

ANNUAL FINANCIAL REPORT
INDEPENDENT SCHOOL DISTRICT NO. 72
DURANT PUBLIC SCHOOL DISTRICT
BRYAN COUNTY, OKLAHOMA
JULY 1, 2010 TO JUNE 30, 2011

DURANT PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 72
BRYAN COUNTY, OKLAHOMA
JUNE 30, 2011

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DURANT PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 72
BRYAN COUNTY, OKLAHOMA
JULY 1, 2010 TO JUNE 30, 2011

SCHOOL DISTRICT BOARD MEMBERS

Tammy Cross
Tommy Sleeper
Bart Granger
Dan England
Nate Morrison

SUPERINTENDENT OF SCHOOL DISTRICT

W. Jason Simeroth

CLERK OF THE BOARD

Kelly Dillard

SCHOOL DISTRICT TREASURER

Bonnie M. Webb

PUTNAM & COMPANY

169 S.E. 32ND

EDMOND, OKLAHOMA 73013

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INDEPENDENT AUDITOR'S REPORT

The Honorable Board of Education
Durant Independent School District No. 72
Bryan County, Oklahoma

We have audited the accompanying fund type and account group financial statements of Durant School District No. 72, Bryan County, Oklahoma, as listed in the table of contents as combined financial statements, as of and for the year ended June 30, 2011. These financial statements are the responsibility of the Durant School District, No. 72, Bryan 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.

In our opinion, the financial statements referred to above present fairly, in all material respects, the assets, liabilities, and equity arising from regulatory basis transactions of each fund type and account group of Durant School District No. 72, Bryan County, Oklahoma, as of June 30, 2011, and the revenues collected, expenditures paid/expenses, and cash flows of each fund type, where applicable, 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 January 17, 2012, on our consideration of the School District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering 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 statement. 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. This other supplementary 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, in our opinion, 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 Durant School District No. 72, 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

Putnam & Company

Edmond, Oklahoma
January 17, 2012

COMBINED FINANCIAL STATEMENTS

**DURANT SCHOOL DISTRICT NO. 72
BRYAN COUNTY, OKLAHOMA
COMBINED STATEMENT OF ASSETS AND LIABILITIES - REGULATORY BASIS
(ALL FUND TYPES AND ACCOUNT GROUPS)
FOR THE YEAR ENDED JUNE 30, 2011**

	Governmental Fund Types				Fiduciary Fund Types	Account Groups	Totals
	General	Special Revenue	Debt Service	Capital Projects	Trust and Agency	General Long-Term Debt	(Memorandum Only)
ASSETS							
Cash and Cash Equivalents	5,502,291	1,623,892	1,427,628	3,634,532	349,698		12,538,041
Amount available in Debt Service Fund						(88)	(88)
Amount to be Provided for General Long-Term Debt						6,092,123	6,092,123
Total Assets	5,502,291	1,623,892	1,427,628	3,634,532	349,698	6,092,035	18,630,076
LIABILITIES							
Warrants Payable	848,510			138,386	53,700		1,040,596
Reserved for Encumbrances	2,114,122	42,556		649,467			2,806,145
Interest Payable			28,494			316,257	344,751
Long-Term Debt--Bonds Payable			1,399,222			5,775,778	7,175,000
Total Liabilities	2,962,632	42,556	1,427,716	787,853	53,700	6,092,035	11,366,492
FUND EQUITY							
Fund Balances:							
Unreserved							
Undesignated	2,539,659	1,581,336			295,998		4,416,993
Designated for Capital Projects				2,846,679			2,846,679
Designated for Debt Service			(88)				(88)
Total Fund Balance	2,539,659	1,581,336	(88)	2,846,679	295,998	0	7,263,584
Total Liabilities and Fund Equity	5,502,291	1,623,892	1,427,628	3,634,532	349,698	6,092,035	18,630,076

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

**DURANT SCHOOL DISTRICT NO. 72
BRYAN COUNTY, OKLAHOMA
COMBINED STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
REGULATORY BASIS - ALL GOVERNMENTAL FUND TYPES AND SIMILAR TRUST FUNDS
FOR THE YEAR ENDED JUNE 30, 2011**

