

**Financial Statements and Reports of
Independent Certified Public Accountant
Jay School District No. I-1
Delaware County, Oklahoma
June 30, 2014**

TURNER & ASSOCIATES, PLC
Certified Public Accountants
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**Jay School District No. I-1
Delaware County, Oklahoma
School District Officials
June 30, 2014**

Board of Education

President	Linda Bingham
Vice-President	Monte Rutherford
Clerk	Arden Jackson
Member	Navada Jeffries
Member	Curt Rader

Superintendent of Schools

Charles Thomas

School District Treasurer

Misty Osburn

Minute Clerk

Debbie Wolf

Encumbrance Clerk

Debbie Wolf

**Jay School District No. I-1
Delaware County, Oklahoma
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INDEPENDENT AUDITOR'S REPORT

The Honorable Board of Education
Jay School District No. I-1
Jay, Delaware County, Oklahoma

Report on the Financial Statements

We have audited the accompanying basic financial statements – regulatory basis of the governmental activities, each major fund, and the aggregate remaining fund information of the Jay School District No. I-1, Delaware County, Oklahoma (District), as of and for the year ended June 30, 2014, 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 to meet financial reporting requirements of the State of Oklahoma; this includes determining that the regulatory basis of accounting is an acceptable basis for the preparation of the financial statements in the circumstances. 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 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, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

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

As discussed in Note 1, the financial statements are prepared by the Jay School District, No. I-1, 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 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 on 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 Jay School District, No. I-1, Jay, Delaware County, Oklahoma, as of June 30, 2014, the changes in its financial position, or, where applicable, its cash flows for the year then ended.

Opinion on Regulatory Basis of Accounting

In our opinion, the basic financial statements referred to in the first paragraph present fairly, in all material respects, the respective financial position – regulatory basis of the governmental activities and each major fund of the Jay School District, No. I-1, Jay, Delaware County, Oklahoma, as of June 30, 2014, and the respective changes in financial position – regulatory basis for the year then ended on the regulator basis of accounting described in Note 1.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management’s discussion and analysis, budgetary comparison information and notes on pages 8-15 and 39-40 be presented to supplement the basic financial statements. 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 or 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 responses 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 an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements the collectively comprise the District’s basic financial statements. The combined statements – regulatory basis are presented for the purpose of additional analysis and are not a required part of the basic financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is also not a required part of the financial statements.

The combining statements – regulatory basis and the schedule of expenditures of federal awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including

comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and o the additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining statements – regulatory basis and the schedule of expenditures of federal awards are fairly stated in all material aspects 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 November 12, 2014, 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 other matters. The purpose of that report is to describe the scope of our testing of internal controls 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.

TURNER & Associates, PLLC

Vinita, Oklahoma
December 12, 2014



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

The Honorable Board of Education
Jay School District No. I-1
Jay, Delaware 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 accompanying fund type and account group financial statements – regulatory basis within the combined financial statements of the Jay School District No. I-1, Delaware County, Oklahoma as of and for the year ended June 30, 2014, and the related notes to the financial statements, and have issued our report thereon dated December 12, 2014, which was adverse with respect to the presentation of the financial statements in conformity with accounting principles generally accepted in the United States because presentation followed the regulatory basis of accounting for Oklahoma school districts and did not conform to the presentation requirements of the Government Accounting Standards Board.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Jay 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 Jay School District’s internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Jay School District’s 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. 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 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 that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies 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 Jay 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*.

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, PLLC

Vinita, Oklahoma
December 12, 2014



**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE
TO EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE IN
ACCORDANCE WITH OMB CIRCULAR A-133**

The Honorable Board of Education
Jay School District No. I-1
Jay, Delaware County, Oklahoma

Report on Compliance for Each Major Federal Program

We have audited Jay School District No. I-1, Delaware County, Oklahoma's compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of Jay School District No. I-1, Delaware County, Oklahoma's major federal programs for the year ended June 30, 2014. Jay School 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 Jay School 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 OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Jay School 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 Jay School District's compliance.

Opinion on Each Major Federal Program

In our opinion, Jay School District complied, in all material aspects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2014.

Report on Internal Control Over Compliance

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

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

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

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

TURNER & Associates, PLLC

Vinita, Oklahoma
December 12, 2014

Jay School District No. I-1
Delaware County, Oklahoma
Management's Discussion and Analysis
June 30, 2014

Our discussion and analysis of Jay School District's financial performance provides an overview of the District's financial activities for the fiscal year ended June 30, 2014. Please read it in conjunction with the District's financial statements which begin on page 16.

FINANCIAL HIGHLIGHTS

- The District's net position increased by \$1,253,144 as a result of this year's operations.
- Revenues increased in total by \$964,587 or about 6.6% from the previous fiscal year.
- Expenditures decreased \$1,107,203 or 8.2% from the previous fiscal year.
- Additions to capital assets include two new buses, a 2014 Chevy Truck, new wrestling mats, and a basketball court at the Middle School. In addition a new re-roofing project at the Student Center was begun.

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 16-17) 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 18-20) 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 with all other nonmajor funds presented in total in one column. The District's most significant funds are the general fund and the building fund.

The remaining Fiduciary Fund Statements (pages 21-23) 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.

Jay School District No. I-1
Delaware County, Oklahoma
Management's Discussion and Analysis
June 30, 2014

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 11. 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 regulatory 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 those net assets. 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.

**Jay School District No. I-1
Delaware County, Oklahoma
Management's Discussion and Analysis
June 30, 2014**

Reporting the District's Most Significant Funds

Fund Financial Statements

Our analysis of the District's major funds begins on page 13. The fund financial statements begin on page 18 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 Position 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 reported in separate Statements of Changes in Assets and Liabilities on pages 21-23. 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.

**Jay School District No. I-1
Delaware County, Oklahoma
Management's Discussion and Analysis
June 30, 2014**

THE DISTRICT AS A WHOLE

The District's Net Position is reported in the Statement of Net Position on page 16.

The District's total net position was \$16,538,502 as of June 30, 2014. Table 1 provides a comparative summary schedule of net position.

