

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

**DURANT INDEPENDENT SCHOOL DISTRICT NO. 1-72,  
BRYAN COUNTY, OKLAHOMA**

**JUNE 30, 2015**

Audited by

**SANDERS, BLEDSOE & HEWETT  
CERTIFIED PUBLIC ACCOUNTANTS, LLP**

**BROKEN ARROW, OK**

INDEPENDENT SCHOOL DISTRICT NO. I-72, BRYAN COUNTY  
SCHOOL DISTRICT OFFICIALS  
JUNE 30, 2015

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INDEPENDENT SCHOOL DISTRICT NO. I-72, BRYAN COUNTY  
JUNE 30, 2015

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JUNE 30, 2015

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# SANDERS, BLEDSOE & HEWETT

## CERTIFIED PUBLIC ACCOUNTANTS, LLP

### INDEPENDENT AUDITOR'S REPORT

December 17, 2015

The Honorable Board of Education  
Durant School District Number I-72  
Durant, Bryan County, Oklahoma

#### **Report on the Financial Statements**

We have audited the accompanying combined fund type and account group financial statements – regulatory basis of the Durant School District Number I-72, Durant, Bryan County, Oklahoma (the District), as of and for the year ended June 30, 2015, as listed in the table of contents.

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

Management is responsible for the preparation and fair presentation of these financial statements in accordance with financial reporting provisions of the Oklahoma State Department of Education, as described in Note 1, to meet financial reporting requirements of the State of Oklahoma; this includes determining that the regulatory basis of accounting is an acceptable basis for the preparation of the financial statements in the circumstances. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

#### **Auditor's Responsibility**

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

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

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

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

As discussed in Note 1, the financial statements are prepared by the District, on the basis of the financial reporting provisions of the Oklahoma State Department of Education, which is a basis of accounting other than accounting principles generally accepted in the United States of America, to comply with the requirements of the Oklahoma State Department of Education. The effects on the financial statements of the variances between the regulatory basis of accounting described in Note 1 and accounting principles generally accepted in the United States of America, although not reasonable determined, are presumed to be material.

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

In our opinion, because the significance of the matter discussed in the “Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles” paragraph, the financial statements referred to in the first paragraph do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of the District as of June 30, 2015, the changes in its financial position, or, where applicable, its cash flows for the year then ended.

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

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

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

In our opinion, except for the effects of the matter described in the “Basis for Qualified Opinion on Regulatory Basis of Accounting” Paragraph, the financial statements referred to in the first paragraph present fairly, in all material respects, the assets, liabilities and fund balance arising from regulatory basis transactions of each fund type and account group of the District, as of June 30, 2015, and the revenues collected and expenditures paid and encumbered for the year then ended on the regulatory basis of accounting described in Note 1.

### **Other Matters**

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District’s basic financial statements. The combining statements – regulatory basis, are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is also not a required part of the basic financial statements.

The combining statements – regulatory basis and the schedule of expenditures of federal awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combined statements – regulatory basis and the schedule of expenditures of federal awards are fairly stated in all material respects in relation to the basic financial statements as a whole.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated December 17, 2015 on our consideration of the District’s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and to other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District’s internal control over financial reporting and compliance.



Sanders, Bledsoe & Hewett  
Certified Public Accountants, LLP



# SANDERS, BLEDSOE & HEWETT

CERTIFIED PUBLIC ACCOUNTANTS, LLP

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

December 17, 2015

The Honorable Board of Education  
Durant School District Number I-72  
Durant, Bryan County, Oklahoma

We have audited in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the accompanying fund type and account group financial statements – regulatory basis within the combined financial statements of the Durant School District Number I-72, Durant, Bryan County, Oklahoma (District), as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the District's financial statements, and have issued our report thereon dated December 17, 2015, which was adverse with respect to the presentation of the financial statements in conformity with accounting principles generally accepted in the United States because the presentation followed the regulatory basis of accounting for Oklahoma school districts and did not conform to the presentation requirements of the Governmental Accounting Standards Board. However, our report was qualified for the omission of the general fixed asset account group with respect to the presentation of financial statements on the regulatory basis of accounting authorized by the Oklahoma State Board of Education.

## **Internal Control Over Financial Reporting**

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, we did identify a certain deficiency in internal control, described in the accompanying schedule of findings and questioned costs, as items 2015-1 that we consider to be a significant deficiency.

## **Compliance and Other Matters**

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

## **District's Response to Findings**

The District's response to the findings identified in our audit are described in the attached corrective action plan. The District's responses were not subjected to the auditing procedures applied in the audit on the financial statements and accordingly, we express no opinion on it.

## **Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the 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.

A handwritten signature in black ink that reads "Sanders, Bledsoe & Hewett". The script is cursive and fluid, with the ampersand clearly visible.

Sanders, Bledsoe & Hewett  
Certified Public Accountants, LLP





# SANDERS, BLEDSOE & HEWETT

## CERTIFIED PUBLIC ACCOUNTANTS, LLP

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

December 17, 2015

The Honorable Board of Education  
Durant School District Number I-72  
Durant, Bryan County, Oklahoma

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

We have audited Durant School District Number I-72, Durant, Bryan County, Oklahoma (District)'s, compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of the District's major federal programs for the year ended June 30, 2015. The District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

#### **Management's Responsibility**

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

#### **Auditor's Responsibility**

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

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

#### **Opinion on Each Major Federal Programs**

In our opinion, the District complied in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2015.

## Other Matters

The results of our auditing procedures disclosed other instances of noncompliance, which are required to be reported in accordance with OMB Circular A-133 and which is described in the accompanying schedule of findings and questioned costs as item 2015-2 and 2015-3. Our opinion on each major program is not modified with respect to this matter.

The District's response to the noncompliance findings identified in our audit are described in the attached corrective action plan. The District's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

## Report on Internal Control Over Compliance

Management of the District, is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the District's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the District's internal control over compliance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist but were not identified. However, as discussed below, we identified certain deficiencies in internal control over compliance that we consider to be material weaknesses and significant deficiencies.

*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. We consider the deficiencies in internal control over compliance described in the accompanying schedule of findings and questioned costs, as item 2015-2 and 2015-3, to be significant deficiencies.

The District's response to the internal control over compliance findings identified in our audit are described in the attached corrective action plan. The District's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

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



Sanders, Bledsoe & Hewett  
Certified Public Accountants, LLP

INDEPENDENT SCHOOL DISTRICT NO. I-72, BRYAN COUNTY  
DISPOSITION OF PRIOR YEAR'S SIGNIFICANT DEFICIENCIES AND  
MATERIAL INSTANCES OF NON-COMPLIANCE  
JUNE 30, 2015

There were no prior year significant deficiencies.

INDEPENDENT SCHOOL DISTRICT NO. I-72, BRYAN COUNTY  
SCHEDULE OF AUDIT RESULTS, FINDINGS AND QUESTIONED COSTS  
JUNE 30, 2015

**Section 1** - Summary of Auditor's Results:

1. A qualified opinion was issued on the financial statements with respect to the regulatory basis of accounting prescribed.
2. The audit disclosed no instances of noncompliance which are material to the financial statements.
3. The audit disclosed significant deficiencies in the internal controls over financial reporting.
4. An unqualified opinion was issued on the compliance of major programs.
5. The audit disclosed a significant deficiency in the internal controls over major programs.
6. The audit disclosed audit findings which are required to be reported under OMB Circular A-133 § 510(a).
7. Programs determined to be major are the Child Nutrition Programs (10.553, 10.555, 10.559) which were clustered in determination, Title I (84.010), and Indian Education Program (84.060), which was not clustered.
8. The dollar threshold used to determine between Type A and Type B programs was \$300,000.
9. The auditee was determined not to be a low-risk auditee.

**Section 2** – Findings relating to the financial statements required to be reported in accordance with GAGAS:

**Finding 2015-1**

**Condition:** During the audit, we observed that activity fund receipts were not always being deposited in a timely basis.

**Criteria:** Oklahoma Statutes (70 O.S. Section 5-129) require that deposits be made daily if over \$100, but never less than once per week regardless of amount.

**Cause/Effect:** By not following procedures for receipting and depositing receipts, there is an increased risk of money being misplaced or stolen.

**Recommendation:** We recommend that all student activity fund sponsors follow procedures to ensure that all funds collected each day are turned in to the district activity fund office for immediate deposit, when over \$100, and never less than once per week regardless of amount

**Section 3** – Findings and questioned costs for federal awards:

**Finding 2015-2**

**Condition:** During our audit of the Title VII Indian Education program we observed that the District drew down the grant quarterly, however, the draw down amounts were in excess of the corresponding claims, therefore drawing funds in advance.

**Criteria:** Federal grant revenues that are drawn down in advance, should only be drawn approximately 3 days prior to the related expenditures, or after the expenditures have been made.

