

**KEARNEY R-I SCHOOL DISTRICT
KEARNEY, MISSOURI**

**FINANCIAL STATEMENTS TOGETHER WITH
INDEPENDENT AUDITORS' REPORT**

FOR THE YEAR ENDED JUNE 30, 2022

**KEARNEY R-I SCHOOL DISTRICT
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INDEPENDENT AUDITORS' REPORT

To the Board of Education
Kearney R-I School District

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying modified cash-basis financial statements of the governmental activities and each major fund of Kearney R-I School District as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective modified cash basis financial position of the governmental activities and each major fund of Kearney R-I School District as of June 30, 2022, and the respective changes in modified cash basis financial position for the year then ended in accordance with the basis of accounting described in Note A.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States (*Government Auditing Standards*). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the District, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Emphasis of Matter - Basis of Accounting

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

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the modified cash basis of accounting described in Note A; this includes determining that the 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditors' Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The supplementary information, as listed in the table of contents, including the schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, is presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the

supplementary information is fairly stated, in all material respects, in relation to the basic financial statements as a whole, on the basis of accounting described in Note A.

Other Information

Management is responsible for the other information included in the annual report. The other information comprises the management's discussion and analysis, on pages 4 through 10, but does not include the basic financial statements and our auditors' report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated October 19, 2022 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, 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.

Westbrook & Co., P.C.

Richmond, Missouri
October 19, 2022



MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)

The discussion and analysis of the Kearney R-I School District's financial performance provides an overall review of the District's financial activities for the fiscal year ended June 30, 2022. The intent of this discussion and analysis is to look at the District's financial performance as a whole; readers should also review the notes to the basic financial statements to enhance their understanding of the District's financial performance.

Financial Highlights

Key financial highlights for the 2022 fiscal year include:

- Operating balances for the District (General Fund and Special Revenue Fund) decreased from \$11,296,596 to \$11,138,961.
- The District finished the school year with a balance of \$4,024,981 in the Capital Projects Fund.
- The District's total revenues increased from \$46,230,757 in 2021 to \$49,268,790 in 2022, the majority of which is from an increase in local property tax, sales tax and student activities fees revenue.
- The District's total expenditures increased from \$43,874,137 in 2021 to \$47,866,512 in 2022, the majority of which was due to increases in salaries & benefits, purchased services, and principal payments on outstanding bonds.
- The District's indebtedness decreased from \$36,337,407 in 2021 to \$31,210,934, wherein the net decrease is the result of the annual principal payments.

Using this Annual Report

This annual report consists of a series of financial statements and notes to those statements.

The Statement of Net Position and the Statement of Activities provide information about the activities of the Kearney R-I School District as a whole and present a longer-term view of the District's finances.

Fund financial statements provide the next level of detail. For government activities, these statements tell how these services were financed in the short-term as well as what remains for future spending. The statements then proceed to provide an increasingly detailed look at specific financial activities. The fund financial statements also look at the District's most significant funds.

Reporting the School District as a Whole

Statement of Net Position and the Statement of Activities

When viewing the District as a whole, one looks at all financial transactions and asks the questions, "Are we in a better financial position this year than last?" and "Why?" or "Why not?" The Statement of Net Position and the Statement of Activities answers these questions. These statements include all assets and liabilities using the modified cash basis of accounting. The modified cash basis of accounting records revenues when collected and expenses when paid, except for teachers' salaries as explained in Note A to the financial statements.

These two statements report the District's net position and change in net position. This change in net position is important because it tells the reader that, for the District as a whole, the financial position of the District has improved or diminished. The cause of this change may be the result of many factors, some financial, and some not. Non-financial factors include the District's property tax base, current property tax laws in Missouri, required educational programs, facility conditions and other factors.

In the Statement of Net Position and the Statement of Activities, the District reports governmental activities. Governmental activities are the activities where the District's programs and services are reported including, but not limited to, instruction, support services, operation and maintenance of plant, pupil transportation and extracurricular activities.

Reporting the School District's Most Significant Funds

Fund Financial Statements

Fund financial reports provide detailed information about the District's major funds. The District uses four major funds to account for a multitude of financial transactions. The District considers the following to be major governmental funds: General Fund, Special Revenue Fund, Debt Service Fund and Capital Projects Fund.

Governmental Funds

All of the School District's activities are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end available for spending in future periods. The funds are reported using the modified cash basis in which revenues are recorded when collected and expenses when paid, except for teachers' salaries. The governmental fund statements provide a detailed short-term view of the District's general governmental operations and the basic services it provides. Governmental fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance educational programs.

The School District as a Whole

The Statement of Net Position provides the perspective of the District as a whole. The following chart identifies the net position of the District showing both the restricted and unrestricted assets that give the long-term and short-term perspective of the District's financial position. The chart also shows a comparison of the District's net position for 2022 and 2021.

	<u>Governmental Activities</u>	
	<u>2022</u>	<u>2021</u>
ASSETS		
Cash and cash equivalents	<u>\$ 19,509,456</u>	<u>\$ 18,107,178</u>
NET POSITION		
Restricted for:		
Professional development	\$ 22,334	\$ -
Capital outlay	4,024,981	2,067,365
Debt service	4,345,514	4,743,217
Unrestricted	<u>11,116,627</u>	<u>11,296,596</u>
Total Net Position	<u>\$ 19,509,456</u>	<u>\$ 18,107,178</u>

The District's total net position of governmental activities increased by \$1,402,278.

The District's unrestricted net position, the part of the net position that can be used to finance day-to-day activities without constraints, established by grants or legal requirements of the District, decreased by \$179,969. The District's restricted net position for professional development increased by \$22,334. The District's restricted net position for capital outlay increased by \$1,957,616. The District's restricted net position for debt service decreased by \$397,703.

Revenues for the Statement of Activities are presented by program revenues and general revenues. There are three program revenue types: Charges for Services, Operating Grants and Contributions and Capital Grants and Contributions. Total revenues, expenditures and changes in net position are presented in the following table:

	<u>2022</u>	<u>2021</u>
REVENUES:		
Program Revenues:		
Charges for services	\$ 1,951,304	\$ 1,233,591
Operating grants and contributions	5,374,192	5,832,083
Capital grants and contributions	<u>-</u>	<u>-</u>
Total Program Revenues	<u>7,325,496</u>	<u>7,065,674</u>
General Revenues:		
Property taxes	21,741,501	21,206,673
Basic formula	13,469,931	13,167,139
Sales tax	4,107,062	3,537,128
Earnings on investments	1,017,087	108,118
State assessed utilities	824,469	787,579
M&M surtax	245,876	225,450
Fines and escheats	73,592	48,319
In lieu of tax	18,830	18,830
Financial institution tax	2,340	2,538
Other revenue	<u>442,606</u>	<u>63,309</u>
Total General Revenues	<u>41,943,294</u>	<u>39,165,083</u>
Total Revenues	<u>49,268,790</u>	<u>46,230,757</u>
PROGRAM EXPENDITURES:		
Instruction	21,207,109	21,151,577
Student activities	2,113,722	1,647,552
Student services	2,912,602	2,481,790
Instructional staff support	790,643	548,026
General administration and central services	3,237,900	2,735,393
Building level administration	2,148,942	2,032,603
Operation of plant	3,628,791	3,299,866
Pupil transportation	2,595,337	2,137,901
Food service	1,805,461	1,225,617
Community services	1,003,255	965,167
Facility acquisition and construction	231,787	617,724
Debt service:		
Principal retirement	5,126,473	3,827,057
Interest and fees	<u>1,064,490</u>	<u>1,203,865</u>
Total expenditures	<u>47,866,512</u>	<u>43,874,138</u>
CHANGE IN NET POSITION	1,402,278	2,356,619
Net position beginning of year	<u>18,107,178</u>	<u>15,750,559</u>
Net position end of year	<u>\$ 19,509,456</u>	<u>\$ 18,107,178</u>

GOVERNMENTAL ACTIVITIES

Revenues

General revenues totaled \$41,943,294. The largest sources of general revenue for the District are generated from local property taxes of \$21,741,501, the State Basic Foundation Formula of \$13,469,931 and sales tax of \$4,107,062. Program specific revenues in the form of charges for services, operating grants and contributions, and capital grants and contributions accounted for \$7,325,496 of total revenues. State and Federal reimbursements for the food service, Early Childhood Special Education, Individuals with Disabilities program (IDEA), High Need Fund and transportation were \$1,705,942, \$765,999, \$560,501, \$361,090 and \$505,148, respectfully. Charges for services, including student activities and food service, totaled \$1,951,304.

