

BALLARD SCHOOL DISTRICT

**AUDITED FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED
JUNE 30, 2023**

**TOGETHER WITH
INDEPENDENT AUDITORS' REPORT**

**DSWA CERTIFIED PUBLIC ACCOUNTANTS, P.C.
210 WEST OHIO
BUTLER, MISSOURI 64730**

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INDEPENDENT AUDITORS' REPORT

To the Board of Education
Ballard School District
of Bates County, Missouri

Report on the Audit of the Financial Statements

Opinions

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

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

Basis for Opinions

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

Emphasis of Matter—Basis of Accounting

We draw attention to Note 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.

Responsibilities of Management for the Financial Statements

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

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

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

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

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

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 accompanying combined schedule of revenues collected by source – modified cash basis is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combined schedule of revenues collected by source – modified cash basis is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

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

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 12, 2023, on our consideration of the District’s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District’s internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District’s internal control over financial reporting and compliance.

Report on Other Legal and Regulatory Requirements

In accordance with requirements of Missouri laws and regulations, we have also issued our report dated December 12, 2023, on our consideration of certain management’s assertions of the District. The purpose of that report is to describe the scope of our testing of certain management assertions related to requirements of Missouri laws and regulations pertaining to public school districts and the results of that testing, and not to provide an opinion on such assertions.

DSWA Certified Public Accountants. P.C.

Butler, Missouri
December 12, 2023

BALLARD SCHOOL DISTRICT
STATEMENT OF NET POSITION - MODIFIED CASH BASIS
JUNE 30, 2023

	Governmental Activities
ASSETS	
Cash and cash equivalents	\$ 535,034
Investments	1,144,886
Capital assets, net of accumulated depreciation	<u>1,317,395</u>
Total assets	<u>2,997,315</u>
LIABILITIES	
Current liabilities:	
General obligation bonds due within one year	80,000
Noncurrent liabilities:	
General obligation bonds due in more than one year	<u>305,000</u>
Total liabilities	<u>385,000</u>
NET POSITION	
Net investment in capital assets	932,395
Restricted for:	
Debt service	153,420
Unspent bond proceeds	2,137
Scholarships	6,439
Grant projects	2,389
Other	567
Unrestricted	<u>1,514,968</u>
Total net position	<u>\$ 2,612,315</u>

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

**BALLARD SCHOOL DISTRICT
STATEMENT OF ACTIVITIES - MODIFIED CASH BASIS
FOR THE YEAR ENDED JUNE 30, 2023**

Functions	Expenses	Program Revenues			Net (Expense) Revenue and Changes In Net Position
		Charges for Services	Operating Grants And Contributions	Capital Grants And Contributions	Total Governmental Activities
PRIMARY GOVERNMENT					
GOVERNMENTAL ACTIVITIES					
Instructional services					
Regular	\$ 738,431	\$ -	\$ 88,819	\$ -	\$ (649,612)
Special	134,740	-	84,079	-	(50,661)
Vocational	116,370	-	4,739	-	(111,631)
Student activities	83,986	67,291	-	-	(16,695)
Payments to other districts	8,000	-	-	-	(8,000)
Supporting services					
Students	107,777	-	-	-	(107,777)
Instructional staff	113,094	-	7,515	-	(105,579)
Building administration	97,038	-	-	-	(97,038)
General administration	171,169	-	-	-	(171,169)
Operation and maintenance of facilities	172,668	-	-	-	(172,668)
Transportation	140,675	-	67,974	-	(72,701)
Food services	101,859	22,407	64,219	9,637	(5,596)
Community services	31,556	-	-	-	(31,556)
Facilities acquisition and construction	4,644	-	-	-	(4,644)
Interest	11,269	-	-	-	(11,269)
Other	760	-	-	-	(760)
Total school district	<u>\$ 2,034,036</u>	<u>\$ 89,698</u>	<u>\$ 317,345</u>	<u>\$ 9,637</u>	<u>(1,617,356)</u>
GENERAL REVENUES					
Property taxes levied for:					
General purposes					766,208
Debt service					108,398
Capital outlay					6,281
Federal and state aid not restricted to specific purposes					1,066,151
Earnings on investments					33,050
Miscellaneous					93,390
Total general revenues					<u>2,073,478</u>
Change in net position					456,122
NET POSITION - BEGINNING					<u>2,156,193</u>
NET POSITION - ENDING					<u>\$ 2,612,315</u>

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

**BALLARD SCHOOL DISTRICT
BALANCE SHEET - MODIFIED CASH BASIS
GOVERNMENTAL FUNDS
JUNE 30, 2023**

	General (Incidental) Fund	Special Revenue (Teachers') Fund	Debt Service Fund	Capital Projects (Building) Fund	Total Governmental Funds
ASSETS					
Cash and cash equivalents	\$ 301,264	\$ -	\$ 117,606	\$ 116,164	\$ 535,034
Investments	1,109,072	-	35,814	-	1,144,886
Total assets	<u>\$ 1,410,336</u>	<u>\$ -</u>	<u>\$ 153,420</u>	<u>\$ 116,164</u>	<u>\$ 1,679,920</u>
FUND BALANCES					
Restricted for:					
Debt service	\$ -	\$ -	\$ 153,420	\$ -	\$ 153,420
Unspent bond proceeds	-	-	-	2,137	2,137
Scholarships	6,439	-	-	-	6,439
Grant projects	2,389	-	-	-	2,389
Other	567	-	-	-	567
Assigned to:					
Capital outlay	-	-	-	114,027	114,027
Student activities	33,638	-	-	-	33,638
Unassigned	<u>1,367,303</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,367,303</u>
Total fund balances	<u>1,410,336</u>	<u>-</u>	<u>153,420</u>	<u>116,164</u>	<u>1,679,920</u>
Total liabilities and fund balances	<u>\$ 1,410,336</u>	<u>\$ -</u>	<u>\$ 153,420</u>	<u>\$ 116,164</u>	<u>\$ 1,679,920</u>

Reconciliation to Statement of Net Position

Amounts reported for governmental activities in the statement of net position are different because:

Total fund balance - governmental funds \$ 1,679,920

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds. The cost of the assets are \$2,099,739 and the accumulated depreciation is \$782,344. 1,317,395

Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the funds. (385,000)

Total net position - governmental activities \$ 2,612,315

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

BALLARD SCHOOL DISTRICT
COMBINED STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
MODIFIED CASH BASIS
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2023

