

MILLER R-II SCHOOL DISTRICT

MILLER, MISSOURI

BASIC FINANCIAL STATEMENTS

Year Ended June 30, 2013

TABLE OF CONTENTS

INDEPENDENT AUDITORS' REPORT	4
MANAGEMENT'S DISCUSSION AND ANALYSIS	8
BASIC FINANCIAL STATEMENTS	
Statement of Net Position – Modified Cash Basis	17
Statement of Activities – Modified Cash Basis	18
Statement of Assets and Fund Balances – Governmental Funds – Modified Cash Basis	20
Statement of Receipts, Disbursements and Changes in Fund Balances – Governmental Funds – Modified Cash Basis	21
Notes to Financial Statements.....	22
SUPPLEMENTARY INFORMATION	
Budgetary Comparison Schedule – General Fund.....	35
Budgetary Comparison Schedule – Special Revenue Fund.....	36
Budgetary Comparison Schedule – Debt Service Fund.....	37
Budgetary Comparison Schedule – Capital Projects Fund.....	38
Note to Budgetary Comparison Schedules	39
OTHER FINANCIAL INFORMATION	
Schedule of Receipts by Source.....	41
Schedule of Disbursements by Object	43

TABLE OF CONTENTS

OTHER FINANCIAL INFORMATION (continued)

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 <i>Government Auditing Standards</i>	44
Independent Auditors' Report on Compliance for each Major Program and on Internal Control over Compliance Required by OMB Circular A-133	46
Schedule of Expenditures of Federal Awards.....	48
Summary Schedule of Findings and Questioned Costs	49
Schedule of Prior Audit Findings	51

SUPPLEMENTARY STATE INFORMATION

Independent Auditors' Report on Supplementary State Information.....	53
Independent Auditors' Report on Compliance with Certain Laws and Regulations Specified by Missouri Statute.....	54
Schedule of Selected Statistics.....	56
Schedule of Transportation Costs Eligible for State Aid.....	58



DAVIS, LYNN &
MOOTS, P.C.
Certified Public
Accountants

LARRY M. BROWN, CPA
LAWRENCE W. DAVIS, CPA
ANTHONY D. LYNN, CPA
RANDALL G. MOOTS, CPA
ANGELA M. PATRICK, CPA
ANDREW A. MARMOUGET, CPA

3828 SOUTH AVENUE
SPRINGFIELD, MO 65807
(417) 882-0904
FAX (417) 882-4343
www.dlmcpa.com
e-mail: cpa@dlmcpa.com

INDEPENDENT AUDITORS' REPORT

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

We have audited the basic 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, 2013, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the modified cash basis of accounting described in Note A; 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 fraud or error.

Auditors' Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' 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 District'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 District'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 Miller R-II School District as of June 30, 2013, 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.

Basis of Accounting

We draw attention to Note A of the financial statements, which describes the basis of accounting. The financial statements are prepared on the modified cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to that matter.

Disclaimer of Opinion on Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The management's discussion and analysis and budgetary comparison information on pages 8-15 and 35-39, which are the responsibility of management, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

Other Reporting Required by *Government Auditing Standards*

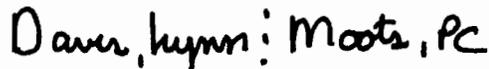
In accordance with *Government Auditing Standards*, we have also issued our report dated November 1, 2013, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements 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 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* in considering the District's internal control over financial reporting and compliance.

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

Other Financial Information

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 data contained under Other Financial Information, is presented for purposes of additional analysis and is not a required part of the financial statements. The 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 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 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 information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

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.
November 1, 2013

MANAGEMENT'S DISCUSSION AND ANALYSIS

**MILLER R-II SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2013**

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, 2013, 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 17.

FINANCIAL HIGHLIGHTS

- Assets: Total net position was \$2,289,860 at June 30, 2013. This was an increase of \$468,276.
- Receipts and Disbursements: Total receipts were \$5,381,521 and disbursements were \$4,913,245.
- Balances: The Operating Fund (Funds 1 and 2) balance increased from \$1,279,568 to \$1,332,042. The Debt Service Fund increased from \$108,978 to \$327,174. The Capital Projects Fund increased from \$433,038 to \$630,644.

The District Board of Education and Administration are committed to maintaining a reserve balance that promotes fiscal responsibility for the patrons of Miller. By maintaining a fiscally sound reserve operating balance and reserve in the Capital Projects Fund, the District is able to strategically plan for the future.

The Debt Service Fund increased from \$108,978 to \$327,174 in order to pay the debt on the General Obligation Bonds, passed in 2012. The payment increased from \$85,416 to \$265,601 from 2012 to 2013. The District is obligated to Debt Service payments on this bond until maturity in 2032. The District will free up \$1,507,146 in operating funds, over the course of the Debt Service term, by refunding five series of leases.

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 Position 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.

Supplementary Information: This Management's Discussion and Analysis and the budgetary comparison schedules represent financial information required by the Missouri Department of Elementary and Secondary Education 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 Position and the Statement of Activities

Our financial analysis of the District as a whole begins on page 10. The government-wide financial statements are presented on pages 17-18. 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 Position 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 position and changes in them. Over time, increases and decreases in the District's net position 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 12. The fund financial statements begin on page 20 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 Position, resulting from cash transactions, increased by \$468,276 between fiscal years 2012 and 2013.

