

SAVANNAH R-III SCHOOL DISTRICT  
SAVANNAH, MISSOURI

FINANCIAL STATEMENTS  
WITH SUPPLEMENTAL DATA  
AND INDEPENDENT AUDITORS' REPORTS

June 30, 2022

SAVANNAH R-III SCHOOL DISTRICT  
SAVANNAH, MISSOURI

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SAVANNAH R-III SCHOOL DISTRICT  
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# CONRAD & HIGGINS, LLC

## CERTIFIED PUBLIC ACCOUNTANTS

P.O. Box 920  
Chillicothe, MO 64601  
(660) 240-0645  
Fax - (660) 240-0654

405 N Broadway  
Princeton, MO 64673  
(660) 748-4423  
Fax - (660) 748-4422

### INDEPENDENT AUDITORS' REPORT

Board of Education  
Savannah R-III School District  
408 West Market Street  
Savannah, Missouri 64485

#### **Opinions**

We have audited the accompanying modified cash basis financial statements of the governmental activities and each major fund of the Savannah R-III School District, as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the Savannah R-III School District's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective modified cash basis financial position of the governmental activities and each major fund of the Savannah R-III School District, as of June 30, 2022, and the respective changes in modified cash basis financial position, and thereof for the year ended in accordance with the modified cash basis of accounting described in Note 1.

#### **Basis for Opinions**

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

#### **Emphasis of Matter - Basis of Accounting**

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

#### **Disclaimer of Opinion on Supplementary Information**

##### *Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Savannah R-III School District's basic financial statements. The supplementary information is presented for purposes of additional analysis and is not a required part of the basic financial statements.

The budgetary comparison information and retirement reports on pages 17-20 and 25-28, respectively, have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

#### **Responsibilities of Management for the Financial Statements**

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

#### **Auditor's Responsibilities for the Audit of the Financial Statements**

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

In performing an audit in accordance with generally accepted auditing standards, we:

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

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

**Supplementary Information**

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Savannah R-III School District's basic financial statements. The accompanying supplementary information and schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information and the schedule of expenditures of federal awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

**Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated December 20, 2022 on our consideration of the Savannah R-III School District's internal control over financial reporting and on the tests of its compliance with certain provisions of the laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Savannah R-III School District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Savannah R-III School District's internal control over financial reporting and compliance.



**Conrad & Higgins, LLC**

Princeton, Missouri

December 20, 2022

BASIC FINANCIAL STATEMENTS

Savannah R-III School District  
Statement of Net Position Arising From Modified  
Cash Basis Transactions - Governmental Activities  
For the Year Ended June 30, 2022

ASSETS:

Cash	\$ 8,678,991
Real Estate	268,053
Total Assets	<u>\$ 8,947,044</u>

NET POSITION:

Restricted for:	
Teacher fund	\$ 1,295,539
Capital projects	1,240,545
Unrestricted	<u>6,410,960</u>
Total Net Position	<u>\$ 8,947,044</u>

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

Savannah R-III School District  
Statement of Activities Arising From Modified  
Cash Basis Transactions - Governmental Activities  
For the Year Ended June 30, 2022

	Expenditures	Program Receipts			Net Expenses and Changes in Net Position
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
Instruction	\$ 11,927,751	\$ 520,122	\$ 3,713,287	\$ -	\$ (7,694,342)
Student services	1,152,794	-	-	-	(1,152,794)
Instructional staff support	718,617	-	-	-	(718,617)
Building administration	1,531,040	-	-	-	(1,531,040)
General administration	2,192,532	-	-	-	(2,192,532)
Operation of plant	1,879,794	-	-	-	(1,879,794)
Pupil transportation	1,417,676	-	303,142	-	(1,114,534)
Food services	1,212,202	17,060	1,227,010	-	31,868
Debt service	1,798,147	-	-	-	(1,798,147)
Other	-	-	-	-	-
Adult education and community services	45,026	813	-	-	(44,213)
Total	<u>\$ 23,875,579</u>	<u>\$ 537,995</u>	<u>\$ 5,243,439</u>	<u>\$ -</u>	<u>(18,094,145)</u>
General Revenues:					
					9,069,418
					2,773,205
					8,496,551
					116,373
					118,826
					<u>2,480,228</u>
					Net Position, July 1, 2021
					6,466,816
					Net Position, June 30, 2022
					<u>\$ 8,947,044</u>

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

## FUND FINANCIAL STATEMENTS

Savannah R-III School District  
Combined Statement of Assets and Fund Balance  
Arising from Modified Cash Transactions - All Fund Types  
June 30, 2022

	General (Incidental) Fund	Special Revenue (Teachers') Fund	Capital Projects (Building) Fund	Totals (Governmental Funds)
ASSETS				
Cash	\$ 6,142,907	\$ 1,295,539	\$ 1,240,545	\$ 8,678,991
Investments	-	-	-	-
Real estate	268,053	-	-	268,053
Total Assets	<u>\$ 6,410,960</u>	<u>\$ 1,295,539</u>	<u>\$ 1,240,545</u>	<u>\$ 8,947,044</u>
FUND BALANCE				
Fund Balance:				
Restricted for:				
Capital projects	\$ -	\$ -	\$ 1,240,545	\$ 1,240,545
Teachers fund	-	1295539	-	1,295,539
Unassigned:	<u>6,410,960</u>	<u>-</u>	<u>-</u>	<u>6,410,960</u>
Total Fund Balance	<u>\$ 6,410,960</u>	<u>\$ 1,295,539</u>	<u>\$ 1,240,545</u>	<u>8,947,044</u>
Fund balance of governmental activities				<u>\$ 8,947,044</u>

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

Savannah R-III School District  
Combined Statement of Revenues Collected, Expenditures Paid  
and Changes in Fund Balance Arising from Modified Cash Basis Transactions  
All Governmental Fund Types  
for the Year Ended June 30, 2022

	General (Incidental) Fund	Special Revenue (Teachers') Fund	Capital Projects (Building) Funds	Totals (Governmental Funds)
REVENUES COLLECTED:				
Local	\$ 6,411,319	\$ 2,966,853	\$ 1,782,738	\$ 11,160,910
County	1,124,324	111,754	156,429	1,392,507
State	1,209,670	9,432,898	-	10,642,568
Federal	1,683,169	1,414,254	-	3,097,423
Other revenue	62,399	-	-	62,399
From other districts	-	-	-	-
Total Revenues Collected	<u>10,490,881</u>	<u>13,925,759</u>	<u>1,939,167</u>	<u>26,355,807</u>
EXPENDITURES PAID:				
Instruction	1,520,692	10,407,060	-	11,927,752
Guidance	29,149	526,245	-	555,394
Health services	461,282	136,119	-	597,401
Improvement of instruction	231,652	86,224	-	317,876
Professional development	58,272	16,707	-	74,979
Media services	43,305	282,456	-	325,761
Executive administration	1,622,328	377,494	187,640	2,187,462
Building level administration	547,092	989,017	-	1,536,109
Operation of plant	1,463,837	-	415,957	1,879,794
Pupil transportation	1,417,676	-	-	1,417,676
Food services	1,198,671	-	13,531	1,212,202
Adult/community programs	45,026	-	-	45,026
Debt service:				
Principal	-	-	1,564,381	1,564,381
Interest and other charges	-	-	233,766	233,766
Total Expenditures Paid	<u>8,638,982</u>	<u>12,821,322</u>	<u>2,415,275</u>	<u>23,875,579</u>
REVENUES COLLECTED OVER (UNDER) EXPENDITURES PAID	<u>1,851,899</u>	<u>1,104,437</u>	<u>(476,108)</u>	<u>2,480,228</u>
OTHER FINANCING SOURCES (USES):				
Transfers	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
REVENUES COLLECTED AND OTHER SOURCES OVER (UNDER) EXPENDITURES PAID AND OTHER USES	<u>1,851,899</u>	<u>1,104,437</u>	<u>(476,108)</u>	<u>2,480,228</u>
FUND BALANCE, JULY 1, 2021	<u>4,559,061</u>	<u>191,102</u>	<u>1,716,653</u>	
FUND BALANCE, JUNE 30, 2022	<u>\$ 6,410,960</u>	<u>\$ 1,295,539</u>	<u>\$ 1,240,545</u>	
CHANGES IN FUND BALANCE OF GOVERNMENTAL ACTIVITIES				<u>\$ 2,480,228</u>

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

## NOTES TO FINANCIAL STATEMENTS

## 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Savannah R-III School District was established in 1865 under the Statutes of the State of Missouri. The District operates as a "six director" district (with seven members of the Board of Education as described in RSMo Chapter 162.)