	<u>General</u>	<u>Special Revenue (Teachers') Fund</u>	<u>Debt Service</u>	<u>Capital Projects</u>	<u>Total Governmental Funds</u>
Revenues					
Local	\$ 759,214	\$ 133,713	\$ 112,301	\$ 6,281	\$ 1,011,509
County	62,829	10,762	11,925	-	85,516
State	252,610	691,735	-	11,768	956,113
Federal	135,749	291,634	-	9,637	437,020
Total revenues	<u>1,210,402</u>	<u>1,127,844</u>	<u>124,226</u>	<u>27,686</u>	<u>2,490,158</u>
Expenditures					
Instructional services					
Regular	50,777	640,602	-	-	691,379
Special	26,016	102,333	-	6,391	134,740
Vocational	13,039	103,331	-	-	116,370
Student activities	75,979	8,007	-	-	83,986
Payments to other districts	-	8,000	-	-	8,000
Supporting services					
Students	40,931	66,846	-	-	107,777
Instructional staff	79,380	33,714	-	-	113,094
Building administration	33,194	63,844	-	-	97,038
General administration	76,013	95,156	-	11,604	182,773
Operation and maintenance of facilities	172,668	-	-	14,960	187,628
Transportation	140,675	-	-	-	140,675
Food service	94,485	-	-	10,558	105,043
Other services					
Community services	25,545	6,011	-	-	31,556
Facilities acquisition and construction	-	-	-	4,644	4,644
Principal	-	-	110,000	-	110,000
Interest	-	-	11,269	-	11,269
Other	-	-	760	-	760
Total expenditures	<u>828,702</u>	<u>1,127,844</u>	<u>122,029</u>	<u>48,157</u>	<u>2,126,732</u>
Excess of revenues over (under) expenditures	<u>381,700</u>	<u>-</u>	<u>2,197</u>	<u>(20,471)</u>	<u>363,426</u>
Net change in fund balances	381,700	-	2,197	(20,471)	363,426
Fund balances - beginning	<u>1,028,636</u>	<u>-</u>	<u>151,223</u>	<u>136,635</u>	<u>1,316,494</u>
Fund balances - ending	<u>\$ 1,410,336</u>	<u>\$ -</u>	<u>\$ 153,420</u>	<u>\$ 116,164</u>	<u>\$ 1,679,920</u>

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

**BALLARD SCHOOL DISTRICT
RECONCILIATION OF THE COMBINED STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
MODIFIED CASH BASIS
FOR THE YEAR ENDED JUNE 30, 2023**

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

Net change in fund balances - total governmental funds \$ 363,426

Governmental funds report capital outlays as expenditures. However, in the statement of activities, assets with an initial, individual cost of more than \$5,000 are capitalized and the cost is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which depreciation exceeded capital outlays in the current period.

	\$	35,417	
Capital outlays		35,417	
Depreciation expense		<u>(52,721)</u>	
			(17,304)

The governmental funds report bond proceeds as an other financing source, while repayment of bond principal is reported as an expenditure. However, bond proceeds and repayment of bond principal are not included in the statement of activities because they are reported as changes in the balance of debt in the statement of net assets. The net effect of this difference in the treatment of general obligation bonds and related items is as follows:

		<u>110,000</u>	
Repayment of bond principal		<u>110,000</u>	
			<u>110,000</u>

Change in net position of governmental activities \$ 456,122

BALLARD SCHOOL DISTRICT OF BATES COUNTY, MISSOURI

NOTES TO THE BASIC FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

A. Reporting Entity: The District follows the applicable Governmental Accounting Standards Board's (GASB) Statements to define the reporting entity. The financial statements include all operations over which the District is financially accountable. The District is not a participant in any joint venture and has not identified any entities which would be component units of the District nor is it a component unit of any other primary government entity.

B. Basis of Presentation: The District's basic financial statements consist of government-wide statements, including a Statement of Net Position and a Statement of Activities, and fund financial statements which provide a more detailed level of financial information.

1. Government-wide financial statements: The Statement of Net Position and the Statement of Activities display information about the District as a whole. These statements include the financial activities of the primary government. The statements present governmental activities generally financed through taxes, intergovernmental receipts, and other non-exchange transactions.

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

2. Fund financial statements: The Balance Sheet and Statement of Revenues, Expenditures, and Changes in Fund Balances present the activities of the District segregated into funds in order to aid financial management and demonstrate legal compliance. Each fund is presented in a separate column.

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

1. General (Incidental) Fund - Accounts for general activities of the District, including student activities and food service, which are not required to be accounted for in a separate fund.
2. Special Revenue (Teachers') Fund - Accounts for expenditures for certified employees involved in administration and instruction. It includes revenues restricted by the State for payment of teachers' salaries and employee benefits.
3. Debt Service Fund – Accounts for the accumulation of resources for the payment of long-term debt principal, interest, and related costs.

BALLARD SCHOOL DISTRICT OF BATES COUNTY, MISSOURI

NOTES TO THE BASIC FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued):

C. Fund Accounting (continued):

4. Capital Projects Fund - Accounts for the proceeds of long-term debt, taxes and other revenues designated for construction of major capital assets and all other capital outlay.

- D. Basis of Accounting: The government-wide Statement of Net Position and Statement of Activities and the fund financial statements have been prepared using the modified cash basis of accounting. This basis generally recognizes assets, long-term liabilities, net position/fund balance, revenues and expenditures when they result from cash transactions, with the exception of certain payroll expenditures described below in Note 1 (H), with a provision for depreciation expense in the government-wide financial statements and with a modification relating to the presentation of investments and capital assets. 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 the modified cash basis of accounting, certain assets and their related revenues (such as accounts receivable and revenue for billed or provided services not yet collected) and certain liabilities and their related expenditures (such as accounts payable and expenses for goods or services received but not yet paid, and accrued expenses and liabilities) are not recorded in these financial statements.

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

E. Measurement Focus:

1. Government-wide financial statements: The Statement of Net Position and Statement of Activities are prepared using the total economic resources measurement focus within the limitations of the modified cash basis of accounting, as defined above. Accordingly, the District's capital assets and long-term debt are included in the Statement of Net Position.
2. Fund financial statements: The Balance Sheet and Statement of Revenues, Expenditures, and Changes in Fund Balances are prepared using the current financial resources measurement focus within the limitations of the modified cash basis of accounting, as defined above. Accordingly, only current assets are shown in the Balance Sheet.

- F. Pooled Cash and Cash Equivalents: The District maintains a cash and cash equivalents pool that is available for use by all funds except the Debt Service Fund. State law requires that all deposits in the Debt Service Fund be kept separate and apart from all other funds of the District. Interest income received is allocated to the various funds according to each fund's share of the pool.

- G. Capital Assets: In the government-wide financial statements, capital assets are accounted for as assets in the Statement of Net Position. All capital assets are valued at historical cost, or estimated historical cost if actual is unavailable, except for donated capital assets which are recorded at their estimated fair value at the date of donation.

BALLARD SCHOOL DISTRICT OF BATES COUNTY, MISSOURI

NOTES TO THE BASIC FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued):

G. Capital Assets (continued):

A capitalization threshold of \$5,000 is used to report capital assets, which are depreciated using the straight-line method over the following estimated useful lives:

Buildings	50 years
Equipment	5 – 30 years

In the fund financial statements, capital assets are accounted for as capital outlays upon acquisition.

