

REPORT OF
BLACKWATER R-II SCHOOL DISTRICT
BLACKWATER, MISSOURI
JUNE 30, 2020

BLACKWATER R-II SCHOOL DISTRICT

Table of Contents

| | <u>Page</u> |
|---|-------------|
| Independent Auditor’s Report..... | 1-3 |
| District-Wide Financial Statements | |
| Statement of Net Position Arising From Cash Transactions- Governmental Activities | 4 |
| Statement of Activities Arising From Cash Transactions- Governmental Activities | 5 |
| Fund Financial Statements | |
| Statement of Assets, and Fund Balances Arising from Cash Transactions - All Governmental Fund Types | 6 |
| Statement of Revenues Collected, Expenditures Paid and Changes in Fund Balances Arising From Cash Transactions – All Governmental Fund Types | 7 |
| Reconciliation of the Statement of Revenues Collected, Expenditures Paid and Changes in Fund Balances Arising From Cash Transactions – All Governmental Fund Types to the Statement of Activities Arising From Cash Transactions | 8 |
| Statement of Revenues Collected, Expenditures Paid and Changes in Fund Balance Arising From Cash Transactions - Budget and Actual General (Incidental) Fund | 9 |
| Special Revenue (Teachers’) Fund | 10 |
| Notes to Financial Statements..... | 11-24 |
| Supplementary Information | |
| Schedule of Revenues Collected, Expenditures Paid and Changes in Fund Balance Arising From Cash Transactions - Budget and Actual Capital Projects Fund (Schedule 1) | 25 |
| Schedule of Revenues Collected by Source Arising From Cash Transactions (Schedule 2) | 26 |
| Schedule of Expenditures Paid by Object Arising From Cash Transactions (Schedule 3) | 27 |

BLACKWATER R-II SCHOOL DISTRICT

Table of Contents
(Continued)

Page

State Compliance Schedules (Unaudited)

Schedule of Selected Statistics..... 28-32

Schedule of Transportation Costs Eligible for State Aid..... 33

State Compliance

Independent Accountant’s Report on Management’s Assertions
About Compliance with Specified Requirements of Missouri Laws
and Regulations 34

Schedule of State Findings..... 35

Compliance and Internal Control

Independent Auditor’s Report on Internal Control Over Financial Reporting and on
Compliance and Other Matters Based on an Audit of Financial Statements
Performed in Accordance with *Government Auditing Standards* 36-37

Schedule of Findings and Responses 38-40

INDEPENDENT AUDITOR'S REPORT

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Board of Education
Blackwater R-II School District
Blackwater, Missouri

To The Members of the Board:

Report on the Financial Statements

We have audited the accompanying cash basis financial statements of the governmental activities and each major fund of the Blackwater R-II School District, Blackwater, Missouri (the "District"), as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

PARTNERS

Fred W. Korte, Jr.
Joseph E. Chitwood
Travis W. Hundley
Jeffrey A. Chitwood
Amy L. Watson
Heidi N. Ross

Management's Responsibility for the Financial Statements

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

PARTNER EMERITUS

Robert A. Gerding

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective cash basis financial position of the governmental activities and each major fund of the District, as of June 30, 2020, and the respective changes in cash basis financial position and the respective budgetary comparisons for the General and Special Revenue Funds for the year then ended in accordance with the cash basis of accounting described in Note 1.

Basis of Accounting

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

Other Matters

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements as a whole that collectively comprise the District's basic financial statements. The capital projects budgetary schedule, schedule of revenues collected by source, schedule of expenditures paid by object, schedule of selected statistics, and schedule of transportation costs eligible for state aid are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The capital projects budgetary schedule, schedule of revenues collected by source and schedule of expenditures paid by object are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the 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 capital projects budgetary schedule, schedule of revenues collected by source and schedule of expenditures paid by object are fairly stated in all material respects in relation the basic financial statements as a whole.

The schedule of selected statistics and schedule of transportation costs eligible for state aid have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated September 10, 2020, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.



September 10, 2020

Gerding, Korte & Chitwood, P.C.
Certified Public Accountants
Boonville, Missouri

BLACKWATER R-II SCHOOL DISTRICT
STATEMENT OF NET POSITION ARISING FROM CASH TRANSACTIONS
GOVERNMENTAL ACTIVITIES
JUNE 30, 2020

ASSETS:

Current Assets

| | |
|----------------------|------------|
| Cash and investments | \$ 376,919 |
|----------------------|------------|

| | |
|--------------|----------------|
| Total Assets | <u>376,919</u> |
|--------------|----------------|

NET POSITION:

| | |
|--------------|----------------|
| Unrestricted | <u>376,919</u> |
|--------------|----------------|

| | |
|--------------------|--------------------------|
| Total Net Position | <u><u>\$ 376,919</u></u> |
|--------------------|--------------------------|

BLACKWATER R-II SCHOOL DISTRICT
STATEMENT OF ACTIVITIES ARISING FROM CASH TRANSACTIONS
GOVERNMENTAL ACTIVITIES
YEAR ENDED JUNE 30, 2020

| | Expenditures | Program Receipts | | | Net Expenses and Changes in Net Position |
|---------------------------------|---------------------|-------------------------|--|--|--|
| | | Charges for Services | Operating Grants and Contributions | Capital Grants and Contributions | |
| Regular instruction | \$ 476,641 | \$ 2,400.00 | \$ 133,768 | \$ - | \$ (340,473) |
| Special instruction | 213,039 | - | 113,599 | - | (99,440) |
| Student activities | 10,507 | 4,236 | - | - | (6,271) |
| Tuition paid to other districts | 228,765 | - | - | - | (228,765) |
| Student support services | 26,155 | - | - | - | (26,155) |
| Instructional support services | 29,071 | - | 5,586 | - | (23,485) |
| Board of Education services | 24,327 | - | - | - | (24,327) |
| Executive administration | 192,575 | - | - | - | (192,575) |
| Operation of plant | 112,754 | 185 | - | - | (112,569) |
| Pupil transportation | 66,350 | - | 17,808 | - | (48,542) |
| Food services | 71,924 | 13,912 | 32,745 | - | (25,267) |
| Community services | 35,315 | - | 10,530 | - | (24,785) |
| Total | <u>\$ 1,487,423</u> | <u>\$ 20,733</u> | <u>\$ 314,036</u> | <u>\$ -</u> | <u>(1,152,654)</u> |

General Revenues

Taxes

| | |
|---|---------|
| Property taxes levied for general purposes | 325,747 |
| Proposition C sales tax | 163,961 |
| Financial institution tax/in lieu of tax/M&M surtax | 3,659 |
| State assessed railroad and utility | 120,931 |

Non-Restricted Intergovernmental Revenues

| | |
|----------------------------------|------------------|
| County-Fines | 10,062 |
| State-Basic formula | 566,586 |
| Interest and investment earnings | 11,204 |
| Local-Miscellaneous | 3,733 |
| Subtotal General Revenues | <u>1,205,883</u> |

