

# **COLCORD PUBLIC SCHOOL DISTRICT NO. I-4**

Colcord, Delaware County, Oklahoma  
Fiscal Year Ended June 30, 2014

## **AUDIT REPORT**



COLCORD PUBLIC SCHOOL, I-4  
DELEWARE COUNTY, OKLAHOMA  
JUNE 30, 2014  
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INDEPENDENT AUDITOR'S REPORT

To the Board of Education  
Colcord Public School, I-4  
Colcord, Oklahoma

I have audited the accompanying combined fund type and account group financial statements – regulatory basis of the Colcord School District No. I-4 (the School), Delaware 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 error or fraud.

***Auditor's Responsibility***

My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

**Basis for Adverse Opinion**

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

The effects on the financial statements of the variances between the regulatory basis of accounting described in Note 1 and accounting principles generally accepted in the United State of America, although not reasonably determinable, are presumed to be material.

**Adverse Opinion**

In my opinion, because of the significance of the matter discussed in the Basis for Adverse Opinion paragraph, the financial statements referred to above do not present fairly the financial position of the School, 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 School 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 statements of the District.

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

### **Other Reporting Required by Government Auditing Standards**

In accordance with Government Auditing Standards, I have also issued my report dated December 14, 2014, on my consideration of the School's internal control over financial reporting and on my tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of my testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of my audit.



Michael Green, CPA  
December 14, 2014

**COLCORD SCHOOL DISTRICT NO. 1-4**  
**COMBINED STATEMENT OF ASSETS, LIABILITIES AND FUND BALANCE**  
**ALL FUND TYPES AND ACCOUNT GROUPS-REGULATORY BASIS**  
**JUNE 30, 2014**

|   | Governmental Fund Types |                    |                     |                     |                  |                     | Fiduciary Fund Types |                        | Account Group        | Total (Memorandum Only) |
|---|-------------------------|--------------------|---------------------|---------------------|------------------|---------------------|----------------------|------------------------|----------------------|-------------------------|
|   | General Fund            | COOP Fund          | Special Revenue     | Debt Service        | Capital Projects | Trust and Agency    |                      | General Long-Term Debt |                      |                         |
|   |                         |                    |                     |                     |                  |                     |                      |                        |                      |                         |
| <b>ASSETS</b>   |                         |                    |                     |                     |                  |                     |                      |                        |                      |                         |
| Cash and cash equivalents (Note 2)                              | \$ 323,406.35           | \$ 1,171.42        | \$ 53,032.53        | \$ 92,138.77        | \$ 2.02          | \$ 46,952.67        | -                    | \$ -                   | \$ 516,703.76        |                         |
| Investments   | -                       | -                  | -                   | -                   | -                | -                   | -                    | -                      | -                    |                         |
| Amounts available in debt service fund                          | -                       | -                  | -                   | -                   | -                | -                   | -                    | 92,138.77              | 92,138.77            |                         |
| Amounts to be provided for retirement of general long-term debt | -                       | -                  | -                   | -                   | -                | -                   | -                    | -                      | -                    |                         |
| Total assets  | <u>\$ 323,406.35</u>    | <u>\$ 1,171.42</u> | <u>\$ 53,032.53</u> | <u>\$ 92,138.77</u> | <u>\$ 2.02</u>   | <u>\$ 46,952.67</u> | <u>331,422.45</u>    | <u>\$ 423,561.22</u>   | <u>\$ 940,264.98</u> |                         |
| <b>LIABILITIES AND FUND EQUITY</b>                              |                         |                    |                     |                     |                  |                     |                      |                        |                      |                         |
| Liabilities:  |                         |                    |                     |                     |                  |                     |                      |                        |                      |                         |
| Outstanding warrants  | \$ 152,740.05           | \$ 1,171.42        | \$ 1,210.86         | \$ -                | \$ -             | \$ -                | -                    | \$ -                   | \$ 155,122.33        |                         |
| Encumbrances  | 6,172.00                | -                  | -                   | -                   | -                | -                   | -                    | -                      | 6,172.00             |                         |
| Long-term debt  |                         |                    |                     |                     |                  |                     |                      |                        |                      |                         |
| Capital leases  |                         |                    |                     |                     |                  |                     |                      | 23,561.22              | 23,561.22            |                         |
| Bonds payable   | -                       | -                  | -                   | -                   | -                | -                   | -                    | 400,000.00             | 400,000.00           |                         |
| Due to student activities                                       | -                       | -                  | -                   | -                   | -                | 46,952.67           | -                    | -                      | 46,952.67            |                         |
| Total liabilities   | <u>158,912.05</u>       | <u>1,171.42</u>    | <u>1,210.86</u>     | <u>-</u>            | <u>-</u>         | <u>46,952.67</u>    | <u>423,561.22</u>    | <u>-</u>               | <u>631,808.22</u>    |                         |
| Fund equity:  |                         |                    |                     |                     |                  |                     |                      |                        |                      |                         |
| Restricted for capital projects                                 | -                       | -                  | -                   | -                   | -                | -                   | -                    | -                      | -                    |                         |
| Restricted for debt service                                     | -                       | -                  | -                   | 92,138.77           | 2.02             | -                   | -                    | -                      | 92,140.79            |                         |
| Unassigned  | 164,494.30              | -                  | 51,821.67           | -                   | -                | -                   | -                    | -                      | 216,315.97           |                         |
| Total fund balances   | <u>164,494.30</u>       | <u>-</u>           | <u>51,821.67</u>    | <u>92,138.77</u>    | <u>2.02</u>      | <u>-</u>            | <u>-</u>             | <u>-</u>               | <u>308,456.76</u>    |                         |
| Total liabilities and fund equity                               | <u>\$ 323,406.35</u>    | <u>\$ 1,171.42</u> | <u>\$ 53,032.53</u> | <u>\$ 92,138.77</u> | <u>\$ 2.02</u>   | <u>\$ 46,952.67</u> | <u>\$ 423,561.22</u> | <u>\$ -</u>            | <u>\$ 940,264.98</u> |                         |

