

**LATTA PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. I-24
PONTOTOC COUNTY, OKLAHOMA**

Financial Statements
June 30, 2014

With Independent Auditors' Report Thereon

LATTA PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. I-24
PONTOTOC COUNTY, OKLAHOMA
June 30, 2014

Table of Contents

	<u>Page</u>
School District Officials	1
Report of Independent Auditor	2-4
Combined Financial Statements	
Combined Statement of Assets, Liabilities and Fund Balance - Regulatory Basis - All Fund Types and Account Groups	5
Combined Statement of Revenues Collected, Expenditures Paid and Changes in Fund Balances – Regulatory Basis - All Governmental Fund Types	6
Statement of Revenues Collected, Expenditures Paid and Changes in Fund Balances - Budget and Actual – Regulatory Basis - Budgeted Governmental Fund Types – General Fund	7
Statement of Revenues Collected, Expenditures Paid and Changes in Fund Balances - Budget and Actual – Regulatory Basis - Budgeted Governmental Fund Types – Special Revenue Funds	8
Statement of Revenues Collected, Expenditures Paid and Changes in Fund Balances - Budget and Actual – Regulatory Basis - Budgeted Governmental Fund Types – Debt Service Fund	9
Notes to Combined Financial Statements	10-22

LATTA PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. I-24
PONTOTOC COUNTY, OKLAHOMA
June 30, 2014

Table of Contents

	<u>Page</u>
Statement of Assets, Liabilities and Fund Balances Fiduciary Funds - Regulatory Basis	23
Statement of Changes in Assets and Liabilities - Regulatory Basis - Activity Funds Supporting Schedules	24
Year to Date School Activity Fund	25
Schedule of Expenditures of Federal Awards	26-27
Schedule of Accountant's Professional Liability Insurance Affidavit	28
Compliance and Internal Control	
Independent Auditors' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With Government Auditing Standards	29-30
Independent Auditors' Report on Compliance For Each Major Program and on Internal Control Over Compliance Required By OMB Circular A-133	31-32
Schedule of Findings and Questioned Costs	33-34

**LATTA PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. I-24
PONTOTOC COUNTY, OKLAHOMA**

June 30, 2014

Board of Education

President

Connie Smith

Vice-President

Donnie Moore

Clerk

Sammy Estes

Deputy Clerk

Royce Chandler

Member

Mike Manning

School District Treasurer

Carolyn James

Minute-Encumbrance Clerk

Andrea Nickell

Superintendent of Schools

Mr. Cliff Johnson

JOHNSTON & BRYANT

Certified Public Accountants

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

P.O. Box 1564
Ada, Oklahoma 74821-1564
(580) 332-5549

MEMBER
American Institute of Certified Public Accountants
Oklahoma Society of Certified Public Accountants

INDEPENDENT AUDITORS' REPORT

The Board of Education
Latta Independent School District I-24
Latta, Oklahoma

Report on the Financial Statements

We have audited the accompanying combined fund type and account group financial statements-regulatory basis of the Latta School District I-24, Latta, Oklahoma (District), as of and for the year ended June 30, 2014, as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with financial reporting provisions of the Oklahoma State Department of Education to meet financial reporting requirements of the State of Oklahoma; this includes determining that the regulatory basis of accounting is an acceptable basis for the preparation of the financial statements in the circumstances. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

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

As discussed in Note 1, the financial statements are prepared by the Latta School District Number I-24 on the basis of the financial reporting provisions of the Oklahoma State Department of Education, which is a basis of accounting other than accounting principles generally accepted in the United States of America, to comply with the requirements of the Oklahoma State Department of Education. The effects on the financial statements of the variances between the regulatory basis of accounting described in Note 1 and accounting principles generally accepted in the United States of America, although not reasonably determined, are presumed to be material.

Adverse Opinion on U.S. Generally Accepted Accounting Principles

In our opinion, because the significance of the matter discussed in the “Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles” paragraph, the financial statements referred to in the first paragraph do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of the Latta School District Number I-24, Latta, Oklahoma as of June 30, 2014, the changes in its financial position, or, where applicable, its cash flows for the year then ended.

Basis for Qualified Opinion on Regulatory Basis of Accounting

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

Qualified Opinion on Regulatory Basis of Accounting

In our opinion, except for the effects of the matter described in the “Basis for Qualified Opinion on Regulatory Basis of Accounting” paragraph, the financial statements referred to in the first paragraph present fairly, in all material respects, the assets, liabilities, and fund balances arising from regulatory basis transactions of each fund type and account group of Latta School District Number I-24, Latta, Oklahoma, as of June 30, 2014, and the revenues collected and expenditures paid and encumbered for the year then ended on the regulatory basis of accounting described in Note 1.

