

Plainview School District I-27
Carter County, Oklahoma

Financial Statements
Year-End June 30, 2013

Plainview School District I-27
Carter County, Oklahoma
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June 30, 2013

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Independent Auditor's Report

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

Report on the Financial Statements

We have audited the accompanying fund type and account group financial statements of Plainview School District I-27, Carter County, Oklahoma, as of and for the year ended June 30, 2013, which collectively comprise the District's regulatory financial statements as listed in the table of contents.

Management's Responsibility of the Financial Statements

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

Auditor's Responsibility

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

An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of risks of material misstatement of the financial statements, whether due to fraud or error. In making those risks assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an

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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 Accepting Accounting Principles

As discussed in Note 1, the financial statements are prepared by Plainview School District I-27, Carter County, Oklahoma, on the basis of the financial reporting provisions of Oklahoma State Department of Education, which is a basis of accounting other than accounting principles generally accepted in the United States of America, to comply with the requirements of Oklahoma State Department of Education. The effects on the financial statements of the variances between the regulatory basis of accounting described in Note 1 and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material.

Adverse Opinion on U.S. Generally Accepted Accounting Principles

In our opinion, because of the significance of the matter discussed in the "Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles" paragraph, the financial statement referred to in the first paragraph do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of Plainview School District I-27, Carter County, Oklahoma as of June 30, 2013, the changes in its financial position for the year then ended.

Basis for Qualified Opinion on General Fixed Asset Account Group

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

Qualified Opinion

In our opinion, except for the effects of the matters described in the "Basis for Qualified Opinion on General Fixed Asset Account Group" paragraph, the financial statements referred to above present fairly, in all material respects, the assets, liabilities and fund equity arising from regulatory basis transactions of each fund type and account group of Plainview School District I-27, Carter County, Oklahoma, as of June 30, 2013, and the revenues collected and expenses paid and budgetary results for the year then ended on the basis of accounting described in Note 1.

Other Matters

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Plainview School District I-27 Carter County, Oklahoma financial statements as a whole. The accompanying Combining Schedule of Changes in Cash Balances – Regulatory Basis – Activity Funds is presented for purposes of additional analysis and is not required part of the basic financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis, as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is also not a required part of the financial statements.

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

The information in the additional information section of the table of contents has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated March 4, 2014, on our consideration of Plainview School District I-27 Carter County, Oklahoma's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contract and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to express an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Governmental Auditing Standards* in considering Plainview School District I-27 Carter County, Oklahoma's internal control over financial reporting and compliance.

Rahhal Henderson Johnson, PLLC

Ardmore, Oklahoma
March 4, 2014

Plainview School District I-27
Carter County, Oklahoma
Combined Statement of Assets, Liabilities and Fund Equity
Regulatory Basis – All Governmental Fund Types
June 30, 2013

	Governmental Fund Types				Fiduciary	Account	Total
	General	Special Revenue	Debt Service	Capital Projects	Fund Types Trust and Agency	Group General Long Term Debt	(memorandum only - Note 1) June 30, 2013
ASSETS							
Cash	\$ 2,746,776	\$ 1,238,240	\$ 93,830	\$ 3,462,886	\$ 412,374	\$ -	\$ 7,954,106
Restricted Cash	-	-	\$ 1,095,404	-	-	-	1,095,404
Amount available in debt service fund	-	-	-	-	-	1,189,234	1,189,234
Amount to be provided for Capital leases	-	-	-	-	-	325,283	325,283
Retirement of general long term debt	-	-	-	-	-	5,645,766	5,645,766
Total Assets	<u>\$ 2,746,776</u>	<u>\$ 1,238,240</u>	<u>\$ 1,189,234</u>	<u>\$ 3,462,886</u>	<u>\$ 412,374</u>	<u>\$ 7,160,283</u>	<u>\$ 16,209,793</u>
LIABILITIES AND FUND EQUITY							
Liabilities:							
Warrants payable	\$ 583,320	\$ 31,565	\$ -	209,472	\$ 30,666	\$ -	\$ 855,023
Due to others	-	-	-	-	381,708	-	381,708
Capital leases payable	-	-	-	-	-	325,283	325,283
General obligation bonds payable	-	-	-	-	-	6,835,000	6,835,000
Total Liabilities	<u>583,320</u>	<u>31,565</u>	<u>-</u>	<u>209,472</u>	<u>412,374</u>	<u>7,160,283</u>	<u>8,397,014</u>
Fund Equity:							
Unreserved:							
Designated for debt service	-	-	1,189,234	-	-	-	1,189,234
Designated for capital projects	-	-	-	3,253,414	-	-	3,253,414
Undesignated	2,163,456	1,206,675	-	-	-	-	3,370,131
Total Cash Fund Balances	<u>2,163,456</u>	<u>1,206,675</u>	<u>1,189,234</u>	<u>3,253,414</u>	<u>-</u>	<u>-</u>	<u>7,812,779</u>
Total Liabilities and Fund Equity	<u>\$ 2,746,776</u>	<u>\$ 1,238,240</u>	<u>\$ 1,189,234</u>	<u>\$ 3,462,886</u>	<u>\$ 412,374</u>	<u>\$ 7,160,283</u>	<u>\$ 16,209,793</u>

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

Plainview School District I-27
Carter County, Oklahoma
Combined Statement of Revenues Collected, Expenditures Paid and Changes in Cash Fund Balances
Regulatory Basis – All Governmental Fund Types
For the Year Ended June 30, 2013

