

**FINANCIAL STATEMENTS AND  
INDEPENDENT AUDITOR'S REPORTS  
CORDELL INDEPENDENT SCHOOL DISTRICT  
NO. 78  
WASHITA COUNTY, OKLAHOMA  
JUNE 30, 2016**

**CORDELL INDEPENDENT SCHOOL DISTRICT NO. 78**  
**WASHITA COUNTY, OKLAHOMA**  
**JUNE 30, 2016**

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**CORDELL INDEPENDENT SCHOOL DISTRICT NO. 78**  
**WASHITA COUNTY, OKLAHOMA**  
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**WASHITA COUNTY, OKLAHOMA**  
**JUNE 30, 2016**

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**CORDELL INDEPENDENT SCHOOL DISTRICT NO. 78  
WASHITA COUNTY, OKLAHOMA  
SCHOOL DISTRICT OFFICIALS  
JULY 1, 2015 THROUGH JUNE 30, 2016**

**Board of Education**

President	Jim Price
Vice-President	Dale Selman
Clerk	Chris Johnson
Member	Bob R. Abernathy
Member	Ronnie McKee

**School District Treasurer**

Marian Twyman

**Superintendent of Schools**

Brad Overton



**BRITTON, KUYKENDALL, & MILLER**  
CERTIFIED PUBLIC ACCOUNTANTS

JAMES M. KUYKENDALL  
RICK D. MILLER

204 E. FRANKLIN - P.O. BOX 507  
WEATHERFORD, OK 73096  
580-772-3596  
FAX 580-772-3085

**INDEPENDENT AUDITOR'S REPORT**

To the Honorable Board of Education  
Cordell Independent School District No. 78  
Cordell, Washita County, Oklahoma

***Report on the Financial Statements***

We have audited the accompanying combined fund type and account group financial statements-regulatory basis of Cordell Independent School District No. 78, Oklahoma, as of and for the year ended June 30, 2016, and the related notes to the financial statements, as listed in the table of contents.

***Management's Responsibility for the Financial Statements***

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

***Auditor's Responsibility***

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

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

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

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

As described in Note 1, the financial statements are prepared by Cordell Independent School District No. 78, Oklahoma, on the basis of the financial reporting provisions of the Oklahoma State Department of Education, which is a basis of accounting other than accounting principles generally accepted in the United States of America, to meet the requirements of the Oklahoma State Department of Education.

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

***Adverse Opinion on U.S. Generally Accepted Accounting Principles***

In our opinion, because of the significance of the matter discussed in the "Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles" paragraph, the financial statements referred to above do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of Cordell Independent School District No. 78, Oklahoma, as of June 30, 2016, or changes in financial position, or cash flows thereof for the year then ended.

***Basis for Qualified Opinion on Regulatory Basis of Accounting***

As discussed in Note 1, the financial statements referred to above do not include the general fixed asset account group, which is a departure from the regulatory basis of accounting prescribed by the Oklahoma State Department of Education. The amount that should be recorded in the general fixed asset account group is not known.

***Qualified Opinion on Regulatory Basis of Accounting***

However, in our opinion, except for the effects of the matter discussed in the "Basis for Qualified Opinion on Regulatory Basis of Accounting" paragraph, the financial statements referred to above present fairly, in all material respects, the cash and unencumbered cash balances arising from regulatory basis transactions of each fund type and account group of Cordell Independent School District No. 78, Oklahoma, as of June 30, 2016, and the revenues it received and expenditures it paid and encumbered for the year then ended, in accordance with the financial reporting provisions of the Oklahoma State Department of Education as described in Note 1.

### *Other Matters*

### *Other Information*

Our audit was conducted for the purpose of forming an opinion on the fund type and account group financial statements that collectively comprise Cordell Independent School District No. 78, Oklahoma's basic financial statements. The accompanying Combining Financial Statements and Schedule of Expenditures of Federal Awards as listed in the accompanying Table of Contents are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The Combining Financial Statements and the Schedule of Expenditures of Federal Awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the fund type and account group financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, except for the financial statements being prepared in compliance with the regulatory basis as prescribed by the Oklahoma State Department of Education as discussed in Note 1, such information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

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

In accordance with Government Auditing Standards, we have also issued our report dated January 9, 2017, on our consideration of Cordell Independent School District No. 78, Oklahoma's, internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering Cordell Independent School District No. 78, Oklahoma's internal control over financial reporting and compliance.

*Britton, Kuykendall & Miller*

BRITTON, KUYKENDALL & MILLER  
Certified Public Accountants

Weatherford, Oklahoma  
January 9, 2017



**COMBINED FINANCIAL STATEMENTS**  
**OF**  
**CORDELL INDEPENDENT SCHOOL DISTRICT NO. 78**  
**WASHITA COUNTY, OKLAHOMA**

WASHITA COUNTY, OKLAHOMA  
COMBINED BALANCE SHEET  
ALL FUND TYPES AND ACCOUNT GROUPS - REGULATORY BASIS  
JUNE 30, 2016

	Governmental Fund Types			
	General	Special Revenue	Debt Service	Capital Projects
<b>ASSETS</b>				
Cash and Investments	\$ 1,148,925.12	\$ 768,414.68	\$ 563,657.91	\$ 517,662.81
Amount Available in Debt Service Fund	0.00	0.00	0.00	0.00
Amount to Be Provided for Retirement of General Long-Term Debt	0.00	0.00	0.00	0.00
<b>Total Assets</b>	<b>\$ 1,148,925.12</b>	<b>\$ 768,414.68</b>	<b>\$ 563,657.91</b>	<b>\$ 517,662.81</b>
<b>LIABILITIES AND FUND BALANCE</b>				
<b>Liabilities:</b>				
Warrants Payable	\$ 123,158.72	\$ 46,567.17	\$ 0.00	\$ 90,132.20
Encumbrances	0.00	0.00	0.00	0.00
Due to Student Groups	0.00	0.00	0.00	0.00
General-Obligation Bonds Payable	0.00	0.00	0.00	0.00
Capital Lease Payable	0.00	0.00	0.00	0.00
<b>Total Liabilities</b>	<b>123,158.72</b>	<b>46,567.17</b>	<b>0.00</b>	<b>90,132.20</b>
<b>Fund Equity:</b>				
Reserved	0.00	0.00	0.00	0.00
Unreserved:				
Designated for Capital Projects	0.00	0.00	0.00	427,530.61
Designated for Debt Service	0.00	0.00	563,657.91	0.00
Undesignated	1,025,766.40	721,847.51	0.00	0.00
<b>Total Fund Balances</b>	<b>1,025,766.40</b>	<b>721,847.51</b>	<b>563,657.91</b>	<b>427,530.61</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$ 1,148,925.12</b>	<b>\$ 768,414.68</b>	<b>\$ 563,657.91</b>	<b>\$ 517,662.81</b>

