

**ANNUAL FINANCIAL REPORT**  
**INDEPENDENT SCHOOL DISTRICT NO. 4**  
**CHOCTAW/NICOMA PARK PUBLIC SCHOOL DISTRICT**  
**OKLAHOMA COUNTY, OKLAHOMA**  
**JULY 1, 2015 TO JUNE 30, 2016**

CHOCTAW/NICOMA PARK PUBLIC SCHOOLS  
INDEPENDENT SCHOOL DISTRICT NO. 4  
OKLAHOMA, COUNTY  
JUNE 30, 2016

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CHOCTAW/NICOMA PARK PUBLIC SCHOOLS  
INDEPENDENT SCHOOL DISTRICT NO. 4  
OKLAHOMA, COUNTY  
JULY 1, 2015 TO JUNE 30, 2016

SCHOOL DISTRICT BOARD MEMBERS

James Alsup Jr.  
Elizabeth Parker  
Janice Modisette  
Pamela Matherly  
Daryl Crusoe

SUPERINTENDENT OF SCHOOL DISTRICT

Jim McCharen

CLERK OF THE BOARD

Pamela Matherly

SCHOOL DISTRICT TREASURER

Kevin Berry

**PUTNAM & COMPANY, PLLC**

**Certified Public Accountants**

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**INDEPENDENT AUDITOR'S REPORT**

January 25, 2017

The Honorable Board of Education  
Choctaw/Nicoma Park School District No. 4  
Oklahoma County, Oklahoma

**Report on the Financial Statements**

We have audited the accompanying combined fund type and account group financial statements-regulatory basis of Choctaw/Nicoma Park School District No. 4, Oklahoma County, Oklahoma, as of and for the year ended June 30, 2016, as listed in the table of contents.

**Management's Responsibility for the Financial Statements**

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

**Auditor's Responsibility**

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. 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 their 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 opinion.

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

As discussed in Note 1, these financial statements were prepared by the District, on the basis of the financial reporting provisions of the Oklahoma State Department of Education, which is a basis of accounting other than accounting principles generally accepted in the United States of America, to



comply with the requirements of the Oklahoma State Department of Education. The effects on the financial statements of the variances between the regulatory basis of accounting described in Note 1 and accounting principles generally accepted in the United States of America, although not reasonably determined, are presumed to be material.

#### **Adverse Opinion of U.S. Generally Accepted Accounting Principles**

In our opinion, because the significance of the matter discussed in the "Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles" paragraph, the financial statements referred to in the first paragraph do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of the District as of June 30, 2016, the changes in its financial position, or, where applicable, its cash flows for the year then ended.

#### **Basis for Qualified Opinion on Regulatory Basis of Accounting**

In our opinion, except for the effects of the matters described in the "Basis for Qualified Opinion on Regulatory Basis of Accounting" paragraph, the financial statements referred to in the first paragraph present fairly, in all material respects, the assets, liabilities and fund balance arising from regulatory basis transactions of each fund type and account group of the District, as of June 30, 2016, and the revenues collected and expenditures paid and encumbered for the year then ended on the regulatory basis of accounting described in Note 1.


#### **Other Matters**

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The combining statement – regulatory basis and the schedule of expenditures of federal awards, are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining statements – regulatory basis and the schedule of expenditures of federal awards are the responsibility of the 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 the other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combined statements – regulatory basis and the schedule of expenditures of federal awards are fairly stated in all material respects in relation to the basic financial statements as a whole.

#### **Other Reporting Required by Government Auditing Standards**

In accordance with Government Auditing Standards, we have also issued our report dated January 25, 2017 on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and to other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards. In considering the District's internal control over financial reporting and compliance.



Putnam & Company, PLLC

## **COMBINED FINANCIAL STATEMENTS**

**CHOCTAW/NICOMA PARK SCHOOL DISTRICT NO. 4**  
**OKLAHOMA COUNTY, OKLAHOMA**  
**COMBINED STATEMENT OF ASSETS AND LIABILITIES**  
**(ALL FUND TYPES AND ACCOUNT GROUPS) - REGULATORY BASIS**  
**JUNE 30, 2016**

	Governmental Fund Types				Fiduciary Fund Types	Account Group	Totals
	General	Special Revenue	Debt Service	Capital Projects Fund	Trust and Agency	General Long-Term Debt	(Memorandum Only)
<b>ASSETS</b>							
Cash and Cash Equivalents	\$4,093,992	282,035	2,971,719	8,342,761	687,780		16,378,287
Amount available in Debt Service Fund						299,302	299,302
Amount to be provided for retirement of General Long-Term Debt						19,595,639	19,595,639
<b>Total Assets</b>	<b>\$4,093,992</b>	<b>282,035</b>	<b>2,971,719</b>	<b>8,342,761</b>	<b>687,780</b>	<b>19,894,941</b>	<b>36,273,228</b>
<b>LIABILITIES</b>							
Warrants Payable	\$352,365	21,688		565	14,271		388,889
Reserved for Encumbrances	3,516,169	181,771			1,000		3,698,940
General Obligation Bonds Payable			2,659,583			19,380,417	22,040,000
Interest Payable on Bonds			12,834			514,524	527,358
<b>Total Liabilities</b>	<b>3,868,534</b>	<b>203,459</b>	<b>2,672,417</b>	<b>565</b>	<b>15,271</b>	<b>19,894,941</b>	<b>26,655,187</b>
<b>FUND EQUITY</b>							
Fund Balances:							
Restricted for Building Projects		75,260					75,260
Restricted for Child Nutrition Programs		3,316					3,316
Restricted for Coop Purposes							0
Restricted for Debt Service			299,302				299,302
Restricted for Capital Projects				8,342,196			8,342,196
Restricted for Insurance Purposes					27,122		27,122
Restricted for Student Activities					645,387		645,387
Unassigned	225,458						225,458
<b>Total Fund Balance</b>	<b>225,458</b>	<b>78,576</b>	<b>299,302</b>	<b>8,342,196</b>	<b>672,509</b>	<b>0</b>	<b>9,618,041</b>
<b>Total Liabilities and Fund Equity</b>	<b>\$4,093,992</b>	<b>282,035</b>	<b>2,971,719</b>	<b>8,342,761</b>	<b>687,780</b>	<b>19,894,941</b>	<b>36,273,228</b>

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

CHOCTAW/NICOMA PARK SCHOOL DISTRICT NO. 4  
OKLAHOMA COUNTY, OKLAHOMA  
COMBINED STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE  
ALL GOVERNMENTAL FUND TYPES AND SIMILAR TRUST FUNDS - REGULATORY BASIS  
FOR THE YEAR ENDED JUNE 30, 2016

	Governmental Fund Types				Fiduciary Fund Types Trust and Agency	Totals (Memorandum Only)
	General	Special Revenue	Debt Service	Capital Projects		
REVENUES:						
Local Sources	\$7,632,790	1,806,956	6,819,868	0	1,104,363	17,363,977
Intermediate Sources	1,681,244					1,681,244
State Sources	20,016,481	106,277				20,122,758
Federal Sources	2,296,852	929,775				3,226,627
Total Revenues	31,627,367	2,843,008	6,819,868	0	1,104,363	42,394,606
EXPENDITURES:						
Instruction	20,008,998			248,622		20,257,620
Support Services	12,096,282	890,856		446,171	6,885	13,440,194
Non-Instructional Services	10,817	1,785,400		21,426	1,014,397	2,832,040
Facilities Acquisition & Construction Services		111,672		6,486,265		6,597,937
Other Outlays	4,149	6,220				10,369
DEBT SERVICE						
Bonds Paid			6,565,833			6,565,833
Coupons Paid			216,357			216,357
Total Expenditures	32,120,246	2,794,148	6,782,190	7,202,484	1,021,282	49,920,350
Revenues Over (Under) Expenditures	(492,879)	48,860	37,678	(7,202,484)	83,081	(7,525,744)
OTHER FINANCING SOURCES (USES):						
Proceeds from Sale of Bonds				7,100,000		7,100,000
Estopped Warrants	249					249
Return of Assets	78,106	9,207	213			87,526
Deobligation of Prior Year Funds	(3,475)	68		8,001		4,594
Total Other Financing Sources (Uses)	74,880	9,275	213	7,108,001	0	7,192,369
Revenue and Other Sources Over (Under) Expenditures and Other Uses	(417,999)	58,135	37,891	(94,483)	83,081	(333,375)
Fund Balance, Beginning of Year	643,457	20,441	261,411	8,436,679	589,428	9,951,416
Fund Balance, End of Year	\$225,458	78,576	299,302	8,342,196	672,509	9,618,041

