

KNOX COUNTY R-I SCHOOL DISTRICT  
EDINA, MISSOURI

FINANCIAL STATEMENTS  
WITH SUPPLEMENTARY DATA  
AND INDEPENDENT AUDITORS' REPORTS

June 30, 2023

KNOX COUNTY R-I SCHOOL DISTRICT  
EDINA, MISSOURI

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KNOX COUNTY R-I SCHOOL DISTRICT  
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## INDEPENDENT AUDITORS' REPORT

Board of Education  
Knox Co R-I School District  
Edina, Missouri 63537

### **Opinions**

We have audited the accompanying financial statements of the governmental activities and each major fund of the Knox Co R-I School District, as of and for the year ended June 30, 2023, 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 modified cash basis financial position of the governmental activities and each major fund of Knox Co R-I School District, as of June 30, 2023, and the respective changes in modified cash basis 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 financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Knox Co R-I 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 opinions are not modified with respect to this matter.

### **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; which includes the determination 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, considering 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.

#### **Auditor's Responsibilities for the Audit of the Financial Statements**

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

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

- \* Exercise professional judgment and maintain professional skepticism throughout the audit.
- \* Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- \* Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the 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 auditor's 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 December 11, 2023 on our consideration of Knox Co R-I School District's internal control over financial reporting and on our tests of its compliance with certain provisions of the 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 Knox Co R-I School District's internal control over financial reporting and compliance.

*Conrad & Higgins, LLC*

Conrad & Higgins, LLC  
Princeton, Missouri  
December 11, 2023

BASIC FINANCIAL STATEMENTS

Knox Co R-I School District  
Statement of Net Position Arising From Modified  
Cash Basis Transactions - Governmental Activities  
For the Year Ended June 30, 2023

ASSETS:	
Cash	\$ 2,278,903
Investments	1,024,665
Land, buildings and equipment, net of accumulated depreciation	5,923,846
Total Assets	\$ 9,227,414
LIABILITIES:	
General obligation bonds	\$ 1,255,000
Lease purchase	-
Total Liabilities	\$ 1,255,000
NET POSITION:	
Net investment in capital assets	\$ 4,668,846
Restricted for:	
Debt service	259,343
Capital projects	1,667,153
Unrestricted	1,377,072
Total Net Position	\$ 7,972,414

The accompanying notes to financial statements are an integral part of this statement.

Knox Co R-I School District  
Statement of Activities Arising From Modified  
Cash Basis Transactions - Governmental Activities  
For the Year Ended June 30, 2023

	Expenditures	Program Receipts			Net Expenses and Changes in Net Position
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
Instruction	\$ 4,031,682	\$ 151,898	\$ 1,764,832	\$ 28,827	\$ (2,086,125)
Student services	493,021	-	-	-	(493,021)
Instruction staff support	235,936	-	-	-	(235,936)
Building administration	459,809	-	-	-	(459,809)
General administration	619,233	-	-	-	(619,233)
Operation of plant	1,156,052	-	-	-	(1,156,052)
Pupil transportation	782,170	991	259,551	1,791,940	1,270,312
Food services	388,155	93,272	267,798	-	(27,085)
Community services	244,592	-	-	-	(244,592)
Facilities acquisition	61,675	-	-	-	(61,675)
Interest	25,878	-	-	-	(25,878)
Other	318	-	-	-	(318)
Total	<u>\$ 8,498,521</u>	<u>\$ 246,161</u>	<u>\$ 2,292,181</u>	<u>\$ 1,820,767</u>	<u>(4,139,412)</u>

General Revenues:

Property and other taxes	4,332,336
Proposition C	568,905
Basic formula	976,936
Earnings on investments	130,820
Other	16,920
Increase/(decrease) in net position	<u>1,886,505</u>

Net position, July 1, 2022	6,085,909
Net Position, June 30, 2023	<u>\$ 7,972,414</u>

The accompanying notes to financial statements are an integral part of this statement.

FUND FINANCIAL STATEMENTS

Knox Co R-1 School District  
 Combined Statement of Assets and Fund Balance  
 Arising from Modified Cash Transactions - All Fund Types  
 June 30, 2023

	General (Incidental) Fund	Special Revenue (Teachers') Fund	Debt Service Fund	Capital Projects (Building) Fund	Totals (Governmental Funds)
ASSETS					
Cash	\$ 356,405	\$ -	\$ 259,343	\$ 1,667,153	\$ 2,282,901
Investments	<u>1,024,665</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,024,665</u>
Total Assets	<u>\$ 1,381,070</u>	<u>\$ -</u>	<u>\$ 259,343</u>	<u>\$ 1,667,153</u>	<u>\$ 3,307,566</u>
FUND BALANCE					
Restricted for:					
Debt service	\$ -	\$ -	\$ 259,343	\$ -	\$ 259,343
Capital projects	-	-	-	1,667,153	1,667,153
Unassigned:	<u>1,377,072</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,377,072</u>
Total Fund Balance	<u>\$ 1,377,072</u>	<u>\$ -</u>	<u>\$ 259,343</u>	<u>\$ 1,667,153</u>	3,303,568

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

Capital assets (net of accumulated depreciation) used in governmental activities are not financial resources, and therefore, are not reported in the funds.	5,923,846
Long term liabilities are not due and payable in the current period and, therefore, are not reported in the funds.	(1,255,000)
Fund Balance of governmental activities	<u>\$ 7,972,414</u>

The accompanying notes to financial statements are an integral part of this statement.



Knox Co R-I School District  
 Combined Statement of Revenues Collected, Expenditures Paid  
 and Changes in Fund Balance - All Governmental Fund Types  
 for the Year Ended June 30, 2023

	General (Incidental) Fund	Special Revenue (Teachers') Fund	Debt Service Fund	Capital Projects (Building) Funds	Totals (Governmental Funds)
REVENUES COLLECTED:					
Local	\$ 2,493,795	\$ 622,616	\$ 162,886	\$ 805,651	\$ 4,084,948
County	912,149	17,604	71,739	207,819	1,209,311
State	271,883	1,268,311	-	21,188	1,561,382
Federal	383,875	1,341,050	-	1,803,577	3,528,502
Other	883	-	-	-	883
Total Revenues Collected	<u>4,062,585</u>	<u>3,249,581</u>	<u>234,625</u>	<u>2,838,235</u>	<u>10,385,026</u>
EXPENDITURES PAID:					
Instruction	717,392	3,399,383	-	94,542	4,211,317
Guidance	81,354	209,515	-	-	290,869
Health services	155,509	46,642	-	-	202,151
Improvement of instruction	16,574	128,342	-	-	144,916
Professional development	5,464	4,200	-	-	9,664
Media services	9,928	71,429	-	-	81,357
Executive administration	360,933	217,649	-	40,651	619,233
Building level administration	191,385	360,569	-	7,852	559,806
Operation of plant	870,949	-	-	519,846	1,390,795
Pupil transportation	477,960	9,276	-	1,627,432	2,114,668
Food services	368,850	-	-	19,306	388,156
Adult/community programs	13,686	15,182	-	-	28,868
Early childhood programs/instruction	43,765	171,431	-	7,996	223,192
Architecture, engineering and legal services	-	-	-	61,675	61,675
Debt service:					
Principal	-	-	160,000	-	160,000
Interest and fees	-	-	25,878	-	25,878
Other	-	-	318	-	318
Total Expenditures Paid	<u>3,313,749</u>	<u>4,633,618</u>	<u>186,196</u>	<u>2,379,300</u>	<u>10,512,863</u>
REVENUES COLLECTED OVER (UNDER) EXPENDITURES PAID	<u>748,836</u>	<u>(1,384,037)</u>	<u>48,429</u>	<u>458,935</u>	<u>(127,837)</u>
OTHER FINANCING SOURCES (USES):					
Transfers	(1,384,037)	1,384,037	-	-	-
Total other financing sources (uses)	<u>(1,384,037)</u>	<u>1,384,037</u>	<u>-</u>	<u>-</u>	<u>-</u>
REVENUES COLLECTED AND OTHER SOURCES OVER (UNDER) EXPENDITURES PAID AND OTHER USES	(635,201)	-	48,429	458,935	(127,837)
FUND BALANCE, JULY 1, 2022	2,012,273	-	210,914	1,208,218	
FUND BALANCE, JUNE 30, 2023	<u>\$ 1,377,072</u>	<u>\$ -</u>	<u>\$ 259,343</u>	<u>\$ 1,667,153</u>	

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

Governmental funds report capital outlays as expenditures. However, in the statement of activities, capital costs are allocated over their estimated useful lives through depreciation expense. This is the amount by which capital outlays were exceeded by depreciation.

