

# ELDON R-I SCHOOL DISTRICT

Eldon, Missouri

## INDEPENDENT AUDITOR'S REPORT

For The Year Ended June 30, 2016

ELDON CAREER CENTER

EIN #44-6002437

TABLE OF CONTENTS

	<u>PAGE</u>
INDEPENDENT AUDITOR'S REPORT .....	1 - 3
MANAGEMENT'S DISCUSSION AND ANALYSIS .....	4 - 13
FINANCIAL STATEMENTS:	
Statement of Net Position – Modified Cash Basis .....	14
Statement of Activities – Modified Cash Basis .....	15
Balance Sheet - Modified Cash Basis - Governmental Funds .....	16
Statement of Revenues, Expenditures, and Changes in Fund Balances – Modified Cash Basis – Governmental Funds .....	17
NOTES TO THE FINANCIAL STATEMENTS .....	18 - 35
OTHER INFORMATION:	
Budgetary Comparison Schedules - Modified Cash Basis:	
General Fund .....	36
Special Revenue Fund .....	37
Notes to Budgetary Comparison Schedules .....	38
<u>STATE COMPLIANCE SECTION:</u>	
Independent Accountant's Report on Management's Assertions About Compliance with Specified Requirements of Missouri Laws and Regulations .....	39
Schedule of Selected Statistics .....	40 - 42
SUPPLEMENTARY INFORMATION:	
<u>Federal Compliance Section:</u>	
Schedule of Expenditures of Federal Awards .....	43 - 44
Independent Auditor's Report On Internal Control Over Financial Reporting And On Compliance And Other Matters Based On An Audit Of Financial Statements Performed In Accordance with <i>Government Auditing Standards</i> .....	45 - 46
Independent Auditor's Report On Compliance For Each Major Program And On Internal Control Over Compliance Required By <i>The Uniform Guidance</i> .....	47 - 48
Schedule of Findings .....	49 - 51



## INDEPENDENT AUDITOR'S REPORT

To the Board of Education of  
Eldon R-I School District  
Eldon, Missouri:

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

### *Management's Responsibility for the Financial Statements*

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

### *Auditor's Responsibility*

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

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

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

### *Opinions*

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

### *Basis of Accounting*

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

### *Supplementary and Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The management's discussion and analysis and the budgetary comparison schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and is also not a required part of the basic financial statements.

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

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

*Other Reporting Required by Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 15, 2016, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

Graves and Associates,  
CPAs, LLC

GRAVES AND ASSOCIATES, CPAs, LLC  
Jefferson City, Missouri

November 15, 2016

## MANAGEMENT'S DISCUSSION AND ANALYSIS

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

ELDON R-I SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)  
JUNE 30, 2016

As management of the Eldon R-I School District, we offer readers of the District's financial statements this narrative discussion, overview, and analysis of the financial activities of the District for the fiscal year ending June 30, 2016. The intent of this discussion and analysis is to look at the District's financial performance as a whole. The reader is encouraged to consider the information presented here in conjunction with additional information presented in the financial statements, notes to the financial statement, and other supplemental information to enhance their understanding of the School District's financial performance.

The Governmental Accounting Standards Board (GASB) in their Statement No. 34, Basic Financial Statements-Management's Discussion and Analysis-adopted this reporting model for the State and Local Governments, issued in June 1999. Certain comparative information between the current year ended June 30, 2016 (FY16) and the prior year ended June 30, 2015(FY15) is required to be presented in this analysis.

**Financial Highlights**

- The total fund balances of the District's governmental funds decreased by \$3,822,535 to \$8,265,291 during the 2016 fiscal year.
- The combined unreserved fund balance for the General Fund and Teachers Fund is \$6,056,012 or 34.17% as compared to \$5,996,679 or 33.61% last year.
- The fund balance for the General Fund and Special Revenue Fund increased \$59,333 from 2015 after transfers of \$2,130,999 to the Teacher's Special Revenue Fund and \$796,949 to the Capital Projects Fund. The Capital Projects Fund balance decreased by \$4,039,996, primarily due to bond issue expenditures. Debt Services Fund balance increased by \$157,997.
- Total Revenue (all sources) decreased by \$490,045 from FY15 to FY16. Expenditures increased from FY15 to FY16 by \$1,166,403. The majority of the decrease in revenue from the SEMA funding for the Early Learning Center received in 2015. The majority of the increase in expenditures is from bond issue projects.
- All certified and support staff advanced a step on the FY16 salary schedule. In addition to the annual step, the certified salary schedule received a \$500 increase to the base and the administrative salary schedule received \$2,000 to the base. The board also approved increases to the classified salary schedules based on MERIC comparisons as well as extending the grandfathered classified salary schedule to step 25.

**Revenues**

- Total revenues for the fiscal year were \$19,939,343 compared to \$20,429,388 last year, a decrease of \$490,045. The primary sources of revenue are:
  1. Local and County revenues for FY16, primarily tax receipts, sales tax, tuition, food services, investment earnings, student activities, fines and railroad and utilities totaled \$9,793,990 compared to \$9,404,321 in FY15. This is an increase of \$389,669 over FY14; the district saw increases in Current taxes, Prop C Sales tax, investment income, student activity revenue and Railroad & Utilities.

ELDON R-I SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)  
JUNE 30, 2016

2. State revenues, primarily basic formula, classroom trust funds (gaming funds), transportation, entitlements and grants, totaled \$6,853,551 compared to \$7,941,027 last year. This is a decrease of \$1,087,476. The district received \$1.082k in SEMA funding in FY 15.
3. Federal revenues decreased by \$251,173 from FY14 to FY15. Totals for FY15 were \$2,783,867 compared to \$2,823,037 last year. Revenues decreased primarily due to receiving FY 14 carry over funds for Title I, IIA, and 21<sup>st</sup> Century Learning Grants in FY15.
4. Other Financing Sources were up by \$241,926 from FY15 due to the sale two building trade's houses in FY16.

