

TIPTON R-VI SCHOOL DISTRICT

Tipton, Missouri

INDEPENDENT AUDITOR'S REPORT

For the Year Ended June 30, 2023

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INDEPENDENT AUDITOR'S REPORT

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

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying cash basis financial statements of the governmental activities and each major fund of the Tipton R-VI School District (the "District"), as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective cash basis financial position of the governmental activities and each major fund of the District, as of June 30, 2023, and the respective changes in cash basis financial position thereof for the year then ended in accordance with the cash basis of accounting described in Note 1.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the 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 1 of the financial statements that describes the basis of accounting. The financial statements are prepared on the cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America. Our opinions are not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

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

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.

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The accompanying Schedule of 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 is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Schedule of Expenditures of Federal Awards is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

Management is responsible for the other information included in the annual report. The other information comprises the budgetary comparison information but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated November 13, 2023, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

Graves and Associates,
CPAs, LLC

GRAVES AND ASSOCIATES, CPAs, LLC
Jefferson City, Missouri

November 13, 2023

BASIC FINANCIAL STATEMENTS

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

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

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

TIPTON R-VI SCHOOL DISTRICT

STATEMENT OF NET POSITION – CASH BASIS
JUNE 30, 2023

	Governmental Activities
<hr/>	
ASSETS	
Cash and Cash Equivalents	\$ 3,165,529
Restricted Cash and Cash Equivalents	999,546
Restricted Cash with Fiscal Agent	220,660
TOTAL ASSETS	<u>\$ 4,385,735</u>
NET POSITION	
Restricted for:	
Retirement of Long-Term Debt	\$ 1,220,206
Unrestricted	3,165,529
TOTAL NET POSITION	<u>\$ 4,385,735</u>

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

TIPTON R-VI SCHOOL DISTRICT

STATEMENT OF ACTIVITIES – CASH BASIS
FOR THE YEAR ENDED JUNE 30, 2023

Functions/Programs	Disbursements	Program Receipts			Net (Disbursements) Receipts and Changes in Net Position
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities
Governmental Activities:					
Instructional Services	\$ (3,967,047)	\$ -	\$ 1,391,511	\$ 230,798	\$ (2,344,738)
Student Services	(347,282)	321,403	-	-	(25,879)
Instructional Staff Support	(156,199)	-	-	-	(156,199)
Building Administration	(332,881)	-	-	-	(332,881)
General Administration and Central Services	(758,141)	-	-	-	(758,141)
Operation of Plant	(578,456)	-	-	-	(578,456)
Transportation	(741,695)	-	196,558	-	(545,137)
Food Service	(275,137)	89,869	264,340	-	79,072
Community Service	(41,668)	-	-	-	(41,668)
Facility Acquisition and Construction	(1,094,874)	-	-	-	(1,094,874)
Redemption of Principal	(643,771)	-	-	-	(643,771)
Interest	(119,572)	-	-	-	(119,572)
Fees	(1,818)	-	-	-	(1,818)
Total Governmental Activities	<u>\$ (9,058,541)</u>	<u>\$ 411,272</u>	<u>\$ 1,852,409</u>	<u>\$ 230,798</u>	<u>(6,564,062)</u>
General Receipts:					
Property Taxes					2,778,925
Sales Taxes					766,679
State Aid					1,919,736
Fines					19,997
Investment Income					220,443
Miscellaneous					98,733
Total General Receipts					<u>5,804,513</u>
Increase (Decrease) in Net Position					(759,549)
Net Position, Beginning of Year					<u>5,145,284</u>
Net Position, End of Year					<u>\$ 4,385,735</u>

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

TIPTON R-VI SCHOOL DISTRICT

BALANCE SHEET – CASH BASIS
GOVERNMENTAL FUNDS
JUNE 30, 2023

	General Fund	Special Revenue Fund	Debt Service Fund	Capital Projects Fund	Total Governmental Funds
ASSETS					
Cash and Cash Equivalents	\$ 2,613,259	\$ -	\$ -	\$ 552,270	\$ 3,165,529
Restricted Cash and Cash Equivalents	-	-	999,546	-	999,546
Restricted Cash with Fiscal Agent	-	-	220,660	-	220,660
TOTAL ASSETS	<u>\$ 2,613,259</u>	<u>\$ -</u>	<u>\$ 1,220,206</u>	<u>\$ 552,270</u>	<u>\$ 4,385,735</u>
FUND BALANCES					
Restricted for:					
Retirement of Long-Term Debt	\$ -	\$ -	\$ 1,220,206	\$ -	\$ 1,220,206
Committed to:					
Capital Projects	-	-	-	552,270	552,270
Unassigned	2,613,259	-	-	-	2,613,259
TOTAL FUND BALANCES	<u>\$ 2,613,259</u>	<u>\$ -</u>	<u>\$ 1,220,206</u>	<u>\$ 552,270</u>	<u>\$ 4,385,735</u>

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

TIPTON R-VI SCHOOL DISTRICT

STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN FUND BALANCES – CASH BASIS
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2023

