

***ARDMORE SCHOOL DISTRICT I-19***

***Carter County, Oklahoma***

Financial Statements

Year-End June 30, 2011

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Ardmore School District I-19  
 Carter County, Oklahoma  
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 June 30, 2011

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## **INTRODUCTORY**

ARDMORE SCHOOL DISTRICT I-19

List of Officials

June 30, 2011

Board of Education

President	Lucinda Hull
Vice-President	Willie Tiller
Clerk	Lori Capshaw
Member	Alan Vernon
Member	Heather Cajina

School Officials

Superintendent of Schools	Ruth Ann Carr
Treasurer	Kelly Shannon



## INDEPENDENT AUDITOR'S REPORT

To the Board of Education  
Ardmore School District No. I-19, Carter County, Oklahoma  
Ardmore, Oklahoma

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Ardmore School District No. I-19, Carter County, Oklahoma, Carter County, Oklahoma, as of and for the year ended June 30, 2011, which collectively comprise the District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of Ardmore School District No. I-19, Carter County, Oklahoma's management. 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. 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 includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Ardmore School District No. I-19, Carter County, Oklahoma, as of June 30, 2011, and the respective changes in financial position thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

As discussed in Note X to the financial statements, the 2010 financial statements have been restated to correct a misstatement.

In accordance with *Government Auditing Standards*, we have also issued our report dated April 16, 2012, on our consideration of the Ardmore School District No. I-19, Carter County, Oklahoma's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on

**100 E Street S.W. , Suite 200 | Ardmore, OK 73401**

Telephone (580) 223-6454 | FAX 1-800-858-9329

compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages 4 through 10 and 34 through 35 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 methods 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 opinions on the financial statements that collectively comprise the Ardmore School District No. I-19, Carter County, Oklahoma's financial statements as a whole. The introductory section, combining nonmajor fund financial statements and statement of changes in activity fund subaccounts, are presented for purposes of additional analysis and are not a required part of the financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is also not a required part of the financial statements. The information in the other supplementary information section as listed in the accompanying table of contents 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 financial statements. The 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 information is fairly stated in all material respects in relation to the financial statements as a whole. The information in the introductory section and other information as listed in the accompanying table of contents has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on it.

*Rahhal Henderson Johnson, PLLC*

Ardmore, Oklahoma

April 16, 2012

**ARDMORE SCHOOL DISTRICT NO. I-19**  
**Carter County, Oklahoma**  
**Management's Discussion and Analysis**  
**June 30, 2011**  
**(UNAUDITED)**

As management of the Ardmore School District No. I-19, Carter County, Oklahoma (the "District"), we offer readers of the District's financial statements this narrative overview and analysis of the financial activities of the District for the fiscal year ended June 30, 2011. We encourage readers to consider the information presented here. The basic financial statements include government-wide financial statements and fund financial statements. For a further understanding of the difference between these financial statements, a detailed discussion is provided on page 18.

**Financial Highlights**

With respect to the government-wide financial statements:

The assets of the District exceeded its liabilities at the close of the most recent fiscal year by \$31,621,589 (*net assets*), which is an increase of \$2,158,261 from the prior year. Of the amount at June 30, 2011, \$5,467,121 (*unrestricted net assets*) may be used to meet the entity's ongoing obligations to citizens and creditors.

With respect to the fund financial statements:

As of the close of the current fiscal year, the District's governmental funds reported combined ending fund balances of \$6,482,377, an increase of \$2,033,523 from the prior year. This increase is primarily attributable to decreased expenditures resulting from reduction in staff, furloughs, and closing of an elementary site building.

At the end of the current fiscal year, unassigned fund balance for the general fund was \$4,546,254.

Other highlights:

Effective October 1, 2004, the voters of the City of Ardmore, Oklahoma approved a one-fourth of one percent (1/4%) sales tax for a period of ten years of which seventy-one percent (71%) is dedicated to the Ardmore School District for the purpose of financing the acquisition, construction, furnishing and equipment of educational facilities and for other educational functions.

Effective February 1, 2005, the Ardmore Community Facilities Authority ("Authority"), a Trust created by the City of Ardmore under Title 60 of the Oklahoma statutes and a component unit of the City of Ardmore, issued \$7,000,000 of sales tax revenue bonds for the purpose of financing the



**ARDMORE SCHOOL DISTRICT NO. I-19**  
**Carter County, Oklahoma**  
**Management's Discussion and Analysis**  
**June 30, 2011**  
**(UNAUDITED)**

**Financial Highlights (Continued)**

acquisition, expansion, renovation, repairing, furnishing, equipping of school facilities. The District assigned its rights to the sales tax revenue to the Authority to fund the debt service requirements of the revenue bonds. Construction was performed by the District and was funded by the proceeds from the sale of the revenue bonds. A prior period adjustment has been recorded to reflect this transaction as a financing arrangement rather than as contributed capital. The effect of this change on the financial statements for the year ended June 30, 2010 is described in detail on page 30.

**Overview of the Financial Statements**

This discussion and analysis is intended to serve as an introduction to the entity's basic financial statements. The District's basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

**Government-wide financial statements.** The *government-wide financial statements* include the statement of net assets and the statement of activities and are designed to provide readers with a broad overview of the District's finances, in a manner similar to a private-sector business.

The *statement of net assets* presents information on all of the District's assets and liabilities, with the difference between the two reported as *net assets*. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the District is improving or deteriorating.

The *statement of activities* presents information showing how the government's net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, *regardless of the timing of related cash flows*. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., ad valorem taxes earned but not collected at June 30, 2011).

The governmental activities of the District include instruction, supporting services, non-instruction services, capital outlay, and other outlays. These functions are principally supported by State of Oklahoma appropriations, grants and fees.

The government-wide financial statements can be found on pages 12-13 of this report.

**ARDMORE SCHOOL DISTRICT NO. I-19**  
**Carter County, Oklahoma**  
**Management's Discussion and Analysis**  
**June 30, 2011**  
**(UNAUDITED)**

**Overview of the Financial Statements (Continued)**

**Fund financial statements.** A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The District uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The District only has governmental funds.

**Governmental funds.** *Governmental funds* are used to account for essentially the same functions reported as *governmental activities* in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on *near-term inflows and outflows of spendable resources*, as well as on *balances of spendable resources* available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*.

The District maintains ten individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the general fund and building fund, which are considered to be major funds. Data from the other eight governmental funds are combined into an aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of *combining statements* elsewhere in this report.

The District adopts an annual appropriated budget for its general fund, building fund, child nutrition fund, coop fund, and sinking fund. A budgetary comparison statement has been provided for the general fund and all major funds to demonstrate compliance with this budget.

The basic governmental fund financial statements can be found on pages 14-16 of this report.

**Notes to the financial statements.** The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 17-30 of this report.

**ARDMORE SCHOOL DISTRICT NO. I-19**  
**Carter County, Oklahoma**  
**Management's Discussion and Analysis**  
**June 30, 2011**  
**(UNAUDITED)**

**Overview of the Financial Statements (Continued)**

**Other information.** In addition to the basic financial statements and accompanying notes, this report also presents certain *required supplementary information* concerning the District's budget to actual schedules on major governmental funds. Required supplementary information can be found on pages 32-34 of this report.

Combining and individual fund statements and schedules can be found on pages 36-40 of this report.

**Government-wide Financial Analysis**

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. In the case of the District, assets exceeded liabilities by \$31,621,589 at the close of the most recent fiscal year, as shown below.

**The District's Net Assets**

	Governmental Activities	
	June 30, 2011	June 30, 2010
<b>ASSETS</b>		
Cash and Cash Equivalents	\$ 5,687,514	\$ 3,979,474
Receivables, Net	2,136,166	1,258,466
Investments	66,926	48,625
Capital Assets:		
Land and Construction in Progress	590,230	434,650
Other Capital Assets, Net of Depreciation	27,640,132	28,641,352
<b>Total Assets</b>	<b>\$ 36,120,968</b>	<b>\$ 34,362,567</b>
<b>LIABILITIES AND EQUITY</b>		
<b>Current Liabilities</b>		
Accounts Payable	\$ 541,067	\$ 178,829
Deferred Revenues	3,312	25,410
<b>Long-Term Liabilities</b>		
Due within one year	785,000	740,000
Due in more than one year	3,170,000	3,955,000
<b>Total Liabilities</b>	<b>\$ 4,499,379</b>	<b>\$ 4,899,239</b>
<b>Net Assets:</b>		
Invested in Capital Assets	24,275,362	24,381,004
Restricted	1,879,106	1,730,815
Unrestricted	5,467,121	3,351,509
<b>Total Net Assets</b>	<b>\$ 31,621,589</b>	<b>\$ 29,463,328</b>

**ARDMORE SCHOOL DISTRICT NO. I-19**  
**Carter County, Oklahoma**  
**Management's Discussion and Analysis**  
**June 30, 2011**  
**(UNAUDITED)**

**Governmental activities.** Governmental activities increased the District's net assets by \$2,158,261. Key elements of this increase are shown on the following page.

**The District's Changes in Net Assets**

	Governmental Activities	
	Year Ended	
	June 30, 2011	June 30, 2010
Primary Government		
Program Revenues:		
Charges for Services	\$ 1,227,398	\$ 1,577,581
Operating Grants and Contributions	7,924,948	7,573,096
Capital Grants and Contributions	100,228	94,329
Total Program Revenues	\$ 9,252,574	\$ 9,245,006
General Revenues:		
Taxes:		
Property Taxes, levied for general purposes	\$ 5,412,198	\$ 5,055,690
Property Taxes, levied for building purposes	773,392	722,443
Property Taxes, levied for sinking fund purpose	7,571	4,685
General Taxes	3,168,072	2,897,539
Investment Earnings	175,074	171,194
State Aid - Noncategorical	7,792,543	8,252,415
Miscellaneous	548,625	388,873
Total General Revenues	\$ 17,877,475	\$ 17,492,839
Total Revenues	\$ 27,130,049	\$ 26,737,845
Governmental Activities		
Expenses:		
Instruction	12,300,596	13,716,956
Support Services	10,248,134	11,773,619
Operation of Noninstructional Services	2,099,153	2,266,424
Facilities Acquisition & Construction Services	234,694	230,010
Scholarships, Awards, & Other	15,519	17,524
Other Expenses and Refunds	73,692	15,386
Total Expenses	24,971,788	28,019,919
Increase (Decrease) In Net Assets	2,158,261	(1,282,074)
Net Assets - Beginning, as restated	29,463,328	30,745,402
Net Assets, Ending	\$ 31,621,589	\$ 29,463,328

**ARDMORE SCHOOL DISTRICT NO. I-19**  
**Carter County, Oklahoma**  
**Management's Discussion and Analysis**  
**June 30, 2011**  
**(UNAUDITED)**

**Financial Analysis of the Government's Funds**

As noted earlier, the District uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

**Governmental funds.** The focus of the District's *governmental funds* is to provide information on near-term inflows, outflows, and balances of *spendable* resources. Such information is useful in assessing the District's financing requirements. In particular, *unassigned fund balance* may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

As of the end of the current fiscal year, the District's governmental funds reported combined ending fund balances of \$6,482,377, an increase of \$2,033,523 in comparison with the prior year. This amount includes \$4,546,254 *unassigned fund balance*, which is available for spending at the District's discretion.

The general fund is the chief operating fund of the District. At the end of the current fiscal year, total fund balance of the general fund was \$4,721,849, of which \$98,264 was restricted by state statute, donors and external grantors, and \$77,331 was assigned to encumbrances.

