

MANAGEMENT LETTER
CAMDENTON R-III SCHOOL
DISTRICT

June 30, 2016

DRAFT



To the Board of Education and Management of
Camdenton R-III School District
Camdenton, Missouri:

In planning and performing our audit of the financial statements of the governmental activities, the aggregate discretely presented component unit, and each major fund of Camdenton R-III School District (the "District") as of and for the year ended June 30, 2016, in accordance with auditing standards generally accepted in the United States of America, *Government Auditing Standards* and the *Uniform Guidance*, we considered the District's internal control over financial reporting (internal control) as a basis for designing 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 discussed below, we identified certain deficiencies in internal control that we consider to be significant deficiencies.

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 did not identify any deficiencies in internal control that we consider to be material weaknesses.

A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the following deficiencies in the District's internal control to be significant deficiencies:

SIGNIFICANT DEFICIENCIES

2016-1: Segregation of Duties (Resubmitted)

Condition: As in many smaller to medium-sized organizations, it is difficult to obtain proper segregation of duties due to the limited number of employees.

2016-1: Segregation of Duties (Resubmitted) (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. The District has mitigating controls in place, but it is not possible to have segregation in all areas.

Effect: Due to the limited number of employees, the District might not prevent, or detect and correct misstatements on a timely basis in the normal performance of duties.

Recommendation: We recognize that because of limited resources and personnel, management may not be able to achieve a proper segregation of duties. However, professional standards require that we bring this lack of segregation of duties to your attention. We recommend management continue to review these processes accordingly to optimize the functionality of internal controls.

Response/Current Status: The District recognizes that the limited number of employees prohibits proper segregation of duties in all areas. The District will continue to review these processes accordingly to optimize the functionality of internal controls.

2016-2: Oversight of the Financial Reporting Process (Resubmitted)

Condition: The District's management is responsible for establishing and maintaining internal control over financial reporting and for the fair presentation of the financial statements and related note disclosures in conformity with *Governmental Accounting Standards*.

Criteria: The District has staff in place to carry out internal accounting and reporting. However, the District does not have accounting professionals with the knowledge, experience, and training to prepare financial statements in accordance with *Governmental Accounting Standards*.

Effect: The District relies on the external auditor to prepare the financial statements in accordance with *Governmental Accounting Standards*, in addition to the performance of the annual audit.

Recommendation: We recognize that the District may not have the resources to have an accounting professional on staff with the knowledge, experience, and training to prepare governmental financial statements in conformity with *Governmental Accounting Standards*. However, we recommend that management continue to increase their knowledge of financial reporting.

Response/Current Status: The District does not have the resources to hire additional accounting personnel with the knowledge, experience, and training to prepare the financial statements in accordance with *Governmental Accounting Standards*. The District does, however, have staff with sufficient knowledge to understand and take responsibility for the basic financial statements.

We will review the status of these comments during our next audit engagement. We have already discussed many of these comments and suggestions with District personnel, and we will be pleased to discuss them in further detail at your convenience, to perform any additional study of these matters, or to assist you in implementing the recommendations.

We wish to thank management and staff for their support and assistance during our audit.

This communication is intended solely for the information and use of management, the Board of Education, and others within the organization, and is not intended to be and should not be used by anyone other than these specified parties.

Graves and Associates,
CPAs, LLC

GRAVES AND ASSOCIATES, CPAs, LLC
Jefferson City, Missouri

November 14, 2016

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COMMUNICATION OF AUDIT RESULTS

CAMDENTON R-III
SCHOOL DISTRICT

June 30, 2016

DRAFT



November 14, 2016

To the Board of Education of
Camdenton R-III School District
Camdenton, Missouri:

We have audited the financial statements of the governmental activities, the aggregate discretely presented component unit, and each major fund of the Camdenton R-III School District (the "District") for the year ended June 30, 2016. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards, *Government Auditing Standards*, and the *Uniform Guidance*, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letter to you dated November 19, 2013. Professional standards also require that we communicate to you the following information related to our audit.

Significant Audit Findings

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the District are described in Note 1 to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during fiscal year 2016. We noted no transactions entered into by the governmental unit during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimate affecting the District's financial statements was:

Management's estimate of the amount of revenue in the budgeting process. It is based on prior year actual amounts and the current year assessed valuation and levy. We evaluated the key factors and assumptions used to develop the revenue budget amount in determining that it is reasonable in relation to the financial statements taken as a whole.

Certain financial statement disclosures are particularly sensitive because of their significance to financial statement users. The most sensitive disclosure affecting the financial statements was:

The disclosure of FDIC and pledged collateral in Note 2, to the financial statements. Missouri state statutes require this to be done.

The financial statements disclosures are neutral, consistent, and clear.

Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing and completing our audit.

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. In addition, none of the misstatements detected as a result of audit procedures and corrected by management were material, either individually or in the aggregate, to each opinion unit's financial statements taken as a whole.

Disagreements with Management

For purposes of this letter, professional standards define a disagreement with management is a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

Management Representations

We have requested certain representations from management that are included in the management representation letter dated November 14, 2016.

Management Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the governmental unit's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Other Audit Findings or Issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the governmental unit's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

Restriction of Use

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

Very truly yours,

*Graves and Associates,
CPAs, LLC*

GRAVES AND ASSOCIATES, CPAs, LLC
Jefferson City, Missouri

CAMDENTON R-III SCHOOL DISTRICT

Camdenton, Missouri

INDEPENDENT AUDITOR'S REPORT

For the Year Ended June 30, 2016

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INDEPENDENT AUDITOR'S REPORT

To the Board of Education of
Camdenton R-III School District
Camdenton, Missouri:

We have audited the accompanying modified cash basis financial statements of the governmental activities, the aggregate discretely presented component unit, and each major fund of the Camdenton R-III School District (the "District"), as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the modified cash basis of accounting described in Note 1; this includes determining that the modified cash basis of accounting is an acceptable basis for the preparation of the financial statements in the circumstances. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. The financial statements of the Camdenton R-III School District Education Foundation, a discretely presented component unit, were not audited in accordance with *Government Auditing Standards*. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective modified cash basis financial position of the governmental activities, the aggregate discretely presented component unit, and each major fund of the District, as of June 30, 2016, and the respective changes in modified cash basis financial position thereof for the year then ended in conformity with the modified cash basis of accounting described in Note 1.

Basis of Accounting

We draw attention to Note 1 of the financial statements that describes the basis of accounting. The financial statements are prepared on the modified cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America. Our opinions are not modified with respect to this matter.

Supplementary and Other 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 the budgetary comparison schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and is also not a required part of the basic financial statements.

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

The other information, which consists of the management's discussion and analysis and budgetary comparison schedules, 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 14, 2016, 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 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.

Graves and Associates,
CPAs, LLC

GRAVES AND ASSOCIATES, CPAs, LLC
Jefferson City, Missouri

November 14, 2016

MANAGEMENT'S DISCUSSION AND ANALYSIS

An objective and easily readable analysis of the District's financial activities. The Management's Discussion and Analysis presents an analytical overview of both short-term and long-term financial information.

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The Management's Discussion and Analysis (MD&A) of the Camdenon R-III School District's financial performance provides an overall review of the district's activities for the fiscal year ended June 30, 2016. The intent of the discussion and analysis is to look at the district's financial performance as a whole.

This reporting model was adopted by the Governmental Accounting Standards Board (GASB) in their statement No. 34, Basic Financial Statements, and Management's Discussion and Analysis for State and Local Governments issued June 1999.

For the MD&A, management has elected to omit the escrow accounts.

Financial Highlights — Camdenon R-III School District

- Total fund balance for all funds (General Fund, Special Revenue Fund, Debt Service Fund, and Capital Projects Fund) year ending June 30, 2016, was \$25,631,973.36. Total Operating Fund balance (General Fund, Special Revenue Fund, and Capital Projects Fund) year ending June 30, 2016, was \$21,806,136.62. The Operating Funds balance as of June 30, 2015, included bond proceeds. Unrestricted ending fund balance (General, Special Revenue Funds) was 35.04% of the total expenditures for those funds. The ending balance for the Debt Service Fund was \$3,825,836.74. This \$3,825,836.74 is restricted fund balance and is used for the retirement of debt. The ending balance for the Capital Projects Fund was \$5,740,224.59. There were no transfers from the Medical Self-Insurance Account to the Operating Funds. There were also no transfers from the Medical Self-Insurance Account to Operating Funds.
- The Medical Self-Insurance Account collected \$5,103,674.22 in revenue and disbursed \$5,706,693.14 for expenditures. The June 30, 2016, ending balance was \$1,567,905.47. Med-Pay of Springfield, Missouri, assured the Board of Education that the June 30, 2016, balance was adequate to pay all run-out expenditures should the Board of Education vote to enter into a fully insured medical program.
- The district began the fiscal year with \$64,680,000 in bonded indebtedness. During the 2015–2016 fiscal year the district issued no new General Obligation Bonds. The district ended the 2015-2016 fiscal year with a balance of \$3,825,836.74 in the Debt Service fund. This balance is 96.17% of the 2016–2017 Debt Service estimated expenditures.
- Total Capital Projects expenditures for the 2015-2016 school year was \$12,376,053.55. Of this amount \$10,584,076.18 went towards facilities acquisition and construction. The remaining \$1,791,977.37 was for building repairs, site improvements, new furniture and equipment.
- When analyzing the overall financial position of the district the district experienced an overall positive variance from the budget. Total revenues were 103.40% of the budgeted amount. Total expenditures, including bond principal and interest

payments, were 97.51% of the budget. The district lost a total fund balance of \$10,647,667.19 compared to the year ended June 30, 2015. This loss was due to the construction projects occurring in the district. General and Special Revenue fund balances remained stable.

Financial Statements

This financial report consists of the following parts:

Independent Auditors' Report: Expresses an unqualified opinion on the cash basis of financial statements.

Governmental Activities: Gives a statement of the district's total fund balances and a statement of district balances by specific fund. A comparison of fiscal years 2014 and 2015 is also provided. This section also provides information about the Camdenton R- III School District as a whole and presents an outlook for the district's finances in the future budget year.

Financial Statements and Information: These statements focus on the individual parts of the school district. The Missouri Department of Elementary and Secondary Education (DESE) specifies that the funds that must be maintained. These financial statements also report the district's operations in more detail than the government-wide statements by providing information about expenditures by Program, Object, and Functions along with Revenues by fund and by source.