	General Fund	Special Revenue Fund	Debt Service Fund	Capital Projects Fund	Total Governmental Funds
Receipts					
Local	\$ 2,030,494	\$ 766,779	\$ 632,759	\$ 183,897	\$ 3,613,929
County	283,485	19,997	63,365	18,598	385,445
State	479,358	2,084,826	-	211,159	2,775,343
Federal	748,799	459,162	-	19,639	1,227,600
Investment Income	118,235	22,059	45,360	34,789	220,443
Other	71,250	4,509	-	473	76,232
Total Receipts	3,731,621	3,357,332	741,484	468,555	8,298,992
Disbursements					
Instructional Services	865,320	3,073,665	-	28,062	3,967,047
Support Services	116,952	230,330	-	-	347,282
Instructional Staff Support	65,494	75,029	-	15,676	156,199
Building Administration	89,654	243,227	-	-	332,881
General Administration and Central Services	514,585	235,507	-	8,049	758,141
Operation of Plant	541,426	-	-	37,030	578,456
Transportation	741,695	-	-	-	741,695
Food Service	275,137	-	-	-	275,137
Community Service	26,770	14,898	-	-	41,668
Facility Acquisition and Construction	-	-	-	1,094,874	1,094,874
Debt Service					
Principal	-	-	375,000	268,771	643,771
Interest	-	-	109,125	10,447	119,572
Fees	-	-	1,818	-	1,818
Total Disbursements	3,237,033	3,872,656	485,943	1,462,909	9,058,541
Excess (Deficiency) of Receipts Over (Under) Disbursements	494,588	(515,324)	255,541	(994,354)	(759,549)
Other Financing Sources (Uses)					
Transfers to (from) Fund	(103,842)	103,842	-	-	-
Total Other Financing Sources (Uses)	(103,842)	103,842	-	-	-
Excess (Deficiency) of Receipts and Other Financing Sources Over (Under) Disbursements and Other Financing (Uses)	390,746	(411,482)	255,541	(994,354)	(759,549)
Fund Balance, Beginning of Year	2,222,513	411,482	964,665	1,546,624	5,145,284
Fund Balance, End of Year	\$ 2,613,259	\$ -	\$ 1,220,206	\$ 552,270	\$ 4,385,735

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

TIPTON R-VI SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2023

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

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

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

Financial Reporting Entity

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

Primary Government: Tipton R-VI School District

Basis of Presentation

Government-Wide Financial Statements

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

Fund Financial Statements

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

TIPTON R-VI SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2023

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

Basis of Presentation (Continued)

Fund Financial Statements (Continued)

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

The funds of the financial reporting entity are described below:

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

Governmental Funds

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

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

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

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

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

TIPTON R-VI SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2023

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

Measurement Focus and Basis of Accounting

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

Measurement Focus

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

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

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

Basis of Accounting

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

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

TIPTON R-VI SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2023

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

Financial Position

Cash and Cash Equivalents

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

Capital Assets

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

Restricted Assets

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

Long-Term Debt

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

Net Position/Fund Balance Classifications

Net position is classified and displayed in two components:

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

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

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

TIPTON R-VI SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2023

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

Financial Position (Continued)

Net Position/Fund Balance Classifications (Continued)

Fund Financial Statements:

Governmental fund equity is classified as fund balance.

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

- **Nonspendable:** Amounts that cannot be spent because they either are not in spendable form or are legally or contractually required to be maintained intact.
- **Restricted:** Amounts constrained regarding use from restrictions externally imposed by creditors, grantors, contributors, or laws or regulations of other governments or by restrictions imposed by law through constitutional provisions or enabling legislation.
- **Committed:** Amounts constrained regarding use for specific purposes pursuant to requirements imposed by formal action of the District's highest level of decision-making authority (i.e. the Board of Education).
- **Assigned:** Amounts constrained by the District's intent to be used for specific purposes but that are neither restricted nor committed. Intent can be expressed by the District's Board of Education or by an official body to which the Board of Education delegates authority.
- **Unassigned:** The residual classification of the General Fund for spendable amounts that have not been restricted, committed, or assigned to specific purposes.

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

TIPTON R-VI SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2023

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

Financial Position (Continued)

Net Position/Fund Balance Classifications (Continued)

Fund Financial Statements: (Continued)

Order of Spending

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

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

Receipts and Disbursements

Program Receipts

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

Program Receipts

Examples

Charges for Services

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

Operating Grants and Contributions

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

Capital Grants and Contributions

Gifts, various state and federal grants

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

TIPTON R-VI SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2023

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

Receipts and Disbursements (Continued)

Disbursements

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

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

Internal and Interfund Balances and Activities

Fund Financial Statements:

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

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

Government-Wide Financial Statements:

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

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

TIPTON R-VI SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2023

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

Use of Estimates

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

NOTE 2 – CASH AND CASH EQUIVALENTS AND INVESTMENTS:

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

Custodial Credit Risk – Missouri statutes require that all deposits with financial institutions be collateralized in an amount at least equal to uninsured deposits. As of the year ended, the carrying amount of the District's deposits was \$4,165,074, and the bank balance was \$4,595,655. Of the bank balance, \$250,000, was covered by the Federal Depository Insurance Corporation ("FDIC") per financial institution, and \$4,345,655, was covered by pledged collateral.

