

**FINANCIAL STATEMENTS – REGULATORY BASIS
AND REPORTS OF INDEPENDENT AUDITOR**

**CLAREMORE INDEPENDENT SCHOOL DISTRICT, NO. I-1,
ROGERS COUNTY, OKLAHOMA**

JUNE 30, 2014

Audited by

**SANDERS, BLEDSOE & HEWETT
CERTIFIED PUBLIC ACCOUNTANTS, LLP**

BROKEN ARROW, OK

INDEPENDENT SCHOOL DISTRICT NO. I-1, ROGERS COUNTY
SCHOOL DISTRICT OFFICIALS
JUNE 30, 2014

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INDEPENDENT SCHOOL DISTRICT NO. I-1, ROGERS COUNTY
JUNE 30, 2014

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JUNE 30, 2014

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INDEPENDENT AUDITOR'S REPORT

October 31, 2014

The Honorable Board of Education
Claremore School District Number I-1
Claremore, Rogers County, Oklahoma

Report on the Financial Statements

We have audited the accompanying combined fund type and account group financial statements – regulatory basis of the Claremore School District Number I-1, Claremore, Rogers County, Oklahoma (the 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. 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 District, on the basis of the financial reporting provisions of the Oklahoma State Department of Education, which is a basis of accounting other than accounting principles generally accepted in the United States of America, to comply with the requirements of the Oklahoma State Department of Education. The effects on the financial statements of the variances between the regulatory basis of accounting described in Note 1 and accounting principles generally accepted in the United States of America, although not reasonable 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 District 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 by 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 balance arising from regulatory basis transactions of each fund type and account group of the District, 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

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 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.

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

Other Reporting required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated October 31, 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 to other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District’s internal control over financial reporting and compliance.



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

October 31, 2014

The Honorable Board of Education
Claremore School District Number I-1
Claremore, Rogers 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 Claremore School District Number I-1, Claremore, Rogers 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 October 31, 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 financial statements on the regulatory basis of accounting authorized by the Oklahoma State Board of Education.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the District's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of District's internal control. Accordingly, we do not express an opinion on the effectiveness of 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 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 was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

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

Purpose of this Report

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



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

October 31, 2014

The Honorable Board of Education
Claremore School District Number I-1
Claremore, Rogers County, Oklahoma

Report on Compliance for Each Major Federal Program

We have audited Claremore School District Number I-1, Claremore, Rogers 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 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

Opinion on Each Major Federal Program

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

Report on Internal Control Over Compliance

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

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



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INDEPENDENT SCHOOL DISTRICT NO. I-1, ROGERS COUNTY
DISPOSITION OF PRIOR YEAR'S REPORTABLE CONDITIONS AND MATERIAL
INSTANCES OF NON-COMPLIANCE
JUNE 30, 2014

There were no prior year reportable conditions.

INDEPENDENT SCHOOL DISTRICT NO. I-1, ROGERS COUNTY
SCHEDULE OF AUDIT RESULTS, FINDINGS AND QUESTIONED COSTS
JUNE 30, 2014

Section 1 – Summary of Auditor’s Results:

1. A qualified opinion was issued on the financial statements with respect to the regulatory basis of accounting prescribed.
2. The audit disclosed no significant deficiencies in the internal controls.
3. The audit disclosed no instances of noncompliance which were material to the financial statements.
4. The audit disclosed no significant deficiencies in the internal controls over major programs.
5. An unqualified opinion report was issued on the compliance of major programs.
6. The audit disclosed no audit findings which are required to be reported under OMB Circular A-133 § 510(a).
7. Programs determined to be major are the Title I Programs (84.010, 84.013) and the Child Nutrition Programs (10.553, 10.555, 10.559), which were clustered in determination.
8. The dollar threshold used to determine between Type A and Type B programs was \$300,000.
9. The auditee was determined not to be a low-risk auditee.

Section 2 – Findings relating to the financial statements required to be reported in accordance with GAGAS:

None

Section 3 – Findings and questioned costs for federal awards:

None

**INDEPENDENT SCHOOL DISTRICT NO. I-01, ROGERS COUNTY
 COMBINED STATEMENT OF ASSETS, LIABILITIES AND FUND EQUITY -
 REGULATORY BASIS - ALL FUND TYPES AND ACCOUNT GROUPS
 JUNE 30, 2014**

<u>ASSETS</u>	<u>GOVERNMENTAL FUND TYPES</u>				<u>FIDUCIARY FUND TYPES</u>	<u>ACCOUNT GROUP</u>	<u>TOTALS</u>		
	<u>GENERAL</u>	<u>SPECIAL REVENUE</u>	<u>DEBT SERVICE</u>	<u>CAPITAL PROJECTS</u>	<u>EXPENDABLE TRUST AND AGENCY FUND</u>	<u>GENERAL LONG-TERM DEBT</u>	<u>(Memorandum Only)</u>	<u>2014</u>	<u>2013</u>
Cash	\$ 2,279,217	1,500,874	3,380,621	625,000	775,603			8,561,315	9,282,524
Amounts available in debt service						58,154		58,154	214,761
Amounts to be provided for retirement of general long-term debt							30,931,376	30,931,376	32,397,150
Total Assets	2,279,217	1,500,874	3,380,621	625,000	775,603	30,989,530		39,550,845	41,894,435
 <u>LIABILITIES AND FUND EQUITY</u> 									
Liabilities									
Warrants payable	511,580	155,125			13,288			679,993	800,175
Encumbrances	173,228	98,165						271,393	290,597
Unmatured obligations			3,322,467					3,322,467	2,350,852
Funds held for school organizations					729,254			729,254	645,735
Long-term debt:									
Bonds payable							12,240,000	12,240,000	10,000,000
Capital leases							18,749,530	18,749,530	22,611,911
Total liabilities	684,808	253,290	3,322,467	-	742,542		30,989,530	35,992,637	36,699,270
Fund Equity									
Cash fund balances	1,594,409	1,247,584	58,154	625,000	33,061			3,558,208	5,195,165
Total fund equity	1,594,409	1,247,584	58,154	625,000	33,061		-	3,558,208	5,195,165
Total Liabilities and Fund Equity	\$ 2,279,217	1,500,874	3,380,621	625,000	775,603	30,989,530		39,550,845	41,894,435

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

INDEPENDENT SCHOOL DISTRICT NO. I-01, ROGERS COUNTY
COMBINED STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN CASH FUND BALANCES
REGULATORY BASIS - ALL GOVERNMENTAL FUND TYPES
JUNE 30, 2014

