

TIPTON R-VI SCHOOL DISTRICT

Tipton, Missouri

INDEPENDENT AUDITOR'S REPORT

For the Year Ended June 30, 2020

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INDEPENDENT AUDITOR'S REPORT

To the Board of Education of
Tipton R-VI School District
Tipton, Missouri:

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

Management's Responsibility for the Financial Statements

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

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 cash basis financial position of the governmental activities and each major fund of the District, as of June 30, 2020, and the respective changes in cash basis financial position thereof for the year then ended in accordance with the cash basis of accounting described in Note 1.

Basis of Accounting

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

Disclaimer of Opinion on Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The Budgetary Comparison Schedules and the State Compliance Section are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The Other Information, which consists of the Budgetary Comparison Schedules, has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on it.

Supplementary Information

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 8, 2020, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

Graves and Associates,
CPAS, LLC

GRAVES AND ASSOCIATES, CPAs, LLC
Jefferson City, Missouri

December 8, 2020

BASIC FINANCIAL STATEMENTS

The basic financial statements include integrated sets of financial statements as required by the GASB. The sets of statements include:

- Government-Wide Financial Statements
- Fund Financial Statements – Governmental Funds

In addition, the Notes to the Financial Statements are included to provide information that is essential to a user's understanding of the basic financial statements.

TIPTON R-VI SCHOOL DISTRICT

STATEMENT OF NET POSITION – CASH BASIS

JUNE 30, 2020

	<u>Governmental Activities</u>
ASSETS	
Cash and Cash Equivalents	\$ 1,992,832
Cash and Cash Equivalents – Restricted	<u>868,992</u>
TOTAL ASSETS	<u><u>\$ 2,861,824</u></u>
NET POSITION	
Restricted for:	
Retirement of Long-Term Debt	\$ 868,992
Unrestricted	<u>1,992,832</u>
TOTAL NET POSITION	<u><u>\$ 2,861,824</u></u>

The accompanying notes are an integral part of these financial statements.

TIPTON R-VI SCHOOL DISTRICT

STATEMENT OF ACTIVITIES – CASH BASIS
FOR THE YEAR ENDED JUNE 30, 2020

Functions/Programs	Disbursements	Program Receipts			Net (Disbursements) Receipts and Changes in Net Position
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities
Governmental Activities:					
Instructional Services	\$ (3,284,306)	\$ -	\$ 825,407	\$ 85,767	\$ (2,373,132)
Student Services	(266,655)	332,775	-	-	66,120
Instructional Staff Support	(161,170)	-	-	-	(161,170)
Building Administration	(306,519)	-	-	-	(306,519)
General Administration and Central Services	(642,307)	-	-	-	(642,307)
Operation of Plant	(447,397)	-	-	-	(447,397)
Transportation	(406,225)	-	36,682	-	(369,543)
Food Service	(284,823)	83,530	135,166	-	(66,127)
Community Service	(18,825)	-	-	-	(18,825)
Facility Acquisition and Construction	(88,590)	-	-	-	(88,590)
Debt Services	(1,924,310)	-	-	-	(1,924,310)
Interest	(146,619)	-	-	-	(146,619)
Total Governmental Activities	\$ (7,977,746)	\$ 416,305	\$ 997,254	\$ 85,767	(6,478,420)
General Receipts:					
Property Taxes					2,380,228
Sales Taxes					596,931
State Aid					1,950,865
Fines					28,352
Investment Income					96,197
Miscellaneous					36,355
Total General Receipts					5,088,927
Increase (Decrease) in Net Position					(1,389,493)
Net Position, Beginning of Year					4,251,317
Net Position, End of Year					\$ 2,861,824

The accompanying notes are an integral part of these financial statements.

TIPTON R-VI SCHOOL DISTRICT

BALANCE SHEET – CASH BASIS
GOVERNMENTAL FUNDS
JUNE 30, 2020

	General Fund	Special Revenue Fund	Debt Service Fund	Capital Projects Fund	Total Governmental Funds
ASSETS					
Cash and Cash Equivalents	\$ 1,743,316	\$ -	\$ -	\$ 249,516	\$ 1,992,832
Cash and Cash Equivalents – Restricted	-	-	743,535	125,456	868,992
TOTAL ASSETS	<u>\$ 1,743,316</u>	<u>\$ -</u>	<u>\$ 743,535</u>	<u>\$ 374,973</u>	<u>\$ 2,861,824</u>
FUND BALANCES					
Restricted for:					
Retirement of Long-Term Debt	\$ -	\$ -	\$ 743,535	\$ 125,456	\$ 868,992
Committed to:					
Capital Projects	-	-	-	249,516	249,516
Unassigned	1,743,316	-	-	-	1,743,316
TOTAL FUND BALANCES	<u>\$ 1,743,316</u>	<u>\$ -</u>	<u>\$ 743,535</u>	<u>\$ 374,973</u>	<u>\$ 2,861,824</u>

The accompanying notes are an integral part of these financial statements.

