FINANCIAL STATEMENTS – REGULATORY BASIS
AND REPORTS OF INDEPENDENT AUDITOR

KIEFER INDEPENDENT SCHOOL DISTRICT NO. I-18,
CREEK COUNTY, OKLAHOMA

JUNE 30, 2014

Audited by

SANDERS, BLEDSOE & HEWETT
CERTIFIED PUBLIC ACCOUNTANTS, LLP

BROKEN ARROW, OK

INDEPENDENT SCHOOL DISTRICT NO. I-18, CREEK COUNTY
SCHOOL DISTRICT OFFICIALS
JUNE 30, 2014

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INDEPENDENT SCHOOL DISTRICT NO. I-18, CREEK COUNTY
JUNE 30, 2014

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SANDERS, BLEDSOE & HEWETT
CERTIFIED PUBLIC ACCOUNTANTS, LLP

INDEPENDENT AUDITOR'S REPORT

December 8, 2014

The Honorable Board of Education
Kiefer School District Number I-18
Kiefer, Creek County, Oklahoma

Report on the Financial Statements

We have audited the accompanying combined fund type and account group financial statements – regulatory basis of the Kiefer School District Number I-18, Kiefer, Creek 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 December 8, 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.

Sanders, Bledsoe & Hewett

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Certified Public Accounts, LLP

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CERTIFIED PUBLIC ACCOUNTANTS, LLP

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*

December 8, 2014

The Honorable Board of Education
Kiefer School District Number I-18
Kiefer, Creek 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 Kiefer School District Number I-18, Kiefer, Creek 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 December 8, 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.

Sanders, Bledsoe & Hewett

Sanders, Bledsoe & Hewett
Certified Public Accounts, LLP

INDEPENDENT SCHOOL DISTRICT NO. I-18, CREEK 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-18, CREEK COUNTY
SCHEDULE OF AUDIT RESULTS
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 over financial reporting.

3. The audit disclosed no instances of noncompliance which are material to the financial statements.

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

None

INDEPENDENT SCHOOL DISTRICT NO. I-18, CREEK COUNTY
COMBINED STATEMENT OF ASSETS, LIABILITIES AND FUND EQUITY -
ALL FUND TYPES AND ACCOUNT GROUPS - REGULATORY BASIS
JUNE 30, 2014

	GOVERNMENTAL FUND TYPES				FIDUCIARY FUND TYPES	ACCOUNT GROUP	
	GENERAL	SPECIAL REVENUE	DEBT SERVICE	CAPITAL PROJECTS	EXPENDABLE TRUSTS AND AGENCY FUNDS	GENERAL LONG-TERM DEBT	TOTALS (MEMORANDUM ONLY)
ASSETS							
Cash	$ 558,699	54,027	559,736	900,000	157,934		2,230,396
Amounts available in debt service						7,864	7,864
Amount to be provided for retirement of long-term debt						8,322,985	8,322,985
Total Assets	$ 558,699	54,027	559,736	900,000	157,934	8,330,849	10,561,245
LIABILITIES AND FUND EQUITY							
Liabilities:							
Warrants payable	$ 104,205	2,761			976		107,942
Encumbrances	9,151						9,151
Unmatured obligations			551,872				551,872
Funds held for school organizations					59,541		59,541
Long-term debt:							
Capital leases						5,345,849	5,345,849
Bonds payable						2,985,000	2,985,000
Total liabilities	113,356	2,761	551,872	0	60,517	8,330,849	9,059,355
Fund Equity:							
Cash fund balances	445,343	51,266	7,864	900,000	97,417	0	1,501,890
Total Liabilities and Fund Equity	$ 558,699	54,027	559,736	900,000	157,934	8,330,849	10,561,245

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

INDEPENDENT SCHOOL DISTRICT NO. I-18, CREEK COUNTY
COMBINED STATEMENT OF REVENUES COLLECTED, EXPENDITURES AND CHANGES IN CASH FUND BALANCES
- ALL GOVERNMENTAL FUND TYPES - REGULATORY BASIS
FOR THE YEAR ENDED JUNE 30, 2014

