

Ava R-I  
School District

BASIC FINANCIAL STATEMENTS  
Year Ended June 30, 2019

**KPM**  
CPAS & ADVISORS

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## Independent Auditors' Report

Board of Education  
Ava R-I School District  
Ava, Missouri

### Report on the Financial Statements

We have audited the basic financial statements of the governmental activities and each major fund of the Ava R-I School District as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

### Management's Responsibility for the Financial Statements

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

### Auditors' Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the District'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 District's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

### Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective modified cash basis financial position of the governmental activities and each major fund of Ava R-I School District as of June 30, 2019, and the respective changes in modified cash basis financial position thereof for the year then ended, in conformity with the basis of accounting described in Note 1.

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**Basis of Accounting**

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

**Disclaimer of Opinion on Supplementary Information**

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The management's discussion and analysis, and budgetary comparison information, 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 Matters**

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Ava R-I School District's basic financial statements. The data contained under Other Financial Information, is presented for purposes of additional analysis and is not a required part of the financial statements. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by Title 2 U.S. *Code of Federal Regulations* (CFR) part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and is also not a required part of the basic financial statements. 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 financial statements.

The Other Financial Information and the Schedule of Expenditures of Federal Awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

**Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated November 14, 2019, 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 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 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.



KPM CPAs, PC  
Springfield, Missouri  
November 14, 2019

## **Management's Discussion and Analysis**

# Ava R-I School District

## Management's Discussion and Analysis

June 30, 2019

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Our discussion and analysis of Ava R-I School District's financial performance provides an overview of the District's financial activities for the fiscal year ended June 30, 2019, within the limitations of the District's modified cash basis of accounting. Please read it in conjunction with the District's financial statements that begin on page 14.

### Financial Highlights

#### Net Position

Total net position was \$4,274,944 at June 30, 2019. This was an increase of \$390,626 from the prior year.

#### Receipts and Disbursements:

Total receipts were \$13,636,001 and disbursements were \$13,245,375.

#### Operating Balances

The Operating Fund (Funds 1 and 2) increased from \$2,771,194 to \$2,791,913.

#### Salaries

With the goal of a regionally competitive salary schedule among both certificated and classified employees, all certified were moved on the salary schedule and classified and administration were compensated with a 2.0% increase as well as an increase of \$240.00 per year increase toward the defined contribution for health insurance. Vertical (experience) and horizontal (education compensation) were permitted. The vertical step #32 was added to the schedule to compensate for one more year of experience. Extra duty stipends and club stipends were also increased commensurately.

#### Capital Improvements and Repair Projects

The District performed several roofing upgrades including 4<sup>th</sup> grade wing at the elementary and MS/HS kitchen. The District also removed asbestos floor tile from the 4<sup>th</sup> grade wing and installed new VCT tile flooring. The office for special services was renovated for a newly remodeled location for the ½ day pre-school, while the old location of the pre-school was remodeled for the special services offices. This allowed for all pre-schools to be side by side for better collaboration among teachers and the sharing of one large playground. The special services office is now in closer proximity to the central office where much of their business is conducted. A new maintenance/bus garage was constructed to allow for space to work on district busses as well as allowing the older building to act as a complete maintenance shop. More storage was also achieved in the construction which allowed for the termination of a lease of a storage building.

### Using this Annual Report

This annual report is presented in a format consistent with the presentation requirements of the Governmental Accounting Standards Board (GASB) Statement No. 34 as applicable to the District's modified cash basis of accounting.

#### Report Components

*Government-Wide Financial Statements:* The Statement of Net Assets and the Statement of Activities provide information about the activities of the District as a whole and present a longer-term view of the District's finances.

# Ava R-I School District

## Management's Discussion and Analysis

June 30, 2019

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*Fund Financial Statements:* Fund financial statements focus on the individual parts of the District operations in more detail than the government-wide statements by providing information about the District's funds. These statements tell how these services were financed in the short term as well as what remains for future spending.

*Notes to the Financial Statements:* The notes to the financial statements are an integral part of the government-wide and fund financial statements and provide expanded explanation and detail regarding the information reported in the statements.

*Supplementary Information:* This Management's Discussion and Analysis, pension information and budgetary comparison schedules represent financial information required by the Missouri Department of Elementary and Secondary Education to be presented. Such information provides users of this report with additional data that supplements the government-wide statement, fund financial statements, and notes (referred to as "the basic financial statements").

*Other Financial Information:* This part of the annual report includes optional financial information as well as schedules and reports required by the State and Federal Governments. This other financial information is provided to address certain needs of various users of the District's annual report.

### **Basis of Accounting**

This District has elected to present its financial statements on the modified cash basis of accounting. This modified cash basis of accounting is a basis of accounting other than accounting principles generally accepted in the United States of America. Basis of accounting is a reference to *when* financial events are recorded, such as the timing for recognizing receipts, disbursements, and their related assets and liabilities. Under the modified cash basis of accounting, receipts and disbursements and the related assets are recorded when they result from cash transactions. The modification to cash basis relates to the presentation of investments.

As a result of the use of this modified cash basis of accounting, certain assets and their related revenues (such as accounts receivable and revenue billed, or services provided yet not collected) and liabilities and their related expenditures (such as accounts payable and expenses for goods and services received but not yet paid, and accrued expenses and liabilities) *are not recorded* in these financial statements. Therefore, when reviewing the financial information and discussion within this annual report, the reader should keep in mind the limitations resulting from the use of the modified cash basis of accounting.

### **Government-Wide Statement of Net Position and the Statement of Activities**

Our financial analysis of the District as a whole begins on page 8. The government-wide financial statements are presented on pages 14-15. One of the most important questions asked about the District's finances is, "Is the District as a whole better off or worse off as a result of the year's activities?" The Statement of Net Position and the Statement of Activities report information about the District as a whole and about its activities in a way that helps answer this question. These statements include all of the District's assets resulting from the use of the modified cash basis of accounting.

The statements report the District's net position and changes in them. Over time, increases and decreases in the District's net position are one indicator of whether its financial health is improving or deteriorating. The reader will need to consider other non-financial factors, however, such as changes in the District tax base, attendance, and the condition of the District's facilities, to assess the overall health of the District.

# Ava R-I School District

## Management's Discussion and Analysis

June 30, 2019

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The Statement of Activities is presented by its governmental functions which include instruction, student services, instructional staff support, building administration, general administration, operation of plant, transportation, food service, community services, facility acquisition and construction and debt service. The Statement of Activities shows the net cost of these functions before considering the general receipts of the District.

### Fund Financial Statements

Our analysis of the District's funds begins on page 10. The fund financial statements begin on page 17 and provide detailed information about the District's funds. These funds are required to be established by state law and by bond covenants. These fund financial statements help the reader to determine whether there are more or fewer financial resources that can be spent in the near future for District programs.

*General Fund:* Accounts for all resources except those required to be accounted for in the Special Revenue or Capital Project Funds.

*Special Revenue Fund:* Accounts for receipts for certified employees involved in administration and instruction, and includes receipts restricted by the State for the payment of teacher salaries and taxes allocated to this fund based on the District's tax levy.

*Capital Projects Fund:* Accounts for taxes and other receipts restricted, committed, or assigned for acquisition or construction of major capital assets and other capital outlay as defined by State of Missouri statutes.

### Financial Analysis of the Entity as a Whole

The District's Net Position, resulting from cash transactions, increased by \$390,626 between fiscal years 2018 and 2019.

