

Kingston 42 School District  
Kingston, Missouri  
Financial Statements  
Year Ended June 30, 2021

**Kingston 42 School District**  
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## **FINANCIAL SECTION**

# Martin & Hanway CPA's, P.C.

3725 Gene Field Road, Suite B  
Saint Joseph, Missouri 64506

Phone: 816-232-0450  
Fax: 816-232-0696

Ruthanna Martin, CPA

Amy Hanway, CPA

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## INDEPENDENT AUDITORS' REPORT

To the Board of Education of  
Kingston 42 School District

### **Report on the Financial Statements**

We have audited the accompanying modified cash basis financial statements of the governmental activities and each major fund of Kingston 42 School District, as of and for the year ended June 30, 2021, 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 fraud or error.

### **Auditors' 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 auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness

of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

### **Opinions**

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective modified cash basis financial position of the governmental activities and each major fund of the District, as of June 30, 2021, 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 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 opinions are not modified with respect to this matter.

### **Other Matters**

#### **Disclaimer of Opinion on 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 management's discussion and analysis, budgetary comparison information and pension information on pages 4-12, 33-37 and 38-41, which are the responsibility of management, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

#### **Other 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 schedule of revenues collected by source – school district funds, schedule of expenditures paid by object – school district funds, summary schedule of revenues collected, expenditures paid, and changes in fund balances – school district funds, and the 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 revenues collected by source – school district funds, schedule of expenditures paid by object – school district funds, summary schedule of revenues collected, expenditures paid, and changes in fund balances – school district funds, and the schedule of selected statistics are the responsibility of management and were derived from and relate 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 information is fairly stated in all material respects in relation to the basic financial statements as a whole.

**Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated October 18, 2021, on our consideration of Kingston 42 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 Kingston 42 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 Kingston 42 School District's internal control over financial reporting and compliance.



Martin & Hanway CPA's, P.C.

Saint Joseph, Missouri

October 18, 2021

**KINGSTON 42 SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED JUNE 30, 2021  
(Unaudited)**

The discussion and analysis of Kingston 42 School District's (District) financial performance provides an overall review of the District's financial activities for the fiscal year ended June 30, 2021. The intent of this discussion and analysis is to look at the District's financial performance as a whole; readers should also review the financial statements, including the notes to the financial statements, which begin on page 14, in order to enhance their understanding of the District's financial performance.

The Management's Discussion and Analysis (MD&A) is an element of Required Supplementary Information specified in the Governmental Accounting Standards Board (GASB) Statement No. 34 - *Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments* issued in 1999. Certain comparative information between the current year ended June 30, 2021 (FY21), and the prior year ended June 30, 2020 (FY20), is required to be presented in the MD&A.

**Financial Highlights**

Key financial highlights for fiscal 2021 and comparatives for fiscal 2020 are as follows:

- District-wide net position at June 30, 2021 was \$0.9 million, an increase of \$0.1 million over prior year net position.
- Total assets of governmental activities are the same as District-wide net position. Included in this amount were current assets of \$0.6 million, or 70 percent of the total. Current assets include cash and cash equivalents. Non-current assets were \$0.3 million, including capital assets (Land, Buildings and Improvements, Equipment, and Vehicles) net of accumulated depreciation of \$0.3 million.
- There were no liabilities at June 30, 2021 or 2020.
- During the year ended June 30, 2021, the District had \$0.7 million in expenses; \$0.2 million of the expense was offset by program specific charges for services, grants or contributions. Prior year net position and general revenues (primarily taxes and federal and state aid not restricted to specific purposes) of \$0.6 million were adequate to provide for these programs; this resulted in an increase in net position of \$0.1 million.
- In the Governmental Funds, all operating funds combined (General, Special Revenue, and Capital Projects Funds) had \$0.8 million in revenues and \$0.8 million in expenditures (reported on the modified cash basis) resulting in an increase in the fund balance of \$50 thousand over fiscal 2020.

**KINGSTON 42 SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED JUNE 30, 2021  
(Unaudited)**

**Using this Financial Report**

This annual report consists of two distinct series of financial statements: District-wide and Funds. The District-wide statements (Statement of Net Position and the Statement of Activities) on pages 14-16 provide information about the activities of Kingston 42 School District as a whole and present a longer-term view of the District's finances. The Fund financial statements, beginning on page 18, tell how the District's services for governmental activities were financed in the short-term as well as what remains for future spending. The statements then proceed to provide an increasingly detailed look at specific financial activities.

**Reporting on the District as a Whole (District-wide)**

Statement of Net Position and the Statement of Activities:

The view of the District as a whole looks at all financial transactions and asks the question, "How did we do financially during fiscal 2021?" The Statement of Net Position and the Statement of Activities provide the basis for answering this question. These statements include all assets and liabilities using the modified cash basis of accounting, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

Under the District's modified cash basis of accounting, revenues are recognized when received rather than when earned, expenditures and purchases of assets are recognized when cash is disbursed rather than when the obligation is incurred; except for

- the recording of capital assets and depreciation expense thereon in the District-wide financial statements, and
- the recording of contractual staff salaries and related benefits for the 2020-2021 school year paid in July and August 2021 as expenditures in June 2021.

Therefore, when reviewing the financial information and discussion within this annual report, the reader should keep in mind the limitations from the use of the modified cash basis of accounting.

These two statements report the District's net position and changes in its financial position. The change in net position is important because it tells the reader whether the District, as a whole, has improved or diminished its financial position. Over time, the increase or decrease in the District's net position is one indicator of whether its financial health is improving or deteriorating. Causes of these changes may be the result of many factors, some financial, some not. Non-financial factors include the District's property tax base, current property tax laws in Missouri, state public education funding formulas, the condition of the State of Missouri general fund, state and federal educational mandates, and other factors.

**KINGSTON 42 SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED JUNE 30, 2021  
(Unaudited)**

In the Statement of Net Position and the Statement of Activities, the District has the following activities:

Governmental Activities - All of the District's programs and services are reported here including, but not limited to, instruction, support services, operation and maintenance of plant, pupil transportation, extracurricular activities and food service.

**Reporting the District's Most Significant Funds (Fund financial statements)**

Fund financial reports provide detailed information about the District's major funds. The District uses many funds to account for a multitude of financial transactions. However, these fund financial statements focus on the District's most significant funds. The District's major governmental funds are the General (Incidental) Fund, Special Revenue (Teachers') Fund and Capital Projects Fund.

*Governmental Funds*

All of the District's activities are reported in the governmental fund statements, which focus on how money flows into and out of those funds and the balances left at year-end available for spending in future periods. These funds are reported using the modified cash basis of accounting. The governmental fund statements provide a detailed short-term view of the District's general operations and the basic services it provides. Governmental fund information helps the reader determine whether there are more or fewer financial resources that can be spent in the near future to finance the District's educational programs. Major differences between the District's governmental activities (reported in the Statement of Net Position and the Statement of Activities) and its governmental funds are reconciled following the Statement of Activities and on the Governmental Funds Balance Sheet (pages 17 and 18).

**KINGSTON 42 SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED JUNE 30, 2021  
(Unaudited)**

**The School District as a Whole**

The Statement of Net Position provides the perspective of the District as a whole. The following table provides a summary of the District's net position (in thousands) at June 30.

**Summary of Net Position**  
(dollars in thousands)

	<u>Governmental Activities</u>		Total
	<u>2021</u>	<u>2020</u>	<u>% Change</u> <u>2021-2020</u>
Current Assets	\$ 621	\$ 570	8.95%
Non-Current Assets	<u>261</u>	<u>193</u>	35.23%
Total Assets	<u>\$ 882</u>	<u>\$ 763</u>	15.60%
Current Liabilities	\$ -	\$ -	0.00%
Non-Current Liabilities	<u>-</u>	<u>-</u>	0.00%
Total Liabilities	<u>\$ -</u>	<u>\$ -</u>	0.00%
Net Investment in Capital Assets	\$ 261	\$ 193	35.23%
Restricted	<u>-</u>	<u>-</u>	0.00%
Unrestricted	<u>621</u>	<u>570</u>	8.95%
Total Net Position	<u>882</u>	<u>763</u>	15.60%
Total Liabilities and Net Position	<u>\$ 882</u>	<u>\$ 763</u>	15.60%

Current assets are available to provide resources for the near-term operations of the District.

Capital assets are used in the operations of the District. These assets include land, buildings and improvements, equipment, and vehicles.

Current and non-current liabilities are classified based on anticipated liquidation either in the near-term or in the future. Current liabilities include the current portion of long-term obligations.

**KINGSTON 42 SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED JUNE 30, 2021  
(Unaudited)**

The following is a condensed statement of the District's changes in net position for the years ended June 30, 2021 and 2020 (in thousands).

**Summary of Changes in Net Position**

	<u>Governmental Activities</u>	
	<u>2021</u>	<u>2020</u>
<b>Program Revenues:</b>		
Charges for Services	\$ 3	\$ 3
Operating Grants	199	124
Capital Grants	-	-
<b>General Revenues:</b>		
Property Taxes	237	237
Proposition C Sales Tax	45	55
Earnings on Investments	1	1
Other Taxes	73	79
Federal and State Aid	273	262
Other Revenue	-	-
<b>Total Revenues</b>	<u>831</u>	<u>761</u>
<b>Program Expenses:</b>		
Instruction	461	466
Support Services	246	235
Non-Instruction / Support Services	6	1
Other	-	-
<b>Total Expenses</b>	<u>713</u>	<u>702</u>
<b>Increase (Decrease) in Net Position</b>	<u>\$ 118</u>	<u>\$ 59</u>

**Governmental Activities**

General revenues accounted for \$0.6 million in revenue (76 percent of governmental revenues). General revenues are composed primarily of receipts from property taxes and federal and state aid not restricted to specific purposes (\$0.5 million). Program specific revenues accounted for \$0.2 million (24 percent of total governmental revenues of \$0.8 million).

The District had \$0.7 million in expenses; only \$0.2 million of these expenses were offset by program specific charges and grants. General revenues and prior year net position were adequate to provide for these programs. Instruction comprises 64 percent of total District expenses, while student and staff support services, operation and maintenance of plant, food services, and school administration account for the majority of remaining expenses.

**KINGSTON 42 SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED JUNE 30, 2021  
(Unaudited)**

The Statement of Activities shows the cost of program services and the charges for services and grants offsetting those services. The following table shows the total cost of services and the net cost of services (in thousands). That is, it identifies the cost of these services that must be supported by tax revenue and unrestricted state entitlements.

	Total Cost of		Net Cost of	
	<u>Services</u>		<u>Services</u>	
	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>
Instruction	\$ 461	\$ 466	\$ 349	\$ 360
Support Services	246	235	157	216
Non-Instruction/Support Services	<u>6</u>	<u>1</u>	<u>5</u>	<u>(1)</u>
Total Expenses	<u>\$ 713</u>	<u>\$ 702</u>	<u>\$ 511</u>	<u>\$ 575</u>

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

Support services consist of the following categories:

*Student Services* - includes guidance and social work, health services, as well as the cost of student attendance reporting.

*Instructional Staff Support* - includes the activities involved with assisting staff with the content and process of teaching to pupils.

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

*Executive Administration, Business and Central Services* - includes expenses associated with establishing and administering policies for operating the District, planning, budgeting, financial accounting, payroll, managing funds, personnel services, and other activities that support each of the other instructional and support services programs.

*Operation and Maintenance of Plant* - operations involve keeping the school grounds, buildings, and equipment in an effective working condition.