	GOVERNMENTAL FUND TYPES				FIDUCIARY FUND TYPES	
	GENERAL	SPECIAL REVENUE	DEBT SERVICE	CAPITAL PROJECTS	EXPENDABLE TRUST FUNDS	TOTALS (MEMORANDUM ONLY)
Revenues Collected:						
Local sources	$ 1,224,074	254,464	541,923		170,022	2,190,483
Intermediate sources	97,532					97,532
State sources	2,332,605	4,007	3			2,336,615
Federal sources	290,358	130,645				421,003
Interest earnings	5,114		901			6,015
Non-revenue receipts	53,013		900		300	54,213
Total revenues collected	4,002,696	389,116	543,727	0	170,322	5,105,861
Expenditures:						
Instruction	2,540,230				50,295	2,590,525
Support services	1,304,882	155,013		525	76,321	1,536,741
Operation of non-instructional services	189,936	132,590			15,765	338,291
Facilities acquisition & construction services	1,600	58,166			26,791	86,557
Other outlays:						
Debt service requirements	44,065		576,262	1,050,000		1,670,327
Reimbursements	2,856	50,000			174	53,030
Correcting entry	(446)	194			1,250	998
Bank fees and cash charges		50				50
Total expenditures	4,083,123	396,013	576,262	1,050,525	170,596	6,276,519
Excess of revenues collected over (under) expenditures before other financing sources (uses)	(80,427)	(6,897)	(32,535)	(1,050,525)	(274)	(1,170,658)
Other financing sources (uses):						
Adjustments to prior year encumbrances	140	(3,914)			50	(3,724)
Bond sale proceeds				1,950,000		1,950,000
Sub-total	140	(3,914)	0	1,950,000	50	1,946,276
Excess of revenues collected over (under) expenditures	(80,287)	(10,811)	(32,535)	899,475	(224)	775,618
Cash fund balances, beginning of year	525,630	62,077	40,399	525	97,641	726,272
Cash fund balances, end of year	$ 445,343	51,266	7,864	900,000	97,417	1,501,890

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

INDEPENDENT SCHOOL DISTRICT NO. I-18, CREEK COUNTY
COMBINED STATEMENT OF REVENUES COLLECTED, EXPENDITURES AND
CHANGES IN CASH FUND BALANCES - BUDGETED GOVERNMENTAL FUND TYPES - REGULATORY BASIS
FOR THE YEAR ENDED JUNE 30, 2014

	GENERAL FUND			
	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
Revenues Collected:				
Local sources	$ 1,148,426	1,148,426	1,224,074	75,648
Intermediate sources	89,559	89,559	97,532	7,973
State sources	2,469,612	2,469,612	2,332,605	(137,007)
Federal sources	269,832	269,832	290,358	20,526
Interest earnings	5,812	5,812	5,114	(698)
Non revenue receipts	43,000	43,000	53,013	10,013
Total revenues collected	4,026,241	4,026,241	4,002,696	(23,545)
Expenditures:				
Instruction	2,960,255	2,960,255	2,540,230	420,025
Support services	1,351,285	1,351,285	1,304,882	46,403
Operation of non-instructional services	190,185	190,185	189,936	249
Facilities acquisition & construction services	3,600	3,600	1,600	
Other outlays:				
Debt service	44,065	44,065	44,065	
Reimbursement	2,856	2,856	2,856	
Correcting entry	(375)	(375)	(446)	71
Total expenditures	4,551,871	4,551,871	4,083,123	466,748
Excess of revenues collected over (under) expenditures before adjustments to prior year encumbrances	(525,630)	(525,630)	(80,427)	443,203
Adjustments to prior year encumbrances	0	0	140	140
Excess of revenues collected over (under) expenditures	(525,630)	(525,630)	(80,287)	443,343
Cash fund balance, beginning of year	525,630	525,630	525,630	0
Cash fund balance, end of year	$ 0	0	445,343	443,343

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

INDEPENDENT SCHOOL DISTRICT NO. I-18, CREEK COUNTY
COMBINED STATEMENT OF REVENUES COLLECTED, EXPENDITURES AND
CHANGES IN CASH FUND BALANCES - BUDGETED GOVERNMENTAL FUND TYPES - REGULATORY BASIS
FOR THE YEAR ENDED JUNE 30, 2014

