

REPORT OF
HOLDEN R-III SCHOOL DISTRICT
HOLDEN, MISSOURI
JUNE 30, 2015

HOLDEN R-III SCHOOL DISTRICT

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Professional Corporation
Certified Public Accountants

INDEPENDENT AUDITOR'S REPORT

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

Report on the Financial Statements

We have audited the accompanying cash basis financial statements of the governmental activities and each major fund of the Holden R-III School District, Holden, Missouri (the "District"), as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

PARTNERS

Robert A. Gerding
Fred W. Korte, Jr.
Joseph E. Chitwood
James R. McGinnis
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 cash basis of accounting described in Note 1; this includes determining that the 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 cash basis financial position of the governmental activities and each major fund of the District, as of June 30, 2015, and the respective changes in 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 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 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 U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations* and is also not a required part of the basic financial statements.

The 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 October 20, 2015, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

A handwritten signature in blue ink, appearing to read "Gerding, Korte & Chitwood".

October 20, 2015

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

HOLDEN R-III SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2015
(UNAUDITED)

The discussion and analysis of the Holden R-III School District financial performance provides an overall review of the District's financial activities for the fiscal year ending June 30, 2015. The intent of this discussion and analysis is to look at the District's financial performance as a whole. Readers should also review the notes to the basic financial statements and financial statements to enhance their understanding of the District's financial performance.

Financial Highlights

The fiscal year ended June 30, 2015 was the seventh year of implementing the GASB 34 reporting model for the District.

Key financial highlights for 2015 are as follows:

- The District's financial status as reflected in the total net position is \$3,847,652.
- General Fund revenues are reported at \$6,971,793.
- The District had \$15,546,838 in expenses, with total revenue of \$13,129,140.
- Total assets of governmental activities were valued at \$3,847,652. Current assets include cash and investments.
- Outstanding bonded debt is \$9,250,597.

In 2007, the District received \$5,000,000 of general obligation bonds to build an additional eleven classrooms and a larger cafeteria to the present Holden High School. In 2010 the District issued \$2,715,000 in General Obligation Refunding Bonds at a 2% to 3.25% interest rate to refund the outstanding bonds at 3.15% to 4.1% interest rate. In 2012 the District issued \$5,055,000 in general obligation refunding bonds and retired \$5,335,000 in bonds at 2.00% to 3.25% until maturity on March 1, 2018. On August 2, 2012 the District issued general obligation refunding bonds (Series 2012) of \$1,980,000 with an interest rate of 1.400% to 2.15% to advance refund general obligation bonds (Series 2003) with an interest rate of 4.5%. On March 1, 2013 the District used the net proceeds plus District funds of \$56,491 to pay for the Series 2003 bonds. On June 24, 2014 the District issued general obligation bonds of 2,200,000 with an interest rate of 2.5% to 5% for the purpose of providing funds for foundation and roof repairs at the Middle School; to add security improvements and install safe rooms to the Middle School; the construction of an Early Childhood Center and a High School multipurpose room; resurface the High School track and complete other repair improvements to the existing facilities.

HOLDEN R-III SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2015
(UNAUDITED)

Using this annual financial report

This annual report consists of a series of financial statements and notes to those statements. The Statement of Net Position and the Statement of Activities provide information about the activities of the District as a whole and present a long-term view of the District's finances.

Fund financial statements provide the best level of detail. For government activities, these statements tell how these services were financed in the short-term as well as what remains for future spending. The statements then proceed to provide an increasingly detailed look at specific financial activities.

Reporting the District as a Whole

Statement of Net Position and the Statement of Activities

While this document contains a large number of funds used by the District to provide programs and activities, the view of the District as a whole looks at all financial transactions and asks the question, "How did we do financially during 2015?" The Statement of Net Position and the Statement of Activities answers this question. These statements include all assets and liabilities using the cash basis of accounting.

Basis of accounting refers to when revenues and expenditures are recognized in the accounts and reported in the financial statements. The financial statements are presented on the cash basis of accounting, under which revenues are recorded when received rather than when susceptible to accrual, and expenditures are recorded when paid rather than when the fund liability is incurred, except for teachers' salaries. Such teachers' salaries are recorded as expenditures paid in the fiscal year in which the obligations under the salary contracts are fulfilled by the teachers.

These two statements report the District's net position and changes in those assets. This change in net assets is important because it tells the reader that, for the District as a whole, the financial position of the District has improved or diminished. The cause of this change may be the result of many factors, some financial, and some not. Non-financial factors include the District's property tax base, current property tax laws in Missouri, required educational programs, facility conditions, and other factors.

In the Statement of Net Position and the Statement of Activities, the District reports governmental activities. Governmental activities are the activities where most of the District's programs and services are reported including, but not limited to, instruction, support services, operation and maintenance of plant, pupil transportation, and extracurricular activities.

HOLDEN R-III SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2015
(UNAUDITED)

Report the District's Most Significant Funds

Fund Financial Statements

Fund financial reports provide detailed information about the District's major funds. The District uses many funds to account for a multitude of financial transactions. However, these fund financial statements focus on the District's most significant funds. The District's major governmental funds are the General (Incidental) Fund, Special Revenue (Teachers') Fund, Debt Service Fund, and Capital Projects Fund.

Governmental Funds

The District's activities are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end available for spending in the future periods. These funds are reported using an accounting method called cash accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the District's general government operations and the basic services it provides. Governmental fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance educational programs. The relationship (or differences) between governmental activities (reported in the Statement of Net Position and the Statement of Activities) and governmental funds is reconciled in the financial statements.

General (Incidental) Fund: Accounts for general activities of the District, including student activities, support staff salaries and benefits, food service, and textbooks which are not required to be accounted for in another fund.

Special Revenue (Teachers') Fund: Accounts for expenditures for certified employees involved in administration and instruction. It includes revenues restricted by the State and local tax levy, if levied, for the payment of teacher salaries and certain employee benefits.

Debt Service Fund: Accounts for the accumulation of resources for and the payment of long-term debt principal, interest, and related costs.

Capital Projects Fund: Accounts for proceeds of long-term debt, taxes, and other revenues designated for construction of major capital assets and all other capital outlay.

HOLDEN R-III SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2015
(UNAUDITED)

The District as a Whole

Recall that the Statement of Net Position provides the perspective of the District as a whole.

TABLE 1

| | <u>2014</u> | <u>2015</u> |
|----------------------|---------------------|---------------------|
| ASSETS | | |
| Cash and investments | \$ 6,562,350 | \$ 3,847,652 |
| Total assets | <u>6,265,350</u> | <u>3,847,652</u> |
| NET POSITION | | |
| Restricted: | | |
| Capital projects | 2,514,385 | 432,261 |
| Debt service | 1,024,458 | 1,043,607 |
| Unrestricted | <u>2,726,507</u> | <u>2,371,784</u> |
| Total net position | <u>\$ 6,265,350</u> | <u>\$ 3,847,652</u> |

Total assets of governmental activities were valued at \$3,847,652 all of which is current investment.

Unrestricted net position, the part of the net position that can be used to finance day-to-day activities without constraints established by grants or legal requirements, of the District is reported as \$2,371,784. The District has restricted net position of \$1,043,607 within the Debt Service Fund to comply with requirements imposed by their creditors. The District has also restricted \$432,261 for capital projects. Table II shows the changes in net position for fiscal years 2014 and 2015.

HOLDEN R-III SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2015
(UNAUDITED)

TABLE II

| | Changes in Net Position | |
|----------------------------------------|-------------------------|-----------------------|
| | 2014 | 2015 |
| Charges for services | \$ 706,168 | \$ 748,843 |
| Operating grants and contributions | 2,021,104 | 1,720,128 |
| Property taxes | 4,337,648 | 4,655,928 |
| Sales taxes | 1,139,559 | 1,134,887 |
| Other taxes | 119,223 | 122,393 |
| Local receipts | 1,039,210 | 753,912 |
| County receipts | 550,722 | 547,430 |
| State receipts | 4,266,527 | 3,430,341 |
| Investment income | 148,704 | 15,278 |
| Refunding Bonds | 2,200,000 | - |
| Total Revenue | <u>16,528,865</u> | <u>13,129,140</u> |
| Instruction | 6,510,866 | 6,671,609 |
| Attendance and guidance | 364,588 | 445,385 |
| Health services | 70,269 | 72,559 |
| Improvement of instruction | 133,539 | 145,098 |
| Professional development | 60,789 | 42,472 |
| Media services | 603,478 | 625,603 |
| Student Activities | 781,857 | 780,085 |
| Building administration | 630,820 | 649,299 |
| Operation of plant | 1,483,728 | 1,279,591 |
| Security Services | 810 | - |
| Pupil transportation | 948,519 | 957,295 |
| Food services | 496,974 | 496,162 |
| Central office support services | 18,435 | 14,947 |
| Tuition paid to other Districts | 146,796 | 165,563 |
| Facilities construction | 618,215 | 2,054,154 |
| Community services | 188,530 | 191,063 |
| Principal and interest on indebtedness | 840,051 | 955,953 |
| Total Expenses | <u>13,898,264</u> | <u>15,546,838</u> |
| Change in Net Assets | <u>\$ 2,630,601</u> | <u>\$ (2,417,698)</u> |

HOLDEN R-III SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2015
(UNAUDITED)

Governmental Activities

The Statement of Activities shows the costs of program services and the charges of services and grants offsetting those services. Table III shows the total cost of services and the net cost of services. That is, it identifies the costs of these services supported by tax revenue and unrestricted State entitlements.

