

Plainview School District I-27
Carter County, Oklahoma

Financial Statements
Year-End June 30, 2015

Plainview School District I-27
Carter County, Oklahoma
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June 30, 2015

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Independent Auditor's Report

The Honorable Board of Education
Plainview School District I-27
Ardmore, Oklahoma 73401

Report on the Financial Statements

We have audited the accompanying fund type and account group financial statements of Plainview School District I-27, Carter County, Oklahoma, as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the District's regulatory financial statements as listed in the table of contents.

Management's Responsibility of the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with financial reporting provisions of the Oklahoma State Department of Education. 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 misstatements, whether due to fraud or error.

Auditor's 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 auditor's judgment, including the assessment of risks of material misstatement of the financial statements, whether due to fraud or error. In making those risks 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.

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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 Accepting Accounting Principles

As discussed in Note 1, the financial statements are prepared by Plainview School District I-27, Carter County, Oklahoma, on the basis of the financial reporting provisions of Oklahoma State Department of Education, which is a basis of accounting other than accounting principles generally accepted in the United States of America, to comply with the requirements of 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 statement 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 Plainview School District I-27, Carter County, Oklahoma as of June 30, 2015, the changes in its financial position for the year then ended.

Basis for Qualified Opinion on General Fixed Asset Account Group

As discussed in Note 1, the combined financial statements referred to above do not include the General Fixed Asset Account Group which should be included to conform with financial reporting provisions of Oklahoma State Department of Education. The amount that should be recorded in the General Fixed Asset Account Group is not known.

Qualified Opinion

In our opinion, except for the effects of the matters described in the “Basis for Qualified Opinion on General Fixed Asset Account Group” paragraph, the financial statements referred to above present fairly, in all material respects, the assets, liabilities and fund equity arising from regulatory basis transactions of each fund type and account group of Plainview School District I-27, Carter County, Oklahoma, as of June 30, 2015, and the revenues collected and expenses paid and budgetary results for the year then ended on the basis of accounting described in Note 1.

Other Matters

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Plainview School District I-27 Carter County, Oklahoma financial statements as a whole. The accompanying Combining Schedules of Special Revenue Fund Financial Statements – Regulatory Basis, Combining Schedules of Capital Project Fund Financial Statements – Regulatory Basis, Combining Schedule of Changes in Cash Balances –

Regulatory Basis – Activity Funds is presented for purposes of additional analysis and is not required part of the basic financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis, as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is also not a required part of the financial statements.

The Combining Schedules of Special Revenue Fund Financial Statements – Regulatory Basis, Combining Schedules of Capital Project Fund Financial Statements – Regulatory Basis, Combining Schedule of Changes in Cash Balances – Regulatory Basis – Activity Funds and 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 financial statements. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

The Oklahoma Department of Education requires the statement of statutory fidelity and honesty bonds and schedule of accountant’s professional liability insurance be presented to supplement the financial statements. Such information, although not considered part of the basic financial statements, is required by the Oklahoma Department of Education, who considers it an essential part of the financial reporting. We have applied certain limited procedures to this supplemental information which consisted of inquires of management about the methods of preparing the information and comparing the information for consistency with management’s response to our inquires, 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 Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated February 26, 2016, on our consideration of Plainview School District I-27 Carter County, Oklahoma’s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contract 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 express an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Governmental Auditing Standards* in considering Plainview School District I-27 Carter County, Oklahoma’s internal control over financial reporting and compliance.



Ardmore, Oklahoma
February 26, 2016

Plainview School District I-27
Carter County, Oklahoma
Combined Statement of Assets, Liabilities and Fund Equity
Regulatory Basis – All Fund Types and Account Groups
June 30, 2015

| | Governmental Fund Types | | | | Fiduciary | Account | Total |
|--|-------------------------|---------------------|---------------------|-------------------|--------------------------------|---------------------------------|--|
| | General | Special Revenue | Debt Service | Capital Projects | Fund Types Trust and Agency | Group General Long Term Debt | (memorandum only - Note 1) June 30, 2015 |
| ASSETS | | | | | | | |
| Cash | \$ 2,332,596 | \$ 1,534,805 | \$ 75,572 | \$ 170,650 | \$ 460,978 | \$ - | \$ 4,574,601 |
| Restricted Cash | - | - | \$ 1,034,994 | - | - | - | 1,034,994 |
| Amount available in debt service fund | - | - | - | - | - | 1,110,566 | 1,110,566 |
| Amount to be provided for Capital leases | - | - | - | - | - | 485,576 | 485,576 |
| Retirement of general long term debt | - | - | - | - | - | 3,459,434 | 3,459,434 |
| Total Assets | <u>\$ 2,332,596</u> | <u>\$ 1,534,805</u> | <u>\$ 1,110,566</u> | <u>\$ 170,650</u> | <u>\$ 460,978</u> | <u>\$ 5,055,576</u> | <u>\$ 10,665,171</u> |
| LIABILITIES AND FUND EQUITY | | | | | | | |
| Liabilities: | | | | | | | |
| Warrants payable | \$ 531,478 | \$ 141,565 | \$ - | 17,193 | \$ 24,768 | \$ - | \$ 715,004 |
| Due to others | - | - | - | - | 436,210 | - | 436,210 |
| Capital leases payable | - | - | - | - | - | 485,576 | 485,576 |
| General obligation bonds payable | - | - | - | - | - | 4,570,000 | 4,570,000 |
| Total Liabilities | <u>531,478</u> | <u>141,565</u> | <u>-</u> | <u>17,193</u> | <u>460,978</u> | <u>5,055,576</u> | <u>6,206,790</u> |
| Fund Equity: | | | | | | | |
| Unreserved: | | | | | | | |
| Designated for debt service | - | - | 1,110,566 | - | - | - | 1,110,566 |
| Designated for capital projects | - | - | - | 153,457 | - | - | 153,457 |
| Undesignated | 1,801,118 | 1,747,841 | - | - | - | - | 3,548,959 |
| Total Cash Fund Balances | <u>1,801,118</u> | <u>1,747,841</u> | <u>1,110,566</u> | <u>153,457</u> | <u>-</u> | <u>-</u> | <u>4,812,982</u> |
| Total Liabilities and Fund Equity | <u>\$ 2,332,596</u> | <u>\$ 1,889,406</u> | <u>\$ 1,110,566</u> | <u>\$ 170,650</u> | <u>\$ 460,978</u> | <u>\$ 5,055,576</u> | <u>\$ 11,019,772</u> |

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

Plainview School District I-27
Carter County, Oklahoma
Combined Statement of Revenues Collected, Expenditures Paid and Changes in Cash Fund Balances
Regulatory Basis – All Governmental Fund Types
For the Year Ended June 30, 2015

| | Governmental Fund Types | | | | Total (memorandum only - Note 1) June 30, 2015 |
|---|-------------------------|---------------------|---------------------|---------------------|---|
| | General | Special Revenue | Debt Service | Capital Projects | |
| Revenues collected: | | | | | |
| Local sources | \$ 2,740,162 | \$ 555,485 | \$ 1,249,961 | \$ - | \$ 4,545,608 |
| Intermediate sources | 503,157 | 394,087 | - | - | 897,244 |
| State sources | 5,863,403 | 71,495 | 4,253 | - | 5,939,151 |
| Federal sources | 597,491 | 254,188 | - | - | 851,679 |
| Total Revenues Collected | <u>9,704,213</u> | <u>1,275,255</u> | <u>1,254,214</u> | <u>-</u> | <u>12,233,682</u> |
| Expenditures paid: | | | | | |
| Instruction | 6,198,371 | 75,413 | - | 70,154 | 6,343,938 |
| Support services | 3,481,845 | 95,266 | - | 515,421 | 4,092,532 |
| Non-Instructional services | 108,019 | 443,563 | - | 0 | 551,582 |
| Capital outlay | - | 196,712 | - | 26,350 | 223,062 |
| Other outlays | 169 | 224 | - | - | 393 |
| Debt service: | | | | | |
| Principal payments | - | - | 1,080,000 | - | 1,080,000 |
| Interest and fiscal agent fees | - | - | 118,272 | - | 118,272 |
| Total expenditures paid | <u>9,788,404</u> | <u>811,178</u> | <u>1,198,272</u> | <u>611,925</u> | <u>12,409,779</u> |
| Excess of revenues collected over (under) expenditures paid | (84,191) | 464,077 | 55,942 | (611,925) | (176,097) |
| Other financing sources: | | | | | |
| Bond sale proceeds | - | - | - | - | - |
| Excess of revenues collected and other sources over (under) expenditures paid and other uses | (84,191) | 464,077 | 55,942 | (611,925) | (176,097) |
| Cash fund balances, beginning of year | <u>1,885,309</u> | <u>1,283,764</u> | <u>1,054,624</u> | <u>765,382</u> | <u>4,989,079</u> |
| Cash fund balances, end of year | <u>\$ 1,801,118</u> | <u>\$ 1,747,841</u> | <u>\$ 1,110,566</u> | <u>\$ 153,457</u> | <u>\$ 4,812,982</u> |

