

**Rock Port R-2 School District
of Atchison County, Missouri
Rock Port, Missouri**

**Annual Financial Statements
And Accompanying Auditor's Report**

For the Year Ended June 30, 2021

**Rock Port R-2 School District of Atchison County, Missouri
Annual Financial Statements
And Accompanying Auditor’s Report
For the Year Ended June 30, 2021**

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**Rock Port R-2 School District of Atchison County, Missouri
Annual Financial Statements
And Accompanying Auditor's Report
For the Year Ended June 30, 2021**

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Section I

Financial Information

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Independent Auditor's Report

To the Board of Education
Rock Port R-2 School District of Atchison County, Missouri
Rock Port, Missouri

Report on the Financial Statements

We have audited the accompanying modified cash basis financial statements of the governmental activities and each major fund of Rock Port R-2 School District of Atchison County, Missouri, as of and for the year ended June 30, 2021, and the related notes to financial statements, which collectively comprise the District's financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective modified cash basis financial position of the governmental activities and each major fund of Rock Port R-2 School District of Atchison County, Missouri, as of June 30, 2021, and the respective changes in modified cash basis financial position for the year then ended in accordance with the modified cash basis of accounting described in Note 1.

Basis of Accounting

We draw attention to Note 1 of the financial statements, which describes the basis of accounting. The financial statements are prepared on a 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.

Supplementary Information and Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Rock Port R-2 School District of Atchison County, Missouri's financial statements. Management's discussion and analysis, the budgetary comparison information, schedule of receipts by source-modified cash basis, and schedule of disbursements by object-modified cash basis are presented for purposes of additional analysis and are not a required part of the financial statements.

The schedule of receipts by source-modified cash basis and schedule of disbursements by object-modified cash basis presented on pages 32-33 are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the 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-modified cash basis and schedule of disbursements by object-modified cash basis are fairly stated in all material respects, in relation to the financial statements as a whole on the basis of accounting described in Note 1.

Management's discussion and analysis and the budgetary comparison information presented on pages 4-10 and 34-38, respectively, which are the responsibility of management, have not been subjected to the auditing procedures applied in the audit of the financial statements, and accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 8, 2021, on our consideration of Rock Port R-2 School District of Atchison County, Missouri's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements. 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 Rock Port R-2 School District of Atchison County, Missouri'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 Rock Port R-2 School District of Atchison County, Missouri's internal control over financial reporting and compliance.

Marsh, Espey & Merrill, P.C.

Maryville, Missouri
December 8, 2021

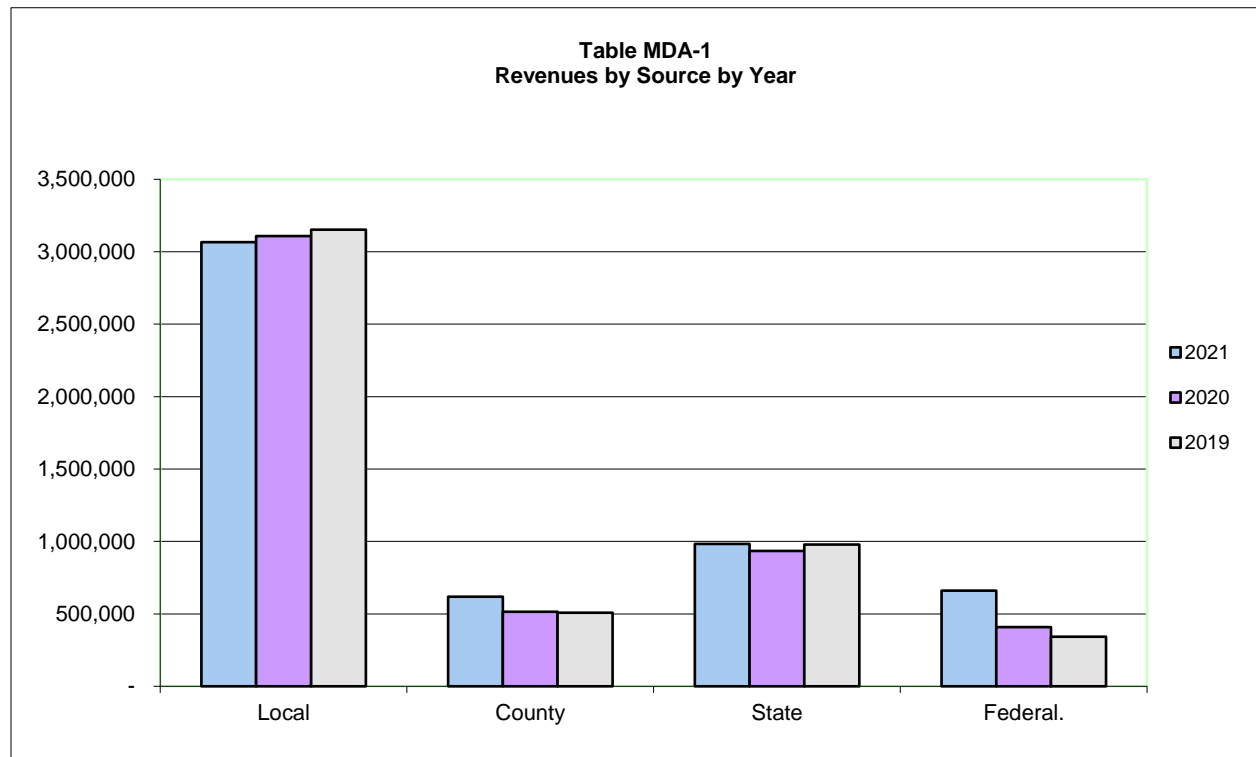
**Management's
Discussion and Analysis**

MANAGEMENT DISCUSSION AND ANALYSIS

The discussion and analysis of the District’s financial performance provides an overview of the District’s financial activity for the fiscal year ended June 30, 2021. Please read it in conjunction with the District’s financial statements, notes to the financial statements, and supplementary and other information, which immediately follow this section.

Financial Highlights

- The unrestricted ending fund balance was \$1,683,346. This was an increase of \$418,008 from the previous fiscal year. The unrestricted ending fund balance increased from 32.07% to 39.26%. The percentage increase was due primarily to the ability to utilize ESSER funding from both the county and state levels to purchase equipment and supplies that would usually be purchased through district funds. In addition, a much higher reimbursement rate for student breakfasts and lunches helped create a positive balance in food service, when usually this is a deficit amount.
- Our operating levy this year was \$4.0984, remaining the same as the past year. This year’s debt service levy of \$0.8218, remaining the same as the past year.
- Our local property tax revenue was \$2,354,759, of which \$393,306 was for debt service.
- Our county tax receipts were \$527,733.
- Revenues were up this year, as our foundation formula was fully funded. Our receipts from the State were \$983,521.
- Total federal revenue was \$752,782. This amount also includes IRS rebates for interest payments on the QSCB and QZAB bonds in the amount of \$87,731.



Overview of the Financial Statements

This financial section of the annual report consists of three parts:

- Management’s discussion and analysis (this section),
- Financial statements (district-wide and fund financial statements) including notes to financial statements, and
- Supplementary information and Other information

The financial statements consist of two different kinds of statements that present different views of the District’s financial activities.

- District-wide financial statements – provide both short-term and long-term information about the District’s overall financial status. The district-wide statements include the Statement of Net Position and Statement of Activities.
- Fund financial statements – focus on *individual funds* of the District and report the District’s operations in more detail than the district-wide statements.

The financial statements also include notes that explain some of the information in the financial statements and also provide more detailed data. The statements are followed by a section of supplementary information and other information that further explains and supports the financial statements.

The major features of the District’s financial statements are shown in Table MDA – 2.

Table MDA-2		
Major Features of the District-Wide and Fund Financial Statements		
	District-Wide Statements	Fund Financial Statements
		Governmental Funds
Scope	Entire district	The activities of the District that are not proprietary or fiduciary, such as special education and building maintenance
Required Financial Statements	Statement of net position	Statement of assets, liabilities and fund balances
	Statement of activities	Statement of receipts, disbursements and changes in fund balances
Accounting basis and measurement focus	Modified cash basis of accounting and economic resources focus	Modified cash basis of accounting and current financial resources focus

District-Wide Statements

The district-wide statements report information about the District as a whole using accounting methods similar to those used by private-sector companies. The two district-wide statements report the District’s *net position* and how they have changed. Net position (the difference between the District’s assets and liabilities) is one way to measure the District’s overall financial position.

- Over time, increases or decreases in the District’s net position is an indicator of whether its financial position is improving or deteriorating, respectively.
- To assess the District’s overall financial position, additional non-financial indicators, such as changes in the District’s property tax base and the condition of its school buildings and other facilities, should be considered.

In the district-wide financial statements, the District’s activities are categorized as *Governmental activities*.

Governmental activities – all of the District’s basic services are included here, such as regular and special education, support services including operation of plant, transportation, food service operations, and administration. These activities are primarily financed by property taxes, sales tax, state formula aid and grants.

Fund Financial Statements

The fund financial statements provide more detailed information about the District’s funds, focusing on its most significant or “major” funds - not the District as a whole. Funds are accounting devices the District uses to keep track of specific sources of funding and spending on particular programs. All funds are required by state law.

Governmental funds: All of the District’s basic services are included in governmental funds, which generally focus on (1) how cash and other financial assets that can readily be converted to cash flow in and out and (2) the balance left at year-end that is available for spending. Consequently, the governmental funds statements provide a detailed short-term view that helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the District’s programs.

Financial Analysis of the District as a Whole

The net position of the District is summarized in Table MDA – 3 as follows:

Table MDA - 3		
	<u>Governmental Activities</u>	
	<u>2021</u>	<u>2020</u>
Cash	\$1,683,346	\$1,348,507
Restricted assets:		
Cash	166,937	187,495
Investments held by escrow agents	187,744	186,753
Investments	<u>1,679,146</u>	<u>1,431,817</u>
Total assets	<u>3,717,173</u>	<u>3,154,572</u>
Cash written in excess of cash balances	-	83,170
Total liabilities	<u>-</u>	<u>83,170</u>
Net position		
Restricted for:		
Debt service - taxes levied to retire debt	1,866,890	1,618,569
Student activities	108,621	96,918
Career education	8,064	31,126
STEM program	50,252	59,451
Unrestricted	<u>1,683,346</u>	<u>1,265,338</u>
Total net position	<u>\$3,717,173</u>	<u>\$3,071,402</u>

As shown in Table MDA – 3, the District’s total net position was \$3,717,173, as of June 30, 2021. The unrestricted net position consists of Capital Projects fund balance of \$177,472 and General Fund balance of \$1,505,874.

