

REPORT OF
BENTON COUNTY R-1 SCHOOL DISTRICT
COLE CAMP, MISSOURI
JUNE 30, 2016

BENTON COUNTY R-1 SCHOOL DISTRICT

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GERDING, KORTE & CHITWOOD CPAS

Professional Corporation

Certified Public Accountants

INDEPENDENT AUDITOR'S REPORT

Board of Education
Benton County R-1 School District
Cole Camp, Missouri

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To The Members of the Board:

Report on the Financial Statements

We have audited the accompanying modified cash basis financial statements of the governmental activities, each major fund and the discretely presented component unit of the Benton County R-1 School District, Cole Camp, Missouri (the "District"), as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

PARTNERS

Robert A. Gerding

Fred W. Korte, Jr.

Joseph E. Chitwood

Travis W. Hundley

Jeffrey A. Chitwood

Amy L. Watson

Heidi N. Ross

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

Opinions

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

Basis of Accounting

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

Other Matters

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The management's discussion and analysis, debt service budgetary schedule, capital projects budgetary schedule, schedule of revenues collected by source, schedule of expenditures paid by object, schedule of selected statistics, and schedule of transportation costs eligible for state aid 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 the purposes of additional analysis as required by Title 2 *U.S. Code of Federal Regulations (CFR) Part 200*, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards, and is also not a required part of the basic financial statements.

The debt service budgetary schedule, capital projects budgetary schedule, schedule of revenues collected by source, schedule of expenditures paid by object, and 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 debt service budgetary schedule, capital projects budgetary schedule, schedule of revenues collected by source, schedule of expenditures paid by object, and schedule of expenditures of federal awards are fairly stated in all material respects in relation the basic financial statements as a whole.

The management's discussion and analysis, schedule of selected statistics and schedule of transportation costs eligible for state aid have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated August 30, 2016, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.



August 30, 2016

Gerding, Korte & Chitwood, P.C.
Certified Public Accountants
Boonville, Missouri

BENTON COUNTY R-1 SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2016
(UNAUDITED)

The discussion and analysis of the Benton County R-1 School District's financial performance provides an overview of the District's financial activity for the fiscal year ending June 30, 2016. Please read in conjunction with the District's financial statements, notes to the financial statements, and other supplementary information, which immediately follow this section.

Financial Highlights

- The cash and investment balances of the District decreased by \$1,371,663 to \$3,125,146 during the 2016 fiscal year.
- The debt service fund balance decreased by \$7,425 to \$255,551. This balance is sufficient to pay 100% of the District's general obligation debt service requirement for 2017.
- Total revenues of the governmental funds were \$6,875,184 or an increase of 1% over prior year total revenues.
- Expenses for the operating fund (general and teachers' funds) increased by \$50,820, or 1% over prior year levels and were equal to the District's budget.
- Outlays for new capital assets were \$1,773,055 during the year, including site improvements, vehicles and equipment.

Overview of the Financial Statements

This section of the annual 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
- Supplementary information.

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

- District-wide financial statements – provide both *short-term* and *long-term* information about the District's overall financial status. The district-wide statements include the Statement of Net Position and Statement of Activities.

BENTON COUNTY R-1 SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2016
(UNAUDITED)

- The remaining statements are fund financial statements that focus on *individual funds* of the District, reporting the District's operations in *more detail* than the district-wide statements. The fund financial statements present the District's most significant funds.

The financial statements also include notes that explain some of the information in the statements and provide more detailed data. The statements are followed by a section of supplementary information that further explains and supports the financial statements.

District-Wide Statements

The district-wide statements report information about the District as a whole using accounting methods similar to those used by private-sector companies. The two district-wide statements report the District's *net position* and how it has changed. Net position – the difference between the District's assets and liabilities – is one way to measure the District's financial health or *position*.

- Over time, increases or decreases in the District's net position are an indicator of whether its financial position is improving or deteriorating, respectively.
- To assess the District's overall health, you need to consider additional non-financial factors such as changes in the District's property tax base and the condition of school buildings and other facilities.

In the district-wide financial statements, the District's activities are categorized as *governmental activities*.

- *Governmental Activities:* All of the District's basic services are included here, such as regular and special education, transportation, food service, and administration. Property taxes and state formula aid finance most of these activities.

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. All funds are required by state law and by bond covenants.

BENTON COUNTY R-1 SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2016
(UNAUDITED)

The District maintains one type of fund:

- *Governmental funds:* All of the District's basic services are included in governmental funds, which generally focus on (1) how cash and other financial assets that can readily be converted to cash flow in and out and (2) 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 near future to finance the District's programs. Because this information does not encompass the additional long-term focus of the district-wide statements, additional information at the bottom of the governmental funds statements explains the relationship (or differences) between them.

Financial Analysis of the District as a Whole

The District's total net position was \$5,688,835, as of June 30, 2016. Of this amount, \$2,700,451 is invested in capital assets, net of related debt, \$1,905,271 is unrestricted, \$255,551 is restricted for retirement of long-term debt, \$108,553 is restricted for school library and science department purposes, and \$719,009 is restricted for capital project purposes.

The District's component unit had unrestricted net position of \$230,378 as of June 30, 2016.

Total net position increased by \$315,241 for the year ended June 30, 2016.

The following table provides a summary of the District's net position at June 30, 2016 and 2015:

	Net Position			
	2016		2015	
	Primary Government	Component Unit	Primary Government	Component Unit
Current assets	\$ 3,125,146	\$ 230,378	\$ 4,498,809	\$ 219,272
Capital assets	7,183,219	-	5,735,054	-
Total assets	<u>10,308,365</u>	<u>230,378</u>	<u>10,233,863</u>	<u>219,272</u>
Accrued compensated absences	136,762	-	131,678	-
Note payable	35,414	-	45,131	-
Bonds payable	4,447,354	-	4,672,354	-
Total liabilities	<u>4,619,530</u>	<u>-</u>	<u>4,849,163</u>	<u>-</u>
Net position				
Net investment in capital assets	2,700,451	-	1,017,569	-
Restricted	1,083,113	-	526,658	-
Unrestricted	1,905,271	230,378	3,840,473	219,272
Total net position	<u>\$ 5,688,835</u>	<u>\$ 230,378</u>	<u>\$ 5,384,700</u>	<u>\$ 219,272</u>

Governmental Activities

The District primarily relies on local property taxes and State basic formula aid for funding its governmental activities with 38% of general revenues coming from local property taxes and 47% from State basic formula aid.

BENTON COUNTY R-1 SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2016
(UNAUDITED)

The District's changes in net position can be directly attributed to several factors:

- Increased real estate property tax values led to a 1.5% increase in property tax revenues over the prior year.

The District's major governmental activities include: instruction, pupil support services, administration, other support services, and food service.

- The cost of all governmental activities this year was \$6,569,049.
- Instruction represents 58.7% of the total cost of all governmental activities of the District.
- Pupil Support Services (this area includes, guidance, media services – library, health/psychology/speech services and attendance services) represents 8.6% of the total costs of all governmental activities of the District.
- Administration (includes board of education, district-wide, and building level administrative services) represents 9.6% of the total costs of all governmental activities.
- All other services, including operation of plant, pupil transportation, food service and community service represent 20.6%.
- Interest on debt represents 2.4%.
- The net cost of all governmental activities was \$4,917,833 with \$4,917,833 of the total costs being financed by revenues generated by the governmental activities.

The following table provides a summary of the District's operations for the years ended June 30, 2016 and 2015:

	Changes in Net Position			
	2016		2015	
	Primary Government	Component Unit	Primary Government	Component Unit
Revenues				
Program Revenues				
Charges for services	\$ 359,050	\$ -	\$ 407,189	\$ -
Operating grants and contributions	1,292,166	-	1,179,534	-
General Revenues				
Property taxes	1,988,387	-	1,967,443	-
Proposition C sales tax	670,985	-	680,453	-
Other taxes	22,475	-	22,756	-
Fines	52,826	-	42,328	-
State basic formula	2,445,994	-	2,475,992	-
Interest and investment earnings	18,930	2,257	25,308	1,588
Other	22,371	32,357	9,752	149,775
Total Revenues	<u>6,873,184</u>	<u>34,614</u>	<u>6,810,755</u>	<u>151,363</u>

BENTON COUNTY R-1 SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2016
(UNAUDITED)

	Changes in Net Position			
	2016		2015	
	Primary Government	Component Unit	Primary Government	Component Unit
Expenditures				
Instruction	\$ 3,857,860	\$ -	\$ 3,796,561	\$ -
Pupil and instructional support	567,239	-	453,032	-
Administration	631,058	-	625,505	-
Operation of plant	517,719	-	505,707	-
Transportation	342,234	-	343,959	-
Food services	396,966	-	410,479	-
Community services	97,518	23,508	78,889	43,543
Interest and fees	158,455	-	143,228	-
Total Expenditures	<u>6,569,049</u>	<u>23,508</u>	<u>6,357,360</u>	<u>43,543</u>
Increase (Decrease) in net position	304,135	11,106	453,395	107,820
Net Position, beginning of year	<u>5,384,700</u>	<u>219,272</u>	<u>4,931,305</u>	<u>111,452</u>
Net Position, end of year	<u>\$ 5,688,835</u>	<u>\$ 230,378</u>	<u>\$ 5,384,700</u>	<u>\$ 219,272</u>

Financial Analysis of the District's Funds

As the District completed the year, its governmental funds reported combined fund balances of \$3,125,146, which is below last year's ending fund balances of \$4,496,809.

The District originally budgeted an excess of revenues to expenses in the General Fund of \$248,499, but ended the year with an excess of \$660,145. This variance primarily resulted from additional revenues.

