

# Fair Play R-II School District

Basic Financial Statements  
Year Ended June 30, 2022

**KPM**  
CPAS & ADVISORS

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Board of Education  
Fair Play R-II School District  
Fair Play, Missouri

## **Report on the Audit of the Financial Statements**

### ***Opinions***

We have audited the accompanying financial statements of the governmental activities and each major fund of Fair Play R-II School District, as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the 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 financial position of the governmental activities, and each major fund of Fair Play R-II School District, as of June 30, 2022, and the respective changes in financial position thereof for the year then ended in accordance with the basis of accounting 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 the 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 Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Fair Play R-II 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.

### ***Basis of Accounting***

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

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

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the modified cash basis of accounting described in Note 1; this includes determining that the modified cash basis of accounting is an acceptable basis for the preparation of the financial statements in the circumstances, and 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.

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In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

### ***Auditors' 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 auditors' 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 and *Government 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 and *Government 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 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 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 District's basic financial statements. The accompanying Schedule of Receipts by Source, Schedule of Disbursements by Object, Schedule of Transportation Costs Eligible for State Aid, 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 Schedule of Receipts by Source, Schedule of Disbursements by Object, Schedule of Transportation Costs Eligible for State Aid, 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 Information**

Management is responsible for the other information. The other information comprises the budgetary comparison schedules but does not include the basic financial statements and our auditor’s report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

**Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated November 18, 2022, on our consideration of Fair Play R-II School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is 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 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 Fair Play R-II School District’s internal control over financial reporting and compliance.



KPM CPAs, PC  
Springfield, Missouri  
November 18, 2022

## **Government-Wide Financial Statements**

# Fair Play R-II School District

## Statement of Net Position—Modified Cash Basis

June 30, 2022

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	<b>Governmental Activities</b>
<b>Assets</b>	
Cash and cash equivalents	\$ 1,037,014
Investments	53,921
<b>Total Assets</b>	<b><u>\$ 1,090,935</u></b>
<b>Net Position</b>	
Restricted for	
Professional development	\$ 150
Student activities	124,274
Debt service	195,947
Unrestricted	770,564
<b>Total Net Position</b>	<b><u>\$ 1,090,935</u></b>

See accompanying Notes to the Financial Statements.

## Fair Play R-II School District

Statement of Activities—Modified Cash Basis

Year Ended June 30, 2022

	<u>Cash</u> <u>Disbursements</u>	<u>Program Cash Receipts</u>			<u>Net</u> <u>(Disbursements)</u> <u>Receipts and</u> <u>Changes in</u> <u>Net Position</u>
		<u>Charges for</u> <u>Services</u>	<u>Operating</u> <u>Grants and</u> <u>Contributions</u>	<u>Capital</u> <u>Grants and</u> <u>Contributions</u>	
<b>Governmental Activities</b>					
Instruction	\$ (2,523,058)	\$ 84,598	\$ 703,414	\$ -	\$ (1,735,046)
Student services	(85,606)	-	11,262	-	(74,344)
Instructional staff support	(87,743)	-	16,193	-	(71,550)
Building administration	(239,271)	-	49,619	-	(189,652)
General administration	(532,169)	-	-	-	(532,169)
Operation of plant	(427,525)	-	10,000	-	(417,525)
Transportation	(214,369)	-	66,167	-	(148,202)
Food service	(325,772)	1,502	263,259	-	(61,011)
Community services	(104,248)	6,901	32,956	-	(64,391)
Facilities acquisition and construction	(253,165)	-	-	-	(253,165)
Debt service	(111,600)	-	-	-	(111,600)
<b>Net Program (Disbursements)</b>					
<b>Receipts</b>	<u>\$ (4,904,526)</u>	<u>\$ 93,001</u>	<u>\$ 1,152,870</u>	<u>\$ -</u>	<u>(3,658,655)</u>
<b>General Receipts</b>					
Ad valorem tax receipts					996,462
Prop C sales tax receipts					447,354
Other tax receipts					2,488
County receipts					87,666
State receipts					1,744,727
Interest receipts					1,621
Other receipts					33,239
<b>Total General Receipts</b>					<u>3,313,557</u>
<b>Special Item</b>					
Net insurance recovery					<u>4,961</u>
<i>(Decrease) in Net Position</i>					(340,137)
Net Position—Beginning of year					<u>1,431,072</u>
<b>Net Position—End of year</b>					<u><u>\$ 1,090,935</u></u>

See accompanying Notes to the Financial Statements.



## **Fund Financial Statements**

## Fair Play R-II School District

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

June 30, 2022

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Debt Service Fund</u>	<u>Capital Projects Fund</u>	<u>Total Governmental Funds</u>
<b>Assets</b>					
Cash and cash equivalents	\$ 551,435	\$ -	\$ 142,026	\$ 343,553	\$ 1,037,014
Investments	-	-	53,921	-	53,921
<b>Total Assets</b>	<u>\$ 551,435</u>	<u>\$ -</u>	<u>\$ 195,947</u>	<u>\$ 343,553</u>	<u>\$ 1,090,935</u>
<b>Fund Balances</b>					
Restricted for					
Professional development	\$ 150	\$ -	\$ -	\$ -	\$ 150
Student activities	124,274	-	-	-	124,274
Debt service	-	-	195,947	-	195,947
Assigned for capital outlay	-	-	-	343,553	343,553
Unassigned	427,011	-	-	-	427,011
<b>Total Fund Balances</b>	<u>\$ 551,435</u>	<u>\$ -</u>	<u>\$ 195,947</u>	<u>\$ 343,553</u>	<u>\$ 1,090,935</u>

See accompanying Notes to the Financial Statements.