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

**Plainview School District I-27
Carter County, Oklahoma**

**Combined Statement of Revenues Collected, Expenditures Paid and Changes in Cash Fund Balances – Budget and Actual
Regulatory Basis – Budgeted Governmental Fund Types
For the Year Ended June 30, 2015**

| | General Fund | | | | Building and Child Nutrition Funds | | | |
|---|---------------------|---------------------|-----------------------|-----------------------|------------------------------------|---------------------|---------------------|---------------------|
| | Original Budget | Final Budget | Actual | Variance | Original Budget | Final Budget | Actual | Variance |
| Beginning cash fund balances - Budgetary basis | <u>\$ 1,885,309</u> | <u>\$ 1,885,309</u> | <u>\$ 1,885,309</u> | <u>\$ -</u> | <u>\$ 1,208,115</u> | <u>\$ 1,208,115</u> | <u>\$ 1,208,115</u> | <u>\$ -</u> |
| Revenues collected: | | | | | | | | |
| Local sources | 2,444,842 | 2,444,842 | 2,740,162 | 295,320 | 537,875 | 537,875 | 555,485 | 17,610 |
| Intermediate sources | 808,700 | 808,700 | 503,157 | (305,543) | - | - | - | - |
| State sources | 5,860,785 | 5,860,785 | 0 | (5,860,785) | 10,200 | 10,200 | 71,495 | 61,295 |
| Federal sources | 438,700 | 438,700 | 597,491 | 158,791 | 247,200 | 247,200 | 254,188 | 6,988 |
| Total Revenues Collected | <u>9,553,027</u> | <u>9,553,027</u> | <u>3,840,810</u> | <u>(5,712,217)</u> | <u>795,275</u> | <u>795,275</u> | <u>881,168</u> | <u>85,893</u> |
| Expenditures paid: | | | | | | | | |
| Instruction | 7,872,703 | 7,872,703 | 6,198,371 | 1,674,332 | 75,413 | 75,413 | 75,413 | - |
| Support services | 3,473,688 | 3,473,688 | 3,481,845 | (8,157) | 1,262,074 | 1,262,074 | 89,881 | 1,172,193 |
| Non-Instructional services | 91,945 | 91,945 | 0 | 91,945 | 515,808 | 515,808 | 443,563 | 72,245 |
| Capital outlay | - | - | - | - | 149,870 | 149,870 | 196,712 | (46,842) |
| Other outlays | - | - | 169 | (169) | 225 | 225 | 224 | 1 |
| Total Expenditures paid | <u>11,438,336</u> | <u>11,438,336</u> | <u>9,680,385</u> | <u>1,757,951</u> | <u>2,003,390</u> | <u>2,003,390</u> | <u>805,793</u> | <u>1,197,597</u> |
| Excess of revenues collected over (under) expenditures paid | <u>(1,885,309)</u> | <u>(1,885,309)</u> | <u>(5,839,575)</u> | <u>(3,954,266)</u> | <u>(1,208,115)</u> | <u>(1,208,115)</u> | <u>75,375</u> | <u>1,283,490</u> |
| Ending cash fund balances | <u>\$ -</u> | <u>\$ -</u> | <u>\$ (3,954,266)</u> | <u>\$ (3,954,266)</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 1,283,490</u> | <u>\$ 1,283,490</u> |
| Reconciliation between Building and Child Nutrition Funds Budgetary Comparison Schedule and Statement of Revenues Collected, Expenditures Paid and Changes in Fund Balances -- Special Revenues. | | | | | | | | |
| End cash fund balances from Budgetary Comparison Schedule: | | | | | | | \$ 1,283,490 | |
| Nonappropriated fund: County Sales Tax Fund Cash fund balance: | | | | | | | <u>464,351</u> | |
| End cash fund balance per Statement of Revenues Collected, Expenditures Paid and Changes in Fund Balances- Special Revenues | | | | | | | <u>\$ 1,747,841</u> | |

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

**Plainview School District I-27
Carter County, Oklahoma**

**Combined Statement of Revenues Collected, Expenditures Paid and Changes in Cash Fund Balances – Budget and Actual
Regulatory Basis – Budgeted Governmental Fund Types
For the Year Ended June 30, 2015**

| | Debt Service Fund | | | |
|--|--------------------|-----------------|--------------|--------------|
| | Original Budget | Final Budget | Actual | Variance |
| Beginning cash fund balances - Budgetary basis | \$ 39,601 | \$ 39,601 | \$ 1,054,624 | \$ 1,015,023 |
| Revenues collected: | | | | |
| Local sources | 1,179,171 | 1,179,171 | 1,249,961 | 70,790 |
| Intermediate sources | - | - | - | - |
| State sources | - | - | 4,253 | 4,253 |
| Total Revenues Collected | 1,179,171 | 1,179,171 | 1,254,214 | 75,043 |
| Expenditures paid: | | | | |
| Debt service: | | | | |
| Principal payments | 1,170,000 | 1,170,000 | 1,170,000 | - |
| Interest and fiscal agent fees | 48,772 | 48,772 | 48,772 | - |
| Total expenditures paid | 1,218,772 | 1,218,772 | 1,218,772 | - |
| Excess of revenues collected over (under) expenditures paid | (39,601) | (39,601) | 35,442 | 75,043 |
| Ending cash balances | \$ - | \$ - | \$ 1,090,066 | \$ 1,090,066 |

Reconciliation between Budgetary Comparison Schedule
and Statement of Revenues Collected, Expenditures Paid and Changes in Fund Balances.

| | |
|---|--------------|
| Actual amounts "Total Expenditures Paid" from budgetary comparison Schedule: | 1,218,772 |
| Adjustments for Bond and Interest Accruals: | (20,500) |
| Total Expenditures Paid as reported on the State of Revenues Collected, Expenditures Paid and Changes in Fund Balances | 1,198,272 |
| Actual amounts "Ending Cash Balances" from budgetary comparison Schedule: | 1,090,066 |
| Adjustments for Bond and Interest Accruals: | 20,500 |
| Ending Cash Balances as reported on the State of Revenues Collected, Expenditures Paid and Changes in Fund Balances | \$ 1,110,566 |

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

Plainview School District I-27
Carter County, Oklahoma
Notes to Combined Financial Statements
June 30, 2015

1. *Summary of Significant Accounting Policies*

The basic financial statements of the Plainview School District, I-27, Carter County, Oklahoma (the "District") have been prepared in conformity with an other comprehensive basis of accounting as prescribed by the Oklahoma State Department of Education. The more significant of the District's accounting policies are described below.

A. *The 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 for support. The general operating authority for the public school system is the Oklahoma School Code contained in Title 70, Oklahoma Statutes.

The governing body of the District is the Board of Education composed of five 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.

Plainview School District I-27
Carter County, Oklahoma
Notes to Combined Financial Statements
June 30, 2015

1. Summary of Significant Accounting Policies – (continued)

B. Fund Accounting

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

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

Funds are classified into 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).

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

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

The Child Nutrition Fund derives monies from local sources for meals. Reimbursements are received from state and federal sources for reimbursement of free and reduced lunches.

The County Sales Tax Fund consists of monies derived from a special county sales tax collected on behalf of the school district for the purposes of technology equipment and instructional and classroom materials.