The fund balance of the District's general fund increased by \$2,072,672 during the current fiscal year primarily due to decreased expenditures resulting from reduction in staff, furloughs, and closing of an elementary site building.

**General Fund Budgetary Comparisons**

Differences between the original and final amended budgets for expenditures resulted in a 3% increase. The increase was due to additional federal funds from Education Jobs Fund. The District's general fund balance of \$4,721,849 reported on pages 14 and 15 differs from the General Fund's budgetary fund balance of \$3,574,636 reported on the budgetary comparison schedule on page 32. This is principally because the budgetary basis includes \$ 533,377 reported as revenues when received rather than earned and \$124,668 of encumbrances reported as expenditures for budgetary purposes and expenditures reported when paid rather than when incurred.

**Capital Asset and Debt Administration**

**Capital assets.** The District's investment in capital assets for its governmental activities as of June 30, 2011, amounts to \$28,230,362 (net of accumulated depreciation). This investment in capital assets includes land, land improvements, buildings, buses, vehicles, machinery and equipment, and construction in progress. The net decrease in the District's capital assets for the current fiscal year was \$(845,640).

**ARDMORE SCHOOL DISTRICT NO. I-19**  
**Carter County, Oklahoma**  
**Management's Discussion and Analysis**  
**June 30, 2011**  
**(UNAUDITED)**

**Capital Asset and Debt Administration (Continued)**

**The District's Capital Assets**  
**(Net of Depreciation)**

	Governmental Activities	
	<u>June 30, 2011</u>	<u>June 30, 2010</u>
Land	\$ 434,650	\$ 434,650
Land Improvements	1,391,430	1,381,435
Buildings	56,600,321	56,427,189
Buses and Vehicles	2,313,165	2,189,891
Machinery and Equipment	2,356,826	2,308,815
Construction in Progress	155,580	-
	<hr/>	<hr/>
Total Capital Assets	63,251,972	62,741,980
	<hr/>	<hr/>
Accumulated Depreciation	(35,021,610)	(33,665,978)
	<hr/>	<hr/>
Net Capital Assets	<u>\$ 28,230,362</u>	<u>\$ 29,076,002</u>

Additional information on the District's capital assets can be found in note V on page 26 of this report.

At year-end, the District had \$3,955,000 in capital leases outstanding versus \$4,695,000 last year, a 16% decrease as shown below:

	Governmental Activities	
	<u>June 30, 2011</u>	<u>June 30, 2010</u>
Capital Lease	<u>\$ 3,955,000</u>	<u>\$ 4,695,000</u>

Additional information on the District's long-term obligations can be found in note VI to the financial statements.

**Requests for Information**

This financial report is designed to provide a general overview of the District's finances for all those with an interest in the entity's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to Ardmore School District No. I-19, Carter County, Oklahoma District, P.O. Box 1709, Ardmore, Oklahoma 73402.

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## **BASIC FINANCIAL STATEMENTS**

ARDMORE SCHOOL DISTRICT NO. I-19  
Carter County, Oklahoma  
Statement of Net Assets  
June 30, 2011

	<u>Governmental Activities</u>
<b>ASSETS</b>	
Cash and Cash Equivalent	\$ 5,687,514
Receivables, Net	2,136,166
Investments	66,926
Capital Assets:	
Land and Construction in Progress	590,230
Other Capital Assets, net of depreciation	27,640,132
	<hr/>
Total Assets	\$ 36,120,968
	<hr/>
<b>LIABILITIES AND EQUITY</b>	
Current Liabilities	
Accounts Payable	\$ 541,067
Deferred Revenues	3,312
Long -term liabilities	
Due within one year	785,000
Due in more than one year	3,170,000
	<hr/>
Total Liabilities	\$ 4,499,379
	<hr/>
Net Assets	
Invested in Capital Assets	\$ 24,275,362
Restricted for	
Building Services	550,290
Child Nutrition	336,434
Debt Service	43,132
School Facilities	155,005
Alternative Education	150,268
School Organizations	475,022
Scholarships	
Expendable	155,455
Nonexpendable	13,500
Unrestricted	5,467,121
Total Net Assets	<hr/> <u>\$ 31,621,589</u>

See Notes to Financial Statements



ARDMORE SCHOOL DISTRICT NO. I-19  
Carter County, Oklahoma  
Statement of Activities  
For the Year Ended June 30, 2011

	Program Revenues			Capital	Net (Expense) Revenue and Changes in Net Assets
Expenses	Charges for Services	Operating Grants and Contributions	Grants and Contributions	Grants and Contributions	Primary Government Governmental Activities
<i>Functions/Programs</i>					
Primary Government					
Governmental Activities					
Instruction	\$ 12,300,596	\$ 373,543	\$ 4,294,075	\$ -	\$ (7,632,978)
Support Services	10,248,134	279,123	1,163,883	100,228	(8,704,900)
Operation of Noninstructional Services	2,099,153	549,964	1,498,193	-	(50,996)
Facilities Acquisition and Construction Services	234,694	-	883,817	-	649,123
Scholarships, Awards and Other	15,519	-	2,962	-	(12,557)
Other Expenses and Refunds	73,692	24,768	82,018	-	33,094
Total Governmental Activities	\$ 24,971,788	\$ 1,227,398	\$ 7,924,948	\$ 100,228	\$ (15,719,214)
General Revenues					
Taxes					
Property taxes, levied for general purposes					\$ 5,412,198
Property taxes, levied for building purposes					773,392
Property taxes, levied for sinking fund purposes					7,571
General Taxes					3,168,072
Investment Earnings					175,074
State Aid - Noncategorical					7,792,543
Miscellaneous					548,625
Total General Revenues					\$ 17,877,475
Change in Net Assets					\$ 2,158,261
Net Assets - Beginning, as restated					29,463,328
Net Assets - Ending					\$ 31,621,589

See Notes to Financial Statements

ARDMORE SCHOOL DISTRICT NO. I-19  
Carter County, Oklahoma  
Balance Sheet – Governmental Funds  
June 30, 2011

	General Fund	Building Fund	Governmental Funds	Total
<b>Assets</b>				
Cash and Cash Investments	\$ 4,019,652	\$ 584,333	\$ 1,083,529	\$ 5,687,514
Receivables, Net	1,870,874	86,730	178,562	2,136,166
Investments	<u>-</u>	<u>-</u>	<u>66,926</u>	<u>66,926</u>
<b>Total Assets</b>	<b><u>\$ 5,890,526</u></b>	<b><u>\$ 671,063</u></b>	<b><u>\$ 1,329,017</u></b>	<b><u>\$ 7,890,606</u></b>
<b>Liabilities</b>				
Accounts Payable	\$ 367,685	\$ 173,181	\$ 201	\$ 541,067
Deferred Revenues	800,992	66,170	-	867,162
<b>Total Liabilities</b>	<b><u>\$ 1,168,677</u></b>	<b><u>\$ 239,351</u></b>	<b><u>\$ 201</u></b>	<b><u>\$ 1,408,229</u></b>
<b>Fund Balances</b>				
Nonspendable	\$ -	\$ -	\$ 13,500	\$ 13,500
Restricted	98,264	245,503	838,128	1,181,895
Committed	-	-	475,022	475,022
Assigned	77,331	186,209	2,166	265,706
Unassigned	<u>4,546,254</u>	<u>-</u>	<u>-</u>	<u>4,546,254</u>
<b>Total Fund Balances</b>	<b><u>\$ 4,721,849</u></b>	<b><u>\$ 431,712</u></b>	<b><u>\$ 1,328,816</u></b>	<b><u>\$ 6,482,377</u></b>
<b>Total Liabilities and Fund Balances</b>	<b><u>\$ 5,890,526</u></b>	<b><u>\$ 671,063</u></b>	<b><u>\$ 1,329,017</u></b>	

*Amounts reported for governmental activities in the statement of net assets are different because:*

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the fund. The costs of assets is \$63,251,972 and the accumulated depreciation is \$35,021,610.	28,230,362
Receivables collected more than 60 days after year-end are not available as current financial resources in the funds but are considered revenues in the statement of activities	863,850
Long-term capital lease obligations are not due and payable in the current period and accordingly are not reported as fund liabilities.	<u>(3,955,000)</u>
Net assets of governmental activities.	<u>\$ 31,621,589</u>

See Notes to Financial Statements

ARDMORE SCHOOL DISTRICT NO. I-19  
Carter County, Oklahoma  
Statement of Revenues, Expenditures and Changes in Fund  
Balances – Governmental Funds  
For the Year Ended June 30, 2011

	General Fund	Building Fund	Other Governmental Funds	Total
<b>REVENUE</b>				
Property Taxes	\$ 5,371,596	\$ 765,970	\$ 891,673	7,029,239
Interest	12,608	1,372	5,537	19,517
County Revenue	520,605	-	-	520,605
State Revenue	11,350,909	-	405,677	11,756,586
Federal Revenue	4,088,059	-	1,112,973	5,201,032
Other	1,035,141	10,325	1,647,580	2,693,046
	<u>                    </u>	<u>                    </u>	<u>                    </u>	<u>                    </u>
Total Revenue	\$ 22,378,918	\$ 777,667	\$ 4,063,440	\$ 27,220,025
<b>EXPENDITURES</b>				
Current				
Instruction	\$ 11,911,938	\$ 2,542	\$ 425,898	\$ 12,340,378
Support Services	8,007,141	405,093	541,389	8,953,623
Non-instruction Services	107,516	-	1,872,553	1,980,069
Capital Outlay	205,959	414,738	-	620,697
Other Outlays	73,692	-	1,218,043	1,291,735
	<u>                    </u>	<u>                    </u>	<u>                    </u>	<u>                    </u>
Total Expenditures	\$ 20,306,246	\$ 822,373	\$ 4,057,883	\$ 25,186,502
Excess (Deficiency) of Revenues Over (Under) Expenditures	\$ 2,072,672	\$ (44,706)	\$ 5,557	\$ 2,033,523
Fund Balances - Beginning	2,649,177	476,418	1,323,259	4,448,854
Fund Balances - Ending	<u>\$ 4,721,849</u>	<u>\$ 431,712</u>	<u>\$ 1,328,816</u>	<u>\$ 6,482,377</u>

See Notes to Financial Statements

**ARDMORE SCHOOL DISTRICT NO. I-19**  
**Carter County, Oklahoma**  
**Reconciliation of Statement of Revenues, Expenditures and Changes in Fund**  
**Balances – Governmental Funds to the Statement of Activities**  
**For the Year Ended June 30, 2011**

*Amounts reported for governmental activities  
in the statement of activities are different because:*

Net change in fund balances - total governmental funds		\$ 2,033,523
<p>Governmental funds report capital outlays as expenditures. However, in the statement of activities the costs of those assets are allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which depreciation expense exceeded capital outlays in the current period.</p>		
	Capital Outlay	\$ 640,182
	Depreciation Expense	<u>(1,485,822)</u> (845,640)
<p>Because some revenue will not be collected for several months after fiscal year end they are not considered "available" revenues in the funds and are instead deferred. They are however recorded as revenues in the statement of activities</p>		
		230,378
<p>The repayment of the principal on capital leases consumes current financial resources of government funds. However this transaction does not have an effect on net assets.</p>		
		<u>740,000</u>
Change in net assets of governmental activities.		<u>\$ 2,158,261</u>

See Notes to Financial Statements

ARDMORE SCHOOL DISTRICT NO. I-19  
Carter County, Oklahoma  
Notes to Financial Statements  
June 30, 2011

**I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The Ardmore School District No. I-19, Carter County, Oklahoma (the "District") is a corporate body for public purposes created under Title 70 of the Oklahoma Statutes and accordingly is a separate entity for operating and financial reporting purposes. The District is part of the public school system of Oklahoma under the general direction and control of the State Board of Education and is financially dependent on the state of Oklahoma for support. The general operating authority for the public school system is the Oklahoma School Code contained in Title 70, Oklahoma Statutes.