Increase (Decrease) in Net Position 53,229

Net Position, June 30, 2019 323,319

Prior Period Adjustment (Note 12) 371

Net Position, June 30, 2020 (Restated) 323,690

Net Position, June 30, 2020 \$ 376,919

See Notes to Financial Statements

BLACKWATER R-II SCHOOL DISTRICT
STATEMENT OF ASSETS AND FUND BALANCES
ARISING FROM CASH TRANSACTIONS -
ALL GOVERNMENTAL FUND TYPES
JUNE 30, 2020

| | Governmental Fund Types | | | Total Governmental Funds |
|----------------------|---------------------------------|---|-----------------------------|-----------------------------|
| | General (Incidental) Fund | Special Revenue (Teachers') Fund | Capital Projects Fund | |
| ASSETS: | | | | |
| Cash and investments | \$ 376,919 | \$ - | \$ - | \$ 376,919 |
| TOTAL ASSETS | \$ 376,919 | \$ - | \$ - | \$ 376,919 |
| FUND BALANCES: | | | | |
| Unassigned | \$ 376,919 | \$ - | \$ - | \$ 376,919 |
| TOTAL FUND BALANCES | \$ 376,919 | \$ - | \$ - | 376,919 |

RECONCILIATION OF THE STATEMENT OF ASSETS AND FUND BALANCES ARISING FROM CASH TRANSACTIONS
TO STATEMENT OF NET POSITION ARISING FROM CASH TRANSACTIONS

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

| | |
|---|------------|
| There are no reconciling items | - |
| Net position of governmental activities | \$ 376,919 |

See Notes to Financial Statements

BLACKWATER R-II SCHOOL DISTRICT
STATEMENT OF REVENUES COLLECTED, EXPENDITURES PAID AND
CHANGES IN FUND BALANCES ARISING FROM CASH TRANSACTIONS -
ALL GOVERNMENTAL FUND TYPES
YEAR ENDED JUNE 30, 2020

| | Governmental Fund Types | | | Total Governmental Funds |
|--|---------------------------------|---|-----------------------------|--------------------------------|
| | General (Incidental) Fund | Special Revenue (Teachers') Fund | Capital Projects Fund | |
| REVENUES COLLECTED: | | | | |
| Local | \$ 361,804 | \$ 166,544 | \$ - | \$ 528,348 |
| County | 120,931 | 10,061 | - | 130,992 |
| State | 103,666 | 637,093 | - | 740,759 |
| Federal | 59,614 | 79,934 | - | 139,548 |
| Other | 1,005 | - | - | 1,005 |
| Total Revenues Collected | <u>647,020</u> | <u>893,632</u> | <u>-</u> | <u>1,540,652</u> |
| EXPENDITURES PAID: | | | | |
| Regular instruction | 21,670 | 454,971 | - | 476,641 |
| Special instruction | 68,522 | 144,517 | - | 213,039 |
| Student activities | 8,188 | 2,319 | - | 10,507 |
| Tuition paid to other districts | - | 228,765 | - | 228,765 |
| Student support services | 10,296 | 15,859 | - | 26,155 |
| Instructional support services | 21,140 | 7,931 | - | 29,071 |
| Board of Education services | 24,327 | - | - | 24,327 |
| Executive administration | 96,101 | 90,744 | 5,730 | 192,575 |
| Operation of plant | 97,832 | - | 14,922 | 112,754 |
| Pupil transportation | 61,783 | 4,567 | - | 66,350 |
| Food services | 71,924 | - | - | 71,924 |
| Community services | 10,712 | 24,603 | - | 35,315 |
| Total Expenditures Paid | <u>492,495</u> | <u>974,276</u> | <u>20,652</u> | <u>1,487,423</u> |
| EXCESS/(DEFICIT) OF REVENUES COLLECTED OVER EXPENDITURES PAID | <u>154,525</u> | <u>(80,644)</u> | <u>(20,652)</u> | <u>53,229</u> |
| OTHER FINANCING SOURCES/(USES): | | | | |
| Transfers | <u>(101,296)</u> | 80,644 | 20,652 | - |
| Total Other Financing Sources/(Uses) | <u>(101,296)</u> | <u>80,644</u> | <u>20,652</u> | <u>-</u> |
| EXCESS/(DEFICIT) OF REVENUES COLLECTED AND OTHER FINANCING SOURCES OVER EXPENDITURES PAID AND OTHER FINANCING USES | <u>53,229</u> | <u>-</u> | <u>-</u> | <u>\$ 53,229</u> |
| FUND BALANCES, BEGINNING OF YEAR | 323,319 | - | - | |
| PRIOR PERIOD ADJUSTMENT (NOTE 12) | <u>371</u> | <u>-</u> | <u>-</u> | |
| FUND BALANCES, BEGINNING OF YEAR, RESTATED | <u>323,690</u> | <u>-</u> | <u>-</u> | |
| FUND BALANCES, END OF YEAR | <u>\$ 376,919</u> | <u>\$ -</u> | <u>\$ -</u> | |

See Notes to Financial Statements

BLACKWATER R-II SCHOOL DISTRICT
RECONCILIATION OF THE STATEMENT OF REVENUES COLLECTED,
EXPENDITURES PAID AND CHANGES IN FUND BALANCES ARISING FROM
CASH TRANSACTIONS - ALL GOVERNMENTAL FUND TYPES TO THE
STATEMENT OF ACTIVITIES ARISING FROM CASH TRANSACTIONS
YEAR ENDED JUNE 30, 2020

| | |
|--|------------------|
| Net change in fund balances - total governmental funds | \$ 53,229 |
| There are no reconciling items | <u>-</u> |
| Change in Net Position of Governmental Activities | <u>\$ 53,229</u> |

BLACKWATER R-II SCHOOL DISTRICT
GENERAL (INCIDENTAL) FUND
STATEMENT OF REVENUES COLLECTED, EXPENDITURES PAID AND
CHANGES IN FUND BALANCE ARISING FROM CASH TRANSACTIONS -
BUDGET AND ACTUAL
YEAR ENDED JUNE 30, 2020

