

**FINANCIAL STATEMENTS - REGULATORY BASIS
AND REPORTS OF INDEPENDENT AUDITOR**

**BIXBY SCHOOL DISTRICT NO. I-4,
TULSA COUNTY, OKLAHOMA**

JUNE 30, 2015

Audited by

SANDERS, BLEDSOE & HEWETT CPA's, LLP

BROKEN ARROW, OK

**INDEPENDENT SCHOOL DISTRICT NO. I-4
TULSA COUNTY, OKLAHOMA
JUNE 30, 2015**

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**INDEPENDENT SCHOOL DISTRICT NO. I-4
TULSA COUNTY, OKLAHOMA
JUNE 30, 2015**

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**INDEPENDENT SCHOOL DISTRICT NO. I-4
TULSA COUNTY, OKLAHOMA
SCHOOL DISTRICT OFFICIALS
JUNE 30, 2015**

BOARD OF EDUCATION

President	Lisa Kramer
Vice-President	Ron Schnare
Clerk	Bryan Wiesman
Member	Wendell Nolan
Member	Lisa Owens

SUPERINTENDENT

Dr. Kyle Wood

CHIEF FINANCIAL OFFICER

Mike Anthony

MINUTES CLERK &
SCHOOL DISTRICT TREASURER

Sherry McIntyre

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SANDERS, BLEDSOE & HEWETT

CERTIFIED PUBLIC ACCOUNTANTS, LLP

INDEPENDENT AUDITOR'S REPORT

November 16, 2015

The Honorable Board of Education
Bixby School District Number I-4
Bixby, Tulsa County, Oklahoma

Report on the Financial Statements

We have audited the accompanying combined fund type and account group financial statements – regulatory basis of the Bixby School District Number I-4, Bixby, Tulsa County, Oklahoma (the District), 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 financial reporting provisions of the Oklahoma State Department of Education, as described in Note 1, to meet financial reporting requirements of the State of Oklahoma; this includes determining that the regulatory 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 an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America, and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

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

As discussed in Note 1, the financial statements are prepared by the District, on the basis of the financial reporting provisions of the Oklahoma State Department of Education, which is a basis of accounting other than accounting principles generally accepted in the United States of America, to comply with the requirements of the Oklahoma State Department of Education. The effects on the financial statements of the variances between the regulatory basis of accounting described in Note 1 and accounting principles generally accepted in the United States of America, although not reasonable determined, are presumed to be material.

Adverse Opinion on U.S. Generally Accepted Accounting Principles

In our opinion, because the significance of the matter discussed in the “Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles” paragraph, the financial statements referred to in the first paragraph do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of the District as of June 30, 2015, the changes in its financial position, or, where applicable, its cash flows for the year then ended.

Basis for Qualified 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 by the Oklahoma State Department of Education. The amount that should be recorded in the general fixed asset account group is not known.

Qualified Opinion on Regulatory Basis of Accounting

In our opinion, except for the effects of the matter described in the “Basis for Qualified Opinion on Regulatory Basis of Accounting” Paragraph, the financial statements referred to in the first paragraph present fairly, in all material respects, the assets, liabilities and fund balance arising from regulatory basis transactions of each fund type and account group of the District, as of June 30, 2015, and the revenues collected and expenditures paid and encumbered for the year then ended on the regulatory basis of accounting described in Note 1.

Other Matters

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District’s basic financial statements. The combining statements – regulatory basis, are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is also not a required part of the basic financial statements.

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

Other Reporting required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated November 16, 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 to 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 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 District’s internal control over financial reporting and compliance.



Sanders, Bledsoe & Hewett
Certified Public Accountants, LLP

INDEPENDENT SCHOOL DISTRICT NO. I-4, TULSA COUNTY
COMBINED STATEMENT OF ASSETS, LIABILITIES AND FUND BALANCE -
REGULATORY BASIS - ALL FUND TYPES AND ACCOUNT GROUPS
JUNE 30, 2015

<u>ASSETS</u>	GENERAL	<u>GOVERNMENTAL FUND TYPES</u>			<u>FIDUCIARY</u>	<u>ACCOUNT</u>	<u>TOTALS</u>	
		SPECIAL REVENUE	DEBT SERVICE	CAPITAL PROJECTS	<u>EXPENDABLE</u> <u>TRUST AND</u> <u>AGENCY FUND</u>	<u>GENERAL</u> <u>LONG-TERM</u> <u>DEBT</u>	<u>(Memorandum Only)</u> 2015 2014	
Cash	\$ 4,160,730	756,142	4,371,441	14,942,651	1,409,989		25,640,953	25,219,634
Investments		734,986	1,119,539		211,225		2,065,750	2,060,441
Amounts available in debt service						417,610	417,610	606,167
Amounts to be provided for retirement of general long-term debt						67,224,081	67,224,081	72,248,459
Total Assets	4,160,730	1,491,128	5,490,980	14,942,651	1,621,214	67,641,691	95,348,394	100,134,701
 <u>LIABILITIES AND FUND BALANCE</u>								
Liabilities								
Warrants payable	614,454	57,711		94,677			766,842	967,917
Encumbrances	170,862	128,613		507,193			806,668	527,255
Funds held for school organizations					1,621,214		1,621,214	1,484,047
Unmatured obligations			5,073,370				5,073,370	4,754,923
Long-term debt:								
Bonds payable						34,470,000	34,470,000	33,815,000
Capital leases						33,171,691	33,171,691	39,039,626
Total liabilities	785,316	186,324	5,073,370	601,870	1,621,214	67,641,691	75,909,785	80,588,768
Fund Balances								
Restricted		1,304,804	417,610	14,340,781			16,063,195	16,193,610
Unassigned	3,375,414						3,375,414	3,352,323
Cash fund balances	3,375,414	1,304,804	417,610	14,340,781	0	0	19,438,609	19,545,933
Total Liabilities and Fund Balance	\$ 4,160,730	1,491,128	5,490,980	14,942,651	1,621,214	67,641,691	95,348,394	100,134,701

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

INDEPENDENT SCHOOL DISTRICT NO. I-4, TULSA COUNTY
COMBINED STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN CASH FUND BALANCES
ALL GOVERNMENTAL FUND TYPES - REGULATORY BASIS
JUNE 30, 2015

	GOVERNMENTAL FUND TYPES				TOTALS (Memorandum Only)	
	GENERAL	SPECIAL REVENUE	DEBT SERVICE	CAPITAL PROJECTS	2015	2014
Revenues						
Local sources	\$ 13,280,808	2,851,828	9,439,728	16,477	25,588,841	23,904,599
Intermediate sources	1,337,176				1,337,176	1,281,865
State sources	15,977,490	26,464			16,003,954	15,162,214
Federal sources	1,702,214	594,778			2,296,992	2,269,784
Non-revenue receipts	251,902	6,966			258,868	483,783
Total revenues	<u>32,549,590</u>	<u>3,480,036</u>	<u>9,439,728</u>	<u>16,477</u>	<u>45,485,831</u>	<u>43,102,245</u>
Expenditures						
Instruction	19,626,518			181,675	19,808,193	19,018,080
Support services	12,538,873	2,256,528		1,100,942	15,896,343	14,838,941
Operation of non-instructional services	838,272	1,111,047			1,949,319	1,816,364
Facilities, acquisition and const. services		114,600		7,566,643	7,681,243	7,913,605
Other outlays	79,554	6,966			86,520	112,119
Debt service			9,628,285		9,628,285	9,153,719
Total expenditures	<u>33,083,217</u>	<u>3,489,141</u>	<u>9,628,285</u>	<u>8,849,260</u>	<u>55,049,903</u>	<u>52,852,828</u>
Revenues over (under) expenditures	(533,627)	(9,105)	(188,557)	(8,832,783)	(9,564,072)	(9,750,583)
Other financing sources (uses)						
Lapsed appropriations	6,588				6,588	68,955
Estopped warrants	130	30			160	1,439
Operating transfers in (out)	550,000	(550,000)				
Bond proceeds				9,450,000	9,450,000	10,350,000
Total other financing sources (uses)	<u>556,718</u>	<u>(549,970)</u>		<u>9,450,000</u>	<u>9,456,748</u>	<u>10,420,394</u>
Revenue and other sources over (under) expenditures and other uses	23,091	(559,075)	(188,557)	617,217	(107,324)	669,811
Cash fund balance, beginning of year	<u>3,352,323</u>	<u>1,863,879</u>	<u>606,167</u>	<u>13,723,564</u>	<u>19,545,933</u>	<u>18,876,122</u>
Cash fund balance, end of year	<u>\$ 3,375,414</u>	<u>1,304,804</u>	<u>417,610</u>	<u>14,340,781</u>	<u>19,438,609</u>	<u>19,545,933</u>

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

**INDEPENDENT SCHOOL DISTRICT NO. I-4, TULSA COUNTY
 COMBINED STATEMENT OF REVENUES, EXPENDITURES
 AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL -
 GENERAL FUND - REGULATORY BASIS
 JUNE 30, 2015**

