

GAINESVILLE R-V SCHOOL DISTRICT
FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2013

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MANAGEMENT DISCUSSION AND ANALYSIS

The discussion and analysis of the district's financial performance provides an overview of the district's financial activity for the fiscal year ending June 30, 2013. Please read it in conjunction with the district's financial statements, notes to the financial statements, and other supplemental information, which follows this section.

The District prepares its financial statements on the modified cash basis, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. The District has elected to omit from its government-wide financial statements capital assets, the related depreciation, and long-term debt. This presentation is permissible under GASB 34 reporting model for modified cash basis school districts.

FINANCIAL HIGHLIGHTS

Key financial highlights for the fiscal year ended June 30, 2013, as compared to fiscal year 2012, respectively, are as follows:

The cash balances of the Gainesville R-V School District decreased by \$134,117 during fiscal year 2013 and decreased by \$174,739 during fiscal year 2012.

Total Revenues of the governmental funds were \$5,599,806 or a decrease of 2% from prior year total revenue of \$5,695,745.

Expenses for the operating funds (general and teachers' funds) increased \$135,069 or more than 2.5%.

Outlays for capital assets were \$228,887 during the year, including the annual principal and interest on the Biomass lease (\$46,833), finishing the biomass building (\$33,800) and other expenditures including a new bus, new front sidewalks at the high school, renovation of the high school restrooms, refinishing the gym floors, relocating selected security cameras, well pump motor at the elementary, oven proofer in the kitchen, baseball field improvements, and new bus radios (\$148,254).

“Quality Learning Today for Tomorrow”

OVERVIEW OF THE FINANCIAL STATEMENTS

This section of the annual report consists of four parts:

Management's discussion and analysis,

Basic financial statements (district-wide and fund financial statements), including Notes to the Financial Statements, and

Supplemental information.

The basic financial statements consist of two different kinds of statements that present the district's financial activities based on current sources of, uses of, and available financial resources.

District-wide financial statements - provide only current financial measurements of the district's financial status. The district-wide statements include the Statement of Net Position-Modified Cash Basis and Statement of Activities-Modified Cash Basis.

The fund financial statements focus on individual funds of the District and report the district's operations in more detail than the district-wide statements.

The financial statements also include notes that explain some of the information in the statements and provide more detailed data. The notes to the financial statements are followed by sections of supplemental information that further explains and supports the financial statements.

DISTRICT-WIDE STATEMENTS

The district-wide statements report information about the District as a whole using the modified cash basis of accounting. The two district-wide statements report the district's net position and how they have changed. Net position are one way to measure the current financial resources of the District.

Increases or decreases in the district's net position are an indicator of whether its current financial position is improving or deteriorating, respectively.

To assess the district's overall health, additional non-financial factors should be considered such as changes in the district's property tax base, long-term debt, the condition of school buildings and other facilities, and changes in student attendance.

District activities are categorized as Governmental Activities in the district-wide financial statements.

Governmental Activities: The district's basic services are included here, such as regular and special education, transportation, food service, administration with property taxes, sales taxes, state formula aid, and grants financing most of these activities.

FUND FINANCIAL STATEMENT

The fund financial statements provide more detailed information about the district's funds, focusing on its most significant or major funds - not the District as a whole. Funds are accounting devices the District uses to keep track of specific sources of funding and spending on particular programs.

All funds are required by state law and by bond covenants.

Governmental Funds: The district's basic services are included in governmental funds, which generally focus on how cash and other financial assets that can readily be converted to cash flow in and out and the balances left at year-end that are current financial resources. Consequently, the government funds statements provide a detailed view that helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the district's programs.

FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE

The district's total net position are \$3,366,220 as of June 30, 2013, a decrease of \$134,117 or 4% over prior year. Of this amount, \$1,952,014 is available for current operating costs other than debt service, capital outlays, or student scholarships.

Schedule 1 NET POSITION

	<u>Governmental Activities</u>	
	<u>2013</u>	<u>2012</u>
ASSETS		
Cash and Investments	<u>\$3,366,220</u>	<u>\$3,500,337</u>
TOTAL ASSETS	<u>\$3,366,220</u>	<u>\$3,500,337</u>
NET POSITION		
Restricted	<u>\$1,414,206</u>	<u>\$1,760,426</u>
Unrestricted	<u>\$1,952,014</u>	<u>\$1,739,911</u>
TOTAL NET POSITION	<u>\$3,366,220</u>	<u>\$3,500,337</u>

GOVERNMENTAL ACTIVITIES

Gainesville R-V School District primarily relies on local property taxes, sales taxes, and state basic formula aid for funding its governmental activities with 82% of general revenues coming from local revenue, 14% from state revenue, 3% from county revenue and 1% from other sources such as investments.

The district's current changes in net position can be directly attributed to several factors which include:

Assessed valuation within the District increased 1%.

Expenses in the Capital Projects Funds decreased \$271,630.

Total state funding increased 3.7% or \$93,742.

Total federal funding decreased 6.2% or \$3,301.

The district's major governmental activities included: instruction, pupil support services, administration, food service, transportation, and debt service.

The cost of all governmental activities this year was \$5,733,923.

Instruction represents 57.8% of the total cost of all governmental activities of the District.

Pupil Support Services (this area includes Guidance, Media Services-Library, Health/ Psychology/ Speech Services and Attendance Services) represents 5% of the total costs of all governmental activities of the District.

Administration (includes Board of Education, District-wide, and Building Level Administrative Services) represents 8% of the total costs of all governmental activities.

Pupil Transportation and Food Services represents 15% of the total costs of all governmental activities.

Debt services represent less than 1% of the total costs of all governmental activities.

Schedule 2
CHANGES IN NET POSITION

	<u>Governmental Activities</u>		<u>Change</u>
	<u>2013</u>	<u>2012</u>	<u>2012-2013</u>
Program Revenues:			
Charges for Services	\$ 339,058	\$ 338,461	\$ 597
Operating Grants & Contributions	1,205,678	1,312,694	(107,016)
Capital Grants and Contributions	-0-	65,058	(65,058)
General Revenues			
Basic Formula	1,998,611	1,898,677	99,934
Property Taxes	1,296,673	1,262,570	34,103
School District Trust Fund	533,376	539,568	(6,192)
Federal	-0-	52,926	(52,926)
Local	49,625	41,749	7,876
County	133,642	134,946	(1,304)
Investment Income	39,385	43,549	(4,164)
Sale of Property	3,758	5,547	(1,789)
Other	-0-	-0-	-0-
TOTAL REVENUES	<u>5,599,806</u>	<u>5,695,745</u>	<u>(95,939)</u>
Program Expense			
Instruction	3,224,442	3,253,911	(29,469)
Student Activities	220,900	162,306	58,594
Student Services	309,010	262,228	46,782
Instructional Staff Support	95,155	117,499	(22,344)
Building Administration	231,295	184,020	47,275
General Administration	231,054	252,091	(21,037)
Operation of Plant	362,775	343,736	19,039
Transportation	499,131	477,157	21,974
Food Services	341,408	312,603	28,805
Adult Education	2,210	6,667	(4,457)
Community Services	94,347	86,970	7,377
Facility Acquisition & Construction	75,363	411,296	(335,933)
Debt Services			
Principal Payments	42,804	-0-	42,804
Interest & Fees	4,029	-0-	4,029
TOTAL EXPENSES	<u>5,733,923</u>	<u>5,870,484</u>	<u>(136,561)</u>
CHANGE IN NET POSITION	<u>\$ (134,117)</u>	<u>\$ (174,739)</u>	<u>\$ 40,622</u>

