

East Newton County R-VI School District

Basic Financial Statements Year Ended June 30, 2022



Table of Contents

Independent Auditors' Report	3
Basic Financial Statements	
Statement of Net Position—Modified Cash Basis.....	7
Statement of Activities—Modified Cash Basis.....	8
Statement of Assets and Fund Balances—Governmental Funds—Modified Cash Basis.....	10
Statement of Receipts, Disbursements, and Changes in Fund Balances— Governmental Funds—Modified Cash Basis.....	11
Notes to the Financial Statements.....	12
Supplementary Information	
Schedule of Receipts by Source	24
Schedule of Disbursements by Object	26
Schedule of Transportation Costs Eligible for State Aid	27
Other Information	
Budgetary Comparison Schedule—General Fund.....	29
Budgetary Comparison Schedule—Special Revenue Fund	30
Budgetary Comparison Schedule—Debt Service Fund	31
Budgetary Comparison Schedule—Capital Projects Fund	32
Notes to the Budgetary Comparison Schedules	33
Other Reporting Requirements	
Independent Auditors' Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	35
Independent Auditors' Report on Compliance for Each Major Program and on Internal Control over Compliance Required by the Uniform Guidance.....	37
Schedule of Expenditures of Federal Awards	40
Notes to Schedule of Expenditures of Federal Awards.....	41
Schedule of Findings and Questioned Costs	42
Summary Schedule of Prior Audit Findings.....	44
Corrective Action Plan.....	45
Supplementary State Information	
Independent Accountants' Report.....	47
Schedule of Selected Statistics.....	48



Independent Auditors' Report

Board of Education
East Newton County R-VI School District
Granby, Missouri

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities and each major fund of East Newton R-VI School District, as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the 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 financial position of the governmental activities and each major fund of East Newton R-VI School District, as of June 30, 2022, and the respective changes in financial position thereof for the year then ended in accordance with the basis of accounting 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 the 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 Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the East Newton R-VI 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.

Basis of Accounting

As described in Note 1 of the financial statements, 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 opinion is not modified with respect to that matter.

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Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the modified cash basis of accounting described in Note 1; this includes determining that the modified cash basis of accounting is an acceptable basis for the preparation of the financial statements in the circumstances, and 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 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.

Auditors' 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 auditors' 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 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 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 District's basic financial statements. The accompanying Schedule of Receipts by Source, Schedule of Disbursements by Object, Schedule of Transportation Costs Eligible for State Aid, and Schedule of Expenditures of Federal Awards, as required by Title 2 U.S. *Code of Federal Regulations* 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 information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Schedule of Receipts by Source, Schedule of Disbursements by Object, Schedule of Transportation Costs Eligible for State Aid, 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 Information

Management is responsible for the other information. The other information comprises the budgetary comparison schedules but does not include the basic financial statements and our auditors' report thereon. Our opinions on the basic financial statements do not cover the other 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 information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other 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 29, 2022, on our consideration of East Newton County R-VI 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 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 East Newton R-VI School District's internal control over financial reporting and compliance.

KPM CPAs, PC

KPM CPAs, PC
Springfield, Missouri
November 29, 2022

Government-Wide Financial Statements

East Newton County R-VI School District

Statement of Net Position—Modified Cash Basis

June 30, 2022

	Governmental Activities
Assets	
Cash and cash equivalents	\$ 3,361,959
Investments	1,340,604
Total Assets	<u><u>\$ 4,702,563</u></u>
Net Position	
Restricted for	
Debt service	\$ 450,417
Student activities	212,309
Food service	371,092
Unrestricted	3,668,745
Total Net Position	<u><u>\$ 4,702,563</u></u>

See accompanying Notes to the Financial Statements.

East Newton County R-VI School District

Statement of Activities—Modified Cash Basis

Year Ended June 30, 2022

		Program Cash Receipts			Net (Disbursements)
	Cash	Charges for	Operating	Capital	Receipts and
	Disbursements	Services	Grants and	Grants and	Changes in
			Contributions	Contributions	Net Position
Governmental Activities					
Instruction	\$ (7,573,578)	\$ 353,070	\$ 2,226,795	\$ 9,106	\$ (4,984,607)
Student services	(598,921)	-	115,678	-	(483,243)
Instructional staff support	(463,170)	-	47,043	-	(416,127)
Building administration	(649,284)	-	134,957	-	(514,327)
General administration	(829,065)	-	161,089	-	(667,976)
Operation of plant	(2,115,239)	-	465,267	-	(1,649,972)
Transportation	(1,409,972)	-	309,465	-	(1,100,507)
Food services	(958,517)	20,911	1,495,322	-	557,716
Community services	(228,568)	-	143,618	-	(84,950)
Facilities acquisition and construction	(23,233)	-	-	-	(23,233)
Debt service	(642,116)	-	-	-	(642,116)
Net Program (Disbursements)					
Receipts	<u>\$ (15,491,663)</u>	<u>\$ 373,981</u>	<u>\$ 5,099,234</u>	<u>\$ 9,106</u>	(10,009,342)
General Receipts					
Ad valorem tax receipts					2,856,439
Prop C sales tax receipts					1,697,604
Other tax receipts					25,048
County receipts					468,313
State receipts					6,762,044
Interest receipts					4,180
Other receipts					38,204
Total General Receipts					<u>11,851,832</u>
Special Item					
Sale of other property					<u>563</u>
<i>Change in Net Position</i>					1,843,053
Net Position—Beginning of year					<u>2,859,510</u>
Net Position—End of year					<u><u>\$ 4,702,563</u></u>

See accompanying Notes to the Financial Statements.

Fund Financial Statements

East Newton County R-VI School District

Statement of Assets and Fund Balances—Governmental Funds—Modified Cash Basis

June 30, 2022

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Debt Service Fund</u>	<u>Capital Projects Fund</u>	<u>Total Governmental Funds</u>
Assets					
Cash and cash equivalents	\$ 2,575,061	\$ -	\$ 246,410	\$ 540,488	\$ 3,361,959
Investments	1,136,465	-	204,007	132	1,340,604
Total Assets	<u><u>\$ 3,711,526</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 450,417</u></u>	<u><u>\$ 540,620</u></u>	<u><u>\$ 4,702,563</u></u>
Fund Balances					
Restricted for					
Debt service	\$ -	\$ -	\$ 450,417	\$ -	\$ 450,417
Student activities	212,309	-	-	-	212,309
Food service	371,092	-	-	-	371,092
Assigned to capital outlay	-	-	-	540,620	540,620
Unassigned	3,128,125	-	-	-	3,128,125
Total Fund Balances	<u><u>\$ 3,711,526</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 450,417</u></u>	<u><u>\$ 540,620</u></u>	<u><u>\$ 4,702,563</u></u>

See accompanying Notes to the Financial Statements.

