

Warren County R-III School District
Warren County, Missouri

Annual Financial Statements

For The Year Ended June 30, 2020

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INDEPENDENT AUDITORS' REPORT

To the Board of Education of
Warren County R-III School District

Report on the Financial Statements

We have audited the accompanying modified cash basis financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Warren County R-III School District, as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the modified cash basis of accounting described in Note 1; 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 error or fraud.

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective modified cash basis financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Warren County R-III School District, as of June 30, 2020, and the respective changes in modified cash basis financial position thereof for the year then ended in accordance with the modified cash basis of accounting as described in Note 1.

Basis of Accounting

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

Other Matters*Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Warren County R-III School District's basic financial statements. The budgetary comparison information and related notes, and schedule of selected statistics, are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis 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*, and is also not a required part of the basic financial statements.

The schedule of federal expenditures 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. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of federal expenditures is fairly stated in all material respects in relation to the basic financial statements as a whole.

The budgetary comparison information and related notes, and schedule of selected statistics have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly we do not express an opinion or provide any assurance on them.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated November 12, 2020, on our consideration of the Warren County R-III School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Warren County R-III School 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 Warren County R-III School District's internal control over financial reporting and compliance.

Fick, Eggemeyer & Williamson

Fick, Eggemeyer & Williamson, CPA's
Saint Louis, Missouri
November 12, 2020

WARREN COUNTY R-III SCHOOL DISTRICT
STATEMENT OF NET POSITION - MODIFIED CASH BASIS
JUNE 30, 2020

	<u>Governmental Activities</u>
ASSETS	
Cash and cash equivalents	\$ 4,709,886
Restricted cash and cash equivalents	3,035,831
Restricted investments	5,749,325
TOTAL ASSETS	<u>\$ 13,495,042</u>
LIABILITIES	
None	\$ -
TOTAL LIABILITIES	<u>\$ -</u>
NET POSITION	
Restricted for:	
Capital projects	809,656
Debt service	7,975,500
Unrestricted	4,709,886
TOTAL NET POSITION	<u>\$ 13,495,042</u>

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

WARREN COUNTY R-III SCHOOL DISTRICT
STATEMENT OF ACTIVITIES - MODIFIED CASH BASIS
FOR THE YEAR ENDED JUNE 30, 2020

FUNCTIONS/PROGRAMS	Expenses	Charges for Services and Sales	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities
Governmental activities:					
Instruction	\$ 19,083,881	\$ 371,534	\$ 16,119,651	\$ 4,402	\$ (2,588,294)
Student services	2,456,610	-	-	-	(2,456,610)
Instructional staff support	997,788	-	72,472	-	(925,316)
Building administration	2,049,567	-	-	-	(2,049,567)
General administration and central services	2,517,517	-	-	-	(2,517,517)
Operations of plant	3,657,749	-	-	-	(3,657,749)
Transportation	2,200,877	-	379,696	-	(1,821,181)
Food service	1,509,873	364,970	1,132,727	-	(12,176)
Community services	202,946	65,662	-	-	(137,284)
Facility acquisition and construction	213,171	-	-	-	(213,171)
Debt service					
Interest and fiscal charges	941,667	-	-	-	(941,667)
Principal	8,316,819	-	-	-	(8,316,819)
Total governmental activities	<u>\$ 44,148,465</u>	<u>\$ 802,166</u>	<u>\$ 17,704,546</u>	<u>\$ 4,402</u>	<u>(25,637,351)</u>
General revenues:					
Property taxes levied					12,472,318
Other taxes					301,391
Prop C - sales tax					3,160,398
Federal and State aid not restricted to specific purposes					908,763
Miscellaneous					289,076
Investment earnings					253,641
Bond proceeds					6,878,813
Total general and other revenues					<u>24,264,400</u>
Changes in net position					(1,372,951)
Net position - beginning					14,867,993
Net position - ending					<u>\$ 13,495,042</u>

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

WARREN COUNTY R-III SCHOOL DISTRICT
STATEMENT OF ASSETS, LIABILITIES AND FUND BALANCES -
MODIFIED CASH BASIS - GOVERNMENTAL FUNDS
JUNE 30, 2020

	General Fund	Special Revenue Fund	Debt Service Fund	Capital Projects Fund	Total Governmental Funds
ASSETS					
Cash and cash equivalents	\$ 4,709,886	\$ -	\$ -	\$ -	\$ 4,709,886
Restricted cash and cash equivalents	-	-	2,473,175	562,656	3,035,831
Restricted investments	-	-	5,502,325	247,000	5,749,325
TOTAL ASSETS	\$ 4,709,886	\$ -	\$ 7,975,500	\$ 809,656	\$ 13,495,042
LIABILITIES AND FUND BALANCES					
LIABILITIES					
None	\$ -	\$ -	\$ -	\$ -	\$ -
TOTAL LIABILITIES	-	-	-	-	-
FUND BALANCES					
Restricted	-	-	7,975,500	809,656	8,785,156
Unassigned	4,709,886	-	-	-	4,709,886
TOTAL FUND BALANCES	4,709,886	-	7,975,500	809,656	13,495,042
TOTAL LIABILITIES AND FUND BALANCES	\$ 4,709,886	\$ -	\$ 7,975,500	\$ 809,656	\$ 13,495,042

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

WARREN COUNTY R-III SCHOOL DISTRICT
RECONCILIATION OF THE STATEMENT OF ASSETS, LIABILITIES
AND FUND BALANCE - MODIFIED CASH BASIS - GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET POSITION - MODIFIED CASH BASIS
JUNE 30, 2020

Total fund balance - governmental funds	\$ 13,495,042
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Amounts reported for *governmental activities* in the statement of net position are different than amounts reported in the balance sheet for governmental funds due to the following items:

None	<u>-</u>
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Net position of governmental activities	<u><u>\$ 13,495,042</u></u>
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The notes to the financial statements are an integral part of this statement

WARREN COUNTY R-III SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES - MODIFIED CASH BASIS - GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2020