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

## Schedule 1-00

Governmental Fund Types	Fiduciary Fund Types	Account Group	Total (Memorandum Only - Note 1)
Permanent	Trust and Agency	General Long- Term Debt	2016
\$ 143,211.13	\$ 268,248.84	\$ 0.00	\$ 3,410,120.49
0.00	0.00	563,657.91	563,657.91
0.00	0.00	5,581,342.09	5,581,342.09
<u>\$ 143,211.13</u>	<u>\$ 268,248.84</u>	<u>\$ 6,145,000.00</u>	<u>\$ 9,555,120.49</u>
\$ 0.00	\$ 0.00	\$ 0.00	\$ 259,858.09
0.00	0.00	0.00	0.00
0.00	268,248.84	0.00	268,248.84
0.00	0.00	2,225,000.00	2,225,000.00
0.00	0.00	3,920,000.00	3,920,000.00
<u>0.00</u>	<u>268,248.84</u>	<u>6,145,000.00</u>	<u>6,673,106.93</u>
143,211.13	0.00	0.00	143,211.13
0.00	0.00	0.00	427,530.61
0.00	0.00	0.00	563,657.91
0.00	0.00	0.00	1,747,613.91
<u>143,211.13</u>	<u>0.00</u>	<u>0.00</u>	<u>2,882,013.56</u>
<u>\$ 143,211.13</u>	<u>\$ 268,248.84</u>	<u>\$ 6,145,000.00</u>	<u>\$ 9,555,120.49</u>

CORDELL INDEPENDENT SCHOOL DISTRICT NO. 78  
WASHITA COUNTY, OKLAHOMA  
COMBINED STATEMENT OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCES - REGULATORY BASIS -  
ALL GOVERNMENTAL FUND TYPES  
FOR THE YEAR ENDED JUNE 30, 2016

	Governmental Fund Types		
	General	Special Revenue	Debt Service
Revenues:			
Local Sources	\$ 1,324,806.77	\$ 258,227.03	\$ 562,855.10
Intermediate Sources	165,748.20	0.00	0.00
State Sources	2,980,757.16	35,770.36	643.98
Federal Sources	272,885.98	258,725.74	0.00
Total Revenues Collected	4,744,198.11	552,723.13	563,499.08
Expenditures:			
Instruction	3,289,815.71	0.00	0.00
Support Services	1,923,486.06	22,319.90	0.00
Non-Instructional Services	13,157.26	357,536.87	0.00
Capital Outlay	0.00	156,715.84	0.00
Other Outlays	4,923.81	0.00	0.00
Debt Service:			
Principal Retirement	0.00	0.00	525,000.00
Interest and Fiscal Agent Charges	0.00	0.00	50,226.25
Total Expenditures	5,231,382.84	536,572.61	575,226.25
Excess of Revenues Over (Under) Expenditures	(487,184.73)	16,150.52	(11,727.17)
Adjustments to Prior Year Encumbrances	103.44	0.00	0.00
Other Financing Sources (Uses):			
Bond Sale Proceeds	0.00	0.00	0.00
Excess of Revenues and Other Sources Over (Under) Expenditures and Other Uses	(487,081.29)	16,150.52	(11,727.17)
Beginning Fund Balances	1,512,847.69	705,696.99	575,385.08
Ending Fund Balances	\$ 1,025,766.40	\$ 721,847.51	\$ 563,657.91

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

Governmental Fund Types		Total (Memorandum Only - Note 1) 2016
Capital Projects	Permanent	
\$ 0.00	\$ 1,776.20	\$ 2,147,665.10
0.00	0.00	165,748.20
0.00	0.00	3,017,171.50
0.00	0.00	531,611.72
0.00	1,776.20	5,862,196.52
0.00	0.00	3,289,815.71
0.00	750.00	1,946,555.96
0.00	0.00	370,694.13
929,182.64	0.00	1,085,898.48
0.00	0.00	4,923.81
0.00	0.00	525,000.00
0.00	0.00	50,226.25
929,182.64	750.00	7,273,114.34
(929,182.64)	1,026.20	(1,410,917.82)
0.00	0.00	103.44
0.00	0.00	0.00
(929,182.64)	1,026.20	(1,410,814.38)
1,356,713.25	142,184.93	4,292,827.94
\$ 427,530.61	\$ 143,211.13	\$ 2,882,013.56

CORDELL INDEPENDENT SCHOOL DISTRICT NO. 78  
WASHITA COUNTY, OKLAHOMA  
COMBINED STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND  
BALANCES - BUDGET AND ACTUAL - REGULATORY BASIS  
BUDGETED GOVERNMENTAL FUND TYPES  
FOR THE YEAR ENDED JUNE 30, 2016

	General Fund		
	Original Budget	Final Budget	Actual
Beginning fund balances, budgetary basis	\$ 1,512,847.69	\$ 1,512,847.69	\$ 1,512,847.69
Revenues:			
Local sources	1,181,876.02	1,181,876.02	1,324,806.77
Intermediate sources	162,627.02	162,627.02	165,748.20
State sources	3,241,733.33	3,241,733.33	2,980,757.16
Federal sources	331,038.43	331,038.43	272,885.98
Total Revenue, budgetary basis	<u>4,917,274.80</u>	<u>4,917,274.80</u>	<u>4,744,198.11</u>
Expenditures:			
Instruction	3,312,123.70	3,312,123.70	3,289,815.71
Support services	2,469,922.86	2,469,922.86	1,923,486.06
Non - Instructional services	14,858.67	14,858.67	13,157.26
Capital Outlay	623,319.30	623,319.30	0.00
Other Outlays	9,897.96	9,897.96	4,923.81
Debt Service:			
Principal retirement	0.00	0.00	0.00
Interest and fiscal agent charges	0.00	0.00	0.00
Judgments paid	0.00	0.00	0.00
Total Expenditures, budgetary basis	<u>6,430,122.49</u>	<u>6,430,122.49</u>	<u>5,231,382.84</u>
Excess of revenue and beginning fund balances over (under) expenditures - budgetary basis	0.00	0.00	1,025,662.96
Other financing sources (uses):			
Bond sale proceeds	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>
Excess of revenues and other sources over (under) expenditures and other uses	0.00	0.00	1,025,662.96
Adjustments to prior year encumbrances	<u>0.00</u>	<u>0.00</u>	<u>103.44</u>
Ending fund balances	<u>\$ 0.00</u>	<u>\$ 0.00</u>	<u>\$ 1,025,766.40</u>

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

Special Revenue Funds			Debt Service Fund		
Original Budget	Final Budget	Actual	Original Budget	Final Budget	Actual
\$ 705,696.99	\$ 705,696.99	\$ 705,696.99	\$ 575,385.08	\$ 575,385.08	\$ 575,385.08
240,450.74	240,450.74	258,227.03	553,167.97	553,167.97	562,855.10
0.00	0.00	0.00	0.00	0.00	0.00
37,118.94	37,118.94	35,770.36	0.00	0.00	643.98
200,222.50	200,222.50	258,725.74	0.00	0.00	0.00
<u>477,792.18</u>	<u>477,792.18</u>	<u>552,723.13</u>	<u>553,167.97</u>	<u>553,167.97</u>	<u>563,499.08</u>
0.00	0.00	0.00	0.00	0.00	0.00
445,416.23	445,416.23	22,319.90	0.00	0.00	0.00
358,523.82	358,523.82	357,536.87	0.00	0.00	0.00
379,549.12	379,549.12	156,715.84	0.00	0.00	0.00
0.00	0.00	0.00	0.00	0.00	0.00
0.00	0.00	0.00	1,070,000.00	1,070,000.00	525,000.00
0.00	0.00	0.00	58,553.05	58,553.05	50,226.25
0.00	0.00	0.00	0.00	0.00	0.00
<u>1,183,489.17</u>	<u>1,183,489.17</u>	<u>536,572.61</u>	<u>1,128,553.05</u>	<u>1,128,553.05</u>	<u>575,226.25</u>
0.00	0.00	721,847.51	0.00	0.00	563,657.91
<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>
0.00	0.00	721,847.51	0.00	0.00	563,657.91
<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>
<u>\$ 0.00</u>	<u>\$ 0.00</u>	<u>\$ 721,847.51</u>	<u>\$ 0.00</u>	<u>\$ 0.00</u>	<u>\$ 563,657.91</u>

**NOTES TO COMBINED FINANCIAL STATEMENTS**  
**OF**  
**CORDELL INDEPENDENT SCHOOL DISTRICT NO. 78**  
**WASHITA COUNTY, OKLAHOMA**



**CORDELL INDEPENDENT SCHOOL DISTRICT NO. 78**  
**WASHITA COUNTY, OKLAHOMA**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED JUNE 30, 2016**

1. **Summary of Significant Accounting Policies**

The financial statements of the Cordell Independent School District No. 78 (the "District") have been prepared in conformity with another comprehensive basis of accounting as prescribed by the Oklahoma State Department of Education. The more significant of the District's accounting policies are described below.