## Fair Play R-II School District

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

Year Ended June 30, 2022

	General Fund	Special Revenue Fund	Debt Service Fund	Capital Projects Fund	Total Governmental Funds
<b>Receipts</b>					
Local	\$ 1,224,449	\$ 167,836	\$ 179,092	\$ 2,788	\$ 1,574,165
County	63,254	12,005	12,407	-	87,666
State	599,103	1,256,469	-	141,016	1,996,588
Federal	740,876	160,133	-	-	901,009
<b>Total Receipts</b>	<b>2,627,682</b>	<b>1,596,443</b>	<b>191,499</b>	<b>143,804</b>	<b>4,559,428</b>
<b>Disbursements</b>					
Instruction	797,125	1,725,933	-	-	2,523,058
Student services	20,789	64,817	-	-	85,606
Instructional staff support	12,825	74,918	-	-	87,743
Building administration	36,169	203,102	-	-	239,271
General administration	295,712	236,457	-	-	532,169
Operation of plant	372,105	-	-	55,420	427,525
Transportation	214,369	-	-	-	214,369
Food service	325,772	-	-	-	325,772
Community services	55,325	48,923	-	-	104,248
Facilities acquisition and construction	-	-	-	253,165	253,165
Debt service	-	-	111,600	-	111,600
<b>Total Disbursements</b>	<b>2,130,191</b>	<b>2,354,150</b>	<b>111,600</b>	<b>308,585</b>	<b>4,904,526</b>
<i>Excess (Deficit) of Receipts Over Disbursements</i>	497,491	(757,707)	79,899	(164,781)	(345,098)
<b>Other Financing Sources (Uses)</b>					
Operating transfers in	-	757,707	-	189,995	947,702
Operating transfers (out)	(947,702)	-	-	-	(947,702)
Net insurance recovery	-	-	-	4,961	4,961
<b>Total Other Financing Sources (Uses)</b>	<b>(947,702)</b>	<b>757,707</b>	<b>-</b>	<b>194,956</b>	<b>4,961</b>
<i>Excess (Deficit) of Receipts and Other Sources Over Disbursements and Other (Uses)</i>	(450,211)	-	79,899	30,175	(340,137)
Fund Balances, July 1, 2021	1,001,646	-	116,048	313,378	1,431,072
<b>Fund Balances, June 30, 2022</b>	<b>\$ 551,435</b>	<b>\$ -</b>	<b>\$ 195,947</b>	<b>\$ 343,553</b>	<b>\$ 1,090,935</b>

See accompanying Notes to the Financial Statements.

# Fair Play R-II School District

Notes to the Financial Statements

June 30, 2022

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## 1. Summary of Significant Accounting Policies

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

### Financial Reporting Entity

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

### Basis of Presentation

#### *Government-Wide Financial Statements*

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

#### *Fund Financial Statements*

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

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

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

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

*Debt Service Fund:* Accounts for receipts restricted, committed, or assigned for the retirement of principal and interest on the District's long-term debt.

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

# Fair Play R-II School District

## Notes to the Financial Statements

June 30, 2022

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### **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 balance, receipts, and disbursements when they result from cash transactions. The modification of the cash basis of accounting relates to the presentation of investments. This basis is a special purpose reporting framework other than accounting principles generally accepted in the United States of America.

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

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

### **Capital Outlay**

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

### **Compensated Absences**

Vacation time, personal business days, and sick leave are considered as disbursements in the year paid. Such amounts unused that are vested in the employee are payable upon termination.

### **Long-Term Debt**

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

### **Teachers' Salaries**

The salary payment schedule of the District for the 2021-2022 school year requires the payment of salaries for a twelve-month period. Consequently, the July and August 2022 payroll checks are included in the financial statements as disbursements in the month of June. This practice has been consistently followed in previous years.

### **Pooled Cash and Cash Equivalents, and Investments**

Cash and cash equivalents and investments of the individual funds are combined to form a pool of cash and cash equivalents, and investments with the exception of the Debt Service Fund, which is kept in a separate bank account. Investments of the pooled accounts consist primarily of money market accounts, carried at cost, which approximates market.

# Fair Play R-II School District

## Notes to the Financial Statements

June 30, 2022

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### Inventories

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

### Equity Classification

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

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

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

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

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

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

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

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

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

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

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

# Fair Play R-II School District

## Notes to the Financial Statements

June 30, 2022

### Program Receipts

Amounts reported as program receipts include 1) charges to students or others for goods, services or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions. All other governmental receipts are reported as general receipts. All taxes are classified as general receipts even if restricted for a specific purpose.

## 2. Cash & Cash Equivalents

State statutes require that the District's deposits be insured or collateralized in the name of the District by the trust department of a bank that does not hold the collateralized deposits. As of June 30, 2022, all bank balances on deposit were insured or collateralized with securities.

## 3. Investments

The District has the following investments at June 30, 2022:

<u>Investment Type</u>	<u>Maturity</u>	<u>Amount</u>
Investment contracts with BOK Financial through the Missouri School District Direct Deposit Program	N/A	<u>\$ 53,921</u>

### Investment Contracts with BOK Financial

Funds on deposit with BOK Financial are invested in 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 of the Missouri Revised Statutes through the Missouri School District Direct Deposit Program. 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.

## 4. Taxes

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

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

# Fair Play R-II School District

## Notes to the Financial Statements

June 30, 2022

The assessed valuation of the tangible taxable property for the calendar year 2021 for purposes of local taxation was:

Real estate	\$ 18,037,950
Personal property	6,464,170
<b>Total Assessed Valuation</b>	<u><u>\$ 24,502,120</u></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:

	<u>Unadjusted</u>	<u>Adjusted</u>
General Fund	\$ 3.3227	\$ 3.3227
Debt Service Fund	0.7385	0.7385
	<u><u>\$ 4.0612</u></u>	<u><u>\$ 4.0612</u></u>

The receipts of current and delinquent property taxes during the fiscal year ended June 30, 2022, aggregated approximately 100 percent of the current assessment computed on the basis of the levy as shown above.

