

STILWELL SCHOOL DISTRICT I-25

AUDIT REPORT

STILWELL, ADAIR COUNTY, OKLAHOMA

JULY 1, 2014 TO JUNE 30, 2015

STILWELL PUBLIC SCHOOL, I-25
 ADAIR COUNTY, OKLAHOMA
 JUNE 30, 2015
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INDEPENDENT AUDITOR'S REPORT

To the Board of Education
Stilwell Public School, I-25
Stilwell, Oklahoma

I have audited the accompanying combined fund type and account group financial statements – regulatory basis of the Stilwell School District No. I-25 (the School), Adair County, Oklahoma, as of and for the year ended June 30, 2015, as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the financial reporting regulations prescribed or permitted by the Oklahoma State Department of Education as described in Note 1, to meet the requirements of the State of Oklahoma. 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 error or fraud.

Auditor's Responsibility

My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that I 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, I 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.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinions.

Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles

As described in Note I to the financial statements, to meet the financial reporting requirements of the Oklahoma State Department of Education, the financial statements are prepared by the School on the basis of the financial reporting regulations prescribed or permitted by the Oklahoma State Department of Education, which is a basis of accounting other than accounting principles generally accepted in the United States of America.

The effects on the financial statements of the variances between the regulatory basis of accounting described in Note I and accounting principles generally accepted in the United State of America, although not reasonably determinable, are presumed to be material.

Adverse Opinion on U.S. Generally Accepted Accounting Principles

In my opinion, because of the significance of the matter discussed in the Basis for Adverse Opinion paragraph, the financial statements referred to above do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of the School, as of June 30, 2015, or the revenues, expenses, and changes in net position and, where applicable, cash flows thereof for the year then ended.

Opinion on Regulatory Basis of Accounting

The financial statements referred to above do not include the general fixed asset account group, which is a departure from the regulatory basis of accounting prescribed or permitted by the Oklahoma State Department of Education noted above. The amount that should be recorded in the general fixed asset account group is not known.

However, in my opinion, except for the effects of the omission of the general fixed asset account group, the combined financial statements referred to in the first paragraph present fairly, in all material respects, the assets, liabilities and fund balances arising from regulatory basis transactions of each fund type and account group of the School as of June 30, 2015, and the revenues collected and expenditures paid and encumbered, of each fund type, for the year then ended, on the regulatory basis of accounting described in Note 1.

Other Matters

Other information

My audit was conducted for the purpose of forming opinions on the fund type and account group financial statements within the combined financial statements. The combining fund statements and schedules and other schedules as listed in the table of contents, under other supplementary information, are presented for purposes of additional analysis and are not a required part of the combined financial statements of the District. Also, the accompanying schedule of expenditures of federal awards is presented for 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 financial statements.

This other supplementary information is the responsibility of management and was derived from and relates directly to the underlying accounting records used to prepare the combined financial statements. Such information has been subjected to the auditing procedures applied in the audit of the fund type and account group financial statements within the combined financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statement or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In my opinion, the other supplementary information and the schedule of expenditures of federal awards are fairly stated in all material respects in relation to the combined financial statements taken as a whole on the regulatory basis of accounting described in Note 1.

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, I have also issued my report dated November 16, 2015, on my consideration of the School's internal control over financial reporting and on my 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 my testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the 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 School's internal control over financial reporting and compliance.



Michael Green, CPA
November 16, 2015

**STILWELL SCHOOL DISTRICT NO. I-25
COMBINED STATEMENT OF ASSETS, LIABILITIES AND FUND BALANCE
ALL FUND TYPES AND ACCOUNT GROUPS- REGULATORY BASIS
JUNE 30, 2015**

	Governmental Fund Types			Fiduciary Fund Types		Account Group		Total (Memorandum Only)
	General Fund	COOP Fund	Special Revenue	Debt Service	Trust and Agency	General	Long-Term Debt	
ASSETS								
Cash and cash equivalents (Note 2)	\$ 2,063,181.08	\$ 14,756.94	\$ 211,819.88	\$ 58,233.36	\$ 144,335.11	\$ -	\$ -	\$ 2,492,326.37
Investments	-	-	-	-	-	-	-	-
Amount to be provided for compensated absences	-	-	-	-	-	-	-	-
Amount to be provided for capitalized lease agreements	-	-	-	-	-	763,605.00	-	763,605.00
Amounts available in debt service fund	-	-	-	-	-	58,233.36	-	58,233.36
Amounts to be provided for retirement of general long-term debt	-	-	-	-	-	286,766.64	-	-
Total assets	<u>\$ 2,063,181.08</u>	<u>\$ 14,756.94</u>	<u>\$ 211,819.88</u>	<u>\$ 58,233.36</u>	<u>\$ 144,335.11</u>	<u>\$ 1,108,605.00</u>	<u>\$ 286,766.64</u>	<u>\$ 3,600,931.37</u>

LIABILITIES AND FUND EQUITY

Liabilities:								
Outstanding warrants	\$ 576,144.27	\$ 14,756.94	\$ 34.80	\$ -	\$ -	\$ -	\$ -	\$ 590,936.01
Encumbrances	-	-	-	-	-	-	-	-
Long-term debt	-	-	-	-	-	345,000.00	-	345,000.00
Bonds payable	-	-	-	-	-	-	-	-
Interest payable	-	-	-	-	-	-	-	-
Capital leases	-	-	-	-	-	763,605.00	-	763,605.00
Due to student activities	-	-	-	-	144,335.11	-	-	144,335.11
Total liabilities	<u>576,144.27</u>	<u>14,756.94</u>	<u>34.80</u>	<u>-</u>	<u>144,335.11</u>	<u>1,108,605.00</u>	<u>-</u>	<u>1,843,876.12</u>
Fund equity:								
Restricted for capital projects	-	-	-	-	-	-	-	-
Restricted for debt service	-	-	-	58,233.36	-	-	-	58,233.36
Unassigned	1,487,036.81	-	211,785.08	-	-	-	-	1,698,821.89
Total fund balances	<u>1,487,036.81</u>	<u>-</u>	<u>211,785.08</u>	<u>58,233.36</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,757,055.25</u>
Total liabilities and fund equity	<u>\$ 2,063,181.08</u>	<u>\$ 14,756.94</u>	<u>\$ 211,819.88</u>	<u>\$ 58,233.36</u>	<u>\$ 144,335.11</u>	<u>\$ 1,108,605.00</u>	<u>\$ 286,766.64</u>	<u>\$ 3,600,931.37</u>

The notes to the financial statements are an integral part of this statement.

