

GAINESVILLE R-V SCHOOL DISTRICT
FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2016

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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, 2016. 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, 2016, as compared to fiscal year 2015, respectively, are as follows:

The cash balances of the Gainesville R-V School District increased by \$ 49,295 during fiscal year 2016 and increased by \$ 75,268 during fiscal year 2015.

Total Revenues of the governmental funds were \$ 6,029,017 or an increase of 1.6% from prior year total revenue of \$ 5,930,386.

Expenses for the operating funds (general and teachers' funds) increased \$ 124,604 or 21%.

Outlays for capital assets were \$ 213,678.47 during the year, including the annual principal and interest on the Biomass lease (\$ 116,982.58) and other expenditures including scissor lift (\$ 5,800), new bus (\$ 64,900), playground equipment, fencing, and gravel (\$ 23,807.27), new toilets for high school locker room (\$ 1,400), and new gutters for high school library (\$ 788).

"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 is \$ 3,184,871 as of June 30, 2016, an increase of \$ 49,295 or 1.5% above the prior year. Of this amount, \$ 3,171,609 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>2016</u>	<u>2015</u>
Cash and Investments	<u>\$3,184,871</u>	<u>\$3,135,576</u>
TOTAL ASSETS	<u>\$3,184,871</u>	<u>\$3,135,576</u>
NET POSITION		
Restricted	\$ 13,262	\$ 16,899
Unrestricted	<u>\$3,171,609</u>	<u>\$3,118,677</u>
TOTAL NET POSITION	<u>\$3,184,871</u>	<u>\$3,135,576</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 23% of general revenues coming from local revenue, 52% from state revenue, 2.4% from county revenue, and .04% 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 1.3%.

Total expenditures decreased 2.1% or \$ 124,604.

Total revenues increased 1.6% or \$ 98,631.

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 \$ 5,979,722.

Instruction represents 53.7% 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 9% of the total costs of all governmental activities of the District.

Administration (includes Board of Education, District-wide, and Building Level Administrative Services) represents 9% of the total costs of all governmental activities.

Pupil Transportation and Food Services represents 14% of the total costs of all governmental activities.

Schedule 2
CHANGES IN NET POSITION

	Governmental 2016	Activities 2015	Change 2016-2015
Program Revenues:			
Charges for Services	\$ 406,381	\$ 421,772	\$ (15,391)
Operating Grants & Contributions	957,080	951,427	5,653
Capital Grants & Contributions	-0-	-0-	-0-
General Revenue			
Basic Formula	2,504,481	2,414,999	89,482
Property Taxes	1,311,923	1,291,671	20,252
School District Trust Fund	628,209	599,084	29,125
Local	57,245	69,399	(12,154)
County	142,039	151,960	(9,921)
Investment Income	21,659	26,099	(4,440)
Sale of Property	-0-	3,975	(3,975)
TOTAL REVENUES	6,029,017	5,930,386	98,631
Program Expense			
Instruction	3,214,087	3,147,654	66,433
Student Activities	347,494	336,186	11,308
Student Services	260,198	268,686	(8,488)
Instructional Staff Support	210,994	151,597	59,397
Building Administration	244,941	254,292	(9,351)
General Administration	273,884	238,436	35,448
Operation of Plant	440,384	395,215	45,169
Transportation	458,259	405,090	53,169
Food Services	368,579	390,609	(22,030)
Community Services	17,924	83,803	(65,879)
Facility Acquisition & Construction	25,996	67,361	(41,365)
Debt Services			
Principal Payments	109,955	108,076	1,879
Interest & Fees	7,027	8,113	(1,086)
TOTAL EXPENSES	5,979,722	5,855,118	124,604
CHANGE IN NET POSITION	\$ 49,295	\$ 75,268	\$ (25,973)

