

REPORT OF AUDIT
CARNEGIE SCHOOL DISTRICT #1-33
CADDO COUNTY – OKLAHOMA
JULY 1, 2013 TO JUNE 30, 2014

CARNEGIE SCHOOL DISTRICT NO. I-33
CADDO COUNTY, OKLAHOMA
JUNE 30, 2014

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CADDO COUNTY, OKLAHOMA
JUNE 30, 2013

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**CARNEGIE INDEPENDENT SCHOOL DISTRICT NO. I-33, CADDO COUNTY
SCHOOL DISTRICT OFFICIALS
JUNE 30, 2014**

BOARD OF EDUCATION

President	Gerald Peters
Vice President	Mark Taylor
Clerk	Sandra Martinez
Deputy Clerk	Christi Harrison
Member	Cody McSperitt

SUPERINTENDENT OF SCHOOLS

Dr. Kathy Carroll

ENCUMBRANCE CLERK

Louise Jarnagin

SCHOOL DISTRICT TREASURER

Darrel Johnston

Chas. W. Carroll, P.A.

Hiland Tower – Suite 406
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Enid, Oklahoma 73701
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INDEPENDENT AUDITOR'S REPORT

The Honorable Board of Education
Carnegie School District #I-33
Caddo County, Oklahoma

I have audited the accompanying combined fund type and account group financial statements-regulatory basis of the Carnegie School District #I-33, Caddo County, Oklahoma, as listed in the table of contents, as combined financial statements, as of and for the year ended June 30, 2014.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the financial reporting regulations prescribed or permitted by the Oklahoma State Department of Education as described in Note 1, to meet the requirements of the Oklahoma State Department of Oklahoma. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

My responsibility is to express opinions on these financial statements based on my audit. I conducted my audit in accordance with auditing standards generally accepted in the United States of America and Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

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

As described in Note 1 to the financial statement, to meet the financial reporting requirements of the Oklahoma State Department of Education, the financial statements are prepared by Carnegie School District #I-33, Caddo County, Oklahoma on the basis of the financial reporting prescribed or permitted by the Oklahoma State Department of Education, which is a basis of accounting other than accounting principles generally accepted in the United States of America.

The effects on the financial statements of the variances between the regulatory basis of accounting described in Note 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 my opinion, because of the significance of the matter discussed in the Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles paragraphs, the financial statements referred to above do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of the District as of June 30, 2014, or the revenues, expenses, and changes in net position and, where applicable, cash flows thereof for the year then ended.

Opinion on Regulatory Basis of Accounting

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

However, in my opinion, except for the effects of the omission of the general fixed asset account group, the combined financial statements referred to in the first paragraph present fairly, in all material respects, the assets, liabilities and fund balances arising from regulatory basis transactions of each fund type and account group of the Carnegie School District #I-33, Caddo County, Oklahoma, as of June 30, 2014, and the revenues collected and expenditures paid and encumbered, of each fund type, for the year then ended, on the regulatory basis of accounting described in Note 1.

Other Matters

Other Information

My audit was conducted for the purpose of forming opinions on the fund type and account group financial statements within the combined financial statements. The combining fund statements and schedules and other schedules as listed in the table of contents, under other supplementary information, are presented for purposes of additional analysis and are not a required part of the combined financial statement of the District. Also, the accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by United States Office of Management and Budget Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations, and is also not a required part of the combined financial statements. This other supplementary information and the schedule of expenditures of federal awards are the responsibility of management and were derived from and relate directly to the underlying accounting records used to prepare the combined financial statements. The other supplementary information and the schedule of expenditures of federal awards have been subjected to the auditing procedures applied in the audit of the fund type and account group financial statements within the combined financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In my opinion, the other supplementary information and the schedule of expenditures of federal awards are fairly stated in all material respects in relation to the combined financial statements taken as a whole on the regulatory basis of accounting described in Note 1.

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, I have also issued my report dated March 24, 2015 on my consideration of the District's internal control over financial reporting and on my tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, and other matters. The purpose of that report is to describe the scope of my testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the District's internal control over financial reporting and compliance.



Chas. W. Carroll, P.A.
March 24, 2015

COMBINED FINANCIAL STATEMENTS

**Carnegie School District No. I-033, Caddo County, Oklahoma
 Combined Statement of Assets, Liabilities and Fund Balances
 Regulatory Basis - All Fund Types and Account Groups
 For the Year Ending June 30, 2014**

