

WANETTE INDEPENDENT SCHOOL DISTRICT NO. 115
POTTAWATOMIE COUNTY, OKLAHOMA
JUNE 30, 2015

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**WANETTE INDEPENDENT SCHOOL DISTRICT NO. I-115, POTTAWATOMIE COUNTY
SCHOOL DISTRICT OFFICIALS
JUNE 30, 2015**

BOARD OF EDUCATION

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INDEPENDENT AUDITOR'S REPORT

The Honorable Board of Education
Wanette Independent School District #115
Pottawatomie County, Oklahoma

Board Members:

Report on Financial Statements

We have audited the accompanying combined fund type and account group financial statements-regulatory basis of the **Wanette Independent School District #115**, Pottawatomie County, Oklahoma, as of and for the year ended June 30, 2015, and the related notes to the financial statements which collectively comprise the district's regulatory financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

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

As discussed in Note 1, the financial statements are prepared by **Wanette Independent School District #115** Pottawatomie County, Oklahoma, on the basis of the financial reporting provisions of the Oklahoma State Department of Education, which is a basis of accounting other than accounting principles generally accepted in the United States of America, to 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 reasonably determinable, are presumed to be material.

Adverse Opinion on U.S. Generally Accepted Accounting Principles

In our opinion, because of the significance of the matter discussed in the “Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles” paragraph, the financial statements referred to in the first paragraph do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of **Wanette Independent School District #115**, Pottawatomie County, Oklahoma, as of June 30, 2015, or the changes in its financial position, 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 **Wanette Independent School District, #115**, Pottawatomie County, Oklahoma as of June 30, 2015, and the revenues collected, expenditures paid/expenses, and budgetary results, for the year ended on the regulatory basis of accounting described in Note 1.

Other Matters

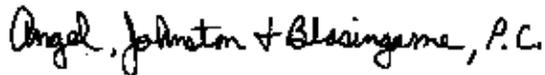
Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the **Wanette Independent School District #115, Pottawatomie County, Oklahoma’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 the *Oklahoma Department of Education* and/or the 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 financial 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 combining financial statements 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 on the regulatory basis of accounting described in Note 1.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated January 11, 2016, on our consideration of the **Wanette Independent School District, #115, Pottawatomie County, Oklahoma's** internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standard* in considering **Wanette Independent School District, #115, Pottawatomie County, Oklahoma's** internal control over financial reporting and compliance.



Chickasha, Oklahoma
January 11, 2016

COMBINED FINANCIAL STATEMENTS

Wanette School District No.1-115, Pottawatomie County, Oklahoma
Combined Statement of Assets, Liabilities and Fund Balances
Regulatory Basis - All Fund Types and Account Groups
June 30, 2015

	Governmental Fund Types				Fiduciary Fund Types	Account Group	Total (Memorandum Only)
	General	Special Revenue	Debt Service	Capital Projects	Trust and Agency	General Long-Term Debt	June 30, 2015
ASSETS							
Cash and Cash Equivalents	\$ 336,364	\$ 59,504	\$ 41,374	\$ 15,220	\$ 16,688	\$ 0	\$ 469,149
Investments	0	0	0	0	0	0	0
Amounts Available in Debt Service Fund	0	0	0	0	0	41,374	41,374
Amounts to be Provided for Retirement of General Long-Term Debt	0	0	0	0	0	78,626	78,626
Amounts to be Provided For Capitalized Lease Agreements	0	0	0	0	0	0	0
Total Assets	\$ 336,364	\$ 59,504	\$ 41,374	\$ 15,220	\$ 16,688	\$ 120,000	\$ 589,149
LIABILITIES AND FUND BALANCES							
Liabilities:							
Warrants Payable	\$ 49,808	\$ 4,012	\$ 0	\$ 180	\$ 0	\$ 0	\$ 54,000
Reserve for Encumbrances	13,381	245	0	0	0	0	13,626
Due to Activity Groups	0	0	0	0	16,688	0	16,688
General Obligation Bonds Payable	0	0	0	0	0	120,000	120,000
Capitalized Lease Obligations Payable	0	0	0	0	0	0	0
Total Liabilities	\$ 63,189	\$ 4,258	\$ 0	\$ 180	\$ 16,688	\$ 120,000	\$ 204,315
Fund Balances:							
Restricted For:							
Debt Service	\$ 0	\$ 0	\$ 41,374	\$ 0	\$ 0	\$ 0	\$ 41,374
Capital Projects	0	0	0	15,040	0	0	15,040
Building Programs	0	23,543	0	0	0	0	23,543
Child Nutrition Programs	0	31,444	0	0	0	0	31,444
Insurance Cash Programs	0	259	0	0	0	0	259
Unassigned	273,175	0	0	0	0	0	273,175
Total Fund Balances	\$ 273,175	\$ 55,246	\$ 41,374	\$ 15,040	\$ 0	\$ 0	\$ 384,835
Total Liabilities and Fund Balances	\$ 336,364	\$ 59,504	\$ 41,374	\$ 15,220	\$ 16,688	\$ 120,000	\$ 589,149

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

Wanette School District No.1-115, Pottawatomie County, Oklahoma
Combined Statement of Revenues Collected, Expenditures Paid and Changes in Fund Balances
Regulatory Basis - All Governmental Fund Types
For the Year Ended June 30, 2015

	Governmental Fund Types				Totals (Memorandum Only)
	General	Special Revenue	Debt Service	Capital Projects	June 30, 2015
Revenue Collected:					
Local Sources	\$ 398,876	\$ 72,765	\$ 32,407	\$ 0	\$ 504,048
Intermediate Sources	26,254	0	0	0	26,254
State Sources	1,095,200	7,853	11	0	1,103,064
Federal Sources	686,643	86,333	0	0	772,976
Non-Revenue Receipts	970	0	0	0	970
<i>Total Revenue Collected</i>	<u>\$ 2,207,943</u>	<u>\$ 166,952</u>	<u>\$ 32,417</u>	<u>\$ 0</u>	<u>\$ 2,407,311</u>
Expenditures Paid:					
Instruction	\$ 1,327,540	\$ 0	\$ 0	\$ 0	\$ 1,327,540
Support Services	765,716	41,852	0	5,168	812,735
Operation of Non-Instructional Services	11,155	84,134	0	0	95,289
Facilities Acquisition and Construction	37,348	0	0	0	37,348
Other Outlays	970	0	0	0	970
Other Uses	0	0	0	0	0
Repayments	0	0	0	0	0
Interest Paid on Warrants and Bank Charges	0	0	0	0	0
Debt Service:					
Principal Retirement	0	0	30,000	0	30,000
Interest and Fiscal Agent Fees	0	0	7,275	0	7,275
<i>Total Expenditures Paid</i>	<u>\$ 2,142,728</u>	<u>\$ 125,985</u>	<u>\$ 37,275</u>	<u>\$ 5,168</u>	<u>\$ 2,311,156</u>
<i>Excess of Revenues Collected Over (Under) Expenditures Paid Before Adjustments to Prior Year Encumbrances</i>	<u>\$ 65,214</u>	<u>\$ 40,966</u>	<u>\$ (4,858)</u>	<u>\$ (5,168)</u>	<u>\$ 96,155</u>
Adjustments to Prior Year Encumbrances	<u>\$ 92</u>	<u>\$ 439</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 531</u>
Other Financing Sources (Uses):					
Estopped Warrants	\$ 255	\$ (0)	\$ 0	\$ 0	\$ 255
Bond Proceeds	0	0	0	0	0
Transfers In	0	0	0	0	0
Transfers Out	0	0	0	0	0
<i>Total Other Financing Sources (Uses)</i>	<u>\$ 255</u>	<u>\$ (0)</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 255</u>
<i>Excess (Deficiency) of Revenue Collected Over Expenditures Paid and Other Financing Sources (Uses)</i>	<u>\$ 65,561</u>	<u>\$ 41,405</u>	<u>\$ (4,858)</u>	<u>\$ (5,168)</u>	<u>\$ 96,941</u>
<i>Fund Balance - Beginning of Year</i>	<u>207,614</u>	<u>13,841</u>	<u>46,231</u>	<u>20,208</u>	<u>287,894</u>
<i>Fund Balance - End of Year</i>	<u>\$ 273,175</u>	<u>\$ 55,246</u>	<u>\$ 41,374</u>	<u>\$ 15,040</u>	<u>\$ 384,835</u>