The following tables summarizes the governmental fund revenues collected for the year ended June 30,:

	Revenues Collected			
	2015	%	2016	%
Local	\$ 8,664,081	42.41%	\$ 8,999,030	45.13%
County	676,532	3.31%	721,784	3.62%
State	7,941,027	38.87%	6,853,551	34.37%
Federal	2,823,037	13.82%	2,783,867	13.96%
Investment Income	63,708	0.31%	73,176	0.37%
Other Revenues	220,634	1.08%	225,640	1.13%
Other Financing Sources	40,369	0.20%	282,295	1.42%
	\$ 20,429,388		\$ 19,939,343	

***Expenditures***

- Total expenditures for FY16 were \$23,762,009 compared to \$22,595,606 in FY15. Included in these totals are Debt Service expenditures of \$854,384 for FY 16 and \$1,009,779 for FY 15. The primary sources of expenditures changes are:
  1. Instruction decreased \$291,693 from FY 15 due to decreased technology purchases of \$141k, \$102k less in textbooks and \$169k less in ECC Enhancement equipment.
  2. Support Services decreased \$41,462 in FY 16 due to decreased student wellness expenditures and decreased salary for ECC Guidance, due to staffing changes.
  3. Instructional Staff Support increased \$44,110 over FY15 due to 3 year Sophos renewal and increased professional development expenditures for Leader in Me training.
  4. Operation of Plant decreased \$53,031 in FY16 due to decreased renovation/capital projects.
  5. Facilities Acquisition & Construction increased in FY16 as the district completed the Performing Arts renovation project from the 2014 \$5.6 million bond issue.
  6. Debt Services expenditures decreased \$740,003 from FY15.



ELDON R-I SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)  
JUNE 30, 2016

The following tables summarizes the governmental fund expenditures paid for the year ended June 30,:

	Expenditures paid			
	2015	%	2016	%
Instructional Services	\$ 10,633,367	47.06%	\$ 10,341,674	43.52%
Support Services	791,472	3.50%	750,010	3.16%
Instructional Staff Support	736,620	3.26%	780,730	3.29%
Building Administration	923,359	4.09%	959,049	4.04%
General Administration & Central Office	656,385	2.90%	660,408	2.78%
Operation of Plant	2,048,156	9.06%	1,995,125	8.40%
Transportation	848,417	3.75%	856,964	3.61%
Food Services	938,783	4.15%	927,496	3.90%
Community Services	905,448	4.01%	906,787	3.82%
Facility Acquisition & Construction	2,969,727	13.14%	4,729,384	19.90%
Debt Services	1,143,871	5.06%	854,384	3.60%
	<u>\$ 22,595,606</u>		<u>\$ 23,762,009</u>	

**Overview of the Financial Statements**

This section for the comprehensive annual financial report consists of three parts:

- Management's discussion and analysis (this section),
- Basic financial statements (district-wide and fund financial statements), including notes to the financial statements, and
- Combining and individual fund statements and schedules.

The basic financial statements consist of two different kinds of statements that present different views of the District's financial activities.

- District wide finance statements- these financial statements provide information about the District's overall financial status both short-term (the recently completed fiscal year) and long-term. The district-wide statements include the Statement of Net Assets and Statement of Activities.
- Fund financial statements- these financial statements focus on individual funds of the District and report the District's operations in more detail than the district-wide statements.

The notes to the financial statements provide further explanation of some of the information in the statements with combining schedules for non-major funds and comparisons of the District's budget to actual amounts for the year.

ELDON R-I SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)  
JUNE 30, 2016

**District-Wide Statements**

The district-wide statements report information about the District as a whole using accounting methods similar to those used by private-section companies. The two district-wide statements report the District's net assets and how they have changed. Net assets, the difference between the District's assets and liabilities, are one way to measure the District's overall financial position.

- Increases or decreases in the District's net assets are an indicator of whether its financial position is improving or deteriorating, respectively.
- To assess the District's overall financial position, additional non-financial factors, such as changes in the District's property tax base, student enrollment, required educational programs for which little or no funding is provided, and the facility conditions, should be considered.

**Fund Financial Statements**

The fund financial statements provide more detailed information about the District's funds, focusing on its most significant or "major" funds, not the District as a whole. Funds are accounting devices the District uses to keep track of specific sources of funding and spending on particular programs:

- Some funds are required by state law and by bond covenants.
- The District establishes other funds to control and manage money for particular purposes (such as repaying its long-term debt) or to show that it is properly using certain revenues (such as grants and bond issue proceeds).

The District's major funds are the general fund, special revenue fund, debt service fund, and capital projects fund. These fund statements report governmental activities on the current or short-term basis as opposed to a long-term basis.

- Governmental funds – The District's services are included in governmental funds, which generally focus on how cash and other financial assets that can readily be converted to cash flow in and out and the balances left at year-end that are available for spending. Consequently, the governmental funds statements provide a detailed short-term view that helps you determine whether there are more or fewer financial resources that can be spent in the future to finance the District's programs.

ELDON R-I SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)  
JUNE 30, 2016

Net position of the District was \$8,265,291 at June 30, 2016 compared a net position of \$12,087,957 at June 30, 2015. Net Position of the District consist of the following at June 30,:

**STATEMENT OF NET POSITION  
YEAR ENDED JUNE 30, 2016**

**Governmental Activities**

	<b>FY 2015</b>	<b>FY 2016</b>
<b>ASSETS</b>		
Cash and Investments	\$ 6,498,344.00	\$ 7,255,440.00
Restricted Cash and Investments	5,234,240.00	651,479.00
Restricted Cash and Investments with Fiscal Agent	-	-
	355,373.00	358,372.00
<b>TOTAL ASSETS</b>	<b>\$ 12,087,957.00</b>	<b>\$ 8,265,291.00</b>
 <b>NET POSITION</b>		
<b>Restricted For:</b>		
Scholarships	\$ 100,118.00	\$ -
Professional Development	8,035.00	4,756.00
Retirement of Long-Term Debt	979,691.00	1,140,888.00
Construction	4,642,397.00	-
<b>Unrestricted</b>	6,357,716.00	7,119,647.00
<b>TOTAL NET POSITION</b>	<b>\$ 12,087,957.00</b>	<b>\$ 8,265,291.00</b>

ELDON R-I SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)  
JUNE 30, 2016

The following table provides a summary of the changes in net assets for the year ended June 30, 2016.

