

GAINESVILLE R-V SCHOOL DISTRICT
FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2015

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MANAGEMENT'S 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, 2015. 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, 2015, as compared to fiscal year 2014, respectively, are as follows:

The cash balances of the Gainesville R-V School District increased by \$75,268 during fiscal year 2015 and decreased by \$305,911 during fiscal year 2014.

Total Revenues of the governmental funds were \$5,930,386 or an increase of 6.2% from prior year total revenue of \$5,582,261.

Expenses for the operating funds (general and teachers' funds) decreased \$33,054 or .05%.

Outlays for capital assets were \$209,355 during the year, including the annual principal and interest on the Biomass lease (\$116,189) and other expenditures including new scoreboards (\$12,752) (offset by donations), water softener/filter system (\$1,150), fence caps (\$1,325), technology resources (\$10,578), front office/library remodel and buzzer security system (\$67,361).

"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 is 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 \$3,135,576 as of June 30, 2015, an increase of \$75,268 or 2.4% above the prior year. Of this amount, \$3,118,677 is available for current operating costs other than debt service, capital outlays, or student scholarships.

Schedule 1 NET POSITION

ASSETS	<u>Governmental Activities</u>	
	<u>2015</u>	<u>2014</u>
Cash and Investments	<u>\$3,135,576</u>	<u>\$3,060,308</u>
TOTAL ASSETS	<u>\$3,135,576</u>	<u>\$3,060,308</u>
NET POSITION		
Restricted	\$ 16,899	\$ 15,389
Unrestricted	<u>\$3,118,677</u>	<u>\$3,044,919</u>
TOTAL NET POSITION	<u>\$3,135,576</u>	<u>\$3,060,308</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 43% of general revenues coming from local revenue, 53% 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%.

Total expenditures decreased .05% or \$33,054.

Total revenues increased 6% or \$348,125.

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 \$5,855,118.

Instruction represents 53.8% 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 4.6% of the total costs of all governmental activities of the District.

Administration (includes Board of Education, District-wide, and Building Level Administrative Services) represents 8.4% of the total costs of all governmental activities.

Pupil Transportation and Food Services represents 13.5% of the total costs of all governmental activities.

Schedule 2
CHANGES IN NET POSITION

	Governmental 2015	Activities 2014	Change 2014-2015
Program Revenues:			
Charges for Services	\$ 421,772	\$ 400,620	\$ 21,152
Operating Grants & Contributions	951,427	930,115	21,312
Capital Grants & Contributions	-0-	-0-	-0-
General Revenue			
Basic Formula	2,414,999	2,187,636	227,363
Property Taxes	1,291,671	1,285,765	5,906
School District Trust Fund	599,084	550,169	48,915
Local	69,399	41,131	28,268
County	151,960	145,076	6,884
Investment Income	26,099	33,870	(7,771)
Sale of Property	3,975	-0-	3,975
Other	-0-	7,879	(7,879)
TOTAL REVENUES	5,930,386	5,582,261	348,125
Program Expense			
Instruction	3,147,654	3,339,612	(191,958)
Student Activities	336,186	216,297	119,889
Student Services	268,686	284,458	(15,772)
Instructional Staff Support	151,597	118,719	32,878
Building Administration	254,292	255,234	(942)
General Administration	238,436	249,711	(11,275)
Operation of Plant	395,215	379,610	15,605
Transportation	405,090	416,662	(11,572)
Food Services	390,609	336,052	54,557
Adult Education	-0-	1,700	(1,700)
Community Services	83,803	94,919	(11,116)
Facility Acquisition & Construction	67,361	79,009	(11,648)
Debt Services			
Principal Payments	108,076	107,001	1,075
Interest & Fees	8,113	9,188	(1,075)
TOTAL EXPENSES	5,855,118	5,888,172	(33,054)
CHANGE IN NET POSITION	\$ 75,268	\$ (305,911)	\$ 381,179

Schedule 3
NET COST OF GOVERNMENTAL ACTIVITIES

	Total Costs of Services		Net Costs of Services	
	2015	2014	2015	2014
Instruction	\$ 3,147,654	\$3,339,612	\$ 2,647,544	\$2,837,754
Student Services	336,186	216,297	130,161	20,038
Student Activities	268,686	284,458	229,177	236,735
Instructional Staff Support	151,597	118,719	81,065	54,910
Building Administration	254,292	255,234	254,292	255,234
General Administration	238,436	249,711	238,436	249,711
Operation of Plant	395,215	379,610	395,215	379,610
Transportation	405,090	416,662	301,422	313,246
Food Service	390,609	336,052	15,946	912
Adult Education	-0-	1,700	-0-	1,700
Community Services	83,803	94,919	5,111	12,389
Facility Acquisition & Construction	67,361	79,009	67,361	79,009
Debt Services:				
Principal Payments	108,076	107,001	108,076	107,001
Interest & Fees	8,113	9,188	8,113	9,188
TOTAL	\$ 5,855,118	\$5,888,172	\$ 4,481,919	\$4,557,437

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 fair condition.

DEBT

At year-end, the District had \$752,554 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>2015</u>	<u>2014</u>	<u>2015-2014</u>
Lease/Purchase Obligations	\$752,554	\$ 860,630	\$ (108,076)

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 modified cash basis financial statements of the governmental activities and each major fund of the Gainesville R-V School District, as of and for the year ended June 30, 2015, 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 modified cash basis financial position of the governmental activities and each major fund of the Gainesville R-V School District, as of June 30, 2015, and the respective changes in modified cash basis financial position, 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 and retirement information on pages 1–5 and 26–32, 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 November 10, 2015, 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
November 10, 2015

**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, 2015 and the related notes to the financial statements, and have issued our report thereon dated November 10, 2015.