East Newton County R-VI School District

Statement of Receipts, Disbursements, and Changes in Fund Balances—Governmental Funds—Modified Cash Basis

Year Ended June 30, 2022

	General Fund	Special Revenue Fund	Debt Service Fund	Capital Projects Fund	Total Governmental Funds
Receipts					
Local	\$3,292,188	\$1,253,909	\$ 416,299	\$ 33,060	\$ 4,995,456
County	379,974	51,199	37,140	-	468,313
State	1,944,727	4,852,875	-	549,998	7,347,600
Federal	2,961,160	1,561,624	-	-	4,522,784
Total Receipts	<u>8,578,049</u>	<u>7,719,607</u>	<u>453,439</u>	<u>583,058</u>	<u>17,334,153</u>
Disbursements					
Instruction	1,461,503	6,087,734	-	24,341	7,573,578
Student services	243,253	355,668	-	-	598,921
Instructional staff support	153,786	309,384	-	-	463,170
Building administration	220,940	428,344	-	-	649,284
General administration	394,110	434,955	-	-	829,065
Operation of plant	1,222,543	-	-	892,696	2,115,239
Transportation	948,597	-	-	461,375	1,409,972
Food service	929,837	-	-	28,680	958,517
Community services	125,046	103,522	-	-	228,568
Facilities acquisition and construction	-	-	-	23,233	23,233
Debt service	-	-	532,543	109,573	642,116
Total Disbursements	<u>5,699,615</u>	<u>7,719,607</u>	<u>532,543</u>	<u>1,539,898</u>	<u>15,491,663</u>
<i>Excess (Deficit) of Receipts Over Disbursements</i>	2,878,434	-	(79,104)	(956,840)	1,842,490
Other Financing Sources (Uses)					
Sale of other property	563	-	-	-	563
Operating transfers in (out)	(591,758)	-	-	591,758	-
Total Other Financing Sources (Uses)	<u>(591,195)</u>	<u>-</u>	<u>-</u>	<u>591,758</u>	<u>563</u>
<i>Excess (Deficit) of Receipts and Other Sources Over Disbursements and Other (Uses)</i>	2,287,239	-	(79,104)	(365,082)	1,843,053
Fund Balance, July 1, 2021	1,424,287	-	529,521	905,702	2,859,510
Fund Balance, June 30, 2022	<u><u>\$3,711,526</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 450,417</u></u>	<u><u>\$ 540,620</u></u>	<u><u>\$ 4,702,563</u></u>

See accompanying Notes to the Financial Statements.

East Newton County R-VI School District

Notes to the Financial Statements

June 30, 2022

1. Summary of Significant Accounting Policies

The District's accounting policies conform to the modified cash basis of accounting, which is characteristic of local governmental units of this type.

Financial Reporting Entity

The District is organized under the laws of the State of Missouri and is a primary government governed by an elected seven-member board. The District is not financially accountable for any other organization, nor is it a component unit of any other primary governmental entity.

Basis of Presentation

Government-Wide Financial Statements

The Statement of Net Position and Statement of Activities display information about the reporting government as a whole. They include all funds of the reporting entity. The statements present governmental activities generally financed through taxes, intergovernmental receipts, and other non-exchange transactions.

Fund Financial Statements

Fund financial statements of the reporting entity are organized into funds, each of which is considered to be a separate accounting entity. Each fund is accounted for by providing a separate set of self-balancing accounts that constitute its assets, fund equity, receipts and disbursements.

The District has only governmental funds. The governmental funds of the District are all considered major funds by the Department of Elementary and Secondary Education.

The funds presented in the accompanying basic financial statements include all funds established under Missouri Revised Statutes and controlled by the Board of Education. The purpose of each fund is:

General Fund: Accounts for disbursements for non-certified employees, school transportation costs, operation of plant, fringe benefits, student body activities, community services, the food service program, and any disbursements not accounted for in other funds.

Special Revenue Fund: Accounts for receipts for certified employees involved in administration and instruction, and includes receipts restricted by the State for the payment of teacher salaries and taxes allocated to this fund based on the District's tax levy.

Debt Service Fund: Accounts for receipts restricted, committed, or assigned for the retirement of principal and interest on the Districts' long-term debt.

Capital Projects Fund: Accounts for taxes and other receipts restricted, committed, or assigned for acquisition or construction of major capital assets and other capital outlay as defined by State of Missouri statutes.

East Newton County R-VI School District

Notes to the Financial Statements

June 30, 2022

Basis of Accounting

The government-wide Statement of Net Position and Statement of Activities and the fund financial statements are presented using the modified cash basis of accounting. This basis recognizes assets, net position/fund balances, receipts, and disbursements when they result from cash transactions. The modification to the cash basis of accounting relates to the presentation of investments. This basis is a basis of accounting other than accounting principles generally accepted in the United States of America.

As a result of the use of the modified cash basis of accounting, certain assets and their related revenues (such as accounts receivable and revenue for billed or provided services not yet collected) and certain liabilities and their related expenditures (such as accounts payable and expenses for goods or services received but not yet paid, and accrued expenses and liabilities) *are not recorded* in these financial statements.

If the District used the basis of accounting recognized as generally accepted, the fund financial statements for governmental funds would use the modified accrual basis of accounting. All government-wide financials would be presented on the accrual basis of accounting.

Capital Outlay

General fixed assets are recorded as disbursements in the Capital Projects Fund at the time the goods received are paid for.

Compensated Absences

Sick leave is considered a disbursement in the year paid. Such amounts unused that are vested in the employee are payable upon termination at varying rates depending on length of service.

Long-Term Debt

Long-term debt arising from cash transactions of the governmental funds is not reported in the government-wide financial statements or the fund financial statements, which is consistent with the modified cash basis of accounting. The debt proceeds are reported as other financing sources and payment of principal and interest are reported as disbursements.

Teachers' Salaries

The salary payment schedule of the District for the 2021-2022 school year requires the payment of salaries for a twelve-month period. Consequently, the July and August 2022, payroll checks are included in the financial statements as disbursements in the month of June. This practice has been consistently followed in previous years.

Pooled Cash and Investments

Cash and investments of the individual funds are combined to form a pool of cash and investments with the exception of the Debt Service Fund, which is kept in separate bank accounts. Investments of the pooled accounts consist primarily of certificates of deposit and money market accounts, carried at cost, which approximates market.

East Newton County R-VI School District

Notes to the Financial Statements

June 30, 2022

Inventories

Inventories are valued at cost and consist of food and educational materials. The cost is recorded as a disbursement at the time inventory is purchased.

Equity Classification

In 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 (1) external groups such as creditors, grantors, contributors, or laws and regulations of other governments; or (2) law through constitutional provisions or 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 position prior to the use of unrestricted net position when disbursements are made for purposes for which both restricted and unrestricted net position are available.

In the fund financial statements, governmental funds report aggregate amounts for five classifications of fund balances based on constraints imposed on the use of these resources as follows:

Nonspendable fund balance: This 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: This classification reflects the constraints imposed on resources either a) externally by creditors, grantors, contributors, or laws and regulations of other governments; or b) imposed by law through constitutional provisions or enabling legislation.

Committed fund balance: These amounts can only be used for specific purposes pursuant to constraints imposed by formal resolutions of the Board of Education – the government’s highest level of decision-making authority. Those committed amounts cannot be used for any other purpose unless the Board of Education removes the specified use by taking the same type of action imposing the commitment.

Assigned fund balance: This classification reflects the amounts constrained by the District’s “intent” to be used for specific purposes, but are neither restricted nor committed. Assigned fund balances include all remaining amounts (except negative balances) that are reported in the governmental funds, other than the General Fund, that are not classified as nonspendable and are neither restricted nor committed.

Unassigned fund balance: This fund balance is the residual classification for the General Fund. It is used to report negative fund balances in other governmental funds.

In circumstances when a disbursement is made for a purpose for which amounts are available in multiple fund balance classifications, fund balance is depleted in the order of restricted, committed, assigned, and unassigned.