	General Fund	Special Revenue Fund	Debt Service Fund	Capital Projects Fund	Total Governmental Funds
<u>Revenues collected:</u>					
Local	\$ 11,392,498	\$ 3,171,840	\$ 2,022,103	\$ 557,876	\$ 17,144,317
County	666,662	96,295	120,151	25,655	908,763
State	1,019,521	13,592,170	-	359,527	14,971,218
Federal	1,292,980	1,576,438	-	-	2,869,418
Other	-	-	-	2,985	2,985
Received from other districts	-	-	-	-	-
Total revenues collected	<u>14,371,661</u>	<u>18,436,743</u>	<u>2,142,254</u>	<u>946,043</u>	<u>35,896,701</u>
<u>Expenditures paid:</u>					
Current:					
Instruction	3,050,682	15,966,814	-	66,385	19,083,881
Student services	913,136	1,541,816	-	1,658	2,456,610
Instructional staff support	386,482	611,306	-	-	997,788
Building administration	595,318	1,454,249	-	-	2,049,567
General administration and central services	1,750,408	733,988	-	33,121	2,517,517
Operations of plant	3,183,278	-	-	474,471	3,657,749
Transportation	2,200,632	-	-	245	2,200,877
Food service	1,509,873	-	-	-	1,509,873
Community services	189,296	10,200	-	3,450	202,946
Facility acquisition and construction	-	-	-	213,171	213,171
Principal, interest and fiscal charges	-	-	8,633,673	624,813	9,258,486
Total expenditures paid	<u>13,779,105</u>	<u>20,318,373</u>	<u>8,633,673</u>	<u>1,417,314</u>	<u>44,148,465</u>
Excess (deficiency) of revenues collected over expenditures paid	592,556	(1,881,630)	(6,491,419)	(471,271)	(8,251,764)
Other financing sources (uses)					
Bond proceeds	-	-	6,878,813	-	6,878,813
Transfers to (from)	<u>(1,881,630)</u>	<u>1,881,630</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	(1,289,074)	-	387,394	(471,271)	(1,372,951)
Fund balance - beginning	<u>5,998,960</u>	<u>-</u>	<u>7,588,106</u>	<u>1,280,927</u>	<u>14,867,993</u>
Fund balance - ending	<u>\$ 4,709,886</u>	<u>\$ -</u>	<u>\$ 7,975,500</u>	<u>\$ 809,656</u>	<u>\$ 13,495,042</u>

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

WARREN COUNTY R-III SCHOOL DISTRICT
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - MODIFIED CASH BASIS - GOVERNMENTAL
FUNDS TO THE STATEMENT OF ACTIVITIES - MODIFIED CASH BASIS
FOR THE YEAR ENDED JUNE 30, 2020

Net change in fund balances - governmental funds	\$ (1,372,951)
Amounts reported for <i>governmental activities</i> in the statement of activities are different because:	
None	<u>-</u>
Change in net position of governmental activities	<u><u>\$ (1,372,951)</u></u>

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

WARREN COUNTY R-III SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2020

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Warren County R-III School District is a political subdivision of the State of Missouri and operates under the regulations pursuant to Section 162.092 RSMo of the Public School Laws of Missouri, which designates a Board of Education to act as the governing authority.

As discussed further in Note 1, these financial statements are presented on the modified cash basis of accounting. This modified cash basis of accounting differs from accounting principles generally accepted in the United States of America (GAAP). Generally accepted accounting principles include all relevant Governmental Accounting Standards Board (GASB) pronouncements.

Financial Reporting Entity

In evaluating how to define the District, for financial reporting purposes, management has considered all potential component units. The decision to include a potential component unit in the reporting entity was made by applying criteria set forth in GAAP. The basic but not the only criterion for including a potential component unit within the reporting entity is the governing body's ability to exercise oversight responsibility. The most significant manifestation of this ability is financial interdependency. Other manifestations of the ability to exercise oversight responsibility include, but are not limited to, the selection of governing authority, the designation of management, the ability to significantly influence operations and accountability for fiscal matters. The other criterion used to evaluate potential component units for inclusion or exclusion from the reporting entity is the existence of special financing relationships, regardless of whether the District is able to exercise oversight responsibilities. Based upon the application of these criteria, the following is a brief review of each potential component unit addressed in defining the District's reporting entity.

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

Primary Government:	Warren County R-III School District
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The Public School Retirement System of Missouri and the Public Education Employee Retirement System Retirement System were excluded from the reporting entity. These potential component units have been appointed jointly by the participating school district's governing bodies. These are independent units that select management staff, set user charges, establish budgets and control all aspects of its daily activity.

Fund Accounting

The accounts of the District are organized on the basis of legally established 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 which are comprised of its assets, liabilities, fund equity, 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 fund type is used by the District.

Governmental Funds

Governmental Funds are those through which most functions of the District are financed. The District's expendable financial resources are accounted for through Governmental Funds. The measurement focus is upon determination of changes in the financial position rather than upon net income determination.

WARREN COUNTY R-III SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2020

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Governmental Funds focus on the sources, uses and balances of current financial resources. Expendable assets are assigned to the various Governmental Funds according to the purposes for which they may or must be used. The difference between Governmental Fund assets and liabilities is reported as fund balance. The following are the District's Governmental Fund types, each of which the District considers to be a major fund:

General Fund - Used to account for and report all financial resources not accounted for and reported in another fund.

Special Revenue Fund - Used to account for proceeds of specific revenue sources that are committed or restricted to expenditures for specific purposes other than debt service or capital projects. Accounts for expenditures for certified employees involved in administration and instruction.

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

Capital Projects Fund - Used to account for and report financial resources that are restricted, committed, or assigned to expenditure for capital outlays, including the acquisition or construction of capital facilities and other capital assets.

Basis of Presentation

Government-wide Financial Statements

The statement of net position and the statement of activities present financial information about the District as a whole. These statements include the financial activities of the primary government. Governmental activities generally are financed through taxes, intergovernmental revenues, and other nonexchange transactions.

The government-wide statements are prepared using the economic resources measurement focus. This is the same approach used in the preparation of the proprietary fund financial statements but differs from the manner in which governmental fund financial statements are prepared. Governmental fund financial statements therefore include a reconciliation between the government-wide statements and the statements for governmental funds.

