

**CUSHING SCHOOL DISTRICT NUMBER I-67**  
**Payne County, Oklahoma**

**BASIC FINANCIAL STATEMENTS**  
**June 30, 2013**

**CUSHING SCHOOL DISTRICT NUMBER I-67  
Payne County, Oklahoma**

**SCHOOL DISTRICT OFFICIALS  
June 30, 2013**

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**CUSHING SCHOOL DISTRICT NUMBER I-67  
Payne County, Oklahoma**

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## INDEPENDENT AUDITOR'S REPORT

August 6, 2013

The Honorable Board of Education  
Cushing School District Number I-67  
Cushing, Payne County, Oklahoma

### ***Report on the Financial Statements***

We have audited the accompanying basic financial statements—regulatory basis of the governmental activities, each major fund, and the aggregate remaining fund information of the Cushing School District Number I-67, Payne County, Oklahoma (District), as of and for the year ended June 30, 2013, as listed in the table of contents.

### ***Management's Responsibility for the Financial Statements***

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

### ***Auditor's Responsibility***

Our responsibility is to express 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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

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

As discussed in Note 1, the financial statements are prepared by the Cushing School District Number I-67, on the basis of the financial reporting provisions of the Oklahoma State Department of Education, which is a basis of accounting other than accounting principles generally accepted in the United States of America, to comply with the requirements of the Oklahoma State Department of Education. The effects on the financial statements of the variances between the regulatory basis of accounting described in Note 1 and accounting principles generally accepted in the United States of America, although not reasonably determined, are presumed to be material.

**Adverse Opinion on U.S. Generally Accepted Accounting Principles**

In our opinion, because the significance of the matter discussed in the "Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles" paragraph, the basic financial statements referred to in the first paragraph do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Cushing School District Number I-67, Payne County, Oklahoma as of June 30, 2013, the changes in its financial position, or, where applicable, its cash flows for the year then ended.

**Opinion on Regulatory Basis of Accounting**

In our opinion, the basic financial statements referred to in the first paragraph present fairly, in all material respects, the respective financial position—regulatory basis of the governmental activities, each major fund and the aggregate remaining fund information of the Cushing School District Number I-67, Payne County, Oklahoma, as of June 30, 2013, and the respective changes in financial position—regulatory basis for the year then ended on the regulatory basis of accounting described in Note 1.

**Other Matters**

*Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information and notes on pages 3–7 and 30–35 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

*Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The combining statements—regulatory basis, are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is also not a required part of the basic financial statements.

The combining statements—regulatory basis and the schedule of expenditures of federal awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining statements—regulatory basis and the schedule of expenditures of federal awards are fairly stated in all material respects in relation to the basic financial statements as a whole.

**Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated August 6, 2013 on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

*CBEW Professional Group, LLP*

CBEW PROFESSIONAL GROUP, LLP  
Certified Public Accountants

# Cushing Public Schools

KOLN KNIGHT, SUPERINTENDENT  
1401 NORTH LITTLE  
CUSHING, OKLAHOMA 74023

## MANAGEMENT'S DISCUSSION AND ANALYSIS *For the Fiscal Year Ended June 30, 2013* *Unaudited*

As management of the Cushing School District Number I-67 (the "District"), we offer readers of the District's financial statements this narrative overview and analysis of the financial activities of the District for the fiscal year ended June 30, 2013. The intent of this discussion and analysis is to look at the District's financial performance as a whole; readers should also review the basic financial statements and the notes to the basic financial statements to enhance their understanding of the District's financial performance.

### Financial Highlights

The total net assets of the District decreased \$166,974 or .60% over the fiscal year.

General revenues accounted for \$12,498,118 or 89.04% of total governmental activities revenue. Program specific revenues accounted for \$1,538,225 or 10.96% of total governmental activities revenue.

Governmental activities capital assets decreased by a net of \$747,750, primarily due to surveying land and depreciation.

The District had \$14,203,317 in expenses related to governmental activities; \$1,538,225 of these expenses was offset by program specific charges for services, grants or contributions. The remaining expenses of the governmental activities were offset by property tax levies, state and county sources, and other miscellaneous sources.

### Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the District's basic financial statements. The District's basic financial statements are comprised of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains required supplementary information as well as other supplementary information.

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

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

The Statement of Activities presents information showing how the District's net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of the related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected property taxes).

The government-wide financial statements distinguish functions of the District that are principally supported by taxes and intergovernmental revenues from other functions that are intended to recover all or a significant portion of their costs through user fees and charges. The government-wide financial statements can be found on pages 8–9 of this report.

**Fund financial statements** – A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The District, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the District can be divided into two categories – governmental funds and fiduciary funds.

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

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

The District maintains six individual governmental funds. Information is presented separately in the Governmental Fund Balance Sheet and in the Governmental Fund Statement of Revenues, Expenditures, and Changes in Fund Balances for the General and Building funds, all of which are considered to be major funds. Data from the other four funds are combined into a single, aggregated presentation. Individual fund data for each of these non-major governmental funds is provided in the form of combining statements elsewhere in this report.

The District adopts an annual appropriated budget for its General, Special Revenue (Building, CO-OP and Child Nutrition Funds) and Debt Service Funds. Budgetary comparison schedules have been provided for the major funds to demonstrate compliance with the budget and are presented as required supplemental information.

The basic governmental fund financial statements can be found on pages 10–13 of this report.

**Fiduciary Funds** – Fiduciary funds are used to account for resources held for the benefit of parties outside the District. Fiduciary funds are *not* reflected in the government-wide financial statements because the resources of these funds are not available to support the District's own programs.

The District uses an agency fund to account for resources held for student activities and groups. The basic fiduciary fund financial statement can be found on pages 14-15 of this report.

**Notes to the Financial Statements** – The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on page 16–28 of this report.

**Required Supplementary Information** – In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the District's budgetary comparisons and notes. Required supplementary information can be found on pages 29–34 of this report.

**Other Information** – The combining statements referred to earlier in connection with non-major governmental funds are presented following the required supplementary information. Combining and individual statements and schedules can be found on pages 35-36 of this report.

### **Governmental-wide Financial Analysis**

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. In the case of the District, assets (excluding accumulated depreciation) exceed liabilities by \$27,793,003 as of June 30, 2013.

The largest portion of the District's net assets (59.68%) reflects its investments in capital assets (e.g., land, buildings and improvements, furniture, fixtures and equipment, and vehicles), less any debt used to acquire those assets that is still outstanding. The District uses these capital assets to provide service to students; consequently these assets are *not* available for future spending. Although the District's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets cannot be used to liquidate these liabilities.

#### District's Net Assets

	Governmental Activities	
	6/30/2013	6/30/2012
Current and other assets	\$ 13,029,527	\$ 4,220,496
Capital assets	25,756,993	26,504,743
Total assets	<u>38,786,520</u>	<u>30,725,239</u>
Long-term liabilities	9,218,000	1,120,000
Other liabilities	1,775,517	1,645,262
Total liabilities	<u>10,993,517</u>	<u>2,765,262</u>
Net assets:		
Invested in capital assets, net of related debt	16,538,993	25,384,743
Restricted	10,146,051	1,312,638
Unrestricted	1,107,959	1,262,596
Total net assets	<u>\$ 27,793,003</u>	<u>\$ 27,959,977</u>

An additional portion of the District's net assets (36.52%) represents resources that are subject to external restriction on how they may be used. The remaining balance of unrestricted net assets \$1,107,959 may be used to meet the government's ongoing obligation to citizens and creditors.

As of June 30, 2013, the District is able to report positive balances in all three categories of net assets for the government as a whole.

**Analysis of the District's Operations** – The following table provides a summary of the District's operations for the year ended June 30, 2013 with comparative totals for the year ended June 30, 2012. Governmental activities decreased the District's total net assets by \$166,974.