Expenditures

The District had \$47,866,512 in expenses, only \$7,325,496 of these expenses was offset by program specific charges for services, grants or contributions. Total expenditures increased by \$3,992,374 from last year which was primarily due to increases in salaries & benefits, purchased services, and principal payments on outstanding bonds.

The Statement of Activities shows the costs of program services and the charges for services and grants offsetting those services. The table below, comparing 2022 and 2021, shows the total cost of services and the net cost of services (after revenues such as grant money and rental fee are removed). That is, it identifies the costs of these services supported by local tax revenue and unrestricted State entitlements.

	2022		2021	
	Total Cost of Services	Net Cost of Services	Total Cost of Services	Net Cost of Services
Instruction	\$ 21,207,109	\$ 19,236,817	\$ 21,151,577	\$ 18,564,133
Student activities	2,113,722	1,070,450	1,647,552	1,149,228
Student services	2,912,602	2,556,756	2,481,790	1,825,450
Instructional staff support	790,643	558,256	548,026	481,195
General administration & central services	3,237,900	3,187,822	2,735,393	2,620,043
Building level administration	2,148,942	2,148,480	2,032,603	2,031,109
Operation of plant	3,628,791	3,434,869	3,299,866	3,070,315
Pupil transportation	2,595,337	1,770,638	2,137,901	1,009,090
Food service	1,805,461	(95,599)	1,225,617	99,826
Community services	1,003,255	249,777	965,167	309,429
Facility acquisition and construction	231,787	231,787	617,724	617,724
Debt service:				
Principal retirement	5,126,473	5,126,473	3,827,057	3,827,057
Interest and fees	1,064,490	1,064,490	1,203,865	1,203,865
Total Governmental Activities	<u>\$ 47,866,512</u>	<u>\$ 40,541,016</u>	<u>\$ 43,874,138</u>	<u>\$ 36,808,464</u>

Instruction expenses include activities directly dealing with the teaching of pupils and the interaction between teacher and pupil.

Student activities include expenditures related to activities and services associated with extracurricular activities.

Student services include guidance and counseling, health services, as well as the costs of student attendance reporting.

Instructional staff support includes the activities involved with assisting staff with the content and process of teaching to pupils.

General administration and central services includes the expenses associated with administrative and financial supervision of the district. It also includes expenses related to planning, research, development and evaluation of support services, as well as the reporting of this information internally and to the public.

Building level administration includes the cost of salaries and benefits for building level principals and office support staff.

Operation of plant activities involves keeping the school grounds, buildings, and equipment in an effective working condition.

Pupil transportation includes activities involved with the conveyance of students to and from school, as well as to and from school activities, as provided by state law.

Food service includes the preparation, delivery, and servicing of lunches, snacks, and other incidental meals to students and school staff in connection with school activities.

Community services includes expense related to student activities provided by the School District which are designed to provide opportunities for pupils to participate in school events, public events, or a combination of these for the purposes of motivation, enjoyment and skill improvement.

Facility acquisition and construction includes expenditures for land or existing buildings; improvements of grounds; construction of buildings; remodeling of buildings; initial equipment; additional equipment; and replacement of equipment.

Debt service involves the transactions associated with the payment of principal, interest, and other related charges for debt of the District.

The School District's Funds

The District's major funds are accounted for using the modified cash basis of accounting. All major funds had total revenues of \$49,268,790 and expenditures of \$47,866,512.

General Fund Budgeting Highlights

The District's budget is prepared according to Missouri law and is based on accounting for certain transactions on the modified cash basis. The most significant budgeted fund is the General Fund.

The General Fund actual revenue was \$22,436,615 representing a \$865,557 increase from the original budget estimate of \$21,571,058. Total actual General Fund expenditures were \$17,692,858, representing a \$406,565 decrease from the original budget estimate of \$18,099,423.

DEBT ADMINISTRATION

The District's total debt balance for facilities that is repaid through local tax dollars each year on a scheduled basis is \$31,210,934. The District is postured to comfortably handle this debt as long as the current structure of funding schools remains in place.

The following chart shows the District's debt obligations at June 30:

	<u>2022</u>	<u>2021</u>
2009A Build America Bonds	\$ 460,000	\$ 1,910,000
2009C QSCB Bonds	4,440,000	4,440,000
2012 G.O. Refunding Bonds	780,000	2,340,000
2017 G.O. Building Bonds	22,635,000	24,650,000
Energy Cost Savings Lease	160,934	262,407
Land Lease Purchase	<u>2,735,000</u>	<u>2,735,000</u>
Total	<u>\$ 31,210,934</u>	<u>\$ 36,337,407</u>

Current Financial Issues and Concerns

The Kearney R-I School District is financially sound, however, we must continually monitor economic trends in order to maintain that stability. A major factor in the District's financial strength is the community's continuous support. Patrons of the District serve on a variety of committees to provide guidance. The District's Audit and Finance committee works with administration in assisting the Board of Education in reviewing financial documentation and procedures. The District's Long-Term Facilities planning committee assists in reviewing needs for the future. The District's Technology Advisory Council provides advice on technology integration.

The challenge for the District is to sustain both new and existing programs while planning for facility upkeep and expansion due to anticipated growth. On April 5, 2022, the community showed their support by approving a \$44,000,000 bond issue for the District. The plans for the use of the funds include, construction & furnishing a new elementary school, expansion of the District's early education program, renovating the performing arts center, improving District technology & security, and maintaining District facilities. The COVID-19 pandemic brought on new challenges for the District. District employees adapted well to the challenges they encountered. Additional Federal Funding allowed the District to meet the needs of staff and students during the pandemic. As the preceding information shows, the District heavily depends on its property taxpayers. The District will continue working to be good stewards of local tax dollars. The District will maintain a budget that provides outstanding academic programs for students, attracts and retains quality personnel, offers outstanding professional development for staff, and maintains and makes improvements to facilities. The District is proud of its community support.

In conclusion, the Kearney R-I School District has committed itself to financial excellence. The District plans to continue its sound fiscal management to meet the challenges of the future.

Contacting the District's Financial Management

This report is designed to provide our patrons, taxpayers and constituents involved in any manner with our District, a general overview of the District's finances, and to demonstrate the District's financial responsibility for the funding it receives. If you have questions about this report or need further information, contact Ginger Elsea, Business Operations Manager, Kearney R-I School District Central Office at 816-628-4116.

KEARNEY R-I SCHOOL DISTRICT
STATEMENT OF NET POSITION - MODIFIED CASH BASIS
JUNE 30, 2022

	<u>GOVERNMENTAL ACTIVITIES</u>
ASSETS	
Cash and cash equivalents	<u>\$ 19,509,456</u>
NET POSITION	
Restricted for:	
Professional development	\$ 22,334
Capital outlay	4,024,981
Debt service	4,345,514
Unrestricted	<u>11,116,627</u>
Total net position	<u>\$ 19,509,456</u>

See accompanying notes to the basic financial statements.