Net Position – Modified Cash Basis

	<u>2013</u>	<u>2012</u>
ASSETS		
Cash and cash equivalents	\$ 2,112,921	\$ 1,751,179
Investments	176,939	70,405
	<u>\$ 2,289,860</u>	<u>\$ 1,821,584</u>
	TOTAL ASSETS	
NET POSITION		
Restricted for student activities	\$ 62,433	\$ 24,352
Restricted for debt service	327,174	108,978
Unrestricted	1,900,253	1,688,254
	<u>\$ 2,289,860</u>	<u>\$ 1,821,584</u>
	TOTAL NET POSITION	

MILLER R-II SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2013

Changes in Net Position – Modified Cash Basis

For the year ended June 30, 2013, net position of the District, resulting from cash transactions, changed as follows:

RECEIPTS	<u>2013</u>	<u>2012</u>
<u>Program Receipts</u>		
Charges for services	\$ 242,176	\$ 277,145
Operating grants and contributions	737,881	1,571,455
Capital grants and contributions	-	1,150
<u>General Receipts</u>		
Ad valorem tax receipts	1,740,748	1,706,054
Prop C sales tax receipts	450,746	480,779
Other tax receipts	87,559	83,503
County receipts	137,455	116,676
State receipts	1,957,180	1,957,386
Interest receipts	11,907	10,788
Other receipts	15,869	12,101
<u>Special Items</u>		
Net insurance recovery	-	4,564
Sale of bonds	-	5,130,000
TOTAL RECEIPTS	<u>5,381,521</u>	<u>11,351,601</u>
DISBURSEMENTS		
Instruction	2,467,676	2,792,637
Student services	163,363	155,577
Instructional staff support	344,479	537,643
Building administration	263,886	237,691
General administration	292,091	251,087
Operation of plant	509,140	471,629
Transportation	403,074	341,087
Food service	272,575	305,214
Community services	79,307	77,126
Debt service	117,654	5,544,568
TOTAL DISBURSEMENTS	<u>4,913,245</u>	<u>10,714,259</u>
INCREASE IN NET POSITION	<u>\$ 468,276</u>	<u>\$ 637,342</u>

MILLER R-II SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2013

The total cost of all programs and services was \$4,913,245. The majority of District disbursements were related to instruction and support for students in the amount of \$2,975,518 (61%). Administrative activities accounted for 11% of total costs. The remaining disbursements were for plant maintenance and operations (10%), transportation (8%), food service (6%), community services (2%), and debt service (2%).

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 fund balance was \$2,289,860 at June 30, 2013. This was an increase of \$468,276 from the prior year.
- Receipts and Disbursements: Total receipts were \$5,381,521 and disbursements were \$4,913,245.
- Operating Fund: The Operating Fund (Funds 1 and 2) balance increased from \$1,279,568 to \$1,332,042. This was an increase of \$52,474. On June 30, reserves amounted to 28.89% of total operating disbursements made for the 2012-13 fiscal year.
- Debt Service Fund: The Debt Service Fund balance increased from \$108,978 to \$327,174.
- Capital Projects Fund: The Capital Projects Fund balance increased from \$433,038 to \$630,644.

FINANCIAL ANALYSIS OF GENERAL FUND BUDGET VERSUS ACTUAL RESULTS

	Budget		Actual
	Original	Final	
RECEIPTS			
Local	\$ 2,209,537	\$ 1,733,248	\$ 1,733,248
County	110,000	97,034	97,034
State	1,158,349	177,915	177,915
Federal	443,900	584,892	584,892
Other	1,000	-	-
TOTAL RECEIPTS	\$ 3,922,786	\$ 2,593,089	\$ 2,593,089
DISBURSEMENTS			
Instruction	\$ 685,032	\$ 504,915	\$ 504,915
Student services	74,750	71,744	71,744
Instructional staff support	196,396	280,940	280,940
Building administration	62,671	76,136	76,136
General administration	190,755	177,139	177,139
Operation of plant	452,686	423,722	423,722
Transportation	351,639	318,316	318,316
Food service	300,257	272,575	272,575
Community services	20,519	38,376	38,376
TOTAL DISBURSEMENTS	\$ 2,334,705	\$ 2,163,863	\$ 2,163,863

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 \$3,922,786. Actual receipts were \$2,593,089. This amounted to a difference of \$1,329,697. 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 \$2,334,705 and actual disbursements of \$2,163,863, a difference of \$170,842.

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, 2013 and 2012.

	June 30,	
	2013	2012
LONG-TERM DEBT		
General Obligation Bonds Payable	\$ 5,130,000	\$ 5,130,000
Capital Leases Payable	93,899	128,232
TOTAL LONG-TERM DEBT	<u>\$ 5,223,899</u>	<u>\$ 5,258,232</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 decline in student enrollment will negatively impact state revenue for the District in future fiscal years. The best of the previous three years' enrollment will roll off for the 2013-14 school year and decrease student enrollment by approximately 30 students. It is expected that State revenue will decrease by as much as \$168,000 in 2013-14. As the State prepares for the future, education continues to be a topic for discussion. State revenue trends indicate an increase of 2.95% in income tax, sales & use tax, corporate & franchise tax, and other collections, collectively. While this is a positive indicator for Missouri public schools, the Miller R-II District must be cautious in budgeting additional expenditures due the decline in enrollment from 2008 to 2013. Additionally, it must be considered that while the student enrollment has declined since 2008, student enrollment has been relatively stable since 2009-10.

