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***SCHOOL DISTRICT OF JENNINGS***  
***FINANCIAL STATEMENTS***  
***AND INDEPENDENT AUDITORS' REPORTS***  
***AND SUPPLEMENTARY INFORMATION***

***JUNE 30, 2023***

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**INDEPENDENT AUDITORS' REPORT**

To the Members of the Board of Education  
School District of Jennings

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

***Qualified and Unmodified Opinions***

We have audited the accompanying modified cash basis financial statements of the governmental activities and each major fund of the School District of Jennings (the "District") as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

***Summary of Opinions***

<u>Opinion Unit</u>	<u>Type of Opinion</u>
Governmental activities	Qualified
General fund	Qualified
Special revenue fund	Qualified
Debt service fund	Unmodified
Capital projects fund	Unmodified

***Qualified Opinions on Governmental Activities, General Fund, and Special Revenue Fund***

In our opinion, except for the effects of the matter described in the Basis for Qualified and Unmodified Opinions section of our report, the financial statements referred to above present fairly, in all material respects, the financial position - modified cash basis of the governmental activities, General Fund, and Special Revenue Fund of the District as of June 30, 2023, and the changes in financial position - modified cash basis thereof for the year then ended in conformity with the basis of accounting described in Note 1.

***Unmodified Opinions on Debt Service Fund and Capital Projects Fund***

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position - modified cash basis of the Debt Service Fund and Capital Projects Fund of the District as of June 30, 2023, and the respective changes in financial position - modified cash basis for the year then ended in conformity with the modified cash basis of accounting described in Note 1.

### ***Basis for Qualified and Unmodified 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 Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the 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.

### ***Matter Giving Rise to the Qualified Opinion on Governmental Activities, General Fund, and Special Revenue Fund***

Management has included an accrued payroll liability for payments that will be made to certain employees in July and August of the next fiscal year, as described in Note 1 to the financial statements. In our opinion, these transactions are not initially derived from cash receipts or cash disbursements of the current year; and therefore, do not meet the criteria to be recorded under the modified cash basis of accounting. If the financial statements were corrected to exclude these departures from the modified cash basis of accounting, the effects would (1) reduce liabilities, reduce expenditures and increase fund balance in the General Fund by \$260,398, (2) reduce liabilities, reduce expenditures and increase fund balance in the Special Revenue Fund by \$1,791,980, and (3) reduce liabilities, reduce expenses and increase net position of the governmental activities by \$2,052,378.

### ***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 that matter.

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

### ***Auditors' 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 budgetary comparison schedules and related notes are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and is also not a required part of the basic financial statements.

The schedule of expenditures of federal awards – modified cash basis 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. Such 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 expenditures of federal awards is fairly stated in all material respects in relation to the basic financial statements as a whole.

The budgetary comparison schedules and related notes and schedule of selected statistics, except for the budgetary procedures and pupil attendance records, 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.

**Other Reporting Required Under *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated December 8, 2023 on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

*Houkamp, P.C.*

St. Louis, Missouri  
December 8, 2023

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**Basic Financial Statements**

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**SCHOOL DISTRICT OF JENNINGS**

**STATEMENT OF NET POSITION - MODIFIED CASH BASIS  
JUNE 30, 2023**

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	<b><u>Governmental Activities</u></b>
<b>-- ASSETS --</b>	
Cash and investments	\$ 19,603,127
Restricted cash and investments	418,227
<b>TOTAL ASSETS</b>	<b>\$ 20,021,354</b>
<b>-- LIABILITIES --</b>	
Accrued payroll	\$ 2,052,378
<b>-- NET POSITION --</b>	
Restricted for:	
Teacher salaries and benefits	2,257,618
Debt service	803,543
Food services	791,017
Unrestricted	14,116,798
<b>Total Net Position</b>	<b>17,968,976</b>
<b>TOTAL LIABILITIES AND NET POSITION</b>	<b>\$ 20,021,354</b>

See accompanying notes to basic financial statements

**SCHOOL DISTRICT OF JENNINGS**

**STATEMENT OF ACTIVITIES – MODIFIED CASH BASIS  
FOR THE YEAR ENDED JUNE 30, 2023**

	Program Revenues				Net (Expense)
	Expenses	Charges for Services and Sales	Operating Grants and Contributions	Capital Grants and Contributions	Revenue and
					Changes in Net Position
					Total Governmental Activities
<b>GOVERNMENTAL ACTIVITIES:</b>					
Instruction	\$ 15,871,586	\$ 171,666	\$ 6,343,801	\$ -	\$ (9,356,119)
Guidance	912,029	-	66,163	-	(845,866)
Health and other services	403,157	-	1,000	-	(402,157)
Improvement of instruction	220,902	-	-	-	(220,902)
Professional development	155,208	-	33,074	-	(122,134)
Media services	345,831	-	-	-	(345,831)
Board of Education services	76,025	-	-	-	(76,025)
Executive administration	2,841,563	-	-	-	(2,841,563)
Building level administration	1,942,241	-	111,294	-	(1,830,947)
Operation of plant	3,931,667	6,528	-	22,642	(3,902,497)
Pupil transportation	499,635	-	342,806	-	(156,829)
Food services	1,821,980	110,416	2,214,309	-	502,745
Business and central services	397,446	-	-	-	(397,446)
Security services	634,395	-	250,000	-	(384,395)
Community services	2,155,981	-	1,010,975	-	(1,145,006)
Facilities acquisition and construction	54,913	-	-	-	(54,913)
Debt service:					
Principal	1,122,865	-	-	-	(1,122,865)
Interest	357,606	-	-	-	(357,606)
Other	10,909	-	-	-	(10,909)
<b>TOTAL GOVERNMENTAL ACTIVITIES</b>	<b>\$ 33,755,939</b>	<b>\$ 288,610</b>	<b>\$ 10,373,422</b>	<b>\$ 22,642</b>	<b>(23,071,265)</b>
			<b>General Revenues</b>		
			Taxes:		
			Property		6,763,253
			Sales		3,449,581
			Other		569,985
			State aid		14,803,500
			Fines and escheats		23,687
			State assessed utilities		388,118
			Investment income		672,310
			Other		2,000
			<b>TOTAL GENERAL REVENUES</b>		<b>26,672,434</b>
			<b>CHANGE IN NET POSITION</b>		<b>3,601,169</b>
			<b>NET POSITION, BEGINNING OF YEAR</b>		<b>14,367,807</b>
			<b>NET POSITION, END OF YEAR</b>		<b>\$ 17,968,976</b>

See accompanying notes to basic financial statements

**SCHOOL DISTRICT OF JENNINGS**

**BALANCE SHEET - MODIFIED CASH BASIS - GOVERNMENTAL FUNDS  
JUNE 30, 2023**

	<b>General Fund</b>	<b>Special Revenue Fund</b>	<b>Debt Service Fund</b>	<b>Capital Projects Fund</b>	<b>Total Governmental Funds</b>
<b>-- ASSETS --</b>					
<b>ASSETS:</b>					
Cash and investments	\$ 13,596,901	\$ 4,049,598	\$ 385,316	\$ 1,571,312	\$ 19,603,127
Restricted cash and investments	-	-	418,227	-	418,227
<b>TOTAL ASSETS</b>	<b>\$ 13,596,901</b>	<b>\$ 4,049,598</b>	<b>\$ 803,543</b>	<b>\$ 1,571,312</b>	<b>\$ 20,021,354</b>
<b>-- LIABILITIES --</b>					
<b>LIABILITIES:</b>					
Accrued payroll	\$ 260,398	\$ 1,791,980	\$ -	\$ -	\$ 2,052,378
<b>Total Liabilities</b>	<b>260,398</b>	<b>1,791,980</b>	<b>-</b>	<b>-</b>	<b>2,052,378</b>
<b>-- FUND BALANCES --</b>					
<b>FUND BALANCES:</b>					
Restricted for:					
Teacher salaries and benefits	-	2,257,618	-	-	2,257,618
Debt service	-	-	803,543	-	803,543
Food services	791,017	-	-	-	791,017
Assigned for:					
Capital projects	-	-	-	1,571,312	1,571,312
Unassigned	12,545,486	-	-	-	12,545,486
<b>Total Fund Balances</b>	<b>13,336,503</b>	<b>2,257,618</b>	<b>803,543</b>	<b>1,571,312</b>	<b>17,968,976</b>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<b>\$ 13,596,901</b>	<b>\$ 4,049,598</b>	<b>\$ 803,543</b>	<b>\$ 1,571,312</b>	<b>\$ 20,021,354</b>