Governmental Activities

The financial activities of the District for the year ended June 30, 2021 are compared with the change in net position from the year ended June 30, 2020 in Table MDA – 4 below:

Table MDA - 4						
Functions	2021			2020		
	Disbursements	Program Receipts	Net Disbursements	Disbursements	Program Receipts	Net Disbursements
Regular instruction	\$ 1,708,030	\$ 172,994	\$ 1,535,036	\$ 1,667,267	\$ 120,928	\$ 1,546,339
Special education instruction	269,650	90,853	178,797	279,952	63,095	216,857
Career education programs	121,935	18,160	103,775	97,238	6,168	91,070
Student activities	273,407	132,463	140,944	260,120	135,338	124,782
Other instruction	219,136	96,091	123,045	202,114	93,072	109,042
Support services - pupils	209,957	-	209,957	192,111	1,383	190,728
Instructional staff support	53,819	9,900	43,919	62,835	7,151	55,684
Building level administration	233,651	-	233,651	229,904	-	229,904
General administration	345,006	11,297	333,709	380,294	5,267	375,027
Operation of plant	463,237	75,911	387,326	429,325	2,500	426,825
Transportation	129,281	23,957	105,324	161,879	26,561	135,318
Food service	82,843	78,454	4,389	168,652	167,849	803
Community services	192,308	200,487	(8,179)	98,589	37,192	61,397
Facilities acq and construction	-	-	-	7,485	-	7,485
Principal	189,482	-	189,482	188,704	-	188,704
Interest and fees	193,348	87,731	105,617	196,425	87,350	109,075
Total governmental activities	<u>\$ 4,685,090</u>	<u>\$ 998,298</u>	<u>3,686,792</u>	<u>\$ 4,622,894</u>	<u>\$ 753,854</u>	<u>3,869,040</u>
General receipts:						
Taxes:						
Property			2,354,759			2,307,435
School district trust fund (Prop C)			344,705			346,138
Financial Institution			72			2
M & M surtax			55,993			54,787
In lieu of tax			34,029			34,082
Fines, escheats, etc.			62,227			65,258
State assessed utilities			465,505			450,042
Basic formula - state monies			650,061			618,881
Basic formula - classroom trust fund			135,144			111,987
Small schools grant			141,938			155,507
Earnings on investments			78,255			55,526
Sale of property			-			574
Other			9,875			11,969
Total general receipts			<u>4,332,563</u>			<u>4,212,188</u>
Change in net position			645,771			343,148
Net position, beginning of year			<u>3,071,402</u>			<u>2,728,254</u>
Net position, end of year			<u>\$ 3,717,173</u>			<u>\$ 3,071,402</u>

Rock Port R-II School District primarily relies on local property taxes, sales tax and state aid and grants for funding its governmental activities. Total receipts of the District for FY 2021 were \$5,330,862.

General receipts increased from \$4,214,688 in FY 2020 to \$4,332,563 in FY 2021 or an increase of \$120,375; Specific sources of general receipts were as follows: 64.4% coming from local property and sales taxes, 21.4% from basic formula – state monies, classroom trust fund and small school grant, and 12.2% from fines, forfeitures and state assessed utility taxes remitted by the County. The remaining 2.0% came from other sources. Program specific receipts consist of: charges for services of \$178,304; operating grants and contributions of \$710,137, capital grants and contributions of \$22,126 and \$87,731 in interest and fees rebates.

Program specific receipts increased from \$751,854 in FY 2020 to \$998,298 in FY 2021 for a total increase of \$244,444. This increase was primarily in regular instruction and operation of plant.

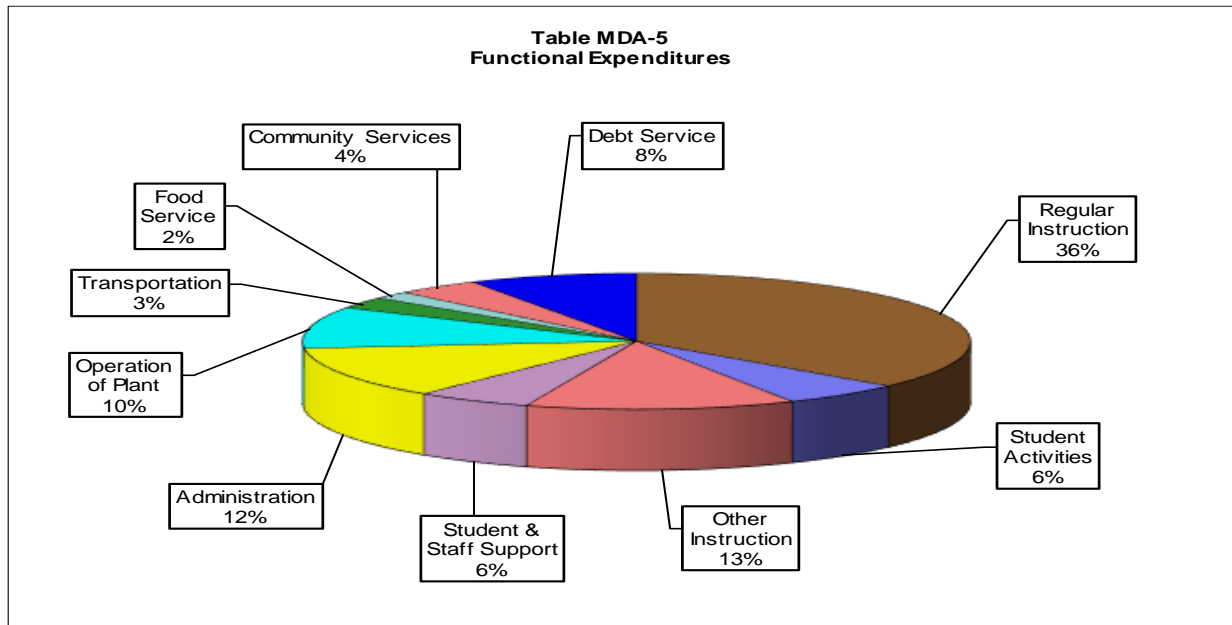
The District's major governmental activities include: instruction, instruction support, administration, pupil transportation and food services.

- The cost of all governmental activities this year was \$4,685,090.

- Instruction (this area includes regular, special education and career education programs; student activities; and other instruction) represents 55.3% of the total cost of all governmental activities of the District.
 - Support services - pupils and instruction staff support (this area includes guidance, library, health/psychology/speech and attendance services) represents 5.6% of the total costs of all governmental activities of the District.
 - Administration (includes board of education, district-wide and building level administrative services, and operation of plant) represents 22.2% of the total costs of all governmental activities.
 - Debt service represents 8.2% of the total cost of all governmental activities of the district.
 - Transportation represents 2.8% of the total cost of all governmental activities of the District.
 - Food service represents 1.8% of the total cost of all governmental activities of the District, and community services represents 4.1% of the total cost of all governmental activities.

- The net cost of all governmental activities was \$3,686,792, with \$998,298 of the total costs being financed by receipts generated by the governmental activities.

See Table MDA – 5 for expenditures by function.



Financial Analysis of the District's Funds

At June 30, 2021, the District's Incidental and Teachers funds reported combined fund balances of \$1,672,811, which is \$337,138 more than last year's ending fund balances of \$1,335,673. The District's original budget showed a net decrease of \$76,009, which did not include revenues from ESSER funding from either the county or federal level.

The assigned balance of the Capital Projects fund is \$177,472.

General Fund Budgetary Highlights

Total local receipts collected were \$124,843 less than originally budgeted. Once we learned student meals would be free beginning in September 2020, no local revenues were collected for meals.

Total county receipts collected were \$12,633 more than originally budgeted. County Fines came in lower than expected, but State Assessed Utility money was higher than anticipated.

Total state receipts collected were \$81,735 more than originally budgeted. The foundation formula was fully funded, a huge improvement over what was projected in August 2020.

Actual federal receipts came in \$388,340 more than originally budgeted. CARES Act/ESSER money, in addition to federal fund reimbursements for student meals account for this large increase.

Capital Assets

The District operates on a modified cash basis of accounting, therefore capital asset purchases are recorded as an expenditure. Capital assets and depreciation are not recognized in the financial statements. The buildings, land, and equipment are kept clean and well maintained.

Long-Term Debt

As of June 30, 2021, the District had \$5,280,954 of general obligation bonds and \$52,013 of energy loan debt outstanding. See Note 2.B of the notes to financial statements for a more detailed description of transactions and other details for the District's long-term debt.

Economic Factors and Next Year's Budget

The budget for the year to end June 30, 2022 has been prepared and approved by the Board of Education. This budget includes several economic conditions that will produce reasonably certain results:

- CARES Act/ESSER revenues will continue to benefit the district over the next two years. While the total amount is \$333,637, that amount will be divided out over the next two budgets.
- Our assessed valuation (AV) increased greatly with the addition of windmills to the eastern side of the county and the addition of Gavilon to the county tax rolls. An increase in AV of \$9,155,180 has greatly increased the local revenue expected from taxes.
- Staff salaries will now be a greater focus with the increased AV. This should allow us to provide a larger bump in pay for the upcoming 2022-23 school year.

Contacting the District's Financial Management

This financial report is designed to provide the District's citizens, taxpayers, customers, and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the money it receives. Questions concerning any of the information provided in this report or requests for additional information should be addressed to the Office of the Superintendent, 600 South Nebraska Street, Rock Port, Missouri 64482.

Government-Wide Financial Statements

Rock Port R-2 School District of Atchison County, Missouri
Statement of Net Position - Modified Cash Basis
June 30, 2021

	<u>Governmental Activities</u>
Assets	
Cash - pooled	\$ 1,683,246.29
Cash - nonpooled	100.00
Restricted assets:	
Cash - pooled	166,936.76
Investments held by escrow agents	187,743.83
Investments - nonpooled	<u>1,679,146.51</u>
Total assets	<u>3,717,173.39</u>
 Net position	
Restricted for:	
Debt service - taxes levied to retire debt	1,866,890.34
Student activities	108,620.82
Career education	8,063.62
STEM program	50,252.32
Unrestricted	<u>1,683,346.29</u>
Total net position	<u><u>\$ 3,717,173.39</u></u>

See accompanying notes to financial statements.

Rock Port R-2 School District of Atchison County, Missouri
Statement of Activities - Modified Cash Basis
For the Year Ended June 30, 2021

Functions	Disbursements	Program Receipts			Net (Disbursements)
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Receipts and Changes in Net Position
Regular instruction	\$ 1,708,030.34	\$ -	\$ 169,977.97	\$ -	\$ (1,538,052.37)
Special education instruction	269,650.06	-	90,853.12	-	(178,796.94)
Career education programs	121,934.99	-	16,936.00	1,224.00	(103,774.99)
Student activities	273,406.80	129,962.91	2,500.00	-	(140,943.89)
Other instruction	219,136.09	-	96,090.84	-	(123,045.25)
Support services - pupils	209,957.33	-	-	-	(209,957.33)
Instructional staff support	53,819.28	-	9,900.31	-	(43,918.97)
Building level administration	233,650.54	-	-	-	(233,650.54)
General administration	345,006.42	5,967.79	5,329.25	-	(333,709.38)
Operation of plant	463,236.85	-	58,025.58	20,901.59	(384,309.68)
Pupil transportation	129,281.18	-	23,957.40	-	(105,323.78)
Food services	82,843.42	10,310.15	68,142.58	-	(4,390.69)
Community services	192,307.66	32,062.75	168,424.29	-	8,179.38
Principal	189,481.53	-	-	-	(189,481.53)
Interest and fees	193,347.55	-	87,731.10	-	(105,616.45)
Total governmental activities	<u>\$ 4,685,090.04</u>	<u>\$ 178,303.60</u>	<u>\$ 797,868.44</u>	<u>\$ 22,125.59</u>	<u>(3,686,792.41)</u>
General receipts:					
Taxes:					
Property					2,354,758.60
School district trust fund (Prop C)					344,705.36
Financial institution tax					71.99
M & M surtax					55,992.89
In lieu of tax					34,028.91
Fines, escheats, etc.					62,227.29
State assessed utilities					465,505.12
Total taxes					3,317,290.16
Basic formula - state monies					650,061.11
Basic formula - classroom trust fund					135,143.84
Small schools grant					141,938.00
Earnings on investments					78,255.39
Other					9,875.46
Total general receipts					4,332,563.96
Change in net position					645,771.55
Net position, beginning of year					3,071,401.84
Net position, end of year					\$ 3,717,173.39

See accompanying notes to financial statements.