1,854,342

The issuance of long term debt provides current financial resources to government funds, while the repayment of the principal of long term debt consumes the current financial resources of the governmental funds. Neither transaction, however, has any effect on net position.

160,000

CHANGES IN FUND BALANCE OF GOVERNMENTAL ACTIVITIES

\$ 1,886,505

NOTES TO FINANCIAL STATEMENTS

Knox Co R-I School District  
Notes to Financial Statements  
Year Ended June 30, 2023

1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Knox Co R-I School District was established in 1865 under the Statutes of the State of Missouri. The District operates as a "six director" district (with seven members of the Board of Education as described in RSMo Chapter 162).

The financial statements of Knox Co R-I School District have been prepared on the modified cash basis of accounting, which is a comprehensive basis of accounting other than generally accepted accounting principles. The Governmental Accounting Standards Board is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the District's accounting policies are described below.

\* The financial statements include:

\*\* Financial statements prepared using modified cash basis for government-wide financial statements and for the fund financial statements for all of the District's activities.

**A. Reporting Entity**

In evaluating how to define the District, for financial reporting purposes, management has considered all potential component units. The decision to include a potential component unit in the reporting entity was made by applying criteria set forth in GAAP. The basic, but not the only, criterion for including a potential component unit within the reporting entity is the governing body's ability to exercise oversight responsibility. The most significant manifestation of this ability is financial interdependency. Other manifestations of the ability to exercise oversight responsibility include, but are not limited to, the selection of governing authority, the designation of management, the ability to significantly influence operations and accountability for fiscal matters. The other criterion used to evaluate potential component units for inclusion or exclusion from the reporting entity is the existence of special financing relationships, regardless of whether the District is able to exercise oversight responsibilities. Based upon the application of these criteria, no additional component units should be included in the reporting entity.

**B. Basis of Presentation - Fund Accounting**

The District's financial statements include both government-wide (reporting the District as a whole) and fund financial statements (reporting the District's major funds). Both the government-wide and fund financial statements categorize primary activities as either governmental or business type. The District's General, Special Revenue, Debt Service, and Capital Projects funds are classified as governmental activities.

In the government-wide Statement of Net Position, the governmental activities columns (a) are presented on a consolidated basis by column (b) and are reported on a modified cash basis of accounting, which recognizes all long-term assets as well as long-term debt obligations. The District's net position are reported in three parts—invested in capital assets; net of related debt, restricted net position; and unrestricted net assets.

The government-wide Statement of Activities reports both the gross and net cost of each of the District's functions. The functions are also supported by general government revenues (property, sales and use taxes, certain intergovernmental revenues, fines, permits and charges, etc.). The Statement of Activities reduces gross expenses (including depreciation) by related program revenues, operation and capital grants. Program revenues must be directly associated with the function (food services, instruction, etc.). Operating grants include operating-specific and discretionary (either operating or capital) grants, while the capital grants column reflects capital-specific grants.

1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

**B. Basis of Presentation - Fund Accounting (Continued)**

The net costs (by function) are normally covered by general revenue (property, sales, intergovernmental revenues, interest income, etc.).

The District does not allocate indirect costs.

This government-wide focus is more on the sustainability of the District as an entity and the change in the District's net position resulting from the current year's activities.

**C. Financial Statements - Fund Financial Statements**

The financial transactions of the District are reported in individual funds in the fund financial statements. Each fund is accounted for by providing a separate set of self-balancing accounts that comprises its assets, reserves, fund balances, revenues collected, and expenditures paid, arising from cash transactions.

The following governmental fund types are used by the District:

**General (Incidental) Fund:** Accounts for general activities of the District, including student activities, food service, and textbooks, which are not required to be accounted for in another fund.

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

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

**Capital Projects (Building) Fund:** Accounts for the proceeds of long-term debt, taxes and other revenues restricted for acquisition or construction of major capital assets.

**D. Basis of Accounting**

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus and basis of accounting. The District's policy is to prepare its government-wide financial statements on the modified cash basis of accounting which recognizes all long-term fixed assets and long-term debt obligations. The District's policy is to prepare its fund financial statements on the modified cash basis of accounting, which is modified to recognize investments; consequently, revenues are recognized when received rather than when earned, and expenditures and purchases of assets are recognized when cash is disbursed rather than when the obligation is incurred.

**E. Use of Estimates**

The preparation of financial statements 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.

**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 may consist primarily of certificates of deposit and U.S. government securities, carried at cost, which approximates market. Interest income received is allocated to contributing funds based on cash and temporary investment balances.

Knox Co R-I School District  
Notes to Financial Statements  
Year Ended June 30, 2023

1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

**G. Capital Assets**

Capital assets purchased or acquired are reported at historical cost or estimated historical cost. Additions, improvements and other capital outlays that significantly extend the useful life of an asset are capitalized. Other costs incurred for repairs and maintenance are expensed as incurred. Depreciation on all assets is provided on the straight-line basis over the following estimated useful lives:

Buildings	40 years
Equipment	7 years
Improvements	20 years

**H. Compensated Absences**

Vacation time, personal business days, and sick leave are considered as expenditures in the year paid. Amounts unused and which are vested in the employee are payable upon termination. Total vested and unpaid sick leave at June 30, 2023, amounted to \$110,628.

**I. Teachers' Salaries**

Payroll checks, written and dated in June 2023 for July and August 2023 payrolls, from 2002-2023 contracts in the amount of \$700,793 are included in the financial statements as an expenditure paid in the month of June. This practice has been consistently followed in previous years.

**J. Post Employment Benefits**

COBRA Benefits: Under the Consolidated Omnibus Budget Reconciliation Act (COBRA), the District provides healthcare benefits to eligible former employees and eligible dependents. Certain requirements are outlined by the federal government for this coverage. The premium, plus a 2% administration charge, is paid in full by the insured on or before the tenth (10th) day of 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, and there were no participants in the program as of June 30, 2023.

**K. Inventories**

The District does not maintain inventory cost records. Inventory is deemed to be immaterial and accounted for using the purchase method in which supplies are charged to expenditures when purchased.

**L. Public School Retirement System of Missouri**

Financial reporting information pertaining to our participation in the Public School Retirement System of Missouri ("PSRS") and the Public Education Employee Retirement System of Missouri ("PEERS") is prepared in accordance with Governmental Accounting Standards Board ("GASB") Statement No. 68, *Accounting and Financial Reporting for Pensions*, as amended by GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date*.

The fiduciary net position, as well as additions to and deductions from the fiduciary net positions, of PSRS and PEERS have been determined on the same basis as they are reported by PSRS and PEERS. The financial statements were prepared using the modified cash basis of accounting. Members and employer contributions are recognized when paid, pursuant to formal commitments and statutory requirements. Expenses are recognized when the payment is made.

**M. Restricted Assets**

Restricted assets of the District consist of checking, certificates of deposit and investments which have been set aside based on 1) certain debt covenants, 2) taxing authority guidelines and 3) state statutory compliance. Debt covenants provide for the redemption of debt in future years and to service outstanding debt. Taxing authority guidelines provide for the taxes collected to be disbursed in accordance with the terms that the patrons of the District approved when they voted. State statutory compliance restricts transfers from the Special Revenue Fund, the Debt Service Fund and the Capital Projects Fund. It is the District's policy to first use restricted net position prior to the use of unrestricted net position when expenses are incurred for purpose for which both restricted and unrestricted net position are available.

Knox Co R-I School District  
Notes to Financial Statements  
Year Ended June 30, 2023

2 DEPOSITS AND INVESTMENTS

Custodial Credit Risk - Missouri State Statutes authorize the Board of Education, with certain restrictions, to deposit funds in open accounts, time deposits and certificates of deposits. Statutes also require that collateral pledged have a fair market value equal to 100% of the funds on deposit, less insured amounts. Collateral securities must be held by the District or a disinterested third party and must be of the kind prescribed by the State Statutes and approved by the State. At June 30, 2023, the carrying amount of deposits and investments was \$2,278,903 and \$1,024,665 and the bank balance was \$2,473,446 and \$1,024,665. All of the bank balances were covered by federal depository insurance or by collateral held by the pledging financial institution's trust department or agent in the District's name.