The financial statements of the District are prepared in accordance with accounting standards generally accepted in the United States of America (GAAP) promulgated by the Governmental Accounting Standards Board (GASB).

**The Reporting Entity**

The governing body of the District is the board of education composed of elected members. The superintendent is the executive officer of the board of education and the administrative head 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 is one component unit included in the District's reporting entity: Take Two Alternative Education Services of Southern Oklahoma, Inc. (Take Two). Take Two is presented as a blended component unit. Take Two is an alternative education opportunity for students who need a different way to learn and a second chance at success. Take Two is reported as a special revenue fund.

ARDMORE SCHOOL DISTRICT NO. I-19  
Carter County, Oklahoma  
Notes to Financial Statements  
June 30, 2011

**I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

The Ardmore City Schools Enrichment Foundation is not included in the reporting entity. The District does not appoint any of the board members or exercise any oversight authority over the Foundation.

**Government-Wide and Fund Financial Statements**

The District's basic financial statements include both government wide (reporting the District as a whole) and fund financial statements (reporting the District's major funds). Both government-wide and fund financial statements categorize primary activities as either governmental or business type. Governmental activities include programs primarily supported by taxes, State aid, grants and other intergovernmental revenue. The District does not have any activities classified as business-type. The government-wide focus is more on the sustainability of the District as an entity and the change in the District's net assets resulting from current year's activities.

*Government-Wide Financial Statements:* In the government-wide Statement of Net Assets, the District's governmental activities are reported on a full accrual, economic resource basis, which recognizes all long-term assets and receivables as well as long-term debt and obligations. The District's net assets are reported in three parts: invested in capital assets net of related debt, restricted net assets and unrestricted net assets.

The government-wide Statement of Activities reports both the gross and net cost of each of the District's programs and functions. The functions are also supported by general government revenues. The Statement of Activities reduces gross expenses (including depreciation) by related program revenues, operating and capital grants. *Direct expenses* are those that are clearly identifiable with a specific function. *Program revenues* include 1) charges to students, faculty, individuals, or other school districts that purchase, use, or directly benefit from goods, services, or privileges provided by a given function and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function. Taxes, interest, transfers and other items not properly included among program revenues are reported instead as *general revenues*.

All interfund transactions are eliminated in the government-wide statements.

*Fund Financial Statements:* Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. With this measurement focus, only current assets, current liabilities and fund balances are included on the balance sheet. The fund financial statements provide reports on the financial condition and results of operations of governmental fund categories.

ARDMORE SCHOOL DISTRICT NO. I-19  
Carter County, Oklahoma  
Notes to Financial Statements  
June 30, 2011

**I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

The District reports the following major governmental funds:

**General Fund** is the primary operating fund of the District. It is used to account for all financial resources except those required to be accounted for in another fund.

**Building Fund** is used to account for resources restricted by statutes for ad valorem taxes designated for repair, maintenance, acquisition and construction of buildings.

Additionally, the District reports the following fund types included in the Other Governmental Funds column:

**Special Revenue Funds** – The District accounts for resources restricted or committed to specific purposes other than debt service or capital projects where the foundation for the fund is those resources or if the fund is legally mandated in special revenue funds.

**Debt Service Fund** – The District accounts for the accumulation of funds for the periodic payment of general long-term debt in this fund.

**Permanent Fund** – The District reports resources that are restricted to the extent that only earnings, and not principal, may be used to support the District’s programs in this fund.

**Basis of Accounting**

Basis of accounting refers to when revenues and expenditures are recognized in the accounts and reported in the financial statements. It relates to the timing of the measurements made regardless of the measurement focus applied.

**Accrual:** The government-wide financial statements are presented on the accrual basis of accounting. Revenues are recognized when earned and expenses are recognized when a liability is incurred. Property taxes are recognized as revenue in the year in which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

**Modified Accrual:** The fund financial statements are presented on the modified accrual basis of accounting. Under modified accrual basis of accounting, revenues are recorded when susceptible to accrual i.e. both measurable and available. “Available” means collectible within the current period or within 60 days after year end. Expenditures are generally recognized under the modified accrual basis of accounting when the related liability is incurred. The exception to this general rule is that principal and interest on general obligation long-term debt, if any, is recognized when due.

ARDMORE SCHOOL DISTRICT NO. I-19  
Carter County, Oklahoma  
Notes to Financial Statements  
June 30, 2011

**I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**Deposits and Investments**

The District's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition. Collateral in the form of obligations of the U.S. government or its agencies, municipalities or the State of Oklahoma is required for demand deposits and certificates of deposit for all amounts not covered by federal depository insurance.

Permissible investments include direct obligations of the United States government and agencies; certificates of deposit of savings and loan associations, and bank and trust companies; and savings accounts or savings certificates of savings and loan associations, banks and trust companies. The District has no formal policy on managing credit risk or amounts that may be invested in one issuer. The District does not have a formal investment policy that limits investment maturities as a means of managing interest rate risk.

Investments for the District are reported at fair market value. Securities traded on a national exchange are valued at the last reported sales price. The investments held by the District as equity securities were donated.

**Inventories**

The value of consumable inventories at June 30, 2011 is not material to the financial statements. On the government-wide financial statements, United States Department of Agriculture (USDA) food commodities are recorded as revenue at fair value as of the date of receipt and as an expense when used. USDA food commodities are not reported in the governmental funds.

**Capital Assets**

Capital assets, which include land, land improvements, buildings, buses and vehicles, machinery and equipment, and construction in progress are reported in the applicable governmental activities columns in the government-wide financial statements. Capital assets are defined by the government as assets with an initial individual cost of more than \$2,500 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized. Major outlays for capital assets and improvements are capitalized as projects are constructed.



ARDMORE SCHOOL DISTRICT NO. I-19  
 Carter County, Oklahoma  
 Notes to Financial Statements  
 June 30, 2011

**I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

Property, plant, and equipment of the District, is depreciated using the straight-line method over the following estimated useful lives.

<u>Assets</u>	<u>Years</u>
Land Improvements	15
Buildings	20 – 40
Buses & Vehicles	5 – 10
Machinery and Equipment	3 – 10

**Deferred Revenues**

In the fund financial statements, revenues earned but not collected within 60 days of current fiscal period are reported as deferred revenues. Such deferred revenues are reflected as revenue in the government-wide financial statements. Revenues collected in advanced but unearned at June 30, 2011, remain in deferred revenues in both the fund and government-wide financial statements.

**Net Assets**

When the District incurs an expense for which it may either use restricted or unrestricted net assets, it uses restricted net assets first unless unrestricted net assets will have to be returned because they are not used.

Net assets on the Statement of Net Assets include the following:

Investment in Capital Assets, Net of Related Debt – The component of net assets that reports the difference between capital assets less both accumulated depreciation and the outstanding balance of debt, excluding unspent proceeds, that is directly attributable to the acquisition, construction and improvement of these capital assets.

Restricted for Buildings – The component of net assets that reports the excess of property taxes and other revenues collected in excess of expenses for operation of the District’s buildings. This amount is restricted by Oklahoma Statutes.

Restricted for Child Nutrition – The component of net assets that report the assets restricted for use by the Child Nutrition program.

Restricted for Debt Service – The component of net assets that report the assets restricted for payment of principal and interest on general long-term debt.

Restricted for School Facilities – The component of net assets that report the excess of sales tax restricted for educational facilities by voters.

ARDMORE SCHOOL DISTRICT NO. I-19  
Carter County, Oklahoma  
Notes to Financial Statements  
June 30, 2011

**I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

Restricted for Alternative Education – The component of net assets that report the assets restricted for alternative education programs.

Restricted for School Organizations – The component of net assets that report the assets restricted for use by student organizations and extracurricular activities. This amount is restricted by Oklahoma Statutes.

Restricted for Scholarships – The component of net assets that report the assets restricted for scholarships.

Unrestricted – The difference between assets and liabilities that is not reported as restricted for any other purposes.

**Fund Equity**

The District has adopted GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Types*, on July 1, 2010. This statement redefined how fund balances of governmental funds are presented on the financial statements. The governmental fund financial statements present fund balances based on classifications that comprise a hierarchy that is based primarily on the extent to which the District is bound to honor constraints on the specific purposes for which amounts in the respective governmental funds can be spent. The classifications used in the governmental fund financial statements are as follows:

- Nonspendable: This classification includes amounts that cannot be spent because they are either (a) not in spendable form or (b) are legally or contractually required to be maintained intact. The District has classified the original funds donated in the Endowment Fund as being nonspendable as these amounts are legally required to be maintained intact.
- Restricted: This classification includes amounts for which constraints have been placed on the use of the resources either (a) externally imposed by creditors (such as through a debt covenant), grantors, contributors, or laws or regulations of other governments, or (b) imposed by law through constitutional provisions or enabling legislation. The District has classified amounts restricted by state statute, donors and external grantors in this classification.
- Committed: This classification includes amounts that can be used only for specific purposes pursuant to constraints imposed by formal action of the Board of Education. These amounts cannot be used for any other purpose unless the Board of Education removes or changes the specified use by taking the same type of action (resolution) that was employed when the funds were initially committed. This classification also includes contractual obligations to the extent that existing resources have been specifically committed for use in satisfying those contractual requirements. The District has classified school organization activities as being committed because their use is governed by Board of Education action.

ARDMORE SCHOOL DISTRICT NO. I-19  
Carter County, Oklahoma  
Notes to Financial Statements  
June 30, 2011

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

- Assigned: This classification includes amounts that are constrained by the District's intent to be used for a specific purpose but are neither restricted nor committed. This intent can be expressed by the Board of Education or through the Board of Education delegating this responsibility to the superintendent through the budgetary process. This classification also includes the remaining positive fund balance for all governmental funds except for the General Fund. The District has assigned funds for interest earnings to the special revenue funds where earned by the budgetary process.
- Unassigned: This classification includes the residual fund balance for the General Fund. The Unassigned classification also includes negative residual fund balance of any other governmental fund that cannot be eliminated by offsetting of Assigned fund balance amounts.

As of June 30, 2011, fund balances are comprised of the following:

	General Fund	Building Fund	Other Governmental Funds	Total Governmental Funds
Nonexpendable				
Endowment	\$ -	\$ -	\$ 13,500	\$ 13,500
Restricted				
Debt Service	-	-	43,132	43,132
Building Operation and Maintenance	-	245,503	-	245,503
Alternative Education	-	-	150,100	150,100
State and Private Grants	98,264	-	-	98,264
Child Nutrition	-	-	334,903	334,903
School Facilities	-	-	155,005	155,005
Scholarships	-	-	154,988	154,988
Committed				
School Organizations	-	-	475,022	475,022
Assigned				
Building Operation and Maintenance		186,209		186,209
Alternative Education			168	168
Child Nutrition	-	-	1,531	1,531
Scholarships	-	-	467	467
Outstanding encumbrances	77,331	-	-	77,331
Unassigned	4,546,254	-	-	4,546,254
	<u>\$ 4,721,849</u>	<u>\$ 431,712</u>	<u>\$ 1,328,816</u>	<u>\$ 6,482,377</u>

The District would typically use restricted fund balances first, followed by committed resources, and then assigned resources as appropriate opportunities arise, but reserves the right to selectively spend unassigned resources first to defer the use of these other classified funds.