	Governmental Fund Types				Total (memorandum only - Note 1) June 30, 2012
	General	Special Revenue	Debt Service	Capital Projects	
Revenues collected:					
Local sources	\$ 2,555,872	\$ 559,911	\$ 1,242,189	\$ -	\$ 4,357,972
Intermediate sources	665,968	-	-	-	665,968
State sources	5,354,131	10,174	3,577	-	5,367,882
Federal sources	532,524	256,606	-	-	789,130
Total Revenues Collected	<u>9,108,495</u>	<u>826,691</u>	<u>1,245,766</u>	<u>-</u>	<u>11,180,952</u>
Expenditures paid:					
Instruction	5,829,144	-	-	179,847	6,008,991
Support services	3,343,643	-	-	142,629	3,486,272
Non-Instructional services	115,866	458,768	-	22,521	597,155
Capital outlay	-	201,791	-	861,589	1,063,380
Other outlays	37	-	-	-	37
Debt service:					
Principal payments	-	-	1,115,000	-	1,115,000
Interest and fiscal agent fees	-	-	98,208	-	98,208
Total expenditures paid	<u>9,288,690</u>	<u>660,559</u>	<u>1,213,208</u>	<u>1,206,586</u>	<u>12,369,043</u>
Excess of revenues collected over (under) expenditures paid	(180,195)	166,132	32,558	(1,206,586)	(1,188,091)
Other financing sources:					
Bond sale proceeds	-	-	-	4,460,000	4,460,000
Excess of revenues collected and other sources over (under) expenditures paid and other uses	(180,195)	166,132	32,558	3,253,414	3,271,909
Cash fund balances, beginning of year	<u>2,343,651</u>	<u>1,040,543</u>	<u>1,156,676</u>	<u>-</u>	<u>4,540,870</u>
Cash fund balances, end of year	<u>\$ 2,163,456</u>	<u>\$ 1,206,675</u>	<u>\$ 1,189,234</u>	<u>\$ 3,253,414</u>	<u>\$ 7,812,779</u>

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

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

**Combined Statement of Revenues Collected, Expenditures Paid and Changes in Cash Fund Balances – Budget and Actual
Regulatory Basis – Budgeted Governmental Fund Types
For the Year Ended June 30, 2013**

	General Fund				Special Revenue Funds			
	Original Budget	Final Budget	Actual	Variance	Original Budget	Final Budget	Actual	Variance
Beginning cash fund balances - Budgetary basis	\$ 2,343,650	\$ 2,343,650	\$ 2,343,650	\$ -	\$ 1,040,543	\$ 1,040,543	\$ 1,040,543	\$ -
Revenues collected:								
Local sources	2,260,892	2,260,892	2,555,872	294,980	522,749	522,749	559,911	37,162
Intermediate sources	578,181	578,181	665,968	87,787	-	-	-	-
State sources	4,995,561	4,995,561	5,354,131	358,570	9,597	9,597	10,174	577
Federal sources	513,004	513,004	532,524	19,520	209,646	209,646	256,606	46,960
Total Revenues Collected	<u>8,347,638</u>	<u>8,347,638</u>	<u>9,108,495</u>	<u>760,857</u>	<u>741,992</u>	<u>741,992</u>	<u>826,691</u>	<u>84,699</u>
Expenditures paid:								
Instruction	6,950,232	6,950,232	5,829,142	1,121,090	-	-	-	-
Support services	3,581,147	3,581,147	3,343,643	237,504	-	-	-	-
Non-Instructional services	159,909	159,909	115,866	44,043	468,104	468,104	458,768	9,336
Capital outlay	-	-	-	-	1,314,206	1,314,206	201,791	1,112,415
Other outlays	-	-	-	-	225	225	-	225
Total Expenditures paid	<u>10,691,288</u>	<u>10,691,288</u>	<u>9,288,651</u>	<u>1,402,637</u>	<u>1,782,535</u>	<u>1,782,535</u>	<u>660,559</u>	<u>1,121,976</u>
Excess of revenues collected over (under) expenditures paid	<u>(2,343,650)</u>	<u>(2,343,650)</u>	<u>(180,156)</u>	<u>2,163,494</u>	<u>(1,040,543)</u>	<u>(1,040,543)</u>	<u>166,132</u>	<u>1,206,675</u>
Ending cash fund balances	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,163,494</u>	<u>\$ 2,163,494</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,206,675</u>	<u>\$ 1,206,675</u>

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

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

**Combined Statement of Revenues Collected, Expenditures Paid and Changes in Cash Fund Balances – Budget and Actual
Regulatory Basis – Budgeted Governmental Fund Types
For the Year Ended June 30, 2013**

	Debt Service Fund			
	Original Budget	Final Budget	Actual	Variance
Beginning cash fund balances - Budgetary basis	<u>\$ 100,069</u>	<u>\$ 100,069</u>	<u>\$ 1,156,675</u>	<u>\$ 1,056,606</u>
Revenues collected:				
Local sources	1,152,334	1,152,334	1,242,189	89,855
Intermediate sources	-	-	-	-
State sources	-	-	3,577	3,577
Total Revenues Collected	<u>1,152,334</u>	<u>1,152,334</u>	<u>1,245,766</u>	<u>93,432</u>
Expenditures paid:				
Debt service:				
Principal payments	1,185,000	1,185,000	1,115,000	70,000
Interest and fiscal agent fees	67,403	67,403	98,208	(30,805)
Total expenditures paid	<u>1,252,403</u>	<u>1,252,403</u>	<u>1,213,208</u>	<u>39,195</u>
Excess of revenues collected over (under) expenditures paid	<u>(100,069)</u>	<u>(100,069)</u>	<u>32,558</u>	<u>132,627</u>
Ending cash balances	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,189,233</u>	<u>\$ 1,189,233</u>

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

Plainview School District I-27
Carter County, Oklahoma
Notes to Combined Financial Statements
June 30, 2013

1. *Summary of Significant Accounting Policies*

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

A. *The Reporting Entity*

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

The governing body of the District is the Board of Education composed of five elected members. The appointed superintendent is the executive officer of the District.

