

**WYNNEWOOD INDEPENDENT SCHOOL DISTRICT NO. 38**  
**GARVIN COUNTY, OKLAHOMA**  
**JUNE 30, 2014**

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GARVIN COUNTY, OKLAHOMA  
JUNE 30, 2014

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\* The required internal control, compliance, and schedule of findings and questioned costs are required by Government Auditing Standards and OMB Circular A-133 when a single audit is applicable

**WYNNEWOOD INDEPENDENT SCHOOL DISTRICT NO. I-38, GARVIN COUNTY  
SCHOOL DISTRICT OFFICIALS  
June 30, 2014**

**BOARD OF EDUCATION**

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Vice President	Jamie Williamson
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CERTIFIED PUBLIC ACCOUNTANTS

## INDEPENDENT AUDITOR'S REPORT

The Honorable Board of Education  
Wynnewood Independent School District #38  
Garvin 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 **Wynnewood Independent School District #38**, Garvin County, Oklahoma, as of and for the year ended June 30, 2014, 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 **Wynnewood Independent School District #38** Garvin 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 **Wynnewood Independent School District #38**, Garvin County, Oklahoma, as of June 30, 2014, 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 equity arising from regulatory basis transactions of each fund type and account group of **Wynnewood Independent School District, #38**, Garvin County, Oklahoma as of June 30, 2014, 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 **Wynnewood Independent School District #38, Garvin 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 6, 2015, on our consideration of the **Wynnewood Independent School District, #38, Garvin 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 **Wynnewood Independent School District, #38, Garvin County, Oklahoma's** internal control over financial reporting and compliance.

*Angel, Johnston + Blessingame, P.C.*

Chickasha, Oklahoma

January 6, 2015

COMBINED FINANCIAL STATEMENTS

**Wynnewood School District No.1-038, Garvin County, Oklahoma**  
**Combined Statement of Assets, Liabilities and Fund Balances**  
**Regulatory Basis - All Fund Types and Account Groups**  
**For the Year Ending June 30, 2014**

	Governmental Fund Types				Fiduciary Fund Types	Account Group	Total (Memorandum Only)
<b>ASSETS</b>	General	Special Revenue	Debt Service	Capital Projects	Trust and Agency	General Long- Term Debt	June 30, 2014
Cash and Cash Equivalents	\$ 1,237,993	\$ 162,970	\$ 195,934	\$ 46,826	\$ 90,515	\$ 0	\$ 1,734,239
Investments	0	0	0	0	0	0	0
Amounts Available in Debt Service Fund	0	0	0	0	0	195,934	195,934
Amounts to be Provided for Retirement of General Long-Term Debt	0	0	0	0	0	1,049,066	1,049,066
Amounts to be Provided For Capitalized Lease Agreements	0	0	0	0	0	441,755	441,755
<b>Total Assets</b>	<b>\$ 1,237,993</b>	<b>\$ 162,970</b>	<b>\$ 195,934</b>	<b>\$ 46,826</b>	<b>\$ 90,515</b>	<b>\$ 1,686,755</b>	<b>\$ 3,420,994</b>
<b>LIABILITIES AND FUND BALANCE</b>							
Liabilities:							
Warrants Payable	\$ 388,600	\$ 12,146	\$ 0	\$ 0	\$ 0	\$ 0	\$ 400,746
Reserve for Encumbrances	3,793	17,147	0	0	0	0	20,940
Due to Activity Groups	0	0	0	0	90,515	0	90,515
General Obligation Bonds Payable	0	0	0	0	0	1,245,000	1,245,000
Capitalized Lease Obligations Payable	0	0	0	0	0	441,755	441,755
<b>Total Liabilities</b>	<b>\$ 392,393</b>	<b>\$ 29,292</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 90,515</b>	<b>\$ 1,686,755</b>	<b>\$ 2,198,956</b>
Fund Balances:							
Restricted For:							
Debt Service	\$ 0	\$ 0	\$ 195,934	\$ 0	\$ 0	\$ 0	\$ 195,934
Capital Projects	0	0	0	46,826	0	0	46,826
Building Programs	0	89,960	0	0	0	0	89,960
Child Nutrition Programs	0	43,718	0	0	0	0	43,718
Cooperative Programs	0	0	0	0	0	0	0
Unassigned	845,600	0	0	0	0	0	845,600
<b>Total Fund Balances</b>	<b>\$ 845,600</b>	<b>\$ 133,678</b>	<b>\$ 195,934</b>	<b>\$ 46,826</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 1,222,038</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$ 1,237,993</b>	<b>\$ 162,970</b>	<b>\$ 195,934</b>	<b>\$ 46,826</b>	<b>\$ 90,515</b>	<b>\$ 1,686,755</b>	<b>\$ 3,420,994</b>

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



**Wynnewood School District No.1-038, Garvin County, Oklahoma**  
**Combined Statement of Revenues Collected, Expenditures Paid and Changes in Fund Balances**  
**Regulatory Basis - All Governmental Fund Types**  
**For the Year Ending June 30, 2014**