#### Net Position—Modified Cash Basis

	<u>2019</u>	<u>2018</u>
<b>Assets</b>		
Cash and cash equivalents	\$ 4,137,774	\$ 3,747,044
Investments	137,170	137,274
<b>Total Assets</b>	<u>\$ 4,274,944</u>	<u>\$ 3,884,318</u>
<b>Net Position</b>		
Restricted for student scholarships	\$ 35,880	\$ 68,852
Restricted for student activities	230,052	217,846
Unrestricted	4,009,012	3,597,620
<b>Total Net Position</b>	<u>\$ 4,274,944</u>	<u>\$ 3,884,318</u>



# Ava R-I School District

## Management's Discussion and Analysis

June 30, 2019

### Changes in Net Position—Modified Cash Basis

For the years ended June 30, 2019 and 2018, net position of the District, resulting from cash transactions, changed as follows:

<b>Receipts</b>	<b>2019</b>	<b>2018</b>
Program Receipts		
Charges for services	\$ 864,945	\$ 975,280
Operating grants and contributions	2,314,254	2,144,727
Capital grants and contributions	37,437	22,571
General Receipts		
Ad valorem tax receipts	2,988,967	2,835,600
Prop C sales tax receipts	1,378,567	1,318,810
Other tax receipts	87,515	84,351
County receipts	110,075	102,189
State receipts	5,672,237	5,435,986
Interest receipts	134,863	87,871
Other receipts	40,712	74,782
Special Items		
Sale of buses	1,800	-
Sale of other property	4,629	994
<b>Total Receipts</b>	<b>13,636,001</b>	<b>13,083,161</b>
<b>Disbursements</b>		
Instruction	6,184,777	6,615,999
Student services	747,968	513,186
Instructional staff support	363,313	377,321
Building administration	624,953	569,818
General administration	1,060,078	736,905
Operation of plant	1,420,356	1,423,345
Transportation	771,861	745,128
Food service	744,333	725,794
Community services	734,161	636,075
Facilities acquisition and construction	139,897	74,600
Debt service	453,678	454,475
<b>Total Disbursements</b>	<b>13,245,375</b>	<b>12,872,646</b>
<i>Increase in Net Position</i>	<b>\$ 390,626</b>	<b>\$ 210,515</b>

# Ava R-I School District

## Management's Discussion and Analysis

June 30, 2019

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The total cost of all programs and services was \$13,245,375. The majority of District disbursements were related to instruction and support for students and staff (55%). Administrative activities accounted for 13% of total costs. The remaining disbursements were for plant maintenance and operations (11%), transportation (6%), food service (6%), community services (5%), facilities acquisition and construction (1%) and debt service (3%).

To aid in understanding the Statement of Activities, some additional explanation is given. Of particular interest is the format that is significantly different from a typical Statement of Receipts, Disbursements and Changes in Modified Cash Basis Fund Balances. You will notice that disbursements are listed in the first column, with receipts from that particular activity reported to the right. The result is a Net (Disbursements)/Receipts. This type of format highlights the relative financial burden of each of the functions on the District's taxpayers. It also identifies how much each function draws from the general receipts, or if it is self-financing through fees and grants. All other governmental receipts are reported as general. It is important to note that all taxes are classified as general receipts, even if restricted for a specific purpose.

### Financial Analysis of the District's Funds

Over the course of the year, the District revises its annual budget to reflect unexpected changes in receipts and disbursements. The final amendment to the budget was approved June 20, 2019. A schedule of the District's original and final budget amounts compared with actual receipts and disbursements is provided in the supplemental section of the audited financial report.

*Assets:* Total assets were \$4,274,944 at June 30, 2019. This was an increase of \$390,626 from the prior year.

*Receipts and Disbursements:* Total receipts were \$13,636,001 and disbursements were \$13,245,375.

*Operating Funds:* The Operating Funds balance increased from \$2,771,194 to \$2,791,913. This was an increase of \$20,719 from the prior year.

*Capital Projects Fund:* The Capital Projects Fund increased from \$1,113,124 to \$1,483,031. This was an increase of \$369,907 from the prior year.

# Ava R-I School District

## Management's Discussion and Analysis

June 30, 2019

### Financial Analysis of General Fund Budget Versus Actual Results

	Budget		Actual
	Original	Final	
<b>Receipts</b>			
Local	\$ 4,167,987	\$ 3,851,828	\$ 4,068,277
County	88,400	88,400	74,286
State	429,935	398,409	365,542
Federal	1,074,658	1,128,902	1,167,683
Other	900	900	909
<b>Total Receipts</b>	<u>\$ 5,761,880</u>	<u>\$ 5,468,439</u>	<u>\$ 5,676,697</u>
<b>Disbursements</b>			
Instruction	\$ 1,023,746	\$ 906,104	\$ 774,694
Student services	386,183	367,306	283,039
Instructional staff support	98,159	104,529	105,557
Building administration	203,907	200,177	191,607
General administration	669,085	697,336	624,623
Operation of plant	1,235,522	1,279,826	1,269,060
Transportation	756,501	790,638	745,136
Food service	700,198	728,858	728,407
Community services	275,869	246,536	328,448
<b>Total Disbursements</b>	<u>\$ 5,349,170</u>	<u>\$ 5,321,310</u>	<u>\$ 5,050,571</u>

#### Receipts

This reflects only the District's General Fund (Fund 1) and does not include the Special Revenue Fund (Fund 2). The District originally budgeted total receipts of \$5,761,880. Actual total receipts were \$5,676,697. This amounted to \$85,183 less receipts than budgeted.

The District's original budget reflects a conservative philosophy of management in order to protect the District from unanticipated changes in state and federal monies.

#### Disbursements

The District's original General Fund budget had total disbursements at \$5,349,170 and actual disbursements were \$5,050,571. This amounted to \$298,599 less expended than was budgeted.

# Ava R-I School District

## Management's Discussion and Analysis

June 30, 2019

### Debt Administration

#### Long-Term Debt—Modified Cash Basis

The District uses the modified cash basis of accounting, which recognizes disbursements when paid in cash and receipts when collected in cash. Therefore, long-term debt of the District is not reflected in the financial statements. The following is a summary of long-term debt of the District for the years ended June 30, 2019, and 2018.

	June 30,	
	2019	2018
<b>Long-Term Debt</b>		
Capital Leases Payable	\$ 2,810,859	\$ 3,143,005
Loan Payable	251,293	289,799
<b>Total Long-Term Debt</b>	<b>\$ 3,062,152</b>	<b>\$ 3,432,804</b>

### Economic Factors and Next Year's Budget

At the time these financial statements were prepared and audited, the District was aware of several circumstances that could affect its future financial health:

- *Salaries:* FY 19 allowed certified employees vertical and horizontal movement on the salary schedule. An increase was mirrored with classified employees and administration, with a 2.0% increase.
- *Health Insurance:* Health insurance for employees experienced an increase in premiums for FY 19. The Board paid insurance amount for employee coverage was increased by \$20.00 per month to \$470.00 per month per employee.
- *State Aid:* The District could be impacted by possible funding reductions in the following areas: Basic Formula, Transportation, and other categorical areas.
- *District Reserves:* The current unrestricted fund balances was approximately 22.26% at the end of FY 19, compared to 22.50% at the end of FY 18. Even with maintaining fund balances, the District should closely monitor revenue and expenditures as both are impacted by the economy. There has been a slight up-tick in enrollment at this time but the District should be cautious in financial planning due to no correlating factor for the increase.
- *Facility Needs:* In FY 20, the District will continue with Capital Improvements as directed by the Board of Education approved Capital Improvement Plan. The main focus of District needs will include removal of asbestos and possibly beginning to look to construct secure main entrances at each building.

### Contacting the District's Financial Management

This financial report is designed to provide our citizens, taxpayers, parents, participants, investors and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the money it receives. If you have questions about this report, or need additional financial information, contact the Superintendent of Schools, Dr. Jason Dial at Ava R-1 School District, 507 N Spring St, P.O. Box 338, Ava, MO 65608; Telephone (417) 683-4717; Fax (417) 683-6329; E-mail [jdial@avabears.net](mailto:jdial@avabears.net).