	GENERAL FUND		
	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL
Revenues			
Local sources	\$ 11,727,900	11,727,900	13,280,808
Intermediate sources	1,173,626	1,173,626	1,337,176
State sources	15,158,322	15,158,322	15,977,490
Federal sources	1,737,829	1,737,829	1,702,214
Non-revenue receipts	650,000	650,000	251,902
Total revenues	<u>30,447,677</u>	<u>30,447,677</u>	<u>32,549,590</u>
Expenditures			
Instruction	20,105,000	20,105,000	19,626,518
Support services	12,750,000	12,750,000	12,538,873
Operation of non-instructional services	855,000	855,000	838,272
Other outlays	90,000	90,000	79,554
Repayments			
Total expenditures	<u>33,800,000</u>	<u>33,800,000</u>	<u>33,083,217</u>
Revenues over (under) expenditures	(3,352,323)	(3,352,323)	(533,627)
Other financing sources (uses)			
Lapsed appropriations			6,588
Estopped warrants			130
Operating transfers in (out)			550,000
Total other financing sources (uses)	<u>0</u>	<u>0</u>	<u>556,718</u>
Revenue and other sources over (under) expenditures and other uses	(3,352,323)	(3,352,323)	23,091
Cash fund balance, beginning of year	<u>3,352,323</u>	<u>3,352,323</u>	<u>3,352,323</u>
Cash fund balance, end of year	<u>\$ 0</u>	<u>0</u>	<u>3,375,414</u>

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

**INDEPENDENT SCHOOL DISTRICT NO. I-4, TULSA COUNTY
 COMBINED STATEMENT OF REVENUES, EXPENDITURES
 AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL -
 BUDGETED SPECIAL REVENUE FUNDS - REGULATORY BASIS
 JUNE 30, 2015**

	SPECIAL REVENUE FUNDS		
	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL
Revenues			
Local sources	\$ 2,528,879	2,650,014	2,851,828
State sources	25,211	25,212	26,464
Federal sources	582,031	582,031	594,778
Non-revenue receipts			6,966
Total revenues	3,136,121	3,257,257	3,480,036
Expenditures			
Support services	3,320,000	3,320,000	2,256,528
Operation of non-instructional services	1,000,000	1,114,170	1,111,047
Facilities acquisitions and construction	130,000	130,000	114,600
Other outlays		6,966	6,966
Total expenditures	4,450,000	4,571,136	3,489,141
Revenues over (under) expenditures	(1,313,879)	(1,313,879)	(9,105)
Other financing sources (uses)			
Lapsed appropriations			
Estopped warrants			30
Operating transfers in (out)	(550,000)	(550,000)	(550,000)
Total other financing sources (uses)	(550,000)	(550,000)	(549,970)
Revenue and other sources over (under) expenditures and other uses	(1,863,879)	(1,863,879)	(559,075)
Cash fund balance, beginning of year	1,863,879	1,863,879	1,863,879
Cash fund balance, end of year	\$ 0	0	1,304,804

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

**INDEPENDENT SCHOOL DISTRICT NO. I-4, TULSA COUNTY
 COMBINED STATEMENT OF REVENUES, EXPENDITURES
 AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL -
 DEBT SERVICE FUNDS
 JUNE 30, 2015**

	DEBT SERVICE FUND		
	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL
Revenues			
Local sources	\$ 9,022,118	9,022,118	9,439,728
Total revenues	9,022,118	9,022,118	9,439,728
Expenditures			
Other outlays			
Debt service	9,628,285	9,628,285	9,628,285
Revenues over (under) expenditures	(606,167)	(606,167)	(188,557)
Cash fund balance, beginning of year	606,167	606,167	606,167
Cash fund balance, end of year	\$ 0	0	417,610

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

INDEPENDENT SCHOOL DISTRICT NO. I-4, TULSA COUNTY
NOTES TO THE COMBINED FINANCIAL STATEMENTS – REGULATORY BASIS
FOR THE YEAR ENDED JUNE 30, 2015

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accompanying financial statements of the Bixby Public Schools Independent District, No. I-4 (the “District”), have been prepared in conformity with another comprehensive basis of accounting prescribed by the Oklahoma State Department of Education as authorized by Oklahoma Statutes. Accordingly, the accompanying financial statements are not intended to present financial position and results of operations in conformity with the accounting principles generally accepted in the United States of America. The District’s accounting policies are described in the following notes that are an integral part of the District’s financial statements.

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 five elected members. The appointed superintendent is the executive officer of the District. The Board, 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 District receives funding from local, state and federal government sources and must comply with the requirements of these funding source entities. However, the District 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.

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

INDEPENDENT SCHOOL DISTRICT NO. I-4, TULSA COUNTY
NOTES TO THE COMBINED FINANCIAL STATEMENTS – REGULATORY BASIS
FOR THE YEAR ENDED JUNE 30, 2015

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – cont'd

A. Reporting Entity – cont'd

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.

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.

INDEPENDENT SCHOOL DISTRICT NO. I-4, TULSA COUNTY
NOTES TO THE COMBINED FINANCIAL STATEMENTS – REGULATORY BASIS
FOR THE YEAR ENDED JUNE 30, 2015

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – cont'd

B. Measurement Focus - cont'd

Special Revenue Funds – Special revenue funds account for revenue sources that are restricted to expenditures for specific purposes. The special revenue funds typically include the building, co-op and child nutrition funds. The district did not maintain a co-op fund during the 2014-15 fiscal year.

Building Fund – The building fund consists mainly of monies derived from property taxes levied for the purpose of erecting, remodeling, repairing, or maintaining school buildings and for purchasing furniture, equipment and computer software to be used on or for school district property, for paying energy and utility costs, for purchasing telecommunications services, for paying fire and casualty insurance premiums for school facilities, for purchasing security systems, and for paying salaries of security personnel.

Co-op Fund – The co-op fund is established when the boards of education of two or more school districts enter into cooperative agreements and maintain joint programs. The revenues necessary to operate a cooperative program can come from federal, state, or local sources, including the individual contributions of participating school districts. The expenditures for this fund would consist of those necessary to operate and maintain the joint programs.

Child Nutrition Fund - The child nutrition fund consists of monies derived from federal and state financial assistance and food sales. This fund is used to account for the various nutrition programs provided to students. The District operates their child nutrition program within the general fund.

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 (including judgments) 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.

INDEPENDENT SCHOOL DISTRICT NO. I-4, TULSA COUNTY
NOTES TO THE COMBINED FINANCIAL STATEMENTS – REGULATORY BASIS
FOR THE YEAR ENDED JUNE 30, 2015

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – cont’d

B. Measurement Focus – cont’d

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. The terms “non-expendable” 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 operation.

Expendable Trust Funds – Expendable trust funds typically include the gifts and endowments fund. The District did not maintain any expendable trust funds during the 2014-15 fiscal year.

Gifts and Endowments Fund – The gifts and endowments fund receives its assets by way of philanthropic foundations, individuals, or private organizations for which no repayment or special service to the contributor is expected. This fund is used to promote the general welfare of the District.

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

Account Groups

An account group is not a fund and consists of a self-balancing set of accounts used only to establish accounting control over long-term debt and fixed assets.

General Long-Term Debt Account Group – This account group is established to account for all the 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 other liabilities (judgements and lease purchases) which are to be paid from funds provided in future years.

General Fixed Assets Account Group – This account group is used by governments to account for the property, plant and equipment of the school district. The District does not have the information necessary to include this group in its financial statements.

INDEPENDENT SCHOOL DISTRICT NO. I-4, TULSA COUNTY
NOTES TO THE COMBINED FINANCIAL STATEMENTS – REGULATORY BASIS
FOR THE YEAR ENDED JUNE 30, 2015

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – cont’d

B. Measurement Focus – cont’d

Memorandum Only - Total Column

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

C. Basis of Accounting and Presentation

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* with certain modifications. This format differs significantly from that required by GASB 34.

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

- Encumbrances represented by purchase orders, contracts, and other commitments for the expenditure of monies are recorded as expenditures when approved.
- Investments are recorded as assets when purchased.
- Inventories of school supplies are recorded as expenditures and not as inventory assets.
- Warrants payable are recorded as liabilities when issued.
- Long-term debt is recorded in the General Long-Term Debt Account Group and not in the basic financial statements.
- Compensated absences are recorded as expenditures when paid and not recorded as a liability.
- Fixed assets are recorded in the General Fixed Asset Account Group and not in the basic financial statements. Fixed assets are not depreciated.

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.

INDEPENDENT SCHOOL DISTRICT NO. I-4, TULSA COUNTY
NOTES TO THE COMBINED FINANCIAL STATEMENTS – REGULATORY BASIS
FOR THE YEAR ENDED JUNE 30, 2015

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – cont'd

C. Basis of Accounting and Presentation – cont'd

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 the measurements made, regardless of the measurement focus applied. All governmental type funds are accounted for using the regulatory basis of accounting. Revenues are recognized when they are received rather than earned and expenditures are generally recognized when encumbered/reserved rather than at the time the related fund liability is incurred. These practices differ from accounting principles generally accepted in the United States.

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 all funds (with the exception of the trust and agency funds) that includes revenues and expenditures.

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. Unencumbered appropriations lapse at the end of each fiscal year. While the Debt Service Fund is a governmental fund, a comparison of budget to actual schedule is presented in the financial statements, although the board can exercise no control of the revenue sources for this fund (except interest earnings), and no control over its expenditures.

