

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

**MUSTANG INDEPENDENT SCHOOL DISTRICT NO. 1-69,
CANADIAN COUNTY, OKLAHOMA**

JUNE 30, 2015

Audited by

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

BROKEN ARROW, OK

INDEPENDENT SCHOOL DISTRICT NO. I-69, CANADIAN COUNTY
SCHOOL DISTRICT OFFICIALS
JUNE 30, 2015

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INDEPENDENT SCHOOL DISTRICT NO. I-69, CANADIAN COUNTY
JUNE 30, 2015

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SANDERS, BLEDSOE & HEWETT

CERTIFIED PUBLIC ACCOUNTANTS, LLP

INDEPENDENT AUDITOR'S REPORT

November 4, 2015

The Honorable Board of Education
Mustang School District Number I-69
Mustang, Canadian County, Oklahoma

Report on the Financial Statements

We have audited the accompanying combined fund type and account group financial statements – regulatory basis of the Mustang School District Number I-69, Mustang, Canadian County, Oklahoma (the District), as of and for the year ended June 30, 2015, as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

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

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

Adverse Opinion on U.S. Generally Accepted Accounting Principles

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

Basis for Qualified Opinion on Regulatory Basis of Accounting

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

Qualified Opinion on Regulatory Basis of Accounting

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

Other Matters

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

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

Other Reporting required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated November 4, 2015 on our consideration of the District’s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and to other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District’s internal control over financial reporting and compliance.



Sanders, Bledsoe & Hewett
Certified Public Accountants, LLP



SANDERS, BLEDSOE & HEWETT

CERTIFIED PUBLIC ACCOUNTANTS, LLP

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

November 4, 2015

The Honorable Board of Education
Mustang School District Number I-69
Mustang, Canadian County, Oklahoma

We have audited in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the accompanying fund type and account group financial statements – regulatory basis within the combined financial statements of the Mustang School District Number I-69, Mustang, Canadian County, Oklahoma (District), as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the District's financial statements, and have issued our report thereon dated November 4, 2015, which was adverse with respect to the presentation of the financial statements in conformity with accounting principles generally accepted in the United States because the presentation followed the regulatory basis of accounting for Oklahoma school districts and did not conform to the presentation requirements of the Governmental Accounting Standards Board. However, our report was qualified for the omission of the general fixed asset account group with respect to the presentation of financial statements on the regulatory basis of accounting authorized by the Oklahoma State Board of Education.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

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

Purpose of this Report

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

A handwritten signature in black ink that reads "Sanders, Bledsoe & Hewett". The signature is written in a cursive, flowing style.

Sanders, Bledsoe & Hewett
Certified Public Accountants, LLP



SANDERS, BLEDSOE & HEWETT

CERTIFIED PUBLIC ACCOUNTANTS, LLP

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

November 4, 2015

The Honorable Board of Education
Mustang School District Number I-69
Mustang, Canadian County, Oklahoma

Report on Compliance for Each Major Federal Program

We have audited Mustang School District Number I-69, Mustang, Canadian County, Oklahoma (District)'s, compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of the District's major federal programs for the year ended June 30, 2015. The District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditor's Responsibility

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

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

Opinion on Each Major Federal Program

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

Report on Internal Control Over Compliance

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

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

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

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



Sanders, Bledsoe & Hewett
Certified Public Accountants, LLP

INDEPENDENT SCHOOL DISTRICT NO. I-69, CANADIAN COUNTY
DISPOSITION OF PRIOR YEAR'S REPORTABLE CONDITIONS AND MATERIAL
INSTANCES OF NON-COMPLIANCE
JUNE 30, 2015

2014-1 – Finding

Condition: The treasurer made numerous revenue coding errors.

Current Status: This finding continued during the current fiscal year, but was improved upon.

2014-2 Finding

Condition: The District received federal revenue under the JROTC program. They coded revenues to the federal project code 779. However, the expenditures were coded to a local project code 179. Thus, the District's OCAS data did not reflect that the JROTC federal monies were expended.

Current Status: The District correctly coded federal JROTC expenditures to federal project 779 during the current fiscal year.

2014-3 Finding

Condition: The District determined that certain employees in the administration office were exempt from the Fair Labor Standards Act. However, it appeared some of these employees did not fall within the allowed exemptions.

Current Status: This finding continued during the current fiscal year. However, the District is currently working to ensure that employee exemptions are properly determined.

2014-4 Finding

Condition: Several payroll coding errors were noted, resulting in some employees being underpaid or overpaid.

Current Status: This finding continued during the current fiscal year, but was improved upon and all exceptions observed for the 2014-15 fiscal year were immaterial. At the time of our on-site audit, it appeared this finding has been resolved for the 2015-16 fiscal year.

2014-5 Finding

Condition: The District awarded 12 month employees a stipend to alleviate a cash flow shortage created by a change in payroll dates. Board approval could not be located for the stipend.

Current Status: This finding was not repeated during the current fiscal year.

2014-6 Finding

Condition: The District over expended their general fund appropriations during the year. Supplemental appropriations were filed prior to year-end, which increased appropriations enough cover the expenditures.

Current Status: This finding was observed in the co-op fund during the 2014-15 fiscal year, but no findings for the general fund.

INDEPENDENT SCHOOL DISTRICT NO. I-69, CANADIAN COUNTY
SCHEDULE OF AUDIT RESULTS, FINDINGS AND QUESTIONED COSTS
JUNE 30, 2015

Section 1 - Summary of Auditor's Results:

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

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

None

Section 3 – Findings and questioned costs for federal awards:

None

INDEPENDENT SCHOOL DISTRICT NO. 1-69, CANADIAN COUNTY
 COMBINED STATEMENT OF ASSETS, LIABILITIES AND FUND BALANCE -
 ALL FUND TYPES AND ACCOUNT GROUPS - REGULATORY BASIS
 JUNE 30, 2015

	GOVERNMENTAL FUND TYPES				FIDUCIARY FUND TYPES	ACCOUNT GROUP	TOTALS (MEMORANDUM ONLY)
	GENERAL	SPECIAL REVENUE	CAPITAL PROJECTS	DEBT SERVICE	AGENCY FUNDS	GENERAL LONG-TERM DEBT	
<u>ASSETS</u>							
Cash	\$ 7,337,106	801,166	18,040,082	5,114,994	1,170,048		32,463,396
Investments	979,000			1,485,000			2,464,000
Amounts available in debt service						6,599,994	6,599,994
Amount to be provided for retirement of long-term debt						35,710,006	35,710,006
Total Assets	\$ 8,316,106	801,166	18,040,082	6,599,994	1,170,048	42,310,000	77,237,396
<u>LIABILITIES AND FUND BALANCE</u>							
Liabilities:							
Warrants payable	\$ 6,783,325	312,644	174,995				7,270,964
Encumbrances	271,867	35,397					307,264
Funds held for school organizations					1,170,048		1,170,048
Long-term debt:							
Bonds payable						42,310,000	42,310,000
Total liabilities	7,055,192	348,041	174,995	0	1,170,048	42,310,000	51,058,276
Fund Balance:							
Restricted		453,125	17,865,087	6,599,994			24,918,206
Unassigned	1,260,914						1,260,914
Cash fund balances	1,260,914	453,125	17,865,087	6,599,994	0	0	26,179,120
Total Liabilities and Fund Balance	\$ 8,316,106	801,166	18,040,082	6,599,994	1,170,048	42,310,000	77,237,396

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

INDEPENDENT SCHOOL DISTRICT NO. I-69, CANADIAN COUNTY
 COMBINED STATEMENT OF REVENUES COLLECTED, EXPENDITURES AND CHANGES IN CASH FUND BALANCES
 - ALL GOVERNMENTAL FUND TYPES AND EXPENDABLE TRUSTS - REGULATORY BASIS
 FOR THE YEAR ENDED JUNE 30, 2015