**Fund Financial Statements –
Governmental Funds**

Rock Port R-2 School District of Atchison County, Missouri
Statement of Assets and Fund Balances - Modified Cash Basis
All Governmental Funds
June 30, 2021

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Debt Service Fund</u>	<u>Capital Projects Fund</u>	<u>Total Governmental Funds</u>
Assets					
Cash - pooled	\$ 1,505,774.56	\$ -	\$ -	\$ 177,471.73	\$ 1,683,246.29
Cash - nonpooled	100.00	-	-	-	100.00
Restricted assets:					
Cash - pooled	166,936.76	-	-	-	166,936.76
Investments held by escrow agents	-	-	187,743.83	-	187,743.83
Investments - nonpooled	-	-	<u>1,679,146.51</u>	-	<u>1,679,146.51</u>
Total assets	<u>1,672,811.32</u>	<u>-</u>	<u>1,866,890.34</u>	<u>177,471.73</u>	<u>3,717,173.39</u>
Fund balances					
Restricted for:					
Debt service - taxes levied to retire debt	-	-	1,866,890.34	-	1,866,890.34
Student activities	108,620.82	-	-	-	108,620.82
Career education	8,063.62	-	-	-	8,063.62
STEM program	50,252.32	-	-	-	50,252.32
Assigned to:					
Capital projects	-	-	-	177,471.73	177,471.73
Unassigned	<u>1,505,874.56</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,505,874.56</u>
Total fund balances	<u>\$ 1,672,811.32</u>	<u>\$ -</u>	<u>\$ 1,866,890.34</u>	<u>\$ 177,471.73</u>	<u>\$ 3,717,173.39</u>

See accompanying notes to financial statements.

Rock Port R-2 School District of Atchison County, Missouri
Statement of Receipts, Disbursements and Changes in
Fund Balances - Modified Cash Basis - All Governmental Funds
For the Year Ended June 30, 2021

	General Fund	Special Revenue Fund	Debt Service Fund	Capital Projects Fund	Total Governmental Funds
Receipts					
Local	\$ 2,280,442.34	\$ 344,705.36	\$ 438,017.42	\$ 3,660.79	\$ 3,066,825.91
County	475,208.42	62,227.29	64,286.61	17,310.09	619,032.41
State	45,018.59	937,278.32	-	1,224.00	983,520.91
Federal	425,270.03	148,481.23	87,731.10	-	661,482.36
Total receipts	<u>3,225,939.38</u>	<u>1,492,692.20</u>	<u>590,035.13</u>	<u>22,194.88</u>	<u>5,330,861.59</u>
Disbursements					
Current:					
Instruction:					
Regular programs	237,994.36	1,470,035.98	-	-	1,708,030.34
Special education	129,288.24	140,361.82	-	-	269,650.06
Career education programs	19,800.37	99,239.66	-	2,894.96	121,934.99
Student activities	180,556.61	92,850.19	-	-	273,406.80
Other instruction	369.23	218,766.86	-	-	219,136.09
Support services - pupils	61,862.64	148,094.69	-	-	209,957.33
Instructional staff support	22,178.73	31,640.55	-	-	53,819.28
Building level administration	66,230.18	166,274.36	-	1,146.00	233,650.54
General administration	230,752.07	114,254.35	-	-	345,006.42
Operation of plant	428,735.26	-	-	34,501.59	463,236.85
Pupil transportation	129,281.18	-	-	-	129,281.18
Food services	79,498.10	-	-	3,345.32	82,843.42
Community services	188,607.48	3,700.18	-	-	192,307.66
Debt service:					
Principal	-	-	150,000.00	39,481.53	189,481.53
Interest and fees	-	-	191,714.08	1,633.47	193,347.55
Total disbursements	<u>1,775,154.45</u>	<u>2,485,218.64</u>	<u>341,714.08</u>	<u>83,002.87</u>	<u>4,685,090.04</u>
Excess (deficit) of receipts over disbursements	<u>1,450,784.93</u>	<u>(992,526.44)</u>	<u>248,321.05</u>	<u>(60,807.99)</u>	<u>645,771.55</u>
Other financing sources (uses)					
Operating transfers in	-	992,526.44	-	121,120.00	1,113,646.44
Operating transfers out	<u>(1,113,646.44)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(1,113,646.44)</u>
Total other financing sources (uses)	<u>(1,113,646.44)</u>	<u>992,526.44</u>	<u>-</u>	<u>121,120.00</u>	<u>-</u>
Net change in fund balance	337,138.49	-	248,321.05	60,312.01	645,771.55
Fund balances, beginning of year	<u>1,335,672.83</u>	<u>-</u>	<u>1,618,569.29</u>	<u>117,159.72</u>	<u>3,071,401.84</u>
Fund balances, end of year	<u>\$ 1,672,811.32</u>	<u>\$ -</u>	<u>\$ 1,866,890.34</u>	<u>\$ 177,471.73</u>	<u>\$ 3,717,173.39</u>

See accompanying notes to financial statements.

Rock Port R-2 School District of Atchison County, Missouri
Notes to Financial Statements
June 30, 2021

Note 1. Summary of Significant Accounting Policies

As discussed further in Note 1.C, these financial statements are presented in accordance with a modified cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America (GAAP) established by the Governmental Accounting Standards Board (GASB). These modified cash basis financial statements generally meet the presentation and disclosure requirements applicable to GAAP, in substance, but are limited to the elements presented in the financial statements and the constraints of the measurement and recognition criteria of this modified cash basis of accounting.

1.A. Financial Reporting Entity

The District's financial reporting entity comprises the following:

Primary Government: Rock Port R-2 School District of Atchison County, Missouri

Blended Component Units: None

Discretely Presented Component Units: None

Primary Government

Rock Port R-2 School District of Atchison County, Missouri (the District) was established under the Statutes of the State of Missouri. The District operates as a "seven director" district as described in Revised Statutes of Missouri (RSMo), Chapter 162.

1.B. Basis of Presentation

Government-wide Financial Statements

The Statement of Net Position and Statement of Activities display information about the reporting government as a whole within the limitations of this modified cash basis of accounting. They include all funds of the reporting entity except for fiduciary funds. Governmental activities generally are financed through taxes, intergovernmental receipts, and other nonexchange transactions.

Fund Financial Statements

Fund financial statements of the reporting entity are organized into funds, each of which is considered to be a separate accounting entity. Each fund is accounted for by providing a separate set of self-balancing accounts that constitutes its assets, liabilities, net position or fund balance, receipts, and disbursements. The District's funds are organized into the governmental activities category. The District presently has no proprietary or fiduciary funds. An emphasis is placed on major funds within the governmental category.

All four of the District's governmental funds are considered "major funds" since state law established these funds and certain restrictions on the transfers between them require the Missouri Department of Elementary and Secondary Education to obtain financial data on each fund.

Rock Port R-2 School District of Atchison County, Missouri
Notes to Financial Statements
June 30, 2021

Note 1. Summary of Significant Accounting Policies (continued)

1.B. Basis of Presentation (continued)

The governmental funds of the financial reporting entity are described subsequently:

General Fund – accounts for and reports general activities of the District which are not required to be accounted for and reported in another fund.

Special Revenue Funds – account for and report the proceeds of specific revenue sources that are either restricted or committed to expenditures for specified purposes other than debt service or capital projects. The District's only special revenue fund is the Teachers Fund.

Teachers Fund – accounts for the proceeds of moneys derived from the County School Fund; taxation for teachers wages; school district trust fund (Prop C), federal grants, and state moneys received under RSMo section 163.031 that are legally restricted to expenditures for the purpose of teachers salaries and benefits and tuition payments to other districts or private agencies.

Debt Service Fund – accounts for and reports the proceeds of property taxes and other receipts restricted, committed, or assigned to expenditure for principal and interest or being accumulated for principal and interest maturing in future years.

Capital Projects Fund – accounts for and reports the proceeds of long-term debt, taxes and other receipts restricted, committed, or assigned to expenditure for capital outlays, including the acquisition or construction of capital facilities and other capital assets.

1.C. Measurement Focus and Basis of Accounting

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

Measurement Focus

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

Rock Port R-2 School District of Atchison County, Missouri
Notes to Financial Statements
June 30, 2021

Note 1. Summary of Significant Accounting Policies (continued)

1.C. Measurement Focus and Basis of Accounting (continued)

Measurement Focus (continued)

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

Basis of Accounting

The financial statements are presented in accordance with a modified cash basis of accounting, which is a basis of accounting other than GAAP as established by GASB. This basis of accounting involves modifications to the cash basis of accounting to report in the statements of net position or statement of assets and fund balances cash transactions or other events that provide a benefit or result in an obligation that covers a period greater than the period in which the cash transaction or other event occurred. Such reported balances include nonnegotiable certificates of deposit, investments, and interfund receivables and payables arising from cash transactions or events.

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

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

Rock Port R-2 School District of Atchison County, Missouri
Notes to Financial Statements
June 30, 2021

Note 1. Summary of Significant Accounting Policies (continued)

1.D. Financial Position

Pooled Cash – the District maintains pooled cash accounts that are available for use by all funds with the exception of the Debt Service Fund, which is kept in separate bank and investment accounts. Earnings received are allocated to the contributing funds based on cash balances. When a fund overdraws its share of pooled cash, the overdraft is reported as an interfund payable in that fund.

Restricted Assets – assets are reported as restricted when limitations on their use change the nature or normal understanding of the availability of the asset. Such constraints are either externally imposed by creditors, grantors, contributors, or laws or regulations of other governments, or imposed by law through constitutional provisions or enabling legislation. The amounts reported as restricted assets comprise amounts set aside for debt service payments, STEM program, career education program, and student activities.

Compensated Absences – vacation time, personal business days, and sick leave are considered as disbursements in the year paid and are *not reported* as a liability in the government-wide or fund financial statements. The District's policy allows employees to earn ten sick days annually. The maximum accumulation is 180 days. The sick leave vests and is payable to employees upon termination.

Long-term Debt – long-term debt arising from cash transactions or other events of governmental funds is *not reported* as liabilities in the government-wide or fund financial statements, in accordance with this modified cash basis of accounting. Debt proceeds are reported as other financing sources and the payment of principal and interest are reported as disbursements in the government-wide and fund financial statements.

Net Position / Fund Balance Classifications

Government - Wide Statements

Net position is classified and displayed in two components:

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

Unrestricted – consists of all other net position that does not meet the “restricted” definition.

It is the District’s policy to first use restricted resources prior to the use of unrestricted resources when a disbursement is made for purposes for which both restricted and unrestricted resources are available.

