

AVA R-I SCHOOL DISTRICT
FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

Thomas and Douglas
Certified Public Accountants

James K. Thomas, CPA
Jennifer J. Douglas, CPA

400 Hailey Street
Ava, MO 65608
(417) 683-3091

13 Court Square
Gainesville, MO 65655
(417) 679-0095

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Quality, Excellence,
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INDEPENDENT AUDITORS' REPORT

To The Board of Education
Ava R-I School District

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities and each major fund of Ava R-I School District as of and for the fiscal year ended June 30, 2021 and the related notes to the financial statements. These collectively comprise Ava R-I School District 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 the financial statements in accordance with the modified cash basis of accounting. This includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of the financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on the financial statements based on our audit. We did not audit NOTE III Employee Retirement Plans. This note to the financial statements was audited by other auditors whose report has been furnished to us, and our opinion, insofar as it relates to this information is based solely on the report of the other auditors

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. Those standards require 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 evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances. The auditor's consideration of internal control is not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of any significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the evidence we have obtained and the report of other auditors are sufficient and appropriate to provide a reasonable basis for our audit opinions.

Opinions

In our opinion, based on our audit and the report of other auditors, the financial statements present fairly, in all material respects, the respective financial position – modified cash basis of the governmental activities and each major fund of Ava R-I School District, as of June 30, 2021, and the respective changes in financial position – modified cash basis for the fiscal year then ended in accordance with the modified cash basis of accounting described in Note I.B.3.

Basis of Accounting

We draw attention to Note I.B.3 of the financial statements, which describes the basis of accounting. The financial statements are prepared and presented using the modified cash basis of accounting. This basis of accounting is not generally accepted accounting principles in the United States of America. Our opinion is not modified with respect to that matter.

Other Matters

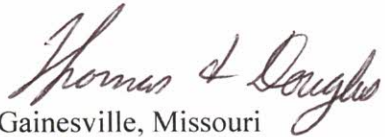
Other Information

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 budgetary comparison information on pages 25-27 is the responsibility of management. This information is presented for the purpose of additional analysis. These are not required parts of financial statements presented in accordance with the modified cash basis of accounting. This information has not been subject to the auditing procedures applied in the audit of the financial statements. Accordingly, we do not express an opinion or provide any assurance on such information.

The accompanying Other Financial Information on pages 29-31 is presented for purpose of additional analysis and are not required parts of the financial statements. The Other Financial 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. This information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures. The additional procedures included comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or the financial statements themselves and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Other Financial Information is fairly stated, in all material respects, in relation to the financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued a report dated December 10, 2021 on our consideration of the Ava R-I School District's internal control over financial reporting and on our test of their compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of the testing. The purpose of the report is not to provide an opinion on the effectiveness of Ava R-I School District's internal control over financial reporting or compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Ava R-I School District's internal control over financial reporting and compliance.



Gainesville, Missouri
December 10, 2021

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

INDEPENDENT AUDITORS' REPORT

To The Board of Education
Ava R-I School District

We have audited the financial statements of the governmental activities and each major fund of Ava R-I School District as of and for the fiscal year ended June 30, 2021 and the related notes to the financial statements, except for NOTE III which was audited by other auditors. The audit was performed in accordance with auditing standards generally accepted in the United States of America and the standards applicable of financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. These collectively comprise Ava R-I School District's basic financial statements. We issued our report on the financial statements dated December 10, 2021.

Our report on the financial statements includes a reference to other auditors who audited NOTE III Employee Retirement Plans. This report does not include the results of the other auditors' testing of internal control over financial reporting or compliance and other matters that are reported on separately by those auditors.

Internal Control Over Financial Reporting

We considered Ava R-I School District's internal control over financial reporting (internal control) in planning and performing the audit of the financial statements. The purpose for our consideration of internal control was to determine audit procedures that are appropriate in the circumstances which would provide evidence required for expressing our opinions on the financial statements. Our consideration of internal control was not for the purpose of expressing an opinion on the effectiveness of Ava R-I School District's internal control. Accordingly, we do not express an opinion on the effectiveness of Ava R-I School District's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. *A material weakness* is a deficiency or combination of deficiencies in internal control that creates a reasonable possibility a material misstatement of the entity's financial statements will not be prevented or detected and corrected on a timely basis.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, material weaknesses or significant deficiencies may exist that were not identified during the audit. We identified a deficiency in internal control that we consider to be a material weakness which is described in the accompanying Schedule of Findings and Questioned Costs referenced as Finding 2021-1 on page 7.

Compliance and Other Matters

We performed tests of Ava R-I School District's compliance with certain provisions of laws, regulations, contracts, and grant agreements as part of obtaining reasonable assurance about whether the financial statements are free from material misstatement. Noncompliance with the provisions tested could have a direct and material effect on the determination of financial statement amounts. Providing an opinion on compliance with those provisions was not an objective of the audit. Accordingly, we do not express such an opinion. The results of our tests disclosed noncompliance or other matters that are required to be reported under *Government Auditing Standards*. The noncompliance is described in the accompanying Schedule of Findings and Questioned Costs referenced as Finding 2021-2 on page 7.

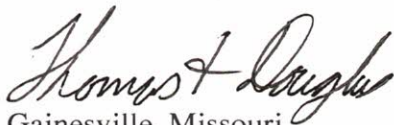
We noted certain other matters we reported to management of Ava R-I School District in a separate letter dated December 10, 2021.

Ava R-I School District's Response to the Audit Findings

Ava R-I School District's response to the findings identified in the audit are described in the accompanying Schedule of Findings and Questioned Costs on page 7. The responses were not subjected to the auditing procedures applied in the audit of the financial statements. Accordingly, we express no opinion on the responses.

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 result of that testing. The purpose is not to provide an opinion on the effectiveness of the entity's internal control or 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.



Gainesville, Missouri
December 10, 2021

**AVA R-I SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FISCAL YEAR ENDED JUNE 30, 2021**

I. SUMMARY OF AUDITOR’S RESULTS

- a. Unmodified opinion issued on the financial statements prepared in accordance with the modified cash basis of accounting.
- b. One material weaknesses disclosed during the audit of the financial statements was reported in the Report on Internal Control over Financial Reporting, Compliance, and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*.
- c. One noncompliance matter which is material to the financial statements.
- d. No material weakness or significant deficiencies identified in internal control over compliance for major federal programs.
- e. Unmodified opinion issued on compliance for major federal programs.
- f. No audit findings required to be reported in accordance with Section 2 CFR 200.516 (a).
- g. Major federal program:

Child Nutrition Cluster

CARES Food and Nutrition Lunch Program	10.555
CARES Food and Nutrition Breakfast Program	10.555
CARES Food and Nutrition Snack Program	10.555
Food and Nutrition After School Snack Program	10.555
Summer Food Service Program	10.559

Education Stabilization Fund Cluster

Elementary and Secondary School Emergency Relief Fund	84.425D
Governor’s Emergency Education Relief Fund	84.425C

- h. Dollar threshold used to distinguish between Type A and Type B programs is \$750,000.
- i. Auditee did not qualify as a low-risk auditee.
- j. Ava R-I School District did not elect to use the 10% de minimis indirect cost rate.

II. FINDINGS - FINANCIAL STATEMENT AUDIT

Finding 2021-1 – Internal Control

Condition: The accounting function lacks segregations of duties and responsibilities in the payroll, expenditures, receipts, and reporting cycles. The bookkeepers' responsibilities include recording and reporting of financial data.

Questioned Cost: Unknown

Effect: Increases risk misstatements to the financial statements could occur and not be prevented or detected and corrected on a timely basis.

Cause: Insufficient number of personnel in the accounting function to provide segregations of duties required for effective internal controls.

Recommendation: Management should routinely review accounting and financial data to provide additional safeguards to timely detect and correct misstatements. The District should evaluate the implementation of additional segregations of duties in the accounting function.

