AUDITED FINANCIAL STATEMENTS - REGULATORY BASIS AND REPORTS OF INDEPENDENT AUDITOR

INDEPENDENT SCHOOL DISTRICT NO. I-8, TULSA COUNTY, OKLAHOMA

JUNE 30, 2015

JENKINS & KEMPER
CERTIFIED PUBLIC ACCOUNTANTS, P.C.

INDEPENDENT SCHOOL DISTRICT NO. I-8
TULSA COUNTY, OKLAHOMA
JUNE 30, 2015

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TULSA COUNTY, OKLAHOMA
JUNE 30, 2015

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INDEPENDENT SCHOOL DISTRICT NO. I-8
TULSA COUNTY, OKLAHOMA
SCHOOL DISTRICT OFFICIALS
JUNE 30, 2015

BOARD OF EDUCATION

President	Jeff Carter
Vice-President	Gary Juby
Clerk	April Bowman
Deputy Clerk	Mechelle Beats
Member	Tim Simmons

SUPERINTENDENT OF SCHOOLS

Brian Beagles

BUSINESS MANAGER

Susan Weatherman

SCHOOL DISTRICT TREASURER

Carla Ready

JENKINS & KEMPER
CERTIFIED PUBLIC ACCOUNTANTS, P.C.

JACK JENKINS, CPA
MICHAEL KEMPER, CPA

INDEPENDENT AUDITOR'S REPORT

The Honorable Board of Education
Sperry School District No. I-008
Sperry, Oklahoma 74073-4122

Report on the Financial Statements
We have audited the accompanying basic financial statements-regulatory basis of the governmental activities, each major fund and the aggregate remaining fund information of Sperry School District No. I-008, Sperry, Oklahoma (the "District") as of and for the year ended June 30, 2015, which collectively comprise the District's basic financial statements as listed in the table of contents.

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

Auditor's Responsibility
Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards,* issued by the Comptroller General of the United States and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards 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 the Sperry School District No. I-008, 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 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 previous paragraph, the basic 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 governmental activities, each major fund, and the aggregate remaining

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fund information of the Sperry School District No. I-008, Tulsa County, Oklahoma as of June 30, 2015, 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 assets 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 preceding paragraph, the basic financial statements referred to in the first paragraph present fairly, in all material respects, the respective financial position-regulatory basis of the government activities, each major fund, and the aggregate remaining fund information of the District as of June 30, 2015, and the respective changes in financial position-regulatory basis for the year then ended on the regulatory basis of accounting described in Note 1.

Other Matters
Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages 8-10 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the method of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the District's basic financial statements. The schedule of expenditures of federal awards is presented for additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Nonprofit* Organizations, and combining statements listed in the accompanying table of contents are presented for purpose of additional analysis, and are not a required part of the basic financial statements.

The schedule of expenditures of federal awards and combining statements are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the 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 financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*
In accordance with *Government Auditing Standards*, we have also issued a report dated October 23, 2015, on our consideration of the District's internal control over financial reporting and 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.

Jenkins & Kemper, CPAs P.C.

Jenkins & Kemper
Certified Public Accountants, P.C.

October 23, 2015

COMBINED FINANCIAL STATEMENTS - REGULATORY BASIS

INDEPENDENT SCHOOL DISTRICT NO. I-8, TULSA COUNTY
COMBINED STATEMENT OF ASSETS, LIABILITIES AND FUND BALANCES -
REGULATORY BASIS - ALL FUND TYPES AND ACCOUNT GROUPS
JUNE 30, 2015

	GOVERNMENTAL FUND TYPES				FIDUCIARY FUND TYPES	ACCOUNT GROUP	
ASSETS	GENERAL	SPECIAL REVENUE	DEBT SERVICE	CAPITAL PROJECTS	TRUST AND AGENCY FUND	GENERAL LONG-TERM DEBT	TOTALS 2015
Cash	$ 2,172,856	228,349	28,726	195,659	209,039		2,834,629
Investments	300,000						300,000
Amounts available in debt service						17,405	17,405
Amounts to be provided for retirement of general long-term debt						2,385,104	2,385,104
Total Assets	2,472,856	228,349	28,726	195,659	209,039	2,402,509	5,537,138
LIABILITIES AND FUND BALANCES							
Liabilities							
Warrants payable	256,297	20,500		6,787			283,584
Encumbrances	600,767	32,901		139,899			773,567
Funds held for school organizations					209,039		209,039
Unmatured obligations			11,321				11,321
Long-term debt:							
Bonds payable						1,570,000	1,570,000
Capital leases						832,509	832,509
Total liabilities	857,064	53,401	11,321	146,686	209,039	2,402,509	3,680,020
Fund balances							
Restricted for:							
Capital projects				48,973			48,973
Debt service			17,405				17,405
Child nutrition		62,200					62,200
Building		112,748					112,748
Unassigned	1,615,792						1,615,792
Total fund balances	1,615,792	174,948	17,405	48,973	-		1,857,118
Total liabilities and fund balances	$ 2,472,856	228,349	28,726	195,659	209,039	2,402,509	5,537,138

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

INDEPENDENT SCHOOL DISTRICT NO. I-8, TULSA COUNTY
COMBINED STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN CASH FUND BALANCES
REGULATORY BASIS - ALL GOVERNMENTAL FUND TYPES
JUNE 30, 2015

