Financial Statements and Reports of
Independent Certified Public Accountant

White Oak School District No. C-1

Craig County, Oklahoma
June 30, 2013

TURNER & ASSOCIATES, PLC
Certified Public Accountants
P.O. Box 378
Vinita, OK 74301
(918) 256-6788

White Oak School District No. C-1
Craig County, Oklahoma
School District Officials
June 30, 2013

Board of Education

President	William M. Kelsey
Vice-President	Gary Mills
Clerk	Janet Ray Weaver

Superintendent of Schools

David Money

School District Treasurer

Bill Daugherty

Minute Clerk

Amber Nichols

Encumbrance Clerk

Amber Nichols

Activity Funds Custodian

Amber Nichols

White Oak School District No. C-1
Craig County, Oklahoma
Table of Contents

Independent Auditor's Report 1-2

Reports Required by *Government Auditing Standards*:
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* 3-4

Required Supplementary Information:
Management's Discussion and Analysis 5-12

Basic Financial Statements:
District-Wide Financial Statements
Statement of Net Position 13

Statement of Activities 14

Fund Financial Statements
Balance Sheet - Governmental Funds 15

Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds 16

Reconciliation of the Governmental Funds Statement of Revenues, Expenditures and Changes in Fund Balances to the District-Wide Statement of Activities 17

Statement of Assets, Liabilities and Fund Equity - Fiduciary Funds 18

Statement of Changes in Assets and Liabilities - Fiduciary Funds 19

Notes to the Financial Statements 20-31

Required Supplementary Information:
Statement of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual - Regulatory Basis - General Fund 32
Statement of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual - Regulatory Basis – Building Fund 33
Statement of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual - Regulatory Basis – Child Nutrition 34

Other Supplementary Information:
Schedule of Expenditures of Federal Awards 35
Schedule of Accountant's Professional Liability Insurance Affidavit 36
Schedule of Findings and Responses 37-38

TURNER
& ASSOCIATES, PLC
Certified Public Accountants

INDEPENDENT AUDITOR'S REPORT

The Honorable Board of Education
White Oak School District No. C-1
White Oak, Craig County, Oklahoma

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the of White Oak School District No. C-1, Craig County, Oklahoma, as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the District's basic 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 accounting principles generally accepted in the United States of America; 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 fraud or error.

Auditor's Responsibility

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the White Oak School District, as of June 30, 2013, in accordance with accounting principles generally accepted in the United States of America.

224 West Flint Ave., Vinita, OK 74301
Phone: 918.256.6788 Fax: 918.256.3739

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages 5-12 and 32-34 be presented to supplement the basic financial statement. Such information, although not a part of the basic financial statements is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, of historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's response to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express and opinion or provide any assurance.

Turner & Associates, PLC

Vinita, Oklahoma
October 29, 2013

TURNER
& ASSOCIATES, PLC
Certified Public Accountants

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

The Honorable Board of Education
White Oak School District No. C-1
White Oak, Craig County, Oklahoma

We have audited, in accordance with the 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 financial statements of the governmental activities, each major fund and the aggregate remaining fund information of White Oak School District No. C-1, Craig County, Oklahoma as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise White Oak School District's basic financial statements and have issued our report thereon dated October 29, 2013.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the White Oak School District's internal control over financial reporting as a basis for designing our auditing procedures 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 White Oak School District's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the White Oak School District's internal control over financial reporting.

Our consideration of internal control over financial reporting 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 financial reporting that might be deficiencies, significant deficiencies, or material weaknesses. However, as described in the accompanying schedule of findings and responses, we identified certain deficiencies in internal control over financial reporting, describe in the accompanying schedule of findings and responses that we consider to be material weaknesses in internal control over financial reporting.

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. We consider the deficiency, 2013-1, described in the accompanying schedule of findings and responses to be material weaknesses.

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.

224 West Flint Ave., Vinita, OK 74301
Phone: 918.256.6788 Fax: 918.256.3739

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the White Oak School 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, 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*.

White Oak School District's Response to Findings

The White Oak School District's response to the finding identified in our audit is described in the accompanying schedule of findings and responses. We did not audit the White Oak School District's response and, accordingly, we express no opinion on it.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District'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 District's internal control and compliance. Accordingly, the communication is not suitable for any other purpose.

Turner & Associates, PLC

Vinita, Oklahoma
October 29, 2013

White Oak School District No. C-1
Craig County, Oklahoma
Management's Discussion and Analysis
June 30, 2013

Our discussion and analysis of White Oak School District's financial performance provides an overview of the District's financial activities for the fiscal year ended June 30, 2013. Please read it in conjunction with the District's financial statements which begin on page 15.

FINANCIAL HIGHLIGHTS

- The District's Net Position decreased by $50,998 as a result of this year's operations, compared to an increase of $121,131 in the previous year.
- Current year revenues were $820,236, a 381% decrease from the previous fiscal year revenues of $3,947,264 due to no longer operating the virtual K12 program.
- Current year expenditures were $871,234, down 339% from the previous fiscal year expenditures of $3,826,133, again due to no longer operating the virtual K12 program.
- The District is now a K -8 school district.

USING THIS ANNUAL REPORT

This annual report consists of a series of financial statements.

The district-wide reports are designed to show the District as a sum of its significant fund activities. The Statement of Net Position and Statement of Activities (pages 13-14) provide information about the governmental-type activities of the whole District, presenting both an aggregate view of the School District finances and a longer-term view of those finances.

Fund financial statements (pages 15-17) provide the next level of detail. For governmental funds, these statements tell how services were financed in the short-term as well as what remains for future spending. The fund financial statements also look at the District's most significant funds. Since White Oak School District only has three funds, the report will have the break-down of each fund. The major funds are General Fund, Building Fund, and Child Nutrition.

The remaining Fiduciary Fund Statements (pages 18-19) provide financial information about activities for which the District acts solely as a trustee or agent for the benefit of others (student groups) to whom the resources in question belong.

White Oak School District No. C-1
Craig County, Oklahoma
Management's Discussion and Analysis
June 30, 2013

Reporting the District as a Whole

Statement of Net Position and Statement of Activities

Our analysis of the District as a whole begins on page 8. The view of the District as a whole looks at all financial transactions and asks the questions, "Is the District better off or worse off as a result of this year's activities?" and "Why?" or "Why not?" The Statement of Net Position and the Statement of Activities provide information about the District as a whole and about its activities in a way that helps answer these questions. The statements include *assets* and *liabilities* using the accrual basis of accounting similar to the accounting used in the Fund Financial Statements.

These two statements report the District's *net position* and any changes in the net position. The change in net position is important because it tells the reader that, for the District as a whole, the *financial position* of the District has improved or diminished. Over time, increases or decreases in the District's net position is one indicator of whether its financial health is improving or deteriorating. The causes of the change in net position may be the result of many factors, some financial, some not. Non-financial factors include the District's property tax base, current property tax laws in Oklahoma, facility conditions, required educational programs and other factors.

