

AVA R-I SCHOOL DISTRICT
FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

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Certified Public Accountants

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Committed To
Quality, Excellence,
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Confidentiality

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THE UNIVERSITY OF CHICAGO

PH.D. THESIS

BY

[Name]

IN THE FIELD OF

[Field]

Submitted to the Faculty of the

Division of the Physical Sciences

in partial fulfillment of the requirements

for the degree of Doctor of Philosophy

Chicago, Illinois

[Date]

[Signature]

[Signature]

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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, 2022 and the related notes to the financial statements. These collectively comprise Ava R-I School District's basic financial statements as listed in the Table of Contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of 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, 2022, 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

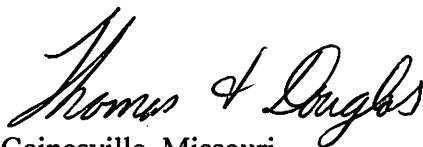
Other Information

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 November 17, 2022 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
November 17, 2022

**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, 2022 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 November 17, 2022.

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 2022-1 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 no noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

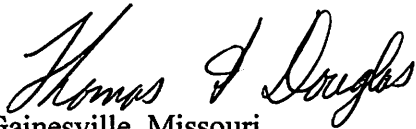
We noted certain other matters we reported to management of Ava R-I School District in a separate letter dated November 17, 2022.

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

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

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the 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
November 17, 2022

**AVA R-I SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FISCAL YEAR ENDED JUNE 30, 2022**

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. No noncompliance matters 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:

Title I, Part A	84.010A
<u>Education Stabilization Fund</u>	
Elementary and Secondary School Emergency Relief Fund II	84.425D
Governor’s Emergency Education Relief Fund	84.425C
Post Secondary Advising Grant	84.425D
Elementary and Secondary School Emergency Relief Fund	84.425D
- 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 2022-1 – 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.

III. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS

None

**AVA R-I SCHOOL DISTRICT
STATEMENT OF NET POSITION - MODIFIED CASH BASIS
JUNE 30, 2022**

ASSETS

Pooled Cash	\$ 6,057,972
Non-Pooled Investments	137,579

TOTAL ASSETS	<u><u>6,195,551</u></u>
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NET POSITION

Restricted for:	
Student Scholarships	66,258
Unrestricted	6,129,293

TOTAL NET POSITION	<u><u>\$ 6,195,551</u></u>
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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, 2022

	<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	\$ 6,910,684	\$ 608,898	\$ 1,611,785	\$ 9,083	\$ (4,680,918)
Student services	1,110,424	8,784	75,889		(1,025,751)
Instructional staff support	148,887		91,211		(57,676)
Building administration	698,503				(698,503)
Genl admin¢ral serv	1,047,256	7,270	3,000		(1,036,986)
Operation of plant	1,403,697	46,575			(1,357,122)
Transportation	938,630		195,838		(742,792)
Food service	852,970	26,291	1,010,340		183,661
Community services	917,128	9,912	563,297		(343,919)
Facilities acq & constr	322,560			73,914	(248,646)
Debt Services					
Principal	393,132				(393,132)
Interest	56,762				(56,762)
Fees	1,590				(1,590)
Net program (disb) receipts	14,802,223	707,730	3,551,360	82,997	(10,460,136)
General receipts:					
Local					
Property taxes					3,149,911
Sales taxes					1,716,255
Other local					113,462
County					96,529
State					
Basic formula - State Monies					5,319,000
Basic formula - Classroom Trust Fund					546,087
Investment income					24,153
Total general receipts					10,965,397
Special Item					
Net Insurance Recovery					63,593
Sale of Surplus Property					652
Total Special Item					64,245
Increase in net position					569,506
Net Position-Beginning of year					5,622,239
Prior Period Adjustment					3,806
Net Position-Ending of year					\$ 6,195,551