STILWELL SCHOOL DISTRICT NO. 1-25
COMBINED STATEMENT OF REVENUES COLLECTED, EXPENDITURES,
AND CHANGES IN FUND BALANCE
ALL GOVERNMENTAL FUND TYPES - REGULATORY BASIS
JUNE 30, 2015

	Governmental Fund Types					Fiduciary Fund Types		Total (Memorandum only)
	General Fund	COOP Fund	Special Revenue	Debt Service	Trust and Agency	Trust and Agency	(Memorandum only)	
Revenues collected:								
Local sources	\$ 640,570.62	\$ -	\$ 60,624.76	\$ 102.67	\$ 554,962.16	\$ 1,256,260.21		
Intermediate sources	1,063,169.37	-	136,746.88	164,554.73	-	1,364,470.98		
State sources	7,536,089.01	107,395.29	11,447.47	-	-	7,654,931.77		
Federal sources	2,565,901.06	-	580,196.62	-	-	3,146,097.68		
Total revenues collected	<u>11,805,730.06</u>	<u>107,395.29</u>	<u>789,015.73</u>	<u>164,657.40</u>	<u>554,962.16</u>	<u>13,421,760.64</u>		
Expenditures paid:								
Instruction	6,921,255.62	82,616.20	-	-	573,385.72	7,577,257.54		
Support Services	4,152,694.34	24,779.09	98,915.84	-	-	4,276,389.27		
Non-Instructional services	357,470.87	-	633,256.14	-	-	990,727.01		
Capital outlay	286,739.12	-	99,251.34	-	-	385,990.46		
Other outlays	-	-	-	-	-	-		
Principal retirement	-	-	-	165,000.00	-	165,000.00		
Interest	-	-	0	18,112.50	-	18,112.50		
Total expenditures paid	<u>11,718,159.95</u>	<u>107,395.29</u>	<u>831,423.32</u>	<u>183,112.50</u>	<u>573,385.72</u>	<u>13,413,476.78</u>		
Excess of revenues collected over (under) expenditures before adjustments to prior year encumbrances	<u>87,570.11</u>	<u>-</u>	<u>(42,407.59)</u>	<u>(18,455.10)</u>	<u>(18,423.56)</u>	<u>8,283.86</u>		
Adjustments to prior year encumbrances	-	-	-	-	-	-		
Other financing sources (uses):								
Bond sale proceeds	-	-	-	-	-	-		
Operating transfers in & estopped warrants	283.35	-	-	-	-	283.35		
Operating transfers out	-	-	-	-	-	-		
Total other financing sources (uses)	<u>283.35</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>283.35</u>		
Excess (deficiency) of revenues and other resources over expenditures and other financing sources (uses)	<u>87,853.46</u>	<u>-</u>	<u>(42,407.59)</u>	<u>(18,455.10)</u>	<u>(18,423.56)</u>	<u>8,567.21</u>		
Beg. Fund Balance Including Activity Funds	<u>1,399,183.35</u>	<u>-</u>	<u>254,192.67</u>	<u>76,688.46</u>	<u>162,758.67</u>	<u>1,892,823.15</u>		
Ending Fund Balance Including Activity Funds	<u>\$ 1,487,036.81</u>	<u>\$ -</u>	<u>\$ 211,785.08</u>	<u>\$ 58,233.36</u>	<u>\$ 144,335.11</u>	<u>\$ 1,901,390.36</u>		

The notes to the financial statements are an integral part of this statement.

STILWELL SCHOOL DISTRICT, I-25
COMBINED STATEMENT OF REVENUES COLLECTED, EXPENDITURES,
AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL-
GENERAL AND SPECIAL REVENUE FUNDS- REGULATORY BASIS
JUNE 30, 2015

	General Fund			COOP Fund			Special Revenue Funds (Building and Child Nutrition only)			Debt Service Fund		
	Original Budget	Final Budget	Actual	Original Budget	Final Budget	Actual	Original Budget	Final Budget	Actual	Original Budget	Final Budget	Actual
Revenues collected:												
Local sources	\$ 927,496.09	\$ 927,496.09	\$ 640,570.62	\$ -	\$ -	\$ -	\$ 44,466.06	\$ 44,466.06	\$ 60,624.76	\$ -	\$ -	\$ 102.67
Intermediate sources	96,637.03	96,637.03	1,063,169.37	-	-	-	132,499.45	132,499.45	136,746.88	165,461.54	165,461.54	164,554.73
State sources	7,367,103.71	7,367,103.71	7,536,089.01	75,770.11	75,770.11	107,395.29	9,443.66	9,443.66	11,447.47	-	-	-
Federal sources	1,007,127.46	1,007,127.46	2,565,901.06	-	-	-	504,939.76	504,939.76	580,196.62	-	-	-
Supplemental revenue adjustments	-	1,257,608.69	-	-	31,625.18	-	-	63,007.98	-	-	-	-
Total revenues collected	9,398,364.29	10,655,972.98	11,805,730.06	75,770.11	107,395.29	107,395.29	691,348.93	754,356.91	789,015.73	165,461.54	165,461.54	164,657.40
Expenditures paid:												
Instruction	5,994,931.74	7,252,540.43	6,921,255.62	50,991.02	82,616.20	82,616.20	-	-	-	-	-	-
Support services	4,152,694.34	4,152,694.34	4,152,694.34	24,779.09	24,779.09	24,779.09	258,321.28	258,321.28	98,915.84	-	-	-
Non-instructional services	357,470.87	357,470.87	357,470.87	-	-	-	587,968.98	650,976.96	633,256.14	-	-	-
Capital outlays	292,450.69	292,450.69	286,739.12	-	-	-	99,251.34	99,251.34	99,251.34	-	-	-
Other outlays	-	-	-	-	-	-	-	-	-	183,112.50	183,112.50	183,112.50
Total expenditures paid	10,797,547.64	12,055,156.33	11,718,159.95	75,770.11	107,395.29	107,395.29	945,541.60	1,008,549.58	831,423.32	183,112.50	183,112.50	183,112.50
Excess of revenues collected over (under) expenditures before adjustments to prior year encumbrances	(1,399,183.35)	(1,399,183.35)	87,570.11	-	-	-	(254,192.67)	(254,192.67)	(42,407.59)	(17,650.96)	(17,650.96)	(18,455.10)
Adjustments to prior year encumbrances	-	-	-	-	-	-	-	-	-	-	-	-
Other financing sources (uses):												
Operating trans. in & estopped warr	-	-	283.35	-	-	-	-	-	-	-	-	-
Operating transfers out	-	-	-	-	-	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	283.35	-	-	-	-	-	-	-	-	-
Excess (deficiency) of revenues and other resources over expenditures and other financing sources (uses)	(1,399,183.35)	(1,399,183.35)	87,853.46	-	-	-	(254,192.67)	(254,192.67)	(42,407.59)	(17,650.96)	(17,650.96)	(18,455.10)
Fund balances, beginning of year	1,399,183.35	1,399,183.35	1,399,183.35	-	-	-	254,192.67	254,192.67	254,192.67	76,688.46	76,688.46	76,688.46
Fund balances, end of year	\$ -	\$ -	\$ 1,487,036.81	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 211,785.08	\$ 59,037.50	\$ 59,037.50	\$ 58,233.36

The notes to the financial statements are an integral part of this statement.

STILWELL SCHOOL DISTRICT No. I-25
NOTES TO THE FINANCIAL STATEMENTS – REGULATORY BASIS
FOR THE YEAR ENDED JUNE 30, 2015

1. Summary of Significant Accounting Policies

The financial statements of the Stilwell Public School District No. I-25 (the "District") have been prepared on a regulatory basis of accounting, which is an other comprehensive basis of accounting than generally accepted accounting principles. Accordingly, the accompanying financial statements are not intended to present financial position and results of operations in conformity with generally accepted accounting principles. The accounting policies are prescribed by the Oklahoma Department of Education and conform to the system of accounting authorized by the State of Oklahoma. The following is a summary of the more significant accounting policies:

A. Reporting Entity

The District is a corporate body for public purposes created under Title 70 of the Oklahoma Statutes and accordingly is a separate entity for operating and financial reporting purposes. The District is part of the public school system of Oklahoma under the general direction and control of the State Board of Education and is financially dependent on state of Oklahoma support. The general operating authority for the public school system is the Oklahoma School Code contained in Title 70, Oklahoma Statutes.

The governing body of the District is the Board of Education composed of elected members. The appointed superintendent is the executive officer of the District.