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

**COLCORD SCHOOL DISTRICT NO. 1-4**  
**COMBINED STATEMENT OF REVENUES COLLECTED, EXPENDITURES,**  
**AND CHANGES IN FUND BALANCE**  
**ALL GOVERNMENTAL FUND TYPES - REGULATORY BASIS**  
**JUNE 30, 2014**

|  | Governmental Fund Types |              |                 |              |                  | Fiduciary Fund Types |    | Total (Memorandum only) |
|--|-------------------------|--------------|-----------------|--------------|------------------|----------------------|----|-------------------------|
|  | General Fund            | COOP Fund    | Special Revenue | Debt Service | Capital Projects | Trust and Agency     |    |                         |
| Revenues collected:  |                         |              |                 |              |                  |                      |    |                         |
| Local sources  | \$ 218,067.37           | \$ 12,161.37 | \$ 30,901.32    | \$ -         | \$ 79,831.69     | \$ 227,474.40        | \$ | 568,436.15              |
| Intermediate sources   | 453,866.10              | -            | 44,133.80       | 156,135.43   | -                | -                    | -  | 654,135.33              |
| State sources  | 3,232,117.27            | 36,813.00    | 4,982.69        | -            | -                | -                    | -  | 3,273,912.96            |
| Federal sources  | 519,385.54              | -            | 234,514.05      | -            | -                | -                    | -  | 753,899.59              |
| Total revenues collected   | 4,423,436.28            | 48,974.37    | 314,531.86      | 156,135.43   | 79,831.69        | 227,474.40           |    | 5,250,384.03            |
| Expenditures paid:   |                         |              |                 |              |                  |                      |    |                         |
| Instruction  | 2,804,193.57            | 53,714.12    | -               | -            | -                | 224,563.55           |    | 3,082,471.24            |
| Support Services   | 1,450,705.66            | -            | 45,251.34       | -            | -                | -                    |    | 1,495,957.00            |
| Non-Instructional services   | 127,350.97              | -            | 261,595.53      | -            | -                | -                    |    | 388,946.50              |
| Capital outlay   | 46,588.82               | -            | -               | -            | 81,743.34        | -                    |    | 128,332.16              |
| Other outlays  | 43,495.38               | -            | 50,128.80       | -            | -                | -                    |    | 93,624.18               |
| Debt services:   |                         |              |                 |              |                  |                      |    |                         |
| Principal retirement   | -                       | -            | -               | 160,000.00   | -                | -                    |    | 160,000.00              |
| Interest   | -                       | -            | -               | 10,065.00    | -                | -                    |    | 10,065.00               |
| Total expenditures paid  | 4,472,334.40            | 53,714.12    | 356,975.67      | 170,065.00   | 81,743.34        | 224,563.55           |    | 5,359,396.08            |
| Excess of revenues collected over (under) expenditures before adjustments to prior year encumbrances     | (48,898.12)             | (4,739.75)   | (42,443.81)     | (13,929.57)  | (1,911.65)       | 2,910.85             |    | (109,012.05)            |
| Adjustments to prior year encumbrances   | -                       | -            | -               | -            | -                | -                    |    | -                       |
| Other financing sources (uses):  |                         |              |                 |              |                  |                      |    |                         |
| Bond sale proceeds   | -                       | -            | -               | -            | -                | -                    |    | -                       |
| Operating transfers in & estopped warrants   | -                       | -            | -               | -            | -                | -                    |    | -                       |
| Operating transfers out  | -                       | -            | -               | -            | -                | -                    |    | -                       |
| Total other financing sources (uses)   | -                       | -            | -               | -            | -                | -                    |    | -                       |
| Excess (deficiency) of revenues and other resources over expenditures and other financing sources (uses) | (48,898.12)             | (4,739.75)   | (42,443.81)     | (13,929.57)  | (1,911.65)       | 2,910.85             |    | (109,012.05)            |
| Beg. Fund Balance Including Activity Funds   | 213,392.42              | 4,739.75     | 94,265.48       | 106,068.34   | 1,913.67         | 44,041.82            |    | 464,421.48              |
| Ending Fund Balance Including Activity Funds   | \$ 164,494.30           | \$ -         | \$ 51,821.67    | \$ 92,138.77 | \$ 2.02          | \$ 46,952.67         | \$ | 355,409.43              |

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

**COLCORD SCHOOL DISTRICT NO. 1-4**  
**COMBINED STATEMENT OF REVENUES COLLECTED, EXPENDITURES,**  
**AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL-**  
**GENERAL, SPECIAL REVENUE AND DEBT SERVICE FUNDS-REGULATORY BASIS**  
**JUNE 30, 2014**