Bond covenants authorize the District to invest in direct obligations of, or obligations the principal of and interest on which are unconditionally guaranteed by the United States, or in other obligations in which public funds are permitted to be invested under Missouri law.

*Interest Rate Risk* - The District has no formal investment policy regarding interest rate risk.

*Credit Risk* - The District has no investment policy that limits in investments choice other than the limitation of state law as follows:

- a. District obligations of the U.S. Government, its agencies and instrumentalities to which faith and credit of the U.S. Government is pledged, or obligations to the payment of full faith and credit of the State is pledged.
- b. Certificates of deposit or savings accounts that are either insured or secured with acceptable collateral with in-state financial institutions, and fully insured certificates of deposit or savings accounts in out-of-state financial institutions.

Concentration of Investment Credit Risk - The District places no limit on the amount it may invest in any one issuer. At June 30, 2023, the District had no concentration of credit risk.

A reconciliation of cash and investments as shown on the Balance Sheet was as follows:

	Carrying Amount
Cash on hand	\$ -
Carrying amount of deposits	2,278,903
Carrying amount of investments	1,024,665
Total	\$ 3,303,568
Cash	\$ 2,019,560
Cash - restricted	183,868
Investments	1,024,665
Investments - restricted	75,475
Total	\$ 3,303,568

Knox Co R-I School District  
Notes to Financial Statements  
Year ended June 30, 2023

2 DEPOSITS AND INVESTMENTS (Continued)

Investment Type	Maturity	Total
Certificates of Deposit	Various	\$ 1,024,665
Pro-rata shares of investment contracts with BOK Financial through the Missouri School District Direct Deposit Program	N/A	<u>75,475</u>
		<u>\$ 1,100,140</u>

Certificates of Deposit

Certificates of deposit with maturities in excess of three months 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, 2023, 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.

3 TAXES

Property taxes attach as an enforceable lien on property as of January 1. Taxes are levied on November 1 and are payable by December 31. 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.

The assessed valuation of the tangible taxable property (excluding state assessed railroad and utilities) for the calendar year 2002 for purposes of local taxation were:

Real Estate:	
Residential	\$ 21,288,366
Agriculture	17,462,165
Commercial	8,130,618
Personal Property:	<u>33,405,576</u>
Total	<u>\$ 80,286,725</u>

The tax levy per \$100 of the assessed valuation of tangible taxable property for the calendar year 2002 for purposes of local taxation was:

	<u>Unadjusted</u>	<u>Adjusted</u>
General Fund	\$ 2.8000	\$ 2.8000
Special Revenue Fund	-	-
Debt Service Fund	0.2000	0.2000
Capital Project Fund	0.9000	0.9000
Total	<u>\$ 3.9000</u>	<u>\$ 3.9000</u>

The receipts of current and delinquent property taxes during the fiscal year ended June 30, 2023, aggregated approximately 97.86 percent of the current assessment computed on the basis of the levy as shown above.

Knox Co R-I School District  
Notes to Financial Statements  
Year ended June 30, 2023

4 CHANGES IN LONG-TERM DEBT

	Bonds	Lease Purchase
Debt payable, July 1, 2022	\$ 1,415,000	\$ -
Debt issued	-	-
Debt retired	(160,000)	-
Debt payable, June 30, 2023	\$ 1,255,000	\$ -

Bonds payable at June 30, 2023, consist of:

\$1,255,000 general obligation bonds due in varying annual installments from September 1, 2023 through March 1, 2031; interest at .95 percent to 2.30 percent.

Debt service requirements to maturity are:

<u>Year ending June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2024	165,000	23,637	188,637
2025	170,000	21,163	191,163
2026	165,000	18,443	183,443
2027	165,000	15,637	180,637
2028	165,000	12,585	177,585
2029-2031	425,000	17,405	442,405
	\$ 1,255,000	\$ 108,870	\$ 1,363,870

Interest paid during the fiscal year ended June 30, 2023 was \$25,878.

5 CONTINGENCIES

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

6 INTERFUND TRANSFERS

During the year ended June 30, 2023, the district transferred \$1,370,251 from the General Fund to the Special Revenue Fund for teachers' salaries and \$ 0 to the Capital Projects Fund for capital improvements.

7 GASB STATEMENT NO. 54 - FUND BALANCE REPORTING

The objective of this Statement is to enhance the usefulness of fund balance information by providing clearer fund balance classifications that can be more consistently applied and by clarifying the existing governmental fund type definitions. This Statement establishes fund balance classifications that comprise a hierarchy based primarily on the extent to which a government is bound to observe constraints imposed upon the use of the resources reported in governmental funds.



Knox Co R-I School District  
Notes to Financial Statements  
Year ended June 30, 2023

7 GASB STATEMENT NO. 54 - FUND BALANCE REPORTING (Continued)

The initial distinction that is made in reporting fund balance information is identifying amounts that are considered *nonspendable*, such as fund balance associated with scholarships.

The *restricted* fund balance category includes amounts that can be spent only for the specific purposes stipulated by constitution, external resource providers, or through enabling legislation such as taxes levied by a vote of the public.

*Unassigned* fund balance is the residual classification for the government's general fund and includes all spendable amounts not contained in the other classifications. In other funds, the unassigned classification should be used only to report a deficit balance resulting from overspending for specific purposes for which amounts had been restricted.

8 POST EMPLOYMENT BENEFITS

In addition to the pension benefits described in Note 11, 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.

9 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.

Knox Co R-I School District  
Notes to Financial Statements  
Year ended June 30, 2023

10 CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2023, was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
<u>Governmental activities:</u>				
Capital assets not being depreciated:				
Land	\$ -	\$ -	\$ -	\$ -
Total capital assets not being depreciated	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Other capital assets:				
Buildings and improvements	4,068,420	482,759	-	4,551,179
Equipment	857,983	277,508	-	1,135,491
Vehicles	1,210,721	1,619,032	-	2,829,753
Total other capital assets at historical cost	<u>6,137,124</u>	<u>2,379,299</u>	<u>-</u>	<u>8,516,423</u>
Less accumulated depreciation for:				
Buildings and improvements	1,307,316	147,425	-	1,454,741
Equipment	523,399	90,998	-	614,397
Vehicles	236,905	286,534	-	523,439
Total accumulated depreciation	<u>2,067,620</u>	<u>524,957</u>	<u>-</u>	<u>2,592,577</u>
Other capital assets, net	<u>4,069,504</u>	<u>1,854,342</u>	<u>-</u>	<u>5,923,846</u>
Governmental activities capital assets, net	<u>\$ 4,069,504</u>	<u>\$ 1,854,342</u>	<u>\$ -</u>	<u>\$ 5,923,846</u>

Depreciation expense was charged to functions as follows:

<u>Governmental activities:</u>	
Instruction	\$ 90,998
Operation of plant	147,425
Transportation	286,534
Total governmental activities depreciation expense	<u>\$ 524,957</u>

11 PENSION 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 Section 169.070 (9) RSMo, known as the "two-thirds statute." PSRS members required to contribute to Social Security are required to contribute two-thirds of the approved PSRS contribution rate and their employer is required to match the contribution. The members' benefits are further calculated at two-thirds the normal benefit amount.

*Plan Description* PEERS is a mandatory cost-sharing multiple employer retirement system for all non-certified public school district employees (except the school districts of St. Louis and Kansas City), employees of the Missouri Association of School Administrators, and community college employees (except the Community College of St. Louis). Employees of covered districts who work 20 or more hours per week on a regular basis and who are not contributing members of the 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 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 have 31 or more years of service. Actuarially age-reduced benefits are available for members with five to 24.9 years of service at age 55. Members who are younger than age 55 and who do not qualify under the "Rule of 80" but have between 25 and 29.9 years of service may retire with a lesser benefit factor. Members that are three years beyond normal retirement can elect to have their lifetime monthly benefits actuarially reduced in exchange for the right to also receive a one-time partial lump sum (PLSO) payment at retirement equal to 12, 24, or 36 times the Single Life benefit amount.

*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 lifelong 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.

Knox County R-I School District  
Notes to Financial Statements  
Year Ended June 30, 2023

11 PENSION PLANS (Continued)

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

-If the June to June change in the Consumer Price Index for All Urban Consumers (CPI-U) is less than 2% for one or more consecutive one-year periods, a cost-of-living increase of 2% will be granted when the cumulative increase is equal to or greater than 2% at which point the cumulative increase in the CPI-U will be reset to zero. For the following year, the starting CPI-U will be based on the June value immediately preceding the January 1 at which the 2% cost-of-living increase is granted.