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

Plainview School District I-27
Carter County, Oklahoma
Notes to Combined Financial Statements
June 30, 2013

1. Summary of Significant Accounting Policies – (continued)

B. Fund Accounting

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

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

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

Governmental Fund Types

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

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

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

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

Plainview School District I-27
Carter County, Oklahoma
Notes to Combined Financial Statements
June 30, 2013

1. Summary of Significant Accounting Policies – (continued)

B. Fund Accounting – (continued)

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

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

Fiduciary Fund Types

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

Account Groups

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

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

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

Plainview School District I-27
Carter County, Oklahoma
Notes to Combined Financial Statements
June 30, 2013

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

Memorandum Only - Total Column

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

C. *Basis of Accounting and Presentation*

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

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

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

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

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

Plainview School District I-27
Carter County, Oklahoma
Notes to Combined Financial Statements
June 30, 2013

1. Summary of Significant Accounting Policies – (continued)

Noncash Transactions - The District received federal food commodities in the amount of \$24,068. In addition, the State of Oklahoma paid approximately \$76,379 directly to the teacher retirement fund on behalf of the District's employees.

D. Budgets and Budgetary Accounting

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

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

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

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

E. Assets Liabilities and Fund Equity

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

Property Tax Revenues - The District is authorized by state law to levy property taxes which consist of ad valorem taxes on real and personal property within the District. The County

Plainview School District I-27
Carter County, Oklahoma
Notes to Combined Financial Statements
June 30, 2013

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

Assessor, upon receipt of the certification of tax levies from the county excise board, extends the tax levies on the tax roll for submission to the county treasurer prior to October 1. The county treasurer must commence tax collection within fifteen days of receipt of the tax rolls. The first halves of taxes are due prior to January 1. The second half is due prior to April 1.

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

Inventories - The value of consumable inventories at June 30, 2013 is not material to the financial statements.

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

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

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

E. Revenue, Expenses and Expenditures

State Revenues - Revenues from state sources for current operations are primarily governed by the state aid formula under the provisions of Article XVIII, Title 70, Oklahoma Statutes. The State Board of Education administers the allocation of state aid funds to school districts based on information accumulated from the districts. Approximately 59% of the District's general fund revenue comes from state sources.

Plainview School District I-27
Carter County, Oklahoma
Notes to Combined Financial Statements
June 30, 2013

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

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

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

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

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

2. *Cash*

Custodial Credit Risk - Custodial credit risk for deposits is the risk that in the event of a bank failure, the District's deposits may not be returned or the District will not be able to recover collateral securities in the possession of an outside party. The District's policy requires collateral for demand deposits and certificates of deposit for all amounts not covered by federal deposit insurance. As of June 30, 2013, cash deposits were fully insured or collateralized by a pledging bank's agent in the District's name. All funds were held as demand deposits at a local bank.

3. *General Long Term Debt*

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

Plainview School District I-27
Carter County, Oklahoma
Notes to Combined Financial Statements
June 30, 2013

3. General Long Term Debt – (continued)

General long-term debt of the District consists of bonds payable, and capital leases. Debt service requirements for bonds are payable solely from fund balance and future revenues of the debt service fund. The following is a summary of the long-term debt transactions of the District for the year ended June 30, 2013:

	<i>Bonds Payable</i>	<i>Capital Leases</i>
Balance July 1, 2012	\$ 3,490,000	\$ 382,507
Additions	4,460,000	-
Retirements	(1,115,000)	(57,224)
Balance June 30, 2013	\$ 6,835,000	\$ 325,283

General Obligation Bonds

A brief description of the outstanding general obligations bond issues at June 30, 2013, is set forth below:

	<i>Amount Outstanding</i>
Independent School District, I-27 School Transportation Bonds of 2008, original issue \$530,000, interest rates from 3.1% to 3.4%, due in annual installments of \$140,000 with a final installment 7/1/2014	\$ 140,000
Independent School District, I-27 School Building Bonds of 2008, original issue \$3,460,000, interest rates from 2.95% to 4.35%, due in annual installments of \$785,000 with final installment due 7/1/2014	1,570,000
Independent School District, I-27 School Building Bonds of 2010 (Series A), original issue \$485,000, interest rates from 1.65% to 2.55% due in annual installments of \$120,000 with a final payment of \$125,000 due 6/1/2015	245,000
Independent School District, I-27 School Building Bonds of 2010 (Series B), original issue \$490,000, interest rates 1.65% - 3.50%, \$70,000 due July 1, 2012 and then in annual installments of \$140,000 with a final installment 7/1/2015	420,000

Plainview School District I-27
Carter County, Oklahoma
Notes to Combined Financial Statements
June 30, 2013

3. General Long Term Debt – (continued)

Independent School District, I-27 School Building Bonds of 2012, original issue \$3,500,000, interest rates from 0.80% to 1.35% due in annual installments of \$875,000 starting 7/1/2015 with final payment of \$875,000 due 7/1/2018

3,500,000

Independent School District, I-27 Combined Purpose Bonds of 2013, original issue of \$960,000, interest rates from 0.50% to 0.70%, \$30,000 due June 1, 2015 and then annual installments of \$310,000 with final installment on 6/1/2018.

