

MILLER R-II SCHOOL DISTRICT

MILLER, MISSOURI

BASIC FINANCIAL STATEMENTS

Year Ended June 30, 2012

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INDEPENDENT AUDITORS' REPORT

Board of Education
Miller R-II School District
Miller, Missouri

We have audited the accompanying financial statements of the governmental activities and each major fund of the Miller R-II School District as of and for the year ended June 30, 2012, which collectively comprise the District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the District's management. 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 of material misstatement. An audit includes examining on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

As described in Note A, the Miller R-II School 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.

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 Miller R-II School District as of June 30, 2012, and the respective changes in modified cash basis financial position thereof for the year then ended, in conformity with the basis of accounting described in Note A.

Board of Education
Miller R-II School District
Miller, Missouri

In accordance with *Government Auditing Standards*, we have also issued our report dated October 30, 2012, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, 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 the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis and budgetary comparison information be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Miller R-II School District's basic financial statements as a whole. The data contained under Other Financial Information, is presented for purposes of additional analysis and is not a required part of the financial statements. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by the U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is also not a required part of the basic financial statements. The Other Financial Information and the Schedule of Expenditures of Federal Awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Davis, Lynn & Moots, PC

DAVIS, LYNN & MOOTS, P.C.
October 30, 2012

MANAGEMENT'S DISCUSSION AND ANALYSIS

**MILLER R-II SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2012**

Our discussion and analysis of Miller R-II School District's financial performance provides an overview of the District's financial activities for the fiscal year ended June 30, 2012, within the limitations of the District's modified cash basis of accounting. Please read it in conjunction with the District's financial statements that begin on page 16.

FINANCIAL HIGHLIGHTS

- Assets: Total net assets were \$1,821,584 at June 30, 2012. This was an increase of \$637,342.
- Receipts and Disbursements: Total receipts were \$11,351,601 and disbursements were \$10,714,259.
- Balances: The Operating Fund (Funds 1 and 2) balance increased from \$859,169 to \$1,279,568. The Debt Service Fund increased from \$0 to \$108,978. The Capital Projects Fund increased from \$325,073 to \$433,038.

USING THIS ANNUAL REPORT

This annual report is presented in a format consistent with the presentation requirements of the Governmental Accounting Standards Board (GASB) Statement No. 34 as applicable to the District's modified cash basis of accounting.

Report Components

Government-Wide Financial Statements: The Statement of Net Assets and the Statement of Activities provide information about the activities of the District as a whole and present a longer-term view of the District's finances.

Fund Financial Statements: Fund financial statements focus on the individual parts of the District operations in more detail than the government-wide statements by providing information about the District's funds. These statements tell how these services were financed in the short term as well as what remains for future spending.

Notes to the Financial Statements: The notes to the financial statements are an integral part of the government-wide and fund financial statements and provide expanded explanation and detail regarding the information reported in the statements.

Required Supplementary Information: This Management's Discussion and Analysis and the budgetary comparison schedules represent financial information required by GASB to be presented. Such information provides users of this report with additional data that supplements the government-wide statements, fund financial statements, and notes (referred to as "the basic financial statements").

Other Financial Information: This part of the annual report includes optional financial information, which includes the Schedule of Receipts by Source and the Schedule of Disbursements by Object as well as schedules and reports required by the State and Federal Governments. This other financial information is provided to address certain needs of various users of the District's annual report.

Basis of Accounting

This District has elected to present its financial statements on the modified cash basis of accounting. This modified cash basis of accounting is a basis of accounting other than accounting principles generally accepted in the United States of America. Basis of accounting is a reference to *when* financial events are recorded, such as the timing for recognizing receipts, disbursements, and their related assets and liabilities. Under the modified cash basis of accounting, receipts and disbursements and the related assets are recorded when they result from cash transactions. The modification to cash basis related to the presentation of investments.

As a result of the use of this modified cash basis of accounting, certain assets and their related revenues (such as accounts receivable and revenue billed or services provided yet not collected) and liabilities and their related expenditures (such as accounts payable and disbursements for goods and services received but not yet paid, and accrued expenses and liabilities) *are not recorded* in these financial statements. Therefore, when reviewing the financial information and discussion within this annual report, the reader should keep in mind the limitations resulting from the use of the modified cash basis of accounting.

Government-Wide Statement of Net Assets and the Statement of Activities

Our financial analysis of the District as a whole begins on page 9. The government-wide financial statements are presented on pages 16-17. One of the most important questions asked about the District's finances is, "Is the District as a whole better off or worse off as a result of the year's activities?" The Statement of Net Assets and the Statement of Activities report information about the District as a whole and about its activities in a way that helps answer this question. These statements include all of the District's assets resulting from the use of the modified cash basis of accounting.

The statements report the District's net assets and changes in them. Over time, increases and decreases in the District's net assets are one indicator of whether its financial health is improving or deteriorating. The reader will need to consider other non-financial factors, however; such as changes in the District tax base, attendance, and the condition of the District's facilities, to assess the overall health of the District.

The Statement of Activities is presented by its governmental functions which include instruction, student services, instructional staff support, building administration, general administration, operation of plant, transportation, food service, community services, and debt service. The Statement of Activities shows the net cost of these functions before considering the general receipts of the District.

Fund Financial Statements

Our analysis of the District’s funds begins on page 11. The fund financial statements begin on page 19 and provide detailed information about the District’s funds. These funds are required to be established by state law and by bond covenants. These fund financial statements help the reader to determine whether there are more or fewer financial resources that can be spent in the near future for District programs.

General Fund: Accounts for all resources except those required to be accounted for in the Special Revenue or Capital Projects Funds.

Special Revenue Fund: Accounts for receipts for certified employees involved in administration and instruction, and includes receipts restricted by the State for the payment of teacher salaries and taxes allocated to this fund based on the District’s tax levy.

Debt Service Fund: Accounts for receipts restricted, committed, or assigned for the retirement of principal and interest on the District’s general obligation bonds.

Capital Projects Fund: Accounts for taxes and other receipts restricted, committed, or assigned for acquisition or construction of major capital assets and other capital outlay as defined by State of Missouri statutes.

FINANCIAL ANALYSIS OF THE ENTITY AS A WHOLE

The District’s Net Assets, resulting from cash transactions, increased by \$637,342 between fiscal years 2011 and 2012.

Net Assets – Modified Cash Basis

	<u>2012</u>	<u>2011</u>
ASSETS		
Cash and cash equivalents	\$ 1,751,179	\$ 1,113,837
Investments	70,405	70,405
	<u>\$ 1,821,584</u>	<u>\$ 1,184,242</u>
	TOTAL ASSETS	
NET ASSETS		
Restricted for student activities	\$ 24,352	\$ -
Restricted for debt service	108,978	-
Unrestricted	1,688,254	1,184,242
	<u>\$ 1,821,584</u>	<u>\$ 1,184,242</u>
	TOTAL NET ASSETS	

MILLER R-II SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2012

Changes in Net Assets – Modified Cash Basis

For the year ended June 30, 2012, net assets of the District, resulting from cash transactions, changed as follows:

RECEIPTS	<u>2012</u>	<u>2011</u>
<u>Program Receipts</u>		
Charges for services	\$ 277,145	\$ 309,087
Operating grants and contributions	1,571,455	2,049,395
Capital grants and contributions	1,150	-
<u>General Receipts</u>		
Ad valorem tax receipts	1,706,054	1,730,847
Prop C sales tax receipts	480,779	494,356
Other tax receipts	83,503	80,220
County receipts	116,676	117,747
State receipts	1,957,386	1,775,705
Interest receipts	10,788	6,378
Other receipts	12,101	23,306
<u>Special Items</u>		
Net insurance recovery	4,564	15,904
Sale of school buses	-	5,450
Sale of bonds	5,130,000	-
TOTAL RECEIPTS	<u>11,351,601</u>	<u>6,608,395</u>
DISBURSEMENTS		
Instruction	2,792,637	3,174,316
Student services	155,577	140,990
Instructional staff support	537,643	443,485
Building administration	237,691	231,184
General administration	251,087	310,787
Operation of plant	471,629	447,655
Transportation	341,087	406,398
Food service	305,214	331,690
Community services	77,126	120,319
Debt service	5,544,568	565,719
TOTAL DISBURSEMENTS	<u>10,714,259</u>	<u>6,172,543</u>
INCREASE IN NET ASSETS	<u>\$ 637,342</u>	<u>\$ 435,852</u>

MILLER R-II SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2012

The total cost of all programs and services was \$10,714,259. The majority of District disbursements were related to debt service in the amount of \$5,544,568 (52%). Instruction and support for students accounted for (33%). Administrative activities accounted for 4% of total costs. The remaining disbursements were for plant maintenance and operations (4%), transportation (3%), food service (3%), and community services (1%).