The federal allocation for Districts has declined significantly in the past five years, laying the burden on the Local tax payers to sustain federal programs such as special education and title one. The District must be proactive in designing long-term resolutions to the decreased federal funds.

Local assessed valuation of the Miller R-II School District declined from \$43,227,188 in 2012 to \$42,564,190 in 2013. In order to maintain comparable revenue, the District increased the local operating fund tax rate from \$3.33 in 2012 to \$3.423 in 2013. The District would have had a loss of \$127,948 in local tax revenue had the tax rate not been increased.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET (continued)

In response to the aforementioned issues, the District has adopted a cautious position on the 2013-14 budget. The administration will continue to closely monitor revenues and expenditures of the District. The expectation is that the 2013-14 budget will not result in additional allocations to the reserve balance. It is projected that the District may use reserve balances in order to provide educational experiences that benefit the students in the Miller R-II School District.

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@miller.k12.mo.us.

GOVERNMENT-WIDE FINANCIAL STATEMENTS

MILLER R-II SCHOOL DISTRICT
 STATEMENT OF NET POSITION – MODIFIED CASH BASIS
 June 30, 2013

	<u>Governmental Activities</u>
ASSETS	
Cash and cash equivalents	\$ 2,112,921
Investments	<u>176,939</u>
TOTAL ASSETS	<u><u>\$ 2,289,860</u></u>
NET POSITION	
Restricted for student activities	\$ 62,433
Restricted for debt service	327,174
Unrestricted	<u>1,900,253</u>
TOTAL NET POSITION	<u><u>\$ 2,289,860</u></u>

See accompanying notes.

MILLER R-II SCHOOL DISTRICT
STATEMENT OF ACTIVITIES – MODIFIED CASH BASIS
Year Ended June 30, 2013

	Cash Disbursements	Program Cash Receipts			Net
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	(Disbursements) Receipts and Changes in Net Position
Governmental Activities:					
Instruction	\$ (2,467,676)	\$ 171,308	\$ 296,273	\$ -	\$ (2,000,095)
Student services	(163,363)	-	-	-	(163,363)
Instructional staff support	(344,479)	-	155,524	-	(188,955)
Building administration	(263,886)	-	-	-	(263,886)
General administration	(292,091)	-	-	-	(292,091)
Operation of plant	(509,140)	-	-	-	(509,140)
Transportation	(403,074)	-	73,513	-	(329,561)
Food service	(272,575)	63,642	210,166	-	1,233
Community services	(79,307)	7,226	2,405	-	(69,676)
Debt service	(117,654)	-	-	-	(117,654)
NET PROGRAM (DISBURSEMENTS) RECEIPTS	<u>\$ (4,913,245)</u>	<u>\$ 242,176</u>	<u>\$ 737,881</u>	<u>\$ -</u>	<u>(3,933,188)</u>
General Receipts:					
Ad valorem tax receipts					1,740,748
Prop C sales tax receipts					450,746
Other tax receipts					87,559
County receipts					137,455
State receipts					1,957,180
Interest receipts					11,907
Other receipts					15,869
TOTAL GENERAL RECEIPTS					<u>4,401,464</u>
INCREASE IN NET POSITION					468,276
NET POSITION - Beginning of year					<u>1,821,584</u>
NET POSITION - End of year					<u>\$ 2,289,860</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, 2013

	General Fund	Special Revenue Fund	Debt Service Fund	Capital Projects Fund	Total Governmental Funds
ASSETS					
Cash and cash equivalents	\$ 1,261,349	\$ -	\$ 220,928	\$ 630,644	\$ 2,112,921
Investments	70,693	-	106,246	-	176,939
TOTAL ASSETS	<u>\$ 1,332,042</u>	<u>\$ -</u>	<u>\$ 327,174</u>	<u>\$ 630,644</u>	<u>\$ 2,289,860</u>
FUND BALANCES					
Restricted for:					
Student activities	\$ 62,433	\$ -	\$ -	\$ -	\$ 62,433
Debt service	-	-	327,174	-	327,174
Assigned to capital outlay	-	-	-	630,644	630,644
Unassigned	1,269,609	-	-	-	1,269,609
TOTAL FUND BALANCES	<u>\$ 1,332,042</u>	<u>\$ -</u>	<u>\$ 327,174</u>	<u>\$ 630,644</u>	<u>\$ 2,289,860</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, 2013