	<u>GOVERNMENTAL FUND TYPES</u>				<u>FIDUCIARY</u> <u>FUND TYPES</u>	<u>TOTALS</u> <u>(Memorandum Only)</u>	
	<u>GENERAL</u>	<u>SPECIAL</u> <u>REVENUE</u>	<u>DEBT</u> <u>SERVICE</u>	<u>CAPITAL</u> <u>PROJECTS</u>	<u>EXPENDABLE</u> <u>TRUST FUNDS</u>	<u>2014</u>	<u>2013</u>
Revenues							
Local sources	\$ 5,428,545	2,129,844	3,198,658			10,757,047	11,133,792
Intermediate sources	930,300					930,300	934,239
State sources	16,016,634	369,879				16,386,513	16,352,908
Federal sources	1,642,239	1,024,873				2,667,112	4,162,464
Interest earnings	2,482	1,588				4,070	9,328
Return on assets	203,783	3,014				206,797	201,539
Total revenues	<u>24,223,983</u>	<u>3,529,198</u>	<u>3,198,658</u>	<u>0</u>	<u>0</u>	<u>30,951,839</u>	<u>32,794,270</u>
Expenditures							
Instruction	16,337,392	648,716			150	16,986,258	16,359,655
Support services	9,225,755	1,310,894				10,536,649	10,290,078
Operation of non-instructional services	171,733	1,685,183				1,856,916	1,843,694
Facilities, acquisition & constr. services				4,500,000		4,500,000	3,867,617
Other outlays:							
Debt service requirements			3,355,265			3,355,265	3,364,900
Private nonprofit schools	22,677					22,677	10,729
Correcting entry/Reimbursements	800	725				1,525	4,924
Repayments		1,844				1,844	2,062
Total expenditures	<u>25,758,357</u>	<u>3,647,362</u>	<u>3,355,265</u>	<u>4,500,000</u>	<u>150</u>	<u>37,261,134</u>	<u>35,743,659</u>
Revenues over (under) expenditures	(1,534,374)	(118,164)	(156,607)	(4,500,000)	(150)	(6,309,295)	(2,949,389)
Other financing sources (uses)							
Adjustments to prior year encumbrances	134,812	35,231				170,043	219,635
Estopped warrants	2,147	98				2,245	1,554
Bond proceeds				4,500,000		4,500,000	3,850,000
Total other financing sources (uses)	<u>136,959</u>	<u>35,329</u>	<u>0</u>	<u>4,500,000</u>	<u>0</u>	<u>4,672,288</u>	<u>4,071,189</u>
Revenue and other sources over (under) expenditures and other uses	(1,397,415)	(82,835)	(156,607)	0	(150)	(1,637,007)	1,121,800
Cash fund balance, beginning of year	<u>2,991,824</u>	<u>1,330,419</u>	<u>214,761</u>	<u>625,000</u>	<u>33,211</u>	<u>5,195,215</u>	<u>4,073,415</u>
Cash fund balance, end of year	<u>\$ 1,594,409</u>	<u>1,247,584</u>	<u>58,154</u>	<u>625,000</u>	<u>33,061</u>	<u>3,558,208</u>	<u>5,195,215</u>

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

**INDEPENDENT SCHOOL DISTRICT NO. I-01, ROGERS COUNTY
 COMBINED STATEMENT OF REVENUES, EXPENDITURES
 AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL -
 REGULATORY BASIS - BUDGETED GENERAL FUND
 JUNE 30, 2014**

	GENERAL FUND		
	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL
Revenues			
Local sources	\$ 4,953,855	4,953,855	5,428,545
Intermediate sources	850,517	850,517	930,300
State sources	15,950,875	15,950,875	16,016,634
Federal sources	1,652,929	1,652,929	1,642,239
Interest earnings			2,482
Return on assets			203,783
Total revenues	<u>23,408,176</u>	<u>23,408,176</u>	<u>24,223,983</u>
Expenditures			
Instruction	16,792,253	16,792,253	16,337,392
Support services	9,361,991	9,361,991	9,225,755
Operation of non-instructional services	187,635	187,635	171,733
Other outlays:			
Private nonprofit schools	57,121	57,121	22,677
Correcting entry/Reimbursements	1,000	1,000	800
Total expenditures	<u>26,400,000</u>	<u>26,400,000</u>	<u>25,758,357</u>
Revenues over (under) expenditures	(2,991,824)	(2,991,824)	(1,534,374)
Other financing sources (uses):			
Adjustments to prior year encumbrances			134,812
Estopped warrants			2,147
Total other financing sources (uses)	<u>0</u>	<u>0</u>	<u>136,959</u>
Revenue and other sources over (under) expenditures and other uses	(2,991,824)	(2,991,824)	(1,397,415)
Cash fund balance, beginning of year	<u>2,991,824</u>	<u>2,991,824</u>	<u>2,991,824</u>
Cash fund balance, end of year	<u>\$ 0</u>	<u>0</u>	<u>1,594,409</u>

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

**INDEPENDENT SCHOOL DISTRICT NO. I-01, ROGERS COUNTY
 COMBINED STATEMENT OF REVENUES, EXPENDITURES
 AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL -
 REGULATORY BASIS - ALL BUDGETED SPECIAL REVENUE FUNDS
 JUNE 30, 2014**

	SPECIAL REVENUE FUNDS		
	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL
Revenues			
Local sources	\$ 1,828,243	1,828,243	2,129,844
State sources	359,805	359,805	369,879
Federal sources	1,106,533	1,106,533	1,024,873
Interest earnings			1,588
Return on assets			3,014
Total revenues	3,294,581	3,294,581	3,529,198
Expenditures			
Instruction	796,298	796,298	648,716
Support services	1,713,702	1,713,702	1,310,894
Operation of non-instructional services	2,097,400	2,097,400	1,685,183
Facilities, acquisition & constr. services	10,000	10,000	
Other outlays:			
Correcting entry/Reimbursements	5,750	5,750	725
Repayments	1,850	1,850	1,844
Total expenditures	4,625,000	4,625,000	3,647,362
Revenues over (under) expenditures	(1,330,419)	(1,330,419)	(118,164)
Other financing sources (uses):			
Adjustments to prior year encumbrances			35,231
Estopped warrants			98
Total other financing sources (uses)	0	0	35,329
Revenue and other sources over (under) expenditures and other uses	(1,330,419)	(1,330,419)	(82,835)
Cash fund balance, beginning of year	1,330,419	1,330,419	1,330,419
Cash fund balance, end of year	\$ 0	0	1,247,584

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

**INDEPENDENT SCHOOL DISTRICT NO. I-01, ROGERS COUNTY
 COMBINED STATEMENT OF REVENUES, EXPENDITURES
 AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL -
 REGULATORY BASIS - DEBT SERVICE FUNDS
 JUNE 30, 2014**

	DEBT SERVICE FUND		
	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL
Revenues			
Local sources	\$ 3,140,504	3,140,504	3,198,658
Expenditures			
Other outlays:			
Debt service	3,355,265	3,355,265	3,355,265
Revenues over (under) expenditures	(214,761)	(214,761)	(156,607)
Cash fund balance, beginning of year	214,761	214,761	214,761
Cash fund balance, end of year	\$ 0	0	58,154

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

INDEPENDENT SCHOOL DISTRICT NO. I-1, ROGERS COUNTY
NOTES TO THE COMBINED FINANCIAL STATEMENTS – REGULATORY BASIS
FOR THE YEAR ENDED JUNE 30, 2014

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The combined financial statements – regulatory basis of the Claremore Public Schools Independent District No. I-1 (the “District”) have been prepared in conformity with another comprehensive basis of accounting required by Oklahoma Statutes. 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 is made by applying the criteria established by the Governmental Accounting Standards Board (GASB). The basic – but not the only – criterion for including a potential component unit within the reporting entity is the governing body’s ability to exercise oversight responsibility. The most significant manifestation of this ability is financial interdependency. Other manifestations of the ability to exercise oversight responsibility include, but are not limited to, the selection of governing authority, the designation of management, the ability to significantly influence operations, and accountability for fiscal matters. A second criterion used in evaluating potential component units is the scope of public service. Application of this criterion involves considering whether the activity benefits the District and/or its citizens, or whether the activity is conducted within the geographic boundaries of the District and is generally available to its patrons. A third criterion used to evaluate potential component units for inclusion or exclusion from the reporting entity is the existence of special financing relationships, regardless of whether the District is able to exercise oversight responsibilities. Based upon the application of these criteria, there are no potential component units included in the District’s reporting entity.

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NOTES TO THE COMBINED FINANCIAL STATEMENTS – REGULATORY BASIS
FOR THE YEAR ENDED JUNE 30, 2014

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – cont'd

B. Fund Accounting

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

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 Funds – Special revenue funds include the District’s building, co-op and child nutrition funds.

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.