The Teachers' Fund operates with no fund balance. Transfers from the General Fund cover the deficit of revenues to expenses. The amount expended from the Teachers' Fund was within both the original and final budget amounts.

The Fund balance in the Debt Service Fund decreased for the year.

The committed and assigned balances of the Capital Projects Fund are \$561,975 and \$157,034, respectfully.

General Fund Budgetary Highlights

During the course of the fiscal 2016 year, the District amended the annual operating budget one time.

Capital Assets

The District's investment in capital assets for its governmental activities as of June 30, 2016, amounts to \$7,183,219 (net of accumulated depreciation). This investment in capital assets includes buildings and improvements and equipment.

BENTON COUNTY R-1 SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2016
(UNAUDITED)

**Capital Assets At Year-End
Net of Accumulated Depreciation**

	2016	2015
Land	\$ 166,579	\$ 80,000
Construction in process	339,782	1,371,933
Building and improvements	6,226,508	3,840,877
Equipment	450,350	442,244
Net Capital Assets	\$ 7,183,219	\$ 5,735,054

Additional information on the District's capital assets can be found in Note 3 on page 26 of this report.

Long-Term Debt

At the year-end, the District had \$4,447,354 in general obligation bonds, \$35,414 in note payable, and \$136,762 in accrued compensated absences long-term debt outstanding.

The District continued to pay down its debt, retiring \$225,000 of outstanding bonds. The District paid \$9,717 toward notes payable on energy saving projects.

Transfers

The District made the following transfers in 2016 and 2015:

2016			2015		
From	To	Amount	From	To	Amount
General	Special Revenue	\$ 254,863	General	Special Revenue	\$ 271,544
General	Capital Projects	260,943	General	Capital Projects	261,090

Contacting the District's Financial Management

This financial report is designed to provide the District's citizens, taxpayers, customers, and investors and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the money it receives. Questions concerning any of the information provided in this report or requests for additional information should be addressed to the office of the Superintendent, 500 Keeney Street, Cole Camp, Missouri 65325.

BENTON COUNTY R-1 SCHOOL DISTRICT
STATEMENT OF NET POSITION ARISING FROM MODIFIED
CASH TRANSACTIONS - GOVERNMENTAL ACTIVITIES
JUNE 30, 2016

	Primary Government Governmental Activities	Component Unit Cole Camp Educational Foundation
ASSETS :		
Current Assets		
Cash and investments	\$ 3,125,146	\$ 230,378
Capital Assets		
Buildings and improvements, net of accumulated depreciation	7,183,219	-
Total Assets	10,308,365	230,378
LIABILITIES:		
Due within one year		
Accrued compensated absences	20,000	-
Note payable	10,124	-
Bonds payable	-	-
Due after one year		
Accrued compensated absences	116,762	-
Note payable	25,290	-
Bonds payable	4,447,354	-
Total Liabilities	4,619,530	-
NET POSITION:		
Net investment in capital assets	2,700,451	-
Restricted for:		
School library and science department purposes	108,553	-
Debt service	255,551	-
Capital project purposes	719,009	-
Unrestricted	1,905,271	230,378
Total Net Position	\$ 5,688,835	\$ 230,378

See Notes to Financial Statements

BENTON COUNTY R-1 SCHOOL DISTRICT
STATEMENT OF ACTIVITIES ARISING FROM MODIFIED CASH TRANSACTIONS
GOVERNMENTAL ACTIVITIES
YEAR ENDED JUNE 30, 2016

	Expenditures	Program Receipts		Net (Expense) Revenue and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Governmental Activities	Component Unit Cole Camp Educational Foundation
Regular instruction	\$ 2,569,541	\$ -	\$ 501,908	\$ -	\$ (2,067,633)	\$ -
Special instruction	626,674	-	417,236	-	(209,438)	-
Vocational instruction	94,096	-	-	-	(94,096)	-
Student activities	482,783	240,297	-	-	(242,486)	-
Tuition paid to other districts	84,766	-	-	-	(84,766)	-
Student support services	260,832	-	-	-	(260,832)	-
Instructional support services	306,407	-	24,832	-	(281,575)	-
Board of Education services	30,174	-	-	-	(30,174)	-
Executive administration	132,452	-	-	-	(132,452)	-
Building level administration	372,671	-	-	-	(372,671)	-
Business/central service	95,761	-	-	-	(95,761)	-
Operation of plant	517,719	-	-	-	(517,719)	-
Pupil transportation	342,234	-	81,091	-	(261,143)	-
Food services	396,966	118,753	256,525	-	(21,688)	-
Community services	97,518	-	10,574	-	(86,944)	(23,508)
Interest and fees	158,455	-	-	-	(158,455)	-
Total	\$ 6,569,049	\$ 359,050	\$ 1,292,166	\$ -	(4,917,833)	(23,508)

General Revenues

Taxes

Property taxes levied for general purposes	1,548,111	-
Property taxes levied for debt services	291,221	-
Proposition C sales tax	670,985	-
Financial institution tax/in lieu of tax/M&M surtax	22,475	-
State assessed railroad and utility	149,055	-

Non-Restricted Intergovernmental Revenues

County-Fines	52,826	-
State-Basic formula	2,445,994	-
Interest and investment earnings	18,930	2,257
Local-Miscellaneous	22,371	32,357
Subtotal General Revenues	5,221,968	34,614

Increase (Decrease) in Net Position	304,135	11,106
Net Position, June 30, 2015	5,384,700	219,272
Net Position, June 30, 2016	\$ 5,688,835	\$ 230,378

See Notes to Financial Statements

BENTON COUNTY R-1 SCHOOL DISTRICT
STATEMENT OF ASSETS AND FUND BALANCES
ARISING FROM CASH TRANSACTIONS -
ALL GOVERNMENTAL FUND TYPES
JUNE 30, 2016

	Governmental Fund Types				Total Governmental Funds
	General (Incidental) Fund	Special Revenue (Teachers') Fund	Debt Service Fund	Capital Projects Fund	
ASSETS:					
Cash and investments	\$ 2,150,586	\$ -	\$ 255,551	\$ 719,009	\$ 3,125,146
TOTAL ASSETS	<u>\$ 2,150,586</u>	<u>\$ -</u>	<u>\$ 255,551</u>	<u>\$ 719,009</u>	<u>\$ 3,125,146</u>
FUND BALANCES:					
Nonspendable	\$ 100,000	\$ -	\$ -	\$ -	\$ 100,000
Restricted	8,553	-	-	-	8,553
Committed for debt service	-	-	108,384	-	108,384
Committed for capital projects	-	-	-	561,975	561,975
Assigned for debt service	-	-	147,167	-	147,167
Assigned for capital projects	-	-	-	157,034	157,034
Unassigned	2,042,033	-	-	-	2,042,033
TOTAL FUND BALANCES	<u>\$ 2,150,586</u>	<u>\$ -</u>	<u>\$ 255,551</u>	<u>\$ 719,009</u>	<u>\$ 3,125,146</u>

RECONCILIATION OF THE STATEMENT OF ASSETS AND FUND BALANCES ARISING FROM CASH TRANSACTIONS
TO THE STATEMENT OF NET POSITION ARISING FROM MODIFIED CASH TRANSACTIONS

Amounts reported for governmental activities in the Statement of Net Position are different because:

Capital assets, net of accumulated depreciation used in governmental activities are not financial resources and, therefore, are not reported in the funds	7,183,219
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds	
Bonds payable	(4,447,354)
Note payable	(35,414)
Accrued compensated absences	(136,762)
Net position of governmental activities	<u>\$ 5,688,835</u>

See Notes to Financial Statements

BENTON COUNTY R-1 SCHOOL DISTRICT
STATEMENT OF REVENUES COLLECTED, EXPENDITURES PAID
AND CHANGES IN FUND BALANCES - ALL GOVERNMENTAL FUND TYPES
YEAR ENDED JUNE 30, 2016

	Governmental Fund Types				Total Governmental Funds
	General (Incidental) Fund	Special Revenue (Teachers') Fund	Debt Service Fund	Capital Projects Fund	
REVENUES COLLECTED:					
Local	\$ 1,936,141	\$ 675,541	\$ 291,500	\$ 103,489	\$ 3,006,671
County	125,414	52,826	23,641	-	201,881
State	484,747	2,354,461	-	38,976	2,878,184
Federal	351,817	377,040	59,116	-	787,973
Other	170	-	-	305	475
Total Revenues Collected	<u>2,898,289</u>	<u>3,459,868</u>	<u>374,257</u>	<u>142,770</u>	<u>6,875,184</u>
EXPENDITURES PAID:					
Regular instruction	97,468	2,159,555	-	71,184	2,328,207
Special instruction	160,076	466,429	-	169	626,674
Vocational instruction	27,133	156,206	-	27,654	210,993
Student activities	329,200	153,583	-	-	482,783
Tuition paid to other districts	-	84,766	-	-	84,766
Student support services	77,018	183,814	-	-	260,832
Instructional support services	154,621	54,704	-	97,082	306,407
Board of Education services	30,174	-	-	-	30,174
Executive administration	4,334	128,118	-	-	132,452
Building level administration	104,852	267,819	-	-	372,671
Business/central services	95,761	-	-	-	95,761
Operation of plant	452,832	-	-	19,161	471,993
Pupil transportation	281,127	-	-	80,480	361,607
Food services	385,767	-	-	4,130	389,897
Community services	37,781	59,737	-	-	97,518
Facilities acquisition	-	-	-	1,600,940	1,600,940
Principal retirement	-	-	225,000	9,717	234,717
Interest and fees	-	-	156,682	1,773	158,455
Total Expenditures Paid	<u>2,238,144</u>	<u>3,714,731</u>	<u>381,682</u>	<u>1,912,290</u>	<u>8,246,847</u>
EXCESS/(DEFICIT) OF REVENUES COLLECTED OVER EXPENDITURES PAID					
	<u>660,145</u>	<u>(254,863)</u>	<u>(7,425)</u>	<u>(1,769,520)</u>	<u>(1,371,663)</u>
OTHER FINANCING SOURCES/(USES):					
Transfers	<u>(515,806)</u>	<u>254,863</u>	<u>-</u>	<u>260,943</u>	<u>-</u>
Total Other Financing Sources/(Uses)	<u>(515,806)</u>	<u>254,863</u>	<u>-</u>	<u>260,943</u>	<u>-</u>
EXCESS/(DEFICIT) OF REVENUES COLLECTED AND OTHER FINANCING SOURCES OVER EXPENDITURES PAID AND OTHER FINANCING USES					
	<u>144,339</u>	<u>-</u>	<u>(7,425)</u>	<u>(1,508,577)</u>	<u>\$ (1,371,663)</u>
FUND BALANCES, BEGINNING OF YEAR					
	<u>2,006,247</u>	<u>-</u>	<u>262,976</u>	<u>2,227,586</u>	
FUND BALANCES, END OF YEAR					
	<u>\$ 2,150,586</u>	<u>\$ -</u>	<u>\$ 255,551</u>	<u>\$ 719,009</u>	