The District had \$15,546,838 in expenses; \$2,468,971 of these expenses were offset by program specific charges for services, grants or contributions.

TABLE III

Governmental Activities - 2015

| | Total Cost of Services | Net Costs of Services |
|------------------------------------|---------------------------|--------------------------|
| Instruction | \$ 4,696,144 | \$ (4,046,852) |
| Special instruction | 1,455,747 | (787,703) |
| Vocational instruction | 162,530 | (162,530) |
| Tuition paid to other district | 165,563 | (165,563) |
| Student activities | 780,085 | (373,123) |
| Instructional support services | 795,310 | (752,838) |
| General administration | 204,540 | (204,540) |
| Building administration | 731,642 | (731,642) |
| Operation of plant | 1,279,591 | (1,279,591) |
| Pupil transportation | 957,295 | (876,799) |
| Food services | 496,162 | (32,806) |
| Business/central services | 83,251 | (83,251) |
| Facilities | 2,054,154 | (2,054,154) |
| Student support services | 537,808 | (537,808) |
| Community services | 191,063 | (32,714) |
| Principal/Interest on indebtedness | 955,953 | (955,953) |
| Total governmental activities | \$15,546,838 | \$ (13,077,867) |

HOLDEN R-III SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2015
(UNAUDITED)

General Administration includes the expenses associated with administrative and financial supervision of the District. It also includes expenses related to planning, research, development and evaluation of support services, as well as the reporting of this information internally and to the public.

Operation of Plant activities involves keeping the school grounds, building and equipment in an effective working condition.

Transportation includes activities involved with the conveyance of students to and from school, as well as to and from school activities, as provided by state law.

Food services include the preparation, delivery and servicing of breakfast, lunch, snacks and other incidental meals to students and school staff in connection with school activities.

Community Services include expenses related to student activities provided by the school district which are designed to provide opportunities for pupils to participate in school events, public events, or a combination of these for the purpose of motivation, enjoyment and skill improvement.

Facilities include the maintaining of the building such as painting, weatherproofing, and minor repairs.

Principal and Interest involves the transaction associated with the payment of principal and interest to the debt of the School District.

THE SCHOOL DISTRICT'S FUND

The School District's major funds are accounted for using the cash basis of accounting. All major funds had total revenues of \$13,129,140 and expenditures of \$15,546,838.

GENERAL FUND BUDGETING HIGHLIGHTS

Missouri statutes are very specific regarding public school finance. These laws establish funds which must be used in the accounting process and place certain limits upon the use of venue and expenditures transactions allowed in these funds. The School District's budget is prepared according to the Missouri law and is based on accounting for certain transactions on the cash basis. The most significant budgeted fund is the General Fund. During the course of the year, the School will amend the General Fund budget.

HOLDEN R-III SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2015
(UNAUDITED)

Major reasons for amendments during the 2015 fiscal year as follows:

Budget must be constructed before local property tax and state revenues figures are available. State revenues budgeted conservatively due to projections of State budget shortfalls. State notified the District of unexpected shortfalls throughout the year.

Debt Administration

On June 30, 2015, the District had \$9,235,000 in general obligation bonds, due in varying amounts with interest rate charges.

TABLE IV

| | |
|--------------------------------|-------------|
| 2007 General Obligation Bonds | \$1,850,000 |
| 2012 General Obligation Bonds | \$3,305,000 |
| 2012A General Obligation Bonds | \$1,880,000 |
| 2014 General Obligation Bonds | \$2,200,000 |

The District also had \$15,597 in notes payable at June 30, 2015.

Current Financial Issues and Concerns

The Holden R-III School District is financially sound. A major factor in the District's financial strength is the community's support and as the preceding information shows, the District heavily depends on its property taxpayers. The District is proud of its community support of the public schools.

The Holden R-III School District is greatly impacted by the decline in State revenue. The administration has been working with other Districts to insure that the legislators representing the District and its taxpayers are fully aware of the impact any state aid reduction may have on the District. In conclusion, the Holden R-III School District has committed itself to financial excellence. The District plans to continue its sound fiscal management to meet the challenges of the future.

Contacting the School 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 show the District's accountability for the money received. If you have any questions about this report or need additional financial information, please contact Holden R-III School District, 1612 South Main, Holden, MO 64040, 816-850-4444.

HOLDEN R-III SCHOOL DISTRICT
STATEMENT OF NET POSITION ARISING FROM
CASH TRANSACTIONS - GOVERNMENTAL ACTIVITIES
JUNE 30, 2015

ASSETS:

| | |
|----------------------|---------------------|
| Cash and investments | \$ 3,847,652 |
| Total Assets | <u>\$ 3,847,652</u> |

NET POSITION:

| | |
|--------------------|---------------------|
| Restricted for: | |
| Debt service | \$ 1,043,607 |
| Capital projects | 432,261 |
| Unrestricted | <u>2,371,784</u> |
| Total Net Position | <u>\$ 3,847,652</u> |

HOLDEN R-III SCHOOL DISTRICT
STATEMENT OF ACTIVITIES ARISING FROM CASH TRANSACTIONS
GOVERNMENTAL ACTIVITIES
YEAR ENDED JUNE 30, 2015

| | Expenditures | Program Receipts | | Net Expenses and Changes in Net Position | |
|---------------------------------|----------------------|-------------------------|------------------------------------------|------------------------------------------------|----------------------------------------|
| | | Charges for Services | Operating Grants and Contributions | | Capital Grants and Contributions |
| Regular instruction | \$ 4,696,144 | 34,490 | \$ 614,802 | \$ - | \$ (4,046,852) |
| Special instruction | 1,455,747 | - | 668,044 | - | (787,703) |
| Vocational instruction | 162,530 | - | - | - | (162,530) |
| Student activities | 780,085 | 406,962 | - | - | (373,123) |
| Tuition paid to other districts | 165,563 | - | - | - | (165,563) |
| Student support services | 537,808 | - | - | - | (537,808) |
| Instructional support services | 795,310 | - | 42,472 | - | (752,838) |
| Board of Education services | 83,251 | - | - | - | (83,251) |
| Executive administration | 204,540 | - | - | - | (204,540) |
| Building level administration | 649,299 | - | - | - | (649,299) |
| Business/central service | 82,343 | - | - | - | (82,343) |
| Operation of plant | 1,279,591 | - | - | - | (1,279,591) |
| Pupil transportation | 957,295 | - | 80,496 | - | (876,799) |
| Food services | 496,162 | 161,921 | 301,435 | - | (32,806) |
| Community services | 191,063 | 145,470 | 12,879 | - | (32,714) |
| Facilities acquisition | 2,054,154 | - | - | - | (2,054,154) |
| Principal | 704,800 | - | - | - | (704,800) |
| Interest and fees | 251,153 | - | - | - | (251,153) |
| Total | \$ 15,546,838 | \$ 748,843 | \$ 1,720,128 | \$ - | (13,077,867) |

General Revenues

Taxes

| | |
|-----------------------------------------------------|-----------|
| Property taxes levied for general purposes | 3,803,861 |
| Property taxes levied for debt services | 852,067 |
| Proposition C sales tax | 1,134,887 |
| Financial institution tax/in lieu of tax/M&M surtax | 122,393 |
| State assessed railroad and utility | 497,304 |

Non-Restricted Intergovernmental Revenues

| | |
|----------------------------------|-------------------|
| County-Fines | 50,126 |
| State-Basic formula | 4,179,185 |
| Interest and investment earnings | 15,278 |
| Miscellaneous | 5,068 |
| Subtotal General Revenues | 10,660,169 |

Increase (decrease) in Net Position (2,417,698)