INDEPENDENT SCHOOL DISTRICT NO. I-4, TULSA COUNTY
NOTES TO THE COMBINED FINANCIAL STATEMENTS – REGULATORY BASIS
FOR THE YEAR ENDED JUNE 30, 2015

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – cont'd

E. Assets, Liabilities and Fund Equity

Cash and cash equivalents – The District considers all cash on hand, demand deposit accounts, and highly liquid investments, with an original maturity of three months or less when purchased, to be cash and cash equivalents.

Investments – The District considers investments of direct obligations of the United States government and agencies, certificates of deposits, savings accounts or savings certificates with maturities of greater than three months. All investments are recorded at cost, which approximates market value.

Inventories – The value of consumable inventories at June 30, 2015, is not material to the combined financial statements.

Fixed Assets and Property, Plant and Equipment – The District has not maintained a record of general fixed assets, and, accordingly, a General Fixed Assets Account Group required by the regulatory basis of accounting prescribed by the Oklahoma State Department of Education is not included in the financial statements. General fixed assets purchased are recorded as expenditures in the various funds at the time of purchase.

Warrants Payable – Warrants are issued to meet the obligations for goods and services provided to the District. The District recognizes a liability for the amount of outstanding warrants that have yet to be redeemed by the District's treasurer.

Encumbrances – Encumbrances represent commitments related to purchase orders, contracts, other commitments for expenditures or resources, and goods or services received by the District for which a warrant has not been issued. An expenditure is recorded and a liability is recognized for outstanding encumbrances at year end in accordance with the regulatory basis of accounting. While the regulatory basis that is used for the Debt Service Fund approximates full accrual accounting, the accruals recorded are reported to meet regulatory requirements, as opposed to the requirements of generally accepted accounting principles.

Compensated Absences – The District provides vacation and sick leave benefits in accordance with Title 70 of the Oklahoma Statutes, Article 6-104, which provides for annual sick leave and personal business days. District policy allows certified employees to accumulate such days to a maximum number of days. Vested or accumulated vacation leave that is expected to be liquidated with expendable available financial resources had not been reported as an expenditure of the governmental fund that will pay it since the financial statements have been prepared on the regulatory basis of accounting. This practice differs from generally accepted accounting principles.

INDEPENDENT SCHOOL DISTRICT NO. I-4, TULSA COUNTY
NOTES TO THE COMBINED FINANCIAL STATEMENTS – REGULATORY BASIS
FOR THE YEAR ENDED JUNE 30, 2015

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – cont'd

E. Assets, Liabilities and Fund Equity – cont'd

Funds Held for School Organizations – Funds held for school organizations represent the funds received or collected from students or other cocurricular and extracurricular activities conducted in the District, control over which is exercised by the board of education. These funds are credited to the account maintained for the benefit of each particular activity within the school activity fund.

Unmatured Obligations - The unmatured obligations represent the total of all annual accruals for both principal and interest, based on the lengths of the bonds and/or judgments, less all principal and interest payments through the balance sheet date in accordance with the regulatory basis of accounting.

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 – In the fund financial statements, governmental funds report the hierarchy of fund balances. The hierarchy is based primarily on the degree of spending constraints placed upon use of resources for specific purposes versus availability of appropriation. An important distinction that is made in reporting fund balance is between amounts that are considered *nonspendable* (i.e., fund balance associated with assets that are not in spendable form, such as inventories or prepaid items, long-term portions of loans and notes receivable, or items that are legally required to be maintained intact (such as the corpus of a permanent fund)) and those that are *spendable* (such as fund balance associated with cash, investments or receivables).

Amount in the spendable fund balance category are further classified as *restricted*, *committed*, *assigned* or *unassigned*, as appropriate.

Restricted fund balance represents amounts that are constrained either externally by creditors (such as debt covenants), grantors, contributors or laws or regulations of other governments; or by law, through constitutional provisions or enabling legislation.

Committed fund balance represents amounts that are useable only for specific purposes by formal action of the government's highest level of decision-making authority. Such amounts are not subject to legal enforceability (like restricted amounts), but cannot be used for any other purpose unless the government removes or changes the limitation by taking action similar to that which imposed the commitment.

INDEPENDENT SCHOOL DISTRICT NO. I-4, TULSA COUNTY
NOTES TO THE COMBINED FINANCIAL STATEMENTS – REGULATORY BASIS
FOR THE YEAR ENDED JUNE 30, 2015

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – cont'd

E. Assets, Liabilities and Fund Equity – cont'd

Assigned fund balance represents amounts that are intended to be used for specific purposes, but are neither restricted nor committed. Intent is expressed by the governing body itself, or a subordinated high-level body or official who the governing body has delegated the authority to assign amounts to be used for specific purposes. Assigned fund balances include all remaining spendable amounts (except negative balances) 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 specific purposes in accordance with the provisions of the standard.

Unassigned fund balance is the residual classification for the general fund. It represents the amounts that have not been assigned to other funds, and that have not been restricted, committed, or assigned to specific purposes within the general fund.

F. Revenue and Expenditures

Local Revenues – Revenue from local sources is the money generated from within the boundaries of the District and available to the District for its use. 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. These property taxes are distributed to the District's general, building and sinking funds based on the levies approved for each fund. The County Assessor, upon receipt of the certification of tax levies from the county excise board, extends the tax levies on the tax rolls 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 is due prior to January 1. The second half is due prior to April 1. If the first payment is not made in a timely manner, 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. Other local sources of revenues include tuition, fees, rentals, disposals, commissions and reimbursements.

Intermediate Revenues - Revenue from intermediate sources is the amount of money from funds collected by an intermediate administrative unit, or a political subdivision between the District and the state, and distributed to Districts in amounts that differ in proportion to those which are collected within such systems.

INDEPENDENT SCHOOL DISTRICT NO. I-4, TULSA COUNTY
NOTES TO THE COMBINED FINANCIAL STATEMENTS – REGULATORY BASIS
FOR THE YEAR ENDED JUNE 30, 2015

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – cont’d

F. Revenue and Expenditures – cont’d

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 from or additions to the 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.

Federal Revenues – Federal revenues consist of revenues from the federal government in the form of operating grants or entitlements. An operating grant is a contribution to be used for a specific purpose, activity or facility. A grant may be received either directly from the federal government or indirectly as a passthrough from another government, such as the state. Entitlement is the amount of payment to which the District is entitled pursuant to an allocation formula contained in applicable statutes. The majority of the federal revenues received by the District are apportioned to the general fund. The District maintains a separate child nutrition fund and the federal revenues received for the child nutrition programs are apportioned there.

Non-Monetary Transactions – The District receives commodities from the U.S. Department of Agriculture. The value of these commodities has been included in the Schedule of Expenditures of Federal Awards; however, they have not been included in the financial statements as either revenue or expense since they are not reported under the regulatory basis of accounting.

Interest Earnings – Represent compensation for the use of financial sources over a period of time.

Non-Revenue Receipts – Non-revenue receipts represent receipts deposited into a fund that are not new revenues to the District, but the return of assets.

INDEPENDENT SCHOOL DISTRICT NO. I-4, TULSA COUNTY
NOTES TO THE COMBINED FINANCIAL STATEMENTS – REGULATORY BASIS
FOR THE YEAR ENDED JUNE 30, 2015

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – cont’d

F. Revenue and Expenditures – cont’d

Instruction Expenditures – Instruction expenditures include the activities dealing directly with the interaction between teachers and students. Teaching may be provided for students in a school classroom, in another location, such as a home or hospital, and in other learning situations, such as those involving cocurricular activities. It may also be provided through some other approved medium, such as television, radio, telephone and correspondence. Included here are the activities of teacher assistants of any type (clerks, graders, teaching machines, etc.) which assist in the instructional process. The activities of tutors, translators and interpreters would be recorded here. Department chairpersons who teach for any portion of time are included here. Tuition/transfer fees paid to other LEAs would be included here.

Support Services Expenditures – Support services expenditures provide administrative, technical (such as guidance and health) and logistical support to facilitate and enhance instruction. These services exist as adjuncts for fulfilling the objectives of instruction, community services and enterprise programs, rather than as entities within themselves.

Operation of Non-Instructional Services Expenditures – Activities concerned with providing non-instructional services to students, staff or the community.

Facilities Acquisition and Construction Services Expenditures – Consists of activities involved with the acquisition of land and buildings; remodeling buildings; the construction of buildings and additions to buildings; initial installation or extension of service systems and other built-in equipment; and improvements to sites.

Other Outlays Expenditures – A number of outlays of governmental funds are not properly classified as expenditures, but still require budgetary or accounting control. These are classified as Other Outlays. These include debt service payments (principal and interest).

Other Uses Expenditures – This includes scholarships provided by private gifts and endowments; student aid and staff awards supported by outside revenue sources (i.e., foundations). Also, expenditures for self-funded employee benefit programs administered either by the District or a third party administrator.

Repayment Expenditures – Repayment expenditures represent checks/warrants issued to outside agencies for refund or restricted revenue previously received for overpayment, non-qualified expenditures and other refunds to be repaid from District funds.

INDEPENDENT SCHOOL DISTRICT NO. I-4, TULSA COUNTY
NOTES TO THE COMBINED FINANCIAL STATEMENTS – REGULATORY BASIS
FOR THE YEAR ENDED JUNE 30, 2015

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – cont'd

F. Revenue and Expenditures – cont'd

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. The District made net transfers of \$550,000 during the 2014-15 fiscal year between the child nutrition and general funds.

