

ANNUAL FINANCIAL REPORT
INDEPENDENT SCHOOL DISTRICT NO. 1
GUTHRIE PUBLIC SCHOOL DISTRICT
LOGAN COUNTY, OKLAHOMA
JULY 1, 2011 TO JUNE 30, 2012

GUTHRIE PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 1
LOGAN COUNTY, OKLAHOMA
JUNE 30, 2012

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GUTHRIE PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 1
LOGAN COUNTY, OKLAHOMA
JULY 1, 2011 TO JUNE 30, 2012

SCHOOL DISTRICT BOARD MEMBERS

Orville Cornelius
Jody Walker
Janna Pierson
Tom Holtz

Colette Datin – July 1, 2011 to January 12, 2012
Gail Davis – January 12, 2012 to June 30, 2012
Jerry Welch – July 1, 2011 to February 21, 2012
Mark Swartzbaugh – July 1, 2011 to February 21, 2012
Travis Sallee – February 21, 2012 to June 30, 2012
Sharon Watts – February 21, 2012 to June 30, 2012

SUPERINTENDENT OF SCHOOL DISTRICT

Terry Simpson

CLERK OF THE BOARD

Orville Cornelius

SCHOOL DISTRICT TREASURER

Donna Scheihing

PUTNAM & COMPANY, PLLC

CERTIFIED PUBLIC ACCOUNTANTS

169 S.E. 32ND

EDMOND, OKLAHOMA 73013

(405) 348-3800

Fax (405) 348-7965

INDEPENDENT AUDITOR'S REPORT

The Honorable Board of Education Independent School District No. 1
Logan County, Oklahoma

We have audited the accompanying combined fund type and account group financial statements-regulatory basis of Guthrie School District No. 1, Logan County, Oklahoma, as listed in the table of contents as combined financial statements, as of and for the year ended June 30, 2012. These financial statements are the responsibility of Guthrie School District, No. 1, Logan County, Oklahoma. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and *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 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 opinion.

As discussed in Note 1, these financial statements were prepared in conformity with the accounting and financial reporting regulations prescribed or permitted by the Oklahoma State Department of Education, which is a comprehensive basis of accounting other than generally accepted accounting principles generally accepted in the United States of America. The effect on the financial statements resulting from the use of this regulatory basis of accounting and presentation as compared to accounting principles generally accepted in the United States of America cannot be reasonably determined, but is considered material.

In our opinion, because the District's policy is to prepare its combined financial statements on the basis of accounting discussed in the third paragraph, the combined financial statements referred to in the first paragraph do not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Guthrie School District No. 1, Logan County, Oklahoma as of June 30, 2012, and the respective changes in financial position thereof for the year then ended.

However, in our opinion, the combined financial statements referred to in the first paragraph present fairly, in all material respects, the assets, liabilities and fund balances arising from regulatory basis transactions of each fund type and account group of Guthrie School District No. 1, Logan County, Oklahoma as of June 30, 2012 and the revenues collected and expenditures paid and encumbered of each fund type for the year then ended, on the regulatory basis of accounting described in Note 1.

In accordance with *Government Auditing Standards*, we have also issued our report dated February 22, 2012, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Our audit was conducted for the purpose of forming an opinion on the fund type and account group financial statements within the combined financial statements. The combining fund statements and schedules and other schedules as listed in the table of contents under other supplementary information are presented for purposes of additional analysis and are not a required part of the District's combined financial statements. Also, the accompanying schedule of expenditures of Federal awards is presented for purposes of additional analysis as required by United States Office of Management and Budget's Circular A-133, "Audits of States, Local Governments, and Non-Profit Organizations," and is also not a required part of the combined financial statements. This other supplementary information and the schedule of expenditures of Federal awards are the responsibility of management and were derived from and relate directly to the underlying accounting records used to prepare the combined financial statements. The information has been subjected to the auditing procedures applied in the audit of the fund type and account group financial statements within the combined 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 statement 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 other supplementary information is fairly stated in all material respects in relation to the combined financial statements taken as a whole on the regulatory basis of accounting described in Note 1.

This report is intended solely for the information and use of the Board of Education of Guthrie School District No. 1, the Oklahoma State Department of Education, and certain federal regulatory agencies; and is not intended to be, and should not be used, by anyone other than these specified parties.


Putnam & Company, PLLC

Edmond, Oklahoma
March 6, 2013

COMBINED FINANCIAL STATEMENTS

**GUTHRIE SCHOOL DISTRICT NO. 1
LOGAN COUNTY, OKLAHOMA
COMBINED STATEMENT OF ASSETS AND LIABILITIES
(ALL FUND TYPES AND ACCOUNT GROUPS) - REGULATORY BASIS
JUNE 30, 2012**

	Governmental Fund Types			Fiduciary Fund Types	Totals
	General	Special Revenue	Debt Service	Trust and Agency	(Memorandum Only)
<u>ASSETS</u>					
Cash and Cash Equivalents	\$3,940,874	1,216,653		382,863	5,540,390
Amount available in Debt Service Fund			40,549		40,549
Total Assets	<u>\$3,940,874</u>	<u>1,216,653</u>	<u>40,549</u>	<u>382,863</u>	<u>5,580,939</u>
<u>LIABILITIES</u>					
Warrants Payable	\$526,138	45,803		20,973	592,914
General Obligation Bonds Payable					0
Interest Payable on Bonds					0
Total Liabilities	<u>526,138</u>	<u>45,803</u>	<u>0</u>	<u>20,973</u>	<u>592,914</u>
<u>FUND EQUITY</u>					
Fund Balances:					
Reserved for Encumbrances	199,181	158,367			357,548
Designated for Debt Service			40,549		40,549
Designated for Student Activities				285,231	285,231
Fund Balance	<u>3,215,555</u>	<u>1,012,483</u>		<u>76,659</u>	<u>4,304,697</u>
Total Fund Balance	<u>3,414,736</u>	<u>1,170,850</u>	<u>40,549</u>	<u>361,890</u>	<u>4,988,025</u>
Total Liabilities and Fund Equity	<u>\$3,940,874</u>	<u>1,216,653</u>	<u>40,549</u>	<u>382,863</u>	<u>5,580,939</u>

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

GUTHRIE SCHOOL DISTRICT NO. 1
LOGAN COUNTY, OKLAHOMA
COMBINED STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
ALL GOVERNMENTAL FUND TYPES AND SIMILAR TRUST FUNDS - REGULATORY BASIS
FOR THE YEAR ENDED JUNE 30, 2012

	Governmental Fund Types			Fiduciary Fund Types	Totals
	General	Special Revenue	Debt Service	Trust and Agency	(Memorandum Only)
REVENUES:					
Local Sources	\$4,522,854	1,384,942	272,073	1,028,739	7,208,608
Intermediate Sources	710,187				710,187
State Sources	13,050,202	153,951	499		13,204,652
Federal Sources	2,417,019	902,734			3,319,753
Total Revenues	20,700,262	2,441,627	272,572	1,028,739	24,443,200
EXPENDITURES:					
Instruction	11,943,483	20,705			11,964,188
Support Services	8,117,040	478,320		42,486	8,637,846
Non-Instructional Services	5,091	1,392,456		967,773	2,365,320
Facilities Acquisition & Construction Services	13,876	251,953			265,829
Other Outlays	33,762	1,300			35,062
Repayments	18	720			738
DEBT SERVICE					
Bonds Paid			291,000		291,000
Coupons Paid			13,180		13,180
Total Expenditures	20,113,270	2,145,454	304,180	1,010,259	23,573,163
Revenues Over (Under) Expenditures	586,992	296,173	(31,608)	18,480	870,037
OTHER FINANCING SOURCES (USES):					
Proceeds from Sale of Bonds					0
Estopped Warrants	334	5			339
Deobligation of Prior Year Funds	21,095	1,392			22,487
Return of Assets	93,302	1,419			94,721
Total Other Financing Sources (Uses)	114,731	2,816	0	0	117,547
Revenue and Other Sources Over (Under) Expenditures and Other Uses	701,723	298,989	(31,608)	18,480	987,584
Fund Balance, Beginning of Year	2,513,832	713,494	72,157	343,410	3,642,893
Fund Balance, End of Year	\$3,215,555	1,012,483	40,549	361,890	4,630,477