**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 School Education Foundation is not included in the reporting entity. The District does not appoint any of the board members or exercise any oversight authority over the Foundation.

**CORDELL INDEPENDENT SCHOOL DISTRICT NO. 78**  
**WASHITA COUNTY, OKLAHOMA**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED JUNE 30, 2016**

**Summary of Significant Accounting Policies, (Continued)**

**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 Special Revenue Fund of the District consists of the Building Fund, Child Nutrition Fund, and Hunsinger Scholarship Fund.

**CORDELL INDEPENDENT SCHOOL DISTRICT NO. 78**  
**WASHITA COUNTY, OKLAHOMA**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED JUNE 30, 2016**

**Summary of Significant Accounting Policies, (Continued)**

**Fund Accounting, (Continued)**

**Special Revenue Fund, (Continued)**

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

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

Hunsinger Scholarship Fund - The fund receives its assets by contributions. The principal and interest are available to provide scholarships to selected students.

Debt Service Fund - The Debt Service Fund is the District's Sinking Fund and is used to account for the accumulation of financial resources for the payment of general long-term 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.

Permanent Fund - Permanent Funds account for restricted resources where the District is under an obligation to maintain the trust principal. The Permanent Fund of the District consists of the Anderson Endowment Fund, Birckett Scholarship Fund and Koehn Scholarship Fund. Although the principal may not be expended, the interest generated from these funds is to be used for scholarships.

**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. 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.

**CORDELL INDEPENDENT SCHOOL DISTRICT NO. 78**  
**WASHITA COUNTY, OKLAHOMA**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED JUNE 30, 2016**

**Summary of Significant Accounting Policies, (Continued)**

**Fund Accounting, (Continued)**

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

**Account Groups**

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

**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 has not maintained the cost of fixed assets purchased in previous years. Thus the General Fixed Asset Account Group is not presented.

**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 differs significantly from that required by GASB Statement No. 34.

**CORDELL INDEPENDENT SCHOOL DISTRICT NO. 78**  
**WASHITA COUNTY, OKLAHOMA**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED JUNE 30, 2016**

**Summary of Significant Accounting Policies, (Continued)**

**Basis of Accounting, (Continued)**

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 as follows:

- Encumbrances represented by purchase orders, contracts and other commitments for the expenditure of monies are recorded as expenditures when approved.
- Investments are recorded as assets when purchased.
- Warrants payable are recorded as liabilities when issued.
- Long-term debt is recorded when incurred.

This regulatory basis of accounting differs from accounting principles generally accepted in the United States of America, which require revenues to be recognized when they become available and measurable, or when they are earned, and expenditures or expenses to be recognized when the related liabilities are incurred for governmental fund types.

**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.

The District may upon approval by a majority of the electors of the District voting on the question make the advalorem levy, emergency levy and local support levy permanent.

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

**CORDELL INDEPENDENT SCHOOL DISTRICT NO. 78**  
**WASHITA COUNTY, OKLAHOMA**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED JUNE 30, 2016**

**Summary of Significant Accounting Policies, (Continued)**

**E. Assets, Liabilities and Fund Equity**

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

**Investments** - Investments consist of direct obligations of the United States Government and Agencies or certificates of deposit 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 is due prior to January 1. The second half is due prior to April 1. If the first payment is not made timely, the entire tax becomes due and payable on January 2. Second half taxes become delinquent on April 1 of the year following the year of assessment. If not paid by the following October 1, the property is offered for sale for the amount of taxes due. The owner has two years to redeem the property by paying the taxes and penalty owed. If, at the end of two years, the owner has not done so, the purchaser is issued a deed to the property.

**Inventories** - The value of consumable inventories at June 30, 2016, is not material to the financial statements.

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

**Compensated Absences** - The school does not calculate a dollar value of compensated absences. Thus, compensated absences have not been presented.

**Long-Term Debt** - Long-term debt is recognized as a liability of a governmental fund when due, or when resources have been accumulated in the Debt Service Fund for payment early in the following year. For other long-term obligations, only that portion expected to be financed from expendable available financial resources is reported as a fund liability of a governmental fund. The remaining portion of such obligations is reported in the General Long-Term Debt Account group. Long-term liabilities expected to be financed from proprietary fund operations are accounted for in those funds.

**CORDELL INDEPENDENT SCHOOL DISTRICT NO. 78**  
**WASHITA COUNTY, OKLAHOMA**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED JUNE 30, 2016**

**Summary of Significant Accounting Policies, (Continued)**

**Assets, Liabilities and Fund Equity, (Continued)**

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

**F. 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 non-routine permanent transfers of equity are reported as residual equity transfers. All other interfund transfers are reported as operating transfers. No interfund transactions occurred during fiscal year 2016.

**G. Statement of Cash Flows**

Since the District does not currently have any Proprietary Fund Types, the statement of cash flows has not been presented in the fiscal 2016 accompanying financial statements.

**CORDELL INDEPENDENT SCHOOL DISTRICT NO. 78**  
**WASHITA COUNTY, OKLAHOMA**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED JUNE 30, 2016**

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.

**Deposits** - The District's cash deposits at June 30, 2016, are categorized to give an indication of the level of risk assumed by the District at year end as follows:

- (A) Insured or collateralized with securities held by the District or by its agent in the District's name
- (B) Collateralized with securities held by the pledging financial institution's trust department or agent in the District's name
- (C) Uncollateralized

	Category			Bank
	(A)	(B)	(C)	Balance
Cash	\$ 474,784.75	\$ 2,525,335.74	\$ 0.00	\$ 3,000,120.49
Investments	<u>385,215.25</u>	<u>0.00</u>	<u>24,784.75</u>	<u>410,000.00</u>
Total	<u>\$ 860,000.00</u>	<u>\$ 2,525,335.74</u>	<u>\$ 24,784.75</u>	<u>\$ 3,410,120.49</u>

**Investments** - The District's investments consist of certificates of deposit or direct obligations of the United States Government and Agencies at June 30, 2016, and are categorized to give an indication of the level of risk assumed by the District.

3. **General Long-Term Debt**

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



**CORDELL INDEPENDENT SCHOOL DISTRICT NO. 78**  
**WASHITA COUNTY, OKLAHOMA**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED JUNE 30, 2016**

**General Long-Term Debt, (Continued)**

General long-term debt of the District consists of general obligation bonds and capital leases. Obligations for compensated absences and early retirement incentives have not been presented. Debt service requirements for bonds are payable solely from fund balance and future revenues of the debt service fund.