	GOVERNMENTAL FUND TYPES				
	GENERAL	SPECIAL REVENUE	DEBT SERVICE	CAPITAL PROJECTS	TOTALS 2015
Revenues					
Local sources	$ 1,165,373	250,315	624,369		2,040,057
Intermediate sources	235,649				235,649
State sources	5,292,372	35,345			5,327,717
Federal sources	607,106	401,388			1,008,494
Non-revenue receipts	72,681	7,315			79,996
Total revenues	7,373,181	694,363	624,369		8,691,913
Expenditures					
Instruction	4,874,775			56,745	4,931,520
Support services	3,276,074	270,541		720,475	4,267,090
Operation of non-instructional services	71,573	545,294			616,867
Facilities, acquisition and const. services	83,934			360,142	444,076
Other outlays	2,350	500			2,850
Debt service			622,169		622,169
Total expenditures	8,308,706	816,335	622,169	1,137,362	10,884,572
Revenues over (under) expenditures	(935,525)	(121,972)	2,200	(1,137,362)	(2,192,659)
Other financing sources (uses)					
Bank fees	(80)				(80)
Lapsed appropriations	80,306	30			80,336
Estopped warrants	496				496
Bond proceeds				300,000	300,000
Total other financing sources (uses)	80,722	30		300,000	380,752
Revenue and other sources over (under) expenditures and other uses	(854,803)	(121,942)	2,200	(837,362)	(1,811,907)
Cash fund balance, beginning of year	2,470,595	296,890	15,205	886,335	3,669,025
Cash fund balance, end of year	$ 1,615,792	174,948	17,405	48,973	1,857,118

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

INDEPENDENT SCHOOL DISTRICT NO. I-8, TULSA COUNTY
COMBINED STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL -
REGULATORY BASIS - BUDGETED GENERAL FUND
JUNE 30, 2015

	GENERAL FUND		
	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL
Revenues			
Local sources	$ 998,904	998,904	1,165,373
Intermediate sources	218,441	218,441	235,649
State sources	5,550,621	5,550,621	5,292,372
Federal sources	612,581	612,581	607,106
Non-revenue receipts			72,681
Total revenues	7,380,547	7,380,547	7,373,181
Expenditures			
Instruction	6,417,211	6,417,211	4,874,775
Support services	3,276,074	3,276,074	3,276,074
Operation of non-instructional services	71,573	71,573	71,573
Facilities, acquisition and const. services	83,934	83,934	83,934
Other outlays	2,350	2,350	2,350
Total expenditures	9,851,142	9,851,142	8,308,706
Revenues over (under) expenditures	(2,470,595)	(2,470,595)	(935,525)
Other financing sources (uses)			
Bank fees			(80)
Lapsed appropriations			80,306
Estopped warrants			496
Total other financing sources (uses)			80,722
Revenue and other sources over (under) expenditures and other uses	(2,470,595)	(2,470,595)	(854,803)
Cash fund balance, beginning of year	2,470,595	2,470,595	2,470,595
Cash fund balance, end of year	$ -	-	1,615,792

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

INDEPENDENT SCHOOL DISTRICT NO. I-8, TULSA COUNTY
COMBINED STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL -
REGULATORY BASIS - ALL BUDGETED SPECIAL REVENUE FUNDS
JUNE 30, 2015

	SPECIAL REVENUE FUNDS		
	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL
Revenues			
Local sources	$ 244,000	244,000	250,315
State sources	8,453	78,329	35,345
Federal sources	326,496	326,496	401,388
Non-revenue receipts	4,394	4,394	7,315
Total revenues	583,343	653,219	694,363
Expenditures			
Support services	364,703	364,703	270,541
Operation of non-instructional services	515,030	584,906	545,294
Other outlays	500	500	500
Total expenditures	880,233	950,109	816,335
Revenues over (under) expenditures	(296,890)	(296,890)	(121,972)
Other financing sources (uses)			
Lapsed appropriations			30
Total other financing sources (uses)			30
Revenue and other sources over (under) expenditures and other uses	(296,890)	(296,890)	(121,942)
Cash fund balance, beginning of year	296,890	296,890	296,890
Cash fund balance, end of year	$ -	-	174,948

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

INDEPENDENT SCHOOL DISTRICT NO. I-8, TULSA COUNTY
COMBINED STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL -
REGULATORY BASIS - DEBT SERVICE FUNDS
JUNE 30, 2015

	DEBT SERVICE FUND		
	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL
Revenues			
Local sources	$ 606,964	606,964	624,369
Total revenues	606,964	606,964	624,369
Expenditures			
Other outlays			
Debt service	622,169	622,169	622,169
Revenues over (under) expenditures	(15,205)	(15,205)	2,200
Cash fund balance, beginning of year	15,205	15,205	15,205
Cash fund balance, end of year	$ -	-	17,405

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

NOTES TO COMBINED FINANCIAL STATEMENTS - REGULATORY BASIS

1. Summary of Significant Accounting Policies

The basic financial statements of the Sperry Public Schools Independent District No. I-8 (the "District") have been prepared in conformity with another 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.

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 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 Parent Teacher Association (PTA) is not included in the reporting entity. The District does not appoint any of the board members or exercise any oversight authority over the PTA.

1. **Summary of Significant Accounting Policies**- contd.

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 funds are the District's building, co-op and child nutrition funds.

Building Fund - The building fund consists of monies derived property taxes levied for the purpose of erecting, remodeling, repairing, or maintaining school buildings and for purchasing furniture, equipment and computer software to be used on or for the school district property, for paying energy and utility costs, for purchasing telecommunications services, for paying fire and casualty insurance premiums for school facilities, for purchasing security systems, and for paying salaries of security personnel.

1. **Summary of Significant Accounting Policies**- contd.

B. Fund Accounting - contd.

Co-op Fund - The co-op fund is established when the boards of education of two or more school districts enter into cooperative agreements and maintain joint programs. The revenues necessary to operate a cooperative program can come from federal, state, or local sources, including the individual contributions of participating school districts. The expenditures for this fund would consist of those necessary to operate and maintain the joint programs. The District did not maintain this fund during the 2014-15 fiscal year.

