

NORTH HARRISON R-III SCHOOL DISTRICT

FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2020

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## INDEPENDENT AUDITOR'S REPORT

To the Board of Education  
North Harrison R-III School District  
Eagleville, Missouri

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

We have audited the accompanying cash basis financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the North Harrison R-III School District, as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the North Harrison R-III School 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 cash basis of accounting described in Note 1; this includes determining that the cash basis of accounting is an acceptable basis for the preparation of the financial statements in the circumstances. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### ***Auditor's Responsibility***

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

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

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

## **Opinions**

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective cash basis financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the North Harrison R-III School District, as of June 30, 2020, and the respective changes in cash basis financial position for the year then ended in accordance with the 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 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**

### *Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the North Harrison R-III School District's basic financial statements. The budgetary comparison information, schedules of proportionate share of the net pension liability and related ratios and schedules of employer contributions on pages 23-26; 27 and 28, 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 Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated December 16, 2020, on our consideration of the North Harrison R-III School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is 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 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 North Harrison R-III School District's internal control over financial reporting and compliance.



John W. Gillum, CPA, LLC  
Certified Public Accountant  
Kirksville, Missouri  
December 16, 2020

## BASIC FINANCIAL STATEMENTS

North Harrison R-III School District  
Statement of Net Position—Cash Basis  
June 30, 2020

	<u>Governmental Activities</u>
<b>ASSETS</b>	
Cash and cash equivalents	\$ 893,446
Investments	144,729
Restricted investments	<u>18,413</u>
<b>TOTAL ASSETS</b>	<b><u>\$ 1,056,588</u></b>
 <b>NET POSITION</b>	
Restricted for:	
Student Scholarships	\$ 18,413
Unrestricted	<u>1,038,175</u>
<b>TOTAL NET POSITION</b>	<b><u>\$ 1,056,588</u></b>

See Accompanying Notes to Financial Statements

North Harrison R-III School District  
Statement of Activities—Cash Basis  
For the Year Ended June 30, 2020

	<u>Cash</u> <u>Disbursements</u>	---Program Cash Receipts--- <u>Charges for</u> <u>Services</u>	Operating <u>Grants and</u> <u>Contributions</u>	Net Disbursements, Receipts and Changes in <u>Net Position</u>
<b>Governmental Activities</b>				
Instructional services	\$ (1,408,492)	\$ 146,225	\$ 347,435	\$ (914,832)
Support services	(742,998)	-	25,656	(717,342)
Food services	(124,893)	28,747	92,928	(3,218)
Building maintenance and improvements	(436,532)	-	-	(436,532)
Principal & interest on indebtedness	(117,219)	-	-	(117,219)
Other	<u>(194,135)</u>	<u>-</u>	<u>-</u>	<u>(194,135)</u>
Net program (disbursements) receipts	<u>\$ (3,024,269)</u>	<u>\$ 174,972</u>	<u>\$ 466,019</u>	<u>(2,383,278)</u>
General receipts				
Property tax receipts				924,929
Other local receipts				362,069
County receipts				124,829
State receipts				974,248
Investment income				18,183
Other income				<u>75</u>
Total general receipts				<u>2,404,333</u>
Change in net position				21,055
Net position—beginning of year				<u>1,035,533</u>
Net position—end of year				<u>\$ 1,056,588</u>

See Accompanying Notes to Financial Statement



North Harrison R-III School District  
Statement of Cash Basis Assets and Fund Balances  
Governmental Funds  
As of and for the Year Ended June 30, 2020

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Capital Projects Fund</u>	<u>Total Governmental Funds</u>
<u>ASSETS</u>				
Cash & cash equivalents	\$ 617,757	\$ -	\$ 275,739	\$ 893,496
Investments	144,729	-	-	144,729
Restricted investments	<u>18,413</u>	<u>-</u>	<u>-</u>	<u>18,413</u>
Total Assets	<u>\$ 780,899</u>	<u>\$ -</u>	<u>\$ 275,739</u>	<u>\$ 1,056,638</u>
 <u>FUND BALANCES</u>				
Restricted for:				
Student Scholarships	\$ 18,413	\$ -	\$ -	\$ 18,413
Committed for:				
Capital Projects	-	-	275,739	275,739
Unassigned	<u>762,486</u>	<u>-</u>	<u>-</u>	<u>762,486</u>
Total Fund Balances	<u>\$ 780,899</u>	<u>\$ -</u>	<u>\$ 275,739</u>	1,056,638

Reconciliation to Statement of Net Position

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

Payroll liabilities are not reflected as part of cash basis fund balances—governmental funds.	<u>(50)</u>
Net Position—Government-Wide	<u>\$ 1,056,588</u>

See Accompanying Notes to Financial Statements

North Harrison R-III School District  
Statement of Cash Receipts, Disbursements and  
Changes in Cash Basis Fund Balances – Governmental Funds  
As of and for the Year Ended June 30, 2020

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Capital Projects Fund</u>	<u>Total Governmental Funds</u>
<b><u>RECEIPTS</u></b>				
Property tax receipts	\$ 819,126	\$ -	\$ 105,803	\$ 924,929
Other local receipts	361,911	177,449	15,864	555,224
County receipts	81,065	35,069	8,695	124,829
State receipts	224,286	811,767	60,025	1,096,078
Federal receipts	144,167	199,022	1,000	344,189
Other receipts	<u>75</u>	<u>-</u>	<u>-</u>	<u>75</u>
Total receipts	<u>1,630,630</u>	<u>1,223,307</u>	<u>191,387</u>	<u>3,045,324</u>
<b><u>DISBURSEMENTS</u></b>				
Instructional services	313,171	1,089,957	4,839	1,407,967
Support services	327,788	358,666	56,544	742,998
Food services	124,893	-	-	124,893
Building maintenance and facility acquisition	198,740	33	237,759	436,532
Principal on indebtedness	-	-	65,000	65,000
Debt service interest	-	-	52,219	52,219
Other	<u>141,973</u>	<u>50,254</u>	<u>1,908</u>	<u>194,135</u>
Total disbursements	<u>1,106,565</u>	<u>1,498,910</u>	<u>418,269</u>	<u>3,023,744</u>
Excess (deficiency) of receipts over (under) disbursements	524,065	(275,603)	(226,882)	21,580
Other financing sources (uses)				
Operating transfers (out)	(437,929)	-	-	(437,929)
in	<u>-</u>	<u>275,603</u>	<u>162,326</u>	<u>437,929</u>
Total Other Financing Sources (uses)	<u>(437,929)</u>	<u>275,603</u>	<u>162,326</u>	<u>-</u>
Excess (deficiency) of receipts and other financing sources over (under) disbursements and other financing sources (uses)	86,136	-	(64,556)	21,580
Cash basis fund balance – beginning of year	<u>694,763</u>	<u>-</u>	<u>340,295</u>	<u>1,035,058</u>
Cash basis fund balance – end of year	<u>\$ 780,899</u>	<u>\$ -</u>	<u>\$ 275,739</u>	<u>\$ 1,056,638</u>

See Accompanying Notes to Financial Statements

North Harrison R-III School District  
Reconciliation of the Statement of  
Cash Receipts, Disbursements, and  
Changes in Cash Basis Fund Balances  
to the Statement of Activities as of and  
For the Year Ended June 30, 2020

Net Change in Fund Balances—Governmental Funds \$ 21,580

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

Governmental funds record payroll liabilities as  
expenditures but governmental activities do not.