Plainview School District I-27
Carter County, Oklahoma
Notes to Combined Financial Statements
June 30, 2015

1. Summary of Significant Accounting Policies – (continued)

B. Fund Accounting – (continued)

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

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

Fiduciary Fund Types

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

Account Groups

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

General Long-Term Debt Account Group - This account group was established to account for all long-term debt of the District, which is offset by the amount available in the debt service fund and the amount to be provided in future years to complete retirement of the debt principal.

General Fixed Asset Account Group - This account group is used to account for property, plant and equipment of the school district. The district does not maintain the fixed asset records necessary to account for this account group.

Plainview School District I-27
Carter County, Oklahoma
Notes to Combined Financial Statements
June 30, 2015

1. *Summary of Significant Accounting Policies – (continued)*

Memorandum Only - Total Column

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

C. *Basis of Accounting and Presentation*

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

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

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

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

Estimates - The preparation of financial statements in conformity with the regulatory basis of accounting requires the District to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results may differ from those estimates.

Plainview School District I-27
Carter County, Oklahoma
Notes to Combined Financial Statements
June 30, 2015

1. Summary of Significant Accounting Policies – (continued)

Noncash Transactions - The District received federal food commodities in the amount of \$38,994.

D. Budgets and Budgetary Accounting

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

The District has approved by a majority of the electors of the District voting on the question made the ad valorem levy for emergency levy and local support levy permanent.

Prior to September 1, the District must file with the county excise board, a budget for the current fiscal year including an itemized statement of estimate of needs and probable income from all sources including ad valorem taxes. This budget, if not protested, becomes the legal budget for the District.

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

E. Assets Liabilities and Fund Equity

Investments – The District’s investment policies are governed by Oklahoma Statutes. Permissible investments include direct obligations of the United States government and agencies, certificates of deposits of savings and loan associations, and bank and trust companies; and savings accounts or savings certificates of savings and loan associations, banks and trust companies. Collateral is required for all amounts not covered by FDIC insurance.

Property Tax Revenues - The District is authorized by state law to levy property taxes which consist of ad valorem taxes on real and personal property within the District. The County Assessor, upon receipt of the certification of tax levies from the county excise board, extends the tax levies on the tax roll for submission to the county treasurer prior to October 1.

Plainview School District I-27
Carter County, Oklahoma
Notes to Combined Financial Statements
June 30, 2015

1. Summary of Significant Accounting Policies – (continued)

The county treasurer must commence tax collection within fifteen days of receipt of the tax rolls. The first halves of taxes are due prior to January 1. The second half is due prior to April 1.

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

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

Compensated Absences - Vested or accumulated vacation leave that is expected to be liquidated with expendable available financial resources is reported as an expenditure of the governmental funds that will pay it. There are no amounts of vested or accumulated vacation leave.

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

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

E. Revenue, Expenses and Expenditures

State Revenues - Revenues from state sources for current operations are primarily governed by the state aid formula under the provisions of Article XVIII, Title 70, Oklahoma Statutes. The State Board of Education administers the allocation of state aid funds to school districts based on information accumulated from the districts. Approximately 60% of the District's general fund revenue comes from state sources.

Plainview School District I-27
Carter County, Oklahoma
Notes to Combined Financial Statements
June 30, 2015

1. *Summary of Significant Accounting Policies – (continued)*

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

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

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

All other interfund transactions, except quasi-external transactions which are reimbursements, are reported as transfers. Nonrecurring or nonroutine permanent transfers of equity are reported as residual equity transfers.

2. *Cash*

Custodial Credit Risk - Custodial credit risk for deposits is the risk that in the event of a bank failure, the District's deposits may not be returned or the District will not be able to recover collateral securities in the possession of an outside party. The District's policy requires collateral for demand deposits and certificates of deposit for all amounts not covered by federal deposit insurance. As of June 30, 2015, cash deposits were fully insured or collateralized by a pledging bank's agent in the District's name. All funds were held as demand deposits at a local bank.

3. *General Long Term Debt*

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

Plainview School District I-27
Carter County, Oklahoma
Notes to Combined Financial Statements
June 30, 2015

3. General Long Term Debt – (continued)

General long-term debt of the District consists of bonds payable, and capital leases. Debt service requirements for bonds are payable solely from fund balance and future revenues of the debt service fund. The following is a summary of the long-term debt transactions of the District for the year ended June 30, 2015:

| | <i>Bonds Payable</i> | <i>Capital Leases</i> |
|-----------------------|-----------------------------|------------------------------|
| Balance July 1, 2014 | \$ 5,650,000 | \$ 724,217 |
| Additions | - | - |
| Retirements | (1,080,000) | (238,641) |
| Balance June 30, 2015 | \$ 4,570,000 | \$ 485,576 |

General Obligation Bonds

A brief description of the outstanding general obligations bond issues at June 30, 2015, is set forth below:

| | <i>Amount Outstanding</i> |
|--|--------------------------------------|
| Independent School District, I-27 School Building Bonds of 2010 (Series B), original issue \$490,000, interest rates 1.65% - 3.50%, \$70,000 due July 1, 2012 and then in annual installments of \$140,000 with a final installment 7/1/2015 | \$ 140,000 |
| Independent School District, I-27 School Building Bonds of 2012, original issue \$3,500,000, interest rates from 0.80% to 1.35% due in annual installments of \$875,000 starting 7/1/2015 with final payment of \$875,000 due 7/1/2018 | 3,500,000 |
| Independent School District, I-27 Combined Purpose Bonds of 2013, original issue of \$960,000, interest rates from 0.50% to 0.70%, \$30,000 due June 1, 2015 and then annual installments of \$310,000 with final installment on 6/1/2018. | 930,000 |
| | \$ 4,570,000 |

Plainview School District I-27
Carter County, Oklahoma
Notes to Combined Financial Statements
June 30, 2015

3. General Long Term Debt – (continued)

The annual debt service requirements for retirement of bond principal and payment of interest, is as follows:

| <u>Year Ended June 30,</u> | <u>Principal</u> | <u>Interest</u> | <u>Total</u> |
|----------------------------|---------------------|------------------|---------------------|
| 2016 | \$ 1,325,000 | \$ 39,036 | \$ 1,364,036 |
| 2017 | 1,185,000 | 26,215 | 1,211,215 |
| 2018 | 1,185,000 | 16,170 | 1,201,170 |
| 2019 | 875,000 | 4,813 | 879,813 |
| Total | <u>\$ 4,570,000</u> | <u>\$ 86,234</u> | <u>\$ 4,656,234</u> |

Pledged Revenues

Property Tax Revenues collected by the District are pledged to repay the District's General Obligation Bonds. As of June 30, 2015, 4,570,000 general obligations were outstanding. Principal and interest paid for current year and revenues collected were \$1,080,000 and \$118,272, respectively.

Capital Leases

The District enters into lease agreements as lessee for financing the acquisition of equipment. For accounting purposes since the title transfers at the end of the lease term, it has been recorded at the present value of the future minimum lease payments. The leases contain a clause which provides the ability to terminate the agreement at the end of each fiscal year. The District has recorded the liability for future lease payments in the general long-term debt group.

The District entered into a lease/purchase agreement to for renovations at the intermediate and high schools in the amount of \$600,000 at interest rates of 2.0758% payable in ten annual installments.

The District has entered into a lease/purchase agreement for computers for a technology one to one initiative at the intermediate and high schools in the amount of \$653,600 at interest rates of 3.76% payable in four annual installments.

Plainview School District I-27
Carter County, Oklahoma
Notes to Combined Financial Statements
June 30, 2015

3. General Long Term Debt – (continued)

Scheduled payments under the lease/purchase agreement as of each fiscal year ended June 30, are as follows:

| <u>Year Ended June 30,</u> | <u>Amount Due</u> |
|----------------------------|-------------------|
| 2016 | \$ 261,419 |
| 2017 | 161,216 |
| 2018 | 65,164 |
| 2019 | <u>21,278</u> |
| | 509,077 |
| Less: Interest | <u>(23,501)</u> |
| Total | <u>\$ 485,576</u> |

Interest expense on general long-term debt incurred during the current year totaled \$141,049.