The financial statements of Savannah R-III School District have been prepared on the modified cash basis of accounting, which is a comprehensive basis of accounting other than generally accepted accounting principles. The Governmental Accounting Standards Board is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the District's accounting policies are described below.

\*The financial statements include:

\*\* Financial statements prepared using modified cash basis for government-wide financial statements and for the fund financial statements for all of the District's activities.

\* Change in the fund financial statements to focus on the major funds.

These and other changes are reflected in the accompanying financial statements (including notes to financial statements).

### A. Reporting Entity

In evaluating how to define the District, for financial reporting purposes, management has considered all potential component units. The decision to include a potential component unit in the reporting entity was made by applying criteria set forth in GAAP. The basic, but not the only, criterion for including a potential component unit within the reporting entity is the governing body's ability to exercise oversight responsibility. The most significant manifestation of this ability is financial interdependency. Other manifestations of the ability to exercise oversight responsibility include but are not limited to, the selection of governing authority, the designation of management, the ability to significantly influence operations and accountability for fiscal matters. The other criterion used to evaluate potential component units for inclusion or exclusion from the reporting entity is the existence of special financing relationships, regardless of whether the District is able to exercise oversight responsibilities. Based upon the application of these criteria, no additional component units should be included in the reporting entity.

### B. Basis of Presentation - Fund Accounting

The District's financial statements include both government-wide (reporting the District as a whole) and fund financial statements (reporting the District's major funds). Both the government-wide and fund financial statements categorize primary activities as either governmental or business type. The District's General, Special Revenue, and Capital Projects funds are classified as governmental activities.

1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

**B. Basis of Presentation - Fund Accounting (Continued)**

In the government-wide Statement of Net Position, the governmental activities columns (a) are presented on a consolidated basis by column (b) and are reported on a modified cash basis of accounting. The District's net position is reported in two parts-restricted net position and unrestricted net position.

The government-wide Statement of Activities reports both the gross and net cost of each of the District's functions. The functions are also supported by general government revenues (property, sales and use taxes, certain intergovernmental revenues, fines, permits and charges, etc.). The Statement of Activities reduces gross expenses (including depreciation) by related program revenues, operation and capital grants. Program revenues must be directly associated with the function (food services, instruction, etc.). Operating grants include operating-specific and discretionary (either operating or capital) grants while the capital grants column reflects capital-specific grants.

The net costs (by function) are normally covered by general revenue (property, sales, intergovernmental revenues, interest income, etc.).

The District does not allocate indirect costs.

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

**C. Financial Statements - Fund Financial Statements**

The financial transactions of the District are reported in individual funds in the fund financial statements. Each fund is accounted for by providing a separate set of self-balancing accounts that comprises its assets, reserves, net position, revenue collected and expenditures paid arising from cash transactions.

The following governmental fund types are used by the District:

**General (Incidental) Fund:** Accounts for general activities of the District, including student activities, food service, and textbooks, which are not required to be accounted for in another fund.

**Special Revenue (Teachers') Fund:** Accounts for expenditures for certified employees involved in administration and instruction. It includes revenues restricted by the State and the local tax levy for the payment of teacher salaries and certain employee benefits.

**Capital Projects (Building) Fund:** Accounts for the proceeds of long-term debt, taxes and other revenues restricted for acquisition or construction of major capital assets.

1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

**D. Basis of Accounting**

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

As a result of the use of modified cash basis of accounting, certain assets and their related revenues (such as accounts receivable and revenue for billed or provided services not yet collected) and certain liabilities and their related expenditures (such as accounts payable and expenses for goods or services received but not yet paid, and accrued expenses and liabilities) *are not recorded* in these financial statements.

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

**E. Use of Estimates**

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

**F. Compensated Absences**

Vacation time, personal business days, and sick leave are considered as expenditures in the year paid. Amounts unused and which are vested in the employee are payable upon termination. Total vested and unpaid sick leave at June 30, 2022 amounted to \$184,248.

**G. Teachers' Salaries**

Payroll checks, written and dated in June 2021 for July 2022 payroll, in the amount of \$611,207, from 2021-2022 contracts were released in June and are included in the financial statements as an expenditure paid in the month of June. This practice has been consistently followed in previous years.

**H. Post Employment Benefits**

COBRA Benefits: Under the Consolidated Omnibus Budget Reconciliation Act (COBRA), the District provides healthcare benefits to eligible former employees and eligible dependents. Certain requirements are outlined by the federal government for this coverage. The premium plus a 2% administration charge is paid in full by the insured on or before the tenth (10th) day of the month for the actual month covered. This program is offered for a duration of 18 months after the termination date. There is no associated cost to the District under this program, and there were no participants in the program as of June 30, 2022.

**I. Inventories**

The District does maintain inventory cost records. Inventory is counted by an outside company and is accounted for using the purchase method in which supplies are charged to expenditures when purchased.

Savannah R-III School District  
Notes to Financial Statements  
Year Ended June 30, 2022

1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

**J. Public School Retirement System of Missouri**

Financial reporting information pertaining to our participation in the Public School Retirement System of Missouri ("PSRS") and the 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*.

The fiduciary net position, as well as additions to and deductions from the fiduciary net positions, of PSRS and PEERS have been determined on the same basis as they are reported by PSRS and PEERS. The financial statements were prepared using the cash basis of accounting. Members and employer contributions are recognized when paid, pursuant to formal commitments and statutory requirements. Expenses are recognized when the payment is made.

**K. Restricted Assets**

Restricted assets of the District consist of checking, certificates of deposit and investments which have been set aside based on 1) certain debt covenants, 2) taxing authority guidelines and 3) state statutory compliance. Debt covenants provide for the redemption of debt in future years and to service outstanding debt. Taxing authority guidelines provide for the taxes collected to be disbursed in accordance with the terms that the patrons of the District approved when they voted. State statutory compliance restricts transfers from the Special Revenue Fund, the Debt Service Fund and the Capital Projects Fund. It is the District's policy to first use restricted net position prior to the use of unrestricted net position when expenses are incurred for purpose for which both restricted and unrestricted net position are available.

2 DEPOSITS AND INVESTMENTS

*Custodial Credit Risk - Missouri State Statutes authorize the Board of Education, with certain restrictions, to deposit funds in open accounts, time deposits and certificates of deposits. Statutes also require that collateral pledged have a fair market value equal to 100% of the funds on deposit, less insured amounts. Collateral securities must be held by the District or a disinterested third party and must be of the kind prescribed by State Statutes and approved by the State. At June 30, 2022, the carrying amount of deposits and investments was \$8,678,991 and \$268,053 and the bank balance was \$10,835,428 and \$268,053. All of the bank balances were covered by federal depository insurance or by collateral held by the pledging financial institution's trust department or agent in the District's name.*

Bond covenants authorize the District to invest in direct obligations of, or obligations the principal of and interest on which are unconditionally guaranteed by the United States, or in other obligations in which public funds are permitted to be invested under Missouri law.

*Interest Rate Risk -* The District has no formal investment policy regarding interest rate risk.

*Credit Risk -* The District has no investment policy that limits in investment choice other than the limitation of state law as follows:

- a. District obligations of the U.S. Government, its agencies and instrumentalities to which the full faith and credit of the U.S. Government is pledged, or obligations to the payment of which the full faith and credit of the State is pledged.
- b. Certificates of deposit or savings accounts that are either insured or secured with acceptable collateral with in-state financial institutions, and fully insured certificates of deposit or savings accounts in out-of-state financial institutions.