	Governmental Fund Types				Fiduciary Fund Types	Totals
	General	Special Revenue	Debt Service	Capital Projects	Trust and Agency	(Memorandum Only)
REVENUES:						
Local Sources	4,364,907	526,362	1,881,725	1,349	611,276	7,385,619
Intermediate Sources	543,723					543,723
State Sources	15,550,536					15,550,536
Federal Sources	5,357,019					5,357,019
Total Revenues Collected	25,816,185	526,362	1,881,725	1,349	611,276	28,836,897
EXPENDITURES:						
Instruction	14,857,113			846,140		15,703,253
Support Services	7,991,780	2,248		1,308,189		9,302,217
Non-Instructional Services	1,693,026			132,559	572,266	2,397,851
Facilities Aquisition & Construction Services	857,061	216,768		365,810		1,439,639
Other Outlays	10,375					10,375
Repayments						0
Bank Charges	227			208		435
DEBT SERVICE:						
Principal Retirement			1,627,555			1,627,555
Interest Paid			146,241			146,241
Total Expenditures	25,409,582	219,016	1,773,796	2,652,906	572,266	30,627,566
Revenues Over (Under) Expenditures	406,603	307,346	107,929	(2,651,557)	39,011	(1,790,668)
OTHER FINANCING SOURCES (USES):						
Return of Assets	30,758			2,125,000		2,155,758
Estopped Warrants	3,760					3,760
Deobligation of Prior Year Funds	102,330			12,818		115,148
Total Other Financing Sources (Uses)	136,848	0	0	2,137,818	0	2,274,666
Revenues and Other Financing Sources (Uses) Over (Under) Expenditures	543,451	307,346	107,929	(513,739)	39,011	483,998
Fund Balance Unreserved, Beginning of Year	1,996,208	1,273,990	(108,017)	2,910,418	256,987	6,329,586
Fund Balance Unreserved, End of Year	2,539,659	1,581,336	(88)	2,396,679	295,998	6,813,584

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

DURANT SCHOOL DISTRICT NO. 72
BRYAN COUNTY, OKLAHOMA
COMBINED STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
REGULATORY BASIS - BUDGET AND ACTUAL
GENERAL FUND AND BUDGETED SPECIAL REVENUE FUNDS
FOR THE YEAR ENDED JUNE 30, 2011

	General Fund			Special Revenue Funds		
	Original/Final Budget	Actual	Variance Favorable (Unfavorable)	Original/Final Budget	Actual	Variance Favorable (Unfavorable)
REVENUES:						
Local Sources	3,965,590	4,364,907	399,317	478,370	526,362	47,992
Intermediate Sources	475,000	543,723	68,723			0
State Sources	15,278,614	15,550,536	271,922			0
Federal Sources	4,580,214	5,357,019	776,805			0
Total Revenues Collected	24,299,418	25,816,185	1,516,767	478,370	526,362	47,992
EXPENDITURES :						
Instruction	16,083,377	14,857,113	1,226,264			0
Support Services	7,992,209	7,991,780	429	1,584,162	2,248	1,581,914
Non-Instructional Services	1,692,544	1,693,026	(482)			0
Facilities Acquisition & Construction Services	857,061	857,061	0	216,768	216,768	0
Other Outlays	10,426	10,375	51			0
Bank Charges		227	(227)			0
Total Expenditures	26,635,617	25,409,582	1,226,035	1,800,930	219,016	1,581,914
Revenues Over (Under) Expenditures	(2,336,199)	406,603	2,742,802	(1,322,560)	307,346	1,629,906
OTHER FINANCING SOURCES (USES):						
Return of Assets	339,991	30,758	(309,233)	48,570		(48,570)
Estopped Warrants		3,760	3,760			0
Deobligation of Prior Year Funds		102,330	102,330			0
Total Other Financing Sources (Uses)	339,991	136,848	(203,143)	48,570	0	(48,570)
Excess of Revenues and Other Sources Over (Under) Expenditures and Other Uses	(1,996,208)	543,451	2,539,659	(1,273,990)	307,346	1,581,336
Fund Balance, Beginning of Year	1,996,208	1,996,208	0	1,273,990	1,273,990	0
Fund Balance, End of Year	0	2,539,659	2,539,659	0	1,581,336	1,581,336

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

NOTES TO FINANCIAL STATEMENTS

DURANT SCHOOL DISTRICT NO. 72
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2011

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The basic financial statements of the Durant Public Schools Independent District No. 72, Bryan 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.

**DURANT SCHOOL DISTRICT NO. 72
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2011**

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.

**DURANT SCHOOL DISTRICT NO. 72
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2011**

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. The District does not have the information necessary to include this group in its combined financial statements.

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

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.

DURANT SCHOOL DISTRICT NO. 72
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2011

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.

DURANT SCHOOL DISTRICT NO. 72
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2011

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

Inventories – The value of consumable inventories at June 30, 2011 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.

**DURANT SCHOOL DISTRICT NO. 72
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2011**

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, 2011, 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.

**DURANT SCHOOL DISTRICT NO. 72
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2011**

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, 2011, 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, 2011.

4. GENERAL LONG-TERM DEBT

State statutes prohibit the District from becoming indebted in an amount exceeding the revenue to be received for any fiscal year without 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.

