CIRCUIT ENGINEERING DISTRICT #1
ANNUAL FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 2014 AND 2013
WITH INDEPENDENT AUDITOR'S REPORT

CIRCUIT ENGINEERING DISTRICT #1
AUDITED FINANCIAL STATEMENTS
JUNE 30, 2014

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Circuit Engineering District #1
Skiatook, Oklahoma

We have audited the accompanying financial statements of the Circuit Engineering District #1, as of and for the years ended June 30, 2014 and 2013, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. 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 judgement, 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 make by management, as well as evaluating the overall presentation of the financial statements.

Member of American Institute and Oklahoma Society of Certified Public Accountants

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Circuit Engineering District #1, as of June 30, 2014 and 2013 and the statement of activity and changes in fund balance in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Management has omitted the analysis and budgetary comparison information that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinion on the basic financial statements is not affected by this missing information.

Kevin C. Duke, CPA, PC

Tulsa, Oklahoma
December 10, 2014

CIRCUIT ENGINEERING DISTRICT #1
STATEMENT OF FINANCIAL POSITION
JUNE 30, 2014 and 2013

	June 30, 2014	June 30, 2013
ASSETS:		
Current Assets:		
Cash and cash equivalents (Note 2)	$ 206,217	$ 156,023
Total Current Assets	206,217	156,023
TOTAL ASSETS	$ 206,217	$ 156,023
LIABILITIES AND FUND BALANCE:		
Current Liabilities:		
Accounts Payable	$ -0-	$ -0-
Total Current Liabilities	-0-	-0-
Total Liabilities	-0-	-0-
Fund Balance:		
Unrestricted Fund Balance	206,217	156,023
TOTAL LIABILITIES AND FUND BALANCE	$ 206,217	$ 156,023

See accompanying notes and auditor's report.

CIRCUIT ENGINEERING DISTRICT #1
COMBINED STATEMENT OF ACTIVITY
AND CHANGES IN FUND BALANCE
FOR THE YEARS ENDED JUNE 30, 2014 AND 2013

	June 30,	
	2014	2013
REVENUES:		
OCCEDB Income	$ 616,539	$ 565,902
County Reimbursements	29,625	0
TOTAL REVENUES	646,164	565,902
EXPENSES:		
Advertising	326	0
Audit Fee	2,000	2,000
Construction Costs	467,077	585,268
Office Expense	200	95
Project Management Services	126,317	100,473
Travel and Meetings	50	0
TOTAL EXPENSES	595,970	687,836
Net Income (Loss)	50,194	(121,934)
FUND BALANCE - BEGINNING OF PERIOD	156,023	277,957
FUND BALANCE - END OF PERIOD	$ 206,217	$ 156,023

See accompanying notes and auditor's report.

CIRCUIT ENGINEERING DISTRICT #1
STATEMENT OF CASH FLOWS
FOR THE YEARS ENDED JUNE 30, 2014 and 2013

	June 30, 2014	June 30, 2014
Cash Flows from Operating Activities:		
Net Income (Loss)	$ 50,194	$ (121,934)
Adjustment to reconcile net income to net cash provided by operating activities		
None	0	0
Net cash provided by operating activities	50,194	(121,934)
Cash Flows from Investing Activities:		
None	0	0
Net cash used for investing activities	0	0
Cash Flows from Financing Activities:		
None	0	0
Net cash provided for financing activities	0	0
Net Increase (Decrease) in Cash and Cash Equivalents	50,194	(121,934)
Cash and Cash Equivalents, Beginning of Year	156,023	277,957
Cash and Cash Equivalents, End of Year	$ 206,217	$ 156,023

See accompanying notes and auditor's report.

NOTE 1: ORGANIZATION:

The Circuit Engineering District #1 (hereinafter referred to as "The District") was organized on August 9, 1999 under the laws of the State of Oklahoma. The authority of The District is to comply with and carry out the provisions of Title 74, Chapter 31, Interlocal Cooperation Act, and Title 69, Section 687.1 Circuit Engineering Districts of Oklahoma Statutes. The District receives monthly payments from the Oklahoma Cooperative Circuit Engineering Districts Board (OCCEDB) pursuant to Oklahoma Statutes, Title 69, Section 687.2. The District is authorized to advise and assist its members with how to implement and make an effective transportation plan for the best interest of each member of the Circuit Engineering District. To prepare such programs of research as may be necessary and advisable in carrying out its purposes. To contract for services with persons, firms or units of governments to carry out the purposes of the Circuit Engineering District. To provide periodic reports for the Circuit Engineering District or for its Members as may be required by Federal or State legislation or regulations pertaining thereto, and are within the scope and range of the purpose of the Circuit Engineering District. To acquire and hold property for its use and to incur expenses to carry out its functions. To receive gifts, contributions and donations to carry out the purposes for which it is formed. To assess its members for the services in carrying out its functions. To apply for, contract for, administer, receive and expend funds or grants from any participating member, the State of Oklahoma, the Federal Government, or any other source. To publish studies in connection with its work which may be of benefit to its members or other agencies within and outside of the Circuit Engineering District.