	Governmental Fund Types				Totals (Memorandum Only)
	General	Special Revenue	Debt Service	Capital Projects	June 30, 2014
<b>Revenue Collected:</b>					
Local Sources	\$ 2,596,057	\$ 414,498	\$ 197,687	\$ 100	\$ 3,208,343
Intermediate Sources	133,377	0	0	0	133,377
State Sources	1,645,681	36,319	0	0	1,682,000
Federal Sources	382,487	195,548	0	0	578,035
Non-Revenue Receipts	55,139	0	0	0	55,139
<i>Total Revenue Collected</i>	<u>\$ 4,812,741</u>	<u>\$ 646,365</u>	<u>\$ 197,687</u>	<u>\$ 100</u>	<u>\$ 5,656,894</u>
<b>Expenditures Paid:</b>					
Instruction	\$ 3,128,934	\$ 0	\$ 0	\$ 0	\$ 3,128,934
Support Services	1,612,555	225,221	0	0	1,837,775
Operation of Non-Instructional Services	41	259,122	0	0	259,163
Facilities Acquisition and Construction	2,759	156,479	0	993,254	1,152,493
Other Outlays	56,625	0	0	0	56,625
Other Uses	0	0	0	0	0
Repayments	678	0	0	0	678
Interest Paid on Warrants and Bank Charges	0	0	0	0	0
Debt Service:					
Principal Retirement	0	0	245,000	0	245,000
Interest and Fiscal Agent Fees	0	0	16,838	0	16,838
<i>Total Expenditures Paid</i>	<u>\$ 4,801,591</u>	<u>\$ 640,822</u>	<u>\$ 261,838</u>	<u>\$ 993,254</u>	<u>\$ 6,697,505</u>
<i>Excess of Revenues Collected Over (Under) Expenditures Paid Before Adjustments to Prior Year Encumbrances</i>	<u>\$ 11,150</u>	<u>\$ 5,543</u>	<u>\$ (64,150)</u>	<u>\$ (993,154)</u>	<u>\$ (1,040,612)</u>
<b>Adjustments to Prior Year Encumbrances</b>	<u>\$ (1)</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 500</u>	<u>\$ 499</u>
<b>Other Financing Sources (Uses):</b>					
Estopped Warrants	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Bond Proceeds	0	0	0	0	0
Transfers In	12,902	7,775	0	0	20,677
Transfers Out	0	0	0	0	0
<i>Total Other Financing Sources (Uses)</i>	<u>\$ 12,902</u>	<u>\$ 7,775</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 20,677</u>
<i>Excess (Deficiency) of Revenue Collected Over Expenditures Paid and Other Financing Sources (Uses)</i>	<u>\$ 24,051</u>	<u>\$ 13,317</u>	<u>\$ (64,150)</u>	<u>\$ (992,654)</u>	<u>\$ (1,019,435)</u>
<i>Fund Balance - Beginning of Year</i>	<u>821,548</u>	<u>120,360</u>	<u>260,084</u>	<u>1,039,480</u>	<u>2,241,473</u>
<i>Fund Balance - End of Year</i>	<u>\$ 845,600</u>	<u>\$ 133,678</u>	<u>\$ 195,934</u>	<u>\$ 46,826</u>	<u>\$ 1,222,038</u>

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

**Wynnewood School District No.1-038, Garvin County, Oklahoma**  
**Combined Statement of Revenues, Expenditures, and Changes in Fund Balances**  
**Budget and Actual - Regulatory Basis - Budgeted Governmental Fund Types**  
**For the Year Ending June 30, 2014**

	General Fund			Special Revenue Funds			Debt Service Fund		
	Original Budget	Final Budget	Actual	Original Budget	Final Budget	Actual	Original Budget	Final Budget	Actual
<b>Revenue Collected:</b>									
Local Sources	\$ 2,316,440	\$ 2,316,440	\$ 2,596,057	\$ 354,366	\$ 354,366	\$ 414,498	\$ 183,667	\$ 183,667	\$ 197,687
Intermediate Sources	107,050	107,050	133,377	0	0	0	0	0	0
State Sources	1,493,633	1,493,633	1,645,681	26,300	26,300	36,319	0	0	0
Federal Sources	266,566	266,566	382,487	192,100	192,100	195,548	0	0	0
Non-Revenue Receipts	0	0	55,139	0	0	0	0	0	0
<i>Total Revenue Collected</i>	<u>\$ 4,183,689</u>	<u>\$ 4,183,689</u>	<u>\$ 4,812,741</u>	<u>\$ 572,766</u>	<u>\$ 572,766</u>	<u>\$ 646,365</u>	<u>\$ 183,667</u>	<u>\$ 183,667</u>	<u>\$ 197,687</u>
<b>Expenditures Paid:</b>									
Instruction	\$ 5,005,238	\$ 5,005,238	\$ 3,128,934	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Support Services	0	0	1,612,555	402,503	402,503	225,221	0	0	0
Operation of Non-Instructional Services	0	0	41	298,123	298,123	259,122	0	0	0
Facilities Acquisition and Construction	0	0	2,759	0	0	156,479	0	0	0
Other Outlays	0	0	56,625	0	0	0	443,751	443,751	261,838
Other Uses	0	0	0	0	0	0	0	0	0
Repayments	0	0	678	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>\$ 5,005,238</u>	<u>\$ 5,005,238</u>	<u>\$ 4,801,591</u>	<u>\$ 700,626</u>	<u>\$ 700,626</u>	<u>\$ 640,822</u>	<u>\$ 443,751</u>	<u>\$ 443,751</u>	<u>\$ 261,838</u>
<i>Excess of Revenues Collected Over (Under) Expenditures Paid Before Adjustments to Prior Year Encumbrances</i>	<u>\$ (821,548)</u>	<u>\$ (821,548)</u>	<u>\$ 11,150</u>	<u>\$ (127,860)</u>	<u>\$ (127,860)</u>	<u>\$ 5,543</u>	<u>\$ (260,084)</u>	<u>\$ (260,084)</u>	<u>\$ (64,150)</u>
<b>Adjustments to Prior Year Encumbrances</b>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ (1)</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
<b>Other Financing Sources (Uses):</b>									
Estopped Warrants	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Transfers In	0	0	12,902	7,500	7,500	7,775	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>\$ 12,902</u>	<u>\$ 7,500</u>	<u>\$ 7,500</u>	<u>\$ 7,775</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>\$ (821,548)</u>	<u>\$ (821,548)</u>	<u>\$ 24,051</u>	<u>\$ (120,360)</u>	<u>\$ (120,360)</u>	<u>\$ 13,317</u>	<u>\$ (260,084)</u>	<u>\$ (260,084)</u>	<u>\$ (64,150)</u>
<i>Fund Balance - Beginning of Year</i>	<u>821,548</u>	<u>821,548</u>	<u>821,548</u>	<u>120,360</u>	<u>120,360</u>	<u>120,360</u>	<u>260,084</u>	<u>260,084</u>	<u>260,084</u>
<i>Fund Balance - End of Year</i>	<u><u>\$ 0</u></u>	<u><u>\$ 0</u></u>	<u><u>\$ 845,600</u></u>	<u><u>\$ (0)</u></u>	<u><u>\$ (0)</u></u>	<u><u>\$ 133,678</u></u>	<u><u>\$ 0</u></u>	<u><u>\$ 0</u></u>	<u><u>\$ 195,934</u></u>

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

**Wynnewood ISD No. 38, Garvin County**  
**Notes To The Financial Statements**  
**For The Year Ended June 30, 2014**

**Note 1 - Summary of Significant Accounting Policies**

The basic financial statements of the Wynnewood Public Schools Independent District No. 38, Garvin County, Oklahoma (the "District") have been prepared in conformity with another comprehensive basis of accounting as prescribed by the Oklahoma State Department of Education. The more significant of the District's accounting policies are described below.