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

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

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

Escrowed cash consisted of the following:

MO School District	
Direct Deposit Program – Bond Escrow	<u>\$ 220,660</u>

TIPTON R-VI SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2023

NOTE 3 – LONG-TERM DEBT:

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

Governmental Activities

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

Bonds Payable, Beginning	\$ 5,520,000
Bonds Issued	-
Less: Bonds Retired	<u>(375,000)</u>
Bonds Payable, Ending	<u>\$ 5,145,000</u>

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

\$5,930,000, General Obligation Refunding and Improvement Bonds, Series 2021 – due in varying annual principal installments through March 1, 2041, interest rate is variable from 1.50% to 2.50%. The refinancing should result in an economic gain of \$262,900.	
Total	<u>\$ 5,145,000</u>
	<u>\$ 5,145,000</u>

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

<u>Year Ended</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2024	\$ 450,000	\$ 101,625	\$ 551,625
2025	395,000	92,625	487,625
2026	345,000	84,725	429,725
2027	405,000	79,550	484,550
2028	450,000	73,475	523,475
2029-2033	1,310,000	277,125	1,587,125
2034-2038	1,055,000	167,250	1,222,250
2039-2041	<u>735,000</u>	<u>37,250</u>	<u>772,250</u>
Total	<u>\$ 5,145,000</u>	<u>\$ 913,625</u>	<u>\$ 6,058,625</u>

The District's total interest expense for the year ended was \$108,105.

TIPTON R-VI SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2023

NOTE 3 – LONG-TERM DEBT: (Continued)

Lease Purchase

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

Balance, Beginning	\$ 147,371
Amount borrowed	-
Amount repaid	<u>(147,371)</u>
Balance, Ending	<u>\$ -</u>

The District's total interest expense for the year ended was \$3,785.

In January 2022, the District entered into a lease purchase agreement with a local company for \$615,000, in which the proceeds are to be used for purchasing Equipment. Payments are due on October 1st each year through October 1, 2026, with an interest rate of 1.50%.

The annual debt service requirements to maturity, including principal and interest, for the aforementioned lease purchases are as follows:

Balance, Beginning	\$ 615,000
Amount borrowed	-
Amount repaid	<u>121,400</u>
Balance, Ending	<u>\$ 493,600</u>

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

<u>Year Ended</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2024	\$ 120,658	\$ 7,404	\$ 128,062
2025	122,468	5,594	128,062
2026	124,305	3,757	128,062
2027	126,170	1,893	128,062
	<u>\$ 493,600</u>	<u>\$ 18,648</u>	<u>\$ 512,248</u>

The District's total interest expense for the year ended was \$6,663.

TIPTON R-VI SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2023

NOTE 4 – INTERFUND TRANSFERS:

Interfund transfers for the year ended consisted of the following:

Transfers from the General fund:

<i>Special Revenue Fund</i>	
To zero out Teacher's Fund	\$ <u>103,842</u>
Total transfers from the General Fund	\$ <u>103,842</u>

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

NOTE 5 – RETIREMENT PLAN:

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

Public School Retirement System of Missouri (PSRS)

Plan Description. Public School Retirement System of Missouri ("PSRS") is a mandatory cost-sharing multiple-employer retirement system for all full-time certificated employees and certain part-time certificated employees of all public school districts in Missouri (except the school districts of St. Louis and Kansas City) and all public community colleges. PSRS also includes certificated employees of PSRS, Missouri State Teachers' Association, Missouri State High School Activities Association, and certain employees of the state of Missouri who elected to remain covered by PSRS under legislation enacted in 1986, 1987, and 1989. The majority of PSRS members are exempt from Social Security contributions. In some instances, positions may be determined not to be exempt from Social Security contributions. Any PSRS member who is required to contribute to Social Security comes under the requirements of Section 169.070 (9) RSMo, known as the "two-thirds statute." PSRS members required to contribute to Social Security are required to contribute two-thirds of the approved PSRS contribution rate and their employer is required to match the contribution. The member's benefits are further calculated at two-thirds the normal benefit amount. An Annual Comprehensive Financial Report ("ACFR") can be obtained at <https://www.psr-peers.org>.

TIPTON R-VI SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2023

NOTE 5 – RETIREMENT PLAN: (Continued)

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

Benefits Provided. PSRS is a defined benefit plan providing retirement, disability, and death/survivor benefits. Members are vested for service retirement benefits after accruing five years of service. A Summary Plan Description detailing the provisions of the plan can be found on PSRS' website at <https://www.psrs-peers.org>.