Savannah R-III School District  
Notes to Financial Statements  
Year Ended June 30, 2022

2 DEPOSITS AND INVESTMENTS (continued)

*Concentration of Investment Credit Risk - The District places no limit on the amount it may invest in any one issuer. At June 30, 2022, the District had no concentration of credit risk.*

A reconciliation of cash and investments as shown on the Balance Sheet was as follows:

	Carrying Amount
Cash on hand	\$ -
Carrying amount of deposits	8,678,991
Carrying amount of real estate	268,053
Total	<u>\$ 8,947,044</u>
Cash	\$ 6,142,907
Cash - restricted	2,536,084
Real estate	268,053
Total	<u>\$ 8,947,044</u>

The District has the following investments at June 30, 2021:

Investment Type	Maturity	Total
Real Estate	N/A	<u>\$ 268,053</u>

Certificates of Deposit

Certificates of deposit with maturities in excess of three months are classified as investments but are considered deposits for custodial risk determination. State statutes require that the District's deposits be collateralized in the name of the District by the trust department of a bank that does not hold the collateralized deposits. As of June 30, 2022, all certificates of deposit are entirely insured or collateralized with securities.

Investment Contracts with MOSIP

Funds on deposit with MOSIP are investment contracts in which the District has a pro-rata share of the investment contract. The investment contracts are in accordance with Section 165.051 and Section 360 of the Missouri Revised Statutes. The investment contracts are with credit providers whose unsecured long-term debt is rated at the time of such agreement in either of the two highest rating categories by a nationally recognized rating service.

The District does not have a policy on interest rate risk.

3 TAXES

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

The District also receives sales tax collected by the State and remitted based on eligible pupils. The District is required to reduce its property tax levy by one-half the amount of sales tax estimated to be received in the subsequent calendar year. The district has a full waiver of this requirement that was approved by the voters in April 2004.

Savannah R-III School District  
Notes to Financial Statements  
Year Ended June 30, 2022

3 TAXES (continued)

The assessed valuation of the tangible taxable property (excluding state assessed railroad and utilities) for the calendar year 2021 for purposes of local taxation was:

Real Estate:	
Residential	\$ 124,548,520
Agriculture	8,094,050
Commercial	17,032,277
Personal Property:	57,118,537
Total	<u>\$ 206,793,384</u>

The tax levy per \$100 of the assessed valuation of tangible taxable property for the calendar year 2021 for purposes of local taxation was:

	Unadjusted	Adjusted
General Fund	\$ 2.7500	\$ 2.7500
Special Revenue Fund	0.1000	0.1000
Capital Project Fund	0.9117	0.9117
Total	<u>\$ 3.7617</u>	<u>\$ 3.7617</u>

The receipts of current and delinquent property taxes during the fiscal year ended June 30, 2022 aggregated approximately 98.03 percent of the current assessment computed on the basis of the levy as shown above.

4 CAPITAL LEASES

During the previous eleven fiscal years, the District entered into cancelable twelve, twenty, fifteen and five year leases as lessee to finance the purchase of building improvements, which cost \$505,000, \$21,155,000, \$1,150,526, \$52,175 and \$650,000. Although the agreements provide for cancellation of the lease at the District's option at the renewal date of June 1 each year, the District does not foresee exercising its options to cancel. Therefore, these leases are accounted for as noncancelable capital leases in accordance with Statement of Financial Accounting Standards No. 13, "Accounting for Leases". The new leases provide for interest at 4.56, 4.00-4.50, 2.65, and 2.00 percent.

The following is a schedule of the future minimum lease payments under the leases (assuming noncancellation):

Year ending June 30	Principal	Interest	Total
2022	\$ 1,503,323	\$ 223,026	\$ 1,726,349
2023	1,365,366	193,583	1,558,949
2024	1,407,536	167,641	1,575,177
2025	1,454,764	138,912	1,593,676
2026	1,510,610	94,296	1,604,906
2027-2028	3,127,717	126,707	3,254,424
Total	<u>\$10,369,316</u>	<u>\$ 944,165</u>	<u>\$ 11,313,481</u>

Interest paid for the year ended June 30, 2022 was \$231,266.

5 INTERFUND TRANSFERS

During the year ended June 30, 2022, the district transferred \$ 0 from the General Fund to the Special Revenue Fund for teachers' salaries.

6 GASB STATEMENT NO. 54 - FUND BALANCE (NET POSITION) REPORTING

The objective of this Statement is to enhance the usefulness of net position information by providing clearer fund balance classifications that can be more consistently applied and by clarifying the existing governmental fund type definitions. This Statement establishes net position classifications that comprise a hierarchy based primarily on the extent to which a government is bound to observe constraints imposed upon the use of the resources reported in governmental funds.

The initial distinction that is made in reporting net position information is identifying amounts that are considered *nonspendable*, such as fund balance associated with scholarships.

The *restricted* net position category includes amounts that can be spent only for the specific purposes stipulated by constitution, external resource providers, or through enabling legislation such as taxes levied by a vote of the public.

*Unassigned* net position is the residual classification for the government's general fund and includes all spendable amounts not contained in the other classifications. In other funds, the unassigned classification should be used only to report a deficit balance resulting from overspending for specific purposes for which amounts had been restricted.

7 CONTINGENCIES

**Grant Audit** - The District receives Federal grants and State funding for specific purposes that are subject to review and audit. These reviews and audits could lead to requests for reimbursement or to withholding of future funding for expenditures disallowed under or other noncompliance with the terms of the grants and funding. The District is not aware of any noncompliance with Federal or State provisions that might require the District to provide reimbursement.

8 RISK MANAGEMENT

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

Savannah R-III School District  
Notes to Financial Statements  
Year Ended June 30, 2022

9 PENSION PLANS

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

Summary of Significant Accounting Policies

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

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

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

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

*Benefits Provided* PEERS is a defined benefit plan providing retirement, disability and death benefits to its members. Members are vested for service retirement benefits after accruing five years of service. Individuals who (a) are at least age 60 and have a minimum of five years of service, (b) have 30 years of service, or (c) qualify for benefits under the "Rule of 80" (service and age total at least 80) are entitled to a monthly benefit for life, which is calculated using a 1.61% benefit factor. Members qualifying for "Rule of 80" or "30-and-out" are entitled to an additional temporary benefit until reaching minimum Social Security age (currently age 62), which is calculated using a 0.8% benefit factor. Actuarially age-reduced retirement benefits are available with 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 lifelong 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.

Savannah R-III School District  
Notes to Financial Statements  
Year Ended June 30, 2022

9 PENSION PLANS (Continued)

*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 one or more 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 preceeding 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 members, such adjustments commence on the fourth January after commencement of benefits and occur annually thereafter. The total of such increases may not exceed 80% of the original benefit for any member.

*Contributions.* PSRS members were required to contribute 14.5% of their annual covered salary during fiscal years 2020, 2021, and 2022. Employers were required to match the contributions made by the employees. The contribution rate is set each year by the PSRS Board of Trustees upon the recommendation of the independent actuary within the contribution restrictions set in Section 169.030 RSMo. The annual statutory increase in the total contribution rate may not exceed 1% of pay.

*Contributions.* PEERS members were required to contribute 6.86% of their annual covered salary during fiscal years 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 \$1,551,488 and \$206,486, respectively, for the year ended June 30, 2022.

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

## SUPPLEMENTARY INFORMATION

Savannah R-III School District  
General (Incidental) Fund  
Statement of Revenues Collected, Expenditures Paid  
and Changes in Fund Balance - Budget and Actual  
For the Year Ended June 30, 2022