4. Employee Retirement System

Teachers' Retirement System of Oklahoma

Plan Description – The System provides retirement and disability benefits, annual cost of living adjustments, and death benefits to plan members and beneficiaries. The ability to establish and amend benefit provisions is the responsibility of the state legislature. The System issues a publicly available financial report that includes financial statements and required supplementary information for the employees of the District. The System issues a publically available financial report that can be obtained at <http://www.ok.gov/trs/>.

Benefits Provided – The System provides defined retirement benefits based on members' final compensation, age, and term of service. In addition, the retirement program provides for benefits upon disability and to survivors upon the death of eligible members. Title 70 O.S. Sec. 17-105 defines all retirement benefits. The authority to establish and amend benefit provisions rests with the State Legislature. Benefit provisions include

- After five years of credited service, members become 100% vested in benefits earned to date.
- Members who joined the System prior to July 1, 1992 are eligible to retire at maximum benefits at the earlier of age 62 or when age and years of creditable service total 80. Members joining from July 1, 1992 to October 31, 2011 are eligible for maximum benefits at the earlier of age 62 or when their age and years of creditable service total 90. Members who joined the System on or after

Plainview School District I-27
Carter County, Oklahoma
Notes to Combined Financial Statements
June 30, 2015

4. Employee Retirement System (continued)

November 1, 2011 are eligible to retire with maximum benefits at the earlier of age 65 or when their age and years of creditable service total 90 as long as their age is at least 60.

- The maximum retirement benefit is 2% of final average compensation times the number of years of credited service. Reduced benefits are available at age 55 for members joining prior to November 1, 2011 or age 60 for members joining after October 31, 2011. Reduction factors vary depending on age and date of membership when joining the System.
- Final average compensation for members who joined the System prior to July 1, 1992 is defined as the average salary for three highest year of contributing compensation. For members joining the System after June 30, 1992 final average compensation is defined as the average of the five highest consecutive years of contributing compensation. Prior to July 1, 1995 all contributions were limited to salary caps of \$40,000 or \$25,000 depending on the member's election. Salary caps were removed starting July 1, 1995.
- Upon death, the designated beneficiary of a member who has not retired shall receive total contributions plus 100% of interest earned through the end of the fiscal year, with interest rates varying based on time of service. The surviving spouse may elect to receive the retirement benefit of the member, in lieu of the aforementioned benefits.
- Upon death of a retired member, the System will pay \$5,000 to the designated beneficiary in addition to the benefits provided by the retirement option selected by the member.
- A member is eligible for disability benefits after 10 years of credited Oklahoma service. The disability benefit is equal to 2% of final average compensation for the applicable years of credited service.
- Upon withdrawal from the system, a member's contributions are refundable with interest, based on the years of service.

Contributions – In accordance with *Oklahoma Statutes*, System members are required to contribute 7.00% of applicable compensation. For the year ended June 30, 2015, qualifying employee contributions were reduced by a retirement credit of \$79,370 provided by Enrolled House Bill 1873 and paid by the State of Oklahoma as on-behalf payments. For the year ended June 30, 2015, the District had a statutory contribution rate of 9.5% plus 8.25% as a match for salaries funded by federal programs. The contribution requirements of System members and the District are established and may be amended by the state legislature. For the year ended June 30, 2015, the District contributions to the System for were \$647,388.

Plainview School District I-27
Carter County, Oklahoma
Notes to Combined Financial Statements
June 30, 2015

4. Employee Retirement System (continued)

The State of Oklahoma, a non-employer contributing entity, provides funds through 5% of the State's sales, use, corporate and individual income taxes collected. The System receives 1% of the cigarette taxes collected by the State and 5% of net lottery proceeds collected by the State. The District's estimated share of these contributions based on their covered payroll for the measurement period was \$20,004.

Pension Liability and Pension Expense

At June 30, 2015, the District's proportionate share of the net pension liability was \$7,685,965. The net pension liability was measured as of June 30, 2014, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The District's proportion of the net pension liability was based on a projection of the District's long-term share of the contributions to the pension plan relative to the projected contributions of all participating school districts, actuarially determined. At June 30, 2014, the District's proportion was 0.144: 8757%, which was the same as its proportion measured as of June 30, 2013.

For the year ended June 30 2015, the District had pension expense of \$450,057.

Actuarial assumptions – The total pension liability in the June 30, 2014 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Actuarial Cost Method – Entry Age Normal

Amortization Method – Level Percentage of Payroll

Amortization Period – Amortization over an open 30-year period

Asset Valuation Method – 5-year smooth market

Inflation – 3.00%

Salary Increases – Composed of 3.00% inflation, plus 1.00% productivity increase rate, plus step-rate promotional increases for members with less than 25 years of service.

Investment Rate of Return – 8.00%

Retirement Age – Experience-based table of rates based on age, service, and gender.

Mortality – RP-2000 Combined Mortality Table, projected to 2016 using Scale AA, multiplied by 90% for males and 80% for females.

Plainview School District I-27
Carter County, Oklahoma
Notes to Combined Financial Statements
June 30, 2015

4. Employee Retirement System (continued)

The long-term expected rate of return on pension plan investments was determined using a building block method in which best estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expecting inflation.

The target asset allocation and best estimates of arithmetic expected real rates of return for each major asset class as of June 30, 2014, are summarized in the following table:

| Asset Class | Target Allocation | Long-Term Expected Real Rate of Return |
|----------------------|----------------------|--|
| Fixed Income | 23.50% | 6.60% |
| Domestic Equity | 57.50% | 6.80% |
| Private Equity | 5.00% | 7.90% |
| Real Estate | 7.00% | 5.50% |
| Limited Partnerships | 7.00% | 7.90% |
| | 100.00% | |

Discount rate – A single discount rate of 8.00% was used to measure the total pension liability as of June 30, 2013 and 2014. This single discount rate was based solely on the expected rate of return on pension plan investments of 8.00%. Based on the stated assumptions and the projection of cash flows, the pension plan’s fiduciary net position and future contributions were projected to be available to finance all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the District’s proportionate share of the net pension liability to changes in the discount rate – The following presents the District’s proportionate share of the net pension liability calculated using the discount rate of 8.00%, as well as what the District’s proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (7.00%) or 1-percentage-point higher (9.00%) than the current rate:

Plainview School District I-27
Carter County, Oklahoma
Notes to Combined Financial Statements
June 30, 2015

4. Employee Retirement System (continued)

| | 1% Decrease (7.00%) | Current Discount Rate (8.00%) | 1% Increase (9.00%) |
|--|------------------------|-------------------------------------|------------------------|
| District's Proportionate share of the net pension liability | <u>\$ 10,872,579</u> | <u>\$ 7,685,965</u> | <u>\$ 5,094,545</u> |

Pension plan fiduciary net position – Detailed information about the pension plan’s fiduciary net position is available in the separately issued TRS financial report that can be obtained at <http://www.ok.gov/trs/>.

5. Contingencies

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

6. Risk Management

The District is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; error and omissions and natural disasters for which the District carries commercial insurance. There have been no significant reductions in coverage from prior year and settlements have not exceeded coverage in the past three years.

7. Subsequent Events

Bond Election

In October 2015, a bond election was held and voters in the District authorized and approved the bond issuance of general obligation bonds in an amount not to exceed \$15,910,000. The bond issue will provide improvements consist of constructing, equipping, repairing and remodeling school buildings, acquiring school furniture, fixtures and equipment and acquiring and improving school sites. Improvements included but not limited to the acquisition, construction, improvement, equipping and/or furnishing of: new saferoom/cafeteria and main security entrances at high school; new roof at middle school; new early childhood facility with saferoom; new 8 lane all weather track and replace HVAC and electrical at two practice gyms.

Plainview School District I-27
Carter County, Oklahoma
Notes to Combined Financial Statements
June 30, 2015

7. Subsequent Events (continued)

Issuance of General Obligation Bonds

January 2016, the District issued \$405,000 of General Obligation Building Bonds of 2016. Bonds are due in annual installments of \$105,000 on January 1, starting in 2018 and ending in 2020, bearing an interest of 1.35%. Interest shall be paid semi-annually on the 1st day of January and July each year, commencing on July 1, 2017. Property Taxes revenues are pledged to repay this obligation.

