

LOOKEBA-SICKLES INDEPENDENT SCHOOL DISTRICT NO. 12
CADDO COUNTY, OKLAHOMA
JUNE 30, 2014

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**LOOKEBA-SICKLES INDEPENDENT SCHOOL DISTRICT NO. I-12, CADDO COUNTY
SCHOOL DISTRICT OFFICIALS
JUNE 30, 2014**

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INDEPENDENT AUDITOR'S REPORT

The Honorable Board of Education
Lookeba-Sickles Independent School District #12
Caddo County, Oklahoma

Board Members:

Report on Financial Statements

We have audited the accompanying combined fund type and account group financial statements-regulatory basis of the **Lookeba-Sickles Independent School District #12**, Caddo County, Oklahoma, as of and for the year ended June 30, 2014, and the related notes to the financial statements which collectively comprise the district's regulatory financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the financial reporting provisions of the Oklahoma State Department of Education. This includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to error or fraud.

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 of 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 **Lookeba-Sickles Independent School District #12** Caddo County, Oklahoma, 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 determinable, are presumed to be material.

Adverse Opinion on U.S. Generally Accepted Accounting Principles

In our opinion, because of 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 **Lookeba-Sickles Independent School District #12**, Caddo County, Oklahoma, as of June 30, 2014, or the changes in its financial position, 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 equity arising from regulatory basis transactions of each fund type and account group of **Lookeba-Sickles Independent School District, #12**, Caddo County, Oklahoma as of June 30, 2014, and the revenues collected, expenditures paid/expenses, and budgetary results, for the year 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 **Lookeba-Sickles Independent School District #12, Caddo County, Oklahoma’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 *Oklahoma Department of Education* and/or 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.

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 financial statements 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 on the regulatory basis of accounting described in Note 1.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 9, 2014, on our consideration of the **Lookeba-Sickles Independent School District, #12, Caddo County, Oklahoma'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 Standard* in considering **Lookeba-Sickles Independent School District, #12, Caddo County, Oklahoma's** internal control over financial reporting and compliance.

Angel, Johnston + Blessingame, P.C.

Chickasha, Oklahoma

December 9, 2014

COMBINED FINANCIAL STATEMENTS

Lookeba-Sickles School District No.1-012, Caddo County, Oklahoma
Combined Statement of Assets, Liabilities and Fund Balances
Regulatory Basis - All Fund Types and Account Groups
For the Year Ending June 30, 2014

	Governmental Fund Types				Fiduciary Fund Types	Account Group	Total (Memorandum Only)
ASSETS	General	Special Revenue	Debt Service	Capital Projects	Trust and Agency	General Long- Term Debt	June 30, 2014
Cash and Cash Equivalents	\$ 470,998	\$ 95,239	\$ 43,400	\$ 0	\$ 53,266	\$ 0	\$ 662,903
Investments	0	0	0	0	0	0	0
Amounts Available in Debt Service Fund	0	0	0	0	0	43,400	43,400
Amounts to be Provided for Retirement of General Long-Term Debt	0	0	0	0	0	326,600	326,600
Amounts to be Provided For Capitalized Lease Agreements	0	0	0	0	0	0	0
Total Assets	\$ 470,998	\$ 95,239	\$ 43,400	\$ 0	\$ 53,266	\$ 370,000	\$ 1,032,903
 LIABILITIES AND FUND BALANCE							
Liabilities:							
Warrants Payable	\$ 230,071	\$ 42,314	\$ 0	\$ 0	\$ 0	\$ 0	\$ 272,386
Reserve for Encumbrances	0	0	0	0	0	0	0
Due to Activity Groups	0	0	0	0	53,266	0	53,266
General Obligation Bonds Payable	0	0	0	0	0	370,000	370,000
Capitalized Lease Obligations Payable	0	0	0	0	0	0	0
Total Liabilities	\$ 230,071	\$ 42,314	\$ 0	\$ 0	\$ 53,266	\$ 370,000	\$ 695,652
Fund Balances:							
Restricted For:							
Debt Service	\$ 0	\$ 0	\$ 43,400	\$ 0	\$ 0	\$ 0	\$ 43,400
Capital Projects	0	0	0	0	0	0	0
Building Programs	0	28,299	0	0	0	0	28,299
Child Nutrition Programs	0	24,626	0	0	0	0	24,626
Cooperative Programs	0	0	0	0	0	0	0
Unassigned	240,927	0	0	0	0	0	240,927
Total Fund Balances	\$ 240,927	\$ 52,925	\$ 43,400	\$ 0	\$ 0	\$ 0	\$ 337,252
Total Liabilities and Fund Balances	\$ 470,998	\$ 95,239	\$ 43,400	\$ 0	\$ 53,266	\$ 370,000	\$ 1,032,903

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

Lookeba-Sickles School District No.1-012, Caddo County, Oklahoma
Combined Statement of Revenues Collected, Expenditures Paid and Changes in Fund Balances
Regulatory Basis - All Governmental Fund Types
For the Year Ending June 30, 2014

	Governmental Fund Types				Totals (Memorandum Only)
	General	Special Revenue	Debt Service	Capital Projects	June 30, 2014
Revenue Collected:					
Local Sources	\$ 316,197	\$ 96,842	\$ 100,947	\$ 0	\$ 513,986
Intermediate Sources	33,168	0	0	0	33,168
State Sources	1,286,266	2,090	0	0	1,288,356
Federal Sources	159,769	105,989	0	0	265,758
Non-Revenue Receipts	0	0	0	0	0
<i>Total Revenue Collected</i>	<u>\$ 1,795,401</u>	<u>\$ 204,920</u>	<u>\$ 100,947</u>	<u>\$ 0</u>	<u>\$ 2,101,268</u>
Expenditures Paid:					
Instruction	\$ 1,100,819	\$ 0	\$ 0	\$ 0	\$ 1,100,819
Support Services	601,011	31,660	0	35	632,706
Operation of Non-Instructional Services	82,262	124,867	0	0	207,128
Facilities Acquisition and Construction	0	0	0	0	0
Other Outlays	0	0	0	0	0
Other Uses	0	0	0	0	0
Repayments	464	0	0	0	464
Interest Paid on Warrants and Bank Charges	0	0	0	0	0
Debt Service:					
Principal Retirement	0	0	75,000	0	75,000
Interest and Fiscal Agent Fees	0	0	8,400	0	8,400
<i>Total Expenditures Paid</i>	<u>\$ 1,784,556</u>	<u>\$ 156,527</u>	<u>\$ 83,400</u>	<u>\$ 35</u>	<u>\$ 2,024,518</u>
<i>Excess of Revenues Collected Over (Under) Expenditures Paid Before Adjustments to Prior Year Encumbrances</i>	<u>\$ 10,845</u>	<u>\$ 48,394</u>	<u>\$ 17,547</u>	<u>\$ (35)</u>	<u>\$ 76,751</u>
Adjustments to Prior Year Encumbrances	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
Other Financing Sources (Uses):					
Estopped Warrants	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Bond Proceeds	0	0	0	0	0
Transfers In	0	0	0	0	0
Transfers Out	0	(38,000)	0	0	(38,000)
<i>Total Other Financing Sources (Uses)</i>	<u>\$ 0</u>	<u>\$ (38,000)</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ (38,000)</u>
<i>Excess (Deficiency) of Revenue Collected Over Expenditures Paid and Other Financing Sources (Uses)</i>	<u>\$ 10,845</u>	<u>\$ 10,394</u>	<u>\$ 17,547</u>	<u>\$ (35)</u>	<u>\$ 38,751</u>
<i>Fund Balance - Beginning of Year</i>	<u>230,082</u>	<u>42,531</u>	<u>25,853</u>	<u>35</u>	<u>298,501</u>
<i>Fund Balance - End of Year</i>	<u>\$ 240,927</u>	<u>\$ 52,925</u>	<u>\$ 43,400</u>	<u>\$ 0</u>	<u>\$ 337,252</u>