H. Payroll Related Expenditures: The salary payment schedule of the District allows for the payment of salaries over a twelve-month period. Consequently, the July and August, 2023 payroll checks, written and dated in June, 2023, are included in the financial statements as an expenditure paid in the year ended June 30, 2023. This practice has been consistently followed in the previous years.

I. Compensated Absences: Vacation, personal business days and sick leave are considered as expenditures in the year paid. Employees are allowed ten, eleven, or twelve days based upon the number of days in their contract. Employees are paid \$40 per day at the end of the year for any days accumulated over 36 days. If any employee leaves the District for any reason other than retirement, the employee is not entitled to reimbursement. Upon retirement, an employee is paid for the 36-day carryover limit, plus any days unused during the year, at \$40 per day. Thus, employees' sick leave vests only at retirement. Unpaid compensated absences for the years ending June 30, 2023 and 2022, were \$90 and \$0, respectively, and are not recognized in the modified cash basis financial statements.

J. Net Position: Net position in the government-wide financial statements represents the difference between assets and liabilities, and are reported in three categories:

1. Net investment in capital assets consists of net capital assets reduced by outstanding balances of any related debt obligations and deferred inflows of resources attributable to the acquisition, construction, or improvement of those assets and increased by balances of deferred outflows of resources related to those assets.
2. Restricted net position consists of net position with use constrained to a particular purpose. Restrictions are imposed by external organizations such as federal or state laws or bond covenants. Restricted net position is reduced by liabilities and deferred inflows of resources related to the restricted assets.
3. Unrestricted net position consists of all other net position that does not meet the definition of the above two components and is available for general use by the District.

The District first applies restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position are available.

BALLARD SCHOOL DISTRICT OF BATES COUNTY, MISSOURI

NOTES TO THE BASIC FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued):

- K. Fund Balances: The fund financial statements present fund balances by classification based on the extent to which the District is bound to honor constraints on the specific purposes for which the funds may be spent. The following classifications are used to describe the relative strength of these constraints:
1. Nonspendable – amounts that are either not in spendable form, or legally or contractually required to be maintained intact.
 2. Restricted – amounts constrained to specific uses by external groups such as creditors, grantors, or contributors or by laws and regulations of other governments.
 3. Committed – amounts constrained to specific uses by the District itself, using its highest level of decision making authority, the District's Board of Education. Commitments may be established, modified, or rescinded only through resolutions passed by the District's Board of Education.
 4. Assigned – amounts that do not meet the criteria to be classified as restricted or committed but that the District intends to use for a specific purpose. For all funds other than the General Fund, this includes any remaining funds not otherwise classified, as they are assigned to the purposes for which the fund was established. For the General Fund, the assignment can result from intent expressed by the District's Board of Education or by District administrators to which the Board of Education delegates the authority.
 5. Unassigned – amounts that are available for any purpose. Positive amounts are reported in only the General Fund. Negative unassigned fund balances are reported for all other governmental funds where the nonspendable, restricted, and committed fund balances exceed the total fund balance.

When an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available, the District applies restricted funds first. When an expenditure is incurred for which committed, assigned, and/or unassigned fund balances are available, the District first applies committed funds, then assigned funds, and finally unassigned funds, as needed.

- L. Use of 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 these financial statements and accompanying notes. Actual results could differ from these estimates. The most significant estimate on the modified cash basis reporting is depreciation expense in the government-wide financial statements.
- M. Nonexchange Transactions: Nonexchange transactions, in which the District receives value without directly giving equal value in return, include property taxes, grants, entitlements and donations.

BALLARD SCHOOL DISTRICT OF BATES COUNTY, MISSOURI

NOTES TO THE BASIC FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued):

N. Budgetary Accounting: The District follows these procedures in establishing the budgetary data reflected in the financial statements:

1. In accordance with Chapter 67, RSMo, the District adopts a budget for each fund.
2. Prior to July, the superintendent, who serves as the budget officer, submits to the Board of Education a proposed budget for the fiscal year beginning on the following July 1. The proposed budget includes estimated revenues and proposed expenditures for all District funds. Budgeted expenditures cannot exceed a beginning available monies plus estimated revenues for the year.
3. A public hearing is conducted to obtain taxpayers' comments. Prior to its approval by the Board of Education, the budget document is available for public inspection.
4. Prior to July 1, the budget is legally enacted by a vote of the Board of Education.
5. Subsequent to its final approval of the budget, the Board of Education has the authority to make necessary adjustments to the budget by formal vote of the board. Adjustments made during the year are reflected in the budget information included in the financial statements.
6. Budgets for District funds are prepared and adopted using the cash basis of accounting (budget basis). The budgetary comparison schedules' actual columns are presented on the modified cash basis of accounting described in item (D). above which is substantially the same as the cash basis of accounting.

O. Program Revenues: Amounts reported as program revenues include 1) charges to students or others for goods, services or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions. All other governmental receipts are reported as general receipts. All taxes are classified as general receipts even if restricted for a specific purpose.

P. Change in Accounting Principles: For fiscal year 2022, the District implemented Governmental Accounting Standards Board (GASB) Statement No. 87, *Leases*. GASB Statement No. 87 enhances the relevance and consistency of information of the government's leasing activities. It establishes requirements for lease accounting based on the principle that leases are financings of the right to use an underlying asset. A lessee is required to recognize a lease liability and an intangible right to use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources. At June 30, 2022 and 2023, there were no material finance leases for right-to-use assets.

For fiscal year 2023, the District implemented Governmental Accounting Standards Board (GASB) Statement No. 96, *Subscription-Based Information Technology Arrangements (SBITA)*. GASB Statement No. 96 defined a SBITA as a contract that conveys control of the right to use another party's (a SBITA vendor's) information technology (IT) software, alone or in combination with tangible capital assets (the underlying IT assets), as specified in the contract for a period of time in an exchange or exchange-like transaction. Under this Statement, a government generally should recognize a right to use subscription asset—an intangible asset—and a corresponding subscription liability. At June 30, 2023, there were no material SBITAs.

BALLARD SCHOOL DISTRICT OF BATES COUNTY, MISSOURI

NOTES TO THE BASIC FINANCIAL STATEMENTS

2. RETIREMENT PLAN:

A. Summary of Significant Accounting Policies:

The District participates in the Public School Retirement System and the Public Education Employee Retirement System (PSRS and PEERS, also referred to as the System). The financial statements of the District were prepared using the modified cash basis of accounting. Therefore, member and employer contributions are recognized when paid and the District's net pension liability, deferred outflows and inflows of resources related to pensions are not recorded in these financial statements.