Net Position, June 30, 2014 6,265,350

Net Position, June 30, 2015 \$ 3,847,652

See Notes to Financial Statements

HOLDEN R-III SCHOOL DISTRICT
STATEMENT OF ASSETS AND FUND BALANCES
ARISING FROM CASH TRANSACTIONS -
ALL GOVERNMENTAL FUND TYPES
JUNE 30, 2015

| | Governmental Fund Types | | | | Total Governmental Funds |
|--------------------------------|---------------------------------|-------------------------------------------|-------------------------|-----------------------------|-----------------------------|
| | General (Incidental) Fund | Special Revenue (Teachers') Fund | Debt Service Fund | Capital Projects Fund | |
| ASSETS: | | | | | |
| Cash and investments | \$ 2,371,784 | \$ - | \$ 1,043,607 | \$ 432,261 | \$ 3,847,652 |
| TOTAL ASSETS | <u>\$ 2,371,784</u> | <u>\$ -</u> | <u>\$ 1,043,607</u> | <u>\$ 432,261</u> | <u>\$ 3,847,652</u> |
| FUND BALANCES: | | | | | |
| Committed for capital projects | \$ - | \$ - | \$ - | \$ 115,050 | \$ 115,050 |
| Assigned for debt service | - | - | 1,043,607 | - | 1,043,607 |
| Assigned for capital projects | - | - | - | 317,211 | 317,211 |
| Unassigned | 2,371,784 | - | - | - | 2,371,784 |
| TOTAL FUND BALANCES | <u>\$ 2,371,784</u> | <u>\$ -</u> | <u>\$ 1,043,607</u> | <u>\$ 432,261</u> | <u>\$ 3,847,652</u> |

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

| | |
|-----------------------------------------|---------------------|
| Total Fund Balance - Governmental Funds | \$ 3,847,652 |
| There are no reconciling items. | <u>-</u> |
| Net position of governmental activities | <u>\$ 3,847,652</u> |

See Notes to Financial Statements

HOLDEN R-III SCHOOL DISTRICT
STATEMENT OF REVENUES COLLECTED, EXPENDITURES PAID
AND CHANGES IN FUND BALANCES - ALL GOVERNMENTAL FUND TYPES
YEAR ENDED JUNE 30, 2015

| | Governmental Fund Types | | | | Total Governmental Funds |
|--------------------------------------------------------------------------------------------------------------------------|---------------------------------|-------------------------------------------|-------------------------|-----------------------------|--------------------------------|
| | General (Incidental) Fund | Special Revenue (Teachers') Fund | Debt Service Fund | Capital Projects Fund | |
| REVENUES COLLECTED: | | | | | |
| Local | \$ 5,208,932 | \$ 567,597 | \$ 870,559 | \$ 2,320 | \$ 6,649,408 |
| County | 398,515 | 50,126 | 98,789 | - | 547,430 |
| State | 556,831 | 4,359,006 | - | 113,552 | 5,029,389 |
| Federal | 774,525 | 95,398 | - | - | 869,923 |
| Received from other district | 32,990 | - | - | - | 32,990 |
| Total Revenues Collected | <u>6,971,793</u> | <u>5,072,127</u> | <u>969,348</u> | <u>115,872</u> | <u>13,129,140</u> |
| EXPENDITURES PAID: | | | | | |
| Regular instruction | 307,317 | 4,334,195 | - | 54,632 | 4,696,144 |
| Special instruction | 552,010 | 903,737 | - | - | 1,455,747 |
| Vocational instruction | 8,179 | 153,799 | - | 552 | 162,530 |
| Student activities | 525,298 | 254,787 | - | - | 780,085 |
| Tuition paid to other districts | - | 165,563 | - | - | 165,563 |
| Student support services | 180,978 | 356,830 | - | - | 537,808 |
| Instructional support services | 394,186 | 324,300 | - | 76,824 | 795,310 |
| Board of Education services | 83,251 | - | - | - | 83,251 |
| Executive administration | 72,474 | 132,066 | - | - | 204,540 |
| Building level administration | 252,631 | 396,668 | - | - | 649,299 |
| Business/central services | 82,343 | - | - | - | 82,343 |
| Operation of plant | 1,278,671 | - | - | 920 | 1,279,591 |
| Pupil transportation | 957,295 | - | - | - | 957,295 |
| Food services | 496,162 | - | - | - | 496,162 |
| Community services | 133,051 | 52,852 | - | 5,160 | 191,063 |
| Facilities acquisition | - | - | - | 2,054,154 | 2,054,154 |
| Principal retirement | - | - | 700,000 | 4,800 | 704,800 |
| Interest and fees | - | - | 250,199 | 954 | 251,153 |
| Total Expenditures Paid | <u>5,323,846</u> | <u>7,074,797</u> | <u>950,199</u> | <u>2,197,996</u> | <u>15,546,838</u> |
| EXCESS/(DEFICIT) OF REVENUES COLLECTED OVER EXPENDITURES PAID | <u>1,647,947</u> | <u>(2,002,670)</u> | <u>19,149</u> | <u>(2,082,124)</u> | <u>(2,417,698)</u> |
| OTHER FINANCING SOURCES/(USES): | | | | | |
| Transfers | <u>(2,002,670)</u> | <u>2,002,670</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| Total Other Financing Sources/(Uses) | <u>(2,002,670)</u> | <u>2,002,670</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| EXCESS/(DEFICIT) OF REVENUES COLLECTED AND OTHER FINANCING SOURCES OVER EXPENDITURES PAID AND OTHER FINANCING USES | <u>(354,723)</u> | <u>-</u> | <u>19,149</u> | <u>(2,082,124)</u> | <u>\$ (2,417,698)</u> |
| FUND BALANCES, BEGINNING OF YEAR | <u>2,726,507</u> | <u>-</u> | <u>1,024,458</u> | <u>2,514,385</u> | |
| FUND BALANCES, END OF YEAR | <u>\$ 2,371,784</u> | <u>\$ -</u> | <u>\$ 1,043,607</u> | <u>\$ 432,261</u> | |

See Notes to Financial Statements

HOLDEN R-III SCHOOL DISTRICT
RECONCILIATION OF THE STATEMENT OF REVENUES COLLECTED,
EXPENDITURES PAID AND CHANGES IN FUND BALANCES -
ALL GOVERNMENTAL FUND TYPES TO THE STATEMENT OF ACTIVITIES
ARISING FROM CASH TRANSACTIONS
YEAR ENDED JUNE 30, 2015

| | |
|--------------------------------------------------------|-----------------------------|
| Net change in fund balances - total governmental funds | \$(2,417,698) |
| There are no reconciling items | <u>-</u> |
| Change in Net Position of Governmental Activities | <u><u>\$(2,417,698)</u></u> |

HOLDEN R-III SCHOOL DISTRICT
GENERAL (INCIDENTAL) FUND
STATEMENT OF REVENUES COLLECTED, EXPENDITURES PAID
AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
YEAR ENDED JUNE 30, 2015

| | Budget | | Actual | Variance with Final Budget |
|-------------------------------------------------------------------------------------------------------|---------------------|---------------------|---------------------|-------------------------------|
| | Original | Final | | |
| REVENUES COLLECTED: | | | | |
| Local | \$ 4,949,120 | \$ 5,212,848 | \$ 5,208,932 | \$ (3,916) |
| County | 465,000 | 399,000 | 398,515 | (485) |
| State | 684,015 | 558,401 | 556,831 | (1,570) |
| Federal | 762,712 | 776,612 | 774,525 | (2,087) |
| Received from other district | 39,000 | 32,900 | 32,990 | 90 |
| Total Revenues Collected | <u>6,899,847</u> | <u>6,979,761</u> | <u>6,971,793</u> | <u>(7,968)</u> |
| EXPENDITURES PAID: | | | | |
| Regular instruction | 327,354 | 320,234 | 307,317 | 12,917 |
| Special instruction | 516,671 | 570,848 | 552,010 | 18,838 |
| Vocational instruction | 7,200 | 8,700 | 8,179 | 521 |
| Student activities | 376,194 | 532,694 | 525,298 | 7,396 |
| Student support services | 214,231 | 187,331 | 180,978 | 6,353 |
| Instructional support services | 457,455 | 397,579 | 394,186 | 3,393 |
| Board of Education services | 83,300 | 87,000 | 83,251 | 3,749 |
| Executive administration | 65,576 | 75,276 | 72,474 | 2,802 |
| Building level administration | 255,249 | 253,399 | 252,631 | 768 |
| Business/central services | 85,881 | 83,481 | 82,343 | 1,138 |
| Operation of plant | 1,229,550 | 1,281,307 | 1,278,671 | 2,636 |
| Pupil transportation | 973,500 | 978,787 | 957,295 | 21,492 |
| Food services | 493,526 | 497,326 | 496,162 | 1,164 |
| Community services | 187,240 | 135,007 | 133,051 | 1,956 |
| Total Expenditures Paid | <u>5,272,927</u> | <u>5,408,969</u> | <u>5,323,846</u> | <u>85,123</u> |
| EXCESS/(DEFICIT) OF REVENUES COLLECTED OVER EXPENDITURES PAID | | | | |
| | 1,626,920 | 1,570,792 | 1,647,947 | 77,155 |
| OTHER FINANCING SOURCES/(USES): | | | | |
| Transfers | <u>(1,882,508)</u> | <u>(2,018,775)</u> | <u>(2,002,670)</u> | <u>16,105</u> |
| EXCESS/(DEFICIT) OF REVENUES COLLECTED OVER EXPENDITURES PAID AND OTHER FINANCING USES | | | | |
| | (255,588) | (447,983) | (354,723) | <u>\$ 93,260</u> |
| FUND BALANCE, BEGINNING OF YEAR | | | | |
| | <u>2,726,507</u> | <u>2,726,507</u> | <u>2,726,507</u> | |
| FUND BALANCE, END OF YEAR | | | | |
| | <u>\$ 2,470,919</u> | <u>\$ 2,278,524</u> | <u>\$ 2,371,784</u> | |

