

**EL RENO SCHOOL DISTRICT NO. I-34,
Canadian County, Oklahoma**

**BASIC FINANCIAL STATEMENTS
AND REPORTS OF INDEPENDENT AUDITOR**

JUNE 30, 2015

Audited by

WILSON, DOTSON & ASSOCIATES, P.L.L.C.

SHAWNEE, OK

**EL RENO SCHOOL DISTRICT NO. I-34
Canadian County, Oklahoma**

**SCHOOL DISTRICT OFFICIALS
June 30, 2015**

BOARD OF EDUCATION

| | |
|----------------|--------------------|
| President | Mr. Steve Jensen |
| Vice-President | Dr. Dorrie Parrott |
| Member | Mr. Curtis Blanc |
| Member | Mrs. Tricia Hobson |
| Member | Mr. Scott McBee |

MINUTES CLERK

Mrs. Laura Kennedy

SCHOOL DISTRICT TREASURER

Mrs. Sandra Porter

SUPERINTENDENT OF SCHOOLS

Mr. Craig McVay

**EL RENO SCHOOL DISTRICT NO. I-34
Canadian County, Oklahoma**

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Canadian County, Oklahoma

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WILSON, DOTSON & ASSOCIATES, P.L.L.C.

Certified Public Accountants

Members

American Institute of Certified Public Accountants

Oklahoma Society of Certified Public Accountants

INDEPENDENT AUDITORS' REPORT

The Honorable Board of Education
El Reno School District Number I-34
Canadian County, Oklahoma

Report on the Financial Statements

We have audited the accompanying financial statements – regulatory basis of the governmental activities, each major fund, and the aggregate remaining fund information of the El Reno School District No. I-34, Canadian 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 basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the financial reporting provisions of the Oklahoma State Department of Education. 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.

Auditors' Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' 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 described 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 meet the requirements of the Oklahoma State Department of Education.

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

Adverse Opinion on U.S. Generally Accepted Accounting Principles

In our opinion, because of the significance of the matter discussed in the “Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles” paragraph, the financial statements referred to 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 governmental activities, each major fund, and the aggregate remaining fund information of the District as of June 30, 2015, or the changes in its financial position, for the year then ended.

Opinion on Regulatory Basis of Accounting

In our opinion, the financial statements referred to in the first paragraph present fairly, in all material respects, the respective financial position - regulatory basis of the governmental activities, each major fund and the aggregate remaining fund information of the District as of June 30, 2015, and the respective changes in financial position – regulatory basis for the year then ended in accordance with the regulatory basis of accounting described in Note 1.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages 8-14 and 41-44 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

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 financial statements – regulatory basis, and schedule of changes in assets and liabilities - agency funds – 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 the U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Nonprofit Organizations*, and is also not a required part of the combined financial statements.

The combining financial statements – regulatory basis, schedule of changes in assets and liabilities - agency funds – 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 combining financial statements – regulatory basis, schedule of changes in assets and liabilities - agency funds – 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 February 5, 2016, 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 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.

Wilson, Dotson & Associates

Wilson, Dotson & Associates, PLLC

Shawnee, Oklahoma
February 5, 2016

Management's Discussion and Analysis
El Reno Public Schools
District I-034
El Reno, Oklahoma

To comply with the Governmental Accounting Standards Board Statement (GASB, or "gaz-bee") No. 34, the following "Discussion and Analysis" of the district's financial position is provided by management. This report provides an overview and analysis of the financial activities of the District for the fiscal year ending June 30, 2015.

Financial Information: The District has nine funds that are included in the financial statements for FY 2014-2015. They are the General Fund, Co-op Fund, Building Fund, Child Nutrition Fund, Debt Service Fund (Sinking Fund), Capital Projects Funds (Bond Funds), Gifts Fund, Casualty and Flood Insurance Fund, and Agency Fund (Activity Fund).

General Fund: The General Fund is the district's largest fund and serves as the primary operating fund. The General Fund collections were \$17,743,603. Total expenditures were \$17,701,621 as of June 30, 2015. Major revenue sources include local, intermediate, state and federal monies. Data depicting "Actual Revenue Collections" and comparing fiscal years 2015 and 2014 are included in this analysis. State sources of revenues, which represent approximately 71% of the district's total annual income, increased \$301,425. State Aid was up \$956,812 from FY 14. Increases were noted in Gross Productions, School Land Earnings, R.E.A. Taxes and Flexible Benefits. Federal revenue decreased \$89,858 with the majority of that decrease due to the end of the PEP Grant. Local revenue decreased by \$765,158 with the majority due to decreased Ad Valorem taxes from a valuation mistake made by our local county assessor's office. The General Fund "Fund Balance" as of June 30, 2015 was \$2,943,490. This represents an increase of \$59,509 compared with the prior fiscal year fund balance. The current fund balance is 17% of FY 15 revenue collections.

Co-op Fund: The Co-op Fund accounts for monies that are used to fund expenditures for the El Reno Board of Education (LEA) and other educational entities to provide "Alternative Education". The revenues necessary to operate the cooperative programs come from state and federal sources, including individual contributions of participating school districts. The Co-op Fund received collections from local and state monies totaling \$47,299 in the 2014-2015 fiscal year. Total expenditures were \$47,299.

Building Fund: The Building Fund consists of monies derived from property taxes levied for the purpose of erecting, remodeling, repairing or maintaining school buildings and for purchasing furniture, equipment, computer software, utility costs, telecommunications services, insurance for school facilities, security systems and salaries of security, custodial and maintenance personnel. Impact Aid monies were \$15,730 in 2015, as compared to \$62,819 in 2014. Total 2015 revenue for the Building Fund was \$1,161,785. This is down \$412,969 from 2014. The decrease included less ad valorem of \$97,727 and insurance loss recoveries of \$359,904. Donations of \$113,691 helped offset the losses.

The fund balance as of June 30, 2015 was \$1,321,603, an increase of \$872,147. Building Fund expenditures amounted to \$347,853 in FY 15. Maintenance/Operations expenditures for the first six months of each fiscal year must be funded from the prior year fund balance until sufficient revenue is received from Ad Valorem tax collections at mid-term. Tax collections are usually received beginning in December of each fiscal year. El Reno Public Schools has not been able to pay all district utilities, salaries and benefits of custodians and maintenance personnel out of this fund as is done by many districts with adequate revenues resulting from a growing and sufficient tax base. El Reno is land locked with four dependent schools, a federal research station, tribal lands and a federal prison. Thirty-one percent of El Reno's land is federally exempt land and is not reimbursed through Impact Aid.

Capital Projects Funds: The Capital Projects Funds are bond funds that serve to document bond sale proceeds which are used for acquiring school sites, constructing and equipping new school facilities, renovating existing facilities and acquiring transportation equipment. The LEA has assigned Bond Funds 31-39 for this purpose. January 8, 2013 a \$45,335,000 bond issue was passed. This issue provided for two route buses, two activity buses, new elementary site, renovations to all elementary schools including tornado shelters, and secured entrances. Also, the current EHS was renovated plus a new building for science, technology and math classes. In addition, there were upgrades to technology and monies set aside for demolitions of the current Lincoln and Webster Elementary Schools.

District received the first bond proceeds in April 2013 of \$4,600,000 and will sale bonds each April/May and receive the last of the proceeds in July 2025. All bond work has been completed and additional renovations and buildings are in the process. These expenses are being covered by unused funds due to close cost monitoring. Total expenditures for FY15 were \$2,504,909 leaving a carry forward of \$2,528,843.

Child Nutrition Fund: The Child Nutrition Fund consists of revenue sources from local collections, State Matching and Federal Breakfast and Lunch Reimbursement. The General Fund may subsidize the Child Nutrition Fund in excess of the National School Lunch Program reimbursement and income from students. In El Reno child nutrition funds are accounted for in a separate appropriated fund (Fund 22). The Child Nutrition Fund received collections totaling \$1,096,683 in the 2014-2015 fiscal year.

FY15 collections decreased \$20,411 from FY14. Decreases were in local and federal sources. Majority of the decrease was noted due to excessive snow days because of inclement weather. Child Nutrition Fund expenditures totaled \$1,179,688. The fund balance in the Child Nutrition Fund as of June 30, 2015 is \$154,532. The Child Nutrition Program has funded all employee raises for personnel each year. The district pays for the program's utilities, insurance and a portion of maintenance from the General Operating Fund. The Child Nutrition Fund pays for the salary of the Warehouseman who makes food and mail deliveries to all the schools.

Debt Service Fund (Sinking Fund): The Debt Service Fund is the district's Sinking Fund and is used to account for the accumulation of monies set aside to retire outstanding long-term debt principal (including judgments), interest and related costs. The primary revenue source is property taxes levied specifically for debt service and interest earnings. Interest earnings by board resolution are deposited into the Building Fund. The Sinking Fund received collections totaling \$2,354,475 in the 2014-2015 FY. This was added to the carry forward of \$2,397,849 for a total of \$4,752,324. FY 15 collections and carry forward were used to pay bonds and interest payments totaling \$4,646,000. The cash balance on hand in the Sinking Fund as of June 30, 2015 was \$106,324.

Trust and Agency Funds: The Gifts Fund is established to account for revenue derived from private donations. Revenue collections were \$46,873. The expenditures in the Gifts Fund for 2015 were \$53,461 with a fund balance of \$63,141.

Casualty/Flood Insurance Funds: The Casualty and Flood Insurance Fund accounts for all types of insurance recoveries, major reimbursements and reserves for property repairs and replacements. Revenue collections were \$4,519,003 at the close of fiscal year 2014-2015. Total expenditures in the fund were \$2,613,152. The fund balance at the close of FY15 was \$1,912,802.

Agency Fund (School Activity Fund): The Agency Fund is the "School Activity Fund" which is used to account for monies collected through the fundraising efforts of students and district-sponsored groups. Revenues are deposited into separate sub-accounts and maintained for the benefit of students. Major revenue sources for the Activity Fund are fundraisers, concession sales, admission fees, program fees and vending sales. Current year collections totaled \$558,495. Total disbursements in the School Activity Fund were \$570,432 as of June 30, 2015.