	GOVERNMENTAL FUND TYPES				TOTALS (MEMORANDUM ONLY)
	GENERAL	SPECIAL REVENUE	CAPITAL PROJECTS	DEBT SERVICE	
Revenues collected:					
Local sources	\$ 15,433,070	4,390,168		11,351,146	31,174,384
Intermediate sources	2,492,389			4,339	2,496,728
State sources	37,918,746	323,165			38,241,911
Federal sources	2,979,829	1,594,093			4,573,922
Interest earnings	8,948	42		65,956	74,946
Non-revenue receipts:	170,340	4,373	99		174,812
Total revenues collected	<u>59,003,322</u>	<u>6,311,841</u>	<u>99</u>	<u>11,421,441</u>	<u>76,736,703</u>
Expenditures:					
Instruction	36,857,889		887,302		37,745,191
Support services	22,753,196	2,350,295	10,383,891		35,487,382
Operation of non-instructional services		3,972,728	40,195		4,012,923
Facilities acquisition & construction services		74,028	1,851,842		1,925,870
Other outlays :					
Debt service requirements				10,258,718	10,258,718
Reimbursements	1,000	1,938			2,938
Correcting entry	9,268	2,731	99		12,098
Total expenditures	<u>59,621,353</u>	<u>6,401,720</u>	<u>13,163,329</u>	<u>10,258,718</u>	<u>89,445,120</u>
Excess of revenues collected over (under) expenditures before other financing sources (uses)	(618,031)	(89,879)	(13,163,230)	1,162,723	(12,708,417)
Other financing sources (uses):					
Proceeds from sale of bonds			12,500,000		12,500,000
Transfers in (out)	100,000	(100,000)			0
Adjustments to prior year encumbrances	39,356	25,793			65,149
Total other financing sources (uses)	<u>139,356</u>	<u>(74,207)</u>	<u>12,500,000</u>	<u>0</u>	<u>12,565,149</u>
Excess of revenues collected over (under) expenditures	(478,675)	(164,086)	(663,230)	1,162,723	(143,268)
Cash fund balances, beginning of year	<u>1,739,589</u>	<u>617,211</u>	<u>18,528,317</u>	<u>5,437,271</u>	<u>26,322,388</u>
Cash fund balances, end of year	<u>\$ 1,260,914</u>	<u>453,125</u>	<u>17,865,087</u>	<u>6,599,994</u>	<u>26,179,120</u>

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

INDEPENDENT SCHOOL DISTRICT NO. I-69, CANADIAN COUNTY
 COMBINED STATEMENT OF REVENUES COLLECTED, EXPENDITURES AND
 CHANGES IN CASH FUND BALANCES - BUDGETED GOVERNMENTAL FUND TYPES - REGULATORY BASIS
 FOR THE YEAR ENDED JUNE 30, 2015

	GENERAL FUND			
	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
Revenues Collected:				
Local sources	\$ 14,423,629	15,455,515	15,433,120	(22,395)
Intermediate sources	2,048,999	2,048,999	2,492,389	443,390
State sources	35,721,312	37,126,615	37,918,746	792,131
Federal sources	3,217,535	3,880,145	2,979,779	(900,366)
Interest earnings	3,000	3,000	8,948	5,948
Non-revenue receipts			170,340	170,340
Total revenues collected	55,414,475	58,514,274	59,003,322	489,048
Expenditures:				
Instruction	57,154,064	60,253,863	36,857,889	23,395,974
Support services			22,753,196	(22,753,196)
Other outlays:				
Reimbursement			1,000	(1,000)
Correcting entry			9,268	(9,268)
Total expenditures	57,154,064	60,253,863	59,621,353	632,510
Excess of revenues collected over (under) expenditures before other financing sources (uses)	(1,739,589)	(1,739,589)	(618,031)	1,121,558
Other financing sources (uses):				
Transfers in (out)			100,000	100,000
Adjustments to prior year encumbrances			39,356	39,356
Total other financing sources (uses)	0	0	139,356	139,356
Excess of revenues collected over (under) expenditures	(1,739,589)	(1,739,589)	(478,675)	1,260,914
Cash fund balance, beginning of year	1,739,589	1,739,589	1,739,589	0
Cash fund balance, end of year	\$ 0	0	1,260,914	1,260,914

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

INDEPENDENT SCHOOL DISTRICT NO. I-69, CANADIAN COUNTY
 COMBINED STATEMENT OF REVENUES COLLECTED, EXPENDITURES AND
 CHANGES IN CASH FUND BALANCES - BUDGETED GOVERNMENTAL FUND TYPES - REGULATORY BASIS
 FOR THE YEAR ENDED JUNE 30, 2015

	SPECIAL REVENUE FUNDS			Variance
	Original Budget	Final Budget	Actual	Favorable (Unfavorable)
Revenues Collected:				
Local sources	\$ 3,773,376	4,246,264	4,390,168	143,904
State sources	307,500	312,255	323,165	10,910
Federal sources	1,342,500	1,597,120	1,594,093	(3,027)
Interest earnings			42	42
Non-revenue receipts		1,667	4,373	2,706
Total revenues collected	5,423,376	6,157,306	6,311,841	154,535
Expenditures:				
Support services	2,259,758	2,475,608	2,350,295	125,313
Operation of non-instructional services	3,705,079	4,223,159	3,972,728	250,431
Facilities acquisition & construction services	75,750	75,750	74,028	1,722
Other outlays:				
Reimbursement			1,938	(1,938)
Correcting entry			2,731	(2,731)
Total expenditures	6,040,587	6,774,517	6,401,720	372,797
Excess of revenues collected over (under) expenditures before other financing sources (uses)	(617,211)	(617,211)	(89,879)	527,332
Other financing sources (uses):				
Transfers in (out)			(100,000)	(100,000)
Adjustments to prior year encumbrances			25,793	25,793
Total other financing sources (uses)	0	0	(74,207)	(74,207)
Excess of revenues collected over (under) expenditures	(617,211)	(617,211)	(164,086)	453,125
Cash fund balances, beginning of year	617,211	617,211	617,211	0
Cash fund balances, end of year	\$ 0	0	453,125	453,125

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

INDEPENDENT SCHOOL DISTRICT NO. I-69, CANADIAN COUNTY
 COMBINED STATEMENT OF REVENUES COLLECTED, EXPENDITURES AND
 CHANGES IN CASH FUND BALANCES - BUDGETED GOVERNMENTAL FUND TYPES - REGULATORY BASIS
 FOR THE YEAR ENDED JUNE 30, 2015

	DEBT SERVICE FUND		
	Original/Final Budget	Actual	Variance Favorable (Unfavorable)
Revenues Collected:			
Local sources	\$ 10,830,143	11,351,146	521,003
Intermediate sources		4,339	4,339
Interest earnings		65,956	65,956
Total revenues collected	10,830,143	11,421,441	591,298
Requirements:			
Bonds	15,609,000	9,640,000	(5,969,000)
Coupons	658,414	618,718	(39,696)
Total requirements	16,267,414	10,258,718	(6,008,696)
Excess of revenue collected over (under) expenditures	(5,437,271)	1,162,723	6,599,994
Cash fund balance, beginning of year	5,437,271	5,437,271	0
Cash fund balance, end of year	\$ 0	6,599,994	6,599,994

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

INDEPENDENT SCHOOL DISTRICT NO. I-69, CANADIAN COUNTY
NOTES TO THE COMBINED FINANCIAL STATEMENTS – REGULATORY BASIS
FOR THE YEAR ENDED JUNE 30, 2015

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accompanying financial statements of the Mustang Public Schools Independent District, No. I-69 (the “District”), have been prepared in conformity with another comprehensive basis of accounting prescribed by the Oklahoma State Department of Education as authorized by Oklahoma Statutes. Accordingly, the accompanying financial statements are not intended to present financial position and results of operations in conformity with the accounting principles generally accepted in the United States of America. The District’s accounting policies are described in the following notes that are an integral part of the District’s financial statements.