## **Government-Wide Financial Statements**

# Ava R-I School District

## Statement of Net Position—Modified Cash Basis

June 30, 2019

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	<b>Governmental Activities</b>
<b>Assets</b>	
Cash and cash equivalents	\$ 4,137,774
Investments	137,170
<b>Total Assets</b>	<u>\$ 4,274,944</u>
<b>Net Position</b>	
Restricted for student scholarships	\$ 35,880
Restricted for student activities	230,052
Unrestricted	4,009,012
<b>Total Net Position</b>	<u>\$ 4,274,944</u>

See accompanying notes to the financial statements

# Ava R-I School District

Statement of Activities—Modified Cash Basis

Year Ended June 30, 2019

	<u>Cash</u> <u>Disbursements</u>	<u>Program Cash Receipts</u>			<b>Net</b> <b>(Disbursements)</b>
		<u>Charges for</u> <u>Services</u>	<u>Operating</u> <u>Grants and</u> <u>Contributions</u>	<u>Capital</u> <u>Grants and</u> <u>Contributions</u>	<b>Receipts and</b> <b>Changes in</b> <b>Net Position</b>
<b>Governmental Activities</b>					
Instruction	\$ (6,184,777)	\$ 689,294	\$ 988,244	\$ 37,437	\$ (4,469,802)
Student services	(747,968)	-	4,264	-	(743,704)
Instructional staff support	(363,313)	-	139,206	-	(224,107)
Building administration	(624,953)	-	-	-	(624,953)
General administration	(1,060,078)	-	-	-	(1,060,078)
Operation of plant	(1,420,356)	39,946	-	-	(1,380,410)
Transportation	(771,861)	-	158,695	-	(613,166)
Food service	(744,333)	113,184	601,557	-	(29,592)
Community services	(734,161)	22,521	422,288	-	(289,352)
Facilities acquisition and	(139,897)	-	-	-	(139,897)
Debt service	(453,678)	-	-	-	(453,678)
<b>Net Program (Disbursements)</b> <b>Receipts</b>	<u><u>\$ (13,245,375)</u></u>	<u><u>\$ 864,945</u></u>	<u><u>\$ 2,314,254</u></u>	<u><u>\$ 37,437</u></u>	(10,028,739)
<b>General Receipts</b>					
Ad valorem tax receipts					2,988,967
Prop C sales tax receipts					1,378,567
Other tax receipts					87,515
County receipts					110,075
State receipts					5,672,237
Interest receipts					134,863
Other receipts					40,712
<b>Total General Receipts</b>					<u>10,412,936</u>
<b>Special Items</b>					
Sale of buses					1,800
Sale of other property					4,629
<b>Total Special Items</b>					<u>6,429</u>
<i>Increase in Net Position</i>					390,626
Net Position—Beginning of year					3,884,318
<b>Net Position—End of year</b>					<u><u>\$ 4,274,944</u></u>

See accompanying notes to the financial statements

## **Fund Financial Statements**



## Ava R-I School District

### Statement of Assets and Fund Balances—Governmental Funds—Modified Cash Basis

June 30, 2019

	General Fund	Special Revenue Fund	Capital Projects Fund	Total Governmental Funds
<b>Assets</b>				
Cash and cash equivalents	\$ 2,654,743	\$ -	\$ 1,483,031	\$ 4,137,774
Investments	137,170	-	-	137,170
<b>Total Assets</b>	<b>\$ 2,791,913</b>	<b>\$ -</b>	<b>\$ 1,483,031</b>	<b>\$ 4,274,944</b>
<b>Fund Balances</b>				
Restricted for:				
Student scholarships	\$ 35,880	\$ -	\$ -	\$ 35,880
Student activities	230,052	-	-	230,052
Assigned for capital outlay	-	-	1,483,031	1,483,031
Unassigned	2,525,981	-	-	2,525,981
<b>Total Fund Balances</b>	<b>\$ 2,791,913</b>	<b>\$ -</b>	<b>\$ 1,483,031</b>	<b>\$ 4,274,944</b>

See accompanying notes to the financial statements

## Ava R-I School District

Statement of Receipts, Disbursements, and Changes in Fund Balances—Governmental Funds—Modified Cash Basis

Year Ended June 30, 2019

	General Fund	Special Revenue Fund	Capital Projects Fund	Total Governmental Funds
<b>Receipts</b>				
Local	\$ 4,068,277	\$ 1,105,138	\$ 120,571	\$ 5,293,986
County	74,286	35,789	-	110,075
State	365,542	5,154,502	480,000	6,000,044
Federal	1,167,683	818,764	22,995	2,009,442
Other	-	216,025	-	216,025
<b>Total Receipts</b>	5,675,788	7,330,218	623,566	13,629,572
<b>Disbursements</b>				
Instruction	774,694	5,378,069	32,014	6,184,777
Student services	283,039	450,487	14,442	747,968
Instructional staff support	105,557	257,756	-	363,313
Building administration	191,607	433,346	-	624,953
General administration	624,623	387,308	48,147	1,060,078
Operation of plant	1,269,060	-	151,296	1,420,356
Transportation	745,136	25,000	1,725	771,861
Food service	728,407	-	15,926	744,333
Community services	328,448	398,252	7,461	734,161
Facilities acquisition and construction	-	-	139,897	139,897
Debt service	-	-	453,678	453,678
<b>Total Disbursements</b>	5,050,571	7,330,218	864,586	13,245,375
<i>Excess (Deficit) of Receipts Over Disbursements:</i>	625,217	-	(241,020)	384,197
<b>Other Financing Sources (Uses)</b>				
Operating transfers in (out)	(605,407)	-	605,407	-
Sale of other property	909	-	3,720	4,629
Sale of buses	-	-	1,800	1,800
<b>Total Other Financing Sources (Uses)</b>	(604,498)	-	610,927	6,429
<i>Excess of Receipts and Other Sources Over Disbursement and Other (Uses)</i>	20,719	-	369,907	390,626
Fund Balance, June 30, 2018	2,771,194	-	1,113,124	3,884,318
<b>Fund Balance, June 30, 2019</b>	\$ 2,791,913	\$ -	\$ 1,483,031	\$ 4,274,944

See accompanying notes to the financial statements

# Ava R-I School District

## Notes to the Financial Statements

June 30, 2019

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### 1. Summary of Significant Accounting Policies

The District's accounting policies conform to the modified cash basis of accounting, which is characteristic of local governmental units of this type.

#### Financial Reporting Entity

The District is organized under the laws of the State of Missouri and is a primary government governed by an elected seven-member board. The District is not financially accountable for any other organization, nor is it a component unit of any other primary governmental entity.

#### Basis of Presentation

##### *Government-Wide Financial Statements*

The Statement of Net Position and Statement of Activities display information about the reporting government as a whole. They include all funds of the reporting entity. The statements present governmental activities generally financed through taxes, intergovernmental receipts, and other non-exchange transactions.

##### *Fund Financial Statements*

Fund financial statements of the reporting entity are organized into funds, each of which is considered to be a separate accounting entity. Each fund is accounted for by providing a separate set of self-balancing accounts that constitute its assets, fund equity, receipts, and disbursements. The District has only governmental funds. The governmental funds of the District are all considered major funds by the Department of Elementary and Secondary Education.

The funds presented in the accompanying basic financial statements include all funds established under Missouri Revised Statutes and controlled by the Board of Education. The purpose of each fund is:

*General Fund:* Accounts for disbursements for non-certified employees, school transportation costs, operation of plant, fringe benefits, student body activities, community services, the food service program, and any disbursements not accounted for in other funds.

*Special Revenue Fund:* Accounts for receipts for certified employees involved in administration and instruction, and includes receipts restricted by the State for the payment of teacher salaries and taxes allocated to this fund based on the District's tax levy.

*Capital Projects Fund:* Accounts for taxes and other receipts restricted, committed, or assigned for acquisition or construction of major capital assets and other capital outlay as defined by State of Missouri statutes.

#### Basis of Accounting

The government-wide Statement of Net Position and Statement of Activities and the fund financial statements are presented using the modified cash basis of accounting. This basis recognizes assets, net position/fund equity, receipts, and disbursements when they result from cash transactions. The modification to cash basis relates to the presentation of investments. This basis is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

# Ava R-I School District

## Notes to the Financial Statements

June 30, 2019

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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.

### **Capital Outlay**

General fixed assets are recorded as disbursements in the Capital Projects Fund at the time the goods are purchased.

### **Compensated Absences**

Vacation time, personal business 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.

### **Long-Term Debt**

Long-term debt arising from cash transactions of the governmental funds is not reported in the government-wide financial statements or the fund financial statements, which is consistent with the modified cash basis of accounting. The debt proceeds are reported as other financing sources and payment of principal and interest are reported as disbursements.

### **Teachers' Salaries**

The salary payment schedule of the District for the 2018–2019 school year requires the payment of salaries for a twelve-month period. Consequently, the July and August 2019, payroll checks are included in the financial statements as disbursements in the month of June. This practice has been consistently followed in previous years.

### **Pooled Cash and Cash Equivalents**

Cash and cash equivalents of the individual funds are combined to form a pool of cash and cash equivalents. Cash equivalents of the pooled accounts consist primarily of money market accounts, carried at cost, which approximates market.

