

ELDON R-I SCHOOL DISTRICT

Eldon, Missouri

INDEPENDENT AUDITOR'S REPORT

For The Year Ended June 30, 2015

ELDON CAREER CENTER

EIN #44-6002437

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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, 2015, 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, 2015, 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, the budgetary comparison schedules, and the state compliance section are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is also not a required part of the basic financial statements.

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

The 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 October 14, 2015, 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

October 14, 2015

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, 2015

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, 2015. 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, 2015 (FY15) and the prior year ended June 30, 2014(FY14) is required to be presented in this analysis.

Financial Highlights

- The total fund balances of the District's governmental funds decreased by \$2,166,349 to \$12,087,826 during the 2015 fiscal year.
- The combined unreserved fund balance for the General Fund and Teachers Fund is \$5,996,679 or 33.61% as compared to \$6,490,339 or 37.59% last year.
- The fund balance for the General Fund and Special Revenue Fund decreased \$493,660 from 2014 after transfers of \$2,287,935 to the Teacher's Special Revenue Fund and \$810,327 to the Capital Projects Fund. The Capital Projects Fund balance decreased by \$1,627,741, primarily due to bond issue expenditures. Debt Services Fund balance decreased by \$47,817.
- Total Revenue (all sources) decreased by \$4,425,265 from FY14 to FY15. Expenditures increased from FY14 to FY15 by \$3,697,214. The majority of the decrease in revenue is a direct result of the sale of bonds for the 2014 bond issue. The majority of the expenditure is from bond issue projects.
- All certified and support staff advanced a step on the FY15 salary schedule and the certified salary schedule received a \$1,500 increase to the base as approved by the board of education.

Revenues

- Total revenues for the fiscal year were \$20,429,388 compared to \$24,854,653 last year, a decrease of \$4,425,265. The primary sources of revenue are:
 1. Local and County revenues for FY15, primarily tax receipts, sales tax, tuition, food services, investment earnings, student activities, fines and railroad and utilities totaled \$9,404,321 compared to \$9,243,578 in FY14. This is an increase of \$160,743 over FY14; the district saw increases in Current taxes, Prop C Sales tax, investment income, and student activity revenue.

ELDON R-I SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
JUNE 30, 2015

2. State revenues, primarily basic formula, classroom trust funds (gaming funds), transportation, entitlements and grants, totaled \$7,941,027 compared to \$6,535,465 last year. This is an increase of \$1,594,438. The district received more Basic Formula, Transportation, and Career Education Enhancement Grant; however Classroom Trust and Vocational Aide decreased from FY14. New state revenue for FY 15 included \$1.082k in SEMA funding and \$36k in a DNR Grant funding.
3. Federal revenues decreased by \$251,173 from FY14 to FY15. Totals for FY15 were \$2,823,037 compared to \$3,074,210 last year. Revenues decreased primarily due to receiving FY 13 carry over funds in Perkins and 21st Century Learning Grants in FY14.
4. Other Financing Sources was down by \$5,740,399 from FY14 due to the sale of bonds for the 2014 \$5.6 million bond issue and the district did not sell a building trade's house in FY15.

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

	Revenues Collected			
	2015	%	2014	%
Local	\$ 8,664,081	42.41%	\$ 8,546,391	34.39%
County	676,532	3.31%	649,789	2.61%
State	7,941,027	38.87%	6,535,465	26.29%
Federal	2,823,037	13.82%	3,074,210	12.37%
Investment Income	63,708	0.31%	47,398	0.19%
Other Revenues	220,634	1.08%	230,573	0.93%
Other Financing Sources	40,369	0.20%	5,770,829	23.22%
	<u>\$ 20,429,388</u>		<u>\$ 24,854,655</u>	

Expenditures

- Total expenditures for FY15 were \$22,595,606 compared to \$18,898,392 in FY14. Included in these totals are Debt Service expenditures of \$1,009,779. The primary sources of expenditures changes are:
 1. Instruction increased due to salary schedule step increases and a \$1,500 increase to the base. The district purchased \$145,500 in new math textbooks at South, Upper and Middle School and \$18,000 in textbooks at the High School. Technology upgrades resulted in expenditures of \$216,000. Career Center Enhancement increased \$121,000 over FY 14.
 2. Support Services increased \$96,982 over FY14 due to increased student wellness expenditures and an additional LPN at South Elementary.
 3. Operation of Plant decreased in FY15 due to the architectural fees for the FEMA Tornado Safe Room being paid from bond funds.
 4. Community Services decreased for FY15 as State Fair Community College took over the LPN program in January 2014 and LEAP expenditures decreased due to reduced funds for 21st Century Learning Grants.

ELDON R-I SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
JUNE 30, 2015

5. Facilities Acquisition & Construction increased in FY15 as the district completed the Early Learning Center/Tornado Safe Room and began the Fine Arts renovation project from the 2014 \$5.6 million bond issue.
6. Debt Services expenditures increased \$17,469 over FY14.

