

GAINESVILLE R-V SCHOOL DISTRICT

FINANCIAL STATEMENTS

FOR THE YEAR ENDED

JUNE 30, 2017

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MANAGEMENT DISCUSSION AND ANALYSIS

The discussion and analysis of the district's financial performance provides an overview of the district's financial activity for the fiscal year ending June 30, 2017. 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 and their related depreciation and long-term debt. This presentation is permissible under GASB 34 reporting model for modified cash basis school districts.

FINANCIAL HIGHLIGHTS

The cash and investment balances of the Gainesville R-V School District increased \$15,325 with a \$15,325 increase in Fund 1, Incidental.

The Capital Projects Fund balance is unchanged from prior year.

Total revenues of the governmental funds were \$6,050,634 or an increase of .36% from prior year total revenue of \$6,029,017.

Outlays for capital assets were \$204,716 during the year with \$136,190 spent on payment for biomass lease agreement and \$68,526 spent on various building and grounds improvements.

OVERVIEW OF THE FINANCIAL STATEMENTS

This section of the annual report consists of three parts:

Management's discussion and analysis

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

"Quality Learning Today for Tomorrow"

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. They are:

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, reporting 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 statements are followed by a section of supplementary 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, you need to consider additional non-financial factors 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: All of the district's basic services are included here, such as regular and special education, transportation, food service, and administration. Property taxes, sales taxes, state formula aid, and grants finance 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 short-term view that helps 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 \$3,200,196 as of June 30, 2017. Of this amount, \$3,193,073 is available for current operating costs other than student scholarships and professional development, an increase of \$21,464 or 1%. This increase is from no additional staff being hired, no increases in health insurance costs, and no large increases in other operating areas. Net asset balances available for operating costs are a healthy 99.74%. Total net position increased by \$15,325 for the year ended June 30, 2017, representing an increase of .36% compared to the prior year.

Schedule 1 NET POSITION	Governmental Activities	
	<u>2017</u>	<u>2016</u>
Cash and Investments	\$ 3,200,196	\$3,184,871
TOTAL ASSETS	<u>\$ 3,200,196</u>	<u>\$3,184,871</u>
NET POSITION		
Restricted for:		
Student Scholarships	\$ 7,123	\$ 8,582
Professional Development	-	4,680
Unrestricted	<u>3,193,073</u>	<u>3,171,609</u>
TOTAL NET POSITION	<u>\$ 3,200,196</u>	<u>\$3,184,871</u>

GOVERNMENTAL ACTIVITIES

The District primarily relies on local property taxes, sales taxes, and state basic formula aid for funding its governmental activities with 28% of general receipts coming from local property taxes, 1% from sales taxes, and 49% from state basic formula aid. The district's changes in net position can be directly attributed to several factors which include:

State revenue increased \$37,254, county revenue decreased \$12,770, sales tax increased \$2,272 and property taxes increased \$17,802.

Investment income decreased \$1,780.

The District experienced an increase in instruction of \$95,406 and an instructional staff support decrease of \$46,445.

The district's major governmental activities included: instruction, pupil support services, administration, other support services, food service, and debt service. The cost of all governmental activities this year was \$6,035,309.

Instruction represented 54.8 % of the total cost of all governmental activities of the district. Excluding debt service and facilities construction expenses, instruction represented 57 % of governmental funds.

Pupil Support Services (this area includes Guidance, Media Services-Library, Health/Psychology/ Speech Services and Attendance Services) represented 4 % of the total costs of all governmental activities of the District.

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

Facilities acquisition and construction represented 1 % of the total costs of all governmental activities.

Debt services represented 2 % of the total cost of all governmental activities due to payment of bonds and lease-purchases.

Repairs and maintenance expenditures totaled \$54,179 with a beginning budget of \$42,242. With the continued maintenance of the existing facilities the district's infrastructure is in fair shape.

Operation of plant costs were \$465,732 and represent 8% of the total cost of all government activities.

Pupil transportation and food service represent 7% and 6% of the total cost of all government activities.

Schedule 2

CHANGES IN NET POSITION	Governmental <u>2017</u>	Activities <u>2016</u>	Change <u>2017-2016</u>
Program Revenues			
Charges for Services	\$ 390,911	\$ 406,381	\$ (15,470)
Operating Grants & Contributions	962,939	957,080	5,859
Capital Grants & Contributions	0	0	0
General Revenue			
Basic Formula	2,307,752	2,504,481	(196,729)
Property Taxes	1,329,725	1,311,923	17,802
School District Trust Fund	630,481	628,209	2,272
Local Receipts	37,979	57,245	(19,266)
County Receipts	129,269	142,039	(12,770)
State Receipts	236,616	0	236,616
Investment Income	19,879	21,659	(1,780)
Other Receipts	5,083	0	5,083
Total Receipts	6,050,634	6,029,017	21,617

Program Expense			
Instruction	3,309,493	3,214,087	95,406
Student Activities	333,494	347,494	(14,000)
Student Services	266,229	260,198	6,031
Instructional Staff Support	164,549	210,994	(46,445)
Building Administration	249,395	244,941	4,454
General Administration	267,303	273,884	(6,581)
Operation of Plant	465,732	440,384	25,348
Transportation	406,146	458,259	(52,113)
Food Services	336,983	368,579	(31,596)
Community Services	57,544	17,924	39,620
Facility Acquisition& Construction	42,251	25,996	16,255
Debt Services			
Principal Payments	129,876	109,955	19,921
Interest & Fees	6,314	7,027	(713)
Other	0	0	0
TOTAL EXPENSES	6,035,309	5,979,722	55,587
CHANGE IN NET POSITION	\$ 15,325	\$ 49,295	\$ (33,970)

The net cost of all governmental activities was \$6,035,309 with \$1,353,850 of the total costs being financed by revenues generated from the governmental activities.