### **Inventories**

Inventories are valued at cost and consist of food and educational materials. The cost is recorded as a disbursement at the time inventory is purchased.

### **Equity Classification**

In the government-wide financial statements, net position is classified in two components as follows:

*Restricted net position:* Consists of net position with constraints placed on the use either by (1) external groups such as creditors, grantors, contributors, or laws and regulations of other governments; or (2) law through constitutional provisions or enabling legislation.

# Ava R-I School District

## Notes to the Financial Statements

June 30, 2019

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*Unrestricted net position:* All other net position that does not meet the definition of “restricted”.

It is the District’s policy to first use restricted net position prior to the use of unrestricted net position when disbursements are made for purposes for which both restricted and unrestricted net position are available.

In the fund financial statements, governmental funds report aggregate amounts for five classifications of fund balances based on constraints imposed on the use of these resources as follows:

*Nonspendable fund balance:* This classification includes amounts that cannot be spent because they are either a) not in spendable form or b) legally or contractually required to be maintained intact.

*Restricted fund balance:* This classification reflects the constraints imposed on resources either a) externally by creditors, grantors, contributors, or laws and regulations of other governments; or b) imposed by law through constitutional provisions or enabling legislation.

*Committed fund balance:* These amounts can only be used for specific purposes pursuant to constraints imposed by formal resolutions of the Board of Education – the government’s highest level of decision-making authority. Those committed amounts cannot be used for any other purpose unless the Board of Education removes the specified use by taking the same type of action imposing the commitment.

*Assigned fund balance:* This classification reflects the amounts constrained by the District’s “intent” to be used for specific purposes but are neither restricted nor committed. Assigned fund balances include all remaining amounts (except negative balances) that are reported in the governmental funds, other than the General Fund, that are not classified as nonspendable and are neither restricted nor committed.

*Unassigned fund balance:* This fund balance is the residual classification for the General Fund. It is used to report negative fund balances in other governmental funds.

In circumstances when a disbursement is made for a purpose for which amounts are available in multiple fund balance classifications, fund balance is depleted in the order of restricted, committed, assigned, and unassigned.

### **Program Receipts**

Amounts reported as program receipts 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.

## **2. Cash & Cash Equivalents**

State statutes require that 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, 2019, all bank balances on deposit are entirely insured or collateralized with securities.

# Ava R-I School District

## Notes to the Financial Statements

June 30, 2019

### 3. Investments

Investments of the District as of June 30, 2019, are as follows:

Investment Type	Maturity	Amount
Certificates of Deposit	6/9/20 to 6/20/20	\$ 137,170

#### Certificates of Deposit

Certificates of deposit with maturities in excess of three months are classified as investments but are considered deposits for custodial risk determination. 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, 2019, all certificates of deposit are entirely insured or collateralized with securities.

#### Interest Rate Risk

The District does not have a formal investment policy but limits its exposure to fair value losses arising from rising interest rates by limiting the District's investment portfolio to short-term maturities. All investments are held to maturity.

### 4. Taxes

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

The District also receives sales tax collected by the State and remitted based on eligible pupils. The District is required to reduce its property tax levy by one-half the amount of sales tax estimated to be received in the subsequent calendar year unless the voters have approved a waiver of the rollback provision. The District has voted a full waiver of the rollback provision.

The assessed valuation of the tangible taxable property for the calendar year 2018 for purposes of local taxation was:

Real estate	\$ 72,264,340
Personal property	37,176,022
<b>Total Assessed Valuation</b>	<b>\$ 109,440,362</b>

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

	Unadjusted	Adjusted
General Fund	\$ 2.75	\$ 2.75
<b>Total Levy</b>	<b>\$ 2.75</b>	<b>\$ 2.75</b>

The receipts of current and delinquent property taxes during the fiscal year ended June 30, 2019, aggregated approximately 99 percent of the current assessment computed on the basis of the levy as shown above.

# Ava R-I School District

## Notes to the Financial Statements

June 30, 2019

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### 5. Retirement Plans

#### Public School Retirement System of Missouri and Public Education Employee Retirement System of Missouri

##### *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 Systems). 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.

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

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

*Benefits Provided.* PSRS is a defined benefit plan providing retirement, disability, and death/survivor benefits. Members are vested for service retirement benefits after accruing five years of service. Individuals who (a) are at least age 60 and have a minimum of 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 2.5% benefit factor. Beginning July 1, 2001, and ending July 1, 2014, a 2.55% benefit factor was used to calculate benefits for members who had 31 or more years of service at retirement. Actuarially age-reduced benefits are available for members with 5 to 24.9 years of service at age 55. Members who are younger than age 55 and who do not qualify under the "Rule of 80" but have between 25 and 29.9 years of service may retire with a lesser benefit factor. Members that are three years beyond normal retirement can elect to have their lifetime monthly benefits actuarially reduced in exchange for the right to also receive a one-time partial lump sum (PLSO) payment at retirement equal to 12, 24, or 36 times the Single Life benefit amount.

# Ava R-I School District

## Notes to the Financial Statements

June 30, 2019

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

*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 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 years 2017, 2018, and 2019. 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.

*Contributions.* PEERS members were required to contribute 6.86% of their annual covered salary during fiscal years 2017, 2018, and 2019. 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 PSRS and PEERS were \$824,217 and \$121,570, respectively, for the year ended June 30, 2019.

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



# Ava R-I School District

## Notes to the Financial Statements

June 30, 2019

### 6. Leases Payable

On March 1, 2013, the District entered into a direct borrowing lease agreement with the Missouri School Boards Association for \$3,820,000 with interest at 2.0% to 3.0%. The lease has semi-annual lease payments through October 1, 2026. In the event of default on the agreement, the Trustee may notify the District in writing that all Certificates then outstanding and amounts representing interest accrued with respect thereto are immediately due and payable. The purpose of the lease was to pay off Department of Natural Resources Loan, pay off the 2008 lease and provide funds for capital projects.

On July 16, 2015, the District entered into a direct borrowing lease agreement with Oakstar Bank for \$600,000 with interest based on 5-year treasury yields plus 2.7% x 67%. The lease has semi-annual lease payments through April 1, 2025. In the event of default on the agreement, the Lessor may notify the District in writing that all amounts currently due, and all that will become due during the current fiscal year, are immediately due and payable – including interest on such amount at the lesser of 1.5% per month or the maximum permitted by law. In the event of default, the District may also lose possession of the equipment, sell, lease, or sublease the equipment with the District remaining liable for all rental payments. The purpose of the lease was to purchase heating and air units.

Although these agreements provide for cancellation of the leases at the District’s option at the renewal dates, the District does not foresee exercising its options to cancel. The lease agreement is subject to annual renewal and appropriation by the Board of Education (the Board). In the event the Board does not approve the annual renewal of the loan debt, early termination clauses apply and the lease debt becomes payable, in full, at that time or the applicable assets serving as collateral is relinquished back to the lender.

The following is a schedule of payments under the leases:

Year Ending June 30	Direct Borrowing / Direct Placement		
	Principal	Interest	Total
2020	\$ 338,626	\$ 68,330	\$ 406,956
2021	345,194	60,969	406,163
2022	351,779	53,129	404,908
2023	363,405	44,491	407,896
2024	375,068	35,010	410,078
2025	381,787	24,888	406,675
2026	325,000	14,572	339,572
2027	330,000	4,950	334,950
	\$ 2,810,859	\$ 306,339	\$ 3,117,198

The following represents the changes in lease payable for the year ended June 30, 2019:

Leases Payable, July 1, 2018	\$ 3,143,005
Additional lease obligation	-
Net lease retirement	(332,146)
Leases Payable, June 30, 2019	\$ 2,810,859

# Ava R-I School District

## Notes to the Financial Statements

June 30, 2019

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### 7. Compensated Absences Payable

Compensated absences payable consists of accumulated personal leave by District personnel. The District has two different plans offered to employees based on their hire date and base contract days. Depending on employee eligibility their total annual personal leave days vary from 10-15 days. Personal leave days may be used for personal leave or sick leave. All employees have the annual choice to accumulate either 50 or 100 days. Depending on the eligible plan, personnel are compensated for days accumulated over 50 or 100 at the rate of either \$25.00 or \$43.75 per day. Total compensated absences payable at June 30, 2019, was \$176,271.