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

	Expenditures paid			
	2015	%	2014	%
Instructional Services	\$ 10,633,367	47.06%	\$ 9,893,050	52.35%
Support Services	791,472	3.50%	694,490	3.67%
Instructional Staff Support	736,620	3.26%	718,074	3.80%
Building Administration	923,359	4.09%	920,731	4.87%
General Administration & Central Office	656,385	2.90%	606,903	3.21%
Operation of Plant	2,048,156	9.06%	2,122,524	11.23%
Transportation	848,417	3.75%	838,791	4.44%
Food Services	938,783	4.15%	891,821	4.72%
Community Services	905,448	4.01%	939,877	4.97%
Facility Acquisition & Construction	2,969,727	13.14%	145,729	0.77%
Debt Services	1,143,871	5.06%	1,126,402	5.96%
	<u>\$ 22,595,606</u>		<u>\$ 18,898,392</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.

ELDON R-I SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
JUNE 30, 2015

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.

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, 2015

Net position of the District was \$12,087,957 at June 30, 2015 compared a net position of \$14,254,174 at June 30, 2014. Net Position of the District consist of the following at June 30,:

**STATEMENT OF NET POSITION
YEAR ENDED JUNE 30, 2015**

Governmental Activities

	FY 2015	FY 2014
ASSETS		
Cash and Investments	\$ 6,498,344.00	\$ 7,666,549.00
Restricted Cash and Investments	5,234,240.00	6,232,252.00
Restricted Cash and Investments with Fiscal Agent	-	-
	355,373.00	355,373.00
TOTAL ASSETS	\$ 12,087,957.00	\$ 14,254,174.00
 NET POSITION		
Restricted For:		
Scholarships	\$ 100,118.00	\$ 187,973.00
Professional Development	8,035.00	7,448.00
Retirement of Long-Term Debt	979,691.00	1,025,828.00
Construction	4,642,397.00	5,504,737.00
Unrestricted	6,357,716.00	7,528,188.00
TOTAL NET POSITION	\$ 12,087,957.00	\$ 14,254,174.00

ELDON R-I SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
JUNE 30, 2015

The following table provides a summary of the changes in net assets for the year ended June 30, 2015.

**CHANGES IN NET POSITION FROM OPERATING RESULTS
FOR GOVERNMENTAL ACTIVITIES
YEAR ENDED IN JUNE 30, 2015**

Revenues

	FY 2015	FY 2014
<i>Program Revenues:</i>		
Charges for Services	\$ 657,968	\$ 772,702
Operation Grants and Contributions	4,092,490	4,449,301
Capital Grants and Contributions	1,537,379	292,163
<i>General Revenues:</i>		
Property Taxes	6,701,818	6,554,252
Sales Tax	1,739,306	1,635,325
State Aid	5,134,195	4,868,210
Fines and Forfeitures	121,314	108,168
Investment Income	63,708	42,545
Contribution to Endowments	-	4,853
Miscellaneous	120,206	125,733
Proceeds from Bond Issue	-	5,600,000
Proceeds from Sales	15,143	170,829
Non-Revenue Receipts	245,860	230,573
Total Revenues	20,429,388	24,854,654

Expenses

<i>Program Expenses:</i>		
Instructional Services	\$ 10,633,367	\$ 9,893,050
Student Services	791,472	694,490
Instructional Staff Support	736,620	718,074
Building Administration	923,359	920,731
General Administration & Central Services	656,385	606,903
Operation of Plant	2,048,156	2,122,524
Transportation	848,417	838,791
Food Service	938,783	891,821
Community Service	905,448	939,877
Debt Service	806,595	881,359
Facilities Acquisition & Construction	2,969,727	145,729
Interest	337,276	245,043
Total Expenses	22,595,606	18,898,392.00
Increase (Decrease) in Net Position	(2,166,218)	5,956,262.00
Net Position, Beginning of Year	14,254,174	8,297,913
Net Position, End of Year	\$ 12,087,956	\$ 14,254,175

ELDON R-I SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
JUNE 30, 2015

Tables A and Table B below present the cost of each of the major district governmental activities in FY15 and FY14: 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, 2015**

Table A

	Total Cost of Services	Net Cost of Services
Governmental Activities		
Instructional Services	10,633,367	5,925,719
Student Services	491,472	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
Total Governmental Activities	\$ 22,295,605	\$ 16,307,768

FISCAL YEAR 2014 COMPARISON

Table B

	Total Cost of Services	Net Cost of Services
Governmental Activities		
Instructional Services	9,893,050	5,964,331
Student Services	694,490	295,108
Instructional Staff Support	718,074	718,074
Building Administration	920,731	920,731
General Administration & Central Services	606,903	606,903
Operation of Plant	2,122,524	2,122,524
Transportation	838,791	684,603
Food Services	891,821	(140,056)
Community Services	939,877	939,877
Facility Acquisitions & Construction	145,729	145,729
Debt Services	881,359	881,359
Interest	245,043	245,043
Total Governmental Activities	\$ 18,898,392	\$ 13,384,226