## District's Changes in Net Assets

	Governmental Activities	
	6/30/2013	6/30/2012
Revenues:		
Program revenues		
Charges for services	\$ 317,147	\$ 330,863
Operating grants and contributions	1,221,078	1,375,515
General revenues:		
Property taxes	8,486,139	7,788,395
State and county aid not restricted to specific programs	3,898,142	5,079,367
Earnings on investments	6,300	7,149
Rental activities	53,515	48,790
Miscellaneous	53,076	116,903
Special items:		
Adjustment to prior year encumbrances	946	13,463
Total revenues	<u>14,036,343</u>	<u>14,760,445</u>
Expenses:		
Instructional services	7,671,977	7,512,622
Support services	4,552,605	4,509,254
Non-instructional services	425,034	855,997
Repayments	35,227	80,266
Food service	729,830	734,941
Interest and fiscal agent charges	24,244	47,448
Unallocated depreciation	764,400	765,000
Total expenses	<u>14,203,317</u>	<u>14,505,528</u>
Increase in net assets	(166,974)	254,917
Net assets - beginning of year	27,959,977	27,705,060
Net assets - end of year	<u>\$ 27,793,003</u>	<u>\$ 27,959,977</u>

## Financial Analysis of the Governments Funds

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

At the end of the current fiscal year, the District's governmental funds reported combined ending fund balances of \$27,793,003. Approximately 63% of the total amount (\$17,646,952) constitutes unreserved fund balance. The remainder of the fund balance is reserved to indicate that is not available for new spending because it has already been committed 1) to pay for debt service (\$141,011), 2) to pay for OTAC (\$166,299), 3) to pay for Building (\$928,101), 4) to pay for child nutrition (\$260,272) and 5) to pay for capital projects (\$8,650,368).

## Capital Assets

The District's investment in capital assets for its governmental activities as of June 30, 2013, amounts to \$52,057,640 (excluding accumulated depreciation). This investment in capital assets includes land, building and improvements, furniture, fixtures and equipment, and vehicles.

Major capital asset events during the current fiscal year included the following:

Land survey.

## Capital Assets at Year-end Excluding Accumulated Depreciation

	Governmental Activities	
	6/30/2013	6/30/2012
Land	\$ 999,865	\$ 983,215
Buildings and improvements	40,901,329	40,901,329
Furniture, fixtures and equipment	7,667,107	7,667,107
Vehicles	2,489,339	2,489,339
Total	<u>\$ 52,057,640</u>	<u>\$ 52,040,990</u>

Additional information on the District's capital assets can be found in note 2 on page 25 of this report.

## Debt Administration

At the end of the current fiscal year, the District had a total of general obligation bonds payable of \$9,180,000, which are backed by the future revenues of the Debt Service Fund and lease debt of \$38,000.

## Outstanding Debt at Year-end – General Obligation Bonds and Lease Payable

	Governmental Activities	
	6/30/2013	6/30/2012
General obligations	\$ 9,180,000	\$ 1,045,000
Leases payable	38,000	75,000
Total	<u>\$ 9,218,000</u>	<u>\$ 1,120,000</u>

Additional information on the District's long-term debt can be found in footnote 2 on pages 25–26 of this report.

## Economic Factors and Next Year's Budgets and Rates

In the 2013-14 Budget, General fund revenues are budgeted to increase from the 2012-13 Budget. General property taxes as certified assessed valuations have increased over this year. The state sources of revenue make up 28% of General fund revenues and have decreased by 7.37% from the preceding year. This revenue source is the most volatile and subject to decline if the State of Oklahoma is unable to supplement its income.

As a result of the potential impact in revenue, the District has made a concerted effort to limit appropriations to only those items truly necessary.

## Request for Information

The financial report is designed to provide a general overview of the District's finances for all those with an interest in the government's finances. If you have questions about this report or need any additional information, contact Kolin Knight, Superintendent, 1401 North Little, Cushing, OK 74023, or call 918-225-3425.

**CUSHING SCHOOL DISTRICT NUMBER I-67**  
**Payne County, Oklahoma**

**STATEMENT OF NET POSITION - REGULATORY BASIS**  
**June 30, 2013**

	<b>Governmental Activities</b>
<b>Assets:</b>	
Cash and investments	\$ 13,029,527
Capital Assets:	
Land	999,865
Depreciable buildings, property and equipment net of depreciation	<u>24,757,128</u>
<b>Total assets</b>	<u><u>38,786,520</u></u>
<b>Liabilities:</b>	
Warrants payable	1,775,517
Encumbrances	-
Leases payable currently	38,000
General obligation bonds payable currently	530,000
Long-term liabilities:	
General obligations bonds payable	<u>8,650,000</u>
<b>Total liabilities</b>	<u>10,993,517</u>
<b>Net Position:</b>	
Invested in capital assets, net of related debt	16,538,993
Restricted	10,146,051
Unrestricted	<u>1,107,959</u>
<b>Total net position</b>	<u><u>\$ 27,793,003</u></u>

The accompanying notes are an integral part of the basic financial statements.

**CUSHING SCHOOL DISTRICT NUMBER I-67**  
**Payne County, Oklahoma**

**STATEMENT OF ACTIVITIES AND CHANGES IN NET POSITION - REGULATORY BASIS**  
**For the Fiscal Year Ended June 30, 2013**

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Program Revenues</u>		<u>Net (Expense)</u>
		<u>Charges for</u>	<u>Operating</u>	<u>Revenue and Changes</u>
		<u>Services</u>	<u>Grants and</u>	<u>in Net Position</u>
			<u>Contributions</u>	<u>Total</u>
				<u>Governmental</u>
				<u>Activities</u>
<b>Governmental activities:</b>				
Instruction	\$ 7,671,977	\$ 4,320	\$ 593,529	\$ (7,074,128)
Support services	4,552,605	164,520	-	(4,388,085)
Non-instructional services	425,034	-	-	(425,034)
Other outlays	35,227	-	-	(35,227)
Food Service	729,830	148,307	627,549	46,026
Interest and fiscal agent charges	24,244	-	-	(24,244)
Unallocated depreciation*	764,400	-	-	(764,400)
<b>Total school district</b>	<b>\$ 14,203,317</b>	<b>\$ 317,147</b>	<b>\$ 1,221,078</b>	<b>(12,665,092)</b>
 <b>General revenues:</b>				
Property taxes, levied for general purposes				8,074,777
Property taxes, levied for debt service				411,362
State aid				3,378,221
County sources not restricted to specific programs				519,921
Earnings on investments				6,300
Rental activities				53,515
Miscellaneous				53,076
Special items:				
Adjustments to prior year encumbrances				946
<b>Total general revenues and transfers</b>				<b>12,498,118</b>
 <b>Change in net assets</b>				 (166,974)
 <b>Net position - beginning of year</b>				 <b>27,959,977</b>
 <b>Net position - end of year</b>				 <b>\$ 27,793,003</b>

\*- This amount does not include the depreciation that is included in the direct expenses of various programs.

The accompanying notes are an integral part of the basic financial statements.

**CUSHING SCHOOL DISTRICT NUMBER I-67**  
Payne County, Oklahoma

**BALANCE SHEET**  
**GOVERNMENTAL FUNDS**  
**REGULATORY BASIS**  
June 30, 2013

	<b>General Fund</b>	<b>Capital Projects</b>	<b>Other Governmental Funds</b>	<b>Total Governmental Funds</b>
	<b>General</b>	<b>General</b>	<b>General</b>	<b>General</b>
<b>Assets:</b>				
Cash and investments	\$ 2,777,482	\$ 8,650,368	\$ 1,601,677	\$ 13,029,527
<b>Total assets</b>	\$ 2,777,482	\$ 8,650,368	\$ 1,601,677	\$ 13,029,527
<b>Liabilities:</b>				
Warrants payable	\$ 1,669,523	\$ -	\$ 105,994	\$ 1,775,517
Encumbrances	-	-	-	-
<b>Total liabilities</b>	1,669,523	-	105,994	1,775,517
<b>Fund balances:</b>				
<b>Restricted for:</b>				
Debt service	-	-	141,011	141,011
CO-OP	-	-	166,299	166,299
Building	-	-	928,101	928,101
Child nutrition	-	-	260,272	260,272
Capital projects	-	8,650,368	-	8,650,368
<b>Unassigned</b>	1,107,959	-	-	1,107,959
<b>Total fund balances</b>	1,107,959	8,650,368	1,495,683	11,254,010
<b>Total liabilities and fund balances</b>	\$ 2,777,482	\$ 8,650,368	\$ 1,601,677	\$ 13,029,527

The accompanying notes are an integral part of the basic financial statements.