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

<u>Year Ended</u>	<u>Amount of Employer Contribution</u>	<u>Percentage of Contributions</u>
2023	\$ 370,215	14.5%
2022	\$ 372,850	14.5%
2021	\$ 378,957	14.5%

Public Education Employee Retirement System (PEERS)

Plan Description. The District also contributes to the Public Education Employee Retirement System ("PEERS"), a mandatory cost sharing multiple-employer retirement system for all public school district employees in Missouri (except the school districts of St. Louis and Kansas City), employees of the Missouri Association of School Administrators, and community college employees (except the Community College of St. Louis). Employees of covered districts who work 20 or more hours per week on a regular basis and who do not contribute to PSRS must contribute to PEERS. Certain part-time certified employees may be covered by this plan. Positions covered by PEERS are also covered by social security.

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

TIPTON R-VI SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2023

NOTE 5 – RETIREMENT PLAN: (Continued)

Public Education Employee Retirement System (PEERS) (Continued)

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

<u>Year Ended</u>	<u>Amount of Employer Contribution</u>	<u>Percentage of Contributions</u>
2023	\$ 74,082	6.86%
2022	\$ 68,786	6.86%
2021	\$ 45,994	6.86%

NOTE 6 – RISK MANAGEMENT:

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

General and Casualty Insurance

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

NOTE 7 – CONTINGENCIES:

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

TIPTON R-VI SCHOOL DISTRICT
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE YEAR ENDED JUNE 30, 2023

NOTE 7 – CONTINGENCIES: (Continued)

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

NOTE 8 – TEACHERS' SALARIES:

The salary payment schedule of the District for the 2022-2023, school year requires the payment of salaries over a twelve month period. Consequently, the July and August 2023, payroll checks are included in the financial statements as an expenditure paid in the month of June. This practice has been consistently followed in previous years.

NOTE 9 – TAXES:

Property taxes attach as an enforceable lien on property as of January 1. Taxes are levied on November 1 and payable by December 31. The county collects the property taxes and remits them to the District on a monthly basis. All unpaid taxes become delinquent January 1, of the following year.

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

The assessed valuation of the tangible taxable property for the calendar year 2022 for purposes of local taxation as follows:

Cooper County	\$ 3,200,040
Morgan County	14,252,636
Moniteau County	<u>40,663,082</u>
Total	<u>\$ 58,115,758</u>

The tax levy per \$100 of the assessed valuation of tangible taxable property for the calendar year 2022 for purposes of local taxation was as follows:

	<u>ADJUSTED</u>	<u>UNADJUSTED</u>
General Fund	\$ 2.7500	\$ 2.7500
Debt Service Fund	1.0834	1.0834
Capital Projects Fund	<u>0.1801</u>	<u>0.1801</u>
	<u>\$ 4.0135</u>	<u>\$ 4.0135</u>

The receipts of current and delinquent property taxes during the fiscal year end aggregated approximately 98% for Cooper County; 108% for Morgan County; and 98% for Moniteau County, of the current assessment computed on the basis of the levy as shown above.

TIPTON R-VI SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2023

NOTE 10 – OTHER POST-EMPLOYMENT BENEFITS:

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

NOTE 11 – RELATED PARTIES:

During the year ended, the District paid \$164,803, for information technology services to a company partially owned by a relative of a board member. The District also purchases technology equipment from the company on an as-needed basis.

NOTE 12 – TAX ABATEMENTS:

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

Moniteau County, Missouri ("Moniteau County"):

Moniteau County has entered into several tax abatement agreements as of the year ended, two of which are within the District's tax jurisdiction. These agreements provide for abatement of 60 percent and 75 percent, respectively, of real estate taxes on property subject to the abatement through 2039 and 2041, respectively. As of the year ended, this agreement resulted in tax abatements of approximately \$44,012.

NOTE 13 – EVALUATION OF SUBSEQUENT EVENTS:

The District has evaluated subsequent events through November 13, 2023, the date which the financial statements were available to be issued.

OTHER INFORMATION

TIPTON R-VI SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE – CASH BASIS
GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2023

	Original Budget	Final Budget	Actual	Variance
Receipts				
Local	\$ 1,880,427	\$ 2,030,494	\$ 2,030,494	\$ -
County	250,000	283,485	283,485	-
State	103,800	479,358	479,358	-
Federal	972,107	748,799	748,799	-
Investment Income	32,300	118,235	118,235	-
Other	-	71,250	71,250	-
Total Receipts	<u>3,238,634</u>	<u>3,731,621</u>	<u>3,731,621</u>	<u>-</u>
Disbursements				
Instructional Service	566,969	865,320	865,320	-
Support Services	63,202	116,952	116,952	-
Instructional Staff Support	149,674	65,494	65,494	-
Building Administration	91,355	89,654	89,654	-
General Administration and Central Services	487,790	514,585	514,585	-
Operation of Plant	491,132	541,426	541,426	-
Transportation	503,306	741,695	741,695	-
Food Service	389,630	275,137	275,137	-
Community Service	17,424	26,770	26,770	-
Total Disbursements	<u>2,760,482</u>	<u>3,237,033</u>	<u>3,237,033</u>	<u>-</u>
Excess (Deficiency) of Receipts Over (Under) Disbursements	478,152	494,588	494,588	-
Other Financing Sources (Uses)				
Transfers to (from) Fund	<u>(103,842)</u>	<u>(103,842)</u>	<u>(103,842)</u>	<u>-</u>
Total Other Financing Sources (Uses)	<u>(103,842)</u>	<u>(103,842)</u>	<u>(103,842)</u>	<u>-</u>
Excess (Deficiency) of Receipts and Other Financing Sources Over (Under) Disbursements and Other Financing (Uses)	374,310	390,746	390,746	-
Fund Balance, Beginning of Year	<u>2,222,513</u>	<u>2,222,513</u>	<u>2,222,513</u>	<u>-</u>
Fund Balance, End of Year	<u>\$ 2,596,823</u>	<u>\$ 2,613,259</u>	<u>\$ 2,613,259</u>	<u>\$ -</u>