To assess the overall health of the District, you need to consider additional non-financial factors, such as changes in the District's property tax base and the performance of its students.

In the Statement of Net Position and the Statement of Activities, the District is comprised entirely of governmental activities. All of the school's programs and services are reported here including instruction, support services, operation and maintenance of plant, pupil transportation, food service operations and extracurricular activities.

White Oak School District No. C-1
Craig County, Oklahoma
Management's Discussion and Analysis
June 30, 2013

Reporting the District's Most Significant Funds

Fund Financial Statements

Our analysis of the District's major funds begins on page 10. The fund financial statements begin on page 15 and provide detailed information about the District's most significant funds.

All of the District's activities are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end available for spending in future periods. These funds are reported using a modified accrual basis of accounting. This basis of accounting measures cash and all other *financial assets* that can readily be converted to cash. The governmental fund statements provide a detailed short-*term view* of the District's general government operations and the basic services it provides. Governmental fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance educational programs. The relationship (or differences) between governmental *activities* (reported in the Statement of Net Assets and the Statement of Activities and governmental *funds* is reconciled in the financial statements of the *Governmental Funds*.

The District as Trustee

The District is the trustee, or fiduciary, for its student activity funds. All of the District's fiduciary activities are 18-19. We exclude these activities from the District's other financial statements because the District cannot use these assets to finance its operations. The District is responsible for ensuring that the assets reported in these funds are used for their intended purposes.

White Oak School District No. C-1
Craig County, Oklahoma
Management's Discussion and Analysis
June 30, 2013

THE DISTRICT AS A WHOLE

The District's Net Position is reported in the Statement of Net Position on page 13.

The District's total net position was $2,243,139 at June 30, 2013. Table 1 provides a summary schedule of net position as of June 30, 2013 and June 30, 2012.

Table 1
Summary of Net Position

	June 30, 2013	June 30, 2012	Differences	
Cash and Investments	$ 1,212,066	$ 1,200,189	$ 11,877	1.0%
Taxes Receivable	16,265	19,201	(2,937)	-18.1%
Due from Other Governments	862	10,156	(9,294)	-1078.1%
Capital Assets	1,061,068	1,113,851	(52,783)	-5.0%
Total Assets	2,290,261	2,343,397	(53,136)	-2.3%
Liabilities	47,122	49,260	(2,138)	-4.5%
Net Investment in Capital Assets	1,061,068	1,113,851	(52,783)	-5.0%
Unrestricted Net Position	1,182,071	1,180,286	1,785	0.2%
Total Net Position	$ 2,243,139	$ 2,294,137	$ (50,998)	-2.3%

Most of the District's net position is invested in capital assets (buildings, land, buses and equipment). The remaining net position is a combination of restricted and unrestricted amounts. The restricted balances are amounts set aside by management for specific purposes as planned by the District or required by law.

Net position of the District decreased by $50,998, or approximately 2.3% from the previous fiscal year. This decrease is comprised of a decrease of $52,783 in net investment in capital assets; and an increase of $1,785 in unrestricted net position - the part of net position that can be used to finance day-to-day operations without constraints established by debt covenants, legislation or other legal requirements.

White Oak School District No. C-1
Craig County, Oklahoma
Management's Discussion and Analysis
June 30, 2013

The results of this year's operations as a whole are reported in the Statement of Activities on page 14. All expenses are reported in the first column. Specific charges, grants, revenues and subsidies that directly relate to specific expense categories are represented to determine the final amount of the Districts activities that are supported by other general revenues. The largest source of general revenues is the local taxes assessed to community taxpayers.

Table 2 takes the information from that Statement and rearranges it slightly.

Table 2
Change in Net Position

	June 30, 2013	June 30, 2012	Differences	
Charges for Services	$ 1,369	$ 2,038	$ (669)	-48.9%
Operating Grants and Contributions	152,594	223,829	(71,236)	-46.7%
Property Taxes	367,389	357,218	10,171	2.8%
Other Taxes	146,002	178,868	(32,865)	-22.5%
State Aid - Formula Grants	140,560	3,138,319	(2,997,759)	-2132.7%
Investment Earnings	12,143	18,388	(6,244)	-51.4%
Other Revenues	178	28,604	(28,426)	-15936.5%
Total Revenues	820,236	3,947,264	(3,127,028)	-381.2%
Instruction	412,833	3,294,704	(2,881,871)	-698.1%
Support Services	339,786	399,344	(59,558)	-17.5%
Non-Instruction Services	65,831	70,245	(4,414)	-6.7%
Other Outlays	-	7,007	(7,007)	100.0%
Unallocated Depreciation Expense	52,783	54,833	(2,050)	-3.9%
Total Expenses	871,234	3,826,133	(2,954,899)	-339.2%
Total Increase in Net Position	$ (50,998)	$ 121,131	$ (172,129)	337.5%

State Aid – Formula Grants made up approximately 17% of total revenues for White Oak School District in fiscal year 2013 while Operating Grants, including Federal Funds, provided 19% of revenues.

White Oak School District No. C-1
Craig County, Oklahoma
Management's Discussion and Analysis
June 30, 2013

THE DISTRICT'S FUNDS

The District's governmental funds are accounted for using the modified accrual basis of accounting. All governmental funds had total revenues of $820,236 and expenditures of $818,451. The overall net increase in fund balances of $1,785 is comprised of an increase in the general fund balance of $690, an increase in the building fund of $11,262, and a decrease in child nutrition fund balance of $10,166.

General Fund Budgetary Highlights

The District's budget is prepared according to Oklahoma law and is based on accounting for certain transactions on a basis of cash receipts, disbursements and encumbrances. The most significant budgeted fund is the General Fund.

During the fiscal year, the Board of Education (The Board) authorizes revisions to the original budget if necessary to accommodate differences from the original budget to the actual expenditures of the District. A schedule showing the District's original and final budget amounts compared with amounts actually paid and received is provided on pages 32-34.

In the General Fund, actual revenues were $82,111 more than budgeted and actual expenditures were $976,579 less than budgeted, resulting in a general fund balance carryover of $1,058,690.

White Oak School District No. C-1
Craig County, Oklahoma
Management's Discussion and Analysis
June 30, 2013

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

At June 30, 2013, the District had $4,430,689 invested in a broad range of capital assets, including land, building, buses and equipment. There were no capital assets purchased.

Debt Administration

At June 30, 2013, the District had no outstanding debt.

The State limits the amount of general obligation debt that school districts can issue to 10% of the assessed value of all taxable property within the District's corporate limits. At June 30, 2013, the District's total bonding capacity was $596,605 with no bonds outstanding for a net bonding capacity of $596,605.

White Oak School District No. C-1
Craig County, Oklahoma
Management's Discussion and Analysis
June 30, 2013

THE FUTURE OF THE DISTRICT

The Board of Education and management considered many factors when setting the fiscal year June 30, 2014 budget, including economic trends and issues, trends in residential growth, student enrollment trends, State of Oklahoma funding issues, and known information about Federal grants.