To aid in understanding the Statement of Activities, some additional explanation is given. Of particular interest is the format that is significantly different from a typical Statement of Receipts, Disbursements and Changes in Fund Balances – Modified Cash Basis. You will notice that disbursements are listed in the first column, with receipts from that particular activity reported to the right. The result is a Net (Disbursements)/Receipts. This type of format highlights the relative financial burden of each of the functions on the District's taxpayers. It also identifies how much each function draws from the general receipts, or if it is self-financing through fees and grants. All other governmental receipts are reported as general. It is important to note that all taxes are classified as general receipts, even if restricted for a specific purpose.

FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS

- Assets: Total net assets were \$1,821,584 at June 30, 2012. This was an increase of \$637,342 from the prior year.
- Receipts and Disbursements: Total receipts were \$11,351,601 and disbursements were \$10,714,259.
- Operating Fund: The Operating Fund (Funds 1 and 2) balance increased from \$859,169 to \$1,279,568. This was an increase of \$420,399. On June 30, reserves amounted to 25% of total operating disbursements made for the 2011-12 fiscal year.
- Debt Service Fund: The Debt Service Fund balance increased from \$0 to \$108,978 as the District issued general obligation bonds in the current year. The balance consists of unused bond proceeds.
- Capital Projects Fund: The Capital Projects Fund balance increased from \$325,073 to \$433,038.

MILLER R-II SCHOOL DISTRICT
MANAGEMENT’S DISCUSSION AND ANALYSIS
JUNE 30, 2012

FINANCIAL ANALYSIS OF GENERAL FUND BUDGET VERSUS ACTUAL RESULTS

	Budget		Actual
	Original	Final	
RECEIPTS			
Local	\$ 2,219,151	\$ 1,786,250	\$ 1,786,250
County	110,000	87,135	87,135
State	1,311,028	380,497	380,497
Federal	875,614	894,503	894,503
TOTAL RECEIPTS	\$ 4,515,793	\$ 3,148,385	\$ 3,148,385
DISBURSEMENTS			
Instruction	\$ 732,991	\$ 718,802	\$ 718,802
Student services	70,618	69,803	69,803
Instructional staff support	476,846	479,008	479,008
Building administration	68,158	65,030	65,030
General administration	154,963	143,515	143,515
Operation of plant	431,209	445,155	445,155
Transportation	351,908	306,441	306,441
Food service	308,870	293,787	293,787
Community services	35,779	33,500	33,500
Debt service	5,853	6,009	6,009
TOTAL DISBURSEMENTS	\$ 2,637,195	\$ 2,561,050	\$ 2,561,050

Receipts

This reflects only the District’s General Fund (Fund 1) and does not include the Special Revenue Fund (Fund 2). The District originally budgeted total receipts of \$4,515,793. Actual receipts were \$3,148,385. This amounted to a difference of \$1,367,408. The significant decrease is due to a reallocation of revenues to the Special Revenue Fund (Fund 2).

Disbursements

The original District budget had total disbursements of \$2,637,195 and actual disbursements of \$2,561,050, a difference of \$76,145.

The District’s original budget reflects a conservative philosophy of management in order to protect the District from unanticipated changes in state and federal monies. The likelihood of significant state receipt shortfalls will be a major factor in future budget decisions. The District amended the budget during the year.

DEBT ADMINISTRATION

Long-Term Debt – Modified Cash Basis

The District uses the modified cash basis of accounting, which recognizes disbursements when paid in cash and receipts when collected in cash. Therefore, long-term debt of the District is not reflected in the financial statements. The following is a summary of long-term debt of the District for the years ended June 30, 2012 and 2011.

	June 30,	
	<u>2012</u>	<u>2011</u>
LONG-TERM DEBT		
General Obligation Bonds Payable	\$ 5,130,000	\$ -
Capital Leases Payable	128,232	5,883,372
TOTAL LONG-TERM DEBT	<u>\$ 5,258,232</u>	<u>\$ 5,883,372</u>

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

At the time these financial statements were prepared and audited, the District was aware of several circumstances that could affect its future financial health:

The current economic uncertainty of the nation and subsequent school financing is unprecedented and necessitates that districts prepare for all possibilities. Though the District's reserve balance increased to 25%, current recommendations from the Deputy Commissioner of Financial and Administrative Services are that school districts continue to reduce expenditures.

The State budget projections continue to fall short of fully funding the state formula. This action will help placate the forecasted 11% reduction in state funding, and potential elimination of transportation reimbursement. Although state revenues are above the projected budget revenues and reflect an increase in YTD revenue, it is due to two one-time settlements and will not continue throughout the year. It is expected that the year-to-date gap will close as we progress through the fiscal year. In addition the Miller School District's shrinking enrollment history that is used to determine state revenue has had a negative impact on the District's budget in recent years. State revenue is based on enrollment and attendance of students, playing a critical role in budgeting for revenues and expenditures.

MILLER R-II SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2012

Compounding the effect of these revenue sources is the elimination of federal ARRA funds and the impact of sequestration for the 2012-13 and 2013-14 school years. Revenue from federal ARRA funds was eliminated at the conclusion of the 2011-12 school year. Miller R-II might experience the impact of sequestration of federal funds, specifically in Federal Impact Aid, beginning January 1, 2013, if Congress does not act prior to that date. If sequestration actually goes through, districts will see an immediate impact right in the middle of this school year. If Congress does not develop a plan for deficit reduction prior to January 1, 2013, predictions are that reductions could be as high as 9.1% per year over the next ten years.

The combination of these factors will necessitate additional reductions in expenditures for the 2012-13 school year.

In response to the aforementioned issues and DESE Commissioner's report, the District has adopted a cautious position regarding the 2012-2013 budget. Cost cutting measures will continue to be investigated so that the Miller R-II School District may still provide the expected educational opportunities to its youth. The expectation is that the 2012-2013 budget will result in additional allocations to the reserve balance. Leadership expects to utilize this balance to offset the expected budget deficit in 2013-2014.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, parents, participants, investors and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the money it receives. If you have questions about this report, or need additional financial information, contact the Superintendent of Schools, Ms. Tracey Hankins at Miller R-II School District, 110 W. 6th St, Miller, Missouri 65707; Telephone (417) 452-3515; email thankins@millerschools.org.

GOVERNMENT-WIDE FINANCIAL STATEMENTS

MILLER R-II SCHOOL DISTRICT
 STATEMENT OF NET ASSETS – MODIFIED CASH BASIS
 June 30, 2012

	<u>Governmental Activities</u>
ASSETS	
Cash and cash equivalents	\$ 1,751,179
Investments	<u>70,405</u>
TOTAL ASSETS	<u><u>\$ 1,821,584</u></u>
NET ASSETS	
Restricted for student activities	\$ 24,352
Restricted for debt service	108,978
Unrestricted	<u>1,688,254</u>
TOTAL NET ASSETS	<u><u>\$ 1,821,584</u></u>

See accompanying notes.