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

Required Supplementary Information: Management's Discussion and Analysis, the Schedule of Selected Statistics and the Schedule of Expenditures of Federal Awards, represent information required to be presented by the Governmental Accounting Standards Board (GASB), DESE and OMB Circular A-133. Such information provides users of this report with additional data that supplements the government-wide and fund financial statements and the notes.

Basis of Accounting

Readers should take into account the financial statements for 2015-2016 reflect a modified cash basis of accounting. Under the district's modified cash basis of accounting, revenues and expenses and related assets and liabilities are recorded when they result from cash transactions, except for the recording of contractual staff salaries for the 2015-2016 school year disbursed in July and August 2016 as expenditures in June 2016.

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 yet uncollected taxes or grants) and certain liabilities and their related expenses (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. Therefore, when reviewing the financial information and discussion within this annual report, the reader should keep in mind the effects resulting from the use of the modified cash basis of accounting.

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Camdenton R-III School District

Governmental Activities

The district's total fund balances were \$25,631,973.36. Total fund balances decreased \$10,647,667.19 from the 2014 fiscal year.

Revenue/Expenditure comparison between fiscal years 2015 and 2016 is detailed below.

Revenue	June 30, 2015	June 30, 2016	Difference
Local	37,763,843.01	37,600,488.15	(163,354.86)
County	792,725.23	838,374.36	45,649.13
State	6,750,731.29	7,065,915.40	315,184.11
Federal	4,336,188.85	4,646,215.97	310,027.12
<u>Other</u>	<u>19,422,297.43</u>	<u>115,480.21</u>	<u>(19,306,817.22)</u>
	69,065,785.81	50,266,474.09	(18,799,311.72)

Expenditures by Function

<u>Expenditures</u>	<u>June 30, 2015</u>	<u>June 30, 2016</u>	<u>Difference</u>
Instructional Services	26,983,425.72	28,114,473.90	1,131,048.18
Executive Administration	1,222,227.33	1,052,117.00	(170,110.33)
Building Administration	2,739,090.16	2,858,723.74	119,633.58
Operation of Plant	4,257,441.35	4,749,908.53	492,467.18
Food Services	2,183,600.74	2,222,706.93	39,106.19
Transportation	3,244,578.12	3,255,450.80	10,872.68
Other Support Services	4,911,583.19	4,383,485.36	(528,097.83)
Facilities Acquisition & Construction	14,953,136.21	10,584,076.18	(4,369,060.03)
Debt Service	17,806,900.92	2,690,110.00	(15,116,790.92)
Comm Serv & Other Non-Instruc Serv	<u>531,156.58</u>	<u>1,003,088.84</u>	<u>471,932.26</u>
Total	78,833,140.32	60,914,141.28	(17,918,999.04)

Camdenton R-III School District

Governmental Activities

The 2015-2016 budget was approved by the Board of Education on June 26, 2015. The 2015-2016 budget was amended on June 28, 2016.

Budgeted Receipts and Expenditures versus Actual Receipts and Expenditures

Fund	Budgeted Amount		Actual Amount		Difference	
	Receipts	Expenditures	Receipts	Expenditures	Receipts	Expenditures
General	20,062,661.00	18,635,672.54	21,878,242.95	18,610,734.20	1,815,581.95	(24,938.34)
Special Revenue	24,125,495.00	27,699,705.76	23,913,317.36	27,235,193.53	(212,177.64)	(464,512.23)
Debt Service	3,458,581.00	2,693,110.00	3,536,861.46	2,692,160.00	78,280.46	(950.00)
Capital Projects	967,956.00	13,441,166.00	938,052.32	12,376,053.55	(29,903.68)	(1,065,112.45)
Total	48,614,693.00	62,469,654.30	50,266,474.09	60,914,141.28	1,651,781.09	(1,555,513.02)

*Please note the district transferred \$3,321,876.17 from the General fund to the Special Revenue fund to cover payroll of certified staff members during the 2015-2016 year.

2015-2016 Budget Outlook

Camdenton R-III School District received the majority of its revenue from local sources (74.80%) in fiscal year 2016. The prosperity of the district is dependent on growth in assessed valuation. The district has experienced a growth in assessed valuation of \$17,172,495 for the 2015-2016 school year. This is a 1.54% increase from the preceding year (2014-2015). A new state foundation formula was passed by the Missouri Legislature and signed into law by the Governor during the 2005 Legislative Session. The new foundation formula was partially implemented during the 2007-2008 school year, and appears to have a neutral revenue effect on the district. The 2015-2016 budget was developed with the district instructional and financial goals as targets. The financial goals are as follows:

- ▶ To maintain the financial integrity of the district, the district will maintain a June 30 year-end combined balances in the Teacher and Incidental Funds of at least 25 percent.
- ▶ The district will maintain a June 30 year-end balance in the Building Fund that is, at a minimum, sufficient in the Capital Projects fund to accommodate cash flow obligations July through November plus two additional months in reserve (December and January).
- ▶ The district will maintain a balance in the Debt Service Fund that is, at a minimum, 75% of the following year's obligations in the Debt Service principal and interest payments.

Camdenton R-III School District

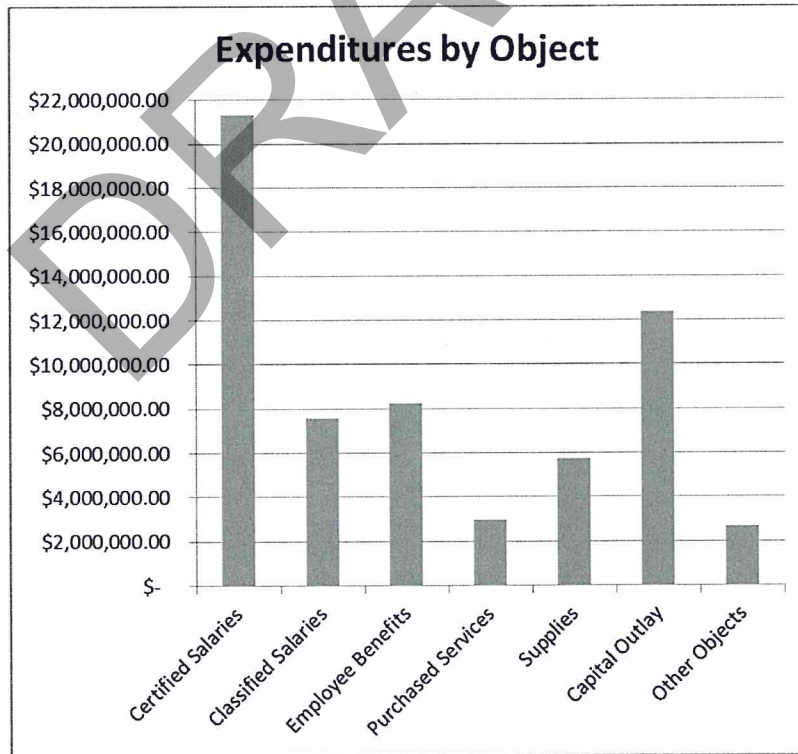
Financial Information

Expenditures by Program - \$60,914,141.28

Instruction	\$ 28,114,473.90
Support Services	18,522,392.36
Non-Instructional	<u>14,277,275.02</u>
Total	\$60,914,141.28

Expenditures by Object - \$60,914,141.28

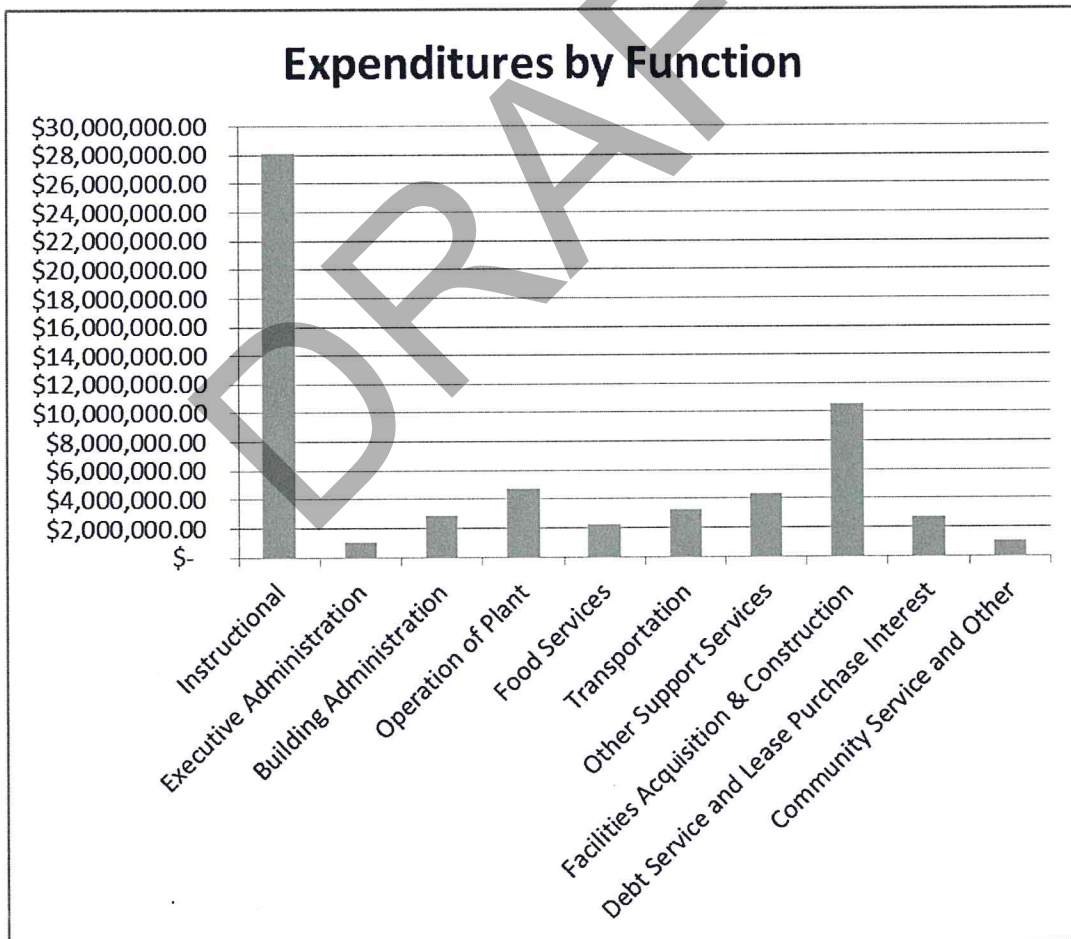
6100 - Certified Salaries	\$21,286,915.55	34.94%
6150 - Classified Salaries	7,585,029.22	12.45%
6200 - Employee Benefits	8,271,691.53	13.58%
6300 - Purchased Services	2,981,140.07	4.90%
6400 - Supplies	5,721,151.36	9.39%
6500 - Capital Outlay	12,376,053.55	20.32%
6600 - Other Objects	<u>2,692,160.00</u>	<u>4.42%</u>
	\$60,914,141.28	100.00%