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, 2022**

	GOVERNMENTAL FUND TYPES			
	General (Incidental) Fund	Special Revenue (Teachers') Fund	Capital Projects Fund	Total Memorandum Only 6/30/2022
ASSETS:				
Pooled Cash	\$ 3,469,164	\$ 479,015	\$ 2,109,793	\$ 6,057,972
Non-Pooled Investments	137,579			137,579
TOTAL ASSETS	3,606,743	479,015	2,109,793	6,195,551
FUND BALANCES:				
Restricted-Student Scholarships	66,258			66,258
Assigned-Student Activities	376,578			376,578
Assigned-Capital Outlay			2,109,793	2,109,793
Assigned-Certificated Employee Costs		479,015		479,015
Unassigned	3,163,907			3,163,907
TOTAL FUND BALANCES	\$ 3,606,743	\$ 479,015	\$ 2,109,793	\$ 6,195,551

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, 2022

	General (Incidental) Fund	Special Revenue (Teachers') Fund	Capital Projects Fund	Total Memorandum Only 6/30/2022
REVENUES:				
Local	\$ 4,393,925	\$ 1,188,454	\$ 94,595	\$ 5,676,975
County	50,116	46,413		96,529
State	666,601	5,111,649	450,000	6,228,250
Federal	1,464,405	1,411,198	82,997	2,958,600
Investment income	14,525	4,966	4,662	24,153
Rec'd other districts		322,979		322,979
Other	30,198		34,046	64,243
Total Revenues	6,619,770	8,085,659	666,300	15,371,729
EXPENDITURES:				
Instruction	912,492	5,977,173	21,019	6,910,684
Student services	462,389	646,378	1,657	1,110,424
Instructional staff support	32,710	116,176		148,887
Building administration	225,862	472,641		698,503
Genl admin & central serv	648,101	395,086	4,069	1,047,256
Operation of plant	1,326,418		77,279	1,403,697
Transportation	870,590	33,750	34,290	938,630
Food service	834,822		18,148	852,970
Community services	523,392	393,737		917,128
Facilities acq. & constr			322,560	322,560
Debt services:				
Principal			393,132	393,132
Interest			56,762	56,762
Fees			1,590	1,590
Total Expenditures	5,836,777	8,034,941	930,505	14,802,223
REVENUES OVER (UNDER)				
EXPENDITURES	782,993	50,718	(264,205)	569,506
FUND BALANCES,				
BEGINNING OF YEAR	3,415,805	428,297	1,778,137	5,622,239
PRIOR PERIOD				
ADJUSTMENT	3,785		21	3,806
TRANSFERS IN (OUT)	(595,840)		595,840	
FUND BALANCES,				
END OF YEAR	\$ 3,606,743	\$ 479,015	\$ 2,109,793	\$ 6,195,551

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, 2022**

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, 2022.

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 \$66,258 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 \$376,578 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 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. District policy requires deposits to be secured by Federal Deposit Insurance Corporation insurance (FDIC). Deposited funds may be invested in certificates of deposit in institutions with an established record of fiscal health and service. 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 \$66,258 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 2.5% to 3% on the outstanding principal balance of \$1,580,000. 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 \$195,261.

The payment requirements for the capital leases to maturity are:

Year Ending June 30	<u>Governmental Activities.</u>	
	<u>Capital Lease</u>	
	<u>Principal</u>	<u>Interest</u>
2023	363,405	45,307
2024	375,068	35,010
2025	381,788	24,889
2026	325,000	14,572
2027	330,000	4,950
Total	<u>\$ 1,775,261</u>	<u>\$124,728</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>7/1/21</u>	<u>Amount</u> <u>Borrowed</u>	<u>Amount</u> <u>Repaid</u>	<u>Balance</u> <u>6/30/22</u>	<u>Due</u> <u>Within</u> <u>One Year</u>
Primary Government					
Governmental Activities					
Building Renovations	\$ 1,870,000	\$ -0-	\$290,000	\$ 1,580,000	\$ 300,000
HVAC Renovations	<u>257,039</u>	<u>-0-</u>	<u>61,779</u>	<u>195,261</u>	<u>63,405</u>
Total	<u>\$ 2,127,039</u>	<u>\$ -0-</u>	<u>\$351,779</u>	<u>\$ 1,775,261</u>	<u>\$ 363,405</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>2021</u>	<u>Issues</u>	<u>Retired</u>	<u>Balance</u> <u>June 30,</u> <u>2022</u>	<u>Due</u> <u>Within</u> <u>One Year</u>
HELP Loan	<u>\$ 171,479</u>	<u>\$ -0-</u>	<u>\$ 41,353</u>	<u>\$ 130,126</u>	<u>\$ 42,348</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>
2023	42,348	2,637
2024	43,367	1,618
2025	<u>44,411</u>	<u>575</u>
Total	<u>\$ 130,126</u>	<u>\$ 4,830</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, 2022 is:

Constitution debt limit	\$ 17,196,833
General obligation bonds payable	-0-
Amount available in Debt Service Fund	<u>-0-</u>
Legal General Obligation Bond Debt Margin	<u>\$ 17,196,833</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 \$595,840 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, 2022:

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>\$595,840</u>	<u>\$595,840</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	\$ 58,847,920
Agricultural	4,682,120
Commercial	17,330,758
Personal	<u>33,784,757</u>
Total	<u>\$ 114,645,555</u>

Property Tax Levy Rate

The property tax levy rate per \$100 of assessed valuation of tangible taxable property for the 2021 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 99.91 percent of the 2021 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 2022 teachers and administrators payroll from 2021-22 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-U 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 2020, 2021, and 2022. 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 2020, 2021, and 2022. 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 \$878,831 and \$141,675, respectively, for the fiscal year ended June 30, 2022.

Pension Liabilities and Pension Expense

At June 30, 2022, the district's unrecorded pension liability is \$2,548,058 for its proportionate share of PSRS' net pension liability and \$113,007 for its proportionate share of PEERS' net pension liability. In total the district's unrecorded net pension liability is \$2,661,135. The net pension liability for the plans in total was measured as of June 30, 2021, 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 \$856,789 and \$132,036, respectively, for the year ended June 30, 2021, relative to the actual contributions of \$744,694,744 for PSRS and \$125,712,392 for PEERS from all participating employers. At June 30, 2021, the district's proportionate share was 0.1151% for PSRS and 0.1050% for PEERS.

For the fiscal year ended June 30, 2022, the district recognized a pension expense of \$891,248 for PSRS and \$147,612 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 November 17, 2022 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, 2022, 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 \$3,806 restating net position at June 30, 2021 from \$5,622,239 to \$5,626,045. The Statement of Modified Cash Receipts, Disbursements, and Changes in Modified Cash Basis Fund Balances-Governmental Funds presents \$3,785 prior period adjustment in the General Fund restating fund balance at June 30, 2021 from \$3,415,805 to \$3,419,590 and \$21 in the Capital Projects Fund restating fund balance at June 30, 2021 from \$1,778,137 to \$1,778,158. 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, 2022

(UNAUDITED)

	<u>Original Budget</u>	<u>Revised Budget</u>	<u>Actual</u>	<u>Revised Budget to Actual Variance</u>
REVENUES:				
Local	\$ 3,861,246	\$ 4,393,925	\$ 4,393,925	\$
County	59,500	50,116	50,116	
State	431,272	666,601	666,601	
Federal	939,802	1,464,405	1,464,405	
Investment income	12,000	14,525	14,525	
Received from other districts				
Other	200	30,198	30,198	
Total Revenues	<u>5,304,020</u>	<u>6,619,770</u>	<u>6,619,770</u>	
EXPENDITURES:				
Instruction	1,049,421	912,492	912,492	
Student services	441,401	462,389	462,389	
Instructional staff support	53,915	32,710	32,710	
Building administration	197,921	225,862	225,862	
Genl admin & central serv	677,005	648,101	648,101	
Operation of plant	1,357,615	1,326,418	1,326,418	
Transportation	845,937	870,590	870,590	
Food service	304,261	834,822	834,822	
Community services	666,158	523,392	523,392	
Facilities acq.				
Debt services:				
Principal				
Interest				
Other				
Total Expenditures	<u>5,593,634</u>	<u>5,836,777</u>	<u>5,836,777</u>	
REVENUES OVER (UNDER)	(289,614)	782,993	782,993	
EXPENDITURES				
FUND BALANCES, BEGINNING OF YEAR	3,415,805	3,415,805	3,415,805	
PRIOR PERIOD ADJUSTMENT	250	3,785	3,785	
TRANSFERS IN (OUT)		(595,840)	(595,840)	
FUND BALANCES, END OF YEAR	<u>\$ 3,126,441</u>	<u>\$ 3,606,743</u>	<u>\$ 3,606,743</u>	<u>\$</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, 2022**