Rock Port R-2 School District of Atchison County, Missouri
Notes to Financial Statements
June 30, 2021

Note 1. Summary of Significant Accounting Policies (continued)

1.D. Financial Position (continued)

Net Position/Fund Balance Classifications (continued)

Fund Financial Statements

The difference among assets and liabilities of governmental funds is reported as fund balance and classified as nonspendable, restricted, committed, assigned, and unassigned based on the respective level of constraint. These constraints are defined as follows:

Nonspendable – amounts that cannot be spent because they are either not in spendable form or are legally or contractually required to be maintained intact.

Restricted – amounts constrained regarding use from restrictions externally imposed by creditors (such as through a debt covenant), grantors, contributors, or laws or regulations of other governments, or by restrictions imposed by law through constitutional provisions or enabling legislation.

Committed – amounts constrained regarding use for specific purposes pursuant to requirements imposed by formal action (resolution) of the Board of Education, the District's highest level of decision-making authority. These amounts cannot be used for any other purpose unless the Board of Education removes or changes the specified use by taking the same type of action that was employed when the funds were initially committed. This classification also includes contractual obligations to the extent that existing resources have been specifically committed for use in satisfying those contractual requirements. The Board of Education has not taken formal action that commits fund balance to a specific purpose prior to the end of the reporting period.

Assigned – amounts constrained by the District's intent to be used for specific purposes but that are neither restricted nor committed. This intent can be expressed by the Board of Education or through the Board of Education delegating this responsibility to the District administrator through the budgetary process. This classification also includes the remaining positive fund balance for all governmental funds except for the General Fund.

Unassigned – this classification includes the residual fund balance for the General Fund. The "unassigned" classification also includes negative residual fund balance of any other governmental fund that cannot be eliminated by offsetting of "assigned" fund balance amounts.

It is the District's policy to first use restricted fund balances prior to the use of unrestricted fund balances when a disbursement is made for purposes for which both restricted and unrestricted fund balances are available. It is also District policy to use committed fund balances before assigned fund balances and assigned fund balances before unassigned amounts when a disbursement is made for purposes for which amounts in those classifications are available to be used, unless the Board of Education has provided otherwise in its commitment or assignment actions.

Rock Port R-2 School District of Atchison County, Missouri
Notes to Financial Statements
June 30, 2021

Note 1. Summary of Significant Accounting Policies (continued)

1.D. Financial Position (continued)

Net Position/Fund Balance Classifications (continued)

Fund Financial Statements (continued)

Minimum fund balance policy – for the operating (General and Special Revenue) funds, the policy requires the unassigned fund balance at fiscal year-end to be at least equal to a range of 12-20% of its prior year operating expenditures.

1.E. Receipts and Disbursements

Program Receipts – in the Statement of Activities, receipts that are derived directly from each activity or from parties outside the District's taxpayers are reported as program receipts. These include tuition; student activities and food service receipts; early childhood special education and career education state aid; contributions; operating and capital grants from Missouri Department of Elementary and Secondary Education (DESE); and receipts from other sources.

General Receipts – all other governmental receipts are reported as general receipts and include property and other taxes, basic formula–state aid, basic formula–classroom trust fund, small schools grant, earnings on investments, unrestricted contributions, proceeds from issuance of long-term debt for acquisition and construction of facilities, and all other local receipts not classified as program receipts. All taxes are classified as general receipts even if restricted for a specific purpose.

Disbursements – in the government-wide financial statements, governmental fund disbursements are classified by function.

In the fund financial statements, governmental fund disbursements are classified by character, and further classified by function. In the fund financial statements, governmental funds report disbursements of financial resources.

1.F. Internal and Interfund Balances and Activities

Government–Wide Financial Statements

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

Internal balances – amounts reported in the fund financial statements as interfund receivables and payables are eliminated in the "Governmental Activities" column of the Statement of Net Position.

Internal activities – amounts reported as interfund transfers in the fund financial statements are eliminated in the government-wide Statement of Activities.

Rock Port R-2 School District of Atchison County, Missouri
Notes to Financial Statements
June 30, 2021

Note 1. Summary of Significant Accounting Policies (continued)

1.F. Internal and Interfund Balances and Activities (continued)

Fund Financial Statements

Interfund activity resulting from cash transactions and other events, if any, within the governmental funds is reported as follows in the fund financial statements:

Interfund loans – amounts provided with a requirement for repayment are reported as interfund receivables and payables.

Interfund services – sales or purchases of goods and services between funds are reported as receipts and disbursements.

Interfund reimbursements – repayments from funds responsible for certain disbursements to the funds that initially paid for them are not reported as reimbursements but as adjustments to disbursements in the respective funds.

Interfund transfers – flows of assets from one fund to another where repayment is not expected are reported as transfers in and out.

1.G. Use of Estimates

The preparation of financial statements in conformity with the modified cash basis of accounting used by the District requires management to make estimates and assumptions that affect the disclosure of compensated absences payable; accordingly, actual results could differ from those estimates.

Note 2. Detail Notes on Transaction Classes/Accounts

The following notes present detail information to support the amounts reported in the financial statements for various assets, liabilities, net position, receipts and disbursements.

2.A. Deposits and Investments

Deposits and Investments Laws and Regulations – Missouri State Statutes authorize the District to invest in obligations of the U.S. Treasury and U.S. Agencies, obligations of state and local government entities, and deposit accounts with insured financial institutions, provided those accounts are entirely insured by the FDIC or collateralized by certain U.S. Government or Governmental Agency securities, certain State or political subdivision debt obligations, surety bonds, or certain letters of credit that have a fair value exceeding the deposit amount. As required by 12 U.S.C.A., Section 1823(e), all financial institutions must have a written collateral agreement approved by the board of directors or loan committee.

Rock Port R-2 School District of Atchison County, Missouri
Notes to Financial Statements
June 30, 2021

Note 2. Detail Notes on Transaction Classes/Accounts (continued)

2.A. Deposits and Investments (continued)

Deposits

Deposits – for purposes of GASB No. 3, as amended by GASB No. 40, deposits and investments disclosures, deposits consist of deposit accounts (demand and money market) and nonnegotiable certificates of deposit.

Custodial Credit Risk – the risk that, in the event of the failure of a depository financial institution, the District will not be able to recover deposits or will not be able to recover collateral securities that are in the possession of an outside party. The District's custodial credit risk policy is to require that all deposits in financial institutions be fully collateralized. The bank balances on June 30, 2021 totaled \$3,606,237.59. Included in the bank balances are nonnegotiable certificates of deposit totaling \$1,679,146.51. The District's deposits were entirely covered by federal deposit insurance (FDIC) or by collateral held by the District's agent in the District's name.

Investments

Interest Rate Risk – the risk that the market value of securities in the portfolio will fall due to changes in general interest rates. As a means of limiting its exposure to fair value losses arising from rising interest rates, the District's investment policy limits the maturity to not exceeding 5 years and requires a portion of the portfolio should be continuously invested in readily available funds to insure appropriate liquidity is maintained.

Concentration of Credit Risk – the risk of loss attributed to the magnitude of a government's investment in a single user. The District's investment policy places no limit on the amount the District may invest in any one issuer. As a means of limiting its exposure to fair value losses arising from overconcentration of investments, the District's investment policy 1) limits the amount of investments in certain issuers including U.S. Treasury Securities, collateralized time and demand deposits, U.S. Government Agencies, collateralized repurchase agreements and commercial paper and bankers' acceptances and 2) establishes maximum allocations by security type.

Credit Risk – the risk that the District will not recover its investments due to the ability of the counterparty to fulfill their obligation. Credit risk is measured by the assignment of a rating by a nationally recognized statistical rating organization. The District's investment policy limits investment types to United States Treasury Securities, United States Agency Securities, Repurchase Agreements, collateralized Certificates of Deposit, and Bankers' Acceptances and Commercial Paper issued by domestic commercial banks possessing the highest rating issued by Moody's Investor Service or Standard and Poor's. The District's funds that are directed to Trustees are invested by the Trustees in accordance with the terms of the trust agreements.

Rock Port R-2 School District of Atchison County, Missouri
Notes to Financial Statements
June 30, 2021

Note 2. Detail Notes on Transaction Classes/Accounts (continued)

2.A. Deposits and Investments (continued)

Investments (continued)

During the year ended June 30, 2021, the District’s investments consisted of: (1) nonnegotiable certificates of deposit with maturities in excess of three months at the date of purchase and (2) a pro-rata share of an open-ended money-market mutual fund in a financial institution’s trust department relating to a debt trust account. At June 30, 2021, the carrying value and fair value of the pro-rata share of the money-market mutual fund investment totaled \$187,743.82. For purposes of financial reporting, these investments are classified as “investments held by escrow agents.”

Money Market Mutual Fund – Funds on deposit with BOK Financial are invested in Cavanal Hill U.S. Treasury Money Market Fund administrative class shares of which the District has a pro-rata share of the investment. The District is participating in the Missouri School District Direct Deposit Program (the Program). The Program was established in accordance with the provisions of Section 165.051 and Section 360 of the Revised Statutes of Missouri. The Program intercepts a portion of state aid and deposits those funds in the escrow account at BOK Financial (as Direct Deposit Trustee) to provide for payment of principal and interest on the Series 2010B, 2010C, 2015 and 2017 Bonds when due. As of June 30, 2021, the fund was rated AAAM by Standard & Poor’s and Aaa-mf by Moody’s.

Cash on hand with Bond Paying Agent – UMB Corporate Trust Services acts as the paying agent for the Series 2010B and Series 2010C Bonds. Each February and August, BOK Financial (as Direct Deposit Trustee) forwards payments to the paying agent who will pay the debt service on the bonds each March and September. As of June 30, 2021, the cash on hand with bond paying agent totaled \$0.00.

2.B. Long-Term Obligations

(a) Changes in Long-Term Obligations

The following is a summary of changes in long-term obligations for the year ended June 30, 2021:

	Beginning balance	Additions	Reductions	Ending balance	Amount due within one year
Governmental Activities:					
General obligation bonds	\$ 5,430,954.00	\$ -	\$ (150,000.00)	\$ 5,280,954.00	\$ 155,000.00
Note payable-direct borrowing	91,494.65	-	(39,481.53)	52,013.12	40,275.11
Total	<u>\$ 5,522,448.65</u>	<u>\$ -</u>	<u>\$ (189,481.53)</u>	<u>\$ 5,332,967.12</u>	<u>\$ 195,275.11</u>

Rock Port R-2 School District of Atchison County, Missouri
Notes to Financial Statements
June 30, 2021

Note 2. Detail Notes on Transaction Classes/Accounts (continued)

2.B. Long-Term Obligations (continued)

(b) General Description of the Individual Long-Term Obligations

General Obligation Bonds

On June 29, 2010, the District issued \$1,420,954 of Taxable General Obligation Qualified School Construction Bonds, Series 2010B (Missouri Direct Deposit Program) for the purpose of financing the costs of site development, construction, equipping and furnishing of a new high school building and the completion of other remodeling and repair improvements the existing facilities. The bonds are payable on March 1, 2025. Interest rate of 5.25% due in semi-annual installments. The District will make annual sinking fund deposits from March 1, 2012 through March 1, 2025 in the approximate amount of \$101,496.71. The bonds are a general obligation of the District payable from ad valorem taxes. The full faith, credit and resources of the District are pledged to the payment of the Bonds. Amount outstanding on June 30, 2021, was \$1,420,954.