Schedule 3
NET COST OF GOVERNMENTAL ACTIVITIES

	<u>Total Costs of Services</u>		<u>Net Costs of Services</u>	
	<u>2013</u>	<u>2012</u>	<u>2013</u>	<u>2012</u>
Instruction	\$3,224,442	\$3,253,911	\$2,549,646	\$2,333,098
Student Services	220,900	262,228	29,818	259,868
Student Activities	309,010	162,306	247,813	1,931
Instructional Staff Support	95,155	117,499	46,810	63,403
Building Administration	231,295	184,020	231,295	184,020
General Administration	231,054	252,091	231,054	252,091
Operation of Plant	362,775	343,736	362,775	343,736
Transportation	499,131	477,157	394,267	370,748
Food Service	341,408	312,603	(41,951)	(32,966)
Adult Education	2,210	6,667	2,210	6,667
Community Services	94,347	86,970	13,254	25,437
Facility Acquisition & Construction	75,363	411,296	75,363	346,238
Debt Services:				
Principal Payments	42,804	-0-	42,804	-0-
Interest & Fees	<u>4,029</u>	<u>-0-</u>	<u>4,029</u>	<u>-0-</u>
TOTAL	<u>\$5,733,923</u>	<u>\$5,870,484</u>	<u>\$4,189,187</u>	<u>\$4,154,271</u>

FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS

As the District completed the year, its governmental funds reported combined fund balances of \$3,366,220 which is below last year's ending fund balances of \$3,500,337.

The District originally budgeted a shortfall of revenues to expenses in the General Fund of (\$134,122) and ended the year with a shortfall of (\$134,117).

The fund balance of the Capital Projects Fund decreased by \$162,225 to a balance of \$1,390,307.

BUDGETARY HIGHLIGHTS

During the course of the year, the district did amend the annual budget one time for additional expenditures.

INFRASTRUCTURE ASSETS

All buildings are in relatively good condition.

DEBT

At year-end, the District had \$967,931 of lease/purchase obligations outstanding. This lease/purchase was for the construction, installation and equipment of a biomass heating and cooling facility.

Schedule 4
DEBT

	<u>Governmental Activities</u>		<u>Change</u>
	<u>2013</u>	<u>2012</u>	<u>2013-2012</u>
Lease/Purchase Obligations	\$ 967,631	\$ 1,010,435	\$ (42,804)

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide the district's citizens, taxpayers, customers, investors, and creditors with a general overview of the district's finances and to demonstrate the district's accountability for the money it receives. Questions concerning any of the information provided in this report or requests for additional information should be addressed to the office of the Superintendent.

INDEPENDENT AUDITOR'S REPORT

Board of Education
Gainesville R-V School District
Gainesville, Missouri

We have audited the accompanying financial statements of Gainesville R-V School District, as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of 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 the preparation of the financial statements in the circumstances. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to error or fraud.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position—modified cash basis of the governmental activities and each major fund of the Gainesville R-V School District, as of June 30, 2013, and the respective changes in financial position—modified cash basis, thereof for the year then ended in accordance with the basis of accounting as described in Note 1.

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 opinion is not modified with respect to that matters.

Other Matters

Disclaimer of Opinion on Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Gainesville R-V School District's basic financial statements. The management's discussion and analysis and budgetary comparison information on pages 1–6 and 22–24, which are the responsibility of management, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Gainesville R-V School District's basic financial statements. The accompanying supplementary state information is presented for purposes of additional analysis as required by the Missouri Department of Elementary and Secondary Education and is 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 U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is also not a required part of the basic financial statements.

The supplementary state information and the schedule of expenditures of federal awards are the responsibility of management and were derived from and relate 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 supplementary state information and the schedule of expenditures of federal awards are fairly stated in all material respects in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated October 15, 2013, on our consideration of the Gainesville R-V School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is 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 Gainesville R-V School District's internal control over financial reporting and compliance.

Paul Wade & Associates, P.C.

Paul Wade & Associates, P.C.
Gainesville, Missouri
October 15, 2013

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

Board of Education
Gainesville R-V School District
Gainesville, Missouri

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the basic financial statements of the Gainesville R-V School District, as of and for the year ended June 30, 2013, and the related notes to the financial statements, and have issued our report thereon dated October 15, 2013.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Gainesville R-V School District's internal control over financial reporting (internal control) to determine the 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 Gainesville R-V School District's internal control. Accordingly, we do not express an opinion on the effectiveness of Gainesville R-V School District's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or 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. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Gainesville R-V School District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. 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*.

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.

Paul Wade & Associates, P.C.

Paul Wade & Associates, P.C.
Gainesville, Missouri
October 15, 2013

GAINESVILLE R-V SCHOOL DISTRICT
STATEMENT OF NET POSITION - MODIFIED CASH BASIS
JUNE 30, 2013

ASSETS	
Cash and Investments	<u>\$ 3,366,220</u>
TOTAL ASSETS	<u>\$ 3,366,220</u>
NET POSITION	
Restricted for:	
Student Scholarships	\$ 14,376
Teachers' Salaries and Benefits	9,523
Capital Projects	1,390,307
Unrestricted:	
General Operating	<u>1,952,014</u>
TOTAL NET POSITION	<u>\$ 3,366,220</u>