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

GUTHRIE SCHOOL DISTRICT NO. 1
LOGAN COUNTY, OKLAHOMA
COMBINED STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL - REGULATORY BASIS
GENERAL FUND AND BUDGETED SPECIAL REVENUE FUNDS
FOR THE YEAR ENDED JUNE 30, 2012

	General Fund			Special Revenue Funds		
	Original/ Final Budget	Actual	Variance Favorable (Unfavorable)	Original/ Final Budget	Actual	Variance Favorable (Unfavorable)
REVENUES:						
Local Sources	\$3,989,036	4,522,854	533,818	956,397	1,384,942	428,545
Intermediate Sources	627,071	710,187	83,116			0
State Sources	12,439,298	13,050,202	610,904	150,258	153,951	3,693
Federal Sources	1,557,514	2,417,019	859,505	797,424	902,734	105,310
Total Revenues	18,612,919	20,700,262	2,087,343	1,904,079	2,441,627	537,548
EXPENDITURES :						
Instruction	12,122,050	11,943,483	178,567	20,710	20,705	5
Support Services	8,916,791	8,117,040	799,751	838,726	478,320	360,406
Non-Instructional Services	31,280	5,091	26,189	1,500,857	1,392,456	108,401
Facilities Acquisition & Construction Services	13,880	13,876	4	252,520	251,953	567
Other Outlays	42,010	33,762	8,248	2,950	1,300	1,650
Other Uses	500		500			0
Repayments	240	18	222	1,810	720	1,090
Total Expenditures	21,126,751	20,113,270	1,013,481	2,617,573	2,145,454	472,119
Revenues Over (Under) Expenditures	(2,513,832)	586,992	3,100,824	(713,494)	296,173	1,009,667
OTHER FINANCING SOURCES (USES):						
Estopped Warrants		334	334		5	5
Deobligation of Prior Year Funds		21,095	21,095		1,392	1,392
Return of Assets		93,302	93,302		1,419	1,419
Total Other Financing Sources (Uses)	0	114,731	114,731	0	2,816	2,816
Revenue and Other Sources Over (Under) Expenditures and Other Uses	(2,513,832)	701,723	3,215,555	(713,494)	298,989	1,012,483
Fund Balance, Beginning of Year	2,513,832	2,513,832	0	713,494	713,494	0
Fund Balance, End of Year	\$0	3,215,555	3,215,555	0	1,012,483	1,012,483

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

NOTES TO FINANCIAL STATEMENTS

**GUTHRIE SCHOOL DISTRICT NO. 1
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2012**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The basic financial statements of the Guthrie Public Schools Independent District No. 1, Logan County, Oklahoma (the "District") have been prepared in conformity with an other comprehensive basis of accounting as prescribed by the Oklahoma State Department of Education. The more significant of the District's accounting policies are described below.

A. Reporting Entity

The District is a corporate body for public purposes created under Title 70 of the Oklahoma statutes and accordingly is a separate entity for operating and financial reporting purposes.

The District is part of the public school system of Oklahoma under the general direction and control of the State Board of Education and is financially dependent on State of Oklahoma support. The general operating authority for the public school system is the Oklahoma School Code contained in Title 70, Oklahoma Statutes.

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

In evaluating how to define the district, for financial reporting purposes, management has considered all potential component units. The decision to include a potential component unit in the reporting entity was made by applying the criteria established by the Governmental Accounting Standards Board (GASB). The basic, but not the only, criterion for including a potential component unit within the reporting entity is the governing body's ability to exercise oversight responsibility. The most significant manifestation of this ability is financial interdependency. Other manifestations of the ability to exercise oversight responsibility include, but are not limited to, the selection of governing authority, the designation of management, the ability to significantly influence operations, and accountability for fiscal matters.

A second criterion used in evaluating potential component units is the scope of public service. Application of this criterion involves considering whether the activity benefits the District and/or its citizens, or whether the activity is conducted within the geographic boundaries of the District and is generally available to its patrons.

A third criterion used to evaluate potential component units for inclusion or exclusion from the reporting entity is the existence of special financing relationships, regardless of whether the District is able to exercise oversight responsibilities.

Based upon the application of these criteria, there are no potential component units included in the District's reporting entity.

B. Fund Accounting and Description of Funds

The District uses funds and account groups to report on its financial position and the results of its operations. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain district functions or activities.

**GUTHRIE SCHOOL DISTRICT NO. 1
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2012**

B. Fund Accounting and Description of Funds – (continued)

A fund is a separate accounting entity with a self-balancing set of accounts. An account group, on the other hand, is a financial reporting device designed to provide accountability for certain assets and liabilities that are not recorded in the funds because they do not directly affect net expendable available financial resources.

Funds are classified into three categories: governmental, proprietary and fiduciary. Each category, in turn, is divided into separate “fund types.”

Governmental Fund Types

Governmental funds are used to account for all or most of a government’s general activities, including the collection and disbursement of earmarked monies (special revenue funds), the acquisition or construction of general fixed assets (capital projects funds), and the servicing of general long-term debt (debt service funds).

General Fund – The general fund is used to account for all financial transactions, except those required to be accounted for in another fund. Major revenue sources include state and local property taxes and state funding under the Foundation and Salary Incentive Aid program. Expenditures include all costs associated with the daily operations of the schools except for programs funded for building repairs and maintenance, school construction and debt service on bonds and other long-term debt. The general fund includes federal and state restricted monies that must be expended for specific programs.

Special Revenue Fund – The special revenue fund is the District’s Building Fund. The Building Fund consists of monies derived from property taxes levied for the purpose of erecting, remodeling, or repairing buildings and for purchasing furniture and equipment.

The Child Nutrition Fund derives monies from State, Federal and local sources.

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

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

Fiduciary Fund Types

Fiduciary funds are used to account for assets held on behalf of outside parties, including other governments, or on behalf of other funds within the District. When these assets are held under the terms of a trust agreement, trust funds are used for their accounting and reporting. Agency funds generally are used to account for assets that the District holds on behalf of others as their agent and do not involve measurement of results of operations.

**GUTHRIE SCHOOL DISTRICT NO. 1
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2012**

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

Account Groups

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

General Long-Term Debt Account Group – This account group was established to account for all long-term debt of the District, which is offset by the amount available in the debt service fund and the amount to be provided in future years to complete retirement of the debt principal. It is also used to account for liabilities for compensated absences and early retirement incentives, which are to be paid from funds provided in future years.

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

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

C. Basis of Accounting and Presentation

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

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

- Encumbrances represented by purchase orders, contracts, and other commitments for the expenditure of monies and are recorded as expenditures when approved.
- Investments and inventories are recorded as assets when purchased.
- Capital assets in proprietary funds are recorded when acquired and depreciated over their useful lives.
- Warrants payable are recorded as liabilities when issued.
- Long-term debt is recorded when incurred.
- Accrued compensated absences are recorded as an expenditure and liability when the obligation is incurred.