Financial Information

Expenditures by Function - \$60,914,141.28

Instructional	\$28,114,473.90	46.15%
Executive Administration	1,052,117.00	1.73%
Building Administration	2,858,723.74	4.69%
Operation of Plant	4,749,908.53	7.80%
Food Services	2,222,706.93	3.65%
Transportation	3,255,450.80	5.34%
Other Support Services	4,383,485.36	7.20%
Facilities Acquisition & Construction	10,584,076.18	17.37%
Debt Service and Lease Purchase Interest	2,690,110.00	4.42%
Community Service and Other	1,003,088.84	1.65%
	<u>\$60,914,141.28</u>	<u>100.00%</u>



**Management Discussion and Analysis
for the Fiscal Year Ended June 30, 2016 - Unaudited**

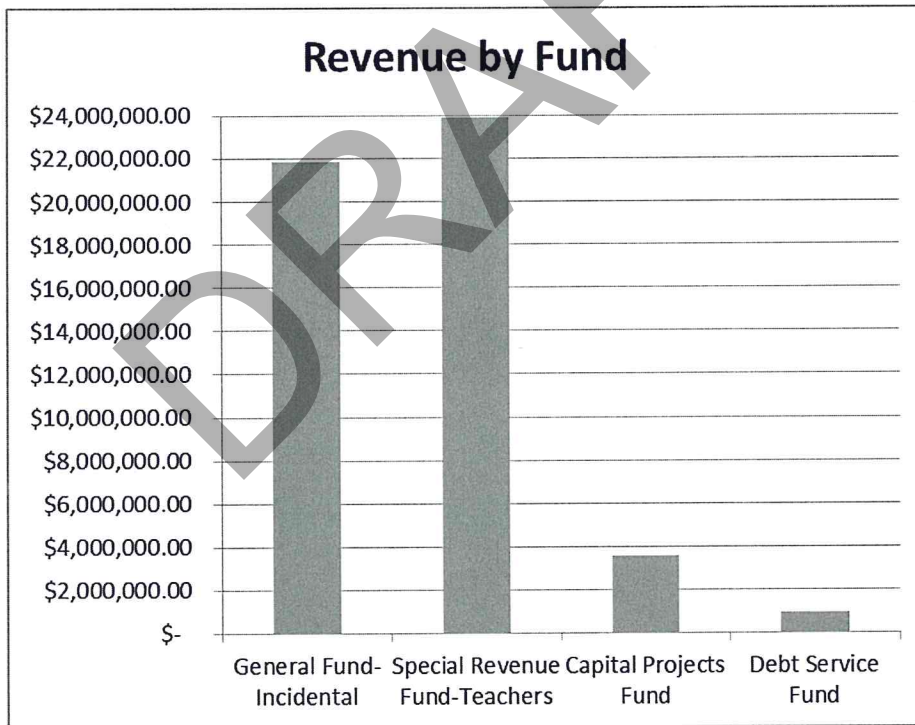
Camdenton R-III School District

Financial Information

Total Revenue for the fiscal year ending June 30, 2016 was \$50,266,474.09.

Revenue by Fund

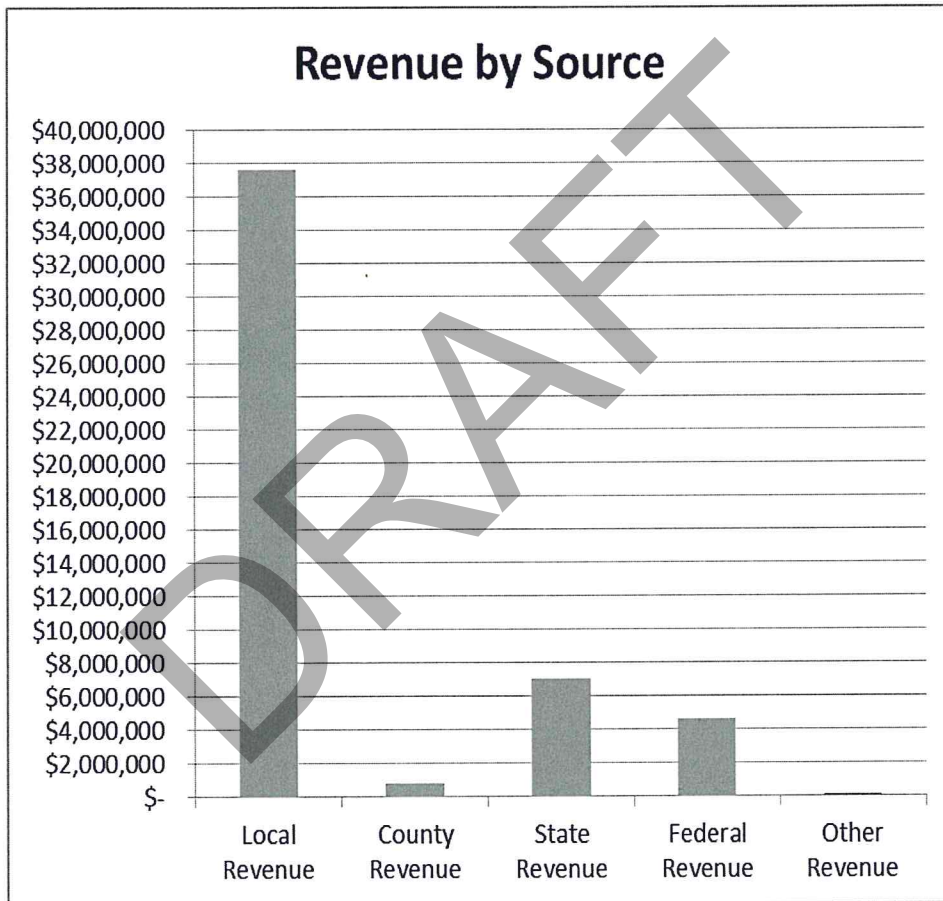
General Fund - Incidental	\$21,878,242.95
Special Revenue Fund - Teachers	23,913,317.36
Capital Projects Fund	3,536,861.46
Debt Service Fund	<u>938,052.32</u>
Total	\$50,266,474.09



**Management Discussion and Analysis
for the Fiscal Year Ended June 30, 2016 - Unaudited**

Revenue by Source

Local Revenue	\$37,600,488.15	74.80%
County Revenue	838,374.36	1.67%
State Revenue	7,065,915.40	14.06%
Federal Revenue	4,646,215.97	9.24%
Other Revenue	<u>115,480.21</u>	<u>.23%</u>
	\$50,266,474.09	100.00%



**Management Discussion and Analysis
for the Fiscal Year Ended June 30, 2016 - Unaudited**

Economic Factors and Next Year's Budget

Many economic factors continue to impact the overall budget picture for the 2016-2017 school year. Over the past few years the State of Missouri has withheld funds related to formula revenues. It is anticipated that formula funding levels will again be withheld for the 2016-2017 school year. Financial forecasters have also predicted a very rough picture for the future for the state-wide economy with little economic benefits for the state's schools through state funding.

Most important to the Camdenton R-III District is the fact Assessed Valuation has not increased at our historical average. In our recent history Assessed Valuation has increased by a double digit percentage. The 2015-2016 school year saw a slight increase in our assessed valuation numbers. We were fortunate to experience a slight growth for the 2015-2016 school term. We have predicted a very stagnate economic environment at the local level.

During the 2015-2016 school term the district settled into a new elementary building at Osage Beach and an expanded and renovated building at Hurricane Deck. At the beginning of the academic term the Hurricane Deck building was not totally completed. Classes were held in the newly constructed portion while the contractors remodeled the existing portion of the building. Work on the remodel was completed in February of 2016. A few small items were also completed at the Osage Beach Building during the summer and fall of 2016. Both construction projects will close out during this fiscal year.

Our current budget is being examined carefully and will be monitored on an on-going basis due to some of the financial pressures facing the district and due to our large construction projects.

Contacting the District's Financial Management

While the Management Discussion and Analysis is designed to provide a general overview of the financial condition and operations of the district, citizens, groups, patrons, parents, students, investors or others may want further details. To obtain such information, please contact Dr. Tim Hadfield, Superintendent of Schools, during regular business hours of 7:30 a.m. to 4:30 p.m. Central Time, Monday through Friday at 573-346-9213 or by letter at Camdenton R-III Schools, P.O. Box 1409, Camdenton, MO 65020.

BASIC FINANCIAL STATEMENTS

The basic financial statements include integrated sets of financial statements as required by the GASB. The sets of statements include:

- Government-wide financial statements
- Fund financial statements:
 - Governmental Funds
 - Discretely Presented Component Unit

In addition, the notes to the financial statements are included to provide information that is essential to a user's understanding of the basic financial statements.

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CAMDENTON R-III SCHOOL DISTRICT

STATEMENT OF NET POSITION - MODIFIED CASH BASIS
 JUNE 30, 2016

	Primary Government	Component Unit
	Governmental Activities	Education Foundation
ASSETS		
Cash and Investments	\$ 21,806,098	\$ 69,369
Restricted Cash and Investments	3,825,837	1,352,518
TOTAL ASSETS	\$ 25,631,935	\$ 1,421,887
NET POSITION		
Restricted for:		
Long-Term Debt	\$ 3,825,837	\$ -
Alumni Association	-	29,145
Lake Area Civic Foundation	-	168,577
Scholarships and Awards	-	1,154,796
Unrestricted	21,806,098	69,369
TOTAL NET POSITION	\$ 25,631,935	\$ 1,421,887

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See accompanying Notes to the Financial Statements.