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

GAINESVILLE R-V SCHOOL DISTRICT
STATEMENT OF ACTIVITIES - MODIFIED CASH BASIS
FOR THE YEAR ENDED JUNE 30, 2013

	Cash	Program Cash Receipts		Capital	Net
	Disbursements	Charges for Services	Operating Grants and Contrib.	Grants	(Disbursements) Receipts and Changes in Net Position
Governmental Activities:					
Instructional Services	\$(3,224,442)	\$ 71,256	\$ 603,540	-0-	\$(2,549,646)
Student Activities	(220,900)	191,082	-0-	-0-	(29,818)
Student Services	(309,010)	-0-	61,197	-0-	(247,813)
Instructional Staff Support	(95,155)	-0-	48,345	-0-	(46,810)
Building Administration	(231,295)	-0-	-0-	-0-	(231,295)
Gen'l Admin & Central Serv	(231,054)	-0-	-0-	-0-	(231,054)
Operation of Plant	(362,775)	-0-	-0-	-0-	(362,775)
Transportation	(499,131)	-0-	104,864	-0-	(394,267)
Food Service	(341,408)	76,720	306,639	-0-	41,951
Adult Education	(2,210)	-0-	-0-	-0-	(2,210)
Community Services	(94,347)	-0-	81,093	-0-	(13,254)
Facilities Act & Constr	(75,363)	-0-	-0-	-0-	(75,363)
Debt Services:	-0-	-0-	-0-	-0-	-0-
Principal Payments	(42,804)	-0-	-0-	-0-	(42,804)
Interest & Fees	(4,029)	-0-	-0-	-0-	(4,029)
Net Program (Disb) Receipts	<u>\$(5,733,923)</u>	<u>\$339,058</u>	<u>\$1,205,678</u>	<u>-0-</u>	<u>\$(4,189,187)</u>
General Receipts					
Basic Formula					\$ 1,998,611
Property Taxes					1,296,673
School District Trust Fund					533,376
Federal Receipts					-0-
Local Receipts					49,625
County Receipts					133,642
Investment Income					39,385
Sale of Assets					<u>3,758</u>
Total General Receipts					<u>4,055,070</u>
Decrease in Net Position					(134,117)
Net Position-Beginning of Year					<u>3,500,337</u>
Net Position-End of Year					<u>\$ 3,366,220</u>

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

GAINESVILLE R-V SCHOOL DISTRICT
STATEMENT OF MODIFIED CASH BASIS ASSETS AND FUND BALANCES
GOVERNMENTAL FUNDS
JUNE 30, 2013

GOVERNMENTAL FUND TYPES

	General (Incidental) Fund	Special Revenue (Teachers') Fund	Capital Projects Fund	Total Memorandum Only 06/30/13
ASSETS:				
Cash and Investments	<u>\$ 1,966,390</u>	<u>\$ 9,523</u>	<u>\$1,390,307</u>	<u>\$ 3,366,220</u>
TOTAL ASSETS	<u><u>\$ 1,966,390</u></u>	<u><u>\$ 9,523</u></u>	<u><u>\$1,390,307</u></u>	<u><u>\$ 3,366,220</u></u>
FUND BALANCES:				
Restricted-Scholarships	\$ 14,376	\$ -0-	\$ -0-	\$ 14,376
Assigned	-0-	9,523	1,390,307	1,399,830
Unassigned	<u>1,952,014</u>	<u>-0-</u>	<u>-0-</u>	<u>1,952,014</u>
TOTAL FUND BALANCES	<u><u>\$ 1,966,390</u></u>	<u><u>\$ 9,523</u></u>	<u><u>\$1,390,307</u></u>	<u><u>\$ 3,366,220</u></u>

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

GAINESVILLE R-V SCHOOL DISTRICT
STATEMENT OF CASH RECEIPTS, DISBURSEMENTS, AND
CHANGES IN MODIFIED CASH BASIS FUND BALANCES - GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2013

	General (Incidental) Fund	Special Revenue (Teachers') Fund	Capital Projects Fund	Totals (Memorandum Only) 6/30/13
REVENUES:				
Local	\$ 1,573,358	\$ 539,689	\$ 40,646	\$ 2,153,693
County	111,276	22,366	-0-	133,642
State	387,164	1,966,861	-0-	2,354,025
Federal	427,291	422,973	-0-	850,264
Investment Income	17,127	-0-	22,258	39,385
Rec'd Other Districts	31,979	33,060	-0-	65,039
Sale of Assets	-0-	-0-	3,758	3,758
Total Revenues	<u>2,548,195</u>	<u>2,984,949</u>	<u>66,662</u>	<u>5,599,806</u>
EXPENDITURES:				
Instruction	652,284	2,572,158	-0-	3,224,442
Student Activities	220,900	-0-	-0-	220,900
Student Services	147,451	161,559	-0-	309,010
Instructional Staff Support	44,245	50,910	-0-	95,155
Building Administration	2,463	228,832	-0-	231,295
Genl Admin & Central Serv	151,006	80,048	-0-	231,054
Operation of Plant	345,046	-0-	17,729	362,775
Transportation	386,610	24,799	87,722	499,131
Food Service	340,168	-0-	1,240	341,408
Adult Education	-0-	2,210	-0-	2,210
Community Services	47,811	46,536	-0-	94,347
Facilities Act. & Constr	-0-	-0-	75,363	75,363
Debt Services:	-0-	-0-	-0-	-0-
Principal Payments	-0-	-0-	42,804	42,804
Interest & Fees	-0-	-0-	4,029	4,029
Total Expenditures	<u>2,337,984</u>	<u>3,167,052</u>	<u>228,887</u>	<u>5,733,923</u>
REVENUES OVER (UNDER) EXPENDITURES	210,211	(182,103)	(162,225)	(134,117)
FUND BALANCES, BEGINNING OF YEAR	1,756,179	191,626	1,552,532	3,500,337
TRANSFERS IN (OUT)	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>
FUND BALANCES, END OF YEAR	<u>\$ 1,966,390</u>	<u>\$ 9,523</u>	<u>\$ 1,390,307</u>	<u>\$ 3,366,220</u>

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

GAINESVILLE R-V SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2013

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

As discussed in Note 1C, the financial statements are presented on a modified cash basis of accounting. This basis of accounting differs from accounting principles generally accepted in the United States of America (GAAP). The financial statements apply generally accepted accounting principles and all relevant Governmental Accounting Standards Board (GASB) pronouncements as they relate to a modified cash basis.

A. PRINCIPALS USED TO DETERMINE SCOPE OF ENTITY

The District's reporting entity includes the District's governing board and all related organizations for which it exercises oversight responsibility.

The District has developed criteria to determine whether outside agencies with activities which benefit the citizens of the District, including joint agreements which serve pupils from numerous districts, should be included within its financial reporting entity. The criteria includes, but is not limited to, whether the District exercises oversight responsibility (which includes financial interdependency, selection of governing authority, designation of management, ability to significantly influence operations, and accountability for fiscal matters), scope of public service, and special financing relationships.

The District has determined that no other outside agency meets the above criteria and, therefore, no other agency has been included as a component unit in the district's financial statements. In addition, the District is not aware of any entity which would exercise such oversight which would result in the District being considered a component unit of any other entity.

B. BASIS OF PRESENTATION

GOVERNMENT-WIDE FINANCIAL STATEMENTS

The Statement of Net Position-Modified Cash Basis and Statement of Activities-Modified Cash Basis display information about the reporting government as a whole. Governmental activities generally are financed through taxes, intergovernmental revenues, and other non-exchange revenues.

FUND FINANCIAL STATEMENTS

Fund financial statements of the reporting entity are organized into funds, each of which is considered to be a separate accounting entity. Each fund is accounted for with a separate set of self-balancing accounts that consist of assets, 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 funds are the major funds (as required by Missouri Department of Elementary and Secondary Education) used by the District:

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

Special Revenue (Teachers') Fund: Accounts for expenditures for certified employees involved in administration and instruction. It includes revenues restricted for the payment of teacher salaries.