Other Matters

Other Information

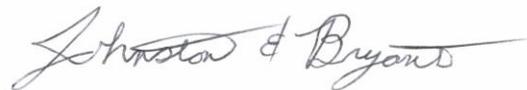
Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District’s basic financial statements. The combining statements-regulatory basis, are presented for purposes of additional analysis and are not a required part of the basic financial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

Latta Independent School District I-24
Latta, Oklahoma

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

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated August 21, 2014 on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the District's internal control over financial reporting and compliance.



August 21, 2014
Ada, Oklahoma

COMBINED FINANCIAL STATEMENTS

LATTA PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. I-24
PONTOTOC COUNTY, OKLAHOMA
 Combined Statement of Assets, Liabilities and Fund Balance – Regulatory Basis
 All Fund Types and Account Groups
 June 30, 2014

	Governmental Fund Types			
	General	Special Revenue Building	Debt Service	Capital Projects
<u>ASSETS</u>				
Cash and Cash Equivalents	\$ 1,769,700	\$ 261,469	\$ 308,716	\$ 161,165
Amounts Available In Debt Services Fund	-	-	-	-
Amounts to be Provided for Retirement of Debt	-	-	-	-
TOTAL ASSETS	<u>\$ 1,769,700</u>	<u>\$ 261,469</u>	<u>\$ 308,716</u>	<u>\$ 161,165</u>
<u>LIABILITIES AND FUND BALANCE:</u>				
<u>LIABILITIES:</u>				
Warrants Payable	\$ 456,151	\$ 30,400	\$ -	\$ 2,400
Encumbrances	22,591	48,500	-	-
Bonds Payable	-	-	-	-
TOTAL LIABILITIES	<u>478,742</u>	<u>78,900</u>	<u>-</u>	<u>2,400</u>
<u>FUND BALANCE:</u>				
Designated	-	-	308,716	158,765
Undesignated	1,290,958	182,569	-	-
TOTAL FUND BALANCE	<u>1,290,958</u>	<u>182,569</u>	<u>308,716</u>	<u>158,765</u>
TOTAL LIABILITIES AND FUND BALANCE	<u>\$ 1,769,700</u>	<u>\$ 261,469</u>	<u>\$ 308,716</u>	<u>\$ 161,165</u>

See accompanying notes.

Fiduciary Fund Types	Account Group	Total (Memorandum Only)
<u>Trust and Agency</u>	<u>Long-Term Debt</u>	<u></u>
\$ 147,408	\$ -	\$ 2,648,458
-	308,716	308,716
<u>-</u>	<u>406,284</u>	<u>406,284</u>
<u>\$ 147,408</u>	<u>\$ 715,000</u>	<u>\$ 3,363,458</u>
\$ -	\$ -	\$ 488,951
-	-	71,091
<u>-</u>	<u>715,000</u>	<u>715,000</u>
<u>-</u>	<u>715,000</u>	<u>1,275,042</u>
-	-	467,481
<u>147,408</u>	<u>-</u>	<u>1,620,935</u>
<u>147,408</u>	<u>-</u>	<u>2,088,416</u>
<u>\$ 147,408</u>	<u>\$ 715,000</u>	<u>\$ 3,363,458</u>

**LATTA PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. I-24
PONTOTOC COUNTY, OKLAHOMA**

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

	Governmental Fund Types			
	General	Special Revenue- Building	Debt Service	Capital Projects
<u>REVENUES COLLECTED:</u>				
District Sources	\$ 934,600	\$ 122,193	\$ 418,329	\$ 348,981
Intermediate Sources	135,706	-	-	-
State Sources	4,269,602	-	-	-
Federal Sources	879,580	-	-	-
TOTAL REVENUE COLLECTED	6,219,488	122,193	418,329	348,981
<u>EXPENDITURES PAID:</u>				
Instruction	3,477,158	-	-	-
Support Services	2,171,730	26,589	-	-
Non-Instruction Services	482,778	-	-	-
Debt Service	-	-	432,300	-
Other Outlay	8,754	109,726	-	-
Capital Outlay	104,469	-	-	462,819
TOTAL EXPENDITURES PAID	6,244,889	136,315	432,300	462,819
Excess of Revenues Collected Over (Under) Expenditures Paid	(25,401)	(14,122)	(13,971)	(113,838)
<u>OTHER FINANCING SOURCES (USES)</u>				
Operating Transfers In (Out)	-	-	-	-
Excess of Revenues Collected Over (Under) Expenditures Paid and Other Financing Sources (Uses)	(25,401)	(14,122)	(13,971)	(113,838)
Fund Balance, Beginning of Year	1,316,359	196,691	322,687	272,603
Fund Balance, End of Year	<u>\$ 1,290,958</u>	<u>\$ 182,569</u>	<u>\$ 308,716</u>	<u>\$ 158,765</u>

See accompanying notes.