On June 29, 2010, the District issued \$350,000 of Taxable General Obligation Qualified Zone Academy Bonds, Series 2010C (Missouri Direct Deposit Program) for the purpose of financing the costs of site development, construction, equipping and furnishing of a new high school building and the completion of other remodeling and repair improvements the existing facilities. The bonds are payable on March 1, 2025. Interest rate of 5.25% due in semi-annual installments. The District will make annual sinking fund deposits from March 1, 2012 through March 1, 2025 in the approximate amount of \$25,000.00. The bonds are a general obligation of the District payable from ad valorem taxes. The full faith, credit and resources of the District are pledged to the payment of the Bonds. Amount outstanding on June 30, 2021, was \$350,000.

On January 21, 2015, the District issued \$1,510,000 of General Obligation Refunding Bonds, Series 2015 (Missouri Direct Deposit Program) for the purpose of refinancing \$1,510,000 of the Series 2010A General Obligation Bonds. The bonds are due in annual installments through March 1, 2029, with interest rate from 0.40% to 2.65% due March 1 and September 1. The bonds are a general obligation of the District payable from ad valorem taxes. The full faith, credit and resources of the District are pledged to the payment of the Bonds. Amount outstanding on June 30, 2021, was \$910,000.

On April 6, 2017, the District issued \$2,700,000 of General Obligation Refunding Bonds, Series 2017 (Missouri Direct Deposit Program) for the purpose of refinancing \$2,700,000 of the Series 2014 General Obligation Bonds. The bonds are due in annual installments through March 1, 2033, with interest rate from 2.30% to 3.20% due March 1 and September 1. The bonds are a general obligation of the District payable from ad valorem taxes. The full faith, credit and resources of the District are pledged to the payment of the Bonds. Amount outstanding on June 30, 2021, was \$2,600,000.

Rock Port R-2 School District of Atchison County, Missouri
Notes to Financial Statements
June 30, 2021

Note 2. Detail Notes on Transaction Classes/Accounts (continued)

2.B. Long-Term Obligations (continued)

(b) General Description of the Individual Long-Term Obligations (continued)

General Obligation Bonds (continued)

Under the Qualified School Construction Bonds (QSCB) and Qualified Zone Academy Bonds (QZAB) programs, the U.S. Treasury is responsible for fully reimbursing the District for the interest expense over the life of the QSCB and QZAB issues because the taxable interest rate of 5.25% was less than the comparable tax credit rate of 5.41% on the June 2010 sale date.

Note Payable – Direct Borrowing

On March 1, 2014, the District entered into a \$332,347.55 promissory note with the Missouri Department of Economic Development – Division of Energy for the purpose of financing the costs of energy efficiency measures. The note is due in semi-annual installments of \$20,557.50, including interest of 2.00%, through November 1, 2022. Amount outstanding on June 30, 2021, was \$52,013.12.

(c) Debt Service Requirements to Maturity

The annual debt service requirements to maturity, including principal and interest, for long-term obligations as of June 30, 2021, are as follows:

Year Ending June 30,	General Obligation Bonds		Promissory Note - Direct Borrowing	
	Principal	Interest	Principal	Interest
2022	\$ 155,000.00	\$ 187,680.08	\$ 40,275.11	\$ 839.89
2023	155,000.00	184,630.08	11,738.01	117.38
2024	160,000.00	181,475.08	-	-
2025	1,930,954.00	177,845.08	-	-
2026	345,000.00	80,965.00	-	-
2027-2031	1,960,000.00	260,755.00	-	-
2032-2033	575,000.00	22,940.00	-	-
Totals	<u>\$ 5,280,954.00</u>	<u>\$ 1,096,290.32</u>	<u>\$ 52,013.12</u>	<u>\$ 957.27</u>

(d) Constitutional Debt Limit

Article VI, Section 26 (b), Constitution of Missouri limits the outstanding amount of authorized general obligation bonds of a District to 15 percent of the assessed valuation of the District. The legal debt margin (excluding state-assessed railroad and utility) of the District at June 30, 2021 was:

Constitutional debt limit	\$ 7,213,512.00
General obligation bonds payable	(5,280,954.00)
Amount available in debt service fund	<u>1,866,890.34</u>
Legal debt margin	<u>\$ 3,799,448.34</u>

Rock Port R-2 School District of Atchison County, Missouri
Notes to Financial Statements
June 30, 2021

Note 2. Detail Notes on Transaction Classes/Accounts (continued)

2.C. Interfund Balances

Interfund balances result from the time lag between the dates of intercept of state aid under the Missouri School District Direct Deposit Program and payments between funds are made.

2.D Interfund Transfers

Transfers between major funds for the year ended June 30, 2021 were as follows:

Transfer to:	<u>Transfer from:</u>
	<u>General Fund</u>
Special revenue- teachers' fund	\$ 992,526.44
Capital projects fund	<u>121,120.00</u>
Total	<u><u>\$ 1,113,646.44</u></u>

Transfers are used to move receipts collected in the general fund to finance disbursements in the special revenue and capital projects funds, as authorized in Section 165.011, RSMo.

2.E. Property Taxes

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

The District also receives sales tax collected by the State and remitted based on eligible prior year weighted average daily attendance calculation. 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. On June 6, 1995, the patrons of the District voted a full waiver of the rollback.

The assessed valuation of the tangible taxable property for the calendar year 2020 for purposes of local taxation was \$48,090,081.

The tax levy per \$100 of the assessed valuation of tangible taxable property for the calendar year 2020 for purposes of local taxation was:

	<u>Unadjusted</u>	<u>Adjusted</u>
General Fund	\$ 4.0984	\$ 4.0984
Debt service fund	<u>0.8218</u>	<u>0.8218</u>
Total levy	<u><u>\$ 4.9202</u></u>	<u><u>\$ 4.9202</u></u>

The receipts of current and delinquent property taxes during the fiscal year ended June 30, 2021, aggregated approximately 99.5% of the current assessment computed on the basis of the levy as shown above.

Rock Port R-2 School District of Atchison County, Missouri
Notes to Financial Statements
June 30, 2021

Note 3. Other Notes

3.A. Employee Pension Plans

Rock Port R-2 School District of Atchison County, Missouri contributes to two separate pension plans as described below:

Summary of Significant Accounting Policies

The financial statements of the District are presented in accordance with a modified cash basis of accounting. Therefore, member and employer contributions are recognized when paid and the District's net pension liability and deferred outflows and inflows of resources related to pensions are *not reported* in the financial statements and GAAP disclosures related to actuarial calculations for determining total pension liability are *not presented* in the notes to financial statements.

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

Plan Description – PSRS is a mandatory cost-sharing multiple employer retirement system for all full-time certificated employees and certain part-time certificated employees of all public school districts in Missouri (except the school districts of St. Louis and Kansas City) and all public community colleges. PSRS also includes certificated employees of PSRS, Missouri State Teachers' Association, Missouri State High School Activities Association, and certain employees of the state of Missouri who elected to remain covered by PSRS under legislation enacted in 1986, 1987 and 1989. The majority of PSRS members are exempt from Social Security contributions. In some instances, positions may be determined not to be exempt from Social Security contributions. Any PSRS member who is required to contribute to Social Security comes under the requirements of 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. PSRS was established as an independent trust fund by an Act of the Missouri General Assembly effective August 1, 1945. Statutes governing the System are found in Sections 169.010-169.141 and Sections 169.560-169.595 RSMo.

Benefits Provided – PSRS is a defined benefit plan providing retirement, disability, and death/survivor benefits. Members are vested for service retirement benefits after accruing five years of service. Individuals who (a) are at least age 60 and have a minimum of five years of service, (b) have 30 years of service, or (c) qualify for benefits under the “Rule of 80” (service and age total at least 80) are entitled to a monthly benefit for life, which is calculated using a 2.5% benefit factor. Beginning July 1, 2001, and ending July 1, 2014, a 2.55% benefit factor was used to calculate benefits for members who had 31 or more years of service at retirement. Actuarially age-reduced benefits are available for members with 5 to 24.9 years of service at age 55.

Rock Port R-2 School District of Atchison County, Missouri
Notes to Financial Statements
June 30, 2021

Note 3. Other Notes (continued)

3.A. Employee Pension Plans (continued)

(1) Public School Retirement System of Missouri (continued)

Benefits Provided (continued)

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

Cost-of-Living Adjustments (COLA) – Under the funding policies adopted by the Board of Trustees, a 0.00% COLA will be given for years in which the change in CPI for the previous fiscal year is between 0.00% and 2.00%, a 2.00% COLA will be given when the change is between 2% and 5.00%. If the CPI increase is greater than 5.00%, the Board will provide a COLA of 5.00%. If the CPI decreases, no COLA is provided. For any PSRS member retiring on or after July 1, 2001, such adjustments commence on the second January after commencement of benefits and occur annually thereafter. The total of such increases may not exceed 80% of the original benefit for any member.

Contributions – PSRS members were required to contribute 14.5% of their annual covered salary during fiscal year 2021. Employers were required to match the contributions made by employees. The contribution rate is set each year by the PSRS Board of Trustees upon the recommendation of the independent actuary within the contribution restrictions set in Section 169.030 RSMo. The annual statutory increase in the total contribution rate may not exceed 1% of pay. The District's contributions to PSRS for the year ended June 30, 2021 were \$275,436.43, which represents 100% of the required contributions for the year.

A “Summary Plan Description” detailing the provisions of the plan, as well as additional information regarding the District’s net pension liability and deferred inflows and deferred outflows of resources, and a “Comprehensive Annual Financial Report (CAFR)” can be found on PSRS' website at www.psr-peers.org.

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

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

Rock Port R-2 School District of Atchison County, Missouri
Notes to Financial Statements
June 30, 2021

Note 3. Other Notes (continued)

3.A. Employee Pension Plans (continued)

(2) Public Education Employee Retirement System of Missouri (continued)

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

Cost-of-Living Adjustments (COLA) – Under the funding policies adopted by the Board of Trustees, a 0.00% COLA will be given for years in which the change in CPI for the previous fiscal year is between 0.00% and 2.00%, a 2.00% COLA will be given when the change is between 2% and 5.00%. If the CPI increase is greater than 5.00%, the Board will provide a COLA of 5.00%. If the CPI decreases, no COLA is provided. For any PEERS member, 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 – PEERS members were required to contribute 6.86% of their annual covered salary during fiscal year 2021. 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 PEERS for the year ended June 30, 2021 were \$36,881.93, which represents 100% of the required contributions for the year.

A “Summary Plan Description” detailing the provisions of the plan, as well as additional information regarding the District’s net pension liability and deferred inflows and deferred outflows of resources, and a “Comprehensive Annual Financial Report (CAFR)” can be found on PSRS' website at www.psr-peers.org.

Rock Port R-2 School District of Atchison County, Missouri
Notes to Financial Statements
June 30, 2021

Note 3. Other Notes (continued)

3.B. Other Post-Employment Benefits (OPEB)

In addition to the pension benefits described in Note 3.A, 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 of the future cost of the existing health care benefit plan in relation to retirees.

