

**ADA PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. I-19
PONTOTOC COUNTY, OKLAHOMA**

Financial Statements
June 30, 2014

With Independent Auditors' Report Thereon

ADA PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. I-19
PONTOTOC COUNTY, OKLAHOMA
June 30, 2014

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INDEPENDENT SCHOOL DISTRICT NO. I-19
PONTOTOC COUNTY, OKLAHOMA
June 30, 2014

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**ADA PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. I-19
PONTOTOC COUNTY, OKLAHOMA
School District Officials
June 30, 2014**

Board of Education

President	Charles D. Mayhue
Vice-President	Doug Haney
Clerk	Betty Hilton
Member	Dr. Todd Boone
Member	Karen Hudson

School District Treasurer/Minute Clerk

Kelley Howry

Superintendent of Schools

Pat Harrison

JOHNSTON & BRYANT

Certified Public Accountants

Pete Johnston, C.P.A.
Allen Bryant, Jr., C.P.A.

P.O. Box 1564
Ada, Oklahoma 74821-1564
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MEMBER
American Institute of Certified Public Accountants
Oklahoma Society of Certified Public Accountants

INDEPENDENT AUDITORS' REPORT

The Board of Education
Ada School District I-19
Ada, Pontotoc County, Oklahoma

Report on the Financial Statements

We have audited the accompanying combined fund type and account group financial statements-regulatory basis of the Ada School District I-19, Ada, Pontotoc 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 and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' 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 Ada School District Number 1-1 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 the regulatory basis of accounting described in Note 1 and accounting principles generally accepted in the United States of America, although not reasonably determined, are presumed to be material.

Adverse Opinion 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 Ada School District Number I-19, Pontotoc County, Oklahoma as of June 30, 2014, the changes in its financial position, or, where applicable, its cash flows for the year then ended.

Basis for Qualified Opinion on Regulatory Basis of Accounting

The financial statements referred to above do not include the general fixed asset account group, which is a departure from the regulatory basis of accounting prescribed in the Oklahoma State Department of Education. The amount that should be recorded in the general fixed asset account group is not known.

Qualified Opinion on Regulatory Basis of Accounting

In our opinion, except for the effects of the matter described in the “Basis for Qualified Opinion on Regulatory Basis of Accounting” paragraph, the financial statements referred to in the first paragraph present fairly, in all material respects, the assets, liabilities, and fund balances arising from regulatory basis transactions of each fund type and account group of Ada School District Number I-19, Ada, Pontotoc County, Oklahoma, as of June 30, 2014, and the revenues collected and expenditures paid and encumbered for the year then ended on the regulatory basis of accounting described in Note 1.

Other Matters

Other Information

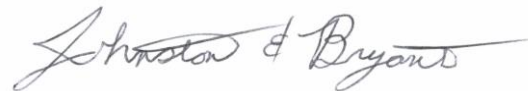
Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District’s basic financial statements. The combining statements-regulatory basis, are presented for purposes of additional analysis and are not a required part of the basic financial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

Board of Education
Pontotoc County, Oklahoma

The combining financial statements-regulatory basis and the schedule of expenditures of federal awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining statements-regulatory basis and the schedule of expenditures of federal awards are fairly stated in all material respects in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated August 19, 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 control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the District's internal control over financial reporting and compliance.



August 19, 2014
Ada, Oklahoma

COMBINED FINANCIAL STATEMENTS

ADA PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. I-19
PONTOTOC COUNTY, OKLAHOMA
 Combined Statement of Assets, Liabilities and Fund Balance – Regulatory Basis
 All Fund Types and Account Group
 June 30, 2014

	Governmental Fund Types			
	General	Co-Op	Special Revenue	Capital Projects
<u>ASSETS</u>				
Cash and Cash Equivalents	\$ 2,596,316	\$ -	\$ 1,405,531	\$ 1,380,000
Amounts Available In Debt Services Fund	-	-	-	-
Amounts to be Provided for Retirement of General Long-Term Debt	-	-	-	-
TOTAL ASSETS	\$ 2,596,316	\$ -	\$ 1,405,531	\$ 1,380,000
<u>LIABILITIES AND FUND EQUITY:</u>				
<u>LIABILITIES:</u>				
Warrants Payable	\$ 672,614	\$ -	\$ 127,018	\$ -
Encumbrances	500	-	-	-
Long-Term Debt Bonds Payable	-	-	-	-
TOTAL LIABILITIES	673,114	-	127,018	-
<u>FUND BALANCE:</u>				
Designated	-	-	-	1,380,000
Undesignated	1,923,202	-	1,278,423	-
TOTAL FUND BALANCE	1,923,202	-	1,278,423	1,380,000
TOTAL LIABILITIES AND FUND BALANCE	\$ 2,596,316	\$ -	\$ 1,405,531	\$ 1,380,000

The accompanying notes are an integral part of this statement.

<u>Debt Service</u>	<u>Fiduciary Fund Types Trust and Agency</u>	<u>Account Group Long-Term Debt</u>	<u>Totals (Memorandum Only)</u>
\$ 617,727	\$ 493,541	\$ -	\$ 6,493,115
-	-	617,727	617,727
-	-	4,742,273	4,742,273
<u>\$ 617,727</u>	<u>\$ 493,541</u>	<u>\$ 5,360,000</u>	<u>\$ 11,853,115</u>
\$ -	\$ 105,312	\$ -	\$ 904,944
-	-	-	500
-	-	5,360,000	5,360,000
-	105,312	5,360,000	6,265,444
617,727	-	-	1,997,727
-	388,229	-	3,589,854
<u>617,727</u>	<u>388,229</u>	<u>-</u>	<u>5,587,671</u>
<u>\$ 617,727</u>	<u>\$ 493,541</u>	<u>\$ 5,360,000</u>	<u>\$ 11,853,115</u>

**ADA PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. I-19
PONTOTOC COUNTY, OKLAHOMA**

Combined Statement of Revenues Collected, Expenditures Paid and
Changes in Fund Balances – Regulatory Basis
All Governmental Fund Types
Year Ended June 30, 2014

	Governmental Fund Types			
	General	Co-Op	Special Revenue	Capital Projects
<u>REVENUES COLLECTED:</u>				
District Sources	\$ 3,344,556	\$ -	\$ 583,185	\$ 1,380,000
Intermediate Sources	417,808	-	-	-
State Sources	12,951,887	-	150,489	-
Federal Sources	1,971,117	-	860,471	-
TOTAL REVENUE COLLECTED	18,685,368	-	1,594,145	1,380,000
<u>EXPENDITURES PAID:</u>				
Instruction	13,609,153	-	469	-
Support Services	5,571,062	-	1,109,116	-
Non-Instruction Services	145,263	-	1,213,959	-
Debt Service	-	-	-	-
Capital Outlay	414	-	19,499	1,679
Other Outlays	11,919	-	-	-
TOTAL EXPENDITURES PAID	19,337,811	-	2,343,043	1,679
Excess of Revenues Collected Over (Under) Expenditures Paid	(652,443)	-	(748,898)	1,378,321
<u>OTHER FINANCING SOURCES (USES)</u>				
Operating Transfers In	-	-	-	-
Excess of Revenues Collected Over (Under) Expenditures Paid and Other Financing Sources (Uses)	(652,443)	-	(748,898)	1,378,321
Fund Balance, Beginning of Year	2,575,645	-	2,027,321	1,679
Fund Balance, End of Year	<u>\$ 1,923,202</u>	<u>\$ -</u>	<u>\$ 1,278,423</u>	<u>\$ 1,380,000</u>

The accompanying notes are an integral part of this statement.