Management's Response: Budget constraints limit the application of segregation of duties in the accounting function. The District will evaluate additional segregation of duties in the accounting function. Management will routinely review accounting information.

Finding 2021-2 – Compliance over Financial Reporting

Condition: The District's actual total expenditures exceeded approved budgets in the Teachers Fund and Capital Projects Fund.

Questioned Cost: \$124,676

Cause: The District expended additional funds after amending budgets which exceeded budget amounts.

Recommendation: The District should review budgets and actual expenditures for each fund and adjust budgets prior to incurring expenditures which are not budgeted.

Management's Response: The District will implement policies and procedures to routinely review budgets and actual expenditures for each fund. Budgets will be amended to increase appropriations prior to incurring expenses in excess of budgets.

III. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS

None

**AVA R-I SCHOOL DISTRICT
STATEMENT OF NET POSITION - MODIFIED CASH BASIS
JUNE 30, 2021**

ASSETS	
Pooled Cash	\$ 5,484,668
Non-Pooled Investments	137,571
TOTAL ASSETS	<u>5,622,239</u>
 NET POSITION	
Restricted for:	
Student Scholarships	68,953
Unrestricted	5,553,286
TOTAL NET POSITION	<u>\$ 5,622,239</u>

The accompanying Notes to Financial Statements are an integral part of this statement.

AVA R-I SCHOOL DISTRICT
STATEMENT OF ACTIVITIES - MODIFIED CASH BASIS
FOR THE YEAR ENDED JUNE 30, 2021

	<u>Cash</u> <u>Disbursements</u>	<u>Program Cash Receipts</u> <u>Charges</u> <u>for</u> <u>Services</u>	<u>Operating</u> <u>Grants and</u> <u>Contrib.</u>	<u>Capital</u> <u>Grants</u>	<u>Net</u> <u>(Disbursements)</u> <u>Receipts and</u> <u>Changes in</u> <u>Net Assets</u>
Governmental activities:					
Instructional services	\$ 6,490,213	\$ 418,814	\$ 1,978,104	\$ 102,172	\$ (3,991,123)
Student services	1,186,138	7,376	81,884	6,480	(1,090,398)
Instructional staff support	151,630		139,372		(12,258)
Building administration	625,734		4,638		(621,096)
Genl admin¢ral serv	1,295,762		121,267		(1,174,495)
Operation of plant	1,388,433	17,054	22,285	6,467	(1,342,627)
Transportation	793,170		148,415		(644,755)
Food service	90,494	33,525	39,140	4,470	(13,359)
Community services	1,366,298	18,182	1,167,472		(180,644)
Facilities acq & constr	194,610				(194,610)
Debt Services					
Principal	435,575				(435,575)
Interest	67,639				(67,639)
Fees	1,590				(1,590)
Net program (disb) receipts	<u>14,087,286</u>	<u>494,951</u>	<u>3,702,577</u>	<u>119,589</u>	<u>(9,770,169)</u>
General receipts:					
Local					
Property taxes					3,043,780
Sales taxes					1,478,095
Other local					109,288
County					102,051
State					
Basic formula - State Monies					5,251,414
Basic formula - Classroom Trust Fund					526,340
Investment income					17,044
Total general receipts					<u>10,528,012</u>
Special Item					
Sale of Surplus Property					251
Sale of Buses					17,598
Sale of Bus Route					32,425
Total Special Item					<u>50,274</u>
Increase in net position					808,116
Net Position-Beginning of year					4,811,965
Prior Period Adjustment					2,158
Net Position-Ending of year					<u>\$ 5,622,239</u>

The accompanying Notes to Financial Statements are an integral part of this statement.

AVA R-I SCHOOL DISTRICT
STATEMENT OF MODIFIED CASH BASIS ASSETS AND
FUND BALANCES - GOVERNMENTAL FUNDS
JUNE 30, 2021

	GOVERNMENTAL FUND TYPES			
	General (Incidental) Fund	Special Revenue (Teachers') Fund	Capital Projects Fund	Total Memorandum Only 6/30/2021
ASSETS:				
Pooled Cash	\$ 3,252,310	\$ 454,221	\$ 1,778,137	\$ 5,484,668
Non-Pooled Investments	137,571			137,571
TOTAL ASSETS	3,389,881	454,221	1,778,137	5,622,239
FUND BALANCES:				
Restricted-Student Scholarships	68,953			68,953
Assigned-Student Activities	282,671			282,671
Assigned-Capital Outlay			1,778,137	1,778,137
Assigned-Certificated Employee Costs		454,221		454,221
Unassigned	3,038,257			3,038,257
TOTAL FUND BALANCES	\$ 3,389,881	\$ 454,221	\$ 1,778,137	\$ 5,622,239

The accompanying Notes to Financial Statements are an integral part of this statement.

AVA R-I SCHOOL DISTRICT
STATEMENT OF MODIFIED CASH RECEIPTS, DISBURSEMENTS, AND
CHANGES IN MODIFIED CASH BASIS FUND BALANCES -
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2021

	General (Incidental) Fund	Special Revenue (Teachers') Fund	Capital Projects Fund	Total Memorandum Only 6/30/2021
REVENUES:				
Local	\$ 3,859,667	\$ 1,038,889	\$ 97,146	\$ 4,995,703
County	56,763	45,289		102,052
State	614,839	5,029,841	450,000	6,094,680
Federal	1,479,215	1,835,605	119,588	3,434,409
Investment income	11,070	2,816	3,157	17,043
Rec'd other districts		201,242		201,242
Other	251		50,023	50,273
Total Revenues	<u>6,021,805</u>	<u>8,153,682</u>	<u>719,914</u>	<u>14,895,402</u>
EXPENDITURES:				
Instruction	785,125	5,581,104	123,984	6,490,213
Student services	406,772	689,393	89,973	1,186,138
Instructional staff support	29,802	121,828		151,630
Building administration	201,579	424,155		625,734
Genl admin & central serv	810,764	483,248	1,750	1,295,762
Operation of plant	1,286,637		101,796	1,388,433
Transportation	776,170		17,000	793,170
Food service	68,104		22,390	90,494
Community services	966,565	399,733		1,366,298
Facilities acq. & constr			194,610	194,610
Debt services:				
Principal			435,575	435,575
Interest			67,639	67,639
Fees			1,590	1,590
Total Expenditures	<u>5,331,518</u>	<u>7,699,461</u>	<u>1,056,307</u>	<u>14,087,286</u>
REVENUES OVER (UNDER)				
EXPENDITURES	690,287	454,221	(336,393)	808,116
FUND BALANCES,				
BEGINNING OF YEAR	3,329,731		1,482,234	4,811,965
PRIOR PERIOD				
ADJUSTMENT	283		1,875	2,158
TRANSFERS IN (OUT)	(630,421)		630,421	
FUND BALANCES,				
END OF YEAR	<u>\$ 3,389,880</u>	<u>\$ 454,221</u>	<u>\$ 1,778,137</u>	<u>\$ 5,622,239</u>

The accompanying Notes to Financial Statements are an integral part of this statement.

**AVA R-I SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

I.A. INTRODUCTION

The accounting and reporting framework and significant accounting principles and practices of Ava R-I School District are discussed in subsequent sections of this note. The remainder of the notes provide explanations and required disclosures for the financial status and activities for the fiscal year ended June 30, 2021.

The financial statements are presented using the modified cash basis of accounting. This basis of accounting differs from accounting principles generally accepted in the United States of America (GAAP). The financial statements apply generally accepted accounting principles and Governmental Accounting Standards Board (GASB) pronouncements relevant to the modified cash basis of accounting.

I.B. FINANCIAL REPORTING ENTITY – BASIS OF PRESENTATION

I.B.1. COMPONENT UNITS

The Ava R-I School District is a public school district with seven publicly elected school board members. The financial statements are presented for the primary government. The reporting entity includes the governing board and any other organizations for which oversight responsibility is exercised.