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
November 10, 2015

GAINESVILLE R-V SCHOOL DISTRICT
STATEMENT OF NET POSITION - MODIFIED CASH BASIS
JUNE 30, 2015

ASSETS	
Cash and Investments	<u>\$ 3,135,576</u>
TOTAL ASSETS	<u><u>\$ 3,135,576</u></u>
NET POSITION	
Restricted for:	
Student Scholarships	\$ 11,531
Professional Development	5,368
Unrestricted	<u>3,118,677</u>
TOTAL NET POSITION	<u><u>\$ 3,135,576</u></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, 2015

	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	\$(3,147,654)	\$ 139,235	\$ 360,875	\$ -0-	\$(2,647,544)
Student Activities	(336,186)	206,025	-0-	-0-	(130,161)
Student Services	(268,686)	-0-	39,509	-0-	(229,177)
Instructional Staff Support	(151,597)	-0-	70,532	-0-	(81,065)
Building Administration	(254,292)	-0-	-0-	-0-	(254,292)
Gen'l Admin & Central Serv	(238,436)	-0-	-0-	-0-	(238,436)
Operation of Plant	(395,215)	-0-	-0-	-0-	(395,215)
Transportation	(405,090)	-0-	103,668	-0-	(301,422)
Food Service	(390,609)	76,512	298,151	-0-	(15,946)
Community Services	(83,803)	-0-	78,692	-0-	(5,111)
Facilities Act & Constr	(67,361)	-0-	-0-	-0-	(67,361)
Debt Services:					
Principal Payments	(108,076)	-0-	-0-	-0-	(108,076)
Interest & Fees	(8,113)	-0-	-0-	-0-	(8,113)
Net Program (Disb) Receipts	<u>\$(5,855,118)</u>	<u>\$ 421,772</u>	<u>\$ 951,427</u>	<u>\$ -0-</u>	<u>\$(4,481,919)</u>
General Receipts					
Basic Formula					\$ 2,414,999
Property Taxes					1,291,671
School District Trust Fund					599,084
Local Receipts					69,399
County Receipts					151,960
Investment Income					26,099
Sale of Assets					3,975
Total General Receipts					<u>4,557,187</u>
Increase in Net Position					75,268
Net Position-Beginning of Year					<u>3,060,308</u>
Net Position-End of Year					<u>\$ 3,135,576</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, 2015

GOVERNMENTAL FUND TYPES

	General (Incidental) Fund	Special Revenue (Teachers') Fund	Capital Projects Fund	Total Memorandum Only 06/30/15
ASSETS:				
Cash and Investments	\$ 1,901,526	\$ -0-	\$1,234,050	\$ 3,135,576
TOTAL ASSETS	<u>\$ 1,901,526</u>	<u>\$ -0-</u>	<u>\$1,234,050</u>	<u>\$ 3,135,576</u>
FUND BALANCES:				
Restricted for:				
Scholarships	\$ 11,531	\$ -0-	\$ -0-	\$ 11,531
Professional Development	5,368	-0-	-0-	5,368
Assigned: Capital Projects	-0-	-0-	1,234,050	1,234,050
Unassigned	<u>1,884,627</u>	<u>-0-</u>	<u>-0-</u>	<u>1,884,627</u>
TOTAL FUND BALANCES	<u>\$ 1,901,526</u>	<u>\$ -0-</u>	<u>\$1,234,050</u>	<u>\$ 3,135,576</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, 2015

	General (Incidental) Fund	Special Revenue (Teachers') Fund	Capital Projects Fund	Totals (Memorandum Only) 6/30/15
REVENUES:				
Local	\$ 1,636,905	\$ 553,881	\$ 51,905	\$ 2,242,691
County	121,235	30,725	-0-	151,960
State	460,827	2,109,273	-0-	2,570,100
Federal	460,472	335,854	-0-	796,326
Investment Income	15,288	-0-	10,811	26,099
Rec'd Other Districts	69,916	69,319	-0-	139,235
Sale of Assets	-0-	-0-	3,975	3,975
Total Revenues	<u>2,764,643</u>	<u>3,099,052</u>	<u>66,691</u>	<u>5,930,386</u>
EXPENDITURES:				
Instruction	674,628	2,460,274	12,752	3,147,654
Student Activities	298,035	36,826	1,325	336,186
Student Services	128,170	140,516	-0-	268,686
Instructional Staff Support	88,591	52,429	10,577	151,597
Building Administration	3,727	250,565	-0-	254,292
Genl Admin & Central Serv	154,254	84,182	-0-	238,436
Operation of Plant	395,215	-0-	-0-	395,215
Transportation	379,393	25,697	-0-	405,090
Food Service	389,459	-0-	1,150	390,609
Adult Education	-0-	-0-	-0-	-0-
Community Services	35,240	48,563	-0-	83,803
Facilities Act. & Constr	-0-	-0-	67,361	67,361
Debt Services:	-0-	-0-	-0-	-0-
Principal Payments	-0-	-0-	108,076	108,076
Interest & Fees	-0-	-0-	8,113	8,113
Total Expenditures	<u>2,546,712</u>	<u>3,099,052</u>	<u>209,354</u>	<u>5,855,118</u>
REVENUES OVER (UNDER) EXPENDITURES	217,931	-0-	(142,663)	75,268
FUND BALANCES, BEGINNING OF YEAR	1,829,635	-0-	1,230,673	3,060,308
TRANSFERS IN (OUT)	<u>(146,040)</u>	<u>-0-</u>	<u>146,040</u>	<u>-0-</u>
FUND BALANCES, END OF YEAR	<u>\$ 1,901,526</u>	<u>\$ -0-</u>	<u>\$ 1,234,050</u>	<u>\$ 3,135,576</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, 2015

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 \$5,608.25 for unused time off upon termination during the year ended June 30, 2015.

