

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

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

**JUNE 30, 2016**

**Audited by**

**SANDERS, BLEDSOE & HEWETT CPA's, LLP**

**BROKEN ARROW, OK**

**INDEPENDENT SCHOOL DISTRICT NO. I-4  
TULSA COUNTY, OKLAHOMA  
JUNE 30, 2016**

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**INDEPENDENT SCHOOL DISTRICT NO. I-4  
TULSA COUNTY, OKLAHOMA  
JUNE 30, 2016**

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**INDEPENDENT SCHOOL DISTRICT NO. I-4  
TULSA COUNTY, OKLAHOMA  
SCHOOL DISTRICT OFFICIALS  
JUNE 30, 2016**

BOARD OF EDUCATION

President	Ron Schnare
Vice-President	Lisa Owens
Clerk	Wendell Nolan
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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

January 5, 2017

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-5, Bixby, Tulsa County, Oklahoma (the District), as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

### 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 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, 2016, 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, 2016, 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 *Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and is also not a required part of the basic financial statements.

The 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 combining 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 January 5, 2017 on our consideration of the District’s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on 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

Broken Arrow, OK

**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, 2016**

<u>ASSETS</u>	GOVERNMENTAL FUND TYPES				FIDUCIARY FUND TYPES EXPENDABLE TRUST AND AGENCY FUND	ACCOUNT GROUP GENERAL LONG-TERM DEBT	TOTALS (Memorandum Only)	
	GENERAL	SPECIAL REVENUE	DEBT SERVICE	CAPITAL PROJECTS			2016	2015
Cash & Investments	\$ 4,898,295	3,724,216	5,669,974	19,388,876	1,796,764		35,478,125	25,640,953
Amounts available in debt service						5,669,974	5,669,974	417,610
Amounts to be provided for retirement of general long-term debt						31,630,026	31,630,026	67,224,081
Total Assets	4,898,295	3,724,216	5,669,974	19,388,876	1,796,764	37,300,000	72,778,125	95,348,394
<u>LIABILITIES AND FUND BALANCE</u>								
Liabilities								
Warrants payable	654,081	31,414		20,228			705,723	766,842
Encumbrances	70,473	12,174		76,199			158,846	806,668
Funds held for school organizations					1,796,764		1,796,764	1,621,214
Long-term debt:								
Bonds payable						37,300,000	37,300,000	34,470,000
Total liabilities	724,554	43,588	0	96,427	1,796,764	37,300,000	39,961,333	75,909,785
Fund Balances								
Restricted		3,680,628	5,669,974	19,292,449			28,643,051	16,063,195
Unassigned	4,173,741						4,173,741	3,375,414
Cash fund balances	4,173,741	3,680,628	5,669,974	19,292,449	0	0	32,816,792	19,438,609
Total Liabilities and Fund Balance	\$ 4,898,295	3,724,216	5,669,974	19,388,876	1,796,764	37,300,000	72,778,125	95,348,394

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, 2016**

	GOVERNMENTAL FUND TYPES				TOTALS (Memorandum Only)	
	GENERAL	SPECIAL REVENUE	DEBT SERVICE	CAPITAL PROJECTS	2016	2015
Revenues:						
Local sources	\$ 14,206,714	4,868,347	10,307,495	16,330	29,398,886	25,588,841
Intermediate sources	1,470,227				1,470,227	1,337,176
State sources	16,420,495	18,029			16,438,524	16,003,954
Federal sources	1,542,034	770,168			2,312,202	2,296,992
Non-revenue receipts	13,211	2,269	169,874	500	185,854	258,868
Total revenues	<u>33,652,681</u>	<u>5,658,813</u>	<u>10,477,369</u>	<u>16,830</u>	<u>49,805,693</u>	<u>45,485,831</u>
Expenditures:						
Instruction	20,361,483			423,789	20,785,272	19,808,193
Support services	12,155,833	1,833,047		597,989	14,586,869	15,896,343
Operation of non-instructional services	810,384	1,024,907			1,835,291	1,949,319
Facilities, acquisition and const. services		16,315		6,685,025	6,701,340	7,681,243
Other outlays	13,211	2,269		500	15,980	86,520
Debt service			10,298,375		10,298,375	9,628,285
Total expenditures	<u>33,340,911</u>	<u>2,876,538</u>	<u>10,298,375</u>	<u>7,707,303</u>	<u>54,223,127</u>	<u>55,049,903</u>
Revenues over (under) expenditures	311,770	2,782,275	178,994	(7,690,473)	(4,417,434)	(9,564,072)
Other financing sources (uses):						
Lapsed appropriations	11,092	68,422		12,141	91,655	6,588
Estopped warrants	465	127			592	160
Operating transfers in (out)	475,000	(475,000)				
Bond proceeds				12,630,000	12,630,000	9,450,000
Adjust debt service to regulatory basis - note 8			5,073,370		5,073,370	
Total other financing sources (uses)	<u>486,557</u>	<u>(406,451)</u>	<u>5,073,370</u>	<u>12,642,141</u>	<u>17,795,617</u>	<u>9,456,748</u>
Revenue and other sources over (under) expenditures and other uses	798,327	2,375,824	5,252,364	4,951,668	13,378,183	(107,324)
Cash fund balance, beginning 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>
Cash fund balance, end of year	<u>\$ 4,173,741</u>	<u>3,680,628</u>	<u>5,669,974</u>	<u>19,292,449</u>	<u>32,816,792</u>	<u>19,438,609</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, 2016**