Schedule 3

NET COST OF GOVERNMENTAL ACTIVITIES

	Total Costs of Services		Net Costs of Services	
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
Instruction	\$ 3,309,493	\$ 3,214,087	\$ 2,761,041	\$ 2,655,876
Student Activities	333,494	347,494	123,785	122,143
Student Services	266,229	260,198	225,255	212,516
Instructional Staff Support	164,549	210,994	83,143	130,708
Building Administration	249,395	244,941	249,395	244,941
General Administration	267,303	273,884	267,303	273,884
Operation of Plant	465,732	440,384	465,732	440,384
Transportation	406,146	458,259	336,786	370,436
Food Services	336,983	368,579	(31,962)	13,991
Community Services	57,544	17,924	22,540	8,404
Facilities Acquisition	42,251	25,996	42,251	25,996
Debt Services				
Principal Payments	129,876	109,955	129,876	109,955
Interest & Fees	6,314	7,027	6,314	7,027
Other	0	0	0	0
TOTAL	\$ 6,035,309	\$ 5,979,722	\$ 4,681,459	\$ 4,616,261

FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS

As the District completed the year, its governmental funds reported combined fund balances of \$3,200,196 which is an increase over last year's ending fund balances by \$15,325.

The Teachers Fund balance is zero. The District originally budgeted \$0 in transfers from the General Fund to the Teachers' Fund to cover operating expenditures. The amount expended from the Teachers Fund was \$3,301,198. This was equal to the final budget amounts.

The fund balance of the Capital Projects Fund remained the same. The expenditures of the Capital Projects Fund include: \$68,526 for equipment and improvement and \$136,190 for lease-purchase loan principal and interest on biomass/window project.

BUDGETARY HIGHLIGHTS

During the course of the year, the District amended the annual budget one time. The primary reasons for the amendments were to reflect unexpected changes in revenues and expenditures and to adjust budgeted revenues and expenditures to actual revenues and expenditures at year end.

INFRASTRUCTURE ASSETS

All buildings are in relatively fair condition.

DEBT

At year-end, the District had \$512,723 of lease/purchase obligations outstanding. This lease/purchase was for the construction, installation and equipment of a biomass heating and cooling facility.

Schedule 4

	<u>Governmental Activities</u>		<u>Change</u>
	<u>2017</u>	<u>2016</u>	<u>2017-2016</u>
Lease/Purchase Obligations	\$512,723	\$ 642,599	\$ (129,876)

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, 2017, 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 1C; 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, 2017, and the respective changes in modified cash basis financial position thereof for the year then ended in accordance with the modified cash basis of accounting as described in Note 1C.

Basis of Accounting

We draw attention to Note 1C 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 this 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 1-6 and 31-37, 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 Federal 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 have not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 20, 2017 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 PC

Paul Wade & Associates, P.C.
Ava, Missouri
November 20, 2017

**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, 2017, 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 20, 2017.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the 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 the 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 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 of 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 PC

Paul Wade & Associates, P.C.
Ava, Missouri
November 20, 2017

GAINESVILLE R-V SCHOOL DISTRICT
STATEMENT OF NET POSITION - MODIFIED CASH BASIS
JUNE 30, 2017

ASSETS

Cash and Investments	<u>\$ 3,200,196</u>
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TOTAL ASSETS	<u><u>\$ 3,200,196</u></u>
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NET POSITION

Restricted for:

Student Scholarships	\$ 7,123
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Unrestricted	<u>3,193,073</u>
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TOTAL NET POSITION	<u><u>\$ 3,200,196</u></u>
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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, 2017

		<u>Program Cash Receipts</u>			Net Position (Disbursements)
	<u>Cash</u>	<u>Charges</u>	<u>Operating</u>	<u>Capital</u>	<u>Receipts and</u>
	<u>Disbursements</u>	<u>for</u>	<u>Grants and</u>	<u>Grants</u>	<u>Changes in</u>
		<u>Services</u>	<u>Contributions</u>		<u>Net Position</u>
Governmental Activities:					
Instructional Services	\$ (3,309,493)	\$ 111,695	\$ 436,757		\$ (2,761,041)
Student Activities	(333,494)	209,709			(123,785)
Student Services	(266,229)		40,974		(225,255)
Instructional Staff Support	(164,549)		81,406		(83,143)
Building Administration	(249,395)				(249,395)
General Administration	(267,303)				(267,303)
Operation of Plant	(465,732)				(465,732)
Transportation	(406,146)		69,360		(336,786)
Food Services	(336,983)	69,507	299,438		31,962
Community Services	(57,544)		35,004		(22,540)
Facilities Acquisition	(42,251)				(42,251)
Debt Services					
Principal Payments	(129,876)				(129,876)
Interest & Fees	(6,314)				(6,314)
Other	-				-
Net Program (Disb) Receipts	<u>\$ (6,035,309)</u>	<u>\$ 390,911</u>	<u>\$ 962,939</u>	<u>\$ -</u>	<u>\$ (4,681,459)</u>
General Receipts					
Basic Formula					\$ 2,307,752
Property Taxes					1,329,725
School District Trust Fund					630,481
Local Receipts					37,979
County Receipts					129,269
State Receipts					236,616
Investment Income					19,879
Other Receipts					5,083
Total General Receipts					<u>\$ 4,696,784</u>
Increase in Net Position					\$ 15,325
Net Position-Beginning of Year					3,184,871
Net Position-End of Year					<u>\$ 3,200,196</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, 2017