Prior Year	(475)	
Current Year	<u>(50)</u>	<u>(525)</u>

Change in Net Position of Governmental Activities \$ 21,055

See Accompanying Notes to Financial Statements

North Harrison R-III School District  
Notes to the Basic Financial Statements  
For the Year Ended June 30, 2020

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

North Harrison R-III School District (the “District”) is a public educational district operating under the applicable laws and regulations of the State of Missouri. It is governed by a “six director” district (with seven members of the Board of Education) as described in RSMO Chapter 162, which are elected by registered voters of the District. The District prepares its basic financial statements in conformity with the cash basis of accounting, which is another comprehensive basis of accounting promulgated by the Governmental Accounting Standards Board (GASB) and other authoritative sources; and it complies with the requirements of the appropriate version of the Missouri Department of Elementary and Secondary Education (DESE) Financial Accounting Manual (the “Accounting Manual”) and the requirements of contracts and grants of agencies from which it receives funds.

**A. REPORTING ENTITY**

The financial reporting entity consists of (a) the primary government, (b) organizations for which the primary government is financially accountable, and (c) other organizations for which the primary government is not accountable, but for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete. Component units are legally separate organizations for which the elected officials of the primary government are financially accountable. Financially accountable means the primary government is accountable for the component unit and the primary government is able to impose its will or the component unit may provide financial benefits or impose a burden on the primary government. In addition, component units can be other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete.

The District is a primary government, which is governed by an elected seven-member board. As required by the cash basis of accounting, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America, the District has evaluated the above criteria to determine whether any other entity meets the definition of a component unit and must be included in these financial statements. The District has determined that no other outside entity meets the above criteria and therefore, no other entity has been included as a component unit in the District's financial statements. In addition, the District is not aware of any entity for which the District would be considered as a component unit of that entity.

**B. BASIC FINANCIAL STATEMENTS – GOVERNMENT-WIDE STATEMENTS**

The District’s basic financial statements include both government-wide (reporting the District as a whole) and fund financial statements (reporting the District’s major funds). Both the government-wide and fund financial statements categorize primary activities as either governmental or business type. The District does not have any business-type activities that rely, to a significant extent, on fees and charges for support.

In the government-wide Statement of Net Position, the District’s net position is reported in two parts—restricted net position and unrestricted net position. The District first utilizes restricted resources to finance qualifying activities.

North Harrison R-III School District  
Notes to the Basic Financial Statements  
For the Year Ended June 30, 2020

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

**B. BASIC FINANCIAL STATEMENTS – GOVERNMENT-WIDE STATEMENTS (Continued)**

The government-wide Statement of Activities report both the gross and net cost of each of the District's functions. The functions are also supported by general government revenues (property taxes, other local, county, state and federal revenues, etc.). The Statement of Activities reduces gross expenses by related program revenues, operating and capital grants. Program revenues must be directly associated with the function (instructional services, support services, food services, etc.). Operating grants include operating-specific and discretionary (either operating or capital) grants while the capital grants column reports capital-specific grants.

The net costs by function are normally covered by general revenue (property taxes, other local, county, state and federal revenues, interest income, etc.).

This government-wide focus is more on the sustainability of the District as an entity and the change in the District's net position resulting from the current year's activities.

**C. BASIC FINANCIAL STATEMENTS – FUND FINANCIAL STATEMENTS**

The financial transactions of the District are reported in individual funds in the fund financial statements. Each fund is accounted for by providing a separate set of self-balancing accounts that comprises its assets, liabilities, fund equity, revenues and expenditures/expenses.

Major individual governmental funds are reported as separate columns in the fund financial statements. The District considers all governmental funds to be major funds and reports their financial condition and results of operations in a separate column.

**1. Governmental Funds:**

The focus of the governmental funds' measurement (in the funds statements) is upon determination of financial position and changes in financial position (sources, uses and balances of financial resources) rather than upon net income. The District reports the following major governmental funds:

- a) **General (Incidental) Fund:** Accounts for general activities of the District, including student activities, food service and textbook funds which are not designated in a separate fund.
- b) **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 and fines collected by the county.
- c) **Capital Projects (Building) Fund:** Accounts for the proceeds of long-term debt, taxes and other revenues designated for acquisition or construction of major capital assets.

The activities reported in these funds are reported as governmental activities in the government-wide financial statements.

North Harrison R-III School District  
Notes to the Basic Financial Statements  
For the Year Ended June 30, 2020

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

**C. BASIC FINANCIAL STATEMENTS – FUND FINANCIAL STATEMENTS (Continued)**

**2. Proprietary and Fiduciary Funds:**

The focus of proprietary fund measurement is upon determination of operating income, changes in net position, financial position and cash flows. Fiduciary Funds are used to report assets held in a trustee or agency capacity for others. The District does not report any proprietary or fiduciary funds.

**D. MEASUREMENT FOCUS, BASIS OF ACCOUNTING, AND FINANCIAL STATEMENT PRESENTATION**

***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 government-wide statements are prepared using the economic resources measurement focus, which differs from the manner in which government fund financial statements are prepared. Governmental fund financial statements therefore include a reconciliation with brief explanations to better identify the relationship between the government-wide statements and the statements for governmental funds.

The government-wide statement of activities presents a comparison between direct expenses and program revenues for each function or program of the District's governmental activities. Direct expenses are those that are specifically associated with a service or program and are therefore clearly identifiable to a particular function. Program revenues include charges paid by the recipient of the goods or services offered by the program and grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues which are not classified as program revenues are presented as general revenues of the District. The comparison of direct expenses with program revenues identifies the extent to which each governmental function is self-financing or draws from general revenues.

***Fund Financial Statements***

Fund financial statements report detailed information about the District. The focus of governmental fund financial statements is on major funds rather than reporting funds by type. Each major fund is reported in a separate column. The Governmental Funds are accounted for on the "flow of current financial resources" measurement focus. This measurement focus is based on the concept of accountability, which includes measuring whether current year revenues were sufficient to pay for current year services.