960,000
\$ 6,835,000

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

<u>Year Ended June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2014	\$ 1,185,000	\$ 131,503	\$ 1,316,503
2015	1,955,000	62,478	2,017,478
2016	1,325,000	32,962	1,357,962
2017	1,185,000	29,534	1,214,534
2018	<u>1,185,000</u>	<u>11,614</u>	<u>1,196,614</u>
Total	<u>\$ 6,835,000</u>	<u>\$ 268,091</u>	<u>\$ 7,103,091</u>

Capital Leases

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

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

Plainview School District I-27
Carter County, Oklahoma
Notes to Combined Financial Statements
June 30, 2013

3. General Long Term Debt – (continued)

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

<u>Year Ended June 30,</u>	<u>Amount Due</u>
2014	\$ 65,164
2015	65,164
2016	65,164
2017	65,164
2018	65,164
2019 - 2023	<u>23,027</u>
	348,847
Less: Interest	<u>(23,564)</u>
Total	<u><u>\$ 325,283</u></u>

Interest expense on general long-term debt incurred during the current year totaled \$106,148.

4. Employee Retirement System

The District participates in the state-administered Teachers' Retirement System of Oklahoma (the "System"), which is a cost-sharing, multiple-employer public employee retirement system (PERS). The administration, benefits, and funding of the System are governed by Article XVII, Section 70 of the Oklahoma Statutes. The System is administered by a board of trustees which acts as a fiduciary for investing the funds and governing the administration of the System. The System issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to Teachers' Retirement System of Oklahoma, P.O. Box 53524, Oklahoma City, Oklahoma 73152.

The District, the State of Oklahoma, and the participating employees make contributions. The contribution rates are determined by Oklahoma Statute and applied to the employee's earnings, plus employer-paid fringe benefits. The statutory contribution rates for the current year are 9.5%, effective July 1, 2010, of covered salaries plus covered fringe benefits for the District and 7% for the employee. In addition, if a member's salary is paid in part by federal funds, the contribution rate for that portion of salary must be matched by the District at a rate of 8.0%.

Plainview School District I-27
Carter County, Oklahoma
Notes to Combined Financial Statements
June 30, 2013

60"Employee Retirement System – (continued)

The District’s total contributions for 2013, 2012 and 2011 were approximately \$594,686, \$647,697 and \$531,820, respectively equal to the required contribution for the year. These contributions include the District’s statutory contribution, portion of Employee’s statutory rate paid by the district and federal match.

Ten-year historical trend information is presented in the Teacher’s Retirement System of Oklahoma Annual Report for the year ended June 30, 2013. This information is useful in assessing the pension plan’s accumulation of sufficient assets to pay pension benefits as they become due. Plan information is available from www.ok.gov/TRS for all plan information.

5. *Contingencies*

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

The District had construction commitments as of June 30, 2013:

	Construction Commitments
Capital Projects Fund 36	\$ 1,382,779
Capital Projects Fund 37	\$ 45,000
Total	<u>\$ 1,427,779</u>

6. *Risk Management*

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

7. *Subsequent Events*

December 2013, the District entered into a lease/purchase agreement to for computers for the one-to-one technology initiative, in the amount of \$653,600 at interest rates of 3.76% payable in four annual installments.

Plainview School District I-27
Carter County, Oklahoma
Supplementary Schedule
Combining Statement of Assets, Liabilities and Fund Equity – Regulatory Basis
All Special Revenue Funds
June 30, 2013

	Building Fund	Child Nutrition Fund	Total
ASSETS			
<hr/>			
Cash	\$ 1,182,837	\$ 55,403	\$ 1,238,240
Total Assets	\$ 1,182,837	\$ 55,403	\$ 1,238,240
LIABILITIES AND FUND EQUITY			
<hr/>			
Liabilities:			
Warrants payable	\$ 22,945	\$ 8,620	\$ 31,565
Total Liabilities	22,945	8,620	31,565
Fund Equity:			
Unreserved:			
Undesignated	\$ 1,159,892	\$ 46,783	\$ 1,206,675
Total Cash Fund Balances	1,159,892	46,783	1,206,675
Total Liabilities and Fund Equity	\$ 1,182,837	\$ 55,403	\$ 1,238,240

Plainview School District I-27
Carter County, Oklahoma
Supplementary Schedule
Combining Statement of Revenues Collected, Expenditures Paid and
Changes in Cash Fund Balances – Regulatory Basis
All Special Revenue Funds
For the Year Ended June 30, 2013

	<u>Building Fund</u>	<u>Child Nutrition Fund</u>	<u>Total</u>
Revenues collected:			
Local sources	\$ 367,754	\$ 192,157	\$ 559,911
State Sources	1,017	9,157	10,174
Federal Sources	<u>-</u>	<u>256,606</u>	<u>256,606</u>
Total Revenues Collected	368,771	457,920	826,691
Expenditures paid:			
Instructional Services	-	-	-
Non-Instructional Services	-	458,768	458,768
Capital outlay	201,791	-	201,791
Other Outlays	<u>-</u>	<u>-</u>	<u>-</u>
Total expenditures paid	<u>201,791</u>	<u>458,768</u>	<u>660,559</u>
Excess of revenues collected over (under) expenditures paid	<u>166,980</u>	<u>(848)</u>	<u>166,132</u>
Cash fund balances, beginning of year	<u>992,912</u>	<u>47,631</u>	<u>1,040,543</u>
Cash fund balances, end of year	<u><u>\$ 1,159,892</u></u>	<u><u>\$ 46,783</u></u>	<u><u>\$ 1,206,675</u></u>