See accompanying notes to basic financial statements

**SCHOOL DISTRICT OF JENNINGS**

**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN  
FUND BALANCES – MODIFIED CASH BASIS – GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED JUNE 30, 2023**

	<b>General Fund</b>	<b>Special Revenue Fund</b>	<b>Debt Service Fund</b>	<b>Capital Projects Fund</b>	<b>Total Governmental Funds</b>
<b>REVENUES:</b>					
Local sources:					
Property taxes	\$ 5,622,335	\$ -	\$ 1,076,196	\$ 64,722	\$ 6,763,253
Sales taxes	2,155,988	1,293,593	-	-	3,449,581
Investment income	413,646	247,922	10,711	31	672,310
Food service	110,416	-	-	-	110,416
Other local	286,074.00	-	-	558,364	844,438
Total local	8,588,459	1,541,515	1,086,907	623,117	11,839,998
County sources:					
State assessed utilities	361,685	-	26,433	-	388,118
Fines and escheats	-	23,687	-	-	23,687
Total county	361,685	23,687	26,433	-	411,805
State sources:					
Basic formula	4,444,558	10,358,942	-	-	14,803,500
State grants and contributions	300,755	-	-	-	300,755
Total state	4,745,313	10,358,942	-	-	15,104,255
Federal sources	4,124,182	5,854,226	-	-	9,978,408
<b>Total Revenues</b>	17,819,639	17,778,370	1,113,340	623,117	37,334,466
<b>EXPENDITURES:</b>					
Current:					
Instruction	2,916,633	12,954,953	-	-	15,871,586
Guidance	78,222	833,807	-	-	912,029
Health and other services	403,157	-	-	-	403,157
Improvement of instruction	140,937	79,965	-	-	220,902
Professional development	147,741	7,467	-	-	155,208
Media services	107,355	238,476	-	-	345,831
Board of Education services	76,025	-	-	-	76,025
Executive administration	2,072,242	769,321	-	-	2,841,563
Building level administration	672,051	1,270,190	-	-	1,942,241
Operation of plant	3,931,667	-	-	-	3,931,667
Pupil transportation	499,635	-	-	-	499,635
Food services	1,821,980	-	-	-	1,821,980
Business and central services	397,353	93	-	-	397,446
Security services	634,395	-	-	-	634,395
Community services	1,185,093	970,888	-	-	2,155,981
Capital outlay	-	-	-	54,913	54,913
Debt service:					
Principal	-	-	975,000	147,865	1,122,865
Interest	-	-	349,300	8,306	357,606
Other	-	-	10,909	-	10,909
<b>Total Expenditures</b>	15,084,486	17,125,160	1,335,209	211,084	33,755,939

See accompanying notes to basic financial statements

**SCHOOL DISTRICT OF JENNINGS**

**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN  
FUND BALANCES – MODIFIED CASH BASIS – GOVERNMENTAL FUNDS (CONTINUED)  
FOR THE YEAR ENDED JUNE 30, 2023**

	<b>General Fund</b>	<b>Special Revenue Fund</b>	<b>Debt Service Fund</b>	<b>Capital Projects Fund</b>	<b>Total Governmental Funds</b>
<b>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</b>	2,735,153	653,210	(221,869)	412,033	3,578,527
<b>OTHER FINANCING SOURCES:</b>					
Proceeds from sale of capital assets	4,426	-	-	18,216	22,642
<b>Total Other Financing Sources</b>	4,426	-	-	18,216	22,642
<b>NET CHANGE IN FUND BALANCES</b>	2,739,579	653,210	(221,869)	430,249	3,601,169
<b>FUND BALANCES, BEGINNING OF YEAR</b>	10,596,924	1,604,408	1,025,412	1,141,063	14,367,807
<b>FUND BALANCES, END OF YEAR</b>	\$ 13,336,503	\$ 2,257,618	\$ 803,543	\$ 1,571,312	\$ 17,968,976

See accompanying notes to basic financial statements

**SCHOOL DISTRICT OF JENNINGS**

**NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2023**

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**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The School District of Jennings (the "District") operates under the regulations pursuant to Section 162.092 RSMo of the Public School Laws of Missouri, which designates a Board of Education to act as the governing authority. The District provides educational services.

As discussed further in Note 1 under "Basis of Accounting," these financial statements are presented on the modified cash basis of accounting. This modified cash basis of accounting differs from accounting principles generally accepted in the United States of America ("GAAP").

Principles Determining the Scope of Reporting Entity

The basic financial statements of the District consist only of the funds of the District. The District has no financial accountability for any other governmental entity, since no other entities are considered to be controlled by or dependent on the District. Control or dependence is determined on the basis of budget adoption, taxing authority, funding, and appointment of the respective board. In addition, the District is not aware of any entity which would exercise such oversight that would result in the District being considered a component unit of the entity.

Additionally, while the parent-teacher organizations of the District's schools may be considered to be part of the financial reporting entity of the District under governmental standards, the balances and activities of such organizations have not been included in these financial statements due to their overall immateriality to the District.

Fund Accounting

The accounts of the District are organized on the basis of legally established funds, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues and expenditures. District resources are allocated to, and accounted for in, individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled. The following fund types are used by the District:

Governmental Funds

Governmental funds are those through which most functions of the District are financed. The District's expendable financial resources are accounted for through governmental funds. The measurement focus is upon determination of changes in financial position rather than upon net income determination. The following are the District's governmental fund types, each of which the District considers to be a major fund:

General Fund - The General Fund is the general operating fund of the District and accounts for expenditures for non-certified employees, pupil transportation costs, operation of plant, fringe benefits, student body activities, community services, the food service program and any expenditures not required or permitted to be accounted for in other funds.

## SCHOOL DISTRICT OF JENNINGS

### *Notes to Basic Financial Statements (continued)*

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Special Revenue Fund - The Special Revenue Fund accounts for revenues derived from specific taxes or other earmarked revenue sources. The Special Revenue Fund accounts for expenditures for certified employees involved in administration and instruction, and includes revenues restricted by the state and local tax levy allocations for the payment of teacher salaries and certain benefits.

Debt Service Fund - The Debt Service Fund is used to account for the accumulation of resources for and the payment of principal, interest and fiscal charges on long-term debt.

Capital Projects Fund - The Capital Projects Fund is used to account for the proceeds of long-term debt, taxes and other revenues designated for acquisition or construction of major capital assets and all other capital outlay.

### Basis of Presentation

#### *Government-wide Financial Statements:*

The statement of net position and the statement of activities present financial information about the District as a whole. These statements include the financial activities of the primary government. Governmental activities are generally financed through taxes, intergovernmental revenues, and other nonexchange transactions.

The statement of net position presents the financial condition of the governmental activities of the District at year end. The statement of activities presents a comparison between direct expenses and program revenues for each function of the District's governmental activities. Direct expenses are those that are specifically associated with and are clearly identifiable to a particular function. Amounts reported as *program revenues* include (a) charges paid by the students for tuition, fees, or goods and services offered by the programs and (b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues not classified as *program revenues* are presented as general revenues and include all property taxes. The comparison of direct expenses with program revenues identifies the extent to which each governmental function is self-financing or draws from the general revenues of the District.

#### *Fund Financial Statements:*

The fund financial statements provide information about the District's funds. A balance sheet and statement of revenues, expenditures, and changes in fund balances are presented. The emphasis of fund financial statements is on *major* governmental funds, each displayed in a separate column. The District considers each of its funds to be major.

### Basis of Accounting

Basis of accounting determines when transactions are recorded in the financial records and reported on the financial statements. Government-wide financial statements and fund financial statements are prepared using a modified cash basis of accounting. This basis of accounting recognizes assets, net position/fund equity, revenues, and expenditures/expenses when they result from cash transactions, except that purchases of investments are recorded as assets. This basis is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

**SCHOOL DISTRICT OF JENNINGS**

*Notes to Basic Financial Statements (continued)*

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As a result of the use of this modified cash basis of accounting, certain assets (such as accounts receivable and capital assets), certain revenues (such as revenue for billed or provided services not yet collected), certain liabilities (such as accounts payable, general obligation bonds and obligations under capital leases) and certain expenses (such as expenses for goods or services received but not yet paid) 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 and all government-wide financial statements would be presented on the accrual basis of accounting.