|   | General Fund       |                 |               | COOP Fund          |                 |              | Special Revenue Funds<br>(Building and Child Nutrition only) |                 |              | Debt Service Fund  |                 |             |
|---|--------------------|-----------------|---------------|--------------------|-----------------|--------------|--|-----------------|--------------|--------------------|-----------------|-------------|
|   | Original<br>Budget | Final<br>Budget | Actual        | Original<br>Budget | Final<br>Budget | Actual       | Original<br>Budget   | Final<br>Budget | Actual       | Original<br>Budget | Final<br>Budget | Actual      |
| Revenues collected:                       |                    |                 |               |                    |                 |              |  |                 |              |                    |                 |             |
| Local sources                             | \$ -               | \$ -            | \$ 218,067.37 | \$ -               | \$ -            | \$ 12,161.37 | \$ 237.65  | \$ 237.65       | \$ 30,901.32 | \$ -               | \$ -            | \$ -        |
| Intermediate sources                      | 418,766.35         | 418,766.35      | 453,866.10    | -                  | -               | -            | 41,308.62  | 41,308.62       | 44,133.80    | 154,061.66         | 154,061.66      | 156,135.43  |
| State sources                             | 3,140,115.42       | 3,140,115.42    | 3,232,117.27  | 39,764.00          | 39,764.00       | 36,813.00    | 4,094.07   | 4,094.07        | 4,982.69     | -                  | -               | -           |
| Federal sources                           | 438,409.86         | 438,409.86      | 519,385.54    | -                  | -               | -            | 209,562.50   | 209,562.50      | 234,514.05   | -                  | -               | -           |
| Supplemental revenue adjustments          | -                  | 359,302.26      | -             | -                  | 12,161.37       | -            | -  | 35,416.96       | -            | -                  | -               | -           |
| Total revenues collected                  | 3,997,291.63       | 4,356,593.89    | 4,423,436.28  | 39,764.00          | 51,925.37       | 48,974.37    | 255,202.84   | 290,619.80      | 314,531.86   | 154,061.66         | 154,061.66      | 156,135.43  |
| Expenditures paid:                        |                    |                 |               |                    |                 |              |  |                 |              |                    |                 |             |
| Instruction                               | 2,542,543.22       | 2,901,845.48    | 2,804,193.57  | 44,503.75          | 56,665.12       | 53,714.12    | -  | -               | -            | -                  | -               | -           |
| Support services                          | 1,450,705.66       | 1,450,705.66    | 1,450,705.66  | -                  | -               | -            | 54,469.11  | 54,469.11       | 45,251.34    | -                  | -               | -           |
| Non-instructional services                | 127,350.97         | 127,350.97      | 127,350.97    | -                  | -               | -            | 244,870.41   | 280,287.37      | 261,595.53   | -                  | -               | -           |
| Capital outlays                           | 46,588.82          | 46,588.82       | 46,588.82     | -                  | -               | -            | -  | -               | -            | -                  | -               | -           |
| Other outlays                             | 43,495.38          | 43,495.38       | 43,495.38     | -                  | -               | -            | 50,128.80  | 50,128.80       | 50,128.80    | 170,065.00         | 170,065.00      | 170,065.00  |
| Total expenditures paid                   | 4,210,684.05       | 4,569,986.31    | 4,472,334.40  | 44,503.75          | 56,665.12       | 53,714.12    | 349,468.32   | 384,885.28      | 356,975.67   | 170,065.00         | 170,065.00      | 170,065.00  |
| Excess of revenues collected over (under) |                    |                 |               |                    |                 |              |  |                 |              |                    |                 |             |
| expenditures before adjustments to        |                    |                 |               |                    |                 |              |  |                 |              |                    |                 |             |
| prior year encumbrances                   | (213,392.42)       | (213,392.42)    | (48,898.12)   | (4,739.75)         | (4,739.75)      | (4,739.75)   | (94,265.48)  | (94,265.48)     | (42,443.81)  | (16,003.34)        | (16,003.34)     | (13,929.57) |
| Adjustments to prior year encumbrances    | -                  | -               | -             | -                  | -               | -            | -  | -               | -            | -                  | -               | -           |
| Other financing sources (uses):           |                    |                 |               |                    |                 |              |  |                 |              |                    |                 |             |
| Operating transfers in & estopped warr    | -                  | -               | -             | -                  | -               | -            | -  | -               | -            | -                  | -               | -           |
| Operating transfers out                   | -                  | -               | -             | -                  | -               | -            | -  | -               | -            | -                  | -               | -           |
| Total other financing sources (uses)      | -                  | -               | -             | -                  | -               | -            | -  | -               | -            | -                  | -               | -           |
| Excess (deficiency) of revenues and other |                    |                 |               |                    |                 |              |  |                 |              |                    |                 |             |
| resources over expenditures and other     |                    |                 |               |                    |                 |              |  |                 |              |                    |                 |             |
| financing sources (uses)                  | (213,392.42)       | (213,392.42)    | (48,898.12)   | (4,739.75)         | (4,739.75)      | (4,739.75)   | (94,265.48)  | (94,265.48)     | (42,443.81)  | (16,003.34)        | (16,003.34)     | (13,929.57) |
| Fund balances, beginning of year          | 213,392.42         | 213,392.42      | 213,392.42    | 4,739.75           | 4,739.75        | 4,739.75     | 94,265.48  | 94,265.48       | 94,265.48    | 106,068.34         | 106,068.34      | 106,068.34  |
| Fund balances, end of year                | -                  | -               | 164,494.30    | -                  | -               | -            | -  | -               | 51,821.67    | 90,065.00          | 90,065.00       | 92,138.77   |

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

COLCORD SCHOOL DISTRICT No. I-4  
NOTES TO THE FINANCIAL STATEMENTS – REGULATORY BASIS  
FOR THE YEAR ENDED JUNE 30, 2014

## **1. Summary of Significant Accounting Policies**

The financial statements of the Colcord Public School District No. I-4 (the "District") have been prepared on a regulatory basis of accounting, which is an other comprehensive basis of accounting than generally accepted accounting principles. Accordingly, the accompanying financial statements are not intended to present financial position and results of operations in conformity with generally accepted accounting principles. The accounting policies are prescribed by the Oklahoma Department of Education and conform to the system of accounting authorized by the State of Oklahoma. The following is a summary of the more significant accounting policies:

### **A. Reporting Entity**

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

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

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

The Board of School Trustees (Board), and elected five member group constituting an on-going entity, is the level of government which has governance responsibilities over all activities related to public elementary and secondary school education within the jurisdiction of the Local Independent School District. The Board receives funding from local, state and federal government sources and must comply with the requirements of these funding source entities. However, the Board is not included in any other governmental "reporting entity" as defined in Section 2100, Codification of Governmental Accounting and Financial Reporting Standards, since board members are elected by the public and have decision



making authority, the power to designate management, the responsibility to significantly influence operations and primary accountability for fiscal matters.

## B. 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."

### Governmental Fund Types

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

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

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

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

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

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

### Proprietary Fund Types

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

### Fiduciary Fund Types

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

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

### Account groups

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

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

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

### Memorandum Only - Total Column

The total column on the financial statements is captioned "memorandum only" to indicate that it is presented only to facilitate financial analysis. Data in this column does not present financial position, results of operations or cash flows in conformity with generally accepted accounting principles.