**CHANGES IN NET POSITION FROM OPERATING RESULTS  
FOR GOVERNMENTAL ACTIVITIES  
YEAR ENDED IN JUNE 30, 2016**

**Revenues**

	FY 2015	FY 2016
<i>Program Revenues:</i>		
Charges for Services	\$ 657,968	\$ 672,236
Operation Grants and Contributions	4,092,490	4,014,744
Capital Grants and Contributions	1,537,379	254,671
<i>General Revenues:</i>		
Property Taxes	6,701,818	7,046,447
Sales Tax	1,739,306	1,755,646
State Aid	5,134,195	5,368,003
Fines and Forfeitures	121,314	106,568
Investment Income	63,708	73,176
Contribution to Endowments	-	-
Miscellaneous	120,206	139,917
Proceeds from Bond Issue	-	-
Proceeds from Sales	15,143	282,295
Non-Revenue Receipts	245,860	225,640
<b>Total Revenues</b>	<b>20,429,388</b>	<b>19,939,343</b>

**Expenses**

<i>Program Expenses:</i>		
Instructional Services	\$ 10,633,367	\$ 10,341,674
Student Services	791,472	750,010
Instructional Staff Support	736,620	780,730
Building Administration	923,359	959,049
General Administration & Central Services	656,385	660,408
Operation of Plant	2,048,156	1,995,125
Transportation	848,417	856,964
Food Service	938,783	927,496
Community Service	905,448	906,787
Debt Service	806,595	622,544
Facilities Acquisition & Construction	2,969,727	4,598,384
Interest	337,276	362,840
<b>Total Expenses</b>	<b>22,595,606</b>	<b>23,762,011.00</b>
<b>Increase (Decrease) in Net Position</b>	<b>(2,166,218)</b>	<b>(3,822,668.00)</b>
<b>Net Position, Beginning of Year</b>	<b>14,254,174</b>	<b>12,087,957</b>
<b>Net Position, End of Year</b>	<b>\$ 12,087,956</b>	<b>\$ 8,265,289</b>

ELDON R-I SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)  
JUNE 30, 2016

Tables A and Table B below present the cost of each of the major district governmental activities in FY16 and FY15: instruction, special education, student activities, student services, instructional staff support, building administration, general administration and central services, operation of plant, transportation, food service. Community services, facility projects, and debt service. The table also shows each activity's net cost (total cost less revenues generated by the activities). The net cost shows the financial burden that was placed on the District's taxpayers by each of these functions.

**TOTAL AND NET COST OF GOVERNMENTAL ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2016**

**Table A**

	<b>Total Cost of Services</b>	<b>Net Cost of Services</b>
<b>Governmental Activities</b>		
Instructional Services	10,341,674	6,963,709
Student Services	750,010	313,534
Instructional Staff Support	780,730	780,730
Building Administration	959,049	759,049
General Administration & Central Services	660,408	660,408
Operation of Plant	1,995,125	1,995,125
Transportation	856,964	705,238
Food Services	927,496	(47,988)
Community Services	906,787	906,787
Facility Acquisitions & Construction	4,598,384	4,598,384
Debt Services	622,544	622,544
Interest	362,840	362,840
<b>Total Governmental Activities</b>	<b>\$ 23,762,011</b>	<b>\$ 18,620,360</b>

**FISCAL YEAR 2015 COMPARISON**

**Table B**

	<b>Total Cost of Services</b>	<b>Net Cost of Services</b>
<b>Governmental Activities</b>		
Instructional Services	10,633,367	5,925,719
Student Services	791,472	377,340
Instructional Staff Support	736,620	736,620
Building Administration	923,359	923,359
General Administration & Central Services	656,385	656,385
Operation of Plant	2,048,156	2,048,156
Transportation	848,417	667,154
Food Services	938,783	(46,011)
Community Services	905,448	905,448
Facility Acquisitions & Construction	2,969,727	2,969,727
Debt Services	806,595	806,595
Interest	337,276	337,276
<b>Total Governmental Activities</b>	<b>\$ 22,595,605</b>	<b>\$ 16,307,768</b>

ELDON R-I SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)  
JUNE 30, 2016

This table provides the following highlights:

- The total cost of all governmental activities for fiscal year 2016 was \$23,762,011 compared to \$22,595,605 from 2015.
- Instructional services represent 43.52% of the total cost of all governmental activities of the District compared to 47.06% last year.
- Student Services and Instructional Staff Support (this area includes Guidance, Library, Media, Improvement of Instruction, and Health Services) represents 6.44% of all governmental activities of the District compared to 6.76% last year.
- Administration (includes Board of Education, District, Building Administration, and Business Services) represents 6.82% compared to 6.99% last year.
- Debt Service represents 2.62% of the total costs of all governmental activities, while Operation of Plant represents 8.40% compared to 3.57% and 9.06% respectively last year.
- The net cost of all governmental activities was \$18.6 million with \$5 million of the total cost being financed by revenues generated by governmental activities compared to \$16.3 million in governmental activities with \$6 million of the total cost being financed by governmental activities revenue last year.
- Operating grants and contributions for program expenses, which includes federal and state aid, including payment for free and reduced meals and commodities totaled \$4,014,744 or 16.90% of the total expenses of the program compared to \$4,092,490 or 18.11% last year.

### **Budgetary Highlights**

Over the course of the year, the school board revises its budget to take into consideration expected changes in revenues or expenditures. Missouri statutes for public school finance, Section 67.010, RSMo., require a budget amendment if anticipated expenditures exceed that which is budgeted. The original budget was adopted on June 29, 2015, and the final budget amendment was adopted on June 30, 2016.

### **Capital Assets and Debt Administration**

#### *Capital Assets*

The District operates under the cash basis of accounting, therefore, capital asset purchases are recorded as expenditures and depreciation is not recognized. Capital assets are not reflected in the financial statement.

ELDON R-I SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)  
JUNE 30, 2016

*Long-term Obligations*

At year-end, the District had \$13,252,354 in general obligation bonds outstanding. The district repaid \$500,000 of outstanding bonds in 2016, in accordance with scheduled requirements. (More detailed information about the District's long-term debt is presented in Note 3 of the financial statements.)

A portion of the District's 2014 \$5.6 million bond issue qualified for Qualified Zone Academy Bonds (QZAB). By participating, \$677,354 was issued with zero interest cost to the issuer (District), however the investor only is able to receive a tax credit to be applied to its federal income taxes. The interest reimbursement is received as our interest payment is made.

The District received a current credit rating of AA from Standards & Poor's for bonds issued with a Municipal Bond Insurance policy and a rating of AA+ when participating in the Missouri Direct Deposit Program without a Municipal Bond Insurance policy.

**Governmental Funds**

Eldon R-I School District GASB 54 Reporting June 30, 2016					
	General	Special Revenue	Debt Service	Capital Projects	Total
<b>NonSpendable:</b>					-
<b>Restricted for:</b>					
Debt Service			1,005,095	135,793	1,140,888
Professional Development	4,756				4,756
Scholarship	-				-
Construction				-	-
<b>Committed to:</b>					
Construction				26,506	26,506
Compensated Absences:	-				-
<b>Assigned to:</b>					
Other Capital Projects				1,041,885	1,041,885
<b>Unassigned</b>	6,051,256				6,051,256
<b>Total Fund Balances</b>	6,056,012	-	1,005,095	1,204,184	8,265,291

ELDON R-I SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)  
JUNE 30, 2016

The focus of Eldon School District funds is to provide information on near-term inflows, outflows, and balances of spendable resources. In particular, unassigned fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

At the end of FY16, the governmental funds reported combined ending fund balances of \$8,265,291 which is below last year's reported total of \$12,087,957. The fund balance of the General and Special Revenue Fund increased \$59,333, Debt Services increased by \$157,997 and Capital Projects decreased by \$4,039,996.