Property Taxes

Property taxes are levied annually in November based on the assessed valuation of all real and personal property located in the District as of the previous January 1 and are due and collectible on December 31. Property taxes become delinquent and attach as an enforceable lien on property as of January 1 of the following year. St. Louis County collects the property tax and remits it to the District.

The assessed valuation of the tangible taxable property for the calendar years 2022 and 2021 for purposes of local taxation was \$112,354,820 and \$101,419,990, respectively.

The tax levy per \$100 of the assessed valuation of tangible taxable property for the calendar years 2022 and 2021 for purposes of local taxation was:

	<b>December 31, 2022</b>		<b>December 31, 2021</b>
General Fund	\$ 5.2406	\$	4.1426
Debt Service Fund	0.9900		0.9900
Capital Projects Fund	-		0.9900
<b>Total</b>	<b>\$ 6.2306</b>	<b>\$</b>	<b>6.1226</b>

The receipts of current and delinquent property taxes during the year ended June 30, 2023, aggregated approximately 97 percent of the current and delinquent assessment computed on the basis of the levy as shown above.

Sales Taxes

The District receives sales taxes collected by the state from a one cent state sales tax. 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's taxpayers have voted to permanently waive this property tax rollback.

Pooled Cash and Temporary Investments

Cash resources are combined to form a pool of cash and temporary investments that is available for use by all funds, with the exception of resources for the Debt Service Fund, as state law requires these deposits to be separately maintained.



## **SCHOOL DISTRICT OF JENNINGS**

### *Notes to Basic Financial Statements (continued)*

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Under state law, the District may invest in United States Treasury bills, United States Treasury notes, bonds, government agency and instrumentality obligations, repurchase agreements collateralized by government securities, time certificates of deposit, bankers' acceptances issued by domestic commercial banks and commercial paper issued by domestic corporations. Investments are reported at cost value.

Interest income earned is allocated to contributing funds based on each fund's proportionate share of funds invested.

See Footnote 2, Cash and Investments.

#### **Restricted Cash and Investments**

Restricted cash and investments represent amounts whose use is limited by legal requirements. In the Debt Service Fund, restricted cash and investments consist of amounts escrowed for future general obligation bond principal and interest payments in conjunction with the Missouri School District Direct Deposit Program as discussed in Note 2 and Note 3.

#### **Accrued Payroll**

Accrued payroll includes wages and related taxes for payments that are related to employees' current contract year but will be paid in July and August of the next fiscal year. Accrued payroll also includes amounts related to employees' tax-deferred flexible spending accounts that have been withheld from employee paychecks but have not yet been reimbursed to employees for qualifying eligible expenses.

#### **Governmental Fund Balances**

In the governmental fund financial statements, the following classifications are used to define the governmental fund balances:

**Nonspendable** – This consists of the governmental fund balances that are not in spendable form or legally or contractually required to be maintained intact. The District has no nonspendable fund balances as of June 30, 2023.

**Restricted** – This consists of the governmental fund balances that are legally restricted by outside parties or by law through constitutional provisions or enabling legislation. At June 30, 2023, the District's restricted fund balances include amounts restricted for teacher salaries and benefits, debt service, and food service.

**Committed** – This consists of the governmental fund balances that can only be used for specific purposes pursuant to constraints imposed by formal action (resolution) of the Board of Education, the District's highest level of decision-making authority. The District has no committed fund balances as of June 30, 2023.

**Assigned** – This consists of the governmental fund balances that are intended to be used for specific purposes by the Board of Education. The District's assigned fund balance consists of amounts assigned for capital projects.

**Unassigned** – This consists of the governmental fund balances that do not meet the definition of "nonspendable," "restricted," "committed," or "assigned."

## **SCHOOL DISTRICT OF JENNINGS**

### *Notes to Basic Financial Statements (continued)*

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When restricted and other fund balance resources are available for use, it is the District's policy to use restricted resources first, followed by committed, assigned, and unassigned amounts, respectively.

#### Net Position

Net position represents the difference between assets and liabilities. Net position is reported as restricted when there are limitations imposed on its use either through enabling legislation adopted by the District or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. All other net position is reported as unrestricted. The District applies restricted resources first when an expense is incurred for purposes for which both restricted and unrestricted net position is available. At June 30, 2023, net position was restricted for teacher salaries and benefits, debt service, and food service.

#### Interfund Activity

Interfund transfers are reported as other financing sources/uses in governmental funds. Repayments from funds responsible for particular expenditures to the funds that initially paid for them are not presented in the financial statements.

During the current year, the District did not make any interfund transfers.

#### Extraordinary and Special Items

Extraordinary items are transactions or events that are both unusual in nature and infrequent in occurrence. Special items are transactions or events that are within the control of the Board of Education and are either unusual in nature or infrequent in occurrence. Neither type of transaction occurred during the year ended June 30, 2023.

#### Estimates

The preparation of these financial statements requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results may differ from those estimates.

#### Implementation of New Guidance

During the year ended June 30, 2023, the District implemented the provisions of GASB Statement No. 96, *Subscription-Based Information Technology Arrangements* as applicable to the modified cash basis of accounting.

## **2. CASH AND INVESTMENTS**

The District is governed by the deposit and investment limitations of state law, as described in Note 1.

The District participates in the Missouri Direct Deposit Program, which is a mechanism for public school bond repayments through the MOHEFA Bond Program. It authorizes the direct deposit of a portion of the District's state aid payments from the State of Missouri to a trustee bank that accumulates these payments and then makes the principal and interest payments to the paying agent on the bonds. The direct deposits occur monthly and the balance is withdrawn every six months to

## SCHOOL DISTRICT OF JENNINGS

### Notes to Basic Financial Statements (continued)

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pay the debt service requirements of the related bond issues. At June 30, 2023, the District had \$418,227 in this program, which has been included in investments.

The District also participates in the Missouri Securities Investment Program ("MOSIP"). MOSIP is an external investment pool in which a district's monies are pooled with other districts' monies to purchase investments that are permitted by state statutes. The District's monies are used to purchase a pro-rata share of the pool. A board of directors comprised of Missouri school administrators, school board members, and school business officials provides governance and oversight of MOSIP's operations. The board seeks to maintain a stable net asset value of \$1 per share. A separately issued financial statement can be obtained by contacting 1-877-MY-MOSIP.

The deposits and investments held at June 30, 2023, reported at cost, are as follows:

<u>Type</u>	<u>Maturities</u>	<u>Cost</u>
Deposits:		
Demand deposits	N/A	\$ 190,848
Certificates of deposit	N/A	<u>2,480,000</u>
<b>Total Deposits</b>		<u>2,670,848</u>
Investments:		
Money market mutual funds	Less than 1 year	16,932,279
External investment pool (MOSIP)	Less than 1 year	<u>418,227</u>
<b>Total Investments</b>		<u>17,350,506</u>
<b>Total Deposits and Investments</b>		<u><u>\$ 20,021,354</u></u>

#### Custodial Credit Risk - Deposits

For a deposit, custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it. The District's bank deposits are required by state law to be secured by the deposit of certain securities specified at RSMo 30.270. The value of the securities must be at least equal to the total of the District's deposits not insured by FDIC. As of June 30, 2023, none of the District's bank balance of \$190,848 was exposed to custodial credit risk.

#### Custodial Credit Risk - Investments

For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the District will not be able to recover the value of its investment or collateral securities that are in the possession of an outside party. Investment securities are exposed to custodial credit risk if the securities are uninsured, are not registered in the name of the District, and are held by the party who sold the security to the District or the seller's agent but not in the District's name. The District does not have a policy addressing custodial credit risk for investments. At June 30, 2023, all of the District's investments, evidenced by individual securities, are registered in the name of the District or of a type that are not exposed to custodial credit risk.

**SCHOOL DISTRICT OF JENNINGS**

*Notes to Basic Financial Statements (continued)*

Investment Interest Rate Risk

Investment interest rate risk is the risk that the market value of securities in the portfolio will fall due to changes in general interest rates. The District does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses. Maturities of investments held at June 30, 2023 are provided in the schedule above.

Investment Credit Risk

The District has policies in place to minimize credit risk, the risk of loss due to the failure of the security issuer or backer, by pre-qualifying the institution with which the District will do business and by diversifying the portfolio so that potential losses on individual securities will be minimized.