TIPTON R-VI SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE – CASH BASIS
SPECIAL REVENUE FUND
FOR THE YEAR ENDED JUNE 30, 2023

	Original Budget	Final Budget	Actual	Variance
Receipts				
Local	\$ 647,453	\$ 766,779	\$ 766,779	\$ -
County	20,000	19,997	19,997	-
State	2,244,148	2,084,826	2,084,826	-
Federal	348,025	459,162	459,162	-
Investment Income	3,500	22,059	22,059	-
Other	67,500	4,509	4,509	-
Total Receipts	3,330,626	3,357,332	3,357,332	-
Disbursements				
Instructional Service	2,723,827	3,073,665	3,073,665	-
Support Services	116,658	230,330	230,330	-
Instructional Staff Support	157,463	75,029	75,029	-
Building Administration	180,053	243,227	243,227	-
General Administration and Central Services	227,674	235,507	235,507	-
Community Service	9,500	14,898	14,898	-
Total Disbursements	3,415,175	3,872,656	3,872,656	-
Excess (Deficiency) of Receipts Over (Under) Disbursements	(84,549)	(515,324)	(515,324)	-
Other Financing Sources (Uses)				
Transfers to (from) Fund	(326,933)	103,842	103,842	-
Total Other Financing Sources (Uses)	(326,933)	103,842	103,842	-
Excess (Deficiency) of Receipts and Other Financing Sources Over (Under) Disbursements and Other Financing (Uses)	(411,482)	(411,482)	(411,482)	-
Fund Balance, Beginning of Year	411,482	411,482	411,482	-
Fund Balance, End of Year	\$ -	\$ -	\$ -	\$ -

TIPTON R-VI SCHOOL DISTRICT
NOTES TO THE BUDGETARY COMPARISON SCHEDULES
FOR THE YEAR ENDED JUNE 30, 2023

Budget Law

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

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

SUPPLEMENTARY INFORMATION

Federal Compliance Section

Tipton R-VI School District
Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2023

<i>Federal Grantor/Pass-Through Grantor/Program or Cluster Title</i>	<i>Assistance Listing Number</i>	<i>Pass-through Entity Identifying Number</i>	<i>Federal Expenditures(\$)</i>
Direct Programs			
United States Department of Education Small Rural Schools	84.358A		\$ 21,666
United States Department of Agriculture Pass-Through Programs Passed-through MO Department of Elementary and Secondary Education			
Child Nutrition Cluster			
National School Lunch Program	10.555	068-073	188,177
Lunch Supply Chain	10.555	068-073	24,376
School Breakfast Program	10.553	068-073	50,259
Noncash	10.555	068-073	27,258
Total Child Nutrition Cluster			<u>290,070</u>
<i>Total United States Department of Agriculture</i>			<u>290,070</u>
Passed-Through Programs			
United States Department of Education Pass-Through Programs Passed-through MO Department of Elementary and Secondary Education			
IDEA Cluster			
IDEA Special Education Grants to States	84.027	068-073	140,631
IDEA Spec Ed Grants to States - MO Model District	84.027A	068-073	2,538
Special Education High Need Fund - Federal	84.027	068-073	1,393
COVID-19: ARP-IDEA	84.027X	068-073	32,301
COVID-19: ARP-IDEA ECSE 619	84.173X	068-073	2,263
ECSE - Federal (611)	84.027	068-073	12,229
ECSE - Federal (619)	84.173	068-073	5,809
Total IDEA Cluster			<u>197,164</u>
Other Programs			
ESF - Section 1			
COVID-19: CRSSA ESSER II	84.425D	068-073	79
COVID-19: ARP ESSER III	84.425U	068-073	228,938
COVID-19: Postsecondary Advising Grant	84.425U	068-073	44,868
COVID-19: Grow Your Own Grant	84.425D	068-073	10,000
COVID-19: Teacher Retention Grant	84.425D	068-073	24,481
COVID-19: CARES Student Connectivity	84.425D	068-073	2,404
Total ESF - Section 1			<u>310,770</u>
Title I Grants to Local Educational Agencies	84.010	068-073	184,281
Title II.A Improving Teacher Quality State Grants	84.367	068-073	19,478
Title IV.A Student Support and Academic Enrichment	84.424	068-073	11,014
Total Other Programs			<u>525,543</u>
Total Passed-through MO Department of Elementary and Secondary Education			722,707
U.S. Department of Education			
<i>Passed Through The Curators of the University of Missouri</i>			
EMINTS (Innovation in the Heartland)	84.423A	51495	30,644
<i>Total Department of Education Passed Through The Curators of the University of Missouri</i>			<u>30,644</u>
Total Expenditures of Federal Awards			<u>\$ 1,065,087</u>

The accompanying notes are an integral part of this Schedule.

