

ROFF PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. I-37
PONTOTOC COUNTY, OKLAHOMA
Financial Statements
June 30, 2014
With Independent Auditors' Report Thereon

**ROFF PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. I-37
PONTOTOC COUNTY, OKLAHOMA
June 30, 2014**

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INDEPENDENT SCHOOL DISTRICT NO. I-37
PONTOTOC COUNTY, OKLAHOMA
June 30, 2014**

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**ROFF PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. I-37
PONTOTOC COUNTY, OKLAHOMA**

June 30, 2014

Board of Education

President	Kaycie Sheppard
Vice-President	Justin Priest
Clerk	Karon Hedges
Member	Keith Huneycutt
Member	Bill Lee

School District Treasurer

Jeannie McGehee

Minute-Encumbrance Clerk

Karen Bailey

Superintendent of Schools

Scott Morgan

JOHNSTON & BRYANT

Certified Public Accountants

Pete Johnston, C.P.A.
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MEMBER
American Institute of Certified Public Accountants
Oklahoma Society of Certified Public Accountants

INDEPENDENT AUDITOR'S REPORT

The Board of Education
Roff Independent School District Number I-37
Roff, Pontotoc County, Oklahoma

Report on the Financial Statements

We have audited the accompanying combined fund type and account group financial statements-regulatory basis of the Roff School District I-37, Roff, 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.

Roff Independent School District I-37
Pontotoc County, Oklahoma

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

As discussed in Note 1, the financial statements are prepared by the Roff School District Number I-37 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 Roff School District Number I-37 Roff, 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 Roff School District Number I-37, Roff, 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.

Roff Independent School District I-37
Pontotoc County, 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 November 12, 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.



November 12, 2014
Ada, Oklahoma

ROFF PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. I-37
PONTOTOC COUNTY, OKLAHOMA
Statement of Assets, Liabilities and Fund Balance
All Fund Types and Account Groups – Regulatory Basis
June 30, 2014

	Governmental Fund Types			
	General	Special Revenue	Debt Services	Co-Op
<u>ASSETS</u>				
Cash and Cash Equivalents	\$ 573,466	\$ 147,678	\$ 46,960	\$ 27,913
Amounts Available In Debt Services Fund	-	-	-	-
Amounts to be Provided for Retirement of General Long-Term Debt	-	-	-	-
TOTAL ASSETS	<u>\$ 573,466</u>	<u>\$ 147,678</u>	<u>\$ 46,960</u>	<u>\$ 27,913</u>
<u>LIABILITIES AND FUND BALANCE:</u>				
<u>LIABILITIES:</u>				
Warrants Payable	\$ 168,287	\$ 17,490	\$ -	\$ 7,747
Encumbrances	-	-	-	-
Long-Term Debt Bonds Payable	-	-	-	-
TOTAL LIABILITIES	<u>168,287</u>	<u>17,490</u>	<u>-</u>	<u>7,747</u>
<u>FUND BALANCE:</u>				
Fund Balance - Designated	-	-	46,960	-
Fund Balance - Undesignated	405,179	130,188	-	20,166
TOTAL FUND BALANCE	<u>405,179</u>	<u>130,188</u>	<u>46,960</u>	<u>20,166</u>
TOTAL LIABILITIES AND FUND BALANCE	<u>\$ 573,466</u>	<u>\$ 147,678</u>	<u>\$ 46,960</u>	<u>\$ 27,913</u>

See accompanying notes.