I. TEACHERS' SALARIES

Payroll checks written and dated in June, 2015 for July and August, 2015, payrolls from 2014-15 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. RETIREMENT PLANS

Financial reporting information pertaining to the district’s participation in the Public School Retirement System of Missouri (“PSRS”) and the Public Education Employee Retirement System of Missouri (“PEERS”) is prepared in accordance with Governmental Accounting Standards Board (“GASB”) Statement No.68, *Accounting and Financial Reporting for Pensions*, as amended by GASB Statement No.71, *Pension Transition for Contributions Made Subsequent to the Measurement Date*.

The financial statements were prepared using the modified cash basis of accounting. Member and employer contributions are recognized when paid, pursuant to statutory requirements. The District’s net pension liability, deferred outflows and inflows of resources related to pensions are not recorded in these financial statements.

K. 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.

L. 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.

M. 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, 2015, the carrying amount of the District's deposits was \$3,135,381 and the bank balances were \$3,788,982. Of the bank balances \$250,000 was secured by federal depository insurance, \$3,138,982 was secured by collateral pledged by the District's financial institution held by a third party agent, and \$400,000 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, 2015.

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 2014 for purpose of local taxation was:

2014

Residential	\$ 24,623,310
Agricultural	2,679,910
Commercial	9,053,225
Personal	11,162,592
Total	<u>\$ 47,519,037</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 2014 for purposes of local taxation was:

	 2014	
	<u>Unadjusted</u>	<u>Adjusted</u>
Incidental Fund	\$ 2.7500	\$ 2.7500
Teachers Fund	-0-	-0-
Debt Service Fund	-0-	-0-
Capital Projects Fund	-0-	-0-
	<u>\$ 2.7500</u>	<u>\$ 2.7500</u>

The receipts of current and delinquent property taxes during the fiscal year ended June 30, 2015, aggregated approximately 98.84 percent of the current assessment computed on the basis of the levy for fiscal year ended June 30, 2015.

4. DEBT

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, 2015, was \$7,127,856.

Constitution debt limit	\$ 7,127,856
General obligation bonds payable	-0-
Amount available in Debt Service Fund	-0-
Total Debt Margin at 6/30/15	<u>\$ 7,127,856</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 due February 1, 2014 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, 2015 is \$752,554.

The following is a summary of capital lease transactions and activities for the year ended June 30, 2015:

Lease payable, July 1, 2014	\$ 860,630
Increases	-0-
Lease payments	(108,076)
Lease payable, June 30, 2015	<u>\$ 752,554</u>

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

Year Ending June 30,	Principal	Interest	Total
2016	\$ 109,162	\$ 7,027	\$ 116,189
2017	110,258	5,931	116,189
2018	111,366	4,823	116,189
2019	112,485	3,704	116,189
2020-2022	309,283	4,440	313,723
Total Minimum Lease Payments	<u>\$ 752,554</u>	<u>\$ 25,925</u>	<u>\$ 778,479</u>

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

6. RETIREMENT PLAN

Plan Description. PSRS is a mandatory cost-sharing multiple employer retirement system for all full-time certificated employees and certain part-time certified 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 certified employees of PSRS, Missouri State Teachers' Association, Missouri State High School Activities Association, and certain employees of the state of Missouri who elected to remain covered by PSRS under legislation enacted in 1986, 1987 and 1989. The majority of PSRS members are exempt from Social Security contributions. In some instances, positions may be determined not to be exempt from Social Security contribution. Any PSRS member who is required to contribute to Social Security comes under the requirements of Section 169.070(9) RSMo, known as the "2/3's statute." PSRS members required to contribute to Social Security are required to contribute two-thirds of the approved PSRS contribution rate and their employer is required to match the contribution. The members' benefits are further calculated at two-thirds the normal benefit amount. A Comprehensive Annual Financial Report ("CAFR") can be obtained at www.psrs-peers.org.

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. Beginning July 1, 2001, and ending July 1, 2014, a 2.55% benefit factor is used to calculate benefits for members who have 31 or more years of service. Actuarially age-reduced benefits are available for members with five to 24.9 years of service at age 55. Members who are younger than age 55 and who do not qualify under the "Rule of 80" but have between 25 and 29.9 years of service may retire with a lesser benefit factor. Members that are three years beyond normal retirement can elect to have their lifetime monthly benefits actuarially reduced in exchange for the right to also receive a one-time partial lump sum (PLSO) payment at retirement equal to 12, 24, or 36 times Single Life benefit amount. A Summary Plan Description detailing the provisions of the plan can be found on PSRS' website at www.psrs-peers.org. Since the prior valuation date, the benefit provisions were amended to make permanent an early retirement benefit allowing members to retire at any age after 25 years of service.

Cost-of-Living Adjustments ("COLA"). The PSRS Board has established a policy of providing a 2.00% COLA for years in which the CPI increases between 0.00% and 5.00%. If the CPI increase is greater than 5.00%, the Board will provide a COLA of 5.00%. If the CPI decreases, no COLA is provided. For any member retiring on or after July 1, 2001, such adjustments commence on the second 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 year 2015. Employers were required to match the contributions made by employees. The contribution rate is set each year by the PSRS Board of Trustees upon the recommendation of the independent actuary within the contribution restrictions set in Section 169.030 RSMo. The annual statutory increase in the total contribution rate may not exceed 1% of pay. Contributions for employees of the State of Missouri were made by the state in accordance with the actuarially determined contribution rate needed to fund current costs and prior service costs of state employees as authorized in Section 104.342.8 RSMo.