**KEARNEY R-I SCHOOL DISTRICT
STATEMENT OF ACTIVITIES - MODIFIED CASH BASIS
FOR THE YEAR ENDED JUNE 30, 2022**

	<u>Expenditures</u>	<u>Program Revenues</u>			<u>Net (Expenditure) Revenue And Change in Net Position Governmental</u>
		<u>Charges For Services</u>	<u>Operating Grants And Contributions</u>	<u>Capital Grants And Contributions</u>	
GOVERNMENTAL ACTIVITIES:					
Instruction	\$ 21,207,109	\$ 12,621	\$ 1,957,671	\$ -	\$ (19,236,817)
Student activities	2,113,722	1,027,215	16,057	-	(1,070,450)
Student services	2,912,602	-	355,846	-	(2,556,756)
Instructional staff support	790,643	-	232,387	-	(558,256)
General administration and central services	3,237,900	-	50,078	-	(3,187,822)
Building level administration	2,148,942	-	462	-	(2,148,480)
Operation of plant	3,628,791	82,324	111,598	-	(3,434,869)
Pupil transportation	2,595,337	-	824,699	-	(1,770,638)
Food service	1,805,461	195,118	1,705,942	-	95,599
Community services	1,003,255	634,026	119,452	-	(249,777)
Facility acquisition and construction	231,787	-	-	-	(231,787)
Debt service:					
Principal retirement	5,126,473	-	-	-	(5,126,473)
Interest and fees	1,064,490	-	-	-	(1,064,490)
Total Governmental Activities	\$ 47,866,512	\$ 1,951,304	\$ 5,374,192	\$ -	(40,541,016)

General Revenues:

Property taxes	21,741,501
Basic formula	13,469,931
Sales tax	4,107,062
Earnings on investments	1,017,087
State assessed utilities	824,469
M & M surtax	245,876
Fines and escheats	73,592
In lieu of tax	18,830
Financial institution tax	2,340
Other revenue	442,606
Total General Revenues	41,943,294

Change in net position	1,402,278
Net Position Beginning of Year	18,107,178
Net Position End of Year	\$ 19,509,456

See accompanying notes to the basic financial statements.

**KEARNEY R-I SCHOOL DISTRICT
BALANCE SHEET - MODIFIED CASH BASIS
GOVERNMENTAL FUNDS
JUNE 30, 2022**

	<u>GENERAL FUND</u>	<u>SPECIAL REVENUE FUND</u>	<u>DEBT SERVICE FUND</u>	<u>CAPITAL PROJECTS FUND</u>	<u>TOTAL GOVERNMENTAL FUNDS</u>
ASSETS					
Cash and cash equivalents	\$ 11,138,961	\$ -	\$ 4,345,514	\$ 4,024,981	\$ 19,509,456
FUND BALANCES					
Fund Balances:					
Restricted	\$ 22,334	\$ -	\$ 4,345,514	\$ 880,000	\$ 5,247,848
Committed	-	-	-	620,000	620,000
Assigned	837,909	-	-	2,524,981	3,362,890
Unassigned	<u>10,278,718</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>10,278,718</u>
Total fund balances	<u>\$ 11,138,961</u>	<u>\$ -</u>	<u>\$ 4,345,514</u>	<u>\$ 4,024,981</u>	<u>\$ 19,509,456</u>

See accompanying notes to the basic financial statements.

KEARNEY R-I SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
MODIFIED CASH BASIS - GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2022

	GENERAL FUND	SPECIAL REVENUE FUND	DEBT SERVICE FUND	CAPITAL PROJECTS FUND	TOTAL GOVERNMENTAL FUNDS
REVENUES :					
Local	\$ 18,777,417	\$ 4,107,518	\$ 5,442,723	\$ 1,136,908	\$ 29,464,566
County	636,076	73,592	189,332	-	899,000
State	995,067	14,300,564	-	-	15,295,631
Federal	1,979,620	1,185,043	9,965	-	3,174,628
Other	48,435	-	-	386,530	434,965
Total Revenues	<u>22,436,615</u>	<u>19,666,717</u>	<u>5,642,020</u>	<u>1,523,438</u>	<u>49,268,790</u>
EXPENDITURES :					
Instruction	3,181,280	18,025,829	-	-	21,207,109
Student activities	1,383,880	729,842	-	-	2,113,722
Student services	1,648,655	1,263,947	-	-	2,912,602
Instructional staff support	204,910	585,733	-	-	790,643
General administration & central services	1,989,977	1,247,923	-	-	3,237,900
Building level administration	621,435	1,527,507	-	-	2,148,942
Operation of plant	3,495,996	-	-	132,795	3,628,791
Pupil transportation	2,489,229	106,108	-	-	2,595,337
Food service	1,787,736	17,725	-	-	1,805,461
Community services	889,760	113,495	-	-	1,003,255
Facility acquisition and construction	-	-	-	231,787	231,787
Debt service:					
Principal retirement	-	-	5,025,000	101,473	5,126,473
Interest and fees	-	-	1,014,723	49,767	1,064,490
Total Expenditures	<u>17,692,858</u>	<u>23,618,109</u>	<u>6,039,723</u>	<u>515,822</u>	<u>47,866,512</u>
Revenues Over (Under) Expenditures	4,743,757	(3,951,392)	(397,703)	1,007,616	1,402,278
Other Financing Sources (Uses):					
Transfers	<u>(4,901,392)</u>	<u>3,951,392</u>	<u>-</u>	<u>950,000</u>	<u>-</u>
Net change in fund balances	(157,635)	-	(397,703)	1,957,616	1,402,278
Fund balance, beginning	<u>11,296,596</u>	<u>-</u>	<u>4,743,217</u>	<u>2,067,365</u>	<u>18,107,178</u>
Fund balance, ending	<u>\$ 11,138,961</u>	<u>\$ -</u>	<u>\$ 4,345,514</u>	<u>\$ 4,024,981</u>	<u>\$ 19,509,456</u>

See accompanying notes to the basic financial statements.

KEARNEY R-I SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Principles Used to Determine Scope of Entity: The District's reporting entity includes the District's governing board and all related organizations.

The District has implemented GASB Statement No. 61, *The Financial Reporting Entity: Omnibus an amendment of GASB Statements No. 14 and 34*. GASB Statement No. 61 amended GASB Statement No. 14. GASB Statement 61 modifies certain requirements for inclusion of component units in the financial reporting entity.

The District has determined that no other outside agency meets the criteria set forth in GASB Statement No. 61 and, therefore, no other agency has been included as a component unit in the District's financial statements.

Basis of Presentation: The District's basic financial statements consist of government-wide statements, including a statement of net position and a statement of activities, and fund financial statements which provide a more detailed level of financial information.

Government-wide Financial Statements: The Statement of Net Position and the Statement of Activities display information about the School District as a whole. These statements include the financial activities of the District.

The Statement of Net Position presents the financial condition of the governmental activities of the District at year-end. The Statement of Activities presents a comparison between direct expenditures and program revenues for each program or function of the District's governmental activities. Direct expenditures are those that are specifically associated with a service, program, or department and therefore clearly identifiable to a particular function. Program revenues include amounts paid by the recipient of goods or services offered by the program and grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues which are not classified as program revenues are presented as general revenues of the District. The comparison of direct expenditures with program revenues identifies the extent to which each governmental function is self-financing or draws from the general revenues of the District.

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

Fund Accounting: The accounts of the District are organized on the basis of funds, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund balance, revenues and expenditures. District resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled. The following funds are used by the District:

Major Governmental Funds:

General Fund: Accounts for and reports all financial resources not accounted for and reported in another fund.

KEARNEY R-I SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Special Revenue Fund: Accounts for and reports the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes other than debt service or capital projects.

Debt Service Fund: Accounts for and reports financial resources that are restricted, committed, or assigned to expenditures for principal and interest.

Capital Projects Fund: Accounts for and reports financial resources that are restricted, committed, or assigned to expenditures for capital outlay, including the acquisition or construction of capital facilities and other capital assets.

Measurement Focus

Government-wide Financial Statements: The government-wide financial statements are prepared using the total economic resources measurement focus. All assets and liabilities arising from cash basis transactions are included on the Statement of Net Position.

Fund Financial Statements: All governmental funds are accounted for using a flow of current financial resources measurement focus. With this measurement of focus, only current assets and current liabilities generally are included on the balance sheet. The Statement of Revenues, Expenditures and Changes in Fund Balances reports on the sources (revenues and other financing sources) and uses (expenditures and other financing uses) of current financial resources. This approach does not differ from the manner in which the governmental activities of the District-wide financial statements are prepared.