**DURANT SCHOOL DISTRICT NO. 72
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2011**

4. GENERAL LONG-TERM DEBT -(continued)

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, 2011:

	<u>Bonds Payable</u>	<u>Total</u>
Balance, July 1, 2010	\$ 6,240,000	6,240,000
Additions	2,125,000	2,125,000
Retirements	<u>(1,190,000)</u>	<u>(1,190,000)</u>
Balance, June 30, 2011	<u>\$ 7,175,000</u>	<u>\$ 7,175,000</u>

A brief description of the outstanding general obligation bond issues at June 30, 2011 is set forth below:

	<u>Amount Outstanding</u>
Independent School District No. 72 Building Bonds, Series 2001, original Issue \$1,880,000, interest rate of 3.375%, due in annual installments of \$200,000, final payment of \$280,000 due August 1, 2011.	\$ 280,000
Independent School District No. 72 Building Bonds, Series 2002, original issue \$925,000, interest rate of 2.85%, due in annual installments of \$100,000, final payment of \$125,000 due August 1, 2012	225,000
Independent School District No. 72 General Obligation Bonds, Series 2003, original issue \$825,000, interest rate of 4.70%, due in annual installments of \$90,000, final payment of \$105,000 due August 1, 2013	285,000

**DURANT SCHOOL DISTRICT NO. 72
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2011**

4. GENERAL LONG-TERM DEBT - (continued)

Independent School District No. 72
Building Bonds, Series 2004, original
issue \$875,000, interest rate of 4.10%,
due in annual installments of \$100,000, final
payment of \$100,000 due August 1, 2014 400,000

Independent School District No. 72
General Obligation Bonds, Series 2007, original
issue \$815,000, interest rate of 3.50% to 4.45%,
due in annual installments of \$200,000, final
payment of \$215,000 due May 1, 2012 215,000

Independent School District No. 72
Building Bonds, Series 2008, original
issue \$815,000, interest rate of 3.00% to 3.60%,
due in annual installments of \$200,000, final
payment of \$2,155,000 due May 1, 2013 415,000

Independent School District No. 72
General Obligation Bonds, Series 2010, original
Issue \$3,230,000, interest rate of 4.40% to 2.00%,
Due in annual installments of \$805,000, final
Payment of \$815,000 due June 1, 2015 3,230,000

Independent School District No. 72
General Obligation Bonds, Series 2011, original
Issue \$2,125,000, interest rate of 1.10% to 1.75%,
Due in annual installments of \$525,000, final
Payment of \$550,000 due May 1, 2016 3,230,000

TOTAL \$7,175,000

**DURANT SCHOOL DISTRICT NO. 72
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2011**

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>
2012	1,790,000	142,606	1,932,606
2013	1,860,000	96,383	1,956,383
2014	1,535,000	60,812	1,595,812
2015	1,440,000	35,325	1,475,325
2016	<u>550,000</u>	<u>9,625</u>	<u>559,625</u>
	<u>\$ 7,175,000</u>	<u>\$ 344,751</u>	<u>7,519,751</u>

Interest expense on general long-term debt incurred during the current year totaled \$146,241.

5. EMPLOYEE RETIREMENT SYSTEM

The District participates in the state-administered Oklahoma Teachers' Retirement System (the "System"), which is a cost-sharing, multiple-employer Public Employee Retirement System. Under the System, the District, the State of Oklahoma, and the participating employees make contributions. Participation is required for all teachers and other certified employees and is optional for all other regular employees of public educational institutions who work at least 20 hours per week. A participant's date of membership is the date the first contribution is made to the System. 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 District has no responsibility or authority for the operation and administration of the System nor has it any liability, except for the current contribution requirements.

The System issues an independent financial report, financial statements, and required supplementary information that can be obtained in writing at the Teachers' Retirement System of Oklahoma, Post Office Box 53524, Oklahoma City, OK 73152 or by calling 405-521-2387.

A participant with ten years of creditable service may retire with a normal retirement allowance at the age of sixty-two or with reduced benefits as early as age fifty-five. 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 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, and the participant's contributions plus interest. If the beneficiary is a surviving spouse, the surviving spouse may, in lieu of the

**DURANT SCHOOL DISTRICT NO. 72
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2011**

5. EMPLOYEE RETIREMENT SYSTEM (continued)

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.

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

Ten-year historical trend information is presented in the Teachers' Retirement System of Oklahoma Annual Report for the year ended June 30, 2011. This information is useful in assessing the pension plan's accumulation of sufficient assets to pay pension benefits as they become due.

6. 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.

7. 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.

8. SUBSEQUENT EVENTS

Subsequent events have been evaluated through January 17, 2012, which is the date the financial statements were issued.

OTHER SUPPLEMENTARY INFORMATION

DURANT SCHOOL DISTRICT NO. 72
BRYAN COUNTY, OKLAHOMA
COMBINING STATEMENT OF ASSETS AND LIABILITIES - REGULATORY BASIS
SPECIAL REVENUE FUNDS
June 30, 2011

	BUILDING FUND	TOTALS (Memorandum Only)
ASSETS		
Cash and Cash Equivalents	\$1,623,892	1,623,892
Total Assets	\$1,623,892	1,623,892
LIABILITIES AND FUND EQUITY		
Liabilities:		
Warrants Outstanding	\$0	0
Reserved for Encumbrances	42,556	42,556
Total Liabilities	42,556	42,556
Fund Balance:		
Unreserved	1,581,336	1,581,336
Total Fund Equity	1,581,336	1,581,336
Total Liabilities and Fund Equity	\$1,623,892	1,623,892