Schedule 3
NET COST OF GOVERNMENTAL ACTIVITIES

	Total Costs of Services		Net Costs of Services	
	2016	2015	2016	2015
Instruction	\$ 3,214,087	\$ 3,147,654	\$ 2,655,876	\$ 2,647,544
Student Services	347,494	336,186	122,143	130,161
Student Activities	260,198	268,686	212,516	229,177
Instructional Staff Support	210,994	151,597	130,708	81,065
Building Administration	244,941	254,292	244,941	254,292
General Administration	273,884	238,436	273,884	238,436
Operation of Plant	440,384	395,215	440,384	395,215
Transportation	458,259	405,090	370,436	301,422
Food Service	368,579	390,609	13,991	15,946
Community Services	17,924	83,803	8,404	5,111
Facility Acquisition & Construction	25,996	67,361	25,996	67,361
Debt Services:				
Principal Payments	109,955	108,076	109,955	108,076
Interest & Fees	7,027	8,113	7,027	8,113
TOTAL	\$ 5,979,722	\$ 5,855,118	\$ 4,616,261	\$ 4,481,919

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 \$ 642,599 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>2016</u>	<u>2015</u>	<u>2016-2015</u>
Lease/Purchase Obligations	\$642,599	\$ 752,554	\$ (109,955)

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 Gainesville R-V School District, as of and for the year ended June 30, 2016, 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 opinions 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 opinions.

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, 2016, 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 opinions are not modified with respect to that matter.

Other Matters

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 Management's Discussion and Analysis, and the supplemental information on pages 1-5 and 26-34, which are the responsibility of management, are presented for purposes of additional analysis and are not a required part of the basic financial statements. The Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by Title 2 U.S. *Code of Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and is also not a required part of the basic financial statements.

The Schedule of Expenditures of Federal Awards is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Schedule of Expenditures of Federal Awards is fairly stated in all material respects in relation to the basic financial statements as a whole.

The management's discussion and analysis and the supplemental 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 Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated November 1, 2016, 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 1, 2016

**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 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, 2016 and the related notes to the financial statements, which collectively comprise the Gainesville R-V School District's basic financial statements and have issued our report thereon dated November 1, 2016.

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 1, 2016

GAINESVILLE R-V SCHOOL DISTRICT
STATEMENT OF NET POSITION - MODIFIED CASH BASIS
JUNE 30, 2016

ASSETS	
Cash and Investments	<u>\$ 3,184,871</u>
TOTAL ASSETS	<u><u>\$ 3,184,871</u></u>
NET POSITION	
Restricted for:	
Student Scholarships	\$ 8,582
Professional Development	4,680
Unrestricted	<u>3,171,609</u>
TOTAL NET POSITION	<u><u>\$ 3,184,871</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, 2016

	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	\$(3,214,087)	\$ 114,133	\$ 444,078	\$ -0-	\$(2,655,876)
Student Activities	(347,494)	225,351	-0-	-0-	(122,143)
Student Services	(260,198)	-0-	47,682	-0-	(212,516)
Instructional Staff Support	(210,994)	-0-	80,286	-0-	(130,708)
Building Administration	(244,941)	-0-	-0-	-0-	(244,941)
Gen'l Admin & Central Serv	(273,884)	-0-	-0-	-0-	(273,884)
Operation of Plant	(440,384)	-0-	-0-	-0-	(440,384)
Transportation	(458,259)	-0-	87,823	-0-	(370,436)
Food Service	(368,579)	66,897	287,691	-0-	(13,991)
Community Services	(17,924)	-0-	9,520	-0-	(8,404)
Facilities Act & Constr	(25,996)	-0-	-0-	-0-	(25,996)
Debt Services:					
Principal Payments	(109,955)	-0-	-0-	-0-	(109,955)
Interest & Fees	(7,027)	-0-	-0-	-0-	(7,027)
Net Program (Disb) Receipts	<u>\$(5,979,722)</u>	<u>\$ 406,381</u>	<u>\$ 957,080</u>	<u>\$ -0-</u>	<u>\$(4,616,261)</u>
General Receipts					
Basic Formula					\$ 2,504,481
Property Taxes					1,311,923
School District Trust Fund					628,209
Local Receipts					57,245
County Receipts					142,039
Investment Income					21,659
Total General Receipts					<u>4,665,556</u>
Increase in Net Position					49,295
Net Position-Beginning of Year					<u>3,135,576</u>
Net Position-End of Year					<u>\$ 3,184,871</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, 2016