Basis of Accounting: In the government-wide Statement of Net Position and Statement of Activities and the fund financial statements, governmental activities are presented using a modified cash basis of accounting. This basis recognizes assets, liabilities, net position/fund equity, revenues and expenditures when they result from cash transactions. Also, salaries for teachers are recorded as expenditures paid in the fiscal year in which the obligation under the salary contracts are fulfilled by the teachers, even though a portion of such salaries are not paid until July and August of the following fiscal year. This basis is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

Pooled Cash and Temporary Investments: Cash resources of the individual funds are combined to form a pool of cash and temporary investments which is managed by the District's Treasurer. Interest income received is allocated to contributing funds based on cash and temporary investment balances. The investment pool is available for use by all funds except the Debt Service Fund (State law requires that all deposits of the Debt Service Fund be kept separate and apart from all other funds of the District).

Vacation and Sick Leave: Vacation time, personal business days, and sick leave are considered as expenditures in the year paid. Such amounts unused and which are vested in the employee are payable upon termination and are not included in the accompanying financial statements.

Employees' Salaries: Payroll checks written and associated liabilities held at June 30, 2022, for July and August 2022 payrolls related to 2021-2022 contracts in the amount of \$3,887,883 are included in the financial statements as an expenditure paid in the month of June. This practice has been consistently followed in previous years.

OPEB Liabilities: As the District uses the modified cash basis of accounting, OPEB liabilities are not reported in these financial statements. The District has not provided for an estimate of this liability to be performed.

KEARNEY R-I SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE B - DEPOSITS AND INVESTMENTS

Custodial credit risk: For deposits, custodial credit risk is the risk that in the event of bank failure, the District's deposits may not be returned to it. At June 30, 2022, the bank balances of the District's deposits totaled \$20,814,746. Of this amount \$250,000 was covered by FDIC insurance, and \$20,564,746 was supported by collateral, held by banks in the District's name that do not hold the collateralized deposits.

Interest rate risk: Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The District has a formal investment policy that minimizes the risk that the market value of securities in the portfolio will fall due to changes in general interest rates by structuring the investment portfolio so that securities mature to meet cash requirements for ongoing operations, thereby avoiding the need to sell securities on the open market prior to maturity and investing operating funds primarily in shorter term securities.

Credit risk: Credit risk is defined as the risk that an issuer or other counterparties to an investment in debt securities will not fulfill its obligation.

The District is participating in the program created by Senate Bill 301 administered by the Missouri Health and Educational Authority (MOHEFA). The program intercepts a portion of state aid and places those funds in escrow to pay the current debt service requirement of the District's outstanding bonds. The District's investments in MOHEFA are not rated by any of the nationally recognized statistical rating organizations. The District had \$1,499,070 invested with MOHEFA at June 30, 2022.

The District also has an escrow account to fund the debt service for the Series 2009 Qualified School Construction Bonds. A portion of state aid is intercepted and placed in this fund to pay the current debt service requirement of the Series 2009 bonds. The District had \$21,106 invested in this account at June 30, 2022.

MOSIP is professionally managed by PFM Asset Management LLC, a registered investment advisor, who is one of the nations' largest administrators of local government investment programs. All investments in the MOSIP pool are rated AAAM by Standard and Poor's and meet the permitted investments statutes for Missouri Schools. The District has \$1,039,385 invested with MOSIP at June 30, 2022.

Concentration of credit risk: Concentration of credit risk is the risk 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.

NOTE C - INSURANCE

The District is exposed to various risks of loss related to torts; theft of; damage to, and destruction of assets; injuries to employees; and natural disasters. The District has joined with other schools to form the Missouri United School Insurance Council (MUSIC), a public entity risk pool currently operating as a common risk management and insurance program for its members. The District pays an annual premium to MUSIC for its insurance coverage. Such coverage allows for liability claims up to \$3,000,000, property claims to various amounts and worker's compensation claims to statutory limits. The District maintains reinsurance for claims in excess of MUSIC's primary \$3,000,000 up to an excess limit of \$5,000,000.

NOTE D - TAX ABATEMENTS

The Tax Increment Financing Commission of the City of Kearney, Missouri has entered into agreements with the developers to stimulate economic growth. The District's property tax revenues were reduced by \$400,119 for 2021 under these agreements. The District also received \$18,830 from the City of Kearney during the year associated with these abated property taxes.

KEARNEY R-I SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE E - 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 counties of Clinton and Clay collect the property tax and remit it to the District on a monthly basis. The District also receives sales tax collected by the state and remitted based on weighted average daily attendance. 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 District's voters have approved a waiver of the rollback and, therefore, the District was not required to reduce its levy for the calendar year 2021.

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

Real Estate:		
Residential	\$	328,322,342
Agricultural		3,957,786
Commercial		43,522,566
Personal Property		82,866,735
	\$	<u>458,669,429</u>

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

	<u>Unadjusted</u>	<u>Adjusted</u>
General Fund	\$ 3.5840	\$ 3.5840
Special Revenue Fund	-	-
Debt Service Fund	1.1902	1.1902
Capital Projects Fund	-	-
	<u>\$ 4.7742</u>	<u>\$ 4.7742</u>

The receipts of current and delinquent property taxes during the fiscal year ended June 30, 2022, aggregated approximately 99% of the current assessment computed on the basis of the levy as shown above.

NOTE F - RETIREMENT PLAN

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 "2/3's 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. An Annual Comprehensive Financial Report ("ACFR") can be obtained at www.psrspers.org.

KEARNEY R-I SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE F - RETIREMENT PLAN (continued)

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 5 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 is used to calculate benefits for members who have 31 or more years of service. Actuarially age-reduced benefits are available for members with five to 24.9 years of service at age 55. Members who are younger than age 55 and who do not qualify under the "Rule of 80" but have between 25 and 29.9 years of service may retire with a lesser benefit factor. Members that are three years beyond normal retirement can elect to have their lifetime monthly benefits actuarially reduced in exchange for the right to also receive a one-time partial lump sum (PLSO) payment at retirement equal to 12, 24, or 36 times the Single Life benefit amount. A Summary Plan Description detailing the provisions of the plan can be found on PSRS' website at www.psr-peers.org. Since the prior valuation date, the benefit provisions were amended to make permanent an early retirement benefit allowing members to retire at any age after 25 years of service.

PSRS members were required to contribute 14.5% of their annual covered salary during fiscal year 2022. Employers were required to match the contributions made by employees. The contribution rate is set each year by the PSRS Board of Trustees upon the recommendation of the independent actuary within the contribution restrictions set in Section 169.030 RSMo. The annual statutory increase in the total contribution rate may not exceed 1% of pay. Contributions for employees of the State of Missouri were made by the state in accordance with the actuarially determined contribution rate needed to fund current costs and prior service costs of state employees as authorized in Section 104.342.8 RSMo.

The District's contributions to PSRS for the year ended June 30, 2022 were \$2,793,015. The District's contributions to S-PSRS, the "2/3's statute", for the year ended June 30, 2022 were \$37,916.

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 the Public School Retirement System of Missouri (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 the Public School Retirement System of Missouri. An Annual Comprehensive Financial Report ("ACFR") can be obtained at www.psr-peers.org.

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. 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 .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

KEARNEY R-I SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE F - RETIREMENT PLAN (continued)

36 times the Single Life benefit amount. A Summary Plan Description detailing the provisions of the plan can be found on PSRS' website at www.psr-s-peers.org.

PEERS members were required to contribute 6.86% of their annual covered salary during fiscal year 2022. Employers were required to match the contributions made by employees. The contribution rate is set each year by the PSRS Board of Trustees upon the recommendation of the independent actuary within the contribution restrictions set in Section 169.030 RSMo. The annual statutory increase in the total contribution rate may not exceed 0.5% of pay.

The District's contributions to PEERS for the year ended June 30, 2022 were \$380,587.

NOTE G - LITIGATION

As of June 30, 2022, the District had several unsettled claims of various natures. These claims are at various stages of litigation and at this time, outcomes cannot be predicted. The District is vigorously defending against each claim.