	General Fund	Special Revenue Fund	Debt Service Fund	Capital Projects Fund	Total Governmental Funds
RECEIPTS					
Local	\$ 1,733,248	\$ 446,384	\$ 275,944	\$ 54,336	\$ 2,509,912
County	97,034	11,004	27,982	1,435	137,455
State	177,915	1,772,994	-	126,371	2,077,280
Federal	584,892	32,889	-	-	617,781
Other	-	39,093	-	-	39,093
TOTAL RECEIPTS	<u>2,593,089</u>	<u>2,302,364</u>	<u>303,926</u>	<u>182,142</u>	<u>5,381,521</u>
DISBURSEMENTS					
Instruction	504,915	1,962,761	-	-	2,467,676
Student services	71,744	91,619	-	-	163,363
Instructional staff support	280,940	46,694	-	16,845	344,479
Building administration	76,136	187,750	-	-	263,886
General administration	177,139	114,952	-	-	292,091
Operation of plant	423,722	1,836	-	83,582	509,140
Transportation	318,316	316	-	84,442	403,074
Food service	272,575	-	-	-	272,575
Community services	38,376	40,931	-	-	79,307
Debt service	-	-	85,730	31,924	117,654
TOTAL DISBURSEMENTS	<u>2,163,863</u>	<u>2,446,859</u>	<u>85,730</u>	<u>216,793</u>	<u>4,913,245</u>
EXCESS (DEFICIT) OF RECEIPTS OVER DISBURSEMENTS					
	429,226	(144,495)	218,196	(34,651)	468,276
OTHER FINANCING SOURCES (USES)					
Operating transfers in	-	144,495	-	232,257	376,752
Operating transfers (out)	(376,752)	-	-	-	(376,752)
TOTAL OTHER FINANCING SOURCES (USES)	<u>(376,752)</u>	<u>144,495</u>	<u>-</u>	<u>232,257</u>	<u>-</u>
EXCESS OF RECEIPTS AND OTHER SOURCES OVER DISBURSEMENTS AND OTHER (USES)					
	52,474	-	218,196	197,606	468,276
FUND BALANCE, July 1, 2012	<u>1,279,568</u>	<u>-</u>	<u>108,978</u>	<u>433,038</u>	<u>1,821,584</u>
FUND BALANCE, June 30, 2013	<u>\$ 1,332,042</u>	<u>\$ -</u>	<u>\$ 327,174</u>	<u>\$ 630,644</u>	<u>\$ 2,289,860</u>

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 District is organized under the laws of the State of Missouri and is a primary government governed by an elected seven-member board. The District is not financially accountable for any other organization, nor is it a component unit of any other primary governmental entity.

Basis of Presentation

Government-Wide Financial Statements

The Statement of Net Position 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.

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.

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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 Position and Statement of Activities and the fund financial statements are presented using the modified cash basis of accounting. This basis recognizes assets, net position/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.

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.

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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 2012-2013 school year requires the payment of salaries for a twelve-month period. Consequently, the July and August 2013, 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.

Equity Classification

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

Restricted net position – Consists of net position 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 position – All other net position that does not meet the definition of “restricted”.

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

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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.

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.

MILLER R-II SCHOOL DISTRICT
 NOTES TO FINANCIAL STATEMENTS
 June 30, 2013

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, 2013, all bank balances on deposit are entirely insured or collateralized with securities.

NOTE C – INVESTMENTS

Investments of the District as of June 30, 2013, are as follows:

<u>Investment Type</u>	<u>Maturity</u>	<u>Amount</u>
Certificate of Deposit	8/27/2013	\$ 70,693
Pro-Rata shares of Investment Contracts with Wells Fargo Bank through the Missouri School District Direct Deposit Program	N/A	106,246
		<u>\$ 176,939</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, 2013, all certificates of deposit are entirely insured or collateralized with securities.

Investment Contracts with Wells Fargo Bank

Funds on deposit with Wells Fargo Bank are invested in investment contracts in which the District has a pro-rata share of the investment contract. The investment contracts are in accordance with Section 165.051 and Section 360 of the Missouri Revised Statutes through the Missouri School District Direct Deposit Program. The investment contracts are with credit providers whose unsecured long-term debt is rated at the time of such agreement in either of the two highest rating categories by a nationally recognized rating service. Fair market value approximates cost.

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

MILLER R-II SCHOOL DISTRICT
 NOTES TO FINANCIAL STATEMENTS
 June 30, 2013

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 2012 for purposes of local taxation was:

Real estate	\$ 30,049,020
Personal property	<u>13,357,718</u>
TOTAL ASSESSED VALUATION	<u><u>\$ 43,406,738</u></u>

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

	<u>Unadjusted</u>	<u>Adjusted</u>
General Fund	\$ 3.3300	\$ 3.3300
Debt Service Fund	<u>.6600</u>	<u>.6600</u>
TOTAL LEVY	<u><u>\$ 3.9900</u></u>	<u><u>\$ 3.9900</u></u>

The receipts of current and delinquent property taxes during the fiscal year ended June 30, 2013, 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, 2013, 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>
--	----------------------------

MILLER R-II SCHOOL DISTRICT
 NOTES TO FINANCIAL STATEMENTS
 June 30, 2013

NOTE E – GENERAL OBLIGATION BONDS PAYABLE (continued)

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

	<u>Total</u>
Bonds Payable, July 1, 2012	\$ 5,130,000
Bonds issued	-
Bonds retired	-
Bonds Payable, June 30, 2013	<u>\$ 5,130,000</u>

Debt service requirements are:

<u>Year Ended June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
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>\$ 1,495,680</u>	<u>\$ 6,625,680</u>

MILLER R-II SCHOOL DISTRICT
 NOTES TO FINANCIAL STATEMENTS
 June 30, 2013

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, 2013, was:

Constitutional debt limit	\$ 6,511,011
General obligation bonds payable	(5,130,000)
Amount available in Debt Service Fund	<u>327,174</u>
LEGAL DEBT MARGIN	<u><u>\$ 1,708,185</u></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, 2013, 2012, and 2011, were \$569,681, \$611,758, and \$615,978, 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, 2013