**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."

**Wynnewood ISD No. 38, Garvin County**  
**Notes To The Financial Statements**  
**For The Year Ended June 30, 2014**

**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, Cooperative Fund and the Child Nutrition 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.

**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 2012 Building bond issue. These funds are used exclusively for acquiring school sites, constructing and equipping new school facilities, renovating existing facilities, and purchasing transportation equipment.

**Wynnewood ISD No. 38, Garvin County**  
**Notes To The Financial Statements**  
**For The Year Ended June 30, 2014**

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

**1.B. Fund Accounting, (continued)**

**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.

**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 education for collecting, disbursing and accounting for these activity funds.

**Account Groups**

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

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*

**Wynnewood ISD No. 38, Garvin County**  
**Notes To The Financial Statements**  
**For The Year Ended June 30, 2014**

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

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

*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.
- 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.

**Wynnewood ISD No. 38, Garvin County**  
**Notes To The Financial Statements**  
**For The Year Ended June 30, 2014**

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

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

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, 2014, is not material to the basic financial statements.

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. Vested accumulated rights to receive sick pay benefits have not been reported in the general long-term debt account group since the amount is not material to the financial statements.

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.

**Wynnewood ISD No. 38, Garvin County**  
**Notes To The Financial Statements**  
**For The Year Ended June 30, 2014**

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

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

**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.

**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.

**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.



**Wynnewood ISD No. 38, Garvin County**  
**Notes To The Financial Statements**  
**For The Year Ended June 30, 2014**

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

**1.F. Revenue, Expenses, and Expenditures**

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

**Note 2 – Deposit and Investment Risk**

The District held the following deposits and investments at June 30, 2014:

			<u>Carrying Value</u>
Deposits			
Demand Deposits	\$		1,738,745
Time Deposits			
Total Deposits	\$		<u>1,738,745</u>
Investments			
	<u>Credit Rating</u>	<u>Maturity</u>	<u>Fair Value</u>
			\$ 0
Total Investments			<u>\$ 0</u>
Reconciliation to the Combined Statement of Assets, Liabilities and Equity			
Cash and Cash Equivalents	\$		1,734,239
Activity Fund Outstanding Checks			<u>4,506</u>
Total Deposits and Investments	\$		<u>1,738,745</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, 2014, 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:

**Wynnewood ISD No. 38, Garvin County**  
**Notes To The Financial Statements**  
**For The Year Ended June 30, 2014**

**Note 2 – Deposit and Investment Risk, (continued)**

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.
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, 2014, 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, 2014, 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.

**Wynnewood ISD No. 38, Garvin County**  
**Notes To The Financial Statements**  
**For The Year Ended June 30, 2014**

**Note 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 the 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, 2014:

	Bonds Payable	Capital Lease Obligations	Compensated Absences	Total
Balance July 1, 2013	\$ 1,490,000	\$ 708,572	\$ 0	\$ 2,198,572
Additions	0	163,008	0	163,008
Retirements	245,000	429,825	0	674,825
Balance, June 30, 2014	<u>\$ 1,245,000</u>	<u>\$ 441,755</u>	<u>\$ 0</u>	<u>\$ 1,686,755</u>

A brief description of the outstanding general obligation bond issues at June 30, 2014, is set forth below:

	Interest Rate	Maturity Date	Amount Issued	Amount Outstanding
2012 Building Bonds	1.0 to 1.5%	June 1, 2019	\$ 1,245,000	\$ 1,245,000
			<u>\$ 1,245,000</u>	<u>\$ 1,245,000</u>

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

<b>2011 Building Bonds</b>	<b>Principal</b>	<b>Interest</b>	<b>Total</b>
2014-15	\$ 245,000	\$ 14,387	\$ 259,387
2015-16	245,000	11,938	256,938
2016-17	245,000	9,488	254,488
2017-18	245,000	7,038	252,038
2018-19	265,000	3,975	268,975
<b>Total Bonds</b>	<u>\$ 1,245,000</u>	<u>\$ 46,826</u>	<u>\$ 1,291,826</u>

Interest expense on bonds payable incurred during the current year totaled \$16,838.

The District has entered into lease agreements as lessee for financing the acquisition of an Energy Management System, a pickup, concession stand, 2 vehicles/computers, land, and a pickup. These lease agreements qualify as capital leases for accounting purposes since title transfers at the end of the lease terms and they have been recorded at the present value of the future minimum lease payments. These leases contain a clause which gives the District the ability to terminate the lease agreements at the end of each fiscal year. The bus barn was paid off during the 2013-14 year.

**Wynnewood ISD No. 38, Garvin County**  
**Notes To The Financial Statements**  
**For The Year Ended June 30, 2014**

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

As noted in Note 1 to the financial statements, the District does not record fixed assets in the financial statements. Consistent with this, the District has not recorded the above assets as assets in the General Fixed Assets Account Group. The District has recorded the liability for future lease payments in the general long-term debt account group for the above leases. The schedule of future minimum lease payments under the capital leases and the present value of the net minimum lease payments at June 30, is as follows:

Year June 30	2 Vehicles/		Concession Stand	Energy Maint.			Total
	Computer	Pickup		System	Land	Pickup	
2015	22,315	8,307	72,000	26,810	15,362	9,747	154,541
2016	22,316	8,307	71,598	26,809	15,362	9,748	154,140
2017	22,316	0	0	0	15,361	9,748	47,425
2018	11,060	0	0	0	15,361	9,748	36,169
2019	0	0	0	0	15,361	0	15,361
2020	0	0	0	0	15,361	0	15,361
2021	0	0	0	0	15,361	0	15,361
2022	0	0	0	0	15,361	0	15,361
2023	0	0	0	0	15,361	0	15,361
2024	0	0	0	0	15,361	0	15,361
Total	\$ 78,007	\$ 16,614	\$ 143,598	\$ 53,619	\$ 153,612	\$ 38,991	\$ 484,441
Less: Amount Representing Interest	-3,441	-886	-4,228	-4,536	-27,860	-1,735	-42,686
Present Value of Future Minimum Lease Pmts	\$ 74,566	\$ 15,728	\$ 139,370	\$ 49,083	\$ 125,752	\$ 37,256	\$ 441,755

**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.

**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, 2014. 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%.

**Wynnewood ISD No. 38, Garvin County**  
**Notes To The Financial Statements**  
**For The Year Ended June 30, 2014**

**Note 4 - Employee Retirement System, (continued)**

The District's contributions to the System for the years ending June 30, 2014, 2013, and 2012 were \$243,410, \$232,653, and \$223,158, respectively.