ARDMORE SCHOOL DISTRICT NO. I-19  
Carter County, Oklahoma  
Notes to Financial Statements  
June 30, 2011

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**Estimates**

The preparation of financial statements in conformity with generally accepted accounting principles requires the District to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results may differ from those estimates.

**On-Behalf Payments**

For the fiscal year ended June 30, 2011, the State of Oklahoma contributed \$125,102 paid directly to the Teacher Retirement Fund on behalf of the District employees. Such payments are recorded as revenue and expenses in the government-wide financial statements.

**Property Tax Revenues**

The District is authorized by state law to levy property taxes which consist of ad valorem taxes on real and personal property within the District. The County Assessor, upon receipt of the certification of tax levies from the county excise board, extends the tax levies on the tax roll for submission to the county treasurer prior to October 1. The county treasurer must commence tax collection within fifteen days of receipt of the tax rolls. The taxes are due one-half prior to January 1 and the balance 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 owed; otherwise, the purchaser is issued a deed to the property.

Property tax receivable by the District includes uncollected taxes assessed as of October 1, 2010 and earlier. Delinquent property tax receivable is recognized as revenue in the government-wide financial statements. Only the portion of the property taxes receivable that meets the revenue recognition criteria is reported as revenue in the fund financial statements. Provision has been made for estimated uncollectible amounts based on past experience.

**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. Approximately 40% of the District's revenue comes from state sources.

ARDMORE SCHOOL DISTRICT NO. I-19  
Carter County, Oklahoma  
Notes to Financial Statements  
June 30, 2011

**I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

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

The District receives revenue from the state to administer certain categorical 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.

**II. BUDGETARY INFORMATION**

The District is required by law to prepare an annual budget. No later than October 1, each board of education shall prepare a financial statement and estimate of needs to be filed with the applicable county clerk and the State Department of Education. Once the county excise board has approved the estimate of needs, the board shall adopt a final budget within 45 days or the second regularly scheduled board meeting. No later than 15 days prior to adoption of a final budget, the board must conduct a public hearing for purposes of taking public comments.

A final budget may be revised upon approval of the Board of Education in open meeting.

A budget is legally adopted for the General Fund, Building Fund, Child Nutrition Fund, Coop Fund and Sinking Fund that includes revenue and expenditures.

Budgets generally assume the expenditure of all available resources. Therefore, when the legal budget is prepared, it is assumed these funds will not have a carryover balance to a subsequent year. Program revenue received but not spent is restricted and deferred to a subsequent fiscal year.

**III. DEPOSITS AND INVESTMENTS**

Custodial Credit Risk - Custodial credit risk for deposits is the risk that in the event of a bank failure, the District's deposits may not be returned or the District will not be able to recover collateral securities in the possession of an outside party. The District's policy requires collateral for demand deposits and certificates of deposit for all amounts not covered by federal deposit insurance. As of June 30, 2011, cash deposits and investments of \$8,103,100 were fully insured or collateralized by a pledging bank's agent in the District's name.

ARDMORE SCHOOL DISTRICT NO. I-19

Carter County, Oklahoma  
Notes to Financial Statements  
June 30, 2011

**III. DEPOSITS AND INVESTMENTS (Continued)**

Investment – The District’s investment of \$66,926 at June 30, 2011, represents equity securities valued at fair market value that were donated to the District. These securities are uninsured and exposed to the risk that in the event of the failure of the counterparty, the District will not be able to recover the value of the investment.

**IV. RECEIVABLES**

Receivables as of June 30, 2011 for the District’s individual major funds and nonmajor governmental funds in the aggregate, are as follows:

	General Fund	Building Fund	Nonmajor Funds	Total
Receivables:				
Interest	\$ 3	\$ -	\$ -	\$ 3
Taxes	957,466	92,240	155,005	1,204,711
Due from Other Governments	812,870	-	19,926	832,796
Other	139,125	-	3,631	142,756
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
Gross Receivables	\$ 1,909,464	\$ 92,240	\$ 178,562	\$ 2,180,266
Less: Allowance for Uncollectibles	<u>(38,590)</u>	<u>(5,510)</u>	<u>-</u>	<u>(44,100)</u>
Receivables, Net	<u>\$ 1,870,874</u>	<u>\$ 86,730</u>	<u>\$ 178,562</u>	<u>\$ 2,136,166</u>

**V. CAPITAL ASSETS**

Capital asset activity for the year ended June 30, 2011 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
<i>Government Activities:</i>				
<i>Capital assets, not being depreciated</i>				
Land	\$ 434,650	\$ -	\$ -	\$ 434,650
Construction in progress	-	155,580	-	155,580
Total capital assets, not being depreciated	<u>\$ 434,650</u>	<u>\$ 155,580</u>	<u>\$ -</u>	<u>\$ 590,230</u>
<i>Capital assets, being depreciated</i>				
Land Improvements	\$ 1,381,435	\$ 9,995	\$ -	\$ 1,391,430
Buildings	56,427,189	173,132	-	56,600,321
Buses and Vehicles	2,189,891	186,654	63,380	2,313,165
Machinery and Equipment	2,308,815	114,821	66,810	2,356,826
Total capital assets, being depreciated	<u>\$ 62,307,330</u>	<u>\$ 484,602</u>	<u>\$ 130,190</u>	<u>\$ 62,661,742</u>
Less Accumulated Depreciation	<u>33,665,978</u>	<u>1,485,822</u>	<u>130,190</u>	<u>35,021,610</u>
Total capital assets, being depreciated, net	<u>\$ 28,641,352</u>	<u>\$ (1,001,220)</u>	<u>\$ -</u>	<u>\$ 27,640,132</u>
Governmental activities capital assets, net	<u>29,076,002</u>	<u>(845,640)</u>	<u>-</u>	<u>28,230,362</u>
<b>Total Primary Government</b>	<u><b>\$ 29,076,002</b></u>	<u><b>\$ (845,640)</b></u>	<u><b>\$ -</b></u>	<u><b>\$ 28,230,362</b></u>

ARDMORE SCHOOL DISTRICT NO. I-19  
Carter County, Oklahoma  
Notes to Financial Statements  
June 30, 2011

**V. CAPITAL ASSETS (Continued)**

Depreciation expense was charged to functions/programs of the District as follows:

Government activities:	
Instruction	\$ 48,607
Support	1,389,750
Non-Instruction	<u>47,465</u>
Total depreciation expense - governmental activities	<u><u>\$ 1,485,822</u></u>

**VI. LONG-TERM DEBT**

Long-term liability activity for the year ended June 30, 2011, was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due within One Year</u>
Capital Lease	<u>\$ 4,695,000</u>	<u>\$ -</u>	<u>\$ 740,000</u>	<u>\$ 3,955,000</u>	<u>\$ 785,000</u>
	<u><u>\$ 4,695,000</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 740,000</u></u>	<u><u>\$ 3,955,000</u></u>	<u><u>\$ 785,000</u></u>

Interest expense of \$159,338 on long-term debt has been included in the direct expenses of individual functions on the government-wide statement of activities. The building fund and sales tax fund are used to liquidate this debt.

The District has entered into lease agreements as lessee for financing the acquisition of certain equipment. The lease agreements qualify as capital leases for accounting purposes since title transfers at the end of the lease term and have been recorded at the present value of the future minimum lease payments. The leases contain a clause which gives the District the ability to terminate the lease agreements at the end of each fiscal year. The District has also entered a financing arrangement with the Ardmore Community Facilities Authority (see Note IX). This financing arrangement is also accounted for as a capital lease.

The schedule of future minimum lease payments under the capital leases and the present value of the net minimum lease payments for years ending June 30<sup>th</sup> is as follows:

ARDMORE SCHOOL DISTRICT NO. I-19  
Carter County, Oklahoma  
Notes to Financial Statements  
June 30, 2011

**VI. LONG-TERM DEBT (Continued)**

	Year Ending June 30	
	2012	\$ 928,231
	2013	966,625
	2014	874,644
	2015	1,606,800
Present value of future minimum lease payments		\$ 4,376,300
less: Interest		(421,300)
Net Minimum lease payments		\$ 3,955,000
Current portion		(785,000)
Long-term portion		\$ 3,170,000

Leased buildings and equipment under capital leases in capital assets at June 30, 2011, included the following:

Buildings	\$ 7,469,800
Land Improvements	1,450
less Accumulated Depreciation	(661,470)
	\$ 6,809,781

Amortization of leased assets has been included in depreciation.

**VII. EMPLOYEE RETIREMENT SYSTEM**

Plan Description - The District participates in the state-administered Oklahoma Teachers' Retirement System (the "System"), which is a cost-sharing, multiple-employer public employee retirement system (PERS). The administration, benefits, and funding of the System are governed by Article XVII, Section 70 of the Oklahoma Statutes. The System is administered by a board of trustees which acts as a fiduciary for investing the funds and governing the administration of the System. The System issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to Teachers' Retirement System of Oklahoma, P.O. Box 53524, Oklahoma City, Oklahoma 73152.

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



ARDMORE SCHOOL DISTRICT NO. I-19  
Carter County, Oklahoma  
Notes to Financial Statements  
June 30, 2011

**VII. EMPLOYEE RETIREMENT SYSTEM (Continued)**

The contribution rates for the District and its employees, which are not actuarially determined, are established by Oklahoma Statutes and applied to employee's earnings plus employer-paid fringe benefits. The District is required to contribute 9.5% and plan members are required to contribute 7% of their annual salary. The District pays full-time employees' contributions as allowed by statute. The District's contributions to the System for the years ended June 30, 2011, 2010 and 2009 were \$2,140,739, \$2,443,293 and \$2,343,376 respectively.

**VIII. COMMITMENTS AND 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.

The District is exposed to various risks of loss related to torts, theft, damage and destruction of assets, errors and omission, injuries to employees, life and health of employees, and natural disasters for which the District purchases commercial insurance.

**IX. LEASE REVENUE BOND AGREEMENT**

Effective October 1, 2004, the voters of the City of Ardmore, Oklahoma approved a one-fourth of one percent (1/4%) sales tax for a period of ten years of which seventy-one percent (71%) is dedicated to the Ardmore School District for the purpose of financing the acquisition, construction, furnishing and equipment of educational facilities and for other educational functions. Effective February 1, 2005, the Ardmore Community Facilities Authority ("Authority"), a Trust created by the City of Ardmore under Title 60 of the Oklahoma statutes and a component unit of the City of Ardmore, issued \$7,000,000 of sales tax revenue bonds for the purpose of financing the acquisition, expansion, renovation, repairing, furnishing, equipping of school facilities. The District assigned its rights to the sales tax revenue to the Authority to fund the debt service requirements of the revenue bonds. The capital assets acquired and constructed have been shown as capital assets on the District's statement of net assets and the remaining amounts due to the Authority under the arrangement is included as a lease payable. For the year ended June 30, 2011 the District had received \$883,817 of dedicated sales tax from the City of Ardmore and that it is shown as operating contribution in the statement of activities.

The Authority's financial statements are included in the City of Ardmore's financial reporting entity and can be obtained from the City of Ardmore's finance director.