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

Wanette School District No.1-115, Pottawatomie County, Oklahoma
Combined Statement of Revenues Collected, Expenditures Paid, and Changes in Fund Balances
Budget and Actual - Regulatory Basis - Budgeted Governmental Fund Types
For the Year Ended June 30, 2015

	General Fund			Special Revenue Funds			Debt Service Fund		
	Original Budget	Final Budget	Actual	Original Budget	Final Budget	Actual	Original Budget	Final Budget	Actual
Revenue Collected:									
Local Sources	\$ 292,466	\$ 292,466	\$ 398,876	\$ 47,667	\$ 47,667	\$ 72,765	\$ 28,748	\$ 28,748	\$ 32,417
Intermediate Sources	22,480	22,480	26,254	0	0	0	0	0	0
State Sources	1,114,066	1,114,066	1,095,200	8,200	8,200	7,853	0	0	0
Federal Sources	907,003	907,003	686,643	84,825	84,825	86,333	0	0	0
Non-Revenue Receipts	0	0	970	0	0	0	0	0	0
<i>Total Revenue Collected</i>	<u>\$ 2,336,016</u>	<u>\$ 2,336,016</u>	<u>\$ 2,207,943</u>	<u>\$ 140,692</u>	<u>\$ 140,692</u>	<u>\$ 166,952</u>	<u>\$ 28,748</u>	<u>\$ 28,748</u>	<u>\$ 32,417</u>
Expenditures Paid:									
Instruction	\$ 2,543,629	\$ 2,543,629	\$ 1,327,540	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Support Services	0	0	765,716	47,048	47,048	41,852	0	0	0
Operation of Non-Instructional Services	0	0	11,155	107,225	107,225	84,134	0	0	0
Facilities Acquisition and Construction	0	0	37,348	259	259	0	0	0	0
Other Outlays	0	0	970	0	0	0	74,980	74,980	37,275
Other Uses	0	0	0	0	0	0	0	0	0
Repayments	0	0	0	0	0	0	0	0	0
Interest Paid on Warrants and Bank Charges	0	0	0	0	0	0	0	0	0
<i>Total Expenditures Paid</i>	<u>\$ 2,543,629</u>	<u>\$ 2,543,629</u>	<u>\$ 2,142,728</u>	<u>\$ 154,533</u>	<u>\$ 154,533</u>	<u>\$ 125,985</u>	<u>\$ 74,980</u>	<u>\$ 74,980</u>	<u>\$ 37,275</u>
<i>Excess of Revenues Collected Over (Under) Expenditures Paid Before Adjustments to Prior Year Encumbrances</i>	<u>\$ (207,614)</u>	<u>\$ (207,614)</u>	<u>\$ 65,214</u>	<u>\$ (13,841)</u>	<u>\$ (13,841)</u>	<u>\$ 40,966</u>	<u>\$ (46,231)</u>	<u>\$ (46,231)</u>	<u>\$ (4,858)</u>
Adjustments to Prior Year Encumbrances	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 92</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 439</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
Other Financing Sources (Uses):									
Estopped Warrants	\$ 0	\$ 0	\$ 255	\$ 0	\$ 0	\$ (0)	\$ 0	\$ 0	\$ 0
Transfers In	0	0	0	0	0	0	0	0	0
Transfers Out	0	0	0	0	0	0	0	0	0
<i>Total Other Financing Sources (Uses)</i>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 255</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ (0)</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
<i>Excess (Deficiency) of Revenue Collected Over Expenditures Paid and Other Financing Sources (Uses)</i>	<u>\$ (207,614)</u>	<u>\$ (207,614)</u>	<u>\$ 65,561</u>	<u>\$ (13,841)</u>	<u>\$ (13,841)</u>	<u>\$ 41,405</u>	<u>\$ (46,231)</u>	<u>\$ (46,231)</u>	<u>\$ (4,858)</u>
<i>Fund Balance - Beginning of Year</i>	<u>207,614</u>	<u>207,614</u>	<u>207,614</u>	<u>13,841</u>	<u>13,841</u>	<u>13,841</u>	<u>46,231</u>	<u>46,231</u>	<u>46,231</u>
<i>Fund Balance - End of Year</i>	<u>\$ (0)</u>	<u>\$ (0)</u>	<u>\$ 273,175</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 55,246</u>	<u>\$ (0)</u>	<u>\$ (0)</u>	<u>\$ 41,374</u>

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

Wanette ISD No. 115, Pottawatomie County
Notes To The Financial Statements
For The Year Ended June 30, 2015

Note 1 - Summary of Significant Accounting Policies

The basic financial statements of the Wanette Public Schools Independent District No. 115, Pottawatomie 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.

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

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

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

1.B. Fund Accounting

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

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

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

Wanette ISD No. 115, Pottawatomie County
Notes To The Financial Statements
For The Year Ended June 30, 2015

Note 1 - Summary of Significant Accounting Policies, (continued)

1.B. Fund Accounting, Governmental Fund Types, (continued)

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).

1. General Fund - The General Fund is used to account for all financial transactions except those required to be accounted for in another fund. Major revenues 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.

2. Special Revenue Funds - The Special Revenue Funds of the District consist of the Building Fund, Child Nutrition Fund, and the Insurance Fund.

Building 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.

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

Insurance Fund - The Insurance fund consists of monies received from insurance claims from storm damage to school property. The monies are spent to repair damaged school property.

3. 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.

4. Capital Projects Fund - The capital projects fund consists of the District's 2008 Building Bond fund. This fund is used to account for the proceeds of bond sales to be used exclusively for acquiring school sites, constructing and equipping new school facilities and renovating existing facilities.

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. When these assets are held under the terms of a formal trust agreement, trust funds are used for their accounting and reporting. Agency funds generally are used to account for assets that the District holds on behalf of others as their agent and do not involve measurement of results of operations.