	General (Incidental) <u>Fund</u>	Special Revenue (Teachers) <u>Fund</u>	Capital Projects <u>Fund</u>	Total Governmental <u>Funds</u>
ASSETS				
Cash and Investments	\$ 1,966,146	\$ -	\$ 1,234,050	\$ 3,200,196
TOTAL ASSETS	<u>\$ 1,966,146</u>	<u>\$ -</u>	<u>\$ 1,234,050</u>	<u>\$ 3,200,196</u>
FUND BALANCES				
Restricted for:				
Student Scholarships	\$ 7,123	\$ -	\$ -	\$ 7,123
Assigned: Capital Projects	-	-	1,234,050	1,234,050
Unassigned	1,959,023	-	-	1,959,023
TOTAL FUND BALANCES	<u>\$ 1,966,146</u>	<u>\$ -</u>	<u>\$ 1,234,050</u>	<u>\$ 3,200,196</u>

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

GAINESVILLE R-V SCHOOL DISTRICT
STATEMENT OF MODIFIED CASH RECEIPTS, DISBURSEMENTS, AND
CHANGES IN MODIFIED CASH BASIS FUND BALANCES -
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2017

	General (Incidental) <u>Fund</u>	Special Revenue (Teachers) <u>Fund</u>	Capital Projects <u>Fund</u>	Total Governmental <u>Funds</u>
REVENUES:				
Local	\$ 1,807,179	\$ 440,726	\$ 29,496	\$ 2,277,401
County	102,333	26,936	-	129,269
State	250,328	2,437,970	-	2,688,298
Federal	480,049	338,960	-	819,009
Investment Income	6,036	-	13,843	19,879
Rec'd Other Districts	55,089	56,606	-	111,695
Other Receipts	-	-	5,083	5,083
Total Revenues	2,701,014	3,301,198	48,422	6,050,634
EXPENDITURES				
Instruction	597,648	2,690,112	21,733	3,309,493
Student Activities	302,762	30,732	-	333,494
Student Services	128,824	137,405	-	266,229
Instructional Staff Support	103,589	59,527	1,433	164,549
Building Administration	3,860	245,535	-	249,395
General Admin & Central Svc.	153,595	113,708	-	267,303
Operation of Plant	462,623	-	3,109	465,732
Transportation	384,874	21,272	-	406,146
Food Service	336,983	-	-	336,983
Community Services	54,637	2,907	-	57,544
Facilities Acquisition & Constr.	-	-	42,251	42,251
Debt Services:				
Principal Payments	-	-	129,876	129,876
Interest & Fees	-	-	6,314	6,314
Other	-	-	-	-
Total Expenditures	2,529,395	3,301,198	204,716	6,035,309
				-
REVENUES OVER (UNDER)				
EXPENDITURES	171,619	-	(156,294)	15,325
FUND BALANCES				
BEGINNING OF YEAR	1,950,821	-	1,234,050	3,184,871
TRANSFERS IN (OUT)	(156,294)	-	156,294	-
FUND BALANCES END YEAR	\$ 1,966,146	\$ -	\$ 1,234,050	\$ 3,200,196

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, 2017

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 that 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 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 balance 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 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 in the required supplemental information.

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 include all certificates of deposit with maturity dates of more than three months. For a detail of investments and their maturity dates see Note 2.

F. POOLED CASH AND TEMPORARY INVESTMENTS

Cash resources of the individual funds 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 as expenditures in the year paid. Such amounts unused and which are vested in the employee are payable upon termination. The District paid \$7,517 for unused time off upon termination during the year ended June 30, 2017.

H. TEACHERS' SALARIES

Payroll checks written and dated in June, 2017 for July and August, 2017 payrolls from 2016-17 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. LONG-TERM DEBT

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

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:

Non-spendable - 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 a specific purpose. 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 are 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.

N. PROGRAM RECEIPTS

Amounts reported as program receipts include (1) charges to students or others for goods, services, or privileges provided (2) operating grants and contributions, and (3) capital grants and contributions. All other governmental receipts are reported as general receipts.

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, 2017, the carrying amount of the district's deposits was \$3,200,196 and the bank balances were \$3,625,025. The bank balances were secured by \$250,000 of federal depository insurance and \$3,375,025 was secured by collateral pledged by the district's financial institutions.

Investment Credit Risk - 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, 2017.

Credit Risk/Custodial Credit Risk - The District's policy is to manage custodial credit risk by pre-qualifying the financial institutions with which the District will do business. The District's policy also mandates that all securities purchased by the depository institution as collateral for the District's funds must be safekept at a non-affiliated custodial facility.

Interest Rate Risk - The District's policy mandates structuring their investment portfolio so that securities mature to meet cash requirements for ongoing operations to avoid the need to sell securities on the open market prior to maturity. It also mandates investing operating funds primarily in shorter-term securities.

Concentration of Investment Credit Risk - As a means of limiting exposure to losses arising from concentration of investments, the District's investment policy mandates that the portfolio not have a concentration of assets in specific maturity, specific issuer, or specific class of securities. At a minimum, diversification standards by security type and issuer are established as: a) U.S. treasuries and securities having principal and/or interest guaranteed by the U.S. Government - 100%, b) collateralized time and demand deposits -100%, c) U.S. Government agencies and government sponsored enterprises, no more than 60%, d) collateralized repurchase agreements, no more than 50%, e) U.S. Government callable securities, no more than 30% and f) commercial paper and bankers' acceptances, no more than 75%.

Foreign Currency Risk - The District has no policy related to foreign currency risk.

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 2016 for purpose of local taxation was:

<u>2016</u>	
Residential	\$ 25,245,590
Agricultural	2,874,050
Commercial	8,855,220
Personal	<u>11,686,487</u>
	<u>\$ 48,661,347</u>

The assessed valuation does not include the 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 2016 for purposes of local taxation was:

	<u>2016</u>	
	<u>Unadjusted</u>	<u>Adjusted</u>
Incidental		
Fund	\$ 2.7500	\$ 2.7500
Teachers Fund	.0000	.0000
Capital Projects		
Fund	<u>.0000</u>	<u>.0000</u>
	<u>\$2.7500</u>	<u>\$ 2.7500</u>

The receipts of current and delinquent property taxes during the fiscal year ended June 30, 2017, aggregated approximately 100.64 percent of the current assessment computed on the basis of the levy for fiscal year ended June 30, 2017.