3.C. Commitments and Contingencies

Operating Lease – The District leases copier equipment under an operating lease. The lease is for a term of 60 months. Lease payments for the year ended June 30, 2021 were \$24,237.92. Future minimum lease payments for the lease are as follows:

Year Ending June 30,	Amount
2022	\$ 23,626.08
2023	23,626.08
2024	23,626.08
2025	23,626.08
2026	<u>15,750.72</u>
Total future minimum lease payments	<u>\$ 110,255.04</u>

Equipment and vehicles purchases – as of June 30, 2021, the District was committed to the following purchases: 1) technology equipment \$56,999, 2) bus \$62,000, and 3) two 7 passenger vans \$41,250.

Food service operations – The District contracts with OPAA Food Management, Inc. for management of the District’s food service operations. The agreement is a final price agreement based on the number of meals served for July 1, 2021 through June 30, 2022.

Advance bond payment – on August 13, 2020, the board approved a resolution authorizing the redemption of \$150,000 principal amount of General Obligation Refunding Bonds, Series 2017, maturing in the year 2026 that are subject to prepayment on March 1, 2022 from moneys on hand.

Compensated Absences Payable – Total payable at June 30, 2021, was \$44,140.00. Compensated absences payable are liquidated by the general and special revenue funds.

Grant Program Involvement – the District participates in various Federal or State grant or loan programs from year to year. The grant or loan programs are often subject to additional audits by agents of the granting or loaning agency, the purpose of which is to ensure compliance with the specific conditions of the grant or loan. Any liability of reimbursement that may arise as a result of these audits cannot be reasonably determined at this time, although it is believed the amount, if any, would not be material. For the year ended June 30, 2021, the District expended approximately \$582,269 of federal awards.

Rock Port R-2 School District of Atchison County, Missouri
Notes to Financial Statements
June 30, 2021

Note 3. Other Notes (continued)

3.D. Risk Management

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The District has transferred its risk by participation in a public entity risk pool. There has been no significant reduction in insurance coverage from the previous year.

The District, along with various other local school districts, participates in the Missouri United School Insurance Council (“MUSIC”), an insurance association, for property, crime, general liability, auto liability, workers' compensation, public officials liability, and treasurer’s bond. The purpose of MUSIC is to distribute the cost of self-insurance over similar entities. MUSIC requires an annual assessment payment to cover estimated claims payable and reserves for claims from each entity. The members of MUSIC have no legal interest in the assets, liabilities, or fund balances of the insurance association. However, the District retains a contingent liability to fund its pro rata share of any deficit incurred by MUSIC should it cease operations at some future date. No supplemental assessments were required by MUSIC during 2021. Settled claims have not exceeded insurance coverage in any of the past three years.

The District is a member of Missouri Educators Unified Health Plan (MEUHP), a non-profit corporation formed for the purpose of providing its member District’s with accident, health, dental and vision insurance through a self-funded pooled health plan. Additionally, stop loss reinsurance for the benefit of members is provided by a commercial insurance company. Premiums are set by MEUHP and are paid monthly.

3.E Tax Abatements

District property tax revenues were reduced by \$115,007 under agreements entered into by Atchison County. This amount is comprised of Chapter 135.953 Enhanced Enterprise Zone Abatements. The District received \$22,904 of payments in lieu of tax from a recipient of the abated taxes.

3.F. Implementation of New Guidance

During the year ended June 30, 2021, the District implemented the provisions of GASB Statement No. 84, Fiduciary Activities. There was no impact on the financial statements as a result of the implementation.

3.G Subsequent Events

On August 12, 2021, the board approved a March 1, 2022 advance payment of \$185,000 on the Series 2017 general obligation bonds.

On September 16, 2021, the board approved the construction of a greenhouse and foundation for a total cost of \$174,600, with \$105,975 of the cost funded by a career education enhancement grant from DESE.

On October 14, 2021, the board approved the issuance of Series 2021 General Obligation Refunding bonds in the amount of \$3,080,000 to refund \$910,000 of the Series 2015 bonds and \$2,215,000 of the Series 2017 bonds. The District issued the Series 2021 bonds on 12/07/2021.

**Supplementary
Information**

Rock Port R-2 School District of Atchison County, Missouri
Supplementary Information
Schedule of Receipts By Source - Modified Cash Basis
For the Year Ended June 30, 2021

	General Fund	Special Revenue Fund	Debt Service Fund	Capital Projects Fund	Total Governmental Funds
Local					
Current taxes	\$ 1,809,481.25	\$ -	\$ 362,832.95	\$ -	\$ 2,172,314.20
Delinquent taxes	151,971.44	-	30,472.96	-	182,444.40
School district trust fund (Prop C)	-	344,705.36	-	-	344,705.36
Financial institution tax	71.99	-	-	-	71.99
M & M surtax	55,992.89	-	-	-	55,992.89
In lieu of tax	34,028.91	-	-	-	34,028.91
Earnings from temporary deposits	33,474.59	-	44,711.51	69.29	78,255.39
Food service - sales to pupils	7,218.80	-	-	-	7,218.80
Food service - sales to adults	309.10	-	-	-	309.10
Food service non-program	2,782.25	-	-	-	2,782.25
Admissions - student activities	10,722.25	-	-	-	10,722.25
Revenue from enterprise activities	1,587.36	-	-	-	1,587.36
Other pupil activity income	120,153.30	-	-	-	120,153.30
PK tuition from parents	32,062.75	-	-	-	32,062.75
Gifts	11,033.70	-	-	3,591.50	14,625.20
Recovery of items disbursed in a prior period	1,077.59	-	-	-	1,077.59
Miscellaneous local revenue	8,474.17	-	-	-	8,474.17
Total local	<u>2,280,442.34</u>	<u>344,705.36</u>	<u>438,017.42</u>	<u>3,660.79</u>	<u>3,066,825.91</u>
County					
Fines, escheats, etc.	-	62,227.29	-	-	62,227.29
State assessed utilities	<u>401,218.51</u>	<u>-</u>	<u>64,286.61</u>	<u>-</u>	<u>465,505.12</u>
Total county	<u>401,218.51</u>	<u>62,227.29</u>	<u>64,286.61</u>	<u>-</u>	<u>527,732.41</u>
State					
Basic formula - state monies	-	656,660.48	-	-	656,660.48
Transportation	23,748.00	-	-	-	23,748.00
Early childhood special education	3,727.73	-	-	-	3,727.73
Basic formula - classroom trust fund	-	135,143.84	-	-	135,143.84
Educational screening program/PAT	10,266.63	-	-	-	10,266.63
Small schools grant	-	141,938.00	-	-	141,938.00
Career education	5,287.50	3,536.00	-	1,224.00	10,047.50
Food service - state	<u>1,988.73</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,988.73</u>
Total state	<u>45,018.59</u>	<u>937,278.32</u>	<u>-</u>	<u>1,224.00</u>	<u>983,520.91</u>
Federal					
Medicaid	5,967.79	-	-	-	5,967.79
CRSSA - ESSER II	89,593.87	-	-	-	89,593.87
CARES - ESSER Fund	18,308.17	-	-	-	18,308.17
CARES - Governor's Emergency Education Relief Fund	209.40	-	-	-	209.40
Coronavirus Relief Fund (OA CRF)	24,268.29	-	-	-	24,268.29
IDEA entitlement funds, Part B IDEA	23,471.00	83,259.39	-	-	106,730.39
Early childhood special education	6,793.00	-	-	-	6,793.00
School lunch program	32,946.74	-	-	-	32,946.74
School breakfast program	10,162.53	-	-	-	10,162.53
Title I - ESEA	-	46,052.33	-	-	46,052.33
Title IV.A student support and academic enrichment	-	10,031.88	-	-	10,031.88
Title II.A, part A&B, ESEA teacher and principal training	-	9,137.63	-	-	9,137.63
CARES - school lunch program	17,991.26	-	-	-	17,991.26
CARES - school breakfast program	5,053.32	-	-	-	5,053.32
Dept of Health Food Service Program	158,157.66	-	-	-	158,157.66
Title VI, part B rural education initiative	32,347.00	-	-	-	32,347.00
Other:					
CARES Act funds from county	73,989.91	-	-	17,310.09	91,300.00
Interest rebate on QSCB and QZAB bonds	-	-	87,731.10	-	87,731.10
Total federal	<u>499,259.94</u>	<u>148,481.23</u>	<u>87,731.10</u>	<u>17,310.09</u>	<u>752,782.36</u>
Total receipts	<u>\$ 3,225,939.38</u>	<u>\$ 1,492,692.20</u>	<u>\$ 590,035.13</u>	<u>\$ 22,194.88</u>	<u>\$ 5,330,861.59</u>

Rock Port R-2 School District of Atchison County, Missouri
Supplementary Information
Schedule of Disbursements by Object - Modified Cash Basis
For the Year Ended June 30, 2021

	General Fund	Special Revenue Fund	Debt Service Fund	Capital Projects Fund	Total Governmental Funds
Salaries					
Certificated	\$ -	\$ 1,839,475.98	\$ -	\$ -	\$ 1,839,475.98
Classified	<u>512,245.11</u>	<u>39,584.67</u>	<u>-</u>	<u>-</u>	<u>551,829.78</u>
Total salaries	<u>512,245.11</u>	<u>1,879,060.65</u>	<u>-</u>	<u>-</u>	<u>2,391,305.76</u>
Employee benefits					
Teacher's retirement	153.27	275,283.16	-	-	275,436.43
Non-teacher retirement	33,566.25	3,315.68	-	-	36,881.93
Old age survivor and disability (OASDI)	28,945.33	9,249.54	-	-	38,194.87
Medicare	6,797.19	24,629.28	-	-	31,426.47
Employee insurance	62,248.42	186,174.00	-	-	248,422.42
Workers' compensation insurance	16,313.00	-	-	-	16,313.00
Unemployment insurance	<u>250.04</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>250.04</u>
Total employee benefits	<u>148,273.50</u>	<u>498,651.66</u>	<u>-</u>	<u>-</u>	<u>646,925.16</u>
Purchased services					
Purchased instructional services - tuition	3,372.00	107,506.33	-	-	110,878.33
Instructional program improvement services	16,203.60	-	-	-	16,203.60
Audit services	7,800.00	-	-	-	7,800.00
Legal services	1,479.00	-	-	-	1,479.00
Election services	-	-	-	-	-
Other professional services	18,309.15	-	-	-	18,309.15
Repairs and maintenance	62,384.51	-	-	-	62,384.51
Rentals - equipment	28,921.61	-	-	-	28,921.61
Water and sewer	13,241.30	-	-	-	13,241.30
Trash removal	5,070.75	-	-	-	5,070.75
Contracted transportation to & from school	16,531.90	-	-	-	16,531.90
Travel	2,503.09	-	-	-	2,503.09
Other transportation services	-	-	-	-	-
Property insurance	27,760.00	-	-	-	27,760.00
Liability insurance	21,059.00	-	-	-	21,059.00
Fidelity bond premiums	100.00	-	-	-	100.00
Advertising	89,632.44	-	-	-	89,632.44
Dues and memberships	2,227.75	-	-	-	2,227.75
Other purchased services	10,292.77	-	-	-	10,292.77
Other expenses	<u>210,798.40</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>210,798.40</u>
Total purchased services	<u>537,687.27</u>	<u>107,506.33</u>	<u>-</u>	<u>-</u>	<u>645,193.60</u>
Supplies					
General	273,416.37	-	-	-	273,416.37
Technology-related	124,204.52	-	-	-	124,204.52
Textbook	80,182.51	-	-	-	80,182.51
Library books	1,129.84	-	-	-	1,129.84
Resources materials	515.02	-	-	-	515.02
Food supplies - exclude non-food supplies	-	-	-	-	-
Electric	58,449.81	-	-	-	58,449.81
Gas - natural	29,902.46	-	-	-	29,902.46
Gasoline/diesel	9,018.06	-	-	-	9,018.06
Other supplies and materials	<u>129.98</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>129.98</u>
Total supplies	<u>576,948.57</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>576,948.57</u>
Capital outlay					
Regular equipment	-	-	-	38,992.91	38,992.91
Technology - related hardware	-	-	-	<u>2,894.96</u>	<u>2,894.96</u>
Total capital outlay	<u>-</u>	<u>-</u>	<u>-</u>	<u>41,887.87</u>	<u>41,887.87</u>
Debt service					
Principal - bonded indebtedness	-	-	150,000.00	-	150,000.00
Principal - long term loans	-	-	-	39,481.53	39,481.53
Interest - bonded indebtedness	-	-	190,230.08	-	190,230.08
Interest - long term loans	-	-	-	1,633.47	1,633.47
Fees - bonded indebtedness	-	-	<u>1,484.00</u>	<u>-</u>	<u>1,484.00</u>
Total debt service	<u>-</u>	<u>-</u>	<u>341,714.08</u>	<u>41,115.00</u>	<u>382,829.08</u>
 Total disbursements	 <u>\$ 1,775,154.45</u>	 <u>\$ 2,485,218.64</u>	 <u>\$ 341,714.08</u>	 <u>\$ 83,002.87</u>	 <u>\$ 4,685,090.04</u>