On July 15, 2013, the Board of Education adopted Fund Balance Policy DIAA (Fund Balances/GASB54) that states we will keep our fund balances above 15-20%. If the fund balances decline below the 15 percent floor, the Board will develop a plan to replenish the fund balance to the established minimum level within two years.

### **Economic Factors and Fiscal Year 2017 Budget Outlook**

District staff collaborated to develop the FY17 budget keeping student success a focus while approaching expenditures in a fiscally responsible manner which leads to future financial stability. The proposed FY17 budget reflects a perceived deficit in all funds of \$1,042,483. Operating Funds (Operating/Teacher Funds) reflects expenditures of \$571,427 in excess of revenues. Yet current projections indicate the FY17 year-end operating fund balances are estimated at 19.27%, .73% below the 20% Board goal. Capital Projects is projecting a deficit of \$568,686. Fluctuations in federal and state revenue are extremely difficult to predict, requiring considerable fund balances to ensure adequate resources to fund a solid educational program. The district will continue to remain fiscally conservative while at the same time, working to provide the best educational experience for the students of Eldon R-1 with the given resources.

### **Contacting the District's Financial Management**

This financial report is designed to provide a general overview of the Eldon R-I School District's finances for all those with an interest in the District's finances. Questions concerning any of the information provided in this report or requests for additional information should be addressed to the office of the Superintendent of Schools, Eldon R-I School District, 112 South Pine, Eldon MO 65026.



## 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

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

ELDON R-I SCHOOL DISTRICT

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

---

	<u>Governmental Activities</u>
ASSETS	
Cash and Investments	\$ 7,255,440
Restricted Cash and Investments	651,479
Restricted Cash and Investments with Fiscal Agent	<u>358,372</u>
 TOTAL ASSETS	 <u><u>\$ 8,265,291</u></u>
NET POSITION	
Restricted for:	
Professional Development	\$ 4,756
Retirement of Long-Term Debt	1,140,888
Unrestricted	<u>7,119,647</u>
 TOTAL NET POSITION	 <u><u>\$ 8,265,291</u></u>

See accompanying Notes to the Financial Statements.

ELDON R-I SCHOOL DISTRICT  
STATEMENT OF ACTIVITIES - MODIFIED CASH BASIS  
FOR THE YEAR ENDED JUNE 30, 2016

Functions/Programs	Expenditures	Program Cash Revenues			Net (Expenditures)
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Revenues and Changes in Net Position
					Total Governmental Activities
Governmental Activities:					
Instructional Services	\$ (10,341,674)	\$ -	\$ 3,123,294	\$ 254,671	\$ (6,963,709)
Student Services	(750,010)	436,476	-	-	(313,534)
Instructional Staff Support	(780,730)	-	-	-	(780,730)
Building Administration	(959,049)	-	-	-	(959,049)
General Administration and Central Services	(660,408)	-	-	-	(660,408)
Operation of Plant	(1,995,125)	-	-	-	(1,995,125)
Transportation	(856,964)	-	151,726	-	(705,238)
Food Service	(927,496)	235,760	739,724	-	47,988
Community Service	(906,787)	-	-	-	(906,787)
Facility Acquisition and Construction	(4,598,384)	-	-	-	(4,598,384)
Debt Services	(622,544)	-	-	-	(622,544)
Interest	(362,840)	-	-	-	(362,840)
Total Governmental Activities	<u>\$ (23,762,009)</u>	<u>\$ 672,236</u>	<u>\$ 4,014,744</u>	<u>\$ 254,671</u>	<u>(18,820,358)</u>
General Revenues:					
Property Taxes					7,046,447
Sales Taxes					1,755,646
State Aid					5,368,003
Fines					106,568
Investment Income					73,176
Miscellaneous					139,917
Proceeds From Sales					282,295
Other Revenue					225,640
Total General Revenues					<u>14,997,692</u>
Increase (Decrease) in Net Position					(3,822,666)
Net Position, Beginning of Year					<u>12,087,957</u>
Net Position, End of Year					<u>\$ 8,265,291</u>

See accompanying Notes to the Financial Statements.

ELDON R-I SCHOOL DISTRICT  
BALANCE SHEET - MODIFIED CASH BASIS  
GOVERNMENTAL FUNDS  
JUNE 30, 2016

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Debt Service Fund</u>	<u>Capital Projects Fund</u>	<u>Total Governmental Funds</u>
<b>ASSETS</b>					
Cash and Investments	\$ 6,051,256	\$ -	\$ -	\$ 1,204,184	\$ 7,255,440
Restricted Cash and Investments	4,756	-	646,723	-	651,479
Restricted Cash and Investments with Fiscal Agent	-	-	358,372	-	358,372
<b>TOTAL ASSETS</b>	<u><u>\$ 6,056,012</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 1,005,095</u></u>	<u><u>\$ 1,204,184</u></u>	<u><u>\$ 8,265,291</u></u>
<b>FUND BALANCES</b>					
Fund Balances:					
Restricted for:					
Retirement of Long-Term Debt	\$ -	\$ -	\$ 1,005,095	\$ 135,793	\$ 1,140,888
Professional Development	4,756	-	-	-	4,756
Committed to:					
Construction	-	-	-	26,506	26,506
Assigned to:					
Other Capital Expenditures	-	-	-	1,041,885	1,041,885
Unassigned	6,051,256	-	-	-	6,051,256
<b>TOTAL FUND BALANCES</b>	<u><u>\$ 6,056,012</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 1,005,095</u></u>	<u><u>\$ 1,204,184</u></u>	<u><u>\$ 8,265,291</u></u>

See accompanying Notes to the Financial Statements.