Child Nutrition Fund - The child nutrition fund consists of monies derived from federal and state financial assistance and food sales. This fund is used to account for the various nutrition programs provided to students.

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

Capital Projects Funds - 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 funds). The District has no proprietary fund types.

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 a trust agreement, either a nonexpendable trust fund or an expendable trust fund is used depending on whether there is an obligation to maintain trust principal. Agency

1. **Summary of Significant Accounting Policies**- contd.

B. Fund Accounting - contd.

funds 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.

Expendable Trust Funds - Expendable trust funds include the gifts fund, medical insurance fund, workers compensation fund and the insurance recovery fund. The District did not maintain any expendable trust funds in the 2014-15 fiscal year.

Gifts Fund - The gifts fund receives its assets by way of philanthropic foundations, individuals, or private organizations for which no repayment or special service to the contributor is expected. This fund is used to promote the general welfare of the District.

Medical Insurance Fund - The medical insurance fund accounts for revenues and expenditures for all types of self-funded medical insurance coverage.

Workers Compensation Fund - The workers compensation fund accounts for revenues and expenditures for workers compensation claims.

Insurance Recovery Fund - The insurance recovery fund accounts for all types of insurance recoveries, major reimbursements and reserves for property repairs and replacements.

Agency Fund - The agency fund is the school activities fund which is used to account for monies collected principally through fundraising efforts of the student and District-sponsored groups. The administration is responsible, under the authority of the Board, in collecting, disbursing and accounting for these activity funds.

Account Group

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 fixed assets.

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. It is also used to account for other liabilities (judgments and lease purchases), which are to be paid from funds provided in future years.

1. **Summary of Significant Accounting Policies-** contd.

B. *Fund Accounting* - contd.

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

Memorandum Only - Total Column

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

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 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 and inventories are recorded as assets when purchased.
- Warrants payable are recorded as liabilities when issued.
- Long-term debt is recorded when incurred.
- Accrued compensated absences are recorded as an expenditure and liability when the obligation is incurred.

1. **Summary of Significant Accounting Policies**- contd.

C. Basis of Accounting and Presentation – contd.

This regulatory basis of accounting differs from accounting principles generally accepted in the United States of America, which requires 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

The District is required by state law to prepare an annual budget. A preliminary budget must be submitted to the Board of Education by December 31 for the fiscal year beginning the following July 1. If the preliminary budget requires an additional levy, the District must hold an election on the first Tuesday in February to approve the levy. If the preliminary budget does not require an additional levy, it becomes the legal budget. If an election is held and the taxes are approved, then the preliminary budget becomes the legal budget. If voters reject the additional taxes, the District must adopt a budget within the approved tax rate.

The District may upon approval by a majority of the electors of the District voting on the question make the ad valorem levy for emergency levy and local support levy permanent.

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.

E. Assets, Liabilities and Fund Equity

Cash - Cash consists of cash on hand, demand deposit accounts, and interest bearing checking accounts.

Investments - Investments consist of direct obligations of the United States Government and agencies; certificates of deposit of savings and loan associations, bank and trust companies; savings accounts or savings certificates of savings and loan associations, and trust companies; and warrants, bonds or judgments of the district. All investments are recorded at cost, which approximates market value.

1. **Summary of Significant Accounting Policies**- contd.

E. Assets, Liabilities and Fund Equity – contd.

Inventories - The value of consumable inventories at June 30, 2015 is not material to the combined financial statements-regulatory basis.

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

Warrants Payable - Warrants are issued to meet the obligations for goods and services provided to the District. The District recognizes a liability for the amount of outstanding warrants that have yet to be redeemed by the District's treasurer.

Encumbrances - Encumbrances represent commitments related to purchase orders, contracts, other commitments for expenditures or resources, and goods or services received by the District for which a warrant has not been issued. An expenditure is recorded and a liability is recognized for outstanding encumbrances at year end in accordance with the regulatory basis of accounting.

Unmatured Obligations - The unmatured obligations represent the total of all annual accruals for both principal and interest, based on the lengths of the bonds and/or judgments, less all principal and interest payments through the balance sheet date in accordance with the regulatory basis of accounting.

Funds Held for School Organizations - Funds held for school organizations represent the funds received or collected from students or other co-curricular and extracurricular activities conducted in the district, control over which is exercised by the board of education. These funds are credited to the account maintained for the benefit of each particular activity within the school activity fund.

Long-Term Debt - Long-term debt is recognized as a liability of a governmental fund when due, or when resources have been accumulated in the debt service fund for payment early in the following year. For other long-term obligations, only that portion expected to be financed from expendable available financial resources is reported as a fund liability of a governmental fund. The remaining portion of such obligations is reported in the general long-term debt account group. Long-term liabilities expected to be financed from proprietary fund operations are accounted for in those funds.

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

1. **Summary of Significant Accounting Policies**- contd.

F. Revenue and Expenditures

Local Revenues - Revenue from local sources is the money generated from within the boundaries of the District and available to the District for its use. The District is authorized by state law to levy property taxes, which consist of ad valorem taxes on real and personal property within the District. These property taxes are distributed to the District's general, building and sinking funds based on the levies approved for each fund. The County Assessor, upon receipt of the certification of tax levies from the county excise board, extends the tax levies on the tax 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.

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 owned. If at the end of two years the owner has not done so, the purchaser is issued a deed to the property.

Other local sources of revenues include interest earnings, tuition, fees, rentals, disposals, commissions and reimbursements.