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, 2013, 2012, and 2011, were \$87,531, \$95,539, and \$104,495, 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, 2013

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,	
2014	\$ 39,871
2015	35,654
2016	<u>26,196</u>
	TOTAL MINIMUM LEASE PAYMENTS 101,721
	LESS AMOUNT REPRESENTING INTEREST <u>(7,822)</u>
	NET LEASE PAYMENTS <u>\$ 93,899</u>

The following represents the changes in the net lease payments for the year ended June 30, 2013:

Leases Payable, July 1, 2012	\$ 128,232
Additions	-
Net Lease Retirements	<u>(34,333)</u>
Leases Payable, June 30, 2013	<u>\$ 93,899</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, 2013, 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.

MILLER R-II SCHOOL DISTRICT
 NOTES TO FINANCIAL STATEMENTS
 June 30, 2013

NOTE I – COMPENSATED ABSENCES PAYABLE

Compensated absences payable at June 30, 2013, 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, 2013, was \$69,153.

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, 2013, were as follows:

	<u>Transfers In</u>	<u>Transfers Out</u>
General Fund	\$ -	\$ 376,752
Special Revenue Fund	144,495	-
Capital Projects Fund	232,257	-
	<u>\$ 376,752</u>	<u>\$ 376,752</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 is required to make a transfer from the General Fund to the Special Revenue Fund to cover the excess of disbursements over receipts each year.

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.

SUPPLEMENTARY INFORMATION

MILLER R-II SCHOOL DISTRICT
 BUDGETARY COMPARISON SCHEDULE – GENERAL FUND
 Year Ended June 30, 2013

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
RECEIPTS				
Local	\$ 2,209,537	\$ 1,733,248	\$ 1,733,248	\$ -
County	110,000	97,034	97,034	-
State	1,158,349	177,915	177,915	-
Federal	443,900	584,892	584,892	-
Other	1,000	-	-	-
TOTAL RECEIPTS	<u>3,922,786</u>	<u>2,593,089</u>	<u>2,593,089</u>	<u>-</u>
DISBURSEMENTS				
Instruction	685,032	504,915	504,915	-
Student services	74,750	71,744	71,744	-
Instructional staff support	196,396	280,940	280,940	-
Building administration	62,671	76,136	76,136	-
General administration	190,755	177,139	177,139	-
Operation of plant	452,686	423,722	423,722	-
Transportation	351,639	318,316	318,316	-
Food service	300,257	272,575	272,575	-
Community services	20,519	38,376	38,376	-
TOTAL DISBURSEMENTS	<u>2,334,705</u>	<u>2,163,863</u>	<u>2,163,863</u>	<u>-</u>
EXCESS OF RECEIPTS OVER DISBURSEMENTS	1,588,081	429,226	429,226	-
OTHER FINANCING (USES)				
Operating transfers (out)	<u>(1,527,366)</u>	<u>(376,752)</u>	<u>(376,752)</u>	<u>-</u>
EXCESS OF RECEIPTS OVER DISBURSEMENTS AND OTHER (USES)	60,715	52,474	52,474	-
FUND BALANCE, July 1, 2012	<u>1,279,568</u>	<u>1,279,568</u>	<u>1,279,568</u>	<u>-</u>
FUND BALANCE, June 30, 2013	<u>\$ 1,340,283</u>	<u>\$ 1,332,042</u>	<u>\$ 1,332,042</u>	<u>\$ -</u>

MILLER R-II SCHOOL DISTRICT
 BUDGETARY COMPARISON SCHEDULE – SPECIAL REVENUE FUND
 Year Ended June 30, 2013

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
RECEIPTS				
Local	\$ -	\$ 446,384	\$ 446,384	\$ -
County	10,000	11,004	11,004	-
State	832,921	1,772,994	1,772,994	-
Federal	41,189	32,889	32,889	-
Other	10,000	39,093	39,093	-
TOTAL RECEIPTS	894,110	2,302,364	2,302,364	-
DISBURSEMENTS				
Instruction	1,957,343	1,962,761	1,962,761	-
Student services	85,053	91,619	91,619	-
Instructional staff support	40,865	46,694	46,694	-
Building administration	173,932	187,750	187,750	-
General administration	113,010	114,952	114,952	-
Operation of plant	5,109	1,836	1,836	-
Transportation	8,916	316	316	-
Food service	1,037	-	-	-
Community services	36,211	40,931	40,931	-
TOTAL DISBURSEMENTS	2,421,476	2,446,859	2,446,859	-
(DEFICIT) OF RECEIPTS OVER DISBURSEMENTS	(1,527,366)	(144,495)	(144,495)	-
OTHER FINANCING SOURCES				
Operating transfers in	1,527,366	144,495	144,495	-
EXCESS OF RECEIPTS AND OTHER SOURCES OVER DISBURSEMENTS	-	-	-	-
FUND BALANCE, July 1, 2012	-	-	-	-
FUND BALANCE, June 30, 2013	\$ -	\$ -	\$ -	\$ -