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

Lookeba-Sickles School District No.1-012, Caddo County, Oklahoma
Combined Statement of Revenues, Expenditures, and Changes in Fund Balances
Budget and Actual - Regulatory Basis - Budgeted Governmental Fund Types
For the Year Ending June 30, 2014

	General Fund			Special Revenue Funds			Debt Service Fund		
	Original Budget	Final Budget	Actual	Original Budget	Final Budget	Actual	Original Budget	Final Budget	Actual
Revenue Collected:									
Local Sources	\$ 243,864	\$ 243,864	\$ 316,197	\$ 82,225	\$ 82,225	\$ 96,842	\$ 98,255	\$ 98,255	\$ 100,947
Intermediate Sources	30,375	30,375	33,168	0	0	0	0	0	0
State Sources	1,181,805	1,181,805	1,286,266	2,000	2,000	2,090	0	0	0
Federal Sources	124,316	124,316	159,769	95,000	95,000	105,989	0	0	0
Non-Revenue Receipts	0	0	0	0	0	0	0	0	0
<i>Total Revenue Collected</i>	<u>\$ 1,580,360</u>	<u>\$ 1,580,360</u>	<u>\$ 1,795,401</u>	<u>\$ 179,225</u>	<u>\$ 179,225</u>	<u>\$ 204,920</u>	<u>\$ 98,255</u>	<u>\$ 98,255</u>	<u>\$ 100,947</u>
Expenditures Paid:									
Instruction	\$ 1,810,442	\$ 1,810,442	\$ 1,100,819	\$ 13,895	\$ 13,895	\$ 0	\$ 0	\$ 0	\$ 0
Support Services	0	0	601,011	42,096	42,096	31,660	0	0	0
Operation of Non-Instructional Services	0	0	82,262	165,765	165,765	124,867	0	0	0
Facilities Acquisition and Construction	0	0	0	0	0	0	0	0	0
Other Outlays	0	0	0	0	0	0	124,108	124,108	83,400
Other Uses	0	0	0	0	0	0	0	0	0
Repayments	0	0	464	0	0	0	0	0	0
Interest Paid on Warrants and Bank Charges	0	0	0	0	0	0	0	0	0
<i>Total Expenditures Paid</i>	<u>\$ 1,810,442</u>	<u>\$ 1,810,442</u>	<u>\$ 1,784,556</u>	<u>\$ 221,756</u>	<u>\$ 221,756</u>	<u>\$ 156,527</u>	<u>\$ 124,108</u>	<u>\$ 124,108</u>	<u>\$ 83,400</u>
<i>Excess of Revenues Collected Over (Under) Expenditures Paid Before Adjustments to Prior Year Encumbrances</i>	<u>\$ (230,082)</u>	<u>\$ (230,082)</u>	<u>\$ 10,845</u>	<u>\$ (42,531)</u>	<u>\$ (42,531)</u>	<u>\$ 48,394</u>	<u>\$ (25,853)</u>	<u>\$ (25,853)</u>	<u>\$ 17,547</u>
Adjustments to Prior Year Encumbrances	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
Other Financing Sources (Uses):									
Estopped Warrants	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Transfers In	0	0	0	0	0	0	0	0	0
Transfers Out	0	0	0	0	0	(38,000)	0	0	0
<i>Total Other Financing Sources (Uses)</i>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ (38,000)</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
<i>Excess (Deficiency) of Revenue Collected Over Expenditures Paid and Other Financing Sources (Uses)</i>	<u>\$ (230,082)</u>	<u>\$ (230,082)</u>	<u>\$ 10,845</u>	<u>\$ (42,531)</u>	<u>\$ (42,531)</u>	<u>\$ 10,394</u>	<u>\$ (25,853)</u>	<u>\$ (25,853)</u>	<u>\$ 17,547</u>
<i>Fund Balance - Beginning of Year</i>	<u>230,082</u>	<u>230,082</u>	<u>230,082</u>	<u>42,531</u>	<u>42,531</u>	<u>42,531</u>	<u>25,853</u>	<u>25,853</u>	<u>25,853</u>
<i>Fund Balance - End of Year</i>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 240,927</u>	<u>\$ (0)</u>	<u>\$ (0)</u>	<u>\$ 52,925</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 43,400</u>

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

Lookeba-Sickles ISD No. 12, Caddo County
Notes To The Financial Statements
For The Year Ended June 30, 2014

Note 1 - Summary of Significant Accounting Policies

The basic financial statements of the Lookeba-Sickles Public Schools Independent District No. 12, Caddo County, Oklahoma (the "District") have been prepared in conformity with an other comprehensive basis of accounting as prescribed by the Oklahoma State Department of Education. The more significant of the District's accounting policies are described below.

1.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 the 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. The District has various supporting groups. However, the District does not appoint any of the board members or exercise any oversight authority over these groups and the dollar amounts are not material to the District.

1.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."

Lookeba-Sickles ISD No. 12, Caddo County
Notes To The Financial Statements
For The Year Ended June 30, 2014

Note 1 - Summary of Significant Accounting Policies, (continued)

1.B. Fund Accounting, Governmental Fund Types, (continued)

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).

1. General Fund - The General Fund is used to account for all financial transactions except those required to be accounted for in another fund. Major revenues 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.

2. Special Revenue Funds - The Special Revenue Funds of the District consist of the Building Fund and the Child Nutrition Fund.

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

Child Nutrition Fund - The Child Nutrition Fund consists of monies collected from meals served to students and employees of the district and is expended on food, supplies and salaries to operate the lunchroom. The district also deposits reimbursements received from the National School Lunch and Breakfast programs into this fund.

3. 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 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.

4. Capital Projects Fund - The capital projects fund consists of the District's 2007 Combined Purpose Bond Fund. This fund 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. When these assets are held under the terms of a formal trust agreement, trust funds are used for their accounting and reporting. 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.

Lookeba-Sickles ISD No. 12, Caddo County
Notes To The Financial Statements
For The Year Ended June 30, 2014

Note 1 - Summary of Significant Accounting Policies, (continued)

1.B. Fund Accounting, (continued)

1. Agency Funds - The Agency Fund is the School Activities fund, which is used to account for monies, collected principally through fundraising efforts of the students and District-sponsored groups. The administration is responsible, under the authority of the Board, of 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.

1. General long-term Debt Account Group - This account group is used 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. It is also used to account for liabilities for compensated absences and early retirement incentives, which are to be paid from funds provided in future years.