ARDMORE SCHOOL DISTRICT NO. I-19  
Carter County, Oklahoma  
Notes to Financial Statements  
June 30, 2011

**X. PRIOR PERIOD ADJUSTMENT**

During the current year it was determined that the funds received from the sales tax revenue bonds by the Ardmore Community Facilities Authority should not have been recorded as contributed capital. The arrangement with the Authority is effectively a financing arrangement and as such, the acquisition should have been accounted for as a capital lease where the title to the assets will be passed to the District once the bonds are paid off. The effect of this change on the financial statements for the year ended June 30, 2010 is shown below:

	As Previously Reported	<u>Restatement</u>	<u>As Restated</u>
Governmental Activities			
Statement of Net Assets			
Current Portion of Capital Leases	\$ 100,000	\$ 640,000	\$ 740,000
Capital Lease Obligations	200,000	3,755,000	3,955,000
Net Assets: Invested in Capital Assets	28,776,004	(4,395,000)	24,381,004
Statement of Activities			
Facilities Acquisition and Construction Services	-	230,010	230,010
Operating Grants and Contributions	6,460,110	824,687	7,284,797
General Revenue: Taxes and Other Dedicated Fees	824,687	(824,687)	-
Transfers to Trustee	(825,010)	825,010	-
Change in Net Assets	(1,877,076)	595,000	(1,282,076)
Beginning Net Assets	35,735,402	(4,990,000)	30,745,402
Ending Net Assets	33,858,328	(4,395,000)	29,463,328

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**REQUIRED SUPPLEMENTARY INFORMATION**

ARDMORE SCHOOL DISTRICT NO. I-19  
Carter County, Oklahoma  
Budgetary Comparison Schedule –General Fund (Unaudited)  
For the Year Ended June 30, 2011

	Budgeted Amounts		Actual Amounts	Variance With Final Budget
	Original	Final		
<b>REVENUE</b>				
Property Taxes	\$ 4,896,161	\$ 4,896,161	\$ 5,254,385	\$ 358,224
Interest	15,811	15,811	12,609	(3,202)
County Revenue	455,896	455,896	517,312	61,416
State Revenue	11,268,982	11,268,982	11,193,123	(75,859)
Federal Revenue	3,649,219	4,208,959	3,743,261	(465,698)
Other	<u>1,004,982</u>	<u>1,004,982</u>	<u>1,124,851</u>	<u>119,869</u>
Total Revenue	<u>\$ 21,291,051</u>	<u>\$ 21,850,791</u>	<u>\$ 21,845,541</u>	<u>\$ (5,250)</u>
<b>EXPENDITURES</b>				
Current				
Instruction	\$ 14,765,592	\$ 15,325,332	11,736,949	\$ 3,588,383
Support Services	8,042,516	8,042,516	8,046,936	(4,420)
Non-instruction Services	107,520	107,520	107,520	-
Capital Outlay	124,000	124,000	128,077	(4,077)
Other Outlays	<u>411,432</u>	<u>411,432</u>	<u>411,432</u>	<u>-</u>
Total Expenditures	<u>\$ 23,451,060</u>	<u>\$ 24,010,800</u>	<u>\$ 20,430,914</u>	<u>\$ 3,579,886</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	\$ (2,160,009)	\$ (2,160,009)	\$ 1,414,627	\$ 3,574,636
Fund Balance - Beginning	<u>2,160,009</u>	<u>2,160,009</u>	<u>2,160,009</u>	<u>-</u>
Fund Balance - Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,574,636</u>	<u>\$ 3,574,636</u>

ARDMORE SCHOOL DISTRICT NO. I-19  
Carter County, Oklahoma  
Budgetary Comparison Schedule –Building Fund (Unaudited)  
For the Year Ended June 30, 2011

	Budgeted Amounts		Actual Amounts	Variance With Final Budget
	Original	Final		
<b>REVENUE</b>				
Property Taxes	\$ 699,646	\$ 699,646	\$ 749,541	\$ 49,895
Interest	2,334	2,334	1,372	(962)
Other	<u>580,892</u>	<u>580,892</u>	<u>11,038</u>	<u>(569,854)</u>
Total Revenue	<u>\$ 1,282,872</u>	<u>\$ 1,282,872</u>	<u>\$ 761,951</u>	<u>\$ (520,921)</u>
<b>EXPENDITURES</b>				
Current				
Instruction	\$ 2,542	\$ 2,542	\$ 2,542	\$ -
Support Services	499,634	499,634	401,643	97,991
Capital Outlay	968,787	968,787	475,843	492,944
Other Outlays	<u>156,301</u>	<u>156,301</u>	<u>-</u>	<u>156,301</u>
Total Expenditures	<u>\$ 1,627,264</u>	<u>\$ 1,627,264</u>	<u>\$ 880,028</u>	<u>\$ 747,236</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(344,392)	(344,392)	(118,077)	226,315
Fund Balance - Beginning	<u>344,392</u>	<u>344,392</u>	<u>344,392</u>	<u>-</u>
Fund Balance - Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 226,315</u>	<u>\$ 226,315</u>

ARDMORE SCHOOL DISTRICT NO. I-19  
Carter County, Oklahoma  
Notes to Required Supplementary Information  
June 30, 2011

**Budgeting:** No later than October 1, each board of education shall prepare a financial statement and estimate of needs to be filed with the applicable county clerk and the State Department of Education. Once the county excise board has approved the estimate of needs, the board shall adopt a final budget within 45 days or the second regularly scheduled board meeting. No later than 15 days prior to adoption of a final budget, the board must conduct a public hearing for purposes of taking public comments. A final budget may be revised upon approval of the Board of Education in open meeting.

Budgets generally assume the expenditure of all available resources. Therefore, when the legal budget is prepared, it is assumed these funds will not have a carryover balance to a subsequent year. Program revenue received but not spent is restricted and deferred to a subsequent fiscal year.

**Budgetary Basis of Accounting:** While the School District reports financial position, results of operations and changes in fund balance on the basis of generally accepted accounting principles (GAAP), the budgetary basis as provided by law is based upon accounting for certain transactions on a basis of cash receipts, disbursements and encumbrances. The Budgetary Comparison Schedule presented as RSI for each major governmental fund is presented on the budgetary basis to provide a meaningful comparison of actual results with the budget. The major differences between the budget basis and GAAP basis are as follows:

Reconciliation of Budget to GAAP	General Fund	Building Fund
Sources/inflows of resources:		
Actual Amounts (budgetary basis)	\$ 21,845,541	\$ 761,951
Budgetary revenues are treated as inflows when received rather than when earned	533,377	15,716
Total revenues as reported on statement of revenues, expenditures and changes in fund balances - governmental funds	\$ 22,378,918	\$ 777,667
Uses/outflows of resources:		
Actual Amounts (budgetary basis)	\$ 20,430,914	\$ 880,028
Encumbrances for supplies and services ordered but not received are reported in the year ordered for budgetary purposes, but in the year received for GAAP reporting	(124,668)	(57,655)
Total expenditures as reported on statement of revenues, expenditures and changes in fund balances - governmental funds	\$ 20,306,246	\$ 822,373

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**OTHER SUPPLEMENTARY INFORMATION**

ARDMORE SCHOOL DISTRICT NO. I-19  
Carter County, Oklahoma  
Combining Balance Sheet – Other Governmental Funds  
June 30, 2011

	Sinking Fund	Coop Fund	Child Nutrition Fund	Sales Tax Fund	Gifts Fund	Take II Fund	Activity Fund	Endowment Fund	Total
<b>Assets</b>									
Cash and Cash Investments	\$ 43,132	\$ 92,533	\$ 316,510	\$ -	\$ 73,522	\$ 54,303	\$ 475,022	\$ 28,507	\$ 1,083,529
Receivables, Net	-	3,631	19,926	155,005	-	-	-	-	178,562
Investments	-	-	-	-	-	-	-	66,926	66,926
<b>Total Assets</b>	<b><u>\$ 43,132</u></b>	<b><u>\$ 96,164</u></b>	<b><u>\$ 336,436</u></b>	<b><u>\$ 155,005</u></b>	<b><u>\$ 73,522</u></b>	<b><u>\$ 54,303</u></b>	<b><u>\$ 475,022</u></b>	<b><u>\$ 95,433</u></b>	<b><u>\$ 1,329,017</u></b>
<b>Liabilities</b>									
Accounts Payable	\$ -	\$ 199	\$ 2	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 201
<b>Total Liabilities</b>	<b><u>\$ -</u></b>	<b><u>\$ 199</u></b>	<b><u>\$ 2</u></b>	<b><u>\$ -</u></b>	<b><u>\$ -</u></b>	<b><u>\$ -</u></b>	<b><u>\$ -</u></b>	<b><u>\$ -</u></b>	<b><u>\$ 201</u></b>
<b>Fund Balances</b>									
Nonspendable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 13,500	\$ 13,500
Restricted	43,132	95,797	334,903	155,005	73,055	54,303	-	81,933	838,128
Committed	-	-	-	-	-	-	475,022	-	475,022
Assigned	-	168	1,531	-	467	-	-	-	2,166
Unassigned	-	-	-	-	-	-	-	-	-
<b>Total Fund Balances</b>	<b><u>43,132</u></b>	<b><u>95,965</u></b>	<b><u>336,434</u></b>	<b><u>155,005</u></b>	<b><u>73,522</u></b>	<b><u>54,303</u></b>	<b><u>475,022</u></b>	<b><u>95,433</u></b>	<b><u>1,328,816</u></b>
<b>Total Liabilities and Fund Balances</b>	<b><u>\$ 43,132</u></b>	<b><u>\$ 96,164</u></b>	<b><u>\$ 336,436</u></b>	<b><u>\$ 155,005</u></b>	<b><u>\$ 73,522</u></b>	<b><u>\$ 54,303</u></b>	<b><u>\$ 475,022</u></b>	<b><u>\$ 95,433</u></b>	<b><u>\$ 1,329,017</u></b>



ARDMORE SCHOOL DISTRICT NO. I-19  
Carter County, Oklahoma  
Combining Statement of Revenue, Expenditures and Changes in Fund Balance  
– Other Governmental Funds  
For the Year Ended June 30, 2011