Neither is such data comparable to a consolidation. Interfund eliminations have not been made in the aggregation of this data.

### C. Basis of Accounting

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

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

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

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.

Basis of accounting refers to when revenues and expenditures are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of measurements made, regardless of the measurement focus applied.

All governmental type funds are accounted for using the Regulatory (Statutory) basis of accounting. Revenues are recognized when they are received rather than earned. Under the Statutory basis of accounting, expenditures are generally recognized when encumbered/reserved rather than at the time the related fund liability is incurred. Fiduciary type funds are accounted for using the cash basis of accounting. These practices differ from generally accepted accounting principles.

### D. Budgets and Budgetary Accounting

The District is required by state law to prepare an annual budget. A preliminary budget must be submitted to the Board of Education by December 31 for the fiscal year beginning the following July

1. If the preliminary budget requires an additional levy, the District must hold an election on the first Tuesday in February to approve the levy. If the preliminary budget does not require an additional levy, it becomes the legal budget. If an election is held and the taxes are approved, then the preliminary budget becomes the legal budget. If voters reject the additional taxes, the District must adopt a budget within the approved tax rate.

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

The 2013-14 Estimate of Needs was approved by the Board and subsequently filed with the County Clerk. The Estimate of Needs was approved by the excise board and the requested levies were made.

#### E. Encumbrances

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

#### F. Assets, Liabilities and Fund Equity

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

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

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

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

Inventories – Purchases for inventory items are considered expenditures when the items are encumbered.

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

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

In accordance with the provisions of professional standards on accounting for compensated absences, no liability is recorded for nonvesting accumulating rights to receive sick pay benefits. Vested accumulated rights to receive sick pay benefits have been reported in the general long-term debt account group since none of the vested sick leave 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.

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

#### G. Revenue, Expenses and Expenditures

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

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

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

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

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

Use of Estimates – The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that effect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Accordingly, actual results could differ from those estimates.

## 2. Cash and Investments

The District's investment policies are governed by state statute. Permissible investments include direct obligations of the United States Government and Agencies; certificates of deposit of savings and loan associations, and bank and trust companies; and savings accounts or savings certificates of savings and loan associations, and trust companies; Collateral is required for demand deposits and certificates of deposit for all amounts not covered by federal deposit insurance. As of the current fiscal year end, \$516,704 was insured by FDIC or collateralized by the bank.

Therefore, the District's cash deposits and investments at June 30, 2014, were not exposed to Custodial Credit Risk, Investment Credit Risk, Investment Interest Rate Risk, or Concentration of Investment Credit Risk.

## 3. Interfund Receivables and Payables

There were no interfund receivables and payables at June 30, 2014.

## 4. General Long-term Debt

State statutes prohibit the District from becoming indebted in an amount exceeding the revenue to be received for any fiscal year without approval by the District's voters. Bond issues have been approved by the voters and issued by the District for various capital improvements. These bonds are required to be fully paid serially within 25 years from the date of issue. General long-term debt of the District consists of bonds payable, obligations for compensated absences, early retirement incentive and capital leases. Debt service requirements for bonds are payable solely from fund balance and future revenues of the debt service fund.

On April 1, 2011 the District issued building bonds in the amount of \$650,000.00. These are general obligation bonds with an interest rate of 1.50% to 2.25%. The first principal payment was due on April 1, 2013. Interest is payable semi-annually on the 1<sup>st</sup> day of April and October commencing on the 1<sup>st</sup> day of April, 2012.

Also, on July 1, 2012 the District issued building bonds in the amount of \$70,000.00. These are general obligation bonds with an interest rate of 1.75% to 3.00%. The first principal payment was due on July 1, 2014. Interest is payable semi-annually on the 1<sup>st</sup> day of July and January commencing on the 1<sup>st</sup> day of July, 2014.

On January 2, 2013 the District entered into a capital lease purchase agreement with Arvest Bank for the purchase of equipment. The lease was for \$32,231 at 2.860% for 60 months. The principal balance owed at June 30, 2014 is \$23,561.

The schedule of minimum principal & interest payments for the next five years is as follows:

| Year Ending<br>June 30, | Building Bonds |          | Lease       |
|-------------------------|----------------|----------|-------------|
|                         | Principle      | Interest | Obligations |
| 2015                    | 160,000        | 7,025    | 6,926       |
| 2016                    | 185,000        | 3,825    | 6,926       |
| 2017                    | 15,000         | 4,941    | 6,926       |
| 2018                    | 15,000         | 1,401    | 4,040       |
| 2019                    | \$ 25,000      | \$ 959   | -           |

#### 5. Other Post Employment Benefits

The District does not offer any early retirement incentive plans.

#### 6. Employee Retirement System

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

Participation is required for all teachers and other certified employees and is optional for all other regular employees of public educational institutions who work at least 20 hours per week. A participant's date of membership is the date the first contribution is made to the System. The System is administered by a Board of Trustees which acts as a fiduciary for investing the funds and governing the administration of the System. The District has no responsibility or authority for the operation and administration of the System nor has it any liability, except for the current contribution requirements.

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

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

The contribution rates for the District, which are not actuarially determined, and its employees are established by law. Members contribute 7.00% of covered compensation. The District is required by statute to contribute 9.5% of applicable compensation for the year ended June 30, 2012. The District is allowed by the Oklahoma Teacher's Retirement System to make the required contributions on behalf of the participating members.

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

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

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

|               |         |
|---------------|---------|
| June 30, 2012 | 313,294 |
| June 30, 2013 | 313,862 |
| June 30, 2014 | 288,214 |

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

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



Ten year historical trend information is presented in the Teacher's Retirement System of Oklahoma Annual Report for the year ended June 30, 2013. This information is useful in assessing the pension plan's accumulation of sufficient assets to pay pension benefits as they become due.