See Notes to Financial Statements

BENTON COUNTY R-1 SCHOOL DISTRICT
RECONCILIATION OF THE STATEMENT OF REVENUES COLLECTED,
EXPENDITURES PAID AND CHANGES IN FUND BALANCE -
ALL GOVERNMENTAL FUND TYPES TO THE STATEMENT OF ACTIVITIES
ARISING FROM MODIFIED CASH TRANSACTIONS
YEAR ENDED JUNE 30, 2016

Net change in fund balances - total governmental funds \$ (1,371,663)

Amounts reported for governmental activities in the Statement of Activities are different because:

Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.

Capital asset purchases capitalized	1,773,055
Depreciation expense	(326,890)

The issuance of long-term debt (e.g., bonds, leases, notes) provides current financial resources to governmental funds while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position.

Repayment of debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the

Statement of Net Position:

Note principal payments	9,717
Bond principal payments	225,000

Change in accrued compensated absences is not an expenditure for governmental activities	(5,084)
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Change in Net Position of Governmental Activities	<u>\$ 304,135</u>
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BENTON COUNTY R-1 SCHOOL DISTRICT
GENERAL (INCIDENTAL) FUND
STATEMENT OF REVENUES COLLECTED, EXPENDITURES PAID
AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
YEAR ENDED JUNE 30, 2016

	Budget		Actual	Variance with Final Budget
	Original	Final		
REVENUES COLLECTED:				
Local	\$ 1,831,910	\$ 1,831,910	\$ 1,936,141	\$ 104,231
County	115,000	115,000	125,414	10,414
State	88,500	88,500	484,747	396,247
Federal	517,031	517,031	351,817	(165,214)
Other	-	-	170	170
Total Revenues Collected	<u>2,552,441</u>	<u>2,552,441</u>	<u>2,898,289</u>	<u>345,848</u>
EXPENDITURES PAID:				
Regular instruction	94,974	97,468	97,468	-
Special instruction	159,969	160,076	160,076	-
Vocational instruction	33,610	27,133	27,133	-
Student activities	262,087	329,200	329,200	-
Student support services	86,896	77,018	77,018	-
Instructional support services	173,595	154,621	154,621	-
Board of Education services	45,429	30,174	30,174	-
Executive administration	4,854	4,334	4,334	-
Building level administration	107,414	104,852	104,852	-
Business/central services	96,195	95,761	95,761	-
Operation of plant	479,487	452,832	452,832	-
Pupil transportation	315,214	281,127	281,127	-
Food services	406,961	385,767	385,767	-
Community services	37,257	37,781	37,781	-
Total Expenditures Paid	<u>2,303,942</u>	<u>2,238,144</u>	<u>2,238,144</u>	<u>-</u>
EXCESS/(DEFICIT) OF REVENUES COLLECTED OVER EXPENDITURES PAID				
	248,499	314,297	660,145	345,848
OTHER FINANCING SOURCES/(USES):				
Transfers	<u>(235,226)</u>	<u>(88,515)</u>	<u>(515,806)</u>	<u>(427,291)</u>
EXCESS/(DEFICIT) OF REVENUES COLLECTED OVER EXPENDITURES PAID AND OTHER FINANCING USES				
	13,273	225,782	144,339	<u>\$ (81,443)</u>
FUND BALANCE, BEGINNING OF YEAR				
	<u>2,006,247</u>	<u>2,006,247</u>	<u>2,006,247</u>	
FUND BALANCE, END OF YEAR				
	<u>\$ 2,019,520</u>	<u>\$ 2,232,029</u>	<u>\$ 2,150,586</u>	

See Notes to Financial Statements

BENTON COUNTY R-1 SCHOOL DISTRICT
SPECIAL REVENUE (TEACHERS') FUND
STATEMENT OF REVENUES COLLECTED, EXPENDITURES PAID
AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
YEAR ENDED JUNE 30, 2016

	Budget		Actual	Variance with Final Budget
	Original	Final		
REVENUES COLLECTED:				
Local	\$ 644,763	\$ 644,763	\$ 675,541	\$ 30,778
County	45,000	45,000	52,826	7,826
State	2,739,244	2,739,244	2,354,461	(384,783)
Federal	197,209	197,209	377,040	179,831
Total Revenues Collected	<u>3,626,216</u>	<u>3,626,216</u>	<u>3,459,868</u>	<u>(166,348)</u>
EXPENDITURES PAID:				
Regular instruction	2,168,949	2,159,555	2,159,555	-
Special instruction	466,454	466,429	466,429	-
Vocational instruction	156,145	156,206	156,206	-
Student activities	158,186	153,583	153,583	-
Tuition paid to other districts	64,988	84,766	84,766	-
Student support services	183,659	183,814	183,814	-
Instructional support services	49,647	54,704	54,704	-
Executive administration	127,704	128,118	128,118	-
Building level administration	267,786	267,819	267,819	-
Community services	59,757	59,737	59,737	-
Total Expenditures Paid	<u>3,703,275</u>	<u>3,714,731</u>	<u>3,714,731</u>	<u>-</u>
EXCESS/(DEFICIT) OF REVENUES COLLECTED OVER EXPENDITURES PAID	<u>(77,059)</u>	<u>(88,515)</u>	<u>(254,863)</u>	<u>(166,348)</u>
OTHER FINANCING SOURCES/(USES):				
Transfers	<u>77,059</u>	<u>88,515</u>	<u>254,863</u>	<u>166,348</u>
EXCESS/(DEFICIT) OF REVENUES COLLECTED AND OTHER FINANCING SOURCES OVER EXPENDITURES PAID	-	-	-	<u>\$ -</u>
FUND BALANCE, BEGINNING OF YEAR	<u>-</u>	<u>-</u>	<u>-</u>	
FUND BALANCE, END OF YEAR	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	

See Notes to Financial Statements

BENTON COUNTY R-1 SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2016

NOTE 1: Summary of Significant Accounting Policies

The financial statements of the Benton County R-1 School District (the “District”) have been prepared in conformity with the modified cash basis of accounting. As such these financial statements reflect the cash and investment position of the District and the receipts and disbursements arising from cash activities. Additionally, these financial statements include the capital assets and long term debt of the District as modifications to the cash basis of accounting. The significant accounting policies of the District are described below:

A. Reporting Entity

The District is governed by an elected seven-member board. The Benton County R-1 School District Board (the “Board”) is the basic level of government that has financial accountability and control over all activities related to public school education in the District. The accompanying financial statements present the activities of the District. The District is not a component unit of another reporting entity.

Component units are legally separate organizations for which the District is financially accountable. The District is financially accountable for an organization if the District appoints a voting majority of the organization's governing board and (a) the District is able to significantly influence the programs or services performed or provided by the organization; or (b) the District is legally entitled to or can otherwise access the organization's resources; the District is legally obligated or has otherwise assumed the responsibility to finance the deficits of, or provide financial support to, the organization; or the District is obligated for the debt of the organization. Component units may also include organizations that are fiscally dependent on the District in that the District approves the budget, the issuance of debt or the levying of taxes. The District has a component unit.

In determining the financial reporting entity, the District complies with the provisions of Governmental Accounting Standards Board Statement No. 14, “The Financial Reporting Entity” and includes all component units of which the District appointed a voting majority of the units’ board or the District is either able to impose its will on the unit or a financial benefit or burden relationship exists. The District has the following component unit.

Discretely Presented Component Unit

Discretely presented component units are separate legal entities that meet the component unit criteria described above.

The component unit that is discretely presented in the District’s report is presented below:

BENTON COUNTY R-1 SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2016

NOTE 1: Summary of Significant Accounting Policies (continued)

The Cole Camp R-I Educational Foundation is a Missouri not-for-profit corporation incorporated on July 21, 1996. The Foundation has also received approval from the Internal Revenue Service as a 501 (c)(3) organization. The Foundation is able to accept donations, bequests and other gifts to further the quality of education in the Benton County R-1 School District. For the year ended June 30, 2016, the Foundation provided \$12,500 in scholarships to graduates of the District and provided \$11,008 to the District for equipment purchases and other expenses.

The Cole Camp Education Corporation is a general not-for-profit corporation incorporated in Missouri on February 10, 1992. The purpose of the corporation is to finance construction and improvement of facilities for the Benton County R-1 School District and to lease the facilities to the District. This entity is not currently active.

The discretely presented component unit of the District does not issue separately audited component unit financial statements.