| | Budget | | Actual | Variance with Final Budget |
|--|-------------------|-------------------|-------------------|-------------------------------|
| | Original | Final | | |
| REVENUES COLLECTED: | | | | |
| Local | \$ 349,599 | \$ 350,151 | \$ 361,804 | \$ 11,653 |
| County | 109,341 | 120,560 | 120,931 | 371 |
| State | 118,191 | 70,102 | 103,666 | 33,564 |
| Federal | 71,457 | 57,674 | 59,614 | 1,940 |
| Other | - | 1,005 | 1,005 | - |
| Total Revenues Collected | <u>648,588</u> | <u>599,492</u> | <u>647,020</u> | <u>47,528</u> |
| EXPENDITURES PAID: | | | | |
| Regular instruction | 22,491 | 35,860 | 21,670 | 14,190 |
| Special instruction | 66,748 | 51,151 | 68,522 | (17,371) |
| Student activities | 9,009 | 7,457 | 8,188 | (731) |
| Student support services | 12,773 | 10,225 | 10,296 | (71) |
| Instructional support services | 13,598 | 15,715 | 21,140 | (5,425) |
| Board of Education services | 25,374 | 23,024 | 24,327 | (1,303) |
| Executive administration | 59,537 | 91,939 | 96,101 | (4,162) |
| Operation of plant | 91,544 | 95,456 | 97,832 | (2,376) |
| Pupil transportation | 88,330 | 60,536 | 61,783 | (1,247) |
| Food services | 87,069 | 71,928 | 71,924 | 4 |
| Community services | 8,110 | 10,433 | 10,712 | (279) |
| Total Expenditures Paid | <u>484,583</u> | <u>473,724</u> | <u>492,495</u> | <u>(18,771)</u> |
| EXCESS/(DEFICIT) OF REVENUES COLLECTED OVER EXPENDITURES PAID | 164,005 | 125,768 | 154,525 | 28,757 |
| OTHER FINANCING SOURCES/(USES): | | | | |
| Transfers | <u>(158,741)</u> | <u>(92,364)</u> | <u>(101,296)</u> | <u>(8,932)</u> |
| EXCESS/(DEFICIT) OF REVENUES COLLECTED OVER EXPENDITURES PAID AND OTHER FINANCING USES | <u>5,264</u> | <u>33,404</u> | <u>53,229</u> | <u>\$ 19,825</u> |
| FUND BALANCE, BEGINNING OF YEAR | 323,319 | 323,319 | 323,319 | |
| PRIOR PERIOD ADJUSTMENT (NOTE 12) | 371 | 371 | 371 | |
| FUND BALANCE, BEGINNING OF YEAR (RESTATED) | <u>323,690</u> | <u>323,690</u> | <u>323,690</u> | |
| FUND BALANCE, END OF YEAR | <u>\$ 328,954</u> | <u>\$ 357,094</u> | <u>\$ 376,919</u> | |

See Notes to Financial Statements

BLACKWATER R-II SCHOOL DISTRICT
SPECIAL REVENUE (TEACHERS') FUND
STATEMENT OF REVENUES COLLECTED, EXPENDITURES PAID AND
CHANGES IN FUND BALANCE ARISING FROM CASH TRANSACTIONS -
BUDGET AND ACTUAL
YEAR ENDED JUNE 30, 2020

| | Budget | | Actual | Variance with Final Budget |
|--|------------------|----------------|----------------|-------------------------------|
| | Original | Final | | |
| REVENUES COLLECTED: | | | | |
| Local | \$ 166,357 | \$ 168,100 | \$ 166,544 | \$ (1,556) |
| County | 14,444 | 10,062 | 10,061 | (1) |
| State | 638,538 | 678,816 | 637,093 | (41,723) |
| Federal | 69,179 | 45,689 | 79,934 | 34,245 |
| Total Revenues Collected | <u>888,518</u> | <u>902,667</u> | <u>893,632</u> | <u>(9,035)</u> |
| EXPENDITURES PAID: | | | | |
| Regular instruction | 459,038 | 455,135 | 454,971 | 164 |
| Special instruction | 139,588 | 144,165 | 144,517 | (352) |
| Student activities | 5,451 | 2,320 | 2,319 | 1 |
| Tuition paid to other districts | 291,920 | 228,765 | 228,765 | - |
| Student support services | 15,863 | 15,860 | 15,859 | 1 |
| Instructional support services | 7,932 | 7,932 | 7,931 | 1 |
| Executive administration | 94,358 | 90,747 | 90,744 | 3 |
| Pupil transportation | 4,777 | 4,569 | 4,567 | 2 |
| Community services | 24,833 | 24,885 | 24,603 | 282 |
| Total Expenditures Paid | <u>1,043,760</u> | <u>974,378</u> | <u>974,276</u> | <u>102</u> |
| EXCESS/(DEFICIT) OF REVENUES COLLECTED OVER EXPENDITURES PAID | | | | |
| | (155,242) | (71,711) | (80,644) | (8,933) |
| OTHER FINANCING SOURCES/(USES): | | | | |
| Transfers | <u>155,242</u> | <u>71,711</u> | <u>80,644</u> | <u>8,933</u> |
| EXCESS/(DEFICIT) OF REVENUES COLLECTED AND OTHER FINANCING SOURCES OVER EXPENDITURES PAID | | | | |
| | - | - | - | <u>\$ -</u> |
| FUND BALANCE, BEGINNING OF YEAR | | | | |
| | <u>-</u> | <u>-</u> | <u>-</u> | |
| FUND BALANCE, END OF YEAR | | | | |
| | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | |

See Notes to Financial Statements

BLACKWATER R-II SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2020

NOTE 1: Summary of Significant Accounting Policies

The financial statements of the Blackwater R-II School District (the “District”) have been prepared in conformity with the cash basis of accounting. As such these financial statements reflect the cash and investment position of the District and the receipts and disbursements arising from cash activities. The significant accounting policies of the District are described below:

A. Reporting Entity

The District is governed by an elected seven-member board. The Blackwater R-II School District Board (the “Board”) is the basic level of government that has financial accountability and control over all activities related to public school education in the District. The accompanying financial statements present the activities of the District. The District is not a component unit of another reporting entity.

Component units are legally separate organizations for which the District is financially accountable. The District is financially accountable for an organization if the District appoints a voting majority of the organization's governing board and (a) the District is able to significantly influence the programs or services performed or provided by the organization; or (b) the District is legally entitled to or can otherwise access the organization's resources; the District is legally obligated or has otherwise assumed the responsibility to finance the deficits of, or provide financial support to, the organization; or the District is obligated for the debt of the organization. Component units may also include organizations that are fiscally dependent on the District in that the District approves the budget, the issuance of debt or the levying of taxes. The District has no component units.

B. District-Wide and Fund Financial Statements

District-Wide Statements:

The Statement of Net Position and the Statement of Activities present financial information about the District's governmental activities. These statements include the financial activities of the overall government in its entirety. Governmental activities generally are financed through taxes, intergovernmental revenues, and other nonexchange transactions. The District first utilizes restricted resources to finance qualifying activities.

The Statement of Activities presents a comparison between direct expenses and program revenues for each function of the District's governmental activities. Direct expenses are those that are specifically associated with and are clearly identifiable to a particular function. Program revenues include (a) charges paid by the recipients for goods or services offered by the programs and (b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues. The District does not allocate indirect costs.

BLACKWATER R-II SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2020

NOTE 1: Summary of Significant Accounting Policies (continued)

Fund Financial Statements:

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

C. Fund Accounting

The District uses funds to maintain its financial records during the year. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts.

Governmental Funds

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

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

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

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

BLACKWATER R-II SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2020

NOTE 1: Summary of Significant Accounting Policies (continued)

D. Basis of Accounting, Measurement Focus and Financial Statement Presentation

Basis of accounting refers to when revenues and expenditures or expenses are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurements made, regardless of the measurement focus applied.