Management has developed criteria to determine if other entities with activities which benefit the District, including joint agreements which serve pupils from numerous districts, should be included within the financial reporting entity. The criteria includes, but is not limited to, the level of oversight responsibility exercised by the district (which includes financial dependency, selection of governing authority, designation of management, ability to significantly influence operations, and accountability for fiscal matters), scope of public service, and special financing relationships.

Management has determined no other organization meets this criteria. Therefore, no other entity is included in the financial statements.

I.B.2. GOVERNMENT-WIDE FINANCIAL STATEMENTS AND FUND FINANCIAL STATEMENTS

Government-Wide Financial Statements

The government-wide financial statements are the Statement of Net Position -Modified Cash Basis and the Statement of Activities – Modified Cash Basis. These financial statements present information of the District as a whole. Governmental activities generally are financed through taxes, intergovernmental revenues, and other non-exchange transactions.

The Statement of Activities – Modified Cash Basis presents the expenses by function offset by program revenues directly connected with the functional program. A function is an assembly of similar activities. It may include portions of a fund or summarize more than one fund to capture expenses and program revenues associated with a distinct functional activity. Program revenues include: (1) charges for services which are fees and other charges to users of the district’s services; (2) operating grants and contributions which finance annual operating activities; and (3) capital grants and contributions which fund the acquisition, construction, or rehabilitation of capital assets. These revenues may be subject to externally imposed restrictions to specific program uses. Taxes and other revenue sources not designated or restricted to specific functions are presented as general revenues.

Fund Financial Statements

Fund financial statements are presented for the governmental funds. Major individual governmental funds are presented separately. Funds presented as a major fund which do not meet the major fund criteria of GASB Statements No. 34 and 37 are particularly important to the intended users of the financial statements. Each fund is accounted for with a separate set of self-balancing accounts consisting of assets, fund equity, revenues, and expenditures. Resources are allocated to and accounted for in specific funds based upon the spending purpose and means by which spending activities are controlled. The following are the major funds.

Governmental Funds:

General (Incidental) Fund: Accounts for the general activities, including student activities and food service, which are not designated in a separate fund.

Special Revenue (Teachers') Fund: Accounts for expenditures for certified employee involved in administration and instruction and revenues restricted or assigned for payment of teacher and administrator salaries and benefits.

Capital Projects (Building) Fund: Accounts for receipt and disbursement of funds for acquisition and construction of capital assets and lease/purchase obligations.

I.B.3. MEASUREMENT FOCUS, BASIS OF ACCOUNTING, AND FINANCIAL STATEMENT PRESENTATION

Measurement focus is a term used to describe “how” transactions are recorded. Basis of accounting refers to “when” transactions are recorded regardless of the measurement focus applied.

The government-wide financial statements present data using the current financial resources measurement focus and the modified cash basis of accounting. Internal activity (between or within funds) is eliminated from the government – wide financial statements. Revenues are recorded when cash is received. Expenses are recorded when cash is disbursed.

Governmental fund financial statements present data using the current financial resources measurement focus and the modified cash basis of accounting. Revenues are recognized when cash is received. Expenditures are recorded when cash is disbursed. Internal activity between funds, such as transfers, is presented in the fund financial statements.

Only current financial assets and net position or fund balances are presented using the “current financial resources” measurement focus. The operating statements present sources and uses of current financial resources during a given period.

Total Columns on Combined Statements

The "Totals (Memorandum Only)" columns are presented to facilitate financial analysis. They do not present financial position or results of operations in conformity with accounting principles generally accepted in the United States of America.

I.C. ASSETS, FUND BALANCE, PENSION PLANS

I.C.1. CASH AND INVESTMENTS

The District maintains a cash pool for the General, Teachers, and Capital Projects Funds of the primary government. Each fund’s portion of the pool is displayed in the Statement of Modified Cash Basis Assets and Fund Balances as “pooled cash.” Cash deposits are reported at carrying amount which reasonably estimates fair value.

Non-Pooled investments are separately held and presented in the respective fund financial statements as “non-pooled investments.” Investments consist of certificates of deposit with maturities greater than three months. These are reported at cost. Management intends to hold the investments to maturity.

I.C.2. CAPITAL ASSETS AND DEPRECIATION

Capital assets costs are recorded as current expenditures when incurred. Capital assets, accumulated depreciation and depreciation expense are not presented in the government wide or fund financial statements, in accordance with the modified cash basis presentation.

I.C.3. FUND BALANCE

The governmental fund financial statements present restricted fund balance for amounts not available for appropriation or legally restricted for specified purposes. The General Fund presents restricted fund balance for student scholarships in the amount of \$68,953 which result from unexpended donor restricted donations.

The Statement of Modified Cash Basis Assets and Fund Balances-Governmental Funds presents assigned and unassigned fund balances in the governmental funds. In accordance with Missouri State Statute, Missouri Department of Elementary and Secondary regulation, and school board policy, the fund balance of the Capital Projects Fund has been assigned for future capital outlay expenditures

(including acquisition and improvement costs of equipment, furnishings, land, buildings, vehicles, and buses). The fund balance of the Teachers Fund has been assigned for certificated employee salary and benefit costs. The General Fund presents assigned fund balance in the amount of \$282,671 for Student Activity account balances. The residual fund balance of the General Fund is unassigned.

District policy requires first the use of restricted, then assigned, and lastly unassigned funds for eligible expenditures, when funds are available.

I.C.4. PENSION PLANS

Financial reporting information pertaining to the district's participation in the Public School Retirement System of Missouri ("PSRS") and Public Education Employee Retirement System of Missouri ("PEERS") is prepared in accordance with Governmental Accounting Standards Board ("GASB") Statement No. 68, *Accounting and Financial Reporting for Pensions*, as amended by GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date*, by GASB Statement No. 73, *Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68*, and by GASB Statement No. 82, *Pension Issues* relevant to the modified cash basis of accounting.

The financial statements were prepared using the modified cash basis of accounting. Employer pension contribution expenses are recognized when paid. The District has not presented its proportionate share of the net plan pension liability in the financial statements in accordance with the modified cash basis presentation.

II. DETAILED NOTES ON FUNDS

II.A. ASSETS

II.A.1. DEPOSITS AND INVESTMENTS

Deposits

Custodial Credit Risk for deposits is the risk in the event of bank failure, deposits may not be returned or collateral securities in the possession of an outside party would not be recovered. District policy requires deposits to be 100 percent secured by Federal Deposit Insurance Corporation insurance (FDIC) or pledged collateral valued at market price. Deposited funds may be invested in certificates of deposit in institutions with an established record of fiscal health and service. Collateral agreements must be approved prior to deposit of funds as provide by law. The School Board approves and designates an authorized depository institution based on evaluation of solicited responses and certifications.

District deposits are insured by FDIC insurance.

Investments

Investments consist of certificates of deposit with maturities in excess of three months. These investments are insured by FDIC insurance.

District Policy

Credit Risk is the risk an issuer or other counterparty to an investment will not fulfill its obligations. Investing activities are managed under the custody of district treasurer. Investing is performed in accordance with investment policies adopted by the school board complying with state statutes. District funds may be invested in collateralized or insured certificates of deposit and other evidences of deposits at banks, savings banks, savings and loan associations, and credit unions when secured by appropriate collateral.

Concentration of Credit Risk is the risk of loss attributed to the magnitude of the investment in a single issuer.

II.A.2. CAPITAL ASSETS

Capital asset costs are presented as current expenditures in the government-wide Statement of Activities—Modified Cash Basis and the Capital Projects Fund Statement of Modified Cash Receipts, Disbursements and Changes in Modified Cash Basis Fund Balances in the governmental fund financial statements in accordance with the modified cash basis presentation.