FINANCIAL OVERVIEW: The El Reno School District continues to monitor its financial position carefully in relation to student growth or the lack thereof. The district experienced a decrease in "chargeables" due to a mistake on our valuation by our County Assessor Office. Our state aide allocation was \$8,616,198 for FY15 compared to our state aid in FY 2011 of \$8,044,762, FY 2012 of \$8,308,155, FY 13 for \$7,841,844 and \$7,659,386 in FY 2014. With the vision of a declining economy the district's Board of Education and Administration proceeded cautiously in closing FY 15 by planning for continued economic down turn for future years. The LEA was able to maintain a fund balance that would help to offset probable cuts in FY 16. We continued to maintain by holding staff cost down, freezing expenditures across the board on all budgets when needed.

Landlocked El Reno Public Schools continues to cope with a limited net tax base (\$59,005,355). This includes tax exempt federal properties equal to 31% of the school's land base that are not reimbursed by Impact Aid funds. Native American housing bought within the district continues to add further decline to the tax base. Lower Ad Valorem revenues handicaps the General, Building and Sinking funds for the district.

Federal funds continue to provide a significant portion of the district General Fund Revenue even though the funds are decreasing. Federal funds amounted to \$1,844,087 in FY 15 compared to \$1,933,945 in FY 14 and to \$2,072,135 in FY 13.

District payroll averaged a little over \$1,340,000 monthly. Salaries and benefits represented 84% of the FY 15 expenditure budget. The remaining 16% of annual expenditures was allocated for operations, including insurance, utilities, general supplies, communications, transportation, textbooks, professional and other purchased services.

PEP GRANT- During FY 12 we received a three year physical education grant of \$760,608. The purpose of the Pep Grant is to develop, expand and improve physical education programs through many different forms of data collection. Pedometers were purchased for every child. New equipment that is age appropriate for each level was purchased with funds from this program. . Another important facet of the grant is to increase awareness of proper nutrition using data collection, new health curriculum and outside agencies, aiding students to be attentive to more physical activity. The health curriculum aspect of the program emphasizes the need to eat more fruits and vegetables every day and live a more active lifestyle. The grant stipulates that each PE teacher in the district go to the National Conference in order to be taught the latest in physical activities that motivate and encourage fitness and health in students. This grant also provides funds for some of our special needs students to participate once a week in Therapeutic Horseback Riding classes. The new age appropriate PE equipment enables our staff to teach students life time sports and activities, such as rock wall climbing, ping pong tables, inline skates and disc golf course. The grant provided many free summer programs for students of ERPS. Some of the summer camps held were archery, swimming, tennis, t-ball, cooking, and crafts. We received approval to extend the grant through FY 15 and finish up in FY 16 with the final claim.

21ST CENTURY COMMUNITY LEARNING CENTER PROGRAM GRANT - During FY 15 we received a five year grant for the purpose of creating local community learning centers to be offered during non-school hours to provide students and their families with activities that will reinforce the regular academic program. A broad array of other activities designed to complement their school-day programs and advance student achievement are also part of the grant. The grant is for \$910,000 and we officially started this program in January of 2015. We expended \$186,358 and were allowed to carry forward a maximum of 20% of our FY 15 allocation.

REVENUE COMPARISON

| REVENUE | % | FY 15 | % | FY 14 |
|---------|-----|--------------|-----|--------------|
| Local | 18 | \$ 3,235,318 | 22 | \$ 3,918,053 |
| State | 71 | \$12,664,198 | 68 | \$12,362,773 |
| Federal | 11 | \$ 1,844,087 | 10 | \$ 1,933,945 |
| TOTAL | 100 | \$17,743,603 | 100 | \$18,214,771 |

FY12 = \$17,909,722 *increase of \$ 171,175

FY13 = \$17,049,374 *decrease of \$ 860,348

FY14 = \$18,214,771 *increase of \$ 1,165,397

FY15 = \$17,743,603 *decrease of \$ 471,168

EXPENDITURE COMPARISON GENERAL FUND

| EXPENDITURES | FY 15 | % | FY 14 | % |
|--------------------|--------------|-----|---------------|-----|
| Salaries | \$11,485,521 | 65 | \$ 12,109,670 | 65 |
| Benefits | \$ 4,201,783 | 23 | \$ 4,274,692 | 23 |
| Purchased Services | \$ 811,637 | 05 | \$ 979,742 | 05 |
| Supplies | \$ 859,095 | 05 | \$ 826,886 | 05 |
| Property | \$ 133,000 | 01 | \$ --- | 00 |
| Other | \$ 167,644 | 01 | \$ 206,799 | 02 |
| TOTAL | \$17,658,770 | 100 | \$ 18,397,789 | 100 |

**FUND BALANCE TREND
GENERAL FUND
EL RENO PUBLIC SCHOOLS**

| YEAR | FUND BALANCE | UP/DOWN |
|-------------|---------------------|----------------|
| FY 15 | \$2,943,490 | 59,509 |
| FY 14 | \$2,883,981 | (282,640) |
| FY 13 | \$3,166,621 | (703,883) |
| FY 12 | \$3,870,504 | (151,628) |
| FY 11 | \$4,022,132 | 1,483,360 |
| FY 10 | \$2,538,772 | (97,390) |
| FY 09 | \$2,636,162 | 887,150 |
| FY 08 | \$1,749,012 | 373,320 |
| FY 07 | \$1,375,692 | (479,860) |

**AD VALOREM TAX (Real – Personal – Public Service)
EL RENO PUBLIC SCHOOLS
DISTRICT VALUATION TREND**

| YEAR | TOTAL VALUATION | GROWTH | % |
|-------------|------------------------|----------------|----------|
| FY 15 | \$63,108,776 | (\$14,825,154) | -24 |
| FY 14 | \$77,933,930 | \$7,164,645 | 9 |
| FY 13 | \$70,769,285 | \$6,019,537 | 8.5 |
| FY 12 | \$64,749,748 | \$3,402,264 | 5 |
| FY 11 | \$61,347,484 | \$2,581,951 | 4 |
| FY 10 | \$58,765,533 | \$1,691,317 | 3 |
| FY 09 | \$57,074,216 | \$8,089,312 | 14 |
| FY 08 | \$48,984,904 | \$2,800,242 | 6.1 |

LONG TERM DEBT: The district had outstanding bonds and a capital lease totaling \$34,325,779 at the end of June 2015.

| <u>Description</u> | <u>Amount Issued</u> | <u>Maturity</u> | <u>Outstanding</u> |
|---------------------|--------------------------|-----------------|---------------------|
| 2014 Building Bonds | \$ 2,650,000 | 07-01-2016 | \$ 2,650,000 |
| Capital Lease | \$33,050,000 | 08-15-2025 | \$31,675,779 |
| BALANCE | \$35,700,000 | | \$34,325,779 |

REQUEST FOR INFORMATION

This information is provided to give the reader a general overview of the district's financial condition. All information provided in this report is open to public inspection. If you have any questions concerning information provided in this report or need additional information, please contact Craig McVay, Superintendent or Sandra Porter, Treasurer (405-262-1703).

EL RENO SCHOOL DISTRICT NO. I-34
Canadian County, Oklahoma

STATEMENT OF NET POSITION - REGULATORY BASIS
JUNE 30, 2015

| | <u>Governmental Activities</u> |
|---|------------------------------------|
| <u>ASSETS</u> | |
| Current Assets | |
| Cash | \$ 8,857,463 |
| Noncurrent Assets | |
| Capital assets | 65,560,603 |
| Less: accumulated depreciation | <u>(12,293,225)</u> |
| Total noncurrent assets | <u>53,267,378</u> |
| Total Assets | <u>62,124,841</u> |
| <u>LIABILITIES</u> | |
| Current Liabilities | |
| Warrants payable | 1,754,056 |
| Encumbrances | 48,615 |
| General obligation bonds payable | - |
| Capital lease | <u>1,736,262</u> |
| Total current liabilities | <u>3,538,933</u> |
| Long-Term Liabilities | |
| General obligation bonds payable | 2,650,000 |
| Capital lease | <u>29,939,517</u> |
| Total long-term liabilities | <u>32,589,517</u> |
| Total Liabilities | <u>36,128,450</u> |
| <u>NET POSITION</u> | |
| Investment in capital assets, net of related debt | 18,941,599 |
| Restricted | 4,111,302 |
| Unrestricted | <u>2,943,490</u> |
| Total Net Position | <u>\$ 25,996,391</u> |

The accompanying notes are an integral part of the basic financial statements

EL RENO SCHOOL DISTRICT NO. I-34
Canadian County, Oklahoma

STATEMENT OF ACTIVITIES
AND CHANGES IN NET POSITION - REGULATORY BASIS
FOR THE YEAR ENDED JUNE 30, 2015

| Functions/Programs | Expenditures | Program Revenues | | Net (Expense) |
|--|----------------------|----------------------|------------------------------------|-----------------------------------|
| | | Charges for Services | Operating Grants and Contributions | Revenue and Changes in Net Assets |
| | | | | Total Governmental Activities |
| Governmental Activities | | | | |
| Instruction | \$ 10,472,206 | 73,886 | 1,416,460 | (8,981,860) |
| Support services | 7,305,823 | 1,026,199 | 856,048 | (5,423,576) |
| Operation of non-instructional services | 1,333,571 | 154,751 | 839,587 | (339,233) |
| Interest payments | 1,102,840 | - | - | (1,102,840) |
| Depreciation - unallocated | 369,595 | - | - | (369,595) |
| Total governmental activities | <u>\$ 20,584,035</u> | <u>1,254,836</u> | <u>3,112,095</u> | <u>(16,217,104)</u> |
| General Revenues | | | | |
| Taxes | | | | |
| Property taxes, levied for general purposes | | | | 2,432,813 |
| Property taxes, levied for debt service | | | | 2,336,720 |
| Other taxes | | | | 2,010,995 |
| State aid not restricted to specific purposes | | | | 10,498,115 |
| County sources not restricted to specific purposes | | | | 611,292 |
| Interest earnings | | | | 18,689 |
| Miscellaneous | | | | 196,532 |
| Special items: | | | | |
| Adjustments to prior year encumbrances | | | | 75,742 |
| Transfer - capital assets - fiduciary funds | | | | 2,589,561 |
| Total general revenues and special items | | | | <u>20,770,459</u> |
| Change in Net Position | | | | 4,553,355 |
| Net Position, Beginning of Year | | | | <u>21,443,036</u> |
| Net Position, End of Year | | | | <u>\$ 25,996,391</u> |