	SPECIAL REVENUE FUNDS			
	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
Revenues Collected:				
Local sources	$ 189,563	239,570	254,464	14,894
State sources	3,700	3,700	4,007	307
Federal sources	129,275	129,275	130,645	1,370
Total revenues collected	322,538	372,545	389,116	16,571
Expenditures:				
Support services	192,825	242,832	155,013	87,819
Operation of non-instructional services	191,790	191,790	132,590	59,200
Facilities acquisition & construction services			58,166	(58,166)
Other outlays:				
Reimbursements			50,000	(50,000)
Correcting entries			194	(194)
Bank fees and cash charges			50	(50)
Total expenditures	384,615	434,622	396,013	38,609
Excess of revenues collected over (under) expenditures before adjustments to prior year encumbrances	(62,077)	(62,077)	(6,897)	55,180
Adjustment to prior year encumbrances	0	0	(3,914)	(3,914)
Excess of revenues collected over (under) expenditures	(62,077)	(62,077)	(10,811)	51,266
Cash fund balances, beginning of year	62,077	62,077	62,077	0
Cash fund balances, end of year	$ 0	0	51,266	51,266

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

INDEPENDENT SCHOOL DISTRICT NO. I-18, CREEK COUNTY
COMBINED STATEMENT OF REVENUES COLLECTED, EXPENDITURES AND
CHANGES IN CASH FUND BALANCES - BUDGETED GOVERNMENTAL FUND TYPES - REGULATORY BASIS
FOR THE YEAR ENDED JUNE 30, 2014

	DEBT SERVICE FUND		
	Original/Final Budget	Actual	Variance Favorable (Unfavorable)
Revenues Collected:			
Local sources	$ 533,663	541,923	8,260
State sources		3	3
Non-revenue receipts		900	900
Interest earnings		901	901
Total revenues collected	533,663	543,727	10,064
Requirements:			
Bonds	550,714	550,714	
Coupons	23,348	23,348	
Agent fees		2,200	(2,200)
Total expenditures	574,062	576,262	(2,200)
Excess of revenue collected over (under) expenditures	(40,399)	(32,535)	7,864
Cash fund balance, beginning of year	40,399	40,399	0
Cash fund balance, end of year	$ 0	7,864	7,864

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The combined financial statements – regulatory basis of the Kiefer Public School Independent District No. I-18 (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 Independent on State of Oklahoma support. The general operating authority for the public school system is the Oklahoma School Code contained in Title 70, Oklahoma Statutes.

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

In evaluating how to define the District, for financial reporting purposes, management has considered all potential component units. The decision to include a potential component unit in the reporting entity was made by applying the criteria established by the Governmental Accounting Standards Board (GASB). The 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.

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. The District did not have a co-op fund in 2013-14.

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.

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 had a Gifts Fund in 2013-14.

Gifts and Endowments Fund – The gifts and endowments fund receives its assets by way of philanthropic foundations, individuals, or private

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – cont'd

B. Fund Accounting – cont'd

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.

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 analysis. Data in this column does not present financial position or results of operations in conformity with accounting principles generally accepted in the United States. Neither is such data comparable to a consolidation. Interfund eliminations have not been made in the aggregation of this data.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – cont'd

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 accounting principles generally accepted in the United States. 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 accounting principles generally accepted in the United States, 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.

The District has not maintained a record of general fixed assets and, accordingly, a statement of general fixed assets, as required by accounting principles generally accepted in the United States, 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.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – cont'd

C. Basis of Accounting – cont'd

Capital leases are recorded as expenditures. Under accounting principles generally accepted in the United States, 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.

Encumbrances represent commitments related to unperformed contracts for goods or services. Encumbrance accounting – under which purchase orders and other commitments of resources are recorded as expenditures of the applicable fund – is utilized in all governmental funds of the District. Unencumbered appropriations lapse at the end of each fiscal year. While the Debt Service Fund is a governmental fund, a comparison of budget to actual schedule is presented in the financial statements, although the board can exercise no control of the revenue sources for this fund (except interest earnings), and no control over its expenditures.