2. CASH AND INVESTMENTS

Custodial Credit Risk – Custodial credit risk is the risk that in the event of a bank failure, the District's deposits may not be returned to the District. The District's cash deposits and investments at June 30, 2015, were \$27,728,201, at financial institutions, and were completely insured or collateralized by federal depository insurance, direct obligations of the U.S. Government, or securities held by the District or by its agent in the District's name.

Investment Interest Rate Risk – Interest rate risk is the risk that changes in interest rates will adversely affect the fair market value of an investment. Due to the required liquidity for those investments, these funds have no defined maturity dates. The District does not have a formal policy that limits investment maturities as a means of managing its exposure to fair value losses from increasing interest rates.

Investment Credit risk – Credit risk is the risk that the issuer or other counterparty to an investment will not fulfill its obligations. The District does not have a formal policy limiting its investment choices, other than the limitation of state law as follows:

- Direct obligations of the U.S. Government, its agencies and instrument to which the full faith and credit of the U.S. Government is pledged, or obligations to the payment of which the full faith and credit of the State is pledged.
- Certificates of deposit or savings accounts that are either insured or secured with acceptable collateral with in-state financial institutions, and fully insured certificates of deposit or savings accounts in out-of-state financial institutions.
- With certain limitation, negotiable certificates of deposit, prime bankers acceptances, prime commercial paper and repurchase agreements with certain limitations.

**INDEPENDENT SCHOOL DISTRICT NO. I-4, TULSA COUNTY
NOTES TO THE COMBINED FINANCIAL STATEMENTS – REGULATORY BASIS
FOR THE YEAR ENDED JUNE 30, 2015**

2. CASH AND INVESTMENTS – cont’d

- County, municipal or school district tax supported debt obligations, bond or revenue anticipation notes, money judgments, or bond or revenue anticipation notes of public trusts whose beneficiary is a county, municipality or school district.
- Notes or bonds secured by mortgage or trust deed insured by the Federal Housing Administrator and debentures issued by the Federal Housing Administrator, and in obligations of the National Mortgage Association.
- Money market funds regulated by the SEC and in which investments consist of the investments mentioned in the previous bullet items.

Concentration of Investment Credit Risk – The District places no limit on the amount it may invest in any one issuer.

3. INTERFUND RECEIVABLES AND PAYABLES

There were no interfund receivables or 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 can be 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 of the date of issue.

General long-term debt of the District consists of building bonds payable, transportation bonds payable and capital leases. Debt service requirements for bonds are payable solely from the fund balance and the future revenues of the debt service fund.

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

	Bonds <u>Payable</u>	Capital <u>Leases</u>	<u>Totals</u>
Balance, July 1, 2014	\$33,815,000	39,039,626	72,854,626
Additions	9,450,000	0	9,450,000
Retirements	<u>8,795,000</u>	<u>5,867,935</u>	<u>14,662,935</u>
Balance, June 30, 2015	<u>\$34,470,000</u>	<u>33,171,691</u>	<u>67,641,691</u>

**INDEPENDENT SCHOOL DISTRICT NO. I-4, TULSA COUNTY
NOTES TO THE COMBINED FINANCIAL STATEMENTS – REGULATORY BASIS
FOR THE YEAR ENDED JUNE 30, 2015**

4. GENERAL LONG-TERM DEBT – cont'd

A brief description of the outstanding long-term debt at June 30, 2015 is set forth below:

	<u>Amount outstanding</u>
<u>General Obligation Bonds</u>	
Building Bonds, Series 2012, original issue \$9,650,000, interest rate of 0.50-1.05%, due in annual installments of \$2,410,000, final payment of \$2,420,000 due May 1, 2017;	\$ 4,830,000
General Purpose, Series 2014, original issue \$10,350,000, interest rate of 1.00-2.00%, due in annual installments of \$2,590,000, final payment due May 1, 2019;	10,350,000
General Purpose Bonds, Series 2015, original issue \$9,450,000, interest rate of 1.00-1.50%, due in annual installments of \$2,360,000, final payment of \$2,370,000 due May 1, 2020;	9,450,000
General Purpose, Series 2012, original issue \$9,200,000, interest rate of 1.10-1.95%, due in annual installments of \$2,300,000, final payment due May 1, 2016;	2,300,000
General Purpose, Series 2013, original issue \$10,050,000, interest rate of 2.00%, due in annual installments of \$2,510,000, final payment due May 1, 2018;	7,540,000
<u>Capital Leases</u>	
Lease agreement for building projects, dated 1-14-11, totaling \$44,570,000, interest rate of 3.95%, due in various principal and interest payments beginning 8/15/12 with final payment on 8/15/18.	<u>33,171,691</u>
Totals	<u>\$ 67,641,691</u>

**INDEPENDENT SCHOOL DISTRICT NO. I-4, TULSA COUNTY
NOTES TO THE COMBINED FINANCIAL STATEMENTS – REGULATORY BASIS
FOR THE YEAR ENDED JUNE 30, 2015**

4. GENERAL LONG-TERM DEBT – cont’d

The annual debt service requirements for the retirement of bond principal, and payment of interest are as follows:

Year ending <u>June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2016	\$ 9,800,000	498,375	10,298,375
2017	9,880,000	367,610	10,247,610
2018	7,470,000	235,600	7,705,600
2019	4,950,000	116,850	5,066,850
2020	<u>2,370,000</u>	<u>35,550</u>	<u>2,405,550</u>
Totals	<u>\$ 34,470,000</u>	<u>1,253,985</u>	<u>35,723,985</u>

The annual debt service requirements for the retirement of lease payments are as follows:

Year ending <u>June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2016	\$ 5,199,718	1,310,282	6,510,000
2017	6,805,107	1,104,893	7,910,000
2018	8,163,909	836,091	9,000,000
2019	<u>13,002,957</u>	<u>513,617</u>	<u>13,516,574</u>
Total	<u>\$ 33,171,691</u>	<u>3,764,883</u>	<u>36,936,574</u>

There was \$2,056,902 interest paid on general long-term debt incurred during the current year.

5. EMPLOYEE RETIREMENT SYSTEM

Description of Plan

The District participates in the state-administered Oklahoma Teachers’ Retirement System, which is a cost sharing, multiple-employer defined benefit public employee retirement system (PERS), which is administered by the Board of Trustees of the Oklahoma Teachers’ Retirement System (the “System”). The System provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Title 70 Section 17 of the Oklahoma Statutes establishes benefit provisions and may be amended only through legislative action. The Oklahoma Teachers’ Retirement System issues a publicly available financial report that includes financial statements and required supplementary information for the System. That report 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.

INDEPENDENT SCHOOL DISTRICT NO. I-4, TULSA COUNTY
NOTES TO THE COMBINED FINANCIAL STATEMENTS – REGULATORY BASIS
FOR THE YEAR ENDED JUNE 30, 2015

5. EMPLOYEE RETIREMENT SYSTEM – cont'd

Basis of Accounting

The System's financial statements are prepared using the cash basis of accounting, except for accruals of interest income. Plan member contributions are recognized in the period in which the contributions are made. Benefits and refunds are recognized when paid. 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 System has an under-funded pension benefit obligation as determined as part of the latest actuarial valuation.

Funding Policy

The District, the State of Oklahoma, and the participating employee make contributions. The contribution rates for the District and its employees are established by and may be amended by Oklahoma Statutes. The rates are not actuarially determined. The rates are applied to the employee's earnings plus employer-paid fringe benefits. The required contribution for the participating members is 7.0% of compensation. Contributions received by the System from the State of Oklahoma are used to offset required employer contributions by the local school district. For the 2014-15 fiscal year, the District contributed 9.5% and the State of Oklahoma contributed the remaining amount during the year. The District is allowed by Oklahoma Teachers' Retirement System to make the required contributions on behalf of the participating members. In addition, if a member's salary is paid in part by federal or private funds, the contribution on that portion of the salary paid by those funds must be matched by the District at 5.12%.

Annual Pension Cost

The District's portion of the total contributions for 2015, 2014 and 2013 were \$3,229,327, \$3,119,428, and \$2,983,407 respectively. Ten-year historical trend information is presented in the Teacher's Retirement System of Oklahoma Annual Report for the year ended June 30, 2015. This information is useful in assessing the pension plan's accumulation of sufficient assets to pay pension benefits as they become due. Please visit www.ok.gov/TRS for all plan information.

INDEPENDENT SCHOOL DISTRICT NO. I-4, TULSA COUNTY
NOTES TO THE COMBINED FINANCIAL STATEMENTS – REGULATORY BASIS
FOR THE YEAR ENDED JUNE 30, 2015

5. EMPLOYEE RETIREMENT SYSTEM – cont'd

Annual Pension Cost – cont'd

GASB Statement 68 became effective for fiscal years beginning after June 15, 2014, and significantly changes pension accounting and financial reporting for governmental employers who participate in a pension plan, such as the System, and who prepare published financial statements on an accrual basis using Generally Accepted Accounting Principles. Since the District does not prepare and present their financial statements on an accrual basis, the net pension amount is not required to be presented on the audited financial statements. The amount of calculated pension liability for the District at June 30, 2014 (the latest information available) was \$26,320,732.

6. 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; 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 risks have not exceeded the commercial insurance coverage in any of the past three fiscal years.