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

**DURANT SCHOOL DISTRICT NO. 72
 BRYAN COUNTY, OKLAHOMA
 COMBINING STATEMENT OF REVENUES, EXPENDITURES
 AND CHANGES IN FUND BALANCES - REGULATORY BASIS
 SPECIAL REVENUE FUNDS
 FOR THE YEAR ENDED JUNE 30, 2011**

	<u>BUILDING FUND</u>	<u>TOTALS (Memorandum Only)</u>
Revenues:		
Local Sources	\$526,362	526,362
Intermediate Sources		0
State Sources		0
Federal Sources		0
	<u>526,362</u>	<u>526,362</u>
Total Revenues		
Expenditures:		
Instruction		0
Support Services	2,248	2,248
Facilities Acquisition & Construction Services	216,768	216,768
	<u>219,016</u>	<u>219,016</u>
Total Expenditures		
Excess of Revenues Over (Under) Expenditures	<u>307,346</u>	<u>307,346</u>
Other Financing Sources (Uses):		
Deobligation of Prior Years Funds	<u>0</u>	<u>0</u>
Total Other Financing Sources (Uses)	<u>0</u>	<u>0</u>
Excess of Revenues and Other Sources Over (Under) Expenditures and Other Uses	<u>307,346</u>	<u>307,346</u>
Fund Balance, Beginning of Year	<u>1,273,990</u>	<u>1,273,990</u>
Fund Balance, End of Year	<u><u>\$1,581,336</u></u>	<u><u>1,581,336</u></u>

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

**DURANT SCHOOL DISTRICT NO.72
BRYAN 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, 2011**

	Building Fund		
	Original/ Final Budget	Actual	Variance Favorable (Unfavorable)
REVENUES:			
Local Sources	\$478,370	526,362	47,992
Total Revenues	478,370	526,362	47,992
EXPENDITURES :			
Support Services	1,584,162	2,248	1,581,914
Facilities Acquisition & Construction	216,768	216,768	0
Total Expenditures	1,800,930	219,016	1,581,914
Revenues Over (Under) Expenditures	(1,322,560)	307,346	1,629,906
OTHER FINANCING SOURCES (USES):			
Return of Assets	48,570		(48,570)
Total Other Financing Sources (Uses)	48,570	0	(48,570)
Revenue and Other Sources Over (Under) Expenditures and Other Uses	(1,273,990)	307,346	1,581,336
Fund Balance, Beginning of Year	1,273,990	1,273,990	0
Fund Balance, End of Year	\$0	1,581,336	1,581,336

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

**DURANT SCHOOL DISTRICT NO. 72
BRYAN COUNTY, OKLAHOMA
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES - REGULATORY BASIS
CAPITAL PROJECTS FUNDS
FOR THE YEAR ENDED JUNE 30, 2011**

	BOND #31 FUND	BOND #32 FUND	BOND #33 FUND	TOTALS (Memorandum Only)
Revenues:				
Local Sources	\$560	789		1,349
Total Revenues Collected	560	789	0	1,349
Expenditures:				
Instruction	837,328	8,812		846,140
Support Services	794,046	64,143	450,000	1,308,189
Non-Instructional Services	132,559			132,559
Facilities Acquisition & Construction Services	365,079	731		365,810
Bank Charges		208		208
Total Expenditures	2,129,012	73,894	450,000	2,652,906
Excess of Revenues Over (Under) Expenses	(2,128,452)	(73,105)	(450,000)	(2,651,557)
Other Financing Sources (Uses):				
Proceeds From Sale of Original Bonds	1,775,000		350,000	2,125,000
Deobligation of Prior Year Funds		12,818		12,818
Total Other Financing Sources (Uses)	1,775,000	12,818	350,000	2,137,818
Excess of Revenues and Other Sources Over (Under) Expenditures and Other Uses	(353,452)	(60,287)	(100,000)	(513,739)
Fund Balance, Beginning of Year	2,780,000	130,418	450,000	3,360,418
Fund Balance, End of Year	\$2,426,548	70,131	350,000	2,846,679

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

DURANT SCHOOL DISTRICT NO. 72
BRYAN COUNTY, OKLAHOMA
COMBINING STATEMENT OF ASSETS AND LIABILITIES - REGULATORY BASIS
CAPITAL PROJECTS FUNDS
June 30, 2011

	BOND #31 FUND	BOND #32 FUND	BOND #33 FUND	TOTALS (Memorandum Only)
ASSETS				
Cash and Cash Equivalents	<u>\$3,214,401</u>	<u>70,131</u>	<u>350,000</u>	<u>3,634,532</u>
Total Assets	<u>\$3,214,401</u>	<u>70,131</u>	<u>350,000</u>	<u>3,634,532</u>
LIABILITIES AND FUND EQUITY				
Liabilities:				
Warrants Outstanding	\$138,386			138,386
Reserved for Encumbrances	<u>649,467</u>	<u>0</u>	<u>0</u>	<u>649,467</u>
Total Liabilities	<u>787,853</u>	<u>0</u>	<u>0</u>	<u>787,853</u>
Fund Balance:				
Designated for Capital Projects	<u>2,426,548</u>	<u>70,131</u>	<u>350,000</u>	<u>2,846,679</u>
Total Fund Equity	<u>2,426,548</u>	<u>70,131</u>	<u>350,000</u>	<u>2,846,679</u>
Total Liabilities and Fund Equity	<u>\$3,214,401</u>	<u>70,131</u>	<u>350,000</u>	<u>3,634,532</u>

