

**FINANCIAL STATEMENTS AND
INDEPENDENT AUDITOR'S REPORTS
CACHE INDEPENDENT SCHOOL DISTRICT
NO. I-001
COMANCHE COUNTY, OKLAHOMA
JUNE 30, 2017**

CACHE SCHOOL DISTRICT NO. I-001
COMANCHE COUNTY, OKLAHOMA
JUNE 30, 2017

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**CACHE SCHOOL DISTRICT NO. I-001, COMANCHE COUNTY
SCHOOL DISTRICT OFFICIALS
JUNE 30, 2017**

BOARD OF EDUCATION

| | |
|----------------|---------------|
| President | Karol Haney |
| Vice President | Erik Scott |
| Clerk | Cheryl Walker |
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SUPERINTENDENT OF SCHOOLS

Chad Hance

ASSISTANT SUPERINTENDENT/ENCUMBRANCE CLERK

Corey Holland

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Darrel Johnston



BRITTON, KUYKENDALL, & MILLER
CERTIFIED PUBLIC ACCOUNTANTS

JAMES M. KUYKENDALL
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INDEPENDENT AUDITOR'S REPORT

To the Honorable Board of Education
Cache Independent School District No. I-001
Cache, Comanche County, Oklahoma

Report on the Financial Statements

We have audited the accompanying fund type and account group financial statements-regulatory basis of Cache Independent School District No. I-001, Oklahoma, as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise Cache Independent School District No. I-001, Oklahoma'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 the financial reporting provisions of the Oklahoma State Department of Education as described in Note 1. 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 modified audit opinions.

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

As described in Note 1, the financial statements are prepared by Cache Independent School District No. I-001, Oklahoma, 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 meet 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 reasonably determinable, are presumed to be material.

Adverse Opinion on U.S. Generally Accepted Accounting Principles

In our opinion, because of 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 above do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of Cache Independent School District No. I-001, Oklahoma, as of June 30, 2017, or changes in financial position for the year then ended.

Basis for Qualified Opinion on Regulatory Basis of Accounting

As discussed in Note 1, 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

However, in our opinion, except for the effects of the matter discussed in the "Basis for Qualified Opinion on Regulatory Basis of Accounting" paragraph, the financial statements referred to above present fairly, in all material respects, the cash and unencumbered cash balances arising from regulatory basis transactions of each fund type and account group of Cache Independent School District No. I-001, Oklahoma, as of June 30, 2017, and the revenues it received and expenditures it paid and encumbered for the year then ended, in accordance with the financial reporting provisions of the Oklahoma State Department of Education as described in Note 1.

Other Matters

Other Information

Our audit was conducted for the purpose of forming an opinion on the fund type and account group financial statements that collectively comprise Cache Independent School District No. I-001, Oklahoma's basic financial statements. The Combining Financial Statements 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 Financial Statements 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 fund type and account group 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, except for the financial statements being prepared in compliance with the regulatory basis as prescribed by the Oklahoma State Department of Education as discussed in Note 1, the Combining Financial Statements 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 February 9, 2018, on our consideration of Cache Independent School District No. I-001, Oklahoma's, internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering Cache Independent School District No. I-001, Oklahoma's internal control over financial reporting and compliance.

Britton, Kuykendall & Miller

BRITTON, KUYKENDALL & MILLER
Certified Public Accountants

Weatherford, Oklahoma
February 9, 2018

COMBINED FINANCIAL STATEMENTS

Cache School District No.1-001, Comanche County, Oklahoma
Combined Statement of Assets, Liabilities and Fund Balances
Regulatory Basis - All Fund Types and Account Groups
June 30, 2017

| ASSETS | Governmental Fund Types | | | | | Fiduciary Fund Types | Account Group | Total (Memorandum Only) |
|-----------------------------------------------------------------|-------------------------|-------------------|---------------------|-------------------|-------------------|----------------------|----------------------|-------------------------|
| | General | Special Revenue | Debt Service | Capital Projects | Trust and Agency | | | |
| Cash and Cash Equivalents | \$ 2,017,706 | \$ 589,395 | \$ 2,961,354 | \$ 158,204 | \$ 292,647 | | 0 | \$ 6,019,306 |
| Investments | 0 | 0 | 0 | 0 | 0 | | 0 | 0 |
| Amounts Available in Debt Service Fund | 0 | 0 | 0 | 0 | 0 | | 2,961,354 | 2,961,354 |
| Amounts to be Provided for Retirement of General Long-Term Debt | 0 | 0 | 0 | 0 | 0 | | 2,983,646 | 2,983,646 |
| Amounts to be Provided For Capitalized Lease Agreements | 0 | 0 | 0 | 0 | 0 | | 42,301,567 | 42,301,567 |
| Total Assets | \$ 2,017,706 | \$ 589,395 | \$ 2,961,354 | \$ 158,204 | \$ 292,647 | | \$ 48,246,567 | \$ 54,265,873 |
| LIABILITIES AND FUND BALANCES | | | | | | | | |
| Liabilities: | | | | | | | | |
| Warrants Payable | \$ 651,070 | \$ 79 | \$ 0 | \$ 0 | \$ 0 | | 0 | \$ 651,149 |
| Reserve for Encumbrances | 0 | 0 | 0 | 0 | 0 | | 0 | 0 |
| Due to Activity Groups | 0 | 0 | 0 | 0 | 292,647 | | 0 | 292,647 |
| General Obligation Bonds Payable | 0 | 0 | 0 | 0 | 0 | | 5,945,000 | 5,945,000 |
| Capitalized Lease Obligations Payable | 0 | 0 | 0 | 0 | 0 | | 42,301,567 | 42,301,567 |
| Total Liabilities | \$ 651,070 | \$ 79 | \$ 0 | \$ 0 | \$ 292,647 | | \$ 48,246,567 | \$ 49,190,363 |
| Fund Balances: | | | | | | | | |
| Restricted For: | | | | | | | | |
| Debt Service | \$ 0 | \$ 0 | \$ 2,961,354 | \$ 0 | \$ 0 | | 0 | \$ 2,961,354 |
| Capital Projects | 0 | 0 | 0 | 158,204 | 0 | | 0 | 158,204 |
| Building Programs | 0 | 525,591 | 0 | 0 | 0 | | 0 | 525,591 |
| Child Nutrition Programs | 0 | 63,726 | 0 | 0 | 0 | | 0 | 63,726 |
| Cooperative Programs | 0 | 0 | 0 | 0 | 0 | | 0 | 0 |
| Unassigned | 1,366,636 | (0) | 0 | 0 | 0 | | 0 | 1,366,636 |
| Total Fund Balances | \$ 1,366,636 | \$ 589,316 | \$ 2,961,354 | \$ 158,204 | \$ 0 | | \$ 0 | \$ 5,075,510 |
| Total Liabilities and Fund Balances | \$ 2,017,706 | \$ 589,395 | \$ 2,961,354 | \$ 158,204 | \$ 292,647 | | \$ 48,246,567 | \$ 54,265,873 |

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

Cache School District No.1-001, Comanche County, Oklahoma
Combined Statement of Revenues Collected, Expenditures Paid and Changes in Fund Balances
Regulatory Basis - All Governmental Fund Types
For the Year Ended June 30, 2017

| | Governmental Fund Types | | | | Totals (Memorandum Only) |
|--------------------------------------------------------------------------------------------------------------------------|-------------------------|---------------------|---------------------|-----------------------|--------------------------------|
| | General | Special Revenue | Debt Service | Capital Projects | June 30, 2017 |
| Revenue Collected: | | | | | |
| Local Sources | \$ 4,058,140 | \$ 762,434 | \$ 2,867,219 | \$ 1 | \$ 7,687,793 |
| Intermediate Sources | 305,898 | 0 | 0 | 0 | 305,898 |
| State Sources | 6,258,157 | 22,525 | 0 | 0 | 6,280,682 |
| Federal Sources | 1,642,304 | 518,930 | 0 | 0 | 2,161,234 |
| Non-Revenue Receipts | 3,728 | 4,121 | 123 | 0 | 7,972 |
| Total Revenue Collected | \$ 12,268,226 | \$ 1,308,010 | \$ 2,867,342 | \$ 1 | \$ 16,443,579 |
| Expenditures Paid: | | | | | |
| Instruction | \$ 7,632,511 | \$ 22,300 | \$ 0 | \$ 100,076 | \$ 7,754,887 |
| Support Services | 4,080,519 | 449,660 | 0 | 35,434 | 4,565,613 |
| Operation of Non-Instructional Services | 184,321 | 619,366 | 0 | 0 | 803,687 |
| Facilities Acquisition and Construction | 0 | 0 | 0 | 3,002,076 | 3,002,076 |
| Other Outlays | 14,203 | 15,009 | 0 | 0 | 29,213 |
| Other Uses | 0 | 0 | 0 | 0 | 0 |
| Repayments | 0 | 0 | 0 | 0 | 0 |
| Interest Paid on Warrants and Bank Charges | 0 | 0 | 0 | 0 | 0 |
| Debt Service: | | | | | |
| Principal Retirement | 0 | 0 | 2,845,000 | 0 | 2,845,000 |
| Interest and Fiscal Agent Fees | 0 | 0 | 81,190 | 0 | 81,190 |
| Total Expenditures Paid | \$ 11,911,554 | \$ 1,106,336 | \$ 2,926,190 | \$ 3,137,586 | \$ 19,081,665 |
| Excess of Revenues Collected Over (Under) Expenditures Paid Before Adjustments to Prior Year Encumbrances | \$ 356,672 | \$ 201,675 | \$ (58,848) | \$ (3,137,585) | \$ (2,638,086) |
| Adjustments to Prior Year Encumbrances | \$ 0 | \$ 0 | \$ 0 | \$ 0 | \$ 0 |
| Other Financing Sources (Uses): | | | | | |
| Estopped Warrants | \$ 548 | \$ 507 | \$ 0 | \$ 187 | \$ 1,242 |
| Bond Proceeds | 0 | 0 | 0 | 3,025,888 | 3,025,888 |
| Transfers In | 137,230 | 54,080 | 0 | 0 | 191,310 |
| Transfers Out | 0 | (125,100) | 0 | 0 | (125,100) |
| Total Other Financing Sources (Uses) | \$ 137,778 | \$ (70,513) | \$ 0 | \$ 3,026,076 | \$ 3,093,340 |
| Excess (Deficiency) of Revenue Collected Over Expenditures Paid and Other Financing Sources (Uses) | \$ 494,450 | \$ 131,162 | \$ (58,848) | \$ (111,509) | \$ 455,254 |
| Fund Balance - Beginning of Year | 872,186 | 458,155 | 3,020,202 | 269,713 | 4,620,255 |
| Fund Balance - End of Year | \$ 1,366,636 | \$ 589,316 | \$ 2,961,354 | \$ 158,204 | \$ 5,075,510 |