ASSETS	Governmental Fund Types				Fiduciary Fund Types	Account Group	Total (Memorandum Only)
	General	Special Revenue	Debt Service	Capital Projects			
Cash and Cash Equivalents	\$ 609,802	\$ 226,799	\$ 123,055	\$ 585,307	\$ 84,926	\$ 0	\$ 1,629,889
Investments	0	100,000	0	0	40,000	0	140,000
Amounts Available in Debt Service Fund	0	0	0	0	0	123,055	123,055
Amounts to be Provided for Retirement of General Long-Term Debt	0	0	0	0	0	496,945	496,945
Amounts to be Provided For Compensated Absences	0	0	0	0	0	34,500	34,500
Total Assets	\$ 609,802	\$ 326,799	\$ 123,055	\$ 585,307	\$ 124,926	\$ 654,500	\$ 2,424,389
LIABILITIES AND FUND BALANCE							
Liabilities:							
Warrants Payable	\$ 142,364	\$ 20,731	\$ 0	\$ 11,100	\$ 0	\$ 0	\$ 174,195
Reserve for Encumbrances	0	0	0	0	0	0	0
Due to Activity Groups	0	0	0	0	89,926	0	89,926
General Obligation Bonds Payable	0	0	0	0	0	620,000	620,000
Compensated Absences Payable	0	0	0	0	0	34,500	34,500
Total Liabilities	\$ 142,364	\$ 20,731	\$ 0	\$ 11,100	\$ 89,926	\$ 654,500	\$ 918,621
Fund Balances:							
Restricted For:							
Debt Service	\$ 0	\$ 0	\$ 123,055	\$ 0	\$ 0	\$ 0	\$ 123,055
Capital Projects	0	0	0	574,207	0	0	574,207
Building Programs	0	213,111	0	0	0	0	213,111
Child Nutrition Programs	0	92,956	0	0	0	0	92,956
Gift Fund	0	0	0	0	35,000	0	35,000
Unassigned	467,438	0	0	0	0	0	467,438
Total Fund Balances	\$ 467,438	\$ 306,068	\$ 123,055	\$ 574,207	\$ 35,000	\$ 0	\$ 1,505,768
Total Liabilities and Fund Balances	\$ 609,802	\$ 326,799	\$ 123,055	\$ 585,307	\$ 124,926	\$ 654,500	\$ 2,424,389

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

Carnegie School District No.1-033, Caddo County, Oklahoma
Combined Statement of Revenues Collected, Expenditures Paid and Changes in Fund Balances
Regulatory Basis - All Governmental Fund Types
For the Year Ending June 30, 2014

	Governmental Fund Types				Totals (Memorandum Only)
	General	Special Revenue	Debt Service	Capital Projects	June 30, 2014
Revenue Collected:					
Local Sources	\$ 718,148	\$ 152,055	\$ 493,475	\$ 151	\$ 1,363,828
Intermediate Sources	87,482	0	0	0	87,482
State Sources	2,705,106	5,070	14	0	2,710,190
Federal Sources	652,746	252,100	0	0	904,847
Non-Revenue Receipts	0	1,054	2,644	0	3,699
<i>Total Revenue Collected</i>	<u>\$ 4,163,481</u>	<u>\$ 410,279</u>	<u>\$ 496,134</u>	<u>\$ 151</u>	<u>\$ 5,070,045</u>
Expenditures Paid:					
Instruction	\$ 2,556,386	\$ 0	\$ 0	\$ 0	\$ 2,556,386
Support Services	1,746,186	180,366	0	11,146	1,937,698
Operation of Non-Instructional Services	199,740	194,447	0	0	394,186
Facilities Acquisition and Construction	0	18,741	0	289,943	308,684
Other Outlays	0	1,054	0	0	1,054
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	570,000	0	570,000
Interest and Fiscal Agent Fees	0	0	5,458	0	5,458
<i>Total Expenditures Paid</i>	<u>\$ 4,502,311</u>	<u>\$ 394,609</u>	<u>\$ 575,458</u>	<u>\$ 301,089</u>	<u>\$ 5,773,467</u>
<i>Excess of Revenues Collected Over (Under) Expenditures Paid Before Adjustments to Prior Year Encumbrances</i>	<u>\$ (338,830)</u>	<u>\$ 15,670</u>	<u>\$ (79,324)</u>	<u>\$ (300,938)</u>	<u>\$ (703,422)</u>
Adjustments to Prior Year Encumbrances	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
Other Financing Sources (Uses):					
Estopped Warrants	\$ 206	\$ 0	\$ 0	\$ 0	\$ 206
Bond Proceeds	0	0	0	585,000	585,000
Transfers In	92,820	24,701	0	0	117,521
Transfers Out	(600)	(90,075)	0	0	(90,675)
<i>Total Other Financing Sources (Uses)</i>	<u>\$ 92,426</u>	<u>\$ (65,374)</u>	<u>\$ 0</u>	<u>\$ 585,000</u>	<u>\$ 612,052</u>
<i>Excess (Deficiency) of Revenue Collected Over Expenditures Paid and Other Financing Sources (Uses)</i>	<u>\$ (246,404)</u>	<u>\$ (49,704)</u>	<u>\$ (79,324)</u>	<u>\$ 284,062</u>	<u>\$ (91,370)</u>
<i>Fund Balance - Beginning of Year</i>	<u>713,842</u>	<u>355,771</u>	<u>202,379</u>	<u>290,146</u>	<u>1,562,137</u>
<i>Fund Balance - End of Year</i>	<u>\$ 467,438</u>	<u>\$ 306,068</u>	<u>\$ 123,055</u>	<u>\$ 574,207</u>	<u>\$ 1,470,768</u>

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

Carnegie School District No.1-033, Caddo County, Oklahoma
Combined Statement of Revenues, Expenditures, and Changes in Fund Balances
Budget and Actual - Regulatory Basis - Budgeted Governmental Fund Types
For the Year Ending June 30, 2014