**CUSHING SCHOOL DISTRICT NUMBER I-67**  
**Payne County, Oklahoma**

**RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE GOVERNMENT-WIDE  
STATEMENT OF NET ASSETS - REGULATORY BASIS**  
**June 30, 2013**

<b>Total Fund Balances - Total Governmental Funds</b>	\$ 11,254,010
Amounts reported for governmental activities in the statement of net assets are different because:	
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds. These consist of:	
Land	999,865
Depreciable buildings, property and equipment net of depreciation	<u>24,757,128</u>
	25,756,993
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds.	<u>(9,218,000)</u>
<b>Net assets of governmental activities</b>	<b>\$ <u>27,793,003</u></b>

The accompanying notes are an integral part of the basic financial statements.

**CUSHING SCHOOL DISTRICT NUMBER I-67**  
Payne County, Oklahoma

**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES**  
**GOVERNMENTAL FUNDS**  
**REGULATORY BASIS**  
For the Fiscal Year Ended June 30, 2013

	General Fund	Capital Projects General	Other Governmental Funds	Total Governmental Funds
<b>Revenues:</b>				
Local sources	\$ 7,181,174	\$ 8,650,368	\$ 1,734,636	\$ 17,566,178
Intermediate sources	519,921	-	-	519,921
State sources	3,225,211	-	227,595	3,452,806
Federal sources	593,529	-	552,966	1,146,495
<b>Total revenues</b>	<u>11,519,835</u>	<u>8,650,368</u>	<u>2,515,197</u>	<u>22,685,400</u>
<b>Expenditures:</b>				
Instruction	7,671,977	-	-	7,671,977
Support services	3,939,434	-	613,171	4,552,605
Non-instructional services	15,559	-	1,139,305	1,154,864
Capital outlay	-	-	16,650	16,650
Other outlays	5,646	-	1,593	7,239
Repayments	2,307	-	25,681	27,988
Debt service:				
Principal retirement	37,000	-	515,000	552,000
Interest & fiscal agent charges	3,056	-	21,188	24,244
<b>Total expenditures</b>	<u>11,674,979</u>	<u>-</u>	<u>2,332,588</u>	<u>14,007,567</u>
<b>Excess of revenues over (under) expenditures</b>	(155,144)	8,650,368	182,609	8,677,833
<b>Adjustments to prior year encumbrances</b>	<u>507</u>	<u>-</u>	<u>439</u>	<u>946</u>
<b>Net changes in fund balance</b>	(154,637)	8,650,368	183,048	8,678,779
<b>Fund balance - beginning of year</b>	<u>1,262,596</u>	<u>-</u>	<u>1,312,635</u>	<u>2,575,231</u>
<b>Fund balance - end of year</b>	<u>\$ 1,107,959</u>	<u>\$ 8,650,368</u>	<u>\$ 1,495,683</u>	<u>\$ 11,254,010</u>

The accompanying notes are an integral part of the basic financial statements.

**CUSHING SCHOOL DISTRICT NUMBER I-67**  
**Payne County, Oklahoma**

**RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENTS OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCE TO THE GOVERNMENT-WIDE STATEMENT OF ACTIVITIES AND CHANGES  
IN NET ASSETS - REGULATORY BASIS**  
**For the Fiscal Year Ended June 30, 2013**

<b>Net Change in Fund Balances - Total Governmental Funds</b>	<b>\$ 8,678,779</b>
Amounts reported in governmental activities in the statement of activities are different because:	
Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets have not been reflected. This is the amount of capital outlays during the current period.	16,650
Depreciation expense on capital assets is reported in the Government-Wide Statement of Activities and Changes in Net Assets, but they do not require the use of current financial resources. Therefore, depreciation expense is not reported as expenditures in Governmental Funds.	(764,403)
Bond proceeds are reported as income in governmental funds, the receipt of bond proceeds increase long-term liabilities in the statement of net assets. This is the amount of bond proceeds received during the current period.	(8,650,000)
Repayment of long-term obligations is reported as an expenditure in governmental funds, the repayment reduces long-term liabilities in the statement of net assets. This is the amount of repayments during the current period.	<u>552,000</u>
Change in net assets of governmental activities	<u>\$ (166,974)</u>

The accompanying notes are an integral part of the basic financial statements.

**CUSHING SCHOOL DISTRICT NUMBER I-67**  
Payne County, Oklahoma

**STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS**  
**AGENCY FUND**  
**REGULATORY BASIS**  
June 30, 2013

	<b>School Activity Funds</b>			<b>Balance June 30, 2013</b>
	<b>Balance July 1, 2012</b>	<b>Additions</b>	<b>Deletions</b>	
<b>Assets:</b>				
Cash:				
High school	\$ 111,124	\$ 352,179	\$ 349,492	\$ 113,811
Middle school	45,157	88,449	83,871	49,735
Central office	75,705	86,341	86,081	75,965
<b>Total Assets</b>	<b>\$ 231,986</b>	<b>\$ 526,969</b>	<b>\$ 519,444</b>	<b>\$ 239,511</b>
<b>Liabilities:</b>				
Due to student groups:				
High school:				
Administration	\$ 2,985	\$ 7,860	\$ 7,972	\$ 2,873
Art	49	-	-	49
Athletics	31,493	91,328	90,640	32,181
Band	1,722	57,001	57,672	1,051
FFA	7,487	77,733	76,647	8,573
FCCLA	205	1,923	2,085	43
Dance Team	609	2,550	2,785	374
Cheerleading	1,052	14,831	13,331	2,552
Spanish Club	34	1,195	1,151	78
Flowers	1,028	1,000	-	2,028
Media Center	1,025	1,320	1,509	836
Girls Basketball	7	4,989	4,995	1
All Sports	49,950	42,899	46,277	46,572
Drama	3,762	2,390	3,720	2,432
Student Council	2,118	10,986	10,296	2,808
Boys Basketball	5	2,500	2,387	118
Yearbook	3,187	20,068	16,194	7,061
Vocal Music	1,751	3,166	4,040	877
Academic Team	171	-	-	171
9th Cheerleaders	44	-	-	44
Math/Science/Physics	116	3,019	2,728	407
FCA	1,057	-	19	1,038
NHS/GT	425	3,573	3,531	467
Reese-MMR	104	-	-	104
Quarterback Club	741	-	-	741

The accompanying notes are an integral part of the basic financial statements.

**CUSHING SCHOOL DISTRICT NUMBER I-67**  
**Payne County, Oklahoma**

**STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS**  
**AGENCY FUND**  
**REGULATORY BASIS**  
**June 30, 2013**

	<b>School Activity Funds</b>			<b>Balance June 30, 2013</b>
	<b>Balance July 1, 2012</b>	<b>Additions</b>	<b>Deletions</b>	
<b>(Continued):</b>				
Middle school:				
Administration	2,502	11,247	6,375	7,374
Tiny Tigers	6,918	16,728	22,567	1,079
Home-Ec	662	2,364	2,484	542
Athletics	19,727	33,429	29,891	23,265
Student Council	8,102	5,130	3,974	9,258
Yearbook	4,480	4,301	3,949	4,832
Library	298	336	385	249
Art	85	1,470	1,351	204
Title I	-	-	-	-
Tech-Ed	-	-	-	-
Student Store	1,345	2,146	2,101	1,390
Communications	-	-	-	-
Chorus	1,035	11,298	10,794	1,539
Central office:				
Clearing	-	3,076	3,076	-
Community Education	396	-	-	396
Demonstration Center	7,385	13,999	16,216	5,168
Office Fund	6,321	378	1,731	4,968
Deep Rock	8,052	6,130	7,537	6,645
Harmony	12,425	25,763	23,614	14,574
Harrison	1,169	3,523	2,770	1,922
Sunnyside	26,960	9,631	7,831	28,760
Wilson	4,682	6,491	6,251	4,922
Banquet	1,909	998	815	2,092
Special Education	324	289	-	613
Wilson Child Enrichment	4,328	15,624	14,047	5,905
District Health & Wellness	1,754	439	2,193	-
<b>Total Liabilities</b>	<b>\$ 231,986</b>	<b>\$ 525,121</b>	<b>\$ 517,931</b>	<b>\$ 239,176</b>

The accompanying notes are an integral part of the basic financial statements.