CAMDENTON R-III SCHOOL DISTRICT

STATEMENT OF ACTIVITIES - MODIFIED CASH BASIS
FOR THE YEAR ENDED JUNE 30, 2016

Functions/Programs	Program Revenues				Net Revenues (Expenditures) and Changes in Net Position	
	Expenditures	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government	Component Unit
Primary Government						
Governmental activities:						
Instructional Services	\$ (28,114,474)	\$ 846,791	\$ 6,405,965	\$ 338,734	\$ (20,522,984)	\$ -
Support Services	(1,770,684)	-	-	-	(1,770,684)	-
Instructional Staff Support	(2,231,682)	-	-	-	(2,231,682)	-
Building Administration	(2,858,724)	-	-	-	(2,858,724)	-
General Administration and Central Services	(1,264,463)	-	-	-	(1,264,463)	-
Operation of Plant	(4,918,681)	-	-	-	(4,918,681)	-
Transportation	(3,255,451)	-	546,019	-	(2,709,432)	-
Food Service	(2,222,707)	634,327	1,472,387	-	(115,993)	-
Community Service	(1,001,039)	93,949	-	-	(907,090)	-
Facility Acquisition and Construction	(10,584,076)	-	-	-	(10,584,076)	-
Debt Services	(212,050)	-	-	-	(212,050)	-
Interest	(2,480,148)	-	-	-	(2,480,148)	-
Total Governmental Activities	<u>(60,914,180)</u>	<u>1,575,067</u>	<u>8,424,371</u>	<u>338,734</u>	<u>(50,576,008)</u>	<u>-</u>
Component Unit:						
Education Foundation	<u>(108,802)</u>	<u>28,020</u>	<u>42,327</u>		<u>(38,455)</u>	
General Revenues:						
Property Taxes					32,830,284	-
Sales Taxes					3,846,298	-
State Aid					2,949,026	-
Fines					137,839	-
Investment Income					62,636	5,546
Miscellaneous					82,744	-
Proceeds from Sales					19,477	-
Total General Revenues					<u>39,928,302</u>	<u>5,546</u>
Increase (Decrease) in Net Position					(10,647,706)	(32,909)
Net Position, Beginning of Year					36,279,641	1,454,796
Net Position, End of Year					<u>\$ 25,631,935</u>	<u>\$ 1,421,887</u>

See accompanying Notes to the Financial Statements.

CAMDENTON R-III SCHOOL DISTRICT

BALANCE SHEET - MODIFIED CASH BASIS
GOVERNMENTAL FUNDS
JUNE 30, 2016

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Debt Service Fund</u>	<u>Capital Projects Fund</u>	<u>Total Governmental Funds</u>
ASSETS					
Cash and Investments	\$ 16,065,912	\$ -	\$ -	\$ 5,740,186	\$ 21,806,098
Restricted Cash and Investments	-	-	3,681,837	-	3,681,837
Restricted Cash and Investments With Fiscal Agent	-	-	144,000	-	144,000
TOTAL ASSETS	<u>\$ 16,065,912</u>	<u>\$ -</u>	<u>\$ 3,825,837</u>	<u>\$ 5,740,186</u>	<u>\$ 25,631,935</u>
FUND BALANCES					
Restricted for:					
Retirement of Long-Term Debt	\$ -	\$ -	\$ 3,825,837	\$ -	\$ 3,825,837
Committed to:					
Construction	-	-	-	44,462.00	44,462
Assigned to:					
Capital Projects	-	-	-	5,695,724	5,695,724
Unassigned	16,065,912	-	-	-	16,065,913
TOTAL FUND BALANCES	<u>\$ 16,065,912</u>	<u>\$ -</u>	<u>\$ 3,825,837</u>	<u>\$ 5,740,186</u>	<u>\$ 25,631,935</u>

See accompanying Notes to the Financial Statements.

CAMDENTON R-III SCHOOL DISTRICT

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - MODIFIED CASH BASIS
GOVERNMENTAL FUNDS

FOR THE YEAR ENDED JUNE 30, 2016

	General Fund	Special Revenue Fund	Debt Service Fund	Capital Projects Fund	Total Governmental Funds
Revenues					
Local	\$ 16,349,910	\$ 17,155,255	\$ 3,462,392	\$ 570,295	\$ 37,537,852
County	314,263	452,101	64,684	7,327	838,374
State	2,268,698	4,458,483	-	338,734	7,065,915
Federal	2,896,443	1,749,773	-	-	4,646,216
Investment Income	43,503	1,702	9,786	7,645	62,636
Other Revenue	-	96,003	-	-	96,003
Total Revenues	21,872,817	23,913,317	3,536,861	924,001	50,246,997
Expenditures					
Instructional Services	4,749,336	22,615,842	-	749,295	28,114,474
Support Services	671,745	1,098,453	-	486	1,770,684
Instructional Staff Support	1,248,726	700,850	-	282,106	2,231,682
Building Administration	913,752	1,933,346	-	11,626	2,858,724
General Administration and Central Services	802,805	455,393	-	6,466	1,264,463
Operation of Plant	4,848,484	-	-	70,197	4,918,681
Transportation	2,584,336	-	-	671,115	3,255,451
Food Service	2,222,707	-	-	-	2,222,707
Community Service	569,043	431,309	-	687	1,001,039
Facility Acquisition and Construction	-	-	-	10,584,076	10,584,076
Debt Services	-	-	2,692,160	38	2,692,198
Total Expenditures	18,610,734	27,235,194	2,692,160	12,376,092	60,914,180
Excess (Deficiency) of Revenues Over (Under) Expenditures	3,262,083	(3,321,876)	844,701	(11,452,091)	(10,667,182)
Other Financing Sources (Uses):					
Proceeds from Sales	5,426	-	-	14,051	19,477
Transfers (to) from Fund	(3,321,876)	3,321,876	-	-	-
Total Other Financing Sources (Uses)	(3,316,450)	3,321,876	-	14,051	19,477
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Sources (Uses)	(54,367)	-	844,701	(11,438,040)	(10,647,706)
Fund Balance, Beginning of Year	16,120,279	-	2,981,135	17,178,226	36,279,641
Fund Balance, End of Year	\$ 16,065,912	-	\$ 3,825,837	\$ 5,740,186	\$ 25,631,935

See accompanying Notes to the Financial Statements.

CAMDENTON R-III SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2016

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

The Camdenton R-III School District (the “District”) is a political subdivision of the State of Missouri and is governed by an elected seven member Board of Education.

As discussed further in Note 1, these financial statements are presented 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 (GAAP) established by the Governmental Accounting Standards Board (GASB). These modified cash basis financial statements generally meet the presentation and disclosure requirements applicable to GAAP, in substance, but are limited to the elements presented in the financial statements and the constraints of the measurement and recognition criteria of the modified cash basis of accounting.

Financial Reporting Entity

The District’s financial reporting entity is comprised of the following:

Primary Government:	Camdenton R-III School District
Discretely Presented Component Unit:	Camdenton R-III School District Education Foundation, Inc.

Blended Component Unit

A blended component unit is a separate legal entity for which the elected officials of the primary government are financially accountable and that meets the blended component unit criteria. A blended component unit meets at least one of the following criteria: (a) the blended component unit’s governing body is the same or substantially the same as the District, and there is a financial benefit or burden relationship with the District, or District management has operational responsibility for the component unit; (b) the component unit provides services entirely or almost entirely to the District; or (c) the component unit’s debt is expected to be repaid entirely or almost entirely with resources of the District. The District did not have a blended component unit for the year ended.

Discretely Presented Component Unit

Discretely presented component units are separate legal entities that meet the financial accountability component criteria but do not meet the criteria for blending, as previously described. The component unit that is discretely presented in the District’s report in a separate column is presented subsequently:

Camdenton R-III School District Education Foundation, Inc. (the “Foundation”)

This is a not-for-profit corporation organized under the laws of the State of Missouri. Among the purposes, but not limited to, is to receive and administer funds for the support of the District. The Foundation does not issue separately audited financial statements and follows the modified cash basis of accounting.

CAMDENTON R-III SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2016

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (Continued)

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 within the limitations of the modified cash basis of accounting. They include all funds of the reporting entity except for fiduciary funds. The statements distinguish between governmental and business-type activities. Governmental activities generally are financed through taxes, intergovernmental revenues and other non-exchange revenues. Business-type activities are financed in whole or in part by fees charged to external parties for goods or services. The District currently does not have business-type activities.

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 constitutes its assets, deferred outflows, liabilities, deferred inflows, net position or fund balance, revenues, and expenditures or expenses. The District's funds are organized into two major categories: governmental and proprietary. The District presently has no fiduciary or proprietary funds. An emphasis is placed on major funds within the governmental and proprietary categories. A fund is considered major if it is the primary operating fund of the District or meets the following criteria:

- Total assets, revenues, or expenditures of that individual governmental fund are at least 10 percent of the corresponding total for all funds of that category or type, and
- Total assets, revenues, or expenditures of the individual governmental fund are at least 5 percent of the corresponding total for all governmental and combined funds.

The funds of the financial reporting entity are described below:

The Missouri Department of Education had directed the following governmental funds to be treated as major:

CAMDENTON R-III SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2016

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (Continued)

Basis of Presentation (Continued)

Fund Financial Statements (Continued)

Governmental Funds

General Fund - The General Fund is the primary operating fund of the District and is always classified as a major fund. It is used to account for general activities of the District, including student activities, food service, and textbook funds which are not designated in a separate fund.

Special Revenue Fund – Special Revenue Funds are used to account for the proceeds of the specific revenue sources that are either legally restricted to expenditures or expenses for specified purposes or designated to finance particular functions or activities of the District. The District has the following Special Revenue Fund:

Teachers Fund - Accounts for expenditures or expenses for certified employees involved in administration and instruction. It includes revenues restricted by the State for the payment of teacher salaries and the local tax levy.

Debt Service Fund - Accounts for the accumulation of resources for, and the payment of, principal, interest, and fiscal charges on general long-term debt.

Capital Projects Fund - Capital Projects Funds are used to account for resources restricted for the acquisition or construction of specific capital projects or items. It accounts for the proceeds of long-term debt, taxes, and other revenues designated for construction of major capital assets and all other capital outlay.