2. General Fixed Asset Account Group - This account group is used to account for property, plant and equipment of the District. The District does not have the information necessary to include this group in its combined financial statements.

Memorandum Only - Total Column

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

1.C. Basis of Accounting and Presentation

The District prepares its 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 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 and inventories are recorded as assets when purchased.
- Capital assets in proprietary funds are recorded when acquired and depreciated over their useful lives.
- Warrants payable are recorded as liabilities when issued.
- Long-term debt is recorded when incurred.

Lookeba-Sickles ISD No. 12, Caddo County
Notes To The Financial Statements
For The Year Ended June 30, 2014

Note 1 - Summary of Significant Accounting Policies, (continued)

1.C. Basis of Accounting and Presentation, (continued)

- Accrued compensated absences are recorded as an expenditure and liability when the obligation is incurred.

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

1.D. Budgets and Budgetary Accounting

The District is required by state law to prepare an annual budget. The board of education requests an initial temporary appropriations budget from the county excise board before June 30. Then no later than October 1, the board of education prepares financial statement and estimate of needs and files it with the applicable county clerk and the State Department of Education. The final budget may be revised upon approval of the board of education and the county excise board.

Under current Oklahoma Statutes, a formal budget is required for all funds except for trust and agency funds. Budgets are presented for all funds that include the originally approved budgeted appropriations for expenditures and final budgeted appropriations as adjusted for supplemental appropriations and approved transfers between budget categories.

1.E. 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 direct obligations of the United States government and agencies with maturities greater than three months when purchased. All investments are records at cost, which approximated market value.

Property Tax Revenues – 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. The County Assessor, upon receipt of the certification of tax levies from the county excise board, extends the tax levies on the tax roll 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 are due prior to January 1. The second half is due prior to April 1.

Lookeba-Sickles ISD No. 12, Caddo County
Notes To The Financial Statements
For The Year Ended June 30, 2014

Note 1 - Summary of Significant Accounting Policies, (continued)

1.E. Assets, Liabilities and Fund Equity, (continued)

If the first payment is not made timely, 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.

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

Fixed Assets and Property, Plant and Equipment - The General Fixed Asset Account Group has not been presented.

Compensated Absences - Vested or accumulated vacation leave that is expected to be liquidated with expendable available financial resources is reported as an expenditure and a fund liability of the governmental fund that will pay it. There are no amounts of vested or accumulated vacation leave that are not expected to be liquidated with expendable available financial resources. Vested or accumulated vacation leave of proprietary funds is recorded as an expense and liability of those funds as the benefits accrue to employees.

No liability is recorded for nonvesting accumulating rights to receive sick pay benefits. Vested accumulated rights to receive sick pay benefits are not material and thus, have not been reported in the general long-term debt account group.

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. Long-term liabilities expected to be financed from proprietary fund operations are accounted for in those funds.

Fund Balance - In the fund financial statements, governmental funds report the hierarchy of fund balances. The hierarchy is based primarily on the degree of spending constraints placed upon use of resources for specific purposes versus availability of appropriation. An important distinction that is made in reporting fund balance is between amounts that are considered *nonspendable* (i.e., fund balance associated with assets that are *not in spendable form*, such as inventories or prepaid items, long-term portions of loans and notes receivable, or items that are legally required to be maintained intact (such as the corpus of a permanent fund) and those that are spendable (such as fund balance associated with cash, investments or receivables).

Amounts in the *spendable* fund balance category are further classified as *restricted*, *committed*, *assigned* or *unassigned*, as appropriate.

Restricted fund balance represents amounts that are constrained either externally by creditors (such as debt covenants), grantors, contributors or laws or regulations of other governments; or by law, through constitutional provisions or enabling legislation.

Lookeba-Sickles ISD No. 12, Caddo County
Notes To The Financial Statements
For The Year Ended June 30, 2014

Note 1 - Summary of Significant Accounting Policies, (continued)

1.E. Assets, Liabilities and Fund Equity, (continued)

Committed fund balance represents amounts that are useable only for specific purposes by formal action of the government's highest level of decision-making authority. Such amounts are not subject to legal enforceability (like restricted amounts), but cannot be used for any other purpose unless the government removes or changes the limitation by taking action similar to that which imposed the commitment.

Assigned fund balance represents amounts that are intended to be used for specific purposes, but are neither restricted nor committed. Intent is expressed by the governing body itself, or a subordinated high-level body or official who the governing body has delegated the authority to assign amounts to be used for specific purposes. Assigned fund balances includes all remaining spendable amounts (except negative balances) that are reported in governmental funds other than the general fund, that are neither restricted nor committed, and amounts in the general fund that are intended to be used for specific purpose in accordance with the provisions of the standard.

Unassigned fund balance is the residual classification for the general fund. It represents the amounts that have not been assigned to other funds, and that have not been restricted, committed, or assigned to specific purposes within the general fund.

1.F. Revenue, Expenses, and Expenditures

State Sources - Revenues from state sources for current operations are primarily governed by the state aid formula under provisions of Article XVIII, Title 70, Oklahoma Statutes. The State Board of Education administers the allocation of the 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 revenue from the state to administer certain categorical education programs. The State Board of Education rules require that revenue earmarked for these programs be expended only for the program for which the money is provided. These rules also 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.

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

All other interfund transactions, except quasi-external transactions and reimbursements, are reported as transfers. Transfers in/transfers out may not agree because activity fund transactions are not included.

Lookeba-Sickles ISD No. 12, Caddo County
Notes To The Financial Statements
For The Year Ended June 30, 2014

Note 2 – Deposit and Investment Risk

The District held the following deposits and investments at June 30, 2014:

			Carrying Value
Deposits			
Demand Deposits	\$		673,418
Time Deposits			0
Total Deposits	\$		673,418
Investments			
	<u>Credit Rating</u>	<u>Maturity</u>	<u>Fair Value</u>
			\$ 0
Total Investments			\$ 0
Reconciliation to the Combined Statement of Assets, Liabilities and Equity			
Cash and Cash Equivalents			\$ 662,903
Activity Fund Outstanding Checks			10,515
Total Deposits and Investments			\$ 673,418

Custodial Credit Risk – Exposure to custodial credit related to deposits exists when the District holds deposits that are uninsured and uncollateralized; collateralized with securities held by the pledging financial institution, or by its trust department or agent but not in the District’s name; or collateralized without a written or approved collateral agreement. Exposure to custodial credit risk related to investments exists when the District holds investments that are uninsured and unregistered, with securities held by the counterparty or by its trust department or agent but not in the District’s name.

The District’s policy as it relates to custodial credit risk is to secure its uninsured deposits with collateral, valued at no more than market value, at least at a level of 100 percent of the uninsured deposits and accrued interest thereon. The investment policy and state law also limits acceptable collateral to U.S. Treasury and agency securities and direct debt obligations of the state, municipalities, counties, and school districts in the state of Oklahoma, surety bonds, and letters of credit. As required by Federal 12 U.S.C.A., Section 1823(e), all financial institutions pledging collateral to the District must have a written collateral agreement approved by the board of directors or loan committee.

At June 30, 2014, the District was not exposed to custodial credit risk as defined above.