North Harrison R-III School District  
Notes to the Basic Financial Statements  
For the Year Ended June 30, 2020

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

**D. MEASUREMENT FOCUS, BASIS OF ACCOUNTING, AND FINANCIAL STATEMENT PRESENTATION (CONTINUED)**

**BASIS OF ACCOUNTING**

Basis of accounting determines when transactions are recorded in the financial records and reported on the financial statements. Both the government-wide and governmental fund financial statements are prepared using the cash basis of accounting, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. Under that basis, the only asset recognized is cash, and no liabilities are recognized. All transactions are recognized as either cash receipts or disbursements. Noncash transactions are not recognized in the financial statements. The cash basis differs from accounting principles generally accepted in the United States of America primarily because certain assets and their related revenues (such as accounts receivable and revenue for uncollected taxes or grants) and certain liabilities and their related expenses (such as accounts payable and expenses for goods or service received but not yet paid) and certain assets and their related debt (such as capital assets and the debt issued to acquire the assets) are not recorded in these financial statements.

**E. BUDGETS AND BUDGETARY ACCOUNTING**

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

1. In accordance with Chapter 67, RSMo, the District adopts a budget for each fund of the political subdivision.
2. Prior to July the superintendent, who serves as the budget officer, submits to the Board of Education a proposed budget for the fiscal year beginning on the following July 1. The proposed budget includes estimated revenues and proposed expenditures for all District funds. Budgeted expenditures cannot exceed beginning available monies plus estimated revenues for the year.
3. A public hearing is conducted to obtain taxpayer comments. Prior to its approval by the Board of Education, the budget document is available for public inspection.
4. On May 16, 2019, 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 are as originally adopted, or as amended by the Board of Education.
6. Appropriations and the authority to expend funds lapse on June 30, 2020.

North Harrison R-III School District  
Notes to the Basic Financial Statements  
For the Year Ended June 30, 2020

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

**F. FINANCIAL STATEMENT AMOUNTS**

**1. CASH AND CASH EQUIVALENTS**

For the purpose of financial reporting, “cash and cash equivalents” include all demand and savings accounts and certificates of deposit or short-term investments with an original maturity of three months or less. Additionally, the District maintains a cash and temporary cash investment pool that is available for use by all funds. Each fund type’s portion of this pool is presented as cash and cash equivalents.

**2. INVENTORIES**

The purchase method is used to account for inventories. Under the purchase method, inventories are recorded as expenditures when purchased, however, material amounts of inventories are reported as assets of the respective fund. Reported inventories in these funds are equally offset by a fund balance reserve, which indicates they are unavailable for appropriations even though they are a component of reported assets. There are no material amounts of inventories at June 30, 2020 and no inventories are recorded in the accompanying financial statements.

**3. CAPITAL ASSETS**

The District does not maintain records of capital assets such as land, buildings and equipment. Capital assets when acquired have been reflected in the current year budget as capital outlay. Accordingly, depreciation for assets placed in service and depreciated over their estimated useful lives has not been recorded or reflected in these government-wide financial statements.

**4. PROPERTY TAXES**

Property taxes are levied by October 1 on the assessed value listed as of the prior January 1 for all real and business personal property located in the District. Property taxes attach as an enforceable lien on property as of January 1 of the year of the levy. Taxes are levied on October 1 and payable by December 31. All unpaid taxes become delinquent January 1, of the following year. The county collects the property tax and remits it to the District on a monthly basis.

The District also receives sales tax collected by the state and remitted based on eligible pupil counts. The District is not required to reduce its property tax levy by one-half the amount of sales tax estimated to be received in the subsequent calendar year, because voters of the District have approved a waiver of Proposition C rollback.

The assessed valuation of the tangible taxable property (excluding state assessed railroad and utilities) for the calendar years 2019 and 2018 for purposes of local taxation was \$21,796,017 and \$20,550,819 respectively.



North Harrison R-III School District  
Notes to the Basic Financial Statements  
For the Year Ended June 30, 2020

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

**F. FINANCIAL STATEMENT AMOUNTS (CONTINUED)**

**4. PROPERTY TAXES (CONTINUED)**

The tax levy per \$100 of assessed valuation of tangible taxable property for the calendar years 2019 and 2018 for purposes of local taxation was:

	2019		2018	
	Unadjusted	Adjusted	Unadjusted	Adjusted
General (Incidental) Fund	\$ 3.8711	\$ 3.8711	\$ 3.8999	\$ 3.8999
Capital Projects Fund	0.5000	0.5000	0.5000	0.5000
Total	\$ 4.3711	\$ 4.3711	\$ 4.3999	\$ 4.3999

The receipts of current and delinquent property taxes during the fiscal year ended June 30, 2020, aggregate approximately 97 percent of the current assessment computed on the basis of the levy as shown above.

**5. COMPENSATED ABSENCES**

Vacation time, personal days and sick leave are considered as disbursements in the year paid. Such amounts unused that are vested in the employee are payable upon termination at varying rates depending on length of service.

**6. TEACHERS' SALARIES**

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

**7. LONG-TERM DEBT**

In the district-wide financial statements and in the fund financial statements, long-term debt and other long-term obligations are not reported as liabilities in the applicable governmental activities statement of net position, due to the District's use of the cash basis of accounting.

In the fund financial statements, governmental fund types recognized bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withhold from the actual debt proceeds received, are reported as debt service expenditures.

North Harrison R-III School District  
Notes to the Basic Financial Statements  
For the Year Ended June 30, 2020

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

**8. GOVERNMENT-WIDE FUND NET POSITION**

Government-wide net position is divided into two components:

- a. **Restricted net position**—consists of net position that is restricted by the District's creditors (for example, through debt covenants), by grantors (both federal and state) or by other enabling legislation.
- b. **Unrestricted**—all other net position is reported in this category.

**9. GOVERNMENTAL FUND BALANCES**

In the governmental fund financial statements, fund balances are classified as follows:

- a. **Nonspendable**—Amounts that cannot be spent either because they are in a nonspendable form or because they are legally or contractually required to be maintained intact.
- b. **Restricted**—Externally enforceable limitations on use; amounts that can be spent only for specific purposes; limitations are imposed by creditors, grantors, or laws and regulations of other governments.
- c. **Committed**—Self-imposed limitations that must be set in place prior to the end of the period; amounts that can be used only for specific purposes determined by a formal action by the District's Board of Education; removal of the commitment must also be approved by a formal action of the District's Board of Education.
- d. **Assigned**—Limitation resulting from intended use; amounts that are designated by the District's Board of Education or Superintendent for a particular purpose but are not spendable until there is a majority vote approval by the District's Board of Education.
- e. **Unassigned**—All amounts not included in other spendable classifications.