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

Cache School District No.1-001, Comanche County, Oklahoma
Combined Statement of Revenues Collected, Expenditures Paid, and Changes in Fund Balances
Budget and Actual - Regulatory Basis - Budgeted Governmental Fund Types
For the Year Ended June 30, 2017

| | General Fund | | | Special Revenue Funds | | | Debt Service Fund | | |
|------------------------------------------------------------------------------------------------------------------|----------------------|----------------------|----------------------|-----------------------|---------------------|---------------------|-----------------------|-----------------------|---------------------|
| | Original Budget | Final Budget | Actual | Original Budget | Final Budget | Actual | Original Budget | Final Budget | Actual |
| Revenue Collected: | | | | | | | | | |
| Local Sources | \$ 3,719,129 | \$ 3,719,129 | \$ 4,058,140 | \$ 731,536 | \$ 731,536 | \$ 762,434 | \$ 2,862,358 | \$ 2,862,358 | \$ 2,867,219 |
| Intermediate Sources | 274,600 | 274,600 | 305,898 | 0 | 0 | 0 | 0 | 0 | 0 |
| State Sources | 5,843,237 | 5,843,237 | 6,258,157 | 25,000 | 25,169 | 22,525 | 0 | 0 | 0 |
| Federal Sources | 1,008,807 | 1,423,822 | 1,642,304 | 398,800 | 513,762 | 518,930 | 0 | 0 | 0 |
| Non-Revenue Receipts | 0 | 0 | 3,728 | 0 | 0 | 4,121 | 0 | 0 | 123 |
| Total Revenue Collected | \$ 10,845,773 | \$ 11,260,788 | \$ 12,268,226 | \$ 1,155,336 | \$ 1,270,467 | \$ 1,308,010 | \$ 2,862,358 | \$ 2,862,358 | \$ 2,867,342 |
| Expenditures Paid: | | | | | | | | | |
| Instruction | \$ 11,717,959 | \$ 12,132,974 | \$ 7,632,511 | \$ 18,000 | \$ 18,169 | \$ 22,300 | \$ 0 | \$ 0 | \$ 0 |
| Support Services | 0 | 0 | 4,080,519 | 961,898 | 961,898 | 449,660 | 0 | 0 | 0 |
| Operation of Non-Instructional Services | 0 | 0 | 184,321 | 635,192 | 750,154 | 619,366 | 0 | 0 | 0 |
| Facilities Acquisition and Construction | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Other Outlays | 0 | 0 | 14,203 | 0 | 0 | 15,009 | 5,882,560 | 5,882,560 | 2,926,190 |
| Other Uses | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Repayments | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Interest Paid on Warrants and Bank Charges | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Total Expenditures Paid | \$ 11,717,959 | \$ 12,132,974 | \$ 11,911,554 | \$ 1,615,090 | \$ 1,730,221 | \$ 1,106,336 | \$ 5,882,560 | \$ 5,882,560 | \$ 2,926,190 |
| Excess of Revenues Collected Over (Under) Expenditures Paid Before Adjustments to Prior Year Encumbrances | \$ (872,186) | \$ (872,186) | \$ 356,672 | \$ (459,755) | \$ (459,755) | \$ 201,675 | \$ (3,020,202) | \$ (3,020,202) | \$ (58,848) |
| Adjustments to Prior Year Encumbrances | \$ 0 | \$ 0 | \$ 0 | \$ 0 | \$ 0 | \$ 0 | \$ 0 | \$ 0 | \$ 0 |
| Other Financing Sources (Uses): | | | | | | | | | |
| Estopped Warrants | \$ 0 | \$ 0 | \$ 548 | \$ 0 | \$ 0 | \$ 507 | \$ 0 | \$ 0 | \$ 0 |
| Transfers In | 0 | 0 | 137,230 | 1,600 | 1,600 | 54,080 | 0 | 0 | 0 |
| Transfers Out | 0 | 0 | 0 | 0 | 0 | (125,100) | 0 | 0 | 0 |
| Total Other Financing Sources (Uses) | \$ 0 | \$ 0 | \$ 137,778 | \$ 1,600 | \$ 1,600 | \$ (70,513) | \$ 0 | \$ 0 | \$ 0 |
| Excess (Deficiency) of Revenue Collected Over Expenditures Paid and Other Financing Sources (Uses) | \$ (872,186) | \$ (872,186) | \$ 494,450 | \$ (458,155) | \$ (458,155) | \$ 131,162 | \$ (3,020,202) | \$ (3,020,202) | \$ (58,848) |
| Fund Balance - Beginning of Year | \$ 872,186 | \$ 872,186 | \$ 872,186 | \$ 458,155 | \$ 458,155 | \$ 458,155 | \$ 3,020,202 | \$ 3,020,202 | \$ 3,020,202 |
| Fund Balance - End of Year | \$ 0 | \$ 0 | \$ 1,366,636 | \$ (0) | \$ 0 | \$ 589,316 | \$ 0 | \$ 0 | \$ 2,961,354 |

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

Cache School District No. 001, Comanche County
Notes To Combined Financial Statements
For The Year Ended June 30, 2017

Note 1 - Summary of Significant Accounting Policies

The basic financial statements of the Cache Public Schools Independent District No. 1, Comanche County, Oklahoma (the "District") have been prepared in conformity with an other comprehensive basis of accounting as prescribed by the Oklahoma State Department of Education. The more significant of the District's accounting policies are described below.

1.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 the State of Oklahoma support. The general operating authority for the public school system is the Oklahoma School Code contained in Title 70, Oklahoma Statutes.

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

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

1.B. Fund Accounting

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."

Cache School District No. 001, Comanche County
Notes To Combined Financial Statements
For The Year Ended June 30, 2017

Note 1 - Summary of Significant Accounting Policies, (continued)

1.B. Fund Accounting, (continued)

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).

1. General Fund - The General Fund is used to account for all financial transactions except those required to be accounted for in another fund. Major revenues 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.

2. Special Revenue Funds - The Special Revenue Funds of the District consist of the Building Fund, Cooperative Fund, and the Child Nutrition Fund.

Building Fund - The Building Fund consists of monies derived from property taxes levied for the purpose of erecting, remodeling, or repairing buildings and for purchasing furniture and equipment.

Child Nutrition Fund - The Child Nutrition Fund consists of monies collected from meals served to students and employees of the district and is expended on food, supplies and salaries to operate the lunchroom. The district also deposits reimbursements received from the National School Lunch and Breakfast programs into this fund.

Cooperative Fund - The Cooperative Fund consists of money collected for Alternative Education. Cache school serves as the LEA for the cooperative.

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

4. Capital Projects Fund - The Capital Projects Fund consists of the District's 2005-2015 Building, Technology, and Transportation Bond issues. These funds are used exclusively for acquiring transportation equipment, acquiring school sites, constructing and equipping new school facilities, renovating existing facilities, and acquiring technology equipment.

Fiduciary Fund Types

Fiduciary Funds are used to account for assets held on behalf of outside parties, including other governments, or on behalf of other funds within the District. When these assets are held under the terms of a formal trust agreement, trust funds are used for their accounting and reporting. Agency funds generally are used to account for assets that the District holds on behalf of others as their agent and do not involve measurement of results of operations.

Cache School District No. 001, Comanche County
Notes To Combined Financial Statements
For The Year Ended June 30, 2017

Note 1 - Summary of Significant Accounting Policies, (continued)

1.B. Fund Accounting, (continued)

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

Account Groups

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

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

2. General Fixed Asset Account Group - This account group is used to account for property, plant and equipment of the District. The District does not have the information necessary to include this group in its combined financial statements.

Memorandum Only - Total Column

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

1.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 34, *Basic Financial Statements-Management's Discussion and Analysis-for State and Local Governments*. This format significantly differs from that required by GASB 34.