Governmental Fund-Type	Fiduciary Fund Types	Account Group	Totals (Memorandum Only)
Capital Projects	Trust and Agency	Long-Term Debt	
\$ -	\$ 88,039	\$ -	\$ 884,056
-	-	46,960	46,960
-	-	258,040	258,040
<u>\$ -</u>	<u>\$ 88,039</u>	<u>\$ 305,000</u>	<u>\$ 1,189,056</u>
\$ -	\$ -	\$ -	\$ 193,524
-	-	-	-
-	-	305,000	305,000
-	-	305,000	498,524
-	-	-	46,960
-	88,039	-	643,572
-	88,039	-	690,532
<u>\$ -</u>	<u>\$ 88,039</u>	<u>\$ 305,000</u>	<u>\$ 1,189,056</u>

**ROFF PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. I-37
PONTOTOC COUNTY, OKLAHOMA**

Statement of Revenues Collected, Expenditures Paid
and Changes in Fund Balances

All Governmental Fund Types – Regulatory Basis
Year Ended June 30, 2014

	Governmental Type Funds			
	General	Special Revenue	Debt Services	Co-Op
<u>REVENUES COLLECTED:</u>				
District Sources	\$ 476,188	\$ 108,658	\$ 78,214	\$ 44,071
Intermediate Sources	54,446	-	-	-
State Sources	1,638,726	3,330	-	21,741
Federal Sources	283,722	207,228	-	-
TOTAL REVENUE COLLECTED	<u>2,453,082</u>	<u>319,216</u>	<u>78,214</u>	<u>65,812</u>
<u>EXPENDITURES PAID:</u>				
Instruction	1,276,591	-	-	54,881
Support Services	847,120	16,963	-	-
Non-Instruction Services	13,743	221,411	-	-
Capital Outlay	-	53,880	-	-
Other Outlays	-	-	82,988	-
TOTAL EXPENDITURES PAID	<u>2,137,454</u>	<u>292,254</u>	<u>82,988</u>	<u>54,881</u>
Excess of Revenues Collected Over (Under) Expenditures Paid	315,628	26,962	(4,774)	10,931
Operating Transfers In	-	-	-	-
Excess Of Revenues Collected Over (Under) Expenditures Paid and Other Financing Sources (Uses)	315,628	26,962	(4,774)	10,931
FUND BALANCE, BEGINNING OF YEAR	<u>89,551</u>	<u>103,226</u>	<u>51,734</u>	<u>9,235</u>
FUND BALANCE, END OF YEAR	<u>\$ 405,179</u>	<u>\$ 130,188</u>	<u>\$ 46,960</u>	<u>\$ 20,166</u>

See accompanying notes.

<u>Capital Projects</u>	<u>Total (Memorandum Only)</u>
\$ -	\$ 707,131
-	54,446
-	1,663,797
-	490,950
	<u>2,916,324</u>
-	1,331,472
-	864,083
-	235,154
-	53,880
	82,988
	<u>2,567,577</u>
-	348,747
-	-
	<u>348,747</u>
-	253,746
	<u>602,493</u>
<u>\$ -</u>	<u>\$ 602,493</u>

**ROFF PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. I-37
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>REVENUES COLLECTED:</u>				
District Sources	\$ 409,978	\$ 479,358	\$ 476,188	\$ (3,170)
Intermediate Sources	44,617	44,617	54,446	9,829
State Sources	1,485,376	1,485,376	1,638,726	153,350
Federal Sources	107,991	107,991	283,722	175,731
TOTAL REVENUE COLLECTED	<u>2,047,962</u>	<u>2,117,342</u>	<u>2,453,082</u>	<u>335,740</u>
<u>EXPENDITURES PAID:</u>				
Instruction	1,276,646	1,346,026	1,276,591	69,435
Support Services	847,124	847,124	847,120	4
Non-Instruction Services	13,743	13,743	13,743	-
Capital Outlay	-	-	-	-
Other Outlays	-	-	-	-
TOTAL EXPENDITURES PAID	<u>2,137,513</u>	<u>2,206,893</u>	<u>2,137,454</u>	<u>69,439</u>
Excess of Revenues Collected Over (Under) Expenditures Paid	(89,551)	(89,551)	315,628	405,179
Operating Transfers In (Out)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess Of Revenues Collected Over (Under) Expenditures Paid and Other Financing Sources (Uses)	(89,551)	(89,551)	315,628	405,179
FUND BALANCE, BEGINNING OF YEAR	<u>89,551</u>	<u>89,551</u>	<u>89,551</u>	<u>-</u>
FUND BALANCE, END OF YEAR	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 405,179</u>	<u>\$ 405,179</u>

See accompanying notes.