**CUSHING SCHOOL DISTRICT NUMBER I-67**  
**Payne County, Oklahoma**

**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**June 30, 2013**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The basic financial statements of the Cushing School District Number I-67 (the "District") have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to local government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant accounting policies of the District 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 (Board) composed of five elected members. The appointed superintendent is the executive officer of the District. The Board, constituting an on-going entity, is the level of government, which has governance responsibilities over all activities, related to public elementary and secondary school education within the jurisdiction of the Local Independent School District. The Board receives funding from local, state and federal government sources and must comply with the requirements of these funding source entities. However, the Board is not included in any other governmental "reporting entity" as defined in Section 2100, Codification of Governmental Accounting and Financial Reporting Standards, since Board members are elected by the public and have decision making authority, the power to designate management, the responsibility to significantly influence operations and primary accountability for fiscal matters.

These financial statements present only the activities of the District. The Cushing Public School Foundation is not included in the reporting entity since the District does not appoint any of the board members or exercise any oversight authority over the Foundation. The Foundation is an independently operated non-profit organization that was developed to assist teachers in improving the quality of education and to provide scholarships. The Foundation exists outside the operational boundaries of the school system. There are no component units (entities considered to be financially accountable to the District).

**B. Measurement Focus, Basis of Accounting and Basis of Presentation – Fund Accounting**

The District prepares its financial statements in a presentation format that is, in substance, the format established by GASB Statement No. 34, *Basic Financial Statements-Management's Discussion and Analysis for State and Local Governments*.

As to basis of accounting, 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 as follows:

- Encumbrances represented by purchase orders, contracts, and other commitments for the expenditure of monies are recorded as expenditures when approved.
- Investments are recorded as assets when purchased.
- Inventories of school supplies are recorded as expenditures and not as assets.
- Warrants payable are recorded as liabilities when issued.
- Long-term debt is recorded when incurred.
- Compensated absences are recorded as an expenditure and liability when the obligation is paid.
- Capital assets are recorded when acquired and depreciated over their useful lives.

**CUSHING SCHOOL DISTRICT NUMBER I-67**  
**Payne County, Oklahoma**

**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**June 30, 2013**

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

**B. Measurement Focus, Basis of Accounting and Basis of Presentation – Fund Accounting (Continued)**

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

The Fund financial statements conform to the regulatory (statutory) basis of accounting, which is another comprehensive basis of accounting other than generally accepted accounting principles. The accounting policies are prescribed by the Oklahoma Department of Education and conform to the system of accounting authorized by the State of Oklahoma.

The District's basic financial statements consist of government-wide statements, including a statement of net position and a statement of activities, and fund financial statements, which provide a more detailed level of financial information. Basis of accounting determines when transactions are recorded in the financial records and reported on the financial statements. Government-wide financial statements are prepared using the accrual basis of accounting.

**Government-wide Financial Statements** – The statement of net position and the statement of activities display information about the District as a whole. These statements include the financial activities of the primary government, except fiduciary funds.

The statement of net position presents the financial condition of the District activities at year-end. The statement of activities presents demonstrates the degree to which the direct expenses of a given program are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific program. Program revenues include 1) charges to students or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function.

Taxes, interest and other items not properly included among program revenues are reported instead as general revenues.

**Fund Financial Statements** – During the year, the District segregates transactions related to certain District functions or activities in separate funds in order to aid financial management and to demonstrate legal compliance. Fund financial statements are designed to present financial information of the District at this more detailed level. The focus of governmental and enterprise fund financial statements is on major funds. Each major fund is presented in a separate column. Non-major funds are aggregated and presented in a single column. Fiduciary funds are reported by type.

**Fund Accounting** – The accounts of the District are organized and operated on the basis of funds. A fund is an independent fiscal accounting entity with a self-balancing set of accounts. Fund accounting segregates funds according to their intended purpose and is used to aid management in demonstrating compliance with finance-related legal and contractual provisions. The minimum number of funds is maintained consistent with legal and managerial requirements. There are two categories of funds: governmental and fiduciary.

**CUSHING SCHOOL DISTRICT NUMBER I-67**  
**Payne County, Oklahoma**

**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**June 30, 2013**

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

**B. Measurement Focus, Basis of Accounting and Basis of Presentation – Fund Accounting (Continued)**

**Governmental Funds** – are used to account for the District'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). Governmental fund types use the Regulatory (Statutory) basis of accounting, which is primarily cash receipts and disbursements with certain modifications as required by the regulations of the Oklahoma State Department of Education. If the District utilized the basis of accounting recognized as generally accepted, the governmental funds would use the modified accrual basis of accounting based on the flow of current financial resources measurement focus recognizing revenues when susceptible to accrual (i.e., when they become measurable and available, normally considered available if collected within 60 days of the end of the current fiscal period). As a result Ad valorem taxes on real and personal property associated with the current fiscal period and all other revenue items are recorded as revenues when collected rather than when "measurable" and "available." Entitlements, grants and shared revenues are recorded at the time of receipt. Expenditures are generally recognized when encumbered or reserved rather than at the time the related liability is incurred. Unmatured interest for debt service is recognized when due and certain compensated absences and claims and judgments which are recognized when the obligations are expected to be liquidated with expendable available financial resources. Fiduciary type funds are accounted for using the cash basis of accounting. These practices differ from accounting principles generally accepted in the United States of America.

The following are the District's major governmental funds:

General fund – is the general operating fund of the District. It accounts for all financial resources of the general government, except those required to be accounted for in another fund. This is a budgeted fund, and any fund balances are considered as resources available for use. Major revenue sources include local property taxes and federal and state funding. 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 also accounts for federal and state financed programs where restricted monies must be expended for specific programs. Project accounting is employed to maintain integrity for the various sources of these funds.

Capital Projects fund – consists of the District's Bond Fund and accounts for the proceeds of bond sales used exclusively for acquiring school sites, constructing and equipping new school facilities, renovating existing facilities, acquisition of technical equipment and the acquisition of transportation equipment.

Other governmental funds of the District that are considered non-major funds include:

Special Revenue funds – account for revenue sources that are restricted to expenditures for specific purposes (not including expendable trusts or major capital projects). The special revenue funds are composed of the District's Building Fund and the Child Nutrition Fund. These are budgeted funds and any fund balances are considered as resources available for use.

**CUSHING SCHOOL DISTRICT NUMBER I-67**  
**Payne County, Oklahoma**

**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**June 30, 2013**

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

**B. Measurement Focus, Basis of Accounting and Basis of Presentation – Fund Accounting (Continued)**

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

Child Nutrition Fund – consists of monies derived from federal and state financial assistance and food sales. This fund is used to account for the operations of the school cafeteria.

CO-OP Fund – is a special revenue fund which is called the Oklahoma Technical Assistance Center. It accounts for revenue sources that are restricted to expenditures for specific purposes. These are budgeted funds and any fund balances are considered as resources available for use.

Debt Service fund – consists of the District's Sinking Fund and accounts for the accumulation of financial resources for servicing of general long-term debt (principal, interest and related costs). This is a budgeted fund. The primary revenue sources are local property taxes levied specifically for debt service.

**Fiduciary Funds** – account for assets held by the District in a trustee capacity or as an agent on behalf of others.

Agency fund – is custodial in nature and do not present results of operations or have a measurement focus. Agency funds are accounted for using the cash basis of accounting. This fund is the School Activities Fund used to account for monies collected principally through fundraising efforts of the students and District-sponsored groups. This is an unbudgeted fund. The administration is responsible, under the authority of the Board, of collecting, disbursing and accounting for these activity funds. These funds have no equity, assets are equal to liabilities, and do not include revenues and expenditures for general operation of the District.

**C. Assets, Liabilities, Fund Balance, Revenue and Expenditures**

**1. Deposits and Investments**

State statutes govern the District's investment policy. Permissible investments include direct obligations of the United States Government and Agencies; certificates of deposit of savings and loan associations, and bank and trust companies; and savings accounts or savings certificates of savings and loan associations, and trust companies. Collateral is required for demand deposits and certificates of deposit for all amounts not covered by federal deposit insurance. Investments are stated at cost. The School District invests entirely in certificates of deposit, U.S. Treasury Securities, and participates in the Secured Investment Program of Oklahoma State School Boards Association, as authorized by Oklahoma Statutes Title 62, Section 348.

**2. Fair Value of Financial Instruments**

The District's financial instruments include cash and investments. The District's estimates of the fair value of all financial instruments does not differ materially from the aggregate carrying values of its financial instruments recorded in the accompanying statement of net assets and fund balance sheets. The carrying amount of these financial instruments approximates fair value because of the short maturity of these instruments.