	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	\$ 592,216	\$ 718,148	\$ 718,148	\$ 96,651	\$ 96,651	\$ 152,055	\$ 378,854	\$ 378,854	\$ 493,489
Intermediate Sources	70,000	87,482	87,482	0	0	0	0	0	0
State Sources	2,564,644	2,705,106	2,705,106	4,500	4,500	5,070	0	0	0
Federal Sources	331,476	652,746	652,746	230,700	230,700	252,100	0	0	0
Non-Revenue Receipts	0	0	0	0	0	1,054	0	0	2,644
Total Revenue Collected	\$ 3,558,337	\$ 4,163,481	\$ 4,163,481	\$ 331,851	\$ 331,851	\$ 410,279	\$ 378,854	\$ 378,854	\$ 496,134
Expenditures Paid:									
Instruction	\$ 2,473,806	\$ 2,621,138	\$ 2,556,386	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Support Services	1,631,121	1,746,186	1,746,186	371,217	371,217	180,366	0	0	0
Operation of Non-Instructional Services	166,558	199,740	199,740	343,406	343,406	194,447	0	0	0
Facilities Acquisition and Construction	0	0	0	0	0	18,741	0	0	0
Other Outlays	94	0	0	0	0	1,054	581,232	581,232	575,458
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	\$ 4,271,578	\$ 4,567,063	\$ 4,502,311	\$ 714,622	\$ 714,622	\$ 394,609	\$ 581,232	\$ 581,232	\$ 575,458
Excess of Revenues Collected Over (Under) Expenditures Paid Before Adjustments to Prior Year Encumbrances	\$ (713,242)	\$ (713,242)	\$ (338,830)	\$ (382,771)	\$ (382,771)	\$ 15,670	\$ (202,379)	\$ (202,379)	\$ (79,324)
Adjustments to Prior Year Encumbrances	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Other Financing Sources (Uses):									
Estopped Warrants	\$ 0	\$ 0	\$ 206	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Transfers In	0	92,820	92,820	27,000	27,000	24,701	0	0	0
Transfers Out	(600)	(600)	(600)	0	0	(90,075)	0	0	0
Total Other Financing Sources (Uses)	\$ (600)	\$ (600)	\$ 92,426	\$ 27,000	\$ 27,000	\$ (65,374)	\$ 0	\$ 0	\$ 0
Excess (Deficiency) of Revenue Collected Over Expenditures Paid and Other Financing Sources (Uses)	\$ (713,842)	\$ (713,842)	\$ (246,404)	\$ (355,771)	\$ (355,771)	\$ (49,704)	\$ (202,379)	\$ (202,379)	\$ (79,324)
Fund Balance - Beginning of Year	713,842	713,842	713,842	355,771	355,771	355,771	202,379	202,379	202,379
Fund Balance - End of Year	\$ (0)	\$ 0	\$ 467,438	\$ 0	\$ 0	\$ 306,068	\$ 0	\$ 0	\$ 123,055

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

Carnegie ISD No. 33, Caddo County
Notes To The Financial Statements
For The Year Ended June 30, 2014

Note 1 - Summary of Significant Accounting Policies

The basic financial statements of the Carnegie Public Schools Independent District No. 33, Caddo 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."

Carnegie ISD No. 33, Caddo County
Notes To The Financial Statements
For The Year Ended June 30, 2014

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

1.B. Fund Accounting, Governmental Fund Types, (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 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.

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 2008 Building Bond, 2012 Building Bond and 2012 Transportation Equipment Bond issues. These funds are used exclusively for acquiring school sites, constructing and equipping new school facilities, and renovating existing facilities and acquiring transportation 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.

Carnegie ISD No. 33, Caddo County
Notes To The Financial Statements
For The Year Ended June 30, 2014

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.

2. **Gift Fund** - The Gift Fund of the District was established through a donation to the School to be used to provide scholarships. The principal of the fund may be expended.

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.

Carnegie ISD No. 33, Caddo County
Notes To The Financial Statements
For The Year Ended June 30, 2014

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

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

- 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.
- 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 records 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.

Carnegie ISD No. 33, Caddo County
Notes To The Financial Statements
For The Year Ended June 30, 2014

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

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

Inventories – The value of consumable inventories at June 30, 2014, is not material to the basic financial statements.

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.

Rights to receive a bonus upon retirement have been reported in the general long-term debt account since none of this is expected to be liquidated with expendable available financial resources.

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.

Carnegie ISD No. 33, Caddo County
Notes To The Financial Statements
For The Year Ended June 30, 2014

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

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

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.

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.

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.

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.

Carnegie ISD No. 33, Caddo County
Notes To The Financial Statements
For The Year Ended June 30, 2014

Note 2 – Deposit and Investment Risk

The District held the following deposits and investments at June 30, 2014:

			<u>Carrying Value</u>
Deposits			
Demand Deposits	\$		1,648,985
Time Deposits			<u>140,000</u>
Total Deposits	\$		<u><u>1,788,985</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	\$		1,629,889
Investments			140,000
Activity Fund Outstanding Checks/Deposits in Transit			<u>19,096</u>
Total Deposits and Investments	\$		<u><u>1,788,985</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, 2014, the District was not exposed to custodial credit risk as defined above.

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.

Carnegie ISD No. 33, Caddo County
Notes To The Financial Statements
For The Year Ended June 30, 2014

Note 2 – Deposit and Investment Risk, (continued)

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, 2014, 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, 2014, the District had no concentration of credit risk as defined above.

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, obligations for compensated absences, and capital leases. Debt service requirements for bonds are payable solely from the fund balance and future revenues of the debt service fund.

