

**FINANCIAL STATEMENTS AND
INDEPENDENT AUDITOR'S REPORTS
LOMEGA INDEPENDENT SCHOOL DISTRICT
NO. 3
KINGFISHER COUNTY, OKLAHOMA
JUNE 30, 2016**

**LOMEGA INDEPENDENT SCHOOL DISTRICT NO. 3
KINGFISHER COUNTY, OKLAHOMA
JUNE 30, 2016**

TABLE OF CONTENTS

School District Officials

Independent Auditor's Report

Combined Financial Statements

Combined Balance Sheet — Regulatory Basis — All Fund Types and Account Groups	Schedule 1-00
Combined Statement of Revenues, Expenditures and Changes in Fund Balances — Regulatory Basis — All Governmental Fund Types.....	Schedule 2-00
Combined Statement of Revenues, Expenditures and Changes in Fund Balances — Budget and Actual — Regulatory Basis — Budgeted and Governmental Fund Types.....	Schedule 3-00

Notes to Combined Financial Statements

SUPPORTING SCHEDULES

Combining Financial Statements

Combining Statement of Assets, Liabilities and Fund Balances — Regulatory Basis — All Special Revenue Funds	Schedule 4-00
Combining Statement of Revenues, Expenditures and Changes in Fund Balances — Regulatory Basis — All Special Revenue Funds	Schedule 5-00
Combined Statement of Revenues, Expenditures and Changes in Fund Balances — Budget and Actual — Regulatory Basis — All Special Revenue Funds	Schedule 6-00

**LOMEGA INDEPENDENT SCHOOL DISTRICT NO. 3
KINGFISHER COUNTY, OKLAHOMA
JUNE 30, 2016**

TABLE OF CONTENTS ,(CONTINUED)

Combining Financial Statements, (Continued)

Combining Statement of Assets, Liabilities and Fund Balances - Regulatory Basis - Capital Project Funds.....	Schedule 7-00
Combining Statement of Revenues, Expenditures and Changes in Fund Balances - Regulatory Basis - All Capital Project Funds.....	Schedule 8-00
Combining Statement of Assets, Liabilities and Fund Equity — Regulatory Basis — Fiduciary Fund Types	Schedule 9-00
Combining Statement of Changes in Assets and Liabilities — Regulatory Basis — All Agency Funds	Schedule 10-00

Supplementary Information

Schedule of Expenditures of Federal Awards.....	Schedule 11-00
---	----------------

Report on Internal Control and on Compliance

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

Audit Comments

School District's Response to Audit Comments

**Schedule of Accountant's Professional Liability
Insurance Affidavit**

**LOMEGA INDEPENDENT SCHOOL DISTRICT NO. 3
KINGFISHER COUNTY, OKLAHOMA
SCHOOL DISTRICT OFFICIALS
JULY 1, 2015 THROUGH JUNE 30, 2016**

Board of Education

President	Brad Uhlenhake
Vice President	Mike Myers
Clerk	David Schnell
Member	Nathan Freeland
Member	Terry Marks

School District Treasurer

Karen Mueggenborg
Kingfisher County Treasurer

Superintendent of Schools

Karen Castonguay



BRITTON, KUYKENDALL, & MILLER
CERTIFIED PUBLIC ACCOUNTANTS

JAMES M. KUYKENDALL
RICK D. MILLER

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

INDEPENDENT AUDITOR'S REPORT

To the Honorable Board of Education
Lomega Independent School District No. 3
Lomega, Kingfisher County, Oklahoma

Report on the Financial Statements

We have audited the accompanying combined fund type and account group financial statements-regulatory basis of Lomega Independent School District No. 3, Oklahoma, as of and for the year ended June 30, 2016, and the related notes to the financial statements, as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

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

As described in Note 1, the financial statements are prepared by Lomega Independent School District No. 3, Oklahoma, on the basis of the financial reporting provisions of the Oklahoma State Department of Education, which is a basis of accounting other than accounting principles generally accepted in the United States of America, to meet the requirements of the Oklahoma State Department of Education.

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

Adverse Opinion on U.S. Generally Accepted Accounting Principles

In our opinion, because of the significance of the matter discussed in the "Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles" paragraph, the financial statements referred to above do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of Lomega Independent School District No. 3, Oklahoma, as of June 30, 2016, or changes in financial position, or cash flows thereof for the year then ended.

Basis for Qualified Opinion on Regulatory Basis of Accounting

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

Qualified Opinion on Regulatory Basis of Accounting

However, in our opinion, except for the effects of the matter discussed in the "Basis for Qualified Opinion on Regulatory Basis of Accounting" paragraph, the financial statements referred to above present fairly, in all material respects, the cash and unencumbered cash balances arising from regulatory basis transactions of each fund type and account group of Lomega Independent School District No. 3, Oklahoma, as of June 30, 2016, and the revenues it received and expenditures it paid and encumbered for the year then ended, in accordance with the financial reporting provisions of the Oklahoma State Department of Education as described in Note 1.

Other Matters

Other Information

Our audit was conducted for the purpose of forming an opinion on the fund type and account group financial statements that collectively comprise Lomega Independent School District No. 3, Oklahoma's basic financial statements. The accompanying Combining Financial Statements and Schedule of Expenditures of Federal Awards as listed in the accompanying Table of Contents are presented for purposes of additional analysis and are not a required part of the basic financial statements.

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

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated October 10, 2016, on our consideration of Lomega Independent School District No. 3, Oklahoma's, internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering Lomega Independent School District No. 3, Oklahoma's internal control over financial reporting and compliance.

Britton, Kuykendall & Miller

BRITTON, KUYKENDALL & MILLER
Certified Public Accountants

Weatherford, Oklahoma
October 10, 2016

COMBINED FINANCIAL STATEMENTS

OF

**LOMEGA INDEPENDENT SCHOOL DISTRICT NO. 3
KINGFISHER COUNTY, OKLAHOMA**

LOMEGA INDEPENDENT SCHOOL DISTRICT NO. 3
 KINGFISHER COUNTY, OKLAHOMA
 COMBINED BALANCE SHEET - REGULATORY BASIS
 ALL FUND TYPES AND ACCOUNT GROUPS
 JUNE 30, 2016

	Governmental Fund Types			
	General	Special Revenue	Debt Service	Capital Projects
<u>ASSETS</u>				
Cash and Investments	\$ 713,578.70	\$ 284,340.95	\$ 166,765.37	\$ 416,841.13
Amount available in debt service fund	0.00	0.00	0.00	0.00
Amount to be provided for retirement of general long-term debt	0.00	0.00	0.00	0.00
Total Assets	<u>\$ 713,578.70</u>	<u>\$ 284,340.95</u>	<u>\$ 166,765.37</u>	<u>\$ 416,841.13</u>
<u>LIABILITIES AND FUND BALANCE</u>				
Liabilities:				
Warrants payable	\$ 72,462.08	\$ 11,498.65	\$ 0.00	\$ 0.00
Encumbrances	8,325.78	0.00	0.00	925.18
Due to others	0.00	0.00	0.00	0.00
General obligation bonds payable	0.00	0.00	0.00	0.00
Judgments payable	0.00	0.00	0.00	0.00
Total Liabilities	<u>80,787.86</u>	<u>11,498.65</u>	<u>0.00</u>	<u>925.18</u>
Fund Equity:				
Unreserved:				
Designated for capital projects	0.00	0.00	0.00	415,915.95
Designated for debt service	0.00	0.00	166,765.37	0.00
Undesignated	632,790.84	272,842.30	0.00	0.00
Total fund balances	<u>632,790.84</u>	<u>272,842.30</u>	<u>166,765.37</u>	<u>415,915.95</u>
Total Liabilities and Fund Balances	<u>\$ 713,578.70</u>	<u>\$ 284,340.95</u>	<u>\$ 166,765.37</u>	<u>\$ 416,841.13</u>