	Sinking Fund	Coop Fund	Child Nutrition Fund	Sales Tax Fund	Gifts Fund	Take II Fund	Activity Fund	Endowment Fund	Total
<b>REVENUE</b>									
Property Taxes	\$ 7,856	\$ -	\$ -	\$ 883,817	\$ -	\$ -	\$ -	\$ -	\$ 891,673
Interest	250	168	1,531	-	467	-	2,940	181	5,537
State Revenue	-	242,500	163,177	-	-	-	-	-	405,677
Federal Revenue	-	-	1,112,973	-	-	-	-	-	1,112,973
Other	-	<u>238,727</u>	<u>268,888</u>	-	<u>1,000</u>	<u>38,967</u>	<u>1,079,735</u>	<u>20,263</u>	<u>1,647,580</u>
Total Revenue	<u>\$ 8,106</u>	<u>\$ 481,395</u>	<u>\$ 1,546,569</u>	<u>\$ 883,817</u>	<u>\$ 1,467</u>	<u>\$ 38,967</u>	<u>\$ 1,082,675</u>	<u>\$ 20,444</u>	<u>\$ 4,063,440</u>
<b>EXPENDITURES</b>									
Current									
Instruction	\$ -	\$ 304,091	\$ -	\$ -	\$ -	\$ 2,420	\$ 119,387	\$ -	\$ 425,898
Support Services	-	176,430	-	-	-	16,357	348,602	-	541,389
Non-instruction Services	-	-	1,583,578	-	-	-	288,975	-	1,872,553
Other Outlays	-	-	-	<u>874,693</u>	<u>10,900</u>	-	<u>329,831</u>	<u>2,619</u>	<u>1,218,043</u>
Total Expenditures	<u>\$ -</u>	<u>\$ 480,521</u>	<u>\$ 1,583,578</u>	<u>\$ 874,693</u>	<u>\$ 10,900</u>	<u>\$ 18,777</u>	<u>\$ 1,086,795</u>	<u>\$ 2,619</u>	<u>\$ 4,057,883</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	8,106	874	(37,009)	9,124	(9,433)	20,190	(4,120)	17,825	5,557
Fund Balances, Beginning	<u>35,026</u>	<u>95,091</u>	<u>373,443</u>	<u>145,881</u>	<u>82,955</u>	<u>34,113</u>	<u>479,142</u>	<u>77,608</u>	<u>1,323,259</u>
Fund Balances, Ending	<u>\$ 43,132</u>	<u>\$ 95,965</u>	<u>\$ 336,434</u>	<u>\$ 155,005</u>	<u>\$ 73,522</u>	<u>\$ 54,303</u>	<u>\$ 475,022</u>	<u>\$ 95,433</u>	<u>\$ 1,328,816</u>

**ARDMORE SCHOOL DISTRICT NO. I-19**  
**Carter County, Oklahoma**  
**Combining Statement of Assets and Fund Balances**  
**– Activity Fund**  
**For the Year Ended June 30, 2011**

	<b>Balance 6/30/2010</b>	<b>Receipts</b>	<b>Adjusting Entries</b>	<b>Checks</b>	<b>Balance 6/30/2011</b>
Unit 50 ADMINISTRATION					
Project 886 COMMUNITIES IN SCHOOLS	\$ 8	\$ -	\$ -	\$ -	\$ 8
Project 887 ODYSSEY OF THE MIND	100	-	-	-	100
Project 889 ADULT BASIC EDUCATION	1,518	9,365	-	9,321	1,562
Project 892 COMMUNITY EDUCATION	202	-	-	10	193
Project 894 ACS BIGGEST LOSER	107	-	-	-	107
Project 895 ACS ELEMENTARY MUSIC	7,206	9,404	-	8,468	8,143
Project 896 HUGS	76,555	70,556	-	72,660	74,451
Project 899 OPERATIONAL	32,492	30,970	-	30,801	32,661
Project 901 UNITED WAY DONATION ACCOUNT	551	2,228	-	1,828	950
Project 906 CLEARING ACCOUNT	-	165	-	165	-
Project 907 SPECIAL OLYMPICS	1,084	1,596	-	1,555	1,125
Project 908 SUMMER SCHOOL	11,478	-	-	-	11,478
Project 912 ACS IECBOOSTER	13,791	875	-	8,648	6,018
Project 917 SUNSHINE WELFARE	481	253	-	551	183
Project 939 PUBLIC RELATIONS/CURRICULUM	426	99	-	80	445
Project 962 CHILD NUTRITION	-	237,182	-	237,182	-
Project 971 RED RIVER CLASSIC	134	-	-	-	134
Total Unit 50	<u>146,133</u>	<u>362,693</u>	<u>-</u>	<u>371,269</u>	<u>137,558</u>
Unit 70 Transportation					
Project 898 Transportation	178	100	-	87	190
Total Unit 70	<u>178</u>	<u>100</u>	<u>-</u>	<u>87</u>	<u>190</u>
Unit 110 CHARLES EVANS ELEMENTARY					
Project 801 CHARLES EVANS	9,908	33,243	2,098	32,846	12,403
Project 802 CHARLES EVANS LIBRARY	638	5,138	-	5,102	674
Project 803 CHARLES EVANS PTO	4,945	14,481	-	12,371	7,055
Project 906 CLEARING ACCOUNT	-	246	-	246	-
Project 911 CHARLES EVANS WELFARE	72	1,185	-	1,186	70
Total Unit 110	<u>15,563</u>	<u>54,293</u>	<u>2,098</u>	<u>51,751</u>	<u>20,203</u>
Unit 115 FRANKLIN					
Project 807 FRANKLIN	5,742	-	(3,742)	250	1,750
Project 808 FRANKLIN LIBRARY	269	-	(269)	-	-
Project 809 FRANKLIN PTO	24	-	(24)	-	-
Project 819 JEFFERSON CHRISTMAS ACCOUNT	2,434	-	(2,434)	-	-
Total Unit 115	<u>8,469</u>	<u>-</u>	<u>(6,469)</u>	<u>250</u>	<u>1,750</u>
Unit 120 JEFFERSON ELEMENTARY					
Project 811 JEFFERSON	7,210	4,295	928	5,719	6,714
Project 812 JEFFERSON LIBRARY	678	344	-	256	766
Project 813 JEFFERSON PTO	1,109	9,046	-	8,313	1,842
Project 818 JEFFERSON STAFF ACTIVITY	-	1,268	-	613	655
Project 819 JEFFERSON CHRISTMAS	-	9,435	2,434	4,289	7,580
Project 906 CLEARING ACCOUNT	-	59	-	59	-
Total Unit 120	<u>8,997</u>	<u>24,447</u>	<u>3,362</u>	<u>19,250</u>	<u>17,556</u>
Unit 125 LINCOLN ELEMENTARY					
Project 814 LINCOLN	1,977	3,144	1,009	2,469	3,661
Project 815 LINCOLN LIBRARY	766	2,611	-	2,592	785
Project 816 LINCOLN PTO	9,036	2,050	-	9,718	1,368
Project 906 CLEARING ACCOUNT	-	102	-	102	-
Total Unit 125	<u>11,779</u>	<u>7,907</u>	<u>1,009</u>	<u>14,882</u>	<u>5,814</u>
Unit 135 WILL ROGERS ELEMENTARY					
Project 804 WILL ROGERS ACTIVITY	5,622	31,468	-	28,695	8,395
Project 805 WILL ROGERS LIBRARY	1,947	36	-	-	1,983
Project 806 WILL ROGERS WELFARE	2,724	1,517	-	1,476	2,765
Project 817 WILL ROGERS PTO	7,988	200	-	6,172	2,016
Project 906 CLEARING ACCOUNT	-	176	-	176	-
Total Unit 135	<u>18,281</u>	<u>33,397</u>	<u>-</u>	<u>36,518</u>	<u>15,159</u>

**ARDMORE SCHOOL DISTRICT NO. I-19**  
**Carter County, Oklahoma**  
**Combining Statement of Assets and Fund Balances**  
**– Activity Fund**  
**For the Year Ended June 30, 2011**

	<b>Balance 6/30/2010</b>	<b>Receipts</b>	<b>Adjusting Entries</b>	<b>Checks</b>	<b>Balance 6/30/2011</b>
Unit 505 ARDMORE MIDDLE SCHOOL					
Project 826 AMS VOCAL MUSIC	1,206	4,631	-	4,093	1,744
Project 827 AMS POM SQUAD	2,085	3,168	-	3,524	1,729
Project 828 AMS MISCELLANEOUS	4,925	1,560	-	871	5,614
Project 829 AMS CHEERLEADERS	1,664	3,213	-	2,808	2,069
Project 831 AMS ART	366	654	-	176	844
Project 832 AMS STUDENT COUNCIL	1,362	355	-	471	1,245
Project 833 AMS BAND	33	-	-	-	33
Project 834 AMS NJHS	407	92,389	-	92,557	239
Project 884 AMS LIBRARY	1,236	2,445	-	2,396	1,285
Project 893 AMS ENVIROMENTAL CAMP	1,260	3,550	-	2,490	2,320
Project 906 CLEARING ACCOUNT	-	306	-	306	-
Project 914 AMS DUGOUT CLUB	1,708	-	(1,708)	-	-
Project 923 AMS DRAMA CLUB	1,871	467	-	1,147	1,191
Project 924 AMS FAMILY ECONOMICS CLUB	76	-	-	-	76
Project 926 AMS PTT	1,830	250	-	1,464	616
Project 928 AMS TIGER DEN	2,700	6,869	-	5,996	3,574
Project 931 AMS YEARBOOK	3,110	9,986	-	5,387	7,709
Project 933 AMS TEACHERS' FLOWER FUND	381	239	-	317	304
Project 946 AMS OUTDOOR CLASSROOM	564	-	-	-	564
Project 953 AMS SPORTS ACCOUNT	3,716	16,805	-	17,888	2,633
Total Unit 505	<u>30,500</u>	<u>146,888</u>	<u>(1,708)</u>	<u>141,892</u>	<u>33,789</u>
Unit 705 ARDMORE HIGH SCHOOL					
Project 837 AHS ART	6	680	-	245	441
Project 838 AHS ATHLETICS	34,271	188,926	-	181,582	41,615
Project 839 AHS BAND	2,856	11,744	-	9,537	5,064
Project 841 AHS BAND BOOSTER CLUB	38,813	20,318	-	50,077	9,054
Project 843 AHS VOCAL MUSIC	2,873	4,791	-	5,429	2,235
Project 844 AHS TEST FEES	2,123	7,331	-	1,551	7,903
Project 845 AHS CLASS OF 2014	-	84	-	12	72
Project 847 AHS CLASS OF 2009	6	-	(6)	-	-
Project 848 AHS CLASS OF 2010	209	250	-	-	459
Project 849 AHS CLASS OF 2011	2,581	17,455	-	19,645	391
Project 852 AHS CRITERION	7,435	10,960	-	15,764	2,631
Project 854 AHS CLASS OF 2012	488	9,264	-	7,253	2,499
Project 855 AHS POM SQUAD	46	7,223	-	1,062	6,207
Project 856 AHS DUGOUT CLUB	8,550	34,365	1,708	32,593	12,030
Project 857 AHS FORENSICS	1,490	4,442	-	4,503	1,429
Project 858 AHS AVID	113	4,398	-	3,740	771
Project 859 AHS FCCLA	1,889	19,762	-	17,385	4,266
Project 861 AHS TECHNOLOGY CLUB	474	1,515	-	1,350	639
Project 863 AHS LIBRARY	199	649	-	837	11
Project 864 AHS MISCELLANEOUS	1,167	928	23	783	1,335
Project 865 AHS NATIONAL HONOR SOCIETY	268	1,030	-	1,038	260
Project 866 AHS QUARTERBACK CLUB	21,543	35,685	22	36,704	20,547
Project 867 AHS SCIENCE CLUB	2,427	1,632	-	1,398	2,662
Project 868 AHS CLASS OF 2013	48	408	-	39	417
Project 869 AHS INTERNATIONAL CLUB	1,069	1,552	-	1,917	704
Project 871 AHS STRINGS/ORCHESTRA	307	6,371	121	5,210	1,588
Project 872 AHS STUDENT COUNCIL	185	2,995	-	3,115	65
Project 873 AHS TAKEDOWN CLUB	1,783	14,740	-	11,081	5,443
Project 874 AHS TENNIS CLUB	10,614	6,154	-	4,886	11,882
Project 875 AHS TIGERETTE BOOSTER	2,381	3,855	-	6,236	-
Project 876 AHS TIP-IN-CLUB	94	-	(94)	-	-
Project 877 AHS QB CLUB/NOBLE MAINTENANCE	645	-	-	-	645
Project 878 AHS VARSITY CHEERLEADERS	3,530	3,541	-	3,530	3,541
Project 881 AHS CLASS OF 2008	749	-	(18)	731	-
Project 897 AHS TIGER TRACK MEET	2,027	150	-	-	2,177
Project 906 CLEARING ACCOUNT	-	472	-	472	-
Project 913 AHS NATIVE AMERICAN CLUB	5,399	6,960	-	4,473	7,886
Project 915 AHS CHEERLEADERS BOOSTER CLUB	5,352	11,713	-	13,325	3,740