	Original Budget	Final Budget	Actual	Original Budget Actual Expenditures Variance
REVENUES COLLECTED:				
Local	\$ 6,850,409	\$ 6,411,319	\$ 6,411,319	\$ (439,090)
County	740,000	1,124,324	1,124,324	384,324
State	731,918	1,209,670	1,209,670	477,752
Federal	634,000	1,683,169	1,683,169	1,049,169
From other districts	-	62,399	62,399	62,399
Total Revenues Collected	<u>8,956,327</u>	<u>10,490,881</u>	<u>10,490,881</u>	<u>1,534,554</u>
EXPENDITURES PAID:				
Instruction	2,028,042	1,520,692	1,520,692	507,350
Guidance	10,801	29,149	29,149	(18,348)
Health services	503,409	461,282	461,282	42,127
Improvement of instruction	241,400	231,652	231,652	9,748
Professional development	53,910	58,272	58,272	(4,362)
Media services	69,482	43,305	43,305	26,177
Executive administration	1,272,787	1,622,328	1,622,328	(349,541)
Building level administration	524,233	547,092	547,092	(22,859)
Operation of plant	2,262,850	1,463,837	1,463,837	799,013
Pupil transportation	1,482,800	1,417,676	1,417,676	65,124
Food services	1,201,181	1,198,671	1,198,671	2,510
Adult/community programs	37,053	45,026	45,026	(7,973)
Total Expenditures Paid	<u>9,687,948</u>	<u>8,638,982</u>	<u>8,638,982</u>	<u>1,048,966</u>
REVENUES COLLECTED OVER (UNDER) EXPENDITURES PAID	<u>\$ (731,621)</u>	<u>\$ 1,851,899</u>	<u>1,851,899</u>	<u>\$ 2,583,520</u>
OTHER FINANCING SOURCES (USES):				
Transfers			-	
Total other financing sources (uses):			-	
REVENUES COLLECTED AND OTHER SOURCES OVER (UNDER) EXPENDITURES PAID AND OTHER USES			1,851,899	
FUND BALANCE, JULY 1, 2021			<u>4,559,061</u>	
FUND BALANCE, JUNE 30, 2022			<u>\$ 6,410,960</u>	

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

Savannah R-III School District  
Special Revenue (Teachers') Fund  
Statement of Revenues Collected, Expenditures Paid  
and Changes in Fund Balance - Budget and Actual  
For the Year Ended June 30, 2022

	Original Budget	Final Budget	Actual	Original Budget Actual Expenditures Variance
REVENUES COLLECTED:				
Local	\$ 2,657,979	\$ 2,966,853	\$ 2,966,853	\$ 308,874
County	120,000	111,754	111,754	(8,246)
State	8,744,676	9,432,898	9,432,898	688,222
Federal	825,106	1,414,254	1,414,254	589,148
From other districts	148,000	-	-	(148,000)
Total Revenues Collected	<u>12,495,761</u>	<u>13,925,759</u>	<u>13,925,759</u>	<u>1,429,998</u>
EXPENDITURES PAID:				
Instruction	10,964,925	10,407,060	10,407,060	557,865
Guidance	514,319	526,245	526,245	(11,926)
Health services	234,140	136,119	136,119	98,021
Improvement of instruction	102,277	86,224	86,224	16,053
Professional development	38,293	16,707	16,707	21,586
Media services	279,221	282,456	282,456	(3,235)
Executive administration	551,383	377,494	377,494	173,889
Building level administration	972,406	989,017	989,017	(16,611)
Adult/community programs	-	-	-	-
Total Expenditures Paid	<u>13,656,964</u>	<u>12,821,322</u>	<u>12,821,322</u>	<u>835,642</u>
REVENUES COLLECTED OVER (UNDER) EXPENDITURES PAID	<u>\$ (1,161,203)</u>	<u>\$ 1,104,437</u>	<u>1,104,437</u>	<u>\$ 2,265,640</u>
OTHER FINANCING SOURCES (USES):				
Transfers			-	
Total other financing sources (uses)			-	
REVENUES COLLECTED AND OTHER SOURCES OVER (UNDER) EXPENDITURES PAID AND OTHER USES				
			1,104,437	
FUND BALANCE, JULY 1, 2021			<u>191,102</u>	
FUND BALANCE, JUNE 30, 2022			<u>\$ 1,295,539</u>	

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

Savannah R-III School District  
Capital Projects (Building) Fund  
Statements of Revenues Collected, Expenditures Paid  
and Changes in Fund Balance- Budget and Actual  
For the Year Ended June 30, 2022

	Original Budget	Final Budget	Actual	Original Budget Actual Expenditures Variance
REVENUES COLLECTED:				
Local	\$ 1,860,422	\$ 1,782,738	\$ 1,782,738	\$ (77,684)
County	260,000	156,429	156,429	(103,571)
Other	-	-	-	-
Total Revenues Collected	<u>2,120,422</u>	<u>1,939,167</u>	<u>1,939,167</u>	<u>(181,255)</u>
EXPENDITURES PAID:				
Instruction	-	-	-	-
Executive administration	25,000	187,640	187,640	(162,640)
Operation of plant	467,209	415,957	415,957	51,252
Food services	15,000	13,531	13,531	1,469
Debt service:				
Principal	1,531,961	1,564,381	1,564,381	(32,420)
Interest and other charges	315,180	233,766	233,766	81,414
Total Expenditures Paid	<u>2,354,350</u>	<u>2,415,275</u>	<u>2,415,275</u>	<u>(60,925)</u>
REVENUES COLLECTED OVER (UNDER) EXPENDITURES PAID	<u>\$ (233,928)</u>	<u>\$ (476,108)</u>	<u>(476,108)</u>	<u>\$ (242,180)</u>
OTHER FINANCING SOURCES (USES):				
Transfers			-	
Total other financing sources (uses)			<u>-</u>	
REVENUES COLLECTED AND OTHER SOURCES OVER (UNDER) EXPENDITURES PAID AND OTHER USES			(476,108)	
FUND BALANCE, JULY 1, 2021			<u>1,716,653</u>	
FUND BALANCE, JUNE 30, 2022			<u>\$ 1,240,545</u>	

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

Savannah R-III School District  
Combined Funds  
Statement of Revenues Collected, Expenditures Paid  
and Changes in Fund Balance - Budget and Actual  
For the Year Ended June 30, 2022

	Original Budget	Final Budget	Actual	Original Budget Actual Expenditures Variance
REVENUES COLLECTED:				
Local	\$ 11,368,810	\$ 11,160,910	\$ 11,160,910	\$ (207,900)
County	1,120,000	1,392,507	1,392,507	272,507
State	9,476,594	10,642,568	10,642,568	1,165,974
Federal	1,459,106	3,097,423	3,097,423	1,638,317
Other revenue	-	-	-	-
From other districts	148,000	62,399	62,399	(85,601)
Total Revenues Collected	<u>23,572,510</u>	<u>26,355,807</u>	<u>26,355,807</u>	<u>2,783,297</u>
EXPENDITURES PAID:				
Instruction	12,992,967	11,927,752	11,927,752	1,065,215
Guidance	525,120	555,394	555,394	(30,274)
Health services	737,549	597,401	597,401	140,148
Improvement of instruction	343,677	317,876	317,876	25,801
Professional development	92,203	74,979	74,979	17,224
Media services	348,703	325,761	325,761	22,942
Executive administration	1,849,170	2,187,462	2,187,462	(338,292)
Building level administration	1,496,639	1,536,109	1,536,109	(39,470)
Operation of plant	2,730,059	1,879,794	1,879,794	850,265
Pupil transportation	1,482,800	1,417,676	1,417,676	65,124
Food services	1,216,181	1,212,202	1,212,202	3,979
Adult/community programs	37,053	45,026	45,026	(7,973)
Debt service:				
Principal	1,531,961	1,564,381	1,564,381	(32,420)
Interest and other charges	315,180	233,766	233,766	81,414
Total Expenditures Paid	<u>25,699,262</u>	<u>23,875,579</u>	<u>23,875,579</u>	<u>1,823,683</u>
REVENUES COLLECTED OVER (UNDER) EXPENDITURES PAID	<u>\$ (2,126,752)</u>	<u>\$ 2,480,228</u>	<u>2,480,228</u>	<u>\$ 4,606,980</u>
FUND BALANCE, JULY 1, 2021			<u>6,466,816</u>	
FUND BALANCE, JUNE 30, 2022			<u>\$ 8,947,044</u>	

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

## 1 SUMMARY OF SIGNIFICANT BUDGETARY ACCOUNTING POLICIES

### **Budgets and Budgetary Accounting**

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

1) In accordance with Chapter 67, RSMo, the District adopts a budget for each fund of the political subdivision.

2) Prior to July, the superintendent, who serves as the budget officer, submits to the Board of Education a proposed budget for the fiscal year beginning on the following July 1. The proposed budget includes estimated revenues and proposed expenditures for all District funds. Budgeted expenditures cannot exceed beginning available monies plus estimated revenues for the year.

3) A public hearing is conducted to obtain taxpayer comments. Prior to its approval by the Board of Education, the budget document is available for public inspection.

4) Prior to July 1, a budget is legally enacted by a vote of the Board of Education.