Measurement Focus and Basis of Accounting

Measurement focus is a term used to describe what transactions or events are recorded within the various financial statements. Basis of accounting refers to when and how transactions are recorded, regardless of the measurement focus applied.

Measurement Focus

In the government-wide Statement of Net Position and the Statement of Activities, governmental activities are presented using the economic resources measurement focus, within the limitations of the modified cash basis of accounting, as defined below:

In the fund financial statements, the current financial resources measurement focus, as applied to the modified cash basis of accounting, is used as appropriate:

CAMDENTON R-III SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2016

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (Continued)

Measurement Focus and Basis of Accounting (Continued)

Measurement Focus (Continued)

All governmental funds utilize a current financial resources measurement focus within the limitations of the modified cash basis of accounting. Only current financial assets are generally included on their balance sheets. Their operating statements present sources and uses of available spendable financial resources during a given period. These funds use fund balance as their measure of available spendable financial resources at the end of the period.

Basis of Accounting

The financial statements are presented in accordance with the modified cash basis of accounting, which is a basis of accounting other than GAAP as established by the GASB. This basis of accounting involves modifications to the cash basis of accounting to report in the statements of net position or balance sheets cash transactions or events that provide a benefit or result in an obligation that covers a period greater than the period in which the cash transaction or event occurred. Such reported balances may include investments, interfund receivables and payables, capital assets and related depreciation, and short-term and long-term liabilities arising from cash transactions or events.

The modified cash basis of accounting differs from GAAP primarily because certain assets and their related revenues (such as accounts receivable and revenue for billed or provided services not yet collected and other accrued revenue and receivables) and certain liabilities and their related expenses or expenditures (such as accounts payable and expenses for goods or services received but not yet paid and other accrued expenses and liabilities) are not recorded in these financial statements. In addition, other economic assets that do not arise from a cash transaction or event are not reported, and the measurement of reported assets does not involve adjustment to fair value.

If the District utilized accounting principles generally accepted in the United States of America, the fund financial statements for governmental funds would use the modified accrual basis of accounting. All government-wide financial statements would be presented in accordance with the accrual basis of accounting.

Assets and Equity

Cash and Cash Equivalents

For the purpose of financial reporting, cash and cash equivalents includes all demand and savings accounts and certificates of deposit or short-term investments with original maturity of three months or less from date of purchase.

CAMDENTON R-III SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2016

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (Continued)

Assets and Equity (Continued)

Investments

Investments are carried at cost, which approximates market.

Capital Assets

Property, plant, and equipment (capital assets) acquired for use in governmental fund operations are accounted for as capital outlay expenditures or expenses of the governmental fund upon acquisition.

Restricted Assets

Restricted assets include assets that are legally restricted as to their use. The primary restricted assets are accounts restricted for debt service.

Compensated Absences

Vacation time, personal business days, and sick leave days are considered as expenditures or expenses in the year paid. Noncertified employees receive one half of their daily rate times their years of service percentage multiplied by the number of accumulated days for reimbursement.

Long-Term Debt

Long-term debt arising from cash transactions for governmental funds is not reported as liabilities in the fund financial statements. The debt proceeds are reported as other financing sources and payment of principal and interest are reported as expenditures or expenses. The District's long-term debt consists primarily of bonds payable and leases.

Net Position/Fund Balance Classification

Government-Wide Financial Statements:

Net position is classified and displayed in two components:

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

Unrestricted – Net amount of assets that are not included in the determination of the restricted component of net position.

CAMDENTON R-III SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2016

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (Continued)

Assets and Equity (Continued)

Net Position/Fund Balance Classification (Continued)

Fund Financial Statements: (Continued)

It is the District's policy to first use restricted net resources prior to the use of unrestricted net resources when an expenditure or expense is incurred for purposes for which both restricted and unrestricted net resources are available.

Governmental fund equity is classified as fund balance.

The difference among assets of governmental funds is reported as fund balance and classified as nonspendable, restricted, committed, assigned, and unassigned based on the respective level of constraint. These constraints are defined as follows:

- **Nonspendable:** Amounts that cannot be spent because they either are not in spendable form or are legally or contractually required to be maintained intact.
- **Restricted:** Amounts constrained regarding use from restrictions externally imposed by creditors, grantors, contributors, or laws or regulations of other governments or by restrictions imposed by law through constitutional provisions or enabling legislation.
- **Committed:** Amounts constrained regarding use for specific purposes pursuant to requirements imposed by formal action of the District's highest level of decision-making authority (i.e. the Board of Education).
- **Assigned:** Amounts constrained by the District's intent to be used for specific purposes but that are neither restricted nor committed. Intent can be expressed by the District's Board of Education or by an official body to which the Board of Education delegates authority.
- **Unassigned:** The residual classification of the General Fund for spendable amounts that have not been restricted, committed, or assigned to specific purposes.

The Board of Education establishes (and modifies or rescinds) fund balance commitments by passage of a motion or a resolution. This is typically done through adoption and amendment of the budget. A fund balance commitment is further indicated in the budget document as a designation or commitment of the fund (such as for special incentives). Assigned fund balance is established by the Board of Education through adoption or amendment of the budget as intended for specific purposes (such as the purchase of capital assets, construction, debt services, or for other purposes).

CAMDENTON R-III SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2016

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (Continued)

Assets and Equity (Continued)

Net Position/Fund Balance Classification (Continued)

Fund Financial Statements: (Continued)

In the General Fund, the District strives to maintain an unassigned fund balance not less than 20% of the actual expenditures or expenses for the prior fiscal year.

Order of Spending

For all funds, except the Debt Service Fund, the Board of Education may consider the order of spending as restricted, committed, assigned, and then unassigned amounts, as available. For the Debt Service Fund, the Board may approve unrestricted or assigned balances to be spent prior to restricted balances, allowing the spending of interest prior to principal.

Revenues, Expenditures, and Expenses

Program Revenues

In the Statement of Activities, revenues that are derived directly from each activity or from parties outside the District are reported as program revenues. The District has or may have the following program revenues:

<i>Program Revenues</i>	<i>Examples</i>
Charges for Services	Tuition, adult/continuing education, transportation fees, sales, rentals, community services, food service – non program, admissions, student organization membership dues and fees
Operating Grants and Contributions	Gifts, professional development committee portion of basic formula funds, state transportation funds, various state and federal grants
Capital Grants and Contributions	Gifts, various state and federal grants

All other governmental revenues are reported as general. All taxes are classified as general revenues even if restricted for a specific purpose.

Expenditures/Expenses

In the government-wide financial statements, expenditures or expenses are reported on the modified cash basis of accounting and are classified by function for governmental activities.

In the fund financial statements, expenses are classified as follows: District.

CAMDENTON R-III SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2016

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (Continued)

Internal and Interfund Balances and Activities

Fund Financial Statements:

Interfund activity, if any, within the governmental fund categories is reported as follows:

- Interfund loans – Amounts provided with requirement for repayment are reported as interfund receivables and payables.
- Interfund reimbursements – Repayments from funds responsible for certain expenditures or expenses to the funds that initially paid for them are not reported as reimbursements but as adjustments to expenditures or expenses in the respective funds.
- Interfund transfers – Flow of assets from one fund to another where payment is not expected are reported as transfers in and out.
- Interfund services – Sales or purchases of goods and services between funds are reported as revenues and expenditures or expenses.

Government-Wide Financial Statements:

Interfund activity and balances, if any, are eliminated or reclassified in the government-wide financial statements as follows:

- Internal balances – Amounts reported in the fund financial statements as interfund receivables and payables are eliminated in the governmental columns of the Statement of Net Position.
- Internal activities – Amounts reported as interfund transfers in the fund financial statements are eliminated in the government-wide Statement of Activities except for the net amount of transfers between governmental activities, which are reported as Transfers – Internal Activities. The effects of interfund services between funds are not eliminated in the Statement of Activities.
- Primary government and component unit activity and balances - Resources flow between the primary government and the discretely-presented component unit are reported as if they were external transactions and are classified separately from internal balances and activities within the primary government.

CAMDENTON R-III SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2016

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (Continued)

Use of Estimates

The preparation of financial statements in conformity with the modified cash basis of accounting used by the District requires management to make estimates and assumptions that affect certain amounts and disclosures; accordingly, actual results could differ from those estimates.

NOTE 2 - CASH AND INVESTMENTS:

The District maintains a cash and temporary cash investment pool that is available for use by all funds except the Debt Service Fund (State law requires that all deposits of the Debt Service Funds be kept separate and apart from all other funds of the District). Each fund type's portion of this pool is displayed on the Governmental Funds Balance Sheet - Modified Cash Basis as "Cash and Investments" under each fund's caption.

Custodial Credit Risk – Missouri statutes require that all deposits with financial institutions be collateralized in an amount at least equal to uninsured deposits. As of the year ended, the carrying amount of the District's deposits was \$4,785,208, and the bank balance was \$8,677,970. Of the bank balance, \$750,000, was covered by the Federal Depository Insurance Corporation (FDIC) and \$4,785,208, was covered by collateral held at the District's safekeeping bank agent, in the District's name and a letter of credit.

Investment Interest Rate Risk - the District has no formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

Concentration of Investment Credit Risk - the District places no limit on the amount it may invest in any one issuer. As of the year ended, the District had no concentration of credit risk.

Investment Credit Risk – The District may purchase any investment allowed by the State Treasurer. These include (1) obligations of the United States government or any agency or instrumentality thereof maturing and becoming payable not more than three years from the date of purchase, or (2) repurchase agreements maturing and becoming payable within ninety days secured by U.S. Treasury obligations or obligations of U.S. government agencies or instrumentalities of any maturity, as provided by law.

CAMDENTON R-III SCHOOL DISTRICT
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE YEAR ENDED JUNE 30, 2016

NOTE 2 - CASH AND INVESTMENTS: (Continued)

The District invests in Missouri Securities Investment Program (MOSIP) (the “Fund”). All funds in the MOSIP are invested in accordance with section 165.051 of the Missouri Revised Statutes. Each school district owns a pro-rata share of each investment or deposit which is held in the name of the Fund. The investment contracts are rated in either of the two highest rating categories. Balances in the portfolio are not insured or guaranteed by FDIC.

Investments are carried at cost which approximates market.