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1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – cont'd

B. Fund Accounting - cont'd

Co-op Fund – The co-op fund is established when the boards of education of two or more school districts enter into cooperative agreements and maintain joint programs. The revenues necessary to operate a cooperative program can come from federal, state, or local sources, including the individual contributions of participating school districts. The expenditures for this fund would consist of those necessary to operate and maintain the joint programs.

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 various nutrition programs provided to students.

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 (including judgments) debt principal, interest and related costs. The primary revenue sources are local property taxes levied specifically for debt service and interest earnings from temporary investments.

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

Fiduciary Fund Types

Fiduciary funds are used to account for assets held on behalf of outside parties, including other governments, or on behalf of other funds within the District. The terms “non-expendable” and “expendable” refer to whether or not the District is under an obligation to maintain the trust principal. 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 operation.

Expendable Trust Funds – Expendable trust funds include the gifts and endowments fund, medical insurance fund, workers compensation fund and the insurance recovery fund. The District maintained the gifts and endowments fund during the 2013-14 fiscal year.

Gifts and Endowments Fund – The gifts and endowments 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.

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NOTES TO THE COMBINED FINANCIAL STATEMENTS – REGULATORY BASIS
FOR THE YEAR ENDED JUNE 30, 2014

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – cont’d

B. Fund Accounting – cont’d

Medical Insurance Fund – The medical insurance fund accounts for revenues and expenditures for all types of self-funded medical insurance coverage.

Workers Compensation Fund – The workers compensation fund accounts for revenues and expenditures for workers compensation claims.

Insurance Recovery Fund – The insurance recovery fund accounts for all types of insurance recoveries, major reimbursements and reserves for property repairs and replacements.

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

Account Groups

An account group is not a fund and consists of a self-balancing set of accounts used only to establish accounting control over long-term debt and fixed assets.

General Long-Term Debt Account Group – This account group is established to account for all the long-term debt of the District, which is offset by the amount available in the debt service fund and the amount to be provided in future years to complete retirement of the debt principal. It is also used to account for other liabilities (judgments and lease purchases) which are to be paid from funds provided in future years.

General Fixed Assets Account Group – This account group is used by governments to account for the property, plant and equipment of the school district. The District does not have the information necessary to include this group in its financial statements.

Memorandum Only - Total Column

The total column on the combined financial statements – regulatory basis is captioned “memorandum only” to indicate that it is presented only to facilitate financial

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1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – cont'd

B. Fund Accounting – cont'd

analysis. Data in this column does not present financial position or results of operations 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

Basis of accounting refers to when revenues and expenditures are recognized in the accounts and reports in the combined financial statements – regulatory basis. Basis of accounting relates to the timing of the measurements made, regardless of the measurement focus applied.

All governmental and expendable trust funds are accounted for using the regulatory basis of accounting. Revenues are recognized when they are received rather than earned. Under the regulatory basis of accounting, expenditures are generally recognized when encumbered/reserved rather than at the time the related fund liability is incurred. These practices differ from generally accepted accounting principles. Significant differences are as follows:

The District does not maintain its accounts on the modified accrual basis of accounting under which revenues are recorded when susceptible to accrual, i.e., both measurable and available, and expenditures are recorded when the liability is incurred, if measurable.

Revenues and expenditures are reported by the budget year until all encumbrances have been paid and unexpended appropriations are closed to the current year fund balance.

The general, building and child nutrition funds record purchases of supplies as expenditures rather than as assets to be expensed when used.

Encumbrances are reported as liabilities. Under generally accepted accounting principles, open encumbrances for which goods or services have not been received are reported as reservations of fund balances, since the commitments will be honored through subsequent year's budget appropriations.

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1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – cont'd

C. Basis of Accounting – cont'd

The District has not maintained a record of general fixed assets and, accordingly, a statement of general fixed assets, as required by generally accepted accounting principles, is not included in the combined financial statements – regulatory basis.

Vested or accumulated vacation leave that is expected to be liquidated with expendable available financial resources is not reported as an expenditure and a fund liability of the governmental fund that will pay it. In addition, the non-current portion of vested accumulated vacation is not recorded in the general long-term debt account group.

Capital leases are recorded as expenditures. Under generally accepted accounting principles, capital leases are normally capitalized as a fixed asset and recorded in the general long-term debt account group.

D. Budgets and Budgetary Accounting

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

A budget is legally adopted by the Board of Education for all funds (with the exception of the trust and agency funds) that includes revenues and expenditures.

The 2013-14 Estimate of Needs was amended by supplemental appropriations as follows:

<u>Fund</u>	<u>Total</u>
None	

These amendments were approved by the county excise board.

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

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1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – cont'd

D. Budgets and Budgetary Accounting – cont'd

utilized in all governmental funds of the District. Unencumbered appropriations lapse at the end of each fiscal year.

E. Assets, Liabilities and Fund Equity

Cash – Cash consists of cash on hand, demand deposit accounts, and interest bearing checking accounts.

Investments – The District is allowed to invest in direct obligations of the United States government and agencies; certificates of deposit of savings and loan associations, banks and trust companies; savings accounts or savings certificates of savings and loan associations, and trust companies; and warrants, bonds or judgments of the District. All investments are recorded at cost, which approximates market value.

Inventories – The value of consumable inventories at June 30, 2014, is not material to the combined financial statements and therefore not included in them.

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

Warrants Payable – Warrants are issued to meet the obligations for goods and services provided to the District. The District recognizes a liability for the amount of outstanding warrants that have yet to be redeemed by the District's treasurer.

Encumbrances – Encumbrances represent commitments related to purchase orders, contracts, other commitments for expenditures or resources, and goods or services received by the District for which a warrant has not been issued. An expenditure is recorded and a liability is recognized for outstanding encumbrances at year end in accordance with the regulatory basis of accounting.

Unmatured Obligations – The unmatured obligations represent the total of all annual accruals for both principal and interest, based on the lengths of the bonds and/or judgments, less all principal and interest payments through the balance sheet date in accordance with the regulatory basis of accounting.

Funds Held for School Organizations – Funds held for school organizations represent the funds received or collected from students or other cocurricular and extracurricular activities conducted in the District, control over which is exercised by the board of

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FOR THE YEAR ENDED JUNE 30, 2014

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – cont'd

E. Assets, Liabilities and Fund Equity – cont'd

education. These funds are credited to the account maintained for the benefit of each particular activity within the school activity fund.

Long-Term Debt – Long-term debt is recognized as a liability of a governmental fund when due, or when resources have been accumulated in the debt service fund for payment early in the following year. For other long-term obligations, only that portion expected to be financed from expendable available financial resources is reported as a fund liability of a governmental fund. The remaining portion of such obligations is reported in the general long-term debt account group.

Cash Fund Balance – Cash fund balance represents the funds not encumbered by purchase orders, legal contracts, outstanding warrants and unmatured obligations.

F. Revenue and Expenditures

Local Revenues – Revenue from local sources is the money generated from within the boundaries of the District and available to the District for its use. 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. These property taxes are distributed to the District's general, building and sinking funds based on the levies approved for each fund. The County Assessor, upon receipt of the certification of tax levies from the county excise board, extends the tax levies on the tax rolls for submission to the county treasurer prior to October 1.

The county treasurer must commence tax collection within fifteen days of receipt of the tax rolls. The first half of taxes is due prior to January 1. The second half is due prior to April 1.

If the first payment is not made in a timely manner, the entire tax becomes due and payable on January 2. Second half taxes become delinquent on April 1, of the year following the year of assessment. If not paid by the following October 1, the property is offered for sale for the amount of taxes due. The owner has two years to redeem the property by paying the taxes and penalty owed. If at the end of two years the owner has not done so, the purchaser is issued a deed to the property.

Other local sources of revenues include tuition, fees, rentals, disposals, commissions and reimbursements.