**Cause/Effect:** Adequate procedures were not in place to ensure that expenditures were ready to be paid, or had been made prior to the drawdown of funds. This results in federal revenues being drawn down in advance that are not expended in a timely manner, of which \$2,225, had not been expended as of June 30, 2015.

**Recommendation:** We recommend that the District implement procedures over direct funded federal programs to ensure that expenditures have been paid prior to any draw down of funds, and that a yearend reconciliation of coded expenditures to revenues received be performed. We also recommend that the District contact the grant administrator for guidance on how to resolve this issue.

**Finding 2015-3**

**Condition:** During our review of the Safe and Drug Free grant we were not able to reconcile the expenditure claims to the revenues received. We were also not provided adequate matching expenditure documentation for the fiscal year.

**Criteria:** Grant requirements include a local match. This could be a cash match or by in-kind donations and volunteers.

**Cause/Effect:** Controls were not in place to obtain and maintain the matching expenditure documentation, therefore not being in compliance with grant requirements.

**Recommendation:** We recommend that the District implement procedures to ensure that proper documentation for the matching requirement be obtained and subsequently maintained by the District

INDEPENDENT SCHOOL DISTRICT NO. I-72, BRYAN COUNTY  
COMBINED STATEMENT OF ASSETS, LIABILITIES AND FUND BALANCE -  
ALL FUND TYPES AND ACCOUNT GROUPS - REGULATORY BASIS  
JUNE 30, 2015

	GOVERNMENTAL FUND TYPES				FIDUCIARY FUND TYPES	ACCOUNT GROUP	TOTALS
	GENERAL	SPECIAL REVENUE	DEBT SERVICE	CAPITAL PROJECTS	TRUST AND AGENCY FUNDS	GENERAL LONG-TERM DEBT	(MEMORANDUM ONLY)
<u>ASSETS</u>							
Cash	\$ 5,684,415	2,154,730	899,806	2,494,427	536,090		11,769,468
Amounts available in debt service						899,806	899,806
Amount to be provided for retirement of long-term debt						6,848,974	6,848,974
Total Assets	<u>\$ 5,684,415</u>	<u>2,154,730</u>	<u>899,806</u>	<u>2,494,427</u>	<u>536,090</u>	<u>7,748,780</u>	<u>19,518,248</u>
<u>LIABILITIES AND FUND BALANCE</u>							
Liabilities:							
Warrants payable	\$ 1,621,004	4,279		100,488			1,725,771
Funds held for school organizations					536,090		536,090
Long-term debt:							
Bonds payable						6,865,000	6,865,000
Capital leases						883,780	883,780
Total liabilities	<u>1,621,004</u>	<u>4,279</u>	<u>0</u>	<u>100,488</u>	<u>536,090</u>	<u>7,748,780</u>	<u>10,010,641</u>
Fund Balance:							
Restricted		2,150,451	899,806	2,393,939			5,444,196
Unassigned	4,063,411						4,063,411
Cash fund balances	<u>4,063,411</u>	<u>2,150,451</u>	<u>899,806</u>	<u>2,393,939</u>	<u>0</u>	<u>0</u>	<u>9,507,607</u>
Total Liabilities and Fund Balance	<u>\$ 5,684,415</u>	<u>2,154,730</u>	<u>899,806</u>	<u>2,494,427</u>	<u>536,090</u>	<u>7,748,780</u>	<u>19,518,248</u>

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

INDEPENDENT SCHOOL DISTRICT NO. I-72, BRYAN COUNTY  
 COMBINED STATEMENT OF REVENUES COLLECTED, EXPENDITURES AND CHANGES IN CASH FUND BALANCES  
 - ALL GOVERNMENTAL FUND TYPES AND EXPENDABLE TRUSTS - REGULATORY BASIS  
 FOR THE YEAR ENDED JUNE 30, 2015

	GOVERNMENTAL FUND TYPES				TOTALS (MEMORANDUM ONLY)
	GENERAL	SPECIAL REVENUE	DEBT SERVICE	CAPITAL PROJECTS	
Revenues collected:					
Local sources	\$ 5,066,708	632,717	1,994,110		7,693,535
Intermediate sources	662,305				662,305
State sources	17,156,743	45	149		17,156,937
Federal sources	3,141,186				3,141,186
Interest earnings	3,047	960	822	353	5,182
Non-revenue receipts	30,606				30,606
Total revenues collected	<u>26,060,595</u>	<u>633,722</u>	<u>1,995,081</u>	<u>353</u>	<u>28,689,751</u>
Expenditures:					
Instruction	15,247,543	2,589		313,881	15,564,013
Support services	9,001,159	71,449		405,196	9,477,804
Operation of non-instructional services	1,877,953				1,877,953
Facilities acquisition & construction services	14,999	217,064		1,405,349	1,637,412
Other outlays :					
Debt service requirements			2,366,717		2,366,717
Reimbursement	620				620
Total expenditures	<u>26,142,274</u>	<u>291,102</u>	<u>2,366,717</u>	<u>2,124,426</u>	<u>30,924,519</u>
Excess of revenues collected over (under) expenditures before other financing sources (uses)	(81,679)	342,620	(371,636)	(2,124,073)	(2,234,768)
Other financing sources (uses):					
Adjust debt service to regulatory basis - note 8			1,114,749		1,114,749
Adjustments to prior year encumbrances	174,722			3,596	178,318
Total other financing sources (uses)	<u>174,722</u>	<u>0</u>	<u>1,114,749</u>	<u>3,596</u>	<u>1,293,067</u>
Excess of revenues collected over (under) expenditures and other financing sources (uses)	93,043	342,620	743,113	(2,120,477)	(941,701)
Cash fund balances, beginning of year	<u>3,970,368</u>	<u>1,807,831</u>	<u>156,693</u>	<u>4,514,416</u>	<u>10,449,308</u>
Cash fund balances, end of year	<u>\$ 4,063,411</u>	<u>2,150,451</u>	<u>899,806</u>	<u>2,393,939</u>	<u>9,507,607</u>

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

INDEPENDENT SCHOOL DISTRICT NO. I- 72, BRYAN COUNTY  
 COMBINED STATEMENT OF REVENUES COLLECTED, EXPENDITURES AND  
 CHANGES IN CASH FUND BALANCES - BUDGETED GOVERNMENTAL FUND TYPES - REGULATORY BASIS  
 FOR THE YEAR ENDED JUNE 30, 2015

	GENERAL FUND		
	Original/Final Budget	Actual	Variance Favorable (Unfavorable)
Revenues Collected:			
Local sources	\$ 4,271,668	5,066,708	795,040
Intermediate sources	586,028	662,305	76,277
State sources	16,332,431	17,156,743	824,312
Federal sources	2,983,208	3,141,186	157,978
Interest earnings		3,047	3,047
Non-revenue receipts		30,606	30,606
Total revenues collected	<u>24,173,335</u>	<u>26,060,595</u>	<u>1,887,260</u>
Expenditures:			
Instruction	17,073,031	15,247,543	1,825,488
Support services	9,001,159	9,001,159	
Operation of non-instructional services	1,877,953	1,877,953	
Facilities acquisition & constr services	14,999	14,999	
Other outlays:			
Reimbursement	620	620	
Total expenditures	<u>27,967,762</u>	<u>26,142,274</u>	<u>1,825,488</u>
Excess of revenues collected over (under) expenditures before adjustments to prior year encumbrances	(3,794,427)	(81,679)	3,712,748
Adjustments to prior year encumbrances	<u>0</u>	<u>174,722</u>	<u>174,722</u>
Excess of revenues collected over (under) expenditures	(3,794,427)	93,043	3,887,470
Cash fund balance, beginning of year	<u>3,970,368</u>	<u>3,970,368</u>	<u>0</u>
Cash fund balance, end of year	<u>\$ 175,941</u>	<u>4,063,411</u>	<u>3,887,470</u>

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



INDEPENDENT SCHOOL DISTRICT NO. I- 72, BRYAN COUNTY  
 COMBINED STATEMENT OF REVENUES COLLECTED, EXPENDITURES AND  
 CHANGES IN CASH FUND BALANCES - BUDGETED GOVERNMENTAL FUND TYPES - REGULATORY BASIS  
 FOR THE YEAR ENDED JUNE 30, 2015

	SPECIAL REVENUE FUND (BUILDING)		
	Original/Final Budget	Actual	Variance Favorable (Unfavorable)
Revenues Collected:			
Local sources	\$ 552,669	632,717	80,048
State sources		45	45
Interest earnings		960	960
Total revenues collected	<u>552,669</u>	<u>633,722</u>	<u>81,053</u>
Expenditures:			
Instruction	2,589	2,589	
Support services	71,449	71,449	
Facilities acquisition & constr services	2,286,462	217,064	2,069,398
Total expenditures	<u>2,360,500</u>	<u>291,102</u>	<u>2,069,398</u>
Excess of revenues collected over (under) expenditures	(1,807,831)	342,620	2,150,451
Cash fund balances, beginning of year	<u>1,807,831</u>	<u>1,807,831</u>	<u>0</u>
Cash fund balances, end of year	<u>\$ 0</u>	<u>2,150,451</u>	<u>2,150,451</u>