NOTE H - LONG-TERM DEBT

Changes in long-term debt during the fiscal year were as follows:

	Balance July 1, 2021	Additions	Retirements	Balance June 30, 2022	Amount Due Within One Year
General Obligation Bonds	\$ 33,340,000	\$ -	\$ 5,025,000	\$ 28,315,000	\$ 2,975,000
Direct Borrowings	2,997,407	-	101,473	2,895,934	106,091
Total	<u>\$ 36,337,407</u>	<u>\$ -</u>	<u>\$ 5,126,473</u>	<u>\$ 31,210,934</u>	<u>\$ 3,081,091</u>

NOTE I - GENERAL OBLIGATION BONDS

Bonds payable outstanding at June 30, 2022 are as follows:

Series 2009A Build America bonds due in varying annual installments through March 2023, interest at 5.21%	\$ 460,000
Series 2009C QSCB general obligation bonds due in varying annual installments through September 2024, interest at 0.95%	4,440,000
Series 2012 general obligation refunding bonds due in varying annual installments through March 2023, interest from 3.0 to 3.375%	780,000
Series 2017 general obligation building bonds due in varying annual installments through March 2037, interest from 2.25 to 5.00%	<u>22,635,000</u>
Total	<u>\$ 28,315,000</u>

KEARNEY R-I SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE I - GENERAL OBLIGATION BONDS (continued)

Debt service requirements to maturity are:

Year Ending June 30,	Principal	Interest	Total
2023	\$ 2,975,000	\$ 814,815	\$ 3,789,815
2024	-	678,749	678,749
2025	6,175,000	657,659	6,832,659
2026	1,790,000	549,819	2,339,819
2027	1,330,000	509,544	1,839,544
2028	1,385,000	476,294	1,861,294
2029	1,430,000	434,744	1,864,744
2030	1,475,000	391,844	1,866,844
2031	1,520,000	354,969	1,874,969
2032	1,570,000	309,369	1,879,369
2033	1,620,000	262,269	1,882,269
2034	1,670,000	213,668	1,883,668
2035	1,730,000	163,568	1,893,568
2036	1,790,000	111,668	1,901,668
2037	1,855,000	57,968	1,912,968
Total	<u>\$ 28,315,000</u>	<u>\$ 5,986,947</u>	<u>\$ 34,301,947</u>

On September 22, 2021, the District approved a resolution for the defeasance and redemption of \$1,195,000 Series 2009A bonds maturing March 1, 2025 and \$825,000 Series 2012 bonds maturing on March 1, 2024 on redemption date of October 25, 2021. The District transferred \$2,033,874 of surplus funds available in its Debt Service Fund to the escrow paying agent to complete this redemption.

NOTE J - DIRECT BORROWINGS

On September 25, 2008, the District entered into a lease purchase agreement with a bank to finance the cost of acquiring and installing certain equipment designed to reduce energy consumption and operating costs. The District issued \$1,217,366 Series 2008 Certificates of Participation (Kearney R-I School District Energy Improvement Project) with the proceeds used to provide funds to pay the costs of the project. Under the project, the District entered into an agreement with the contractor installing the equipment to guarantee certain savings. The lease requires semi-annual payments of \$56,076 through September 2023; interest at 4.5%. The lease contains an event of default that changes the timing of repayment of outstanding amounts to become immediately due if the District is unable to make payment.

On March 18, 2021, the District entered into a lease purchase agreement with a bank in the amount of \$2,735,000 to finance the cost of acquiring, constructing and renovating an elementary education center and related improvements, fixtures, equipment, furnishing and related support facilities located at 425 W Mosaic Life Care Way in Kearney, Missouri. The lease requires semi-annual payments through March 1, 2030; interest at 1.5%. The lease contains an event of default that changes the timing of repayment of outstanding amounts to become immediately due if the District is unable to make payment.

**KEARNEY R-I SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2022**

NOTE J - DIRECT BORROWINGS (continued)

Debt service requirements at June 30, 2022 are as follows:

Year Ending June 30,	Principal	Interest	Total
2023	\$ 106,091	\$ 47,087	\$ 153,178
2024	429,843	42,259	472,102
2025	380,000	35,400	415,400
2026	385,000	29,700	414,700
2027	390,000	23,925	413,925
2028	395,000	18,075	413,075
2029	400,000	12,150	412,150
2030	410,000	6,150	416,150
Total	<u>\$ 2,895,934</u>	<u>\$ 214,746</u>	<u>\$ 3,110,680</u>

NOTE K - LEASE COMMITMENT

On May 22, 2019, the District entered in a copier lease with a third party under a non-cancelable agreement. The lease requires five annual payments of \$56,426 through June 22, 2024.

Lease expense for the year ended June 30, 2022 was \$56,426.

NOTE L - INTERFUND TRANSFERS

During the year, the District made a \$950,000 transfer from the General Fund to the Capital Projects Fund for necessary capital outlay expenditures. This revenue transfer is capped by an amount calculated annually by the Missouri Department of Elementary and Secondary Education (DESE).

Also, as allowed by DESE, the District transferred \$3,951,392 from the General Fund to the Special Revenue Fund to avoid deficit spending in the Special Revenue Fund.

NOTE M - FUND BALANCES - GOVERNMENTAL FUNDS

Statement No. 54 of the Governmental Accounting Standards Board (GASB 54) establishes accounting and financial reporting standards for all governments that report governmental funds. GASB 54 establishes criteria for classifying fund balances and clarifies definitions for governmental fund types.

GASB 54 establishes five (5) fund balance categories: Nonspendable, Restricted, Committed, Assigned and Unassigned:

Nonspendable fund balance - Funds that cannot be spent due to their form or funds that legally or contractually must be maintained intact.

Restricted fund balance - Funds that are mandated for a specific purpose by external parties, constitutional provisions or enabling legislation.

Committed fund balance - Funds that are set aside for a specific purpose by the District's highest level of decision-making authority. Formal action must be taken prior to the end of the fiscal year. The same formal action must be taken to remove or change the limitations placed on the funds.

KEARNEY R-I SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE M - FUND BALANCES - GOVERNMENTAL FUNDS (continued)

Assigned fund balance - Funds that are set aside with the intent to be used for a specific purpose by the District's highest level of decision-making authority or a body or official who has been given the authority to assign funds. Assigned funds cannot cause a deficit in unassigned fund balance.

Unassigned fund balance - Excess funds that have not been classified in the previous four (4) categories. All funds in this category are considered spendable resources. This category also provides the resources necessary to meet unexpected expenditures and revenue shortfalls.

The Board of Education has the authority to set aside funds for a specific purpose. Commitments are authorized by formal Board resolution. The passage of a resolution must take place prior to June 30 of the applicable fiscal year. If the actual amount of the commitment is not available by June 30, the resolution must state the process or formal necessary to calculate the actual amount as soon as information is available. Assignments are authorized by fund placement in the special revenue, capital projects and debt service in the original, adopted and later revised budget.

Upon adoption of a budget where fund balance is used as a source to balance the budget, the budget officer shall record the amount as assigned fund balance. The Board delegates the authority to assign amounts for specific purpose(s) to the budget officer. When both restricted and unrestricted funds are available for expenditure, unrestricted funds should be spent first unless legal requirements disallow it. When committed, assigned and unassigned funds are available for expenditure, unassigned funds should be spent first, assigned funds second and committed funds last.

As of June 30, 2022, fund balances are composed of the following:

	General Fund	Special Revenue Fund	Debt Service Fund	Capital Projects Fund	Total
Restricted:					
Debt service	\$ -	\$ -	\$ 4,345,514	\$ -	\$ 4,345,514
Professional development	22,334	-	-	-	22,334
Unspent bond proceeds	-	-	-	880,000	880,000
Total restricted	<u>22,334</u>	<u>-</u>	<u>4,345,514</u>	<u>880,000</u>	<u>5,247,848</u>
Committed:					
Construction projects	<u>-</u>	<u>-</u>	<u>-</u>	<u>620,000</u>	<u>620,000</u>
Assigned:					
Capital projects	-	-	-	2,524,981	2,524,981
Food service	95,560	-	-	-	95,560
Student activities	742,349	-	-	-	742,349
Total assigned	<u>837,909</u>	<u>-</u>	<u>-</u>	<u>2,524,981</u>	<u>3,362,890</u>
Unassigned	<u>10,278,718</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>10,278,718</u>
Total fund balances	<u>\$ 11,138,961</u>	<u>\$ -</u>	<u>\$ 4,345,514</u>	<u>\$ 4,024,981</u>	<u>\$ 19,509,456</u>

KEARNEY R-I SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE N - COMMITMENTS

As of June 30, 2022, the District approved architect contracts for Kearney Elementary School construction and High School Theater renovations totaling \$1,500,000.