ELDON R-I SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
JUNE 30, 2015

This table provides the following highlights:

- The total cost of all governmental activities for fiscal year 2015 was \$22,295,605 compared to \$18,898,392 from 2014.
- Instructional services represent 47.69% of the total cost of all governmental activities of the District compared to 52.35% last year.
- Student Services and Instructional Staff Support (this area includes Guidance, Library, Media, Improvement of Instruction, and Health Services) represents 5.51% of all governmental activities of the District compared to 7.47% last year.
- Administration (includes Board of Education, District, Building Administration, and Business Services) represents 7.09% compared to 8.08% last year.
- Debt Service represents 5.13% of the total costs of all governmental activities, while Operation of Plant represents 9.19% compared to 4.66% and 11.23% respectively last year.
- The net cost of all governmental activities was \$22.3 million with \$6 million of the total cost being financed by revenues generated by governmental activities compared to \$18.9 million in governmental activities with \$5.5 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 \$4,092,490 or 18.11% of the total expenses of the program compared to \$4,449,301 or 23.54% 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 30, 2014, and the final budget amendment was adopted on June 29, 2015.

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, 2015

Long-term Obligations

At year-end, the District had \$13,752,354 in general obligation bonds outstanding. The district repaid \$682,646 of outstanding bonds in 2015, 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, 2015					
	General	Special Revenue	Debt Service	Capital Projects	Total
NonSpendable:					-
Restricted for:					
Debt Service			847,098	132,593	979,691
Professional Development	8,035				8,035
Scholarship	100,118				100,118
Construction				4,642,397	4,642,397
Committed to:					
Construction					-
Compensated Absences:	32,440				32,440
Assigned to:					
Other Capital Projects				469,190	469,190
Unassigned	5,856,086				5,856,086
Total Fund Balances	5,996,679	-	847,098	5,244,180	12,087,957

ELDON R-I SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
JUNE 30, 2015

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 FY15, the governmental funds reported combined ending fund balances of \$12,087,957 which is below last year's reported total of \$14,254,174. The fund balance of the General and Special Revenue Fund decreased \$493,660, Debt Services decreased by \$47,817 and Capital Projects decreased by \$1,627,740.

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 2016 Budget Outlook

District staff collaborated to develop the FY16 budget keeping student success a focus while approaching expenditures in a fiscally responsible manner which leads to future financial stability. The proposed FY16 budget reflects a perceived deficit in all funds of \$5,155,299. Operating Funds (Operating/Teacher Funds) reflects expenditures of \$138,035 in excess of revenues. Yet current projections indicate the FY15 year-end operating fund balances are estimated at 22.08%, 2.08% above the 20% Board goal. Capital Projects is projecting a deficit of \$4,960,338 which is a result of bond expenditures in this budget which the revenue was actually received in FY14. 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, 2015

	<u>Governmental Activities</u>
ASSETS	
Cash and Investments	\$ 6,498,344
Restricted Cash and Investments	5,234,240
Restricted Cash and Investments with Fiscal Agent	<u>355,373</u>
TOTAL ASSETS	<u><u>\$ 12,087,957</u></u>
 NET POSITION	
Restricted for:	
Student Scholarships	\$ 100,118
Professional Development	8,035
Retirement of Long-Term Debt	979,691
Construction	4,642,397
Unrestricted	<u>6,357,716</u>
TOTAL NET POSITION	<u><u>\$ 12,087,957</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, 2015

Funtions/Programs	Expenditures	Program Cash Revenues			Net (Expenditures) Revenues and Changes in Net Position
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Total Governmental Activities
Governmental Activities:					
Instructional Services	\$ (10,633,367)	\$ -	\$ 3,170,269	\$ 1,537,379	\$ (5,925,719)
Student Services	(791,472)	414,132	-	-	(377,340)
Instructional Staff Support	(736,620)	-	-	-	(736,620)
Building Administration	(923,359)	-	-	-	(923,359)
General Administration and Central Services	(656,385)	-	-	-	(656,385)
Operation of Plant	(2,048,156)	-	-	-	(2,048,156)
Transportation	(848,417)	-	181,263	-	(667,154)
Food Service	(938,783)	243,836	740,958	-	46,011
Community Service	(905,448)	-	-	-	(905,448)
Facility Acquisition and Construction	(2,969,727)	-	-	-	(2,969,727)
Debt Services	(806,595)	-	-	-	(806,595)
Interest	(337,276)	-	-	-	(337,276)
Total Governmental Activities	<u>\$ (22,595,606)</u>	<u>\$ 657,968</u>	<u>\$ 4,092,490</u>	<u>\$ 1,537,379</u>	<u>(16,307,768)</u>
General Revenues:					
Property Taxes					6,701,818
Sales Taxes					1,739,306
State Aid					5,134,195
Fines					121,314
Investment Income					63,708
Miscellaneous					120,206
Proceeds From Sales					15,143
Other Revenue					245,860
Total General Revenues					<u>14,141,551</u>
Increase (Decrease) in Net Position					(2,166,218)
Net Position, Beginning of Year					<u>14,254,174</u>
Net Position, End of Year					<u>\$ 12,087,957</u>

See accompanying Notes to the Financial Statements.