**ROFF PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. I-37
PONTOTOC COUNTY, OKLAHOMA**

Combined Statement of Revenues Collected, Expenditures Paid
And Changes in Fund Balance – Budget and Actual – Regulatory Basis
Budgeted Governmental Fund – Special Revenue
Year Ended June 30, 2014

	Final Budget	Actual	Variance Favorable (Unfavorable)
<u>REVENUES COLLECTED:</u>			
District Sources	\$ 76,593	\$ 108,658	\$ 32,065
Intermediate Sources	-	-	-
State Sources	2,540	3,330	790
Federal Sources	187,813	207,228	19,415
TOTAL REVENUE COLLECTED	266,946	319,216	52,270
<u>EXPENDITURES PAID:</u>			
Instruction	-	-	-
Support Services	16,970	16,963	7
Non-Instruction Services	257,798	221,411	36,387
Other	-	-	-
Capital Outlays	95,404	53,880	41,524
TOTAL EXPENDITURES PAID	370,172	292,254	77,918
Excess of Revenues Collected Over (Under) Expenditures Paid	(103,226)	26,962	130,188
<u>OTHER FINANCING SOURCES (USES)</u>			
Operating Transfers In (Out)	-	-	-
Excess Of Revenues Collected Over (Under) Expenditures Paid and Other Financing Sources (Uses)	(103,226)	26,962	130,188
FUND BALANCE, BEGINNING OF YEAR	103,226	103,226	-
FUND BALANCE, END OF YEAR	\$ -	\$ 130,188	\$ 130,188

See accompanying notes.

**ROFF PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. I-37
PONTOTOC COUNTY, OKLAHOMA**

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

	Original/ Final Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
<u>REVENUES COLLECTED:</u>				
District Sources	\$ -	\$ 44,072	\$ 44,071	\$ (1)
Intermediate Sources	-	-	-	-
State Sources	-	21,741	21,741	-
Federal Sources	-	-	-	-
TOTAL REVENUE COLLECTED	<u>-</u>	<u>65,813</u>	<u>65,812</u>	<u>(1)</u>
<u>EXPENDITURES PAID:</u>				
Instruction	9,235	75,048	54,881	20,167
Support Services	-	-	-	-
Non-Instruction Services	-	-	-	-
Capital Outlays	-	-	-	-
Other Outlays	-	-	-	-
TOTAL EXPENDITURES PAID	<u>9,235</u>	<u>75,048</u>	<u>54,881</u>	<u>20,167</u>
Excess of Revenues Collected Over (Under) Expenditures Paid	(9,235)	(9,235)	10,931	20,166
<u>OTHER FINANCING SOURCES (USES)</u>				
Operating Transfers In (Out)	-	-	-	-
Excess Of Revenues Collected Over (Under) Expenditures Paid and Other Financing Sources (Uses)	(9,235)	(9,235)	10,931	20,166
FUND BALANCE, BEGINNING OF YEAR	<u>9,235</u>	<u>9,235</u>	<u>9,235</u>	<u>-</u>
FUND BALANCE, END OF YEAR	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 20,166</u>	<u>\$ 20,166</u>

See accompanying notes.

**ROFF PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. I-37
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

	<u>Original/ Final Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
<u>REVENUES COLLECTED:</u>			
District Sources	\$ 74,064	\$ 78,214	\$ 4,150
Intermediate Sources	-	-	-
State Sources	-	-	-
Federal Sources	-	-	-
TOTAL REVENUE COLLECTED	74,064	78,214	4,150
<u>EXPENDITURES PAID:</u>			
Instruction	-	-	-
Support Services	-	-	-
Non-Instruction Services	-	-	-
Capital Outlays	-	-	-
Debt Service	82,988	82,988	-
TOTAL EXPENDITURES PAID	82,988	82,988	-
Excess of Revenues Collected Over (Under) Expenditures Paid	(8,924)	(4,774)	4,150
<u>OTHER FINANCING SOURCES (USES)</u>			
Operating Transfers In (Out)	-	-	-
Excess Of Revenues Collected Over (Under) Expenditures Paid and Other Financing Sources (Uses)	(8,924)	(4,774)	4,150
FUND BALANCE, BEGINNING OF YEAR	51,734	51,734	-
FUND BALANCE, END OF YEAR	\$ 42,810	\$ 46,960	\$ 4,150

See accompanying notes.