The accompanying notes are an integral part of the basic financial statements

EL RENO SCHOOL DISTRICT NO. I-34
Canadian County, Oklahoma

STATEMENT OF ASSETS, LIABILITIES AND FUND BALANCES -
GOVERNMENTAL FUNDS - REGULATORY BASIS
JUNE 30, 2015

| | General Fund | Bond Funds | Debt Service Fund | Other Governmental Funds | Total Governmental Funds |
|---|---------------------|------------------|-------------------------|--------------------------------|--------------------------------|
| <u>ASSETS</u> | | | | | |
| Cash | <u>\$ 4,644,727</u> | <u>2,528,843</u> | <u>106,324</u> | <u>1,577,569</u> | <u>8,857,463</u> |
| <u>LIABILITIES AND FUND BALANCES</u> | | | | | |
| Liabilities | | | | | |
| Warrants payable | \$ 1,658,385 | - | - | 95,671 | 1,754,056 |
| Encumbrances | <u>42,852</u> | <u>-</u> | <u>-</u> | <u>5,763</u> | <u>48,615</u> |
| Total liabilities | <u>1,701,237</u> | <u>-</u> | <u>-</u> | <u>101,434</u> | <u>1,802,671</u> |
| Fund balances | | | | | |
| Restricted | | | | | |
| Restricted for capital projects | - | 2,528,843 | - | - | 2,528,843 |
| Restricted for debt service | - | - | 106,324 | - | 106,324 |
| Restricted for special revenues | - | - | - | 1,476,135 | 1,476,135 |
| Unassigned | <u>2,943,490</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>2,943,490</u> |
| Total fund balances | <u>2,943,490</u> | <u>2,528,843</u> | <u>106,324</u> | <u>1,476,135</u> | <u>7,054,792</u> |
| Total Liabilities and Fund Balances | <u>\$ 4,644,727</u> | <u>2,528,843</u> | <u>106,324</u> | <u>1,577,569</u> | <u>8,857,463</u> |

The accompanying notes are an integral part of the basic financial statements

**EL RENO SCHOOL DISTRICT NO. I-34
Canadian County, Oklahoma**

**RECONCILIATION OF THE ASSETS, LIABILITIES AND FUND BALANCES -
GOVERNMENTAL FUNDS - REGULATORY BASIS
TO THE GOVERNMENT-WIDE STATEMENT OF ACTIVITIES
AND NET POSITION - REGULATORY BASIS
FOR THE YEAR ENDED JUNE 30, 2015**

Total fund balances - total governmental funds **\$ 7,054,792**

Amounts reported for governmental activities in the statement of activities
and net position - regulatory basis are different because:

Capital assets used in governmental activities are not financial
resources and, therefore, are not reported in the funds. The
cost of these assets are as follows:

| | | |
|--------------------------------|---------------------|------------|
| Land | \$ 692,370 | |
| Land improvements | 2,843,989 | |
| Buildings and structures | 21,504,752 | |
| Machinery and equipment | 3,806,782 | |
| Construction in progress | 36,712,710 | |
| Less: accumulated depreciation | <u>(12,293,225)</u> | 53,267,378 |

Long-term liabilities are not due and payable in the current period,
and, therefore, are not reported in the funds. (34,325,779)

Net position of governmental activities **\$ 25,996,391**

The accompanying notes are an integral part of the basic financial statements

EL RENO SCHOOL DISTRICT NO. I-34
Canadian County, Oklahoma

**STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS - REGULATORY BASIS
FOR THE YEAR ENDED JUNE 30, 2015**

| | General Fund | Bond Funds | Debt Service Fund | Other Governmental Funds | Total Governmental Funds |
|--|---------------------|------------------|-------------------------|--------------------------------|--------------------------------|
| Revenues collected: | | | | | |
| Local sources | \$ 2,501,622 | 147,576 | 2,354,475 | 1,300,494 | 6,304,167 |
| Intermediate sources | 611,292 | - | - | - | 611,292 |
| State sources | 12,664,198 | - | - | 166,810 | 12,831,008 |
| Federal sources | 1,844,087 | - | - | 832,419 | 2,676,506 |
| Non-revenue receipts | 122,404 | - | - | 6,044 | 128,448 |
| Total revenues collected | <u>17,743,603</u> | <u>147,576</u> | <u>2,354,475</u> | <u>2,305,767</u> | <u>22,551,421</u> |
| Expenditures: | | | | | |
| Instruction | 10,469,193 | 3,013 | - | - | 10,472,206 |
| Support services | 6,999,211 | 70,835 | - | 368,777 | 7,438,823 |
| Operation of non-instructional services | 190,302 | - | - | 1,143,269 | 1,333,571 |
| Facilities acquisition & construction services | - | - | - | 26,375 | 26,375 |
| Other outlays | 42,915 | - | - | 36,419 | 79,334 |
| Debt service: | | | | | |
| Principal retirements | - | 1,374,221 | 4,600,000 | - | 5,974,221 |
| Interest payments | - | 1,056,840 | 46,000 | - | 1,102,840 |
| Total expenditures | <u>17,701,621</u> | <u>2,504,909</u> | <u>4,646,000</u> | <u>1,574,840</u> | <u>26,427,370</u> |
| Excess of revenues collected over (under) expenditures before adjustments to prior year encumbrances | 41,982 | (2,357,333) | (2,291,525) | 730,927 | (3,875,949) |
| Adjustments to prior year encumbrances | 17,527 | - | - | 58,215 | 75,742 |
| Other financing sources (uses) | | | | | |
| Bond sales proceeds | <u>-</u> | <u>2,650,000</u> | <u>-</u> | <u>-</u> | <u>2,650,000</u> |
| Net changes in fund balances | 59,509 | 292,667 | (2,291,525) | 789,142 | (1,150,207) |
| Fund balances, beginning of year | <u>2,883,981</u> | <u>2,236,176</u> | <u>2,397,849</u> | <u>686,993</u> | <u>8,204,999</u> |
| Fund balances, end of year | <u>\$ 2,943,490</u> | <u>2,528,843</u> | <u>106,324</u> | <u>1,476,135</u> | <u>7,054,792</u> |

The accompanying notes are an integral part of the basic financial statements

EL RENO SCHOOL DISTRICT NO. I-34
Canadian County, Oklahoma

**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS - REGULATORY BASIS
TO THE GOVERNMENT-WIDE STATEMENT OF ACTIVITIES
AND CHANGES IN NET POSITION - REGULATORY BASIS
FOR THE YEAR ENDED JUNE 30, 2015**

Net change in fund balances - total governmental funds **\$ (1,150,207)**

Amounts reported for governmental activities in the statement of activities
and changes in net position - regulatory basis are different because:

Capital outlays to purchase or build capital assets are reported in
governmental funds as expenditures. However, in the statement of
activities and changes in net position - regulatory basis the cost of
these assets have not been reflected. This is the amount by which
capital outlays exceed depreciation in the period.

| | | |
|--|------------------|-----------|
| Capital outlay expenditures (including fiduciary funds, net of disposals) | \$ 2,660,336 | |
| Depreciation (net of disposals) | <u>(280,995)</u> | 2,379,341 |

General obligation bonds were sold this year. The amount financed
by this source is reported in the governmental funds as a source of
financing. On the other hand, the proceeds from the bonds
are not revenues in the statement of activities and changes in net
position, but rather constitute long-term liabilities in the statement
of net position. (2,650,000)

Repayment of long-term obligations is reported as an expenditure in
governmental funds, whereas the repayment reduces long-term
liabilities in the statement of net position 5,974,221

Change in net position of governmental activities **\$ 4,553,355**

The accompanying notes are an integral part of the basic financial statements

EL RENO SCHOOL DISTRICT NO. I-34
Canadian County, Oklahoma

STATEMENT OF FIDUCIARY FUND NET POSITION - REGULATORY BASIS
JUNE 30, 2015

| | Expendable Trust Funds | Agency Funds |
|--|---------------------------------------|-------------------------|
| <u>ASSETS</u> | | |
| Cash | \$ 2,629,572 | 226,491 |
| Investments | <u>1,000</u> | <u>-</u> |
| Total Assets | <u>2,630,572</u> | <u>226,491</u> |
| <u>LIABILITIES</u> | | |
| Warrants payable | 654,629 | - |
| Due to student groups | <u>-</u> | <u>226,491</u> |
| Total Liabilities | <u>654,629</u> | <u>226,491</u> |
| <u>NET POSITION</u> | | |
| Fund balances | | |
| Restricted for scholarships and other specific purposes | <u>\$ 1,975,943</u> | |

The accompanying notes are an integral part of the basic financial statements

EL RENO SCHOOL DISTRICT NO. I-34
Canadian County, Oklahoma

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION - REGULATORY BASIS
FOR THE YEAR ENDED JUNE 30, 2015

| | Expendable Trust Funds |
|--|---------------------------------------|
| Additions | |
| Gifts and contributions | \$ 46,773 |
| Insurance loss recoveries | 4,519,003 |
| Non-revenue receipts | <u>100</u> |
| Total additions | <u>4,565,876</u> |
| Deductions | |
| Purchases in accordances with wishes | 53,461 |
| Insurance repairs and replacements | <u>2,613,152</u> |
| Total deductions | <u>2,666,613</u> |
| Change in Net Position | 1,899,263 |
| Net Position, Beginning of Year | <u>76,680</u> |
| Net Position, End of Year | <u><u>\$ 1,975,943</u></u> |

The accompanying notes are an integral part of the basic financial statements

EL RENO SCHOOL DISTRICT NO. I-34
Canadian County, Oklahoma

NOTES TO COMBINED FINANCIAL STATEMENTS - REGULATORY BASIS
FOR THE YEAR ENDED JUNE 30, 2015

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The basic financial statements of the El Reno Public Schools Independent District No. I-34 (the "District") have been prepared in conformity with an other comprehensive basis of accounting required by Oklahoma Statutes. Accordingly, the accompanying financial statements are not intended to present financial position and results of operations in conformity with accounting principles generally accepted in the United States of America. The more significant of 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 which is composed of elected members. The appointed superintendent is the executive officer of the District.

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

The El Reno Public Schools Foundation, Inc. is not included in the reporting entity. The District does not appoint any of the board members or exercise authority over the Foundation.