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

| Actuarial<br>Valuation Date | Actuarial<br>value of<br>Assets | Actuarial<br>Accrued<br>Liability | Unfunded<br>Actuarial<br>Accrued<br>Liability | Funded<br>Ratio | Annual<br>Covered<br>Payroll | UAAL as<br>% of<br>Covered<br>Payroll |
|-----------------------------|---------------------------------|-----------------------------------|---|-----------------|------------------------------|---------------------------------------|
| 6/30/2004                   | 6,660.90                        | 14,080.10                         | 7,419.20                                      | 47.30%          | 3,030.70                     | 244.80%                               |
| 6/30/2005                   | 6,952.70                        | 14,052.40                         | 7,099.70                                      | 49.50%          | 3,175.20                     | 223.60%                               |
| 6/30/2006                   | 7,470.40                        | 15,143.40                         | 7,672.90                                      | 49.30%          | 3,354.90                     | 228.70%                               |
| 6/30/2007                   | 8,421.90                        | 16,024.40                         | 7,602.50                                      | 52.60%          | 3,598.90                     | 211.20%                               |
| 6/30/2008                   | 9,256.80                        | 18,346.90                         | 9,090.10                                      | 50.50%          | 3,751.40                     | 242.30%                               |
| 6/30/2009                   | 9,439.00                        | 18,950.90                         | 9,512.00                                      | 49.80%          | 3,807.90                     | 249.80%                               |
| 6/30/2010                   | 9,566.70                        | 19,980.60                         | 10,414.00                                     | 47.90%          | 3,854.80                     | 270.20%                               |
| 6/30/2011                   | 9,960.60                        | 17,560.80                         | 7,600.20                                      | 56.70%          | 3,773.30                     | 201.40%                               |
| 6/30/2012                   | 10,190.50                       | 18,558.00                         | 8,397.60                                      | 54.80%          | 3,924.80                     | 214.00%                               |
| 6/30/2013                   | 10,861.10                       | 18,973.20                         | 8,112.10                                      | 57.20%          | 3,933.10                     | 206.30%                               |

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

7. Contingencies and Other Commitments

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

8. Insurance Coverage

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

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

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

10. Subsequent Events

Subsequent events have been evaluated through the date the financial statements were available to be issued.

**COLCORD SCHOOL DISTRICT I-4**  
**COMBINING STATEMENT OF ASSETS, LIABILITIES AND FUND BALANCES**  
**ALL SPECIAL REVENUE FUNDS - REGULATORY BASIS**  
**FOR THE YEAR ENDED JUNE 30, 2014**

|   | Building<br>Fund            | Child<br>Nutrition<br>Fund  | Total                       |
|---|-----------------------------|-----------------------------|-----------------------------|
|   | <u>                    </u> | <u>                    </u> | <u>                    </u> |
| <b>ASSETS</b>                               |                             |                             |                             |
| Cash  | \$ 12,055.16                | \$ 40,977.37                | \$ 53,032.53                |
| Investments                                 | <u>-</u>                    | <u>-</u>                    | <u>-</u>                    |
| Total assets                                | <u><u>\$ 12,055.16</u></u>  | <u><u>\$ 40,977.37</u></u>  | <u><u>\$ 53,032.53</u></u>  |
| <br><b>LIABILITIES AND<br/>FUND BALANCE</b> |                             |                             |                             |
| Liabilities:                                |                             |                             |                             |
| Outstanding warrants                        | \$ 12.21                    | \$ 1,198.65                 | \$ 1,210.86                 |
| Encumbrances                                | <u>-</u>                    | <u>-</u>                    | <u>-</u>                    |
| Total liabilities                           | 12.21                       | 1,198.65                    | 1,210.86                    |
| Fund balances:                              | <u>12,042.95</u>            | <u>39,778.72</u>            | <u>51,821.67</u>            |
| Total liabilities and<br>fund balances      | <u><u>\$ 12,055.16</u></u>  | <u><u>\$ 40,977.37</u></u>  | <u><u>\$ 53,032.53</u></u>  |

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

**COLCORD SCHOOL DISTRICT I-4**  
**COMBINING STATEMENT OF REVENUES COLLECTED, EXPENDITURES,**  
**AND CHANGES IN FUND BALANCES - ALL SPECIAL REVENUE FUNDS - REGULATORY BASIS**  
**JUNE 30, 2014**

|   | Building<br>Fund    | Child<br>Nutrition<br>Fund | Total               |
|---|---------------------|----------------------------|---------------------|
| Revenues Collected:   |                     |                            |                     |
| District sources  | \$ -                | \$ 30,901.32               | \$ 30,901.32        |
| Intermediate sources  | 44,133.80           | -                          | 44,133.80           |
| State sources   | -                   | 4,982.69                   | 4,982.69            |
| Federal sources   | -                   | 234,514.05                 | 234,514.05          |
| Total revenues collected  | <u>44,133.80</u>    | <u>270,398.06</u>          | <u>314,531.86</u>   |
| Expenditures paid:  |                     |                            |                     |
| Instruction   | -                   | -                          | -                   |
| Support services  | 45,251.34           | -                          | 45,251.34           |
| Non-instruction services  | -                   | 261,595.53                 | 261,595.53          |
| Capital outlay  | -                   | -                          | -                   |
| Other outlays   | -                   | 50,128.80                  | 50,128.80           |
| Total expenditures paid   | <u>45,251.34</u>    | <u>311,724.33</u>          | <u>356,975.67</u>   |
| Excess of revenues collected<br>over (under) expenditures<br>before adjustments to<br>prior year encumbrances | <u>(1,117.54)</u>   | <u>(41,326.27)</u>         | <u>(42,443.81)</u>  |
| Adjustments to prior year<br>encumbrances   | <u>-</u>            | <u>-</u>                   | <u>-</u>            |
| Other financing sources (uses)  |                     |                            |                     |
| Operating transfers in & estopped warr.   | -                   | -                          | -                   |
| Operating transfer out  | <u>-</u>            | <u>-</u>                   | <u>-</u>            |
| Total other financing<br>sources (uses)   | <u>-</u>            | <u>-</u>                   | <u>-</u>            |
| Excess (deficiency) of<br>revenues and other resources<br>over expenditures and other<br>uses                 | (1,117.54)          | (41,326.27)                | (42,443.81)         |
| Fund balances, beginning of year  | <u>13,160.49</u>    | <u>81,104.99</u>           | <u>94,265.48</u>    |
| Fund balances, end of year  | <u>\$ 12,042.95</u> | <u>\$ 39,778.72</u>        | <u>\$ 51,821.67</u> |