The District does not have nonspendable or assigned governmental fund balances to report. In addition, the District has not formally adopted a stabilization policy.

**10. USE OF RESTRICTED RESOURCES:**

When an expense is incurred that can be paid using either restricted or unrestricted resources (net position), the District's policy is to first apply the expense toward restricted resources and then toward unrestricted resources. In governmental funds, the District's policy is to first apply the expenditure toward restricted fund balance and then to other, less-restrictive classifications—committed and then assigned fund balances before using unassigned fund balances.

**Note 2: Cash and Cash Equivalents**

State statutes require that the District's deposits be 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, 2020, all bank balances on deposit are entirely insured or collateralized with securities.

North Harrison R-III School District  
Notes to the Basic Financial Statements  
For the Year Ended June 30, 2020

**Note 3: Restricted Assets**

Restricted assets at June 30, 2020, consist of cash and cash equivalents and investments restricted for the following purposes:

**Restricted for:**

Student Scholarships	\$ <u>18,413</u>
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**Note 4: Long-Term Debt**

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

Long-Term Debt, July 1, 2019	\$ 1,661,743
Payments on Debt	<u>(120,923)</u>
Long-Term Debt, June 30, 2020	\$ <u>1,540,820</u>

Payments on long-term debt are made from the District's Capital Projects Fund. Interest expense for the year totaled \$52,219.

Long-term debt at June 30, 2020 consists of:

\$1,490,000 Lease Certificates of Participation, Series 2018 due in varying annual installments through 2037; with interest ranging from 2.00 to 3.75% per annum.	\$ 1,425,000
\$282,797 Capital lease, due in \$59,959 annual installments through 2022 with interest at 2.350%	<u>115,820</u>
	\$ <u>1,540,820</u>

North Harrison R-III School District  
Notes to the Basic Financial Statements  
For the Year Ended June 30, 2020

**Note 4: Long-Term Debt (Continued)**

Future maturities of long-term debt are as follows:

<b>Fiscal Year Ending June 30</b>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2021	\$ 122,857	\$ 49,677	\$ 172,534
2022	122,963	48,271	171,234
2023	70,000	44,000	114,000
2024	75,000	42,250	117,250
2025	75,000	40,188	115,188
2026-30	395,000	166,475	561,475
2031-35	470,000	46,032	516,032
2036-37	210,000	12,000	222,000
	<u>\$ 1,540,820</u>	<u>\$ 448,893</u>	<u>\$ 1,989,713</u>

North Harrison R-III School District  
Notes to the Basic Financial Statements  
For the Year Ended June 30, 2020

**Note 5: Receipts From All Sources**

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Capital Projects Fund</u>	<u>Total</u>
<b><u>Local and Intermediate Sources</u></b>				
Local Sources				
Current taxes	\$ 777,381	\$ -	\$ 100,411	\$ 877,792
Delinquent taxes	41,745	-	5,392	47,137
School district trust fund	35,081	177,350	-	212,431
M&M sur tax	27,109	-	3,501	30,610
Community services	95,554	-	-	95,554
In lieu of tax	432	-	56	488
Earnings on investments	16,288	-	1,895	18,183
Food service sales to pupils	22,652	-	-	22,652
Food service sales to adults	4,460	-	-	4,460
Food service non-program	1,635	-	-	1,635
Admissions—student activities	146,225	-	-	146,225
Gifts	-	-	10,412	10,412
Prior Period Adjustment	72	99	-	171
Other local	<u>12,403</u>	<u>-</u>	<u>-</u>	<u>12,403</u>
Total	<u>1,181,037</u>	<u>177,449</u>	<u>121,667</u>	<u>1,480,153</u>
County Sources				
Fines	-	35,069	-	35,069
State assessed utilities	<u>81,065</u>	<u>-</u>	<u>8,695</u>	<u>89,760</u>
Total	<u>\$ 81,065</u>	<u>\$ 35,069</u>	<u>\$ 8,695</u>	<u>\$ 124,829</u>

North Harrison R-III School District  
Notes to the Basic Financial Statements  
For the Year Ended June 30, 2020

**Note 5: Receipts From All Sources—(Continued)**

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Capital Projects Fund</u>	<u>Total</u>
<b><u>State and Federal Sources</u></b>				
State Sources				
Basic Formula	\$ 174,808	\$ 736,854	\$ -	\$ 911,662
Transportation	17,992	-	-	17,992
Basic Formula Classroom Trust	2,718	-	58,925	61,643
Education Screening (PAT)	11,250	-	-	11,250
Small Schools Grant	14,121	69,694	-	83,815
Career Education	1,500	5,219	1,100	7,819
Food Service	954	-	-	954
Other	<u>943</u>	<u>-</u>	<u>-</u>	<u>943</u>
Total	<u>224,286</u>	<u>811,767</u>	<u>60,025</u>	<u>1,096,078</u>
Federal Sources				
Medicaid	7,664	-	-	7,664
IDEA Entitlement, Part B	13,975	48,922	-	62,897
School Lunch	51,040	-	-	51,040
School Breakfast	20,390	-	-	20,390
Title I	-	86,263	-	86,263
Title II A & B	6,082	12,437	-	18,519
Title IV A	8,231	-	-	8,231
Title VI Part B	15,361	3,245	1,000	19,606
ECSE	880	-	-	880
CARES-ESSER	-	48,155	-	48,155
CARES-School Breakfast	5,957	-	-	5,957
CARES-School Lunch	9,478	-	-	9,478
Dept of Health Food Service	<u>5,109</u>	<u>-</u>	<u>-</u>	<u>5,109</u>
Total	<u>144,167</u>	<u>199,022</u>	<u>1,000</u>	<u>344,189</u>
Other Sources				
Sale of Other Property	<u>75</u>	<u>-</u>	<u>-</u>	<u>75</u>
Total	<u>75</u>	<u>-</u>	<u>-</u>	<u>75</u>
 Total All Sources	 <u>\$ 1,630,630</u>	 <u>\$ 1,223,307</u>	 <u>\$ 191,387</u>	 <u>\$ 3,045,324</u>

North Harrison R-III School District  
Notes to the Basic Financial Statements  
For the Year Ended June 30, 2020

**Note 6: Public School and Employee Education Retirement System of Missouri**

*Plan Description.* PSRS is a mandatory cost-sharing multiple employer retirement system for all full-time certified employees and certain part-time certificated employees of all public school districts in Missouri (except the school districts of St. Louis and Kansas City) and all public community colleges. PSRS also includes certificated employees of PSRS, Missouri State Teachers' Association, Missouri State High School Activities Association, and certain employees of the state of Missouri who elected to remain covered by PSRS under legislation enacted in 1986, 1987 and 1989. The majority of PSRS members are exempt from Social Security contributions. In some instances, positions may be determined not to be exempt from Social Security contributions. Any PSRS member who is required to contribute to Social Security comes under the requirements of Section 169.070 (9) RSMo, known as the "2/3's statute." PSRS members required to contribute to Social Security are required to contribute two-thirds of the approved PSRS contribution rate and their employer is required to match the contribution. The members' benefits are further calculated at two-thirds the normal benefit amount.