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

- Encumbrances represented by purchase orders, contracts, and other commitments for the expenditure of monies and are recorded as expenditures when approved.
- Investments and inventories are recorded as assets when purchased.
- Capital assets in proprietary funds are recorded when acquired and depreciated over their useful lives.
- Warrants payable are recorded as liabilities when issued.
- Long-term debt is recorded when incurred.

Cache School District No. 001, Comanche County
Notes To Combined Financial Statements
For The Year Ended June 30, 2017

Note 1 - Summary of Significant Accounting Policies, (continued)

1.C. Basis of Accounting and Presentation, (continued)

- Accrued compensated absences are recorded as an expenditure and liability when the obligation is incurred.

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 and liabilities are incurred for proprietary fund types and trust funds.

1.D. Budgets and Budgetary Accounting

The District is required by state law to prepare an annual budget. The board of education requests an initial temporary appropriations budget from the county excise board before June 30. Then no later than October 1, the board of education prepares financial statement and estimate of needs and files it with the applicable county clerk and the State Department of Education. The final budget may be revised upon approval of the board of education and the county excise board.

Under current Oklahoma Statutes, a formal budget is required for all funds except for trust and agency funds. Budgets are presented for all funds that include the originally approved budgeted appropriations for expenditures and final budgeted appropriations as adjusted for supplemental appropriations and approved transfers between budget categories.

1.E. Assets, Liabilities and Fund Equity

Cash and Cash Equivalents – For purposes of the statement of cash flows, the District considers all cash on hand, demand deposits, and highly liquid investments, with an original maturity of three months or less when purchased, to be cash and cash equivalents.

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

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

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

Inventories – The value of consumable inventories at June 30, 2017, is not material to the basic financial statements.

Cache School District No. 001, Comanche County
Notes To Combined Financial Statements
For The Year Ended June 30, 2017

Note 1 - Summary of Significant Accounting Policies, (continued)

1.E. Assets, Liabilities and Fund Equity, (continued)

Fixed Assets and Property, Plant and Equipment - The General Fixed Asset Account Group has not been presented.

Compensated Absences - Vested or accumulated vacation leave that is expected to be liquidated with expendable available financial resources is reported as an expenditure and a fund liability of the governmental fund that will pay it. There are no amounts of vested or accumulated vacation leave that are not expected to be liquidated with expendable available financial resources. Vested or accumulated vacation leave of proprietary funds is recorded as an expense and liability of those funds as the benefits accrue to employees.

No liability is recorded for nonvesting accumulating rights to receive sick pay benefits. Vested accumulated rights to receive sick pay benefits have not been reported in the general long-term debt account group since the amount is not material to the financial statements.

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. Long-term liabilities expected to be financed from proprietary fund operations are accounted for in those funds.

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).

Amounts 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.

Cache School District No. 001, Comanche County
Notes To Combined Financial Statements
For The Year Ended June 30, 2017

Note 1 - Summary of Significant Accounting Policies, (continued)

1.E. Assets, Liabilities and Fund Equity, (continued)

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 includes 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 purpose 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.

Resource Use Policy

It is the District's policy for all funds that when an expenditure/expense is incurred for purposes for which both restricted and unrestricted resources, including fund balances, are available, the District considers restricted amounts to be spent first before any unrestricted amounts are used. Furthermore, it is the District's policy that when an expenditure/expense is incurred for purposes for which committed, assigned, or unassigned resources, including fund balances, are available, the School considers committed amounts to be spent first, followed by assigned amounts and lastly unassigned amounts

1.F. Revenue, Expenses, and Expenditures

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

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

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

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

Cache School District No. 001, Comanche County
Notes To Combined Financial Statements
For The Year Ended June 30, 2017

Note 1 - Summary of Significant Accounting Policies, (continued)

1.F. Revenue, Expenses, and Expenditures, (continued)

All other interfund transactions, except quasi-external transactions and reimbursements, are reported as transfers. Transfers in/transfers out may not agree because activity fund transactions are not included.

Note 2 – Deposit and Investment Risk

The District held the following deposits and investments at June 30, 2017:

| | | |
|----------------------------------------------------------------------------|----------------------|---------------------------|
| | | <u>Carrying Value</u> |
| Deposits | | |
| Demand Deposits | \$ | 6,032,522 |
| Time Deposits | | <u>0</u> |
| Total Deposits | \$ | <u><u>6,032,522</u></u> |
| Investments | | |
| | <u>Credit Rating</u> | <u>Maturity</u> |
| | | <u>Fair Value</u> |
| | | \$ <u>0</u> |
| Total Investments | | \$ <u><u>0</u></u> |
| Reconciliation to the Combined Statement of Assets, Liabilities and Equity | | |
| Cash and Cash Equivalents | \$ | 6,019,306 |
| Investments | | 0 |
| Activity Fund Outstanding Checks/Deposits in Transit | | <u>13,216</u> |
| Total Deposits and Investments | \$ | <u><u>6,032,522</u></u> |

Custodial Credit Risk – Exposure to custodial credit related to deposits exists when the District holds deposits that are uninsured and uncollateralized; collateralized with securities held by the pledging financial institution, or by its trust department or agent but not in the District's name; or collateralized without a written or approved collateral agreement. Exposure to custodial credit risk related to investments exists when the District holds investments that are uninsured and unregistered, with securities held by the counterparty or by its trust department or agent but not in the District's name.

The District's policy as it relates to custodial credit risk is to secure its uninsured deposits with collateral, valued at no more than market value, at least at a level of 100 percent of the uninsured deposits and accrued interest thereon. The investment policy and state law also limits acceptable collateral to U.S. Treasury and agency securities and direct debt obligations of the state, municipalities, counties, and school districts in the state of Oklahoma, surety bonds, and letters of credit. As required by Federal 12 U.S.C.A., Section 1823(e), all financial institutions pledging collateral to the District must have a written collateral agreement approved by the board of directors or loan committee.

At June 30, 2017, the District was not exposed to custodial credit risk as defined above.

Cache School District No. 001, Comanche County
Notes To Combined Financial Statements
For The Year Ended June 30, 2017

Note 2 – Deposit and Investment Risk, (continued)

Investment Credit Risk – The District has no investment policy that limits its investment choices other than the limitations of state law that generally authorize investment in:

1. Direct obligations of the U.S. Government, its agencies and instrumentalities 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.
2. Certificates of deposit of banks when such certificates of deposits are secured by acceptable collateral for the deposit of public monies.
3. Savings accounts or saving certificates to the extent that such accounts or certificates are fully insured by the United States Government.
4. Repurchase agreements that have underlying collateral including obligations of the United States government, its agencies and instrumentalities, or the State of Oklahoma.
5. County, municipal or school district debt obligations for which an ad valorem tax may be levied.
6. Money market funds regulated by the SEC and in which investments consist of the investments consist of obligations of the United States, its agencies and instrumentalities.
7. Warrants, bonds or judgments of the school district.
8. Qualified pooled investment programs through an interlocal cooperative agreement formed pursuant to applicable law and to which the board of education has voted to be a member, the investments of which consist of those items specified in paragraphs 1 through 7 above, as well as obligations of the United States agencies and instrumentalities.
9. Any other investment that is authorized by law.

Investment credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligation. The District has no formal policy limiting investments based on credit rating, but discloses any such credit risk associated with their investment by reporting the credit quality ratings of investment in debt securities as determined by nationally recognized statistical rating organizations-rating agencies-as of the year end. Unless there is information to the contrary, obligations of the U.S. government or obligations explicitly guaranteed by the U.S. government are not considered to have credit risk and do not require disclosure of credit quality.

The district had no investment credit risk as of June 30, 2017, as defined above.

Investment Interest Rate Risk – Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The District does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. The District discloses its exposure to interest rate risk by disclosing the maturity dates of its various investments. The District had no investment interest rate risk as defined above.

Concentration of Investment Credit Risk – Exposure to concentration of credit risk is considered to exist when investments in any one issuer represent a significant percent of total investments of the District (any over 5 percent are disclosed). Investments issued or explicitly guaranteed by the U.S. government and investments in mutual funds, external investment pools, and other pooled investments are excluded from this consideration. The District places no limit on the amount it may invest in any one issuer.

At June 30, 2017, the District had no concentration of credit risk as defined above.