Table 1
Summary of Net Position

	June 30, 2014	June 30, 2013	Differences	
Cash and cash equivalents	\$ 3,712,576	\$ 1,704,690	\$ 2,007,886	54.1%
Capital Assets, net of Accumulated Depreciation	15,541,888	15,769,252	(227,364)	-1.5%
Total Assets	<u>19,254,464</u>	<u>17,473,942</u>	<u>1,780,522</u>	<u>9.2%</u>
Current Liabilities	1,522,025	1,141,166	380,859	25.0%
Noncurrent Liabilities	1,193,937	1,047,419	146,518	12.3%
Total Liabilities	<u>2,715,962</u>	<u>2,188,585</u>	<u>527,377</u>	<u>19.4%</u>
Net Investment in Capital Assets	14,262,203	13,634,803	627,400	4.4%
Restricted	1,412,191	1,038,604	373,587	26.5%
Unrestricted	864,108	611,951	252,157	29.2%
Total Net Position	<u><u>\$ 16,538,502</u></u>	<u><u>\$ 15,285,358</u></u>	<u><u>\$ 1,253,144</u></u>	<u><u>7.6%</u></u>

Most of the District's net position invested in capital assets (land, buildings, 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 increased by \$1,253,144, or 7.6%. This increase is comprised of an increase of \$651,170 in net investment in capital assets and construction in progress; an increase of \$400,494 in restricted net position; and an increase of \$201,481 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.

UNAUDITED

**Jay School District No. I-1
Delaware County, Oklahoma
Management's Discussion and Analysis
June 30, 2014**

The results of this year's operations as a whole are reported in the Statement of Activities on page 17. 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 sources of general revenues are State Aid, operating grants and local taxes assessed to community taxpayers.

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

Table 2
Summary of Change in Net Position

	June 30, 2014	June 30, 2013	Differences	
Charges for Services	\$ 98,355	\$ 101,599	\$ (3,244)	-3.3%
Operating Grants and Contributions	2,852,060	2,286,707	565,353	19.8%
Taxes	3,964,508	3,674,394	290,114	7.3%
State Aid - Formula Grants	7,225,535	7,136,806	88,729	1.2%
Investment Earnings	6,343	7,058	(715)	-11.3%
Reimbursements	25,492	38,010	(12,518)	-49.1%
Miscellaneous	544,905	508,037	36,868	6.8%
Total Revenues	14,717,198	13,752,611	964,587	6.6%
Instruction	7,589,178	7,953,613	(364,435)	-4.8%
Support Services	3,786,402	4,627,935	(841,533)	-22.2%
Non-Instruction Services	950,163	930,839	19,324	2.0%
Capital Outlay	95,204	109,448	(14,244)	-15.0%
Other Outlays	543,494	480,946	62,548	11.5%
Loss on disposal of assets	5,087	-	5,087	100.0%
Interest on Long-Term Debt	30,899	9,312	21,587	69.9%
Unallocated Depreciation Expense	463,627	459,164	4,463	1.0%
Total Expenses	13,464,054	14,571,257	(1,107,203)	-8.2%
Total Increase (Decrease) in Net Position	\$ 1,253,144	\$ (818,646)	\$ 2,071,790	165.3%

Taxes made up 27% of total revenues for Jay School District in fiscal year 2014 while operating grants provided 19% and State Aid provided 49% of revenues.

UNAUDITED

**Jay School District No. I-1
Delaware County, Oklahoma
Management's Discussion and Analysis
June 30, 2014**

THE DISTRICT'S FUNDS

The District's governmental funds are accounted for using the regulatory basis of accounting. All governmental funds had total revenues of \$15,739,698 and expenditures of \$15,113,954. The overall net increase in fund balances of \$625,744 is comprised of an increase in the General Fund balance of \$252,157; a decrease in the Building Fund balance of \$70,769; an increase in the Capital Project Fund balance of \$1,020,000; and a decrease in Non-Major Governmental Fund balances of \$575,644.

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 39-40.

In the General Fund, actual revenues were \$477,473 more than budgeted and actual expenditures were \$386,635 less than budgeted, resulting in a General Fund balance carryover of \$864,108.

In the Building Fund, actual revenues were \$92,959 more than budgeted and actual expenditures were \$188,238 less than budgeted, resulting in a Building Fund balance carryover of \$281,197.

**Jay School District No. I-1
Delaware County, Oklahoma
Management's Discussion and Analysis
June 30, 2014**

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

At June 30, 2014, the District had \$21,614,264 invested in a broad range of capital assets, including land, buildings, buses, equipment, and construction in progress. This amount represents an increase of \$175,850 or less than 1.0% from last year.

- Additions to capital assets include two new buses, a 2014 Chevy Truck, new wrestling mats, and a basketball court at the Middle School. In addition a new re-roofing project at the Student Center was begun.

Debt Administration

At June 30, 2014, the District had \$1,279,685 in bonds and capital leases outstanding, with \$85,748 due within one year. Table 3 gives a comparative summary of debt outstanding.

Table 3
Outstanding Bonds and Capital Lease Obligations

	June 30, 2014	June 30, 2013
2012 Building Bonds	-	1,020,000
2014 Building Bonds	1,020,000	-
Capital Lease Agreement - Jay Industrial Authority	-	986,729
Capital Lease Agreement - Grand Savings Bank	-	21,796
Capital Lease Agreement - Grand Savings Bank	60,691	105,924
Capital Lease Agreement - Grand Savings Bank	198,994	-
Total Bonds and Leases Outstanding	\$ 1,279,685	\$ 2,134,449

UNAUDITED

**Jay School District No. I-1
Delaware County, Oklahoma
Management's Discussion and Analysis
June 30, 2014**

Debt Administration (continued)

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, 2014, the District's total bonding capacity was \$4,802,598, with \$1,020,000 in bonds outstanding for a net bonding capacity of \$3,782,598.

THE FUTURE OF THE DISTRICT

The Board of Education and management considered many factors when setting the fiscal year June 30, 2015 budget, including economic trends and issues, trends in residential growth, student enrollment trends, State of Oklahoma funding issues, and known information about Federal grants.

Plans for the upcoming year include increasing the surplus.

Our Estimate of Needs for General Fund for the year ended June 30, 2015 is \$13,487,938.

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 Jay School District, P.O. Box 630, Jay, OK 74346-0630.