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

A Comprehensive Annual Financial Report (CAFR) can be obtained at [www.psr-peers.org](http://www.psr-peers.org).

*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 60 and have a minimum of 5 years of service, (b) have 30 years of service, or (c) qualify for benefits under the "Rule of 80" (service and age total at least 80) are entitled to a monthly benefit for life, which is calculated using a 2.5% benefit factor. Beginning July 1, 2001, and ending July 1, 2014, a 2.55% benefit factor is used to calculate benefits for members who have 31 or more years of service. Actuarially age-reduced benefits are available for members with five to 24.9 years of service at age 55. Members who are younger than age 55 and who do not qualify under the "Rule of 80" but have between 25 and 29.9 years of service may retire with a lesser benefit factor. Members that are three years beyond normal retirement can elect to have their lifetime monthly benefits actuarially reduced in exchange for the right to also receive a one-time partial lump sum (PLSO) payment at retirement equal to 12, 24, or 36 times the Single Life benefit amount.

North Harrison R-III School District  
Notes to the Basic Financial Statements  
For the Year Ended June 30, 2020

**Note 6: Public School and Employee Education Retirement System of Missouri (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 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 80" or "30-and-out" are entitled to an additional temporary .8% benefit multiplier until reaching minimum Social Security age (currently age 62). Actuarially age-reduced retirement benefits are available with five years of service at age 55. Members who are younger than age 55 and who do not qualify under the "Rule of 80" but have between 25 and 29.9 years of service may retire with a lesser benefit factor. Members that are three years beyond normal retirement can elect to have their lifetime monthly benefits actuarially reduced in exchange for the right to also receive a one-time partial lump sum (PLSO) payment at retirement equal to 12, 24, or 36 times the Single Life benefit amount.

Summary Plan Descriptions detailing the provisions of the plans 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 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 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 year 2020. 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 restriction 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 year 2020. 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 contribution to PSRS and PEERS were \$174,074 and \$31,990, respectively, for the year ended June 30, 2020.



North Harrison R-III School District  
Notes to the Basic Financial Statements  
For the Year Ended June 30, 2020

**Note 6: Public School and Employee Education Retirement System of Missouri (Continued)**

*Commitment Related to Proportionate Share of Net Pension Liability.* The net pension liability for PSRS and PEERS in total was measured as of June 30, 2019, and determined by an actuarial valuation as of that date. The district's proportionate share of the total net pension liability was based on the ratio of its actual contributions paid to PSRS and PEERS of \$166,143 and \$32,412, respectively, for the year ended June 30, 2019, relative to the actual contributions of \$711,760,160 for PSRS and \$119,080,046 for PEERS from all participating employers. At June 30, 2019, the district's proportionate share of the net pension liability was \$1,719,556 (0.0233%) for PSRS and \$215,141 (0.0272%) for PEERS. Because of the use of a cash basis of accounting framework in the preparation of these financial statements, this proportionate share of the PSRS/PEERS net pension liability is not reported in the District's financial statements as a liability, and is instead disclosed herein as a commitment. In accordance with the cash basis of accounting, pension expense or expenditures are only reported when contributions are paid by the Municipality to the Systems.

*Actuarial Assumptions.* Actuarial assumptions used in the determination of net pension liability, including mortality rates and life expectancies, long-term expected rate of return, discount rate and sensitivity of the net pension liability to changes in discount rate are available in the separately issued PSRS/PEERS financial report that can be obtained at [www.psr-peers.org](http://www.psr-peers.org).

**Note 7: Other Postemployment Benefits (OPEB)**

In addition to the pension benefits described in Note 6, the District makes available post-retirement healthcare benefits to all employees who retire from the District. Participation by retirees in the District health plan is subjected to terms and conditions set forth in the Board policy. The cost of the coverage is charged to the retiree.

**Note 8: Interfund Transfers**

Interfund transfers for the year ended June 30, 2020, were as follows:

	General (Incidental) Fund	Special Revenue (Teachers') Fund	Capital Projects Fund
Transfers (from) to:			
“Zero” teachers’ fund balance	\$ (275,603)	\$ 275,603	\$ -
\$162,326 or 7% x SAT x WADA	<u>(162,326)</u>	<u>-</u>	<u>162,326</u>
Total	<u>\$ (437,929)</u>	<u>\$ 275,603</u>	<u>\$ 162,326</u>

Interfund transfers were for recurring annual operating and debt service expenditures.

North Harrison R-III School District  
Notes to the Basic Financial Statements  
For the Year Ended June 30, 2020

**Note 9: Risk Management**

The District is exposed to various risks of loss related to limited torts; theft of, damage to and destruction of assets; errors and omissions and natural disasters for which the District carries commercial insurance. There have been no significant reductions in coverage from the prior year and settlements have not exceeded coverage in the past three years.

**Note 10: Contingencies**

During 2019-2020 the District was awarded various financial assistance grants from the U.S. Government and the State of Missouri. Those awards are subject to program compliance audits by the grantors or their representatives. The audits of the programs have not been conducted. Accordingly, the District's compliance with applicable grant requirements will be established at some future date. The amount, if any, of expenditures which may be disallowed by the granting agency cannot be determined at this time; although the District expects such amounts, if any, to be immaterial.