Carnegie ISD No. 33, Caddo County
Notes To The Financial Statements
For The Year Ended June 30, 2014

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

The following is a summary of the long-term debt transactions of the District for the year ended June 30, 2014:

	<u>Bonds Payable</u>	<u>Capital Lease Obligations</u>	<u>Compensated Absences</u>	<u>Total</u>
Balance, July 1, 2013	\$ 605,000	\$ 0	\$ 41,000	\$ 646,000
Additions	585,000	0	6,500	591,500
Retirements	570,000	0	13,000	583,000
Balance, June 30, 2014	\$ 620,000	\$ 0	\$ 34,500	\$ 654,500

A brief description of the outstanding general obligation bond issues at June 30, 2014, is set forth below:

	<u>Interest Rate</u>	<u>Maturity Date</u>	<u>Amount Issued</u>	<u>Amount Outstanding</u>
2006 Building Bonds	3.30%–3.65%	1-Apr-15	\$ 75,000	\$ 10,000
2008 Building Bonds	2.00%–3.20%	1-Apr-17	50,000	25,000
2014 Combined Purpose Bond	1.0%	1-May-16	585,000	585,000
Totals			\$ 710,000	\$ 620,000

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

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2006 Building Bonds			
2014-15	\$ 10,000	\$ 365	\$ 10,365
Sub Total	10,000	365	10,365
2008 Building Bonds			
2014-15	5,000	778	5,778
2015-16	5,000	633	5,633
2016-17	15,000	480	15,480
Sub Total	25,000	1,891	26,891
2014 Combined Purpose Bonds			
2014-15	0	5,850	5,850
2015-16	585,000	5,850	590,850
Sub Total	585,000	11,700	596,700
Total Bonds	\$ 620,000	\$ 13,956	\$ 633,956

Interest expense on bonds payable incurred during the current year totaled \$5,458.

Carnegie ISD No. 33, Caddo County
Notes To The Financial Statements
For The Year Ended June 30, 2014

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

Additionally, the District accrues for a retirement bonus for eligible employees upon retirement. To be eligible the employee must have been employed by the District for the immediate preceding fifteen years. They must also be eligible to retire and receive benefits from the Teacher Retirement System in accordance with the "80" years rule, (80 years of creditable service, which includes age plus years of School employment). Their decision to retire must be submitted to the Board of Education no later than March 15, of the year they desire to retire. Certified Employees will be entitled to \$5,000 and Support Employees will get \$1,500. The liability for compensated absences at June 30, 2014 is as follows:

Certified Employee Retirement Bonus Liability	\$ 30,000
Support Employee Retirement Bonus Liability	<u>4,500</u>
Compensated Absences	<u>\$ 34,500</u>

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.

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, 2014. 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, 2014, 2013, and 2012 were \$255,135, \$257,173, and \$228,534, respectively.

The compensation for employees covered by the System for the year ended June 30, 2014 was \$2,612,385 the District's total compensation was \$3,100,090. In addition to the District's 9.50% contributions, the District was required to pay into the System 8.25% of compensation arising from federal grants (\$17,071). There were \$136,817 contributions made by employees during the year ended June 30, 2014.

Carnegie ISD No. 33, Caddo County
Notes To The Financial Statements
For The Year Ended June 30, 2014

Note 4 - Employee Retirement System, (continued)

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, 2013, is as follows:

Total pension obligation	\$ 18,973,166,739
Net assets available for benefits, at cost	<u>10,861,057,537</u>
Nonfunded pension benefit obligation	<u>\$ 8,112,109,202</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, 2013. 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.

Litigation

The District is a defendant in various lawsuits. Although the outcome of these lawsuits is not presently determinable and the amounts are not readily estimable, the District believes the resolution of these matters will not have a material adverse effect on the financial statements and may be settle by the District's insurance carrier. The District intends to vigorously defend itself on the various lawsuits.

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 - \$750,000,000; general liability - \$1,000,000; 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.

Carnegie ISD No. 33, Caddo County
Notes To The Financial Statements
For The Year Ended June 30, 2014

Note 6 – Risk Management (continued)

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 superintendent is bonded by Western Surety Company bond number 70955522 for the penal sum of \$100,000 for the term July 1, 2013 to July 1, 2014.

The Treasurer is bonded by Western Surety Company bond number 71069988 for the penal sum of \$100,000 for the term March 1, 2013 to March 1, 2014 and for the term March 1, 2014 to March 1, 2015.

The District has a surety bond with Western Surety Company, bond number 01517595, for the term of January 5, 2013 to January 5, 2014 and for the term of January 5, 2014 to January 5, 2015 that covers the following employees for the following amounts:

Elementary Secretary	\$5,000
High School Secretary	\$5,000
Middle School Secretary	\$5,000
High School Principal	\$2,000
Middle School Principal	\$2,000
Elementary Principal	\$2,000
Secretary of School Lunch & Activity Fund	\$10,000
Minutes Clerk	\$5,000
Deputy Treasurer	\$40,000
Encumbrance Clerk	\$5,000

Carnegie ISD No. 33, Caddo County
Notes To The Financial Statements
For The Year Ended June 30, 2014

Note 9 – Budget Amendments

The General Fund Budget was amended two times during the year by filing supplemental appropriations with the county clerk's office. The supplemental appropriations were filed February 20, 2014 for \$131,793 and on April 17, 2014 for \$163,692. This increased the original General Fund Budget from \$4,272,178 to \$4,567,663.