GUTHRIE SCHOOL DISTRICT NO. 1
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2012

C. Basis of Accounting and Presentation – (continued)

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

D. Budgets and Budgetary Accounting

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

The District may upon approval by a majority of the electors of the District voting on the question make the ad valorem levy for emergency levy and local support levy permanent. Under current Oklahoma Statutes, a formal budget is required for all funds except for trust and agency funds. Budgets are presented for all funds that include the originally approved budgeted appropriations for expenditures and final budgeted appropriations as adjusted for supplemental appropriations and approved transfers between budget categories.

E. Assets, Liabilities, and Fund Equity

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

Investments – Investments consist of direct obligations of the United States Government and Agencies with maturities greater than three months when purchased. All investments are recorded at cost, which approximates market value.

Property Tax Revenues – The district is authorized by state law to levy property taxes, which consist of ad valorem taxes on real and personal property within the district. The county assessor, upon receipt of the certification of tax levies from the County Excise Board, extends the tax levies on the tax roll for submission to the County Treasurer prior to October 1. The county treasurer must commence tax collection within fifteen days of receipt of the tax rolls. The first half of taxes are due prior to January 1. The second half is due prior to April 1.

If the first payment is not made timely, the entire tax becomes due and payable on January 2. Second half taxes become delinquent on April 1 of the year following the year of assessment. If not paid by the following October 1, the property is offered for sale for the amount of taxes due. The owner has two years to redeem the property by paying the taxes and penalty owed. If at the end of two years the owner has not done so, the purchaser is issued a deed to the property.

GUTHRIE SCHOOL DISTRICT NO. 1
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2012

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

Inventories – The value of consumable inventories at June 30, 2012 is not material to the basic financial statements.

Capital Assets – The accounting treatment over capital assets (property, plant, and equipment) depends on whether the assets are used in governmental fund-type operations or proprietary fund-type operations. Fixed assets used in governmental fund-type operations (general fixed assets) are recorded for as capital outlay expenditures of the governmental fund-type upon acquisition and are recorded as property, plant, and equipment in the General Fixed Asset Account Group. Fixed assets used in proprietary fund-type operations are accounted for as property, plant, and equipment within the proprietary fund itself.

All fixed assets are valued at historical cost, or estimated cost if actual is unavailable, except for donated fixed assets, which are recorded at their estimated fair value at the date of donation.

Depreciation and accumulated depreciation are not reported against general fixed assets.

Compensated Absences – The district provides vacation and sick leave benefits in accordance with Oklahoma Statutes, which provides for annual sick leave and personal business days. Accrued vacation and sick leave benefits are not reflected in the financial statements because such statements are prepared on the regulatory basis of accounting. This practice differs from generally accepted accounting principles.

Vested or accumulated vacation leave that is expected to be liquidated with expendable available financial resources is reported as an expenditure and a fund liability of the governmental fund that will pay it. There are no amounts of vested or accumulated vacation leave that are not expected to be liquidated with expendable available financial resources.

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

Fund Balance – Fund balance represents the cash and investments not encumbered by purchase order, legal contracts, and outstanding warrants.

F. Revenue, Expenses, and Expenditures

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.

**GUTHRIE SCHOOL DISTRICT NO. 1
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2012**

F. Revenue, Expenses, and Expenditures – (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. These rules also require that the money not expended as of the close of the fiscal year be carried forward into the following year to be expended for the same categorical programs. The State Department of Education requires that categorical educational program revenues be accounted for in the general fund.

Interfund Transactions – Quasi-external transactions are accounted for as revenues, expenditures or expenses. Transactions that constitute reimbursements to a fund or expenditures/expenses initially made from it that are properly applicable to another fund are recorded as expenditure/expenses in the fund that is reimbursed. All other interfund transactions, except quasi-external transactions and reimbursements, are reported as transfers.

2. DEPOSIT AND INVESTMENT RISKS

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

At June 30, 2012, the District was not exposed to custodial credit risk as defined above.

Investment Credit Risk – The District's investment policy limits investments to those allowed in state law applicable to school districts as follows:

- a. Direct obligations of the U.S. Government, its agencies and instrumentalities to which the full faith and credit of the U.S. Government is pledged, or obligations to the payment of which the full faith and credit of the State is pledged.
- b. Certificates of deposit or savings accounts that are either insured or secured with acceptable collateral with in-state financial institutions, and fully insured certificates of deposit or savings accounts in out-of-state financial institutions.

**GUTHRIE SCHOOL DISTRICT NO. 1
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2012**

Investment Credit Risk (continued) - Investment credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The District has no formal policy limiting investments based on credit rating, but discloses any such credit risk associated with their investments. Unless there is information to the contrary, obligations of the U.S. government or obligations explicitly guaranteed by the U.S. government are not considered to have credit risk and do not require disclosure of credit quality.

Investment Interest Rate Risk – Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The District's investment policy limits investments to those with a short-term maturities, as a means of managing exposure to fair value losses arising from increasing interest rates. The District discloses its exposure to interest rate risk by disclosing the maturity dates of its various investments.

Concentration of Investment Credit Risk – Exposure to concentration of credit risk is considered to exist when investments in any one issuer represent a significant percent of total investments of the District (any over 5 percent are disclosed). Investments issued or explicitly guaranteed by the U.S. government and investments in mutual funds, external investment pools, and other pooled investments are excluded from this consideration. The District's investment policy requires diversification of investments.

At June 30, 2012, the District had no concentration of credit risk as defined above.

3. INTERFUND RECEIVABLES AND PAYABLES

There were no Interfund receivables or payables at June 30, 2012.

4. CAPITAL ASSETS

The District maintains historical capital asset and depreciation records. Although this information is not required in the accompanying (regulatory basis) financial statements, it is presented below as supplemental information. The District utilizes the straight-line method to calculate annual depreciation based upon the following estimated useful lives:

	<u>Useful Life</u>
Buildings and Structures	10-45 years
Vehicles	6 years
Equipment	5-10 years

Capital asset activity for the year ended, as follows:

	Balance June 30, 2011	Additions/ Disposals	Transfers	Balance June 30, 2012
Buildings & Structures	\$ 18,667,276	309,982		18,977,258
Vehicles	2,390,952	88,565		2,479,517
Equipment	535,213	(4,679)		530,534
Accumulated Deprec.	(10,053,701)	(554,663)		(10,608,364)
Net Assets	<u>\$ 11,539,740</u>	<u>(160,795)</u>		<u>11,378,945</u>

GUTHRIE SCHOOL DISTRICT NO. 1
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2012

5. GENERAL LONG-TERM DEBT

State statutes prohibit the District from becoming indebted in an amount exceeding the revenue to be received for any fiscal year without approval by the District's voters. Bond issues have been approved by the voters and issued by the District for various capital improvements. These bonds are required to be fully paid serially within 25 years from the date of issue.