TIPTON R-VI SCHOOL DISTRICT

STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN FUND BALANCES – CASH BASIS
 GOVERNMENTAL FUNDS
 FOR THE YEAR ENDED JUNE 30, 2020

	General Fund	Special Revenue Fund	Debt Service Fund	Capital Projects Fund	Total Governmental Funds
Receipts					
Local	\$ 1,805,824	\$ 597,614	\$ 547,245	\$ 33,481	\$ 2,984,164
County	254,592	28,352	58,828	4,845	346,616
State	157,154	2,162,306	-	74,269	2,393,729
Federal	301,509	327,150	-	11,498	640,157
Investment Income	46,905	3,233	40,285	5,774	96,197
Non-Revenue Receipts	-	123,454	-	3,936	127,390
Total Receipts	<u>2,565,985</u>	<u>3,242,108</u>	<u>646,358</u>	<u>133,802</u>	<u>6,588,253</u>
Disbursements					
Instructional Services	534,222	2,708,630	-	41,454	3,284,306
Support Services	85,779	180,876	-	-	266,655
Instructional Staff Support	47,636	113,419	-	115	161,170
Building Administration	72,641	233,878	-	-	306,519
General Administration and Central Services	357,252	213,774	-	71,281	642,307
Operation of Plant	447,397	-	-	-	447,397
Transportation	406,225	-	-	-	406,225
Food Service	284,823	-	-	-	284,823
Community Service	14,177	4,648	-	-	18,825
Facility Acquisition and Construction	-	-	-	88,590	88,590
Debt Service	-	-	1,957,725	110,456	2,068,181
Other	-	-	2,748	-	2,748
Total Disbursements	<u>2,250,152</u>	<u>3,455,225</u>	<u>1,960,473</u>	<u>311,896</u>	<u>7,977,746</u>
Excess (Deficiency) of Receipts Over (Under) Disbursements	315,833	(213,118)	(1,314,115)	(178,094)	(1,389,493)
Other Financing Sources (Uses)					
Transfers to (from) Fund	(363,118)	213,118	-	150,000	-
Total Other Financing Sources (Uses)	<u>(363,118)</u>	<u>213,118</u>	<u>-</u>	<u>150,000</u>	<u>-</u>
Excess (Deficiency) of Receipts and Other Financing Sources Over (Under) Disbursements and Other Financing (Uses)	(47,285)	-	(1,314,115)	(28,094)	(1,389,493)
Fund Balance, Beginning of Year	<u>1,790,601</u>	<u>-</u>	<u>2,057,650</u>	<u>403,066</u>	<u>4,251,317</u>
Fund Balance, End of Year	<u>\$ 1,743,316</u>	<u>\$ -</u>	<u>\$ 743,535</u>	<u>\$ 374,973</u>	<u>\$ 2,861,824</u>

The accompanying notes are an integral part of these financial statements.

TIPTON R-VI SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2020

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

The Tipton R-VI School District (the “District”) is a political subdivision of the State of Missouri and is governed by an elected seven-member Board of Education.

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

Financial Reporting Entity

The District’s financial reporting entity is comprised of the following:

Primary Government: Tipton R-VI School District

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 the cash basis of accounting. They include all funds of the reporting entity except for fiduciary funds. The Statements distinguish between governmental and business-type activities. Governmental activities generally are financed through taxes, intergovernmental receipts, and other non-exchange receipts. Business-type activities are financed in whole or in part by fees charged to external parties for goods or services. The District currently does not have business-type activities.

TIPTON R-VI SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2020

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (Continued)

Basis of Presentation (Continued)

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, net position or fund balance, receipts, and disbursements. The District's funds are organized into one major category: governmental. The District presently has no fiduciary funds or proprietary funds. An emphasis is placed on major funds within the governmental categories. A fund is considered major if it is the primary operating fund of the District or meets the following criteria:

- Total assets, receipts, or disbursements of that individual governmental fund are at least 10 percent of the corresponding total for all funds of that category or type, and
- Total assets, receipts, or disbursements of the individual governmental fund are at least 5 percent of the corresponding total for all governmental funds combined.

The funds of the financial reporting entity are described below:

The Missouri Department of Elementary and Secondary Education has directed the following governmental funds to be treated as major:

Governmental Funds

General Fund – The General Fund is the primary operating fund of the District and is always classified as a major fund. It is used to account for general activities of the District, including student activities, food services, and textbook funds, which are not designated in a separate fund.

Special Revenue Fund – Accounts for the proceeds of the specific revenue source that are either legally restricted to disbursements for specified purposes or designated to finance particular functions or activities of the District. The reporting entity includes the following Special Revenue Fund:

Teachers' Fund – Accounts for disbursements for certified employees involved in administration and instruction. It includes receipts restricted by the State for the payment of teacher salaries and the local tax levy.

TIPTON R-VI SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2020

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (Continued)

Basis of Presentation (Continued)

Fund Financial Statements (Continued)

Governmental Funds (Continued)

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

Capital Projects Fund – Accounts for resources restricted for the acquisition or construction of specific capital projects or items. It accounts for the proceeds of long-term debt, taxes, and other receipts designated for construction of major capital assets and all other capital outlay.

Measurement Focus and Basis of Accounting

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

Measurement Focus

In the government-wide Statement of Net Position and the Statement of Activities, governmental activities are presented using the economic resources measurement focus, within the limitations of the cash basis of accounting, as defined below:

In the fund financial statements, the current financial resources measurement focus, as applied to the cash basis of accounting, is used as appropriate:

All governmental funds utilize a current financial resources measurement focus within the limitations of the cash basis of accounting. Only current financial assets are generally included on their Balance Sheets. Their operating statements present sources and uses of available spendable financial resources during a given period. These funds use fund balance as their measure of available spendable financial resources at the end of the period.

TIPTON R-VI SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2020

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (Continued)

Measurement Focus and Basis of Accounting (Continued)

Basis of Accounting

The financial statements are presented in accordance with the cash basis of accounting, which is a basis of accounting other than U.S. GAAP as established by the GASB. The cash basis of accounting differs from U.S. GAAP primarily because certain assets and their related revenues (such as accounts receivable and revenues for billed or provided services not yet collected and other accrued revenues and receivables) and certain liabilities and their related expenses or expenditures (such as accounts payable and expenses for goods or services received but not yet paid and other accrued expenses and liabilities) are not recorded in these financial statements. In addition, other economic assets that do not arise from a cash transaction or event are not reported, and the measurement of reported assets and liabilities does not involve adjustment to fair value.