B. District-Wide and Fund Financial Statements

District-Wide Statements:

The Statement of Net Position and the Statement of Activities present financial information about the District's governmental activities. These statements include the financial activities of the overall government in its entirety. Governmental activities generally are financed through taxes, intergovernmental revenues, and other nonexchange transactions. The District first utilizes restricted resources to finance qualifying activities.

The Statement of Activities presents a comparison between direct expenses and program revenues for each function of the District's governmental activities. Direct expenses are those that are specifically associated with and are clearly identifiable to a particular function. Program revenues include (a) charges paid by the recipients for goods or services offered by the programs and (b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues. The District does not allocate indirect costs.

Fund Financial Statements:

During the year, the District segregates transactions related to certain functions or activities into separate funds in order to aid financial management and to demonstrate legal compliance. Fund financial statements are designed to present financial information of the District at this more detailed level. The focus of governmental is on major funds. Each major fund is presented in a separate column.

BENTON COUNTY R-1 SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2016

NOTE 1: Summary of Significant Accounting Policies (continued)

C. Fund Accounting

The District uses funds to maintain its financial records during the year. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts.

Governmental Funds

Governmental funds are those through which most governmental functions typically are financed. Governmental fund reporting focuses on the sources, uses, and balances of current financial resources. Expendable assets are assigned to the various governmental funds according to the purposes for which they must be used. Current liabilities are assigned to the fund from which they will be paid. The difference between governmental fund assets and liabilities is reported as fund balance. The following are the District's major governmental funds:

General Fund - The General Fund is the operating fund of the District and is used to account for all financial resources except those required to be accounted for in another fund.

Teachers' Fund - The Teachers' Fund is required to be established by state law and may be used for the payment of salaries and insurance benefits for certificated personnel. The fund's revenues include property taxes, investment income, and county, state, and federal aid. The fund is also used to account for certain tuition payments made between school districts.

Debt Service Fund - The Debt Service Fund accounts for the revenue collected from local taxation and allocated state aid for the payment of principal and interest on bonded indebtedness.

Capital Projects Fund - The Capital Projects Fund accounts for expenditures from the proceeds of bond issues, investment income earned on the proceeds and other revenues designated for acquisition or construction of major capital assets. The expenditures include major capital outlay projects and equipment purchases for instructional and support programs.

Discretely Presented Component Unit - Discretely presented component units are separate legal entities established to provide services primarily to the primary government.

<u>Component Unit</u>	<u>Brief Description</u>
Cole Camp Educational Foundation	Accepts donations, bequests and other gifts to further the quality of education in the District.

BENTON COUNTY R-1 SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2016

NOTE 1: Summary of Significant Accounting Policies (continued)

D. Basis of Accounting, Measurement Focus and Financial Statement Presentation

Basis of accounting refers to when revenues and expenditures or expenses are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurements made, regardless of the measurement focus applied.

The district-wide financial statements are prepared using the modified cash basis of accounting. Revenues are recorded when received and expenses are recorded when paid. However, the district-wide financial statements have been modified to include the capital assets of the District, including depreciation. Additionally, the long-term debt of the District is also included in the district-wide financial statements.

Governmental fund financial statements are reported using the cash basis of accounting. Revenues are recognized when received and expenditures are recognized when paid. Investments are recorded as assets.

As a result of the use of this modified cash basis and cash basis of accounting, certain assets and their related revenues and certain liabilities and their related expenses are not recorded in these financial statements. If the District utilized the basis of accounting recognized as generally accepted, the financial statements would be presented on the accrual basis of accounting.

E. Budgets and Budgetary Accounting

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.
- 2) Prior to July, the superintendent, who serves as the budget officer, submits to the Board of Education a proposed budget for the fiscal year beginning on the following July 1. The proposed budget includes estimated revenues and 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.

BENTON COUNTY R-1 SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2016

NOTE 1: Summary of Significant Accounting Policies (continued)

- 4) Prior to July 1, the budget is legally enacted by a vote of the Board of Education.
- 5) Subsequent to 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. The budget was amended at the June 28, 2016 board meeting.
- 6) Budgets for District funds are prepared and adopted on the cash basis of accounting (budget basis), which recognizes revenues when collected and expenditures when paid.

F. Pooled Cash and Temporary Investments

Cash resources of the individual funds are combined to form a pool of cash and temporary investments which is managed by the District Treasurer. Investments of the pooled accounts consist primarily of certificates of deposit and money market checking accounts. Interest income earned is allocated to contributing funds based on cash and temporary investment balances.

G. Capital Assets

Capital assets, which include land, buildings, furniture and equipment are reported in the district-wide financial statements. The District defines capital assets as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if actual historical cost is not available. Donated capital assets are recorded at estimated fair market value at the date of donation. The District does not own any infrastructure. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized. Capital assets being constructed and in progress as of the date of the financial statements are reported as Construction in Progress. All reported capital assets except land and construction in progress are depreciated using the straight-line method over their estimated useful lives.

H. Liabilities and Long-Term Obligations

Amounts due employees under employee benefit plans are accounted for as liabilities of the District in both the district-wide and fund financial statements. Long-term obligations are reported only in the district-wide financial statements.

BENTON COUNTY R-1 SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2016

NOTE 1: Summary of Significant Accounting Policies (continued)

I. Use of Estimates

The preparation of financial statements in conformity with the modified cash basis of accounting requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

J. Fund Equity

In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change.

K. Net Position

Net position represents the difference between assets and liabilities. Net investment in capital assets and bond proceeds to be used for construction consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction, or improvement of those assets plus the bond proceeds to be used for construction. Net position is reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the District or through external restrictions imposed by creditors, grantors or laws, or regulations of other governments.

L. Debt Service

Proceeds from sales of bonded indebtedness are recorded as revenue when the payment is received. Repayments are recognized as expenditures when the disbursements are made. Interest on bonded indebtedness is recorded when it is disbursed.

M. Vacation and Sick Leave

Vacation time, personal business days, and sick leave are considered as expenditures in the year paid. Amounts that are unused and which are vested in the employee are payable upon termination.

BENTON COUNTY R-1 SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2016

NOTE 1: Summary of Significant Accounting Policies (continued)

N. Teacher Salaries

The salary payment schedule of the District requires the payment of salaries for a twelve month period. Consequently, the July and August 2016, payroll checks, written and dated in June 2016, are included in the financial statements as an expenditure in the 2015-16 year. This practice is consistent with prior years.

O. Compensated Absences

The District allows employees to accumulate unused sick leave to a maximum of 90 days. Earned vacation time is generally required to be used within one year of accrual. Upon retirement, up to 90 days of accumulated sick leave will be paid to the employee at the rate of half the pay for a substitute teacher. If leaving the District prior to retirement, the reimbursement rate is \$35.00 per day.

As of June 30, 2016, the liability for accrued sick leave is approximately \$136,762. The amount estimated to be paid from current resources is \$20,000.

P. Post Employment Benefits

COBRA Benefits - Under the Consolidated Omnibus Budget Reconciliation Act (COBRA), the District provides health care benefits to eligible former employees and eligible dependents. Certain requirements are outlined by the federal government for this coverage. The premium is paid in full by the insured on or before the month for the actual month covered. This program is offered for a duration of 18 months after the termination date. There is no associated cost to the District under this program.

Q. Fund Equity – Fund Financial Statements

Governmental fund equity is classified as fund balance. Beginning with FY 2011, the District implemented GASB Statement 54, *Fund Balance Reporting and Governmental Fund Type Definitions*. This statement provides more clearly defined fund balance categories to make the nature and extent of the constraints placed on a government's fund balance more transparent. The following classifications describe the relative strength of the spending constraints placed on the purpose for which resources can be used:

- Nonspendable: This classification includes amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact. Management has determined that \$100,000 should be considered nonspendable as that amount was received from a trust with the stipulation that only the interest could be expended to purchase supplies, books and equipment for the school library and the science department for twenty-five years.

BENTON COUNTY R-1 SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2016

NOTE 1: Summary of Significant Accounting Policies (continued)

- Restricted: This classification includes amounts for which constraints have been placed on the use of resources because they are either:
 - Externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments; or
 - Imposed by law through constitutional provisions or enabling legislation.

Management has determined that \$8,553 should be considered restricted as it represents earnings on the nonspendable investment that will be spent on school library and science department expenses.

- Committed: This classification includes amounts that can only be used for specific purposes pursuant to constraints imposed by formal action (resolution) of the District's board of directors, which is the District's highest level of decision-making authority. These amounts cannot be used for any other purpose unless the board of directors removes or changes the specified use by taking the same type of action that was employed when the funds were initially committed. This classification also includes contractual obligations to the extent that existing resources have been specifically committed for use in satisfying those contractual requirements. The District committed \$561,975 of bond proceeds for capital projects and \$108,384 for debt service payments.
- Assigned: This classification includes spendable amounts that are reported in governmental funds *other than the General Fund*, that are neither restricted nor committed, and amounts in the General Fund that are intended to be used for a specific purpose in accordance with the provisions of GASB Statement 54. The intent of an assigned fund balance should be expressed by either the District's board of directors, or a subordinate high-level body, such as a finance committee, or an official, such as the executive director, that has the authority to assign amounts to be used for specific purposes. The District's management assigned \$147,167 of funds during the year for debt repayment, and \$157,034 for capital projects.
- Unassigned: This classification is the residual fund balance for the General Fund. It also represents fund balance that has not been assigned to other funds and that has not been restricted, committed, or assigned to specific purposes within the General Fund.

When fund balance resources are available for a specific purpose in multiple classifications, the District would use the most restrictive funds first in the following order: restricted, committed, assigned, and unassigned as they are needed. However, it reserves the right to selectively spend unassigned resources first and to defer to the use of the other classified funds.