Cache School District No. 001, Comanche County
Notes To Combined Financial Statements
For The Year Ended June 30, 2017

Note 3 - General Long-term Debt

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

General long-term debt of the District consists of bonds payable, and capital leases. Debt service requirements for bonds are payable solely from the fund balance and 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, 2017:

| | <u>Bonds Payable</u> | <u>Capital Lease Obligations</u> | <u>Compensated Absences</u> | <u>Total</u> |
|-------------------------------|----------------------|----------------------------------|-----------------------------|----------------------|
| Balance, July 1, 2016 | \$ 5,775,000 | \$ 19,859,331 | \$ 0 | \$ 25,634,331 |
| Additions | 3,015,000 | 25,487,501 | 0 | 25,502,501 |
| Retirements | 2,845,000 | 3,045,265 | 0 | 5,890,265 |
| Balance, June 30, 2017 | \$ 5,945,000 | \$ 42,301,567 | \$ 0 | \$ 48,246,567 |

A brief description of the outstanding general obligation bond issues at June 30, 2017, is set forth below:

| | <u>Interest Rate</u> | <u>Maturity Date</u> | <u>Amount Issued</u> | <u>Amount Outstanding</u> |
|-----------------------------|----------------------|----------------------|----------------------|---------------------------|
| 2015 Building Bonds | .90% | 1-Mar-18 | \$ 2,930,000 | \$ 2,930,000 |
| 2016 Combined Purpose Bonds | 1.10% | 1-Jul-18 | 3,015,000 | 3,015,000 |
| Totals | | | \$ 5,945,000 | \$ 5,945,000 |

Presented below is a summary of debt service requirements to maturity by years and by each bond issue:

| | <u>Principal</u> | <u>Interest</u> | <u>Total</u> |
|------------------------------------|---------------------|------------------|---------------------|
| 2015 Building Bonds | | | |
| 2017-18 | \$ 2,930,000 | \$ 26,370 | \$ 2,956,370 |
| Sub Total | 2,930,000 | 26,370 | 2,956,370 |
| | | | |
| | <u>Principal</u> | <u>Interest</u> | <u>Total</u> |
| 2016 Combined Purpose Bonds | | | |
| 2017-18 | \$ 3,015,000 | \$ 33,165 | \$ 3,048,165 |
| 2018-19 | 3,015,000 | 33,165 | 3,048,165 |
| Sub Total | 3,015,000 | 66,330 | 3,081,330 |
| | | | |
| Total Bonds | \$ 5,945,000 | \$ 92,700 | \$ 6,037,700 |

Interest expense on bonds payable incurred during the current year totaled \$81,190.

Cache School District No. 001, Comanche County
Notes To Combined Financial Statements
For The Year Ended June 30, 2017

Note 3 - General Long-term Debt, (continued)

The District has entered into lease agreements as lessee for financing the acquisition of school buildings, equipment, lighting, furniture and fixtures and land. These lease agreements qualify as capital leases for accounting purposes since title transfers at the end of the lease term and it they have been recorded at the present value of the future minimum lease payments. These leases contain a clause which gives the District the ability to terminate the lease agreements at the end of each fiscal year.

As noted in Note 1 to the financial statements, the District does not record fixed assets in the financial statements. Consistent with this, the District has not recorded the above assets as assets in the General Fixed Assets Account Group. The District has recorded the liability for future lease payments in the general long-term debt account group for the above leases. The schedule of future minimum lease payments under the capital leases and the present value of the net minimum lease payments at June 30, is as follows:

| Year Ending June 30 | 2010 CEFA | Lighting | 2017 CEFA | Total |
|-----------------------------------------------------------|----------------------|-------------------|----------------------|----------------------|
| 2018 | \$ 3,080,513 | \$ 68,531 | \$ 0 | \$ 3,149,044 |
| 2019 | 3,174,800 | 63,807 | 287,825 | 3,526,432 |
| 2020 | 3,269,088 | 63,465 | 59,550 | 3,392,103 |
| 2021 | 3,368,338 | 65,374 | 129,025 | 3,562,737 |
| 2022 | 3,472,550 | 67,340 | 0 | 3,539,890 |
| 2023-2027 | 0 | 158,577 | 17,695,601 | 17,854,178 |
| 2028-2029 | 0 | 0 | 7,315,500 | 7,315,500 |
| Total | 16,365,289 | 487,094 | 25,487,501 | 42,339,884 |
| Less: Amount Representing Interest | (0) | (38,317) | (0) | (38,317) |
| Present Value of Future Minimum Lease Payments | \$ 16,365,289 | \$ 448,777 | \$ 25,487,501 | \$ 42,301,567 |

Note 4 - Employee Retirement System

Plan Description - The District participates in the state-administered Oklahoma Teachers' Retirement System (the "System") which is a cost-sharing multiple-employer defined benefit Public Employee Retirement System (PERS). The administration, benefits, and funding of the System are governed by Article XVII, Section 70 of the Oklahoma Statutes. The System is administered by a board of trustees which acts as a fiduciary for investing the funds and governing the administration of the System. PERS provides retirement, disability and death benefits to plan members and beneficiaries. The district has no responsibility or authority for the operation and administration of the System nor has it any liability, except for the current contribution requirements.

The System issues a publicly available financial report that includes financial statements and required supplementary information that can be obtained in writing at the Teachers' Retirement System of Oklahoma, P.O. Box 53524, Oklahoma City, OK 73152 or by calling (405) 521-2387.

Funding Policy - Under the System, contributions are made by the District, the State of Oklahoma, and the participating employees. Participation is required for all teachers and other certified employees and is optional for all other regular employees of public education institutions who work at least 20 hours per week.

Cache School District No. 001, Comanche County
Notes To Combined Financial Statements
For The Year Ended June 30, 2017

Note 4 - Employee Retirement System, (continued)

The contribution rates for the District and its employees, which are not actuarially determined, are established by statute and applied to the employee's earnings, plus employer-paid fringe benefits. The District is required by statute to contribute 9.50% of applicable compensation for the year ended June 30, 2017. The District is allowed by the Oklahoma Teacher's Retirement System to make the required contributions on behalf of the participating members. The required contribution for participating members is 7%.

The District's contributions to the System for the years ending June 30, 2017, 2016, and 2015 were \$769,184, \$785,366, and \$760,516, respectively.

The compensation for employees covered by the System for the year ended June 30, 2017 was \$7,908,649; the District's total compensation was \$9,214,574. In addition to the District's 9.50% contributions, the District was required to pay into the System 7.70% of compensation arising from federal grants \$83,867. There were \$442,801 contributions made by employees during the year ended June 30, 2017.

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 nonfunded pension benefit obligation of the System as determined as part of the latest actuarial valuation dated June 30, 2016, is as follows:

| | |
|--------------------------------------------|-------------------------|
| Total pension obligation | \$ 22,193,244,472 |
| Net assets available for benefits, at cost | <u>14,577,868,730</u> |
| Nonfunded pension benefit obligation | <u>\$ 7,615,375,742</u> |

The System's accounting records are maintained on the cash basis of accounting, except for accruals of interest income.

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 come due.

Note 5 - Contingencies

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

Cache School District No. 001, Comanche County
Notes To Combined Financial Statements
For The Year Ended June 30, 2017

Note 6 – Risk Management

The District is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; injuries to employees; or acts of God. The District purchases commercial insurance to cover these risks, including general and auto liability, property damage, and public officials liability. The District had the following insurance coverage during the year: Commercial property - \$71,000,000; general liability - \$2,000,000; and educators liability \$1,000,000. Settled claims resulting from these risks have not exceeded the commercial insurance coverage in any of the past three fiscal years.

The School also participates in a risk pool for Workers' Compensation coverage in which there is a transfer or pooling of risks among the participants of that pool. In accordance with GASB No. 10, the school reports the required contribution to the pool, net of refunds, as insurance expense. The risk pool is the Oklahoma School Assurance Group (OSAG), an organization formed for the purpose of providing workers' compensation coverage to participating schools in the State of Oklahoma. In that capacity, OSAG is responsible for providing loss control services and certain fiscal activities, including obtaining contract arrangements for the underwriting, excess insurance agreements, claims processing, and legal defense for any and all claims submitted to them during the plan year. As a member of OSAG the District is required to pay fees set by OSAG according to an established payment schedule. A portion of the fees paid by the District goes into a loss fund for the District. The fee for the loss fund is calculated by projecting losses based on the schools losses for the last five year. OSAG provides coverage in excess of the Loss Fund so the District's liability for claim loss is limited to the balance of the loss fund. If the District does not use their loss fund in three years it is returned to them with no interest.

Note 7 - Use of Estimates

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

Note 8 – Surety Bonds

The treasurer is bonded by RLI Insurance Company bond number LSM 0247281 for the penal sum of \$100,000 for the term January 1, 2016 to January 1, 2017. This bond changed to assistant treasurer effective January 1, 2017.

The treasurer is bonded by RLI Insurance Company bond number LSM 0987123 for the penal sum of \$100,000 for the term November 14, 2016 to July 1, 2017.

The superintendent is bonded by RLI Insurance Company bond number LSM0905191 for the penal sum of \$100,000 for the period July 1, 2016 to July 1, 2017.

The assistant superintendent/business manager/encumbrance clerk is bonded by RLI Insurance Company bond #LSM0905190 for the penal sum of \$100,000 for the term July 1, 2016 to July 1, 2017.

The board minutes clerk is bonded by RLI Insurance Company, bond #LSM0477230 for the penal sum of \$1,000 for the term January 10, 2016 to January 10, 2017 and for the term January 10, 2017 to January 10, 2018.

Cache School District No. 001, Comanche County
Notes To Combined Financial Statements
For The Year Ended June 30, 2017

Note 8 – Surety Bonds, (continued)

The activity fund custodian/assistant treasurer is bonded by RLI Insurance Company, bond #LSM0116791 for the penal sum of \$100,000 for the term July 1, 2016 to July 1, 2017.

Note 9 – Budget Amendments

The General Fund budget was amended once during the year by filing a supplemental appropriations form with the county clerk's office. The supplemental appropriations form was filed June 12, 2017 for \$415,015. This increased the original General Fund budget from \$11,717,959 to \$12,132,974.

The Cooperative Fund budget was amended once during the year by filing a supplemental appropriations form with the county clerk's office. The supplemental appropriations form was filed on June 19, 2017 for \$169. This increased the original Cooperative Fund budget from \$18,000 to \$18,169.

The Child Nutrition Fund budget was amended once during the year by filing a supplemental appropriations form with the county clerk's office. The supplemental appropriations form was filed on June 19, 2017 for \$114,962. This increased the original Child Nutrition Fund budget from \$635,192 to \$750,154.