Plainview School District I-27
Carter County, Oklahoma
Supplementary Schedule
Combining Statement of Revenues Collected, Expenditures Paid and
Changes in Cash Fund Balances – Budget and Actual – Regulatory Basis
All Special Revenue Funds
For the Year Ended June 30, 2013

	Building Fund			Child Nutrition Fund			Total		
	Original Budget	Final Budget	Actual	Original Budget	Final Budget	Actual	Original Budget	Final Budget	Actual
Beginning cash fund balances - Budgetary basis	\$ 992,912	\$ 992,912	\$ 992,912	\$ 47,631	\$ 47,631	\$ 47,631	\$ 1,040,543	\$ 1,040,543	\$ 1,040,543
Revenues collected:									
Local sources	320,217	320,217	367,754	202,532	202,532	192,157	522,749	522,749	559,911
State sources	1,077	1,077	1,017	8,520	8,520	9,157	9,597	9,597	10,174
Federal sources	-	-	-	209,646	209,646	256,606	209,646	209,646	256,606
Total Revenues Collected	<u>321,294</u>	<u>321,294</u>	<u>368,771</u>	<u>420,698</u>	<u>420,698</u>	<u>457,920</u>	<u>741,992</u>	<u>741,992</u>	<u>826,691</u>
Expenditures paid:									
Instructional Services	-	-	-	-	-	-	-	-	-
Non-Instructional Services	-	-	-	468,104	468,104	458,768	468,104	468,104	458,768
Capital outlay	1,314,206	1,314,206	201,791	-	-	-	1,314,206	1,314,206	201,791
Other outlays	-	-	-	225	225	-	225	225	-
Total expenditures paid	<u>1,314,206</u>	<u>1,314,206</u>	<u>201,791</u>	<u>468,329</u>	<u>468,329</u>	<u>458,768</u>	<u>1,782,535</u>	<u>1,782,535</u>	<u>660,559</u>
Excess of revenues collected over (under) expenditures paid	<u>(992,912)</u>	<u>(992,912)</u>	<u>166,980</u>	<u>(47,631)</u>	<u>(47,631)</u>	<u>(848)</u>	<u>(1,040,543)</u>	<u>(1,040,543)</u>	<u>166,132</u>
Ending cash balances	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,159,892</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 46,783</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,206,675</u>

Plainview School District I-27
Carter County, Oklahoma
Supplementary Schedule
Combining Statement of Assets, Liabilities and Fund Equity – Regulatory Basis
All Capital Project Funds
For the Year Ended June 30, 2013

	Bond Fund 36	Bond Fund 37	Bond Fund 38	Total Capital Project Funds
<u>ASSETS</u>				
Cash	\$ 2,502,886	\$ 440,000	\$ 520,000	\$ 3,462,886
Total Assets	\$ 2,502,886	\$ 440,000	\$ 520,000	\$ 3,462,886
 <u>LIABILITIES AND FUND EQUITY</u>				
Liabilities:				
Warrants payable	\$ 148,249	\$ 52,407	\$ 8,816	\$ 209,472
Total Liabilities	148,249	52,407	8,816	209,472
Fund Equity:				
Unreserved:				
Designated for capital projects	2,354,637	387,593	511,184	3,253,414
Total Cash Fund Balances	2,354,637	387,593	511,184	3,253,414
Total Liabilities and Fund Equity	\$ 2,502,886	\$ 440,000	\$ 520,000	\$ 3,462,886

**Plainview School District I-27
Carter County, Oklahoma
Supplementary Schedule
Combining Statement of Revenues Collected, Expenditures Paid and
Changes in Cash Fund Balances – Regulatory Basis
All Capital Project Funds
For the Year Ended June 30, 2013**

	<u>Bond Fund 36</u>	<u>Bond Fund 37</u>	<u>Bond Fund 38</u>	<u>Total Capital Project Funds</u>
Revenues collected:				
Local sources	\$ -	\$ -	\$ -	\$ -
Total Revenues Collected	-	-	-	-
Expenditures paid:				
Instruction	166,857	12,990	-	179,847
Support services	94,396	39,417	8,816	142,629
Non-Instructional services	22,521	-	-	22,521
Capital outlay	861,589	-	-	861,589
Total expenditures paid	<u>1,145,363</u>	<u>52,407</u>	<u>8,816</u>	<u>1,206,586</u>
Excess of expenditures paid over revenues collected	(1,145,363)	(52,407)	(8,816)	(1,206,586)
Other financing sources:				
Bond sales proceeds	<u>3,500,000</u>	<u>440,000</u>	<u>520,000</u>	<u>4,460,000</u>
Excess of revenues collected and other sources over (under) expenditures paid and other uses	2,354,637	387,593	511,184	3,253,414
Cash fund balances, beginning of year	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Cash fund balances, end of year	<u>\$ 2,354,637</u>	<u>\$ 387,593</u>	<u>\$ 511,184</u>	<u>\$ 3,253,414</u>

Plainview School District I-27
Carter County, Oklahoma
Supplementary Schedule
Combining Statement of Changes in Cash Balances – Regulatory Basis
Activity Funds
For the Year Ended June 30, 2013