The district-wide financial statements are prepared using the cash basis of accounting. Revenues are recorded when received and expenses are recorded when paid.

Governmental fund financial statements are reported using the cash basis of accounting. Revenues are recognized when received and expenditures are recognized when paid.

As a result of the use of this cash basis of accounting, certain assets and their related revenues and certain liabilities and their related expenses are not recorded in these financial statements. If the District utilized the basis of accounting recognized as generally accepted, the financial statements would be presented on the accrual basis of accounting.

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

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

BLACKWATER R-II SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2020

NOTE 1: Summary of Significant Accounting Policies (continued)

E. Budgets and Budgetary Accounting

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

- 1) In accordance with Chapter 67, RSMo, the District adopts a budget for each fund.
- 2) Prior to July, the superintendent, who serves as the budget officer, submits to the Board of Education a proposed budget for the fiscal year beginning on the following July 1. The proposed budget includes estimated revenues and expenditures for all District funds. Budgeted expenditures cannot exceed beginning available monies plus estimated revenues for the year.
- 3) A public hearing is conducted to obtain taxpayer comments. Prior to its approval by the Board of Education, the budget document is available for public inspection.
- 4) Prior to July 1, the budget is legally enacted by a vote of the Board of Education.
- 5) Subsequent to formal approval of the budget, the Board of Education has the authority to make necessary adjustments to the budget by formal vote of the Board. Adjustments made during the year are reflected in the budget information included in the financial statements.
- 6) Budgets for District funds are prepared and adopted on the cash basis of accounting (budget basis), which recognizes revenues when collected and expenditures when paid.
- 7) Actual expenditures exceeded final budgeted expenditures by \$18,771 in the general fund.

F. Pooled Cash and Temporary Investments

Cash resources of the individual funds are combined to form a pool of cash and temporary investments which is managed by the District Treasurer. Investments of the pooled accounts consist primarily of certificates of deposit and money market checking accounts. Interest income earned is allocated to contributing funds based on cash and temporary investment balances.

G. Capital Assets

Capital assets are recorded as expenditures paid in the General Fund and Capital Projects Fund at the time the expenditures are made.

BLACKWATER R-II SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2020

NOTE 1: Summary of Significant Accounting Policies (continued)

H. Liabilities and Long-Term Obligations

Amounts due employees under employee benefit plans are accounted for as liabilities of the District in both the district-wide and fund financial statements. Long-term obligations are reported only in the district-wide financial statements.

I. Use of Estimates

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

J. Fund Equity

In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change.

K. Net Position

Net position represents the difference between assets and liabilities. Net position is reported as restricted when there are limitations imposed on its use either through the enabling legislation adopted by the District or through external restrictions imposed by creditors, grantors, laws or regulations of other governments.

L. Debt Service

Proceeds from sales of bonded indebtedness are recorded as revenue when the payment is received. Repayments are recognized as expenditures when the disbursements are made. Interest on bonded indebtedness is recorded when it is disbursed.

M. Vacation and Sick Leave

Vacation time, personal business days, and sick leave are considered as expenditures in the year paid. Amounts that are unused and which are vested in the employee are payable upon termination.

BLACKWATER R-II SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2020

NOTE 1: Summary of Significant Accounting Policies (continued)

N. Teacher Salaries

The salary payment schedule of the District requires the payment of salaries for a twelve- month period. Consequently, the July and August 2020 payroll checks, written and dated in June 2020 are included in the financial statements as an expenditure in the 2019-20 year. This practice is consistent with prior years.

O. Compensated Absences

The District allows employees to accumulate unused sick leave to a maximum of 40 days. Upon termination, up to 40 days of accumulated sick leave will be paid to the employee. As of June 30, 2020, the liability for accrued sick leave is \$4,436.

P. Post Employment Benefits

COBRA Benefits - Under the Consolidated Omnibus Budget Reconciliation Act (COBRA), the District provides health care benefits to eligible former employees and eligible dependents. Certain requirements are outlined by the federal government for this coverage. The premium is paid in full by the insured on or before the month for the actual month covered. This program is offered for a duration of 18 months after the termination date. There is no associated cost to the District under this program.

Q. Fund Equity – Fund Financial Statements

Governmental fund equity is classified as fund balance. Beginning with FY 2011, the District implemented GASB Statement 54, *Fund Balance Reporting and Governmental Fund Type Definitions*. This statement provides more clearly defined fund balance categories to make the nature and extent of the constraints placed on a government's fund balance more transparent. The following classifications describe the relative strength of the spending constraints placed on the purpose for which resources can be used:

- **Nonspendable:** 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. Management has determined there are no amounts that should be considered nonspendable.

BLACKWATER R-II SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2020

NOTE 1: Summary of Significant Accounting Policies (continued)

- Restricted: This classification includes amounts for which constraints have been placed on the use of resources because they are either:
 - Externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments; or
 - Imposed by law through constitutional provisions or enabling legislation.

Management has determined there are no restrictions at June 30, 2020.

- Committed: This classification includes amounts that can only be used for specific purposes pursuant to constraints imposed by formal action (resolution) of the District's board of directors, which is the District's highest level of decision-making authority. These amounts cannot be used for any other purpose unless the board of directors removes or changes the specified use by taking the same type of action that was employed when the funds were initially committed. This classification also includes contractual obligations to the extent that existing resources have been specifically committed for use in satisfying those contractual requirements. The District did not have any committed resources as of year-end.
- Assigned: This classification includes spendable amounts that are reported in governmental funds *other than the General Fund*, that are neither restricted nor committed, and amounts in the General Fund that are intended to be used for a specific purpose in accordance with the provisions of GASB Statement 54. The intent of an assigned fund balance should be expressed by either the District's board of directors, or a subordinate high-level body, such as a finance committee, or an official, such as the executive director, that has the authority to assign amounts to be used for specific purposes. The District's management had no assigned funds at June 30, 2020.
- Unassigned: This classification is the residual fund balance for the General Fund. It also represents fund balance that has not been assigned to other funds and that has not been restricted, committed, or assigned to specific purposes within the General Fund.

When fund balance resources are available for a specific purpose in multiple classifications, the District would use the most restrictive funds first in the following order: restricted, committed, assigned, and unassigned as they are needed. However, it reserves the right to selectively spend unassigned resources first and to defer to the use of the other classified funds.

BLACKWATER R-II SCHOOL DISTRICT
 NOTES TO FINANCIAL STATEMENTS
 YEAR ENDED JUNE 30, 2020

NOTE 2: Deposits and Investments

The District complies with various restrictions on deposits and investments which are imposed by state statutes as follows:

Deposits - Missouri statutes require that all deposits with financial institutions be collateralized in an amount at least equal to uninsured deposits.

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

The District held no investments at June 30, 2020. The deposits held at June 30, 2020, are shown below:

| | Maturity Date | Carrying Value |
|--------------------------------|------------------|-------------------|
| Deposits: | | |
| Demand deposits | | \$ 21,783 |
| Time deposit | 03/14/21 | 30,151 |
| Time deposits | 04/17/21 | 324,985 |
| Total deposits and investments | | \$ 376,919 |

Custodial credit risk. Deposits in financial institutions, reported as components of cash and investments had a bank balance of \$461,882 at June 30, 2020, which was fully insured by depository insurance or secured with collateral.