Note 10 – Subsequent Events

In July 2017, the District issued \$3,420,000 in Combined Purpose Bonds. The proceeds from these bonds will be used as part of series bond passed in prior years. The bond has a coupon rate of 2.3% and a maturity date of July 2019.

OTHER INFORMATION

Cache School District No.1-001, Comanche County, Oklahoma
Combining Statement of Assets, Liabilities and Fund Balances
Regulatory Basis - All Special Revenue Funds
June 30, 2017

| <u>ASSETS</u> | <u>Building Fund</u> | <u>Child Nutrition Fund</u> | <u>Coop Fund</u> | <u>Total June 30, 2017</u> |
|-------------------------------------------------|---------------------------------|--------------------------------------------|-----------------------------|-------------------------------------------|
| Cash and Cash Equivalents | \$ 525,591 | \$ 63,804 | \$ 0 | \$ 589,395 |
| Investments | 0 | 0 | 0 | 0 |
| <i>Total Assets</i> | <u>\$ 525,591</u> | <u>\$ 63,804</u> | <u>\$ 0</u> | <u>\$ 589,395</u> |
| <u>LIABILITIES AND FUND BALANCES</u> | | | | |
| Liabilities: | | | | |
| Warrants Payable | \$ 0 | \$ 79 | \$ 0 | \$ 79 |
| Reserve for Encumbrances | 0 | 0 | 0 | 0 |
| <i>Total Liabilities</i> | <u>\$ 0</u> | <u>\$ 79</u> | <u>\$ 0</u> | <u>\$ 79</u> |
| Fund Balances: | | | | |
| Restricted | \$ 525,591 | \$ 63,726 | \$ 0 | \$ 589,316 |
| <i>Total Fund Balances</i> | <u>\$ 525,591</u> | <u>\$ 63,726</u> | <u>\$ 0</u> | <u>\$ 589,316</u> |
| <i>Total Liabilities and Fund Balances</i> | <u>\$ 525,591</u> | <u>\$ 63,804</u> | <u>\$ 0</u> | <u>\$ 589,395</u> |

Cache School District No.1-001, Comanche County, Oklahoma
Combining Statement of Revenues Collected, Expenditures Paid and Changes in Fund Balances
Regulatory Basis - Special Revenue Funds
For the Year Ended June 30, 2017

| | Building Fund | Child Nutrition Fund | Cooperative Fund | Total June 30, 2017 |
|--------------------------------------------------------------------------------------------------------------------------|--------------------------|----------------------------|---------------------|---------------------------|
| Revenue Collected: | | | | |
| Local Sources | \$ 561,939 | \$ 200,494 | \$ 0 | \$ 762,434 |
| Intermediate Sources | 0 | 0 | 0 | 0 |
| State Sources | 0 | 7,938 | 14,587 | 22,525 |
| Federal Sources | 0 | 518,930 | 0 | 518,930 |
| Non-Revenue Receipts | 0 | 539 | 3,582 | 4,121 |
| <i>Total Revenue Collected</i> | <u>\$ 561,939</u> | <u>\$ 727,902</u> | <u>\$ 18,169</u> | <u>\$ 1,308,010</u> |
| Expenditures Paid: | | | | |
| Instruction | \$ 7,713 | \$ 0 | \$ 14,587 | \$ 22,300 |
| Support Services | 449,660 | 0 | 0 | 449,660 |
| Operation of Non-Instructional Services | 0 | 619,366 | 0 | 619,366 |
| Facilities Acquisition and Construction | 0 | 0 | 0 | 0 |
| Other Outlays | 10,888 | 539 | 3,582 | 15,009 |
| Other Uses | 0 | 0 | 0 | 0 |
| Repayments | 0 | 0 | 0 | 0 |
| Interest Paid and Bank Charges | 0 | 0 | 0 | 0 |
| <i>Total Expenditures Paid</i> | <u>\$ 468,261</u> | <u>\$ 619,905</u> | <u>\$ 18,169</u> | <u>\$ 1,106,336</u> |
| <i>Excess of Revenues Collected Over (Under) Expenditures Paid Before Adjustments to Prior Year Encumbrances</i> | <u>\$ 93,678</u> | <u>\$ 107,997</u> | <u>\$ 0</u> | <u>\$ 201,675</u> |
| Adjustments to Prior Year Encumbrances | <u>\$ 0</u> | <u>\$ 0</u> | <u>\$ 0</u> | <u>\$ 0</u> |
| Other Financing Sources (Uses): | | | | |
| Estopped Warrants | \$ 450 | \$ 57 | \$ 0 | \$ 507 |
| Transfers In | 0 | 54,080 | 0 | 54,080 |
| Transfers Out | 0 | (125,100) | 0 | (125,100) |
| <i>Total Other Financing Sources (Uses)</i> | <u>\$ 450</u> | <u>\$ (70,963)</u> | <u>\$ 0</u> | <u>\$ (70,513)</u> |
| <i>Excess (Deficiency) of Revenue Collected Over Expenditures Paid and Other Financing Sources (Uses)</i> | <u>\$ 94,128</u> | <u>\$ 37,034</u> | <u>\$ 0</u> | <u>\$ 131,162</u> |
| <i>Fund Balance - Beginning of Year</i> | <u>431,463</u> | <u>26,692</u> | <u>0</u> | <u>458,155</u> |
| <i>Fund Balance - End of Year</i> | <u><u>\$ 525,591</u></u> | <u><u>\$ 63,726</u></u> | <u><u>\$ 0</u></u> | <u><u>\$ 589,316</u></u> |

Cache School District No.1-001, Comanche County, Oklahoma
Combining Statement of Revenues Collected, Expenditures Paid and Changes in Fund Balances
Budget and Actual - Regulatory Basis - Special Revenue Funds
For the Year Ended June 30, 2017

| | Building Fund | | | Cooperative Fund | | | Child Nutrition Fund | | | Total | | |
|------------------------------------------------------------------------------------------------------------------|---------------------|---------------------|-------------------|------------------|------------------|------------------|----------------------|--------------------|--------------------|---------------------|---------------------|---------------------|
| | Original Budget | Final Budget | Actual | Original Budget | Final Budget | Actual | Original Budget | Final Budget | Actual | Original Budget | Final Budget | Actual |
| Revenue Collected: | | | | | | | | | | | | |
| Local Sources | \$ 530,436 | \$ 530,436 | \$ 561,939 | \$ 0 | \$ 0 | \$ 0 | \$ 201,100 | \$ 201,100 | \$ 200,494 | \$ 731,536 | \$ 731,536 | \$ 762,434 |
| Intermediate Sources | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| State Sources | 0 | 0 | 0 | 18,000 | 18,169 | 14,587 | 7,000 | 7,000 | 7,938 | 25,000 | 25,169 | 22,525 |
| Federal Sources | 0 | 0 | 0 | 0 | 0 | 0 | 398,800 | 513,762 | 518,930 | 398,800 | 513,762 | 518,930 |
| Non-Revenue Receipts | 0 | 0 | 0 | 0 | 0 | 3,582 | 0 | 0 | 539 | 0 | 0 | 4,121 |
| Total Revenue Collected | \$ 530,436 | \$ 530,436 | \$ 561,939 | \$ 18,000 | \$ 18,169 | \$ 18,169 | \$ 608,900 | \$ 721,862 | \$ 727,902 | \$ 1,155,336 | \$ 1,270,467 | \$ 1,308,010 |
| Expenditures Paid: | | | | | | | | | | | | |
| Instruction | \$ 0 | \$ 0 | \$ 7,713 | \$ 18,000 | \$ 18,169 | \$ 14,587 | \$ 0 | \$ 0 | \$ 0 | \$ 18,000 | \$ 18,169 | \$ 22,300 |
| Support Services | 961,898 | 961,898 | 449,660 | 0 | 0 | 0 | 0 | 0 | 0 | 961,898 | 961,898 | 449,660 |
| Operation of Non-Instructional Services | 0 | 0 | 0 | 0 | 0 | 0 | 635,192 | 750,154 | 619,366 | 635,192 | 750,154 | 619,366 |
| Facilities Acquisition and Construction | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Other Outlays | 0 | 0 | 10,888 | 0 | 0 | 3,582 | 0 | 0 | 539 | 0 | 0 | 15,009 |
| Other Uses | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Repayments | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Interest Paid | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Total Expenditures Paid | \$ 961,898 | \$ 961,898 | \$ 468,261 | \$ 18,000 | \$ 18,169 | \$ 18,169 | \$ 635,192 | \$ 750,154 | \$ 619,905 | \$ 1,615,090 | \$ 1,730,221 | \$ 1,106,336 |
| Excess of Revenues Collected Over (Under) Expenditures Paid Before Adjustments to Prior Year Encumbrances | \$ (431,463) | \$ (431,463) | \$ 93,678 | \$ 0 | \$ 0 | \$ 0 | \$ (28,292) | \$ (28,292) | \$ 107,997 | \$ (459,755) | \$ (459,755) | \$ 201,675 |
| Adjustments to Prior Year Encumbrances | \$ 0 | \$ 0 | \$ 0 | \$ 0 | \$ 0 | \$ 0 | \$ 0 | \$ 0 | \$ 0 | \$ 0 | \$ 0 | \$ 0 |
| Other Financing Sources (Uses): | | | | | | | | | | | | |
| Stopped Warrants | \$ 0 | \$ 0 | \$ 450 | \$ 0 | \$ 0 | \$ 0 | \$ 0 | \$ 0 | \$ 57 | \$ 0 | \$ 0 | \$ 507 |
| Transfers In | 0 | 0 | 0 | 0 | 0 | 0 | 1,600 | 1,600 | 54,080 | 1,600 | 1,600 | 54,080 |
| Transfers Out | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | (125,100) | 0 | 0 | (125,100) |
| Total Other Financing Sources (Uses) | \$ 0 | \$ 0 | \$ 450 | \$ 0 | \$ 0 | \$ 0 | \$ 1,600 | \$ 1,600 | \$ (70,963) | \$ 1,600 | \$ 1,600 | \$ (70,513) |
| Excess (Deficiency) of Revenue Collected Over Expenditures Paid and Other Financing Sources (Uses) | \$ (431,463) | \$ (431,463) | \$ 94,128 | \$ 0 | \$ 0 | \$ 0 | \$ (28,692) | \$ (28,692) | \$ 37,034 | \$ (458,155) | \$ (458,155) | \$ 131,162 |
| Fund Balance - Beginning of Year | 431,463 | 431,463 | 431,463 | 0 | 0 | 0 | 26,692 | 26,692 | 26,692 | 458,155 | 458,155 | 458,155 |
| Fund Balance - End of Year | \$ 0 | \$ 0 | \$ 525,591 | \$ 0 | \$ 0 | \$ 0 | \$ 0 | \$ 0 | \$ 63,726 | \$ (0) | \$ 0 | \$ 589,316 |

