

COMMUNICATION OF AUDIT RESULTS

CAMDENTON R-III
SCHOOL DISTRICT

June 30, 2013

DRAFT

GRAVES and ASSOCIATES, CPAs, LLC

November 1, 2013

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 Camdenton R-III School District for the year ended June 30, 2013. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards, *Government Auditing Standards*, and OMB Circular A-133, 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 August 24, 2010. Professional standards also require that we communicate to you the following information related to our audit.

Significant Audit Findings

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by Camdenton R-III School 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 2013. We noted no transactions entered into by the District 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.

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

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.

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 trivial, and communicate them to the appropriate level of management.

Disagreements with Management

For purposes of this letter, professional standards define a disagreement with management as 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 1, 2013.

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.

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.

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.

Very truly yours,

*Graves and Associates,
CPAS, LLC*

GRAVES AND ASSOCIATES, CPAs, LLC
Jefferson City, Missouri

MANAGEMENT LETTER
CAMDENTON R-III SCHOOL
DISTRICT

June 30, 2013

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 as of and for the year ended June 30, 2013, in accordance with auditing standards generally accepted in the United States of America, we considered Camdenton R-III School 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 Camdenton R-III School District's internal control. Accordingly, we do not express an opinion on the effectiveness of the Camdenton R-III School 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 Camdenton R-III School District's internal control to be significant deficiencies:

Audit Findings Previously Communicated In a Letter Dated November 2, 2012

SIGNIFICANT DEFICIENCIES

Finding 2011-2 Custodial Credit Risk

Criteria: Missouri statutes require that all deposits with financial institutions be collateralized in an amount at least equal to uninsured deposits.

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.

DRAFT
Graves and Associates,
CPAs, LLC

GRAVES AND ASSOCIATES, CPAs, LLC
Jefferson City, Missouri

November 1, 2013

**CAMDENTON R-III
SCHOOL DISTRICT**

Camdenton, Missouri

INDEPENDENT AUDITORS' REPORT

For the Year Ended June 30, 2013

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INDEPENDENT AUDITORS' REPORT

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

Report on the Financial Statements

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, as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the Camdenton R-III School District's basic financial statements, as listed in the table of contents. These financial statements are the responsibility of the Camdenton R-III School District's management. Our responsibility is to express opinions on these financial statements based on our audit.

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.

Auditors' Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the modified cash basis financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider 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 modified cash basis 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 Camdenon R-III School District, as of June 30, 2013, and the respective changes in modified cash basis financial position thereof for the year then ended in conformity with the basis of accounting described in Note 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.

Other Matters

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Camdenon R-III School District's basic financial statements. The management's discussion and analysis, the budgetary comparison schedules, and the state compliance section 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 U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is also not a required part of the basic financial statements.

The state compliance section and the schedule of expenditures of federal awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the 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 state compliance section and the schedule of expenditures of federal awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The management's discussion and analysis and budgetary comparison schedules have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated November 1, 2013, on our consideration of the Camdenton R-III School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and to provide an opinion on internal control over financial reporting or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* considering Camdenton R-III School District's internal control over financial reporting and compliance.

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*Graves and Associates,
CPAs, LLC*

GRAVES AND ASSOCIATES, CPAs, LLC
Jefferson City, Missouri

November 1, 2013

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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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, 2013

	Primary Government	Component Unit
	Governmental Activities	Education Foundation
ASSETS		
Cash and Investments	\$ 21,669,967	\$ -
Restricted Cash and Investments	3,585,794	1,207,942
Restricted Cash and Investments With Fiscal Agent	1	-
TOTAL ASSETS	<u>\$ 25,255,763</u>	<u>\$ 1,207,942</u>

NET POSITION

Restrict		
Long-Term Debt	\$ 726,512	\$ -
Alumni Association		25,661
Scholarships and Awards		1,182,281
Unrestricted	23,529,251	-
TOTAL NET POSITION	<u>\$ 25,255,763</u>	<u>\$ 1,207,942</u>

See accompanying Notes to the Financial Statements.