See Notes to Financial Statements

HOLDEN R-III SCHOOL DISTRICT
SPECIAL REVENUE (TEACHERS') FUND
STATEMENT OF REVENUES COLLECTED, EXPENDITURES PAID
AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
YEAR ENDED JUNE 30, 2015

| | Budget | | Actual | Variance with Final Budget |
|-------------------------------------------------------------------------------------------------|------------------|------------------|------------------|-------------------------------|
| | Original | Final | | |
| REVENUES COLLECTED: | | | | |
| Local | \$ 550,500 | \$ 568,500 | \$ 567,597 | \$ (903) |
| County | 64,500 | 50,500 | 50,126 | (374) |
| State | 4,307,329 | 4,359,863 | 4,359,006 | (857) |
| Federal | 226,425 | 95,482 | 95,398 | (84) |
| Total Revenues Collected | <u>5,148,754</u> | <u>5,074,345</u> | <u>5,072,127</u> | <u>(2,218)</u> |
| EXPENDITURES PAID: | | | | |
| Regular instruction | 4,268,860 | 4,343,364 | 4,334,195 | 9,169 |
| Special instruction | 900,779 | 905,591 | 903,737 | 1,854 |
| Vocational instruction | 154,730 | 154,090 | 153,799 | 291 |
| Student activities | 271,121 | 255,446 | 254,787 | 659 |
| Tuition paid to other districts | 144,000 | 166,200 | 165,563 | 637 |
| Student support services | 364,516 | 357,916 | 356,830 | 1,086 |
| Instructional support services | 332,837 | 325,969 | 324,300 | 1,669 |
| Executive administration | 132,195 | 132,195 | 132,066 | 129 |
| Building level administration | 400,539 | 397,539 | 396,668 | 871 |
| Community services | 61,685 | 54,810 | 52,852 | 1,958 |
| Total Expenditures Paid | <u>7,031,262</u> | <u>7,093,120</u> | <u>7,074,797</u> | <u>18,323</u> |
| EXCESS/(DEFICIT) OF REVENUES COLLECTED OVER EXPENDITURES PAID | (1,882,508) | (2,018,775) | (2,002,670) | 16,105 |
| OTHER FINANCING SOURCES/(USES): | | | | |
| Transfers | <u>1,882,508</u> | <u>2,018,775</u> | <u>2,002,670</u> | <u>(16,105)</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

HOLDEN R-III SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Holden R-III School District (the ‘District’) have been prepared in conformity with the 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. The significant accounting policies of the District are described below:

A. Reporting Entity

The District is governed by an elected seven-member board. The Holden 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 no component units.

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.

HOLDEN R-III SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 activities is on major funds. Each major fund is presented in a separate column.

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. There are three categories of funds, governmental, proprietary, and fiduciary. The District does not maintain any proprietary or fiduciary funds.

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 (Incidental) 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.

Special Revenue (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.

HOLDEN R-III SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015

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 cash basis of accounting. Revenues are recorded when received and expenses are recorded when paid.

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

As a result of the use of this 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.
- 4) Prior to July 1, the budget is legally enacted by a vote of the Board of Education.

HOLDEN R-III SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

- 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 October 16, 2014, February 9, 2015, May 11, 2015 and June 25, 2015, board meetings.
- 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, money market checking accounts, direct U.S. government obligations and obligations of U.S. government agencies. Interest income earned is allocated to contributing funds based on cash and temporary investment balances. All funds except the Debt Service Fund participate in the pooled cash and investments. State law requires the Debt Service Fund's cash to be maintained separately.

G. Capital Assets

Capital assets are recorded as expenditures in the General and Capital Projects funds at the time payment is made. The District has not maintained detailed records of such expenditures for fixed assets.

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 not reported in the district-wide financial statements.

I. Use of Estimates

The preparation of financial statements in conformity with cash basis accounting principles 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.

HOLDEN R-III SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 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.

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, 2015 payroll checks, written and dated in June, 2015 are included in the financial statements as an expenditure in the 2014-2015 year. This practice is consistent with prior years.

O. Total Columns on Combined Statements

The "Total (Memorandum Only)" columns are presented only to facilitate financial analysis and do not present financial position or results of operations in conformity with the cash basis method of accounting.

HOLDEN R-III SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

P. 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 there are no amounts that should be considered nonspendable.
- **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 there are no amounts that should be considered restricted.

- **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 had committed resources of \$115,050 of unspent bond proceeds for capital projects as of year-end.

HOLDEN R-III SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

- 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 \$1,043,607 of funds during the year for debt repayment and \$317,211 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.

NOTE 2: DEPOSITS AND INVESTMENTS

The District complies with various restrictions on deposits and investments which are imposed by state statutes as follows:

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

Investments - The District may purchase any investments allowed by the State Treasurer. These include (1) obligations of the United States government or any agency or instrumentality thereof maturing and becoming payable not more than three years from the date of purchase, or (2) repurchase agreements maturing and becoming payable within ninety days secured by U. S. Treasury obligations or obligations of U. S. government agencies or instrumentalities of any maturity, as provided by law.

HOLDEN R-III SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015

NOTE 2: DEPOSITS AND INVESTMENTS (Continued)

The deposits and investments held at June 30, 2015, are shown below:

| | Carrying Value |
|--------------------------------------------------|-------------------|
| Deposits: | |
| Demand deposits | \$ 3,409,364 |
| | 3,409,364 |
| Investments: | |
| External Investment Pool: | |
| Missouri Health & Education Facilities Authority | |
| Direct Deposit Program | 438,288 |
| | 438,288 |
| Total deposits and investments | \$ 3,847,652 |

Custodial credit risk. Deposits in financial institutions, reported as components of cash and investments had a bank balance of \$4,002,709 at June 30, 2015, 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, 2015, 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, 2015, the District had no concentration of credit risk.

HOLDEN R-III SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015

NOTE 3: 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 on a monthly basis.

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.

The assessed valuation of the tangible taxable property for the calendar year 2014 for purposes of local taxation was \$98,931,724.

The tax levy per \$100 of the assessed valuation of tangible taxable property for the calendar year 2014 for purpose of local taxation was:

| | Unadjusted | Adjusted |
|---------------------------|------------|-----------|
| General (Incidental) Fund | \$ 3.7500 | \$ 3.7500 |
| Debt Service Fund | 0.8400 | 0.8400 |
| Total | \$ 4.5900 | \$ 4.5900 |

The aggregate receipts of current and delinquent property taxes during the year ending June 30, 2015 were approximately 102.5% of the current property tax assessment.