Total
(Memorandum
Only)

\$ 1,824,103
135,706
4,269,602
879,580

7,108,991

3,477,158
2,198,319
482,778
432,300
118,480
567,288

7,276,323

(167,332)

-

(167,332)

2,108,340

\$ 1,941,008

LATTA PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. I-24
PONTOTOC COUNTY, OKLAHOMA
Statement of Revenues Collected, Expenditures Paid
And Changes in Fund Balance – Budget and Actual – Regulatory Basis
Budgeted Governmental Fund – General Fund
Year Ended June 30, 2014

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
<u>REVENUE COLLECTED:</u>				
District Sources	\$ 658,391	\$ 658,391	\$ 934,600	\$ 276,209
Intermediate Sources	108,987	108,987	135,706	26,719
State Sources	3,837,883	4,020,087	4,269,602	249,515
Federal Sources	108,306	256,336	879,580	623,244
TOTAL REVENUE COLLECTED	<u>4,713,567</u>	<u>5,043,801</u>	<u>6,219,488</u>	<u>1,175,687</u>
<u>EXPENDITURES PAID:</u>				
Instruction	3,287,120	3,592,410	3,477,158	115,252
Support Services	2,171,745	2,171,745	2,171,730	15
Non-Instruction Services	457,836	482,780	482,778	2
Capital Outlay	104,470	104,470	104,469	1
Other Outlays	8,755	8,755	8,754	1
TOTAL EXPENDITURES PAID	<u>6,029,926</u>	<u>6,360,160</u>	<u>6,244,889</u>	<u>115,271</u>
Excess of Revenues Collected Over (Under) Expenditures Paid	(1,316,359)	(1,316,359)	(25,401)	1,290,958
<u>OTHER FINANCING SOURCES (USES)</u>				
Operating Transfers In	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess of Revenue Collected Over (Under) Expenditures Paid and Other Financing Sources (Uses)	(1,316,359)	(1,356,359)	(25,401)	1,290,958
FUND BALANCE, BEGINNING OF YEAR	<u>1,316,359</u>	<u>1,316,359</u>	<u>1,316,359</u>	<u>-</u>
FUND BALANCE, END OF YEAR	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,290,958</u>	<u>\$ 1,290,958</u>

See accompanying note.

LATTA PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. I-24
PONTOTOC COUNTY, OKLAHOMA
Statement of Revenues Collected, Expenditures Paid
And Changes in Fund Balance – Budget and Actual – Regulatory Basis
Budgeted Governmental Fund – Special Revenue - Building
Year Ended June 30, 2014

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
<u>REVENUE COLLECTED:</u>				
District Sources	\$ 94,082	\$ 94,082	\$ 122,193	\$ 28,111
Intermediate Sources	-	-	-	-
State Sources	-	-	-	-
Federal Sources	-	-	-	-
TOTAL REVENUE COLLECTED	94,082	94,082	122,193	28,111
<u>EXPENDITURES PAID:</u>				
Instruction	-	-	-	-
Support Services	26,590	26,590	26,589	1
Non-Instruction Services	-	-	-	-
Capital Outlay	-	-	-	-
Other Outlays	264,183	264,183	109,726	154,457
TOTAL EXPENDITURES PAID	290,773	290,773	136,315	154,458
Excess of Revenues Collected Over (Under) Expenditures Paid	(196,691)	(196,691)	14,122	182,569
<u>OTHER FINANCING SOURCES (USES)</u>				
Operating Transfers In (Out)	-	-	-	-
Excess of Revenue Collected Over (Under) Expenditures Paid and Other Financing Sources (Uses)	(196,691)	(196,691)	14,122	182,569
FUND BALANCE, BEGINNING OF YEAR	196,691	196,691	196,691	-
FUND BALANCE, END OF YEAR	\$ -	\$ -	\$ 182,569	\$ 182,569

See accompanying notes.

**LATTA PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. I-24
PONTOTOC COUNTY, OKLAHOMA**

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

	Original/ Final Budget	Actual	Variance Favorable (Unfavorable)
<u>REVENUE COLLECTED:</u>			
District Sources	\$ 396,501	\$ 418,329	\$ 21,828
Intermediate Sources	-	-	-
State Sources	-	-	-
Federal Sources	-	-	-
	<u>396,501</u>	<u>418,329</u>	<u>21,828</u>
<u>EXPENDITURES PAID:</u>			
Instruction	-	-	-
Support Services	-	-	-
Non-Instruction Services	-	-	-
Debt Service	432,300	432,300	-
	<u>432,300</u>	<u>432,300</u>	<u>-</u>
Excess of Revenue Collected Over (Under) Expenditures Paid	(35,799)	(13,971)	21,828
<u>OTHER FINANCING SOURCES (USES):</u>			
Operating Transfers In	-	-	-
Excess of Revenue Collected Over (Under) Expenditures Paid and Other Financing Sources (Uses)	(35,799)	(13,971)	21,828
FUND BALANCE, BEGINNING OF YEAR	<u>322,687</u>	<u>322,687</u>	<u>-</u>
FUND BALANCE, END OF YEAR	<u>\$ 286,888</u>	<u>\$ 308,716</u>	<u>\$ 21,828</u>

See accompanying notes.