ELDON R-I SCHOOL DISTRICT
BALANCE SHEET - MODIFIED CASH BASIS
GOVERNMENTAL FUNDS
JUNE 30, 2015

	General Fund	Special Revenue Fund	Debt Service Fund	Capital Projects Fund	Total Governmental Funds
ASSETS					
Cash and Investments	\$ 5,896,561	\$ -	\$ -	\$ 601,783	\$ 6,498,344
Restricted Cash and Investments	100,118	-	491,725	4,642,397	5,234,240
Restricted Cash and Investments with Fiscal Agent	-	-	355,373	-	355,373
TOTAL ASSETS	<u>\$ 5,996,679</u>	<u>\$ -</u>	<u>\$ 847,098</u>	<u>\$ 5,244,180</u>	<u>\$ 12,087,957</u>
FUND BALANCES					
Fund Balances:					
Restricted for:					
Retirement of Long-Term Debt	\$ -	\$ -	\$ 847,098	\$ 132,593	\$ 979,691
Professional Development	8,035	-	-	-	8,035
Student Scholarships	100,118	-	-	-	100,118
Construction	-	-	-	4,642,397	4,642,397
Committed to:					
Compensated Absences	32,440	-	-	-	32,440
Assigned to:					
Other Capital Expenditures	-	-	-	469,190	469,190
Unassigned	5,856,086	-	-	-	5,856,086
TOTAL FUND BALANCES	<u>\$ 5,996,679</u>	<u>\$ -</u>	<u>\$ 847,098</u>	<u>\$ 5,244,180</u>	<u>\$ 12,087,957</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, 2015

	General Fund	Special Revenue Fund	Debt Service Fund	Capital Projects Fund	Total Governmental Funds
Revenues					
Local	\$ 5,992,240	\$ 1,739,438	\$ 885,506	\$ 46,897	\$ 8,664,081
County	485,899	121,314	69,318	-	676,532
State	1,269,453	5,134,195	-	1,537,379	7,941,027
Federal	2,823,037	-	-	-	2,823,037
Investment Income	43,675	2,339	7,138	10,556	63,708
Other Revenues	-	220,634	-	-	220,634
Total Revenues	10,614,304	7,217,921	961,962	1,594,832	20,389,019
Expenditures					
Instructional Services	2,477,847	7,681,632	-	473,888	10,633,367
Support Services	430,404	356,895	-	4,173	791,472
Instructional Staff Support	439,105	264,577	-	32,938	736,620
Building Administration	329,169	592,775	-	1,414	923,359
General Administration and Central Services	472,129	184,256	-	-	656,385
Operation of Plant	1,744,942	-	-	303,215	2,048,156
Transportation	712,417	-	-	136,000	848,417
Food Service	929,060	-	-	9,722	938,783
Community Service	477,273	425,719	-	2,455	905,448
Facility Acquisition and Construction	-	-	-	2,969,727	2,969,727
Debt Services	-	-	1,009,779	134,093	1,143,871
Total Expenditures	8,012,345	9,505,855	1,009,779	4,067,626	22,595,606
Excess (Deficiency) of Revenues Over (Under) Expenditures	2,601,959	(2,287,935)	(47,817)	(2,472,794)	(2,206,587)
Other Financing Sources (Uses):					
Proceeds from Sales	2,643	-	-	37,726	40,369
Transfers (To) From Fund	(3,098,262)	2,287,935	-	810,327	-
Total Other Financing Sources (Uses)	(3,095,619)	2,287,935	-	848,053	40,369
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing (Uses)	(493,660)	-	(47,817)	(1,624,741)	(2,166,218)
Fund Balance, Beginning of Year	6,490,339	-	894,915	6,868,920	14,254,174
Fund Balance, End of Year	\$ 5,996,679	\$ -	\$ 847,098	\$ 5,244,180	\$ 12,087,957

See accompanying Notes to the Financial Statements

ELDON R-I SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2015

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, 2015

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

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

The funds of the financial reporting entity are described below:

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

Governmental Funds

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

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

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

ELDON R-I SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2015

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

Basis of Presentation (Continued)

Fund Financial Statements (Continued)

Governmental Funds (Continued)

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.