(UNAUDITED)

	<u>Original Budget</u>	<u>Revised Budget</u>	<u>Actual</u>	<u>Revised Budget to Actual Variance</u>
REVENUES:				
Local	\$ 1,068,798	\$ 1,188,454	\$ 1,188,454	\$
County	30,000	46,413	46,413	
State	5,541,732	5,111,649	5,111,649	
Federal	1,877,721	1,411,198	1,411,198	
Investment income	2,000	4,966	4,966	
Received from other districts	230,000	322,979	322,979	
Sale of other property				
Total Revenues	<u>8,750,251</u>	<u>8,085,659</u>	<u>8,085,659</u>	
EXPENDITURES:				
Instruction	5,591,062	5,977,173	5,977,173	
Student services	740,657	646,378	646,378	
Instructional staff support	137,463	116,176	116,176	
Building administration	481,215	472,641	472,641	
Genl admin & central serv	356,609	395,086	395,086	
Transportation	20,000			
Food service		33,750	33,750	
Community services	427,874			
Facilities acq.		393,737	393,737	
Debt services:				
Principal				
Interest				
Other				
Total Expenditures	<u>7,754,880</u>	<u>8,034,941</u>	<u>8,034,941</u>	
REVENUES OVER (UNDER) EXPENDITURES	995,371	50,718	50,718	
FUND BALANCES, BEGINNING OF YEAR	428,297	428,297	428,297	
TRANSFERS IN				
FUND BALANCES, END OF YEAR	<u>\$ 1,423,668</u>	<u>\$ 479,015</u>	<u>\$ 479,015</u>	<u>\$</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, 2022**

(UNAUDITED)

	<u>Original Budget</u>	<u>Revised Budget</u>	<u>Actual</u>	<u>Revised Budget to Actual Variance</u>
REVENUES:				
Local	\$ 97,100	\$ 94,595	\$ 94,595	
County				
State	1,821	450,000	450,000	
Federal	101,982	82,997	82,997	
Investment income	4,770	4,662	4,662	
Received from other districts				
Other		34,046	34,046	
Total Revenues	<u>205,673</u>	<u>666,300</u>	<u>666,300</u>	
EXPENDITURES:				
Instruction	23,200	21,019	21,019	
Student services		1,657	1,657	
Instructional staff support				
Building administration				
Genl admin & central serv	14,000	4,069	4,069	
Operation of plant	110,000	77,279	77,279	
Transportation	70,000	34,290	34,290	
Food service	20,000	18,148	18,148	
Community services				
Facilities acq.	156,533	322,560	322,560	
Debt services:				
Principal	385,575	393,132	393,132	
Interest	67,044	56,762	56,762	
Fees	2,500	1,590	1,590	
Total Expenditures	<u>848,852</u>	<u>930,505</u>	<u>930,505</u>	
REVENUES OVER (UNDER) EXPENDITURES	(643,179)	(264,205)	(264,205)	
FUND BALANCES, BEGINNING OF YEAR	1,778,137	1,778,137	1,778,137	
PRIOR PERIOD ADJUSTMENT		21	21	
TRANSFERS IN		<u>595,840</u>	<u>595,840</u>	
FUND BALANCES, END OF YEAR	<u>\$ 1,134,958</u>	<u>\$ 2,109,793</u>	<u>\$ 2,109,793</u>	

