to the budget by formal vote of the Board. Adjustments made during the year are reflected in the budget information included in the financial statements. The budget was amended multiple times throughout the school year. The amendments were approved to reflect the correct placement of revenues, the allocation of expenses, and interfund transfers. The final budget amendment approved the budget to equal actual receipts and expenditures.
- Budgets for District funds are prepared and adopted on the modified cash basis of accounting (budget basis), which recognizes revenues when collected and expenditures when paid.

SUPPLEMENTARY
INFORMATION

HALLSVILLE R-IV SCHOOL DISTRICT
SCHEDULE OF RECEIPTS BY SOURCE
ARISING FROM MODIFIED CASH BASIS TRANSACTIONS
FOR THE YEAR ENDED
June 30, 2025

	General (Incidental) Fund	Special Revenue (Teachers) Fund	Debt Service Fund	Capital Projects Fund	Total
LOCAL:					
Property taxes	\$ 4,839,125	\$ -	\$ 1,442,061	\$ 207,678	\$ 6,488,864
School District Trust Fund (Prop C)	-	2,191,617	-	-	2,191,617
Other taxes	16,781	-	5,000	721	22,502
Earnings on investments	220,550	-	59,191	304,165	583,906
Food service	355,219	-	-	-	355,219
Student body activities	368,623	-	-	-	368,623
School Tuition from Individuals	37,565	-	-	-	37,565
Other local	62,776	1,275	-	-	64,051
Total Local	<u>5,900,639</u>	<u>2,192,892</u>	<u>1,506,252</u>	<u>512,564</u>	<u>10,112,347</u>
COUNTY:					
Fines, escheats, and etc.	-	29,126	-	-	29,126
State assessed utility taxes	96,798	9,267	17,291	2,543	125,899
Total County	<u>96,798</u>	<u>38,393</u>	<u>17,291</u>	<u>2,543</u>	<u>155,025</u>
STATE:					
Basic formula - state monies	-	7,450,756	-	-	7,450,756
Transportation	516,163	-	-	-	516,163
Early Childhood Special Education	133,095	-	-	-	133,095
Basic formula - Classroom trust fund	412,091	-	-	463,972	876,063
Educational Screening Program/PAT	42,827	-	-	-	42,827
Career Ladder/Excellence in Education Act	-	113,400	-	-	113,400
Career education	73,523	6,650	-	-	80,173
Food service	3,647	-	-	-	3,647
Missouri Quality Pre-K (MOQPK) - LEA	13,154	-	-	-	13,154
Teacher Baseline Grant	-	40,194	-	-	40,194
Residential Placement/Excess Cost	1,713	-	-	-	1,713
Other state	128,064	-	-	-	128,064
Total State	<u>1,324,277</u>	<u>7,611,000</u>	<u>-</u>	<u>463,972</u>	<u>9,399,249</u>
FEDERAL:					
Medicaid	100,553	-	-	-	100,553
ARP - ESSER III	17,517	-	-	-	17,517
IDEA Entitlement Funds, Part B IDEA	298,394	-	-	-	298,394
Early Childhood Special Education - Federal	30,991	-	-	-	30,991
Food service	267,441	-	-	-	267,441
Title I, ESEA	211,616	-	-	-	211,616
Title IV.A Student Support and Academic Enrichment	17,076	-	-	-	17,076
Title II, Part A, ESEA	40,522	-	-	-	40,522
ARP - Homeless Children and Youth II	803	-	-	-	803
Other	200	-	-	-	200
Total Federal	<u>985,113</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>985,113</u>
OTHER:					
Tuition from other districts	11,541	-	-	-	11,541
Total Other	<u>11,541</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>11,541</u>
TOTAL RECEIPTS	<u>\$ 8,318,368</u>	<u>\$ 9,842,285</u>	<u>\$ 1,523,543</u>	<u>\$ 979,079</u>	<u>\$ 20,663,275</u>

HALLSVILLE R-IV SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES BY OBJECT
ARISING FROM MODIFIED CASH TRANSACTIONS
FOR THE YEAR ENDED
June 30, 2025

	General (Incidental) Fund	Special Revenue (Teachers) Fund	Debt Service Fund	Capital Projects Fund	Total
SALARIES	\$ 2,467,100	\$ 7,587,906	\$ -	\$ -	\$ 10,055,006
EMPLOYEE BENEFITS	914,545	2,252,471	-	-	3,167,016
PURCHASED SERVICES	2,118,835	301,951	-	-	2,420,786
SUPPLIES	1,924,296	-	-	-	1,924,296
CAPITAL OUTLAY	-	-	-	3,582,600	3,582,600
DEBT SERVICE	-	-	1,206,805	80,855	1,287,660
TOTAL DISBURSEMENTS	<u>\$ 7,424,776</u>	<u>\$ 10,142,328</u>	<u>\$ 1,206,805</u>	<u>\$ 3,663,455</u>	<u>\$ 22,437,364</u>