The compensation for employees covered by the System for the year ended June 30, 2014 was \$2,533,212; the District's total compensation was \$3,468,713. 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 (\$12,055). There were \$137,687 contributions made by employees during the year ended June 30, 2014.

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, 2013, is as follows:

Total pension obligation	\$ 18,973,166,739
Net assets available for benefits, at cost	<u>10,861,057,537</u>
Nonfunded pension benefit obligation	<u>\$ 8,112,109,202</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, 2013. 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. The District is currently involved in pending or threatened litigation, the results of which are undeterminable. Therefore, any fair value of these contingencies cannot be reasonably estimated.

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

**Wynnewood ISD No. 38, Garvin County**  
**Notes To The Financial Statements**  
**For The Year Ended June 30, 2014**

**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.

**Note 8 – Surety Bonds**

The minutes clerk, encumbrance clerk and lunch fund custodian are bonded by Western Surety Company bond number 61901942 for the penal sum of \$1,000 for the term January 2, 2014 to January 2, 2015.

The Superintendent is bonded by RLI Insurance company bond #LSM0221414 for the penal sum of \$100,000 for the term June 30, 2013 to June 30, 2014.

The treasurer is bonded by Western Surety Company bond number 69259345 for the penal sum of \$100,000 for the term December 5, 2013 to December 5, 2014.

The secretary/activity fund custodian is bonded by Western Surety Company bond 18216145 for the penal sum of \$2,000 for the term October 31, 2013 to October 31, 2014.

OTHER SUPPLEMENTAL INFORMATION

**Wynnewood School District No.1-038, Garvin County, Oklahoma**  
**Combining Statement of Assets, Liabilities and Fund Balances**  
**Regulatory Basis - All Special Revenue Funds**  
**For the Year Ending June 30, 2014**

<b><u>ASSETS</u></b>	<b><u>Building Fund</u></b>	<b><u>Child Nutrition Fund</u></b>	<b><u>Total June 30, 2014</u></b>
Cash and Cash Equivalents	\$ 90,940	\$ 72,030	\$ 162,970
Investments	<u>0</u>	<u>0</u>	<u>0</u>
<i>Total Assets</i>	<u>\$ 90,940</u>	<u>\$ 72,030</u>	<u>\$ 162,970</u>
<b><u>LIABILITIES AND FUND BALANCE</u></b>			
Liabilities:			
Warrants Payable	\$ 980	\$ 11,166	\$ 12,146
Reserve for Encumbrances	<u>0</u>	<u>17,147</u>	<u>17,147</u>
<i>Total Liabilities</i>	<u>\$ 980</u>	<u>\$ 28,313</u>	<u>\$ 29,292</u>
Fund Balances:			
Restricted	<u>\$ 89,960</u>	<u>\$ 43,718</u>	<u>\$ 133,678</u>
<i>Total Fund Balances</i>	<u>\$ 89,960</u>	<u>\$ 43,718</u>	<u>\$ 133,678</u>
<i>Total Liabilities and Fund Balances</i>	<u>\$ 90,940</u>	<u>\$ 72,030</u>	<u>\$ 162,970</u>



**Wynnewood School District No.1-038, Garvin County, Oklahoma**  
**Combining Statement of Revenues Collected, Expenditures Paid and Changes in Fund Balances**  
**Regulatory Basis - Special Revenue Funds**  
**For the Year Ending June 30, 2014**

	<b>Building Fund</b>	<b>Child Nutrition Fund</b>	<b>Total June 30, 2014</b>
<b>Revenue Collected:</b>			
Local Sources	\$ 394,430	\$ 20,068	\$ 414,498
Intermediate Sources	0	0	0
State Sources	5,693	30,626	36,319
Federal Sources	0	195,548	195,548
Non-Revenue Receipts	0	0	0
<i>Total Revenue Collected</i>	\$ 400,123	\$ 246,242	\$ 646,365
<b>Expenditures Paid:</b>			
Instruction	\$ 0	\$ 0	\$ 0
Support Services	225,221	0	225,221
Operation of Non-Instructional Services	0	259,122	259,122
Facilities Acquisition and Construction	156,479	0	156,479
Other Outlays	0	0	0
Other Uses	0	0	0
Repayments	0	0	0
Interest Paid and Bank Charges	0	0	0
<i>Total Expenditures Paid</i>	\$ 381,700	\$ 259,122	\$ 640,822
<i>Excess of Revenues Collected Over (Under) Expenditures Paid Before Adjustments to Prior Year Encumbrances</i>	\$ 18,423	\$ (12,880)	\$ 5,543
<b>Adjustments to Prior Year Encumbrances</b>	\$ 0	\$ 0	\$ 0
<b>Other Financing Sources (Uses):</b>			
Estopped Warrants	\$ 0	\$ 0	\$ 0
Transfers In	0	7,775	7,775
Transfers Out	0	0	0
<i>Total Other Financing Sources (Uses)</i>	\$ 0	\$ 7,775	\$ 7,775
<i>Excess (Deficiency) of Revenue Collected Over Expenditures Paid and Other Financing Sources (Uses)</i>	\$ 18,423	\$ (5,106)	\$ 13,317
<i>Fund Balance - Beginning of Year</i>	71,537	48,823	120,360
<i>Fund Balance - End of Year</i>	\$ 89,960	\$ 43,718	\$ 133,678

Wynnewood School District No.I-038, Garvin County, Oklahoma  
 Combining Statement of Revenues Collected, Expenditures Paid and Changes in Fund Balances  
 Special Revenue Funds - Budget and Actual  
 For the Year Ending June 30, 2014