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

Financial Position

Cash and Cash Equivalents

For the purpose of financial reporting, cash and cash equivalents includes all demand and savings accounts and certificates of deposit or short-term investments with an original maturity of three months or less from date of purchase.

Investments

Investments are carried at cost, which approximates market.

Capital Assets

As a result of the use of the cash basis method of accounting, capital assets are recorded as disbursements at the time of purchase and, therefore, no balances for assets or accumulated depreciation are reported in the balance sheets.

TIPTON R-VI SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2020

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (Continued)

Financial Position (Continued)

Restricted Assets

Restricted assets include assets that are legally restricted as to their use. The primary restricted assets are accounts restricted for debt service.

Long-Term Debt

Long-term debt arising from cash transactions for governmental funds are not reported as liabilities in the fund financial statements. The debt proceeds are reported as other financing sources and payment of principal and interest are reported as disbursements. The District's long-term debt consists primarily of bonds payable and leases.

Net Position/Fund Balance Classifications

Net position is classified and displayed in two components:

Restricted – Consists of restricted assets with restriction constraints placed on the use either by external groups, such as creditors, grantors, contributors, or laws and regulations of other governments, or law through constitutional provisions or enabling legislation.

Unrestricted – Net amount of assets that are not included in the determination of the restricted component of net position.

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

Fund Financial Statements:

Governmental fund equity is classified as fund balance.

TIPTON R-VI SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2020

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (Continued)

Financial Position (Continued)

Net Position/Fund Balance Classifications (Continued)

Fund Financial Statements: (Continued)

The difference among assets 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 either are 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, 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 of the District's highest level of decision-making authority (i.e. the Board of Education).
- **Assigned:** Amounts constrained by the District's intent to be used for specific purposes but that are neither restricted nor committed. Intent can be expressed by the District's Board of Education or by an official body to which the Board of Education delegates authority.
- **Unassigned:** The residual classification of the General Fund for spendable amounts that have not been restricted, committed, or assigned to specific purposes.

The Board of Education establishes (and modifies or rescinds) fund balance commitments by passage of a motion or a resolution. This is typically done through adoption and amendment of the budget. A fund balance commitment is further indicated in the budget document as a designation or commitment of the fund (such as for special incentives). Assigned fund balance is established by the Board of Education through adoption or amendment of the budget as intended for specific purposes (such as the purchase of capital assets, construction, debt services, or for other purposes).

Order of Spending

It is the District's policy to first use restricted fund balances when an expenditure is incurred 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 balances before unassigned amounts when an expenditure is incurred for purposes for which amounts in those classifications are available to be used.

TIPTON R-VI SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2020

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (Continued)

Financial Position (Continued)

Net Position/Fund Balance Classifications (Continued)

Fund Financial Statements: (Continued)

The District does not have a minimum fund balance policy set for the General Fund, which would maintain an unassigned fund balance to be used for unanticipated emergencies.

Receipts and Disbursements

Program Receipts

In the Statement of Activities, receipts that are derived directly from each activity or from parties outside the District are reported as program receipts. The District has the following program receipts:

Program Receipts

Examples

Charges for Services

Tuition, adult/continuing education, transportation fees, sales, rentals, community services, food services – non program, student organization membership dues and fees

Operating Grants and Contributions

Gifts, Professional Development Committee portion of basic formula funds, state transportation funds, various state and federal grants

Capital Grants and Contributions

Gifts, various state and federal grants

All other governmental receipts are reported as general. All taxes are classified as general receipts even if restricted for a specific purpose.

Disbursements

In the government-wide financial statements, disbursements are reported on the cash basis of accounting and are classified by function for governmental activities.

In the fund financial statements, disbursements are classified as follows: District.

TIPTON R-VI SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2020

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (Continued)

Internal and Interfund Balances and Activities

Fund Financial Statements:

Interfund activity, if any, within the governmental fund categories is reported as follows:

- Interfund loans – Amounts provided with requirement for repayment are reported as interfund receivables and payables.
- Interfund reimbursements – Repayments from funds responsible for certain expenditures to the funds that initially paid for them are not reported as reimbursements but as adjustments to disbursements in the respective funds.
- Interfund transfers – Flow of assets from one fund to another where payment is not expected are reported as transfers in and out.
- Interfund services – Sales or purchases of goods and services between funds are reported as receipts and disbursements.

Government-Wide Financial Statements:

Interfund activity and balances, if any, are eliminated or reclassified in the government-wide financial statements as follows:

- Internal balances – Amounts reported in the fund financial statements as interfund receivables and payables are eliminated in the governmental columns 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 except for the net amount of transfers between governmental activities, which are reported as Transfers – Internal Activities. The effects of interfund services between funds are not eliminated in the Statement of Activities.

Use of Estimates

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

TIPTON R-VI SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2020

NOTE 2 – CASH AND CASH EQUIVALENTS:

The District maintains a cash and temporary cash investment pool that is available for use by all funds except the Debt Service Fund (State law requires that all deposits of the Debt Service Funds be kept separate and apart from all other funds of the District). Each fund type's portion of this pool is displayed on the Governmental Funds Balance Sheet – Cash Basis as “Cash and Cash Equivalents” under each fund's caption.

Custodial Credit Risk – Missouri statutes require that all deposits with financial institutions be collateralized in an amount at least equal to uninsured deposits. As of the year ended, the carrying amount of the District's deposits was \$2,658,572, and the bank balance was \$3,069,075. Of the bank balance, \$250,000, was covered by the Federal Depository Insurance Corporation (“FDIC”) and \$2,819,075, was covered by pledged collateral.

Investment Interest Rate Risk – The District has no formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

Concentration of Investment Credit Risk – The District places no limit on the amount it may invest in any one issuer. As of the year ended, the District had no concentration of credit risk.