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

**CHOCTAW/NICOMA PARK SCHOOL DISTRICT NO. 4**  
**OKLAHOMA COUNTY, OKLAHOMA**  
**COMBINED STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE**  
**BUDGET AND ACTUAL - REGULATORY BASIS**  
**GENERAL FUND AND BUDGETED SPECIAL REVENUE FUNDS**  
**FOR THE YEAR ENDED JUNE 30, 2016**

	General Fund			Special Revenue Funds			
	Original/ Final Budget	Actual	Variance Favorable (Unfavorable)	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
<b>REVENUES:</b>							
Local Sources	\$6,953,406	7,632,790	679,384	1,776,085	1,797,980	1,806,956	8,976
Intermediate Sources	2,050,000	1,681,244	(368,756)				0
State Sources	20,345,380	20,016,481	(328,899)	108,500	105,277	106,277	1,000
Federal Sources	2,101,492	2,296,852	195,360	772,000	929,775	929,775	0
<b>Total Revenues</b>	<b>31,450,278</b>	<b>31,627,367</b>	<b>177,089</b>	<b>2,656,585</b>	<b>2,833,032</b>	<b>2,843,008</b>	<b>9,976</b>
<b>EXPENDITURES:</b>							
Instruction	20,027,162	20,008,998	18,164				0
Support Services	12,096,707	12,096,282	425	873,721	956,031	890,856	65,175
Non-Instructional Services	10,817	10,817	0	1,685,480	1,787,449	1,785,400	2,049
Facilities Acquisition & Construction Services			0	111,672	111,672	111,672	0
Other Outlays	4,049	4,149	(100)	6,153	6,153	6,220	(67)
<b>Total Expenditures</b>	<b>32,138,735</b>	<b>32,120,246</b>	<b>18,489</b>	<b>2,677,026</b>	<b>2,861,305</b>	<b>2,794,148</b>	<b>67,157</b>
Revenues Over (Under) Expenditures	(688,457)	(492,879)	195,578	(20,441)	(28,273)	48,860	77,133
<b>OTHER FINANCING SOURCES (USES):</b>							
Return of Assets	45,000	78,106	33,106		7,832	9,207	1,375
Estopped Warrants		249	249				0
Deobligation of Prior Year Funds		(3,475)	(3,475)			68	68
<b>Total Other Financing Sources (Uses)</b>	<b>45,000</b>	<b>74,880</b>	<b>29,880</b>	<b>0</b>	<b>7,832</b>	<b>9,275</b>	<b>1,443</b>
Revenue and Other Sources Over (Under) Expenditures and Other Uses	(643,457)	(417,999)	225,458	(20,441)	(20,441)	58,135	78,576
Fund Balance, Beginning of Year	643,457	643,457	0	20,441	20,441	20,441	0
Fund Balance, End of Year	\$0	225,458	225,458	0	0	78,576	78,576

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

**NOTES TO FINANCIAL STATEMENTS**

**CHOCTAW/NICOMA PARK SCHOOL DISTRICT NO. 4  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2016**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The basic financial statements of the Choctaw/Nicoma Park Public Schools Independent District No. 4, Oklahoma County, Oklahoma (the "District") have been prepared in conformity with an other comprehensive basis of accounting as prescribed by the Oklahoma State Department of Education. The more significant of the District's accounting policies are described below.

**A. Reporting Entity**

The District is a corporate body for public purposes created under Title 70 of the Oklahoma statutes and accordingly is a separate entity for operating and financial reporting purposes.

The District is part of the public school system of Oklahoma under the general direction and control of the State Board of Education and is financially dependent on State of Oklahoma support. The general operating authority for the public school system is the Oklahoma School Code contained in Title 70, Oklahoma Statutes.

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

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

A second criterion used in evaluating potential component units is the scope of public service. Application of this criterion involves considering whether the activity benefits the District and/or its citizens, or whether the activity is conducted within the geographic boundaries of the District and is generally available to its patrons.

A third criterion used to evaluate potential component units for inclusion or exclusion from the reporting entity is the existence of special financing relationships, regardless of whether the District is able to exercise oversight responsibilities.

Based upon the application of these criteria, there are no potential component units included in the District's reporting entity.

**B. Fund Accounting and Description of Funds**

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.

**CHOCTAW/NICOMA PARK SCHOOL DISTRICT NO. 4**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED JUNE 30, 2016**

**B. Fund Accounting and Description of Funds – (continued)**

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

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

**Governmental Fund Types**

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

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

**Special Revenue Fund** – The special revenue fund is the District's 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.

The Child Nutrition Fund derives monies from State, Federal and local sources.

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

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

**Fiduciary Fund Types**

Fiduciary funds are used to account for assets held on behalf of outside parties, including other governments, or on behalf of other funds within the District. When these assets are held under the terms of a 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.



**CHOCTAW/NICOMA PARK SCHOOL DISTRICT NO. 4**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED JUNE 30, 2016**

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

Account Groups

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

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

General Fixed Asset Account Group – This account group is used to account for property, plant, and equipment of the school district. The District does not 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.

C. Basis of Accounting and Presentation

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

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

- Encumbrances represented by purchase orders, contracts, and other commitments for the expenditure of monies and are recorded as expenditures when approved.
- Investments 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.

**CHOCTAW/NICOMA PARK SCHOOL DISTRICT NO. 4**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED JUNE 30, 2016**

C. Basis of Accounting and Presentation – (continued)

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.

D. Budgets and Budgetary Accounting

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

The District may upon approval by a majority of the electors of the District voting on the question make the ad valorem levy for emergency levy and local support levy permanent. Under current Oklahoma Statutes, a formal budget is required for all funds except for trust and agency funds. Budgets are presented for all funds that include the originally approved budgeted appropriations for expenditures and final budgeted appropriations as adjusted for supplemental appropriations and approved transfers between budget categories.

E. Assets, Liabilities, and Fund Equity

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 recorded at cost, which approximates market value.

Property Tax Revenues – The district is authorized by state law to levy property taxes, which consist of ad valorem taxes on real and personal property within the district. The county assessor, upon receipt of the certification of tax levies from the County Excise Board, extends the tax levies on the tax roll for submission to the County Treasurer 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.

**CHOCTAW/NICOMA PARK SCHOOL DISTRICT NO. 4**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED JUNE 30, 2016**

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

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

Capital Assets – The accounting treatment over capital assets (property, plant, and equipment) depends on whether the assets are used in governmental fund-type operations or proprietary fund-type operations. Fixed assets used in governmental fund-type operations (general fixed assets) are recorded for as capital outlay expenditures of the governmental fund-type upon acquisition and are recorded as property, plant, and equipment in the General Fixed Asset Account Group. Fixed assets used in proprietary fund-type operations are accounted for as property, plant, and equipment within the proprietary fund itself.

All fixed assets are valued at historical cost, or estimated cost if actual is unavailable, except for donated fixed assets, which are recorded at their estimated fair value at the date of donation.

Depreciation and accumulated depreciation are not reported against general fixed assets.

Compensated Absences – The district provides vacation and sick leave benefits in accordance with Oklahoma Statutes, which provides for annual sick leave and personal business days. Accrued vacation and sick leave benefits are not reflected in the financial statements because such statements are prepared on the regulatory basis of accounting. This practice differs from generally accepted accounting principles.

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.

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 – Fund balance represents the cash and investments not encumbered by purchase order, legal contracts, and outstanding warrants.