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

**COLCORD SCHOOL DISTRICT I-4**  
**COMBINING STATEMENT OF REVENUES COLLECTED, EXPENDITURES,**  
**AND CHANGES IN FUND BALANCES - SPECIAL REVENUE (BUILDING AND CHILD NUTRITION ONLY) FUNDS-REGULATORY BASIS**  
**JUNE 30, 2014**

|  | Special Revenue Funds |              |            |                      |              |              |
|--|-----------------------|--------------|------------|----------------------|--------------|--------------|
|  | Building Fund         |              |            | Child Nutrition Fund |              |              |
|  | Orig budget           | Final budget | Actual     | Orig budget          | Final budget | Actual       |
| Revenues collected:  |                       |              |            |                      |              |              |
| Local sources  | \$ -                  | \$ -         | -          | \$ 237.65            | \$ 237.65    | \$ 30,901.32 |
| Intermediate sources   | 41,308.62             | 41,308.62    | 44,133.80  | -                    | -            | -            |
| State sources  | -                     | -            | -          | 4,094.07             | 4,094.07     | 4,982.69     |
| Federal sources  | -                     | -            | -          | 209,562.50           | 209,562.50   | 234,514.05   |
| Supplemental Revenue adjustments   | -                     | -            | -          | -                    | 35,416.96    | -            |
| Total revenues collected   | 41,308.62             | 41,308.62    | 44,133.80  | 213,894.22           | 249,311.18   | 270,398.06   |
| Expenditures paid:   |                       |              |            |                      |              |              |
| Instruction  | -                     | -            | -          | -                    | -            | -            |
| Support services   | 54,469.11             | 54,469.11    | 45,251.34  | -                    | -            | -            |
| Non-instruction services   | -                     | -            | -          | 244,870.41           | 280,287.37   | 261,595.53   |
| Capital outlay   | -                     | -            | -          | -                    | -            | -            |
| Other outlays  | -                     | -            | -          | 50,128.80            | 50,128.80    | 50,128.80    |
| Total expenditures paid  | 54,469.11             | 54,469.11    | 45,251.34  | 294,999.21           | 330,416.17   | 311,724.33   |
| Excess of revenues collected over (under) expenditures before adjustments to prior year encumbrances     | (13,160.49)           | (13,160.49)  | (1,117.54) | (81,104.99)          | (81,104.99)  | (41,326.27)  |
| Adjustments to prior year encumbrances   | -                     | -            | -          | -                    | -            | -            |
| Other financing sources (uses)   | -                     | -            | -          | -                    | -            | -            |
| Operating transfers in & estopped warr   | -                     | -            | -          | -                    | -            | -            |
| Operating transfers out  | -                     | -            | -          | -                    | -            | -            |
| Total other financing sources (uses)   | -                     | -            | -          | -                    | -            | -            |
| Excess (deficiency) of revenues and other resources over expenditures and other financing sources (uses) | (13,160.49)           | (13,160.49)  | (1,117.54) | (81,104.99)          | (81,104.99)  | (41,326.27)  |
| Fund balances, beginning of year   | 13,160.49             | 13,160.49    | 13,160.49  | 81,104.99            | 81,104.99    | 81,104.99    |
| Fund balances, end of year   | -                     | -            | 12,042.95  | -                    | -            | 39,778.72    |

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

**COLCORD SCHOOL DISTRICT I-4**  
**STATEMENT OF ASSETS, LIABILITIES AND FUND BALANCES**  
**FIDUCIARY FUNDS-REGULATORY BASIS**  
**JUNE 30, 2014**

|   | Agency<br>Fund<br>Activity<br>Funds |
|---|-------------------------------------|
| <b>ASSETS</b>                                 |                                     |
| Cash  | \$ 46,952.67                        |
| Investments                                   | -                                   |
| Due from other funds                          | -                                   |
|   | <hr/>                               |
| Total assets                                  | <u>\$ 46,952.67</u>                 |
| <b>LIABILITIES AND FUND EQUITY</b>            |                                     |
| Liabilities:                                  |                                     |
| Due to student, parent and booster activities | \$ 46,952.67                        |
| Due to administrative activities              | -                                   |
|   | <hr/>                               |
| Total liabilities                             | 46,952.67                           |
| Fund balance:                                 |                                     |
| Reserved                                      | -                                   |
| Unreserved/undesignated                       | -                                   |
| Total fund balance                            | <hr/>                               |
|   | <hr/>                               |
| Total liabilities and fund balances           | <u>\$ 46,952.67</u>                 |

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

**COLCORD SCHOOL DISTRICT I-4**  
**STATEMENT OF CHANGES IN ASSETS AND LIABILITIES**  
**ACTIVITY FUNDS - REGULATORY BASIS**  
**JUNE 30, 2014**