B. 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 PSRS, Missouri State Teachers' Association, Missouri State High School Activities Association, and certain employees of the State of Missouri who elected to remain covered by PSRS under legislation enacted in 1986, 1987, and 1989. The majority of PSRS members are exempt from Social Security contributions. In some instances, positions may be determined not to be exempt from Social Security contributions. Any PSRS member who is required to contribute to Social Security comes under the requirements of Sections 169.070 (9) RSMO, known as the "2/3's statute." PSRS members required to contribute to Social Security are required to contribute two-thirds of the approved PSRS contribution rate and their employer is required to match the contribution. The members' benefits are further calculated at two-thirds the normal benefit amount.

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

C. 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 five to 24.9 years of service at age 55. Members who are younger than age 55 and who do not qualify under the "Rule of 80" but have between 25 and 29.9 years of service may retire with a lesser benefit factor. Members that are three years beyond normal retirement can elect to have their lifetime monthly benefits actuarially reduced in exchange for the right to also receive a one-time partial lump sum (PLSO) payment at retirement equal to 12, 24, or 36 times the Single Life benefit amount.

BALLARD SCHOOL DISTRICT OF BATES COUNTY, MISSOURI

NOTES TO THE BASIC FINANCIAL STATEMENTS

2. RETIREMENT PLAN (continued):

C. Benefits Provided (continued):

PEERS is a defined benefit plan providing service retirement and disability benefits to its members. Members are vested for service retirement benefits after accruing five years of service. Individuals who (a) are at least age 60 and have a minimum of five years of service, (b) have 30 years of service, or (c) qualify for benefits under the "Rule of 80" (service and age total at least 80) are entitled to a monthly benefit for life, which is calculated using a 1.61% benefit factor. Members qualifying for "Rule of 80" or "30-and-out" are entitled to an additional temporary .8% benefit multiplier until reaching minimum Social Security age (currently age 62 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. A Summary Plan Description detailing the provisions of the plan can be found on PSRS' website at www.psr-peers.org.

D. Cost-of-Living Adjustments ("COLA"):

The Board of Trustees has established a policy of providing a 0.00% COLA for years in which the CPI increases between 0.00% and 2.00%, a 2.00% COLA for years in which CPI increases between 2.00% and 5.00%, and a COLA of 5.00% if the CPI increase is greater than 5.00%. If the CPI decreases, no COLA is provided. For any member retiring on or after July 1, 2001, such adjustments commence on the second 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.

E. Contributions:

PSRS members were required to contribute 14.5% of their annual covered salary during fiscal years 2021, 2022 and 2023. 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.

The District's contributions to PSRS were \$103,582, \$112,511 and \$113,148 respectively, for the years ended June 30, 2021, 2022 and 2023.

PEERS members were required to contribute 6.86% of their annual covered salary during fiscal years 2021, 2022 and 2023. Employers were required to match the contributions made by employees. The contribution rate is set each year by the PSRS Board of Trustees upon the recommendation of the independent actuary within the contribution restrictions set in Section 169.030 RSMo. The annual statutory increase in the total contribution rate may not exceed 0.5% of pay.

The District's contributions to PEERS were \$17,709, \$17,224 and \$24,804 respectively, for the years ended June 30, 2021, 2022 and 2023.

BALLARD SCHOOL DISTRICT OF BATES COUNTY, MISSOURI

NOTES TO THE BASIC FINANCIAL STATEMENTS

3. CASH AND CASH EQUIVALENTS:

State statutes require the District's deposits be insured or collateralized in the name of the District by the trust department of a bank that does not hold the collateralized deposits. As of June 30, 2023, all bank balances on deposit are entirely insured or collateralized with securities. Furthermore, the District has no foreign currency risk.

Cash held in the General Fund in the amount of \$6,439 is restricted for scholarships, \$2,389 is restricted for grant projects and \$567 is restricted to benefit the students. Cash and cash equivalents held in the Debt Service Fund in the amount of \$153,420 is restricted for debt service payments. Cash held in the Capital Projects Fund includes \$2,137 of unspent bond proceeds restricted for capital asset expenditures.

4. INVESTMENTS:

The District's investments at June 30, 2023, consisted of the following:

<u>Investment Type</u>	<u>Maturity</u>	<u>Balance</u>
Missouri Capital Asset Advantage Treasury (MOCAAT) Program	N/A	\$ 1,109,072
Pro-rata shares of investment contracts with BOK Financial	N/A	\$ 35,814
		<u>\$ 1,144,886</u>

- A. Interest Rate Risk: As a means of limiting its exposure to fair value losses arising from rising interest rates, the District's investment policy mandates structuring the investment portfolio so that investments mature to meet cash requirements for ongoing operations thereby avoiding the need to sell investments on the open market prior to maturity.
- B. Investment Contracts with MOCAAT: The District funds on deposit with PMA Financial Network (MOCAAT) which are invested in investment contracts with credit providers whose unsecured long-term debt is rated at the time of such agreement in either of the two highest rating categories by a nationally recognized rating service in accordance with Section 165.051 of the Missouri Revised Statutes through the Missouri School District Direct Deposit Program. Each District investing in the program owns a pro-rata share of each investment which is held in the name of the fund. Fair market value approximates cost as the District has a pro-rata share of the fund.
- C. Investment Contracts with BOK Financial: The District funds on deposit with BOK Financial, which are invested in investment contracts with credit providers whose unsecured long-term debt is rated at the time of such agreement in either of the two highest rating categories by a nationally recognized rating service, in accordance with Section 165.051 and 360 of the Missouri Revised Statutes through the Missouri School District Direct Deposit Program. Each District investing in the program owns a pro-rata share of each investment, which is held in the name of the fund. Fair market value approximates cost as the District has a pro-rata share of the fund. These investments are shown in the Debt Service Fund and are restricted for debt service payments.

BALLARD SCHOOL DISTRICT OF BATES COUNTY, MISSOURI

NOTES TO THE BASIC FINANCIAL STATEMENTS

5. TAXES:

The county in which the District is located collects property tax and remits it to the District. The District also receives sales tax collected by the state which is remitted based on eligible pupils.

Property taxes attach as an enforceable lien on property as of January 1. Property taxes are levied on November 1, and are payable by December 31. All unpaid taxes become delinquent January 1 of the following year.

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

	<u>Bates County</u>	
Real Estate:		
Residential	\$	6,781,120
Agricultural		2,308,380
Commercial		576,650
Personal Property		<u>4,432,529</u>
	\$	<u><u>14,098,679</u></u>

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

<u>Fund</u>	<u>Unadjusted</u>	<u>Adjusted</u>
General	\$ 4.2626	\$ 4.2626
Debt service	0.7500	0.7500
	<u>\$ 5.0126</u>	<u>\$ 5.0126</u>

The receipts of current and delinquent property taxes during the fiscal year ended June 30, 2023, aggregated approximately 102% of the current assessment computed on the basis of the levy as shown above for the calendar year 2022.