NOTE O - SUBSEQUENT EVENT

Subsequent to the end of the fiscal year, the District issued \$44,000,000 Series 2022 General Obligation School Building Bonds on July 15, 2022. These bonds were issued for the purpose of acquiring, constructing, renovating, improving, furnishing and equipping school facilities and purchasing equipment of the District.

SUPPLEMENTARY INFORMATION

KEARNEY R-I SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE - MODIFIED CASH BASIS
GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2022

	BUDGET		ACTUAL	VARIANCE
	ORIGINAL	FINAL		
REVENUES:				
Local	\$ 19,826,380	\$ 18,743,564	\$ 18,777,417	\$ 33,853
County	600,000	636,076	636,076	-
State	824,000	995,067	995,067	-
Federal	320,678	1,979,619	1,979,620	1
Other	-	48,435	48,435	-
Total Revenues	21,571,058	22,402,761	22,436,615	33,854
EXPENDITURES:				
Instruction	3,364,247	3,182,418	3,181,280	1,138
Student activities	1,634,431	1,386,007	1,383,880	2,127
Student services	1,532,053	1,647,494	1,648,655	(1,161)
Instructional staff support	195,280	209,953	204,910	5,043
General administration & central services	2,347,847	1,986,158	1,989,977	(3,819)
Building level administration	637,016	620,874	621,435	(561)
Operation of plant	3,735,625	3,496,534	3,495,996	538
Pupil transportation	2,552,086	2,489,130	2,489,229	(99)
Food service	1,234,903	1,787,736	1,787,736	-
Community services	865,935	892,547	889,760	2,787
Facility acquisition and construction	-	-	-	-
Debt service:				
Principal retirement	-	-	-	-
Interest and fees	-	-	-	-
Total Expenditures	18,099,423	17,698,851	17,692,858	5,993
Revenues Over (Under) Expenditures	3,471,635	4,703,910	4,743,757	39,847
Other Financing Sources (Uses):				
Transfers	(5,891,078)	(4,937,278)	(4,901,392)	35,886
Net change in fund balance	(2,419,443)	(233,368)	(157,635)	75,733
Fund balance, beginning	11,296,596	11,296,596	11,296,596	-
Fund balance, ending	<u>\$ 8,877,153</u>	<u>\$ 11,063,228</u>	<u>\$ 11,138,961</u>	<u>\$ 75,733</u>

See accompanying notes to the budgetary comparison schedule.

**KEARNEY R-I SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE - MODIFIED CASH BASIS
SPECIAL REVENUE FUND
FOR THE YEAR ENDED JUNE 30, 2022**

	BUDGET		ACTUAL	VARIANCE
	ORIGINAL	FINAL		
REVENUES:				
Local	\$ 3,489,118	\$ 4,107,518	\$ 4,107,518	\$ -
County	70,000	73,592	73,592	-
State	14,157,086	14,300,564	14,300,564	-
Federal	876,491	1,185,043	1,185,043	-
Other	-	-	-	-
Total Revenues	<u>18,592,695</u>	<u>19,666,717</u>	<u>19,666,717</u>	<u>-</u>
EXPENDITURES:				
Instruction	18,777,117	18,223,218	18,025,829	197,389
Student activities	735,938	730,420	729,842	578
Student services	1,287,720	1,272,201	1,263,947	8,254
Instructional staff support	539,950	501,512	585,733	(84,221)
General administration & central services	1,074,182	1,188,682	1,247,923	(59,241)
Building level administration	1,474,963	1,542,305	1,527,507	14,798
Operation of plant	-	-	-	-
Pupil transportation	61,359	63,649	106,108	(42,459)
Food service	17,897	17,787	17,725	62
Community services	114,647	114,221	113,495	726
Facility acquisition and construction	-	-	-	-
Debt service:				
Principal retirement	-	-	-	-
Interest and fees	-	-	-	-
Total Expenditures	<u>24,083,773</u>	<u>23,653,995</u>	<u>23,618,109</u>	<u>35,886</u>
Revenues Over (Under) Expenditures	(5,491,078)	(3,987,278)	(3,951,392)	35,886
Other Financing Sources (Uses):				
Transfers	<u>5,491,078</u>	<u>3,987,278</u>	<u>3,951,392</u>	<u>(35,886)</u>
Net change in fund balance	-	-	-	-
Fund balance, beginning	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balance, ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

See accompanying notes to the budgetary comparison schedule.

KEARNEY R-I SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE - MODIFIED CASH BASIS
DEBT SERVICE FUND
FOR THE YEAR ENDED JUNE 30, 2022

	BUDGET		ACTUAL	VARIANCE
	ORIGINAL	FINAL		
REVENUES:				
Local	\$ 4,945,787	\$ 5,439,765	\$ 5,442,723	\$ 2,958
County	120,000	189,333	189,332	(1)
State	-	-	-	-
Federal	48,000	9,965	9,965	-
Other	-	-	-	-
Total Revenues	<u>5,113,787</u>	<u>5,639,063</u>	<u>5,642,020</u>	<u>2,957</u>
EXPENDITURES:				
Instruction	-	-	-	-
Student activities	-	-	-	-
Student services	-	-	-	-
Instructional staff support	-	-	-	-
General administration & central services	-	-	-	-
Building level administration	-	-	-	-
Operation of plant	-	-	-	-
Pupil transportation	-	-	-	-
Food service	-	-	-	-
Community services	-	-	-	-
Facility acquisition and construction	-	-	-	-
Debt service:				
Principal retirement	3,005,000	5,025,000	5,025,000	-
Interest and fees	<u>1,047,095</u>	<u>1,014,723</u>	<u>1,014,723</u>	-
Total Expenditures	<u>4,052,095</u>	<u>6,039,723</u>	<u>6,039,723</u>	-
Revenues Over (Under) Expenditures	1,061,692	(400,660)	(397,703)	2,957
Other Financing Sources (Uses):				
Proceeds from sale of bonds	-	-	-	-
Net change in fund balance	1,061,692	(400,660)	(397,703)	2,957
Fund balance, beginning	<u>4,743,217</u>	<u>4,743,217</u>	<u>4,743,217</u>	-
Fund balance, ending	<u>\$ 5,804,909</u>	<u>\$ 4,342,557</u>	<u>\$ 4,345,514</u>	<u>\$ 2,957</u>

See accompanying notes to the budgetary comparison schedule.

**KEARNEY R-I SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE - MODIFIED CASH BASIS
CAPITAL PROJECTS FUND
FOR THE YEAR ENDED JUNE 30, 2022**

	BUDGET		ACTUAL	VARIANCE
	ORIGINAL	FINAL		
REVENUES:				
Local	\$ 157,000	\$ 256,528	\$ 1,136,908	\$ 880,380
County	-	-	-	-
State	-	-	-	-
Federal	-	-	-	-
Other	-	1,266,530	386,530	(880,000)
Total Revenues	<u>157,000</u>	<u>1,523,058</u>	<u>1,523,438</u>	<u>380</u>
EXPENDITURES:				
Instruction	-	-	-	-
Student activities	-	-	-	-
Student services	-	-	-	-
Instructional staff support	-	-	-	-
General administration & central services	-	-	-	-
Building administration	-	-	-	-
Operation of plant	20,000	132,795	132,795	-
Pupil transportation	-	-	-	-
Food service	-	-	-	-
Community services	-	-	-	-
Facility acquisition and construction	651,687	231,787	231,787	-
Debt service:				
Principal retirement	101,473	101,473	101,473	-
Interest and fees	38,993	49,767	49,767	-
Total Expenditures	<u>812,153</u>	<u>515,822</u>	<u>515,822</u>	<u>-</u>
Revenues Over (Under) Expenditures	(655,153)	1,007,236	1,007,616	380
Other Financing Sources (Uses):				
Transfers	400,000	950,000	950,000	-
Net change in fund balance	(255,153)	1,957,236	1,957,616	380
Fund balance, beginning	<u>2,067,365</u>	<u>2,067,365</u>	<u>2,067,365</u>	<u>-</u>
Fund balance, ending	<u>\$ 1,812,212</u>	<u>\$ 4,024,601</u>	<u>\$ 4,024,981</u>	<u>\$ 380</u>

See accompanying notes to the budgetary comparison schedule.