In evaluating how to define the district, for financial reporting purposes, management has considered all potential component units. The decision to include a potential component unit in the reporting entity was made by applying the criteria established by the Governmental Accounting Standards Board (GASB). The basic -- but not the only -- criterion for including a potential component unit within the reporting entity is the governing body's ability to exercise oversight responsibility. The most significant manifestation of this ability is financial interdependency. Other manifestations of the ability to exercise oversight responsibility include, but are not limited to, the selection of governing authority, the designation of management, the ability to significantly influence operations, and accountability for fiscal matters. A second criterion used in evaluating potential component units is the scope of public service. Application of this criterion involves considering whether the activity benefits the District and/or its citizens, or whether the activity is conducted within the geographic boundaries of the District and is generally available to its patrons. A third criterion used to evaluate potential component units for inclusion or exclusion from the reporting entity is the existence of special financing relationships, regardless of whether the District is able to exercise oversight responsibilities. Based upon the application of these criteria, there are no potential component units included in the District's reporting entity

The Board of School Trustees (Board), and elected five member group constituting an on-going entity, is the level of government which has governance responsibilities over all activities related to public elementary and secondary school education within the jurisdiction of the Local

Independent School District. The Board receives funding from local, state and federal government sources and must comply with the requirements of these funding source entities. However, the Board is not included in any other governmental "reporting entity" as defined in Section 2100, Codification of Governmental Accounting and Financial Reporting Standards, since board members are elected by the public and have decision making authority, the power to designate management, the responsibility to significantly influence operations and primary accountability for fiscal matters.

B. Measurement Focus

The District uses funds and account groups to report on its financial position and the results of its operations. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain district functions or activities.

A fund is a separate accounting entity with a self-balancing set of accounts. An account group, on the other hand, is a financial reporting device designed to provide accountability for certain assets and liabilities that are not recorded in the funds because they do not directly affect net expendable available financial resources.

Funds are classified into three categories: governmental, proprietary and fiduciary. Each category, in turn, is divided into separate "fund types."

Governmental Fund Types

Governmental funds are used to account for all or most of a government's general activities, including the collection and disbursement of earmarked monies (special revenue funds), the acquisition or construction of general fixed assets (capital projects funds), and the servicing of general long-term debt (debt service funds).

General Fund - The general fund is used to account for all financial transactions except those required to be accounted for in another fund. Major revenue sources include state and local property taxes and state funding under the Foundation and Incentive Aid Program. Expenditures include all costs associated with the daily operations of the schools except for programs funded for building repairs and maintenance, school construction and debt service on bonds and other long-term debt. The general fund includes federal and state restricted monies that must be expended for specific programs.

Special Revenue Fund - The first special revenue fund is the District's Building Fund. The Building fund consists of monies derived from property taxes levied for the purpose of erecting, remodeling, or repairing buildings and for purchasing furniture and equipment.

The second special revenue fund is the Child Nutrition Fund, a special revenue fund used to account for monies derived from federal and state reimbursement and local food service collection.

Debt Service Fund - The debt service fund is the District's Sinking Fund and is used to account for the accumulation of financial resources for the payment of general long-term debt principal, interest and related costs. The primary revenue sources are local property taxes levied specifically for debt service and interest earnings from temporary investments.

Capital Projects Fund - The capital projects fund is the District's Bond Fund and is used to account for the proceeds of bond sales to be used exclusively for acquiring school sites, constructing and equipping new school facilities, renovating existing facilities, and acquiring transportation equipment.

Proprietary Fund Types

Any proprietary funds are used to account for activities similar to those found in the private sector, where the determination of net income is necessary or useful to sound financial administration. Goods or services from such activities can be provided either to outside parties (enterprise funds) or to other departments or agencies primarily within the District (internal service funds). The District does not have any proprietary funds.

Fiduciary Fund Types

Fiduciary funds are used to account for assets held on behalf of outside parties, including other governments, or on behalf of other funds within the District. When these assets are held under the terms of a formal trust agreement, either a nonexpendable trust fund or an expendable trust fund is used. The terms "nonexpendable" and "expendable" refer to whether or not the District is under an obligation to maintain the trust principal. Agency funds generally are used to account for assets that the District holds on behalf of others as their agent and do not involve measurement of results of operations.

Agency Fund - The Agency fund is the School Activities fund which is used to account for monies collected principally through fund-raising efforts of the students and District-sponsored groups. The administration is responsible, under the authority of the Board, of collecting, disbursing and accounting for these activity funds.

Account groups

Are not funds and consist of a self-balancing set of accounts used only to establish accounting control over long-term debt and general fixed assets not accounted for in proprietary funds.

General Long-Term Debt Account Group - This account group was established to account for all long-term debt of the District, which is offset by the amount available in the debt service fund and the amount to be provided in future years to complete retirement of the debt principal. It is also used to account for liabilities for compensated absences and early retirement incentives which are to be paid from funds provided in future years.

General Fixed Asset Account Group - This account group is used to account for property, plant and equipment of the school district. The district does not maintain a record of its general fixed assets, and accordingly, a statement of general fixed assets, required by generally accepted accounting principles, is not included in the financial statements. Land, buildings, nonstructural improvements, and all other physical assets in all funds are considered expenditures in the year of acquisition and are not recorded as assets for financial statement purposes.

Memorandum Only - Total Column

The total column on the financial statements is captioned "memorandum only" to indicate that it is presented only to facilitate financial analysis. Data in this column does not present financial position, results of operations or cash flows in conformity with generally accepted accounting principles. Neither is such data comparable to a consolidation. Interfund eliminations have not been made in the aggregation of this data.

C. Basis of Accounting

The District prepares its financial statements in a presentation format that is prescribed by the Oklahoma State Department of Education. This format is essentially the generally accepted form of presentation used by state and local governments prior to the effective date of GASB Statement No. 34, *Basic Financial Statements – Management’s Discussion and Analysis – for State and Local Governments*. This format significantly differs from that required by GASB 34.

The basic financial statements are essentially prepared on a basis of cash receipts and disbursements modified as required by the regulations of the Oklahoma State Department of Education (OSDE) as follows:

- a. Encumbrances represented by purchase orders, contracts, and other commitments for the expenditure of monies are recorded as expenditures when approved.
- b. Investments and inventories are recorded as assets when purchased.
- c. Inventories of school supplies are recorded as expenditures and not as assets.
- d. Warrants payable are recorded as liabilities when issued.
- e. Long-term debt is recorded when incurred.
- f. Accrued compensated absences are recorded as an expenditure and liability when the obligation is incurred.
- g. A General Fixed Asset Account Group is required or expected by the Department of Education and is presented in such an account group but is not depreciated.
- h. Management’s Discussions and Analysis (MD&A) is not required to be presented.

This regulatory basis of accounting differs from accounting principles generally accepted in the United States of America, which require revenues to be recognized when they become available and measurable, or when they are earned, and expenditures or expenses to be recognized when the related liabilities are incurred for governmental fund types; and, when revenues are earned.

Basis of accounting refers to when revenues and expenditures are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of measurements made, regardless of the measurement focus applied. All governmental type funds are accounted for using the Regulatory (Statutory) basis of accounting. Revenues are recognized when they are received rather than earned. Under the Statutory basis of accounting, expenditures are generally recognized when encumbered/reserved rather than at the time the related fund liability s incurred, Fiduciary type funds are accounted for using the cash basis of accounting. These practices differ from generally accepted accounting principles.