Investment Credit Risk – The District has no investment policy that limits its investment choices other than the limitations of state law that generally authorize investment in:

1. Direct obligations of the U.S. Government, its agencies and instrumentalities to which the full faith and credit of the U.S. Government is pledged, or obligations to the payment of which the full faith and credit of the State is pledged.
2. Certificates of deposit of banks when such certificates of deposits are secured by acceptable collateral for the deposit of public monies..
3. Savings accounts or saving certificates to the extent that such accounts or certificates are fully insured by the United States Government.
4. Repurchase agreements that have underlying collateral including obligations of the United States government, its agencies and instrumentalities, or the State of Oklahoma.
5. County, municipal or school district debt obligations for which an ad valorem tax may be levied.

Lookeba-Sickles ISD No. 12, Caddo County
Notes To The Financial Statements
For The Year Ended June 30, 2014

Note 2 – Deposit and Investment Risk, (continued)

6. Money market funds regulated by the SEC and in which investments consist of the investments consist of obligations of the United States, its agencies and instrumentalities.
7. Warrants, bonds or judgments of the school district.
8. Qualified pooled investment programs through an interlocal cooperative agreement formed pursuant to applicable law and to which the board of education has voted to be a member, the investments of which consist of those items specified in paragraphs 1 through 7 above, as well as obligations of the United States agencies and instrumentalities.
9. Any other investment that is authorized by law.

Investment credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligation. The District has no formal policy limiting investments based on credit rating, but discloses any such credit risk associated with their investment by reporting the credit quality ratings of investment in debt securities as determined by nationally recognized statistical rating organizations-rating agencies-as of the year end. Unless there is information to the contrary, obligations of the U.S. government or obligations explicitly guaranteed by the U.S. government are not considered to have credit risk and do not require disclosure of credit quality.

The district had no investment credit risk as of June 30, 2014, as defined above.

Investment Interest Rate Risk – Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The District does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. The District discloses its exposure to interest rate risk by disclosing the maturity dates of its various investments. The District had no investment interest rate risk as defined above.

Concentration of Investment Credit Risk – Exposure to concentration of credit risk is considered to exist when investments in any one issuer represent a significant percent of total investments of the District (any over 5 percent are disclosed). Investments issued or explicitly guaranteed by the U.S. government and investments in mutual funds, external investment pools, and other pooled investments are excluded from this consideration. The District places no limit on the amount it may invest in any one issuer.

At June 30, 2014, the District had no concentration of credit risk as defined above.

Note 3 - 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 and transportation purposes. These bonds are required to be fully paid serially within 25 years from the date of issue.

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

Lookeba-Sickles ISD No. 12, Caddo County
Notes To The Financial Statements
For The Year Ended June 30, 2014

Note 3 - General Long-term Debt, (continued)

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

	Bonds Payable	Capital Lease Obligations	Compensated Absences	Total
Balance July 1, 2013	\$ 445,000	\$ 0	\$ 0	\$ 445,000
Additions	0	0	0	0
Retirements	75,000	0	0	75,000
Balance, June 30, 2014	<u>\$ 370,000</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 370,000</u>

A brief description of the outstanding general obligation bond issues at June 30, 2014, is set forth below:

	Interest Rate	Maturity Date	Amount Issued	Amount Outstanding
2012 Transportation Bonds	1.00%	November 1, 2017	\$ 370,000	\$ 370,000
Totals			<u>\$ 370,000</u>	<u>\$ 370,000</u>

Presented below is a summary of debt service requirements to maturity by years and by each bond issue:

	Principal	Interest	Total
2012 Transportation Bonds			
2014-15	\$ 40,000	\$ 3,500	43,500
2015-16	110,000	2,750	112,750
2016-17	110,000	1,650	111,650
2017-18	110,000	550	110,550
Total Bonds	<u>\$ 370,000</u>	<u>\$ 8,450</u>	<u>\$ 378,450</u>

Interest expense on bonds payable incurred during the current year totaled \$8,400.

Note 4 - Employee Retirement System

Plan Description - The District participates in the state-administered Oklahoma Teachers' Retirement System (the "System") which is a cost-sharing multiple-employer defined benefit Public Employee Retirement System (PERS). The administration, benefits, and funding of the System are governed by Article XVII, Section 70 of the Oklahoma Statutes. The System is administered by a board of trustees which acts as a fiduciary for investing the funds and governing the administration of the System. PERS provides retirement, disability and death benefits to plan members and beneficiaries. The district has no responsibility or authority for the operation and administration of the System nor has it any liability, except for the current contribution requirements.

The System issues a publicly available financial report that includes financial statements and required supplementary information that can be obtained in writing at the Teachers' Retirement System of Oklahoma, P.O. Box 53524, Oklahoma City, Ok 73152 or by calling (405) 521-2387.

Funding Policy - Under the System, contributions are made by the District, the State of Oklahoma, and the participating employees. Participation is required for all teachers and other certified employees and is optional for all other regular employees of public education institutions who work at least 20 hours per week.

Lookeba-Sickles ISD No. 12, Caddo County
Notes To The Financial Statements
For The Year Ended June 30, 2014

Note 4 - Employee Retirement System, (continued)

The contribution rates for the District and its employees, which are not actuarially determined, are established by statute and applied to the employee's earnings, plus employer-paid fringe benefits. The District is required by statute to contribute 9.50% of applicable compensation for the year ended June 30, 2014. The District is allowed by the Oklahoma Teacher's Retirement System to make the required contributions on behalf of the participating members. The required contribution for participating members is 7%.

The District's contributions to the System for the years ending June 30, 2014, 2013, and 2012 were \$90,396, \$95,206, and \$99,417, respectively.

The compensation for employees covered by the System for the year ended June 30, 2014 was \$964,155; the District's total compensation was \$1,294,528. In addition to the District's 9.50% contributions, the District was required to pay into the System 8.25% of compensation arising from federal grants \$5,409. There were \$43,996 contributions made by employees during the year ended June 30, 2014.

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 nonfunded pension benefit obligation of the System as determined as part of the latest actuarial valuation dated June 30, 2013, is as follows:

Total pension obligation	\$ 18,973,166,739
Net assets available for benefits, at cost	<u>10,861,057,537</u>
Nonfunded pension benefit obligation	<u>\$ 8,112,109,202</u>

The System's accounting records are maintained on the cash basis of accounting, except for accruals of interest income.

Ten-year historical trend information is presented in the Teacher's Retirement System of Oklahoma Annual Report for the year ended June 30, 2013. This information is useful in assessing the pension plan's accumulation of sufficient assets to pay pension benefits as they come due.

Note 5 - Contingencies

Amounts received or receivable from grantor agencies are subject to audit and adjustment by grantor agency. 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 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. The District had the following insurance coverage during the year: Commercial property - \$9,674,809; general and educators liability \$1,000,000. Settled claims resulting from these risks have not exceeded the commercial insurance coverage in any of the past three fiscal years.