**ARDMORE SCHOOL DISTRICT NO. I-19**  
**Carter County, Oklahoma**  
**Combining Statement of Assets and Fund Balances**  
**– Activity Fund**  
**For the Year Ended June 30, 2011**

	<b>Balance</b>		<b>Adjusting</b>		<b>Balance</b>
	<b>6/30/2010</b>	<b>Receipts</b>	<b>Entries</b>	<b>Checks</b>	<b>6/30/2011</b>
Project 916 AHS TRACK BOOSTER CLUB	697	-	-	-	697
Project 918 AHS GIRLS FASTPITCH CLUB	10,627	6,298	-	14,652	2,273
Project 921 AHS STATE TRACK MEET	1,633	15,310	-	14,858	2,085
Project 922 AHS HOLIDAY FESTIVAL	1,395	17,127	-	15,392	3,130
Project 938 AHS BENEVOLENCE	626	612	-	1,106	133
Project 942 AHS FRESHMAN FOOTBALL	22	-	(22)	-	-
Project 943 AHS FOOTBALL CAMP	35,761	15,147	-	2,633	48,275
Project 945 AHS ADVERTISING REVENUE	10,632	-	-	1,349	9,283
Project 948 AHS HARDWOOD HUSTLERS	42	-	(42)	-	-
Project 949 AHS SUMMER BASEBALL	3,054	2,878	-	3,226	2,706
Project 951 AHS FAST-BREAK CLUB	-	18,048	137	14,270	3,915
Project 954 AHS ORCHESTRA BOOSTERS	121	-	(121)	-	-
Project 964 AHS SPORTS MEDICINE	501	450	-	646	305
Project 972 AHS GOLF	9,074	14,794	-	15,076	8,792
Project 976 AHS ANGEL TREE	508	-	-	206	302
Project 977 AHS INCENTIVE ACCOUNT	539	765	-	803	501
Total Unit 705	<u>239,242</u>	<u>533,773</u>	<u>1,708</u>	<u>531,718</u>	<u>243,004</u>
 Grand Total	 <u>\$ 479,142</u>	 <u>\$ 1,163,498</u>	 <u>\$ -</u>	 <u>\$ 1,167,618</u>	 <u>\$ 475,022</u>

ARDMORE SCHOOL DISTRICT I-19  
ARDMORE SCHOOL DISTRICT NO. I-19  
Carter County, Oklahoma  
Supplemental Schedule  
Schedule of Expenditures of Federal Awards  
For the Year Ended June 30, 2011

	Federal CFDA Number	Pass Through Grantor's Project Number	Balance 6/30/2010	Federal Grant Receipts	Federal Grant Accrual Basis Expenditures	Outstanding Encumbrances	Federal Statutory Basis Expenditures	Balance 6/30/2011
<i>U.S. Dept. of Interior</i>								
Direct Program								
Johnson O'Malley Indian Education Assistance to Schools	15.130	563	\$ (34,398)	\$ 34,398	\$ 29,717	\$ 5,371	\$ 35,088	\$ (35,088)
Total U.S. Department of Interior			\$ (34,398)	\$ 34,398	\$ 29,717	\$ 5,371	\$ 35,088	\$ (35,088)
<i>U.S. Dept. of Education</i>								
Direct Program								
Title VIII - Impact Aid	84.041	591	\$ -	\$ 104,327	\$ 104,327	\$ -	\$ 104,327	\$ -
Title VII - Indian Education Formula Grant	84.060A	561	-	178,118	180,743	22,702	203,445	(25,327)
			\$ -	\$ 282,445	\$ 285,070	\$ 22,702	\$ 307,772	\$ (25,327)
<i>Passed Through State Department of Education:</i>								
Title I, Part A	84.010	511	\$ (14,199)	\$ 915,221	\$ 1,156,416	\$ -	\$ 1,156,416	\$ (255,394)
ARRA, Title I, Part A & Neglected	84.389	516	(56,234)	138,804	124,374	-	124,374	(41,804)
Title I Cluster			\$ (70,433)	\$ 1,054,025	\$ 1,280,790	\$ -	\$ 1,280,790	\$ (297,198)
IDEA, Part B - Flow Through	84.027	621	\$ (426)	\$ 632,389	\$ 634,791	\$ -	\$ 634,791	\$ (2,828)
IDEA, Part B - Preschool, Ages 3-5	84.173	641	-	18,494	18,494	-	18,494	-
ARRA, IDEA, Part B - Flow Through	84.391	622	(1,862)	106,839	132,230	5,651	137,881	(32,904)
ARRA, IDEA, Part B - Preschool, Ages 3-5	84.392	643	-	4,560	4,560	-	4,560	-
Special Education Cluster			\$ (2,288)	\$ 762,282	\$ 790,075	\$ 5,651	\$ 795,726	\$ (35,732)
Title II, Part A - Improving Teacher and Principal Quality	84.367	541	(32,073)	127,872	163,911	-	163,911	(68,112)
Title II, Part D - Enhancing Education Through Technology	84.318	548	(5,260)	7,712	3,269	-	3,269	(817)
Title III, Part A - Limited English Proficiency	84.365	572	(13,878)	31,446	17,568	-	17,568	-
Title IV - Safe and Drug Free Schools and Communities	84.186	551	-	2,860	4,905	-	4,905	(2,045)
Title I, Evenstart	84.213	514	(2,014)	2,014	75,033	-	75,033	(75,033)
Title VI, Part B - Rural and Low-Income School Program	84.358B	587	-	88,878	88,878	-	88,878	-
Job Training	84.126	456	-	17,159	17,159	-	17,159	-
Education Jobs Fund	84.410	790	-	559,741	559,741	-	559,741	-
Gear Up Grant	84.334	770	25,410	13,500	34,061	1,537	35,598	3,312
Adult Education and Literacy	84.002	731	(18,162)	18,162	131,176	-	131,176	(131,176)

ARDMORE SCHOOL DISTRICT I-19  
ARDMORE SCHOOL DISTRICT NO. I-19  
Carter County, Oklahoma  
Supplemental Schedule  
Schedule of Expenditures of Federal Awards  
For the Year Ended June 30, 2011

	Federal CFDA Number	Pass Through Grantor's Project Number	Balance 6/30/2010	Federal Grant Receipts	Federal Grant Accrual Basis Expenditures	Outstanding Encumbrances	Federal Statutory Basis Expenditures	Balance 6/30/2011
<i>U.S. Dept. of Education - continued</i>								
<i>Passed Through State Department of Education:</i>								
ARRA, State Stabilization Funds	84.394	782	\$ -	\$ 661,141	\$ 661,141	\$ -	\$ 661,141	\$ -
State Fiscal Stabilization Cluster			\$ -	\$ 661,141	\$ 661,141	\$ -	\$ 661,141	\$ -
Title X, Part C - McKinney-Vento Homeless	84.196	596	-	27,129	27,159	-	27,159	(30)
ARRA, Title X McKinney-Vento Homeless	84.196	597	(18,150)	21,950	4,126	-	4,126	(326)
<b>Total U.S. Department of Education</b>			<u>\$ (136,848)</u>	<u>\$ 3,678,316</u>	<u>\$ 4,144,062</u>	<u>\$ 29,890</u>	<u>\$ 4,173,952</u>	<u>\$ (632,484)</u>
<i>U.S. Department of Agriculture</i>								
<i>Passed Through State Department of Education:</i>								
National School Lunch Program	10.555		\$ -	\$ 801,831	\$ 801,831	\$ -	\$ 801,831	\$ -
School Breakfast Program	10.553		-	291,216	291,216	-	291,216	-
Summer Food Service Program	10.559		(13,454)	13,454	19,926	-	19,926	(19,926)
Lunch Program - Commodities	10.555		-	72,792	72,792	-	72,792	-
Summer Food Service Program -Commodities	10.559		-	1,809	1,809	-	1,809	-
Child Nutrition Cluster			<u>\$ (13,454)</u>	<u>\$ 1,181,102</u>	<u>\$ 1,187,574</u>	<u>\$ -</u>	<u>\$ 1,187,574</u>	<u>\$ (19,926)</u>
<b>Total U.S. Department of Agriculture</b>			<u>\$ (13,454)</u>	<u>\$ 1,181,102</u>	<u>\$ 1,187,574</u>	<u>\$ -</u>	<u>\$ 1,187,574</u>	<u>\$ (19,926)</u>
<i>U.S. Department of Health and Human Services</i>								
<i>Passed Through centers for Medicare and Medicaid and Oklahoma Health Care Authority:</i>								
Medical Assistance Program (Medicaid)	93.778	698	\$ -	\$ 21,186	\$ 21,186	\$ -	\$ 21,186	\$ -
<b>Total U.S. Dept. of Health and Human Services</b>			<u>\$ -</u>	<u>\$ 21,186</u>	<u>\$ 21,186</u>	<u>\$ -</u>	<u>\$ 21,186</u>	<u>\$ -</u>
<b>Total Expenditures of Federal Awards</b>			<u>\$ (184,700)</u>	<u>\$ 4,915,002</u>	<u>\$ 5,382,539</u>	<u>\$ 35,261</u>	<u>\$ 5,417,800</u>	<u>\$ (687,498)</u>

ARDMORE SCHOOL DISTRICT I-19  
ARDMORE SCHOOL DISTRICT NO. I-19  
Carter County, Oklahoma  
Notes to Schedule of Expenditures of Federal Awards  
For the Year Ended June 30, 2011

Basis of Presentation: The schedule of expenditures of federal awards includes the federal grant activity of Ardmore School District I-19, Carter County, Oklahoma. The schedule of expenditures of federal awards is prepared using the statutory basis of accounting. Some amounts presented in the schedule may differ from amounts presented in, or used in the preparation of the basic financial statement. Nonmonetary assistance is reported in the schedule at the fair market value of commodities received.

	Federal CFDA Number	Pass Through Grantor's Project Number	Federal Grant				Federal	
			Balance 6/30/2010	Federal Grant Receipts	Accrual Basis Expenditures	Outstanding Encumbrances	Statutory Basis Expenditures	Balance 6/30/2011
ARRA, IDEA, Part B - Flow Through	84.391	622	\$ (1,862)	\$ 106,839	\$ 132,230	\$ 5,651	\$ 137,881	\$ (32,904)
ARRA, IDEA, Part B - Preschool, Ages 3-5	84.392	643	-	4,560	4,560	-	4,560	-
ARRA, Title I, Part A & Neglected	84.389	516	(56,234)	138,804	124,374	-	124,374	(41,804)
ARRA, State Stabilization Funds	84.394	782	-	661,141	661,141	-	661,141	-
ARRA, COBRA Co-Payment	17.151	784	(291)	9,295	14,951	-	14,951	(5,947)
ARRA, Title X McKinney-Vento Homeless	84.196	597	(18,150)	21,950	4,126	-	4,126	(326)
			<u>\$ (76,537)</u>	<u>\$ 942,589</u>	<u>\$ 941,382</u>	<u>\$ 5,651</u>	<u>\$ 947,033</u>	<u>\$ (80,981)</u>

The District received ARRA, Cobra Co-payments in the amount of \$9,295 during the year from the U.S. Department of Labor. These funds are tax credits to employers and are not to be included on the Schedule of Expenditures of Federal Awards according to Office of Management and Budget (OMB).