**EL RENO SCHOOL DISTRICT NO. I-34
Canadian County, Oklahoma**

**NOTES TO COMBINED FINANCIAL STATEMENTS - REGULATORY BASIS
FOR THE YEAR ENDED JUNE 30, 2015**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – cont'd

B. Basic Financial Statements

New Reporting Standards

In June 1999, the Governmental Accounting Standard Board (GASB) unanimously approved Statement No. 34, *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments*. This statement established new financial reporting requirements for state and local governments. One of these new requirements is the inclusion of a Management Discussion and Analysis (MD&A) section. MD&A introduces the basic financial statements by presenting certain financial information as well as management's analysis of that information.

Government-Wide Financial Statements

The government-wide financial statements (i.e., the statement of net assets and the statement of activities) report information for the entire government with the exception of fiduciary funds. Governmental activities are normally supported by taxes and intergovernmental revenues.

Statement of Net Assets – This statement reports the District's financial and capital resources. Liabilities are segregated between current liabilities (those that are due within one year) and long-term liabilities (those that are due in more than one year).

Statement of Activities – This statement demonstrates the degree to which the direct expenditures of a given function or segment are offset by program revenues. Direct expenditures are those that are clearly identifiable with a specific function or segment. Program revenues include charges for services such as tuition and other fees, and restricted grants and contributions. General revenues include taxes, state aid, and other sources not included as program revenues.

Funds are classified into two categories: governmental 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).

**EL RENO SCHOOL DISTRICT NO. I-34
Canadian County, Oklahoma**

**NOTES TO COMBINED FINANCIAL STATEMENTS - REGULATORY BASIS
FOR THE YEAR ENDED JUNE 30, 2015**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – cont'd

B. Basic Financial Statements – cont'd

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

Special Revenue Funds - Special revenue funds include the District's building, co-op and child nutrition funds.

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.

Debt Service Fund - The debt service fund is the District's sinking fund and is used to account for the accumulation of financial resources for the payment of general long-term debt principal (including judgments), 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 Funds - The capital projects funds are the District's bond funds and are 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.

**EL RENO SCHOOL DISTRICT NO. I-34
Canadian County, Oklahoma**

**NOTES TO COMBINED FINANCIAL STATEMENTS - REGULATORY BASIS
FOR THE YEAR ENDED JUNE 30, 2015**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – cont'd

B. Basic Financial Statements – 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 "nonexpendable" and "expendable" refer to whether or not the District is under an obligation to maintain the trust principal. Agency funds generally are used to account for assets that the District holds on behalf of others as their agent and do not involve measurement of results of operation.

Expendable Trust Funds - Expendable trust funds include the gifts fund and the casualty and flood insurance fund.

Gifts Fund - The gifts 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.

Casualty and Flood Insurance Fund - The casualty and flood insurance fund accounts for all types of insurance recoveries, major reimbursements and reserves for property repairs and replacements.

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.

C. Basis of Accounting

The District prepares its financial statements in a presentation format that is, in substance the format established by GASB Statement No. 34, *Basic Financial Statements-Management's Discussion and Analysis for State and Local Governments*.

As to the basis of accounting, the basic 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.
- Warrants payable are recorded as liabilities when issued.
- Investments are recorded as assets when purchased.
- Inventories of school supplies are recorded as expenditures and not as assets.

EL RENO SCHOOL DISTRICT NO. I-34
Canadian County, Oklahoma

NOTES TO COMBINED FINANCIAL STATEMENTS - REGULATORY BASIS
FOR THE YEAR ENDED JUNE 30, 2015

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – cont'd

C. Basis of Accounting – cont'd

- Capital assets reported in the government-wide statements are recorded when acquired and depreciated over their useful lives.
- Long-term debt reported in the government-wide statements are recorded when incurred.
- Compensated absences are recorded as an expenditure and liability when the obligation is paid.

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.

D. Budgets and Budgetary Accounting

The District is required by state law to prepare an annual budget. Under current Oklahoma Statutes, a formal Estimate of Needs (Budget) is required for all funds except for trust and agency funds. Budgets are presented for all funds that include the originally approved budgeted appropriations for expenditures and final budgeted appropriations as adjusted for supplemental appropriations and approved transfers between budget categories. The annual Estimate of Needs, when approved by the Board and subsequently filed with the County Clerk and approved by the County Excise Board becomes the legal budget. Supplemental appropriations, if required, were made during the year and are reflected on the budget vs. actual presentations shown as original budget and final budget.

A budget is legally adopted by the Board of Education for all governmental funds that include revenues and expenditures.

The 2014-15 Estimate of Needs was amended by the following supplemental appropriation:

| Fund | Supplemental Appropriations | Original Appropriations | Final Appropriations |
|-------------|--|------------------------------------|---------------------------------|
| Coop | \$ 7,818 | 39,481 | 47,299 |
| Insurance | 6,951 | 4,515,390 | 4,522,341 |

These amendments were approved by the Canadian County Clerk and Excise Board.

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.

**EL RENO SCHOOL DISTRICT NO. I-34
Canadian County, Oklahoma**

**NOTES TO COMBINED FINANCIAL STATEMENTS - REGULATORY BASIS
FOR THE YEAR ENDED JUNE 30, 2015**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – cont'd

E. Estimates

The preparation of the financial statements requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from these estimates.

F. Assets, Liabilities and Fund Balances

Cash - Cash consists of cash on hand, demand deposit accounts, and interest bearing checking accounts.

Investments - 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 basic financial statements - regulatory basis.

Capital Assets – Capital assets, which include land improvements, buildings and structures, and machinery and equipment, are reported in the government-wide financial statements. The District defines capital assets with an initial individual cost of more than \$2,500 and an estimated useful life of three (3) years.

The cost of normal maintenance and repairs that do not add value to the asset or materially extend the useful life of the asset are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during construction is not capitalized.

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.

Due to Student Groups - Funds due to student groups represent the funds received or collected from students or other co-curricular and extra-curricular 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.

**EL RENO SCHOOL DISTRICT NO. I-34
Canadian County, Oklahoma**

**NOTES TO COMBINED FINANCIAL STATEMENTS - REGULATORY BASIS
FOR THE YEAR ENDED JUNE 30, 2015**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – cont'd

F. Assets, Liabilities and Fund Balances – cont'd

Compensated Absences – The District's policies regarding accumulated unpaid vacation, sick pay, and other employee benefit amounts permit employees to accumulate varying amounts as determined by board policy and/or provided in employee contracts. The District has not established financial records regarding compensated absences. Consequently, the government-wide financial statements do not include any liability for any rights to receive vacation, sick pay or other employee benefits.

Long-Term Debt – Bonds payable and lease purchase obligations are reported as liabilities in the applicable portion of the statement of net assets.

Net Position – Reservations of fund balance represent amounts that are legally restricted for a specific purpose. The purpose of each reservation is indicated by the account title on the face of the financial statements.

Fund Balance Classifications – 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 note receivables, or items that are legally required to be maintained intact (such as the corpus of a permanent fund)) and those that are *spendable* (such as fund balance associated with cash, investments or receivables).

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

Restricted Fund Balance – The fund balance should be reported as restricted when constraints placed on the use of resources are either:

- Externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments; or
- Imposed by law through constitutional provisions or enabling legislation.

Committed Fund Balance – The fund balance should be reported as committed for 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.

**EL RENO SCHOOL DISTRICT NO. I-34
Canadian County, Oklahoma**

**NOTES TO COMBINED FINANCIAL STATEMENTS - REGULATORY BASIS
FOR THE YEAR ENDED JUNE 30, 2015**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – cont'd

F. Assets, Liabilities and Fund Balances – cont'd

Assigned Fund Balance – The fund balance should be reported as assigned for 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 – Unassigned fund balance is the residual classification for the general fund. This classification represents fund balance that has not been assigned to other funds and that has not been restricted, committed, or assigned to specific purposes within the general fund.

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

G. 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 1st. 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 1st. The second half is due prior to April 1st.

If the first payment is not made in a timely manner, the entire tax becomes due and payable on January 2nd. Second half taxes become delinquent on April 1st, of the year following the year of assessment. If not paid by the following October 1st, 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.

**EL RENO SCHOOL DISTRICT NO. I-34
Canadian County, Oklahoma**

**NOTES TO COMBINED FINANCIAL STATEMENTS - REGULATORY BASIS
FOR THE YEAR ENDED JUNE 30, 2015**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – cont'd

G. Revenue and Expenditures – cont'd

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 were collected within such systems.

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.

The aforementioned state revenues are apportioned to the District's 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.

An 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.

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

**EL RENO SCHOOL DISTRICT NO. I-34
Canadian County, Oklahoma**

**NOTES TO COMBINED FINANCIAL STATEMENTS - REGULATORY BASIS
FOR THE YEAR ENDED JUNE 30, 2015**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – cont'd

G. Revenue and Expenditures – cont'd

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

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 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.

**EL RENO SCHOOL DISTRICT NO. I-34
Canadian County, Oklahoma**

**NOTES TO COMBINED FINANCIAL STATEMENTS - REGULATORY BASIS
FOR THE YEAR ENDED JUNE 30, 2015**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – cont'd

G. 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 operating transfers or residual equity transfers during the 2014-15 fiscal year.

2. CASH AND INVESTMENTS

Custodial Credit Risk

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

The District's policy as it relates to custodial credit risk is to secure its uninsured deposits with collateral, valued at no more than market value, at least at a level of 100 percent of the uninsured deposits and accrued interest thereon. The investment policy and state law also limits acceptable collateral to U.S. Treasury and agency securities and direct obligations of the state, municipalities, counties, and school districts in the state of Oklahoma, surety bonds, and letters of credit. As required by Federal 2 U.S.C.A., Section 1823(e), all financial institutions pledging collateral to the District must have a written collateral agreement approved by the board of directors or loan committee.

At June 30, 2015 the District held deposits of approximately \$11,718,907 and investments of \$1,000 at financial institutions. The District's cash deposits, including interest-bearing accounts, and investments are entirely covered by Federal Depository Insurance (FDIC) or direct obligations of the U.S. Government insured or collateralized with securities held by the District or by its agent in the District's name. Therefore, the District was not exposed to custodial credit risk as defined above.

EL RENO SCHOOL DISTRICT NO. I-34
Canadian County, Oklahoma

NOTES TO COMBINED FINANCIAL STATEMENTS - REGULATORY BASIS
FOR THE YEAR ENDED JUNE 30, 2015

2. CASH AND INVESTMENTS – cont'd

Investment Credit Risk

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

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

Investment credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligation. The District has no formal policy limiting investments based on credit rating. Unless there is information to the contrary, obligations of the U.S. government or obligations explicitly guaranteed by the U.S. government are not considered to have credit risk and do not require disclosure of credit quality.