The districts's contributions to PSRS were \$382,842 for the year ended June 30, 2015.

Pension Liability

At June 30, 2015, the district had a liability of \$2,584,622 for its proportionate share of the net pension liability. The net pension liability for the plan in total was measured as of June 30, 2014 and determined by an actuarial valuation as of that date. The district's proportionate share of the total net pension liability was based on the ratio of its actual contributions of \$405,962 paid to PSRS for the year ended June 30, 2014 relative to the actual contributions of \$643,964,894 from all participating employers. At June 30, 2014 the district's proportionate share was 0.0630%.

Actuarial Assumptions

Actuarial valuations of PSRS involves estimates of the reported amount and assumptions about probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality and future salary increases. Amounts determined regarding the net pension liability are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The last experience study was conducted in 2011 and the next experience study is scheduled for 2016.

Significant actuarial assumptions and other inputs used to measure the total pension liability:

- Measurement Date	June 30, 2014
- Valuation Date	June 30, 2014
- Expected Return on Investments	8.00%, net of investment expenses and including 2.5% inflation
- Inflation	2.50%
- Total Payroll Growth	3.50% per annum, consisting of 2.50 inflation, 0.50% additional inflation due to the inclusion of health care costs in pension earnings, and 0.50% of real wage growth.
- Future Salary Increases	4.00%-10.00%, depending on service and including 2.5% inflation, 0.50% additional inflation due to the inclusion of health care costs in pension earnings, and real wage growth of 1.00% to 7.00%.
- Cost-of-Living Increases	2.0% compounded annually, beginning on the second January after retirement and capped at 80% lifetime increase.
- Mortality Assumption Actives:	RP 2000 Mortality Table set back one year for males and six years for females, then projected to 2016 using Scale AA.
Non-Disabled Retirees, Beneficiaries and Survivors:	RP 2000 Mortality Table set back one year for both males and females, then projected to 2016 using Scale AA.
Disabled Retirees:	RP 2000 Disabled Mortality Table
- Changes in Actuarial Assumptions and Methods	There were no changes in actuarial assumptions or methods for the June 30, 2014 valuation.
- Fiduciary Net Position	PSRS issues a publicly available financial report that can be obtained at www.psrs-peers.org .

- Expected Rate of Return

The long-term expected rate of return on PSRS' investments was determined using a building-block method in which best-estimate ranges of expected future real rates of returns (expected returns, net of investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in PSRS' target allocation as of June 30, 2014 is summarized below along with the long term geometric return. Geometric return (also referred to as the time weighted return) is considered standard practice within the investment management industry. Geometric returns represent the compounded rate of growth of a portfolio. The method eliminates the effects created by cashflows.

<u>Asset Class</u>	<u>Target Asset Allocation</u>	<u>Long-term Expected Real Return Arithmetic Basis</u>	<u>Weighted Long-term Expected Real Return Arithmetic Basis</u>
U.S. Public Equity	27.0%	5.85%	1.58%
Public Credit	12.0%	2.44%	0.29%
Hedged Assets	6.0%	5.22%	0.31%
Non-U.S. Public Equity	15.0%	6.64%	1.00%
U.S. Treasuries	16.0%	1.01%	0.16%
U.S. TIPS	4.0%	1.12%	0.04%
Private Credit	2.0%	7.61%	0.15%
Private Equity	10.5%	8.61%	0.90%
Private Real Estate	7.5%	4.60%	0.35%
Total	<u>100.0%</u>		<u>4.78%</u>
		Inflation	<u>2.50%</u>
		Long term arithmetical nominal return	<u>7.28%</u>
		Effect of covariance matrix	<u>0.81%</u>
		Long term expected geometric return	<u>8.09%</u>

- Discount Rate

The discount rate used to measure the total pension liability was 8.00% as of June 30, 2014, and is consistent with the long-term expected geometric return on plan investments. The projection of cash flows used to determine the discount rate assumed that employer contributions would be made at the actuarially calculated rate computed in accordance with assumptions and methods stated in the funding policy adopted by the Board of Trustees, which requires payment of the normal cost and amortization of the unfunded actuarially accrued liability in level percent of employee payroll installments over 30 years utilizing a closed period, layered approach. Based on this assumption, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members.

- Discount Rate Sensitivity

The sensitivity of the district's net pension liability to changes in the discount rate is presented below. The district's net pension liability calculated using the discount rate of 8.0% is presented as well as the net pension liability using a discount rate that is 1.0% lower (7.0%) or 1.0% higher (9.0%) than the current rate.

Discount Rate	<u>1% Decrease (7.00%)</u>	<u>Current Rate (8.00%)</u>	<u>1% Increase (9.00%)</u>
Proportionate share of the Net Pension Liability/(Asset)	\$ 5,472,964	\$ 2,584,622	\$ 161,954

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

Benefits Provided. PEERS is a defined benefit plan providing service retirement and disability benefits to its members. Members are vested for service retirement benefits after accruing five years of service. Individuals who (a) are at least age 60 and have a minimum of five years of service, (b) have 30 years of service, or (c) qualify for benefits under the "Rule of 80" (service and age total at least 80) are entitled to a monthly benefit for life, which is calculated using a 1.61% benefit factor. Members qualifying for "Rule of 80" or "30-and-out" are entitled to an additional temporary .8% benefit multiplier until reaching minimum Social Security age (currently age 62). Actually age-reduced retirement benefits are available with five 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. A Summary Plan Description detailing the provisions of the plan can be found on PSRS' website at www.psrs-peers.org.