6. CAPITAL ASSETS:

The capital assets activity of the District during the year ended June 30, 2023, was as follows:

	<u>Balance June 30, 2022</u>	<u>Additions</u>	<u>Retirements</u>	<u>Balance June 30, 2023</u>
Capital assets not depreciated:				
Land	\$ 2,600	\$ -	\$ -	\$ 2,600
Capital assets being depreciated:				
Buildings	1,985,863	26,564	-	2,012,427
Equipment	<u>75,859</u>	<u>8,853</u>	-	<u>84,712</u>
	2,064,322	35,417	-	2,099,739
Less: Accumulated depreciation	<u>729,623</u>	<u>52,721</u>	-	<u>782,344</u>
Net capital assets	<u>\$ 1,334,699</u>	<u>\$ (17,304)</u>	<u>\$ -</u>	<u>\$ 1,317,395</u>

BALLARD SCHOOL DISTRICT OF BATES COUNTY, MISSOURI

NOTES TO THE BASIC FINANCIAL STATEMENTS

6. CAPITAL ASSETS (continued):

Depreciation expense was charged to functions of the governmental funds as follows:

Instructional services	\$ 47,052
Supporting services:	
Food services	<u>5,669</u>
Total depreciation expense	<u>\$ 52,721</u>

7. BONDS PAYABLE:

The following is a summary of bond transactions for the year ended June 30, 2023:

Bonds payable July 1, 2022	\$ 495,000
Less - Bonds retired	<u>(110,000)</u>
Bonds payable June 30, 2023	<u>\$ 385,000</u>

Bonds payable at June 30, 2023, consisted of Series 2012 outstanding general obligation bonds due in varying semi-annual installments through March 1, 2023, with variable annual interest rates of 1.25% to 2.125%. These refunding general obligation bonds were issued on July 1, 2012, to refund the Series 2003 outstanding general obligation bonds. It is estimated by the bonding agency that the District would save approximately \$99,999 in future interest payments with this refunding. This bond was retired entirely during the fiscal year ended June 30, 2023.

Interest paid on these bonds during the year ended June 30, 2023, totaled \$1,275.

Bonds payable at June 30, 2023, also consisted of \$385,000 Series 2020 outstanding general obligation school building bonds due in varying semi-annual installments through March 1, 2035, with variable annual interest rates of 1.00% to 3.625%. These general obligation bonds were issued on October 15, 2020, for the purpose of constructing, improving, repairing, renovating, furnishing and equipping school facilities, including HVAC in the gymnasium, and classrooms and hallways, construction of north sidewalk and awning over north entrance, new roof over gym and other projects as needed.

Interest paid on these bonds during the year ended June 30, 2023, totaled \$9,994.

The District has elected to participate in the program created by Senate Bill 301 administered by the Missouri Health and Educational Facilities Authority (MOHEFA) which allows the District an enhanced bond rating as well as having certain costs of issuance reimbursed. As a result of participating in this program, the District has executed a direct deposit agreement whereby a portion of state aid payments will be made to the direct deposit trustee who will then make the principal and interest payments on the bonds. At June 30, 2023, the District had \$35,814 in the 2020 escrow account. This amount is included as investments in the Debt Service Fund.

BALLARD SCHOOL DISTRICT OF BATES COUNTY, MISSOURI

NOTES TO THE BASIC FINANCIAL STATEMENTS

7. BONDS PAYABLE (continued):

Principal and interest on general obligation bonds are liquidated through the Debt Service Fund. Debt service requirements for the outstanding bonds are as follows:

Year Ending June 30,	Principal	Interest	Total
2024	\$ 80,000	\$ 9,494	\$ 89,494
2025	90,000	8,694	98,694
2026	10,000	7,794	17,794
2027	15,000	7,431	22,431
2028	15,000	6,888	21,888
2029 - 2033	105,000	25,013	130,013
2034 - 2035	70,000	3,988	73,988
	<u>\$ 385,000</u>	<u>\$ 69,301</u>	<u>\$ 454,302</u>

Article VI, Section 26 (b), Constitution of Missouri, limits the outstanding amount of authorized general obligation bonds of a District to 15% of the assessed valuation of the District. The legal debt margin (excluding state-assessed railroad and utility) of the District at June 30, 2023, was:

Constitutional debt limit	\$ 2,114,802
Amount in Debt Service Fund available for payment of principal	153,420
General obligation bonds payable	<u>(385,000)</u>
Legal debt margin	<u>\$ 1,883,222</u>

8. COMMITMENTS AND CONTINGENCIES:

The District received financial assistance from federal and state agencies in the form of grants. The disbursements of funds received under these programs generally require compliance with terms and conditions specified in the grant agreements and are subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the general fund or other applicable funds. However, in the opinion of management, any such disallowed claims will not have a material adverse effect on the overall financial position of the District at June 30, 2023.

The District offers post-retirement healthcare benefits to all employees who retire from the District. Retirees and their dependents may obtain coverage by paying required premium rates. The District does not pay a portion of the required premium rates for retirees; however, the premiums paid by the District for active employees are based on combined active and retiree experience, so an implicit subsidy exists. Under the District's modified cash basis of accounting, no liability for this subsidy is included in the financial statements.

BALLARD SCHOOL DISTRICT OF BATES COUNTY, MISSOURI

NOTES TO THE BASIC FINANCIAL STATEMENTS

9. INTERFUND TRANSFERS:

Interfund transfers, the flow of assets from one fund to another where repayment is not expected, are reported as transfers in and out. The District is required to make a transfer from the General Fund to the Teachers' Fund to cover the excess of disbursements over receipts each year. The District is also allowed to make transfers from the General Fund to the Capital Projects Fund to cover disbursements and build balances as allowed by state law. During the year ended June 30, 2023, the District made the following interfund transfers:

<u>TRANSFERS FROM</u>	<u>TRANSFERS TO</u>	
	<u>Special Revenue (Teachers') Fund</u>	<u>Capital Projects Fund</u>
General Fund	<u>N/A</u>	<u>N/A</u>

10. RELATED PARTY TRANSACTIONS:

There are instances where current board members are related to staff employed by the District. It appears the District is in compliance with state statutes regarding member voting.

11. RISK MANAGEMENT:

The District is exposed to various risks of loss due to torts; theft of, damage to, and destruction of assets; errors or omissions; injuries to employees; and natural disasters. The District is a member of the Missouri United School Insurance Council (MUSIC). MUSIC is a public entity risk pool currently operating as a common risk management and insurance program. The District does not pay premiums to purchase insurance policies but pays an assessment to be a member of the self-sustaining risk sharing group. Part of the assessment is used to purchase excess insurance for the group as a whole. The pooling agreement requires the pool to be self-sustaining. The District believes that it is not possible to estimate the range of contingent losses to be borne by the District. Settled claims have not exceeded insurance coverage in any of the last three years. There were no significant reductions in coverage compared to the prior year.

12. DATE OF MANAGEMENT'S REVIEW:

Subsequent events were evaluated through December 12, 2023, which is the date the financial statements were available to be issued.