Tipton R-VI School District
Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2023

(Continued)

BASIS OF PRESENTATION:

The Schedule of Expenditures of Federal Awards (the "Schedule") includes the federal award activity of the District under programs of the federal government as of the year ended. 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* ("The Uniform Guidance"). Because the Schedule presents only a selected portion of the operations of the District, it is not intended to and does not present the financial position or change in financial position of the District.

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. Negative amounts shown on the Schedule represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years. The District has not elected to use the 10-percent de minimis indirect cost rate as allowed under *The Uniform Guidance*.

FOOD DISTRIBUTION:

Non-monetary assistance is reported in the Schedule at the fair market value of the commodities received and disbursed. As of the year ended, the District had food commodities of \$9,984, in inventory.



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

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities and each major fund of the Tipton R-VI School District (the "District"), as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the District's basic financial statements and have issued our report thereon dated November 13, 2023.

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 and, therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We identified a certain deficiency in internal control, described in the accompanying Schedule of Findings and Responses as item 2023-001 that we consider to be a significant deficiency.

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*.

The District's Response to Findings

Government Auditing Standards requires the auditor to perform limited procedures on the District's response to the findings identified in our audit and described in the accompanying Schedule of Findings and Responses. The District's response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

Purpose of This Report

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

Graves and Associates,
CPAs, LLC

GRAVES AND ASSOCIATES, CPAs, LLC
Jefferson City, Missouri

November 13, 2023



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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 of the
Tipton R-VI School District
Tipton, Missouri:

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Tipton R-VI School District’s (the “District”) compliance with the types of compliance requirements identified as subject to audit in the *OMB Compliance Supplement* that could have a direct and material effect on each of the District’s major federal programs for the year ended June 30, 2023. The District’s major federal programs are identified in the summary of auditor’s results section of the accompanying Schedule of Findings and Responses.

In our opinion, the District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2023.

Basis for Opinion on Each Major Federal Program

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

We are required to be independent of 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.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance 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 generally accepted auditing standards, *Government Auditing Standards*, and *The Uniform Guidance* will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgement 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 generally accepted auditing standards, *Government Auditing Standards*, and *The Uniform Guidance*, we:

- Exercise professional judgement 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 combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

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

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

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

Graves and Associates,
CPAs, LLC

GRAVES AND ASSOCIATES, CPAs, LLC
Jefferson City, Missouri

November 13, 2023

TIPTON R-VI SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND RESPONSES 2 CFR SECTION 200.515
FOR THE YEAR ENDED JUNE 30, 2023

SECTION I – SUMMARY OF AUDITOR’S RESULTS:

Financial Statements

Type of Financial Statement Opinion: Unmodified

Internal Control Over Financial Reporting (GAGAS):

- Material weakness(es) reported? No
- Significant deficiency(ies) reported? Yes
- Noncompliance material to financial statements noted (GAGAS)? No

Federal Awards:

Internal Control Over Major Programs:

- Material weakness(es) reported? No
- Significant deficiency(ies) reported? No

Type of Opinion on Compliance for Major Programs: Unmodified

Are there any reportable findings under 2 CFR Section 200.516(a)? No

Identification of Major Programs:

Assistance Listing Number(s)

Name of Federal Program or Cluster

U.S. Department of Education and U.S. Department of Agriculture:

Passed Through from Missouri Department of Elementary and Secondary Education:

84.425
10.553/10.555

Education Stabilization Fund – Section 1
Child Nutrition Cluster

Dollar Threshold: Type A/B Programs Type A: >\$750,000 Type B: All Others

Low Risk Auditee under 2 CFR Section 200.520? No

TIPTON R-VI SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND RESPONSES 2 CFR SECTION 200.515
FOR THE YEAR ENDED JUNE 30, 2023

SECTION II – FINANCIAL STATEMENTS FINDINGS:

2023-001: Segregation of Duties (Resubmitted)

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

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

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

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

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

SECTION III – FEDERAL AWARD FINDINGS:

No matters were reported.