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

INDEPENDENT SCHOOL DISTRICT NO. I-72, BRYAN COUNTY  
 COMBINED STATEMENT OF REVENUES COLLECTED, EXPENDITURES AND  
 CHANGES IN CASH FUND BALANCES - BUDGETED GOVERNMENTAL FUND TYPES - REGULATORY BASIS  
 FOR THE YEAR ENDED JUNE 30, 2015

	DEBT SERVICE FUND		
	Original/Final Budget	Actual	Variance Favorable (Unfavorable)
Revenues Collected:			
Local sources	\$ 1,935,881	1,994,110	58,229
State sources		149	149
Interest earnings		822	822
Total revenues collected	1,935,881	1,995,081	59,200
Requirements:			
Bonds	1,980,000	2,310,000	(330,000)
Coupons	112,574	56,717	55,857
Total requirements	2,092,574	2,366,717	(274,143)
Excess of revenue collected over (under) expenditures before adjustments	(156,693)	(371,636)	(214,943)
Adjustments:			
Adjust debt service to regulatory basis - note 8		1,114,749	1,114,749
Total adjustments	0	1,114,749	1,114,749
Excess of revenue collected over (under) expenditures	(156,693)	743,113	899,806
Cash fund balance, beginning of year	156,693	156,693	0
Cash fund balance, end of year	\$ 0	899,806	899,806

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

INDEPENDENT SCHOOL DISTRICT NO. I-72, BRYAN COUNTY  
NOTES TO THE COMBINED FINANCIAL STATEMENTS – REGULATORY BASIS  
FOR THE YEAR ENDED JUNE 30, 2015

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The accompanying financial statements of the Durant Public Schools Independent District, No. I-72 (the “District”), have been prepared in conformity with another comprehensive basis of accounting prescribed by the Oklahoma State Department of Education as authorized by Oklahoma Statutes. Accordingly, the accompanying financial statements are not intended to present financial position and results of operations in conformity with the accounting principles generally accepted in the United States of America. The District’s accounting policies are described in the following notes that are an integral part of the District’s financial statements.

**A. Reporting Entity**

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

The governing body of the District is the Board of Education composed of six elected members. The appointed superintendent is the executive officer of the District. The Board, constituting an on-going entity, is the level of government, which has governance responsibilities over all activities, related to public elementary and secondary school education within the jurisdiction of the local independent school district. The District receives funding from local, state and federal government sources and must comply with the requirements of these funding source entities. However, the District is not included in any other governmental “reporting entity” as defined in Section 2100, Codification of Governmental Accounting and Financial Reporting Standards, since Board members are elected by the public and have decision making authority, the power to designate management, the responsibility to significantly influence operations and primary accountability for fiscal matters.

In evaluating how to define the District, for financial reporting purposes, management has considered all potential component units. The decision to include a potential component unit in the reporting entity was made by applying the criteria established by the Governmental Accounting Standards Board (GASB). The basic – but not the only – criterion for including a potential component unit within the reporting entity is the governing body’s ability to exercise oversight responsibility. The most significant manifestation of this ability is financial interdependency. Other manifestations of the ability to exercise oversight responsibility include, but are not limited to, the selection of governing authority, the designation of management, the ability to significantly influence operations and accountability for fiscal matters. A second criterion used in evaluating potential component units is the scope of public service. Application of this criterion involves considering

INDEPENDENT SCHOOL DISTRICT NO. I-72, BRYAN COUNTY  
NOTES TO THE COMBINED FINANCIAL STATEMENTS – REGULATORY BASIS  
FOR THE YEAR ENDED JUNE 30, 2015

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – cont'd**

A. Reporting Entity – cont'd

whether the activity benefits the District and/or its citizens, or whether the activity is conducted within the geographic boundaries of the District and is generally available to its patrons. A third criterion used to evaluate potential component units for inclusion or exclusion from the reporting entity is the existence of special financing relationships, regardless of whether the District is able to exercise oversight responsibilities. Based upon the application of these criteria, there are no potential component units included in the District's reporting entity.

B. Measurement Focus

The District uses funds and account groups to report on its financial position and the results of its operations. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain District functions or activities.

A fund is a separate accounting entity with a self-balancing set of accounts. An account group, on the other hand, is a financial reporting device designed to provide accountability for certain assets and liabilities that are not recorded in the funds because they do not directly affect net expendable available financial resources.

Funds are classified into three categories: Governmental, proprietary and fiduciary. Each category, in turn, is divided into separate "fund types."

**Governmental Fund Types**

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

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

INDEPENDENT SCHOOL DISTRICT NO. I-72, BRYAN COUNTY  
NOTES TO THE COMBINED FINANCIAL STATEMENTS – REGULATORY BASIS  
FOR THE YEAR ENDED JUNE 30, 2015

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – cont'd**

**B. Measurement Focus - cont'd**

Special Revenue Funds – Special revenue funds account for revenue sources that are restricted to expenditures for specific purposes. The special revenue funds typically include the building, co-op and child nutrition funds. The district did not maintain a co-op or child nutrition fund during the 2014-15 fiscal year.

Building Fund – The building fund consists mainly of monies derived from property taxes levied for the purpose of erecting, remodeling, repairing, or maintaining school buildings and for purchasing furniture, equipment and computer software to be used on or for school district property, for paying energy and utility costs, for purchasing telecommunications services, for paying fire and casualty insurance premiums for school facilities, for purchasing security systems, and for paying salaries of security personnel.

Co-op Fund – The co-op fund is established when the boards of education of two or more school districts enter into cooperative agreements and maintain joint programs. The revenues necessary to operate a cooperative program can come from federal, state, or local sources, including the individual contributions of participating school districts. The expenditures for this fund would consist of those necessary to operate and maintain the joint programs.

Child Nutrition Fund - The child nutrition fund consists of monies derived from federal and state financial assistance and food sales. This fund is used to account for the various nutrition programs provided to students. The District operates their child nutrition program within the general fund.

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

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

INDEPENDENT SCHOOL DISTRICT NO. I-72, BRYAN COUNTY  
NOTES TO THE COMBINED FINANCIAL STATEMENTS – REGULATORY BASIS  
FOR THE YEAR ENDED JUNE 30, 2015

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – cont’d**

**B. Measurement Focus – cont’d**

**Fiduciary Fund Types**

Fiduciary funds are used to account for assets held on behalf of outside parties, including other governments, or on behalf of other funds within the District. The terms “non-expendable” and “expendable” refer to whether or not the District is under an obligation to maintain the trust principal. Agency funds generally are used to account for assets that the District holds on behalf of others as their agent and do not involve measurement of results of operation.

Expendable Trust Funds – Expendable trust funds typically include the gifts and endowments fund. The District did not maintain any expendable trust funds during the 2014-15 fiscal year.

Gifts and Endowments Fund – The gifts and endowments fund receives its assets by way of philanthropic foundations, individuals, or private organizations for which no repayment or special service to the contributor is expected. This fund is used to promote the general welfare of the District.

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

**Account Groups**

An account group is not a fund and consists of a self-balancing set of accounts used only to establish accounting control over long-term debt and fixed assets.

General Long-Term Debt Account Group – This account group is established to account for all the long-term debt of the District, which is offset by the amount available in the debt service fund and the amount to be provided in future years to complete retirement of the debt principal. It is also used to account for other liabilities (judgements and lease purchases) which are to be paid from funds provided in future years.

General Fixed Assets Account Group – This account group is used by governments to account for the property, plant and equipment of the school district. The District does not have the information necessary to include this group in its financial statements.

INDEPENDENT SCHOOL DISTRICT NO. I-72, BRYAN COUNTY  
NOTES TO THE COMBINED FINANCIAL STATEMENTS – REGULATORY BASIS  
FOR THE YEAR ENDED JUNE 30, 2015

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – cont’d**

**B. Measurement Focus – cont’d**

**Memorandum Only - Total Column**

The total column on the combined financial statements – regulatory basis is captioned “memorandum only” to indicate that it is presented only to facilitate financial analysis. Data in this column does not present financial position or results of operations in conformity with accounting principles generally accepted in the United States. Neither is such data comparable to a consolidation. Interfund eliminations have not been made in the aggregation of this data.

**C. Basis of Accounting and Presentation**

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

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

- Encumbrances represented by purchase orders, contracts, and other commitments for the expenditure of monies are recorded as expenditures when approved.
- Investments are recorded as assets when purchased.
- Inventories of school supplies are recorded as expenditures and not as inventory assets.
- Warrants payable are recorded as liabilities when issued.
- Long-term debt is recorded in the General Long-Term Debt Account Group and not in the basic financial statements.
- Compensated absences are recorded as expenditures when paid and not recorded as a liability.
- Fixed assets are recorded in the General Fixed Asset Account Group and not in the basic financial statements. Fixed assets are not depreciated.