**CUSHING SCHOOL DISTRICT NUMBER I-67**  
**Payne County, Oklahoma**

**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**June 30, 2013**

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

**C. Assets, Liabilities, Fund Balance, Revenue and Expenditures (Continued)**

**3. Estimates**

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

**4. Interfund Transactions**

Interfund transactions are accounted for as revenues, expenditures or expenses. Transactions that constitute reimbursements to a fund or expenditures/expenses initially made from it that are properly applicable to another fund are recorded as expenditures/expenses in the fund that is reimbursed. Non-recurring or non-routine permanent transfers of equity are reported as residual equity transfers.

**5. Inventories**

Inventories consist of minimal amounts of expendable supplies held for consumption. The value of consumable inventories at year-end is not material to the District's financial statements. The costs of inventories are recorded as expenditures when encumbered and purchased rather than when consumed.

**6. Capital Assets**

Capital assets, which include land, buildings and improvements, furniture, fixtures and equipment, and vehicles, are reported in the government-wide financial statements. The District defines capital assets as assets with an initial, individual cost of more than \$2,500 and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair value at the date of donation.

The cost of normal maintenance and repairs that do not add value of the asset or materially extend assets lives are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during construction is not capitalized.

All reported capital assets are depreciated except for land. Improvements are depreciated over the remaining useful lives of the related capital assets. Depreciation is computed using the straight-line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Buildings and improvements	40 - 100
Furniture, Fixtures and Equipment	10 - 100
Vehicles	5 - 40

CUSHING SCHOOL DISTRICT NUMBER I-67  
Payne County, Oklahoma

NOTES TO THE BASIC FINANCIAL STATEMENTS  
June 30, 2013

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Assets, Liabilities, Fund Balance, Revenue and Expenditures (Continued)

7. Compensated Absences

The District provides vacation and sick leave benefits in accordance with Title 70 of the Oklahoma Statutes, Article 6-104, which provides for annual sick leave and personal business days. District policy allows certified employees to accumulate such days to a maximum number of days. None of the benefits are payable upon retirement or death. 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.

8. Long-term Obligations

In the government-wide financial statements, long-term debt and long-term lease obligations are reported as liabilities in the applicable statement of net position.

9. Net Position

In the government-wide financial statement, net position represent the difference between assets and liabilities. Net position invested in capital assets, net of related debt, consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing used for the acquisition, construction, or improvement of those assets. Net position are reported as restricted when limitations on their use change the nature or normal understanding of the availability of the asset. Such constraints are either externally imposed by creditors, contributors, grantors, laws or other governments, or are imposed by law through constitutional provisions or enabling legislation.

In the fund financial statements, governmental funds report the hierarchy of fund balances. The hierarchy is based primarily on the degree of spending constraints placed upon use of resources for specific purposes versus availability of appropriation. An important distinction that is made in reporting fund balance is between amounts that are considered *nonspendable* (i.e., fund balance associated with assets that are *not in spendable form*, such as inventories or prepaid items, long-term portions of loans and notes receivable, or items that are legally required to be maintained intact (such as the corpus of a permanent fund)) and those that are *spendable* (such as fund balance associated with cash, investments or receivables).

Amounts in the *spendable* fund balance category are further classified as *restricted*, *committed*, *assigned* or *unassigned*, as appropriate.

**Restricted** fund balance represents amounts that are constrained either externally by creditors (such as debt covenants), grantors, contributors or laws or regulations of other governments; or by law, through constitutional provisions or enabling legislation.

**Committed** fund balance represents amount that are useable only for specific purposes by formal action of the government's highest level of decision-making authority. Such amounts are not subject to legal enforceability (like restricted amounts), but cannot be used for any other purpose unless the government removes or changes the limitation by taking action similar to that which imposed the commitment.

**CUSHING SCHOOL DISTRICT NUMBER I-67**  
**Payne County, Oklahoma**

**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**June 30, 2013**

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

**C. Assets, Liabilities, Fund Balance, Revenue and Expenditures (Continued)**

**9. Net position (Continued)**

**Assigned** fund balance represents amounts that are *intended* to be used for specific purposes, but are neither restricted nor committed. Intent is expressed by the governing body itself, or a subordinated high-level body or official who the governing body has delegated the authority to assign amounts to be used for specific purposes. Assigned fund balances includes all remaining spendable amounts (except negative balances) that are reported in governmental funds *other than the general fund*, that are neither restricted nor committed, and amounts in the general fund that are intended to be used for specific purpose in accordance with the provisions of the standard.

**Unassigned** fund balance is the residual classification for the general fund. It represents the amounts that have not been assigned to other funds, and that have not been restricted, committed, or assigned to specific purposes within the general fund.

**10. Property Taxes and Other Local 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. Property taxes are levied on November 1 and are due on receipt of the tax bill. The first half of taxes is 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 assessment. If not paid by the following October 1, the property is offered for sale for the amount of the 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. No provision has been made for uncollected taxes, as all taxes are deemed collectible. Other local sources of revenues include tuition, fees, rentals, disposals, commissions and reimbursements.

**11. Intermediate Revenues**

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

**12. State Revenues**

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

Revenues from state sources for current operations are primarily governed by state aid formula under the provisions of Title 70, Oklahoma Statutes. The State Board of Education administers the allocation of state aid funds to school districts based on information accumulated from the districts. After review and verification of reports and supporting documentation, the State Department of Education may adjust subsequent fiscal period allocations of money for prior year errors disclosed by review. Normally, such adjustments are treated as reductions or additions of revenue of the year when the adjustment is made.

**CUSHING SCHOOL DISTRICT NUMBER I-67**  
**Payne County, Oklahoma**

**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**June 30, 2013**

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

**C. Assets, Liabilities, Fund Balance, Revenue and Expenditures (Continued)**

**13. Federal Revenues**

Federal revenues consist of revenues from the federal government in the form of operating grants or entitlements. An operating grant is a contribution to be used for a specific purpose, activity or facility. A grant may be received either directly from the federal government or indirectly as a pass through from another government, such as the state. Entitlement is the amount of payment to which the District is entitled pursuant to an allocation formula contained in applicable statutes. The majority of the federal revenues received by the District are apportioned to the general fund. The District maintains a separate child nutrition fund and the federal revenues received for the child nutrition programs are apportioned there.

**14. Non-Monetary Transactions**

The District receives commodities from the U. S. Department of Agriculture. The value of these commodities has been included in the Schedule of Expenditures of Federal Awards and they have been reflected in the basic financial statements as revenue and expense.

**15. Resource Use Policy**

It is in the School's policy for all funds that when an expenditure/expense is incurred for purposes for which both restricted and unrestricted resources, including fund balances, are available, the School considers restricted amounts to be spent first before any unrestricted amounts are used. Furthermore, it is the School's policy that when an expenditure/expense is incurred for purposes for which committed, assigned, or unassigned resources, including fund balances, are available, the School considers committed amounts to be spent first, followed by assigned amounts and lastly unassigned amounts.

**2. DETAILED NOTES CONCERNING THE FUNDS**

**A. Deposits and Investments**

*Custodial Credit Risk*

At June 30, 2013, the District held deposits of approximately \$13,029,527 at financial institutions. The District's cash deposits, including interest-bearing certificates of deposit, are entirely covered by Federal Depository Insurance (FDIC) or direct obligation of the U.S. Government insured or collateralized with securities held by the District or by its agent in the District's name.

*Investment Interest Rate Risk*

The District does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

*Investment Credit Risk*

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

- a. Direct obligations of the U.S. Government, its agencies and instrumentalities to which the full faith and credit of the U.S. Government is pledged, or obligations to the payment of which the full faith and credit of the State is pledged.

**CUSHING SCHOOL DISTRICT NUMBER I-67  
Payne County, Oklahoma**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
June 30, 2013**

**2. DETAILED NOTES CONCERNING THE FUNDS (Continued)**

**A. Deposits and Investments (Continued)**

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

The cash and investments held at June 30, 2013 are as follows:

Type	Weighted Average Maturity (Months)	Credit Rating	Market Value	Cost
Investments				
Money Market	N/A	AAAm	\$ 13,029,527	\$ 13,029,527
Total investments			<u>\$ 13,029,527</u>	<u>\$ 13,029,527</u>

*Concentration of Investment Credit Risk*

The District places no limit on the amount it may invest in any one issuer. The District has the following of credit risk: 100% in Money Market funds (\$13,029,527).