<u>Debt Service</u>	<u>Total (Memorandum Only)</u>
\$ 966,392	\$ 6,274,133
-	417,808
-	13,102,376
-	2,831,588
<u>966,392</u>	<u>22,625,905</u>
-	13,609,622
-	6,680,178
-	1,359,222
1,026,738	1,026,738
-	21,592
-	11,919
<u>1,026,738</u>	<u>22,709,271</u>
(60,346)	(83,366)
<u>-</u>	<u>-</u>
(60,346)	(83,366)
<u>678,073</u>	<u>5,282,718</u>
<u>\$ 617,727</u>	<u>\$ 5,199,352</u>

**ADA PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. I-19
PONTOTOC COUNTY, OKLAHOMA**

Statement of Revenues Collected, Expenditures Paid
And Changes in Fund Balance – Budget and Actual – Regulatory Basis
Budgeted Governmental Fund – General Fund
Year Ended June 30, 2014

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
<u>REVENUE COLLECTED:</u>				
District Sources	\$ 2,877,265	\$ 3,088,604	\$ 3,344,556	\$ 255,952
Intermediate Sources	364,314	364,314	417,808	53,494
State Sources	11,230,724	11,644,478	12,951,887	1,307,409
Federal Sources	1,786,173	1,805,002	1,971,117	166,115
TOTAL REVENUE COLLECTED	<u>16,258,476</u>	<u>16,902,398</u>	<u>18,685,368</u>	<u>1,782,970</u>
<u>EXPENDITURES PAID:</u>				
Instruction	13,104,944	13,748,866	13,609,153	139,713
Support Services	5,571,577	5,571,577	5,571,062	515
Non-Instruction Services	145,265	145,265	145,263	2
Capital Outlay	415	415	414	1
Other Outlays	11,920	11,920	11,919	1
TOTAL EXPENDITURES PAID	<u>18,834,121</u>	<u>19,478,043</u>	<u>19,337,811</u>	<u>140,232</u>
Excess of Revenues Collected Over (Under) Expenditures Paid	(2,575,645)	(2,575,645)	(652,443)	1,923,202
<u>OTHER FINANCING SOURCES (USES)</u>				
Operating Transfers In	-	-	-	-
Excess of Revenue Collected Over (Under) Expenditures Paid and Other Financing Sources (Uses)	(2,575,645)	(2,575,645)	(652,443)	1,923,202
FUND BALANCE, BEGINNING OF YEAR	<u>2,575,645</u>	<u>2,575,645</u>	<u>2,575,645</u>	<u>-</u>
FUND BALANCE, END OF YEAR	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,923,202</u>	<u>\$ 1,923,202</u>

The accompanying notes are an integral part of this statement.

**ADA PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. I-19
PONTOTOC COUNTY, OKLAHOMA**

Combined Statement of Revenues Collected, Expenditures Paid
And Changes in Fund Balance – Budget and Actual – Regulatory Basis
Budgeted Governmental Fund – Special Revenue Fund
Year Ended June 30, 2014

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
<u>REVENUE COLLECTED:</u>				
District Sources	\$ 528,110	\$ 528,110	\$ 583,185	\$ 55,075
State Sources	102,675	102,675	150,489	47,814
Federal Sources	745,474	794,171	860,471	66,300
TOTAL REVENUE COLLECTED	1,376,259	1,424,956	1,594,145	169,189
<u>EXPENDITURES PAID:</u>				
Instruction	470	470	469	1
Support Services	2,188,504	2,188,504	1,109,116	1,079,388
Non-Instruction Services	1,195,106	1,243,803	1,213,959	29,844
Capital Outlay	19,500	19,500	19,499	1
Other Outlays	-	-	-	-
TOTAL EXPENDITURES PAID	3,403,580	3,452,277	2,343,043	1,109,234
Excess of Revenues Collected Over (Under) Expenditures Paid	(2,027,321)	(2,027,321)	(748,898)	1,278,423
<u>OTHER FINANCING SOURCES (USES)</u>				
Operating Transfers In	-	-	-	-
Excess of Revenue Collected Over (Under) Expenditures Paid and Other Financing Sources (Uses)	(2,027,321)	(2,027,321)	(748,898)	1,278,423
FUND BALANCE, BEGINNING OF YEAR	2,027,321	2,027,321	2,027,321	-
FUND BALANCE, END OF YEAR	\$ -	\$ -	\$ 1,278,423	\$ 1,278,423

The accompanying notes are an integral part of this statement.

ADA PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. I-19
PONTOTOC COUNTY, OKLAHOMA
Statement of Revenues Collected, Expenditures Paid
And Changes in Fund Balance – Budget and Actual – Regulatory Basis
Budgeted Governmental Fund – Sinking Fund
Year Ended June 30, 2014

	Original/ Final Budget	Actual	Variance Favorable (Unfavorable)
<u>REVENUE COLLECTED:</u>			
District Sources	\$ 920,488	\$ 966,392	\$ 45,904
Intermediate Sources	-	-	-
State Sources	-	-	-
Federal Sources	-	-	-
	<u>920,488</u>	<u>966,392</u>	<u>45,904</u>
<u>EXPENDITURES PAID:</u>			
Instruction	-	-	-
Support Services	-	-	-
Non-Instruction Services	-	-	-
Debt Service	1,026,738	1,026,738	-
Other Outlays	-	-	-
	<u>1,026,738</u>	<u>1,026,738</u>	<u>-</u>
Excess of Revenue Collected Over (Under) Expenditures Paid	(106,250)	(60,346)	45,904
<u>OTHER FINANCING SOURCES (USES):</u>			
Operating Transfers In	-	-	-
Excess of Revenue Collected Over (Under) Expenditures Paid and Other Financing Sources (Uses)	(106,250)	(60,346)	45,904
FUND BALANCE, BEGINNING OF YEAR	<u>678,073</u>	<u>678,073</u>	<u>-</u>
FUND BALANCE, END OF YEAR	<u>\$ 571,823</u>	<u>\$ 617,727</u>	<u>\$ 45,904</u>

The accompanying notes are an integral part of this statement.