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.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – cont'd

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

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

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. While the regulatory basis that is used for the Debt Service Fund approximates full accrual accounting, the accruals recorded are reported to meet regulatory requirements, as opposed to the requirements of generally accepted accounting principles.

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 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 un-matured obligations.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – cont'd

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 - Revenues from intermediate sources are the amounts of money from funds collected by an intermediate administrative unit, or a political subdivision between the District and the state, and distributed to Districts in amounts that differ in proportion to those which are 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 school districts based on information accumulated from the Districts. After review and verification of reports and supporting documentation, the State Department of Education may adjust subsequent fiscal period allocations of money for prior year errors disclosed by review. Normally, such adjustments are treated as reductions from or additions to the revenue of the year when the adjustment is made.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – cont'd

F. Revenue and Expenditures – cont'd

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.

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 co-curricular 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.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – cont'd

F. Revenue and Expenditures – cont'd

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.

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.

Inter-fund 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 non-routine 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 $1,699,074. 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.

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 inter-fund 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 general obligation 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
Balance, July 1, 2013	$ 1,545,000	5,938,520	7,483,520
Additions	1,950,000		1,950,000
Retirements	(510,000)	(592,671)	(1,102,671)
Balance, June 30, 2014	$ 2,985,000	5,345,849	8,330,849

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

	Amount Outstanding
General Obligation Bonds:	
Building Bonds, Series 2008, original issue $250,000, interest rate of 2.9% to 3.40%, due in annual installments of $40,000, final payment of $50,000 due in 6-01-15	$ 50,000
Building Bonds, Series 2008, original issue $175,000, interest rate of 2.9% to 3.30%, due in annual installments of $40,000, final payment of $40,000 due in 7-01-14	40,000
Building Bonds, Series 2009, original issue $760,000, interest rate of 2.05% to 2.30%, due in annual installments of $190,000, final payment of $190,000 due in 7-01-14	190,000

4. GENERAL LONG-TERM DEBT – cont'd

	Amount Outstanding
General Obligation Bonds:	
Building Bonds, Series 2010, original issue $640,000, interest rate of 2.00% to 2.30%, due in annual installments of $165,000, final payment of $165,000 due in 7-01-15	$ 330,000
Building Bonds, Series 2011, original issue $300,000, interest rate of 1.0% to 2.0%, due in annual installments of $75,000, final payment of $75,000 due in 7-01-16	225,000
Building Bonds, Series 2012, original issue $200,000, interest rate of 0.85% to 1.30%, due in annual installments of $50,000, final payment of $50,000 due in 7-01-17	200,000
Building Bonds, Series 2013, original issue $1,050,000, interest rate of .7% to .75%, due in annual installments of $260,000, final payment of $270,000 due in 7-01-18	1,050,000
Building Bonds, Series 2014, original issue $900,000, interest rate of 1.00% to 1.15%, due in annual installments of $260,000, final payment of $260,000 due in 6-01-19	900,000
Capital Leases:	
Lease purchase for a land and equipment, dated 2-17-12, totaling $200,000, 3.75%, due in annual payments of $43,750, with a final payment of due 8/1/16	121,990
Lease purchase with for various building projects, dated 7-1-10, totaling $5,864,000, due in annual principal and interest payments of varying amounts, with a final payment due 8/15/21	5,223,859
Total	$ 8,330,849

4. GENERAL LONG-TERM DEBT – cont'd

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

Year Ending June 30	Principal	Interest	Total
2015	$ 1,274,102	276,692	1,550,794
2016	985,493	233,044	1,218,537
2017	929,385	210,508	1,139,893
2018	1,348,115	191,814	1,539,929
2019-2023	3,793,754	382,169	4,175,923
Total	$ 8,330,849	1,294,227	9,625,076

Interest paid on general long-term debt incurred during the 2013-14 fiscal year totaled $357,477.

5. EMPLOYEE RETIREMENT SYSTEM AND PLAN

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.

5. EMPLOYEE RETIREMENT SYSTEM AND PLAN – cont'd

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 this 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.