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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
Ballard School District
Ballard, Missouri

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities and each major fund of the District, as of and for the fiscal year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the District's basic financial statements and have issued our report thereon dated December 12, 2023.

Report on Internal Control over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We identified a deficiency in internal control, described in the accompanying schedule of findings as item 2023-001, that we consider to be a significant deficiency.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed an 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 current year findings as item 2023-002.

District's Response to Findings

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

Purpose of This Report

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

DSWA Certified Public Accountants, P.C.

Butler, Missouri
December 12, 2023

BALLARD SCHOOL DISTRICT OF BATES COUNTY, MISSOURI

**SCHEDULE OF CURRENT YEAR FINDINGS AND RESPONSES TO THE 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**

FOR THE YEAR ENDED JUNE 30, 2023

INTERNAL CONTROL OVER FINANCIAL REPORTING

2023-001 Segregation of Duties

Statement of Condition: The District is not able to segregate the duties of employees to all phases of an accounting transaction.

Criteria: Adequate segregation of non-compatible duties is important for a sound and efficient internal control system.

Effect: Errors and irregularities may result from this lack of segregation of employee duties and responsibilities.

Cause: Because of a limited number of available personnel, it is not always possible to adequately segregate certain incompatible duties so no employee has access to both physical assets and the related accounting records or to all phases of a transaction.

Recommendation: Efficient segregation of duties in a small governmental environment is often difficult; however, we feel the governing body and District management should be aware of the risk associated with this lack of duty segregation and attempt to exercise as much oversight control in these areas as possible and feasible.

District's Response: *The District is aware of the lack of segregation, and much effort is put into providing as much oversight as possible.*

COMPLIANCE

None

BALLARD SCHOOL DISTRICT OF BATES COUNTY, MISSOURI

**SCHEDULE OF PRIOR YEAR FINDINGS AND RESPONSES TO THE 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**

FOR THE YEAR ENDED JUNE 30, 2023

INTERNAL CONTROL OVER FINANCIAL REPORTING

2022-001 Segregation of Duties

Statement of Condition: The District is not able to segregate the duties of employees to all phases of an accounting transaction.

Criteria: Adequate segregation of non-compatible duties is important for a sound and efficient internal control system.

Effect: Errors and irregularities may result from this lack of segregation of employee duties and responsibilities.

Cause: Because of a limited number of available personnel, it is not always possible to adequately segregate certain incompatible duties so no employee has access to both physical assets and the related accounting records or to all phases of a transaction.

Recommendation: Efficient segregation of duties in a small governmental environment is often difficult; however, we feel the governing body and District management should be aware of the risk associated with this lack of duty segregation and attempt to exercise as much oversight control in these areas as possible and feasible.

District's Response: *The District is aware of the lack of segregation, and much effort is put into providing as much oversight as possible.*

June 30, 2023 Follow-up: *This is still a finding.*

COMPLIANCE

None

BALLARD SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
MODIFIED CASH BASIS - BUDGET AND ACTUAL - GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2023

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	Variance with Final Budget - Positive (Negative)
	<u>Original</u>	<u>Final</u>		<u>(Negative)</u>
Revenues				
Local	\$ 615,628	\$ 759,214	\$ 759,214	\$ -
County	65,000	62,829	62,829	-
State	145,343	252,610	252,610	-
Federal	276,508	135,749	135,749	-
Other	6,970	-	-	-
Total revenues	<u>1,109,449</u>	<u>1,210,402</u>	<u>1,210,402</u>	<u>-</u>
Expenditures				
Instructional services				
Regular	41,955	50,777	50,777	-
Special	22,397	26,016	26,016	-
Vocational	7,400	13,039	13,039	-
Student activities	62,477	75,979	75,979	-
Supporting services				
Students	48,182	40,931	40,931	-
Instructional staff	38,320	79,380	79,380	-
Building administration	34,549	33,194	33,194	-
General administration	78,615	76,013	76,013	-
Operation and maintenance of facilities	181,274	172,668	172,668	-
Transportation	148,872	140,675	140,675	-
Food service	93,007	94,485	94,485	-
Other services				
Community services	7,667	25,545	25,545	-
Total expenditures	<u>764,715</u>	<u>828,702</u>	<u>828,702</u>	<u>-</u>
Excess of revenues over expenditures	<u>344,734</u>	<u>381,700</u>	<u>381,700</u>	<u>-</u>
Other financing sources (uses)				
Transfer out	(189,911)	-	-	-
Total other financing sources (uses)	<u>(189,911)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	154,823	381,700	381,700	-
Fund balances - beginning	<u>1,028,636</u>	<u>1,028,636</u>	<u>1,028,636</u>	<u>-</u>
Fund balances - ending	<u>\$ 1,183,459</u>	<u>\$ 1,410,336</u>	<u>\$ 1,410,336</u>	<u>\$ -</u>

See independent auditors' report and accompanying notes to the financial statements.

**BALLARD SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
MODIFIED CASH BASIS - BUDGET AND ACTUAL - TEACHERS' FUND
SPECIAL REVENUE FUND
FOR THE YEAR ENDED JUNE 30, 2023**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget - Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Local	\$ 124,417	\$ 133,713	\$ 133,713	\$ -
County	10,000	10,762	10,762	-
State	689,868	691,735	691,735	-
Federal	85,047	291,634	291,634	-
Total revenues	<u>909,332</u>	<u>1,127,844</u>	<u>1,127,844</u>	<u>-</u>
Expenditures				
Instructional services:				
Regular	596,902	640,602	640,602	-
Special	103,666	102,333	102,333	-
Vocational	100,873	103,331	103,331	-
Student activities	16,659	8,007	8,007	-
Payments to other districts	14,000	8,000	8,000	-
Supporting services:				
Students	50,186	66,846	66,846	-
Instructional staff	52,887	33,714	33,714	-
Building administration	63,845	63,844	63,844	-
General administration	94,214	95,156	95,156	-
Other services:				
Community services	6,011	6,011	6,011	-
Total expenditures	<u>1,099,243</u>	<u>1,127,844</u>	<u>1,127,844</u>	<u>-</u>
Excess of revenues (under) expenditures	<u>(189,911)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Other financing sources (uses)				
Transfer in	189,911	-	-	-
Total other financing sources (uses)	<u>189,911</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	-	-	-	-
Fund balances - beginning	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balances - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

See independent auditors' report and accompanying notes to the financial statements.