At June 30, 2023, the District's investments were rated as follows:

<b>Description</b>	<b>Financial Institution</b>	<b>Amount</b>	<b>Rating</b>
External investment pool - MOSIP Money Market	MOSIP	\$ 418,227	AAAm
Money market mutual funds - MOHEFA	BOK Financial	16,932,279	AAAm

Concentration of Investment Credit Risk

Concentration of credit risk is required to be disclosed by the District for any single investment that represents 5 percent or more of total investments (excluding investments issued by or explicitly guaranteed by the U.S. Government, investments in mutual funds, investments in external investment pools and investments in other pooled investments). The District does not have a policy limiting the amount it may invest in any one issuer. At June 30, 2023, the District did not have any investments subject to this disclosure.

**3. LONG-TERM DEBT**

For the year ended June 30, 2023, the following changes occurred in long-term debt:

	<b>Balance July 1, 2022</b>	<b>Additions</b>	<b>Retirements</b>	<b>Balance June 30, 2023</b>	<b>Amounts Due Within One Year</b>
Bonds payable	\$ 10,470,000	\$ -	\$ 975,000	\$ 9,495,000	\$ 590,000
Totals	\$ 10,470,000	\$ -	\$ 975,000	\$ 9,495,000	\$ 590,000

**SCHOOL DISTRICT OF JENNINGS**

*Notes to Basic Financial Statements (continued)*

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Payments on bonds payable are made from the Debt Service Fund.

Bonds Payable

Bonds payable at June 30, 2023 consist of the following:

\$7,805,000 General Obligation Refunding Bonds Series 2016, due in varying installments through March 2036, interest at 2.00% to 4.00%	\$ 5,770,000
\$4,445,000 General Obligation Refunding Bonds Series 2020, due in varying installments through March 2031, interest at 3.00% to 4.00%	<u>3,725,000</u>
Total Bonds Payable	<u><u>\$ 9,495,000</u></u>

The annual requirements to amortize bonded debt outstanding as of June 30, 2023 are as follows:

<b>Year Ending June 30,</b>	<b>Principal</b>	<b>Interest</b>	<b>Total</b>
2024	\$ 590,000	\$ 326,050	\$ 916,050
2025	620,000	304,850	924,850
2026	250,000	280,050	530,050
2027	660,000	270,050	930,050
2028	695,000	245,250	940,250
2029-2033	3,960,000	853,600	4,813,600
2034-2036	2,720,000	124,050	2,844,050
Total	<u>\$ 9,495,000</u>	<u>\$ 2,403,900</u>	<u>\$ 11,898,900</u>

Repayment of all bond issues is made through the Missouri District Direct Deposit Program, as discussed in Note 2.

Defeasance of Debt

During the year ended June 30, 2023, the District defeased a portion of the Series 2016 General Obligation Refunding Bonds by placing cash of approximately \$390,000 in an account with UMB Bank, N.A., the escrow agent for the defeasance. Principal and interest from the deposit has been determined sufficient to retire the principal and interest on the defeased debt. At June 30, 2023, \$400,000 of bonds remained outstanding and are considered defeased.

## SCHOOL DISTRICT OF JENNINGS

### Notes to Basic Financial Statements (continued)

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#### Legal Debt Margin

Article VI, Section 26(b), Constitution of Missouri, limits the outstanding amount of authorized general obligation bonds of the District to fifteen percent (15 percent) of the assessed valuation of the District (including state assessed railroad and utilities). The legal debt margin of the District, computed excluding the assessed valuation of state assessed railroad and utilities, at June 30, 2023, was:

Constitutional debt limit	\$ 16,853,223
General obligation bonds payable	(9,495,000)
Amount available in Debt Service Fund	<u>803,543</u>
	<u>\$ 8,161,766</u>

#### Leases

At June 30, 2023, the District is obligated under two lease agreements.

During fiscal year 2020, the District entered into a lease purchase agreement with a company for various office equipment. The lease is for a total of \$127,925 and calls for monthly payments of \$2,814 at an interest rate of approximately 11.5 percent. The final payment under this lease is due in July 2024.

During fiscal year 2022, the District entered into a lease purchase agreement with a company for various office equipment. The lease is for a total of \$13,752 and calls for monthly payments of \$303 at an interest rate of approximately 11.5 percent. The final payment under this lease is due in September 2024.

Payments on leases payable are made from the Capital Projects Fund.

The annual requirements to retire the leases described above are as follows:

<b>Year Ending June 30,</b>	<b>Principal</b>	<b>Interest</b>	<b>Total</b>
2024	\$ 35,074	\$ 2,328	\$ 37,402
2025	891	17	908
Total	<u>\$ 35,965</u>	<u>\$ 2,345</u>	<u>\$ 38,310</u>

## SCHOOL DISTRICT OF JENNINGS

*Notes to Basic Financial Statements (continued)*

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### 4. RETIREMENT PLANS

#### **Public School and Education Employee Retirement Systems of Missouri (PSRS and PEERS also referred to as the Systems)**

##### General Information about the Pension Plans

*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-third's statute." PSRS members required to contribute to Social Security are required to contribute two-thirds of the approved PSRS contribution rate and their employer is required to match the contribution. The members' benefits are further calculated at two-thirds the normal benefit amount.

PEERS is a mandatory cost-sharing multiple employer retirement system for all non-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 PSRS must contribute to PEERS. Employees of PSRS who do not hold Missouri educator certificates also contribute to PEERS. PEERS was established as a trust fund by an Act of the Missouri General Assembly effective October 13, 1965. Statutes governing the System are found in Sections 169.600-169.715 and Sections 169.560-169.595 RSMo. The statutes place responsibility for the operation of PEERS on the Board of Trustees of 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 5 years of service, (b) have 30 years of service, or (c) qualify for benefits under the "Rule of 80" (service and age total at least 80) are entitled to a monthly benefit for life, which is calculated using a 2.5% benefit factor. Actuarially age-reduced benefits are available for members with five to 24.9 years of service at age 55. Members who are younger than age 55 and who do not qualify under the "Rule of 80" but have between 25 and 29.9 years of service may retire with a lesser benefit factor. Members that are three years beyond normal retirement can elect to have their lifetime monthly benefits actuarially reduced in exchange for the right to also receive a one-time partial lump sum (PLSO) payment at retirement equal to 12, 24, or 36 times the Single Life benefit amount.

PEERS is a defined benefit plan providing retirement, disability, and death 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

## SCHOOL DISTRICT OF JENNINGS

### *Notes to Basic Financial Statements (continued)*

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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 lifetime monthly benefits actuarially reduced in exchange for the right to also receive a one-time partial lump sum ("PLSO") payment at retirement equal to 12, 24, or 36 times the Single Life benefit amount.

Summary Plan Descriptions detailing the provisions of the plans can be found on the Systems' website at [www.psr-peers.org](http://www.psr-peers.org).

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

- If the June to June change in the Consumer Price Index for All Urban Consumers ("CPI-U") is less than 2% for consecutive one-year periods, a cost of living increase of 2% will be granted when the cumulative increase is equal to or greater than 2%, at which point the cumulative increase in the CPI-U will be reset to zero. For the following year, the starting CPI-U will be based on the June value immediately preceding the January 1 at which the 2% cost-of-living increase is granted.
- If the June to June change in the CPI-U is greater than or equal to 2%, but less than 5%, a cost-of-living increase of 2% will be granted.
- If the June to June change in the CPI-U is greater than or equal to 5%, a cost-of-living increase of 5% will be granted.
- If the CPI decreases, no COLA is provided.

For any PSRS member retiring on or after July 1, 2001, such adjustments commence on the second January after commencement of benefits and occur annually thereafter. For PEERS 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 2021, 2022, and 2023. Employers were required to match the contributions made by employees. The contribution rate is set each year by the PSRS Board of Trustees upon the recommendation of the independent actuary within the contribution restrictions set in Section 169.030 RSMo. The annual statutory increase in the total contribution rate may not exceed 1% of pay.

PEERS members were required to contribute 6.86% of their annual covered salary during fiscal years 2021, 2022, and 2023. 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 \$2,066,467 and \$364,357, respectively, for the year ended June 30, 2023.