East Newton County R-VI School District

Notes to the Financial Statements

June 30, 2022

Program Receipts

Amounts reported as program receipts include 1) charges to students or others for goods, services or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions. All other governmental receipts are reported as general receipts. All taxes are classified as general receipts even if restricted for a specific purpose.

2. Cash & Equivalents

State statutes require that the District's deposits be collateralized in the name of the District by the trust department of a bank that does not hold the collateralized deposits. As of June 30, 2022, all bank balances on deposit were entirely insured or collateralized with securities.

3. Investments

Investments of the District as of June 30, 2022, are as follows:

Investment Type	Maturity	Amount
Certificates of Deposit	5/6/2023	\$ 500,000
Missouri Securities Investment Program (MOSIP) - Cash Management Funds	N/A	636,601
Pro-rata shares of investment contracts with BOK Financial through the Missouri School District Direct Deposit Program	N/A	204,003
		<u>\$ 1,340,604</u>

Certificates of Deposit

Certificates of deposit with maturities in excess of three months at the date of purchase are classified as investments but are considered deposits for custodial risk determination. State statutes require that the District's deposits be collateralized in the name of the District by the trust department of a bank that does not hold the collateralized deposits. As of June 30, 2022, all certificates of deposit are entirely insured or collateralized with securities.

Investment Contracts with BOK Financial

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 and Section 360 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.

Missouri Securities Investment Program

District funds in the Missouri Securities Investment Program are invested in cash management funds in which the District has a pro-rata share. The funds are invested in accordance with Section 165.051 of the Missouri Revised Statutes and the cash management fund has a current rating of AAAM by S&P.

The District does not have a policy on interest rate risk.

East Newton County R-VI School District

Notes to the Financial Statements

June 30, 2022

4. Taxes

Property taxes attach as an enforceable lien on property as of January 1. Taxes are levied on November 1 and payable by December 31. The county collects the property tax and remits it to the District.

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 calendar year unless the voters have approved a waiver of the rollback provision. The District has voted a full waiver of the rollback provision.

The assessed valuation of the tangible taxable property for the calendar year 2021 for purposes of local taxation was:

Real estate	\$ 62,639,160
Personal property	25,058,092
Total Assessed Valuation	<u><u>\$ 87,697,252</u></u>

The tax levy per \$100 of the assessed valuation of tangible taxable property for the calendar year 2021 for purposes of local taxation was:

	<u>Unadjusted</u>	<u>Adjusted</u>
General Fund	\$ 2.7500	\$ 2.7500
Debt Service Fund	.4691	.4691
Total Levy	<u><u>\$ 3.2191</u></u>	<u><u>\$ 3.2191</u></u>

The receipts of current and delinquent property taxes during the fiscal year ended June 30, 2022, aggregated approximately 100 percent of the current assessment computed on the basis of the levy as shown above.

5. General Obligation Bonds Payable

Bonds payable at June 30, 2022, consist of:

\$3,450,000 general obligation refunding bond issue dated December 22, 2020, due in varying annual installments through March 1, 2033; interest at 2.00%.	<u><u>\$ 3,000,000</u></u>
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The following is a summary of bond transactions for the year ended June 30, 2022:

Bonds Payable, July 1, 2021	\$ 3,450,000
Bonds issued	-
Bonds retired	(450,000)
Bonds Payable, June 30, 2022	<u><u>\$ 3,000,000</u></u>

East Newton County R-VI School District

Notes to the Financial Statements

June 30, 2022

Debt service requirements are:

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2023	\$ 450,000	\$ 60,000	\$ 510,000
2024	100,000	51,000	151,000
2025	200,000	49,000	249,000
2026	200,000	45,000	245,000
2027	200,000	41,000	241,000
2028	200,000	37,000	237,000
2029	325,000	33,000	358,000
2030	325,000	26,500	351,500
2031	325,000	20,000	345,000
2032	325,000	13,500	338,500
2033	350,000	7,000	357,000
	<u>\$ 3,000,000</u>	<u>\$ 383,000</u>	<u>\$ 3,383,000</u>

Article VI, Section 26(b), Constitution of Missouri, limits the outstanding amount of authorized general obligation bonds of a district to 15 percent of the assessed valuation of the district. The legal debt margin (excluding state assessed railroad and utility) of the District at June 30, 2022, was:

Constitutional debt limit	\$ 13,154,588
General obligation bonds payable	(3,000,000)
Amount available in Debt Service Fund	<u>450,417</u>
Legal Debt Margin	<u><u>\$ 10,605,005</u></u>

6. Claims & Adjustments

The District participates in a number of federal and state programs that are fully or partially funded by grants received from other governmental units. Disbursements financed by grants are subject to audit by the appropriate grantor government. If disbursements are disallowed due to noncompliance with grant program regulation, the District may be required to reimburse the grantor government. As of June 30, 2022, disbursements have not been audited by grantor governments, but the District believes that disallowed disbursements, if any, based on subsequent audits will not have a material effect on any of the individual government funds or the overall financial position of the District.

7. Risk Management

The District is exposed to various risks of losses related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The District has transferred its risk by obtaining coverage from commercial insurance companies. In addition, it has effectively managed risk through various employee education and prevention programs. There has been no significant reduction in insurance coverage from the previous year.

East Newton County R-VI School District

Notes to the Financial Statements

June 30, 2022

8. Retirement Plans

Public School Retirement System of Missouri and Public Education Employee Retirement System of Missouri

Summary of Significant Accounting Policies

The 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 the Systems, Missouri State Teachers' Association, Missouri State High School Activities Association, and certain employees of the State of Missouri who elected to remain covered by PSRS under legislation enacted in 1986, 1987 and 1989. The majority of PSRS members are exempt from Social Security contributions. In some instances, positions may be determined not to be exempt from Social Security contributions. Any PSRS member who is required to contribute to Social Security comes under the requirements of Sections 169.070 (9) RSMo, known as the "two-thirds statute." PSRS members required to contribute to Social Security are required to contribute two-thirds of the approved PSRS contribution rate and their employer is required to match the contribution. The members' benefits are further calculated at two-thirds the normal benefit amount.

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

Benefits Provided. PSRS is a defined benefit plan providing retirement, disability, and death/survivor benefits. Members are vested for service retirement benefits after accruing 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 was used to calculate benefits for members who had 31 or more years of service at retirement. 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.

East Newton County R-VI School District

Notes to the Financial Statements

June 30, 2022

Benefits Provided. PEERS is a defined benefit plan providing retirement, disability, and death benefits to its members. Members are vested for service retirement benefits after accruing five years of service. Individuals who (a) are at least age 60 and have a minimum of five years of service, (b) have 30 years of service, or (c) qualify for benefits under the "Rule of 80" (service and age total at least 80) are entitled to a monthly benefit for life, which is calculated using a 1.61% benefit factor. Members qualifying for "Rule of 80" or "30-and-out" are entitled to an additional temporary benefit until reaching minimum Social Security age (currently age 62), which is calculated using a 0.8% benefit factor. Actuarially age-reduced retirement benefits are available with five to 24.9 years of service at age 55. Members who are younger than age 55 and who do not qualify under the "Rule of 80" but have between 25 and 29.9 years of service may retire with a lesser benefit factor. Members that are three years beyond normal retirement can elect to have their lifetime monthly benefits actuarially reduced in exchange for the right to also receive a one-time partial lump sum (PLSO) payment at retirement equal to 12, 24, or 36 times the Single Life benefit amount.