D. Budgets and Budgetary Accounting

The District is required by state law to prepare an annual budget. A preliminary budget must be submitted to the Board of Education by December 31 for the fiscal year beginning the following July 1. If the preliminary budget requires an additional levy, the District must hold an election on the first Tuesday in February to approve the levy. If the preliminary budget does not require an additional levy, it becomes the legal budget. If an election is held and the taxes are approved, then the preliminary budget becomes the legal budget. If voters reject the additional taxes, the District must adopt a budget within the approved tax rate.

A budget is legally adopted by the Board of Education for the General Fund, Special Revenue Funds (Building Fund and Child Nutrition Fund) and the Debt Service Fund, that includes revenues and expenditures.

The 2014-15 estimate of needs was approved by the Board and subsequently filed with the County Clerk. The Estimate of Needs was approved by the excise board and the requested levies were made.

E. Encumbrances

Encumbrances represent commitments related to unperformed contracts for goods or services. Encumbrance accounting -- under which purchase orders and other commitments of resources are recorded as expenditures of the applicable fund -- is utilized in all governmental funds of the District. Appropriations not used or encumbered lapse at the end of the year.

F. Assets Liabilities and Fund Equity

Cash and Cash Equivalents - The District considers all cash on hand, demand deposits and highly liquid investments, with an original maturity of three months or less.

Investments - Investments consist of direct obligations of the United States Government and Agencies with maturities greater than three months when purchased. All investments are recorded at cost, which approximates market value.

Property Tax Revenues - The District is authorized by state law to levy property taxes which consist of ad valorem taxes on real and personal property within the District. The County Assessor, upon receipt of the certification of tax levies from the county excise board, extends the tax levies on the tax roll for submission to the county treasurer prior to October 1. The county treasurer must commence tax collection within fifteen days of receipt of the tax rolls. The first half of taxes are due prior to January 1. The second half is due prior to April 1.

If the first payment is not made timely, the entire tax becomes due and payable on January 2. Second half taxes become delinquent on April 1 of the year following the year of assessment. If not paid by the following October 1, the property is offered for sale for the amount of taxes due. The owner has two years to redeem the property by paying the taxes and penalty owed. If at the end of two years the owner has not done so, the purchaser is issued a deed to the property.

Inventories - The value of consumable inventories at June 30, 2015 is not material to the financial statements. Purchases for inventory items are considered expenditures at the time the items were encumbered.

Fixed Assets and Property, Plant and Equipment - The General Fixed Asset Account Group is not presented. The amount that should be recorded in the General Fixed Asset Account Group is not known.

Compensated Absences – Vested or accumulated vacation leave that is expected to be liquidated with expendable available financial resources has not been reported as an expenditure or a fund liability of the governmental fund that will pay it since the combined financial statements have been prepared on the regulatory basis of accounting. Vested accumulated rights to receive sick pay benefits have not been reported in the general long-term debt account group since the combined financial statements have been prepared on the regulatory basis of accounting. These practices differ from generally accepted accounting principles in the United States of America.

Long-Term Debt - Long-term debt is recognized as a liability of a governmental fund when due, or when resources have been accumulated in the debt service fund for payment early in the following year. For other long-term obligations, only that portion expected to be financed from expendable available financial resources is reported as a fund liability of a governmental fund. The remaining portion of such obligations is reported in the general long-term debt account group.

Fund Balance - Fund balance represents the funds not encumbered by purchase order, legal contracts, and outstanding warrants.

G. Revenue, Expenses and Expenditures

State Revenues - Revenues from state sources for current operations are primarily governed by the state aid formula under the provisions of Article XVIII, Title 70, Oklahoma Statutes. The State Board of Education administers the allocation of state aid funds to school districts based on information accumulated from the districts.

After review and verification of reports and supporting documentation, the State Department of Education may adjust subsequent fiscal period allocations of money for prior year errors disclosed by review. Normally, such adjustments are treated as reductions or additions of revenue of the year when the adjustment is made.

The District receives revenue from the state to administer certain categorical educational programs. State Board of Education rules require that revenue earmarked for these programs be expended only for the program for which the money is provided and require that the money not expended as of the close of the fiscal year be carried forward into the following year to be expended for the same categorical programs. The State Department of Education requires that categorical educational program revenues be accounted for in the general fund.

Interfund Transactions - Quasi-external transactions are accounted for as revenues, expenditures or expenses. Transactions that constitute reimbursements to a fund or expenditures/expenses initially made from it that are properly applicable to another fund, are recorded as expenditures/expenses in the fund that is reimbursed.

All other interfund transactions, except quasi-external transactions and reimbursements, are reported as transfers. Nonrecurring or nonroutine permanent transfers of equity are reported as residual equity transfers. All other interfund transfers are reported as operating transfers. There were no operating transfers or residual equity transfers during fiscal year 2014.

Use of Estimates – The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that effect 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. Accordingly, actual results could differ from those estimates.

Risk Management – The District participates in a risk pool for Workers' Compensation coverage in which there is a transfer or pooling of risks among the participants of that pool. In accordance with GASB No. 10, the District reports the required contribution to the pool, net of refunds, as insurance expense.

2. Cash and Investments

The District's investment policies are governed by state statute. Permissible investments include direct obligations of the United States Government and Agencies; certificates of deposit of savings and loan associations, and bank and trust companies; and savings accounts or savings certificates of savings and loan associations, and trust companies; Collateral is required for demand deposits and certificates of deposit for all amounts not covered by federal deposit insurance. As of the current fiscal year end, the District's bank balance was \$2,498,086. This balance was covered by FDIC and collateral pledged by the bank.

Therefore, the District's cash deposits and investments at June 30, 2015, were not exposed to Custodial Credit Risk, Investment Credit Risk, Investment Interest Rate Risk, or Concentration of Investment Credit Risk. The District does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

3. Interfund Receivables and Payables

There were no interfund receivables and payables at June 30, 2015.

4. General Long-term Debt

State statutes prohibit the District from becoming indebted in an amount exceeding the revenue to be received for any fiscal year without approval by the District's voters. Bond issues have been approved by the voters and issued by the District for various capital improvements. These bonds are required to be fully paid serially within 25 years from the date of issue. General long-

term debt of the District consists of bonds payable and capital leases. Debt service requirements for bonds are payable solely from fund balance and future revenues of the debt service fund. The balance of bonds issued at June 30, 2015 was \$345,000. The interest rate ranges from 3.6% to 4%.

The District has lease agreements, which qualify as capital leases for accounting purposes since title transfers at the end of the lease term, as follows:

Lessor	Interest Rate	Collateral Pledged	Payment Amount	Balance June 30, 2015
Zions First National	1.53	Equipment	\$ 35,840.17	\$ 104,312.00
Bank of Commerce	4.25	Ford Truck	9,218.84	33,267
Bank of Commerce	3.75	Building	42,719.10	80,862
Bank of Commerce	3.75	Buses	105,654.81	199,981
Okla Dept of Comm	3.00	Window replacement	4,558.10	277,008
Bank of Commerce	3.75	Computer Equip	36,016.43	68,175
				\$ 763,605

Annual commitments for the above debt is as follows:

Year Ending June 30,	Building Bond		Lease
	Principle	Interest	Obligations
2016	\$ 165,000	\$ 12,337	\$ 641,328
2017	180,000	6,480	284,136
2018			99,756
2019			63,916
2020			54,697
After 2020			27,349

5. Other Post Employment Benefits

The District does not offer any early retirement incentive plans.

6. Employee Retirement System

The District participates in the state-administered Oklahoma Teachers' Retirement System (the "System"), which is a cost-sharing, multiple-employer public employee retirement system (PERS). Under the system, contributions are made by the District, the State of Oklahoma, and the participating employees.