Intermediate Revenues - Revenue from intermediate sources is the amount of money from funds collected by an intermediate administrative unit, or a political subdivision between the district and the state, and distributed to districts in amounts that differ in proportion to those which were collected within such systems.

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

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

1. **Summary of Significant Accounting Policies**- contd.

F. Revenue and Expenditures- contd.

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

The aforementioned state revenues are apportioned to the District's general fund.

Federal Revenues - Federal revenues consist of revenues from the federal government in the form of operating grants or entitlements. An operating grant is a contribution to be used for a specific purpose, activity or facility. A grant may be received either directly from the federal government or indirectly as a pass-through from another government, such as the state.

An entitlement is the amount of payment to which the District is entitled pursuant to an allocation formula contained in applicable statutes.

The majority of the federal revenues received by the District are apportioned to the general fund. The District maintains a separate child nutrition fund and the federal revenues received for the child nutrition programs are apportioned there.

Non-Revenue Receipts - Non-revenue receipts represent receipts deposited into a fund that are not new revenues to the District, but the return of assets.

Instruction Expenditures - Instruction expenditures include the activities dealing directly with the interaction between teachers and students. Teaching may be provided for students in a school classroom, in another location, such as a home or hospital, and in other learning situations, such as those involving co-curricular activities. It may also be provided through some other approved medium, such as television, radio, telephone and correspondence. Included here are the activities of teacher assistants of any type (clerks, graders, teaching machines, etc.), which assist in the instructional process. The activities of tutors, translators and interpreters would be recorded here. Department chairpersons who teach for any portion of time are included here. Tuition/transfer fees paid to other LEAs would be included here.

1. **Summary of Significant Accounting Policies**- contd.

F. Revenue and Expenditures - contd.

Support Services Expenditures - Support services expenditures provide administrative, technical (such as guidance and health) and logistical support to facilitate and enhance instruction. These services exist as adjuncts for fulfilling the objectives of instruction, community services and enterprise programs, rather than as entities within themselves.

Operation of Non-Instructional Services Expenditures - Activities concerned with providing non-instructional services to students, staff or the community.

Facilities Acquisition and Construction Services Expenditures - 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 improvement to sites.

Other Outlays/Uses Expenditures - A number of outlays of governmental funds are not properly classified as expenditures, but still require budgetary or accounting control. These are classified as Other Outlays. These include debt service payments (principal and interest) when applicable. Other uses include scholarships provided by private gifts and endowments; student aid and staff awards supported by outside revenue sources (i.e., foundations). Also, expenditure for self-funded employee benefit programs administered either by the District or a third party administrator.

Repayment Expenditures - Repayment expenditures represent checks/warrants issued to outside agencies for refund or restricted revenue previously received for overpayment, non-qualified expenditures and other refunds to be repaid from District funds.

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

All other inter-fund transactions, except quasi-external transactions and reimbursements, are reported as transfers. Nonrecurring or non-routine permanent transfers of equity are reported as residual equity transfers. All other inter-fund transfers are reported as operating transfers. There were no operating or residual equity transfers made during the 2014-15 fiscal year.

2. Deposits and Investments

Custodial Credit Risk

At June 30, 2015, the District held deposits of approximately $3,134,629 at financial institutions. The District's cash deposits, including interest-bearing certificates of deposit, are entirely covered by Federal Depository Insurance (FDIC) or direct obligation of the U.S. government insured or collateralized with securities held by the District or by its agent in the District's name.

Investment Interest Rate Risk

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.

Investment Credit Risk

The District has no policy that limits its investment choices other than the limitation of state law as follows:

a. 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.
b. Certificates of deposit or savings accounts that are either insured or secured with acceptable collateral with in-state financial institutions, and fully insured certificates of deposits or savings accounts in out-of-state financial institutions.
c. With certain limitation, negotiable certificates of deposit, prime bankers acceptances, prime commercial paper and repurchase agreements with certain limitations.
d. County, municipal or school district tax supported debt obligations, bond or revenue anticipation notes, money judgments, or bond or revenue anticipations notes of public trusts whose beneficiary is a county, municipality or school district.
e. Notes or bonds secured by mortgage or trust deed insured by the Federal Housing Administrator and debentures issued by the Federal Housing Administrator, and in obligations of the National Mortgage Association.
f. Money market funds regulated by the SEC and in which investments consist of the investments mentioned in the previous paragraphs (a.-d.).

2. **Deposits and Investments** – cont'd

The investments held at June 30, 2015 are as follows:

Type	Weighted Average Maturity (Months)	Market Value	Cost
Investments			
Money Market		$ 0	$ 0
Municipal tax-supported money judgments		0	0
Certificate of Deposit		300,000	300,000
Total investments		$ 300,000	$300,000

Concentration of Investment Credit Risk

The District places no limit on the amount it may invest in any one issuer. The District has the following of credit risk: 0% in Money Market funds, 0% in Municipal tax-supported money judgments and 100% in CDs ($300,000).

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 can be approved by the voters and issued by the District for various capital improvements. These bonds are required to be fully paid serially within 25 years of the date of issue. General long-term debt of the District consists of bonds payable and a capital lease. Debt service requirements for bonds are payable solely from the fund balance and the future revenues of the debt service fund.

General long-term debt of the District consists of building bonds payable and one (1) capital lease. Debt service requirements for bonds are payable solely from the fund balance and the future revenues of the debt service fund.

3. **General Long-term Debt** – contd.

