

CAMDENTON R-III SCHOOL DISTRICT

Camdenton, Missouri

INDEPENDENT AUDITORS' REPORT

For the Year Ended June 30, 2012

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INDEPENDENT AUDITORS' REPORT

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

We have audited the accompanying financial statements of the governmental activities, the aggregate discretely presented component unit, and each major fund of the Camdenton R-III School District, as of and for the year ended June 30, 2012, which collectively comprise the District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the District's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. 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*. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

As discussed in Note 1, the Camdenton R-III School District prepares its financial statements on the modified cash basis, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

In our opinion, the financial statements referred to in paragraph one 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 Camdenton R-III School District, as of June 30, 2012, and the respective changes in modified cash basis financial position thereof for the year then ended in conformity with the basis of accounting described in Note 1.

In accordance with *Government Auditing Standards*, we have also issued our report dated November 2, 2012, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

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

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's financial statements as a whole. The state compliance section is presented for purposes of additional analysis and is 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 OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is also not a required part of the financial statements. The schedule of expenditures of federal awards is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Graves and Associates,
CPAs, LLC

GRAVES AND ASSOCIATES, CPAs, LLC
Jefferson City, Missouri

November 2, 2012

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.

Management Discussion and Analysis for the Fiscal Year Ended June 30, 2012 - Unaudited

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, 2012. 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, 2012, was \$22,697,340.45. Total Operating Fund balance (General Fund, Special Revenue Fund, and Capital Projects Fund) year ending June 30, 2012, was \$20,951,383.52. The Operating Funds balance as of June 30, 2012, included no bond proceeds. Unrestricted ending fund balance (General, Special Revenue Funds) was 35.02% of the total expenditures for those funds. The ending balance for the Debt Service Fund was \$1,745,956.93. This \$1,745,956.93 is restricted fund balance and is used for the retirement of debt. The ending balance for Capital Projects Fund was \$6,581,766.22. There were no transfers from the Medical Self-Insurance Account to the Operating Funds.

The Medical Self-Insurance Account collected \$4,610,591.09 in revenue and disbursed \$3,884,467.24 for expenditures. The June 30, 2012, ending balance was \$2,587,708.04. Med-Pay of Springfield, Missouri, assured the Board of Education that the June 30, 2012, balance was adequate to pay all run-out expenditures should the Board of Education vote to enter into a fully insured medical program.

During the 2011-12 school year, no new general obligation bonds were issued. In December 2007, the District issued \$9,000,000 in General Obligation Refunding Bonds, Series 2007. This issue will advance fund the General Obligation Refunding and Improvement Bonds, Series 2004 in March 2012 by establishing a crossover escrow fund. In April 2008, the District issued \$3,950,000 in General Obligation Refunding Bonds, Series 2008. This issue advanced refunded the remaining outstanding \$3,950,000 balance of the 1998 General Obligation Bond Issue, created an escrow account for \$3,950,000 of the Series 1998, and retired amount of bonds. On June 30, 2012, there were no bond proceeds remaining from a general obligation bond issue in the 2004-05 school year. Total district bonded indebtedness on June 30, 2012, was \$29,130,000. Bond principal in the amount of \$600,000 and bond interest in the amount of \$1,427,475 were paid during the 2011-12 school year. The Debt Service Fund balance for the year ending June 30, 2012, was \$1,745,957. The Debt Service balance on June 30, 2012, is 78.63% of the 2012-13 Debt Service estimated expenditures.

Management Discussion and Analysis for the Fiscal Year Ended June 30, 2012 - Unaudited

- The Camdenton R-III School District has two outstanding Lease-Purchase loans. The first lease-purchase loan began on September 1, 2003. The original amount of the loan was \$4,065,000, of which \$406,500 was deposited in the Debt Service Reserve Account. The length of the loan is ten years. The balance of the loan at the close of the 2011-12 school year is \$875,000. Principal amount of \$450,000, and \$43,275 in interest was paid on this loan during the 2011-12 school year. The second lease-purchase loan began on June 28, 2005. The original amount of the loan was \$12,205,000, of which \$1,220,500 was deposited into the Debt Service Reserve Fund. The length of the loan is fifteen years. This lease was refunded in 2012. The size of the refunding was \$9,220,000. The balance of the loan at the close of the 2011-12 school year was \$9,110,000. Principal amount of \$640,000 and \$419,182.50 in interest was paid on this loan during the 2011-12 school year. A portion of the Capital Projects Fund has been set aside to satisfy the interest and principal of these loans.
- Total Capital Projects expenditures for the 2011-12 school year was \$2,889,181 with no bond proceeds. Interest, principal and fees paid on the two outstanding lease-purchase loans amounted to \$1,557,958. The remaining \$1,331,223 Capital Project expenditures were for site improvements, building repairs, 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 104.29% of the budgeted amount. Total expenditures, including bond principal and interest payments, were 99.27% of the budget. The district gained a total fund balance of \$1,389,820.75 compared to the year ended June 30, 2011. While some portions of state revenue were withheld from the district modest growth in assessed valuation helped to stabilize the district's budget. The district also made several cuts in its expenditures which helped offset state withholdings.

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 2011 and 2012 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 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.

**Management Discussion and Analysis
for the Fiscal Year Ended June 30, 2012 - Unaudited**

- 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 2011-2012 reflect a cash basis of accounting. Under the District's 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 2011-2012 school year disbursed in July and August 2012 as expenditures in June 2012.

As a result of the use of the 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 cash basis of accounting.

**Management Discussion and Analysis
for the Fiscal Year Ended June 30, 2012 - Unaudited**

Governmental Activities

The district's total fund balances were \$22,697,340.45. Total fund balances increased \$1,389,820.75 from the 2012 fiscal year.

Revenue/Expenditure comparison between fiscal years 2011 and 2012 is detailed below.

<u>Revenues</u>	<u>June 30, 2011</u>	<u>June 30, 2012</u>	<u>Difference</u>
Local	34,900,346	35,333,873	433,527
County	1,081,469	1,025,898	(55,571)
State	6,963,784	6,280,457	(683,327)
Federal	5,299,698	4,569,813	(729,885)
Other	<u>115,291</u>	<u>120,633</u>	<u>5,342</u>
Total	48,360,588	47,330,674	(1,029,914)

Expenditures by Function

<u>Expenditures</u>	<u>June 30, 2011</u>	<u>June 30, 2012</u>	<u>Difference</u>
Instructional Services	24,046,737	24,695,752	649,015
Executive Administration	1,049,532	1,049,746	214
Building Administration	2,561,891	2,600,515	38,624
Operation of Plant	4,256,391	4,073,235	(183,156)
Food Services	1,870,072	2,083,523	213,451
Transportation	2,280,847	2,415,048	134,201
Other Support Services	4,224,786	4,327,254	102,468
Facilities Acquisition & Construction	3,789,559	1,650,059	(2,139,500)
Debt Service	2,443,707	2,497,975	54,268
Comm Serv & Other Non-Instruc Serv	<u>558,645</u>	<u>547,746</u>	<u>(10,899)</u>
Total	47,082,167	45,940,853	(1,141,314)

**Management Discussion and Analysis
for the Fiscal Year Ended June 30, 2012 - Unaudited**

Camdenton R-III School District

Governmental Activities

The 2011-2012 budget was approved by the Board of Education on June 28, 2011. The 2011-2012 budget was amended on June 28, 2012.

Budgeted Receipts and Expenditures versus Actual Receipts and Expenditures

Fund	Budgeted Amount		Actual Amount		Difference	
	Receipts	Expenditures	Receipts	Expenditures	Receipts	Expenditures
General	18,191,198.81	16,405,565.81	19,364,571.58	16,331,093.03	1,173,372.77	(74,472.78)
Special Revenue	22,607,783.40	24,895,806.01	23,273,245.08	24,690,560.99	665,461.68	(205,245.02)
Debt Service	2,183,624.00	2,029,975.00	2,283,082.38	2,030,017.92	99,458.38	42.92
Capital Projects	2,403,231.00	2,946,518.32	2,409,774.80	2,889,181.15	6,543.80	(57,337.17)
Total	45,385,837.21	46,277,865.14	47,330,673.84	45,940,853.09	1,944,836.63	(337,012.05)

*Please note the district transferred \$1,414,182.96 from the General fund to the Special Revenue fund to cover payroll of certified staff members during the 2011-2012 year.