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

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

**CHOCTAW/NICOMA PARK SCHOOL DISTRICT NO. 4**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED JUNE 30, 2016**

**F. Revenue, Expenses, and Expenditures – (continued)**

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

The District receives revenue from the state to administer certain categorical educational programs. State Board of Education rules require that revenue earmarked for these programs be expended only for the program for which the money is provided. 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 expenditure/expenses in the fund that is reimbursed. All other interfund transactions, except quasi-external transactions and reimbursements, are reported as transfers.

**2. DEPOSIT AND INVESTMENT RISKS**

***Custodial Credit Risk*** - 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(c), 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, 2016, the District was not exposed to custodial credit risk as defined above.

***Investment Credit Risk*** – The District's investment policy limits investments to those allowed in state law applicable to school districts as follows:

- a. 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.
- b. Certificates of deposit or savings accounts that are either insured or secured with acceptable collateral with in-state financial institutions, and fully insured certificates of deposit or savings accounts in out-of-state financial institutions.

**CHOCTAW/NICOMA PARK SCHOOL DISTRICT NO. 4**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED JUNE 30, 2016**

***Investment Credit Risk (continued)*** - Investment credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The District has no formal policy limiting investments based on credit rating, but discloses any such credit risk associated with their investments. 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.

***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's investment policy limits investments to those with a short-term maturities, as a means of managing 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.

***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's investment policy requires diversification of investments.

At June 30, 2016, the District had no concentration of credit risk as defined above.

**3. INTERFUND RECEIVABLES AND PAYABLES**

There were no Interfund receivables or payables at June 30, 2016.

**4. GENERAL LONG-TERM DEBT**

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

**CHOCTAW/NICOMA PARK SCHOOL DISTRICT NO. 4  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2016**

**4. GENERAL LONG-TERM DEBT - (continued)**

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

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

	Bonds Payable	Total
Balance, July 1, 2015	\$21,245,000	\$ 21,245,000
Additions	7,100,000	7,100,000
Retirements	6,305,000	6,305,000
Balance, June 30, 2016	<u>\$22,040,000</u>	<u>\$ 22,040,000</u>

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

	Amount Outstanding
Independent School District No. 4 Building Bonds, Series 2015, original Issue \$7,100,000, interest rate of 1.0% to 1.25%, due in an annual installments of \$2,350,000, final payment of \$2,375,000 due May 1, 2020.	\$ 7,100,000
Independent School District No. 4 Building Bonds, Series 2015, original Issue \$6,600,000, interest rate of 1.0% to 1.25%, due in an annual installments of \$2,200,000, final payment of \$2,200,000 due June 1, 2019.	6,600,000
Independent School District No. 4 Building Bonds, Series 2013, original Issue \$6,100,000, interest rate of 1.0% to 1.5%, due in an annual installments of \$2,000,000, final payment of \$2,100,000 due June 1, 2018.	4,100,000
Independent School District No. 4 Building Bonds, Series 2013, original Issue \$5,725,000, interest rate of 0.50% to .875%, due in an annual installments of \$1,430,000, final payment of \$1,435,000 due June 1, 2018.	2,865,000

**CHOCTAW/NICOMA PARK SCHOOL DISTRICT NO. 4  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2016**

**4. GENERAL LONG-TERM DEBT** -(continued)

Independent School District No. 4  
Building Bonds, Series 2013, original  
Issue \$5,500,000, interest rate of 0.55% to 1.20%,  
due in an annual installments of \$1,375,000, final  
payment of \$1,375,000 due June 1, 2017. 1,375,000

TOTAL \$22,040,000

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

Year ending June 30	Principle	Interest	Total
2017	\$ 7,005,000	\$ 236,875	\$ 7,241,875
2018	8,085,000	173,920	8,258,920
2019	4,575,000	86,875	4,661,875
2020	2,375,000	29,688	2,404,688
	<u>\$ 22,040,000</u>	<u>\$ 527,358</u>	<u>\$ 22,567,358</u>

Interest expense on general long-term debt incurred during the current year totaled \$216,357.

**5. EMPLOYEE RETIREMENT SYSTEM**

The Retirement System's financial statements are prepared in conformity with accounting principles generally accepted in the United States of America. The financial statements have also been prepared in compliance with the requirements of the Government Accounting Standards Board Statement No. 34.

The financial statements are prepared on the accrual basis of accounting, under which expenses are recorded when the liability is incurred, revenues are recorded in the accounting period they are earned and become measurable, and investment purchases and sales are recorded as of their trade dates. Member and employer contributions are recognized when due, pursuant to formal commitments. Benefits and refunds are recognized when due and payable.

**CHOCTAW/NICOMA PARK SCHOOL DISTRICT NO. 4  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2016**

**5. EMPLOYEE RETIREMENT SYSTEM - (continued)**

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. Actuarial valuations are not performed on individual school districts. The nonfunded pension benefit obligation of the System, as determined as part of the latest actuarial valuation indicates a significant unfunded pension benefit obligation.

Funding Policy

A participant with five years of creditable service may retire with a normal retirement allowance at the age of sixty-two (62) or with reduced benefits as early as age fifty-five (55). The normal retirement allowance paid monthly for life and then to beneficiaries, if certain options are exercised, equals two percent of the average of the highest three earning years of contributory service multiplied by the number of years of credited service. A participant leaving employment before attaining retirement age, but completing ten years of service, may elect to vest his/her accumulated contributions and defer receipt of a retirement annuity until a later date. When a participant dies in active service and has completed ten years of credited service, the beneficiary is entitled to a death benefit of \$18,000.00 and the participant's contributions plus interest. If the beneficiary is a surviving spouse, the surviving spouse may, in lieu of the death benefit elect to receive, subject to the surviving spousal options, the participant's retirement benefits accrued at the time of death. The contribution rates for the Districts, which are not actuarially determined, and its employees are established by statute and applied to the employee's earnings, plus employer-paid fringe benefits. Employers' contribution of applicable employee earnings was 9.5% for the year ended June 30, 2016.

	<u>Total Payroll</u>	<u>Contributions</u>
2015-16	\$ 26,210,498	\$ 2,525,357
2014-15	\$ 20,413,001	\$ 1,971,971
2013-14	\$ 22,369,849	\$ 2,163,435

**6. CONTINGENCIES**

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



**CHOCTAW/NICOMA PARK SCHOOL DISTRICT NO. 4**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED JUNE 30, 2016**

**7. RISK MANAGEMENT AND LITIGATION**

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.

**8. SUBSEQUENT EVENTS**

Subsequent events have been evaluated through January 25, 2017, which is the date the financial statements were issued.

## **OTHER SUPPLEMENTARY INFORMATION**

**CHOCTAW/NICOMA PARK SCHOOL DISTRICT NO. 4  
OKLAHOMA COUNTY, OKLAHOMA  
COMBINING STATEMENT OF ASSETS AND LIABILITIES - REGULATORY BASIS  
SPECIAL REVENUE FUNDS  
JUNE 30, 2016**

	<u>BUILDING FUND</u>	<u>CHILD NUTRITION FUND</u>	<u>TOTALS (Memorandum Only)</u>
<b><u>ASSETS</u></b>			
Cash and Cash Equivalents	<u>\$168,455</u>	<u>113,580</u>	<u>282,035</u>
Total Assets	<u><u>168,455</u></u>	<u><u>113,580</u></u>	<u><u>282,035</u></u>
<b><u>LIABILITIES AND FUND EQUITY</u></b>			
Liabilities:			
Warrants Outstanding	21,578	110	21,688
Reserved for Encumbrances	<u>71,617</u>	<u>110,154</u>	<u>181,771</u>
Total Liabilities	<u>93,195</u>	<u>110,264</u>	<u>203,459</u>
Fund Equity:			
Restricted for Building Purposes	75,260		75,260
Restricted for Child Nutrition Programs		<u>3,316</u>	<u>3,316</u>
Total Fund Equity	<u>75,260</u>	<u>3,316</u>	<u>78,576</u>
Total Liabilities and Fund Equity	<u><u>\$168,455</u></u>	<u><u>113,580</u></u>	<u><u>282,035</u></u>