HALLSVILLE R-IV SCHOOL DISTRICT
SCHEDULE OF TRANSPORTATION COSTS ELIGIBLE FOR STATE AID
YEAR ENDED
June 30, 2025

DISTRICT OPERATED TRANSPORTATION:

Salaries	\$	329,028
Fringe benefits		112,444
Purchased services		92,025
Supplies		141,650
Capital outlay		101,810
Total	\$	776,957

HANDICAPPED:

Salaries	\$	50,244
Benefits		34,592
Supplies		2,251
Purchased services		16,729
Total	\$	103,816

TRANSPORTATION, NOT ELIGIBLE FOR STATE AID:

Early Childhood Special Education Transportation	\$	32,624
Total	\$	32,624

OTHER REPORTING
REQUIREMENTS

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

To the Board of Education
Hallsville R-IV School District
Hallsville, Missouri

20 South Fifth Street
Columbia, MO 65201
(573) 449-1599
Fax: (573) 443-8603
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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 and each major fund of Hallsville R-IV School District as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise the Hallsville R-IV School District's basic financial statements and have issued our report thereon dated November 17, 2025.

Report on Internal Control Over Financial Reporting

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

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

PARTNERS
Joseph E. Chitwood
Travis W. Hundley
Jeffrey A. Chitwood
Amy L. Watson
Benjamin E. Carrier
Kaitlin M. Carrier

PARTNERS EMERITI
Robert A. Gerding
Fred W. Korte, Jr.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether Hallsville R-IV 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 financial statements. 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

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

November 17, 2025

Gerding, Korte & Chitwood

Gerding, Korte and Chitwood
Certified Public Accountants
Columbia, Missouri

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

To the Board of Education
Hallsville R-IV School District
Hallsville, Missouri

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Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Hallsville R-IV School District's compliance with the types of compliance requirements identified as subject to audit in the *OMB Compliance Supplement* that could have a direct and material effect on Hallsville R-IV School District's major federal programs for the year ended June 30, 2025. Hallsville R-IV School District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, Hallsville R-IV School District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major federal programs for the year ended June 30, 2025.

Basis for Opinion on Each Major Federal Program

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). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of Hallsville R-IV School District and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of Hallsville R-IV School District's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to Hallsville R-IV School District's federal programs.

PARTNERS
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PARTNERS EMERITI
Robert A. Gerding
Fred W. Korte, Jr.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on Hallsville R-IV School District's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about Hallsville R-IV School District's compliance with the requirements of each major federal program as a whole.

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding Hallsville R-IV School District's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of Hallsville R-IV School District's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances 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 Hallsville R-IV School District's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on 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 a 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 Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

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.

November 17, 2025

Gerding, Korte & Chitwood

Gerding, Korte and Chitwood
Certified Public Accountants
Columbia, Missouri

HALLSVILLE R-IV SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED
June 30, 2025

Federal Grantor: Pass-through Grantor:	Program Title	Federal CFDA Number	Subrecipient Identifying Number	Federal Award Identification Number	Disbursements
U. S. Department of Agriculture:					
Passed-through MO DESE:					
Child Nutrition Cluster:					
	National School Lunch Program	10.555	010-089	20252N119943	\$ 177,123
	National School Lunch Program	10.555	010-089	20242N109943	40,450
	National School Lunch Program - Food Distribution (noncash)	10.555	010-089		48,633
	School Breakfast Program	10.553	010-089	20242N109943	8,539
	School Breakfast Program	10.553	010-089	20252N119943	41,329
	Total Child Nutrition Cluster				<u>316,074</u>
	Total U. S. Department of Agriculture				<u>316,074</u>
U. S. Department of Education:					
Passed-through MO DESE:					
Special Education Cluster:					
Special Education Grants to States:					
	Special Education - Grants to States (IDEA, Part B)	84.027A	010-089	H027A210040	282,302
	Special Education - Preschool Grants (IDEA, Preschool) (611)	84.027A	010-089	H027A220040	26,339
	Total Special Education Grants to States				<u>308,641</u>
Special Education - Preschool Grants:					
	Special Education - Preschool Grants (IDEA, Preschool) (619)	84.173A	010-089	H173A220103	9,417
	Total Special Education - Preschool Grants				<u>9,417</u>
	Total Special Education Cluster				<u>318,058</u>
Other Programs:					
	Title I Grants to Local Educational Agencies	84.010A	010-089	S010A220025	286,037
	Education Stabilization Fund Under the Coronavirus Aid, Relief, and Economic Security Act				
	Education Stabilization Fund Under the Coronavirus Aid, Relief, and Economic Security Act - ARP HCY II	84.425	010-089	S425W210026	819
	Total Education Stabilization Fund Under the Coronavirus Aid, Relief & Economic Security Act				<u>819</u>
	Total U. S. Department of Education				<u>604,914</u>
U.S. Department of Health and Human Services:					
Passed-through MO DESE:					
	Cooperative Agreements to Promote Adolescent Health through School-Based HIV/STD Prevention and School-Based Surveillance	93.079	010-089	NU87PS004326	200
	Total U.S. Department of Health and Human Services				<u>200</u>
	TOTAL FEDERAL FINANCIAL ASSISTANCE				<u>\$ 921,188</u>