	Building Fund			Child Nutrition Fund			Total		
	Original Budget	Final Budget	Actual	Original Budget	Final Budget	Actual	Original Budget	Final Budget	Actual
<b>Revenue Collected:</b>									
Local Sources	\$ 330,966	\$ 330,966	\$ 394,430	\$ 23,400	\$ 23,400	\$ 20,068	\$ 354,366	\$ 354,366	\$ 414,498
Intermediate Sources	0	0	0	0	0	0	0	0	0
State Sources	0	0	5,693	26,300	26,300	30,626	26,300	26,300	36,319
Federal Sources	0	0	0	192,100	192,100	195,548	192,100	192,100	195,548
Non-Revenue Receipts	0	0	0	0	0	0	0	0	0
<i>Total Revenue Collected</i>	<u>\$ 330,966</u>	<u>\$ 330,966</u>	<u>\$ 400,123</u>	<u>\$ 241,800</u>	<u>\$ 241,800</u>	<u>\$ 246,242</u>	<u>\$ 572,766</u>	<u>\$ 572,766</u>	<u>\$ 646,365</u>
<b>Expenditures Paid:</b>									
Instruction	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Support Services	402,503	402,503	225,221	0	0	0	402,503	402,503	225,221
Operation of Non-Instructional Services	0	0	0	298,123	298,123	259,122	298,123	298,123	259,122
Facilities Acquisition and Construction	0	0	156,479	0	0	0	0	0	156,479
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>\$ 402,503</u>	<u>\$ 402,503</u>	<u>\$ 381,700</u>	<u>\$ 298,123</u>	<u>\$ 298,123</u>	<u>\$ 259,122</u>	<u>\$ 700,626</u>	<u>\$ 700,626</u>	<u>\$ 640,822</u>
<i>Excess of Revenues Collected Over (Under) Expenditures Paid Before Adjustments to Prior Year Encumbrances</i>	<u>\$ (71,537)</u>	<u>\$ (71,537)</u>	<u>\$ 18,423</u>	<u>\$ (56,323)</u>	<u>\$ (56,323)</u>	<u>\$ (12,880)</u>	<u>\$ (127,860)</u>	<u>\$ (127,860)</u>	<u>\$ 5,543</u>
<b>Adjustments to Prior Year Encumbrances</b>	<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>
<b>Other Financing Sources (Uses):</b>									
Estopped Warrants	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Transfers In	0	0	0	7,500	7,500	7,775	7,500	7,500	7,775
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>\$ 7,500</u>	<u>\$ 7,500</u>	<u>\$ 7,775</u>	<u>\$ 7,500</u>	<u>\$ 7,500</u>	<u>\$ 7,775</u>
<i>Excess (Deficiency) of Revenue Collected Over Expenditures Paid and Other Financing Sources (Uses)</i>	<u>\$ (71,537)</u>	<u>\$ (71,537)</u>	<u>\$ 18,423</u>	<u>\$ (48,823)</u>	<u>\$ (48,823)</u>	<u>\$ (5,106)</u>	<u>\$ (120,360)</u>	<u>\$ (120,360)</u>	<u>\$ 13,317</u>
<i>Fund Balance - Beginning of Year</i>	<u>71,537</u>	<u>71,537</u>	<u>71,537</u>	<u>48,823</u>	<u>48,823</u>	<u>48,823</u>	<u>120,360</u>	<u>120,360</u>	<u>120,360</u>
<i>Fund Balance - End of Year</i>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 89,960</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 43,718</u>	<u>\$ (0)</u>	<u>\$ (0)</u>	<u>\$ 133,678</u>

**Wynnewood School District No. I-038, Garvin County, Oklahoma**  
**Combining Assets, Liabilities and Fund Equity**  
**Activity Fund - Regulatory Basis**  
**For the Year Ending June 30, 2014**

<b><u>ASSETS</u></b>	<b><u>School Activity Fund</u></b>
Cash	\$ 90,515
Investments	<u>0</u>
<i>Total Assets</i>	<u>\$ 90,515</u>
<b><u>LIABILITIES AND FUND EQUITY</u></b>	
Liabilities:	
Due To Activity Groups	\$ <u>90,515</u>
<i>Total Liabilities</i>	<u>\$ 90,515</u>
Fund Equity:	
Unreserved/Undesignated	\$ <u>0</u>
<i>Total Liabilities and Fund Equity</i>	<u>\$ 90,515</u>

**Wynnewood School District No.1-038, Garvin County, Oklahoma**  
**Combining Statement of Changes in Assets and Liabilities**  
**Regulatory Basis - Activity Fund**  
**For the Year Ending June 30, 2014**

<b>ACTIVITIES</b>	<b>Balance July 1, 2013</b>	<b>Additions</b>	<b>Deletions</b>	<b>Balance June 30, 2014</b>
Athletics Concessions	\$ 16,238	\$ 53,912	\$ 64,314	\$ 5,836
Softball	159	1,201	991	370
Baseball	110	2,307	2,182	235
Basketball Boys	1,561	18,270	19,467	363
Basketball Girls	1,212	16,927	16,570	1,568
Football	11,915	69,371	74,184	7,102
Cross Country	1,012	0	445	567
Boys Track	5,760	4,349	9,456	652
Girls Track	3,244	4,686	5,658	2,273
General Activity	138	2,879	2,926	90
General Fund Refund	0	499	515	(15)
Middle School Academic	1,537	3,832	3,511	1,858
Scholarships	1,730	1,100	1,075	1,755
Grants	2,329	0	0	2,329
Band	1,201	14,844	15,829	216
Cheerleaders	4,034	8,623	9,622	3,034
Yearbook	8,059	10,517	10,064	8,511
Black History Club	337	948	317	968
Special Education	5,337	0	20	5,317
FFA	7,277	30,560	35,728	2,109
FCCLA	191	0	191	(0)
Middle School Pep Club	172	7,304	1,381	6,095
Chorus	1,248	1,602	1,001	1,849
Student Council	137	609	412	334
Art	276	10,129	5,943	4,462
National Honor Society	510	600	462	648
Physics Club	961	0	0	961
Banquet	50	0	50	0
Savage Time Newspaper	0	0	0	0
Snack Bar	(513)	19,546	19,566	(533)
Class of 2012	303	0	0	303
HS Academic Club	1	0	0	1
Spanish Club	392	0	392	0
MS Student Council	1,602	1,593	2,023	1,173
Class of 2008	0	128	0	128
Math Club	1,041	8,054	7,454	1,641
ACT Inschool Account	0	511	511	0
Class of 2014	468	112	581	0
FCA	113	775	711	176
MU Alpha Theta Club	1,801	273	506	1,568
Birthday Book Club	11	0	0	11
Class of 2015	369	6,584	6,647	306
Elementary Dream Team	1,081	24,954	6,935	19,100
High School Library	3,334	860	1,772	2,422
Elementary School	3,429	7,491	10,615	304
Middle School	3,148	3,991	4,449	2,690
High School	293	1,619	355	1,557
Big 8 Conference	180	0	0	180
<b>Total Activities</b>	<b>\$ 93,789</b>	<b>\$ 341,558</b>	<b>\$ 344,833</b>	<b>\$ 90,515</b>