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

**CHOCTAW/NICOMA PARK SCHOOL DISTRICT NO. 4  
OKLAHOMA COUNTY, OKLAHOMA  
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCES - REGULATORY BASIS  
SPECIAL REVENUE FUNDS  
FOR THE YEAR ENDED JUNE 30, 2016**

	BUILDING FUND	CHILD NUTRITION FUND	TOTALS (Memorandum Only)
Revenues:			
Local Sources	\$1,057,460	749,496	1,806,956
State Sources		106,277	106,277
Federal Sources		929,775	929,775
Total Revenues Collected	<u>1,057,460</u>	<u>1,785,548</u>	<u>2,843,008</u>
Expenditures:			
Support Services	890,856		890,856
Non-Instructional Services		1,785,400	1,785,400
Facilities Acquisition & Construction Services	111,672		111,672
Other Outlays		6,220	6,220
Total Expenditures	<u>1,002,528</u>	<u>1,791,620</u>	<u>2,794,148</u>
Excess of Revenues Over Expenditures	<u>54,932</u>	<u>(6,072)</u>	<u>48,860</u>
Other Financing Sources (Uses):			
Return of Assets		9,207	9,207
Deobligation of Prior Year Funds	(30)	98	68
Total Other Financing Sources (Uses):	<u>(30)</u>	<u>9,305</u>	<u>9,275</u>
Excess of Revenues and Other Sources Over (Under) Expenditures and Other Uses	<u>54,902</u>	<u>3,233</u>	<u>58,135</u>
Fund Balance, Beginning of Year	<u>20,358</u>	<u>83</u>	<u>20,441</u>
Fund Balance, End of Year	<u>\$75,260</u>	<u>3,316</u>	<u>78,576</u>

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

**CHOCTAW/NICOMA PARK SCHOOL DISTRICT NO. 4**  
**OKLAHOMA COUNTY, OKLAHOMA**  
**COMBINED STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE**  
**BUDGET AND ACTUAL - BUDGETED SPECIAL REVENUE FUNDS - REGULATORY BASIS**  
**FOR THE YEAR ENDED JUNE 30, 2015**

	Building Fund				Child Nutrition Fund			
	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
<b>REVENUES:</b>								
Local Sources	\$965,035	1,047,345	1,057,460	92,425	811,050	750,635	749,496	(61,554)
State Sources				0	108,500	105,277	106,277	(2,223)
Federal Sources				0	772,000	929,775	929,775	157,775
<b>Total Revenues</b>	<b>965,035</b>	<b>1,047,345</b>	<b>1,057,460</b>	<b>92,425</b>	<b>1,691,550</b>	<b>1,785,687</b>	<b>1,785,548</b>	<b>93,998</b>
<b>EXPENDITURES:</b>								
Support Services	873,721	956,031	890,856	(17,135)				0
Operation of Non-Instructional Services				0	1,685,480	1,787,449	1,785,400	(99,920)
Facilities Acquisition & Construction Services	111,672	111,672	111,672	0				0
Other Outlays				0	6,153	6,153	6,220	(67)
<b>Total Expenditures</b>	<b>985,393</b>	<b>1,067,703</b>	<b>1,002,528</b>	<b>(17,135)</b>	<b>1,691,633</b>	<b>1,793,602</b>	<b>1,791,620</b>	<b>(99,987)</b>
<b>Revenues Over (Under) Expenditures</b>	<b>(20,358)</b>	<b>(20,358)</b>	<b>54,932</b>	<b>75,260</b>	<b>(83)</b>	<b>(7,915)</b>	<b>(6,072)</b>	<b>(5,989)</b>
<b>OTHER FINANCING SOURCES (USES):</b>								
Return of Assets				0		7,832	9,207	9,207
Estopped Warrants				0				0
Deobligation of Prior Year Funds			(30)	(30)			98	98
<b>Total Other Financing Sources (Uses)</b>	<b>0</b>	<b>0</b>	<b>(30)</b>	<b>(30)</b>	<b>0</b>	<b>7,832</b>	<b>9,305</b>	<b>9,305</b>
<b>Revenue and Other Sources Over (Under) Expenditures and Other Uses</b>	<b>(20,358)</b>	<b>(20,358)</b>	<b>54,902</b>	<b>75,260</b>	<b>(83)</b>	<b>(83)</b>	<b>3,233</b>	<b>3,316</b>
<b>Fund Balance, Beginning of Year</b>	<b>20,358</b>	<b>20,358</b>	<b>20,358</b>	<b>0</b>	<b>83</b>	<b>83</b>	<b>83</b>	<b>0</b>
<b>Fund Balance, End of Year</b>	<b>\$0</b>	<b>0</b>	<b>75,260</b>	<b>75,260</b>	<b>0</b>	<b>0</b>	<b>3,316</b>	<b>3,316</b>

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

CHOCTAW/NICOMA PARK SCHOOL DISTRICT NO. 4  
OKLAHOMA COUNTY, OKLAHOMA  
COMBINING STATEMENT OF ASSETS AND LIABILITIES - REGULATORY BASIS  
CAPITAL PROJECTS FUNDS  
JUNE 30, 2016

	BOND FUND #31	BOND FUND #32	BOND FUND #33	BOND FUND #34	BOND FUND #35	BOND FUND #36	TOTALS (Memorandum Only)
<u>ASSETS</u>							
Cash and Cash Equivalents	\$221,913	234,796	657,360	150,000	54,942	7,023,750	8,342,761
Total Assets	<u>\$221,913</u>	<u>234,796</u>	<u>657,360</u>	<u>150,000</u>	<u>54,942</u>	<u>7,023,750</u>	<u>8,342,761</u>
<u>LIABILITIES AND FUND EQUITY</u>							
Liabilities:							
Warrants Outstanding	\$0		565				565
Reserved for Encumbrances							0
Total Liabilities	<u>0</u>	<u>0</u>	<u>565</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>565</u>
Fund Equity:							
Restricted for Capital Projects	<u>221,913</u>	<u>234,796</u>	<u>656,795</u>	<u>150,000</u>	<u>54,942</u>	<u>7,023,750</u>	<u>8,342,196</u>
Total Fund Equity	<u>221,913</u>	<u>234,796</u>	<u>656,795</u>	<u>150,000</u>	<u>54,942</u>	<u>7,023,750</u>	<u>8,342,196</u>
Total Liabilities and Fund Equity	<u>\$221,913</u>	<u>234,796</u>	<u>657,360</u>	<u>150,000</u>	<u>54,942</u>	<u>7,023,750</u>	<u>8,342,761</u>

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

CHOCTAW/NICOMA PARK SCHOOL DISTRICT NO. 4  
OKLAHOMA COUNTY, OKLAHOMA  
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCES - REGULATORY BASIS  
CAPITAL PROJECTS FUNDS  
FOR THE YEAR ENDED JUNE 30, 2016

	BOND FUND #31	BOND FUND #32	BOND FUND #33	BOND FUND #34	BOND FUND #35	BOND FUND #36	TOTALS (Memorandum Only)
Revenues:							
Local Sources	\$0						0
Total Revenues Collected	0	0	0	0	0	0	0
Expenditures:							
Instruction	48,101	188,607	31,914				248,622
Support Services	52,121	208,653	32,401		76,736	76,250	446,171
Operation of Non-Instructional			1,854		19,572		21,426
Facilities Acquisition & Constr. Srv.	22,269		15,246		6,448,750		6,486,265
Total Expenditures	122,491	377,270	81,415	0	6,545,058	76,250	7,202,484
Excess of Revenues Over Expenditures	(122,491)	(377,270)	(81,415)	0	(6,545,058)	(76,250)	(7,202,484)
Other Financing Sources (Uses):							
Proceeds from Sale of Bonds	8,001					7,100,000	7,100,000
							8,001
Total Other Financing Sources (Uses):	8,001	0	0	0	0	7,100,000	7,108,001
Excess of Revenues and Other Sources Over (Under) Expenditures and Other Uses	(114,490)	(377,270)	(81,415)	0	(6,545,058)	7,023,750	(94,483)
Fund Balance, Beginning of Year	336,403	812,086	738,210	150,000	6,600,000	0	8,436,679
Fund Balance, End of Year	\$221,913	234,796	656,795	150,000	54,942	7,023,750	8,342,196