**CUSHING SCHOOL DISTRICT NUMBER I-67**  
**Payne County, Oklahoma**

**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**June 30, 2013**

**2. DETAILED NOTES CONCERNING THE FUNDS (Continued)**

**B. Capital Assets**

Primary Government capital asset activity for the year ended is as follows:

	Balance 6/30/12	Additions	Disposals	Balance 6/30/13
<b>Governmental Activities:</b>				
Non-depreciable assets:				
Land	\$ 983,215	\$ 16,650	\$ -	\$ 999,865
Total non-depreciable assets	983,215	16,650	-	999,865
Depreciable assets:				
Buildings and improvements	40,901,329	-	-	40,901,329
Furniture, fixtures and equipment	7,667,107	-	-	7,667,107
Vehicles	2,489,339	-	-	2,489,339
Total depreciable assets	51,057,775	-	-	51,057,775
Less accumulated depreciation:				
Buildings and improvements	(17,004,073)	(409,013)	-	(17,413,086)
Furniture, fixtures and equipment	(6,598,208)	(172,168)	-	(6,770,376)
Vehicles	(1,168,966)	(183,219)	-	(1,352,185)
Total accumulated depreciation	(24,771,247)	(764,400)	-	(25,535,647)
Net depreciable assets	26,286,528	(764,400)	-	25,522,128
Net governmental activities capital assets	\$ 27,269,743	\$ (747,750)	\$ -	\$ 26,521,993

**C. 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. Debt service requirements for bonds are payable solely from fund balance and future revenues of the debt service fund.

The District issued combined purpose bonds in the amount of \$2,075,000 on June 1, 2009. Bond maturities begin June 1, 2011 with payments of \$515,000 per year and then a final payment of \$530,000. Debt service requirements for the 2009 combined purpose bonds are as follows:

Year Ended June 30,	General Obligation Bonds		Interest	Total Requirements
2014	Rate	Principal	\$	\$
	2.20%	\$ 530,000	\$ 11,660	\$ 541,660

**CUSHING SCHOOL DISTRICT NUMBER I-67**  
**Payne County, Oklahoma**

**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**June 30, 2013**

**2. DETAILED NOTES CONCERNING THE FUNDS (Continued)**

**C. Long-term Debt (Continued)**

The District issued building bonds in the amount of \$8,650,000 on June 1, 2013. Bond maturities begin June 1, 2015 with payments of \$4,325,000 per year. Debt service requirements for the 2013 building bonds are as follows:

Year Ended June 30,	General Obligation Bonds		Interest	Total Requirements
	Rate	Principal		
2014	0.50%	\$ -	\$ 43,250	\$ 43,250
2015	0.50%	4,325,000	43,250	4,368,250
2016	0.50%	4,325,000	21,625	4,346,625
		<u>\$ 8,650,000</u>	<u>\$ 108,125</u>	<u>\$ 8,758,125</u>

Debt service requirements for all bonds is as follows:

Year Ended June 30,	General Obligation Bonds		Total Requirements
	Principal	Interest	
2014	\$ 530,000	\$ 54,910	\$ 584,910
2015	4,325,000	43,250	4,368,250
2016	4,325,000	21,625	4,346,625
Total	<u>\$ 9,180,000</u>	<u>\$ 119,785</u>	<u>\$ 9,299,785</u>

**D. Leases**

The District executed a lease for purchase of vehicles on November 15, 2012 with MR, Inc. The amount of the lease is \$75,000 with interest at 3.2382%.

Year Ended June 30,	Principal	Interest	Total Requirements
2014	<u>\$ 38,000</u>	<u>\$ 1,231</u>	<u>\$ 39,231</u>

The above leases contain a clause that gives the District the ability to terminate the lease agreements at the end of each fiscal year. The District has recorded the liability for future lease payments in the general long-term debt account group for these leased assets.

**E. Changes in General Long-term Debt**

Long-term debt consists of bonds payable and lease obligations. The following is a summary of the changes in general long-term debt transactions of the District for the fiscal year:

	Balance July 1, 2012	Additions	Reductions	Balance June 30, 2013
Bonds payable	\$ 1,045,000	\$ 8,650,000	\$ 515,000	\$ 9,180,000
Leases payable	75,000	-	37,000	38,000
Total	<u>\$ 1,120,000</u>	<u>\$ 8,650,000</u>	<u>\$ 552,000</u>	<u>\$ 9,218,000</u>

The new bond issue in the current year was the first portion of a school bond issue which amounted to \$39.5 million. It will be used for the construction of a middle school, a roofing project and a new track.

**CUSHING SCHOOL DISTRICT NUMBER I-67**  
**Payne County, Oklahoma**

**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**June 30, 2013**

**3. OTHER INFORMATION**

**A. Risk Management**

The District is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; injuries to employees; or acts of God. The District purchases commercial insurance to cover these risks, including general and auto liability, property damage, and public officials liability. The District had the following insurance coverage during the year: commercial property - \$350,000,000; general liability - \$1,000,000; and educators liability \$1,000,000. Settled claims resulting from these risks have not exceeded the commercial insurance coverage in any of the past three fiscal years.

The School also participates in a risk pool for Workers' Compensation coverage in which there is a transfer or pooling of risks among the participants of that pool. In accordance with GASB No. 10, the School reports the required contribution to the pool, net of refunds, as insurance expense. The risk pool is the Oklahoma School Assurance Group (OSAG), an organization formed for the purpose of providing workers' compensation coverage to participating schools in the State of Oklahoma.

In that capacity, OSAG is responsible for providing loss control services and certain fiscal activities, including obtaining contract arrangements for the underwriting, excess insurance agreements, claims processing, and legal defense for any and all claims submitted to them during the plan year. As a member of OSAG the District is required to pay fees set by OSAG according to an established payment schedule. A portion of the fees paid by the District goes into a loss fund for the District. The fee for the loss fund is calculated by projecting losses based on the schools losses for the last five years. OSAG provides coverage in excess of the Loss Fund so the District's liability for claim loss is limited to the balance of the loss fund. If the District does not use their loss fund in three years it is returned to them with no interest.

The District is also a member of the Oklahoma Public Schools Unemployment Compensation Program. In this program the District is required to contribute 1.6% of their taxable payroll for unemployment insurance. The funds for each district are kept separate and districts can contribute more than 1.6% of their payroll if they elect to. The money contributed by each District earns interest and is fully insured. If the District has claims in excess of the amount in their account they would be liable for the excess.

**B. Contingent Liabilities**

Amounts received or receivable from grantor agencies are subject to audit and adjustment by grantor agencies, principally the federal government. 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.

**C. Non-Monetary Transactions**

The fair market value as determined by the Oklahoma Department of Human Services of the commodities received during the period under audit was \$36,869.

**CUSHING SCHOOL DISTRICT NUMBER I-67**  
**Payne County, Oklahoma**

**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**June 30, 2013**

**3. OTHER INFORMATION (Continued)**

**D. Employee Retirement System and Plan**

Description of Plan

The District participates in the state-administered Oklahoma Teachers' Retirement System, which is a cost sharing, multiple-employer defined benefit public employee retirement system (PERS), which is administered by the Board of Trustees of the Oklahoma Teachers' Retirement System (the "System"). The System provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Title 70 Section 17 of the Oklahoma Statutes establishes benefit provisions and may be amended only through legislative action.

The Oklahoma Teachers' Retirement System issues a publicly available financial report that includes financial statements and required supplementary information for the System. That report may be obtained by writing to the Oklahoma Teachers' Retirement System, P.O. Box 53624, Oklahoma District, OK 73152 or by calling 405-521-2387.

Basis of Accounting

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

Funding Policy

The District, the State of Oklahoma, and the participating employee make contributions. The contribution rates for the District and its employees are established by and may be amended by Oklahoma Statutes. The rates are not actuarially determined. The rates are applied to the employee's earnings plus employer-paid fringe benefits. The required contribution for the participating members is 7.0% of compensation. Additionally, OTRS receives "federal matching contributions" for positions whose funding comes from federal sources or certain grants. The District and State are required to contribute 14.0% of applicable compensation. Contributions received by the System from the State of Oklahoma are from 3.54% of its revenues from sales tax use taxes, corporate income taxes and individual income taxes. The District contributed 9.5% and the State of Oklahoma plus the federal contribution contributed the remaining 4.5% during this year. The District is allowed by the Oklahoma Teachers' Retirement System to make the required contributions on behalf of the participating members.