2011-2012 Budget Outlook

Camdenton R-III School District receives the majority of its revenue from local sources (74.65%) in fiscal year 2012. The prosperity of the District is dependent on growth in assessed valuation. The District has experienced a growth in assessed valuation of \$5,612,679 for the 2011-2012 school year. This is a .53% growth from the preceding year (2010-2011). 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 2011-2012 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 during the next five years (2009-2014), the District will maintain a June 30 year-end combined balances in the Teacher and Incidental Funds sufficient to accommodate cash flow obligations July through November plus two additional months in reserve (December and January).
- ▶ The District will maintain a June 30 year-end balance in Building Fund that is, at a minimum, the following year's obligations for lease purchase principal, interest, and fee payments plus sufficient Capital Project funds to accommodate cash flow obligations July through November plus two additional months in reserve (December and January).
- ▶ The District will maintain a balance in Debt Service Fund that is, at a minimum, 75% of the following year's obligations in the Debt Service principal and interest payments.

**Management Discussion and Analysis
for the Fiscal Year Ended June 30, 2012 - Unaudited**

Camdenton R-III School District

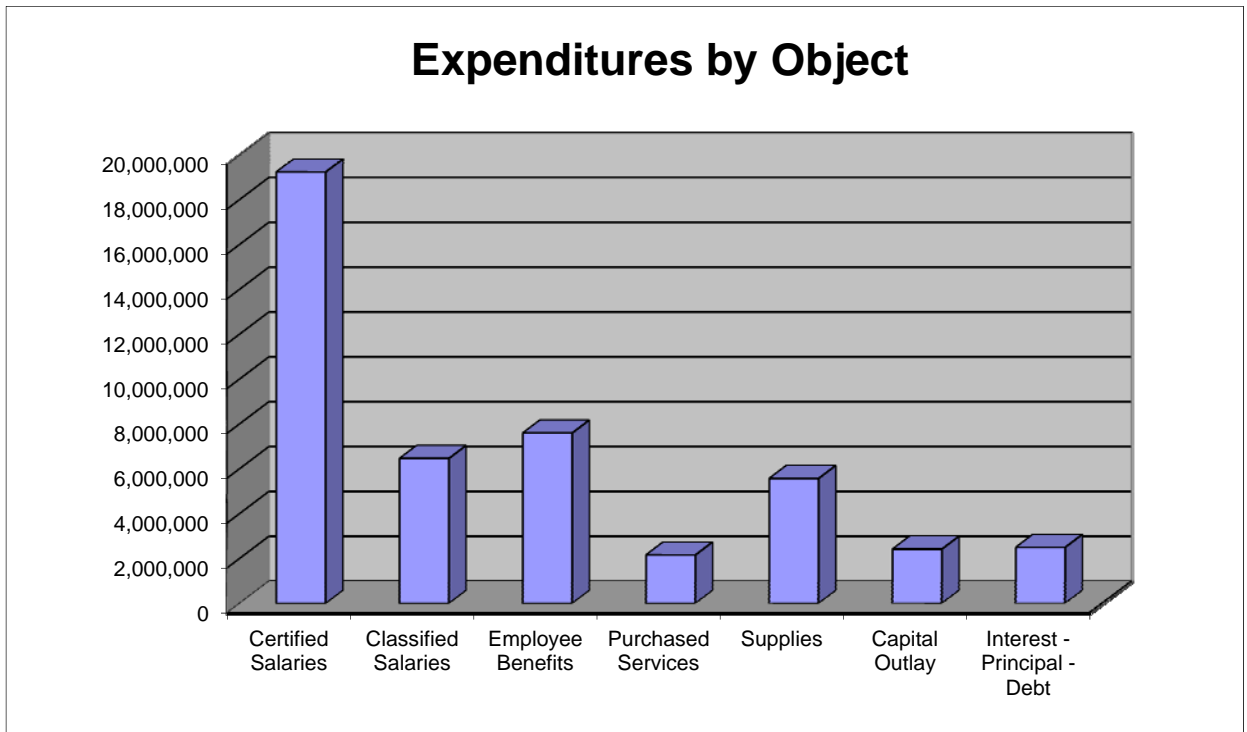
Financial Information

Expenditures by Program - \$45,940,853.09

Instruction	\$ 24,695,751.85
Support Services	16,549,320.61
Non-Instructional	<u>4,695,780.63</u>
Total	\$45,940,853.09

Expenditures by Object - \$45,940,853.09

6100 – Certified Salaries	\$19,235,008.01	41.87%
6150 – Classified Salaries	6,461,532.38	14.06%
6200 – Employee Benefits	7,594,726.14	16.53%
6300 – Purchased Services	2,158,753.12	4.70%
6400 – Supplies	5,571,634.37	12.13%
6500 – Capital Outlay	2,421,223.65	5.27%
6600 – Interest – Principal – Debt	<u>2,497,975.42</u>	<u>5.44%</u>
Total	\$45,940,853.09	100.00%



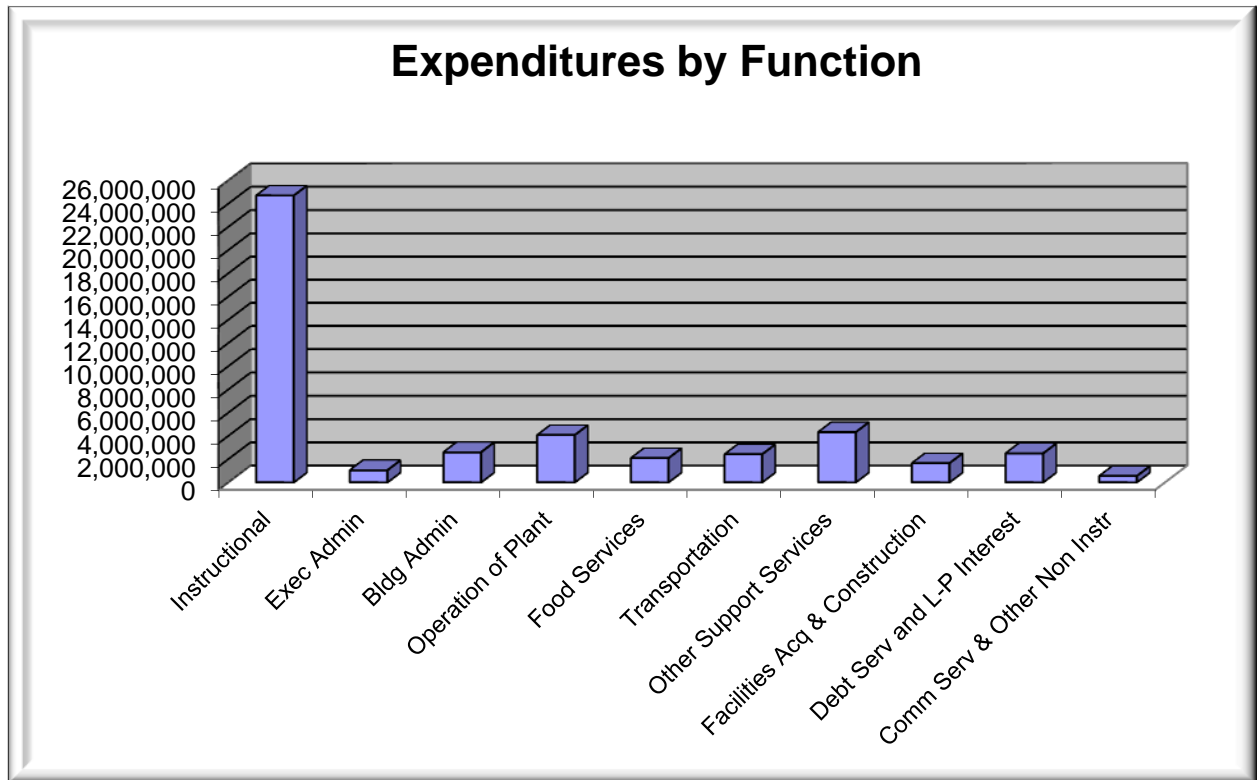
**Management Discussion and Analysis
for the Fiscal Year Ended June 30, 2012 - Unaudited**