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

INDEPENDENT SCHOOL DISTRICT NO. I-72, BRYAN COUNTY  
NOTES TO THE COMBINED FINANCIAL STATEMENTS – REGULATORY BASIS  
FOR THE YEAR ENDED JUNE 30, 2015

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – cont'd**

**C. Basis of Accounting and Presentation – cont'd**

Basis of accounting refers to when revenues and expenditures are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurements made, regardless of the measurement focus applied. All governmental type funds are accounted for using the regulatory basis of accounting. Revenues are recognized when they are received rather than earned and expenditures are generally recognized when encumbered/reserved rather than at the time the related fund liability is incurred. These practices differ from accounting principles generally accepted in the United States.

**D. Budgets and Budgetary Accounting**

The District is required by state law to prepare an annual budget. A preliminary budget must be submitted to the Board of Education by December 31, for the fiscal year beginning the following July 1. If the preliminary budget requires an additional levy, the District must hold an election on the first Tuesday in February to approve the levy. If the preliminary budget does not require an additional levy, it becomes the legal budget. If an election is held and the taxes are approved, then the preliminary budget becomes the legal budget. If voters reject the additional taxes, the District must adopt a budget within the approved tax rate.

A budget is legally adopted by the Board of Education for all funds (with the exception of the trust and agency funds) that includes revenues and expenditures.

The 2014-15 Estimate of Needs was not amended by any supplemental appropriations

Encumbrances represent commitments related to unperformed contracts for goods or services. Encumbrance accounting – under which purchase orders and other commitments of resources are recorded as expenditures of the applicable fund – is utilized in all governmental funds of the District. Unencumbered appropriations lapse at the end of each fiscal year. While the Debt Service Fund is a governmental fund, a comparison of budget to actual schedule is presented in the financial statements, although the board can exercise no control of the revenue sources for this fund (except interest earnings), and no control over its expenditures.



INDEPENDENT SCHOOL DISTRICT NO. I-72, BRYAN COUNTY  
NOTES TO THE COMBINED FINANCIAL STATEMENTS – REGULATORY BASIS  
FOR THE YEAR ENDED JUNE 30, 2015

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – cont'd**

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

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

Investments – The District considers investments of direct obligations of the United States government and agencies, certificates of deposits, savings accounts or savings certificates with maturities of greater than three months. All investments are recorded at cost, which approximates market value.

Inventories – The value of consumable inventories at June 30, 2015, is not material to the combined financial statements.

Fixed Assets and Property, Plant and Equipment – The District has not maintained a record of general fixed assets, and, accordingly, a General Fixed Assets Account Group required by the regulatory basis of accounting prescribed by the Oklahoma State Department of Education is not included in the financial statements. General fixed assets purchased are recorded as expenditures in the various funds at the time of purchase.

Warrants Payable – Warrants are issued to meet the obligations for goods and services provided to the District. The District recognizes a liability for the amount of outstanding warrants that have yet to be redeemed by the District's treasurer.

Encumbrances – Encumbrances represent commitments related to purchase orders, contracts, other commitments for expenditures or resources, and goods or services received by the District for which a warrant has not been issued. An expenditure is recorded and a liability is recognized for outstanding encumbrances at year end in accordance with the regulatory basis of accounting. While the regulatory basis that is used for the Debt Service Fund approximates full accrual accounting, the accruals recorded are reported to meet regulatory requirements, as opposed to the requirements of generally accepted accounting principles.

Compensated Absences – The District provides vacation and sick leave benefits in accordance with Title 70 of the Oklahoma Statutes, Article 6-104, which provides for annual sick leave and personal business days. District policy allows certified employees to accumulate such days to a maximum number of days. Vested or accumulated vacation leave that is expected to be liquidated with expendable available financial resources had not been reported as an expenditure of the governmental fund that will pay it since the financial statements have been prepared on the regulatory basis of accounting. This practice differs from generally accepted accounting principles.

INDEPENDENT SCHOOL DISTRICT NO. I-72, BRYAN COUNTY  
NOTES TO THE COMBINED FINANCIAL STATEMENTS – REGULATORY BASIS  
FOR THE YEAR ENDED JUNE 30, 2015

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – cont’d**

**E. Assets, Liabilities and Fund Equity – cont’d**

Funds Held for School Organizations – Funds held for school organizations represent the funds received or collected from students or other cocurricular and extracurricular activities conducted in the District, control over which is exercised by the board of education. These funds are credited to the account maintained for the benefit of each particular activity within the school activity fund.

Long-Term Debt – Long-term debt is recognized as a liability of a governmental fund when due, or when resources have been accumulated in the debt service fund for payment early in the following year. For other long-term obligations, only that portion expected to be financed from expendable available financial resources is reported as a fund liability of a governmental fund. The remaining portion of such obligations is reported in the general long-term debt account group.

Fund Balance – In the fund financial statements, governmental funds report the hierarchy of fund balances. The hierarchy is based primarily on the degree of spending constraints placed upon use of resources for specific purposes versus availability of appropriation. An important distinction that is made in reporting fund balance is between amounts that are considered *nonspendable* (i.e., fund balance associated with assets that are not in spendable form, such as inventories or prepaid items, long-term portions of loans and notes receivable, or items that are legally required to be maintained intact (such as the corpus of a permanent fund)) and those that are *spendable* (such as fund balance associated with cash, investments or receivables).

Amount in the spendable fund balance category are further classified as *restricted*, *committed*, *assigned* or *unassigned*, as appropriate.

***Restricted*** fund balance represents amounts that are constrained either externally by creditors (such as debt covenants), grantors, contributors or laws or regulations of other governments; or by law, through constitutional provisions or enabling legislation.

***Committed*** fund balance represents amounts that are useable only for specific purposes by formal action of the government’s highest level of decision-making authority. Such amounts are not subject to legal enforceability (like restricted amounts), but cannot be used for any other purpose unless the government removes or changes the limitation by taking action similar to that which imposed the commitment.

INDEPENDENT SCHOOL DISTRICT NO. I-72, BRYAN COUNTY  
NOTES TO THE COMBINED FINANCIAL STATEMENTS – REGULATORY BASIS  
FOR THE YEAR ENDED JUNE 30, 2015

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – cont’d**

**E. Assets, Liabilities and Fund Equity – cont’d**

*Assigned* fund balance represents amounts that are intended to be used for specific purposes, but are neither restricted nor committed. Intent is expressed by the governing body itself, or a subordinated high-level body or official who the governing body has delegated the authority to assign amounts to be used for specific purposes. Assigned fund balances include all remaining spendable amounts (except negative balances) that are reported in governmental funds other than the general fund, that are neither restricted nor committed, and amounts in the general fund that are intended to be used for specific purposes in accordance with the provisions of the standard.

*Unassigned* fund balance is the residual classification for the general fund. It represents the amounts that have not been assigned to other funds, and that have not been restricted, committed, or assigned to specific purposes within the general fund.

**F. Revenue and Expenditures**

Local Revenues – Revenue from local sources is the money generated from within the boundaries of the District and available to the District for its use. The District is authorized by state law to levy property taxes which consist of ad valorem taxes on real and personal property within the District. These property taxes are distributed to the District’s general, building and sinking funds based on the levies approved for each fund. The County Assessor, upon receipt of the certification of tax levies from the county excise board, extends the tax levies on the tax rolls for submission to the county treasurer prior to October 1. The county treasurer must commence tax collection within fifteen days of receipt of the tax rolls. The first half of taxes is due prior to January 1. The second half is due prior to April 1. If the first payment is not made in a timely manner, the entire tax becomes due and payable on January 2. Second half taxes become delinquent on April 1, of the year following the year of assessment. If not paid by the following October 1, the property is offered for sale for the amount of taxes due. The owner has two years to redeem the property by paying the taxes and penalty owed. If at the end of two years the owner has not done so, the purchaser is issued a deed to the property. Other local sources of revenues include tuition, fees, rentals, disposals, commissions and reimbursements.

Intermediate Revenues - Revenue from intermediate sources is the amount of money from funds collected by an intermediate administrative unit, or a political subdivision between the District and the state, and distributed to Districts in amounts that differ in proportion to those which are collected within such systems.

INDEPENDENT SCHOOL DISTRICT NO. I-72, BRYAN COUNTY  
NOTES TO THE COMBINED FINANCIAL STATEMENTS – REGULATORY BASIS  
FOR THE YEAR ENDED JUNE 30, 2015

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – cont'd**

**F. Revenue and Expenditures – cont'd**

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

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

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

Federal Revenues – Federal revenues consist of revenues from the federal government in the form of operating grants or entitlements. An operating grant is a contribution to be used for a specific purpose, activity or facility. A grant may be received either directly from the federal government or indirectly as a passthrough from another government, such as the state. Entitlement is the amount of payment to which the District is entitled pursuant to an allocation formula contained in applicable statutes. The majority of the federal revenues received by the District are apportioned to the general fund. The District maintains a separate child nutrition fund and the federal revenues received for the child nutrition programs are apportioned there.