### 8. Claims & Adjustments

The District participates in a number of federal and state programs that are fully or partially funded by grants received from other governmental units. Disbursements financed by grants are subject to audit by the appropriate grantor government. If disbursements are disallowed due to noncompliance with grant program regulation, the District may be required to reimburse the grantor government. As of June 30, 2019, disbursements have not been audited by grantor governments, but the District believes that disallowed disbursements, if any, based on subsequent audits will not have a material effect on any of the individual government funds or the overall financial position of the District.

### 9. Risk Management

The District is exposed to various risks of losses related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The District has transferred its risk by obtaining coverage from commercial insurance companies. In addition, it has effectively managed risk through various employee education and prevention programs. There has been no significant reduction in insurance coverage from the previous year.

### 10. Legal Debt Margin

Article VI, Section 26(b), Constitution of Missouri, limits the outstanding amount of authorized general obligation bonds of a district to 15 percent of assessed valuation of the District. The legal debt margin (excluding state assessed railroad and utility) of the District at June 30, 2019, was:

Constitutional debt limit	\$ 16,416,054
General obligation bonds payable	-
<b>Legal Debt Margin</b>	<u><u>\$ 16,416,054</u></u>

### 11. Post-Employment Benefits

In addition to the pension benefits described in Note 5, 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 at a blended rate for all employees. The District has not made a formal evaluation or projection on the future cost of the existing health care benefit plan in relation to retirees.

# Ava R-I School District

## Notes to the Financial Statements

June 30, 2019

### 12. Interfund Transfers

Transfers between funds of the District for the year ended June 30, 2019, were as follows:

	Transfers In	Transfers Out
General Fund	\$ -	\$ 605,407
Capital Projects Fund	605,407	-
	\$ 605,407	\$ 605,407

The District makes allowed transfers from the General Fund to the Capital Projects Fund to cover disbursements and build balances as allowed by state law.

### 13. Missouri School District Short-Term Help Loan Program

The District entered into a direct borrowing financing agreement on July 2, 2015 with the Health and Educational Facilities Authority of the State of Missouri for \$400,000 with interest at 2.38%. The loan calls for 130 equal payments of \$3,749 with the final payment on July 1, 2025. In the event of default, the Authority has the right to declare all remaining payments due under the agreement to be accelerated and immediately due and payable. The purpose of obtaining the financing was for roof replacement and replacement of HVAC units.

The loan agreement is subject to annual renewal and appropriation by the Board of Education (the Board). In the event the Board does not approve the annual renewal of the loan debt, early termination clauses apply and the loan debt becomes payable, in full, at that time or the applicable assets serving as collateral is relinquished back to the lender.

The following is a schedule of payments under the loan:

Year Ending June 30	Direct Borrowing / Direct Placement		
	Principal	Interest	Total
2020	\$ 39,433	\$ 5,555	\$ 44,988
2021	40,381	4,607	44,988
2022	41,353	3,634	44,987
2023	42,348	2,639	44,987
2024	43,367	1,620	44,987
2025	44,411	576	44,987
	\$ 251,293	\$ 18,631	\$ 269,924

The following represents the changes in loan payable for the year ended June 30, 2019:

Loan Payable, July 1, 2018	\$ 289,799
Additional lease obligation	-
Loan retirement	(38,506)
<b>Loan Payable, June 30, 2019</b>	<b>\$ 251,293</b>

# Ava R-I School District

## Notes to the Financial Statements

June 30, 2019

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### **14. Related Party Transactions**

A relative of the Board secretary is the owner of Cooper Lumber Company/J Brothers Cooper Lumber. The District paid \$33,321 to this vendor through June 30, 2019.

### **15. Commitment**

At June 30, 2019, the District was committed to Educational Tours, Inc. in the amount of \$52,092 for a high school band trip.

## Supplementary Information

# Ava R-I School District

## Budgetary Comparison Schedule—General Fund

Year Ended June 30, 2019

	Budgeted Amounts		Actual	Variance with
	Original	Final		Final Budget
				Positive (Negative)
<b>Receipts</b>				
Local	\$ 4,167,987	\$ 3,851,828	\$ 4,068,277	\$ 216,449
County	88,400	88,400	74,286	(14,114)
State	429,935	398,409	365,542	(32,867)
Federal	1,074,658	1,128,902	1,167,683	38,781
<b>Total Receipts</b>	<u>5,760,980</u>	<u>5,467,539</u>	<u>5,675,788</u>	<u>208,249</u>
<b>Disbursements</b>				
Instruction	1,023,746	906,104	774,694	131,410
Student services	386,183	367,306	283,039	84,267
Instructional staff support	98,159	104,529	105,557	(1,028)
Building administration	203,907	200,177	191,607	8,570
General administration	669,085	697,336	624,623	72,713
Operation of plant	1,235,522	1,279,826	1,269,060	10,766
Transportation	756,501	790,638	745,136	45,502
Food service	700,198	728,858	728,407	451
Community services	275,869	246,536	328,448	(81,912)
<b>Total Disbursements</b>	<u>5,349,170</u>	<u>5,321,310</u>	<u>5,050,571</u>	<u>270,739</u>
<i>Excess of Receipts Over Disbursements</i>	411,810	146,229	625,217	478,988
<b>Other Financing Sources (Uses)</b>				
Operating transfers (out)	(865,236)	(726,530)	(605,407)	121,123
Sale of other property	900	900	909	9
<b>Total Other Financing Sources (Uses)</b>	<u>(864,336)</u>	<u>(725,630)</u>	<u>(604,498)</u>	<u>121,132</u>
<i>Excess (Deficit) of Receipts and Other Sources Over Disbursements and Other (Uses):</i>	(452,526)	(579,401)	20,719	600,120
Fund Balance, July 1, 2018	2,771,194	2,771,194	2,771,194	-
<b>Fund Balance, June 30, 2019</b>	<u>\$ 2,318,668</u>	<u>\$ 2,191,793</u>	<u>\$ 2,791,913</u>	<u>\$ 600,120</u>

# Ava R-I School District

## Budgetary Comparison Schedule—Special Revenue Fund

Year Ended June 30, 2019

	Budgeted Amounts		Actual	Variance with
	Original	Final		Final Budget
				Positive (Negative)
<b>Receipts</b>				
Local	\$ 510,748	\$ 924,573	\$ 1,105,138	\$ 180,565
County	50,000	50,000	35,789	(14,211)
State	5,355,825	5,317,734	5,154,502	(163,232)
Federal	841,935	911,161	818,764	(92,397)
Other	225,000	226,000	216,025	(9,975)
<b>Total Receipts</b>	<u>6,983,508</u>	<u>7,429,468</u>	<u>7,330,218</u>	<u>(99,250)</u>
<b>Disbursements</b>				
Instruction	5,429,042	5,452,750	5,378,069	74,681
Student services	258,995	448,742	450,487	(1,745)
Instructional staff support	259,728	264,090	257,756	6,334
Building administration	426,818	430,867	433,346	(2,479)
General administration	413,865	421,179	387,308	33,871
Transportation	-	25,000	25,000	-
Community services	360,296	403,370	398,252	5,118
<b>Total Disbursements</b>	<u>7,148,744</u>	<u>7,445,998</u>	<u>7,330,218</u>	<u>115,780</u>
<i>Excess (Deficit) of Receipts Over Disbursements</i>	(165,236)	(16,530)	-	16,530
<b>Other Financing Sources</b>				
Operating transfers in	165,236	16,530	-	(16,530)
<b>Total Other Financing Sources</b>	<u>165,236</u>	<u>16,530</u>	<u>-</u>	<u>(16,530)</u>
<i>Excess of Receipts and Other Sources Over Disbursements</i>	-	-	-	-
Fund Balance, July 1, 2018	-	-	-	-
<b>Fund Balance, June 30, 2019</b>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>