Camdenton R-III School District

Financial Information

Expenditures by Function - \$45,940,853

Instructional	\$24,695,752	53.76%
Exec Admin	1,049,746	2.28%
Bldg Admin	2,600,515	5.66%
Operation of Plant	4,073,235	8.87%
Food Services	2,083,523	4.53%
Transportation	2,415,048	5.26%
Other Support Services	4,327,254	9.42%
Facilities Acq & Construction	1,650,059	3.59%
Debt Serv and L-P Interest	2,497,975	5.44%
Comm Serv & Other Non Instr	<u>547,746</u>	<u>1.19%</u>
Total	\$45,940,853	100.00%



**Management Discussion and Analysis
for the Fiscal Year Ended June 30, 2012 - Unaudited**

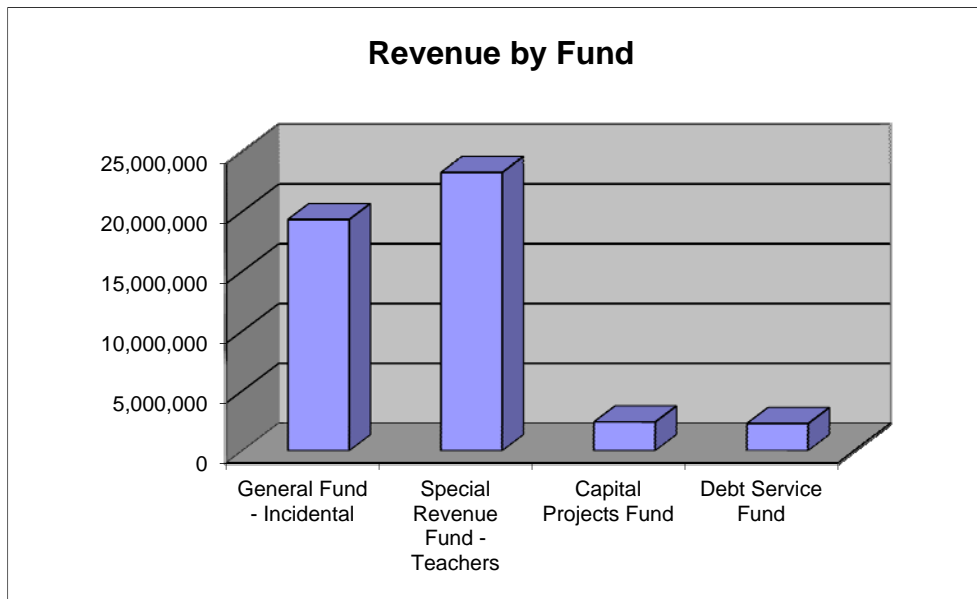
Camdenton R-III School District

Financial Information

Total Revenue for the fiscal year ending June 30, 2012, was \$47,313,083.38.

Revenue by Fund

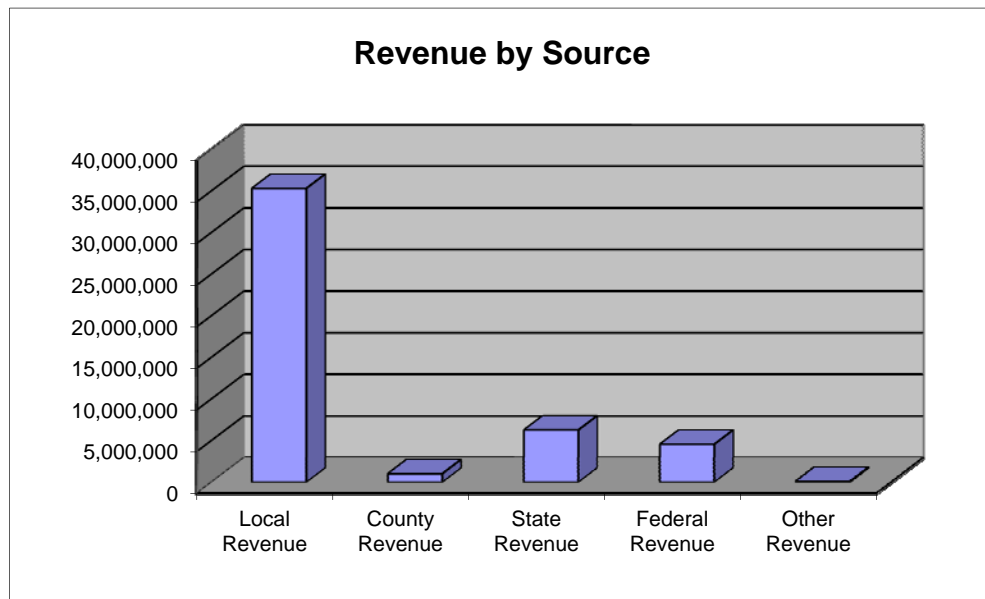
General Fund - Incidental	\$19,346,981.12
Special Revenue Fund - Teachers	23,273,245.08
Capital Projects Fund	2,409,774.80
Debt Service Fund	<u>2,283,082.38</u>
Total	\$47,313,083.38



**Management Discussion and Analysis
for the Fiscal Year Ended June 30, 2012 - Unaudited**

Revenue by Source

Local Revenue	\$35,316,282.29	74.64%
County Revenue	1,025,897.72	2.17%
State Revenue	6,280,456.93	13.27%
Federal Revenue	4,569,813.19	9.66%
Other Revenue	<u>120,633.25</u>	<u>0.26%</u>
Total	\$47,313,083.38	100.00%



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.

CAMDENTON R-III SCHOOL DISTRICT

STATEMENT OF NET ASSETS - MODIFIED CASH BASIS
 JUNE 30, 2012

	Primary Government	Component Unit
	Governmental Activities	Education Foundation
ASSETS		
Cash and Investments	\$ 20,951,384	\$ 93,405
Restricted Cash and Investments	4,333,665	1,114,537
Restricted Cash and Investments With Fiscal Agent	9,899,427	-
TOTAL ASSETS	\$ 35,184,477	\$ 1,207,942
NET ASSETS		
Restricted for:		
Long-Term Debt	\$ 11,645,384	\$ -
Medical Insurance	2,587,708	-
Alumni Association	-	25,661
Scholarships and Awards	-	1,182,281
Unrestricted	20,951,385	-
TOTAL NET ASSETS	\$ 35,184,477	\$ 1,207,942

See accompanying Notes to the Financial Statements.