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

Measurement Focus and Basis of Accounting

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

Measurement Focus

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

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 and liabilities are generally included on their balance sheets. Their operating statements present sources and uses of available spendable financial resources during a given period. These funds use fund balance as their measure of available spendable financial resources at the end of the period.

ELDON R-I SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2015

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

Measurement Focus and Basis of Accounting (Continued)

Basis of Accounting

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

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

Assets, Liabilities, and Equity

Cash and Cash Equivalents

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

Investments

Investments are carried at cost which approximates market.

ELDON R-I SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2015

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

Assets, Liabilities, and Equity (Continued)

Capital Assets

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

Restricted Assets

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

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.

Equity Classification

Government-Wide Financial Statements

Net position is classified and displayed in two components:

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

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

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

Fund Financial Statements:

Governmental fund equity is classified as fund balance.

ELDON R-I SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2015

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

Assets, Liabilities, and Equity (Continued)

Equity Classification (Continued)

Fund Financial Statements: (Continued)

The difference among assets, deferred outflows, liabilities, and deferred inflows 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, 2015

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

Assets, Liabilities, and Equity (Continued)

Fund Equity (Continued)

Order of Spending

When both restricted and unrestricted funds are available for expenditure, restricted funds should be spent first unless legal requirements disallow it.

When committed, assigned, and unassigned funds are available for expenditure, committed funds should be spent first, assigned funds second, and unassigned funds last.

Revenues, Expenditures, and Expenses

Program Revenues

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

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

All other governmental revenues are reported as general. All taxes are classified as general 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, 2015

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

Internal and Interfund Balances and Activities

Fund Financial Statements:

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

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

Government-Wide Financial Statements:

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

- 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, 2015

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 \$1,647,150 and the bank balance was \$791,069. Of the bank balance, \$325,604 was covered by the Federal Depository Insurance Corporation (FDIC) and \$541,069 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, 2015

NOTE 2 - CASH AND INVESTMENTS: (Continued)

Deposits (Continued)

	<u>Carrying Amount</u>	<u>Market Value</u>
MOSIP Money Funds	\$ 10,089,360	\$ 10,089,360
MO. School District		
Direct Deposit Program – Bond Escrow	<u>341,372</u>	<u>341,372</u>
Total	<u>\$ 10,430,732</u>	<u>\$ 10,430,732</u>

Included in the MOSIP funds are certificates of deposit totaling \$1,625,000. They have various maturity dates between July 1, 2015 and April 1, 2016. They have interest rates of .55 to .83 percent.

Scholarship Fund: The Board adopted a policy where they do not expend any portions of any principal balances, no matter what the original donor intent was, in order to protect these funds. Therefore, the Board only allows earnings on the investments to be spent.

<u>Certificates of Deposit</u>	<u>Maturity Date</u>	<u>Carrying Value</u>	<u>Interest Rate</u>
	06/07/16	\$ <u>100,118</u>	.3496
		<u>\$ 100,118</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	\$ 14,435,000
Bonds issued	-0-
Bonds retired	<u>(682,646)</u>
Bonds payable, ending	<u>\$ 13,752,354</u>

ELDON R-I SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2015

NOTE 3 – LONG-TERM DEBT: (Continued)

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.

Bonds payable as of the year ended consisted of:

\$9,105,000 General Obligation Refunding Bonds, Series 2012B due in varying installments through March 1, 2028; interest at 1.15% to 5%.	
2012B Series Total	\$ 8,155,000
\$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	<u>677,354</u>
Total Bonds Payable	<u>\$ 13,752,354</u>

ELDON R-I SCHOOL DISTRICT
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE YEAR ENDED JUNE 30, 2015

NOTE 3 – LONG-TERM DEBT: (Continued)

Debt Service requirements are:

<u>Year Ended</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2016	\$ 500,000	\$ 353,430	\$ 853,430
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>\$13,752,354</u>	<u>\$ 3,984,546</u>	<u>\$17,736,900</u>

The District will realize a net present value benefit of approximately \$20,000 from the 2012 refunding.

Certificates of Participation

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

Certificates payable, beginning	\$620,000
Certificates issued	-0-
Certificates retired	<u>(120,000)</u>
Certificates payable, ending	<u>\$500,000</u>

ELDON R-I SCHOOL DISTRICT
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE YEAR ENDED JUNE 30, 2015

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>\$ 500,000</u>
Total Certificates Payable	<u>\$ 500,000</u>

Debt Service requirements are:

<u>Year Ended</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2016	\$ 120,000	\$ 9,413	\$ 129,413
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>\$ 500,000</u>	<u>\$ 25,375</u>	<u>\$ 525,375</u>

As of the year ended, the District incurred interest expense of \$337,276.