Participation is required for all teachers and other certified employees and is optional for all other regular employees of public educational institutions who work at least 20 hours per week. A participant's date of membership is the date the first contribution is made to the System. The System is administered by a Board of Trustees which acts as a fiduciary for investing the funds and governing the administration of the System. The District has no responsibility or authority for the

operation and administration of the System nor has it any liability, except for the current contribution requirements.

A participant with five years of creditable service may retire with a normal retirement allowance at the age of sixty-two or with reduced benefits as early as age fifty-five. The normal retirement allowance paid monthly for life and then to beneficiaries, if certain options are exercised, equals two percent of the average of the highest three earning years on contributory service multiplied by the number of years of credited service. A participant leaving employment before attaining retirement age, but completing ten years of service, may elect to vest his accumulated contributions and defer receipt of a retirement annuity until a later date.

When a participant dies in active service and has completed ten years of credited service, the beneficiary is entitled to a death benefit of \$18,000.00 and the participant's contributions plus interest. If the beneficiary is a surviving spouse, the surviving spouse may, in lieu of the death benefit, elect to receive, subject to the surviving spousal options, the participant's retirement benefits accrued at the time of death.

The contribution rates for the District, which are not actuarially determined, and its employees are established by law. Members contribute 7.00% of covered compensation. The District is required by statute to contribute 9.0% of applicable compensation for the year ended June 30, 2015. The District is allowed by the Oklahoma Teacher's Retirement System to make the required contributions on behalf of the participating members.

Legislation effective July 1, 2006, included the following changes to the System:

It established the EESIP whereby active members are eligible for the EESIP if they have service prior to July 1, 1995, are active on or after July 1, 2006, and are not employed by one of the comprehensive or regional four-year universities. The EESIP allows for two years of service prior to July 1, 1995 to be computed at an enhanced or eliminated cap for each year that the employee has worked beyond normal retirement age at the time of retirement. The \$40,000 cap applicable to service before July 1, 1995 is increased to \$60,000 for the year ended June 30, 2007, to \$80,000 for the year ended June 30, 2008 and the cap is removed beginning July 1, 2008 for service that qualifies for the enhancement provided by EESIP. The employee that elects the enhanced benefit must pay the accumulations, at 10% interest, of contributions that would have been required but for the cap then in place. Payment is required for those years of service that are computed at the elevated or eliminated cap. For those members electing the enhanced benefit, the payment required is 50% of the accumulated balance if the retirement occurs during the year ended June 30, 2007, 75% of the accumulated balance if retirement occurs during the year ended June 30, 2008 and 100% of the accumulated balance for members who retire on or after July 1, 2008.

The District's contributions to the System for the years ending

June 30, 2015 is \$712,653

June 30, 2014 is \$690,924

June 30, 2013 is \$666,040

The pension benefit obligation is a standardized disclosure measure of the present value of

pension benefits. This pension valuation method reflects the present value of estimated pension benefits that will be paid in future years as a result of employee services performed to date and is adjusted for the effect of projected salary increases. There are no actuarial valuations performed on individual school districts. The Oklahoma Teachers' Retirement System issues a publicly available financial report that includes financial statements and required supplementary information for the System.

The system issues an independent financial report, financial statements, and required supplementary information that may be obtained by writing to the Oklahoma Teachers' Retirement System, P.O. Box 53624, Oklahoma City, OK 73152 or by calling 405-521-2387.

Ten year historical trend information is presented in the Teacher's Retirement System of Oklahoma Annual Report for the year ended June 30, 2014. This information is useful in assessing the pension plan's accumulation of sufficient assets to pay pension benefits as they become due.

Schedule of funding progress (dollars in millions) (unaudited)

Actuarial Valuation Date	Actuarial value of Assets	Actuarial Accrued Liability	Unfunded Actuarial Accrued Liability	Funded Ratio	Annual Covered Payroll	UAAL as % of Covered Payroll
June 30, 2005	6,952.7	14,052.4	7,099.7	49.5%	3,175.2	223.6%
June 30, 2006	7,470.4	15,143.4	7,672.9	49.3%	3,354.9	228.7%
June 30, 2007	8,421.9	16,024.4	7,602.5	52.6%	3,598.9	211.2%
June 30, 2008	9,256.8	18,346.9	9,090.1	50.5%	3,751.4	242.3%
June 30, 2009	9,439.0	18,950.9	9,512.0	49.8%	3,807.9	249.8%
June 30, 2010	9,566.7	19,980.6	10,414.0	47.9%	3,854.8	270.2%
June 30, 2011	9,960.6	17,560.8	7,600.2	56.7%	3,773.3	201.4%
June 30, 2012	10,190.5	18,558.0	8,397.6	54.8%	3,924.8	214.0%
June 30, 2013	10,861.1	18,973.2	8,112.1	57.2%	3,933.1	206.3%
June 30, 2014	12,369.0	19,575.6	7,206.6	63.2%	4,304.3	167.4%

The employer contribution rates are established by the Oklahoma Legislature and are less than the annual required contribution, which is performed to determine the adequacy of such contribution rates.

7. Contingencies and Other Commitments

Amounts received or receivable from grantor agencies are subject to audit and adjustment by grantor agencies. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenditures which may be disallowed by the grantor cannot be determined at this time although the District expects such amounts, if any, to be immaterial.

8. Risk Management

The District purchases commercial insurance policies covering property casualty loss, public liability, school board member and administrator liability, and workers compensation. The District also purchases surety bonds for employees in all positions required by state law to be bonded. Management believes such coverage is sufficient to preclude any significant uninsured losses to the District.

The District is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; injuries to employees; or acts of God. The District purchases commercial insurance to cover these risks, including general and auto liability, property damage, and public officials liability. Settled claims resulting from these risks have not exceeded the commercial insurance coverage in any of the past three fiscal years.

9. Accumulated Unpaid Vacation, Sick Leave Benefits, and Health Care Coverage

The District provides sick leave benefits to the certified staff in accordance with Title 70, Article 6-104, of the Oklahoma Statutes, which provides for an annual accrual of sick leave of ten days and personal business days accrual of three days. Ten days are allowed to accumulate up to a total of sixty days per employee. None of the benefits are payable upon retirement or death.

10. Subsequent Events

Subsequent events have been evaluated through the date of the auditor's report, which is the date the financial statements were available to be issued.

**STILWELL SCHOOL DISTRICT I-25
 COMBINING STATEMENT OF ASSETS, LIABILITIES AND FUND BALANCES
 ALL SPECIAL REVENUE FUNDS - REGULATORY BASIS
 FOR THE YEAR ENDED JUNE 30, 2015**

	<u>Building Fund</u>	<u>Child Nutrition Fund</u>	<u>Total</u>
ASSETS			
Cash	\$ 163,946.78	\$ 47,873.10	\$ 211,819.88
Investments	-	-	-
Total assets	<u>\$ 163,946.78</u>	<u>\$ 47,873.10</u>	<u>\$ 211,819.88</u>
 LIABILITIES AND FUND BALANCE			
Liabilities:			
Outstanding warrants	\$ -	\$ 34.80	\$ 34.80
Encumbrances	-	-	-
Total liabilities	-	34.80	34.80
Fund balances:	<u>163,946.78</u>	<u>47,838.30</u>	<u>211,785.08</u>
Total liabilities and fund balances	<u>\$ 163,946.78</u>	<u>\$ 47,873.10</u>	<u>\$ 211,819.88</u>

The notes to the financial statements are an integral part of this statement.