## **SCHOOL DISTRICT OF JENNINGS**

*Notes to Basic Financial Statements (continued)*

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### **5. EMPLOYEE BENEFIT PLANS**

The District offers its employees a tax-sheltered annuity program created in accordance with Internal Revenue Code Section 403(b). The plan, available to all District employees, permits them to defer a portion of their salary for investment purposes. The District also offers its employees medical, dental, and life insurance coverage.

### **6. INSURANCE PROGRAM**

The District, along with various other local school districts, participates in the Missouri United School Insurance Council ("MUSIC"), an insurance association for workers' compensation, general liability, and property and casualty insurance. The purpose of MUSIC is to distribute the cost of self-insurance over similar entities.

MUSIC requires an annual premium payment to cover estimated claims payable and reserves for claims from each entity. The members of MUSIC have no legal interest in the assets, liabilities, or fund balances of the insurance association. However, the District retains a contingent liability to fund its pro rata share of any deficit incurred by MUSIC should it cease operations at some future date. The District's premium assessment from MUSIC for 2023 was \$456,392. There were no significant reductions in insurance coverage and settled claims have not exceeded insurance coverage in any of the past three years.

### **7. COMMITMENTS AND CONTINGENCIES**

#### Compensated Absences

Vacation time, personal days and sick leave are considered expenditures in the year paid. Employees may not carry forward vacation time. Earned but unused vacation time is paid to all employees upon termination. The amount of unpaid sick leave and vacation, which is not included in the accompanying financial statements, has not been calculated by the District.

#### Grants

The District receives revenues under various federal and state grant programs which are required to be expended in accordance with regulatory restrictions. These grants are subject to audit by the granting agencies. Such audits could result in request for reimbursement to grantor agencies for expenditures disallowed under the terms of the grants. However, in the District's opinion, any adjustments or settlements that may arise from these audits would not have a material adverse effect on the overall financial position of the District. In addition, while the District may have grant expenditures that have yet to be reimbursed or grant receipts that have yet to be expended at June 30, 2023, any related grant receivables or deferrals are not reflected in the accompanying financial statements.

## **SCHOOL DISTRICT OF JENNINGS**

### *Notes to Basic Financial Statements (continued)*

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#### Legal Matters

The District is involved in various lawsuits and other legal matters. While in the District's opinion, based on consultation with legal counsel, these items will be resolved with no material adverse effect on the District, the results of the proceedings have yet to be finalized.

#### **8. POST EMPLOYMENT BENEFITS**

In addition to the pension benefits described in Note 4, the District allows employees who retire from the District to participate in the District's health and dental insurance plans. Upon meeting the retirement requirements under PSRS or PEERS, the employees can elect to participate in the District's plans. The retirees must pay for 100 percent of their coverage for each plan in which they elect to participate. The premiums are based on a single blended rate used for both active employees and retirees. The difference between the amount the retiree is required to pay and the actual cost to the District is considered to be a post-employment benefit. The District has not established an irrevocable trust fund for the accumulation of resources for the future payment of benefits under the plan; benefits are paid on a pay as you go basis. A stand alone financial report is not available for the plan. As of June 30, 2023, 147 retirees were participating in the District's health or dental insurance plans.

**SCHOOL DISTRICT OF JENNINGS**

*Notes to Basic Financial Statements (continued)*

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**9. TAX ABATEMENTS**

As of June 30, 2023, the District is subject to the following tax abatement programs initiated by other governmental entities:

	<b><u>Real Estate Tax &amp; Surcharge</u></b>
City of Hazelwood	\$ 9,144
City of Jennings	8,635
St. Louis County	6,780
City of Clayton	2,804
City of Kinloch	2,107
City of Bridgeton	959
Port Authority	838
City of Edmundson	507
City of Frontenac	470
City of Brentwood	460
City of Maryland Heights	340
City of Richmond Heights	255
City of Maplewood	253
City of Ferguson	217
City of Overland	173
City of Bellerive	137
City of Eureka	135
City of Rock Hill	74
City of Sunset Hills	56
City of Berkeley	42
City of Northwoods	36
City of University City	21
City of Pagedale	13
City of Woodson Terrace	7
<b>Total</b>	<b><u>\$ 34,463</u></b>

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**Supplementary Information**

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**SCHOOL DISTRICT OF JENNINGS**

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGE IN FUND BALANCE -  
MODIFIED CASH BASIS - BUDGET AND ACTUAL - GENERAL FUND  
FOR THE YEAR ENDED JUNE 30, 2023**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES:</b>				
Local	\$ 8,080,734	\$ 8,259,358	\$ 8,588,459	\$ 329,101
County	328,789	328,789	361,685	32,896
State	4,462,731	4,712,731	4,745,313	32,582
Federal	3,518,837	3,661,995	4,124,182	462,187
<b>Total Revenues</b>	<b>16,391,091</b>	<b>16,962,873</b>	<b>17,819,639</b>	<b>856,766</b>
<b>EXPENDITURES:</b>				
Current:				
Instruction	2,787,726	2,966,298	2,916,633	49,665
Guidance	-	-	78,222	(78,222)
Health and other services	465,582	477,582	403,157	74,425
Improvement of instruction	93,755	268,610	140,937	127,673
Professional development	129,655	129,655	147,741	(18,086)
Media services	129,731	125,731	107,355	18,376
Board of Education services	116,000	80,040	76,025	4,015
Executive administration	2,167,203	2,363,999	2,072,242	291,757
Building level administration	761,543	660,532	672,051	(11,519)
Operation of plant	4,166,427	4,166,427	3,931,667	234,760
Pupil transportation	332,396	532,396	499,635	32,761
Food services	1,782,506	1,782,506	1,821,980	(39,474)
Business and central services	397,823	401,364	397,353	4,011
Security services	633,492	633,492	634,395	(903)
Community services	1,263,710	1,326,270	1,185,093	141,177
<b>Total Expenditures</b>	<b>15,227,549</b>	<b>15,914,902</b>	<b>15,084,486</b>	<b>830,416</b>
<b>EXCESS OF REVENUES OVER EXPENDITURES</b>	<b>1,163,542</b>	<b>1,047,971</b>	<b>2,735,153</b>	<b>1,687,182</b>
<b>OTHER FINANCING SOURCES (USES):</b>				
Proceeds from sale of capital assets	-	-	4,426	4,426
Transfers to other funds	(1,089,442)	(845,110)	-	845,110
<b>Total Other Financing Sources (Uses)</b>	<b>(1,089,442)</b>	<b>(845,110)</b>	<b>4,426</b>	<b>849,536</b>
<b>NET CHANGE IN FUND BALANCE</b>	<b>\$ 74,100</b>	<b>\$ 202,861</b>	<b>2,739,579</b>	<b>\$ 2,536,718</b>
<b>FUND BALANCE, BEGINNING OF YEAR</b>			<b>10,596,924</b>	
<b>FUND BALANCE, END OF YEAR</b>			<b>\$ 13,336,503</b>	

See accompanying independent auditors' report and notes to budgetary comparison information.

**SCHOOL DISTRICT OF JENNINGS**

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGE IN FUND BALANCE -  
MODIFIED CASH BASIS - BUDGET AND ACTUAL - SPECIAL REVENUE FUND  
FOR THE YEAR ENDED JUNE 30, 2023**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		Positive (Negative)
<b>REVENUES:</b>				
Local	\$ 1,264,526	\$ 1,366,788	\$ 1,541,515	\$ 174,727
County	15,000	15,000	23,687	8,687
State	10,474,540	10,474,540	10,358,942	(115,598)
Federal	5,424,655	5,567,813	5,854,226	286,413
<b>Total Revenues</b>	<b>17,178,721</b>	<b>17,424,141</b>	<b>17,778,370</b>	<b>354,229</b>
<b>EXPENDITURES:</b>				
Current:				
Instruction	13,655,849	13,477,277	12,954,953	522,324
Guidance	905,822	905,822	833,807	72,015
Improvement of instruction	552,409	552,409	79,965	472,444
Professional development	157,912	157,912	7,467	150,445
Media services	308,277	308,277	238,476	69,801
Executive administration	508,131	762,630	769,321	(6,691)
Building level administration	1,340,371	1,265,532	1,270,190	(4,658)
Food services	5,697	5,697	-	5,697
Business and central services	-	-	93	(93)
Community services	833,695	833,695	970,888	(137,193)
<b>Total Expenditures</b>	<b>18,268,163</b>	<b>18,269,251</b>	<b>17,125,160</b>	<b>1,144,091</b>
<b>EXCESS OF REVENUES (UNDER) OVER EXPENDITURES</b>	<b>(1,089,442)</b>	<b>(845,110)</b>	<b>653,210</b>	<b>1,498,320</b>
<b>OTHER FINANCING SOURCES:</b>				
Transfers from other funds	1,089,442	845,110	-	(845,110)
<b>Total Other Financing Sources</b>	<b>1,089,442</b>	<b>845,110</b>	<b>-</b>	<b>(845,110)</b>
<b>NET CHANGE IN FUND BALANCE</b>	<b>\$ -</b>	<b>\$ -</b>	<b>653,210</b>	<b>\$ 653,210</b>
<b>FUND BALANCE, BEGINNING OF YEAR</b>			<b>1,604,408</b>	
<b>FUND BALANCE, END OF YEAR</b>			<b>\$ 2,257,618</b>	

See accompanying independent auditors' report and notes to budgetary comparison information.