NOTE 4: CHANGES IN LONG-TERM DEBT

The following is a summary of changes in long-term debt transactions for the year ended June 30, 2015:

| | Bonds Payable | Note Payable | Total |
|-----------------------|------------------|-----------------|--------------|
| Balance June 30, 2014 | \$ 9,935,000 | \$ 20,397 | \$ 9,955,397 |
| Bonds issued | - | - | - |
| Bonds retired | - | - | - |
| Note principal paid | (700,000) | (4,800) | (704,800) |
| Balance June 30, 2015 | \$ 9,235,000 | \$ 15,597 | \$ 9,250,597 |

HOLDEN R-III SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015

NOTE 5: BONDS PAYABLE

The following is a summary of bond transactions for the year ended June 30, 2015:

| | |
|------------------------------|---------------------|
| Bonds payable, June 30, 2014 | \$ 9,935,000 |
| Bonds issued | - |
| Note principal paid | (700,000) |
| Bonds payable, June 30, 2015 | <u>\$ 9,235,000</u> |

Bonds payable at June 30, 2015, consist of:

| | |
|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------|
| Series 2007, \$5,000,000 general obligation bonds due in annual installments varying from year to year until maturity on March 1, 2026, interest at 3.65% to 4.2%. | \$ 1,850,000 |
| Series 2012, \$5,055,000 general obligation refunding bonds due in annual installments varying from year to year until maturity on March 1, 2018, interest at 2.00% to 3.25%. | 3,305,000 |
| Series 2012A, \$1,980,000 general obligation refunding bonds due in annual installments varying from year to year until maturity on March 1, 2023, interest at 1.4% to 2.150%. | 1,880,000 |
| Series 2014, \$2,200,000 general obligation bonds due in annual installments varying from year to year until maturity on March 1, 2034, interest at 2.500% to 5.000% | <u>2,200,000</u> |
| Total | <u>\$ 9,235,000</u> |

HOLDEN R-III SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015

NOTE 5: BONDS PAYABLE (Continued)

| Year Ended June 30, | Principal | Interest | Total |
|------------------------|---------------------|---------------------|----------------------|
| 2016 | \$ 635,000 | \$ 259,148 | \$ 894,148 |
| 2017 | 645,000 | 251,210 | 896,210 |
| 2018 | 625,000 | 241,536 | 866,536 |
| 2019 | 710,000 | 230,597 | 940,597 |
| 2020 | 730,000 | 218,557 | 948,557 |
| 2021-2025 | 3,540,000 | 837,092 | 4,377,092 |
| 2026-2031 | 1,660,000 | 401,550 | 2,061,550 |
| 2032-2034 | 690,000 | 70,500 | 760,500 |
| Total | <u>\$ 9,235,000</u> | <u>\$ 2,510,190</u> | <u>\$ 11,745,190</u> |

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 of the District at June 30, 2015, was:

| | |
|-------------------------------------------------------------------|---------------------|
| Constitutional debt limit | \$ 14,839,759 |
| General obligation bonds payable | (9,235,000) |
| Amount in Debt Service Fund available for payment of principal | <u>1,043,607</u> |
| Legal debt margin | <u>\$ 6,648,366</u> |

HOLDEN R-III SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015

NOTE 6: NOTE PAYABLE

On May 25, 2011, the District was advanced \$29,997 in loan proceeds from the Missouri Department of Natural Resources - Energy Loan Program. Interest rate is at 0%.

Aggregate maturities are as follows:

| Year Ended June 30, | Principal | Interest | Total |
|------------------------|------------------|-------------|------------------|
| 2016 | \$ 3,200 | \$ - | \$ 3,200 |
| 2017 | 3,200 | - | 3,200 |
| 2018 | 3,200 | - | 3,200 |
| 2019 | 3,200 | - | 3,200 |
| 2020 | 2,797 | - | 2,797 |
| Total | <u>\$ 15,597</u> | <u>\$ -</u> | <u>\$ 15,597</u> |

NOTE 7: FUND BALANCE

Classifications of fund balances at June 30, 2015 are as follows:

| | General Fund | Special Revenue Fund | Debt Service Fund | Capital Projects Fund | Total |
|----------------|---------------------|----------------------------|-------------------------|-----------------------------|---------------------|
| Fund Balances: | | | | | |
| Nonspendable | \$ - | \$ - | \$ - | \$ - | \$ - |
| Restricted | - | - | - | - | - |
| Committed | - | - | - | 115,050 | 115,050 |
| Assigned | - | - | 1,043,607 | 317,211 | 1,360,818 |
| Unassigned | 2,371,784 | - | - | - | 2,371,784 |
| | <u>\$ 2,371,784</u> | <u>\$ -</u> | <u>\$ 1,043,607</u> | <u>\$ 432,261</u> | <u>\$ 3,847,652</u> |

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

HOLDEN R-III SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015

NOTE 8: RETIREMENT PLAN

PSRS

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

Benefits Provided. PSRS is a defined benefit plan providing retirement, disability, and death/survivor benefits. Members are vested for service retirement benefits after accruing five years of service. Individuals who (a) are at least 60 and have a minimum of 5 years of service, (b) have 30 years of service, or (c) qualify for benefits under the "Rule of 80" (service and age total at least 80) are entitled to a monthly benefit for life, which is calculated using a 2.5% benefit factor. Beginning July 1, 2001, and ending July 1, 2014, a 2.55% benefit factor is used to calculate benefits for members who have 31 or more years of service. Actuarially age-reduced benefits are available for members with five to 24.9 years of service at age 55. Members who are younger than age 55 and who do not qualify under the "Rule of 80" but have between 25 and 29.9 years of service may retire with a lesser benefit factor. Members that are three years beyond normal retirement can elect to have their lifetime monthly benefits actuarially reduced in exchange for the right to also receive a one-time partial lump sum (PLSO) payment at retirement equal to 12, 24, or 36 times the Single Life benefit amount. A Summary Plan Description detailing the provisions of the plan can be found on PSRS' website at www.psrs-peers.org. Since the prior valuation date, the benefit provisions were amended to make permanent an early retirement benefit allowing members to retire at any age after 25 years of service.

Cost-of-Living Adjustments (COLA). The PSRS Board has established a policy of providing a 2.00% COLA for years in which the CPI increases between 0.00% and 5.00%. If the CPI increase is greater than 5.00%, the Board will provide a COLA of 5.00%. If the CPI decreases, no COLA is provided. For any member retiring on or after July 1, 2001, such adjustments commence on the second January after commencement of benefits and occur annually thereafter. The total of such increases may not exceed 80% of the original benefit for any member.

HOLDEN R-III SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015

NOTE 8: RETIREMENT PLAN (Continued)

Contributions. PSRS members were required to contribute 14.5% of their annual covered salary during fiscal year 2015. Employers were required to match the contributions made by employees. The contribution rate is set each year by the PSRS Board of Trustees upon the recommendation of the independent actuary within the contribution restrictions set in Section 169.030 RSMo. The annual statutory increase in the total contribution rate may not exceed 1% of pay. Contributions for employees of the State of Missouri were made by the state in accordance with the actuarially determined contribution rate needed to fund current costs and prior service costs of state employees as authorized in Section 104.342.8 RSMo.

The District's contributions to PSRS were \$844,860 for the year ended June 30, 2015.

The District reports its financial activity on the modified cash basis of accounting, therefore the District has not recorded a net pension liability (and related expenses), or deferred outflows and inflows of resources related to pensions in the accompanying financial statements. If the District reported on the accrual basis of accounting, the District would have recorded a net pension liability of \$5,243,091, total pension expense related to the liability of \$123,284, deferred outflows of resources of \$244,266 and deferred inflows of resources of \$2,860,738 for the year ended June 30, 2015 for PSRS as provided for in the PSRS audit report for the year ended June 30, 2014.

PEERS

Plan Description. PEERS is a mandatory cost-sharing multiple employer retirement system for all public school district employees (except the school districts of St. Louis and Kansas City), employees of the Missouri Association of School Administrators, and community college employees (except the Community College of St. Louis). Employees of covered districts who work 20 or more hours per week on a regular basis and who are not contributing members of the Public School Retirement System of Missouri (PSRS) must contribute to PEERS. Employees of PSRS who do not hold Missouri educator certificates also contribute to PEERS. PEERS was established as a trust fund by an Act of the Missouri General Assembly effective October 13, 1965. Statutes governing the System are found in Sections 169.600-169.715 and Sections 169.560-169.595 RSMo. The statutes place responsibility for the operation of PEERS on the Board of Trustees of the Public School Retirement System of Missouri. A Comprehensive Annual Financial Report ("CAFR") can be obtained at www.psr-peers.org.

HOLDEN R-III SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015

NOTE 8: RETIREMENT PLAN (Continued)

Benefits Provided. PEERS is a defined benefit plan providing service retirement and disability benefits to its members. Members are vested for service retirement benefits after accruing five years of service. Individuals who (a) are at least age 60 and have a minimum of five years of service, (b) have 30 years of service, or (c) qualify for benefits under the “Rule of 80” (service and age total at least 80) are entitled to a monthly benefit for life, which is calculated using a 1.61% benefit factor. Members qualifying for “Rule of 80” or “30-and-out” are entitled to an additional temporary .8% benefit multiplier until reaching minimum Social Security age (currently age 62). Actuarially age-reduced retirement benefits are available with five years of service at age 55. Members who are younger than age 55 and who do not qualify under the “Rule of 80” but have between 25 and 29.9 years of service may retire with a lesser benefit factor. Members that are three years beyond normal retirement can elect to have their lifetime monthly benefits actuarially reduced in exchange for the right to also receive a one-time partial lump sum (PLSO) payment at retirement equal to 12, 24 or 36 times the Single Life benefit amount. A Summary Plan Description detailing the provisions of the plan can be found on PSRS’ website at www.psr-s-peers.org.