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

*Food Service* - includes the preparation, delivery, and serving of lunches, snacks and other incidental meals to students and school staff in connection with school activities.

*Extracurricular Activities* - includes school-sponsored athletics and other activities that are not a part of the regular instructional program.

**KINGSTON 42 SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED JUNE 30, 2021  
(Unaudited)**

Non-instruction/support services consist of the following:

*Community Services* - consist of those activities that do not directly relate to providing education for pupils in the District. These include early childhood programs, parent education, and child-care services.

*Interest on Long-Term Debt* - is the payment of interest and other related charges on debt of the District.

Capital assets purchased in the current year are reported in the program for which they are used in the Fund financial statements, but are not reported as current expenses on the Statement of Activities. The depreciation for assets directly associated with a specific function or a small number of functions are required to be reported as a direct expense of that function.

The District's dependence upon tax revenues is apparent. Over 75 percent of instruction activities are supported through taxes and other general revenues; for all activities general revenue support is 71 percent.

#### **Financial Analysis of the District's Funds**

The District uses fund accounting to ensure and demonstrate compliance with state and federal finance related legal requirements. These funds are accounted for using the modified cash basis of accounting.

The governmental funds of the District provide information on near-term inflows, outflows, and balances of resources. Unassigned fund balances, in particular, measure the District's net resources available for spending at the end of the District's fiscal year.

The General Fund is the chief operating fund of the District. The day-to-day operations of the District are also reported in the Special Revenue Fund and Capital Projects Fund. The net change in fund balance for the year in these combined operating funds was an increase of \$50,749. The fund balance at year-end of \$0.6 million was 79 percent of total expenditures for the combined operating funds. This fund balance would exclusively sustain the District for 9 1/2 months of operations.

The General Fund Balance at year-end was 84 percent of total expenditures of the General Fund plus the Special Revenue Fund. The General Fund is used for general activities of the District. The Fund has a tax levy of \$4.5534. It began the year with a \$570,107 balance and decreased \$1,849 to \$568,258, collected less revenues from local, county, state and federal. Spent more money on instruction and operation and maintenance of plant.

The Special Revenue Fund is used to account for expenditures for certified employees involved in administration and instruction. It also includes revenues restricted by the State for the

**KINGSTON 42 SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED JUNE 30, 2021  
(Unaudited)**

payment of teacher salaries. It began the year with a zero balance and ended the year with a zero balance.

The Capital Projects Fund accounts for the proceeds of long-term debt, taxes and other revenues designated for acquisition or construction of major capital assets. It began the year with a zero balance and increased \$52,598 to a \$52,598, more was transferred from the General Fund.

**Combined Operating Funds Budgeting Highlights**

The District's budget is prepared according to Missouri law and uses the modified cash basis, which is a comprehensive basis of accounting other than generally accepted accounting principles. This is based on accounting for certain transactions on the basis of cash receipts and disbursements. The term "combined operating funds" includes the General Fund, Special Revenue Fund, and Capital Projects Fund. Budgetary Schedules are on pages 33-36.

The District uses site-based budgeting and the budgeting systems are designed to tightly control total site budgets but provide flexibility for site management. When approving the original budget there are a number of estimates made regarding expectations from grants and local and state funding. As more accurate estimates and information become available, the District amended its operating budget to reflect these changes.

For the combined operating funds (page 36), the original budgeted revenues were \$0.7 million and final budgeted revenues were \$0.8 million. The original budgeted expenditures were \$0.7 million and final budgeted expenditures were \$0.8 million.

Final budgeted revenues increased \$0.1 million over the original budget. Changes to revenue include receiving more local, state, federal and county money.

Final budgeted expenditures increased \$0.1 million over the original budget. Spent more on instruction, pupil transportation, food service and capital outlays and spent less on payments to other districts and operation and maintenance of plant.

**Capital Assets and Debt Administration**

Capital assets (in thousands) at June 30, were as follows:

	2020		2021		
	Net Capital Assets		Accumulated Cost	Depreciation	Net Capital Assets
Land, Bldg & Improvements	\$ 136		\$ 727	\$ (593)	\$ 134
Equipment	24		100	(76)	24
Vehicles	<u>33</u>		<u>146</u>	<u>(43)</u>	<u>103</u>
Total	<u>\$ 193</u>		<u>\$ 973</u>	<u>\$ (712)</u>	<u>\$ 261</u>

**KINGSTON 42 SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED JUNE 30, 2021  
(Unaudited)**

Additional information on the District's capital assets can be found in Note 11 to the financial statements.

At June 30, 2021, the District's overall legal debt margin was \$0.8 million.

**Current Financial Issues and Concerns**

Kingston 42 School District is facing times of fiscal uncertainty. The Every Student Succeeds Act fiscal impact is unknown at this time. A significant portion of the District's resources is derived from State aid which is unpredictable at this time.

With an uncertain political climate, the District is facing unknown legislation, much of which may impact revenue. The age and condition of the existing building continues to be a concern; the existing facility does not meet the educational needs of today's students and the operational costs continue to escalate. We have tightened our spending, updated the facility as budget allows and have joined with other small districts in the area to provide student services at a smaller cost to the District, resulting in an increase in the District's ending balance.

Despite an uncertain future, the District has continued to provide quality programs and its students continue to achieve at high levels. The District is committed to continuing the school's tradition of educational excellence. It is the goal of the current administration to continue with the current spending philosophy. This philosophy has allowed the District to increase the unrestricted fund balance allowing large purchases without incurring debt. This fund balance will allow the District to investigate options to address the issues with the facilities while trying to maintain the current tax levy.

**Contacting the District's Financial Management**

This financial report is designed to provide citizens, taxpayers, investors and creditors with a general overview of the District's finances and to show the District's accountability for the money it receives. If you have questions about this report or need additional financial information contact Andrea Hieronymus, Administrator at the Kingston 42 School District Office, 139 E. Lincoln Street, Kingston, MO 64650.

## **BASIC FINANCIAL STATEMENTS**

**Kingston 42 School District**  
Statement of Net Position -  
Modified Cash Basis  
June 30, 2021

	<u>Governmental Activities</u>
<b>ASSETS</b>	
Current Assets:	
Cash and Cash Equivalents	\$ 620,856
Total Current Assets	<u>620,856</u>
Non-Current Assets:	
Land, Buildings and Improvements (Net of Accumulated Depreciation)	133,704
Equipment (Net of Accumulated Depreciation)	23,786
Vehicles (Net of Accumulated Depreciation)	<u>103,413</u>
Total Non-Current Assets	<u>260,903</u>
Total Assets	<u><u>\$ 881,759</u></u>
<b>LIABILITIES</b>	
Current Liabilities:	
None	\$ -
Total Current Liabilities	<u>-</u>
Non-Current Liabilities:	
None	<u>-</u>
Total Non-Current Liabilities	<u>-</u>
Total Liabilities	<u>-</u>
<b>NET POSITION</b>	
Net Investment in Capital Assets	260,903
Restricted	-
Unrestricted	<u>620,856</u>
Total Net Position	<u>881,759</u>
Total Liabilities and Net Position	<u><u>\$ 881,759</u></u>

**Kingston 42 School District**  
**Statement of Activities - Modified Cash Basis**  
**For the Year Ended June 30, 2021**

Functions/Programs	Expenses	Program Revenues		Net (Expenses) Revenues and Changes in Net Position	
		Charges For Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities
<b>Governmental Activities:</b>					
<b>Instruction:</b>					
Instruction Regular	\$ 287,754	\$ -	\$ 94,546	\$ -	\$ (193,208)
Instruction Special Ed	60,473	-	15,415	-	(45,058)
Career Education Programs	-	-	-	-	-
Depreciation	8,302	-	-	-	(8,302)
Student Activities	2,306	2,220	-	-	(86)
Payments to Other Districts	102,464	-	-	-	(102,464)
<b>Total Instruction</b>	<b>461,299</b>	<b>2,220</b>	<b>109,961</b>	<b>-</b>	<b>(349,118)</b>
<b>Support Services:</b>					
Attendance and Social Work Services	-	-	-	-	-
Guidance Services	-	-	-	-	-
Health, Psych, Speech and Audio	952	-	-	-	(952)
Professional Development	2,940	-	1,189	-	(1,751)
Educational Media Services	8,741	-	-	-	(8,741)
Board Services	8,657	-	-	-	(8,657)
Executive Administration	71,156	-	-	-	(71,156)
Building Administration	41,579	-	-	-	(41,579)
Business Services	-	-	-	-	-
Fiscal Services	4,320	-	-	-	(4,320)
Operation and Maintenance of Plant	51,325	-	-	-	(51,325)
Pupil Transportation	13,547	-	72,100	-	58,553
Depreciation and Removals	15,011	-	-	-	(15,011)
Food Services	26,341	432	14,946	-	(10,963)
Depreciation	1,013	-	-	-	(1,013)
Adult Education	-	-	-	-	-
<b>Total Support Services</b>	<b>245,582</b>	<b>432</b>	<b>88,235</b>	<b>-</b>	<b>(156,915)</b>
<b>Non-Instruction/Support Services:</b>					
Community Services	150	-	212	-	62
Early Childhood	603	-	772	-	169
Parental Involvement	-	-	-	-	-
Facilities Acquisition and Constr.	4,932	-	-	-	(4,932)
Interest on Long-Term Debt	-	-	-	-	-
Other - Fin Fees, Etc.	-	-	-	-	-
<b>Total Non-Instruction/Support Services</b>	<b>5,685</b>	<b>-</b>	<b>984</b>	<b>-</b>	<b>(4,701)</b>
<b>Total Governmental Activities</b>	<b>\$ 712,566</b>	<b>\$ 2,652</b>	<b>\$ 199,180</b>	<b>\$ -</b>	<b>\$ (510,734)</b>

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

**Kingston 42 School District**  
**Statement of Activities - Modified Cash Basis**  
**For the Year Ended June 30, 2021**

	<u>Governmental Activities</u>
Total Governmental Activities	\$ <u>(510,734)</u>
General Revenues:	
Property Taxes, Levied for General Purposes	237,553
Property Taxes, Levied for Capital Outlay	-
Property Taxes, Levied for Debt Service	-
Proposition C Sales Tax	44,804
Other Taxes	72,781
Earnings on Investments	960
Other Revenue	35
Federal and State Aid Not Restricted to Specific Purposes:	
Minimum Foundation Program	273,148
Other	-
Total General Revenues	<u>629,281</u>
Changes in Net Position	118,547
Net Position July 1, 2020	<u>763,212</u>
Net Position June 30, 2021	<u>\$ <u>881,759</u></u>

**Kingston 42 School District**  
Reconciliation of the Statement of Revenues, Expenditures, and  
Changes in Fund Balances of Governmental Funds  
to the Statement of Activities  
For the Year Ended June 30, 2021

Amounts reported for governmental activities in the Statement of Activities are different because:

Net change in fund balances of total governmental funds.	\$ 50,749
Governmental funds report capital outlays as expenditures. However, in the Statement of Activities, some of the cost of those assets may be allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which net capital outlays exceeded depreciation and removals in the current period.	<u>67,798</u>
Change in net position of governmental activities	<u>\$ 118,547</u>

**Kingston 42 School District**  
**Balance Sheet**  
**Governmental Funds**  
**Modified Cash Basis**  
**June 30, 2021**