The statement of net position presents the financial condition of the governmental activities of the District at year-end. The government-wide statement of activities presents a comparison between direct expenses and program revenues for each function of the District's governmental activities. The comparison of direct expenses with program revenues identifies the extent to which each governmental function is self-financing or draws from the general revenues of the School District. Fiduciary funds are not included in the government-wide financial statements.

Fund Financial Statements

The fund financial statements provide detailed information about the District's funds. The emphasis of fund financial statements is on major governmental funds, each displayed in a separate column.

The accounting and reporting treatment applied to a fund is determined by its measurement focus. All governmental fund types are accounted for using a flow of current financial resources measurement focus. The financial statements for governmental funds are the statement of assets, liabilities and fund balances arising from cash transactions, which generally includes only current assets and current liabilities, and a statement of revenues collected, expenditures paid and changes in fund balances, which reports on the sources and uses of current financial resources.

WARREN COUNTY R-III SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2020

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Measurement Focus and Basis of Accounting

Measurement focus is a term used to describe “which” transactions are recorded within the various financial statements. Basis of accounting refers to “when” transactions are recorded regardless of the measurement focus applied.

Measurement Focus

In the financial statements, the “current financial resources” measurement focus is used:

All governmental funds utilize a “current financial resources” measurement focus. Only current financial assets and liabilities are generally included on their balance sheets. Their operating statements present sources and uses of available expendable financial resources at the end of the period.

Basis of Accounting

In the financial statements, governmental activities are presented using a modified cash basis of accounting. This basis recognizes cash, investments, payroll withholding, fund equity, revenues, and expenditures when they result from cash transactions. Accordingly, the District does not record property and equipment, loans payable, or bonds payable on the books. This basis is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

Interfund Activity

Interfund transfers are reported as other financing sources/uses in governmental funds. All transfers are eliminated within the government-wide financial statements.

Use of Estimates

The preparation of financial statements in conformity with the modified cash basis of accounting used by the District requires management to make estimates and assumptions that affect the reported amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates.

Cash, Cash Equivalents and Investments

For the purpose of financial reporting, “cash and cash equivalents” includes all demand and savings accounts, and certificates of deposit with an original maturity of three months or less. Certificates of deposit held at local banks with an original maturity in excess of three months are reported at cost and as certificates of deposit in the financial statements.

Investments and certificates of deposit held in brokerage accounts are carried at cost and labeled as investments in the financial statements.

Common Bank Account

Separate bank accounts are not maintained for all District funds, instead, certain funds maintain their uninvested cash balances in a common account with accounting records being maintained to show the portion of the common bank account balance attributable to each participating fund.

Occasionally, certain funds participating in the common bank account will incur overdrafts (deficits) in the account. The overdrafts result from expenditures, which have been approved by the School Board. As of June 30, 2020 there were no overdrafts.

WARREN COUNTY R-III SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2020

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Teachers Salaries

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

Compensated Absences

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

Net Position

Net Position represents the difference between assets and liabilities. Net investment in capital assets represents the cost of capital assets, net of accumulated depreciation, reduced by the outstanding balance of any long-term debt used to build or acquire the capital assets. Net position is reported as restricted when there are limitations imposed on its use either through the enabling legislation or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. All other net position is reported as unrestricted.

When restricted sources are available for use, it is the District's policy to use restricted resources first, then unrestricted resources as they are needed.

Fund Balance

In accordance with Government Accounting Standards Board 54, Fund Balance Reporting and Government Fund Type Definitions, the School District classifies governmental fund balances as follows:

Nonspendable - consists of funds that are not available to be spent, either short term or long term, in either form or through legal restrictions. The District did not have any nonspendable resources as of June 30, 2020.

Restricted - consists of funds that are subject to external enforceable legal restrictions. The following fund balances have restricted balances: Debt Service, and Capital Projects.

Committed - consists of funds set aside for a specific purpose by the District's highest level of decision - making authority, the Board of Education. Formal action, such as a vote of the Board of Education, 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. The District did not have any committed funds as of June 30, 2020.

Assigned - consists of funds that are set aside for a specific purpose by the District's highest level of decision - making authority, the Board of Education or a body or official, such as the superintendent, who has been given the authority to assign funds. Assigned funds cannot cause a deficit in unassigned fund balance. The District did not have any assigned funds as of June 30, 2020.

Unassigned - available expendable financial resources in a governmental fund that are not designated for a specific purpose. The General fund comprises the unassigned fund balance.

The School District uses restricted amounts first when both restricted and unrestricted fund balances are available, unless there are legal contracts that prohibit doing this.

WARREN COUNTY R-III SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2020

NOTE 2 - CASH, CASH EQUIVALENTS AND INVESTMENTS

The District is governed by the deposit and investment limitations of state law.

Deposits - Missouri statutes require that all deposits with financial institutions be collateralized in an amount at least equal to uninsured deposits. At June 30, 2020, the carrying amount of the District's deposits was \$7,992,717 (including a certificate of deposit of \$247,000 due to the original maturity date) and the bank balance was \$9,253,277. Of the bank balance, \$1,183,996 was covered by federal depository insurance, and 6,019,109 was covered by collateral held at the Federal Reserve Bank and the District's safekeeping bank agent in the District's name. Also, \$2,050,172 was held in the Missouri Securities Investment Program (MOSIP).

Missouri Securities Investment Program (MOSIP) - The District has \$7,106,291 invested in the MOSIP money market as of June 30, 2020. All funds in the program are invested in accordance with Section 165.051 Missouri Revised Statutes. Each school district owns a pro-rata share of each investment or deposit which is held in the name of the Fund. Since the Fund has the characteristics of a mutual fund, it is not reported by risk category in accordance with Governmental Accounting Standards Board Statement #3.

Custodial Credit Risk – Deposits - For a deposit, custodial credit risk is the risk that in the event of a bank failure, the District's deposits may not be returned to it. The District's investment policy does not include custodial credit risk requirements. The District had \$2,442,924 exposed to custodial credit risk for the year ended June 30, 2020.

Custodial Credit Risk – Investments - Investment securities are exposed to custodial credit risk if the securities are uninsured, are not registered in the name of the government, and are held by the party who sold the security to the District or its agent but not in the government's name. The District does not have a policy for custodial credit risk relating to investments. All investments, evidenced by individual securities, are registered in the name of the District or of a type that are not exposed to custodial credit risk.