-If the June to June change in the CPI-U is greater than or equal to 2%, but less than 5%, a cost-of-living increase of 2% will be granted.

-If the June to June change in the CPI-U is greater than or equal to 5%, a cost-of-living increase of 5% will be granted.

-If the CPI decreases, no COLA is provided.

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

*Contributions. PSRS members were required to contribute 14.5% of their annual covered salary during fiscal years 2021, 2022, and 2023. Employers were required to match the contributions made by the employees. The contribution rate is set each year by the PSRS Board of Trustees upon the recommendation of the independent actuary within the contribution restrictions set in Section 169.030 RSMo. The annual statutory increase in the total contribution rate may not exceed 1% of pay.*

*Contributions. PEERS members were required to contribute 6.86% of their annual covered salary during fiscal years 2021, 2022, and 2023. 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 \$469,155 and \$112,164, respectively, for the year ended June 30, 2023.

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](http://www.psr-peers.org).

SUPPLEMENTARY INFORMATION

Knox Co R-I School District  
 General (Incidental) Fund  
 Statement of Revenues Collected, Expenditures Paid  
 and Changes in Fund Balance - Budget and Actual  
 For the Year Ended June 30, 2023

	Original Budget	Final Budget	Actual	Original Budget Actual Expenditures Variance
<b>REVENUES COLLECTED:</b>				
Local	\$ 2,361,867	\$ 2,493,795	\$ 2,493,795	\$ 131,928
County	928,000	912,149	912,149	(15,851)
State	232,000	271,883	271,883	39,883
Federal	301,000	383,875	383,875	82,875
Other	1,000	883	883	(117)
Total Revenues Collected	3,823,867	4,062,585	4,062,585	238,718
<b>EXPENDITURES PAID:</b>				
Instruction	460,756	723,468	717,392	(256,636)
Guidance	77,157	81,354	81,354	(4,197)
Health services	152,641	155,510	155,509	(2,868)
Improvement of instruction	19,500	16,574	16,574	2,926
Professional development	6,000	5,464	5,464	536
Media services	15,050	9,928	9,928	5,122
Executive administration	337,802	360,933	360,933	(23,131)
Building level administration	176,670	191,386	191,385	(14,715)
Operation of plant	635,319	859,113	870,949	(235,630)
Pupil transportation	461,490	490,390	477,960	(16,470)
Food services	348,098	382,535	368,850	(20,752)
Adult/community programs	-	-	13,686	(13,686)
Early childhood programs/instruction	37,330	38,706	43,765	(6,435)
Total Expenditures Paid	2,727,814	3,315,361	3,313,749	(585,935)
<b>REVENUES COLLECTED OVER (UNDER) EXPENDITURES PAID</b>				
	\$ 1,096,053	\$ 747,224	748,836	\$ (347,217)
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfers			(1,384,037)	
Total other financing sources (uses)			(1,384,037)	
<b>REVENUES COLLECTED AND OTHER SOURCES OVER (UNDER) EXPENDITURES PAID AND OTHER USES</b>				
			(635,201)	
<b>FUND BALANCE, JULY 1, 2022</b>				
			2,012,273	
<b>FUND BALANCE, JUNE 30, 2023</b>				
			\$ 1,377,072	

The accompanying notes to financial statements are an integral part of this statement.

Knox Co R-I School District  
Special Revenue (Teachers') Fund  
Statement of Revenues Collected, Expenditures Paid  
and Changes in Fund Balance - Budget and Actual  
For the Year Ended June 30, 2023

	Original Budget	Final Budget	Actual	Original Budget Actual Expenditures Variance
<b>REVENUES COLLECTED:</b>				
Local	\$ 569,000	\$ 622,616	\$ 622,616	\$ 53,616
County	25,000	17,604	17,604	(7,396)
State	1,244,419	1,268,311	1,268,311	23,892
Federal	1,341,521	1,341,050	1,341,050	(471)
Other	-	-	-	-
Total Revenues Collected	3,179,940	3,249,581	3,249,581	69,641
<b>EXPENDITURES PAID:</b>				
Instruction	3,262,594	3,399,383	3,399,383	(136,789)
Guidance	193,589	209,515	209,515	(15,926)
Health services	32,403	46,642	46,642	(14,239)
Improvement of instruction	123,706	128,342	128,342	(4,636)
Professional development	4,000	4,200	4,200	(200)
Media services	72,320	71,429	71,429	891
Executive administration	217,529	217,649	217,649	(120)
Building level administration	360,828	360,569	360,569	259
Pupil transportation	9,276	9,276	9,276	0
Adult/community programs	15,176	15,182	15,182	(6)
Early childhood programs/instruction	147,525	171,431	171,431	(23,906)
Total Expenditures Paid	4,438,945	4,633,618	4,633,618	(194,673)
<b>REVENUES COLLECTED OVER (UNDER) EXPENDITURES PAID</b>				
	\$ (1,259,005)	\$ (1,384,037)	(1,384,037)	\$ (125,032)
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfers			1,384,037	
Total other financing sources (uses)			1,384,037	
<b>REVENUES COLLECTED AND OTHER SOURCES OVER (UNDER) EXPENDITURES PAID AND OTHER USES</b>				
			-	
<b>FUND BALANCE, JULY 1, 2022</b>				
			-	
<b>FUND BALANCE, JUNE 30, 2023</b>				
			\$ -	

The accompanying notes to financial statements are an integral part of this statement.

Knox Co R-I School District  
Debt Service Fund  
Statement of Revenues Collected, Expenditures Paid  
and Changes in Fund Balance - Budget and Actual  
For the Year Ended June 30, 2023

	Original Budget	Final Budget	Actual	Original Budget Actual Expenditures Variance
<b>REVENUES COLLECTED:</b>				
Local	\$ 159,755	\$ 162,886	\$ 162,886	\$ 3,131
County	69,600	71,739	71,739	2,139
Total Revenues Collected	229,355	234,625	234,625	5,270
<b>EXPENDITURES PAID:</b>				
Debt service:				
Principal	155,000	160,000	160,000	(5,000)
Interest and fees	27,893	25,878	25,878	2,015
Other	318	318	318	-
Total Expenditures Paid	183,211	186,196	186,196	(2,986)
<b>REVENUES COLLECTED OVER (UNDER) EXPENDITURES PAID</b>				
	\$ 46,145	\$ 48,429	48,429	\$ 2,285
FUND BALANCE, JULY 1, 2022			210,914	
FUND BALANCE, JUNE 30, 2023			\$ 259,343	

The accompanying notes to financial statements are an integral part of this statement.



Knox Co R-I School District  
 Capital Projects (Building) Fund  
 Statements of Revenues Collected, Expenditures Paid  
 and Changes in Fund Balance - Budget and Actual  
 For the Year Ended June 30, 2023

	Original Budget	Final Budget	Actual	Original Budget Actual Expenditures Variance
<b>REVENUES COLLECTED:</b>				
Local	\$ 757,402	\$ 805,651	\$ 805,651	\$ 48,249
County	162,400	207,819	207,819	45,419
State	8,000	21,188	21,188	13,188
Federal	236,900	1,803,577	1,803,577	1,566,677
Other	-	-	-	-
Total Revenues Collected	1,164,702	2,838,235	2,838,235	1,673,533
<b>EXPENDITURES PAID:</b>				
Instruction	7,420	94,542	94,542	(87,122)
Health services	-	-	-	-
Executive administration	-	40,651	40,651	(40,651)
Building level administration	-	7,852	7,852	(7,852)
Operation of plant	155,000	449,820	519,846	(364,846)
Pupil transportation	142,650	1,697,458	1,627,432	(1,484,782)
Food service	20,000	19,306	19,306	694
Early childhood programs	-	7,996	7,996	(7,996)
Architecture, engineering and legal services	-	61,675	61,675	(61,675)
Total Expenditures Paid	325,070	2,379,300	2,379,300	(2,054,230)
<b>REVENUES COLLECTED OVER (UNDER) EXPENDITURES PAID</b>				
	\$ 839,632	\$ 458,935	458,935	\$ (380,697)
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfers			-	
Total other financing sources (uses)			-	
<b>REVENUES COLLECTED AND OTHER SOURCES OVER (UNDER) EXPENDITURES PAID AND OTHER USES</b>				
			458,935	
<b>FUND BALANCE, JULY 1, 2022</b>				
			1,208,218	
<b>FUND BALANCE, JUNE 30, 2023</b>				
			\$ 1,667,153	

The accompanying notes to financial statements are an integral part of this statement.