The following is a summary of the long-term debt transactions of the District for the year ended June 30, 2016:

	<u>Bonds Payable</u>	<u>Capital Leases</u>	<u>Total</u>
Balance July 1, 2015	\$ 2,750,000.00	\$ 0.00	\$ 2,750,000.00
Additions	0.00	3,920,000.00	3,920,000.00
Retirements	<u>(525,000.00)</u>	<u>(0.00)</u>	<u>(\$525,000.00)</u>
Balance June 30, 2016	<u>\$ 2,225,000.00</u>	<u>\$ 3,920,000.00</u>	<u>\$ 6,145,000.00</u>

A brief description of the outstanding general obligation bond issues at June 30, 2016, is set forth below:

	<u>Maturity Date</u>	<u>Interest Rate</u>	<u>Amount Issued</u>	<u>Amount Outstanding</u>
Building Bond	11/1/18	3.25-4.15%	\$ 1,315,000.00	\$ 450,000.00
Building Bond	1/1/16	1.90-2.75%	775,000.00	0.00
Building Bond	8/1/16	0.85-1.00%	615,000.00	220,000.00
Building Bond of '14	11/1/17	0.90-0.95%	585,000.00	585,000.00
Building Bond of '15	6/1/20	1.50-2.00%	<u>970,000.00</u>	<u>970,000.00</u>
Total			<u>\$ 4,260,000.00</u>	<u>\$ 2,225,000.00</u>

**CORDELL INDEPENDENT SCHOOL DISTRICT NO. 78**  
**WASHITA COUNTY, OKLAHOMA**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED JUNE 30, 2016**

**General Long-Term Debt, (Continued)**

Presented below is a summary of debt service requirements to maturity by years for the remaining life of the bond issues:

<u>Year Ending</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
6/30/2017	\$ 545,000.00	\$ 37,118.75	\$ 582,118.75
6/30/2018	880,000.00	27,770.00	907,770.00
6/30/2019	470,000.00	15,200.00	485,200.00
6/30/2020	330,000.00	6,600.00	336,600.00
6/30/2021	0.00	0.00	0.00
Thereafter	0.00	0.00	0.00
	<u>\$ 2,225,000.00</u>	<u>\$ 86,688.75</u>	<u>\$ 2,311,688.75</u>

Interest expense on general obligation bond long-term debt incurred during the current year totaled \$50,226.25.

The District has entered into lease agreements as lessee, that qualify as capital leases for accounting purposes since title transfers at the end of the lease term and it has been recorded at the present value of the future minimum lease payments. The lease contains a clause, which gives the District the ability to terminate the lease agreements at the end of each fiscal year.

The District records any current year payments on capital leases as expenditures and records a liability for future lease payment in the general long-term debt account group.

A brief description of the outstanding capital leases at June 30, 2016, is set forth below:

Capital lease payable for equipment located at 606 East 3<sup>rd</sup> Street with MR, Inc. in the amount of \$3,920,000.00 has annual payments in various amounts bearing interest at 2.532440% per annum. This lease is dated May 18, 2015, final payment due December 1, 2024.

**CORDELL INDEPENDENT SCHOOL DISTRICT NO. 78**  
**WASHITA COUNTY, OKLAHOMA**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED JUNE 30, 2016**

**General Long-Term Debt, (Continued)**

	Interest Rate	Final Payment	Original Lease	Amount Outstanding
Equipment	2.532440%	12/1/24	\$ 3,920,000.00	\$ 3,920,000.00
Total Capital Leases			\$ 3,920,000.00	\$ 3,920,000.00

Presented below is a schedule of future minimum lease payments as follows:

<u>Year Ending</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
6/30/2017	\$ 0.00	\$ 153,871.05	\$ 153,871.05
6/30/2018	560,000.00	99,271.65	659,271.65
6/30/2019	1,120,000.00	85,089.98	1,205,089.98
6/30/2020	0.00	56,726.66	56,726.66
6/30/2021	200,000.00	56,726.66	256,726.66
Thereafter	2,040,000.00	120,544.16	2,160,544.16
Totals	\$ 3,920,000.00	\$ 572,230.16	\$ 4,492,230.16

Interest expense on capital lease long-term debt incurred during the current year totaled \$0.00.

**4. Investment Income**

Investment income deposits are receipted as allocated by the Treasurer. School District Funds held by the Treasurer are required to be invested in accordance with Title 70 of the Oklahoma Statutes. Interest income on cash funds totaled \$14,832.28.

**5. Risk Management**

The District is exposed to various risks of loss related to torts, theft of, damage to, and destruction of assets, errors and omissions, injuries to employees, employees' health and life, and natural disasters. The District manages these various risks of loss through the purchase of commercial insurance. Management believes such coverage is sufficient to preclude any significant uninsured losses to the District. Settled claims have not exceeded this insurance coverage in any of the past three fiscal years.

**CORDELL INDEPENDENT SCHOOL DISTRICT NO. 78**  
**WASHITA COUNTY, OKLAHOMA**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED JUNE 30, 2016**

**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 five 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 of 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.

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 Districts, which are not actuarially determined, and its employees are established by statute and applied to the employee's earnings, plus employer-paid fringe benefits. The District is required by statute to contribute 9.5% of applicable compensation effective July 1, 2010 and thereafter. The District is allowed by the Oklahoma Teacher's Retirement System to make the required contributions on behalf of the participating members. The required contribution for participating members is 7.0% of each member's total compensation.

**CORDELL INDEPENDENT SCHOOL DISTRICT NO. 78**  
**WASHITA COUNTY, OKLAHOMA**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED JUNE 30, 2016**

**Employee Retirement System, (Continued)**

For the year ended June 30, 2016, the total compensation covered by the Teacher Retirement System was \$3,219,972.16. The District's contributions to the System for the years ending June 30, 2016, 2015 and 2014 were \$317,489.33, \$316,036.06, and \$318,794.71, respectively.

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

The pension benefit obligation is a standardized disclosure measure of the present value of pension benefits. This pension valuation method reflects the present value of estimated pension benefits that will be paid in future years as a result of employee services performed to date and is adjusted for the effect of projected salary increases. There are no actuarial valuations performed on individual school districts.

The nonfunded pension benefit obligation of the System, as determined as part of the latest actuarial valuation dated June 30, 2015, is as follows:

Total Pension Benefit Obligation	\$20,692,630,888
Actuarial Value of Assets	<u>13,771,884,292</u>
Unfunded Actuarial Accrued Liability	<u>\$ 6,920,746,596</u>

Ten year historical trend information is presented in the Teachers' Retirement System of Oklahoma Annual Report for the year ended June 30, 2015. This information is useful in assessing the pension plan's accumulation of sufficient assets to pay pension benefits as they become due.

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

**CORDELL INDEPENDENT SCHOOL DISTRICT NO. 78**  
**WASHITA COUNTY, OKLAHOMA**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED JUNE 30, 2016**

7. **Health Care Coverage**

During the year ended June 30, 2016, employees of the Cordell Independent School District No. 78, Oklahoma, were covered by a health insurance plan (the Plan). The teachers and support personnel may elect to be covered by the Plan. The school contributes 100 percent of the cost of single coverage towards the Plan for all non-certified and certified personnel. The Plan was authorized by House Bill 1731, 1988 Oklahoma Legislature (74 O.S. 1988, Supp. Section 1301-1322) with the Oklahoma State and Education Employers Group Insurance Board.

8. **Contingencies**

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.

9. **Surety Bonds**

The District has a bond with America First Insurance Company, bond number LSF 041309, which covers the treasurer for the penal sum of \$100,000.00 for the term of July 1, 2015 to July 1, 2016.