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

C. MEASUREMENT FOCUS AND BASIS OF ACCOUNTING

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

MEASUREMENT FOCUS

Governmental activities and the fund financial statements are presented using the "current financial resources" measurement focus.

The "current financial resources" measurement focus includes only current financial assets in the statements of net position. The operating statements present sources and uses of the current financial resources during a given period. The fund financial statements use fund balances as a measure of current financial resources at the end of the period.

BASIS OF ACCOUNTING

Governmental activities and resources are presented using a modified cash basis of accounting in the financial statements. This basis recognizes assets, net position/fund equity, revenues, and expenditures when they result from cash and investment transactions. This is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

D. TOTAL COLUMNS ON COMBINED STATEMENTS

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

E. BUDGETS AND BUDGETARY ACCOUNTING

The District's procedures for establishing the budgetary data reflected in the financial statements are:

- 1) As required by Chapter 67, RSMo, the District adopts a budget for each fund.
- 2) Prior to July 1, the superintendent, who serves as the budget officer, submits to the Board of Education a proposed budget for the fiscal year beginning on July 1. The proposed budget includes estimated revenues and proposed expenditures for all district funds. Budgeted expenditures and transfers from each fund cannot exceed beginning available monies plus estimated revenues and transfers to each fund for the year.
- 3) Prior to approval, the budget document is available for public inspection.
- 4) Prior to July 1, the budget is legally enacted by vote of the Board of Education.
- 5) Subsequent to approval, the Board of Education has the authority to make necessary adjustments to the budget by formal vote of the board. The original and final budgets are reflected in the budget information included in the statements of cash receipts, disbursements and changes in modified cash basis fund balances - budget and actual statements. The variance column of these statements reflects the difference between revised budget and actual revenues and expenditures.
- 6) Budgets for district funds are prepared on the modified cash basis (budget basis), recognizing revenues when collected and expenditures when paid. The actual results of operations are presented in the statements of cash receipts, disbursements, and changes in modified cash basis fund balances -budget and actual to provide a meaningful comparison of actual results with the budget.

F. CASH AND INVESTMENTS

Cash and Investments: For the purpose of financial reporting, “cash” includes all demand and savings accounts and certificates of deposits with maturity dates of three months or less. Investments with the Missouri Direct Deposit Program are regulated investment contracts that only authorize investments in obligations of the United States government or any agency or instrumentality thereof. For a detail of investments and their maturity dates see Note 2.

G. POOLED CASH AND TEMPORARY INVESTMENTS

Cash resources of the individual funds, except for the Debt Service Fund, are combined to form a pool of cash and temporary investments. Investments of the pooled accounts may consist primarily of certificates of deposit and U.S. government securities, carried at cost, which approximates market. Interest income earned is allocated to contributing funds based on cash and temporary investment balances of each contributing fund.

H. COMPENSATED ABSENCES

Compensation for vacation time, personal days, and sick leave are considered expenditures in the year paid. Such amounts unused and which are vested in the employee are payable upon termination. The District paid \$6,661.50 for unused time off upon termination during the year ended June 30, 2013.

I. TEACHERS' SALARIES

Payroll checks written and dated in June, 2013 for July and August, 2013, payrolls from 2012-13 contracts are included in the financial statements as an expenditure paid in the month of June. This practice has been consistently followed in previous years.

J. CAPITAL ASSETS

Capital assets are recorded as expenditures in the Capital Project Fund when the expenditures are paid. No depreciation is provided on capital assets.

K. FUND BALANCE REPORTING

Fund balances for governmental funds are reported in classifications that comprise a hierarchy based primarily on the extent to which the government is bound to honor constraints on the specific purposes for which amounts in those funds can be spent. The classifications are as follows:

Nonspendable—includes amounts that cannot be spent because they are either not in spendable form or are legally or contractually required to be maintained intact.

Restricted—includes amounts restricted by external sources (creditors, laws of other governments, etc.) or by constitutional provision or enabling legislation.

Committed—includes amounts that the District intends to use for specific purposes. Committed fund balance is reported pursuant to resolutions passed by the Board of Education, the District’s highest level of decision making authority. Commitments may be modified or rescinded only by the Board.

Assigned—includes amounts that the District intends to use for a specific purpose, but do not meet the definition of restricted or committed fund balance. Typically, assigned fund balances are the residual balance of governmental funds, other than the General Fund.

Unassigned—includes amounts that have not been assigned to other funds or restricted, committed or assigned to a specific purpose within the General Fund.

When an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available, the district considers restricted funds to have been spent first. When an expenditure is incurred for which committed, assigned, or unassigned fund balances are available, the District considers amounts to have been spent first out of committed funds, then assigned funds, and finally unassigned funds, as needed, unless the Board has provided otherwise in its commitment or assignment actions.

L. NET POSITION

Net Position is reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the District or through external restrictions imposed by creditors, grantors or laws, or regulations of other governments. When both restricted and unrestricted resources are available for use, it is the District's policy to use restricted resources first, and then unrestricted resources as they are needed.

2. CASH AND INVESTMENTS

Deposits - Missouri statutes require that all deposits with financial institutions be collateralized in an amount at least equal to uninsured deposits. At June 30, 2013, the carrying amount of the District's deposits was \$3,366,025 and the bank balances were \$3,814,965. Of the bank balances \$250,000 was secured by federal depository insurance, \$1,941,144 was secured by collateral pledged by the District's financial institution held by a third party agent, and \$1,623,821 was covered by a Federal Home Loan letter of credit.

Investments - The District may purchase any investments allowed by State Statute. These include (1) obligations of the United States government or any agency or instrumentality thereof maturing and becoming payable not more than three years from the date of purchase, (2) repurchase agreements maturing and becoming payable within ninety days secured by U.S. Treasury obligations or obligations of U.S. government agencies or instrumentalities of any maturity, as provided by law, or (3) certificates of deposits or savings accounts that are either insured or secured with acceptable collateral.

The district did not have any investments as of June 30, 2013.

Interest Rate Risk - The District's investment policy does not specifically address interest rate risk. However, the District manages its exposure to declines in fair values by investing in bank certificates with maturity dates of one year or less.

3. TAXES

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

The District also received sales tax collected by the state and remitted based on eligible pupil data.

The assessed valuation of the tangible taxable property for the calendar year 2012 for purpose of local taxation was:

	2012
Residential	\$24,180,750
Agricultural	2,633,920
Commercial	8,922,430
Personal	11,559,101
Total	<u>\$47,296,201</u>

The assessed valuation does not include the assessed value of state assessed railroad and utility properties in the District.

The tax levy per \$100 of the assessed valuation of tangible taxable property for the calendar year 2012 for purposes of local taxation was:

	 2012	
	<u>Unadjusted</u>	<u>Adjusted</u>
Incidental Fund	\$ 2.7500	\$ 2.7500
Teachers Fund		
Debt Service Fund		
Capital Projects Fund		
	<u>\$ 2.7500</u>	<u>\$ 2.7500</u>

The receipts of current and delinquent property taxes during the fiscal year ended June 30, 2013, aggregated approximately 99.69 percent of the current assessment computed on the basis of the levy for fiscal year ended June 30, 2013.