Wanette ISD No. 115, Pottawatomie County
Notes To The Financial Statements
For The Year Ended June 30, 2015

Note 1 - Summary of Significant Accounting Policies, (continued)

1.B. Fund Accounting, (continued)

1. Agency Funds - 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.

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

2. General Fixed Asset Account Group - This account group is used to account for property, plant and equipment of the District. The District does not have the information necessary to include this group in its combined financial statements.

Memorandum Only - Total Column

The total column on the general purpose 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.

1.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 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 and inventories are recorded as assets when purchased.
- Capital assets in proprietary funds are recorded when acquired and depreciated over their useful lives.
- Warrants payable are recorded as liabilities when issued.
- Long-term debt is recorded when incurred.

Wanette ISD No. 115, Pottawatomie County
Notes To The Financial Statements
For The Year Ended June 30, 2015

Note 1 - Summary of Significant Accounting Policies, (continued)

1.C. Basis of Accounting and Presentation, (continued)

- 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; and, when revenues are earned and liabilities are incurred for proprietary fund types and trust funds.

1.D. Budgets and Budgetary Accounting

The District is required by state law to prepare an annual budget. The board of education requests an initial temporary appropriations budget from the county excise board before June 30. Then no later than October 1, the board of education prepares financial statement and estimate of needs and files it with the applicable county clerk and the State Department of Education. The final budget may be revised upon approval of the board of education and the county excise board.

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.

1.E. Assets, Liabilities and Fund Equity

Cash and Cash Equivalents – For purposes of the statement of cash flows, the District considers all cash on hand, demand deposits, and highly liquid investments, with an original maturity of three months or less when purchased, to be cash and cash equivalents.

Investments - Investments consist of direct obligations of the United States government and agencies with maturities greater than three months when purchased. All investments are records at cost, which approximated market value.

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

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

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

Wanette ISD No. 115, Pottawatomie County
Notes To The Financial Statements
For The Year Ended June 30, 2015

Note 1 - Summary of Significant Accounting Policies, (continued)

1.E. Assets, Liabilities and Fund Equity, (continued)

Fixed Assets and Property, Plant and Equipment - The General Fixed Asset Account Group has not been presented.

Compensated Absences - Vested or accumulated vacation leave that is expected to be liquidated with expendable available financial resources is reported as an expenditure and a fund liability of the governmental fund that will pay it. There are no amounts of vested or accumulated vacation leave that are not expected to be liquidated with expendable available financial resources. Vested or accumulated vacation leave of proprietary funds is recorded as an expense and liability of those funds as the benefits accrue to employees.

No liability is recorded for nonvesting accumulating rights to receive sick pay benefits. The District does not pay for unused sick leave upon retirement and, therefore, no amount has been reported in the general long-term debt account group.

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. Long-term liabilities expected to be financed from proprietary fund operations are accounted for in those funds.

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).

Amounts 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.

Wanette ISD No. 115, Pottawatomie County
Notes To The Financial Statements
For The Year Ended June 30, 2015

Note 1 - Summary of Significant Accounting Policies, (continued)

1.E. Assets, Liabilities and Fund Equity, (continued)

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 includes 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 purpose 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.

Resource Use Policy

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

1.F. Revenue, Expenses, and Expenditures

State Sources - Revenues from state sources for current operations are primarily governed by the state aid formula under provisions of Article XVIII, Title 70, Oklahoma Statutes. The State Board of Education administers the allocation of the 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 or additions of revenue of the year when the adjustment is made.

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

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

All other interfund transactions, except quasi-external transactions and reimbursements, are reported as transfers.

Wanette ISD No. 115, Pottawatomie County
Notes To The Financial Statements
For The Year Ended June 30, 2015

Note 2 – Deposit and Investment Risk

The District held the following deposits and investments at June 30, 2015:

		<u>Carrying</u>	
		<u>Value</u>	
Deposits			
Demand Deposits	\$	469,712	
Time Deposits		<u>0</u>	
Total Deposits	\$	<u><u>469,712</u></u>	
Investments			
	<u>Credit Rating</u>	<u>Maturity</u>	<u>Fair Value</u>
			\$ <u>0</u>
Total Investments			\$ <u><u>0</u></u>
Reconciliation to the Combined Statement of Assets, Liabilities and Equity			
Cash and Cash Equivalents	\$	469,149	
Activity Fund Outstanding Checks		<u>563</u>	
Total Deposits and Investments	\$	<u><u>469,712</u></u>	

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

The District’s policy as it relates to custodial credit risk is to secure its uninsured deposits with collateral, valued at no more than market value, at least at a level of 100 percent of the uninsured deposits and accrued interest thereon. The investment policy and state law also limits acceptable collateral to U.S. Treasury and agency securities and direct debt obligations of the state, municipalities, counties, and school districts in the state of Oklahoma, surety bonds, and letters of credit. As required by Federal 12 U.S.C.A., Section 1823(e), all financial institutions pledging collateral to the District must have a written collateral agreement approved by the board of directors or loan committee.

At June 30, 2015, the District was not exposed to custodial credit risk as defined above.

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

1. Direct obligations of the U.S. Government, its agencies and instrumentalities to which the full faith and credit of the U.S. Government is pledged, or obligations to the payment of which the full faith and credit of the State is pledged.
2. Certificates of deposit of banks when such certificates of deposits are secured by acceptable collateral for the deposit of public monies.
3. Savings accounts or saving certificates to the extent that such accounts or certificates are fully insured by the United States Government.
4. Repurchase agreements that have underlying collateral including obligations of the United States government, its agencies and instrumentalities, or the State of Oklahoma.
5. County, municipal or school district debt obligations for which an ad valorem tax may be levied.

Wanette ISD No. 115, Pottawatomie County
Notes To The Financial Statements
For The Year Ended June 30, 2015

Note 2 – Deposit and Investment Risk, (continued)

6. Money market funds regulated by the SEC and in which investments consist of the investments consist of obligations of the United States, its agencies and instrumentalities.

7. Warrants, bonds or judgments of the school district.

8. Qualified pooled investment programs through an interlocal cooperative agreement formed pursuant to applicable law and to which the board of education has voted to be a member, the investments of which consist of those items specified in paragraphs 1 through 7 above, as well as obligations of the United States agencies and instrumentalities.

9. Any other investment that is authorized by law.

Investment credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligation. The District has no formal policy limiting investments based on credit rating, but discloses any such credit risk associated with their investment by reporting the credit quality ratings of investment in debt securities as determined by nationally recognized statistical rating organizations-rating agencies-as of the year end. Unless there is information to the contrary, obligations of the U.S. government or obligations explicitly guaranteed by the U.S. government are not considered to have credit risk and do not require disclosure of credit quality.

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

Investment Interest Rate Risk – Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The District does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. The District discloses its exposure to interest rate risk by disclosing the maturity dates of its various investments. The District had no investment interest rate risk as defined above.