Investment Interest Rate Risk - The District has no policy in place to minimize the risk that the market value of securities in the portfolio will fall due to changes in general interest rates by structuring the investments 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 by investing operating funds primarily in shorter-term securities.

Investment Credit Risk - The District has no policy in place to minimize credit risk, the risk of loss due to the failure of the security issuer or backer.

NOTE 3 - FUND BALANCE TRANSFERS

The general fund transferred \$1,881,630 to the special revenue fund. The purpose of the transfer was to fund current operations.

NOTE 4 - FUND BALANCE COMMITTED FOR STABILIZATION ARRANGEMENTS

In 2011, the Board of Education approved the resolution for "Fund Balance" (Policy). Under the Policy, the Board recognizes that the maintenance of a fund balance is essential to provide for unforeseen expenditures or emergencies and to provide working capital in the first several months of the fiscal year, until sufficient revenues are available to fund operations. By maintaining an appropriate fund balance, the District can avoid excessive short-term borrowing and the concomitant interest expense, accumulate sufficient assets to make designated purchases or cover unforeseen expenditure needs, and demonstrate financial stability necessary to preserve or enhance its bond rating, thereby lowering debt issuance costs.

WARREN COUNTY R-III SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2020

NOTE 5 - CONTINGENCIES

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

Risk Management - The District is a member of the Missouri School Insurance Council (MUSIC), a protected, self-insurance program of approximately 475 Missouri Public School Districts and Junior College Districts. The District does not pay premiums to purchase insurance policies, but it does pay assessments to be a member of a self-sustaining risk-sharing group. Part of the assessment is used to purchase excess insurance for the group as a whole. The District paid \$453,829 in annual assessments for this insurance. Settled claims have not exceeded coverage in any of the past three years. There has been no significant reduction in insurance coverage from the preceding year. The pooling agreement requires the pool to be self-sustaining. The District believes that it is not possible to estimate the range of contingent losses to be borne by the District.

The District is not involved in any pending litigation as of the audit report date.

NOTE 6 - TAXES

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

The District also receives sales tax collected by the state and remitted based on a prior year weighted average attendance.

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

Agricultural	\$	8,754,194
Residential		177,267,243
Commercial		48,388,417
Personal Property		58,393,788
TOTAL	\$	<u>292,803,642</u>

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

	<u>Unadjusted</u>	<u>Adjusted</u>
General Fund	\$ 3.5345	\$ 3.5345
Debt Service Fund	0.6455	0.6455
Capital Projects Fund	0.0814	0.0814
TOTAL	<u>\$ 4.2614</u>	<u>\$ 4.2614</u>

The receipts of current property taxes during the fiscal year ended June 30, 2020 comprised approximately 92.2% of the current assessment computed on the basis of the levy shown above.

WARREN COUNTY R-III SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2020

NOTE 7 - POST EMPLOYMENT BENEFITS

The District allows employees who retire from the District to participate in the District's health, dental and life insurance plans. Upon meeting the retirement requirements per PSRS and PEERS, the employees can elect to participate in the District's plans. The retirees must pay for 100% of their coverage for each plan in which they elect to participate. The premiums are based on a single blended rate used for both active employees and retirees. The difference between the amount the retiree is required to pay and the actual cost to the District is considered a post-employment benefit. The District has not established an irrevocable trust fund for the accumulation of resources for the future payment of benefits under the plan; benefits are paid on a pay-as-you-go basis. A standalone financial report is not available for the plan. During the year, approximately 32 retirees participated in the District's insurance plans and paid premiums totaling \$223,944.

COBRA Benefits - Under the Consolidated Omnibus Budget Reconciliation Act (COBRA), the District provides healthcare benefits to eligible former employees and eligible dependents. Certain requirements are outlined by the federal government for this coverage. The premium is paid in full by the insured on or before the tenth (10th) day of the month for the actual month covered. This program is offered for a duration of 18 months after the termination date. There is no associated cost to the District under this program. For the year ended June 30, 2020, the District had 6 participants in this program with contributions totaling \$3,009.

NOTE 8 - PENSION PLANS

The District contributes to The Public School Retirement System of Missouri (PSRS), a cost-sharing multiple-employer defined benefit pension plan. PSRS provides retirement and disability benefits to certificated employees and death benefits to members and beneficiaries. Positions covered by PSRS are not covered by Social Security. PSRS benefit provisions are set forth in Chapter 169.010.141 of the Missouri Revised Statutes.

The statutes assign responsibility for the administration of the system to a seven member Board of Trustees. PSRS issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to: The Public School Retirement System of Missouri, P.O. Box 268, Jefferson City, Missouri 65102, or by calling 1-800-392-6848.

PSRS members are required to contribute 14.5% of their annual covered salary and the District is required to contribute a matching amount. The contribution requirements of members and the District are established and may be amended by the PSRS Board of Trustees. The District's contributions to PSRS for the year ending June 30, 2020, 2019, and 2018 were \$2,383,982, \$2,299,432, and \$2,234,293, respectively, equal to the required contributions.

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

PEERS members are required to contribute 6.86% of their annual covered salary and the District is required to contribute a matching amount. The contribution requirements of members and the District are established and may be amended by the Board of Trustees. The District's contributions to PEERS for the year ending June 30, 2020, 2019 and 2018 were \$454,532, \$407,186, and \$397,677, respectively, equal to the required contributions.

WARREN COUNTY R-III SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2020

NOTE 9 - LONG-TERM DEBT OBLIGATIONS

The following is a summary of changes in long-term obligations for the year ended June 30, 2020:

	Balance July 1, 2019	Additions	Reductions	Balance June 30, 2020	Amounts Due Within One Year
Bonds payable	\$ 26,000,000	\$ 6,580,000	\$ (7,750,000)	\$ 24,830,000	\$ 1,500,000
Certificate of Participation	75,000	-	(75,000)	-	-
Capital leases payable	1,654,266	-	(491,819)	1,162,447	411,999
	<u>\$ 27,729,266</u>	<u>\$ 6,580,000</u>	<u>\$ (8,316,819)</u>	<u>\$ 25,992,447</u>	<u>\$ 1,911,999</u>

Principal and interest on all bonded indebtedness is paid through the Debt Service Fund.