Investment interest rate risk. The District has no formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. The District held no U.S. Treasury Securities at June 30, 2020.

Investment credit risk. The Board has given the Superintendent the authority to invest idle funds of the District in low-risk investments such as United States government securities or collateralized certificates of deposit.

Concentration of investment credit risk. The District places no limit on the amount it may invest in any one issuer. At June 30, 2020, the District had no concentration of credit risk.

BLACKWATER R-II SCHOOL DISTRICT
 NOTES TO FINANCIAL STATEMENTS
 YEAR ENDED JUNE 30, 2020

NOTE 3: 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 rollback waiver.

The assessed valuation of the tangible taxable property for the calendar year 2019 for purposes of local taxation was \$9,911,934.

The tax levy per \$100 of the assessed valuation of tangible taxable property for the calendar year 2019 for purpose of local taxation was:

| | Unadjusted | Adjusted |
|---------------------------|------------|-----------|
| General (Incidental) Fund | \$ 3.1080 | \$ 3.1080 |

The receipts of current and delinquent property taxes during the fiscal year ended June 30, 2020, aggregated approximately 105.7% of the current assessment computed on the basis of the levy as shown above.

NOTE 4: Bonds Payable

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 a district. The legal debt margin (excluding state-assessed railroad and utility) of the District at June 30, 2020, was:

| | |
|---|--------------|
| Constitutional debt limit | \$ 1,486,790 |
| General obligation bonds payable | - |
| Amount in Debt Service Fund available for payment of principal | - |
| Legal debt margin | \$ 1,486,790 |

BLACKWATER R-II SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2020

NOTE 5: Fund Balance

Classifications of fund balances at June 30, 2020 are as follows:

| | General Fund | Special Revenue Fund | Capital Projects Fund | Total |
|---------------------------------------|-------------------|----------------------------|-----------------------------|-------------------|
| Fund Balances: | | | | |
| Nonspendable | \$ - | \$ - | \$ - | \$ - |
| Restricted | - | - | - | - |
| Committed | - | - | - | - |
| Assigned for special revenue | - | - | - | - |
| Assigned for professional development | - | - | - | - |
| Assigned for capital projects | - | - | - | - |
| Unassigned | 376,919 | - | - | 376,919 |
| | <u>\$ 376,919</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 376,919</u> |

The District has not adopted a policy that sets forth a minimum fund balance amount.

NOTE 6: Interfund Transfers

Interfund transfers, the flow of assets from one fund to another where repayment is not expected, are reported as transfers in and out. The District is required to make a transfer from the General Fund to the Teachers' Fund to cover the excess of disbursements over receipts each year. The District makes allowed transfers from the General Fund to the Capital Projects Fund to cover disbursements and build balances as allowed by state law. During the year ended June 30, 2020, the District made the following interfund transfers:

| <u>Type of Transfers</u> | General (Incidental) Fund | Special Revenue (Teachers') Fund | Capital Projects Fund |
|---------------------------|---------------------------------|---|-----------------------------|
| \$162,326 or 7% xSATxWADA | \$ (10,779) | \$ - | \$ 10,779 |
| Teachers' Fund | (80,644) | 80,644 | - |
| Transportation Calc Cost | (9,873) | - | 9,873 |
| Total Net Transfers | <u>\$ (101,296)</u> | <u>\$ 80,644</u> | <u>\$ 20,652</u> |

BLACKWATER R-II SCHOOL DISTRICT
 NOTES TO FINANCIAL STATEMENTS
 YEAR ENDED JUNE 30, 2020

NOTE 7: Retirement Plan

The Blackwater R-II School District contributes to the Public School Retirement System of Missouri (PSRS), a cost-sharing multiple-employer defined benefit pension plan. PSRS provides retirement and disability benefits to full-time (and certain part-time) certificated employees and death benefits to members and beneficiaries. Positions covered by the Public School Retirement System of Missouri are not covered by Social Security. PSRS benefit provisions are set forth in Chapter 169.010 - .141 of the Missouri Revised Statutes. The statutes assign responsibility for the administration of the system to a seven-member Board of Trustees. PSRS issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to: The Public School Retirement System of Missouri, P.O. Box 268, Jefferson City, Missouri 65102, or by calling 1-800-392-6848.

PSRS members are required to contribute 14.5% of their annual covered salary and the Blackwater R-II School District is required to contribute a matching amount. The contribution requirements of members and the Blackwater R-II School District are established and may be amended by the PSRS Board of Trustees. The District's contributions to PSRS for the year ending June 30, 2020, were \$91,820, equal to the required contributions. The contributions for the last three years are as follows:

| Year Ended June 30, | Amount of Employer Contribution | Percentage of Contribution |
|------------------------|------------------------------------|-------------------------------|
| 2020 | \$ 91,820 | 14.50% |
| 2019 | 94,995 | 14.50% |
| 2018 | 89,863 | 14.50% |

The Blackwater R-II School District also contributes to the Public Education Employees Retirement System of Missouri (PEERS), a cost-sharing multiple-employer defined benefit pension plan. PEERS provides retirement and disability benefits to employees of the District who work 20 or more hours per week and who do not contribute to the Public School Retirement System of Missouri. Positions covered by the Public Education Employees Retirement System of Missouri are also covered by Social Security. Benefit provisions are set forth in Chapter 169.600 - .715 of the Missouri Revised Statutes. The statutes assign responsibility for the administration of the system to the Board of Trustees of the Public Education Employees Retirement System of Missouri. PEERS issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to: The Public Education Employees Retirement System of Missouri, P.O. Box 268, Jefferson City, Missouri 65102 or by calling 1-800-392-6848.

BLACKWATER R-II SCHOOL DISTRICT
 NOTES TO FINANCIAL STATEMENTS
 YEAR ENDED JUNE 30, 2020

NOTE 7: Retirement Plan (continued)

PEERS members are required to contribute 6.86% of their annual covered salary and the Blackwater R-II School District is required to contribute a matching amount. The contribution requirements of members and the Blackwater R-II School District are established and may be amended by the Board of Trustees. The School District's contributions to PEERS for the year ending June 30, 2020, were \$9,632, equal to the required contributions. The contributions for the last three years are as follows:

| Year Ended June 30, | Amount of Employer Contribution | Percentage of Contribution |
|------------------------|------------------------------------|-------------------------------|
| 2020 | \$ 9,632 | 6.86% |
| 2019 | 9,840 | 6.86% |
| 2018 | 6,860 | 6.86% |

NOTE 8: Participation in Public Entity Risk Pools

The District is a member of the Missouri United School Insurance Council (MUSIC), a not-for-profit corporation consisting of school districts and junior colleges. MUSIC was incorporated in 1985 to acquire insurance for its members. MUSIC operates as a purchasing pool and is not a joint venture activity of the District. The District has no control over budgeting, financing, management selection, or the governing body. MUSIC provides both conventional and self-insurance coverage for its members including property, casualty, general liability, workers' compensation, and fleet insurance. The District participates in all of the above coverages.