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

Escrowed cash consisted of the following:

MO School District	
Direct Deposit Program – Bond Escrow	<u>\$ 203,253</u>

TIPTON R-VI SCHOOL DISTRICT
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE YEAR ENDED JUNE 30, 2020

NOTE 3 – LONG-TERM DEBT:

As of the year ended, the long-term debt, arising from cash transactions, payable from governmental fund resources consisted of the following:

Governmental Activities

The following is a summary of changes in long-term debt for the year ended:

Bonds Payable, Beginning	\$ 5,725,000
Bonds Issued	-
Less: Bonds Retired	<u>(1,815,000)</u>
Bonds Payable, Ending	<u>\$ 3,910,000</u>

General obligation bonds payable as of the year ended consisted of:

\$4,575,000, General Obligation Refunding Bonds, Series 2017 – due in varying annual principal installments through March 1, 2027, interest rate is variable from 1.25% to 3.25%. The refinancing should result in an economic gain of \$262,900.	<u>\$ 3,910,000</u>
Total	<u>\$ 3,910,000</u>

The annual debt service requirements to maturity, including principal and interest, for long-term debt, except for refundable deposits, as of the year ended were as follows:

<u>Year Ended</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2021	\$ 425,000	\$ 83,125	\$ 508,125
2022	425,000	74,625	499,625
2023	415,000	66,125	481,125
2024	485,000	58,655	543,655
2025	420,000	49,440	469,440
2026 – 2030	<u>1,740,000</u>	<u>118,353</u>	<u>1,858,353</u>
Total	<u>\$ 3,910,000</u>	<u>\$ 450,323</u>	<u>\$ 4,360,323</u>

The District's total interest expense for the year ended was \$142,725.

TIPTON R-VI SCHOOL DISTRICT
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE YEAR ENDED JUNE 30, 2020

NOTE 3 – LONG-TERM DEBT: (Continued)

Lease Purchase

In July 2018, the District entered into a lease purchase agreement with a local financial institution for \$170,000, in which the proceeds are to be used for purchasing playground tile surfacing and improvements. Payments are due on January 15th each year through January 15, 2021, with an interest rate of 2.97%.

In January 2020, the District entered into a lease purchase agreement with a local company for \$291,360, in which the proceeds are to be used for purchasing the building. Payments are due on February 1st each year through February 1, 2025, with an interest rate of 2.17%. The annual debt service requirements to maturity, including principal and interest, for the aforementioned lease purchases are as follows:

Balance, Beginning	\$ 113,227
Amount borrowed	291,360
Amount repaid	<u>(106,563)</u>
Balance, Ending	<u>\$ 298,024</u>

The future minimum lease payments under the capital leases are as follows:

<u>Year Ended</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2021	\$ 103,601	\$ 6,855	\$ 110,457
2022	47,052	4,219	51,271
2023	48,073	3,198	51,271
2024	49,116	2,155	51,271
2025	50,182	1,089	51,271
	<u>\$ 298,024</u>	<u>\$ 17,516</u>	<u>\$ 315,540</u>

The District's total interest expense for the year ended was \$3,894.

TIPTON R-VI SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2020

NOTE 4 – INTERFUND TRANSFERS:

Interfund transfers for the year ended consisted of the following:

Transfers from the General fund:

<i>Special Revenue Fund</i>	
To “zero” Teachers Fund	\$ 213,118
<i>Capital Projects Fund</i>	
\$162,326 or 7% \times SAT \times WADA	<u>150,000</u>
Total transfers from the General Fund	<u>\$ 363,118</u>

Transfers are used to (1) move receipts from the fund that statute or budget requires them to collect them to the fund that statute or budget requires to expend them, (2) move receipts restricted to debt service from the funds collecting the receipts to the Debt Service Fund as debt service payments become due, and (3) use unrestricted receipts collected in the General Fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

NOTE 5 – RETIREMENT PLAN:

The District reports on the cash basis of accounting. Therefore, the District’s unfunded portion of the net pension liability is not reflected in the financial statements.

Public School Retirement System of Missouri (PSRS)

Plan Description. Public School Retirement System of Missouri (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 member’s benefits are further calculated at two-thirds the normal benefit amount. A Comprehensive Annual Financial Report (“CAFR”) can be obtained at <https://www.psrps-peers.org>.

TIPTON R-VI SCHOOL DISTRICT
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE YEAR ENDED JUNE 30, 2020

NOTE 5 – RETIREMENT PLAN: (Continued)

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

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. A Summary Plan Description detailing the provisions of the plan can be found on PSRS’ website at <https://www.psr-peers.org>.

Contributions. PSRS members are required to contribute a percentage of their annual covered salary and the District is required to contribute a matching amount. The contribution requirements of members and the District are established and may be amended by the PSRS Board of Trustees. The District's contributions to PSRS for the year ended were equal to the required contributions. The annual statutory increase in the total contribution rate may not exceed 1% of pay. The contributions for the last three fiscal years were as follows:

<u>Year Ended</u>	<u>Amount of Employer Contribution</u>	<u>Percentage of Contributions</u>
2020	\$ 377,113	14.5%
2019	376,578	14.5%
2018	361,980	14.5%

Public Education Employee Retirement System (PEERS)

Plan Description. The District also contributes to the Public Education Employee Retirement System (PEERS), a mandatory cost sharing multiple-employer retirement system for all public school district employees in Missouri (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 do not contribute to PSRS must contribute to PEERS. Certain part-time certified employees may be covered by this plan. Positions covered by PEERS are also covered by social security.

Benefits Provided. PEERS is a defined benefit plan providing service retirement and disability benefits to its members. Members are vested for service retirement benefits after accruing five years of service. Benefit provisions are set forth in Section 169.600 – 169.715 and 169.560 – 169.595 of the Missouri Revised Statutes. The Statutes assign responsibility for the administration of the system to the Board of Trustees of the PSRS of Missouri. PEERS issues a publicly available financial report that includes financial statements and required supplementary information. A Summary Plan Description detailing the provisions of the plan can be found on PSRS’ website at <https://www.psr-peers.org>.