ELDON R-I SCHOOL DISTRICT  
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - MODIFIED CASH BASIS  
GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED JUNE 30, 2016

	General Fund	Special Revenue Fund	Debt Service Fund	Capital Projects Fund	Total Governmental Funds
<b>Revenues</b>					
Local	\$ 6,231,524	\$ 1,757,450	\$ 926,605	\$ 83,451	\$ 8,999,030
County	536,149	106,568	79,066	-	721,784
State	1,230,877	5,368,003	-	254,671	6,853,551
Federal	2,783,867	-	-	-	2,783,867
Investment Income	50,233	3,811	6,710	12,423	73,176
Other Revenues	-	225,640	-	-	225,640
Total Revenues	<u>10,832,650</u>	<u>7,461,472</u>	<u>1,012,381</u>	<u>350,545</u>	<u>19,657,048</u>
<b>Expenditures</b>					
Instructional Services	2,484,553	7,760,565	-	96,556	10,341,674
Support Services	412,819	336,391	-	800	750,010
Instructional Staff Support	488,899	278,386	-	13,445	780,730
Building Administration	347,691	610,322	-	1,036	959,049
General Administration and Central Services	473,048	187,360	-	-	660,408
Operation of Plant	1,802,839	15	-	192,270	1,995,125
Transportation	694,964	-	-	162,000	856,964
Food Service	925,996	-	-	1,500	927,496
Community Service	487,355	419,431	-	-	906,787
Facility Acquisition and Construction	-	-	-	4,598,384	4,598,384
Debt Services	-	-	854,384	131,000	985,384
Total Expenditures	<u>8,118,164</u>	<u>9,592,471</u>	<u>854,384</u>	<u>5,196,990</u>	<u>23,762,009</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	2,714,487	(2,130,999)	157,997	(4,846,445)	(4,104,961)
<b>Other Financing Sources (Uses):</b>					
Proceeds from Sales	272,795	-	-	9,500	282,295
Transfers (To) From Fund	(2,927,948)	2,130,999	-	796,949	-
Total Other Financing Sources (Uses)	<u>(2,655,153)</u>	<u>2,130,999</u>	<u>-</u>	<u>806,449</u>	<u>282,295</u>
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing (Uses)	59,333	-	157,997	(4,039,996)	(3,822,666)
Fund Balance, Beginning of Year	5,996,679	-	847,098	5,244,180	12,087,957
Fund Balance, End of Year	<u>\$ 6,056,012</u>	<u>\$ -</u>	<u>\$ 1,005,095</u>	<u>\$ 1,204,184</u>	<u>\$ 8,265,291</u>

See accompanying Notes to the Financial Statements.

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

The Eldon R-I 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: Eldon School District

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.

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

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

Basis of Presentation (Continued)

Fund Financial Statements

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, net position or fund balance, revenues, and expenditures. The District's funds are organized into one major category: governmental. The District presently has no fiduciary funds or proprietary 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, revenues, or expenditures of that individual governmental fund are at least 10 percent of the corresponding total for all funds of that category or type, and
- Total assets, revenues, or expenditures of the individual governmental fund are at least 5 percent of the corresponding total for all governmental 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:

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 source that are either legally restricted to expenditures for specified purposes or designated to finance particular functions or activities of the District. The reporting entity includes 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.

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

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

Basis of Presentation (Continued)

Fund Financial Statements (Continued)

Governmental Funds (Continued)

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

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

Measurement Focus and Basis of Accounting

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

Measurement Focus

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

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

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



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

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

Measurement Focus and Basis of Accounting (Continued)

Basis of Accounting

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

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

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

Assets and Equity

Cash and Cash Equivalents

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

Investments

Investments are carried at cost which approximates market.

Capital Assets

As a result of the use of the modified cash basis method of accounting, capital assets are recorded as expenditures at the time of purchase, and, therefore, no balances for assets or accumulated depreciation are reported in the balance sheet.

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

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

Assets and Equity (Continued)

Restricted Assets

Restricted assets include assets that are legally restricted as to their use. The primary restricted assets are accounts restricted for debt service, construction, and professional development.

Compensated Absences

Sick leave is considered an expenditure in the year paid. Sick pay, within limits set by Board policy, which is unused and vested to the employee, is payable upon termination.

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 certificates of participation.

Net Position/Fund Balance Classifications

*Government-Wide Financial Statements*

Net position is classified and displayed in two components:

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

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

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.

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

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

Assets and Equity (Continued)

Net Position/Fund Balance Classification (Continued)

*Fund Financial Statements: (Continued)*

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

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

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

In the General Fund, the District strives to maintain an undesignated fund balance not less than 10% of the actual expenditures for the prior fiscal year.

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

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

Assets and Equity (Continued)

Net Position/Fund Balance Classification (Continued)

*Fund Financial Statements: (Continued)*

Order of Spending

It is the District's policy to first use restricted fund balances prior to the use of unrestricted fund balances when an expenditure is incurred for purposes for which both restricted and unrestricted balances are available. It is also District policy to use committed fund balances before assigned fund balances and assigned fund balances before unassigned amounts when an expenditure is incurred for purposes for which amounts in those classifications are available to be used.

Revenues, Expenditures, and Expenses

Program Revenues

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

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

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

Expenditures

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.

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

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

Internal and Interfund Balances and Activities

Fund Financial Statements:

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

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

Government-Wide Financial Statements:

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

- Internal balances – Amounts reported in the fund financial statements as interfund receivables and payables are eliminated in the governmental columns of the Statement of Net 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.

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.

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

NOTE 2 - CASH AND INVESTMENTS:

Deposits

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 Fund be kept separate and apart from all other funds of the District). Each fund type's portion of this pool is displayed on the Balance Sheet - Modified Cash Basis - Governmental Funds 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 \$510,043 and the bank balance was \$1,836,788. Of the bank balance, \$250,000 was covered by the Federal Depository Insurance Corporation (FDIC) and \$1,586,788 was covered by collateral held at the District's safekeeping bank agent, in the District's name.

*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 investments 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.

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 district owns a pro-rata share of each investment or deposit which is held in the name of the Fund. The investment contracts are rated in either of the two highest rating categories. Balances in the portfolio are not insured or guaranteed by FDIC.

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

NOTE 2 - CASH AND INVESTMENTS: (Continued)

Deposits (Continued)

	<u>Carrying Amount</u>	<u>Market Value</u>
MOSIP Money Funds	\$ 7,396,876	\$ 7,396,876
MO. School District		
Direct Deposit Program – Bond Escrow	358,372	358,372
Total	<u>\$ 7,755,248</u>	<u>\$ 7,755,248</u>

NOTE 3 – LONG-TERM DEBT:

Governmental Activities:

General Obligation Bonds

The following is a summary of bond transactions as of the year ended:

Bonds payable, beginning	\$ 13,752,354
Bonds issued	-0-
Bonds retired	<u>(500,000)</u>
Bonds payable, ending	<u>\$ 13,252,354</u>

Repayment of the bond issues is made through the Missouri School District Direct Deposit Program which is a mechanism for public school bond repayments. It authorizes the direct deposit of a portion of the school district's state aid payment by the State of Missouri to a trustee bank that accumulates these payments and then makes the principal and interest payments to the paying agent on the bonds.