Concentration of Investment Credit Risk – Exposure to concentration of credit risk is considered to exist when investments in any one issuer represent a significant percent of total investments of the District (any over 5 percent are disclosed). Investments issued or explicitly guaranteed by the U.S. government and investments in mutual funds, external investment pools, and other pooled investments are excluded from this consideration. The District places no limit on the amount it may invest in any one issuer.

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

Note 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 and transportation purposes. These bonds are required to be fully paid serially within 25 years from the date of issue.

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

Wanette ISD No. 115, Pottawatomie County
Notes To The Financial Statements
For The Year Ended June 30, 2015

Note 3 - General Long-term Debt, (continued)

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

	Bonds Payable	Capital Lease Obligations	Compensated Absences	Total
Balance July 1, 2014	\$ 150,000	\$ 0	\$ 0	\$ 150,000
Additions	0	0	0	0
Retirements	30,000	0	0	30,000
Balance, June 30, 2015	<u>\$ 120,000</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 120,000</u>

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

	Interest Rate	Maturity Date	Amount Issued	Amount Outstanding
2008 Building Bonds	4.0%-6.0	Dec 1, 2018	\$ 250,000	\$ 120,000
Totals			<u>\$ 250,000</u>	<u>\$ 120,000</u>

Presented below is a summary of debt service requirements to maturity by years and by each bond issue.

	Principal	Interest	Total
2008 Building Bonds			
2015-16	\$ 30,000	\$ 5,850	\$ 35,850
2016-17	30,000	4,293	34,293
2017-18	30,000	2,644	32,644
2018-19	30,000	900	30,900
Sub Total	<u>\$ 120,000</u>	<u>\$ 13,687</u>	<u>\$ 133,687</u>
Total Bonds	<u>\$ 120,000</u>	<u>\$ 13,687</u>	<u>\$ 133,687</u>

Interest expense on bonds payable incurred during the current year totaled \$7,275.

Note 4 - Employee Retirement System

Plan Description - The District participates in the state-administered Oklahoma Teachers' Retirement System (the "System") which is a cost-sharing multiple-employer defined benefit 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. PERS provides retirement, disability and death benefits to plan members and beneficiaries. The district has no responsibility or authority for the operation and administration of the System nor has it any liability, except for the current contribution requirements.

The System issues a publicly available financial report that includes financial statements and required supplementary information that can be obtained in writing at the Teachers' Retirement System of Oklahoma, P.O. Box 53524, Oklahoma City, OK 73152 or by calling (405) 521-2387.

Wanette ISD No. 115, Pottawatomie County
Notes To The Financial Statements
For The Year Ended June 30, 2015

Note 4 - Employee Retirement System, (continued)

Funding Policy - Under the System, contributions are made by the District, the State of Oklahoma, and the participating employees. Participation is required for all teachers and other certified employees and is optional for all other regular employees of public education institutions who work at least 20 hours per week.

The contribution rates for the District and its employees, which are not actuarially determined, are established by statute and applied to the employee's earnings, plus employer-paid fringe benefits. The District is required by statute to contribute 9.50% of applicable compensation for the year ended June 30, 2015. The District is allowed by the Oklahoma Teacher's Retirement System to make the required contributions on behalf of the participating members. The required contribution for participating members is 7%.

The District's contributions to the System for the years ending June 30, 2015, 2014, and 2013 were \$84,690, \$90,168, and \$99,605, respectively.

The compensation for employees covered by the System for the year ended June 30, 2015 was \$879,338; the District's total compensation was \$1,161,763. In addition to the District's 9.50% contributions, the District was required to pay into the System 8.25% of compensation arising from federal grants \$11,409. There were \$53,230 contributions made by employees during the year ended June 30, 2015.

The pension benefit obligation is a standardized disclosure measure of the present value of pension benefits. This pension valuation method reflects the present value of estimated pension benefits that will be paid in future years as a result of employee services performed to date and is adjusted for the effect of projected salary increases. There are no actuarial valuations performed on individual school districts. The nonfunded pension benefit obligation of the System as determined as part of the latest actuarial valuation dated June 30, 2014, is as follows:

Total pension obligation	\$ 19,575,551,730
Net assets available for benefits, at cost	<u>12,368,960,848</u>
Nonfunded pension benefit obligation	<u>\$ 7,206,590,882</u>

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

Ten-year historical trend information is presented in the Teacher's Retirement System of Oklahoma Annual Report for the year ended June 30, 2014. This information is useful in assessing the pension plan's accumulation of sufficient assets to pay pension benefits as they come due.

Note 5 - Contingencies

Amounts received or receivable from grantor agencies are subject to audit and adjustment by grantor agency. 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.

Wanette ISD No. 115, Pottawatomie County
Notes To The Financial Statements
For The Year Ended June 30, 2015

Note 5 – Contingencies, (continued)

The District is a defendant in a lawsuit. Although the outcome of this lawsuit is not presently determinable and the amount is not readily estimable, the District believes the resolution of this matter will not have a material adverse effect on the financial statements and may be settled by the District's insurance carrier. The District intends to vigorously defend itself on the lawsuit.

Note 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. The District had the following insurance coverage during the year: Commercial property - \$8,291,308; general liability - \$2,000,000; Settled claims resulting from these risks have not exceeded the commercial insurance coverage in any of the past three fiscal years.

The School also 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 them during the plan year. As a member of OSAG the District is required to pay fees set by OSAG according to an established payment schedule. A portion of the fees paid by the District goes into a loss fund for the District. The fee for the loss fund is calculated by projecting losses based on the schools losses for the last five year. OSAG provides coverage in excess of the Loss Fund so the District's liability for claim loss is limited to the balance of the loss fund. If the District does not use their loss fund in three years it is returned to them with no interest.

The District is also a member of the Oklahoma Public Schools Unemployment Compensation Program. In this program the District is required to contribute 1.6% of their 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 their account they would be liable for the excess.

Note 7 - Use of Estimates

The preparation of financial statements in conformity with the cash basis and budget laws of the Oklahoma State Department of Education requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Wanette ISD No. 115, Pottawatomie County
Notes To The Financial Statements
For The Year Ended June 30, 2015

Note 8 - Surety Bonds

The district has a public school system faithful performance blanket position bond with C N A Surety Company. The bond number is 69948544 and is for the term August 24, 2014 to August 24, 2015. The bond covers the following positions for the stated penal amounts:

Elementary Secretary -	\$	10,000
Encumbrance Clerk/Payroll Clerk		10,000
Minutes Clerk		10,000
Treasurer		100,000
H.S. Secretary/Activity Fund Custodian		20,000

The district has a public school system faithful performance blanket position bond with Old Republic surety Company that covers the superintendent. The bond number is W150028531 and is for the penal sum of \$100,000. The bond is for the term July 1, 2014 to July 1, 2015.

Crystal Shaw was the superintendent for the 2014-15 year, but the surety bond for the superintendent was still in the name of the prior superintendent Rick Riggs.

Note 9 – Subsequent Events

Management has evaluated subsequent events through the date of the audit report, which is the date the financial statements were available to be issued and has determined that no additional information needs to be added to the financial statements.