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

DURANT SCHOOL DISTRICT NO. 72
BRYAN COUNTY, OKLAHOMA
SCHOOL ACTIVITY FUNDS--RECEIPTS, TRANSFERS,
DISBURSEMENTS AND SUBACCOUNT BALANCES
JULY 1, 2010 TO JUNE 30, 2011

	Balance 7/01/10	Deposited	Transfers	Disbursed	Balance 6/30/11
Academic Bowl	\$141.05	0.00			141.05
Annual DHS	9,577.33	14,682.24		23,583.99	675.58
Athletics DHS	1,676.46	92,338.37		73,973.34	20,041.49
Band DHS	1,024.74	594.00			1,618.74
DHS Baseball	294.95	-187.70			107.25
Chorus	496.67	18,441.82		18,783.84	154.65
FFA Booster Club	3,730.50	9,310.50		6,624.52	6,416.48
DHS Softball	2,140.99	6,828.00		4,145.56	4,823.43
Cheerleaders DHS	5,841.89	20,515.77		16,627.51	9,730.15
Concession Stand	7,510.46	7,519.25		9,024.17	6,005.54
DECA DHS	2,311.50	4,181.07		5,731.38	761.19
PAL Program	12.49	-12.49			0.00
Art Club	19.58	399.81			419.39
Desk Top Publishing	110.00	109.06			219.06
BPA	2,288.26	150.00		1,424.23	1,014.03
FCA DHS	23.48	0.00			23.48
FFA	2,074.38	23,038.40		21,335.92	3,776.86
FCCLA DHS	1,233.26	4,106.52		4,299.14	1,040.64
Flower Fund DHS	296.20	290.00		387.05	199.15
General Act. DHS	33,145.05	30,158.26		25,009.01	38,294.30
HOSA DHS	161.76	4,794.00		3,973.54	982.22
ICE DHS	98.92	-98.92			0.00
Key Club DHS	239.24	232.00		405.52	65.72
Library DHS	520.35	4,248.38		2,113.36	2,655.37
Newspaper DHS	266.75	0.00			266.75
Spanish Club DHS	278.77	366.20		326.20	318.77
Speech/Drama DHS	1,677.69	6,929.34		8,079.18	527.85
St. Council DHS	1,958.63	7,983.00		7,078.31	2,863.32
Clearing DHS	0.00	15,857.83		15,857.83	0.00
DHS Football	1,323.04	29,076.00		23,619.38	6,779.66
Class of 2009	116.89	0.00			116.89
FTA	4,239.12	226.89		1,979.27	2,486.74
DHS Awards	1,374.94	600.00		600.00	1,374.94
DHS Grapplers	1,648.20	788.59		592.25	1,844.54
Media Productions	2,580.33	0.00			2,580.33

DURANT SCHOOL DISTRICT NO. 72
BRYAN COUNTY, OKLAHOMA
SCHOOL ACTIVITY FUNDS--RECEIPTS, TRANSFERS,
DISBURSEMENTS AND SUBACCOUNT BALANCES
JULY 1, 2010 TO JUNE 30, 2011

	Balance 7/01/10	Deposited	Transfers	Disbursed	Balance 6/30/11
Youth and Government	\$264.77	0.00			264.77
Vision Academy	5,979.05	946.56		758.07	6,167.54
DMS Baseball	17,817.37	20,299.39		24,175.72	13,941.04
Jr. Class 2008-09	0.00	3,135.00			3,135.00
DMS Softball	458.57	1,694.25		2,100.00	52.82
DMH Emergency Fund	488.99	0.00			488.99
Special DMS	16,837.44	16,845.89		20,426.69	13,256.64
Annual DMS	1,048.87	3,829.60		3,971.98	906.49
Athletics DMS	3,548.97	20,753.00		19,765.70	4,536.27
Band DMS	1,608.41	10,709.50		11,497.65	820.26
Library DMS	1,913.02	2,072.88		2,526.41	1,459.49
Clearing DMS	0.00	842.30		842.30	0.00
Girls Choir DMS	584.79	13,364.81		13,306.53	643.07
DMS Cheerleader	1,201.80	3,421.40		3,081.85	1,541.35
Flower Fund DMS	212.30	0.00		193.95	18.35
St. Council DMS	1,692.10	2,081.15		1,506.21	2,267.04
Tec Student Assoc DMS	547.43	0.00			547.43
PTSO - DMS	676.14	0.00			676.14
Builders Club	247.88	0.00			247.88
Gen Act. NWH	16,618.60	42,898.23		40,958.28	18,558.55
NWH P.S.O.	3,293.45	9,570.96		7,886.94	4,977.47
Clearing Acct	0.00	39.84		39.84	0.00
Flower Fund	103.60	75.00		35.00	143.60
Gen Act. WI	12,010.86	24,636.71		19,165.19	17,482.38
PTSO WI	9,079.13	17,374.48		16,774.37	9,679.24
Library WI	4,557.63	11,734.88		16,127.77	164.74
Gen Act. REL	11,651.81	9,753.80		6,219.82	15,185.79
Pre School GW	30.19	0.00			30.19
Music Dep GW	1,070.00	0.00			1,070.00
Attendance Incentive	1,114.00	0.00			1,114.00
General Activity Admin	496.16	1,003.90		282.22	1,217.84
Flower Fund	292.88	0.00		95.00	197.88
District Wide	803.03	742.81		994.11	551.73
Video Duplication	985.27	0.00		180.81	804.46
Choctaw/Misc Donations	10,765.00	10,563.00		12,973.46	8,354.54
Teacher of the Year	4.45	750.00		750.00	4.45