TIPTON R-VI SCHOOL DISTRICT
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE YEAR ENDED JUNE 30, 2020

NOTE 5 – RETIREMENT PLAN: (Continued)

Public Education Employee Retirement System (PEERS) (Continued)

Contributions. PEERS members are required to contribute a percentage of their annual covered salary and the District is required to contribute a matching amount. The contribution requirements of members and the District are established and may be amended by the Board of Trustees. The District's contributions to PEERS for the year ended were equal to the required contributions. The annual statutory increase in the total contribution rate may not exceed 0.5% of pay. The contributions for the last three fiscal years were as follows:

<u>Year Ended</u>	<u>Amount of Employer Contribution</u>	<u>Percentage of Contributions</u>
2020	\$ 38,774	6.86%
2019	38,382	6.86%
2018	40,016	6.86%

NOTE 6 – RISK MANAGEMENT:

The District is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; business interruptions; errors and omissions; natural disasters; employee injuries and illnesses; and employee health and accident benefits. Commercial insurance coverage is purchased for claims arising from such matters other than employee health benefits. Settled claims have not exceeded this commercial coverage in any of the three preceding years.

General and Casualty Insurance

The District is a member of the Missouri United School Insurance Council (MUSIC), a protected self-insurance program of approximately 400 Missouri Public School Districts. The District does not pay premiums to purchase insurance policies, but pays an assessment to be a member of this self-sustaining risk sharing group. Part of the assessment is used to purchase excess insurance for the group as a whole.

NOTE 7 – CONTINGENCIES:

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

TIPTON R-VI SCHOOL DISTRICT
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE YEAR ENDED JUNE 30, 2020

NOTE 7 – CONTINGENCIES: (Continued)

Litigation – Various claims and lawsuits are possible against the District. In the opinion of the District management, the potential loss on all claims and lawsuits will not be significant to the District's financial statements.

NOTE 8 – TEACHERS' SALARIES:

The salary payment schedule of the District for the 2019-20 school year requires the payment of salaries over a twelve month period. Consequently, the July and August 2020, payroll checks are included in the financial statements as an expenditure paid in the month of June. This practice has been consistently followed in previous years.

NOTE 9 – 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 taxes and remits them to the District on a monthly basis. All unpaid taxes become delinquent January 1, of the following year.

The District also receives sales tax collected by the State and remitted based on eligible pupil counts. The District is required to reduce its property tax levy by one-half the amount of sales tax estimated to be received in the subsequent calendar year.

The assessed valuation of the tangible taxable property for the calendar year 2019 for purposes of local taxation as follows:

Cooper County	\$ 2,778,659
Morgan County	12,915,600
Moniteau County	<u>34,997,089</u>
Total	<u>\$ 50,691,348</u>

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

	<u>ADJUSTED</u>	<u>UNADJUSTED</u>
General Fund	\$ 2.8561	\$ 2.8561
Debt Service Fund	1.0934	1.0934
Capital Projects Fund	<u>0.0500</u>	<u>0.0500</u>
	<u>\$ 3.9995</u>	<u>\$ 3.9995</u>

TIPTON R-VI SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2020

NOTE 9 – TAXES: (Continued)

The receipts of current and delinquent property taxes during the fiscal year end aggregated approximately 99% for Cooper County; 99% for Morgan County; and 99% for Moniteau County, of the current assessment computed on the basis of the levy as shown above.

NOTE 10 – OTHER POST-EMPLOYMENT BENEFITS:

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

NOTE 11 – RELATED PARTIES:

During the year ended, the District paid \$167,007, for information technology services to a company partially owned by a relative of a board member. The District also purchases technology equipment from the company on an as-needed basis.

During the year ended, the District paid \$15,000, for a building to a company owned by relatives of the board secretary.

NOTE 12 – TAX ABATEMENTS:

The District's tax revenues for the year ended were affected by tax abatement agreements negotiated by local taxing authorities, as follows:

Moniteau County, Missouri ("Moniteau County"):

Moniteau County has entered into several tax abatement agreements as of the year ended, two of which are within the District's tax jurisdiction. These agreements provide for abatement of 60 percent and 75 percent, respectively, of real estate taxes on property subject to the abatement through 2039 and 2041, respectively. As of the year ended, this agreement resulted in tax abatements of approximately \$31,043.

TIPTON R-VI SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2020

NOTE 13 – EVALUATION OF SUBSEQUENT EVENTS:

The District has evaluated subsequent events through December 8, 2020, the date which the financial statements were available to be issued.

On March 11, 2020, Coronavirus (“COVID-19”) was declared a pandemic by the World Health Organization. As of the date of this report, any potential effects of COVID-19, whether operational or financial, for the District are unknown. An estimate of the actual effects, whether operational or financial, cannot be reasonably determined as of the date of this report.