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

NOTE 3 – LONG-TERM DEBT: (Continued)

Summary of Bonds Outstanding

\$9,105,000 General Obligation Refunding  
Bonds, Series 2012B due in varying installments  
through March 1, 2028; interest at 1.15%  
to 5%. The District will realize a net present value  
benefit of approximately \$20,000 from the  
refunding.

2012B Series Total \$ 7,655,000

\$4,922,646 General Obligation Bonds,  
Series 2014A due in varying installments  
through March 1, 2034; interest at .4% to 3.75%.

2014A Series Total 4,920,000

\$677,354 General Obligation Bonds, Series  
2014B due in a single payment  
March 1, 2029; interest at 0%.

2014B Series Total 677,354

Total Bonds Payable \$ 13,252,354



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

NOTE 3 – LONG-TERM DEBT: (Continued)

The annual requirements for bonds payable outstanding as of the year ended were as follows:

<u>Year Ended</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2017	\$ 565,000	\$ 330,930	\$ 895,930
2018	585,000	308,900	893,900
2019	650,000	302,248	952,248
2020	570,000	293,623	863,623
2021	595,000	284,503	879,503
2022	715,000	274,090	989,090
2023	740,000	260,205	1,000,205
2024	770,000	245,005	1,015,005
2025	795,000	228,435	1,023,435
2026	850,000	210,545	1,060,545
2027	880,000	190,120	1,070,120
2028	940,000	168,250	1,108,250
2029	1,277,354	143,700	1,421,054
2030	600,000	124,500	724,500
2031	620,000	102,000	722,000
2032	625,000	78,750	703,750
2033	675,000	55,313	730,313
2034	<u>800,000</u>	<u>30,000</u>	<u>830,000</u>
Total	<u>\$13,252,354</u>	<u>\$ 3,631,117</u>	<u>\$16,883,471</u>

As of the year ended, the District incurred bond interest expense of \$353,430.

Certificates of Participation

The following is a summary of certificate transactions as of the year ended:

Certificates payable, beginning	\$500,000
Certificates issued	-0-
Certificates retired	<u>(120,000)</u>
Certificates payable, ending	<u>\$ 380,000</u>

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

NOTE 3 – LONG-TERM DEBT: (Continued)

Certificates of Participation as of the year ended consisted of:

\$860,000 certificates due in varying installments through  
 March 1, 2019; interest at 0.8% to 2.25%

2012 Series Total	<u>\$ 380,000</u>
Total Certificates Payable	<u>\$ 380,000</u>

Debt Service requirements are:

<u>Year Ended</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2017	\$ 125,000	\$ 7,612	\$ 132,612
2018	125,000	5,425	130,425
2019	<u>130,000</u>	<u>2,925</u>	<u>132,925</u>
Total	<u>\$ 380,000</u>	<u>\$ 15,962</u>	<u>\$ 395,962</u>

The District incurred Certificate of Participation interest expense of \$9,413 for the year.

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 out Teacher's Fund

Total transfers to Special Revenue \$2,130,999

*Capital Projects Fund*

\$162,326 or 7%xSATxWADA

Total transfers to Capital Projects \$ 796,949

Total Transfers from the General Fund \$2,927,948

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

NOTE 4 – INTERFUND TRANSFERS: (Continued)

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

NOTE 5 – RETIREMENT PLAN:

During the year ended, the District became subject to the new GASB Statement 68, Accounting and Reporting for Pensions. The new statement relates to accounting and financial reporting issues and how pension costs and obligations are measured and reported in audited financial reports.

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

Public School Retirement System of Missouri (PSRS)

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

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

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

NOTE 5 – RETIREMENT PLAN: (Continued)

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

*Contributions.* PSRS members are required to contribute a percentage of their annual covered salary and the District is required to contribute a matching amount. The contribution requirements of members and the District are established and may be amended by the PSRS Board of Trustees. The District's contributions to PSRS for the year ended were equal to the required contributions. The annual statutory increase in the total contribution rate may not exceed 1% of pay. The contributions for the last three fiscal years were as follows:

<u>Year Ended</u>	<u>Amount of Employer Contribution</u>	<u>Percentage of Contributions</u>
2016	\$ 1,125,769	14.5%
2015	1,132,714	14.5%
2014	1,115,596	14.5%

Public Education Employee Retirement System (PEERS)

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

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

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

NOTE 5 – RETIREMENT PLAN: (Continued)

Public Education Employee Retirement System (PEERS) (Continued)

*Contributions.* PEERS members are required to contribute a percentage of their annual covered salary and the District is required to contribute a matching amount. The contribution requirements of members and the District are established and may be amended by the Board of Trustees. The District's contributions to PEERS for the year ended were equal to the required contributions. The annual statutory increase in the total contribution rate may not exceed 0.5% of pay. The contributions for the last three fiscal years were as follows:

<u>Year Ended</u>	<u>Amount of Employer Contribution</u>	<u>Percentage of Contributions</u>
2016	\$ 216,607	6.86%
2015	204,933	6.86%
2014	190,198	6.86%

NOTE 6 – 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.

NOTE 7 - 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.

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

NOTE 8 - TEACHERS' SALARIES:

Payroll checks written and dated in June, for July and August 2016 payroll from 2015-16 contracts, are included in the financial statements as expenditures paid in the month of June. This practice has been consistently followed in previous years.

NOTE 9 - TAXES:

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

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 elected a full waiver of the rollback as of the year ended.

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

Total	<u>\$179,331,793</u>
-------	----------------------

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

	<u>Unadjusted</u>	<u>Adjusted</u>
General Fund	\$ 3.0303	\$ 3.0303
Debt Service Fund	<u>.5100</u>	<u>.5100</u>
TOTAL	<u>\$ 3.5403</u>	<u>\$ 3.5403</u>

The revenues 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 shown above.

NOTE 10 – 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.

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

NOTE 11 - CONSTRUCTION COMMITMENTS:

The District has a remaining balance on construction contracts in the amount of \$26,506.

NOTE 12 – RELATED PARTIES:

During the year ended, the District purchased services from a company owned by an immediate family member of a board member for construction services for a total of \$26,370. The contracted services were awarded through a sealed bid process.