# Ava R-I School District

## Budgetary Comparison Schedule—Capital Projects Fund

Year Ended June 30, 2019

	Budgeted Amounts		Actual	Variance with
	Original	Final		Final Budget
				Positive (Negative)
<b>Receipts</b>				
Local	\$ 91,100	\$ 115,565	\$ 120,571	\$ 5,006
State	1,160	-	480,000	480,000
Federal	25,899	25,948	22,995	(2,953)
<b>Total Receipts</b>	<u>118,159</u>	<u>141,513</u>	<u>623,566</u>	<u>482,053</u>
<b>Disbursements</b>				
Instruction	27,246	41,973	32,014	9,959
Student services	-	24,466	14,442	10,024
General administration	23,600	4,906	48,147	(43,241)
Operation of plant	250,575	260,000	151,296	108,704
Transportation	-	1,725	1,725	-
Food service	10,000	15,940	15,926	14
Community services	3,500	1,059	7,461	(6,402)
Facilities acquisition and construction	140,500	159,658	139,897	19,761
Debt service	454,991	454,991	453,678	1,313
<b>Total Disbursements</b>	<u>910,412</u>	<u>964,718</u>	<u>864,586</u>	<u>100,132</u>
<i>(Deficit) of Receipts Over Disbursements:</i>	(792,253)	(823,205)	(241,020)	582,185
<b>Other Financing Sources</b>				
Operating transfers in	700,000	710,000	605,407	(104,593)
Sale of other property	-	3,500	3,720	220
Sale of bus	-	-	1,800	1,800
<b>Total Other Financing Sources</b>	<u>700,000</u>	<u>713,500</u>	<u>610,927</u>	<u>(102,573)</u>
<i>Excess (Deficit) of Receipts and Other Sources Over Disbursements</i>	(92,253)	(109,705)	369,907	479,612
Fund Balance, July 1, 2018	1,113,124	1,113,124	1,113,124	-
<b>Fund Balance, June 30, 2019</b>	<u>\$ 1,020,871</u>	<u>\$ 1,003,419</u>	<u>\$ 1,483,031</u>	<u>\$ 479,612</u>



# Ava R-I School District

## Note to the Budgetary Comparison Schedules

June 30, 2019

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### **Budgets & 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 budget includes estimated receipts and proposed disbursements for all District funds. Budgeted disbursements cannot exceed beginning available monies plus estimated receipts for the year.
- 3) A public hearing is conducted to obtain taxpayer comments. Prior to its approval by the Board of Education, the budget document is available for public inspection.
- 4) Prior to July 1, the budget is legally enacted by a vote of the Board of Education.
- 5) Subsequent to its formal approval of the budget, the Board of Education has the authority to make necessary adjustments to the budget by formal vote of the Board. Adjustments made during the year are reflected in the budget information included in the financial statements. Budgeted amounts are as originally adopted, or as amended by the Board of Education. Individual amendments were not material to the original appropriations, which were amended.
- 6) Budgets for District funds are prepared and adopted on the modified cash basis (budget basis).

## Other Financial Information

# Ava R-I School District

## Schedule of Receipts by Source

Year Ended June 30, 2019

	General Fund	Special Revenue Fund	Capital Projects Fund	Total
<b>Local</b>				
Current taxes	\$ 2,722,506	\$ -	\$ -	\$ 2,722,506
Delinquent taxes	266,461	-	-	266,461
School district trust fund (Prop C)	363,353	1,015,214	-	1,378,567
Financial institution tax	-	-	3,508	3,508
M & M surtax	-	-	78,640	78,640
In lieu of tax	-	-	5,367	5,367
Earnings from temporary deposits	92,427	23,822	18,614	134,863
Food service - sales to pupils	83,926	-	-	83,926
Food service - sales to adults	13,419	-	-	13,419
Food service non-program	15,839	-	-	15,839
Admissions - student activities	41,252	-	-	41,252
Bookstore sales	30,967	-	-	30,967
Revenue from enterprise activities	21,381	-	-	21,381
Other pupil activity income	242,892	-	-	242,892
Community services	22,521	-	-	22,521
Rentals	18,565	-	-	18,565
Gifts	92,829	65,329	14,442	172,600
Prior period adjustment	1,421	-	-	1,421
Miscellaneous local revenue	38,518	773	-	39,291
<b>Total Local</b>	<u>4,068,277</u>	<u>1,105,138</u>	<u>120,571</u>	<u>5,293,986</u>
<b>County</b>				
Fines, escheats, etc.	-	35,789	-	35,789
State assessed utilities	68,344	-	-	68,344
Fed prop (include fed forest, flood & mineral)	5,942	-	-	5,942
<b>Total County</b>	<u>74,286</u>	<u>35,789</u>	<u>-</u>	<u>110,075</u>
<b>State</b>				
Basic formula - state monies	160,605	5,051,212	-	5,211,817
Transportation	155,815	-	-	155,815
Early childhood special education	5,057	75,620	-	80,677
Basic formula - classroom trust fund	32,538	-	480,000	512,538
Educational screening prog/PAT	-	19,570	-	19,570
Career education	6,272	8,100	-	14,372
Food service - state	5,255	-	-	5,255
<b>Total State</b>	<u>365,542</u>	<u>5,154,502</u>	<u>480,000</u>	<u>6,000,044</u>

## Ava R-I School District

### Schedule of Receipts by Source

Year Ended June 30, 2019

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Capital Projects Fund</u>	<u>Total</u>
<b>Federal</b>				
Medicaid	-	27,291	-	27,291
Perkins basic grant, career education	13,315	-	15,962	29,277
IDEA entitlement funds, part B IDEA	161,574	122,593	-	284,167
Early childhood special education - federal	45,108	-	-	45,108
School lunch program	380,957	-	-	380,957
School breakfast program	213,009	-	-	213,009
After school snack program	1,851	-	-	1,851
Title I - ESEA	84,970	475,083	-	560,053
21st century community learning center/afterschool	157,705	113,390	-	271,095
Title IV.A student support and academic enrichment	30,400	-	-	30,400
Title II, part A&B, ESEA - teacher & principal	15,568	80,407	-	95,975
Dept of Health food service program	54,054	-	-	54,054
Title VI, part B rural education initiative	7,687	-	7,033	14,720
Other - federal	1,485	-	-	1,485
<b>Total Federal</b>	<u>1,167,683</u>	<u>818,764</u>	<u>22,995</u>	<u>2,009,442</u>
<b>Other Sources</b>				
Sale of school buses	-	-	1,800	1,800
Sale of other property	909	-	3,720	4,629
Tuition from other LEAs - regular term	-	193,170	-	193,170
Contracted educational services	-	22,855	-	22,855
<b>Total Other Sources</b>	<u>909</u>	<u>216,025</u>	<u>5,520</u>	<u>222,454</u>
<b>Total Receipts</b>	<u>\$ 5,676,697</u>	<u>\$ 7,330,218</u>	<u>\$ 629,086</u>	<u>\$ 13,636,001</u>

The above schedule is consistent with the Annual Secretary of the Board Report (ASBR).

# Ava R-I School District

## Schedule of Disbursements by Object

Year Ended June 30, 2019

	<b>General Fund</b>	<b>Special Revenue Fund</b>	<b>Capital Projects Fund</b>	<b>Total</b>
Certificated - regular salaries	\$ -	\$ 4,150,656	\$ -	\$ 4,150,656
Certificated - administrators salaries	-	705,378	-	705,378
Certificated - part-time salaries	-	91,175	-	91,175
Certificated - other part-time salaries	-	62,547	-	62,547
Certificated supplemental pay	13,141	302,326	-	315,467
Certificated unused leave and/or severance pay	-	18,197	-	18,197
Classified salaries regular	1,111,134	116,004	-	1,227,138
Classified instructional aide salaries	52,775	282,657	-	335,432
Classified substitute salaries	11,460	13,396	-	24,856
Classified salaries - part-time	229,541	10,293	-	239,834
Classified employees unused leave and/or severance	38,301	3,167	-	41,468
Teacher's retirement	1,930	824,825	-	826,755
Non-teacher retirement	95,563	30,998	-	126,561
Old age survivor and disability (OASDI)	83,830	35,699	-	119,529
Medicare	19,795	78,193	-	97,988
Employee insurance	157,551	581,371	-	738,922
Workers' compensation insurance	56,991	-	-	56,991
Unemployment compensation	-	126	-	126
Other employer provided benefits	10,140	7,050	-	17,190
Purchased instructional services - tuition	201,443	16,160	-	217,603
Instructional program improvement services	23,671	-	-	23,671
Pupil services	3,288	-	-	3,288
Audit services	19,000	-	-	19,000
Data processing and technology related services	12,008	-	-	12,008
Legal services	9,396	-	-	9,396
Election services	5,295	-	-	5,295
Other professional services	67,355	-	-	67,355
Repairs and maintenance	137,802	-	-	137,802
Rentals - land and buildings	5,100	-	-	5,100
Rentals - equipment	23,336	-	-	23,336
Water and sewer	30,578	-	-	30,578
Trash removal	14,017	-	-	14,017
Technology-related repairs and maintenance	58,655	-	-	58,655
Other property services	452	-	-	452
Contracted transportation to and from school	620,124	-	-	620,124