The District has a bond with America First Insurance Company, bond number LSF 041374, which covers the superintendent for the penal sum of \$100,000.00 for the term of July 1, 2015 to July 1, 2016.

The District has a bond with America First Insurance Company, bond number LSF 041373, which covers the child nutrition fund manager/office aid for the penal sum of \$100,000.00 for the term of July 1, 2015 to July 1, 2016.

The District has a bond with America First Insurance Company, bond number LSF 041372, which covers the activity fund custodian/encumbrance clerk for the penal sum of \$100,000.00 for the term of July 1, 2015 to July 1, 2016.

10. **Subsequent Events**

Management has evaluated subsequent events through January 9, 2017, which is the date the financial statements were available to be issued and have determined that no additional information needs to be added to the financial statements.

**SUPPORTING SCHEDULES**

**OF**

**CORDELL INDEPENDENT SCHOOL DISTRICT NO. 78  
WASHITA COUNTY, OKLAHOMA**

**COMBINING FINANCIAL STATEMENTS**  
**OF**  
**CORDELL INDEPENDENT SCHOOL DISTRICT NO. 78**  
**WASHITA COUNTY, OKLAHOMA**



CORDELL INDEPENDENT SCHOOL DISTRICT NO. 78  
 WASHITA COUNTY, OKLAHOMA  
 COMBINING STATEMENT OF ASSETS, LIABILITIES AND FUND BALANCES  
 - REGULATORY BASIS - ALL SPECIAL REVENUE FUNDS  
 JUNE 30, 2016

	<u>Building Fund</u>	<u>Child Nutrition Fund</u>	<u>Hunsinger Scholarship Fund</u>	<u>Totals 2016</u>
<u>ASSETS</u>				
Cash and Investments	\$ 694,088.93	\$ 64,171.51	\$ 10,154.24	\$ 768,414.68
Total Assets	\$ <u>694,088.93</u>	\$ <u>64,171.51</u>	\$ <u>10,154.24</u>	\$ <u>768,414.68</u>
<u>LIABILITIES AND FUND BALANCES</u>				
Liabilities:				
Warrants Payable	\$ 32,145.00	\$ 14,422.17	\$ 0.00	\$ 46,567.17
Encumbrances	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>
Total Liabilities	<u>32,145.00</u>	<u>14,422.17</u>	<u>0.00</u>	<u>46,567.17</u>
 Total Fund Balances	 <u>661,943.93</u>	 <u>49,749.34</u>	 <u>10,154.24</u>	 <u>721,847.51</u>
Total Liabilities and Fund Balances	\$ <u>694,088.93</u>	\$ <u>64,171.51</u>	\$ <u>10,154.24</u>	\$ <u>768,414.68</u>

CORDELL INDEPENDENT SCHOOL DISTRICT NO. 78  
 WASHITA COUNTY, OKLAHOMA  
 COMBINING STATEMENT OF REVENUES, EXPENDITURES  
 AND CHANGES IN FUND BALANCES - REGULATORY BASIS -  
 ALL SPECIAL REVENUE FUNDS  
 FOR THE YEAR ENDED JUNE 30, 2016

	Building Fund	Child Nutrition Fund	Hunsinger Scholarship Fund	Totals 2016
Revenues:				
Local Sources	\$ 194,863.85	\$ 63,349.58	\$ 13.60	\$ 258,227.03
Intermediate Sources	0.00	0.00	0.00	0.00
State Sources	221.99	35,548.37	0.00	35,770.36
Federal Sources	0.00	258,725.74	0.00	258,725.74
Total Revenues Collected	195,085.84	357,623.69	13.60	552,723.13
Expenditures:				
Instruction	0.00	0.00	0.00	0.00
Support services	22,319.90	0.00	0.00	22,319.90
Non-Instructional services	0.00	357,536.87	0.00	357,536.87
Capital Outlay	156,715.84	0.00	0.00	156,715.84
Other Outlays	0.00	0.00	0.00	0.00
Total Expenditures	179,035.74	357,536.87	0.00	536,572.61
Excess of Revenues Over (Under) Expenditures	16,050.10	86.82	13.60	16,150.52
Adjustments to prior year encumbrances	0.00	0.00	0.00	0.00
Beginning Fund Balances	645,893.83	49,662.52	10,140.64	705,696.99
Ending Fund Balances	\$ 661,943.93	\$ 49,749.34	\$ 10,154.24	\$ 721,847.51

CORDELL INDEPENDENT SCHOOL DISTRICT NO. 78  
 WASHITA COUNTY, OKLAHOMA  
 COMBINED STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND  
 BALANCES - BUDGET AND ACTUAL - REGULATORY BASIS  
 ALL SPECIAL REVENUE FUNDS  
 (EXCLUDING HUNTSINGER SCHOLARSHIP FUND)  
 FOR THE YEAR ENDED JUNE 30, 2016

	Building Fund			Child Nutrition Fund		
	Original Budget	Final Budget	Actual	Original Budget	Final Budget	Actual
Beginning fund balances, budgetary basis	\$ 645,893.83	\$ 645,893.83	\$ 645,893.83	\$ 49,662.52	\$ 49,662.52	\$ 49,662.52
Revenues:						
Local sources	168,930.88	168,930.88	194,863.85	71,519.86	71,519.86	63,349.58
Intermediate sources	0.00	0.00	0.00	0.00	0.00	0.00
State sources	0.00	0.00	221.99	37,118.94	37,118.94	35,548.37
Federal sources	0.00	0.00	0.00	200,222.50	200,222.50	258,725.74
Total Revenue, budgetary basis	168,930.88	168,930.88	195,085.84	308,861.30	308,861.30	357,623.69
Expenditures:						
Instruction	0.00	0.00	0.00	0.00	0.00	0.00
Support services	435,275.59	435,275.59	22,319.90	0.00	0.00	0.00
Non - Instructional services	0.00	0.00	0.00	358,523.82	358,523.82	357,536.87
Capital Outlay	379,549.12	379,549.12	156,715.84	0.00	0.00	0.00
Other Outlays	0.00	0.00	0.00	0.00	0.00	0.00
Total Expenditures, budgetary basis	814,824.71	814,824.71	179,035.74	358,523.82	358,523.82	357,536.87
Excess of revenue and beginning fund balances over (under) expenditures - budgetary basis	0.00	0.00	661,943.93	0.00	0.00	49,749.34
Other financing sources (uses):						
Bond sale proceeds	0.00	0.00	0.00	0.00	0.00	0.00
Excess of revenues and other sources over (under) expenditures and other uses	0.00	0.00	661,943.93	0.00	0.00	49,749.34
Adjustments to prior year encumbrances	0.00	0.00	0.00	0.00	0.00	0.00
Ending fund balances	\$ 0.00	\$ 0.00	\$ 661,943.93	\$ 0.00	\$ 0.00	\$ 49,749.34

CORDELL INDEPENDENT SCHOOL DISTRICT NO. 78  
 WASHITA COUNTY, OKLAHOMA  
 COMBINING STATEMENT OF ASSETS, LIABILITIES AND FUND BALANCES  
 - REGULATORY BASIS - CAPITAL PROJECT FUNDS  
 JUNE 30, 2016