Non-Monetary Transactions – The District receives commodities from the U.S. Department of Agriculture. The value of these commodities has been included in the Schedule of Expenditures of Federal Awards; however, they have not been included in the financial statements as either revenue or expense since they are not reported under the regulatory basis of accounting.

Interest Earnings – Represent compensation for the use of financial sources over a period of time.

Non-Revenue Receipts – Non-revenue receipts represent receipts deposited into a fund that are not new revenues to the District, but the return of assets.

INDEPENDENT SCHOOL DISTRICT NO. I-72, BRYAN COUNTY  
NOTES TO THE COMBINED FINANCIAL STATEMENTS – REGULATORY BASIS  
FOR THE YEAR ENDED JUNE 30, 2015

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – cont'd**

**F. Revenue and Expenditures – cont'd**

Instruction Expenditures – Instruction expenditures include the activities dealing directly with the interaction between teachers and students. Teaching may be provided for students in a school classroom, in another location, such as a home or hospital, and in other learning situations, such as those involving cocurricular activities. It may also be provided through some other approved medium, such as television, radio, telephone and correspondence. Included here are the activities of teacher assistants of any type (clerks, graders, teaching machines, etc.) which assist in the instructional process. The activities of tutors, translators and interpreters would be recorded here. Department chairpersons who teach for any portion of time are included here. Tuition/transfer fees paid to other LEAs would be included here.

Support Services Expenditures – Support services expenditures provide administrative, technical (such as guidance and health) and logistical support to facilitate and enhance instruction. These services exist as adjuncts for fulfilling the objectives of instruction, community services and enterprise programs, rather than as entities within themselves.

Operation of Non-Instructional Services Expenditures – Activities concerned with providing non-instructional services to students, staff or the community.

Facilities Acquisition and Construction Services Expenditures – Consists of activities involved with the acquisition of land and buildings; remodeling buildings; the construction of buildings and additions to buildings; initial installation or extension of service systems and other built-in equipment; and improvements to sites.

Other Outlays Expenditures – A number of outlays of governmental funds are not properly classified as expenditures, but still require budgetary or accounting control. These are classified as Other Outlays. These include debt service payments (principal and interest).

Other Uses Expenditures – This includes scholarships provided by private gifts and endowments; student aid and staff awards supported by outside revenue sources (i.e., foundations). Also, expenditures for self-funded employee benefit programs administered either by the District or a third party administrator.

Repayment Expenditures – Repayment expenditures represent checks/warrants issued to outside agencies for refund or restricted revenue previously received for overpayment, non-qualified expenditures and other refunds to be repaid from District funds.

INDEPENDENT SCHOOL DISTRICT NO. I-72, BRYAN COUNTY  
NOTES TO THE COMBINED FINANCIAL STATEMENTS – REGULATORY BASIS  
FOR THE YEAR ENDED JUNE 30, 2015

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – cont’d**

**F. Revenue and Expenditures – cont’d**

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

All other interfund transactions, except quasi-external transactions and reimbursements, are reported as transfers. Nonrecurring or nonroutine permanent transfers of equity are reported as residual equity transfers. All other interfund transfers are reported as operating transfers. There were no interfund transfers made during the 2014-15 fiscal year.

**2. CASH AND INVESTMENTS**

Custodial Credit Risk – Custodial credit risk is the risk that in the event of a bank failure, the District’s deposits may not be returned to the District. The District’s cash deposits and investments at June 30, 2015, were \$11,788,738, at financial institutions, and were completely insured or collateralized by federal depository insurance, direct obligations of the U.S. Government, or securities held by the District or by its agent in the District’s name.

Investment Interest Rate Risk – Interest rate risk is the risk that changes in interest rates will adversely affect the fair market value of an investment. Due to the required liquidity for those investments, these funds have no defined maturity dates. The District does not have a formal policy that limits investment maturities as a means of managing its exposure to fair value losses from increasing interest rates.

Investment Credit risk – Credit risk is the risk that the issuer or other counterparty to an investment will not fulfill its obligations. The District does not have a formal policy limiting its investment choices, other than the limitation of state law as follows:

- Direct obligations of the U.S. Government, its agencies and instrument to which the full faith and credit of the U.S. Government is pledged, or obligations to the payment of which the full faith and credit of the State is pledged.
- Certificates of deposit or savings accounts that are either insured or secured with acceptable collateral with in-state financial institutions, and fully insured certificates of deposit or savings accounts in out-of-state financial institutions.
- With certain limitation, negotiable certificates of deposit, prime bankers acceptances, prime commercial paper and repurchase agreements with certain limitations.

INDEPENDENT SCHOOL DISTRICT NO. I-72, BRYAN COUNTY  
NOTES TO THE COMBINED FINANCIAL STATEMENTS – REGULATORY BASIS  
FOR THE YEAR ENDED JUNE 30, 2015

**2. CASH AND INVESTMENTS – cont'd**

- County, municipal or school district tax supported debt obligations, bond or revenue anticipation notes, money judgments, or bond or revenue anticipation notes of public trusts whose beneficiary is a county, municipality or school district.
- Notes or bonds secured by mortgage or trust deed insured by the Federal Housing Administrator and debentures issued by the Federal Housing Administrator, and in obligations of the National Mortgage Association.
- Money market funds regulated by the SEC and in which investments consist of the investments mentioned in the previous bullet items.

Concentration of Investment Credit Risk – The District places no limit on the amount it may invest in any one issuer.

**3. INTERFUND RECEIVABLES AND PAYABLES**

There were no interfund receivables or payables at June 30, 2015.

**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 of the date of issue.

General long-term debt of the District consists of bonds payable and capital leases. Debt service requirements for bonds and judgments are paid solely from the fund balance and the future revenues of the debt service fund.

The following is a summary of the long-term debt transactions of the District for the year ended June 30, 2015:

	Bonds Payable	Capital Leases	Total
Balance, July 1, 2014	\$ 9,175,000	938,396	10,113,396
Retirements	<u>(2,310,000)</u>	<u>(54,616)</u>	<u>(2,364,616)</u>
Balance, June 30, 2015	<u>\$ 6,865,000</u>	<u>883,780</u>	<u>7,748,780</u>

INDEPENDENT SCHOOL DISTRICT NO. I-72, BRYAN COUNTY  
NOTES TO THE COMBINED FINANCIAL STATEMENTS – REGULATORY BASIS  
FOR THE YEAR ENDED JUNE 30, 2015

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

A brief description of the outstanding long-term debt at June 30, 2015, is set forth below:

	<u>Amount Outstanding</u>
<u>General Obligation Bonds:</u>	
General Obligation Bonds, Series 2011, original issue \$2,125,000, interest rate of 1.10% to 1.75%, due in annual installments of \$525,000, and a final installment of \$550,000, due 5-1-16	\$ 550,000
General Obligation Bonds, Series 2012, original issue \$1,765,000, interest rate of .55% to 1.30%, due in annual installments of \$440,000, and a final installment of \$445,000, due 5-1-17	885,000
Building Bonds, Series 2013, original issue \$1,730,000, interest rate of .70%, due in annual installments of \$430,000, and a final installment of \$440,000, due 6-1-18	1,300,000
Building Bonds, Series 2014, original issue \$3,260,000, interest rate of 1.0% to 1.25%, due in an initial installment of \$770,000, and a final installment of \$830,000, due 3-1-20	3,260,000
Combined Purpose Bonds, Series 2014, original issue \$1,090,000, interest rate of 0.9% to 1.1%, due in an initial installment of \$210,000, and a final installment of \$220,000, due 3-1-19	870,000
<u>Lease Purchase Agreements:</u>	
Lease purchase of real property, dated 5-20-06, totaling \$1,260,000, interest rates of 4.52%, due in annual installments of \$97,031.88, final installment, due 9-19-26	<u>883,780</u>
 Total	 <u>\$ 7,748,780</u>



INDEPENDENT SCHOOL DISTRICT NO. I-72, BRYAN COUNTY  
NOTES TO THE COMBINED FINANCIAL STATEMENTS – REGULATORY BASIS  
FOR THE YEAR ENDED JUNE 30, 2015

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

The annual debt service requirements for the retirement of the bonds and capital leases, including the payment of principal and interest are as follows:

Year Ending June 30	Principal	Interest	Total
2016	\$ 1,687,085	110,010	1,797,095
2017	1,924,665	89,866	2,014,531
2018	1,552,362	69,735	1,622,097
2019	1,115,181	53,776	1,168,957
2020	898,127	39,280	937,407
2021-2025	571,360	107,861	679,221
Total	\$ 7,748,780	470,528	8,219,308

Interest paid on general long-term debt during the 2014-15 fiscal year totaled \$143,608.