**STILWELL SCHOOL DISTRICT I-25
COMBINING STATEMENT OF REVENUES COLLECTED, EXPENDITURES,
AND CHANGES IN FUND BALANCES - ALL SPECIAL REVENUE FUNDS - REGULATORY BASIS
JUNE 30, 2015**

	Building Fund	Child Nutrition Fund	Total
Revenues Collected:			
District sources	\$ 293.91	\$ 60,330.85	\$ 60,624.76
Intermediate sources	136,746.88	-	136,746.88
State sources	-	11,447.47	11,447.47
Federal sources	-	580,196.62	580,196.62
Total revenues collected	<u>137,040.79</u>	<u>651,974.94</u>	<u>789,015.73</u>
Expenditures paid:			
Instruction	-	-	-
Support services	98,915.84	-	98,915.84
Non-instruction services	-	633,256.14	633,256.14
Capital outlay	99,251.34	-	99,251.34
Other outlays	-	-	-
Total expenditures paid	<u>198,167.18</u>	<u>633,256.14</u>	<u>831,423.32</u>
Excess of revenues collected over (under) expenditures before adjustments to prior year encumbrances	<u>(61,126.39)</u>	<u>18,718.80</u>	<u>(42,407.59)</u>
Adjustments to prior year encumbrances	<u>-</u>	<u>-</u>	<u>-</u>
Other financing sources (uses)			
Operating transfers in & estopped warr	-	-	-
Operating transfer out	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of revenues and other resources over expenditures and other uses	<u>(61,126.39)</u>	<u>18,718.80</u>	<u>(42,407.59)</u>
Fund balances, beginning of year	<u>225,073.17</u>	<u>29,119.50</u>	<u>254,192.67</u>
Fund balances, end of year	<u>\$ 163,946.78</u>	<u>\$ 47,838.30</u>	<u>\$ 211,785.08</u>

The notes to the financial statements are an integral part of this statement.

**STILWELL SCHOOL DISTRICT I-25
COMBINING STATEMENT OF REVENUES COLLECTED, EXPENDITURES,
AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL -
SPECIAL REVENUE (BUILDING AND CHILD NUTRITION ONLY) FUNDS - REGULATORY BASIS
JUNE 30, 2015**

	Special Revenue Funds					
	Building Fund			Child Nutrition Fund		
	Orig budget	Final budget	Actual	Orig budget	Final budget	Actual
Revenues collected:						
Local sources	\$ -	\$ -	\$ 293.91	\$ 44,466.06	\$ 44,466.06	\$ 60,330.85
Intermediate sources	132,499.45	132,499.45	136,746.88	-	-	-
State sources	-	-	-	9,443.66	9,443.66	11,447.47
Federal sources	-	-	-	504,939.76	504,939.76	580,196.62
Supplemental revenue adjustments	-	-	-	-	63,007.98	-
Total revenues collected	<u>132,499.45</u>	<u>132,499.45</u>	<u>137,040.79</u>	<u>558,849.48</u>	<u>621,857.46</u>	<u>651,974.94</u>
Expenditures paid:						
Instruction	-	-	-	-	-	-
Support services	258,321.28	258,321.28	98,915.84	-	-	-
Non-instruction services	-	-	-	587,968.98	650,976.96	633,256.14
Capital outlay	99,251.34	99,251.34	99,251.34	-	-	-
Other outlays	-	-	-	-	-	-
Total expenditures paid	<u>357,572.62</u>	<u>357,572.62</u>	<u>198,167.18</u>	<u>587,968.98</u>	<u>650,976.96</u>	<u>633,256.14</u>
Excess of revenues collected over (under) expenditures before adjustments to prior year encumbrances	<u>(225,073.17)</u>	<u>(225,073.17)</u>	<u>(61,126.39)</u>	<u>(29,119.50)</u>	<u>(29,119.50)</u>	<u>18,718.80</u>
Adjustments to prior year encumbrances	-	-	-	-	-	-
Other financing sources (uses)	-	-	-	-	-	-
Operating trans in & estopped warr	-	-	-	-	-	-
Operating transfers out	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-
Excess (deficiency) of revenues and other resources over expenditures and other financing sources (uses)	<u>(225,073.17)</u>	<u>(225,073.17)</u>	<u>(61,126.39)</u>	<u>(29,119.50)</u>	<u>(29,119.50)</u>	<u>18,718.80</u>
Fund balances, beginning of year	<u>225,073.17</u>	<u>225,073.17</u>	<u>225,073.17</u>	<u>29,119.50</u>	<u>29,119.50</u>	<u>29,119.50</u>
Fund balances, end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 163,946.78</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 47,838.30</u>

**STILWELL SCHOOL DISTRICT I-25
STATEMENT OF ASSETS, LIABILITIES AND FUND BALANCES
FIDUCIARY FUNDS-REGULATORY BASIS
JUNE 30, 2015**

	Agency Fund
	Activity Funds
ASSETS	
Cash	\$ 144,335.11
Investments	-
Due from other funds	-
	-
Total assets	\$ 144,335.11
LIABILITIES AND FUND EQUITY	
Liabilities:	
Due to student, parent and booster activities	\$ 144,335.11
Due to administrative activities	-
	-
Total liabilities	144,335.11
Fund balance:	
Reserved	-
Unreserved/undesignated	-
Total fund balance	-
Total liabilities and fund balances	\$ 144,335.11

The notes to the financial statements are an integral part of this statement.

STILWELL SCHOOL DISTRICT I-25
STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
FIDUCIARY FUNDS - REGULATORY BASIS
JUNE 30, 2015

ACTIVITIES	High School Activity Fund			Balance June 30, 2015
	Balance June 30, 2014	Additions	Deletions	
OFFICE	\$ 4,496.74	\$ 23,723.25	\$ 27,109.83	\$ 1,110.16
ATHLETIC	23,484.14	60,671.35	55,703.51	28,451.98
FCCLA	4,687.58	27,887.22	24,575.17	7,999.63
BAND	16,068.74	31,722.31	29,771.42	18,019.63
SCIENCE/MATH	1,200.37	5,864.83	5,932.10	1,133.10
LIBRARY	5,002.41	90.00	5,048.26	44.15
JUNIOR CLASS	385.28	30,928.47	30,875.06	438.69
FFA	2,435.54	29,154.20	29,798.27	1,791.47
OTHER	897.46	-	-	897.46
STUDENT COUNCIL	1,004.20	8,794.85	8,030.50	1,768.55
FARM MECH	8,865.73	2,500.00	6,077.72	5,288.01
SPEECH	2,721.09	3,710.19	3,152.16	3,279.12
YEARBOOK	1,064.77	16,527.17	14,820.00	2,771.94
CHORUS	1,423.41	21,074.01	21,551.83	945.59
CHEER	977.62	40.00	977.17	40.45
CHANGE	2,000.00	29,700.00	29,700.00	2,000.00
HORTICULTURE	49.76	-	-	49.76
KEY CLUB	213.68	8,371.75	8,100.61	484.82
MASCOT	36.55	-	-	36.55
INDIAN HERITAGE	1,875.71	-	1,674.12	201.59
SOPHOMORE CLASS	13.00	-	-	13.00
FCA	83.43	1,740.00	1,748.59	74.84
OUTDOOR CLASSROOM	483.48	-	-	483.48
SPANISH	167.87	92.00	50.00	209.87
FRENCH	1.21	-	-	1.21
BETA CLUB	49.93	448.00	372.74	125.19
SPECIAL NEEDS	251.17	596.12	761.73	85.56
SPECIAL OLYMPICS	507.73	5,944.62	5,204.04	1,248.31
SPIRIT COUNCIL	101.64	-	-	101.64
SCIENCE LAB	2,066.91	1,318.00	1,814.75	1,570.16
SERVICE & LEADERSHIP	202.84	5,236.10	5,438.29	0.65
SHS 4-H	52.98	-	-	52.98
NEWSPAPER	3.27	-	-	3.27
DANCE TEAM	90.84	-	75.00	15.84
FOOTBALL FUNDRAISER	1,199.84	25,424.96	25,186.12	1,438.68
GOLF FUNDRAISER	23.59	-	-	23.59
POWERLIFTING	-	50.00	-	50.00
BASEBALL FUNDRAISER	8,750.97	4,725.00	6,007.37	7,468.60
SOCCER FUNDRAISER	7,296.07	3,117.75	7,579.19	2,834.63
GEAR UP	-	33,385.88	33,265.28	120.60
BASKETBALL FUNDRAISER	171.45	8,521.57	7,134.22	1,558.80
WRESTLING FUNDRAISER	11.36	1,104.40	48.00	1,067.76
AP ENGLISH	292.75	-	-	292.75
SHS FISHING	341.00	425.00	758.35	7.65
SHS ART	70.00	-	-	70.00
DREAM TEAM	135.28	2,101.00	2,098.60	137.68
BOOK CLUB	12.78	(0.00)	-	12.78
CHEROKEE LANGUAGE	237.00	1,024.00	907.99	353.01
EUROPE FUND	85.07	1,402.20	1,398.08	89.19
NORTH WEST FUND	111.63	100.00	211.63	-
TRACK FUNDRAISER	-	2,255.00	2,096.00	159.00
	<u>\$ 101,705.87</u>	<u>\$ 399,771.20</u>	<u>\$ 405,053.70</u>	<u>\$ 96,423.37</u>