Lookeba-Sickles ISD No. 12, Caddo County
Notes To The Financial Statements
For The Year Ended June 30, 2014

Note 6 – Risk Management, (continued)

The School also participates in a risk pool for Workers' Compensation coverage in which there is a transfer or pooling of risks among the participants of that pool. In accordance with GASB No. 10, the school reports the required contribution to the pool, net of refunds, as insurance expense. The risk pool is the Oklahoma School Assurance Group (OSAG), an organization formed for the purpose of providing workers' compensation coverage to participating schools in the State of Oklahoma. In that capacity, OSAG is responsible for providing loss control services and certain fiscal activities, including obtaining contract arrangements for the underwriting, excess insurance agreements, claims processing, and legal defense for any and all claims submitted to them during the plan year. As a member of OSAG the District is required to pay fees set by OSAG according to an established payment schedule. A portion of the fees paid by the District goes into a loss fund for the District. The fee for the loss fund is calculated by projecting losses based on the schools losses for the last five year. OSAG provides coverage in excess of the Loss Fund so the District's liability for claim loss is limited to the balance of the loss fund. If the District does not use their loss fund in three years it is returned to them with no interest.

Note 7 - Use of Estimates

The preparation of financial statements in conformity with the cash basis and budget laws of the Oklahoma State Department of Education requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Note 8 - Surety Bonds

The Treasurer/minutes clerk/activity fund custodian are bonded by Old Republic Surety Group bond number 2060581 for the penal sum of \$75,000 for the term August 22, 2013 to August 22, 2014.

The Encumbrance clerk and lunch custodian are bonded by Old Republic Surety Group bond number 2060581 for the penal sum of \$5,000 each for the term August 22, 2013 to August 22, 2014.

The Superintendent is bonded by Old Republic Surety Group bond number W15017042 for the penal sum of \$100,000 for the term September 11, 2013 to September 11, 2014.

OTHER SUPPLEMENTAL INFORMATION

Lookeba-Sickles School District No.1-012, Caddo County, Oklahoma
Combining Statement of Assets, Liabilities and Fund Balances
Regulatory Basis - All Special Revenue Funds
For the Year Ending June 30, 2014

<u>ASSETS</u>	<u>Building Fund</u>	<u>Child Nutrition Fund</u>	<u>Total June 30, 2014</u>
Cash and Cash Equivalents	\$ 30,129	\$ 65,111	\$ 95,239
Investments	<u>0</u>	<u>0</u>	<u>0</u>
<i>Total Assets</i>	<u>\$ 30,129</u>	<u>\$ 65,111</u>	<u>\$ 95,239</u>
<u>LIABILITIES AND FUND BALANCE</u>			
Liabilities:			
Warrants Payable	\$ 1,830	\$ 40,485	\$ 42,314
Reserve for Encumbrances	<u>0</u>	<u>0</u>	<u>0</u>
<i>Total Liabilities</i>	<u>\$ 1,830</u>	<u>\$ 40,485</u>	<u>\$ 42,314</u>
Fund Balances:			
Restricted	<u>\$ 28,299</u>	<u>\$ 24,626</u>	<u>\$ 52,925</u>
<i>Total Fund Balances</i>	<u>\$ 28,299</u>	<u>\$ 24,626</u>	<u>\$ 52,925</u>
<i>Total Liabilities and Fund Balances</i>	<u>\$ 30,129</u>	<u>\$ 65,111</u>	<u>\$ 95,239</u>

Lookeba-Sickles School District No.1-012, Caddo County, Oklahoma
Combining Statement of Revenues Collected, Expenditures Paid and Changes in Fund Balances
Regulatory Basis - Special Revenue Funds
For the Year Ending June 30, 2014

	Building Fund	Child Nutrition Fund	Total June 30, 2014
Revenue Collected:			
Local Sources	\$ 37,705	\$ 59,137	\$ 96,842
Intermediate Sources	0	0	0
State Sources	0	2,090	2,090
Federal Sources	0	105,989	105,989
Non-Revenue Receipts	0	0	0
<i>Total Revenue Collected</i>	\$ 37,705	\$ 167,215	\$ 204,920
 Expenditures Paid:			
Instruction	\$ 0	\$ 0	\$ 0
Support Services	31,660	0	31,660
Operation of Non-Instructional Services	0	124,867	124,867
Facilities Acquisition and Construction	0	0	0
Other Outlays	0	0	0
Other Uses	0	0	0
Repayments	0	0	0
Interest Paid and Bank Charges	0	0	0
<i>Total Expenditures Paid</i>	\$ 31,660	\$ 124,867	\$ 156,527
 <i>Excess of Revenues Collected Over (Under) Expenditures Paid Before Adjustments to Prior Year Encumbrances</i>			
	\$ 6,045	\$ 42,348	\$ 48,394
 Adjustments to Prior Year Encumbrances			
	\$ 0	\$ 0	\$ 0
 Other Financing Sources (Uses):			
Estopped Warrants	\$ 0	\$ 0	\$ 0
Transfers In	0	0	0
Transfers Out	0	(38,000)	(38,000)
<i>Total Other Financing Sources (Uses)</i>	\$ 0	\$ (38,000)	\$ (38,000)
 <i>Excess (Deficiency) of Revenue Collected Over Expenditures Paid and Other Financing Sources (Uses)</i>			
	\$ 6,045	\$ 4,348	\$ 10,394
<i>Fund Balance - Beginning of Year</i>	22,253	20,278	42,531
<i>Fund Balance - End of Year</i>	\$ 28,299	\$ 24,626	\$ 52,925

Lookeba-Sickles School District No.I-012, Caddo County, Oklahoma
 Combining Statement of Revenues Collected, Expenditures Paid and Changes in Fund Balances
 Special Revenue Funds - Budget and Actual
 For the Year Ending June 30, 2014