The following is a summary of the long-term debt transactions of the District for the year ended June 30, 2015:

	Bonds Payable	Capital Leases	Totals
Balance, July 1, 2014	$ 2,440,000	-	2,440,000
Additions	300,000	1,750,000	2,050,000
Retirements	1,170,000	917,491	2,087,491
Balance, June 30, 2015	$ 1,570,000	832,509	2,402,509

A brief description of the outstanding long-term debt at June 30, 2015 is set forth below:

	Amount outstanding
General Obligation Bonds	
Building Bonds, Series 2011, original issue $200,000, average interest rate of 1.0-2.40%, due in annual installments of $50,000 beginning 6-01-13, final payment due 6-01-16;	$ 50,000
Comb. Purpose Bonds, Series 2011, original issue $600,000, average interest rate of 1.0-2.0%, due in annual installments of $150,000 beginning 7-01-13, final payment due 7-01-16;	150,000
Comb. Purpose Bonds, Series 2012, original issue $600,000, interest rate of 1.0%, due in annual installments of $150,000 beginning 7-01-14, final payment due 7-01-17;	300,000
Comb. Purpose Bonds, Series 2013, original issue $1,025,000, interest rate of 0.75%, due in annual installments of $255,000 beginning 7-01-15, final payment of $260,000 due 7-01-18;	770,000
Building Bonds, Series 2014, original issue $300,000, average interest rate of 1.0-2.0%, due in annual installments of $75,000 beginning 7-01-16, final payment due 7-01-19;	$ 300,000

3. **General Long-term Debt** – contd.

	Amount outstanding
Capital Leases	
Lease-purchase with Standard Leasing for building improvements dated 7-1-10, 4.7% interest rate, due in annul principal and interest payments of $300,000, beginning 8-15-11, final payment due 8-15-17	$ 832,509
Totals	$ 2,402,509

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

Year ending June 30	Principal	Interest	Total
2016	$ 50,000	850	50,850
2017	630,000	22,200	652,200
2018	480,000	7,537	487,537
2019	335,000	3,338	338,338
2020	75,000	487	75,487
Total	$ 1,570,000	34,412	1,604,412

There was $43,835 interest paid on general long-term debt incurred during the current year.

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

Year ending June 30	Principal	Interest	Total
2016	$ 260,289	39,711	300,000
2017	272,705	27,295	300,000
2018	299,515	14,287	313,802
Total	$ 832,509	81,293	913,802

4. Employee Retirement System

Plan Description

The District participates in the state-administered Oklahoma Teachers' Retirement Plan, 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 Teachers' Retirement System of Oklahoma, P.O. Box 53524, Oklahoma City, OK 73152 or by calling (405) 521-2387.

Basis of Accounting

The System's financial statements are prepared using the cash basis of accounting, except for accruals of interest income. Plan member contributions are recognized in the period in which the contributions are made. Benefits and refunds are recognized when paid. The pension benefit obligation is a standardized disclosure measure of the present value of pension benefits. This pension valuation method reflects the present value of estimated pension benefits that will be paid in future years as a result of employee services performed to date and is adjusted for the effect of projected salary increases. There are no actuarial valuations performed on individual school districts. The System has an under-funded pension benefit obligation as determined as part of the latest actuarial valuation.

GASB Statement 68 became effective for fiscal years beginning after June 15, 2015, and significantly changes pension accounting and financial reporting for governmental employees who participate in a pension plan, such as the System, and who prepare published financial statements on an accrual basis using Generally Accepted Accounting Principles. Since the District does not prepare and present their financial statements on an accrual basis, the net pension liability amount is not required to be presented on the financial statements. The amount of calculated net pension liability for the District at June 30, 2015 (latest information available) was $6,688,133.

Funding Policy

The District, the State of Oklahoma, and the participating employee make contributions. The contribution rates for the District and its employees are established by and may be amended by Oklahoma Statutes. The rates are not actuarially determined. The rates are applied to the employee's earnings plus employer-paid fringe benefits. The required contribution for the participating members is 7.0% of compensation. Beginning, July 1,

4. **Employee Retirement System** – contd.

Funding Policy – cont'd

2010, the District and State were required to contribute 14.5% of applicable compensation. Contributions received by the System are from a percentage of its revenues from sales taxes, use taxes, corporate income taxes and individual income taxes. The District contributed 9.5% beginning January 1, 2010 and the State of Oklahoma contributed the remaining 5.0% during the year. The District is allowed by the Oklahoma Teacher's Retirement System to make the required contributions on behalf of the participating members. In addition, the District is required to match the retirement paid on salaries that are funded with federal funds.

Annual Pension Cost
The District's portion of the total contributions for 2015, 2014 and 2013 were $453,234, $435,850, and $455,451 respectively.

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.

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; and natural disasters. The District continues to carry commercial insurance for these risks, including general and auto liability, property damage, and public officials liability. Settled claims resulting from these risks have not exceeded the commercial insurance coverage in any of the past three fiscal years.

7. **Subsequent Events**

Management has evaluated subsequent events through the date of the audit report, 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.

OTHER SUPPLEMENTARY INFORMATION – REGULATORY BASIS - COMBINING FINANCIAL STATEMENTS

INDEPENDENT SCHOOL DISTRICT NO. I-8, TULSA COUNTY
COMBINING STATEMENT OF ASSETS, LIABILITIES AND
FUND BALANCES - REGULATORY BASIS - ALL SPECIAL REVENUE FUNDS
JUNE 30, 2015

ASSETS	BUILDING FUND	CHILD NUTRITION FUND	TOTALS 2015
Cash	$ 162,765	65,584	228,349
Total assets	162,765	65,584	228,349
LIABILITIES AND FUND BALANCES			
Liabilities			
Warrants payable	17,116	3,384	20,500
Encumbrances	32,901	-	32,901
Total liabilities	50,017	3,384	53,401
Fund balances			
Restricted	112,748	62,200	174,948
Total liabilities and fund balances	$ 162,765	65,584	228,349