4. DEBT

The following is a summary of bond transactions and activities for the year ended June 30, 2013:

Bonds payable, July 1, 2012	\$ -0-
Bond issues	-0-
Bond payments	-0-
Bonds payable, June 30, 2013	<u>\$ -0-</u>

The District's bond indebtedness and related fixed assets have not been reported in the basic financial statements in accordance with the modified cash basis presentation. This presentation is allowable in accordance with the GASB 34 reporting model.

The Missouri Constitution limits the outstanding amount of authorized general obligation bonds to 15 percent of the assessed valuation of the District. The legal debt margin of the District at June 30, 2013, was \$7,094,430.

Constitution debt limit	\$7,094,430
General obligation bonds payable	-0-
Amount available in Debt Service Fund	-0-
Total Debt Margin at 6/30/12	<u>\$7,094,430</u>

5. CAPITAL LEASES

The District has entered into a lease purchase agreement dated May 17, 2011 to finance the construction, installation and equipment of a biomass heating and cooling facility. The lease qualifies as a capital lease for accounting purposes. The total amount financed was \$1,100,000 at a rate of 1.2% per year. The original agreement called for a prepayment of \$100,459.18 due July 1, 2011 and then monthly payments of \$9,681.58, beginning July 1, 2012 with the final payment due June 1, 2021. The District made a prepayment of \$122,459.18 in June 2011. This agreement was modified on April 6, 2012. The new agreement applies the prepayment towards the monthly payments with the first payment now due February 1, 2013 in the amount of \$8,103.37. Subsequent monthly payments will be in the amount of \$9,682.40 with a final payment of \$3,887.05 due March 1, 2022. The balance at June 30, 2013 is \$967,631.

The following is a summary of capital lease transactions and activities for the year ended June 30, 2013:

Lease payable, July 1, 2012	\$ 1,010,435
Increases	-0-
Lease payments	(42,804)
Lease payable, June 30, 2013	<u>\$ 967,631</u>

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

Year Ending June 30,	Principal	Interest	Total
2014	\$ 106,887	\$ 9,302	\$ 116,189
2015	108,076	8,113	116,189
2016	109,162	7,027	116,189
2017	110,258	5,931	116,189
2018	111,365	4,824	116,189
2019-2022	421,883	8,029	429,912
Total Minimum Lease Payments	<u>\$ 967,631</u>	<u>\$ 43,226</u>	<u>\$1,010,857</u>

The capital projects fund has been used to make the payments for capital leases.

6. RETIREMENT PLAN

The Gainesville R-V School District contributes to The Public School Retirement System of Missouri (PSRS), a cost-sharing multiple-employer defined benefit pension plan. PSRS provides retirement and disability benefits to full-time (and certain part-time) certificated employees and death benefits to members and beneficiaries. Positions covered by The Public School Retirement System of Missouri are not covered by Social Security. PSRS benefit provisions are set forth in Chapter 169.010-.141 of the Missouri Revised Statutes. The statutes assign responsibility for the administration of the system to a seven member Board of Trustees. PSRS issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to: The Public School Retirement System of Missouri, P.O. Box 268, Jefferson City, Missouri 65102, or by calling 1-800-392-6848.

PSRS members are required to contribute 14.5% of their annual covered salary and benefits. The Gainesville R-V School District is required to contribute a matching amount. The contribution requirements of members and the Gainesville R-V School District are established and may be amended by the PSRS Board of Trustees. The School District's contributions to PSRS for the year ending June 30, 2013 were \$387,846 equal to the required contributions. The required amount was withheld from qualifying employees earnings and contributed to PSRS also.

The Gainesville R-V School District also contributes to The Public Education Employee Retirement System of Missouri (PEERS), a cost-sharing multiple-employer defined benefit pension plan. PEERS provides retirement and disability benefits to employees of the district who work 20 or more hours per week and who do not contribute to The Public School Retirement System of Missouri. Positions covered by The Public Education Employee Retirement System of Missouri are also covered by Social Security. Benefit provisions are set forth in Chapter 169.600-.715 of the Missouri Revised Statutes. The statutes assign responsibility for the administration of the system to the Board of Trustees of The Public School Retirement System of Missouri. PEERS issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to: The Public Education Employee Retirement System of Missouri, P.O. Box 268, Jefferson City, Missouri 65102 or by calling 1-800-392-6848.

PEERS members are required to contribute 6.86% of their annual covered salary and benefits. The Gainesville R-V School District is required to contribute a matching amount. The contribution requirements of members and the Gainesville R-V School District are established and may be amended by the Board of Trustees. The School District's contributions to PEERS for the year ending June 30, 2013 were \$65,340 equal to the required contributions. The required amount was withheld from qualifying non-certificated employees earnings and contributed to PEERS also.

7. CLAIMS AND LITIGATION

In the course of business, the District can be exposed to potential litigation. The District is not aware of pending or threatened claims and litigation.

8. RESTRICTED FUND BALANCES

General Fund

The District has \$14,376 in a restricted fund balance for the Toby Pierce memorial scholarship fund. These funds are restricted for future scholarships to selected students from the District.

9. RISK MANAGEMENT

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The District is a member of the Missouri United School Insurance Council (MUSIC), a non-profit protected self-insurance program. Members pay an annual assessment which is retained to pay for losses, administrative expenses, risk management services, and excess insurance. MUSIC is allowed to make additional assessments to its members for any shortfalls. MUSIC provides comprehensive property, casualty, liability, and workers' compensation insurance to limit the risk of loss from such events.

10. TRANSFERS

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

The government-wide Statement of Activities-Modified Cash Basis eliminates transfers as reported in the Statement of Cash Receipts, Disbursements, and Changes in Modified Cash Basis Fund Balances-Governmental Funds.

During the fiscal year, the District made no fund transfers.

11. OTHER POST-EMPLOYMENT BENEFITS

The District provides health insurance benefits to its retirees on a reimbursable basis. The cost of the insurance premium is charged to the retirees at the same cost as active employees. This situation causes an implicit premium subsidy for the difference the retirees would have to pay for similar insurance coverage and the actual amount of their premiums. This implicit premium subsidy represents an unfunded obligation to the District. This obligation has not been valued or reported because the District reports its financial activity using the modified cash basis of accounting.

12. EVALUATION OF SUBSEQUENT EVENTS

The Organization has evaluated subsequent events through October 15, 2013, the date which the financial statements were available to be issued.