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, 2017, was \$7,299,202.

Constitution debt limit	\$ 7,299,202
General obligation bonds payable	-0-
Amount available in Debt Service Fund	<u>-0-</u>
Total Debt Margin at 6/30/17	<u>\$ 7,299,202</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, 2017. 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, 2017 is \$512,723.

The following is a summary of capital lease transactions and activities for the year ended June 30, 2017:

Lease payable, July 1, 2017	\$ 642,599
Increases	-0-
Lease payments	<u>(129,876)</u>
Lease payable, June 30, 2017	<u>\$ 512,723</u>

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

Year Ending June 30,	Principal	Interest	Total
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	<u>21,222</u>	<u>52</u>	<u>21,274</u>
Total Minimum Lease Payments	<u>\$ 512,723</u>	<u>\$ 11,407</u>	<u>\$ 524,130</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.

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.

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.

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). actuarially 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.

Summary Plan Descriptions detailing the provisions of the plans can be found on the Systems’ website at www.psrs-peers.org.

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

Contributions. PSRS members were required to contribute 14.5% of their annual covered salary during fiscal year 2015, 2016 and 2017. 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.

The districts’ contributions to PSRS were \$415,448 for the year ended June 30, 2017.

PEERS members were required to contribute 6.86% of their annual covered salary during fiscal years 2015, 2016 and 2017. 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 \$67,283 for the year ended June 30, 2017.

Pension Liability

At June 30, 2017, the district had a liability of \$4,419,745 for its proportionate share of PSRS' net pension liability and \$527,134 for its proportionate share of PEERS' net pension liability. In total the district had net pension liabilities of \$4,946,880. The net pension liability for the plans in total was measured as of June 30, 2016 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 paid to PSRS and PEERS of \$397,787 and \$69,549 respectively, for the year ended June 30, 2016, relative to the actual contributions of \$669,858,142 for PSRS and \$105,934,385 for PEERS from all participating employers. At June 30, 2016, the district's proportionate share was 0.0594% for PSRS and 0.0657% for PEERS.

Actuarial Assumptions

Actuarial valuations of the Systems involve 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 Board of Trustees adopts actuarial assumptions, each of which individually represents a reasonable long-term estimate of anticipated experience for the Systems, derived from experience studies conducted every fifth year. The most recent comprehensive experience studies were conducted in 2016. All economic and demographic assumptions were reviewed and updated, where appropriate, based on the results of the study and effective with the June 30, 2016 valuation. Significant actuarial assumption and method changes are detailed below. For additional information please refer to the Systems' CAFR. The next experience studies are scheduled for 2021.

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

- Measurement Date	June 30,2016
- Valuation Date	June 30,2016
- Expected Return on Investments	7.75%, net of investment expenses and including 2.5% inflation
- Inflation	2.25%
- Total Payroll Growth	
PSRS	2.75% per annum, consisting of 2.25% inflation, 0.25% of real wage growth due to the inclusion of active health care costs in pensionable earnings, and 0.25% of real wage growth due to productivity.
PEERS	3.25% per annum, consisting of 2.25% inflation, 0.50% of real wage growth due to the inclusion of active health care costs in pensionable earnings, and 0.50% of real wage growth due to productivity.

- Future Salary Increases

PSRS	3.00%-9.50%, depending on service and including 2.25% inflation, 0.25% of real wage growth due to the inclusion of active health care costs in pensionable earnings, and 0.25% of real wage growth due to productivity.
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PEERS	4.00%-11.00%, depending on service and including 2.25% inflation, 0.50% of real wage growth due to the inclusion of active health care costs in pensionable earnings, and 0.50% of real wage growth due to productivity.
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- Cost-of-Living Increases

PSRS & PEERS	The long-term cost-of-living adjustment (COLA) assumed in the valuation is 1.50% per year, based on the current policy of the board to grant a 0.00% COLA when annual inflation, as measured by the CPI-U index for a fiscal year, increases between 0.00% and 2.00% and to grant 2.00% when the increase is between 2.00% and 5.00%. The actuarial assumption increases from 1.00% to 1.50% over 10 years (from fiscal year 2017 to fiscal year 2027). The COLA applies to service retirements and beneficiary annuities. The COLA does not apply to the benefits for in service death payable to spouses (where the spouse is over the age of 60), and does not apply to the spouse with children pre-retirement death benefit, the dependent children pre-retirement death benefit, or the dependent parent death benefit. The total lifetime COLA cannot exceed 80% of the original benefit. PSRS members receive a COLA on the second January after retirement, while PEERS members receive a COLA on the fourth January after retirement.
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- Mortality Assumption

Actives:

PSRS	RP 2006 White Collar Employee Mortality Table, multiplied by an adjustment factor of 0.75 at all ages for both males and females, with statistic projection using the 2014 SSA Improvement Scale to 2028.
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PEERS	RP 2006 Total Dataset Employee Mortality Table, multiplied by an adjustment factor of 0.75 at all ages for both males and females, with statistic projection using the 2014 SSA Improvement Scale to 2028.
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- Non-Disabled Retirees, Beneficiaries and Survivors:

PSRS	RP-2006 White Collar Mortality Tables with plan-specific experience adjustments and static projection to 2028 using the 2014 SSA Improvement Scale.
PEERS	RP-2006 Total Dataset Mortality Tables with plan-specific experience adjustments and static projection to 2028 using the 2014 SSA Improvement Scale.
Disabled Retirees:	
PSRS & PEERS	RP-2006 Disabled Retiree Mortality Table with static projection to 2028 using the 2014 SSA Improvement Scale.
- Changes in Actuarial Assumptions and Methods	An experience study was completed in June 2016 resulting in an update to the following assumptions:
PSRS & PEERS	The inflation assumption decreased from 2.50% to 2.25% per year.
PSRS	The payroll growth assumption decreased from 3.50% to 2.75% per year. The future salary increase assumption decreased from 4.00%-10.00%, depending on service to 3.00%-9.50%, depending on service. The investment return assumption decreased from 8.00% to 7.75% per year. The active mortality assumption changed from the RP 2000 Mortality Table set back one year for males and six years for females, then projected to 2016 using Scale AA to 75% of the RP-2006 White Collar Mortality Tables with static projection to 2028 using the 2014 SSA Improvement Scale. The non-disabled retiree mortality assumption changed from the RP 2000 Mortality Table set back one year for both males and females, then projected to 2016 using Scale AA to the RP-2006 White Collar Mortality Tables with plan-specific experience adjustments and static projection to 2028 using the 2014 SSA Improvement Scale. The disabled retiree mortality assumption changed from the RP 2000 Disabled Retiree Mortality Table to the RP-2006 Disabled Retiree Mortality Tables with static projection to 2028 using the 2014 SSA Improvement Scale.
PEERS	The payroll growth assumption decreased from 3.75% to 3.25% per year.

The future salary increase assumption decreased from 5.00%-12.00%, depending on service to 4.00%-11.00%, depending on service.

The investment return assumption decreased from 8.00% to 7.75% per year.

The active mortality assumption changed from the RP 2000 Mortality Table set back one year for males and six years for females, then projected to 2016 using Scale AA to 75% of the RP-2006 Total Dataset Mortality Tables with static projection to 2028 using the 2014 SSA Improvement Scale.

The non-disabled retiree mortality assumption changed from the RP 2000 Mortality Table set forward one year for males and no set back/forward for females, then projected to 2016 using Scale AA to the RP-2006 Total Dataset Mortality Tables with plan-specific experience adjustments and static projection to 2028 using the 2014 SSA Improvement Scale.

The disabled retiree mortality assumption changed from the RP 2000 Disabled Retiree Mortality Table to the RP-2006 Disabled Retiree Mortality Tables with static projection to 2028 using the 2014 SSA Improvement Scale.

PSRS & PEERS

In addition, the Board adopted a new COLA policy during fiscal 2016 resulting in a decrease in the future COLA assumption from 2.00% per year to a variable, increasing assumption of 1.00%-1.50% over ten years beginning January 1, 2018.

- Fiduciary Net Position

The Systems issue 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 investments was determined in accordance with Actuarial Standard of Practice (ASOP) No. 27, Selection of Economic Assumptions for Measuring Pension Obligations. ASOP No. 27 provides guidance on the selection of an appropriate assumed rate of return. The long-term expected rate of return on the Systems' 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 the Systems' target allocation as of June 30, 2016 are 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>	Target Asset <u>Allocation</u>	Long-Term Expected Real Return <u>Arithmetic Basis</u>	Weighted Long-Term Expected Real Return Arithmetic <u>Basis</u>
U.S. Public Equity	27.0%	5.16%	1.39%
Public Credit	7.0%	2.17%	0.15%
Hedged Assets	6.0%	4.42%	0.27%
Non-U.S. Public Equity	15.0%	6.01%	0.90%
U.S. Treasuries	16.0%	96.00%	0.15%
U.S. TIPS	4.0%	80.00%	0.03%
Private Credit	4.0%	5.60%	0.22%
Private Equity	12.0%	9.86%	1.18%
Private Real Estate	9.0%	3.56%	0.32%
Total	<u>100.0%</u>		<u>4.61%</u>
		Inflation	<u>2.25%</u>
		Long term Arithmetical nominal return	<u>6.86%</u>
		effect of covariane matrix	<u>0.89%</u>
		Long term expected geometric return	<u>7.75%</u>

- Discount Rate

The long-term expected rate of return used to measure the total pension liability was 7.75% as of June 30, 2016, and is consistent with the long-term expected geometric return on plan investments. The actuarial assumed rate of return was 8.0% from 1980 through fiscal year 2016. The Board of Trustees adopted a new actuarial assumed rate of return of 7.75% based on the actuarial experience studies and asset-liability study conducted during the current year. 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 liabilities to changes in the discount rate is presented below. The district's net pension liabilities calculated using the discount rate of 7.75% is presented

as well as the net pension liabilities using a discount rate that is 1.0% lower (6.75%) or 1.0% higher (8.75%) than the current rate.

	Discount Rate	1% Decrease (6.75%)	Current Rate (7.75%)	1% Increase (8.75%)
PSRS	Proportionate share of Net Pension Liability/ (Asset)	\$ 7,497,915	\$ 4,419,745	\$ 1,856,701
PEERS	Proportionate share of Net Pension Liability/ (Asset)	\$ 916,705	\$ 527,134	\$ 200,189

7. CLAIMS AND LITIGATION

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

8. RESTRICTED FUND BALANCES

General Fund

The District has \$7,123 in a restricted fund balance for the Toby Pierce memorial scholarship fund. These funds are restricted for future scholarships to selected students from the District.

9. RISK MANAGEMENT

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The District is a member of the Missouri United School Insurance Council (MUSIC), a non-profit protected self-insurance program. Members pay an annual assessment which is retained to pay for excess insurance. MUSIC is allowed to make additional assessments to its members for any shortfalls. MUSIC provides comprehensive property, casualty, liability, and workmen compensation coverage to limit the district's 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 \$156,294 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	Total
	Projects <u>Fund</u>	<u>Transfers</u>
General Fund	\$ 156,294	\$ 156,294

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. CONTINGENCIES

The District receives federal and state grants for specific purposes which are subject to review and audit by the granting agency. These reviews and audits could result in reimbursements or withholding of future grant funds for noncompliance with terms of the grants. The District is not aware of any noncompliance that could result in reimbursements or withholding of subsequent grant funding.