	Governmental Fund Types			Totals
	General Fund	Special Revenue Fund	Capital Projects Fund	
<b>ASSETS</b>				
Current Assets:				
Cash and Cash Equivalents	\$ 568,258	\$ -	\$ 52,598	\$ 620,856
Total Current Assets	<u>568,258</u>	<u>-</u>	<u>52,598</u>	<u>620,856</u>
Non-Current Assets:				
None	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Non-Current Assets	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Assets	<u>\$ 568,258</u>	<u>\$ -</u>	<u>\$ 52,598</u>	<u>\$ 620,856</u>
<b>LIABILITIES</b>				
Current Liabilities:				
None	\$ -	\$ -	\$ -	\$ -
Total Current Liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Non-Current Liabilities:				
None	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Non-Current Liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>FUND BALANCES</b>				
Restricted	-	-	-	-
Assigned to:				
Teachers' Activities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Capital Projects	<u>-</u>	<u>-</u>	52,598	52,598
Unassigned	<u>568,258</u>	<u>-</u>	<u>-</u>	<u>568,258</u>
Total Fund Balances	<u>568,258</u>	<u>-</u>	<u>52,598</u>	<u>620,856</u>
Total Liabilities and Fund Balances	<u>\$ 568,258</u>	<u>\$ -</u>	<u>\$ 52,598</u>	<u>\$ 620,856</u>
<b>Reconcile to Statement of Net Position:</b>				
Net Position Fund Balance				\$ 881,759
Capital Assets used in Governmental activities, are not financial resources.				
Therefore, these assets are not reported as assets in the Governmental Funds.				
Cost of Capital Assets			(973,111)	
Accumulated Depreciation			<u>712,208</u>	
Net Capital Assets				<u>(260,903)</u>
Total Governmental Fund Balances				<u>\$ 620,856</u>

**Kingston 42 School District**  
Statement of Revenues, Expenditures and Changes in Fund Balances  
Governmental Funds  
Modified Cash Basis  
For the Year Ended June 30, 2021

	General Fund	Special Revenue Fund	Capital Projects Fund	Totals
<b>Revenues Collected:</b>				
Local	\$ 244,437	\$ 44,854	\$ -	\$ 289,291
County	66,764	2,907	-	69,671
State	4,697	305,449	68,299	378,445
Federal	55,760	29,687	8,224	93,671
Other Revenue	-	-	35	35
<b>Total Revenues Collected</b>	<u>371,658</u>	<u>382,897</u>	<u>76,558</u>	<u>831,113</u>
<b>Expenditures Paid:</b>				
Instruction	65,819	383,886	3,292	452,997
Support Services				
Attendance and Social Work Services	-	-	-	-
Guidance Services	-	-	-	-
Health, Psych, Speech and Audio	952	-	-	952
Improvement Of Instruction	-	-	-	-
Professional Development	2,446	494	-	2,940
Educational Media Services	775	7,966	-	8,741
Board Of Education Services	8,657	-	-	8,657
Executive Administration Services	29,704	41,452	-	71,156
Support Services - Building Level Administration	133	41,446	-	41,579
Business Support Services	-	-	-	-
Fiscal Services	4,320	-	-	4,320
Operation and Maintenance Of Plant Services	49,926	-	1,399	51,325
Security Services	-	-	-	-
Pupil Trans.-Contracted	-	-	-	-
Pupil Trans.-District Owned	13,547	-	85,374	98,921
Disabled Trans.-Contracted	-	-	-	-
Disabled Trans.-District Owned	-	-	-	-
Non Allowable Transportation	-	-	-	-
Food Service	22,906	-	10,185	33,091
Non-Instruction/Support Services				
Adult Education & Literacy Programs	-	-	-	-
Community Services	150	-	-	150
Early Childhood	255	348	-	603
Parental Involvement	-	-	-	-
Facilities Acquisition and Constr.	-	-	4,932	4,932
Principal	-	-	-	-
Interest and Other Charges	-	-	-	-
Other - Fin Fees, Etc.	-	-	-	-
<b>Total Expenditures Paid</b>	<u>199,590</u>	<u>475,592</u>	<u>105,182</u>	<u>780,364</u>
<b>Revenues Collected Over (Under)</b>				
<b>Expenditures Paid</b>	172,068	(92,695)	(28,624)	50,749
<b>Other Financing Sources (Uses):</b>				
Transfers	(173,917)	92,695	81,222	-
<b>Revenues Collected and Other Sources Over (Under) Expenditures Paid and Other Uses</b>	(1,849)	-	52,598	50,749
Fund Equity, July 1, 2020	570,107	-	-	570,107
Fund Equity, June 30, 2021	<u>\$ 568,258</u>	<u>\$ -</u>	<u>\$ 52,598</u>	<u>\$ 620,856</u>

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

**Kingston 42 School District**  
Notes to Financial Statements  
Year Ended June 30, 2021

**Note 1. Summary of Significant Accounting Policies**

Kingston 42 School District (the District) was established under the Statutes of the State of Missouri. The District operates as a "six director" district (with seven members of the Board of Education) as described in RSMo Chapter 162.

The financial statements of Kingston 42 School District have been prepared, on the modified cash basis of accounting, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. The Governmental Accounting Standards Board is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the District's accounting policies are described below.

**A. Reporting Entity**

In evaluating how to define the District, for financial reporting purposes, management has considered all potential component units. 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 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 above, the District has determined that no outside agency meets the above criteria and, therefore, no agency has been included as a component unit in the District's financial statements. In addition, the District is not aware of any entity which would exercise such oversight which would result in the District being considered a component unit of the entity.

**B. District-wide and Fund Financial Statements**

**District-wide Statements**

The Statement of Net Position and the Statement of Activities present financial information about the District's governmental activities. These statements include the financial activities of the overall government in its entirety, except those that are fiduciary. Eliminations have been made to minimize the double counting of internal transactions. Governmental activities generally are financed through taxes, intergovernmental revenues, and other nonexchange transactions.

The Statement of Activities presents a comparison between direct expenses and program revenues for each function of the District's governmental activities. Direct expenses are those that are specifically associated with and are clearly identifiable to a particular function. Program revenues include (a) charges paid by the recipients for goods or services offered by the programs and (b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues. The comparison of direct expenses with program revenues identifies the extent to which each governmental function is self-financing or draws from the general revenue of the District.

**Kingston 42 School District**  
Notes to Financial Statements  
Year Ended June 30, 2021

**Note 1. Summary of Significant Accounting Policies (Continued)**

**Fund Financial Statements**

During the year, the District segregates transactions related to certain functions or activities into separate funds in order to aid financial management and to demonstrate legal compliance. Fund financial statements are designed to present financial information of the District at this more detailed level. Separate financial statements are provided for governmental funds. The focus of governmental fund financial statements is on major funds. The District considers each of its funds to be major and each is presented in a separate column.

Interfund transfers are flows of assets from one fund to another where repayment is not expected. Interfund transfers are recorded on the statement of revenues, expenditures and changes in fund balances – governmental funds and the budgetary comparison schedules as other financing sources (uses). The District made a transfer to zero out the fund balance of the Special Revenue Fund and a \$162,326 or 7% x SAT x WADA transfer of \$81,222 to the Capital Projects Fund.

**C. Fund Accounting**

The accounts of the District are organized on the basis of funds, each of which is considered to be a separate accounting entity. The operations of each fund are summarized by providing a separate set of self-balancing accounts which include its assets, liabilities and fund balances arising from cash transactions. The following funds are used by the District:

**Governmental Funds**

**General (Incidental) Fund** - Accounts for general activities of the District, including expenditures for non-certified employees, student activities, food service, community services, operation and maintenance of plant and textbook funds which are not designated in a separate fund.

**Special Revenue (Teachers') Fund** - Accounts for expenditures for certified employees involved in administration and instruction. It includes revenues restricted by the State for the payment of teacher salaries.

**Capital Projects Fund** - Accounts for the proceeds of long-term debt, taxes and other revenues designated for acquisition or construction of major capital assets.

**D. Measurement Focus and Basis of Accounting**

**Measurement Focus**

The District-wide financial statements are reported using the economic resources measurement focus, as applied to the modified cash basis of accounting.

The Governmental Fund financial statements are reported using the current financial resources measurement focus, as applied to the modified cash basis of accounting. Only current assets and liabilities are generally included on the balance sheet. The statement of revenues, expenditures

**Kingston 42 School District**  
Notes to Financial Statements  
Year Ended June 30, 2021

**Note 1. Summary of Significant Accounting Policies (Continued)**

and changes in fund balances presents sources and uses of available spendable financial resources during a given period. The fund balances are used as the measure of available spendable financial resources at the end of the period.

**Basis of Accounting**

The District-wide statement of net position and statement of activities, and the fund financial statements, governmental funds, are presented using a modified cash basis of accounting. This basis recognizes assets, liabilities, net position/fund equity, revenues and expenditures when they result from cash transactions with a modification on the District-wide statements for recording of capital assets and depreciation expense. This basis is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

As a result of the use of this modified cash basis of accounting, certain assets (such as accounts receivable) and their related revenues and expenses, certain deferred outflows of resources, and certain liabilities (such as accounts payable) and their related expenses, and certain deferred inflows of resources are not recorded in these financial statements.

Accounting principles generally accepted in the United States of America would provide all governmental funds be presented on the modified accrual basis of accounting. All District-wide statements would be presented on the accrual basis of accounting. This basis recognizes all assets, deferred outflows of resources, liabilities (both current and non-current), deferred inflows of resources and all revenues and expenses during the year regardless of when cash is received or paid.

**Fund Balance**

The Governmental Accounting Standards Board (GASB) has issued Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions* (GASB 54). This Statement defines the different types of fund balances that a governmental entity must use for financial reporting purposes.

GASB 54 requires the fund balance amounts to be properly reported within one of the fund balance categories listed below.

1. Nonspendable, such as fund balance associated with inventories, prepaids, long-term loans and notes receivable, and property held for resale (unless the proceeds are restricted, committed, or assigned).
2. Restricted fund balance category includes amounts that can be spent only for the specific purposes stipulated by constitution, external resource providers, or through enabling legislation.
3. Committed fund balance classification includes amounts that can be used only for the specific purposes determined by a formal action of the School District Board of Education (the District's highest level of decision-making authority).

**Kingston 42 School District**  
Notes to Financial Statements  
Year Ended June 30, 2021

**Note 1. Summary of Significant Accounting Policies (Continued)**

4. Assigned fund balance classification is intended to be used by the government for specific purposes and do not meet the criteria to be classified as restricted or committed.
5. Unassigned fund balance is the residual classification for the government's general fund and includes all spendable amounts not contained in the other classifications.

**Committed Fund Balance Policy-** The Board may establish commitments of fund balance from time to time in order to meet specific District needs. Commitments of fund balance shall be vetted and approved by the Board finance committee. Commitments of fund balance shall be submitted to the Board for approval. The District did not have any committed fund balances at the end of the year.

**Assigned Fund Balance Policy-** The Board may establish assignments of fund balance from time to time in order to meet specific District needs. Assignments of fund balance shall be vetted and approved by the Board finance committee. \$52,598 of the capital projects fund balance was assigned to capital projects during upcoming years.

**Order of Fund Balance Spending Policy-** Fund balances will be used in this order: restricted, committed, assigned and then unassigned.