	<u>GOVERNMENTAL FUND TYPES</u>			
	<u>General (Incidental) Fund</u>	<u>Special Revenue (Teachers') Fund</u>	<u>Capital Projects Fund</u>	<u>Total Governmental Funds 06/30/16</u>
ASSETS:				
Cash and Investments	<u>\$ 1,950,821</u>	<u>\$ -0-</u>	<u>\$1,234,050</u>	<u>\$ 3,184,871</u>
TOTAL ASSETS	<u>\$ 1,950,821</u>	<u>\$ -0-</u>	<u>\$1,234,050</u>	<u>\$ 3,184,871</u>
FUND BALANCES:				
Restricted for:				
Scholarships	\$ 8,582	\$ -0-	\$ -0-	\$ 8,582
Professional Development	4,680	-0-	-0-	4,680
Assigned: Capital Projects	-0-	-0-	1,234,050	1,234,050
Unassigned	<u>1,937,559</u>	<u>-0-</u>	<u>-0-</u>	<u>1,937,559</u>
TOTAL FUND BALANCES	<u>\$ 1,950,821</u>	<u>\$ -0-</u>	<u>\$1,234,050</u>	<u>\$ 3,184,871</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, 2016

	General (Incidental) Fund	Special Revenue (Teachers') Fund	Capital Projects Fund	Total Governmental Funds 6/30/16
REVENUES:				
Local	\$ 1,725,527	\$ 519,159	\$ 45,716	\$ 2,290,402
County	102,317	39,722	-0-	142,039
State	469,237	2,181,807	-0-	2,651,044
Federal	462,210	348,307	-0-	810,517
Investment Income	6,817	-0-	14,842	21,659
Rec'd Other Districts	71,046	42,310	-0-	113,356
Total Revenues	<u>2,837,154</u>	<u>3,131,305</u>	<u>60,558</u>	<u>6,029,017</u>
EXPENDITURES:				
Instruction	677,501	2,536,586	-0-	3,214,087
Student Activities	319,956	27,538	-0-	347,494
Student Services	125,309	134,889	-0-	260,198
Instructional Staff Support	152,998	57,996	-0-	210,994
Building Administration	4,283	240,658	-0-	244,941
Genl Admin & Central Serv	161,023	112,861	-0-	273,884
Operation of Plant	434,584	-0-	5,800	440,384
Transportation	372,582	20,777	64,900	458,259
Food Service	368,579	-0-	-0-	368,579
Community Services	17,924	-0-	-0-	17,924
Facilities Act. & Constr	-0-	-0-	25,996	25,996
Debt Services:				
Principal Payments	-0-	-0-	109,955	109,955
Interest & Fees	-0-	-0-	7,027	7,027
Total Expenditures	<u>2,634,739</u>	<u>3,131,305</u>	<u>213,678</u>	<u>5,979,722</u>
REVENUES OVER (UNDER) EXPENDITURES	202,415	-0-	(153,120)	49,295
FUND BALANCES, BEGINNING OF YEAR	1,901,526	-0-	1,234,050	3,135,576
TRANSFERS IN (OUT)	<u>(153,120)</u>	<u>-0-</u>	<u>153,120</u>	<u>-0-</u>
FUND BALANCES, END OF YEAR	<u>\$ 1,950,821</u>	<u>\$ -0-</u>	<u>\$ 1,234,050</u>	<u>\$ 3,184,871</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, 2016

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

All 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. These cash basis transactions have been modified to include investments. This is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

D. 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.

E. 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.

F. 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.

G. 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 \$6,929.75 for unused time off upon termination during the year ended June 30, 2016.

H. TEACHERS' SALARIES

Payroll checks written and dated in June, 2016 for July and August, 2016, payrolls from 2016-15 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.

I. 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.

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, 2016, the carrying amount of the District's deposits was \$3,184,676 and the bank balances were \$3,826,566. Of the bank balances \$250,000 was secured by federal depository insurance, \$2,176,566 was secured by collateral pledged by the District's financial institution held by a third party agent, and \$1,400,000 was covered by Federal Home Loan letters 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, 2016.