NOTES TO FINANCIAL STATEMENTS

ADA PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. I-19
PONTOTOC COUNTY, OKLAHOMA
Notes to Financial Statements
June 30, 2014

Note 1. Summary of Significant Accounting Policies

The basic financial statements of the Ada Public Schools Independent District No. I-19 (the “District”) have been prepared in conformity with another comprehensive basis of accounting as prescribed by the Oklahoma Department of Education. The more significant of the District’s accounting policies are described below.

A. Reporting Entity

The District is a corporate body for public purposes created under Title 70 of the Oklahoma Statutes and accordingly is a separate entity for operating and financial reporting purposes. The District is part of the public school system of Oklahoma under the general direction and control of the State Board of Education and is financially dependent on State of Oklahoma support. The general operating authority for the public school system is the Oklahoma School Code contained in Title 70, Oklahoma Statutes.

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

In evaluating how to define the district, for financial reporting purposes, management has considered all potential component units. The decision to include a potential component unit in the reporting entity was made by applying the criteria established by the Governmental Accounting Standards Board (GASB). The basis – but not the only – criterion for including a potential component unit in the reporting entity is the governing body’s ability to exercise oversight responsibility. The most significant manifestation of this ability is financial interdependency. Other manifestations of the ability to exercise oversight responsibility include, but not limited to, the selection of governing authority, the designation of management, the ability to significantly influence operations, and accountability for fiscal matters. A second criterion used in evaluating potential component units is the scope of public service. Application of this criterion involved considering whether the activity benefits the District and/or its citizens, or whether the activity is conducted within the geographic boundaries of the District and is generally available to its patrons. A third criterion used to evaluate potential component units for inclusion or exclusion from the reporting entity is the existence of special financing relationships, regardless of whether the District is able to exercise oversight responsibilities. Based upon the application of these criteria, there are no potential component units included in the District’s reporting entity.

ADA PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. I-19
PONTOTOC COUNTY, OKLAHOMA
Notes to Financial Statements
June 30, 2014

Note 1. Summary of Significant Accounting Policies (continued)

B. Fund Accounting

The District uses funds and account group to report on its financial position and the results of its operations. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain district functions or activities.

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

Funds are classified into three categories: Governmental, Proprietary and Fiduciary. Each category, in turn, is divided into separate “fund types.”

Governmental Fund Types

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

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

Special Revenue Fund – The special revenue fund of the District consists of the Building Fund and Child Nutrition Fund.

Building Fund – The Building Fund consists of monies derived from property taxes levied for the purpose of erecting, remodeling, or repairing buildings and for purchasing furniture and equipment.

Child Nutrition Fund – The Child Nutrition Fund consists of monies collected from meals served to students and employees of the district and is expended on food, supplies and salaries.

ADA PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. I-19
PONTOTOC COUNTY, OKLAHOMA
Notes to Financial Statements
June 30, 2014

Note 1. Summary of Significant Accounting Policies (continued)

B. Fund Accounting (continued)

Debt Service Fund – 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 earning 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.

Proprietary Fund Types

Proprietary Funds are used to account for activities similar to those found in the private sector, where the determination of net income is necessary or useful to sound financial administration. Goods or services from such activities can be provided either to outside parties (Enterprise Funds) or to other departments or agencies primarily within the District (internal service fund).

Fiduciary Fund Types

Fiduciary funds are used to account for assets held on behalf of outside parties, including other governments, or on behalf of other funds within the District. When these assets are held under the terms of a formal trust agreement, either a nonexpendable trust fund or an expendable trust fund is used. The terms “nonexpendable” and “expendable” refer to whether or not the District is under an obligation to maintain the trust principle. Agency funds generally are used to account for assets that the District holds on behalf of others as their agent and do not involve measurement of results of operations.

Agency Fund – The Agency Fund is the School’s Athletic and Activity Funds which are used to account for monies collected principally through fundraising efforts and athletic events of the students and District-sponsored groups. The administration is responsible, under the authority of the Board, for collecting, disbursing and accounting for these activity funds.

Gift and Endowment Fund – This Expendable Trust Fund receives its assets by way of philanthropic foundations, individuals, or private organizations for which no repayment or special service to the contributor is expected. This fund is used to promote the general welfare of the District.

ADA PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. I-19
PONTOTOC COUNTY, OKLAHOMA
Notes to Financial Statements
June 30, 2014

Note 1. Summary of Significant Accounting Policies (continued)

B. Fund Accounting (continued)

Account Groups

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

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

General Fixed Asset Account Group – This account group is used to account for property, plant and equipment of the school district.

Memorandum Only – Total Column

The total column on the combined financial statements is captioned “memorandum only” to indicate that it is presented only to facilitate financial analysis. Data in this column does not present financial position, results of operations or cash flows in conformity with generally accepted accounting principles. Neither is such data comparable to a consolidation. Interfund eliminations have not been made in the aggregation of this data.

C. Basis of Accounting

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

**ADA PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. I-19
PONTOTOC COUNTY, OKLAHOMA**
Notes to Financial Statements
June 30, 2014

Note 1. Summary of Significant Accounting Policies (continued)

C. Basis of Accounting (continued)

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 are recorded as assets when purchased.
- Warrants payable are recorded as liabilities when issued.
- Long-term debt is recorded when incurred.

This regulatory basis of accounting differs from accounting principles generally accepted in the United States of America, which require revenues to be recognized when they become available and measurable, or when they are earned, and expenditures or expenses to be recognized when the related liabilities are incurred for governmental fund types; and, when revenues are earned and liabilities are incurred for proprietary fund types and trust funds.

D. Encumbrance Accounting

Encumbrances for goods or purchased services are documented by purchase orders or contracts. Encumbrances outstanding at June 30, 2014 that were provided for in the subsequent year's budget are:

General Fund	\$	500
Fiduciary Fund		-
Capital Projects		-
Building Fund		-
		-
Total	\$	500

E. Budgets and Budgetary Accounting

The District is required by state law to prepare an annual budget.

ADA PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. I-19
PONTOTOC COUNTY, OKLAHOMA
Notes to Financial Statements
June 30, 2014

Note 1. Summary of Significant Accounting Policies (continued)

E. Budgets and Budgetary Accounting (continued)

A budget is legally adopted by the Board of Education for All Governmental Type Funds that includes revenues and expenditures.

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.

F. Assets, Liabilities and Fund Equity

Cash and Cash Equivalents – For purposes of the statement of cash flows, the District considers all cash on hand, demand deposits and highly liquid investments, with an original maturity of three months or less when purchased, to be cash and cash equivalents.

Investments – Investments consist of the purchase of Certificates of Deposit. All investments are recorded at cost.

Inventories – The value of consumable inventories at June 30, 2014 is not material to the financial statements.

Fixed Assets and Property, Plant and Equipment – The General Fixed Assets Account Group is not presented.

Compensated Absences – The school does not calculate a dollar value of compensated absences. The amount is paid each year to the employees.