A. Reporting Entity

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

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

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

INDEPENDENT SCHOOL DISTRICT NO. I-69, CANADIAN COUNTY
NOTES TO THE COMBINED FINANCIAL STATEMENTS – REGULATORY BASIS
FOR THE YEAR ENDED JUNE 30, 2015

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – cont'd

A. Reporting Entity – cont'd

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

B. Measurement Focus

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

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

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

Governmental Fund Types

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

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

INDEPENDENT SCHOOL DISTRICT NO. I-69, CANADIAN COUNTY
NOTES TO THE COMBINED FINANCIAL STATEMENTS – REGULATORY BASIS
FOR THE YEAR ENDED JUNE 30, 2015

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – cont'd

B. Measurement Focus - cont'd

Special Revenue Funds – Special revenue funds account for revenue sources that are restricted to expenditures for specific purposes. The special revenue funds typically include the building fund, co-op fund, child nutrition fund, and the OKC MAPS trust fund.

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

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

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

OKC MAPS Trust Fund - Money derived from special sales tax on behalf of the school district. These funds are to be kept separate and expended only for those items addressed in the tax levy agreement.

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

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

INDEPENDENT SCHOOL DISTRICT NO. I-69, CANADIAN COUNTY
NOTES TO THE COMBINED FINANCIAL STATEMENTS – REGULATORY BASIS
FOR THE YEAR ENDED JUNE 30, 2015

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – cont’d

B. Measurement Focus – cont’d

Fiduciary Fund Types

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

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

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

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

Account Groups

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

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

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

INDEPENDENT SCHOOL DISTRICT NO. I-69, CANADIAN COUNTY
NOTES TO THE COMBINED FINANCIAL STATEMENTS – REGULATORY BASIS
FOR THE YEAR ENDED JUNE 30, 2015

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – cont’d

B. Measurement Focus – cont’d

Memorandum Only - Total Column

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

C. Basis of Accounting and Presentation

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

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

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

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

INDEPENDENT SCHOOL DISTRICT NO. I-69, CANADIAN COUNTY
NOTES TO THE COMBINED FINANCIAL STATEMENTS – REGULATORY BASIS
FOR THE YEAR ENDED JUNE 30, 2015

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – cont’d

C. Basis of Accounting and Presentation – cont’d

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

D. Budgets and Budgetary Accounting

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

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

The 2014-15 Estimate of Needs was amended by supplemental appropriations as follows:

<u>Fund</u>	<u>Amount</u>
General	\$ 3,099,799
Building	175,850
Child Nutrition	518,080

These amendments were approved by the County Excise Board

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

INDEPENDENT SCHOOL DISTRICT NO. I-69, CANADIAN COUNTY
NOTES TO THE COMBINED FINANCIAL STATEMENTS – REGULATORY BASIS
FOR THE YEAR ENDED JUNE 30, 2015

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – cont'd

E. Assets, Liabilities and Fund Equity

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

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

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

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

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

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

Compensated Absences – The District provides vacation and sick leave benefits in accordance with Title 70 of the Oklahoma Statutes, Article 6-104, which provides for annual sick leave and personal business days. District policy allows certified employees to accumulate sick days to a maximum number of 100 days, at \$50.00 per day. Also, unused vacation leave will be compensated to support employees who retire or terminate employment at the employee's daily rate of pay up to a maximum of 30 days. The government-wide financial statements do not include any liability for any rights to receive vacation, sick leave, or other employee benefits. The District's liability for compensated absences as of June 30, 2015 is \$2,108,597.

INDEPENDENT SCHOOL DISTRICT NO. I-69, CANADIAN COUNTY
NOTES TO THE COMBINED FINANCIAL STATEMENTS – REGULATORY BASIS
FOR THE YEAR ENDED JUNE 30, 2015

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – cont'd

E. Assets, Liabilities and Fund Equity – cont'd

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

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

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

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

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

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

INDEPENDENT SCHOOL DISTRICT NO. I-69, CANADIAN COUNTY
NOTES TO THE COMBINED FINANCIAL STATEMENTS – REGULATORY BASIS
FOR THE YEAR ENDED JUNE 30, 2015

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – cont'd

E. Assets, Liabilities and Fund Equity – cont'd

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

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

F. Revenue and Expenditures

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

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

INDEPENDENT SCHOOL DISTRICT NO. I-69, CANADIAN COUNTY
NOTES TO THE COMBINED FINANCIAL STATEMENTS – REGULATORY BASIS
FOR THE YEAR ENDED JUNE 30, 2015

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – cont'd

F. Revenue and Expenditures – cont'd

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

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

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

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

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

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

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

INDEPENDENT SCHOOL DISTRICT NO. I-69, CANADIAN COUNTY
NOTES TO THE COMBINED FINANCIAL STATEMENTS – REGULATORY BASIS
FOR THE YEAR ENDED JUNE 30, 2015

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – cont’d

F. Revenue and Expenditures – cont’d

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

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

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

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

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

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

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

INDEPENDENT SCHOOL DISTRICT NO. I-69, CANADIAN COUNTY
NOTES TO THE COMBINED FINANCIAL STATEMENTS – REGULATORY BASIS
FOR THE YEAR ENDED JUNE 30, 2015

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – cont’d

F. Revenue and Expenditures – cont’d

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

All other interfund transactions, except quasi-external transactions and reimbursements, are reported as transfers. Nonrecurring or nonroutine permanent transfers of equity are reported as residual equity transfers. During the 2014-15 fiscal year, the District made a transfer of \$100,000 from the child nutrition fund to the general fund.

2. CASH AND INVESTMENTS

Custodial Credit Risk – Custodial credit risk is the risk that in the event of a bank failure, the District’s deposits may not be returned to the District. The District’s cash deposits and investments at June 30, 2015, were \$33,687,241, at financial institutions, and were completely insured or collateralized by federal depository insurance, direct obligations of the U.S. Government, or securities held by the District or by its agent in the District’s name.

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

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

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

INDEPENDENT SCHOOL DISTRICT NO. I-69, CANADIAN COUNTY
 NOTES TO THE COMBINED FINANCIAL STATEMENTS – REGULATORY BASIS
 FOR THE YEAR ENDED JUNE 30, 2015

2. CASH AND INVESTMENTS – cont'd

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

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

3. INTERFUND RECEIVABLES AND PAYABLES

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

4. GENERAL LONG-TERM DEBT

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

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

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

	Bonds Payable	Capital Leases	Totals
Balance, July 1, 2014	\$ 39,450,000	89,410,000	128,860,000
Additions	12,500,000	0	12,500,000
Retirements	(9,640,000)	(6,700,000)	(16,340,000)
Balance, June 30, 2015	<u>\$ 42,310,000</u>	<u>82,710,000</u>	<u>125,020,000</u>

INDEPENDENT SCHOOL DISTRICT NO. I-69, CANADIAN COUNTY
NOTES TO THE COMBINED FINANCIAL STATEMENTS – REGULATORY BASIS
FOR THE YEAR ENDED JUNE 30, 2015