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	<u>\$2,287,935</u>

Capital Projects Fund

\$162,326 or 7% x SAT x WADA	
Total transfers to Capital Projects	<u>\$ 810,327</u>

Total Transfers from the General Fund	<u>\$3,098,262</u>
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ELDON R-I SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2015

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, 2015

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>
2015	\$ 1,132,714	14.5%
2014	1,115,596	14.5%
2013	1,069,660	14.5%

Certain information pertaining to the District in regards to the PSRS unfunded liability and its calculations are provided as follows:

Year Ended	Net Pension Liability (NPL)	Employer Allocation Percentage
2015	<i>Not Available</i>	<i>Not Available</i>
2014	\$ 7,105,661	0.1732%
2013	10,869,821	0.1703%

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.

ELDON R-I SCHOOL DISTRICT
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE YEAR ENDED JUNE 30, 2015

NOTE 5 – RETIREMENT PLAN: (Continued)

Public Education Employee Retirement System (PEERS) (Continued)

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.psrs-peers.org>.

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>
2015	\$ 204,933	6.86%
2014	190,198	6.86%
2013	196,034	6.86%

Certain information pertaining to the District in regards to the PEERS unfunded liability and its calculations are provided as follows:

Year Ended	Net Pension Liability (NPL)	Employer Allocation Percentage
2015	<i>Not Available</i>	<i>Not Available</i>
2014	\$ 694,180	0.1901%
2013	1,324,350	0.2034%

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.

ELDON R-I SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2015

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.

NOTE 8 - 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. As of the year ended, accrued sick leave was \$32,440.

NOTE 9 - TEACHERS' SALARIES:

Payroll checks written and dated in June, for July and August 2015 payroll from 2014-15 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 10 - 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 2014, for the purposes of local taxation, was as follows:

Total	<u>\$174,562,332</u>
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ELDON R-I SCHOOL DISTRICT
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE YEAR ENDED JUNE 30, 2015

NOTE 10 - TAXES: (Continued)

The tax levy per \$100 of the assessed valuation of tangible taxable property for the calendar year 2014 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 99% of the current assessment computed on the basis of the levy shown above.

NOTE 11 – OTHER POST-EMPLOYMENT BENEFITS:

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

NOTE 12 - CONSTRUCTION COMMITMENTS:

The District has a remaining balance on construction contracts in the amount of \$4,269,706.

NOTE 13 – 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 \$139,503. The contracted services were award through a sealed bid process.

NOTE 14 - EVALUATION OF SUBSEQUENT EVENTS:

The District has evaluated subsequent events through October 14, 2015, the date which the financial statements were available to be issued.

OTHER INFORMATION

SUPPLEMENTARY INFORMATION

ELDON R-I SCHOOL DISTRICT

BUDGETARY COMPARISON SCHEDULE - MODIFIED CASH BASIS
 GENERAL FUND
 FOR THE YEAR ENDED JUNE 30, 2015

	Original Budget	Final Budget	Actual	Variance
Revenues				
Local	\$ 5,799,859	\$ 5,984,565	\$ 5,992,240	\$ 7,675
County	463,597	475,252	485,899	10,647
State	1,179,272	1,268,976	1,269,453	477
Federal	2,979,190	2,787,409	2,823,037	35,628
Investment Income	35,852	45,238	43,675	(1,563)
Other Revenues	3,500	3,500	-	(3,500)
Total Revenues	<u>10,461,271</u>	<u>10,564,940</u>	<u>10,614,304</u>	<u>49,364</u>
Expenditures				
Instruction	2,582,592	2,762,199	2,477,847	284,352
Student Services	414,880	424,845	430,404	(5,559)
Instructional Staff Support	498,396	498,229	439,105	59,124
Building Administration	420,754	404,676	329,169	75,507
General Administration and Central Service:	396,578	407,699	472,129	(64,430)
Operation of Plant	1,749,053	1,759,430	1,744,942	14,488
Transportation	840,154	873,690	712,417	161,273
Food Service	928,014	970,670	929,060	41,610
Community Service	445,794	554,467	477,273	77,194
Total Expenditures	<u>8,276,214</u>	<u>8,655,906</u>	<u>8,012,345</u>	<u>643,561</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	2,185,057	1,909,034	2,601,959	692,925
Other Financing Sources (Uses):				
Proceeds from Sales	142,000	2,600	2,643	43
Transfers (To) From Fund	(3,098,262)	(3,098,262)	(3,098,262)	-
Total Other Financing Sources (Uses)	<u>(2,956,262)</u>	<u>(3,095,662)</u>	<u>(3,095,619)</u>	<u>43</u>
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing (Uses)	(771,205)	(1,186,628)	(493,660)	692,968
Fund Balance, Beginning of Year	<u>6,490,339</u>	<u>6,490,339</u>	<u>6,490,339</u>	<u>-</u>
Fund Balance, End of Year	<u>\$ 5,719,134</u>	<u>\$ 5,303,711</u>	<u>\$ 5,996,679</u>	<u>\$ 692,968</u>