BALLARD SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
MODIFIED CASH BASIS - BUDGET AND ACTUAL - DEBT SERVICE FUND
FOR THE YEAR ENDED JUNE 30, 2023

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget - Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Local	\$ 96,501	\$ 112,301	\$ 112,301	\$ -
County	-	11,925	11,925	-
Total revenues	<u>96,501</u>	<u>124,226</u>	<u>124,226</u>	<u>-</u>
Expenditures				
Other services:				
Principal	105,000	110,000	110,000	-
Interest	13,401	11,269	11,269	-
Other	583	760	760	-
Total expenditures	<u>118,984</u>	<u>122,029</u>	<u>122,029</u>	<u>-</u>
Excess of revenues (under) expenditures	<u>(22,483)</u>	<u>2,197</u>	<u>2,197</u>	<u>-</u>
Net change in fund balances	(22,483)	2,197	2,197	-
Fund balances - beginning	<u>151,223</u>	<u>151,223</u>	<u>151,223</u>	<u>-</u>
Fund balances - ending	<u>\$ 128,740</u>	<u>\$ 153,420</u>	<u>\$ 153,420</u>	<u>\$ -</u>

See independent auditors' report and accompanying notes to the financial statements.

**BALLARD SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
MODIFIED CASH BASIS - BUDGET AND ACTUAL - CAPITAL PROJECTS FUND
FOR THE YEAR ENDED JUNE 30, 2023**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget - Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Local	\$ -	\$ 6,281	\$ 6,281	\$ -
County	10,214	-	-	-
State	40,000	11,768	11,768	-
Federal	-	9,637	9,637	-
Total revenues	<u>50,214</u>	<u>27,686</u>	<u>27,686</u>	<u>-</u>
Expenditures				
Instructional services:				
Special	-	6,391	6,391	-
Vocational	700	-	-	-
Supporting services:				
General administration	-	11,604	11,604	-
Operation and maintenance of facilities	5,000	14,960	14,960	-
Food service	2,000	10,558	10,558	-
Other services:				
Facilities acquisition and construction	-	4,644	4,644	-
Total expenditures	<u>7,700</u>	<u>48,157</u>	<u>48,157</u>	<u>-</u>
Excess of revenues (under) expenditures	<u>42,514</u>	<u>(20,471)</u>	<u>(20,471)</u>	<u>-</u>
Net change in fund balances	42,514	(20,471)	(20,471)	-
Fund balances - beginning	<u>136,635</u>	<u>136,635</u>	<u>136,635</u>	<u>-</u>
Fund balances - ending	<u>\$ 179,149</u>	<u>\$ 116,164</u>	<u>\$ 116,164</u>	<u>\$ -</u>

See independent auditors' report and accompanying notes to the financial statements.

**BALLARD SCHOOL DISTRICT
COMBINED SCHEDULE OF REVENUES COLLECTED BY SOURCE
MODIFIED CASH BASIS
FOR THE YEAR ENDED JUNE 30, 2023**

	General (Incidental) Fund	Special Revenue (Teachers') Fund	Debt Service Fund	Capital Projects (Building) Fund	Total (Memorandum Only)
LOCAL					
Current taxes	\$ 536,742	\$ -	\$ 94,495	\$ -	\$ 631,237
Delinquent taxes	75,273	-	13,903	-	89,176
School district trust fund (Prop C)	18,854	133,713	-	-	152,567
Financial institution tax	3	-	-	-	3
M & M surtax	1,623	-	-	-	1,623
In lieu of tax	-	-	-	6,281	6,281
Earnings from temporary deposits	29,147	-	3,903	-	33,050
Food service program - sales to pupils	19,650	-	-	-	19,650
Food service program - sales to adults	2,629	-	-	-	2,629
Food service non-program	128	-	-	-	128
Student activities	67,291	-	-	-	67,291
PK tuition from parents	700	-	-	-	700
Rental	920	-	-	-	920
Gifts	1,500	-	-	-	1,500
Prior period adjustment	200	-	-	-	200
Miscellaneous local revenue	4,554	-	-	-	4,554
Total local	<u>759,214</u>	<u>133,713</u>	<u>112,301</u>	<u>6,281</u>	<u>1,011,509</u>
COUNTY					
Fines, escheats, etc.	-	10,762	-	-	10,762
State assessed utilities	62,829	-	11,925	-	74,754
Total county	<u>62,829</u>	<u>10,762</u>	<u>11,925</u>	<u>-</u>	<u>85,516</u>
STATE					
Basic formula - state monies	12	691,735	-	-	691,747
Transportation	67,974	-	-	-	67,974
Early childhood special education	957	-	-	-	957
Basic formula - classroom trust fund	35,189	-	-	11,768	46,957
Educational screening program/PAT	1,569	-	-	-	1,569
Small schools grant	45,728	-	-	-	45,728
Career education	4,739	-	-	-	4,739
Food service - State	252	-	-	-	252
Teacher baseline grant	95,690	-	-	-	95,690
Other state	500	-	-	-	500
Total state	<u>252,610</u>	<u>691,735</u>	<u>-</u>	<u>11,768</u>	<u>956,113</u>
FEDERAL					
State administered					
Medicaid	2,319	-	-	-	2,319
ARP - ESSER III	-	189,921	-	-	189,921
CRRSA - ESSER II	17,211	-	-	-	17,211
CARES - ESSER fund	9,468	-	-	-	9,468
ARP - IDEA 611 entitlement funds	4,699	-	-	-	4,699
IDEA entitlement funds, Part B IDEA	-	28,589	-	-	28,589
Early childhood special education	159	-	-	-	159
National school lunch equipment	-	-	-	9,637	9,637
National school lunch program	50,450	-	-	-	50,450
School breakfast program	13,517	-	-	-	13,517
Title I, ESEA	-	52,055	-	-	52,055
Title IV.A, Student support & academic enrichment	-	13,554	-	-	13,554
Title II, ESEA - Teacher & principal	-	7,515	-	-	7,515
Title VI, Part B rural education initiative	27,468	-	-	-	27,468
Other federal	10,458	-	-	-	10,458
Total federal	<u>135,749</u>	<u>291,634</u>	<u>-</u>	<u>9,637</u>	<u>437,020</u>
Total revenue	<u>\$ 1,210,402</u>	<u>\$ 1,127,844</u>	<u>\$ 124,226</u>	<u>\$ 27,686</u>	<u>\$ 2,490,158</u>

See independent auditors' report and accompanying notes to the financial statements.



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

To the Board of Education
Ballard School District
of Bates County, Missouri

We have examined management's assertions that the District complied with the requirements of Missouri laws and regulations regarding budgetary and disbursement procedures; accurate disclosure of the District's attendance records of average daily attendance, standard day length, resident membership on the last Wednesday of September; pupil transportation records of the average daily transportation of pupils eligible and ineligible for state aid, the number of miles eligible and ineligible for state aid; and other statutory requirements as listed in the schedule of selected statistics during the year ended June 30, 2023. The District's management is responsible for its assertions. Our responsibility is to express an opinion on management's assertions based on our examination.

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

In our opinion, management's assertions referred to above are fairly stated, in all material respects, for the year ended June 30, 2023, except as described in the accompanying schedule of findings and responses as finding 2023-002.