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 2022. 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 2022. Employers were required to match the contributions made by employees. The contribution rate is set each year by the PSRS Board of Trustees upon the recommendation of the independent actuary within the contribution restrictions set in Section 169.030 RSMo. The annual statutory increase in the total contribution rate may not exceed 0.5% of pay.

The District's contributions to PSRS and PEERS were \$931,754 and \$138,751, respectively, for the year ended June 30, 2022.

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-peers.org.

9. Post-Employment Benefits

In addition to the pension benefits described in Note 8, the District makes available post-retirement healthcare benefits to all employees who retire from the District. Participation by retirees in the District health plan is subjected to terms and conditions set forth in the Board policy. The cost of the coverage is charged to the retiree at a blended rate for all employees. The District has not made a formal evaluation or projection on the future cost of the existing health care benefit plan in relation to retirees.

East Newton County R-VI School District

Notes to the Financial Statements

June 30, 2022

10. Financed Purchases Payable

On October 12, 2021, the District entered into an agreement with KS State Bank in the amount of \$130,064 with interest at 2.81%. This agreement was modified on January 18, 2022, adding additional principal of \$6,869, with interest at 3.44%. The purpose of the financed purchase is to install new LED lighting on real property owned by the District. In the event of a default, the Seller may declare all amounts payable and/or take possession of the equipment.

On August 1, 2021, the District entered into a financed purchase agreement with Southwest Missouri Bank in the amount of \$271,670, with interest at 3.50%. The purpose of the financed purchase is to purchase three new school buses. In the event of a default, title to the equipment shall immediately transfer to the Seller and the District is required to surrender possession of the equipment.

On February 8, 2017, the District issued certificates of participation in the amount of \$490,000, with interest at 3.25% and 4.00%. The purpose is to install solar panels on real property owned by the District. In the event of a default, the Seller may declare all amounts payable and/or take possession of the Project.

The financed purchase agreements are subject to annual review and appropriation by the District. In the event the District does not approve the annual renewal of the financed purchases, early termination clauses apply and the financed purchases become payable in full or the applicable asset serving as collateral is relinquished back to the seller.

Year Ending June 30,	Direct Borrowing		2017 Certificates of Participation	Total
	LED Lighting Project	2022 Buses		
2023	\$ 29,928	\$ 50,399	\$ 57,913	\$ 138,240
2024	29,928	50,399	61,612	141,939
2025	29,928	50,399	60,150	140,477
2026	29,928	50,399	58,687	139,014
2027	7,482	50,399	62,225	120,106
2028-2032	-	25,200	297,400	322,600
Total Minimum Payments	127,194	277,195	597,987	1,002,376
Less Amount Representing Interest	(8,947)	(27,370)	(107,987)	(144,304)
Principal Balance, June 30, 2022	<u>\$ 118,247</u>	<u>\$ 249,825</u>	<u>\$ 490,000</u>	<u>\$ 858,072</u>

The following is a summary of financed purchased transactions for the year ended June 30, 2022:

Financed Purchases Payable, July 1, 2021	\$ 687,030
Additions	408,603
Retirements	(237,561)
Financed Purchases Payable, June 30, 2022	<u><u>\$ 858,072</u></u>

11. Compensated Absences Payable

Compensated absences payable at June 30, 2022, consists of accumulated sick leave by District employees. District employees may accumulate up to 90 sick days. Upon termination or retirement from the District employees are paid for one-half of the unused sick days at the rate of \$20 per sick day, up to a maximum of \$500. Total compensated absences payable at June 30, 2022, was \$105,800.

East Newton County R-VI School District

Notes to the Financial Statements

June 30, 2022

12. Lease Obligations

On February 7, 2022, the District entered into an agreement with CSB Financial in the amount of \$171,098 for two buses.

The following is a schedule of the future minimum lease payments under the agreements:

Year Ending June 30,	2022 ECSE Buses
2023	\$ 46,592
2024	46,592
2025	7,831
2026	7,831
2027	7,830
2028	7,830
	<u>\$ 124,506</u>

13. Tax Abatements

As of June 30, 2022, The District did not provide tax abatements to any businesses. However, the District's taxes were reduced by agreements entered into by other governments through Tax Increment Financing (TIF).

Tax Incremental Financing (TIF) is an economic development tool which redirects local tax revenues towards the redevelopment of eligible properties that are otherwise economically unfeasible. Sections 99.800-99.865, RSMo, the Real Property Tax Increment Allocation Redevelopment Act, enables cities to finance certain redevelopment costs with the incremental tax revenue generated by the net increase in assessed valuation resulting from the redevelopment. Real estate taxes in the redevelopment area are frozen at the current level or base valuation. The increased assessed valuation resulting from the redevelopment is referred to as payments in lieu of taxes (PILOT). PILOTs for each TIF district are collected by the county collector and distributed to the cities that authorized the TIF, these funds are then distributed to a TIF special allocation fund or other political subdivisions.

Information relevant to disclosure of these programs for the year ended June 30, 2022, is as follows:

Government Entering Into Agreement	Tax Abatement Program	Amount of Taxes Abated
City of Granby, Missouri	Tax Increment Financing	
	Ad-valorem taxes	<u>\$ 39,650</u>

East Newton County R-VI School District

Notes to the Financial Statements

June 30, 2022

14. Interfund Transfers

Interfund transfers for the year ended June 30, 2022, consisted of the following:

	<u>Transfers In</u>	<u>Transfers Out</u>
General Fund	\$ -	\$ 591,758
Capital Projects Fund	591,758	-
	<u>\$ 591,758</u>	<u>\$ 591,758</u>

The District makes allowed transfers from the General Fund to the Capital Projects Fund to cover disbursements and build balance as allowed by state law.

15. Commitments

At June 30, 2022 the District was committed to a contract with Veregy in the amount of \$993,378 for HVAC replacements, roof work, and ballfield lighting.

16. Subsequent Event

In August 2022, the District approved the prepayment of the Series 2020 Refunding G.O. Bonds payable in the amount of \$250,000 to be paid on March 1, 2024.

Supplementary Information

East Newton County R-VI School District

Schedule of Receipts by Source

Year Ended June 30, 2022

	General Fund	Special Revenue Fund	Debt Service Fund	Capital Projects Fund	Total
Local					
Current taxes	\$ 2,215,112	\$ -	\$ 377,785	\$ -	\$ 2,592,897
Delinquent taxes	225,144	-	38,398	-	263,542
School district trust fund (Prop C)	444,063	1,253,541	-	-	1,697,604
Financial institution tax	-	-	-	1,324	1,324
M & M surtax	-	-	-	23,724	23,724
Earnings from temporary deposits	3,616	368	116	80	4,180
Sales to pupils - reimbursable school meals	1,489	-	-	-	1,489
Sales to adults for adult meals - non-program food	8,963	-	-	-	8,963
Nonreimbursable meal sales non- program food	10,459	-	-	-	10,459
Admissions - student activities	340,687	-	-	-	340,687
Revenue from enterprise activities	12,383	-	-	-	12,383
Gifts	-	-	-	7,932	7,932
Prior period adjustment	1,881	-	-	-	1,881
Miscellaneous local revenue	28,391	-	-	-	28,391
Total Local	3,292,188	1,253,909	416,299	33,060	4,995,456
County					
Fines, escheats, etc.	-	51,199	-	-	51,199
State assessed utilities	379,974	-	37,140	-	417,114
Total County	379,974	51,199	37,140	-	468,313
State					
Basic formula - state monies	1,567,049	4,701,146	-	-	6,268,195
Transportation	212,167	-	-	-	212,167
Early childhood special education	127,207	68,178	-	-	195,385
Basic formula - classroom trust fund	-	-	-	540,892	540,892
Educational screening prog/PAT	36,640	-	-	-	36,640
Career education	200	19,697	-	9,106	29,003
Food service - state	1,464	-	-	-	1,464
High need fund - special education	-	63,854	-	-	63,854
Total State	1,944,727	4,852,875	-	549,998	7,347,600

The above presentation agrees to the Annual Secretary of the Board Report.