MILLER R-II SCHOOL DISTRICT
STATEMENT OF ACTIVITIES – MODIFIED CASH BASIS
Year Ended June 30, 2012

	Cash Disbursements	Program Cash Receipts		Capital Grants and Contributions	Net (Disbursements) Receipts and Changes in Net Assets
		Charges for Services	Operating Grants and Contributions		
Governmental Activities:					
Instruction	\$ (2,792,637)	\$ 204,055	\$ 868,039	\$ 1,150	\$ (1,719,393)
Student services	(155,577)	-	37,813	-	(117,764)
Instructional staff support	(537,643)	-	307,536	-	(230,107)
Building administration	(237,691)	-	-	-	(237,691)
General administration	(251,087)	-	-	-	(251,087)
Operation of plant	(471,629)	-	-	-	(471,629)
Transportation	(341,087)	-	84,246	-	(256,841)
Food service	(305,214)	65,302	201,571	-	(38,341)
Community services	(77,126)	7,788	72,250	-	2,912
Debt service	(5,544,568)	-	-	-	(5,544,568)
NET PROGRAM (DISBURSEMENTS) RECEIPTS	<u>\$ (10,714,259)</u>	<u>\$ 277,145</u>	<u>\$ 1,571,455</u>	<u>\$ 1,150</u>	(8,864,509)
General Receipts:					
Ad valorem tax receipts					1,706,054
Prop C sales tax receipts					480,779
Other tax receipts					83,503
County receipts					116,676
State receipts					1,957,386
Interest receipts					10,788
Other receipts					12,101
TOTAL GENERAL RECEIPTS					4,367,287
Special Items:					
Net insurance recovery					4,564
Sale of bonds					5,130,000
TOTAL SPECIAL ITEMS					5,134,564
INCREASE IN NET ASSETS					637,342
NET ASSETS - Beginning of year					1,184,242
NET ASSETS - End of year					<u>\$ 1,821,584</u>

See accompanying notes.

FUND FINANCIAL STATEMENTS

MILLER R-II SCHOOL DISTRICT
STATEMENT OF ASSETS AND FUND BALANCES – GOVERNMENTAL FUNDS – MODIFIED CASH
BASIS
June 30, 2012

	General Fund	Special Revenue Fund	Debt Service Fund	Capital Projects Fund	Total Governmental Funds
ASSETS					
Cash and cash equivalents	\$ 1,209,163	\$ -	\$ 108,978	\$ 433,038	\$ 1,751,179
Investments	70,405	-	-	-	70,405
TOTAL ASSETS	<u>\$ 1,279,568</u>	<u>\$ -</u>	<u>\$ 108,978</u>	<u>\$ 433,038</u>	<u>\$ 1,821,584</u>
FUND BALANCES					
Restricted for:					
Student activities	\$ 24,352	\$ -	\$ -	\$ -	\$ 24,352
Debt service	-	-	108,978	-	108,978
Assigned to capital outlay	-	-	-	433,038	433,038
Unassigned	1,255,216	-	-	-	1,255,216
TOTAL FUND BALANCES	<u>\$ 1,279,568</u>	<u>\$ -</u>	<u>\$ 108,978</u>	<u>\$ 433,038</u>	<u>\$ 1,821,584</u>

See accompanying notes.

MILLER R-II SCHOOL DISTRICT
STATEMENT OF RECEIPTS, DISBURSEMENTS AND CHANGES IN FUND BALANCES –
GOVERNMENTAL FUNDS – MODIFIED CASH BASIS
Year Ended June 30, 2012

	General Fund	Special Revenue Fund	Debt Service Fund	Capital Projects Fund	Total Governmental Funds
RECEIPTS					
Local	\$ 1,786,250	\$ 480,779	\$ -	\$ 286,340	\$ 2,553,369
County	87,135	11,304	-	18,237	116,676
State	380,497	1,797,444	-	207,002	2,384,943
Federal	894,503	250,545	-	-	1,145,048
Other	-	17,001	-	-	17,001
TOTAL RECEIPTS	3,148,385	2,557,073	-	511,579	6,217,037
DISBURSEMENTS					
Instruction	718,802	2,071,452	-	2,383	2,792,637
Student services	69,803	85,774	-	-	155,577
Instructional staff support	479,008	41,208	-	17,427	537,643
Building administration	65,030	172,661	-	-	237,691
General administration	143,515	107,572	-	-	251,087
Operation of plant	445,155	5,241	-	21,233	471,629
Transportation	306,441	22,002	-	12,644	341,087
Food service	293,787	7,537	-	3,890	305,214
Community services	33,500	43,626	-	-	77,126
Debt service	6,009	-	-	5,538,559	5,544,568
TOTAL DISBURSEMENTS	2,561,050	2,557,073	-	5,596,136	10,714,259
EXCESS (DEFICIT) OF RECEIPTS OVER DISBURSEMENTS					
	587,335	-	-	(5,084,557)	(4,497,222)
OTHER FINANCING SOURCES (USES)					
Net insurance recovery	4,564	-	-	-	4,564
Sale of bonds	-	-	-	5,130,000	5,130,000
Operating transfers in	-	-	108,978	171,500	280,478
Operating transfers (out)	(171,500)	-	-	(108,978)	(280,478)
TOTAL OTHER FINANCING SOURCES (USES)	(166,936)	-	108,978	5,192,522	5,134,564
EXCESS OF RECEIPTS AND OTHER SOURCES OVER DISBURSEMENTS AND OTHER (USES)					
	420,399	-	108,978	107,965	637,342
FUND BALANCE, July 1, 2011	859,169	-	-	325,073	1,184,242
FUND BALANCE, June 30, 2012	\$ 1,279,568	\$ -	\$ 108,978	\$ 433,038	\$ 1,821,584

See accompanying notes.

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The District's accounting policies conform to the modified cash basis of accounting, which is characteristic of local governmental units of this type.

Financial Reporting Entity

The financial reporting entity consists of (a) the primary government, (b) organizations for which the primary government is financially accountable, and (c) other organizations for which the primary government is not accountable, but for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete. Component units are legally separate organizations for which the elected officials of the primary government are financially accountable. Financially accountable means the primary government is accountable for the component unit and the primary government is able to impose its will or the component unit may provide financial benefits or impose a burden on the primary government. In addition, component units can be other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete.

The District is a primary government, which is governed by an elected seven-member board. As required by accounting principles generally accepted in the United States of America, the District has evaluated the above criteria to determine whether any other entity meets the definition of a component unit and must be included in these financial statements. The District has determined that no other outside entity meets the above criteria and therefore, no other entity has been included as a component unit in the District's financial statements. In addition, the District is not aware of any entity for which the District would be considered as a component unit of that entity.

Basis of Presentation

Government-Wide Financial Statements

The Statement of Net Assets and Statement of Activities display information about the reporting government as a whole. They include all funds of the reporting entity. The statements present governmental activities generally financed through taxes, intergovernmental receipts, and other non-exchange transactions.

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 by providing a separate set of self-balancing accounts that constitute its assets, fund equity, receipts and disbursements. The District has only governmental funds. The governmental funds of the District are all considered major funds by the Department of Elementary and Secondary Education.

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

The funds presented in the accompanying basic financial statements include all funds established under Missouri Revised Statutes and controlled by the Board of Education. The purpose of each fund is:

General Fund - Accounts for disbursements for non-certified employees, school transportation costs, operation of plant, fringe benefits, student body activities, community services, the food service program, and any disbursements not accounted for in other funds.

Special Revenue Fund - Accounts for receipts for certified employees involved in administration and instruction, and includes receipts restricted by the State for the payment of teacher salaries and taxes allocated to this fund based on the District's tax levy.

Debt Service Fund – Accounts for receipts that are restricted, committed, or assigned for the retirement of principal and interest on the District's long-term debt.

Capital Projects Fund - Accounts for taxes and other receipts restricted, committed, or assigned for acquisition or construction of major capital assets and other capital outlay as defined by State of Missouri statutes.

Basis of Accounting

The government-wide Statement of Net Assets and Statement of Activities and the fund financial statements are presented using the modified cash basis of accounting. This basis recognizes assets, net assets/fund equity, receipts, and disbursements when they result from cash transactions. The modification to the cash basis of accounting relates to the presentation of investments. This basis is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

As a result of the use of the modified cash basis of accounting, certain assets and their related revenues (such as accounts receivable and revenue for billed or provided services not yet collected) and certain liabilities and their related expenditures (such as accounts payable and expenses for goods or services received but not yet paid, and accrued expenses and liabilities) *are not recorded* in these financial statements.

If the District utilized the basis of accounting recognized as generally accepted, the fund financial statements for governmental funds would use the modified accrual basis of accounting. All government-wide financials would be presented on the accrual basis of accounting.

MILLER R-II SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2012

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Capital Outlay

General fixed assets are recorded as disbursements in the Capital Projects Fund at the time the goods received are paid for.