## 5. General Obligation Bonds Payable

Bonds payable at June 30, 2022, consist of:

General obligation bond issue for \$1,600,000, dated June 22, 2018, due in varying annual installments, plus interest ranging from 3.00% to 4.5%.	<u><u>\$ 1,500,000</u></u>
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The following is a summary of bond transactions for the year ended June 30, 2022:

Bonds Payable, July 1, 2021	\$ 1,550,000
Bonds issued	-
Bonds retired	(50,000)
<b>Bonds Payable, June 30, 2022</b>	<u><u>\$ 1,500,000</u></u>



# Fair Play R-II School District

## Notes to the Financial Statements

June 30, 2022

Debt service requirements are:

Year Ending June 30,	Principal	Interest	Total
2023	\$ 75,000	\$ 59,800	\$ 134,800
2024	75,000	57,550	132,550
2025	75,000	55,300	130,300
2026	80,000	52,675	132,675
2027	80,000	49,875	129,875
2028	85,000	47,075	132,075
2029	85,000	44,100	129,100
2030	85,000	40,700	125,700
2031	90,000	37,300	127,300
2032	95,000	33,700	128,700
2033	95,000	29,900	124,900
2034	100,000	26,100	126,100
2035	105,000	21,600	126,600
2036	125,000	16,875	141,875
2037	125,000	11,250	136,250
2038	125,000	5,625	130,625
	\$ 1,500,000	\$ 589,425	\$ 2,089,425

Article VI, Section 26(b), Constitution of Missouri, limits the outstanding amount of authorized general obligation bonds of a district to 15 percent of the assessed valuation of the district. The legal debt margin (excluding state assessed utilities) of the District at June 30, 2022, was:

Constitutional debt limit	\$ 3,675,318
General obligation bonds payable	(1,500,000)
Amount available in Debt Service Fund	195,947
<b>Legal Debt Margin</b>	<b>\$ 2,371,265</b>

# Fair Play R-II School District

## Notes to the Financial Statements

June 30, 2022

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### 6. Retirement Plans

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

##### *Summary of Significant Accounting Policies*

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

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

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

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

# Fair Play R-II School District

## Notes to the Financial Statements

June 30, 2022

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

*Cost-of-Living Adjustments (“COLA”).* The Board of Trustees has established a policy of providing a 0.00% COLA for years in which the CPI increases between 0.00% and 2.00%, a 2.00% COLA for years in which CPI increases between 2.00% and 5.00%, and a COLA of 5.00% if the CPI is greater than 5.00%. If the CPI decreases, no COLA is provided. For any PSRS member retiring on or after July 1, 2001, such adjustments commence on the second January after commencement of benefits and occur annually thereafter. For PEERS members, such adjustments commence on the fourth January after commencement of benefits and occur annually thereafter. The total of such increases may not exceed 80% of the original benefit for any member.

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

*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 \$274,012 and \$48,742, 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.psr-peers.org](http://www.psr-peers.org).

## 7. Claims & Adjustments

The District participates in a number of federal and state programs that are fully or partially funded by grants received from other governmental units. Disbursements financed by grants are subject to audit by the appropriate grantor government. If disbursements are disallowed due to noncompliance with grant program regulation, the District may be required to reimburse the grantor government. As of June 30, 2022, disbursements have not been audited by grantor governments, but the District believes that disallowed disbursements, if any, based on subsequent audits will not have a material effect on any of the individual government funds or the overall financial position of the District.

# Fair Play R-II School District

## Notes to the Financial Statements

June 30, 2022

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### 8. Compensated Absences Payable

Compensated absences payable consists of accumulated sick leave by certified employees. The employees are allowed to accumulate unused sick days up to a maximum of 70 days. Employees are paid for accumulated sick days at the rate of \$15 per day upon retirement or termination from the District. Total compensated absences payable as of June 30, 2022, was \$28,529.

### 9. Risk Management

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

### 10. Post-Employment Benefits

In addition to the pension benefits described in Note 6, the District makes available post-retirement healthcare benefits to all employees who retire from the District. Participation by retirees in the District health plan is subjected to terms and conditions set forth in the Board policy. The cost of the coverage is charged to the retiree at a blended rate for all employees. The District has not made a formal evaluation or projection on the future cost of the existing health care benefit plan in relation to retirees.

### 11. Interfund Transfers

Transfers between funds of the District for the year ended June 30, 2022, were as follows:

	<u>Transfers In</u>	<u>Transfers Out</u>
General Fund	\$ -	\$ 947,702
Special Revenue Fund	757,707	-
Capital Projects Fund	189,995	-
	<u>\$ 947,702</u>	<u>\$ 947,702</u>

The District is required to make a transfer from the General Fund to the Special Revenue Fund to cover the excess of disbursements over receipts each year, if applicable. The District is also allowed to make transfers from the General Fund to the Capital Projects Fund in order to fund ongoing projects and build fund balance as allowed by state statutes.

### 12. Commitment

As of June 30, 2022, the District is committed to Weatherproofing Technologies, Inc. in the amount of \$239,382 for roof repairs.

## Supplementary Information

## Fair Play R-II School District

### Schedule of Receipts by Source

Year Ended June 30, 2022

	General Fund	Special Revenue Fund	Debt Service Fund	Capital Projects Fund	Total
<b>Local</b>					
Current taxes	\$ 746,296	\$ -	\$ 166,091	\$ -	\$ 912,387
Delinquent taxes	71,074	-	13,001	-	84,075
School district trust fund (Prop C)	279,596	167,758	-	-	447,354
Financial institution taxes	74	-	-	-	74
M&M surtax	-	-	-	2,414	2,414
Earnings from temporary deposits	1,514	78	-	29	1,621
Sales to pupils - reimbursable school meals	82	-	-	-	82
Sales to adults for adult meals - non-program food	1,420	-	-	-	1,420
Admissions - student activities	81,222	-	-	-	81,222
Revenue from enterprise activities	6,901	-	-	-	6,901
Other pupil activity income	3,376	-	-	-	3,376
Gifts	12,162	-	-	-	12,162
Miscellaneous local revenue	20,732	-	-	345	21,077
<b>Total Local</b>	<b>1,224,449</b>	<b>167,836</b>	<b>179,092</b>	<b>2,788</b>	<b>1,574,165</b>
<b>County</b>					
Fines, escheats, etc.	-	12,005	-	-	12,005
State assessed utilities	63,213	-	12,407	-	75,620
Federal prop (include fed forest, flood & mineral)	41	-	-	-	41
<b>Total County</b>	<b>63,254</b>	<b>12,005</b>	<b>12,407</b>	<b>-</b>	<b>87,666</b>
<b>State</b>					
Basic formula - state monies	363,435	1,255,846	-	-	1,619,281
Transportation	44,088	-	-	-	44,088
Early childhood special education	24,814	-	-	-	24,814
Basic formula - classroom trust fund	-	623	-	141,016	141,639
Educational screening program/PAT	11,488	-	-	-	11,488
Small schools grant	130,139	-	-	-	130,139
Career education	7,058	-	-	-	7,058
Food service - state	2,592	-	-	-	2,592
High need fund - special education	14,764	-	-	-	14,764
Other - state	725	-	-	-	725
<b>Total State</b>	<b>599,103</b>	<b>1,256,469</b>	<b>-</b>	<b>141,016</b>	<b>1,996,588</b>

The above presentation agrees to the Annual Secretary of the Board Report.