Intermediate Revenues - Revenue from intermediate sources is the amount of money from funds collected by an intermediate administrative unit, or a political subdivision

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1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – cont'd

F. Revenue and Expenditures – cont'd

between the District and the state, and distributed to Districts in amounts that differ in proportion to those which were collected within such systems.

State Revenues – Revenues from state sources for current operations are primarily governed by the state aid formula under the provisions of Article XVIII, Title 70, Oklahoma Statutes. The State Board of Education administers the allocation of state aid funds to 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 from or additions to the revenue of the year when the adjustment is made.

The District receives revenue from the state to administer certain categorical educational programs. State Board of Education rules require that revenue earmarked for these programs be expended only for the program for which the money is provided 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.

The aforementioned state revenues are apportioned to the District's general fund.

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 passthrough from another government, such as the state.

An entitlement is the amount of payment to which the District is entitled pursuant to an allocation formula contained in applicable statutes.

The majority of the 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.

Interest Earnings – Represent compensation for the use of financial sources over a period of time.

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1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – cont'd

F. Revenue and Expenditures – cont'd

Non-Revenue Receipts – Non-revenue receipts represent receipts deposited into a fund that are not new revenues to the District, but the return of assets.

Instruction Expenditures – Instruction expenditures include the activities dealing directly with the interaction between teachers and students. Teaching may be provided for students in a school classroom, in another location, such as a home or hospital, and in other learning situations, such as those involving cocurricular activities. It may also be provided through some other approved medium, such as television, radio, telephone and correspondence. Included here are the activities of teacher assistants of any type (clerks, graders, teaching machines, etc.) which assist in the instructional process. The activities of tutors, translators and interpreters would be recorded here. Department chairpersons who teach for any portion of time are included here. Tuition/transfer fees paid to other LEAs would be included here.

Support Services Expenditures – Support services expenditures provide administrative, technical (such as guidance and health) and logistical support to facilitate and enhance instruction. These services exist as adjuncts for fulfilling the objectives of instruction, community services and enterprise programs, rather than as entities within themselves.

Operation of Non-Instructional Services Expenditures – Activities concerned with providing non-instructional services to students, staff or the community.

Facilities Acquisition and Construction Services Expenditures – Consist 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 Expenditures – A number of outlays of governmental funds are not properly classified as expenditures, but still require budgetary or accounting control. These are classified as Other Outlays. These include debt service payments (principal and interest).

Other Uses Expenditures – This includes scholarships provided by private gifts and endowments; student aid and staff awards supported by outside revenue sources (i.e., foundations). Also, expenditures for self-funded employee benefit programs administered either by the District or a third party administrator.

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1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – cont'd

F. Revenue and Expenditures – cont'd

Repayment Expenditures – Repayment expenditures represent checks/warrants issued to outside agencies for refund or restricted revenue previously received for overpayment, non-qualified expenditures and other refunds to be repaid from District funds.

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.

All other inter-fund transactions, except quasi-external transactions and reimbursements, are reported as transfers. Nonrecurring or nonroutine permanent transfers of equity are reported as residual equity transfers. All other inter-fund transfers are reported as operating transfers. There were no operating transfers or residual equity transfers during the 2013-14 fiscal year.

2. 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, banks and trust companies; savings accounts or savings certificates of savings and loan associations, banks, and trust companies; and warrants, bonds or judgments of the District.

Cash – The District's bank balance of deposits and cash pools at June 30, 2014, was \$8,561,316. Custodial credit risk is the risk that in the event of a bank failure, the District's deposits may not be returned to it. State statutes require collateral for amounts in excess of federally insured amounts. The District's policy requires collateral equal to 110% of the deposit amount for all deposits not covered by F.D.I.C. insurance. The bank balance was completely covered by federal depository insurance and by collateral held by the District's third party agent in the District's name.

Investments – At June 30, 2014, the District had no outstanding investments.

Interest rate risk – Interest rate risk is the risk that changes in interest rates will adversely affect the fair market value of an investment. Due to the required liquidity for those investments, these funds have no defined maturity dates. The District does not have a formal policy that limits investment maturities as a means of managing its exposure to fair value losses from increasing interest rates.

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2. CASH AND INVESTMENTS – cont'd

Credit risk – Investments – Credit risk is the risk that the issuer or other counterparty to and investment will not fulfill its obligations. Investments held by the District in investment pools (sweep accounts) are considered unclassified as to custodial credit risk because they are not evidenced by securities that exist in physical or book entry form. The District does not have a formal policy limiting its exposure arising from concentration of investments.

3. INTERFUND RECEIVABLES AND PAYABLES

There were no interfund receivables or payables at June 30, 2014.

4. GENERAL LONG-TERM DEBT

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

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

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

	Bonds Payable	Capital Leases	Total
	<u> </u>	<u> </u>	<u> </u>
Balance, July 1, 2013	\$ 10,000,000	22,611,911	32,611,911
Additions	4,500,000		4,500,000
Retirements	<u>(2,260,000)</u>	<u>(3,862,381)</u>	<u>(6,122,381)</u>
Balance, June 30, 2014	<u>\$ 12,240,000</u>	<u>18,749,530</u>	<u>30,989,530</u>

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 NOTES TO THE COMBINED FINANCIAL STATEMENTS – REGULATORY BASIS
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4. GENERAL LONG-TERM DEBT – cont'd

A brief description of the outstanding long-term debt at June 30, 2014, is set forth below:

	<u>Amount Outstanding</u>
<u>General Obligation Bonds:</u>	
Building Bonds, Series 2009, original issue \$4,200,000, interest rate of 1.60% to 2.25%, due in annual installments of \$1,050,000, final payment due 7-01-14	\$ 1,050,000
Building Bonds, Series 2010, original issue \$3,200,000, interest rate of 1.45% to 2.00%, due in annual installments of \$800,000, final payment due 7-01-15	1,600,000
Building Bonds, Series 2011, original issue \$1,650,000, interest rate of 1.25% to 1.60%, due in annual installments of \$410,000, final payment due 7-01-16	1,240,000
Building Bonds, Series 2012, original issue \$3,850,000, interest rate of 0.70% to 0.80%, due in annual installments of \$965,000, final payment due 7-01-17	3,850,000
Building Bonds, Series 2013, original issue \$4,500,000, interest rate of 0.55% to 0.95%, due in annual installments of \$1,125,000, final payment due 7-01-18	4,500,000
<u>Capital Leases:</u>	
Lease purchase of an Energy Management system, dated 12-13-05, totaling \$522,544, due in quarterly principal and interest installments of \$15,799, final payment due 12-15-15	91,683
Lease purchase of copiers, dated 4-5-2013 totaling \$200,909, 10.00%, due in semi-annual principal and interest payments of \$22,100, final payment due 2-15-18	162,816
Lease purchase for building improvements, dated 4-1-08, totaling \$24,903,000 @ 4.00%, due in varying annual principal and interest payments, final payment due 8-15-18 (See Note 8)	14,900,859

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 NOTES TO THE COMBINED FINANCIAL STATEMENTS – REGULATORY BASIS
 FOR THE YEAR ENDED JUNE 30, 2014

4. GENERAL LONG-TERM DEBT – cont'd

	<u>Amount Outstanding</u>
Lease purchase for building improvements, dated 12-1-07 totaling \$9,900,000 @ 3.75%, due in varying annual principal and interest payments, final payment due 8-15-17 (See Note 8)	3,393,639
Lease purchase of computers, dated 8-16-11 totaling \$325,315, 2.83%, due in yearly principal and interest payments of \$70,805, final payment due 8-16-16	<u>200,533</u>
Total	<u>\$ 30,989,530</u>

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

Year Ending <u>June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2015	\$ 6,405,841	857,348	7,263,189
2016	5,233,415	725,025	5,958,440
2017	6,285,533	572,772	6,858,305
2018	6,742,421	407,734	7,150,155
2019	<u>6,322,320</u>	<u>212,112</u>	<u>6,534,432</u>
Total	<u>\$ 30,989,530</u>	<u>2,774,991</u>	<u>33,764,521</u>

Interest paid on general long-term debt during the 2013-14 fiscal year totaled \$1,010,226.