TIPTON R-VI SCHOOL DISTRICT

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



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

OFFICERS OF BOARD OF EDUCATION

Craig Wolf, President
Bo Helms, Vice President
Amy Stover, Secretary
Lisa Bixler, Treasurer

ADMINISTRATION

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

MEMBERS OF BOARD OF EDUCATION

Aaron Diggs
Ashley Kliethermes
Kelly Kohler
Stephanie Oldham
Amanda Pettigrew

CORRECTIVE ACTION PLAN

November 13, 2023

U.S. DEPARTMENT OF EDUCATION AND U.S. DEPARTMENT OF AGRICULTURE

The Tipton R-VI School District respectfully submits the following corrective action plan for the year ended June 30, 2023.

Contact Information for the individual responsible for the corrective action:

Dr. Terry Robinson, Superintendent
334 US Hwy 50 West
Tipton, MO 65081

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

Audit Period: Year ended June 30, 2023

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

CORRECTIVE ACTION PLAN (Continued)

November 13, 2023

FINDINGS – FINANCIAL STATEMENT FINDINGS

SIGNIFICANT DEFICIENCY:

2023-001: Segregation of Duties (Resubmitted)

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

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

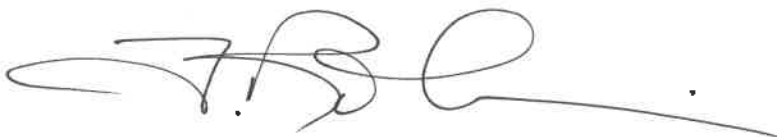
Effect: Due to the limited number of employees, the District might not prevent, or detect and correct, misstatements on a timely basis in the normal performance of duties.

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

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

Completion Date: Not Applicable

Sincerely,

A handwritten signature in black ink, appearing to read 'T. Robinson', with a long horizontal line extending to the right.

Dr. Terry Robinson, Superintendent
Tipton, Missouri

SUPPLEMENTARY STATE INFORMATION

State Compliance Section



3702 West Truman Blvd, Suite 213
Jefferson City, MO 65109

Phone: (573) 893-7700 Fax: (573) 893-6649

Web: gravescpas.com

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

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

We have examined Tipton R-VI School District’s (the “District”) compliance with the requirements of Missouri laws and regulations regarding budgetary and disbursement procedures; accurate disclosure of the District’s attendance hours, standard day length, resident membership on the last Wednesday of September, pupil transportation records of the average daily transportation of pupils eligible and ineligible for state aid, the number of miles eligible and ineligible for state aid, and other statutory requirements as listed in the Schedule of Selected Statistics during the year ended June 30, 2023. Management of the District is responsible its compliance with the specified requirements. Our responsibility is to express an opinion on the District’s compliance based on our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants, and those standards require that we plan and perform the examination to obtain reasonable assurance about whether the District complied, in all material respects, with the specified requirements referenced above. An examination involves performing procedures to obtain evidence about whether the District complied with the specified requirements. The nature, timing, and extent of the procedures selected depend on our judgement, including an assessment of the risks of material noncompliance, whether due to fraud or error. We believe that our examination provides a reasonable basis for our opinion.

We are required to be independent and to meet our ethical responsibilities in accordance with relevant ethical requirements relating to the examination engagement.

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

In our opinion, the District complied, in all material respects, with the aforementioned requirements for the year ended June 30, 2023.

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

Graves and Associates,
CPAs, LLC

GRAVES AND ASSOCIATES, CPAs, LLC
Jefferson City, Missouri

November 13, 2023

TIPTON R-VI SCHOOL DISTRICT
SCHEDULE OF SELECTED STATISTICS
FOR THE YEAR ENDED JUNE 30, 2023

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

School Code	Begin Grade	End Grade	Half Day Indicator	Standard Day Length	Days	Hours in Session
4060	K	5	—	6.8000	163	1,108.4000
3000	6	8	—	6.8000	163	1,108.4000
1050	9	12	—	6.8000	163	1,108.4000

2. Attendance Hours

School Code	Grade Level	Full-Time Hours	Part-Time Hours	Remedial Hours	Other Hours	Summer School Hours	Total Hours
4060	K – 5	242,401.0857	426.6670	683.6667	—	1,606.9666	245,118.3860
3000	6 – 8	135,145.7497	690.0000	163.0000	—	5,794.0000	141,792.7497
1050	9 – 12	196,626.0673	-	107.0000	—	7,169.5164	203,902.5837
Grand Total		574,172.9027	1,116.6670	953.6667	—	14,570.4830	590,813.7194

3. September Membership

School Code	Grade Level	Full-Time	Part-Time	Other	Total
4060	K – 5	241.00	1.19	—	242.19
3000	6 – 8	134.00	0.98	—	134.98
1050	9 – 12	196.00	-	—	196.00
Grand Total		571.00	2.17	—	573.17

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

School Code	Free Lunch	Reduced Lunch	Deseg In Free	Deseg In Reduced	Total
4060	91.00	22.00	—	—	113.00
3000	41.08	17.00	—	—	58.08
1050	38.00	25.00	—	—	63.00
Grand Total	170.08	64.00	—	—	234.08