See accompanying Notes to the Schedule of Expenditures of Federal Awards

HALLSVILLE R-IV SCHOOL DISTRICT
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

NOTE 1: SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

Basis of accounting refers to when revenues and expenditures are recognized in the accounts and reported in the financial statements. The accounting of the District is maintained, and the accompanying financial statements have been prepared, on the modified cash basis of accounting. Therefore, revenues and expenditures are recognized only when collected or paid, and receivables and accrued liabilities are not reflected in the financial statements.

Nonmonetary Assistance

The District receives commodities under the Food Distribution Program. The amount of expenditures presented on the Schedule of Expenditures of Federal Awards represent donated commodities used, which totaled \$48,633, valued at the cost assigned to those commodities by the Food Service Section of the Department of Elementary and Secondary Education.

Subrecipients

The District did not provide funds to subrecipients in the current year.

NOTE 2: FEDERAL INDIRECT COST RATE

The District elected not to use the 10% de minimis federal indirect cost rate.

The Missouri Department of Elementary and Secondary Education has approved the following indirect cost rates for the District:

Non-restricted	18.85%
Restricted	1.29%

The indirect cost rates are calculated annually by the Missouri Department of Elementary and Secondary Education according to agreements between the Missouri Department of Elementary and Secondary Education and the U.S. Department of Education.

HALLSVILLE R-IV SCHOOL DISTRICT
 SCHEDULE OF FINDINGS AND QUESTIONED COSTS
 AND SUMMARY OF AUDITOR'S RESULTS - FEDERAL REQUIREMENTS

Section I: Summary of Auditor's Results

Financial Statements

Type of auditor's report issued: unmodified, modified cash basis

Internal control over financial reporting:

- Material weakness(es) identified? Yes No
- Significant deficiencies identified that are not considered to be material weaknesses? Yes None reported

Noncompliance material to financial statements noted? Yes No

Federal Awards

Internal control over major programs:

- Material weakness(es) identified? Yes No
- Significant deficiencies identified that are not considered to be material weaknesses Yes None reported

Type of auditor's report issued on compliance for major programs: unmodified

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)? Yes No

Identification of major programs:

<u>CFDA Number(s)</u>	<u>Name of Federal Program or Cluster</u>
84.010	Title I Grants to Local Educational Agencies
84.027	<u>Special Education Cluster</u>
84.173	Special Education Grants to States – IDEA, Part B Special Education Grants to States – Preschool Grants (ECSE)

HALLSVILLE R-IV SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
AND SUMMARY OF AUDITOR'S RESULTS - FEDERAL REQUIREMENTS

Section III: Federal Award Findings and Questioned Costs

None Reported

HALLSVILLE R-IV SCHOOL DISTRICT
SCHEDULE OF PRIOR AUDIT FINDINGS

There were no reported prior audit findings.