Our Estimate of Needs for General Fund for the year ended June 30, 2014 is $1,694,693.

If revenue estimates are realized, we expect to maintain our General Fund balance at the same level as we ended the current fiscal year.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers and creditors with a general overview of the District's finances and to show the District's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Superintendent's office at White Oak School District, 27355 S. 4340 Road, Vinita, OK 74301-9804.

White Oak School District No. C-1
Craig County, Oklahoma
Statement of Net Position
June 30, 2013

ASSETS	
Current Assets:	
Cash and Cash Equivalents	$ 1,212,066.13
Taxes Receivable	16,264.63
Due from Other Governments	862.07
Total Current Assets	1,229,192.83
Noncurrent Assets:	
Capital Assets, net of accumulated depreciation	1,052,535.16
Capital Assets, non-depreciable	8,533.00
Total Noncurrent Assets	1,061,068.16
TOTAL ASSETS	2,290,260.99
LIABILITIES	
Current Liabilities:	
Accounts Payable	753.74
Deferred Revenue	46,367.98
TOTAL LIABILITIES	47,121.72
NET POSITION	
Net Investment in Capital Assets	1,061,068.16
Unrestricted	1,182,071.11
TOTAL NET POSITION	$ 2,243,139.27

The accompanying Notes to the Financial Statements are an integral part of this statement.

White Oak School District No. C-1
Craig County, Oklahoma
Statement of Activities
For the Year Ended June 30, 2013

		Program Revenues			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Net (Expense)
Functions/Programs					
Governmental Activities:					
Instruction	$ 412,833.12	$ -	$ 131,982.11	$ -	$ (280,851.01)
Support Services					
Students	20,733.68	-	-	-	(20,733.68)
Instructional Staff	6,636.42	-	-	-	(6,636.42)
General Administration	111,873.33	-	-	-	(111,873.33)
School Administration	20,348.25	-	-	-	(20,348.25)
Business	52,612.49	-	-	-	(52,612.49)
Operation and Maintenance of Plant	84,250.52	-	-	-	(84,250.52)
Student Transportation	43,331.73	-	-	-	(43,331.73)
Non-Instruction Services					-
Child Nutrition Programs	65,831.16	1,369.10	20,611.45	-	(43,850.61)
Unallocated Depreciation Expense	52,782.93	-	-	-	(52,782.93)
Total Governmental Activities	$ 871,233.63	$ 1,369.10	$ 152,593.56	$ -	(717,270.97)

General Revenues:	
Taxes	
Property Taxes	367,389.09
Other Taxes	146,002.45
State Aid - Formula Grants	140,559.98
Investment Earnings	12,143.37
Miscellaneous	0.54
Reimbursements	177.83
Total General Revenues	666,273.26
Change in Net Position	(50,997.71)
Net Position, Beginning	2,294,136.98
Net Position, Ending	$ 2,243,139.27

The accompanying Notes to the Financial Statements are an integral part of this statement.

White Oak School District No. C-1
Craig County, Oklahoma
Balance Sheet
Governmental Funds
June 30, 2013

	General Fund	Special Revenue: Building Fund	Special Revenue: Child Nutrition Fund	Total Governmental Funds
ASSETS				
Cash and Cash Equivalents	$ 1,059,443.96	$ 142,264.39	$ 10,357.78	$ 1,212,066.13
Taxes Receivable	14,709.79	1,554.84	-	16,264.63
Due from Other Governments	862.07	-	-	862.07
Total Assets	$ 1,075,015.82	$ 143,819.23	$ 10,357.78	$ 1,229,192.83
LIABILITIES AND FUND BALANCE				
Accounts Payable	$ 753.74	$ -	$ -	$ 753.74
Deferred Revenue	27,816.43	-	18,551.55	46,367.98
	28,570.17	-	18,551.55	47,121.72
Fund Balance:				
Assigned to:				
Building Fund	-	143,819.23	-	143,819.23
Child Nutrition Fund	-	-	(8,193.77)	(8,193.77)
Unassigned	1,046,445.65	-	-	1,046,445.65
Total Fund Balance	1,046,445.65	143,819.23	(8,193.77)	1,182,071.11
Total Liabilities and Fund Balance	$ 1,075,015.82	$ 143,819.23	$ 10,357.78	

Amounts reported for governmental activities in the Statement of Net Position are different because:

Capital assets used in governmental activities are not financial resources and therefore, are not reported as assets in governmental funds. The cost of the assets is $4,430,689.11 and the accumulated depreciation is $3,369620.95for a net book value of $1,061,068.16	1,061,068.16
Net Position of Governmental Activities	$ 2,243,139.27

The accompanying Notes to the Financial Statements are an integral part of this statement.

White Oak School District No. C-1
Craig County, Oklahoma
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Year Ended June 30, 2013

		Special Revenue		
	General Fund	Building Fund	Child Nutrition Fund	Total Governmental Funds
Revenues:				
Local Sources	$ 239,171.46	$ 32,390.26	$ 1,369.10	$ 272,930.82
Intermediate Sources	120,324.35	-	-	120,324.35
State Sources	274,047.12	-	340.07	274,387.19
Federal Sources	131,982.11	-	20,611.45	152,593.56
Total Revenues	765,525.04	32,390.26	22,320.62	820,235.92
Expenditures:				
Instruction	412,833.12	-	-	412,833.12
Support Services	318,657.70	21,128.72	-	339,786.42
Non-Instruction Services	33,344.36	-	32,486.80	65,831.16
Total Expenditures	764,835.18	21,128.72	32,486.80	818,450.70
Excess (Deficit) of Revenues Over (Under) Expenditures	689.86	11,261.54	(10,166.18)	1,785.22
Cash Fund Balance Beginning of Year	1,045,755.79	132,557.69	1,972.41	1,180,285.89
Cash Fund Balance End of Year	$ 1,046,445.65	$ 143,819.23	$ (8,193.77)	$ 1,182,071.11

The accompanying Notes to the Financial Statements are an integral part of this statement.

White Oak School District No. C-1
Craig County, Oklahoma
Reconciliation of the Governmental Funds Statement of Revenues, Expenditures and Changes in Fund Balances to the District Wide Statement of Activities
For the Year Ended June 30, 2013

Excess of Revenues Collected Over Expenditures Paid - Governmental Funds	$	1,785.22
Amounts reported for governmental activities in the Statement of Activities are different because:		
Capital outlays to purchase or build capital assets are reported in governmental funds as expenditures. However, in the district wide statements, the cost of those assets is allocated over their estimated useful lives as depreciation expense. Payments on capitalized lease obligations are included in capital outlay expenditures in the governmental funds. The principal portion of these payments is reported as a reduction of liabilities in the district wide statements, while the interest portion of these lease payments is an expenditure.		
Depreciation expense		(52,782.93)
Change in Net Position of Governmental Activities	$	(50,997.71)

The accompanying Notes to the Financial Statements are an integral part of this statement.