	<u>Building Bond Fund</u>	<u>Totals 2016</u>
<u>ASSETS</u>		
Cash and Investments	\$ 517,662.81	\$ 517,662.81
Total Assets	\$ <u>517,662.81</u>	\$ <u>517,662.81</u>
 <u>LIABILITIES AND FUND BALANCE</u>		
Liabilities:		
Warrants Payable	\$ 90,132.20	\$ 90,132.20
Encumbrances	<u>0.00</u>	<u>0.00</u>
Total Liabilities	<u>90,132.20</u>	<u>90,132.20</u>
 Total Fund Balances	<u>427,530.61</u>	<u>427,530.61</u>
Total Liabilities and Fund Balances	\$ <u>517,662.81</u>	\$ <u>517,662.81</u>

CORDELL INDEPENDENT SCHOOL DISTRICT NO. 78  
 WASHITA COUNTY, OKLAHOMA  
 COMBINING STATEMENT OF REVENUES, EXPENDITURES  
 AND CHANGES IN FUND BALANCES - REGULATORY BASIS -  
 CAPITAL PROJECT FUNDS  
 FOR THE YEAR ENDED JUNE 30, 2016

	Building Bond Fund	Totals 2016
Revenues:		
Local Sources	\$ 0.00	\$ 0.00
Total Revenues Collected	<u>0.00</u>	<u>0.00</u>
Expenditures:		
Instruction	0.00	0.00
Support Services	0.00	0.00
Non-Instructional Services	0.00	0.00
Capital Outlay	<u>929,182.64</u>	<u>929,182.64</u>
Total Expenditures	<u>929,182.64</u>	<u>929,182.64</u>
Excess of Revenues Over (Under) Expenditures	<u>(929,182.64)</u>	<u>(929,182.64)</u>
Other Financing Sources (Uses):		
Bond Sale Proceeds	<u>0.00</u>	<u>0.00</u>
Excess of Revenues and Other Sources Over (Under) Expenditures and Other Uses	<u>(929,182.64)</u>	<u>(929,182.64)</u>
Beginning Fund Balances	<u>1,356,713.25</u>	<u>1,356,713.25</u>
Ending Fund Balances	<u>\$ 427,530.61</u>	<u>\$ 427,530.61</u>

CORDELL INDEPENDENT SCHOOL DISTRICT NO. 78  
 WASHITA COUNTY, OKLAHOMA  
 COMBINING STATEMENT OF ASSETS, LIABILITIES AND FUND BALANCES  
 - REGULATORY BASIS - PERMANENT FUNDS  
 JUNE 30, 2016

	Anderson Gift and Endowment Fund	Birckett Scholarship Fund	Koehn Scholarship Fund	Totals 2016
<u>ASSETS</u>				
Cash and Investments	\$ 66,661.03	\$ 61,560.50	\$ 14,989.60	\$ 143,211.13
Total Assets	<u>\$ 66,661.03</u>	<u>\$ 61,560.50</u>	<u>\$ 14,989.60</u>	<u>\$ 143,211.13</u>
<u>LIABILITIES AND FUND BALANCES</u>				
Liabilities:				
Warrants Payable	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00
Encumbrances	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>
Total Liabilities	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>
Total Fund Balances	<u>66,661.03</u>	<u>61,560.50</u>	<u>14,989.60</u>	<u>143,211.13</u>
Total Liabilities and Fund Balances	<u>\$ 66,661.03</u>	<u>\$ 61,560.50</u>	<u>\$ 14,989.60</u>	<u>\$ 143,211.13</u>

CORDELL INDEPENDENT SCHOOL DISTRICT NO. 78  
 WASHITA COUNTY, OKLAHOMA  
 COMBINING STATEMENT OF REVENUES, EXPENDITURES  
 AND CHANGES IN FUND BALANCES - REGULATORY BASIS -  
 PERMANENT FUNDS  
 FOR THE YEAR ENDED JUNE 30, 2016

	Anderson Gift and Endowment Fund	Birckett Scholarship Fund	Koehn Scholarship Fund	Totals 2016
Revenues:				
Local Sources	\$ 278.95	\$ 300.01	\$ 1,197.24	\$ 1,776.20
Intermediate Sources	0.00	0.00	0.00	0.00
State Sources	0.00	0.00	0.00	0.00
Federal Sources	0.00	0.00	0.00	0.00
Total Revenues Collected	<u>278.95</u>	<u>300.01</u>	<u>1,197.24</u>	<u>1,776.20</u>
Expenditures:				
Instruction	0.00	0.00	0.00	0.00
Support services	0.00	500.00	250.00	750.00
Non-Instructional services	0.00	0.00	0.00	0.00
Capital Outlay	0.00	0.00	0.00	0.00
Other Outlays	0.00	0.00	0.00	0.00
Total Expenditures	<u>0.00</u>	<u>500.00</u>	<u>250.00</u>	<u>750.00</u>
Excess of Revenues Over (Under) Expenditures	278.95	(199.99)	947.24	1,026.20
Beginning Fund Balances	<u>66,382.08</u>	<u>61,760.49</u>	<u>14,042.36</u>	<u>142,184.93</u>
Ending Fund Balances	<u>\$ 66,661.03</u>	<u>\$ 61,560.50</u>	<u>\$ 14,989.60</u>	<u>\$ 143,211.13</u>

CORDELL INDEPENDENT SCHOOL DISTRICT NO. 78  
 WASHITA COUNTY, OKLAHOMA  
 COMBINING STATEMENT OF ASSETS, LIABILITIES AND FUND BALANCES  
 - REGULATORY BASIS - FIDUCIARY FUNDS  
 JUNE 30, 2016

	<u>Agency Fund</u> Activity Funds	<u>Totals</u> 2016
<u>ASSETS</u>		
Cash and Investments	\$ 268,248.84	\$ 268,248.84
Total Assets	\$ 268,248.84	\$ 268,248.84
<u>LIABILITIES AND FUND BALANCE</u>		
Liabilities:		
Due to Student Groups	\$ 268,248.84	\$ 268,248.84
Total Liabilities	268,248.84	268,248.84
Fund balances:		
Unreserved	0.00	0.00
Total Fund Balances	0.00	0.00
Total Liabilities and Fund Balances	\$ 268,248.84	\$ 268,248.84



CORDELL INDEPENDENT SCHOOL DISTRICT NO. 78  
 WASHITA COUNTY, OKLAHOMA  
 COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES  
 REGULATORY BASIS  
 ALL AGENCY FUNDS  
 July 1, 2015 Through June 30, 2016