East Newton County R-VI School District

Schedule of Receipts by Source

Year Ended June 30, 2022

	General Fund	Special Revenue Fund	Debt Service Fund	Capital Projects Fund	Total
Federal					
Medicaid	113,137	-	-	-	113,137
ARP - ESSER III	1,007,187	-	-	-	1,007,187
CRRSA - ESSER II	533,536	1,000,000	-	-	1,533,536
CARES - ESSER fund	-	1,586	-	-	1,586
IDEA grants	-	1,526	-	-	1,526
IDEA entitlement funds, Part B IDEA	-	227,681	-	-	227,681
Early childhood special education - federal	-	28,279	-	-	28,279
National school lunch program	528,785	-	-	-	528,785
School breakfast program	198,509	-	-	-	198,509
Title I - ESEA	52,116	249,049	-	-	301,165
Title IV.A student support and academic enrichment	8,786	-	-	-	8,786
Title II.A, part A&B, ESEA - teacher & principal training	-	53,503	-	-	53,503
Child nutrition program EOC reimbursement	14,973	-	-	-	14,973
Dept of health food service program	504,131	-	-	-	504,131
Total Federal	2,961,160	1,561,624	-	-	4,522,784
Other Sources					
Sale of other property	563	-	-	-	563
Total Other Sources	563	-	-	-	563
Total Receipts	<u>\$ 8,578,612</u>	<u>\$ 7,719,607</u>	<u>\$ 453,439</u>	<u>\$ 583,058</u>	<u>\$ 17,334,716</u>

The above presentation agrees to the Annual Secretary of the Board Report.

East Newton County R-VI School District

Schedule of Disbursements by Object

Year Ended June 30, 2022

	General Fund	Special Revenue Fund	Debt Service Fund	Capital Projects Fund	Totals
Salaries	\$ 2,363,852	\$ 5,942,454	\$ -	\$ -	\$ 8,306,306
Employee benefits	578,999	1,471,142	-	-	2,050,141
Purchased services	705,493	306,011	-	-	1,011,504
Supplies	2,051,271	-	-	-	2,051,271
Capital outlay	-	-	-	1,430,325	1,430,325
Other objects	-	-	532,543	109,573	642,116
Total Disbursements	<u>\$ 5,699,615</u>	<u>\$ 7,719,607</u>	<u>\$ 532,543</u>	<u>\$ 1,539,898</u>	<u>\$ 15,491,663</u>

The above presentation agrees to the Annual Secretary of the Board Report.

East Newton County R-VI School District

Schedule of Transportation Costs Eligible for State Aid

Year Ended June 30, 2022

	District Operated	Disabled District Operated	Total
Certified salaries	\$ -	\$ 9,795	\$ 9,795
Non-certified salaries	507,072	48,468	555,540
Employee benefits	91,804	4,784	96,588
Supplies	182,960	6,417	189,377
Depreciation, net of adjustment	119,193	-	119,193
	<u>\$ 901,029</u>	<u>\$ 69,464</u>	<u>\$ 970,493</u>
School buses purchased			<u>\$ 302,500</u>
School buses financed			
Principal			<u>\$ 158,875</u>
Interest			<u>\$ 7,049</u>

The above presentation agrees to the Annual Secretary of the Board Report.

Other Information

East Newton County R-VI School District

Budgetary Comparison Schedule—General Fund

Year Ended June 30, 2022

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
Receipts				
Local	\$ 2,628,101	\$ 2,848,125	\$ 3,292,188	\$ 444,063
County	390,000	379,974	379,974	-
State	1,868,195	2,388,790	1,944,727	(444,063)
Federal	882,644	2,961,160	2,961,160	-
Total Receipts	<u>5,768,940</u>	<u>8,578,049</u>	<u>8,578,049</u>	<u>-</u>
Disbursements				
Instruction	1,527,677	1,464,713	1,461,503	3,210
Student services	235,954	240,043	243,253	(3,210)
Instructional staff support	161,962	153,786	153,786	-
Building administration	237,748	220,940	220,940	-
General administration	388,760	394,110	394,110	-
Operation of plant	1,261,954	1,222,598	1,222,543	55
Transportation	793,541	948,597	948,597	-
Food service	630,758	929,837	929,837	-
Community services	53,401	72,742	125,046	(52,304)
Total Disbursements	<u>5,291,755</u>	<u>5,647,366</u>	<u>5,699,615</u>	<u>(52,249)</u>
<i>Excess of Receipts Over Disbursements</i>	477,185	2,930,683	2,878,434	(52,249)
Other Financing Sources (Uses)				
Sale of other property	-	563	563	-
Operating transfers (out)	-	(591,758)	(591,758)	-
Total Other Financing Sources (Uses)	<u>-</u>	<u>(591,195)</u>	<u>(591,195)</u>	<u>-</u>
<i>Excess of Receipts and other Sources Over Disbursements and Other (Uses)</i>	477,185	2,339,488	2,287,239	(52,249)
Fund Balance, July 1, 2021	<u>1,424,287</u>	<u>1,424,287</u>	<u>1,424,287</u>	<u>-</u>
Fund Balance, June 30, 2022	<u>\$ 1,901,472</u>	<u>\$ 3,763,775</u>	<u>\$ 3,711,526</u>	<u>\$ (52,249)</u>

See accompanying Notes to the Budgetary Comparison Schedules.

East Newton County R-VI School District

Budgetary Comparison Schedule—Special Revenue Fund

Year Ended June 30, 2022

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
Receipts				
Local	\$ 1,470,238	\$ 1,697,987	\$ 1,253,909	\$ (444,078)
County	50,000	51,185	51,199	14
State	4,627,131	4,408,811	4,852,875	444,064
Federal	2,241,866	1,561,624	1,561,624	-
Total Receipts	8,389,235	7,719,607	7,719,607	-
Disbursements				
Instruction	6,123,993	6,084,524	6,087,734	(3,210)
Student services	416,316	358,878	355,668	3,210
Instructional staff support	327,660	309,384	309,384	-
Building administration	462,872	428,344	428,344	-
General administration	435,295	434,955	434,955	-
Transportation	63,763	-	-	-
Community services	103,546	103,522	103,522	-
Total Disbursements	7,933,445	7,719,607	7,719,607	-
<i>Excess of Receipts Over Disbursements</i>	455,790	-	-	-
Fund Balance, July 1, 2021	-	-	-	-
Fund Balance, June 30, 2022	\$ 455,790	\$ -	\$ -	\$ -

See accompanying Notes to the Budgetary Comparison Schedules.