**5. EMPLOYEE RETIREMENT SYSTEM**

Description of Plan

The District participates in the state-administered Oklahoma Teachers' Retirement System, which is a cost sharing, multiple-employer defined benefit public employee retirement system (PERS), which is administered by the Board of Trustees of the Oklahoma Teachers' Retirement System (the "System"). The System provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Title 70 Section 17 of the Oklahoma Statutes establishes benefit provisions and may be amended only through legislative action. The Oklahoma Teachers' Retirement System issues a publicly available financial report that includes financial statements and required supplementary information for the System. That report may be obtained by writing to the Oklahoma Teachers' Retirement System, P.O. Box 53624, Oklahoma City, OK 73152, or by calling 405-521-2387.

Basis of Accounting

The System's financial statements are prepared using the cash basis of accounting, except for accruals of interest income. Plan member contributions are recognized in the period in which the contributions are made. Benefits and refunds are recognized when paid. The pension benefit obligation is a standardized disclosure measure of the present value of pension benefits. This pension valuation method reflects the present value of estimated pension benefits that will be paid in future years as a result of employee services performed to date.

INDEPENDENT SCHOOL DISTRICT NO. I-72, BRYAN COUNTY  
NOTES TO THE COMBINED FINANCIAL STATEMENTS – REGULATORY BASIS  
FOR THE YEAR ENDED JUNE 30, 2015

**5. EMPLOYEE RETIREMENT SYSTEM – cont'd**

Basis of Accounting – cont'd

and is adjusted for the effect of projected salary increases. There are no actuarial valuations performed on individual school districts. The System has an under-funded pension benefit obligation as determined as part of the latest actuarial valuation.

Funding Policy

The District, the State of Oklahoma, and the participating employee make contributions. The contribution rates for the District and its employees are established by and may be amended by Oklahoma Statutes. The rates are not actuarially determined. The rates are applied to the employee's earnings plus employer-paid fringe benefits. The required contribution for the participating members is 7.0% of compensation. Contributions received by the System from the State of Oklahoma are used to offset required employer contributions by the local school district. For the 2014-15 fiscal year, the District contributed 9.5% and the State of Oklahoma contributed the remaining amount during the year. The District is allowed by Oklahoma Teachers' Retirement System to make the required contributions on behalf of the participating members. In addition, if a member's salary is paid in part by federal or private funds, the contribution on that portion of the salary paid by those funds must be matched by the District at 5.12%.

Annual Pension Cost

The District's total contributions for 2015, 2014 and 2013 were \$2,337,027, \$2,277,823, and \$2,245,019, respectively.

Ten-year historical trend information is presented in the Teacher's 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. Please visit [www.ok.gov/TRS](http://www.ok.gov/TRS) for all plan information.

GASB Statement 68 became effective for fiscal years beginning after June 15, 2014, and significantly changes pension accounting and financial reporting for governmental employers who participate in a pension plan, such as the System, and who prepare published financial statements on an accrual basis using Generally Accepted Accounting Principles. Since the District does not prepare and present their financial statements on an accrual basis, the net pension amount is not required to be presented on the audited financial statements. The amount of calculated pension liability for the District at June 30, 2014 (the latest information available) was \$19,598,150.

INDEPENDENT SCHOOL DISTRICT NO. I-72, BRYAN COUNTY  
NOTES TO THE COMBINED FINANCIAL STATEMENTS – REGULATORY BASIS  
FOR THE YEAR ENDED JUNE 30, 2015

**6. RISK MANAGEMENT**

The District is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; injuries to employees; or acts of God. The District purchases commercial insurance to cover these risks, including general and auto liability, property damage, and public officials liability. Settled claims resulting from risks have not exceeded the commercial insurance coverage in any of the past three fiscal years.

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

The District is also a member of the Oklahoma Public Schools Unemployment Compensation Program. In this program the District is required to contribute 1.6% of its taxable payroll for unemployment insurance. The funds for each District are kept separate and Districts can contribute more than 1.6% of their payroll if they elect to. The money contributed by each District earns interest and is fully insured. If the District has claims in excess of the amount in its account, it will be liable for the excess.

**7. CONTINGENCIES**

Federal Grants

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

INDEPENDENT SCHOOL DISTRICT NO. I-72, BRYAN COUNTY  
NOTES TO THE COMBINED FINANCIAL STATEMENTS – REGULATORY BASIS  
FOR THE YEAR ENDED JUNE 30, 2015

**7. CONTINGENCIES – cont'd**

Schedule of Expenditure of Federal Awards

The schedule shows the federal awards received and expended by the District during the 2014-15 fiscal year. The revised OMB Circular A-133 Audits of States, Local Governments and Non-Profit Organizations, established uniform audit requirements for nonfederal entities which expended more than \$500,000 in federal awards.

Litigation

School officials are not aware of any pending or threatened litigation, claims or assessments or unasserted claims or assessments against the District.

Subsequent Events

Management has evaluated subsequent events through December 17, 2015, 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.

**8. SINKING FUND BALANCE ADJUSTMENT**

In previous years the sinking fund balance had been reported on the accrual basis. As of June 30, 2015, the District will report the sinking fund balance in accordance with the regulatory basis. The amount reported reflects necessary adjustment for this change.

**9. LEASE PURCHASE AGREEMENTS**

On October 1, 2009, an agreement was entered into between Public Finance Leasing, LLC, and First United Bank & Trust Company, Durant, Ok, to issue certificates of participation evidencing proportional interests in rental payments to be made pursuant to a lease purchase agreement between Public Finance Leasing, LLC and the Independent School District No. 72, Bryan County (Durant Public Schools) in the form of \$39,015,000 Series 2009A Bonds and \$1,195,000 Series 2009B Bonds, to provide funds for the purpose of constructing and equipping a new high school. Also, the City of Durant passed a sales tax to assist in the repayment of the certificates of participation. The following is a schedule of rental payments for the two issues.

INDEPENDENT SCHOOL DISTRICT NO. I-72, BRYAN COUNTY  
NOTES TO THE COMBINED FINANCIAL STATEMENTS – REGULATORY BASIS  
FOR THE YEAR ENDED JUNE 30, 2015

**9. LEASE PURCHASE AGREEMENTS – cont'd**

**Series 2009A \$39,015,000**

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
15-16	700,000	1,519,189	2,219,189
16-17	785,000	1,497,076	2,282,076
17-18	875,000	1,470,790	2,345,790
18-19	980,000	1,439,744	2,419,744
19-20	1,085,000	1,403,882	2,488,882
20-21	1,200,000	1,363,457	2,563,457
21-22	1,325,000	1,317,967	2,642,967
22-23	1,460,000	1,263,452	2,723,452
23-24	1,610,000	1,199,259	2,809,259
24-25	1,765,000	1,127,910	2,892,910
25-26	1,935,000	1,049,096	2,984,096
26-27	2,120,000	962,723	3,082,723
27-28	2,310,000	868,362	3,178,362
28-29	2,515,000	765,587	3,280,587
29-30	2,735,000	653,759	3,388,759
30-31	2,970,000	529,826	3,499,826
31-32	3,220,000	392,947	3,612,947
32-33	3,490,000	244,569	3,734,569
33-34	3,785,000	83,697	3,868,697
Totals	<u><u>36,865,000</u></u>	<u><u>19,153,292</u></u>	<u><u>56,018,292</u></u>

INDEPENDENT SCHOOL DISTRICT NO. I-72, BRYAN COUNTY  
NOTES TO THE COMBINED FINANCIAL STATEMENTS – REGULATORY BASIS  
FOR THE YEAR ENDED JUNE 30, 2015

**8. LEASE PURCHASE AGREEMENTS – cont'd**

**Series 2009B \$1,195,000**

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
15-16	55,000	59,330	114,330
16-17	55,000	65,693	120,693
17-18	60,000	51,890	111,890
18-19	65,000	47,759	112,759
19-20	70,000	43,298	113,298
20-21	75,000	38,504	113,504
21-22	75,000	33,544	108,544
22-23	80,000	28,422	108,422
23-24	90,000	22,805	112,805
24-25	95,000	16,689	111,689
25-26	100,000	10,244	110,244
26-27	<u>105,000</u>	<u>3,470</u>	<u>108,470</u>
Totals	<u><u>925,000</u></u>	<u><u>421,648</u></u>	<u><u>1,346,648</u></u>

INDEPENDENT SCHOOL DISTRICT NO. I-72, BRYAN COUNTY  
 COMBINING STATEMENT OF ASSETS, LIABILITIES AND FUND BALANCE -  
 ALL CAPITAL PROJECTS FUNDS - REGULATORY BASIS  
 JUNE 30, 2015