MILLER R-II SCHOOL DISTRICT
 BUDGETARY COMPARISON SCHEDULE – DEBT SERVICE FUND
 Year Ended June 30, 2013

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
RECEIPTS				
Local	\$ 273,380	\$ 275,944	\$ 275,944	\$ -
County	-	27,982	27,982	-
TOTAL RECEIPTS	273,380	303,926	303,926	-
DISBURSEMENTS				
Debt service	97,473	85,730	85,730	-
TOTAL DISBURSEMENTS	97,473	85,730	85,730	-
EXCESS OF RECEIPTS OVER DISBURSEMENTS	175,907	218,196	218,196	-
FUND BALANCE, July 1, 2012	108,978	108,978	108,978	-
FUND BALANCE, June 30, 2013	<u>\$ 284,885</u>	<u>\$ 327,174</u>	<u>\$ 327,174</u>	<u>\$ -</u>

MILLER R-II SCHOOL DISTRICT
 BUDGETARY COMPARISON SCHEDULE – CAPITAL PROJECTS FUND
 Year Ended June 30, 2013

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
RECEIPTS				
Local	\$ -	\$ 54,336	\$ 54,336	\$ -
County	-	1,435	1,435	-
State	-	126,371	126,371	-
TOTAL RECEIPTS	-	182,142	182,142	-
DISBURSEMENTS				
Instruction	3,500	-	-	-
Instructional staff support	-	16,845	16,845	-
Building administration	1,554	-	-	-
General administration	900	-	-	-
Operation of plant	23,000	83,582	83,582	-
Transportation	32,739	84,442	84,442	-
Food service	11,619	-	-	-
Debt service	30,853	31,924	31,924	-
TOTAL DISBURSEMENTS	104,165	216,793	216,793	-
(DEFICIT) OF RECEIPTS OVER DISBURSEMENTS	(104,165)	(34,651)	(34,651)	-
OTHER FINANCING SOURCES				
Operating transfers in	-	232,257	232,257	-
EXCESS (DEFICIT) OF RECEIPTS AND OTHER SOURCES OVER DISBURSEMENTS	(104,165)	197,606	197,606	-
FUND BALANCE, July 1, 2012	433,038	433,038	433,038	-
FUND BALANCE, June 30, 2013	\$ 328,873	\$ 630,644	\$ 630,644	\$ -

MILLER R-II SCHOOL DISTRICT
NOTE TO BUDGETARY COMPARISION SCHEDULES
June 30, 2013

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
SCHEDULE OF RECEIPTS BY SOURCE
Year Ended June 30, 2013

	General Fund	Special Revenue Fund	Debt Service Fund	Capital Projects Fund	Total
LOCAL					
Current taxes	\$ 1,333,655	\$ -	\$ 265,754	\$ -	\$ 1,599,409
Delinquent taxes	131,225	-	10,114	-	141,339
School district trust fund (Prop C)	4,800	445,946	-	-	450,746
Financial institution tax	6	-	-	-	6
M & M surcharge taxes	30,202	438	-	54,332	84,972
In lieu of tax	2,577	-	-	4	2,581
Earnings on investments	11,831	-	76	-	11,907
Food service program	58,232	-	-	-	58,232
Food service non-program	5,410	-	-	-	5,410
Student activities	132,215	-	-	-	132,215
Community services	7,226	-	-	-	7,226
Other	15,869	-	-	-	15,869
TOTAL LOCAL	1,733,248	446,384	275,944	54,336	2,509,912
COUNTY					
Fines, escheats, etc.	-	11,004	-	-	11,004
State assessed utilities	97,034	-	27,982	1,435	126,451
TOTAL COUNTY	97,034	11,004	27,982	1,435	137,455
STATE					
Basic formula	-	1,767,594	-	-	1,767,594
Transportation	73,513	-	-	-	73,513
Early childhood special education	35,801	-	-	-	35,801
Basic formula - classroom trust fund	63,215	-	-	126,371	189,586
Educational screening program	2,405	-	-	-	2,405
Career education	577	5,400	-	-	5,977
Food service	2,404	-	-	-	2,404
TOTAL STATE	177,915	1,772,994	-	126,371	2,077,280

MILLER R-II SCHOOL DISTRICT
SCHEDULE OF RECEIPTS BY SOURCE (CONTINUED)
Year Ended June 30, 2013

	General Fund	Special Revenue Fund	Debt Service Fund	Capital Projects Fund	Total
FEDERAL					
Medicaid	8,805	-	-	-	8,805
IDEA	124,111	-	-	-	124,111
Early childhood special education	5,721	-	-	-	5,721
School lunch program	144,920	-	-	-	144,920
School breakfast program	62,842	-	-	-	62,842
ESEA, Title I	74,191	32,889	-	-	107,080
21st century community learning centers grant	8,778	-	-	-	8,778
ESEA, Title II, Part A	19,683	-	-	-	19,683
Teaching American history grant	135,841	-	-	-	135,841
TOTAL FEDERAL	584,892	32,889	-	-	617,781
OTHER SOURCES					
Tuition from other districts	-	39,093	-	-	39,093
TOTAL OTHER SOURCES	-	39,093	-	-	39,093
TOTAL RECEIPTS	<u>\$ 2,593,089</u>	<u>\$ 2,302,364</u>	<u>\$ 303,926</u>	<u>\$ 182,142</u>	<u>\$ 5,381,521</u>