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 2015 for purpose of local taxation was:

2015	
Residential	\$ 24,786,620
Agricultural	2,821,270
Commercial	8,849,240
Personal	11,939,044
Total	<u>\$ 48,396,174</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 2015 for purposes of local taxation was:

	 2015	
	<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, 2016, aggregated approximately 98.57 percent of the current assessment computed on the basis of the levy for fiscal year ended June 30, 2016.

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, 2016, was \$7,259,426.

Constitution debt limit	\$ 7,259,426
General obligation bonds payable	-0-
Amount available in Debt Service Fund	-0-
Total Debt Margin at 6/30/16	<u>\$ 7,259,426</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. This agreement was modified, beginning with the payment due June 1, 2016. The new monthly payments will be in the amount of \$ 10,476.18, resulting in the loan being paid off six months earlier. The balance at June 30, 2016 is \$ 642,599.

The following is a summary of capital lease transactions and activities for the year ended June 30, 2016:

Lease payable, July 1, 2016	\$ 752,554
Increases	-0-
Lease payments	<u>(109,955)</u>
Lease payable, June 30, 2016	<u>\$ 642,599</u>

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

Year Ending June 30,	Principal	Interest	Total
2017	\$ 119,835	\$ 5,879	\$ 125,714
2018	121,039	4,675	125,714
2019	122,255	3,459	125,714
2020	123,483	2,231	125,714
2021	124,724	990	125,714
2022	31,263	131	31,394
Total Minimum Lease Payments	<u>\$ 642,599</u>	<u>\$ 17,365</u>	<u>\$ 659,964</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, 2015, 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 \$ 397,787 for the year ended June 30, 2016.

Pension Liability

At June 30, 2015, the district had a liability of \$3,365,577 for its proportionate share of the net pension liability. The net pension liability for the plan in total was measured as of June 30, 2015 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 \$382,842 paid to PSRS for the year ended June 30, 2015 relative to the actual contributions of \$656,578,122 from all participating employers. At June 30, 2015 the district's proportionate share was 0.0583%.

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, 2015
- Valuation Date	June 30, 2015
- 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, 2015 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, 2015 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 cash flows.

<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, 2015, 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)	\$ 6,189,909	\$ 3,365,577	\$ 993,454

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.psrps-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 \$69,549 for the year ended June 30, 2016.

Pension Liability

At June 30, 2015, the district had a liability of \$351,723 for its proportionate share of the net pension liability. The net pension liability for the plan in total was measured as of June 30, 2015 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 \$68,405 paid to PEERS for the year ended June 30, 2015 relative to the actual contributions of \$102,864,099 from all participating employers. At June 30, 2015 the district’s proportionate share was 0.0665%.

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, 2015
- Valuation Date	June 30, 2015
- 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, 2015 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, 2015 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 cash flows.

Asset Class	Target Asset Allocation	Long-term Expected Real Return Arithmetic Basis	Weighted Long-term Expected Real Return Arithmetic Basis
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>		4.78%
		Inflation	2.50%
		Long term arithmetical nominal return	7.28%
		Effect of covariance matrix	0.81%
		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, 2015, 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 Proportionate share of the Net Pension Liability/(Asset)	<u>1% Decrease (7.00%)</u>	<u>Current Rate (8.00%)</u>	<u>1% Increase (9.00%)</u>
	\$ 710,070	\$ 351,723	\$ 48,771

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 \$ 8,582 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 \$ 4,680 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 \$153,120 to the Capital Project's Fund for construction purposes. The following schedule reports transfers within the District for fiscal year ended June 30, 2016.

(Transfers From)	(Transfers To)	
	Capital Projects	Total
	<u>Fund</u>	<u>Transfers</u>
General Fund	\$ 153,120	\$ 153,120

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.