**Minimum Fund Balance-** In order to preserve financial stability, the District must be prepared to respond to cash flow shortages, large or unexpected one-time expenditures, changes in the economy, and changes in state funding. The District shall, therefore, target a yearly unassigned general fund balance between 17 percent (60 days) and 25 percent (90 days) of total operating expenditures. Additionally, the District shall target a yearly minimum restricted debt service fund balance of 25 percent of annual debt service requirements on all outstanding debt issuance and an assigned internal service fund balance of 20 percent of total operating expenditures, if applicable. Following any year where the audited fund balance falls outside the above-listed targeted range or below the minimum requirement, adjustments in budgeted expenditures shall be incorporated into the budget development process for that year. If the Board determines that the minimum targeted fund balance is not attainable in the proposed budget being considered, it shall be the goal of the Board to reach that level within a specified period of time, not to exceed two years.

**E. Inventories**

The District does not maintain inventory cost records. Inventory is deemed to be immaterial and accounted for using the purchase method in which supplies are charged to expenditures when purchased.

**Kingston 42 School District**  
Notes to Financial Statements  
Year Ended June 30, 2021

**Note 1. Summary of Significant Accounting Policies (Continued)**

**F. Compensated Absences**

Vacation time, personal business days, and sick leave are considered as expenditures in the year paid. The time is granted to employees as requested or needed according to local board policy and forfeited if not taken in the period granted.

**G. Staff Salaries**

The salary payment schedule of the District for the 2020-21 school year requires the payment of salaries over a twelve month period. Consequently, the July and August, 2021 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.

**H. Pooled Cash and Temporary Investments**

Cash resources of the individual funds are combined to form a pool of cash and temporary investments which is managed by the District. Interest income earned is allocated to contributing funds based on cash and temporary investment balances.

**I. Post Employment Benefits**

**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. 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 as the premiums for the continuation coverage are remitted by the former employees.

**J. Estimates**

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

**K. Program Revenues**

In the Statement of Activities, revenues that are received directly for a particular activity are reported as program revenues. The District has the following program revenues in each activity:

Instruction – Student activities and other state and federal monies (title monies, basic formula-classroom trust fund, small schools grant, medicaid, CARES, coronavirus relief fund, ECSE, and IDEA).

**Kingston 42 School District**  
Notes to Financial Statements  
Year Ended June 30, 2021

**Note 1. Summary of Significant Accounting Policies (Concluded)**

Support Services – Food service and other state and federal monies (title monies, food service-state, school lunch and breakfast monies, CARES school lunch and breakfast monies and transportation).

Non-Instruction/Support Services – Revenue from enterprise activities and educational screening prog. (PAT).

**L. Pension Plans**

Financial reporting information pertaining to the District’s participation in the Public School Retirement System of Missouri (“PSRS”) and the Public Education Employee Retirement System of Missouri (“PEERS”) (also referred to as the Systems) is prepared in accordance with Governmental Accounting Standards Board (“GASB”) Statement No. 68, *Accounting and Financial Reporting for Pensions*, as amended.

A Comprehensive Annual Financial Report (CAFR) can be obtained at [www.psr-peers.org](http://www.psr-peers.org). The District is on the modified cash basis, therefore, member and employer contributions are recognized when paid and no net pension liability and no deferred outflows and inflows of resources related to pensions are included on the Statement of Net Position or the Balance Sheet.

**Note 2. Deposits and Investments**

As of June 30, 2021, the District had the following deposits and investments:

Schedule of Deposits and Investments by Type:

<u>Type</u>	<u>Fair Value</u>	<u>Credit Rating</u>	<u>On Demand</u>	<u>Maturities in Years</u>	
				<u>Less than One</u>	<u>1-5</u>
Demand Accounts	<u>\$ 620,856</u>	N/A	<u>\$ 620,856</u>	<u>\$ -</u>	<u>\$ -</u>
Total	<u>\$ 620,856</u>		<u>\$ 620,856</u>	<u>\$ -</u>	<u>\$ -</u>

Reconciliation to the Statement of Net Position:

	<u>District-wide Statement of Net Position</u>
Cash and Cash Equivalents	<u>\$ 620,856</u>
Total	<u>\$ 620,856</u>

**Deposits**

Custodial Credit Risk - Exposure to custodial credit risk related to deposits exists when the District holds deposits that are uninsured and uncollateralized; collateralized with securities held by the pledging financial institution, or by its trust department or agent but not in the District’s name; or collateralized without a written or approved collateral agreement. The District’s policy as it relates to custodial credit risk is to follow the Missouri Statutes and School Policies and

**Kingston 42 School District**  
Notes to Financial Statements  
Year Ended June 30, 2021

**Note 2. Deposits and Investments (Concluded)**

Regulations requiring that all deposits with financial institutions shall at all times be not less than 100% of the actual amount of the funds on deposit with the depository, less the amount, if any, insured by the Federal Deposit Insurance Corporation (FDIC).

At June 30, 2021 the District's deposits were not exposed to custodial credit risk.

**Investments:**

**Custodial Credit Risk**

Exposure to custodial credit risk related to investments exists when the District holds investments that are uninsured and unregistered, with securities held by the counterparty or by its trust department or agent but not in the District's name. The District's investment policy is to follow School Policies and Regulations and the Missouri Statutes on investments. The District is authorized to invest in Securities issued by the State of Missouri, United States Treasury Securities, United States Agency Securities (including coupon and zero coupon securities, discount notes, callable securities, step-up securities, floating rate securities and mortgage backed securities), Repurchase Agreements, Certificates of Deposits, Banker's Acceptances and Commercial Paper or in any instrument permitted by law for investment of state monies.

At June 30, 2021, the District had no investments.

**Note 3. Taxes**

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

The District also receives sales tax collected by the State and remitted based on eligible pupil counts. School Districts are required by the proposition C sales tax to reduce their property tax levy by one-half the amount of sales tax estimated to be received in the subsequent calendar year. The District voted to waive this rollback in June 1995.

The assessed valuation of the tangible taxable property (excluding state assessed railroad and utilities) for calendar year 2020 for purposes of local taxation was:

Real Estate:	<u>12-31-20</u>
Residential	\$ 2,290,320
Commercial	648,070
Agricultural	676,260
Personal Property	<u>1,771,720</u>
Total	<u>\$ 5,386,370</u>

**Kingston 42 School District**  
Notes to Financial Statements  
Year Ended June 30, 2021

**Note 3. Taxes (Concluded)**

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

	12-31-20	
	Unadjusted	Adjusted
General Fund	\$ 4.5534	\$ 4.5534
Special Revenue Fund	-	-
Debt Service Fund	-	-
Capital Projects Fund	-	-
Total	\$ 4.5534	\$ 4.5534

The receipts of current and delinquent property taxes during the fiscal year ended June 30, 2021, aggregated approximately 96.8565 percent of the current assessment computed on the basis of the levy as shown above.

**Note 4. 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 margin of the District at June 30, 2021 was:

Constitutional Debt Limit	\$807,956
General Obligation Bonds Payable	-
Legal Debt Margin	\$807,956

**Note 5. Contingencies**

Litigation-At June 30, 2021, there was no pending or threatened litigation against the District.

Grant Programs-The District participates in numerous state and federal grant programs, which are governed by various rules and regulations of the grantor agencies. Costs charged to the respective grant programs are subject to audit and adjustment by the grantor agencies. If the District has not complied with the rules and regulations governing grants, refunds of any money received may be required. In the opinion of the District, there are no significant contingent liabilities relating to compliance with the rules and regulations governing the respective grants.

**Note 6. Economic Dependency**

The District receives a substantial amount of its support from federal and state grants or contracts. If a significant reduction in the level of these government supports were to occur, it could have an effect on the District's activities.

**Kingston 42 School District**  
Notes to Financial Statements  
Year Ended June 30, 2021

**Note 7. Commodities**

The District is a recipient of food commodities from the U.S. Department of Agriculture. Although the District does not account for the receipt of the commodities in its accounting records, it does maintain a system of controls over the inventory and consumption of the food commodities. The amount of food commodities received during the year was approximated to be \$3,600.93.

**Note 8. Pension Plans**

**General Information about the Pension Plan**

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

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

*Benefits Provided.* PSRS is a defined benefit plan providing retirement, disability, and death/survivor benefits. Members are vested for service retirement benefits after accruing five years of service. Individuals who (a) are at least age 60 and have a minimum of 5 years of service, (b) have 30 years of service, or (c) qualify for benefits under the "Rule of 80" (service and age total at least 80) are entitled to a monthly benefit for life, which is calculated using a 2.5% benefit factor. Actuarially age-reduced benefits are available for members with 5 to 24.9 years of service at age 55. Members who are younger than age 55 and who do not qualify under the "Rule of 80" but have between 25 and 29.9 years of service may retire with a lesser benefit factor. Members that are three years beyond normal retirement can elect to have their lifetime monthly benefits actuarially reduced in exchange for the right to also receive a one-time partial

**Kingston 42 School District**  
Notes to Financial Statements  
Year Ended June 30, 2021

**Note 8. Pension Plans (Continued)**

lump sum (PLSO) payment at retirement equal to 12, 24, or 36 times the Single Life benefit amount.

PEERS is a defined benefit plan providing retirement, disability, and death benefits to its members. Members are vested for service retirement benefits after accruing five years of service. Individuals who (a) are at least age 60 and have a minimum of 5 years of service, (b) have 30 years of service, or (c) qualify for benefits under the “Rule of 80” (service and age total at least 80) are entitled to a monthly benefit for life, which is calculated using a 1.61% benefit factor. Members qualifying for “Rule of 80” or “30-and-out” are entitled to an additional temporary benefit until reaching minimum Social Security age (currently age 62), which is calculated using a 0.8% benefit factor. Actuarially age-reduced retirement benefits are available with 5 to 24.9 years of service at age 55. Members who are younger than age 55 and who do not qualify under the “Rule of 80” but have between 25 and 29.9 years of service may retire with a lesser benefit factor. Members that are three years beyond normal retirement can elect to have their lifetime monthly benefits actuarially reduced in exchange for the right to also receive a one-time partial lump sum (PLSO) payment at retirement equal to 12, 24, or 36 times the Single Life benefit amount.

Summary Plan Descriptions detailing the provisions of the plans as well as additional information regarding the District’s net pension liability and deferred inflows and outflows of resources can be found on the Systems’ website at [www.psr-peers.org](http://www.psr-peers.org).

*Cost-of-Living Adjustments (“COLA”).* The Board of Trustees has established a policy of providing COLAs to both PSRS and PEERS members as follows: If the June to June change in the Consumer Price Index for All Urban Consumers (CPI-U) is less than 2% for one or more consecutive one-year periods, a cost-of-living increase of 2% will be granted when the cumulative increase is equal to or greater than 2%, at which point the cumulative increase in the CPI-U will be reset to zero. For the following year, the starting CPI-U will be based on the June value immediately preceding the January 1 at which the 2% cost-of-living increase is granted. If the June to June change in the CPI-U is greater than or equal to 2%, but less than 5%, a cost-of-living increase of 2% will be granted. If the June to June change in the CPI-U is greater than or equal to 5%, a cost-of-living increase of 5% will be granted. If the CPI decreases, no COLA is provided. For any PSRS member retiring on or after July 1, 2001, such adjustments commence on the second January after commencement of benefits and occur annually thereafter. For PEERS members, such adjustments commence on the fourth January after commencement of benefits and occur annually thereafter. The total of such increases may not exceed 80% of the original benefit for any member.

*Contributions.* PSRS members were required to contribute 14.5% of their annual covered salary during fiscal years 2019, 2020 and 2021. Employers were required to match the contributions made by employees. The contribution rate is set each year by the PSRS Board of Trustees upon the recommendation of the independent actuary within the contribution restrictions set in Section 169.030 RSMo. The annual statutory increase in the total contribution rate may not exceed 1% of pay.