5) Subsequent to its formal approval of the budget, the Board of Education has the authority to make necessary adjustments to the budget by formal vote of the board. Adjustments made during the year are reflected in the budget information included in the financial statements.

Budgeted amounts are as originally adopted or as amended by the Board of Education. Individual amendments were not material in relation to the original appropriations which were amended. Unused appropriations lapse at the end of each fiscal year.

6) Budgets for District funds are prepared and adopted on the cash basis (budget basis), recognizing revenues when collected and expenditures when paid.

Savannah R-III School District  
Schedule of Revenues Collected by Source  
Year Ended June 30, 2022

	General (Incidental) Fund	Special Revenue (Teachers') Fund	Capital Projects (Building) Fund	Totals (Governmental Funds)
<u>Local</u>				
Current property taxes	\$ 5,284,170	\$ 192,398	\$ 1,752,552	\$ 7,229,120
Delinquent property taxes	371,233	-	25,384	396,617
Sales tax	-	2,773,205	-	2,773,205
Financial institution tax	9,258	-	-	9,258
M & M in lieu and city sales taxes	41,915	-	-	41,915
Earnings on investments	111,572	-	4,802	116,374
Food service - program	14,313	-	-	14,313
Food service - non-program	2,748	-	-	2,748
Student activities	518,871	1,250	-	520,121
Community services	40	-	-	40
Other	57,199	-	-	57,199
Total Local	6,411,319	2,966,853	1,782,738	11,160,910
<u>County</u>				
Fines, escheats, etc.	-	111,754	-	111,754
State assessed utility taxes	1,124,324	-	156,429	1,280,753
Total County	1,124,324	111,754	156,429	1,392,507
<u>State</u>				
Basic formula	84,932	8,411,619	-	8,496,551
Transportation	303,142	-	-	303,142
Early childhood special education	789,718	-	-	789,718
Basic formula - classroom trust fund	-	971,164	-	971,164
Career education	-	50,115	-	50,115
Food service	14,224	-	-	14,224
Residential placement/excess cost	478	-	-	478
Educational screening program	17,176	-	-	17,176
High need fund - special education	-	-	-	-
Total State	1,209,670	9,432,898	-	10,642,568
<u>Federal</u>				
Individuals with disabilities	88,189	389,494	-	477,683
CRRSA - ESSER II	-	856,857	-	856,857
CARES - ESSER fund	39,093	-	-	39,093
Coronavirus relief fund	32,732	-	-	32,732
Food service	1,212,786	-	-	1,212,786
CARES - food service	-	-	-	-
Title I, ESEA	-	167,903	-	167,903
Title II, ESEA	38,330	-	-	38,330
Child nutrition program EOC reimbursement	17,204	-	-	17,204
Title IV.A Student support & academic enrichment	12,144	-	-	12,144
Other restricted federal revenue	242,691	-	-	242,691
Total Federal	1,683,169	1,414,254	-	3,097,423
Other non-current	62,399	-	-	62,399
From other districts	-	-	-	-
Total Revenues	\$ 10,490,881	\$ 13,925,759	\$ 1,939,167	\$ 26,355,807

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

Savannah R-III School District  
Schedule of Expenditures Paid by Object  
Year Ended June 30, 2022

	General (Incidental) Fund	Special Revenue (Teachers') Fund	Capital Projects (Building) Fund	Totals (Governmental Funds)
Salaries	\$ 2,519,435	\$ 9,995,971	\$ -	\$ 12,515,406
Employee benefits	939,376	2,731,349	-	3,670,725
Purchased services	2,606,238	94,002	-	2,700,240
Supplies	2,573,932	-	-	2,573,932
Capital outlay	-	-	617,128	617,128
Debt Service	-	-	1,798,147	1,798,147
Total	<u>\$ 8,638,981</u>	<u>\$ 12,821,322</u>	<u>\$ 2,415,275</u>	<u>\$ 23,875,578</u>

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

Savannah R-III School District  
Summary Schedule of Revenues Collected, Expenditures Paid and  
Changes in Fund Balance  
Year Ended June 30, 2022

	General (Incidental) Fund	Special Revenue (Teachers') Fund	Capital Projects (Building) Fund	Totals (Governmental Fund)
REVENUES COLLECTED	\$ 10,490,881	\$ 13,925,759	\$ 1,939,167	\$ 26,355,807
EXPENDITURES PAID	<u>8,638,982</u>	<u>12,821,322</u>	<u>2,415,275</u>	<u>23,875,579</u>
EXCESS OF REVENUES COLLECTED OVER (UNDER) EXPENDITURES PAID	<u>1,851,899</u>	<u>1,104,437</u>	<u>(476,108)</u>	<u>2,480,228</u>
OTHER FINANCING SOURCES (USES)				
Transfers	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
EXCESS OF REVENUES COLLECTED AND OTHER SOURCES OVER (UNDER) EXPENDITURES PAID AND OTHER USES	1,851,899	1,104,437	(476,108)	2,480,228
FUND BALANCE, JULY 1, 2021	<u>4,559,061</u>	<u>191,102</u>	<u>1,716,653</u>	<u>6,466,816</u>
FUND BALANCE, JUNE 30, 2022	<u><u>\$ 6,410,960</u></u>	<u><u>\$ 1,295,539</u></u>	<u><u>\$ 1,240,545</u></u>	<u><u>\$ 8,947,044</u></u>

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

Savannah R-III School District  
Public School Retirement System of Missouri  
Schedule of Proportionate Share of the Net Pension Liability and Related Ratios  
Year Ended June 30, 2022

<u>Year Ended*</u>	<u>Proportion of the Net Pension Liability (Asset)</u>	<u>Proportionate Share of the Net Pension Liability (Asset)</u>	<u>Actual Covered Member Payroll</u>	<u>Net Pension Liability (Asset) as a Percentage of Covered Payroll</u>	<u>Fiduciary Net Position as a Percentage of Total Pension Liability</u>
06/30/14	0.2156%	\$ 8,845,153	\$ 9,593,763	92.20%	89.34%
06/30/15	0.2120%	\$ 12,238,463	\$ 9,614,831	127.29%	85.78%
06/30/16	0.2115%	\$ 15,736,972	\$ 9,785,978	160.81%	82.18%
06/30/17	0.2163%	\$ 15,620,159	\$ 10,229,445	152.70%	83.77%
06/30/18	0.2170%	\$ 16,150,131	\$ 10,460,472	154.39%	84.06%
06/30/19	0.2169%	\$ 16,007,373	\$ 10,665,075	150.09%	84.62%
06/30/20	0.2057%	\$ 18,370,483	\$ 10,306,349	178.24%	82.01%
06/30/21	0.2004%	\$ 4,436,411	\$ 10,324,321	42.97%	95.81%

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

*\* The data provided in the schedule is based as of the measurement date of PSRS' net pension liability, which is as of the beginning of the district's fiscal year.*

Savannah R-III School District  
Public School Retirement System of Missouri  
Schedule of Employer Contributions  
Year Ended June 30, 2022

<u>Year Ended*</u>	<u>Statutorily Required Contribution</u>	<u>Actual Employer Contributions</u>	<u>Contribution Excess/(Deficiency) (Deficiency)</u>	<u>Actual Covered Member Payroll</u>	<u>Contributions as a Percentage of Covered Payroll</u>
06/30/13	\$ 1,378,938	\$ 1,378,938	\$ -	\$ 9,523,740	14.48%
06/30/14	\$ 1,388,688	\$ 1,388,688	\$ -	\$ 9,593,763	14.47%
06/30/15	\$ 1,392,047	\$ 1,392,047	\$ -	\$ 9,614,831	14.48%
06/30/16	\$ 1,416,674	\$ 1,416,674	\$ -	\$ 9,785,978	14.48%
06/30/17	\$ 1,480,018	\$ 1,480,018	\$ -	\$ 10,229,495	14.47%
06/30/18	\$ 1,512,868	\$ 1,512,868	\$ -	\$ 10,460,472	14.46%
06/30/19	\$ 1,543,846	\$ 1,543,846		\$ 10,665,075	14.48%
06/30/20	\$ 1,488,889	\$ 1,488,889		\$ 10,306,349	14.45%
06/30/21	\$ 1,492,172	\$ 1,492,172		\$ 10,324,321	14.45%