The District had no investment credit risk as of June 30, 2015, as defined above.

Investment Interest Rate Risk

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The District does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. The District had no investment interest rate risk as defined above.

EL RENO SCHOOL DISTRICT NO. I-34
Canadian County, Oklahoma

NOTES TO COMBINED FINANCIAL STATEMENTS - REGULATORY BASIS
FOR THE YEAR ENDED JUNE 30, 2015

2. CASH AND INVESTMENTS – cont'd

Concentration of Investment Credit Risk

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

At June 30, 2015, the District had no concentration of credit risk as defined above.

3. INTERFUND RECEIVABLES AND PAYABLES

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

4. CAPITAL ASSETS

Depreciation of all exhaustible capital assets is charged as an expense against their operations. Depreciation has been provided using the straight-line method over the following estimated useful lives:

| | <u>Useful Life</u> |
|--------------------------|--------------------|
| Land improvements | 15-20 |
| Buildings and structures | 10-50 |
| Machinery and equipment | 5-20 |

Capital asset activity for the year ended, as follows:

| | Balance June 30, 2014 | Additions | Transfers | Disposals | Balance June 30, 2015 |
|--------------------------------|--------------------------|------------------|-----------|-----------|--------------------------|
| Land | \$ 692,370 | - | - | - | 692,370 |
| Land improvements | 2,843,989 | - | - | - | 2,843,989 |
| Buildings and structures | 21,504,752 | - | - | - | 21,504,752 |
| Machinery and equipment | 3,730,179 | 165,203 | - | 88,600 | 3,806,782 |
| Construction in progress | 34,128,977 | 2,583,733 | - | - | 36,712,710 |
| Total | 62,900,267 | 2,748,936 | - | 88,600 | 65,560,603 |
| Less: accumulated depreciation | (12,012,230) | (369,595) | - | (88,600) | (12,293,225) |
| Net capital assets | <u>\$ 50,888,037</u> | <u>2,379,341</u> | <u>-</u> | <u>-</u> | <u>53,267,378</u> |

EL RENO SCHOOL DISTRICT NO. I-34
Canadian County, Oklahoma

NOTES TO COMBINED FINANCIAL STATEMENTS - REGULATORY BASIS
FOR THE YEAR ENDED JUNE 30, 2015

5. 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 building bonds payable, and a capital lease. Debt service requirements for bonds are payable 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:

| | <u>Bonds Payable</u> | <u>Capital Lease</u> | <u>Total</u> |
|------------------------|--------------------------|--------------------------|--------------------|
| Balance, July 1, 2014 | \$ 4,600,000 | 33,050,000 | 37,650,000 |
| Additions | 2,650,000 | - | 2,650,000 |
| Retirements | <u>(4,600,000)</u> | <u>(1,374,221)</u> | <u>(5,974,221)</u> |
| Balance, June 30, 2015 | <u>\$ 2,650,000</u> | <u>31,675,779</u> | <u>34,325,779</u> |

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> | |
| Building Bonds, Series 2014, original issue \$2,650,000 dated 7-01-14, interest rate of 1.00%, due in one payment of \$2,650,000 on 7-01-16; | \$ 2,650,000 |

EL RENO SCHOOL DISTRICT NO. I-34
Canadian County, Oklahoma

NOTES TO COMBINED FINANCIAL STATEMENTS - REGULATORY BASIS
FOR THE YEAR ENDED JUNE 30, 2015

5. GENERAL LONG-TERM DEBT – cont'd

Capital Lease

Lease purchase for various construction projects, original issue \$33,050,000 dated May 1, 2013 with an interest rate of 4.00%, due in varying principal and interest payments beginning August 15, 2014, with the final payment due August 15, 2025.

\$31,675,779

Total

\$34,325,779

The annual debt service requirements for retirement of bond and capital lease principal and payment of interest are as follows:

| Year Ending June 30 | Principal | Interest | Total |
|------------------------|----------------------|------------------|-------------------|
| 2016 | \$ 1,736,262 | 826,738 | 2,563,000 |
| 2017 | 4,504,579 | 834,421 | 5,339,000 |
| 2018 | 2,018,983 | 733,017 | 2,752,000 |
| 2019 | 2,182,679 | 680,321 | 2,863,000 |
| 2020 | 2,356,646 | 623,354 | 2,980,000 |
| 2021-2025 | 14,752,436 | 2,093,564 | 16,846,000 |
| 2026 | <u>6,774,194</u> | <u>176,806</u> | <u>6,951,000</u> |
| Total | <u>\$ 34,325,779</u> | <u>5,968,221</u> | <u>40,294,000</u> |

Interest paid on long-term debt during the current year totaled \$1,102,839.

6. EMPLOYEE RETIREMENT SYSTEM

Plan Description

The District participates in the state-administered Oklahoma Teachers' Retirement Plan, 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

**EL RENO SCHOOL DISTRICT NO. I-34
Canadian County, Oklahoma**

**NOTES TO COMBINED FINANCIAL STATEMENTS - REGULATORY BASIS
FOR THE YEAR ENDED JUNE 30, 2015**

6. EMPLOYEE RETIREMENT SYSTEM – cont'd

report may be obtained by writing to Teachers' Retirement System of Oklahoma, P.O. Box 53524, 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 and is adjusted for the effect of projected salary increases. There are no actuarial valuations performed on individual school districts. The non-funded pension benefit obligation of the System, as determined as part of the latest actuarial valuation dated June 30, 2015, is as follows:

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

Funding Policy

The District, the State of Oklahoma, and the participating employees 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 7.00% of covered compensation. Additionally, OTRS receives "federal matching contributions" for positions whose funding comes from federal sources or certain grants. The matching contribution rate was 8.25%. Contributions received by the System from the State of Oklahoma are from 5.00% of its revenues from sales taxes, use taxes, corporate income taxes and individual income taxes. The District's employer contribution rate was 9.50%. The District is allowed by the Oklahoma Teachers' Retirement System to make the required contributions on behalf of the participating members.

Pension Cost

The District's total contributions, including the state credit, for the years ending June 30, 2015, 2014 and 2013, were \$1,832,905, \$1,922,048 and \$1,733,454, respectively.

EL RENO SCHOOL DISTRICT NO. 1-34
Canadian County, Oklahoma

NOTES TO COMBINED FINANCIAL STATEMENTS – REGULATORY BASIS
FOR THE YEAR ENDED JUNE 30, 2015

7. CONTINGENCIES

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 these risks have not exceeded the commercial insurance coverage in any of the past three fiscal years.

The School participates in a risk pool for Worker's compensation coverage in which there is a transfer or pooling of risks among the participants of that pool. In accordance with GASB No. 10, the School reports the required contribution to the pool, net of refunds, as insurance expense. The risk pool is the Oklahoma School Assurance Group (OSAG), an organization formed for the purpose of providing workers' compensation coverage to participating schools in the State of Oklahoma. In that capacity, OSAG is responsible for providing loss control services and certain fiscal activities, including obtaining contract arrangements for the underwriting, excess insurance agreements, claims processing, and legal defense for any and all claims submitted to them during the plan year. As a member of OSAG the District is required to pay fees set by OSAG according to an established payment schedule. A portion of the fees paid by the District goes into a loss fund for the District. The fee for the loss fund is calculated by projecting losses based on the schools losses for the last five 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 their loss fund in three years it is returned to them with no interest.

Federal Grants

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

Litigation

The District had no known lawsuits pending or in process at June 30, 2015. Should a judgment be awarded against the District, it would be levied through the District's sinking fund over a three-year period.

8. SURETY BONDS

The treasurer is bonded by Liberty Mutual Surety, bond number LSF041326 for the penal sum of \$100,000, term beginning July 14, 2014 and ending July 14, 2015. This is a renewal of a continuous bond.

**EL RENO SCHOOL DISTRICT NO. 1-34
Canadian County, Oklahoma**

**NOTES TO COMBINED FINANCIAL STATEMENTS – REGULATORY BASIS
FOR THE YEAR ENDED JUNE 30, 2015**

8. SURETY BONDS – cont'd

The activity fund custodian is bonded by Liberty Mutual Surety, bond number 1597053 for the penal sum of \$5,000, term beginning July 1, 2014 and ending July 1, 2015. This is a renewal of a continuous bond.

The encumbrance clerk is bonded by Liberty Mutual Surety, bond number 1597053 for the penal sum of \$10,000, term beginning July 1, 2014 and ending July 1, 2015. This is a renewal of a continuous bond.

The minutes clerk is bonded by Liberty Mutual Surety, bond number 1597053 for the penal sum of \$5,000, term beginning July 1, 2014 and ending July 1, 2015. This is a renewal of a continuous bond.

The superintendent is bonded by Liberty Mutual Surety, bond number 601061289 for the penal sum of \$100,000, term beginning January 3, 2015 and ending January 3, 2016. This is a renewal of a continuous bond.

9. SUBSEQUENT EVENTS

Subsequent events have been evaluated through February 5, 2016, which is the date the financial statements were available to be issued.