Long-Term Debt – Long-term debt is recognized as a liability of a governmental fund when due, or when resources have been accumulated in the debt service fund for payment early in the following year.

Due to Activity Groups – Due to Activity groups represent the funds received from school related groups and organizations over which the board of education exercises control. These funds are credited to the account maintained by the District for the benefit of the group or organization.

Reserved for Debt Service – The balance of the sinking fund is restricted by Oklahoma statutes to be used only for paying of the principal and interest on bonds and judgments (to the extent of all outstanding obligations of the District).

ADA PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. I-19
PONTOTOC COUNTY, OKLAHOMA
Notes to Financial Statements
June 30, 2014

Note 1. Summary of Significant Accounting Policies (continued)

F. Assets, Liabilities and Fund Equity (continued)

Cash Fund Balance - Cash fund balance represents the funds not encumbered by purchase order, legal contracts, and outstanding warrants.

G. Revenue, Expenses and Expenditures

Local Sources – Revenues from local sources is the money generated from within the District’s boundaries. It includes ad valorem tax, interest income, tuition, fees, rentals, disposals, commissions and reimbursements.

Intermediate Sources – Revenues from intermediate sources are monies collected by an intermediate administrative unit (i.e. county government) between the District and the state levels, and distributed to the District in amounts that are different than the proportion collected within the District’s boundaries.

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

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

The District receives revenues from the state to administer certain categorical educational programs. State Board of Education rules require that revenue ear-marked 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 revenue be accounted for in the general fund.

Federal Sources – Revenues from federal sources are monies received from the federal government in the form of grants or entitlements (either directly or passed through another entity). A grant is monies received which must be spent for a specific purpose or activity. An entitlement is an amount given to the District based upon an allocation formula.

Instruction Expenditures – Instruction expenditures include the activities dealing directly with the interaction between teachers and students.

ADA PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. I-19
PONTOTOC COUNTY, OKLAHOMA
Notes to Financial Statements
June 30, 2014

Note 1. Summary of Significant Accounting Policies (continued)

G. Revenue, Expenses and Expenditures (continued)

Support Services Expenditures – Support services expenditures provide administrative, technical (such as guidance and health) and logistical support to facilitate and enhance instruction.

Operation of Non-Instructional Services Expenditures – This expenditures category consists of activities which provide non-instructional services to students, staff or the community.

Capital Outlays – This expenditure category consists of activities involved with the acquisition of land and buildings; remodeling buildings; the construction of buildings and additions to buildings; initial installation or extension of service systems and other built-in equipment; and improvements to sites.

Other Outlays – This category is for items not properly classified as expenditures, but which still require budgetary or accounting control.

Interfund Transactions – Quasi-external transactions are accounted for as revenues, expenditures or expenses. Transactions that constitute reimbursements to a fund or expenditures/expenses initially made from it that are properly applicable to another fund, are recorded as expenditures/expenses in the fund that is reimbursed.

H. Statement of Cash Flows

Since the District does not currently have any Proprietary Fund Types, the statement of cash flows has not been presented in the fiscal 2014 accompanying financial statements.

I. Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during that reporting period. Actual results could differ from those estimates.

Note 2. Property Taxes

The District's ad valorem property tax is levied each October 1 on the assessed value listed for all real, business personal and public service property located in the District. The assessed value of the certified roll, upon which the levy for the 2014 fiscal year was based, was \$89,406,519.

ADA PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. I-19
PONTOTOC COUNTY, OKLAHOMA
Notes to Financial Statements
June 30, 2014

Note 2. Property Taxes (continued)

Ad valorem tax rates and collection for the year ended June 30, 2014 are as follows:

	Current Mills Levied	Year Collections	Percent Collected of Taxes Levied
General Fund	35.40	\$ 3,018,070	95.36%
Building Fund	5.06	431,396	95.36%
Sinking Fund	10.81	921,620	95.36%
Totals	<u>51.27</u>	<u>\$ 4,371,086</u>	

Collection of prior year ad valorem taxes are as follows:

General Fund	\$ 95,051
Building Fund	13,568
Sinking Fund	<u>28,156</u>
Total	<u>\$ 136,775</u>

On February 13, 2001, voters of the school district voted to make all current support levies permanent.

Note 3. Cash and Investments

The District's investment policies are governed by state statute. 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.

In accordance with state statutes, the district's investment policy is as follows:

The district treasurer is required by the board of education to invest district monies in the custody of the treasurer in those investments permitted by law. The treasurer shall, to the extent practicable, use competitive bids when purchasing direct obligations of the United States Government or other obligations of the United States Government, its agencies, or instrumentalities.

The District Treasurer Shall limit investments to:

- a. Direct obligations of the United States Government to the payment of which the full faith and credit of the Government of the United States is pledged; provided the district

ADA PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. I-19
PONTOTOC COUNTY, OKLAHOMA
Notes to Financial Statements
June 30, 2014

Note 3. Cash and Investments (continued)

Treasurer, after completion of an investment education program in compliance with applicable law, may invest funds in the investment account in other obligations of the United States Government, its agencies or instrumentalities;

b. Obligations to the payment of which the full faith and credit of this state is pledged;

c. Certificates of deposit of banks when such certificates of deposits are secured by acceptable collateral as in the deposit of other public monies;

d. Savings accounts or savings certificates of savings and loan associations to the extent that such accounts to certificates are insured by the Federal Savings and Loan Insurance Corporation;

e. Repurchase Agreements that have underlying collateral consisting of those items specified in paragraphs a and b above including obligations of the United States, its agencies, and instrumentalities, and where the collateral has been deposited with a trustee or custodian bank in an irrevocable trust or escrow account established for such purposes;

f. County, municipal, or school district direct debt obligations for which and ad valorem tax may be levied or bond and revenue anticipation notes, money judgments against such county, municipality or school district ordered by a court of record or bonds or bond and revenue anticipation notes issued by a public trust for which such county, municipality or school district is a beneficiary thereof. All collateral pledged to secure public funds shall be valued at no more than market value;

g. Money market mutual funds regulated by the Securities and Exchange Commission and which investments consist of obligations of the United States, its agencies and instrumentalities, and investments in those items and those restrictions specified in paragraphs a through f above;

h. Warrants, bonds, or judgments of the District;

i. Qualified pooled investment programs through an interlocal cooperative agreement formed pursuant to applicable law and to which the Board of Education has voted to be a member, the investments of which consist of those items specified in paragraphs a through h above, as well as obligations of the United States agencies and instrumentalities; or

j. Any Other investment that is authorized by law.

ADA PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. I-19
PONTOTOC COUNTY, OKLAHOMA
Notes to Financial Statements
June 30, 2014

Note 3. Cash and Investments (continued)

Credit Risk is the risk that an issuer or other counter part to an investment will not fulfill its obligation. Generally, the school's investments are managed under the custody of the school's treasurer. Investing is performed in accordance with the school's investment policy as described above. As of June 30, 2014 the school's investments were deposited in local banks in bank accounts and certificates of deposits. These deposits are in four banks and are entirely insured by the FDIC up to its limits, with the individual banks pledging securities for the deposits in excess of the FDIC limits. As such at June 30, 2014 the school was not subject to custodial credit risk. However, the school is subject to concentration of Credit Risk since two of the four banks have deposits in excess of five percent of the school's total investments.