NOTES TO FINANCIAL STATEMENTS

LATTA PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. I-24
PONTOTOC COUNTY, OKLAHOMA
Notes to Financial Statements
June 30, 2014

Note 1. Summary of Significant Accounting Policies

The financial statements of the Latta Public Schools Independent District No. I-24 (the "District") have been prepared in conformity with another comprehensive basis of accounting prescribed or permitted by Oklahoma Department of Education. The more significant of the District's accounting policies are described below.

A. Reporting Entity

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

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

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

LATTA PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. I-24
PONTOTOC COUNTY, OKLAHOMA
Notes to Financial Statements
June 30, 2014

Note 1. Summary of Significant Accounting Policies (continued)

B. Fund Accounting

The District uses funds and account 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 Fund - The special revenue fund of the District consists of the Building Fund.

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

LATTA PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. I-24
PONTOTOC COUNTY, OKLAHOMA
Notes to Financial Statements
June 30, 2014

Note 1. Summary of Significant Accounting Policies (continued)

B. Fund Accounting (continued)

Debt Service Fund - Debt Service fund is the District's Sinking Fund and is used to account for the accumulation of financial resources for the payment of general long-term debt principal, interest and related costs. The primary revenue sources are local property taxes levied specifically for debt service and interest earning from temporary investments.

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

Proprietary Fund Types

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

Fiduciary Fund Types

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

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

Account Groups

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

LATTA PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. I-24
PONTOTOC COUNTY, OKLAHOMA
Notes to Financial Statements
June 30, 2014

Note 1. Summary of Significant Accounting Policies (continued)

B. Fund Accounting (continued)

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

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

Memorandum Only - Total Column

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

C. Basis of Accounting

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

The basic financial statements are essentially prepared on a basis of cash receipts and disbursements modified as required by the regulations of the Oklahoma State Department of Education (OSDE) as follows:

- Encumbrances represented by purchase orders, contracts, and other commitments for the expenditure of monies and are recorded as expenditures when approved.
- Investments are recorded as assets when purchased.
- Warrants payable are recorded as liabilities when issued.
- Long-term debt is recorded when incurred.

LATTA PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. I-24
PONTOTOC COUNTY, OKLAHOMA
Notes to Financial Statements
June 30, 2014

Note 1. Summary of Significant Accounting Policies (continued)

C. Basis of Accounting (continued)

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

D. Encumbrance Accounting

Encumbrances for goods or purchased services are documented by purchase orders or contracts.

E. Budgets and Budgetary Accounting

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

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

A budget is legally adopted by the Board of Education for the General Fund and Special Revenue Fund 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.

LATTA PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. I-24
PONTOTOC COUNTY, OKLAHOMA
Notes to Financial Statements
June 30, 2014

Note 1. Summary of Significant Accounting Policies (continued)

F. Assets, Liabilities and Fund Equity

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

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

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

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

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

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

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

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

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

G. Revenue, Expenses and Expenditures

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

LATTA PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. I-24
PONTOTOC COUNTY, OKLAHOMA
Notes to Financial Statements
June 30, 2014

Note 1. Summary of Significant Accounting Policies (continued)

G. Revenue, Expenses and Expenditures (continued)

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

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

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

The District receives revenues from the state to administer certain categorical educational programs. State Board of Education rules require that revenue ear-marked for these programs be expended only for the program for which the money is provided and require that the money not expended as of the close of the fiscal year be carried forward into the following year to be expended for the same categorical programs. The State Department of Education requires that categorical educational program revenue be accounted for in the general fund.

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

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

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

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

LATTA PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. I-24
PONTOTOC COUNTY, OKLAHOMA
Notes to Financial Statements
June 30, 2014

Note 1. Summary of Significant Accounting Policies (continued)

G. Revenue, Expenses and Expenditures (continued)

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

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

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

H. Statement of Cash Flows

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

I. Use of Estimates

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

Note 2. Property Taxes

The District's ad valorem property tax is levied each October 1 on the assessed value listed for all real, business personal and public service property located in the District. The assessed value of the certified roll, upon which the levy for the 2014 fiscal year was based, was \$20,095,183.