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## **OTHER INFORMATION**



ARDMORE SCHOOL DISTRICT I-19  
Carter County, Oklahoma  
Statement of Statutory Fidelity and Honesty Bonds (unaudited)  
For the Year Ended June 30, 2011

The District has a public official position bond with Old Republic Surety Company. The bond number is 2108991. This bond covers the superintendent for \$100,000. The term is July 1, 2010 to June 30, 2011.

The District has a public official position bond with Western Surety Company. The bond number is 69537183. This bond covers the treasurer for \$100,000. The term is July 1, 2010 to June 30, 2011.

The District has a blanket bond with Western Surety Company, bond number 70784644 for various positions in the amount of \$100,000. The term is July 1, 2010 to June 30, 2011.



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*

To the Board of Education  
Ardmore School District, No. I-19, Carter County, Oklahoma  
Ardmore, Oklahoma

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Ardmore School District No. I-19, Carter County, Oklahoma, as of and for the year ended June 30, 2011, which collectively comprise the Ardmore School District No. I-19, Carter County, Oklahoma's basic financial statements and have issued our report thereon dated April 16, 2012. 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.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Ardmore School District No. I-19, Carter County, Oklahoma's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Ardmore School District No. I-19, Carter County, Oklahoma's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Ardmore School District No. I-19, Carter County, Oklahoma's internal control over financial reporting.

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.

Our consideration of internal control over financial reporting 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 financial reporting that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses as defined above. However, we identified certain deficiencies in internal control over financial reporting, described in the accompanying schedule of findings and questioned costs as

100 E Street S.W. , Suite 200 | Ardmore, OK 73401

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2011-1, that we consider to be a significant deficiency in internal control over financial reporting, 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.

### Compliance and Other Matters

As part of obtaining reasonable assurance about whether Ardmore School District No. I-19, Carter County, Oklahoma'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 instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule of findings and questioned costs as item 2011-2.

Ardmore School District No. I-19, Carter County, Oklahoma's response to the findings identified in our audit is described in the accompanying schedule of findings and questioned costs. We did not audit Ardmore School District No. I-19, Carter County, Oklahoma's response and, accordingly, we express no opinion on it.

This report is intended solely for the information and use of management, Board of Education, others within the entity, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

*Rahhal Henderson Johnson, PLLC*

Ardmore, Oklahoma  
April 16, 2012



**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE  
WITH REQUIREMENTS THAT COULD HAVE A  
DIRECT AND MATERIAL EFFECT ON EACH MAJOR PROGRAM AND ON INTERNAL  
CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133**

To the Board of Education  
Ardmore School District, No. I-19, Carter County, Oklahoma  
Ardmore, Oklahoma

**Compliance**

We have audited Ardmore School District, No. I-19, Carter County, Oklahoma's compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of Ardmore School District, No. I-19, Carter County, Oklahoma's major federal programs for the year ended June 30, 2011. Ardmore School District, No. I-19, Carter County, Oklahoma's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of Ardmore School District, No. I-19, Carter County, Oklahoma's management. Our responsibility is to express an opinion on Ardmore School District, No. I-19, Carter County, Oklahoma's compliance based on our audit.

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 Ardmore School District, No. I-19, Carter County, Oklahoma'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. Our audit does not provide a legal determination of Ardmore School District, No. I-19, Carter County, Oklahoma's compliance with those requirements.

In our opinion, Ardmore School District, No. I-19, Carter County, Oklahoma complied, in all material respects, with the 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, 2011. However, the results of

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our auditing procedures disclosed instances of noncompliance with those requirements, which are required to be reported in accordance with OMB Circular A-133 and which are described in the accompanying schedule of findings and questioned costs as item 2011-3.

### **Internal Control Over Compliance**

Management of Ardmore School District, No. I-19, Carter County, Oklahoma is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered Ardmore School District, No. I-19, Carter County, Oklahoma's internal control over compliance with the requirements that could have a direct and material effect on a major federal program to determine the auditing procedures for the purpose of expressing our opinion on compliance 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 Ardmore School District, No. I-19, Carter County, Oklahoma'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.

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 deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

Ardmore School District, No. I-19, Carter County, Oklahoma's responses to the findings identified in our audit are described in the accompanying schedule of findings and questioned costs. We did not audit Ardmore School District, No. I-19, Carter County, Oklahoma's responses and, accordingly, we express no opinion on the responses.

This report is intended solely for the information and use of management, Board of Education, others within the entity, Oklahoma Department of Education, federal awarding agencies, and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

*Rahhal Henderson Johnson, PLLC*

Ardmore, Oklahoma  
April 16, 2012

ARDMORE SCHOOL DISTRICT I-19  
 Carter County, Oklahoma  
 Schedule of Findings and Questioned Costs  
 Year Ended June 30, 2011

**Section I Summary of Auditor's Results**

**Financial Statements:**

Type of audit report:		Unqualified Opinion
Internal control over financial reporting:		
Material weakness(es) identified?	_____ Yes	_____ <u>X</u> No
Significant Deficiency(ies) identified that are not considered to be material weaknesses?	_____ <u>X</u> Yes	_____ None Reported
Noncompliance material to financial statement	_____ <u>X</u> Yes	_____ No

**Federal Awards:**

Internal control over major program:		
Material weakness(es) identified?	_____ Yes	_____ <u>X</u> No
Significant Deficiency(ies) identified that are not considered to be material weaknesses?	_____ Yes	_____ <u>X</u> None Reported

Type of auditors' report issued on compliance for major programs:		Unqualified Opinion
Any audit findings disclosed that are required to be reported in accordance with section 510(a) of Circular A-133?	_____ <u>X</u> Yes	_____ No

Identification of Major Programs:	
<u>CFDA Number</u>	<u>Name of Federal Program or Cluster</u>
84.389 & 84.010	Title I, Grants to Local Education Agencies
84.394	ARRA State Fiscal Stabilization Funds - Education
84.027; 84.173; 84.391; 84.392	Special Education Cluster (IDEA)
84.410	Education Jobs Fund

Dollar threshold used to distinguish between Type A and Type B programs:	\$	300,000
Auditee qualified as a low-risk auditee?	_____ Yes	_____ <u>X</u> No

ARDMORE SCHOOL DISTRICT I-19  
Carter County, Oklahoma  
Schedule of Findings and Questioned Costs  
Year Ended June 30, 2011

**Section II – Financial Statement Findings**

**2011-1 Financial Reporting**

*Condition:* Adjustments were necessary to properly state capital assets and accounts payable at year end due to roof construction in progress. In addition, a donated asset had not been recorded.

*Criteria:* The responsibility for the financial statements remains with management even when the preparation of the government wide financial statements is transferred to a service provider.

*Cause:* The District does have a process for the year end close to ensure that all applicable transactions have been properly recorded in accordance with generally accepted accounting principles for financial reporting. This was an oversight in determining the completeness of the project at year-end. The balance was properly shown as an outstanding encumbrance. The donated asset was not valued at the time received and was overlooked subsequently.

*Effect:* Adjustments were necessary to record the transactions in the proper period for financial reporting.

*Recommendation:* We recommend that the District continue to focus on the completeness of the capital assets information as it relates to construction in progress and donated assets.

*Views of Responsible Officials and Planned Corrective Action:* Management will review year-end construction activities to determine proper percentage of completion and record entries in accordance with generally accepted accounting principles. In the case of donated assets, management will require documentation from the donor to support the asset value and to record entries.

**2011-2 Activity Fund Receipts**

*Condition:* Funds are not being turned to the financial secretary timely and sponsor receipts not being reconciled with amount deposited.

*Criteria:* Oklahoma Statutes 70-5.129 requires receipts equal or exceeding \$100 to be deposited by the following business day or weekly if less than \$100. District Policy is that all deposits must have accompanying receipts to document the sources of the money.

*Cause:* Failure to follow regulations and District policy

ARDMORE SCHOOL DISTRICT I-19  
Carter County, Oklahoma  
Schedule of Findings and Questioned Costs  
Year Ended June 30, 2011

*Context:* Ten out of twenty-five receipts tested were not deposited within one business day based on date received by sponsor. Two out of the twenty-five receipts tested the sponsor receipts were not in agreement with the deposit.

*Effect:* Lack of compliance with state law and district compliance.

*Recommendation:* We recommend that deposits be made timely and that sponsors ensure that their receipts are in agreement with the deposit amount.

*Views of Responsible Officials  
and Planned Corrective  
Action:* The District will continue to focus on improving compliance in this area. Activity fund deposits will be checked against supporting receipts for accuracy and completeness of documentation. We will continue to educate our activity fund sponsors on the legal requirements surrounding activity funds.

**Section III – Federal Award Findings and Questioned Costs**

**Department of Education**

**2011-3**

**Special Education Cluster (IDEA)**

**CFDA 84.027; 84.173; 84.391 & 84.392**

*Condition:* Employee working solely on a single cost objective did not sign a semi-annual certification certifying they had been engaged solely in a single Federal program.

*Criteria:* According to OMB Circular A-87, Attachment B Section 8(h), employees working solely in a single cost objective must furnish semi-annual certifications that are signed by the employee or a supervisory official having first-hand knowledge of the work performed by the employee.

*Context:* Our testing of the Special Education program noted one employee of the seven employees tested did not complete the second semester annual certification.

*Cause:* Administrator at the site did not obtain signatures as required by management.

*Effect:* Non-compliance with Federal requirements.



ARDMORE SCHOOL DISTRICT I-19  
Carter County, Oklahoma  
Schedule of Findings and Questioned Costs  
Year Ended June 30, 2011

*Recommendation:* Certifications should be completed and signed by the employee and retained in compliance with OMB Circular A-87.

*Views of Responsible  
Officials and  
Planned Corrective  
Action:*

We will closely monitor the receipt of certifications and if the certifications are not received from the site principals by mid-May, then the Federal Programs director will perform site visits to obtain the required certification.

ARDMORE SCHOOL DISTRICT I-19  
Carter County, Oklahoma  
Summary Schedule of Prior Audit Findings  
Year Ended June 30, 2011

**Financial Statement Findings**

**2010-1 Segregation of Duties**

*Condition:* This finding related to the lack of segregation of duties in which the district had the same individual performing receipting of cash, making deposit, taking deposit to bank, posting the deposit to the accounting system and reconciling the bank statement.

*Recommendation:* The auditor recommended that the District evaluate possible ways to segregate incompatible duties between business office staff.

*Current Status:* Condition has been resolved.

**2010-2 Payroll File Security**

*Condition:* This finding related to that all business office employees have access to payroll system.

*Recommendation:* The auditor recommended that the District institute a procedure to monitor master file activity and District review access authority to assess level of access needed by various business office employees to perform duties.

*Current Status:* Condition has been resolved.

**2010-3 Journal Entry Controls**

*Condition:* This finding related to all journal entries are calculated and entered by the Finance Director without any review.

*Recommendation:* The auditor recommended that the District institutes a procedure to define which type of entries are considered to be standard monthly journal entries that do not require approval. A procedure for approval of all non-standard entries should be developed within the constraints of available staff.

*Current Status:* Condition has been resolved.