DURANT SCHOOL DISTRICT NO. 72
BRYAN COUNTY, OKLAHOMA
SCHOOL ACTIVITY FUNDS--RECEIPTS, TRANSFERS,
DISBURSEMENTS AND SUBACCOUNT BALANCES
JULY 1, 2010 TO JUNE 30, 2011

	Balance 7/01/10	Deposited	Transfers	Disbursed	Balance 6/30/11
DIS Special Account	15,011.10	38,509.22		32,206.49	21,313.83
DIS Band Account	8,163.82	7,527.26		11,437.72	4,253.36
DIS Flower Fund Accour	342.18	560.00		513.93	388.25
DIS Library Account	7,599.53	19,935.36		16,566.58	10,968.31
DIS PSO Account	633.63	0.00			633.63
DIS Annual Account	1,497.64	6,199.00		4,529.64	3,167.00
Clearing Acct DIS	0.00	151.50		151.50	0.00
Student Council (DIS)	598.10	0.00			598.10
Transportation	354.44	0.00			354.44
Watch D.O.G.S.	594.66	0.00			594.66
Greenhouse	2,183.12	1,134.86		489.76	2,828.22
Circle the State	935.82	3,053.00		3,198.04	790.78
J.D. Harris - Trip	0.00	0.00			0.00
Box Tops	450.30	1,600.60		961.51	1,089.39
Magic Triad	185.00	0.00			185.00
TOTAL	<u><u>\$256,987.17</u></u>	<u><u>611,276.33</u></u>	<u><u>0.00</u></u>	<u><u>572,265.54</u></u>	<u><u>295,997.96</u></u>

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

DURANT SCHOOL DISTRICT NO. 72
BRYAN COUNTY, OKLAHOMA
SCHEDULE OF FEDERAL FINANCIAL ASSISTANCE
FOR THE YEAR ENDED JUNE 30, 2011

	OCAS Project Number	Federal CFDA Number	Program or Award Amount	Cash/ Beginning Balance at July 1, 2010	Federal Receipts	Federal Expenditures	Cash/ Ending Balance at June 30, 2011
U.S. Department of Education:							
Direct Programs							
Indian Ed, Title IX	561	84.060A	\$224,329.00		224,329.00	224,329.00	0.00
Sub-total			224,329.00	0.00	224,329.00	224,329.00	0.00
U.S. Department of Health & Human Services:							
Substance Abuse & Mental Health	776	93.276	99,995.00		96,993.62	96,993.62	0.00
Substance Abuse & Mental Health - Prior Year	799	93.276		(43,128.93)	43,128.93		0.00
Safe & Drug Free	777	93.276	22,031.44		22,031.44	22,031.44	0.00
Sub-total			122,026.44	(43,128.93)	162,153.99	119,025.06	0.00
Passed through the Department of Education:							
Rehabilitation Services	456	84.126	59,223.82		59,223.82	59,223.82	0.00
Title I	511	84.010	858,499.32		417,088.13	756,349.32	(339,261.19)
Title I, (Prior Year)	799	84.010		(261,590.55)	261,590.55		0.00
Title I, ARRA	516	84.389	87,301.05		80,333.68	87,245.68	(6,912.00)
Title VI, Part B (Prior Year)	799	84.358		(88,780.00)	88,780.00		0.00
IDEA-B Flow Through	621	84.027	674,797.73		390,079.92	670,829.99	(280,750.07)
IDEA-B Flow Through (Prior Year)	799	84.027		(224,857.61)	224,857.61		0.00
IDEA-B Flow Through ARRA	622	84.391	443,555.10		297,474.21	443,555.10	(146,080.89)
IDEA-B Flow Through ARRA (Prior Year)	799	84.391		(25,072.88)	25,072.88		0.00
IDEA-B Pre-School	641	84.173	13,368.96		7,771.30	13,332.80	(5,561.50)
IDEA-B Pre-School (Prior Year)	799	84.173		(5,175.65)	5,175.65		0.00
Preschool ARRA	643	84.392	12,303.52		1,805.26	12,303.52	(10,498.26)
Preschool ARRA (Prior Year)	799	84.392		(2,756.93)	2,756.93		0.00
Title II, Part A Transfer	511	84.367	58,790.00		58,790.00	58,790.00	0.00
Title II, Part A	541	84.281	209,595.68		115,037.97	164,421.92	(49,383.95)
Title II, Part A (Prior Year)	799	84.281		(28,271.09)	28,271.09		0.00
Title II, Part D	546	84.318	7,345.75		7,279.77	7,279.77	0.00
Title II, Part D	548	84.318	1,696.90		1,324.00	1,324.00	0.00
Title II, Part D (Prior Year)	799	84.318		(1,096.00)	1,096.00		0.00
Title III, Emergency Immigrant (Prior Year)	799	84.365		(3,716.64)	3,716.64		0.00
Title IV, Part A	551	84.186	1,664.92			1,664.92	(1,664.92)
Title IV, Part A (Prior Year)	799	84.186		(16,426.81)	16,426.81		0.00
Title VI, Part B	587	84.358	78,998.19		62,318.89	68,703.89	(6,385.00)
Title VI, Part B (Prior Year)	799	84.358		(69,309.88)	69,309.88		0.00
Gear Up	771	84.334	30,000.00		30,000.00	30,000.00	0.00
Learn & Serve	781	94.005	2,266.76		1,795.45	2,266.76	(471.31)
Foundation & Salary Incentive Aid - ARRA	782	84.394	787,417.00		787,417.00	787,417.00	0.00
Education Jobs	790	84.410	659,283.48		659,283.48	659,283.48	0.00
Sub-total			3,986,108.18	(727,054.04)	3,704,076.92	3,823,991.97	(846,969.09)