ROFF PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. I-37
PONTOTOC COUNTY, OKLAHOMA
Notes to Financial Statements
June 30, 2014

Note 1. Summary of Significant Accounting Policies

The financial statements of the Roff Public Schools Independent District No. I-37 (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.

ROFF PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. I-37
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 and Child Nutrition 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.

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.

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

**ROFF PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. I-37
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.

ROFF PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. I-37
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.

ROFF PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. I-37
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. Budgets and Budgetary Accounting

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.

E. Encumbrance Accounting

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

ROFF PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. I-37
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.

ROFF PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. I-37
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.

ROFF PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. I-37
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 \$12,152,404. On February 13, 2001, voters of the school district voted to make all support levies permanent.

ROFF PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. I-37
PONTOTOC COUNTY, OKLAHOMA
Notes to Financial Statements
June 30, 2014

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 districts investment policy as follows:

The Treasurer shall invest the full amount of the investment account in:

1. Direct obligations of the United States Government to the payment of which the full faith and credit of the Government of the United States is pledged; provided, a treasurer of a school district who has completed the appropriate training offered by the State Department of Education may invest funds in the investment account in other obligations of the United States Government, its agencies, or instrumentalities;
2. Obligations to the payment of which the full faith and credit of this state is pledged;
3. Certificates of deposit of banks when such certificates of deposit are secured by acceptable collateral;
4. Savings accounts or savings certificates of savings and loan associations to the extent that such accounts or certificates are fully insured by the Federal Savings and Loan Insurance Corporation;
5. Repurchase agreements that have underlying collateral consisting of those items specified in paragraphs 1 and 2 including obligations of the United States, its agencies and instrumentalities, and where the collateral has been deposited with a trustee or custodian bank in an irrevocable trust or escrow account established for such purposes;
6. County, municipal, or school district direct debt obligations for which an ad valorem tax may be levied or bond and revenue anticipation notes, money judgments against such country, municipality or school district ordered by a court of record or bonds or bond and revenue notes issued by a public trust for which such country, municipality or school district is a beneficiary thereof;
7. Money market mutual funds regulated by the securities and exchange commission and which investments consist of obligations of the United States, its agencies and

ROFF PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. I-37
PONTOTOC COUNTY, OKLAHOMA
Notes to Financial Statements
June 30, 2014

Note 3. Cash and Investments (continued)

instrumentalities, and investments in those items and those restrictions specified in paragraphs 1 through 6;

8. Warrants, bonds, or judgments of the school district; or

9. Qualified pooled investment programs. The investment of which consist of those items specified in paragraphs 1 through 8 as well as obligations of the United States agencies and instrumentalities, regardless of the size of the districts budget. To be qualified, a pooled investment program for the schools funds must be governed through an interlocal cooperative agreement formed pursuant to 70 O.S. 5-117b and the program must competitively select its investment advisors and other professionals. Any pooled investment program must be approved by the board of education.

Any interest received from investments may be placed in the general fund, the sinking fund, the building fund, or the fund from which the investment was made as approved by the board of education at a lawfully convened board meeting.

The treasurer shall place primary emphasis on safety and liquidity in the investment funds. Taking into account the need to use sound investment judgment prior to purchasing direct obligations of the United States Government or other obligations of the United States Government, its agencies or instrumentalities, the school district should utilize competitive bids, to the extent practicable. All investments shall be designed to maximize yield within the class of investment instrument, consistent with the safety of the funds invested.