## Fair Play R-II School District

### Schedule of Receipts by Source

Year Ended June 30, 2022

	General Fund	Special Revenue Fund	Debt Service Fund	Capital Projects Fund	Total
<b>Federal</b>					
Impact aid (P.L. 81-874)	4,393	-	-	-	4,393
Medicaid	8,914	-	-	-	8,914
ARP - ESSER III	250,000	-	-	-	250,000
CRRSA - ESSER II	37,739	-	-	-	37,739
IDEA grants	791	-	-	-	791
IDEA entitlement funds, part B IDEA	69,002	-	-	-	69,002
Early childhood special education - federal	27,434	-	-	-	27,434
National school lunch program	169,475	-	-	-	169,475
School breakfast program	76,154	-	-	-	76,154
After school snack program	4,052	-	-	-	4,052
Title I - ESEA	25,485	160,133	-	-	185,618
Title IV.A student support and academic enrichment	13,833	-	-	-	13,833
Title II, part A&B, ESA - teacher & principal training	21,034	-	-	-	21,034
Child nutrition program EOC reimbursement	10,986	-	-	-	10,986
Title VI, part B rural education initiative	21,584	-	-	-	21,584
<b>Total Federal</b>	<u>740,876</u>	<u>160,133</u>	<u>-</u>	<u>-</u>	<u>901,009</u>
<b>Other Sources</b>					
Net insurance recovery	-	-	-	4,961	4,961
<b>Total Other Sources</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>4,961</u>	<u>4,961</u>
<b>Total Receipts</b>	<u>\$ 2,627,682</u>	<u>\$ 1,596,443</u>	<u>\$ 191,499</u>	<u>\$ 148,765</u>	<u>\$ 4,564,389</u>

The above presentation agrees to the Annual Secretary of the Board Report.

## Fair Play R-II School District

### Schedule of Disbursements by Object

Year Ended June 30, 2022

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	<b>General Fund</b>	<b>Special Revenue Fund</b>	<b>Debt Service Fund</b>	<b>Capital Projects Fund</b>	<b>Totals</b>
Salaries	\$ 608,950	\$ 1,866,562	\$ -	\$ -	\$ 2,475,512
Employee benefits	232,919	487,588	-	-	720,507
Purchased services	516,632	-	-	-	516,632
Supplies	771,690	-	-	-	771,690
Capital outlay	-	-	-	308,585	308,585
Other objects	-	-	111,600	-	111,600
<b>Total Disbursements</b>	<b>\$ 2,130,191</b>	<b>\$ 2,354,150</b>	<b>\$ 111,600</b>	<b>\$ 308,585</b>	<b>\$ 4,904,526</b>

The above presentation agrees to the Annual Secretary of the Board Report.



## Fair Play R-II School District

### Schedule of Transportation Costs Eligible for State Aid

Year Ended June 30, 2022

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	<b>District Owned Transportation</b>	<b>Disabled District Owned Transportation</b>	<b>Total</b>
Certificated salaries	\$ 16,999	\$ -	\$ 16,999
Non-certificated salaries	72,087	6,942	79,029
Employee benefits	26,721	2,738	29,459
Purchased services	36,054	-	36,054
Supplies	31,940	2,681	34,621
Depreciation	27,669	-	27,669
	<u>\$ 211,470</u>	<u>\$ 12,361</u>	<u>\$ 223,831</u>

The above presentation agrees to the Annual Secretary of the Board Report.

## Other Information

## Fair Play R-II School District

### Budgetary Comparison Schedule—General Fund

Year Ended June 30, 2022

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>Receipts</b>				
Local	\$ 911,690	\$ 1,224,449	\$ 1,224,449	\$ -
County	62,900	63,254	63,254	-
State	82,786	599,103	599,103	-
Federal	983,767	740,876	740,876	-
Other	5,000	-	-	-
<b>Total Receipts</b>	<u>2,046,143</u>	<u>2,627,682</u>	<u>2,627,682</u>	<u>-</u>
<b>Disbursements</b>				
Instruction	631,246	797,125	797,125	-
Student services	6,250	20,789	20,789	-
Instructional staff support	30,363	12,825	12,825	-
Building administration	12,000	36,169	36,169	-
General administration	194,943	295,712	295,712	-
Operation of plant	392,921	372,105	372,105	-
Transportation	215,740	214,369	214,369	-
Food service	306,547	325,772	325,772	-
Community services	47,883	55,325	55,325	-
<b>Total Disbursements</b>	<u>1,837,893</u>	<u>2,130,191</u>	<u>2,130,191</u>	<u>-</u>
<i>Excess of Receipts Over Disbursements</i>	208,250	497,491	497,491	-
<b>Other Financing (Uses)</b>				
Operating transfers (out)	<u>(147,057)</u>	<u>(947,702)</u>	<u>(947,702)</u>	<u>-</u>
<i>Excess (Deficit) of Receipts Over Disbursements and Other (Uses)</i>	61,193	(450,211)	(450,211)	-
Fund Balance, July 1, 2021	<u>1,001,646</u>	<u>1,001,646</u>	<u>1,001,646</u>	<u>-</u>
<b>Fund Balance, June 30, 2022</b>	<u><u>\$ 1,062,839</u></u>	<u><u>\$ 551,435</u></u>	<u><u>\$ 551,435</u></u>	<u><u>\$ -</u></u>

See accompanying Notes to the Budgetary Comparison Schedules.