DURANT SCHOOL DISTRICT NO. 72
BRYAN COUNTY, OKLAHOMA
SCHEDULE OF FEDERAL FINANCIAL ASSISTANCE
FOR THE YEAR ENDED JUNE 30, 2011

	OCAS Project Number	Federal CFDA Number	Program or Award Amount	Cash/ Beginning Balance at July 1, 2010	Federal Receipts	Federal Expenditures	Cash/ Ending Balance at June 30, 2011
Passed Through Department of Vocational and Technical Education:							
Carl Perkins Vocational and Applied Technology	421	84.048	56,656.00		34,482.32	34,482.32	0.00
Sub-total			56,656.00	0.00	34,482.32	34,482.32	0.00
U.S. Department of Interior							
Passed Through the State Department of Education							
Johnson O'Malley Program	563	15.130	57,200.00		29,932.86	57,200.00	(27,267.14)
Sub-total			57,200.00	0.00	29,932.86	57,200.00	(27,267.14)
U.S. Department of Agriculture:							
Passed Through State Department of Education							
Food Service Programs - Breakfasts	385	10.553	375,388.36		375,388.36	375,388.36	0.00
Food Service Programs - Lunches	385	10.555	826,655.34		826,655.34	826,655.34	0.00
Food Service Programs - Commodities	385	10.550	101,052.30		95,341.00	95,341.00	0.00
Sub-total			1,303,096.00	0.00	1,297,384.70	1,297,384.70	0.00
Total Federal Assistance			<u>\$5,749,415.62</u>	<u>(770,182.97)</u>	<u>5,452,359.79</u>	<u>5,556,413.05</u>	<u>(874,236.23)</u>

Note A: Basis of Presentation - The Schedule of Expenditures of Federal Awards includes the federal grant activity of the Graham Public Schools District and is presented on another 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.

SCHEDULE OF STATUTORY, FIDELITY, AND HONESTY BONDS

Employee Dishonesty Bond
Old Republic General Insurance - Policy No. LPO-2012361
\$100,000.00 Limit
Effective: July 1, 2010 to July 1, 2011
Bonnie Webb - Treasurer

Employee Dishonesty Bond
Old Republic General Insurance – Policy No. LPO-2012362-2012376
\$5,000 Limit
Effective: July 1, 2010 to July 1, 2011
Edna Mowles-Tidwell – Cashier
Nancy Snell – Secretary
Sue McIntire – Secretary
Donna Dickey – Secretary
Sharon Coleman – Secretary
Susan Pruitt – Cashier
Jessica Johnson – Cashier
Donna Blades – Cashier
Karen Castor – Cashier
Annette Cook – Cashier
Tammie Wallace – Cashier
Teresa Sneed – Cashier
Eva Hall – Cashier
Dani Lane – Secretary/Cashier
Julie Smith – Secretary
Juanita Green – Secretary
Diana Adams – Secretary

Employee Dishonesty Bond
Old Republic Surety Company – Policy No. LPO-2111756, 757
\$100,000 Limit
Effective: July 1, 2010 to July 1, 2011
Jason Simeroth - Superintendent
Regina Sorrall – Activity Fund Clerk

Employee Dishonesty Bond
Old Republic Surety Company – Policy No. LPO-2012377
\$100,000 Limit
Effective: July 1, 2010 to July 1, 2011
Kelly Dillard –Clerk of Board

INTERNAL CONTROL AND COMPLIANCE REPORTS

PUTNAM & COMPANY

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
Durant School District No. 72
Bryan County, Oklahoma

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Durant School District No. 72, Bryan County, Oklahoma, as of and for the year ended June 30, 2011, which collectively comprise the District's financial statements and have issued our report thereon dated January 17, 2012. The report on these financial statements is adverse with respect to the presentation of financial statements in conformity with accounting principles generally accepted in the United States of America because the District has elected to prepare its financial statements in conformity with a regulatory basis of accounting. 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 the District'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 District's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the District'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 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 prescribed 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 District's financial statements are free of material misstatement; we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under Government Auditing Standards.