SUPPLEMENTAL INFORMATION

GAINESVILLE R-V SCHOOL DISTRICT
STATEMENT OF CASH RECEIPTS, DISBURSEMENTS, AND
CHANGES IN MODIFIED CASH BASIS FUND BALANCES - BUDGET AND ACTUAL
GENERAL (INCIDENTAL) FUND
FOR THE YEAR ENDED JUNE 30, 2013

	<u>Original Budget</u>	<u>Revised Budget</u>	<u>Actual</u>	<u>Revised Budget to Actual Variance</u>
REVENUES:				
Local	\$ 1,537,750	\$ 1,573,358	\$ 1,573,358	\$ -0-
County	113,500	111,276	111,276	-0-
State	104,200	387,164	387,164	-0-
Federal	368,800	427,291	427,291	-0-
Investment Income	17,500	17,127	17,127	-0-
Received Other Districts	46,000	31,979	31,979	-0-
Other	-0-	-0-	-0-	-0-
Total Revenues	<u>2,187,750</u>	<u>2,548,195</u>	<u>2,548,195</u>	<u>-0-</u>
EXPENDITURES:				
Instruction	548,496	652,284	652,284	-0-
Student Activities	175,000	220,900	220,900	-0-
Student Services	173,987	147,451	147,451	-0-
Instructional Staff Support	1,253	44,245	44,245	-0-
Building Administration	2,905	2,463	2,463	-0-
Genl Admin & Central Serv	139,593	151,006	151,006	-0-
Operation of Plant	312,022	345,046	345,046	-0-
Transportation	386,989	386,610	386,610	-0-
Food Service	319,508	340,168	340,168	-0-
Adult Education	-0-	-0-	-0-	-0-
Community Services	49,304	47,811	47,811	-0-
Facilities Acquisition	-0-	-0-	-0-	-0-
Debt Services	-0-	-0-	-0-	-0-
Total Expenditures	<u>2,109,057</u>	<u>2,337,984</u>	<u>2,337,984</u>	<u>-0-</u>
REVENUES OVER (UNDER)				
EXPENDITURES	78,693	210,211	210,211	-0-
FUND BALANCE,				
BEGINNING OF YEAR	1,756,179	1,756,179	1,756,179	-0-
TRANSFERS OUT	<u>(192,600)</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>
FUND BALANCE,				
END OF YEAR	<u>\$ 1,642,272</u>	<u>\$ 1,966,390</u>	<u>\$ 1,966,390</u>	<u>\$ -0-</u>

GAINESVILLE R-V SCHOOL DISTRICT
STATEMENT OF CASH RECEIPTS, DISBURSEMENTS, AND
CHANGES IN MODIFIED CASH BASIS FUND BALANCES - BUDGET AND ACTUAL
SPECIAL REVENUE (TEACHERS') FUND
FOR THE YEAR ENDED JUNE 30, 2013

	<u>Original Budget</u>	<u>Revised Budget</u>	<u>Actual</u>	<u>Revised Budget to Actual Variance</u>
REVENUES:				
Local	\$ 540,000	\$ 539,689	\$ 539,689	\$ -0-
County	20,000	22,366	22,366	-0-
State	2,142,500	1,966,861	1,966,861	-0-
Federal	406,800	422,973	422,973	-0-
Investment Income	-0-	-0-	-0-	-0-
Rec'd Other Districts	48,000	33,060	33,060	-0-
Other	-0-	-0-	-0-	-0-
Total Revenues	<u>3,157,300</u>	<u>2,984,949</u>	<u>2,984,949</u>	<u>-0-</u>
EXPENDITURES:				
Instruction	2,602,917	2,572,158	2,572,158	\$ -0-
Student Services	126,814	161,559	161,559	-0-
Instructional Staff Support	84,816	50,910	50,910	-0-
Building Administration	190,184	228,832	228,832	-0-
Genl Admin & Central Serv	78,256	80,048	80,048	-0-
Operation of Plant	-0-	-0-	-0-	-0-
Transportation	26,086	24,799	24,799	-0-
Food Service	-0-	-0-	-0-	-0-
Adult Education	-0-	2,210	2,210	-0-
Community Services	46,466	46,536	46,536	-0-
Facilities Acquisition	-0-	-0-	-0-	-0-
Debt Services	-0-	-0-	-0-	-0-
Total Expenditures	<u>3,155,539</u>	<u>3,167,052</u>	<u>3,167,052</u>	<u>-0-</u>
REVENUES OVER (UNDER) EXPENDITURES	1,761	(182,103)	(182,103)	-0-
FUND BALANCE, BEGINNING OF YEAR	191,626	191,626	191,626	-0-
TRANSFER IN	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>
FUND BALANCE, END OF YEAR	<u>\$ 193,387</u>	<u>\$ 9,523</u>	<u>\$ 9,523</u>	<u>\$ -0-</u>

GAINESVILLE R-V SCHOOL DISTRICT
STATEMENT OF CASH RECEIPTS, DISBURSEMENTS, AND
CHANGES IN MODIFIED CASH BASIS FUND BALANCES - BUDGET AND ACTUAL
CAPITAL PROJECTS FUND
FOR THE YEAR ENDED JUNE 30, 2013

	<u>Original Budget</u>	<u>Revised Budget</u>	<u>Actual</u>	<u>Revised Budget to Actual Variance</u>
REVENUES:				
Local	\$ 37,600	\$ 40,646	\$ 40,646	\$ -0-
County	-0-	-0-	-0-	-0-
State	-0-	-0-	-0-	-0-
Federal	-0-	-0-	-0-	-0-
Investment Income	23,000	22,258	22,258	-0-
Rec'd Other Districts	-0-	-0-	-0-	-0-
Sale of Property	4,500	3,758	3,758	-0-
Total Revenues	<u>65,100</u>	<u>66,662</u>	<u>66,662</u>	<u>-0-</u>
EXPENDITURES:				
Instruction	10,000	-0-	-0-	-0-
Student Services	-0-	-0-	-0-	-0-
Instructional Staff Support	1,000	-0-	-0-	-0-
Building Administration	-0-	-0-	-0-	-0-
Genl Admin & Central Serv	-0-	-0-	-0-	-0-
Operation of Plant	6,000	17,729	17,729	-0-
Transportation	90,100	87,722	87,722	-0-
Food Service	-0-	1,240	1,240	-0-
Community Services	-0-	-0-	-0-	-0-
Facilities Acquisition	103,500	75,363	75,363	-0-
Debt Services:				
Principal Payments	43,000	42,804	42,804	-0-
Interest & Fees	4,100	4,029	4,029	-0-
Total Expenditures	<u>257,700</u>	<u>228,887</u>	<u>228,887</u>	<u>-0-</u>
REVENUES OVER (UNDER)				
EXPENDITURES	(192,600)	(162,225)	(162,225)	-0-
FUND BALANCE,				
BEGINNING OF YEAR	1,552,532	1,552,532	1,552,532	-0-
TRANSFER IN(OUT)	<u>192,600</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>
FUND BALANCE,				
END OF YEAR	<u>\$ 1,552,532</u>	<u>\$ 1,390,307</u>	<u>\$ 1,390,307</u>	<u>\$ -0-</u>

STATE COMPLIANCE

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH STATE REQUIREMENTS

Board of Education
Gainesville R-V School District
Gainesville, Missouri

Report on Compliance with State Requirements

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 basic financial statements of the Gainesville R-V School District, as of and for the year ended June 30, 2013, and the related notes to the financial statements, and have issued our report thereon dated October 15, 2013.