PEERS members were required to contribute 6.86% of their annual covered salary during fiscal years 2019, 2020 and 2021. Employers were required to match the contributions made by

**Kingston 42 School District**  
Notes to Financial Statements  
Year Ended June 30, 2021

**Note 8. Pension Plans (Concluded)**

employees. The contribution rate is set each year by the PSRS Board of Trustees upon the recommendation of the independent actuary within the contribution restrictions set in Section 169.030 RSMo. The annual statutory increase in the total contribution rate may not exceed 0.5% of pay.

The District's contributions to PSRS and PEERS were \$39,630 and \$3,636, respectively, for the year ended June 30, 2021.

**Note 9. Operating Leases and Agreements**

On August 3, 2016 the District entered into a lease and an equipment maintenance agreement with Marco Technologies LLC. for monthly services. The lease calls for 60 monthly payments of \$106.86 for equipment, \$47.00 for maintenance services and \$10.00 for the support desk starting September 1, 2016.

Remaining Annual Payments:

Year Ending	Total
<u>June 30,</u>	<u>Payments</u>
2022	<u>\$ 327.72</u>
Total	<u>\$ 327.72</u>

Payments of \$1,966.32 and \$1,966.32 were made as of June 30, 2021 and 2020, respectively.

**Note 10. Retirement Plan**

The District has a 403(b) defined contribution salary deferral plan covering substantially all employees meeting minimum service requirements. Participation in the plan is optional. Forrest T. Jones & Company, Inc. provides plan investment options and documents. Employees may defer up to a maximum amount allowed by tax law. The District does not contribute to the plan.

**Note 11. Capital Assets**

As a part of the change to the GASB 34 reporting model, the District has established a system to account for major capital assets. Only items with initial individual costs exceeding \$5,000 and items financed with capital leases are included in the accounting for the financial statements. The District owns two buses. The other items included are the land, school building, improvements, and equipment.

Original purchase dates are not available for many items and dates and costs are estimated using current costs for similar items discounted to the estimated time of purchase. Construction interest is not included in building costs.

Depreciation has been calculated using actual or estimated purchase dates. Depreciation is allocated to the programs based on what the purchases are used for.

**Kingston 42 School District**  
**Notes to Financial Statements**  
**Year Ended June 30, 2021**

**Note 11. Capital Assets (Concluded)**

Depreciation is calculated using the straight line method over the estimated useful life beginning with the month of purchase. Estimated useful lives are as follows:

Buildings and Improvements -	50 years
Equipment	- 5 & 15 years
Vehicles	- 8 years

The summary of general capital assets as of June 30, 2021 is as follows:

	<u>Balance</u> <u>June 30, 2020</u>	<u>Additions</u>	<u>Removals</u>	<u>Balance</u> <u>June 30, 2021</u>
Land, Buildings and Improvements	\$ 727,438	\$ -	\$ -	\$ 727,438
Equipment	93,049	6,750	-	99,799
Vehicles	<u>106,434</u>	<u>85,374</u>	<u>(45,934)</u>	<u>145,874</u>
Total	926,921	92,124	(45,934)	973,111
Depreciation	<u>(733,816)</u>	<u>(22,026)</u>	<u>43,634</u>	<u>(712,208)</u>
Net Total	<u>\$ 193,105</u>	<u>\$ 70,098</u>	<u>\$ (2,300)</u>	<u>\$ 260,903</u>

## **SUPPLEMENTARY INFORMATION**

**Kingston 42 School District**  
 Budgetary Comparison Schedule  
 Modified Cash Basis  
 General Fund  
 For the Year Ended June 30, 2021

<b>General Fund</b>	<b>Budget Amounts</b>			<b>Variance</b>	
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	<u>Original to Final</u>	<u>Final to Actual</u>
<b>Revenues Collected:</b>					
Local	\$ 212,100	\$ 244,416	\$ 244,437	\$ 32,316	\$ 21
County	65,000	66,764	66,764	1,764	-
State	25,200	4,697	4,697	(20,503)	-
Federal	61,710	85,447	55,760	23,737	(29,687)
Other Revenue (Bonds, Sales, Ins)	-	-	-	-	-
Other Districts	-	-	-	-	-
<b>Total Revenues Collected</b>	<b>364,010</b>	<b>401,324</b>	<b>371,658</b>	<b>37,314</b>	<b>(29,666)</b>
<b>Expenditures Paid:</b>					
<b>Instruction:</b>					
Instruction Regular	33,987	53,771	53,771	(19,784)	-
Instruction Special Ed	4,471	5,622	5,622	(1,151)	-
Career Education Programs	-	-	-	-	-
Student Activities	1,500	2,306	2,306	(806)	-
Payments To Other Districts	4,190	4,120	4,120	(20)	-
<b>Total Instruction</b>	<b>44,058</b>	<b>65,819</b>	<b>65,819</b>	<b>(21,761)</b>	<b>-</b>
<b>Support Services:</b>					
Attendance and Social Work Services	-	-	-	-	-
Guidance Services	100	-	-	100	-
Health, Psych, Speech and Audio	1,300	952	952	348	-
Professional Development	3,787	2,446	2,446	1,341	-
Educational Media Services	850	775	775	75	-
<b>Total Support Services</b>	<b>6,037</b>	<b>4,173</b>	<b>4,173</b>	<b>1,864</b>	<b>-</b>
<b>Administration:</b>					
Board Services	10,316	8,657	8,657	1,659	-
Executive Administration	29,575	29,704	29,704	(129)	-
Building Administration	500	133	133	367	-
Business Services	-	-	-	-	-
<b>Total Administration</b>	<b>40,391</b>	<b>38,494</b>	<b>38,494</b>	<b>1,897</b>	<b>-</b>
<b>Other:</b>					
Fiscal Services	4,275	4,320	4,320	(45)	-
Operation and Maintenance of Plant	54,974	49,926	49,926	5,048	-
Pupil Transportation	20,403	13,547	13,547	6,856	-
Food Services	23,788	22,906	22,906	882	-
Adult Education	-	-	-	-	-
Community Services	400	150	150	250	-
Early Childhood	475	255	255	220	-
Parental Involvement	200	-	-	200	-
Facilities Capital Outlay	-	-	-	-	-
Principal Pmts on Long-Term Debt	-	-	-	-	-
Interest on Long-Term Debt	-	-	-	-	-
Other - Fin Fees, Etc.	-	-	-	-	-
<b>Total Other</b>	<b>104,515</b>	<b>91,104</b>	<b>91,104</b>	<b>13,411</b>	<b>-</b>
<b>Total Expenditures Paid</b>	<b>195,001</b>	<b>199,590</b>	<b>199,590</b>	<b>(4,589)</b>	<b>-</b>
<b>Revenues Collected Over (Under)</b>					
<b>Expenditures Paid</b>	<b>169,009</b>	<b>201,734</b>	<b>172,068</b>	<b>32,725</b>	<b>(29,666)</b>
<b>Other Financing Sources (Uses):</b>					
Transfers In (Out)	(164,492)	(203,604)	(173,917)	(39,112)	29,687
<b>Net Change in Fund Balance</b>	<b>\$ 4,517</b>	<b>\$ (1,870)</b>	<b>\$ (1,849)</b>	<b>\$ (6,387)</b>	<b>\$ 21</b>
Fund Equity July 1, 2020	570,107	570,107	570,107	-	-
Fund Equity June 30, 2021	<b>\$ 574,624</b>	<b>\$ 568,237</b>	<b>\$ 568,258</b>	<b>\$ (6,387)</b>	<b>\$ 21</b>

**Kingston 42 School District**  
**Budgetary Comparison Schedule**  
**Modified Cash Basis**  
**Special Revenue Fund**  
**For the Year Ended June 30, 2021**

<b>Special Revenue Fund</b>	<b>Budget Amounts</b>			<b>Variances</b>	
	<b>Original</b>	<b>Final</b>	<b>Actual</b>	<b>Original</b>	<b>Final</b>
	<b>to Final</b>	<b>to Actual</b>		<b>Positive (Negative)</b>	
<b>Revenues Collected:</b>					
Local	\$ 45,020	\$ 44,854	\$ 44,854	\$ (166)	\$ -
County	4,100	2,907	2,907	(1,193)	-
State	290,300	305,449	305,449	15,149	-
Federal	-	-	29,687	-	29,687
Other Revenue (Bonds, Sales, Ins)	-	-	-	-	-
Other Districts	-	-	-	-	-
<b>Total Revenues Collected</b>	<b>339,420</b>	<b>353,210</b>	<b>382,897</b>	<b>13,790</b>	<b>29,687</b>
<b>Expenditures Paid:</b>					
<b>Instruction:</b>					
Instruction Regular	226,885	230,691	230,691	(3,806)	-
Instruction Special Ed	54,606	54,851	54,851	(245)	-
Career Education Programs	-	-	-	-	-
Student Activities	986	-	-	986	-
Payments To Other Districts	129,000	98,344	98,344	30,656	-
<b>Total Instruction</b>	<b>411,477</b>	<b>383,886</b>	<b>383,886</b>	<b>27,591</b>	<b>-</b>
<b>Support Services:</b>					
Attendance and Social Work Services	-	-	-	-	-
Guidance Services	-	-	-	-	-
Health, Psych, Speech and Audio	-	-	-	-	-
Professional Development	1,330	494	494	836	-
Educational Media Services	7,967	7,966	7,966	1	-
<b>Total Support Services</b>	<b>9,297</b>	<b>8,460</b>	<b>8,460</b>	<b>837</b>	<b>-</b>
<b>Administration:</b>					
Board Services	-	-	-	-	-
Executive Administration	41,453	41,452	41,452	1	-
Building Administration	41,453	41,446	41,446	7	-
Business Services	-	-	-	-	-
<b>Total Administration</b>	<b>82,906</b>	<b>82,898</b>	<b>82,898</b>	<b>8</b>	<b>-</b>
<b>Other:</b>					
Fiscal Services	-	-	-	-	-
Operation and Maintenance of Plant	-	-	-	-	-
Pupil Transportation	-	-	-	-	-
Food Services	-	-	-	-	-
Adult Education	-	-	-	-	-
Community Services	-	-	-	-	-
Early Childhood	232	348	348	(116)	-
Parental Involvement	-	-	-	-	-
Facilities Capital Outlay	-	-	-	-	-
Principal Pmts on Long-Term Debt	-	-	-	-	-
Interest on Long-Term Debt	-	-	-	-	-
Other - Fin Fees, Etc.	-	-	-	-	-
<b>Total Other</b>	<b>232</b>	<b>348</b>	<b>348</b>	<b>(116)</b>	<b>-</b>
<b>Total Expenditures Paid</b>	<b>503,912</b>	<b>475,592</b>	<b>475,592</b>	<b>28,320</b>	<b>-</b>
<b>Revenues Collected Over (Under)</b>					
<b>Expenditures Paid</b>	<b>(164,492)</b>	<b>(122,382)</b>	<b>(92,695)</b>	<b>42,110</b>	<b>29,687</b>
<b>Other Financing Sources (Uses):</b>					
Transfers In (Out)	164,492	122,382	92,695	(42,110)	(29,687)
<b>Net Change in Fund Balance</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>
Fund Equity July 1, 2020	-	-	-	-	-
Fund Equity June 30, 2021	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>

**Kingston 42 School District**  
 Budgetary Comparison Schedule  
 Modified Cash Basis  
 Capital Projects Fund  
 For the Year Ended June 30, 2021