CAMDENTON R-III SCHOOL DISTRICT

STATEMENT OF ACTIVITIES - MODIFIED CASH BASIS
FOR THE YEAR ENDED JUNE 30, 2012

Functions/Programs	Program Cash Revenues			Net Revenues (Expenditures) and Changes in Net Assets		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government	Component Unit
Primary Government					Governmental Activities	Education Foundation
Governmental activities:						
Instructional Services	\$ (24,695,752)	\$ 808,624	\$ 6,154,986	\$ 185,739	\$ (17,546,402)	\$ -
Support Services	(1,558,252)	-	-	-	(1,558,252)	-
Instructional Staff Support	(2,459,665)	-	-	-	(2,459,665)	-
Building Administration	(2,600,515)	-	-	-	(2,600,515)	-
General Administration and Central Services	(1,212,130)	-	-	-	(1,212,130)	-
Operation of Plant	(4,220,188)	-	-	-	(4,220,188)	-
Transportation	(2,415,048)	-	605,092	-	(1,809,956)	-
Food Service	(2,083,523)	636,633	1,311,124	-	(135,766)	-
Community Service	(547,746)	57,973	-	-	(489,773)	-
Facility Acquisition and Construction	(1,650,059)	-	-	-	(1,650,059)	-
Debt Services	(9,752,447)	-	-	-	(9,752,447)	-
Interest	(2,249,933)	-	-	-	(2,249,933)	-
Total Governmental Activities	<u>(55,445,257)</u>	<u>1,503,231</u>	<u>8,071,202</u>	<u>185,739</u>	<u>(45,685,085)</u>	<u>-</u>
Component Unit:						
Education Foundation	<u>(88,808)</u>	<u>17,864</u>	<u>13,722</u>			<u>(57,222)</u>
General Revenues:						
Property Taxes					31,145,495	-
Sales Taxes					3,466,402	-
State Aid					2,593,329	-
Fines					242,147	-
Investment Income					416,395	29,455
Grants and Contributions not Res. Specific					-	-
Miscellaneous					76,684	(1,484)
Proceeds from Sales					19,107	(2,290)
Bond Proceeds					-	-
Proceeds From Lease Certificates of Participation					8,365,000	-
Total General Revenues					<u>46,324,559</u>	<u>25,681</u>
Increase (Decrease) in Net Assets					639,474	(31,541)
Net Assets, Beginning of Year					33,818,878	1,239,482
Net Change in Reserve					<u>726,124</u>	<u>-</u>
Net Assets, End of Year					<u>\$ 35,184,477</u>	<u>\$ 1,207,941</u>

See accompanying Notes to the Financial Statements.

CAMDENTON R-III SCHOOL DISTRICT
BALANCE SHEET - MODIFIED CASH BASIS
GOVERNMENTAL FUNDS
JUNE 30, 2012

	General Fund	Special Revenue Fund	Debt Service Fund	Capital Projects Fund	Total Governmental Funds
ASSETS					
Cash and Investments	\$ 14,369,545	\$ 73	\$ -	\$ 6,581,766	\$ 20,951,384
Restricted Cash and Investments	2,587,708.04	-	1,745,957	-	4,333,665
Restricted Cash and Investments With Fiscal Agent	-	-	-	9,899,427	9,899,427
TOTAL ASSETS	<u>\$ 16,957,253</u>	<u>\$ 73</u>	<u>\$ 1,745,957</u>	<u>\$ 16,481,193</u>	<u>\$ 35,184,477</u>
FUND BALANCES					
Restricted for:					
Retirement of Long-Term Debt	\$ -	\$ -	\$ 1,745,957	\$ 9,899,427	\$ 11,645,384
Committed to:					
Compensated Absences	831,802	-	-	-	831,802
Assigned to:					
Self Insurance	2,587,708	-	-	-	2,587,708
Construction	-	-	-	589,650	589,650
Capital Projects	-	-	-	1,222,985	1,222,985
Unassigned	13,537,743	73	-	4,769,131	18,306,948
TOTAL FUND BALANCES	<u>\$ 16,957,253</u>	<u>\$ 73</u>	<u>\$ 1,745,957</u>	<u>\$ 16,481,193</u>	<u>\$ 35,184,477</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, 2012

	General Fund	Special Revenue Fund	Debt Service Fund	Capital Projects Fund	Total Governmental Funds
Revenues					
Local	\$ 14,873,054	\$ 16,091,448	\$ 2,218,204	\$ 2,123,829	\$ 35,306,535
County	354,467	592,532	57,913	20,986	1,025,898
State	1,265,424	4,829,293	-	185,739	6,280,457
Federal	2,853,471	1,656,049	-	60,293	4,569,813
Investment Income	17,590	2,396	344,201	52,208	416,395
Other Revenue	-	101,526	-	-	101,526
Total Revenues	<u>19,364,006</u>	<u>23,273,245</u>	<u>2,620,318</u>	<u>2,443,055</u>	<u>47,700,624</u>
Expenditures					
Instructional Services	4,065,033	20,082,286	-	548,434	24,695,752
Support Services	557,210	1,000,257	-	785	1,558,252
Instructional Staff Support	1,379,260	999,906	-	80,499	2,459,665
Building Administration	772,848	1,815,593	-	12,073	2,600,515
General Administration and Central Services	628,972	582,208	-	950	1,212,130
Operation of Plant	4,122,342	9,064	-	88,781	4,220,188
Transportation	2,387,888	-	-	27,160	2,415,048
Food Service	2,072,470	-	-	11,053	2,083,523
Community Service	345,069	201,247	-	1,430	547,746
Facility Acquisition and Construction	-	-	-	1,650,059	1,650,059
Debt Services	-	-	11,390,026	612,353	12,002,379
Total Expenditures	<u>16,331,093</u>	<u>24,690,561</u>	<u>11,390,026</u>	<u>3,033,577</u>	<u>55,445,257</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	3,032,913	(1,417,316)	(8,769,708)	(590,522)	(7,744,633)
Other Financing Sources (Uses):					
Proceeds from Certificates of Participation	-	-	-	8,365,000	8,365,000
Proceeds from Sales	565	-	-	18,542	19,107
Transfers (to) from Fund	<u>(1,414,183)</u>	<u>1,414,183</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Other Financing Sources (Uses)	(1,413,618)	1,414,183	-	8,383,542	8,384,107
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing (Uses)	1,619,296	(3,133)	(8,769,708)	7,793,020	639,474
Fund Balance, Beginning of Year	14,611,833	3,206	10,515,665	8,688,174	33,818,878
Net Change in Reserve	726,124	-	-	-	726,124
Fund Balance, End of Year	<u>\$ 16,957,253</u>	<u>\$ 73</u>	<u>\$ 1,745,957</u>	<u>\$ 16,481,193</u>	<u>\$ 35,184,477</u>

See accompanying Notes to the Financial Statements.

CAMDENTON R-III SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2012

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 a modified cash basis of accounting. This modified cash basis of accounting differs from accounting principles generally accepted in the United States of America (GAAP). GAAP includes all relevant Governmental Accounting Standards Board (GASB) pronouncements. In the government-wide financial statements and the fund financial statements, Financial Accounting Standards Board (FASB) pronouncements, and Accounting Principles Board (APB) opinions issued on or before November 30, 1989, have been applied unless those pronouncements conflict with or contradict GASB pronouncements, in which case, GASB prevails.

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

In determining the financial reporting entity, the District complies with the provisions of GASB Statement No. 14, “The Financial Reporting Entity,” as amended by GASB 39, *Determining Whether Certain Organizations Are Component Units*.

The discretely presented component unit of the District does not issue separately audited financial statements and follows the modified cash basis of accounting.

Basis of Presentation

Government-Wide Financial Statements

The Statement of Net Assets and Statement of Activities display information about the reporting government as a whole. They include all funds of the reporting entity. The statements 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 report business-type activities.

CAMDENTON R-III SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2012

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

Basis of Presentation (Continued)

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, liabilities, fund equity, revenues, and expenditures. Funds are organized into two major categories, governmental and proprietary. The District presently has no proprietary funds. An emphasis is placed on major funds within the governmental categories.

A fund is considered major if it is the primary operating fund of the District or meets the following criteria:

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

The funds of the financial reporting entity are described below:

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

Governmental Funds

General Fund - The General Fund is the primary operating fund of the District and 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 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 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.

CAMDENTON R-III SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2012

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

Basis of Presentation (Continued)

Fund Financial Statements (Continued)

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 receipts designated for construction of major capital assets and all other capital outlay.

Discretely Presented Component Unit

Camdenton R-III School District Education Foundation, Inc.

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.

Measurement Focus and Basis of Accounting

Measurement focus is a term used to describe “how” transactions are recorded within the various financial statements. Basis of accounting refers to “when” transactions are recorded regardless of the measurement focus applied.

Measurement Focus

In the government-wide Statement of Net Assets 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 or the “economic resources” measurement focus, as applied to the modified cash basis of accounting, is used as appropriate:

- All governmental funds utilize a “current financial resources” measurement focus. Only current financial assets and liabilities are generally included on their balance sheets. Their operating statements present sources and uses of available spendable financial resources at the end of the period.