Bond payable consists of the following at June 30, 2020:

	Original Issue Amount	Maturity Date	Interest Rates	Balance at June 30, 2020
Series 2014	\$ 6,085,000	2020	0.40%-1.55%	\$ -
Series 2015	10,000,000	2026	1.60%-2.35%	3,200,000
Series 2016	10,000,000	2036	0.75%-5.00%	9,800,000
Series 2017	5,450,000	2036	1.50%-3.40%	5,250,000
Series 2020	6,580,000	2026	2.00%	6,580,000
	<u>\$ 38,115,000</u>			<u>\$ 24,830,000</u>

The annual requirements to amortize general obligation bonds are as follows as of June 30, 2020:

Year Ending June 30,	Principal	Interest	Total
2021	\$ 1,500,000	\$ 681,164	\$ 2,181,164
2022	1,700,000	700,300	2,400,300
2023	1,700,000	670,550	2,370,550
2024	1,700,000	636,550	2,336,550
2025	1,700,000	602,550	2,302,550
2026-2030	4,930,000	2,624,050	7,554,050
2031-2035	9,400,000	1,743,675	11,143,675
2036	2,200,000	94,000	2,294,000
	<u>\$ 24,830,000</u>	<u>\$ 7,752,839</u>	<u>\$ 32,582,839</u>

Legal Debt Margin

Article VI, Section 26(b), Constitution of Missouri limits the outstanding amount of authorized general obligation bonds of a district to 15 percent of the assessed valuation of the district (excluding state-assessed railroad and utilities). The legal debt limit and debt margin of the District at June 30, 2020, was:

Constitutional debt limit	\$ 43,920,546
General obligation bond payable	(24,830,000)
Legal debt margin	<u>\$ 19,090,546</u>

WARREN COUNTY R-III SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2020

NOTE 9 - LONG-TERM DEBT OBLIGATIONS (continued)

Certificate of Participation

In 2012, Warren County R-III School District entered into the 2012 Series Certificates of Participation. The amount borrowed was \$580,000 with a rate of interest from 0.75% to 2.25% and the COP's matured on April 15, 2020. These payments are made out of the Capital Projects Fund.

As of June 30, 2020 all payments had been made and the balance was \$0.

Capital Leases Payable

On July 20, 2015, the District entered into a lease purchase to acquire 4-2016 passenger buses in the amount of \$337,244. The lease is paid in four payments with an implied interest rate of 2.75%. The balance as of June 30, 2020 was \$0.

On November 15, 2016, the District entered into a lease purchase to acquire 2-2016 passenger buses in the amount of \$113,666. The lease is paid in four payments with an implied interest rate of 2.90%. The balance as of June 30, 2020 was \$54,860.

On September 15, 2017, the District entered into a lease purchase to acquire 3-2018 passenger buses in the amount of \$283,353. The lease is paid in five payments with an implied interest rate of 2.40%. The balance as of June 30, 2020 was \$174,027.

On October 12, 2017, the District entered into a lease purchase to acquire 3-2016 passenger buses in the amount of \$204,533. The lease is paid in three payments with an implied interest rate of 2.40%. The balance as of June 30, 2020 was \$69,419.

On July 1, 2018, the District entered into a lease purchase to acquire 2-2018 passenger buses in the amount of \$170,982. The lease is paid in five payments with an implied interest rate of 3.55%. The balance as of June 30, 2020 was \$139,738.

On October 12, 2017, the District entered into a lease purchase to refinance prior agreements to purchase 14 passenger buses in the amount of \$1,010,033. The lease is paid in five payments with an implied interest rate of 2.40%. The balance as of June 30, 2020 was \$617,343.

On October 31, 2018, the District entered into a lease purchase to acquire copiers in the amount of \$131,820. The lease is paid in five payments with an implied interest rate of 3.10%. The balance as of June 30, 2020 was \$107,060.

The annual requirements to amortize all lease purchases outstanding as of June 30, 2020, including interest payments are as follows:

Year Ending June 30,	Principal	Interest	Total
2021	\$ 411,999	\$ 30,454	\$ 442,453
2022	351,516	19,988	371,504
2023	334,126	10,824	344,950
2024	64,806	2,187	66,993
	<u>\$ 1,162,447</u>	<u>\$ 63,453</u>	<u>\$ 1,225,900</u>

WARREN COUNTY R-III SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2020

NOTE 11 - INVESTMENTS

The District has invested in US Treasury Bonds. The investments are valued at cost, which approximates market value. The securities are held at UMB in a brokerage account. As of June 30, 2020 the total carrying value of the investment was \$5,502,325.

NOTE 12 - SECTION 125 CAFETERIA PLAN

The District also offers a Section 125 cafeteria plan to all employees. Under this plan, the deferred portion can be used to purchase health insurance benefits, reimburse for qualified dependent care costs and reimburse qualified medical expenses.

NOTE 13 - SUBSEQUENT EVENTS

Management has evaluated subsequent events through November 12, 2020, the date which the financial statements were available for issue, and noted the following events. On October 15, 2020 the District obtained Tax Anticipation Notes, Series 2020A in the amount of \$2,400,000. On November 2, 2020 the District issued \$4,195,000 of General Obligation Refunding Bonds, Series 2020B.

SUPPLEMENTARY INFORMATION

WARREN COUNTY R-III SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND
BALANCE - MODIFIED CASH BASIS - BUDGET (MODIFIED CASH BASIS) AND ACTUAL -
GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2020