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

Fiduciary Fund Types Trust and Agency	Account Group General Long- Term Debt	Total (Memorandum Only - Note 1) 2016
\$ 155,541.06	\$ 0.00	\$ 1,737,067.21
0.00	166,765.37	166,765.37
0.00	1,018,234.63	1,018,234.63
<u>\$ 155,541.06</u>	<u>\$ 1,185,000.00</u>	<u>\$ 2,922,067.21</u>
\$ 0.00	\$ 0.00	\$ 83,960.73
0.00	0.00	9,250.96
155,541.06	0.00	155,541.06
0.00	1,185,000.00	1,185,000.00
0.00	0.00	0.00
<u>155,541.06</u>	<u>1,185,000.00</u>	<u>1,433,752.75</u>
0.00	0.00	415,915.95
0.00	0.00	166,765.37
0.00	0.00	905,633.14
<u>0.00</u>	<u>0.00</u>	<u>1,488,314.46</u>
<u>\$ 155,541.06</u>	<u>\$ 1,185,000.00</u>	<u>\$ 2,922,067.21</u>

LOMEGA INDEPENDENT SCHOOL DISTRICT NO. 3
KINGFISHER COUNTY, OKLAHOMA
COMBINED STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES - REGULATORY BASIS -
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED JUNE 30, 2016

	Governmental Fund Types				Total (Memorandum Only - Note 1) 2016
	General	Special Revenue	Debt Service	Capital Projects	
Revenues:					
Local sources	\$ 724,102.65	\$ 135,178.40	\$ 237,356.45	\$ 817.16	\$ 1,097,454.66
Intermediate sources	66,589.08	0.00	0.00	0.00	66,589.08
State sources	1,071,937.70	11,532.06	18.63	0.00	1,083,488.39
Federal Sources	94,822.79	170,344.10	0.00	0.00	265,166.89
Total Revenues Collected	1,957,452.22	317,054.56	237,375.08	817.16	2,512,699.02
Expenditures:					
Instruction	1,282,587.30	0.00	0.00	0.00	1,282,587.30
Support services	578,636.73	83,110.47	0.00	2,683.14	664,430.34
Non - Instructional services	7,017.71	210,982.13	0.00	0.00	217,999.84
Capital outlay	0.00	0.00	0.00	463,465.12	463,465.12
Other outlays	0.00	0.00	0.00	0.00	0.00
Debt service:					
Principal retirement	0.00	0.00	85,000.00	0.00	85,000.00
Interest and fiscal agent charges	0.00	0.00	25,410.00	0.00	25,410.00
Judgments Paid	0.00	0.00	0.00	0.00	0.00
Total Expenditures	1,868,241.74	294,092.60	110,410.00	466,148.26	2,738,892.60
Excess of revenue over (under) expenditures	89,210.48	22,961.96	126,965.08	(465,331.10)	(226,193.58)
Adjustments to prior year encumbrances	27,320.39	9,751.29	0.00	0.00	37,071.68
Other Financing Sources (Uses):					
Bond Sale Proceeds	0.00	0.00	0.00	0.00	0.00
Operating Transfers	0.00	0.00	0.00	0.00	0.00
Excess of revenues and other sources over (under) expenditures and other uses	116,530.87	32,713.25	126,965.08	(465,331.10)	(189,121.90)
Beginning fund balance	516,259.97	240,129.05	39,800.29	881,247.05	1,677,436.36
Ending fund balance	\$ 632,790.84	\$ 272,842.30	\$ 166,765.37	\$ 415,915.95	\$ 1,488,314.46

LOMEGA INDEPENDENT SCHOOL DISTRICT NO. 3
 COMBINED STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND
 BALANCES - BUDGET AND ACTUAL - REGULATORY BASIS -
 BUDGETED AND GOVERNMENTAL FUND TYPES (EXCLUDING CAPITAL PROJECTS)
 FOR THE YEAR ENDED JUNE 30, 2016

	General Fund		
	Original Budget	Final Budget	Actual
Beginning fund balances, budgetary basis	\$ 516,259.97	\$ 516,259.97	\$ 516,259.97
Revenues:			
Local sources	645,827.96	645,827.96	724,102.65
Intermediate sources	75,337.63	75,337.63	66,589.08
State sources	1,053,116.94	1,053,116.94	1,071,937.70
Federal sources	92,434.52	92,434.52	94,822.79
Total Revenue, budgetary basis	<u>1,866,717.05</u>	<u>1,866,717.05</u>	<u>1,957,452.22</u>
Expenditures:			
Instruction	1,464,485.61	1,464,485.61	1,282,587.30
Support services	909,377.02	909,377.02	578,636.73
Non - Instructional services	9,114.39	9,114.39	7,017.71
Capital Outlay	0.00	0.00	0.00
Other Outlays	0.00	0.00	0.00
Debt Service:			
Principle Retirement	0.00	0.00	0.00
Interest and fiscal agent charges	0.00	0.00	0.00
Judgments paid	0.00	0.00	0.00
Total Expenditures, budgetary basis	<u>2,382,977.02</u>	<u>2,382,977.02</u>	<u>1,868,241.74</u>
Excess of revenue and beginning fund balances over (under) expenditures - budgetary basis	0.00	0.00	605,470.45
Adjustments to prior year encumbrances	<u>0.00</u>	<u>0.00</u>	<u>27,320.39</u>
Other Financing Sources (Uses):			
Bond Sale Proceeds	0.00	0.00	0.00
Operating Transfers	0.00	0.00	0.00
Ending fund balances	<u>\$ 0.00</u>	<u>\$ 0.00</u>	<u>\$ 632,790.84</u>

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

Special Revenue Funds			Debt Service Fund		
Original Budget	Final Budget	Actual	Original Budget	Final Budget	Actual
\$ 240,129.05	\$ 240,129.05	\$ 240,129.05	\$ 39,800.29	\$ 39,800.29	\$ 39,800.29
127,586.91	127,586.91	135,178.40	233,138.88	233,138.88	237,356.45
0.00	0.00	0.00	0.00	0.00	0.00
2,211.89	2,211.89	11,532.06	0.00	0.00	18.63
140,104.53	170,455.31	170,344.10	0.00	0.00	0.00
<u>269,903.33</u>	<u>300,254.11</u>	<u>317,054.56</u>	<u>233,138.88</u>	<u>233,138.88</u>	<u>237,375.08</u>
0.00	0.00	0.00	0.00	0.00	0.00
300,928.38	300,928.38	83,110.47	0.00	0.00	0.00
209,104.00	239,454.78	210,982.13	0.00	0.00	0.00
0.00	0.00	0.00	0.00	0.00	0.00
	0.00	0.00	0.00	0.00	0.00
0.00	0.00	0.00	243,875.00	243,875.00	85,000.00
0.00	0.00	0.00	29,064.17	29,064.17	25,410.00
0.00	0.00	0.00	0.00	0.00	0.00
<u>510,032.38</u>	<u>540,383.16</u>	<u>294,092.60</u>	<u>272,939.17</u>	<u>272,939.17</u>	<u>110,410.00</u>
0.00	0.00	263,091.01	0.00	0.00	166,765.37
0.00	0.00	9,751.29	0.00	0.00	0.00
0.00	0.00	0.00	0.00	0.00	0.00
0.00	0.00	0.00	0.00	0.00	0.00
<u>\$ 0.00</u>	<u>\$ 0.00</u>	<u>\$ 272,842.30</u>	<u>\$ 0.00</u>	<u>\$ 0.00</u>	<u>\$ 166,765.37</u>

NOTES TO COMBINED FINANCIAL STATEMENTS

OF

**LOMEGA INDEPENDENT SCHOOL DISTRICT NO. 3
KINGFISHER COUNTY, OKLAHOMA**

**LOMEGA INDEPENDENT SCHOOL DISTRICT NO. 3
KINGFISHER COUNTY, OKLAHOMA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2016**

1. **Summary of Significant Accounting Policies**

The financial statements of Lomega Independent School District No. 3 (“the District”) have been prepared in conformity with another comprehensive basis of accounting as prescribed by the Oklahoma State Department of Education. The more significant of the District’s accounting policies are described below.