CAMDENTON R-III SCHOOL DISTRICT

STATEMENT OF ACTIVITIES - MODIFIED CASH BASIS
FOR THE YEAR ENDED JUNE 30, 2013

Functions/Programs	Net Revenues (Expenditures) and Changes in Net Position					
	Program Revenues				Primary Government	Component Unit
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Education Foundation
Primary Government						
Governmental activities:						
Instructional Services	\$ (24,903,580)	\$ 682,885	\$ 6,817,731	\$ 95,026	\$ (17,307,938)	\$ -
Support Services	(1,561,110)	-	-	-	(1,561,110)	-
Instructional Staff Support	(2,888,406)	-	-	-	(2,888,406)	-
Building Administration	(2,667,211)	-	-	-	(2,667,211)	-
General Administration and Central Services	(1,253,116)	-	-	-	(1,253,116)	-
Operation of Plant	(4,145,277)	-	-	-	(4,145,277)	-
Transportation	(2,283,710)	-	574,388	-	(2,283,710)	-
Food Service	(225,422)	627,622	1,368,590	-	(225,422)	-
Community Service	(505,725)	60,365	-	-	(505,725)	-
Facility Acquisition and Construction	(2,495,902)	-	-	-	(2,495,902)	-
Debt Services	(10,450,320)	-	-	-	(10,450,320)	-
Interest	(1,899,159)	-	-	-	(1,899,159)	-
Total Governmental Activities	(57,989,897)	1,370,872	8,780,700	95,026	(47,683,294)	-
Component Unit:						
Education Foundation	(92,583)	17,864	13,722	-	-	(60,996)
General Revenues:						
Property Taxes					31,565,042	-
Sales Taxes					3,498,178	-
State Aid					2,789,683	-
Fines					298,020	-
Investment Income					40,306	29,455
Miscellaneous					264,230	-
Proceeds from Sales					27,552	-
Total General Revenues					38,483,011	29,455
Increase (Decrease) in Net Position					(9,200,284)	(31,541)
Net Position, Beginning of Year					35,184,471	1,239,482
Net Change in Reserve					(728,425)	-
Net Position, End of Year					\$ 25,255,763	\$ 1,207,942

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See accompanying Notes to the Financial Statements.

CAMDENTON R-III SCHOOL DISTRICT

BALANCE SHEET - MODIFIED CASH BASIS
 GOVERNMENTAL FUNDS
 JUNE 30, 2013

	General Fund	Special Revenue Fund	Debt Service Fund	Capital Projects Fund	Total Governmental Funds
ASSETS					
Cash and Investments	\$ 16,186,279	\$ -	\$ -	\$ 5,483,688	\$ 21,669,967
Restricted Cash and Investments	1,859,283	-	1,726,511	-	3,585,794
Restricted Cash and Investments With Fiscal Agent	-	-	-	1	1
TOTAL ASSETS	<u>\$ 18,045,562</u>	<u>\$ -</u>	<u>\$ 1,726,511</u>	<u>\$ 5,483,689</u>	<u>\$ 25,255,763</u>

FUND BALANCES

Restricted for:					
Retirement of Long-Term Debt	\$ -	\$ -	\$ 1,726,511	\$ 1	\$ 1,726,512
Committed to:					
Compensated Absences	856,395	-	-	-	856,395
Self Insurance	1,859,283	-	-	-	1,859,283
Assigned to:					
Construction	-	-	-	17,249,540	17,249,540
Capital Projects	-	-	-	19,926,176	19,926,176
Unassigned	329,884	-	-	(31,692,028)	(16,362,143)
TOTAL FUND BALANCES	<u>\$ 18,045,562</u>	<u>\$ -</u>	<u>\$ 1,726,511</u>	<u>\$ 5,483,689</u>	<u>\$ 25,255,763</u>

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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, 2013

	General Fund	Special Revenue Fund	Debt Service Fund	Capital Projects Fund	Total Governmental Funds
Revenues					
Local	\$ 15,545,410	\$ 16,328,896	\$ 2,150,322	\$ 1,945,852	\$ 35,970,480
County	290,286	588,307	48,235	13,781	940,609
State	1,799,005	4,640,030	-	95,026	6,534,060
Federal	3,224,403	1,785,419	-	101,532	5,111,353
Investment Income	15,015	2,423	1,772	21,096	40,306
Other Revenue	-	85,253	-	-	85,253
Total Revenues	20,874,119	23,430,327	2,200,329	2,177,287	48,682,062
Expenditures					
Instructional Services	2,462,554	2,000,881	-	475,800	4,939,235
Support Services	562,288	2,000,883	-	7,100	2,570,471
Instructional Staff Support	1,447,000	1,130,000	-	314,600	2,891,600
Building Administration	85,000	1,822,000	-	9,200	2,616,200
General Administration	885,312	586,400	-	1,300	1,473,012
Operation of Plant	7,172	-	-	22,800	29,972
Transportation	2,000,000	-	-	333,100	2,333,100
Food Service	2,220,000	-	-	1,600	2,221,600
Community Service	349,000	214,417	-	2,600	566,017
Facility Acquisition and Construction	-	-	-	2,495,902	2,495,902
Debt Services	-	-	2,219,775	10,129,704	12,349,479
Total Expenditures	16,593,897	25,298,154	2,219,775	13,798,071	57,909,897
Excess (Deficiency) of Revenues Over (Under) Expenditures	4,280,221	(1,867,827)	(19,446)	(11,620,784)	(9,227,835)
Other Financing Sources (Uses):					
Proceeds from Sales	4,268	-	-	23,284	27,552
Transfers (to) from Fund	(2,467,754)	1,867,754	-	600,000	-
Total Other Financing Sources (Uses)	(2,463,486)	1,867,754	-	623,284	27,552
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Sources (Uses)	1,816,735	(73)	(19,446)	(10,997,499)	(9,200,284)
Fund Balance, Beginning of Year	16,957,253	73	1,745,957	16,481,188	35,184,471
Net Change in Reserve	(728,425)	-	-	-	(728,425)
Fund Balance, End of Year	\$ 18,045,562	\$ -	\$ 1,726,511	\$ 5,483,689	\$ 25,255,763

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See accompanying Notes to the Financial Statements.