EL RENO SCHOOL DISTRICT NO. I-34
Canadian County, Oklahoma

BUDGETARY COMPARISON SCHEDULE - GENERAL FUND - REGULATORY BASIS
FOR THE YEAR ENDED JUNE 30, 2015

| | Budgeted Amounts | | Actual | Variance with |
|---|-------------------|-------------------|-------------------|------------------|
| | Original | Final | Amounts | Final Budget |
| | | | | Favorable |
| | | | | (Unfavorable) |
| Revenues collected: | | | | |
| Local sources | \$ 2,324,621 | 2,324,621 | 2,501,622 | 177,001 |
| Intermediate sources | 482,629 | 482,629 | 611,292 | 128,663 |
| State sources | 11,334,130 | 11,334,130 | 12,664,198 | 1,330,068 |
| Federal sources | 1,854,325 | 1,854,325 | 1,844,087 | (10,238) |
| Non-revenue receipts | 88,000 | 88,000 | 122,404 | 34,404 |
| Total revenues collected | <u>16,083,705</u> | <u>16,083,705</u> | <u>17,743,603</u> | <u>1,659,898</u> |
| Expenditures: | | | | |
| Instruction | 10,464,629 | 10,984,447 | 10,469,193 | 515,254 |
| Support services | 8,038,925 | 7,445,284 | 6,999,211 | 446,073 |
| Operation of non-instructional services | 135,000 | 190,820 | 190,302 | 518 |
| Other outlays | 294,132 | 322,135 | 42,915 | 279,220 |
| Repayments | 35,000 | 25,000 | - | 25,000 |
| Total expenditures | <u>18,967,686</u> | <u>18,967,686</u> | <u>17,701,621</u> | <u>1,266,065</u> |
| Excess of revenues collected over (under) | | | | |
| expenditures before adjustments to | | | | |
| prior year encumbrances | (2,883,981) | (2,883,981) | 41,982 | 2,925,963 |
| Adjustments to prior year encumbrances | <u>-</u> | <u>-</u> | <u>17,527</u> | <u>17,527</u> |
| Net change in fund balance | (2,883,981) | (2,883,981) | 59,509 | 2,943,490 |
| Fund balance, beginning of year | <u>2,883,981</u> | <u>2,883,981</u> | <u>2,883,981</u> | <u>-</u> |
| Fund balance, end of year | <u>\$ -</u> | <u>-</u> | <u>2,943,490</u> | <u>2,943,490</u> |

EL RENO SCHOOL DISTRICT NO. I-34
Canadian County, Oklahoma

BUDGETARY COMPARISON SCHEDULE - BOND FUNDS - REGULATORY BASIS
FOR THE YEAR ENDED JUNE 30, 2015

| | Budgeted Amounts | | Actual Amounts | Variance with Final Budget Favorable (Unfavorable) |
|--|------------------|-------------|-------------------|---|
| | Original | Final | | |
| Revenues collected: | | | | |
| Local sources | \$ 147,420 | 147,420 | 147,576 | 156 |
| Expenditures: | | | | |
| Instruction | 1,314,000 | 917,495 | 3,013 | 914,482 |
| Support services | 154,000 | 766,321 | 70,835 | 695,486 |
| Facilities acquisition & construction services | 915,596 | 3,349,780 | 2,431,061 | 918,719 |
| Total expenditures | 2,383,596 | 5,033,596 | 2,504,909 | 2,528,687 |
| Excess of revenues collected over (under) expenditures before other financing sources (uses) | (2,236,176) | (4,886,176) | (2,357,333) | 2,528,843 |
| Other financing sources (uses) | | | | |
| Bond sales proceeds | - | 2,650,000 | 2,650,000 | - |
| Net change in fund balance | (2,236,176) | (2,236,176) | 292,667 | 2,528,843 |
| Fund balance, beginning of year | 2,236,176 | 2,236,176 | 2,236,176 | - |
| Fund balance, end of year | \$ - | - | 2,528,843 | 2,528,843 |

EL RENO SCHOOL DISTRICT NO. I-34
Canadian County, Oklahoma

BUDGETARY COMPARISON SCHEDULE - DEBT SERVICE FUND - REGULATORY BASIS
FOR THE YEAR ENDED JUNE 30, 2015

| | Budgeted Amounts | | Actual | Variance with |
|---------------------------------|------------------|-------------|-------------|---------------|
| | Original | Final | Amounts | Final Budget |
| | | | | Favorable |
| | | | | (Unfavorable) |
| Revenues collected: | | | | |
| Local sources | \$ 2,248,151 | 2,248,151 | 2,354,475 | 106,324 |
| Expenditures: | | | | |
| Debt service: | | | | |
| Principal retirement | 4,600,000 | 4,600,000 | 4,600,000 | - |
| Interest payments | 46,000 | 46,000 | 46,000 | - |
| Total expenditures | 4,646,000 | 4,646,000 | 4,646,000 | - |
| Net change in fund balance | (2,397,849) | (2,397,849) | (2,291,525) | 106,324 |
| Fund balance, beginning of year | 2,397,849 | 2,397,849 | 2,397,849 | - |
| Fund balance, end of year | \$ - | - | 106,324 | 106,324 |

EL RENO SCHOOL DISTRICT NO. I-34
Canadian County, Oklahoma

BUDGETARY COMPARISON SCHEDULE - SPECIAL REVENUE FUNDS - REGULATORY BASIS
FOR THE YEAR ENDED JUNE 30, 2015

| | Budgeted Amounts | | Actual | Variance with |
|---|------------------|------------------|------------------|------------------|
| | Original | Final | Amounts | Final Budget |
| | | | | Favorable |
| | | | | (Unfavorable) |
| Revenues collected: | | | | |
| Local sources | \$ 480,342 | 480,342 | 1,300,494 | 820,152 |
| State sources | 148,886 | 156,704 | 166,810 | 10,106 |
| Federal sources | 743,424 | 743,424 | 832,419 | 88,995 |
| Non-revenue receipts | - | - | 6,044 | 6,044 |
| Total revenues collected | <u>1,372,652</u> | <u>1,380,470</u> | <u>2,305,767</u> | <u>925,297</u> |
| Expenditures: | | | | |
| Support services | 712,825 | 723,643 | 368,777 | 354,866 |
| Operation of non-instructional services | 1,234,620 | 1,244,209 | 1,143,269 | 100,940 |
| Facilities acquisition & construction | | | | |
| services | 60,000 | 57,000 | 26,375 | 30,625 |
| Other outlays | 50,200 | 40,611 | 36,419 | 4,192 |
| Repayments | 2,000 | 2,000 | - | 2,000 |
| Total expenditures | <u>2,059,645</u> | <u>2,067,463</u> | <u>1,574,840</u> | <u>492,623</u> |
| Excess of revenues collected over (under) | | | | |
| expenditures before adjustments to | | | | |
| prior year encumbrances | (686,993) | (686,993) | 730,927 | 1,417,920 |
| Adjustments to prior year encumbrances | <u>-</u> | <u>-</u> | <u>58,215</u> | <u>58,215</u> |
| Net change in fund balance | (686,993) | (686,993) | 789,142 | 1,476,135 |
| Fund balance, beginning of year | <u>686,993</u> | <u>686,993</u> | <u>686,993</u> | <u>-</u> |
| Fund balance, end of year | <u>\$ -</u> | <u>-</u> | <u>1,476,135</u> | <u>1,476,135</u> |

EL RENO SCHOOL DISTRICT NO. I-34
Canadian County, Oklahoma

COMBINING STATEMENT OF ASSETS, LIABILITIES AND FUND BALANCES -
NON-MAJOR GOVERNMENTAL FUNDS - REGULATORY BASIS
JUNE 30, 2015

| | <u>BUILDING FUND</u> | <u>CO-OP FUND</u> | <u>CHILD NUTRITION FUND</u> | <u>TOTAL</u> |
|--|--------------------------|-----------------------|-------------------------------------|------------------|
| <u>ASSETS</u> | | | | |
| Cash | <u>\$ 1,363,157</u> | <u>2,743</u> | <u>211,669</u> | <u>1,577,569</u> |
| <u>LIABILITIES AND FUND BALANCES</u> | | | | |
| Liabilities | | | | |
| Warrants payable | \$ 37,638 | 2,743 | 55,290 | 95,671 |
| Encumbrances | <u>3,916</u> | <u>-</u> | <u>1,847</u> | <u>5,763</u> |
| Total liabilities | <u>41,554</u> | <u>2,743</u> | <u>57,137</u> | <u>101,434</u> |
| Fund balances | | | | |
| Restricted | <u>1,321,603</u> | <u>-</u> | <u>154,532</u> | <u>1,476,135</u> |
| Total Liabilities and Fund Balances | <u>\$ 1,363,157</u> | <u>2,743</u> | <u>211,669</u> | <u>1,577,569</u> |

EL RENO SCHOOL DISTRICT NO. I-34
Canadian County, Oklahoma

**COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES - NON-MAJOR
GOVERNMENTAL FUNDS - REGULATORY BASIS
FOR THE YEAR ENDED JUNE 30, 2015**

| | <u>BUILDING FUND</u> | <u>CO-OP FUND</u> | <u>CHILD NUTRITION FUND</u> | <u>TOTAL</u> |
|--|--------------------------|-----------------------|-------------------------------------|------------------|
| Revenues collected: | | | | |
| Local sources | \$ 1,145,743 | - | 154,751 | 1,300,494 |
| State sources | 312 | 47,299 | 119,199 | 166,810 |
| Federal sources | 15,730 | - | 816,689 | 832,419 |
| Non-revenue receipts | <u>-</u> | <u>-</u> | <u>6,044</u> | <u>6,044</u> |
| Total revenues collected | <u>1,161,785</u> | <u>47,299</u> | <u>1,096,683</u> | <u>2,305,767</u> |
| Expenditures: | | | | |
| Support services | 321,478 | 47,299 | - | 368,777 |
| Operation of non-instructional services | - | - | 1,143,269 | 1,143,269 |
| Facilities acquisition & construction services | 26,375 | - | - | 26,375 |
| Other outlays | <u>-</u> | <u>-</u> | <u>36,419</u> | <u>36,419</u> |
| Total expenditures | <u>347,853</u> | <u>47,299</u> | <u>1,179,688</u> | <u>1,574,840</u> |
| Excess of revenues collected over (under) expenditures before adjustments to prior year encumbrances | 813,932 | - | (83,005) | 730,927 |
| Adjustments to prior year encumbrances | <u>58,215</u> | <u>-</u> | <u>-</u> | <u>58,215</u> |
| Net changes in fund balances | 872,147 | - | (83,005) | 789,142 |
| Fund balances, beginning of year | <u>449,456</u> | <u>-</u> | <u>237,537</u> | <u>686,993</u> |
| Fund balances, end of year | <u>\$ 1,321,603</u> | <u>-</u> | <u>154,532</u> | <u>1,476,135</u> |