A. Reporting Entity

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

The governing body of the District is the board of education composed of elected members. The appointed superintendent is the executive officer of the District.

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

**LOMEGA INDEPENDENT SCHOOL DISTRICT NO. 3
KINGFISHER COUNTY, OKLAHOMA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2016**

Summary of Significant Accounting Policies, (Continued)

B. Fund Accounting

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

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

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

Governmental Fund Types

Governmental funds are used to account for all or most of a government's general activities, including the collection and disbursement of earmarked monies (special revenue funds), 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 funds of the District are the Building Fund, Child Nutrition Fund, and the Gift and Endowment Fund.

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

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

**LOMEGA INDEPENDENT SCHOOL DISTRICT NO. 3
KINGFISHER COUNTY, OKLAHOMA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2016**

Summary of Significant Accounting Policies, (Continued)

Fund Accounting, (Continued)

Gift and Endowment Fund - The Gift and Endowment Fund is an expendable gift and endowment fund. The gift and endowment fund receives its assets by way of philanthropic foundations, individuals, or private organizations for which no repayment of special service to the contributor is expected. This fund is used to promote the general welfare of the district.

Debt Service Fund - The debt-service fund of the District is the Sinking Fund. It 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 of 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

Fiduciary funds are used to account for assets held on behalf of outside parties, including other governments, or on behalf of other funds within the District. Agency funds generally are used to account for assets that the District holds on behalf of others as their agent and do not involve measurement of results of operations.

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

Account Groups

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

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

**LOMEGA INDEPENDENT SCHOOL DISTRICT NO. 3
KINGFISHER COUNTY, OKLAHOMA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2016**

Summary of Significant Accounting Policies , (Continued)

Fund Accounting, (Continued)

General Fixed Assets Account Group - Used to account for property, plant and equipment of the District. The District has not maintained the cost of fixed assets purchased in previous years. Thus the general fixed assets account group is not presented.

Memorandum Only — Total Column

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

C. Basis of Accounting

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

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

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

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

**LOMEGA INDEPENDENT SCHOOL DISTRICT NO. 3
KINGFISHER COUNTY, OKLAHOMA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2016**

Summary of Significant Accounting Policies, (Continued)

D. Budgets and Budgetary Accounting

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

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

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

E. Assets, Liabilities and Fund Equity

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

Investments — Investments consist of direct obligations of the U.S. government and agencies or certificates of deposit with maturities greater than three months when purchased. All investments are recorded at cost, which approximates market value.

Property Tax Revenues — The District is authorized by state law to levy property taxes which consist of ad valorem taxes on real and personal property within the District. The county assessor, upon receipt of the certification of tax levies from the county excise board, extends the tax levies on the tax roll for submission to the county treasurer before October 1. The county treasurer must commence tax collection within 15 days of receipt of the tax rolls. The first half of taxes is due prior to January 1. The second half is due prior to April 1.

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

**LOMEGA INDEPENDENT SCHOOL DISTRICT NO. 3
KINGFISHER COUNTY, OKLAHOMA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2016**

Summary of Significant Accounting Policies, (Continued)

Assets, Liabilities and Fund Equity, (Continued)

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

Fixed Assets and Property, Plant and Equipment - The general fixed assets account group is not presented.

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

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

F. Revenue, Expenses and Expenditures

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

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

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

All other interfund transactions, except quasi-external transactions and reimbursements, are reported as transfers. Nonrecurring or non routine permanent transfers of equity are reported as residual equity transfers. All other interfund transfers are reported as operating transfers. There were no operating transfers or residual equity transfers during the fiscal year ended June 30, 2016.

**LOMEGA INDEPENDENT SCHOOL DISTRICT NO. 3
KINGFISHER COUNTY, OKLAHOMA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2016**

Summary of Significant Accounting Policies, (Continued)

G. Statement of Cash Flows

Since the District currently has no proprietary fund types, the statement of cash flows has not been presented in the fiscal 2016 accompanying financial statements.

2. Cash and Investments

The District's investment policies are governed by state statute. Permissible investments include direct obligations of the U.S. government and agencies; certificates of deposit of savings and loan associations, and bank and trust companies; and savings accounts or savings certificates of savings and loan associations, and trust companies. Collateral is required for demand deposits and certificates of deposit for all amounts not covered by federal deposit insurance.

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

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

	Category			Bank Balance
	(A)	(B)	(C)	
Cash	\$ 1,737,067.21	\$ 0.00	\$ 0.00	\$ 1,737,067.21
Investments	0.00	0.00	0.00	0.00
Total	\$ 1,737,067.21	\$ 0.00	\$ 0.00	\$ 1,737,067.21

Investments — The District's investments consist of certificates of deposit or direct obligations of the U.S. government and agencies at June 30, 2016, and are categorized to give an indication of the level of risk assumed by the District.

**LOMEGA INDEPENDENT SCHOOL DISTRICT NO. 3
KINGFISHER COUNTY, OKLAHOMA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2016**

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.

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

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

	Bonds Payable
Balance, July 1, 2015	\$ 1,270,000.00
Additions	0.00
Retirements	(85,000.00)
Balance, June 30, 2016	\$ 1,185,000.00

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

	Maturity Date	Amount Issued	Amount Outstanding	Interest Rate
2011 Bldg. Bond	7/1/2017	\$ 400,000.00	\$ 85,000.00	.95-2.20%
2015 Bldg. Bond	5/1/2023	815,000.00	815,000.00	1.5-2.5%
2015 Combined Bond	5/1/2020	285,000.00	285,000.00	1.5-2.0%
Total Bonds		\$ 1,500,000.00	\$ 1,185,000.00	

**LOMEGA INDEPENDENT SCHOOL DISTRICT NO. 3
KINGFISHER COUNTY, OKLAHOMA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2016**

General Long Term Debt, (Continued)

Presented below is a summary of debt-service requirements to maturity by years:

<u>Year Ending</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
6/30/2017	\$ 270,000.00	\$ 23,795.00	\$ 293,795.00
6/30/2018	185,000.00	19,150.00	204,150.00
6/30/2019	185,000.00	16,375.00	201,375.00
6/30/2020	190,000.00	12,675.00	202,675.00
6/30/2021	115,000.00	8,875.00	123,875.00
Thereafter	<u>240,000.00</u>	<u>9,125.00</u>	<u>249,125.00</u>
Total	<u>\$ 1,185,000.00</u>	<u>\$ 89,995.00</u>	<u>\$ 1,274,995.00</u>

Interest expense on general long-term debt incurred during the current year totaled \$25,410.00.

4. **Investment Income**

Investment income deposits are receipted as allocated by the Treasurer. School District Funds held by the Treasurer are required to be invested in accordance with Title 70 of the Oklahoma Statutes. Interest income on cash funds totaled \$1,651.48.