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

The following is a summary of the long-term debt transactions of the District for the year ended June 30, 2012:

	<u>Bonds</u> <u>Payable</u>	<u>Capital</u> <u>Leases</u>	<u>Total</u>
Balance, July 1, 2011	\$ 980,000	542,070	\$ 1,522,070
Additions			
Retirements	980,000	154,906	1,134,906
Balance, June 30, 2012	<u>\$ 0</u>	<u>387,164</u>	<u>\$ 387,164</u>

A brief description of the outstanding long-term debt at June 30, 2012 is set forth below:

Capital Leases

Lease purchase for copiers, original issue \$137,000 dated September 14, 2009, interest rate of 4.25%, due in annual principal and interest installments of \$2,542.76 beginning October 14, 2009, with the final payment due September 14, 2014

\$ 65,109

Lease purchase for buses, original issue \$517,734 dated December 14, 2009, interest rate of 4.00% due in monthly principal and interest installments of \$9,475.80 beginning January 14, 2011, with the final payment due January 14, 2015

270,323

**GUTHRIE SCHOOL DISTRICT NO. 1
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2012**

5. GENERAL LONG-TERM DEBT - (continued)

Capital Leases – (continued)

Lease purchase modular building, original issue
\$83,258 dated April 11, 2011, interest rate of
2.90%, due in annual principal and interest
installments of \$2,417.88 beginning May 11, 2011,
with the final payment due April 11, 2014 51,732

TOTAL \$ 387,164

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

Year ending <u>June 30</u>	<u>Principle</u>	<u>Interest</u>	<u>Total</u>
2013	\$ 160,980	\$ 12,257	\$ 173,237
2014	162,443	5,948	168,391
2015	63,741	714	64,455
	<hr style="border-top: 1px dashed black;"/>		
	<u>\$ 387,164</u>	<u>\$ 18,919</u>	<u>\$ 406,083</u>

6. EMPLOYEE RETIREMENT SYSTEM

Basis of Accounting

The System's financial statements are prepared in conformity with accounting principles generally accepted in the United States of America. The financial statements have also been prepared in compliance with the requirements of the Government Accounting Standards Board Statement No. 34.

The financial statements are prepared on the accrual basis of accounting, under which expenses are recorded when the liability is incurred, revenues are recorded in the accounting period they are earned and become measurable, and investment purchases and sales are recorded as of their trade dates. Member and employer contributions are recognized when due, pursuant to formal commitments. Benefits and refunds are recognized when due and payable.

GUTHRIE SCHOOL DISTRICT NO. 1
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2012

6. EMPLOYEE RETIREMENT SYSTEM

Basis of Accounting

The pension benefit obligation is a standardized disclosure measure of the present value of pension benefits. This pension valuation method reflects the present value of estimated pension benefits that will be paid in future years as a result of employee services performed to date and is adjusted for the effect of projected salary increases. Actuarial valuations are not performed on individual school districts. The nonfunded pension benefit obligation of the System, as determined as part of the latest actuarial valuation indicates a significant unfunded pension benefit obligation.

Funding Policy

A participant with five years of creditable service may retire with a normal retirement allowance at the age of sixty-two (62) or with reduced benefits as early as age fifty-five (55). The normal retirement allowance paid monthly for life and then to beneficiaries, if certain options are exercised, equals two percent of the average of the highest three earning years of contributory service multiplied by the number of years of credited service. A participant leaving employment before attaining retirement age, but completing ten years of service, may elect to vest his/her accumulated contributions and defer receipt of a retirement annuity until a later date. When a participant dies in active service and has completed ten years of credited service, the beneficiary is entitled to a death benefit of \$18,000.00 and the participant's contributions plus interest. If the beneficiary is a surviving spouse, the surviving spouse may, in lieu of the death benefit elect to receive, subject to the surviving spousal options, the participant's retirement benefits accrued at the time of death. The contribution rates for the Districts, which are not actuarially determined, and its employees are established by statute and applied to the employee's earnings, plus employer-paid fringe benefits. Employers' contribution of applicable earnings was 9.5% for the fiscal year ended June 30, 2012

Annual Pension Cost

The District's total payroll and related contributions to the System were as follows:

	<u>Total Payroll</u>	<u>Contributions</u>
2011-12	\$13,131,441.	\$ 1,245,121.
2010-11	\$12,615,900.	\$ 1,198,508.

**GUTHRIE SCHOOL DISTRICT NO. 1
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2012**

7. 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.

8. RISK MANAGEMENT AND LITIGATION

The District is exposed to various risks of loss related to torts, theft of, damage to, and destruction of assets, errors and omissions, injuries to employees, employees' health and life, and natural disasters. The District manages these various risks of loss through the purchase of commercial insurance. Management believes such coverage is sufficient to preclude any significant uninsured losses to the District. Settled claims have not exceeded this insurance coverage in any of the past three fiscal years.

9. SUBSEQUENT EVENTS

Subsequent events have been evaluated through March 6, 2013, which is the date the financial statements were issued.

OTHER SUPPLEMENTARY INFORMATION

GUTHRIE SCHOOL DISTRICT NO. 1
LOGAN COUNTY, OKLAHOMA
COMBINING STATEMENT OF ASSETS AND LIABILITIES - REGULATORY BASIS
SPECIAL REVENUE FUNDS
JUNE 30, 2012

	<u>BUILDING FUND</u>	<u>CHILD NUTRITION FUND</u>	<u>SCHOOL AGE CARE FUND</u>	<u>TOTALS (Memorandum Only)</u>
<u>ASSETS</u>				
Cash and Cash Equivalents	<u>\$944,566</u>	<u>221,872</u>	<u>50,215</u>	<u>1,216,653</u>
Total Assets	<u>\$944,566</u>	<u>221,872</u>	<u>50,215</u>	<u>1,216,653</u>
<u>LIABILITIES AND FUND EQUITY</u>				
Liabilities:				
Warrants Outstanding	<u>\$13,618</u>	<u>26,777</u>	<u>5,408</u>	<u>45,803</u>
Total Liabilities	<u>13,618</u>	<u>26,777</u>	<u>5,408</u>	<u>45,803</u>
Fund Equity:				
Reserved for Encumbrances	145,739	12,628		158,367
Fund Balance	<u>785,209</u>	<u>182,467</u>	<u>44,807</u>	<u>1,012,483</u>
Total Fund Equity	<u>930,948</u>	<u>195,095</u>	<u>44,807</u>	<u>1,170,850</u>
Total Liabilities and Fund Equity	<u>\$944,566</u>	<u>221,872</u>	<u>50,215</u>	<u>1,216,653</u>

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

**GUTHRIE SCHOOL DISTRICT NO. 1
LOGAN COUNTY, OKLAHOMA
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - REGULATORY BASIS
SPECIAL REVENUE FUNDS
FOR THE YEAR ENDED JUNE 30, 2012**

	<u>BUILDING FUND</u>	<u>CHILD NUTRITION FUND</u>	<u>SCHOOL AGE CARE FUND</u>	<u>TOTALS (Memorandum Only)</u>
Revenues:				
Local Sources	\$970,719	317,943	96,280	1,384,942
State Sources	629	109,804	43,518	153,951
Federal Sources	<u>27,725</u>	<u>875,009</u>		<u>902,734</u>
Total Revenues Collected	<u>999,073</u>	<u>1,302,756</u>	<u>139,798</u>	<u>1,138,871</u>
Expenditures:				
Instruction	20,705			20,705
Support Services	478,320			478,320
Non-Instructional Services		1,262,244	130,212	1,392,456
Facilities Acquisition	251,953			251,953
Other Outlays		1,300		1,300
Repayments		<u>492</u>	<u>228</u>	<u>720</u>
Total Expenditures	<u>750,978</u>	<u>1,264,036</u>	<u>130,440</u>	<u>881,418</u>
Excess of Revenues Over Expenditures	<u>248,095</u>	<u>38,720</u>	<u>9,358</u>	<u>296,173</u>
Other Financing Sources (Uses):				
Return of Assets		1,419		1,419
Estopped Warrants		5		5
Deobligation of Prior Year Funds	<u>57</u>	<u>1,335</u>		<u>1,392</u>
Total Other Financing Sources (Uses):	<u>57</u>	<u>2,759</u>	<u>0</u>	<u>2,816</u>
Excess of Revenues and Other Sources Over (Under) Expenditures and Other Uses	248,152	41,479	9,358	298,989
Fund Balance, Beginning of Year	<u>537,057</u>	<u>140,988</u>	<u>35,449</u>	<u>713,494</u>
Fund Balance, End of Year	<u><u>\$785,209</u></u>	<u><u>182,467</u></u>	<u><u>44,807</u></u>	<u><u>1,012,483</u></u>