| ACTIVITIES           | Balance<br>July 1, 2013 | Additions            | Deletions            | Balance<br>June 30, 2014 |
|----------------------|-------------------------|----------------------|----------------------|--------------------------|
| ANNUAL FUND          | \$ 4,551.29             | \$ 9,765.65          | \$ 11,999.73         | \$ 2,317.21              |
| ART                  | 396.45                  | 241.58               | 122.84               | 515.19                   |
| ATHLETIC             | 13,983.62               | 70,283.21            | 74,135.15            | 10,131.68                |
| BAND                 | 2,414.15                | 6,008.50             | 6,173.94             | 2,248.71                 |
| COSMETOLOGY          | 556.33                  | 534.20               | 39.98                | 1,050.55                 |
| 5TH GRADE            | 128.04                  | -                    | 0.00                 | 128.04                   |
| ELEM MISC            | -                       | 6,695.03             | -                    | 6,695.03                 |
| ELEM LIBRARY         | 3,167.75                | 11,814.00            | 10,666.16            | 4,315.59                 |
| ELEM VENDING         | 800.00                  | 7,438.00             | 7,799.53             | 438.47                   |
| ELEM ATHLETICS       | 1,410.44                | 1,215.05             | 396.81               | 2,228.68                 |
| BPA                  | 263.83                  | -                    | 91.96                | 171.87                   |
| FFA                  | 5,051.24                | 47,399.74            | 49,119.37            | 3,331.61                 |
| AGRI SHOP            | -                       | 3,275.00             | 2,549.00             | 726.00                   |
| FCCLA                | 16.18                   | 3,205.00             | 3,078.69             | 142.49                   |
| SCHOOL IMPROVEMENT   | 280.03                  | -                    | -                    | 280.03                   |
| HS LIBRARY           | 589.95                  | -                    | 499.77               | 90.18                    |
| INDIAN CLUB          | 265.86                  | -                    | -                    | 265.86                   |
| JH CHEERLEADERS      | 1.00                    | -                    | -                    | 1.00                     |
| ALTERNATIVE ED       | -                       | -                    | -                    | -                        |
| OTHER                | 617.90                  | 1,109.00             | 596.00               | 1,130.90                 |
| NEWSPAPER            | 29.67                   | -                    | -                    | 29.67                    |
| QUIZ BOWL            | 786.48                  | 1,013.75             | 1,294.86             | 505.37                   |
| HS CHEERLEADERS      | 1,903.13                | 6,179.61             | 7,982.74             | 100.00                   |
| STUDENT COUNCIL      | 445.78                  | -                    | -                    | 445.78                   |
| WALTON FAMILY FOUND. | 4.97                    | 5,000.00             | 2,750.00             | 2,254.97                 |
| CLASS FUNDS          | 4,499.90                | 6,372.86             | 6,502.70             | 4,370.06                 |
| CONCESSION           | 1,486.97                | 7,762.80             | 6,956.75             | 2,293.02                 |
| DRAMA                | 56.97                   | -                    | -                    | 56.97                    |
| LUNCH                | 197.95                  | 30,914.42            | 31,112.37            | -                        |
| RESOURCE FUND        | 135.94                  | 450.00               | 396.21               | 189.73                   |
| ADVANCED PLACEMENT   | -                       | 797.00               | 298.99               | 498.01                   |
|                      | <u>\$ 44,041.82</u>     | <u>\$ 227,474.40</u> | <u>\$ 224,563.55</u> | <u>\$ 46,952.67</u>      |

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

I-4 DELAWARE COUNTY  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
JULY 1, 2013 TO JUNE 30, 2014

| <u>Program</u>   | <u>Federal<br/>CFDA<br/>Number</u> | <u>Expenditures</u>      |
|--|------------------------------------|--------------------------|
| <u>U.S. Department of Education</u>                    |                                    |                          |
| Direct Programs:                                       |                                    |                          |
| IMPACT AID   | 84.041                             | <u>29,426.45</u>         |
| <u>Passed through State Dept. of Education</u>         |                                    |                          |
| Title I  | 84.010                             | 199,627.83               |
| T7-PART A, INDIAN ED                                   | 84.060                             | 67,199.99                |
| T6-SUB 2, SDE  | 84.358                             | 11,571.58                |
| IDEA   | 84.027                             | 194,157.77               |
| IDEA PRESCHOOL   | 84.173                             | <u>3,323.02</u>          |
| Sub total  |                                    | <u>475,880.19</u>        |
| <u>Passed through the Cherokee Nation of Oklahoma:</u> |                                    |                          |
| JOHNSON O'MALLEY                                       | 15.130                             | <u>9,215.48</u>          |
| <u>U.S. Department of Agriculture</u>                  |                                    |                          |
| <u>Passed Through State Dept. of Education:</u>        |                                    |                          |
| Child Nutrition Cluster:                               |                                    |                          |
| School Breakfast                                       | 10.553                             | 58,295.02                |
| National School Lunch Program:                         |                                    |                          |
| Cash Assistance  | 10.555                             | 176,219.03               |
| Non-cash Assistance: Commodities                       | 10.550                             | <u>14,672.45</u>         |
| Sub total  |                                    | <u>249,186.50</u>        |
| Total Federal Assistance Expenditures                  |                                    | <u><u>763,708.62</u></u> |

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

There are no amounts passed to sub recipients.

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

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

To the Board of Education  
Colcord Public School, I-4  
Colcord, 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 Colcord School District No. I-4 (the School), 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, and have issued my report thereon dated December 14, 2014, which was adverse with respect to the presentation of the financial statements in conformity with accounting principles generally accepted in the United States because the presentation followed the regulatory basis of accounting for Oklahoma school districts and did not conform to the presentation requirements of the Governmental Accounting Standards Board. However, my report was qualified for the omission of general fixed asset account groups with respect to the presentation of financial statements on the regulatory basis of accounting authorized by the Oklahoma State Board of Education.

**Internal Control Over Financial Reporting**

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

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

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

**Compliance and Other Matters**

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



### Purpose of this Report

The purpose of this report is solely to describe the scope of my testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's control or on compliance. This report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

A handwritten signature in black ink, appearing to read "Michael Green", with a stylized, cursive script.

Michael Green, CPA  
December 14, 2014

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

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

To the Board of Education  
Colcord Public School, I-4  
Colcord, Ok.

**Report on Compliance for Each Major Federal Program**

I have audited the Colcord Public School, I-4, Delaware County, Oklahoma (the School) with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of the School's major federal programs for the year ended June 30, 2014. The School's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

**Management's Responsibility**

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

**Auditor's Responsibility**

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

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

**Opinion on Each Major Federal Program**

In my opinion, the School complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2014.

**Report on Internal Control Over Compliance**

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

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

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

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

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

A handwritten signature in black ink, appearing to read 'Michael Green', is positioned above the printed name.