We noted certain matters that we reported to management of Durant School District No. 72 in a separate letter dated January 17, 2012.

This report is intended solely for the information and use of management, the audit committee and others within the organization, 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. However, though restricted in use, this report is a matter of public record, and its distribution is not limited.



Putnam & Company, PLLC

Edmond, Oklahoma
January 17, 2012

PUTNAM & COMPANY

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EDMOND, OKLAHOMA 73013

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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
Durant School District No. 72
Bryan County, Oklahoma

Compliance

We have audited the compliance of Durant School District No. 72, Bryan County, Oklahoma with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the year ended June 30, 2011. District'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 District's management. Our responsibility is to express an opinion on District'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 District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of District's compliance with those requirements.

In our opinion, the District 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, 2011.

Internal Control Over Compliance

The management of the District 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 and to test and report on the internal control over compliance in accordance with OMB Circular A-133.

A *control deficiency* 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 noncompliance with a type of compliance requirement of a federal program on a timely basis. A *significant deficiency* is a control deficiency, or combination of control deficiencies, that adversely affects the District's ability to administer a federal program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the District's internal control.

Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be material weaknesses. A *material weakness* is a condition in which the design or operation of one or more of the internal control components does not reduce to a

relatively low level the risk that noncompliance with applicable requirements of laws, regulations, contracts and grants caused by error or fraud that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over compliance and its operation that we consider to be material weaknesses.

This report is intended solely for the information and use of the School Board, management, federal awarding agencies, pass-through entities, all applicable state agencies, and those other Governments from which financial assistance was received, and is not intended to be, and should not be, used by anyone other than these specified parties.



Putnam & Company

Edmond, Oklahoma
January 17, 2012

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

**DURANT SCHOOL DISTRICT NO. 72
BRYAN COUNTY, OKLAHOMA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2011**

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

Noncompliance material to financial statement noted? Yes No

Federal Awards

Internal control over major programs:

- * Material weakness(es) identified? Yes No
- * Significant Deficiency(ies) identified not considered to be material weakness(es)? Yes 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 No

Identification of major programs:

<u>CFDA Number</u>	<u>Name of Federal Program</u>
84.010	Title I
84.027	IDEA Flowthrough
84.027	IDEA Flowthrough – ARRA
84.173	IDEA Preschool
84.392	Preschool - ARRA
10.555	Federal Breakfasts
10.553	Federal Lunches
84.394	Foundation & Salaries Incentive – ARRA
84.410	Ed Jobs

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

Auditee qualified as low-risk auditee? Yes No

**DURANT SCHOOL DISTRICT NO. 72
BRYAN COUNTY, OKLAHOMA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2011**

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

MANAGEMENT LETTER AND COMMENTS

PUTNAM & COMPANY

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

January 17, 2012

The Honorable Board of Education
Durant School District No. 72
Bryan County, Oklahoma

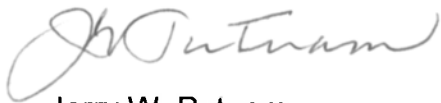
We have audited financial statements of Durant School District No. 72, Bryan County, Oklahoma, as of and for the year ended June 30, 2011, as listed in the table of contents, and have issued our report thereon dated January 17, 2012. As a part of our audit, we made a study and evaluation of the District's 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 January 17, 2012 on the financial statements of Durant School District No. 72.

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,



Jerry W. Putnam

**DURANT SCHOOL DISTRICT NO. 72
BRYAN COUNTY, OKLAHOMA
MANAGEMENT LETTER COMMENTS
FOR THE YEAR ENDED JUNE 30, 2011**

PRIOR YEAR'S COMMENTS AND RECOMMENDATIONS:

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

CURRENT YEAR'S COMMENTS AND RECOMMENDATIONS:

REVIEW OF PURCHASE ORDERS AND PAYMENTS

Our test sample of purchase orders indicated that in every instance the purchase orders were properly approved and supported with adequate documentation. We also noted that the District had implemented new procedures to insure that non-collusion affidavits are received from vendors, as required.

REVIEW OF ACTIVITY FUND TRANSACTIONS

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

<u>Findings</u>	<u>No. of Instances</u>
Invoice Date Before P.O. Date	1
Did Not Sign For Goods/Services	1
Incomplete Documentation	6

MULTI-VENDOR PURCHASE ORDERS

We are unaware of any statutory authority that permits the issuance of a single purchase order to multiple vendors.

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 any necessary changes.