To determine that the schools funds are properly secured, the treasurer shall, on a monthly basis, obtain from each bank where funds are deposited a listing of collateral pledged, setting forth the par value and market value of such collateral. The board shall utilize said documents in reviewing the investment performance of the treasurer.

The board of education shall review the investment performance of the treasurer each month at its regularly scheduled board meeting. Such review shall include, but is not limited to, a determination of whether the treasurer is making informed investment decisions regarding the safety, return, liquidity, costs, and benefits of various investment options in selecting investments for the school district.

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 accounts are in one bank that is entirely insured by the

ROFF PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. I-37
PONTOTOC COUNTY, OKLAHOMA
Notes to Financial Statements
June 30, 2014

Note 3. Cash and Investments (continued)

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 the one bank has 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. Investment 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 a level as possible.

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

	<u>Bank Balance</u>	<u>Pledged Collateral</u>	<u>FDIC Insurance</u>
Oklahoma Heritage Bank, Roff, OK	\$ 1,013,989	\$ 555,000	\$ 500,000
Total Deposits	<u>\$ 831,186</u>	<u>\$ 555,000</u>	-

ROFF PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. I-37
PONTOTOC COUNTY, OKLAHOMA
Notes to Financial Statements
June 30, 2014

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 6-30-13</u>	<u>Issued (Retired) During Year</u>	<u>Balance Outstanding 6-30-14</u>
2008 GO Bonds	\$ 375,000	\$ 70,000	\$ 305,000
Totals	<u>\$ 375,000</u>	<u>\$ 70,000</u>	<u>\$ 305,000</u>
Year Ending June 30	<u>Principal</u>	<u>Interest</u>	<u>Totals</u>
2015	\$ 70,000	\$ 10,713	\$ 80,713
2016	70,000	8,368	78,368
2017	70,000	5,952	75,952
2018	95,000	3,468	98,468
Totals	<u>\$ 305,000</u>	<u>\$ 28,501</u>	<u>\$ 333,501</u>

**ROFF PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. I-37
PONTOTOC COUNTY, OKLAHOMA**

Notes to Financial Statements

June 30, 2014

Note 5. 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 6. 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 7. 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.

ROFF PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. I-37
PONTOTOC COUNTY, OKLAHOMA
Notes to Financial Statements
June 30, 2014

Note 7. Employee Retirement System (continued)

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.

Annual Pension Cost

The District's total contributions for 2014, 2013, and 2012 were \$130,254, \$146,350 and \$136,952 respectfully.

ROFF PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. I-37
PONTOTOC COUNTY, OKLAHOMA
Notes to Financial Statements
June 30, 2014

Note 8. Surety Bonds

The treasurer is bonded by Western Surety Company for the sum of \$50,000 as of June 30, 2014.

The minute clerk/encumbrance clerk is bonded by Western Surety Company for the sum of \$2,000 as of June 30, 2014.

The superintendent is bonded by Western Surety Company for the sum of \$100,000 as of June 30, 2014.

The Activity Fund Custodian is bonded by Western Surety Company for the sum of \$3,500 as of June 30, 2014.

Note 9. Subsequent Events

Management has evaluated subsequent events through November 12, 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.

ROFF PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. I-37
PONTOTOC COUNTY, OKLAHOMA
Combining Statement of Assets, Liabilities and Fund Balances
All Special Revenue Funds – Regulatory Basis
June 30, 2014

	<u>Building Fund</u>	<u>Child Nutrition Program Fund</u>	<u>Total (Memorandum Only)</u>
<u>ASSETS:</u>			
Cash and Cash Equivalents	\$ 49,366	\$ 98,312	\$ 147,678
TOTAL ASSETS	\$ 49,366	\$ 98,312	\$ 147,678
 <u>LIABILITIES AND FUND BALANCES</u>			
<u>LIABILITIES:</u>			
Warrants Payable	\$ -	\$ 17,490	\$ 17,490
Encumbrances	-	-	-
TOTAL LIABILITIES	-	17,490	17,490
 <u>FUND BALANCE:</u>			
Fund Balances	49,366	80,822	130,188
TOTAL LIABILITIES AND FUND BALANCES	\$ 49,366	\$ 98,312	\$ 147,678