Knox Co R-I School District  
 Combined Funds  
 Statement of Revenues Collected, Expenditures Paid  
 and Changes in Fund Balance - Budget and Actual  
 For the Year Ended June 30, 2023

	Original Budget	Final Budget	Actual	Original Budget Actual Expenditures Variance
<b>REVENUES COLLECTED:</b>				
Local	\$ 3,848,024	\$ 4,084,948	\$ 4,084,948	\$ 236,924
County	1,185,000	1,209,311	1,209,311	24,311
State	1,484,419	1,561,382	1,561,382	76,963
Federal	1,879,421	3,528,502	3,528,502	1,649,081
Other	1,000	883	883	(117)
Total Revenues Collected	<u>8,397,864</u>	<u>10,385,026</u>	<u>10,385,026</u>	<u>1,987,162</u>
<b>EXPENDITURES PAID:</b>				
Instruction	3,730,770	4,211,317	4,211,317	(480,547)
Guidance	270,746	290,869	290,869	(20,123)
Health services	185,044	202,151	202,151	(17,107)
Improvement of instruction	143,206	144,916	144,916	(1,710)
Media services	87,370	81,357	81,357	6,013
Professional development	10,000	9,664	9,664	336
Executive administration	555,331	619,233	619,233	(63,902)
Building level administration	537,497	559,806	559,806	(22,309)
Operation of plant	790,319	1,308,933	1,390,795	(600,476)
Pupil transportation	613,416	2,197,124	2,114,668	(1,501,252)
Food services	368,098	401,841	388,156	(20,058)
Adult/community programs	15,176	15,182	28,868	(13,692)
Earlychildhood programs/instruction	184,855	218,133	223,192	(38,337)
Architecture, engineering and legal service	-	61,675	61,675	(61,675)
Debt service:				
Principal	155,000	160,000	160,000	(5,000)
Interest and fees	27,893	25,878	25,878	2,015
Other fees	318	318	318	-
Total Expenditures Paid	<u>7,675,039</u>	<u>10,508,397</u>	<u>10,512,863</u>	<u>(2,837,824)</u>
REVENUES COLLECTED OVER (UNDER) EXPENDITURES PAID	<u>\$ 722,825</u>	<u>\$ (123,371)</u>	<u>(127,837)</u>	<u>\$ (850,662)</u>
FUND BALANCE, JULY 1, 2022			<u>3,431,405</u>	
FUND BALANCE, JUNE 30, 2023			<u>\$ 3,303,568</u>	

The accompanying notes to financial statements are an integral part of this statement.

1 SUMMARY OF SIGNIFICANT BUDGETARY ACCOUNTING POLICIES

**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 of the political subdivision.
- 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 proposed expenditures for all District funds. Budgeted expenditures cannot exceed beginning available monies plus estimated revenues for the year.
- 3) A public hearing is conducted to obtain taxpayer comments. Prior to its approval by the Board of Education, the budget document is available for public inspection.
- 4) Prior to July 1, the budget is legally enacted by a vote of the Board of Education.
- 5) Subsequent to its formal approval of the budget, the Board of Education has the authority to make necessary adjustments to the budget by formal vote of the board. Adjustments made during the year are reflected in the budget information included in the financial statements.

Budgeted amounts are as originally adopted or as amended by the Board of Education. Individual amendments were not material in relation to the original appropriations which were amended. Unused appropriations lapse at the end of each fiscal year.

The final budget amendment was made at the June 2023 board meeting.

- 6) Budgets for District funds are prepared and adopted on the cash basis (budget basis), recognizing revenues when collected and expenditures when paid.

Knox Co R-I School District  
Schedule of Revenues Collected by Source  
Year Ended June 30, 2023

	General (Incidental) Fund	Special Revenue (Teachers') Fund	Debt Service Fund	Capital Projects (Building) Fund	Totals (Governmental Funds)
<u>Local</u>					
Current property taxes	\$ 2,061,077	\$ -	\$ 147,214	\$ 662,490	\$ 2,870,781
Delinquent property taxes	132,304	-	9,451	42,532	184,287
Sales tax	-	568,905	-	-	568,905
Financial institution tax	-	-	-	14,415	14,415
M & M in lieu and city sales taxes	-	-	-	53,542	53,542
Transportation fees from patrons	991	-	-	-	991
Earnings on investments	46,820	45,107	6,221	32,672	130,820
Food service - program	61,317	-	-	-	61,317
Food service - non-program	31,955	-	-	-	31,955
Student activities	11,888	-	-	-	11,888
Other	147,443	8,604	-	-	156,047
Total Local	<u>2,493,795</u>	<u>622,616</u>	<u>162,886</u>	<u>805,651</u>	<u>4,084,948</u>
<u>County</u>					
Fines and escheats	-	17,604	-	-	17,604
State assessed utility taxes	912,149	-	71,739	207,819	1,191,707
Total County	<u>912,149</u>	<u>17,604</u>	<u>71,739</u>	<u>207,819</u>	<u>1,209,311</u>
<u>State</u>					
Basic formula	-	976,936	-	-	976,936
Transportation	259,551	-	-	-	259,551
Basic formula - classroom trust fund	-	170,974	-	-	170,974
Vocational/Technical	11,337	17,037	-	21,188	49,562
Food service	995	-	-	-	995
Educational screening program	-	35,311	-	-	35,311
Other	-	68,053	-	-	68,053
Total State	<u>271,883</u>	<u>1,268,311</u>	<u>-</u>	<u>21,188</u>	<u>1,561,382</u>
<u>Federal</u>					
Medical	42,047	-	-	-	42,047
CRRSA child care preschool start-up grant	9,788	18,059	-	3,998	31,845
ARP-ESSER III	37,886	807,114	-	-	845,000
CRRSA - ESSER II	105	23,620	-	-	23,725
CARES - ESSER fund	-	-	-	-	-
CARES - Gov. emerg. ed. relief fund	-	-	-	-	-
Individuals with disabilities	-	134,910	-	-	134,910
Food service	281,478	-	-	-	281,478
CARES - food service	-	-	-	-	-
Title I, ESEA	-	285,857	-	-	285,857
Title II, ESEA	-	48,074	-	-	48,074
Title IV	-	23,416	-	-	23,416
Title V	-	-	-	7,639	7,639
Other	12,571	-	-	1,791,940	1,804,511
Total Federal	<u>383,875</u>	<u>1,341,050</u>	<u>-</u>	<u>1,803,577</u>	<u>3,528,502</u>
Other	883	-	-	-	883
Total Revenues	<u>\$ 4,062,585</u>	<u>\$ 3,249,581</u>	<u>\$ 234,625</u>	<u>\$ 2,838,235</u>	<u>\$ 10,385,026</u>

The accompanying notes to financial statements are an integral part of this statement.

Knox Co R-I School District  
Schedule of Expenditures Paid by Object  
Year Ended June 30, 2023

	General (Incidental) Fund	Special Revenue (Teachers') Fund	Debt Service Fund	Capital Projects (Building) Fund	Totals (Governmental Funds)
Salaries	\$ 1,088,213	\$ 3,514,216	\$ -	\$ -	\$ 4,602,429
Employee benefits	378,414	1,108,929	-	-	1,487,343
Purchased services	947,383	10,473	-	2	957,858
Supplies	899,739	-	-	-	899,739
Capital outlay	-	-	-	2,379,298	2,379,298
Debt service					-
Principal	-	-	160,000	-	160,000
Interest	-	-	25,878	-	25,878
Fees	-	-	318	-	318
	<u>\$ 3,313,749</u>	<u>\$ 4,633,618</u>	<u>\$ 186,196</u>	<u>\$ 2,379,300</u>	<u>\$ 10,512,863</u>

The accompanying notes to financial statements are an integral part of this statement.