# Ava R-I School District

## Schedule of Disbursements by Object

Year Ended June 30, 2019

	General Fund	Special Revenue Fund	Capital Projects Fund	Total
Travel	22,184	-	-	22,184
Other transportation services	216	-	-	216
Property insurance	46,409	-	-	46,409
Liability insurance	46,562	-	-	46,562
Fidelity bond premiums	125	-	-	125
Communication	21,800	-	-	21,800
Advertising	3,184	-	-	3,184
Dues and membership	13,777	-	-	13,777
Other purchased services	591,925	-	-	591,925
Other expenses	131,867	-	-	131,867
General supplies	307,057	-	-	307,057
Supplies - technology - related	151,118	-	-	151,118
Textbook	18,704	-	-	18,704
Library books	20,572	-	-	20,572
Resource materials	5,407	-	-	5,407
Food service - exclude non-food supplies	796	-	-	796
Electric	150,406	-	-	150,406
Gas - natural	94,881	-	-	94,881
Gas - L.P.	1,093	-	-	1,093
Gasoline/diesel	27,112	-	-	27,112
Other supplies and materials	281,704	-	-	281,704
Land	-	-	51,607	51,607
Buildings	-	-	153,703	153,703
Improvements other than buildings	-	-	33,207	33,207
Regular equipment	-	-	48,983	48,983
Equipment - classroom instructional apparatus	-	-	34,390	34,390
Technology - related hardware	-	-	40,583	40,583
Technology software	-	-	9,184	9,184
Vehicles - except school buses	-	-	39,250	39,250
Principal - lease purchase agreements	-	-	332,146	332,146
Principal - long term loans	-	-	38,506	38,506
Interest - lease purchase agreements	-	-	74,842	74,842
Interest - long term loans	-	-	6,479	6,479
Fees - lease purchase agreements	-	-	1,706	1,706
<b>Total Disbursements</b>	<b>\$ 5,050,571</b>	<b>\$ 7,330,218</b>	<b>\$ 864,586</b>	<b>\$ 13,245,375</b>

## Ava R-I School District

### Schedule of Transportation Costs Eligible for State Aid

Year Ended June 30, 2019

	<u>District Owned</u>	<u>Contracted</u>	<u>Disabled District Owned</u>	<u>Total</u>
Certificated salaries	\$ 32,801	\$ -	\$ -	\$ 32,801
Non-certificated salaries	41,182	-	20,942	62,124
Employee benefits	7,699	-	3,489	11,188
Purchased services	19,491	620,564	541	640,596
Supplies	19,925	-	3,502	23,427
Capital outlay	-	1,725	-	1,725
Depreciation, net of adjustment	15,126	-	-	15,126
	<u>\$ 136,224</u>	<u>\$ 622,289</u>	<u>\$ 28,474</u>	<u>\$ 786,987</u>

## **Other Reporting Requirements**





**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***

Board of Education  
Ava R-I School District  
Ava, 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 Ava R-I School District as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise Ava R-I School District's basic financial statements and have issued our report thereon dated November 14, 2019.

**Internal Control over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the Ava R-I 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 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 combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. We did identify a certain deficiency in internal control, described in the accompanying schedule of findings and questioned costs that we consider to be a material weakness. It is identified as finding 2019-001.

### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the Ava R-I School District's financial statements are free of 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*.

### **Response to Findings**

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

### **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.

*KPM CPAs, PC*

KPM CPAs, PC  
Springfield, Missouri  
November 14, 2019



## Independent Auditors' Report on Compliance for Each Major Program and on Internal Control over Compliance Required by the Uniform Guidance

Board of Education  
Ava R-I School District  
Ava, Missouri

### Report on Compliance for Each Major Federal Program

We have audited Ava R-I School District's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of Ava R-I School District's major federal programs for the year ended June 30, 2019. The Ava R-I School District's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

### Management's Responsibility

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

### Auditors' Responsibility

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

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

### **Opinion on Each Major Federal Program**

In our opinion, the Ava R-I School District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2019.

### **Report on Internal Control Over Compliance**

Management of the Ava R-I School District is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Ava R-I School District's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the District's internal control over compliance.

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

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

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

*KPM CPAs, PC*

KPM CPAs, PC  
Springfield, Missouri  
November 14, 2019

# Ava R-I School District

## Schedule of Expenditures of Federal Awards

Year Ended June 30, 2019

<u>Federal Grantor Pass Through Grantor/Program Title</u>	<u>Federal CFDA Number</u>	<u>Pass-through Entity or Other Identifying Number</u>	<u>Passed Through to Subrecipients</u>	<u>Federal Expenditures</u>
<b>U.S Department of Agriculture</b>				
Missouri Department of Elementary and Secondary Education Child Nutrition Cluster				
National School Lunch Program - Cash	10.555	20188N109943 20199N109943	\$ - -	\$ 68,308 <u>312,649</u>
			-	<u>380,957</u>
National School Lunch Program - Commodities	10.555	034-124	-	48,958
After School Snack Program	10.555	20188N109943 20199N109943	- -	1,293 <u>558</u>
			-	<u>1,851</u>
			-	431,766
School Breakfast Program	10.553	20188N109943 20199N109943	- -	35,708 <u>177,301</u>
			-	213,009
Missouri Department of Health and Senior Services Child Nutrition Cluster				
Summer Food Service Program	10.559	ERS0461865S	-	<u>31,311</u>
<b>Total Child Nutrition Cluster</b>			-	<u>676,086</u>
Missouri Department of Health and Senior Services Child and Adult Care Food Program				
	10.558	ERS4612186S	-	23,780
Direct				
Forest Service Grant	10.101	034-124	-	<u>485</u>
<b>Total U.S. Department of Agriculture</b>			-	<u>700,351</u>
<b>U.S Department of Education</b>				
Missouri Department of Elementary and Secondary Education Title I, Part A Grants				
Title I Grants to LEAs	84.010	SO10A170025 SO10A180025	- -	175,849 <u>430,099</u>
			-	605,948
Career and Technical Education - Basic Grants to States	84.048	VO48A170025 VO48A180025	- -	15,703 <u>15,366</u>
			-	31,069
Special Education Grants Cluster				
Special Education Grants to States	84.027	HO27A170040 HO27A180040	- -	137,813 <u>181,863</u>
			-	319,676
Special Education Preschool Grants	84.173	H171A180103	-	<u>12,332</u>
<b>Total Special Education Grants Cluster</b>			-	<u>332,008</u>

# Ava R-I School District

## Schedule of Expenditures of Federal Awards

Year Ended June 30, 2019

<u>Federal Grantor Pass Through Grantor/Program Title</u>	<u>Federal CFDA Number</u>	<u>Pass-through Entity or Other Identifying Number</u>	<u>Passed Through to Subrecipients</u>	<u>Federal Expenditures</u>
Rural Education	84.358	S358B170025	-	12,616
		S358B180025	-	2,599
			<u>          </u>	<u>15,215</u>
Supporting Effective Instruction State Grant	84.367	S367A170024	-	50,331
		S367A180024	-	33,770
			<u>          </u>	<u>84,101</u>
21st Century Community Learning Center/Afterschool	84.287	S287C170025	-	253,683
Student Support and Academic Enrichment Program	84.424	S424A170026	-	17,971
		S424A180026	-	13,179
			<u>          </u>	<u>31,150</u>
<b>Total U.S. Department of Education</b>			<u>          </u>	<u>1,353,174</u>
<b>U.S. Department of Health and Human Services</b>				
Cooperative Agreements to Promote Adolescent Health through School-Based HIV/STD Prevention and School-Based Surveillance	93.079	18NU87	-	1,000
<b>Total U.S. Department of Health and Human Services</b>			<u>          </u>	<u>1,000</u>
<b>Total Expenditures of Federal Awards</b>			<u>\$ -</u>	<u>\$ 2,054,525</u>

## Ava R-I School District

### Notes to Schedule of Expenditures of Federal Awards

Year Ended June 30, 2019

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1. The Schedule of Expenditures of Federal Awards is presented using the modified cash basis of accounting, which is described in Note 1 to the District's basic financial statements.
2. Commodities received and expended are valued by the Food Service Section of the Department of Elementary and Secondary Education.
3. The District did not provide funds to subrecipients in the current year.
4. The District elected not to use the 10% de minimis indirect cost rate.