BENTON COUNTY R-1 SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2016

NOTE 2: Deposits and Investments

The District is governed by the deposit and investment limitations of state law. The deposits and investments held at June 30, 2016, are shown below:

	Maturity Date	Carrying Value
Deposits:		
Demand deposits		\$ 1,799,932
Time deposit	09/29/16	100,000
Time deposit	01/28/17	200,000
Time deposit	01/30/17	300,000
Time deposit	05/30/17	19,825
Time deposits	07/30/17	400,000
Time deposit	01/20/18	20,000
Time deposit	02/03/18	300,000
Time deposit	10/10/19	19,093
Time deposit	12/16/19	83,781
		3,242,631
Investments:		
External Investment Pool:		
Missouri Health & Education Facilities Authority		
Direct Deposit Program		112,893
		112,893
Total deposits and investments		\$ 3,355,524

Custodial credit risk. Deposits in financial institutions, reported as components of cash and investments had a bank balance of \$3,390,754 at June 30, 2016, which was fully insured by depository insurance or secured with collateral.

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. Maturities of investments held at June 30, 2016, are provided in the previous schedule.

Investment credit risk. The Board has given the Superintendent the authority to invest idle funds of the District in low-risk investments such as United States government securities or collateralized certificates of deposit.

Concentration of investment credit risk. The District places no limit on the amount it may invest in any one issuer. At June 30, 2016, the District had no concentration of credit risk.

BENTON COUNTY R-1 SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2016

NOTE 3: Capital Assets

Capital asset activity for the year ended June 30, 2016, was as follows:

	Balance at June 30, 2015	Additions	Disposals	Balance at June 30, 2016
Business-type activities:				
Capital assets not being depreciated:				
Land and land rights	\$ 80,000	\$ 86,579	\$ -	\$ 166,579
Construction in process	1,371,933	339,782	(1,371,933)	339,782
Total capital assets not being depreciated	<u>1,451,933</u>	<u>426,361</u>	<u>(1,371,933)</u>	<u>506,361</u>
Other capital assets being depreciated:				
Building and improvements	6,092,781	2,623,018	-	8,715,799
Equipment	1,109,577	97,609	(52,794)	1,154,392
Total other capital assets at historical costs	<u>7,202,358</u>	<u>2,720,627</u>	<u>(52,794)</u>	<u>9,870,191</u>
Total capital assets at historical costs	<u>8,654,291</u>	<u>3,146,988</u>	<u>(1,424,727)</u>	<u>10,376,552</u>
Less accumulated depreciation:				
Building and improvements	(2,251,904)	(237,387)	-	(2,489,291)
Equipment	(667,333)	(89,503)	52,794	(704,042)
Total accumulated depreciation	<u>(2,919,237)</u>	<u>(326,890)</u>	<u>52,794</u>	<u>(3,193,333)</u>
Net capital assets being depreciated	<u>4,283,121</u>	<u>2,393,737</u>	<u>-</u>	<u>6,676,858</u>
Governmental activities capital assets, net	<u>\$ 5,735,054</u>	<u>\$ 2,820,098</u>	<u>\$ (1,371,933)</u>	<u>\$ 7,183,219</u>

Depreciation expense was charged to programs of the primary government as follows:

Governmental activities:	
Regular instruction	\$ 261,399
Pupil transportation	58,422
Food service	7,069
	<u>\$ 326,890</u>

BENTON COUNTY R-1 SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2016

NOTE 4: 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 tax and remits it to the District.

The District also receives sales tax collected by the state and remitted based on eligible pupils. 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 unless the voters have approved a rollback waiver. In February, 1994, voters of the District approved this partial rollback waiver, which acts as a full waiver based on the District's tax rate ceiling.

The assessed valuation of the tangible taxable property for the calendar year 2015 for purposes of local taxation was \$56,677,619.

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

	Unadjusted	Adjusted
General (Incidental) Fund	\$ 2.7500	\$ 2.7500
Special Revenue (Teachers') Fund	-	-
Debt Service Fund	0.5173	0.5173
Capital Projects Fund	-	-
Total	\$ 3.2673	\$ 3.2673

The receipts of current and delinquent property taxes during the fiscal year ended June 30, 2016, aggregated approximately 99.33% of the current assessment.

NOTE 5: Changes in Long-Term Debt

The following is a summary of changes in long-term debt transactions for the year ended June 30, 2016:

	Bonds Payable	Note Payable	Accrued Compensated Absences	Total
Balance June 30, 2015	\$ 4,672,354	\$ 45,131	\$ 131,678	\$ 4,849,163
Bonds issued	-	-	-	-
Bonds retired	(225,000)	-	-	(225,000)
Principal paid	-	(9,717)	-	(9,717)
Increase in compensated absences	-	-	24,911	24,911
Decrease in compensated absences	-	-	(19,827)	(19,827)
Balance June 30, 2016	\$ 4,447,354	\$ 35,414	\$ 136,762	\$ 4,619,530
Current Portion	\$ -	\$ 10,124	\$ 20,000	\$ 30,124

BENTON COUNTY R-1 SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2016

NOTE 6: Bonds Payable

The following is a summary of bond transactions for the year ended June 30, 2016:

Bonds payable, July 1, 2015	\$ 4,672,354
Bonds issued	—
Bonds retired	(225,000)
Bonds payable, June 30, 2016	<u>\$ 4,447,354</u>

Bonds payable at June 30, 2016, consist of:

\$557,870, Series 2010A general obligation taxable qualified school construction bonds due in one annual installment on March 1, 2025; interest at 5.300 percent.	\$ 557,870
\$642,130, Series 2010B general obligation taxable qualified zone academy bonds due in one annual installment on March 1, 2025; interest at 5.300 percent.	642,130
\$2,572,646, Series 2014A general obligation bonds due in varying annual installments through March 1, 2034; interest at .400 to 3.600 percent.	2,570,000
\$677,354, Series 2014A taxable general obligation qualified zone academy bonds (tax credit bonds) due in one annual installment on March 1, 2029; interest at 3 percent.	<u>677,354</u>
	<u>\$ 4,447,354</u>

On July 22, 2010, the District issued Taxable General Obligation Qualified School Construction Bonds, Series 2010A (Missouri Direct Deposit Program), in the principal amount of \$557,870 for the purpose of providing funds for the construction, rehabilitation or repair of public school facilities, including to complete roof repairs and replacement; to construct, equip and furnish the expansion of the kitchen and bus barn; to the extent funds are available, complete renovation and repair improvements to the existing facilities of the District. The District designates the Bonds as “qualified school construction bonds” and anticipates that it will receive a refundable tax credit for each Bond of the Series from the United States Treasury in an amount equal to the interest payable on such Bond.

BENTON COUNTY R-1 SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2016

NOTE 6: Bonds Payable (continued)

On July 22, 2010, the District issued Taxable General Obligation Qualified Zone Academy Bonds, Series 2010B (Missouri Direct Deposit Program), in the principal amount of \$642,130 for the purpose of providing funds for the rehabilitating, repairing and equipping of school facilities, including complete roof repairs and replacement; to construct, equip and furnish the expansion of the kitchen and bus barn; to the extent funds are available, complete renovation and repair improvements to the existing facilities of the District. The District designates the Bonds as “qualified zone academy bonds” and anticipates that it will receive a refundable tax credit for each Bond of the Series from the United States Treasury in an amount equal to the interest payable on such Bond.

On June 5, 2014, the District issued General Obligation Bonds, Series 2014A, in the principal amount of \$2,572,646 for the purpose of providing funds to complete energy efficiency improvements including heating, ventilation and air conditioning system upgrades and window replacements; to complete safety and security system enhancements; and complete other remodeling, renovation and repair improvements to the existing facilities and properties of the District.

On June 5, 2014, the District issued Taxable General Obligation Qualified Zone Academy Bonds, Series 2014A, in the principal amount of \$677,354 for the purpose of providing funds to complete energy efficiency improvements including heating, ventilation and air conditioning system upgrades and window replacements; to complete safety and security system enhancements; and complete other remodeling, renovation and repair improvements to the existing facilities and properties of the District. The District designates the Bonds as “qualified zone academy bonds” and anticipates that it will receive a refundable tax credit for each Bond of the Series from the United States Treasury in an amount equal to the interest payable on such Bond.

Debt service requirements are:

Year Ended June 30	Principal	Interest	Total Before Subsidy	Interest Subsidy	Net Payments
2017	\$ -	\$ 148,845	\$ 148,845	\$ (63,600)	\$ 85,245
2018	-	148,845	148,845	(63,600)	85,245
2019	-	148,845	148,845	(63,600)	85,245
2020	-	148,845	148,845	(63,600)	85,245
2021	25,000	148,846	173,846	(63,601)	110,245
2022-2026	1,625,000	668,400	2,293,400	(254,400)	2,039,000
2027-2031	1,822,354	301,480	2,123,834	-	2,123,834
2032-2034	975,000	72,900	1,047,900	-	1,047,900
	<u>\$ 4,447,354</u>	<u>\$ 1,787,006</u>	<u>\$ 6,234,360</u>	<u>\$ (572,401)</u>	<u>\$ 5,661,959</u>

BENTON COUNTY R-1 SCHOOL DISTRICT
 NOTES TO THE FINANCIAL STATEMENTS
 JUNE 30, 2016

NOTE 6: Bonds Payable (continued)

Article VI, Section 26(b), Constitution of Missouri, limits the outstanding amount of authorized general obligation bonds of a district to 15 percent of the assessed valuation of the District. The legal debt margin (excluding state-assessed railroad and utility) of the District at June 30, 2016, was:

Constitutional debt limit	\$ 8,501,643
General obligation bonds payable	(4,447,354)
Amount in Debt Service Fund available for payment of principal	<u>255,551</u>
Total	<u>\$ 4,309,840</u>

NOTE 7: Note Payable

During fiscal year 2008, the District was advanced \$103,541 in loan proceeds from the Missouri Department of Natural Resources - Division of Energy - School Energy Loan Program. Interest rate is at 4.15%.