## Fair Play R-II School District

### Budgetary Comparison Schedule—Special Revenue Fund

Year Ended June 30, 2022

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Receipts</b>				
Local	\$ 404,257	\$ 167,836	\$ 167,836	\$ -
County	1,654	12,005	12,005	-
State	1,814,367	1,256,469	1,256,469	-
Federal	136,530	160,133	160,133	-
<b>Total Receipts</b>	<u>2,356,808</u>	<u>1,596,443</u>	<u>1,596,443</u>	<u>-</u>
<b>Disbursements</b>				
Instruction	1,751,714	1,725,933	1,725,933	-
Student services	75,175	64,817	64,817	-
Instructional staff support	73,864	74,918	74,918	-
Building administration	197,053	203,102	203,102	-
General administration	231,350	236,457	236,457	-
Community services	154,058	48,923	48,923	-
<b>Total Disbursements</b>	<u>2,483,214</u>	<u>2,354,150</u>	<u>2,354,150</u>	<u>-</u>
<i>(Deficit) of Receipts Over Disbursements</i>	(126,406)	(757,707)	(757,707)	-
<b>Other Financing Sources</b>				
Operating transfers in	<u>126,406</u>	<u>757,707</u>	<u>757,707</u>	<u>-</u>
<i>Excess of Receipts and Other Sources Over Disbursements</i>	-	-	-	-
Fund Balance, July 1, 2021	-	-	-	-
<b>Fund Balance, June 30, 2022</b>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>

See accompanying Notes to the Budgetary Comparison Schedules.

## Fair Play R-II School District

### Budgetary Comparison Schedule—Debt Service Fund

Year Ended June 30, 2022

	Budgeted Amounts		Actual	Variance with
	Original	Final		Final Budget Positive (Negative)
<b>Receipts</b>				
Local	\$ 174,186	\$ 179,092	\$ 179,092	\$ -
County	9,352	12,407	12,407	-
<b>Total Receipts</b>	183,538	191,499	191,499	-
<b>Disbursements</b>				
Debt service	111,300	111,600	111,600	-
<b>Total Disbursements</b>	111,300	111,600	111,600	-
<i>Excess of Receipts Over Disbursements</i>	72,238	79,899	79,899	-
Fund Balance, July 1, 2021	116,048	116,048	116,048	-
<b>Fund Balance, June 30, 2022</b>	\$ 188,286	\$ 195,947	\$ 195,947	\$ -

See accompanying Notes to the Budgetary Comparison Schedules.

## Fair Play R-II School District

### Budgetary Comparison Schedule—Capital Projects Fund

Year Ended June 30, 2022

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Receipts</b>				
Local	\$ 500	\$ 2,788	\$ 2,788	\$ -
State	64,600	141,016	141,016	-
<b>Total Receipts</b>	<u>65,100</u>	<u>143,804</u>	<u>143,804</u>	<u>-</u>
<b>Disbursements</b>				
Instruction	17,000	-	-	-
Operation of plant	90,600	55,420	55,420	-
Transportation	99,000	-	-	-
Food service	1,000	-	-	-
Facilities acquisition and construction	-	253,165	253,165	-
<b>Total Disbursements</b>	<u>207,600</u>	<u>308,585</u>	<u>308,585</u>	<u>-</u>
<i>(Deficit) of Receipts Over Disbursements</i>	(142,500)	(164,781)	(164,781)	-
<b>Other Financing Sources</b>				
Net insurance recovery	-	4,961	4,961	-
Operating transfers in	20,651	189,995	189,995	-
<b>Total Other Financing Sources</b>	<u>20,651</u>	<u>194,956</u>	<u>194,956</u>	<u>-</u>
<i>Excess (Deficit) of Receipts and Other Sources Over Disbursements</i>	(121,849)	30,175	30,175	-
Fund Balance, July 1, 2021	<u>313,378</u>	<u>313,378</u>	<u>313,378</u>	<u>-</u>
<b>Fund Balance, June 30, 2022</b>	<u><u>\$ 191,529</u></u>	<u><u>\$ 343,553</u></u>	<u><u>\$ 343,553</u></u>	<u><u>\$ -</u></u>

See accompanying Notes to the Budgetary Comparison Schedules.

# Fair Play R-II School District

Notes to the Budgetary Comparison Schedules

Year Ended June 30, 2022

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

## **Other Reporting Requirements**





**Independent Auditors' Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards***

Board of Education  
Fair Play R-II School District  
Fair Play, Missouri

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the accompanying financial statements of the governmental activities and each major fund of Fair Play R-II School District as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise Fair Play R-II School District's basic financial statements and have issued our report thereon dated November 18, 2022.

**Report on Internal Control over Financial Reporting**

In planning and performing our audit, we considered the Fair Play R-II 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 the District's internal control. Accordingly, we do not express an opinion on the effectiveness of the District's internal control.

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Therefore, material weaknesses or significant deficiencies may exist that were not identified. We did identify a certain deficiency in internal control, described in the accompanying Schedule of Findings and Questioned Costs as item 2022-001, that we consider to be a material weakness.

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### **Report on Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the Fair Play R-II 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. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

### **Response to Findings**

*Government Auditing Standards* requires the auditor to perform limited procedures on the District's response to the finding identified in our audit is described in the accompanying Schedule of Findings and Questioned Costs. The District's response was not subjected to the 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 of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

*KPM CPAs, PC*

KPM CPAs, PC  
Springfield, Missouri  
November 18, 2022



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

Board of Education  
Fair Play R-II School District  
Fair Play, Missouri

### Report on Compliance for Each Major Federal Program

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

We have audited Fair Play R-II 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 Fair Play R-II School District's major federal programs for the year ended June 30, 2022. Fair Play R-II School District's major federal programs are identified in the Summary Schedule of Audit Results section of the accompanying Schedule of Findings and Questioned Costs.

In our opinion Fair Play R-II 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 Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditors' Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of Fair Play R-II 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 the 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 the effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to the District's federal programs.

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### ***Auditors' 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 Fair Play R-II 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 substantial likelihood that, individually or in the aggregate, it would influence the judgement made by a reasonable user of the report on compliance about Fair Play R-II 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 Fair Play R-II 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 Fair Play R-II 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 the 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 with governance.

Our consideration of internal control over compliance was for the limited purpose described in the Auditors' 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.