Management's Responsibility

Compliance with laws, regulations, contracts, and grant agreements applicable to the District is the responsibility of the District's management.

Auditor's Responsibility

As required by the Revised Statutes of the State of Missouri, we have performed auditing procedures to test compliance with the requirements governing budgets (Chapter 67, RSMo) and the methods of maintaining pupil attendance and pupil transportation records (Chapter 165.121.3(7)RSMo). 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.

Opinion on Compliance with State Requirements

In our opinion, the District's budgetary and disbursement procedures were in compliance with the budgetary statute (Chapter 67 RSMo). It is further our opinion that the pupil attendance and pupil transportation records are so maintained as to accurately disclose, in all material respects, the average daily attendance, resident membership on the last Wednesday of September, students eligible to receive free and reduced lunches on the last Wednesday of January, average scheduled transportation of pupils on a regular basis, actual eligible and ineligible mileage data, and allowable cost for pupil transportation in compliance with Missouri law and administrative rules.

The purpose of this report on compliance with state requirements is solely to describe the scope of our testing of state compliance and the results of that testing based on the requirements of the Missouri Department of Elementary and Secondary Education. Accordingly, this report is not suitable for any other purpose.

Paul Wade & Associates, P.C.

Paul Wade & Associates, P.C.
Gainesville, Missouri
October 15, 2013

GAINESVILLE R-V SCHOOL DISTRICT
SCHEDULE OF SELECTED STATISTICS
YEAR ENDED JUNE 30, 2013

Type of audit performed: Yellow Book: Single Audit X

1. Calendar

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

K - 6	1,093.14
7 - 12	1,053.06

- B. The number of days classes were in session and pupils were under the direction of the teachers during this school year was as follows:

174

2. Average Daily Attendance (ADA)

Regular term ADA:

K - 6	315.5122
7- 12	<u>256.0966</u>

Total regular term ADA	<u>571.6088</u>
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Summer school attendance	<u>10.5862</u>
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Total average daily attendance	<u><u>582.1950</u></u>
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3. September Membership

(as of last Wednesday of September, 2012)	<u>615.00</u>
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4. Free and Reduced Price Lunch FTE Count

(as of last Wednesday of January, 2013)

Free	332.00
Reduced	<u>50.00</u>
Total	<u><u>382.00</u></u>

5. Finance

- A. As required by Section 162.401, RSMo, a bond was purchased for the District's treasurer in the total amount of:

\$ 50,000

- B. The District's deposits were secured during the year as required by Sections 110.010 and 110.020, RSMo.

X TRUE FALSE

- C. The District maintained a separate bank account for the Debt Service Fund in accordance with section 165.011, RSMo.

 TRUE FALSE X N/A

- D. Salaries reported for educators in the October Core Data cycle are supported by payroll/contract records.

 X TRUE FALSE

- E. If a \$162,326 or 7% x SAT x WADA transfer was made in excess of adjusted expenditures, the board approved a resolution to make the transfer, which identified the specific projects to be funded by the transfer and an expected expenditure date for the projects to be undertaken.

 TRUE FALSE X N/A

- F. The District published a summary of the prior year's audit report within thirty days of the receipt of the audit pursuant to Section 165.121, RSMo.

 X TRUE FALSE

6. Transportation

- A. The school transportation allowable costs substantially conforms to 5 CSR 30-261.040, Allowable Costs for State Transportation Aid.

 X TRUE FALSE

- B. The District's school transportation ridership records are so maintained as to accurately disclose, in all material respects, the average number of regular riders transported.

 X TRUE FALSE

- C. Based on the ridership records, the average number of students (non-disabled K-12, K-12 students with disabilities and career education) transported on a regular basis (ADT) was:

Eligible ADT # 452.50

Ineligible ADT # 7.50

- D. The District's transportation odometer mileage records are so maintained as to accurately disclose, in all material respects, the eligible and ineligible mileage for the year.

 X TRUE FALSE

- E. Actual odometer records show the total district-operated and contracted mileage for the year was:

 188,462

Of this total, the eligible non-disabled and students with disabilities route miles and the ineligible non-route and disapproved miles combined was:

Eligible miles 151,326

Ineligible miles 37,136

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

 174

GAINESVILLE R-V SCHOOL DISTRICT
SCHEDULE OF TRANSPORTATION COSTS
ELIGIBLE FOR STATE AID
YEAR ENDED JUNE 30, 2013

	<u>District Owned</u>	<u>District Total</u>
Certificated Salaries	\$ 23,611	\$ 23,611
Noncertificated Salaries	189,362	189,362
Employee Benefits	70,050	70,050
Purchased Services	24,138	24,138
Supplies	104,248	104,248
Capital Outlay	87,722	87,722
Depreciation	69,998	69,998
Total Allowable Costs	<u>\$ 569,129</u>	<u>\$ 569,129</u>

School Buses Lease/Purchase	Principal	<u>\$ -0-</u>
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	Interest	<u>\$ -0-</u>
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Transportation Revenue From Other Districts	<u>\$ -0-</u>
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GAINESVILLE R-V SCHOOL DISTRICT
SCHEDULE OF REVENUE BY SOURCE
FOR THE YEAR ENDED JUNE 30, 2013

	General (Incidental) Fund	Special Revenue (Teachers') Fund	Capital Projects Fund	Total (Memorandum Only) June 30, 2013
LOCAL:				
Property Taxes	\$1,296,673	\$ -0-	\$ -0-	\$1,296,673
School Dist Trust Fund	-0-	533,376	-0-	533,376
F.I.T.	-0-	-0-	5,149	5,149
M & M Surtax	-0-	-0-	34,763	34,763
In Lieu of Tax	-0-	-0-	734	734
Tuition from Individuals	-0-	6,217	-0-	6,217
Earnings on Investment	17,127	-0-	22,258	39,385
Food Service	76,720	-0-	-0-	76,720
Student Activities	191,082	-0-	-0-	191,082
Other Local	8,883	96	-0-	8,979
Total Local	<u>1,590,485</u>	<u>539,689</u>	<u>62,904</u>	<u>2,193,078</u>
COUNTY:				
Fines, Escheats, etc.	-0-	22,366	-0-	22,366
State Assessed Utilities	87,865	-0-	-0-	87,865
Federal Property	23,411	-0-	-0-	23,411
Total County	<u>111,276</u>	<u>22,366</u>	<u>-0-</u>	<u>133,642</u>
STATE:				
Basic Formula	100,000	1,898,611	-0-	1,998,611
Transportation	104,864	-0-	-0-	104,864
Early Chldhd Spec Ed	-0-	-0-	-0-	-0-
Basic Formula-Clstrm Trust	162,968	60,000	-0-	222,968
Edctnl Screening/PAT	12,516	-0-	-0-	12,516
Career Education	3,875	8,250	-0-	12,125
Food Service	2,941	-0-	-0-	2,941
Total State	<u>387,164</u>	<u>1,966,861</u>	<u>-0-</u>	<u>2,354,025</u>
FEDERAL:				
Medicaid	21,081	-0-	-0-	21,081
Perkins Basic Grant	14,051	-0-	-0-	14,051
Ind with Disabilty (IDEA)	-0-	146,647	-0-	146,647
Early Chldhd Spec Ed	-0-	-0-	-0-	-0-
Food Service	294,533	-0-	-0-	294,533
Title I-ESEA	-0-	276,326	-0-	276,326
Title IIA,ESEA	73,499	-0-	-0-	73,499
Summer Food Service	9,165	-0-	-0-	9,165
Title VI, Part B Rural Education	14,962	-0-	-0-	14,962
Total Federal	<u>427,291</u>	<u>422,973</u>	<u>-0-</u>	<u>850,264</u>
Sale of Property	-0-	-0-	3,758	3,758
Rec'd Other Districts	31,979	33,060	-0-	65,039
TOTAL REVENUES	<u>\$2,548,195</u>	<u>\$2,984,949</u>	<u>\$66,662</u>	<u>\$5,599,806</u>