White Oak School District No. C-1
Craig County, Oklahoma
Statement of Assets, Liabilities and Fund Equity
Fiduciary Funds
June 30, 2013

ASSETS	
Cash and Cash Equivalents:	$ 2,343.66
LIABILITIES	
Due to Students:	$ 2,343.66

The accompanying Notes to the Financial Statements are an integral part of this statement.

White Oak School District No. C-1
Craig County, Oklahoma
Statement of Changes in Assets and Liabilities (Continued)
Fiduciary Funds
For the Year Ended June 30, 2013

ACTIVITIES	Balance July 1, 2012	Receipts	Disbursements	Balance June 30, 2013
Carnival	$ 782.25	$ 2,036.18	$ 1,153.37	$ 1,665.06
Rancher	581.42	2,931.07	2,833.89	678.60
ASSETS				
Cash	$ 1,363.67	$ 4,967.25	$ 3,987.26	$ 2,343.66
LIABILITIES				
Due to Students	$ 1,363.67	$ 4,967.25	$ 3,987.26	$ 2,343.66

The accompanying Notes to the Financial Statements are an integral part of this statement.

White Oak School District No. C-1
Craig County, Oklahoma
Notes to the Financial Statements
For the Year Ended June 30, 2013

I. Summary of Significant Accounting Policies

The following notes to the financial statements are an integral part of the District's financial statements.

The District's financial statements are prepared in accordance with accounting principles generally accepted in the United States of America (GAAP) as applied to local government units.

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 (Board) composed of three elected members. The appointed superintendent is the executive officer of the District. The Board, constituting an on-going entity, is the level of government which has governance responsibilities over all activities related to public elementary and secondary school education within the jurisdiction of the Local Independent School District. The Board receives funding from local, state and federal government sources and must comply with the requirements of these funding source entities. However, the Board is not included in any other governmental "reporting entity" as defined in Section 2100, Codification of Governmental Accounting and Financial Reporting Standards, since Board members are elected by the public and have decision making authority, the power to designate management, the responsibility to significantly influence operations and primary accountability for fiscal matters.

These financial statements present only the activities of the District. There are no component units (entities considered to be financially accountable to the District).

B. Measurement Focus, Basis of Accounting and Basis of Presentation – Fund Accounting

The accounts of the District are organized and operated on the basis of funds and account groups. A fund is an independent fiscal accounting entity with a self-balancing set of accounts. Fund accounting segregates funds according to their intended purpose and is used to aid management in demonstrating compliance with finance-related legal and contractual provisions. The minimum number of funds is maintained consistent with legal and managerial requirements.

Basis of accounting relates to the timing of the measurements made, regardless of the measurement focus applied. Basis of accounting refers to when revenues and expenditures or expenses are recognized in the accounts and reported in the financial statements.

The District's basic financial statements include both government-wide (reporting the District as a whole) and fund financial statements (reporting the District's major funds). Both the government-wide and fund financial statements categorize primary activities as either governmental or business type. The District does not have any activities classified as business-type activities.

White Oak School District No. C-1
Craig County, Oklahoma
Notes to the Financial Statements
For the Year Ended June 30, 2013

I. Summary of Significant Accounting Policies (continued)

B. Measurement Focus, Basis of Accounting and Basis of Presentation – Fund Accounting (continued)

The District has the following fund types:

Governmental Fund Types - are used to account for most of the District'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).

Governmental fund types include the following funds:

General Fund - The General Fund is the general operating fund of the District. It accounts for all financial resources of the District, except those required to be accounted for in another fund. This is a budgeted fund, and any fund balances are considered as resources available for use. Major revenue sources include local property taxes and federal and state funding. 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 also accounts for federal and state financed programs where restricted monies must be expended for specific programs.

Special Revenue Funds - The special revenue funds account for revenue sources that are restricted to expenditures for specific purposes (not including expendable trusts or major capital projects). The special revenue funds are composed of the District's Building Fund Child Nutrition Fund and Insurance Recovery Fund. These are budgeted funds and any fund balances are considered as resources available for use.

Building Fund - The Building Fund consists mainly of monies derived from property taxes levied for the purpose of erecting, remodeling, repairing or maintaining school buildings and for purchasing furniture, equipment and computer software to be used on or for school district property, for paying energy and utility costs, for purchasing telecommunications services, for paying fire and casualty insurance premiums for school facilities, for purchasing security systems, and for paying salaries of security personnel.

Child Nutrition Fund - The Child Nutrition Fund consists of monies derived from federal and state financial assistance and food sales. This fund is used to account for the operations of the school cafeteria.

Fiduciary Fund Types - are used to account for assets held by the District in a trustee capacity or as an agent on behalf of others.

White Oak School District No. C-1
Craig County, Oklahoma
Notes to the Financial Statements
For the Year Ended June 30, 2013

I. Summary of Significant Accounting Policies (continued)

B. Measurement Focus, Basis of Accounting and Basis of Presentation – Fund Accounting (continued)

Fiduciary fund types include the following funds:

Agency Fund - The Agency Fund is custodial in nature and does not present results of operations. Agency Funds are accounted for using the cash basis of accounting. This fund is the School Activities Fund which is used to account for monies collected principally through fund raising efforts of thestudents and District-sponsored groups. This is not a budgeted fund. The administration is responsible, under the authority of the Board, for collecting, disbursing and accounting for these activity funds. These funds have no equity, assets are equal to liabilities, and do not include revenues and expenditures for general operation of the District.

1. District-Wide Financial Statements

The Statement of Net Position and the Statement of Activities report information on all of the nonfiduciary activities of the District. As a general rule, the effect of interfund activity has been eliminated from these statements. All activities of the District are considered governmental activities, which normally are supported by taxes and intergovernmental revenues.

The statement of Activities and Changes in Net Position demonstrates the degree to which the direct expenses of a given function or activity are offset by program revenues. Direct expenses are those that are clearly identifiable within a specific function or activity. Program revenues include charges to customers who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or activity. In addition, program revenues include grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or activity. Taxes and other items not properly included among program revenues are reported instead as general revenues.

The District-Wide Financial Statements are reported on a full accrual, economic resource basis, which recognizes all long-term assets and receivables as well as long-term debt and obligations. The District-wide focus is more on the sustainability of the District as an entity and the change in the District's net assets resulting from the current year's activities.

2. Fund Financial Statements

The Balance Sheet and the Statement of Revenues, Expenditures and Changes in Fund Balances are also provided for all of the governmental and fiduciary funds of the District. The District's major individual governmental funds are reported as separate columns in the fund financial statements. Nonmajor funds are aggregated and presented in a single column. Fiduciary funds are reported separately from governmental funds.