The District participates in a risk pool for Worker's 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. The risk pool is the Oklahoma School Assurance Group (OSAG), an organization formed for the purpose of providing workers' compensation coverage to participating schools in the State of Oklahoma. In that capacity, OSAG is responsible for providing loss control services and certain fiscal activities, including obtaining contract arrangements for the underwriting, excess insurance agreements, claims processing, and legal defense for any and all claims submitted to it during the plan year. As a member of OSAG, the District is required to pay fees set by OSAG according to an established payment schedule. A portion of the fees paid by the District goes into a loss fund for the District. The fee for the loss fund is calculated by projecting losses based on the school's losses for the last five years. OSAG provides coverage in excess of the Loss Fund so the District's liability for claim loss is limited to the balance of the loss fund. If the District does not use its loss fund in three years, it is returned to the District with no interest. The District is a member of the Oklahoma Public Schools Unemployment Compensation Program. In this program the District is required to contribute 1.6% of its taxable payroll for unemployment insurance. The funds for each District are kept separate and Districts can contribute more than 1.6% of their payroll if they elect to. The money contributed by each District earns interest and is fully insured. If the District has claims in excess of the amount in its account, it will be liable for the excess.

INDEPENDENT SCHOOL DISTRICT NO. I-4, TULSA COUNTY
NOTES TO THE COMBINED FINANCIAL STATEMENTS – REGULATORY BASIS
FOR THE YEAR ENDED JUNE 30, 2015

7. CONTINGENCIES

Federal Grants

Amounts received or receivable from grant 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 amounts, 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.

Schedule of Expenditure of Federal Awards

The schedule shows the federal awards received and expended by the District during the 2014-15 fiscal year. The revised OMB Circular A-133 Audits of States, Local Governments and Non-Profit Organizations, established uniform audit requirements for nonfederal entities which expended more than \$500,000 in federal awards.

Litigation

School officials are not aware of any pending or threatened litigation, claims or assessments or unasserted claims or assessments against the District.

Subsequent Events

Management has evaluated subsequent events through November 16, 2015, which is the date the financial statements were available to be issued, and have determined that no additional information needs to be added to the financial statements.

**INDEPENDENT SCHOOL DISTRICT NO. I-4, TULSA COUNTY
 COMBINING STATEMENT OF ASSETS, LIABILITIES AND
 FUND BALANCE - REGULATORY BASIS - ALL SPECIAL REVENUE FUNDS
 JUNE 30, 2015**

<u>ASSETS</u>	<u>BUILDING FUND</u>	<u>CHILD NUTRITION FUND</u>	<u>TOTALS (Memorandum Only)</u>	
			<u>2015</u>	<u>2014</u>
Cash	\$ 739,635	16,507	756,142	1,192,522
Investments	<u>734,986</u>		<u>734,986</u>	<u>733,177</u>
Total Assets	<u><u>1,474,621</u></u>	<u><u>16,507</u></u>	<u><u>1,491,128</u></u>	<u><u>1,925,699</u></u>
 <u>LIABILITIES AND FUND BALANCE</u>				
Liabilities				
Warrants payable	56,073	1,638	57,711	31,721
Encumbrances	<u>128,613</u>		<u>128,613</u>	<u>30,099</u>
Total liabilities	<u><u>184,686</u></u>	<u><u>1,638</u></u>	<u><u>186,324</u></u>	<u><u>61,820</u></u>
 Fund Balance				
Restricted	<u>1,289,935</u>	<u>14,869</u>	<u>1,304,804</u>	<u>1,863,879</u>
Total Liabilities and Fund Balance	<u><u>\$ 1,474,621</u></u>	<u><u>16,507</u></u>	<u><u>1,491,128</u></u>	<u><u>1,925,699</u></u>

INDEPENDENT SCHOOL DISTRICT NO. I-4, TULSA COUNTY
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN CASH FUND BALANCES - ALL SPECIAL REVENUE FUNDS
JUNE 30, 2015

	BUILDING FUND	CHILD NUTRITION FUND	TOTALS (Memorandum Only)	
			2015	2014
Revenues				
Local sources	\$ 1,887,436	964,392	2,851,828	2,755,081
State sources		26,464	26,464	26,539
Federal sources		594,778	594,778	612,664
Non-revenue receipts		6,966	6,966	403
Total revenues	<u>1,887,436</u>	<u>1,592,600</u>	<u>3,480,036</u>	<u>3,394,687</u>
Expenditures				
Support services	2,256,528		2,256,528	1,993,386
Operation of non-instructional services		1,111,047	1,111,047	1,013,580
Facilities, acquisition and const. services	114,600		114,600	1,075
Other outlays		6,966	6,966	11,726
Total expenditures	<u>2,371,128</u>	<u>1,118,013</u>	<u>3,489,141</u>	<u>3,019,767</u>
Revenues over (under) expenditures	(483,692)	474,587	(9,105)	374,920
Other financing sources (uses)				
Lapsed appropriations				33,819
Estopped warrants		30	30	132
Operating transfers in (out)		(550,000)	(550,000)	(708,000)
Total other financing sources (uses)	<u>0</u>	<u>(549,970)</u>	<u>(549,970)</u>	<u>(674,049)</u>
Revenue and other sources over (under) expenditures and other uses	(483,692)	(75,383)	(559,075)	(299,129)
Cash fund balance, beginning of year	<u>1,773,627</u>	<u>90,252</u>	<u>1,863,879</u>	<u>2,163,008</u>
Cash fund balance, end of year	<u>\$ 1,289,935</u>	<u>14,869</u>	<u>1,304,804</u>	<u>1,863,879</u>

**INDEPENDENT SCHOOL DISTRICT NO. I-4, TULSA COUNTY
 COMBINED STATEMENT OF REVENUES, EXPENDITURES
 AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL -
 ALL SPECIAL REVENUE FUNDS - REGULATORY BASIS
 JUNE 30, 2015**

	BUILDING FUND			CHILD NUTRITION FUND		
	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL
Revenues						
Local sources	\$ 1,676,373	1,676,373	1,887,436	852,506	973,641	964,392
State sources				25,211	25,212	26,464
Federal sources				582,031	582,031	594,778
Non-revenue receipts						6,966
Total revenues	<u>1,676,373</u>	<u>1,676,373</u>	<u>1,887,436</u>	<u>1,459,748</u>	<u>1,580,884</u>	<u>1,592,600</u>
Expenditures						
Support services	3,320,000	3,320,000	2,256,528			
Operation of non-instructional services				1,000,000	1,114,170	1,111,047
Facilities acquisitions and construction	130,000	130,000	114,600			
Other outlays					6,966	6,966
Total expenditures	<u>3,450,000</u>	<u>3,450,000</u>	<u>2,371,128</u>	<u>1,000,000</u>	<u>1,121,136</u>	<u>1,118,013</u>
Revenues over (under) expenditures	(1,773,627)	(1,773,627)	(483,692)	459,748	459,748	474,587
Other financing sources (uses)						
Lapsed appropriations						
Estopped warrants						30
Operating transfers in (out)				(550,000)	(550,000)	(550,000)
Total other financing sources (uses)			<u>0</u>	<u>(550,000)</u>	<u>(550,000)</u>	<u>(549,970)</u>
Revenue and other sources over (under) expenditures and other uses	(1,773,627)	(1,773,627)	(483,692)	(90,252)	(90,252)	(75,383)
Cash fund balance, beginning of year	<u>1,773,627</u>	<u>1,773,627</u>	<u>1,773,627</u>	<u>90,252</u>	<u>90,252</u>	<u>90,252</u>
Cash fund balance, end of year	<u>\$ 0</u>	<u>0</u>	<u>1,289,935</u>	<u>0</u>	<u>0</u>	<u>14,869</u>

**INDEPENDENT SCHOOL DISTRICT NO. I-4, TULSA COUNTY
 COMBINING STATEMENT OF ASSETS, LIABILITIES AND
 FUND BALANCE - REGULATORY BASIS - ALL CAPITAL PROJECTS FUNDS
 JUNE 30, 2015**

	<u>2014</u> GEN PURP BOND FUND	<u>2014</u> TRANSP. BOND FUND	<u>2015</u> GEN PURP BOND FUND	<u>2015</u> TRANSP. BOND FUND	TOTALS (Memorandum Only)	
<u>ASSETS</u>					<u>2015</u>	<u>2014</u>
Cash	<u>\$ 5,314,758</u>	<u>174,612</u>	<u>9,103,159</u>	<u>350,122</u>	<u>14,942,651</u>	<u>14,014,452</u>
 <u>LIABILITIES AND FUND BALANCE</u> 						
Liabilities						
Warrants outstanding	53,140		41,537		94,677	
Encumbrances	<u>200,520</u>	<u>174,076</u>		<u>132,597</u>	<u>507,193</u>	<u>290,888</u>
Total Liabilities	<u>253,660</u>	<u>174,076</u>	<u>41,537</u>	<u>132,597</u>	<u>601,870</u>	<u>290,888</u>
Fund balance						
Restricted	<u>5,061,098</u>	<u>536</u>	<u>9,061,622</u>	<u>217,525</u>	<u>14,340,781</u>	<u>13,723,564</u>
Total Liabilities and Fund Balance	<u>\$ 5,314,758</u>	<u>174,612</u>	<u>9,103,159</u>	<u>350,122</u>	<u>14,942,651</u>	<u>14,014,452</u>