SUPPLEMENTARY
STATE
INFORMATION

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

To the Board of Education
Hallsville R-IV School District
Hallsville, Missouri

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We have examined management's assertions that Hallsville R-IV School District, Hallsville, Missouri, 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, standard day length, resident membership on the last Wednesday of September and the number of students eligible to receive free or reduced price lunches on the last Wednesday of January; and accurate disclosure by pupil transportation records of the average daily transportation of pupils eligible and ineligible for state aid, the number of miles eligible and ineligible for state aid and the allowable costs for pupil transportation during the year ended June 30, 2025. Management is responsible for the District's compliance with those requirements. Our responsibility is to express an opinion on the District's compliance based on our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. Those standards require that we plan and perform the examination to obtain reasonable assurance about whether management's assertions about compliance with the specified requirements are fairly stated, in all material respects. An examination involves performing procedures to obtain evidence about management's assertions. The nature, timing, and extent of the procedures selected depend on our judgement, including an assessment of the risks of material misstatement of management's assertions, whether due to fraud or error. We believe that the evidence we obtained is sufficient and appropriate to provide a reasonable basis for our opinion. We are required to be independent and to meet our other ethical responsibilities in accordance with relevant ethical requirements relating to the examination engagement. Our examination does not provide a legal determination on the District's compliance with specified requirements.

In our opinion, Hallsville R-IV School District, complied, in all material respects, with the aforementioned requirements for the year ended June 30, 2025.

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

November 17, 2025

Gerding, Korte & Chitwood
Gerding, Korte and Chitwood
Certified Public Accountants
Columbia, Missouri

HALLSVILLE R-IV SCHOOL DISTRICT
SCHEDULE OF STATE FINDINGS

SECTION 1: STATE COMPLIANCE REQUIREMENTS

Budget

None Reported

Attendance

None Reported

Transportation

None Reported

HALLSVILLE R-IV SCHOOL DISTRICT
COUNTY DISTRICT NO. 010-089
SCHEDULE OF SELECTED STATISTICS
(UNAUDITED)

Type of audit performed: Yellow Book: X Single Audit: X

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

Report each unique calendar the district has as defined by Sections 160.041, 171.029, 171.031, and 171.033, RSMo.

School Code	Begin Grade	End Grade	Half Day Indicator	Standard Day Length	Days	Hours in Session
4040	PK	K	-	7.2500	145	1,048.25
	1	12	-	7.2500	147	1,062.75

2. Attendance Hours

Report the total attendance hours of PK-12 student allowed to be claimed for the calculation of Average Daily Attendance.

School Code	Grade Level	Full-Time Hours	Part-Time Hours	Remedial Hours	Other Hours	Summer School Hours	Total Hours
4040	PK-2	376,975.9989	5,562.8333	-	-	13,126.4500	395,665.2822
4020	3-5	364,435.4666	1,001.9500	421.9900	-	10,897.7001	376,757.1067
3000	6-8	332,560.5465	1,703.0414	126.6500	-	7,812.9168	342,203.1547
1050	9-12	427,774.2684	2,833.2354	-	-	18,496.9967	449,104.5005
Grand Total		1,501,746.2804	11,101.0601	548.6400	-	50,334.0636	1,563,730.0441

HALLSVILLE R-IV SCHOOL DISTRICT
COUNTY DISTRICT NO. 010-089
SCHEDULE OF SELECTED STATISTICS
(UNAUDITED)

3. September Membership

Report the FTE count of resident students in grades PK-12 taken the last Wednesday in September who are enrolled on the count day **and** in attendance at least 1 of the 10 previous school days, by grade at each attendance center. This count should only include PK students marked as being eligible to be claimed for state aid in the October MOSIS Student Core File.

School Code	Grade Level	Full-Time	Part-Time	Other	Total
4040	PK-2	382.00	2.42	-	384.42
4020	3-5	360.00	0.5	-	360.50
3000	6-8	339.00	0.13	-	339.13
1050	9-12	456.00	2.29	-	458.29
Grand Total		1,537.00	5.34	-	1,542.34

4. January Membership

Report the FTE count of resident students in grades PK-12 taken the last Wednesday in September who are enrolled on the count day **and** in attendance at least 1 of the 10 previous school days, by grade at each attendance center. This count should only include PK students marked as being eligible to be claimed for state aid in the October MOSIS Student Core File.

School Code	Grade Level	Full-Time	Part-Time	Other	Total
4040	PK-2	406.00	7.85	-	413.85
4020	3-5	364.00	0.50	-	364.50
3000	6-8	333.00	1.26	-	334.26
1050	9-12	436.00	2.72	-	438.72
Grand Total		1,539.00	12.33	-	1,551.33

HALLSVILLE R-IV SCHOOL DISTRICT
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SCHEDULE OF SELECTED STATISTICS
(UNAUDITED)

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

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

School Code	Free Lunch	Reduced Lunch	Deseg In Free	Deseg In Reduced	Total
4040	96.26	16.00	-	-	112.26
4020	84.00	12.00	-	-	96.00
3000	72.57	15.00	-	-	87.57
1050	72.49	30.00	-	-	102.49
Grand Total	325.32	73.00	-	-	398.32