White Oak School District No. C-1
Craig County, Oklahoma
Notes to the Financial Statements
For the Year Ended June 30, 2013

I. Summary of Significant Accounting Policies (continued)

B. Measurement Focus, Basis of Accounting and Basis of Presentation – Fund Accounting (continued)

2. Fund Financial Statements (continued)

The District reports the following major governmental funds:

General Fund
Building Fund
Child Nutrition Fund

The Fund Financial Statements are presented on the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recorded when susceptible to accrual; i.e. both measurable and available. "Available" means collectible within the current period or within 60 days after year end. Expenditures are generally recognized under the modified accrual basis of accounting when the related liability is incurred. The exception to this general rule is that principal and interest on general obligation long-term debt, if any, is recognized when due.

C. Assets, Liabilities, Fund Balance, Revenue and Expenditures

1. Deposits and Investments

State statutes govern the District's investment policy. Permissible investments include direct obligations of the United States Government and Agencies; certificates of deposit of savings and loan associations, and bank and trust companies; and savings accounts or savings certificates of savings and loan associations and trust companies. Collateral is required for demand deposits and certificates of deposit for all amounts not covered by federal deposit insurance. Investments are stated at cost. The District invests entirely in certificates of deposit, U.S. Treasury Securities, and participates in the Secured Investment Program of Oklahoma State School Boards Association, as authorized by Oklahoma Statutes Title 62, Section 348.

2. Fair Value of Financial Instruments

The District's financial instruments include cash and investments. The District's estimate of the fair value of all financial instruments does not differ materially from the aggregate carrying values of its financial instruments recorded in the accompanying balance sheet. The carrying amount of these financial instruments approximates fair value because of the short maturity of these instruments.

3. Estimates

The preparation of financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

White Oak School District No. C-1
Craig County, Oklahoma
Notes to the Financial Statements
For the Year Ended June 30, 2013

I. Summary of Significant Accounting Policies (continued)

C. Assets, Liabilities, Fund Balance, Revenue and Expenditures (continued)

4. Interfund Transactions

Interfund 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. Non-recurring or non-routine permanent transfers of equity are reported as residual equity transfers.

5. Inventories

Governmental fund inventories are accounted for using the purchases method where materials and supplies are recorded as expenditures immediately when purchased. If the purchases method is used and significant inventory exists at the reporting date, and entry should be made to reflect the amount on hand.

6. Capital Assets

Capital assets, which include property, plant and equipment, are reported in the District-Wide Financial Statements. Capital assets are defined by the District as assets with an initial, individual cost of more than $5,000 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are reported at estimated fair market value at the date of donation.

The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed.

All reported capital assets are depreciated using the straight-line method over the following estimated useful lives: buildings and improvements (15-80 years); transportation equipment (5-15 years); equipment (5-15 years).

7. Compensated Absences

District employees are entitled to 10 days annual sick leave for illness of the employee or illness in the immediate family with full pay for those days used. Employees are not paid for unused sick days. These unused sick days may accumulate to a maximum of 180 days. Total accumulated unused sick days will be used in the computation of years of service and may entitle the employee to early retirement. In accordance with the provisions of Statement of Financial Accounting Standards No. 43, Accounting for Compensated Absences, no liability is recorded for non-vesting accumulating rights to receive sick pay benefits.

White Oak School District No. C-1
Craig County, Oklahoma
Notes to the Financial Statements
For the Year Ended June 30, 2013

I. Summary of Significant Accounting Policies (continued)

C. Assets, Liabilities, Fund Balance, Revenue and Expenditures (continued)

8. Long-Term Obligations

In the District-Wide Financial Statements, long-term debt and other long-term obligations are reported as liabilities. In the Fund Financial Statements, the face amount of debt issues is reported as revenues while principal and interest payment on debt are recorded as expenditures.

9. Property Taxes and Other Local 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. Property taxes are levied on November 1 and are due on receipt of the tax bill. The first half of taxes is 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 assessment. If not paid by the following October 1, the property is offered for sale for the amount of the 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. No provision has been made for uncollected taxes, as all taxes are deemed collectible. Other local sources of revenues include tuition, fees, rentals, disposals, commissions and reimbursements.

10. Intermediate Revenues

Revenue from intermediate sources is the amount of money from funds collected by an intermediate administrative unit, or a political subdivision between the district and the state, and distributed to districts in amounts that differ in proportion to those which were collected within such systems.

11. State Revenues

The District receives revenue from the state to administer certain categorical educational programs. State Board of Education rules require that revenue earmarked for these programs be expended only for the program for which the money is provided and require that the money not expended as of the close of the fiscal year be carried forward into the following year to be expended for the same categorical programs. The State Department of Education requires that categorical educational program revenues be accounted for in the general fund. Revenues from state sources for current operations are primarily governed by state aid formula under the provisions of 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. 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.

White Oak School District No. C-1
Craig County, Oklahoma
Notes to the Financial Statements
For the Year Ended June 30, 2013

I. Summary of Significant Accounting Policies (continued)

C. Assets, Liabilities, Fund Balance, Revenue and Expenditures (continued)

12. Federal Revenues

Federal revenues consist of revenues from the federal government in the form of operating grants or entitlements. An operating grant is a contribution to be used for a specific purpose, activity or facility. A grant may be received either directly from the federal government or indirectly as a pass through from another government, such as the state. Entitlement is the amount of payment to which the District is entitled pursuant to an allocation formula contained in applicable statutes. The majority of federal revenues received by the District are apportioned to the general fund. The district maintains a separate child nutrition fund and the federal revenues received for the child nutrition programs are apportioned there.

13. Net Position/Fund Balances

In the government-wide financial statement, net position represents the difference between assets and liabilities. Net investment in capital assets, consists of capital assets, reduced by the outstanding balances of any borrowing used for the acquisition, construction, or improvement of those assets. Net position is reported as restricted when limitations on their use change the nature or normal understanding of the availability of the asset. Such constraints are either externally imposed by creditors, contributors, grantors, laws or other governments, or are imposed by law through constitutional provisions or enabling legislation.

In the fund financial statements, governmental funds report the hierarchy of fund balances. The hierarchy is based primarily on the degree of spending constraints places on the use of resources for specific purposed versus availability of appropriation. An important distinction that is made in reporting fund balance is between amounts that are considered *nonspendable* (i.e, fund balance associated with assets that are not in spendable form, such as inventories or prepaid items, long-term portions of loans and notes receivable, or items that are legally required to be maintained intact (such as the corpus of a permanent fund)) and those that are *spendable* (such as fund balance associated with cash, investments or receivables).

Amounts in the *spendable* fund balance category are further classified as *restricted, committed, assigned* or *unassigned*, as appropriate.

Restricted fund balance represents amounts that are constrained either externally by creditors (such as debt covenants), grantors, contributors, or laws and regulations of other governments; or by law through constitutional provision or enabling legislation.

Committed fund balance represents amounts that are usable 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 by taking action similar to that which imposed the commitment. The District's Board of Education is the highest level of decision making authority of the District.