Cost-of-Living Adjustments (COLA). The PEERS Board has established a policy of providing a 2.00% COLA for years in which the CPI increases between 0.00% and 5.00%. If the CPI increase is greater than 5.00%, the Board will provide a COLA of 5.00%. If the CPI decreases, no COLA is provided. For any member, such adjustments commence on the fourth January after commencement of benefits and occur annually thereafter. The total of such increases may not exceed 80% of the original benefit for any member.

Contributions. PEERS members were required to contribute 6.86% of their annual covered salary during fiscal year 2015. Employers were required to match the contributions made by employees. The contribution rate is set each year by the PSRS Board of Trustees upon the recommendation of the independent actuary within the contribution restrictions set in Section 169.030 RSMo. The annual statutory increase in the total contribution rate may not exceed 0.5% of pay.

The District’s contributions to PEERS were \$71,761 for the year ended June 30, 2015.

The District reports its financial activity on the modified cash basis of accounting, therefore the District has not recorded a net pension liability (and related expenses), or deferred outflows and inflows of resources related to pensions in the accompanying financial statements. If the District reported on the accrual basis of accounting, the District would have recorded a net pension liability of \$266,936, total pension expense related to the liability of \$(35,796), deferred outflows of resources of \$377,470 and deferred inflows of resources of \$0 for the year ended June 30, 2015 for PEERS as provided for in the PEERS audit report for the year ended June 30, 2014.

HOLDEN R-III SCHOOL DISTRICT
 NOTES TO FINANCIAL STATEMENTS
 JUNE 30, 2015

NOTE 9: CONTINGENT LIABILITIES

Grants

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 a request for reimbursement or to withholding of future funding for expenditures disallowed for noncompliance with the terms of the grants and state funding. The District is not aware of any noncompliance with federal or state provisions that might require the District to provide any material reimbursements.

Litigation

The District may periodically be the defendant in a lawsuit arising principally in the normal course of operations. In the opinion of the administration, the outcome of these lawsuits will not have a material adverse effect on the accompanying combined financial statements and accordingly, no provision for losses has been recorded.

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.

NOTE 11: 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, 2015, the District made the following interfund transfers:

| <u>Type of Transfers</u> | General (Incidental) Fund | Special Revenue (Teachers') Fund |
|--------------------------|---------------------------------|-------------------------------------------|
| Teachers' Fund | \$ (2,002,670) | \$ 2,002,670 |
| Total Net Transfers | <u>\$ (2,002,670)</u> | <u>\$ 2,002,670</u> |

HOLDEN R-III SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015

NOTE 12: OPERATING LEASE

The District leases equipment under cancellable operating leases. Total costs for such leases were \$2,450 for the year ended June 30, 2015. The future minimum lease payments for these leases, assuming noncancellation, is as follows:

| Year Ending June 30 | Copier | Solar Panels |
|------------------------|------------|-----------------|
| 2016 | \$ 57,000 | \$ 14,700 |
| 2017 | 57,000 | 14,700 |
| 2018 | 57,000 | 14,700 |
| 2019 | 57,000 | 14,700 |
| 2020 | - | 14,700 |
| 2021-2025 | - | 73,500 |
| 2026-2030 | - | 73,500 |
| 2031-2034 | - | 56,350 |
| | \$ 228,000 | \$ 276,850 |

In connection with the solar panel lease, during fiscal year 2014 the District received \$295,201 from KCPL as a rebate for installing solar equipment. The District paid Brightergy, LLC the rebate received from KCPL. The District is also paying Brightergy, LLC monthly rent of \$1,225. The District anticipates that the utility savings will more than offset the amount of rent paid. In the event that energy production from the equipment is less than the lease costs for any 24 month period the District would be able to cancel the lease.

NOTE 13: 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.

HOLDEN R-III SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015

NOTE 13: PARTICIPATION IN PUBLIC ENTITY RISK POOLS (Continued)

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, 2015.

MUSIC's financial statements are presented in its Comprehensive Annual Financial Report for the year ended December 31, 2014.

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 cash basis of accounting.

NOTE 15: PLEDGED REVENUES

The District has pledged future revenues, net of specified operating expenses, to repay bonds payable and a note payable that were issued for the purpose of operations and improvements. The bonds payable and note payable are payable from debt service and capital projects net revenues and are payable through 2034. Annual principal and interest payments in 2015 on the bonds payable and note payable required 98% of debt service net revenues and 100% of capital projects net revenues. The total principal and interest remaining to be paid on the bonds payable and note payable is \$11,760,787. Principal and interest paid in the Debt Service Fund for the current year and total Debt Service Fund net revenues for the current year were \$950,199 and \$969,348, respectively. Principal and interest paid in the Capital Projects Fund for the current year and total Capital Projects Fund net revenues for the current year were \$4,800 and \$(2,077,324), respectively.

HOLDEN R-III SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015

NOTE 17: CONSIDERATION OF SUBSEQUENT EVENTS

Subsequent events have been evaluated through October 20, 2015, which is the date the financial statements are available to be issued. On July 22, 2015, the District issued \$1,850,000 general obligation refunding bonds, Series 2015 to refund Series 2007 bonds in the amount of \$1,850,000. No other events requiring disclosure were identified as a result of this review.

SUPPLEMENTARY INFORMATION

HOLDEN R-III SCHOOL DISTRICT
 DEBT SERVICE FUND
 SCHEDULE OF REVENUES COLLECTED, EXPENDITURES PAID
 AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
 YEAR ENDED JUNE 30, 2015
 (SCHEDULE 1)

| | Budget | | Actual | Variance with Final Budget |
|------------------------------------------------------------------|---------------------|---------------------|---------------------|-------------------------------|
| | Original | Final | | |
| REVENUES COLLECTED: | | | | |
| Local | \$ 802,700 | \$ 871,027 | \$ 870,559 | \$ (468) |
| County | 75,000 | 99,000 | 98,789 | (211) |
| Total Revenues Collected | <u>877,700</u> | <u>970,027</u> | <u>969,348</u> | <u>(679)</u> |
| | | | | |
| EXPENDITURES PAID: | | | | |
| Principal retirement | 600,000 | 700,000 | 700,000 | - |
| Interest and fees | 265,226 | 250,226 | 250,199 | 27 |
| Total Expenditures Paid | <u>865,226</u> | <u>950,226</u> | <u>950,199</u> | <u>27</u> |
| | | | | |
| EXCESS/(DEFICIT) OF REVENUES COLLECTED OVER EXPENDITURES PAID | 12,474 | 19,801 | 19,149 | <u>\$ (652)</u> |
| | | | | |
| FUND BALANCE, BEGINNING OF YEAR | <u>1,024,458</u> | <u>1,024,458</u> | <u>1,024,458</u> | |
| | | | | |
| FUND BALANCE, END OF YEAR | <u>\$ 1,036,932</u> | <u>\$ 1,044,259</u> | <u>\$ 1,043,607</u> | |

HOLDEN R-III SCHOOL DISTRICT
 CAPITAL PROJECTS FUND
 SCHEDULE OF REVENUES COLLECTED, EXPENDITURES PAID
 AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
 YEAR ENDED JUNE 30, 2015
 (SCHEDULE 2)

| | Budget | | Actual | Variance with Final Budget |
|--------------------------------------------------------------------------|---------------------|-------------------|-------------------|-------------------------------|
| | Original | Final | | |
| REVENUES COLLECTED: | | | | |
| Local | \$ 50 | \$ 2,550 | \$ 2,320 | \$ (230) |
| State | 127,135 | 113,465 | 113,552 | 87 |
| Other | 350 | 350 | - | (350) |
| Total Revenues Collected | <u>127,535</u> | <u>116,365</u> | <u>115,872</u> | <u>(580)</u> |
| EXPENDITURES PAID: | | | | |
| Regular instruction | 52,980 | 52,980 | 54,632 | (1,652) |
| Special instruction | 1,200 | 800 | - | 800 |
| Vocational instruction | 800 | - | 552 | (552) |
| Instructional support services | 120,000 | 77,000 | 76,824 | 176 |
| Operation of plant | 10,000 | 1,000 | 920 | 80 |
| Food services | 8,000 | - | - | - |
| Community services | 15,000 | 5,000 | 5,160 | (160) |
| Principal retirement | 3,600 | 3,600 | 4,800 | (1,200) |
| Interest and fees | 1,500 | 1,500 | 954 | 546 |
| Facilities Acquisition | <u>2,569,603</u> | <u>2,056,199</u> | <u>2,054,154</u> | <u>2,045</u> |
| Total Expenditures Paid | <u>2,782,683</u> | <u>2,198,079</u> | <u>2,197,996</u> | <u>83</u> |
| EXCESS/(DEFICIT) OF REVENUES COLLECTED OVER EXPENDITURES PAID | | | | |
| | (2,655,148) | (2,081,714) | (2,082,124) | <u>\$ (410)</u> |
| FUND BALANCE, BEGINNING OF YEAR | | | | |
| | <u>2,514,385</u> | <u>2,514,385</u> | <u>2,514,385</u> | |
| FUND BALANCE, END OF YEAR | | | | |
| | <u>\$ (140,763)</u> | <u>\$ 432,671</u> | <u>\$ 432,261</u> | |