**Other
Information**

Rock Port R-2 School District of Atchison County, Missouri
Other Information
Budgetary Comparison Schedule - Modified Cash Basis
General Fund
For the Year Ended June 30, 2021

	Original Budget	Final Approved Budget	Actual	Variance with Final Budget Positive (Negative)
Receipts				
Local	\$ 2,278,706.00	\$ 2,210,653.00	\$ 2,280,442.34	\$ 69,789.34
County	385,000.00	458,258.00	475,208.42	16,950.42
State	32,700.00	37,987.00	45,018.59	7,031.59
Federal	225,269.00	416,188.00	425,270.03	9,082.03
Total receipts	<u>2,921,675.00</u>	<u>3,123,086.00</u>	<u>3,225,939.38</u>	<u>102,853.38</u>
Disbursements				
Instruction:				
Regular programs	186,783.00	269,013.00	237,994.36	31,018.64
Special education	166,872.00	140,547.00	129,288.24	11,258.76
Career education programs	4,000.00	22,818.00	19,800.37	3,017.63
Student activities	199,384.00	199,384.00	180,556.61	18,827.39
Other instruction	1,300.00	1,300.00	369.23	930.77
Support services - pupils	71,802.00	65,302.00	61,862.64	3,439.36
Instructional staff support	37,700.00	40,400.00	22,178.73	18,221.27
Building level administration	72,734.00	72,734.00	66,230.18	6,503.82
General administration	259,966.00	260,008.00	230,752.07	29,255.93
Operation of plant	426,033.00	482,808.00	428,735.26	54,072.74
Pupil transportation	164,868.00	155,868.00	129,281.18	26,586.82
Food services	186,800.00	86,600.00	79,498.10	7,101.90
Community services	71,773.00	213,611.00	188,607.48	25,003.52
Total disbursements	<u>1,850,015.00</u>	<u>2,010,393.00</u>	<u>1,775,154.45</u>	<u>235,238.55</u>
Excess (deficit) of receipts over disbursements	<u>1,071,660.00</u>	<u>1,112,693.00</u>	<u>1,450,784.93</u>	<u>338,091.93</u>
Other financing sources (uses)				
Operating transfers out	<u>(1,256,300.00)</u>	<u>(1,175,972.00)</u>	<u>(1,113,646.44)</u>	<u>62,325.56</u>
Total other financing sources (uses)	<u>(1,256,300.00)</u>	<u>(1,175,972.00)</u>	<u>(1,113,646.44)</u>	<u>62,325.56</u>
Net change in fund balance	(184,640.00)	(63,279.00)	337,138.49	400,417.49
Fund balance, beginning of year	<u>1,335,672.83</u>	<u>1,335,672.83</u>	<u>1,335,672.83</u>	<u>-</u>
Fund balance, end of year	<u>\$ 1,151,032.83</u>	<u>\$ 1,272,393.83</u>	<u>\$ 1,672,811.32</u>	<u>\$ 400,417.49</u>

Rock Port R-2 School District of Atchison County, Missouri
Other Information
Budgetary Comparison Schedule - Modified Cash Basis
Special Revenue Fund
For the Year Ended June 30, 2021

	Original Budget	Final Approved Budget	Actual	Variance with Final Budget Positive (Negative)
Receipts				
Local	\$ 325,000.00	\$ 325,000.00	\$ 344,705.36	\$ 19,705.36
County	70,000.00	70,000.00	62,227.29	(7,772.71)
State	874,391.00	944,111.00	937,278.32	(6,832.68)
Federal	<u>67,920.00</u>	<u>155,734.00</u>	<u>148,481.23</u>	<u>(7,252.77)</u>
Total receipts	<u>1,337,311.00</u>	<u>1,494,845.00</u>	<u>1,492,692.20</u>	<u>(2,152.80)</u>
Disbursements				
Instruction:				
Regular programs	1,492,445.00	1,510,245.00	1,470,035.98	40,209.02
Special education	121,739.00	148,446.00	140,361.82	8,084.18
Career education programs	108,283.00	101,063.00	99,239.66	1,823.34
Student activities	95,000.00	95,000.00	92,850.19	2,149.81
Other instruction	207,307.00	223,026.00	218,766.86	4,259.14
Support services - pupils	132,572.00	155,572.00	148,094.69	7,477.31
Instructional staff support	33,006.00	33,006.00	31,640.55	1,365.45
Building level administration	166,622.00	166,622.00	166,274.36	347.64
General administration	114,351.00	114,351.00	114,254.35	96.65
Community services	<u>1,166.00</u>	<u>2,366.00</u>	<u>3,700.18</u>	<u>(1,334.18)</u>
Total disbursements	<u>2,472,491.00</u>	<u>2,549,697.00</u>	<u>2,485,218.64</u>	<u>64,478.36</u>
Excess (deficit) of receipts over disbursements	<u>(1,135,180.00)</u>	<u>(1,054,852.00)</u>	<u>(992,526.44)</u>	<u>62,325.56</u>
Other financing sources (uses)				
Operating transfers in	<u>1,135,180.00</u>	<u>1,054,852.00</u>	<u>992,526.44</u>	<u>(62,325.56)</u>
Total other financing sources (uses)	<u>1,135,180.00</u>	<u>1,054,852.00</u>	<u>992,526.44</u>	<u>(62,325.56)</u>
Net change in fund balance	-	-	-	-
Fund balance, beginning of year	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balance, end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

Rock Port R-2 School District of Atchison County, Missouri
Other Information
Budgetary Comparison Schedule - Modified Cash Basis
Debt Service Fund
For the Year Ended June 30, 2021

	Original Budget	Final Approved Budget	Actual	Variance with Final Budget Positive (Negative)
Receipts				
Local	\$ 403,919.00	\$ 403,919.00	\$ 438,017.42	\$ 34,098.42
County	60,050.00	60,050.00	64,286.61	4,236.61
Federal	<u>87,000.00</u>	<u>87,000.00</u>	<u>87,731.10</u>	<u>731.10</u>
Total receipts	<u>550,969.00</u>	<u>550,969.00</u>	<u>590,035.13</u>	<u>39,066.13</u>
Disbursements				
Debt service:				
Principal	150,000.00	150,000.00	150,000.00	-
Interest and fees	<u>202,935.00</u>	<u>202,935.00</u>	<u>191,714.08</u>	<u>11,220.92</u>
Total disbursements	<u>352,935.00</u>	<u>352,935.00</u>	<u>341,714.08</u>	<u>11,220.92</u>
Excess (deficit) of receipts over disbursements	198,034.00	198,034.00	248,321.05	50,287.05
Fund balance, beginning of year	<u>1,618,569.29</u>	<u>1,618,569.29</u>	<u>1,618,569.29</u>	<u>-</u>
Fund balance, end of year	<u>\$ 1,816,603.29</u>	<u>\$ 1,816,603.29</u>	<u>\$ 1,866,890.34</u>	<u>\$ 50,287.05</u>

Rock Port R-2 School District of Atchison County, Missouri
Other Information
Budgetary Comparison Schedule - Modified Cash Basis
Capital Projects Fund
For the Year Ended June 30, 2021

	Original Budget	Final Approved Budget	Actual	Variance with Final Budget Positive (Negative)
Receipts				
Local	\$ 4,115.00	\$ 4,115.00	\$ 3,660.79	\$ (454.21)
County	-	17,311.00	17,310.09	(0.91)
State	-	1,224.00	1,224.00	-
Federal	-	60,000.00	-	(60,000.00)
Total receipts	<u>4,115.00</u>	<u>82,650.00</u>	<u>22,194.88</u>	<u>(60,455.12)</u>
Disbursements				
Instruction:				
Regular programs	2,000.00	62,000.00	-	62,000.00
Career education programs	1,000.00	3,895.00	2,894.96	1,000.04
Student activities	-	-	-	-
Support services - pupils	-	-	-	-
Building level administration	-	1,146.00	1,146.00	-
General administration	-	-	-	-
Operation of plant	14,500.00	34,511.00	34,501.59	9.41
Pupil transportation	-	-	-	-
Food services	3,000.00	3,350.00	3,345.32	4.68
Community services	-	-	-	-
Facility acq & construction	1,000.00	1,000.00	-	1,000.00
Principal	39,485.00	38,705.00	39,481.53	(776.53)
Interest and fees	<u>1,635.00</u>	<u>2,415.00</u>	<u>1,633.47</u>	<u>781.53</u>
Total disbursements	<u>62,620.00</u>	<u>147,022.00</u>	<u>83,002.87</u>	<u>64,019.13</u>
Excess (deficit) of receipts over disbursements	<u>(58,505.00)</u>	<u>(64,372.00)</u>	<u>(60,807.99)</u>	<u>3,564.01</u>
Other financing sources (uses)				
Operating transfers in	<u>121,120.00</u>	<u>121,120.00</u>	<u>121,120.00</u>	<u>-</u>
Total other financing sources (uses)	<u>121,120.00</u>	<u>121,120.00</u>	<u>121,120.00</u>	<u>-</u>
Net change in fund balance	62,615.00	56,748.00	60,312.01	3,564.01
Fund balance, beginning of year	<u>117,159.72</u>	<u>117,159.72</u>	<u>117,159.72</u>	<u>-</u>
Fund balance, end of year	<u>\$179,774.72</u>	<u>\$ 173,907.72</u>	<u>\$ 177,471.73</u>	<u>\$ 3,564.01</u>

Rock Port R-2 School District of Atchison County, Missouri
Other Information
Notes to Budgetary Comparison Schedules
For the Year Ended June 30, 2021

Budgets and Budgetary Accounting

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

1. In accordance with Chapter 67, RSMo, the District adopts a budget for each fund.
2. Prior to July, the Superintendent, who serves as the budget officer, submits to the Board of Education a proposed budget for the fiscal year beginning on the following July 1. The proposed budget includes estimated receipts and proposed disbursements for all District funds. Budgeted disbursements cannot exceed beginning available monies plus estimated receipts for the year.
3. A public hearing is conducted to obtain taxpayer comments. Prior to its approval by the Board of Education, the budget document is available for public inspection.
4. Prior to July 1, the budget is legally enacted by 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.
6. Budgets for the District's funds are prepared in accordance with the modified cash basis (budget basis).