Annual Pension Cost

The District's total contributions for 2013, 2012 and 2011 were \$685,232, \$723,576 and \$762,075 respectively.

**E. Surety Bonds**

The Activity Fund Clerks are bonded by Ohio Casualty Insurance Company. The bond number is 5080586, it covers each activity fund clerk for the penal sum of \$5,000, and it is for the term July 1, 2012 to June 30, 2013.

The Superintendent is bonded by Ohio Casualty Insurance Company. The bond number is 5080586, for the penal sum of \$100,000 for the term July 1, 2012 to July 1, 2013.

**CUSHING SCHOOL DISTRICT NUMBER I-67  
Payne County, Oklahoma**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
June 30, 2013**

**3. OTHER INFORMATION (Continued)**

**E. Surety Bonds (Continued)**

The treasurer is bonded by Ohio Casualty Insurance Company. The bond number is 5080586, for the penal sum of \$115,000 for the term July 1, 2012 to July 1, 2013.

The encumbrance clerk is bonded by Ohio Casualty Insurance Company. The bond number is 5080586, for the penal sum of \$5,000 for the term July 1, 2012 to July 1, 2013.

**4. SUBSEQUENT EVENTS**

Management has evaluated subsequent events through August 6, 2013, which is the date the financial statements were available to be issued and have determined that there is a possibility that the Cushing School Building Fund may be required to re-pay Stroud Schools Building Fund for excess property tax revenues received due to Lincoln County incorrectly identifying the school districts in the property tax valuations. No estimated amount of liability has been added to the financial statements at this time.

**CUSHING SCHOOL DISTRICT NUMBER I-67**  
**Payne County, Oklahoma**

**REQUIRED SUPPLEMENTAL INFORMATION**  
**June 30, 2013**

**CUSHING SCHOOL DISTRICT NUMBER I-67**  
Payne County, Oklahoma

**REQUIRED SUPPLEMENTAL INFORMATION**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES**  
**BUDGET AND ACTUAL**  
**(Non-GAAP Budgetary Basis)**  
**GENERAL FUND**  
**For the Fiscal Year Ended June 30, 2013**  
**(Unaudited)**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Favorable (Unfavorable)</u>
	<u>Original Budget</u>	<u>Final Budget</u>		
<b>Revenues:</b>				
Local sources	\$ 6,487,887	\$ 6,487,887	\$ 7,181,174	\$ 693,287
Intermediate sources	381,060	381,060	519,921	138,861
State sources	3,982,677	3,982,677	3,225,211	(757,466)
Federal sources	756,008	756,008	593,529	(162,479)
<b>Total revenues</b>	<u>11,607,632</u>	<u>11,607,632</u>	<u>11,519,835</u>	<u>(87,797)</u>
<b>Expenditures:</b>				
Instruction	8,806,872	8,806,872	7,671,977	1,134,895
Support services	4,000,000	4,000,000	3,939,434	60,566
Non-instructional services	16,000	16,000	15,559	441
Capital outlay	-	-	-	-
Other outlays	-	-	-	-
Principal retirement	37,000	37,000	37,000	-
Interest & fiscal agent charges	3,056	3,056	3,056	-
Repayments	7,300	7,300	2,307	4,993
<b>Total expenditures</b>	<u>12,870,228</u>	<u>12,870,228</u>	<u>11,669,333</u>	<u>1,200,895</u>
<b>Net change in fund balance</b>	<u>(1,262,596)</u>	<u>(1,262,596)</u>	<u>(149,498)</u>	<u>1,113,098</u>
<b>Beginning fund balance</b>	1,262,596	1,262,596	1,262,596	-
<b>Prior year encumbrances appropriated</b>	<u>-</u>	<u>-</u>	<u>507</u>	<u>507</u>
<b>Ending fund balances</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,113,605</u>	<u>\$ 1,113,605</u>

The Notes to Required Supplemental Information are an integral part of this statement.

**CUSHING SCHOOL DISTRICT NUMBER I-67**  
Payne County, Oklahoma

**REQUIRED SUPPLEMENTAL INFORMATION**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES**  
**BUDGET AND ACTUAL**  
**(Non-GAAP Budgetary Basis)**  
**SPECIAL REVENUE FUNDS - BUILDING FUND**  
**For the Fiscal Year Ended June 30, 2013**  
**(Unaudited)**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Favorable (Unfavorable)</u>
	<u>Original Budget</u>	<u>Final Budget</u>		
<b>Revenues:</b>				
Local sources	\$ 915,315	\$ 915,315	\$ 1,010,447	\$ 95,132
Intermediate sources	-	-	-	-
State sources	-	-	12	12
Federal sources	-	-	-	-
<b>Total revenues</b>	<u>915,315</u>	<u>915,315</u>	<u>1,010,459</u>	<u>95,144</u>
<b>Expenditures:</b>				
Support services	1,446,128	1,446,128	613,171	832,957
Non-instructional services	-	-	-	-
Capital outlay	16,650	16,650	16,650	-
Other outlays	1,593	1,593	1,593	-
Repayments	-	-	-	-
<b>Total expenditures</b>	<u>1,464,371</u>	<u>1,464,371</u>	<u>631,414</u>	<u>832,957</u>
<b>Net change in fund balance</b>	(549,056)	(549,056)	379,045	928,101
<b>Beginning fund balance</b>	549,056	549,056	549,056	-
<b>Prior year encumbrances appropriated</b>	-	-	-	-
<b>Ending fund balances</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 928,101</u>	<u>\$ 928,101</u>

The Notes to Required Supplemental Information are an integral part of this statement.

**CUSHING SCHOOL DISTRICT NUMBER I-67**  
**Payne County, Oklahoma**

**REQUIRED SUPPLEMENTAL INFORMATION**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES**  
**BUDGET AND ACTUAL**

(Non-GAAP Budgetary Basis)

**SPECIAL REVENUE FUNDS - CO-OP FUND**

For the Fiscal Year Ended June 30, 2013

(Unaudited)

	Budgeted Amounts		Actual	Variance with Final Budget Favorable (Unfavorable)
	Original Budget	Final Budget		
<b>Revenues:</b>				
Local sources	\$ 186,588	\$ 186,588	\$ 164,520	\$ (22,068)
Intermediate sources	-	-	-	-
State sources	492,132	492,132	152,995	(339,137)
Federal sources	-	-	-	-
<b>Total revenues</b>	<u>678,720</u>	<u>678,720</u>	<u>317,515</u>	<u>(361,205)</u>
<b>Expenditures:</b>				
Support services	936,660	936,660	409,475	527,185
Non-instructional services	-	-	-	-
Capital outlay	-	-	-	-
Other outlays	26,000	26,000	25,681	319
Repayments	-	-	-	-
<b>Total expenditures</b>	<u>962,660</u>	<u>962,660</u>	<u>435,156</u>	<u>527,504</u>
<b>Net change in fund balance</b>	(283,940)	(283,940)	(117,641)	166,299
<b>Beginning fund balance</b>	283,940	283,940	283,940	-
<b>Prior year encumbrances appropriated</b>	-	-	-	-
<b>Ending fund balances</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 166,299</u>	<u>\$ 166,299</u>

The Notes to Required Supplemental Information are an integral part of this statement.

**CUSHING SCHOOL DISTRICT NUMBER I-67**  
Payne County, Oklahoma

**REQUIRED SUPPLEMENTAL INFORMATION**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES**  
**BUDGET AND ACTUAL**  
**(Non-GAAP Budgetary Basis)**  
**SPECIAL REVENUE FUNDS - CHILD NUTRITION FUND**  
**For the Fiscal Year Ended June 30, 2013**  
**(Unaudited)**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Favorable (Unfavorable)</u>
	<u>Original Budget</u>	<u>Final Budget</u>		
<b>Revenues:</b>				
Local sources	\$ 127,397	\$ 127,397	\$ 148,307	\$ 20,910
Intermediate sources	-	-	-	-
State sources	74,963	74,963	74,583	(380)
Federal sources	512,558	512,558	552,966	40,408
<b>Total revenues</b>	<u>714,918</u>	<u>714,918</u>	<u>775,856</u>	<u>60,938</u>
<b>Expenditures:</b>				
Support services	-	-	-	-
Non-instructional services	926,725	926,725	729,830	196,895
Capital outlay	-	-	-	-
Other outlays	-	-	-	-
Repayments	2,000	2,000	-	2,000
<b>Total expenditures</b>	<u>928,725</u>	<u>928,725</u>	<u>729,830</u>	<u>198,895</u>
<b>Net change in fund balance</b>	(213,807)	(213,807)	46,026	259,833
<b>Beginning fund balance</b>	213,807	213,807	213,807	-
<b>Prior year encumbrances appropriated</b>	-	-	439	439
<b>Ending fund balances</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 260,272</u>	<u>\$ 260,272</u>

The Notes to Required Supplemental Information are an integral part of this statement.