Interest Rate Risk is the risk that changes in interest rates will adversely affect the fair value of an investment. Investment held for longer periods of time are subject to increased risk of adverse interest rate changes. The School's policy provides that to the extent practicable, investments are matched with anticipated cash flows. The school's investments are held in bank accounts and certificates of deposits which are short term to minimize Interest Rate Risk to as low of level as possible.

The District's deposits and investments are in various financial institutions as follows:

	<u>Bank Balance</u>	<u>Pledged Collateral</u>	<u>FDIC Insurance</u>
Citizen's Bank, Ada, OK	\$ 2,636,171	\$ 6,270,000	\$ 250,000
First United Bank, Ada, OK	3,442,397	4,600,000	250,000
UMB Bank (Bond Payment)	17,969	N/A	N/A
Vision Bank, Ada, OK	<u>396,578</u>	<u>396,578</u>	250,000
Total Deposits	<u>\$ 6,493,115</u>	<u>\$ 11,266,578</u>	

Note 4. General Long-Term Debt

State statutes prohibit the District from becoming indebted in an amount exceeding the revenue to be received for any fiscal year without the approval by the District 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 10 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.

ADA PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. I-19
PONTOTOC COUNTY, OKLAHOMA
Notes to Financial Statements
June 30, 2014

Note 4. General Long-Term Debt (continued)

The following is a summary of the long-term debt transactions of the District for the year ended June 30, 2014.

<u>Obligation</u>	Balance Outstanding 6-30-13	Issued (Retired) During Year	Balance Outstanding 6-30-14
2010 GO Bonds	\$ 1,610,000	\$ (230,000)	\$ 1,380,000
2014 GO Bonds	-	1,380,000	1,380,000
2008 GO Bonds	3,250,000	(650,000)	2,600,000
Totals	\$ 4,860,000	\$ 500,000	\$ 5,360,000

The annual requirements to retire general obligations bonds as of June 30, 2014 are as follows:

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Totals</u>
2015	\$ 880,000	\$ 130,384	\$ 1,010,384
2016	2,260,000	104,983	2,364,983
2017	880,000	69,425	949,425
2018	880,000	41,938	921,938
2019	230,000	13,513	243,513
2020	230,000	6,900	236,900
Totals	\$ 5,360,000	\$ 367,143	\$ 5,272,143

Note 5. Employee Retirement System

Description of Plan

The District participates in the state-administered Oklahoma Teachers' Retirement System, which is a cost sharing, multiple-employer defined benefit public employee retirement system (PERS), which is 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 Oklahoma Teachers' Retirement System issues a publicly available financial report that includes financial statements and required supplementary information for the System. 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.

ADA PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. I-19
PONTOTOC COUNTY, OKLAHOMA
Notes to Financial Statements
June 30, 2014

Note 5. Employee Retirement System (continued)

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 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 employee's earnings plus employer-paid fringe benefits. The required contribution for the participating members is 7.0% of compensation. Additionally, OTRS receives "federal matching contributions" for positions whose funding comes from federal sources or certain grants. The District and State are required to contribute 14.0% of applicable compensation. Contributions received by the System from the State of Oklahoma are from 3.54% of its revenues from sales tax use taxes, corporate income taxes and individual income taxes. The District contributed 9.5% and the State of Oklahoma, plus the federal contribution contributed the remaining 4.5% during this year. The District is allowed by the Oklahoma Teachers' Retirement System to make the required contributions on behalf of the participating members. The school is required to pay 16.5% for any compensated retired teachers already receiving retirement benefits.

Annual Pension Cost

The District's total contributions for 2014, 2013, and 2012 were \$2,015,340, \$2,104,017 and \$2,004,846 respectfully.

Note 6. Contingencies

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

ADA PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. I-19
PONTOTOC COUNTY, OKLAHOMA
Notes to Financial Statements
June 30, 2014

Note 7. Subsequent Events

Management has evaluated subsequent events through August 19, 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.

Note 8. Risk Management

The District is exposed to various risks of loss related to limited torts; theft of, damage to and destruction of assets; errors and omissions and natural disasters for which the District carries commercial insurance. There have been no significant reductions in coverage from the prior year and settlements have not exceeded coverage in the past three years.

Note 9. Surety Bonds

The treasurer is bonded by Travelers Casualty and Surety Company, bond number 105430559 for the sum of \$2,000,000 for the term of July 1, 2013 to June 30, 2014.

The District has bond coverage through the Western Surety Company in the amount of \$1,000 each, covering certain district employees as custodians of school activity funds and education funds.

The District Superintendent is bonded by Travelers Casualty and Surety Company, bond number 105309825 for the sum of \$100,000 for the term July 1, 2013 to June 30, 2014.

COMBINING FINANCIAL STATEMENTS

**ADA PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. I-19
PONTOTOC COUNTY, OKLAHOMA**

Combining Statement of Assets, Liabilities and Cash Fund Balances – Regulatory Basis
All Special Revenue Funds
June 30, 2014

	<u>Building Fund</u>	<u>Child Nutrition Program Fund</u>	<u>Total (Memorandum Only)</u>
<u>ASSETS:</u>			
Cash and Cash Equivalents	\$ 1,253,088	\$ 152,443	\$ 1,405,531
TOTAL ASSETS	<u>\$ 1,253,088</u>	<u>\$ 152,443</u>	<u>\$ 1,405,531</u>
 <u>LIABILITIES AND CASH FUND BALANCES</u>			
<u>LIABILITIES:</u>			
Warrants Payable	\$ 93,992	\$ 33,116	\$ 127,108
Encumbrances	<u>-</u>	<u>-</u>	<u>-</u>
TOTAL LIABILITIES	<u>93,992</u>	<u>33,116</u>	<u>127,108</u>
 <u>FUND EQUITY:</u>			
Fund Balances	<u>1,159,096</u>	<u>119,327</u>	<u>1,278,423</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 1,253,088</u>	<u>\$ 152,443</u>	<u>\$ 1,405,531</u>

**ADA PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. I-19
PONTOTOC COUNTY, OKLAHOMA**

Combining Statement of Revenues Collected, Expenditures Paid,
And Changes in Fund Balances –Regulatory Basis – All Special Revenue Funds
Year Ended June 30, 2014