CAMDENTON R-III SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2012

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

Measurement Focus and Basis of Accounting (Continued)

Basis of Accounting

In the government-wide Statement of Net Assets and Statement of Activities and the fund financial statements, governmental activities are presented using a modified cash basis of accounting. This basis of accounting recognizes assets, net assets/fund equity, revenues, and expenditures/expenses when they result from modified cash transactions in the government-wide financial statements. This basis is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

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

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

Assets, Liabilities, 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.

Investments

Investments classified in the financial statements consist of the Missouri School District Direct Deposit Program – Bond Escrow and MOSIP liquid fund holdings. Investments are carried at cost which approximates market. Additional cash and investment disclosures are presented in Note 2.

Capital Assets

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

CAMDENTON R-III SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2012

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

Assets, Liabilities, and Equity (Continued)

Restricted Assets

Restricted assets include assets that are legally restricted as to their use. The primary restricted assets are accounts restricted for debt service and self-insured medical insurance.

Long-Term Debt

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

Equity Classification

Government-Wide Financial Statements:

Equity is classified as net assets and displayed in two components:

- Restricted net assets – Consists of net assets with constraints placed on the use either by:
 1. External groups such as creditors, grantors, contributors or laws and regulations of other governments, or
 2. Law through constitutional provisions or enabling legislation.
- Unrestricted net assets – All other net assets that do not meet the definition of “restricted.”

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

Fund Financial Statements:

Governmental fund equity is classified as fund balance.

CAMDENTON R-III SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2012

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

Assets, Liabilities, and Equity (Continued)

Equity Classification (Continued)

Fund Equity

Beginning with fiscal year 2011, the District implemented GASB Statement No. 54, "Fund Balance Reporting and Governmental Fund Type Definitions." This Statement provides more clearly defined fund balance categories to make the nature and extent of the constraints placed on a government's fund balances more transparent. The following classifications describe the relative strength of spending constraints:

- *Nonspendable Fund Balance:* amounts that are not in spendable form (such as inventory) or are required to be maintained intact.
- *Restricted Fund Balance:* amounts constrained to specific purposes by their providers (such as grantors, bondholders, and higher levels of government), through constitutional provisions or enabling legislation.
- *Committed Fund Balance:* amounts constrained to specific purposes by the District itself, using its highest level of decision-making authority (i.e. the Board of Education). To be reported as committed, amounts cannot be used for any other purpose unless the District takes the same highest level action to remove or change the restraint.
- *Assigned Fund Balance:* amounts the District intends to use for a specific purpose. 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 Fund Balance:* amounts that are available for any purpose. Positive amounts are reported only in the general fund.

Beginning fund balances for the District's governmental funds have been restated to reflect the above classifications.

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 fixed assets, construction, debt services, or for other purposes).

In the general fund, the District strives to maintain an unassigned fund balance not less than 20% of the actual disbursements for the prior fiscal year.

CAMDENTON R-III SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2012

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

Assets, Liabilities, and Equity (Continued)

Equity Classification (Continued)

Fund Equity (Continued)

Order of Spending

For all funds, except the Debt Service Fund, when both restricted and unrestricted funds are available for expenditure, restricted funds should be spent first unless legal requirements disallow it. When committed, assigned, and unassigned funds are available for expenditure, committed funds should be spent first, assigned funds second, and unassigned funds last. For the Debt Service Fund, the Board considers unrestricted (assigned) balances to be spent prior to restricted balances. It is expected that spending will be classified by identification of remaining fund balances, rather than classifying expenditures during the year.

Fund Financial Statements:

Governmental fund equity is classified as fund balance.

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, PDC 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 receipts even if restricted for a specific purpose.

CAMDENTON R-III SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2012

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

Internal and Interfund Balances and Activities

Fund Financial Statements:

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

- Interfund loans – Amount provided with requirement for repayment are reported as interfund receivables and payables.
- Interfund reimbursements – Repayments from funds responsible for certain expenditures to the funds that initially paid for them are not reported as reimbursements but as adjustments to expenditures 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.

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 Assets.
- 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 flows 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, 2012

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

Use of Estimates

The preparation of financial statements in conformity with the other comprehensive basis accounting used by the District requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. 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 \$9,375,393, and the bank balance was \$15,439,852. Of the bank balance, \$946,227, was covered by the Federal Depository Insurance Corporation (FDIC) and \$12,272,486, was covered by collateral held at the District's safekeeping bank agent, in the District's name.

The District had exposure in one bank in the amount of \$2,221,139 for twenty-four hours as of the year ended.

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, 2012

NOTE 2 - CASH AND INVESTMENTS: (Continued)

The District invests in Missouri Securities Investment Program (MOSIP). 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. Since the Fund has the characteristics of a mutual fund, it would not be reported by risk category in accordance with Governmental Accounting Board Statement No. 3.

Investments are carried at cost which approximates market.

Investments

Investments consisted of the following:

	<u>Carrying Amount</u>	<u>Market Value</u>
MOSIP - Liquid Fund Holdings	\$15,344,018	\$15,344,018
Commerce Bank – 2007 Bond Escrow	9,492,921	9,492,921
MO School District Direct Deposit Program – Bond Escrow	<u>565,362</u>	<u>565,362</u>
Total	<u>\$25,402,301</u>	<u>\$25,402,301</u>

Component Unit

Restricted investments and assets consisted of:

	<u>Fair Value</u>
Equity securities and mutual funds	\$1,114,537
Checking and certificates of deposit	93,405
Less: Unrestricted	<u>(40,402)</u>
Total	<u>\$1,167,540</u>

Of this amount, \$150,000 is deemed to be permanently restricted and \$1,017,539 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, 2012

NOTE 3 - LONG-TERM DEBT:

SUMMARY OF BONDS OUTSTANDING

Bonds outstanding – Beginning	\$ 38,730,000
Bonds issued	-0-
Bonds retired	<u>(9,600,000)</u>
Bonds outstanding – Ending	<u>\$ 29,130,000</u>

Bonds payable as of the year ended consisted of:

\$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%.	16,180,000
\$9,000,000 general obligation refunding bonds, Series 2007, due in varying installments through March 1, 2024; interest at 5.25%.	9,000,000
\$3,950,000 general obligation refunding bonds, Series 2008, due in varying installments through March 1, 2016; interest at 3.25%.	<u>3,950,000</u>
Total Bonds Payable	<u>\$ 29,130,000</u>

CAMDENTON R-III SCHOOL DISTRICT
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE YEAR ENDED JUNE 30, 2012

NOTE 3 - LONG-TERM DEBT: (Continued)

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

<u>Year Ended</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2013	\$ 925,000	\$ 1,186,975	\$ 2,111,975
2014	975,000	1,156,913	2,131,913
2015	1,000,000	1,125,226	2,125,225
2016	1,250,000	1,092,725	2,342,725
2017	1,500,000	1,051,200	2,551,200
2018	1,200,000	1,078,450	2,278,450
2019	1,200,000	1,030,450	2,230,450
2020	1,180,000	979,450	2,159,450
2021	3,000,000	932,250	3,932,250
2022	3,900,000	774,750	4,674,750
2023	4,000,000	601,250	4,601,250
2024	<u>9,000,000</u>	<u>428,750</u>	<u>9,428,750</u>
Total	<u>\$ 29,130,000</u>	<u>\$ 11,438,388</u>	<u>\$ 40,568,388</u>

In December of 2004, the District issued \$9,330,000 in General Obligation Refunding and Improvement Bonds, Series 2004, to advance refund \$330,000 outstanding callable principal amount of the District's General Obligation Bonds, Series 1994 and provide funds for District improvements. Proceeds in the amount of \$9,330,000, reoffering premium of \$667,797 and District funds in the amount of \$9,075 were used to help prepay the callable series 1994 bonds and pay issuance costs of \$158,102. These Series 2004 bonds were paid off during the year ended.