OTHER SUPPLEMENTAL INFORMATION

Carnegie School District No.1-033, Caddo County, Oklahoma
Combining Statement of Assets, Liabilities and Fund Balances
Regulatory Basis - All Special Revenue Funds
For the Year Ending June 30, 2014

<u>ASSETS</u>	<u>Building Fund</u>	<u>Child Nutrition Fund</u>	<u>Total June 30, 2014</u>
Cash and Cash Equivalents	\$ 129,959	\$ 96,839	\$ 226,799
Investments	<u>100,000</u>	<u>0</u>	<u>100,000</u>
<i>Total Assets</i>	<u>\$ 229,959</u>	<u>\$ 96,839</u>	<u>\$ 326,799</u>
<u>LIABILITIES AND FUND BALANCE</u>			
Liabilities:			
Warrants Payable	\$ 16,848	\$ 3,883	\$ 20,731
Reserve for Encumbrances	<u>0</u>	<u>0</u>	<u>0</u>
<i>Total Liabilities</i>	<u>\$ 16,848</u>	<u>\$ 3,883</u>	<u>\$ 20,731</u>
Fund Balances:			
Restricted	<u>\$ 213,111</u>	<u>\$ 92,956</u>	<u>\$ 306,068</u>
<i>Total Fund Balances</i>	<u>\$ 213,111</u>	<u>\$ 92,956</u>	<u>\$ 306,068</u>
<i>Total Liabilities and Fund Balances</i>	<u>\$ 229,959</u>	<u>\$ 96,839</u>	<u>\$ 326,799</u>

Exhibit A-1

Carnegie School District No.1-033, Caddo County, Oklahoma
Combining Statement of Revenues Collected, Expenditures Paid and Changes in Fund Balances
Regulatory Basis - Special Revenue Funds
For the Year Ending June 30, 2014

	<u>Building Fund</u>	<u>Child Nutrition Fund</u>	<u>Total June 30, 2014</u>
Revenue Collected:			
Local Sources	\$ 125,651	\$ 26,404	\$ 152,055
Intermediate Sources	0	0	0
State Sources	3	5,067	5,070
Federal Sources	0	252,100	252,100
Non-Revenue Receipts	0	1,054	1,054
	<u>0</u>	<u>1,054</u>	<u>1,054</u>
<i>Total Revenue Collected</i>	<u>\$ 125,654</u>	<u>\$ 284,626</u>	<u>\$ 410,279</u>
Expenditures Paid:			
Instruction	\$ 0	\$ 0	\$ 0
Support Services	180,366	0	180,366
Operation of Non-Instructional Services	0	194,447	194,447
Facilities Acquisition and Construction	18,741	0	18,741
Other Outlays	0	1,054	1,054
Other Uses	0	0	0
Repayments	0	0	0
Interest Paid and Bank Charges	0	0	0
	<u>0</u>	<u>0</u>	<u>0</u>
<i>Total Expenditures Paid</i>	<u>\$ 199,108</u>	<u>\$ 195,501</u>	<u>\$ 394,609</u>
<i>Excess of Revenues Collected Over (Under) Expenditures Paid Before Adjustments to Prior Year Encumbrances</i>	<u>\$ (73,454)</u>	<u>\$ 89,124</u>	<u>\$ 15,670</u>
Adjustments to Prior Year Encumbrances	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
Other Financing Sources (Uses):			
Estopped Warrants	\$ 0	\$ 0	\$ 0
Transfers In	0	24,701	24,701
Transfers Out	0	(90,075)	(90,075)
	<u>0</u>	<u>(90,075)</u>	<u>(90,075)</u>
<i>Total Other Financing Sources (Uses)</i>	<u>\$ 0</u>	<u>\$ (65,374)</u>	<u>\$ (65,374)</u>
<i>Excess (Deficiency) of Revenue Collected Over Expenditures Paid and Other Financing Sources (Uses)</i>	<u>\$ (73,454)</u>	<u>\$ 23,750</u>	<u>\$ (49,704)</u>
<i>Fund Balance - Beginning of Year</i>	<u>286,565</u>	<u>69,206</u>	<u>355,771</u>
<i>Fund Balance - End of Year</i>	<u>\$ 213,111</u>	<u>\$ 92,956</u>	<u>\$ 306,068</u>

Carnegie School District No. I-033, Caddo County, Oklahoma
 Combining Statement of Revenues Collected, Expenditures Paid and Changes in Fund Balances
 Regulatory Basis - Special Revenue Funds - Budget and Actual
 For the Year Ending June 30, 2014