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

GUTHRIE SCHOOL DISTRICT NO. 1
LOGAN COUNTY, OKLAHOMA
COMBINED STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL - BUDGETED SPECIAL REVENUE FUNDS - REGULATORY BASIS
FOR THE YEAR ENDED JUNE 30, 2012

	Building Fund			Child Nutrition Fund			School Age Care Fund		
	Original/ Final Budget	Actual	Variance Favorable (Unfavorable)	Original/ Final Budget	Actual	Variance Favorable (Unfavorable)	Original/ Final Budget	Actual	Variance Favorable (Unfavorable)
REVENUES:									
Local Sources	\$569,862	970,719	400,857	277,979	317,943	39,964	108,556	96,280	(12,276)
State Sources		629	629	103,566	109,804	6,238	46,692	43,518	(3,174)
Federal Sources		27,725	27,725	797,424	875,009	77,585			0
Total Revenues	569,862	999,073	429,211	1,178,969	1,302,756	123,787	155,248	139,798	(15,450)
EXPENDITURES :									
Instruction	20,710	20,705	5			0			0
Support Services	833,689	478,320	355,369			0	5,037		5,037
Operation of Non-Instructional Services			0	1,316,847	1,262,244	54,603	184,010	130,212	53,798
Facilities Acquisition & Construction Services	252,520	251,953	567			0			0
Other Outlays			0	2,600	1,300	1,300	350		350
Repayments			0	510	492	18	1,300	228	1,072
Total Expenditures	1,106,919	750,978	355,941	1,319,957	1,264,036	55,921	190,697	130,440	60,257
Revenues Over (Under) Expenditures	(537,057)	248,095	785,152	(140,988)	38,720	179,708	(35,449)	9,358	44,807
OTHER FINANCING SOURCES (USES):									
Return of Assets			0		1,419	1,419			0
Estopped Warrants			0		5	5			0
Deobligation of Prior Year Funds		57	57		1,335	1,335			0
Total Other Financing Sources (Uses)	0	57	57	0	2,759	2,759	0	0	0
Revenue and Other Sources Over (Under) Expenditures and Other Uses	(537,057)	248,152	785,209	(140,988)	41,479	182,467	(35,449)	9,358	44,807
Fund Balance, Beginning of Year	537,057	537,057	0	140,988	140,988	0	35,449	35,449	0
Fund Balance, End of Year	\$0	785,209	785,209	0	182,467	182,467	0	44,807	44,807

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

**GUTHRIE SCHOOL DISTRICT NO. 1
LOGAN COUNTY, OKLAHOMA
COMBINING STATEMENT OF ASSETS AND LIABILITIES - REGULATORY BASIS
TRUST AND AGENCY FUNDS
JUNE 30, 2012**

	<u>GIFTS & ENDOWMENTS FUND</u>	<u>INSURANCE FUND</u>	<u>ACTIVITY FUND</u>	<u>TOTALS (Memorandum Only)</u>
<u>ASSETS</u>				
Cash and Cash Equivalents	<u>\$20,184</u>	<u>56,475</u>	<u>306,204</u>	<u>382,863</u>
Total Assets	<u><u>\$20,184</u></u>	<u><u>56,475</u></u>	<u><u>306,204</u></u>	<u><u>382,863</u></u>
<u>LIABILITIES AND FUND EQUITY</u>				
Liabilities:				
Warrants Outstanding	<u>\$0</u>		<u>20,973</u>	<u>20,973</u>
Total Liabilities	<u>0</u>	<u>0</u>	<u>20,973</u>	<u>20,973</u>
Fund Equity:				
Reserved for Encumbrances				0
Fund Balance	<u>20,184</u>	<u>56,475</u>	<u>285,231</u>	<u>361,890</u>
Total Fund Equity	<u>20,184</u>	<u>56,475</u>	<u>285,231</u>	<u>361,890</u>
Total Liabilities and Fund Equity	<u><u>\$20,184</u></u>	<u><u>56,475</u></u>	<u><u>306,204</u></u>	<u><u>382,863</u></u>

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

**GUTHRIE SCHOOL DISTRICT NO. 1
LOGAN COUNTY, OKLAHOMA
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - REGULATORY BASIS
TRUST AND AGENCY FUNDS
FOR THE YEAR ENDED JUNE 30, 2012**

	<u>GIFTS & ENDOWMENTS FUND</u>	<u>INSURANCE FUND</u>	<u>ACTIVITY FUND</u>	<u>TOTALS (Memorandum Only)</u>
Revenues:				
Local Sources	<u>\$89</u>	<u>49,599</u>	<u>979,051</u>	<u>1,028,739</u>
Total Revenues Collected	<u>89</u>	<u>49,599</u>	<u>979,051</u>	<u>1,028,739</u>
Expenditures:				
Support Services		<u>42,486</u>		<u>42,486</u>
Operation of Non Instructional Services			<u>967,773</u>	<u>967,773</u>
Total Expenditures	<u>0</u>	<u>42,486</u>	<u>967,773</u>	<u>1,010,259</u>
Excess of Revenues Over Expenditures	89	7,113	11,278	18,480
Other Financing Sources (Uses):				
Deobligation of Prior Year Funds				<u>0</u>
Total Other Financing Sources (Uses):	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Excess of Revenues and Other Sources Over (Under) Expenditures and Other Uses	89	7,113	11,278	18,480
Fund Balance, Beginning of Year	<u>20,095</u>	<u>49,362</u>	<u>273,953</u>	<u>343,410</u>
Fund Balance, End of Year	<u>\$20,184</u>	<u>56,475</u>	<u>285,231</u>	<u>361,890</u>

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

GUTHRIE SCHOOL DISTRICT NO. 42
LOGAN COUNTY, OKLAHOMA
COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES -
REGULATORY BASIS - ACTIVITY FUND - GUTHRIE PUBLIC SCHOOLS
JULY 1, 2011 TO JUNE 30, 2012