Cost-of-Living Adjustments (COLA). The PEERS Board has established a policy of providing a 2.00% COLA for years in which the CPI increases between 0.00% and 5.00%. If the CPI increase is greater than 5.00%, the Board will provide a COLA of 5.00%. If the CPI decreases, no COLA is provided. For any member, such adjustments commence on the fourth January after commencement of benefits and occur annually thereafter. The total of such increase may not exceed 80% of the original benefit for any member.

Contributions. PEERS members were required to contribute 6.86% of their annual covered salary during fiscal year 2015. 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 PEERS were \$68,405 for the year ended June 30, 2015.

Pension Liability

At June 30, 2015, the district had a liability of \$256,346 for its proportionate share of the net pension liability. The net pension liability for the plan in total was measured as of June 30, 2014 and determined by an actuarial valuation as of that date. The district's proportionate share of the total net pension liability was based on the ratio of its actual contributions of \$70,214 paid to PEERS for the year ended June 30, 2014 relative to the actual contributions of \$100,035,580 from all participating employers. At June 30, 2014 the district's proportionate share was 0.0702%.

Actuarial Assumptions

Actuarial valuations of PEERS involves estimates of the reported amount and assumptions about probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality and future salary increases. Amounts determined regarding the net pension liability are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The last experience study was conducted in 2011 and the next experience study is scheduled for 2016.

Significant actuarial assumptions and other inputs used to measure the total pension liability:

- Measurement Date	June 30, 2014
- Valuation Date	June 30, 2014
- Expected Return on Investments	8.00%, net of investment expenses and including 2.5% inflation
- Inflation	2.50%
- Total Payroll Growth	3.75% per annum, consisting of 2.50% inflation, 0.75% additional inflation due to the inclusion of health care costs in pension earnings, and 0.50% of real wage growth.
- Future Salary Increases	5.00% - 12.00%, depending on service and including 2.50% inflation, 0.75% additional inflation due to the inclusion of health care costs in pension earnings, and real wage growth of 1.75% to 8.75%.
- Cost-of-Living Increases	2.0% compounded annually, beginning on the fourth January after retirement and capped at 80% lifetime increase.
- Mortality Assumption Actives:	RP 2000 Mortality Table set back one year for males and six years for females, then projected to 2016 using Scale AA.
Non-Disabled Retirees, Beneficiaries and Survivors:	RP 2000 Mortality Table set back one year for both males and females, then projected to 2016 using Scale AA.
Disabled Retirees:	RP 2000 Disabled Mortality Table
- Changes in Actuarial Assumptions and Methods	There were no changes in actuarial assumptions or methods for the June 30, 2014 valuation.
- Fiduciary Net Position	PEERS issues a publicly available financial report that can be obtained at www.psrs-peers.org .
- Expected Rate of Return	The long-term expected rate of return on PEERS' investments was determined using a building-block method in which best-estimate ranges of expected future real rates of returns (expected returns, net of investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in PEERS' target allocation as of June 30, 2014 is summarized below along with the long term geometric return. Geometric return (also referred to as the time weighted return) is considered standard practice within the investment management industry. Geometric returns represent the compounded rate of growth of a portfolio. The method eliminates the effects created by cashflows.

<u>Asset Class</u>	<u>Target Asset Allocation</u>	<u>Long-term Expected Real Return Arithmetic Basis</u>	<u>Weighted Long-term Expected Real Return Arithmetic Basis</u>
U.S. Public Equity	27.0%	5.85%	1.58%
Public Credit	12.0%	2.44%	0.29%
Hedged Assets	6.0%	5.22%	0.31%
Non-U.S. Public Equity	15.0%	6.64%	1.00%
U.S. Treasuries	16.0%	1.01%	0.16%
U.S. TIPS	4.0%	1.12%	0.04%
Private Credit	2.0%	7.61%	0.15%
Private Equity	10.5%	8.61%	0.90%
Private Real Estate	7.5%	4.60%	0.35%
Total	<u>100.0%</u>		<u>4.78%</u>
		Inflation	<u>2.50%</u>
		Long term arithmetical nominal return	<u>7.28%</u>
		Effect of covariance matrix	<u>0.81%</u>
		Long term expected geometric return	<u>8.09%</u>

- Discount Rate The discount rate used to measure the total pension liability was 8.00% as of June 30, 2014, and is consistent with the long-term expected geometric return on plan investments. The projection of cash flows used to determine the discount rate assumed that employer contributions would be made at the actuarially calculated rate computed in accordance with assumptions and methods stated in the funding policy adopted by the Board of Trustees, which requires payment of the normal cost and amortization of the unfunded actuarially accrued liability in level percent of employee payroll installments over 30 years utilizing a closed period, layered approach. Based on this assumption, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members.

- Discount Rate Sensitivity The sensitivity of the district's net pension liability to changes in the discount rate is presented below. The district's net pension liability calculated using the discount rate of 8.0% is presented as well as the net pension liability using a discount rate that is 1.0% lower (7.0%) or 1.0% higher (9.0%) than the current rate.

<u>Discount Rate</u>	<u>1% Decrease (7.00%)</u>	<u>Current Rate (8.00%)</u>	<u>1% Increase (9.00%)</u>
Proportionate share of the Net Pension Liability/(Asset)	\$ 615,133	\$ 256,346	\$ (46,753)

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 \$11,531 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. The District also has \$5,368 in restricted fund balance to be used for professional development activities.

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 transferred \$146,040 to the Capital Project's Fund for construction purposes. The following schedule reports transfers within the District for fiscal year ended June 30, 2015.