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, 2016

	<u>Original Budget</u>	<u>Revised Budget</u>	<u>Actual</u>	<u>Revised Budget to Actual Variance</u>
REVENUES:				
Local	\$ 1,655,062	\$ 1,725,527	\$ 1,725,527	\$ -0-
County	106,000	102,317	102,317	-0-
State	491,053	469,237	469,237	-0-
Federal	432,014	462,210	462,210	-0-
Investment Income	15,000	6,817	6,817	-0-
Received Other Districts	49,736	71,046	71,046	-0-
Other	-0-	-0-	-0-	-0-
Total Revenues	<u>2,748,865</u>	<u>2,837,154</u>	<u>2,837,154</u>	<u>-0-</u>
EXPENDITURES:				
Instruction	701,713	677,501	677,501	-0-
Student Activities	256,055	319,956	319,956	-0-
Student Services	129,238	125,309	125,309	-0-
Instructional Staff Support	95,000	152,998	152,998	-0-
Building Administration	1,700	4,283	4,283	-0-
Genl Admin & Central Serv	161,327	161,023	161,023	-0-
Operation of Plant	393,951	434,584	434,584	-0-
Transportation	398,963	372,582	372,582	-0-
Food Service	399,939	368,579	368,579	-0-
Community Services	11,291	17,924	17,924	-0-
Facilities Acquisition	-0-	-0-	-0-	-0-
Debt Services	-0-	-0-	-0-	-0-
Total Expenditures	<u>2,549,177</u>	<u>2,634,739</u>	<u>2,634,739</u>	<u>-0-</u>
REVENUES OVER (UNDER) EXPENDITURES	199,688	202,415	202,415	-0-
FUND BALANCE, BEGINNING OF YEAR	1,897,106	1,901,526	1,901,526	-0-
TRANSFERS OUT	<u>(199,689)</u>	<u>(153,120)</u>	<u>(153,120)</u>	<u>-0-</u>
FUND BALANCE, END OF YEAR	<u>\$ 1,897,105</u>	<u>\$ 1,950,821</u>	<u>\$ 1,950,821</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, 2016

	<u>Original Budget</u>	<u>Revised Budget</u>	<u>Actual</u>	<u>Revised Budget to Actual Variance</u>
REVENUES:				
Local	\$ 491,250	\$ 519,159	\$ 519,159	\$ -0-
County	30,000	39,722	39,722	-0-
State	2,184,758	2,181,807	2,181,807	-0-
Federal	345,600	348,307	348,307	-0-
Investment Income	-0-	-0-	-0-	-0-
Rec'd Other Districts	49,736	42,310	42,310	-0-
Other	-0-	-0-	-0-	-0-
Total Revenues	<u>3,101,344</u>	<u>3,131,305</u>	<u>3,131,305</u>	<u>-0-</u>
EXPENDITURES:				
Instruction	2,559,285	2,536,586	2,536,586	-0-
Student Activities	-0-	27,538	27,538	-0-
Student Services	135,807	134,889	134,889	-0-
Instructional Staff Support	53,325	57,996	57,996	-0-
Building Administration	235,187	240,658	240,658	-0-
Genl Admin & Central Serv	110,783	112,861	112,861	-0-
Operation of Plant	-0-	-0-	-0-	-0-
Transportation	6,957	20,777	20,777	-0-
Food Service	-0-	-0-	-0-	-0-
Adult Education	-0-	-0-	-0-	-0-
Community Services	-0-	-0-	-0-	-0-
Facilities Acquisition	-0-	-0-	-0-	-0-
Debt Services	-0-	-0-	-0-	-0-
Total Expenditures	<u>3,101,344</u>	<u>3,131,305</u>	<u>3,131,305</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, 2016