	<u>Balance</u> <u>7/01/11</u>	<u>Deposits</u>	<u>Transfers</u>	<u>Disbursed</u>	<u>Balance</u> <u>6/30/12</u>
Central Faculty	\$2.32	227.25	0.00	55.42	174.15
Central Activity	13,981.86	29,259.55	0.00	32,751.12	10,490.29
Central PTO	3,524.15	11,461.34	(75.00)	13,146.93	1,763.56
Cotteral PTO	4,091.80	14,944.72	(75.00)	10,204.30	8,757.22
Cotteral Activity	15,903.00	53,858.59	0.00	44,358.17	25,403.42
Cotteral Faculty	106.83	488.68	0.00	456.75	138.76
Fogarty Parents Org	6,201.86	7,554.55	(75.00)	8,277.41	5,404.00
Fogarty Activity	10,802.55	54,655.22	(3,284.01)	52,226.25	9,947.51
Fogarty Faculty	344.77	514.95	0.00	294.23	565.49
Gues Activity	22,849.39	71,186.76	0.00	68,532.14	25,504.01
Gues Faculty	204.25	255.09	0.00	383.76	75.58
Gues Parents Org	9,809.51	17,647.47	(75.00)	12,733.80	14,648.18
GHS Special Kids	1,832.68	0.00	0.00	915.37	917.31
Art Junior High	745.23	1,248.06	0.00	1,396.73	596.56
JH Builders Club	379.96	1,657.65	0.00	1,660.53	377.08
Athletics Junior High	8,859.40	21,733.00	0.00	26,818.03	3,774.37
Golf Junior High	1,864.98	3,287.00	0.00	3,118.08	2,033.90
FHA Junior high	843.83	2,546.80	0.00	3,094.73	295.90
Honor Society Jr High	410.64	1,055.00	0.00	1,462.31	3.33
Jr High Account	2,902.80	9,029.85	(245.25)	9,564.17	2,123.23
Jr High Faculty	1,285.23	4,817.45	0.00	3,328.12	2,774.56
Library Jr High	5,084.68	2,457.41	0.00	4,654.50	2,887.59
Cheerleaders Jr High	1,298.85	990.00	0.00	345.89	1,942.96
Stuco Jr High	1,359.13	5,508.60	0.00	5,333.86	1,533.87
T.S.A. Jr High	1,005.12	130.00	0.00	605.20	529.92
Yearbook Jr High	707.45	7,893.59	0.00	6,694.43	1,906.61
JH Special Olympics	635.19	0.00	(635.19)	0.00	0.00
Jr High Academic Team	345.09	752.00	63.60	946.34	214.35
Jr High Football Boosters	479.41	0.00	0.00	0.00	479.41
Academic Team HS	125.10	0.00	0.00	0.00	125.10
Art Club HS	3,926.20	2,609.01	(14.09)	1,130.86	5,390.26
Athletics HS	25,385.27	207,518.63	90.00	204,374.18	28,619.72
HS Cheer	8,696.67	11,668.31	(325.00)	13,884.30	6,155.68
GHS Library	473.18	4,110.80	0.00	4,221.93	362.05
Youth & Government HS	0.00	2,102.73	0.00	1,399.52	703.21
GHS Link Crew	396.90	330.00	(10.15)	412.10	304.65
Band (Operating) HS	8,664.24	52,927.39	(84.48)	57,535.33	3,971.82
Class of 2011 HS	750.16	0.00	0.00	0.00	750.16
Class of 2010 HS	912.79	0.00	0.00	0.00	912.79
Class of 2012 HS	5,111.99	6,230.00	(30.00)	8,331.07	2,980.92
Class of 2013 HS	1,945.62	9,752.50	30.00	8,320.19	3,407.93
Class of 2014 HS	229.20	2,795.00	(30.00)	1,528.29	1,465.91

GUTHRIE SCHOOL DISTRICT NO. 42
LOGAN COUNTY, OKLAHOMA
COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES -
REGULATORY BASIS - ACTIVITY FUND - GUTHRIE PUBLIC SCHOOLS
JULY 1, 2011 TO JUNE 30, 2012

	<u>Balance</u> <u>7/01/11</u>	<u>Deposits</u>	<u>Transfers</u>	<u>Disbursed</u>	<u>Balance</u> <u>6/30/12</u>
Class of 2015	0.00	6,025.00	(30.00)	4,174.96	1,820.04
English Club	359.09	1,811.00	(45.00)	1,668.76	456.33
Courtesy Committee HS	177.64	303.00	0.00	212.50	268.14
Speech HS	159.15	0.00	0.00	0.00	159.15
Faculty Lounge HS	78.66	165.25	0.00	0.00	243.91
FFA 4H Booster Club HS	13,538.78	23,586.58	0.00	21,279.74	15,845.62
FFA HS	13,990.19	62,119.62	0.00	60,521.83	15,587.98
FCCLA (FHA) HS	1,931.49	26,984.29	155.00	27,742.92	1,327.86
Foreign Language Span	1,520.01	3,497.00	118.42	3,545.80	1,589.63
GHS Extra Base Club HS	1,645.08	7,932.35	0.00	9,339.57	237.86
Guthrie Running Club HS	15.99	7,525.00	0.00	5,059.74	2,481.25
Heritage Club HS	886.44	135.00	(10.00)	394.80	616.64
High School Account	14,965.05	14,701.25	(118.42)	14,507.84	15,040.04
Honor Society HS	1,953.08	2,234.00	0.00	1,978.16	2,208.92
Journalism HS	242.67	540.82	0.00	650.00	133.49
Key Club HS	192.39	1,143.00	0.00	1,190.00	145.39
Guthrie Mat Club HS	976.21	482.00	0.00	1,081.00	377.21
Mu Alpha Theta HS	513.46	2,275.00	0.00	2,076.15	712.31
JROTC HS	1,561.30	4,071.50	(60.00)	3,258.48	2,314.32
S.A.D.D. HS	66.87	0.00	0.00	0.00	66.87
Soccer Booster Club HS	1,010.68	448.00	0.00	1,352.54	106.14
Science Club HS	4,500.18	6,655.00	0.00	7,623.59	3,531.59
Student Council HS	1,822.89	24,723.85	425.00	26,143.49	828.25
Campus Beautification	5,312.15	4,595.00	0.00	3,989.17	5,917.98
Vocal HS	633.08	7,616.03	0.00	7,324.96	924.15
Yearbook HS	2,121.68	22,974.05	0.00	24,724.82	370.91
Hs Memorial Fund	123.92	0.00	0.00	50.00	73.92
Vocal Trip Account HS	170.93	260.00	0.00	0.00	430.93
GHS Special Olympic Fund	3,296.91	0.00	(3,296.91)	0.00	0.00
FFA Building Fund	1,500.00	0.00	0.00	0.00	1,500.00
GHS Business Prof of A	931.84	4,311.31	0.00	4,645.71	597.44
Drama HS	1,303.58	7,538.50	(50.00)	7,705.71	1,086.37
Banquet Account	309.01	0.00	0.00	0.00	309.01
Courtesy Committee Ad	148.37	0.00	0.00	33.00	115.37
General Fund Refund	0.00	8,199.99	260.37	8,460.36	0.00
Hall of Fame Banquet	936.17	0.00	0.00	0.00	936.17
Special Olympics	6,535.53	23,501.55	7,216.11	18,396.46	18,856.73
District Elem PTO	529.52	0.00	300.00	469.00	360.52
Summer School HS	0.00	9,650.00	0.00	9,650.00	0.00
Faver C&C	281.32	73.90	0.00	118.54	236.68
Transportation C&C	3,355.77	4,136.50	0.00	3,674.86	3,817.41
Vending Machine Admin	712.31	595.45	(500.00)	530.01	277.75
Gues Honor Choir	2,247.70	0.00	0.00	1,801.69	446.01
Native American Parent	205.72	0.00	0.00	0.00	205.72
Administration Misc	3,852.76	1,814.70	410.00	5,780.00	297.46
School Age Care	578.77	0.00	0.00	0.00	578.77

GUTHRIE SCHOOL DISTRICT NO. 42
LOGAN COUNTY, OKLAHOMA
COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES -
REGULATORY BASIS - ACTIVITY FUND - GUTHRIE PUBLIC SCHOOLS
JULY 1, 2011 TO JUNE 30, 2012

	Balance <u>7/01/11</u>	<u>Deposits</u>	<u>Transfers</u>	<u>Disbursed</u>	Balance <u>6/30/12</u>
C.N. Clearing Acct	0.00	51,746.00	0.00	51,746.00	0.00
S.A.C. Clearing Acct	0.00	9,475.00	0.00	9,475.00	0.00
OSBI Clearing Account	2,279.00	0.00	0.00	900.00	1,379.00
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
TOTAL	<u>\$273,952.62</u>	<u>979,051.44</u>	<u>0.00</u>	<u>967,773.50</u>	<u>285,230.56</u>

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

**GUTHRIE SCHOOL DISTRICT NO. 1
LOGAN COUNTY, OKLAHOMA
SCHEDULE OF FEDERAL FINANCIAL ASSISTANCE
FOR THE YEAR ENDED JUNE 30, 2012**