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

In the event that a deficit occurs with respect to any fiscal year of MUSIC for which the District was a participant at any time during such year; and in the event that MUSIC determines that an assessment is required in order to provide additional funds for the obligations of MUSIC for such year; and further, in the event that the District was covered by the types of benefits requiring the assessment during the time period in which the assessment arose, the District is obligated to pay its pro rata share of any such assessment, irrespective of whether or not the District is a member of MUSIC at the time of such assessment.

Management of the District is not aware of any deficit situation in MUSIC which would require any accrual of liability as of June 30, 2020.

MUSIC's financial statements are presented in its Comprehensive Annual Financial Report for the year ended December 31, 2019.

BLACKWATER R-II SCHOOL DISTRICT
 NOTES TO FINANCIAL STATEMENTS
 YEAR ENDED JUNE 30, 2020

NOTE 9: Risk Management

The District is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; and natural disasters for which the District carries commercial insurance.

NOTE 10: Contingent Liabilities

The District receives federal grants and state funding for specific purposes that are subject to review and audit. These reviews and audits could lead to request for reimbursement or to withholding of future funding for expenditures disallowed for noncompliance with the terms of the grants and state funding. The federal granting agency will determine whether or not any expenditures will be disallowed. The District is not aware of any noncompliance with federal or state provisions that might require the District to provide reimbursement.

NOTE 11: Other Post-Employment Benefits

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

NOTE 12: Prior Period Adjustment

The District recorded a prior period adjustment in the general fund of \$371 to account for prior year activity. The following details the prior period adjustment:

| | General Fund | Government- Wide |
|---|-----------------|---------------------|
| Fund Balance/Net Position, Originally Stated, June 30, 2019 | \$ 323,319 | \$ 323,319 |
| Prior Period Adjustment | 371 | 371 |
| Fund Balance/Net Position, Restated, June 30, 2019 | \$ 323,690 | \$ 323,690 |

BLACKWATER R-II SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2020

NOTE 13: Related Party Transaction

During our audit, we noted the District spent \$1,800 with a board member in fiscal year 2020 for athletics coaching.

NOTE 14: Consideration of Subsequent Events

Subsequent events have been evaluated through September 10, 2020, which is the date the financial statements are available to be issued. No events requiring disclosure were identified as a result of this review.

SUPPLEMENTARY INFORMATION

BLACKWATER R-II SCHOOL DISTRICT
 CAPITAL PROJECTS FUND
 SCHEDULE OF REVENUES COLLECTED, EXPENDITURES PAID AND
 CHANGES IN FUND BALANCE ARISING FROM CASH TRANSACTIONS -
 BUDGET AND ACTUAL
 YEAR ENDED JUNE 30, 2020
 SCHEDULE 1

| | Budget | | Actual | Variance with Final Budget |
|---|----------------|-----------------|-----------------|-------------------------------|
| | Original | Final | | |
| REVENUES COLLECTED: | | | | |
| Local | \$ - | \$ - | \$ - | \$ - |
| Total Revenues Collected | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| EXPENDITURES PAID: | | | | |
| Regular instruction | 1,499 | 4 | - | 4 |
| Executive administration | - | 5,731 | 5,730 | 1 |
| Operation of plant | - | 14,918 | 14,922 | (4) |
| Food services | 2,000 | - | - | - |
| Total Expenditures Paid | <u>3,499</u> | <u>20,653</u> | <u>20,652</u> | <u>1</u> |
| EXCESS/(DEFICIT) OF REVENUES COLLECTED OVER EXPENDITURES PAID | <u>(3,499)</u> | <u>(20,653)</u> | <u>(20,652)</u> | <u>1</u> |
| OTHER FINANCING SOURCES | | | | |
| Transfers | <u>3,499</u> | <u>20,653</u> | <u>20,652</u> | <u>(1)</u> |
| EXCESS/(DEFICIT) OF REVENUES COLLECTED AND OTHER FINANCING SOURCES OVER EXPENDITURES PAID | <u>-</u> | <u>-</u> | <u>-</u> | <u>\$ -</u> |
| FUND BALANCE, BEGINNING OF YEAR | <u>-</u> | <u>-</u> | <u>-</u> | |
| FUND BALANCE, END OF YEAR | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | |

BLACKWATER R-II SCHOOL DISTRICT
SCHEDULE OF REVENUES COLLECTED BY SOURCE
ARISING FROM CASH TRANSACTIONS
YEAR ENDED JUNE 30, 2020
SCHEDULE 2

| | General (Incidental) Fund | Special Revenue (Teachers') Fund | Capital Projects Fund | Totals (Memorandum Only) |
|--------------------------------------|---------------------------------|---|-----------------------------|-----------------------------|
| LOCAL: | | | | |
| Current taxes | \$ 263,816 | \$ - | - | \$ 263,816 |
| Delinquent taxes | 61,931 | - | - | 61,931 |
| Proposition C | - | 163,961 | - | 163,961 |
| Financial institution tax | 3 | - | - | 3 |
| M & M surcharge tax | 3,616 | - | - | 3,616 |
| In lieu of tax | 40 | - | - | 40 |
| Regular day school tuition | - | 2,400 | - | 2,400 |
| Earnings on investments | 11,022 | 183 | - | 11,205 |
| Food service program | 13,912 | - | - | 13,912 |
| Student activities | 4,237 | - | - | 4,237 |
| Other local | 3,227 | - | - | 3,227 |
| Total Local | <u>361,804</u> | <u>166,544</u> | <u>-</u> | <u>528,348</u> |
| COUNTY: | | | | |
| Fines, escheats, etc. | - | 10,061 | - | 10,061 |
| State assessed utility taxes | 120,931 | - | - | 120,931 |
| Total County | <u>120,931</u> | <u>10,061</u> | <u>-</u> | <u>130,992</u> |
| STATE: | | | | |
| Basic formula | - | 572,172 | - | 572,172 |
| Transportation | 17,808 | - | - | 17,808 |
| Early childhood special education | 25,042 | - | - | 25,042 |
| Basic formula - classroom trust fund | 49,676 | - | - | 49,676 |
| Educational screening | 10,530 | - | - | 10,530 |
| Small schools grant | - | 64,921 | - | 64,921 |
| Food service | 503 | - | - | 503 |
| Other | 107 | - | - | 107 |
| Total State | <u>103,666</u> | <u>637,093</u> | <u>-</u> | <u>740,759</u> |
| FEDERAL: | | | | |
| Medicaid | 3,098 | - | - | 3,098 |
| Perkins Basic Grant | - | 5,994 | - | 5,994 |
| IDEA Entitlement Funds, Part B IDEA | - | 34,048 | - | 34,048 |
| Early Childhood Special Education | 4,731 | - | - | 4,731 |
| School Lunch Program | 19,271 | - | - | 19,271 |
| School Breakfast Program | 8,926 | - | - | 8,926 |
| Title I | - | 30,460 | - | 30,460 |
| Title IV.A | 10,227 | - | - | 10,227 |
| Title II.A&B | 5,563 | - | - | 5,563 |
| CARES - School Lunch Program | 2,478 | - | - | 2,478 |
| CARES - School Breakfast Program | 1,566 | - | - | 1,566 |
| Title VI.B | 3,754 | 9,432 | - | 13,186 |
| Total Federal | <u>59,614</u> | <u>79,934</u> | <u>-</u> | <u>139,548</u> |
| OTHER: | | | | |
| Sale of Other Property | 1,005 | - | - | 1,005 |
| Total Other | <u>1,005</u> | <u>-</u> | <u>-</u> | <u>1,005</u> |
| TOTAL REVENUES COLLECTED | <u>\$ 647,020</u> | <u>\$ 893,632</u> | <u>\$ -</u> | <u>\$ 1,540,652</u> |