	GENERAL FUND		
	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL
Revenues:			
Local sources	\$ 12,474,601	12,474,601	14,206,714
Intermediate sources	1,224,068	1,224,068	1,470,227
State sources	15,670,114	15,670,114	16,420,495
Federal sources	1,705,803	1,705,803	1,542,034
Non-revenue receipts	550,000	550,000	13,211
Total revenues	31,624,586	31,624,586	33,652,681
Expenditures:			
Instruction	22,020,573	22,020,573	20,361,483
Support services	12,155,833	12,155,833	12,155,833
Operation of non-instructional services	810,384	810,384	810,384
Other outlays	13,210	13,210	13,211
Total expenditures	35,000,000	35,000,000	33,340,911
Revenues over (under) expenditures	(3,375,414)	(3,375,414)	311,770
Other financing sources (uses):			
Lapsed appropriations			11,092
Estopped warrants			465
Operating transfers in (out)			475,000
Total other financing sources (uses)	0	0	486,557
Revenue and other sources over (under) expenditures and other uses	(3,375,414)	(3,375,414)	798,327
Cash fund balance, beginning of year	3,375,414	3,375,414	3,375,414
Cash fund balance, end of year	\$ 0	0	4,173,741

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, 2016**

	SPECIAL REVENUE FUNDS		
	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL
Revenues:			
Local sources	\$ 2,705,016	2,705,016	4,868,347
State sources	25,141	25,141	18,029
Federal sources	565,039	565,039	770,168
Non-revenue receipts			2,269
Total revenues	3,295,196	3,295,196	5,658,813
Expenditures:			
Support services	3,058,685	3,058,685	1,833,047
Operation of non-instructional services	1,047,731	1,047,731	1,024,907
Facilities acquisitions and construction	16,315	16,315	16,315
Other outlays	2,269	2,269	2,269
Total expenditures	4,125,000	4,125,000	2,876,538
Revenues over (under) expenditures	(829,804)	(829,804)	2,782,275
Other financing sources (uses):			
Lapsed appropriations			68,422
Estopped warrants			127
Operating transfers in (out)	(475,000)	(475,000)	(475,000)
Total other financing sources (uses)	(475,000)	(475,000)	(406,451)
Revenue and other sources over (under) expenditures and other uses	(1,304,804)	(1,304,804)	2,375,824
Cash fund balance, beginning of year	1,304,804	1,304,804	1,304,804
Cash fund balance, end of year	\$ 0	0	3,680,628

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, 2016**

	DEBT SERVICE FUND		
	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL
Revenues:			
Local sources	\$ 9,818,663	9,818,663	10,307,495
Non-revenue receipts			169,874
Total revenues	<u>9,818,663</u>	<u>9,818,663</u>	<u>10,477,369</u>
Expenditures:			
Bonds	9,740,000	9,740,000	9,800,000
Coupons	496,273	496,273	498,375
Total expenditures	<u>10,236,273</u>	<u>10,236,273</u>	<u>10,298,375</u>
Revenues over (under) expenditures	(417,610)	(417,610)	178,994
Other financing sources (uses):			
Adjust debt service to regulatory basis - note 9	<u>0</u>	<u>0</u>	<u>5,073,370</u>
Revenue and other sources over (under) expenditures and other uses	(417,610)	(417,610)	5,252,364
Cash fund balance, beginning of year	<u>417,610</u>	<u>417,610</u>	<u>417,610</u>
Cash fund balance, end of year	<u><u>\$ 0</u></u>	<u><u>0</u></u>	<u><u>5,669,974</u></u>

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, 2016**

**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, 2016**

**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, 2016**

**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 2015-16 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.

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, 2016**

**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 2015-16 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, 2016**

**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, 2016**

**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, 2016**

**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, 2016, 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, 2016**

**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, 2016**

**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, 2016**

**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, 2016**

**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, 2016**

**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 \$475,000 during the 2015-16 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, 2016, were \$34,886,138, 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, 2016**

**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, 2016.

**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, 2016:

	<u>Bonds Payable</u>	<u>Capital Leases</u>	<u>Totals</u>
Balance, July 1, 2015	\$34,470,000	33,171,691	67,641,691
Additions	12,630,000	33,000,000	45,630,000
Retirements	<u>9,800,000</u>	<u>5,199,718</u>	<u>14,999,718</u>
Balance, June 30, 2016	<u>\$37,300,000</u>	<u>60,971,973</u>	<u>98,271,973</u>



**INDEPENDENT SCHOOL DISTRICT NO. I-4, TULSA COUNTY  
NOTES TO THE COMBINED FINANCIAL STATEMENTS – REGULATORY BASIS  
FOR THE YEAR ENDED JUNE 30, 2016**

**4. GENERAL LONG-TERM DEBT – cont’d**

A brief description of the outstanding long-term debt at June 30, 2016 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;	\$ 2,420,000
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;	7,770,000
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 2016, original issue \$12,600,000, interest rate of 2.00%, due in one annual installments of \$12,633,000, due May 1, 2018;	12,630,000
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;	5,030,000
<u>Capital Leases</u>	
Lease agreement for building projects, dated 1-1-11, 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 (see Note 8).	27,971,973
Lease agreement for building projects, dated 8-1-16, totaling \$33,000,000, interest rate of 3.95%, due in various principal and interest payments beginning 9/15/17 with final payment on 9/15/21 (see Note 8).	<u>33,000,000</u>
Totals	<u>\$ 98,271,973</u>

**INDEPENDENT SCHOOL DISTRICT NO. I-4, TULSA COUNTY  
NOTES TO THE COMBINED FINANCIAL STATEMENTS – REGULATORY BASIS  
FOR THE YEAR ENDED JUNE 30, 2016**

**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>
2017	\$ 9,880,000	620,210	10,500,210
2018	20,100,000	488,200	20,588,200
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>\$ 37,300,000</u>	<u>1,260,810</u>	<u>38,560,810</u>

The annual debt service requirements for the retirement of lease payments are as follows (see Note 8):

Year ending <u>June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2017	\$ 6,805,107	1,104,893	7,910,000
2018	13,735,914	1,304,086	15,040,000
2019	18,040,422	881,152	18,921,574
2020	7,363,967	300,033	7,664,000
2021	7,462,644	201,356	7,664,000
Thereafter	<u>7,563,919</u>	<u>101,357</u>	<u>7,665,276</u>
Total	<u>\$ 60,971,973</u>	<u>3,892,877</u>	<u>64,864,850</u>

There was \$1,808,657 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, 2016**

**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 2015-16 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 2016, 2015 and 2014 were \$3,240,293, \$3,229,327, and \$3,119,428 respectively. Ten-year historical trend information is presented in the Teacher's Retirement System of Oklahoma Annual Report for the year ended June 30, 2016. 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](http://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, 2016**

**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, public official's liability, and worker's compensation. Settled claims resulting from risks have not exceeded the commercial insurance coverage in any of the past three fiscal years.