	Project Code	Federal CFDA Number	Program or Award Amount	Cash/ Beginning Balance at July 1, 2011	Federal Receipts	Federal Expenditures Direct Costs	Indirect Costs	Cash/ Ending Balance at June 30, 2012
<u>Direct Funding</u>								
Rehabilitation Services	456	84 126	\$6 811 00		6,811 00	11,882 56		(5,071 56)
Rehabilitation Services	456	84 126		(2 991 01)	2,991 01			0 00
FEMA	594	97 067	32,515 24		32,515 24	32,515 24		0 00
Title IX Indian Education	561	84 060	49,935 00		38,700 73	48,116 86	1,672 03	(11,088 16)
Title IX Indian Education - Pnor Year	799	84 060		(9,310 36)	9,310 36			0 00
Sub-total			<u>89,261 24</u>	<u>(12,301 37)</u>	<u>90,328 34</u>	<u>92,514 66</u>	<u>1,672 03</u>	<u>(16,159 72)</u>
<u>U.S. Department of Education</u>								
Passed through the Department of Education								
Title I	511	84 010	717,974 01		413,174 17	643,122 07	22,347 88	(252,295 78)
Title I - Pnor Year	799	84 010		(232,924 64)	232,924 64			0 00
Title I Carryover	512	84 010	37,129 51		37,129 51	37,129 51		0 00
Title I - Part A CAC	786	84 010	39,203 07		25,396 34	32,669 23		(7,272 89)
Title I - Part A CAC - Pnor Year	799	84 010		(44,167 02)	44,167 02			0 00
Title II - Part A CAC - Pnor Year	799	84 367		(4,568 96)	4,568 96			0 00
Title I - School Improvement	515	84 010	71,901 79		25,352 91	25,693 60		(340 69)
Title I - ARRA - Pnor Year	516	84 389		(15,924 61)	15,924 61			0 00
Title II, Part A	541	84 367	170,214 11		96,415 87	143,984 24	5,003 33	(52,571 70)
Title II, Part A - Pnor Year	799	84 367		(9,884 66)	9,884 66			0 00
Title II, Part D	546	84 318	992 43		992 43	992 43		0 00
Title II, Part D - Pnor Year	799	84 318		(1,077 04)	1,077 04			0 00
Title II, Part D	547	84 318	28,669 22		22,733 46	27,905 77	763 45	(5,935 76)
Title II, Part D - Pnor Year	799	84 318		(49,757 78)	49,757 78			0 00
Title II, Part D	548	84 318	431 57		431 57	431 57		0 00
IDEA-B Flow Through	621	84 027	809,384 49		434,560 64	662,967 84	561 00	(228,968 20)
IDEA-B Flow Through - Pnor Year	799	84 027		(334,534 32)	334,534 32			0 00
IDEA-B Flow Through - ARRA - Pnor Year	799	84 391		(192,288 25)	192,288 25			0 00
Early Intervening Services	623	84 027	25,000 00		15,711 94	21,811 70		(6,099 76)
Early Intervening Services - Pnor Year	799	84 027		(5,081 70)	5,081 70			0 00
IDEA-B Flow Through - Private Schools	625	84 027	12,280 15		8,360 00	12,280 15		(3,920 15)
IDEA-B Flow Through - Private Schools - Pnor Year	799	84 027		(577 25)	577 25			0 00
IDEA-B Pre-School	641	84 173	33,211 66		4,937 95	6,574 92		(1,636 97)
IDEA-B Pre-School - Pnor Year	799	84 173		(3,679 37)	3,679 37			0 00
IDEA-B Pre-School 3-5 Section 619	642	84 173	575 89		0 00	575 89		(575 89)
IDEA-B Pre-School 3-5 Section 619 - Pnor Year	799	84 173		(1,274 79)	1,274 79			0 00
IDEA-B Pre-School - ARRA - Pnor Year	799	84 393		(5 72)	5 72			0 00
Education Jobs	790	84 410		(223,009 93)	223,009 93			0 00
Sub-total			<u>1,946,967 90</u>	<u>(1,118,756 04)</u>	<u>2,203,952 83</u>	<u>1,616,138 92</u>	<u>28,675 66</u>	<u>(559,617 79)</u>
<u>U.S. Department of Education</u>								
Passed through Oklahoma State Department of Vocational Technical Training								
Carl Perkins	421	84 048	48,782 00		24,082 85	46,258 47	418 24	(22,593 86)
Carl Perkins - Prior Year	799	84 048		(11,183 82)	11,183 82			0 00
Carl Perkins Supplemental	424	84 048	50,000 00		48,969 93	48,969 93		0 00
Sub-total			<u>98,782 00</u>	<u>(11,183 82)</u>	<u>84,236 60</u>	<u>95,228 40</u>	<u>418 24</u>	<u>(22,593 86)</u>
<u>U.S. Department of Agriculture</u>								
Passed Through the State Department of Education								
Food Service Programs - Lunches	763	10 555	625,926 62		625,926 62	613,846 39	12,080 23	0 00
Food Service Programs - Breakfasts	764	10 553	230,523 30		230,523 30	229,223 30	1,300 00	0 00
Food Service Programs - Summer Food	766	10 559	10,223 13		1,933 57	10,223 13		(8,289 56)
Food Service Programs - Summer Food - Pnor Year	799	10 559		(8,060 07)	8,060 07			0 00
USDA Donated Food		10 550	76,884 18		61,651 37	61,651 37		0 00
Sub-total			<u>943,557 23</u>	<u>(8,060 07)</u>	<u>928,094 93</u>	<u>914,944 19</u>	<u>13,380 23</u>	<u>(8,289 56)</u>
<u>Other Federal Sources</u>								
R O T C	771	N/A	74,791 58		74,791 58	80,614 29		(5,822 71)
Sub-total			<u>74,791 58</u>	<u>0 00</u>	<u>74,791 58</u>	<u>80,614 29</u>	<u>0 00</u>	<u>0 00</u>
Total Federal Assistance			<u>\$3,153,359 95</u>	<u>(1,150,301 30)</u>	<u>3,381,404 28</u>	<u>2,799,440 46</u>	<u>44,146 16</u>	<u>(606,660 93)</u>

Note A: Basis of Presentation - The Schedule of Expenditures of Federal Awards includes the federal grant activity of the Guthrie Public School District and is presented on an other comprehensive basis of accounting conforming with the accounting practices prescribed or permitted by the Oklahoma State Department of Education which is a comprehensive basis of accounting other than generally accepted accounting principles. Under this method, expenditures are recognized when an approved purchase order is issued.

Note B: Commodities representing non-cash expenditures have been included in the Schedule of Federal Awards which is an exception to the prescribed basis of accounting.

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

**GUTHRIE SCHOOL DISTRICT NO. 1
LOGAN COUNTY, OKLAHOMA
SCHEDULE OF STATUTORY, FIDELITY, AND HONESTY BONDS
FOR THE YEAR ENDED JUNE 30, 2012**

Terry Simpson - Superintendent
Employee Dishonesty Bond
Ohio Casualty Insurance Company - Policy No. 5057279
\$100,000 Limit
Effective July 1, 2011 to June 30, 2012

Donna Scheihing - Treasurer
Employee Dishonesty Bond
Ohio Casualty Insurance Company - Policy No. 5057390
\$300,000 Limit
Effective July 1, 2011 to July 1, 2012

Dennis Schulz
Employee Dishonesty Bond
Ohio Casualty Insurance Company - Policy No. 5057390
\$100,000 Limit
Effective July 1, 2011 to July 1, 2012

Sandra Savory - Payroll
Employee Dishonesty Bond
Ohio Casualty Insurance Company - Policy No. 5057390
\$100,000 Limit
Effective July 1, 2011 to July 1, 2012

Vicki Biggs – Encumbrance Clerk
Employee Dishonesty Bond
Ohio Casualty Insurance Company - Policy No. 5057390
\$100,000 Limit
Effective July 1, 2011 to July 1, 2012