**Jay School District No. I-1
Delaware County, Oklahoma
Statement of Net Position (Regulatory Basis)
For the Year Ended June 30, 2014**

ASSETS

Cash and Cash Equivalents	\$ 3,712,575.74
Capital Assets:	
Land and construction in progress	492,741.20
Depreciable buildings, property and equipment net of depreciation	15,049,146.49
TOTAL ASSETS	<u>19,254,463.43</u>

LIABILITIES

Warrants payable	1,302,991.26
Encumbrances	133,285.46
Leases payable currently	85,748.12
Long-term liabilities:	
Leases payable	173,936.88
General obligation bonds payable	1,020,000.00
TOTAL LIABILITIES	<u>2,715,961.72</u>

NET POSITION

Net investment in capital assets	14,262,202.69
Restricted .	1,412,190.92
Unrestricted	864,108.10
TOTAL NET POSITION	<u>\$ 16,538,501.71</u>

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

Jay School District No. I-1
Delaware County, Oklahoma
Statement of Activities (Regulatory Basis)
For the Year Ended June 30, 2014

Functions/Programs	Expenses	Program Revenues			Net (Expense)
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
Governmental Activities:					
Instruction	\$ 7,589,177.86	\$ -	\$ 2,124,822.48	\$ -	\$ (5,464,355.38)
Support Services					
Students	666,444.60	-	-	-	(666,444.60)
Instructional Staff	927,829.80	-	-	-	(927,829.80)
General Administration	389,258.27	-	-	-	(389,258.27)
School Administration	627,983.44	-	-	-	(627,983.44)
Business	245,305.42	-	-	-	(245,305.42)
Operation and Maintenance of Plant	335,746.52	-	-	-	(335,746.52)
Student Transportation	593,833.84	-	-	-	(593,833.84)
Non-Instruction Services					
Child Nutrition Programs	950,162.57	98,354.49	727,237.60	-	(124,570.48)
Capital Outlay	95,204.01	-	-	-	(95,204.01)
Other Outlays	543,494.28	-	-	-	(543,494.28)
Loss on Disposal of Asset	5,087.50	-	-	-	(5,087.50)
Interest on Long-Term Debt	30,898.86	-	-	-	(30,898.86)
Unallocated Depreciation Expense	463,627.03	-	-	-	(463,627.03)
Total Governmental Activities	\$ 13,464,054.00	\$ 98,354.49	\$ 2,852,060.08	\$ -	(10,513,639.43)
General Revenues:					
Taxes					
Property Taxes					2,837,980.95
Other Taxes					1,126,526.57
State Aid - Formula Grants					7,225,535.41
Investment Earnings					6,343.42
Reimbursements					25,492.19
Miscellaneous					544,904.73
Total General Revenues					11,766,783.27
Change in Net Position					1,253,143.84
Net Position, Beginning					15,285,357.87
Net Position, Ending					\$ 16,538,501.71

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

**Jay School District No. I-1
Delaware County, Oklahoma
Balance Sheet (Regulatory Basis)
Governmental Funds
June 30, 2014**

	General Fund	Special Revenue Funds		Non-Major Governmental Funds	Total Governmental Funds
		Building Fund	Capital Project Fund		
ASSETS					
Cash and Cash Equivalents	\$ 1,812,761.07	\$ 434,045.41	\$ 1,049,950.00	\$ 415,819.26	\$ 3,712,575.74
LIABILITIES AND FUND BALANCE					
Liabilities:					
Warrants Payable	\$ 909,365.31	\$ 58,850.36	\$ -	\$ 334,775.59	\$ 1,302,991.26
Encumbrances	39,287.66	93,997.80	-	-	133,285.46
	<u>948,652.97</u>	<u>152,848.16</u>	<u>-</u>	<u>334,775.59</u>	<u>1,436,276.72</u>
Fund Balance:					
Restricted to:					
Building Fund	-	281,197.25	-	-	281,197.25
Child Nutrition Fund	-	-	-	43,003.16	43,003.16
Debt Service Fund	-	-	-	38,040.51	38,040.51
Capital Project Fund	-	-	1,049,950.00	-	1,049,950.00
Unassigned	864,108.10	-	-	-	864,108.10
Total Fund Balance	<u>864,108.10</u>	<u>-</u>	<u>1,049,950.00</u>	<u>38,040.51</u>	<u>1,952,098.61</u>
Total Liabilities and Fund Balance	<u>\$ 1,812,761.07</u>	<u>\$ 152,848.16</u>	<u>\$ 1,049,950.00</u>	<u>\$ 372,816.10</u>	

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 \$21,614,264.35 and the accumulated depreciation is \$6,072,376.66 for a net book value of \$15,541,887.69, including construction in progress. 15,541,887.69

General obligation bonds payable and capital lease obligations payable are not included in the governmental fund liabilities.

General Obligation Bonds Payable	\$ 1,020,000.00	
Capitalized Lease Obligations Payable	<u>259,685.00</u>	<u>(1,279,685.00)</u>

Net Position of Governmental Activities \$ 16,214,301.30

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

Jay School District No. I-1
Delaware County, Oklahoma
Statement of Revenues, Expenditures and Changes in Fund Balances (Regulatory Basis)
Governmental Funds
For the Year Ended June 30, 2014

	General Fund	Special Revenue Funds		Non-Major Governmental Funds	Total Governmental Funds
		Building Fund	Capital Project Fund		
Revenues:					
Local Sources	\$ 1,884,059.94	\$ 255,042.45	\$ 1,020,000.00	\$ 625,845.27	\$ 3,784,947.66
Intermediate Sources	399,464.02	-	-	-	399,464.02
State Sources	8,269,785.05	-	-	14,124.10	8,283,909.15
Federal Sources	1,986,769.60	63,716.72	-	801,573.76	2,852,060.08
Return of Assets	419,316.93	-	-	-	419,316.93
Total Revenues	12,959,395.54	318,759.17	1,020,000.00	1,441,543.13	15,739,697.84
Expenditures:					
Instruction	7,582,813.14	6,364.72	-	-	7,589,177.86
Support Services	4,497,425.04	219,190.69	-	74,336.16	4,790,951.89
Non-Instruction Services	450,396.34	-	-	499,766.23	950,162.57
Capital Outlay	50,074.24	163,972.88	-	-	214,047.12
Other Outlays	126,529.75	-	-	416,964.53	543,494.28
Bond Payments	-	-	-	1,020,000.00	1,020,000.00
Interest	-	-	-	6,120.00	6,120.00
Total Expenditures	12,707,238.51	389,528.29	-	2,017,186.92	15,113,953.72
Excess (Deficit) of Revenues					
Over (Under) Expenditure:	252,157.03	(70,769.12)	1,020,000.00	(575,643.79)	625,744.12
Cash Fund Balance					
Beginning of Year	611,951.07	351,966.37	29,950.00	656,687.46	1,650,554.90
Cash Fund Balance					
End of Year	\$ 864,108.10	\$ 281,197.25	1,049,950.00	\$ 81,043.67	\$ 2,276,299.02

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

Jay School District No. I-1
Delaware County, Oklahoma
Reconciliation of the Governmental Funds Statement of Revenues, Expenditures
and Changes in Fund Balances to the District Wide Statement of Activities (Regulatory Basis)
For the Year Ended June 30, 2014

Excess of Revenues Collected Over Expenditures Paid - Governmental Funds	\$	625,744.12
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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.