Compensated Absences

Vacation time, personal business days, and sick leave are considered as disbursements in the year paid. Such amounts unused that are vested in the employee are payable upon termination at varying rates depending on length of service.

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 payment of principal and interest are reported as disbursements.

Teachers' Salaries

The salary payment schedule of the District for the 2011-2012 school year requires the payment of salaries for a twelve-month period. Consequently, the July and August 2012, payroll checks are included in the financial statements as disbursements in the month of June. This practice has been consistently followed in previous years.

Pooled Cash and Cash Equivalents

Cash and cash equivalents of the individual funds are combined to form a pool of cash and cash equivalents. Cash equivalents of the pooled accounts consist primarily of certificates of deposit and money market accounts, carried at cost, which approximates market.

Inventories

Inventories are valued at cost and consist of food and educational materials. The cost is recorded as a disbursement at the time inventory is purchased.

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Equity Classification

In the government-wide financial statements, net assets are classified in two components as follows:

Restricted net assets – Consists of net assets with constraints placed on the use either by (1) external groups such as creditors, grantors, contributors, or laws and regulations of other governments; or (2) law through constitutional provisions or enabling legislation.

Unrestricted net assets – All other net assets that do not meet the definition of “restricted”.

It is the District’s policy to first use restricted net assets prior to the use of unrestricted net assets when disbursements are made for purposes for which both restricted and unrestricted net assets are available.

In the fund financial statements, governmental funds report aggregate amounts for five classifications of fund balances based on constraints imposed on the use of these resources as follows:

Nonspendable fund balance – This classification includes amounts that cannot be spent because they are either a) not in spendable form or b) legally or contractually required to be maintained intact.

Restricted fund balance – This classification reflects the constraints imposed on resources either a) externally by creditors, grantors, contributors, or laws and regulations of other governments; or b) imposed by law through constitutional provisions or enabling legislation.

Committed fund balance – These amounts can only be used for specific purposes pursuant to constraints imposed by formal resolutions of the Board of Education – the government’s highest level of decision making authority. Those committed amounts cannot be used for any other purpose unless the Board of Education removes the specified use by taking the same type of action imposing the commitment.

Assigned fund balance – This classification reflects the amounts constrained by the District’s “intent” to be used for specific purposes, but are neither restricted nor committed. Assigned fund balances include all remaining amounts (except negative balances) that are reported in the governmental funds, other than the General Fund, that are not classified as nonspendable and are neither restricted nor committed.

Unassigned fund balance – This fund balance is the residual classification for the General Fund. It is used to report negative fund balances in other governmental funds.

In circumstances when a disbursement is made for a purpose for which amounts are available in multiple fund balance classifications, fund balance is depleted in the order of restricted, committed, assigned, and unassigned.

MILLER R-II SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2012

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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. All taxes are classified as general receipts even if restricted for a specific purpose.

NOTE B – CASH AND CASH EQUIVALENTS

State statutes require that the District's deposits be collateralized in the name of the District by the trust department of a bank that does not hold the collateralized deposits. As of June 30, 2012, all bank balances on deposit are entirely insured or collateralized with securities.

NOTE C – INVESTMENTS

Investments of the District as of June 30, 2012, are as follows:

<u>Investment Type</u>	<u>Maturity</u>	<u>Amount</u>
Certificate of Deposit	8/27/2012	<u>\$ 70,405</u>

Certificates of Deposit

Certificates of deposit with maturities in excess of three months at the date of purchase are classified as investments but are considered deposits for custodial risk determination. State statutes require that the District's deposits be collateralized in the name of the District by the trust department of a bank that does not hold the collateralized deposits. As of June 30, 2012, all certificates of deposit are entirely insured or collateralized with securities.

The District does not have a policy on interest rate risk.

MILLER R-II SCHOOL DISTRICT
 NOTES TO FINANCIAL STATEMENTS
 June 30, 2012

NOTE D – TAXES

Property taxes attach as an enforceable lien on property as of 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 receives sales tax collected by the State and remitted based on eligible pupils. The District is required to reduce its property tax levy by one-half the amount of sales tax estimated to be received in the subsequent calendar year unless the voters have approved a waiver of the rollback provision. The District has voted a full waiver of the rollback provision.

The assessed valuation of the tangible taxable property for the calendar year 2011 for purposes of local taxation was:

Real estate	\$ 29,955,950
Personal property	<u>12,900,988</u>
TOTAL ASSESSED VALUATION	<u><u>\$ 42,856,938</u></u>

The tax levy per \$100 of the assessed valuation of tangible taxable property for the calendar year 2011 for purposes of local taxation was:

	<u>Unadjusted</u>	<u>Adjusted</u>
General Fund	\$ 3.4770	\$ 3.4770
Capital Projects Fund	<u>.4591</u>	<u>.4591</u>
TOTAL LEVY	<u><u>\$ 3.9361</u></u>	<u><u>\$ 3.9361</u></u>

The receipts of current and delinquent property taxes during the fiscal year ended June 30, 2012, aggregated approximately 101 percent of the current assessment computed on the basis of the levy as shown above.

NOTE E – GENERAL OBLIGATION BONDS PAYABLE

Bonds payable at June 30, 2012, consist of:

\$5,130,000 general obligation bond issue dated June 5, 2012, due in varying annual installments through 2032; interest at .60% to 3.125%.	<u><u>\$ 5,130,000</u></u>
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MILLER R-II SCHOOL DISTRICT
 NOTES TO FINANCIAL STATEMENTS
 June 30, 2012

NOTE E – GENERAL OBLIGATION BONDS PAYABLE (continued)

The following is a summary of bond transactions for the year ended June 30, 2012:

	<u>Total</u>
Bonds Payable, July 1, 2011	\$ -
Bonds issued	5,130,000
Bonds retired	-
Bonds Payable, June 30, 2012	<u>\$ 5,130,000</u>

Debt service requirements are:

<u>Year Ended June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2013	\$ -	\$ 85,417	\$ 85,417
2014	150,000	115,602	265,602
2015	200,000	114,701	314,701
2016	205,000	113,201	318,201
2017	235,000	111,151	346,151
2018	240,000	108,449	348,449
2019	245,000	105,329	350,329
2020	250,000	101,654	351,654
2021	255,000	97,404	352,404
2022	260,000	92,686	352,686
2023	265,000	87,486	352,486
2024	270,000	81,656	351,656
2025	280,000	75,446	355,446
2026	290,000	68,446	358,446
2027	300,000	60,906	360,906
2028	315,000	52,656	367,656
2029	325,000	42,813	367,813
2030	335,000	32,656	367,656
2031	350,000	22,188	372,188
2032	360,000	11,250	371,250
	<u>\$ 5,130,000</u>	<u>\$ 1,581,097</u>	<u>\$ 6,711,097</u>

MILLER R-II SCHOOL DISTRICT
 NOTES TO FINANCIAL STATEMENTS
 June 30, 2012

NOTE E – GENERAL OBLIGATION BONDS PAYABLE (continued)

Article VI, Section 26(b), Constitution of Missouri, limits the outstanding amount of authorized general obligation bonds of a district to 15 percent of the assessed valuation of the district. The legal debt margin (excluding state assessed railroad and utility) of the District at June 30, 2012, was:

Constitutional debt limit	\$ 6,428,541
General obligation bonds payable	(5,130,000)
Amount available in Debt Service Fund	<u>108,978</u>
LEGAL DEBT MARGIN	<u>\$ 1,407,519</u>

NOTE F – RETIREMENT PLANS

The District contributed to the Public School Retirement System of Missouri (PSRS), a cost-sharing multiple-employer defined benefit pension plan. PSRS provides retirement and disability benefits to full-time (and certain part-time) certificated employees and death benefits to members and beneficiaries. Positions covered by the Public School Retirement System are not covered by Social Security. PSRS benefit provisions are set forth in Chapter 169.010 - .141 of the Missouri Revised Statutes (1986). The statutes assign responsibility for the administration of the system to a seven-member Board of Trustees. PSRS issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to the Public School Retirement System of Missouri, P.O. Box 268, Jefferson City, Missouri 65102 or by calling 1-800-392-6848.