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

**CHOCTAW/NICOMA PARK SCHOOL DISTRICT NO. 4  
OKLAHOMA COUNTY, OKLAHOMA  
COMBINING STATEMENT OF ASSETS AND LIABILITIES - REGULATORY BASIS  
TRUST AND AGENCY FUNDS  
JUNE 30, 2016**

	<u>INSURANCE FUND</u>	<u>ACTIVITY FUND</u>	<u>TOTALS (Memorandum Only)</u>
<u>ASSETS</u>			
Cash and Cash Equivalents	<u>\$30,472</u>	<u>657,308</u>	<u>687,780</u>
Total Assets	<u><u>\$30,472</u></u>	<u><u>657,308</u></u>	<u><u>687,780</u></u>
<u>LIABILITIES AND FUND EQUITY</u>			
Liabilities:			
Warrants Outstanding	\$2,350	11,921	14,271
Reserved for Encumbrances	<u>\$1,000</u>		<u>1,000</u>
Total Liabilities	<u>3,350</u>	<u>11,921</u>	<u>15,271</u>
Fund Equity:			
Restricted for Insurance Puposos	27,122		27,122
Restricted for Student Activity Programs		<u>645,387</u>	<u>645,387</u>
Total Fund Equity	<u>27,122</u>	<u>645,387</u>	<u>672,509</u>
Total Liabilities and Fund Equity	<u><u>\$30,472</u></u>	<u><u>657,308</u></u>	<u><u>687,780</u></u>

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



**CHOCTAW/NICOMA PARK SCHOOL DISTRICT NO. 4  
OKLAHOMA COUNTY, OKLAHOMA  
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCES - REGULATORY BASIS  
TRUST AND AGENCY FUNDS  
FOR THE YEAR ENDED JUNE 30, 2016**

	INSURANCE FUND	ACTIVITY FUND	TOTALS (Memorandum Only)
Revenues:			
Local Sources	<u>\$0</u>	<u>1,104,363</u>	<u>1,104,363</u>
Total Revenues Collected	<u>0</u>	<u>1,104,363</u>	<u>1,104,363</u>
Expenditures:			
Support Services	6,885		6,885
Non-Instructional Services	<u></u>	<u>1,014,397</u>	<u>1,014,397</u>
Total Expenditures	<u>6,885</u>	<u>1,014,397</u>	<u>1,021,282</u>
Excess of Revenues Over Expenditures	(6,885)	89,966	83,081
Other Financing Sources (Uses):			
Deobligation of Prior Year Funds	<u></u>	<u></u>	<u>0</u>
Total Other Financing Sources (Uses):	<u>0</u>	<u>0</u>	<u>0</u>
Excess of Revenues and Other Sources Over (Under) Expenditures and Other Uses	(6,885)	89,966	83,081
Fund Balance, Beginning of Year	<u>34,007</u>	<u>555,421</u>	<u>589,428</u>
Fund Balance, End of Year	<u>\$27,122</u>	<u>645,387</u>	<u>672,509</u>

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

**CHOCTAW/NICOMA PARK SCHOOL DISTRICT NO. 4**  
**OKLAHOMA COUNTY, OKLAHOMA**  
**COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES -**  
**REGULATORY BASIS - ACTIVITY FUND**  
**JULY 1, 2015 TO JUNE 30, 2016**

	Balance 7/1/15	Deposited	Transfers	Disbursed	Balance 6/30/16
Athletics	\$20,296.97	186,496.92	309.50	180,055.74	27,047.65
CHS Art	2,311.77	3,341.52	0.00	1,114.40	4,538.89
CHS KGI News	201.39	0.00	0.00	0.00	201.39
CHS Principles of Tech Ed	162.94	0.00	0.00	0.00	162.94
CHS Sophomore Class	119.32	389.00	(30.00)	374.00	104.32
CHS AP Testing	1,392.90	11,078.00	0.00	11,161.42	1,309.48
CHS Academic Team	2,201.95	1,267.91	0.00	1,365.40	2,104.46
CHS Junior Class	8,004.91	11,649.00	0.00	12,738.06	4,915.85
CHS Band	7,753.73	40,351.19	1,040.37	42,442.09	6,703.20
CHS Business	4,336.18	5,217.50	0.00	2,258.91	7,294.77
CHS FFA/Vo-Ag	4,100.69	27,717.20	0.00	27,551.04	4,266.85
CHS FHA/Home Ec	50.40	87.40	0.00	137.80	0.00
CHS Vocal Music	2,163.93	13,543.70	(739.08)	14,242.72	725.83
CHS Freshman Class	6.00	0.00	0.00	0.00	6.00
CHS Hosa	0.00	6,321.12	0.00	6,192.97	128.15
CHS Key Club	740.78	1,045.02	0.00	781.64	1,004.16
CHS Media Center	2,476.00	1,436.07	0.00	1,302.53	2,609.54
CHS Miscellaneous	5,135.15	14,382.87	1,789.08	14,852.73	6,454.37
CHS S.A.D.D.	1.47	0.00	0.00	0.00	1.47
CHS F.C.A.	80.92	0.00	0.00	0.00	80.92
CHS Honors Banquet	5,149.71	752.80	0.00	4,815.09	1,087.42
CHS Drama	19,117.92	78,711.29	(12,016.00)	48,656.87	37,156.34
CHS Cheer/Pom	2,123.70	5,225.17	0.00	7,348.87	0.00
CHS Senior Class	663.56	2,085.00	(50.00)	2,126.30	572.26
CHS Newspaper	13.72	6,105.00	0.00	5,861.15	257.57
CHS Special Ed.	329.95	0.00	0.00	0.00	329.95
CHS Foreign Language	0.65	1,581.70	0.00	941.38	640.97
CHS FTA	5,250.00	11,021.56	0.00	8,025.95	8,245.61
CHS Student Council	23,324.29	14,325.21	(50.00)	19,743.04	17,856.46
CHS Science	3,156.64	1,613.00	0.00	1,756.78	3,012.86
CHS Mathematics	367.28	0.00	0.00	0.00	367.28
CHS NHS	1.48	4,797.90	0.00	3,913.95	885.43
CHS Debate	1,013.94	5,187.00	2,415.63	7,844.89	771.68
CHS Yearbook/Picture	24,363.13	15,965.00	0.00	15,295.95	25,032.18
CHS Special	4,267.40	4,040.08	(704.50)	4,448.31	3,154.67
CHS Musical Theater	20,052.72	482.98	10,000.00	15,556.50	14,979.20
CHS Cats	2,643.54	4,891.43	120.00	4,662.10	2,992.87
CHS New ROTC	1,209.51	16,614.83	445.00	17,743.30	526.04
CHS Stuco Donations	6.50	0.00	0.00	0.00	6.50
CMS Mixed Chorus	2,322.32	5,685.98	110.00	6,485.04	1,633.26
CMS Cheerleading	69.22	0.00	0.00	0.00	69.22
CMS Miscellaneous	4,784.71	52,934.30	(231.44)	45,102.40	12,385.17
CMS Modern Living (Home E	1,565.98	248.00	0.00	0.00	1,813.98
CMS English Dept	4.81	0.00	0.00	0.00	4.81
CMS Science	31.23	0.00	231.44	231.44	31.23

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

**CHOCTAW/NICOMA PARK SCHOOL DISTRICT NO. 4**  
**OKLAHOMA COUNTY, OKLAHOMA**  
**COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES -**  
**REGULATORY BASIS - ACTIVITY FUND**  
**JULY 1, 2015 TO JUNE 30, 2016**