ELDON R-I SCHOOL DISTRICT
 BUDGETARY COMPARISON SCHEDULE - MODIFIED CASH BASIS
 SPECIAL REVENUE FUND
 FOR THE YEAR ENDED JUNE 30, 2015

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>
				(Continued)
Revenues				
Local	\$ 1,640,358	\$ 1,739,306	\$ 1,739,438	\$ 132
County	108,165	121,318	121,314	(4)
State	4,829,592	5,134,195	5,134,195	-
Investment Income	2,200	-	2,339	2,339
Other Revenues	242,100	243,434	220,634	(22,800)
Total Revenues	<u>6,822,415</u>	<u>7,238,253</u>	<u>7,217,921</u>	<u>(20,332)</u>
Expenditures				
Instruction	7,998,564	7,880,281	7,681,632	198,649
Student Services	364,796	360,292	356,895	3,397
Instructional Staff Support	254,119	274,323	264,577	9,746
Building Administration	600,852	596,442	592,775	3,667
General Administration and Central Services	179,284	179,284	184,256	(4,972)
Operation of Plant	64.00	-	-	-
Community Service	429,398	431,725	425,719	6,006
Total Expenditures	<u>9,827,078</u>	<u>9,722,347</u>	<u>9,505,855</u>	<u>216,492</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(3,004,663)	(2,484,094)	(2,287,935)	196,159
Other Financing Sources (Uses):				
Transfers (To) From Fund	<u>3,004,663</u>	<u>2,484,094</u>	<u>2,287,935</u>	<u>(196,159)</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, 2015

Budget Law

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

1. In accordance with Chapter 67, RSMo, the District adopts a budget for each fund of the political subdivision.
2. Prior to July, the Assistant Superintendent, who serves as the budget officer, submits to the Board of Education a proposed budget for the fiscal year beginning on the following July 1. The proposed budget includes estimated revenues and proposed expenditures for all District funds. Budgeted expenditures cannot exceed beginning available monies plus estimated revenues for the year.
3. A public hearing is conducted to obtain taxpayer comments. Prior to its approval by the Board of Education, the budget document is available for public inspection.
4. Prior to July 1 the budget is legally enacted by a vote of the Board of Education.
5. Subsequent to its formal approval of the budget, the Board of Education has the authority to make necessary adjustments to the budget by formal vote of the Board. Adjustments made during the year are reflected in the budget information included in the financial statements.
6. Budgeted amounts are as originally adopted or as amended by the Board of Education.
7. Budgets for district funds are prepared and adopted on the modified cash basis (budget basis), recognizing revenues when collected and expenditures when paid. Budgets lapse at year end.

STATE COMPLIANCE
SECTION



INDEPENDENT AUDITOR'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, 2015. Management is responsible for the District's compliance with those requirements. Our responsibility is to express an opinion on the District's compliance based on our examination.

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

In our opinion, the District complied, in all material respects with the aforementioned requirements during the year ended June 30, 2015.

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

October 14, 2015

ELDON R-I SCHOOL DISTRICT
 SCHEDULE OF SELECTED STATISTICS
 FOR THE YEAR ENDED JUNE 30, 2015

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

1. Calendar (Sections 160.041 and 171.031, RSMo)

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

Kindergarten – A.M.	<u> </u> Hours	Grades <u> 1-6 </u>	<u> 1,132.30 </u> Hours
Kindergarten – P.M.	<u> </u> Hours	Grades <u> 7-8 </u>	<u> 1,086.20 </u> Hours
Kindergarten – Full-day	<u> 1,132.30 </u> Hours	Grades <u> 9-12 </u>	<u> 1,103.40 </u> Hours

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

Kindergarten – A.M.	<u> </u> Days	Grades <u> 1-6 </u>	<u> 173 </u> Days
Kindergarten – P.M.	<u> </u> 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> 119.67 </u>	<u> </u>	<u> 119.67 </u>
Grades <u> 1-6 </u>	<u> 806.57 </u>	<u> </u>	<u> 806.57 </u>
Grades <u> 7-8 </u>	<u> 260.91 </u>	<u> </u>	<u> 260.91 </u>
Grades <u> 9-12 </u>	<u> 529.92 </u>	<u> 0.47 </u>	<u> 530.39 </u>

Subtotal Regular Term 1,717.54

	Resident	Total
Summer School		
Subtotal	<u> 21.65 </u>	<u> 21.65 </u>

Total Regular Term Plus Summer School ADA 1,739.19

ELDON R-I SCHOOL DISTRICT
 SCHEDULE OF SELECTED STATISTICS
 FOR THE YEAR ENDED JUNE 30, 2015

3. September Membership

	Full-Time & Part-Time	Total
September Membership FTE Count	<u>1,837.21</u>	<u>1,837.21</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>967.14</u>	<u> </u>	<u>967.14</u>
	Reduced	<u>164.64</u>	<u> </u>	<u>164.64</u>
	Total	<u>1,131.78</u>	<u> </u>	<u>1,131.78</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, 2015