CAMDENTON R-III SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2013

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.

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, 2013

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, liabilities, net position or fund balance, revenues, and expenditures/expenses. Funds are organized into two major categories: governmental and proprietary. The District presently has no proprietary or fiduciary funds. An emphasis is placed on major funds within the governmental category. 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 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, 2013

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 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.

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 “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 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:

CAMDENTON R-III SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2013

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

Measurement Focus and Basis of Accounting (Continued)

Measurement Focus (Continued)

In the fund financial statements, the “current financial resources” 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 within the limitations of the modified cash basis of accounting. 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 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 on the modified cash basis of accounting, which is a basis of accounting other than GAAP as established by the GASB. 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, deferred outflows, liabilities, and deferred inflows that do not arise from a cash transaction or event are not reported, and the measurement of reported assets and liabilities does not involve adjustment to fair value.

If the District utilized the basis of accounting recognized as generally accepted in the United States, the fund financial statements for governmental funds would use the modified accrual basis of accounting. All government-wide financial statements 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.

CAMDENTON R-III SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2013

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

Assets, Liabilities, 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 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 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. The debt proceeds are reported as other financing sources and payment of principal and interest are reported as expenditures. The District's long-term debt consists primarily of bonds payable and leases.

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Equity Classification

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, deferred outflows of resources, liabilities, and deferred inflows of resources that are not included in the determination of the restricted component of net position.

It is the District's policy to first use restricted net resources prior to the use of unrestricted net resources when an expense is incurred for purposes for which both restricted and unrestricted net resources 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, 2013

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

Assets, Liabilities, and Equity (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.

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).

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

Order of Spending

For all funds, except the Debt Service Fund, the Board 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.

CAMDENTON R-III SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2013

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

Assets, Liabilities, and Equity (Continued)

Equity Classification (Continued)

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:

Program Revenues

Examples

Charges for Services

Tuition, adult continuing education, transportation fees, sales, rentals, community services, food service 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 revenues even if restricted for a specific purpose.

Expenditures/Expenses

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

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

CAMDENTON R-III SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2013

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 – Amounts 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:

- DRAFT**
- 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, 2013

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 \$6,447,225, and the bank balance was \$10,302,688. Of the bank balance, \$750,000, was covered by the Federal Depository Insurance Corporation (FDIC) and \$9,552,688, 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, 2013

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	\$18,235,195	\$18,235,195
MO School District Direct Deposit Program – Bond Escrow	<u>573,343</u>	<u>573,343</u>
Total	<u>\$18,808,538</u>	<u>\$18,808,538</u>

Component Unit

Restricted investments and assets consisted of:

	<u>Fair Value</u>
Equity securities and mutual funds	\$1,160,499
Checking and certificates of deposit	47,089
Less: Unrestricted	<u>(45,557)</u>
Total	<u>\$1,162,031</u>

Of this amount, \$150,000 is deemed to be permanently restricted and \$1,012,031 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, 2013

NOTE 3 - LONG-TERM DEBT:

SUMMARY OF BONDS OUTSTANDING

Bonds Outstanding – Beginning	\$ 29,130,000
Bonds Issued	-0-
Bonds Retired	<u>(925,000)</u>
Bonds Outstanding – Ending	<u>\$ 28,205,000</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% 3,025,000

Total Bonds Payable \$ 28,205,000

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CAMDENTON R-III SCHOOL DISTRICT
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE YEAR ENDED JUNE 30, 2013

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>
2014	\$ 975,000	\$ 1,156,913	\$ 2,131,913
2015	1,000,000	1,125,226	2,125,226
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>\$ 28,205,000</u>	<u>\$ 10,251,414</u>	<u>\$ 38,456,414</u>

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In February of 2005, the District issued \$1,430,000 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 advance refunded 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 an 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.

CAMDENTON R-III SCHOOL DISTRICT
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE YEAR ENDED JUNE 30, 2013

NOTE 3 - LONG-TERM DEBT: (Continued)

SUMMARY OF CAPITAL LEASES OUTSTANDING

Beginning	\$ 18,350,000
Issued	-0-
Retired	<u>(10,785,000)</u>
Ending	<u>\$ 7,565,000</u>

Lease Purchases as of the year ended consisted of:

\$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.

\$ 7,565,000

Total Lease Purchases

\$ 7,565,500

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

<u>Year Ended</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
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>\$ 7,565,000</u>	<u>\$ 668,700</u>	<u>\$ 8,233,700</u>

The District incurred interest expense of \$1,899,159 as of the year ended.

CAMDENTON R-III SCHOOL DISTRICT
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE YEAR ENDED JUNE 30, 2013

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 \$ 1,867,754

Capital Projects Fund

\$162,326 or 7% \times SAT \times WADA

Total transfers to Capital Projects \$ 600,000

Total Transfers \$ 2,467,754

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.