INDEPENDENT SCHOOL DISTRICT NO. I-8, TULSA COUNTY
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN CASH FUND BALANCES - REGULATORY BASIS - ALL SPECIAL REVENUE FUNDS
JUNE 30, 2015

	BUILDING FUND	CHILD NUTRITION FUND	TOTALS 2015
Revenues			
Local sources	$ 153,234	97,081	250,315
State sources		35,345	35,345
Federal sources		401,388	401,388
Non-revenue receipts		7,315	7,315
Total revenues	153,234	541,129	694,363
Expenditures			
Support services	270,541		270,541
Operation of non-instructional services		545,294	545,294
Other outlays		500	500
Total expenditures	270,541	545,794	816,335
Revenues over (under) expenditures	(117,307)	(4,665)	(121,972)
Other financing sources (uses)			
Lapsed appropriations	30		30
Total other financing sources (uses)	30		30
Revenue and other sources over (under) expenditures and other uses	(117,277)	(4,665)	(121,942)
Cash fund balance, beginning of year	230,025	66,865	296,890
Cash fund balance, end of year	$ 112,748	62,200	174,948

INDEPENDENT SCHOOL DISTRICT NO. I-8, TULSA COUNTY
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL -
- REGULATORY BASIS - ALL BUDGETED SPECIAL REVENUE FUNDS
JUNE 30, 2015

	BUILDING FUND			CHILD NUTRITION FUND		
	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL
Revenues						
Local sources	$ 134,678	134,678	153,234	109,322	109,322	97,081
State sources				8,453	78,329	35,345
Federal sources				326,496	326,496	401,388
Non-revenue receipts				4,394	4,394	7,315
Total revenues	134,678	134,678	153,234	448,665	518,541	541,129
Expenditures						
Support services	364,703	364,703	270,541			
Operation of non-instructional services				515,030	584,906	545,294
Other outlays				500	500	500
Total expenditures	364,703	364,703	270,541	515,530	585,406	545,794
Revenues over (under) expenditures	(230,025)	(230,025)	(117,307)	(66,865)	(66,865)	(4,665)
Other financing sources (uses)						
Lapsed appropriations			30			
Total other financing sources (uses)			30			
Revenue and other sources over (under) expenditures and other uses	(230,025)	(230,025)	(117,277)	(66,865)	(66,865)	(4,665)
Cash fund balance, beginning of year	230,025	230,025	230,025	66,865	66,865	66,865
Cash fund balance, end of year	$ -	-	112,748	-	-	62,200

INDEPENDENT SCHOOL DISTRICT NO. I-8, TULSA COUNTY
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN CASH FUND BALANCES - REGULATORY BASIS - ALL CAPITAL PROJECTS FUNDS
JUNE 30, 2015

	2015 (36) BUILDING BOND FUND	2013 (35) COMP PURP BOND FUND	2012 (34) BUILDING BOND FUND	2011 (33) COMP PURP BOND FUND	2011 (32) BUILDING BOND FUND	2009 (39) BUILDING BOND FUND	TOTALS 2015
Revenues							
Local sources							-
Expenditures							
Instruction		56,745					56,745
Support services		225,449	212,899	275,000	3,974	3,153	720,475
Facilities, acquisition & const. services	$ 300,000	27,142			33,000		360,142
Total expenditures	300,000	309,336	212,899	275,000	36,974	3,153	1,137,362
Revenues over (under) expenditures	(300,000)	(309,336)	(212,899)	(275,000)	(36,974)	(3,153)	(1,137,362)
Other financing sources (uses)							
Bond sales proceeds	300,000						300,000
Total other financing sources (uses)	300,000						300,000
Revenue and other sources over (under) expenditures and other uses	-	(309,336)	(212,899)	(275,000)	(36,974)	(3,153)	(837,362)
Cash fund balance, beginning of year	-	358,309	212,899	275,000	36,974	3,153	886,335
Cash fund balance, end of year	$ -	48,973	-	-	-	-	48,973

INDEPENDENT SCHOOL DISTRICT NO. I-8, TULSA COUNTY
COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
REGULATORY BASIS - ALL AGENCY FUNDS
FOR THE YEAR ENDED JUNE 30, 2015

	Balance July 1, 2014	Additions	Net Transfers	Deletions	Balance June 30, 2015
Assets					
Cash	$ 188,693	504,481	-	484,135	209,039
Liabilities					
Funds held for student organizations					
Athletics	$ 12,370	103,491		99,878	15,983
Football	3,128	9,726		10,414	2,440
Boys Basketball	-	6,686		6,618	68
Girls Basketball	498	7,593		8,076	15
Tennis	-	456		333	123
Softball	737	270		-	1,007
Wrestling	158	500		400	258
Softball Booster Club	2,648	2,992		5,297	343
Baseball	327	790		-	1,117
Basketball Booster Club	4,965	10,972		12,994	2,943
Baseball Booster Club	5,890	16,445		16,836	5,499
Miscellaneous	1,642	8,481		7,804	2,319
FFA	21,814	54,758		54,906	21,666
Special Olympics	6,139	2,288		4,984	3,443
Yearbook	4,752	14,399		9,954	9,197
Band	1,837	7,270		4,543	4,564
HS Cheerleaders	7,624	12,972		13,176	7,420
High School Account	2,554	6,615		7,577	1,592
Interest	6,355	249		-	6,604
Daycare	45,361	53,219		59,365	39,215
Band Booster Club	7,301	868		2,084	6,085
Elementary	4,439	28,378		23,407	9,410
Key Club	451	3,722		2,899	1,274
MS Student Council	1,218	3,495		3,959	754
MS Cheerleaders	3,538	8,265		11,332	471
HS Library	200	570		667	103
Clearing	27	2,622		2,449	200
4-H/FFA Parent's Club	4			4	-
Intermediate Elementary	762	4,093		4,549	306
Middle School Account	1,587	6,597		4,776	3,408
Football Fan Club	8,091	18,756		16,418	10,429
HS Student Council	40	1,181		902	319
Athletic Concession	21,135	55,708		41,588	35,255
FCCLA	1,481	4,939		5,389	1,031
Home Economics	31			-	31
Drawm	1,306	896		1,761	441
National Honor Society	160	728		513	375
Choir	313			313	-
Elem Library	696	6,686		5,423	1,959
Academic Bowl	$ 717			180	537