Cumulative debt service requirements are as follows:

Year Ended June 30,	Principal	Interest	Total
2017	10,124	1,366	11,490
2018	10,549	941	11,490
2019	10,991	499	11,490
2020	3,750	78	3,828
Total	\$ 35,414	\$ 2,884	\$ 38,298

BENTON COUNTY R-1 SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2016

NOTE 8: Fund Balance

Classifications of fund balances at June 30, 2016 are as follows:

	General Fund	Special Revenue Fund	Debt Service Fund	Capital Projects Fund	Total
Fund Balances:					
Nonspendable	\$ 100,000	\$ -	\$ -	\$ -	\$ 100,000
Restricted	8,553	-	-	-	8,553
Committed	-	-	108,384	561,975	670,359
Assigned	-	-	147,167	157,034	304,201
Unassigned	2,042,033	-	-	-	2,042,033
	<u>\$ 2,150,586</u>	<u>\$ -</u>	<u>\$ 255,551</u>	<u>\$ 719,009</u>	<u>\$ 3,125,146</u>

The District has not adopted a policy that sets forth a minimum fund balance amount.

NOTE 9: Retirement Plan

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

PSRS members are required to contribute 14.5% of their annual covered salary and the Benton County R-1 School District is required to contribute a matching amount. The contribution requirements of members and the Benton County R-1 School District are established and may be amended by the PSRS Board of Trustees. The District's contributions to PSRS for the year ending June 30, 2016, were \$435,475, equal to the required contributions. The contributions for the last three years are as follows:

Year Ended June 30,	Amount of Employer Contribution	Percentage of Contribution
2016	\$ 435,475	14.50%
2015	420,832	14.50%
2014	406,101	14.50%

BENTON COUNTY R-1 SCHOOL DISTRICT
 NOTES TO THE FINANCIAL STATEMENTS
 JUNE 30, 2016

NOTE 9: Retirement Plan (continued)

The Benton County R-1 School District also contributes to the Public Education Employees Retirement System of Missouri (PEERS), a cost-sharing multiple-employer defined benefit pension plan. PEERS provides retirement and disability benefits to employees of the District who work 20 or more hours per week and who do not contribute to the Public School Retirement System of Missouri. Positions covered by the Public Education Employees Retirement System of Missouri are also covered by Social Security. Benefit provisions are set forth in Chapter 169.600 - .715 of the Missouri Revised Statutes. The statutes assign responsibility for the administration of the system to the Board of Trustees of the Public Education Employees Retirement System of Missouri. PEERS issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to: The Public Education Employees Retirement System of Missouri, P.O. Box 268, Jefferson City, Missouri 65102 or by calling 1-800-392-6848.

PEERS members are required to contribute 6.86% of their annual covered salary and the Benton County R-1 School District is required to contribute a matching amount. The contribution requirements of members and the Benton County R-1 School District are established and may be amended by the Board of Trustees. The School District's contributions to PEERS for the year ending June 30, 2016, were \$60,319, equal to the required contributions. The contributions for the last three years are as follows:

Year Ended June 30,	Amount of Employer Contribution	Percentage of Contribution
2016	\$ 60,319	6.86%
2015	60,476	6.86%
2014	58,181	6.86%

NOTE 10: Risk Management

The District is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; and natural disasters for which the District carries commercial insurance.

BENTON COUNTY R-1 SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2016

NOTE 11: Contingent Liabilities

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 request for reimbursement or to withholding of future funding for expenditures disallowed for noncompliance with the terms of the grants and state funding. The federal granting agency will determine whether or not any expenditures will be disallowed. The District is not aware of any noncompliance with federal or state provisions that might require the District to provide reimbursement.

NOTE 12: Participation in Public Entity Risk Pools

The District is a member of the Missouri United School Insurance Council (MUSIC), a not-for-profit corporation consisting of school districts and junior colleges. MUSIC was incorporated in 1985 to acquire insurance for its members. MUSIC operates as a purchasing pool and is not a joint venture activity of the District. The District has no control over budgeting, financing, management selection, or the governing body. MUSIC provides both conventional and self-insurance coverage for its members including property, casualty, general liability, workers' compensation, and fleet insurance. The District participates in all of the above coverages.

MUSIC manages the cash and investment pool, funded by insurance premiums, on behalf of its members. MUSIC's investment pool consists of U.S. Treasury strips.

In the event that a deficit occurs with respect to any fiscal year of MUSIC for which the District was a participant at any time during such year; and in the event that MUSIC determines that an assessment is required in order to provide additional funds for the obligations of MUSIC for such year; and further, in the event that the District was covered by the types of benefits requiring the assessment during the time period in which the assessment arose, the District is obligated to pay its pro rata share of any such assessment, irrespective of whether or not the District is a member of MUSIC at the time of such assessment.

Management of the District is not aware of any deficit situation in MUSIC which would require any accrual of liability as of June 30, 2016.

MUSIC's financial statements are presented in its Comprehensive Annual Financial Report for the year ended December 31, 2015.

BENTON COUNTY R-1 SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2016

NOTE 13: Interfund Transfers

Interfund transfers, the flow of assets from one fund to another where repayment is not expected are reported as transfers in and out. The District is required to make a transfer from the General Fund to the Teachers' Fund to cover the excess of disbursements over receipts each year. The District makes allowed transfers from the General Fund to the Capital Projects Fund to cover disbursements and build balances as allowed by state law. During the year ended June 30, 2016, the District made the following interfund transfers:

<u>Type of Transfers</u>	<u>General (Incidental) Fund</u>	<u>Special Revenue (Teachers') Fund</u>	<u>Capital Projects Fund</u>
Teachers' Fund	\$ (254,863)	\$ 254,863	\$ -
Transportation Calc Cost	(71,919)	-	71,919
\$162,326 or 7% xSATxWADA	(189,024)	-	189,024
Total Net Transfers	<u>\$ (515,806)</u>	<u>\$ 254,863</u>	<u>\$ 260,943</u>

NOTE 14: 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 15: Pledged Revenues

The District has pledged future revenues, net of specified operating expenses, to repay bonds and a note payable that were issued for the purpose of operations and improvements. The bonds are payable solely from debt service fund net revenues and are payable through 2034. Annual principal and interest payments in 2016 on the bonds required 100% of debt service fund net revenues. The total principal and interest remaining to be paid on the bonds is \$5,661,959. Principal and interest paid for the current year and total net revenues for the debt service fund for the current year were \$380,145 and \$374,257, respectively. The note is payable solely from capital projects fund net revenues and is payable through 2020. Annual principal and interest payments in 2016 on the note required 100% of capital project fund net revenues. The total principal and interest remaining to be paid on the note is \$38,298. Principal and interest paid for the current year and total net revenues in the capital projects fund for the current year were \$11,490 and (\$1,758,030), respectively.

BENTON COUNTY R-1 SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2016

NOTE 16: Fair Value Measurement

The District categorizes its fair value measurements within the fair value hierarchy. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs

The District has the following recurring fair value measurement as of June 30, 2016:

- U.S. Treasury securities of \$112,893 are valued using quoted prices in an active market for identical assets (Level 1 inputs)

NOTE 17: Consideration of Subsequent Events

Subsequent events have been evaluated through August 30, 2016, which is the date the financial statements are available to be issued. No events requiring disclosure were identified as a result of this review.

SUPPLEMENTARY INFORMATION

BENTON COUNTY R-1 SCHOOL DISTRICT
DEBT SERVICE FUND
SCHEDULE OF REVENUES COLLECTED, EXPENDITURES PAID
AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
SCHEDULE 1
YEAR ENDED JUNE 30, 2016

	Budget		Actual	Variance with Final Budget
	Original	Final		
REVENUES COLLECTED:				
Local	\$ 285,533	\$ 285,533	\$ 291,500	\$ 5,967
County	22,770	22,770	23,641	871
Federal	63,600	63,600	59,116	(4,484)
Total Revenues Collected	<u>371,903</u>	<u>371,903</u>	<u>374,257</u>	<u>2,354</u>
EXPENDITURES PAID:				
Principal retirement	225,000	225,000	225,000	-
Interest and fees	157,146	156,682	156,682	-
Total Expenditures Paid	<u>382,146</u>	<u>381,682</u>	<u>381,682</u>	<u>-</u>
EXCESS/(DEFICIT) OF REVENUES COLLECTED OVER EXPENDITURES PAID	<u>(10,243)</u>	<u>(9,779)</u>	<u>(7,425)</u>	<u>\$ 2,354</u>
FUND BALANCE, BEGINNING OF YEAR	<u>262,976</u>	<u>262,976</u>	<u>262,976</u>	
FUND BALANCE, END OF YEAR	<u>\$ 252,733</u>	<u>\$ 253,197</u>	<u>\$ 255,551</u>	

BENTON COUNTY R-1 SCHOOL DISTRICT
CAPITAL PROJECTS FUND
SCHEDULE OF REVENUES COLLECTED, EXPENDITURES PAID
AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
SCHEDULE 2
YEAR ENDED JUNE 30, 2016