Capital outlay expenditures	\$	206,800.00	
Construction in progress expenditures		37,050.00	
Loss on Disposal of Assets		(7,587.50)	
Depreciation expense		<u>(463,627.03)</u>	<u>(227,364.53)</u>

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.

Capital Lease Proceeds	\$	(217,674.96)	
Principal payments on capital lease obligations		<u>1,072,439.21</u>	<u>854,764.25</u>

Payments on general obligation bonds payable are included in the debt service 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 payments is an expenditure. General obligation receipts are not recorded as revenue in the district wide statements.

General Obligation Bond Payments	\$	1,020,000.00	
Bond Obligations Receipts		<u>(1,020,000.00)</u>	<u>-</u>

Change in Net Position of Governmental Activities	\$	<u><u>1,253,143.84</u></u>
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Jay School District No. I-1
Delaware County, Oklahoma
Statement of Changes in Assets and Liabilities (Regulatory Basis)
Fiduciary Funds
for the Year Ended June 30, 2014

School Activity Funds					
	Balance				Balance
	July 1, 2013	Receipts	Adj. Entries	Disbursements	June 30, 2014
Assets:					
Cash:					
High School	\$ 57,457.67	\$ 269,901.57	\$ 2,326.05	\$ 247,512.08	\$ 82,173.21
Middle School	16,213.58	76,957.14	(1,921.76)	70,275.14	20,973.82
Upper Elementary	15,942.05	21,024.44	-	21,831.43	15,135.06
Elementary School	49,622.30	72,842.82	-	75,013.56	47,451.56
District-Wide	12,272.17	114,540.40	(404.29)	115,791.03	10,617.25
	Total Assets	\$ 555,266.37	\$ -	\$ 530,423.24	\$ 176,350.90
Liabilities:					
Due to student groups:					
High School:					
ACE Class	\$ 744.75	\$ -	\$ -	\$ -	\$ 744.75
Advanced Placement	98.00	1,569.50	-	1,533.00	134.50
Alternative Ed	33.70	200.00	-	-	233.70
Art Club	45.75	-	-	-	45.75
Athletics	3,626.61	104,213.39	335.91	92,518.20	15,657.71
Band	2,466.00	10,722.35	(26.25)	9,246.90	3,915.20
Baseball Special Acct	466.50	4,056.11	-	4,044.36	478.25
Beta Club	35.85	-	-	-	35.85
Boys Basketball	3,075.61	8,888.04	(13.00)	10,336.10	1,614.55
Creative Writing	61.00	-	-	-	61.00
Cross Country	1,421.34	6,928.76	-	5,694.01	2,656.09
Drama Club HS	1,001.84	1,033.05	(26.25)	842.64	1,166.00
FCCLA	0.81	-	-	-	0.81
FFA	12,457.25	51,009.95	(68.25)	43,568.54	19,830.41
Fieldhouse	42.04	-	-	-	42.04
Girls Basketball	41.26	4,411.92	-	3,515.12	938.06
Golf	277.81	-	-	-	277.81
High School Acct	1,568.19	9,161.84	4,909.64	10,341.88	5,297.79
Hmong Club	-	1,925.79	(47.25)	893.84	984.70
HS Cheerleading	3,911.78	16,807.50	8.25	16,028.07	4,699.46
HS History Club	-	500.00	-	-	500.00
HS Library	435.43	520.00	-	520.00	435.43
HS Special Olympics	1,962.27	3,699.73	1,370.35	4,135.81	2,896.54
Indian Heritage Club	0.22	-	-	-	0.22
JHS CABT	356.29	-	-	247.48	108.81
Junior Class	3,435.70	6,595.93	-	5,273.54	4,758.09
Math Club	345.26	-	-	-	345.26
NHS	29.53	-	-	-	29.53

Continued on next page

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

Jay School District No. I-1
Delaware County, Oklahoma
Statement of Changes in Assets and Liabilities (Regulatory Basis)
Fiduciary Funds
for the Year Ended June 30, 2014

	School Activity Funds				Balance June 30, 2014
	Balance July 1, 2013	Receipts	Adj. Entries	Disbursements	
Continued:	\$ 37,940.79	\$ 232,243.86	\$ 6,443.15	\$ 208,739.49	\$ 67,888.31
High School:					
Petty Cash	-	200.00	-	200.00	-
Pom Squad	8.48	-	-	-	8.48
Science Club	401.89	-	-	-	401.89
Senior Class	457.54	185.00	1,023.79	1,369.29	297.04
Softball Concessions	2,991.64	545.00	-	2,081.92	1,454.72
Student Center	5,054.64	-	(4,954.64)	100.00	-
Student Council	1,360.32	4,298.00	(63.00)	3,621.92	1,973.40
Vocal Music	203.86	2,384.85	(57.75)	2,336.91	194.05
Wrestling	1,830.91	6,926.09	(13.00)	7,128.82	1,615.18
Yearbook Acct	7,207.60	23,118.77	(52.50)	21,933.73	8,340.14
Middle School:					
Indian Heritage Club	60.68	-	-	-	60.68
MS Acct	3,514.02	18,852.40	(811.28)	15,708.46	5,846.68
MS AP Social Studies	0.59	1,557.00	-	975.66	581.93
MS Library	904.41	1,793.29	-	1,918.34	779.36
MS Math Club	-	1,057.10	-	422.56	634.54
MS Multi Class	14.23	-	-	-	14.23
MS Pep Club	2,017.47	2,160.50	-	3,991.17	186.80
MS Science	167.44	10,420.94	-	7,157.12	3,431.26
MS Space Camp	5,032.01	31,947.00	-	31,535.14	5,443.87
MS Special	66.10	-	-	-	66.10
MS Student	1,375.72	2,891.58	(1,089.48)	2,586.49	591.33
MS Technology	308.80	192.00	-	220.78	280.02
Petty Cash MS	-	200.00	-	200.00	-
Sixth Grade	538.31	2,186.33	-	2,591.70	132.94
Special Education	183.46	-	-	-	183.46
Technology Student	2,030.34	3,699.00	(21.00)	2,967.72	2,740.62
Upper Elementary:					
Fifth Grade	1,176.14	7,389.16	-	6,118.79	2,446.51
Fourth Grade	3,058.54	5,912.51	(11.36)	5,736.34	3,223.35
Jump Rope Demo Team	119.73	-	11.36	131.09	-
Petty Cash - Upper Elem	-	200.00	-	200.00	-
Upper Elem PE	1,270.00	-	-	-	1,270.00
Upper Elem Library	1,786.75	4,695.97	-	4,098.65	2,384.07
Upper Elem	6,716.76	2,323.80	-	5,123.17	3,917.39
UE Special Olympics	1,814.13	503.00	-	423.39	1,893.74