Annual Pension Cost

The District's total contributions for 2014, 2013 and 2012 were $348,489, $393,436, and $335,617, 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.

7. CONTINGENCIES

Schedule of Expenditure of Federal Awards

The 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 nonfederal entities which expended more than $500,000 in federal awards.

The District did not fall under this threshold during the 2013-14 fiscal year.

Litigation

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

Subsequent Events

Management has evaluated subsequent events through December 5, 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-18, CREEK COUNTY
COMBINING STATEMENT OF ASSETS, LIABILITIES AND FUND EQUITY -
ALL SPECIAL REVENUE FUNDS - REGULATORY BASIS
JUNE 30, 2014

	BUILDING FUND	CHILD NUTRITION FUND	TOTAL
ASSETS			
Cash	$ 39,819	14,208	54,027
LIABILITIES AND FUND EQUITY			
Liabilities:			
Warrants payable	$ 2,761	0	2,761
Fund Equity:			
Cash fund balances	37,058	14,208	51,266
Total Liabilities and Fund Equity	$ 39,819	14,208	54,027

INDEPENDENT SCHOOL DISTRICT NO. I-18, CREEK COUNTY
COMBINING STATEMENT OF REVENUES COLLECTED, EXPENDITURES AND CHANGES
IN CASH FUND BALANCES - ALL SPECIAL REVENUE FUNDS - REGULATORY BASIS
FOR THE YEAR ENDED JUNE 30, 2014

	BUILDING FUND	CHILD NUTRITION FUND	TOTAL
Revenues Collected:			
Local sources	$ 205,883	48,581	254,464
State sources	1	4,006	4,007
Federal sources		130,645	130,645
Total revenues collected	205,884	183,232	389,116
Expenditures:			
Support services	155,013		155,013
Operation of non-instructional services		132,590	132,590
Facilities acquisition & construction services	58,166		58,166
Other outlays:			
Reimbursement		50,000	50,000
Correctring entry		194	194
Bank fees and cash charges		50	50
Total expenditures	213,179	182,834	396,013
Excess of revenues collected over (under) expenditures before adjustments to prior year encumbrances	(7,295)	398	(6,897)
Adjustment to prior year encumbrances	(3,914)	0	(3,914)
Excess of revenues collected over (under) expenditures	(11,209)	398	(10,811)
Cash fund balances, beginning of year	48,267	13,810	62,077
Cash fund balances, end of year	$ 37,058	14,208	51,266

INDEPENDENT SCHOOL DISTRICT NO. I-18, CREEK COUNTY
COMBINING STATEMENT OF REVENUES COLLECTED, EXPENDITURES AND CHANGES
IN CASH FUND BALANCES - BUDGET AND ACTUAL COMPARISON
ALL SPECIAL REVENUE FUNDS - REGULATORY BASIS
FOR THE YEAR ENDED JUNE 30, 2014

	BUILDING FUND			CHILD NUTRITION FUND		
	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL
Revenues Collected:						
Local sources	$ 144,558	194,565	205,883	$ 45,005	45,005	48,581
State sources			1	3,700	3,700	4,006
Federal sources				129,275	129,275	130,645
Total revenues collected	144,558	194,565	205,884	177,980	177,980	183,232
Expenditures:						
Support services	192,825	242,832	155,013			
Operation of non-instructional services				191,790	191,790	132,590
Facilities acquisition & construction services			58,166			
Other outlays:						
Reimbursement						50,000
Correcting entry						194
Bank fees and cash charges						50
Total expenditures	192,825	242,832	213,179	191,790	191,790	182,834
Excess of revenues collected over (under) expenditures before adjustments to prior year encumbrances	(48,267)	(48,267)	(7,295)	(13,810)	(13,810)	398
Adjustment to prior year encumbrances	0	0	(3,914)	0	0	0
Excess of revenues collected over (under) expenditures	(48,267)	(48,267)	(11,209)	(13,810)	(13,810)	398
Cash fund balances, beginning of year	48,267	48,267	48,267	13,810	13,810	13,810
Cash fund balances, end of year	$ 0	0	37,058	$ 0	0	14,208