	<u>Original Budget</u>	<u>Revised Budget</u>	<u>Actual</u>	<u>Revised Budget to Actual Variance</u>
REVENUES:				
Local	\$ 31,500	\$ 45,716	\$ 45,716	\$ -0-
County	-0-	-0-	-0-	-0-
State	-0-	-0-	-0-	-0-
Federal	10,889	-0-	-0-	-0-
Investment Income	10,000	14,842	14,842	-0-
Sale of Assets	-0-	-0-	-0-	-0-
Total Revenues	<u>52,389</u>	<u>60,558</u>	<u>60,558</u>	<u>-0-</u>
EXPENDITURES:				
Instruction	-0-	-0-	-0-	-0-
Student Activities	-0-	-0-	-0-	-0-
Instructional Staff Support	-0-	-0-	-0-	-0-
Building Administration	-0-	-0-	-0-	-0-
Genl Admin & Central Serv	-0-	-0-	-0-	-0-
Operation of Plant	6,000	5,800	5,800	-0-
Transportation	69,000	64,900	64,900	-0-
Food Service	-0-	-0-	-0-	-0-
Community Services	-0-	-0-	-0-	-0-
Facilities Acquisition	60,889	25,996	25,996	-0-
Debt Services:				
Principal Payments	109,162	109,955	109,955	-0-
Interest & Fees	7,027	7,027	7,027	-0-
Total Expenditures	<u>252,078</u>	<u>213,678</u>	<u>213,678</u>	<u>-0-</u>
REVENUES OVER (UNDER) EXPENDITURES	(199,689)	(153,120)	(153,120)	-0-
FUND BALANCE, BEGINNING OF YEAR	1,230,673	1,234,050	1,234,050	-0-
TRANSFER IN(OUT)	<u>199,689</u>	<u>153,120</u>	<u>153,120</u>	<u>-0-</u>
FUND BALANCE, END OF YEAR	<u>\$ 1,230,673</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, 2016

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%	89.34%
06/30/2016	0.0583%	\$ 3,365,577	\$ 2,640,290	127.47%	85.78%

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, 2016

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	\$ 387,822	\$ -	\$ 2,674,636	14.50 %
06/30/2014	405,962	405,962	-	2,799,738	14.50 %
06/30/2015	382,842	382,842	-	2,640,290	14.50 %
06/30/2016	397,787	397,787	-	2,432,608	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, 2016

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	25.05%	91.33%
06/30/2016	0.0665%	351,723	997,162	35.27%	88.28%

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, 2016

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	-	997,162	6.86%
06/30/2016	69,549	69,549	-	857,615	6.86%

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 REVENUE BY SOURCE
FOR THE YEAR ENDED JUNE 30, 2016

	General (Incidental) Fund	Special Revenue (Teachers') Fund	Capital Projects Fund	Total Governmental Funds June 30, 2016
LOCAL:				
Property Taxes	\$1,311,923	\$ -0-	\$ -0-	\$1,311,923
School Dist Trust Fund	109,827	518,382	-0-	628,209
F.I.T.	-0-	-0-	1,280	1,280
M & M Surtax	-0-	-0-	31,047	31,047
In Lieu of Tax	734	-0-	-0-	734
Tuition from Individuals	-0-	777	-0-	777
Earnings on Investment	6,817	-0-	14,842	21,659
Food Service	66,897	-0-	-0-	66,897
Student Activities	225,351	-0-	-0-	225,351
Other Local	10,795	-0-	13,389	24,184
Total Local	<u>1,732,344</u>	<u>519,159</u>	<u>60,558</u>	<u>2,312,061</u>
COUNTY:				
Fines, Escheats, etc.	-0-	39,722	-0-	39,722
State Assessed Utilities	89,713	-0-	-0-	89,713
Federal Property	12,604	-0-	-0-	12,604
Total County	<u>102,317</u>	<u>39,722</u>	<u>-0-</u>	<u>142,039</u>
STATE:				
Basic Formula	129,748	2,161,755	-0-	2,291,503
Transportation	87,823	-0-	-0-	87,823
Early Chldhd Spec Ed	2,921	10,273	-0-	13,194
Basic Formula-Clstrm Trust	235,450	-0-	-0-	235,450
Edctnal Screening/PAT	9,520	-0-	-0-	9,520
Career Education	-0-	9,779	-0-	9,779
Food Service	3,215	-0-	-0-	3,215
Other State	560	-0-	-0-	560
Total State	<u>469,237</u>	<u>2,181,807</u>	<u>-0-</u>	<u>2,651,044</u>
FEDERAL:				
Medicaid	47,682	-0-	-0-	47,682
Perkins Basic Grant	13,193	200	-0-	13,393
Ind with Disabilty (IDEA)	1,187	150,086	-0-	151,273
Early Chldhd Spec Ed	3,752	2,421	-0-	6,173
Food Service	284,476	-0-	-0-	284,476
Title I-ESEA	55,163	195,600	-0-	250,763
Title IIA,ESEA	33,888	-0-	-0-	33,888
Title VI, Part B Rural Education	22,869	-0-	-0-	22,869
Total Federal	<u>462,210</u>	<u>348,307</u>	<u>-0-</u>	<u>810,517</u>
Rec'd Other Districts	71,046	42,310	-0-	113,356
TOTAL REVENUES	<u><u>\$2,837,154</u></u>	<u><u>\$3,131,305</u></u>	<u><u>\$60,558</u></u>	<u><u>\$6,029,017</u></u>