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

Savannah R-III School District  
Public Education Employee Retirement System of Missouri  
Schedule of Proportionate Share of the Net Pension Liability and Related Ratios  
Year Ended June 30, 2022

<u>Year Ended*</u>	<u>Proportion of the Net Pension Liability (Asset)</u>	<u>Proportionate Share of the Net Pension Liability (Asset)</u>	<u>Actual Covered Member Payroll</u>	<u>Net Pension Liability (Asset) as a Percentage of Covered Payroll</u>	<u>Fiduciary Net Position as a Percentage of Total Pension Liability</u>
06/30/14	0.1588%	\$ 579,884	\$ 2,315,852	25.04%	91.33%
06/30/15	0.1604%	\$ 848,365	\$ 2,405,488	35.27%	88.28%
06/30/16	0.1651%	\$ 1,324,656	\$ 2,549,197	51.96%	83.32%
06/30/17	0.1746%	\$ 1,332,112	\$ 2,805,461	47.48%	85.35%
06/30/18	0.1730%	\$ 1,336,792	\$ 2,877,779	46.45%	86.06%
06/30/19	0.1666%	\$ 1,317,741	\$ 2,886,467	45.65%	86.38%
06/30/20	0.1539%	\$ 1,493,688	\$ 2,745,506	54.40%	84.06%
06/30/21	0.1673%	\$ 180,169	\$ 3,065,152	5.88%	98.36%

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

*\* The data provided in the schedule is based as of the measurement date of PSRS' net pension liability, which is as of the beginning of the district's fiscal year.*

Savannah R-III School District  
Public Education Employee Retirement System of Missouri  
Schedule of Employer Contributions  
Year Ended June 30, 2022

<u>Year Ended*</u>	<u>Statutorily Required Contribution</u>	<u>Actual Employer Contributions</u>	<u>Contribution Excess/(Deficiency) (Deficiency)</u>	<u>Actual Covered Member Payroll</u>	<u>Contributions as a Percentage of Covered Payroll</u>
06/30/13	\$ 159,070	\$ 159,070	\$ -	\$ 2,318,798	6.86%
06/30/14	\$ 158,867	\$ 158,867	\$ -	\$ 2,315,852	6.86%
06/30/15	\$ 165,016	\$ 165,016	\$ -	\$ 2,405,488	6.86%
06/30/16	\$ 174,875	\$ 174,875	\$ -	\$ 2,549,197	6.86%
06/30/17	\$ 192,455	\$ 192,455	\$ -	\$ 2,805,461	6.86%
06/30/18	\$ 197,416	\$ 197,416	\$ -	\$ 2,877,779	6.86%
06/30/19	\$ 198,348	\$ 198,348	\$ -	\$ 2,886,467	6.87%
06/30/20	\$ 189,961	\$ 189,961	\$ -	\$ 2,745,506	6.92%
06/30/21	\$ 210,270	\$ 210,270	\$ -	\$ 3,065,152	6.86%

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

## STATE COMPLIANCE SECTION

# CONRAD & HIGGINS, LLC

CERTIFIED PUBLIC ACCOUNTANTS

P.O. Box 920  
Chillicothe, MO 64601  
(660) 240-0645  
Fax - (660) 240-0654

405 N Broadway  
Princeton, MO 64673  
(660) 748-4423  
Fax - (660) 748-4422

## INDEPENDENT AUDITORS' REPORT

Board of Education  
Savannah R-III School District  
408 W Market St  
Savannah, Missouri 64485

We have audited the financial statements of the Savannah R-III School District as of and for the year ended June 30, 2022 and have issued our report thereon dated December 20, 2022. These financial statements are the responsibility of the District's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

Our audit was made for the purpose of forming an opinion on the financial statements of the Savannah R-III School District, taken as a whole. The accompanying Schedules of Transportation Costs Eligible for State Aid and State Financial Assistance are presented for purposes of additional analysis and are not a required part of the financial statements. The information in those schedules has been subjected to the auditing procedures applied in the audit of the financial statements and, in our opinion, are fairly presented in all material respects in relation to the financial statements taken as a whole.

*Conrad & Higgins, LLC*

**Conrad & Higgins, LLC**  
Princeton, Missouri  
December 20, 2022

# CONRAD & HIGGINS, LLC

CERTIFIED PUBLIC ACCOUNTANTS

P.O. Box 920  
Chillicothe, MO 64601  
(660) 240-0645  
Fax - (660) 240-0654

405 N Broadway  
Princeton, MO 64673  
(660) 748-4423  
Fax - (660) 748-4422

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

Board of Education  
Savannah R-III School District  
408 W Market St  
Savannah, Missouri 64485

We have examined management of Savannah R-III School District's assertions that Savannah R-III School District complied with the requirements of Missouri laws and regulations regarding budgetary and disbursement procedures; accurate disclosure by the District's attendance records of attendance, resident membership on the last Wednesday of September and the free and reduced lunch count on the last Wednesday of January; and accurate disclosure by the District's pupil transportation records of the average daily transportation of pupils eligible and ineligible for state aid, the number of miles eligible and ineligible for state aid and the allowable costs for pupil transportation during the year ended June 30, 2022. Savannah R-III School District's management is responsible for its assertion. Our responsibility is to express an opinion on management's assertion based on our examination.

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

In our opinion, management's assertion that Savannah R-III School District complied with the aforementioned requirements for the year ended June 30, 2022 is fairly stated, in all material respects.

*Conrad & Higgins, LLC*

Conrad & Higgins, LLC  
Princeton, Missouri  
December 20, 2022

Savannah R-III School District  
Schedule of Selected Statistics  
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)

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

School Code	Begin Grade	End Grade	Half Day Indicator	Standard Day Length	Days	Hours in Session
	K	5		6.5800	164	1,075.1200
	6	8		6.7500	164	1,103.0000
	9	12		6.7500	164	1,103.0000
	PK	am		-	0	-
	PK	pm		-	0	-

Notes:

**2 Attendance Hours**

Report the total attendance hours of PK-12 students allowed to be claimed for the calculation of Average Daily Attendance.

School Code	Grade Level	Full Time Hours	Part Time Hours	Remedial Hours	Other Hours	Summer School Hours	Total Hours
4000	K	187,765.5835	-	-	-	14,273.8335	202,039.4170
4000	1	162,699.0662	-	-	-	11,345.8666	174,044.9328
4000	2	183,731.1998	-	-	-	13,500.6995	197,231.8993
4000	3	174,697.1669	-	-	-	8,073.3834	182,770.5503
4000	4	169,844.4499	-	-	-	6,306.9666	176,151.4165
4000	5	163,713.8329	-	-	-	6,350.6498	170,064.4827
3000	6	200,196.8827	-	-	-	5,726.0000	205,922.8827
3000	7	177,524.2171	-	-	-	1,638.0000	179,162.2171
3000	8	194,094.9168	-	-	-	2,891.0000	196,985.9168
1050	9	180,639.8666	-	-	-	-	180,639.8666
1050	10	141,725.5829	-	-	-	4,872.0000	146,597.5829
1050	11	153,501.3168	1,428.4667	-	-	9,051.0000	163,980.7835
1050	12	147,123.8005	-	-	-	5,376.0000	152,499.8005
Grand Total		2,237,257.8826	1,428.4667	-	-	89,405.3994	2,328,091.7487

Notes:

Savannah R-III School District  
Schedule of Selected Statistics  
Year Ended June 30, 2022

**3 September Membership**

Report the FTE count of resident students in grades PK-12 taken the last Wednesday in September who are enrolled on the count day **and** in attendance at least 1 of the 10 previous school days, by grade at each attendance center. This count should only include PK students marked as being eligible to be claimed for state aid in the October MOSIS Student Core File.