INDEPENDENT SCHOOL DISTRICT NO. I-18, CREEK COUNTY
COMBINING STATEMENT OF ASSETS AND LIABILITIES -
ALL FIDUCIARY FUND TYPES - REGULATORY BASIS
JUNE 30, 2014

	EXPENDABLE TRUST FUNDS		AGENCY FUNDS	
	GIFTS AND ENDOWMENTS FUND	MATHIS SCHOLARSHIP FUND	SCHOOL ACTIVITY FUNDS	TOTAL
ASSETS				
Cash	$ 57,729	40,664	59,541	157,934
LIABILITIES				
Liabilities:				
Warrants payable	$ 976			976
Funds held for school organizations			59,541	59,541
Totals liabilities	976	0	59,541	60,517
Fund Equity:				
Cash fund balances	56,753	40,664	0	97,417
Total Liabilities and Fund Equity	$ 57,729	40,664	59,541	157,934

INDEPENDENT SCHOOL DISTRICT NO. I-18, CREEK COUNTY
COMBINING STATEMENT OF REVENUES COLLECTED, EXPENDITURES AND CHANGES
IN CASH FUND BALANCES - ALL FIDUCIARY FUNDS - REGULATORY BASIS
FOR THE YEAR ENDED JUNE 30, 2014

	GIFTS FUND	MATHIS SCHOLARSHIP FUND	TOTAL
Revenues Collected:			
Local sources	$ 154,822	15,200	170,022
Non-revenue receipts	300		300
Total revenues collected	155,122	15,200	170,322
Expenditures:			
Instruction	50,295		50,295
Support services	76,321		76,321
Operation of non-instructional services	15,765		15,765
Facilities acquisition & construction services	26,791		26,791
Other outlays:			
Reimbursement	174		174
Other uses		1,250	1,250
Total expenditures	169,346	1,250	169,346
Excess of revenues collected over (under) expenditures before adjustments to prior year encumbrances	(14,224)	13,950	(274)
Adjustment to prior year encumbrances	50	0	50
Excess of revenues collected over (under) expenditures	(14,174)	13,950	(224)
Cash fund balances, beginning of year	70,927	26,714	97,641
Cash fund balances, end of year	$ 56,753	40,664	97,417

INDEPENDENT SCHOOL DISTRICT NO. I-18, CREEK COUNTY
COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES -
AGENCY FUNDS - REGULATORY BASIS
FOR THE YEAR ENDED JUNE 30, 2014

	BALANCE 7-01-13	ADDITIONS	NET TRANSFERS	DEDUCTIONS	BALANCE 6-30-14
ASSETS					
Cash	$ 17,127	224,808	7,992	190,386	59,541
Investments	7,992		(7,992)		0
Total Assets	$ 25,119	224,808	0	190,386	59,541
LIABILITIES					
Funds held for school organizations:					
General	$ 604	3,866		2,453	2,017
Athletics	3,999	59,711		54,911	8,799
H.S. Cheerleading	2,558	10,693		11,085	2,166
7-8th Cheerleading	448	1,267		1,004	711
FCA	4,881	6,914		3,900	7,895
Library	379	1,503		1,489	393
Band	1,147	5,440		5,215	1,372
Student Council	378	1,204		1,347	235
Annual	3,370	13,593		11,565	5,398
Elementary	279	10,456		10,699	36
TMH	95	513		300	308
Senior Class	35	5,300		4,708	627
Junior Class	1,577	17,316		14,743	4,150
Sophomore Class	0	631		630	1
Newspaper	286	0		0	286
Golf fundraiser	0	700		307	393
8th Grade	0	1,109		921	188
Academic Team	280	1,082		1,083	279
Middle School StuCo	28	0		0	28
Band Trip Account	0	7,154		4,932	2,222
STEP concession account	237	18,236		18,360	113
Native American Club	2,613	6,149		4,830	3,932
Football Fundraiser	376	16,249		9,631	6,994
Basketball Fundraiser	86	5,244		3,449	1,881
Softball Fundraiser	1,262	4,957		4,852	1,367
Kiefer Ag booster	0	8,432		1,245	7,187
Baseball Fundraiser	37	9,501		9,307	231
Cross Country & Track	164	7,588		7,420	332
Total Liabilities	$ 25,119	224,808	0	190,386	59,541