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

MILLER R-II SCHOOL DISTRICT
SCHEDULE OF DISBURSEMENTS BY OBJECT
Year Ended June 30, 2013

	General Fund	Special Revenue Fund	Debt Service Fund	Capital Projects Fund	Total
Salaries	\$ 793,264	\$ 1,829,897	\$ -	\$ -	\$ 2,623,161
Teacher retirement	2,494	282,890	-	-	285,384
Non-teacher retirement	45,883	-	-	-	45,883
Social security	52,176	2,421	-	-	54,597
Medicare	11,237	25,750	-	-	36,987
Employee insurance	81,854	210,752	-	-	292,606
Tuition	28,467	62,102	-	-	90,569
Professional services	66,855	28,247	-	-	95,102
Audit	11,970	-	-	-	11,970
Technical services	35,057	-	-	-	35,057
Legal services	3,992	-	-	-	3,992
Property services	142,810	-	-	-	142,810
Travel	27,732	-	-	-	27,732
Property insurance	17,426	-	-	-	17,426
Liability insurance	10,779	-	-	-	10,779
Fidelity premium	82	-	-	-	82
Other purchased services	140,505	4,800	-	-	145,305
General supplies	326,153	-	-	-	326,153
Food service	173,276	-	-	-	173,276
Energy supplies	189,465	-	-	-	189,465
Other supplies	2,386	-	-	-	2,386
Improvement to sites	-	-	-	83,582	83,582
Equipment - general	-	-	-	16,845	16,845
School buses	-	-	-	84,442	84,442
Principal	-	-	-	20,892	20,892
Interest	-	-	85,416	5,620	91,036
Other	-	-	314	5,412	5,726
TOTAL DISBURSEMENTS	\$ 2,163,863	\$ 2,446,859	\$ 85,730	\$ 216,793	\$ 4,913,245



DAVIS, LYNN &
MOOTS, P.C.
Certified Public
Accountants

LARRY M. BROWN, CPA
LAWRENCE W. DAVIS, CPA
ANTHONY D. LYNN, CPA
RANDALL G. MOOTS, CPA
ANGELA M. PATRICK, CPA
ANDREW A. MARMOUGET, CPA

3828 SOUTH AVENUE
SPRINGFIELD, MO 65807
(417) 882-0904
FAX (417) 882-4343

www.dlmcpa.com
e-mail: cpa@dlmcpa.com

**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, 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 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, 2013, and the related notes to the financial statements, which collectively comprise Miller R-II School District's basic financial statements and have issued our report thereon dated November 1, 2013.

Internal Control over Financial Reporting

In planning and performing our audit, we considered the Miller R-II 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 District's internal control. Accordingly, we do not express an opinion on the effectiveness of the District's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and, therefore, material weaknesses or significant deficiencies may exist that were not 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. A *significant deficiency* is a deficiency, or 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. We consider the deficiency described in the accompanying schedule of findings and questioned costs to be a material weakness. It is identified as item 13-1.

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*.

We noted certain other matters that we reported to management of Miller R-II School District in a separate letter dated November 1, 2013.

Response to Findings

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.

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.

Davis, Lynn & Moots, PC

DAVIS, LYNN & MOOTS, P.C.
November 1, 2013



DAVIS, LYNN &
MOOTS, P.C.
Certified Public
Accountants

LARRY M. BROWN, CPA
LAWRENCE W. DAVIS, CPA
ANTHONY D. LYNN, CPA
RANDALL G. MOOTS, CPA
ANGELA M. PATRICK, CPA
ANDREW A. MARMOUGET, CPA

3828 SOUTH AVENUE
SPRINGFIELD, MO 65807
(417) 882-0904
FAX (417) 882-4343

www.dlmcpa.com
e-mail: cpa@dlmcpa.com

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

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

Report on Compliance for Each Major Federal Program

We have audited Miller R-II School District's compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of Miller R-II School District's major federal programs for the year ended June 30, 2013. 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.

Management's Responsibility

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

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for each of Miller R-II 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; 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 on compliance for each major federal program. However, our audit does not provide a legal determination on the Miller R-II School District's compliance.

Opinion on Each Major Federal Program

In our opinion, the Miller R-II 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, 2013.

Report on Internal Control Over Compliance

Management of the Miller R-II 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 Miller R-II 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 with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the District's internal control over compliance.

A *deficiency* in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness* in internal control over compliance is a deficiency, or 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 that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

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

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

Davis, Lynn & Moots, PC

DAVIS, LYNN & MOOTS, P.C.
November 1, 2013

MILLER R-II SCHOOL DISTRICT
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
 Year Ended June 30, 2013

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	\$ 62,842
National School Lunch Program - Cash	10.555	055-104	144,920
- Commodities	10.555	055-104	18,797
After School Snack	10.555	055-104	<u>15,000</u>
TOTAL U.S. DEPARTMENT OF AGRICULTURE			241,559
<u>U.S. DEPARTMENT OF EDUCATION</u>			
Missouri Department of Elementary and Secondary Education			
Title I Grants to LEAs	84.010	055-104	155,346
Improving Teacher Quality State Grants	84.367	055-104	23,134
Special Education Grants Cluster			
Special Education Grants to State	84.027	055-104	121,950
Special Education Early Childhood	84.173	055-104	5,721
Direct			
Teaching American History Grant	84.215	N/A	<u>48,028</u>
TOTAL U.S. DEPARTMENT OF EDUCATION			<u>354,179</u>
TOTAL EXPENDITURES OF FEDERAL AWARDS			<u><u>\$ 595,738</u></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, 2013