H. The amount spent for approved professional development committee plan activities was: \$50,884

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 # 1,315.50
- Ineligible ADT # 53.00

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: # 262,183

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 # 194,007
- Ineligible Miles (Non-Route/Disapproved) # 68,176

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

FEDERAL COMPLIANCE
SECTION

Eldon R-I School District
Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2015

<i>Federal Grantor/Pass-Through Grantor/Program or Cluster</i>	<i>Federal CFDA</i>	<i>Pass-through Entity</i>	<i>Federal</i>
<i>Title</i>	<i>Number</i>	<i>Identifying Number</i>	<i>Expenditures(\$)</i>
Child Nutrition Cluster-Cluster			
United States Department of Agriculture Pass-Through Programs			
Passed-through MO DESE			
National School Lunch Program	10.555	066-102	\$ 569,055
School Breakfast Program	10.553	066-102	187,256
Noncash	10.555	066-102	107,236
<i>Total Passed-through MO DESE</i>			863,547
Passed-through MO Health and Senior Services			
Summer Food Service Program for Children	10.559	ERS0461908S	12,499
Total Child Nutrition Cluster-Cluster			876,046
Other Programs			
Corporation for National and Community Service Pass Through Programs			
Passed-through MO DED			
AmeriCorps	94.006	066-102	493,258
VISTA - Volunteers in Service to America	94.013	066-102	43,071
<i>Total Corporation for National and Community Service</i>			536,329
Department of Education Pass-Through Programs			
Passed-through MO DESE			
IDEA Special Education Grants to States	84.027	066-102	426,066
Perkins - Career and Technical Education -- Basic Grants to States	84.048	066-102	109,432
Title I Grants to Local Educational Agencies	84.010	066-102	669,553
Title II.A Improving Teacher Quality State Grants	84.367	066-102	100,180
Title VI.B Rural Education	84.358	066-102	24,212
Twenty-First Century Community Learning Centers	84.287	066-102	317,087
<i>Total Passed-through MO DESE</i>			1,220,464
<i>Total Department of Education</i>			1,646,530
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	54,369
Total Other Programs			2,237,228
Total Expenditures of Federal Awards			\$ 3,113,274

BASIS OF PRESENTATION:

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

FOOD DISTRIBUTION:

Non-monetary assistance is reported in the schedule at the fair market value of the commodities received and disbursed. As of the year ended, the District had food commodities of \$27,577 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, 2015, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated October 8, 2015.

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 and questioned costs that we consider to be significant deficiencies. They are identified as items 2015-1 and 2015-2.

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 and questioned costs. 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

October 14, 2015



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

To the Board of Education of
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 Circular A-133 Compliance Supplement* that could have a direct and material effect on each of the District's major federal programs for the year ended June 30, 2015. The District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditor's Responsibility

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

We believe that our audit provides a reasonable basis for our opinion 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, 2015.

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

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

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

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

Graves and Associates,
CPAs, LLC

GRAVES AND ASSOCIATES, CPAs, LLC
Jefferson City, Missouri

October 14, 2015

ELDON R-I SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2015

SECTION I - SUMMARY OF AUDITOR'S RESULTS

Financial Statements:

Type of Auditor's Report Issued: Unmodified

Internal Control Over Financial Reporting:

- Material weakness(es) identified? Yes No
- Significant deficiencies identified that are not considered to be material weaknesses? Yes None Reported
- Noncompliance material to financial statements noted? Yes No

Federal Awards:

Internal Control Over Major Programs:

- Material weakness(es) identified? Yes No
- Significant deficiencies identified that are not considered to be material weaknesses? Yes None Reported

Type of Auditor's Report Issued On Compliance for Major Programs: Unmodified

Any audit findings disclosed that required to be reported in accordance with section 510(A) of Circular A-133? Yes No

ELDON R-I SCHOOL DISTRICT
 SCHEDULE OF FINDINGS AND QUESTIONED COSTS
 FOR THE YEAR ENDED JUNE 30, 2015

SECTION I - SUMMARY OF AUDITOR'S RESULTS (Continued)

Identification of Major Programs:

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

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

\$ 300,000

Auditee qualified as low-risk?

X Yes ___ No

SECTION II - FINANCIAL STATEMENTS FINDINGS

SIGNIFICANT DEFICIENCIES

2015-1: 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 AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2015

SECTION II - FINANCIAL STATEMENTS FINDINGS (Continued)

SIGNIFICANT DEFICIENCIES (Continued)

2015-2: 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 AND QUESTIONED COSTS

No matters were reported.

ELDON R-I SCHOOL DISTRICT
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE YEAR ENDED JUNE 30, 2015

No matters were reported.