*KPM CPAs, PC*

KPM CPAs, PC  
Springfield, Missouri  
November 18, 2022

## Fair Play R-II School District

### Schedule of Expenditures of Federal Awards

Year Ended June 30, 2022

Federal Grantor/Pass-through Grantor/Program Title	Assistance Listing Number	Pass-through Grantor's Number	Passed Through to Subrecipient	Federal Expenditures
<b>U.S. Department of Agriculture</b>				
Missouri Department of Elementary and Secondary Education				
Child Nutrition Cluster				
School Breakfast Program	10.553	20210N109943	\$ -	\$ 15,070
	10.553	20221N119943	-	61,083
			-	76,153
National School Lunch Program - Cash	10.555	20210N109943	-	28,016
		20221N119943	-	134,648
		20221N890343	-	10,863
		2021H170343	-	10,986
National School Lunch Program - Noncash Commodities		N/A	-	18,729
			-	203,242
<b>Total Child Nutrition Cluster</b>			-	279,395
<b>Total U.S. Department of Agriculture</b>			-	279,395
<b>U.S. Department of Education</b>				
Direct				
Impact Aid	84.041	N/A	-	4,393
Rural Education	84.358A	N/A	-	21,584
Missouri Department of Elementary and Secondary Education				
Title I Grants to Local Educational Agencies				
	84.010A	S010A200025	-	43,015
		S010A210025	-	142,603
		S367A200024	-	8,089
		S367A210024	-	12,945
		S424A210026	-	3,833
			-	210,485
Student Support and Academic Enrichment Program	84.424A	S424A210026	-	8,527
		S42A200026	-	1,473
			-	10,000
COVID 19 - Education Stabilization Fund	84.425D	S425D210021	-	37,739
	84.425U	S425U210021	-	850,000
			-	887,739
Special Education Grants Cluster				
Special Education - Grants to States	84.027A	H027A200040	-	62,431
		H027A210040	-	30,923
			-	93,354
Special Education Preschool Grants	84.173A	H173A210103	-	3,873
<b>Total Special Education Cluster</b>			-	97,227
<b>Total U.S. Department of Education</b>			-	1,231,428
<b>Total Expenditures of Federal Awards</b>			\$ -	\$ 1,510,823

N/A - Not Applicable

See accompanying Notes to the Schedule of Expenditures of Federal Awards.

## Fair Play R-II School District

### Notes to the Schedule of Expenditures of Federal Awards

Year Ended June 30, 2022

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

# Fair Play R-II School District

## Schedule of Findings and Questioned Costs

Year Ended June 30, 2022

### Section I: Summary Schedule of Audit Results

Financial Statements	
Type of report the auditor issued on whether the financial statements audited were prepared in accordance with the modified cash basis of accounting:	Unmodified
Internal Control over Financial Reporting:	
Material weakness(es) identified?	Yes
Significant deficiency(ies) identified?	None Reported
Noncompliance material to financial statements noted?	No
Federal Awards	
Internal control over major federal programs:	
Material weakness(es) identified?	No
Significant deficiency(ies) identified?	None Reported
Type of auditor’s report issued on compliance for major federal program:	Unmodified
Any audit findings disclosed that are required to be reported in accordance with 2CFR 200.516(a)?	No
Identification of major federal program:	
<b>Assistance Listing Number(s)</b>	<b>Name of Federal Program or Cluster</b>
84.425D, 84.425U	COVID 19 – Education Stabilization Fund
Dollar threshold used to distinguish between type A and type B programs:	\$750,000
Auditee qualified as low-risk auditee?	No



# Fair Play R-II School District

## Schedule of Findings and Questioned Costs

Year Ended June 30, 2022

---

### Section II: Financial Statement Findings

#### Material Weakness

##### 2022-001 Segregation of duties

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

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

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

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

*Response:* The limited number of available personnel prohibits segregation of incompatible duties and the District does not have the resources to hire additional accounting personnel. The District does have some mitigating controls in place to offset some of the risks of the lack of segregation of duties.

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

None.

# Fair Play R-II School District

Summary Schedule of Prior Audit Findings

Year Ended June 30, 2022

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## Financial Statement Finding

### Material Weakness

2021-001      *Segregation of Duties*

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

*Status:* Uncorrected

**Administration**

Renee Sagaser, Superintendent  
Phone: (417) 654-2231  
Fax: (417) 654-5028

Josh Dobson, H.S. Principal  
Phone: (417) 654-2232  
Fax: (417) 654-3503

Betty Spitler, Elem. Principal  
Phone: (417) 654-2233  
Fax: (417) 654-2800

**Fair Play R-2 School District**  
"Home of the Hornets"



**301 North Walnut Street**  
**Fair Play, Missouri 65649**  
Fax: (417) 654-5028

**Board of Education**

Paula Bradford, President  
Courtney Welch, V. Pres.  
Tiffany Phillips, Treasurer  
Joyce Dennis, Secretary  
Cindy Bruce, Member  
Jennifer Schwartz, Member  
Lauren West, Member  
Caleb Whaley, Member

**Corrective Action Plan**

November 18, 2022

U.S. Department of Education

Fair Play R-II School District respectfully submits the following corrective action plan for the year ended June 30, 2022. Contact information for the individual responsible for the corrective action:

Dr. David Geurin, Superintendent  
Fair Play R-II School District  
303 N Walnut St  
Fair Play, Missouri 65649

Independent Public Accounting Firm: KPM CPAs, PC, 1445 E. Republic Road, Springfield, MO 65804

Audit Period: Year ended June 30, 2022

The findings from the June 30, 2022, Schedule of Findings and Questioned Costs are discussed below. The findings are numbered consistently with the numbers assigned in the schedule.

**Findings—Financial Statement Audit**

**Material Weakness**

2022-001 Segregation of Duties

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

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

*Completion Date:* Not applicable

Sincerely,

Dr. David Geurin, Superintendent  
Fair Play R-II School District

## Supplementary State Information



## Independent Accountants' Report

Board of Education  
Fair Play R-II School District  
Fair Play, Missouri

We have examined Fair Play R-II School District's compliance with the requirements of Missouri laws and regulations regarding budgetary and disbursement procedures; accurate disclosure of the District's attendance records of average daily attendance, standard day length, resident membership on the last Wednesday of September, pupil transportation records of the average daily transportation of pupils eligible and ineligible for state aid, the number of miles eligible and ineligible for state aid and other statutory requirements as listed in the Schedule of Selected Statistics during the year ended June 30, 2022. Management of Fair Play R-II School District is responsible for the District's compliance with the specified requirements. Our responsibility is to express an opinion on Fair Play R-II School District's compliance based on our examination.