	<u>Building Fund</u>	<u>Child Nutrition Program Fund</u>	<u>Total (Memorandum Only)</u>
<u>REVENUES COLLECTED:</u>			
District Sources of Revenue	\$ 465,252	\$ 117,933	\$ 583,185
Intermediate Sources of Revenue	-	-	-
State Sources of Revenue	25,722	124,767	150,489
Federal Sources of Revenue	-	860,471	860,471
	<u>490,974</u>	<u>1,103,171</u>	<u>1,594,145</u>
<u>EXPENDITURES:</u>			
Instruction	469	-	469
Support Services	1,109,116	-	1,109,116
Non-Instruction Services	5,838	1,208,121	1,213,959
Capital Outlay	19,499	-	19,499
Other Outlays	-	-	-
	<u>1,134,922</u>	<u>1,208,121</u>	<u>2,343,043</u>
Excess of Revenues Over (Under) Expenditures Paid	(643,948)	(104,950)	(748,898)
<u>OTHER RESOURCES AND USES:</u>			
Operating Transfers In	-	-	-
Revenues and Other Resources Over (Under) Expenditures and Other Uses	(643,948)	(104,950)	(748,898)
FUND BALANCE, BEGINNING OF YEAR	<u>1,803,044</u>	<u>224,277</u>	<u>2,027,321</u>
FUND BALANCE, END OF YEAR	<u>\$ 1,159,096</u>	<u>\$ 119,327</u>	<u>\$ 1,278,423</u>

**ADA PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. I-19
PONTOTOC COUNTY, OKLAHOMA**

Combining Statement of Revenues Collected, Expenditures Paid
And Changes in Fund Balances – Budget and Actual (Regulatory Basis)
Special Revenue Fund Types
Year Ended June 30, 2014

	Building Fund		
	Original Budget	Final Budget	Actual
<u>Revenues Collected:</u>			
District Sources of Revenue	\$ 411,270	\$ 411,270	\$ 465,252
State Sources of Revenue	-	-	25,722
Federal Sources of Revenue	-	-	-
TOTAL REVENUE COLLECTED	<u>411,270</u>	<u>411,270</u>	<u>490,974</u>
 EXPENDITURES			
Instruction	470	470	469
Support Services	2,188,504	2,188,504	1,109,116
Non-Instruction Services	5,840	5,840	5,838
Capital Outlays	19,500	19,500	19,499
Other Outlays	-	-	-
TOTAL EXPENDITURES PAID	<u>2,214,314</u>	<u>2,214,314</u>	<u>1,134,922</u>
 Excess of Revenue Over (Under) Expenditures Paid	 (1,803,044)	 (1,803,044)	 (643,948)
 <u>OTHER RESOURCES AND USES:</u>			
Operating Transfers In	-	-	-
 Revenues and Other Resources Over (Under) Expenditures and Other Uses	 (1,803,044)	 (1,803,044)	 (643,948)
 FUND BALANCE, BEGINNING OF YEAR	 <u>1,803,044</u>	 <u>1,803,044</u>	 <u>1,803,044</u>
 FUND BALANCE, END OF YEAR	 <u>\$ -</u>	 <u>\$ -</u>	 <u>\$ 1,159,096</u>

Child Nutritional Fund			Total		
Original Budget	Final Budget	Actual	Original Budget	Final Budget	Actual
\$ 116,840	\$ 116,840	\$ 117,933	\$ 528,110	\$ 528,110	\$ 583,185
102,675	102,675	124,767	102,675	102,675	150,489
745,474	794,171	860,471	745,474	794,171	860,471
<u>964,989</u>	<u>1,013,686</u>	<u>1,103,171</u>	<u>1,376,259</u>	<u>1,424,956</u>	<u>1,594,145</u>
-	-	-	470	470	469
-	-	-	2,188,504	2,188,504	1,109,116
1,189,266	1,237,963	1,208,121	1,195,106	1,243,803	1,213,959
-	-	-	19,500	19,500	19,499
-	-	-	-	-	-
<u>1,189,266</u>	<u>1,237,963</u>	<u>1,208,121</u>	<u>3,403,580</u>	<u>3,452,277</u>	<u>2,343,043</u>
(224,277)	(224,277)	(104,950)	(2,027,321)	(2,027,321)	(748,898)
-	-	-	-	-	-
(224,277)	(224,277)	(104,950)	(2,027,321)	(2,027,321)	(748,898)
<u>224,277</u>	<u>224,277</u>	<u>224,277</u>	<u>2,027,321</u>	<u>2,027,321</u>	<u>2,027,321</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ 119,327</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,278,423</u>

**ADA PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. I-19
PONTOTOC COUNTY, OKLAHOMA**

Combining Statement of Assets, Liabilities and Fund Equity – Regulatory Basis
Fiduciary Funds
June 30, 2014

	Expendable Trust Fund	Agency Funds		Total
		Activity Fund	Athletic Fund	
<u>ASSETS:</u>				
Cash and Cash Equivalents	\$ 15,630	\$ 384,004	\$ 93,907	\$ 493,541
TOTAL ASSETS	<u>\$ 15,630</u>	<u>\$ 384,004</u>	<u>\$ 93,907</u>	<u>\$ 493,541</u>
<u>LIABILITIES AND FUND BALANCE:</u>				
<u>LIABILITIES:</u>				
Warrants Payable	\$ 1,224	\$ 100,381	\$ 3,707	\$ 105,312
Encumbrances	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
TOTAL LIABILITIES	<u>1,224</u>	<u>100,381</u>	<u>3,707</u>	<u>105,312</u>
<u>FUND BALANCE:</u>				
Unreserved/Undesignated	14,406	208,209	90,200	312,815
Reserved/Student Groups	<u>-</u>	<u>75,414</u>	<u>-</u>	<u>75,414</u>
TOTAL FUND BALANCE	<u>14,406</u>	<u>283,623</u>	<u>90,200</u>	<u>388,229</u>
TOTAL LIABILITIES AND FUND BALANCE	<u>\$ 15,630</u>	<u>\$ 384,004</u>	<u>\$ 93,907</u>	<u>\$ 493,541</u>

ADA PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. I-19
PONTOTOC COUNTY, OKLAHOMA
Statement of Revenues Collected, Expenditures Paid – Regulatory Basis
And Changes in Fund Balance - Expendable Trust
Year Ended June 30, 2014

REVENUES COLLECTED:

District Sources	\$ 30,630
Intermediate Sources	-
State Sources	-
Federal Sources	-
	<hr/>
TOTAL REVENUE COLLECTED	<u>30,630</u>

EXPENDITURES PAID:

Instruction	29,631
Support Services	73
Non-Instruction Services	-
Capital Outlay	-
Other Outlay	340
	<hr/>
TOTAL EXPENDITURES PAID	<u>30,044</u>

Excess of Revenues Over (Under) Expenditures Paid	586
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OTHER FINANCING SOURCES (USES):

Operating Transfers In (Out)	<hr/> -
Excess of Revenues Over (Under) Expenditures and Other Sources (Uses)	586