Continued on next page

Jay School District No. I-1
Delaware County, Oklahoma
Statement of Changes in Assets and Liabilities (Regulatory Basis)
Fiduciary Funds
for the Year Ended June 30, 2014

School Activity Funds

	Balance July 1, 2013	Receipts	Adj. Entries	Disbursements	Balance June 30, 2014
Continued:	\$ 89,613.30	\$ 367,883.15	\$ 404.29	\$ 339,618.65	\$ 118,282.09
Elementary School:					
Bullpup Renaissance	1,117.63	420.00	-	279.99	1,257.64
Elem. Media Center	3,808.46	9,482.94	-	9,185.01	4,106.39
Elementary Playground	7,156.25	-	-	-	7,156.25
Elementary School	9,178.49	22,130.00	-	23,424.59	7,883.90
Elem. Sch PE	13,026.89	1,853.19	-	2,845.11	12,034.97
Elem Special Education	747.77	338.09	-	280.00	805.86
Elem Special Olympics	3.95	-	-	-	3.95
Elementary Technology	2,009.98	6,209.00	-	5,828.79	2,390.19
First Grade	748.71	5,963.32	-	5,288.27	1,423.76
K4	1,622.32	6,802.72	-	7,009.52	1,415.52
Kindergarten	2,538.42	3,356.96	-	2,723.12	3,172.26
Petty Cash Grade School	-	200.00	-	200.00	-
Rainbow Art	1,035.20	68.50	-	83.68	1,020.02
Second Grade	2,138.47	6,939.50	-	7,484.97	1,593.00
Third Grade	4,078.63	9,078.60	-	10,380.51	2,776.72
Watch DOGS	411.13	-	-	-	411.13
District-Wide:					
Advanced Placement	406.65	244.50	(367.54)	-	283.61
Athletic Facility	150.00	-	-	-	150.00
Child Nutrition Program	-	96,105.14	-	96,105.14	-
CNP Fundraiser	6,360.10	5,154.89	-	5,085.22	6,429.77
General Fund Refund	-	1,456.98	-	1,456.98	-
Miscellaneous	5,352.34	11,378.89	(36.75)	12,943.69	3,750.79
Petty Cash	-	200.00	-	200.00	-
Student Transportation	3.08	-	-	-	3.08
Total Liabilities	\$ 151,507.77	\$ 555,266.37	\$ (0.00)	\$ 530,423.24	\$ 176,350.90

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

**Jay School District No. I-1
Delaware County, Oklahoma
Notes to the Financial Statements
For the Year Ended June 30, 2014**

I. Summary of Significant Accounting Policies

The accompanying financial statements of the Jay School District, No. I-1, Delaware County, Oklahoma (the "District") conform to the regulatory basis of accounting, which is another comprehensive basis of accounting prescribed by the Oklahoma State Department of Education and conforms to the system of accounting authorized by the State of Oklahoma. Accordingly, the accompanying financial statements are not intended to present the financial position and results of operations in conformity with accounting principles generally accepted in the United States of America. The District's accounting policies are described in the following notes that are an integral part of the District's financial statements.

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 five 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.

**Jay School District No. I-1
Delaware County, Oklahoma
Notes to the Financial Statements
For the Year Ended June 30, 2014**

I. Summary of Significant Accounting Policies (continued)

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

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.

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

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.

**Jay School District No. I-1
Delaware County, Oklahoma
Notes to the Financial Statements
For the Year Ended June 30, 2014**

I. Summary of Significant Accounting Policies (continued)

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

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.

Coop Fund - The Coop Fund consists of monies derived from other Districts which participate in shared programs. This fund is used to account for the operations of the shared programs.

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

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 the students 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.

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.
- Warrants payable are recorded as liabilities when issued.

This regulatory basis of accounting differs from accounting principles generally accepted in the United States of America, which requires 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.

**Jay School District No. I-1
Delaware County, Oklahoma
Notes to the Financial Statements
For the Year Ended June 30, 2014**

I. Summary of Significant Accounting Policies (continued)

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.

The District's financial instruments include cash and investments. The District's estimates of the fair value of all financial instruments do 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.

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.

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

The value of consumable inventories at June 30, 2014, is not material to the financial statements. Acquisitions are considered expenditures at the time of purchase and are not recorded for financial statement purposes.

**Jay School District No. I-1
Delaware County, Oklahoma
Notes to the Financial Statements
For the Year Ended June 30, 2014**

I. Summary of Significant Accounting Policies (continued)

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

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 (15-60 years); transportation equipment (5-15 years); equipment (5-15 years).

7. 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.

8. 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.

9. 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.

**Jay School District No. I-1
Delaware County, Oklahoma
Notes to the Financial Statements
For the Year Ended June 30, 2014**

I. Summary of Significant Accounting Policies (continued)

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

10. 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.

11. 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.

12. 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).

**Jay School District No. I-1
Delaware County, Oklahoma
Notes to the Financial Statements
For the Year Ended June 30, 2014**

I. Summary of Significant Accounting Policies (continued)

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

12. Net Position/Fund Balances (continued)

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.

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.

13. 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.

**Jay School District No. I-1
Delaware County, Oklahoma
Notes to the Financial Statements
For the Year Ended June 30, 2014**

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.

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. At June 30, 2014, 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.

**Jay School District No. I-1
Delaware County, Oklahoma
Notes to the Financial Statements
For the Year Ended June 30, 2014**

III. Detailed Notes Concerning the Funds

B. Changes in Capital Assets

Capital asset activity for the year was as follows:

	June 30, 2013	Additions	Deletions	June 30, 2014
Not Depreciated				
Land	\$ 455,691.20	\$ -	\$ -	\$ 455,691.20
Construction in Progress	-	37,050.00	-	37,050.00
Total Non-Depreciated Assets	<u>455,691.20</u>	<u>37,050.00</u>	<u>-</u>	<u>492,741.20</u>
Depreciable Assets				
Buildings and Improvements	18,430,591.36	6,300.00	(4,000.00)	18,432,891.36
Transportation Equipment	1,452,262.46	165,870.00	(64,000.00)	1,554,132.46
Equipment	1,099,869.33	34,630.00	-	1,134,499.33
Total Depreciable Assets	<u>20,982,723.15</u>	<u>206,800.00</u>	<u>(68,000.00)</u>	<u>21,121,523.15</u>
Accumulated Depreciation	<u>(5,669,162.13)</u>	<u>(463,627.03)</u>	<u>60,412.50</u>	<u>(6,072,376.66)</u>
Net Depreciable Assets	<u>15,313,561.02</u>	<u>(256,827.03)</u>	<u>(7,587.50)</u>	<u>15,049,146.49</u>
Net Capital Assets	<u>\$ 15,769,252.22</u>	<u>\$ (219,777.03)</u>	<u>\$ (7,587.50)</u>	<u>\$ 15,541,887.69</u>

C. 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. Debt service requirements for bonds are payable solely from fund balance and future revenues of the debt service fund.