SUPPLEMENTAL INFORMATION

GAINESVILLE R-V SCHOOL DISTRICT
STATEMENT OF MODIFIED CASH RECEIPTS, DISBURSEMENTS, AND
CHANGES IN MODIFIED CASH BASIS FUND BALANCES -
BUDGET AND ACTUAL GENERAL (INCIDENTAL) FUND
FOR THE YEAR ENDED JUNE 30, 2017

	ORIGINAL BUDGET	REVISED BUDGET	ACTUAL	REVISED BUDGET TO ACTUAL VARIANCES
REVENUES:				
Local	\$ 1,794,378	\$ 1,807,179	\$1,807,179	\$ -
County	109,000	102,333	102,333	-
State	210,927	250,328	250,328	-
Federal	452,613	480,049	480,049	-
Investment Income	7,000	6,036	6,036	-
Rec'd Other Districts	44,000	55,089	55,089	-
Other Receipts		-	-	-
Total Revenues	2,617,918	2,701,014	2,701,014	-
EXPENDITURES				
Instruction	613,952	597,648	597,648	-
Student Activities	237,104	302,762	302,762	-
Student Services	132,628	128,824	128,824	-
Instructional Staff Support	80,800	103,589	103,589	-
Building Administration	4,800	3,860	3,860	-
General Admin & Central Service	161,416	153,595	153,595	-
Operation of Plant	438,276	462,623	462,623	-
Transportation	403,471	384,874	384,874	-
Food Service	375,068	336,983	336,983	-
Community Services	24,111	54,637	54,637	-
Total Expenditures	2,471,626	2,529,395	2,529,395	-
REVENUES OVER (UNDER)				
EXPENDITURES	146,292	171,619	171,619	-
FUND BALANCES				
BEGINNING OF YEAR	1,940,748	1,950,821	1,950,821	-
TRANSFERS OUT	(142,414)	(156,294)	(156,294)	-
FUND BALANCE END OF YEAR	\$ 1,944,626	\$ 1,966,146	\$1,966,146	\$ -

GAINESVILLE R-V SCHOOL DISTRICT
STATEMENT OF MODIFIED CASH RECEIPTS, DISBURSEMENTS, AND
CHANGES IN MODIFIED CASH BASIS FUND BALANCES -
BUDGET AND ACTUAL SPECIAL REVENUE (TEACHERS') FUND
FOR THE YEAR ENDED JUNE 30, 2017

	<u>ORIGINAL BUDGET</u>	<u>REVISED BUDGET</u>	<u>ACTUAL</u>	<u>REVISED BUDGET TO ACTUAL VARIANCES</u>
REVENUES:				
Local	\$ 385,998	\$ 440,726	\$ 440,726	\$ -
County	40,000	26,936	26,936	-
State	2,492,918	2,437,970	2,437,970	-
Federal	340,000	338,960	338,960	-
Rec'd Other Districts	44,000	56,606	56,606	-
Other Receipts		-	-	-
Total Revenues	3,302,916	3,301,198	3,301,198	-
EXPENDITURES				
Instruction	2,694,612	2,690,112	2,690,112	-
Student Activities	35,259	30,732	30,732	-
Student Services	137,189	137,405	137,405	-
Instructional Staff Support	55,555	59,527	59,527	-
Building Administration	260,525	245,535	245,535	-
General Admin & Central Svc.	112,819	113,708	113,708	-
Operation of Plant	-	-	-	-
Transportation	6,957	21,272	21,272	-
Food Service	-	-	-	-
Community Services		2,907	2,907	-
Total Expenditures	3,302,916	3,301,198	3,301,198	-
REVENUES OVER (UNDER)				
EXPENDITURES	-	-	-	-
FUND BALANCES				
BEGINNING OF YEAR	-	-	-	-
TRANSFERS IN (OUT)	-	-	-	-
FUND BALANCE END OF YEAR	\$ -	\$ -	\$ -	\$ -

GAINESVILLE R-V SCHOOL DISTRICT
STATEMENT OF MODIFIED CASH RECEIPTS, DISBURSEMENTS, AND
CHANGES IN MODIFIED CASH BASIS FUND BALANCES -
BUDGET AND ACTUAL CAPITAL PROJECTS FUND
FOR THE YEAR ENDED JUNE 30, 2017

	ORIGINAL BUDGET	REVISED BUDGET	ACTUAL	REVISED BUDGET TO ACTUAL VARIANCES
REVENUES:				
Local	\$ 32,300	\$ 29,496	\$ 29,496	\$ -
County	-	-	-	-
State	-	-	-	-
Federal	-	-	-	-
Investment Income	13,000	13,843	13,843	-
Other Receipts	-	5,083	5,083	-
Total Revenues	45,300	48,422	48,422	-
EXPENDITURES				
Instruction	17,000	21,733	21,733	-
Student Activities	-	-	-	-
Student Services	-	-	-	-
Instructional Staff Support	-	1,433	1,433	-
Building Administration	-	-	-	-
General Admin & Central Service	-	-	-	-
Operation of Plant	-	3,109	3,109	-
Transportation	-	-	-	-
Food Service	-	-	-	-
Community Services	-	-	-	-
Facilities Acquisition	48,877	42,251	42,251	-
Debt Services:				
Principal Payments	119,835	129,876	129,876	-
Interest & fees	5,879	6,314	6,314	-
Other	-	-	-	-
Total Expenditures	191,591	204,716	204,716	-
REVENUES OVER (UNDER)				
EXPENDITURES	(146,291)	(156,294)	(156,294)	-
FUND BALANCES				
BEGINNING OF YEAR	1,234,050	1,234,050	1,234,050	-
TRANSFERS IN (OUT)	142,414	156,294	156,294	-
FUND BALANCE END OF YEAR	\$ 1,230,173	\$ 1,234,050	\$ 1,234,050	\$ -