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.

**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.

**INDEPENDENT SCHOOL DISTRICT NO. I-4, TULSA COUNTY**  
**NOTES TO THE COMBINED FINANCIAL STATEMENTS – REGULATORY BASIS**  
**FOR THE YEAR ENDED JUNE 30, 2016**

**7. CONTINGENCIES – cont'd**

Schedule of Expenditure of Federal Awards

The schedule shows the federal awards received and expended by the District during the 2015-16 fiscal year. The revised Uniform Guidance Audits of States, Local Governments and Non-Profit Organizations, established uniform audit requirements for nonfederal entities which expended more than \$750,000 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.

**8. LEASE-REVENUE BONDS**

2010 Bixby Public Schools Project

On July 1, 2011, the District, as lessee, entered into a \$44,750,000 refinanced lease/purchase financing agreement with Bank of America, N.A. for the constructing, equipping, repairing and remodeling of school buildings, acquiring furniture, fixtures and equipment and acquiring and improving school sites for the benefit of the Bixby School District. Also on July 1, 2011, the District, as lessor, entered into a ground lease agreement, for certain district property, with Bank of America, N.A. The lease-purchase agreement calls for seven (7) annual payments starting August 1, 2012. These payments will be made out of bond funds, pursuant to the issuance of series bonds in the amount of, passed by electors of the District on April 6, 2010. Bixby Public Schools will gain ownership to the capital improvements incrementally as each payment is made. These bonds are shown as general long-term debt on the combined statement assets, liabilities, and fund equity under bonds payable as each series of bonds is sold.

2016 Bixby Public Schools Project

On August 1, 2016, the District, as lessee, entered into a \$33,000,000 lease/purchase financing agreement with Bank of America, N.A. for the constructing, equipping, repairing and remodeling of school buildings, acquiring furniture, fixtures and equipment and acquiring and improving school sites for the benefit of the Bixby School District. Also on August 1, 2016, the District, as lessor, entered into a ground lease agreement, for certain district property, with Bank of America, N.A. The lease-purchase agreement calls for five (5) annual payments starting September 15, 2017. These payments will be made out of bond funds, pursuant to the issuance of series bonds in the amount of, passed by electors of the District on February 9, 2016. Bixby Public Schools will gain ownership to the capital

**INDEPENDENT SCHOOL DISTRICT NO. I-4, TULSA COUNTY**  
**NOTES TO THE COMBINED FINANCIAL STATEMENTS – REGULATORY BASIS**  
**FOR THE YEAR ENDED JUNE 30, 2016**

**8. LEASE-REVENUE BONDS – cont'd**

2016 Bixby Public Schools Project – cont'd

improvements incrementally as each payment is made. These bonds are shown as general long-term debt on the combined statement assets, liabilities, and fund equity under bonds payable as each series of bonds is sold.

**9. SINKING FUND BALANCE ADJUSTMENT**

In previous years the sinking fund balance had been reported on the accrual basis. As of June 30, 2016, the District will report the sinking fund balance in accordance with the regulatory basis. The amount reported reflects necessary adjustment for this change.

**INDEPENDENT SCHOOL DISTRICT NO. I-4, TULSA COUNTY  
 COMBINING STATEMENT OF ASSETS, LIABILITIES AND  
 FUND BALANCE - REGULATORY BASIS - ALL SPECIAL REVENUE FUNDS  
 JUNE 30, 2016**

<u>ASSETS</u>	<u>BUILDING FUND</u>	<u>CHILD NUTRITION FUND</u>	<u>TOTALS (Memorandum Only)</u>	
			<u>2016</u>	<u>2015</u>
Cash & Investments	\$ 3,500,185	224,031	3,724,216	1,491,128
 <u>LIABILITIES AND FUND BALANCE</u>				
Liabilities:				
Warrants payable	\$ 25,709	5,705	31,414	57,711
Encumbrances	12,174		12,174	128,613
Total liabilities	<u>37,883</u>	<u>5,705</u>	<u>43,588</u>	<u>186,324</u>
 Fund Balance:				
Restricted	<u>3,462,302</u>	<u>218,326</u>	<u>3,680,628</u>	<u>1,304,804</u>
Total Liabilities and Fund Balance	<u>\$ 3,500,185</u>	<u>224,031</u>	<u>3,724,216</u>	<u>1,491,128</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, 2016**

	BUILDING FUND	CHILD NUTRITION FUND	TOTALS (Memorandum Only)	
			2016	2015
<b>Revenues:</b>				
Local sources	\$ 3,953,307	915,040	4,868,347	2,851,828
State sources		18,029	18,029	26,464
Federal sources		770,168	770,168	594,778
Non-revenue receipts		2,269	2,269	6,966
Total revenues	<u>3,953,307</u>	<u>1,705,506</u>	<u>5,658,813</u>	<u>3,480,036</u>
<b>Expenditures:</b>				
Support services	1,833,047		1,833,047	2,256,528
Operation of non-instructional services		1,024,907	1,024,907	1,111,047
Facilities, acquisition and const. services	16,315		16,315	114,600
Other outlays		2,269	2,269	6,966
Total expenditures	<u>1,849,362</u>	<u>1,027,176</u>	<u>2,876,538</u>	<u>3,489,141</u>
Revenues over (under) expenditures	2,103,945	678,330	2,782,275	(9,105)
<b>Other financing sources (uses):</b>				
Lapsed appropriations	68,422		68,422	
Estopped warrants		127	127	30
Operating transfers in (out)		(475,000)	(475,000)	(550,000)
Total other financing sources (uses)	<u>68,422</u>	<u>(474,873)</u>	<u>(406,451)</u>	<u>(549,970)</u>
Revenue and other sources over (under) expenditures and other uses	2,172,367	203,457	2,375,824	(559,075)
Cash fund balance, beginning of year	<u>1,289,935</u>	<u>14,869</u>	<u>1,304,804</u>	<u>1,863,879</u>
Cash fund balance, end of year	<u>\$ 3,462,302</u>	<u>218,326</u>	<u>3,680,628</u>	<u>1,304,804</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, 2016**