OTHER SUPPLEMENTAL INFORMATION

Wanette School District No.1-115, Pottawatomie County, Oklahoma
Combining Statement of Assets, Liabilities and Fund Balances
Regulatory Basis - All Special Revenue Funds
June 30, 2015

<u>ASSETS</u>	<u>Building Fund</u>	<u>Child Nutrition Fund</u>	<u>Insurance Cash Fund</u>	<u>Total June 30, 2015</u>
Cash and Cash Equivalents	\$ 26,758	\$ 32,166	\$ 580	\$ 59,504
Investments	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
<i>Total Assets</i>	<u>\$ 26,758</u>	<u>\$ 32,166</u>	<u>\$ 580</u>	<u>\$ 59,504</u>
<u>LIABILITIES AND FUND BALANCES</u>				
Liabilities:				
Warrants Payable	\$ 3,215	\$ 477	\$ 321	\$ 4,012
Reserve for Encumbrances	<u>0</u>	<u>245</u>	<u>0</u>	<u>245</u>
<i>Total Liabilities</i>	<u>\$ 3,215</u>	<u>\$ 722</u>	<u>\$ 321</u>	<u>\$ 4,258</u>
Fund Balances:				
Restricted	\$ 23,543	\$ 31,444	\$ 259	\$ 55,246
<i>Total Fund Balances</i>	<u>\$ 23,543</u>	<u>\$ 31,444</u>	<u>\$ 259</u>	<u>\$ 55,246</u>
<i>Total Liabilities and Fund Balances</i>	<u>\$ 26,758</u>	<u>\$ 32,166</u>	<u>\$ 580</u>	<u>\$ 59,504</u>

Wanette School District No.1-115, Pottawatomie County, Oklahoma
Combining Statement of Revenues Collected, Expenditures Paid and Changes in Fund Balances
Regulatory Basis - Special Revenue Funds
For the Year Ended June 30, 2015

	<u>Building Fund</u>	<u>Child Nutrition Fund</u>	<u>Insurance Cash Fund</u>	<u>Total June 30, 2015</u>
Revenue Collected:				
Local Sources	\$ 60,002	\$ 12,764	\$ 0	\$ 72,765
Intermediate Sources	0	0	0	0
State Sources	16	7,837	0	7,853
Federal Sources	0	86,333	0	86,333
Non-Revenue Receipts	0	0	0	0
<i>Total Revenue Collected</i>	<u>\$ 60,018</u>	<u>\$ 106,934</u>	<u>\$ 0</u>	<u>\$ 166,952</u>
 Expenditures Paid:				
Instruction	\$ 0	\$ 0	\$ 0	\$ 0
Support Services	41,852	0	0	41,852
Operation of Non-Instructional Services	0	84,134	0	84,134
Facilities Acquisition and Construction	0	0	0	0
Other Outlays	0	0	0	0
Other Uses	0	0	0	0
Repayments	0	0	0	0
Interest Paid and Bank Charges	0	0	0	0
<i>Total Expenditures Paid</i>	<u>\$ 41,852</u>	<u>\$ 84,134</u>	<u>\$ 0</u>	<u>\$ 125,985</u>
 <i>Excess of Revenues Collected Over (Under) Expenditures Paid Before Adjustments to Prior Year Encumbrances</i>				
	<u>\$ 18,166</u>	<u>\$ 22,800</u>	<u>\$ 0</u>	<u>\$ 40,966</u>
 Adjustments to Prior Year Encumbrances				
	<u>\$ 106</u>	<u>\$ 333</u>	<u>\$ 0</u>	<u>\$ 439</u>
 Other Financing Sources (Uses):				
Estopped Warrants	\$ 0	\$ (0)	\$ 0	\$ (0)
Transfers In	0	0	0	0
Transfers Out	0	0	0	0
<i>Total Other Financing Sources (Uses)</i>	<u>\$ 0</u>	<u>\$ (0)</u>	<u>\$ 0</u>	<u>\$ (0)</u>
 <i>Excess (Deficiency) of Revenue Collected Over Expenditures Paid and Other Financing Sources (Uses)</i>				
	<u>\$ 18,272</u>	<u>\$ 23,133</u>	<u>\$ 0</u>	<u>\$ 41,405</u>
<i>Fund Balance - Beginning of Year</i>	<u>5,271</u>	<u>8,310</u>	<u>259</u>	<u>13,841</u>
<i>Fund Balance - End of Year</i>	<u><u>\$ 23,543</u></u>	<u><u>\$ 31,444</u></u>	<u><u>\$ 259</u></u>	<u><u>\$ 55,246</u></u>

Wanette School District No.I-115, Pottawatomie County, Oklahoma
 Combining Statement of Revenues Collected, Expenditures Paid and Changes in Fund Balances
 Budget and Actual - Regulatory Basis - Special Revenue Funds
 For the Year Ended June 30, 2015

	Building Fund			Insurance Cash Fund			Child Nutrition Fund		
	Original Budget	Final Budget	Actual	Original Budget	Final Budget	Actual	Original Budget	Final Budget	Actual
Revenue Collected:									
Local Sources	\$ 41,777	\$ 41,777	\$ 60,002	\$ 0	\$ 0	\$ 0	\$ 5,890	\$ 5,890	\$ 12,764
Intermediate Sources	0	0	0	0	0	0	0	0	0
State Sources	0	0	16	0	0	0	8,200	8,200	7,837
Federal Sources	0	0	0	0	0	0	84,825	84,825	86,333
Non-Revenue Receipts	0	0	0	0	0	0	0	0	0
<i>Total Revenue Collected</i>	<u>\$ 41,777</u>	<u>\$ 41,777</u>	<u>\$ 60,018</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 98,915</u>	<u>\$ 98,915</u>	<u>\$ 106,934</u>
Expenditures Paid:									
Instruction	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Support Services	47,048	47,048	41,852	0	0	0	0	0	0
Operation of Non-Instructional Services	0	0	0	0	0	0	107,225	107,225	84,134
Facilities Acquisition and Construction	0	0	0	259	259	0	0	0	0
Other Outlays	0	0	0	0	0	0	0	0	0
Other Uses	0	0	0	0	0	0	0	0	0
Repayments	0	0	0	0	0	0	0	0	0
Interest Paid	0	0	0	0	0	0	0	0	0
<i>Total Expenditures Paid</i>	<u>\$ 47,048</u>	<u>\$ 47,048</u>	<u>\$ 41,852</u>	<u>\$ 259</u>	<u>\$ 259</u>	<u>\$ 0</u>	<u>\$ 107,225</u>	<u>\$ 107,225</u>	<u>\$ 84,134</u>
<i>Excess of Revenues Collected Over (Under) Expenditures Paid Before Adjustments to Prior Year Encumbrances</i>	\$ (5,271)	\$ (5,271)	\$ 18,166	\$ (259)	\$ (259)	\$ 0	\$ (8,310)	\$ (8,310)	\$ 22,800
Adjustments to Prior Year Encumbrances	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 106</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 333</u>
Other Financing Sources (Uses):									
Estopped Warrants	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ (0)
Transfers In	0	0	0	0	0	0	0	0	0
Transfers Out	0	0	0	0	0	0	0	0	0
<i>Total Other Financing Sources (Uses)</i>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ (0)</u>
<i>Excess (Deficiency) of Revenue Collected Over Expenditures Paid and Other Financing Sources (Uses)</i>	\$ (5,271)	\$ (5,271)	\$ 18,272	\$ (259)	\$ (259)	\$ 0	\$ (8,310)	\$ (8,310)	\$ 23,133
<i>Fund Balance - Beginning of Year</i>	<u>5,271</u>	<u>5,271</u>	<u>5,271</u>	<u>259</u>	<u>259</u>	<u>259</u>	<u>8,310</u>	<u>8,310</u>	<u>8,310</u>
<i>Fund Balance - End of Year</i>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 23,543</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 259</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 31,444</u>