GAINESVILLE R-V SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES BY OBJECT
YEAR ENDED JUNE 30, 2013

	General (Incidental) Fund	Special Revenue (Teachers') Fund	Capital Projects Fund
Salaries	\$ 912,332	\$ 2,457,079	\$ -0-
Employee Benefits	328,107	707,762	-0-
Purchased Services	318,352	2,211	-0-
Supplies	779,193	-0-	-0-
Capital Outlay	-0-	-0-	182,054
Other Objects	<u>-0-</u>	<u>-0-</u>	<u>46,833</u>
TOTAL	<u>\$ 2,337,984</u>	<u>\$ 3,167,052</u>	<u>\$ 228,887</u>

GAINESVILLE R-V SCHOOL DISTRICT
SCHEDULE OF STATE FINDINGS
YEAR ENDED JUNE 30, 2013

There were no state findings in the current year.

FEDERAL AWARDS

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR
EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER
COMPLIANCE REQUIRED BY OMB CIRCULAR A-133**

Board of Education
Gainesville R-V School District
Gainesville, Missouri

Report on Compliance for Each Major Federal Program

We have audited the Gainesville R-V School District's compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of Gainesville R-V School District's major federal programs for the year ended June 30, 2013. Gainesville R-V School District's major federal programs are identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of Gainesville R-V School District's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States of America; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Gainesville R-V School District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion. However, our audit does not provide a legal determination on Gainesville R-V School District's compliance.

Opinion on Each Major Federal Program

In our opinion, Gainesville R-V School District complied, in all material respects, with the requirements referred to above that are applicable to its major federal program for the year ended June 30, 2013.

Report on Internal Control Over Compliance

Management of Gainesville R-V School District is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered Gainesville R-V School District's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program in order to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the District's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct, noncompliance with a type of compliance requirement of 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.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

Paul Wade & Associates, P.C.

Paul Wade & Associates, P.C.
Gainesville, Missouri
October 15, 2013

GAINESVILLE R-V SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2013

Program Title	Federal CFDA Number	Pass-through Entity ID Number	Expenditure
U.S. DEPARTMENT OF AGRICULTURE			
Passed-through Missouri Department of Elementary and Secondary Education			
National School Lunch Program	10.555	077-102	\$ 192,105
School Breakfast Program	10.553	077-102	84,277
After School Snack Program	10.555	077-102	2,124
Fresh Fruits and Vegetables Program	10.582	077-102	16,025
Donated Food Distribution	10.555	077-102	12,974
Passed-through Missouri Department of Health & Senior Services			
Summer Food Service Program	10.559	2361	<u>9,165</u>
Total U.S. Department of Agriculture			<u>316,670</u>
U.S. DEPARTMENT OF EDUCATION			
Passed-through MO Department of Elementary and Secondary Education			
Title I,ESEA	84.010A	077-102	277,497
Title IIA,ESEA	84.367A	077-102	73,498
Part B,IDEA-Entitlement	84.027A	077-102	146,647
Early Childhood Special Education	84.027A	077-102	1,306
Vocational (Carl Perkins III)	84.048A	077-102	14,051
Small, Rural School Achievement Program	84.358A	077-102	<u>14,962</u>
Total U.S. Department of Education			<u>527,961</u>
Total Federal Financial Assistance			<u>\$ 844,631</u>

The accompanying Notes to Schedule of Expenditures of Federal Awards are an integral part of this statement.

GAINESVILLE R-V SCHOOL DISTRICT
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2013

A. Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards of the Gainesville R-V School District is presented on the modified cash basis. The information in the schedule is presented in accordance with the requirements of OMB Circular A-133.

B. Noncash Expenditures

The accompanying Schedule of Expenditures of Federal Awards includes noncash expenditures of the Donated Food Distribution Program. The program expenditures have been presented at fair market value of commodities received during FYE June 30, 2013.

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

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

D. Program Types

Each program, including clusters of programs, which had expenditures in excess of \$300,000 are considered Type A programs. Those with expenditures of less than \$300,000 are considered Type B programs.

GAINESVILLE R-V SCHOOL DISTRICT
SCHEDULE OF RESOLUTIONS OF PRIOR YEAR AUDIT FINDINGS
YEAR ENDED JUNE 30, 2013

There were no findings in the prior year.

GAINESVILLE R-V SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2013

I. SUMMARY OF AUDITOR'S RESULTS

- a. Unqualified opinion issued on the financial statements.
- b. No reportable conditions disclosed during the audit of the financial statements were reported in the *Independent Auditor's Report on Internal Control over Financial Reporting and Compliance and Other Matters*.
- c. No noncompliance which is material to the financial statements.
- d. No deficiencies in internal control over major federal award programs disclosed during the audit is reported in the *Independent Auditor's Report on Compliance with Requirements That Could Have a Direct and Material Effect on Each Major Program and Internal Control Over Compliance in Accordance with OMB Circular A-133*.
- e. Unqualified opinion issued on compliance for major programs.
- f. No audit findings required to be reported under OMB Circular A-133, subsection .510.
- g. Major programs:

Title IIA,ESEA	84.367A
Part B IDEA-Entitlement	84.027A
Early Childhood Special Education	84.027A
- h. Dollar threshold used to distinguish between Type A and Type B programs is \$300,000.
- i. Auditee did qualify as a low-risk auditee.

II. FINDINGS - FINANCIAL STATEMENT AUDIT

None.

III. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS

None

**GAINESVILLE R-V SCHOOL DISTRICT
CORRECTIVE ACTION PLAN
YEAR ENDED JUNE 30, 2013**

Contact Person: Mr. Joe Donley, Superintendent
Gainesville R-V School District
HC 3 Box 170
Gainesville, MO 65655

There were no current year findings requiring corrective action.