Knox Co R-I School District  
Summary Schedule of Revenues Collected, Expenditures Paid and  
Changes in Fund Balance  
Year Ended June 30, 2023

	General (Incidental) Fund	Special Revenue (Teachers') Fund	Debt Service Fund	Capital Projects (Building) Fund	Totals (Governmental Funds)
REVENUES COLLECTED	\$ 4,062,585	\$ 3,249,581	\$ 234,625	\$ 2,838,235	\$ 10,385,026
EXPENDITURES PAID	<u>3,313,749</u>	<u>4,633,618</u>	<u>186,196</u>	<u>2,379,300</u>	<u>10,512,863</u>
EXCESS OF REVENUES COLLECTED OVER (UNDER) EXPENDITURES PAID	<u>748,836</u>	<u>(1,384,037)</u>	<u>48,429</u>	<u>458,935</u>	<u>(127,837)</u>
OTHER FINANCING SOURCES (USES)					
Transfers	<u>(1,384,037)</u>	<u>1,384,037</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total other financing sources (uses)	<u>(1,384,037)</u>	<u>1,384,037</u>	<u>-</u>	<u>-</u>	<u>-</u>
EXCESS OF REVENUES COLLECTED AND OTHER SOURCES OVER (UNDER) EXPENDITURES PAID AND OTHER USES	(635,201)	-	48,429	458,935	(127,837)
FUND BALANCE, JULY 1, 2022	<u>2,012,273</u>	<u>-</u>	<u>210,914</u>	<u>1,208,218</u>	<u>3,431,405</u>
FUND BALANCE, JUNE 30, 2023	<u>\$ 1,377,072</u>	<u>\$ -</u>	<u>\$ 259,343</u>	<u>\$ 1,667,153</u>	<u>\$ 3,303,568</u>

The accompanying notes to financial statements are an integral part of this statement.

Knox Co R-I School District  
Schedule of Transportation Costs Eligible for State Aid  
Year Ended June 30, 2023

	District Operated	Total
Salaries	\$ 256,878	\$ 256,878
Employee benefits	105,811	105,811
Purchased services	16,880	16,880
Supplies	107,666	107,666
Capital outlay	1,627,432	1,627,432
Total	\$ 2,114,667	\$ 2,114,667
 Nonroute contracted transportation	 \$ -	
 School buses purchased	 \$ 1,619,032	
 School buses leased/purchased:		
Principal	\$ -	
Interest	\$ -	
 Transportation revenues from other districts	 \$ -	

The accompanying notes to financial statements are an integral part of this statement.

Knox Co R-I School District  
Schedule of State Financial Assistance  
Year Ended June 30, 2023

State Grantor/Program Title	Balance June 30, 2002	Receipts	Disbursements	Balance June 30, 2023
Department of Elementary and Secondary Education:				
Basic Formula	\$ -	\$ 976,936	\$ 976,936	\$ -
Transportation	-	259,551	259,551	-
Food Service	-	995	995	-
Basic Formula - Classroom Trust Fund	-	170,974	170,974	-
Educational Screening	-	35,311	35,311	-
Early Childhood Special Education	-	68,053	68,053	-
Career Education	-	49,562	49,562	-
Total State Financial Assistance	<u>\$ -</u>	<u>\$ 1,561,382</u>	<u>\$ 1,561,382</u>	<u>\$ -</u>

The accompanying notes to financial statements are an integral part of this statement.



Knox Co R-I School District  
Public School Retirement System of Missouri  
Schedule of Proportionate Share of the Net Pension Liability and Related Ratios  
Year Ended June 30, 2023

Year Ended*	Proportion of the	Proportionate Share	Net Pension Liability		Fiduciary Net Position as a Percentage of Total Pension Liability
	Net Pension Liability (Asset)	of the Net Pension Liability (Asset)	Actual Covered Member Payroll	(Asset) as a Percentage of Covered Payroll	
6/30/2014	0.0521%	\$ 2,137,442	\$ 2,321,597	92.07%	89.34%
6/30/2015	0.0496%	\$ 2,863,339	\$ 2,244,031	127.60%	85.78%
6/30/2016	0.0465%	\$ 3,459,902	\$ 2,146,557	161.18%	82.18%
6/30/2017	0.0473%	\$ 3,415,781	\$ 2,230,022	153.17%	83.77%
6/30/2018	0.0480%	\$ 3,572,379	\$ 2,305,921	154.92%	84.06%
6/30/2019	0.0479%	\$ 3,535,054	\$ 2,351,633	150.32%	84.62%
6/30/2020	0.0473%	\$ 4,224,229	\$ 2,380,067	177.48%	82.01%
6/30/2021	0.4970%	\$ 1,100,248	\$ 2,571,855	42.78%	95.81%
6/30/2022	0.5620%	\$ 4,346,623	\$ 2,961,018	146.79%	86.04%

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

\* The data provided in the schedule is based as of the measurement date of PSRS' net pension liability, which is as of the beginning of the district's fiscal year.

Knox Co R-I School District  
Public School Retirement System of Missouri  
Schedule of Employer Contributions  
Year Ended June 30, 2023

Year Ended*	Statutorily Required Contribution	Actual Employer Contributions	Contribution Excess/(Deficiency) (Deficiency)	Actual Covered Member Payroll	Contributions as a Percentage of Covered Payroll
6/30/2013	\$ 331,682	\$ 331,682	-	\$ 2,294,181	14.46%
6/30/2014	\$ 335,766	\$ 335,766	-	\$ 2,321,597	14.46%
6/30/2015	\$ 325,385	\$ 325,385	-	\$ 2,244,031	14.50%
6/30/2016	\$ 311,252	\$ 311,252	-	\$ 2,146,557	14.50%
6/30/2017	\$ 323,353	\$ 323,353	-	\$ 2,230,022	14.50%
6/30/2018	\$ 334,360	\$ 334,360	-	\$ 2,305,921	14.50%
6/30/2019	\$ 340,987	\$ 340,987	-	\$ 2,351,633	14.50%
6/30/2020	\$ 342,485	\$ 342,485	-	\$ 2,380,067	14.39%
6/30/2021	\$ 370,267	\$ 370,267	-	\$ 2,571,855	14.40%
6/30/2022	\$ 429,347	\$ 429,347	-	\$ 2,961,018	14.50%

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

Knox Co R-I School District  
Public Education Employee Retirement System of Missouri  
Schedule of Proportionate Share of the Net Pension Liability and Related Ratios  
Year Ended June 30, 2023

Year Ended*	Proportion of the Net Pension Liability (Asset)	Proportionate Share of the Net Pension Liability (Asset)	Actual Covered Member Payroll	Net Pension Liability (Asset) as a Percentage of Covered Payroll	Fiduciary Net Position as a Percentage of Total Pension Liability
6/30/2014	0.0580%	\$ 211,796	\$ 846,394	25.02%	91.33%
6/30/2015	0.0573%	\$ 303,063	\$ 858,820	35.29%	88.28%
6/30/2016	0.0612%	\$ 491,029	\$ 944,560	51.98%	83.32%
6/30/2017	0.0604%	\$ 460,822	\$ 970,787	47.47%	85.35%
6/30/2018	0.0582%	\$ 449,719	\$ 968,767	46.42%	86.06%
6/30/2019	0.0616%	\$ 487,232	\$ 1,069,304	45.57%	86.38%
6/30/2020	0.0627%	\$ 608,539	\$ 1,127,909	53.95%	84.06%
6/30/2021	0.0618%	\$ 66,554	\$ 1,132,611	5.88%	98.36%
6/30/2022	0.0642%	\$ 542,566	\$ 1,253,340	43.29%	87.92%

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

\* The data provided in the schedule is based as of the measurement date of PSRS' net pension liability, which is as of the beginning of the district's fiscal year.

Knox Co R-I School District  
 Public Education Employee Retirement System of Missouri  
 Schedule of Employer Contributions  
 Year Ended June 30, 2023

Year Ended*	Statutorily Required Contribution	Actual Employer Contributions	Contribution Excess/(Deficiency) (Deficiency)	Actual Covered Member Payroll	Contributions as a Percentage of Covered Payroll
6/30/2013	\$ 52,471	\$ 52,471	-	\$ 764,885	6.86%
6/30/2014	\$ 58,063	\$ 58,063	-	\$ 846,394	6.86%
6/30/2015	\$ 58,915	\$ 58,915	-	\$ 858,820	6.86%
6/30/2016	\$ 64,797	\$ 64,797	-	\$ 944,560	6.86%
6/30/2017	\$ 66,596	\$ 66,596	-	\$ 970,787	6.86%
6/30/2018	\$ 66,458	\$ 66,458	-	\$ 968,767	6.86%
6/30/2019	\$ 73,355	\$ 73,355	-	\$ 1,069,304	6.86%
6/30/2020	\$ 77,375	\$ 77,375	-	\$ 1,127,909	6.86%
6/30/2021	\$ 77,697	\$ 77,697	-	\$ 1,132,611	6.86%
6/30/2022	\$ 85,979	\$ 85,979	-	\$ 1,253,340	6.86%

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

STATE COMPLIANCE SECTION

# CONRAD & HIGGINS, LLC

CERTIFIED PUBLIC ACCOUNTANTS

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

Board of Education  
Knox Co R-I School District  
Edina, Missouri 63537

We have examined management of Knox Co R-I School District's assertions that Knox Co R-I School District complied with the requirements of Missouri laws and regulations regarding budgetary and disbursement procedures; accurate disclosure by the District's attendance records of attendance, resident membership on the last Wednesday of September and the free and reduced lunch count on the last Wednesday of January; and accurate disclosure by the District's pupil transportation records of the average daily transportation of pupils eligible and ineligible for state aid, the number of miles eligible and ineligible for state aid and the allowable costs for pupil transportation during the year ended June 30, 2023. Knox Co R-I School District's management is responsible for its assertion. Our responsibility is to express an opinion on management's assertion based on our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. Those standards require that we plan and perform the examination to obtain reasonable assurance about whether management's assertion is fairly stated, in all material respects. An examination involves performing procedures to obtain evidence about management's assertion. The nature, timing, and extent of the procedures selected depend on our judgment, including an assessment of the risks of material misstatement of management's assertion, whether due to fraud or error. We believe that the evidence we obtained is sufficient and appropriate to provide a reasonable basis for our opinion.