4. GENERAL LONG-TERM DEBT – cont'd

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

	<u>Amount Outstanding</u>
<u>General Obligation Bonds:</u>	
Combined Purpose Bonds, Series 2015, original issue \$12,500,000, interest rate of 1.00% to 2.00%, due in annual installments of \$3,125,000, final payment due on 06-01-20	\$ 12,500,000
Combined Purpose Bonds, Series 2014, original issue \$16,225,000, interest rate of 1.5% to 2.00%, due in annual installments of \$4,055,000, and a final payment of \$4,060,000 on 06-01-19	16,225,000
Combined Purpose Bonds, Series 2013, original issue \$8,210,000, interest rate of 1.00%, due in annual installments of \$2,050,000, and a final payment of \$2,060,000 on 07-01-18	6,160,000
Combined Purpose Bonds, Series 2012, original issue \$11,425,000, interest rate of 1.25% to 2.00%, due in annual installments of \$2,855,000, and a final payment of \$2,860,000 on 06-01-17	5,715,000
Combined Purpose Bonds, Series 2011, original issue \$6,825,000, interest rate of 1.1% to 2.00%, due in annual installments of \$1,705,000, and a final payment of \$1,710,000 on 06-01-16	1,710,000
<u>Capital Leases:</u>	
Lease purchase for Intermediate School Project, dated 7-01-12, for \$64,195,000, due in annual principal and interest installments of varying amounts, final payment due 9-01-23 (see Note 8)	74,380,000
Lease purchase for new Classrooms Projects, dated 8-1-09, for \$38,120,000, due in annual principal and interest installments of varying amounts, final payment due 9-01-15 (see Note 8)	<u>8,330,000</u>
Total	<u>\$ 125,020,000</u>

INDEPENDENT SCHOOL DISTRICT NO. I-69, CANADIAN COUNTY
 NOTES TO THE COMBINED FINANCIAL STATEMENTS – REGULATORY BASIS
 FOR THE YEAR ENDED JUNE 30, 2015

4. GENERAL LONG-TERM DEBT – cont’d

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

Year Ending June 30	Principal	Interest	Total
2016	\$ 21,120,000	699,605	21,819,605
2017	18,145,000	543,175	18,688,175
2018	19,455,000	373,400	19,828,400
2019	14,780,000	209,200	14,989,200
2020	11,120,000	65,500	11,185,500
2021-2025	40,400,000	10,500	40,410,500
Total	<u>\$125,020,000</u>	<u>1,901,380</u>	<u>126,921,380</u>

Interest paid on general long-term debt during the 2014-15 fiscal year totaled \$624,717.

5. EMPLOYEE RETIREMENT SYSTEM

Description of Plan

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

Basis of Accounting

The System’s financial statements are prepared using the cash basis of accounting, except for accruals of interest income. Plan member contributions are recognized in the period in which the contributions are made. Benefits and refunds are recognized when paid. The pension benefit obligation is a standardized disclosure measure of the present value of pension benefits. This pension valuation method reflects the present value of estimated pension

INDEPENDENT SCHOOL DISTRICT NO. I-69, CANADIAN COUNTY
NOTES TO THE COMBINED FINANCIAL STATEMENTS – REGULATORY BASIS
FOR THE YEAR ENDED JUNE 30, 2015

5. EMPLOYEE RETIREMENT SYSTEM – cont'd

Basis of Accounting – cont'd

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 System has an under-funded pension benefit obligation as determined as part of the latest actuarial valuation.

Funding Policy

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

Annual Pension Cost

The District's total contributions for 2015, 2014 and 2013 were \$6,556,933, \$6,417,476 and \$5,534,682, respectively. Ten-year historical trend information is presented in the Teacher's Retirement System of Oklahoma Annual Report for the year ended June 30, 2015. This information is useful in assessing the pension plan's accumulation of sufficient assets to pay pension benefits as they become due. Please visit www.ok.gov/TRS for all plan information.

GASB Statement 68 became effective for fiscal years beginning after June 15, 2014, and significantly changes pension accounting and financial reporting for governmental employers who participate in a pension plan, such as the System, and who prepare published financial statements on an accrual basis using Generally Accepted Accounting Principles. Since the District does not prepare and present their financial statements on an accrual basis, the net pension amount is not required to be presented on the audited financial statements. The amount of calculated pension liability for the District at June 30, 2014 (the latest information available) was \$60,662,703.

INDEPENDENT SCHOOL DISTRICT NO. I-69, CANADIAN COUNTY
NOTES TO THE COMBINED FINANCIAL STATEMENTS – REGULATORY BASIS
FOR THE YEAR ENDED JUNE 30, 2015

6. RISK MANAGEMENT

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

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

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

7. CONTINGENCIES

Federal Grants

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

INDEPENDENT SCHOOL DISTRICT NO. I-69, CANADIAN COUNTY
NOTES TO THE COMBINED FINANCIAL STATEMENTS – REGULATORY BASIS
FOR THE YEAR ENDED JUNE 30, 2015

7. CONTINGENCIES – cont'd

Schedule of Expenditure of Federal Awards

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

Litigation

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

Subsequent Events

Management has evaluated subsequent events through October 27, 2015, which is the date the financial statements were available to be issued, and have determined that no additional information needs to be added to the financial statements.

8. LEASE REVENUE BONDS

Intermediate School Project

On July 1, 2012, the Canadian County Educational Facilities Authority issued \$64,195,000 of Educational Facilities Lease Revenue Bonds (Mustang Public Schools Project) Series 2012, to provide funds for the constructing, equipping, repairing and remodeling of school buildings, acquiring furniture, fixtures and equipment and acquiring and improving school sites for the benefit of Mustang School District. Also on July 1, 2012, the District, as lessor, entered into a ground lease agreement, for certain district property, with the Canadian County Educational Facilities Authority. In addition, the District entered into a sublease, as lessee, with the Canadian County Educational Facilities Authority. The sublease calls for eleven (11) annual payments starting September 1, 2013. These payments will be made out of bond funds, pursuant to the issuance of series bonds in the amount of \$97,300,000, passed by electors on April 3, 2012. Mustang Public Schools will gain ownership to the capital improvements incrementally as each payment is made. These bonds are shown as general long-term debt on the combined statement assets, liabilities, and fund equity under bonds payable as each series of bonds is sold.

INDEPENDENT SCHOOL DISTRICT NO. I-69, CANADIAN COUNTY
NOTES TO THE COMBINED FINANCIAL STATEMENTS – REGULATORY BASIS
FOR THE YEAR ENDED JUNE 30, 2014

8. LEASE REVENUE BONDS – cont'd

New Classrooms School Project

On August 1, 2009, the Canadian County Educational Facilities Authority issued \$38,120,000 of Educational Facilities Lease Revenue Bonds (Mustang Public Schools Project) Series 2009, to provide funds for the constructing, equipping, repairing and remodeling of school buildings, acquiring furniture, fixtures and equipment and acquiring and improving school sites for the benefit of Mustang School District. Also on August 1, 2009, the District, as lessor, entered into a ground lease agreement, for certain district property, with the Canadian County Educational Facilities Authority. In addition, the District entered into a sublease, as lessee, with the Canadian County Educational Facilities Authority. The sublease calls for six (6) annual payments starting September 1, 2010. These payments will be made out of bond funds, pursuant to the issuance of series bonds in the amount of \$57,600,000, passed by electors on April 7, 2009. Mustang Public Schools will gain ownership to the capital improvements incrementally as each payment is made. These bonds are shown as general long-term debt on the combined statement assets, liabilities, and fund equity under bonds payable as each series of bonds is sold.