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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.

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 the employee's earnings plus employer-paid fringe benefits. The required contribution for the participating members is 7.0% of compensation. Contributions received by the System from the State of Oklahoma are used to offset required employer contributions by the local school district. For the 2013-14 fiscal year, the District contributed 9.5% and the State of Oklahoma contributed the remaining amount during the year. The District is allowed by Oklahoma Teachers' Retirement 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.

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5. EMPLOYEE RETIREMENT SYSTEM – cont'd

In addition, if a member's salary is paid in part by federal or private funds, the contribution on that portion of the salary paid by those funds must be matched by the District at 5.12%.

Annual Pension Cost

The District's total contributions for 2014, 2013 and 2012 were \$2,187,689, \$2,150,650 and \$2,105,354, respectively.

Ten-year historical trend information is presented in the Teacher's Retirement System of Oklahoma Annual Report for the year ended June 30, 2014. This information is useful in assessing the pension plan's accumulation of sufficient assets to pay pension benefits as they become due. Please visit www.ok.gov/TRS for all plan information.

6. 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 risks have not exceeded the commercial insurance coverage in any of the past three fiscal years.

The School 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 School 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 it 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 school'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 its loss fund in three years, it is returned to the District with no interest.

INDEPENDENT SCHOOL DISTRICT NO. I-1, ROGERS COUNTY
NOTES TO THE COMBINED FINANCIAL STATEMENTS – REGULATORY BASIS
FOR THE YEAR ENDED JUNE 30, 2014

6. RISK MANAGEMENT – cont'd

The District is also a member of the Oklahoma Public Schools Unemployment Compensation Program. In this program the District is required to contribute 1.6% of its taxable payroll for unemployment insurance. The funds for each District are kept separate and Districts can contribute more than 1.6% of their payroll if they elect to. The money contributed by each District earns interest and is fully insured. If the

District has claims in excess of the amount in its account, it will be liable for the excess.

7. CONTINGENCIES

Federal Grants

This schedule shows the federal awards received and expended by the District during the 2013-14 fiscal year. The revised OMB Circular A-133 Audits of States, Local Governments and Non-Profit Organizations, established uniform audit requirements for non-federal entities which expend more than \$500,000 in federal awards.

Litigation

School officials are not aware of any pending or threatened litigation, claims or assessments or unasserted claims or assessments against the District.

8. LEASE REVENUE BONDS

2007 Lease Revenue Notes

On December 1, 2007, the Claremore Industrial and Economic Development Authority issued \$9,900,000 of Lease Revenue Bonds (Claremore Public Schools Project) Series 2007, to provide funds for the constructing, equipping, repairing and remodeling of school buildings, acquiring furniture, fixtures and equipment and acquiring and improving school sites for the benefit of Claremore School District. Also on December 1, 2007, the District, as lessor, entered into a ground lease agreement, for certain district property, with the Claremore Industrial and Economic Development Authority. In addition, the District entered into a sublease, as lessee, with the Claremore Industrial and Economic Development Authority. The sublease calls for ten (10) annual payments starting August 15, 2008. These payments will be made out of bond funds, pursuant to the issuance of series bonds in the amount of \$42,975,000, on November 13, 2007. Claremore Public Schools will gain ownership to the capital improvements incrementally as each payment is made. These bonds are shown as general long-term debt on the combined statement assets, liabilities, and fund equity under bonds payable as each series of bonds is sold.

INDEPENDENT SCHOOL DISTRICT NO. I-1, ROGERS COUNTY
NOTES TO THE COMBINED FINANCIAL STATEMENTS – REGULATORY BASIS
FOR THE YEAR ENDED JUNE 30, 2014

8. LEASE REVENUE BONDS – cont'd

2008 Lease Revenue Notes

On April 1, 2008, the Claremore Industrial and Economic Development Authority issued \$24,903,000 of Lease Revenue Bonds (Claremore Public Schools Project) Series 2008, to provide funds for the constructing, equipping, repairing and remodeling of school buildings, acquiring furniture, fixtures and equipment and acquiring and improving school sites for the benefit of Claremore School District. Also on April 1, 2008, the District, as lessor, entered into a ground lease agreement, for certain district property, with the Claremore Industrial and Economic Development Authority. In addition, the District entered into a sublease, as lessee, with the Claremore Industrial and Economic Development Authority. The sublease calls for eleven (11) annual payments starting August 15, 2008. These payments will be made out of bond funds, pursuant to the issuance of series bonds in the amount of \$42,975,000, on February 10, 2009. Claremore Public Schools will gain ownership to the capital improvements incrementally as each payment is made. These bonds are shown as general long-term debt on the combined statement assets, liabilities, and fund equity under bonds payable as each series of bonds is sold.

9. SUBSEQUENT EVENTS

Management has evaluated subsequent events through October 31, 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.

**INDEPENDENT SCHOOL DISTRICT NO. I-01, ROGERS COUNTY
 COMBINING STATEMENT OF ASSETS, LIABILITIES AND
 FUND EQUITY - REGULATORY BASIS - ALL SPECIAL REVENUE FUNDS
 JUNE 30, 2014**

<u>ASSETS</u>	<u>BUILDING FUND</u>	<u>CO-OP FUND</u>	<u>CHILD NUTRITION FUND</u>	<u>TOTALS (Memorandum Only)</u>	
				<u>2014</u>	<u>2013</u>
Cash	\$ 618,285	417,677	464,912	1,500,874	1,465,660
 <u>LIABILITIES AND FUND EQUITY</u>					
Liabilities					
Warrants payable	\$ 47,312	21,999	85,814	155,125	62,257
Encumbrances	50,682	5,590	41,893	98,165	72,984
Total liabilities	<u>97,994</u>	<u>27,589</u>	<u>127,707</u>	<u>253,290</u>	<u>135,241</u>
 Fund Equity					
Cash fund balances	<u>520,291</u>	<u>390,088</u>	<u>337,205</u>	<u>1,247,584</u>	<u>1,330,419</u>
Total Liabilities and Fund Equity	<u>\$ 618,285</u>	<u>417,677</u>	<u>464,912</u>	<u>1,500,874</u>	<u>1,465,660</u>

INDEPENDENT SCHOOL DISTRICT NO. I-01, ROGERS COUNTY
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN CASH FUND BALANCES - REGULATORY BASIS - ALL SPECIAL REVENUE FUNDS
JUNE 30, 2014