	BEGINNING BALANCE	RECEIPTS	CHECKS	ENDING BALANCE
High School Yearbook	\$ 32,162	\$ 20,213	\$ 15,868	\$ 36,506
Athletics	31,437	137,947	142,089	27,295
Class of 2014 (Juniors)	-	41,543	36,305	5,238
Plainview Booster Club	-	30,896	23,424	7,472
Band	1,456	3,891	4,362	985
High School Beta Club	706	2,730	2,542	894
National Junior High Honor Society	900	891	403	1,388
High School Cheerleaders	4,055	24,819	17,049	11,825
Middle School Cheerleaders	2,095	12,089	12,659	1,525
Elementary Art	1,872	-	1,770	102
FCCLA	4,418	12,223	11,753	4,888
Elementary PE	4,160	7,398	6,288	5,270
Intermediate Elementary	9,056	10,403	11,764	7,695
Elementary Library	4,432	11,397	10,590	5,239
Primary Elementary	13,033	5,542	3,891	14,684
High School Parking Lot	7,750	2,295	455	9,590
High School	3,246	4,155	6,478	923
First Grade	1,576	9,677	9,422	1,831
Second Grade	910	8,763	8,896	777
Plainview Band Boosters	-	136,464	122,248	14,216
Middle School	9,229	7,672	6,442	10,459
Fifth Grade Science	-	-	-	-
High School Student Council	3,996	5,659	4,934	4,721
Scholarship	13,764	4,763	6,100	12,427
High School Art Department	2,043	2,580	3,706	917
Middle School Art Department	77	2,123	2,109	91
Middle School Yearbook	7,815	7,419	7,644	7,590
Middle School Student Council	1,978	1,145	889	2,234
Middle School Library	555	4,190	3,724	1,021
High School Library	484	1,000	-	1,484
Elementary Music	31	-	-	31
High School Vocal Music	352	320	50	622
Primary Technology	10,195	23,468	23,962	9,701
Lake Country Academic Conf.	684	900	567	1,017
Basketball Program	9,504	25,576	27,972	7,108
Discovery Club	1,279	-	-	1,279
High School Business	76	930	922	84
Interest	286	758	817	227
Plainview Grants	265	-	-	265

Plainview School District I-27
Carter County, Oklahoma
Supplementary Schedule
Combining Statement of Changes in Cash Balances – Regulatory Basis
Activity Funds
For the Year Ended June 30, 2013

	BEGINNING BALANCE	RECEIPTS	CHECKS	ENDING BALANCE
Transportation / Maintenance	844	167	453	558
Donations	246	53	-	299
Four Year Old Program	126	3,208	3,303	31
Daycare	68,576	78,485	45,678	101,383
Football / Weight Room	10,361	39,805	43,257	6,909
FCA	1,149	1,440	1,714	875
High School Examination Account	104	-	-	104
Plainview Academic Team	1,800	3,957	3,759	1,998
Golf Program	2,418	16,087	12,716	5,789
Kindergarten Program	440	7,661	7,519	582
Middle School Science	55	-	-	55
Elementary Yearbook / Enrichment	5,365	7,080	6,283	6,162
Spanish Club	994	-	333	661
Class of 2013 (Seniors)	3,603	-	3,603	-
Middle School Vocal Music	15	155	70	100
Staff & Faculty	14,575	31,932	28,221	18,286
Baseball Program	5,555	16,833	14,926	7,462
Concession Drink Orders	-	6,143	6,143	-
Special Olympics	1,471	-	653	818
Softball Program	1,056	5,580	4,027	2,609
Wrestling Program	442	-	-	442
Environmental Science	1,804	-	-	1,804
Advanced Placement Program	630	4,026	4,137	519
Coaches' Resource Account	1,254	335	-	1,589
Middle School PIA	7,461	10,402	14,840	3,023
Track Cross Country	28	-	-	28
	<u>\$ 316,249</u>	<u>\$ 805,188</u>	<u>\$ 739,729</u>	<u>\$ 381,708</u>

**Plainview School District I-27
Carter County, Oklahoma
Supplementary Schedule
Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2013**

Federal Grant / Pass-Through Grantor / Program Title	Federal CFDA Number	Pass - Through Grantor's Project Number	Balance 6/30/2012	Federal Grant Receipts	Federal Grant Expenditures	Balance 6/30/2013
U.S. Department of Interior						
<i>Passed Through Chickasaw Nation:</i>						
Johnson O'Malley	15.130	563	\$ (7,852)	\$ 13,274	\$ 9,348	\$ (3,926)
U.S. Dept. of Education						
<i>Direct Program:</i>						
Title VII - Indian Education	84.060A	561	1,430	59,585	59,585	1,430
<i>Passed Through State Department of Education:</i>						
Title I, Grants to Local Education Agencies	84.010	511	-	116,138	127,849	(11,711)
Special Education - Flow-Through	84.027	621	-	248,014	268,636	(20,622)
Special Education - Preschool	84.173	641	-	6,605	6,605	-
Special Education Cluster			-	254,619	275,241	(20,622)
Title II - Part D (a) - Education Technology	84.318	546	-			-
Title VI - Part B Rural Education	84.358	587	-	21,121	23,233	(2,112)
Title II - Part A - Improving Teacher Quality	84.367	541	(3,725)	56,326	52,601	-
<i>Passed Through Vocational Education:</i>						
Career and Technical Education - Basic Grant to States (Perkins IV)	84.048	421	1,781	9,765	9,765	1,781

**Plainview School District I-27
Carter County, Oklahoma
Supplementary Schedule
Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2013**