KEARNEY R-I SCHOOL DISTRICT
NOTES TO THE BUDGETARY COMPARISON SCHEDULE
JUNE 30, 2022

Budgetary Process

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 budget officer, submits to the Board of Education a proposed budget for the fiscal year beginning on the following July 1. The proposed budget includes estimated revenues and proposed expenditures for all funds. Budgeted expenditures cannot exceed beginning available monies plus estimated revenues for the year.
3. A public hearing is conducted to obtain taxpayer comments. Prior to its approval by the Board of Education, the budget document is available for public inspection.
4. Prior to July 1 the budget is legally enacted by a vote of the Board of Education.
5. Subsequent to its formal approval of the budget, the Board of Education has the authority to make necessary adjustments to the budget by formal vote of the Board. Adjustments made during the year are reflected in the final budget information included in the financial statements.
6. Budgets for District funds are prepared and adopted on the modified cash basis (budget basis), recognizing revenues when collected and expenditures when paid.

KEARNEY R-I SCHOOL DISTRICT
SCHEDULE OF REVENUES COLLECTED BY SOURCE
FOR THE YEAR ENDED JUNE 30, 2022

	GENERAL FUND	SPECIAL REVENUE FUND	DEBT SERVICE FUND	CAPITAL PROJECTS FUND	TOTAL
LOCAL:					
Property tax	\$ 16,329,233	\$ -	\$ 5,412,268	\$ -	\$ 21,741,501
Sales tax	-	4,107,062	-	-	4,107,062
Financial institution tax	196	-	-	2,144	2,340
M & M surtax	-	-	-	245,876	245,876
In lieu of tax	14,532	-	4,298	-	18,830
Earnings on investments	101,586	456	26,157	888,888	1,017,087
Food service	195,118	-	-	-	195,118
Student activities	1,027,215	-	-	-	1,027,215
Community services	634,026	-	-	-	634,026
Other local revenue	475,511	-	-	-	475,511
Total Local	<u>18,777,417</u>	<u>4,107,518</u>	<u>5,442,723</u>	<u>1,136,908</u>	<u>29,464,566</u>
COUNTY:					
Fines and escheats	-	73,592	-	-	73,592
State assessed utilities	635,351	-	189,118	-	824,469
Federal properties	725	-	214	-	939
Total County	<u>636,076</u>	<u>73,592</u>	<u>189,332</u>	<u>-</u>	<u>899,000</u>
STATE:					
Basic formula	-	12,136,275	-	-	12,136,275
Transportation	505,148	-	-	-	505,148
Early Childhood Special Ed.	-	683,763	-	-	683,763
Basic formula - classroom trust fund	-	1,455,019	-	-	1,455,019
Educational screening/PAT	118,636	-	-	-	118,636
Career education grants	993	25,507	-	-	26,500
Food service	17,630	-	-	-	17,630
High need fund	352,660	-	-	-	352,660
Total State	<u>995,067</u>	<u>14,300,564</u>	<u>-</u>	<u>-</u>	<u>15,295,631</u>
FEDERAL:					
Medicaid	932	27,228	-	-	28,160
Title I	8,387	175,166	-	-	183,553
Title II A	43,162	26,900	-	-	70,062
Title IV	9,923	-	-	-	9,923
Individuals with Disabilities	-	560,501	-	-	560,501
IDEA Grants	8,430	-	-	-	8,430
Early childhood special education	-	82,236	-	-	82,236
Child Nutrition Program	1,688,312	-	-	-	1,688,312
Education Stabilization Fund	220,474	313,012	-	-	533,486
Other federal revenue	-	-	9,965	-	9,965
Total Federal	<u>1,979,620</u>	<u>1,185,043</u>	<u>9,965</u>	<u>-</u>	<u>3,174,628</u>
OTHER:					
Sale of other property	35,814	-	-	386,530	422,344
Tuition from other districts	12,621	-	-	-	12,621
Total Other	<u>48,435</u>	<u>-</u>	<u>-</u>	<u>386,530</u>	<u>434,965</u>
Total Revenues Collected	<u>\$ 22,436,615</u>	<u>\$ 19,666,717</u>	<u>\$ 5,642,020</u>	<u>\$ 1,523,438</u>	<u>\$ 49,268,790</u>

**KEARNEY R-I SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2021**

FEDERAL GRANTOR/ PASS-THROUGH GRANTOR/ PROGRAM TITLE	FEDERAL ASSISTANCE LISTING	PASS-THROUGH GRANTOR NUMBER	EXPENDITURES
<u>U.S. Department of Agriculture</u>			
Passed-through Missouri Department of Elementary and Secondary Education:			
Child Nutrition Cluster:			
COVID-19 - School Breakfast Program	10.553	024-086	\$ 289,446
National School Lunch Program	10.555	024-086	67,852
COVID-19 - School Lunch Program	10.555	024-086	1,331,015
Non-cash: Food Distribution Program	10.555	024-086	105,757
Total Child Nutrition Cluster			<u>1,794,070</u>
<u>U.S. Department of Education</u>			
Passed-through Missouri Department of Elementary and Secondary Education:			
Special Education Cluster:			
Special Education - Grants to States	84.027	024-086	633,313
Special Education - Preschool Grants	84.173	024-086	14,482
Total Special Education Cluster			<u>647,795</u>
Title I - Grants to Local Educational Agencies	84.010	024-086	234,230
Improving Teacher Quality State Grants	84.367	024-086	80,830
COVID-19 - Education Stabilization Fund:			
COVID-19 - Elementary and Secondary School Emergency Relief (GEER) Fund	84.425C	024-086	64,413
COVID-19 - Elementary and Secondary School Emergency Relief (ESSER) Fund	84.425D	024-086	15,296
COVID-19 - Elementary and Secondary School Emergency Relief (ARP ESSER) Fund	84.425U	024-086	398,619
Total COVID-19 - Education Stabilization Fund			<u>478,328</u>
Total U.S. Department of Education			<u>1,441,183</u>
Total Expenditures of Federal Awards			<u>\$ 3,235,253</u>

Note 1. Summary of Significant Accounting Policies

Expenditures reported on the Schedule are reported on the modified cash basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. The District has not elected to use the 10-percent de minimis indirect cost rate under the Uniform Guidance.

Note 2. Basis of Presentation

The accompanying schedule of expenditures of federal awards (the "Schedule") includes the federal award activity of Kearney R-I School District under programs of the federal government for the year ended June 30, 2022. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of Kearney R-I School District, it is not intended to and does not present the financial position, change in net position or cash flows of Kearney R-I School District.

INTERNAL CONTROL AND COMPLIANCE

**INDEPENDENT ACCOUNTANTS' REPORT ON THE ADMINISTRATION'S
ASSERTION ABOUT COMPLIANCE WITH SPECIFIED
REQUIREMENTS OF MISSOURI LAWS AND REGULATIONS**

To the Board of Education
Kearney R-I School District

We have examined the administration's assertion, included in its representation letter dated October 19, 2022, that Kearney R-I School District complied with the requirements of Missouri Laws and Regulations regarding budgetary and disbursement procedures; accurate disclosure by the District's attendance records of average daily attendance, resident membership on the last Wednesday of September 2021 and the number of students eligible to receive free or reduced price lunches on the last Wednesday of January 2022; and accurate disclosure by the District's pupil transportation records of the average students scheduled to be transported eligible and ineligible for state aid, the number of actual odometer miles eligible and ineligible for state aid and the allowable costs for pupil transportation during the year ended June 30, 2022. As discussed in that representation letter, the administration is responsible for the District's compliance with those requirements. Our responsibility is to express an opinion on the administration's assertions about the District's compliance based on our examination.