5. **Risk Management**

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

6. **Employee Retirement System**

The District participates in the state-administered Oklahoma Teachers' Retirement System ("the System"), which is a cost-sharing, multiple-employer public employee retirement system (PERS). Under the System, contributions are made by the District, the State of Oklahoma and participating employees. Participation is required for all teachers and other certified employees and is optional for all other regular employees of public educational institutions who work at least 20 hours per week. A participant's date of membership is the date the first contribution is made to the System. The System is administered by a board of trustees, which acts as a fiduciary for investing the funds and governing the administration of the System. The District has no responsibility or authority for the operation and administration of the System nor has it any liability for the current contribution requirements.

**LOMEGA INDEPENDENT SCHOOL DISTRICT NO. 3
KINGFISHER COUNTY, OKLAHOMA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2016**

Employee Retirement System, (Continued)

A participant with 5 years of creditable service may retire with a normal allowance at the age of 62 or with reduced benefits as early as age 55. The normal retirement allowance paid monthly for life and then to beneficiaries, if certain options are exercised, equals 2% of the average of the highest three earning years of contributory service multiplied by the number of years of credited service. A participant leaving employment before attaining retirement age, but completing 10 years of service, may elect to vest his accumulated contributions and defer receipt of a retirement annuity until a later date. When a participant dies in active service and has completed 10 years of credited service, the beneficiary is entitled to a death benefit. If the beneficiary is a surviving spouse, the surviving spouse may, in lieu of the death benefit, elect to receive, subject to the surviving spousal options, the participant's retirement benefits accrued at the time of death.

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

For the year ended June 30, 2016, the total compensation covered by the Teachers' Retirement System was \$1,150,656.67. The District's contributions to the System for the years ending June 30, 2016, 2015, and 2014 were \$114,885.73, \$115,041.96, and \$108,578.80 respectively.

The pension benefit obligation is a standardized disclosure measure of the present value of pension benefits. This pension valuation method reflects the present value of estimated pension benefits that will be paid in future years as a result of employee services performed to date and is adjusted for the effect of projected salary increases. There are no actuarial valuations performed on individual school districts. The nonfunded pension benefit obligation of the System, as determined as part of the latest actuarial valuation dated June 30, 2015, is as follows:

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

**LOMEGA INDEPENDENT SCHOOL DISTRICT NO. 3
KINGFISHER COUNTY, OKLAHOMA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2016**

Employee Retirement System, (Continued)

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

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

7. **Health Care Coverage**

During the year ended June 30, 2016, employees of the Lomega Independent School District No. 3, Oklahoma, were covered by a health insurance plan ("the Plan"). The teachers and support personnel may elect to be covered by the Plan. The Plan was authorized by House Bill 1731, 1988 Oklahoma Legislature (74 O.S. 1988, Supp. §1301-1322) with the Oklahoma State and Education Employers Group Insurance Board.

8. **Contingencies**

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

9. **Surety Bonds**

The District has a Public Official Position Schedule Bond with Ohio Casualty Company, bond number 601074548. This bond covers the period of July 1, 2015 to July 1, 2016. The bond covers the Superintendent for \$100,000.00.

The District has a Public Official Position Schedule Bond with RLI Insurance Company, bond number LSM0889598. This bond covers the period of April 20, 2016 to April 20, 2017. The bond covers the Minutes/Encumbrance Clerk for \$1,000.00.

The District has a Public Official Position Schedule Bond with RLI Insurance Company, bond number LSM0889589. This bond covers the period of April 20, 2016 to April 20, 2017. The Bond covers the Activity Clerk for \$1,000.00.

The District has Employee Dishonesty Coverage with Oklahoma Schools Insurance Group. This coverage covers the period of July 1, 2015 to July 1, 2016. This coverage covers all employees for the sum of \$10,000.00 per occurrence.

**LOMEGA INDEPENDENT SCHOOL DISTRICT NO. 3
KINGFISHER COUNTY, OKLAHOMA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2016**

10. **Subsequent Events**

Management has evaluated subsequent events through October 10, 2016, which is the date the financial statements were available to be issued and have determined that no additional information needs to be added to the financial statements.

SUPPORTING SCHEDULES

OF

**LOMEGA INDEPENDENT SCHOOL DISTRICT NO. 3
KINGFISHER COUNTY, OKLAHOMA**

COMBINING FINANCIAL STATEMENTS

OF

**LOMEGA INDEPENDENT SCHOOL DISTRICT NO. 3
KINGFISHER COUNTY, OKLAHOMA**

LOMEGA INDEPENDENT SCHOOL DISTRICT NO. 3
KINGFISHER COUNTY, OKLAHOMA
COMBINING STATEMENT OF ASSETS, LIABILITIES AND FUND BALANCES
- REGULATORY BASIS - ALL SPECIAL REVENUE FUNDS
JUNE 30, 2016

	<u>Building Fund</u>	<u>Child Nutrition Fund</u>	<u>Gift & Endowment Fund</u>	<u>Totals 2016</u>
<u>ASSETS</u>				
Cash and Investments	\$ 239,987.42	\$ 44,352.60	\$ 0.93	\$ 284,340.95
Total Assets	<u>\$ 239,987.42</u>	<u>\$ 44,352.60</u>	<u>\$ 0.93</u>	<u>\$ 284,340.95</u>
<u>LIABILITIES AND FUND BALANCES</u>				
Liabilities:				
Warrants payable	\$ 5,570.81	\$ 5,927.84	\$ 0.00	\$ 11,498.65
Encumbrances	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>
Total Liabilities	<u>5,570.81</u>	<u>5,927.84</u>	<u>0.00</u>	<u>11,498.65</u>
Total fund balances	<u>234,416.61</u>	<u>38,424.76</u>	<u>0.93</u>	<u>272,842.30</u>
Total Liabilities and Fund Balances	<u>\$ 239,987.42</u>	<u>\$ 44,352.60</u>	<u>\$ 0.93</u>	<u>\$ 284,340.95</u>

LOMEGA INDEPENDENT SCHOOL DISTRICT NO. 3
 KINGFISHER COUNTY, OKLAHOMA
 COMBINING STATEMENT OF REVENUES, EXPENDITURES
 AND CHANGES IN FUND BALANCES - REGULATORY BASIS -
 ALL SPECIAL REVENUE FUNDS
 FOR THE YEAR ENDED JUNE 30, 2016

	Building Fund	Child Nutrition Fund	Gift & Endowment Fund	Totals 2016
Revenues:				
Local sources	\$ 99,867.85	\$ 35,310.35	\$ 0.20	\$ 135,178.40
Intermediate sources	0.00	0.00	0.00	0.00
State sources	7.70	11,524.36	0.00	11,532.06
Federal Sources	0.00	170,344.10	0.00	170,344.10
Total Revenues Collected	<u>99,875.55</u>	<u>217,178.81</u>	<u>0.20</u>	<u>317,054.56</u>
Expenditures:				
Instruction	0.00	0.00	0.00	0.00
Support services	77,787.10	1,504.48	3,818.89	83,110.47
Non - Instructional services	0.00	210,982.13	0.00	210,982.13
Capital Outlay	0.00	0.00	0.00	0.00
Other Outlays	0.00	0.00	0.00	0.00
Total Expenditures	<u>77,787.10</u>	<u>212,486.61</u>	<u>3,818.89</u>	<u>294,092.60</u>
Excess of revenue over (under) expenditures	22,088.45	4,692.20	(3,818.69)	22,961.96
Adjustments to prior year encumbrances	<u>7,941.27</u>	<u>1,810.02</u>	<u>0.00</u>	<u>9,751.29</u>
Beginning fund balance	<u>204,386.89</u>	<u>31,922.54</u>	<u>3,819.62</u>	<u>240,129.05</u>
Ending fund balance	<u>\$ 234,416.61</u>	<u>\$ 38,424.76</u>	<u>\$ 0.93</u>	<u>\$ 272,842.30</u>