EL RENO SCHOOL DISTRICT NO. I-34
Canadian County, Oklahoma

STATEMENT OF CHANGES IN ASSETS AND LIABILITIES -
AGENCY FUNDS - REGULATORY BASIS
FOR THE YEAR ENDED JUNE 30, 2015

| <u>ASSETS</u> | <u>BALANCE</u> <u>7-01-14</u> | <u>ADDITIONS</u> | <u>ADJUST./</u> <u>TRANSFERS</u> | <u>DEDUCTIONS</u> | <u>BALANCE</u> <u>6-30-15</u> |
|--------------------------------------|----------------------------------|------------------|-------------------------------------|-------------------|----------------------------------|
| Cash | <u>\$ 238,428</u> | <u>558,495</u> | <u>-</u> | <u>570,432</u> | <u>226,491</u> |
| <u>LIABILITIES</u> | | | | | |
| Funds held for school organizations: | | | | | |
| Athletics | \$ 57,981 | 90,971 | 915 | 95,548 | 54,319 |
| Adelante | 1,504 | - | - | - | 1,504 |
| Band Fund | 463 | 3,575 | - | 3,584 | 454 |
| RMS Relay For Life | 3 | 335 | - | 330 | 8 |
| Athletic Girls Basketball | 426 | 9,755 | - | 9,859 | 322 |
| El Reno Softball | 1,027 | 170 | - | - | 1,197 |
| ED Pep Club | 111 | - | - | - | 111 |
| JR Class | 11,499 | 25,518 | (1,148) | 19,363 | 16,506 |
| Clearing Account | - | 7,492 | - | 7,492 | - |
| EHS History Club | 1,514 | 295 | - | 285 | 1,524 |
| Key Club | 88 | 163 | - | 194 | 57 |
| EHS Honor Society | 516 | 2,349 | - | 2,263 | 602 |
| Operetta | 966 | 1,749 | - | 1,993 | 722 |
| SR Class | 11,706 | 13,341 | (200) | 7,526 | 17,321 |
| Indian Club | 202 | - | - | - | 202 |
| Reel Roblyer Production | 593 | - | - | - | 593 |
| Drama | 1,393 | 38,484 | 570 | 39,730 | 717 |
| Band Uniform Account | 2,238 | 1,543 | - | 1,819 | 1,962 |
| Boomer/Yearbook/Journalism | 8,945 | 5,413 | - | 10,174 | 4,184 |
| EHS Student Council | 2,082 | 18,433 | (700) | 17,648 | 2,167 |
| EOI Reward Day Fund | 336 | 764 | 66 | 761 | 405 |
| EHS FCCLA | 756 | 1,438 | (100) | 1,524 | 570 |
| Math & Science | 41 | - | - | 22 | 19 |
| FFA | 8,417 | 82,363 | (600) | 75,140 | 15,040 |
| CRT Reward Day Fund | 6 | - | - | - | 6 |
| Business Honor Society | 18 | 9 | - | - | 27 |
| Gifts To Yanks | 247 | 7,872 | 1,000 | 7,791 | 1,328 |
| ER Football | 8,401 | 6,281 | (1,750) | 11,939 | 993 |
| Wrestling Club | 2,381 | 3,223 | - | 1,872 | 3,732 |
| S.W.A.A.T. | 100 | - | (100) | - | - |
| EHS FCA | 314 | - | - | - | 314 |
| ED FCCLA | 6,390 | 2,840 | - | 2,745 | 6,485 |
| ER Baseball | 184 | 5,153 | - | 1,914 | 3,423 |

EL RENO SCHOOL DISTRICT NO. I-34
Canadian County, Oklahoma

STATEMENT OF CHANGES IN ASSETS AND LIABILITIES -
AGENCY FUNDS - REGULATORY BASIS
FOR THE YEAR ENDED JUNE 30, 2015

| <u>LIABILITIES - cont'd</u> | <u>BALANCE</u> <u>7-01-14</u> | <u>ADDITIONS</u> | <u>ADJUST./</u> <u>TRANSFERS</u> | <u>DEDUCTIONS</u> | <u>BALANCE</u> <u>6-30-15</u> |
|-----------------------------|----------------------------------|------------------|-------------------------------------|-------------------|----------------------------------|
| Pride Boosters | \$ 22,428 | 37,821 | - | 50,079 | 10,170 |
| Sophomore Class | 1,868 | 1,844 | - | 2,278 | 1,434 |
| FTA | 378 | - | - | - | 378 |
| ER Boys Basketball | 1,598 | 1,470 | - | 2,328 | 740 |
| Repo Acct | 3,030 | 899 | - | 3,427 | 502 |
| YES After School Program | 6,765 | 61,019 | - | 67,754 | 30 |
| EHS Relay for Life | 59 | - | - | - | 59 |
| ER Golf Team | - | - | 600 | - | 600 |
| EHS Pom Team | 524 | 750 | - | 630 | 644 |
| ESS Library Copier | 541 | 97 | - | 136 | 502 |
| Freshman Class | - | 1,260 | 800 | 903 | 1,157 |
| Art Club | 122 | 1,524 | - | 1,373 | 273 |
| Instrumental Rental Fee | 90 | 2,285 | - | 2,275 | 100 |
| Employee Courtesy | 2,886 | - | - | 225 | 2,661 |
| RMS Science Club | 222 | - | (222) | - | - |
| Webster Library | 532 | 1,497 | - | 1,929 | 100 |
| ED Student Council | 13 | - | - | - | 13 |
| Central Office Fund | - | 234 | - | - | 234 |
| FFA/Leadership | 2,572 | 7,438 | - | 7,150 | 2,860 |
| El Reno Care/Share | 6,277 | 2,347 | - | 3,121 | 5,503 |
| Webster Principal | 2,763 | 10,157 | (25) | 12,179 | 716 |
| EDJH Principal | 862 | 2,979 | - | 2,947 | 894 |
| Building Alumni | 241 | - | - | - | 241 |
| EHS Student Support | 472 | - | (30) | - | 442 |
| Testing | 1,743 | 3,723 | - | 3,296 | 2,170 |
| JR Class Equipment | 666 | 1,995 | 1,413 | 3,790 | 284 |
| Hillcrest Library | 987 | 4,671 | - | 4,343 | 1,315 |
| Lincoln Library | 1,467 | 4,001 | - | 4,612 | 856 |
| Lincoln Student Council | 2,079 | 2,099 | - | 2,576 | 1,602 |
| Lincoln Principal | 2,298 | 12,945 | (50) | 10,505 | 4,688 |
| EHS Speech/Mock Trial | 274 | - | - | 60 | 214 |
| PEP Grant | 200 | 300 | - | 105 | 395 |
| Rose Witcher Library | 740 | 6,356 | - | 5,641 | 1,455 |
| Special Olympics | 624 | 3,065 | - | 2,025 | 1,664 |
| EHS Academic | 279 | - | - | - | 279 |
| RMS Spirit Club | 439 | 441 | - | 695 | 185 |
| RMS Student Council | 1,360 | 699 | - | 957 | 1,102 |
| ED Honor Society | 21 | - | - | - | 21 |
| First Steps | 1,227 | 3,165 | - | 3,171 | 1,221 |
| RMS Account | 16,097 | 6,140 | 156 | 10,215 | 12,178 |

EL RENO SCHOOL DISTRICT NO. I-34
Canadian County, Oklahoma

STATEMENT OF CHANGES IN ASSETS AND LIABILITIES -
AGENCY FUNDS - REGULATORY BASIS
FOR THE YEAR ENDED JUNE 30, 2015

| <u>LIABILITIES</u> - cont'd | <u>BALANCE</u> <u>7-01-14</u> | <u>ADDITIONS</u> | <u>ADJUST./</u> <u>TRANSFERS</u> | <u>DEDUCTIONS</u> | <u>BALANCE</u> <u>6-30-15</u> |
|------------------------------|----------------------------------|-----------------------|-------------------------------------|-----------------------|----------------------------------|
| EHS Principal Acct | \$ 3,682 | 7,806 | - | 6,206 | 5,282 |
| Hillcrest Principal Account | 3,658 | 7,168 | (50) | 5,356 | 5,420 |
| Academy Fund | 841 | 2,354 | (100) | 1,314 | 1,781 |
| Rose Witcher Principal | 5,365 | 25,617 | (445) | 17,769 | 12,768 |
| EDJH Staff Appreciation Fund | 20 | - | - | - | 20 |
| CNP JR High Vending | 6,162 | - | - | 4,147 | 2,015 |
| Club Scrub | 284 | - | - | - | 284 |
| EHS Heritage Club | 274 | - | - | - | 274 |
| JR High Volleyball | <u>2,550</u> | <u>2,800</u> | <u>-</u> | <u>3,399</u> | <u>1,951</u> |
| TOTAL LIABILITIES | <u>\$ 238,428</u> | <u>558,495</u> | <u>-</u> | <u>570,432</u> | <u>226,491</u> |

EL RENO SCHOOL DISTRICT NO. I-34
Canadian County, Oklahoma

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS - REGULATORY BASIS
FOR THE YEAR ENDED JUNE 30, 2015