	Budgeted Amounts		Actual	Variance Positive (Negative)
	Original	Final		
<u>Revenues collected:</u>				
Local	\$ 11,631,255	\$ 11,379,895	\$ 11,392,498	\$ 12,603
County	682,000	666,662	666,662	-
State	1,132,219	1,019,521	1,019,521	-
Federal	1,253,000	1,292,980	1,292,980	-
Total revenues collected	<u>14,698,474</u>	<u>14,359,058</u>	<u>14,371,661</u>	<u>12,603</u>
<u>Expenditures paid:</u>				
Instruction	3,128,490	3,052,050	3,050,682	1,368
Student services	868,070	913,136	913,136	-
Instructional staff support	319,200	386,482	386,482	-
Building administration	600,341	595,318	595,318	-
General administration and central services	1,876,144	1,732,838	1,750,408	(17,570)
Operations of plant	3,376,239	3,183,277	3,183,278	(1)
Transportation	2,262,539	2,200,632	2,200,632	-
Food service	1,612,898	1,509,873	1,509,873	-
Community services	213,709	188,248	189,296	(1,048)
Total expenditures paid	<u>14,257,629</u>	<u>13,761,854</u>	<u>13,779,105</u>	<u>(17,251)</u>
Excess (deficiency) of revenues collected over expenditures paid	440,845	597,204	592,556	(4,648)
Other financing sources (uses)				
Transfers to (from)	<u>(1,211,776)</u>	<u>(1,884,305)</u>	<u>(1,881,630)</u>	<u>2,675</u>
Net change in fund balances	<u>\$ (770,931)</u>	<u>\$ (1,287,101)</u>	<u>(1,289,074)</u>	<u>\$ (1,973)</u>
Fund balance, beginning			<u>5,998,960</u>	
Fund balance, ending			<u>\$ 4,709,886</u>	

WARREN COUNTY R-III SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND
BALANCE - MODIFIED CASH BASIS - BUDGET (MODIFIED CASH BASIS) AND ACTUAL -
SPECIAL REVENUE FUND
FOR THE YEAR ENDED JUNE 30, 2020

	Budgeted Amounts		Actual	Variance Positive (Negative)
	Original	Final		
<u>Revenues collected:</u>				
Local	\$ 3,306,936	\$ 3,171,840	\$ 3,171,840	\$ -
County	145,000	93,620	96,295	2,675
State	14,431,000	13,592,170	13,592,170	-
Federal	1,430,380	1,576,438	1,576,438	-
Total revenues collected	<u>19,313,316</u>	<u>18,434,068</u>	<u>18,436,743</u>	<u>2,675</u>
<u>Expenditures paid:</u>				
Instruction	16,156,769	15,966,814	15,966,814	-
Student services	1,567,776	1,541,816	1,541,816	-
Instructional staff support	649,930	611,306	611,306	-
Building administration	1,471,714	1,454,249	1,454,249	-
General administration and central services	652,919	733,988	733,988	-
Community services	25,984	10,200	10,200	-
Total expenditures paid	<u>20,525,092</u>	<u>20,318,373</u>	<u>20,318,373</u>	<u>-</u>
Excess (deficiency) of revenues collected over expenditures paid	(1,211,776)	(1,884,305)	(1,881,630)	2,675
Other financing sources (uses) Transfers to (from)	<u>1,211,776</u>	<u>1,884,305</u>	<u>1,881,630</u>	<u>(2,675)</u>
Net change in fund balances	<u>\$ -</u>	<u>\$ -</u>	-	<u>\$ -</u>
Fund balance, beginning			-	
Fund balance, ending			<u>\$ -</u>	

WARREN COUNTY R-III SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND
BALANCE - MODIFIED CASH BASIS - BUDGET (MODIFIED CASH BASIS) AND ACTUAL -
DEBT SERVICE
FOR THE YEAR ENDED JUNE 30, 2020

	Budgeted Amounts		Actual	Variance Positive (Negative)
	Original	Final		
<u>Revenues collected:</u>				
Local	\$ 1,898,635	\$ 2,000,964	\$ 2,022,103	\$ 21,139
County	122,000	120,151	120,151	-
Total revenues collected	<u>2,020,635</u>	<u>2,121,115</u>	<u>2,142,254</u>	<u>21,139</u>
<u>Expenditures paid:</u>				
Principal, interest and fiscal charges	<u>1,755,000</u>	<u>1,706,254</u>	<u>8,633,673</u>	<u>(6,927,419)</u>
Total expenditures paid	<u>1,755,000</u>	<u>1,706,254</u>	<u>8,633,673</u>	<u>(6,927,419)</u>
Excess (deficiency) of revenues collected over expenditures paid	265,635	414,861	(6,491,419)	(6,906,280)
Other financing sources (uses)				
Bond proceeds	<u>-</u>	<u>-</u>	<u>6,878,813</u>	<u>6,878,813</u>
Net change in fund balances	<u>\$ 265,635</u>	<u>\$ 414,861</u>	<u>387,394</u>	<u>\$ (27,467)</u>
Fund balance, beginning			<u>7,588,106</u>	
Fund balance, ending			<u>\$ 7,975,500</u>	

WARREN COUNTY R-III SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND
BALANCE - MODIFIED CASH BASIS - BUDGET (MODIFIED CASH BASIS) AND ACTUAL -
CAPITAL PROJECTS
FOR THE YEAR ENDED JUNE 30, 2020

	Budgeted Amounts		Actual	Variance Positive (Negative)
	Original	Final		
<u>Revenues collected:</u>				
Local	\$ 507,081	\$ 560,177	\$ 557,876	\$ (2,301)
County	10,000	25,655	25,655	-
State	548,366	359,527	359,527	-
Other	-	2,985	2,985	-
Total revenues collected	<u>1,065,447</u>	<u>948,344</u>	<u>946,043</u>	<u>(2,301)</u>
<u>Expenditures paid:</u>				
Instruction	78,150	66,385	66,385	-
Student services	-	1,658	1,658	-
Building administration	3,000	-	-	-
General administration and central services	72,500	33,121	33,121	-
Operations of plant	435,000	474,471	474,471	-
Transporation	469,500	467,304	245	467,059
Community services	-	3,450	3,450	-
Facility acquisition and construction	306,109	213,171	213,171	-
Principal, interest and fiscal charges	145,562	148,487	624,813	(476,326)
Total expenditures paid	<u>1,509,821</u>	<u>1,408,047</u>	<u>1,417,314</u>	<u>(9,267)</u>
Excess (deficiency) of revenues collected over expenditures paid	<u>\$ (444,374)</u>	<u>\$ (459,703)</u>	(471,271)	<u>\$ (11,568)</u>
Fund balance, beginning			<u>1,280,927</u>	
Fund balance, ending			<u>\$ 809,656</u>	