East Newton County R-VI School District

Budgetary Comparison Schedule—Debt Service Fund

Year Ended June 30, 2022

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Receipts				
Local	\$ 396,695	\$ 416,299	\$ 416,299	\$ -
County	35,400	37,140	37,140	-
Total Receipts	432,095	453,439	453,439	-
Disbursements				
Debt service	567,325	532,543	532,543	-
Total Disbursements	567,325	532,543	532,543	-
<i>(Deficit) of Receipts Over Disbursements</i>	(135,230)	(79,104)	(79,104)	-
Fund Balance, July 1, 2021	529,521	529,521	529,521	-
Fund Balance, June 30, 2022	<u>\$ 394,291</u>	<u>\$ 450,417</u>	<u>\$ 450,417</u>	<u>\$ -</u>

See accompanying Notes to the Budgetary Comparison Schedules.

East Newton County R-VI School District

Budgetary Comparison Schedule—Capital Projects Fund

Year Ended June 30, 2022

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
Receipts				
Local	\$ 25,100	\$ 33,060	\$ 33,060	\$ -
State	464,992	549,998	549,998	-
Total Receipts	490,092	583,058	583,058	-
Disbursements				
Instruction	27,119	24,341	24,341	-
Operation of plant	211,000	900,346	892,696	7,650
Transportation	424,000	461,375	461,375	-
Food services	10,000	21,030	28,680	(7,650)
Facilities acquisition and construction	-	22,612	23,233	(621)
Debt service	79,798	110,194	109,573	621
Total Disbursements	751,917	1,539,898	1,539,898	-
<i>(Deficit) of Receipts Over Disbursements</i>	(261,825)	(956,840)	(956,840)	-
Other Financing Sources				
Operating transfers in	-	591,758	591,758	-
<i>(Deficit) of Receipts and Other Sources Over Disbursements</i>	(261,825)	(365,082)	(365,082)	-
Fund Balance, July 1, 2021	905,702	905,702	905,702	-
Fund Balance, June 30, 2022	<u>\$ 643,877</u>	<u>\$ 540,620</u>	<u>\$ 540,620</u>	<u>\$ -</u>

See accompanying Notes to the Budgetary Comparison Schedules.

East Newton County R-VI School District

Notes to the Budgetary Comparison Schedules

Year Ended June 30, 2022

Budgets and Budgetary Accounting

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

1. In accordance with Chapter 67, RSMo, the District adopts a budget for each fund.
2. Prior to July, the superintendent, who serves as the Budget Officer, submits to the Board of Education a proposed budget for the fiscal year beginning on the following July 1. The budget includes estimated receipts and proposed disbursements for all District funds. Budgeted disbursements cannot exceed beginning available monies plus estimated receipts for the year.
3. A public hearing is conducted to obtain taxpayer comments. Prior to its approval by the Board of Education, the budget document is available for public inspection.
4. Prior to July 1, the budget is legally enacted by a vote of the Board of Education.
5. Subsequent to its formal approval of the budget, the Board of Education has the authority to make necessary adjustments to the budget by formal vote of the Board. Adjustments made during the year are reflected in the budget information included in the financial statements. Budgeted amounts are as originally adopted, or as amended by the Board of Education. Individual amendments were not material to the original appropriations, which were amended.
6. Budgets for District funds are prepared and adopted on the modified cash basis (budget basis).

Other Reporting Requirements



Independent Auditors' Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*

Board of Education
East Newton R-VI School District
Granby, Missouri

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the governmental activities and each major fund of the East Newton R-VI School District, as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the East Newton R-VI School District's basic financial statements, and have issued our report thereon dated November 29, 2022.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the East Newton R-VI 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 the East Newton R-VI School District's internal control. Accordingly, we do not express an opinion on the effectiveness of the District's internal control.

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and, therefore, material weaknesses or significant deficiencies may exist that were not identified. We identified a certain deficiency in internal control, described in the accompanying schedule of findings and questioned costs as items 2022-001, that we consider to be a material weakness.

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Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the East Newton R-VI 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*.

East Newton R-VI School District's Response to Finding

Government Auditing Standards requires the auditor to perform limited procedures on the District's response to the finding identified in our audit and described in the schedule of findings and questioned costs. The District's response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

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.

KPM CPAs, PC

KPM CPAS, PC
Springfield, Missouri
November 29, 2022



Independent Auditors' Report on Compliance for Each Major Program and on Internal Control over Compliance Required by the Uniform Guidance

Board of Education
East Newton R-VI School District
Granby, Missouri

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited the East Newton R-VI 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 each of the East Newton R-VI School District's major federal programs for the year ended June 30, 2022. The East Newton R-VI School District's major federal programs are identified in the Schedule of Audit Results section of the accompanying Schedule of Findings and Questioned Costs.

In our opinion, the East Newton R-VI School District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2022.

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 Auditors' Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the East Newton R-VI 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 the 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 the District's federal programs.

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Auditors' 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 the East Newton R-VI 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 substantial likelihood that, individually or in the aggregate, it would influence the judgement made by a reasonable user of the report on compliance about the East Newton R-VI 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 the East Newton R-VI 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 the East Newton R-VI 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 the 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 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 Auditors' 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.

KPM CPAs, PC

KPM CPAs, PC
Springfield, Missouri
November 29, 2022

East Newton County R-VI School District

Schedule of Expenditures of Federal Awards

Year Ended June 30, 2022

Federal Grantor/Pass Through Grantor/Program Title	Assistance Listing Number	Pass-through Grantor's Number/Other Identifying Number	Passed Through to Subrecipients	Federal Expenditures
U.S. Department of Agriculture				
Missouri Department of Elementary and Secondary Education				
Child Nutrition Cluster				
National School Lunch Program - Cash	10.555	20210N109943	\$ -	\$ 84,809
		2021H170343	-	14,973
		20221N890343	-	29,589
		20221N119943	-	414,388
National School Lunch Program - Commodities	10.555	073-099	-	33,946
			-	577,705
School Breakfast Program	10.553	20210N109943	-	32,387
		20221N119943	-	166,122
			-	198,509
Missouri Department of Health and Senior Services				
Child Nutrition Cluster				
Summer Food Service Program for Children	10.559	ERS4663156S	-	41,301
Total Child Nutrition Cluster			-	817,515
Child and Adult Care Food Program	10.558	ERS46193156	-	448,577
COVID-19 - Child and Adult Care Food Program			-	18,234
			-	466,811
Total U.S. Department of Agriculture			-	1,284,326
U.S. Department of Education				
Missouri Department of Elementary and Secondary Education				
Title I Grants to Local Educational Agencies	84.010A	S010A190025	-	23,096
		S010A200025	-	111,690
		S010A210025	-	269,635
			-	404,421
Supporting Effective Instruction State Grants	84.367A	S367A200024	-	26,962
		S367A210024	-	26,541
			-	53,503
Special Education Cluster				
Special Education - Grants to States	84.027A	H027A200040	-	185,409
		H027A210040	-	141,130
			-	326,539
Special Education - Preschool Grants	84.173A	H173A200103	-	7,380
Total Special Education Cluster			-	333,919
Student Support and Academic Enrichment Program	84.424A	S42A200026	-	7,371
		S424A210026	-	1,415
			-	8,786
COVID-19 - Education Stabilization Fund	84.425D	S425D200021	-	1,586
	84.425U	S425U210021	-	1,387,130
			-	1,388,716
Total U.S. Department of Education			-	2,189,345
Total Expenditures of Federal Awards			\$ -	\$ 3,473,671

See accompanying Notes to the Schedule of Expenditures of Federal Awards.