OTHER INFORMATION

TIPTON R-VI SCHOOL DISTRICT

BUDGETARY COMPARISON SCHEDULE – CASH BASIS
 GENERAL FUND
 FOR THE YEAR ENDED JUNE 30, 2020

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>
Receipts				
Local	\$ 1,641,504	\$ 1,805,824	\$ 1,805,824	\$ -
County	250,000	254,592	254,592	-
State	260,800	157,154	157,154	-
Federal	285,312	301,509	301,509	-
Investment Income	32,300	46,905	46,905	-
Total Receipts	<u>2,469,916</u>	<u>2,565,985</u>	<u>2,565,985</u>	-
Disbursements				
Instructional Service	595,045	534,222	534,222	-
Support Services	35,954	85,779	85,779	-
Instructional Staff Support	208,497	47,636	47,636	-
Building Administration	76,741	72,641	72,641	-
General Administration and Central Services	184,550	357,252	357,252	-
Operation of Plant	447,082	447,397	447,397	-
Transportation	431,725	406,225	406,225	-
Food Service	345,845	284,823	284,823	-
Community Service	17,240	14,177	14,177	-
Total Disbursements	<u>2,342,680</u>	<u>2,250,152</u>	<u>2,250,152</u>	-
Excess (Deficiency) of Receipts Over (Under) Disbursements	127,236	315,833	315,833	-
Other Financing Sources (Uses)				
Transfers to (from) Fund	<u>(363,118)</u>	<u>(363,118)</u>	<u>(363,118)</u>	-
Total Other Financing Sources (Uses)	<u>(363,118)</u>	<u>(363,118)</u>	<u>(363,118)</u>	-
Excess (Deficiency) of Receipts and Other Financing Sources Over (Under) Disbursements and Other Financing (Uses)	(235,882)	(47,285)	(47,285)	-
Fund Balance, Beginning of Year	<u>1,790,601</u>	<u>1,790,601</u>	<u>1,790,601</u>	-
Fund Balance, End of Year	<u>\$ 1,554,719</u>	<u>\$ 1,743,316</u>	<u>\$ 1,743,316</u>	<u>\$ -</u>

TIPTON R-VI SCHOOL DISTRICT

BUDGETARY COMPARISON SCHEDULE – CASH BASIS
 SPECIAL REVENUE FUND
 FOR THE YEAR ENDED JUNE 30, 2020

	Original Budget	Final Budget	Actual	Variance
Receipts				
Local	\$ 615,456	\$ 597,614	\$ 597,614	\$ -
County	18,000	28,352	28,352	-
State	2,273,334	2,162,306	2,162,306	-
Federal	287,804	327,150	327,150	-
Investment Income	3,500	3,233	3,233	-
Non-Revenue Receipts	97,500	123,454	123,454	-
Total Receipts	3,295,595	3,242,108	3,242,108	-
Disbursements				
Instructional Service	2,798,517	2,708,630	2,708,630	-
Support Services	114,510	180,876	180,876	-
Instructional Staff Support	76,487	113,419	113,419	-
Building Administration	167,342	233,878	233,878	-
General Administration and Central Services	129,004	213,774	213,774	-
Community Service	7,000	4,648	4,648	-
Total Disbursements	3,292,860	3,455,224	3,455,224	-
Excess (Deficiency) of Receipts Over (Under) Disbursements	2,735	(213,118)	(213,118)	-
Other Financing Sources (Uses)				
Transfers to (from) Fund	(2,735)	213,118	213,118	-
Total Other Financing Sources (Uses)	(2,735)	213,118	213,118	-
Excess (Deficiency) of Receipts and Other Financing Sources Over (Under) Disbursements and Other Financing (Uses)	-	-	-	-
Fund Balance, Beginning of Year	-	-	-	-
Fund Balance, End of Year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

TIPTON R-VI SCHOOL DISTRICT
NOTES TO THE BUDGETARY COMPARISON SCHEDULES
FOR THE YEAR ENDED JUNE 30, 2020

Budget Law

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

1. In accordance with Section 67, RSMo, the District adopts a budget for each fund of the political subdivision.
2. Prior to July, the Superintendent, who serves as the budget officer, submits to the Board of Education a proposed budget for the fiscal year beginning on the following July 1. The proposed budget includes estimated receipts and proposed disbursements for all District funds. Budgeted disbursements cannot exceed beginning available monies plus estimated receipts for the year.
3. A public hearing is conducted to obtain taxpayer comments. Prior to its approval by the Board of Education, the budget document is available for public inspection.
4. Prior to July 1, the budget is legally enacted by a vote of the Board of Education.
5. Subsequent to its formal approval of the budget, the Board of Education has the authority to make necessary adjustments to the budget by formal vote of the Board. Adjustments made during the year are reflected in the budget information included in the financial statements.
6. Budgeted amounts are as originally adopted or as amended by the Board of Education.
7. Budgets for District funds are prepared and adopted on the cash basis (budget basis), recognizing receipts when collected and disbursements when paid. Budgets lapse at year end.

**SUPPLEMENTARY
INFORMATION**

Federal Compliance Section



3702 West Truman Blvd, Suite 213
Jefferson City, MO 65109
Phone: (573) 893-7700 Fax: (573) 893-6649
Web: gravescpas.com

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 of
Tipton R-VI School District
Tipton, 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 the Tipton R-VI School District (the “District”), as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the District’s basic financial statements and have issued our report thereon dated December 8, 2020.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the District’s internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District’s internal control. Accordingly, we do not express an opinion on the effectiveness of the District’s internal control.

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

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

Compliance and Other Matters

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

Purpose of this Report

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

Graves and Associates,
CPAs, LLC

GRAVES AND ASSOCIATES, CPAs, LLC
Jefferson City, Missouri

December 8, 2020

TIPTON R-VI SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND RESPONSES
FOR THE YEAR ENDED JUNE 30, 2020

SIGNIFICANT DEFICIENCIES

2020-001: Segregation of Duties (Resubmitted)

Criteria: Duties should be segregated so that no one employee has access to both physical assets and the related accounting records, or to all phases of a transaction. The District has mitigating controls in place, but it is not possible to have segregation in all areas.

Condition: As in many smaller to medium-sized organizations, it is difficult to obtain proper segregation of duties due to the limited number of employees.

Effect: Due to the limited number of employees, the District might not prevent, or detect and correct, misstatements on a timely basis in the normal performance of duties.

Recommendation: We recognize that because of limited resources and personnel, management may not be able to achieve a proper segregation of duties. However, professional standards require that we bring this lack of segregation of duties to your attention. We recommend management continue to review these processes accordingly to optimize the functionality of internal controls.