In our opinion, management's assertion that Knox Co R-I School District complied with the aforementioned requirements for the year ended June 30, 2023, is fairly stated, in all material respects.

*Conrad & Higgins, LLC*

Conrad & Higgins, LLC  
Princeton, Missouri  
December 11, 2023

Knox County R-I School District  
 Schedule of Selected Statistics  
 Year Ended June 30, 2023

Type of Audit Performed:

Yellow Book: \_\_\_\_\_

Single Audit:   X  

**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
4020	K	5		6.7500	165	1,111.5800
1050	6	12		6.7500	165	1,111.5800

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
4020	K	40,097.2665		149.0000		1,746.3500	41,992.6165
4020	1	30,351.4365		127.0000		1,499.3900	31,977.8265
4020	2	42,518.3829		128.0000		2,505.0400	45,151.4229
4020	3	31,505.3166		144.0000		1,557.7300	33,207.0466
4020	4	28,522.9999		143.0000		1,329.1300	29,995.1299
4020	5	32,288.7331		83.0000		684.0700	33,055.8031
1050	6	22,924.9332		41.0000		919.6200	23,885.5532
1050	7	33,794.2499		32.0000		775.0000	34,601.2499
1050	8	35,039.8001		25.0000		582.8000	35,647.6001
1050	9	46,313.0330		-		190.0000	46,503.0330
1050	10	32,044.6835		-		349.8400	32,394.5235
1050	11	37,729.0330		-		198.6500	37,927.6830
1050	12	36,525.1497		-		211.7500	36,736.8997
Grand Total		449,655.0179		872.0000		12,549.3700	463,076.3879

Notes:

Knox County R-I School District  
 Schedule of Selected Statistics  
 Year Ended June 30, 2023

**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	38.00	-	-	38.00
	1	29.00	-	-	29.00
	2	41.00	-	-	41.00
	3	29.00	-	-	29.00
	4	27.00	-	-	27.00
	5	31.00	-	-	31.00
	6	21.00	-	-	21.00
	7	32.00	-	-	32.00
	8	35.00	-	-	35.00
	9	43.00	-	-	43.00
	10	33.00	-	-	33.00
	11	39.00	-	-	39.00
	12	39.00	-	-	39.00
Grand Total		437.00	-	-	437.00

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
1050	98.00	39.00	-	-	137.00
4020	92.00	30.00	-	-	122.00
Gand Total	190.00	69.00	-	-	259.00

Notes:




Knox Co R-I School District  
 Schedule of Selected Statistics  
 Year Ended June 30, 2023

**5 Finance**

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

- |   |   |                 |
|---|---|-----------------|
| 1 | The district/charter school maintained a calendar in accordance with 160.041, 171.029, 171.031, and RSMo and all attendance hours were reported.  | <u>TRUE</u>     |
| 2 | The district/charter school maintained complete and accurate attendance records allowing for the accurate calculation and reporting by category of Average Daily Attendance, which concludes 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  | <u>N/A</u>      |
|   | Career Exploration Program - Off Campus   | <u>N/A</u>      |
|   | Cooperative Occupational Education (COE) or Supervised Occupational Experience  | <u>N/A</u>      |
|   | Dual Enrollment   | <u>N/A</u>      |
|   | Homebound instruction   | <u>N/A</u>      |
|   | Missouri Options  | <u>N/A</u>      |
|   | Prekindergarten eligible to be claimed for state aid  | <u>N/A</u>      |
|   | Remediation   | <u>N/A</u>      |
|   | Sheltered Workshop participation  | <u>N/A</u>      |
|   | Students participating in the school flex program   | <u>N/A</u>      |
|   | Traditional instruction (full and part-time students)   | <u>TRUE</u>     |
|   | Virtual instruction (MOCAP or other option)   | <u>N/A</u>      |
|   | Work Experience for Students with Disabilities  | <u>N/A</u>      |
| 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.   | <u>TRUE</u>     |
| 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.  | <u>TRUE</u>     |
| 5 | As required by Section 162.401, RSMo, a bond was purchased for the district's/charter school's treasurer or as required by Section 160.405, RSMo, a bond was purchased for the charter schools chief financial officer or an insurance policy issued by an insurance company that proves coverage in the event of employee theft in the total amount of:  | <u>\$50,000</u> |
| 6 | The district's/charter school's deposits were secured during the year as required by Sections 110.010 and 110.020, RSMo., and the Missouri Financial Accounting Manual.   | <u>TRUE</u>     |
| 7 | The district maintained a separate bank account for the Debt Service Fund monies in accordance with Section 108.180 and 165.011, RSMo. (Not applicable to charter schools).   | <u>TRUE</u>     |

Knox Co R-I School District  
 Schedule of Selected Statistics  
 Year Ended June 30, 2023

**5 Finance (continued)**

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

- |    |   |                |
|----|---|----------------|
| 8  | Salaries reported for educators in the October MOSIS Educator Core and Educator School files are supported by complete and accurate payroll and contract records. This includes payments for Teacher Baseline Salary Grants and Career Ladder if applicable.  | <u>TRUE</u>    |
| 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).  | <u>N/A</u>     |
| 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.  | <u>TRUE</u>    |
| 11 | The district has a professional development committee plan adopted by the board with the professional development committee plan identifying the expenditure of seventy-five percent (75%) of one percent (1%) of the current year basic formula apportionment. Remaining 25% of 1% if not spent must be restricted and spent on appropriate expenditures in the future. (Not applicable to charter schools). | <u>TRUE</u>    |
| 12 | The amount spent for approved professional development committee plan activities was:   | <u>\$9,664</u> |
| 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.   | <u>TRUE</u>    |

Notes: \_\_\_\_\_  
 \_\_\_\_\_

Finding #: \_\_\_\_\_  
 Management Letter Comment #: \_\_\_\_\_

**6 Transportation (Section 163.161, RSMo)**

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

- |   |  |             |
|---|--|-------------|
| 1 | The school transportation allowable costs substantially conform to 5 CSR 30-261.040, Allowable Costs for State Transportation Aid.   | <u>TRUE</u> |
| 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 | <u>TRUE</u> |

Knox Co R-I School District  
 Schedule of Selected Statistics  
 Year Ended June 30, 2023

**6 Transportation (Section 163.161, RSMo) (continued)**

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

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:

<b>• Eligible ADT</b>	298.00
<b>• Ineligible ADT</b>	-

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

5 Actual odometer records show the total district/charter-operated and contracted mileage for the year was:

145,819

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

* <b>Eligible Miles</b>	115,451
* <b>Ineligible Miles (Non-Route/Disapproved)</b>	30,368

7 Number of days the district/charter school operated the school transportation system during the regular school year:

165

Notes: \_\_\_\_\_  
 \_\_\_\_\_

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

Finding #: \_\_\_\_\_

Management Letter Comment #: \_\_\_\_\_

FEDERAL COMPLIANCE SECTION

# CONRAD & HIGGINS, LLC

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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  
Knox County R-I School District  
Edina, Missouri 63537

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Knox County R-I School District, as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise Knox County R-I School District's basic financial statements, and have issued our report thereon dated December 11, 2023.