East Newton County R-VI School District

Notes to the Schedule of Expenditures of Federal Awards

Year Ended June 30, 2022

1. The Schedule of Expenditures of Federal Awards is presented using the modified cash basis of accounting, which is described in Note 1 to the District's basic financial statements.
2. Commodities received and expended were valued by the Food Service Section of the Department of Elementary and Secondary Education.
3. The District did not provide funds to subrecipients in the current year.
4. The District elected not to use the 10% de minimis indirect cost rate.

East Newton County R-VI School District

Schedule of Findings and Questioned Costs

Year Ended June 30, 2022

Section I: Schedule of Audit Results

Financial Statements			
Type of report the auditor issued on whether the financial statements audited were prepared in accordance with the modified cash basis of accounting:			Unmodified
Internal Control over Financial Reporting:			
Material weakness(es) identified?			Yes
Significant deficiency(ies) identified?			None Reported
Noncompliance material to financial statements noted?			No
Federal Awards			
Internal control over major federal programs:			
Material weakness(es) identified?			No
Significant deficiency(ies) identified?			None Reported
Type of auditor's report issued on compliance for each major federal program:			Unmodified
Any audit findings disclosed that are required to be reported in accordance with 2CFR 200.516(a)?			No
Identification of each major federal program:			
Assistance Listing Number(s)	Name of Federal Program or Cluster		
10.553, 10.555 & 10.559	Child Nutrition Cluster		
84.425D & 84.425U	COVID-19 - Education Stabilization Fund		
Dollar threshold used to distinguish between type A and type B programs:			\$750,000
Auditee qualified as low-risk auditee?			No

East Newton County R-VI School District

Schedule of Findings and Questioned Costs

Year Ended June 30, 2022

Section II—Financial Statement Findings

Material Weakness

2022-001 *Segregation of Duties*

Condition: Because of a limited number of available personnel, it is not always possible to adequately segregate certain incompatible duties so that no one employee has access to both physical assets and the related accounting records, or to all phases of a transaction. The District currently has two persons performing accounts payable functions, one person performing payroll functions, and one person performing accounting for revenues. All three persons have access to the general ledger program for the District's accounting system. There are some mitigating controls in place but complete segregation of duties is not present in the accounting system. All central office staff has been cross-trained in the various functions.

Criteria: Duties should be segregated so that no one employee has access to both physical assets and the related accounting records, or to all phases of a transaction.

Effect: Risk is present that errors or irregularities in amounts that would be material to the basic financial statements may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions.

Recommendation: We realize that because of limited resources and personnel, management may not be able to achieve a proper segregation of duties; however, our professional standards require that we bring this lack of segregation of duties to your attention in this report.

Response: The limited number of available personnel and the assignment of duties prohibit segregation of duties. The District does have some migrating controls in place to offset some of the risks of the lack of segregation of duties.

Section III—Federal Award Findings and Questioned Costs

None

East Newton County R-VI School District

Summary Schedule of Prior Audit Findings

Year Ended June 30, 2022

Financial Statement Finding

Material Weakness

2021-001 *Segregation of Duties*

Auditors' Recommendation: We realize that because of limited resources and personnel, management may not be able to achieve a proper segregation of duties; however, our professional standards require that we bring this lack of segregation of duties to your attention in this report.

Status: Uncorrected

E a s t N e w t o n School District

Ron Bittle
Director of Facilities
472-7212

Shelli Copeland
Director of Special Services
472-6233

CENTRAL OFFICE

22808 East Highway 86 • Granby, Missouri 64844. (417) 472-6231

Fax (417) 472-3500

Dr. Ron Mitchell, Superintendent

Scott Charlton
Director of Curriculum
& Instruction
472-7210

Perry Mason
Transportation Director
472-3922

November 29, 2022

U.S. Department of Education

The East Newton County R-VI School District respectfully submits the following corrective action plan for the year ended June 30, 2022.

Contact information for the individual responsible for the corrective action:

Dr. Ron Mitchell – Superintendent
East Newton County R-VI School District
22808 MO-86
Granby, Missouri 64844
(417) 472-6231

Audit Period: Year ended June 30, 2022

The findings from the June 30, 2022, Schedule of Findings and Questioned Costs – Financial Statement Audit are discussed below. The findings are numbered consistently with the numbers assigned in the schedule.

Findings—Financial Statement Audit

Material Weakness

2022-001 Segregation of Duties

Recommendation: We realize that because of limited resources and personnel, management may not be able to achieve a proper segregation of duties; however, our professional standards require that we bring this lack of segregation of duties to your attention in this report.

Action Taken: The limited number of available personnel prohibits segregation of incompatible duties and the District does not have the resources to hire additional accounting personnel.

Completion Date: Not applicable.

Sincerely,



Dr. Ron Mitchell—Superintendent
East Newton County R-VI School District

"HOME OF THE PATRIOTS"

Supplementary State Information



Independent Accountants' Report

Board of Education
East Newton County R-VI School District
Granby, Missouri

We have examined East Newton County R-VI School District's compliance with the requirements of Missouri laws and regulations regarding budgetary and disbursement procedures; accurate disclosure of the District's attendance records of average daily attendance, standard day length, resident membership on the last Wednesday of September, 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 other statutory requirements as listed in the Schedule of Selected Statistics during the year ended June 30, 2022. Management of East Newton County R-VI School District is responsible for the District's compliance with the specified requirements. Our responsibility is to express an opinion on the East Newton County R-VI School District's compliance based on our examination.

Our examination was conducted in accordance with attestation standards established by the AICPA, and those standards require that we plan and perform the examination to obtain reasonable assurance about whether East Newton County R-VI School District complied, in all material respects, with the specified requirements referenced above. An Examination involves performing procedure to obtain evidence about whether East Newton County R-VI School District complied with the specified requirements. The nature, timing, and extent of the procedures selected depend on our judgment, including an assessment of the risks of material noncompliance, whether due to fraud or error. We believe that our examination provides 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 engagement does not provide a legal determination on East Newton County R-VI School District's compliance with the specified requirements.

Our examination disclosed the District did not meet compliance in accordance with Sections 160.066, 163.161, and 67, RSMo as the District did not post quarterly financial information, maintain accurate ridership records and was out of budgetary compliance in the General Fund.

In our opinion, except for the items mentioned in the preceding paragraph, East Newton County R-VI School District complied in all material respects, with the aforementioned requirements for the year ended June 30, 2022.

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.