GAINESVILLE R-V SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES BY OBJECT
YEAR ENDED JUNE 30, 2016

	General (Incidental) Fund	Special Revenue (Teachers') Fund	Capital Projects Fund
Salaries	\$ 1,020,885	\$ 2,396,749	\$ -0-
Employee Benefits	350,476	732,405	-0-
Purchased Services	483,827	2,151	-0-
Supplies	779,551	-0-	-0-
Capital Outlay	-0-	-0-	96,696
Other Objects	<u>-0-</u>	<u>-0-</u>	<u>116,982</u>
TOTAL	<u>\$ 2,634,739</u>	<u>\$ 3,131,305</u>	<u>\$ 213,678</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, 2016, and the related notes to the financial statements, and have issued our report thereon dated November 1, 2016.

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 1, 2016

GAINESVILLE R-V SCHOOL DISTRICT
SCHEDULE OF SELECTED STATISTICS
YEAR ENDED JUNE 30, 2016

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	1,104.10
7 - 12	1,104.10

- 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:

166

2. Average Daily Attendance (ADA)

Regular term ADA:

K - 6	305.2490
7- 12	<u>269.2634</u>
Total regular term ADA	574.5124

Summer school attendance	<u>9.0517</u>
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Total average daily attendance	<u>583.5641</u>
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3. September Membership

(as of last Wednesday of September, 2015) 600.00

4. Free and Reduced Price Lunch FTE Count

(as of last Wednesday of January, 2015)

Free	363.00
Reduced	<u>69.00</u>
Total	<u>432.00</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

- 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 # 454.0

Ineligible ADT # 17.0

- 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:

 185,719

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 136,681

Ineligible miles 49,038

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

 166

GAINESVILLE R-V SCHOOL DISTRICT
SCHEDULE OF TRANSPORTATION COSTS
ELIGIBLE FOR STATE AID
YEAR ENDED JUNE 30, 2016

	<u>District Owned</u>	<u>District Total</u>
Certificated Salaries	\$ 20,777	\$ 20,777
Noncertificated Salaries	195,697	195,697
Employee Benefits	69,529	69,529
Purchased Services	40,793	40,793
Supplies	66,563	66,563
Capital Outlay	64,900	64,900
Depreciation	50,934	50,934
Total Allowable Costs	<u>\$ 509,193</u>	<u>\$ 509,193</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 STATE FINDINGS
YEAR ENDED JUNE 30, 2016

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 THE UNIFORM GUIDANCE

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 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, 2016. 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 the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance 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 on compliance for each major federal program. However, our audit does not provide a legal determination of the 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 could have a direct and material effect on each of its major federal program for the year ended June 30, 2016.

Report on Internal Control Over Compliance

Management of the 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 the Uniform Guidance, 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 the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Paul Wade & Associates, P.C.