	Balance 7/1/15	Deposited	Transfers	Disbursed	Balance 6/30/16
CMS Sixth	1,267.00	1,301.40	0.00	1,262.03	1,306.37
CMS Band	1,089.02	22,577.72	0.00	23,141.56	525.18
CMS Sports Acct	315.62	266.00	(581.62)	0.00	0.00
CMS Special Olympics	1,219.85	1,181.56	0.00	1,074.25	1,327.16
CMS Academic Team	929.71	1,314.51	0.00	1,750.09	494.13
CMS Speech Club	37.42	1,460.75	0.00	1,468.75	29.42
CMS Yearbook/Pictures	13,662.38	10,139.25	0.00	7,461.58	16,340.05
CMS Student Council	576.81	3,391.15	0.00	1,723.11	2,244.85
CMS Media Center	5,135.80	9,685.93	0.00	6,904.91	7,916.82
CMS Art	138.56	606.00	0.00	368.68	375.88
CMS AIASA	1,139.38	2,119.95	0.00	1,876.47	1,382.86
CMS Nat'l Honor Society	2,669.14	3,661.64	0.00	3,128.99	3,201.79
CMS Special	247.45	2,000.49	(110.00)	1,216.96	920.98
CMS Explore	361.29	1,093.00	0.00	263.54	1,190.75
CMS Seventh	161.91	83.00	0.00	130.50	114.41
NPMS 6th Team A	2,533.56	2,682.35	0.00	2,726.34	2,489.57
NPMS 6th Team B	258.60	4,142.42	0.00	3,850.51	550.51
NPMS 7th Team A	1,343.22	3,437.65	100.00	3,780.58	1,100.29
NPMS 7th Team B	337.21	2,923.40	0.00	2,963.97	296.64
NPMS 8th Team A	1,817.23	4,989.88	0.00	3,747.00	3,060.11
NPMS NJHS	671.20	1,110.00	0.00	1,581.37	199.83
NPMS Miscellaneous	8,489.01	19,064.32	0.00	15,583.36	11,969.97
NPMS Special Education	398.03	0.00	0.00	0.00	398.03
NPMS Sports	7,964.51	24,364.98	881.62	22,243.37	10,967.74
NPMS Teachers Lounge	1,155.02	1,225.31	0.00	1,018.52	1,361.81
NPMS Band	9,983.69	25,995.92	0.00	26,519.73	9,459.88
NPMS FHS	1,342.72	2,726.00	0.00	3,067.56	1,001.16
NPMS Cheerleading	0.05	7,000.00	0.00	3,523.10	3,476.95
NPMS Art	2,680.61	1,565.00	0.00	2,224.79	2,020.82
NPMS 8th Team B	921.24	1,598.60	0.00	1,274.75	1,245.09
NPMS Student Council	2,497.88	7,808.25	(100.00)	5,226.85	5,079.28
NPMS P.E. Program	1,398.70	1,251.60	0.00	566.78	2,083.52
NPMS Computer	115.72	140.00	0.00	136.78	118.94
NPMS Vocal Music	128.73	4,870.40	0.00	4,822.46	176.67
NPMS Yearbook/Pictures	2,844.96	1,910.00	0.00	46.97	4,707.99
NPMS English	1,446.16	864.00	0.00	1,098.13	1,212.03
NPMS Drama	2,502.89	1,752.80	0.00	1,520.45	2,735.24
NPMS Science	559.79	140.00	0.00	0.00	699.79
NPMS Media Center	7,972.78	9,502.74	0.00	11,566.93	5,908.59
NPMS FCA	216.67	0.00	0.00	195.00	21.67
NPMS Builders Club	383.38	1,393.29	0.00	1,144.47	632.20
NPMS Wrestling	300.00	0.00	(300.00)	0.00	0.00
NPMS Academic Team	373.46	170.00	0.00	212.70	330.76
CE Misc	42,186.02	30,074.11	(460.00)	21,471.84	50,328.29

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

**CHOCTAW/NICOMA PARK SCHOOL DISTRICT NO. 4**  
**OKLAHOMA COUNTY, OKLAHOMA**  
**COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES -**  
**REGULATORY BASIS - ACTIVITY FUND**  
**JULY 1, 2015 TO JUNE 30, 2016**

	Balance 7/1/15	Deposited	Transfers	Disbursed	Balance 6/30/16
CE Special Olympics	3,104.06	5,320.48	0.00	4,862.58	3,561.96
CE Media Center	1,117.96	7,362.54	0.00	6,620.69	1,859.81
CE Search	1,689.13	1,345.00	0.00	1,190.00	1,844.13
CE Yearbook	4,565.85	985.12	0.00	0.00	5,550.97
CE Staff	3,555.49	644.30	0.00	1,104.78	3,095.01
NPE Capital Improvements	6,973.32	0.00	0.00	0.00	6,973.32
NPE Miscellaneous	7,682.24	11,180.55	0.00	11,441.19	7,421.60
NPE Yearbook/Pictures	12,540.38	5,553.47	0.00	1,613.40	16,480.45
NPE Media Center	5,697.14	8,812.68	0.00	10,810.90	3,698.92
NPE Special	6,916.83	3,323.10	0.00	3,630.91	6,609.02
IME Miscellaneous	17,197.41	38,938.80	0.00	35,672.69	20,463.52
IME Yearbook/Pictures	15,929.62	13,912.95	0.00	11,220.22	18,622.35
IME Teachers Lounge	5,655.71	6,171.17	0.00	4,441.12	7,385.76
IME Media Center	5,277.13	10,460.85	0.00	7,230.45	8,507.53
IME Special Fund	1,508.11	2,353.48	0.00	1,527.25	2,334.34
IME PE Program	5,296.99	7,906.70	0.00	7,443.50	5,760.19
LWW Miscellaneous	14,980.70	13,491.17	0.00	11,214.88	17,256.99
LWW Yearbook/Pictures	23,480.44	29,596.40	(100.00)	19,732.54	33,244.30
LWW Media Center	1,157.48	9,183.17	0.00	8,727.87	1,612.78
LWW Special	538.96	0.00	0.00	0.00	538.96
NPI Miscellaneous	99.56	733.00	0.00	600.57	231.99
NPI Falcon Footnotes	1,385.51	4,956.50	0.00	4,892.87	1,449.14
NPI Yearbook/Pictures	9,019.51	12,162.42	(200.00)	13,348.45	7,633.48
NPI Media Center	2,195.19	10,428.06	0.00	11,651.38	971.87
NPI Student Council	2,014.87	2,472.66	0.00	2,142.11	2,345.42
JGI Miscellaneous	10,097.42	20,719.95	(2,570.00)	17,502.15	10,745.22
JGI Yearbook/Pictures	10,326.26	9,311.95	0.00	8,216.80	11,421.41
JGI Media Center	3,540.58	16,506.17	0.00	12,928.18	7,118.57
JGI Special	1,043.39	1,689.25	0.00	2,109.08	623.56
JGI Student Council	6,210.40	48,849.47	0.00	42,816.22	12,243.65
Indian Ed	1,112.85	70.00	0.00	0.00	1,182.85
Adm Felony Search	227.30	0.00	0.00	0.00	227.30
Administration Misc.	4,904.01	5,237.53	0.00	3,191.86	6,949.68
Clearing Account	0.00	4,284.32	0.00	4,284.32	0.00
RT Check	781.37	0.00	0.00	0.00	781.37
Admin Special	5,217.84	7,431.25	0.00	7,041.36	5,607.73
Musical Festival	1,809.17	0.00	0.00	0.00	1,809.17
Star Rider	43.90	0.00	0.00	0.00	43.90
District Nurses	1,501.64	0.00	(1,400.00)	0.00	101.64
Teacher of the Year	9,015.20	1,115.78	1,400.00	2,201.16	9,329.82
Admin Ret Account	95.25	0.00	0.00	0.00	95.25
Drug Testing	2,409.50	0.00	0.00	0.00	2,409.50
Admin Staff	105.00	0.00	0.00	70.00	35.00
AA Walls Scholarship	23,380.40	0.00	0.00	1,000.00	22,380.40
Summer School	874.02	1,275.00	0.00	285.70	1,863.32
District Stem	0.00	300.00	800.00	613.26	486.74
	<u>\$555,420.78</u>	<u>1,104,363.26</u>	<u>(0.00)</u>	<u>1,014,396.93</u>	<u>645,387.11</u>