	BUILDING FUND			CHILD NUTRITION FUND		
	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL
Revenues:						
Local sources	\$ 1,785,065	1,785,065	3,953,307	\$ 919,951	919,951	915,040
State sources				25,141	25,141	18,029
Federal sources				565,039	565,039	770,168
Non-revenue receipts						2,269
Total revenues	<u>1,785,065</u>	<u>1,785,065</u>	<u>3,953,307</u>	<u>1,510,131</u>	<u>1,510,131</u>	<u>1,705,506</u>
Expenditures:						
Support services	3,058,685	3,058,685	1,833,047			
Operation of non-instructional services				1,047,731	1,047,731	1,024,907
Facilities acquisitions and construction	16,315	16,315	16,315			
Other outlays				2,269	2,269	2,269
Total expenditures	<u>3,075,000</u>	<u>3,075,000</u>	<u>1,849,362</u>	<u>1,050,000</u>	<u>1,050,000</u>	<u>1,027,176</u>
Revenues over (under) expenditures	(1,289,935)	(1,289,935)	2,103,945	460,131	460,131	678,330
Other financing sources (uses):						
Lapsed appropriations			68,422			
Estopped warrants						127
Operating transfers in (out)				(475,000)	(475,000)	(475,000)
Total other financing sources (uses)	<u>0</u>	<u>0</u>	<u>68,422</u>	<u>(475,000)</u>	<u>(475,000)</u>	<u>(474,873)</u>
Revenue and other sources over (under) expenditures and other uses	(1,289,935)	(1,289,935)	2,172,367	(14,869)	(14,869)	203,457
Cash fund balance, beginning of year	<u>1,289,935</u>	<u>1,289,935</u>	<u>1,289,935</u>	<u>14,869</u>	<u>14,869</u>	<u>14,869</u>
Cash fund balance, end of year	<u>\$ 0</u>	<u>0</u>	<u>3,462,302</u>	<u>\$ 0</u>	<u>0</u>	<u>218,326</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, 2016**

	2014 GEN PURP BOND FUND	2015 GEN PURP BOND FUND	2015 TRANSP. BOND FUND	2016 GEN PURP BOND FUND	2016 TRANSP. BOND FUND	TOTALS (Memorandum Only)	
						2016	2015
<u>ASSETS</u>							
Cash & Investments	\$ 49,524	6,698,423	71,967	12,268,906	300,056	19,388,876	14,942,651
<u>LIABILITIES AND FUND BALANCE</u>							
Liabilities:							
Warrants outstanding	\$	20,228				20,228	94,677
Encumbrances		76,199				76,199	507,193
Total Liabilities	0	96,427	0	0	0	96,427	601,870
Fund balance:							
Restricted	49,524	6,601,996	71,967	12,268,906	300,056	19,292,449	14,340,781
Total Liabilities and Fund Balance	\$ 49,524	6,698,423	71,967	12,268,906	300,056	19,388,876	14,942,651

**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, 2016**

	2014 GEN PURP BOND FUND	2014 TRANSP. BOND FUND	2015 GEN PURP BOND FUND	2015 TRANSP. BOND FUND	2016 GEN PURP BOND FUND	2016 TRANSP. BOND FUND	TOTALS (Memorandum Only)	
							2016	2015
<b>Revenues:</b>								
Local sources (interest earnings)	\$ 874	83	12,903	325	2,089	56	16,330	16,477
Non-revenue receipts	500						500	
Total revenues	<u>1,374</u>	<u>83</u>	<u>12,903</u>	<u>325</u>	<u>2,089</u>	<u>56</u>	<u>16,830</u>	<u>16,477</u>
<b>Expenditures:</b>								
Instructional			423,789				423,789	181,675
Support Services	80,728	619	307,576	145,883	63,183		597,989	1,100,942
Facilities, acquisition & const. services	4,943,861		1,741,164				6,685,025	7,566,643
Other outlays	500						500	
Total expenditures	<u>5,025,089</u>	<u>619</u>	<u>2,472,529</u>	<u>145,883</u>	<u>63,183</u>	<u>0</u>	<u>7,707,303</u>	<u>8,849,260</u>
Revenues over (under) expenditures	(5,023,715)	(536)	(2,459,626)	(145,558)	(61,094)	56	(7,690,473)	(8,832,783)
<b>Other financing sources (uses):</b>								
Lapsed appropriations	12,141						12,141	
Bond sales proceeds					12,330,000	300,000	12,630,000	9,450,000
Total other financing sources (uses)	<u>12,141</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>12,330,000</u>	<u>300,000</u>	<u>12,642,141</u>	<u>9,450,000</u>
Revenue and other sources over (under) expenditures and other uses	(5,011,574)	(536)	(2,459,626)	(145,558)	12,268,906	300,056	4,951,668	617,217
Cash fund balance, beginning of year	<u>5,061,098</u>	<u>536</u>	<u>9,061,622</u>	<u>217,525</u>	<u>0</u>	<u>0</u>	<u>14,340,781</u>	<u>13,723,564</u>
Cash fund balance, end of year	<u>\$ 49,524</u>	<u>0</u>	<u>6,601,996</u>	<u>71,967</u>	<u>12,268,906</u>	<u>300,056</u>	<u>19,292,449</u>	<u>14,340,781</u>

**INDEPENDENT SCHOOL DISTRICT NO. I-4, TULSA COUNTY  
 COMBINING STATEMENT OF ASSETS, LIABILITIES AND  
 FUND EQUITY - ALL FIDUCIARY FUND TYPES - REGULATORY BASIS  
 JUNE 30, 2016**