	#31 BOND FUND	#32 BOND FUND	#33 BOND FUND	#34 BOND FUND	TOTAL FUND
<u>ASSETS</u>					
Cash	\$ 46,807	75	4,034	2,443,511	2,494,427
<u>LIABILITIES AND FUND BALANCE</u>					
Liabilities:					
Warrants payable	\$			100,488	100,488
Fund Balance:					
Restricted	46,807	75	4,034	2,343,023	2,393,939
Total Liabilities and Fund Balance	\$ 46,807	75	4,034	2,443,511	2,494,427

INDEPENDENT SCHOOL DISTRICT NO. I-72, BRYAN COUNTY  
 COMBINING STATEMENT OF REVENUES COLLECTED, EXPENDITURES AND CHANGES  
 IN CASH FUND BALANCES - ALL CAPITAL PROJECTS FUNDS - REGULATORY BASIS  
 FOR THE YEAR ENDED JUNE 30, 2015

	#31 BOND FUND	#32 BOND FUND	#33 BOND FUND	#34 BOND FUND	TOTAL
Revenues Collected:					
Interest	\$ 176	38	0	139	353
Expenditures:					
Instruction				313,881	313,881
Support services	19,726		1,125	384,345	405,196
Facilities acquisition & constr. services	33,831			1,371,518	1,405,349
Total expenditures	53,557	0	1,125	2,069,744	2,124,426
Excess of revenues collected over (under) expenditures before other financing sources (uses)	(53,381)	38	(1,125)	(2,069,605)	(2,124,073)
Other financing sources (uses):					
Estopped warrants				3,596	3,596
Total other financing sources (uses)	0	0	0	3,596	3,596
Excess of revenues collected over (under) expenditures	(53,381)	38	(1,125)	(2,066,009)	(2,120,477)
Cash fund balances, beginning of year	100,188	37	5,159	4,409,032	4,514,416
Cash fund balances, end of year	\$ 46,807	75	4,034	2,343,023	2,393,939



INDEPENDENT SCHOOL DISTRICT NO. I-72, BRYAN COUNTY  
COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES -  
AGENCY FUNDS - REGULATORY BASIS  
FOR THE YEAR ENDED JUNE 30, 2015

	BALANCE 7-01-14	ADDITIONS	NET TRANSFERS	DEDUCTIONS	BALANCE 6-30-15
<u>ASSETS</u>					
Cash and Investments	\$ 493,600	916,046	0	873,556	536,090
<u>LIABILITIES</u>					
Funds held for school organizations:					
Academic bowl DHS	\$ 111	0		0	111
Annual DHS	19,948	12,962		14,671	18,239
Athletics DHS	18,243	99,983		109,083	9,143
Band DHS	0	0		0	0
Recycle DHS	230	0		0	230
Chorus DHS	4,448	10,216		12,439	2,225
FFA Booster club	11,642	10,462		11,542	10,562
Softball DHS	7,360	9,822		13,642	3,540
Cheerleader DHS	4,212	26,956		25,293	5,875
Concessions sodexo	300	8,954		9,154	100
Concessions DECA	0	0		0	0
DECA DHS	10,769	4,845		4,849	10,765
Art Club DHS	1,137	535		564	1,108
Desk top publishing	528	0		0	528
BPA DHS	677	380		693	364
FCA DHS	531	0		40	491
FFA Chapter DHS	15,459	52,343		44,787	23,015
FCCLA DHS	420	1,939		1,487	872
Flower fund DHS	39	0		39	0
General activity DHS	33,094	15,337		33,239	15,192
HOSA FFA	606	22,614		22,990	230
Bourne memorial SCO	1,000	0		0	1,000
Key club DHS	2,587	4,209		3,115	3,681
Library DHS	2,454	2,125		2,815	1,764
Newspaper DHS	463	0		216	247
Spanish club DHS	319	0		0	319
Speech and drama club DHS	4,557	15,881		16,056	4,382
Student council DHS	3,973	5,948		6,540	3,381
Netbooks DHS	545	2,285		547	2,283
Clearing DHS	0	12,817		12,817	0
Football parents DHS	5,910	27,642		30,118	3,434
Class of 2009	0	0		0	0
FEA DHS	1,212	0		0	1,212
Awards DHS	7,054	2,459		2,684	6,829
Grapplers DHS	3,424	6,388		6,206	3,606
Media Productions	2,800	120		341	2,579
Youth and government	265	0		0	265
Vision academy	5,681	1,028		3,087	3,622

INDEPENDENT SCHOOL DISTRICT NO. I-72, BRYAN COUNTY  
 COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES -  
 AGENCY FUNDS - REGULATORY BASIS  
 FOR THE YEAR ENDED JUNE 30, 2015

	BALANCE 7-01-14	ADDITIONS	NET TRANSFERS	DEDUCTIONS	BALANCE 6-30-15
Baseball DHS	\$ 6,536	21,208		19,406	8,338
Jr class 2008-09	0	0		0	0
Softball DMS	53	0		0	53
Emergency DMS	489	100		0	589
Special DMS	14,118	16,907		18,456	12,569
Annual DMS	1,698	3,219		3,279	1,638
Athletics DMS	23,265	30,996		34,379	19,882
Band DMS	4,083	13,828		14,444	3,467
Library DMS	2,269	4,767		4,963	2,073
Clearing DMS	0	74		74	0
Choir DMS	2,867	38,513		39,497	1,883
Cheerleader DMS	979	4,104		3,975	1,108
Flower fund DMS	187	143		244	86
Student council DMS	4,486	6,466		5,851	5,101
TSA association DMS	597	0		0	597
PTSO DMS	676	0		0	676
Netbooks DMS	2,435	2,665		1,862	3,238
Builders club DMS	790	0		0	790
Undesignated	0	0		0	0
General activity NWH	23,433	81,087		66,643	37,877
PSO NWH	8,933	18,597		9,011	18,519
Clearing NWH	0	89		89	0
Flower fund NWH	74	0		47	27
Music NWH	1,782	3,324		3,449	1,657
General activity WI	29,957	43,025		32,731	40,251
PTSO WI	21,916	42,801		35,680	29,037
Library WI	354	4,878		4,783	449
Cindy Brisco memorial	400	0		0	400
Undesignated	0	200		0	200
General activity REL	18,960	13,462		7,979	24,443
Pre school GW	30	0		0	30
Music GW	1,070	0		0	1,070
Attendance incentive	939	0		0	939
Administrative activity	17,450	1,135		953	17,632
Flower fund admin.	18	335		346	7
Professional development	1,750	2,875		3,943	682
District wide activity	26,206	16,718		4,856	38,068
Video duplication	97	99		45	151
Choctaw / misc. donations	10,271	10,997		1,825	19,443
Teacher of the year	1,004	1,750		2,754	0
Durant schools elem. summer	1,314	0		1,164	150
Dist. special act.	39,174	54,884		55,118	38,940
DIS band	2,986	169		1,245	1,910

INDEPENDENT SCHOOL DISTRICT NO. I-72, BRYAN COUNTY  
 COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES -  
 AGENCY FUNDS - REGULATORY BASIS  
 FOR THE YEAR ENDED JUNE 30, 2015

	BALANCE 7-01-14	ADDITIONS	NET TRANSFERS	DEDUCTIONS	BALANCE 6-30-15
DIS flower fund	\$ 353	660		270	743
DIS library	11,694	13,355		11,541	13,508
DIS. PSO	634	38,845		35,040	4,439
DIS annual	5,464	5,128		2,841	7,751
DIS clearing	0	248		55	193
DIS student council	598	0		0	598
Transportation	(104)	298		194	0
Watch D.O.G.S	595	0		0	595
DIS greenhouse	3,025	1,555		745	3,835
DIS circle the state choir	2,458	5,356		4,674	3,140
DIS box tops	5,451	1,507		773	6,185
Goddard youth camp	17,603	51,429		49,278	19,754
Magic triad	185	0		0	185
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
Total Liabilities	<u><u>\$ 493,600</u></u>	<u><u>916,046</u></u>	<u><u>0</u></u>	<u><u>873,556</u></u>	<u><u>536,090</u></u>

INDEPENDENT SCHOOL DISTRICT NO. I-72, BRYAN COUNTY  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS - REGULATORY BASIS  
FOR THE YEAR ENDED JUNE 30, 2015