Our examination was conducted in accordance with attestation standards established by the AICPA, and those standards require that we plan and perform the examination to obtain reasonable assurance about whether Fair Play R-II School District complied, in all material respects, with the specified requirements referenced above. An examination involves performing procedures to obtain evidence about whether Fair Play R-II School District complied with the specified requirements. The nature, timing, and extent of the procedures selected depend on our judgment, including an assessment of the risks of material noncompliance, whether due to fraud or error. We believe that our examination provides a reasonable basis for our opinion.

We are required to be independent and to meet our other ethical responsibilities in accordance with relevant ethical requirements relating to the examination engagement.

Our examination engagement does not provide a legal determination on Fair Play R-II School District's compliance with the specified requirements.

In our opinion, Fair Play R-II School District, complied in all material respects, with the aforementioned requirements for the year ended June 30, 2022.

This report is intended solely for the information and use of the Board of Education, District management, and the Missouri Department of Elementary and Secondary Education and is not intended to be, and should not be, used by anyone other than these specified parties.

*KPM CPAs, PC*

KPM CPAs, PC  
Springfield, Missouri  
November 18, 2022

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# Fair Play R-II School District

Schedule of Selected Statistics

Year Ended June 30, 2022

## 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
7500	PK	PK	-	6.85	160.00	1,087.45
4020	K	6	-	6.85	160.00	1,057.45
1050	7	12	-	6.85	160.00	1,057.45

## 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
7500	PK	2,378.80	-	-	-	-	2,378.80
4020	K-6	159,474.20	10,304.20	3,425.95	-	10,890.78	184,095.13
1050	7-12	125,807.30	10,647.77	1,387.82	-	7,564.35	145,407.24
<b>Grand Total</b>	<b>PK - 12</b>	<b>287,660.30</b>	<b>20,951.97</b>	<b>4,813.77</b>	-	<b>18,455.13</b>	<b>331,881.17</b>

## 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
7500	PK	2.00	-	-	2.00
4020	K-6	175.00	5.52	-	180.52
1050	7-12	143.00	1.62	-	144.62
<b>Grand Total</b>	<b>PK – 12</b>	<b>320.00</b>	<b>7.14</b>	-	<b>327.14</b>

# Fair Play R-II School District

## Schedule of Selected Statistics

Year Ended June 30, 2022

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

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

School Code	Free Lunch	Reduced Lunch	DESEG In Free	DESEG In Reduced	Total
4020	172.94	-	-	-	172.94
1050	140.26	-	-	-	140.26
<b>Grand Total</b>	<b>313.20</b>	-	-	-	<b>313.20</b>

### 5. Finance

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

Section	Question	Answer
5.1	The district/charter school maintained a calendar in accordance with 160.041, 171.029, 171.031, and 171.033, RSMo and all attendance hours were reported.	True
5.2	The district/charter school maintained complete and accurate attendance records allowing for the accurate calculation of Average Daily Attendance, 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	N/A
	Career Exploration Program – Off Campus	True
	Cooperative Occupational Education (COE) or Supervised Occupational Experience Program	True
	Dual enrollment	True
	Homebound instruction	True
	Missouri Options	N/A
	Prekindergarten eligible to be claimed for state aid	True
	Remediation	True
	Sheltered Workshop participation	N/A
	Students participating in the school flex program	N/A
	Traditional instruction (full and part-time students)	True
	Virtual instruction (MOCAP or other option)	True
	Work Experience for Students with Disabilities	True
5.3	The district/charter school maintained complete and accurate attendance records allowing for the accurate calculation of September Membership for all students in accordance with all applicable state rules and regulations.	True

## Fair Play R-II School District

### Schedule of Selected Statistics

Year Ended June 30, 2022

5.4	The district/charter school maintained complete and accurate attendance and other applicable records allowing for the accurate reporting of the State FTE count for Free and Reduced Lunch for all students in accordance with all applicable state rules and regulations.	True
5.5	As required by Section 162.401, RSMo, a bond was purchased for the district's/charter school's treasurer in the total amount of:	\$50,000
5.6	The district's/charter school's deposits were secured during the year as required by Sections 110.010 and 110.020, RSMo.	True
5.7	The district maintained a separate bank account for all Debt Service Fund monies in accordance with Section 108.180 and 165.011, RSMo. (Not applicable to charter schools)	True
5.8	Salaries reported for educators in the October MOSIS Educator Core and Educator School files are supported by complete and accurate payroll and contract records.	True
5.9	If a \$162,326 or 7% x SAT x WADA transfer was made in excess of adjusted expenditures, the board approve a resolution to make the transfer, which identified the specific projects to be funded by the transfer and an expected expenditure date for the projects to be undertaken. (Not applicable to charter schools)	N/A
5.10	The district/charter school published a summary of the prior year's audit report within thirty days of the receipt of the audit pursuant to Section 165.121, RSMo.	True
5.11	The district has a professional development committee plan adopted by the board with the professional development committee plan identifying the expenditure of seventy-five percent (75%) of one percent (1%) of the current year basic formula apportionment. Remaining 25% of 1% if not spent must be restricted and spent on appropriate expenditures in the future. Spending requirement is modified to seventy-five percent (75%) of one half percent (1/2%) of the current year basic formula apportionment if through fiscal year 2024 the amount appropriated and expended to public schools for transportation is less than twenty-five percent (25%) of allowable cost. (Not applicable to charter schools.)	True
5.12	The amount spent for approved professional development committee plan activities was:	\$7,947
5.13	The district/charter school has posted, at least quarterly, a searchable expenditure and revenue document or database detailing actual income, expenditures, and disbursement for the current calendar or fiscal year on the district or school website or other form of social media as required by Section 160.066, RSMo.	True

Notes:	