Response/Current Status: The District recognizes that the limited number of employees prohibits proper segregation of duties in all areas. The District will continue to review these processes accordingly to optimize the functionality of internal controls.

2020-002: Oversight of the Financial Reporting Process (Resubmitted)

Criteria: The District has staff in place to carry out internal accounting and reporting. However, the District does not have accounting professionals with the knowledge, experience, and training to prepare financial statements in accordance with *Governmental Accounting Standards*.

Condition: The District's management is responsible for establishing and maintaining internal control over financial reporting and for the fair presentation of the financial statements and related note disclosures in conformity with *Governmental Accounting Standards*.

Effect: The District relies on the external auditor to prepare the financial statements in accordance with *Governmental Accounting Standards*, in addition to the performance of the annual audit.

Recommendation: We recognize that the District may not have the resources to have an accounting professional on staff with the knowledge, experience, and training to prepare governmental financial statements in conformity with *Governmental Accounting Standards*. However, we recommend that management continue to increase their knowledge of financial reporting.

TIPTON R-VI SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND RESPONSES
FOR THE YEAR ENDED JUNE 30, 2020

SIGNIFICANT DEFICIENCIES (Continued)

2020-002: Oversight of the Financial Reporting Process (Resubmitted) (Continued)

Response/Current Status: The District does not have the resources to hire additional accounting personnel with the knowledge, experience, and training to prepare the financial statements in accordance with *Governmental Accounting Standards*. The District does, however, have staff with sufficient knowledge to understand and take responsibility for the basic financial statements.



TIPTON R-VI SCHOOL DISTRICT

334 U.S. HIGHWAY 50 WEST
TIPTON, MISSOURI 65081



Central Office Phone: 660-433-5520; 660-433-5241 (fax)
High School Office Phone: 660-433-5528; 660-433-2419 (fax)
Elementary Office Phone: 660-433-2213; 660-433-2899 (fax)

OFFICERS OF BOARD OF EDUCATION

Clint Miller, President
Craig Wolf, Vice President
Leslie Rumans, Secretary
Lisa Bixler, Treasurer

ADMINISTRATION

Dr. Terry Robinson – Superintendent
Mrs. Leeanna Meador – Junior High/High School Principal
Mr. Jason Culpepper – Assistant JH/HS Principal & A.D.
Mr. Kelly Kohler - Elementary Principal
Ms. Nancy Thomas – Director of Student Services

MEMBERS OF BOARD OF EDUCATION

Aaron Diggs
Kent Fischer
Bo Helms
Karia Pettigrew
Patsy Reed

CORRECTIVE ACTION PLAN

December 8, 2020

The Tipton R-VI School District respectfully submits the following corrective action plan for the year ended June 30, 2020.

Contact Information for the individual responsible for the corrective action:

Dr. Terry Robinson, Superintendent
305 E. Highway 50
Tipton, MO 65081

Independent Public Accounting Firm:
Graves and Associates, CPAs, LLC
3702 West Truman Blvd, Suite 213
Jefferson City, MO 65109

Audit Period: Year ended June 30, 2020

The findings from the Schedule of Findings and Responses are discussed below. The findings are numbered consistently with the numbers assigned in the Schedule.

CORRECTIVE ACTION PLAN (Continued)
December 8, 2020

FINDINGS – FINANCIAL STATEMENT FINDINGS

SIGNIFICANT DEFICIENCIES

2020-001: Segregation of Duties (Resubmitted)

Criteria: Duties should be segregated so that no one employee has access to both physical assets and the related accounting records, or to all phases of a transaction. The District has mitigating controls in place, but it is not possible to have segregation in all areas.

Condition: As in many smaller to medium-sized organizations, it is difficult to obtain proper segregation of duties due to the limited number of employees.

Effect: Due to the limited number of employees, the District might not prevent, or detect and correct, misstatements on a timely basis in the normal performance of duties.

Recommendation: We recognize that because of limited resources and personnel, management may not be able to achieve a proper segregation of duties. However, professional standards require that we bring this lack of segregation of duties to your attention. We recommend management continue to review these processes accordingly to optimize the functionality of internal controls.

Response/Current Status: The District recognizes that the limited number of employees prohibits proper segregation of duties in all areas. The District will continue to review these processes accordingly to optimize the functionality of internal controls.

Completion Date: Not Applicable

2020-002: Oversight of the Financial Reporting Process (Resubmitted)

Criteria: The District has staff in place to carry out internal accounting and reporting. However, the District does not have accounting professionals with the knowledge, experience, and training to prepare financial statements in accordance with *Governmental Accounting Standards*.

Condition: The District's management is responsible for establishing and maintaining internal control over financial reporting and for the fair presentation of the financial statements and related note disclosures in conformity with *Governmental Accounting Standards*.

Effect: The District relies on the external auditor to prepare the financial statements in accordance with *Governmental Accounting Standards*, in addition to the performance of the annual audit.

Recommendation: We recognize that the District may not have the resources to have an accounting professional on staff with the knowledge, experience, and training to prepare governmental financial statements in conformity with *Governmental Accounting Standards*. However, we recommend that management continue to increase their knowledge of financial reporting.

FINDINGS – FINANCIAL STATEMENT FINDINGS (Continued)

SIGNIFICANT DEFICIENCIES (Continued)

2020-002: Oversight of the Financial Reporting Process (Resubmitted) (Continued)

Response/Current Status: The District does not have the resources to hire additional accounting personnel with the knowledge, experience, and training to prepare the financial statements in accordance with *Governmental Accounting Standards*. The District does, however, have staff with sufficient knowledge to understand and take responsibility for the basic financial statements.

Completion Date: Not Applicable

Sincerely,

A handwritten signature in black ink, appearing to read "Terry Robinson", with a long horizontal line extending to the right.