PSRS members are required to contribute 14.5% of their annual covered salary and the District is required to contribute a matching amount. The contribution requirements of members and the District are established and may be amended by the PSRS Board of Trustees. The District's contributions to PSRS for the years ending June 30, 2012, 2011, and 2010, were \$611,758, \$615,978, and \$673,741, respectively, equal to the required contributions.

The District also contributes to the Public Education Employee Retirement System of Missouri (PEERS), a cost-sharing multiple-employer defined benefit pension plan. PEERS provides retirement and disability benefits to employees of the district who work 20 or more hours per week and who do not contribute to the Public School Retirement System of Missouri. Positions covered by the Public Education Employee Retirement System are also covered by Social Security. Benefit provisions are set forth in Chapter 169.600 - .715 of the Missouri Revised Statutes (1986). The statutes assign responsibility for the administration of the system of the Board of Trustees of the Public School Retirement System. PEERS issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to the Public Education Employee Retirement System of Missouri, P.O. Box 268, Jefferson City, Missouri 65102 or by calling 1-800-392-6848.

MILLER R-II SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2012

NOTE F – RETIREMENT PLANS (continued)

PEERS members are required to contribute 6.86% of their annual covered salary and the District is required to contribute a matching amount. The contribution requirements of members and the District are established and may be amended by the Board of Trustees. The Miller R-II School District's contributions to PEERS for the years ending June 30, 2012, 2011, and 2010, were \$95,539, \$104,495, and \$114,623, respectively, equal to the required contributions.

NOTE G – LEASES PAYABLE

During the year ended June 30, 2009, the District entered into a cancelable lease purchase agreement to finance the purchase of a new van, which cost \$14,000 plus interest at 4.5%.

During the year ended June 30, 2010, the District entered into a cancelable lease purchase agreement to finance the purchase of a John Deere utility vehicle, which cost \$8,420 plus interest at 4.95%.

During the year ended June 30, 2010, the District entered into a cancelable lease purchase agreement to finance the purchase of a new van, which cost \$37,675 plus interest at 4.5%.

During the year ended June 30, 2010, the District entered into a cancelable lease purchase agreement to finance the purchase of playground equipment, which cost \$25,000 plus interest at 4.5%.

During the year ended June 30, 2010, the District entered into a cancelable lease purchase agreement to finance the purchase of a bus, which cost \$70,000 plus interest at 4.5%.

During the year ended June 30, 2010, the District entered into a cancelable lease purchase agreement to finance the purchase of fencing for playgrounds, which cost \$20,000 plus interest at 4.5%.

Although the agreements provide for cancellation of the leases at the District's option at the renewal dates, the District does not foresee exercising its options to cancel. The leases provide for interest at varying rates.

MILLER R-II SCHOOL DISTRICT
 NOTES TO FINANCIAL STATEMENTS
 June 30, 2012

NOTE G – LEASES PAYABLE (continued)

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

Year Ended June 30,	
2013	\$ 39,871
2014	39,871
2015	35,442
2016	<u>26,196</u>
TOTAL MINIMUM LEASE PAYMENTS	141,380
LESS AMOUNT REPRESENTING INTEREST	<u>(13,148)</u>
NET LEASE PAYMENTS	<u><u>\$ 128,232</u></u>

The following represents the changes in the net lease payments for the year ended June 30, 2012:

Leases Payable, July 1, 2011	\$ 5,883,372
Additions	-
Net Lease Retirements	<u>(5,755,140)</u>
Leases Payable, June 30, 2012	<u><u>\$ 128,232</u></u>

NOTE H – CLAIMS AND ADJUSTMENTS

The District participates in a number of federal and state programs that are fully or partially funded by grants received from other governmental units. Disbursements financed by grants are subject to audit by the appropriate grantor government. If disbursements are disallowed due to noncompliance with grant program regulation, the District may be required to reimburse the grantor government. As of June 30, 2012, disbursements have not been audited by grantor governments, but the District believes that disallowed disbursements, if any, based on subsequent audits will not have a material effect on any of the individual government funds or the overall financial position of the District.

NOTE I – COMPENSATED ABSENCES PAYABLE

Compensated absences payable at June 30, 2012, consists of accumulated sick leave of the District employees. District employees receive ten days sick leave each year accumulative to sixty days. Days accumulated in excess of sixty days are paid each year at a rate of \$50 per day for certified employees and \$20 per day for non-certified employees. When an employee honorably leaves the District, accumulated sick leave days are paid at the same rates per day. Total compensated absences payable at June 30, 2012, was \$65,972.

NOTE J – POST EMPLOYMENT BENEFITS

In addition to the pension benefits described in Note F, the District makes available post-retirement healthcare benefits to all employees who retire from the District. Participation by retirees in the District health plan is subjected to terms and conditions set forth in the Board policy. The cost of the coverage is charged to the retiree at a blended rate for all employees. The District has not made a formal evaluation or projection on the future cost of the existing health care benefit plan in relation to retirees.

NOTE K – INTERFUND TRANSFERS

Transfers between funds of the District for the year ended June 30, 2012, were as follows:

	<u>Transfers In</u>	<u>Transfers Out</u>
General Fund	\$ -	\$ 171,500
Debt Service Fund	108,978	-
Capital Projects Fund	171,500	108,978
	<u>\$ 280,478</u>	<u>\$ 280,478</u>

The District makes allowed transfers from the General Fund to the Capital Projects Fund to cover disbursements and build balances as allowed by state law. The District also transferred unspent bond proceeds from the Capital Projects Fund to the Debt Service Fund as required by state law.

MILLER R-II SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2012

NOTE L – RISK MANAGEMENT

The District is exposed to various risks of losses related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The District has transferred its risk by obtaining coverage from commercial insurance companies. In addition, it has effectively managed risk through various employee education and prevention programs. There has been no significant reduction in insurance coverage from the previous year.

NOTE M – COMMITMENT

At June 30, 2012, the District was committed to purchase a bus from Central States Bus Sales in the amount of \$71,000.

NOTE N – CURRENT YEAR DEBT REFUNDING

On June 5, 2012, the District issued \$5,130,000 in Series 2012 general obligation bonds with interest rates ranging from .60% to 3.125%. The District issued and used the net bond proceeds to pay off on June 6, 2012, \$4,285,000 of outstanding principal and accrued interest on Series 2007 Certificates of Participation with interest rates ranging from 3.70% to 4.60% and \$210,000 of outstanding principal and accrued interest on Series 2009 Certificates of Participation with interest rates ranging from 4.75% to 5.25% . The District deposited bond proceeds totaling \$161,348 and \$831,806 in irrevocable escrow accounts at UMB Bank to earn interest and pay principal of \$140,000 and \$815,000 and accrued interest on Series 1999 and Series 2008 Certificates of Participation on September 1, 2012 and March 1, 2013, respectively.

As a result of the refunding, the District increased its debt service requirements by \$40,997 which resulted in an economic gain (difference between the present value of the debt service payments on old and new debt) of \$467,585.

MILLER R-II SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2012

NOTE O – DEBT DEFEASANCE

On June 5, 2012, the District issued Series 2012 general obligation bonds in the amount of \$5,130,000. The proceeds of this bond issue was for the purpose of creating advance refunding of Series 2007 Certificates of Participation in the amount of \$4,285,000 and Series 2009 Certificates of Participation in the amount of \$210,000, which were both paid off on June 6, 2012. The remaining proceeds were deposited into irrevocable escrow accounts at UMB Bank in the amounts of \$161,348 and \$831,806 to earn interest and pay principal of \$140,000 and \$815,000, and accrued interest on Series 1999 and Series 2008 Certificates of Participation on September 1, 2012, and March 1, 2013, respectively. At June 30, 2012, the refunding escrow accounts for the Series 1999 and Series 2008 Certificates of Participation held balances of \$161,349 and \$831,806 and had outstanding principal due of \$140,000 and \$815,000 respectively.