(Transfers From)	(Transfers To)	
	Capital Projects Fund	Total Transfers
General Fund	\$ 146,040.25	\$ 146,040.25

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 November 10, 2015, 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, 2015

	<u>Original Budget</u>	<u>Revised Budget</u>	<u>Actual</u>	<u>Revised Budget to Actual Variance</u>
REVENUES:				
Local	\$ 1,515,820	\$ 1,636,905	\$ 1,636,905	\$ -0-
County	102,500	121,235	121,235	-0-
State	463,875	460,827	460,827	-0-
Federal	407,842	460,472	460,472	-0-
Investment Income	13,500	15,288	15,288	-0-
Received Other Districts	62,160	69,916	69,916	-0-
Other	-0-	-0-	-0-	-0-
Total Revenues	<u>2,565,697</u>	<u>2,764,643</u>	<u>2,764,643</u>	<u>-0-</u>
EXPENDITURES:				
Instruction	655,008	674,628	674,628	-0-
Student Activities	238,597	298,035	298,035	-0-
Student Services	130,436	128,170	128,170	-0-
Instructional Staff Support	77,088	88,591	88,591	-0-
Building Administration	3,599	3,727	3,727	-0-
Genl Admin & Central Serv	149,458	154,254	154,254	-0-
Operation of Plant	388,089	395,215	395,215	-0-
Transportation	389,918	379,393	379,393	-0-
Food Service	361,949	389,459	389,459	-0-
Adult Education	-0-	-0-	-0-	-0-
Community Services	36,566	35,240	35,240	-0-
Facilities Acquisition	-0-	-0-	-0-	-0-
Debt Services	-0-	-0-	-0-	-0-
Total Expenditures	<u>2,430,708</u>	<u>2,546,712</u>	<u>2,546,712</u>	<u>-0-</u>
REVENUES OVER (UNDER) EXPENDITURES	134,989	217,931	217,931	-0-
FUND BALANCE, BEGINNING OF YEAR	1,823,666	1,829,635	1,829,635	-0-
TRANSFERS OUT	<u>(134,989)</u>	<u>(146,040)</u>	<u>(146,040)</u>	<u>-0-</u>
FUND BALANCE, END OF YEAR	<u>\$ 1,823,666</u>	<u>\$ 1,901,526</u>	<u>\$ 1,901,526</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, 2015

	<u>Original Budget</u>	<u>Revised Budget</u>	<u>Actual</u>	<u>Revised Budget to Actual Variance</u>
REVENUES:				
Local	\$ 508,807	\$ 553,881	\$ 553,881	\$ -0-
County	23,000	30,725	30,725	-0-
State	2,156,661	2,109,273	2,109,273	-0-
Federal	338,037	335,854	335,854	-0-
Investment Income	-0-	-0-	-0-	-0-
Rec'd Other Districts	62,160	69,319	69,319	-0-
Other	-0-	-0-	-0-	-0-
Total Revenues	<u>3,088,665</u>	<u>3,099,052</u>	<u>3,099,052</u>	<u>-0-</u>
EXPENDITURES:				
Instruction	2,473,236	2,460,274	2,460,274	-0-
Student Activities	16,645	36,826	36,826	-0-
Student Services	138,279	140,516	140,516	-0-
Instructional Staff Support	52,439	52,429	52,429	-0-
Building Administration	250,645	250,565	250,565	-0-
Genl Admin & Central Serv	80,034	84,182	84,182	-0-
Operation of Plant	-0-	-0-	-0-	-0-
Transportation	28,755	25,697	25,697	-0-
Food Service	-0-	-0-	-0-	-0-
Adult Education	-0-	-0-	-0-	-0-
Community Services	48,632	48,563	48,563	-0-
Facilities Acquisition	-0-	-0-	-0-	-0-
Debt Services	-0-	-0-	-0-	-0-
Total Expenditures	<u>3,088,665</u>	<u>3,099,052</u>	<u>3,099,052</u>	<u>-0-</u>
REVENUES OVER (UNDER) EXPENDITURES	-0-	-0-	-0-	-0-
FUND BALANCE, BEGINNING OF YEAR	-0-	-0-	-0-	-0-
TRANSFER IN	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>
FUND BALANCE, END OF YEAR	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ -0-</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, 2015

	<u>Original Budget</u>	<u>Revised Budget</u>	<u>Actual</u>	<u>Revised Budget to Actual Variance</u>
REVENUES:				
Local	\$ 37,200	\$ 51,905	\$ 51,905	\$ -0-
County	-0-	-0-	-0-	-0-
State	-0-	-0-	-0-	-0-
Federal	-0-	-0-	-0-	-0-
Investment Income	14,000	10,811	10,811	-0-
Rec'd Other Districts	-0-	-0-	-0-	-0-
Sale of Assets	-0-	3,975	3,975	-0-
Total Revenues	<u>51,200</u>	<u>66,691</u>	<u>66,691</u>	<u>-0-</u>
EXPENDITURES:				
Instruction	-0-	12,752	12,752	-0-
Student Activities	-0-	1,325	1,325	-0-
Instructional Staff Support	-0-	10,577	10,577	-0-
Building Administration	-0-	-0-	-0-	-0-
Genl Admin & Central Serv	-0-	-0-	-0-	-0-
Operation of Plant	-0-	-0-	-0-	-0-
Transportation	-0-	-0-	-0-	-0-
Food Service	-0-	1,150	1,150	-0-
Community Services	-0-	-0-	-0-	-0-
Facilities Acquisition	70,000	67,361	67,361	-0-
Debt Services:				
Principal Payments	108,076	108,076	108,076	-0-
Interest & Fees	8,113	8,113	8,113	-0-
Total Expenditures	<u>186,189</u>	<u>209,354</u>	<u>209,354</u>	<u>-0-</u>
REVENUES OVER (UNDER) EXPENDITURES	(134,989)	(142,663)	(142,663)	-0-
FUND BALANCE, BEGINNING OF YEAR	1,229,233	1,230,673	1,230,673	-0-
TRANSFER IN(OUT)	<u>134,989</u>	<u>146,040</u>	<u>146,040</u>	<u>-0-</u>
FUND BALANCE, END OF YEAR	<u>\$ 1,229,233</u>	<u>\$ 1,234,050</u>	<u>\$ 1,234,050</u>	<u>\$ -0-</u>