Ground Lease and Sublease Agreement

February 2016, the District executed a Ground Lease Agreement and Sublease agreement with Carter County Public Facilities Authority, a public trust, (the Authority). The District will lease the land upon which the improvements are to be constructed for so long as there are obligations outstanding. The Authority will issue the Bonds and apply the proceeds thereof to acquire, construct, furnish, and equipment the improvements as approved by voters in October 2015. The premises, including the Improvements, will then be leased by the Authority to the District pursuant to the Sublease Agreement for an initial term expiring on June 30, 2016, provided that the District has the option to renew for successive one-year periods, or until such time as the Sublease agreement is terminated in accordance with its terms.

The Authority will issue Bonds in the amount of \$11,465,000 to finance a portion of the Improvements costs. This amount, together with separate issuance by the District of the first series of its general obligation bonds, is expected to fund the costs of the Improvements. If Improvements costs exceed the proceeds of the Bonds and the District's general obligation bonds, those costs will be paid out of other legally available monies of the District.

The District intends to issue the balance of the voter-approved general obligation bonds over the next twelve-years. The monies derived from the issuance and sale of such bonds will be used to make Lease Purchase Acquisition Payments under the Sublease and thereby periodically acquire from the Authority title to portions of the Improvements. The proceeds of the general obligation bonds authorized at the special election can be used only to finance the costs of the Improvements, including the Lease Purchase Acquisition Payments.

As of report date, there is \$15,505,000 authorized but unissued general obligation bonds from the bond election held in October 2015. In which \$11,465,000 are pledged for the Ground and Sublease agreement with Carter County Public Facilities Authority as discussed in prior paragraphs, which the property tax revenues will be pledged to pay the ground and sublease agreement payments.

Plainview School District I-27
Carter County, Oklahoma
Supplementary Schedule
Combining Statement of Assets, Liabilities and Fund Equity – Regulatory Basis
All Special Revenue Funds
June 30, 2015

| | Building Fund | Child Nutrition Fund | County Sales Tax Fund | Special Revenue Total |
|--|---------------|-------------------------|--------------------------|--------------------------|
| <u>ASSETS</u> | | | | |
| Cash | \$ 1,244,794 | \$ 137,989 | \$ 152,022 | \$ 1,534,805 |
| Total Assets | \$ 1,244,794 | \$ 137,989 | \$ 152,022 | \$ 1,534,805 |
| <u>LIABILITIES AND FUND EQUITY</u> | | | | |
| Liabilities: | | | | |
| Warrants payable | \$ 85,451 | \$ 13,842 | \$ 42,272 | \$ 141,565 |
| Total Liabilities | 85,451 | 13,842 | 42,272 | 141,565 |
| Fund Equity: | | | | |
| Unreserved: | | | | |
| Undesignated | \$ 1,159,343 | \$ 124,147 | \$ 464,351 | \$ 1,747,841 |
| Total Cash Fund Balances | 1,159,343 | 124,147 | 464,351 | 1,747,841 |
| Total Liabilities and Fund Equity | \$ 1,244,794 | \$ 137,989 | \$ 506,623 | \$ 1,889,406 |

Plainview School District I-27
Carter County, Oklahoma
Supplementary Schedule
Combining Statement of Revenues Collected, Expenditures Paid and
Changes in Cash Fund Balances – Regulatory Basis
All Special Revenue Funds
For the Year Ended June 30, 2015

| | <u>Building Fund</u> | <u>Child Nutrition Fund</u> | <u>County Sales Tax Fund</u> | <u>Special Revenue Total</u> |
|--|----------------------|---------------------------------|----------------------------------|----------------------------------|
| Revenues collected: | | | | |
| Local sources | \$ 375,441 | \$ 180,044 | \$ - | \$ 555,485 |
| Intermediate sources | - | - | 394,087 | 394,087 |
| State Sources | 1,226 | 70,269 | - | 71,495 |
| Federal Sources | - | 254,188 | - | 254,188 |
| Total Revenues Collected | <u>376,667</u> | <u>504,501</u> | <u>394,087</u> | <u>1,275,255</u> |
| Expenditures paid: | | | | |
| Instructional Services | 75,413 | - | 0 | 75,413 |
| Support Services | 89,881 | - | 5,385 | 95,266 |
| Non-Instructional Services | - | 443,563 | - | 443,563 |
| Capital outlay | 196,712 | - | - | 196,712 |
| Other Outlays | - | 224 | - | 224 |
| Total expenditures paid | <u>362,006</u> | <u>443,787</u> | <u>5,385</u> | <u>811,178</u> |
| Excess of revenues collected over (under) expenditures paid | <u>14,661</u> | <u>60,714</u> | <u>388,702</u> | <u>464,077</u> |
| Excess of revenues collected and other sources over (under) expenditures paid and other uses | 14,661 | 60,714 | 388,702 | 464,077 |
| Cash fund balances, beginning of year | <u>1,144,682</u> | <u>63,433</u> | <u>75,649</u> | <u>1,283,764</u> |
| Cash fund balances, end of year | <u>\$ 1,159,343</u> | <u>\$ 124,147</u> | <u>\$ 464,351</u> | <u>\$ 1,747,841</u> |

Plainview School District I-27
Carter County, Oklahoma
Supplementary Schedule
Combining Statement of Revenues Collected, Expenditures Paid and
Changes in Cash Fund Balances – Budget and Actual – Regulatory Basis
Building and Child Nutrition Funds
For the Year Ended June 30, 2015

| | Building Fund | | | Child Nutrition Fund | | | Total | | |
|--|--------------------|--------------------|---------------------|----------------------|-----------------|-------------------|--------------------|--------------------|---------------------|
| | Original Budget | Final Budget | Actual | Original Budget | Final Budget | Actual | Original Budget | Final Budget | Actual |
| Beginning cash fund balances - Budgetary basis | \$ 1,144,682 | \$ 1,144,682 | \$ 1,144,682 | \$ 63,433 | \$ 63,433 | \$ 63,433 | \$ 1,208,115 | \$ 1,208,115 | \$ 1,208,115 |
| Revenues collected: | | | | | | | | | |
| Local sources | 341,575 | 341,575 | 375,441 | 196,300 | 196,300 | 180,044 | 537,875 | 537,875 | 555,485 |
| State sources | 1,100 | 1,100 | 1,226 | 9,100 | 9,100 | 70,269 | 10,200 | 10,200 | 71,495 |
| Federal sources | - | - | - | 247,200 | 247,200 | 254,188 | 247,200 | 247,200 | 254,188 |
| Total Revenues Collected | <u>342,675</u> | <u>342,675</u> | <u>376,667</u> | <u>452,600</u> | <u>452,600</u> | <u>504,501</u> | <u>795,275</u> | <u>795,275</u> | <u>881,168</u> |
| Expenditures paid: | | | | | | | | | |
| Instructional Services | 75,413 | 75,413 | 75,413 | - | - | - | 75,413 | 75,413 | 75,413 |
| Support Services | 1,262,074 | 1,262,074 | 89,881 | - | - | - | 1,262,074 | 1,262,074 | 89,881 |
| Non-Instructional Services | - | - | - | 515,808 | 515,808 | 443,563 | 515,808 | 515,808 | 443,563 |
| Capital outlay | 149,870 | 149,870 | 196,712 | - | - | - | 149,870 | 149,870 | 196,712 |
| Other outlays | - | - | - | 225 | 225 | 224 | 225 | 225 | 224 |
| Total expenditures paid | <u>1,487,357</u> | <u>1,487,357</u> | <u>362,006</u> | <u>516,033</u> | <u>516,033</u> | <u>443,787</u> | <u>2,003,390</u> | <u>2,003,390</u> | <u>805,793</u> |
| Excess of revenues collected over (under) expenditures paid | <u>(1,144,682)</u> | <u>(1,144,682)</u> | <u>14,661</u> | <u>(63,433)</u> | <u>(63,433)</u> | <u>60,714</u> | <u>(1,208,115)</u> | <u>(1,208,115)</u> | <u>75,375</u> |
| Ending cash balances | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 1,159,343</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 124,147</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 1,283,490</u> |