WARREN COUNTY R-III SCHOOL DISTRICT
NOTES TO BUDGETARY COMPARISON INFORMATION
FOR THE YEAR ENDED JUNE 30, 2020

NOTE 1 - BUDGETS AND BUDGETARY ACCOUNTING

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

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

Note 2 - EXPENDITURES IN EXCESS OF BUDGET

The following funds had expenditures in excess of the budgeted amount:

	Budget	Actual
General Fund	\$ 13,761,854	\$ 13,779,105
Debt Service Fund	\$ 1,706,254	\$ 8,633,673
Capital Projects Fund	\$ 1,408,047	\$ 1,417,314

WARREN COUNTY R-III SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2020

FEDERAL GRANTOR PASS-THROUGH GRANTOR PROGRAM TITLE	FEDERAL CFDA NUMBER	PASS-THROUGH GRANTOR'S NUMBER	FEDERAL PROGRAM EXPENDITURES
US DEPARTMENT OF AGRICULTURE:			
Passed-through-Missouri Department of Elementary and Secondary Education			
School Breakfast Program	10.553	109-003	\$ 207,918
School Breakfast Program - CARES	10.555	109-003	123,638
National School Lunch Program	10.555	109-003	574,724
National School Lunch Program - CARES	10.555	109-003	196,697
National School Milk Program	10.553	109-003	2,530
National School Snack Program	10.553	109-003	14,340
National School Lunch Program - noncash	10.555	109-003	114,294
TOTAL CHILD NUTRITION CLUSTER			<u>1,234,141</u>
TOTAL US DEPARTMENT OF AGRICULTURE			<u>1,234,141</u>
US DEPARTMENT OF JUSTICE:			
DIRECT			
Edward Byrne Memorial Justice Assist. Grant Program	16.738	N/A	15,600
TOTAL US DEPARTMENT OF JUSTICE			<u>15,600</u>
US DEPARTMENT OF EDUCATION:			
Passed-through-Missouri Department of Elementary and Secondary Education Special Education Cluster			
Special Education - Grants to States	84.027	109-003	655,108
TOTAL SPECIAL EDUCATION CLUSTER			<u>655,108</u>
Passed-through-Missouri Department of Elementary and Secondary Education			
Title I Grants to Local Educational Agencies (m)	84.010	109-003	752,178
Title II - Improving Teacher Quality	84.367	109-003	38,484
Title IV - Student Support and Academic Enhancement	84.424	109-003	20,000
Education Stabilization Fund Discretionary Grant	84.425	109-003	397,847
TOTAL OTHER US DEPARTMENT OF EDUCATION			<u>1,208,509</u>
TOTAL US DEPARTMENT OF EDUCATION			<u>1,863,617</u>
TOTAL EXPENDITURES OF FEDERAL AWARDS			<u>\$ 3,113,358</u>

(m) - Program audited as a major program.

WARREN COUNTY R-III SCHOOL DISTRICT
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR JUNE 30, 2020

NOTE 1 - REPORTING ENTITY BASIS OF PRESENTATION AND ACCOUNTING

The accompanying Schedule of Expenditures of Federal Awards includes the federal grant activity of Warren County R-III School District and is presented on the modified cash basis of accounting. 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). Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

NOTE 2 - SUBRECIPIENTS

None of the federal expenditures presented in the schedule were provided to sub-recipients.

NOTE 3 - DESCRIPTIONS OF MAJOR FEDERAL PROGRAM

Title I ESEA provides financial assistance to schools with high numbers of or high percentages of children from low-income families to improve their education.

NOTE 4 - NON-CASH ASSISTANCE

The District received and distributed commodities through the National School Lunch Program. The value of commodities as determined by the Food Service Section of the Department of Elementary and Secondary Education was \$114,294.

NOTE 5 - INSURANCE

The federal programs presented in the previous schedule did not have separate program specific insurance policies.

NOTE 6 - LOANS/LOAN GUARANTEES/INTEREST SUBSIDIES

The federal programs presented in the previous schedule did not have any loans, loan guarantees, or interest subsidies associated with them.

NOTE 7 - DE MINIMIS COST RATE

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

State Compliance
Section



**INDEPENDENT ACCOUNTANTS' REPORT ON COMPLIANCE
WITH SPECIFIED REQUIREMENTS OF MISSOURI LAWS AND REGULATIONS**

We have examined management's assertions, that Warren County R-III School District (the 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 and average daily pupil transportation and other statutory requirements as listed in the Schedule of Selected Statistics for the year ended June 30, 2020. As discussed in that representation letter, management is responsible for the District's compliance with those requirements. Our responsibility is to express an opinion on management's assertion about the District's compliance based on our examination.

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

In our opinion, management's assertions that the District complied with the aforementioned requirements for the year ended June 30, 2020 are fairly stated in all material respects.

This report is intended solely for the information and use by management and others within the organization, the Board of Education, 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.

Fick, Eggemeyer & Williamson

Fick, Eggemeyer, & Williamson, CPA's
St. Louis, Missouri
November 12, 2020

WARREN COUNTY R-III SCHOOL DISTRICT
SCHEDULE OF SELECTED STATISTICS
FOR THE YEAR ENDED JUNE 30, 2020

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

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

School Code	Begin Grade	End Grade	Half Day Indicator	Standard Day Length	Days	Hours in Session
4020	PK	12		7.15	110	783.9500

Notes:	
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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. Include only PK students allowed to be claimed for state aid in the calculation.

School Code	Grade Level	Full-Time	Part-Time	Remedial Hours	Other	Summer School	Total
4060	K-5	388,406.4445	1,041.1332	277.0005	67.5000	56.0000	389,848.0782
4040	K-5	305,067.3406	2,877.7168	16.0000	117.0000	45.5000	308,123.5574
4020	K-5	278,154.7666	524.7499	32.6166	455.1665	64,831.8166	343,999.1162
2050	6-8	548,154.5932	5,660.3287	-	1,010.6999	23,965.3502	578,790.9720
1050	9-12	572,937.9164	54,579.0567	-	1,086.6867	15,775.7528	644,379.4126
Grand Total		2,092,721.0613	64,682.9853	325.6171	2,737.0531	104,674.4196	2,265,141.1364

Notes:	
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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
1050	9-12	868.00	31.70	0	899.70
2050	6-8	758.00	2.89	0	760.89
4020	K-5	372.00	0.81	0	372.81
4040	K-5	420.00	3.60	0	423.60
4060	K-5	521.00	1.12	0	522.12
Grand Total		2939.00	40.12	0.00	2979.12