	AGENCY FUNDS	
	ACTIVITY FUNDS	
	2016	2015
<u>ASSETS</u>		
Cash & Investments	\$ 1,796,764	1,621,214
<u>LIABILITIES AND FUND EQUITY</u>		
Liabilities:		
Funds held for school organizations	\$ 1,796,764	1,621,214

**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, 2016**

	<u>Balance</u> <u>July 1, 2015</u>	<u>Additions</u>	<u>Net</u> <u>Transfers</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2016</u>
<u>Assets</u>					
Cash & Investments	<u>\$ 1,621,214</u>	<u>2,610,813</u>	<u>0</u>	<u>2,435,263</u>	<u>1,796,764</u>
<u>Liabilities</u>					
Funds held for school organizations:					
101 Central Elem Misc	\$ 17,691	32,333	500	24,774	25,750
102 Central Interm Misc	19,000	49,848	500	39,026	30,322
103 North Elem Misc	15,934	66,079	10,749	47,810	44,952
104 North Interm Misc	42,593	67,755	500	61,460	49,388
105 High School Misc	43,005	32,997	(805)	28,596	46,601
106 Northeast E&I Misc	19,173	71,600	500	58,250	33,023
107 Middle School Misc	17,116	34,019	0	28,154	22,981
108 9th Grade Center Misc	5,865	14,918	310	10,815	10,278
170 Bereavement	0	9,670	0	4,860	4,810
180 All Sports	1,635	517	0	101	2,051
181 Administration	147,298	12,684	(5,980)	103,245	50,757
182 Transportation	335	697	0	558	474
183 Maintenance	221	154	0	292	83
184 Bixby Learning Center	5,698	2,130	(160)	3,333	4,335
185 Child Nutrition	1,091	600	0	625	1,066
186 Beef Piano Maint	1,146	0	0	75	1,071
187 Spartan Deli	2,804	6,215	0	6,773	2,246
188 Central Music & P.E.	2,274	2,851	3,200	1,817	6,508
189 Secondary Schools	1,403	0	0	0	1,403
239 All Special Education	50,442	58,385	100	63,710	45,217
801 Football	245	16,453	47,500	58,122	6,076
802 Basketball - Boys	33,347	2,796	7,177	11,482	31,838
803 Basketball - Girls	27,747	10,159	15,572	30,639	22,839
804 Swimming	4,450	2,023	4,800	4,907	6,366
805 Baseball	612	0	5,280	5,444	448
806 Softball - Fast Pitch	5,998	0	5,500	5,226	6,272
807 Wrestling	1,497	1,288	5,280	7,396	669
808 Tennis	1,510	8,251	4,800	9,006	5,555
809 Trainer - Athletic	1,280	5,954	13,827	15,940	5,121
811 Track - Boys	3,857	100	2,400	3,549	2,808
812 Track - Girls	748	0	2,400	1,115	2,033
813 Golf - Boys	615	8,197	4,900	12,972	740
814 Cross Country	2,151	1,553	1,500	3,570	1,634

**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, 2016**

	<u>Balance</u> July 1, 2015	<u>Additions</u>	<u>Net</u> <u>Transfers</u>	<u>Deletions</u>	<u>Balance</u> June 30, 2016
815 Soccer - Boys	\$ 1,489	0	5,280	1,470	5,299
816 Volleyball	1,927	3,152	5,760	6,832	4,007
817 Golf - Girls	3,926	56,485	4,700	63,736	1,375
818 State Playoffs	30	0	0	0	30
819 All Sports	145,544	296,766	(192,800)	98,537	150,973
820 Soccer - Girls	2,907	600	5,500	7,389	1,618
822 Spartan Club	3,545	0	(3,445)	0	100
823 Softball - Slow Pitch	5,686	0	5,280	683	10,283
848 Cheer Dance	37,850	77,749	16,607	84,403	47,803
850 Athletic/Activity Director	2,632	0	47,170	42,397	7,405
868 OSSAA	2,240	45,873	(2,245)	42,860	3,008
900 Cocurricular/Extracurricular	69,346	274,427	(15,210)	211,233	117,330
902 Dance Team	22,262	71,689	1,073	69,241	25,783
903 Middle School Band	28,458	80,228	0	61,989	46,697
904 HS Band Student Account	47,664	193,087	(3,542)	142,178	95,031
905 Band Boosters	70,737	122,281	9,114	127,179	74,953
906 Concession Repair	2,377	0	0	440	1,937
907 State Stuco Convention	1,068	2,040	0	768	2,340
909 Banquet Account	3,887	0	0	0	3,887
911 Interact	3,096	3,911	(420)	3,475	3,112
913 Math Counts	396	9,079	0	7,657	1,818
914 Art - M.S.	613	1,088	0	0	1,701
915 FFA	24,015	93,519	(50)	81,533	35,951
916 DECA	3,894	13,804	0	14,527	3,171
917 FCCLA	4,796	11,518	150	11,160	5,304
918 FFA Boosters	14,058	14,819	0	11,618	17,259
919 French Club	647	0	0	0	647
920 Art - Central Elem	3,350	12,628	(3,200)	6,905	5,873
921 German Club	1,879	0	0	0	1,879
923 Interest	199,321	3,508	0	0	202,829
924 Jr Class	7,857	15,280	0	10,284	12,853
925 Journalism	3,086	8,578	1,100	10,836	1,928
926 HS Media	6,174	1,064	0	981	6,257
927 Central Interm Media Center	14,377	10,955	0	11,386	13,946
928 Central Elem Media	8,914	16,944	0	19,165	6,693
929 Slow Pitch Softball Boosters	1,495	256	0	600	1,151
930 Key Club	539	0	(539)	0	0
931 Musical	4,635	7,270	(1,275)	6,908	3,722
932 NHS	24,179	20,236	0	15,952	28,463
933 FCA	1,172	7,096	0	6,076	2,192
934 Cheer	1,483	0	(833)	650	0