NOTE 13 - EVALUATION OF SUBSEQUENT EVENTS:

The District has evaluated subsequent events through November 15, 2016, the date which the financial statements were available to be issued.

## OTHER INFORMATION



ELDON R-I SCHOOL DISTRICT

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

	Original Budget	Final Budget	Actual	Variance
<b>Revenues</b>				
Local	\$ 6,034,890	\$ 6,231,588	\$ 6,231,524	\$ (64)
County	475,235	526,590	536,149	9,559
State	1,173,830	1,230,804	1,230,877	73
Federal	2,913,465	2,774,899	2,783,867	8,968
Investment Income	45,137	47,998	50,233	2,235
Other Revenues	3,500	3,500	-	(3,500)
<b>Total Revenues</b>	<u>10,646,058</u>	<u>10,815,379</u>	<u>10,832,650</u>	<u>17,271</u>
<b>Expenditures</b>				
Instruction	2,813,238	2,916,075	2,484,553	431,522
Student Services	412,023	430,922	412,819	18,103
Instructional Staff Support	527,332	558,924	488,899	70,025
Building Administration	401,072	412,508	347,691	64,817
General Administration and Central Services	407,012	441,288	473,048	(31,760)
Operation of Plant	1,757,936	1,841,175	1,802,839	38,336
Transportation	903,460	892,941	694,964	197,977
Food Service	985,982	984,665	925,996	58,669
Community Service	454,098	515,835	487,355	28,480
<b>Total Expenditures</b>	<u>8,662,152</u>	<u>8,994,334</u>	<u>8,118,164</u>	<u>876,170</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	1,983,906	1,821,045	2,714,487	893,442
<b>Other Financing Sources (Uses):</b>				
Proceeds from Sales	-	-	272,795	272,795
Transfers (To) From Fund	(2,927,948)	(2,927,948)	(2,927,948)	-
<b>Total Other Financing Sources (Uses)</b>	(2,927,948)	(2,927,948)	(2,655,153)	272,795
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing (Uses)	(944,042)	(1,106,903)	59,333	1,166,237
Fund Balance, Beginning of Year	<u>5,996,679</u>	<u>5,996,679</u>	<u>5,996,679</u>	<u>-</u>
Fund Balance, End of Year	<u>\$ 5,052,637</u>	<u>\$ 4,889,776</u>	<u>\$ 6,056,012</u>	<u>\$ 1,166,237</u>

ELDON R-I SCHOOL DISTRICT

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

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>
				(Continued)
Revenues				
Local	\$ 1,731,412	\$ 1,755,646	\$ 1,757,450	\$ 1,804
County	121,318	106,573	106,568	(5)
State	5,245,844	5,368,003	5,368,003	-
Investment Income	-	-	3,811	3,811
Other Revenues	<u>242,100</u>	<u>226,000</u>	<u>225,640</u>	<u>(360)</u>
Total Revenues	<u>7,340,674</u>	<u>7,456,222</u>	<u>7,461,472</u>	<u>5,250</u>
Expenditures				
Instruction	7,876,921	7,928,284	7,760,565	167,719
Student Services	340,008	340,903	336,391	4,512
Instructional Staff Support	273,278	279,517	278,386	1,131
Building Administration	612,676	612,676	610,322	2,354
General Administration and Central Services	184,361	184,361	187,360	(2,999)
Operation of Plant	64	64	15	49
Community Service	<u>453,805</u>	<u>456,711</u>	<u>419,431</u>	<u>37,280</u>
Total Expenditures	<u>9,741,114</u>	<u>9,802,516</u>	<u>9,592,471</u>	<u>210,045</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(2,400,440)	(2,346,294)	(2,130,999)	215,295
Other Financing Sources (Uses):				
Transfers (To) From Fund	<u>2,400,440</u>	<u>2,346,294</u>	<u>2,130,999</u>	<u>(215,295)</u>
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing (Uses)	-	-	-	-
Fund Balance, Beginning of Year	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balance, End of Year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

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

Budget Law

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

1. In accordance with Chapter 67, RSMo, the District adopts a budget for each fund of the political subdivision.
2. Prior to July, the 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 of Education. 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.

STATE COMPLIANCE  
SECTION



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

To the Board of Education of  
Eldon R-I School District  
Eldon, Missouri:

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

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

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

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

*Graves and Associates,  
CPAs, LLC*

GRAVES AND ASSOCIATES, CPAs, LLC  
Jefferson City, Missouri

November 15, 2016

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

1. Calendar (Sections 160.041 and 171.031, RSMo)

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

Kindergarten – A.M.	_____ SDL	Grades <u>1-6</u>	<u>6.7500</u> SDL
Kindergarten – P.M.	_____ SDL	Grades <u>7-8</u>	<u>6.5000</u> SDL
Kindergarten – Full-day	<u>6.7500</u> SDL	Grades <u>9-12</u>	<u>6.6000</u> SDL

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

Kindergarten – A.M.	_____ Hours	Grades <u>1-6</u>	<u>1,130.77</u> Hours
Kindergarten – P.M.	_____ Hours	Grades <u>7-8</u>	<u>1,084.92</u> Hours
Kindergarten – Full-day	<u>1,130.77</u> Hours	Grades <u>9-12</u>	<u>1,102.00</u> Hours

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

Kindergarten – A.M.	_____ Days	Grades <u>1-6</u>	<u>173</u> Days
Kindergarten – P.M.	_____ Days	Grades <u>7-8</u>	<u>173</u> Days
Kindergarten – Full-day	<u>173</u> Days	Grades <u>9-12</u>	<u>173</u> Days

2. Average Daily Attendance (ADA)

Regular Term	Full-time/ Part-time	Remedial	Total
Grades <u>K</u>	<u>104.45</u>	_____	<u>104.45</u>
Grades <u>1-6</u>	<u>811.55</u>	_____	<u>811.55</u>
Grades <u>7-8</u>	<u>253.19</u>	_____	<u>253.19</u>
Grades <u>9-12</u>	<u>541.25</u>	<u>2.91</u>	<u>544.16</u>

Subtotal Regular Term 1,710.44 2.91 1,713.35

	Resident	Total
Summer School		
Subtotal	<u>18.58</u>	<u>18.58</u>

Total Regular Term Plus Summer School ADA 1,731.93

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

3. September Membership

	Full-Time & Part-Time	Total
September Membership FTE Count	<u>1,820.74</u>	<u>1,820.74</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>986.49</u>	<u>          </u>	<u>986.49</u>
	Reduced	<u>121.50</u>	<u>          </u>	<u>121.50</u>
	Total	<u>1,107.99</u>	<u>          </u>	<u>1,107.99</u>