**ROFF PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. I-37
PONTOTOC COUNTY, OKLAHOMA**

Combining Statement of Revenues Collected, Expenditures Paid
And Changes in Fund Balances - All Special Revenue Funds – Regulatory Basis
Year Ended June 30, 2014

	<u>Building Fund</u>	<u>Child Nutrition Program Fund</u>	<u>Total (Memorandum Only)</u>
<u>REVENUES COLLECTED:</u>			
District Sources of Revenue	\$ 66,349	\$ 42,309	\$ 108,658
State Sources of Revenue	-	3,330	3,330
Federal Sources of Revenue	-	207,228	207,228
TOTAL REVENUE	<u>66,349</u>	<u>252,867</u>	<u>319,216</u>
<u>EXPENDITURES PAID:</u>			
Instruction	-	-	-
Support Services	16,963	-	16,963
Non-Instruction Services	-	221,411	221,411
Capital Outlay	53,880	-	53,880
Other Outlays	-	-	-
TOTAL EXPENDITURES PAID	<u>70,843</u>	<u>221,411</u>	<u>292,254</u>
Excess of Revenues Over (Under) Expenditures Paid	(4,494)	31,456	26,962
<u>OTHER RESOURCES AND USES:</u>			
Operating Transfers In (Out)	-	-	-
Revenues and Other Resources Over (Under) Expenditures and Other Uses	(4,494)	31,456	26,962
FUND BALANCE, BEGINNING OF YEAR	<u>53,860</u>	<u>49,366</u>	<u>103,226</u>
FUND BALANCE, END OF YEAR	<u>\$ 49,366</u>	<u>\$ 80,822</u>	<u>\$ 130,188</u>

**ROFF PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. I-37
PONTOTOC COUNTY, OKLAHOMA**

Combining Statement of Revenues Collected, Expenditures Paid
And Changes in Fund Balances – Budget and Actual (Regulatory Basis)
Special Revenue Fund Types
Year Ended June 30, 2014

	Building Fund		
	Original Budget	Final Budget	Actual
<u>Revenues Collected:</u>			
District Sources of Revenue	\$ 58,514	\$ 58,514	\$ 66,349
State Sources of Revenue	-	-	-
Federal Sources of Revenue	-	-	-
TOTAL REVENUE COLLECTED	<u>58,514</u>	<u>58,514</u>	<u>66,349</u>
 EXPENDITURES			
Instruction	-	-	-
Support Services	16,970	16,970	16,963
Non-Instruction Services	-	-	-
Capital Outlays	95,404	95,404	53,880
Other Outlays	-	-	-
TOTAL EXPENDITURES PAID	<u>112,374</u>	<u>112,374</u>	<u>70,843</u>
 Excess of Revenue Over (Under) Expenditures Paid	 (53,860)	 (53,860)	 (4,494)
 <u>OTHER RESOURCES AND USES:</u>			
Operating Transfers In	-	-	-
 Revenues and Other Resources Over (Under) Expenditures and Other Uses	 (53,860)	 (53,860)	 (4,494)
 FUND BALANCE, BEGINNING OF YEAR	 <u>53,860</u>	 <u>53,860</u>	 <u>53,860</u>
 FUND BALANCE, END OF YEAR	 <u><u>\$ -</u></u>	 <u><u>\$ -</u></u>	 <u><u>\$ 49,366</u></u>

Child Nutritional Fund		
Original Budget	Final Budget	Actual
\$ 18,079	\$ 18,079	\$ 42,309
2,540	2,540	3,330
187,813	187,813	207,228
<u>208,432</u>	<u>208,432</u>	<u>252,867</u>
-	-	-
-	-	-
257,798	257,798	221,411
-	-	-
-	-	-
<u>257,798</u>	<u>257,798</u>	<u>221,411</u>
(49,366)	(49,366)	31,456
-	-	-
(49,366)	(49,366)	31,456
49,366	49,366	49,366
<u>\$ -</u>	<u>\$ -</u>	<u>\$ 80,822</u>