OTHER SUPPLEMENTAL INFORMATION

North Harrison R-III School District  
 Budgetary Comparison Schedule – Cash Basis – General (Incidental) Fund  
 For the Year Ended June 30, 2020

	---Budgeted Amounts---		Actual	Variance
	<u>Original</u>	<u>Final</u>	<u>Amount</u>	<u>Positive (Negative)</u>
<b>Resources (Receipts)</b>				
Local	\$ 1,070,622	\$ 1,181,037	\$ 1,181,037	\$ -
County	-	81,065	81,065	-
State	47,000	224,286	224,286	-
Federal	192,500	144,167	144,167	-
Other	<u>-</u>	<u>75</u>	<u>75</u>	<u>-</u>
Total resources (receipts)	1,310,122	1,630,630	1,630,630	-
<b>Application (Disbursements)</b>				
Instructional services	348,946	313,171	313,171	-
Support services	383,470	327,788	327,788	-
Food services	139,643	124,893	124,893	-
Building maintenance and facility acquisition	204,111	198,740	198,740	-
Other	<u>146,696</u>	<u>141,973</u>	<u>141,973</u>	<u>-</u>
Total application (disbursements)	<u>1,222,866</u>	<u>1,106,565</u>	<u>1,106,565</u>	<u>-</u>
Excess (deficiency) of resources (receipts) over applications (disbursements)	<u>87,256</u>	<u>524,065</u>	<u>524,065</u>	<u>-</u>
Other financing sources (uses)				
Operating transfers (out)	(198,883)	(437,929)	(437,929)	-
in	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total other financing sources (uses)	<u>(198,883)</u>	<u>(437,929)</u>	<u>(437,929)</u>	<u>-</u>
Excess (deficiency) of resources (receipts) and other financing sources (uses) over application (disbursement)	(111,627)	86,136	86,136	-
Cash basis fund balance				
Beginning of year	<u>694,763</u>	<u>694,763</u>	<u>694,763</u>	<u>-</u>
Cash basis fund balance				
End of year	<u>\$ 583,136</u>	<u>\$ 780,899</u>	<u>\$ 780,899</u>	<u>\$ -</u>

See Accompanying Notes to Financial Statements

North Harrison R-III School District  
 Budgetary Comparison Schedule – Cash Basis – Special Revenue (Teachers’) Fund  
 For the Year Ended June 30, 2020

	----Budgeted Amounts----		Actual	Variance
	<u>Original</u>	<u>Final</u>	<u>Amount</u>	<u>Positive (Negative)</u>
<b>Resources (Receipts)</b>				
Local	\$ 229,412	\$ 177,449	\$ 177,449	\$ -
County	55,000	35,069	35,069	-
State	1,041,063	811,767	811,767	-
Federal	108,000	199,022	199,022	-
Other	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total resources (receipts)	<u>1,433,475</u>	<u>1,223,307</u>	<u>1,223,307</u>	<u>-</u>
<b>Application (Disbursements)</b>				
Instructional services	1,046,109	1,089,957	1,089,957	-
Support services	371,584	358,666	358,666	-
Building maintenance & facility acquisition	-	33	33	-
Other	<u>52,339</u>	<u>50,254</u>	<u>50,254</u>	<u>-</u>
Total application (disbursements)	<u>1,470,032</u>	<u>1,498,910</u>	<u>1,498,910</u>	<u>-</u>
Excess(deficiency) of resources (receipts) over applications (disbursements)	(36,557)	(275,603)	(275,603)	-
Other financing sources (uses) Operating transfers in	<u>36,557</u>	<u>275,603</u>	<u>275,603</u>	<u>-</u>
Total other financing sources (uses)	<u>36,557</u>	<u>275,603</u>	<u>275,603</u>	<u>-</u>
Excess (deficiency) of resources (receipts) and other financing sources (uses) over application (disbursement)	-	-	-	-
Cash basis fund balance Beginning of year	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Cash basis fund balance End of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

See Accompanying Notes to Financial Statements

North Harrison R-III School District  
 Budgetary Comparison Schedule – Cash Basis – Capital Projects Fund  
 For the Year Ended June 30, 2020

	----Budgeted Amounts---		Actual Amount	Variance Positive (Negative)
	<u>Original</u>	<u>Final</u>		
<b>Resources (Receipts)</b>				
Local	\$ 100,495	\$ 121,667	\$ 121,667	\$ -
County	7,040	8,695	8,695	
State	240,221	60,025	60,025	-
Federal	<u>4,000</u>	<u>1,000</u>	<u>1,000</u>	-
Total resources (receipts)	<u>351,756</u>	<u>191,387</u>	<u>191,387</u>	-
<b>Application (Disbursements)</b>				
Instructional services	4,000	4,839	4,839	-
Support services	60,923	56,544	56,544	-
Building maintenance and facility acquisition	485,000	237,759	237,759	-
Principal on indebtedness	65,000	65,000	65,000	-
Debt service interest	52,261	52,219	52,219	-
Other	<u>3,300</u>	<u>1,908</u>	<u>1,908</u>	-
Total application (disbursements)	<u>670,484</u>	<u>418,269</u>	<u>418,269</u>	-
Excess(deficiency) of resources (receipts) over applications (disbursements)	(318,728)	(226,882)	(226,882)	-
Other financing sources (uses)				
Operating transfers in	<u>162,326</u>	<u>162,326</u>	<u>162,326</u>	-
Total other financing sources (uses)	<u>162,326</u>	<u>162,326</u>	<u>162,326</u>	-
Excess (deficiency) of resources (receipts) and other financing sources (uses) over application (disbursement)	(156,402)	(64,556)	(64,556)	-
Cash basis fund balance				
Beginning of year	<u>340,295</u>	<u>340,295</u>	<u>340,295</u>	-
Cash basis fund balance				
End of year	\$ <u>183,893</u>	\$ <u>275,739</u>	\$ <u>275,739</u>	\$ -

See Accompanying Notes to Financial Statements

North Harrison R-III School District  
Notes to Budgetary Comparison Schedule  
For the Year Ended June 30, 2020

**BUDGET LAW**

The District prepares its annual operating budget under the provisions of the Revised Missouri Statutes (RSMO) Chapter 67. In accordance with those provisions, the following process is used to adopt the annual budget.

- A. Prior to July, the superintendent, who serves as the budget officer, submits to the Board of Education a proposed budget for the fiscal year beginning on the following July 1. The proposed budget includes estimated revenues and proposed expenditures for all District funds. Budgeted expenditures cannot exceed beginning available monies plus estimated revenues for the year.
- B. 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.
- C. On May 16, 2019, the budget was legally enacted by a vote of the Board of Education.
- D. 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 are as originally adopted, or as amended by the Board of Education.

- E. Appropriations and the authority to expend funds lapse on June 30, 2020.