A. SUMMARY OF AUDIT RESULTS

1. The auditors' report expresses an unmodified opinion, on the basic financial statements presented on the modified cash basis of accounting.
2. No significant deficiencies were disclosed during the audit of the financial statements.
3. 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*.
4. No instances of noncompliance material to the financial statements were disclosed during the audit.
5. No significant deficiencies or material weaknesses were disclosed during the audit of the major federal award programs.
6. The auditors' report on compliance for the major federal award programs expresses an unmodified opinion.
7. There were no findings required to be reported in accordance with Section 510(a) of Circular A-133.
8. The programs tested as major programs were:

Child Nutrition Cluster	10.553 & 10.555
Title I, Grants to LEAs	84.010
9. The threshold between Type A and Type B programs was \$300,000.
10. Miller R-II School District was not determined to be a low-risk auditee.

B. FINDINGS - FINANCIAL STATEMENTS AUDIT

MATERIAL WEAKNESS

13-1 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, 2013

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, 2013

There were no prior audit findings.

SUPPLEMENTARY STATE INFORMATION



DAVIS, LYNN &
MOOTS, P.C.
Certified Public
Accountants

LARRY M. BROWN, CPA
LAWRENCE W. DAVIS, CPA
ANTHONY D. LYNN, CPA
RANDALL G. MOOTS, CPA
ANGELA M. PATRICK, CPA
ANDREW A. MARMOUGET, CPA

3828 SOUTH AVENUE
SPRINGFIELD, MO 65807
(417) 882-0904
FAX (417) 882-4343

www.dlmcpa.com
e-mail: cpa@dlmcpa.com

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, as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents, and have issued our report thereon dated November 1, 2013. 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.

Report on Supplementary State Information

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 relates 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 taken as a whole.

Davis, Lynn & Moots, PC

DAVIS, LYNN & MOOTS, P.C.
November 1, 2013



DAVIS, LYNN &
MOOTS, P.C.
Certified Public
Accountants

LARRY M. BROWN, CPA
LAWRENCE W. DAVIS, CPA
ANTHONY D. LYNN, CPA
RANDALL G. MOOTS, CPA
ANGELA M. PATRICK, CPA
ANDREW A. MARMOUGET, CPA

3828 SOUTH AVENUE
SPRINGFIELD, MO 65807
(417) 882-0904
FAX (417) 882-4343

www.dlmcpa.com
e-mail: cpa@dlmcpa.com

**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, 2013, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents, and have issued our report thereon dated November 1, 2013. 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 and other records and such other auditing procedures as we considered necessary in the circumstances.

Management's Responsibility

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

Auditors' Responsibility

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 pupil transportation records (Chapter 165.121.3(7), RSMo).

Opinion

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 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 pupil transportation in compliance with Missouri law and administrative rules.

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

The purpose of this report is solely to describe the scope of our testing of regulations specified by Missouri statute and the results of that testing based on requirements of Missouri statutes. Accordingly, this report is not suitable for any other purpose.

Davis, Lynn; Moots, PC

DAVIS, LYNN & MOOTS, P.C.
November 1, 2013

MILLER R-II SCHOOL DISTRICT 055-104
 SCHEDULE OF SELECTED STATISTICS
 Year Ended June 30, 2013

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	1,102.50
Grade 7 – Grade 12	1,161.95

B. The number of days classes were in session and pupils were under the direction of the teachers during this school year was 171.

2. Average Daily Attendance (ADA)

Average Daily Attendance:	<u>Full & Part Time</u>
Regular term:	
Full-time kindergarten – Grade 6	264.03
Grades 7 – 12	<u>231.45</u>
Total regular term	495.48
Extended school year average daily attendance	.11
Summer school average daily attendance	<u>2.76</u>
Total Average Daily Attendance	<u><u>498.35</u></u>

3. September Membership

September Membership FTE Count	<u><u>535.00</u></u>
--------------------------------	----------------------

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

State FTE Total	Free	297.00
	Reduced	<u>55.00</u>
	Total	<u><u>352.00</u></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.

MILLER R-II SCHOOL DISTRICT 055-104
SCHEDULE OF SELECTED STATISTICS (continued)
Year Ended June 30, 2013

5. Finance (continued)

- C. The District maintained a separate bank account for its Debt Service Fund in accordance with Section 165.011, RSMo.
- 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 a resolution to make the transfer, which identified the specific projects to be funded by the transfer on expected expenditure date for the projects to be undertaken.
- F. The District published a summary of the 2011-2012 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 377.00 and the average number of students transported on a regular basis (ADT) ineligible to be counted for state transportation aid was 18.00.
- 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 137,199. Of this total, the eligible non-disabled and students with disabilities route miles were 97,812 and the ineligible non-route and disapproved miles combined were 39,387.
- F. The District operated the school transportation system for 171 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, 2013

	District Owned
Administrative salaries	\$ 13,550
Non-certified salaries	162,156
Employee benefits	27,077
Purchased services	9,320
Supplies	106,528
Depreciation	39,219
	<u>\$ 357,850</u>
School buses lease/purchased	
Principal	\$ 13,442
Interest	\$ 2,588
School bus purchased	\$ 71,000