LOMEGA INDEPENDENT SCHOOL DISTRICT NO. 3
 KINGFISHER COUNTY, OKLAHOMA
 COMBINED STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND
 BALANCES - BUDGET AND ACTUAL - REGULATORY BASIS
 ALL SPECIAL REVENUE FUNDS (EXCLUDING GIFT & ENDOWMENT)
 FOR THE YEAR ENDED JUNE 30, 2016

	Building Fund			Child Nutrition Fund		
	Original Budget	Final Budget	Actual	Original Budget	Final Budget	Actual
Beginning fund balances, budgetary basis	\$ 204,386.89	\$ 204,386.89	\$ 204,386.89	\$ 31,922.54	\$ 31,922.54	\$ 31,922.54
Revenues:						
Local sources	92,220.87	92,220.87	99,867.85	35,366.04	35,366.04	35,310.35
Intermediate sources	0.00	0.00	0.00	0.00	0.00	0.00
State sources	0.00	0.00	7.70	2,211.89	2,211.89	11,524.36
Federal sources	0.00	0.00	0.00	140,104.53	170,455.31	170,344.10
Total Revenue, budgetary basis	92,220.87	92,220.87	99,875.55	177,682.46	208,033.24	217,178.81
Expenditures:						
Instruction	0.00	0.00	0.00	0.00	0.00	0.00
Support services	296,607.76	296,607.76	77,787.10	501.00	501.00	1,504.48
Non - Instructional services	0.00	0.00	0.00	209,104.00	239,454.78	210,982.13
Capital Outlay	0.00	0.00	0.00	0.00	0.00	0.00
Other Outlays	0.00	0.00	0.00	0.00	0.00	0.00
Total Expenditures, budgetary basis	296,607.76	296,607.76	77,787.10	209,605.00	239,955.78	212,486.61
Excess of revenue and beginning fund balances over (under) expenditures - budgetary basis	0.00	0.00	226,475.34	0.00	0.00	36,614.74
Adjustments to prior year encumbrances	0.00	0.00	7,941.27	0.00	0.00	1,810.02
Ending fund balances	\$ 0.00	\$ 0.00	\$ 234,416.61	\$ 0.00	\$ 0.00	\$ 38,424.76

LOMEGA INDEPENDENT SCHOOL DISTRICT NO. 3
KINGFISHER COUNTY, OKLAHOMA
COMBINING STATEMENT OF ASSETS, LIABILITIES AND FUND BALANCES
- REGULATORY BASIS - CAPITAL PROJECT FUNDS
JUNE 30, 2016

	<u>Bond Fund</u>	<u>Bond Fund</u>	<u>Bond Fund</u>	<u>Totals 2016</u>
<u>ASSETS</u>				
Cash and Investments	\$ 39,626.19	\$ 373,324.79	\$ 3,890.15	\$ 416,841.13
Total Assets	<u>\$ 39,626.19</u>	<u>\$ 373,324.79</u>	<u>\$ 3,890.15</u>	<u>\$ 416,841.13</u>
<u>LIABILITIES AND FUND BALANCE</u>				
Liabilities:				
Warrants Payable	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00
Encumbrances	<u>0.00</u>	<u>0.00</u>	<u>925.18</u>	<u>925.18</u>
Total Liabilities	<u>0.00</u>	<u>0.00</u>	<u>925.18</u>	<u>925.18</u>
Fund Equity:				
Designated for capital projects	<u>39,626.19</u>	<u>373,324.79</u>	<u>2,964.97</u>	<u>415,915.95</u>
Total fund balances	<u>39,626.19</u>	<u>373,324.79</u>	<u>2,964.97</u>	<u>415,915.95</u>
Total Liabilities and Fund Balances	<u>\$ 39,626.19</u>	<u>\$ 373,324.79</u>	<u>\$ 3,890.15</u>	<u>\$ 416,841.13</u>

LOMEGA INDEPENDENT SCHOOL DISTRICT NO. 3
KINGFISHER COUNTY, OKLAHOMA
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES - REGULATORY BASIS -
CAPITAL PROJECT FUNDS
JUNE 30, 2016

	Bond Fund	Bond Fund	Bond Fund	Totals 2016
Revenues:				
Local sources	\$ 78.91	\$ 712.82	\$ 25.43	\$ 817.16
Total Revenues Collected	<u>78.91</u>	<u>712.82</u>	<u>25.43</u>	<u>817.16</u>
Expenditures:				
Instruction	0.00	0.00	0.00	0.00
Support Services	0.00	0.00	2,683.14	2,683.14
Capital outlay	33,650.70	429,814.42	0.00	463,465.12
Other outlays	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>
Total Expenditures	<u>33,650.70</u>	<u>429,814.42</u>	<u>2,683.14</u>	<u>466,148.26</u>
Excess of revenue over (under) expenditures	(33,571.79)	(429,101.60)	(2,657.71)	(465,331.10)
Other financing sources (uses):				
Bond sale proceeds	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>
Excess of revenues and other sources over (under) expenditures and other uses	(33,571.79)	(429,101.60)	(2,657.71)	(465,331.10)
Adjustments to prior year encumbrances	0.00	0.00	0.00	0.00
Beginning fund balance	<u>73,197.98</u>	<u>802,426.39</u>	<u>5,622.68</u>	<u>881,247.05</u>
Ending fund balance	<u>\$ 39,626.19</u>	<u>\$ 373,324.79</u>	<u>\$ 2,964.97</u>	<u>\$ 415,915.95</u>

LOMEGA INDEPENDENT SCHOOL DISTRICT NO. 3
KINGFISHER COUNTY, OKLAHOMA
COMBINING STATEMENT OF ASSETS, LIABILITIES AND FUND EQUITY
- REGULATORY BASIS - FIDUCIARY FUND TYPES
JUNE 30, 2016

	<u>Agency Fund</u> <u>Activity</u> <u>Funds</u>	<u>Totals</u> <u>2016</u>
<u>ASSETS</u>		
Cash and Investments	\$ <u>155,541.06</u>	\$ <u>155,541.06</u>
Total Assets	\$ <u><u>155,541.06</u></u>	\$ <u><u>155,541.06</u></u>
<u>LIABILITIES AND FUND BALANCE</u>		
Liabilities:		
Due to others	\$ <u>155,541.06</u>	\$ <u>155,541.06</u>
Total Liabilities	<u>155,541.06</u>	<u>155,541.06</u>
 Total fund balances	 <u>0.00</u>	 <u>0.00</u>
Total Liabilities and Fund Balances	\$ <u><u>155,541.06</u></u>	\$ <u><u>155,541.06</u></u>

LOMEGA INDEPENDENT SCHOOL DISTRICT NO. 3
KINGFISHER COUNTY, OKLAHOMA
COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
- REGULATORY BASIS -
ALL AGENCY FUNDS
July 1, 2015 through June 30, 2016