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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 were as follows:

CAMDENTON R-III SCHOOL DISTRICT
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE YEAR ENDED JUNE 30, 2013

NOTE 5 - RETIREMENT PLAN: (Continued)

<u>Year Ended</u>	<u>Amount of Employer Contribution</u>	<u>Percentage of Contributions</u>
2013	\$3,033,000	14.5%
2012	2,961,369	14.5%
2011	2,811,922	14.0%

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 for the year ended 2013, was equal to the required contributions. 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>
2013	\$ 446,519	6.86%
2012	440,165	6.86%
2011	401,261	6.63%

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, 2013

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 Fund are maintained on the modified cash basis of accounting. 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 \$1,859,283, 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	\$ 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, 2013

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 25,675 certified and non-certified sick days accumulated. The liability would estimate approximately \$856,395, based on the average daily payroll for the fiscal year.

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NOTE 10 - TEACHERS' SALARIES:

Payroll checks written and dated in June, for July and August 2013 payroll from 2012-2013 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, 2013

NOTE 11 - TAXES: (Continued)

The assessed valuation of the tangible taxable property for the calendar year 2012 for purposes of local taxation was as follows:

Total	<u>\$1,078,979,666</u>
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The tax levy per \$100 of the assessed valuation of tangible taxable property for the calendar year 2012 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	.2000	.2000
Capital Projects Fund	<u>.1600</u>	<u>.1600</u>
	<u>\$ 2.8700</u>	<u>\$ 2.8700</u>

The collection of current and delinquent property taxes during the fiscal year ended aggregated approximately 100% of the current assessment computed on the basis of the levy as shown above.

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NOTE 12 - CONSTRUCTION COMMITMENTS:

The District has a remaining balance on construction contracts in the amount of \$63,605.

NOTE 13 - EVALUATION OF SUBSEQUENT EVENTS:

The District has evaluated subsequent events through November 1, 2013, the date which the financial statements were available to be issued.

The District approved the issuance of \$43,000,000 in general obligation bonds. Issuance of the bonds began after the fiscal year end.

OTHER INFORMATION

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SUPPLEMENTARY
INFORMATION

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CAMDENTON R-III SCHOOL DISTRICT

BUDGETARY COMPARISON SCHEDULE - MODIFIED CASH BASIS
 GENERAL FUND
 FOR THE YEAR ENDED JUNE 30, 2013

	Budget	Final Budget	Actual	Variance
Revenues				
Local	\$ 14,110,020	\$ 14,110,020	\$ 15,545,410	\$ 1,435,390
County	222,333	222,333	290,286	67,953
State	978,000	978,000	1,799,005	821,005
Federal	1,471,070	1,643,795	3,224,403	1,580,608
Investment Income	94,000	94,000	15,015	(78,985)
Total Revenues	16,875,423	17,048,148	20,874,119	3,825,971
Expenditures				
Instruction	3,070,172	3,170,742	3,876,854	(706,111)
Student Services	579,552	594,552	562,208	32,344
Instructional Staff Support	1,239,709	1,449,230	1,443,336	5,894
Building Administration	781,553	783,553	835,038	(51,485)
General Administration and Central Services	621,715	673,715	665,312	8,403
Operation of Plant	4,540,714	4,603,714	4,117,172	486,542
Transportation	2,265,951	2,333,701	2,524,935	(191,234)
Food Service	1,820,363	2,220,363	2,220,005	358
Community Service	357,295	357,295	349,037	8,257
Total Expenditures	15,277,024	16,186,866	16,593,897	(407,031)
Excess (Deficiency) of Revenues Over (Under) Expenditures	1,598,399	861,282	4,280,221	3,418,939
Other Financing Sources (Uses):				
Proceeds from Sales	-	-	268	4,268
Transfers (to) from Fund	(2,467,754)	(2,467,754)	(2,467,754)	-
Total Other Financing Sources (Uses)	(2,467,754)	(2,467,754)	(2,467,487)	4,268
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Sources (Uses)	(869,355)	(1,606,472)	1,816,735	3,423,207
Fund Balance, Beginning of Year	16,957,253	16,957,253	16,957,253	-
Net Change in Reserve	-	(728,425)	(728,425)	-
Fund Balance, End of Year	\$ 16,087,898	\$ 14,622,356	\$ 18,045,562	\$ 3,423,207

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CAMDENTON R-III SCHOOL DISTRICT
 BUDGETARY COMPARISON SCHEDULE - MODIFIED CASH BASIS
 SPECIAL REVENUE FUND
 FOR THE YEAR ENDED JUNE 30, 2013