Wanette School District No.1-115, Pottawatomie County, Oklahoma
Combining Statement of Assets, Liabilities and Fund Equity
Regulatory Basis - Activity Fund
June 30, 2015

<u>ASSETS</u>	School Activity Fund
Cash	\$ 16,688
Investments	<u>0</u>
<i>Total Assets</i>	<u>\$ 16,688</u>
<u>LIABILITIES AND FUND EQUITY</u>	
Liabilities:	
Due To Activity Groups	\$ <u>16,688</u>
<i>Total Liabilities</i>	\$ <u>16,688</u>
Fund Equity:	
Unassigned	\$ <u>0</u>
<i>Total Liabilities and Fund Equity</i>	<u>\$ 16,688</u>

Wanette School District No.1-115, Pottawatomie County, Oklahoma
Combining Statement of Changes in Assets and Liabilities
Regulatory Basis - Activity Fund
For the Year Ended June 30, 2015

<u>ACTIVITIES</u>	Balance July 1, 2014	Additions	Deletions	Balance June 30, 2015
Athletics	\$ 4,812	\$ 42,597	\$ 45,405	\$ 2,004
FFA	1,423	7,061	6,584	1,900
Yearbook	3,115	1,903	3,025	1,992
Library	514	44	440	118
7th Grade	0	497	0	497
8th Grade	106	93	50	149
BPA	365	0	128	237
Student Council	618	115	374	359
Robotics	278	689	688	278
One Hundred Years	0	1,766	0	1,766
Academic Team	9	40	0	49
High School	275	113	258	130
Flower Fund	19	0	0	19
FFA Lab Fees	88	0	0	88
Class of 2018	528	85	0	613
Special Education	409	0	73	336
Class of 2014	22	0	22	0
Art	35	32	57	10
Class of 2015	475	944	711	708
Class of 2016	880	651	1,062	468
Class of 2017	746	212	0	958
PTO	1,289	0	0	1,289
Little Dribblers	256	0	256	0
ES Preschool	101	1,384	1,344	142
ES Kindergarten	71	5,371	5,346	96
ES First Grade	109	1,415	1,396	128
ES Second Grade	95	1,965	1,787	273
ES Third Grade	119	1,423	1,152	390
ES Fourth Grade	93	1,204	1,071	226
ES Fifth Grade	127	6,627	6,557	197
ES Sixth Grade	100	2,066	2,123	44
ES Special Education	30	0	0	30
Pep Squad	221	0	0	221
ES Elementary	997	1,223	1,277	943
Little Dribblers	30	0	0	30
Total Activities	\$ 18,355	\$ 79,519	\$ 81,185	\$ 16,688

WANETTE INDEPENDENT SCHOOL DISTRICT NO. 115, POTTAWATAMIE COUNTY
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2015

Federal Grantor/Pass Through Grantor/Program Title	Federal CFDA#	Pass-Through Grantor's Project Number	Deferred Revenue (Accounts Receivable) July 1, 2014	Federal Grant Receipts	Federal Grant Expenditures	Deferred Revenue (Accounts Receivable) June 30, 2015	Indirect Costs Included In Federal Grant Expenditures
U.S. Department of Education							
<u>Direct Programs:</u>							
Indian Education Title VII (Note 3)	84.060A	561	0	17,906	21,634	(3,728)	0
Small Rural School Achievem ^{en} t (Note 3)	84.358A	588	0	19,522	21,271	(1,749)	0
<u>Passed Through Oklahoma State Department of Education:</u>							
Title I, Basic	84.010	511	0	72,833	77,174	(4,341)	0
Title I, Part A	84.010A	515	0	9,896	9,896	0	0
Title I Cluster			0	82,729	87,070	(4,341)	0
IDEA-B Flowthrough	84.027	621	(3,038)	52,616	50,132	(554)	0
IDEA-B Preschool	84.173	641	0	1,829	1,829	0	0
Special Education Cluster			(3,038)	54,445	51,961	(554)	0
Title II, Part A, REAP	84.367	586/541	(1,182)	10,266	10,498	(1,414)	0
ARRA Title I, Part A	84.377	516	-	22,642	66,247	(43,605)	-
ARRA, Title I SIG-1003(g)	84.388	537	0	479,135	479,135	0	0
School Improvement Grant Cluster			-	501,777	545,382	(43,605)	-
Total U.S. Department of Education			(4,220)	686,645	737,816	(55,391)	0
U.S. Department of Agriculture							
<u>Passed Through State Department of Education:</u>							
Breakfast Program (Note 3)	10.553	764	(647)	21,831	21,831	(647)	0
Lunch Program (Note3)	10.555	763	(45)	49,213	39,855	9,313	0
Commodities Distributed-Lunch (Note 2)	10.555	N/A	0	10,153	10,153	0	0
Summer Food Program	10.559	766	0	15,289	15,044	245	0
Child Nutrition Cluster			(692)	96,486	86,883	8,911	0
Total U.S. Department of Agriculture			(692)	96,486	86,883	8,911	0
TOTAL FEDERAL ASSISTANCE			(4,912)	783,131	824,699	(46,480)	0

Note 1 - The Schedule of Federal Awards expended was prepared using the same accounting policies used in preparing the District's Financial Statements. The District's policy is to recognize expenditures when encumbered (contracted for) rather than at the time the related fund liability is incurred.

Note 2 - Commodities received were of a nonmonetary nature and therefore the total revenue does not agree with the financial statements by this amount.

Note 3 - Adjusted beginning balances to match balances as per State Department of Education
Exhibit B-1

CERTIFIED PUBLIC ACCOUNTANTS

**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
Wanette Independent School District #115
Pottawatomie County, Oklahoma

Board Members:

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 fund type and account group financial statements, regulatory basis, of **Wanette Independent School District #115**, Pottawatomie County, Oklahoma, as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the District's combined financial statements and have issued our report thereon dated January 11, 2016. The report on these financial statements was adverse because the District has elected to prepare its financial statements on the basis of the financial reporting provisions of the Oklahoma State Department of Education, which is a material departure from accounting principles generally accepted in the United States of America. Our opinion regarding the presentation of the financial statements referred to above in conformity with the prescribed basis of accounting was qualified due to the omission of the general fixed asset account group.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered **Wanette Independent School District #115**, Pottawatomie County, Oklahoma's (The District's), internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of The District's internal control. Accordingly, we do not express an opinion on the effectiveness of The District's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention 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 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. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings and questioned costs to be significant deficiencies. (2015-1 through 2015-6).