FUND BALANCE, BEGINNING OF YEAR	<hr/> 13,820
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FUND BALANCE, END OF YEAR	<u>\$ 14,406</u>
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ADA PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. I-19
PONTOTOC COUNTY, OKLAHOMA
Statement of Changes in Assets, Liabilities and Fund Balance
School Activity - Agency Fund - Regulatory Basis
Year Ended June 30, 2014

	Balance 6-30-13	Deposited	Net Transfers	Disbursed	Balance 6-30-14
<u>ASSETS:</u>					
Cash in Bank	\$ 336,755	\$ 669,518	\$ -	\$ 622,269	\$ 384,004
TOTAL ASSETS	\$ 336,755	\$ 669,518	\$ -	\$ 622,269	\$ 384,004
<u>LIABILITIES:</u>					
Outstanding Checks	\$ 56,113	\$ -	\$ -	\$ 44,268	\$ 100,381
TOTAL LIABILITIES	56,113	-	-	44,268	100,381
<u>FUND EQUITY:</u>					
Unreserved/Undesignated	212,375	494,091		498,257	208,209
Reserved/Student Groups	68,267	175,427	-	168,280	75,414
Total Fund Balance	280,642	669,518	-	666,537	283,623
Total Liabilities					
Fund Balance	\$ 336,755	\$ 669,518	\$ -	\$ 622,269	\$ 384,004

ADA PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. I-13
PONTOTOC COUNTY, OKLAHOMA
 School Activity Funds
 Year Ended June 30, 2014

Description	Beginning Balance 6/30/2013	Receipts	Adjustments	Disbursements	Ending Balance 6/30/2014
Library	\$ 13,117	\$ 25,070	\$ -	\$ 22,188	\$ 15,999
Cougar Chase	-	2,585	-	927	1,658
General Fund - Day Care	-	53,337	-	53,337	-
Club C.S.I	-	90	-	75	15
Philosophy Club	-	210	-	165	45
Environmental Science	-	165	-	105	60
Activity Center Rental	1,875	1,473	-	3,348	-
General Fund - Summer	10,505	6,925	-	17,230	200
General Fund - Lost Text Books	-	56	-	56	-
Adult ED/GED	6	-	-	-	6
AHS Channel One Fund	4,658	350	-	-	5,008
DECA	331	10,080	-	10,004	407
Ruff Raiders	2,160	1,682	-	2,190	1,652
Current Events	6,111	16,005	-	16,342	5,774
FCCLA	4,157	5,990	-	4,992	5,155
Project Grow	104	-	-	-	104
Mckeel Project	34	-	-	-	34
Hoops for Heart	-	-	-	-	-
Shop	56	50	-	-	106
Willard Track	1,929	4,361	-	4,260	2,030
Teen Angel	1,270	50	-	84	1,236
Hayes T-Shirts	2,019	4,484	-	3,605	2,898
Video Sales/Recycle	916	829	-	1,020	725
Business Professionals	2,232	11,691	-	10,287	3,636
Brockman Class Donation	48	-	-	44	4
Performing Arts	3,578	6,250	(1,000)	5,984	2,844
Brown Fourth Grade Rocks	64	-	-	-	64
Varsity Cheerleaders	6,400	13,246	-	11,452	8,194
Couganns	96	5,684	-	5,412	368
Class of 2015	-	12,158	1,500	6,220	7,438
Class of 2013	917	-	192	725	384
Class of 2014	2,868	-	(1,500)	706	662
Triple C - Cool Cougar	5,100	2,750	-	4,487	3,363
Yearbook	15,468	37,925	-	37,338	16,055
Color Guard/Flags	24	-	(24)	-	-
Journalism/Cougar Tales	401	68	-	300	169
CNN - Cougar Network News	2,424	1,700	-	3,067	1,057
Choir	1,612	678	-	971	1,319
Special Education	252	-	-	-	252
French Club	88	-	-	-	88
Miscellaneous	55	351	-	299	107
Spanish Club	516	487	198	191	1,010
Band	1,507	35,477	(174)	33,857	2,953
Native Pride	981	218	-	50	1,149
Project Ignition	7,361	6,654	1,000	7,632	7,383
Student Council	1,110	4,102	-	3,631	1,581
ILO	4,626	2,979	-	2,547	5,058
Math Club	292	684	-	530	446
Science Club	6,985	6,387	-	6,192	7,180
Drama	115	-	-	-	115
Foreign Exchange	81	-	-	-	81
Academic Incentive	5,662	5,670	-	6,867	4,465
Picture Fund	17,939	48,614	(77)	51,371	15,105
Vending	21,621	15,766	(192)	19,619	17,576
Special Olympics	7,435	-	-	1,538	5,897
Honor Society	489	1,368	-	1,606	251
Technology Education	30	538	-	284	284
Art Club	3,714	1,008	-	687	4,035
Nestle/Candy/Cookies	44,292	37,711	77	43,370	38,710
Camp Goddard	3,127	33,183	-	36,090	220
Academic Bowl	630	300	-	231	699
General Activity Fund	61,254	124,357	-	105,302	80,309
Lunch Program	-	117,717	-	117,717	-
Grand Total	\$ 280,642	\$ 669,513	\$ -	\$ 666,532	\$ 283,623

ADA PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. I-19
PONTOTOC COUNTY, OKLAHOMA
Statement of Changes in Assets and Liabilities
Athletic Fund - Agency Fund - Regulatory Basis
Year Ended June 30, 2014

	Balance 7-30-13	Deposited	Net Transfers	Disbursed	Balance 6-30-14
<u>ASSETS:</u>					
Cash in Bank	\$ 62,922	\$ 387,684	\$ -	\$ 356,699	\$ 93,907
Outstanding Checks	(1,917)	-	-	(1,790)	3,707
TOTAL ASSETS	<u>\$ 61,005</u>	<u>\$ 387,684</u>	<u>\$ -</u>	<u>\$ 358,489</u>	<u>\$ 90,200</u>
<u>FUND BALANCE:</u>					
TOTAL FUND BALANCE	<u>\$ 61,005</u>	<u>\$ 387,684</u>	<u>\$ -</u>	<u>\$ 358,489</u>	<u>\$ 90,200</u>

SUPPORTING SCHEDULES

ADA PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. I-19
PONTOTOC COUNTY, OKLAHOMA
Schedule of Expenditures of Federal Awards - Regulatory Basis
Year Ended June 30, 2014