	Building Fund			Child Nutrition Fund			Total		
	Original Budget	Final Budget	Actual	Original Budget	Final Budget	Actual	Original Budget	Final Budget	Actual
Revenue Collected:									
Local Sources	\$ 34,825	\$ 34,825	\$ 37,705	\$ 47,400	\$ 47,400	\$ 59,137	\$ 82,225	\$ 82,225	\$ 96,842
Intermediate Sources	0	0	0	0	0	0	0	0	0
State Sources	0	0	0	2,000	2,000	2,090	2,000	2,000	2,090
Federal Sources	0	0	0	95,000	95,000	105,989	95,000	95,000	105,989
Non-Revenue Receipts	0	0	0	0	0	0	0	0	0
<i>Total Revenue Collected</i>	<u>\$ 34,825</u>	<u>\$ 34,825</u>	<u>\$ 37,705</u>	<u>\$ 144,400</u>	<u>\$ 144,400</u>	<u>\$ 167,215</u>	<u>\$ 179,225</u>	<u>\$ 179,225</u>	<u>\$ 204,920</u>
Expenditures Paid:									
Instruction	\$ 13,895	\$ 13,895	\$ 0	\$ 0	\$ 0	\$ 0	\$ 13,895	\$ 13,895	\$ 0
Support Services	42,096	42,096	31,660	0	0	0	42,096	42,096	31,660
Operation of Non-Instructional Services	1,087	1,087	0	164,678	164,678	124,867	165,765	165,765	124,867
Facilities Acquisition and Construction	0	0	0	0	0	0	0	0	0
Other Outlays	0	0	0	0	0	0	0	0	0
Other Uses	0	0	0	0	0	0	0	0	0
Repayments	0	0	0	0	0	0	0	0	0
Interest Paid	0	0	0	0	0	0	0	0	0
<i>Total Expenditures Paid</i>	<u>\$ 57,078</u>	<u>\$ 57,078</u>	<u>\$ 31,660</u>	<u>\$ 164,678</u>	<u>\$ 164,678</u>	<u>\$ 124,867</u>	<u>\$ 221,756</u>	<u>\$ 221,756</u>	<u>\$ 156,527</u>
<i>Excess of Revenues Collected Over (Under) Expenditures Paid Before Adjustments to Prior Year Encumbrances</i>	<u>\$ (22,253)</u>	<u>\$ (22,253)</u>	<u>\$ 6,045</u>	<u>\$ (20,278)</u>	<u>\$ (20,278)</u>	<u>\$ 42,348</u>	<u>\$ (42,531)</u>	<u>\$ (42,531)</u>	<u>\$ 48,394</u>
Adjustments to Prior Year Encumbrances	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
Other Financing Sources (Uses):									
Estopped Warrants	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Transfers In	0	0	0	0	0	0	0	0	0
Transfers Out	0	0	0	0	0	(38,000)	0	0	(38,000)
<i>Total Other Financing Sources (Uses)</i>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ (38,000)</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ (38,000)</u>
<i>Excess (Deficiency) of Revenue Collected Over Expenditures Paid and Other Financing Sources (Uses)</i>	<u>\$ (22,253)</u>	<u>\$ (22,253)</u>	<u>\$ 6,045</u>	<u>\$ (20,278)</u>	<u>\$ (20,278)</u>	<u>\$ 4,348</u>	<u>\$ (42,531)</u>	<u>\$ (42,531)</u>	<u>\$ 10,394</u>
<i>Fund Balance - Beginning of Year</i>	<u>22,253</u>	<u>22,253</u>	<u>22,253</u>	<u>20,278</u>	<u>20,278</u>	<u>20,278</u>	<u>42,531</u>	<u>42,531</u>	<u>42,531</u>
<i>Fund Balance - End of Year</i>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 28,299</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 24,626</u>	<u>\$ (0)</u>	<u>\$ (0)</u>	<u>\$ 52,925</u>

Lookeba-Sickles School District No. I-012, Caddo County, Oklahoma
Combining Assets, Liabilities and Fund Equity
Activity Fund - Regulatory Basis
For the Year Ending June 30, 2014

<u>ASSETS</u>	<u>School Activity Fund</u>
Cash	\$ 53,266
Investments	<u>0</u>
<i>Total Assets</i>	<u>\$ 53,266</u>
<u>LIABILITIES AND FUND EQUITY</u>	
Liabilities:	
Due To Activity Groups	\$ <u>53,266</u>
<i>Total Liabilities</i>	<u>\$ 53,266</u>
Fund Equity:	
Unreserved/Undesignated	\$ <u>0</u>
<i>Total Liabilities and Fund Equity</i>	<u>\$ 53,266</u>

Lookeba-Sickles School District No.1-012, Caddo County, Oklahoma
Combining Statement of Changes in Assets and Liabilities
Regulatory Basis - Activity Fund
For the Year Ending June 30, 2014

<u>ACTIVITIES</u>	<u>Balance</u> <u>July 1, 2013</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2014</u>
ATHLETICS	\$ 1,829	\$ 64,175	\$ 56,121	\$ 9,883
ELEM. ACTIVITY	9,856	13,950	14,974	8,832
PEP CLUB'	1,982	7,607	9,139	450
HIGH SCHOOL ACTIVITY	243	0	231	11
VOC AGRICLTURE	14,510	50,581	50,285	14,806
FCCLA	1,901	396	704	1,592
ELEM. 4-H CLUB	3,682	6,249	7,786	2,146
MISCELLANEOUS	63	99	101	61
STUDENT COUNCIL	1,773	2,967	3,248	1,492
LIBRARY	123	0	0	123
SUPPLIES	23	0	21	2
PETTY CASH	0	864	864	0
ELEM. PETTY CASH	0	1,194	1,194	0
VOCAL MUSIC	3,323	3,705	5,935	1,094
J.H. & H.S. 4-H CLUB	412	1,151	1,109	454
YEARBOOK	6,342	5,648	3,804	8,187
F.C.A.	33	0	0	33
CLASS OF 2013	209	0	209	0
CLASS OF 2014	1,721	444	2,165	0
CLASS OF 2015	0	4,187	3,305	882
WASHITA VALLEY CONFERI	2,649	2,108	1,537	3,220
Total Activities	\$ <u>50,674</u>	\$ <u>165,325</u>	\$ <u>162,733</u>	\$ <u>53,266</u>

LOOKEBA-SICKLES INDEPENDENT SCHOOL DISTRICT NO.12, CADDO COUNTY
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2014

Federal Grantor/Pass Through Grantor/Program Title	Federal CFDA#	Pass-Through Grantor's Project Number	Deferred Revenue (Accounts Receivable) July 1, 2013	Federal Grant Receipts	Federal Grant Expenditures	Deferred Revenue (Accounts Receivable) June 30, 2014	Indirect Cost
U.S. Department of Education							
<u>Direct Programs:</u>							
Title VII, Part A-Indian Education	84.060A	561	0	7,049	8,274	(1,225)	
Title VI, Small Rural School Achievement	84.358A	588	0	13,430	13,430	0	
Title VIII, Impact Aid	84.041	591/592	0	14,825	14,825	0	
<u>Passed Through Oklahoma State Department of Education:</u>							
Title I, Basic (Note 3)	84.010	511	0	57,151	64,729	(7,578)	2,467
Title I Cluster			0	57,151	64,729	(7,578)	2,467
IDEA-B Flowthrough	84.027	621	0	50,641	50,649	(8)	
IDEA-B Preschool (Note 4)	84.173	641	0	267	267	0	
Special Education Cluster			0	50,908	50,916	(8)	
Teacher/Principal Training	84.367	541/586	0	16,406	16,406	0	
Total U.S. Department of Education			0	159,769	168,579	(8,811)	2,467
U.S. Department of Agriculture							
<u>Passed Through State Department of Education:</u>							
Breakfast Program	10.553	764		35,058	35,058	0	
Lunch Program	10.555	763	0	70,930	70,930	(0)	
Commodities Distributed-Lunch (Note 2)	10.555	N/A	0	8,902	8,902	0	
Child Nutrition Cluster			0	114,890	114,890	(0)	
Total U.S. Department of Agriculture			0	114,890	114,890	(0)	
TOTAL FEDERAL ASSISTANCE			0	274,659	283,470	(8,811)	2,467

Note 1 - The Schedule of Federal Awards expended was prepared using the same accounting policies used in preparing the District's Financial Statements. The District's policy is to recognize expenditures when encumbered (contracted for) rather than at the time the related fund liability is incurred.

Note 2 - Commodities received were of a nonmonetary nature and therefore the total revenue does not agree with the financial statements by the amount of commodities received.



ANGEL,
JOHNSTON &
BLASINGAME, P.C.