The notes to the financial statements are an integral part of this statement.

STILWELL SCHOOL DISTRICT I-25
STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
FIDUCIARY FUNDS - REGULATORY BASIS - CONTINUED
JUNE 30, 2015

ACTIVITIES	Middle School Activity Fund			Balance June 30, 2015
	Balance June 30, 2014	Additions	Deletions	
OFFICE	\$ 5,393.25	\$ 24,855.11	\$ 24,283.47	\$ 5,964.89
ATHLETIC	3,082.15	30,969.73	31,084.46	2,967.42
BAND	5,261.36	505.74	508.12	5,258.98
CHORUS	899.28	6,643.36	7,290.72	251.92
FCS	157.71	-	-	157.71
LIBRARY	113.62	-	-	113.62
NEWSPAPER	1,736.23	6,107.71	4,965.18	2,878.76
7TH & 8TH CHEER	622.02	120.00	211.40	530.62
SCIENCE	1,433.43	6,708.88	5,301.17	2,841.14
STUDENT COUNCIL	5,580.96	6,404.16	10,057.06	1,928.06
YEARBOOK	1,127.98	1,214.00	1,076.90	1,265.08
4-H	249.55	-	-	249.55
TECH ED	1,431.77	5,797.60	7,067.84	161.53
MATHCOUNT	430.00	1,112.01	1,402.49	139.52
MULTI-HANDICAPPED	25.02	129.00	143.83	10.19
SPECIAL OLYMPICS	188.48	2,761.82	2,427.80	522.50
SPECIAL ED	32.17	-	-	32.17
MSINDIAN	894.95	1,366.00	1,101.00	1,159.95
GEAR UP	8,112.50	11,000.00	19,112.50	-
MENSA	359.47	949.00	1,181.93	126.54
FCCLA	312.04	7,977.56	7,571.81	717.79
SMS ACADEMIC TEAM	3139.03	3,860.65	2,501.58	4,498.10
	<u>\$ 40,582.97</u>	<u>\$ 118,482.33</u>	<u>\$ 127,289.26</u>	<u>\$ 31,776.04</u>

ACTIVITIES	Grade School Activity Fund			Balance June 30, 2015
	Balance June 30, 2014	Additions	Deletions	
GS OFFICE	\$ 7,610.43	20,778.53	\$ 19,529.00	\$ 8,859.96
GS 4H	761.33	-	-	761.33
GS YEARBOOK	605.50	2,684.00	2,919.00	370.50
GS LIBRARY	1,909.62	3,514.11	4,901.25	522.48
PREOFFICE	3,633.53	1,841.89	4,307.14	1,168.28
4TH GRADE	223.51	-	-	223.51
GS ATHLETICS	2,549.72	6,868.10	7,217.82	2,200.00
KINDERGARTEN	1,343.94	867.00	1,958.55	252.39
BIRTH CERTIFICATES	246.59	5.00	60.00	191.59
HEALTHY NATION	1,585.66	-	-	1,585.66
GRADE SCH MUSIC	-	150.00	150.00	-
	<u>\$ 20,469.83</u>	<u>\$ 36,708.63</u>	<u>\$ 41,042.76</u>	<u>\$ 16,135.70</u>

The notes to the financial statements are an integral part of this statement.

STILWELL SCHOOL DISTRICT NO I-25
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
 For the Year Ended June 30, 2015

<u>Program</u>	<u>Federal CFDA Number</u>	<u>Expenditures</u>
<u>U.S. Department of Education</u>		
Direct Programs:		
Title VII	84.060	\$ 175,821
Gear Up	84.334	89,960
Farm to School	10.575	13,761
ESSC	84.215	379,184
Impact Aid	84.041	<u>702,254</u>
Sub Total		<u>1,360,980</u>
<u>Passed through State Dept. of Education:</u>		
Title I A	84.010	394,151
Carl Perkins	84.048	27,713
Title II A	84.367	36,022
Title III A	84.365	171,482
Title VI B	84.358	29,522
Medicaid	93.778	40,820
Special Education Cluster:		
Flow Thru	84.027	505,442
IDEA Preschool	84.173	<u>17,187</u>
Total Special Education Cluster		<u>522,629</u>
Sub Total		<u>1,222,339</u>
<u>Passed through BIA:</u>		
Johnson O'Malley	15.130	<u>35,141</u>
<u>Passed through Oklahoma Dept of Commerce</u>		
EIRLF	81.041	<u>300,000</u>
<u>U.S. Department of Agriculture</u>		
<u>Passed Through State Dept. of Education:</u>		
Child Nutrition Cluster:		
Breakfast Program-Cash Assistance	10.553	145,250
National School Lunch Program:		
Cash Assistance	10.555	426,113
Summer Food Service	10.559	8,834
Food Commodities	10.555	<u>48,725</u>
Child Nutrition Cluster Sub Total		<u>628,922</u>
Total Federal Assistance Expenditures		<u><u>\$ 3,547,382</u></u>

Note: Basis of presentation is regulatory basis conforming with the accounting practices prescribed by the Oklahoma Department of Education and budget laws of the State of Oklahoma which is a comprehensive basis of accounting other than generally accepted accounting principles. Under this method, expenditures are recognized when an approved purchase order is issued. Commodities representing non-cash expenditures have been included in the Schedule which is an exception to the prescribed basis of accounting.

There are no amounts passed to sub recipients.

MICHAEL W. GREEN
Certified Public Accountant

827 West Locust Street
Stilwell, Ok. 74960
(918) 696-6298

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

To the Board of Education
Stilwell Public School, I-25
Stilwell, Oklahoma

I have audited, 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, the accompanying fund type and account group financial statements-regulatory basis of Stilwell School District No. I-25 (the School), Oklahoma as listed in the Table of Contents, as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the School's financial statements, and have issued my report thereon dated November 16, 2015, which was adverse with respect to the presentation of the financial statements in conformity with accounting principles generally accepted in the United States because the presentation followed the regulatory basis of accounting for Oklahoma school districts and did not conform to the presentation requirements of the Governmental Accounting Standards Board. However, my report was qualified for the omission of general fixed asset account groups with respect to the presentation of financial statements on the regulatory basis of accounting authorized by the Oklahoma State Board of Education.