Federal Grantor / Pass Through Grantor / Program Title	Federal CFDA Number	Federal Grantor's/ Pass-through No.	Program or Award Amount	Balance at 7/1/14	Revenue Collected	Total Expenditures	Balance at 6/30/15
<u>U.S. Department of Education</u>							
<u>Direct Programs:</u>							
*Indian Education	84.060	S060A142163	\$ 192,322	0	192,322	190,097	0
<u>Passed Through State Department of Education:</u>							
*Title I, Basic Program	84.010		884,339		270,586	802,614	532,028
Title I, Basic Program - Note	84.010			297,831	297,831		
Title II, Part A	84.367		178,714		68,365	75,127	6,762
Title II, Part A - Note	84.367			5,529	5,529		
Title III, Part A English Language	84.365		12,276		43	43	
Title III, Part A Emergency Immigrant	84.365		18,983		3,908	11,648	7,740
Title VI, Part B	84.358		101,919		15,275	62,661	49,563
Title VI, Part B - Note	84.358			10,431	10,431		
<u>Special Education Programs:</u>							
IDEA-B Flowthrough	84.027		757,999		431,584	662,837	231,253
IDEA-B Flowthrough - Note	84.027			230,541	230,541		
IDEA-B Preschool	84.173		21,572		14,887	21,572	6,685
IDEA-B Preschool - Note	84.173			1,840	1,840		
Sub Total			1,975,802	546,172	1,350,820	1,636,502	834,031
<u>Passed Through State Department of Career &amp; Tech. Education:</u>							
Carl Perkins	84.048		44,932		28,071	42,057	13,986
Carl Perkins - Note	84.048			51,107	51,107		
Carl Perkins Bridge - Note	84.048			23,731	23,731		
Carl Perkins High Schools That Work	84.048		8,500			8,428	8,428
Carl Perkins High Schools That Work - Note	84.048			8,444	8,444		
Sub Total			53,432	83,282	111,353	50,485	22,414
<u>U.S. Department of Agriculture:</u>							
<u>Passed Through State Department of Education</u>							
<u>*Child Nutrition Programs:</u>							
School breakfast program	10.553				306,126	245,194	
School breakfast program - C/O	10.553			40,593		40,593	
National school lunch program	10.555				943,602	943,602	
Summer food program	10.559				31,986	24,966	
Sub Total				40,593	1,281,714	1,254,355	
<u>Passed Through Department of Human Services:</u>							
<u>*Non-cash assistance - commodities - Note 1</u>							
National school lunch program	10.555				123,055	123,055	
<u>U.S. Department of Health and Human Services:</u>							
<u>Direct Programs:</u>							
Safe and Drug Free School	93.276		125,000			59,111	59,111
Safe and Drug Free School - C/O	93.276		38,550		36,266	36,266	
Safe and Drug Free School - Note	93.276			86,450	86,450		
Sub Total			163,550	86,450	122,716	95,377	59,111
<u>Other Federal Assistance:</u>							
Johnson O'Malley	15.130		53,820			51,435	51,435
Johnson O'Malley - Note	15.130			56,180	56,180		
Rehabilitation services	84.126		24,648		24,648	8,784	
Flood control	12.112		1,433		1,433		
Sub Total			79,901	56,180	82,261	60,219	51,435
Total Federal Assistance			\$ 2,465,007	812,677	3,264,241	3,410,090	966,991

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

Note 1 - Commodities received by the District in the amount of \$123,055 were of a non-monetary nature and therefore the total revenue does not agree with the Financial Statements by this amount.

\* Major programs

INDEPENDENT SCHOOL DISTRICT NO. I-72, BRYAN COUNTY  
STATEMENT OF STATUTORY, FIDELITY AND HONESTY BONDS  
FOR THE YEAR ENDED JUNE 30, 2015

BONDING COMPANY	POSITION COVERED	BOND NUMBER	COVERAGE AMOUNT	EFFECTIVE DATES
Jordan Hoefer Agency	Treasurer	LPO2012361	\$ 100,000	7/01/14 - 7/01/15
Old Republic Surety-	Superintendent	LPO2111756	100,000	7/01/14 - 7/01/15
	Encumbrance clerk	W150106845	100,000	9/01/14 - 9/01/15
RLI Surety-	Activity Fund/Minutes clerk	LSM0374411	100,000	7/01/14 - 7/01/15
	Child Nutrition cashiers	RSB8007085	90,000	9/01/14 - 9/01/15
	School Secretaries	RSB8007085	80,000	9/01/14 - 9/01/15
	Encumbrance clerk	LSM0703084	100,000	1/01/15 - 7/01/15
	Treasurer	LSM0703086	100,000	1/01/15 - 7/01/15
	Superintendent	LSM0625391	100,000	4/23/14 - 7/01/15

INDEPENDENT SCHOOL DISTRICT NO. I-72, BRYAN COUNTY  
SCHEDULE OF ACCOUNTANT'S PROFESSIONAL LIABILITY INSURANCE  
AFFIDAVIT  
JULY 1, 2014 TO JUNE 30, 2015

State of Oklahoma            )  
  ) ss  
County of Tulsa            )

The undersigned auditing firm of lawful ages, being first duly sworn on oath says that said firm had in full force and effect Accountant's Professional Liability Insurance in accordance with the "Oklahoma Public School Audit Law" at the time of audit contract and during the entire audit engagement with Durant Public Schools for the audit year 2014-15.

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

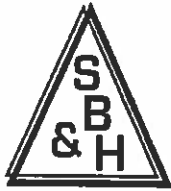
By Jeffrey D. Hewett  
Authorized Agent

Subscribed and sworn to before me  
This 17<sup>th</sup> day of December, 2015



Earlene Hart  
Notary Public (or Clerk or Judge)

My Commission Expires: 5/19/2016  
Commission No. 00008621



**SANDERS, BLEDSOE & HEWETT**  
CERTIFIED PUBLIC ACCOUNTANTS, LLP

Stephen H. Sanders, CPA  
Eric M. Bledsoe, CPA  
Jeffrey D. Hewett, CPA

P.O. BOX 1310 • 101 N. MAIN ST. • BROKEN ARROW, OK 74013 • (918) 449-9991 • (800) 522-3831 • FAX (918) 449-9779

December 17, 2015

Mr. Duane Meredith, Supt.  
Durant Public Schools  
1323 Waco Street  
Durant, Oklahoma 74701

Dear Mr. Meredith,

Listed below are the audit exceptions and recommendations from the final audit work we performed for you, and are referred to in your audit report. Please review them very carefully, along with the review copy of your audit report. If you have questions or desire additional information, please call us so that any discrepancies may be resolved.

**The following section contains the observations relayed to management that are control deficiencies, which we feel need to be communicated to you so appropriate action may be taken to correct these deficiencies. These items are not included in your audit report, as they are not considered material. They are observations of minor findings that could evolve into material findings if not addressed.**

Financial Reporting/Reconciling

The District has continued to make improvement in the areas of providing timely and accurate financial information to management, and making sure that internal monthly financial reports are reconciled to the financial software's general ledger. We recommend to continue to implement new processes that enhance the internal controls over the financial reporting component, this could include training and the hiring of additional personnel.

Competitive Bids

During our review of the competitive bids for the Middle School Bleacher, not all of the required documents for the successful bidder were presented for audit. We were not able to review the contract, performance bond and maintenance bond. We recommend that policies and procedures be implemented to insure that all required documents are obtained and maintained for at least five (5) years at the administration office of the District for any future construction or remodeling projects which come under the Competitive Bidding Act, as required by Oklahoma Statutes. (Reference: 61 O.S. 2001 § 112).

### Federal Programs

During our review of the Title VI Part B program, we observed that due to coding changes, the District claimed and received \$2,177.10 more than was allowable. The District should only code and claim no more than the awarded amount of the program. We recommend that procedures be implemented to ensure that after a claim has been generated that it be compared to the project budget and project expenditure report prior to its filing. We also recommend the District contact the State Department of Education to determine how to proceed on this matter.

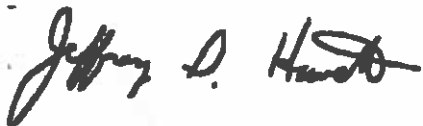
### Federal Coding

We observed where the district over (under) coded expenditures to the applicable project code in regards to the federal programs (below). We also observed district did not code enough expenditures to the School Breakfast Program (764), Summer Food Program (766), Rehabilitation (456), and Flood Control to substantiate the amount of revenue which was received. The un-coded amounts will be carry-over funds, which will need to be coded in the current fiscal year. We recommend that the District monitor expenditures each month for each federal project code to ensure that the amount that has been received, or claimed, will have the corresponding expenditures properly coded to the project code.

<u>Program</u>	<u>Claimed</u>	<u>Coded</u>	<u>Difference</u>
Title I	802,613.93	806,081.72	3,467.79
Safe & Drug Free	95,377.75	121,100.36	25,722.61
Title VII Indian Ed	190,097.04	189,934.54	(162.50)
Johnson O'Malley	51,435.71	51,606.74	171.03
Title VI Part B	62,660.56	64,837.66	2,177.10

We take this opportunity to thank you and your professional staff for the outstanding cooperation and invaluable assistance you gave us during our recent onsite audit work.

Sincerely,



Jeffrey D. Hewett

For

Sanders, Bledsoe & Hewett  
Certified Public Accountants, LLP