GAINESVILLE R-V SCHOOL DISTRICT
SCHEDULE OF PROPORTIONATE SHARE
OF THE NET PENSION LIABILITY AND RELATED RATIOS-PSRS
YEAR ENDED JUNE 30, 2015

Public School Retirement System (PSRS)

<u>Year Ended*</u>	<u>Proportion of the Net Pension Liability(Asset)</u>	<u>Proportionate Share Of the Net Pension Liability(Asset)</u>	<u>Actual Covered Member Payroll</u>	<u>Net Pension Liability (Asset) as a Percentage Of Covered Payroll</u>	<u>Fiduciary Net Position as a Percentage of Total Pension Liability</u>
06/30/2015	0.0630%	\$ 2,584,622	\$ 2,799,738	92.32%	89.30%

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

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

GAINESVILLE R-V SCHOOL DISTRICT
SCHEDULE OF EMPLOYER CONTRIBUTIONS-PSRS
YEAR ENDED JUNE 30, 2015

Public School Retirement System (PSRS)

<u>Year Ended</u>	<u>Statutorily Required Contribution</u>	<u>Employer Contributions</u>	<u>Actual Contribution Excess/ (Deficiency)</u>	<u>Actual Covered Member Payroll</u>	<u>Contributions as a Percentage of Covered Payroll</u>
06/30/2013	\$ 387,822	\$ 212,996	\$ -	\$ 1,471,379	14.50 %
06/30/2014	405,962	223,000	-	1,550,417	14.50 %
06/30/2015	382,842	382,842	-	2,640,290	14.50 %

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

GAINESVILLE R-V SCHOOL DISTRICT
SCHEDULE OF PROPORTIONATE SHARE
OF THE NET PENSION LIABILITY AND RELATED RATIOS-PEERS
YEAR ENDED JUNE 30, 2015

Public School Retirement System (PEERS)

<u>Year Ended*</u>	<u>Proportion of the Net Pension Liability(Asset)</u>	<u>Proportionate Share Of the Net Pension Liability(Asset)</u>	<u>Actual Covered Member Payroll</u>	<u>Net Pension Liability (Asset) as a Percentage Of Covered Payroll</u>	<u>Fiduciary Net Position as a Percentage of Total Pension Liability</u>
06/30/2015	0.0702%	\$ 256,346	\$ 1,023,522	25.1%	91.3%

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

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

GAINESVILLE R-V SCHOOL DISTRICT
SCHEDULE OF EMPLOYER CONTRIBUTIONS-PEERS
YEAR ENDED JUNE 30, 2015

Public School Retirement System (PEERS)

<u>Year Ended</u>	<u>Statutorily Required Contribution</u>	<u>Employer Contributions</u>	<u>Actual Contribution Excess/ (Deficiency)</u>	<u>Actual Covered Member Payroll</u>	<u>Contributions as a Percentage of Covered Payroll</u>
06/30/2013	\$ 65,361	\$ 65,361	\$ -	\$ 952,781	6.86%
06/30/2014	70,214	70,214	-	1,023,522	6.86%
06/30/2015	68,405	68,405	-	997,948	6.86%

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

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, 2015, and the related notes to the financial statements, and have issued our report thereon dated November 10, 2015.

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
November 10, 2015

GAINESVILLE R-V SCHOOL DISTRICT
SCHEDULE OF SELECTED STATISTICS
YEAR ENDED JUNE 30, 2015

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	1,093.44
7 - 12	1,093.44

- 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:

164

2. Average Daily Attendance (ADA)

Regular term ADA:

K - 6	325.0438
7- 12	<u>265.7796</u>

Total regular term ADA	<u>590.8234</u>
------------------------	-----------------

Summer school attendance	<u>14.2313</u>
--------------------------	----------------

Total average daily attendance	<u>605.0547</u>
--------------------------------	-----------------

3. September Membership

(as of last Wednesday of September, 2014) 645.00

4. Free and Reduced Price Lunch FTE Count

(as of last Wednesday of January, 2015)

Free	371.00
Reduced	<u>64.00</u>
Total	<u>435.00</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

GAINESVILLE R-V SCHOOL DISTRICT
SCHEDULE OF TRANSPORTATION COSTS
ELIGIBLE FOR STATE AID
YEAR ENDED JUNE 30, 2015

	<u>District Owned</u>	<u>District Total</u>
Certificated Salaries	\$ 21,622	\$ 21,622
Noncertificated Salaries	187,978	187,978
Employee Benefits	75,341	75,341
Purchased Services	30,984	30,984
Supplies	89,165	89,165
Depreciation	48,975	48,975
Total Allowable Costs	<u>\$ 454,065</u>	<u>\$ 454,065</u>
School Buses Lease/Purchase	Principal	<u>\$ -0-</u>
	Interest	<u>\$ -0-</u>
Transportation Paid to Other Districts		<u>\$ -0-</u>