Total		
Original Budget	Final Budget	Actual
\$ 76,593	\$ 76,593	\$ 108,658
2,540	2,540	3,330
187,813	187,813	207,228
<u>266,946</u>	<u>266,996</u>	<u>319,216</u>
-	-	-
16,970	16,970	16,963
257,798	257,798	221,411
95,404	95,404	53,880
-	-	-
<u>370,172</u>	<u>370,172</u>	<u>292,254</u>
(103,226)	(103,226)	26,962
-	-	-
(103,226)	(103,226)	26,962
103,226	103,226	103,226
<u>\$ -</u>	<u>\$ -</u>	<u>\$ 130,188</u>

ROFF PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. I-37
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	\$ 94,808
TOTAL ASSETS	<u>\$ 94,808</u>
 <u>LIABILITIES AND FUND BALANCE</u>	
<u>LIABILITIES:</u>	
Checks Payable	\$ 6,769
TOTAL LIABILITIES	<u>6,769</u>
 <u>FUND BALANCE:</u>	
Unreserved/Undesignated	14,166
Designated Student Groups	<u>73,873</u>
TOTAL FUND BALANCE	<u>88,039</u>
TOTAL LIABILITIES AND FUND BALANCE	<u>\$ 94,808</u>

ROFF PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. I-37
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
Athletics	\$ 12,019	\$ 93,068	\$ -	\$ 94,956	\$ 10,130
Miscellaneous	3,219	9,813	-	9,103	3,930
FFA	3,280	25,604	-	27,500	1,383
Elementary Conc	2,965	7,541	-	6,070	4,436
Sr. Trip	84	2,784	875	3,676	66
Jr. Trip	874	157	320	-	1,351
Soph	1,195	106	(447)	-	854
Freshman	748	1,831	(748)	890	941
Library	1,791	7,917	-	7,383	2,325
OERB	1,105	150	-	781	474
Business Club	1,880	4,393	-	3,718	2,556
Academics	395	96	-	280	211
Jr. 4-H	791	93	-	712	172
Yearbook	8,390	5,420	-	5,797	8,013
Sr. Misc	40	202	-	235	7
Science Fair	-	524	-	490	34
Sped. ED	815	651	-	974	493
Cheerleaders	881	2,473	-	3,354	-
Baseball Hitting Facility	12,579	22,734	-	18,502	16,810
Student Section	155	-	-	155	-
Girls Athletics	660	26,580	-	19,261	7,979
8th Grade	-	720	-	644	76
Art Studio	7,118	2,758	-	1,881	7,996
21st Century	374	2,785	-	2,746	413
Music	1,023	420	-	485	958
Flower Fund	9	35	-	-	44
BETA Club	4,161	3,089	-	1,961	5,289
Student Council	1,053	2,154	-	2,460	747
Pre-School	570	2,098	-	2,079	589
FCA	490	-	-	-	490
Dart Grant (6-8)	-	4,640	-	-	4,640
Alt. Ed	344	-	-	-	344
Child Nutrition	358	22,267	-	22,624	-
National Honor Society	2,824	271	-	1,085	2,010
High School Misc.	348	200	-	442	106
Boys Basketball	729	16,352	-	14,910	2,171
Grand Total	\$ 73,269	\$ 269,922	\$ -	\$ 225,154	\$ 88,038

ROFF PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. I-37
PONTOTOC COUNTY, OKLAHOMA
Schedule of Expenditures of Federal Awards - Regulatory Basis
Year Ended June 30, 2014