Paul Wade & Associates, P.C.
Gainesville, Missouri
November 1, 2016

GAINESVILLE R-V SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2016

Program Title	Federal CFDA Number	Federal Award (FAIN) Number	Pass-through Entity ID Number	Expenditure
U.S. DEPARTMENT OF AGRICULTURE				
Passed-through Missouri Department of Elementary and Secondary Education				
Child Nutrition Cluster				
National School Lunch Program				
-Cash	10.555	2015IN109943	077-102	\$ 40,891
-Commodities			077-102	21,426
		2016N109943	077-102	167,937
School Breakfast Program	10.553	2015IN109943	077-102	15,171
		2016N109943	077-102	<u>60,477</u>
Total U.S. Department of Agriculture Food Service Cluster				<u>305,902</u>
U.S. DEPARTMENT OF EDUCATION				
Passed-through MO Department of Elementary and Secondary Education:				
Title I Grants to LEAs	84.010A	S010A140025	077-102	70,681
		S010A150025	077-102	180,082
Improving Teacher Quality	84.367A	S367A140024	077-102	32,718
		S367A150024	077-102	1,169
Vocational (Carl Perkins III)	84.048A	V048A140025	077-102	12,808
		V048A150025	077-102	378
Special Education Cluster				
Special Education Grants to States	84.027A	H027A140040	077-102	63,509
		H027A150040	077-102	91,472
Special Education Preschool Grants	84.173A	H173A150103	077-102	<u>2,465</u>
Total Special Education Cluster				<u>157,446</u>
Direct Award				
Small Rural School Achievement Program	84.358A	S358A147476		9,075
		S358A157476		<u>13,794</u>
Total U.S. Department of Education				<u>478,151</u>
Total Expenditures of Federal Awards				<u><u>\$ 784,053</u></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, 2016

A. Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards (the Schedule) includes the federal award activity of the Gainesville R-V School District under programs of the federal government for the year ended June 30, 2016. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the Gainesville R-V School District, it is not intended to and does not present the financial position or changes in net position of the Gainesville R-V School District.

B. Summary of Significant Accounting Policies

- (1) Expenditures reported on the Schedule are reported on the modified cash basis of accounting. Such expenditures are recognized following cost principles contained in the Uniform Guidance and/or OMB Circular A-87, *Cost Principles for State, Local, and Indian Tribal Governments*, wherein certain types of expenditures are not allowable or are limited as to reimbursement.
- (2) The Gainesville R-V School District has not elected to use the 10 percent *de minimis* indirect cost rate as allowed under the Uniform Guidance.
- (3) The accompanying Schedule of Expenditures of Federal Awards includes non-cash expenditures of the Donated Food Distribution Program. The program expenditures have been presented at fair market value of commodities received during FYE June 30, 2016.
- (4) The District did not provide any funds to subrecipients in the current year.

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 \$750,000 are considered Type A programs. Those with expenditures of less than \$750,000 are considered Type B programs.

GAINESVILLE R-V SCHOOL DISTRICT
SCHEDULE OF RESOLUTIONS OF PRIOR YEAR AUDIT FINDINGS
YEAR ENDED JUNE 30, 2016

There were no findings in the prior year.

GAINESVILLE R-V SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2016

I. SUMMARY OF AUDITOR'S RESULTS

- a. The auditor's report expresses an unmodified opinion on whether the financial statements of Gainesville R-V School District were prepared in accordance with the modified cash basis of accounting.
- b. No significant deficiencies or material weaknesses were disclosed during the audit of the financial statements as reported in the Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*.
- c. No instances of noncompliance material to the financial statements of Gainesville R-V School District were disclosed during the audit.
- d. No significant deficiencies or material weaknesses over major federal award programs were disclosed as reported in the Independent Auditor's Report on Compliance for Each Major Program and on Internal Control over Compliance Required by the Uniform Guidance.
- e. No audit findings required to be reported in accordance with 2 CFR section 200.516(a) are reported in this Schedule.
- f. The programs tested as major programs were:

Title I	84.010
Special Education Cluster	84.027 & 84.173
- g. The threshold for distinguishing Type A and Type B programs was \$750,000.
- h. Gainesville R-V School District was not determined to be a low-risk auditee.

II. FINDINGS FOR FINANCIAL STATEMENTS

- a. None

III. FINDINGS FOR FEDERAL AWARDS

- a. None

COREY HILLHOUSE, President
MARTI WARDEN, Vice President
HOLLY HANNAFORD, Secretary
HEATHER BUSHNER, Member



JERRY KIGER, Member
BILLY PIPPIN, Member
WES UCHTMAN, Member
ROBBY WALRATH, Member

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CORRECTIVE ACTION PLAN YEAR ENDED JUNE 30, 2016

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.

“Quality Learning Today for Tomorrow”