GAINESVILLE R-V SCHOOL DISTRICT
SCHEDULE OF REVENUE BY SOURCE
FOR THE YEAR ENDED JUNE 30, 2015

	General (Incidental) Fund	Special Revenue (Teachers') Fund	Capital Projects Fund	Total (Memorandum Only) June 30, 2015
LOCAL:				
Property Taxes	\$1,291,671	\$ -0-	\$ -0-	\$1,291,671
School Dist Trust Fund	52,203	546,881	-0-	599,084
F.I.T.	-0-	-0-	1,795	1,795
M & M Surtax	-0-	-0-	30,385	30,385
In Lieu of Tax	734	-0-	-0-	734
Tuition from Individuals	-0-	-0-	-0-	-0-
Earnings on Investment	15,288	-0-	10,811	26,099
Food Service	76,512	-0-	-0-	76,512
Student Activities	206,025	-0-	-0-	206,025
Other Local	9,760	7,000	19,725	36,485
Total Local	<u>1,652,193</u>	<u>553,881</u>	<u>62,716</u>	<u>2,268,790</u>
COUNTY:				
Fines, Escheats, etc.	-0-	30,725	-0-	30,725
State Assessed Utilities	86,403	-0-	-0-	86,403
Federal Property	34,832	-0-	-0-	34,832
Total County	<u>121,235</u>	<u>30,725</u>	<u>-0-</u>	<u>151,960</u>
STATE:				
Basic Formula	111,990	2,093,090	-0-	2,205,080
Transportation	103,668	-0-	-0-	103,668
Early Chldhd Spec Ed	3,667	7,064	-0-	10,731
Basic Formula-Clstrm Trust	231,441	-0-	-0-	231,441
Edctnl Screening/PAT	7,045	-0-	-0-	7,045
Career Education	-0-	9,119	-0-	9,119
Food Service	3,016	-0-	-0-	3,016
Total State	<u>460,827</u>	<u>2,109,273</u>	<u>-0-</u>	<u>2,570,100</u>
FEDERAL:				
Medicaid	39,509	-0-	-0-	39,509
Perkins Basic Grant	12,747	-0-	-0-	12,747
Ind with Disabilty (IDEA)	-0-	148,017	-0-	148,017
Early Chldhd Spec Ed	2,607	-0-	-0-	2,607
Food Service	286,808	-0-	-0-	286,808
Title I-ESEA	62,502	187,837	-0-	250,339
Title IIA,ESEA	41,772	-0-	-0-	41,772
Summer Food Service	8,327	-0-	-0-	8,327
Title VI, Part B Rural Education	6,200	-0-	-0-	6,200
Total Federal	<u>460,472</u>	<u>335,854</u>	<u>-0-</u>	<u>796,326</u>
Sales of Buses	-0-	-0-	3,975	3,975
Rec'd Other Districts	69,916	69,319	-0-	139,235
TOTAL REVENUES	<u><u>\$2,764,643</u></u>	<u><u>\$3,099,052</u></u>	<u><u>\$66,691</u></u>	<u><u>\$5,930,386</u></u>

GAINESVILLE R-V SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES BY OBJECT
YEAR ENDED JUNE 30, 2015

	General (Incidental) Fund	Special Revenue (Teachers') Fund	Capital Projects Fund
Salaries	\$ 988,591	\$ 2,379,248	\$ -0-
Employee Benefits	353,953	714,626	-0-
Purchased Services	366,334	5,178	-0-
Supplies	837,834	-0-	-0-
Capital Outlay	-0-	-0-	93,166
Other Objects	<u>-0-</u>	<u>-0-</u>	<u>116,188</u>
TOTAL	<u>\$ 2,546,712</u>	<u>\$ 3,099,052</u>	<u>\$ 209,354</u>

GAINESVILLE R-V SCHOOL DISTRICT
SCHEDULE OF STATE FINDINGS
YEAR ENDED JUNE 30, 2015

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, 2015. 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, 2015.

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
November 10, 2015

GAINESVILLE R-V SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2015

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	\$ 205,270
School Breakfast Program	10.553	077-102	79,175
After School Snack Program	10.555	077-102	2,364
Donated Food Distribution	10.555	077-102	18,426
Passed-through Missouri Department of Health & Senior Services			
Summer Food Service Program	10.559	2361	<u>8,327</u>
Total U.S. Department of Agriculture			<u>313,562</u>
U.S. DEPARTMENT OF EDUCATION			
Passed-through MO Department of Elementary and Secondary Education			
Title I,ESEA	84.010A	077-102	250,739
Title IIA,ESEA	84.367A	077-102	41,772
Part B,IDEA-Entitlement	84.027A	077-102	148,017
Early Childhood Special Education	84.027A	077-102	3,873
Vocational (Carl Perkins III)	84.048A	077-102	12,754
Direct Award			
Small Rural School Achievement Program	84.358A	077-102	<u>6,200</u>
Total U.S. Department of Education			<u>463,355</u>
Total Federal Financial Assistance			<u>\$ 776,917</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, 2015

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, 2015.

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, 2015

There were no findings in the prior year.

GAINESVILLE R-V SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2015

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:

National School Lunch Program	10.555
School Breakfast Program	10.553
After School Snack Program	10.555
Donated Food Distribution	10.555
Summer Food Service Program	10.559
- H. Dollar threshold used to distinguish between Type A and Type B programs is \$300,000.
- I. Auditee qualified 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, 2015**

Contact Person: Mr. Joe Donley, Superintendent
Gainesville R-V School District
422 Bulldog Drive
Gainesville, MO 65655

There were no current year findings requiring corrective action.