# Ava R-I School District

## Summary Schedule of Findings and Questioned Costs

Year Ended June 30, 2019

### Section I: Summary Schedule of Audit Results

Financial Statements		
Type of report the auditor issued on whether the financial statements audited were prepared in accordance with the modified cash basis of accounting:		Unmodified
Internal Control over Financial Reporting:		
Material weakness(es) identified?		Yes
Significant deficiency(ies) identified?		None Reported
Noncompliance material to financial statements noted?		No
Federal Awards		
Internal control over major federal programs:		
Material weakness(es) identified?		No
Significant deficiency(ies) identified?		None Reported
Type of auditors' report issued on compliance for major federal program:		Unmodified
Any audit findings disclosed that are required to be reported in accordance with 2CFR 200.516(a)?		No
Identification of major federal program(s):		
<b>CFDA Number(s)</b>	<b>Name of Federal Program or Cluster</b>	
10.553, 10.555 & 10.559	Child Nutrition Cluster	
84.010	Title I, ESEA	
Dollar threshold used to distinguish between type A and type B programs:		\$750,000
Auditee qualified as low-risk auditee?		No



# Ava R-I School District

## Summary Schedule of Findings and Questioned Costs

Year Ended June 30, 2019

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### Section II - Financial Statement Findings

#### Material Weakness

##### 2019-001 Segregation of duties

*Condition:* Because of a limited number of available personnel, it is not always possible to adequately segregate certain incompatible duties so that no one employee has access to both physical assets and the related accounting records, or to all phases of a transaction. The District currently has one full time bookkeeper, an assistant bookkeeper, and a payables clerk to handle the accounting needs of the District. There are several mitigating controls in place, but it is not possible to have segregation in all areas.

*Criteria:* Duties should be segregated so that no one employee has access to both physical assets and the related accounting records, or to all phases of a transaction.

*Effect:* Risk is present that errors or irregularities in amounts that would be material to the basic financial statements may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions.

*Recommendation:* We realize because of limited resources and personnel, management may not be able to achieve a proper segregation of duties; however, our professional standards require that we bring this lack of segregation of duties to your attention in this report.

*Response:* The limited number of available personnel prohibits segregation of incompatible duties and the District does not have the resources to hire additional accounting personnel.

### Section III - Federal Award Findings and Questioned Costs

None.

# Ava R-I School District

## Schedule of Prior Year Audit Findings

Year Ended June 30, 2019

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### Financial Statement Finding

2018-001 Segregation of duties

#### *Auditors' Recommendation*

We realize that because of limited resources and personnel, management may not be able to achieve a proper segregation of duties; however, our professional standards require that we bring this lack of segregation of duties to your attention in this report.

#### *Status*

Uncorrected

# Ava R-I School District

## Corrective Action Plan

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November 13, 2019  
U.S. Department Of Education

The Ava R-I School District respectfully submits the following corrective action plan for the year ended June 30, 2019.  
Contact information for the individual responsible for the corrective action:

Dr. Jason Dial, Superintendent  
Ava R-I School District  
507 N Spring Street  
Ava, Missouri 65608  
(417) 683-4717

Audit Period: Year ended June 30, 2019

The findings from the June 30, 2019, schedule of findings and questioned costs – Financial Statement Audit are discussed below. The findings are numbered consistently with the numbers assigned in the schedule.

### **Findings–Financial Statement Audit**

#### *Material Weakness*

2019 – 001 Segregation of Duties

**Recommendation:** We realize that because of limited resources and personnel, management may not be able to achieve a proper segregation of duties; however, our professional standards require that we bring this lack of segregation of duties to your attention in this report.

**Action Taken:** The limited number of available personnel prohibits segregation of incompatible duties and the District does not have the resources to hire additional accounting personnel.

**Completion Date:** Not applicable.

Sincerely,

Dr. Jason Dial, Superintendent  
Ava R-I School District

## Supplementary State Information



## Independent Accountants' Report on Management's Assertions about Compliance with Specified Requirements of Missouri Laws and Regulations

Board of Education  
Ava R-I School District  
Ava, Missouri

We have examined management's assertions that Ava R-I School 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, 2019. Ava R-I School 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.

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.

*KPM CPAs, PC*

KPM CPAs, PC  
Springfield, Missouri  
November 14, 2019

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# Ava R-I School District

## Schedule of Selected Statistics

Year Ended June 30, 2019

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

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

School Code	Begin Grade	End Grade	Half Day Indicator	Standard Day Length	Days	Hours in Session
4020	PK	PK	-	6.6700	168	1,111.7900
4020	K	4	-	6.8300	168	1,137.0300
3000	5	8	-	6.8000	168	1,131.9100
1050	9	12	-	6.7500	168	1,123.7700

### 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
4020	PK	18.23	-	-	-	-	18.23
4020	K	81.23	-	-	-	7.40	88.63
4020	1	84.04	-	-	-	6.22	90.26
4020	2	85.05	-	-	-	5.51	90.56
4020	3	80.81	-	-	-	6.45	87.26
4020	4	92.59	-	-	-	5.24	97.83
3000	5	94.00	-	-	-	5.74	99.74
3000	6	103.03	-	-	-	3.91	106.94
3000	7	96.88	0.11	-	-	3.29	100.28
3000	8	101.06	0.82	-	-	3.38	105.26
1050	9	94.01	-	0.06	-	0.68	94.75
1050	10	97.39	-	0.06	-	2.06	99.51
1050	11	81.27	-	0.06	-	2.97	84.30
1050	12	85.38	0.05	0.02	-	4.24	89.69
<b>Grand Total</b>	<b>PK-12</b>	<b>1,194.97</b>	<b>0.98</b>	<b>0.20</b>	<b>-</b>	<b>57.09</b>	<b>1,253.24</b>

# Ava R-I School District

## Schedule of Selected Statistics

Year Ended June 30, 2019

### 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
4020	K	86.00	-	-	86.00
4020	1	89.00	-	-	89.00
4020	2	89.00	-	-	89.00
4020	3	84.00	-	-	84.00
4020	4	98.00	-	-	98.00
3000	5	100.00	-	-	100.00
3000	6	107.00	-	-	107.00
3000	7	106.00	0.12	-	106.12
3000	8	108.00	0.88	-	108.88
1050	9	103.00	-	-	103.00
1050	10	108.00	-	-	108.00
1050	11	92.00	-	-	92.00
1050	12	95.00	0.53	-	95.53
<b>Grand Total</b>	<b>K-12</b>	<b>1,265.00</b>	<b>1.53</b>	-	<b>1,266.53</b>

### 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
4020	280.00	48.00	N/A	N/A	328.00
3000	231.12	52.00	N/A	N/A	283.12
1050	160.00	56.00	N/A	N/A	216.00
<b>Grand Total</b>	<b>671.12</b>	<b>156.00</b>	<b>N/A</b>	<b>N/A</b>	<b>827.12</b>

# Ava R-I School District

## Schedule of Selected Statistics

Year Ended June 30, 2019

### 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:	
	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	True
	Homebound instruction	True
	Missouri Options	N/A
	Prekindergarten eligible to be claimed for state aid	True
	Remediation	True
	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	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:	\$25,000
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)	N/A
5.8	Salaries reported for educators in the October MOSIS Educator Core and Educator School files are supported by complete and accurate payroll and contract records.	True



## Ava R-I School District

### Schedule of Selected Statistics

Year Ended June 30, 2019

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:	\$52,167

Finding:	There were no findings noted above.
Management Letter Comment:	

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

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

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	678.5

## Ava R-I School District

### Schedule of Selected Statistics

Year Ended June 30, 2019

	Ineligible ADT	29.5
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:	272,424
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	221,355
	Ineligible Miles (Non-Route/Disapproved)	51,069
6.7	Number of days the district/charter school operated the school transportation system during the regular school year:	168

Finding:	There were no findings noted above.
Management Letter Comment:	