KPM CPAs, PC

KPM CPAs, PC
Springfield, Missouri
November 29, 2022

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East Newton County R-VI School District

Schedule of Selected Statistics

Year Ended June 30, 2022

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

Report each unique calendar the district/charter school 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	K	8	-	7.25	149.00	1,076.63
4020	K	8	-	7.25	149.00	1,076.63
1050	9	12	-	7.05	149.00	1,046.93

2. Attendance Hours

Report the total attendance hours of PK-12 students 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	Total Hours
4020	K-8	556,363.87	2,126.21	2,523.70	-	23,546.97	584,560.75
4040	K-8	398,604.56	-	625.25	-	17,423.68	416,653.49
1050	9-12	375,648.55	2,024.33	63.00	-	8,944.20	386,680.08
Resident II	11	141.30	-	-	-	-	141.30
Grand Total	K-12	1,330,758.28	4,150.54	3,211.95	-	49,914.85	1,388,035.62

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
4020	K-8	554.00	0.15	-	554.15
4040	K-8	386.00	-	-	386.00
1050	9-12	405.00	1.75	-	406.75
Grand Total	K-12	1,345.00	1.90	-	1,346.90

East Newton County R-VI School District

Schedule of Selected Statistics

Year Ended June 30, 2022

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

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

School Code	Free Lunch	Reduced Lunch	DESEG In Free	DESEG In Reduced	Total
4020	270.13	71.00	-	-	341.13
4040	189.00	43.00	-	-	232.00
1050	129.00	40.00	-	-	169.00
Grand Total	588.13	154.00	-	-	742.13

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:	
	Academic Programs Off-Campus	True
	Career Exploration Program – Off Campus	N/A
	Cooperative Occupational Education (COE) or Supervised Occupational Experience Program	True
	Dual enrollment	True
	Homebound instruction	True
	Missouri Options	N/A
	Prekindergarten eligible to be claimed for state aid	N/A
	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

East Newton County R-VI School District

Schedule of Selected Statistics

Year Ended June 30, 2022

5.3	The district/charter school maintained complete and accurate attendance records allowing for the accurate calculation of September Membership for all students in accordance with all applicable state rules and regulations.	True
5.4	The district/charter school maintained complete and accurate attendance and other applicable records allowing for the accurate reporting of the State FTE count for Free and Reduced Lunch for all students in accordance with all applicable state rules and regulations.	True
5.5	As required by Section 162.401, RSMo, a bond was purchased for the district's/charter school's treasurer in the total amount of:	\$50,000
5.6	The district's/charter school's deposits were secured during the year as required by Sections 110.010 and 110.020, RSMo.	True
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.	True
5.9	If a \$162,326 or 7% x SAT x WADA transfer was made in excess of adjusted expenditures, the board approve a resolution to make the transfer, which identified the specific projects to be funded by the transfer and an expected expenditure date for the projects to be undertaken. (Not applicable to charter schools)	N/A
5.10	The district/charter school published a summary of the prior year's audit report within thirty days of the receipt of the audit pursuant to Section 165.121, RSMo.	True
5.11	The district has a professional development committee plan adopted by the board with the professional development committee plan identifying the expenditure of seventy-five percent (75%) of one percent (1%) of the current year basic formula apportionment. Remaining 25% of 1% if not spent must be restricted and spent on appropriate expenditures in the future. Spending requirement is modified to seventy-five percent (75%) of one half percent (1/2%) of the current year basic formula apportionment if through fiscal year 2024 the amount appropriated and expended to public schools for transportation is less than twenty-five percent (25%) of allowable cost. (Not applicable to charter schools.)	True
5.12	The amount spent for approved professional development committee plan activities was:	\$47,043
5.13	The district/charter school has posted, at least quarterly, a searchable expenditure and revenue document or database detailing actual income, expenditures, and disbursements 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.	False

East Newton County R-VI School District

Schedule of Selected Statistics

Year Ended June 30, 2022

Notes:	

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

Finding:	5.13 - The District did not publish quarterly financial data.
Management Letter Comment:	See Management Letter Comment number 3.

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.	False
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	836
	Ineligible ADT	112.5
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:	231,730
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	174,476
	Ineligible Miles (Non-Route/Disapproved)	57,254
6.7	Number of days the district/charter school operated the school transportation system during the regular school year:	145

East Newton County R-VI School District

Schedule of Selected Statistics

Year Ended June 30, 2022

Notes:	

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

Finding:	6.2 – The District did not accurately maintain ridership counts for all buses. Ridership logs were not prepared for several buses on at least one count date.
Management Letter Comment:	See Management Letter Comment number 4



Board of Education
East Newton County R-VI School District
Granby, Missouri

In planning and performing our audit of the basic financial statements of the East Newton County R-VI School District, for the year ended June 30, 2022, we considered the District's internal control to determine our auditing procedures for the purpose of expressing an opinion on the basic financial statements and not to provide assurance on the internal control. Accordingly, we do not express an opinion on the effectiveness of the District's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. However, as discussed in the 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*, we identified a certain deficiency in internal control over financial reporting that we consider to be a material weakness.

In addition to the material weakness discussed in the 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*, we became aware of additional matters to bring to your attention. The following paragraphs summarize our comments and recommendations regarding these matters.

1. Cybersecurity

Cybersecurity threats are increasing and government entities of all sizes are at risk for a breach of their information systems. With this increase in risk, entities should be continually evaluating risk and taking steps necessary to ensure the security of information systems. Steps include identifying critical information systems, training employees to properly identify threats received in emails or by other means, and adopting internal communication methods other than email.

It is important that entities develop a recovery plan outlining procedures that personnel should follow once a cybersecurity breach is discovered. Additionally, entities should be aware of any insurance in place to help protect them from liabilities that can occur as the result of a breach.

We Recommend:

The District continue to evaluate its cybersecurity risks and take the necessary steps to reduce the risk of cybersecurity threats to their information systems. This evaluation should be performed frequently as technology and information systems are continually changing.

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2. New Accounting Pronouncements

GASB Statement No. 96 – *Subscription-Based Information Technology Arrangements (SBITAs)* – defines SBITAs and provides accounting and financial reporting for SBITAs by governments, including requiring a government to recognize a subscription liability and an intangible right-to-use subscription asset for SBITAs. To the extent relevant, the standards for SBITAs are based on the standards established in Statement No. 87 – *Leases*. This statement is effective for the fiscal year beginning July 1, 2022.

GASB Statement No. 100 – *Accounting Changes and Error Corrections*, an amendment of GASB Statement No. 62 – defines accounting changes and prescribes the accounting and financial reporting for each type of accounting change and error correction. This statement is effective for the fiscal year beginning July 1, 2023.

GASB Statement No. 101 – *Compensated Absences* – updates the recognition and measurement guidance for compensated absences and amends certain previously required disclosures. This statement is effective for the fiscal year beginning July 1, 2024.

We Recommend:

Management examine the new pronouncements to determine the effect these will have on future financial reporting and to ensure successful implementation on the effective dates.

3. Revenue and Expenditure Reporting

The District is required by Section 160.066, RSMo, to post at least quarterly, a searchable expenditure and revenue document on the District's website or other form of social media.

We Recommend:

The District post at least quarterly a searchable revenue and expenditure document on the District's website or other form of social media. We further recommend the District maintain each quarterly document year after year for continuous review.

4. Transportation Reporting

The District is required by Section 163.161, RSMo, to maintain ridership records to accurately disclose, in all material respects, the average number of regular riders.

We Recommend:

The District work with the Transportation Director to ensure ridership lists are maintained by bus route to accurately disclose regular riders.

5. Budgetary Compliance

The District was not in compliance with the budgetary statute, Chapter 67, RSMo, in the current year as actual expenditures exceeded the budgeted expenditures in the General Fund. The budgetary statute prohibits actual expenditures exceeding budgeted expenditures for any fund maintained by the District.

We Recommend:

The District review expenditures during the year and amend the budget as necessary to avoid expending more than the budgeted amount to ensure compliance with the budgetary statute (Chapter 67, RSMo).

We will review the status of these comments during our next audit engagement. We have already discussed these comments with the District's administrative personnel, and we will be pleased to discuss it in further detail at your convenience.

We appreciate this opportunity to serve as East Newton County R-VI School District's independent auditor and the courtesies and assistance extended to us by the District's employees.

Respectfully submitted,

KPM CPAs, PC

KPM CPAs, PC
Springfield, Missouri
November 29, 2022