Bonds

The District issued building bonds in the amount of \$1,020,000 on May 1, 2013. The bond maturities will began May 1, 2014 with one payment of \$1,020,000. This bond was paid off in the current year.

**Jay School District No. I-1
Delaware County, Oklahoma
Notes to the Financial Statements
For the Year Ended June 30, 2014**

III. Detailed Notes Concerning the Funds (continued)

C. Long-Term Debt (continued)

Bonds (continued)

The District issued building bonds in the amount of \$1,020,000 on May 1, 2014. The bond maturities will begin May 1, 2016 with one payment of \$1,020,000.

Year Ended June 30,	General Obligation Bonds		Interest	Total Requirements
	Rate	Principal		
2015		-	12,750.00	12,750.00
2016	1.250%	1,020,000.00	12,750.00	1,032,750.00
Total		<u>\$ 1,020,000.00</u>	<u>\$ 25,500.00</u>	<u>\$ 1,045,500.00</u>

Capitalized Lease Obligations

The District executed a lease to purchase the new Upper Elementary School from the Jay Industrial Authority on September 1, 2006. The amount of the lease is \$3,660,000, with interest at .895%, with an irregular payment being made every two years, and maturing September 1, 2014, and semi-annual rent payments of \$7,500.00. This lease was paid off in the current year.

The District executed a lease to purchase furniture and HVAC equipment on September 12, 2008. The amount of the lease is \$310,075.00, with interest at 4.5%, payable in annual installments and maturing April 12, 2016. Future payments are as follows:

Year Ended June 30,	Principal	Interest	Total Requirements
2015	\$ 47,268.93	\$ 2,731.07	\$ 50,000.00
2016	13,421.61	605.63	14,027.24
Totals	<u>\$ 60,690.54</u>	<u>\$ 3,336.70</u>	<u>\$ 64,027.24</u>

The District executed a lease to purchase land on December 31, 2008. The amount of the lease is \$100,751.00, with interest at 4.0%, payable in annual installments and maturing January 15, 2014. This lease was paid off during the current year.

**Jay School District No. I-1
Delaware County, Oklahoma
Notes to the Financial Statements
For the Year Ended June 30, 2014**

III. Detailed Notes Concerning the Funds (continued)

C. Long-Term Debt (continued)

Capitalized Lease Obligations (continued)

The District executed a lease to purchase a bus and equipment on March 3, 2014. The amount of the lease is \$217,674.96, with interest at 2.750%, payable in annual installments and maturing March 3, 2019. Future payments are as follows:

Year Ended June 30,	<u>Principal</u>	<u>Interest</u>	<u>Total Requirements</u>
2015	\$ 38,479.19	\$ 4,404.43	\$ 42,883.62
2016	38,473.72	4,409.90	42,883.62
2017	39,531.74	3,351.88	42,883.62
2018	40,618.87	2,264.75	42,883.62
2019	41,735.85	1,147.77	42,883.62
Totals	<u>\$ 198,839.37</u>	<u>\$ 15,578.73</u>	<u>\$ 214,418.10</u>

Aggregate future minimum lease payments on all capitalized lease obligations are as follows:

Year Ended June 30,	<u>Principal</u>	<u>Interest</u>	<u>Total Requirements</u>
2015	\$ 85,748.12	\$ 7,135.50	\$ 92,883.62
2016	51,895.33	5,015.53	56,910.86
2017	39,531.74	3,351.88	42,883.62
2018	40,618.87	2,264.75	42,883.62
2019	41,735.85	1,147.77	42,883.62
Totals	<u>\$ 259,529.91</u>	<u>\$ 18,915.43</u>	<u>\$ 278,445.34</u>

D. Changes in General Long-Term Debt

Long-term debt consists of bonds payable and capitalized lease obligations. The following is a summary of the changes in long-term debt of the District for the fiscal year.

	Balance June 30, 2013	Proceeds	Payments	Balance June 30, 2014	Due Within One Year
Bonds Payable	\$ 1,020,000.00	\$ 1,020,000.00	\$ 1,020,000.00	\$ 1,020,000.00	\$ -
Lease Obligations	1,114,449.25	217,674.96	1,072,439.21	259,685.00	85,748.12
Total	<u>\$ 2,134,449.25</u>	<u>\$ 1,237,674.96</u>	<u>\$ 2,092,439.21</u>	<u>\$ 1,279,685.00</u>	<u>\$ 85,748.12</u>

**Jay School District No. I-1
Delaware County, Oklahoma
Notes to the Financial Statements
For the Year Ended June 30, 2014**

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.

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 \$64,510.03.

**Jay School District No. I-1
Delaware County, Oklahoma
Notes to the Financial Statements
For the Year Ended June 30, 2014**

IV. Other Information (continued)

D. Employee Retirement System and Plan (continued)

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.

**Jay School District No. I-1
Delaware County, Oklahoma
Notes to the Financial Statements
For the Year Ended June 30, 2014**

IV. Other Information (continued)

D. Employee Retirement System and Plan (continued)

Annual Pension Cost

The District's total contributions for 2014, 2013 and 2012 were \$648,413, \$683,083 and \$675,836, respectively.

Schedule of Funding Progress (dollars in millions)

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)
6/30/2004	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%
6/30/2013	10,861.1	18,973.2	8,112.1	57.2%	3,933.1	203.3%

Note: Dollar amounts in millions

E. Surety Bonds

The Superintendent is bonded by Western Surety Company, bond number 70784959, for the sum of \$100,000 for the term August 27, 2013 to August 27, 2014.

The Treasurer is bonded by Western Surety Company, bond number 70565786, for the sum of \$100,000 for the term July 1, 2013 to July 1, 2014.