	Budget		Actual	Variance with Final Budget
	Original	Final		
REVENUES COLLECTED:				
Local	\$ 45,353	\$ 45,353	\$ 103,489	\$ 58,136
State	12,506	12,506	38,976	26,470
Other	-	-	305	305
Total Revenues Collected	<u>57,859</u>	<u>57,859</u>	<u>142,770</u>	<u>84,911</u>
EXPENDITURES PAID:				
Regular instruction	76,484	71,184	71,184	-
Special instruction	200	169	169	-
Vocational instruction	27,512	27,654	27,654	-
Instructional support services	28,000	97,082	97,082	-
Executive administration	3,000	-	-	-
Operation of plant	50,000	19,161	19,161	-
Pupil transportation	89,000	80,480	80,480	-
Food services	4,000	4,130	4,130	-
Facilities acquisition	2,153,925	1,600,940	1,600,940	-
Principal retirement	9,717	9,717	9,717	-
Interest and fees	1,774	1,773	1,773	-
Total Expenditures Paid	<u>2,443,612</u>	<u>1,912,290</u>	<u>1,912,290</u>	<u>-</u>
EXCESS/(DEFICIT) OF REVENUES COLLECTED OVER EXPENDITURES PAID	<u>(2,385,753)</u>	<u>(1,854,431)</u>	<u>(1,769,520)</u>	<u>84,911</u>
OTHER FINANCING SOURCES/(USES):				
Transfers	158,167	-	260,943	260,943
Total Other Financing Sources/(Uses)	<u>158,167</u>	<u>-</u>	<u>260,943</u>	<u>260,943</u>
EXCESS/(DEFICIT) OF REVENUES COLLECTED AND OTHER FINANCING SOURCES OVER EXPENDITURES PAID	<u>(2,227,586)</u>	<u>(1,854,431)</u>	<u>(1,508,577)</u>	<u>\$ 345,854</u>
FUND BALANCE, BEGINNING OF YEAR	<u>2,227,586</u>	<u>2,227,586</u>	<u>2,227,586</u>	
FUND BALANCE, END OF YEAR	<u>\$ -</u>	<u>\$ 373,155</u>	<u>\$ 719,009</u>	

BENTON COUNTY R-1 SCHOOL DISTRICT
SCHEDULE OF REVENUES COLLECTED BY SOURCE
SCHEDULE 3
YEAR ENDED JUNE 30, 2016

	General (Incidental) Fund	Special Revenue (Teachers') Fund	Debt Service Fund	Capital Projects Fund	Totals (Memorandum Only)
LOCAL:					
Current taxes	\$ 1,411,165	\$ -	\$ 265,460	\$ -	\$ 1,676,625
Delinquent taxes	136,946	-	25,761	-	162,707
Proposition C	-	670,985	-	-	670,985
Financial institution tax	-	-	-	10	10
M & M surcharge tax	-	-	-	20,534	20,534
In lieu of tax	-	-	-	1,931	1,931
Earnings on investments	12,621	246	279	5,784	18,930
Food service program	95,345	-	-	-	95,345
Food service non-program	23,409	-	-	-	23,409
Student activities	240,297	-	-	-	240,297
Other local	16,358	4,310	-	75,230	95,898
Total Local	<u>1,936,141</u>	<u>675,541</u>	<u>291,500</u>	<u>103,489</u>	<u>3,006,671</u>
COUNTY:					
Fines, escheats, etc.	-	52,826	-	-	52,826
State assessed utility taxes	125,414	-	23,641	-	149,055
Total County	<u>125,414</u>	<u>52,826</u>	<u>23,641</u>	<u>-</u>	<u>201,881</u>
STATE:					
Basic formula	386,134	2,084,692	-	-	2,470,826
Transportation	81,091	-	-	-	81,091
Basic formula - classroom trust fund	-	266,159	-	-	266,159
Educational screening	10,574	-	-	-	10,574
Career education	2,974	3,600	-	13,827	20,401
Vocational/Technical Aid Enhancement Grant	-	-	-	-	-
Food service	3,414	-	-	-	3,414
Other	560	10	-	25,149	25,719
Total State	<u>484,747</u>	<u>2,354,461</u>	<u>-</u>	<u>38,976</u>	<u>2,878,184</u>
FEDERAL:					
Perkins Basic Grant, Career Education	200	-	-	-	200
IDEA Entitlement Funds, Part B IDEA	-	144,786	-	-	144,786
School Lunch Program	195,508	-	-	-	195,508
School Breakfast Program	57,603	-	-	-	57,603
ESEA, Title I	98,064	174,385	-	-	272,449
Title II, Part A, ESEA	442	43,396	-	-	43,838
Title VI, Part B Rural Education Initiative	-	14,473	-	-	14,473
Other	-	-	59,116	-	59,116
Total Federal	<u>351,817</u>	<u>377,040</u>	<u>59,116</u>	<u>-</u>	<u>787,973</u>
OTHER:					
Sale of property	170	-	-	305	475
Total Other	<u>170</u>	<u>-</u>	<u>-</u>	<u>305</u>	<u>475</u>
TOTAL REVENUES COLLECTED	<u><u>\$ 2,898,289</u></u>	<u><u>\$ 3,459,868</u></u>	<u><u>\$ 374,257</u></u>	<u><u>\$ 142,770</u></u>	<u><u>\$ 6,875,184</u></u>

BENTON COUNTY R-1 SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES PAID BY OBJECT
SCHEDULE 4
YEAR ENDED JUNE 30, 2016

	General (Incidental) Fund	Special Revenue (Teachers') Fund	Capital Projects Fund	Totals (Memorandum Only)
Salaries	\$ 817,276	\$ 2,887,182	\$ -	\$ 3,704,458
Employee benefits	304,829	734,349	-	1,039,178
Purchased services	316,955	93,200	-	410,155
Supplies	799,084	-	-	799,084
Capital outlay	-	-	1,900,800	1,900,800
Other	-	-	11,490	11,490
TOTAL EXPENDITURES	<u>\$ 2,238,144</u>	<u>\$ 3,714,731</u>	<u>\$ 1,912,290</u>	<u>\$ 7,865,165</u>

**STATE COMPLIANCE SCHEDULES
(UNAUDITED)**

BENTON COUNTY R-1 SCHOOL DISTRICT
 SCHEDULE OF SELECTED STATISTICS
 YEAR ENDED JUNE 30, 2016
 (UNAUDITED)

1. Calendar (Sections 160.041 and 171.031, RSMo)

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

Kindergarten - 12 6.6000 SDL

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

Kindergarten - 12 1105.00 Hours

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

Kindergarten - 12 169 Days

2. Average Daily Attendance (ADA)

Regular Term	Full-Time & Part-Time	Remedial	Total
Kindergarten - Grade 12	<u>657.6750</u>	<u>—</u>	<u>657.6750</u>
Subtotal Regular Term	<u>657.6750</u>	<u>—</u>	<u>657.6750</u>
Summer School			<u>19.3295</u>
Total Regular Term Plus Summer School ADA			<u>677.0045</u>

3. September Membership

September Membership	Full-time & Part-time	Total
FTE Count	<u>706.13</u>	<u>706.13</u>

BENTON COUNTY R-1 SCHOOL DISTRICT
 SCHEDULE OF SELECTED STATISTICS
 YEAR ENDED JUNE 30, 2016
 (UNAUDITED)

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

	Full-Time & Part-Time	Total
Free	282.07	282.07
Reduced	83	83
Total	365.07	365.07

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 Sections 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 approved a resolution to make the transfer, which identified the specific projects to be funded by the transfer and an expected expenditure date for the projects to be undertaken. N/A
- F. The District published a summary of the prior year's audit report within thirty days of the receipt of the audit pursuant to Section 165.121, 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 basic formula apportionment. True
- H. The amount spent for approved professional development committee plan activities was: \$ 24,832

BENTON COUNTY R-1 SCHOOL DISTRICT
 SCHEDULE OF SELECTED STATISTICS
 YEAR ENDED JUNE 30, 2016
 (UNAUDITED)

All above "False" answers must be supported by a finding or management letter comment.

Finding #: _____

Management Letter Comment #: _____

Notes: _____

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 maintained in a manner 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	# <u>434.5</u>
▪ Ineligible ADT	# <u>11.0</u>

D. The District's transportation odometer mileage records are maintained in a manner 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: # 145,193

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	# <u>120,415</u>
▪ Ineligible Miles (Non-Route/Disapproved)	# <u>24,778</u>

F. Number of days the District operated the school transportation system during the regular school year: 169

All above "False" answers must be supported by a finding or management letter comment.

Finding #: _____

Management Letter Comment #: _____

Notes: _____

BENTON COUNTY R-1 SCHOOL DISTRICT
 SCHEDULE OF TRANSPORTATION COSTS ELIGIBLE FOR STATE AID
 YEAR ENDED JUNE 30, 2016
 (UNAUDITED)

DISTRICT OWNED TRANSPORTATION:

Salaries	\$	145,446
Fringe benefits		54,051
Purchased services		29,642
Supplies		51,988
Capital outlay		80,480
Total District Owned Transportation		361,607
Total Allowable Costs	\$	361,607

STATE COMPLIANCE

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

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Board of Education
Benton County R-1 School District
Cole Camp, Missouri

We have examined management's assertions that the Benton County R-1 School District, Cole Camp, Missouri, complied with the requirements of Missouri laws and regulations regarding budgetary and disbursement procedures; accurate disclosure by the District's attendance records of average daily attendance, resident membership on the last Wednesday of September and the number of students eligible to receive free or reduced price lunches on the last Wednesday of January; and accurate disclosure by pupil transportation records of the average daily transportation of pupils eligible and ineligible for state aid, the number of miles eligible and ineligible for state aid and the allowable costs for pupil transportation during the year ended June 30, 2016. Management is responsible for the District's compliance with those requirements. Our responsibility is to express an opinion on the District's compliance based on our examination.