HOLDEN R-III SCHOOL DISTRICT
 SCHEDULE OF REVENUES COLLECTED BY SOURCE
 YEAR ENDED JUNE 30, 2015
 (SCHEDULE 3)

| | General (Incidental) Fund | Special Revenue (Teachers') Fund | Debt Service Fund | Capital Projects Fund | Totals (Memorandum Only) |
|------------------------------------|---------------------------------|-------------------------------------------|-------------------------|-----------------------------|-----------------------------|
| LOCAL: | | | | | |
| Current taxes | \$ 3,296,671 | \$ - | \$ 738,457 | \$ - | \$ 4,035,128 |
| Delinquent taxes | 507,190 | - | 113,611 | - | 620,801 |
| Proposition C | 567,444 | 567,444 | - | - | 1,134,888 |
| Financial Institution taxes | 3,667 | - | - | - | 3,667 |
| M & M surcharge tax | 24,698 | - | - | - | 24,698 |
| In lieu of tax | 76,820 | - | 17,208 | - | 94,028 |
| Tuition from individuals | 1,500 | - | - | - | 1,500 |
| Earnings on investments | 11,521 | 153 | 1,283 | 2,320 | 15,277 |
| Food service program | 134,710 | - | - | - | 134,710 |
| Food service non-program | 27,210 | - | - | - | 27,210 |
| Student activities | 406,962 | - | - | - | 406,962 |
| Community services | 145,470 | - | - | - | 145,470 |
| Other local | 5,069 | - | - | - | 5,069 |
| Total Local | 5,208,932 | 567,597 | 870,559 | 2,320 | 6,649,408 |
| COUNTY: | | | | | |
| Fines, escheats, etc. | - | 50,126 | - | - | 50,126 |
| State assessed utility taxes | 398,515 | - | 98,789 | - | 497,304 |
| Total County | 398,515 | 50,126 | 98,789 | - | 547,430 |
| STATE: | | | | | |
| Basic formula | - | 4,221,657 | - | - | 4,221,657 |
| Transportation | 80,496 | - | - | - | 80,496 |
| Early Childhood Special Education | 12,616 | 137,349 | - | - | 149,965 |
| Basic Formula - Classroom Trust | 371,380 | - | - | 92,845 | 464,225 |
| Educational screening | 12,879 | - | - | - | 12,879 |
| Vocational/Technical Aid | 19,886 | - | - | - | 19,886 |
| Food service | 4,381 | - | - | - | 4,381 |
| Career Education Enhancement Grant | - | - | - | 20,707 | 20,707 |
| High Need Fund | 55,193 | - | - | - | 55,193 |
| Total State | 556,831 | 4,359,006 | - | 113,552 | 5,029,389 |

HOLDEN R-III SCHOOL DISTRICT
SCHEDULE OF REVENUES COLLECTED BY SOURCE (CONT'D)
YEAR ENDED JUNE 30, 2015
(SCHEDULE 3)

| | General (Incidental) Fund | Special Revenue (Teachers') Fund | Debt Service Fund | Capital Projects Fund | Totals (Memorandum Only) |
|-------------------------------------------|---------------------------------|-------------------------------------------|--------------------------|-----------------------------|-----------------------------|
| FEDERAL: | | | | | |
| Medicaid | \$ 16,791 | \$ - | \$ - | \$ - | \$ 16,791 |
| IDEA Grants | 5,358 | - | - | - | 5,358 |
| Individuals with Disability Education Act | 95,398 | 95,398 | - | - | 190,796 |
| Early Childhood Special Education | 36,431 | - | - | - | 36,431 |
| School Lunch Program | 220,481 | - | - | - | 220,481 |
| School Breakfast Program | 69,638 | - | - | - | 69,638 |
| ESEA, Title I | 268,702 | - | - | - | 268,702 |
| Title II, Part A, ESEA | 54,791 | - | - | - | 54,791 |
| Summer Food Program | 6,935 | - | - | - | 6,935 |
| Total Federal | <u>774,525</u> | <u>95,398</u> | <u>-</u> | <u>-</u> | <u>869,923</u> |
| RECEIVED FROM OTHER DISTRICTS: | | | | | |
| Tuition | 10,849 | - | - | - | 10,849 |
| Contracted Educational Services | 22,141 | - | - | - | 22,141 |
| Total Received from Other Districts | <u>32,990</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>32,990</u> |
| TOTAL REVENUES COLLECTED | <u><u>\$ 6,971,793</u></u> | <u><u>\$ 5,072,127</u></u> | <u><u>\$ 969,348</u></u> | <u><u>\$ 115,872</u></u> | <u><u>\$ 13,129,140</u></u> |

HOLDEN R-III SCHOOL DISTRICT
 SCHEDULE OF EXPENDITURES PAID BY OBJECT
 YEAR ENDED JUNE 30, 2015
 (SCHEDULE 4)

| | General (Incidental) Fund | Special Revenue (Teachers') Fund | Capital Projects Fund | Totals (Memorandum Only) |
|---------------------------|---------------------------------|-------------------------------------------|-----------------------------|-----------------------------|
| Salaries | \$ 982,741 | \$ 5,402,230 | \$ - | \$ 6,384,971 |
| Employee benefits | 417,914 | 1,507,004 | - | 1,924,918 |
| Purchased services | 2,484,439 | 165,563 | - | 2,650,002 |
| Supplies | 1,438,752 | - | - | 1,438,752 |
| Capital outlay | - | - | 2,192,242 | 2,192,242 |
| Other | - | - | 5,754 | 5,754 |
| TOTAL EXPENDITURES | \$ 5,323,846 | \$ 7,074,797 | \$ 2,197,996 | \$ 14,596,639 |

**STATE COMPLIANCE SCHEDULES
(UNAUDITED)**

HOLDEN R-III SCHOOL DISTRICT
 SCHEDULE OF SELECTED STATISTICS
 YEAR ENDED JUNE 30, 2015
 (UNAUDITED)

1. Calendar (Sections 160.041 and 171.031, RSMo)

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

| | |
|-------------------|------|
| Kindergarten – 12 | 1079 |
|-------------------|------|

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

| | |
|-------------------|----------|
| Kindergarten - 12 | 167 days |
|-------------------|----------|

2. Average Daily Attendance (ADA)

| Regular Term | Full-Time & Part-Time | Remedial | Total |
|--------------------------------------------------|-----------------------------|----------|------------------|
| Kindergarten - 5 | 521.4463 | — | 521.4463 |
| Grades 6 – 8 | 259.3886 | — | 259.3886 |
| Grades 9 - 12 | <u>388.7434</u> | — | <u>388.7434</u> |
| Subtotal Regular Term | <u>1169.5783</u> | — | <u>1169.5783</u> |
| Summer School | | | <u>9.4195</u> |
| Total Regular Term Plus Summer School ADA | | | <u>1178.9978</u> |

3. September Membership

| September Membership FTE Count | Full-time & Part-time | Total |
|-----------------------------------|-----------------------------|----------------|
| | <u>1228.19</u> | <u>1228.19</u> |

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

| | Full-Time & Part-Time | Total |
|---------|-----------------------------|---------------|
| Free | 428.50 | 428.50 |
| Reduced | <u>100.00</u> | <u>100.00</u> |
| Total | <u>528.50</u> | <u>528.50</u> |

HOLDEN R-III SCHOOL DISTRICT
 SCHEDULE OF SELECTED STATISTICS
 YEAR ENDED JUNE 30, 2015
 (UNAUDITED)

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: \$ 42,472

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

Finding #: _____

Management Letter Comment #: _____

Notes: _____

HOLDEN R-III SCHOOL DISTRICT
 SCHEDULE OF SELECTED STATISTICS
 YEAR ENDED JUNE 30, 2015
 (UNAUDITED)

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. False

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>766.0</u> |
| ▪ Ineligible ADT | # | <u>47.5</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. False

E. Actual odometer records show the total district-operated and contracted mileage for the year was: # 312,009

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>259,932</u> |
| ▪ Ineligible Miles (Non-Route/Disapproved) | # | <u>52,077</u> |