	Budget	Final Budget	Actual	Variance
Continued				
Revenues				
Local	\$ 15,738,920	\$ 15,738,920	\$ 16,328,896	\$ 589,976
County	671,740	671,740	588,307	(83,433)
State	4,765,247	4,765,247	4,640,030	(125,217)
Federal	1,454,899	1,629,201	1,785,419	156,217
Investment Income	-	-	2,423	2,423
Non-Revenue Receipts	115,000	115,000	85,253	(29,747)
Total Revenues	<u>22,745,806</u>	<u>22,920,108</u>	<u>23,430,327</u>	<u>510,219</u>
Expenditures				
Instruction	20,639,522	20,699,522	20,546,881	152,642
Student Services	985,605	985,605	991,783	(6,178)
Instructional Staff Support	1,258,875	1,385,783	1,130,403	255,379
Building Administration	1,825,627	1,825,627	1,822,961	2,666
General Administration and Central Services	586,613	586,613	586,470	143
Operation of Plant	-	-	5,240	(5,240)
Community Service	156,539	156,539	214,417	(57,878)
Total Expenditures	<u>25,452,781</u>	<u>25,639,689</u>	<u>25,298,154</u>	<u>341,535</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(2,706,975)	(2,719,580)	(1,867,827)	851,754
Other Financing Sources (Uses):				
Transfers (to) from Fund	2,706,902	2,706,902	2,706,902	(851,753)
Total Other Financing Sources (Uses)	<u>2,706,902</u>	<u>2,706,902</u>	<u>1,867,754</u>	<u>(851,753)</u>
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Sources (Uses)	(73)	(73)	(73)	-
Fund Balance, Beginning of Year	<u>73</u>	<u>73</u>	<u>73</u>	<u>-</u>
Fund Balance, End of Year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

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CAMDENTON R-III SCHOOL DISTRICT
NOTES TO BUDGETARY COMPARISON SCHEDULES
FOR THE YEAR ENDED JUNE 30, 2013

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 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.

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STATE COMPLIANCE
SECTION

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INDEPENDENT AUDITORS' 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 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, 2013. Management is responsible for the District's compliance with these 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, 2013.

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 1, 2013

CAMDENTON R-III SCHOOL DISTRICT
 SCHEDULE OF SELECTED STATISTICS
 FOR THE YEAR ENDED JUNE 30, 2013

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> 1-5 </u>	<u>1,106.30</u> Hours
Kindergarten – P.M.	<u> </u> Hours	Grades <u> 6-12 </u>	<u>1,106.30</u> Hours
Kindergarten – Full-day	<u>317.10</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> 1-5 </u>	<u> 174 </u> Days
		Grades <u> 6-12 </u>	<u> 174 </u> Days
		Grades <u> JJC </u>	<u> 174 </u> Days

2. Average Daily Attendance (ADA)

Regular Term	Full-time/ Part-time	Remedial	Total
Kindergarten – Full-Day	<u> 317.10 </u>	<u> 0.57 </u>	<u> 317.67 </u>
Grades <u> 1-5 </u>	<u> 1,449.37 </u>	<u> 28.81 </u>	<u> 1,478.18 </u>
Grades <u> 6-12 </u>	<u> 2,033.90 </u>	<u> 11.30 </u>	<u> 2,045.20 </u>
Grades <u> JJC </u>	<u> 2.73 </u>	<u> 0.00 </u>	<u> 2.73 </u>

Subtotal Regular Term 3,843.78

	Resident	Total
Summer School		
Subtotal	<u> 27.02 </u>	<u> 27.02 </u>

Total Regular Term Plus Summer School ADA 3,870.80

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CAMDENTON R-III SCHOOL DISTRICT
 SCHEDULE OF SELECTED STATISTICS
 FOR THE YEAR ENDED JUNE 30, 2013

3. September Membership

	Full-Time & Part-Time	Total
September Membership FTE Count	<u>4,147.19</u>	<u>4,147.19</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>1,882.93</u>	<u> </u>	<u>1,882.93</u>
	Reduced	<u>377.30</u>	<u> </u>	<u>377.30</u>
	Total	<u>2,260.23</u>	<u> </u>	<u>2,260.23</u>

5. Finance

- DRAFT
- A. As required by Section 62.401, 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. True
 - 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

CAMDENTON R-III SCHOOL DISTRICT
SCHEDULE OF SELECTED STATISTICS
FOR THE YEAR ENDED JUNE 30, 2013

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 # 2,978.00
 - Ineligible ADT # 201.50
- 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: # 839,833
- 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 # 649,521
 - Ineligible Miles (Non-Route/Disapproved) # 190,312
- F. Number of days the District operated the school transportation system during the regular school year. 174

FEDERAL COMPLIANCE
SECTION

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CAMDENTON R-III SCHOOL DISTRICT

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2013

Federal Grantor Pass-Through Grantor Program Title	Federal CFDA Number	Pass-Through Entity Identifying Number	2013 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	\$ 952,263
Total Title I, Part A Cluster			952,263
IDEA, Part B	84.027A	015-002	780,047
ECSE	84.027A	015-002	143,934
Assistive Technology Reimbursement	84.027A	015-002	25,000
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	10,227
State Wide Collaborative	84.027A	015-002	1,519
Total Special Education Cluster (IDEA)			961,327
Advanced Placement Program	84.330B	015-002	6,485
Adult Education and Literacy	84.002A	015-002	27,653
Title IIA	84.367A	015-002	224,688
Title III	84.365	015-002	10,786
Title VI.B	84.358B	015-002	86,228
PERKINS	84.048A	015-002	113,188
21st Century Community Learning	84.287C	015-002	851,730
Passed Through Rolla Public School			
PERKINS	84.048A		1,086
Total U.S. Department of Education			3,235,434
<u>U.S. Department of Agriculture</u>			
Passed Through Missouri Department of Elementary and Secondary Education:			
National School Lunch Program	10.555	015-002	989,929
After School Snack Program	10.555	015-002	24,965
School Breakfast Program	10.553	015-002	335,482
School Food Service Fruits and Vegetables	10.582	015-002	42,128
Non Cash: Food Distribution	10.555	015-002	143,533
Total Child Nutrition Cluster			1,536,037
Passed Through the Missouri Department of Health and Senior Services:			
Summer Food Service	10.559	015-002	\$ 13,893
Total U.S. Department of Agriculture			1,549,930