GAINESVILLE R-V SCHOOL DISTRICT
SCHEDULE OF PROPORTIONATE SHARE
OF THE NET PENSION LIABILITY AND RELATED RATIOS
FOR THE YEAR ENDED JUNE 30, 2017

Public School Retirement System

<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>
06/30/2014	0.0630%	\$ 2,584,622	\$ 2,799,738	92.32%	89.34%
06/30/2015	0.0583%	\$ 3,365,577	\$ 2,640,290	127.47%	85.78%
06/30/2016	0.0594%	\$ 4,419,745	\$ 2,743,356	161.11%	82.18%

Public Education Employee 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>
06/30/2014	0.0702%	\$ 256,346	\$ 1,023,522	25.05%	91.33%
06/30/2015	0.0665%	\$ 351,723	\$ 997,162	35.27%	88.28%
06/30/2016	0.0657%	\$ 527,134	\$ 1,013,838	51.99%	83.32%

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 the Systems' net pension liability, which is as of the beginning of the district's fiscal year.

GAINESVILLE R-V SCHOOL DISTRICT
SCHEDULE OF EMPLOYER CONTRIBUTIONS
FOR THE YEAR ENDED JUNE 30, 2017

Public School Retirement System (PSRS)

<u>Year Ended</u>	<u>Statutorily Required Contribution</u>	<u>Actual Employer Contributions</u>	<u>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	\$ -0-	\$ 2,674,636	14.50%
06/30/2014	\$ 405,962	\$ 405,962	\$ -0-	\$ 2,799,738	14.50%
06/30/2015	\$ 382,842	\$ 382,842	\$ -0-	\$ 2,640,290	14.50%
06/30/2016	\$ 397,787	\$ 397,787	\$ -0-	\$ 2,743,356	14.50%
06/30/2016	\$ 415,448	\$ 415,448	\$ -0-	\$ 2,865,155	14.50%

Public Education Employee Retirement System (PEERS)

<u>Year Ended</u>	<u>Statutorily Required Contribution</u>	<u>Actual Employer Contributions</u>	<u>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	\$ -0-	\$ 952,781	6.86%
06/30/2014	\$ 70,214	\$ 70,214	\$ -0-	\$ 1,023,522	6.86%
06/30/2015	\$ 68,405	\$ 68,405	\$ -0-	\$ 977,162	6.86%
06/30/2016	\$ 69,549	\$ 69,549	\$ -0-	\$ 1,013,838	6.86%
06/30/2016	\$ 67,283	\$ 67,283	\$ -0-	\$ 961,441	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, 2017

	General (Incidental) Fund	Special Revenue (Teachers) Fund	Debt Service Fund	Capital Projects Fund	Total Governmental Funds
LOCAL:					
Property Taxes	\$ 1,329,725	\$ -	\$ -	\$ -	\$ 1,329,725
School Dist. Trust Fund	189,755	440,726	-	-	630,481
F.I.T.	-	-	-	52	52
M & M Surtax	-	-	-	29,444	29,444
In Lieu of Tax	734	-	-	-	734
Earnings on Investment	6,036	-	-	13,843	19,879
Food Service	69,507	-	-	-	69,507
Student Activities	209,709	-	-	-	209,709
Other Local	7,749	-	-	-	7,749
Total Local	1,813,215	440,726	-	43,339	2,297,280
COUNTY:					
Fines, Escheats, etc.	-	26,936	-	-	26,936
State Assessed Utilities	85,312	-	-	-	85,312
Federal Properties	17,021	-	-	-	17,021
Total County	102,333	26,936	-	-	129,269
STATE:					
Basic Formula	156,816	2,173,408	-	-	2,330,224
Transportation	69,360	-	-	-	69,360
Early Childhood Spec Ed	8,566	17,689	-	-	26,255
Basic Formula-Classroom Trust	-	236,371	-	-	236,371
Educational Screening/PAT	11,849	-	-	-	11,849
Career Education	340	10,502	-	-	10,842
Food Service	3,152	-	-	-	3,152
Other State	245	-	-	-	245
Total State	250,328	2,437,970	-	-	2,688,298
FEDERAL:					
Medicaid	40,974	-	-	-	40,974
Perkins Basic Grant	12,273	-	-	-	12,273
Indiv with Disability (IDEA)	82	149,385	-	-	149,467
Early Childhood Spec Ed	2,933	913	-	-	3,846
Food Service	296,286	-	-	-	296,286
Title I-ESEA	67,451	183,955	-	-	251,406
Title IIA-ESEA	2,293	-	-	-	2,293
Title VI, Part B Rural Education	13,401	-	-	-	13,401
Other Federal Revenue	44,356	4,707	-	-	49,063
Total Federal	480,049	338,960	-	-	819,009
Tuition from Other Districts	55,089	56,606	-	-	111,695
Other Revenue	-	-	-	5,083	5,083
TOTAL REVENUES	\$ 2,701,014	\$ 3,301,198	\$ -	\$ 48,422	\$ 6,050,634

GAINESVILLE R-V SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES BY OBJECT
YEAR ENDED JUNE 30, 2017

	General (Incidental) Fund	Special Revenue (Teachers) Fund	Debt Service Fund	Capital Projects Fund
Salaries	\$ 1,001,776	\$ 2,540,915	\$ -	\$ -
Employee Benefits	353,179	758,170	-	-
Purchased Services	412,743	2,113	-	-
Supplies	761,697	-	-	-
Capital Outlay	-	-	-	68,526
Other Objects	-	-	-	136,190
TOTAL	\$ 2,529,395	\$ 3,301,198	\$ -	\$ 204,716

STATE COMPLIANCE

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH STATE REQUIREMENTS

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

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.
Ava, Missouri
November 20, 2017

GAINESVILLE R-V SCHOOL DISTRICT
SCHEDULE OF SELECTED STATISTICS
YEAR ENDED JUNE 30, 2017

1. Calendar

- A. Standard day length (SDL) – The total number of hours between starting time of the first class and the dismissal time of the last class, minus the time allowed for lunch and one passing time, and minus Channel One time.