Federal Grant / Pass-Through Grantor / Program Title	Federal CFDA Number	Pass - Through Grantor's Project Number	Balance 6/30/2012	Federal Grant Receipts	Federal Grant Expenditures	Balance 6/30/2013
U.S. Dept. of Education - continued						
<i>Passed Through OK State Department of Rehabilitation</i>						
Job Training Vocation	84.126	456	77	1,697	2,059	(285)
Total U.S. Department of Education			\$ (437)	\$ 519,251	\$ 550,333	\$ (31,519)
U.S. Department of Agriculture:						
<i>Passed Through State Department of Education:</i>						
Cash Assistance:						
National School Lunch Program	10.555	763	-	204,079	204,079	-
School Breakfast Program	10.553	764	-	52,527	47,128	5,399
Cash Assistance Subtotal:			-	256,606	251,207	5,399
<i>Passed Through State Department of Human Services:</i>						
Non-Cash Assistance (Commodities)						
National School Lunch Program	10.555		-	24,068	24,068	-
Non-Cash Assistance Subtotal:			-	24,068	24,068	-
Child Nutrition Cluster			-	280,674	275,275	5,399
Total U.S. Department of Agriculture			\$ -	\$ 280,674	\$ 275,275	\$ 5,399
Total Expenditures of Federal Awards			\$ (8,289)	\$ 813,199	\$ 834,956	\$ (30,046)

Plainview School District I-27
Carter County, Oklahoma
Notes to the Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2013

Note 1: Basis of Presentation

The Schedule of Expenditures of Federal Awards includes the federal grant activity of Plainview School District I-27 Carter County, Oklahoma. The schedule is prepared using the cash receipts and disbursement basis. Therefore, some amounts presented in the schedule may differ from amounts presented in or used in the preparation of the basic financial statements. Nonmonetary assistance is reported in the schedule at the fair market value of the commodities received. Expenditures include amounts claimed as indirect costs if applicable.



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

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

We have audited the accompanying fund type and account group financial statements of Plainview School District I-27, Carter County Oklahoma, as of and for the year ended June 30, 2013, which collectively comprise the Plainview School District I-27, Carter County Oklahoma's regulatory financial statements and have issued our report thereon dated March 4, 2014. Our reports included an adverse opinion on U.S. Generally Accepted Accounting Principles and a qualified opinion due to the omission of the general fixed asset account group. 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.

Internal Control Over Financial Reporting

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

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

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Our consideration of internal control was for the limited purposes described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings and questioned costs that we consider to be significant deficiencies. 2013-1.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Plainview School District I-27, Carter County Oklahoma's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule of findings and questioned costs as items 2013-2 and 2013-3.

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

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

Purpose of this Report

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

Rahhal Henderson Johnson, PLLC

Ardmore, Oklahoma

March 4, 2014



**INDEPENDENT AUDITOR’S REPORT ON COMPLIANCE FOR EACH
MAJOR PROGRAM AND ON INTERNAL CONTROL OVER
COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133**

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

Report on Compliance for Each Major Federal Program

We have audited Plainview School District I-27, Carter County, Oklahoma’s compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of Plainview School District I-27, Carter County, Oklahoma’s major federal programs for the year ended June 30, 2013. Plainview School District I-27, Carter County, Oklahoma’s major federal programs are identified in the summary of auditor’s results section of the accompanying schedule of findings and questioned costs.

Management’s Responsibility

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

Auditor’s Responsibility

Our responsibility is to express an opinion on compliance for each of Plainview School District I-27, Carter County, Oklahoma’s major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Plainview School District I-27, Carter County, Oklahoma’s compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

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Opinion on Each Major Federal Program

In our opinion, Plainview School District I-27, Carter County, Oklahoma, complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2013.

Report on Internal Control Over Compliance

Management of Plainview School District I-27, Carter County, Oklahoma, is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered Plainview School District I-27, Carter County, Oklahoma's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Plainview School District I-27, Carter County, Oklahoma's internal control over compliance.

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. 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.

Rahhal Henderson Johnson, PLLC

Ardmore, Oklahoma
March 4, 2014

**Plainview School District I-27
Carter County, Oklahoma
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2013**

Section I – Summary of Auditor’s Results

Financial Statements:

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

Federal Awards:

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

Identification of Major Programs:

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

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

Plainview School District I-27
Carter County, Oklahoma
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2013

Section II – Financial Statement Findings

2013-1 Financial Reporting

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

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

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

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

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

*Views of Responsible Officials
and Planned Corrective*

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

Plainview School District I-27
Carter County, Oklahoma
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2013

2013-2 Purchasing

Condition: Purchase order did not have the proper approval of receipt before being paid by the district.

Criteria: District Board policy in requires that invoices be marked “received” signed and dated and returned to administration office for payment.

Cause: Failure to determine that goods had been received by the district prior to payment.

Context: One out of twenty-five purchase orders tested did not have receipt of goods.

Effect: Lack of compliance with district policy

Recommendation: We recommend that the purchase requirements be reinforced with all those who have authorization to make purchases on behalf of the District.

*Views of Responsible Officials
and Planned Corrective*

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

2013-3 Activity Fund Receipts

Condition: Funds are not being turned to the financial secretary timely to allow the funds to be deposited within one business day of receipt. Supporting documentation kept by teacher/sponsor did not agree with financial secretary receipt or lacked documentation.

Criteria: Oklahoma Statutes 70-5.129 requires receipts equal or exceeding \$100 to be deposited by the following business day or weekly if less than \$100. District Policy of sponsor receipts to be reconciled and in agreement with activity fund custodian receipt issued to sponsor.

Cause: Failure to follow regulations and district policy

Context: Two out of twenty-five receipts tested were not deposited within one business day based on date received by sponsor and were not deposited daily to the financial secretary. Five out of twenty-five receipts did not have supporting documentation which reconciled with the funds submitted to the financial secretary.