| <u>Federal Grantor/Pass Through Grantor/Program Title</u> | <u>Federal CFDA Number</u> | <u>Pass Through Grantor's Number</u> | <u>Approved Amount</u> | <u>Balance at July 1, 2014</u> | <u>Receipts</u> | <u>Expenditures</u> | <u>Balance at June 30, 2015</u> |
|--|------------------------------------|--|----------------------------|------------------------------------|------------------|---------------------|-------------------------------------|
| <u>U.S. Department of Education:</u> | | | | | | | |
| <u>Direct Programs:</u> | | | | | | | |
| Title VIII, Impact Aid | 84.041 | 591 | \$ - | | 14,540 | 14,540 | |
| Title VIII, Impact Aid | 84.041 | 592 | | | 1,189 | 1,189 | |
| Title VIIA, Indian Education | 84.060A | 561 | 91,119 | - | 73,580 | 91,119 | - |
| Title VIIA, Indian Education 2013-14 - Note 1 | 84.060A | 799 | - | - | 36,786 | - | - |
| Funds for the Improvement of Education: Push Up Grant | 84.215F | 559 | 760,608 | 124,227 | 90,111 | 109,876 | 14,351 |
| Funds for the Imprvmnt of Ed.: Push Up Grant 2013-14 - Note 1 | 84.215F | 799 | - | - | 31,942 | - | - |
| Sub Total | | | <u>851,727</u> | <u>124,227</u> | <u>248,148</u> | <u>216,724</u> | <u>14,351</u> |
| <u>Passed Through State Department of Education:</u> | | | | | | | |
| Title I | 84.010 | 511 | 790,834 | - | 548,003 | 718,057 | 72,777 |
| Title I 2013-14 - Note 1 | 84.010 | 799 | - | - | 170,815 | - | - |
| Title I School Improvement | 84.010 | 515 | 10,790 | - | 10,594 | 10,594 | 196 |
| Title IA, Neglected | 84.010 | 518 | 3,842 | - | 3,842 | 3,842 | - |
| Title IA, Neglected 2013-14 - Note 1 | 84.010 | 799 | - | - | 393 | - | - |
| Title ID, Delinquent | 84.013 | 532 | 57,728 | - | 40,542 | 55,186 | 2,542 |
| Title ID, Delinquent 2013-14 - Note 1 | 84.013 | 799 | - | - | 1,919 | - | - |
| Title IIA, Teacher and Principal Training and Recruitment | 84.367 | 541 | 65,825 | - | 38,072 | 43,658 | 22,167 |
| Title IIIA, English Language Acquisition, Language Enhancement, and Academic Achievement | 84.365 | 572 | 29,881 | - | 23,496 | 29,827 | 54 |
| Title IIIA, English Language Acquisition, Language Enhancement, and Academic Achievement 2013-14 - Note 1 | 84.365 | 799 | - | - | 6,851 | - | - |
| 21st Century Community Learning Centers | 84.287 | 553 | 207,000 | - | 115,221 | 186,358 | 20,642 |
| IDEA-B Flow Through * | 84.027 | 621 | 524,594 | - | 401,153 | 507,723 | 16,871 |
| IDEA-B Flow Through 2013-14 - Note 1 | 84.027 | 799 | - | - | 123,503 | - | - |
| IDEA-B Flow Through Private Schools * | 84.027 | 625 | 8,314 | - | 8,314 | 8,314 | - |
| IDEA-B Preschool * | 84.173 | 641 | 16,743 | - | 16,743 | 16,743 | - |
| IDEA-B Preschool Private School * | 84.173 | 642 | 985 | - | 985 | 985 | - |
| Sub Total | | | <u>1,716,536</u> | <u>-</u> | <u>1,510,446</u> | <u>1,581,287</u> | <u>135,249</u> |

**EL RENO SCHOOL DISTRICT NO. I-34
Canadian County, Oklahoma**

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS - REGULATORY BASIS
FOR THE YEAR ENDED JUNE 30, 2015**

| <u>Federal Grantor/Pass Through Grantor/Program Title</u> | <u>Federal CFDA Number</u> | <u>Pass Through Grantor's Number</u> | <u>Approved Amount</u> | <u>Balance at July 1, 2014</u> | <u>Receipts</u> | <u>Expenditures</u> | <u>Balance at June 30, 2015</u> |
|---|------------------------------------|--|----------------------------|------------------------------------|-----------------|---------------------|-------------------------------------|
| <u>Passed Through State Department of Vocational Technical Education:</u> | | | | | | | |
| Carl Perkins Grant | 84.048 | 421 | \$ 19,725 | - | 19,725 | 19,725 | - |
| <u>U.S. Department of Agriculture:</u> | | | | | | | |
| <u>Passed Through State Department of Education:</u> | | | | | | | |
| National School Lunch Program * | 10.555 | 763 | - | - | 615,301 | 564,805 | 50,496 |
| National School Lunch Program 2013-14 carryover * | 10.555 | 763 | - | 40,698 | - | 40,698 | - |
| National School Lunch Program - Commodities - Note 2 * | 10.555 | - | - | - | 52,745 | 52,745 | - |
| School Breakfast Program * | 10.553 | 764 | - | - | 201,388 | 143,948 | 57,440 |
| Summer Food Program * | 10.559 | 766 | - | - | - | 7,469 | (7,469) |
| Child and Adult Food Care Program * | 10.558 | 769 | - | - | 6,829 | 6,829 | - |
| Sub Total | | | | 40,698 | 876,263 | 816,494 | 100,467 |
| <u>U.S. Department of Health & Human Services:</u> | | | | | | | |
| <u>Passed Through State Department of Human Services:</u> | | | | | | | |
| Rehabilitation Services | 84.126 | 456 | - | - | 1,369 | - | 1,369 |
| Rehabilitation Services 2013-14 carryover | 84.126 | 456 | - | 1,128 | - | 694 | 434 |
| Rehabilitation Services 2013-14 - Note 1 | 84.126 | 799 | - | - | 890 | - | - |
| Medical Assistance Program (medicaid) | 93.778 | 698 | - | - | 53,432 | 53,432 | - |
| Sub Total | | | | 1,128 | 55,691 | 54,126 | 1,803 |

**EL RENO SCHOOL DISTRICT NO. I-34
Canadian County, Oklahoma**

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS - REGULATORY BASIS
FOR THE YEAR ENDED JUNE 30, 2015**

| <u>Federal Grantor/Pass Through Grantor/Program Title</u> | <u>Federal CFDA Number</u> | <u>Pass Through Grantor's Number</u> | <u>Approved Amount</u> | <u>Balance at July 1, 2014</u> | <u>Receipts</u> | <u>Expenditures</u> | <u>Balance at June 30, 2015</u> |
|---|------------------------------------|--|----------------------------|------------------------------------|------------------|---------------------|-------------------------------------|
| <u>U.S. Department of the Interior:</u> | | | | | | | |
| <u>Passed Through Oklahoma Area Education Office</u> | | | | | | | |
| <u>Bureau of Indian Affairs:</u> | | | | | | | |
| Johnson O'Malley (1/1/15 - 6/30/15) | 15.130 | 563 | 18,978 | - | 18,978 | 16,855 | 2,123 |
| Johnson O'Malley (7/1/14 - 12/31/14) | 15.130 | 564 | <u>32,780</u> | <u>20,510</u> | <u>-</u> | <u>16,519</u> | <u>3,991</u> |
| Sub Total | | | <u>51,758</u> | <u>20,510</u> | <u>18,978</u> | <u>33,374</u> | <u>6,114</u> |
| Total Expenditures of Federal Awards - Note 3 | | | <u>\$ 2,639,746</u> | <u>186,563</u> | <u>2,729,251</u> | <u>2,721,730</u> | <u>257,984</u> |

Note 1: These amounts represent reimbursements for prior year expenditures which were not received until the current fiscal year.

Note 2: This amount represents federal non-cash assistance received in the form of commodities.

Note 3: Total revenue includes \$52,745 in non-cash assistance.

* - Major programs

WILSON, DOTSON & ASSOCIATES, P.L.L.C.

Certified Public Accountants

Members

American Institute of Certified Public Accountants

Oklahoma Society of Certified Public Accountants

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

The Honorable Board of Education
El Reno School District No. I-34
El Reno, Canadian 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 financial statements – regulatory basis of the governmental activities, each major fund, and the aggregate remaining fund information of the El Reno School District No. I-34, Canadian County, Oklahoma (the "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 basic financial statements, and have issued our report thereon dated February 5, 2016, 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.

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 the District's internal control. Accordingly, we do not express an opinion on the effectiveness of the District's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. *A material weakness* is 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 to those charged with governance.

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

Compliance and Other Matters

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

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.

Wilson, Dotson & Associates

Wilson, Dotson & Associates, P.L.L.C.

Shawnee, Oklahoma
February 5, 2016

WILSON, DOTSON & ASSOCIATES, P.L.L.C.

Certified Public Accountants

Members

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Oklahoma Society of Certified Public Accountants

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

The Honorable Board of Education
El Reno School District No. I-34
El Reno, Canadian County, Oklahoma

Report on Compliance for Each Major Federal Program

We have audited the El Reno School District No. I-34, El Reno, Oklahoma's (the "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 auditors' 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.

Auditors' 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 on the District's compliance.

Opinion on Each Major Federal Program

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.

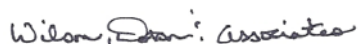
Report on Internal Control Over Compliance

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.

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

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

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



Wilson, Dotson & Associates, P.L.L.C.

Shawnee, Oklahoma
February 5, 2016

EL RENO SCHOOL DISTRICT NO. I-34
Canadian County, Oklahoma

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2015

Section I – Summary of Auditors’ Results

Financial Statements

| | |
|--|---------------|
| Type of auditors’ report issued: | Adverse |
| Internal control over financial reporting: | |
| • Material weakness(es) identified? | No |
| • Significant deficiency(ies) identified not considered to be material weakness(es)? | None reported |
| • Noncompliance material to the financial statements noted? | No |

Federal Awards

| | |
|--|---------------|
| Internal control over major programs: | |
| • Material weakness(es) identified? | No |
| • Significant deficiency(ies) identified not considered to be material weakness(es)? | None reported |
| Type of auditor’s report issued on compliance for major programs: | Unqualified |
| Any audit findings disclosed that are required to be reported in accordance with section 510(a) of OMB Circular A-133? | No |

Identification of major programs:

CFDA Numbers

Name of Federal program or Cluster

| | |
|--------|---|
| 84.027 | IDEA=B Flow Through & IDEA-B Flow Through Private Schools |
| 84.173 | IDEA-B Preschool & IDEA-B Preschool Private Schools |
| 10.555 | National School Lunch Program and NSLP - Commodities |
| 10.553 | School Breakfast Program |
| 10.558 | Child and Adult Food Care Program |
| 10.559 | Summer Food Program |

| | |
|--|-----------|
| Dollar threshold used to distinguish between Type A and Type B programs: | \$300,000 |
| Auditee qualified as low-risk auditee? | No |

**EL RENO SCHOOL DISTRICT NO. I-34
Canadian County, Oklahoma**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2015**

Section II – Financial Statement Findings

There were no material weaknesses or instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Section III – Federal Award Findings and Questioned Costs

There were no findings or questioned costs, or material weakness or reportable conditions in internal control that are required to be reported.

**EL RENO SCHOOL DISTRICT NO. I-34
Canadian County, Oklahoma**

**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE YEAR ENDED JUNE 30, 2015**

There were no prior year audit findings.

EL RENO SCHOOL DISTRICT NO. I-34
Canadian County, Oklahoma

SCHEDULE OF ACCOUNTANT'S PROFESSIONAL LIABILITY INSURANCE AFFIDAVIT
FOR THE YEAR ENDING JUNE 30, 2015

State of Oklahoma)
)ss
County of Pottawatomie)

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

Wilson, Dotson & Associates, P.L.L.C.
Auditing Firm

Pamela R. Dotson

by _____
Authorized Agent

Subscribed and sworn to before me this 5th day of February, 2016.

Lisa Cook

Notary Public (or CLERK or JUDGE)
Commission Expires March 10, 2019
Commission Number 11002236