<u>Federal Grantor/Pass Through Grantor/ Program Title</u>	<u>Federal CFDA No.</u>	<u>Pass Through Grantor's Number</u>	<u>Balance June 30, 2013</u>
<u>U.S. Department of Education Direct Programs:</u>			
Indian Education		B060A010063	\$ -
TOTAL U.S. DEPARTMENT OF EDUCATION			<u>-</u>
<u>Passed Through State Department of Education:</u>			
Title I - Part A	84.010	N/A	588
21 Century Community Learning Center	84.287	N/A	-
IDEA - B - Flow Thru	84.027	N/A	15
Special ED - Preschool	84.173	N/A	-
Indian Education JOM	15.130	N/A	877
Title II Part A REAP	84.367	N/A	4,157
Indian Ed- Small Rural	84.358A	N/A	556
Job Training OJT OK Rehab Services	84.126	N/A	-
TOTAL DEPARTMENT OF EDUCATION			<u>6,193</u>
<u>Passed Through Oklahoma Tourism and Recreation Department</u>			
Land and Water Conservation Fund	15.916	N/A	<u>-</u>
<u>Passed Through State Department of Vocational and Technical Education</u>			
Carl D Perkins	84.048	N/A	<u>-</u>
<u>Passed Through U.S. Department of Agriculture:</u>			
Child Nutrition - Breakfasts	10.553	N/A	16,091
Child Nutrition - Lunches	10.555	N/A	34,817
TOTAL U.S. DEPARTMENT OF AGRICULTURE			<u>50,908</u>
<u>Passed Through U.S. Department of Human Services</u>			
Commodity Supplemental Food Program	10.565	N/A	-
TOTAL U.S. DEPARTMENT OF HUMAN SERVICES			<u>-</u>
TOTAL FEDERAL ASSISTANCE			<u>\$ 57,101</u>

Reciepts for Prior Year Expenditures	Reciepts for Current Year Expenditures	Current Year Expenditures	Balance June 30, 2014
\$ -	\$ 16,360	\$ 16,442	\$ -
-	16,360	16,442	-
-	83,132	84,874	-
54,785	-	-	-
-	67,598	67,849	-
-	3,102	5,213	-
2,220	3,479	4,325	2,251
-	25,115	25,661	3,611
-	15,026	15,089	493
-	1,054	1,205	-
57,005	198,506	204,216	6,355
11,851	-	-	-
-	-	5,781	-
4,087	65,415	56,431	29,162
6,757	119,640	95,963	65,251
10,843	185,055	152,393	94,413
-	11,329	11,329	-
-	-	11,329	-
\$ 79,700	\$ 411,250	\$ 390,161	\$ 100,768

**ROFF PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. I-37
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 Roff Public Schools, I-37, 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.

**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
Roff School District Number I-37
Roff, 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 Roff School District Number I-37, Roff, 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 November 12, 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.

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 & Bryans". The signature is written in dark ink and is positioned to the right of the main text block.

Ada, Oklahoma
November 12, 2014

ROFF INDEPENDENT SCHOOL DISTRICT NO. I-37
PONTOTOC COUNTY, OKLAHOMA
Schedule of Findings and Questioned Costs
Year Ended June 30, 2014

Status of Current Year Findings- None

Status of Prior Year Findings

01-13 Warrants Issued in Excess of Appropriations

Criteria: In accordance with Section 958, Oklahoma School Code (70-01-101), no warrant or certificate of indebtedness in any form shall be issued, approved, signed or attested, on or against any appropriation for a purpose other than that for which the said item of appropriation was made, or in excess of the amount thereof.

Condition: The school expended \$45,150 of non-appropriated Co-op funds.

Cause: The responsible school district employee (official) did not verify the amount of appropriations available in the Co-op fund prior to expending the funds.

Effect: Expending funds in excess of appropriations is a violation of Oklahoma School Code.

Recommendation: Prior to issuing any warrants, the responsible school employee (official) should always verify the amount of appropriations available to be spent.

Responsible Official's Response: School employees responsible will be instructed to verify all appropriated amounts in all funds prior to issuing warrants in order to keep this from happening in the future.

Current Status: All funds expended in the Co-op Fund for the current year were properly appropriated.