K – 12 6.7000

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

K – 12 1084.80

- C. The number of days classes were in session and pupils were under the direction of the teachers during this school year was 164.

2. Average Daily Attendance (ADA)

K - 6 306.3478
 7 – 12 257.2486

Regular Term Total 563.5964
 Summer School 17.5000

Total Regular Term Plus Summer School ADA 581.0964

3. September Membership

September Membership FTE Count 599.0000

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

Full & Part-Time
 Free 344.73
 Reduced 67.00
 Total 411.73

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 10.020, RSMo.

X TRUE ___ FALSE

- C. The district maintained separate bank accounts for its Debt Service Fund in accordance with Section 165.011, RSMo.

☒ TRUE ☐ FALSE ☒ N/A

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

☒ TRUE ☐ FALSE

- E. If a \$ 162,325 X 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 ☒ 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.

☒ TRUE ☐ FALSE

- G. The district has a professional development committee plan adopted by the board with the professional development committee plan identifying the expenditure of seventy-five percent (75%) of one percent (1%) of the current year basic formula apportionment.

☒ TRUE ☐ FALSE

- H. The amount spent for approved professional development committee plan activities was \$28,145.05.

6. Transportation (Section 163.161, RSMo)

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

☒ TRUE ☐ FALSE

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

☒ 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 899

Ineligible ADT 11

- 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 177,304.

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

Eligible 133,594

Ineligible 43,710
(Non-route/Disapproved)

- F. Number of days the district operated the school transportation system during the regular school year was 164.

GAINESVILLE R-V SCHOOL DISTRICT
SCHEDULE OF TRANSPORTATION COSTS
ELIGIBLE FOR STATE AID
YEAR ENDED JUNE 30, 2017

	District Owned	District Total
Certificated Salaries	\$ 21,099	\$ 21,099
NonCertificated Salaries	200,340	200,340
Employee Benefits	80,446	80,446
Purchased Services	35,114	35,114
Supplies	69,147	69,147
Capital Outlay	-	-
Depreciation	40,559	40,559
Total Allowable Costs	<u>\$ 446,705</u>	<u>\$ 446,705</u>

School Buses Lease/Purchase	Principal	<u>\$ -</u>
	Interest	<u>\$ -</u>

Transportation Paid to Other Districts	<u>\$ -</u>
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GAINESVILLE R-V SCHOOL DISTRICT
SCHEDULE OF STATE FINDINGS
YEAR ENDED JUNE 30, 2017

There were no state audit findings.

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 the Gainesville R-V School District's major federal programs for the year ended June 30, 2017. 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 federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the 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 the 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, the Gainesville R-V School District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2017.

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 the 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 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 Gainesville R-V School 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.
Ava, Missouri
November 20, 2017

GAINESVILLE R-V SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2017

Program Title	Federal CFDA Number	Federal Award ID Number (FAIN)	Pass- through Entity ID Number	Expenditure
U.S. DEPARTMENT OF AGRICULTURE				
Missouri Department of Elementary and Secondary Education				
Child Nutrition Cluster				
National School Lunch Program	10.555			
- Cash		2016N109943	077-102	\$ 38,154
		20177N1099343	077-102	163,214
- Commodities			077-102	40,928
School Breakfast Program	10.553	2016N109943	077-102	18,510
		20177N1099343		65,007
Missouri Department of Health and Senior Services				
Summer Food Service Program	10.559	PVE046S710091	5646	11,401
Total U.S. Department of Agriculture				337,214
U.S DEPARTMENT EDUCATION				
Missouri Department of Elementary and Secondary Education				
Title I Grants to LEA's	84.010	S010A150025	077-102	53,986
		S010A160025	077-102	197,020
Special Education Cluster				
Special Education-Grants to States	84.027	H027A150040	077-102	74,789
		H027A160040	077-102	77,647
Special Education Preschool Grants	84.173	H173A160103	077-102	877
Total Special Education Cluster				153,313
Vocational (Carl Perkins III)	84.048	V048A150025	077-102	9,139
		V048A160025	077-102	3,134
Small Rural School Achievement Program	84.358	S358B150025	077-102	6,701
		S358B160025	077-102	6,700
Improving Teacher Quality	84.367	S367A150024	077-102	1,597
		S367A160024	077-102	696
Direct Programs				
Small Rural School Achievement Program	84.358	S358A157476		1,729
Education Innovation and Research	84.411	U411B150005-15A		49,091
Total U.S. Department of Education				483,106
Total Expenditures of Federal Awards				\$ 820,320

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

GAINESVILLE R-V SCHOOL DISTRICT
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2017

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, 2017. 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 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, 2017.

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 FINDING
YEAR ENDED JUNE 30, 2017

There were no prior year audit findings or questioned costs.

GAINESVILLE R-V SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2017

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:

Food Service Cluster	10.553, 10.555 and 10.559
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- 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 - FINANCIAL STATEMENT AUDIT

- a. None.

III. FINDINGS FOR FEDERAL AWARDS

- a. None.

GAINESVILLE R-V SCHOOL DISTRICT
CORRECTIVE ACTION PLAN
YEAR ENDED JUNE 30, 2017

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

There were no current year findings requiring corrective action.