Investments

Escrow accounts consisted of the following:

	<u>Carrying Amount</u>	<u>Market Value</u>
MOSIP - Liquid Fund Holdings	\$22,267,459	\$22,267,459
MO School District Direct Deposit Program – Bond Escrow	<u>144,000</u>	<u>144,000</u>
Total	<u>\$22,411,459</u>	<u>\$22,411,459</u>

Component Unit

Restricted investments and assets consisted of:

	<u>Fair Value</u>
Equity securities and mutual funds	\$1,384,223
Checking and certificates of deposit	70,573
Less: Unrestricted	<u>(48,690)</u>
Total	<u>\$ 1,406,106</u>

Of this amount, \$150,000 is deemed to be permanently restricted and \$1,256,106 is deemed to be temporarily restricted. Investments are carried at fair market value based on market quotes (Level I). All deposits were fully insured at year end.

CAMDENTON R-III SCHOOL DISTRICT
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE YEAR ENDED JUNE 30, 2016

NOTE 3 - LONG-TERM DEBT:

SUMMARY OF BONDS OUTSTANDING

Bonds Outstanding – Beginning	\$ 64,680,000
Bonds Issued	-0-
Bonds Retired	<u>(210,000)</u>
Bonds Outstanding – Ending	<u>\$ 64,470,000</u>

Bonds Payable as of the year ended consisted of:

\$19,295,000 general obligation refunding and improvement bonds, Series 2015, due in varying installments through March 1, 2035; interest at 3.0 to 4.0%. An economic gain of \$1,185,121 will be realized over the life of the bonds.	\$19,295,000
\$18,130,000 general obligation refunding and improvement bonds, Series 2005, due in varying installments through March 1, 2025; interest at 3.0% to 5.0%.	1,500,000
\$9,000,000 general obligation refunding bonds, Series 2007, due in varying installments through March 1, 2024; interest at 5.25%. An economic gain of \$515,906 will be realized over the life of the bonds.	9,000,000
\$22,525,000 general obligation refunding and improvement bonds, Series 2014, due in varying installments through March 1, 2034; interest at 3.0% to 5.0%. An economic gain of \$106,272 will be realized over the life of the bonds.	22,525,000
\$4,740,000 general obligation bonds, Series 2013A, due in varying installments through March 1, 2033; interest at 5.0%.	4,740,000
\$8,010,000 general obligation bonds, Series 2013B, due in varying installments through March 1, 2024; interest at .75% to 3.85%.	<u>7,410,000</u>
Total Bonds Payable	<u>\$ 64,470,000</u>

CAMDENTON R-III SCHOOL DISTRICT
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE YEAR ENDED JUNE 30, 2016

NOTE 3 - LONG-TERM DEBT: (Continued)

The District incurred interest expense of \$2,480,110 as of the year ended.

Principal and Interest Requirements for Bonded Indebtedness Due in Future Years:

<u>Year Ended</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2017	\$ 1,500,000	\$ 2,656,535	\$ 4,156,535
2018	1,000,000	2,576,485	3,576,485
2019	1,100,000	2,555,485	3,655,485
2020	1,250,000	2,528,485	3,778,485
2021	1,400,000	2,490,985	3,890,985
2022	3,610,000	2,448,485	6,058,485
2023	5,150,000	2,311,300	7,461,300
2024	6,150,000	2,119,325	8,269,325
2025	2,250,000	1,890,050	4,140,050
2026	3,000,000	1,822,550	4,822,550
2027	3,000,000	1,730,050	4,730,050
2028	3,000,000	1,600,050	4,600,050
2029	3,100,000	1,470,050	4,570,050
2030	3,125,000	1,325,050	4,450,050
2031	3,930,000	1,178,800	5,108,800
2032	5,300,000	992,300	6,292,300
2033	5,510,000	737,300	6,247,300
2034	3,300,000	471,800	3,771,800
3035	7,795,000	311,800	8,106,800
Total	<u>\$ 64,470,000</u>	<u>\$ 33,216,885</u>	<u>\$ 97,686,585</u>

NOTE 4 – INTERFUND TRANSFERS:

Interfund transfers as of the year ended consisted of the following:

Transfers from the General fund:

Special Revenue Fund

To “zero” teachers fund

Total transfers to Special Revenue \$ 3,321,876

Total Transfers \$ 3,321,876

CAMDENTON R-III SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2016

NOTE 4 – INTERFUND TRANSFERS: (Continued)

Transfers are used to (1) move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them, (2) move revenues restricted to debt service from the funds collecting the revenues to the Debt Service Fund as debt service payments become due, and (3) use unrestricted revenues collected in the General Fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

NOTE 5 - RETIREMENT PLAN:

The District reports on the modified cash basis of accounting. Therefore, the District's unfunded portion of the pension liability is not reflected in the financial statements.

Public School Retirement System of Missouri (PSRS)

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

Benefits Provided. PSRS is a defined benefit plan providing retirement, disability, and death/survivor benefits. Members are vested for service retirement benefits after accruing five years of service. A Summary Plan Description detailing the provisions of the plan can be found on PSRS' website at <https://www.psr-s-peers.org>.

Contributions. PSRS members are required to contribute a percentage 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 year ended were equal to the required contributions.

CAMDENTON R-III SCHOOL DISTRICT
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE YEAR ENDED JUNE 30, 2016

NOTE 5 - RETIREMENT PLAN: (Continued)

Public School Retirement System of Missouri (PSRS) (Continued)

The annual statutory increase in the total contribution rate may not exceed 1% of pay. The contributions for the last three fiscal years were as follows:

<u>Year Ended</u>	<u>Amount of Employer Contribution</u>	<u>Percentage of Contributions</u>
2016	\$3,269,903	14.5%
2015	3,177,606	14.5%
2014	3,108,571	14.5%

Public Education Employee Retirement System (PEERS)

Plan Description. The District also contributes to the Public Education Employee Retirement System (PEERS), a mandatory cost sharing multiple-employer retirement system for all public school district employees in Missouri (except the school districts of St. Louis and Kansas City), employees of the Missouri Association of School Administrators, and community college employees (except the Community College of St. Louis). Employees of covered districts who work 20 or more hours per week on a regular basis and who do not contribute to PSRS must contribute to PEERS. Certain part-time certified employees may be covered by this plan. Positions covered by PEERS are also covered by social security.

Benefits Provided. PEERS is a defined benefit plan providing service retirement and disability benefits to its members. Members are vested for service retirement benefits after accruing five years of service. Benefit provisions are set forth in Chapter 169.600 - .715, of the Missouri Revised Statutes. The Statutes assign responsibility for the administration of the system to the Board of Trustees of the PSRS of Missouri. PEERS issues a publicly available financial report that includes financial statements and required supplementary information. A Summary Plan Description detailing the provisions of the plan can be found on PSRS' website at <https://www.psr-peers.org>.

CAMDENTON R-III SCHOOL DISTRICT
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE YEAR ENDED JUNE 30, 2016

NOTE 5 - RETIREMENT PLAN: (Continued)

Public Education Employee Retirement System (PEERS) (Continued)

Contributions. PEERS members are required to contribute a percentage 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 District's contributions to PEERS for the year ended were equal to the required contributions. The annual statutory increase in the total contribution rate may not exceed 0.5% of pay. The contributions for the last three fiscal years were as follows:

<u>Year Ended</u>	<u>Amount of Employer Contribution</u>	<u>Percentage of Contributions</u>
2016	\$ 512,579	6.86%
2015	487,663	6.86%
2014	472,424	6.86%

NOTE 6 – OTHER POST-EMPLOYMENT BENEFITS:

The District provides health insurance benefits to its retirees on a reimbursable basis. The cost of the insurance premium is charged to the retirees at the same cost as active employees. This situation causes an implicit premium subsidy for the difference the retirees would have to pay for similar insurance coverage and the actual amount of their premiums. This implicit premium subsidy represents an unfunded obligation to the District. This obligation has not been valued or reported because the District reports its financial activity using the modified cash basis of accounting.

NOTE 7 – RISK MANAGEMENT:

The District is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; business interruptions; errors and omissions; natural disasters; employee injuries and illnesses; and employee health and accident benefits. Commercial insurance coverage is purchased for claims arising from such matters other than employee health benefits. Settled claims have not exceeded this commercial coverage in any of the three preceding years.

General and Casualty Insurance

The District is a member of the Missouri United School Insurance Council (MUSIC), a protected self-insurance program of approximately 400 Missouri Public School Districts. The District does not pay premiums to purchase insurance policies, but pays an assessment to be a member of this self-sustaining risk sharing group. Part of the assessment is used to purchase excess insurance for the group as a whole.

CAMDENTON R-III SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2016

NOTE 7 – RISK MANAGEMENT: (Continued)

Self-Funded Insurance Fund

The District created an Employee Medical Plan Fund in July of 2000, for the administration of the District's employee health self-insurance program.

The accounting records of the Employee Medical Plan Fund are maintained on the modified cash basis of accounting. Revenues are recognized when collected and expenditures or expenses are recognized when payment is made. The Employee Medical Plan Fund is included in the General Fund in the accompanying financial statements. The balance in this fund was \$1,567,905, as of the year end.

Risk of Loss: The Employee Medical Plan Fund carries excess loss insurance to cover medical claims over a specified amount as follows:

Loss Limits:

Specific Retention per person	\$ 95,000
Reimbursement Factor	100%
Specific Maximum limit per person	Unlimited
Estimated minimum annual aggregate retention amount	\$5,389,572
Maximum Limit of Reimbursement Liability	\$1,000,000

NOTE 8 - CONTINGENCIES:

Grant Audit - The District receives Federal grants and State funding for specific purposes that are subject to review and audit. These reviews and audits could lead to requests for reimbursement or to withholding of future funding for expenditures or expenses disallowed under or other noncompliance with the terms of the grants and funding. The District is not aware of any noncompliance with Federal or State provisions that might require the District to provide reimbursement.

Litigation - Various claims and lawsuits are possible against the District. In the opinion of District management, the potential loss on all claims and lawsuits will not be significant to the District's financial statements.

CAMDENTON R-III SCHOOL DISTRICT
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE YEAR ENDED JUNE 30, 2016

NOTE 9 - TEACHERS' SALARIES:

Payroll checks written and dated in June, for July and August 2016 payroll from 2015-2016 contracts are included in the financial statements as expenditures or expenses paid in the month of June. This practice has been consistently followed in previous years.