White Oak School District No. C-1
Craig County, Oklahoma
Notes to the Financial Statements
For the Year Ended June 30, 2013

I. Summary of Significant Accounting Policies (continued)

C. Assets, Liabilities, Fund Balance, Revenue and Expenditures (continued)

13. Net Assets/Fund Balances (continued)

Assigned fund balance represents amounts that are *intended* to be used for specific purposes but are neither restricted nor committed. Intent is expressed by the governing body itself, or a subordinated high-level body or official who the governing body has delegated the authority to assign amounts to be used for specific purposes. Assigned fund balances includes all remaining spendable amounts (except negative balances) that are reported in governmental funds *other than the general fund*, that are neither restricted nor committed, and amounts in the general fund that are intended to be used for specific purpose in accordance with the provisions of the standard.

Unassigned fund balance is the residual classification for the general fund. It represents the amounts that have not been assigned to other funds, and that have not been restricted, committed, or assigned to specific purposes within the general fund.

14. Resource Use Policy

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

II. Stewardship, Compliance and Accountability

A. Budgetary Information

The District is required by state law to prepare an annual budget. An annual Estimate of Needs is approved by the Board in September, filed with the County Clerk and approved by the County Excise Board. Supplemental appropriations are made during the year. The District's budget is prepared on a basis of accounting prescribed by the Oklahoma Department of Education which conforms to the system of accounting authorized by the State of Oklahoma. This regulatory basis of accounting is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

B. Encumbrance Accounting

Encumbrances represent commitments related to unperformed contracts for goods or services. Encumbrance accounting -- under which purchase orders and other commitments of resources are recorded as expenditures of the applicable fund -- is utilized in all governmental funds of the District. Purchase orders or contracts document encumbrances for goods or purchased services. Under Oklahoma law, unencumbered appropriations lapse at year-end.

White Oak School District No. C-1
Craig County, Oklahoma
Notes to the Financial Statements
For the Year Ended June 30, 2013

III. Detailed Notes Concerning the Funds

A. Custodial Credit Risk

Custodial Credit Risk – Deposits. Custodial credit risk is the risk that in the event of a bank failure, the District's deposits may not be returned to it. The District's cash deposits, including interest-bearing certificates of deposit, are maintained in financial institutions. As of June 30, 2013, none of the District's deposits were exposed to custodial credit risk.

Interest rate risk: This is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of the investment, the greater the sensitivity of its fair value to changes in market interest rates. 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.

B. Changes in Capital Assets

Capital asset activity for the year was as follows:

	Balance June 30, 2012	Additions	Deletions	Balance June 30, 2013
Not Depreciated				
Land	$ 8,533.00	$ -	$ -	$ 8,533.00
Depreciable Assets				
Buildings and Improvements	4,123,530.00	-	-	4,123,530.00
Transportation Equipment	231,791.11	-	-	231,791.11
Equipment & Software	66,835.00	-	-	66,835.00
Total Depreciable Assets	4,422,156.11	-	-	4,422,156.11
Accumulated Depreciation	(3,316,838.02)	(52,782.93)	-	(3,369,620.95)
Net Depreciable Assets	1,105,318.09	(52,782.93)	-	1,052,535.16
Net Capital Assets	$ 1,113,851.09	$ (52,782.93)	$ -	$ 1,061,068.16

White Oak School District No. C-1
Craig County, Oklahoma
Notes to the Financial Statements
For the Year Ended June 30, 2013

IV. Other Information

A. Risk Management

The District is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; injuries to employees; or acts of God. The District purchases commercial insurance to cover these risks, including general and auto liability, property damage, and public officials liability. Settled claims resulting from these risks have not exceeded the commercial insurance coverage in any of the past three fiscal years.

The District also participates in a risk pool for Workers' Compensation coverage in which there is a transfer or pooling of risks among the participants of that pool. In accordance with GASB No. 10, the District reports the required contribution to the pool, net of refunds, as insurance expense. The risk pool is the Oklahoma School Assurance Group (OSAG), an organization formed for the purpose of providing workers' compensation coverage to participating schools in the State of Oklahoma.

In that capacity, OSAG is responsible for providing loss control services and certain fiscal activities, including obtaining contract arrangements for the underwriting, excess insurance agreements, claims processing, and legal defense for any and all claims submitted to them during the plan year. As a member of OSAG, the District is required to pay fees set by OSAG according to an established payment schedule. A portion of the fees paid by the District goes into a loss fund for the District. The fee for the loss fund is calculated by projecting losses based on the District's losses for the last five years. OSAG provides coverage in excess of the loss fund so the District's liability for claim loss is limited to the balance of the loss fund. If the District does not use their loss fund in three years it is returned to them with no interest.

The District is also a member of the Oklahoma Public Schools Unemployment Compensation Program. In the program, the District is required to contribute 1.6% of their taxable payroll for unemployment insurance. The funds for each district are kept separate and districts may elect to contribute more than 1.6% of their payroll. The money contributed by each district earns interest and is fully insured. If the District has claims in excess of the amount in their account, it would be liable for the excess.

B. Contingent Liabilities

Amounts received or receivable from grantor agencies are subject to audit and adjustment by grantor agencies, principally the federal government. 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.

C. Non-Monetary Transactions

The fair market value as determined by the Oklahoma Department of Human Services of the commodities received during the period under audit was $1,146.57.

White Oak School District No. C-1
Craig County, Oklahoma
Notes to the Financial Statements
For the Year Ended June 30, 2013

IV. Other Information (continued)

D. Employee Retirement System and Plan

Description of Plan

The District participates in the state-administered Oklahoma Teachers' Retirement System, which is cost-sharing, multiple-employer defined benefit public employee retirement system (PERS) administered by the Board of Trustees of the Oklahoma Teachers' Retirement System (the "System"). The System provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Title 70 Section 17 of the Oklahoma Statutes establishes benefit provisions and may be amended only through legislative action. The System issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to the Oklahoma Teachers' Retirement System, P.O. Box 53624, Oklahoma City, OK 73152 or by calling (405) 521-2387.

Basis of Accounting

The System's financial statements are prepared using the cash basis of accounting, except for accruals of interest income. Plan member contributions are recognized in the period in which the contributions are made. Benefits and refunds are recognized when paid. 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 System has an under-funded pension benefit obligation as determined as part of the latest actuarial valuation.

Funding Policy

The District, the State of Oklahoma, and the participating employee may make contributions. The contribution rates for the District and its employees are established by and may be amended by Oklahoma Statutes. The rates are not actuarially determined. The rates are applied to the employee's earnings plus employer-paid fringe benefits. The required contribution for the participating members is 7.0% of compensation. The District and State are required to contribute 11.5% of applicable compensation. Contributions received by the System from the State of Oklahoma are from 3.54% of its revenues from sales taxes, use taxes, corporate income taxes and individual income taxes. The District contributed 7.05% during this year. The combined state and local rate will stabilize at 14.05%. The District is allowed by the System to make the required contributions on behalf of the participating members. In addition, the District is required to match the retirement paid on salaries that are funded with federal funds.