<b>Capital Projects Fund</b>	<b>Budget Amounts</b>		<b>Actual</b>	<b>Variances</b>	
	<b>Original</b>	<b>Final</b>		<b>Original to Final</b>	<b>Final to Actual</b>
<b>Revenues Collected:</b>					
Local	\$ -	\$ -	\$ -	\$ -	\$ -
County	-	-	-	-	-
State	-	68,299	68,299	68,299	-
Federal	-	8,224	8,224	8,224	-
Other Revenue (Bonds, Sales, Ins)	-	35	35	35	-
Other Districts	-	-	-	-	-
<b>Total Revenues Collected</b>	<b>-</b>	<b>76,558</b>	<b>76,558</b>	<b>76,558</b>	<b>-</b>
<b>Expenditures Paid:</b>					
<b>Instruction:</b>					
Instruction Regular	-	3,292	3,292	(3,292)	-
Instruction Special Ed	-	-	-	-	-
Career Education Programs	-	-	-	-	-
Student Activities	-	-	-	-	-
Payments To Other Districts	-	-	-	-	-
<b>Total Instruction</b>	<b>-</b>	<b>3,292</b>	<b>3,292</b>	<b>(3,292)</b>	<b>-</b>
<b>Support Services:</b>					
Attendance and Social Work Services	-	-	-	-	-
Guidance Services	-	-	-	-	-
Health, Psych, Speech and Audio	-	-	-	-	-
Professional Development	-	-	-	-	-
Educational Media Services	-	-	-	-	-
<b>Total Support Services</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Administration:</b>					
Board Services	-	-	-	-	-
Executive Administration	-	-	-	-	-
Building Administration	-	-	-	-	-
Business Services	-	-	-	-	-
<b>Total Administration</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Other:</b>					
Fiscal Services	-	-	-	-	-
Operation and Maintenance of Plant	-	1,399	1,399	(1,399)	-
Pupil Transportation	-	85,374	85,374	(85,374)	-
Food Services	-	10,185	10,185	(10,185)	-
Adult Education	-	-	-	-	-
Community Services	-	-	-	-	-
Early Childhood	-	-	-	-	-
Parental Involvement	-	-	-	-	-
Facilities Capital Outlay	-	4,932	4,932	(4,932)	-
Principal Pmts on Long-Term Debt	-	-	-	-	-
Interest on Long-Term Debt	-	-	-	-	-
Other - Fin Fees, Etc.	-	-	-	-	-
<b>Total Other</b>	<b>-</b>	<b>101,890</b>	<b>101,890</b>	<b>(101,890)</b>	<b>-</b>
<b>Total Expenditures Paid</b>	<b>-</b>	<b>105,182</b>	<b>105,182</b>	<b>(105,182)</b>	<b>-</b>
<b>Revenues Collected Over (Under)</b>					
<b>Expenditures Paid</b>	<b>-</b>	<b>(28,624)</b>	<b>(28,624)</b>	<b>(28,624)</b>	<b>-</b>
<b>Other Financing Sources (Uses):</b>					
Transfers In (Out)	-	81,222	81,222	81,222	-
<b>Net Change in Fund Balance</b>	<b>\$ -</b>	<b>\$ 52,598</b>	<b>\$ 52,598</b>	<b>\$ 52,598</b>	<b>\$ -</b>
Fund Equity July 1, 2020	-	-	-	-	-
Fund Equity June 30, 2021	<b>\$ -</b>	<b>\$ 52,598</b>	<b>\$ 52,598</b>	<b>\$ 52,598</b>	<b>\$ -</b>

The notes to supplementary information are an integral part of this statement.

**Kingston 42 School District**  
 Budgetary Comparison Schedule  
 Modified Cash Basis  
 Total All Funds  
 For the Year Ended June 30, 2021

<b>Total All Funds</b>	<b>Budget Amounts</b>			<b>Variances</b>	
	<b>Original</b>	<b>Final</b>	<b>Actual</b>	<b>Original to Final</b>	<b>Final to Actual</b>
<b>Revenues Collected:</b>					
Local	\$ 257,120	\$ 289,270	\$ 289,291	\$ 32,150	\$ 21
County	69,100	69,671	69,671	571	-
State	315,500	378,445	378,445	62,945	-
Federal	61,710	93,671	93,671	31,961	-
Other Revenue (Bonds, Sales, Ins)	-	35	35	35	=
Other Districts	-	-	-	-	-
<b>Total Revenues Collected</b>	<b>703,430</b>	<b>831,092</b>	<b>831,113</b>	<b>127,662</b>	<b>21</b>
<b>Expenditures Paid:</b>					
<b>Instruction:</b>					
Instruction Regular	260,872	287,754	287,754	(26,882)	-
Instruction Special Ed	59,077	60,473	60,473	(1,396)	=
Career Education Programs	-	-	-	-	=
Student Activities	2,486	2,306	2,306	180	-
Payments To Other Districts	133,100	102,464	102,464	30,636	-
Total Instruction	455,535	452,997	452,997	2,538	-
<b>Support Services:</b>					
Attendance and Social Work Services	-	-	-	-	=
Guidance Services	100	-	-	100	=
Health, Psych, Speech and Audio	1,300	952	952	348	=
Professional Development	5,117	2,940	2,940	2,177	=
Educational Media Services	8,817	8,741	8,741	76	=
Total Support Services	15,334	12,633	12,633	2,701	-
<b>Administration:</b>					
Board Services	10,316	8,657	8,657	1,659	=
Executive Administration	71,028	71,156	71,156	(128)	=
Building Administration	41,953	41,579	41,579	374	=
Business Services	-	-	-	-	=
Total Administration	123,297	121,392	121,392	1,905	-
<b>Other:</b>					
Fiscal Services	4,275	4,320	4,320	(45)	=
Operation and Maintenance of Plant	54,974	51,325	51,325	3,649	-
Pupil Transportation	20,403	98,921	98,921	(78,518)	=
Food Services	23,788	33,091	33,091	(9,303)	=
Adult Education	-	-	-	-	=
Community Services	400	150	150	250	=
Early Childhood	707	603	603	104	=
Parental Involvement	200	-	-	200	=
Facilities Capital Outlay	-	4,932	4,932	(4,932)	=
Principial Pmts on Long-Term Debt	-	-	-	-	=
Interest on Long-Term Debt	-	-	-	-	=
Other - Fin Fees, Etc.	-	-	-	-	=
Total Other	104,747	193,342	193,342	(88,595)	-
<b>Total Expenditures Paid</b>	<b>698,913</b>	<b>780,364</b>	<b>780,364</b>	<b>(81,451)</b>	<b>-</b>
<b>Revenues Collected Over (Under)</b>					
Expenditures Paid	4,517	50,728	50,749	46,211	21
<b>Other Financing Sources (Uses):</b>					
Transfers In (Out)	-	-	-	-	-
<b>Net Change in Fund Balance</b>	<b>\$ 4,517</b>	<b>\$ 50,728</b>	<b>\$ 50,749</b>	<b>\$ 46,211</b>	<b>\$ 21</b>
Fund Equity July 1, 2020	570,107	570,107	570,107	-	-
Fund Equity June 30, 2021	\$ 574,624	\$ 620,835	\$ 620,856	\$ 46,211	\$ 21

**Kingston 42 School District**  
Notes to Supplementary Information  
Year Ended June 30, 2021

**Budgets and Budgetary Accounting**

The District uses the modified cash basis, which is a comprehensive basis of accounting other than generally accepted accounting principles, when preparing the budget for the year. The District follows these procedures in establishing the budgetary data reflected in the financial statements:

- 1) In accordance with Chapter 67, RSMo, the District adopts a budget for each fund of the political subdivision.
- 2) Prior to July, the Administrator, 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 and transfers 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) On June 15, 2020 the budget was 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. Budgeted amounts were amended as necessary by the Board of Education.

**Kingston 42 School District**  
**Schedule of Proportionate Share of the Net Pension Liability and Related Ratios-PSRS**  
**For the Year Ended June 30, 2021**

Year Ended *	Proportion of the Net Pension Liability (Asset)	Proportionate Share of the Net Pension Liability (Asset)	Actual Covered Member Payroll	Net Pension Liability (Asset) as a Percentage of Covered Payroll	Fiduciary Net Position as a Percentage of Total Pension Liability
6/30/2014	0.0056%	\$ 229,744	\$ 250,070	91.87%	89.34%
6/30/2015	0.0056%	\$ 323,280	\$ 254,854	126.85%	85.78%
6/30/2016	0.0057%	\$ 424,117	\$ 263,955	160.68%	82.18%
6/30/2017	0.0055%	\$ 397,184	\$ 262,652	151.22%	83.77%
6/30/2018	0.0055%	\$ 409,335	\$ 266,969	153.33%	84.06%
6/30/2019	0.0057%	\$ 420,664	\$ 282,332	149.00%	84.62%
6/30/2020	0.0051%	\$ 455,467	\$ 261,448	174.21%	82.01%

\* Note: This schedule is intended to show information for ten years. Additional years will be displayed as they become available.

The data provided in the schedule is based as of the measurement date of PSRS' net pension liability, which is as of the beginning of the District's fiscal year.

**Kingston 42 School District**  
**Schedule of Employer Contributions-PSRS**  
**For the Year Ended June 30, 2021**

<u>Year Ended *</u>	<u>Statutorily Required Contribution</u>	<u>Actual Employer Contributions</u>	<u>Contribution Excess/(Deficiency) (Deficiency)</u>	<u>Actual Covered Member Payroll</u>	<u>Contributions as a Percentage of Covered Payroll</u>
6/30/2013	\$ 35,047	\$ 35,047	\$ -	241,700	14.50%
6/30/2014	\$ 36,260	\$ 36,260	\$ -	250,070	14.50%
6/30/2015	\$ 36,954	\$ 36,954	\$ -	254,854	14.50%
6/30/2016	\$ 38,095	\$ 38,095	\$ -	263,955	14.43%
6/30/2017	\$ 37,902	\$ 37,902	\$ -	262,652	14.43%
6/30/2018	\$ 38,525	\$ 38,525	\$ -	266,969	14.43%
6/30/2019	\$ 40,735	\$ 40,735	\$ -	282,332	14.43%
6/30/2020	\$ 36,707	\$ 36,707	\$ -	261,448	14.04%

\* Note: This schedule is intended to show information for ten years. Additional years will be displayed as they become available.

**Kingston 42 School District**  
**Schedule of Proportionate Share of the Net Pension Liability and Related Ratios-PEERS**  
**For the Year Ended June 30, 2021**

Year <u>Ended *</u>	Proportion of the Net Pension <u>Liability (Asset)</u>	Proportionate Share of the Net Pension <u>Liability (Asset)</u>	Actual Covered Member <u>Payroll</u>	Net Pension Liability (Asset) as a Percentage <u>of Covered Payroll</u>	Fiduciary Net Position as a Percentage of <u>Total Pension Liability</u>
6/30/2014	0.0029%	\$ 10,590	\$ 42,767	24.76%	91.33%
6/30/2015	0.0028%	\$ 14,809	\$ 41,898	35.35%	88.28%
6/30/2016	0.0027%	\$ 21,663	\$ 41,521	52.17%	83.32%
6/30/2017	0.0027%	\$ 20,600	\$ 44,188	46.62%	85.35%
6/30/2018	0.0026%	\$ 20,091	\$ 44,005	45.66%	86.06%
6/30/2019	0.0032%	\$ 25,311	\$ 55,901	45.28%	86.38%
6/30/2020	0.0036%	\$ 34,940	\$ 64,249	54.38%	84.06%

\* Note: This schedule is intended to show information for ten years. Additional years will be displayed as they become available.  
The data provided in the schedule is based as of the measurement date of PEERS' net pension liability, which is as of the beginning of the District's fiscal year.