Exhibit A-3

Cache School District No.I-001, Comanche County, Oklahoma
Combining Statement of Assets, Liabilities and Fund Equity
Regulatory Basis - Activity Fund
June 30, 2017

| <u>ASSETS</u> | School Activity Fund |
|-----------------------------------------------|-------------------------------------|
| Cash | \$ 292,647 |
| Investments | <u>0</u> |
| <i>Total Assets</i> | <u><u>\$ 292,647</u></u> |
| <u>LIABILITIES AND FUND EQUITY</u> | |
| Liabilities: | |
| Due To Activity Groups | \$ <u>292,647</u> |
| <i>Total Liabilities</i> | <u>\$ 292,647</u> |
| Fund Equity: | |
| Unassigned | \$ <u>0</u> |
| <i>Total Liabilities and Fund Equity</i> | <u><u>\$ 292,647</u></u> |

Cache School District No.1-001, Comanche County, Oklahoma
Combining Statement of Changes in Assets and Liabilities
Regulatory Basis - Activity Fund
For the Year Ended June 30, 2017

| ACTIVITIES | Balance July 1, 2016 | Additions | Deletions | Balance June 30, 2017 |
|-----------------------------|---------------------------------|-------------------|-------------------|----------------------------------|
| Athletics | \$ 4,373 | \$ 151,101 | \$ 144,008 | \$ 11,466 |
| Football | 7,649 | 27,367 | 31,411 | 3,605 |
| Boys Basketball | 2,633 | 8,094 | 6,877 | 3,850 |
| Girls Basketball | 2,874 | 786 | 3,503 | 157 |
| Baseball | 0 | 8,945 | 7,305 | 1,640 |
| Softball | 119 | 1,327 | 377 | 1,069 |
| Boys Soccer | 275 | 0 | 0 | 275 |
| Girls Soccer | 1,177 | 0 | 954 | 223 |
| Boys Track | 16 | 419 | 289 | 146 |
| Volleyball | 3,231 | 3,625 | 3,497 | 3,359 |
| Golf | 500 | 500 | 240 | 760 |
| Elementary Wrestling | 612 | 150 | 762 | 0 |
| Girls Track | 326 | 0 | 0 | 326 |
| Softball Booster Club | 6,703 | 14,105 | 18,684 | 2,124 |
| Football Booster Club | 4,249 | 14,430 | 15,943 | 2,736 |
| Basketball Booster | 0 | 826 | 416 | 410 |
| Baseball Booster | 56 | 10,053 | 7,217 | 2,892 |
| Elementary Football | 12,325 | 19,453 | 31,778 | 0 |
| Cross Country Booster | 47 | 0 | 0 | 47 |
| Cross Country | 822 | 2,852 | 3,278 | 396 |
| Wrestling | 880 | 102 | 965 | 17 |
| HS Soccer Booster Club | 2,223 | 7,835 | 7,873 | 2,185 |
| Girls Basketball Booster | 411 | 2,337 | 2,390 | 358 |
| Track Booster | 1,178 | 8,886 | 9,599 | 465 |
| CBSN | 0 | 4,450 | 4,306 | 144 |
| Special Education | 2,483 | 8,925 | 10,799 | 609 |
| Art | 169 | 1,065 | 840 | 394 |
| Band | 6,462 | 17,888 | 18,171 | 6,179 |
| Band Parents Booster | 9,944 | 33,779 | 31,364 | 12,359 |
| Beta Club | 1,106 | 1,556 | 1,431 | 1,231 |
| Primary PTO | 6,591 | 9,230 | 5,780 | 10,041 |
| Bulldog Corner | 3,501 | 9,645 | 5,057 | 8,089 |
| Intermediate PTO | 5,072 | 3,278 | 2,275 | 6,075 |
| DECA | 4,554 | 14,628 | 13,274 | 5,908 |
| Middle School Art | 58 | 2,184 | 2,024 | 218 |
| DAWG KART | 11,102 | 12,998 | 9,540 | 14,560 |
| FFA Booster Club | 3,102 | 14,124 | 15,455 | 1,771 |
| FCA | 85 | 0 | 0 | 85 |
| FFA | 4,266 | 59,400 | 58,623 | 5,043 |
| Freshman Cheerleader | 89 | 0 | 0 | 89 |
| FCCLA | 3,555 | 8,413 | 6,531 | 5,437 |
| General Fund | 0 | 21,455 | 21,455 | 0 |
| FCCLA Booster | 278 | 0 | 0 | 278 |
| Leap Grant | 217 | 90 | 259 | 48 |
| High School | 224 | 7,491 | 4,292 | 3,423 |
| 5/6 Activity | 11,697 | 17,246 | 12,172 | 16,771 |
| HS Cheerleaders | 1,743 | 5,640 | 6,468 | 915 |
| HS Cheer Booster Club | 1,196 | 10,979 | 6,128 | 6,047 |
| Indian Heritage | 454 | 245 | 698 | 1 |
| Sub Total Activities | \$ 130,628 | \$ 547,902 | \$ 534,308 | \$ 144,222 |

Cache School District No.1-001, Comanche County, Oklahoma
Combining Statement of Changes in Assets and Liabilities
Regulatory Basis - Activity Fund
For the Year Ended June 30, 2017

| ACTIVITIES | July 1, 2016 | Additions | Deletions | Balance June 30, 2017 |
|------------------------------|---------------------|-------------------|-------------------|----------------------------------|
| Intermediate School | 15,307 | \$ 25,579 | 26,074 | \$ 14,812 |
| HS Library | 1,153 | 121 | 0 | 1,274 |
| Middle School | 7,475 | 9,655 | 7,187 | 9,943 |
| PAWS | 84 | 491 | 559 | 16 |
| MS Cheerleaders | 2,212 | 6,465 | 5,888 | 2,789 |
| MISC | 2,807 | 1,626 | 2,978 | 1,455 |
| MS Library | 1,898 | 101 | 123 | 1,876 |
| Primary School | 23,723 | 37,935 | 30,337 | 31,321 |
| HS History Club | 782 | 1,600 | 1,600 | 782 |
| HS Stuco | 650 | 2,448 | 2,011 | 1,087 |
| Tech Ed | 2,744 | 3,451 | 2,471 | 3,724 |
| Intermediate Vocal Music | 141 | 2,069 | 1,688 | 522 |
| Elem vocal Music PK-2 | 887 | 1,659 | 1,715 | 831 |
| 5/6 Library | 852 | 4,100 | 4,038 | 914 |
| HS Yearbook | 9,035 | 17,730 | 10,522 | 16,243 |
| BPA | 687 | 389 | 646 | 430 |
| Middle School Yearbook | 2,754 | 4,866 | 4,685 | 2,935 |
| HS Science Club | 274 | 0 | 25 | 249 |
| MS Science Club | 228 | 0 | 0 | 228 |
| Middle School PTO | 3,627 | 6,519 | 3,688 | 6,458 |
| Primary Library | 2,254 | 5,336 | 5,011 | 2,579 |
| 5/6 PTO | 10,476 | 11,434 | 6,937 | 14,973 |
| Intermediate Library | 734 | 8,844 | 7,353 | 2,225 |
| Academic Club | 119 | 0 | 0 | 119 |
| 5/6 Yearbook | 1,717 | 1,899 | 2,240 | 1,376 |
| JOM | 23 | 3,298 | 3,068 | 253 |
| Class of 2016 | 909 | 0 | 909 | 0 |
| Class of 2017 | 5,527 | 1,432 | 6,207 | 752 |
| Class of 2018 | 127 | 13,549 | 8,778 | 4,898 |
| Mid High Activity | 324 | 1,081 | 1,394 | 11 |
| Class of 2019 | 672 | 1,424 | 1,298 | 798 |
| K-12 Vending | 4,359 | 3,000 | 2,976 | 4,383 |
| HS Color Guard | 2,592 | 2,081 | 2,763 | 1,910 |
| HS Drama Club | 283 | 0 | 0 | 283 |
| International Club | 98 | 3,622 | 3,412 | 308 |
| HS/MS Vocal Music | 1,429 | 6,529 | 6,379 | 1,579 |
| MS Drama Club | 221 | 0 | 0 | 221 |
| MS FCA | 96 | 0 | 30 | 66 |
| HS Science Class | 0 | 620 | 0 | 620 |
| Photography Club | 2 | 0 | 0 | 2 |
| Child Nutrition | 0 | 54,982 | 54,982 | 0 |
| Cast/le | 0 | 12,690 | 1,512 | 11,178 |
| Camp | 0 | 2,415 | 414 | 2,001 |
| Sub Total Activities: | \$ 109,283 | \$ 261,040 | \$ 221,898 | \$ 148,425 |
| Total Activities | \$ 239,911 | \$ 808,942 | \$ 756,206 | \$ 292,647 |