Compliance and Other Matters

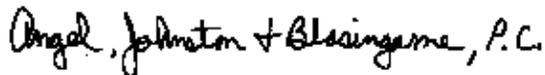
As part of obtaining reasonable assurance about whether The District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material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

Wanette Independent School District #115, Oklahoma's, Response to Findings

Wanette Independent School District #115, Oklahoma's responses to the findings identified in our audit are described in the attached corrective action plan. The District's responses were not subjected to the auditing procedures applied in the audit of the financial statements and accordingly, we express no opinion on them.

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.



Chickasha, Oklahoma
January 11, 2016

CERTIFIED PUBLIC ACCOUNTANTS

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

The Honorable Board of Education
Wanette Independent School District #I-115
Pottawatomie County, Oklahoma

Board Members:

Report on Compliance for Each Major Federal Program

We have audited **Wanette Independent School District #I-115**, Pottawatomie 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 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 **Wanette Independent School District, I-115** Pottawatomie County, Oklahoma's, major federal programs based on our audit of the types of compliance requirements referred 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, **Wanette Independent School District #I-115**, Pottawatomie County, Oklahoma complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2015.

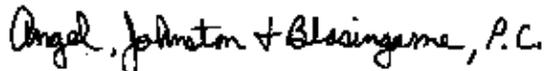
Report on Internal Control Over Compliance

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

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

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

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



Chickasha, Oklahoma
January 11, 2015

Wanette ISD No. 115, Pottawatomie County
Schedule of Findings and Questioned Cost
For the Year Ended June 30, 2015

SUMMARY OF AUDITOR'S RESULTS

Financial Statements:

Type of Auditor's Report Issued: Adverse opinion on the combined financial statements in conformity with generally accepted accounting principles and a qualified opinion for the omission of the general fixed asset account group on the combined financial statements in conformity with a regulatory basis of accounting prescribed by the Oklahoma Department of Education.

Internal Control Over Financial Reporting:

Material Weakness(es) identified? ___ Yes X No

Significant Deficiencies identified not considered to be material weaknesses? X Yes ___ No

Noncompliance material to financial statements noted? ___ Yes X No

Federal Awards:

Type of auditor's report issued on compliance for major programs: Unqualified

Internal Control Over Major Programs:

Material Weakness(es) identified? ___ Yes X No

Significant Deficiencies identified not considered to be material weaknesses? ___ Yes X No

Audit Findings disclosed that are required to be reported in accordance with Circular A-133, Section .510(a)? ___ Yes X No

Dollar threshold used to distinguish between Type A and Type B programs \$300,000

Auditee Qualified as low-risk auditee under OMB Circular A-133 Section 20? ___ Yes X No

Identification of Major Programs:

CFDA#

84.388

Title I, School Improvement Grant

Wanette ISD No. 115, Pottawatomie County
Schedule of Findings and Questioned Cost
For the Year Ended June 30, 2015
(continued)

Findings-Financial Statement Audit

2015-1 Finding

Statement of Condition – The school has a large accounts receivable balance (\$10,296.20) for student and teacher lunches.

Criteria – The school should make every effort to collect on outstanding accounts receivables or change their policy on charging meals.

Cause/Effect of Condition – Lunch accounts receivables are not being collected which allows the balance to become significant

Recommendation – The school needs to increase efforts to collect outstanding receivables or change their policy regarding student charges. The school may also want to increase efforts to get students to complete free/reduced lunch applications.

2015-2 Finding

Statement of Condition – The Elementary activity fund bank account reconciliation form did not agree to the June 30, 2015 ending bank statement amount. We also noted the Treasurer was not reconciling the appropriated fund accounts on a monthly basis.

Criteria – Bank statements need to reconcile to the schools records.

Cause/Effect of Condition – Lack of reconciliation could lead to misappropriation of assets. Also, without current financial information, the school will not have adequate information for decision making.

Recommendation – We recommend bank statements be reconciled to the school's books on a monthly basis.

2015-3 - Finding

Statement of Condition – We noted the surety bond that covered the superintendent still had the name of the prior superintendent on the bond. The current superintendent was not added to the bond and, therefore, was not covered for the 2014-15 year.

Criteria – Oklahoma State Statutes require the superintendent have surety bond coverage of at least \$100,000.

Cause/Effect of Condition - This was overlooked during the transition. The new superintendent would not have been covered under the surety bond for the 2014-15 year.

Recommendation - We recommend surety bond coverage be obtained in the current superintendent's name.

Wanette ISD No. 115, Pottawatomie County
Schedule of Findings and Questioned Cost
For the Year Ended June 30, 2015
(continued)

2015-4 - Finding

Statement of Condition – In the activity fund, we noted the requisitions do not have a place for the approval date of the purchasing officer. We also noted 3 of 22 invoices tested were dated after the purchase date and 3 of 22 requisitions were filled out after the vender was paid.

Criteria – Oklahoma Statutes require purchases be approved by the activity fund custodian prior to the items been ordered. This requires a requisition, signed and dated by the approving officer prior to the purchase being made.

Cause/Effect of Condition – Some sponsors are not following the school's purchasing procedures. Items could be ordered and paid for that are not on the approved expenditure purpose for the sub-account or they could overspend their sub-account balance.

Recommendation – We recommend policies be enforced that require approval by the purchasing officer prior to purchase being made.

2015-5 - Finding

Statement of Condition –During our testing of payroll, we noted time sheets are not always signed by a supervisor verifying time was actually worked.

Criteria – Internal controls require that a supervisor sign the time sheet verifying the time was actually worked. This helps prevent time from being falsified by the employee.

Cause/Effect of Condition – This was only noted on a few employees, but without a supervisor signature, employees could falsify time cards and be paid for time not worked.

Recommendation – We recommend a supervisor sign the time sheets verifying time was actually worked.

Wanette ISD No. 115, Pottawatomie County
Schedule of Findings and Questioned Cost
For the Year Ended June 30, 2015
(continued)

2015-6 - Finding

Statement of Condition – During our payroll testing, we noted a turnabout officer for the Title I School Improvement Grant was hired in October, but no employee contract was executed. It appears the school paid the individual in accordance with a budget for the “School Improvement Grant” approved by the State Department of education. Also, there was no contract for the principal for July-October, prior to taking on the superintendent’s position.

Criteria – Oklahoma State Statutes require payments to employees in excess of \$500 be documented in a signed contract or purchase order.

Cause/Effect of Condition – These contracts were just overlooked during the transition. Lack of a signed contract or board approval could allow unauthorized payments being made to employees.

Recommendation – We recommend employee contracts be executed for all employees that are paid over \$500.

Findings and Questioned Costs – Major Federal Award Programs Audit

(None Reported)

Wanette ISD No. 115, Pottawatomie County
Disposition of Prior Year Audit Findings
Year Ended June 30, 2015

2015-1 Finding

Statement of Condition – The alumni have a bank account that was established several years ago. It has a balance of \$1,765.58 and it is using the school's federal Identification Number.