<u>ASSETS</u>	Beginning Balance As of 7-1-15	Total Receipts	Total Adjustments	Total Disbursements	Ending Balance As of 6-30-16
<u>ACTIVITIES</u>					
Athletics	\$ 33,146.93	\$ 98,521.73	\$ 1,542.55	\$ 117,223.21	\$ 15,988.00
Senior Class of 2018	5,752.00	10,600.75	(7,470.75)	5,210.50	3,671.50
Senior Class of 2016	20.84	18,388.61	24,268.58	42,276.20	401.83
Senior Class of 2017	21,361.42	66,520.67	(13,457.04)	42,829.46	31,595.59
High School/Elementary Accou	25,252.21	19,460.74	3,315.77	16,449.99	31,578.73
Clearing	0.00	4,700.00	0.00	1,555.40	3,144.60
Hot Lunch	0.00	35,574.79	(275.15)	35,265.14	34.50
Annual	17,034.12	2,995.00	(120.00)	8,704.58	11,204.54
FFA	29,481.32	84,556.92	(2,554.52)	74,759.97	36,723.75
Student Council	2,022.72	270.00	1,548.75	2,805.24	1,036.23
FCA	0.00	171.00	0.00	0.00	171.00
Faculty Fund	156.71	20.00	0.00	160.76	15.95
Student Activities	13,179.86	18,364.33	(1,218.97)	18,649.26	11,675.96
Interest	271.15	0.00	287.59	0.00	558.74
Elementary/Band	13,061.04	27,860.17	(1,667.00)	31,514.07	7,740.14
TOTAL ASSETS	\$ <u>160,740.32</u>	\$ <u>388,004.71</u>	\$ <u>4,199.81</u>	\$ <u>397,403.78</u>	\$ <u>155,541.06</u>
<u>LIABILITIES</u>					
Due to Student Groups	\$ <u>160,740.32</u>	\$ <u>388,004.71</u>	\$ <u>4,199.81</u>	\$ <u>397,403.78</u>	\$ <u>155,541.06</u>
TOTAL LIABILITIES	\$ <u>160,740.32</u>	\$ <u>388,004.71</u>	\$ <u>4,199.81</u>	\$ <u>397,403.78</u>	\$ <u>155,541.06</u>

SUPPLEMENTARY INFORMATION

OF

**LOMEGA INDEPENDENT SCHOOL DISTRICT NO. 3
KINGFISHER COUNTY, OKLAHOMA**

LOMEGA INDEPENDENT SCHOOL DISTRICT NO. 3
 KINGFISHER COUNTY, OKLAHOMA
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
 FOR THE YEAR ENDED JUNE 30, 2016

Federal Grantor/Pass Through Grantor/Program Title	Federal CFDA Number	Grantor's Number	Approved Amount	Balance at July 1, 2015	Receipts	Expenditures	Balance at June 30, 2016
<i>U.S. Department of Education Direct Programs:</i>							
Title VII Part A, Indian Education	84.060	561	\$ 19,063.00	\$ 0.00	\$ 19,063.00	\$ 19,062.90	\$ 0.10
Small Rural School Achievement	84.358	588	24,456.00	0.00	24,456.00	24,456.00	0.00
Total U.S. Department of Education			43,519.00	0.00	43,519.00	43,518.90	0.10
<i>Passes-through State Department of Education :</i>							
<i>2014-2015 Programs</i>							
Title I	84.010	511	0.00	(45,702.08)	45,702.08	0.00	0.00
Title II - Part A Reap, Improving Tchr & Prin. Quality	84.367	586	0.00	(5,311.71)	5,311.71	0.00	0.00
<i>2015-2016 Programs</i>							
Title I	84.010	511	42,883.37	0.00	0.00	42,778.49	(42,778.49)
Title II - Part A Reap, Improving Tchr & Prin. Quality	84.367	586	5,166.93	0.00	0.00	5,163.59	(5,163.59)
Total State Department of Education			48,050.30	(51,013.79)	51,013.79	47,942.08	(47,942.08)
Total U.S. and State Department of Education			91,569.30	(51,013.79)	94,532.79	91,460.98	(47,941.99)
<i>Passed Through State Department of Career and Technology:</i>							
<i>2015-2016 Programs</i>							
Job Training - OJT	84.126	456	290.00	0.00	290.00	290.00	0.00
<i>U.S. Department of Agriculture:</i>							
<i>Passed Through State Dept. of Education:</i>							
<i>Cash Assistance:</i>							
National School Lunch Program	10.555	763	188,985.54	66,170.99	122,814.55	106,693.70	82,291.84
School Breakfast Program	10.553	764	47,229.55	0.00	47,229.55	47,229.55	0.00
Professional Standards for School Nutrition Employees	10.547	767	300.00	0.00	300.00	300.00	0.00
Non-Cash Assistance (Commodities):							
National School Lunch Program	10.555	n/a	10,717.00	0.00	10,717.00	10,717.00	0.00
Total Department of Agriculture			247,232.09	66,170.99	181,061.10	164,940.25	82,291.84
Total Federal Assistance			\$ 339,091.39	\$ 15,157.20	\$ 275,883.89	\$ 256,691.23	\$ 34,349.86

Note - The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements. Nonmonetary assistance in the form of commodities is reported in the schedule at the fair market value of the commodities received and disbursed.

REPORT ON INTERNAL CONTROL AND ON COMPLIANCE

OF

**LOMEGA INDEPENDENT SCHOOL DISTRICT NO. 3
KINGFISHER COUNTY, OKLAHOMA**



BRITTON, KUYKENDALL, & MILLER
CERTIFIED PUBLIC ACCOUNTANTS

JAMES M. KUYKENDALL
RICK D. MILLER

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

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

To the Honorable Board of Education
Lomega Independent School District No. 3
Lomega, Kingfisher County, Oklahoma

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the fund type and account group financial statements-regulatory basis of Lomega Independent School District No. 3, Oklahoma, as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise Lomega Independent School District No. 3, Oklahoma's basic financial statements, and have issued our report thereon dated October 10, 2016. As stated in our report, our opinion was adverse with respect to the financial statements not being prepared in conformity with accounting principles generally accepted in the United States of America because the presentation followed the regulatory basis of the financial reporting provisions of the Oklahoma State Department of Education. In addition, our opinion was qualified because the omission of the General Fixed Assets Account Group results in an incomplete presentation with respect to the financial statements being prepared following the regulatory basis of the financial reporting provisions of the Oklahoma State Department of Education.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered Lomega Independent School District No. 3, Oklahoma's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we do not express an opinion on the effectiveness of the entity's internal control.

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

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Lomega Independent School District No. 3, Oklahoma's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* in the United States of America.

However, we noted certain matters that we have reported to the Board of Education and administrative employees of Lomega Independent School District No. 3, Oklahoma, in a separate statement of audit comments included with this report.

Purpose of this Report

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

Britton, Kuykendall & Miller

BRITTON, KUYKENDALL AND MILLER
Certified Public Accountants

Weatherford, Oklahoma
October 10, 2016

LOMEGA INDEPENDENT SCHOOL DISTRICT NO. 3
KINGFISHER COUNTY, OKLAHOMA
AUDIT COMMENTS
JUNE 30, 2016

CURRENT YEAR

- 2016-001 During our audit, we noted that there was a lack of controls over credit card purchasing, documentation and review procedures which allowed unauthorized charges. A formal credit card policy should be implemented and followed, including limit of access to cards, submission of original receipts for all purchases, and independent examination and review of credit card statements each month to determine that charges are business related and that appropriate documentation is present.
- 2016-002 During our audit of the payroll records, we noted instances of compensation where remuneration for services exceeding \$500.00 did not have a written contract as required by Title 70, Section 5-123 of the Oklahoma Statutes. No expenditure involving an amount greater than Five Hundred Dollars (\$500.00) shall be made by a board of education except in accordance with the provisions of a written contract.
- 2016-003 During our audit, we noted the Internal Revenue Service form 1096 had not been submitted to the federal government. Also, in some instances, W-9's were not present to substantiate the type of federal tax classification to determine if a 1099 should be issued or not.
- 2016-004 During our audit of the General, Building, and Activity Funds, we noted instances where no documentation, including the purchase order, invoice, etc., could be located or in some instances amounts were paid without having sufficient documentation for the expenditure. Some purchase orders had statements, proposals or quotes but no invoice attached. No payments should be made to vendors until all supporting documentation is obtained, which should include the original itemized invoice. Also, purchasing and filing policies and procedures should be followed to allow access to documents as needed.
- 2016-005 During our audit of the General, Building, Bond, and Activity Funds, we noted instances where invoices were dated before the purchase orders were approved. All purchase orders must be approved by the purchasing agent to allow any purchase to be made or any order placed. Funds are not to be obligated without authorization by the purchasing agent. Policies should be enforced to follow procedures as provided by law.