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CERTIFIED PUBLIC ACCOUNTANTS

**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**

The Honorable Board of Education
Lookeba-Sickles Independent School District #12
Caddo County, Oklahoma

Board Members:

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 fund type and account group financial statements, regulatory basis, of **Lookeba-Sickles Independent School District #12**, Caddo County, Oklahoma, as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the District's combined financial statements and have issued our report thereon dated December 9, 2014. The report on these financial statements was adverse because the District has elected to prepare its financial statements on the basis of the financial reporting provisions of the Oklahoma State Department of Education, which is a material departure from accounting principles generally accepted in the United States of America. Our opinion regarding the presentation of the financial statements referred to above in conformity with the prescribed basis of accounting was qualified due to the omission of the general fixed asset account group.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered **Lookeba-Sickles Independent School District #12**, Caddo County, Oklahoma's (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 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 and therefore, material weaknesses or significant deficiencies may exist that were not identified. 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. We did identify certain deficiencies in internal control, described below, that we consider to be significant deficiencies.

2014-1 Finding

Statement of Condition – When testing the Elementary 4-H activity account carnival fundraiser, we noted a deposit was held for approximately 6 months before being deposited. The money was counted by 2 individuals and was turned into the principal when originally collected. Instead of putting it in the vault, it was put in his desk and forgotten. It appears all the money was ultimately deposited; however, it was not timely deposited. We also noted some Vo-ag deposits which were not being made timely.

Criteria–Oklahoma State Statues require deposits be made daily if over \$100, but never less than once per month.

Cause/Effect of Condition – The principal did not follow procedures for depositing money which increases the risk of money being misplaced or stolen.

Recommendation – Money should be turned in daily by sponsors.

2014-2 Finding

Statement of Condition – The High School Baseball account paid an invoice to Sam’s Club that was actually for the Booster club. When they realized the error had been made, they contacted the booster club and the booster club reimbursed the school.

Criteria– Internal control procedures require a requisition be approved prior to ordering goods or services and also after goods and services are received. The individual receiving the goods or services should initial verifying that they were received.

Cause/Effect of Condition – It appears the school did not follow procedures requiring a signed requisition and an individual initialing the invoice, verifying goods or services were received prior to paying the bill. This could result in unauthorized expenditures being paid by the school.

Recommendation – The school should make every effort to ensure that bills paid are actually the schools obligation.

2014-3 Finding

Statement of Condition – We noted an instance where the amount of sick leave carried over to the next year, did not appear to be accurate. The amount of sick leave carried over on the individual was approximately 17 days more than what we calculated it should have been based on the number of days accrued at the beginning of the year, plus accrued for the year, less the number of days taken.

Criteria– Sick leave records should be maintained that accurately track days accrued and used.

Cause/Effect of Condition – Sick leave records were not accurate, therefore employees could carry over amounts in excess of their actual accrued leave.

Recommendation – We recommend that sick leave records be reviewed to ensure accuracy.

2014-4 Finding

Statement of Condition – The activity fund shows checks on its outstanding list from 2007 through 2012 in the amount of \$772.97. These checks should be estopped.

Criteria– Old checks which are not expected to be cashed should be taken off the books and added back into the sub account from which they originated.

Cause/Effect of Condition – The old checks have been on the books for quite some time and employees were not sure how to get them off the books.

Recommendation – The district should contact their bookkeeping software company and find out the proper procedure to get these old outstanding amounts off the books and back into the appropriate sub-accounts.

2014-5 Finding

Statement of Condition – When testing the Vocal Music calendar fundraiser, we noted that there were a lot of calendars not sold. They purchased 200 calendars, sold 60, gave away 61 and had 43 remaining in inventory. That leaves 36 calendars which could not be explained.

Criteria– Good internal control procedures require sponsors to account for fundraisers by tracking amounts purchased, amounts sold/given away and amounts remaining in inventory. Any amounts unaccounted for should be explained.

Cause/Effect of Condition – The sponsor may be purchasing more calendars than needed and does not appear to be reconciling the fundraiser. This increases the risk of product being misplaced or stolen and potential for a reduced profit margin.

Recommendation – We recommend sponsors complete a reconciliation sheet for each fundraiser they are in charge , showing amount of goods purchased, expected profit and actual profit and explain any variance in expected and actual profit.

2014-6 Finding

Statement of Condition – The activity fund custodian is paying credit card bills directly from invoices that the sponsors turn in. She receives a statement from the credit card company monthly, but does not keep the itemized statement for documentation.

Criteria– Oklahoma State Statutes require that expenditures be paid from an itemized invoice and that documentation be maintained to support the payment.

Cause/Effect of Condition – The activity fund custodian did not think it was necessary to keep the itemized credit card statement. There is no documentation for the actual charges on the credit card.

Recommendation – Credit card itemized bills should be kept as documentation.

Compliance and Other Matters

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

Lookeba-Sickles Independent School District #12, Oklahoma's, Response to Findings

Lookeba-Sickles Independent School District #12, Oklahoma's responses to the findings identified in our audit are described in the attached corrective action plan. The District's responses were not subjected to the auditing procedures applied in the audit of the financial statements and accordingly, we express no opinion on them.

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.

Angel, Johnston + Blessingame, P.C.

Chickasha, Oklahoma
December 9, 2014

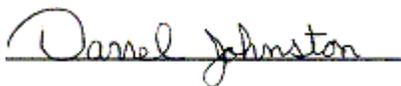
OTHER INFORMATION

Lookeba-Sickles ISD No. 12, Caddo County
Schedule of Accountant's Professional Liability Insurance Affidavit
For Year Ending June 30, 2014

STATE OF OKLAHOMA)
)ss
COUNTY OF GRADY)

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 *Lookeba- Sickles Independent School District* for the audit year 2013-14.

ANGEL, JOHNSTON, & BLASINGAME, P.C.



by _____

Subscribed and sworn to before me this _____ day of _____, 2014.

Notary Public

My Commission Expires 07-01-18

Lookeba-Sickles ISD No. 12, Caddo County
Disposition of Prior Year Audit Findings
Year Ended June 30, 2014

2013-1 Finding

Statement of Condition – During our testing of athletic gates, we noted that the reconciliations were not being completed correctly. The employees were not calculating the amount to be collected (tickets sold times ticket price) and comparing it to actual collections. Therefore, they are not noticing when deposits are long or short. In one instance, the total deposit was \$708, but based on the beginning and ending ticket numbers times ticket price, they should have deposited \$972, making it \$264 short.

Criteria - In order for the ticketing control procedure to work, the reconciliation must be filled out and completed correctly.

Cause/Effect of Condition – Individuals working gate, may not understand the reconciliation procedure. If this procedure is not being followed correctly, theft of funds could occur.

Recommendation – Individuals working the gates need to understand and complete all reconciling procedures.

Current Status – This was corrected during the 2013-14 year.

2013-2 Finding

Statement of Condition – During testing of the Vo Ag fundraisers, we noted that more deposits were made than receipts issued. Thus, it appears receipts are not being issued for all collections. We also noted that deposits were being held, in some instances 6-15 days before taking the money to the bank.

Criteria – Receipts should be issued anytime a sponsor collects money. Oklahoma Statutes require deposits be made daily if over \$100, and if under \$100 at least once a week.

Cause/Effect of Condition - Sponsor is not following receipting and depositing procedures. This could result in theft or loss of money.

Recommendation - Receipts should be issued anytime money is collected and deposits should be made in a timely manner.