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



# Fair Play R-II School District

## Schedule of Selected Statistics

Year Ended June 30, 2022

Finding:	None
Management Letter Comment:	N/A

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

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

Section	Question	Answer
6.1	The school transportation allowable costs substantially conform to 5 CSR 30-261.040, Allowable Costs for State Transportation Aid.	True
6.2	The district's/charter school's pupil transportation ridership records are maintained in a manner to accurately disclose in all material respects the average number of regular riders transported.	True
6.3	Based on the ridership records, the average number of students (non-disabled K-12, K-12 students with disabilities and career education) transported on a regular basis (ADT) was:	
	Eligible ADT	335.5
	Ineligible ADT	0.0
6.4	The district's/charter school's transportation odometer mileage records are maintained in a manner to accurately disclose in all material respects the eligible and ineligible mileage for the year.	True
6.5	Actual odometer records show the total district/charter-operated and contracted mileage for the year was:	71,661
6.6	Of this total, the eligible non-disabled and students with disabilities route miles and the ineligible non-route and disapproved miles (combined) was:	
	Eligible Miles	56,853
	Ineligible Miles (Non-Route/Disapproved)	14,808
6.7	Number of days the district/charter school operated the school transportation system during the regular school year:	160

Notes:	

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

Finding:	None
Management Letter Comment:	None



Board of Education  
Fair Play R-II School District  
Fair Play, Missouri

In planning and performing our audit of the basic financial statements of the Fair Play R-II School District, for the year ended June 30, 2022, we considered the District's internal control over financial reporting to determine our auditing procedures for the purpose of expressing an opinion on the basic financial statements and not to provide assurance on the internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the District's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. However, as discussed in the 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*, we identified a certain deficiency in internal control over financial reporting that we consider to be a material weakness.

In addition to the material weaknesses discussed in the 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*, we became aware of additional matters to bring to your attention. The following paragraphs summarize our comments and recommendations regarding these matters.

### **1. Cybersecurity**

Cybersecurity threats are increasing, and government entities of all sizes are at risk for a breach of their information systems. With this increase in risk, entities should be continually evaluating risk and taking steps necessary to ensure the security of information systems. Steps include identifying critical information systems, training employees to properly identify threats received in emails or by other means, and adopting internal communication methods other than email.

It is important that entities develop a recovery plan outlining procedures that personnel should follow once a cyber security breach is discovered. Additionally, entities should be aware of any insurance in place to help protect them from liabilities that can occur as the result of a breach.

#### *We Recommend:*

The District continue to evaluate its cybersecurity risks and take the necessary steps to reduce the risk of cybersecurity threats to their information systems. This evaluation should be performed frequently as technology and information systems are continually changing.

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## 2. New Accounting Pronouncements

GASB Statement No. 96 – *Subscription-Based Information Technology Arrangements (SBITAs)* – defines SBITAs and provides accounting and financial reporting for SBITAs by governments, including requiring a government to recognize a subscription liability and an intangible right-to-use subscription asset for SBITAs. To the extent relevant, the standards for SBITAs are based on the standards established in Statement No. 87 – *Leases*. This statement is effective for the fiscal year beginning July 1, 2022.

GASB Statement No. 100 – *Accounting Changes and Error Corrections*, an amendment of GASB Statement No. 62 – defines accounting changes and prescribes the accounting and financial reporting for each type of accounting change and error correction. This statement is effective for the fiscal year beginning July 1, 2023.

GASB Statement No. 101 – *Compensated Absences* – updates the recognition and measurement guidance for compensated absences and amends certain previously required disclosures. This statement is effective for the fiscal year beginning July 1, 2024.

*We Recommend:*

The District examine the new pronouncements to determine the effect these will have on future financial reporting and to ensure successful implementation on the effective dates.

We will review the status of these comments during our next audit engagement. We have already discussed these comments and suggestions with the District's administrative personnel, and we will be pleased to discuss them in further detail, to perform any additional study of these matters, or to assist you in implementing the recommendations.

We appreciate this opportunity to serve as Fair Play R-II School District's independent auditor and the courtesies and assistance extended to us by the District's employees.

Respectfully submitted,

Handwritten signature in black ink that reads "KPM CPAs, PC".

KPM CPAs, PC  
Springfield, Missouri  
November 18, 2022



Board of Education  
Fair Play R-II School District  
Fair Play, Missouri

We have audited the financial statements of the governmental activities and each major fund of the Fair Play R-II School District for the year ended June 30, 2022. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards and *Government Auditing Standards*, as well as certain information related to the planned scope and timing of our audit. We communicated such information in our letter to you dated February 10, 2022. Professional standards also require that we communicate to you the following information related to our audit.

### **Significant Audit Matters**

#### *Qualitative Aspects of Accounting Practices*

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the Fair Play R-II School District are described in Note 1 to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during 2021-2022. We noted no transactions entered into by the District for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events.

The disclosures in the financial statements are neutral, consistent, and clear.

#### *Difficulties Encountered in Performing the Audit*

We encountered no significant difficulties in dealing with management in performing and completing our audit.

#### *Corrected and Uncorrected Misstatements*

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are trivial, and communicate them to the appropriate level of management. We noted no misstatements regarding assets or net position.

#### *Disagreements with Management*

For purposes of this letter, professional standards define a disagreement with management as a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditors' report. We are pleased to report that no such disagreements arose during the course of our audit.

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### *Management Representations*

We have requested certain representations from management that are included in the management representation letter dated November 18, 2022.

### *Management Consultations with Other Independent Accountants*

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a “second opinion” on certain situations. If a consultation involves application of an accounting principle to the District’s financial statements or a determination of the type of auditors’ opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

### *Other Audit Findings or Issues*

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the District’s auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

### **Other Matters**

We were engaged to report on the Schedule of Receipts by Source, Schedule of Disbursements by Object, Schedule of Transportation Costs Eligible for State Aid, and the Schedule of Expenditures of Federal Awards, which accompany the financial statements. With respect to this supplementary information, we made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine that the information complies with the modified cash basis of accounting, the method of preparing it has not changed from the prior period, and the information is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the supplementary information to the underlying accounting records used to prepare the financial statements or to the financial statements themselves.

We were not engaged to report on the budgetary comparison schedules which accompanies the financial statements. Such information has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

### **Restriction on Use**

This information is intended solely for the use of the Board of Education and management of the Fair Play R-II School District and is not intended to be, and should not be, used by anyone other than these specified parties.

Sincerely,



KPM CPAS, PC  
Springfield, Missouri  
November 18, 2022