Effect: Lack of compliance with state law

Plainview School District I-27
Carter County, Oklahoma
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2013

Recommendation: We recommend that deposits be made timely and that sponsors ensure that their receipts are in agreement with activity fund custodian receipt issued when they remit funds to be deposited. Also inventory reconciliations need to be kept for concession sales.

*Views of Responsible Officials
and Planned Corrective*

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

Section III – Federal Award Findings and Questioned Costs

None

Plainview School District I-27
Carter County, Oklahoma
Summary of Prior Year Findings
For the Year Ended June 30, 2013

Financial Statement Findings

2012-1 *Condition:* The District does not have a financial reporting system in place to ensure that all financial information is disclosed in the appropriate accounting period and in accordance with the regulatory basis of accounting and State Department of Education guidelines. In addition, the District does not report a general fixed asset account group as required by the State Department of Education guidelines.

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

Status: Condition still exists. See 2013-1

2012-2 *Condition:* The child nutrition director performs posting of collections, tracking of charges for meals, preparing the deposit and billing charge balances.

Recommendation: The auditor recommended that cashiers be involved in receipting of the cash before received by the child nutrition director.

Status: Condition has been resolved

2012-3 *Condition:* Purchases occurred before the appropriate budgetary control was in place and approved.

Recommendation: The auditor recommended that the purchase requirements be reinforced with all those who have authorization to make purchases on behalf of the District.

Status: Condition has been resolved

2012-4 *Condition:* This finding stated that activity fund receipts in excess of \$100 were not made by the end of the next business day.

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

Status: Condition still exists. See 2013-3

**Plainview School District I-27
Carter County, Oklahoma
Summary of Prior Year Findings
For the Year Ended June 30, 2013**

Federal Award Findings and Questioned Costs

None

Plainview School District I-27
Carter County, Oklahoma
Statement of Statutory Fidelity, and Honesty Bonds (unaudited)
For the Year Ended June 30, 2013

The District has a Public Official Position Schedule Bond with Western Surety Company. The bond number is 70750218. It covers all employees for the penal sum of \$100,000 and is for the term July 1, 2012 to June 30, 2013.

The treasurer is bonded by Western Surety Company, bond number 70750726, for the penal sum of \$100,000 for the term July 1, 2012 to June 30, 2013.

Plainview School District I-27
Carter County, Oklahoma
Reconciliation Schedule of OCAS Data (unaudited)
For the Year Ended June 30, 2013

Reconciliation of Statement of Revenues, Expenditures and Changes in Fund Balances –
Governmental Funds with Oklahoma State Department of Education OCAS Reports and
Estimate of Needs

	Cash Forward/ Beginning Fund Balance	Revenues	Expenditures	Cash Forward/Ending Fund balance
<u>Sinking Fund</u>				
Sinking Fund Per Audit	\$ 1,156,676	\$ 1,245,766	\$ (1,213,208)	\$ 1,189,234
Audit Adjustments	(1,056,044)	-	(39,360)	(1,095,404)
Per OCAS District Check Report	<u>\$ 100,632</u>	<u>\$ 1,245,766</u>	<u>\$ (1,252,568)</u>	<u>\$ 93,830</u>
<u>General Fund</u>				
General Fund Per Audit	\$ 2,343,651	\$ 9,108,495	\$ (9,288,690)	\$ 2,163,456
Adjustment for Estopped Warrants	887	(887)	-	-
Audit Adjustments	(37)	-	37	-
Per OCAS District Check Report	<u>\$ 2,344,501</u>	<u>\$ 9,107,608</u>	<u>\$ (9,288,653)</u>	<u>\$ 2,163,456</u>
<u>Child Nutrition Fund</u>				
Child Nutrition Fund Per Audit	\$ 47,631	\$ 457,920	\$ (458,768)	\$ 46,783
Adjustment for Estopped Warrants	63	(63)	-	-
Per OCAS District Check Report	<u>\$ 47,694</u>	<u>\$ 457,857</u>	<u>\$ (458,768)</u>	<u>\$ 46,783</u>
<u>Student Activity Fund</u>				
Student Activity Fund Per Audit	\$ 316,249	\$ 796,440	\$ (730,981)	\$ 381,708
Adjustment for Estopped Warrants	697	(697)	-	-
Per OCAS District Check Report	<u>\$ 316,946</u>	<u>\$ 795,743</u>	<u>\$ (730,981)</u>	<u>\$ 381,708</u>

**Plainview School District I-27
Carter County, Oklahoma
Schedule of Accountant's Professional Liability Insurance Affidavit (unaudited)
For the Year Ended June 30, 2013**

State of Oklahoma)

County of Carter)

The undersigned auditing firm of lawful age, being first duly sworn on oath, says that said firm had in full force and effect Accountant's Professional Liability Insurance in accordance with the "Oklahoma Public School Audit Law" at the time of audit contract and during the entire audit engagement with Plainview School District I-27 for the audit year 2012-2013.

RAHHAL HENDERSON JOHNSON, PLLC

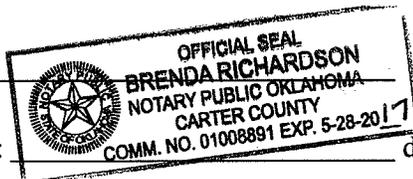
BY: Mary E. Johnson
Authorized Agent

Subscribed and sworn to before me on this 6 day of March, 2014.

Brenda Richardson
Notary Public

Commission Number: _____

My commission expires on:



_____ day of, _____, 20__.