Internal Control Over Financial Reporting

In planning and performing my audit, I considered the School's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing my opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the School's internal control. Accordingly, I do not express an opinion on the effectiveness of the School'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.

My consideration of internal control over financial reporting 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 significant deficiencies or material weaknesses. Given these limitations during my audit I did not identify any deficiencies in internal control over financial reporting that I consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the school's financial statements are free of material misstatement, I 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 my audit, and accordingly, I do not express such an opinion. The results of my tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* as follows:

Fraud was discovered during the fiscal in relation to the middle school activity fund.

Management's response was to turn the incident over to the district attorney's office and follow their recommendation. Controls appear to have worked and management will continue to follow them.

The School's response to the findings identified in our audit is described previously. The School's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, I express no opinion on it.

Purpose of this Report

The purpose of this report is solely to describe the scope of my 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 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.

A handwritten signature in black ink, appearing to read "Michael Green". The signature is stylized with a large, looped "G" and a cursive "M".

Michael Green, CPA
November 16, 2015

MICHAEL W. GREEN
Certified Public Accountant
827 West Locust Street
Stilwell, Ok. 74960
(918) 696-6298

INDEPENDENT AUDITOR'S
REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH
MAJOR PROGRAM AND INTERNAL CONTROL OVER COMPLIANCE IN
ACCORDANCE WITH OMB CIRCULAR A-133

To the Board of Education
Stilwell Public School, I-25
Stilwell, Ok.

Report on Compliance for Each Major Federal Program

I have audited the Stilwell Public School, I-25, Adair County, Oklahoma's (the School) 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 School's major federal programs for the year ended June 30, 2015. The School's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditor's Responsibility

My responsibility is to express an opinion on the School's compliance based on my audit. I conducted my 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 I plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the School's compliance with those requirements and performing such other procedures as I considered necessary in the circumstances.

I believe that my audit provides a reasonable basis for my opinion on compliance with each major federal program. However, my audit does not provide a legal determination of the School's compliance.

Opinion on Each Major Federal Program

In my opinion, the School 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 School is responsible for establishing and maintaining effective internal control over compliance with the types of compliance referred to above. In planning and performing my audit of compliance, I considered the School'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, I do not express an opinion on the effectiveness of the School'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.

My consideration of the 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. I did not identify any deficiencies in internal control over compliance that I 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 my 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.

A handwritten signature in black ink, appearing to read "Michael Green". The signature is stylized and cursive.

Michael Green, CPA
November 16, 2015

**STILWELL SCHOOL DISTRICT I-25
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ended June 30, 2015**

SECTION I - SUMMARY OF AUDITOR'S RESULTS

FINANCIAL STATEMENTS

Type of auditor's report issued:

With respect to conformity with Generally Accepted Accounting Principles	Adverse
With respect to the use of Regulatory basis of accounting and the omission of the general fixed asset group	Qualified

Internal control over financial reporting:

Material weakness(es) identified?	no
Reportable condition(s) identified not considered to be material weaknesses?	none reported
Noncompliance material to financial statements noted?	no

FEDERAL AWARDS

Internal Control over major programs:

Material weakness(es) identified?	no
Reportable condition(s) identified not considered to be material weaknesses?	none reported
Type of auditor's report issued on compliance for major programs:	unqualified
Any audit findings disclosed that are required to be reported in accordance with Circular A-1 33, Section .51 O(a)?	none reported

The programs tested as major programs included:

	<u>CFDA#</u>
Special Education	84.027
Special Education Preschool	84.173
Title I	84.010
Indian Education	84.060
English Language Acq	84.365
Impact Aid	84.041
State Energy Program	81.041

The threshold for distinguishing type A and B programs was: \$300,000.00.

The auditee does not qualify as a low-risk auditee.

SECTION II - FINANCIAL STATEMENT FINDINGS

None reported.

SECTION III - FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

None reported.

SECTION IV - PRIOR YEAR FINDINGS AND QUESTIONED COSTS:

No prior year findings.

STILWELL SCHOOL DISTRICT I-25
SCHEDULE OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2015

Program	Federal CFDA Number	Grantor's Number	Grant Award	Federal Grant Receipts	Expenditures
<u>U.S. Department of Education</u>					
Direct Programs:					
Title VII	84.060	561	\$ 175,821	\$ 175,821	\$ 175,821
Gear Up	84.334	772,775	102,317	85,259	89,960
Farm to School	10.575	779	41,535	-	13,761
ESSC	84.215	773	394,630	379,184	379,184
Impact Aid	84.041	591,592	702,254	702,254	702,254
Sub Total					<u>1,360,980</u>
<u>Passed through State Dept. of Education:</u>					
Title I A	84.010	511, 515	402,694	394,151	394,151
Carl Perkins	84.048	421	28,244	27,713	27,713
Title II A	84.367	541	36,162	36,022	36,022
Title III A	84.365	572	183,175	152,885	171,482
Title VI B	84.358	587	42,433	29,522	29,522
Medicaid	93.778	698	40,820	40,820	40,820
Special Education Cluster:					
Flow Thru	84.027	621,626	525,697	505,442	505,442
IDEA Preschool	84.173	641	19,817	17,187	17,187
Total Special Education Cluster					<u>522,629</u>
Sub Total					<u>1,222,339</u>
<u>Passed through BIA:</u>					
Johnson O'Malley	15.130	563	35,595	35,020	<u>35,141</u>
<u>Passed through Oklahoma Dept of Commerce</u>					
EIRLF	81.041		300,000	300,000	<u>300,000</u>
<u>U.S. Department of Agriculture</u>					
<u>Passed Through State Dept. of Education:</u>					
Child Nutrition Cluster:					
Breakfast Program-Cash Assistance	10.553	764	145,250	145,250	145,250
National School Lunch Program:					
Cash Assistance	10.555	763	426,113	426,113	426,113
Summer Food Service	10.559	766	8,834	8,834	8,834
Food Commodities	10.555	763	48,725	48,725	48,725
Child Nutrition Cluster Sub Total					<u>628,922</u>
Total Federal Assistance Expenditures					<u>\$ 3,547,382</u>

Note A: Food Distribution: Nonmonetary assistance is reported in the schedule at the fair market value of the commodities received and disbursed.

Note B: This schedule was prepared on a regulatory basis of accounting consistent with the preparation of the combined financial statements, except for the nonmonetary assistance noted in Note A.

STILWELL SCHOOL DISTRICT NO I-25
 SCHEDULE OF STATUTORY, FIDELITY, AND HONESTY BONDS
 JUNE 30, 2015

<u>Position</u>	<u>Bonded By</u>	<u>Policy Number</u>	<u>Term</u>	<u>Amount</u>
Treasurer	Western Surety Co.	15534543	7-1-14 / 7-1-15	100,000.00
Encumbrance Clerk	Western Surety Co.	70753689	7-9-14 / 7-9-15	1,000.00
Child Nutrition Custodian	Western Surety Co.	54708510	7-1-14 / 7-1-15	10,000.00
Superintendent	Western Surety Co.	71123104	7-1-14 / 7-1-15	100,000.00
Activity Fund Custodian	Western Surety Co.	71637346	7-1-14 / 8-26-15	10,000.00
Minute Clerk	Western Surety Co.	71595398	2-20-15 / 2-20-16	10,000.00