	Building Fund			Child Nutrition Fund			Total		
	Original Budget	Final Budget	Actual	Original Budget	Final Budget	Actual	Original Budget	Final Budget	Actual
Revenue Collected:									
Local Sources	\$ 84,651	\$ 84,651	\$ 125,651	\$ 12,000	\$ 12,000	\$ 26,404	\$ 96,651	\$ 96,651	\$ 152,055
Intermediate Sources	0	0	0	0	0	0	0	0	0
State Sources	0	0	3	4,500	4,500	5,067	4,500	4,500	5,070
Federal Sources	0	0	0	230,700	230,700	252,100	230,700	230,700	252,100
Non-Revenue Receipts	0	0	0	0	0	1,054	0	0	1,054
Total Revenue Collected	\$ 84,651	\$ 84,651	\$ 125,654	\$ 247,200	\$ 247,200	\$ 284,626	\$ 331,851	\$ 331,851	\$ 410,279
Expenditures Paid:									
Instruction	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Support Services	371,217	371,217	180,366	0	0	0	371,217	371,217	180,366
Operation of Non-Instructional Services	0	0	0	343,406	343,406	194,447	343,406	343,406	194,447
Facilities Acquisition and Construction	0	0	18,741	0	0	0	0	0	18,741
Other Outlays	0	0	0	0	0	1,054	0	0	1,054
Other Uses	0	0	0	0	0	0	0	0	0
Repayments	0	0	0	0	0	0	0	0	0
Interest Paid	0	0	0	0	0	0	0	0	0
Total Expenditures Paid	\$ 371,217	\$ 371,217	\$ 199,108	\$ 343,406	\$ 343,406	\$ 195,501	\$ 714,622	\$ 714,622	\$ 394,609
Excess of Revenues Collected Over (Under) Expenditures Paid Before Adjustments to Prior Year Encumbrances	\$ (286,565)	\$ (286,565)	\$ (73,454)	\$ (96,206)	\$ (96,206)	\$ 89,124	\$ (382,771)	\$ (382,771)	\$ 15,670
Adjustments to Prior Year Encumbrances	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Other Financing Sources (Uses):									
Estopped Warrants	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Transfers In	0	0	0	27,000	27,000	24,701	27,000	27,000	24,701
Transfers Out	0	0	0	0	0	(90,075)	0	0	(90,075)
Total Other Financing Sources (Uses)	\$ 0	\$ 0	\$ 0	\$ 27,000	\$ 27,000	\$ (65,374)	\$ 27,000	\$ 27,000	\$ (65,374)
Excess (Deficiency) of Revenue Collected Over Expenditures Paid and Other Financing Sources (Uses)	\$ (286,565)	\$ (286,565)	\$ (73,454)	\$ (69,206)	\$ (69,206)	\$ 23,750	\$ (355,771)	\$ (355,771)	\$ (49,704)
Fund Balance - Beginning of Year	286,565	286,565	286,565	69,206	69,206	69,206	355,771	355,771	355,771
Fund Balance - End of Year	\$ 0	\$ 0	\$ 213,111	\$ 0	\$ 0	\$ 92,956	\$ 0	\$ 0	\$ 306,068

Carnegie School District No.1-033, Caddo County, Oklahoma
Combining Assets, Liabilities and Fund Balance
Activity Fund - Regulatory Basis
For the Year Ending June 30, 2014

<u>ASSETS</u>	<u>School Activity Fund</u>
Cash	\$ 84,926
Investments	<u>40,000</u>
<i>Total Assets</i>	<u>\$ 124,926</u>
<u>LIABILITIES AND FUND EQUITY</u>	
Liabilities:	
Due To Activity Groups	\$ <u>89,926</u>
<i>Total Liabilities</i>	<u>\$ 89,926</u>
Fund Balance:	
Restricted for Gift Fund	\$ <u>35,000</u>
<i>Total Liabilities and Fund Balance</i>	<u>\$ 124,926</u>

Exhibit A-4

Carnegie School District No.1-033, Caddo County, Oklahoma
Combining Statement of Changes in Assets and Liabilities
Regulatory Basis - Activity Fund
For the Year Ending June 30, 2014

<u>ACTIVITIES</u>	<u>Balance</u> <u>July 1, 2013</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2014</u>
Athletics	\$ 12,931	\$ 53,968	\$ 60,261	\$ 6,638
HS Baseball	2,209	1,072	2,619	662
Baseball P.M.	295	0	250	45
Boys Basketball	2,282	8,011	8,688	1,605
Girls Basketball	2,184	10,287	12,163	308
Girls Softball	5,284	7,094	9,030	3,348
FB Field House Pop	6	0	0	6
Football	1,673	1,398	1,810	1,261
Track	2,413	712	2,425	700
Weight Lifting	31	0	0	31
Golf	1,424	0	250	1,174
Annual	23,258	10,400	12,674	20,984
Art Club	773	555	515	813
Band	284	10,239	7,468	3,055
Banquet	60	0	0	60
Book	2,197	5,563	6,107	1,653
HS Cheerleader Uniform	250	250	0	500
MS Cheerleader Uniform	531	250	0	781
Box Tops	951	810	0	1,761
Child Nutrition Sub Acc	0	24,626	24,626	0
Concessions	1,000	32,820	32,820	1,000
Drama	2,583	0	0	2,583
Elementary Activities	9,255	19,433	19,572	9,116
Elem Academic Team	1,005	0	0	1,005
Elem Student Council	2,942	2,302	4,268	976
Flower Fund	659	0	307	352
Freshman Class	677	0	677	0
FFA	5,365	23,650	26,922	2,093
FCCLA	4,653	5,577	9,310	920
GT Elem	336	0	0	336
HS Academic Team	248	8	256	0
HS Cheerleaders	765	5,882	6,110	537
HS Science	179	0	0	179
HS Newspaper	244	0	0	244
HS Student Council	496	14,376	13,946	926
Indian Culture	319	0	0	319
Indian Heritage Club	0	0	0	0
MS ACCT	2,103	316	600	1,819
MS Academic Team	162	0	0	162
MS Cheerleaders	122	4,575	3,953	744
MS Science	278	0	0	278
MS Student Council	12,995	6,804	9,142	10,657
Junior Class	3,410	6,572	7,845	2,137
Miscellaneous	345	1,200	1,281	264
Petty Cash Admin	0	410	410	0
Petty Cash Elem	0	200	200	0
Petty Cash HS	0	200	200	0
Refund	0	2,220	2,220	0
Senior Class	708	6,155	6,506	357
Sophomore Class	5,348	3,525	7,084	1,789
Spanish Club	334	525	608	251
Special Olympics	3,316	5,897	5,770	3,443
TSA	8,866	18,263	25,094	2,035
Vocal	224	395	600	19
				0
Sub-Total Activities	\$ 127,973	\$ 296,540	\$ 334,587	\$ 89,926
Gift and Endowment Fund	35,000	0	0	35,000
Total Activities	\$ 162,973	\$ 296,540	\$ 334,587	\$ 124,926