North Harrison R-III School District  
Public School and Education Employee Retirement Systems of Missouri  
Schedule of Proportionate Share of the Net Pension Liability and Related Ratios  
For the Year Ended June 30, 2020

<u>Year Ended*</u>	<u>Proportion of the Net Pension Liability (Asset)</u>	<u>Proportionate Share of the Net Pension Liability (Asset)</u>	<u>Actual Covered Member Payroll</u>	<u>Net Pension Liability (Asset) as a Percentage of Covered Payroll</u>	<u>Fiduciary Net Position as a Percentage of Total Pension Liability</u>
<b>Public School Retirement System of Missouri</b>					
06/30/2014	0.0264%	\$1,083,080	\$1,172,889	92.42%	89.34%
06/30/2015	0.0264%	\$1,524,035	\$1,193,310	127.71%	85.78%
06/30/2016	0.0264%	\$1,964,331	\$1,218,070	161.27%	82.18%
06/30/2017	0.0231%	\$1,668,172	\$1,089,798	153.07%	83.77%
06/30/2018	0.0244%	\$1,815,959	\$1,177,099	154.27%	84.06%
06/30/2019	0.0233%	\$1,719,556	\$1,160,263	148.20%	84.62%
<b>Public Education Employee Retirement System of Missouri</b>					
06/30/2014	0.0224%	\$ 81,797	\$ 326,273	25.07%	91.33%
06/30/2015	0.0224%	\$ 118,475	\$ 335,279	35.34%	88.28%
06/30/2016	0.0200%	\$ 160,467	\$ 309,354	51.87%	83.32%
06/30/2017	0.0278%	\$ 212,100	\$ 446,330	47.52%	85.35%
06/30/2018	0.0251%	\$ 193,951	\$ 417,716	46.43%	86.06%
06/30/2019	0.0272%	\$ 215,141	\$ 456,723	47.11%	86.38%

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.

See Accompanying Notes to Financial Statements



North Harrison R-III School District  
Public School and Education Employee Retirement Systems of Missouri  
Schedule of Employer Contributions  
For the Year Ended June 30, 2020

Year Ended	Statutorily Required Contribution	Actual Employer Contributions	Contribution Excess/(Deficiency)	Actual Covered Member Payroll	Contributions as a Percentage of Covered Payroll
<b>Public School Retirement System of Missouri</b>					
06/30/2013	\$ 164,238	\$ 164,238	\$ -	\$ 1,136,051	14.46%
06/30/2014	169,806	169,806	-	1,171,889	14.49%
06/30/2015	173,031	173,031	-	1,193,310	14.50%
06/30/2016	176,620	176,620	-	1,218,070	14.50%
06/30/2017	158,021	158,021	-	1,089,798	14.50%
06/30/2018	169,922	169,922	-	1,177,099	14.44%
06/30/2019	166,143	166,143	-	1,160,263	14.32%
<b>Public Education Employee Retirement System of Missouri</b>					
06/30/2013	\$ 22,415	\$ 22,415	\$ -	\$ 326,758	6.86%
06/30/2014	22,382	22,382	-	326,273	6.86%
06/30/2015	23,000	23,000	-	335,279	6.86%
06/30/2016	21,222	21,222	-	309,354	6.86%
06/30/2017	30,618	30,618	-	446,330	6.86%
06/30/2018	28,655	28,655	-	417,716	6.86%
06/30/2019	32,412	32,412	-	456,723	7.10%

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

See Accompanying Notes to Financial Statements

**FEDERAL COMPLIANCE SECTION**

# JOHN W. GILLUM, CPA, LLC

CERTIFIED PUBLIC ACCOUNTANT

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

To the Board of Education  
North Harrison R-III School District  
Eagleville, 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 cash basis financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the North Harrison R-III School District, as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the North Harrison R-III School District's basic financial statements, and have issued our report thereon dated December 16, 2020.

### **Internal Control over Financial Reporting**

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

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

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

### **Compliance and Other Matters**

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

### **Purpose of this Report**

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



John W. Gillum, CPA, LLC  
Certified Public Accountant  
Kirksville, Missouri  
December 16, 2020

**STATE COMPLIANCE SECTION**

# JOHN W. GILLUM, CPA, LLC

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## INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH STATE REQUIREMENTS - FINANCIAL

Board of Education  
North Harrison R-III School District  
Eagleville, Missouri

We have audited the cash basis financial statements of North Harrison R-III School District, as of and for the year ended June 30, 2020, and have issued our report thereon dated December 16, 2020. These financial statements are the responsibility of the District's management. Our responsibility is to express an opinion 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 of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

Our audit was conducted for the purpose of forming an opinion on the financial statements of North Harrison R-III School District taken as a whole. The accompanying Schedule of Transportation Costs Eligible for State Aid is presented for purposes of additional analysis and is not a required part of the financial statements. The information in this schedule has been subjected to the auditing procedures applied in the audit of the financial statements and, in our opinion, is fairly presented in all material respects in relation to the financial statements taken as a whole.



John W. Gillum, CPA, LLC  
Certified Public Accountant  
Kirksville, Missouri  
December 16, 2020

North Harrison R-III School District  
 Schedule of Transportation Costs Eligible for State Aid  
 For the Year Ended June 30, 2020

	<u>District Owned</u>	<u>Contracted</u>	<u>Total</u>
<b>District operated transportation</b>			
Certificated Salaries	\$ 5,197	\$ -	\$ 5,197
Non-Certificated Salaries	30,552	-	30,552
Employee Benefits	4,735	-	4,735
Purchased Services	10,746	-	10,746
Supplies	11,813	-	11,813
Depreciation	35,351	-	35,351
Capital Outlay	<u>55,923</u>	<u>-</u>	<u>55,923</u>
<b>Total costs</b>	<b>\$ <u>154,317</u></b>	<b>\$ <u>-</u></b>	<b>\$ <u>154,317</u></b>
<b>Non-route contracted transportation</b>			<b>\$ <u>-</u></b>
<b>School buses purchased</b>			<b>\$ <u>55,923</u></b>
<b>Transportation revenues from other districts</b>			<b>\$ <u>-</u></b>

# JOHN W. GILLUM, CPA, LLC

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

Board of Education  
North Harrison R-III School District  
Eagleville, Missouri

We have examined management's assertions, included in its representation letter dated December 16, 2020, that North Harrison R-III School District complied with the requirements of Missouri Laws and Regulations regarding budgetary and disbursement procedures, accurate disclosure by the District's attendance records of average daily attendance and average daily pupil transportation and other statutory requirements as listed in the Schedule of Selected Statistics for the year ended June 30, 2020. As discussed in that representation letter, management is responsible for the District's compliance with those requirements. Our responsibility is to express an opinion on management's assertion about the District's compliance based on our examination.

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

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

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



John W. Gillum, CPA, LLC  
Certified Public Accountant  
Kirksville, Missouri  
December 16, 2020



North Harrison R-III School District  
 District Number: 041-003  
 Schedule of Selected Statistics  
 For the Year Ended June 30, 2020

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

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

School Code	Begin Grade	End Grade	Half Day Indicator	Standard Day Length	Days	Hours in Session
Example	PK	5		6.6825	174	1,156.45
<b>041-003</b>	<b>K</b>	<b>6</b>		<b>6.85</b>	<b>124</b>	<b>837.90</b>
<b>041-003</b>	<b>7</b>	<b>8</b>		<b>6.85</b>	<b>124</b>	<b>837.90</b>
<b>041-003</b>	<b>9</b>	<b>12</b>		<b>6.85</b>	<b>124</b>	<b>837.90</b>

Notes:	

North Harrison R-III School District  
 District Number: 041-003  
 Schedule of Selected Statistics  
 For the Year Ended June 30, 2020

**2. AVERAGE DAILY ATTENDANCE (ADA)**

Report the total number of PK-12 student attendance hours allowed to be claimed for the calculation of Average Daily Attendance. Include only PK students allowed to be claimed for state aid in the calculation.