Plainview School District I-27
Carter County, Oklahoma
Supplementary Schedule
Combining Statement of Assets, Liabilities and Fund Equity – Regulatory Basis
All Capital Project Funds
For the Year Ended June 30, 2015

| | Bond Fund 36 | Bond Fund 37 | Total Capital Project Funds |
|--|--------------|--------------|--------------------------------|
| ASSETS | | | |
| Cash | \$ 163,230 | \$ 7,420 | \$ 170,650 |
| Total Assets | \$ 163,230 | \$ 7,420 | \$ 170,650 |
| LIABILITIES AND FUND EQUITY | | | |
| Liabilities: | | | |
| Warrants payable | \$ 17,193 | \$ - | \$ 17,193 |
| Total Liabilities | 17,193 | - | 17,193 |
| Fund Equity: | | | |
| Unreserved: | | | |
| Designated for capital projects | 146,036 | 7,421 | 153,457 |
| Total Cash Fund Balances | 146,036 | 7,421 | 153,457 |
| Total Liabilities and Fund Equity | \$ 163,229 | \$ 7,421 | \$ 170,650 |

Plainview School District I-27
Carter County, Oklahoma
Supplementary Schedule
Combining Statement of Revenues Collected, Expenditures Paid and
Changes in Cash Fund Balances – Regulatory Basis
All Capital Project Funds
For the Year Ended June 30, 2015

| | <u>Bond Fund 36</u> | <u>Bond Fund 37</u> | <u>Total Capital Project Funds</u> |
|--|---------------------|---------------------|--|
| Revenues collected: | | | |
| Local sources | \$ - | \$ - | \$ - |
| Total Revenues Collected | - | - | - |
| Expenditures paid: | | | |
| Instruction | 56,799 | 13,355 | 70,154 |
| Support services | 508,151 | 7,270 | 515,421 |
| Non-Instructional services | - | - | - |
| Capital outlay | <u>12,000</u> | <u>14,350</u> | <u>26,350</u> |
| Total expenditures paid | <u>576,950</u> | <u>34,975</u> | <u>611,925</u> |
| Excess of expenditures paid over revenues collected | (576,950) | (34,975) | (611,925) |
| Excess of revenues collected and other sources over (under) expenditures paid and other uses | (576,950) | (34,975) | (611,925) |
| Cash fund balances, beginning of year | <u>722,986</u> | <u>42,396</u> | <u>765,382</u> |
| Cash fund balances, end of year | <u>\$ 146,036</u> | <u>\$ 7,421</u> | <u>\$ 153,457</u> |

Plainview School District I-27
Carter County, Oklahoma
Supplementary Schedule
Combining Statement of Changes in Cash Balances – Regulatory Basis
Activity Funds
For the Year Ended June 30, 2015

| | BEGINNING | | | ENDING |
|------------------------------------|-----------|-----------|-----------|-----------|
| | BALANCE | RECEIPTS | CHECKS | BALANCE |
| High School Yearbook | \$ 38,924 | \$ 14,805 | \$ 15,503 | \$ 38,226 |
| Athletics | 26,939 | 144,617 | 136,772 | 34,784 |
| Band | 960 | 2,615 | 3,450 | 125 |
| High School Beta Club | 656 | 2,940 | 3,223 | 373 |
| National Junior High Honor Society | 1,741 | 1,000 | 576 | 2,165 |
| High School Cheerleaders | 4,814 | 28,252 | 28,838 | 4,228 |
| Middle School Cheerleaders | 1,603 | 11,962 | 9,754 | 3,811 |
| Elementary Art | 318 | 600 | 571 | 347 |
| FCCLA | 6,897 | 10,585 | 14,208 | 3,274 |
| Elementary P.T.O | - | 67,828 | 41,621 | 26,207 |
| Elementary PE | 6,882 | 13,914 | 11,169 | 9,627 |
| Intermediate Elementary | 7,253 | 18,537 | 13,921 | 11,869 |
| Elementary Library | 6,360 | 12,423 | 14,172 | 4,611 |
| Primary Elementary | 11,813 | 19,720 | 12,922 | 18,611 |
| High School Parking Lot | 11,212 | 2,220 | 8,256 | 5,176 |
| High School | 1,736 | 5,346 | 4,262 | 2,820 |
| First Grade | 1,702 | 6,831 | 7,822 | 711 |
| Second Grade | 881 | 6,191 | 6,226 | 846 |
| Plainview Band Boosters | 19,098 | 26,789 | 41,298 | 4,589 |
| Middle School | 6,798 | 10,467 | 7,097 | 10,168 |
| Class of 2015 (Juniors) | 5,141 | - | 4,985 | 156 |
| High School Student Council | 2,551 | 7,722 | 9,205 | 1,068 |
| Scholarship | 10,127 | 5,655 | 5,200 | 10,582 |
| High School Art Department | 419 | 3,271 | 2,005 | 1,685 |
| Middle School Art Department | 1,038 | 1,725 | 2,240 | 523 |
| Middle School Yearbook | 9,286 | 7,653 | 8,847 | 8,092 |
| Middle School Student Council | 1,338 | 1,020 | 880 | 1,478 |
| Middle School Library | 1,736 | 4,043 | 3,406 | 2,373 |
| High School Library | 1,484 | - | 425 | 1,059 |
| Elementary Music | 31 | 2,866 | 2,479 | 418 |
| High School Vocal Music | 6,110 | 17,930 | 17,361 | 6,679 |
| Primary Technology | 13,637 | 23,011 | 20,840 | 15,808 |
| Lake Country Academic Conf. | 911 | 300 | 600 | 611 |
| Basketball Program | 9,227 | 26,820 | 26,232 | 9,815 |
| YMCA Youth In Government | 73 | - | - | 73 |
| Discovery Club | 1,279 | - | 331 | 948 |
| High School Business | 84 | 150 | - | 234 |
| Interest | 109 | 308 | 323 | 94 |
| Plainview Grants | 12,569 | 6,772 | 18,946 | 395 |

Plainview School District I-27
Carter County, Oklahoma
Supplementary Schedule
Combining Statement of Changes in Cash Balances – Regulatory Basis
Activity Funds
For the Year Ended June 30, 2015

| | BEGINNING BALANCE | RECEIPTS | CHECKS | ENDING BALANCE |
|----------------------------------|----------------------|-------------------|-------------------|-------------------|
| Transportation / Maintenance | 421 | 123 | 102 | 442 |
| Donations | 301 | 24,261 | 24,343 | 219 |
| Four Year Old Program | 89 | 2,946 | 2,668 | 367 |
| Daycare | 111,939 | 87,172 | 74,379 | 124,732 |
| Football / Weight Room | 8,980 | 51,384 | 56,445 | 3,919 |
| FCA | 636 | 1,855 | 1,199 | 1,292 |
| High School Examination Account | 356 | 3,265 | 3,426 | 195 |
| Plainview Academic Team | 298 | 4,629 | 2,725 | 2,202 |
| Class of 2018 (Juniors) | - | 48,288 | 41,099 | 7,189 |
| Golf Program | 5,726 | 9,328 | 13,829 | 1,225 |
| Kindergarten Program | 183 | 6,409 | 6,206 | 386 |
| Middle School Science | 278 | 1,000 | 1,013 | 265 |
| Elementary Yearbook / Enrichment | 6,035 | - | 3,022 | 3,013 |
| Spanish Club | 661 | - | - | 661 |
| Middle School Vocal Music | 3,918 | - | 3,918 | - |
| Staff & Faculty | 13,005 | 400 | 13,383 | 22 |
| Clearing Account | - | 4,400 | 4,400 | - |
| Baseball Program | 10,570 | 21,551 | 22,494 | 9,627 |
| Concession Drink Orders | 19 | 3,376 | 3,376 | 19 |
| Special Olympics | 323 | 1,150 | 20 | 1,453 |
| Softball Program | 4,042 | 39,146 | 31,071 | 12,117 |
| Wrestling Program | 1,466 | 3,782 | 4,061 | 1,187 |
| Environmental Science | 1,804 | - | 83 | 1,721 |
| Advanced Placement Program | 769 | 3,504 | 3,280 | 993 |
| Coaches' Resource Account | 1,903 | 246 | - | 2,149 |
| Middle School PIA | 6,168 | 17,046 | 7,662 | 15,552 |
| Track Cross Country | 28 | 1,425 | 849 | 604 |
| | <u>\$ 413,655</u> | <u>\$ 853,574</u> | <u>\$ 831,019</u> | <u>\$ 436,210</u> |