White Oak School District No. C-1
Craig County, Oklahoma
Notes to the Financial Statements
For the Year Ended June 30, 2013

IV. Other Information (continued)

Annual Pension Cost

The District's total contributions for 2013, 2012 and 2011were $29,302, $31,337, and $28,193.85, respectively.

Schedule of Funding Progress

Actuarial Valuation Date	Actuarial Value of Assets (AVA)(a)	Actuarial Accrued Liability (AAL)(b)	Unfunded Actuarial Accrued Liability (UAAL)(b-a)	Funded Ratio (a/b)	Annual Covered Payroll (c)	UAAL as % of Covered Payroll (b-a)/(c)
6/30/2002	6,310.9	12,275.9	5,965.0	51.4%	3,047.1	195.8%
6/30/2003	6,436.9	11,925.2	5,488.3	54.0%	3,045.7	180.2%
6/30/2004	6,660.9	14,080.1	7,419.2	47.3%	3,030.7	244.8%
6/30/2005	6,952.7	14,052.4	7,099.7	49.5%	3,175.2	223.6%
6/30/2006	7,470.4	15,143.4	7,672.9	49.3%	3,354.9	228.7%
6/30/2007	8,421.9	16,024.4	7,602.5	52.6%	3,598.9	211.2%
6/30/2008	9,256.8	18,346.9	9,090.1	50.5%	3,741.4	242.3%
6/30/2009	9,439.0	18,950.9	9,512.0	49.8%	3,807.9	249.8%
6/30/2010	9,566.7	19,980.6	10,414.0	47.9%	3,854.8	270.2%
6/30/2011	9,960.6	17,560.8	7,600.2	56.7%	3,773.3	201.4%
6/30/2012	10,190.5	18,588.0	8,397.6	54.8%	3,924.8	214.0%

Note: Dollar amounts in millions

E. Surety Bonds

The Superintendent is bonded by Darnell & Associates, bond number LSM0400531, for the sum of $100,000 for the term March 16, 2013 to March 13, 2014.

The Treasurer is bonded by CNA Surety Company, bond number LSM0295754, for the sum of $100,000 for the term May 13, 2013 to May 13, 2014.

The Activity Fund/Encumbrance/Minutes Clerk is bonded by Western Surety, bond number 70857748, for the sum of $100,000 covering all position, for the term January 12, 2013 to January 12, 2014.

F. Subsequent Events

Management has evaluated subsequent events through October 29, 2013, which is the date the financial statements were available to be issued and have determined that no additional information needs to be added to the financial statements.

REQUIRED SUPPLEMENTARY INFORMATION

White Oak School District No. C-1
Craig County, Oklahoma
Combined Statement of Revenues Collected, Expenditures Paid and Changes in Fund Balances - Budget and Actual - Regulatory Basis - General Fund
For the Year Ended June 30, 2013

	Budgeted Amounts			Budget Variance	
	Original	Final	Actual	Original to Final	Final to Actual
Revenues Collected:					
Local Sources	$ 220,902.75	$ 220,902.75	$ 241,551.85	$ -	$ 20,649.10
Intermediate Sources	84,451.46	84,451.46	120,324.35	-	35,872.89
State Sources	286,359.52	286,359.52	281,729.41	-	(4,630.11)
Federal Sources	101,359.71	101,359.71	131,579.26	-	30,219.55
Total Revenues Collected	693,073.44	693,073.44	775,184.87	-	82,111.43
Expenditures Paid:					
Instruction	1,389,411.81	1,389,411.81	412,833.12	-	976,578.69
Support Services	318,657.70	318,657.70	318,657.70	-	-
Non-Instruction Services	33,344.36	33,344.36	33,344.36	-	-
Total Expenditures Paid	1,741,413.87	1,741,413.87	764,835.18	-	976,578.69
Excess (Deficit) of Revenues Collected Over (Under) Expenditures Paid	(1,048,340.43)	(1,048,340.43)	10,349.69	-	1,058,690.12
Cash Fund Balance Beginning of Year	1,048,340.43	1,048,340.43	1,048,340.43	-	-
Cash Fund Balance End of Year	$ -	$ -	$ 1,058,690.12	$ -	$ 1,058,690.12

Amount reported for general fund cash fund balance in the Balance Sheet of Governmental Funds is different because this schedule is prepared on a regulatory basis of accounting. The differences are attributable to:	
Taxes Receivable	14,709.79
Due from Other Governments	862.07
Deferred Revenue	(27,816.43)
Cash Fund Balance - General Fund	$ 1,046,445.55

White Oak School District No. C-1
Craig County, Oklahoma
Combined Statement of Revenues Collected, Expenditures Paid and Changes in Fund Balances - Budget and Actual - Regulatory Basis – Building Fund
For the Year Ended June 30, 2013

	Budgeted Amounts			Budget Variance	
	Original	Final	Actual	Original to Final	Final to Actual
Revenues Collected:					
Total Revenues Collected	$ 29,684.95	$ 29,684.95	$ 32,665.63	$ -	$ 2,980.68
Expenditures Paid:					-
Total Expenditures Paid	160,412.43	160,412.43	21,128.72	-	139,283.71
Excess (Deficit) of Revenues Collected Over (Under) Expenditures Paid	(130,727.48)	(130,727.48)	11,536.91	-	142,264.39
Cash Fund Balance Beginning of Year	130,727.48	130,727.48	130,727.48	-	-
Cash Fund Balance End of Year	$ -	$ -	$ 142,264.39	$ -	$ 142,264.39

Amount reported for building fund cash fund balance in the Balance Sheet of Governmental Funds is different because this schedule is prepared on a regulatory basis of accounting. The differences are attributable to:

Property Taxes Receivable	1,554.84
Cash Fund Balance - Building Fund	$ 143,819.23

White Oak School District No. C-1
Craig County, Oklahoma
Combined Statement of Revenues Collected, Expenditures Paid and Changes in Fund Balances - Budget and Actual - Regulatory Basis – Child Nutrition
For the Year Ended June 30, 2013

	Budgeted Amounts			Budget Variance	
	Original	Final	Actual	Original to Final	Final to Actual
Revenues Collected:					
Local Sources	$ 1,834.30	$ 1,834.30	$ 1,369.10	$ -	$ (465.20)
State Sources	328.64	328.64	340.07	-	11.43
Federal Sources	16,696.39	16,696.39	22,906.30	-	6,209.91
Total Revenues Collected	18,859.33	18,859.33	24,615.47	-	5,756.14
Expenditures Paid:					
Total Expenditures Paid	37,088.44	37,088.44	32,486.80	-	4,601.64
Excess (Deficit) of Revenues Collected Over (Under) Expenditures Paid	(18,229.11)	(18,229.11)	(7,871.33)	-	10,357.78
Cash Fund Balance Beginning of Year	18,229.11	18,229.11	18,229.11	-	-
Cash Fund Balance End of Year	$ -	$ -	$ 10,357.78	$ -	$ 10,357.78