School Code	Grade Level	Full-Time	Part-Time	Remedial Hours	Other	Summer School	Total
041-003	K	12.60					12.60
041-003	1	12.11					12.11
041-003	2	6.41					6.41
041-003	3	15.18					15.18
041-003	4	19.11					19.11
041-003	5	12.80					12.80
041-003	6	14.27					14.27
041-003	7	14.02					14.02
041-003	8	15.57					15.57
041-003	9	17.63					17.63
041-003	10	16.63					16.63
041-003	11	17.79					17.79
041-003	12	18.31					18.31
<b>Grand Total</b>		<b>192.43</b>					<b>192.43</b>

Notes:	

North Harrison R-III School District  
 District Number: 041-003  
 Schedule of Selected Statistics  
 For the Year Ended June 30, 2020

**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
041-003	K	14.00			14.00
041-003	1	13.00			13.00
041-003	2	7.00			7.00
041-003	3	16.00			16.00
041-003	4	20.00			20.00
041-003	5	13.00			13.00
041-003	6	15.00			15.00
041-003	7	15.00			15.00
041-003	8	16.18			16.18
041-003	9	19.00			19.00
041-003	10	18.00			18.00
041-003	11	20.00			20.00
041-003	12	20.00			20.00
<b>Grand Total</b>		<b>206.18</b>			<b>206.18</b>

Notes:	

North Harrison R-III School District  
 District Number: 041-003  
 Schedule of Selected Statistics  
 For the Year Ended June 30, 2020

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

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

School Code	Free Lunch	Reduced Lunch	Deseg In Free	Deseg In Reduced	Total
<b>041-003</b>	<b>96.00</b>	<b>27.00</b>			<b>123.00</b>
<b>Grand Total</b>	<b>96.00</b>	<b>27.00</b>			<b>123.00</b>

<b>Notes:</b>	



North Harrison R-III School District  
District Number: 041-003  
Schedule of Selected Statistics  
For the Year Ended June 30, 2020

**5. FINANCE**

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

Section	Question	Answer
5.1	The district/charter school maintained a calendar in accordance with 160.041, 171.029, 171.031, and 171.033, RSMo and all attendance hours were reported.	True
5.2	The district/charter school maintained complete and accurate attendance records allowing for the accurate calculation of Average Daily Attendance for all students in accordance with all applicable state rules and regulations. Sampling of records included those students receiving instruction in the following categories:	True
	Academic Programs Off-Campus	N/A
	Career Exploration Program – Off Campus	N/A
	Cooperative Occupational Education (COE) or Supervised Occupational Experience Program	N/A
	Dual enrollment	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	True
5.3	The district/charter school maintained complete and accurate attendance records allowing for the accurate calculation of September Membership for all students in accordance with all applicable state rules and regulations.	True
5.4	The district/charter school maintained complete and accurate attendance and other applicable records allowing for the accurate reporting of the State FTE count for Free and Reduced Lunch for all students in accordance with all applicable state rules and regulations.	True
5.5	As required by Section 162.401, RSMo, a bond was purchased for the district's/charter school's treasurer in the total amount of:	\$50,000
5.6	The district's/charter school's deposits were secured during the year as required by Sections 110.010 and 110.020, RSMo.	True
5.7	The district maintained a separate bank account for all Debt Service Fund monies in accordance with Section 108.180 and 165.011, RSMo. (Not applicable to charter schools)	True

North Harrison R-III School District  
 District Number: 041-003  
 Schedule of Selected Statistics  
 For the Year Ended June 30, 2020

5.8	Salaries reported for educators in the October MOSIS Educator Core and Educator School files are supported by complete and accurate payroll and contract records.	True
5.9	If a \$162,326 or 7% x SAT x WADA transfer was made in excess of adjusted expenditures, the board approve a resolution to make the transfer, which identified the specific projects to be funded by the transfer and an expected expenditure date for the projects to be undertaken. (Not applicable to charter schools)	N/A
5.10	The district/charter school published a summary of the prior year's audit report within thirty days of the receipt of the audit pursuant to Section 165.121, RSMo.	True
5.11	The district has a professional development committee plan adopted by the board with the professional development committee plan identifying the expenditure of seventy-five percent (75%) of one percent (1%) of the current year basic formula apportionment. Remaining 25% of 1% if not spent must be restricted and spent on appropriate expenditures in the future. Spending requirement is modified to seventy-five percent (75%) of one half percent (1/2%) of the current year basic formula apportionment if through fiscal year 2024 the amount appropriated and expended to public schools for transportation is less than twenty-five percent (25%) of allowable cost. (Not applicable to charter schools.)	True
5.12	The amount spent for approved professional development committee plan activities was:	\$4,424
5.13	The district/charter school has posted, at least quarterly, a searchable expenditure and revenue document or database detailing actual income, expenditures, and disbursement for the current calendar of 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:	
Management Letter Comment:	

North Harrison R-III School District  
 District Number: 041-003  
 Schedule of Selected Statistics  
 For the Year Ended June 30, 2020

**6. TRANSPORTATION (SECTION 163.161, RSMO)**

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

Section	Question	Answer
6.1	The school transportation allowable costs substantially conform to 5 CSR 30-261.040, Allowable Costs for State Transportation Aid.	True
6.2	The district's/charter school's pupil transportation ridership records are maintained in a manner to accurately disclose in all material respects the average number of regular riders transported.	True
6.3	Based on the ridership records, the average number of students (non-disabled K-12, K-12 students with disabilities and career education) transported on a regular basis (ADT) was:	True
	Eligible ADT	#106
	Ineligible ADT	#0
6.4	The district's/charter school's transportation odometer mileage records are maintained in a manner to accurately disclose in all material respects the eligible and ineligible mileage for the year.	True
6.5	Actual odometer records show the total district/charter-operated and contracted mileage for the year was:	#32,409
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:	True
	Eligible Miles	#27,550
	Ineligible Miles (Non-Route/Disapproved)	#4,859
6.7	Number of days the district/charter school operated the school transportation system during the regular school year:	#124

Notes:	

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

Finding:	
Management Letter Comment:	