INDEPENDENT SCHOOL DISTRICT NO. I-8, TULSA COUNTY
COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
REGULATORY BASIS - ALL AGENCY FUNDS
FOR THE YEAR ENDED JUNE 30, 2015

	Balance July 1, 2014	Additions	Net Transfers	Deletions	Balance June 30, 2015
AP Account	$ 305	683		686	302
Basketball Cheerleaders	92			-	92
Wrestling Cheerleaders	112	415		514	13
1st Robotics	3,841	11,945		9,720	6,066
Intermediate Library	574	4,500		4,182	892
Flower Donations	61			61	-
Class of 2014	902			902	-
Class of 2015	14	10,627		8,233	2,408
Class of 2016	279	7,765		7,785	259
Class of 2017	217	415		189	443
Class of 2018	-	455		95	360
Total Liabilities	$ 188,693	504,481	-	484,135	209,039

INDEPENDENT SCHOOL DISTRICT NO. I-8, TULSA COUNTY
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2015

	Federal CFDA Number	Pass-through Grantor's Project Number	Program or Award Amount	Beginning Balance 7/01/2014	Revenue Collected	Total Expenditures	Ending Balance 6/30/2015
Federal Grantor/Pass Through Grantor/Program Title							
U.S. Department of Education							
Direct Programs:							
Title VII-Part A, Indian Education	84.060	561	$ 81,952		51,632	81,952	(30,320)
Title VII-Part A, Indian Education 2013-14 - Note 1	84.060	799		(42,995)	42,995		
Subtotal - Direct Programs			81,952	(42,995)	94,627	81,952	(30,320)
Passed Through State Department of Education:							
* Title I-Part A, Improving Basic Programs	84.010	511	283,889		226,106	272,429	(46,323)
Title I-Part A, Improving Basic Programs 2013-14 - Note 1	84.010	799		(62,595)	62,595		
Title II-Part A, Teacher & Principal Training	84.367	541	33,016		26,855	33,016	(6,161)
Special Education, Flowthrough, P.L. 105-17	84.027	621	226,783		179,003	226,783	(47,780)
Special Education, Preschool, Ages 3-5, P.L. 105-17	84.173	641	4,121		2,940	2,940	
Title VI-Small, Rural School Ach. Program	84.358	587	19,955		12,254	15,268	(3,014)
Title VI-Small, Rural School Ach. Program 2013-14 - Note 1	84.358	799		(1,724)	1,724		
Subtotal - Passed Through State Dept. of Education			$ 567,764	(64,319)	511,477	550,436	(103,278)
U.S. Department of Agriculture:							
Passed Through State Department of Education:							
* Child Nutrition Cluster:							
Non-Cash Assistance (Commodities):							
National School Lunch Program	10.555				31,173	31,173	
Non-Cash Assistance Subtotal					31,173	31,173	
Cash Assistance:							
National School Lunch Program	10.555	763			285,650	285,650	
School Breakfast Program	10.553	764			115,738	115,738	
Cash Assistance Subtotal				-	401,388	401,388	-
Subtotal - Child Nutrition (Cluster)				-	432,561	432,561	-

INDEPENDENT SCHOOL DISTRICT NO. I-8, TULSA COUNTY
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2015

Federal Grantor/Pass Through Grantor/Program Title	Federal CFDA Number	Pass-through Grantor's Project Number	Program or Award Amount	Beginning Balance 7/01/2014	Revenue Collected	Total Expenditures	Ending Balance 6/30/2015
Other Federal Assistance:							
Flood Control	12.112	770	$ 1,002		1,002	1,002	
Subtotal - Other Federal Assistance			1,002	-	1,002	1,002	-
Total Federal Assistance			$ 650,718	(107,314)	1,039,667	1,065,951	(133,598)

* Major federal programs

Note 1 - Project number 799 refers to revenues received from prior-year programs.

Note 2 - Commodities received by the District in the amount of $31,173 were of a non-monetary nature and therefore the total revenue does not agree with the financial statements by this amount.

Note 3 - This schedule was prepared on a regulatory basis of accounting consistent with the preparation of the combined financial statements.

INDEPENDENT SCHOOL DISTRICT NO. I-8, TULSA COUNTY
SCHEDULE OF SURETY BONDS
FOR THE YEAR ENDED JUNE 30, 2015

BONDING COMPANY	POSITION COVERED	BOND NUMBER	COVERAGE AMOUNT	EFFECTIVE DATES
Old Republic Surety Co.	Superintendent	W150072292	$100,000	9/20/14-9/20/15
	Treasurer/AF Custodian	W150034172	$100,000	7/1/15-7/1/16
	Encumbrance/Minutes Clerk	W150149208	$15,000	1/28/15-1/28/16
	Payroll Clerk	W150149207	$15,000	12/28/14-12/28/15

JENKINS & KEMPER
CERTIFIED PUBLIC ACCOUNTANTS, P.C.