BLACKWATER R-II SCHOOL DISTRICT
 SCHEDULE OF EXPENDITURES PAID BY OBJECT
 ARISING FROM CASH TRANSACTIONS
 YEAR ENDED JUNE 30, 2020
 SCHEDULE 3

| | General (Incidental) Fund | Special Revenue (Teachers') Fund | Capital Projects Fund | Totals (Memorandum Only) |
|---------------------------|---------------------------------|---|-----------------------------|-----------------------------|
| Salaries | \$ 171,311 | \$ 601,603 | \$ - | \$ 772,914 |
| Employee benefits | 42,552 | 143,909 | - | 186,461 |
| Purchased services | 163,656 | 228,764 | - | 392,420 |
| Supplies | 114,976 | - | - | 114,976 |
| Capital outlay | - | - | 20,652 | 20,652 |
| TOTAL EXPENDITURES | <u>\$ 492,495</u> | <u>\$ 974,276</u> | <u>\$ 20,652</u> | <u>\$ 1,487,423</u> |

**STATE COMPLIANCE SCHEDULES
(UNAUDITED)**

BLACKWATER R-II SCHOOL DISTRICT
 SCHEDULE OF SELECTED STATISTICS
 YEAR ENDED JUNE 30, 2020
 (UNAUDITED)

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 |
|-------------|-------------|-----------|--------------------|---------------------|------|------------------|
| | K | 8 | | 6.5000 | 125 | 800.1000 |
| | | | | | | |
| | | | | | | |
| | | | | | | |
| | | | | | | |
| | | | | | | |
| | | | | | | |

| | |
|--------|--|
| Notes: | |
| | |
| | |

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 Hours | Total Hours |
|-------------|-------------|-----------------|-----------------|----------------|-------------|---------------------|--------------|
| | K-8 | 70,822.5490 | - | - | - | 3,223.8667 | 74,046.4157 |
| | 9-12 | 43,536.1679 | - | - | - | - | 43,536.1679 |
| | | | | | | | |
| | | | | | | | |
| Grand Total | | 114,358.7169 | - | - | - | 3,223.8667 | 117,582.5836 |

| | |
|--------|--|
| Notes: | |
| | |
| | |

BLACKWATER R-II SCHOOL DISTRICT
 SCHEDULE OF SELECTED STATISTICS
 YEAR ENDED JUNE 30, 2020
 (UNAUDITED)

3. September Membership

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

| School Code | Grade Level | Full-Time | Part-Time | Other | Total |
|-------------|-------------|-----------|-----------|-------|--------|
| | K-12 | 148.00 | 0 | 0 | 148.00 |
| | | | | | |
| | | | | | |
| | | | | | |
| Grand Total | | 148.00 | 0 | 0 | 148.00 |

| | |
|--------|--|
| Notes: | |
| | |
| | |

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 |
|-------------|------------|---------------|---------------|------------------|-------|
| N/A | 14.00 | 7.00 | N/A | N/A | 21.00 |
| 4020 | 41.00 | 5.00 | N/A | N/A | 46.00 |
| | | | | | |
| | | | | | |
| Grand Total | 55.00 | 12.00 | N/A | N/A | 67.00 |

| | |
|--------|--|
| Notes: | |
| | |
| | |

BLACKWATER R-II SCHOOL DISTRICT
SCHEDULE OF SELECTED STATISTICS
YEAR ENDED JUNE 30, 2020
(UNAUDITED)

5. Finance

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

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

BLACKWATER R-II SCHOOL DISTRICT
 SCHEDULE OF SELECTED STATISTICS
 YEAR ENDED JUNE 30, 2020
 (UNAUDITED)

5. Finance (continued)

| Section | Question | Answer |
|---------|--|-----------|
| 5.9 | If a \$162,326 or 7% x SAT x WADA transfer was made in excess of adjusted expenditures, the board approved a resolution to make the transfer, which identified the specific projects to be funded by the transfer and an expected expenditure date for the projects to be undertaken. (Not applicable to charter schools) | N/A |
| 5.10 | The district/charter school published a summary of the prior year's audit report within thirty days of the receipt of the audit pursuant to Section 165.121, RSMo. | False |
| 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 (½%) 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: | \$ 10,146 |
| 5.13 | The district/charter school has posted, at least quarterly, a searchable expenditure and revenue document or database detailing actual income, expenditures, and disbursement for the current calendar or fiscal year on the district or school website or other form of social media as required by Section 160.066, RSMo. | False |

| | |
|--------|--|
| Notes: | |
| | |
| | |

All above “False” answers **must** be supported by a finding or management letter comment.

| | |
|----------------------------|--|
| Finding: | |
| | |
| Management Letter Comment: | Payroll, Financial Statement Posting, Audit Report Publication |
| | |

BLACKWATER R-II SCHOOL DISTRICT
 SCHEDULE OF SELECTED STATISTICS
 YEAR ENDED JUNE 30, 2020
 (UNAUDITED)

6. Transportation (Section 163.161, RSMo)

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

| Section | Question | Answer |
|---------|--|--------|
| 6.1 | The school transportation allowable costs substantially conform to 5 CSR 30-261.040, Allowable Costs for State Transportation Aid. | True |
| 6.2 | The district's/charter school's pupil transportation ridership records are maintained in a manner to accurately disclose in all material respects the average number of regular riders transported. | True |
| 6.3 | Based on the ridership records, the average number of students (non-disabled K-12, K-12 students with disabilities and career education) transported on a regular basis (ADT) was: Eligible ADT Ineligible ADT | 87.00 |
| | | - |
| 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: | 28,261 |
| 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 (including food/instructional delivery miles 2019-20) Ineligible Miles (Non-Route/Disapproved) | 27,391 |
| | | 870 |
| 6.7 | Number of days the district/charter school operated the school transportation system during the regular school year: | 125 |

| | |
|--------|--|
| Notes: | |
| | |
| | |

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

| | |
|----------------------------|--|
| Finding: | |
| | |
| Management Letter Comment: | |
| | |