**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, 2016**

	<u>Balance</u> <u>July 1, 2015</u>	<u>Additions</u>	<u>Net</u> <u>Transfers</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2016</u>
935 Gradfest	\$ 15,293	1,370	10,270	14,653	12,280
936 North Interm Accel Reader	240	1,308	0	629	919
937 North Interm Media Center	10,264	16,056	0	17,635	8,685
938 North Interm PTA	1,258	0	0	0	1,258
939 North Interm Stuco	7,521	4,953	(453)	5,556	6,465
940 HS History Club	85	0	0	0	85
941 Sr Class	7,528	22,981	(9,195)	11,005	10,309
942 Drama	6,768	14,113	0	20,304	577
944 HS Stuco	21,733	21,558	0	30,515	12,776
945 Swim Team Boosters	3,699	3,241	0	5,756	1,184
946 HS Spanish Club	2,918	0	0	175	2,743
948 Central Elem Hospitality	374	957	0	730	601
949 NE E&I Stuco	755	2,592	0	1,972	1,375
950 Robotics	2,590	6,522	642	6,402	3,352
951 NE E&I Yearbook	2,810	3,774	0	2,083	4,501
952 HS Vocal Music	8,124	16,419	1,887	13,840	12,590
953 NE E&I Media Center	5,951	13,620	0	8,958	10,613
955 HS Yearbook	7,505	8,881	0	7,296	9,090
956 Central Elem Yearbook	7,679	8,230	0	8,228	7,681
957 North Interm Yearbook	5,750	1,165	(100)	4,287	2,528
958 BPA	517	270	75	540	322
959 FBLA	75	0	(75)	0	0
960 Dance Club	7,691	15,540	2,385	16,118	9,498
961 HS Academic Team	656	0	0	49	607
962 Track Boosters	10	250	1,356	930	686
963 Basketball Boosters	10,713	22,040	(8,935)	14,921	8,897
964 Tennis Boosters	7,333	7,874	(80)	8,894	6,233
965 MS Stuco	4,130	3,194	0	2,529	4,795
966 MS Media	1,228	6,346	0	5,986	1,588
967 MS Vocal	8,307	27,078	(361)	25,168	9,856
968 BEA	74	0	0	0	74
969 Central Elem PTA	131	0	0	0	131
970 North Elem PTA	3,796	34,544	0	36,279	2,061
971 Central Interm PTA	133	0	0	0	133
972 MS Yearbook	5,209	1,944	0	0	7,153
973 Cheer Boosters	12,263	68,929	2,930	50,828	33,294
974 Softball Boosters	24,357	28,553	(800)	30,286	21,824
975 HS Band	79	0	0	0	79
976 Indian Club	675	0	0	159	516
977 JOOI Club	0	328	539	99	768
978 ROTC Boosters	2,018	996	575	3,315	274

**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, 2016**

	<u>Balance</u> <u>July 1, 2015</u>	<u>Additions</u>	<u>Net</u> <u>Transfers</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2016</u>
979 Central Interm Accel Reader	\$ 1,072	12,879	0	9,426	4,525
980 Volleyball Club	3,187	0	(3,187)	0	0
981 Baseball Boosters	48,113	55,985	(208)	54,519	49,371
982 MS Spanish Club	800	0	0	0	800
983 NKHS - Freshman Center	1,320	90	0	861	549
984 ROTC	2,744	15,521	0	14,610	3,655
985 Armory/Student Store	13,886	33,549	339	34,826	12,948
986 Volleyball Boosters	19,753	33,047	3,267	31,007	25,060
987 MS PTO	2,626	0	0	0	2,626
988 Wrestling Boosters	6,055	8,822	0	8,962	5,915
989 Spartan Testing	13,071	37,878	0	37,243	13,706
990 Soccer Boosters	17,549	24,261	400	28,137	14,073
991 North Elem Media Center	1,954	9,343	0	9,403	1,894
992 North Elem Yearbook	6,411	5,577	(5,000)	5,044	1,944
993 Central Interm Yearbook	5,418	4,469	(5,249)	3,308	1,330
994 Central Interm Stuco	3,648	1,339	453	1,620	3,820
995 Hall of Fame	1,011	997	0	597	1,411
996 North Elem Hospitality	310	750	0	675	385
997 Freshman Class	982	2,179	0	2,019	1,142
998 Sophomore Class	732	2,345	0	2,191	886
<b>Total Liabilities</b>	<b>\$ 1,621,214</b>	<b>2,610,813</b>	<b>0</b>	<b>2,435,263</b>	<b>1,796,764</b>



**INDEPENDENT SCHOOL DISTRICT NO. I-4, TULSA COUNTY  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED JUNE 30, 2016**

Federal Grantor/Pass Through Grantor/Program Title	Federal CFDA Number	Federal Grantor's/ Pass-through No.	Program or Award Amount	Beginning Balance 7/01/2015	Revenue Collected	Total Expenditures	Ending Balance 6/30/2016
<u>U.S. Department of Education:</u>							
<u>Direct Programs:</u>							
Title VII-Part A, Indian Education	84.060	S060A151286	\$ 121,225		92,783	121,225	(28,442)
<b>Subtotal - Direct Programs</b>			<u>121,225</u>	<u>0</u>	<u>92,783</u>	<u>121,225</u>	<u>(28,442)</u>
<u>Passed Through State Department of Human Services:</u>							
Job Training - OJT	84.126		7,500		2,609	3,710	
Medicaid	93.778		59,282		9,813	22,576	
Medicaid Carryover	93.778					36,706	
Medicaid - Note	93.778			(3,656)	3,656		
<b>Subtotal - Passed Through State Department of Human Services</b>			<u>66,782</u>	<u>(3,656)</u>	<u>16,078</u>	<u>62,992</u>	<u>0</u>
<u>Passed Through State Department of Education:</u>							
Title I-Part A, Improving Basic Programs	84.010	S010A150036	378,804			333,765	(333,765)
Title I-Part A 2014-15 - Note	84.010			(310,756)	310,756		
Title I-Part D, Neglected & Delinquent	84.010	S010A150036	6,918			3,663	(3,663)
* Special Education Programs - Flowthrough, P.L. 105-17	84.027	H027A150051	1,023,443			931,050	(931,050)
Flowthrough, P.L. 105-17 2014-15 - Note	84.027			(919,756)	919,756		
Preschool, Ages 3-5, P.L. 105-17	84.173	H173A150084	21,665			21,326	(21,326)
Preschool, Ages 3-5, P.L. 105-17 2014-15 - Note	84.173			(19,581)	19,581		
Title II-Part A, Teacher & Principal Training	84.336	S367A150035	103,283			79,601	(79,601)
Title II-Part A 2014-15 - Note	84.336			(75,301)	75,301		
Title III-Part A, Immigrant Education	84.365	S365A150036	5,708			2,868	(2,868)
Title III-Part A, English as a Second Language	84.365	S365A150036	16,687			15,559	(15,559)
Title III-Part A 2014-15 - Note	84.365			(15,527)	15,527		
<b>Subtotal - Passed Through State Department of Education</b>			<u>1,556,508</u>	<u>(1,340,921)</u>	<u>1,340,921</u>	<u>1,387,832</u>	<u>(1,387,832)</u>
<u>Passed Through State Department of Career and Technology Education:</u>							
Carl Perkins Grant	84.048		27,647			27,076	(27,076)
Carl Perkins Grant 2014-15 - Note 1	84.048			(24,385)	24,385		
<b>Subtotal - Passed Through State Dept of Career and Technology Education</b>			<u>27,647</u>	<u>(24,385)</u>	<u>24,385</u>	<u>27,076</u>	<u>(27,076)</u>