School Code	Grade Level	Full Time	Part Time	Other	Total
	K	185.00	-	-	185.00
	1	162.00	-	-	162.00
	2	176.00	-	-	176.00
	3	170.00	-	-	170.00
	4	163.00	-	-	163.00
	5	161.00	-	-	161.00
	6	194.00	-	-	194.00
	7	176.00	-	-	176.00
	8	191.00	-	-	191.00
	9	183.00	-	-	183.00
	10	149.00	-	-	149.00
	11	156.00	1.33	-	157.33
	12	151.00	-	-	151.00
Grand Total		2,217.00	1.33	-	2,218.33

Notes:

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

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

School Code	Free Lunch	Reduced Lunch	Deseg In Free	Deseg In Reduced	Total
1050	78.00	14.00	-	-	92.00
3000	121.00	14.00	-	-	135.00
4010	28.00	5.00	-	-	33.00
4015	19.00	10.00	-	-	29.00
4020	66.00	16.00	-	-	82.00
4040	132.00	29.00	-	-	161.00
Grand Total	444.00	88.00	-	-	532.00

Notes:

Savannah R-III School District  
Schedule of Selected Statistics  
Year Ended June 30, 2022

**5 Finance**

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

- |   |  |                 |
|---|--|-----------------|
| 1 | The district/charter school maintained a calendar in accordance with 160.041, 171.029, 171.031, and 171.033, RSMo and all attendance hours were reported.  | <u>TRUE</u>     |
| 2 | The district/charter school maintained complete and accurate attendance records allowing for the accurate calculation and reporting by category of Average Daily Attendance, which includes the reporting of calendar and attendance hours, for all students in accordance with all applicable state rules and regulations. Sampling of records included those students receiving instruction in the following categories: |                 |
|   | Academic Programs Off-Campus   | <u>N/A</u>      |
|   | Career Exploration Program - Off Campus  | <u>N/A</u>      |
|   | Cooperative Occupational Education (COE) or Supervised Occupational Experience   | <u>N/A</u>      |
|   | Dual Enrollment  | <u>N/A</u>      |
|   | Homebound instruction  | <u>N/A</u>      |
|   | Missouri Options   | <u>N/A</u>      |
|   | Prekindergarten eligible to be claimed for state aid   | <u>N/A</u>      |
|   | Remediation  | <u>N/A</u>      |
|   | Sheltered Workshop participation   | <u>N/A</u>      |
|   | Students participating in the school flex program  | <u>N/A</u>      |
|   | Traditional instruction (full and part-time students)  | <u>TRUE</u>     |
|   | Virtual instruction (MOCAP or other option)  | <u>N/A</u>      |
|   | Work Experience for Students with Disabilities   | <u>N/A</u>      |
| 3 | The district/charter school maintained complete and accurate attendance records allowing for the accurate calculation of September Membership for all students in accordance with all applicable state rules and regulations.  | <u>TRUE</u>     |
| 4 | The district/charter school maintained complete and accurate attendance and other applicable records allowing for the accurate reporting of the State FTE count for Free and Reduced Lunch for all students in accordance with all applicable state rules and regulations.   | <u>TRUE</u>     |
| 5 | As required by Section 162.401, RSMo, a bond was purchased for the district's/charter school's treasurer in the total amount of:   | <u>\$50,000</u> |
| 6 | The district's/charter school's deposits were secured during the year as required by Sections 110.010 and 110.020, RSMo., and the Missouri Financial Accounting  | <u>TRUE</u>     |
| 7 | The district maintained a separate bank account for the Debt Service Fund monies in accordance with Section 108.180 and 165.011, RSMo. (Not applicable to charter schools).  | <u>N/A</u>      |
| 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.  | <u>TRUE</u>     |

Savannah R-III School District  
Schedule of Selected Statistics  
Year Ended June 30, 2022

**5 Finance (continued)**

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

- |  |          |
|--|----------|
| 9 If a \$162,326 or 7% x SAT x WADA transfer was made in excess of adjusted expenditures, the board approved a resolution to make the transfer, which identified the specific projects to be funded by the transfer and an expected expenditure date for the projects to be undertaken. (Not applicable to charter schools).   | N/A      |
| 10 The district/charter school published a summary of the prior year's audit report within thirty days of the receipt of the audit pursuant to Section 165.121, RSMo.  | TRUE     |
| 11 The district has a professional development committee plan adopted by the board with the professional development committee plan identifying the expenditure of seventy-five percent (75%) of one percent (1%) of the current year basic formula apportionment. Remaining 25% of 1% if not spent must be restricted and spent on appropriate expenditures in the future. Spending requirement is modified to seventy-five percent (75%) of one half percent (1/2%) of the current year basic formula apportionment if through fiscal year 2024 the amount appropriated and expended to public schools for transportation is less than twenty-five percent (25%) of allowable cost. (Not applicable to charter schools). | TRUE     |
| 12 The amount spent for approved professional development committee plan activities was:   | \$70,184 |
| 13 The district/charter school has posted, at least quarterly, a searchable expenditure and revenue document or database detailing actual income, expenditures, and disbursement for the current calendar or fiscal year on the district or school website or other form of social media as required by Section 160.066, RSMo.   | TRUE     |

Notes:

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Findings #:

---

Management Letter Comment #:

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**6 Transportation (Section 163.161, RSMo)**

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

- |   |      |
|---|------|
| 1 The school transportation allowable costs substantially conform to 5 CSR 30-261.040, Allowable Costs for State Transportation Aid.  | TRUE |
| 2 The district's/charter school's pupil transportation ridership records are maintained in a manner to accurately disclose in all material respects the average number of regular riders transported. | TRUE |

Savannah R-III School District  
Schedule of Selected Statistics  
Year Ended June 30, 2022

**6 Transportation (Section 163.161, RSMo) (continued)**

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

- |   |  |         |
|---|--|---------|
| 3 | Based on the ridership records, the average number of students (non-disabled K-12, K-12 students with disabilities and career education) transported on a regular basis (ADT)                        |         |
|   | • <b>Eligible ADT</b>  | 897.5   |
|   | • <b>Ineligible ADT</b>  | -       |
| 4 | The district's/charter school's transportation odometer mileage records are maintained in a manner to accurately disclose in all material respects the eligible and ineligible mileage for the year. | TRUE    |
| 5 | Actual odometer records show the total district/charter-operated and contracted mileage for the year was:  | 320,634 |
| 6 | Of this total, the eligible non-disabled and students with disabilities route miles and the ineligible non-route and disapproved miles (combined) was:   |         |
|   | * <b>Eligible Miles</b>  | 276,782 |
|   | * <b>Ineligible Miles</b> (Non-Route/Disapproved   | 43,852  |
| 7 | Number of days the district/charter school operated the school transportation system during the regular school year:   | 164     |

Notes:

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

Findings #:

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Management Letter Comment #:

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Savannah R-III School District  
Schedule of Transportation Costs Eligible for State Aid  
Year Ended June 30, 2022

	Handicapped District <u>Contracted</u>	District <u>Contracted</u>	<u>Total</u>
Purchased services	\$ 293,261	\$ 970,389	\$ 1,263,650
Supplies	<u>-</u>	<u>154,027</u>	<u>154,027</u>
Total	<u>\$ 293,261</u>	<u>\$ 1,124,416</u>	<u>\$ 1,417,677</u>
Nonroute contracted transportation			<u>\$ -</u>
School buses purchased			<u>\$ -</u>
School buses leased/purchased:			
Principal			<u>\$ -</u>
Interest			<u>\$ -</u>
Transportation revenues from other districts			<u>-</u>

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

Savannah R-III School District  
Schedule of State Financial Assistance  
Year Ended June 30, 2022

State Grantor/Program Title	Balance June 30, 2021	Receipts	Disbursements	Balance June 30, 2022
Department of Elementary and Secondary Education:				
Basic Formula	\$ -	\$ 8,496,551	\$ 8,496,551	\$ -
Transportation	-	303,142	303,142	-
Early Childhood Special Education	-	789,718	789,718	-
Basic Formula - Classroom Trust Fund	-	971,164	971,164	-
Career Education	-	50,115	50,115	-
Food Service	-	14,224	14,224	-
Educational Screening	-	17,176	17,176	-
Residential Placement/Excess Cost	-	478	478	-
High Need Fund - Special Education	-	-	-	-
Total State Financial Assistance	<u>\$ -</u>	<u>\$ 10,642,568</u>	<u>\$ 10,642,568</u>	<u>\$ -</u>

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

## FEDERAL COMPLIANCE SECTION

# CONRAD & HIGGINS, LLC

## CERTIFIED PUBLIC ACCOUNTANTS

P.O. Box 920  
Chillicothe, MO 64601  
(660) 240-0645  
Fax – (660) 240-0654

405 N Broadway  
Princeton, MO 64673  
(660) 748-4423  
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INDEPENDENT AUDITORS'  
REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON  
COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL  
STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

Board of Education  
Savannah R-III School District  
Savannah, Missouri 64485

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Savannah R-III School District, as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise Savannah R-III School District's basic financial statements and have issued our report thereon dated December 20, 2022.