**WYNNEWOOD INDEPENDENT SCHOOL DISTRICT NO.38, GARVIN COUNTY**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**FOR THE YEAR ENDED JUNE 30, 2014**

<u>Federal Grantor/Pass Through Grantor/Program Title</u>	<u>Federal CFDA#</u>	<u>Pass-Through Grantor's Project Number</u>	<u>Deferred Revenue (Accounts Receivable) July 1, 2013</u>	<u>Federal Grant Receipts</u>	<u>Federal Grant Expenditures</u>	<u>Deferred Revenue (Accounts Receivable) June 30, 2014</u>	<u>Indirect Cost included in Grant Expenditures</u>
<b><u>U.S. Department of Education</u></b>							
Direct Programs:							
Title VII-Indian Education	84.060A	561	0	29,595	29,595	0	280
Title VIII-Impact Aid	84.041	591/592	0	10,166	10,166	0	
Passed Through Oklahoma State Department of Education:							
Title I, Basic (Note 3)	84.010	511/541	0	168,285	168,285	0	5,188
<b>Title I Cluster</b>			0	168,285	168,285	0	5,188
IDEA-B Flowthrough	84.027	621	0	144,606	144,606	0	
IDEA-B Preschool	84.173	641	0	6,798	6,798	0	
<b>Special Education Cluster</b>			0	151,404	151,404	0	0
Title VI, Subpart 2, Rural & Low Income	84.358B	587	0	12,721	12,721	0	621
Passed Through Oklahoma Career Tech: Carl Perkins	84.048	421/423	0	5,382	5,382	0	
<b>Total U.S. Department of Education</b>			<b>0</b>	<b>377,553</b>	<b>377,553</b>	<b>0</b>	<b>6,089</b>
<b><u>U.S. Department of Interior</u></b>							
Passed through Chickasaw Nation:							
Johnson O'Malley	15.130	563	0	4,935	4,935	0	
<b>Total U.S. Department of Interior</b>			<b>0</b>	<b>4,935</b>	<b>4,935</b>	<b>0</b>	<b>0</b>
<b><u>U.S. Department of Agriculture</u></b>							
Passed Through State Department of Education:							
Breakfast Program (Note 4)	10.553	764	15,735	92,428	108,163	0	
Lunch Program	10.555	763	0	103,119	99,176	3,943	
Commodities Distributed-Lunch (Note 2)	10.555	N/A	0	11,526	11,526	0	
<b>Child Nutrition Cluster</b>			15,735	207,073	218,865	3,943	0
<b>Total U.S. Department of Agriculture</b>			<b>15,735</b>	<b>207,073</b>	<b>218,865</b>	<b>3,943</b>	<b>0</b>
<b>TOTAL FEDERAL ASSISTANCE</b>			<b>15,735</b>	<b>589,561</b>	<b>601,353</b>	<b>3,943</b>	<b>6,089</b>

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 in the amount of \$11,526 were of a nonmonetary nature and therefore the total revenue does not agree with the financial statements by this amount.

Note 3 - Title II, Pt. A consolidated with Title 1.

Note 4 - Adjusted beginning balance to agree with carryover per the State Dept. of Education



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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  
Wynnewood Independent School District #38  
Garvin 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 **Wynnewood Independent School District #38**, Garvin County, Oklahoma, as of and for the year ended June 30, 2014, 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 6, 2015. 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 **Wynnewood Independent School District #38**, Garvin 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. 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 to be significant deficiencies. (2014-1, 2014-2, 2014-3, 2014-4, 2014-5)

### **Compliance and Other Matters**

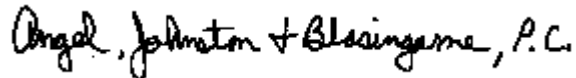
As part of obtaining reasonable assurance about whether The District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material 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*.

### **Wynnewood Independent School District #38, Oklahoma's, Response to Findings**

Wynnewood Independent School District #38, 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 6, 2015



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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  
Wynnewood Independent School District #I-38  
Garvin County, Oklahoma

Board Members:

**Report on Compliance for Each Major Federal Program**

We have audited **Wynnewood Independent School District #I-38**, Garvin 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, 2014. 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 **Wynnewood Independent School District, I-38** Garvin 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, **Wynnewood Independent School District #I-38**, Garvin 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, 2014.



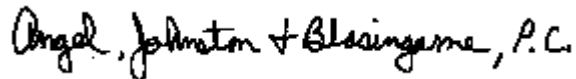
## Report on Internal Control Over Compliance

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 6, 2015

Wynnewood ISD No. 38, Garvin County  
Schedule of Findings and Questioned Cost  
For the Year Ended June 30, 2014

**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#**

84.010

Title I, Cluster

84.027, 84.173

Special Education Cluster

Wynnewood ISD No. 38, Garvin County  
Schedule of Findings and Questioned Cost  
For the Year Ended June 30, 2014

**Findings-Financial Statement Audit**

**2014-1 - Finding**

**Statement of Condition** – 8 of 32 P.O.'s tested in Goods and Services were dated after the invoice. 13 of 32 invoices in the General Fund, Child Nutrition Fund and Bond Fund and 17 of 31 invoices in the Activity Fund were not signed acknowledging receipt of goods/services.

**Criteria** – To establish good internal controls, a purchase requisition should be completed and approved by the approving officer prior to a purchase being made. A signature should be obtained prior to payment being made to indicate the goods/services were received.