INDEPENDENT SCHOOL DISTRICT NO. I-18, CREEK COUNTY
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS - REGULATORY BASIS
FOR THE YEAR ENDED JUNE 30, 2014

Federal Grantor / Pass Through Grantor / Program Title	Federal CFDA Number	Federal Grantor's/ Pass-through No.	Program or Award Amount	Balance at 7/1/2013	Revenue Collected	Total Expenditures	Balance at 6/30/2014
U.S. Department of Education							
Indian Education	84.060	S060A131135	$ 31,801	0	31,801	31,801	0
Passed Through State Department of Education:							
Title I	84.010		101,410		98,161	98,161	
IDEA-B Flow Through	84.027		113,078		113,078	113,078	
IDEA-B Pre-school	84.173		2,144		2,133	2,133	
Title II, Part A	84.367		15,495		15,495	15,495	
Sub Total			232,127	0	228,867	228,867	0
U.S. Department of Agriculture:							
Passed Through State Department of Education:							
Child Nutrition Programs:							
School Breakfast Program	10.553				30,342	30,342	
National School Lunch Program	10.555				100,228	100,228	
Special Milk Program	10.556				75	75	
Sub Total					130,645	130,645	
Passed Through Department of Human Services:							
Non-cash assistance- commodities - Note 1							
National School Lunch Program	10.555				14,902	14,902	
Other Federal Assistance:							
Johnson O'Malley	15.130		8,580		5,485	5,485	
Johnson O'Malley 3 month money	15.130		3,844		3,838	3,838	
Medicaid resources	93.774		13,847		13,847	13,847	
Job Training - OJT	84.126		6,520		6,520	6,520	
Sub Total			32,791	0	29,690	29,690	0
Total Federal Assistance			$ 296,719	0	435,905	435,905	0

Note - These amounts represent reimbursements for prior year expenditures which were not received until the current fiscal year.
Note 1 - Commodities received by the District in the amount of $14,902 are of a non-monetary nature and therefore the total revenue will not agree with the financial statements by this amount.

INDEPENDENT SCHOOL DISTRICT NO. I-18, CREEK COUNTY
STATEMENT OF STATUTORY, FIDELITY AND HONESTY BONDS
FOR THE YEAR ENDED JUNE 30, 2014

BONDING COMPANY	POSITION COVERED	BOND NUMBER	COVERAGE AMOUNT	EFFECTIVE DATES
CNA Surety -				
Westen Surety Company	Treasurer	0601 18193163	$ 100,000	10/26/13 - 10/26/14
	Superintendent	0601 18193163	100,000	10/26/13 - 10/26/14
	Activity Fund Cust.	0601 18193163	50,000	10/26/13 - 10/26/14
	Encumbrance Clerk	0601 18193163	50,000	10/26/13 - 10/26/14
	Sec. to Supt.	0601 18193163	50,000	10/26/13 - 10/26/14
	Athletic Director	0601 18193163	5,000	10/26/13 - 10/26/14
	Band Director	0601 18193163	5,000	10/26/13 - 10/26/14
	Board Members	0601 18193163	5,000	10/26/13 - 10/26/14
	Child Care Director	0601 18193163	5,000	10/26/13 - 10/26/14
	Cheer Sponsor	0601 18193163	5,000	10/26/13 - 10/26/14
	Jr. Class Sponsor	0601 18193163	5,000	10/26/13 - 10/26/14
	Indian Edu. Director	0601 18193163	1,000	10/26/13 - 10/26/14
	Minutes Clerk	0601 18193163	1,000	10/26/13 - 10/26/14

INDEPENDENT SCHOOL DISTRICT NO. I-18, CREEK 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 Kiefer Public School 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 5th day of December, 2014

EARLENE HART
NOTARY PUBLIC
IN AND FOR
STATE OF OKLAHOMA
TULSA COUNTY

Earlene Hart
Notary Public (or Clerk or Judge)

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