PARTNERS

Robert A. Gerding
Fred W. Korte, Jr.
Joseph E. Chitwood
Travis W. Hundley
Jeffrey A. Chitwood
Amy L. Watson
Heidi N. Ross

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 Benton County R-1 School District, Cole Camp, Missouri, complied, in all material respects, with the aforementioned requirements for the year ended June 30, 2016.

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



August 30, 2016

Gerding, Korte & Chitwood, P.C.
Certified Public Accountants
Boonville, Missouri

BENTON COUNTY R-1 SCHOOL DISTRICT
SCHEDULE OF STATE FINDINGS
YEAR ENDED JUNE 30, 2016

There were no state findings.

COMPLIANCE AND INTERNAL CONTROL

**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**

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To the Board of Education
Benton County R-1 School District
Cole Camp, 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 – modified cash basis, each major fund, and the discretely presented component unit of the Benton County R-1 School District, Cole Camp, Missouri (the “District”), as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise the District’s basic financial statements, and have issued our report thereon dated August 30, 2016.

PARTNERS

Robert A. Gerding
Fred W. Korte, Jr.
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Internal Control Over Financial Reporting

In planning and performing our audit of 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 opinion 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. We did identify a certain deficiency in internal control, described in the accompanying schedule of findings and questioned costs that we consider to be a significant deficiency (2016-001).

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*.

District's Response to Findings

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

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.



August 30, 2016

Gerding, Korte & Chitwood, P.C.
Certified Public Accountants
Boonville, Missouri



GERDING, KORTE & CHITWOOD CPAS
Professional Corporation
Certified Public Accountants

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

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To the Board of Education
Benton County R-1 School District
Cole Camp, Missouri

Report on Compliance for Each Major Federal Program

We have audited the Benton County R-1 School District, Cole Camp, Missouri (the "District") compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the District's major federal programs for the year ended June 30, 2016. The District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

PARTNERS

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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 Title 2 U.S. *Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with 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.

Unmodified Opinion on Each of the Other Major Federal Programs

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

Report on Internal Control Over Compliance

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

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

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

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



August 30, 2016

Gerding, Korte & Chitwood, P.C.
Certified Public Accountants
Boonville, Missouri

BENTON COUNTY R-1 SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2016

<u>Federal Grantor/Pass-through Grantor/Program Title</u>	<u>Federal CFDA Number</u>	<u>Pass-through Grantor's Project Number</u>	<u>Cash Disbursements (Federal Share)</u>
U.S. Department of Education:			
Passed through the Missouri Department of Elementary and Secondary Education			
ESEA Title I	84.010A	008-111	\$ 312,958
ESEA Title II.A	84.367A	S367A150024	442
ESEA Title VI.B	84.358B	008-111	14,473
Special Education, Entitlement	84.027A	008-111	139,052
Career Education Mentoring Program	84.048A	V048A140025	<u>200</u>
Total U.S. Department of Education			<u>467,125</u>
U. S. Department of Agriculture:			
Passed through the Missouri Department of Elementary and Secondary Education			
National School Breakfast Program	10.553	008-111	64,717
National School Lunch Program	10.555	008-111	193,812
Commodity Food Distribution	10.555	008-111	<u>35,996</u>
Total U.S. Department of Agriculture			<u>294,525</u>
U. S. General Services Administration:			
Passed through the State Agency for Surplus Property			
Surplus Property	39.003		<u>616</u>
TOTAL FEDERAL FINANCIAL ASSISTANCE			<u>\$ 762,266</u>

BENTON COUNTY R-1 SCHOOL DISTRICT
NOTES TO THE SCHEDULE OF EXPENDITURES
OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2016

1. Summary of Significant Accounting Policies

A. Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards (the Schedule) includes the federal award activity of the District under programs of the federal government for the year ended June 30, 2016. The information in this Schedule is presented in accordance with requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the District, it is not intended to and does not present the financial position, changes in net position, or cash flows of the District. The uniform guidance requires a schedule that provides total federal awards expended for each federal program and the Catalog of Federal Domestic Assistance (CFDA) number or other identifying number when the CFDA information is not available.

The schedule includes all federal awards administered by Benton County R-1 School District, Missouri.

OMB Compliance Supplement includes these definitions, which govern the contents of the schedule:

Federal financial assistance means assistance that non-Federal entities receive or administer in the form of grants, loans, loan guarantees, property (including donated surplus property), cooperative agreements, interest subsidies, insurance, food, commodities, direct appropriations, and other assistance, but does not include amounts received as reimbursement for services rendered to individuals.

Federal award means Federal financial assistance and Federal cost-reimbursement contracts that non-Federal entities receive directly from Federal awarding agencies or indirectly from pass-through entities. It does not include procurement contracts, under-grants or contracts, used to buy goods or services from vendors.

Accordingly, the schedule includes expenditures of both cash and noncash awards.

BENTON COUNTY R-1 SCHOOL DISTRICT
NOTES TO THE SCHEDULE OF EXPENDITURES (CONT'D)
OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2016

B. Basis of Accounting

Expenditures reported on the Schedule are reported on the modified cash basis of accounting, which recognizes expenditures in the period the liabilities are paid. Such expenditures are recognized following the cost principles contained in the uniform guidance and/or OMB Circular A-87, *Cost Principles for State, Local, and Indian Tribal Governments*, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

The District has elected not to use the 10% *de minimis* indirect cost rate as allowed under the uniform guidance.

2. Subrecipients

The District provided no federal awards to subrecipients during the year ended June 30, 2016.

BENTON COUNTY R-1 SCHOOL DISTRICT
 SCHEDULE OF FINDINGS AND QUESTIONED COST
 AND SUMMARY OF AUDITOR'S RESULTS (CONTINUED)
 JUNE 30, 2016

Dollar threshold used to distinguish between type A and type B programs: \$750,000

Auditee qualified as low-risk auditee? Yes X No

Section II: Financial Statement Findings

2016-001	Accounting Personnel/Segregation of Duties
Criteria:	Proper segregation of duties reduces the risk of errors and fraud and is an important internal control.
Condition:	It is recognized that the small number of accounting and clerical personnel of the District precludes the application of internal accounting control procedures possible in a larger organization.
Context:	During our audit we reviewed District policies and procedures and determined adequate segregation of duties did not exist.
Effect:	A small number of employees perform several accounting duties.
Cause:	The District does not have the financial resources to hire enough personnel to segregate duties.
Recommendation:	The District should segregate duties wherever possible and implement other controls to compensate for the lack of segregation of duties.
Views of Responsible Officials & Planned Corrective Action:	It is not financially feasible for the District to hire the additional personnel required to adequately support the application of internal accounting control procedures.

Section III: Federal Award Findings and Questioned Costs

None

BENTON COUNTY R-1 SCHOOL DISTRICT
CORRECTIVE ACTION PLAN
JUNE 30, 2016

Finding:	2016-001 Accounting Personnel/Segregation of Duties
Criteria:	Auditing standards state that a lack of adequate segregation of duties is a weakness in internal control.
Condition:	The District does not have adequate segregation of duties regarding their accounting procedures.
Cause:	The District lacks the personnel necessary to adequately segregate financial and accounting duties.
Effect:	Financial records and assets at the District without adequate segregation of duties are at more risk for misstatement due to fraud or errors.
Recommendation:	The District may consider and implement additional internal control procedures to ensure adequate segregation of duties in all departments. In lieu of additional controls, the District may rely on continued or increased involvement by the appropriate committees.
Management's Response:	District management will continue to look at ways we can mitigate the risk posed by the lack of segregation of duties in the departments identified in your letter.
Official Responsible for Ensuring Corrective Action Plan:	Superintendent of Benton County R-1 School District
Planned Completion Date For the Corrective Action Plan:	The District will continue to work on implementing additional internal control procedures on an on-going basis.

BENTON COUNTY R-1 SCHOOL DISTRICT
SCHEDULE OF PRIOR AUDIT FINDINGS
JUNE 30, 2016

Financial Statement Findings:

2015-001	Accounting Personnel/Segregation of Duties
Criteria:	Proper segregation of duties reduces the risk of errors and fraud and is an important internal control.
Condition:	It is recognized that the small number of accounting and clerical personnel of the District precludes the application of internal accounting control procedures possible in a larger organization.
Cause:	The District does not have the financial resources to hire enough personnel to segregate duties.
Effect:	A small number of employees perform several accounting duties.
Recommendation:	The District should segregate duties wherever possible and implement other controls to compensate for the lack of segregation of duties.
Auditee Response:	It is not financially feasible for the District to hire the additional personnel required to adequately support the application of internal accounting control procedures.
Corrective Action Taken:	Unresolved. The District continues to monitor and work on implementing additional internal control procedures. See similar finding listed on 2016-001.

BENTON COUNTY R-1 SCHOOL DISTRICT
SCHEDULE OF PRIOR AUDIT FINDINGS (CONT'D)
JUNE 30, 2016

2015-002	CFDA #84.010 Title I Grant # S010A130025
Criteria:	The program compliance guidelines under special tests & provisions item N.7 indicates that a paraprofessional must hold either 1) 2 years of study of higher education, 2) an associates degree OR 3) meet the state standard requirements.
Condition:	During testing for special tests & provisions it was determined that 1 paraprofessional had 54 college hours which is below the required amounts.
Cause:	Inadvertent oversight when the paraprofessional was hired.
Effect:	Title I funds were paid to a paraprofessional who was not qualified to receive such funds.
Recommendation:	The District should require the paraprofessional to meet the required standards or pay for salary & benefits using only local money and not federal funds.
Auditee Response:	The paraprofessional will take the required state certification test to be a highly qualified paraprofessional.
Corrective Action Taken:	Resolved – The paraprofessional has met the required standards of state certification.