**INDEPENDENT SCHOOL DISTRICT NO. I-4, TULSA COUNTY  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED JUNE 30, 2016**

Federal Grantor/Pass Through Grantor/Program Title	Federal CFDA Number	Federal Grantor's/ Pass-through No.	Program or Award Amount	Beginning Balance 7/01/2015	Revenue Collected	Total Expenditures	Ending Balance 6/30/2016
<u>U.S. Department of Agriculture:</u>							
<u>Passed Through State Department of Education:</u>							
* Child Nutrition Cluster:							
Non-Cash Assistance (Commodities) Note 3:							
National School Lunch Program	10.555				124,160	124,160	
Non-Cash Assistance Subtotal					<u>124,160</u>	<u>124,160</u>	
Cash Assistance:							
National School Lunch Program	10.555	6OK300329			613,121	613,121	
School Breakfast Program	10.553	6OK300329			138,879	138,879	
Summer Food Program	10.559				18,165	18,165	
Cash Assistance Subtotal					<u>770,165</u>	<u>770,165</u>	
<b>Subtotal - Child Nutrition Program (Cluster)</b>				<u>0</u>	<u>894,325</u>	<u>894,325</u>	<u>0</u>
<u>Other Federal Assistance:</u>							
JROTC - Marines	12.N/A		75,000		61,480	61,656	
JROTC - Marines 2014-15 - Note	12.N/A			(6,361)	6,361		
Flood Control	12.112		26		26	26	
<b>Subtotal - Other Federal Assistance</b>			<u>75,026</u>	<u>(6,361)</u>	<u>67,867</u>	<u>61,682</u>	<u>0</u>
<b>Total Federal Assistance</b>			<u>\$ 1,847,188</u>	<u>(1,375,323)</u>	<u>2,436,359</u>	<u>2,555,132</u>	<u>(1,443,350)</u>

Note - These amounts represent reimbursements for prior year expenditures which were not received until the current fiscal year.

Note 1 - Basis of Presentation - The accompanying schedule of expenditures of federal awards includes the federal activity of the District for the year ended June 30, 2016. This information is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance). Because the schedule presents only a selected portion of the operations of the District, it is not intended and does not present the financial position, changes in net assets, or cash flows of the District.

Note 2 - Summary of Significant Accounting Policies - Expenditures reported on this schedule are reported on the regulatory basis of accounting consistent with the preparation of the combined financial statements except as noted in Note 3. Expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. The District has elected not to use the 10 percent de minimus indirect cost rate allowed under the Uniform Guidance.

Note 3 - Non-Monetary Assistance - Commodities received by the District in the amount of \$124,160 were of a non-monetary nature and therefore the total revenue does not agree with the financial statements

\* Major programs

**INDEPENDENT SCHOOL DISTRICT NO. I-4, TULSA COUNTY  
STATEMENT OF STATUTORY, FIDELITY AND HONESTY BONDS  
FOR THE YEAR ENDED JUNE 30, 2016**

<u>BONDING COMPANY</u>	<u>POSITION COVERED</u>	<u>BOND NUMBER</u>	<u>COVERAGE AMOUNT</u>	<u>EFFECTIVE DATES</u>
Ohio Casualty Insurance	Treasurer	5071296	\$ 100,000	7/1/14-7/1/17
	Superintendent	5056070	100,000	7/6/09-7/1/17
	Encumbrance Coordinator	5061836	100,000	7/1/09-7/1/17
	Secretary / Encumbrance Cl	5061868	100,000	7/1/11-6/30/17
	Encumbrance Clerk	601024236	100,000	8/30/13-3/1/17
	Activity Fund Custodian / As	5061833	100,000	7/1/09-7/1/17
	Chief Financial Officer	60107083	100,000	7/1/14-7/1/17
	Personnel & Payroll Director	5086122	100,000	8/24/10-7/1/17
	Board Clerk	601103756	100,000	3/29/16-3/29/17
	Cafeteria Manager	5061860	10,000	2/15/10-7/1/17
	Cafeteria Manager	5061849	10,000	2/15/10-7/1/17
	Activity Fund Custodian	5061843	10,000	2/15/10-7/1/17
	Activity Fund Custodian	5062264	10,000	7/1/09-7/1/17
	Athletic Director	5061823	10,000	7/1/09-7/1/17
	Child Nutrition Custodian	5061837	10,000	2/15/10-7/1/17
	Minutes Clerk	5091237	10,000	7/1/14-7/20/17
	Athletics	601078753	10,000	8/8/14-7/8/17
	Child Nutrition Custodian	601067791	10,000	9/10/15-9/10/16
	Child Nutrition Custodian	601074374	10,000	10/10/14-10/10/16
	Child Nutrition Custodian	601081877	10,000	10/6/14-10/6/16
	Activity Fund Custodian	601080519	10,000	9/2/14-9/2/16
	Receptionist	601089000	10,000	3/24/15-3/24/17
	Receptionist	601095312	10,000	8/20/15-8/20/17
	Activity Fund Custodian	601082365	10,000	10/10/14-10/10/16
	Executive Director of A&A	601106526	10,000	7/1/16-7/1/17
	Activity Fund Custodian	601079467	10,000	8/6/14-8/6/17
	Virtual School Coordinator	601079228	10,000	8/4/14-8/4/17
	Activity Fund Custodian	601024238	10,000	3/5/12-3/5/17
	Activity Fund Custodian	601080523	10,000	8/25/14-8/25/17
	Activity Fund Custodian	601079471	10,000	8/6/14-8/6/17
	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 Director	5061825	10,000	7/1/09-7/1/17
	Activity Fund Custodian	601079926	10,000	8/15/14-8/15/17
	Child Nutrition Custodian	601097649	10,000	10/28/15-10/28/16
	Child Nutrition Custodian	601036172	10,000	7/24/16-7/24/17
	Activity Fund Custodian	601095395	10,000	9/2/15-9/2/16
	Asst. AD/ Head Football Coe	5091235	10,000	7/2/10-7/1/17
	Child Nutrition Custodian	601072374	10,000	2/18/14-2/18/17
Activity Fund Custodian	601106854	10,000	7/1/16-7/1/17	