OTHER FINANCIAL INFORMATION

**AVA R-I SCHOOL DISTRICT
SCHEDULE OF REVENUE BY SOURCE
FOR THE YEAR ENDED JUNE 30, 2022**

	General (Incidental) Fund	Special Rev (Teachers') Fund	Capital Projects Fund	Total (Memorandum Only) June 30, 2022
LOCAL:				
Property taxes	\$ 3,149,911	\$	\$	\$ 3,149,911
Sales taxes	528,888	1,187,367		1,716,255
Financial institution tax			7,485	7,485
M & M Surtax			86,991	86,991
In lieu of tax			119	119
Earnings on investment	14,525	4,966	4,662	24,153
Food service	26,291			26,291
Student activities	36,762			36,762
Bookstore sales	40,383			40,383
Revenue from enterprise activities	4,807			4,807
Other pupil activity income	201,752			201,752
Community service	9,542			9,542
Gifts	312,595			312,595
Rentals	22,775			22,775
Other local	60,218	1,087		61,305
Total Local	4,408,449	1,193,420	99,257	5,701,126
COUNTY:				
Fines, escheats, etc.		46,413		46,413
State assessed utilities	43,785			43,785
Federal properties	6,331			6,331
Total County	50,116	46,413		96,529
STATE:				
Basic formula-state monies	447,517	4,925,183		5,372,700
Transportation	190,505			190,505
Early childhood spec. ed.	16,686	19,866		36,552
Basic formula classroom trust fund		96,087	450,000	546,087
Edctnal screening/PAT		19,184		19,184
Career education	7,412	9,321		16,733
Food service	2,176			2,176
High need fund-special eduction		42,008		42,008
Other state	2,305			2,305
Total State	666,601	5,111,649	450,000	6,228,250
FEDERAL:				
Medicaid		69,553		69,553
CRRSA-ESSER II	33,575	419,781	73,914	527,270
CARES- ESSER fund		1,128		1,128
CARES- governor's emergency education relief fund	481			481
Perkins basic grant, career education	26,656		9,083	35,739
IDEA grants	1,004			1,004
IDEA entitlement funds	31,644	277,830		309,474
Early childhood spec. ed.	62,183			62,183
National school lunch program	633,407			633,407
School breakfast program	318,320			318,320
After school snack program	1,773			1,773
Title I,A	64,629	455,465		520,094
Title IV,A	10,199	22,159		32,358
Title II,A	10,380	51,175		61,555
Child nutrition program EOC reimbursement	9,431			9,431
Dept. of health food service program	67,040			67,040
Title VI,B	5,386	13,655		19,041
21st century community learning center	125,897	47,615		173,512
Other federal	62,400	52,837		115,237
Total Federal	1,464,405	1,411,198	82,997	2,958,600
OTHER:				
Received from other districts		322,979		322,979
Net insurance recovery	29,547		34,046	63,593
Sale of Surplus	652			652
Total Other	30,199	322,979	34,046	387,224
TOTAL REVENUES	\$ 6,619,770	\$ 8,085,659	\$ 666,300	\$ 15,371,729

**AVA R-I SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES BY OBJECT
YEAR ENDED JUNE 30, 2022**

	General (Incidental) Fund	Special Rev (Teachers') Fund	Capital Projects Fund	Total Memorandum Only
Salaries	\$ 1,750,343	\$ 6,266,950	\$	\$ 8,017,293
Employee benefits	463,131	1,699,507		2,162,638
Purchased services	1,968,358	68,484		2,036,842
Supplies	1,654,945			1,654,945
Capital outlay			479,021	479,021
Other objects			451,484	451,484
TOTAL	\$ 5,836,777	8,034,941	930,505	\$ 14,802,223

**AVA R-I SCHOOL DISTRICT
SCHEDULE OF TRANSPORTATION COST
ELIGIBLE FOR STATE AID
YEAR ENDED JUNE 30, 2022**

	<u>Contracted</u>	<u>District Owned Disabled Trans</u>	<u>District Owned</u>	<u>Total</u>
Certificated salaries	\$	\$	\$ 32,622	\$ 32,622
Noncertified salaries		12,770	32,298	45,068
Employee benefits		1,278	11,254	12,532
Purchased services	772,258	1,409	11,284	784,951
Supplies		1,701	22,133	23,834
Depreciation			33,025	33,025
Total Allowable Costs	<u>\$ 772,258</u>	<u>\$ 17,158</u>	<u>\$ 142,616</u>	<u>\$ 932,032</u>

Bus Purchase	\$ <u>34,290</u>
Missouri state transportation aid	\$ <u>190,505</u>
Non-Allowable transportation cost	\$ <u>5,333</u>
CARES transportation supplement funding	\$ <u>481</u>

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.