NOTE 10 - TAXES:

Property taxes attach as an enforceable lien on property as of January 1. Taxes are levied on November 1, and are payable by December 31. All unpaid taxes become delinquent January 1, of the following year. The county collects the property taxes and remits them to the District on a monthly basis.

The District also receives sales tax collected by the State and remitted based on eligible pupil counts. 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. The District voted for a full waiver of the rollback for the year.

The assessed valuation of the tangible taxable property for the calendar year 2015 for purposes of local taxation was as follows:

Total	<u>\$1,132,700.882</u>
-------	------------------------

The tax levy per \$100 of the assessed valuation of tangible taxable property for the calendar year 2015 for purposes of local taxation was as follows:

	<u>Unadjusted</u>	<u>Adjusted</u>
General Fund	\$ 1.3300	\$ 1.3300
Special Revenue Fund	1.1800	1.1800
Debt Service Fund	.3100	.3100
Capital Projects Fund	<u>.0500</u>	<u>.0500</u>
	<u>\$ 2.8700</u>	<u>\$ 2.8700</u>

The collection of current and delinquent property taxes during the fiscal year ended aggregated approximately 99% of the current assessment computed on the basis of the levy as shown above.

NOTE 11 - EVALUATION OF SUBSEQUENT EVENTS:

The District has evaluated subsequent events through November 14, 2016, the date which the financial statements were available to be issued.

OTHER INFORMATION

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CAMDENTON R-III SCHOOL DISTRICT

BUDGETARY COMPARISON SCHEDULE - MODIFIED CASH BASIS
 GENERAL FUND
 FOR THE YEAR ENDED JUNE 30, 2016

	Original Budget	Final Budget	Actual	Variance
Revenues				
Local	\$ 15,991,746	\$ 15,991,746	\$ 16,349,910	\$ 358,164
County	270,915	270,915	314,263	43,348
State	1,160,000	1,160,000	2,268,698	1,108,698
Federal	2,618,000	2,618,000	2,896,443	278,443
Investment Income	22,000	22,000	43,503	21,503
Total Revenues	<u>20,062,661</u>	<u>20,062,661</u>	<u>21,872,817</u>	<u>1,810,156</u>
Expenditures				
Instruction	3,592,098	3,776,995	4,749,336	(972,342)
Student Services	692,950	767,077	671,745	95,332
Instructional Staff Support	1,155,276	1,161,176	1,248,726	(87,550)
Building Administration	854,446	878,946	913,752	(34,806)
General Administration and Central Services	764,432	764,432	802,605	(38,173)
Operation of Plant	4,702,715	4,762,715	4,848,484	(85,769)
Transportation	2,461,906	2,701,906	2,584,336	117,570
Food Service	1,974,748	2,242,748	2,222,707	20,041
Community Service	410,783	432,877	569,043	(136,166)
Total Expenditures	<u>16,609,355</u>	<u>17,488,873</u>	<u>18,610,734</u>	<u>(1,121,862)</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	3,453,306	2,573,788	3,262,083	688,295
Other Financing Sources (Uses):				
Proceeds from Sales	-	-	5,426	5,426
Transfers (to) from Fund	(3,321,876)	(3,321,876)	(3,321,876)	-
Total Other Financing Sources (Uses)	<u>(3,321,876)</u>	<u>(3,321,876)</u>	<u>(3,316,450)</u>	<u>5,426</u>
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures (Uses)and Other Financing Sources	131,430	(748,088)	(54,367)	693,720
Fund Balance, Beginning of Year	<u>16,120,279</u>	<u>16,120,279</u>	<u>16,120,279</u>	<u>-</u>
Fund Balance, End of Year	<u>\$ 16,251,709</u>	<u>\$ 15,372,192</u>	<u>\$ 16,065,912</u>	<u>\$ 693,720</u>

CAMDENTON R-III SCHOOL DISTRICT
 BUDGETARY COMPARISON SCHEDULE - MODIFIED CASH BASIS
 SPECIAL REVENUE FUND
 FOR THE YEAR ENDED JUNE 30, 2016

(Continued)

	Original Budget	Final Budget	Actual	Variance
Revenues				
Local	\$ 16,812,760	\$ 16,812,760	\$ 17,155,255	\$ 342,495
County	545,915	545,915	452,101	(93,814)
State	5,129,475	5,129,475	4,458,483	(670,992)
Federal	1,517,345	1,517,345	1,749,773	232,428
Investment Income	-	-	1,702	1,702
Other	120,000	120,000	96,003	(23,997)
Total Revenues	<u>24,125,495</u>	<u>24,125,495</u>	<u>23,913,317</u>	<u>(212,178)</u>
Expenditures				
Instruction	22,760,615	22,685,441	22,615,842	69,599
Student Services	1,188,297	1,188,297	1,098,453	89,844
Instructional Staff Support	819,463	819,463	700,850	118,613
Building Administration	1,937,049	1,937,049	1,933,346	3,703
General Administration and Central Services	455,556	455,556	455,393	163
Community Service	593,899	593,899	431,309	162,590
Total Expenditures	<u>27,754,880</u>	<u>27,679,706</u>	<u>27,235,194</u>	<u>444,512</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(3,629,385)	(3,554,211)	(3,321,876)	232,335
Other Financing Sources (Uses):				
Transfers (to) from Fund	3,629,385	3,554,211	3,321,876	(232,335)
Total Other Financing Sources (Uses)	<u>3,629,385</u>	<u>3,554,211</u>	<u>3,321,876</u>	<u>(232,335)</u>
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures (Uses)and Other Financing Sources	-	-	-	-
Fund Balance, Beginning of Year	-	-	-	-
Fund Balance, End of Year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

CAMDENTON R-III SCHOOL DISTRICT
NOTES TO BUDGETARY COMPARISON SCHEDULES
FOR THE YEAR ENDED JUNE 30, 2016

Budget Law

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 of the political subdivision.
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 proposed budget includes estimated revenues and proposed expenditures or expenses for all District funds. Budgeted expenditures or expenses cannot exceed beginning available monies plus estimated revenues 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.
6. Budgeted amounts are as originally adopted or as amended by the Board of Education.
7. Budgets for District funds are prepared and adopted on the modified cash basis (budget basis), recognizing revenues when collected and expenditures or expenses when paid. Budgets lapse at year end.

STATE COMPLIANCE
SECTION

DRAFT



INDEPENDENT ACCOUNTANT'S REPORT ON MANAGEMENT'S
ASSERTIONS ABOUT COMPLIANCE WITH SPECIFIED
REQUIREMENTS OF MISSOURI LAWS AND REGULATIONS

To the Board of Education of
Camdenton R-III School District
Camdenton, Missouri:

We have examined management's assertion that the Camdenton R-III School District (the "District") complied with the requirements of Missouri laws and regulations regarding budgetary and disbursement procedures; accurate disclosure by attendance records of average daily attendance, resident membership on the last Wednesday of September and the number of students eligible to receive free and reduced price lunches on the last Wednesday of January; and accurate disclosure by pupil transportation records of the average daily transportation of pupils eligible and ineligible for state aid, the number of miles eligible and ineligible for state aid and the allowable costs for pupil transportation during the year ended June 30, 2016. Management is responsible for the District's compliance with those requirements. Our responsibility is to express an opinion on management's assertions about the District's compliance based on our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants and, accordingly, included examining, on a test basis, evidence about the District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our examination provides a reasonable basis for our opinion. Our examination does not provide a legal determination on the District's compliance with specified requirements.

In our opinion, the District complied, in all material respects with the aforementioned requirements during the year ended June 30, 2016.

This report is intended solely for the information and use of the Board of Education, management 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.

*Graves and Associates,
CPAs, LLC*

GRAVES AND ASSOCIATES, CPAs, LLC
Jefferson City, Missouri

November 14, 2016

CAMDENTON R-III SCHOOL DISTRICT
 SCHEDULE OF SELECTED STATISTICS
 FOR THE YEAR ENDED JUNE 30, 2016

1. Calendar (Sections 160.041 and 171.031, RSMo)

- A. Standard day length (SDL) – The total number of hours between the starting time of the first class and the dismissal time of the last class, minus the time allowed for lunch and one passing time, and minus Channel One time. Reported with 4 decimal places.

Kindergarten – A.M.	_____	SDL	Grades <u>1-12</u>	<u>6.5000</u>	SDL
Kindergarten – P.M.	_____	SDL	Grades <u>JJC 5-12</u>	<u>6.0000</u>	SDL
Kindergarten – Full-day	<u>6.5000</u>	SDL	Grades _____	_____	SDL

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

Kindergarten – A.M.	_____	Hours	Grades <u>1-12</u>	<u>1,092.20</u>	Hours
Kindergarten – P.M.	_____	Hours	Grades <u>JJC</u>	<u>1,044.00</u>	Hours
Kindergarten – Full-day	<u>1,092.20</u>	Hours	Grades _____	_____	Hours

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

Kindergarten – Full-day	<u>174</u>	Days	Grades <u>1-12</u>	<u>174</u>	Days
			Grades <u>JJC</u>	<u>174</u>	Days
			Grades _____	_____	Days

2. Average Daily Attendance (ADA)

Regular Term	Full-time/ Part-time	Remedial	Total
Kindergarten – Full-Day	<u>284.45</u>	<u>0.59</u>	<u>285.04</u>
Grades <u>1-8</u>	<u>2,390.71</u>	<u>27.78</u>	<u>2,418.49</u>
Grades <u>9-12</u>	<u>1,164.52</u>	<u>0.00</u>	<u>1,164.52</u>
Grades <u>JJC</u>	<u>2.22</u>	<u>0.00</u>	<u>2.22</u>
Subtotal Regular Term	<u>3,841.90</u>	<u>28.37</u>	<u>3,870.27</u>
		Resident	Total
Summer School			
Subtotal		<u>39.40</u>	<u>39.40</u>
Total Regular Term Plus Summer School ADA			<u>3,909.67</u>

CAMDENTON R-III SCHOOL DISTRICT
 SCHEDULE OF SELECTED STATISTICS
 FOR THE YEAR ENDED JUNE 30, 2016

3. September Membership

	Full-Time & Part-Time	Total
September Membership FTE Count	<u>4,124.66</u>	<u>4,124.66</u>

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

		Full-Time & Part-Time	Deseg In	Total
State FTE Total	Free	<u>1,944.58</u>	<u> </u>	<u>1,944.58</u>
	Reduced	<u>355.06</u>	<u> </u>	<u>355.06</u>
	Total	<u>2,299.64</u>	<u> </u>	<u>2,299.64</u>