CARNEGIE SCHOOL DISTRICT #I-33
 CADDO COUNTY - OKLAHOMA
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
 ALLOCATIONS & EXPENDITURES
 07/01/13 TO 06/30/14

FEDERAL CFDA NUMBER	PASS- THROUGH GRANTOR'S NUMBER	PROGRAM OR AWARD AMOUNT	CASH/ACCRUED OR (DEFERRED) REVENUE AT JULY 1, 2013	RECEIPTS OR REVENUE RECOGNIZED	DISBURSEMENTS/ EXPENDITURES	CASH/ACCRUED OR (DEFERRED) REVENUE AT JUNE 30, 2014
<u>U.S. Department of Education -</u>						
<u>Direct Programs</u>						
FEDERAL GRANTOR/PASS THROUGH						
GRANTOR/PROGRAM TITLE						
84.060	561	\$48,365.00	(\$5,604.51)	\$32,419.33	\$49,062.43	\$11,038.59
83.358A	588	27,628.00	0.00	27,628.00	26,755.12	(872.88)
84.041	591/592	210,994.17	(6,822.30)	210,994.17	217,816.47	0.00
<u>State Department of Education -</u>						
Title I, Part A						
84.010	511	230,056.64	21,822.05	225,225.46	223,638.07	20,234.66
Title II, Part A						
84.367	541/586	44,482.72	0.00	41,717.55	41,717.55	0.00
IDEA-B Flow Through						
84.027	621	108,853.35	0.00	90,318.04	107,502.90	17,184.86
84.173	641	1,554.53	0.00	1,554.53	1,554.53	0.00
Special Education Cluster						
<u>Other Federal Assistance -</u>						
Johnson O'Malley						
15.130	563	44,000.92	(8,994.60)	22,889.00	40,100.38	8,216.78
<u>U.S. Department of Agriculture -</u>						
Child Nutrition Cluster:						
10.555	763	189,654.73	0.00	189,654.73	189,654.73	0.00
10.553	764	58,639.14	0.00	58,639.14	58,639.14	0.00
10.559	766	4,083.73	0.00	4,083.73	4,083.73	0.00
Total Cash Assistance						
Commodity Distribution						
10.550	N/A	19,924.18	0.00	19,924.18	19,924.18	0.00
Total Child Nutrition Program						
TOTAL FEDERAL FINANCIAL ASSISTANCE						
			\$400.64	\$925,047.86	\$980,449.23	\$55,802.01

CARNEGIE SCHOOL DISTRICT #I-33
CADDO COUNTY - OKLAHOMA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
ALLOCATIONS & EXPENDITURES
07/01/13 TO 06/30/14

NOTE 1: The Schedule of Expenditures of Federal Awards was prepared using the same accounting policies used in preparing the District's financial statements. The District's policy is to recognize expenditures when encumbered (contracted for) rather than at the time the related fund liability is incurred.

NOTE 2: The District policy is to expend Child Nutrition federal, state and local revenues, in that order, during each fiscal year. If there are any unexpended federal or state funds remaining at the end of a fiscal year, those funds will be expended during the next fiscal year, prior to the utilization of current year funding.

NOTE 3: The amount shown as received and expended in the Child Nutrition Cluster for commodities represents a nonmonetary value of the food commodities received. Therefore, the total revenues and expenditures do not agree with the financial statements by this amount.

NOTE 4: The District expended \$8,398.21 in Indirect Costs during the year and that amount is included in the total expenditures reported above.

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

INTERNAL CONTROL AND COMPLIANCE REPORTS

Chas. W. Carroll, P.A.

Hiland Tower – Suite 406
302 N. Independence

Enid, Oklahoma 73701
Phone 580-234-5468
Fax 580-234-5425

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

The Honorable Board of Education
Carnegie School District #I-33
Caddo County, Oklahoma

I have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States, the accompanying fund type and account group financial statements, regulatory basis, of Carnegie School District #I-33, Caddo County, Oklahoma, as listed in the Table of Contents as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collective comprise the District's combined financial statements and have issued my report thereon dated March 24, 2015. The report on these financial statements was adverse because the District has elected to prepare its financial statements in conformity with the accounting and financial reporting regulations prescribed by the Oklahoma State Department of Education, which is a material departure from accounting principles generally accepted in the United States of America. My opinion regarding the presentation of the financial statements referred to above in conformity with the prescribed basis of accounting was qualified due to the omission of the general fixed asset account group.