LATTA PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. I-24
PONTOTOC COUNTY, OKLAHOMA
Notes to Financial Statements
June 30, 2014

Note 2. Property Taxes (continued)

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

	Current Mills Levied	Current Year Collections	Percent Collected of Taxes Levied
General Fund	36.04	\$ 708,495	97.8%
Building Fund	5.15	101,242	97.8%
Sinking Fund	20.72	407,325	97.8%
Totals	61.91	\$ 1,217,062	

Collection of prior year ad valorem taxes are as follows:

General Fund	\$ 17,337
Building Fund	2,477
Sinking Fund	10,192
Total	\$ 30,006

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

Note 3. Cash and Investments

The District's investment policies are governed by state statute. Permissible investments include direct obligations of the United States Government and Agencies; certificate of deposit of savings and loan associations, and bank and trust companies; and savings accounts or savings certificates of savings and loan associations, and trust companies; Collateral is required for demand deposits and certificates of deposit for all amounts not covered by federal deposit insurance.

In accordance with State Statutes, the district's investment policy is as follows:

The treasurer shall invest the following funds in direct obligations of the United States government; in certificates of deposit of banks secured by acceptable collateral, or in savings accounts or savings certificates of savings and loan associations. All deposits shall be insured by the Federal Deposit Insurance Corporation (FDIC), Federal Savings and Loan Insurance Corporation (FSLIC), or the National Credit Union Administration (NCUA):

LATTA PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. I-24
PONTOTOC COUNTY, OKLAHOMA
Notes to Financial Statements
June 30, 2014

Note 3. Cash and Investments (continued)

1. Reserve funds from the general fund.
2. Funds from the building fund.
3. Reserve funds in the sinking fund.
4. To determine that school funds are properly secured, the treasurer shall, on March 31, June 30, September 30, and December 31, obtain from each bank where funds are deposited a listing of collateral pledged, setting forth the par value and market value of such collateral.

Said funds are to be invested monthly in accordance with all applicable state and school laws.

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

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

LATTA PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. I-24
PONTOTOC COUNTY, OKLAHOMA
Notes to Financial Statements
June 30, 2014

Note 3. Cash and Investments (continued)

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

	<u>Bank Balance</u>	<u>Pledged Collateral</u>	<u>FDIC Insurance</u>
Citizen's Bank – Ada, OK	\$ 2,648,458	\$ 3,054,616	250,000
	<u>\$ 2,648,458</u>	<u>\$ 3,054,616</u>	

Note 4. General Long-Term Debt

State statutes prohibit the District from becoming indebted in an amount exceeding the revenue to be received for any fiscal year without the approval by the District voters. Bond issues have been approved by the voters and issued by the District for various capital improvements. These bonds are required to be fully paid serially within 10 years from the date of issue. Debt service requirements for bonds are payable solely from fund balance and future revenues of the debt service fund.

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

<u>Obligation</u>	<u>Balance Outstanding 7-1-13</u>	<u>Issued (Retired) During Year</u>	<u>Balance Outstanding 6-30-14</u>
2013 GO Bonds	-	\$ 265,000	\$ 265,000
2011 GO Bonds	455,000	(215,000)	240,000
2010 GO Bonds	<u>415,000</u>	<u>(205,000)</u>	<u>210,000</u>
Totals	<u>\$ 870,000</u>	<u>\$ (155,000)</u>	<u>\$ 715,000</u>
<u>Year Ending June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Totals</u>
2015	\$ 450,000	\$ 8,847	\$ 458,847
2016	265,000	1,723	266,723
2017	<u>-</u>	<u>-</u>	<u>-</u>
Totals	<u>\$ 715,000</u>	<u>\$ 10,570</u>	<u>\$ 725,570</u>

LATTA PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. I-24
PONTOTOC COUNTY, OKLAHOMA

Notes to Financial Statements

June 30, 2014

Note 5. Employee Retirement System

Description of Plan

The District participates in the state-administered Oklahoma Teachers' Retirement System, which is a cost sharing, multiple-employer defined benefit public employee retirement system (PERS), which is administered by the Board of Trustees of the Oklahoma Teachers' Retirement System (the "System"). The System provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Title 70 Section 17 of the Oklahoma Statutes establishes benefit provisions and may be amended only through legislative action. The Oklahoma Teachers' Retirement System issues a publicly available financial report that includes financial statements and required supplementary information for the System. That report may be obtained by writing to the Oklahoma Teachers' Retirement System, P.O. Box 53624, Oklahoma City, OK, 73152 or by calling 405-521-2387.