	BUILDING FUND	CO-OP FUND	CHILD NUTRITION FUND	TOTALS (Memorandum Only)	
				2014	2013
Revenues					
Local sources	\$ 790,496	936,535	402,813	2,129,844	2,111,505
State sources	22	195,396	174,461	369,879	361,122
Federal sources			1,024,873	1,024,873	1,171,772
Interest earnings	1,143	215	230	1,588	2,515
Return on assets			3,014	3,014	5,636
Total revenues	<u>791,661</u>	<u>1,132,146</u>	<u>1,605,391</u>	<u>3,529,198</u>	<u>3,652,550</u>
Expenditures					
Instruction		648,716		648,716	652,198
Support services	840,349	470,545		1,310,894	971,067
Operation of non-instructional services			1,685,183	1,685,183	1,622,758
Facilities, acquisition & contr. services					17,617
Other outlays:					
Correcting entry/Reimbursements			725	725	4,774
Repayments			1,844	1,844	2,062
Total expenditures	<u>840,349</u>	<u>1,119,261</u>	<u>1,687,752</u>	<u>3,647,362</u>	<u>3,270,476</u>
Revenues over (under) expenditures	(48,688)	12,885	(82,361)	(118,164)	382,074
Other financing sources (uses):					
Adjustments to prior year encumbrances	25,850	984	8,397	35,231	79,519
Estopped warrants	98			98	247
Total other financing sources (uses)	<u>25,948</u>	<u>984</u>	<u>8,397</u>	<u>35,329</u>	<u>79,766</u>
Revenue and other sources over (under) expenditures and other uses	(22,740)	13,869	(73,964)	(82,835)	461,840
Cash fund balance, beginning of year	<u>543,031</u>	<u>376,219</u>	<u>411,169</u>	<u>1,330,419</u>	<u>868,579</u>
Cash fund balance, end of year	<u>\$ 520,291</u>	<u>390,088</u>	<u>337,205</u>	<u>1,247,584</u>	<u>1,330,419</u>

INDEPENDENT SCHOOL DISTRICT NO. 1-01, ROGERS COUNTY
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL -
- REGULATORY BASIS - ALL BUDGETED SPECIAL REVENUE FUNDS
JUNE 30, 2014

	BUILDING FUND			CO-OP FUND			CHILD NUTRITION FUND		
	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL
Revenues									
Local sources	\$ 681,969	681,969	790,496	\$ 731,978	731,978	936,535	\$ 414,296	414,296	402,813
State sources			22	191,803	191,803	195,396	168,002	168,002	174,461
Federal sources							1,106,533	1,106,533	1,024,873
Interest earnings			1,143			215			230
Return on assets									3,014
Total revenues	<u>681,969</u>	<u>681,969</u>	<u>791,661</u>	<u>923,781</u>	<u>923,781</u>	<u>1,132,146</u>	<u>1,688,831</u>	<u>1,688,831</u>	<u>1,605,391</u>
Expenditures									
Instruction	5,000	5,000		791,298	791,298	648,716			
Support services	1,205,000	1,205,000	840,349	508,702	508,702	470,545			
Operation of non-instructional services							2,097,400	2,097,400	1,685,183
Facilities, acquisition & constr. services	10,000	10,000							
Other outlays:									
Correcting entry/Reimbursements	5,000	5,000					750	750	725
Repayments							1,850	1,850	1,844
Total expenditures	<u>1,225,000</u>	<u>1,225,000</u>	<u>840,349</u>	<u>1,300,000</u>	<u>1,300,000</u>	<u>1,119,261</u>	<u>2,100,000</u>	<u>2,100,000</u>	<u>1,687,752</u>
Revenues over (under) expenditures	(543,031)	(543,031)	(48,688)	(376,219)	(376,219)	12,885	(411,169)	(411,169)	(82,361)
Other financing sources (uses):									
Adjustments to prior year encumbrances			25,850			984			8,397
Estopped warrants			98						
Total other financing sources (uses)			<u>25,948</u>			<u>984</u>			<u>8,397</u>
Revenue and other sources over (under) expenditures and other uses			(22,740)			13,869			(73,964)
Cash fund balance, beginning of year	<u>543,031</u>	<u>543,031</u>	<u>543,031</u>	<u>376,219</u>	<u>376,219</u>	<u>376,219</u>	<u>411,169</u>	<u>411,169</u>	<u>411,169</u>
Cash fund balance, end of year	<u>\$ 0</u>	<u>0</u>	<u>520,291</u>	<u>\$ 0</u>	<u>0</u>	<u>390,088</u>	<u>\$ 0</u>	<u>0</u>	<u>337,205</u>

INDEPENDENT SCHOOL DISTRICT NO. I-01, ROGERS COUNTY
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN CASH FUND BALANCES - REGULATORY BASIS - ALL CAPITAL PROJECTS FUNDS
JUNE 30, 2014

	2011 BUILDING BOND FUND	2013 BUILDING BOND FUND	TOTALS (Memorandum Only)	
			2012	2011
Revenue				
Local sources	\$ 0	0	0	0
Expenditures				
Facilities, acquisition & const. services	625,000	3,875,000	4,500,000	3,850,000
Total expenditures	625,000	3,875,000	4,500,000	3,850,000
Revenues over (under) expenditures	(625,000)	(3,875,000)	(4,500,000)	(3,850,000)
Other financing sources (uses):				
Bond sales proceeds		4,500,000	4,500,000	3,850,000
Total other financing sources (uses)	0	4,500,000	4,500,000	3,850,000
Revenue and other sources over (under) expenditures and other uses	(625,000)	625,000	0	0
Cash fund balance, beginning of year	625,000	0	625,000	625,000
Cash fund balance, end of year	<u>\$ 0</u>	<u>625,000</u>	<u>625,000</u>	<u>625,000</u>

**INDEPENDENT SCHOOL DISTRICT NO. I-01, ROGERS COUNTY
 COMBINING STATEMENT OF ASSETS, LIABILITIES AND
 FUND EQUITY - REGULATORY BASIS - ALL FIDUCIARY FUND TYPES
 JUNE 30, 2014**

	Expendable Trust Fund	Agency Funds	TOTALS	
	Gifts and Endowments Fund	School Activity Funds	2014	2013
<u>ASSETS</u>				
Cash	\$ 33,061	742,542	775,603	678,946
<u>LIABILITIES AND FUND EQUITY</u>				
Liabilities				
Warrants outstanding	\$	13,288	13,288	
Funds held for school organizations		729,254	729,254	645,735
Total liabilities	0	742,542	742,542	645,735
Fund Equity:				
Cash fund balances	33,061	0	33,061	33,211
Total Liabilities and Fund Equity	\$ 33,061	742,542	775,603	678,946

INDEPENDENT SCHOOL DISTRICT NO. I-01, ROGERS COUNTY
COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
REGULATORY BASIS - ALL AGENCY FUNDS
FOR THE YEAR ENDED JUNE 30, 2014

	Balance July 1, 2013	Additions	Net Transfers	Deletions	Balance June 30, 2014
<u>ASSETS</u>					
Cash	\$ 645,735	1,554,945	0	1,471,426	729,254
<u>LIABILITIES</u>					
Funds held for school organizations:					
Claremore High School:					
Art	\$ 3,294	1,830		1,389	3,735
Athletics	31,561	171,383		144,213	58,731
Metro Athletic Assn.	2,057	4,500		5,363	1,194
Beginning Change	2,000	2,000		2,000	2,000
Cheerleaders	6,941	33,490		32,728	7,703
Freshmen Account	185	700	(185)	421	279
Sophomore Account	271	1,003	(86)	511	677
Junior Account	277	3,095	(6)	2,389	977
Senior Account	15,435	14,317	277	15,911	14,118
Baseball	3,493	28,582		27,151	4,924
Boys Basketball	280	6,685		6,442	523
Football	18,123	51,689		49,686	20,126
Boys Golf	19	1,800		609	1,210
Softball	5,935	7,092		10,581	2,446
Boys Tennis	805	7,530		7,647	688
Cross Country/Track	9,370	16,634		12,805	13,199
Wrestling	2,003	4,435		5,123	1,315
Chemistry	814	378		231	961
Fellowship of Christian Athletes	70	0		0	70
FFA	16,510	100,140		97,833	18,817
French Club	731	961		926	766
German Club	309	105		35	379
Spanish Club	239	0		0	239
Miscellaneous Activity	13,650	8,460		10,144	11,966
Recycling	88	35		0	123
Interest Account	10,248	180		0	10,428
Library	236	220		316	140
Electronic Entertainment/Media	2,252	8,116		9,670	698
Math Club	3,521	293		100	3,714
Band	6,794	32,566		31,521	7,839