# 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**

January 5, 2017

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, 2016, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated January 5, 2017, 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

Broken Arrow, OK



# 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 THE UNIFORM GUIDANCE

January 5, 2017

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 Compliance Supplement* that could have a direct and material effect on each of the District's major federal programs for the year ended June 30, 2016. The District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

#### **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 the audit requirements of *Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and Uniform Guidance 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, 2016.

## Report on Internal Control Over Compliance

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

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

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

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



Sanders, Bledsoe & Hewett  
Certified Public Accountants, LLP

Broken Arrow, OK

INDEPENDENT SCHOOL DISTRICT NO. I-4, TULSA COUNTY  
DISPOSITION OF PRIOR YEAR'S SIGNIFICANT DEFICIENCIES AND  
MATERIAL INSTANCES OF NON-COMPLIANCE  
JUNE 30, 2016

There were no prior year significant deficiencies.



INDEPENDENT SCHOOL DISTRICT NO. I-4, TULSA COUNTY  
SCHEDULE OF AUDIT RESULTS, FINDINGS AND QUESTIONED COSTS  
JUNE 30, 2016

**Section 1** – Summary of Auditor’s Results:

1. An adverse opinion was issued on the combined financial statements in conformity with generally accepted accounting principles, and a qualified opinion was issued for the omission of the general fixed asset account group on the combined financial statements in conformity with a regulatory basis of accounting prescribed by the Oklahoma State Department of Education.
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 unmodified opinion report was issued on the compliance of major programs.
6. The audit disclosed no findings which were required to be reported under Uniform Guidance.
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 \$750,000.
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  
SCHEDULE OF ACCOUNTANT'S PROFESSIONAL LIABILITY INSURANCE  
AFFIDAVIT  
JULY 1, 2015 TO JUNE 30, 2016

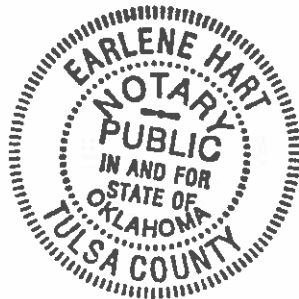
State of Oklahoma            )  
  ) ss  
County of Tulsa            )

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 2015-16.

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

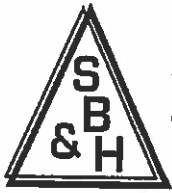
By   
Authorized Agent

Subscribed and sworn to before me  
This 5<sup>th</sup> day of January, 2017



  
Notary Public (or Clerk or Judge)

My Commission Expires: 5/19/2020  
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

January 5, 2017

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.**

**Activity Funds Deposits**

We observed during our examination of activity fund collections that sponsors were not turning money in for deposit in a timely manner. Although these amounts were immaterial, we recommend sponsors turn in collections daily, or weekly if the collections are less than \$100.00. It appeared that the activity fund district-wide was depositing these funds in a proper and timely manner, but it was obvious that the sponsors (normally teachers) were holding cash and checks collected from students and/or parents for too long before turning these funds into the office for deposit. Holding these funds overnight increases the opportunity for lost or stolen funds. We recommend that all student activity fund sponsors be reminded that all funds collected each day should be turned in to the site or district activity fund office for immediate deposit.

Activity Funds Deposits – cont'd

In addition, we observed several instances where the sponsor receipts were not properly dated and/or the deposit detail sheet was not properly filled out. In some of these instances, the deposit sheet did not include the date of collection or corresponding receipt numbers (from the sponsor receipt books). We recommend that District procedures be consistently followed regarding activity fund collections, as this is an area where greater risk exists.

Booster Clubs & PTA's

We noted that some of the District's outside clubs have not been submitting any financial information to the school board, as required by board policy. It appears that current procedures do not provide enough accountability or protect the District from possible misuse. Oklahoma Statutes Title 70 2015 § 5-129.1, states in part that "Each school district board of education shall adopt policies providing guidelines for the sanctioning of organizations... guidelines may include but not be limited to examinations of financial and performance audits performed on each such organization or association." We recommend that the Board approved a template/example of financial statements in which all booster clubs will be required to submit either quarterly or annually with a sanctioning application. We recommend that all sanctioned booster clubs be approved by the Board annually and that all required bylaws, purpose/goals, etc. be provided to the board. Also, financial records should be reviewed by a designated school employee for compliance with Board policies and to ensure that appropriate tax requirements are being followed. It was noted that procedures were updated during the current 2016-17 fiscal year to address this recommendation.

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