Budgeted disbursements cannot exceed beginning available monies plus estimated receipts for the year. Total actual disbursements may not legally exceed total budgeted disbursements. Appropriations lapse at year-end.

Section II

Other Reporting Required by Government Auditing Standards

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

To the Board of Education
Rock Port R-2 School District
of Atchison County, Missouri
Rock Port, Missouri

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities and each major fund of Rock Port R-2 School District of Atchison County, Missouri as of and for the year ended June 30, 2021, and the related notes to financial statements, which collectively comprise Rock Port R-2 School District of Atchison County, Missouri’s financial statements, and have issued our report thereon dated December 8, 2021.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Rock Port R-2 School District of Atchison County, Missouri’s financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Rock Port R-2 School District of Atchison County, Missouri '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 Rock Port R-2 School District of Atchison County, Missouri's internal control. Accordingly, we do not express an opinion on the effectiveness of Rock Port R-2 School District of Atchison County, Missouri '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 have not been identified. We did identify a certain deficiency in internal control, described in the accompanying schedule of findings and responses as item 2021-001, that we consider to be a material weakness.

Rock Port R-2 School District of Atchison County, Missouri's Response to Findings

Government Auditing Standards requires the auditor to perform limited procedures on Rock Port R-2 School District of Atchison, Missouri's response to the findings identified in our audit and described in the accompanying schedule of findings and responses. Rock Port R-2 School District of Atchison, Missouri'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.

Marsh, Espey & Merrill, P.C.

Maryville, Missouri
December 8, 2021

Rock Port R-2 School District of Atchison County, Missouri
Schedule of Findings and Responses
For the Year Ended June 30, 2021

Material Weakness

2021-001. Segregation of Duties

Criteria – The segregation of duties and responsibilities between different individuals for custody of assets, recordkeeping for those assets, and reconciliation of those asset accounts is an important control activity needed to adequately protect the entity’s assets and ensure accurate financial reporting.

Condition – Because of a limited number of available personnel, it is not always possible to adequately segregate certain incompatible duties so that no one employee has access to both physical assets and the related accounting records, or to all phases of a transaction. The District currently has one full time bookkeeper to handle the accounting needs of the District. There are mitigating controls in place but it is not possible to have segregation in all areas.

Context – We reviewed District policies and procedures and performed inquiries of management.

Cause – Adequate segregation of duties is limited by the number of available personnel and the cost to implement required changes in a cost-effective manner.

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

Recommendation – The District should segregate duties wherever possible and implement other controls to compensate for the lack of segregation of duties.

View of Responsible Officials – The limited number of available personnel prohibits segregation of incompatible duties and the District does not have the resources to hire additional accounting personnel.

Section III

State Compliance

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**Independent Practitioner’s Report on Management’s Assertion about Compliance
With Specified Requirements of Missouri Laws and Regulations**

To the Board of Education
Rock Port R-2 School District of Atchison County, Missouri
Rock Port, Missouri

We have examined management of Rock Port R-2 School District of Atchison County, Missouri's assertion that Rock Port R-2 School District of Atchison County, Missouri complied with the requirements of Missouri laws and regulations regarding budgetary and disbursement procedures; disclosure in the District's attendance records of standard day length, calendar days and hours in session, average daily attendance, resident membership on the last Wednesday of September, and free and reduced price lunch count on the last Wednesday of January; and disclosure in the District's transportation records of average daily transportation of pupils eligible and ineligible for state aid, the number of miles eligible and ineligible for state transportation aid, and the allowable costs of pupil transportation; and other statutory requirements as listed in the Schedule of Selected Statistics during the year ended June 30, 2021. Rock Port R-2 School District of Atchison County, Missouri's management is responsible for its assertion. Our responsibility is to express an opinion on management's assertion about Rock Port R-2 School District of Atchison County, Missouri's compliance with the specified requirements 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 about compliance with the specified requirements is fairly stated, in all material respects. An examination involves performing procedures to obtain evidence about whether management’s assertion is fairly stated, in all material respects. 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.

Our examination does not provide a legal determination on Rock Port R-2 School District of Atchison County, Missouri's compliance with the specified requirements.

In our opinion, management's assertion that Rock Port R-2 School District of Atchison County, Missouri complied with the specified compliance requirements referred to above is fairly stated in all material respects.

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

Marsh, Espey & Merrill, P.C.

Maryville, Missouri
December 8, 2021

Rock Port R-2 School District of Atchison County, Missouri
Schedule of Selected Statistics
For the Year Ended June 30, 2021

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

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

School Code	Begin Grad	End Grade	Half Day Indicator	Standard Day Length	Days	Hours in Session
	PK	12	-	6.6500	162	1051.7000

2. Average Daily Attendance (ADA)

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 **	Summer School Hours	Total
4020	K-6	179,846.2722	0.0000	734.9200	0.0000	0.0000	180,581.1922
1050	7-12	143,884.0201	3,201.1147	0.0000	0.0000	0.0000	147,085.1348
Grand Total		323,730.2923	3,201.1147	734.9200	0.0000	0.0000	327,666.3270

** Other column includes "Extended School Year" ADA

3. September Membership

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

School Code	Grade Level	Full-Time	Part-Time	Other	Total
4020	K	20.00	0.00	0.00	20.00
1050	1	20.00	0.00	0.00	20.00
4020	2	30.00	0.00	0.00	30.00
4020	3	19.00	0.00	0.00	19.00
4020	4	28.00	0.00	0.00	28.00
4020	5	32.00	0.00	0.00	32.00
4020	6	28.00	0.00	0.00	28.00
Subtotal	K - 6	177.00	0.00	0.00	177.00
1050	7	23.00	0.00	0.00	23.00
1050	8	30.00	0.50	0.00	30.50
1050	9	21.00	0.00	0.00	21.00
1050	10	25.00	0.00	0.00	25.00
1050	11	19.00	0.00	0.00	19.00
1050	12	33.00	0.00	0.00	33.00
Subtotal	7 - 12	151.00	0.50	0.00	151.50
Grand Total		328.00	0.50	0.00	328.50

Rock Port R-2 School District of Atchison County, Missouri
Schedule of Selected Statistics
For the Year Ended June 30, 2021

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

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

School Code	Free Lunch	Reduced Lunch	Deseg In Free	Deseg In Reduced	Total
4020	48.00	6.00	0.00	0.00	54.00
1050	40.38	12.00	0.00	0.00	52.38
Grand Total	88.38	18.00	0.00	0.00	106.38

5. Finance

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

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

Rock Port R-2 School District of Atchison County, Missouri
Schedule of Selected Statistics
For the Year Ended June 30, 2021

5. Finance (continued)

Section	Question	Answer
5.3	The district maintained complete and accurate attendance records allowing for the accurate calculation of September Membership for all students in accordance with all applicable state rules and regulations.	True
5.4	The district maintained complete and accurate attendance and other applicable records allowing for the accurate reporting of the State FTE count for Free and Reduced Lunch for all students in accordance with all applicable state rules and regulations.	True
5.5	As required by Section 162.401, RSMo, a bond was purchased for the district's treasurer in the total amount of:	\$50,000
5.6	The district's deposits were secured during the year as required by Sections 110.010 and 110.020, RSMo.	True
5.7	The district maintained a separate bank account for all Debt Service Fund monies in accordance with Section 108.180 and 165.011, RSMo. (Not applicable to charter schools)	True
5.8	Salaries reported for educators in the October MOSIS Educator Core and Educator School files are supported by complete and accurate payroll and contract records.	True
5.9	If a \$162,326 or 7% x SAT x WADA transfer was made in excess of adjusted expenditures, the board approve a resolution to make the transfer, which identified the specific projects to be funded by the transfer and an expected expenditure date for the projects to be undertaken. (Not applicable to charter schools)	True
5.10	The district published a summary of the prior year's audit report within thirty days of the receipt of the audit pursuant to Section 165.121, RSMo.	True
5.11	The district has a professional development committee plan adopted by the board with the professional development committee plan identifying the expenditure of seventy-five percent (75%) of one percent (1%) of the current year basic formula apportionment. Remaining 25% of 1% if not spent must be restricted and spent on appropriate expenditures in the future. Spending requirement is modified to seventy-five percent (75%) of one half percent (1/2%) of the current year basic formula apportionment if through fiscal year 2024 the amount appropriated and expended to public schools for transportation is less than twenty-five percent (25%) of allowable cost. (Not applicable to charter schools.)	True
5.12	The amount spent for approved professional development committee plan activities was:	\$6,599.37

Rock Port R-2 School District of Atchison County, Missouri
Schedule of Selected Statistics
For the Year Ended June 30, 2021

5. Finance (continued)

Section	Question	Answer
5.13	The district has posted, at least quarterly, a searchable expenditure and revenue document or database detailing actual income, expenditures, and disbursement for the current calendar or fiscal year on the district or school website or other form of social media as required by Section 160.066, RSMo.	True

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

Finding:	None
Management Letter Comment:	N/A

6. Transportation (Section 163.161, RSMo)

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

Section	Question	Answer
6.1	The school transportation allowable costs substantially conform to 5 CSR 30-261.040, Allowable Costs for State Transportation Aid.	True
6.2	The district’s pupil transportation ridership records are maintained in a manner to accurately disclose in all material respects the average number of regular riders transported.	True
6.3	Based on the ridership records, the average number of students (non-disabled K-12, K-12 students with disabilities and career education) transported on a regular basis (ADT) was:	
	Eligible ADT	89.0
	Ineligible ADT	0.0
6.4	The district’s transportation odometer mileage records are maintained in a manner to accurately disclose in all material respects the eligible and ineligible mileage for the year.	True
6.5	Actual odometer records show the total district-operated and contracted mileage for the year was:	66,245
6.6	Of this total, the eligible non-disabled and students with disabilities route miles and the ineligible non-route and disapproved miles (combined) was:	
	Eligible Miles (including food/instructional delivery miles 2020-2021)	47,046
	Ineligible Miles (Non-Route/Disapproved)	19,199

**Rock Port R-2 School District of Atchison County, Missouri
 Schedule of Selected Statistics
 For the Year Ended June 30, 2021**

6. Transportation (continued)

Section	Question	Answer
6.7	Number of days the district operated the school transportation system during the regular school year:	153

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

Finding:	None
Management Letter Comment:	N/A