5. Finance

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

Section	Question	Answer
5.1	The district/charter school maintained a calendar in accordance with 160.041, 171.029, 171.031, and 171.033, RSMo and all attendance hours were reported.	True
5.2	The district/charter school maintained complete and accurate attendance records allowing for the accurate calculation of Average Daily Attendance, which includes the reporting of calendar and attendance hours, for all students in accordance with all applicable state rules and regulations. Sampling of records included those students receiving instruction in the following categories:	True
	Academic Programs Off-Campus	True
	Career Exploration Program – Off Campus	True
	Cooperative Occupational Education (COE) or Supervised Occupational Experience Program	N/A
	Dual enrollment	N/A
	Homebound instruction	True
	Missouri Options	True
	Prekindergarten eligible to be claimed for state aid	True

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(UNAUDITED)

	Remediation	True
	Sheltered Workshop participation	N/A
	Students participating in the school flex program	True
	Traditional instruction (full and part-time students)	True
	Virtual instruction (MOCAP or other option)	True
	Work Experience for Students with Disabilities	True
5.3	The district/charter school maintained complete and accurate attendance records allowing for the accurate calculation of September Membership for all students in accordance with all applicable state rules and regulations.	True
5.4	The district/charter school maintained complete and accurate attendance and other applicable records allowing for the accurate reporting of the State FTE count for Free and Reduced Lunch for all students in accordance with all applicable state rules and regulations.	True
5.5	As required by Section 162.401, RSMo, a bond was purchased for the As required by Section 162.401, RSMo, a bond was purchased for the district's school treasurer or as required by Section 160.405, RSMo, a bond was purchased for the charter schools chief financial officer or an insurance policy issued by an insurance company that proves coverage in the event of employee theft -in the total amount of:	\$ 50,000
5.6	The district's/charter school's deposits were secured during the year as required by Sections 110.010 and 110.020, RSMo., and the Missouri Financial Accounting Manual.	True
5.7	The district maintained a separate bank account for all Debt Service Fund monies in accordance with Section 108.180 and 165.011, RSMo. (Not applicable to charter schools.)	True
5.8	Salaries reported for educators in the October MOSIS Educator Core and Educator School files are supported by complete and accurate payroll and contract records. This includes payments for Teacher Baseline Salary Grants and Career Ladder, if applicable.	True
5.9	If a \$162,326 or 7% x SAT x WADA transfer was made in excess of adjusted expenditures, the board approved a resolution to make the transfer, which identified the specific projects to be funded by the transfer and an expected expenditure date for the projects to be undertaken. (Not applicable to charter schools.)	N/A
5.10	The district/charter school published a summary of the prior year's audit report within thirty days of the receipt of the audit pursuant to Section 165.121, RSMo.	True
5.11	The district has a professional development committee plan adopted by the board with the professional development committee plan identifying the expenditure of seventy-five percent (75%) of one percent (1%) of the current year basic formula apportionment. Remaining 25% of 1% if not spent must be restricted and spent on appropriate expenditures in the future. (Not applicable to charter schools.)	True

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5.12	The amount spent for approved professional development committee plan activities was:	\$ 149,418
5.13	The district/charter school has posted, at least quarterly, a searchable expenditure and revenue document or database detailing actual income, expenditures, and disbursement for the current calendar or fiscal year on the district or school website or other form of social media as required by Section 160.066, RSMo.	True

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6. Transportation (Section 163.161, RSMo)

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

Section	Question	Answer
6.1	The school transportation allowable costs substantially conform to 5 CSR 30-261.040, Allowable Costs for State Transportation Aid.	True
6.2	The district's/charter school's pupil transportation ridership records are maintained in a manner to accurately disclose in all material respects the average number of regular riders transported.	True
6.3	Based on the ridership records, the average number of students (non-disabled K-12, K-12 students with disabilities and career education) transported on a regular basis (ADT) was:	
	Eligible ADT	655.00
	Ineligible ADT	71.50
6.4	The district's/charter school's transportation odometer mileage records are maintained in a manner to accurately disclose in all material respects the eligible and ineligible mileage for the year.	True
6.5	Actual odometer records show the total district/charter-operated and contracted mileage for the year was:	205,928
6.6	Of this total, the eligible non-disabled and students with disabilities route miles and the ineligible non-route and disapproved miles (combined) was:	
	Eligible Miles	128,885
	Ineligible Miles (Non-Route/Disapproved)	39,474
6.7	Number of days the district/charter school operated the school transportation system during the regular school year:	147