The Encumbrance Clerk/Activity Fund Custodian/Minutes Clerk is bonded by Western Surety Company, bond number 70331046, for the sum of \$5,000 each for the term May 9, 2013 to May 9, 2014.

F. Subsequent Events

Management has evaluated subsequent events through December 12, 2014 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.

**Jay School District No. I-1
Delaware County, Oklahoma
Notes to the Financial Statements
For the Year Ended June 30, 2014**

IV. Other Information (continued)

G. Change in Accounting Principle

Due to the conversion from generally accepted accounting principle (GAAP) to the regulatory basis as prescribed by the Oklahoma State Department of Education in the 2013-2014 fiscal year the beginning balance of the General Fund of \$1,095,344.26 was reduced by taxes receivable in the amount of \$215,854.33 and due from other governments in the amount of \$278,818.36, and increased by deferred revenue in the amount of \$11,279.50 to \$611,951.07 or a net decrease of \$483,393.19.

The Building Fund beginning balance of \$364,299.37 was reduced by taxes receivable in the amount of \$12,333.00 to \$351,966.37.

The Child Nutrition Fund beginning balance of \$133,180.85 was decreased by due from other governments in the amount of \$11,063.22 to \$122,117.63.

The Debt Service Fund beginning balance of \$548,301.17 was reduced by taxes receivable in the amount of \$13,731.34 to \$534,569.83.

The Government-wide beginning net position of \$15,782,108.56 was decreased by \$520,520.75 due to the above changes and an increase of \$23,770.06 for accrued interest payable added back in for a net decrease of \$496,750.69 to \$15,285,357.87.

REQUIRED SUPPLEMENTARY INFORMATION

Jay School District No. I-1
Delaware 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, 2014

	<u>Budgeted Amounts</u>			<u>Budget Variance</u>	
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	<u>Original to Final</u>	<u>Final to Actual</u>
Revenues Collected:					
Local Sources	\$ 2,033,325.97	\$ 2,033,325.97	\$ 2,303,376.87	\$ -	\$ 270,050.90
Intermediate Sources	374,982.36	374,982.36	399,464.02	-	24,481.66
State Sources	8,116,422.74	8,116,422.74	8,269,785.05	-	153,362.31
Federal Sources	1,957,191.81	1,957,191.81	1,986,769.60	-	29,577.79
Total Revenues Collected	<u>12,481,922.88</u>	<u>12,481,922.88</u>	<u>12,959,395.54</u>	<u>-</u>	<u>477,472.66</u>
Expenditures Paid:					
Instruction	8,209,858.95	7,659,358.95	7,582,813.14	(550,500.00)	(76,545.81)
Support Services	4,552,740.00	4,806,605.62	4,497,425.04	253,865.62	(309,180.58)
Non-Instruction Services	329,965.62	450,500.00	450,396.34	120,534.38	(103.66)
Capital Outlay	-	51,000.00	50,074.24	51,000.00	(925.76)
Other Outlays	1,309.38	95,409.38	95,062.15	94,100.00	(347.23)
Other Uses	-	31,000.00	31,467.60	31,000.00	467.60
Total Expenditures Paid	<u>13,093,873.95</u>	<u>13,093,873.95</u>	<u>12,707,238.51</u>	<u>-</u>	<u>(386,635.44)</u>
Excess (Deficit) of Revenues Collected Over (Under) Expenditures Paid	(611,951.07)	(611,951.07)	252,157.03	-	864,108.10
Cash Fund Balance Beginning of Year	<u>611,951.07</u>	<u>611,951.07</u>	<u>611,951.07</u>	<u>-</u>	<u>-</u>
Cash Fund Balance End of Year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 864,108.10</u>	<u>\$ -</u>	<u>\$ 864,108.10</u>

Unaudited

Jay School District No. I-1
Delaware 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, 2014

	<u>Budgeted Amounts</u>			<u>Budget Variance</u>	
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	<u>Original to Final</u>	<u>Final to Actual</u>
Revenues Collected:					
Local Sources	\$ 225,799.71	\$ 225,799.71	\$ 255,042.45	\$ -	\$ 29,242.74
Federal Sources	-	-	63,716.72	-	63,716.72
Total Revenues Collected	<u>225,799.71</u>	<u>225,799.71</u>	<u>318,759.17</u>	<u>-</u>	<u>92,959.46</u>
Expenditures Paid:					
Instruction	25,710.60	25,710.60	6,364.72	-	(19,345.88)
Support Services	440,719.96	290,719.96	219,190.69	(150,000.00)	(71,529.27)
Capital Outlay	111,335.52	261,335.52	163,972.88	150,000.00	(97,362.64)
Total Expenditures Paid	<u>577,766.08</u>	<u>577,766.08</u>	<u>389,528.29</u>	<u>-</u>	<u>(188,237.79)</u>
Excess (Deficit) of Revenues Collected Over (Under) Expenditures Paid	(351,966.37)	(351,966.37)	(70,769.12)	-	281,197.25
Cash Fund Balance Beginning of Year	<u>351,966.37</u>	<u>351,966.37</u>	<u>351,966.37</u>	<u>-</u>	<u>-</u>
Cash Fund Balance End of Year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 281,197.25</u>	<u>\$ -</u>	<u>\$ 281,197.25</u>

Unaudited

OTHER SUPPLEMENTARY INFORMATION

Jay School District No. I-1
Delaware County, Oklahoma
Combining Balance Sheet Regulatory Basis – Non Major Funds
For the Year Ended June 30, 2014

	Special Revenue Funds			Total Governmental Funds
	Child Nutrition Fund	Co-Op Fund	Debt Service Fund	
ASSETS				
Cash and Cash Equivalents	\$ 377,778.75	\$ -	\$ 38,040.51	\$ 415,819.26
LIABILITIES AND FUND BALANCE				
Liabilities:				
Warrants payable	334,775.59		\$ -	334,775.59
Fund Balance:				
Restricted to:				
Child Nutrition Fund	43,003.16	-	-	43,003.16
Co-Op Fund	-	-	-	-
Debt Service Fund	-	-	38,040.51	38,040.51
Total Fund Balance	<u>43,003.16</u>	<u>-</u>	<u>38,040.51</u>	<u>81,043.67</u>
Total Liabilities and Fund Balance	<u>\$ 377,778.75</u>	<u>\$ -</u>	<u>\$ 38,040.51</u>	<u>\$ 415,819.26</u>

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

Jay School District No. I-1
Delaware County, Oklahoma
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Regulatory Basis - Non Major Funds
For the Year Ended June 30, 2014