INDEPENDENT SCHOOL DISTRICT NO. I-69, CANADIAN COUNTY
 COMBINING STATEMENT OF ASSETS, LIABILITIES AND FUND BALANCE -
 ALL SPECIAL REVENUE FUNDS - REGULATORY BASIS
 JUNE 30, 2015

	<u>BUILDING FUND</u>	<u>CO-OP FUND</u>	<u>CHILD NUTRITION FUND</u>	<u>OKC MAPS TRUST FUND</u>	<u>TOTAL</u>
<u>ASSETS</u>					
Cash	\$ 171,202	2,387	551,813	75,764	801,166
<u>LIABILITIES AND FUND BALANCE</u>					
Liabilities:					
Warrants payable	\$ 1,174	1,000	310,470		312,644
Encumbrances	24,963		10,434		35,397
Total liabilities	<u>26,137</u>	<u>1,000</u>	<u>320,904</u>	<u>0</u>	<u>348,041</u>
Fund Balance:					
Restricted	<u>145,065</u>	<u>1,387</u>	<u>230,909</u>	<u>75,764</u>	<u>453,125</u>
Total Liabilities and Fund Balance	<u>\$ 171,202</u>	<u>2,387</u>	<u>551,813</u>	<u>75,764</u>	<u>801,166</u>

INDEPENDENT SCHOOL DISTRICT NO. 1-69, CANADIAN COUNTY
 COMBINING STATEMENT OF REVENUES COLLECTED, EXPENDITURES AND CHANGES
 IN CASH FUND BALANCES - ALL SPECIAL REVENUE FUNDS - REGULATORY BASIS
 FOR THE YEAR ENDED JUNE 30, 2015

	BUILDING FUND	CO-OP FUND	CHILD NUTRITION FUND	OKC MAPS TRUST FUND	TOTAL
Revenues Collected:					
Local sources	\$ 2,167,347		2,148,821	74,000	4,390,168
State sources			323,165		323,165
Federal sources		36,973	1,557,120		1,594,093
Interest earnings				42	42
Non-revenue receipts			4,372	1	4,373
Total revenues collected	<u>2,167,347</u>	<u>36,973</u>	<u>4,033,478</u>	<u>74,043</u>	<u>6,311,841</u>
Expenditures:					
Support services	2,314,709	35,586			2,350,295
Operation of non-instructional services			3,972,728		3,972,728
Facilities acquisition & construction services				74,028	74,028
Other outlays:					
Reimbursement			1,938		1,938
Correcting entry			2,730	1	2,731
Total expenditures	<u>2,314,709</u>	<u>35,586</u>	<u>3,977,396</u>	<u>74,029</u>	<u>6,401,720</u>
Excess of revenues collected over (under) expenditures before other financing sources (uses)	(147,362)	1,387	56,082	14	(89,879)
Other financing sources (uses):					
Transfers in (out)			(100,000)		(100,000)
Adjustments to prior year encumbrances	545		25,248		25,793
Total other financing sources (uses)	<u>545</u>	<u>0</u>	<u>(74,752)</u>	<u>0</u>	<u>(74,207)</u>
Excess of revenues collected over (under) expenditures	(146,817)	1,387	(18,670)	14	(164,086)
Cash fund balances, beginning of year	<u>291,882</u>	<u>0</u>	<u>249,579</u>	<u>75,750</u>	<u>617,211</u>
Cash fund balances, end of year	<u>\$ 145,065</u>	<u>1,387</u>	<u>230,909</u>	<u>75,764</u>	<u>453,125</u>

INDEPENDENT SCHOOL DISTRICT NO. I-69, CANADIAN COUNTY
 COMBINING STATEMENT OF REVENUES COLLECTED, EXPENDITURES AND CHANGES
 IN CASH FUND BALANCES - BUDGET AND ACTUAL COMPARISON
 ALL SPECIAL REVENUE FUNDS - REGULATORY BASIS
 FOR THE YEAR ENDED JUNE 30, 2015

	BUILDING FUND			CO-OP FUND			CHILD NUTRITION FUND			OKC MAPS TRUST FUND		
	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL
Revenues Collected:												
Local sources	\$ 1,967,876	2,143,726	2,167,347	\$			\$ 1,805,500	2,102,538	2,148,821	\$		74,000
State sources							307,500	312,255	323,165			
Federal sources					40,000	36,973	1,342,500	1,557,120	1,557,120			
Interest earnings												42
Non-revenue receipts								1,667	4,372			1
Total revenues collected	<u>1,967,876</u>	<u>2,143,726</u>	<u>2,167,347</u>	<u>0</u>	<u>40,000</u>	<u>36,973</u>	<u>3,455,500</u>	<u>3,973,580</u>	<u>4,033,478</u>	<u>0</u>	<u>0</u>	<u>74,043</u>
Expenditures:												
Support services	2,259,758	2,435,608	2,314,709		40,000	35,586						
Operation of non-instructional services							3,705,079	4,223,159	3,972,728			
Facilities acquisition & construction services										75,750	75,750	74,028
Other outlays:												
Reimbursement									1,938			
Correcting entry									2,730			1
Total expenditures	<u>2,259,758</u>	<u>2,435,608</u>	<u>2,314,709</u>	<u>0</u>	<u>40,000</u>	<u>35,586</u>	<u>3,705,079</u>	<u>4,223,159</u>	<u>3,977,396</u>	<u>75,750</u>	<u>75,750</u>	<u>74,029</u>
Excess of revenues collected over (under) expenditures before other financing sources (uses)	(291,882)	(291,882)	(147,362)	0	0	1,387	(249,579)	(249,579)	56,082	(75,750)	(75,750)	14
Other financing sources (uses):												
Transfers in (out)									(100,000)			
Adjustment to prior year encumbrances			545						25,248			
Total other financing sources (uses)	<u>0</u>	<u>0</u>	<u>545</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>(74,752)</u>	<u>0</u>	<u>0</u>	<u>0</u>
Excess of revenues collected over (under) expenditures	(291,882)	(291,882)	(146,817)	0	0	1,387	(249,579)	(249,579)	(18,670)	(75,750)	(75,750)	14
Cash fund balances, beginning of year	<u>291,882</u>	<u>291,882</u>	<u>291,882</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>249,579</u>	<u>249,579</u>	<u>249,579</u>	<u>75,750</u>	<u>75,750</u>	<u>75,750</u>
Cash fund balances, end of year	<u>\$ 0</u>	<u>0</u>	<u>145,065</u>	<u>\$ 0</u>	<u>0</u>	<u>1,387</u>	<u>\$ 0</u>	<u>0</u>	<u>230,909</u>	<u>\$ 0</u>	<u>0</u>	<u>75,764</u>

INDEPENDENT SCHOOL DISTRICT NO. 1-69, CANADIAN COUNTY
 COMBINING STATEMENT OF ASSETS, LIABILITIES AND FUND BALANCE -
 ALL CAPITAL PROJECTS FUNDS - REGULATORY BASIS
 JUNE 30, 2015

	BOND (31) FUND	BOND (32) FUND	BOND (33) FUND	BOND (34) FUND	BOND (35) FUND	BOND (36) FUND	BOND (37) FUND	BOND (38) FUND	BOND (39) FUND	TOTAL
<u>ASSETS</u>										
Cash	\$ 107,384	1,117,337	2,643,120	105,320	305,366	9,716,790	733,838	275,346	3,035,581	18,040,082
<u>LIABILITIES AND FUND BALANCE</u>										
Liabilities:										
Warrants payable	\$ 0	0	158,120	0	0	16,790	85	0	0	174,995
Fund Balance:										
Restricted	107,384	1,117,337	2,485,000	105,320	305,366	9,700,000	733,753	275,346	3,035,581	17,865,087
Total Liabilities and Fund Balance	\$ 107,384	1,117,337	2,643,120	105,320	305,366	9,716,790	733,838	275,346	3,035,581	18,040,082

INDEPENDENT SCHOOL DISTRICT NO. I-69, CANADIAN COUNTY
 COMBINING STATEMENT OF REVENUES COLLECTED, EXPENDITURES AND CHANGES
 IN CASH FUND BALANCES - ALL CAPITAL PROJECTS FUNDS - REGULATORY BASIS
 FOR THE YEAR ENDED JUNE 30, 2015