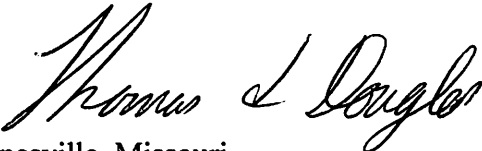
We believe our audit provides a reasonable basis for our opinion on compliance with these requirements. The audit does not provide a legal determination of Ava R-I School District's compliance with laws and regulations.

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 in compliance with the budgetary statute (Chapter 67 RSMo). It is also 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, 2021, students eligible to receive free and reduced lunches on the last Wednesday of January 2022, 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.



Gainesville, Missouri
November 17, 2022

**AVA R-I SCHOOL DISTRICT
SCHEDULE OF SELECTED STATISTICS
FISCAL YEAR ENDED JUNE 30, 2022**

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

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

<u>School Code</u>	<u>Begin Grade</u>	<u>End Grade</u>	<u>½ Day</u>	<u>Std Day</u>	<u># Days</u>	<u># Hours</u>
4020	PK	PK	3.42		155	529.58
4020	PK	PK		6.67	155	1022.83
4020	K	4		6.83	154	1041.42
3000	5	8		6.75	154	1029.15
1050	9	11		6.75	154	1028.53
1050	12	12		6.75	152	1015.03

2. Attendance Hours

<u>School Code</u>	<u>Grade Level</u>	<u>Full-Time Hours</u>	<u>Part-Time Hours</u>	<u>Remedial Hours</u>	<u>Other Hours</u>	<u>Summer School Hours</u>	<u>Total Hours</u>
4020	PK	24,792					24,792
4020	K-4	449,475	21			30,569	480,065
3000	5-8	361,456				13,290	374,746
1050	9-11	298,770	237	214		10,215	309,436
1050	12	76,999		15		4,956	81,970
Grand Total		<u>1,211,492</u>	<u>258</u>	<u>229</u>	<u>0</u>	<u>59,030</u>	<u>1,271,009</u>

3. September Membership

<u>School Code</u>	<u>Grade Level</u>	<u>Full-Time</u>	<u>Part-Time</u>	<u>Other</u>	<u>Total</u>
4020	PK	29			29
4020	K-4	465			465
3000	5-8	379			379
1050	9-11	327			327
1050	12	86			86
Grand Total		<u>1,286</u>	<u>0</u>	<u>0</u>	<u>1,286</u>

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

<u>School Code</u>	<u>Free Lunch</u>	<u>Reduced Lunch</u>	<u>Deseg In Free</u>	<u>Deseg In Reduced</u>	<u>Total</u>
4020	211	49			260
3000	152	55			207
1050	123	40			163
Grand Total	<u>486</u>	<u>144</u>	<u>0</u>	<u>0</u>	<u>630</u>

5. Finance

- 5.1 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
- 5.2 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)
- 5.3 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
- 5.4 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
- 5.5 As required by Section 162.401 RSMo, the district has purchased a bond covering acts of the district treasurer up to a limit of: \$1,000,000
- 5.6 The district's deposits were secured during the year as required by Sections 110.010 and 110.020, RSMo. True
- 5.7 The District maintained a separate bank account for its Debt Service Fund in accordance with Section 108.180 and 165.011 RSMo. N/A
- 5.8 Salaries reported for educators in the October MOSIS Educator Core and Educator School files are supported by complete and accurate payroll and contract records. True
- 5.9 If a \$162,326 or 7% x SAT x WADA transfer was made in excess of adjusted expenditures, the board 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. True
- 5.10 The district published a summary of the prior year's audit report within thirty days of the receipt of the audit pursuant to Section 165.121, RSMo. True

6.5 Actual odometer records show the total district operated and contracted mileage for the year was: 251,823

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 210,838
- Ineligible Miles 40,985

6.7 Number of days the District operated the school transportation system during the regular school year. 152

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, 2022. 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, 2022.