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

**CHOCTAW/COMA PARK SCHOOL DISTRICT NO. 4**  
**OKLAHOMA COUNTY, OKLAHOMA**  
**SCHEDULE OF FEDERAL FINANCIAL ASSISTANCE**  
**FOR THE YEAR ENDED JUNE 30, 2016**

	Project Code	Federal CFDA Number	Program or Award Amount	Cash/ Beginning Balance at July 1, 2015	Federal Receipts	Federal Expenditures Direct Costs	Indirect Costs	Cash/ Ending Balance at June 30, 2016
<b>Direct Funding</b>								
Title IX Indian Education	561	84.060	\$121,955.00		117,067.19	113,984.99	3,082.20	0.00
ROTC	771	12.000	51,958.17		51,958.17	46,997.57	4,960.60	0.00
Impact Aid	591	84.041	196,047.35		109,723.87	196,047.35		(86,323.48)
Impact Aid - Prior Year	799	84.041		(107,168.94)	107,168.94			0.00
Impact Aid	592	84.041	19,780.00		19,780.00	19,780.00		0.00
Sub-total			389,970.52	(107,168.94)	385,918.17	357,029.91	6,042.80	(86,323.48)
<b>U.S. Department of Education</b>								
Passed through the Department of Education								
Title I	511	84.010	699,058.90		548,406.58	611,844.32		(63,437.74)
Title I - Prior Year	799	84.010		(46,982.52)	46,982.52			0.00
Title I CAC	786	84.010	31,270.94		23,529.02	28,529.02		(5,000.00)
Title I Part A Transferability	511	84.010	20,000.00		20,000.00	20,000.00		0.00
Title I Cluster			750,327.84	(46,982.52)	640,918.12	660,373.34	0.00	(66,437.74)
Title II, Part A	541	84.367	141,810.89		66,782.31	67,903.02		(1,120.71)
Title II, Part A - Prior Year	799	84.367		(10,498.48)	10,498.48			0.00
Title II CAC	786	84.367	6,000.00		6,000.00	6,000.00		0.00
Title II Cluster			147,810.89	(10,498.48)	83,280.79	73,903.02	0.00	(1,120.71)
IDEA-B Flow Through	621	84.027	1,021,580.17		1,000,482.51	1,007,660.94		(7,178.43)
IDEA-B Flow Through - Prior Year	799	84.027		(19,667.54)	19,667.54			0.00
IDEA-B Flow Through - Private Schools	625	84.027	4,563.92					0.00
IDEA-B Pre-School	641	84.173	42,486.02		39,046.05	39,046.05		0.00
Special Education Cluster			1,068,630.11	(19,667.54)	1,059,196.10	1,046,706.99	0.00	(7,178.43)
Passed through Oklahoma State Department of Vocational Technical Training								
Cari Perkins - Secondary	421	84.046	16,840.00		16,840.00	16,840.00		0.00
Cari Perkins - Secondary - Prior Year	799	84.046		(15,764.32)	15,764.32			0.00
Cari Perkins - Supplemental	424	84.046	22,501.59		0.00	22,501.59		(22,501.59)
Cari Perkins - Supplemental - Prior Year	799	84.046		(74,523.78)	74,523.78			0.00
Rehabilitation Services	456	84.126	639.82		630.76	639.82		(9.06)
Sub-total			39,981.41	(90,288.10)	107,788.86	39,981.41	0.00	(22,510.65)
<b>U.S. Department of Agriculture</b>								
Passed Through the State Department of Education								
Food Service Programs - Lunches	763	10.555	729,058.69		729,058.69	729,058.69		0.00
Food Service Programs - Breakfasts	764	10.553	200,715.95		200,715.95	200,715.95		0.00
USDA Donated Food	385	10.550	83,742.63		83,742.63	83,742.63		0.00
Child Nutrition Cluster			1,013,517.27	0.00	1,013,517.27	1,013,517.27	0.00	0.00
<b>Total Federal Assistance</b>								
			\$3,390,238.04	(276,605.56)	3,290,589.31	3,181,511.94	6,042.80	(185,571.01)

Note A: Basis of Presentation - The Schedule of Expenditures of Federal Awards includes the federal grant activity of the Choctaw/Coma Park Public Schools District and is presented on another comprehensive basis of accounting conforming with the accounting practices prescribed or permitted by the Oklahoma State Department of Education which is a comprehensive basis of accounting other than generally accepted accounting principles. Under this method, expenditures are recognized when an approved purchase order is issued.

Note B: Commodities representing non-cash expenditures have been included in the Schedule of Federal Awards which is an exception to the prescribed basis of accounting.

Note C: Federal expenditures reported above were chargeable to the respective Federal programs, however, in some instances, they may not be identical to amounts recorded under the specific OAS project codes in the District's accounting records. Common reasons for those variances include: (1) timing differences, (2) differences in basis of accounting utilized, (3) mis-coding to other project codes, (4) refunds or reimbursements that offset expenditure data, (5) matching (or other local) expenditures that supplement or exceed Federal awarded amounts, and (6) approved indirect costs which are recorded under separate project codes.

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

**CHOCTAW/NICOMA PARK SCHOOL DISTRICT NO. 4  
OKLAHOMA COUNTY, OKLAHOMA  
SCHEDULE OF STATUTORY, FIDELITY, AND HONESTY BONDS  
FOR THE YEAR ENDED JUNE 30, 2016**

Jim McCharen - Superintendent

Employee Dishonesty Bond  
RII Insurance Company Policy No. LSM0116468  
\$100,000.00 Limit  
Effective: From July 1, 2015 to June 30, 2016

Kevin Berry – Treasurer

Employee Dishonesty Bond  
RII Insurance Company Policy No. LSM0116664  
\$250,000.00 Limit  
Effective: From July 1, 2015 to June 30, 2016

Public Officials Blanket Policy  
Employee Dishonesty Bond  
(Bond includes but not limited to Encumbrance Clerk, Payroll Clerk & Activity Fund Custodian)  
Traveler's Insurance Policy No. PE-4616538-02  
\$50,000.00 Limit  
Effective: From July 1, 2015 to July 1, 2016

## **INTERNAL CONTROL AND COMPLIANCE REPORTS**

**PUTNAM & COMPANY, PLLC**

**Certified Public Accountants**

169 E. 32<sup>ND</sup>

EDMOND, OKLAHOMA 73013

(405) 348-3800

Fax (405) 348-3846

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*

January 25, 2017

The Honorable Board of Education  
Choctaw/Nicoma Park School District No. 4  
Oklahoma County, Oklahoma

We have audited in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States, the accompanying fund type and account group financial statements-regulatory basis within the combined financial statement of Choctaw/Nicoma Park School District No. 4, Oklahoma County, Oklahoma as listed in the Table of Contents, as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise the District's financial statements, and have issued our report thereon dated January 25, 2017, which was adverse with respect to the presentation of the financial statements in conformity with accounting principles generally accepted in United States because the presentation followed the regulatory basis of accounting for Oklahoma school districts and did not conform to the presentation requirements of the Governmental Accounting Standards Board. However, our report was qualified for the omission of general fixed asset account groups with respect to the presentation of financial statements on the regulatory basis of accounting authorized by the Oklahoma State Board of Education.

**Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the District's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of District's internal control. Accordingly, we do not express an opinion on the effectiveness of 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 combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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



weaknesses or, significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

#### **Compliance and Other Matters**

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

#### **Purpose of this Report**

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

*Putnam & Company*  
Putnam & Company, PLLC

**PUTNAM & COMPANY, PLLC**  
**Certified Public Accountants**  
169 E. 32<sup>ND</sup>  
EDMOND, OKLAHOMA 73013  
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Independent Auditor's Report on Compliance for Each Major Program  
and on Internal Controls over Compliance Required by the Uniform Guidance

January 25, 2017

The Honorable Board of Education  
Choctaw/Nicoma Park School District No. 4  
Oklahoma County, Oklahoma

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

We have audited Choctaw/Nicoma Park School District No. 4, Oklahoma County, Oklahoma, compliance with the types of compliance requirements described in the OMB compliance supplement that could have a direct material effect on each of the District's major federal programs for the year ended June 30, 2016. The District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

**Management's Responsibility**

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

**Auditor's Responsibility**

Our responsibility is to express an opinion on compliance for each of the district's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the requirements of Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, cost Principles, and Audit Requirements for Federal Awards* (the Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

**Opinion on Each Major Federal Program**

In our opinion, the District, complied, in all material respects with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2016.

### Report on Internal Control Over Compliance

Management of the District, is responsible for establishing and maintaining effective internal control over compliance 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 a 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 the Uniform Guidance, 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 the 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 the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

*Putnam & Company*

Putnam & Company, PLLC

## **SCHEDULE OF FINDINGS AND QUESTIONED COSTS**

**CHOCTAW/NICOMA PARK SCHOOL DISTRICT NO.4  
OKLAHOMA COUNTY, OKLAHOMA  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED JUNE 30, 2016**

**Section I – Summary of Auditors' Results**

***Financial Statements***

Type of auditors' report issued: Qualified due to regulatory basis presentation, and  
Adverse with regards to GAAP conformity.

Internal control over financial reporting:

\* Material weakness(es) identified? ☐ Yes ☒ No

\* Significant Deficiency(ies) identified  
not considered to be material weakness(es)? ☐ Yes ☒ None Reported

Noncompliance material to financial statement noted? ☐ Yes ☒ No

***Federal Awards***

Internal control over major programs:

\* Material weakness(es) identified? ☐ Yes ☒ No

\* Significant Deficiency(ies) identified  
not considered to be material weakness(es)? ☐ Yes ☒ None Reported

Type of auditors' report issued on compliance for  
Major programs

Unmodified

Any audit findings disclosed that are required to  
be reported in accordance with the Uniform  
Guidance?

☐ Yes ☒ No

Identification of major programs:

CFDA Number

Name of Federal Program

84.027

IDEA Flowthrough

84.173

IDEA Preschool

10.555, 10.553, 10.550

Food Service

Dollar threshold used to distinguish between type  
A and type B programs

\$750,000

Auditee qualified as low-risk auditee?

☐ Yes ☒ No

**CHOCTAW/NICOMA PARK SCHOOL DISTRICT NO. 4  
OKLAHOMA COUNTY, OKLAHOMA  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED JUNE 30, 2016**

**Section II – Findings Relating to the Financial Statements**

None

**Section III – Findings and Questioned Costs for Federal Awards**

N/A

**Section IV – Status of Prior Year Audit Findings**

None related to the financial statements or questioned costs for federal awards.

**Section V – Management's Corrective Action Plan**

N/A

**ACCOUNTANT'S PROFESSIONAL LIABILITY INSURANCE AFFIDAVIT**





**MANAGEMENT LETTER AND COMMENTS**

**PUTNAM & COMPANY, PLLC**

CERTIFIED PUBLIC ACCOUNTANTS  
169 S.E. 32ND  
EDMOND, OKLAHOMA 73013  
(405) 348-3800  
fax (405) 348-3846

January 25, 2017

The Honorable Board of Education  
Choctaw/Nicoma Park School District No. 4  
Oklahoma County, Oklahoma

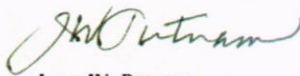
We have audited financial statements of Choctaw/Nicoma Park School District No. 4, Oklahoma County, Oklahoma, as of and for the year ended June 30, 2016, as listed in the table of contents, and have issued our report thereon dated January 25, 2017. As a part of our audit, we made a study and evaluation of the District's system of internal accounting control to the extent we considered necessary solely to determine the nature, timing and extent of our auditing procedures. Our study and evaluation was more limited than would be necessary to express an opinion on the system of internal accounting control taken as a whole, and we do not express such an opinion.

However, during our audit we became aware of some matters that, while not involving material weaknesses in internal accounting control, are opportunities for strengthening internal controls and operating efficiency. The memorandum that accompanies this letter summarizes our comments and suggestions regarding those matters. This letter does not affect our report dated January 25, 2017 on the financial statements of Choctaw/Nicoma Park School District No. 4.

We will review the status of these comments during our next audit engagement. We would be pleased to discuss these comments in further detail at your convenience, to perform any additional study of these matters or to assist you in implementing the recommendations.

We also wish to express our appreciation of the courteous attention and cooperation which we received from staff members during our engagement.

Sincerely,

A handwritten signature in blue ink, appearing to read "J. Putnam", with a stylized flourish at the end.

Jerry W. Putnam

**CHOCTAW/NICOMA PARK SCHOOL DISTRICT NO.4  
OKLAHOMA COUNTY, OKLAHOMA  
MANAGEMENT LETTER COMMENTS  
FOR THE YEAR ENDED JUNE 30, 2016**

**PRIOR YEAR'S COMMENTS AND RECOMMENDATIONS**

The prior year's comments have been addressed and resolved.

**CURRENT YEAR'S COMMENTS AND RECOMMENDATIONS**

**REVIEW OF PURCHASE ORDERS AND PAYMENTS**

Our review of the purchase orders indicated that in almost every instance the purchase orders were properly approved and supported with adequate documentation. However we noted the following during our review:

<b><u>Findings</u></b>	<b><u>No. of Instances</u></b>
Invoice Date Before P.O. Date	1
Paid a Prior Year Expense	1
Paid From a Copy of the Original Invoice	1
Inaccurate Math	1

**PAYROLL REVIEW**

We selected several District employees and matched their earnings for the fiscal year with approved contract amounts. We were able to reconcile the amounts paid to employees in all cases, however, we noted that a few individuals received compensation for extra duties that were not included in any written agreements. We recommend that any extra duty agreements should be included in each employee's original contract (or a supplemental extra duty contract.)

**REVIEW OF ACTIVITY FUND TRANSACTIONS**

During our review of the Activity Fund transactions we noted that the transactions were well documented.

**DISTRICT'S RESPONSE TO AUDIT COMMENTS/CORRECTIVE ACTION PLAN**

The District is generally in agreement with the finding and recommendations above and will review current procedures in order to implement necessary changes.

# CHOCTAW-NICOMA PARK PUBLIC SCHOOLS

Jim McCharen Ed.D. • Superintendent  
12880 N.E. 10<sup>th</sup> • Choctaw, OK 73020  
Office: (405) 769-4859 • Fax: (405) 769-9821

Mr. Jerry Putnam  
Putnam Company  
169 S.E. 33rd  
Edmond, OK 73020

February 12, 2017

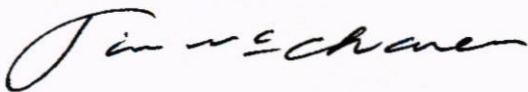
RE: Management Letter Comments Response

Dear Mr. Putnam:

This letter serves as a response and proposed corrective action to the Management Letter Comments in the FY 2015-16 Annual Audit for Choctaw-Nicoma Park Public Schools. The district is in general agreement with the findings of the audit and our administration and staff is aware of the issues that were noted.

The adverse issues noted in the audit are very minor and the district will strive to address and resolve all these issues as noted in the Audit. Our corrective plan is to continue to review and amend our procedures from time-to-time so that we can better control and correct the circumstances that contribute to errors and omissions as noted in the adverse findings. More specifically, we will continue to make our employees aware of the financial guidelines, laws and procedures pertaining to the procurement goods and services. We believe this should correct most, if not all, the adverse issues and findings.

Sincerely,



Dr. Jim McCharen  
Superintendent

cc: State Dept. of Education – Financial Accounting