II.A.2. RESTRICTED NET POSITION

The District has presented restricted net position in the amount of \$68,953 for student scholarships.

II.B. LIABILITIES

II.B.1. LEASE COMMITMENTS

Capital Lease

The outstanding lease purchase agreements include a fourteen-year lease acquired in 2013 for \$3,820,000 for building renovations with interest rates varying from 2.25% to 3% on the outstanding principal balance of \$1,870,000. The District entered a ten year lease in 2015 for HVAC renovations for \$600,000 with interest at 2.58% on an outstanding principal balance of \$257,040.

The payment requirements for the capital leases to maturity are:

Year Ending	<u>Governmental Activities.</u>	
	<u>Capital Lease</u>	
<u>June 30</u>	<u>Principal</u>	<u>Interest</u>
2022	351,779	53,130
2023	363,405	45,307
2024	375,068	35,010
2025	381,788	24,889
2026	325,000	14,572
2027	<u>330,000</u>	<u>4,950</u>
Total	<u>\$ 2,127,040</u>	<u>\$177,858</u>

Principal and interest payments on Capital leases are presented as current expenditures in the government wide Statement of Activities-Modified Cash Basis and the Capital Projects Fund Statement of Modified Cash Basis Receipts, Disbursements, and Changes in Modified Cash Basis Fund Balance in accordance with the modified cash basis of accounting.

Capital lease activity for the fiscal year:

	<u>Balance</u> <u>7/1/20</u>	<u>Amount</u> <u>Borrowed</u>	<u>Amount</u> <u>Repaid</u>	<u>Balance</u> <u>6/30/21</u>	<u>Due</u> <u>Within</u> <u>One Year</u>
Primary Government					
Governmental Activities					
Building Renovations	\$ 2,155,000	\$ -0-	\$285,000	\$ 1,870,000	\$ 290,000
HVAC Renovations	317,233	-0-	60,194	257,039	61,789
School Bus	<u>50,000</u>	<u>-0-</u>	<u>50,000</u>	<u>-0-</u>	<u>-0-</u>
Total	<u>\$ 2,522,233</u>	<u>\$ -0-</u>	<u>\$395,194</u>	<u>\$ 2,127,039</u>	<u>\$ 351,789</u>

II.B.2 LONG-TERM DEBT

Loans

The District acquired a ten year loan agreement with Missouri Health and Educational Facilities Authority in 2015 in the principal amount of \$400,000 with interest at 2.38%. The proceeds of the loan were used to finance renovations for district facilities.

Principal and interest payments on the loan are presented as current expenditures in the government-wide Statement of Activities-Modified Cash Basis and the Capital Projects Fund in the Statement of Cash Receipts, Disbursements, and Changes in Modified Cash Basis Fund Balance in the governmental fund financial statements in accordance with the modified cash basis presentation.

Changes In Long-Term Debt

Long-term debt activity for the fiscal year is:

<u>Primary Government</u> <u>Governmental Activities</u>	<u>Balance</u> <u>July 1,</u> <u>2020</u>	<u>Issues</u>	<u>Retired</u>	<u>Balance</u> <u>June 30,</u> <u>2021</u>	<u>Due</u> <u>Within</u> <u>One Year</u>
HELP Loan	<u>\$ 211,860</u>	<u>\$ -0-</u>	<u>\$ 40,381</u>	<u>\$ 171,479</u>	<u>\$ 41,353</u>

Debt Service Requirements to Maturity

Debt requirements to maturity are as follows:

<u>Primary Government</u> <u>Governmental Activities</u>	<u>Loans</u>	
<u>Year Ending</u> <u>June 30 .</u>	<u>Principal</u>	<u>Interest</u>
2022	41,353	3,632
2023	42,348	2,637
2024	43,367	1,618
2025	<u>44,411</u>	<u>575</u>
Total	<u>\$ 171,479</u>	<u>\$ 8,462.</u>

Legal Bond Debt Margin

The Missouri Constitution limits the outstanding amount of authorized general obligation bonds to 15 percent of the assessed valuation of property within the taxing authority of the District. The legal bond debt margin at June 30, 2021 is:

Constitution debt limit	\$ 16,108,696
General obligation bonds payable	-0-
Amount available in Debt Service Fund	<u>-0-</u>
Legal General Obligation Bond Debt Margin	<u>\$ 16,108,696</u>

II.C. TRANSFERS WITHIN THE REPORTING ENTITY

Transfers within the District are substantially for the purposes of subsidizing operating functions and funding capital projects and asset acquisitions. Resources are accumulated in specific funds to support and simplify administration of various projects and programs.

Transfers are eliminated from the government-wide Statement of Activities-Modified Cash Basis. Transfers are presented in the Statement of Modified Cash Receipts, Disbursements, and Changes in Modified Cash Basis Fund Balances-Governmental Funds.

The District made a 7% xSATxWADA of \$630,421 from the General Fund to the Capital Projects Fund to provide funding for future capital expenditures.

The following schedule presents transfers within the District for fiscal year ended June 30, 2021:

Transfers from <u>Primary Government</u> <u>Governmental Activities</u> <u>General Fund</u>	Transfers to <u>Governmental Activities</u> <u>Major Governmental Funds</u> <u>Capital Projects Fund</u>
<u>\$630,421</u>	<u>\$630,421</u>

II.D. REVENUES AND EXPENDITURES

II.D.1. TAXES, ASSESSED VALUATION, AND PROPERTY TAX LEVY RATE

Taxes

Property taxes are levied on November 1 and payable by December 31. Property taxes levied attach as an enforceable lien on real property on January 1. Douglas, Christian, Wright, and Ozark County governments assess and collect property taxes levied by the District.

Sales Tax revenues collected by the State of Missouri are remitted to the District based on eligible pupil data.

Assessed Valuation

Assessed valuation of tangible taxable property within the taxing authority of the District for the 2020 tax year for the purpose of local taxation was:

Residential	\$ 53,341,600
Agricultural	4,477,980
Commercial	15,450,119
Personal	<u>34,121,609</u>
Total	<u>\$ 107,391,308</u>

Property Tax Levy Rate

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

	<u>Unadjusted</u>	<u>Adjusted</u>
General	\$ 2.75	\$ 2.75
Teachers	-0-	-0-
Capital Projects	<u>-0-</u>	<u>-0-</u>
Total	<u>\$ 2.75</u>	<u>\$ 2.75</u>

Current and delinquent property tax receipts during the fiscal year aggregated 103.07 percent of the 2020 tax year assessment.

II.D.2. COMPENSATED ABSENCES COMPENSATION

Compensation for employee vacation time, personal days, and sick leave are presented as expenditures in the year paid. Unused accrued amounts vested in the employee are payable upon termination.

II.D.3. TEACHERS' SALARIES

Payroll checks written and dated in June for the July and August 2021 teachers and administrators payroll from 2020-21 contracts are included in the financial statements as an expenditure paid in the month of June. This practice has been consistently followed in previous years.

III. EMPLOYEE RETIREMENT PLAN

General Information about the Pension Plan

Plan Description. PSRS is a mandatory cost-sharing multiple employer retirement system for all full-time certificated employees and certain part-time certificated employees of all public school districts in Missouri (except the school districts of St. Louis and Kansas City) and all public community colleges. PSRS also includes certificated employees of PSRS, Missouri State Teachers' Association, Missouri State High School Activities Association, and certain employees of the State of Missouri who elected to remain covered by PSRS under legislation enacted in 1986, 1987 and 1989. The majority of PSRS members are exempt from Social Security contributions. In some instances, positions may be determined not to be exempt from Social Security contributions. Any PSRS member who is required to

contribute to Social Security comes under the requirements of Section 169.070 (9) RSMo, known as the “2/3’s statute.” PSRS members required to contribute to Social Security are required to contribute two-thirds of the approved PSRS contribution rate and their employer is required to match the contribution. The members’ benefits are further calculated at two-thirds the normal benefit amount.