Dr. Terry Robinson, Superintendent
Tipton, Missouri

**SUPPLEMENTARY STATE
INFORMATION**

State Compliance Section



3702 West Truman Blvd, Suite 213
Jefferson City, MO 65109
Phone: (573) 893-7700 Fax: (573) 893-6649
Web: gravescpas.com

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

To the Board of Education of
Tipton R-VI School District
Tipton, Missouri:

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

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

In our opinion, the District complied, in all material respects with the aforementioned requirements during the year ended June 30, 2020.

This report is intended solely for the information and use of the Board of Education, 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.

*Graves and Associates,
CPAs, LLC*

GRAVES AND ASSOCIATES, CPAs, LLC
Jefferson City, Missouri

December 8, 2020

TIPTON R-VI SCHOOL DISTRICT
 SCHEDULE OF SELECTED STATISTICS
 FOR THE YEAR ENDED JUNE 30, 2020

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

School Code	Begin Grade	End Grade	Half Day Indicator	Standard Day Length	Days	Hours in Session
4060	K	6	–	6.8000	114	773.4000
1050	7	12	–	6.8000	114	773.4000

2. Average Daily Attendance (ADA)

School Code	Grade Level	Full-Time	Part-Time	Remedial Hours	Other	Summer School	Total
4060	K – 6	267.3334	1.7105	–	–	18.8245	287.8684
1050	7 – 12	273.2375	0.8245	0.3181	–	4.4878	278.8679
Grand Total		540.5709	2.5350	0.3181	–	23.3123	566.7363

3. September Membership

School Code	Grade Level	Full-Time	Part-Time	Other	Total
4060	K – 6	285.00	1.82	–	286.82
1050	7 – 12	292.00	0.23	–	292.23
Grand Total		577.00	2.05	–	579.05

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

School Code	Free Lunch	Reduced Lunch	Deseg In Free	Deseg In Reduced	Total
4060	123.08	23.00	–	–	146.08
1050	90.08	29.00	–	–	119.08
Grand Total	213.16	52.00	–	–	265.16

TIPTON R-VI SCHOOL DISTRICT
 SCHEDULE OF SELECTED STATISTICS
 FOR THE YEAR ENDED JUNE 30, 2020

5. Finance

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.	<u>True</u>
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 the applicable state rules and regulations. Sampling of records included those receiving instruction on the following categories:	<u>True</u>
	Academic Programs – Off-Campus	<u>True</u>
	Career Exploration Program – Off-Campus	<u>True</u>
	Cooperative Occupational Education (COE) or Supervised Occupational Experience Program	<u>True</u>
	Dual Enrollment	<u>True</u>
	Homebound instruction	<u>True</u>
	Missouri Options	<u>True</u>
	Prekindergarten eligible to be claimed for state aid	<u>N/A</u>
	Remediation	<u>N/A</u>
	Sheltered Workshop participation	<u>N/A</u>
	Students participating in the school flex program	<u>True</u>
	Traditional instruction (full and part-time students)	<u>True</u>
	Virtual instruction (MOCAP or other option)	<u>True</u>
	Work Experience for Students with Disabilities	<u>N/A</u>
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.	<u>True</u>
5.4	The District maintained complete and accurate attendance and other applicable record allowing for the accurate reporting of the State FTE count for Free and Reduced Lunch for all students in accordance with all applicable state rules and regulations.	<u>True</u>
5.5	As required by Section 162.401, RSMo, a bond was purchased for the District’s treasurer in the total amount of:	<u>\$50,000</u>
5.6	The District’s deposits were secured during the year as required by Sections 110.010 and 110.020, RSMo.	<u>True</u>
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)	<u>True</u>

TIPTON R-VI SCHOOL DISTRICT
 SCHEDULE OF SELECTED STATISTICS
 FOR THE YEAR ENDED JUNE 30, 2020

5. Finance (Continued)

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.	<u>True</u>
5.9	If a \$162,326 or 7% x SAT x WADA transfer was made in excess of adjusted expenditures, the Board approved a resolution to make the transfer, which identified the specific projects to be funded by the transfer and an expected expenditure date for the projects to be undertaken.	<u>True</u>
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 165.12 1, RSMo.	<u>True</u>
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 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)	<u>True</u>
5.12	The amount spent for approved professional development committee plan activities was:	<u>\$27,759</u>
5.13	The District has posted, at least quarterly, a searchable expenditure and revenue document or database detailing actual income, expenditures, and disbursements for the current calendar or fiscal year on the District website or other form of social media, as required by Section 160.066, RMSo.	<u>True</u>

TIPTON R-VI SCHOOL DISTRICT
 SCHEDULE OF SELECTED STATISTICS
 FOR THE YEAR ENDED JUNE 30, 2020

6. Transportation

6.1	The District’s transportation allowable costs substantially conform to 5 CSR 30-261.040, Allowable Costs for State Transportation Aid.	<u>True</u>
6.2	The District’s transportation ridership records are so maintained as to accurately disclose in all material respects the average number of regular riders transported.	<u>True</u>
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	<u># 196.5</u>
	• Ineligible ADT	<u># 82</u>
6.4	The District’s transportation odometer mileage records are so maintained as to accurately disclose in all material respects the eligible and ineligible mileage for the year.	<u>True</u>
6.5	Actual odometer records show the total district-operated <u>and</u> contracted mileage for the year was:	<u># 78,586</u>
6.6	Of this total, the eligible non-disabled and students with disabilities route miles and the ineligible non-route <u>and</u> disapproved miles (combined) was:	
	• Eligible Miles	<u># 55,091</u>
	• Ineligible Miles (Non-Route/Disapproved)	<u># 23,492</u>
6.7	Number of days the District operated the school transportation system during the regular school year.	<u>114</u>