**SCHOOL DISTRICT OF JENNINGS**

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGE IN FUND BALANCE -  
MODIFIED CASH BASIS - BUDGET AND ACTUAL - DEBT SERVICE FUND  
FOR THE YEAR ENDED JUNE 30, 2023**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>REVENUES:</b>				
Local	\$ 1,071,688	\$ 1,071,688	\$ 1,086,907	\$ 15,219
County	25,275	25,275	26,433	1,158
<b>Total Revenues</b>	<b>1,096,963</b>	<b>1,096,963</b>	<b>1,113,340</b>	<b>16,377</b>
<b>EXPENDITURES:</b>				
Debt service:				
Principal	575,000	975,000	975,000	-
Interest	355,300	355,300	349,300	6,000
Other	2,000	22,250	10,909	11,341
<b>Total Expenditures</b>	<b>932,300</b>	<b>1,352,550</b>	<b>1,335,209</b>	<b>17,341</b>
<b>NET CHANGE IN FUND BALANCE</b>	<b>\$ 164,663</b>	<b>\$ (255,587)</b>	<b>(221,869)</b>	<b>\$ 33,718</b>
<b>FUND BALANCE, BEGINNING OF YEAR</b>			<u>1,025,412</u>	
<b>FUND BALANCE, END OF YEAR</b>			<u>\$ 803,543</u>	

See accompanying independent auditors' report and notes to budgetary comparison information.

**SCHOOL DISTRICT OF JENNINGS**

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGE IN FUND BALANCE -  
MODIFIED CASH BASIS - BUDGET AND ACTUAL - CAPITAL PROJECTS FUND  
FOR THE YEAR ENDED JUNE 30, 2023**

	<b>Budgeted Amounts</b>		<b>Actual Amounts</b>	<b>Variance with Final Budget Positive (Negative)</b>
	<b>Original</b>	<b>Final</b>		
<b>REVENUES:</b>				
Local	\$ 538,475	\$ 538,475	\$ 623,117	\$ 84,642
County	25,275	25,275	-	(25,275)
<b>Total Revenues</b>	<b>563,750</b>	<b>563,750</b>	<b>623,117</b>	<b>59,367</b>
<b>EXPENDITURES:</b>				
Capital outlay	390,000	490,000	54,913	435,087
Debt service:				
Principal	149,011	149,011	147,865	1,146
Interest	8,555	8,555	8,306	249
<b>Total Expenditures</b>	<b>547,566</b>	<b>647,566</b>	<b>211,084</b>	<b>436,482</b>
<b>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</b>	<b>16,184</b>	<b>(83,816)</b>	<b>412,033</b>	<b>495,849</b>
<b>OTHER FINANCING SOURCES:</b>				
Proceeds from sale of capital assets	5,000	5,000	18,216	13,216
<b>Total Other Financing Sources</b>	<b>5,000</b>	<b>5,000</b>	<b>18,216</b>	<b>13,216</b>
<b>NET CHANGE IN FUND BALANCE</b>	<b>\$ 21,184</b>	<b>\$ (78,816)</b>	<b>430,249</b>	<b>\$ 509,065</b>
<b>FUND BALANCE, BEGINNING OF YEAR</b>			<b>1,141,063</b>	
<b>FUND BALANCE, END OF YEAR</b>			<b>\$ 1,571,312</b>	

See accompanying independent auditors' report and notes to budgetary comparison information.



**SCHOOL DISTRICT OF JENNINGS**

**NOTES TO BUDGETARY COMPARISON INFORMATION  
JUNE 30, 2023**

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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 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, the budget is legally enacted by a vote of the Board of Education. The budget for the year ended June 30, 2023 was originally adopted on June 13, 2022.
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. The final amended budget was adopted on May 8, 2023.
6. Budgets are adopted on the modified cash basis of accounting for all governmental funds.

**SCHOOL DISTRICT OF JENNINGS**

**SCHEDULE OF SELECTED STATISTICS  
FOR THE YEAR ENDED JUNE 30, 2023**

County District Number: 096-104

1. Calendar (Sections 160.041, 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
1050	9	12	-	6.5000	166	1,066.3300
2050	7	8	-	6.5000	166	1,076.0000
2050	6	6	-	6.5000	166	1,076.0000
4020	PK	3	-	6.5000	166	1,076.0000
4030	4	6	-	6.5000	166	1,076.0000
4040	K	6	-	6.5000	165	1,069.5000
4060	PK	3	-	6.5000	166	1,076.0000
4070	4	6	-	6.5000	166	1,076.0000

Notes:

2. Attendance Hours

Report the total number 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
1050	9-12	543,441.2387	21,238.0633	-	-	23,611.4600	588,290.7620
2050	6-8	318,441.0004	-	-	-	6,509.4600	324,950.4604
4020	PK-3	233,658.0324	-	-	-	4,722.9300	238,380.9624
4030	4-6	119,771.1161	-	-	-	2,240.7700	122,011.8861
4040	PK-6	476,059.3993	-	-	-	11,426.5800	487,485.9793
4060	PK-3	228,293.0501	-	-	-	4,421.2100	232,714.2601
4070	4-6	175,791.0499	-	-	-	6,032.0000	181,823.0499
		<u>2,095,454.8869</u>	<u>21,238.0633</u>	<u>-</u>	<u>-</u>	<u>58,964.4100</u>	<u>2,175,657.3602</u>

Notes:

**SCHOOL DISTRICT OF JENNINGS**

*Schedule of Selected Statistics (continued)*

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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
1050	9-12	646.00	25.08	-	671.08
2050	6-8	362.00	-	-	362.00
4020	PK-3	268.00	-	-	268.00
4030	4-6	128.00	-	-	128.00
4040	PK-6	521.00	-	-	521.00
4060	PK-3	256.00	-	-	256.00
4070	4-6	183.00	-	-	183.00
		<u>2,364.00</u>	<u>25.08</u>	<u>-</u>	<u>2,389.08</u>

Notes:

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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
N/A	5.00	-	-	-	5.00
1050	670.08	-	-	-	670.08
2050	358.00	-	-	-	358.00
4020	202.00	-	-	-	202.00
4030	128.00	-	-	-	128.00
4040	501.00	-	-	-	501.00
4060	229.00	-	-	-	229.00
4070	180.00	-	-	-	180.00
	<u>2,273.08</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,273.08</u>

Notes:

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**SCHOOL DISTRICT OF JENNINGS**

*Schedule of Selected Statistics (continued)*

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5. Finance

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

Section	Question	Answer
5.1	The district/charter school maintained a calendar in accordance with 160.041, 171.029, 171.031, and 171.033, RSMo and all attendance hours were reported.	TRUE
5.2	The district/charter school maintained complete and accurate attendance records allowing for the accurate calculation of Average Daily Attendance for all students in accordance with all applicable state rules and regulations. Sampling of records included those students receiving instruction in the following categories:	TRUE
	Academic Programs Off-Campus	TRUE
	Career Exploration Program – Off Campus	TRUE
	Cooperative Occupational Education (COE) or Supervised Occupational Experience Program	TRUE
	Dual enrollment	TRUE
	Homebound instruction	TRUE
	Missouri Options	TRUE
	Prekindergarten eligible to be claimed for state aid	TRUE
	Remediation	TRUE
	Sheltered Workshop participation	TRUE
	Students participating in the school flex program	TRUE
	Traditional instruction (full and part-time students)	TRUE
	Virtual instruction (MOCAP or other option)	TRUE
	Work Experience for Students with Disabilities	TRUE
5.3	The district/charter school maintained complete and accurate attendance records allowing for the accurate calculation of September Membership for all students in accordance with all applicable state rules and regulations.	TRUE
5.4	The district/charter school maintained complete and accurate attendance and other applicable records allowing for the accurate reporting of the State FTE count for Free and Reduced Lunch for all students in accordance with all applicable state rules and regulations.	TRUE
5.5	As required by Section 162.401, RSMo, a bond was purchased for the district's/charter school's treasurer in the total amount of:	\$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

See accompanying independent auditors' report.