**Cause/Effect of Condition** – Failure to follow purchasing procedures could cause unauthorized expenditures. Goods/services are being paid with unknown verification of receipt. There is an increased risk of fraud or theft when purchase order procedures are not followed.

**Recommendation** – Purchase orders should be completed and proper approval should be obtained prior to purchasing goods or services. All purchases require a signature be obtained prior to payment indicating receipt of the goods/services.

**2014-2 - Finding**

**Statement of Condition** – Federal matching on the teacher retirement is not being paid for Child Nutrition employees when their payroll is paid from a 763 or 764 project code.

**Criteria** – All payroll coded to federal expenditures should have the 8.25% matching teacher retirement rate plus the 9.5% statutory rate paid into the Teacher Retirement System.

**Cause/Effect of Condition** – The proper percentages were not entered into the computer which caused an underpayment of teacher retirement.

**Recommendation** – All payroll coded to federal expenditures should be paying the 17.75% retirement burden. This should be monitored periodically to make sure rates are accurate.

**2014-3 - Finding**

**Statement of Condition** – During testing of the Art account, it was noted that the sponsor was paying for supplies with cash that was collected from the snack bar. This resulted in not having all of the cash deposited into the bank. There was also no purchasing process followed for these purchases (no purchase order completed). Cash was also being held and not being deposited timely.

**Criteria** – Deposits are required to be made anytime the total is \$100 but never less than once per week. To establish good internal controls, a purchase requisition should be completed and approved by the approving officer prior to a purchase being made. A purchase should never be made with cash.

**Cause/Effect of Condition** – Sponsors are not following purchasing and deposit procedures. This increases the risk of unauthorized purchases and misappropriation of funds.

**Recommendation** – Purchase orders should be completed and proper approval should be obtained prior to purchasing goods or services. Sponsors should turn in receipts for deposits on a daily basis. A purchase should never be made with cash.

**2014-4 - Finding**

**Statement of Condition** – The “Snack Bar” activity fund sub-account had a negative balance of \$533.30 at year end. Also the “General Fund Refund” subaccount had a negative balance of \$15.07.

**Criteria** – Activity fund sub-accounts should never carry a negative balance. Also, the General Fund Refund accounts are required to be closed to zero (0) at the end of each year.

**Cause/Effect of Condition** – The balance was transferred at the end of the year and then a check cleared after the fact, causing a negative balance. The sub-accounts were over expended during the year.

**Recommendation** – Activity fund sub-accounts should never carry a negative balance. The General Fund Refund account should be closed to the General Fund at the end of each year.

**2014-5 - Finding**

**Statement of Condition** – The FFA Sausage fundraiser did not issue receipts for all money collected. Also noted was the FFA account as well as the Band sub-account did not deposit money on a timely basis. Some money was held for weeks before being deposited.

**Criteria** – All students should be issued a prenumbered receipt for money turned in to the sponsor. Deposits are required to be made anytime the total is \$100 but never less than once per week.

**Cause/Effect of Condition** – Not following proper fundraiser procedures and sponsors holding money. Monies not deposited timely increase the risk of misappropriation of funds.

**Recommendation** – All students should be issued prenumbered receipts for money turned in to sponsors and all money should be deposited daily or at a minimum weekly if under \$100.

**Findings and Questioned Costs – Major Federal Award Programs Audit**

(None Reported)

OTHER INFORMATION

Wynnewood ISD No. 38, Garvin County  
Summary Schedule of Prior Year Audit Findings  
Year Ended June 30, 2014

Finding 2013-1

Statement of Condition - Of the 14 activity fund disbursements tested, we noted about half of the purchase requisitions were dated after the invoice or statement date. This indicates that the purchase requisition is not initiating the purchasing process.

Criteria - To establish good internal controls, a purchase requisition should be completed and approved by the approving officer and then the activity fund custodian should check if there are available funds in the sub-account, prior to a purchase being made.

Cause/Effect of Condition - Sponsors did not follow procedures. Therefore, unauthorized purchases could be made.

Recommendation - Sponsors should complete a purchase requisition and get approval prior to purchasing good or services.

Current Status – This was corrected for the 2013-14 year.

Finding 2013-2

Statement of Condition - During activity fund testing, the school was not able to locate receipt books for any of the fundraisers we selected for testing. It was also noted that the activity fund custodian is not keeping any sort of permanent receipting records, but is leaving it up to the sponsors to keep these records.

Criteria - Prenumbered receipts should be issued to students for all monies collected and turned into the activity fund custodian. The sponsors' copy of the receipt book should be turned into the activity fund custodian at the end of the year to be kept with the school's permanent records.

Cause/Effect of Condition - Sponsors are not following receipting procedures, which could allow for money being collected and not deposited, or not deposited timely.

Recommendation - We recommend prenumbered receipts be issued by the sponsors when they receive money from students, and that receipt books be turned into the activity fund custodian at the end of the year and kept with the school's permanent records.

Current Status – This was corrected for the 2013-14 year.

Finding 2013-3

Statement of Condition – The “Snack Bar” activity fund sub-account had a negative \$513.30 balance at the end of the year.

Criteria – Activity fund sub-accounts should never carry a negative balance.

Cause/Effect of Condition – The balance was transferred at the end of the year and then a check cleared after the fact, causing a negative balance.

Recommendation - Activity Fund Sub-accounts should not carry negative balances.

Current Status – We continue to note this as a finding for the 2013-14 year.

Wynnewood ISD No. 38, Garvin County  
Summary Schedule of Prior Year Audit Findings  
Year Ended June 30, 2014

Finding 2013-4

Statement of Condition - During our testing of activity fund disbursements, we noted 5 checks clearing the bank, had only one of the two required signatures.

Criteria - Proper internal control procedures require all checks issued have the signature of 2 authorized individuals.

Cause/Effect of Condition - There appears to be a lack of supervision of the payment process, which allows one person to issue a check and increases risk of fraud or misappropriation of assets.

Recommendation - Procedures should be put in place to ensure that there are 2 signatures on all checks.

Current Status – This was corrected for the 2013-14 year.

Finding 2013-5

Statement of Condition - During encumbrance testing, we noted an expenditure paid from 2013-14 general fund appropriations for football uniforms in the amount of \$5,971, however, the uniforms were ordered and anticipated to be received in March-April of 2013, so it should have been encumbered and paid out of 2012-13 year appropriations. We also noted an expenditure paid from 2013-14 building fund appropriations for supplies and cleaning in the amount of \$3,729.31; however, it was ordered on June 7, 2013, so it should have been encumbered and paid out of 2012-13 year appropriations.