Michael Green, CPA  
December 14, 2014

**COLCORD SCHOOL DISTRICT I-4  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
Year Ended June 30, 2014**

**SECTION I - SUMMARY OF AUDITOR'S RESULTS**

**FINANCIAL STATEMENTS**

Type of auditor's report issued:

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

Internal control over financial reporting:

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

**FEDERAL AWARDS**

Internal Control over major programs:

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

|   |              |
|---|--------------|
| The programs tested as major programs included: | <u>CFDA#</u> |
| Title I A                                       | 84.010       |
| Flow Thru                                       | 84.027       |

The threshold for distinguishing type A and B programs was: \$300,000.00.  
The auditee does not qualify as a low-risk auditee.

**SECTION II - FINANCIAL STATEMENT FINDINGS**

None reported.

**SECTION III - FEDERAL AWARD FINDINGS AND QUESTIONED COSTS**

None reported.

**SECTION IV - PRIOR YEAR FINDINGS AND QUESTIONED COSTS:**

No prior year findings.

I-4 DELAWARE COUNTY  
SCHEDULE OF FEDERAL AWARDS  
JULY 1, 2013 TO JUNE 30, 2014

| <u>Program</u>   | <u>Federal<br/>CFDA<br/>Number</u> | <u>Grantor's<br/>Number</u> | <u>Grant<br/>Award</u> | <u>Federal Grant<br/>Receipts</u> | <u>Expenditures</u> |
|--|------------------------------------|-----------------------------|------------------------|-----------------------------------|---------------------|
| <u>U.S. Department of Education</u>                    |                                    |                             |                        |                                   |                     |
| <u>Direct Programs:</u>                                |                                    |                             |                        |                                   |                     |
| IMPACT AID   | 84.041                             | 591, 592                    | \$ 29,609.45           | 29,609.45                         | 29,426.45           |
| <u>Passed through State Dept. of Education</u>         |                                    |                             |                        |                                   |                     |
| Title I  | 84.010                             | 511                         | 214,941.55             | 199,627.83                        | 199,627.83          |
| T7-PART A, INDIAN ED                                   | 84.060                             | 561                         | 69,116.00              | 69,045.99                         | 67,199.99           |
| T6-SUB 2, SDE  | 84.358                             | 587                         | 11,575.59              | 11,571.58                         | 11,571.58           |
| IDEA   | 84.027                             | 621,623,627                 | 208,822.48             | 199,815.48                        | 194,157.77          |
| IDEA PRESCHOOL   | 84.173                             | 641                         | 3,501.73               | 3,125.26                          | 3,323.02            |
| Sub total  |                                    |                             | 507,992.32             | 483,186.14                        | 475,880.19          |
| <u>Passed through the Cherokee Nation of Oklahoma:</u> |                                    |                             |                        |                                   |                     |
| JOHNSON O'MALLEY                                       | 15.130                             | 563                         | 9,855.00               | 6,589.95                          | 9,215.48            |
| <u>U.S. Department of Agriculture</u>                  |                                    |                             |                        |                                   |                     |
| <u>Passed Through State Dept. of Education:</u>        |                                    |                             |                        |                                   |                     |
| <u>Child Nutrition Cluster:</u>                        |                                    |                             |                        |                                   |                     |
| School Breakfast                                       | 10.553                             | 764                         | 58,295.02              | 58,295.02                         | 58,295.02           |
| <u>National School Lunch Program:</u>                  |                                    |                             |                        |                                   |                     |
| Cash Assistance  | 10.555                             | 763                         | 176,219.03             | 176,219.03                        | 176,219.03          |
| Non-cash Assistance: Commodities                       | 10.550                             | 763                         | 14,672.45              | 14,672.45                         | 14,672.45           |
| Sub total  |                                    |                             | 249,186.50             | 249,186.50                        | 249,186.50          |
| Total Federal Assistance Expenditures                  |                                    |                             | \$ 796,643.27          | 768,572.04                        | 763,708.62          |

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

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

SCHEDULE OF  
ACCOUNTANT'S PROFESSIONAL LIABILITY INSURANCE AFFIDAVIT  
JULY 1, 2013 JUNE 30, 2014

State of Oklahoma                    )  
  ) ss  
County of Adair                    )

The undersigned auditing firm of lawful age, being first duly sworn on oath says that said firm had in full force and effect Accountant's Professional Liability Insurance in accordance with the "Oklahoma Public School Audit Law" at the time of audit contract and during the entire audit engagement with Colcord Public School for the audit year 2013-2014.

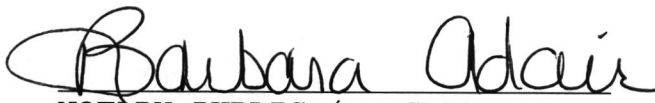
Michael Green, CPA

\_\_\_\_\_  
Auditing Firm

by

  
\_\_\_\_\_  
Authorized Agent

Subscribed and sworn to before me this 31<sup>st</sup> day of March 2015.

  
\_\_\_\_\_  
NOTARY PUBLIC (or CLERK or JUDGE)



COLCORD SCHOOL DISTRICT NO I-4  
SCHEDULE OF STATUTORY, FIDELITY, AND HONESTY BONDS  
JUNE 30, 2014

| <u>Position</u>         | <u>Bonded By</u>   | <u>Policy Number</u> | <u>Term</u>         | <u>Amount</u> |
|-------------------------|--------------------|----------------------|---------------------|---------------|
| Treasurer               | Ohio Casualty Co.  | 5057166              | 7-01-10/until canc. | 100,000.00    |
| Encumbrance Clerk       | Western Surety Co. | 6944806              | 1-15-14/1-15-15     | 25,000.00     |
| Activity Fund Custodian | Western Surety Co. | 6944806              | 1-15-14/1-15-15     | 25,000.00     |
| Superintendent          | Western Surety Co. | 707641.64            | 7-01-13 / 7-01-14   | 100,000.00    |
| Minute Clerk            | Western Surety Co. | 696448.06            | 1-15-14 / 1-15-15   | 25,000.00     |