Current Status – We still noted instances where money was not being deposited timely during the 2013-14 year.

2013-3 Finding

Statement of Condition – We noted time sheets had not been turned in by the treasurer for the entire year.

Criteria – *The Fair Labor Standards Act* requires all non exempt employees to keep time records. These time sheets should be signed by the employee and the supervisor.

Cause/Effect of Condition – The treasurer was not turning in time sheets, therefore, there is no way to tell if she was overpaid or underpaid.

Recommendation - We recommend time sheets be prepared by all non exempt employees. These time sheets should be signed by the employee and the supervisor.

Current Status – Time sheets were turned in by the treasurer for the 2013-14 year.

2013-4 – Finding

Statement of Condition – We noted the treasurer’s sick leave forms from September 2012 to April 2013 were not signed by the supervisor.

Criteria – Sick leave forms should be signed by the supervisor, approving the time off was for sick leave.

Cause/Effect of Condition – Treasurer was not turning in sick leave forms for approval by the supervisor.

Recommendation – Sick leave forms should be signed by the employee and the supervisor to ensure only verified sick leave is claimed.

Current Status – The sick leave forms were signed by a supervisor for the 2013-14 year.

2013-5 – Finding

Statement of Condition – Two employees were paid a \$200 bonus for covering the work of an absent employee, but there is no documentation in their files or in the board minutes showing approval of this payment.

Criteria – All bonus payments should have board approval.

Cause/Effect of Condition – Not following procedures could allow for unauthorized payments to be made.

Recommendation - All extra payments should be approved by the board of education.

Current Status – This was not noted for the 2013-14 year.

SCHOOL'S CORRECTIVE ACTION PLAN

Lookeba-Sickles Public Schools

307 W. SICKLES AVE.
LOOKEBA, OK 73058
405-457-6623 FAX 405-457-6382

BOARD OF EDUCATION
Tommy House
Jami Radacy
Casey Horn
Frank Klassen
Chad Cooper



Mike Davis, Superintendent

ADMINISTRATION
Shirley Gathers
Secondary Principal
405-457-6621
Mike Davis
Elementary Principal
405-457-6300

Lookeba-Sickles PUBLIC SCHOOL DISTRICT

Caddo COUNTY

AUDIT FINDINGS CORRECTIVE ACTION PLAN

AUDIT YEAR 2013-2014

AUDIT FINDING REFERENCE NUMBER: 2014-1

DESCRIPTION OF FINDING: 4-H MONEY NOT DEPOSITED IN A
TIMELY MANNER

CONTACT PERSON: Mike Davis

STEPS IMPLEMENTED: I HAVE MET WITH ALL PERSONNEL WHO HANDLE
MONEY AND HAVE EXPLAINED THE IMPORTANCE OF TIMELY DEPOSITS.

COMPLETION DATE: 8-5-14

Post-It® Fax Note	7671	Date	12/9/14	# of pages	6
To	Regina	From	Lookeba-Sickles		
Co./Dept.		Co.			
Phone #		Phone #	405-457-6623		
Fax #	405-424-6364	Fax #	405-457-6382		

Lx

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Lookeba-Sickles Public Schools

307 W. SICKLES AVE.
LOOKEBA, OK 73058
405-457-6623 FAX 405-457-6382



Mike Davis, Superintendent

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Lookeba-Sickles PUBLIC SCHOOL DISTRICT

Caddo COUNTY

AUDIT FINDINGS CORRECTIVE ACTION PLAN

AUDIT YEAR 2013-2014

AUDIT FINDING REFERENCE NUMBER: 2014-2

DESCRIPTION OF FINDING: CONCESSION STANDS INVOICE PAID FROM
WRONG ACCOUNT.

CONTACT PERSON: MIKE DAVIS

STEPS IMPLEMENTED: ONLY 3 PEOPLE CAN PURCHASE CONCESSION SUPPLIES
FOR THE SCHOOL - BOOSTER CLUBS ARE STRICT ON THEIR OWN.

COMPLETION DATE: 8-5-14

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Lookeba-Sickles Public Schools

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Lookeba-Sickles PUBLIC SCHOOL DISTRICT

Caddo COUNTY

AUDIT FINDINGS CORRECTIVE ACTION PLAN

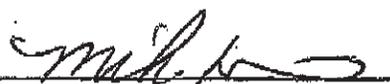
AUDIT YEAR 2013-2014

AUDIT FINDING REFERENCE NUMBER: 2014-3

DESCRIPTION OF FINDING: MAINTENANCE OF SICK LEAVE ACCOUNTS

CONTACT PERSON: Mike Davis

STEPS IMPLEMENTED: EACH SICK LEAVE ACCOUNT IS CHECKED BY THE SECRETARY - BUILDING PRINCIPAL - AND PAYROLL CLERK - AND IS REPORTED TO THE STATE TRS SYSTEM MONTHLY.

COMPLETION DATE: 8-5-14 

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Mike Davis, Superintendent

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Lookeba-Sickles PUBLIC SCHOOL DISTRICT

Caddo COUNTY

AUDIT FINDINGS CORRECTIVE ACTION PLAN

AUDIT YEAR 2013-2014

AUDIT FINDING REFERENCE NUMBER: 2014-4

DESCRIPTION OF FINDING: OUTSTANDING WARRANTS FOR 2007-2012
IN THE AMOUNT OF \$ 772.97.

CONTACT PERSON: MIKE DAVIS

STEPS IMPLEMENTED: HIGH SCHOOL SECRETARY "E-STOPPED" THE WARRANTS
AND RETURNED THE FUNDS TO THE APPROPRIATE ACCOUNTS.

COMPLETION DATE: 11-5-14 

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405-457-6823 FAX 405-457-6382

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Lookeba-Sickles PUBLIC SCHOOL DISTRICT

Caddo COUNTY

AUDIT FINDINGS CORRECTIVE ACTION PLAN

AUDIT YEAR 2013-2014

AUDIT FINDING REFERENCE NUMBER: 2014-5

DESCRIPTION OF FINDING: MUSIC ACTIVITY CALENDAR FUNDRAISOR,
LOST MONEY.

CONTACT PERSON: MIKE DAVIS

STEPS IMPLEMENTED: Vocal music instructor is currently in the
process of finding a cheaper means of producing the calendar.

COMPLETION DATE: 10-1-14 [Signature]

Lookeba-Sickles Public Schools

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Lookeba-Sickles PUBLIC SCHOOL DISTRICT

Caddo COUNTY

AUDIT FINDINGS CORRECTIVE ACTION PLAN

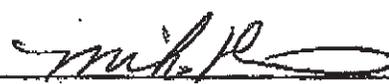
AUDIT YEAR 2013-2014

AUDIT FINDING REFERENCE NUMBER: 2014-6

DESCRIPTION OF FINDING: NOT - MATCHING GREEN CARD INVOICES WITH CREDIT CARD RECEIPTS

CONTACT PERSON: MIKE DAVIS

STEPS IMPLEMENTED: PAYMENTS ARE NOT BEING MADE UNTIL THE MONTHLY STATEMENT IS RECONCILED WITH THE INDIVIDUAL RECEIPTS.

COMPLETION DATE: 9-1-14 

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