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CAMDENTON R-III SCHOOL DISTRICT

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2013

Federal Grantor Pass-Through Grantor Program Title	Federal CFDA Number	Pass-Through Entity Identifying Number	2013 Disbursements
Direct Programs:			
<u>U.S. Department of Education:</u>			
Pell Grant	84.063		\$ 19,375
Total U.S. Department of Education			<u>19,375</u>
<u>U.S. Department of Justice:</u>			
Passed Through City of Camden			
Secure Our Schools	16.710		<u>78,188</u>
Total U.S. Department of Justice			<u>78,188</u>
TOTAL EXPENDITURES OF FEDERAL AWARDS			<u>\$ 4,882,927</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 OIG Circular A-133, *Audit 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. As of the year ended, the District had food commodities of \$5,021 in inventory.



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

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

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 and questioned costs that we consider to be significant deficiencies. They are identified as items 2012-1 and 2012-2.

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

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*.

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 1, 2013



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

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 compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of Camdenton R-III School District's major federal programs for the year ended June 30, 2013. Camdenton R-III School District's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

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Auditors' Responsibility

Our responsibility is to express an opinion on compliance for each of Camdenton R-III School District's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Camdenton R-III School District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

Opinion on Each Major Federal Program

In our opinion, Camdenton R-III School District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2013.

Report on Internal Control Over Compliance

Management of Camdenton R-III School District, is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered Camdenton R-III School District's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with 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 Camdenton R-III School District's internal control over compliance.

A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or 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 OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

*Graves and Associates,
CPAs, LLC*

GRAVES AND ASSOCIATES, CPAs, LLC
Jefferson City, Missouri

November 1, 2013

CAMDENTON R-III SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2013

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

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CAMDENTON R-III SCHOOL DISTRICT
 SCHEDULE OF FINDINGS AND QUESTIONED COSTS
 FOR THE YEAR ENDED JUNE 30, 2013

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 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?

Yes No

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SECTION II - FINANCIAL STATEMENTS FINDINGS

2012-1: Segregation of Duties

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.

CAMDENTON R-III SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2013

2012-2: Oversight of the Financial Reporting Process

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 auditors 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.

SECTION III - FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

No matters were reported.



Camdenton R-III School District
Everyone Learning Every Day

PO Box 1409
Camdenton, MO 65020-1409
Phone: 573-346-9213 · Fax: 573-346-9211

Superintendent
Tim Hadfield, Ed.D.
Assistant Superintendents
Roma Lee France
Jim Rich, Ph.D.
Ryan Neal

November 1, 2013

Graves and Associates, CPAs LLC
3702 West Truman Boulevard, Suite 213
Jefferson City, MO 65109

This representation letter is provided in connection with your audit of the financial statements of Camdenton R-III School District, which comprise the respective financial position of the governmental activities, the aggregate component unit, and each major fund as of June 30, 2013, and the respective changes in financial position for the year then ended, and the related notes to the financial statements, for the purpose of expressing opinions as to whether the financial statements are presented fairly, in all material respects, in accordance with the modified cash basis of accounting.

Certain representations in this letter are described as being limited to matters that are material. Items are considered material, regardless of size, if they involve an omission or misstatement of accounting information that, in light of surrounding circumstances, makes it probable that the judgment of a reasonable person relying on the information would be changed or influenced by the omission or misstatement. An omission or misstatement that is monetarily small in amount could be considered material as a result of qualitative factors.

We confirm, to the best of our knowledge and belief, as of November 1, 2013, the following representations made to you during your audit.

Financial Statements

- 1) We have fulfilled our responsibilities, as set out in the terms of the audit engagement letter dated August 24, 2010, including our responsibility for the preparation and fair presentation of the financial statements and for preparation of the supplementary information in accordance with the applicable criteria.
- 2) The financial statements referred to above are fairly presented in conformity with the modified cash basis of accounting and include all properly classified funds and other financial information of the primary government and all component units required by the modified cash basis of accounting to be included in the financial reporting entity.
- 3) We acknowledge our responsibility 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.