Our examination was conducted in accordance with attestation standards established by the AICPA. Those standards require that we plan and perform the examination to obtain reasonable assurance about whether the administration'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 the administration'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 administration'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. We are required to be independent and to meet our other ethical responsibilities in accordance with relevant ethical requirements relating to the examination engagement.

Our examination does not provide a legal determination on the District's compliance with the specified requirements.

In our opinion, the administration's assertion that the District complied with the aforementioned requirements for the year ended June 30, 2022, is fairly stated, in all material respects.

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

Westbrook & Co., P.C.

Richmond
October 19, 2022

**KEARNEY R-I SCHOOL DISTRICT
SCHEDULE OF SELECTED STATISTICS - UNAUDITED
FOR THE YEAR ENDED JUNE 30, 2022**

County District Number 024-086

1. CALENDAR (SECTIONS 160.041, 171.029, 171.031, AND 171.033 RSMO)

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

School Code	Begin Grade	End Grade	Half Day Indicator	Standard Day Length	Days	Hours in Session
	PK	12		6.4000	170	1,063.80

2. AVERAGE DAILY ATTENDANCE (ADA)

Report the total number of PK-12 student attendance hours allowed to be claimed for the calculation of Average Daily Attendance.

School Code	Grade Level	Full-Time	Part-Time	Remedial Hours	Other	Summer School	Total
	PK	10,478					10,478
	K-05	1,581,472	625			63,866	1,645,963
	6-7	527,255	322			4,077	531,654
	8-9	544,750	944			4,034	549,728
	10-12	737,171	25,645			5,870	768,686
RII	K-12	2,593					2,593
Grand Total		3,403,719	27,536			77,847	3,509,102

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
	PK	10			10
	K-05	1,562	0.56		1,562.56
	6-7	526	0.43		526.43
	8-9	555	1.29		556.29
	10-12	830	0.86		830.86
Grand Total		3,483	3.14		3,486.14

**KEARNEY R-I SCHOOL DISTRICT
SCHEDULE OF SELECTED STATISTICS - UNAUDITED
FOR THE YEAR ENDED JUNE 30, 2022**

County District Number 024-086

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.

Grade Level	Free Lunch	Reduced Lunch	Deseg In Free	Deseg In Reduced	Total
PK-05	178.00	48.00			226.00
06-12	170.14	36.57			206.71
RII	0.00				0.00
Grand Total	348.14	84.57			432.71

5. FINANCE

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

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

**KEARNEY R-I SCHOOL DISTRICT
SCHEDULE OF SELECTED STATISTICS - UNAUDITED
FOR THE YEAR ENDED JUNE 30, 2022**

County District Number 024-086

	Traditional instruction (full and part-time students)	True
	Virtual instruction (MOCAP or other option)	True
	Work Experience for Students with Disabilities	N/A
5.3	The district/charter school maintained complete and accurate attendance records allowing for the accurate calculation of September Membership for all students in accordance with all applicable state rules and regulations.	True
5.4	The district/charter school maintained complete and accurate attendance and other applicable records allowing for the accurate reporting of the State FTE count for Free and Reduced Lunch for all students in accordance with all applicable state rules and regulations.	True
5.5	As required by Section 162.401, RSMo, a bond was purchased for the district's/charter school's treasurer in the total amount of:	\$50,000
5.6	The district's/charter school's deposits were secured during the year as required by Sections 110.010 and 110.020, RSMo.	True
5.7	The district maintained a separate bank account for all Debt Service Fund monies in accordance with Section 108.180 and 165.011, RSMo. (Not applicable to charter schools)	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 approved a resolution to make the transfer, which identified the specific projects to be funded by the transfer and an expected expenditure date for the projects to be undertaken. (Not applicable to charter schools)	True
5.10	The district/charter school published a summary of the prior year's audit report within thirty days of the receipt of the audit pursuant to Section 165.121, RSMo.	True
5.11	The district has a professional development committee plan adopted by the board with the professional development committee plan identifying the expenditure of seventy-five percent (75%) of one percent (1%) of the current year basic formula apportionment. Remaining 25% of 1% if not spent must be restricted and spent on appropriate expenditures in the future. Spending requirement is modified to seventy-five percent (75%) of one half percent (1/2%) of the current year basic formula apportionment if through fiscal year 2024 the amount appropriated and expended to public schools for transportation is less than twenty-five percent (25%) of allowable cost. (Not applicable to charter schools.)	True
5.12	The amount spent for approved professional development committee plan activities was:	\$99,021
5.13	The district/charter school has posted, at least quarterly, a searchable expenditure and revenue document or database detailing actual income, expenditures, and disbursement for the current calendar or fiscal year on	True

**KEARNEY R-I SCHOOL DISTRICT
SCHEDULE OF SELECTED STATISTICS - UNAUDITED
FOR THE YEAR ENDED JUNE 30, 2022**

County District Number 024-086

	the district or school website or other form of social media as required by Section 160.066, RSMo.	
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6. TRANSPORTATION (SECTION 163.161, RSMO)

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

Section	Question	Answer
6.1	The school transportation allowable costs substantially conform to 5 CSR 30-261.040, Allowable Costs for State Transportation Aid.	True
6.2	The district's/charter school's pupil transportation ridership records are maintained in a manner to accurately disclose in all material respects the average number of regular riders transported.	True
6.3	Based on the ridership records, the average number of students (non-disabled K-12, K-12 students with disabilities and career education) transported on a regular basis (ADT) was:	True
	Eligible ADT	1,955.5
	Ineligible ADT	619.5
6.4	The district's/charter school's transportation odometer mileage records are maintained in a manner to accurately disclose in all material respects the eligible and ineligible mileage for the year.	True
6.5	Actual odometer records show the total district/charter-operated and contracted mileage for the year was:	610,081
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	552,074
	Ineligible Miles (Non-Route/Disapproved)	58,007
6.7	Number of days the district/charter school operated the school transportation system during the regular school year:	170

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

To the Board of Education
Kearney R-I School District

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 modified cash basis financial statements of the governmental activities and each major fund of Kearney R-I School District as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated October 19, 2022.

Report on Internal Control Over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed 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.

Westbrook & Co., P.C.

Richmond, Missouri
October 19, 2022

**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR
FEDERAL PROGRAM AND REPORT ON INTERNAL CONTROL OVER
COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE**

To the Board of Education
Kearney R-I School District

Report on Compliance for Each Major Federal Program

We have audited Kearney R-I School District's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2022. The District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

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

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States (*Government Auditing Standards*); and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditors' Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the District and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of the District's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

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

Auditors' Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the District's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the District's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the District's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the District's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control over compliance. Accordingly, no such opinion is expressed.

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

Report on Internal Control over Compliance

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

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

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

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

Westbrook & Co., P.C.

Richmond, Missouri
October 19, 2022

**KEARNEY R-I SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2022**

A. SUMMARY OF AUDITORS' RESULTS

Financial Statements

Type of auditors' report issued on whether the financial statements audited were prepared in accordance with the modified cash basis:

Unmodified

Internal control over financial reporting:

- Material weakness(es) identified? _____ Yes X No
- Significant deficiency(ies) identified? _____ Yes X None reported

Noncompliance material to financial statements noted?

_____ Yes X No

Federal Awards

Internal control over major federal programs:

- Material weakness(es) identified? _____ Yes X No
- Significant deficiency(ies) identified? _____ Yes X None reported

Type of auditors' report issued on compliance for major federal programs:

Unmodified

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?

_____ Yes X No

Identification of major federal programs:
Child Nutrition Cluster

AL No. 10.553 and 10.555

Dollar threshold used to distinguish between type A and type B programs:

\$ 750,000

Auditee qualified as low-risk auditee?

_____ Yes X No

B. FINDINGS - FINANCIAL STATEMENT AUDIT

None

C. FINDINGS AND QUESTIONED COSTS - MAJOR FEDERAL AWARD PROGRAMS

None