PEERS is a mandatory cost-sharing multiple employer retirement system for all 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 a contributing member of the Public School Retirement System of Missouri (PSRS) must contribute to PEERS. Employees of PSRS who do not hold Missouri educator certificates also contribute to PEERS. PEERS was established as a trust fund by an Act of the Missouri General Assembly effective October 13, 1965. Statutes governing the System are found in Sections 169.600 – 169.715 and Sections 169.560 – 169.595 RSMo. The statutes place responsibility for the operation of PEERS on the Board of Trustees of the Public School Retirement System of Missouri.

Benefits Provided. PSRS is a defined benefit plan providing retirement, disability, and death/survivor benefits. Members are vested for service retirement benefits after accruing five years of service. Individuals who (a) are at least age 60 and have a minimum of 5 years of service, (b) have 30 years of service, or (c) qualify for benefits under the “Rule of 80” (service and age total at least 80) are entitled to a monthly benefit for life, which is calculated using a 2.5% benefit factor. Actuarially age-reduced benefits are available for members with five to 24.9 years of service at age 55. Members who are younger than age 55 and who do not qualify under the “Rule of 80” but have between 25 and 29.9 years of service may retire with a lesser benefit factor. Members that are three years beyond normal retirement can elect to have their lifetime monthly benefits actuarially reduced in exchange for the right to also receive a one-time partial lump sum (PLSO) payment at retirement equal to 12, 24, or 36 times the Single Life benefit amount.

PEERS is a defined benefit plan providing retirement, disability and death/survivor benefits. Members are vested for service retirement benefits after accruing five years of service. Individuals who (a) are at least age 60 and have a minimum of 5 years of service, (b) have 30 years of service, or (c) qualify for benefits under the “Rule of 80” (service and age total at least 80) are entitled to a monthly benefit for life, which is calculated using a 1.61% benefit factor. Members qualifying for the “Rule of 80” or “30-and-out” are entitled to an additional temporary .8% benefit multiplier until reaching minimum Social Security age (currently age 62). Actuarially age-reduced retirement benefits are available with five to 24.9 years of service at age 55. Members who are younger than age 55 and who do not qualify under the “Rule of 80” but have between 25 and 29.9 years of service may retire with a lesser benefit factor. Members that are three years beyond normal retirement can elect to have their lifetime monthly benefits actuarially reduced in exchange for the right to also receive a one-time partial lump sum (PLSO) payment at retirement equal to 12, 24, or 36 times the Single Life benefit amount.

Summary Plan Descriptions detailing the provisions of the plans can be found on the Systems' website at www.psr-peers.org.

Cost-of-Living Adjustments ("COLA"). The Board of Trustees has established a policy of providing COLAs to both PSRS and PEERS members as follows:

If the June to June change in the Consumer Price Index for all Urban Consumers (CPI-U) is less than 2% for consecutive one-year periods, a cost-of-living increase of 2% will be granted when the cumulative increase is equal to or greater than 2%, at which point the cumulative increase in the CPI-U will be reset to zero. For the following year, the starting CPI-U will be based on the June value immediately preceding the January 1 at which the 2% cost-of-living increase is granted.

If the June to June change in the CPI-U is greater than or equal to 2%, but less than 5%, a cost-of-living increase of 2% will be granted.

If the June to June change in the CPI-U is greater than or equal to 5%, a cost-of-living increase of 5% will be granted.

If the CPI decreases, no COLA is provided.

For any PSRS member retiring on or after July 1, 2001, such adjustments commence on the second January after commencement of benefits and occur annually thereafter. For PEERS member, 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 and benefits during fiscal years 2019, 2020, and 2021. Employers were required to match the contributions made by employees. The contribution rate is set each year by the PSRS Board of Trustees upon the recommendation of the independent actuary within the contribution restrictions set in Section 169.030 RSMo. The annual statutory increase in the total contribution rate may not exceed 1% of pay.

PEERS members were required to contribute 6.86% of their annual covered salary and benefits during fiscal years 2019, 2020, and 2021. Employers were required to match the contributions made by employees. The contribution rate is set each year by the PSRS Board of Trustees upon the recommendation of the independent actuary within the contribution restrictions set in Section 169.030 RSMo. The annual statutory increase in the total contribution rate may not exceed 0.5% of pay.

The district's contributions to PSRS and PEERS were \$843,619 and \$129,362, respectively, for the fiscal year ended June 30, 2021.

Pension Liabilities and Pension Expense

At June 30, 2021, the district's unrecorded pension liability is \$10,207,809 for its proportionate share of PSRS' net pension liability and \$997,733 for its proportionate share of PEERS' net pension liability. In total the district's unrecorded net pension liability is \$11,205,542. The net pension liability for the plans in total was measured as of June 30, 2020, and determined by an actuarial valuation as of that date. The district's proportionate share of the total net pension liability was based on the ratio of its actual contributions paid to PSRS and PEERS of \$827,502 and \$126,861, respectively, for the year ended June 30, 2020, relative to the actual contributions of \$723,970,206 for PSRS and \$123,440,288 for PEERS from all participating employers. At June 30, 2020, the district's proportionate share was 0.1143% for PSRS and 0.1028% for PEERS.

For the fiscal year ended June 30, 2021, the district recognized a pension expense of \$846,737 for PSRS and \$132,141 for PEERS.

IV. RISK MANAGEMENT

The District can be exposed to various risks of loss related to torts; theft, damage, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The District mitigates risk by obtaining insurance coverage for comprehensive property, casualty, liability, and workers compensation from commercial insurance companies. The District also manages risk through employee education and prevention programs. There was no significant reductions in insurance coverages from the previous year.

V. CONTINGENCIES

V.A. CLAIMS AND LITIGATION

The District can be exposed to potential litigation in the course of business. Management is unaware of pending or threatened claims or litigation involving the District.

V.B. FEDERAL AND STATE GRANTS

The District receives federal and state grants for specific purposes which can be subject to review and audit by the granting agency. The reviews and audits could result in required reimbursements by the District or withholding of future grant funds for noncompliance with terms of the grants. The District is unaware of noncompliance in the grant programs.

V.I. SUBSEQUENT EVENTS

In accordance with FASB accounting Codification Topic 855, Subsequent Events, Ava R-I School District has evaluated subsequent events through December 10, 2021 which is the date these financial statements were available to be issued. No events requiring recognition or disclosure in the financial statements were identified.

V.II. POST EMPLOYMENT BENEFITS

In addition to the pension benefits described in Note III, 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 subject 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.

V.III. TAX ABATEMENTS

As of June 30, 2021, the District did not provide tax abatements to any business. The District's taxes received had not been reduced by agreements entered into by other governments.

IX. PRIOR PERIOD ADJUSTMENT

The Statement of Activities presents a prior period adjustment of \$2,158 restating net position at June 30, 2020 from \$4,811,964 to \$4,814,122. The Statement of Modified Cash Receipts, Disbursements, and Changes in Modified Cash Basis Fund Balances-Governmental Funds presents \$282 prior period adjustment in the General Fund restating fund balance at June 30, 2020 from \$3,329,731 to \$3,330,013 and \$1,875 in the Capital Projects Fund restating fund balance at June 30, 2020 from \$1,482,234 to \$1,484,109. The adjustments result from current year refunds of expenditures paid and recorded in a prior year.