	BOND (31) FUND	BOND (32) FUND	BOND (33) FUND	BOND (34) FUND	BOND (35) FUND	BOND (36) FUND	BOND (37) FUND	BOND (38) FUND	BOND (39) FUND	TOTAL
Revenues Collected:										
Non-revenue receipts	\$ 0	99	0	0	0	0	0	0	0	99
Expenditures:										
Instruction	41,546								845,756	887,302
Support services	54,279	7,148,543	62,807	50,058	35,975	268,759	233,745	844,654	1,685,071	10,383,891
Operation of non-instruction services							40,195			40,195
Facilities acquisition & construction services			158,120	18,130		278,990	76,726		1,319,876	1,851,842
Other outlays:										
Correcting entry		99								99
Total expenditures	95,825	7,148,642	220,927	68,188	35,975	547,749	350,666	844,654	3,850,703	13,163,329
Excess of revenues collected over (under) expenditures before other financing sources (uses)	(95,825)	(7,148,543)	(220,927)	(68,188)	(35,975)	(547,749)	(350,666)	(844,654)	(3,850,703)	(13,163,230)
Other financing sources (uses):										
Bond proceeds	0	0	2,640,000	0	0	9,700,000	0	160,000	0	12,500,000
Excess of revenues collected over (under) expenditures	(95,825)	(7,148,543)	2,419,073	(68,188)	(35,975)	9,152,251	(350,666)	(684,654)	(3,850,703)	(663,230)
Cash fund balances, beginning of year	203,209	8,265,880	65,927	173,508	341,341	547,749	1,084,419	960,000	6,886,284	18,528,317
Cash fund balances, end of year	\$ 107,384	1,117,337	2,485,000	105,320	305,366	9,700,000	733,753	275,346	3,035,581	17,865,087

INDEPENDENT SCHOOL DISTRICT NO. I-69, CANADIAN COUNTY
 COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES -
 AGENCY FUNDS - REGULATORY BASIS
 FOR THE YEAR ENDED JUNE 30, 2015

	BALANCE 7-01-14	ADDITIONS	NET TRANSFERS	DEDUCTIONS	BALANCE 6-30-15
<u>ASSETS</u>					
Cash	\$ 1,087,205	2,257,413	0	2,174,570	1,170,048
<u>LIABILITIES</u>					
Funds held for school organizations:					
Industrial Arts	\$ 547	17,914	0	9,071	9,390
Annual - H.S.	22,486	51,321	(1,750)	43,860	28,197
High School Athletics	48,143	333,083	1,884	319,089	64,021
Band - H.S.	11,779	150,618	0	148,942	13,455
Boys Basketball - H.S.	24,983	4,602	(1,496)	27,972	117
Boys Soccer - H.S.	12,443	16,250	0	26,702	1,991
Centennial Counseling	1,588	2,876	789	3,240	2,013
Centennial Media	6,135	19,526	(1,835)	18,721	5,105
D.A.R.E.	474	240	0	429	285
Mustang Elementary	12,593	31,642	0	21,383	22,852
Enrichment Organization	7,703	0	(7,703)	0	0
Art	3,511	1,392	0	0	4,903
Centennial Music	415	749	300	1,115	349
FFA - H.S.	25,051	73,737	0	74,290	24,498
FCCLA - H.S.	1,363	5,215	0	4,128	2,450
French Club - H.S.	151	525	0	529	0
Freshmen Cheer - H.S.	105	0	0	0	105
High School General	111,021	132,352	(12,416)	125,315	105,642
Girls Basketball - H.S.	3,417	300	2,700	6,096	321
Girls Track - H.S.	524	0	0	160	364
Girls Volleyball - H.S.	174	5,180	0	0	5,354
Golf - H.S.	372	0	0	300	72
Lakehoma Elem	37,223	42,555	(107)	44,790	34,881
Centennial Art	1,758	4,905	220	4,080	2,803
Media - HS	5,628	964	0	2,558	4,034
Media - MS	1,156	6,507	0	4,432	0
Media - North MS	11,243	9,136	(35)	12,578	7,766
Key Club HS	1,032	4,094	0	4,673	453
Athletics - MS	66,061	39,317	(240)	96,280	8,858
Band - MS	7,157	26,546	0	27,268	6,435
Cheer - MS	1,107	0	0	120	987
FCA - MS	2,764	0	0	98	2,666
Middle School	16,384	21,855	0	22,729	15,510
Skills for Living - MS	396	0	0	0	396
Pep Club - MS	781	0	0	0	781
Science Club - MS	279	2,214	0	1,166	1,327
Cheer - North MS	651	0	0	0	651

INDEPENDENT SCHOOL DISTRICT NO. I-69, CANADIAN COUNTY
 COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES -
 AGENCY FUNDS - REGULATORY BASIS
 FOR THE YEAR ENDED JUNE 30, 2015

	BALANCE 7-01-14	ADDITIONS	NET TRANSFERS	DEDUCTIONS	BALANCE 6-30-15
Student Council - MS	\$ 1,141	1,276	0	1,387	1,030
Vocal Music - MS	10,530	14,706	0	15,680	9,556
Yearbook - MS	8,439	5,850	0	5,808	8,481
Mustang Valley Elem	28,279	62,495	166	56,303	34,637
Nat'l Honor Society - HS	2,633	2,181	0	4,004	810
Media - Creek	2,216	13,947	0	13,660	2,503
Athletics - North MS	28,470	18,115	0	42,840	3,745
Band - North MS	14,511	35,835	0	48,142	2,204
Misc Revenue	0	5,310	0	3,983	1,327
North Middle School	13,509	21,363	(54)	22,048	12,770
Pom-Pom - HS	3,094	0	0	0	3,094
Pep Club - North MS	1,062	0	0	966	96
Science Club - North MS	5,086	2,828	0	1,366	6,548
Speech Club - North MS	210	138	0	0	348
Student Council - North MS	877	388	0	19	1,246
Vocal Music - North MS	4,708	31,321	0	34,088	1,941
Yearbook - North MS	9,410	7,825	0	6,717	10,518
Jr Class - HS	22,697	32,709	0	29,594	25,812
Science/Math - H.S.	546	8,250	0	6,381	2,415
Sr Class - HS	63,326	42,164	0	18,780	86,710
Special Olympics	2,093	4,122	365	3,604	2,976
Drama Department/Club	9,136	11,589	0	13,532	7,193
Student Council - HS	7,706	49,213	(1,004)	52,735	3,180
Varsity Cheer - HS	8,001	5,220	35	3,042	10,214
Vocal Music - HS	4,548	18,208	0	19,564	3,192
Scholarship Fund	2,252	2,000	0	3,000	1,252
D.E.C.A. - H.S.	6,935	22,874	200	25,425	4,584
Baseball - H.S.	3,942	775	0	4,643	74
Sixth Grade - North M.S.	889	0	707	975	621
Administration	11,943	2,915	(4,982)	4,032	5,844
Media - Valley	15,370	4,906	0	11,394	8,882
Counseling Activities - Valley	1,183	1,689	(200)	1,796	876
Trails Elementary	9,363	9,855	0	11,791	7,427
Girls Softball - H.S.	1,474	0	0	925	549
Spanish Club - H.S.	18	2,164	0	1,835	347
Media - Mustang Trails	527	25,930	0	19,204	7,253
M.E.A.D. - Mustang Elementary	2,972	1,571	0	2,249	2,294
Drug Free Club - Trails	1,917	2,501	0	2,633	1,785
9th-Varsity Football H.S.	8,381	4,550	6,912	18,026	1,817
Gifted and Talented	760	0	0	0	760
Transportation	2,218	759	(107)	428	2,442
Creek Choir	405	500	0	462	443
Boys-Girls Tennis H.S.	173	0	0	0	173
L.E. Drug Free Leaders	2,600	840	0	440	3,000
Boys/Girls Cross Country	2,954	2,677	0	2,229	3,402

INDEPENDENT SCHOOL DISTRICT NO. I-69, CANADIAN COUNTY
 COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES -
 AGENCY FUNDS - REGULATORY BASIS
 FOR THE YEAR ENDED JUNE 30, 2015