SUPPORTING SCHEDULES

CACHE INDEPENDENT SCHOOL DISTRICT NO. 001
COMANCHE COUNTY, OKLAHOMA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2017

| Federal Grantor/Pass-Through Grantor/Program Title | Federal CFDA # | Grantor's Number | Approved Amount | Balance at July 1, 2016 | Receipts | Expenditures | Balance at June 30, 2017 |
|-------------------------------------------------------------------------|-------------------|---------------------|--------------------|----------------------------|-----------------|-----------------|-----------------------------|
| <i>U.S. Department of Education Direct Programs:</i> | | | | | | | |
| P.L. 81-874 Impact Aid | 84.041 | 591 | \$ 232,182.49 | *\$ 0.00 | \$ 232,182.49 | \$ 232,182.49 | \$ 0.00 |
| P.L. 81-874 Impact Aid | 84.041 | 592 | 27,365.10 | 0.00 | 27,365.10 | 27,365.10 | 0.00 |
| Title VII, Indian Education | 84.060 | 561 | 69,066.07 | * | 69,066.07 | 69,066.07 | 0.00 |
| <i>Passed Through State Department of Education:</i> | | | | | | | |
| <i>2015-2016 Programs</i> | | | | | | | |
| Title I - Part A, Basic Program | 84.010 | 511 | 0.00 | (41,831.00) | 41,831.00 | 0.00 | 0.00 |
| Title I, Part A, Neglected | 84.010 | 518 | 0.00 | (3,972.00) | 3,972.00 | 0.00 | 0.00 |
| Title I - Part C, Migrant Education | 84.011 | 521 | 0.00 | (3,326.00) | 3,326.00 | 0.00 | 0.00 |
| Title IV, Part B, 21st Century Community Centers | 84.287 | 553 | 0.00 | (80,437.00) | 80,437.00 | 0.00 | 0.00 |
| IDEA-Part B, Flow Through | 84.027 | 621 | 0.00 | (26,369.00) | 26,369.00 | 0.00 | 0.00 |
| <i>2016-2017 Programs</i> | | | | | | | |
| Title I - Part A, Basic Program | 84.010 | 511 | 286,964.81 | 0.00 | 266,103.09 | 286,964.81 | (20,861.72) |
| Title I - School Support | 84.010 | 515 | 18,000.00 | 0.00 | 1,694.00 | 1,694.00 | 0.00 |
| Title I, Part A, Neglected | 84.010 | 518 | 19,608.39 | 0.00 | 18,856.61 | 19,608.39 | (751.78) |
| Title I - Part C, Migrant Education | 84.011 | 521 | 31,376.86 | 0.00 | 0.00 | 26,826.34 | (26,826.34) |
| Title II, Part A - Training | 84.367 | 541 | 37,738.10 | 0.00 | 0.00 | 29,760.93 | (29,760.93) |
| Title IV, Part B, 21st Century Community Centers | 84.287 | 553 | 164,444.57 | 0.00 | 118,867.29 | 148,231.16 | (29,363.87) |
| Title VI, Part B, Subpart 2, Rural & Low Income | 84.358 | 587 | 46,909.37 | 0.00 | 39,878.21 | 46,909.37 | (7,031.16) |
| IDEA-Part B, Flow Through | 84.027 | 621 | 386,393.22 | 0.00 | 346,734.18 | 374,240.80 | (27,506.62) |
| IDEA-Part B, Flow Through, Private Schools | 84.027 | 625 | 2,102.50 | 0.00 | 0.00 | 2,102.50 | (2,102.50) |
| IDEA-Part B, Flow Through High Need Tier II | 84.027 | 627 | 123,075.92 | 0.00 | 118,286.93 | 123,075.92 | (4,788.99) |
| IDEA-Part B, Preschool | 84.173 | 641 | 10,967.92 | 0.00 | 10,877.92 | 10,877.92 | 0.00 |
| Total State Department of Education | | | 1,127,581.66 | (155,935.00) | 1,077,233.23 | 1,070,292.14 | (148,993.91) |
| Total U.S. and State Department of Education | | | 1,387,129.25 | (155,935.00) | 1,405,846.89 | 1,398,905.80 | (148,993.91) |
| <i>U.S. Department of Defense Direct Programs:</i> | | | | | | | |
| DOD Education Activity | 12.556 | 771 | 168,058.33 | * 4,661.72 | 106,943.50 | 127,386.49 | (15,781.27) |
| DOD Education Activity | 12.556 | 772 | 0.00 | * (1,236.95) | 1,236.95 | 0.00 | 0.00 |
| DOD Education Activity | 12.556 | 773 | 174,651.00 | 0.00 | 70,796.15 | 85,833.56 | (15,037.41) |
| <i>U.S. Department of Interior Passed Through BIA</i> | | | | | | | |
| Johnson O'Malley | 15.130 | 563 | 41,429.00 | * 0.00 | 26,379.00 | 26,379.00 | 0.00 |
| <i>Passed Through OK Dept. of Vocational & Technical Education:</i> | | | | | | | |
| Carl D. Perkins - Secondary | 84.048 | 421 | 25,222.00 | * (28,267.00) | 28,267.00 | 19,037.00 | (19,037.00) |
| Carl Perkins High Schools-That-Work Grants | 84.048 | 426 | 8,500.00 | 0.00 | 0.00 | 4,548.60 | (4,548.60) |
| <i>Passed Through OK Dept. of Rehabilitation Services:</i> | | | | | | | |
| Rehabilitation Services | 84.126 | 456 | 2,834.11 | 0.00 | 2,834.11 | 2,834.11 | 0.00 |
| <i>U.S. Department of Agriculture:</i> | | | | | | | |
| <i>Cash Assistance:</i> | | | | | | | |
| National School Lunch Program | 10.555 | 763 | 398,057.30 | 0.00 | 398,057.30 | 398,057.30 | 0.00 |
| School Breakfast Program | 10.553 | 764 | 104,004.43 | 0.00 | 104,004.43 | 104,004.43 | 0.00 |
| Summer Food Service Program | 10.559 | 766 | 16,868.37 | * 0.00 | 16,868.37 | 16,868.37 | 0.00 |
| <i>Non-Cash Assistance (Commodities):</i> | | | | | | | |
| National School Lunch Program | 10.555 | n/a | 62,388.88 | 0.00 | 62,388.88 | 62,388.88 | 0.00 |
| Total U.S. Department of Agriculture | | | 581,318.98 | 0.00 | 581,318.98 | 581,318.98 | 0.00 |
| Total Federal Assistance | | | \$ 2,339,213.67 | \$ (180,777.23) | \$ 2,223,622.58 | \$ 2,246,243.54 | \$ (203,398.19) |

* A prior period adjustment was made to the beginning balance.

Notes to Schedule of Expenditures of Federal Awards

Basis of Presentation - The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal award activity of Cache Independent School District No. 1, Comanche County, Oklahoma under programs of the federal government for the year ended June 30, 2017. The information in this Schedule 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 Cache Independent School District No. 1, Comanche County, Oklahoma, it is not intended to and does not present the financial position, changes in net position, or cash flows of Cache Independent School District No. 1, Comanche County, Oklahoma.

Summary of Significant Accounting Policies - Expenditures reported in the Schedule are reported on the regulatory basis of accounting. Such 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. Nonmonetary assistance in the form of commodities is reported in the Schedule at the fair market value of the commodities received and disbursed. Therefore, some amounts presented in this Schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements. The District has elected not to use the 10% de minimis indirect cost rate allowed under the Uniform Guidance. Also, there were no awards passed through to sub-recipients.

REPORTS REQUIRED BY GOVERNMENT AUDITING STANDARDS



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

To the Honorable Board of Education
Cache Independent School District No. I-001
Cache, Comanche County, Oklahoma

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the fund type and account group financial statements-regulatory basis of Cache Independent School District No. I-001, Oklahoma, as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise Cache Independent School District No. I-001, Oklahoma's basic financial statements, and have issued our report thereon dated February 9, 2018. As stated in our report, our opinion was adverse with respect to the financial statements not being prepared in conformity with accounting principles generally accepted in the United States of America because the presentation followed the regulatory basis of the financial reporting provisions of the Oklahoma State Department of Education. In addition, our opinion was qualified because the omission of the General Fixed Assets Account Group results in an incomplete presentation with respect to the financial statements being prepared following the regulatory basis of the financial reporting provisions of the Oklahoma State Department of Education.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered Cache Independent School District No. I-001, Oklahoma'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 the entity's internal control. Accordingly, we do not express an opinion on the effectiveness of the entity'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 Cache Independent School District No. 1-001, Oklahoma's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* in the United States of America.