SUPPLEMENTAL INFORMATION

AVA R-I SCHOOL DISTRICT
STATEMENT OF MODIFIED CASH RECEIPTS, DISBURSEMENTS,
AND CHANGES IN MODIFIED CASH BASIS FUND BALANCES -
BUDGET AND ACTUAL GENERAL (INCIDENTAL) FUND
FOR THE YEAR ENDED JUNE 30, 2021

(UNAUDITED)

	<u>Original Budget</u>	<u>Revised Budget</u>	<u>Actual</u>	<u>Revised Budget to Actual Variance</u>
REVENUES:				
Local	\$ 3,817,876	\$ 3,818,376	\$ 3,859,667	\$ 41,291
County	59,500	59,500	56,763	(2,737)
State	404,449	404,896	614,839	209,943
Federal	835,996	1,143,715	1,479,215	335,500
Investment income	19,080	19,080	11,070	(8,010)
Received from other districts				
Other	250	200	251	51
Total Revenues	<u>5,137,151</u>	<u>5,445,767</u>	<u>6,021,805</u>	<u>576,038</u>
EXPENDITURES:				
Instruction	920,686	1,087,710	785,125	(302,585)
Student services	489,886	558,792	406,772	(152,020)
Instructional staff support	44,340	54,769	29,802	(24,967)
Building administration	207,004	201,051	201,579	528
Genl admin & central serv	763,483	756,277	810,764	54,487
Operation of plant	1,341,537	1,345,699	1,286,637	(59,062)
Transportation	847,485	869,253	776,170	(93,083)
Food service	688,389	687,771	68,104	(619,667)
Community services	193,003	276,957	966,565	689,608
Facilities acq.				
Debt services:				
Principal				
Interest				
Other				
Total Expenditures	<u>5,495,813</u>	<u>5,838,279</u>	<u>5,331,518</u>	<u>(506,761)</u>
REVENUES OVER (UNDER) EXPENDITURES	(358,662)	(392,512)	690,287	1,082,799
FUND BALANCES, BEGINNING OF YEAR	3,329,731	3,329,731	3,329,731	
PRIOR PERIOD ADJUSTMENT		250	283	33
TRANSFERS IN (OUT)			(630,421)	(630,421)
FUND BALANCES, END OF YEAR	<u>\$ 2,971,069</u>	<u>\$ 2,937,469</u>	<u>\$ 3,389,880</u>	<u>\$ 452,411</u>

AVA R-I SCHOOL DISTRICT
STATEMENT OF MODIFIED CASH RECEIPTS, DISBURSEMENTS,
AND CHANGES IN MODIFIED CASH BASIS FUND BALANCES -
BUDGET AND ACTUAL SPECIAL REVENUE (TEACHERS') FUND
FOR THE YEAR ENDED JUNE 30, 2021

(UNAUDITED)

	<u>Original Budget</u>	<u>Revised Budget</u>	<u>Actual</u>	<u>Revised Budget to Actual Variance</u>
REVENUES:				
Local	\$ 993,461	\$ 993,461	\$ 1,038,889	\$ 45,428
County	35,000	35,000	45,289	10,289
State	5,277,925	5,277,903	5,029,841	(248,062)
Federal	946,059	1,732,668	1,835,605	102,937
Investment income	7,950	7,950	2,816	(5,134)
Received from other districts	230,000	230,000	201,242	(28,758)
Sale of other property				
Total Revenues	<u>7,490,395</u>	<u>8,276,982</u>	<u>8,153,682</u>	<u>(123,300)</u>
EXPENDITURES:				
Instruction	5,349,740	5,548,253	5,581,104	32,851
Student services	693,675	683,920	689,393	5,473
Instructional staff support	101,907	134,408	121,828	(12,580)
Building administration	415,219	415,128	424,155	9,027
Genl admin & central serv	476,686	482,367	483,248	881
Transportation	20,000	20,000		(20,000)
Food service				
Community services	420,666	414,203	399,733	(14,470)
Facilities acq.				
Debt services:				
Principal				
Interest				
Other				
Total Expenditures	<u>7,477,893</u>	<u>7,698,279</u>	<u>7,699,461</u>	<u>1,182</u>
REVENUES OVER (UNDER) EXPENDITURES	12,502	578,703	454,221	(124,482)
FUND BALANCES, BEGINNING OF YEAR				
TRANSFERS IN				
FUND BALANCES, END OF YEAR				
	<u>\$ 12,502</u>	<u>\$ 578,703</u>	<u>\$ 454,221</u>	<u>\$ (124,482)</u>

AVA R-I SCHOOL DISTRICT
STATEMENT OF MODIFIED CASH RECEIPTS, DISBURSEMENTS,
AND CHANGES IN MODIFIED CASH BASIS FUND BALANCES -
BUDGET AND ACTUAL CAPITAL PROJECTS FUND
FOR THE YEAR ENDED JUNE 30, 2021

(UNAUDITED)

	<u>Original Budget</u>	<u>Revised Budget</u>	<u>Actual</u>	<u>Revised Budget to Actual Variance</u>
REVENUES:				
Local	\$ 78,100	\$ 78,100	\$ 97,146	\$ 19,046
County				
State	1,821	1,821	450,000	448,179
Federal	7,900	108,449	119,588	11,139
Investment income	4,770	4,770	3,157	(1,613)
Received from other districts				
Other			50,023	50,023
Total Revenues	<u>92,591</u>	<u>193,140</u>	<u>719,914</u>	<u>526,774</u>
EXPENDITURES:				
Instruction	23,516	109,528	123,984	14,456
Student services		92,416	89,973	(2,443)
Instructional staff support				
Building administration				
Genl admin & central serv	14,120	14,120	1,750	(12,370)
Operation of plant	164,575	171,042	101,796	(69,246)
Transportation	24,649	24,649	17,000	(7,649)
Food service	15,940	15,940	22,390	6,450
Community services	50,000			
Facilities acq.		50,000	194,610	144,610
Debt services:				
Principal	385,575	385,575	435,575	50,000
Interest	67,043	67,043	67,639	596
Fees	2,500	2,500	1,590	(910)
Total Expenditures	<u>747,918</u>	<u>932,813</u>	<u>1,056,307</u>	<u>123,494</u>
REVENUES OVER (UNDER)	(655,327)	(739,673)	(336,393)	403,280
EXPENDITURES				
FUND BALANCES, BEGINNING OF YEAR	1,482,234	1,482,234	1,482,234	
PRIOR PERIOD ADJUSTMENT			1,875	1,875
TRANSFERS IN			<u>630,421</u>	<u>630,421</u>
FUND BALANCES, END OF YEAR	<u>\$ 826,907</u>	<u>\$ 742,561</u>	<u>\$ 1,778,137</u>	<u>\$ 1,035,576</u>