Criteria - Proper purchasing procedures require that all purchases be approved and encumbered from fiscal year appropriations in which the goods/services are obligated.

Cause/Effect of Condition - It appears purchase orders are not always being initiated prior to items being purchased. This resulted in an overstatement of fund balance for the 2012-13 year.

Recommendation - We recommend all purchases be approved and encumbered prior to an order being made. They should also be paid out of the fiscal year appropriations in which they were obligated.

Current Status – This was corrected for the 2013-14 year.

Finding 2013-6 - National School Lunch CFDA No. 10.555/10.553 for year ending June 30, 2013

Statement of Condition - During our testing of National School Lunch expenditures, we noted an expenditure to Trails End BBQ for \$517.00. This expenditure was to provide a meal for school staff at the end of the school year.

Criteria - National school lunch program should only pay for expenditures related either directly or indirectly to the service of providing meals to students. If the school provides meals to the staff, the child nutrition fund should be reimbursed by the general fund or the general fund should pay an equal amount of expenditures for the child nutrition fund.

Cause/Effect of Condition - The school was aware of the rule, but overlooked reimbursing this amount, which caused the National School Lunch program to have a questioned cost of \$513.

Recommendation - The school should only pay expenses related to student meals from the National School Lunch program. If other expenditures are paid, child nutrition should be reimbursed by the general fund.

Questioned Cost	\$513.00
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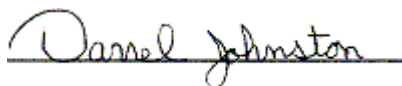
Current Status – This was corrected for the 2013-14 year.

Wynnewood ISD No. 38, Garvin County  
Schedule of Accountant's Professional Liability Insurance Affidavit  
For Year Ending June 30, 2014

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 *Wynnewood Schools* for the audit year *2013-14*.

ANGEL, JOHNSTON, & BLASINGAME, P.C.



by \_\_\_\_\_

Subscribed and sworn to before me this \_\_\_\_\_ day of \_\_\_\_\_, 2015.

\_\_\_\_\_  
Notary Public

My Commission Expires 07-01-2018



SCHOOL'S CORRECTIVE ACTION PLAN

# WYNNEWOOD Public Schools

702 EAST ROBERT S. KERR Blvd.

WYNNEWOOD, Okla. 73098

(405) 667-2004

FAX: 405-667-5425

Wynnewood Public School District

Garvin County

Audit Findings Corrective Action Plan

Audit Year 2013-2014

Audit Finding Reference Number: 2014-1

Description of Finding: P.O's for goods and services not being signed before the date of the invoice, also invoices in the activity fund not signed acknowledging receipt of goods/services.

Contact Person: Raymond Cole

Steps Implemented: We will continue to stress to all personnel the importance of following proper procedures when purchasing goods/services. We will also encourage all personnel to sign invoices once goods/services are delivered.

Completion Date: Immediately 1-6-2015

Signature:

Raymond Cole

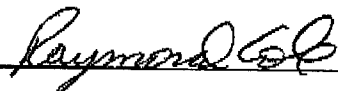
**WYNNEWOOD Public Schools**

702 EAST ROBERT S. KERR Blvd.

WYNNEWOOD, Okla. 73098

(405) 667-2004

FAX: 405-667-5425

Wynnewood Public School DistrictGarvin CountyAudit Findings Corrective Action PlanAudit Year 2013-2014Audit Finding Reference Number: 2014-2Description of Finding: Federal matching on the teacher retirement is not being paid for Child Nutrition Employees when their payroll is from project code 763 or 764.Contact Person: Raymond ColeSteps Implemented: The payroll clerk will take the necessary steps to insure the proper codes and amounts equaling 17.75% will entered into the federal matching for teachers retirement.Completion Date: 1-15-2015Signature:

# WYNNEWOOD Public Schools

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WYNNEWOOD, Okla. 73098

(405) 667-2004

FAX: 405-667-5425

## Wynnewood Public School District

### Garvin County

## Audit Findings Corrective Action Plan

### Audit Year 2013-2014

Audit Finding Reference Number: 2014-3

Description of Finding: It was discovered that the Art teacher was paying for goods with cash collected from the snack bar. Cash was being held and not deposited timely.

Contact Person: Raymond Cole

Steps Implemented: The Art teacher will be instructed to deposit all cash in a timely fashion and if this occurs again she will no longer be allowed to operate a snack bar.

Completion Date: 1-1-2015

Signature: 

# WYNNEWOOD Public Schools

702 EAST ROBERT S. KERR Blvd.

WYNNEWOOD, Okla. 73098

(405) 667-2004

FAX: 405-665-5425

## Wynnewood Public School District

### Garvin County

## Audit Findings Corrective Action Plan

### Audit Year 2013-2014

Audit Finding Reference Number: 2014-4

Description of Finding: The "Snack Bar" activity fund sub-account and the "General Fund Refund" sub-account had negative balances at year end.

Contact Person: Raymond Cole

Steps Implemented: This was caused by checks clearing after the accounts had been closed out for the end of year. In the future we will make sure all outstanding checks have cleared before closing out these accounts so as to avoid negative balances at year end.

Completion Date: 1-1-2015

Signature: \_\_\_\_\_

*Raymond Cole*

# WYNNEWOOD Public Schools

702 EAST RICHARDSON KERR Blvd.

WYNNEWOOD, Okla. 73098

(405) 665-2004

FAX: 405-665-5425

## Wynnewood Public School District

### Garvin County

## Audit Findings Corrective Action Plan

### Audit Year 2013-2014

Audit Finding Reference Number: 2014-5

Description of Finding: The FFA Sausage fundraiser and the Band sub-account had not issued receipts for all money collected from fund raisers and some money was being held and was not deposited on a timely basis.

Contact Person: Raymond Cole

Steps Implemented: We have a Band teacher who is new to the profession and our FFA teacher was gone for two weeks which resulted in money not getting receipted properly and some money being held and not deposited timely. The Administration has met with these sponsors and explained the need for proper steps being followed in future fund raisers.

Completion Date: 1-1-2015

Signature:

Raymond Cole