REQUIRED SUPPLEMENTARY INFORMATION

MILLER R-II SCHOOL DISTRICT
 BUDGETARY COMPARISON SCHEDULE – GENERAL FUND
 Year Ended June 30, 2012

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
RECEIPTS				
Local	\$ 2,219,151	\$ 1,786,250	\$ 1,786,250	\$ -
County	110,000	87,135	87,135	-
State	1,311,028	380,497	380,497	-
Federal	875,614	894,503	894,503	-
TOTAL RECEIPTS	4,515,793	3,148,385	3,148,385	-
DISBURSEMENTS				
Instruction	732,991	718,802	718,802	-
Student services	70,618	69,803	69,803	-
Instructional staff support	476,846	479,008	479,008	-
Building administration	68,158	65,030	65,030	-
General administration	154,963	143,515	143,515	-
Operation of plant	431,209	445,155	445,155	-
Transportation	351,908	306,441	306,441	-
Food service	308,870	293,787	293,787	-
Community services	35,779	33,500	33,500	-
Debt service	5,853	6,009	6,009	-
TOTAL DISBURSEMENTS	2,637,195	2,561,050	2,561,050	-
EXCESS OF RECEIPTS OVER DISBURSEMENTS	1,878,598	587,335	587,335	-
OTHER FINANCING SOURCES (USES)				
Net insurance recovery	-	4,564	4,564	-
Sale of property	1,000	-	-	-
Operating transfers (out)	(1,512,602)	(171,500)	(171,500)	-
TOTAL OTHER FINANCING SOURCES (USES)	(1,511,602)	(166,936)	(166,936)	-
EXCESS OF RECEIPTS AND OTHER SOURCES OVER DISBURSEMENTS AND OTHER (USES)	366,996	420,399	420,399	-
FUND BALANCE, July 1, 2011	859,169	859,169	859,169	-
FUND BALANCE, June 30, 2012	<u>\$ 1,226,165</u>	<u>\$ 1,279,568</u>	<u>\$ 1,279,568</u>	<u>\$ -</u>

MILLER R-II SCHOOL DISTRICT
 BUDGETARY COMPARISON SCHEDULE – SPECIAL REVENUE FUND
 Year Ended June 30, 2012

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
RECEIPTS				
Local	\$ 10,000	\$ 480,779	\$ 480,779	\$ -
County	-	11,304	11,304	-
State	842,854	1,797,444	1,797,444	-
Federal	139,955	250,545	250,545	-
Other	25,000	17,001	17,001	-
TOTAL RECEIPTS	1,017,809	2,557,073	2,557,073	-
DISBURSEMENTS				
Instruction	2,065,946	2,071,452	2,071,452	-
Student services	101,363	85,774	85,774	-
Instructional staff support	40,687	41,208	41,208	-
Building administration	165,988	172,661	172,661	-
General administration	102,707	107,572	107,572	-
Operation of plant	-	5,241	5,241	-
Transportation	9,856	22,002	22,002	-
Food service	7,537	7,537	7,537	-
Community services	36,327	43,626	43,626	-
TOTAL DISBURSEMENTS	2,530,411	2,557,073	2,557,073	-
(DEFICIT) OF RECEIPTS OVER DISBURSEMENTS	(1,512,602)	-	-	-
OTHER FINANCING SOURCES				
Operating transfers in	1,512,602	-	-	-
EXCESS OF RECEIPTS AND OTHER SOURCES OVER DISBURSEMENTS	-	-	-	-
FUND BALANCE, July 1, 2011	-	-	-	-
FUND BALANCE, June 30, 2012	\$ -	\$ -	\$ -	\$ -

MILLER R-II SCHOOL DISTRICT
NOTE TO BUDGETARY COMPARISION SCHEDULES
June 30, 2012

Budgets and Budgetary Accounting

The District follows these procedures in establishing the budgetary data reflected in the financial statements:

- 1) In accordance with Chapter 67, RSMo, the District adopts a budget for each fund.
- 2) Prior to July, the superintendent, who serves as the Budget Officer, submits to the Board of Education a proposed budget for the fiscal year beginning on the following July 1. The budget includes estimated receipts and proposed disbursements for all District funds. Budgeted disbursements cannot exceed beginning available monies plus estimated receipts for the year.
- 3) A public hearing is conducted to obtain taxpayer comments. Prior to its approval by the Board of Education, the budget document is available for public inspection.
- 4) Prior to July 1, the budget is legally enacted by a vote of the Board of Education.
- 5) Subsequent to its formal approval of the budget, the Board of Education has the authority to make necessary adjustments to the budget by formal vote of the Board. Adjustments made during the year are reflected in the budget information included in the financial statements. Budgeted amounts are as originally adopted, or as amended by the Board of Education. Individual amendments were not material to the original appropriations, which were amended.
- 6) Budgets for District funds are prepared and adopted on the modified cash basis (budget basis).

OTHER FINANCIAL INFORMATION

MILLER R-II SCHOOL DISTRICT
 BUDGETARY COMPARISON SCHEDULE – DEBT SERVICE FUND
 Year Ended June 30, 2012

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
RECEIPTS				
Local	\$ -	\$ -	\$ -	\$ -
County	-	-	-	-
TOTAL RECEIPTS	-	-	-	-
DISBURSEMENTS				
Debt service	-	-	-	-
TOTAL DISBURSEMENTS	-	-	-	-
EXCESS OF RECEIPTS OVER DISBURSEMENTS	-	-	-	-
OTHER FINANCING SOURCES				
Operating transfers in	-	108,978	108,978	-
TOTAL OTHER FINANCING SOURCES	-	108,978	108,978	-
EXCESS OF RECEIPTS AND OTHER SOURCES OVER DISBURSEMENTS	-	108,978	108,978	-
FUND BALANCE, July 1, 2011	-	-	-	-
FUND BALANCE, June 30, 2012	\$ -	\$ 108,978	\$ 108,978	\$ -

MILLER R-II SCHOOL DISTRICT
 BUDGETARY COMPARISON SCHEDULE – CAPITAL PROJECTS FUND
 Year Ended June 30, 2012

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
RECEIPTS				
Local	\$ 272,607	\$ 286,340	\$ 286,340	\$ -
County	-	18,237	18,237	-
State	181,864	207,002	207,002	-
TOTAL RECEIPTS	454,471	511,579	511,579	-
DISBURSEMENTS				
Instruction	6,500	2,383	2,383	-
Instructional staff support	20,000	17,427	17,427	-
Building administration	1,554	-	-	-
General administration	900	-	-	-
Operation of plant	20,150	21,233	21,233	-
Transportation	32,739	12,644	12,644	-
Food service	11,619	3,890	3,890	-
Debt service	517,768	5,538,559	5,538,559	-
TOTAL DISBURSEMENTS	611,230	5,596,136	5,596,136	-
(DEFICIT) OF RECEIPTS OVER DISBURSEMENTS	(156,759)	(5,084,557)	(5,084,557)	-
OTHER FINANCING SOURCES (USES)				
Sale of bonds	-	5,130,000	5,130,000	-
Operating transfers in	-	171,500	171,500	-
Operating transfers (out)	-	(108,978)	(108,978)	-
TOTAL OTHER FINANCING SOURCES (USES)	-	5,192,522	5,192,522	-
EXCESS (DEFICIT) OF RECEIPTS AND OTHER SOURCES OVER DISBURSEMENTS AND OTHER (USES)	(156,759)	107,965	107,965	-
FUND BALANCE, July 1, 2011	325,073	325,073	325,073	-
FUND BALANCE, June 30, 2012	\$ 168,314	\$ 433,038	\$ 433,038	\$ -

MILLER R-II SCHOOL DISTRICT
SCHEDULE OF RECEIPTS BY SOURCE
Year Ended June 30, 2012

	General Fund	Special Revenue Fund	Debt Service Fund	Capital Projects Fund	Total
LOCAL					
Current taxes	\$ 1,419,642	\$ -	\$ -	\$ 187,451	\$ 1,607,093
Delinquent taxes	83,127	-	-	15,834	98,961
School district trust fund (Prop C)	-	480,779	-	-	480,779
Financial institution tax	30	-	-	-	30
M & M surcharge taxes	1,310	-	-	79,588	80,898
In lieu of tax	1,933	-	-	642	2,575
Earnings on investments	7,963	-	-	2,825	10,788
Food service program	61,296	-	-	-	61,296
Food service non-program	4,006	-	-	-	4,006
Student activities	187,054	-	-	-	187,054
Community services	7,788	-	-	-	7,788
Other	12,101	-	-	-	12,101
TOTAL LOCAL	1,786,250	480,779	-	286,340	2,553,369
COUNTY					
Fines, escheats, etc.	-	11,304	-	-	11,304
State assessed utilities	87,135	-	-	18,237	105,372
TOTAL COUNTY	87,135	11,304	-	18,237	116,676
STATE					
Basic formula	-	1,748,418	-	-	1,748,418
Transportation	84,246	-	-	-	84,246
Early childhood special education	223,032	-	-	-	223,032
Basic formula - classroom trust fund	3,116	-	-	205,852	208,968
Vocational	628	5,400	-	1,150	7,178
Food service	1,892	-	-	-	1,892
Voc/tech ed enhancement grant	1,146	-	-	-	1,146
Missouri preschool project	28,624	43,626	-	-	72,250
Preschool lunch	37,813	-	-	-	37,813
TOTAL STATE	380,497	1,797,444	-	207,002	2,384,943