### **Report on Internal Control Over Financial Reporting**

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We identified certain deficiencies in internal control, described in the accompanying schedule of findings and questioned costs as 2022-1 that we consider to be a significant deficiencies.

**Report on Compliance and Other Matters**

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

**Savannah R-III School District's Response to Findings**

Government Auditing Standards requires the auditor to perform limited procedures on the Savannah R-III School District's response to the findings identified in our audit and described in the accompanying schedule of findings and questioned costs. The Savannah R-III School District's response was not subject to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

**Purpose of this Report**

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



**Conrad & Higgins, LLC**

Princeton, Missouri

December 20, 2022

# CONRAD & HIGGINS, LLC

## CERTIFIED PUBLIC ACCOUNTANTS

P.O. Box 920  
Chillicothe, MO 64601  
(660) 240-0645  
Fax - (660) 240-0654

405 N Broadway  
Princeton, MO 64673  
(660) 748-4423  
Fax - (660) 748-4422

### INDEPENDENT AUDITORS'

### REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY UNIFORM GUIDANCE

Board of Education  
Savannah R-III School District  
Savannah, Missouri 64485

#### **Report on Compliance for Each Major Federal Program**

##### **Opinion On Each Major Federal Program**

We have audited Savannah R-III School District's compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of Savannah R-III School District's major federal programs for the year ended June 30, 2022. Savannah R-III School District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, Savannah R-III School District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2022.

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

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 of Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of Savannah R-III School District and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of Savannah R-III School District's compliance with the compliance requirements referred to above.

##### **Responsibilities of Management for Compliance**

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to Savannah R-III School District's federal programs.

##### **Auditor's Responsibilities for the Audit of Compliance**

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on Savannah R-III School District's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance will always detect material

noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about Savannah R-III School District's compliance with the requirements of each major federal program as a whole.

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

- \* Exercise professional judgment and maintain professional skepticism throughout the audit.
- \* Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding Savannah R-III School District's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- \* Obtain an understanding of Savannah R-III School District's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of Savannah R-III School District's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

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

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

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance, that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

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.



Conrad & Higgins, LLC  
Chillicothe, Missouri  
December 20, 2022

Savannah R-III School District  
Schedule of Expenditures of Federal Awards  
June 30, 2022

Federal Grantor/Pass-through Grantor/Program Title	Assistance Listing Number	Pass-Through Grantors Number	Disbursements
<b>Child Nutrition Cluster</b>			
U.S. Department of Agriculture			
Pass-through State Department of Elementary and Secondary Education:			
National School Lunch Program	10.555	059-117	\$ 1,009,174
National School Lunch Program - Cares	10.555	059-117	\$ -
National School Breakfast Program	10.553	059-117	220,816
National School Breakfast Program - Cares	10.553	059-117	-
Food Distribution Program	10.555	059-117	69,651
Total Pass-through State Department of Elementary and Secondary Education			<u>1,299,641</u>
Total U.S. Department of Agriculture			<u>1,299,641</u>
Total Child Nutrition Cluster			<u>1,299,641</u>
U.S. Department of Education			
Pass-through State Department of Elementary and Secondary Education:			
<b>Special Education Cluster</b>			
Special Education Grants to States - IDEA	84.027	002-097	432,802
Special Education Grants to States - ECSE	84.027	002-097	27,351
Special Education - Preschool Grants	84.173	002-097	10,846
Total Special Education Cluster			<u>470,999</u>
<b>Other programs</b>			
ESEA, Title I	84.010	002-097	321,610
Education Stabilization Fund	84.425U	002-097	1,542,313
Total U.S. Department of Education			<u>2,334,922</u>
U.S. Department of Health and Human Services			
Pass-through State Department of Health and Senior Services:			
Covid-19 Mitigation in Schools	93.323	ERS23951383	163,204
Pass-through State Department of Elementary and Secondary Education:			
Youth Risk Behavior Survey	93.323	002-097	500
Total U.S. Department of Treasury			<u>163,704</u>
Total Federal Financial Assistance			<u>\$ 3,798,267</u>

Savannah R-III School District  
Notes to the Schedule of Federal Awards  
June 30, 2022

**Note 1 - General**

The accompanying Schedule of Expenditures of Federal Awards presents the activity of all federal awards programs of the Savannah R-III School District, Savannah, Missouri. The reporting entity is defined in Note 1 to the district's financial statements.

**Note 2 - Basis of Accounting**

The accompanying schedule is presented using the modified cash basis of accounting, which is described in Note 1 to the district's financial statements.

**Note 3 - Relationship to Federal Financial Statements**

Amounts reported in the accompanying schedule agree with the amounts reported in the related federal financial reports and indicate amounts due to the district as of June 30, 2022 from each related federal program.

**Note 4 - Noncash Programs**

The commodities received, which are noncash revenues, are valued using prices provided by the United States Department of Agriculture. At June 30, 2022, the district had food commodities totaling \$0 in inventory.

**Note 5 - Indirect Cost Rate**

The District has elected not to use the 10% de minimis indirect cost rate allowed under the Uniform Guidance.

**Note 6 - Subrecipients**

The District did not provide funds to subrecipients during the year.

Savannah R-III School District  
Schedule of Finding and Questioned Costs  
Year Ended June 30, 2022

<u>Questioned Program</u>	<u>Finding/Noncompliance</u>
	Summary of audit results:
	1) We have issued an unmodified opinion on the financial statements of the Savannah R-III School District. The government-wide financial statements were prepared on the modified cash basis of accounting, and the fund financial statements were prepared on the modified basis of accounting, which are both comprehensive bases of accounting other than generally accepted accounting principles.
	2) One significant deficiency was disclosed during the audit of the financial statements and is reported in the Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards. No material weaknesses are reported.
	3) The audit did not disclose any instances of noncompliance which is material to financial statements of the Savannah R-III School District, which would be required to be reported in accordance with Government Auditing Standards.
	4) No significant deficiencies, or material weaknesses in internal control over major federal programs were reported.
	5) The auditor's report on compliance for the major federal award programs for Savannah R-III School District expresses an unmodified opinion on all major federal programs.
	6) Audit findings that are required to be reported in accordance with 2 CFR section 200.516(a) are reported in this Schedule.
	7) The district's programs tested as major programs were as follows: <ul style="list-style-type: none"><li>a) Child Nutrition Cluster (CFDA # 10.555, CFDA#10.553)</li><li>b) Education Stabilization Fund (CFDA #84.425U)</li></ul>
	8) The district did have two Type A programs at June 30, 2022. All other programs were Type B programs. The threshold used to distinguish Type A programs from Type B programs was \$750,000.
	9) The district was not qualified as a low-risk auditee at June 30, 2022.

**Findings - Financial Statement Audit**

2022-1

Significant Deficiency : Lack of Segregation of Duties

Condition: Due to the limited number of available personnel, it is not always possible to adequately segregate certain incompatible duties.

Criteria: Internal controls should be designed so that no one person has access to both physical assets and related accounting records or all phases of a transaction.

Savannah R-III School District  
Schedule of Finding and Questioned Costs  
Year Ended June 30, 2022

<u>Questioned Program</u>	<u>Finding/Noncompliance</u>
2022-1 (Cont)	<p>Cause: The district does not have enough available personnel to adequately segregate certain incompatible duties.</p> <p>Effect: Due to the limited number of personnel, the possibility exists that unintentional or intentional errors or irregularities could exist and not be promptly detected.</p> <p>Recommendation: The district should consider adding additional personnel as soon as district finances allow, to provide additional segregation of duties.</p> <p>Views of Responsible officials: The size and budget of the Savannah R-III School District limit the application of adequate segregation of duties.</p>

Savannah R-III School District  
Schedule of Resolutions of Prior Year Audit Findings  
Year Ended June 30, 2022

Program	Finding/Noncompliance
	There were no prior year audit findings.