BLACKWATER R-II SCHOOL DISTRICT
SCHEDULE OF TRANSPORTATION COSTS ELIGIBLE FOR STATE AID
YEAR ENDED JUNE 30, 2020
(UNAUDITED)

| | |
|-------------------------------------|-------------------------|
| DISTRICT-OWNED TRANSPORTATION: | |
| Salaries | \$ 36,907 |
| Employee benefits | 8,435 |
| Purchased services | 12,742 |
| Supplies | <u>8,266</u> |
| Total District-Owned Transportation | <u>66,350</u> |
| | |
| Total Allowable Costs | <u><u>\$ 66,350</u></u> |

STATE COMPLIANCE



GERDING, KORTE & CHITWOOD CPAS
Professional Corporation
Certified Public Accountants

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

723 Main St.
Boonville, MO 65233
(660) 882-7000
Fax: (660) 882-7765

www.gkccpas.com

Board of Education
Blackwater R-II School District
Blackwater, Missouri

We have examined management’s assertions that the Blackwater R-II School District, Blackwater, Missouri, complied with the requirements of Missouri laws and regulations regarding budgetary and disbursement procedures; accurate disclosure by the District’s attendance records of average daily attendance, resident membership on the last Wednesday of September and the number of students eligible to receive free or reduced price lunches on the last Wednesday of January; and accurate disclosure by pupil transportation records of the average daily transportation of pupils eligible and ineligible for state aid, the number of miles eligible and ineligible for state aid and the allowable costs for pupil transportation during the year ended June 30, 2020. Management is responsible for the District’s compliance with those requirements. Our responsibility is to express an opinion on the District’s compliance based on our examination.

PARTNERS
Fred W. Korte, Jr.
Joseph E. Chitwood
Travis W. Hundley
Jeffrey A. Chitwood
Amy L. Watson
Heidi N. Ross

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

PARTNER EMERITUS
Robert A. Gerding

In our opinion, the Blackwater R-II School District, Blackwater, Missouri, complied, in all material respects with the aforementioned requirements for the year ended June 30, 2020, except as noted on the subsequent page.

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.

September 10, 2020

Gerding, Korte & Chitwood, P.C.
Certified Public Accountants
Boonville, Missouri

BLACKWATER R-II SCHOOL DISTRICT
SCHEDULE OF STATE FINDINGS
YEAR ENDED JUNE 30, 2020

Budget

Actual expenditures exceeded final budgeted expenditures by \$18,771 in the General Fund.

COMPLIANCE AND INTERNAL CONTROL

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

723 Main St.
Boonville, MO 65233
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www.gkccpas.com

To the Board of Education
Blackwater R-II School District
Blackwater, Missouri

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities – cash basis and each major fund of the Blackwater R-II School District, Blackwater, Missouri (the “District”), as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the District’s basic financial statements and have issued our report thereon dated September 10, 2020.

PARTNERS

Fred W. Korte, Jr.
Joseph E. Chitwood
Travis W. Hundley
Jeffrey A. Chitwood
Amy L. Watson
Heidi N. Ross

PARTNER EMERITUS

Robert A. Gerding

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the District’s internal control over financial reporting (internal control) 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 District’s internal control. Accordingly, we do not express an opinion on the effectiveness of the District’s internal control.

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We did identify certain deficiencies in internal control described in the accompanying schedule of findings and responses that we consider to be significant deficiencies (2020-001 and 2020-002).

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the 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 one instance of noncompliance or other matters that are required to be reported under *Government Auditing Standards* (2020-003).

District's Responses to Findings

The District's responses to the findings identified in our audit is described in the accompanying schedule of findings and responses. The District's responses were not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on them.

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.



September 10, 2020

Gerding, Korte & Chitwood, P.C.
Certified Public Accountants
Boonville, Missouri

BLACKWATER R-II SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND RESPONSES
YEAR ENDED JUNE 30, 2020

| | |
|--|--|
| 2020-001 | Accounting Personnel/Segregation of Duties |
| Criteria: | Proper segregation of duties reduces the risk of errors and fraud and is an important internal control. |
| Condition: | It is recognized that the small number of accounting and clerical personnel of the District precludes the application of internal accounting control procedures possible in a larger organization. |
| Context: | During our audit we reviewed District policies and procedures and determined adequate segregation of duties did not exist. |
| Effect: | A small number of employees perform several accounting duties. |
| Cause: | The District does not have the financial resources to hire enough personnel to segregate duties. |
| Recommendation: | The District should segregate duties wherever possible and implement other controls to compensate for the lack of segregation of duties. |
| View of Responsible Officials & Planned Corrective Action: | At this time, it is not cost effective for our District to employ the necessary additional personnel to provide for an increased number of internal accounting control procedures regarding our day-to-day financial management. However, the District does employ a stringent system of procedures to ensure accuracy in the handling of funds coming in. Receipts are given to students and patrons for funds received in our office, and all monies are counted by more than one employee to ensure accuracy. |

BLACKWATER R-II SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND RESPONSES (CONT'D)
YEAR ENDED JUNE 30, 2020

| | |
|--|---|
| 2020-002 | Documentation of Internal Controls |
| Criteria: | Current auditing standards require adequate documentation of components of internal controls. This is considered to be at least a significant deficiency and, possibly, a material weakness. |
| Condition: | The District does not have written documentation of internal controls. |
| Context: | During our audit we reviewed District policies and procedures and determined adequate segregation of duties did not exist. |
| Effect: | District personnel do not have a manual to which to refer to determine how duties are to be performed to ensure that adequate internal controls are followed. |
| Cause: | The District has developed internal controls over the years; however, they have not been developed in written form most likely due to the time which would be involved to accurately record such controls. |
| Recommendation: | The District should establish written internal control procedures which are made available to all personnel. The written controls should be periodically reviewed to ensure they are being followed and are adequate. |
| View of Responsible Officials & Planned Corrective Action: | The District will strive to document accounting policies and procedures on an on-going basis. |

BLACKWATER R-II SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND RESPONSES (CONT'D)
YEAR ENDED JUNE 30, 2020

| | |
|--|--|
| 2020-003 | Budgeting |
| Criteria: | State statute, Chapter 67, requires that each political subdivision is prohibited from expending public monies unless those expenditures have been authorized as provided in Chapter 67. |
| Condition: | The District's actual expenditures exceeded final budgeted expenditures by \$18,771 in the General Fund. |
| Context: | The final budgeted expenditures were compared to actual expenditures. Actual expenditures exceeded budgeted expenditures by \$18,771 in the General Fund. |
| Effect: | The District violated state statute RSMo 67. |
| Cause: | The District budgeted too few expenditures in the General Fund. |
| Recommendation: | The District should ensure actual expenditures do not exceed budgeted expenditures in any funds. |
| View of Responsible Officials & Planned Corrective Action: | Changes were made to budget after Board approval to comply with changes necessary in the ASBR. In the future, the district will approve all budgetary changes through the Board prior to transactions. |