INDEPENDENT SCHOOL DISTRICT NO. I-4, TULSA COUNTY
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN CASH FUND BALANCES - REGULATORY BASIS - ALL CAPITAL PROJECTS FUNDS
JUNE 30, 2015

	2012 GEN PURP BOND FUND	2013 BUILDING BOND FUND	2013 TRANSP. BOND FUND	2014 GEN PURP BOND FUND	2014 TRANSP. BOND FUND	2015 GEN PURP BOND FUND	2015 TRANSP. BOND FUND	TOTALS (Memorandum Only)	
								2015	2014
Revenues									
Local sources (interest earnings)	\$ 0	578	14	12,138	466	3,159	122	16,477	13,219
Expenditures									
Instructional				181,675				181,675	
Support Services				559,773	350,000	41,537	132,597	1,100,942	419,120
Facilities, acquisition & const. services	33,580	3,402,718	17,035	4,130,345				7,566,643	7,912,530
Total expenditures	33,580	3,402,718	17,035	4,871,793	350,000	41,537	132,597	8,849,260	8,331,650
Revenues over (under) expenditures	(33,580)	(3,402,140)	(17,021)	(4,859,655)	(349,534)	(38,378)	(132,475)	(8,832,783)	(8,318,431)
Other financing sources (uses)									
Bond sales proceeds						9,100,000	350,000	9,450,000	10,350,000
Total other financing sources (uses)	0	0	0	0	0	9,100,000	350,000	9,450,000	10,350,000
Revenue and other sources over (under) expenditures and other uses	(33,580)	(3,402,140)	(17,021)	(4,859,655)	(349,534)	9,061,622	217,525	617,217	2,031,569
Cash fund balance, beginning of year	33,580	3,402,140	17,021	9,920,753	350,070	0	0	13,723,564	11,691,995
Cash fund balance, end of year	\$ 0	0	0	5,061,098	536	9,061,622	217,525	14,340,781	13,723,564

**INDEPENDENT SCHOOL DISTRICT NO. I-4, TULSA COUNTY
 COMBINING STATEMENT OF ASSETS, LIABILITIES AND
 FUND EQUITY - ALL FIDUCIARY FUND TYPES - REGULATORY BASIS
 JUNE 30, 2015**

	AGENCY FUNDS	
	ACTIVITY FUNDS	
	2015	2014
<u>ASSETS</u>		
Cash	\$ 1,409,989	1,273,566
Investments	211,225	210,481
Total Assets	1,621,214	1,484,047
<u>LIABILITIES AND FUND EQUITY</u>		
Liabilities		
Funds held for school organizations	\$ 1,621,214	1,484,047

**INDEPENDENT SCHOOL DISTRICT NO. I-4, TULSA COUNTY
COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES -
ALL AGENCY FUNDS - REGULATORY BASIS
FOR THE YEAR ENDED JUNE 30, 2015**

	<u>Balance</u> <u>July 1, 2014</u>	<u>Additions</u>	<u>Net</u> <u>Transfers</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2015</u>
<u>Assets</u>					
Cash	\$ 1,273,566	2,515,415		2,378,992	1,409,989
Investments	210,481	744			211,225
Total Assets	<u>\$ 1,484,047</u>	<u>2,516,159</u>	<u>0</u>	<u>2,378,992</u>	<u>1,621,214</u>
<u>Liabilities</u>					
Funds held for school organizations:					
101 Central Elem Misc	\$ 9,683	31,454	4,824	28,270	17,691
102 Central Interm Misc	27,198	45,954		54,152	19,000
103 North Elem Misc	6,812	39,667	1,120	31,665	15,934
104 North Interm Misc	59,173	57,261	(488)	73,353	42,593
105 High School Misc	62,037	40,510	1,870	61,412	43,005
106 Northeast E&I Misc	10,114	71,224	(108)	62,057	19,173
107 Middle School Misc	13,062	21,437		17,383	17,116
108 9th Grade Center Misc	0	16,262	(150)	10,247	5,865
180 All Sports	1,723	839		927	1,635
181 Administration	111,359	154,343	(3,233)	115,171	147,298
182 Transportation	276	1,064		1,005	335
183 Maintenance	463	459		701	221
184 Bixby Learning Center	1,278	8,045	(50)	3,575	5,698
185 Child Nutrition	1,041	750	50	750	1,091
186 Beef Piano Maint	1,231	0		85	1,146
187 Spartan Deli	0	10,389	1,023	8,608	2,804
188 Central Music & P.E.	1,507	2,396		1,629	2,274
189 Secondary Schools	0	403	1,000	0	1,403
239 All Special Education	54,732	55,952	233	60,475	50,442
801 Football	2,717	5,055	34,290	41,817	245
802 Basketball - Boys	26,201	2,500	7,400	2,754	33,347
803 Basketball - Girls	18,788	8,722	8,355	8,118	27,747
804 Swimming	2,001	2,780	5,000	5,331	4,450
805 Baseball	7,807	0	5,500	12,695	612
806 Softball - Fast Pitch	8,911	0	5,500	8,413	5,998
807 Wrestling	2,406	310	5,500	6,719	1,497
808 Tennis	2,283	10,487	5,000	16,260	1,510
809 Trainer - Athletic	1,459	1,565	11,790	13,534	1,280

INDEPENDENT SCHOOL DISTRICT NO. I-4, TULSA COUNTY
COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES -
ALL AGENCY FUNDS - REGULATORY BASIS
FOR THE YEAR ENDED JUNE 30, 2015

	Balance <u>July 1, 2014</u>	<u>Additions</u>	Net <u>Transfers</u>	<u>Deletions</u>	Balance <u>June 30, 2015</u>
811 Track - Boys	\$ 5,913	149	2,500	4,705	3,857
812 Track - Girls	3,076	68	2,500	4,896	748
813 Golf - Boys	1,251	1,517	5,000	7,153	615
814 Cross Country	1,536	2,130	1,440	2,955	2,151
815 Soccer - Boys	3,152	299	5,500	7,462	1,489
816 Volleyball	2,934	1	2,115	3,123	1,927
817 Golf - Girls	1,028	52,740	5,000	54,842	3,926
818 State Playoffs	30	0		0	30
819 All Sports	145,324	246,242	(134,630)	111,392	145,544
820 Soccer - Girls	3,171	2,444	5,500	8,208	2,907
822 Spartan Club	3,545	13,604	(5,980)	7,624	3,545
823 Softball - Slow Pitch	6,724	0	5,500	6,538	5,686
848 Cheer Dance	230	63,928	32,690	58,998	37,850
850 Athletic/Activity Director	1,344	0	3,500	2,212	2,632
868 OSSAA	1,398	20,150	(1,247)	18,061	2,240
900 Cocurricular/Extracurricular	58,600	212,789	(10,393)	191,650	69,346
902 Dance Team	18,154	66,316	(1,093)	61,115	22,262
903 Middle School Band	32,024	64,826		68,392	28,458
904 HS Band Student Account	31,984	83,967	2,277	70,564	47,664
905 Band Boosters	64,750	116,409	2	110,424	70,737
906 Concession Repair	2,377	0		0	2,377
907 State Stuco Convention	8,448	1,200	(8,448)	132	1,068
909 Banquet Account	4,162	0	135	410	3,887
911 Interact	2,819	1,145		868	3,096
913 Math Counts	507	2,192		2,303	396
914 Art - M.S.	701	2,017		2,105	613
915 FFA	11,761	119,764	(575)	106,935	24,015
916 DECA	1,931	10,960	3,053	12,050	3,894
917 FCCLA	2,264	13,524	410	11,402	4,796
918 FFA Boosters	13,601	18,698		18,241	14,058
919 French Club	551	905		809	647
920 Art - Central Elem	9,325	3,305		9,280	3,350
921 German Club	1,879	0		0	1,879
923 Interest	198,082	1,239		0	199,321
924 Jr Class	4,739	12,225		9,107	7,857
925 Journalism	2,753	24,048	1,200	24,915	3,086
926 HS Media	6,377	1,597		1,800	6,174
927 Central Interm Media Center	12,910	9,932		8,465	14,377

INDEPENDENT SCHOOL DISTRICT NO. 1-4, TULSA COUNTY
COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES -
ALL AGENCY FUNDS - REGULATORY BASIS
FOR THE YEAR ENDED JUNE 30, 2015