CAMDENTON R-III SCHOOL DISTRICT
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE YEAR ENDED JUNE 30, 2012

NOTE 3 - LONG-TERM DEBT: (Continued)

In February of 2005, the District issued \$18,130,000 in General Obligation Refunding and Improvement Bonds, Series 2005. This issue advance refunded the remaining outstanding \$1,500,000 balance of the 1996 General Obligation Bond Issue, advanced refunded \$1,750,000 of the General Obligation Bond Issue, Series 1998, created an escrow account for \$3,900,000 of the Series 1998 that crossed over on March 1, 2008 and retired that amount of bonds, and issued \$10,900,000 for capital improvements. Proceeds in the amount of \$18,130,000, reoffering premium of \$1,395,458, and accrued interest of \$21,709 were used to help prepay the two issue amounts, establish the escrow account in the amount of \$4,138,531 and pay issuance costs of \$272,859.

In December of 2007, the District issued \$9,000,000 in General Obligation Refunding Bonds, Series 2007. This issue will advance refund the General Obligation Refunding and Improvement Bonds, Series 2004 in 2012 and established a crossover escrow fund. Proceeds in the amount of \$9,000,000 and accrued interest of \$4,000 along with \$312,100 of available funds of the District were deposited in the escrow account after paying issue discounts of \$149,110. The refunding will result in an economic gain over its life of \$515,906.

In April of 2008, the District issued \$3,950,000 in General Obligation Refunding Bonds, Series 2008. This issue advance refunded the remaining outstanding \$3,950,000 balance of the 1998 General Obligation Bond Issue, created as escrow account for \$3,950,000 of the Series 1998 and retired that amount of bonds. Proceeds in the amount of \$3,950,000, reoffering premium of \$40,056, additional equity contribution of \$62,647, and accrued interest of \$4,992 were used to help prepay the issue, establish the escrow account in the amount of \$3,992,128, and pay issuance costs of \$60,575. The refunding will result in an economic gain over its life of \$373,280.

SUMMARY OF CAPITAL LEASES OUTSTANDING

Beginning	\$ 11,075,000
Issued	8,365,000
Retired	<u>(1,090,000)</u>
Ending	<u>\$ 18,350,000</u>

CAMDENTON R-III SCHOOL DISTRICT
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE YEAR ENDED JUNE 30, 2012

NOTE 3 - LONG-TERM DEBT: (Continued)

SUMMARY OF CAPITAL LEASES OUTSTANDING (Continued)

Lease purchases as of the year ended consisted of:

\$4,065,000 certificates of participation, series 2003 due in varying installments through March 1, 2013; interest varying from 2.0% to 3.3%.	\$ 875,000
\$12,205,000 certificates of participation, series 2005 due in varying installments through April 1, 2013 when the 2012 issue refunds it: interest is 3.4%	9,110,000
\$8,365,000 certificates of participation, refunding series 2012 due in varying installments through April 1, 2020; interest varying from 2% to 2.25%. The refunding will result in an economic gain over its life of \$941,733.	<u>8,365,000</u>
Total Lease Purchases	<u>\$ 18,350,000</u>

Principal and interest requirements for the lease purchase are as follows:

<u>Year Ended</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2013	\$10,785,000	610,442	11,395,442
2014	875,000	154,600	1,029,600
2015	945,000	137,100	1,082,100
2016	1,000,000	118,200	1,118,200
2017	1,065,000	98,200	1,163,200
2018	1,145,000	76,900	1,221,900
2019	1,215,000	54,000	1,269,000
2020	<u>1,320,000</u>	<u>29,700</u>	<u>1,349,700</u>
Total	<u>\$18,350,000</u>	<u>\$ 1,279,142</u>	<u>\$19,629,142</u>

A debt reserve in the amounts of \$406,500 was established by the terms of one of these leases.

The District incurred interest expense of \$2,249,933 as of the year ended.

CAMDENTON R-III SCHOOL DISTRICT
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE YEAR ENDED JUNE 30, 2012

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 \$ 1,414,183

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 receipts restricted to debt service from the funds collecting the receipts 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 contributes to the Public School Retirement System of Missouri (PSRS), a cost-sharing multiple-employer defined benefit pension plan. PSRS provides retirement and disability benefits to certificated employees and death benefits to members and beneficiaries. Positions covered by the PSRS are not covered by social security. Benefit provisions are set forth in Chapter 169.010 - .141, of the Missouri Revised Statutes. The Statutes assign responsibility for the administration of the system to a seven member Board of Trustees. PSRS issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to: The Public School Retirement System of Missouri, P.O. Box 268, Jefferson City, Missouri 65102, or by calling 1-800-392-6848.

PSRS members are required to contribute 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 as of the year ended, was equal to the required contributions. The contributions for the last three fiscal years are as follows:

<u>Year Ended</u>	<u>Amount of Employer Contribution</u>	<u>Percentage of Contributions</u>
2012	\$2,961,369	14.5%
2011	2,811,922	14.0%
2011	2,762,101	13.5%

CAMDENTON R-III SCHOOL DISTRICT
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE YEAR ENDED JUNE 30, 2012

NOTE 5 - RETIREMENT PLAN: (Continued)

The District also contributes to the Public Education Employee Retirement System (PEERS), a cost sharing multiple-employer defined benefit pension plan. PEERS provides retirement and disability benefits to employees of the district who work 20 or more hours per week and who do not contribute to PSRS. Certain part-time certified employees may be covered by this plan. Positions covered by PEERS are also covered by social security. 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 PEERS. PEERS issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to: Public Education Employee Retirement System, P.O. Box 268, Jefferson City, Missouri 65102 or by calling 1-800-392-6848.

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 as of the year ended, was equal to the required contributions. The contributions for the last three fiscal years are as follows:

<u>Year Ended</u>	<u>Amount of Employer Contribution</u>	<u>Percentage of Contributions</u>
2012	\$ 440,165	6.86%
2011	401,261	6.63%
2010	384,652	6.50%

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.

CAMDENTON R-III SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2012

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.

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 are maintained on the modified cash basis. Revenues are recognized when collected and expenditures 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 \$2,587,708, 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:

<u>Loss Limits:</u>	
Specific Retention per person	\$ 90,000
Reimbursement Factor	100%
Specific Maximum limit per person	Unlimited
Estimated minimum annual aggregate retention amount	4,172,969
Maximum Limit of Reimbursement Liability	1,000,000

CAMDENTON R-III SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2012

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 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.

NOTE 9 - COMPENSATED ABSENCES:

Vacation time, personal business days, and sick leave days are considered as expenditures 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.

Certified employees receive \$45 per day times their years of service percentage multiplied by the number of accumulated days for reimbursement. As of the year ended, there were 25,769 certified and non-certified sick days accumulated. The liability would estimate approximately \$831,802 based on the average daily payout for the fiscal year.

NOTE 10 - TEACHERS' SALARIES:

Payroll checks written and dated in June, for July and August 2012 payroll from 2011-2012 contracts are included in the financial statements as an expenditure paid in the month of June. This practice has been consistently followed in previous years.

NOTE 11 - 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.

CAMDENTON R-III SCHOOL DISTRICT
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE YEAR ENDED JUNE 30, 2012

NOTE 11 - TAXES: (Continued)

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

Total	<u>\$1,063,772,225</u>
-------	------------------------

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

	<u>Unadjusted</u>	<u>Adjusted</u>
General Fund	\$ 1.2800	\$ 1.2800
Special Revenue Fund	1.1800	1.1800
Debt Service Fund	.2100	.2100
Capital Projects Fund	<u>.2000</u>	<u>.2000</u>
	<u>\$ 2.8700</u>	<u>\$ 2.8700</u>

The receipts of current and delinquent property taxes during the fiscal year ended June 30 aggregated approximately 99% of the current assessment computed on the basis of the levy as shown above.

NOTE 12 - CONSTRUCTION COMMITMENTS:

The District has a remaining balance on construction contracts in the amount of \$-0-.