Notes:	
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WARREN COUNTY R-III SCHOOL DISTRICT
SCHEDULE OF SELECTED STATISTICS
FOR THE YEAR ENDED JUNE 30, 2020

4. FREE AND REDUCED PRICED LUNCH FTE COUNT (SECTION 163.011(6), RSMO)

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

School Code	Free Lunch	Reduced Lunch	Deseg In Free	Deseg In Reduced	Total
N/A	4.00	3.00	-	-	7.00
1050	320.98	53.73	-	-	374.71
2050	325.06	46.92	-	-	371.98
4020	170.55	43.00	-	-	213.55
4040	221.09	39.00	-	-	260.09
7060	202.48	33.00	-	-	235.48
Grand Total	1,244.16	218.65	-	-	1,462.81

Notes:	
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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	N/A
	Career Exploration Program – Off Campus	N/A
	Cooperative Occupational Education (COE) or Supervised Occupational Experience Program	N/A
	Dual enrollment	True
	Homebound instruction	True
	Missouri Options	True
	Prekindergarten eligible to be claimed for state aid	N/A
	Remediation	True
	Sheltered Workshop participation	N/A
	Students participating in the school flex program	True
	Traditional instruction (full and part-time students)	True
	Virtual instruction (MOCAP or other option)	True
	Work Experience for Students with Disabilities	N/A

WARREN COUNTY R-III SCHOOL DISTRICT
SCHEDULE OF SELECTED STATISTICS
FOR THE YEAR ENDED JUNE 30, 2020

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.	False
5.7	The district maintained a separate bank account for all Debt Service Fund monies in accordance with Section 108.180 and 165.011, RSMo. (Not applicable to charter schools)	True
5.8	Salaries reported for educators in the October MOSIS Educator Core and Educator School files are supported by complete and accurate payroll and contract records.	True
5.9	If a \$162,326 or 7% x SAT x WADA transfer was made in excess of adjusted expenditures, the board approve a resolution to make the transfer, which identified the specific projects to be funded by the transfer and an expected expenditure date for the projects to be undertaken. (Not applicable to charter schools)	N/A
5.10	The district/charter school published a summary of the prior year's audit report within thirty days of the receipt of the audit pursuant to Section 165.121, RSMo.	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:	\$142,794
5.13	The district/charter school has posted, at least quarterly, a searchable expenditure and revenue document or database detailing actual income, expenditures, and disbursement for the current calendar or fiscal year on the district or school website or other form of social media as required by Section 160.066, RSMo.	True

Notes:	A comment will be provided to the management of the District concerning the security of deposits.
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WARREN COUNTY R-III SCHOOL DISTRICT
SCHEDULE OF SELECTED STATISTICS
FOR THE YEAR ENDED JUNE 30, 2020

6. TRANSPORTATION (SECTION 163.161, RSMO)

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

Section	Question	Answer
6.1	The school transportation allowable costs substantially conform to 5 CSR 30-261.040, Allowable Costs for State Transportation Aid.	True
6.2	The district's/charter school's pupil transportation ridership records are maintained in a manner to accurately disclose in all material respects the average number of regular riders transported.	True
6.3	Based on the ridership records, the average number of students (non-disabled K-12, K-12 students with disabilities and career education) transported on a regular basis (ADT) was:	
	Eligible ADT	#1,627.5
	Ineligible ADT	#0.0
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:	#381,853
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	#312,079
	Ineligible Miles (Non-Route/Disapproved)	#69,774
6.7	Number of days the district/charter school operated the school transportation system during the regular school year:	115

Notes:	

Federal Compliance
Section



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

To the Board of Education
Warren County R-III 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 financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Warren County R-III School District, as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the Warren County R-III School District's basic financial statements, and have issued our report thereon dated November 12, 2020.

Internal Control Over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies. 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 may exist that have not been identified.

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

Purpose of this Report

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

Fick, Eggemeyer & Williamson

Fick, Eggemeyer, & Williamson, CPA's
Saint Louis, Missouri
November 12, 2020



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

To the Board of Education
Warren County R-III School District

Report on Compliance for Each Major Federal Program

We have audited the Warren County R-III 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 the Warren County R-III School District's major federal programs for the year ended June 30, 2020. The Warren County R-III School District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the Warren County R-III School District's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Warren County R-III School District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of Warren County R-III School District's compliance.

Opinion on Each Major Federal Program

In our opinion, Warren County R-III School District, complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2020.

Report on Internal Control Over Compliance

Management of the Warren County R-III School District is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Warren County R-III School District's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program 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 internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Warren County R-III School District's 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 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 first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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.

Fick, Eggemeyer & Williamson

Fick, Eggemeyer, & Williamson, CPA's
Saint Louis, Missouri
November 12, 2020

**WARREN COUNTY R-III SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2020**

Section I - Summary of Auditors' Results

Financial Statements

Type of auditor's report issued: Unmodified

Internal control over financial reporting:

Material weaknesses identified _____ Yes X No

Significant deficiencies identified that are not considered to be material weaknesses _____ Yes X No

Noncompliance material to financial statements noted? _____ Yes X No

Federal Awards

Internal control over major programs:

Material weaknesses identified? _____ Yes X No

Reportable conditions identified that are not considered to be material weaknesses _____ Yes X No

Type of auditor's report issued on compliance for major programs: Unmodified

Any audit findings disclosed that are required to be reported in accordance with the Uniform Guidance _____ Yes X No

Identification of major programs:

CFDA Numbers

Name of Federal Program or Cluster

84.010

Title I Grants to Local Educational Agencies

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

\$ 750,000

Auditee qualified as low risk auditee? X Yes _____ No

**WARREN COUNTY R-III SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2020**

Section II - Financial Statement Findings

There are no reportable conditions to disclose.

Section III - Federal Award Findings

There are no federal award findings to disclose.

**WARREN COUNTY R-III SCHOOL DISTRICT
SCHEDULE OF RESOLUTION OF PRIOR YEAR AUDIT FINDINGS
FOR THE YEAR ENDED JUNE 30, 2020**

There were no prior year audit findings.