LOMEGA INDEPENDENT SCHOOL DISTRICT NO. 3
KINGFISHER COUNTY, OKLAHOMA
AUDIT COMMENTS
JUNE 30, 2016

CURRENT YEAR, CONTINUED

- 2016-006 During our audit of the General, Bond and Activity Funds, we noted instances where invoices were not signed to verify receipt of goods or services. The person receiving goods or services should sign the invoice, statement, or delivery ticket to indicate that the goods or services were received and in good condition.
- 2016-007 During our audit of the federal programs, we noted instances where the District recorded expenses in the accounting system for federal projects that did not match what was claimed and reimbursed or paid by federal monies. For project 764 expenditures were coded in excess of the amount of federal revenue received. For project 763 a large percentage of the revenues received are not coded as federal expenditures. Project 767 had revenues coded in the General Fund and expenditures coded in the Child Nutrition Fund. Project 456 revenues were misclassified and no expenditures had been coded. Amounts reported as expenditures in OCAS for each federal project must match federal revenues. The District should put controls in place to ensure that OCAS expenditures match federal monies received. Items were corrected in OCAS prior to final reports being submitted to the Oklahoma State Department of Education.
- 2016-008 During our audit of the Activity Fund, we found instances where money being receipted by some of the Activity Fund sponsors was not being forwarded to the Activity Fund custodian on a timely basis. Per 70 O.S. 5-129, state law requires that sponsors turn money in daily so that the custodian can deposit money when required.
- 2016-009 During our audit of the Activity Fund, we noted instances where sponsors were issuing incomplete receipts and not handing out receipts as money is collected. Also, some sponsor receipts could not be located. We noted numerous instances where the District employees could not locate and identify selected items for testing. The procedures over the receipt process were inadequate and did not allow for proper testing. State law requires that fully completed receipts, or other documentation when applicable, be attached to support all money collected. The District should implement a system and put procedures and controls in place to allow for adequate control over the receipting process.

LOMEGA INDEPENDENT SCHOOL DISTRICT NO. 3
KINGFISHER COUNTY, OKLAHOMA
AUDIT COMMENTS
JUNE 30, 2016

PRIOR YEAR

- 15-1 During our audit of the General, Building, Child Nutrition, Bond and Activity Funds, we noted instances where invoices were not signed to verify receipt of goods or services. The person receiving goods or services should sign the invoice, statement, or delivery ticket to indicate that the goods or services were received and in good condition.
- 15-2 During our audit of the Activity Fund, we found instances where money being receipted by some of the Activity Fund sponsors was not being forwarded to the Activity Fund custodian on a timely basis. Per 70 O.S. 5-129, state law requires that sponsors turn money in daily so that the custodian can deposit money when required.
- 15-3 During our audit of the Activity Fund, we noted instances where sponsors were issuing incomplete receipts and not handing out receipts as money is collected. State law requires that fully completed receipts, or other documentation when applicable, be attached to support all money collected.
- 15-4 During our audit of the payroll records, we noted instances where some extra duty pay where remuneration for services exceeding \$500.00 did not have a written extra duty contract as required by Title 70, Section 5-123 of the Oklahoma Statutes.
- 15-5 During our audit, we noted instances that the District had not issued 1099's to each person or business (excluding corporations) to whom at least \$600.00 was paid for rents, services, etc. in the course of business. In addition, the form 1096 had not been submitted to the federal government. Also, in some instances, W-9's were not present to substantiate the type of federal tax classification to determine if a 1099 should be issued or not.
- 15-6 During our audit of the federal programs, we noted instances where the District recorded expenses in the accounting system for federal projects that did not match what was claimed and reimbursed or paid by federal monies. Some expenditures were coded in excess of the correct amount. Amounts reported in OCAS for each federal project must match federal revenues. The District should put controls in place to ensure that OCAS expenditures match federal monies received. Expenditures were corrected in OCAS prior to final reports being submitted to the Oklahoma State Department of Education.
- 15-7 During our audit of the Activity Fund, we noted instances where amounts were paid without having sufficient documentation for the expenditure. Some purchase orders had no invoices attached and some purchase orders had no original invoice. No payment should be made to vendors until all supporting documentation is obtained, which must include an original itemized invoice.

The District had instances of reoccurrence of the prior year audit comments.



LOMEGA PUBLIC SCHOOLS

18319 N 2700 RD
OMEGA, OKLAHOMA 73764-6320

KAREN CASTONGUAY, Superintendent
(405) 729-4215
FAX (405) 729-4666

RONNIE FRY, Dean of Students
(405) 729-4281

CHAD FOX, Elementary Principal
(405) 729-4251
KEVIN LEWALLEN - Dean of Students

BOARD OF EDUCATION

Brad Uhlenhake
President

Mike Myers
Vice President

David Schnell
Clerk

Justin Glazier
Member

Terry Marks
Member

Lomega Public School District Kingfisher County

Audit Findings Corrective Action Plan

Finding: 2016-001

Lack of controls over credit card card purchasing, documentation and review procedures.

Steps Implemented:

The district has replaced administrative secretary personnel and decreased the amount of credit cards allowed at the school to two credit cards in the administrator's possession. Proper procedures and documentation are required and implemented. Checks and balances of each credit card statement are required on a monthly basis to ensure only business related expenditures are allowed. A policy will be implemented.

Completion Date:

Started immediately-Completed on 06-30-2017

Finding: 2016-002

Payroll records showed instances where some extra duty pay for services exceeding \$500.00 did not have a written extra duty contract.

Steps Implemented:

The district has replaced administrative secretary personnel to correct incorrect payroll practices. The district will comply with Title 70, Section 5-123 of the Oklahoma Statutes and ensure



LOMEGA PUBLIC SCHOOLS

18319 N 2700 RD
OMEGA, OKLAHOMA 73764-6320

KAREN CASTONGUAY, Superintendent
(405) 729-4215
FAX (405) 729-4666

RONNIE FRY, Dean of Students
(405) 729-4281

CHAD FOX, Elementary Principal
(405) 729-4251
KEVIN LEWALLEN - Dean of Students

BOARD OF EDUCATION

Brad Uhlenhake
President

Mike Myers
Vice President

David Schnell
Clerk

Justin Glazier
Member

Terry Marks
Member

that all payroll exceeding \$500.00 have a written extra duty contract.

Completion Date:

Started Immediately- Completed 06-30-2017

Finding: 2016-003

District had not submitted the 1096 form to the federal government. In some instances, W-9's were not present to substantiate the type of federal tax classification to determine if a 1099 should be issued.

Steps Implemented:

The district has replaced administrative secretary personnel to correct incorrect paid services requirements. The district will comply by submitting Form 1096 to the federal government as well as W-9's.

Completion Date:

Started Immediately- Completed 06-30-2017

Finding: 2016-004

Audit of General, Building, and Activity Funds found instances where no documentation could be located or in some instances amounts paid without having sufficient documentation for the expenditure.