NOTE 13 – CHANGE IN ACCOUNTING PRINCIPLE:

The District changed its basis of accounting for reporting purposes from the cash basis to a modified cash basis during the year ended. The District has historically presented investments. It was understood this was an acceptable practice with the cash basis. However, it was determined during the course of the audit this year it is no longer acceptable. This method is preferable because it requires no adjustment to beginning fund balance, whereas keeping it on the cash basis would require the cost of the investments to be adjusted through the beginning net assets. Therefore, the net effect to fund balance is \$0.

NOTE 14 - EVALUATION OF SUBSEQUENT EVENTS:

The District has evaluated subsequent events through November 2, 2012, the date which the financial statements were available to be issued.

OTHER INFORMATION

CAMDENTON R-III SCHOOL DISTRICT

BUDGETARY COMPARISON SCHEDULE - MODIFIED CASH BASIS
 GENERAL FUND
 FOR THE YEAR ENDED JUNE 30, 2012

	Budget	Final Budget	Actual	Variance Favorable (Unfavorable) w/ Final Budget
Revenues				
Local	\$ 13,164,488	\$ 13,164,488	\$ 14,873,054	\$ 1,708,566
County	222,333	222,333	354,467	132,134
State	751,890	751,890	1,265,424	513,534
Federal	1,365,944	1,525,488	2,853,471	1,327,983
Investment Income	100,000	100,000	17,590	(82,410)
Total Revenues	<u>15,604,655</u>	<u>15,764,199</u>	<u>19,364,006</u>	<u>3,599,807</u>
Expenditures				
Instruction	2,986,792	3,084,327	4,065,033	(980,706)
Student Services	573,730	573,730	557,210	16,520
Instructional Staff Support	1,427,017	1,427,317	1,379,260	48,058
Building Administration	792,421	792,721	772,848	19,872
General Administration and Central Services	605,975	605,975	628,972	(22,997)
Operation of Plant	4,493,051	4,493,051	4,122,342	370,709
Transportation	2,289,507	2,289,507	2,387,888	(98,382)
Food Service	1,786,297	1,786,297	2,072,470	(286,172)
Community Service	350,691	350,691	345,069	5,622
Total Expenditures	<u>15,305,481</u>	<u>15,403,616</u>	<u>16,331,093</u>	<u>(927,477)</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	299,174	360,583	3,032,913	2,672,330
Other Financing Sources (Uses):				
Proceeds from Sales	-	-	565	565
Transfers (to) from Fund	(1,414,183)	(1,414,183)	(1,414,183)	-
Total Other Financing Sources (Uses)	<u>(1,414,183)</u>	<u>(1,414,183)</u>	<u>(1,413,618)</u>	<u>-</u>
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing (Uses)	(1,115,009)	(1,053,600)	1,619,296	2,672,330
Fund Balance, Beginning of Year	14,611,833	14,611,833	14,611,833	-
Net Change in Reserve	<u>-</u>	<u>726,124</u>	<u>726,124</u>	<u>-</u>
Fund Balance, End of Year	<u>\$ 13,496,824</u>	<u>\$ 14,284,357</u>	<u>\$ 16,957,253</u>	<u>\$ 2,672,330</u>

CAMDENTON R-III SCHOOL DISTRICT
 BUDGETARY COMPARISON SCHEDULE - MODIFIED CASH BASIS
 SPECIAL REVENUE FUND
 FOR THE YEAR ENDED JUNE 30, 2012

	Budget	Final Budget	Actual	Continued Variance Favorable (Unfavorable) w/ Final Budget
Revenues				
Local	\$ 15,425,778	\$ 15,425,778	\$ 16,091,448	\$ 665,670
County	646,740	646,740	592,532	(54,208)
State	4,770,174	4,770,174	4,829,293	59,119
Federal	1,646,091	1,646,091	1,656,049	9,958
Investment Income	-	-	2,396	2,396
Non-Revenue Receipts	119,000	119,000	101,526	(17,474)
Total Revenues	<u>22,607,783</u>	<u>22,607,783</u>	<u>23,273,245</u>	<u>665,462</u>
Expenditures				
Instruction	20,109,176	20,112,176	20,082,286	29,890
Student Services	992,595	992,595	1,000,257	(7,662)
Instructional Staff Support	1,233,707	1,233,707	999,906	233,801
Building Administration	1,819,675	1,819,675	1,815,593	4,082
General Administration and Central Services	582,320	582,320	582,208	112
Operation of Plant	-	-	9,064	(9,064)
Community Service	155,334	155,337	201,247	(45,911)
Total Expenditures	<u>24,892,806</u>	<u>24,895,809</u>	<u>24,690,561</u>	<u>205,248</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(2,285,023)	(2,288,026)	(1,417,316)	870,710
Other Financing Sources (Uses):				
Transfers (to) from Fund	2,281,817	2,284,820	1,414,183	(870,637.04)
Total Other Financing Sources (Uses)	<u>2,281,817</u>	<u>2,284,820</u>	<u>1,414,183</u>	<u>(870,637.04)</u>
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing (Uses)	(3,206)	(3,206)	(3,133)	73
Fund Balance, Beginning of Year	<u>3,206</u>	<u>3,206</u>	<u>3,206</u>	<u>-</u>
Fund Balance, End of Year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 73</u>	<u>\$ 73</u>

CAMDENTON R-III SCHOOL DISTRICT
NOTES TO BUDGETARY COMPARISON SCHEDULES
FOR THE YEAR ENDED JUNE 30, 2012

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 Assistant 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 for all District funds. Budgeted expenditures 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 when paid. Budgets lapse at year-end.

**SUPPLEMENTARY
INFORMATION**

STATE COMPLIANCE
SECTION



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

We have examined management's assertion that Camdenton R-III School 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, 2012. Management is responsible for the District's compliance with those requirements. Our responsibility is to express an opinion on 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, Camdenton R-III School District complied, in all material respects with the aforementioned requirements during the year ended June 30, 2012, except for the item related to the District's deposits being fully secured during the year further discussed in the Management Letter Finding 2011-2.

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 2, 2012

CAMDENTON R-III SCHOOL DISTRICT
 SCHEDULE OF SELECTED STATISTICS
 FOR THE YEAR ENDED JUNE 30, 2012

Type of audit performed: Yellow Book: X Single Audit: X

1. Calendar (Sections 160.041 and 171.031, RSMo)

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

Kindergarten – A.M.	<u> </u> Hours	Grades <u> K-4 </u>	<u>1,104.80</u> Hours
Kindergarten – P.M.	<u> </u> Hours	Grades <u> 3-4 </u>	<u>1,104.80</u> Hours
Kindergarten – Full-day	<u> </u> Hours	Grades <u> K-4 </u>	<u>1,104.80</u> Hours
		Grades <u> 5-6 </u>	<u>1,104.80</u> Hours
		Grades <u> K-2 </u>	<u>1,104.80</u> Hours
		Grades <u> 7-8 </u>	<u>1,104.80</u> Hours
		Grades <u> 9-12 </u>	<u>1,104.80</u> Hours
		Grades <u> JJC </u>	<u>1,044.00</u> Hours

B. 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
-------------------------	---------------------	------------------------	---------------------

2. Average Daily Attendance (ADA)

Regular Term	Full-time/ Part-time	Remedial	Total
Grades <u> K-4 </u> HD	<u> 120.53 </u>	<u> 4.59 </u>	<u> 125.12 </u>
Grades <u> K-4 </u> OB	<u> 201.56 </u>	<u> 8.28 </u>	<u> 209.84 </u>
Grades <u> 5-6 </u> OR	<u> 601.52 </u>	<u> 10.30 </u>	<u> 611.72 </u>
Grades <u> 3-4 </u> HW	<u> 450.72 </u>	<u> 11.12 </u>	<u> 461.84 </u>
Grades <u> K-2 </u> DW	<u> 681.96 </u>	<u> 9.03 </u>	<u> 690.99 </u>
Grades <u> 7-8 </u> CM	<u> 575.69 </u>	<u> 8.47 </u>	<u> 584.16 </u>
Grades <u> 9-12 </u> CH	<u> 1,209.23 </u>	<u> 3.68 </u>	<u> 1,212.91 </u>
Grades <u> 6-12 </u> JCC	<u> 2.17 </u>	<u> 0.00 </u>	<u> 2.17 </u>
Subtotal Regular Term	<u> 3,843.28 </u>	<u> 55.47 </u>	<u> 3,898.75 </u>
		Resident	Total
Summer School			
Subtotal		<u> 26.63 </u>	<u> 26.63 </u>
Total Regular Term Plus Summer School ADA			<u> 3,925.38 </u>