Internal Control Over Financial Reporting

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

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

My consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during my audit I did not identify any deficiencies in internal control that I consider to be material weaknesses. However, material weaknesses may exist that have not been identified. I did identify certain deficiencies in internal control, described in the accompanying schedule of findings and questioned costs as item 14-01, that I consider to be a significant deficiency.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the District's financial statements are free of material misstatement, I performed tests of its compliance with certain provisions of laws, regulations, contracts, and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of my audit and, accordingly, I do not express such an opinion. The results of my tests disclosed no instances of noncompliance or other matters that are required to be reported under Government Auditing Standards.

The District's response to the findings identified in my audit is described in the accompanying school's corrective action plan. I did not audit the District's response and, accordingly I express no opinion on it.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District'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 District's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Chas. W. Carroll, P.A.
March 24, 2015

Chas. W. Carroll, P.A.

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

The Honorable Board of Education
Carnegie School District #I-33
Caddo County, Oklahoma

Report on Compliance for Each Major Federal Program

I have audited Carnegie School District #I-33, Caddo County, Oklahoma compliance with the types of compliance requirements described in the (OMB) Circular A-133 Compliance Supplement that could have a direct and material effect on each of the District's major federal programs for the year ended June 30, 2014. The District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditor's Responsibility

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

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

Opinion on Each Major Federal Program

In my opinion, Carnegie School District #I-33 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, 2014.

Report on Internal Control over Compliance

Management of the District is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing my audit of compliance, I considered the District's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in

accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, I do not express an opinion on the effectiveness of the District's internal control over compliance.

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

My 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. I did not identify any deficiencies in internal control over compliance that I consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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



Chas. W. Carroll, P.A.
March 24, 2015

OTHER INFORMATION

CARNEGIE ISD NO. 33, CADDO COUNTY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2014

SECTION 1

Summary of Auditor's Results

Financial Statements

- | | |
|--|---|
| 1. Type of auditor's report issued | Adverse
(Due to F/S being prepared on a regulatory basis of accounting.) |
| 2. Internal Control over financial reporting: | |
| a. Material weaknesses identified? | No |
| b. Significant deficiencies identified not considered to be material weaknesses? | Yes |
| c. Noncompliance material to the financial statements noted? | No |

Federal Awards

- | | |
|---|---------------|
| 1. Internal control over major programs: | |
| a. Material weaknesses identified? | No |
| b. Significant deficiencies identified not considered to be a material weakness? | None reported |
| 2. Type of auditor's report issued on compliance for major programs: | Unqualified |
| 3. Any audit findings disclosed that are required to be reported in accordance with Circular OMB A-133, Section 510(A)? | No |
| 4. Identification of major programs: | |
| <u>Name of Federal Program</u> | |
| Title I | |
| Title VII Indian Education | |
| PL 874 Impact Aid | |
| 5. Dollar Threshold used to distinguish between Type A and Type B programs: | \$300,000 |
| 6. Auditee qualified as a low-risk auditee under OMB A-133, Section 530? | No |

SECTION 2

Financial Statement Findings:

14-01 Finding

Statement of Condition – During my examination of Activity Funds I noted four (4) Activity fund invoices were dated before the purchase orders or requisitions, and one (1) Activity Fund invoice was not signed. Also, two (2) expenditures did not have invoices attached for review.

CARNEGIE ISD NO. 33, CADDO COUNTY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2014

Financial Statement Findings:

Page 2

14-01 Finding (continued)

Criteria – All expenditures are to have requisitions submitted prior to any order of goods or services are made, which includes a predetermined amount, all invoices or packing slips are to be signed by personnel receiving goods or services and invoices are required documentation before payment is made.

Cause/Effect of Condition – Employees were not following purchasing procedures, which could lead to unauthorized purchases being made.

Recommendation – I recommend all purchases be approved with a purchase order/requisition prior to items being ordered and be accompanied by an itemized, dated and signed invoice.

Major Federal Award Programs Findings and Questioned Costs:

None Reported

CARNEGIE SCHOOL DISTRICT #I-33
CADDO COUNTY – OKLAHOMA
JULY 1, 2013 TO JUNE 30, 2014

DISPOSITION OF PRIOR YEAR FINDINGS
JUNE 30, 2014

No matters were reported.

CARNEGIE SCHOOL DISTRICT #1-33
CADDO COUNTY – OKLAHOMA
JULY 1, 2013 TO JUNE 30, 2014

PRIOR YEAR AUDIT EXCEPTIONS AND RECOMENDATIONS

All prior year audit exceptions have since been resolved unless they are presented in the current year audit exceptions and recommendations followed by "A similar exception was presented in the previous years audit report".



CARNEGIE PUBLIC SCHOOL

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Lori Graham • CES Principal • lgraham@carnegie.k12.ok.us

Section 2 14-01

We are disseminating the proper procedures for purchasing to all coaches and office personnel who use the activity fund.
We are taking steps in the office to insure that these procedures are followed correctly.

Mark Batt
Superintendent
Carnegie Public Schools