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.

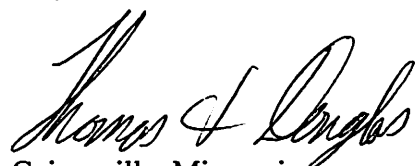
A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct noncompliance with a type of compliance requirement of 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, 2022, and have issued our report thereon dated November 17, 2022, 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 44 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
November 17, 2022

**AVA R-I SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FISCAL YEAR ENDED JUNE 30, 2022**

<u>Program Title</u>	<u>Federal AL Number</u>	<u>Pass-through Entity Number</u>	<u>Expenditures</u>
U.S. DEPARTMENT OF AGRICULTURE			
Child Nutrition Cluster:			
Passed Through Missouri Department of Elementary and Secondary Education			
National School Lunch Program	10.555	20210N109943 20221N119943 20221N890343	\$ 113,378 492,630 27,399 <u>633,407</u>
School Breakfast Program	10.553	20210N109943 20221N119943	56,433 <u>261,887</u> 318,320
Food and Nutrition Snack Program	10.555	20210N109943	<u>1,773</u>
COVID 19 Child Nutrition Emergency Cost Reimbursement Program	10.555	2021H170343	9,431 <u>962,931</u>
Passed Through Missouri Department of Health and Senior Services Summer Food Service Program	10.559	1865-3	2,241 <u>965,172</u>
Total Child Nutrition Cluster			
Passed Through Missouri Department of Elementary and Secondary Education			
Commodity Supplemental Food Program	10.565	034-124	<u>49,935</u>
Passed Through Missouri Department of Health and Senior Services			
Child and Adult Care Food Program	10.558	1865	<u>21,807</u>
Total U.S. Department of Agriculture			
1,036,914			
U.S. DEPARTMENT OF EDUCATION			
Passed Through Missouri Department of Elementary and Secondary Education			
Title I, Part A Grants	84.010	S010A200025 S010A210025	310,942 <u>217,027</u> 527,969
Title II, A, Improving Teacher and Principal Quality	84.376	S367A200024 S367A210024	11,995 <u>23,027</u> 35,022
Title V, B, Rural Education Initiative	84.358	S358B200025 S358B210025	16,085 <u>58,017</u> 74,102

See accompanying notes to the Schedule of Expenditures of Federal Awards

**AVA R-I SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FISCAL YEAR ENDED JUNE 30, 2022**

<u>Program Title</u>	<u>Federal AL Number</u>	<u>Pass-through Entity Number</u>	<u>Expenditures</u>
Special Education Cluster:			
Special Education, Part B Entitlement	84.027	H027A200040 H027A210040	228,641 <u>85,276</u> 313,917
Early Childhood Special Education (611)	84.027	H027A200040 H027A210040	22,648 <u>3,119</u> 25,767
Early Childhood Special Education (619)	84.173	H173A210103 H173A200103	2,332 <u>10,590</u> 12,922
Special Education High Need Fund	84.027	H027A200040	<u>1,004</u>
Total Special Education Cluster			353,610
Covid 19 Education Stabilization Fund	84.425	S425R210052 S425D210021 S5425D200021 S425C200016	2,837 1,174,858 1,128 <u>481</u> 1,179,304
Perkins Formula Grants	84.048	V048A200025 V048A210025	21,581 <u>13,621</u> 35,202
21st Century Learning Center/Afterschool	84.287	S287C200025	<u>153,347</u>
Total U.S. Department of Education			2,358,556
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES			
Passed Through Missouri Department of Social Services			
Temporary Assistance for Needy Families	93.558	MOU# MO0681-004	<u>52,837</u>
Total Expenditure of Federal Awards			\$ <u><u>3,448,307</u></u>

See accompanying notes to the Schedule of Expenditures of Federal Awards

**AVA R-I SCHOOL DISTRICT
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2022**

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. 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.

D. Subrecipients

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

E. 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, 2022**

Finding 2022-1 – 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, 2022**

Finding 2022-1 – 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