5. Finance

- A. As required by Section 162.401, RSMo, a bond was purchased for the District's treasurer in the total amount of: \$ 50,000
- B. The District's deposits were secured during the year as required by Section 110.010 and 110.020, RSMo. True
- C. The District maintained a separate bank account for the Debt Service Fund in accordance with Section 165.011, RSMo. True
- D. Salaries reported for educators in the October Core Data cycle are supported by payroll/contract records. True
- E. If a \$162,326 or 7% x SAT x WADA transfer was made in excess of adjusted expenditures, the Board approve a resolution to make the transfer, which identified the specific projects to be funded by the transfer and an expected expenditure date for the projects to be undertaken. 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 165.121, RSMo. True
- G. The District has a professional development committee plan adopted by the Board with the professional development committee plan identifying the expenditure of seventy-five percent (75%) of one percent (1%) of the current year formula apportionment. True

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

H. The amount spent for approved professional development committee plan activities was: \$57,218

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 # 1,269.00
- Ineligible ADT # 30.00

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

E. Actual odometer records show the total district-operated and contracted mileage for the year was: # 235,455

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 # 161,440
- Ineligible Miles (Non-Route/Disapproved) # 74,015

F. Number of days the District operated the school transportation system during the regular school year. 173



**SUPPLEMENTARY  
INFORMATION**

FEDERAL COMPLIANCE  
SECTION

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

<i>Federal Grantor/Pass-Through Grantor/Program or Cluster Title</i>	<i>Federal CFDA Number</i>	<i>Pass-through Entity Identifying Number</i>	<i>Federal Expenditures(\$)</i>
<b><i>Child Nutrition Cluster</i></b>			
United States Department of Agriculture Pass-Through Programs			
Passed-through MO DESE			
National School Lunch Program	10.555	066-102	\$ 541,418
Snack Payment	10.555	066-102	27,015
School Breakfast Program	10.553	066-102	188,935
Noncash	10.555	066-102	98,549
<i>Total Passed-through MO DESE</i>			855,917
Passed-through MO Health and Senior Services			
Summer Food Service Program for Children	10.559	ERS0461908S	14,472
<b><i>Total Child Nutrition Cluster</i></b>			870,389
<b><i>Other Programs</i></b>			
Corporation for National and Community Service Pass-Through Programs			
Passed-through MO DED			
AmeriCorps	94.006	066-102	522,108
VISTA - Volunteers in Service to America	94.013	066-102	37,183
<i>Total Corporation for National and Community Service</i>			559,291
Department of Education Pass-Through Programs			
Passed-through MO DESE			
<b><i>IDEA Cluster</i></b>			
IDEA Special Education Grants to States	84.027	066-102	371,383
Special Education High Need Fund - Federal	84.027	066-102	1,647
ECSE - Federal (611)	84.027	066-102	38,858
ECSE - Federal (619)	84.173	066-102	9,912
<b><i>Total IDEA Cluster</i></b>			421,800
Perkins - Career and Technical Education -- Basic Grants to States			
Title I Grants to Local Educational Agencies	84.048	066-102	105,339
Title II.A Improving Teacher Quality State Grants	84.010	066-102	579,672
Title VI.A Improving Teacher Quality State Grants	84.367	066-102	79,949
Title VI.B Rural Education	84.358	066-102	41,258
Twenty-First Century Community Learning Centers	84.287	066-102	234,332
<i>Total Passed-through MO DESE</i>			1,040,550
<i>Total Department of Education</i>			1,462,350
United States Department of Agriculture Pass-Through Programs			
Passed-through MO Dept. Health and Senior Services			
Child and Adult Care Food Program	10.558	ERS46121908	58,433
<b><i>Total Other Programs</i></b>			2,080,074
<b><i>Total Expenditures of Federal Awards</i></b>			\$ 2,950,463

**BASIS OF PRESENTATION:**

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

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

(Continued)

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

FOOD DISTRIBUTION:

Non-monetary assistance is reported in the schedule at the fair market value of the commodities received and disbursed. As of the year ended, the District had food commodities of \$21,149 in inventory.



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

To the Board of Education of  
Eldon R-I School District  
Eldon, 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 and each major fund of the Eldon R-I School District (the "District"), as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated September 8, 2014.

*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 and therefore, material weaknesses or significant deficiencies may exist that were not identified. 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 certain deficiencies in internal control, described in the accompanying schedule of findings that we consider to be significant deficiencies. They are identified as items 2016-1 and 2016-2.

#### *Compliance and Other Matters*

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

#### *The District's Response to Findings*

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

#### *Purpose of this Report*

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Graves and Associates,  
CPAs, LLC

GRAVES AND ASSOCIATES, CPAs, LLC  
Jefferson City, Missouri

November 15, 2016



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

To the Board of Education of  
Eldon R-I School District  
Eldon, Missouri:

*Report on Compliance for Each Major Federal Program*

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

*Management’s Responsibility*

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

*Auditor’s Responsibility*

Our responsibility is to express an opinion on compliance for each of District’s major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about District’s compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

*Opinion on Each Major Federal Program*

In our opinion, the District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2016.

*Report on Internal Control Over Compliance*

Management of the District is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the District's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the District's internal control over compliance.

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

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

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

Graves and Associates,  
CPAs, LLC

GRAVES AND ASSOCIATES, CPAs, LLC  
Jefferson City, Missouri

November 15, 2016



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

SECTION I – SUMMARY OF AUDITOR’S RESULTS

Financial Statements

Type of Financial Statement Opinion: Unmodified

Internal Control Over Financial Reporting (GAGAS):

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

Federal Awards

Internal Control Over Major Programs:

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

Type of Opinion On Compliance for Major Programs: Unmodified

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

Identification of Major Programs:

<u>CFDA Number (s)</u>	<u>Name of Federal Program or Cluster</u>
84.101	U.S. Department of Education
10.553/10.555/10.559	Passed Through the Missouri Department Of Elementary and Secondary Education
	Title I
	Child Nutrition Cluster

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

Low Risk Auditee under 2 CFR Section 200.520? No

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

SECTION II - FINANCIAL STATEMENTS FINDINGS

SIGNIFICANT DEFICIENCIES

2016-1: Segregation of Duties (Resubmitted)

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

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: 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.

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

SECTION II - FINANCIAL STATEMENTS FINDINGS (Continued)

SIGNIFICANT DEFICIENCIES (Continued)

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

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

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

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

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

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

SECTION III - FEDERAL AWARD FINDINGS

No matters were reported.