Basis of Accounting

The System's financial statements are prepared using the cash basis of accounting, except for accruals of interest income. Plan member contributions are recognized in the period in which the contributions are made. Benefits and refunds are recognized when paid.

The pension benefit obligation is a standardized disclosure measure of the present value of pension benefits. This pension valuation method reflects the present value of estimated pension benefits that will be paid in future years as a result of employee services performed to date and is adjusted for the effect of projected salary increases. There are no actuarial valuations performed on individual school districts. The system has an under-funded pension benefit obligation as determined as part of the latest actuarial valuation.

Funding Policy

The District, the State of Oklahoma, and the participating employee make contributions. The contribution rates for the District and its employees are established by and may be amended by Oklahoma Statutes. The rates are not actuarially determined. The rates are applied to employee's earnings plus employer-paid fringe benefits. The required contribution for the participating members is 7.0% of compensation. Additionally, OTRS receives "federal matching contributions" for positions whose funding comes from federal sources or certain grants. The District and State are required to contribute 14.0% of applicable compensation. Contributions received by the System from the State of Oklahoma are from 3.54% of its revenues from sales tax use taxes, corporate income taxes and individual income taxes. The District contributed 9.5% and the State of Oklahoma, plus the federal contribution contributed the remaining 4.5% during this year. The District is allowed by the Oklahoma Teachers' Retirement System to make the required contributions on behalf of the participating members. The school is required to pay 16.5% for any compensated retired teachers already receiving retirement benefits.

LATTA PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. I-24
PONTOTOC COUNTY, OKLAHOMA
Notes to Financial Statements
June 30, 2014

Note 5. Employee Retirement System (continued)

Annual Pension Cost

The District's total contributions for 2014, 2013, and 2012 were \$325,224 \$309,637 and \$295,413 respectively.

Note 6. Contingencies

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

Note 7. Subsequent Events

Management has evaluated subsequent events through August 21, 2014 which is the date the financial statements were available to be issued and have determined that no additional information needs to be added to the financial statements.

Note 8 Risk Management

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

Note 9. Surety Bonds

The treasurer is bonded by Western Surety Company, for the sum of \$2,000,000.

The minute/encumbrance clerk is bonded by Western Surety Company, bond number 70856236 for the sum of \$100,000.

The superintendent is bonded by Western Surety Company for the sum of \$100,000.

The deputy minutes clerk is bonded by Western Surety Company for the sum of \$100,000.

The assistant high school/ junior high principal is bonded by Western Surety Company for the sum of \$100,000.

The activity custodian is bonded by Western Surety Company for the sum of \$100,000.

COMBINING FINANCIAL STATEMENTS

LATTA PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. I-24
PONTOTOC COUNTY, OKLAHOMA
Statement of Assets, Liabilities and Fund Balance
Fiduciary Funds – Regulatory Basis
June 30, 2014

	<u>Agency Fund School Activity Fund</u>
<u>ASSETS</u>	
Cash	\$ 174,149
TOTAL ASSETS	<u>\$ 174,149</u>
 <u>LIABILITIES AND FUND BALANCE</u>	
 <u>LIABILITIES:</u>	
Outstanding Checks	\$ 26,741
Encumbrances	-
TOTAL LIABILITIES	<u>26,741</u>
 <u>FUND BALANCE:</u>	
Unreserved/Undesignated	83,871
Designated Student Groups	<u>63,537</u>
	<u>147,408</u>
TOTAL LIABILITIES AND FUND BALANCE	<u>\$ 174,149</u>

LATTA PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. I-24
PONTOTOC COUNTY, OKLAHOMA
Statement of Changes in Assets, Liabilities, and Fund Balances
Activity Fund - Regulatory Basis
Year Ended June 30, 2014

	Balance 7-1-13	Deposited	Net Transfers	Disbursed	Balance 6-30-14
<u>ASSETS:</u>					
Cash and Investments	\$ 134,105	\$ 575,647	\$ -	\$ 535,603	\$ 174,149
TOTAL ASSETS	\$ 134,105	\$ 575,647	\$ -	\$ 535,603	\$ 174,149
<u>LIABILITIES</u>					
Outstanding Checks	\$ 11,475	\$ -	\$ -	\$ 15,266	\$ 26,741
TOTAL LIABILITIES	11,475	-	-	15,266	26,741
<u>FUND BALANCE</u>					
Undesignated	63,610	238,209	-	217,948	83,871
Student Groups	59,020	337,438	-	332,921	63,537
TOTAL FUND BALANCE	122,630	575,647	-	550,869	147,408
TOTAL LIABILITIES & FUND BALANCE	\$ 134,105	\$ 575,647	\$ -	\$ 535,603	\$ 174,149

LATTA PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. I-24
PONTOTOC COUNTY, OKLAHOMA
 School Activity Funds
 Year Ended June 30, 2014