**SCHOOL DISTRICT OF JENNINGS**

*Schedule of Selected Statistics (continued)*

Section	Question	Answer
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
5.1	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:	\$155,209
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:

**SCHOOL DISTRICT OF JENNINGS**

*Schedule of Selected Statistics (continued)*

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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.

Section	Question	Answer
6.1	The school transportation allowable costs substantially conform to 5 CSR 30-261.040, Allowable Costs for State Transportation Aid.	N/A
6.2	The District's pupil transportation ridership records are maintained in a manner to accurately disclose in all material respects the average number of regular riders transported.	N/A
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: <ul style="list-style-type: none"> <li>• Eligible ADT</li> <li>• Ineligible ADT</li> </ul>	N/A N/A
6.4	The District'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.	N/A
6.5	Actual odometer records show the total District-operated <u>and</u> contracted mileage for the year was:	N/A
6.6	Of this total, the eligible non-disabled and students with disabilities route miles and ineligible non-route and disapproved miles (combined) was: <ul style="list-style-type: none"> <li>• Eligible Miles</li> <li>• Ineligible Miles (Non-Route/Disapproved)</li> </ul>	N/A N/A
6.7	Number of days the District operated the school transportation system during the regular school year:	N/A

Notes:

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

Finding:	
Management Letter Comment:	

**REPORT ON COMPLIANCE - STATE REQUIREMENTS**

To the Members of the Board of Education  
School District of Jennings

We have audited the financial statements of the governmental activities and each major fund of the School District of Jennings (the "District") as of and for the year ended June 30, 2023, which collectively comprise the District's basic financial statements and have issued our report thereon dated December 8, 2023. Our report on the basic financial statements disclosed that, as described in Note 1 to the financial statements, the District prepares its financial statements on the modified cash basis of accounting, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

As required by the Revised Statutes of the State of Missouri, we have performed auditing procedures to test compliance with the budgetary statute (Chapter 67 RSMo) 165.121.3 (7) RSMo with respect to the methods of maintaining pupil attendance records for the year ended June 30, 2023. The management of the District is responsible for the District's compliance with those requirements. Our responsibility is to express an opinion on the District's compliance with those requirements based on our audit.

We conducted our audit of compliance with those requirements in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether material noncompliance with the requirements referred to above occurred. An audit includes examining, on a test basis, evidence about the District's compliance with those requirements. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the District's budgetary and disbursements procedures were in compliance, in all material respects, with the budgetary statute (Chapter 67 RSMo) for the year ended June 30, 2023. It is further our opinion that the pupil attendance records are so maintained as to accurately disclose, in all material respects, the average daily attendance and resident membership on the last Wednesday of September in compliance with state law and administrative rules for the year ended June 30, 2023.

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

*Honkamp, P.C.*

St. Louis, Missouri  
December 8, 2023

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**Federal Compliance Section**

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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**

To the Members of the Board of Education  
School District of Jennings

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the governmental activities and each major fund of the School District of Jennings (the "District") as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the District's basic financial statements and have issued our report thereon dated December 8, 2023. Our report on the basic financial statements disclosed that, as described in Note 1 to the financial statements, the District prepares its financial statements 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 report on the Governmental Activities, General Fund, and Special Revenue Fund was qualified due to the inclusion of an accrued payroll liability for payments made in the subsequent fiscal year, which is not in accordance with the basis of accounting used by the District.

**Report on Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the 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 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. We identified certain deficiencies in internal control, described in the accompanying schedule of findings and questioned costs as item 2023-001 that we consider to be a material weakness.

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

As part of obtaining reasonable assurance about whether the 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*.

### **The District's Response to Findings**

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

*Houkamp, P.C.*

St. Louis, Missouri  
December 8, 2023

**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR  
EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER  
COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE**

To the Members of the Board of Education  
School District of Jennings

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

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

We have audited the School District of Jennings's (the "District") 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 the District's major federal programs for the year ended June 30, 2023. The District's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

In our opinion, the District complied, in all material respects, with the 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, 2023.

***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 the 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 qualified and unmodified opinions 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 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.

## ***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 the 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 the 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 the 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 the 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**

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 and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as discussed below, we did identify certain deficiencies in internal control over compliance that we consider to be a material weakness.

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 a 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. We consider the deficiencies in internal control over compliance described in the accompanying schedule of findings and questioned costs as item 2023-002 to be a material weakness.

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.

*Government Auditing Standards* requires the auditor to perform limited procedures on the District's response to the internal control over compliance findings identified in our compliance audit described in the accompanying schedule of findings and questioned costs. The District's response was not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

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.

*Houkamp, P.C.*

St. Louis, Missouri  
December 8, 2023

**SCHOOL DISTRICT OF JENNINGS**

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED JUNE 30, 2023**

Program Title	Federal Assistance Listing Number	Pass-Through Identification Number	Expenditures
<b>U.S. Department of Education:</b>			
Passed through Missouri Department of Elementary and Secondary Education:			
Title I Grants to Local Education Agencies	84.010	096-104	\$ 1,272,911
Title I Preschool	84.010	096-104	689,188
Subtotal Assistance Listing 84.010			<u>1,962,099</u>
Title IIA Supporting Effective Instruction	84.367	096-104	33,478
Career and Technical Education	84.048	096-104	105,542
Education Stabilization Fund:			
COVID-19: ESSER II	84.425D	096-104	212,863
COVID-19: Teacher Retention Grant	84.425D	096-104	65,674
Subtotal Assistance Listing 84.425D			<u>278,537</u>
COVID-19: ESSER III	84.425U	096-104	5,615,200
COVID-19: ESSER III Afterschool-Cohort 10	84.425U	096-104	245,154
COVID-19: ESSER III Afterschool-Cohort 12	84.425U	096-104	398,888
Subtotal Assistance Listing 84.425U			<u>6,259,242</u>
COVID-19: ARP Homeless Children and Youth II	84.425W	096-104	73,377
Subtotal Education Stabilization Fund			<u>6,611,156</u>
<b>Total U.S. Department of Education</b>			<u>8,712,275</u>
<b>U.S. Department of Agriculture:</b>			
Passed through Missouri Department of Elementary and Secondary Education:			
Child Nutrition Cluster:			
National School Lunch Program	10.555	096-104	1,300,774
Donated Foods	10.555	096-104	124,669
Subtotal Assistance Listing 10.555			<u>1,425,443</u>
School Breakfast Program	10.553	096-104	579,868
DOD Fresh Fruits and Vegetable Program	10.582	096-104	20,550
Fresh Fruits and Vegetable Program	10.582	096-104	51,879
Subtotal Assistance Listing 10.582			<u>72,429</u>
Passed through Missouri Department of Health and Senior Services:			
Child Nutrition Cluster:			
Summer Food Service Program for Children	10.559	22SFSP	7,217
Subtotal Child Nutrition Cluster			<u>2,084,957</u>
Passed through Missouri Department of Health and Senior Services:			
Child and Adult Care Food Program	10.558	22CACFP	39,846
Child and Adult Care Food Program	10.558	22CACFP-CIL	2,320
Child and Adult Care Food Program	10.558	23CACFP	214,706
Child and Adult Care Food Program	10.558	23CACFP-CIL	12,177
Subtotal Assistance Listing 10.558			<u>269,049</u>
<b>Total U.S. Department of Agriculture</b>			<u>2,354,006</u>

**SCHOOL DISTRICT OF JENNINGS**

*Schedule of Expenditures of Federal Awards (continued)*

Program Title	Federal Assistance Listing Number	Pass-Through Identification Number	Expenditures
<b><u>U.S. Department of Defense, Department of the Army:</u></b>			
Direct Program:			
Junior Reserve Officer Training Corps	12.000	MO 061176	46,907
<b>Total U.S. Department of Defense, Department of the Army</b>			<u>46,907</u>
<b><u>U.S. Department of Health and Human Services:</u></b>			
Passed through Missouri Department of Elementary and Secondary Education:			
477 Cluster:			
COVID-19: CRRSA Child Care Preschool Start-Up Grant	93.575	096-104	139,740
Temporary Assistance for Needy Families	93.558	M00451-014	56,000
Subtotal 477 Cluster			<u>195,740</u>
Missouri School Health Profiles	93.079	096-104	100
COVID-19: MO Healthy Schools Grant	93.981	096-104	900
<b>Total U.S. Department of Health and Human Services:</b>			<u>196,740</u>
<b>TOTAL</b>			<u><u>\$ 11,309,928</u></u>

## **SCHOOL DISTRICT OF JENNINGS**

### **NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**

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#### **Note 1 - Basis of Presentation**

The accompanying schedule of expenditures of federal awards (the "Schedule") includes the federal award activity of the District under programs of the federal government for the year ended June 30, 2023. The information reported in this Schedule is presented in accordance with the 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). Because the Schedule presents only a selected portion of the operations of the District, it is not intended to and does not present the financial position, changes in net position or cash flows of the District.