	Balance		Net		Balance
	<u>July 1, 2014</u>	<u>Additions</u>	<u>Transfers</u>	<u>Deletions</u>	<u>June 30, 2015</u>
928 Central Elem Media	6,183	15,387		12,656	8,914
929 Slow Pitch Softball Boosters	\$ 2,563	1,037		2,105	1,495
930 Key Club	539	0		0	539
931 Musical	5,459	4,521		5,345	4,635
932 NHS	18,701	16,522	(1,000)	10,044	24,179
933 FCA	1,366	8,442		8,636	1,172
934 Cheer	35,244	4,586	(20,964)	17,383	1,483
935 Gradfest	10,418	11,261	11,145	17,531	15,293
936 North Interm Accel Reader	371	633		764	240
937 North Interm Media Center	8,289	17,022		15,047	10,264
938 North Interm PTA	1,258	0		0	1,258
939 North Interm Stuco	8,484	7,226	488	8,677	7,521
940 HS History Club	85	0		0	85
941 Sr Class	6,784	20,020	(9,000)	10,276	7,528
942 Drama	4,116	13,080		10,428	6,768
944 HS Stuco	6,817	30,834	7,948	23,866	21,733
945 Swim Team Boosters	2,762	6,150		5,213	3,699
946 HS Spanish Club	3,029	367		478	2,918
947 Swim Club	9,689	36,398		46,087	0
948 Central Elem Hospitality	115	620		361	374
949 NE E&I Stuco	7	4,264	(229)	3,287	755
950 Robotics	7,180	4,774		9,364	2,590
951 NE E&I Yearbook	1,993	3,727		2,910	2,810
952 HS Vocal Music	2,484	47,192	459	42,011	8,124
953 NE E&I Media Center	2,285	10,796		7,130	5,951
955 HS Yearbook	18,469	15,437	60	26,461	7,505
956 Central Elem Yearbook	11,721	9,180	(4,824)	8,398	7,679
957 North Interm Yearbook	5,643	2,855		2,748	5,750
958 BPA	526	677	(100)	586	517
959 FBLA	75	0		0	75
960 Dance Club	1,616	12,135	3,411	9,471	7,691
961 HS Academic Team	656	0		0	656
962 Track Boosters	513	0		503	10
963 Basketball Boosters	7,253	22,124	(4,660)	14,004	10,713
964 Tennis Boosters	3,809	18,381	(120)	14,737	7,333
965 MS Stuco	3,957	7,911		7,738	4,130
966 MS Media	959	5,958		5,689	1,228
967 MS Vocal	7,007	26,878	(408)	25,170	8,307

**INDEPENDENT SCHOOL DISTRICT NO. I-4, TULSA COUNTY
COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES -
ALL AGENCY FUNDS - REGULATORY BASIS
FOR THE YEAR ENDED JUNE 30, 2015**

	Balance <u>July 1, 2014</u>	<u>Additions</u>	Net <u>Transfers</u>	<u>Deletions</u>	Balance <u>June 30, 2015</u>
968 BEA	74	0		0	74
969 Central Elem PTA	208	0		77	131
970 North Elem PTA	\$ 1,646	28,326	(620)	25,556	3,796
971 Central Interm PTA	133	0		0	133
972 MS Yearbook	4,111	1,098		0	5,209
973 Cheer Boosters	8,941	33,581	52	30,311	12,263
974 Softball Boosters	15,476	25,933	178	17,230	24,357
975 HS Band	79	0		0	79
976 Indian Club	815	0		140	675
978 ROTC Boosters	2,613	10,467	411	11,473	2,018
979 Central Interm Accel Reader	1,632	7,177		7,737	1,072
980 Volleyball Club	2,063	15,121	1,475	15,472	3,187
981 Baseball Boosters	46,123	71,200	158	69,368	48,113
982 MS Spanish Club	946	612		758	800
983 NKHS - Freshman Center	0	1,180	140	0	1,320
984 ROTC	2,229	8,429	4,087	12,001	2,744
985 Armory/Student Store	9,116	27,298	(762)	21,766	13,886
986 Volleyball Boosters	18,258	29,562	1,910	29,977	19,753
987 MS PTO	2,376	4,000		3,750	2,626
988 Wrestling Boosters	7,744	18,821	500	21,010	6,055
989 Spartan Testing	12,314	33,402		32,645	13,071
990 Soccer Boosters	16,779	19,353	445	19,028	17,549
991 North Elem Media Center	2,412	10,644	(500)	10,602	1,954
992 North Elem Yearbook	4,792	8,479		6,860	6,411
993 Central Interm Yearbook	3,091	4,889		2,562	5,418
994 Central Interm Stuco	2,536	4,055	(62)	2,881	3,648
995 Hall of Fame	1,678	1,870		2,537	1,011
996 North Elem Hospitality	204	815		709	310
997 Freshman Class	873	1,434		1,325	982
998 Sophomore Class	743	1,860		1,871	732
Total Liabilities	<u>\$ 1,484,047</u>	<u>2,516,159</u>	<u>0</u>	<u>2,378,992</u>	<u>1,621,214</u>

**INDEPENDENT SCHOOL DISTRICT NO. I-4, TULSA COUNTY
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2015**

Federal Grantor/Pass Through Grantor/Program Title	Federal CFDA Number	Pass-through Grantor's Project Number	Program or Award Amount	Beginning Balance 7/01/2014	Revenue Collected	Total Expenditures	Ending Balance 6/30/2015
<u>U.S. Department of Education:</u>							
<u>Direct Programs:</u>							
Title VII-Part A, Indian Education	84.060	561	\$ 119,903		119,903	119,903	
Subtotal - Direct Programs			119,903	0	119,903	119,903	0
<u>Passed Through State Department of Human Services:</u>							
Job Training - OJT	84.126	456	7,400		6,922	6,922	
Medicaid	93.778	698			131,950	131,950	
Medicaid - Note 1	93.778	698		(409)	409		
Subtotal - Passed Through State Department of Human Services			7,400	(409)	139,281	138,872	0
<u>Passed Through State Department of Education:</u>							
Title I-Part A, Improving Basic Programs	84.010	511	356,756			310,756	(310,756)
Title I-Part A 2013-14 - Note 1	84.010	799		(321,575)	321,575		
* Special Education Programs -							
Flowthrough, P.L. 105-17	84.027	621	980,435			919,756	(919,756)
Flowthrough, P.L. 105-17 2013-14 - Note 1	84.027	799		(890,940)	890,940		
Preschool, Ages 3-5, P.L. 105-17	84.173	641	21,733			19,581	(19,581)
Preschool, Ages 3-5, P.L. 105-17 2013-14 - Note 1	84.173	799		(29,838)	29,838		
Title II-Part A, Teacher & Principal Training	84.336	541	96,433			75,301	(75,301)
Title II-Part A 2013-14 - Note 1	84.336	799		(84,738)	84,738		
Title III-Part A, English as a Second Language	84.365	572	16,713			15,527	(15,527)
Title III-Part A 2013-14 - Note 1	84.365	799		(17,914)	17,914		
Subtotal - Passed Through State Department of Education			1,472,070	(1,345,005)	1,345,005	1,340,921	(1,340,921)
<u>Passed Through State Department of Career and Technology Education:</u>							
Carl Perkins Grant	84.048	421	24,581			24,385	(24,385)
Carl Perkins Grant 2013-14 - Note 1	84.048	799		(23,122)	23,122		
Subtotal - Passed Through State Dept of Career and Technology Education			\$ 24,581	(23,122)	23,122	24,385	(24,385)

**INDEPENDENT SCHOOL DISTRICT NO. I-4, TULSA COUNTY
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE 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>Program or Award Amount</u>	<u>Beginning Balance 7/01/2014</u>	<u>Revenue Collected</u>	<u>Total Expenditures</u>	<u>Ending Balance 6/30/2015</u>
<u>U.S. Department of Agriculture:</u>							
<u>Passed Through State Department of Education:</u>							
* Child Nutrition Cluster:							
Non-Cash Assistance (Commodities):							
National School Lunch Program	10.555	n/a			83,868	83,868	
Non-Cash Assistance Subtotal					<u>83,868</u>	<u>83,868</u>	
Cash Assistance:							
National School Lunch Program	10.555	763			489,632	489,632	
School Breakfast Program	10.553	764			105,146	105,146	
Summer Food Program	10.559	766				7,239	(7,239)
Cash Assistance Subtotal					<u>594,778</u>	<u>602,017</u>	<u>(7,239)</u>
Subtotal - Child Nutrition Program (Cluster)				<u>0</u>	<u>678,646</u>	<u>685,885</u>	<u>(7,239)</u>
<u>Other Federal Assistance:</u>							
JROTC - Marines	12.N/A	770			68,717	75,078	(6,361)
JROTC - Marines 2013-14 - Note 1	12.N/A	799		(6,162)	6,162		
Flood Control	12.112	771			24		
Subtotal - Other Federal Assistance				<u>0</u>	<u>74,903</u>	<u>75,078</u>	<u>(6,361)</u>
Total Federal Assistance				<u>\$ 1,623,954</u>	<u>(1,374,698)</u>	<u>2,380,860</u>	<u>2,385,044</u>

* Major federal programs

Note 1 - Project number 799 refers to revenues received from prior-year programs.

Note 2 - Commodities received by the District in the amount of \$83,868 were of a non-monetary nature and therefore the total revenue does not agree with the financial statements by this amount.

Note 3 - This schedule was prepared on a regulatory basis of accounting consistent with the preparation of the combined financial statements.