**Kingston 42 School District**  
**Schedule of Employer Contributions-PEERS**  
**For the Year Ended June 30, 2021**

Year Ended *	Contractually Required Contribution	Actual Employer Contributions	Contribution Excess/(Deficiency) (Deficiency)	Actual Covered Member Payroll	Contributions as a Percentage of Covered Payroll
6/30/2013	\$ 2,935	\$ 2,935	\$ -	\$ 42,784	6.86%
6/30/2014	\$ 2,934	\$ 2,934	\$ -	\$ 42,767	6.86%
6/30/2015	\$ 2,874	\$ 2,874	\$ -	\$ 41,898	6.86%
6/30/2016	\$ 2,848	\$ 2,848	\$ -	\$ 41,521	6.86%
6/30/2017	\$ 3,031	\$ 3,031	\$ -	\$ 44,188	6.86%
6/30/2018	\$ 3,019	\$ 3,019	\$ -	\$ 44,005	6.86%
6/30/2019	\$ 3,835	\$ 3,835	\$ -	\$ 55,901	6.86%
6/30/2020	\$ 4,408	\$ 4,408	\$ -	\$ 64,249	6.86%

\* Note: This schedule is intended to show information for ten years. Additional years will be displayed as they become available.

**OTHER SUPPLEMENTARY INFORMATION**

**Kingston 42 School District**  
Schedule of Revenues Collected by Source - School District Funds  
Year Ended June 30, 2021

	General Fund	Special Revenue Fund	Capital Projects Fund	Totals
<b>Local:</b>				
Current Taxes	\$ 225,960	\$ -	\$ -	\$ 225,960
Delinquent Taxes	11,593	-	-	11,593
School Dist. Trust Fund (Prop C)	-	44,804	-	44,804
Financial Institution Tax	-	-	-	-
M&M Sartax	3,110	-	-	3,110
In Lieu of Tax	-	-	-	-
City Sales Tax	-	-	-	-
Reg Day School Tuition (K-12) from Individuals	-	-	-	-
Summer School Tuition (K-12) from Individuals	-	-	-	-
Adult/Continuing Education Tuition - Post Secondary	-	-	-	-
Transportation Fees From Patrons	-	-	-	-
Earnings From Temporary Deposits	910	50	-	960
Sales to Pupils & Adults - Reimbursable School Meals	-	-	-	-
Food Service Non-Program Food Sales	432	-	-	432
Admissions - Student Activities	2,220	-	-	2,220
Bookstore Sales	-	-	-	-
Student Organization Membership Dues & Fees	-	-	-	-
Revenue From Enterprise Activities	212	-	-	212
Other Pupil Activity Income	-	-	-	-
Community Services	-	-	-	-
PK Tuition From Parents	-	-	-	-
Rentals	-	-	-	-
Gifts	-	-	-	-
Prior Period Adjustment	-	-	-	-
Net Receipts from Clearing Accounts	-	-	-	-
Miscellaneous Local Revenue	-	-	-	-
Total Local	<u>244,437</u>	<u>44,854</u>	<u>-</u>	<u>289,291</u>
<b>County:</b>				
Fines, Escheats, Etc.	-	2,907	-	2,907
State Assessed Utilities	66,764	-	-	66,764
County Stock Insurance Fund	-	-	-	-
Fed Prop (Fed Forest, Flood, & Mineral)	-	-	-	-
Penalties, Concentrated Animal Feed Oper	-	-	-	-
Other - County	-	-	-	-
Total County	<u>66,764</u>	<u>2,907</u>	<u>-</u>	<u>69,671</u>
<b>State:</b>				
Basic Formula - State Monies	-	273,148	-	273,148
Transportation	3,801	-	-	3,801
Early Childhood Special Education	-	-	-	-
Career Ladder/Excellence in Education Act	-	-	-	-
Basic Formula - Classroom Trust Fund	-	15,441	-	15,441
Educ. Screening Prog/PAT	772	-	-	772
Small Schools Grant	-	16,860	-	16,860
Career Education	-	-	-	-
Food Service - State	124	-	-	124
Adult Education & Literacy (AEL)	-	-	-	-
MO Dept of Nat Res (DNR) Energy Loan	-	-	-	-
Residential Placement/Excess Cost	-	-	-	-
Readers For The Blind	-	-	-	-
State Emer Management Agency (SEMA) Funds	-	-	-	-
High Need Fund - Special Education	-	-	-	-
Missouri Preschool Project	-	-	-	-
Other - State	-	-	68,299	68,299
Total State	<u>\$ 4,697</u>	<u>\$ 305,449</u>	<u>\$ 68,299</u>	<u>\$ 378,445</u>

**Kingston 42 School District**  
Schedule of Revenues Collected by Source - School District Funds  
Year Ended June 30, 2021

	General Fund	Special Revenue Fund	Capital Projects Fund	Totals
<b>Federal:</b>				
State Administered				
Impact Aid (PL 81-874)	\$ -	\$ -	\$ -	\$ -
Medicaid	3,252	-	-	3,252
Reserve Officer Training Corps (ROTC)	-	-	-	-
CRRSA - ESSER II	-	-	-	-
CARES - ESSER Fund	-	-	-	-
CARES - Governor's Emergency Education Relief Fund	9,000	-	-	9,000
Perkins Basic Grant, Career Education	-	-	-	-
Coronavirus Relief Fund (OA CRF)	3,889	-	1,646	5,535
Emergency Worker Childcare Grant (CCDF)	-	-	-	-
Adult Education & Literacy (AEL)	-	-	-	-
IDEA Grants	-	-	-	-
Non-IDEA Special Education Grants	-	-	-	-
IDEA Entitlement Funds, Part B IDEA	6,898	7,353	-	14,251
Early Childhood Special Education - Federal	1,164	-	-	1,164
National School Lunch Equipment Grant	-	-	-	-
School Lunch Program	8,106	-	-	8,106
School Breakfast Program	5,260	-	-	5,260
Special Milk Program	-	-	-	-
After School Snack Program	-	-	-	-
Fresh Fruits and Vegetable Program	-	-	-	-
Title I - ESEA	1,311	11,936	-	13,247
Title I, Part C - Migrant Education	-	-	-	-
21st Century Community Learning Center/Afterschool	-	-	-	-
Title IV.A Student Support and Academic Enrichment	3,865	5,961	-	9,826
Title III, ESEA - English Language Acquisition	-	-	-	-
Educ For Homeless Children & Youth	-	-	-	-
Title II, Part A&B, ESEA - Teacher & Principal	1,189	-	-	1,189
Childcare Development Fund Grant	-	-	-	-
CARES - School Lunch Program	900	-	-	900
CARES - School Breakfast Program	556	-	-	556
CARES - After-School Snack Program	-	-	-	-
CARES - Special Milk Program	-	-	-	-
Federal Emergency Mgt Agency (FEMA) Funds	-	-	-	-
Vocational Rehabilitation	-	-	-	-
Dept of Health Food Service Program	-	-	-	-
Headstart	-	-	-	-
Pell Grants	-	-	-	-
Impact Aid, Restricted Purpose	-	-	-	-
Title VI, Part B Rural Education Initiative	3,948	4,437	-	8,385
Other - Federal	6,422	-	6,578	13,000
<b>Total Federal</b>	<b>55,760</b>	<b>29,687</b>	<b>8,224</b>	<b>93,671</b>
<b>Other Revenue:</b>				
Sale of Bonds	-	-	-	-
Sale of Bonds - QZAB (ARRA)	-	-	-	-
Net Insurance Recovery	-	-	-	-
Sale of School Buses	-	-	-	-
Sale of Other Property	-	-	35	35
Temporary Direct Deposit Revenues	-	-	-	-
Refunding Bonds	-	-	-	-
<b>Total Other Revenue</b>	<b>-</b>	<b>-</b>	<b>35</b>	<b>35</b>
<b>Receipts From Other Districts:</b>				
Tuition From Other LEAs Regular Term & Summer School	-	-	-	-
Area Voc Fees From Other LEAs	-	-	-	-
Contracted Educational Services	-	-	-	-
Trans From Other LEAs For Non-Disabled	-	-	-	-
Trans From Other LEAs For Disabled	-	-	-	-
Trans From Other LEAs For ECSE	-	-	-	-
<b>Total Receipts From Other Districts</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total Revenues</b>	<b>\$ 371,658</b>	<b>\$ 382,897</b>	<b>\$ 76,558</b>	<b>\$ 831,113</b>

**Kingston 42 School District**  
**Schedule of Expenditures Paid by Object - School District Funds**  
**Year Ended June 30, 2021**

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Capital Projects Fund</u>	<u>Totals</u>
Salaries	\$ 54,035	\$ 324,777	\$ -	\$ 378,812
Employee Benefits	10,305	52,471	-	62,776
Purchased Services	77,101	98,344	-	175,445
Supplies	58,149	-	-	58,149
Capital Outlays	-	-	105,182	105,182
Other Objects	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total	<u>\$ 199,590</u>	<u>\$ 475,592</u>	<u>\$ 105,182</u>	<u>\$ 780,364</u>

**Kingston 42 School District**  
 Summary Schedule of Revenues Collected, Expenditures Paid, and Changes in Fund Balances  
 School District Funds  
 Year Ended June 30, 2021

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Capital Projects Fund</u>	<u>Totals</u>
Revenues Collected	\$ 371,658	\$ 382,897	\$ 76,558	\$ 831,113
Expenditures Paid	<u>199,590</u>	<u>475,592</u>	<u>105,182</u>	<u>780,364</u>
Excess of Revenues Collected Over (Under) Expenditures Paid	172,068	(92,695)	(28,624)	50,749
Other Sources (Uses) Transfers	<u>(173,917)</u>	<u>92,695</u>	<u>81,222</u>	<u>-</u>
Excess of Revenues Collected and Other Sources Over (Under) Expenditures Paid and Other Uses	(1,849)	-	52,598	50,749
Fund Balance July 1, 2020	<u>570,107</u>	<u>-</u>	<u>-</u>	<u>570,107</u>
Fund Balance June 30, 2021	<u>\$ 568,258</u>	<u>\$ -</u>	<u>\$ 52,598</u>	<u>\$ 620,856</u>

**STATE COMPLIANCE SECTION**

# Martin & Hanway CPA's, P.C.

3725 Gene Field Road, Suite B  
Saint Joseph, Missouri 64506

Phone: 816-232-0450  
Fax: 816-232-0696

Ruthanna Martin, CPA

Amy Hanway, CPA

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## INDEPENDENT AUDITORS' REPORT ON MANAGEMENT'S ASSERTIONS ABOUT COMPLIANCE WITH SPECIFIED REQUIREMENTS OF MISSOURI LAWS AND REGULATIONS

To the Board of Education  
Kingston 42 School District

We have audited management's assertions that Kingston 42 School District complied with the requirements of Missouri Laws and Regulations regarding budgetary and disbursement procedures; accurate disclosure by the District's attendance records of attendance hours, resident membership on the last Wednesday of September and the number of students eligible to receive free or reduced price lunches on the last Wednesday of January, and accurate disclosure by the District's pupil transportation records of the average students scheduled to be transported eligible and ineligible for state aid, the number of miles eligible and ineligible for state aid and the allowable costs for pupil transportation during the year ended June 30, 2021. Management is responsible for the District's compliance with those requirements. Our responsibility is to express an opinion on management's assertions about the District's compliance based on our audit.