#### **Note 2 - Significant Accounting Policies**

The accompanying Schedule of Expenditures of Federal Awards is a summary of the cash activity of the District's federal award programs and does not present transactions that would be included in financial statements of the District presented on the accrual basis of accounting, in accordance with accounting principles generally accepted in the United States of America.

#### **Note 3 - Indirect Cost Rate**

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

#### **Note 4 - Food Distribution**

Nonmonetary assistance is reported in the schedule at the fair market value of the commodities received and disbursed by the District during the year ended June 30, 2023.

#### **Note 5 - Insurance**

The District did not have any federal insurance in effect during the year ended June 30, 2023.

#### **Note 6 - Loan/Loan Guarantees**

The District did not have any loans or loan guarantees outstanding as of June 30, 2023.

#### **Note 7 - Subrecipients**

The District did not provide federal awards to any subrecipients during the year ended June 30, 2023.

#### **Note 8 - Donated Personal Protective Equipment (Unaudited)**

The District did not receive donations of personal protective equipment during the year ended June 30, 2023.



**SCHOOL DISTRICT OF JENNINGS**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**FOR THE YEAR ENDED JUNE 30, 2023**

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**1. SUMMARY OF AUDITORS' RESULTS**

Financial Statements

Type of auditors' report issued: Qualified on the modified cash basis of accounting

Internal control over financial reporting:  
Material weakness(es) identified?  Yes  No  
Significant deficiency(ies) identified not considered to be material weaknesses?  Yes  None reported

Noncompliance material to financial statements noted?  Yes  No

Federal Awards

Internal control over major programs:  
Material weakness(es) identified?  Yes  No  
Significant deficiency (ies) identified not considered to be material weaknesses?  Yes  None reported

Type of auditor's report issued on compliance for major programs: Unmodified

Any audit findings disclosed that are required to be reported in accordance with 2 CFR Section 200.516(a)?  Yes  No

Identification of major programs:

<u>Assistance Listing Number(s)</u>	<u>Name of Federal Program or Cluster</u>
84.425	Education Stabilization Fund
10.553, 10.555, 10.582, 10.559	Child Nutrition Cluster

Dollar threshold used to distinguish between Type A and Type B programs: \$750,000

Auditee qualified as low-risk auditee?  Yes  No

## SCHOOL DISTRICT OF JENNINGS

### Schedule of Findings and Questioned Costs (continued)

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#### **2. FINANCIAL STATEMENT FINDING**

2023-001      Finding Type: Material weakness

Condition: The District's internal control system was not functioning effectively during the year ended June 30, 2023. At various points during the year, due to employee transitions, proper segregation of duties was not achieved as one District employee had access to authorize expenditure transactions, initiate payments, record transactions, post journal entries, reconcile the general ledger and bank accounts, and prepare financial reports for review by the Finance Committee and the Board of Education. Additionally, during the entire year, there was no independent, formal, documented review or approval of the monthly bank reconciliations. Further, for a period of approximately six months, there was no formal, documented independent review of journal entries that were posted to the system.

Effect: This situation increases the risk that errors or fraud could occur and not be corrected and detected in a timely manner.

Cause: During the current year, the District experienced a significant amount of turnover in several key positions which led to several positions being vacant for significant periods of time during the year. These transitions resulted in knowledge gaps as these individuals had extensive, detailed institutional knowledge of the District's operations and internal controls. In addition, these transitions also resulted in internal control gaps as certain key responsibilities were no longer able to be properly separated while positions remained vacant or new personnel were still learning their assigned responsibilities.

Criteria: The District should have a properly designed system of internal controls to help prevent or timely detect and correct misstatements due to errors or fraud.

Recommendation: Subsequent to June 30, 2023, management has filled the vacant positions and is working to reinstate the lapsed internal controls to ensure that responsibilities are properly separated and that there is monitoring over key processes. We recommend that management continue to evaluate the key processes, identify risks in the existing processes, and implement internal controls to respond to the identified risks. We also recommend clear documentation of processes and responsibilities be retained. Such documentation can assist in minimizing gaps in the performance of controls due to learning curves and such documentation should also consider alternative compensating controls that can assist in times of transition.

**Views of Responsible Officials and Planned Corrective Action:** *The District agrees with the finding and the recommendations of the auditors. The District has taken a number of steps to improve internal controls and will finalize a comprehensive plan for robust internal controls reinstatement by January 30, 2024. Key aspects of the plan will include a flow chart for each major named function that includes adequate segregation of duties, a shift in the monthly Board finance update to include status of prior month bank reconciliation, staffing plans under consideration to offset challenges for separation of duties, and dual sign-off on all journal entries and bank reconciliations.*

**SCHOOL DISTRICT OF JENNINGS**

*Schedule of Findings and Questioned Costs (continued)*

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**3. FEDERAL AWARD FINDING AND QUESTIONED COSTS**

Reference

2023-002      Federal Program Name: Education Stabilization Fund

Assistance Listing Number: 84.425

Passed Through: Missouri Department of Elementary and Secondary Education

Federal Agency: U.S. Department of Education

Finding Type: Material weakness

Condition: The District was unable to provide documentary evidence that the amounts paid in salaries and wages to two individuals charged to the Education Stabilization Fund program were authorized the Board of Education, as required by District policy.

Effect: A sample of 40 transactions was selected for audit. The sample size included 30 individuals' salaries and wages. Of the 30 individuals selected for testing, evidence of authorized salaries and wages was not able to be provided for two individuals. This condition increases the risk that material noncompliance could occur and not be detected and corrected.

Cause: During the current year, the District experienced a significant amount of turnover in several key positions, which led to several positions being vacant for significant periods of time during the year. During this period of transition, management did not devote sufficient resources or consideration to ensuring that internal control systems for the federal program were functioning effectively.

Criteria: The Uniform Guidance (2 CFR section 200.303) requires that non-federal entities receiving federal awards establish and maintain internal control over the federal awards that provides reasonable assurance that the non-federal entity is managing the federal awards in compliance with federal statutes, regulations, and the terms and conditions of the federal awards

Questioned Costs: Unknown

Recommendation: Subsequent to June 30, 2023, management has filled the vacant positions and is working to reinstate the lapsed internal controls to ensure that responsibilities are properly separated and that there is monitoring over key processes. We recommend that management continue to evaluate the key processes, identify risks in the existing processes, and implement internal controls to respond to the identified risks.

## **SCHOOL DISTRICT OF JENNINGS**

### *Schedule of Findings and Questioned Costs (continued)*

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**Views of Responsible Officials and Planned Corrective Action:** *The District agrees with the finding and the recommendations of the auditors. The District has taken a number of steps to improve internal controls and will finalize a comprehensive plan for robust internal controls reinstatement by January 10, 2024. Since the arrival of new Human Resources Leadership in the fall of 2022, steps have been taken to ensure that all employee contracts are kept on file in hard copy and digital. The missing files occurred during a transition period during the hire and rehire period of spring and summer 2022, before the arrival of new leadership. At this time, the Human Resources department ensures redundancy of storage of these contracts, with both paper copies and digital copies of all signed contracts kept in secure spaces. A staff member is charged to ensure these are all filed, and the Supervisor does an internal audit to ensure safekeeping. Going forward, the Human Resources Director will conduct quarterly checks, in May, August, November, and February to ensure all files are in place.*