

ODEM-EDROY INDEPENDENT SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2016

| | | | | |
|---|---------------------|---------------------|-------|----------------------|
| Less accumulated depreciation for: | | | | |
| Buildings and improvements | (7,711,717) | (280,301) | -- | (7,992,018) |
| Equipment | (1,867,009) | (26,266) | -- | (1,893,275) |
| Vehicles | (757,808) | (55,699) | -- | (813,507) |
| Total accumulated depreciation | <u>(10,336,534)</u> | <u>(362,266)</u> | -- | <u>(10,698,800)</u> |
| Total capital assets being depreciated, net | <u>7,625,165</u> | <u>78,707</u> | -- | <u>7,703,872</u> |
| Governmental activities capital assets, net | \$ <u>7,771,138</u> | \$ <u>2,807,592</u> | \$ -- | \$ <u>10,578,730</u> |

Depreciation was charged to functions as follows:

| | |
|---|-------------------|
| Instruction | \$ 148,358 |
| Instructional Resources and Media Services | 3,963 |
| Curriculum and Staff Development | 20,397 |
| Instructional Leadership | 3,528 |
| School Leadership | 19,036 |
| Guidance, Counseling, & Evaluation Services | 7,177 |
| Health Services | 2,760 |
| Student Transportation | 55,699 |
| Food Services | 15,957 |
| Extracurricular Activities | 21,859 |
| General Administration | 16,581 |
| Plant Maintenance and Operations | 40,925 |
| Security and Monitoring Services | 780 |
| Data Processing Services | 5,246 |
| | <u>\$ 362,266</u> |

E. Interfund Balances and Activities

1. Due To and From Other Funds

Balances due to and due from other funds at August 31, 2016, consisted of the following:

| <u>Due To Fund</u> | <u>Due From Fund</u> | <u>Amount</u> | <u>Purpose</u> |
|--------------------------|--------------------------|-------------------|------------------|
| General Fund | General Fund (Payroll) | \$ 28,073 | Short-term loans |
| General Fund | Other Governmental Funds | 126,999 | Short-term loans |
| General Fund | Debt Service Fund | 2,339 | Short-term loans |
| Other Governmental Funds | General Fund | 37,734 | Short-term loans |
| Other Governmental Funds | Other Governmental Funds | 104,163 | Short-term loans |
| Internal Service Fund | General fund | 39,870 | Short-term loans |
| | Total | <u>\$ 339,178</u> | |

All amounts due are scheduled to be repaid within one year.

2. Transfers To and From Other Funds

Transfers to and from other funds at August 31, 2016, consisted of the following:

| <u>Transfers From</u> | <u>Transfers To</u> | <u>Amount</u> | <u>Reason</u> |
|-----------------------|--------------------------|------------------|--------------------------------|
| General fund | Other Governmental Funds | \$ 35,215 | Supplement other funds sources |
| | Total | <u>\$ 35,215</u> | |

ODEM-EDROY INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED AUGUST 31, 2016

A. Summary of Auditor's Results

1. Financial Statements

Type of auditor's report issued: Unmodified

Internal control over financial reporting:

One or more material weaknesses identified? Yes No

One or more significant deficiencies identified that are not considered to be material weaknesses? Yes None Reported

Noncompliance material to financial statements noted? Yes No

2. Federal Awards

Internal control over major programs:

One or more material weaknesses identified? Yes No

One or more significant deficiencies identified that are not considered to be material weaknesses? Yes None Reported

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

Any audit findings disclosed that are required to be reported in accordance with Title 2 U.S. Code of Federal Regulations (CFR) Part 200? Yes No

Identification of major programs:

| <u>CFDA Number(s)</u> | <u>Name of Federal Program or Cluster</u> |
|--|---|
| 84.371C | Texas Literacy Initiative (TLI) Continuation Grant |
| Dollar threshold used to distinguish between type A and type B programs: | <u>\$750,000</u> |
| Auditee qualified as low-risk auditee? | <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No |

B. Financial Statement Findings

2016-1
 Condition: The District budgeted for capital expenditures for classroom sets of tablets and mobile carts and spent \$285,986 for these assets. The District's application also included these as capital expenditures. None of these purchases exceeded the unit cost of \$5,000, but all were coded in the class/object code of 6600 capital expenditures.

ODEM-EDROY INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED AUGUST 31, 2016

Criteria: Effective for grants for the 2013-2014 school year, notice was given from the Office of Grants and Federal Fiscal Compliance that grantees will no longer be required to budget purchases of items that make up a "complete set" in class/object code 6600 when the cost of the set equals or exceeds the grantee's capitalization threshold or \$5,000, whichever is less. Instead, the grantees will budget the purchases of those items individually in the appropriate class/object code and will not consider the net invoice price of the "complete set."

The District has adopted the EDGAR (CFR 200.12). Equipment means tangible personal property (including information technology systems) which exceeds \$5,000 per unit cost in accordance with CFR 200.33

Cause: According to the grant writer, TEA approved the expenses in 6600 in the grant document, therefore that is where the district budgeted and expended the funds. If the District made a journal entry to move the supplies to 6300, then the District would have been out of compliance by being over budget in an object code.

Effect or Potential Effect: The district was not in compliance with their Federal State and Grants Manual, and not in compliance with the Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards

Recommendation: The District should establish procedures to ensure they are following their guidelines as set forth in their State & Federal Grants Manual.

C. Federal Award Findings and Questioned Costs

2016-1

See above.