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

In our opinion, the management's assertions that the District complied with the aforementioned requirements for the year ended June 30, 2021 are fairly stated in all material respects.

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



Martin & Hanway CPA's, P.C.  
Saint Joseph, Missouri  
October 18, 2021

**Kingston 42 School District**  
**Schedule of State Findings**  
**Year Ended June 30, 2021**

Finding/Noncompliance

Published Summary: A published summary of the prior year's audit report was not made within thirty days of the receipt of the audit. See finding 2021-3 in the Schedule of Findings and Responses.

**013-062**  
**Kingston 42 School District**  
 Schedule of Selected Statistics  
 Year Ended June 30, 2021

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

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

School Code	Begin Grade	End Grade	Half Day Indicator	Standard Day Length	Days	Hours In Session
013-062	K	8	N/A	7.0833	148	1,041.8286
013-055	9	12	N/A	6.4500	166	1,064.1000
013-059	9	12	N/A	6.6000	161	1,049.0000

Notes: \_\_\_\_\_

**2. Attendance Hours**

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

School Code	Grade Level	Full-Time	Part-Time	Remedial Hours	Other	Summer School	Total
013-062	K-8	24,033.0000	-	-	-	-	24,033.0000
013-055	9-12	5,073.5800	-	-	-	-	5,073.5800
013-059	9-12	5,362.8000	-	-	-	-	5,362.8000
Grand Total		34,469.3800	-	-	-	-	34,469.3800

Notes: \_\_\_\_\_

**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
013-062	K-8	24	-	-	24
013-055	9-12	6	-	-	6
013-059	9-12	5	-	-	5
Grand Total		35	-	-	35

Notes: \_\_\_\_\_

**013-062**  
**Kingston 42 School District**  
 Schedule of Selected Statistics  
 Year Ended June 30, 2021

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

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

School Code	Free Lunch	Reduced Lunch	Deseg In Free	Deseg In Reduced	Total
013-062	24	-	-	-	24
013-055	1	-	-	-	1
013-059	4	1	-	-	5
Grand Total	29	1	-	-	30

Notes: \_\_\_\_\_

**5. Finance**

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

- 5.1 The district maintained a calendar in accordance with 160.041, 171.029, 171.031 and 171.033, RSMo and all attendance hours were reported. True
- 5.2 The district maintained complete and accurate attendance records allowing for the accurate calculation of Average Daily Attendance, which includes the reporting of calendar and attendance hours, 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 N/A
  - Homebound Instruction N/A
  - Missouri Options N/A
  - Prekindergarten Eligible to be Claimed for State Aid N/A
  - Remediation N/A
  - Sheltered Workshop Participation N/A
  - Students Participating in the School Flex Program N/A
  - Traditional Instruction (full and part-time students) True
  - Virtual Instruction (MOCAP or other option) N/A
  - Work Experience for Students with Disabilities N/A

**013-062**  
**Kingston 42 School District**  
Schedule of Selected Statistics  
Year Ended June 30, 2021

- 5.3 The district maintained complete and accurate attendance records allowing for the accurate calculation of September Membership for all students in accordance with all applicable state rules and regulations. True
- 5.4 The district maintained complete and accurate attendance and other applicable records allowing for the accurate reporting of the state FTE count for Free and Reduced Lunch for all students in accordance with all applicable state rules and regulations. True
- 5.5 As required by Section 162.401, RSMo, a bond was purchased for the district's treasurer in the total amount of: \$ 25,000
- 5.6 The district's deposits were secured during the year as required by Sections 110.010 and 110.020, RSMo. True
- 5.7 The district maintained a separate bank account for all Debt Service Fund monies in accordance with Section 108.180 and 165.011, RSMo. N/A
- 5.8 Salaries reported for educators in the October MOSIS Educator Core and Educator School files are supported by complete and accurate payroll and contract records. True
- 5.9 If a \$162,326 or 7% x SAT x WADA transfer was made in excess of adjusted expenditures, the board approved a resolution to make the transfer, which identified the specific projects to be funded by the transfer and an expected expenditure date for the projects to be undertaken. True
- 5.10 The district published a summary of the prior year's audit report within thirty days of the receipt of the audit pursuant to Section 165.121, RSMo. False
- 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. True
- 5.12 The amount spent for approved professional development committee plan activities was: \$793.58
- 5.13 The District has posted, at least quarterly, a searchable expenditure and revenue document or database detailing actual income, expenditures, and disbursement for the current calendar or fiscal year on the District website or other form of social media as required by Section 160.066, RSMo. True

**013-062**  
**Kingston 42 School District**  
**Schedule of Selected Statistics**  
**Year Ended June 30, 2021**

Notes: \_\_\_\_\_

All above "False" answers must be supported by a finding or management letter comment.

Finding #: \_\_\_\_\_ 2021-3

Management Letter Comment #: \_\_\_\_\_

**6. Transportation (Section 163.161, RSMo)**

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

6.1 The school transportation allowable costs substantially conform to 5 CSR 30-261.040, Allowable Costs for State Transportation Aid. True

6.2 The district's pupil transportation ridership records are maintained in a manner to accurately disclose in all material respects the average number of regular riders transported. True

6.3 Based on the ridership records, the average number of students (non-disabled K-12, K-12 students with disabilities and career education) transported on a regular basis (ADT) was:

- Eligible ADT # 7.0
- Ineligible ADT # 8.5

6.4 The district's transportation odometer mileage records are maintained in a manner to accurately disclose in all material respects the eligible and ineligible mileage for the year. True

6.5 Actual odometer records show the total district-operated and contracted mileage for the year was: #3,087

6.6 Of this total, the eligible non-disabled and students with disabilities route miles and the ineligible non-route and disapproved miles (combined) was:

- Eligible Miles (including food/instructional miles 2020-21) #2,839
- Ineligible Miles (Non-Route/Disapproved) #248

6.7 Number of days the district operated the school transportation system during the regular school year: 148

Notes: \_\_\_\_\_

**013-062**  
**Kingston 42 School District**  
**Schedule of Selected Statistics**  
**Year Ended June 30, 2021**

All above "False" answers must be supported by a finding or management letter comment.

Finding #: \_\_\_\_\_

Management Letter Comment #: \_\_\_\_\_

**FEDERAL COMPLIANCE SECTION**

# Martin & Hanway CPA's, P.C.

3725 Gene Field Road, Suite B  
Saint Joseph, Missouri 64506

Phone: 816-232-0450  
Fax: 816-232-0696

Ruthanna Martin, CPA

Amy Hanway, CPA

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

To the Board of Education  
Kingston 42 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 and each major fund of Kingston 42 School District, as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the District's basic financial statements and have issued our report thereon dated October 18, 2021. Our report included an explanatory paragraph addressing the District's preparation of its financial statements on the modified cash basis.

## **Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered Kingston 42 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 Kingston 42 School District's internal control. Accordingly, we do not express an opinion on the effectiveness of Kingston 42 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 and therefore, material weaknesses or significant deficiencies may exist that have not been identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses.

We did identify certain deficiencies in internal control, described in the accompanying schedule of findings and responses as items 2021-1 and 2021-2 that we consider to be significant deficiencies.

**Compliance and Other Matters**

As part of obtaining reasonable assurance about whether Kingston 42 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 one instance of noncompliance or other matters that is required to be reported under *Government Auditing Standards* and which is described in the accompanying schedule of findings and responses as item 2021-3.

**Kingston 42 School District’s Responses to Findings**

Kingston 42 School District’s responses to the findings identified in our audit are described in the accompanying schedule of findings and responses. Kingston 42 School District’s responses were not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on them.

**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.



Martin & Hanway CPA's, P.C.  
Saint Joseph, Missouri  
October 18, 2021

**Kingston 42 School District**  
**Schedule of Findings and Responses**  
**For the Year Ended June 30, 2021**

Findings – Financial Statement Audit

2021-1 Segregation of Duties

**Condition:** The secretary is responsible for making deposits, recording receipts, disbursements and journal entries, payroll, bank reconciliations and all financial reporting and monitoring tasks.

**Criteria:** Internal controls should be in place that provide for adequate segregation of duties so as to provide reasonable assurance that errors and irregularities that may occur are detected in a timely manner.

**Cause:** The size of the District's accounting staff precludes certain internal controls that would be preferred if staff were large enough to provide optimum segregation of duties.

**Effect:** A concentration of duties does not provide the checks and balances of multiple people involved in accounting functions, increasing the chance that errors and irregularities may occur and not be detected in a timely manner.

**Recommendation:** Continued involvement of the Board is important. Review and approval of invoices for items purchased by the person receiving the merchandise can add to controls. Review of bank reconciliations by a second person helps with cash.

**Response:** We acknowledge the issue of segregation of duties. Because it is not feasible to add bookkeeper positions, this is what we are doing to help maintain accountability:

**Internal controls:** The superintendent reviews each actual bank statement received monthly. These are initialed. The superintendent also prepares the monthly financial report to present to the board. In order to do this, the general ledger is reviewed and compared to the bank statement and the bookkeeper's reconciled bank figures. Purchase orders are prepared for all purchases, outside of recurring monthly purchases. These purchase orders are signed by the superintendent. Purchase orders are compared monthly with the expenses presented for payment. All invoices are approved and initialed by the superintendent before being presented for payment. The superintendent does the ordering and signs all purchase orders, so a payment to an unauthorized vendor would be caught immediately. All board members receive a list of payments to be made at board meetings. The actual invoices are also brought to each board meeting for review. Cash, including petty cash, are kept in a locked file cabinet. The superintendent can check the petty cash balance against receipts at any time. Cash received for lunch accounts is kept in an envelope with student names/accounts on it. Receipts for cash payments are written from a bound receipt book. The books are maintained in the Software Unlimited program and is housed in secure servers in the cloud. This allows the accounting program to be accessed from anywhere by both the superintendent and the bookkeeper.

**Kingston 42 School District**  
**Schedule of Findings and Responses**  
**For the Year Ended June 30, 2021**

**2021-2 Preparation of Full-Disclosure Financial Statements**

**Condition:** The District has personnel in place to perform all bookkeeping functions necessary to maintain a general ledger and prepare internal use statements. However, the District does not have the resources to have accounting professionals with the expertise, experience and training to prepare note disclosures in conformity with Governmental Accounting Standards.

**Criteria:** Preparation of note disclosures in conformity with Governmental Accounting Standards is required.

**Cause:** The District does not have the resources to have accounting professionals with the expertise, experience and training to prepare note disclosures in conformity with Governmental Accounting Standards.

**Effect:** This increases the possibility that errors could occur and not be detected in a timely manner.

**Recommendation:** We recommend that this service be outsourced, either to the auditor, or another accountant knowledgeable of the standards.

**Response:** We will outsource this service to our auditor, as it is not economically feasible to incur additional personnel costs to prepare the full-disclosure financial statements in house.

**2021-3 Published Summary**

**Condition:** The District did not publish a summary of the prior year's audit report within thirty days of receipt of the audit.

**Criteria:** Pursuant to Section 165.121, RSMo. the audit summary should be published within thirty days of receipt of the audit.

**Cause:** The District published a summary of the prior year's audit report 42 days after receipt of the audit.

**Effect:** The District was 7 days late in publishing the summary.

**Recommendation:** Procedures should be implemented to ensure a published summary of the audit is done within the 30 day requirement.

**Response:** The administration and bookkeeper will work together to ensure that a summary of the audit is published within 30 days.