MILLER R-II SCHOOL DISTRICT
SCHEDULE OF RECEIPTS BY SOURCE (CONTINUED)
Year Ended June 30, 2012

	General Fund	Special Revenue Fund	Debt Service Fund	Capital Projects Fund	Total
FEDERAL					
Medicaid	16,386	-	-	-	16,386
Basic formula - stabilization - ARRA	11,991	32,744	-	-	44,735
Basic formula - government - ARRA	2,484	-	-	-	2,484
Classroom trust fund - jobs bill	1,873	-	-	-	1,873
IDEA grants	250	-	-	-	250
IDEA	18,000	102,294	-	-	120,294
Early childhood special education	27,879	-	-	-	27,879
School lunch program	136,838	-	-	-	136,838
School breakfast program	61,804	-	-	-	61,804
After school snack program	1,037	-	-	-	1,037
ESEA, Title I	107,377	115,507	-	-	222,884
21st century community learning centers grant	140,332	-	-	-	140,332
ESEA, Title II, Part A	36,346	-	-	-	36,346
IDEA, Part B (619) - ARRA	4,828	-	-	-	4,828
Teaching American history grant	271,190	-	-	-	271,190
Early retirement reinsurance program	55,888	-	-	-	55,888
TOTAL FEDERAL	894,503	250,545	-	-	1,145,048
OTHER SOURCES					
Sale of bonds	-	-	-	5,130,000	5,130,000
Net insurance recovery	4,564	-	-	-	4,564
Tuition from other districts	-	17,001	-	-	17,001
TOTAL OTHER SOURCES	4,564	17,001	-	5,130,000	5,151,565
TOTAL RECEIPTS	<u>\$ 3,152,949</u>	<u>\$ 2,557,073</u>	<u>\$ -</u>	<u>\$ 5,641,579</u>	<u>\$ 11,351,601</u>

The Schedule of Receipts by Source agrees to the Annual Secretary of the Board Report.

MILLER R-II SCHOOL DISTRICT
 SCHEDULE OF DISBURSEMENTS BY OBJECT
 Year Ended June 30, 2012

	General Fund	Special Revenue Fund	Capital Projects Fund
Salaries	\$ 789,810	\$ 1,982,972	\$ -
Teacher retirement	17	304,416	-
Non-teacher retirement	49,285	-	-
Social security	49,192	2,439	-
Medicare	12,208	28,617	-
Employee insurance	73,348	173,092	-
Other benefits	585	-	-
Tuition	29,617	40,675	-
Professional services	44,610	24,862	-
Audit	13,750	-	-
Technical services	23,456	-	-
Legal services	1,063	-	-
Property services	159,283	-	-
Travel	108,137	-	-
Property insurance	21,036	-	-
Liability insurance	14,801	-	-
Fidelity premium	66	-	-
Other purchased services	251,208	-	-
General supplies	507,422	-	-
Food service	182,160	-	-
Energy supplies	221,951	-	-
Other supplies	2,036	-	-
Improvement to sites	-	-	11,428
Equipment - general	-	-	28,122
Equipment - instructional	-	-	2,383
School buses	-	-	12,644
Other capital outlay	-	-	3,000
Principal	-	-	5,120,718
Interest	-	-	313,247
Other	6,009	-	104,594
TOTAL DISBURSEMENTS	<u>\$ 2,561,050</u>	<u>\$ 2,557,073</u>	<u>\$ 5,596,136</u>



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

Board of Education
Miller R-II School District
Miller, Missouri

We have audited the accompanying financial statements of the governmental activities and each major fund of Miller R-II School District as of and for the year ended June 30, 2012, which collectively comprise Miller R-II School District's basic financial statements and have issued our report thereon dated October 30, 2012. In our report, our opinion was modified because 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. 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.

Internal Control over Financial Reporting

Management of Miller R-II School District is responsible for establishing and maintaining effective internal controls over financial reporting. In planning and performing our audit, we considered the Miller R-II School District's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the District's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses and, therefore, there can be no assurance that all deficiencies, significant deficiencies, or material weaknesses have been identified. However, as described in the accompanying schedule of findings and questioned costs, we identified a certain deficiency in internal control over financial reporting that we consider to be a material weakness.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the deficiency described in the accompanying schedule of findings and questioned costs to be a material weakness. It is identified as item 12-1.

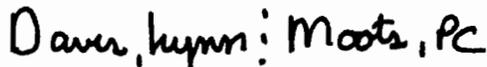
Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Miller R-II 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*.

The District's response to the finding identified in our audit is described in the accompanying schedule of findings and questioned costs. We did not audit the District's response and, accordingly, express no opinion on it.

We also noted certain other matters that we reported to management of Miller R-II School District in a separate letter dated October 30, 2012.

This report is intended solely for the information and use of the Board of Education, management, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

A handwritten signature in black ink that reads "Davis, Lynn; Moots, PC". The signature is written in a cursive, slightly slanted style.

DAVIS, LYNN & MOOTS, P.C.
October 30, 2012



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**INDEPENDENT AUDITORS' REPORT ON
COMPLIANCE WITH REQUIREMENTS THAT COULD
HAVE A DIRECT AND MATERIAL EFFECT ON EACH
MAJOR PROGRAM AND ON INTERNAL CONTROL OVER
COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133**

Board of Education
Miller R-II School District
Miller, Missouri

Compliance

We have audited the compliance of the Miller R-II School District with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that could have a direct and material effect on each of Miller R-II School District's major federal programs for the year ended June 30, 2012. The Miller R-II 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. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of the Miller R-II School District's management. Our responsibility is to express an opinion on the Miller R-II School District's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Miller R-II 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. Our audit does not provide a legal determination on the Miller R-II School District's compliance with those requirements.

In our opinion, the Miller R-II School District complied, in all material respects, with the requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2012.

Internal Control Over Compliance

The management of the Miller R-II School District is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered the Miller R-II School District's internal control over compliance with requirements that could have a direct and material effect on a major federal program to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the District's internal control over compliance.

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

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 deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

This report is intended solely for the information and use of the Board of Education, management, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Davis, Lynn & Moots, PC

DAVIS, LYNN & MOOTS, P.C.
October 30, 2012

MILLER R-II SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Year Ended June 30, 2012

Federal Grantor Pass Through Grantor/ Program Title	Federal CFDA Number	Pass-through Grantor's Number	Federal Expenditures
<u>U.S. DEPARTMENT OF AGRICULTURE</u>			
Missouri Department of Elementary and Secondary Education			
Child Nutrition Cluster			
School Breakfast Program	10.553	055-104	\$ 61,804
National School Lunch Program - Cash	10.555	055-104	136,838
- Commodities	10.555	055-104	14,517
After School Snack	10.555	055-104	<u>1,038</u>
TOTAL U.S. DEPARTMENT OF AGRICULTURE			214,197
<u>U.S. DEPARTMENT OF EDUCATION</u>			
Missouri Department of Elementary and Secondary Education			
Title I Grants to LEAs	84.010	055-104	194,234
Improving Teacher Quality State Grants	84.367	055-104	37,286
Special Education Grants Cluster			
Special Education Grants to State	84.027	055-104	121,915
Special Education Early Childhood	84.173	055-104	27,879
21st Century Community Learning Centers Program	84.287	055-104	149,110
State Fiscal Stabilization Funds Cluster			
ARRA Education State Grants, Recovery Act	84.394	055-104	44,735
ARRA Government Services, Recovery Act	84.397	055-104	2,484
ARRA Education Jobs Fund	84.410	055-104	1,873
Direct			
Teaching American History Grant	84.215	055-104	<u>353,252</u>
TOTAL U.S. DEPARTMENT OF EDUCATION			<u>932,768</u>
TOTAL EXPENDITURES OF FEDERAL AWARDS			<u>\$ 1,146,965</u>

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

1. The Schedule of Expenditures of Federal Awards is presented using the modified cash basis of accounting, which is described in Note A to the District's basic financial statements.
2. Commodities received and expended are valued by the Food Service Section of the Department of Elementary and Secondary Education.