INDEPENDENT SCHOOL DISTRICT NO. I-01, ROGERS COUNTY
COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
REGULATORY BASIS - ALL AGENCY FUNDS
FOR THE YEAR ENDED JUNE 30, 2014

	<u>Balance</u> <u>July 1, 2013</u>	<u>Additions</u>	<u>Net</u> <u>Transfers</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2014</u>
<u>ASSETS</u>					
Vocal Music	3,295	27,070		27,690	2,675
National Honor Society	\$ 936	1,455		1,891	500
Engineering/ Robotics	782	0		0	782
Colorguard	1,227	8,054		8,081	1,200
Vending	21,638	11,340		12,348	20,630
SADD	88	1,172		817	443
Biomedical	248	0		0	248
Science (Mash)	402	0		0	402
Theater	1,136	2,067		1,294	1,909
Student Council	3,899	28,362		25,616	6,645
Forensics	2,231	3,512		4,936	807
School Newspaper	731	0		0	731
Musical Productions	4,837	30,755		28,724	6,868
FCCLA	342	1,071		1,107	306
Girls Basketball	2,369	7,921		8,234	2,056
Counselors	1,441	2,516		1,539	2,418
Graduates	1,124	24,123		23,697	1,550
9th Grade Girls Basketball	205	0		0	205
Jr. High Football/Wrestling	221	0		0	221
Girls Golf	1,943	990		941	1,992
Boys Soccer	441	942		1,077	306
Teachers Account	747	1,195		1,014	928
Girls Tennis	31	0		0	31
AP Exams	1,673	7,655		7,529	1,799
Young Democrats Club	215	0		0	215
Young Republicans Club	206	0		0	206
Psychology	81	327		388	20
FFA Booster Club	5,410	3,885		5,488	3,807
Gymnastics	302	0		0	302
Grants	14,344	2,278		9,118	7,504
Clearing Account	0	822		822	0
Native America Club	352	32		152	232
Yearbook	14,744	13,434		27,369	809
Credit Recovery	23,301	12,289		9,518	26,072
Academic Team	1,328	1,673		2,106	895
Girls Soccer	175	3,785		3,625	335

**INDEPENDENT SCHOOL DISTRICT NO. I-01, ROGERS COUNTY
 COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
 REGULATORY BASIS - ALL AGENCY FUNDS
 FOR THE YEAR ENDED JUNE 30, 2014**

	Balance July 1, 2013	Additions	Net Transfers	Deletions	Balance June 30, 2014
<u>ASSETS</u>					
Volleyball	5,272	5,736		8,033	2,975
Dance Team	883	13,389		13,330	942
NJROTC-Students	\$ 18,521	12,496		10,459	20,558
NJROTC-Special	587	1,210		398	1,399
CHS Rocket Team	26	0		0	26
Female Fitness Club	264	1,597		1,385	476
Chess Club	200	0		0	200
FUZE (CHS Mentor Program)	992	1,455		379	2,068
SPARK	353	797		465	685
Subtotal	<u>297,054</u>	<u>743,624</u>	<u>0</u>	<u>725,315</u>	<u>315,363</u>
Will Rogers Junior High:					
Art	2,406	4,810		5,091	2,125
Athletics	32,988	28,757		40,562	21,183
Cheerleaders	1,571	18,110		16,093	3,588
International Club	3,908	62	(3,408)	277	285
Miscellaneous Activity	14,084	6,248		7,834	12,498
Library	4,090	12,327		12,233	4,184
Band	2,564	10,569		10,725	2,408
Vocal Music	304	0		0	304
National Honor Society	826	3,804		2,519	2,111
Engineering/Robotics	3,409	0		1,732	1,677
Science (Mash)	1,442	1,164		584	2,022
Student Council	0	5,185	3,408	3,930	4,663
Archery	1,597	5,801		5,598	1,800
Teachers Account	464	620		658	426
Grants	151	2,363		2,514	0
Clearing Account	0	260		260	0
Yearbook	5,665	11,083		10,328	6,420
Dance Team	0	980		731	249
Tech Ed. Student Assn.	10,589	32,925		33,791	9,723
Chess Club	660	50		0	710
Bullying Prevention	1,110	275		39	1,346
Hands-On Exploration	0	2,917		1,346	1,571
Subtotal	<u>87,828</u>	<u>148,310</u>	<u>0</u>	<u>156,845</u>	<u>79,293</u>

**INDEPENDENT SCHOOL DISTRICT NO. I-01, ROGERS COUNTY
 COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
 REGULATORY BASIS - ALL AGENCY FUNDS
 FOR THE YEAR ENDED JUNE 30, 2014**

	Balance July 1, 2013	Additions	Net Transfers	Deletions	Balance June 30, 2014
<u>ASSETS</u>					
Central Upper Elementary:					
Charity	\$ 151	0		22	129
Miscellaneous Activity	9,615	21,642		26,513	4,744
Library	7,346	13,581		17,814	3,113
Vending	458	550		796	212
Counselors	1,081	0		621	460
PTO	5,020	5,419		8,958	1,481
Principal's Account	72	500		54	518
Teachers' Account	0	14,274		5,037	9,237
Grants	1,703	2,261		3,507	457
Clearing Account	0	200		200	0
Subtotal	25,446	58,427	0	63,522	20,351
Roosa Elementary:					
Miscellaneous Activity	27,407	19,367		17,929	28,845
Recycling	15,069	50,771		13,995	51,845
Library	4,849	11,061		11,395	4,515
Outdoor Classroom	1,913	0		986	927
Vocal Music	7	0		7	0
Vending	6	0		6	0
Counselors	53	0		53	0
PTO	14,816	19,215		19,976	14,055
Grants	2,863	12,036		12,239	2,660
Clearing Account	0	209		209	0
Yearbook	0	110		0	110
Chess Club	6,092	1,125		787	6,430
Running Club	0	1,895		1,546	349
Subtotal	73,075	115,789	0	79,128	109,736
Westside Elementary:					
Literacy	414	0		72	342
Charity	30	0		0	30
Miscellaneous Activity	4,887	14,391		9,578	9,700
Library	3,929	18,672		18,899	3,702
Community ED	60	0		51	9
Vocal Music	625	4,120		4,126	619

**INDEPENDENT SCHOOL DISTRICT NO. I-01, ROGERS COUNTY
COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
REGULATORY BASIS - ALL AGENCY FUNDS
FOR THE YEAR ENDED JUNE 30, 2014**

	Balance July 1, 2013	Additions	Net Transfers	Deletions	Balance June 30, 2014
<u>ASSETS</u>					
Vending	29	0		0	29
Counselors	\$ 562	0		115	447
PTO	4,855	29,053		24,834	9,074
Grants	7,300	19,322		9,339	17,283
Clearing Account	0	171		171	0
Yearbook	0	4,299		3,393	906
Subtotal	<u>22,691</u>	<u>90,028</u>	<u>0</u>	<u>70,578</u>	<u>42,141</u>
Alternative Learning:					
Miscellaneous Activity	2,172	3,528		2,631	3,069
Grants	0	437		437	0
Subtotal	<u>2,172</u>	<u>3,965</u>	<u>0</u>	<u>3,068</u>	<u>3,069</u>
Catalayah:					
Miscellaneous Activity	14,526	47,909		40,144	22,291
Library	2,110	12,277		10,679	3,708
Vocal Music	2,488	3,118		4,926	680
Counselors	100	0		25	75
PTO	15,183	30,243		22,289	23,137
Grants	1,016	17,941		17,451	1,506
Clearing Account	0	178		178	0
Running Club	0	2,388		853	1,535
Subtotal	<u>35,423</u>	<u>114,054</u>	<u>0</u>	<u>96,545</u>	<u>52,932</u>
Administration:					
Miscellaneous Activity	60,365	54,996		51,855	63,506
Proj. CEEP Misc. Activity	1,648	500		683	1,465
National Honor Society	0	14,808		14,808	0
Before & After School	35,975	197,398		193,082	40,291
Grants	60	2,077		2,137	0
Performing Arts Center	3,669	10,878		13,626	921
Central Office Staff	329	91		234	186
Subtotal	<u>102,046</u>	<u>280,748</u>	<u>0</u>	<u>276,425</u>	<u>106,369</u>
Total Liabilities	<u>\$ 645,735</u>	<u>1,554,945</u>	<u>0</u>	<u>1,471,426</u>	<u>729,254</u>