BOARD OF EDUCATION

Chris C. McElyea, President
Jackie Schulte, Member

Nancy A. Masterson, Vice President
Laura L. Martin, Member

Selynn Barbour, Treasurer
Tom Williams, Member

John L. Beckett, Member
Linda Leu, Secretary

- 4) We acknowledge our responsibility for the design, implementation, and maintenance of internal control to prevent and detect fraud.
- 5) Significant assumptions we used in making accounting estimates are reasonable.
- 6) Related party relationships and transactions, including revenues, expenditures/expenses, loans, transfers, leasing arrangements, and guarantees, and amounts receivable from or payable to related parties have been appropriately accounted for and disclosed in accordance with the requirements of the modified cash basis of accounting.
- 7) All events subsequent to the date of the financial statements and for which the modified cash basis of accounting requires adjustment or disclosure have been adjusted or disclosed. No events, including instances of noncompliance, have occurred subsequent to the balance sheet date and through the date of this letter that would require adjustment to or disclosure in the aforementioned financial statements or in the schedule of findings and questioned costs.
- 8) The effects of all known actual or possible litigation, claims, and assessments have been accounted for and disclosed in accordance with the modified cash basis of accounting.
- 9) Guarantees, whether written or oral, under which the District is contingently liable, if any, have been properly recorded or disclosed.

Information Provided

- 10) We have provided you with:
 - a) Access to all information, of which we are aware, that is relevant to the preparation and fair presentation of the financial statements, such as records, documentation, and other matters and all audit or relevant monitoring reports, if any, received from funding sources.
 - b) Additional information that you have requested from us for the purpose of the audit.
 - c) Unrestricted access to persons within the entity from whom you determined it necessary to obtain audit evidence.
 - d) Minutes of the meetings of the Board of Education or summaries of actions of recent meetings for which minutes have not yet been prepared.
- 11) All material transactions have been recorded in the accounting records and are reflected in the financial statements and the schedule of expenditures of federal awards.
- 12) We have disclosed to you the results of our assessment of the risk that the financial statements may be materially misstated as a result of fraud.
- 13) We have no knowledge of any fraud or suspected fraud that affects the entity and involves:
 - a) Management,
 - b) Employees who have significant roles in internal control, or
 - c) Others where the fraud could have a material effect on the financial statements.
- 14) We have no knowledge of any allegations of fraud or suspected fraud affecting the entity's financial statements communicated by employees, former employees, regulators, or others.
- 15) We have no knowledge of instances of noncompliance or suspected noncompliance with provisions of laws, regulations, contracts, or grant agreements, or abuse, whose effects should be considered when preparing financial statements.
- 16) We have disclosed to you all known actual or possible litigation, claims, and assessments whose effects should be considered when preparing the financial statements.

17) We have disclosed to you the identity of the entity's related parties and all the related party relationships and transactions of which we are aware.

Government—specific

18) We have made available to you all financial records and related data and all audit or relevant monitoring reports, if any, received from funding sources.

19) There have been no communications from regulatory agencies concerning noncompliance with, or deficiencies in, financial reporting practices.

20) We have a process to track the status of audit findings and recommendations.

21) We have identified to you any previous audits, attestation engagements, and other studies related to the audit objectives and whether related recommendations have been implemented.

22) We have provided our views on reported findings, conclusions, and recommendations, as well as our planned corrective actions, for the report.

23) The District has no plans or intentions that may materially affect the carrying value or classification of assets, liabilities, or equity.

24) We are responsible for compliance with the laws, regulations, and provisions of contracts and grant agreements applicable to us, including tax or debt limits and debt contracts; and we have identified and disclosed to you all laws, regulations and provisions of contracts and grant agreements that we believe have a direct and material effect on the determination of financial statement amounts or other financial data significant to the audit objectives, including legal and contractual provisions for reporting specific activities in separate funds.

25) There are no violations or possible violations of budget ordinances, laws and regulations (including those pertaining to adopting, approving, and amending budgets), provisions of contracts and grant agreements, tax or debt limits, and any related debt covenants whose effects should be considered for disclosure in the financial statements, or as a basis for recording a loss contingency, or for reporting on noncompliance.

26) As part of your audit, you assisted with preparation of the financial statements and related notes and schedule of expenditures of federal awards. We have designated an individual with suitable skill, knowledge, or experience to oversee your services and have assumed all management responsibilities. We have reviewed, approved, and accepted responsibility for those financial statements and related notes and schedule of expenditures of federal awards.

27) The District has satisfactory title to all owned assets, and there are no liens or encumbrances on such assets nor has any asset been pledged as collateral.

28) The District has complied with all aspects of contractual agreements that would have a material effect on the financial statements in the event of noncompliance.

29) We have followed all applicable laws and regulations in adopting, approving, and amending budgets.

30) The financial statements include all component units as well as joint ventures with an equity interest, and properly disclose all other joint ventures and other related organizations.

31) The financial statements properly classify all funds and activities.

32) All funds that meet the quantitative criteria in GASBS Nos. 34 and 37 for presentation as major are identified and presented as such and all other funds that are presented as major are particularly important to financial statement users.