The District's response to the finding identified in our audit is described in the accompanying schedule of findings and responses. The District's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

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

DSWA Certified Public Accountants. P.C.

Butler, Missouri
December 12, 2023

BALLARD SCHOOL DISTRICT OF BATES COUNTY, MISSOURI

**SCHEDULE OF CURRENT YEAR FINDINGS AND RESPONSES TO THE INDEPENDENT
ACCOUNTANTS' REPORT ON MANAGEMENT'S ASSERTIONS ABOUT COMPLIANCE WITH
SPECIFIED REQUIREMENTS OF MISSOURI LAWS AND REGULATIONS**

FOR THE YEAR ENDED JUNE 30, 2023

Budget

None

Attendance

None

Transportation

None

Other Compliance

2023-002 Salary Reporting in Core Data

Statement of Condition: As part of our testing, we traced a sample of educator salaries to Core Data where said information is reported to the Missouri Department of Elementary and Secondary Education (DESE). We noted two instances in which an educators' extra duty payments were not properly reported in the October cycle of Core Data.

Criteria: DESE requires all educators' salaries to be correctly reported in the October cycle of Core Data.

Effect: These errors appear to have led to incorrect data being reported in the October cycle of Core Data.

Cause: The District did not ensure all educators' extra duty payments were reported accurately in the October cycle of Core Data.

Recommendation: We recommend the District consider a secondary review of salary entry into Core Data to ensure all educators' salaries are reported accurately.

District's Response: *In the future, we will review the reported salaries closer to ensure that all educators ' salaries and extra duty contracts are reported accurately.*

BALLARD SCHOOL DISTRICT OF BATES COUNTY, MISSOURI

**SCHEDULE OF PRIOR YEAR FINDINGS AND RESPONSES TO THE INDEPENDENT
ACCOUNTANTS' REPORT ON MANAGEMENT'S ASSERTIONS ABOUT COMPLIANCE WITH
SPECIFIED REQUIREMENTS OF MISSOURI LAWS AND REGULATIONS**

FOR THE YEAR ENDED JUNE 30, 2023

Budget

None

Attendance

None

Transportation

None

Other Compliance

2022-002 Salary Reporting in Core Data

Statement of Condition: As part of our testing, we traced a sample of educator salaries to Core Data where said information is reported to the Missouri Department of Elementary and Secondary Education (DESE). We noted two instances in which an educators' extra duty payments were not properly reported in the October cycle of Core Data.

Criteria: DESE requires all educators' salaries to be correctly reported in the October cycle of Core Data.

Effect: These errors appear to have led to incorrect data being reported in the October cycle of Core Data.

Cause: The District did not ensure all educators' extra duty payments were reported accurately in the October cycle of Core Data.

Recommendation: We recommend the District consider a secondary review of salary entry into Core Data to ensure all educators' salaries are reported accurately.

District's Response: *In the future, we will review the reported salaries closer to ensure that all educators' salaries and extra duty contracts are reported accurately.*

June 30, 2023 Follow-up: *This is still a finding.*

Ballard School District of Bates County, Missouri
 Schedule of Selected Statistics
 For the Year Ended June 30, 2023

5. Finance

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

Section	Question	Answer
5.1	The district/charter school maintained a calendar in accordance with 160.041, 171.029, 171.031, and 171.033, RSMo and all attendance hours were reported.	True
5.2	The district/charter school maintained complete and accurate attendance records allowing for the accurate calculation and reporting by category 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	True
	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)	True
	Work Experience for Students with Disabilities	N/A
5.3	The district/charter school maintained complete and accurate attendance records allowing for the accurate calculation of September Membership for all students in accordance with all applicable state rules and regulations.	True
5.4	The district/charter school maintained complete and accurate attendance and other applicable records allowing for the accurate reporting of the State FTE count for Free and Reduced Lunch for all students in accordance with all applicable state rules and regulations.	True
5.5	As required by Section 162.401, RSMo, a bond was purchased for the district's school treasurer or as required by Section 160.405, RSMo, a bond was purchased for the charter schools chief financial officer or an insurance policy issued by an insurance company that proves coverage in the event of employee theft in the total amount of:	\$50,000

Ballard School District of Bates County, Missouri
 Schedule of Selected Statistics
 For the Year Ended June 30, 2023

5. Finance (continued)

Section	Question	Answer
5.6	The district's/charter school's deposits were secured during the year as required by Sections 110.010 and 110.020, RSMo., and the Missouri Financial Accounting Manual.	True
5.7	The district maintained a separate bank account for all Debt Service Fund monies in accordance with Section 108.180 and 165.011, RSMo. (Not applicable to charter schools.)	True
5.8	Salaries reported for educators in the October MOSIS Educator Core and Educator School files are supported by complete and accurate payroll and contract records. This includes payments for Teacher Baseline Salary Grants and Career Ladder if applicable.	False
5.9	If a \$162,326 or 7% x SAT x WADA transfer was made in excess of adjusted expenditures, the board approved a resolution to make the transfer, which identified the specific projects to be funded by the transfer and an expected expenditure date for the projects to be undertaken. (Not applicable to charter schools.)	N/A
5.10	The district/charter school published a summary of the prior year's audit report within thirty days of the receipt of the audit pursuant to Section 165.121, RSMo.	True
5.11	The district has a professional development committee plan adopted by the board with the professional development committee plan identifying the expenditure of seventy-five percent (75%) of one percent (1%) of the current year basic formula apportionment. Remaining 25% of 1% if not spent must be restricted and spent on appropriate expenditures in the future. (Not applicable to charter schools.)	True
5.12	The amount spent for approved professional development committee plan activities was:	\$7,332
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 or school website or other form of social media as required by Section 160.066, RSMo.	True

Notes:	

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

Finding:	See finding 2023-002.
Management Letter Comment:	

Ballard School District of Bates County, Missouri
 Schedule of Selected Statistics
 For the Year Ended June 30, 2023

6. Transportation (Section 163.161, RSMo)

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

Section	Question	Answer
6.1	The school transportation allowable costs substantially conform to 5 CSR 30-261.040, Allowable Costs for State Transportation Aid.	True
6.2	The district's/charter school's pupil transportation ridership records are maintained in a manner to accurately disclose in all material respects the average number of regular riders transported.	True
6.3	Based on the ridership records, the average number of students (non-disabled K-12, K-12 students with disabilities and career education) transported on a regular basis (ADT) was:	
	Eligible ADT	86.5
	Ine-ligible ADT	6.00
6.4	The district's/charter school's transportation odometer mileage records are maintained in a manner to accurately disclose in all material respects the eligible and ineligible mileage for the year.	True
6.5	Actual odometer records show the total district/charter-operated and contracted mileage for the year was:	34,208
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	28,971
	Ineligible Miles (Non-Route/Disapproved)	5,237
6.7	Number of days the district/charter school operated the school transportation system during the regular school year:	147

Notes:	

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

Finding:	
Management Letter Comment:	