Amount reported for building fund cash fund balance in the Balance Sheet of Governmental Funds is different because this schedule is prepared on a regulatory basis of accounting. The differences are attributable to:

Deferred Revenue	(18,551.55)
Cash Fund Balance - Child Nutritiong Fund	$ (8,193.77)

OTHER SUPPLEMENTARY INFORMATION

White Oak School District No. C-1
Craig County, Oklahoma
Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2013

Federal Grantor/Pass-Through Grantor/ Program Title	Federal CFDA Number	Grantor's Number	Approved Amount	Balance at July 1, 2012	Receipts	Federal Expenditures	Receivables / (Payables) Balance at June 30, 2013
U.S. Department of Education							
Direct Programs:							
Impact Aid	84.041	591	$ -	$ (13,535.61)	$ 34,572.33	$ 34,572.33	$ (13,535.61)
Title VII, Part A - Indian Education	84.060	561	4,256.00	-	4,256.00	4,256.00	-
Passed Through State Department of Education:							
Title I, Part A - Improving Basic Programs	84.010	511	59,955.36	-	59,709.80	59,709.80	-
IDEA-B	84.027	621	10,812.00	-	10,812.00	11,720.00	-
IDEA-B Preschool	84.173	641	1,523.93	-	1,523.93	1,523.93	-
Title VI, Subpart 2 - REAP	84.358	586	11,633.00	1,892.00	9,072.20	7,180.20	-
Title VI, Subpart 2 - SRSAG	84.358A	588	4,256.00	(14,280.82)	11,633.00	11,633.00	(14,280.82)
Total U.S. Department of Education			92,436.29	(25,924.43)	131,579.26	130,595.26	(27,816.43)
U.S. Department of Agriculture							
Passed Through State Department of Education:							
National School Breakfast Program	10.553	764	N/A	(5,922.87)	8,181.71	8,181.71	(5,922.87)
National School Lunch Program	10.555	763	N/A	(12,628.68)	14,724.59	14,724.59	(12,628.68)
Passed Through Department of Health & Human Services							
Commodities - Note B	10.550	385	N/A	-	1,146.57	1,146.57	-
Total U.S. Department of Agriculture			-	(18,551.55)	24,052.87	24,052.87	(18,551.55)
TOTAL FEDERAL ASSISTANCE			$ 92,436.29	$ (44,475.98)	$ 155,632.13	$ 154,648.13	$ (46,367.98)

Note A - This schedule was prepared on the accrual basis of accounting. The information in this schedule is presented in Accordance with the requirements of OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

Note B – Food Distribution: Non-monetary assistance is reported in the schedule at the fair market value of the commodities received and disbursed.

White Oak School District No. C-1
Craig County, Oklahoma
Schedule of Accountant's Professional Liability Insurance Affidavit
For the Year Ended June 30, 2013

State of Oklahoma)
)ss
County of Craig)

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 White Oak Public Schools for the audit year 2012-2013.

Turner & Associates, PLC
_____
Auditing Firm

by _____
Authorized Agent

Subscribed and sworn to before me this 29th day of October, 2013.

Notary Public (or Clerk or Judge)

White Oak School District No. C-1
Craig County, Oklahoma
Schedule of Findings and Responses
For the Year Ended June 30, 2013

SUMMARY OF AUDITOR'S RESULTS

1. The auditor's report expresses an unqualified opinion on the basic financial statements of White Oak School District.

2. One deficiency relating to the audit of the basic financial statements are reported in the 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*. This is considered a material weaknesses.

3. No instances of noncompliance material to the financial statements of White Oak School District, which would be required to be reported in accordance with *Government Auditing Standards*, were disclosed during the audit.

FINDINGS - FINANCIAL STATEMENT AUDIT

2013-1 Material Adjusting Journal Entries

Criteria:
The District's management is responsible for internal controls over accounting and financial reporting. This responsibility includes the design and implantation of controls over the fair and complete presentation of the District's annual financial statements in accordance with generally accepted accounting principles (GAAP) from trial balances derived from the government's accounting records. For trial balances to be both complete and accurate, the government must have effective internal controls over recording, processing, summarizing, and adjusting accounting data. As evidence of effective internal controls over accounting and financial reporting, there should generally be few, if any, material adjustments to the trial balances required that are detected and corrected solely as a result of the financial statement audit. In other words, government management should not rely on the external auditor to detect and correct material misstatements in the books and records as part of its internal control, but rather should have its own procedures designed and in place that are independent of the external auditor to provide reasonable, although not absolute, assurance that material misstatements will be detected and corrected in its trial balances prior to audit.

Condition:
The District's trial balances for the year ended June 30, 2013, required a number of material adjusting journal entries in order for the financial statements to be prepared in accordance with GAAP. These necessary adjusting entries, identified solely as a result of the financial statement audit, included such adjustments as the following: adjusting accounts receivable/accounts payable; adjusting note activity for unrecorded debt; recording accounting activity for funds held at county; recording adjustments from the prior period; writing off outstanding checks; adjusting payroll taxes, prepaid insurance, accrued interest, interest earned, meter deposits payable, depreciation, and due from other governments.

White Oak School District No. C-1
Craig County, Oklahoma
Schedule of Findings and Responses
For the Year Ended June 30, 2013

FINDINGS - FINANCIAL STATEMENT AUDIT (continued)

2013-2 Material Adjusting Journal Entries (continued)

Cause:
The District's accounting and financial reporting staff does not possess the necessary knowledge, expertise and education, relative to the complex nature of applying GAAP applicable to state and local governments, sufficient to provide reasonable assurance that the trial balances used for preparing the GAAP financial statements are complete and accurate prior to audit. As a result, management has had to rely on the external auditors to identify and correct a number of material misstatements in the trial balances.

Effect:
As a result of this condition, without assistance from its external auditors, the District lacks the necessary internal controls over the completeness and accuracy of the trial balances that are used in the preparation of its financial statements in accordance with GAAP. This condition can result in undetected and uncorrected material misstatements in the financial statements that are not detected by management and may also not be detected by the financial statement audit. In addition, if management's intentions are to continue to rely on the external auditor to detect and correct material misstatements, this condition could place the auditor in a questionable position regarding auditor independence since management is responsible for the completeness and accuracy of the financial statements.

Recommendation:
The District should consider designing and implementing sufficient internal controls over the completeness and accuracy of trial balances by obtaining the necessary knowledge, expertise, and continuing education to apply GAAP in the development of working trial balances that will be used to prepare the government's annual financial statements. This could be achieved through employment of qualified accounting staff or the outsourcing of these control activities to a qualified accounting firm other than the external auditor.

Client Response:
No response from District.