NOTE 2: SIGNIFICANT ACCOUNTING POLICIES:

Cash and Cash Equivalents:

The District considers all highly liquid investments with original maturities of three months or less to be cash equivalents.

Basis Of Accounting:

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with generally accepted accounting principles.

Income Taxes:

The District was organized under the laws of the State of Oklahoma to comply with and carry out the provisions of Title 74, Chapter 31, Interlocal Cooperation Act and Title 69, Section 687.1 and 687.2 and is, therefore, exempt from federal income taxes under Internal Revenue Code Section 115. The District evaluates and accounts for its uncertain tax positions in accordance with Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 740, Income Taxes (formerly FIN 48, Accounting for Uncertainty in Income Taxes), including the District's tax position as an exempt entity. It is also possible that some positions might be subject to uncertainty. The District evaluates any uncertain tax positions using the provisions of ASC 450, Contingencies. Accordingly, a loss contingency is recognized when it is probable that a liability has been incurred as of the date of the financial statements and the amount of the loss can be reasonably estimated.

Income Taxes (continued):
The amount recognized is subject to estimate and management judgement with respect to the likely outcome of each uncertain tax position. The amount that is ultimately sustained for an individual uncertain tax position or for all uncertain tax positions in the aggregate could differ from the amount recognized. Interest and penalties, if any, resulting from any uncertain tax positions required to be recorded by the District would be presented in other expenses in the statement of income. Management does not believe that any uncertain tax positions currently exist and no loss contingency has been recognized in the accompanying financial statements. Federal and state income tax statutes dictate that tax returns filed in any of the previous three reporting periods remain open to examination. Currently, the District has no open examination with either the Internal Revenue Service or state taxing authorities.

Concentration Of Credit Risk:
The District maintains its cash in bank deposit accounts which, at times during the month, may exceed the federally insured limits of $250,000. The District has not experienced any losses in such accounts and believes it is not exposed to any significant credit risk on cash and cash equivalents.

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 the reporting period. Actual results could differ from those estimates.

NOTE 3: FAIR VALUE OF FINANCIAL INSTRUMENTS:

The following methods and assumptions were used to estimate the fair value of each class of financial instruments:

Cash and cash equivalents: Fair value approximates carrying value due to the initial maturities of the instruments being three months or less.

The estimated fair values of the District's financial instruments at June 30, 2014 are as follows:

	Amount	Value
Financial assets:		
Cash and cash equivalents	$ 206,217	$ 206,217

Note 4: DATE OF MANAGEMENT'S REVIEW:

Subsequent events were evaluated through December 10, 2014, the date the financial statements were available to be issued.

Note 5: CURRENT VULNERABILITY DUE TO CERTAIN CONCENTRATIONS:

The District's operations are concentrated in the monthly funding received from the OCCEDB which receives monthly varied allocations from the State of Oklahoma Treasurer's office. These allocations change due to the variations in gasoline tax collections and the investment rates and total average monthly balance of the Emergency Transportation Revolving (ETR) fund and the 12.5% of the counties' monthly apportionments of the County Bridge and Road Improvement (CBRI) funds. Such changes may occur with little notice or inadequate funding for the related cost, including the additional administrative burden, to comply with a change. The District has not experienced any funding deficiencies to date.

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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

To the Board of Directors
Circuit Engineering District #1
Skiatook, Oklahoma

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States, the financial statements of Circuit Engineering District #1 statements as of and for the years ended June 30, 2014 and 2013, as listed in the table of contents, which collectively comprise the District's basic financial statements, and have issued our report thereon dated December 10, 2014.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Circuit Engineering District #1's internal control over financial reporting 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 Circuit Engineering District #1'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 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 Circuit Engineering District #1's financial statements are free from 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 preformed in accordance with Government Auditing Standards in considering the District's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Kevin C. Duke, CPA, PC

Tulsa, Oklahoma
December 10, 2014