Criteria – The Districts Federal Identification Number should not be used by anyone except the school.

Cause/Effect of Condition – The District was not aware that the alumni should not be using their Federal Identification Number.

Recommendation – The alumni should either move the money to the school or use another Identification Number.

Current Status – This account was moved to the Activity Fund during the 2014-15 year.

2015-2 Finding

Statement of Condition – The February board minutes and agenda did not list the approval of the Building Bond purchase order's #17-21 and the General Fund purchase order #169.

Criteria – Purchase order procedures require that all purchase orders should be approved by the Board.

Cause/Effect of Condition – It appears this was an oversight by management. Unauthorized purchases could be made if the board does not approve the purchase orders.

Recommendation – All purchase orders should be approved by the Board prior to issuing the warrants.

Current Status – This was not noted for the 2014-15 year.

2015-3 Finding

Statement of Condition – The school has a large accounts receivable balance (\$7,800) for student and teacher lunches.

Criteria – The school should make every effort to collect on outstanding accounts receivables or change their policy on charging meals.

Cause/Effect of Condition – Lunch accounts receivables are not being followed up and collected on which allows the balance to become significant

Recommendation – The school needs to increase efforts to collect outstanding receivables or change their policy regarding student charges.

Current Status – The school still has a large accounts receivable for 2014-15.

2015-4 Finding

Statement of Condition – During our testing of payroll, we noted several discrepancies in the calculated amount of matching federal teacher retirement burden. Upon investigation, it was noted the school had not changed the rate from 8% to the new rate of 8.25% until January 2014.

Criteria – The appropriate teacher retirement rates should be applied whenever the new rates are issued.

Cause/Effect of Condition – School was not aware of the rate change. Matching federal teacher retirement was underpaid to the teacher retirement system. The total amount underpaid does not appear to be significant.

Recommendation – The school should review all teacher retirement rates to be sure the correct rates are being used.

Current Status – This was not noted for the 2014-15 year.

2015-5 Finding

Statement of Condition – High school bank accounts did not reconcile to custodians analysis at year end. Corrections to reconcile were made to the beginning balances instead of a journal entry that would explain the need for the correction.

Criteria – Bank statements need to reconcile to the schools records. All adjustments need proper documentation.

Cause/Effect of Condition – Adjustments were made to beginning balances. Changing the beginning balances could lead to misstatement of financials.

Recommendation – Beginning balances should match ending balances from prior year. Any adjustments should be entered during the year so they appear on the financial records.

Current Status – Bank accounts did not reconcile to the custodians analysis for the 2014-15 year.

2015-6 Finding

Statement of Condition – Automated Clearing House (ACH) fees are netted with interest income. When the ACH fees exceeded interest for the month the entry recorded an interest expense which is misleading.

Criteria – Revenue should be coded to revenue and expenses should be coded to expenses.

Cause/Effect of Condition – School did not enter then void a warrant for the ACH fee, to get recorded into OCAS. By netting the revenue and expense, interest earnings is understated \$330 and expenses are understated by \$330.

Recommendation – The school should write a warrant at year end for the total ACH fees for the year. The warrant should be coded to the interest revenue account in order to report the correct amount of revenue.

Current Status – This was corrected for the 2014-15 year.

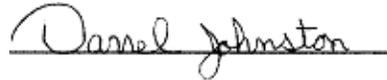
OTHER INFORMATION

Wanette ISD No. 115, Pottawatomie County
Schedule of Accountant's Professional Liability Insurance Affidavit
For Year Ending June 30, 2015

STATE OF OKLAHOMA)
)ss
COUNTY OF GRADY)

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 *Wanette Schools* for the audit year 2014-15.

ANGEL, JOHNSTON, & BLASINGAME, P.C.



by _____

Subscribed and sworn to before me this _____ day of _____, 2016.

Notary Public

My Commission Expires 07-01-18

SCHOOL'S CORRECTIVE ACTION PLAN

**WANETTE PUBLIC SCHOOL DISTRICT
POTTAWATOMIE COUNTY**

**AUDIT FINDINGS CORRECTIVE
ACTION PLAN
AUDIT YEAR 2014-2015**

Contact Person: Crystal Shaw, Superintendent

Finding 2015-1

Description: The school has a large accounts receivable balance (\$10,296.20) for student and teacher lunches.

Steps Implemented: Wanette School will continue its efforts to collect outstanding receivables. The Child Nutrition Director will continue sending out invoices monthly to parents and faculty in an attempt to collect past due charges. Parents will have until the end of the month to comply with payments or the school district will turn outstanding amounts to a debt collection agency. Student report cards will be held until accounts are settled. Teachers who owe outstanding bills will not be allowed to check out and receive their final check until bills are settled and have been approved by the Child Nutrition Director and Superintendent.

Completion date-January 31, 2016

Finding 2015-2

Description: The Elementary activity fund bank account reconciliation form did not agree to the June 30, 2015 ending bank statement amount. We also noted the Treasurer was not reconciling the appropriated fund accounts on a monthly basis.

Steps Implemented: Superintendent will perform a monthly check on activity funds and appropriated fund accounts at the end of each month to ensure reconciliation has occurred. Treasurer and activity fund secretaries will date stamp when they received statements from the bank.

Completion date-January 31, 2016

Finding 2015-3

Description: We noted the surety bond that covered the superintendent still had the name of the prior superintendent on the bond. The current superintendent was not added to the bond, and therefore, was not covered for the 2014-2015 school year.

Steps Implemented: The name of the current superintendent has been added to the surety bond.

Completion date-September 30, 2015

Finding 2015-4

Description: In the activity fund, we noted the requisitions do not have a place for the approval date of the purchasing officer. We also noted 3 of 22 invoices tested were dated after the purchase date and 3 of 22 requisitions were filled out after the vendor was paid.

Steps Implemented: Wannette School Staff has received and will continue to receive training on purchasing procedures. Staff will be instructed that purchases must be preapproved before ordering and signatures must be obtained prior to payment indicating receipt of goods/services. Office personnel will be instructed to notify all personnel that procedures must be followed. The purchasing officer will sign and date purchase order upon approval of the purchase order.

Completion date-December 30, 2015

Finding 2015-5

Description: During our testing of payroll, we noted time sheets are not always signed by a supervisor verifying time was actually worked.

Steps Implemented: Staff has been instructed that time cards/sheets must be signed by their supervisor before turning in their time card/sheet to secretary. Secretaries will not accept card/sheet until the time worked has been verified by signature of supervisor.

Completion date-December 30, 2015

Finding 2015-6

Description: During our payroll testing, we noted a turnaround officer for the Title I School Improvement Grant was hired in October, but no employee contract was executed. It appears the school paid the individual in accordance with a budget for the "School Improvement Grant" approved by the State Department of Education. Also, there was no contract for the principal for the principal for July-October, prior to taking on the superintendent's position.

Steps Implemented: Superintendent will work with Payroll Clerk to verify that each employee has signed and returned an employee contract before first pay check is received.

Completion date-September 30, 2015

Crystal Shaw
1-11-16