F. Number of days the District operated the school transportation system during the regular school year: 167

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

Finding #: _____

Management Letter Comment #: Transportation

Notes: _____

HOLDEN R-III SCHOOL DISTRICT
 SCHEDULE OF TRANSPORTATION COSTS ELIGIBLE FOR STATE AID
 YEAR ENDED JUNE 30, 2015
 (UNAUDITED)

| | |
|--------------------------------------------------------|------------|
| CONTRACTED TRANSPORTATION: | |
| Purchased services | \$ 616,367 |
| Supplies | 112,000 |
| Total Contracted Transportation | 728,367 |
| | |
| CONTRACTED DISABLED TRANSPORTATION: | |
| Purchased services | 173,436 |
| Total Contracted Disabled Transportation | 173,436 |
| | |
| EARLY CHILDHOOD SPECIAL EDUCATION TRANSPORTATION: | |
| Purchased services | 55,492 |
| Total Early Childhood Special Education Transportation | 55,492 |
| | |
| Total Allowable Costs | \$ 957,295 |

STATE COMPLIANCE



GERDING, KORTE & CHITWOOD

Professional Corporation

Certified Public Accountants

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

723 Main St.
Boonville, MO 65233
(660) 882-7000
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To the Board of Education
Holden R-III School District
Holden, Missouri

We have examined management's assertions that the Holden R-III School District, Holden, 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 of pupil transportation during the year ended June 30, 2015. Management is responsible for the District's compliance with those requirements. Our responsibility is to express an opinion on the District's compliance based on our examination.

PARTNERS

*Robert A. Gerding
Fred W. Korte, Jr.
Joseph E. Chitwood
James R. McGinnis
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 Holden R-III School District, Holden, Missouri complied, in all material respects, with the aforementioned requirements for the year ended June 30, 2015, except for the transportation issue on the subsequent page.

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.

October 20, 2015

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

HOLDEN R-III SCHOOL DISTRICT
SCHEDULE OF FINDINGS - STATE REQUIREMENTS
YEAR ENDED JUNE 30, 2015

Transportation

The mileage per the transportation application did not agree to the summary of miles driven. Also, pupils transported were understated on the original transportation application. As a result of the audit, the application was amended.

COMPLIANCE AND INTERNAL CONTROL



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Certified Public Accountants

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

To the Board of Education
Holden R-III School District
Holden, 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 - cash basis and each major fund of the Holden R-III School District, Holden, Missouri (the "District"), as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated October 20, 2015.

PARTNERS

Robert A. Gerding
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Jeffrey A. Chitwood
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Heidi N. Ross

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the District's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our 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 deficiency in internal control, described in the accompanying schedule of findings and questioned costs that we consider to be a significant deficiency (2015-001).

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.



October 20, 2015

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



GERDING, KORTE & CHITWOOD

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

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

Report on Compliance for Each Major Federal Program

We have audited the Holden R-III School District, Holden, Missouri’s (the “District”) compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of the District’s major federal programs for the year ended June 30, 2015. The District’s major federal programs are identified in the summary of auditor’s results section of the accompanying schedule of findings and questioned costs.

PARTNERS

Robert A. Gerding
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Heidi N. Ross

Management’s Responsibility

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

Auditor’s Responsibility

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

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

Opinion on Each Major Federal Program

In our opinion, the District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2015.

Report on Internal Control Over Compliance

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

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

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

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



October 20, 2015

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

HOLDEN R-III SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2015

| <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 | S010A 130025 | \$ 264,678 |
| ESEA Title II.A | 84.367A | S367A 130024 | 46,930 |
| Special Education - Entitlement | 84.027A | H027A 130147 | 242,590 |
| Special Education - Collaborative Work | 84.027A | H027A 130147 | 14,541 |
| Special Education, Early Childhood (611) | 84.027A | H027A 120040 | 33,621 |
| Special Education, Early Childhood (619) | 84.173A | H173A 120103 | 14,192 |
| Sub-Total Special Education Cluster | | | <u>304,944</u> |
| Total U.S. Department of Education | | | <u>616,552</u> |
| U. S. Department of Agriculture: | | | |
| Passed through the Missouri Department of Elementary and Secondary Education | | | |
| National School Breakfast Program | 10.553 | 2014IN109943 | 69,638 |
| National School Lunch Program | 10.555 | 2014CN109943 | 220,481 |
| Food Distribution | 10.555 | 051-152 | 25,898 |
| Passed through the Missouri Department of Health | | | |
| Summer Food Service | 10.559 | ERS0462872S | 43,849 |
| Sub-Total Child Nutrition Cluster | | | <u>359,866</u> |
| Total U.S. Department of Agriculture | | | <u>359,866</u> |
| TOTAL FEDERAL FINANCIAL ASSISTANCE | | | <u>\$ 976,418</u> |

HOLDEN R-III SCHOOL DISTRICT
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
JUNE 30, 2015

1. Summary of Significant Accounting Policies

A. Purpose of Schedule of Reporting Entity

The accompanying Schedule of Expenditures of Federal Awards has been prepared to comply with the requirements of OMB Circular A-133. This circular 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 the Holden R-III School District.

B. Basis of Presentation

OMB Circular A-133 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.

C. Basis of Accounting

The schedule is presented on the cash basis of accounting, which recognizes amounts only when disbursed in cash.

2. Subrecipients

The District provided no federal awards to subrecipients during the year ended June 30, 2015.

HOLDEN R-III SCHOOL DISTRICT
 SCHEDULE OF FINDINGS AND QUESTIONED COSTS
 AND SUMMARY OF AUDITOR'S RESULTS - FEDERAL REQUIREMENTS
 JUNE 30, 2015

Section I: Summary of Auditor's Results

Financial Statements

Type of auditors' report issued: unmodified

Internal control over financial reporting:

Material weakness(es) identified? Yes No

Significant deficiency(ies) identified that are not considered to be material weaknesses? Yes None reported

Noncompliance material to financial statement noted? Yes No

Federal Awards

Internal control over major programs:

Material weakness(es) identified? Yes No

Significant deficiency(ies) identified that are not considered to be material weaknesses? Yes None reported

Type of auditors' reports issued on compliance for major programs: unmodified

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

| <u>CFDA Number(s)</u> | <u>Name of Federal Program or Cluster</u> |
|-----------------------|-------------------------------------------|
| 84.027A | Special Education - Entitlement |
| 84.027A | Special Education - Collaborative Work |
| 84.027A | Special Education - Early Childhood (611) |
| 84.027A | Special Education - Early Childhood (619) |
| 10.553 | National School Breakfast Program |
| 10.555 | National School Lunch Program |
| 10.555 | Food Distribution |
| 10.559 | Summer Food Service |

HOLDEN R-III SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS AND SUMMARY
OF AUDITOR'S RESULTS - FEDERAL REQUIREMENTS (CONT'D)
JUNE 30, 2015

Dollar threshold used to distinguish between type A and type B programs: \$ 300,000

Auditee qualified as low-risk auditee? X Yes No

Section II: 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. |
| 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: | Cost benefit analysis shows cost is greater than the benefit received from additional staff to increase internal accounting controls. |

Section III: Federal Award Findings and Questioned Costs

None

HOLDEN R-III SCHOOL DISTRICT
SCHEDULE OF PRIOR AUDIT FINDINGS
JUNE 30, 2015

2014-1 Accounting Personnel/Segregation of Duties

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.

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.

Criteria: Proper segregation of duties reduces the risk of errors and fraud and is an important internal control.

Recommendation: The District should segregate duties wherever possible and implement other controls to compensate for the lack of segregation of duties.

Auditee Response: Cost benefit analysis shows cost is greater than the benefit received from additional staff to increase internal accounting controls.

Status: Unresolved. See similar finding listed as 2015-001.

HOLDEN R-III SCHOOL DISTRICT
SCHEDULE OF PRIOR AUDIT FINDINGS (CONT'D)
JUNE 30, 2015

2014-2 Budgeting

Criteria: State statute, Chapter 67, requires that each political subdivision is prohibited from expending public monies unless those expenditures have been authorized as provided in Chapter 67.

Condition: The District's actual expenditures in the General Fund exceeded final budgeted expenditures by \$31,273.

Context: The final budgeted expenditures were compared to actual expenditures. Actual expenditures exceeded budgeted expenditures in the General Fund by \$31,273.

Effect: The District violated state statute RSMo 67.

Cause: The District budgeted too few expenditures in the General Fund.

Recommendation: The District should ensure actual expenditures do not exceed budgeted expenditures in any funds.

Auditee Response: The District will do quarterly budget adjustments to ensure that the actual expenditures by fund will not exceed the budgeted amount. Those budget adjustments will be Board approved and officially recorded in the board minutes.

Status: Resolved in current fiscal year.