TIPTON R-VI SCHOOL DISTRICT
SCHEDULE OF SELECTED STATISTICS
FOR THE YEAR ENDED JUNE 30, 2023

5. Finance

5.1	The District maintained a calendar in accordance with 160.041, 171.029, 171.031, and 171.033, RSMo, and all attendance hours were reported.	<u>True</u>
5.2	The District maintained complete and accurate attendance records allowing for the accurate calculation and reporting by category of Average Daily Attendance, which includes the reporting of calendar and attendance hours, for all students in accordance with all the applicable state rules and regulations. Sampling of records included those receiving instruction on the following categories:	<u>True</u>
	Academic Programs – Off-Campus	<u>True</u>
	Career Exploration Program – Off-Campus	<u>True</u>
	Cooperative Occupational Education (COE) or Supervised Occupational Experience Program	<u>True</u>
	Dual Enrollment	<u>True</u>
	Homebound instruction	<u>True</u>
	Missouri Options	<u>True</u>
	Prekindergarten eligible to be claimed for state aid	<u>N/A</u>
	Remediation	<u>True</u>
	Sheltered Workshop participation	<u>N/A</u>
	Students participating in the school flex program	<u>True</u>
	Traditional instruction (full and part-time students)	<u>True</u>
	Virtual instruction (MOCAP or other option)	<u>True</u>
	Work Experience for Students with Disabilities	<u>N/A</u>
5.3	The District maintained complete and accurate attendance records allowing for the accurate calculation of September Membership for all students in accordance with all applicable state rules and regulations.	<u>True</u>
5.4	The District maintained complete and accurate attendance and other applicable record allowing for the accurate reporting of the State FTE count for Free and Reduced Lunch for all students in accordance with all applicable state rules and regulations.	<u>True</u>
5.5	As required by Section 162.401, RSMo, a bond was purchased for the District's treasurer in the total amount of:	<u>\$50,000</u>
5.6	The District's deposits were secured during the year as required by Sections 110.010 and 110.020, RSMo.	<u>True</u>
5.7	The District maintained a separate bank account for all Debt Service Fund monies in accordance with Section 108.180 and 165.011, RSMo. (Not applicable to charter schools)	<u>True</u>

TIPTON R-VI SCHOOL DISTRICT
SCHEDULE OF SELECTED STATISTICS
FOR THE YEAR ENDED JUNE 30, 2023

5. Finance (Continued)

5.8	Salaries reported for educators in the October MOSIS Educator Core and Educator School files are supported by complete and accurate payroll and contract records.	<u>True</u>
5.9	If a \$162,326 or 7% x SAT x WADA transfer was made in excess of adjusted expenditures, the Board approved a resolution to make the transfer, which identified the specific projects to be funded by the transfer and an expected expenditure date for the projects to be undertaken.	<u>N/A</u>
5.10	The District published a summary of the prior year's audit report within thirty days of the receipt of the audit pursuant to Section 165.121, RSMo.	<u>True</u>
5.11	The District has a professional development committee plan adopted by the Board with the professional development committee plan identifying the expenditure of seventy-five percent (75%) of one percent (1%) of the current year formula apportionment. Remaining 25% of 1% if not spent must be restricted and spent on appropriate expenditures in the future. Spending requirement is modified to seventy-five percent (75%) of one-half percent (1/2%) of the current year basic formula apportionment if through fiscal year 2024 the amount appropriated and expended to public schools for transportation is less than twenty-five percent (25%) of allowable cost. (Not applicable to charter schools)	<u>True</u>
5.12	The amount spent for approved professional development committee plan activities was:	<u>\$19,737</u>
5.13	The District has posted, at least quarterly, a searchable expenditure and revenue document or database detailing actual income, expenditures, and disbursements for the current calendar or fiscal year on the District website or other form of social media, as required by Section 160.066, RMSo.	<u>True</u>

TIPTON R-VI SCHOOL DISTRICT
SCHEDULE OF SELECTED STATISTICS
FOR THE YEAR ENDED JUNE 30, 2023

6. Transportation

6.1	The District's transportation allowable costs substantially conform to 5 CSR 30-261.040, Allowable Costs for State Transportation Aid.	<u>True</u>
6.2	The District's 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.	<u>True</u>
6.3	Based on the ridership records, the average number of students (non-disabled K-12, K-12 students with disabilities and career education) transported on a regular basis (ADT) was:	
	• Eligible ADT	<u># 146</u>
	• Ineligible ADT	<u># 50</u>
6.4	The District's school transportation odometer mileage records are maintained in a manner to accurately disclose in all material respects the eligible and ineligible mileage for the year.	<u>True</u>
6.5	Actual odometer records show the total district-operated <u>and</u> contracted mileage for the year was:	<u># 160,334</u>
6.6	Of this total, the eligible non-disabled and students with disabilities route miles and the ineligible non-route <u>and</u> disapproved miles (combined) was:	
	• Eligible Miles	<u># 130,940</u>
	• Ineligible Miles (Non-Route/Disapproved)	<u># 29,394</u>
6.7	Number of days the District operated the school transportation system during the regular school year.	<u>163</u>