OTHER FINANCIAL INFORMATION

**AVA R-I SCHOOL DISTRICT
SCHEDULE OF REVENUE BY SOURCE
FOR THE YEAR ENDED JUNE 30, 2021**

	General (Incidental) Fund	Special Rev (Teachers') Fund	Capital Projects Fund	Total (Memorandum Only) June 30, 2021
LOCAL:				
Property taxes	\$ 3,043,780	\$	\$	\$ 3,043,780
Sales taxes	441,448	1,036,647		1,478,095
Financial institution tax			11,760	11,760
M & M Surtax			85,387	85,387
Earnings on investment	11,070	2,816	3,157	17,043
Food service	33,525			33,525
Student activities	36,806			36,806
Bookstore sales	26,400			26,400
Revenue from enterprise activities	3,505			3,505
Other pupil activity income	150,861			150,861
Community service	10,392			10,392
Gifts	68,750	2,080		70,830
Rentals	17,054			17,054
Other local	27,145	162		27,307
Total Local	<u>3,870,736</u>	<u>1,041,705</u>	<u>100,303</u>	<u>5,012,744</u>
COUNTY:				
Fines, escheats, etc.		45,289		45,289
State assessed utilities	52,088			52,088
Federal properties	4,675			4,675
Total County	<u>56,763</u>	<u>45,289</u>		<u>102,052</u>
STATE:				
Basic Formula-State Monies	431,206	4,873,077		5,304,283
Transportation	138,503			138,503
Early Childhood Spec. Ed.	32,251	44,233		76,484
Basic formula Classroom Trust Fund	1	76,339	450,000	526,340
Edctnal Screening/PAT		27,680		27,680
Career Education	7,649	8,512		16,161
Food Service	5,129			5,129
Other state	100			100
Total State	<u>614,839</u>	<u>5,029,841</u>	<u>450,000</u>	<u>6,094,680</u>
FEDERAL:				
Medicaid		65,969		65,969
CARES- ESSER Fund		725,038		725,038
Coronavirus Relief Fund	155,527	118,338	17,416	291,281
CARES- Governor's Emergenty Education	74,839			74,839
Perkins Basic Grant, Career Education	18,222		17,022	35,244
IDEA Entitlement Funds	48,830	258,210		307,040
Early childhood spec. ed.	27,928			27,928
After School Snack Program	407			407
Cares-School Lunch Program	16,971			16,971
Cares-School Breakfast Program	9,797			9,797
Cares-After School Snack Program	1,644			1,644
Title I,A	66,136	442,163	85,150	593,449
Title IV,A	19,266	11,577		30,843
Title II,A	1,964	74,310		76,274
Dept. of Health Food Service Program	850,116			850,116
Title VI,B	3,720	7,208		10,928
21st Century Community Learning Center	171,387	71,224		242,611
Other federal	12,462	61,568		74,030
Total Federal	<u>1,479,215</u>	<u>1,835,605</u>	<u>119,588</u>	<u>3,434,409</u>
OTHER:				
Received from other districts		201,242		201,242
Sale of Bus Routes			32,425	32,425
Sale of Surplus	251		17,598	17,849
Total Other	<u>251</u>	<u>201,242</u>	<u>50,023</u>	<u>251,516</u>
TOTAL REVENUES	<u>\$ 6,021,804</u>	<u>\$ 8,153,682</u>	<u>\$ 719,914</u>	<u>\$ 14,895,400</u>

**AVA R-I SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES BY OBJECT
YEAR ENDED JUNE 30, 2021**

	General (Incidental) Fund	Special Rev (Teachers') Fund	Capital Projects Fund	Total Memorandum Only
Salaries	\$ 1,532,101	\$ 6,012,135	\$	\$ 7,544,236
Employee benefits	413,418	1,607,052		2,020,470
Purchased services	1,854,404	80,274		1,934,678
Supplies	1,531,594			1,531,594
Capital outlay			551,504	551,504
Other objects			504,804	504,804
TOTAL	\$ 5,331,517	7,699,461	1,056,308	\$ 14,087,286

**AVA R-I SCHOOL DISTRICT
SCHEDULE OF TRANSPORTATION COST
ELIGIBLE FOR STATE AID
YEAR ENDED JUNE 30, 2021**

	<u>Contracted</u>	<u>District Owned Disabled Trans</u>	<u>District Owned</u>	<u>Total</u>
Certificated salaries	\$	\$	\$ 6,756	\$ 6,756
Noncertified salaries		9,127	34,500	43,627
Employee benefits		894	7,136	8,030
Purchased services	673,526	2,727	7,258	683,511
Supplies		1,400	11,627	13,027
Depreciation			11,141	11,141
Total Allowable Costs	<u>\$ 673,526</u>	<u>\$ 14,148</u>	<u>\$ 78,418</u>	<u>\$ 766,092</u>

Bus Purchase (Handicap) \$ 17,000

Bus Lease/Purchase

Principal	50,000
Interest	<u>2,065</u>

Missouri state transportation aid \$ 138,503

Non-Allowable Transportation Cost \$ 21,219

CARES Transportation Supplement Funding \$ 21,219

SUPPLEMENTARY STATE INFORMATION

INDEPENDENT AUDITORS' REPORT ON COMPLIANCE WITH STATE REQUIREMENTS

To the Board of Education
Ava R-I School District

Report on Compliance with Revised Statutes of the State of Missouri and Missouri Department of Elementary and Secondary Education Regulations

We have audited Ava R-I School District's compliance with the compliance requirements as required by Revised Statutes of the State of Missouri and Missouri Department of Elementary and Secondary Education regulations. We have performed auditing procedures to test compliance with requirements governing budgets (Chapter 67, RSMo) and methods of maintaining pupil attendance and transportation records (Chapter 165.121.3(7)RSMo).

Management's Responsibility

Management is responsible for compliance with the requirements of laws of the State of Missouri and regulations of Missouri Department of Elementary and Secondary Education.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance based on our audit of the compliance requirements. 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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance occurred with the compliance requirements. 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.

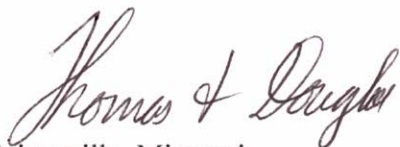
We believe our audit provides a reasonable basis for our opinion on compliance with these requirements. The audit does not provide a legal determination of Ava R-I School District's compliance with laws and regulations.

Opinion on Compliance with Budget Procedures and Methods of Maintaining Pupil Attendance and Transportation Records

In our opinion Ava R-I School District's budgetary and disbursement procedures were not in compliance with the budgetary statute (Chapter 67 RSMo). It is our opinion pupil attendance and transportation records are so maintained as to accurately disclose, in all material respects, the average daily attendance, resident membership on the last Wednesday of September, 2020, students eligible to receive free and reduced lunches on the last Wednesday of January 2021, average number of eligible and ineligible pupils transported on a regular basis, actual eligible and ineligible mileage data, and allowable cost for pupil transportation in compliance with state and administrative rules.

Intended Use of this Report

The report is intended for the information of management, Board of Education, others within the entity, and Missouri Department of Elementary and Secondary Education. This report is not intended for, nor should it be used by, other than the specified parties.

A handwritten signature in cursive script that reads "Thomas F. Douglas".

Gainesville, Missouri
December 10, 2021

**AVA R-I SCHOOL DISTRICT
SCHEDULE OF SELECTED STATISTICS
YEAR ENDED JUNE 30, 2021**

Type of audit performed: Yellow Book: ___ Single Audit: X.

1. Calendar (Sections 160.041 and 171.031, RSMo)

A. The number of actual calendar hours classes were in session and pupils were under the direction of teachers during the school year was:

<u>Grade Level</u>	<u>Std Day</u>	<u># Days</u>	<u># Hours</u>
PK	6.67 hrs	154	1031.00
K-4	6.83 hrs	154	1051.00
5-8	6.83 hrs	154	1045.88
9-11	6.75 hrs	154	1038.33
12	6.75 hrs	151	1017.67

2. Average Daily Attendance (ADA)

Regular term average daily attendance (ADA)

PK	28.23
K-4	417.96
5-8	350.60
9-11	278.33
12	80.95
Summer School	41.15
Remedial	<u>.12</u>
Total average daily attendance	<u>1197.34</u>

3. September Membership

September Membership FTE Count 1291.03

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

State FTE Total

Free	624.16
Reduced	<u>151.00</u>
Total	<u>775.16</u>

5. Finance

A. The district school maintained a calendar in accordance with 160.041, 171.029, 171.031, and 171.033, RSMo and all attendance hours were reported

True

- B. The district school maintained complete and accurate attendance records allowing for the accurate calculation of Average Daily Attendance, which includes the reporting of calendar and attendance hours, for all students in accordance with all applicable state rules and regulations. True
- Sampling of records included those students receiving instruction in the following categories: Traditional Instruction (full and part-time students)
- C. The district 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
- D. The district 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
- E. As required by Section 162.401 RSMo, the district has purchased a bond covering acts of the district treasurer up to a limit of: \$50,000
- F. The district's deposits were secured during the year as required by Sections 110.010 and 110.020, RSMo. True
- G. The District maintained a separate bank account for its Debt Service Fund in accordance with Section 108.180 and 165.011 RSMo. N/A
- H. 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
- I. 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 expenditures date for the projects to be undertaken. False
- J. The district published a summary of the prior year's audit report within thirty days of the receipt of the audit pursuant to Section 165.121, RSMo. True
- K. The district has a professional development committee plan adopted by the board with the professional development committee plan identifying the expenditure of seventy-five percent (75%) of one percent (1%) of the current year basic formula apportionment. Remaining 25% of 1% if not spent must be restricted and spent on appropriate expenditures in the future. Spending requirement is modified to seventy-five percent (75%) of one half percent (1/2%) of the current year basic formula apportionment if through fiscal year 2024 the amount appropriated and expended to public schools for transportation is less than twenty-five percent (25%) of allowable cost. True

F. Number of days the District operated the school transportation system during the regular school year.

154

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

Finding #: N/A.