MILLER R-II SCHOOL DISTRICT
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ended June 30, 2012

A. SUMMARY OF AUDIT RESULTS

1. The auditors' report expresses an unqualified opinion, on the basic financial statements presented on the modified cash basis of accounting.
2. One material weakness disclosed during the audit of the financial statements is reported in the Independent Auditors' Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*.
3. No instances of noncompliance material to the financial statements were disclosed during the audit.
4. No significant deficiencies were disclosed during the audit of the major federal award programs.
5. The auditors' report on compliance for the major federal award programs expresses an unqualified opinion.
6. There were no findings required to be reported in accordance with Section 510(a) of Circular A-133.
7. The programs tested as major programs were:

Child Nutrition Cluster	10.553 & 10.555
Teaching American History Grant	84.215
Title I, Part A	84.010
8. The threshold between Type A and Type B programs was \$300,000.
9. Miller R-II School District was not determined to be a low-risk auditee.

B. FINDINGS - FINANCIAL STATEMENTS AUDIT

MATERIAL WEAKNESS

12-1 Segregation of duties

Condition: Because of a limited number of available personnel, it is not always possible to adequately segregate certain incompatible duties so that no one employee has access to both physical assets and the related accounting records, or to all phases of a transaction. The District currently has one full time bookkeeper to handle the accounting needs of the District. There are some mitigating controls in place but it is not possible to have segregation in all areas.

MILLER R-II SCHOOL DISTRICT
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS (continued)
Year Ended June 30, 2012

B. FINDINGS - FINANCIAL STATEMENTS AUDIT (continued)

Criteria: Duties should be segregated so that no one employee has access to both physical assets and the related accounting records, or to all phases of a transaction.

Effect: Risk is present that errors or irregularities in amounts that would be material to the basic financial statements may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions.

Recommendation: We realize that because of limited resources and personnel, management may not be able to achieve a proper segregation of duties; however, our professional standards require that we bring this lack of segregation of duties to your attention in this report.

Response: The limited number of available personnel prohibits segregation of incompatible duties and the District does not have the resources to hire additional accounting personnel.

C. FINDINGS AND QUESTIONED COSTS - MAJOR FEDERAL AWARD PROGRAM AUDIT

There were no findings or questioned costs for the major federal award programs.

MILLER R-II SCHOOL DISTRICT
SCHEDULE OF PRIOR AUDIT FINDINGS
Year Ended June 30, 2012

There were no prior audit findings.

SUPPLEMENTARY STATE INFORMATION



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**INDEPENDENT AUDITORS' REPORT
ON SUPPLEMENTARY STATE INFORMATION**

Board of Education
Miller R-II School District
Miller, Missouri

We have audited the basic financial statements of the Miller R-II School District, Miller, Missouri, for the year ended June 30, 2012, and have issued our report thereon dated October 30, 2012. Our audit of such basic financial statements was made in accordance with auditing standards generally accepted in the United States of America, *Government Auditing Standards* and the standards for financial and compliance audits issued by the Missouri Department of Elementary and Secondary Education and, accordingly, included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Miller R-II School District's basic financial statements. The accompanying Supplementary State Information is presented for purposes of additional analysis and is not a required part of the basic financial statements. The information is the responsibility of management and was derived from, and relate directly to, the accounting and other records of the District. The information in this section 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, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the basic financial statements as a whole.

Davis, Lynn & Moots, PC

DAVIS, LYNN & MOOTS, P.C.
October 30, 2012



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**INDEPENDENT AUDITORS' REPORT ON
COMPLIANCE WITH CERTAIN LAWS AND
REGULATIONS SPECIFIED BY MISSOURI STATUTE**

Board of Education
Miller R-II School District
Miller, Missouri

We have audited the basic financial statements of the Miller R-II School District, Miller, Missouri, as of and for the year ended June 30, 2012, and have issued our report thereon dated October 30, 2012.

We conducted our audit 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 the basic financial statements are free of material misstatement.

Compliance with laws, regulations, contracts, grant agreements and other matters applicable to the District is the responsibility of the District's management. As required by 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 school transportation records (Chapter 165.121.3(7), RSMo).

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 school transportation records are maintained as to accurately disclose, in all material respects, the average daily attendance, resident membership on the last Wednesday of September, average number of students scheduled to be transported and mileage and allowable cost for school transportation in compliance with Missouri law and administrative rules.

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

Davis, Lynn & Moots, PC

DAVIS, LYNN & MOOTS, P.C.
October 30, 2012

MILLER R-II SCHOOL DISTRICT 055-104
 SCHEDULE OF SELECTED STATISTICS
 Year Ended June 30, 2012

1. Calendar (Sections 160.041 and 171.031, RSMo)

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

Kindergarten - Grade 6	1,123.65
Grade 7 – Grade 12	1,166.48

B. The number of days classes were in session and pupils were under the direction of the teachers during this school year was 174.

2. Average Daily Attendance (ADA)

Average Daily Attendance:	<u>Full & Part Time</u>	<u>Remedial</u>	<u>Total</u>
Regular term:			
Full-time kindergarten – Grade 6	263.73	5.13	268.86
Grades 7 – 12	<u>224.30</u>	<u>.75</u>	<u>225.05</u>
Total regular term	<u>488.03</u>	<u>5.88</u>	493.91
Summer school average daily attendance			<u>2.21</u>
Total Average Daily Attendance			<u>496.12</u>

3. September Membership

September Membership FTE Count	<u>512.02</u>
--------------------------------	---------------

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

State FTE Total	Free	271.00
	Reduced	<u>68.00</u>
	Total	<u>339.00</u>

5. Finance

A. A bond, as required by Section 162.401, RSMo, has been purchased for the District treasurer in the amount of \$50,000.

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

C. The District maintained a separate bank account for its Debt Service Fund in accordance with Section 165.011, RSMo.

MILLER R-II SCHOOL DISTRICT 055-104
SCHEDULE OF SELECTED STATISTICS (continued)
Year Ended June 30, 2012

5. Finance (continued)

- D. Salaries reported for educators in the October core data cycle are supported by payroll/contract records.
- E. The District's \$162,326 or 7% x SAT x WADA transfer was not in excess of the adjusted operating expenditures. The Board of Education approved the transfer.
- F. The District published a summary of the 2010-2011 audit report within thirty days of receipt of the audit, pursuant to Section 165.121, RSMo.

There were no findings noted above.

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.
- B. The District's school transportation ridership records are so maintained as to accurately disclose in all material respects the average number of regular riders transported.
- C. Based on the ridership records, the average number of students (non-disabled K-12, career education, and K-12 students with disabilities) transported on a regular basis (ADT) eligible for state transportation aid was 409.00 and the average number of students transported on a regular basis (ADT) ineligible to be counted for state transportation aid was 21.50.
- D. The District's transportation odometer mileage records are so maintained as to accurately disclose in all material respects the eligible and ineligible mileage for the year.
- E. Actual odometer records show the total District operated and contracted mileage for the year was 153,682. Of this total, the eligible non-disabled and students with disabilities route miles were 111,075 and the ineligible non-route and disapproved miles combined were 42,607.
- F. The District operated the school transportation system for 174 days during this school year.

There were no findings noted above.

MILLER R-II SCHOOL DISTRICT
 SCHEDULE OF TRANSPORTATION COSTS ELIGIBLE FOR STATE AID
 Year Ended June 30, 2012

	District Owned
Administrative salaries	\$ 17,238
Non-certified salaries	152,651
Employee benefits	27,477
Purchased services	9,594
Supplies	121,483
Depreciation	33,553
	<u>\$ 361,996</u>
School buses lease/purchased	
Principal	<u>\$ 12,644</u>
Interest	<u>\$ 3,386</u>