**Plainview School District I-27
Carter County, Oklahoma
Supplementary Schedule
Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2015**

| Federal Grant / Pass-Through Grantor / Program Title | Federal CFDA Number | Pass - Through Grantor's Project Number | Balance 6/30/2014 | Federal Grant Receipts | Federal Grant Expenditures | Balance 6/30/2015 |
|---|---------------------------|---|-------------------|---------------------------|-------------------------------|-------------------|
| U.S. Department of Interior | | | | | | |
| <i>Passed Through Chickasaw Nation:</i> | | | | | | |
| Johnson O'Malley | 15.130 | 563 | \$ (4,045) | \$ 10,734 | \$ 11,092 | \$ (4,403) |
| U.S. Dept. of Education | | | | | | |
| <i>Direct Program:</i> | | | | | | |
| Title VII - Indian Education | 84.060A | 561 | 1,405 | 58,118 | 58,143 | 1,380 |
| <i>Passed Through State Department of Education:</i> | | | | | | |
| Title I, Grants to Local Education Agencies | 84.010 | 511 | (6,150) | 132,504 | 145,136 | (18,782) |
| Special Education - Flow-Through | 84.027 | 621 | (20,889) | 320,191 | 299,302 | - |
| Special Education - Preschool | 84.173 | 641 | - | 6,591 | 6,591 | - |
| Special Education Cluster | | | (20,889) | 326,782 | 305,893 | - |
| Title II - Part D (a) - Education Technology | 84.318 | 546 | - | - | | - |
| Title VI - Part B Rural Education | 84.358 | 587 | (1,543) | 25,466 | 23,923 | - |
| Title II - Part A - Improving Teacher Quality | 84.367 | 541 | (6,547) | 36,611 | 26,998 | 3,066 |
| <i>Passed Through Vocational Education:</i> | | | | | | |
| Career and Technical Education - Basic Grant to States (Perkins IV) | 84.048 | 421 | 1,781 | 6,587 | 6,587 | 1,781 |

**Plainview School District I-27
Carter County, Oklahoma
Supplementary Schedule
Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2015**

| Federal Grant / Pass-Through Grantor / Program Title | Federal CFDA Number | Pass - Through Grantor's Project Number | Balance 6/30/2014 | Federal Grant Receipts | Federal Grant Expenditures | Balance 6/30/2015 |
|---|------------------------------------|--|--------------------------|-----------------------------------|---------------------------------------|--------------------------|
| U.S. Dept. of Education - continued | | | | | | |
| <i>Passed Through OK State Department of Rehabilitation</i> | | | | | | |
| Job Training Vocation | 84.126 | 456 | (285) | 689 | 993 | (589) |
| Total U.S. Department of Education | | | \$ (32,228) | \$ 586,757 | \$ 567,673 | \$ (13,144) |
| U.S. Department of Agriculture: | | | | | | |
| <i>Passed Through State Department of Education:</i> | | | | | | |
| Cash Assistance: | | | | | | |
| National School Lunch Program | 10.555 | 763 | 17,305 | 197,866 | 154,016 | 61,155 |
| School Breakfast Program | 10.553 | 764 | - | 56,322 | 56,322 | - |
| Cash Assistance Subtotal: | | | 17,305 | 254,188 | 210,338 | 61,155 |
| <i>Passed Through State Department of Human Services:</i> | | | | | | |
| Non-Cash Assistance (Commodities) | | | | | | |
| National School Lunch Program | 10.555 | | - | 38,994 | 38,994 | - |
| Non-Cash Assistance Subtotal: | | | - | 38,994 | 38,994 | - |
| Child Nutrition Cluster | | | 17,305 | 293,182 | 249,332 | 61,155 |
| Total U.S. Department of Agriculture | | | \$ 17,305 | \$ 293,182 | \$ 249,332 | \$ 61,155 |
| Total Expenditures of Federal Awards | | | \$ (18,968) | \$ 890,673 | \$ 828,097 | \$ 43,608 |

Plainview School District I-27
Carter County, Oklahoma
Notes to the Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2015

Note 1: Basis of Presentation

The Schedule of Expenditures of Federal Awards (the Schedule) includes the federal award activity of Plainview School District I-27 Carter County, Oklahoma. The information in this Schedule is presented in accordance with the requirements of OMB Circular A-87, *Cost Principles for State, Local, and Indian Tribal Governments*. Because the Schedule presents only a selected portion of the operations of Plainview School District I-27 Carter County, Oklahoma, it is not intended to and does not present the financial position and changes in net assets of Plainview School District I-27 Carter County, Oklahoma.

Note 2: Summary of Significant Accounting Policies

The schedule is prepared using the cash receipts and disbursement basis. Such expenditures are recognized following the costs principles contained in OMB Circular A-87, *Cost Principles for State, Local, and Indian Tribal Governments*, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Therefore, some amounts presented in the schedule may differ from amounts presented in or used in the preparation of the basic financial statements. Nonmonetary assistance is reported in the schedule at the fair market value of the commodities received. Expenditures include amounts claimed as indirect costs if applicable.



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

The Honorable Board of Education
Plainview School District I-27
Ardmore, Oklahoma 73401

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller of the United States, the accompanying fund type and account group financial statements of Plainview School District I-27, Carter County Oklahoma, as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the Plainview School District I-27, Carter County Oklahoma's regulatory financial statements and have issued our report thereon dated February 26, 2016. Our report included an adverse opinion on U.S. Generally Accepted Accounting Principles and a qualified opinion due to the omission of the general fixed asset account group.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Plainview School District I-27 Carter County, Oklahoma's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on effectiveness Plainview School District I-27 Carter County, Oklahoma's internal control. Accordingly, we do not express an opinion on the effectiveness of Plainview School District I-27 Carter County, Oklahoma's internal control.

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

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Our consideration of internal control was for the limited purposes described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings and questioned costs that we consider to be significant deficiencies. 2015-001.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Plainview School District I-27, Carter County Oklahoma's financial statements are free of 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 instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule of findings and questioned costs as item 2015-002 and 2015-003.

Plainview School District I-27, Carter County Oklahoma's Response to Findings

Plainview School District I-27, Carter County Oklahoma's response to the findings identified in our audit is described in the accompanying schedule of findings and questioned costs. Plainview School District I-27, Carter County Oklahoma's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Purpose of this Report

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

Rahhal Henderson Johnson, PLLC

Ardmore, Oklahoma
February 26, 2016



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

The Honorable Board of Education
Plainview School District I-27
Ardmore, Oklahoma 73401

Report on Compliance for Each Major Federal Program

We have audited Plainview School District I-27, Carter County, Oklahoma'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 Plainview School District I-27, Carter County, Oklahoma's major federal programs for the year ended June 30, 2015. Plainview School District I-27, Carter County, Oklahoma's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of Plainview School District I-27, Carter County, Oklahoma'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 Plainview School District I-27, Carter County, Oklahoma's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of Plainview School District I-27, Carter County, Oklahoma's compliance.

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Opinion on Each Major Federal Program

In our opinion, Plainview School District I-27, Carter County, Oklahoma, complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2015.

Other Matters

The results of our auditing procedures disclosed an instance of noncompliance, which is required to be reported in accordance with OMB Circular A-133 and which are described in the accompanying schedule of findings and questioned costs as items 2015-004. Our opinion on each major federal program is not modified with respect to these matters.

Plainview School District I-27, Carter County, Oklahoma's response to the noncompliance findings identified in our audit is described in the accompanying schedule of findings and questioned costs. Plainview School District I-27, Carter County, Oklahoma's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

Report on Internal Control Over Compliance

Management of Plainview School District I-27, Carter County, Oklahoma, 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 Plainview School District I-27, Carter County, Oklahoma'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 Plainview School District I-27, Carter County, Oklahoma'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 and therefore, material weaknesses or significant deficiencies may exist that were not identified. We

did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, we identified certain deficiencies in internal control over compliance, as described in the accompanying schedule of findings and questioned costs as items 2015-004 that we consider to be significant deficiencies.