Steps Implemented:

The district has replaced administrative secretary personnel to correct incorrect purchase order practices and create a better filing system. Payments will not be made to vendors without proper documentation.



LOMEGA PUBLIC SCHOOLS

18319 N 2700 RD
OMEGA, OKLAHOMA 73764-6320

KAREN CASTONGUAY, Superintendent
(405) 729-4215
FAX (405) 729-4666

RONNIE FRY, Dean of Students
(405) 729-4281

CHAD FOX, Elementary Principal
(405) 729-4251
KEVIN LEWALLEN - Dean of Students

BOARD OF EDUCATION

Brad Uhlenhake
President

Mike Myers
Vice President

David Schnell
Clerk

Justin Glazier
Member

Terry Marks
Member

Completion Date:

Started Immediately- Completed 06-30-2017

Finding: 2016-005

General, Building, Bond and Activity Funds had instances where invoices were dated before the purchase orders were approved. All purchase orders must be approved before purchase is made.

Steps Implemented: The District will comply with the proper procedures as set forth by the Oklahoma Department of Education. The district has replaced administrative secretary personnel to correct incorrect purchasing agent practices. Steps will be followed for correct procedures from the purchasing agent.

Completion Date:

Started Immediately- Completed 06-30-2017

Finding: 2016-006

Invoices were not signed to verify receipt of good or services in General, Bond and Activity Fund.

Steps Implemented: The District will comply with the proper procedures as set forth by the Oklahoma Department of Education. The district has replaced administrative secretary personnel to correct incorrect procedures to receiving goods or services practices. All invoices, statement or delivery ticket will be signed to indicate that the goods or services were in good condition.

Completion Date: Started Immediately- Completed 06-30-2017



LOMEGA PUBLIC SCHOOLS

18319 N 2700 RD
OMEGA, OKLAHOMA 73764-6320

KAREN CASTONGUAY, Superintendent
(405) 729-4215
FAX (405) 729-4666

RONNIE FRY, Dean of Students
(405) 729-4281

CHAD FOX, Elementary Principal
(405) 729-4251
KEVIN LEWALLEN - Dean of Students

BOARD OF EDUCATION

Brad Uhlenhake
President

Mike Myers
Vice President

David Schnell
Clerk

Justin Glazier
Member

Terry Marks
Member

Finding: 2016-007

Federal Program Audit showed recorded expenses in the accounting system for federal projects that did not match what was claimed and reimbursed or paid by federal monies. Project 764 and 765 did not have enough revenue coded and expenditures for each account. Amounts in OCAS for each federal project must match federal revenues.

Steps Implemented:

The district has replaced administrative secretary personnel to correct coding issues. District will comply by ensuring OCAS expenditures match federal monies received. Corrections were made before submitting to the Oklahoma State Department of Education.

Completion Date:

Started Immediately- Completed 06-30-2017

Finding: 2016-008

The Audit of the Activity Fund found instances where money being receipted by some of the Activity Fund sponsors was not being forwarded to the Activity Fund custodian on a timely basis.

Steps Implemented:

The district has replaced administrative secretary personnel to correct previous issues. The District will comply with the proper procedures as set forth by the Oklahoma Department of Education as per 70 O.S. 5-129 and ensure that sponsors turn money in daily so that the custodian can deposit money when required.



LOMEGA PUBLIC SCHOOLS

18319 N 2700 RD
OMEGA, OKLAHOMA 73764-6320

KAREN CASTONGUAY, Superintendent
(405) 729-4215
FAX (405) 729-4666

RONNIE FRY, Dean of Students
(405) 729-4281

CHAD FOX, Elementary Principal
(405) 729-4251
KEVIN LEWALLEN - Dean of Students

BOARD OF EDUCATION

Brad Uhlenhake
President

Mike Myers
Vice President

David Schnell
Clerk

Justin Glazier
Member

Terry Marks
Member

Finding: 2016-009 Activity Fund Audit found instances where sponsors were issuing incomplete receipts and not handing out receipts as money is collected. Some sponsor receipts could not be located.

Steps Implemented:

The district has replaced administrative secretary personnel to correct Activity Fund receipting process. The District will comply with the proper procedures as set forth by State law that require fully completed receipts, or other documentation when applicable, to be attached to support all money collected.

Completion Date:

Started Immediately- Completed 06-30-2017

Corrective Action by Karen Castonguay

Karen Castonguay, Superintendent
10-06-2016

Lomega Public School District
Kingfisher County

Audit Findings
Corrective Action Plan

Finding: 2015-1

It appears that the invoices for the General, Building, Child Nutrition, and Activity Accounts are not always being signed to verify receipt and condition of goods or services.

Contact Person: Karen Castonguay

Steps Implemented:

The District will comply with the proper procedures as set forth by the Oklahoma Department of Education. The person receiving goods or services will sign the invoice, statement or delivery ticket to indicate that the goods or services were received and in good condition.

Completion Date:

Started Immediately- Completed 06-30-2016

Finding: 2015-2

The Audit of the Activity Fund found instances where money being receipted by some of the Activity Fund sponsors was not being forwarded to the Activity Fund custodian on a timely basis.

Contact Person: Karen Castonguay

Steps Implemented:

The District will comply with the proper procedures as set forth by the Oklahoma Department of Education as per 70 O.S. 5-129 and ensure that sponsors turn money in daily so that the custodian can deposit money when required.

Completion Date:

Started Immediately- Completed 06-30-2016

Finding: 2015-3

Activity Fund Audit found instances where sponsors were issuing incomplete receipts and not handing out receipts as money is collected.

Contact Person: Karen Castonguay

Steps Implemented:

The District will comply with the proper procedures as set forth by State law that require fully completed receipts, or other documentation when applicable, to be attached to support all money collected.

Completion Date:

Started Immediately- Completed 06-30-2016

Finding: 2015-4

Payroll records showed instances where some extra duties pay for services exceeding \$500.00 did not have a written extra duty contract.

Contact Person: Karen Castonguay

Steps Implemented:

District will comply with Title 70, Section 5-123 of the Oklahoma Statutes and ensure that all payroll exceeding \$500.00 have a written extra duty contract.

Completion Date:

Started Immediately- Completed 06-30-2016

Finding: 2015-5

District had not issued 1099's to each person or business to whom at least \$600.00 was paid for rents, services, etc. in the course of business. In addition, the form 1096 had not been submitted to the federal government. In some instances, W-9's were not present to substantiate the type of federal tax classification to determine if a 1099 should be issued.

Contact Person: Karen Castonguay

Steps Implemented:

District will comply by requiring 1099's for paid services. Form 1096 will be submitted to the federal government as well as W-9's.

Completion Date:

Started Immediately- Completed 06-30-2016

Finding: 2015-6

Federal Program Audit showed recorded expenses in the accounting system for federal projects that did not match what was claimed and reimbursed or paid by federal monies.

Contact Person: Karen Castonguay

Steps Implemented:

District will comply by ensuring OCAS expenditures match federal monies received. Corrections were made before submitting to the Oklahoma State Department of Education

Completion Date:

Started Immediately- Completed 06-30-2016

Corrections were made before submitting to the Oklahoma State Department of Education

Finding: 2015-7

Activity Fund had instances where amounts were paid without having sufficient documentation for the expenditure.

Contact Person: Karen Castonguay

Steps Implemented:

District will ensure that invoices are attached to all purchase orders before making a payment to vendor.

Started Immediately- Completed 06-30-2016

The person receiving goods or services will sign the invoice, statement or delivery ticket to indicate that the goods or services were received and in good condition