- 33) Components of net position (net investment in capital assets; restricted; and unrestricted) and equity amounts are properly classified and, if applicable, approved.
- 34) Investments, derivative instruments, and land and other real estate held by endowments are properly valued.
- 35) Expenses have been appropriately classified in or allocated to functions and programs in the statement of activities, and allocations have been made on a reasonable basis.
- 36) Revenues are appropriately classified in the statement of activities within program revenues, general revenues, contributions to term or permanent endowments, or contributions to permanent fund principal.
- 37) Interfund, internal, and intra-entity activity and balances have been appropriately classified and reported.
- 38) Deposits and investment securities and derivative instruments are properly classified as to risk and are properly disclosed.
- 39) We have appropriately disclosed the District's policy regarding whether to first apply restricted or unrestricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position is available and have determined that net position is properly recognized under the policy.
- 40) We acknowledge our responsibility for the other information (OI). The OI is measured and presented within prescribed guidelines and the methods of measurement and presentation have not changed from those used in the prior period. We have disclosed to you any significant assumptions and interpretations underlying the measurement and presentation of the OI.
- 41) With respect to federal award programs:
 - a) We are responsible for understanding and complying with and have complied with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, including requirements relating to preparation of the schedule of expenditures of federal awards.
 - b) We acknowledge our responsibility for presenting the schedule of expenditures of federal awards (SEFA) in accordance with the requirements of OMB Circular A-133 §310.b, and we believe the SEFA, including its form and content, is fairly presented in accordance with OMB Circular A-133 §310.b. The methods of measurement or presentation of the SEFA have not changed from those used in the prior period and we have disclosed to you any significant assumptions and interpretations underlying the measurement or presentation of the SEFA.
 - c) If the SEFA is not presented with the audited financial statements, we will make the audited financial statements readily available to the intended users of the SEFA no later than the date we issue the SEFA and the auditors' report thereon.
 - d) We have identified and disclosed to you all of our government programs and related activities subject to OMB Circular A-133 and included in the SEFA made during the audit period for all awards provided by federal agencies in the form of grants, federal cost-reimbursement contracts, loans, loan guarantees, property (including donated surplus property), cooperative agreements, interest subsidies, insurance, food commodities, direct appropriations, and other direct assistance.
 - e) We are responsible for understanding and complying with, and have complied with, the requirements of laws, regulations, and the provisions of contracts and grant agreements related to each of our federal programs and have identified and disclosed to you the requirements of laws,

regulations, and the provisions of contracts and grant agreements that are considered to have a direct and material effect on each major program.

- f) We are responsible for establishing and maintaining, and have established and maintained, effective internal control over compliance requirements applicable to federal programs that provides reasonable assurance that we are managing our federal awards in compliance with laws, regulations, and the provisions of contracts and grant agreements that could have a material effect on our federal programs. We believe the internal control system is adequate and is functioning as intended.
- g) We have made available to you all contracts and grant agreements (including amendments, if any) and any other correspondence with federal agencies or pass-through entities relevant to federal programs and related activities.
- h) We have received no requests from a federal agency to audit one or more specific programs as a major program.
- i) We have complied with the direct and material compliance requirements (except for noncompliance disclosed to you), including when applicable, those set forth in the *OMB Circular A-133 Compliance Supplement*, relating to federal awards and have identified and disclosed to you all amounts questioned and all known noncompliance with the requirements of federal awards.
- j) We have disclosed any communications from grantors and pass-through entities concerning possible noncompliance with the direct and material compliance requirements, including communications received from the end of the period covered by the compliance audit to the date of the auditors' report.
- k) We have disclosed to you the findings received and related corrective actions taken for previous audits, attestation engagements, and internal or external monitoring that directly relate to the objectives of the compliance audit, including findings received and corrective actions taken from the end of the period covered by the compliance audit to the date of the auditors' report.
- l) Amounts claimed or used for matching were determined in accordance with relevant guidelines in OMB Circular A-87, *Cost Principles for State, Local, and Tribal Governments*, and OMB's *Uniform Administrative Requirements for Grants and Cooperative Agreements to State and Local Governments*.
- m) We have disclosed to you our interpretation of compliance requirements that may have varying interpretations.
- n) We have made available to you all documentation related to compliance with the direct material compliance requirements, including information related to federal program financial reports and claims for advances and reimbursements.
- o) We have disclosed to you the nature of any subsequent events that provide additional evidence about conditions that existed at the end of the reporting period affecting noncompliance during the reporting period.
- p) There are no such known instances of noncompliance with direct and material compliance requirements that occurred subsequent to the period covered by the auditors' report.
- q) No changes have been made in internal control over compliance or other factors that might significantly affect internal control, including any corrective action we have taken regarding significant deficiencies in internal control over compliance (including material weaknesses in

internal control over compliance), have occurred subsequent to the date as of which compliance was audited.

- r) Federal program financial reports and claims for advances and reimbursements are supported by the books and records from which the financial statements have been prepared.
- s) The copies of federal program financial reports provided to you are true copies of the reports submitted, or electronically transmitted, to the respective federal agency or pass-through entity, as applicable.
- t) We have charged costs to federal awards in accordance with applicable cost principles.
- u) We are responsible for and have accurately prepared the summary schedule of prior audit findings to include all findings required to be included by OMB Circular A-133 and we have provided you with all information on the status of the follow-up on prior audit findings by federal awarding agencies and pass-through entities, including all management decisions.
- v) We are responsible for and have accurately prepared the auditee section of the Data Collection Form as required by OMB Circular A-133.
- w) We are responsible for preparing and implementing a corrective action plan for each audit finding.

Signature: _____

Signature: _____

Title: Superintendent _____

Title: Bookkeeper _____