**Report on Internal Control Over Financial Reporting**

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

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or 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 identified certain deficiencies in internal control, described in the accompanying schedule of findings and questioned costs as items 2023-1 that we consider to be significant deficiencies.

**Report on Compliance and Other Matters**

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

**Knox County R-I School District's Response to Findings**

Government Auditing Standards requires the auditor to perform limited procedures on the Knox County R-I School District's response to the findings identified in our audit and described in the accompanying schedule of findings and questioned costs. The Knox County R-I School 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.



**Conrad & Higgins, LLC**

Princeton, Missouri

December 11, 2023

# CONRAD & HIGGINS, LLC

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### INDEPENDENT AUDITORS'

### REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM; REPORT ON INTERNAL CONTROL OVER COMPLIANCE; AND REPORT ON THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS REQUIRED BY UNIFORM GUIDANCE

Board of Education  
Knox County R-I School District  
Edina, Missouri 63537

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

##### **Opinion On Each Major Federal Program**

We have audited Knox County R-I 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 Knox County R-I School District's major federal programs for the year ended June 30, 2023. Knox County R-I School District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, Knox County R-I 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, 2023.

##### **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 US *Code of Federal Regulations* Part 200 *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of Knox County R-I 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 of our opinion on compliance for each major federal program. Our audit does not provide a legal determination of Knox County R-I School District's compliance with the compliance requirements referred to above.

##### **Responsibilities of Management for Compliance**

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

##### **Auditor's Responsibilities for the Audit of Compliance**

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on Knox County R-I School District's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance

when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about Knox County R-I 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 Knox County R-I 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 Knox County R-I 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 Knox County R-I School District's internal control over compliance. Accordingly, no such opinion is expressed.

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

#### **Report on Internal Control over Compliance**

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

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

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

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

*Conrad & Higgins, LLC*

**Conrad & Higgins, LLC**  
Princeton, Missouri  
December 11, 2023



Knox County R-I School District  
Schedule of Expenditures of Federal Awards  
June 30, 2023

Federal Grantor/Pass-through Grantor/Program Title	Assistance Listing Number	Pass-Through Grantors Number	Disbursements
<u>U.S. Department of Agriculture</u>			
Pass-through State Department of Elementary and Secondary Education:			
National School Lunch Program - Cares	10.555	052-096	\$ 208,531
National School Breakfast Program - Cares	10.553	052-096	58,273
Food Distribution Program (Note 4)	10.555	052-096	22,188
Total Pass-through State Department of Elementary and Secondary Education			<u>288,992</u>
Pass-through Missouri Department of Health and Senior Services:			
Summer Food Service Programs of Children	10.559	ERS0461937S	14,674
Total pass-through Missouri Department of Health and Senior Services			<u>14,674</u>
Total U.S. Department of Agriculture - Cluster			<u>303,666</u>
<u>U.S. Department of Education</u>			
Pass-through State Department of Elementary and Secondary Education:			
Special Education Grants to States	84.027	052-096	133,029
Special Education Grants to States - ECSE	84.027	052-096	8,445
Special Education - Preschool Grants	84.173	052-096	7,249
Total Special Education Cluster			<u>148,723</u>
ESEA, Title 1	84.010	052-096	291,423
ESEA, Title 1 - Preschool	84.010	052-096	96,649
Rural Education	84.358	052-096	2,097
Education Stabilization Fund Programs			
Postsecondary Advising Grant	84.425U	052-096	45,000
Education Stabilization Fund III	84.425U	052-096	800,000
CRRSA ESSER II	84.425D	052-096	105
Grow Your Own Grant	84.425D	052-096	9,999
Teacher Retention	84.425D	052-096	6,271
Total Education Stabilization Education Cluster			<u>1,251,544</u>
Total U.S. Department of Education			<u>1,400,267</u>
<u>U.S. Department of Health and Human Services</u>			
Child Care Preschool Start-up Grant	93.575		31,845
Total U.S. Department of Health and Human Service			<u>31,845</u>
<u>U.S. Environmental Protection Agency</u>			
Clean School Bus Program	66.045		1,555,040
Total U.S. Environmental Protection Agency			<u>1,555,040</u>
Total Federal Financial Assistance			<u>\$ 3,290,818</u>

Knox County R-I School District  
Notes to the Schedule of Expenditures of Federal Awards  
June 30, 2023

**Note 1-General**

The accompanying Schedule of Expenditures of federal awards presents the activity of all federal awards programs of the Knox County R-I School District, Edina, Missouri. The reporting entity is defined in Note 1 to the district's financial statements.

**Note 2-Basis of Accounting**

The accompanying schedule is presented using the modified cash basis of accounting, which is described in Note 1 to the district's financial statements.

**Note 3-Relationship to Federal Financial Statements**

Amounts reported in the accompanying schedule agree with the amounts reported in the related federal financial reports and indicate amounts due to the district as of June 30, 2023 from each related federal program.

**Note 4-Noncash Programs**

The commodities received, which are noncash revenues, are valued using prices provided by the United States Department of Agriculture. At June 30, 2023, the district had food commodities totaling \$0 in inventory.

**Note 5 - Indirect Cost Rate**

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

**Note 6 - Subrecipients**

The District did not provide funds to subrecipients during the year.

Knox County R-I School District  
Schedule of Findings and Questioned Costs  
Year Ended June 30, 2023

Questioned Program

Finding/Noncompliance

Summary of audit results:

- 1) We have issued an unmodified opinion on the financial statements of the Knox County R-I School District. The fund financial statements were prepared on the modified cash basis of accounting, which is a comprehensive basis of accounting other than generally accepted accounting principles.
- 2) One significant deficiency was disclosed during the audit of the financial statements and is reported in the 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. No material weaknesses are reported.
- 3) The audit did not disclose any instances of noncompliance which is material to financial statements of the Knox County R-I School District, which would be required to be reported in accordance with Government Auditing Standards.
- 4) No significant deficiencies or material weaknesses in internal control over major federal programs were reported.
- 5) The auditor's report on compliance for the major federal award programs for Knox County R-I School District expresses an unmodified opinion on all major federal programs.
- 6) Audit findings that are required to be reported in accordance with 2 CFR section 200.516(a) are reported in this Schedule.
- 7) The district's programs tested as major programs were as follows:
  - a) CRRSA ESSER (AL #84.425)
  - b) Clean School Bus Program (AL # 66.045)
- 8) The district have two Type A programs at June 30, 2023. All other programs were Type B programs. The threshold used to distinguish Type A programs from Type B programs was \$750,000.
- 9) The district was not qualified as a low-risk auditee at June 30, 2023.

**Findings - Financial Statement Audit**

2023-001

Significant Deficiency : Lack of Segregation of Duties

Condition: Due to the limited number of available personnel, it is not always possible to adequately segregate certain incompatible duties.

Criteria: Internal controls should be designed so that no one person has access to both physical assets and related accounting records or all phases of a transaction.

Knox County R-I School District  
Schedule of Findings and Questioned Costs  
Year Ended June 30, 2023

<u>Questioned Program</u>	<u>Finding/Noncompliance</u>
2023-001 (Cont)	<p>Cause: The district does not have enough available personnel to adequately segregate certain incompatible duties</p> <p>Effect: Due to the limited number of personnel, the possibility exists that unintentional or intentional errors or irregularities could exist and not be promptly detected.</p> <p>Recommendation: The district should consider adding additional personnel as soon as district finances allow, to provide additional segregation of duties.</p> <p>Views of Responsible officials: The size and budget of the Knox County R-I School District limit the application of adequate segregation of duties.</p>

Knox County R-I School District  
Schedule of Resolutions of Prior Year Audit Findings  
Year Ended June 30, 2023

Program	Finding/Noncompliance
	<b>Findings - Financial Statement Audit</b>
<u>2022-001</u>	<p>Significant Deficiency : Lack of Segregation of Duties</p> <p>Condition: Due to the limited number of available personnel, it is not always possible to adequately segregate certain incompatible duties.</p> <p>Criteria: Internal controls should be designed so that no one person has access to both physical assets and related accounting records or all phases of a transaction.</p> <p>Cause: The district does not have enough available personnel to adequately segregate certain incompatible duties</p> <p>Effect: Due to the limited number of personnel, the possibility exists that unintentional or intentional errors or irregularities could exist and not be promptly detected.</p> <p>Recommendation: The district should consider adding additional personnel as soon as district finances allow, to provide additional segregation of duties.</p> <p>Views of Responsible officials: The size and budget of the Knox County R-I School District limit the application of adequate segregation of duties.</p>