	Special Revenue Funds			Total Governmental Funds
	Child Nutrition Fund	Co-Op Fund	Debt Service Fund	
Revenues:				
Local Sources	\$ 95,729.49	\$ -	\$ 529,590.68	\$ 625,320.17
State Sources	14,124.10	-	-	14,124.10
Federal Sources	727,237.60	74,336.16	-	801,573.76
Return of Assets	525.10	-	-	525.10
Total Revenues	837,616.29	74,336.16	529,590.68	1,441,543.13
Expenditures:				
Support Services	-	74,336.16	-	74,336.16
Non-Instruction Services	499,766.23	-	-	499,766.23
Capital Outlay	-	-	1,020,000.00	1,020,000.00
Other Outlays	416,964.53	-	6,120.00	423,084.53
Total Expenditures	916,730.76	74,336.16	1,026,120.00	2,017,186.92
Excess (Deficit) of Revenues				
Over (Under) Expenditures	(79,114.47)	-	(496,529.32)	(575,643.79)
Cash Fund Balance				
Beginning of Year	122,117.63	-	534,569.83	656,687.46
Cash Fund Balance				
End of Year	<u>\$ 43,003.16</u>	<u>\$ -</u>	<u>38,040.51</u>	<u>\$ 81,043.67</u>

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

**Jay School District No. I-1
Schedule of Expenditure of Federal Awards
For the Year Ended June 30, 2014**

<u>Federal Grantor/Pass-Through Grantor/ Program Title</u>	<u>Federal CFDA Number</u>	<u>Grantor's Number</u>	<u>Approved Amount</u>	<u>Balance at June 30, 2013</u>	<u>Receipts</u>	<u>Federal Expenditures</u>	<u>Receivables / (Payables) Balance at June 30, 2014</u>
U.S. Department of Education							
<i>Direct Programs:</i>							
Impact Aid	84.041	591 / 592	\$ 310,082.00	\$ -	\$ 414,450.72	\$ 414,450.72	\$ -
PEP Grant	84.215.F	771	-	(11,279.50)	-	-	(11,279.50)
Title VII, Part A - Indian Education	84.060	561	-	-	143,567.30	142,038.97	(1,528.33)
<i>Passed Through State Department of Education:</i>							
Title I, Part A - Improving Basic Programs	84.010	511	607,201.75	103,181.45	638,174.17	537,956.31	2,963.59
Title I, School Improvement	84.010	515	10,789.70	-	-	-	-
IDEA-B	84.027	621	443,479.45	69,944.55	434,931.73	378,755.18	13,768.00
IDEA-B, Preschool	84.173	641	19,146.28	-	8,892.69	9,150.47	257.78
Title II, Part A - Teacher and Principal Training and Recruiting Fund	84.367	541	80,141.61	12,138.07	72,605.82	60,467.75	-
Title II, Part B Math and Science	84.366	542	75,000.00	-	74,367.16	74,367.16	-
Title IV, Part B 21st Century	84.287	553	300,000.00	61,108.06	250,330.86	262,758.79	73,535.99
Title VI, Subpart 2 - SRSAG	84.358A	587	37,807.23	-	32,936.36	32,936.36	-
<i>Passed Through Oklahoma Department of Vocational Education:</i>							
Carl Perkins Programs	84.048	421	20,848.00	-	-	20,848.00	20,848.00
Total U.S. Department of Education			<u>\$ 1,904,496.02</u>	<u>\$ 235,092.63</u>	<u>\$ 2,070,256.81</u>	<u>\$ 1,933,729.71</u>	<u>\$ 98,565.53</u>
U.S. Department of Agriculture							
<i>Passed Through State Department of Education:</i>							
National School Breakfast Program	10.553	764	\$ N/A	\$ -	\$ 177,338.69	\$ 177,338.69	\$ -
National School Lunch Program	10.555	763	N/A	-	538,835.69	538,835.69	-
Summer Food Service Program	10.559	766	N/A	11,063.22	11,063.22	27,806.32	27,806.32
<i>Passed Through Department of Health & Human Services</i>							
Commodities - Note B	10.550	385	N/A	-	64,510.03	64,510.03	-
<i>Passed Through Oklahoma Health Care Authority</i>							
Medicaid Resources	93.778		-	-	54,565.67	47,885.31	(6,680.36)
Total U.S. Department of Agriculture			<u>-</u>	<u>11,063.22</u>	<u>846,313.30</u>	<u>856,376.04</u>	<u>21,125.96</u>
TOTAL FEDERAL ASSISTANCE			<u>\$ 1,904,496.02</u>	<u>\$ 246,155.85</u>	<u>\$ 2,916,570.11</u>	<u>\$ 2,790,105.75</u>	<u>\$ 119,691.49</u>

Continued on next page

Jay School District No. I-1
Schedule of Expenditure of Federal Awards
For the Year Ended June 30, 2014
(continued)

Note A - This schedule was prepared on the regulatory 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.

**Jay School District No. I-1
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2014**

SUMMARY OF AUDITOR'S RESULTS

1. The auditor's report expresses an adverse opinion on the combined financial statements in conformity with generally accepted accounting principles and an unqualified opinion on the governmental activities, each major fund, and the remaining aggregate fund information in conformity with a regulatory basis of accounting prescribed by the Oklahoma Department of Education.
2. No deficiencies relating to the audit of the financial statements is reported in the Schedule of Findings and Questioned Costs.
3. No instances of noncompliance material to the financial statements of Jay School District were disclosed during the audit.
4. No significant deficiencies relating to the audit of the major federal award programs during the audit are reported in the Independent Auditor's Report on Compliance with Requirement that could have a direct material effect on each major Program and Internal Control over Compliance with OMB Circular A-133.
5. The auditor's report on compliance for the major federal award programs for Jay School District expresses an unqualified opinion on all major federal programs.
6. Audit findings that are required to be reported in accordance with Section 510(a) of OMB Circular A-133 are reported in this schedule.

7. The programs tested as major programs included:

<u>CFDA Number</u>	<u>Name of Federal Program</u>
10.553	National School Breakfast Program
10.555	National School Lunch Program
84.287	Title VI, 21st Century
84.010	Title I, Part A
84.027	Special Education - Grants to States
84.173	Special Education - Preschool Grants
84.041	Impact Aid
84.06	Title VII, Indian Education
93.778	Medicaid

8. The threshold used for distinguishing between Type A and B programs was \$300,000.
9. Jay School District is not a low-risk auditee.

**Jay School District No. I-1
Delaware County, Oklahoma
Summary Schedule of Prior Audit Findings
For the Year Ended June 30, 2014**

PRIOR AUDIT FINDINGS

None.