**INDEPENDENT SCHOOL DISTRICT NO. I-01, ROGERS COUNTY
SCHEDULE OF EXPENDITURES 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>Federal Grantor's/ Pass-through Grantor's Number</u>	<u>Program or Award Amount</u>	<u>Beginning Balance 7/01/2013</u>	<u>Revenue Collected</u>	<u>Total Expenditures</u>	<u>Ending Balance 6/30/2014</u>
<u>U.S. Department of Education</u>							
<u>Direct Programs:</u>							
Title VII-Part A, Indian Education	84.060		\$ 238,781	0	150,889	238,781	(87,892)
<u>Passed Through State Department of Education:</u>							
* Title I-Part A, Improving Basic Programs	84.010		478,528		478,528	478,528	
* Title I-Part A, Neglected	84.013		3,634		3,634	3,634	
Title II-Part A, Teacher & Principal Training	84.367		78,723		49,977	63,527	(13,550)
Title II-Part A 2012-13 - Note 1	84.367			(14,242)	14,242		
Title III-Part A English Language Acquisition	84.365		15,947		10,696	10,696	
Special Education, Flowthrough, P.L. 105-17	84.027		939,151		772,940	815,452	(42,512)
Special Education, Flowthrough 2012-13 - Note 1	84.027			(33,051)	33,051		
Special Education, Early Intervening	84.027		6,892		6,608	6,608	
Special Education, Indiv. w/ Disabilities	84.027		25,605		11,986	17,880	(5,894)
Special Education, Indiv. w/ Disabilities 2012-13 - Note 1	84.027			(3,707)	3,707		
Special Education, High Needs Tier 2	84.027		80,719		5,854	69,364	(63,510)
Special Education, Preschool, Ages 3-5, P.L. 105-17	84.173		29,537		9,839	9,839	
Subtotal			<u>1,658,736</u>	<u>(51,000)</u>	<u>1,401,062</u>	<u>1,475,528</u>	<u>(125,466)</u>
<u>Passed Through State Department of Career and Technology Education:</u>							
Carl Perkins Grant	84.048		38,655			37,247	(37,247)
Carl Perkins High Schools That Work	84.048		12,000			4,650	(4,650)
Carl Perkins HSTW 2012-13 - Note 1	84.048			(2,126)	2,126		
Subtotal			<u>50,655</u>	<u>(2,126)</u>	<u>2,126</u>	<u>41,897</u>	<u>(41,897)</u>

**INDEPENDENT SCHOOL DISTRICT NO. I-01, ROGERS COUNTY
SCHEDULE OF EXPENDITURES 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>Federal Grantor's/ Pass-through Grantor's Number</u>	<u>Program or Award Amount</u>	<u>Beginning Balance 7/01/2013</u>	<u>Revenue Collected</u>	<u>Total Expenditures</u>	<u>Ending Balance 6/30/2014</u>
<u>U.S. Department of Agriculture:</u>							
<u>Passed Through State Department of Education:</u>							
* Child Nutrition Cluster:							
Non-Cash Assistance (Commodities):							
National School Lunch Program - Note 2	10.555				27,023	27,023	
<i>Non-Cash Assistance Subtotal</i>					<u>27,023</u>	<u>27,023</u>	
Cash Assistance:							
National School Lunch Program	10.555				769,968	769,968	
School Breakfast Program	10.553				240,320	240,320	
Summer Food Program	10.559				14,585	14,585	
<i>Cash Assistance Subtotal</i>				<u>0</u>	<u>1,024,873</u>	<u>1,024,873</u>	<u>0</u>
<i>Total For Program (Cluster)</i>				<u>0</u>	<u>1,051,896</u>	<u>1,051,896</u>	<u>0</u>
<u>Other Federal Assistance:</u>							
Johnson O'Malley	15.130		44,325		20,866	37,038	(16,172)
Johnson O'Malley 2012-13 - Note 1	15.130			(23,668)	23,668		
ROTC	N/A				43,627	58,320	(14,693)
Subtotal			<u>44,325</u>	<u>(23,668)</u>	<u>88,161</u>	<u>95,358</u>	<u>(30,865)</u>
Total Federal Assistance			<u>\$ 1,992,497</u>	<u>(76,794)</u>	<u>2,694,134</u>	<u>2,903,460</u>	<u>(286,120)</u>

* Major federal programs

Note 1 - These amounts represent reimbursements for prior year expenditures which were not received until the current fiscal year.

Note 2 - Commodities received by the District in the amount of \$27,023 were of a non-monetary nature and therefore the total revenue does not agree with the financial statements by this amount.

Note 3 - This schedule was prepared on a regulatory basis of accounting consistent with the preparation of the combined financial statements.

**INDEPENDENT SCHOOL DISTRICT I-01, ROGERS COUNTY
SCHEDULE OF SURETY BONDS
FOR THE YEAR ENDED JUNE 30, 2014**

<u>BONDING COMPANY</u>	<u>POSITION COVERED</u>	<u>BOND NUMBER</u>	<u>COVERAGE AMOUNT</u>	<u>EFFECTIVE DATES</u>
Travelers Casualty & Surety Co.	Treasurer	105684172	\$ 100,000	7/1/13-7/1/14
	Superintendent	105684179	100,000	9/18/13-9/17/14
	Position Bonds as follows:	105684172		9/18/13-9/17/14
		<u>Number</u>		
	Assistant Treasurer	1	25,000	
	Encumbrance Clerk	1	25,000	
	Minutes Clerk	1	1,000	
	Payroll Clerk	1	100,000	
	Activity Fund Custodian	2	100,000	
	Activity Fund Custodian	1	20,000	
	Activity Fund Custodian	4	10,000	
	Activity Fund Custodian	2	1,000	
Warehouseman Child Nutr.	1	10,000		

**INDEPENDENT SCHOOL DISTRICT NO. I-1, ROGERS COUNTY
SCHEDULE OF ACCOUNTANT'S PROFESSIONAL LIABILITY INSURANCE
AFFIDAVIT
JULY 1, 2013 TO JUNE 30, 2014**

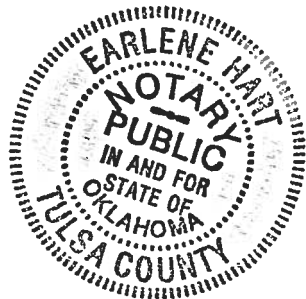
State of Oklahoma)
) ss
County of Tulsa)

The undersigned auditing firm of lawful ages, being first duly sworn on oath says that said firm had in full force and effect Accountant's Professional Liability Insurance in accordance with the "Oklahoma Public School Audit Law" at the time of audit contract and during the entire audit engagement with Claremore Public Schools for the audit year 2013-14.

Sanders, Bledsoe & Hewett,
Certified Public Accountants, LLP
Auditing Firm

By 
Authorized Agent

Subscribed and sworn to before me
This 31st day of October, 2014




Notary Public (or Clerk or Judge)

My Commission Expires: 5/19/2016
Commission No. 00008621