CAMDENTON R-III SCHOOL DISTRICT
 SCHEDULE OF SELECTED STATISTICS
 FOR THE YEAR ENDED JUNE 30, 2012

3. September Membership

	Full-Time & Part-Time	Total
September Membership FTE Count	<u>4,151.68</u>	<u>4,151.68</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>1,877.00</u>	<u> </u>	<u>1,877.00</u>
	Reduced	<u>385.00</u>	<u> </u>	<u>385.00</u>
	Total	<u>2,262.00</u>	<u> </u>	<u>2,262.00</u>

5. Finance

- A. As required by Section 162.401, RSMo, a bond was purchased for the District's treasurer in the total amount of \$ 25,000.
- B. The District's deposits were secured during the year as required by Section 110.010 and 110.020, RSMo. False
- 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

*See Management Letter Finding 2011-2 regarding "false" answer.

CAMDENTON R-III SCHOOL DISTRICT
 SCHEDULE OF SELECTED STATISTICS
 FOR THE YEAR ENDED JUNE 30, 2012

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 # 3,441.50
- Ineligible ADT # 134.50

D. The District's transportation odometer mileage records are so maintained as to accurately disclose in all material respects the eligible and ineligible mileage for the year. True

E. Actual odometer records show the total district-operated and contracted mileage for the year was: # 830,920

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 # 671,459
- Ineligible Miles (Non-Route/Disapproved) # 159,461

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

FEDERAL COMPLIANCE
SECTION

CAMDENTON R-III SCHOOL DISTRICT

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2012

Federal Grantor Pass-Through Grantor Program Title	Federal CFDA Number	Pass-Through Entity Identifying Number	2012 Disbursements
<u>U.S. Department of Education</u>			
Passed Through Missouri Department of Elementary and Secondary Education:			
Title I, Part A	84.010A	015-002	\$ 1,106,228
Title I - School Improvements	84.010A	015-002	30,732
Title I.D - LEA	84.010A	015-002	16,477
Total Title I, Part A Cluster			<u>1,153,437</u>
IDEA, Part B	84.027A	015-002	928,723
ECSE	84.027A	015-002	94,130
Assistive Technology Reimbursement	84.027A	015-002	15,000
Special Education SET Training	84.027A	015-002	100
Special Education SWIS	84.027A	015-002	500
Special Education High Need Fund	84.027A	015-002	8,115
ARRA - IDEA, Part B	84.391A	015-002	31,866
Total Special Education Cluster (IDEA)			<u>1,078,434</u>
ARRA - Education Stabilization Fund	84.394	015-002	95,949
ARRA - SFSF - Government Services	84.397	015-002	5,328
Total State Fiscal Stabilization Fund Cluster			<u>101,277</u>
Advanced Placement Program	84.330B	015-002	4,662
Adult Education and Literacy	84.002A	015-002	21,421
Title II.A	84.367A	015-002	188,693
Title III	84.365	015-002	11,971
Title VI.B	84.358B	015-002	77,274
PERKINS	84.048A	015-002	113,495
21st Century Community Learning	84.287C	015-002	710,541
Total U.S. Department of Education			<u>3,461,205</u>
<u>U.S. Department of Agriculture</u>			
Passed Through Missouri Department of Elementary and Secondary Education:			
National School Lunch Program	10.555	015-002	973,389
After School Snack Program	10.555	015-002	24,739
School Breakfast Program	10.553	015-002	299,307
School Food Service Fruits & Vegetables	10.582	015-002	49,785
Non Cash: Food Distribution	10.555	015-002	175,007
Total Child Nutrition Cluster			<u>1,522,227</u>
Total U.S. Department of Agriculture			<u>1,522,227</u>

CAMDENTON R-III SCHOOL DISTRICT

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2012

Federal Grantor Pass-Through Grantor Program Title	Federal CFDA Number	Pass-Through Entity Identifying Number	2012 Disbursements
Direct Programs:			
<u>U.S. Department of Education:</u>			
Pell Grant	84.063		\$ 59,175
Total U.S. Department of Education			<u>59,175</u>
<u>U.S. Department of Justice:</u>			
Passed Through City of Camdenon			
Secure Our Schools	16.710		33,719
Total U.S. Department of Justice			<u>33,719</u>
TOTAL EXPENDITURES OF FEDERAL AWARDS			<u><u>\$ 5,076,326</u></u>

BASIS OF PRESENTATION:

The accompanying schedule of expenditures of federal awards includes the federal grant activity of Camdenon R-III School District and is presented on the modified cash basis of accounting which is a comprehensive basis of accounting other than GAAP. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of State, Local Governments, and Non-Profit Organizations*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of the basic financial statements.

FOOD DISTRIBUTION:

Non-monetary assistance is reported in the schedule at the fair market value of the commodities received and disbursed. At June 30, the District had food commodities of \$10,345 in inventory.



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 the financial statements of the governmental activities, the aggregate discretely presented component unit, and each major fund of the Camdenton R-III School District, as of and for the year ended June 30, 2012, which collectively comprise Camdenton R-III School District's basic financial statements and have issued our report which was modified for the modified cash basis of accounting thereon dated November 2, 2012. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

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

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.

Our consideration of internal control over financial reporting 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 financial reporting that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Compliance and Other Matters

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

We noted certain other matters that we reported to management of the District in a separate letter dated November 2, 2012.

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

Graves and Associates,
CPAs, LLC

GRAVES AND ASSOCIATES, CPAs, LLC
Jefferson City, Missouri

November 2, 2012



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

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

Compliance

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

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

In our opinion, the District complied, in all material respects, with the 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, 2012.

Internal Control Over Compliance

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

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis.

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

This report is intended solely for the information of the Board of Education, management, federal and state awarding agencies, and pass-through entities 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 2, 2012

CAMDENTON R-III SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2012

SECTION I - SUMMARY OF AUDITORS' RESULTS

Financial Statements:

Type of Auditors' Report Issued:

Unqualified

Internal Control Over Financial Reporting:

- Material weakness(es) identified?

Yes No

- Significant deficiency identified that are not
considered to be material weaknesses?

Yes None
Reported

- Noncompliance material to financial statements noted?

Yes No

Federal Awards:

Internal Control Over Major Programs:

- Material weakness(es) identified?

Yes No

- Significant deficiency identified that are not
considered to be material weaknesses?

Yes None
Reported

Type of Auditors' Report Issued On Compliance
for Major Programs:

Unqualified

Any audit findings disclosed that required to be reported
in accordance with section 510(A) of Circular A-133?

Yes No

CAMDENTON R-III SCHOOL DISTRICT
 SCHEDULE OF FINDINGS AND QUESTIONED COSTS
 FOR THE YEAR ENDED JUNE 30, 2012

SECTION I - SUMMARY OF AUDITORS' RESULTS (Continued)

Identification of Major Programs:

<u>CFDA Number (s)</u>	<u>Name of Federal Program or Cluster</u>
	<u>U.S. Department of Education:</u>
	Passed Through from Missouri Department of Elementary and Secondary Education:
84.010/84.389	Title I, Part A Cluster
	<u>U.S. Department of Agriculture:</u>
	Passed Through from Missouri Department of Elementary and Secondary Education:
10.553/10.555/10.582	Child Nutrition Cluster

Dollar Threshold Used to Distinguish Between
 Type A and Type B Programs:

\$ 300,000

Auditee qualified as low-risk?

X Yes ___ No

SECTION II - FINANCIAL STATEMENTS FINDINGS

No matters were reported.

SECTION III - FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

No matters were reported.