Management Letter Comment #: N/A.

SUPPLEMENTARY FEDERAL INFORMATION

**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE
FOR EACH MAJOR FEDERAL PROGRAM; REPORT ON
INTERNAL CONTROL OVER COMPLIANCE; AND REPORT
ON SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
REQUIRED BY THE UNIFORM GUIDANCE**

INDEPENDENT AUDITORS' REPORT

To the Board of Education
Ava R-I School District

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 the major federal programs for the fiscal year ended June 30, 2021. The major federal programs are identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs on page 6.

Management's Responsibility

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

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for Ava R-I School District's major federal programs 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 occurred with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program. 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 the major federal programs. The audit does not provide a legal determination of Ava R-I School District's compliance.

Opinion on Each Major Federal Program

In our opinion, Ava R-I School District complied, in all material respects, with the types of compliance requirements that could have a direct and material effect on the major federal programs for the fiscal year ended June 30, 2021.

Report on Internal Control over Compliance

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

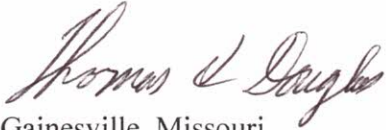
A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct noncompliance with a type of compliance requirement of the 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 that creates a reasonable possibility material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected and corrected on a timely basis.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section. It 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 we consider to be a material weakness. 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.

Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance

We have audited the financial statements of Ava R-I School District as of and for the fiscal year ended June 30, 2021, and have issued our report thereon dated December 10, 2021, which contained an unmodified opinion on those financial statements. The audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying Schedule of Expenditures of Federal Awards on page 43 is presented for purposes of additional analysis as required by the Uniform Guidance and is not a required part of the 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 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 financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Schedule of Expenditures of Federal Awards is fairly stated in all material respects in relation to the financial statements as a whole.



Gainesville, Missouri
December 10, 2021

AVA R-I SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FISCAL YEAR ENDED JUNE 30, 2021

Program Title	Federal CFDA Number	Pass-through Entity ID Number	Expenditure
U.S. DEPARTMENT OF AGRICULTURE			
Passed-through Missouri Department of Elementary and Secondary Education			
Cares Food and Nutrition Lunch Program	10.555	034-124	\$ 16,971
Cares Food and Nutrition Breakfast Program	10.555	034-124	9,797
Cares Food and Nutrition Snack Program	10.555	034-124	1,655
Food and Nutrition Afterschool Snack Program	10.555	034-124	407
Commodity Supplemental Food Program	10.565	034-124	39,397
Passed-through Missouri Department of Health and Senior Services			
Summer Food Service Program for Children	10.559	1865	800,007
Child and Adult Care Food Program	10.558	1865	11,369
Total U.S. Department of Agriculture			<u>879,603</u>
U.S. DEPARTMENT OF EDUCATION			
Passed-through Missouri Department of Elementary and Secondary Education			
Title I	84.010A	034-124	602,660
Title II,A	84.367A	034-124	67,802
Title IV,A	84.424A	034-124	28,691
Title V,B	84.358B	034-124	10,928
Elementary and Secondary Emergency Relief Fund	84.425D	034-124	617,786
Governor's Emergency Education Relief Fund	84.425C	034-124	74,839
Special Education Part B, Entitlement	84.027A	034-124	328,400
Early Childhood Special Education (611)	84.027A	034-124	36,850
Early Childhood Special Education (619)	84.173A	034-124	12,696
21st Century Learning Center/Afterschool	84.287C	034-124	248,072
Total U.S. Department of Education			<u>2,028,724</u>
U.S. DEPARTMENT OF TREASURY			
Passed-through Missouri Department of Elementary and Secondary Education			
Coronavirus Relief Fund	21.019	034-124	127,675
Passed-through Douglas County, Missouri			
Coronavirus Relief Fund	21.019		163,006
Passed-through Wright County, Missouri			
Coronavirus Relief Fund	21.019		600
Total U.S. Department of Treasury			<u>291,281</u>
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES			
Passed-through Missouri Department of Social Services			
Temporary Assistance for Needy Families	93.558		45,980
U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT			
Passed-through Missouri Department of Economic Development			
Community Development Block Grant	14.218		12,588
DELTA REGIONAL AUTHORITY			
Passed-through Jobs for America's Graduates-Missouri			
Delta Program	90.200		15,462
Total Expenditures of Federal Awards			<u>\$ 3,273,638</u>

**AVA R-I SCHOOL DISTRICT
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2021**

A. Basis of Presentation

The Schedule of Expenditures of Federal Awards of Ava R-I School District is presented using the modified cash basis of accounting. This is the same basis of accounting used in preparing Ava R-I School District's financial statements. The expenditures reported in the Schedule of Expenditures of Federal Awards represent only the federally funded portion of the program.

B. Noncash Expenditures

The Schedule of Expenditures of Federal Awards includes noncash expenditures of the Commodity Supplemental Food Program. The program expenditures have been presented at fair market value of commodities received during the fiscal year.

C. Federal Catalogue of Federal Domestic Assistance (CFDA) Numbers

The CFDA numbers included in the Schedule of Expenditures of Federal Awards were determined based on Missouri Department of Elementary and Secondary Education data and/or the Office of Management and Budget's Catalog of Federal Domestic Assistance.

D. Program Types

Each program, including clusters of programs, with expenditures in excess of \$750,000 are considered Type A programs. Those with expenditures of less than \$750,000 are considered Type B programs.

E. Subrecipients

The District did not provide funds to subrecipients in this fiscal year.

F. Indirect Costs

The District elected not to use the 10% de minimis indirect cost rate.

**AVA R-I SCHOOL DISTRICT
SCHEDULE OF RESOLUTIONS OF PRIOR AUDIT FINDINGS
FOR THE YEAR ENDED JUNE 30, 2021**

Finding 2020-1 – Internal Control

Condition: The accounting function lacks segregations of duties and responsibilities in the payroll, expenditures, receipts, and reporting accounting cycles. The bookkeepers' responsibilities include, recording and reporting of financial data.

Resolution: This condition continues to exist in the District. Budget constraints limit the application of segregation of duties and responsibilities. The District cross-trains employees in the accounting function. Management assumes an active role by routinely monitoring accounting data.

**AVA R-I SCHOOL DISTRICT
CORRECTIVE ACTION PLAN
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

Finding 2021-1 – Internal Control over Financial Reporting

Corrective Action

Management will continue to evaluate segregations of duties in the accounting function. The District will continue to cross train employees for the accounting function. Management will assume an active role in the accounting function by routinely monitoring accounting data.

Anticipated Completion Date

Management does not anticipate resolving this finding. Safeguards outlined in the Corrective Action have been implemented.

Responsible Contact Person

Aaron Dalton, Superintendent

Finding 2021-2 – Compliance over Financial Reporting

Corrective Action

The District will implement policies and procedures to review budgets and expenditures prior to expending amounts that exceed budgets in each fund.

Anticipated Completion Date

December 31, 2021

Responsible Contact Person

Aaron Dalton, Superintendent