JACK JENKINS, CPA
MICHAEL KEMPER, CPA

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
Sperry School District No. I-008
Sperry, Oklahoma 74073-4122

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund and the aggregate remaining fund information-regulatory basis, of Sperry School District No. I-008, Sperry, Oklahoma, as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated October 23, 2015. This report was adverse with respect to the presentation of the financial statements in conformity with accounting principles generally accepted in the United States because the presentation followed the regulatory basis of accounting for Oklahoma school districts and did not conform to the presentation requirements of the Governmental Accounting Standards Board. However, our report was qualified for the omission of the general fixed asset account group with respect to the presentation of financial statements on the regulatory basis of accounting authorized by the Oklahoma State Board of Education.

Internal Control Over Financial Reporting
In planning and performing our audit of the financial statements, we considered the District's internal control over financial reporting to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion 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 over 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.

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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.

Jenkins & Kemper, CPAs P.C.

Jenkins & Kemper
Certified Public Accountants, P.C.

October 23, 2015

JENKINS & KEMPER
CERTIFIED PUBLIC ACCOUNTANTS, P.C.

JACK JENKINS, CPA
MICHAEL KEMPER, CPA

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

The Honorable Board of Education
Sperry School District No. I-008
Sperry, Oklahoma 74073-4122

Report on Compliance for Each Major Federal Program
We have audited the compliance of Sperry School District No. I-008, Sperry, Oklahoma, with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2015. The District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

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

Auditor's Responsibility
Our responsibility is to express an opinion on compliance for each of the District's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards,* issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations.* Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the District's compliance.

Opinion on Each Major Federal Program
In our opinion, Sperry School District No. I-008, Sperry, Oklahoma complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2015.

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Report on Internal Control over Compliance

The management of Sperry School District No. I-008, Sperry, Oklahoma is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit, we considered the District's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine our auditing procedures that are appropriate in the circumstances for the purpose of expressing our opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the District's internal control over compliance.

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

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

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

Jenkins & Kemper, CPAs P.C.

Jenkins & Kemper
Certified Public Accountants, P.C.

October 23, 2015

INDEPENDENT SCHOOL DISTRICT NO. I-8, TULSA COUNTY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
JULY 1, 2014 TO JUNE 30, 2015

Summary of Auditor's Results

1. The auditor's report expresses an adverse opinion on the combined financial statements in conformity with generally accepted accounting principles and a qualified opinion for the omission of the general fixed asset account group on the combined financial statements in conformity with a regulatory basis of accounting prescribed by the Oklahoma State Department of Education.

2. No significant deficiencies relating to the audit of the financial statements are reported in the Schedule of Findings and Questioned Costs.

3. No instances of noncompliance material to the financial statements of the District were reported during the audit.

4. No significant deficiencies relating to the audit of the major federal award programs are reported in the "Report on Compliance with Requirements Applicable to Each Major Program and Internal Control over Compliance in Accordance with OMB Circular A-133"

5. An unqualified opinion report was issued on the compliance of major federal award programs.

6. The audit disclosed no audit findings and questioned costs, which are required to be reported under OMB Circular A-133 § 510(a).

7. The programs tested as major federal programs were: Title I and Child Nutrition programs, which were each clustered in the determination.

8. The dollar threshold used to determine between Type A and Type B programs was $300,000.

9. The District did not qualify to be a low-risk auditee.

Findings – Financial Statement Audit

None

Findings and Questioned Costs – Major Federal Award Programs Audit

None

INDEPENDENT SCHOOL DISTRICT NO. I-8, TULSA COUNTY
DISPOSITION OF PRIOR YEAR'S SCHEDULE OF FINDINGS
JULY 1, 2014 TO JUNE 30, 2015

None.

INDEPENDENT SCHOOL DISTRICT NO. I-8, TULSA COUNTY
SCHEDULE OF ACCOUNTANT'S PROFESSIONAL
LIABILITY INSURANCE AFFIDAVIT
JULY 1, 2014 TO JUNE 30, 2015

State of Oklahoma)
County of Tulsa)

The undersigned auditing firm representative 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 Sperry School District for the audit year 2014-15.

Jenkins & Kemper, CPAs, P.C.
AUDITING FIRM

BY _____
AUTHORIZED AGENT

Subscribed and sworn to before me on this
20 day of, Nov, 2017

_____
NOTARY PUBLIC

KARLA JENKINS
Notary Public in and for the
State of Oklahoma
Commission #09009637
My Commission expires 11/20/2017

INDEPENDENT SCHOOL DISTRICT NO. I-8, TULSA COUNTY
AUDIT ACKNOWLEDGEMENT
JULY 1, 2014 TO JUNE 30, 2015

The annual independent audit for Sperry School District was presented to the Board of Education in an Open Board Meeting as indicated below.

Presented by: Jenkins & Kemper, CPAs, P.C.

Firm Representative

The School Board acknowledges that as the governing body of the district, responsible for the district's financial and compliance operations, the audit findings and exceptions have been presented to them.

A copy of the audit, including this acknowledgement form, will be sent to the Oklahoma State Department of Education within 30 days from its presentation, as stated in 70 O.S. § 22-108:

> "The local board of education shall forward a copy of the audit report to the State Board of Education within thirty (30) days after receipt of said audit."

Superintendent of Schools

11/9/15
Date of Board Meeting

Board of Education President

Board of Education Clerk

Board of Education Vice President

Board of Education Member

Board of Education Member

Subscribed and sworn to before me on this 9 day of November, 2015.
My commission expires on 13 day of April, 20 15.

Notary Public

Affix Notary Seal

Notary Public Oklahoma
OFFICIAL SEAL
SUSAN WEATHERMAN
Commission #: 01005276
My Commission Expires 4/13/2020