5. Finance

- A. As required by Section 162.401, RSMo, a bond was purchased for the District's treasurer in the total amount of \$ 50,000.
- B. The District's deposits were secured during the year as required by Section 110.010 and 110.020, RSMo. True
- C. The District maintained a separate bank account for the Debt Service Fund in accordance with Section 165.011, RSMo. True
- D. Salaries reported for educators in the October Core Data cycle are supported by payroll/contract records. True
- E. If a \$162,326 or 7% x SAT x WADA transfer was made in excess of adjusted expenditures, the Board approve a resolution to make the transfer, which identified the specific projects to be funded by the transfer and an expected expenditure date for the projects to be undertaken. N/A
- F. The District published a summary of the prior year's audit report within thirty days of the receipt of the audit pursuant to Section 165.12 1, RSMo. True
- G. The District has a professional development committee plan adopted by the Board with the professional development committee plan identifying the expenditure of seventy-five (75%) of one percent (1%) of the current year formula apportionment. True

CAMDENTON R-III SCHOOL DISTRICT
 SCHEDULE OF SELECTED STATISTICS
 FOR THE YEAR ENDED JUNE 30, 2016

5. Finance (Continued)

H. The amount spent for approved professional development committee plan activities was:

\$71,442

6. Transportation (Section 163.161, RSMo)

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

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. True

C. Based on the ridership records, the average number of students (non-disabled K-12, K-12 students with disabilities and career education) transported on a regular basis (ADT) was:

- Eligible ADT # 2,980.50
- Ineligible ADT # 193.00

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. True

E. Actual odometer records show the total district-operated and contracted mileage for the year was: # 836,154

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

- Eligible Miles # 654,239
- Ineligible Miles (Non-Route/Disapproved) # 181,915

F. Number of days the District operated the school transportation system during the regular school year. 174

SUPPLEMENTARY
INFORMATION

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FEDERAL COMPLIANCE
SECTION

DRAFT

Camdenton R-III School District
Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2016

<i>Federal Grantor/Pass-Through Grantor/Program or Cluster Title</i>	<i>Federal CFDA Number</i>	<i>Pass-through Entity Identifying Number</i>	<i>Federal Expenditures(\$)</i>
<i>Child Nutrition Cluster</i>			
United States Department of Agriculture Pass-Through Programs			
Passed-through MO DESE			
School Food Services Lunch Payment	10.555	015-002	\$ 1,085,490
School Food Services Snack Payment	10.555	015-002	9,998
School Breakfast Program	10.555	015-002	358,859
Noncash	10.555	015-002	192,521
<i>Total Passed-through MO DESE</i>			1,646,868
Passed-through MO DHSS			
Summer Food Service Program for Children	10.559	ERS0462521S	14,295
<i>Total Child Nutrition Cluster</i>			1,661,163
<i>IDEA Cluster</i>			
Department of Education Pass-Through Programs			
Passed-through MO DESE			
Special Education Part B Entitlement	84.027	015-002	762,955
Special Education High Need Fund - Federal	84.027	015-002	19,249
ECSE - Federal (611)	84.027	015-002	86,259
ECSE - Federal (619)	84.173	015-002	20,921
<i>TOTAL IDEA Cluster</i>			889,384
<i>Other Programs</i>			
Department of Education Pass-Through Programs			
Passed-through MO DESE			
Adult Education - Basic Grants to States	84.002	015-002	39,066
Perkins Career and Technical Education -- Basic Grants to States*	84.048	015-002	129,938
Title I Grants to Local Educational Agencies	84.010	015-002	1,106,016
Title II.A Improving Teacher Quality State Grants	84.367	015-002	150,808
Title I.D	84.01	015-002	12,351
Title III English Language Acquisition State Grants	84.365	015-002	12,168
Title VI.B Rural Education	84.358	015-002	88,976
Twenty-First Century Community Learning Centers	84.287	015-002	310,102
Advanced Placement Program (Advanced Placement Test Fee; Advanced Placement Incentive Program Grants)	84.330	015-002	2,450
<i>Total Passed-through MO DESE</i>			1,851,875
United States Department of Agriculture Pass-Through Programs			
Passed-through MO Dept Health and Senior Services			
Child and Adult Care Food Program	10.558	ERS46121908	51,842
Department of Education Direct Programs			
Federal Pell Grant Program	84.063		38,375
<i>Total Expenditures of Federal Awards</i>			\$ 4,492,639

*\$722 was passed through from the Rolla School District No. 31 for the year ended.

CFDA#: 84.048A

Pass-Through Entity Identifying#: 081096.

Camdenton R-III School District
Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2016

BASIS OF PRESENTATION:

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

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the Schedule are reported on the modified cash basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Negative amounts shown on the Schedule represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years. The District has not elected to use the 10-percent de minimis indirect cost rate as allowed under the Uniform Guidance.

FOOD DISTRIBUTION:

Non-monetary assistance is reported in the schedule at the fair market value of the commodities received and disbursed. As of the year ended, the District had food commodities of \$11,388 in inventory.

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

To the Board of Education of
Camdenton R-III School District
Camdenton, Missouri:

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the aggregate discretely presented component unit, and each major fund of the Camdenton R-III School District (the "District"), as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated November 14, 2016.

Internal Control Over Financial Reporting

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

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified. We did identify deficiencies in internal control, described in the accompanying schedule of findings that we consider to be significant deficiencies. They are identified as items 2016-1 and 2016-2.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

The District's Response to Findings

The District's responses to the findings identified in our audit is described in the accompanying schedule of findings. The District's responses were not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on them.

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.

Graves and Associates,
CPAs, LLC

GRAVES AND ASSOCIATES, CPAs, LLC
Jefferson City, Missouri

November 14, 2016



INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR
PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE
REQUIRED BY THE UNIFORM GUIDANCE

To the Board of Education of
Camdenton R-III School District
Camdenton, Missouri:

Report on Compliance for Each Major Federal Program

We have audited Camdenton R-III School District's (the "District") compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the District's major federal programs for the year ended June 30, 2016. The District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings.

Management's Responsibility

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

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the 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 the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the District's compliance.

Opinion on Each Major Federal Program

In our opinion, the 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, 2016.

Report on Internal Control Over Compliance

Management of the 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 District's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the 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 of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

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

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

Graves and Associates,
CPAs, LLC

GRAVES AND ASSOCIATES, CPAs, LLC
Jefferson City, Missouri

November 14, 2014

CAMDENTON R-III SCHOOL DISTRICT
 SCHEDULE OF FINDINGS 2 CFR SECTION 200.515
 FOR THE YEAR ENDED JUNE 30, 2016

SECTION I - SUMMARY OF AUDITOR'S RESULTS

Financial Statements

Type of Financial Statement Opinion: Unmodified

Internal Control Over Financial Reporting (GAGAS):

- Material weakness(es) reported? No
- Significant deficiency(ies) reported? Yes
- Noncompliance material to financial statements noted (GAGAS)? No

Federal Awards:

Internal Control Over Major Programs:

- Material weakness(es) reported? No
- Significant deficiency(ies) reported? No

Type of Opinion On Compliance for Major Programs: Unmodified

Are there any reportable findings under 2 CFR Section 200.516(a)? No

Identification of Major Programs:

CFDA Number (s)

Name of Federal Program or Cluster

U.S. Department of Education:

Passed Through from Missouri Department of Elementary and Secondary Education:

84.027/84.173
 10.553/10.555/10.559

IDEA Cluster
 Child Nutrition Cluster

Dollar Threshold: Type A/B Programs Type A: >\$750,000 Type B: All Others

Low Risk Auditee under 2 CFR Section 200.520? No

CAMDENTON R-III SCHOOL DISTRICT
SCHEDULE OF FINDINGS 2 CFR SECTION 200.515
FOR THE YEAR ENDED JUNE 30, 2016

SECTION II - FINANCIAL STATEMENTS FINDINGS

2016-1: Segregation of Duties (Resubmitted)

Condition: As in many smaller to medium-sized organizations, it is difficult to obtain proper segregation of duties due to the limited number of employees.

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. The District has mitigating controls in place, but it is not possible to have segregation in all areas.

Effect: Due to the limited number of employees, the District might not prevent, or detect and correct misstatements on a timely basis in the normal performance of duties.

Recommendation: We recognize that because of limited resources and personnel, management may not be able to achieve a proper segregation of duties. However, professional standards require that we bring this lack of segregation of duties to your attention. We recommend management continue to review these processes accordingly to optimize the functionality of internal controls.

Response/Current Status: The District recognizes that the limited number of employees prohibits proper segregation of duties in all areas. The District will continue to review these processes accordingly to optimize the functionality of internal controls.

2016-2: Oversight of the Financial Reporting Process (Resubmitted)

Condition: The District's management is responsible for establishing and maintaining internal control over financial reporting and for the fair presentation of the financial statements and related note disclosures in conformity with *Governmental Accounting Standards*.

Criteria: The District has staff in place to carry out internal accounting and reporting. However, the District does not have accounting professionals with the knowledge, experience, and training to prepare financial statements in accordance with *Governmental Accounting Standards*.

Effect: The District relies on the external auditor to prepare the financial statements in accordance with *Governmental Accounting Standards*, in addition to the performance of the annual audit.

Recommendation: We recognize that the District may not have the resources to have an accounting professional on staff with the knowledge, experience, and training to prepare governmental financial statements in conformity with *Governmental Accounting Standards*. However, we recommend that management continue to increase their knowledge of financial reporting.

CAMDENTON R-III SCHOOL DISTRICT
SCHEDULE OF FINDINGS 2 CFR SECTION 200.515
FOR THE YEAR ENDED JUNE 30, 2016

SECTION II - FINANCIAL STATEMENTS FINDINGS (Continued)

2016-2: Oversight of the Financial Reporting Process (Resubmitted) (Continued)

Response/Current Status: The District does not have the resources to hire additional accounting personnel with the knowledge, experience, and training to prepare the financial statements in accordance with *Governmental Accounting Standards*. The District does, however, have staff with sufficient knowledge to understand and take responsibility for the basic financial statements.

SECTION III - FEDERAL AWARD FINDINGS

No matters were reported.

DRAFT