Anita Paul – Activity Fund
Employee Dishonesty Bond
Ohio Casualty Insurance Company - Policy No. 5057390
\$100,000 Limit
Effective July 1, 2011 to July 1, 2012

INTERNAL CONTROL AND COMPLIANCE REPORTS

PUTNAM & COMPANY, PLLC

CERTIFIED PUBLIC ACCOUNTANTS

169 S.E. 32ND

EDMOND, OKLAHOMA 73013

(405) 348-3800

Fax (405) 348-7965

**Report on Internal Control Over Financial Reporting and on Compliance and
Other Matters Based on an Audit of Financial Statements Performed in Accordance with
*Government Auditing Standards***

The Honorable Board of Education
Guthrie School District No. 1
Logan County, Oklahoma

We have audited the accompanying fund type and account group financial statements-regulatory basis of Guthrie School District No. 1, Logan County, Oklahoma as listed in the Table of Contents, as of and for the year ended June 30, 2012, and have issued our report thereon dated March 6, 2013, which was adverse with respect to the presentation of the financial statements in conformity with accounting principles generally accepted in United States because the presentation followed the regulatory basis of accounting for Oklahoma school districts and did not conform to the presentation requirements of the Governmental Accounting Standards Board. However, our report was qualified due to a departure related to the omission of general fixed asset account groups with respect to the presentation of financial statements on the regulatory basis of accounting authorized by the Oklahoma State Board of Education. 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 Guthrie School District No. 1's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Guthrie School District No. 1's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Guthrie School District No. 1 internal controls 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 significant deficiency, or combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

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.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Guthrie School District No. 1's financial statements are free of material misstatement; we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under Government Auditing Standards.

This report is intended solely for the information and use of the Board of Education and management, all applicable Federal and State agencies, and those other governments from which Federal financial assistance was received, and is not intended to be, and should not be used, by anyone other than these specific parties.


Putnam & Company, PLLC

Edmond, Oklahoma
March 6, 2013

PUTNAM & COMPANY, PLLC

Certified Public Accountants

169 E. 32ND

EDMOND, OKLAHOMA 73013

(405) 348-3800

Fax (405) 348-7965

Report on Compliance with Requirements Applicable to Each Major Program and Internal Controls over Compliance In Accordance with *Office of Management and Budget Circular A-133*

The Honorable Board of Education
Guthrie School District No. 1
Logan County, Oklahoma

Compliance

We have audited the compliance of Guthrie School District No. 1, Logan County, Oklahoma, with the types of compliance requirements described in the U.S. Office of Management and Budget's (OMB) *Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the year ended June 30, 2012. Guthrie School District No. 1'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 Guthrie School District No. 1's management. Our responsibility is to express an opinion on Guthrie School District No. 1'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 Guthrie School District No. 1'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 Guthrie School District No. 1's compliance with those requirements.

In our opinion, the Guthrie School District No. 1 complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2012.

Internal Control Over Compliance

The management of the Guthrie School District No. 1 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 the District's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the District's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect 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 the 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.

This report is intended solely for the information and use of the Board of Education, State Department of Education, management, and all applicable Federal and State agencies and is not intended to be, and should not be used, by anyone other than these specific parties.


Putnam & Company, PLLC

Edmond, Oklahoma
March 6, 2013

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

**GUTHRIE SCHOOL DISTRICT NO. 1
LOGAN COUNTY, OKLAHOMA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2012**

Section I – Summary of Auditors’ Results

Financial Statements

Type of auditors’ report issued: Qualified due to regulatory basis presentation.

Internal control over financial reporting:

- * Material weakness(es) identified? _____ Yes X No
- * Significant Deficiency(ies) identified
not considered to be material weakness(es)? _____ Yes X None Reported

Noncompliance material to financial statement noted? _____ Yes X No

Federal Awards

Internal control over major programs:

- * Material weakness(es) identified? _____ Yes X No
- * Significant Deficiency(ies) identified
not considered to be material weakness(es)? _____ Yes X None Reported

Type of auditors’ report issued on compliance for
Major programs: Unqualified

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

Identification of major programs:

CFDA Number

Name of Federal Program

84.010	Title I
84.027	IDEA Flowthrough
84.173	IDEA Preschool
84.394	Foundation & Salary Incentive ARRA
84.410	Education Jobs
10.555, 10.553, 10.550, 10.559	Food Service

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

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

**GUTHRIE SCHOOL DISTRICT NO. 1
LOGAN COUNTY, OKLAHOMA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2012**

Section II – Findings Relating to the Financial Statements

None

Section III – Findings and Questioned Costs for Federal Awards

N/A

Section IV – Status of Prior Year Audit Findings

None related to the financial statements or questioned costs for federal awards.

Section V – Management's Corrective Action Plan

N/A

ACCOUNTANT'S PROFESSIONAL LIABILITY INSURANCE AFFIDAVIT

Schedule of Accountants' Professional Liability Insurance Affidavit For the Year Ending June 30, 2012



MANAGEMENT LETTER AND COMMENTS

PUTNAM & COMPANY, PLLC

CERTIFIED PUBLIC ACCOUNTANTS
169 S.E. 32ND
EDMOND, OKLAHOMA 73013
(405) 348-3800
fax (405) 348-7965

March 6, 2013

The Honorable Board of Education
Guthrie School District No. 1
Logan County, Oklahoma

We have audited financial statements of Guthrie School District No. 1, Logan County, Oklahoma, as of and for the year ended June 30, 2012, as listed in the table of contents, and have issued our report thereon dated March 6, 2013. As a part of our audit, we made a study and evaluation of the District's system of internal accounting control to the extent we considered necessary solely to determine the nature, timing and extent of our auditing procedures. Our study and evaluation was more limited than would be necessary to express an opinion on the system of internal accounting control taken as a whole, and we do not express such an opinion.

However, during our audit we became aware of some matters that, while not involving material weaknesses in internal accounting control, are opportunities for strengthening internal controls and operating efficiency. The memorandum that accompanies this letter summarizes our comments and suggestions regarding those matters. This letter does not affect our report dated March 6, 2013 on the financial statements of Guthrie School District No. 1.

We will review the status of these comments during our next audit engagement. We would be pleased to discuss these comments in further detail at your convenience, to perform any additional study of these matters or to assist you in implementing the recommendations.

We also wish to express our appreciation of the courteous attention and cooperation which we received from staff members during our engagement.

Sincerely,

A handwritten signature in dark ink, appearing to read "J. Putnam", with a stylized flourish at the end.

Jerry W. Putnam

**GUTHRIE SCHOOL DISTRICT NO. 1
LOGAN COUNTY, OKLAHOMA
MANAGEMENT LETTER COMMENTS
FOR THE YEAR ENDED JUNE 30, 2012**

PRIOR YEAR'S COMMENTS AND RECOMMENDATIONS

The prior year's comments have been addressed and resolved.

CURRENT YEAR'S COMMENTS AND RECOMMENDATIONS

We reviewed expenditures from the District's General Fund, Building Fund, Child Nutrition Fund, Gift Fund, School Age Care Fund, and Insurance Fund, and we found the supporting documentation to be very good. However, we noted the following during our review:

<u>Finding</u>	<u>No. of Instances</u>
Paid Sales Tax	1
Inaccurate Math	1

REVIEW OF ACTIVITY FUND TRANSACTIONS

During our review of the Activity Fund transactions we noted that the transactions were well documented. However, we noted the following during our review:

<u>Findings</u>	<u>No. of Instances</u>
Incomplete Documentation	4

DISTRICT'S RESPONSE TO AUDIT COMMENTS/CORRECTIVE ACTION PLAN

The District is generally in agreement with the finding and recommendations above and will review current procedures in order to implement necessary changes.