Purpose of this Report

This 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.

Britton, Kuykendall & Miller

BRITTON, KUYKENDALL AND MILLER
Certified Public Accountants

Weatherford, Oklahoma
February 9, 2018



BRITTON, KUYKENDALL, & MILLER
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**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH
MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE
REQUIRED BY THE UNIFORM GUIDANCE**

To the Honorable Board of Education³¹
Cache Independent School District No. I-001
Cache, Comanche County, Oklahoma

Report on Compliance for Each Major Federal Program

We have audited Cache Independent School District No. I-001, Oklahoma'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 Cache Independent School District No. I-001, Oklahoma's major federal programs for the year ended June 30, 2017. Cache Independent School District No. I-001, Oklahoma'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 federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of Cache Independent School District No. I-001, Oklahoma'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 the 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 Cache Independent School District No. I-001, Oklahoma'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 Cache Independent School District No. I-001, Oklahoma's compliance.

Opinion on Each Major Federal Program

In our opinion, Cache Independent School District No. I-001, Oklahoma, 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, 2017.

Report on Internal Control over Compliance

Management of Cache Independent School District No. I-001, Oklahoma, 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 Cache Independent School District No. I-001, Oklahoma's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the entity's internal control over compliance.

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

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

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

Britton, Kuykendall & Miller

BRITTON, KUYKENDALL AND MILLER
Certified Public Accountants

Weatherford, Oklahoma
February 9, 2018

**CACHE INDEPENDENT SCHOOL DISTRICT NO. I-001
COMANCHE COUNTY, OKLAHOMA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2017**

SUMMARY OF AUDITOR'S RESULTS

| | |
|-----------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------|
| TYPE OF REPORT ISSUED ON THE FINANCIAL STATEMENTS IN ACCORDANCE WITH GAAP: | Adverse Opinion |
| MATERIAL WEAKNESSES IDENTIFIED IN INTERNAL CONTROL OVER FINANCIAL REPORTING: | No |
| SIGNIFICANT DEFICIENCIES IDENTIFIED IN INTERNAL CONTROL OVER FINANCIAL REPORTING THAT ARE NOT CONSIDERED TO BE MATERIAL WEAKNESSES: | No |
| DISCLOSURES OF NONCOMPLIANCE MATERIAL TO THE FINANCIAL STATEMENTS: | None Reported |
| MATERIAL WEAKNESSES IDENTIFIED IN INTERNAL CONTROL OVER MAJOR FEDERAL AWARD PROGRAMS: | No |
| SIGNIFICANT DEFICIENCIES IDENTIFIED IN INTERNAL CONTROL OVER MAJOR FEDERAL AWARD PROGRAMS THAT ARE NOT CONSIDERED TO BE MATERIAL WEAKNESSES: | No |
| TYPE OF REPORT ISSUED ON COMPLIANCE FOR MAJOR FEDEARAL AWARD PROGRAMS: | Unqualified Opinion |
| AUDIT FINDINGS REQUIRED TO BE REPORTED IN ACCORDANCE WITH THE UNIFORM GUIDANCE 2 CFR SECTION 200.516 (A): | No |
| MAJOR PROGRAMS: | 84.010 Title I Cluster 84.027 IDEA-B Flowthrough Cluster 84.173 IDEA-B Preschool 84.041 Title VIII, Impact Aid |
| DOLLAR THRESHOLD USED TO DISTINGUISH BETWEEN TYPE A AND B PROGRAMS: | \$750,000 |
| QUALIFIED LOW-RISK AUDITEE: | No |
| FINDINGS - FINANCIAL STATEMENTS AUDIT: | None Reported |
| FINDINGS & QUESTIONED COSTS - MAJOR FEDERAL AWARD PROGRAMS AUDIT: | None Reported |

**CACHE INDEPENDENT SCHOOL DISTRICT NO. I-001
COMANCHE COUNTY, OKLAHOMA
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE YEAR ENDED JUNE 30, 2017**

PRIOR YEAR FINDINGS - FINANCIAL STATEMENTS AUDIT

Finding 2016-001 Condition: The finding was a significant deficiency stating that the school paid the rental payment of \$1,500 to the Cache Education Facilities Authority out of the Bond Fund.

Recommendation: It was recommended to the school that the rental payments should be paid from the Building Fund or General Fund.

Current Status: The recommendations were implemented by the school and no similar findings were noted in the audit for the year ended June 30, 2017.

Finding 2016-002 Condition: The finding was a significant deficiency stating that the superintendent was paid a \$500 cell phone allowance, but his contract stated only a \$330 cell phone allowance. Several employees were paid a cell phone allowance, but it was not in their contract or documented in the board minutes as being approved.

Recommendation: It was recommended to the school that all payments to the superintendent should be documented in the contract that is on file with the State Department of Education. All payments to employees should be included in their contract or approved by the board of education.

Current Status: The recommendations were implemented by the school and no similar findings were noted in the audit for the year ended June 30, 2017.

Finding 2016-003 Condition: The finding was a significant deficiency stating that the District did not pay federal matching teacher retirement on salaries. Nine employees were tested and two were underpaid and seven were overpaid. It was estimated that the underpayment of the federal matching to be approximately \$880 and overpayment of \$3,345.

Recommendation: It was recommended that the District contact teacher retirement to discuss how to remit the underpaid amounts. In addition, the District needs to make sure its software is set up correctly to properly withhold teacher retirement in the future.

Current Status: The recommendations were implemented by the school and no similar findings were noted in the audit for the year ended June 30, 2017

**CACHE INDEPENDENT SCHOOL DISTRICT NO. I-001
COMANCHE COUNTY, OKLAHOMA
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS, (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2017**

PRIOR YEAR FINDINGS - FINANCIAL STATEMENTS AUDIT, (CONTINUED)

Finding 2016-004 Condition: The finding was a significant deficiency stating that during the testing of the Activity Fund disbursements, it was noted that 15 checks were signed by one individual.

Recommendation: It was recommended that the school should follow their policy and have two authorized signors sign each Activity Fund check.

Current Status: The recommendations were implemented by the school and no similar findings were noted in the audit for the year ended June 30, 2017

PRIOR YEAR FINDINGS – MAJOR FEDERAL AWARD PROGRAMS AUDIT

None Reported

Primary School
580/429-3542
Intermediate School
Center
580/429-8536
5/6 Center
580/429-0222
email: cacheps.org

CACHE PUBLIC SCHOOLS

Chad Hance, Superintendent
102 East H Avenue

Cache, Oklahoma 73527
Phone: 580/429-3266
Fax: 580/429-3271

Middle School
580/429-8489
Freshman
580/429-3008
High School
580/429-3214

Cache Public School District Comanche County Audit Findings Corrective Action Plan 2016-2017

Finding 2016-1- The school paid the Rental Payment of \$1500.00 to the Cache Education Facilities Authority out of the Bond Fund..

Contact Person- Chad Hance

Steps Implemented- All rental payments to the CEFA will be paid out of either the Building Fund or General Fund. Rental Payments will be built into the budget for upcoming years.

Completion Date- July 1, 2016

Finding 2016-2- The Superintendent was paid \$500 cell phone allowance, but his contract stated only \$330 for cell phone allowance. Several employees were paid a cell phone allowance, but it was not in their contracts or documented in the board minutes as being approved.

Contact Person- Chad Hance

Steps Implemented- All payments to employees will be documented in their contract. Contracts will be amended if to show any changed in contract by adding an addendum, to that employee's contract. All payments to employees will be board approved. All payments to the superintendent shall be documented in the superintendent contract on file with SDE.

Completion Date- Immediately

Finding 2016-3- The District did not pay federal matching teacher retirement on salaries. We tested nine employees and two were underpaid and seven were overpaid. We estimate the underpayment of the federal matching to be approximately \$880 and overpayment of \$3,345.

Contact Person- Chad Hance

Steps Implemented- The district will make contact with OTRS and rectify any and all discrepancies. School personnel will be aware of any and all employees paid with federal funds.

Completion Date- Immediately

Finding 2016-4- During our testing of the Activity Fund disbursements, we noted 15 checks that were only signed by one individual.

Contact Person- Chad Hance

Steps Implemented- Employees will be made aware of the school policy requiring two signatures on all activity fund checks. All checks will be reviewed prior to being sent out to ensure two signatures on all checks.

Completion Date-Immediately

OTHER DEPARTMENT OF EDUCATION REQUIRED INFORMATION

**CACHE INDEPENDENT SCHOOL DISTRICT NO. I-001
COMANCHE COUNTY, OKLAHOMA
SCHEDULE OF ACCOUNTANTS' PROFESSIONAL
LIABILITY INSURANCE AFFIDAVIT
JULY 1, 2016 THROUGH JUNE 30, 2017**

State of Oklahoma)
) ss
County of Custer)

The undersigned auditing firm of lawful age, being first duly sworn on oath, says that said firm had in full force and effect Accountants' 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 Cache Independent School District No. I-001 for the audit year 2016-2017.

Britton, Kuykendall & Miller

BRITTON, KUYKENDALL & MILLER
Certified Public Accountants

By *Rich Miller*

Subscribed and sworn to before me this *9th* day of *February*, 2018.

Patty Klein
NOTARY PUBLIC