<u>ASSETS</u>	Beginning Balance As of 7-1-15	Total Receipts	Total Adjustments	Total Disbursements	Ending Balance As of 6-30-16
<u>ACTIVITIES</u>					
Yearbook	\$ 2,448.66	\$ 12,125.00	\$ 0.00	\$ 4,004.52	\$ 10,569.14
Athletics	13,009.82	42,141.19	1,388.57	44,896.47	11,643.11
Band	1,469.29	9,896.10	100.00	9,398.36	2,067.03
Library	2,756.00	1,505.26	0.00	614.55	3,646.71
Cafeteria Banquet	44.56	90.00	52.88	128.08	59.36
Art	250.08	1,680.00	0.00	1,436.03	494.05
Concessions	34,400.90	39,795.62	788.52	30,211.85	44,773.19
FFA	53,939.72	77,999.43	136.00	86,331.70	45,743.45
Class of 2017-18	6,721.00	2,930.00	135.00	1,488.36	8,297.64
Flower & Gifts	893.47	348.00	30.99	191.48	1,080.98
Football Ads Letter Jackets	3,421.90	3,965.00	(1,407.50)	2,733.18	3,246.22
General Miscellaneous	72.85	0.00	0.00	21.89	50.96
High School Miscellaneous	1,131.59	7,374.63	349.48	7,489.01	1,366.69
Jr High Miscellaneous	1,130.32	556.52	0.00	0.00	1,686.84
Class of 2016-17	8,374.16	9,505.00	0.00	16,232.99	1,646.17
High School Cheerleaders	17,512.47	33,938.07	1,407.50	32,623.51	20,234.53
Jr High Cheerleaders	0.00	0.00	0.00	0.00	0.00
Class of 2018-19	2,516.59	2,840.00	0.00	1,672.66	3,683.93
Pop	683.06	913.90	0.00	1,198.75	398.21
Class of 2020-21	0.00	8,355.00	0.00	6,445.75	1,909.25
Accelerated Reader	1,591.98	100.00	0.00	296.00	1,395.98
Class of 2014-15	549.48	0.00	(349.48)	200.00	0.00
Speech	386.16	2,542.00	70.00	2,487.36	510.80
Student Council	2,989.60	13,382.00	0.00	10,223.54	6,148.06
Interest	1,610.60	0.00	923.49	856.59	1,677.50
Special Projects	1,370.46	91.00	0.00	329.54	1,131.92
Jr Prom	386.83	1,405.00	0.00	1,739.70	52.13
Elementary	11,492.37	19,760.17	395.00	22,836.13	8,811.41
Elementary Library	12,314.61	9,271.28	0.00	7,877.67	13,708.22
Class of 2015-2016	3,790.97	657.00	0.00	3,362.68	1,085.59
Auditorium	4,547.26	500.00	0.00	0.00	5,047.26
FCA	1,270.38	2,660.50	6.00	2,099.55	1,837.33
Cordell PS Student Assistance	14,371.26	20,250.00	109.00	8,456.32	26,273.94
Jr High Pop	953.24	2,103.28	0.00	2,139.99	916.53
Football	5,958.22	12,875.00	0.00	15,856.06	2,977.16
Baseball	12,000.64	650.00	0.00	3,542.26	9,108.38
Girls BB	3,287.36	17,100.00	(2,340.00)	14,918.01	3,129.35
Boys BB	8,298.62	3,588.00	1,995.00	6,467.66	7,413.96
Wrestling	537.94	893.00	0.00	872.50	558.44
Golf	1,440.51	5,238.65	0.00	4,900.64	1,778.52
Track	847.12	1,580.00	1,565.51	3,241.78	750.85
Jr High Baseball	10.02	0.00	0.00	0.00	10.02
Class of 2019-20	0.00	6,718.50	0.00	2,864.02	3,854.48
Cross Country	1,180.61	4,662.00	(1,486.48)	3,205.57	1,150.56
Softball	3,600.20	967.00	0.00	1,158.18	3,409.02
Technology	618.28	470.00	0.00	605.87	482.41
Soccer	2,758.97	10,515.00	(937.50)	10,010.91	2,325.56
Spanish Club	106.00	0.00	0.00	0.00	106.00
<b>TOTAL ASSETS</b>	<b>\$ 249,046.13</b>	<b>\$ 393,938.10</b>	<b>\$ 2,931.98</b>	<b>\$ 377,667.37</b>	<b>\$ 268,248.84</b>
<u>LIABILITIES</u>					
Due to Student Groups	\$ 249,046.13	\$ 393,938.10	\$ 2,931.98	\$ 377,667.37	\$ 268,248.84
<b>TOTAL LIABILITIES</b>	<b>\$ 249,046.13</b>	<b>\$ 393,938.10</b>	<b>\$ 2,931.98</b>	<b>\$ 377,667.37</b>	<b>\$ 268,248.84</b>

**SUPPLEMENTARY INFORMATION**  
**OF**  
**CORDELL INDEPENDENT SCHOOL DISTRICT NO. 78**  
**WASHITA COUNTY, OKLAHOMA**

CORDELL INDEPENDENT SCHOOL DISTRICT NO. 78  
WASHITA COUNTY, OKLAHOMA  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED JUNE 30, 2016

Federal Grantor/Pass-Through Grantor/Program Title	Federal CFDA #	Grantor's Number	Approved Amount	Balance at July 1, 2015	Receipts	Expenditures	Balance at June 30, 2016
<i>Passed Through State Department of Education:</i>							
<b>2014-2015 Programs</b>							
Title I	84.010	511	\$ 0.00	\$ (24,901.40)	\$ 24,901.86	\$ 0.00	\$ 0.46
Medicaid Resources	93.778	698	0.00	0.00	0.00	0.00	0.00
Rehabilitation Services	84.126	456	0.00	(1,631.97)	1,631.97	0.00	0.00
IDEA-Part B, Preschool	84.173	641	0.00	(1,151.71)	1,151.71	0.00	0.00
Total State Department of Education			0.00	(27,685.08)	27,685.54	0.00	0.46
<i>Passed Through State Department of Education:</i>							
<b>2015-2016 Programs</b>							
Title I	84.010	511	168,133.15	0.00	110,794.88	163,617.24	(52,822.36)
Title II, Part A - Improving Teacher Quality	84.367	541	45,786.21	0.00	29,396.74	41,681.95	(12,285.21)
Title VI, Part B - Rural & Low Income	84.358	587	22,553.62	0.00	17,430.82	22,444.70	(5,013.88)
Rehabilitation Services	84.126	456	3,300.00	0.00	1,668.03	1,668.03	0.00
IDEA-Part B, Flow Through	84.027	621	142,125.96	0.00	82,108.08	140,773.78	(58,665.70)
IDEA-Part B, Preschool	84.173	641	4,741.13	0.00	3,801.89	3,801.89	0.00
Total State Department of Education			386,640.07	0.00	245,200.44	373,987.59	(128,787.15)
Total U.S. and State Department of Education			386,640.07	(27,685.08)	272,885.98	373,987.59	(128,786.69)
<i>U.S. Department of Agriculture:</i>							
Cash Assistance:							
National School Lunch Program	10.555	763	191,081.58	0.00	191,081.58	191,081.58	0.00
School Breakfast Program	10.553	764	67,444.16	0.00	67,444.16	66,457.21	986.95
Professional Standards Tech Assistance	10.547	767	200.00	0.00	200.00	200.00	0.00
Non-Cash Assistance (Commodities):							
National School Lunch Program	10.555	n/a	37,319.60	0.00	37,319.60	37,319.60	0.00
Total U.S. Department of Agriculture			296,045.34	0.00	296,045.34	295,058.39	986.95
Total Federal Assistance			\$ 682,685.41	\$ (27,685.08)	\$ 568,931.32	\$ 669,045.98	\$ (127,799.74)

**Notes to Schedule of Expenditures of Federal Awards**

**Basis of Presentation** - The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal award activity of Cordell Independent School District No. 78, Washita County, Oklahoma under programs of the federal government for the year ended June 30, 2016. The information in this Schedule is presented in accordance with the requirements of Title 2, U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of Cordell Independent School District No. 78, Washita County, Oklahoma, it is not intended to and does not present the financial position, changes in net position, or cash flows of Cordell Independent School District No. 78, Washita County, Oklahoma.

**Summary of Significant Accounting Policies** - Expenditures reported in the Schedule are reported on the regulatory basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Nonmonetary assistance in the form of commodities is reported in the Schedule at the fair market value of the commodities received and disbursed. Therefore, some amounts presented in this Schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements. Certain federal awards permit the School to elect to use up to a 10 percent *de Minimis* indirect cost rate as allowed under the Uniform Guidance.