	BALANCE 7-01-14	ADDITIONS	NET TRANSFERS	DEDUCTIONS	BALANCE 6-30-15
Girls Soccer - H.S.	\$ 4,403	1,800	0	3,314	2,889
Chisholm Trails	1,574	2,257	0	1,667	2,164
Builder's Club - MS	169	0	0	0	169
Builder's Club - North MS	2,161	244	0	887	1,518
Debate Club - HS	408	0	0	0	408
Mustang Creek Elem	11,172	15,027	395	16,252	10,342
Media - LE	2,858	10,229	0	10,776	2,311
Renaissance - MS	390	500	0	208	682
Reading - MS	5,653	2,283	0	1,524	6,412
Renaissance - North MS	1,118	619	0	486	1,251
Renaissance - HS	2,372	750	0	877	2,245
Special Life Skills - MS	1,544	465	(275)	777	957
Technology Student - MS	0	4,715	1,461	2,922	3,254
Academic Team - HS	0	2,584	3,539	3,683	2,440
Art Club - HS	1,830	16,793	0	15,879	2,744
Athletic Training - HS	1,070	14,244	0	725	14,589
Technology - North MS	34	0	0	0	34
Admin Use of Facility	28,791	125,849	(648)	103,778	50,214
P.A.S.S. - MEC	452	10,206	0	6,491	4,167
CRI Activity Account	7,992	49,829	694	28,070	30,445
Advanced Placement - HS	10,569	27,060	240	26,955	10,914
Grounds Improvement	1,268	0	0	0	1,268
CRI Staff Account	1,759	815	1,300	1,227	2,647
HS Freshman F.C.C.L.A.	1,498	1,212	0	1,354	1,356
Outdoor Classroom - MS	3,137	725	0	302	3,560
Golf - North MS	723	0	0	237	486
CRI Counseling Activity	397	785	622	785	1,019
Canyon Ridge Int Media	1,967	15,954	650	17,500	1,071
Project 911 - Untitled	0	1,443	3,334	2,724	2,053
Canyon Ridge Vocal/Music	4,762	18,599	270	14,332	9,299
CRI Art	1,191	4,113	200	2,241	3,263
Canyon Ridge Int PE	4,848	11,704	(4,325)	9,709	2,518
Track/Cross Country - North MS	1,117	0	0	0	1,117
Creek/North Outdoor	323	0	0	0	323
Canyon Ridge Int Arch	0	3,820	(180)	3,617	23
Football - North MS	250	0	0	0	250
Prairie View Activity	0	20,335	4,200	13,468	11,067
Pre-Kindergarten - MEC	10,509	19,301	(422)	17,275	12,113
Prairie View Staff	0	62	2,000	725	1,337
Special Education - M-H	632	5,757	0	878	5,511
Art - Lakehoma	2,359	0	0	1,026	1,333
Musical - HS	5,343	41,146	0	14,283	32,206
Wrestling - HS	2	0	0	0	2
JROTC - HS	3,313	17	1,000	480	3,850
HS Athletic Dept. Staff	14,607	31,446	(1,000)	30,448	14,605

INDEPENDENT SCHOOL DISTRICT NO. I-69, CANADIAN COUNTY
 COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES -
 AGENCY FUNDS - REGULATORY BASIS
 FOR THE YEAR ENDED JUNE 30, 2015

	BALANCE 7-01-14	ADDITIONS	NET TRANSFERS	DEDUCTIONS	BALANCE 6-30-15
Canyon Ridge Int Reading	\$ 4,550	1,438	(4,362)	311	1,315
Mustang Elementary Staff	3,660	3,424	893	2,517	5,460
Mustang Valley Staff	4,595	2,977	1,000	2,952	5,620
Mustang Lakehoma Staff	7,057	1,933	1,000	2,148	7,842
Mustang Trails Staff	3,955	12,446	1,000	8,066	9,335
Mustang Creek Staff	4,459	5,270	947	1,895	8,781
Mustang Middle School Staff	11,698	3,389	(752)	3,092	11,243
MNMS Staff	2,300	3,234	(75)	2,881	2,578
High School Staff	17,344	7,680	(213)	9,100	15,711
Education Center Staff	3,787	3,587	(35)	3,580	3,759
Administration Staff	3,200	855	(257)	3,602	196
High School Tech Education	1,170	0	0	1,059	111
High School Boys Track	369	0	0	0	369
HS - Business Prof. of America	3,321	6,585	0	5,866	4,040
Mustang Creek Counseling	2,853	3,856	943	4,268	3,384
MPS Special Needs	544	7,645	0	7,645	544
Mustang Creek Art	4,896	3,770	0	2,860	5,806
Eco Club High school	256	0	0	0	256
Lakehoma Music	415	48	0	296	167
Mustang Trails Art	6,508	4,851	0	6,781	4,578
Mustang Trails Honor	990	782	0	494	1,278
Centennial Elementary	22,836	31,875	(2,706)	20,864	31,141
Trails Special Ed.	438	181	0	0	619
Centennial Staff	3,877	2,818	168	2,179	4,684
Mustang Elem Art	8,589	639	(5,943)	361	2,924
Mustang Elem Media	5,587	16,643	0	18,607	3,623
Trails Reading Carnival	2,738	875	0	2,264	1,349
Trails Student Council	1,988	0	0	0	1,988
Mustang Trails PE Activ.	1,702	2,651	0	1,088	3,265
ME Counsel Closed 8-16	0	6,461	0	6,102	359
H.S. Spanish Nat'l Honor	1,128	1,292	0	909	1,511
H.S. Mac Choir	820	0	0	0	820
H.S. Video Club	921	1,254	0	1,544	631
H.S. Swim Team	195	0	0	0	195
Creek Archery Club	395	0	(395)	0	0
Archery Club - MS	2,190	1,785	0	539	3,436
Valley Student Council	2,430	1,626	0	1,362	2,694
Centennial Outdoor Classroom	21	0	0	0	21
Mustang Students in Ne.	3,907	1,622	0	324	5,205
CRI Outdoor Classroom	4,500	1,740	0	2,592	3,648
CRI Student Council	1,155	0	0	662	493
Canyon Ridge Yearbook	1,409	8,444	0	6,359	3,494
CRI Communications/Bro.	0	8,728	1,142	7,515	2,355
CRI Technology Stdnt	0	1,335	1,253	2,055	533
CRI Spanish Acct	668	0	200	0	868

INDEPENDENT SCHOOL DISTRICT NO. I-69, CANADIAN COUNTY
 COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES -
 AGENCY FUNDS - REGULATORY BASIS
 FOR THE YEAR ENDED JUNE 30, 2015

	BALANCE 7-01-14	ADDITIONS	NET TRANSFERS	DEDUCTIONS	BALANCE 6-30-15
CRI Renaissance Acct	\$ 0	652	2,680	1,721	1,611
CRI Special Education Acct	0	1,190	(15)	203	972
Horizon Int Activity Acct	4,738	71,963	(419)	41,693	34,589
Horizon Int Staff Acct	3,241	501	872	1,755	2,859
Horizon Int Counseling	152	2,717	(595)	1,072	1,202
Horizon Int Media Acct	0	13,255	2,175	15,035	395
Prairie View Media	0	15,761	0	14,774	987
Horizon Int Vocal/Music	0	3,773	959	2,723	2,009
Horizon Int Art Account	261	1,259	0	1,122	398
Horizon Int Outdoor Classroom	0	4,803	1,901	3,666	3,038
Centennial PE	0	12,710	2,001	10,054	4,657
Centennial Archery	0	1,027	(751)	0	276
Prairie View Music	0	561	2,169	1,987	743
Prairie View PE	0	8,464	(2,169)	3,870	2,425
Horizon Int Academic Team	0	165	55	220	0
MHS Archery & Fishing	0	1,250	1,925	1,204	1,971
Mustang Valley PE Activ.	1,725	3,761	0	3,006	2,480
	<u>1,725</u>	<u>3,761</u>	<u>0</u>	<u>3,006</u>	<u>2,480</u>
Total Liabilities	<u>\$ 1,087,205</u>	<u>2,257,413</u>	<u>0</u>	<u>2,174,570</u>	<u>1,170,048</u>