**INDEPENDENT SCHOOL DISTRICT NO. I-4, TULSA COUNTY
STATEMENT OF STATUTORY, FIDELITY AND HONESTY BONDS
FOR THE YEAR ENDED JUNE 30, 2015**

<u>BONDING COMPANY</u>	<u>POSITION COVERED</u>	<u>BOND NUMBER</u>	<u>COVERAGE</u>	
			<u>AMOUNT</u>	<u>EFFECTIVE DATES</u>
Ohio Casualty Insurance	Treasurer	5071296	\$ 100,000	7/1/14-7/1/16
	Superintendent	5056070	100,000	7/6/19-7/1/16
	Encumbrance Clerk	5061836	100,000	7/1/09-7/1/16
	Encumbrance Clerk	5061868	100,000	7/1/11-6/30/16
	Encumbrance Clerk	601024236	100,000	8/30/13-3/1/16
	Activity Fund Custodian	5061833	100,000	7/1/09-7/1/16
	Chief Financial Officer	60107083	100,000	7/1/14-6/30/16
	Payroll Director	5086122	100,000	8/24/10-7/1/16
	Board Clerk	601089702	100,000	3/4/15-3/4/16
	Cafeteria Manager	5061860	10,000	2/15/10-7/1/16
	Cafeteria Manager	5061849	10,000	2/15/10-7/1/16
	Activity Fund Custodian	5061843	10,000	2/15/10-7/1/16
	Activity Fund Custodian	5062264	10,000	7/1/09-7/1/16
	Athletics	5061823	10,000	7/1/19-6/30/16
	Child Nutrition Custodian	5061837	10,000	2/15/10-7/1/16
	Minutes Clerk	5091237	10,000	7/1/14-7/1/16
	Child Nutrition Custodian	601072374	10,000	2/18/14-2/18/16
	Activity Fund Custodian	5086115	10,000	7/1/15-6/30/16
	Athletics	601078753	10,000	8/8/14-8/8/16
	Child Nutrition Custodian	601036172	10,000	7/24/14-7/24/15
	Child Nutrition Custodian	601067791	10,000	9/10/15-9/10/16
	Child Nutrition Custodian	601036174	10,000	7/24/14-7/24/15
	Child Nutrition Custodian	601079461	10,000	8/7/14-8/7/16
	Child Nutrition Custodian	601074374	10,000	10/10/14-10/10/16
	Child Nutrition Custodian	601081877	10,000	10/6/14-10/6/15
	Child Nutrition Custodian	601080519	10,000	9/2/14-9/2/16
	Receptionist	601089000	10,000	3/24/15-3/24/16
	Receptionist	601095312	10,000	8/20/15-8/20/16
	Activity Fund Custodian	601082365	10,000	10/10/14-10/10/16
	Executive Director of A&A	601083219	10,000	10/31/14-10/31/16
	Activity Fund Custodian	601079467	10,000	8/6/14-8/6/16
	Activity Fund Custodian	601095395	10,000	9/2/15-9/2/16
	Virtual School Coordinator	601079228	10,000	8/4/14-8/4/16
	Activity Fund Custodian	601024238	10,000	3/5/12-3/5/16
	Activity Fund Custodian	601080523	10,000	8/25/14-8/25/16
	Activity Fund Custodian	601079471	10,000	8/6/14-8/6/16
	Mechanics Bond	601095410	5,000	9/6/15-9/9/16
	Game Manager	601083211	10,000	11/3/14-11/3/16
	Game Manager	601083206	10,000	10/31/14-10/31/16
	Child Nutrition Admin.	5061861	1,000	7/1/09-7/1/15
Activity Fund Custodian	601079926	10,000	8/15/14-8/15/16	



SANDERS, BLEDSOE & HEWETT

CERTIFIED PUBLIC ACCOUNTANTS, LLP

**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**

November 16, 2015

The Honorable Board of Education
Bixby School District Number I-4
Bixby, Tulsa County, Oklahoma

We 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 within the combined financial statements of the Bixby School District Number I-4, Bixby, Tulsa County, Oklahoma (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 financial statements, and have issued our 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, our report was qualified for the omission of the general fixed asset account group 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 our audit of the financial statements, we considered the District's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of District's internal control. Accordingly, we do not express an opinion on the effectiveness of 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. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, non-compliance with which could have a direct and material effect on the determination of financial statements 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*.

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.



Sanders, Bledsoe & Hewett
Certified Public Accountants, LLP



SANDERS, BLEDSOE & HEWETT

CERTIFIED PUBLIC ACCOUNTANTS, LLP

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

November 16, 2015

The Honorable Board of Education
Bixby School District Number I-4
Bixby, Tulsa County, Oklahoma

Report on Compliance for Each Major Federal Program

We have audited Bixby School District Number I-4, Bixby, Tulsa County, Oklahoma (District)'s, compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of the District's major federal programs for the year ended June 30, 2015. The District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditor's Responsibility

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

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

Opinion on Each Major Federal Program

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

Report on Internal Control Over Compliance

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

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

Our consideration of internal control over compliance was 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.



Sanders, Bledsoe & Hewett
Certified Public Accountants, LLP

INDEPENDENT SCHOOL DISTRICT NO. I-4, TULSA COUNTY
SCHEDULE OF AUDIT RESULTS, FINDINGS AND QUESTIONED COSTS
JUNE 30, 2015

Section 1 – Summary of Auditor’s Results:

1. A qualified opinion was issued on the financial statements with respect to the regulatory basis of accounting prescribed.
2. The audit disclosed no significant deficiencies in the internal controls.
3. The audit disclosed no instances of noncompliance which were material to the financial statements.
4. The audit disclosed no significant deficiencies in the internal controls over major programs.
5. An unqualified opinion report was issued on the compliance of major programs.
6. The audit disclosed no findings which were required to be reported under OMB Circular A-133 § 510(a).
7. Programs determined to be major are the IDEA-B Special Education Programs (84.027, 84.173) and the Child Nutrition Programs (10.553, 10.555, 10.559), which were clustered in determination.
8. The dollar threshold used to determine between Type A and Type B programs was \$300,000.
9. The auditee was not determined to be a low-risk auditee.

Section 2 – Findings relating to the financial statements required to be reported in accordance with GAGAS:

No findings

Section 3 – Findings and questioned costs for federal awards:

No findings

INDEPENDENT SCHOOL DISTRICT NO. I-4, TULSA COUNTY
DISPOSITION OF PRIOR YEAR'S REPORTABLE CONDITIONS AND MATERIAL
INSTANCES OF NON-COMPLIANCE
JUNE 30, 2015

There were no prior year reportable conditions.

INDEPENDENT SCHOOL DISTRICT NO. I-4, TULSA COUNTY
SCHEDULE OF ACCOUNTANT'S PROFESSIONAL LIABILITY INSURANCE
AFFIDAVIT
JULY 1, 2014 TO JUNE 30, 2015

State of Oklahoma)
) ss
County of Tulsa)

The undersigned auditing firm of lawful ages, being first duly sworn on oath says that said firm had in full force and effect Accountant's Professional Liability Insurance in accordance with the "Oklahoma Public School Audit Law" at the time of audit contract and during the entire audit engagement with Bixby Public Schools for the audit year 2014-15.

Sanders, Bledsoe & Hewett
Certified Public Accountants, LLP
Auditing Firm

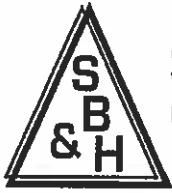
By 
Authorized Agent

Subscribed and sworn to before me
This 16th day of November, 2015




Notary Public (or Clerk or Judge)

My Commission Expires: 5/19/2016
Commission No. 00008621



SANDERS, BLEDSOE & HEWETT
CERTIFIED PUBLIC ACCOUNTANTS, LLP

Stephen H. Sanders, CPA
Eric M. Bledsoe, CPA
Jeffrey D. Hewett, CPA

P.O. BOX 1310 • 101 N. MAIN ST. • BROKEN ARROW, OK 74013 • (918) 449-9991 • (800) 522-3831 • FAX (918) 449-9779

November 16, 2015

Dr. Kyle Wood, Superintendent
Bixby Public Schools
109 North Armstrong Street
Bixby, Oklahoma 74008-4449

Dear Dr. Wood:

Listed below are the observations and recommendations from the final audit work we performed for you. Please review them very carefully, along with the review copy of your audit report. If you have questions or desire additional information, please call us so that any discrepancies may be resolved.

The following section contains the observations relayed to management that are control deficiencies, which we feel need to be communicated to you so appropriate action may be taken to correct these deficiencies. These items are not included in your audit report, as they are not considered material or immaterial in nature. They are simply observations of some minor findings that could evolve into immaterial or material findings if not addressed or corrected.

Equipment Inventory

Inventory records are currently maintained on a yearly basis. We recommend that a perpetual system be established for equipment. Such a system should either be recorded on a computer file or on index cards. The recommended information to be maintained for each item is a description of the item, the date of purchase, the purchase order number, the cost of the item (if known, actual cost should be used, if not known, an estimate of present value should be made), the serial number and/or model number, and the location of the item. New purchases should be added to the records on the date the items are received. When items are sold or scrapped, the disposition of the item should be recorded in the records of the fiscal year in which it was disposed, on the date of disposition. We further recommend that a master list of equipment inventory be kept at the administration office and at the office of the insurance company that provides current coverage for buildings and contents and transportation equipment.

Activity Funds Deposits

We observed some instances where sponsor receipts were not properly dated and/or the deposit detail sheets were not properly filled out. Often, the deposit detail slip did not include the collection dates or corresponding receipt numbers. We recommend that District procedures be consistently followed regarding activity fund collections, and these procedures be stressed to the sponsors (normally teachers) on a regular basis.

Athletic Gate Records

During our examination of athletic events, we observed that the ticket sellers report did not have two signatures on the report. The ticket seller should sign the report indicating the amount of funds that were collected at the event, and the event coordinator (game manager or athletic director) should also sign the report, stating that the amount of cash shown as collected was received and deposited.

We take this opportunity to thank you and your professional staff for the outstanding cooperation and invaluable assistance you gave us during our recent onsite audit work.

Sincerely,



Eric M. Bledsoe

For

Sanders, Bledsoe & Hewett
Certified Public Accountants, LLP