**REPORTS ON INTERNAL CONTROL AND ON COMPLIANCE**

**OF**

**CORDELL INDEPENDENT SCHOOL DISTRICT NO. 78  
WASHITA COUNTY, OKLAHOMA**



**BRITTON, KUYKENDALL, & MILLER**  
CERTIFIED PUBLIC ACCOUNTANTS

JAMES M. KUYKENDALL  
RICK D. MILLER

204 E. FRANKLIN - P.O. BOX 507  
WEATHERFORD, OK 73096  
580-772-3596  
FAX 580-772-3085

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

To the Honorable Board of Education  
Cordell Independent School District No. 78  
Cordell, Washita County, Oklahoma

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the fund type and account group financial statements-regulatory basis of Cordell Independent School District No. 78, Oklahoma, as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise Cordell Independent School District No. 78, Oklahoma's basic financial statements, and have issued our report thereon dated January 9, 2017. As stated in our report, our opinion was adverse with respect to the financial statements not being prepared in conformity with accounting principles generally accepted in the United States of America because the presentation followed the regulatory basis of the financial reporting provisions of the Oklahoma State Department of Education. In addition, our opinion was qualified because the omission of the General Fixed Assets Account Group results in an incomplete presentation with respect to the financial statements being prepared following the regulatory basis of the financial reporting provisions of the Oklahoma State Department of Education.

***Internal Control over Financial Reporting***

In planning and performing our audit of the financial statements, we considered Cordell Independent School District No. 78, Oklahoma's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we do not express an opinion on the effectiveness of the entity's internal control.

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

deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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

### ***Compliance and Other Matters***

As part of obtaining reasonable assurance about whether Cordell Independent School District No. 78, Oklahoma's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* in the United States of America.

However, we noted certain matters that we have reported to the Board of Education and administrative employees of Cordell Independent School District No. 78, Oklahoma, in a separate statement of audit comments included with this report.

### ***Purpose of this Report***

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

*Britton, Kuykendall & Miller*

BRITTON, KUYKENDALL AND MILLER  
Certified Public Accountants

Weatherford, Oklahoma  
January 9, 2017

**CORDELL INDEPENDENT SCHOOL DISTRICT NO. 78**  
**WASHITA COUNTY, OKLAHOMA**  
**AUDIT COMMENTS**  
**JUNE 30, 2016**

CURRENT YEAR

- 2016-001      During our audit, we noted that collateral pledged by one of the District's financial institutions was insufficient to cover the District's cash balances as of June 30, 2016 in the amount of \$24,784.75. The District should obtain sufficient collateral pledges from all financial institutions whom it maintains a cash balance over the FDIC coverage.
- 2016-002      During our audit of the federal programs, we noted that some of the equipment purchased with federal funds was not properly labeled as required by the federal program guidelines. All equipment purchased with federal funds should be labeled with the name of the federal program and the fiscal year the equipment was purchased for tracking purposes.

PRIOR YEAR

- 15-1            During our audit of the Activity Fund, we noted instances where individual receipts should have been present but were not. Fundraisers, etc. should have individual receipts written to students turning in monies. Gates, raffles, carnivals, etc. should have a cash count sheet signed by two individuals to account for all monies received. When applicable, tickets with beginning and ending numbers should be noted on the cash count sheet and retained. Documentation such as cash register printouts or other supporting documentation should be attached where applicable.

The District implemented procedures to correct the prior year comment.

# Cordell Public Schools

Cordell, Oklahoma 73632

**Larry R. Johnson**  
HS & JH Principal  
606 E. 3<sup>rd</sup> Street  
H.S. 580-832-3432  
J.H. 580-832-2233

**Brad Overton**  
Superintendent  
606 E. 3<sup>rd</sup> Street  
580-832-1000  
Fax: 580-832-1090

**Alan Hull**  
Elementary Principal  
419 N. Massingale  
580-832-3220

Britton Kuykendall & Miller  
Rick Miller  
204 E. Franklin Ave  
Weatherford, OK 73096

Rick,

May this letter serve as the response to your audit comments for the FY16 audit that you conducted for Cordell Public Schools on Thursday, December 12, 2016.

## Current Year:

*2016-001 During our audit, we noted that collateral pledged by one of the District's financial institutions was insufficient to cover the District's cash balances as of June 30, 2016 in the amount of \$24,784.75. The District should obtain sufficient collateral pledges from all financial institutions whom it maintains a cash balance over the FDIC coverage.*

Cordell administration and treasurer will monitor the security pledges more closely to ensure that any amount over the FDIC coverage has securities. This was simply an oversight by the banks and us, the banks usually notify us when more securities should be pledged.

*2016-002 During our audit of federal programs, we noted that some of the equipment purchased with federal funds was not properly labeled as required by the federal program guidelines. All equipment purchased with federal funds should be labeled with the name of the federal program and the fiscal year the equipment was purchased for tracking purposes.*

During the audit we did not feel comfortable with the process that we have used to label equipment that has been purchased with federal funds. We have already began the process of labeling equipment in a more efficient manner.

If you need any additional information please do not hesitate to contact me.

Sincerely,



Brad Overton  
Superintendent



# *Cordell Public Schools*

Cordell, Oklahoma 73632

**Larry R. Johnson**  
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606 E. 3<sup>rd</sup> Street  
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Elementary Principal  
419 N. Massingale  
580-832-3220

Britton Kuykendall & Miller  
Rick Miller  
204 E. Franklin Ave  
Weatherford, OK 73096

Wednesday, January 6, 2016

Rick,

May this letter serve as the response to your audit comments for the FY15 audit that you conducted for Cordell Public Schools on Thursday, December 10, 2015.

Current Year:

15-1 -*Receipts for activity fund were not present. Fundraisers, etc. should have individual receipts written to students turning in money.*

Receipts for activity fund fundraisers were also an issue on the audit on October 20, 2014. We met with all activity account sponsors after the audit for FY14 as well as going into FY15. I stressed the importance of the "paper trail" that receipts create.

In these meetings we required each sponsor to turn in a spreadsheet or some type of ledger that listed all of the money that students had received. Some sponsors took this requirement and interpreted in a way as that they did not have to write individual receipts. This was an error on my part, it has since been corrected. Activity sponsors are now writing receipts for all monies received and we are monitoring to make sure that receipts are written.

If you need any additional information please do not hesitate to contact me.

Sincerely,



Brad Overton  
Superintendent

**CORDELL INDEPENDENT SCHOOL DISTRICT NO. 78**  
**WASHITA COUNTY, OKLAHOMA**  
**SCHEDULE OF ACCOUNTANTS' PROFESSIONAL**  
**LIABILITY INSURANCE AFFIDAVIT**  
**JULY 1, 2015 THROUGH JUNE 30, 2016**

State of Oklahoma     )  
                                      ) ss  
County of Custer     )

The undersigned auditing firm of lawful age, being first duly sworn on oath, says that said firm had in full force and effect Accountants' Professional Liability Insurance in accordance with the "Oklahoma Public School Audit Law" at the time of audit contract and during the entire audit engagement with Cordell Independent School District No. 78, Oklahoma, for the audit year 2015 - 2016.

*Britton, Kuykendall & Miller*

BRITTON, KUYKENDALL & MILLER  
Certified Public Accountants

*Rich Miller*  
By

Subscribed and sworn to before me this 9<sup>th</sup> day of January, 2017.

*Patty Klein*  
NOTARY PUBLIC