Description	Beginning Balance 6/30/2013	Receipts	Adjustments	Disbursements	Ending Balance 6/30/2014
Miscellaneous Activity	\$ 35,933	\$ 136,904	\$ (1,621)	\$ 118,704	\$ 52,512
Student Council	1,320	1,417	-	1,441	1,296
Elementary	11,163	4,502	10,263	11,628	14,300
NHS	3,364	1,626	26	873	4,143
Employees for Excellence	321	1,853	524	2,592	106
FFA	3,824	40,278	(55)	37,267	6,780
Special Olympics	1,385	6,811	1,080	7,928	1,348
4-H	1,248	1,623	-	2,114	757
FCCLA	1,005	17,229	(327)	16,923	984
Baseball	6,866	9,674	346	11,743	5,143
Girl's Basketball	3,133	7,977	(25)	8,217	2,868
Library	2,713	6,059	-	5,143	3,629
Yearbook	581	13,311	-	11,725	2,167
Varsity Cheerleading	206	17,123	300	17,146	483
Petty Cash	-	200	-	200	-
Boy's Basketball	6,082	23,737	-	27,289	2,530
Vocal Music	7,423	15,980	-	13,922	9,481
Class of 2018	593	-	367	-	960
PTO	13,219	86,653	(17,863)	70,747	11,262
LEADS	-	33,854	-	33,854	-
Student Drug Testing	700	1,500	3,000	1,930	3,270
Class of 2019	611	-	465	-	1,076
Class of 2016	799	-	1,320	-	2,119
Class of 2017	702	-	1,286	-	1,988
Science	87	25	-	25	87
Class of 2020	-	1,540	599	1,672	467
DECA	1,828	25,738	-	27,547	19
Softball	1,977	4,608	-	2,001	4,584
CNP	-	105,872	(30)	105,842	-
CVET/ATAE	1,407	1,602	-	2,416	593
Middle School Resource Roc	-	-	421	-	421
Speech/Drama	998	2,521	-	2,910	609
Golf	3,825	383	-	776	3,432
Misc	-	-	-	-	-
Class of 2011	-	-	-	-	-
Class of 2012	-	-	-	-	-
Cross Country	40	260	-	244	56
HS Resource Room	536	-	-	-	536
Class of 2013	809	-	-	-	809
Class of 2014	1,816	930	1,210	3,702	254
Class of 2015	6,113	1,480	1,092	2,346	6,339
Grand Total	\$ 122,627	\$ 573,270	\$ 2,378	\$ 550,867	\$ 147,408

SUPPORTING SCHEDULES

LATTA PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. I-24
PONTOTOC COUNTY, OKLAHOMA
Schedule of Expenditures of Federal Awards - Regulatory Basis
Year Ended June 30, 2014

Federal Grantor/Pass Through Grantor/Program Title	Federal CFDA No.	Pass Through Grantor's Number
<u>U.S. Department of Education Direct Programs:</u>		
Impact Aid P.L. 874 - Disabled	84.041	
Impact Aid P.L. 874	84.041	
Indian Education Title VII	84.060A	
TOTAL U.S. DEPARTMENT OF EDUCATION		
<u>Passed Through State Department of Education:</u>		
Title I	84.010	511
Title II - Part A, Improving Teachers and Principals	84.367	541
IDEA, Part B Flow Thru	84.027	621
IDEA- High Needs	84.027	626
IDEA, Part B Pre School	84.173	641
LEA- Asd-Fed Dir	66.040	
Title VI - Part B	84.358B	587
Indian Education JOM	15.130	563
Rehab Services	84.126	
Carl Perkins	84.048	
TOTAL DEPARTMENT OF EDUCATION		
<u>Passed Through U.S. Department of Agriculture:</u>		
Child Nutrition - Lunches	10.555	
Child Nutrition - Breakfasts	10.553	
TOTAL U.S. DEPARTMENT OF AGRICULTURE		
<u>Passed Through U.S. Department of Human Services:</u>		
Commodity Supplemental Food Program	10.565	
TOTAL U.S. DEPARTMENT OF HUMAN SERVICES		
TOTAL FEDERAL AWARD ASSISTANCE		