Plainview School District I-27, Carter County, Oklahoma's response to the internal control over compliance findings identified in our audit is described in the accompanying schedule of findings and questioned costs. Plainview School District I-27, Carter County, Oklahoma's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

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

Rahhal Henderson Johnson, PLLC

Ardmore, Oklahoma
February 26, 2016

**Plainview School District I-27
Carter County, Oklahoma
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2015**

Section I – Summary of Auditor’s Results

Financial Statements:

| | |
|---|---------------------------|
| Type of audit report: | Qualified Opinion |
| Internal control over financial reporting: | |
| Material weakness(es) identified? | _____ Yes <u> X </u> No |
| Significant Deficiency(ies) identified that are not considered to be material weaknesses? | <u> X </u> Yes _____ No |
| Noncompliance material to financial statement | _____ Yes <u> X </u> No |

Federal Awards:

| | |
|---|---------------------------|
| Internal control over major program: | |
| Material weakness(es) identified? | _____ Yes <u> X </u> No |
| Significant Deficiency(ies) identified that are not considered to be material weaknesses? | <u> X </u> Yes _____ No |
| Type of auditors' report issued on compliance for major programs: | Unmodified Opinion |
| Any audit findings disclosed that are required to be reported in | <u> X </u> Yes _____ No |

Identification of Major Programs:

| <u>CFDA Number</u> | <u>Name of federal Program or Cluster</u> |
|--------------------|---|
| 10.553 & 10.555 | Child Nutrition Cluster |
| 84.173 & 84.027 | Special Education Cluster (IDEA) |

| | |
|--|---------------------------|
| Dollar threshold used to distinguish between Type A and Type | \$ 300,000 |
| Auditee qualified as a low-risk auditee? | _____ Yes <u> X </u> No |

Plainview School District I-27
Carter County, Oklahoma
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2015

Section II – Financial Statement Findings

2015-001 Financial Reporting

Criteria: The responsibility for the financial statements remains with management even when the preparation of the financial statements is transferred to a service provider. An individual with sufficient awareness of disclosure requirements should be designated to oversee the preparation of the financial statements.

Condition: The District does not have a financial reporting system in place to ensure that all financial information is disclosed in the appropriate accounting period and in accordance with the regulatory basis of accounting and State Department of Education guidelines. In addition, the District does not report a general fixed asset account group as required by the State Department of Education guidelines.

Cause: The internal control structure of the District focuses primarily on daily operations. The District does have a system of financial reporting that determines the trial balances used in financial statement preparation are final. The District does not currently have a system in place to determine appropriate financial statement disclosures. The District also does not have a system for accounting for general fixed assets.

Effect: Potential that financial statement disclosures will be incomplete. Scope limitation on the audit for the general fixed asset account group.

Recommendation: We recommend that the District evaluate the costs of providing for the additional assistance needed for the year-end financial reporting process to determine it is in accordance with accounting and regulatory requirements.

*Views of Responsible Officials
and Planned Corrective*

Action: The District's current budget constraints do not allow for the addition of an outside consultant to assist in the year-end financial reporting process. Management reviews disclosures as presented to determine that they are accurate.

Plainview School District I-27
Carter County, Oklahoma
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2015

2015-002 Activity Fund Receipts

Criteria: All monies received by district should be documented by pre-numbered receipt, list, ticket reconciliation or inventory reconciliation.

Condition: Documentation not being kept for funds received by District

Context: Four out of twenty-five receipts tested did not have sufficient documentation for the amount of funds initially collected from students.

Cause: Failure to follow district policy

Effect: Lack of compliance with district policy and risk of misappropriation of assets

Recommendation: We recommend that procedures be strengthened to include that receipts, lists or inventory reconciliations of items sold should be completed for all activity fund activities.

*Views of Responsible Officials
and Planned Corrective*

Action: The District will continue to focus on improving compliance in this area.

2015-003 Purchase Orders

Criteria: District Policy CHC-R Bids and Quotes purchase of supplies, materials, equipment and contractual services in the amount of \$1,500 or more shall be based on at least three price quotes or competitive bid.

Condition: Quotes were not obtained on purchases.

Context: One out of twenty-five purchases tested did not have supporting quotes attached.

Cause: Failure to follow district policy

Effect: Lack of compliance with district policy.

Recommendation: We recommend that procedures be strengthened to ensure that quotes are being obtained and attached to purchase orders.

*Views of Responsible Officials
and Planned Corrective*

Action: The District will continue to focus on improving compliance in this area.

**Plainview School District I-27
Carter County, Oklahoma
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2015**

Section III – Federal Award Findings and Questioned Costs

U.S. Department of Agriculture

Passed through Oklahoma State Department of Education

2015-004 Child Nutrition Cluster—School Breakfast Program and National School Lunch Program —CFDA # 10.553 and 10.555

Criteria: Eligibility for participation in the National School Lunch Program and School Breakfast Program is based on the face of the applications submitted.

Condition: Eligibility determined and given to student was not in agreement with information entered on application.

Context: A sample of 71 applications was selected from a population greater than 250. One application did not have eligibility properly determined.

Cause: Keying error when application was entered into computer system, which then uses the data to determine the eligibility status.

Effect: Over or under reimbursement from the Federal Government due to inaccurate eligibility determined.

Recommendation: We recommend that the district continue to strengthen controls to ensure data is being entered accurately.

*Views of Responsible Officials
and Planned Corrective*

Action: The District will continue to monitor data entry and will make every effort to maintain accuracy, including a second reviewer of all information entered.

**Plainview School District I-27
Carter County, Oklahoma
Summary of Prior Year Findings
For the Year Ended June 30, 2015**

Financial Statement Findings

2014-001 *Condition:* The District does not have a financial reporting system in place to ensure that all financial information is disclosed in the appropriate accounting period and in accordance with the regulatory basis of accounting and State Department of Education guidelines. In addition, the District does not report a general fixed asset account group as required by the State Department of Education guidelines.

Recommendation: The auditor recommended the District evaluate the costs of providing for the additional assistance needed for the year-end financial reporting process to determine it is in accordance with accounting and regulatory requirements.

Status: Condition still exists. See 2015-001

2014-002 *Condition:* This finding stated that activity fund receipts in excess of \$100 were not made by the end of the next business day.

Recommendation: The auditor recommended activity sponsors be informed of the policies related to turning funds in timely.

Status: Condition has been resolved

Federal Award Findings and Questioned Costs

2014-003 **Child Nutrition Cluster—School Breakfast Program and National School Lunch Program —CFDA # 10.553 and 10.555**

Condition: Eligibility determined and given to student was not in agreement with information entered on application.

Recommendation: The auditor recommended that the district continue to strengthen controls to ensure data is being entered accurately.

Status: Condition still exists. See 2015-004

Plainview School District I-27
Carter County, Oklahoma
Statement of Statutory Fidelity, and Honesty Bonds (unaudited)
For the Year Ended June 30, 2015

The District has a Public Official Position Schedule Bond with Western Surety Company. The bond number is 70750218. It covers all employees for the penal sum of \$100,000 and is for the term July 1, 2014 to June 30, 2015.

The treasurer is bonded by Western Surety Company, bond number 70750726, for the penal sum of \$100,000 for the term July 1, 2014 to June 30, 2015.

**Plainview School District I-27
Carter County, Oklahoma
Schedule of Accountant's Professional Liability Insurance Affidavit (unaudited)
For the Year Ended June 30, 2015**

State of Oklahoma)

County of Carter)

The undersigned auditing firm of lawful age, being first duly sworn on oath, says that said firm had in full force and effect Accountant's Professional Liability Insurance in accordance with the "Oklahoma Public School Audit Law" at the time of audit contract and during the entire audit engagement with Plainview School District I-27 for the audit year 2014-2015.

RAHHAL HENDERSON JOHNSON, PLLC

BY: Mary E Johnson
Authorized Agent

Subscribed and sworn to before me on this 2nd day of March, 2016.

Brenda Richardson
Notary Public

Commission Number: _____



My commission expires on: _____ day of _____, 20__.