Federal Grantor/Pass Through Grantor/ Program Title	Federal CFDA No.	Pass Through Grantor's Number
<u>U.S. Department of Education Direct Programs:</u>		
Demonstration Grants for Indian Children	84.299A	S299A130077
Impact Aid - Disabled	84.041	592
Impact Aid	84.041	591
Indian Education Title VII	84.060A	S060A020334
TOTAL U.S. DEPARTMENT OF EDUCATION		
<u>Passed Through State Department of Education:</u>		
DHS Rehab Workers	84.126	456
Title I	84.010	511
Title II, Part A Teacher and Principal Equality	84.281	541
Indian Education JOM	15.130	563
IDEA-B Flow Through	84.027	621
IDEA-B Pre-School	84.173	641
Adult Ed	17.267	731
Rural-Low Income	84.358A	587
TOTAL STATE DEPARTMENT OF EDUCATION		
<u>Passed Through State Department of Vocational and Technical Education:</u>		
Carl D. Perkins	84.048	421
<u>Passed Through U.S. Department of Agriculture:</u>		
Child Nutrition - Lunches	10.555	761
Child Nutrition - Breakfasts	10.553	764
Commodity Supplemental Food Program	10.565	N/A
TOTAL U.S. DEPARTMENT OF AGRICULTURE		
TOTAL FEDERAL ASSISTANCE		

Balance June 30, 2013	Receipts	Receipts for Current Year Expenditures	Current Year Expenditures	Balance June 30, 2014	Indirect Costs Received June 30, 2014
\$ -	\$ -	\$ 269,827	\$ 259,783	\$ 26,161	\$ 7,659
-	-	12,058	12,058	-	-
-	-	132,271	132,271	-	-
-	12,573	199,444	193,428	-	6,016
-	12,573	613,600	597,540	26,161	13,675
-	-	4,043	4,037	5	-
28,927	2,075	521,215	507,655	57,912	15,261
12	3,146	105,701	105,701	1,000	-
-	2,064	27,335	41,313	-	-
28,302	5,861	519,869	510,068	43,945	15,221
6,386	75	16,205	16,348	3,946	474
100	10,157	46,927	93,011	-	-
3,985	2,229	51,489	49,982	1,242	1,508
67,712	25,607	1,292,784	1,328,115	108,050	32,464
11,394	9,112	17,441	16,931	231,301	511
155,224	-	566,887	715,967	6,144	-
79,214	-	244,887	305,538	18,564	-
-	-	48,697	48,697	-	-
234,438	-	860,471	1,070,202	24,708	-
\$ 313,544	\$ 47,292	\$ 2,784,296	\$ 3,012,788	390,220	\$ 46,650

**ADA PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. I-19
PONTOTOC COUNTY, OKLAHOMA**

Notes to Schedule of Expenditures of Federal Awards - Regulatory Basis
Year Ended June 30, 2014

Note 1: The accompanying schedule of expenditures of federal awards includes the federal grant expenditures of Ada Public Schools, I-19, Pontotoc County, Oklahoma and is presented on the regulatory basis of accounting prescribed by the Oklahoma State Department of Education. 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 financial statements.

No amounts were passed through to a subrecipient.

SCHEDULE OF ACCOUNTANT'S PROFESSIONAL LIABILITY INSURANCE AFFIDAVIT

INDEPENDENT AUDITORS' 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

**INDEPENDENT AUDITORS' 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 Board of Education
Ada School District Number I-19
Ada, Pontotoc County, Oklahoma

We have audited in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, Issued by the Comptroller General of the United States, the accompanying fund type and account group financial statements-regulatory basis within the combined financial statements of the Ada School District Number I-19, Ada, Pontotoc County, Oklahoma(District), as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the District's financial statements, and have issued our report thereon dated August 19, 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 the presentation followed the regulatory basis of accounting for Oklahoma school districts and did not conform to the presentation requirements of the Governmental Accounting Standards Board. However, our report was qualified for the omission of the general fixed asset account group with respect to the presentation of the financial statements on the regulatory basis of accounting authorized by the Oklahoma State Board of Education.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the District's Internal control over financial reporting (Internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's Internal control. Accordingly, we do not express an opinion on the effectiveness of the District's internal control.

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

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

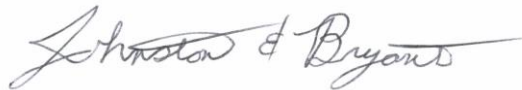
The Board of Education
Ada School District No. I-19
Ada, Pontotoc County, Oklahoma

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, 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 entity's internal control, or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

A handwritten signature in cursive script that reads "Johnston & Bryant". The signature is written in dark ink and is positioned to the right of the main text block.

Ada, Oklahoma
August 19, 2014

INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR
PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE
REQUIRED BY OMB CIRCULAR A-133

**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR
PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE
REQUIRED BY OMB CIRCULAR A-133**

The Board of Education
Ada School District Number I-19
Ada, Pontotoc County, Oklahoma

Report on Compliance for Each Major Federal Program

We have audited the Ada School District Number I-19, Ada, Pontotoc County, Oklahoma (District)'s compliance with the types of compliance requirements described in the OMB Circular A-133 Compliance Supplement that could have a direct and material effect on each of the District's major federal programs for the year ended June 30, 2014. The District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the District's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in *Government Auditing Standards*; issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining on a test basis, evidence about the District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

Opinion on Each Major Federal Program

In our opinion, Ada School District Number I-19, Ada, Pontotoc County, Oklahoma, complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2014.

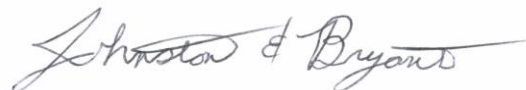
Report on Internal Control Over Compliance

Management of Ada School District Number I-19, Ada, Pontotoc County, Oklahoma (the District), is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the District's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the District's internal control over compliance.

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

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

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



August 19, 2014
Ada, Oklahoma

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

ADA INDEPENDENT SCHOOL DISTRICT NO. I-19
PONTOTOC COUNTY, OKLAHOMA
 Schedule of Findings and Questioned Costs
 Year Ended June 30, 2014

Summary of Auditor's Results

Financial Statements

Type of Auditor's Report Issued: Qualified

Internal Control over financial reporting

- Material weaknesses identified? __ Yes X No
- Reportable conditions identified that are not considered to be material weaknesses? __ Yes X None Reported
- Noncompliance material to financial statements noted? __ Yes X No
- Findings relating to the financial statements which are required to be reported in accordance with GAGAS? __ Yes X None Reported

Federal Awards

Internal control over major programs: Unqualified

- Material weaknesses identified? __ Yes X No
- Reportable conditions identified that are not considered to be material weaknesses? __ Yes X No

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

Any audit findings disclosed that are required to be reported in accordance with section 510 (a) of Circular A-133? __ Yes X No

Findings and questioned costs for Federal Awards __ Yes X None Reported

Identification of Major Programs:

<u>CFDA Number</u>	<u>Name of Federal Program</u>
84.010	Title 1
84.027	Idea B-Flow Through
84.173	Idea B- Pre-School

Dollar threshold used to distinguish between type A and type B programs: \$ 300,000

Auditee qualified as low-risk auditee? X Yes __ No

ADA INDEPENDENT SCHOOL DISTRICT NO. I-19
PONTOTOC COUNTY, OKLAHOMA
Schedule of Findings and Questioned Costs
Year Ended June 30, 2014

Status of Prior Year Findings

No prior year audit findings.