INDEPENDENT SCHOOL DISTRICT NO. I-69, CANADIAN COUNTY
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS - REGULATORY BASIS
FOR THE YEAR ENDED JUNE 30, 2015

Federal Grantor / Pass Through Grantor / Program Title	Federal CFDA Number	Federal Grantor's/ Pass-through No.	Program or Award Amount	Balance at 7/1/14	Revenue Collected	Total Expenditures	Balance at 6/30/15
<u>U.S. Department of Education</u>							
<u>Direct Programs:</u>							
*Indian Education	84.060	S060A141321	\$ 193,605	0	192,776	193,605	829
<u>Passed Through State Department of Education:</u>							
*Title I, Basic Program - Note 2	84.010		726,795		636,665	649,515	12,850
Title I, Basic Program 2013-14 - Note	84.010			4,839	4,839		
Title II, Part A	84.367		117,634		77,611	102,880	25,269
Title II, Part A 2013-14 - Note	84.367			28,204	28,204		
Title III, Part A	84.365		35,943		28,923	32,499	3,576
Title III, Part A 2013-14 - Note	84.365			819	819		
IDEA-B Flowthrough	84.027		1,724,687		1,663,387	1,706,169	42,782
IDEA-B Flowthrough 2013-14 - Note	84.027			39,956	39,956		
IDEA-B Preschool	84.173		54,133		40,539	48,551	8,012
IDEA-B Preschool 2013-14 - Note	84.173			1,195	1,195		
Title II, Part B	84.366		40,000		36,973	36,973	
Sub Total			<u>2,699,192</u>	<u>75,013</u>	<u>2,559,111</u>	<u>2,576,587</u>	<u>92,489</u>
<u>Passed Through State Department of Career and Technology Education:</u>							
Carl Perkins	84.048		48,765		46,193	46,193	
Carl Perkins 2013-14 - Note	84.048			51,587	51,587		
Carl Perkins Supplemental	84.048		50,000		50,000	50,000	
Sub Total			<u>98,765</u>	<u>51,587</u>	<u>147,780</u>	<u>96,193</u>	<u>0</u>
<u>U.S. Department of Agriculture:</u>							
<u>Passed Through State Department of Education</u>							
<u>*Child Nutrition Programs:</u>							
School Breakfast Program	10.553				260,560	260,560	
National School Lunch Program	10.555				1,296,560	1,296,560	
Sub Total					<u>1,557,120</u>	<u>1,557,120</u>	
<u>Passed Through Department of Human Services:</u>							
<u>*Non-cash assistance - commodities</u>							
National school lunch program - Note 1	10.555				64,307	64,307	
<u>Other Federal Assistance:</u>							
JROTC	12.357				91,267	99,617	8,350
JROTC 2013-14 - Note	12.357			7,658	7,658		
FEMA - PL 874 2013-14 - Note	97.036			8,391	8,391		
Rehabilitation Services	84.126				9,820	1,201	
Sub Total			<u>0</u>	<u>16,049</u>	<u>117,136</u>	<u>100,818</u>	<u>8,350</u>
Total Federal Assistance			<u>\$ 2,991,562</u>	<u>142,649</u>	<u>4,638,230</u>	<u>4,588,630</u>	<u>101,668</u>

* Major Programs

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

Note 1 - Commodities received by the District in the amount of \$64,307 were of a non-monetary nature and therefore the total revenue does not agree with the financial statements by this account.

Note 2 - The District refunded \$1,343 to the State Department of Education during the 2015-16 fiscal year.

Note 3 - This schedule was prepared on a regulatory basis of accounting consistent with the preparation of the combined financial statements.

INDEPENDENT SCHOOL DISTRICT NO. I-69, CANADIAN COUNTY
STATEMENT OF STATUTORY, FIDELITY AND HONESTY BONDS
FOR THE YEAR ENDED JUNE 30, 2015

BONDING COMPANY	POSITION COVERED	BOND NUMBER	COVERAGE AMOUNT	EFFECTIVE DATES
Ohio Casualty Company	CFO	1597462	\$ 1,000,000	7/1/14 - 7/1/15
	Asst. Treasurer	1597462	1,000,000	7/1/14 - 7/1/15
	Superintendent	1597462	100,000	7/1/14 - 7/1/15
	Activity Fund Custodian	1597462	10,000	7/1/14 - 7/1/15
	Minutes Clerk	1597462	10,000	7/1/14 - 7/1/15
	Asst. Encumbrance Clerk	1597462	10,000	7/1/14 - 7/1/15
	Courier	1597462	10,000	7/1/14 - 7/1/15
	Courier	1597462	10,000	7/1/14 - 7/1/15
	Secretary to Athletic Director	1597462	10,000	7/1/14 - 7/1/15
	Athletic Compliance Officer	1597462	10,000	7/1/14 - 7/1/15
	PE / Health	1597462	10,000	7/1/14 - 7/1/15
	PE / Health	1597462	10,000	7/1/14 - 7/1/15
	Site Secretary	1597462	10,000	7/1/14 - 7/1/15
	Asst. Athletic Director	1597462	10,000	7/1/14 - 7/1/15
	Athletic Facilitator	1597462	10,000	7/1/14 - 7/1/15

INDEPENDENT SCHOOL DISTRICT NO. I-69, CANADIAN COUNTY
SCHEDULE OF ACCOUNTANT'S PROFESSIONAL LIABILITY INSURANCE
AFFIDAVIT
JULY 1, 2014 TO JUNE 30, 2015

State of Oklahoma)
) ss
County of Tulsa)

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

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

By 
Authorized Agent

Subscribed and sworn to before me
This 4th day of November, 2015




Notary Public (or Clerk or Judge)

My Commission Expires: 5-19-16
Commission No. 00008621



SANDERS, BLEDSOE & HEWETT
CERTIFIED PUBLIC ACCOUNTANTS, LLP

November 4, 2015

Dr. Sean McDaniel, Supt.
Mustang Public Schools
906 South Heights Drive
Mustang, Oklahoma 73064

Dear Dr. McDaniel:

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

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

Federal Programs

We observed a few instances where the amounts claimed for reimbursements did not match the amounts coded according to OCAS. Most of the errors noted were corrected at the time of our audit and prior to the submission of OCAS reports, however, it is possible that you will be contacted about these differences by the State Department of Education and you will need to prepare a written response explaining the coding errors. The amounts that will be included on the Schedule of Expenditures of Federal Awards (SEFA) will reflect the amounts actually expended, not necessarily the amounts according to OCAS.

We recommend that the District establish a procedure which requires that an employee other than the one filing the claims perform a reconciliation at the end of the fiscal year between the expenditures claimed for reimbursement and the expenditures actually coded to the program's project code on the detailed expenditure reports. This applies to all federal receipts.

Supplemental Appropriations

We observed during the audit that State Auditor and Inspector Form 307 for supplemental appropriations was not properly completed in a timely manner. This form is for the addition of state and/or federal funds and should have been completed for the co-op fund prior to any expenditure being made. We strongly recommend that appropriations be added to any fund that is close to exceeding the lawful appropriation amount prior to that balance being exceeded. It is a violation of state law for any appropriated fund to exceed the approved appropriation balance at any time during the fiscal year.

Treasurer Reconciliations

During our audit, we observed that the bank balances were not properly reconciled to the financials each month. In addition, when we reconciled the year-end fund balances with the year-end reports, we were unable to tie the revenues and expenditures to the treasurer's records. Because of this, an adjustment to software balances had to be made to properly reconcile. It appears that the conversion of software during the year probably contributed to the problem. We recommend that each month, a revenue summary and expenditure report be prepared and reconciled to the treasurer's records and bank statements.

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

Sincerely,

Eric M. Bledsoe

For

Sanders, Bledsoe & Hewett
Certified Public Accountants, LLP