Balance June 30, 2013	Reciept For Prior Year Expenditures	Reciept For Current Year Expenditures	Current Year Expenditures	Balance June 30, 2014
\$ -	\$ -	\$ 214,096	\$ 214,096	\$ -
-	-	22,792	22,792	-
-	-	75,182	73,388	-
-	-	312,070	310,276	-
3,036	15,847	63,739	98,557	-
4,861	-	24,111	7,577	-
61,584	26,651	130,493	160,789	52,977
-	-	19,064	25,510	-
-	-	4,810	4,810	-
-	-	-	-	-
1,426	1,322	12,098	14,162	3,004
-	5,726	8,490	15,651	-
-	-	152	-	-
-	-	-	5,749	-
70,907	49,546	262,957	332,805	55,981
-	-	170,832	156,174	14,658
-	-	59,233	58,936	297
-	-	230,065	215,110	14,955
-	-	24,942	24,942	-
-	-	24,942	24,942	-
\$ 70,907	\$ 49,546	\$ 830,034	\$ 883,133	\$ 70,936

LATTA PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. I-24
PONTOTOC COUNTY, OKLAHOMA

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

Note 1: The accompanying schedule of expenditures of federal awards includes the federal grant expenditures of Latta Public Schools, I-24, Pontotoc County, Oklahoma and is presented on the regulatory basis of accounting prescribed by the Oklahoma State Department of Education. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the financial statements.

No amounts were passed through to a subrecipient.

SCHEDULE OF ACCOUNTANT'S PROFESSIONAL LIABILITY INSURANCE AFFIDAVIT

LATTA PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. I-24
PONTOTOC COUNTY, OKLAHOMA
Schedule of Accountant's Professional Liability Insurance Affidavit
July 1, 2013 to June 30, 2014

STATE OF OKLAHOMA)
)ss
COUNTY OF PONTOTOC)

The undersigned auditing firm of lawful age, 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 the Latta Public Schools for the audit year 2013-2014.

Johnston and Bryant, C.P.A.'S

By *Allen Bryant*

Subscribed and sworn to before me this day of October 23, 2014

Debra Cheatwood
Notary Public

My commission expires 05/08/2015

Commission No. 07004538



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

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

The Board of Education
Latta School District Number I-24
Latta, 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 Latta School District Number I-24, Latta, Oklahoma(District), as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the District's financial statements, and have issued our report thereon dated August 21, 2014, which was adverse with respect to the presentation of the financial statements in conformity with accounting principles generally accepted in the United States because the presentation followed the regulatory basis of accounting for Oklahoma school districts and did not conform to the presentation requirements of the Governmental Accounting Standards Board. However, our report was qualified for the omission of the general fixed asset account group with respect to the presentation of the financial statements on the regulatory basis of accounting authorized by the Oklahoma State Board of Education.

Internal Control over Financial Reporting

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

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

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

The Board of Education
Latta School District Number I-24
Latta, Oklahoma

Compliance and Other Matters

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

Purpose of this Report

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

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

Ada, Oklahoma
August 21, 2014

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

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

The Board of Education
Latta School District Number I-24
Latta, Oklahoma

Report on Compliance for Each Major Federal Program

We have audited the Latta School District Number I-24, Latta, Oklahoma (District)'s compliance with the types of compliance requirements described in the OMB Circular A-133 Compliance Supplement that could have a direct and material effect on each of the District's major federal programs for the year ended June 30, 2014. The District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditor's Responsibility

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

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

Opinion on Each Major Federal Program

In our opinion, Latta School District Number I-24, Latta, Oklahoma, complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2014.

The Board of Education
Latta School District No. I-24
Ada, Oklahoma

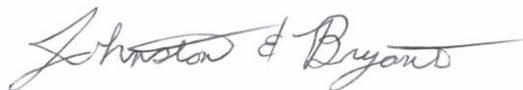
Report on Internal Control Over Compliance

Management of Latta School District Number I-24, Latta, Oklahoma (the District), is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the District's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the District's internal control over compliance.

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

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

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



August 21, 2014
Ada, Oklahoma

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

LATTA INDEPENDENT SCHOOL DISTRICT NO. I-24
PONTOTOC COUNTY, OKLAHOMA
 Schedule of Findings and Questioned Costs
 Year Ended June 30, 2014

Summary of Auditor's Results

Financial Statements

Type of Auditor's Report Issued: Qualified

Internal Control over financial reporting

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

Federal Awards

Internal control over major programs: Unqualified

- Material weaknesses identified? __ Yes X No
- Reportable conditions identified that are not considered to be material weaknesses? __ Yes X None Noted

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

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

Findings and questioned costs for Federal Awards __ Yes X Noted

Identification of Major Programs:

<u>CFDA Number</u>	<u>Name of Federal Program</u>
84.010	Title I
84.027	IDEA, Part B Flow Thru
84.027	IDEA- High Needs
84.173	IDEA, Part B Pre School

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

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

LATTA INDEPENDENT SCHOOL DISTRICT NO. I-24
PONTOTOC COUNTY, OKLAHOMA
Schedule of Findings and Questioned Costs
Year Ended June 30, 2014

Status of Prior Year Findings

There were no prior year audit findings.