**CUSHING SCHOOL DISTRICT NUMBER I-67**  
**Payne County, Oklahoma**

**REQUIRED SUPPLEMENTAL INFORMATION**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES**  
**BUDGET AND ACTUAL**  
**(Non-GAAP Budgetary Basis)**  
**DEBT SERVICE FUND**  
**For the Fiscal Year Ended June 30, 2013**  
**(Unaudited)**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Favorable (Unfavorable)</u>
	<u>Original Budget</u>	<u>Final Budget</u>		
<b>Revenues:</b>				
Local sources	\$ 386,327	\$ 386,327	\$ 411,362	\$ 25,035
Intermediate sources	-	-	-	-
State sources	-	-	5	5
Federal sources	-	-	-	-
<b>Total revenues</b>	<u>386,327</u>	<u>386,327</u>	<u>411,367</u>	<u>25,040</u>
<b>Expenditures:</b>				
Debt service:				
Principal retirement	515,000	515,000	515,000	-
Interest & fiscal agent charges	21,188	21,188	21,188	-
<b>Total expenditures</b>	<u>536,188</u>	<u>536,188</u>	<u>536,188</u>	<u>-</u>
<b>Net change in fund balance</b>	<u>(149,861)</u>	<u>(149,861)</u>	<u>(124,821)</u>	<u>25,040</u>
<b>Beginning fund balance</b>	<u>265,832</u>	<u>265,832</u>	<u>265,832</u>	<u>-</u>
<b>Ending fund balances</b>	<u>\$ 115,971</u>	<u>\$ 115,971</u>	<u>\$ 141,011</u>	<u>\$ 25,040</u>

The Notes to Required Supplemental Information are an integral part of this statement.

**CUSHING SCHOOL DISTRICT NUMBER I-67  
Payne County, Oklahoma**

**NOTES TO REQUIRED SUPPLEMENTAL INFORMATION  
For the Fiscal Year Ended June 30, 2013  
(Unaudited)**

**BUDGETARY INFORMATION**

The District is required by state law to prepare an annual budget. A preliminary budget is submitted to the Board of Education by December 31 for the fiscal year beginning the following July 1. Since the voters have permanently approved the additional levies, the preliminary budget becomes the legal budget. An annual Estimate of Needs is then approved by the Board and subsequently filed with the County Clerk and approved by the County Excise Board. Supplemental appropriations can be made during the year.

Encumbrances represent commitments related to unperformed contracts for goods or services. Encumbrance accounting - under which purchase orders and other commitments of resources are recorded as expenditures of the applicable fund - is utilized in all Governmental Funds of the District. Purchase orders or contracts document encumbrances for goods or purchased services. Under Oklahoma law, unencumbered appropriations lapse at year-end.

**CUSHING SCHOOL DISTRICT NUMBER I-67**  
**Payne County, Oklahoma**

**OTHER INFORMATION**  
**June 30, 2013**

**CUSHING SCHOOL DISTRICT NUMBER I-67**  
**Payne County, Oklahoma**

**COMBINING BALANCE SHEET**  
**NON-MAJOR GOVERNMENTAL FUNDS**  
**REGULATORY BASIS**  
**June 30, 2013**

	Special Revenue				Total Non-Major Governmental Funds
	Debt Service	Building Fund	CO-OP Fund	Child Nutrition Fund	
<b>Assets:</b>					
Cash and investments	\$ 141,011	\$ 970,815	\$ 175,550	\$ 314,301	\$ 1,601,677
<b>Total assets</b>	141,011	970,815	175,550	314,301	1,601,677
<b>Liabilities:</b>					
Warrants payable	-	42,714	9,251	54,029	105,994
Encumbrances	-	-	-	-	-
<b>Total liabilities</b>	-	42,714	9,251	54,029	105,994
<b>Fund balances:</b>					
Restricted	141,011	928,101	166,299	260,272	1,495,683
<b>Total fund balances</b>	141,011	928,101	166,299	260,272	1,495,683
<b>Total liabilities and fund balances</b>	\$ 141,011	\$ 970,815	\$ 175,550	\$ 314,301	\$ 1,601,677

**CUSHING SCHOOL DISTRICT NUMBER I-67**  
**Payne County, Oklahoma**

**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES**  
**NON-MAJOR GOVERNMENTAL FUNDS**  
**REGULATORY BASIS**  
**For the Fiscal Year Ended June 30, 2013**

	<u>Special Revenue</u>				<b>Total Non-Major Governmental Funds</b>
	<u>Debt Service</u>	<u>Building Fund</u>	<u>CO-OP Fund</u>	<u>Child Nutrition Fund</u>	
<b>Revenues:</b>					
Local sources	\$ 411,362	\$ 1,010,447	\$ 164,520	\$ 148,307	\$ 1,734,636
Intermediate sources	-	-	-	-	-
State sources	5	12	152,995	74,583	227,595
Federal sources	-	-	-	552,966	552,966
<b>Total revenues</b>	<u>411,367</u>	<u>1,010,459</u>	<u>317,515</u>	<u>775,856</u>	<u>2,515,197</u>
<b>Expenditures:</b>					
Support services	-	613,171	-	-	613,171
Non-instructional services	-	-	409,475	729,830	1,139,305
Capital outlay	-	16,650	-	-	16,650
Other outlays	-	1,593	-	-	1,593
Repayments	-	-	25,681	-	25,681
Debt service:					
Principal retirement	515,000	-	-	-	515,000
Interest & fiscal agent charges	21,188	-	-	-	21,188
<b>Total expenditures</b>	<u>536,188</u>	<u>631,414</u>	<u>435,156</u>	<u>729,830</u>	<u>2,332,588</u>
<b>Excess of revenues over (under) expenditures</b>	(124,821)	379,045	(117,641)	46,026	182,609
<b>Adjustments to prior year encumbrances</b>	-	-	-	439	439
<b>Net changes in fund balance</b>	(124,821)	379,045	(117,641)	46,465	183,048
<b>Fund balance - begin of year</b>	<u>265,832</u>	<u>549,056</u>	<u>283,940</u>	<u>213,807</u>	<u>1,312,635</u>
<b>Fund balance - end of year</b>	<u>\$ 141,011</u>	<u>\$ 928,101</u>	<u>\$ 166,299</u>	<u>\$ 260,272</u>	<u>\$ 1,495,683</u>

**CUSHING SCHOOL DISTRICT NUMBER I-67**  
Payne County, Oklahoma

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
For the Fiscal Year Ended June 30, 2013

Federal Grantor/Pass Through Grantor/Program Title	Federal CFDA Number	Pass-through Grantor's Project Number	Approved Amount	Balance @ July 1, 2012	Receipts	Expenditures	Balance @ June 30, 2013
<b>U.S. Department of Education:</b>							
<b>Direct Programs:</b>							
Title VII - Indian Education	84.060	561	101,952	-	101,952	101,952	-
<b>Sub-Total</b>			<u>101,952</u>	<u>-</u>	<u>101,952</u>	<u>101,952</u>	<u>-</u>
<b>Passed through State Department of Education:</b>							
Title I	84.010	511	401,560	-	350,679	350,679	-
Title II, Part A	84.367	541	93,744	-	80,702	80,702	-
Title VI, Part B - Rural and Low Income	84.358	587	35,331	-	32,566	32,566	-
<b>Sub-Total</b>			<u>530,635</u>	<u>-</u>	<u>463,947</u>	<u>463,947</u>	<u>-</u>
<b>Passed through State Department of Career and Technology Education:</b>							
Carl Perkins	84.048	421	17,989	-	17,969	17,969	-
<b>Sub-Total</b>			<u>17,989</u>	<u>-</u>	<u>17,969</u>	<u>17,969</u>	<u>-</u>
<b>Passed through the Oklahoma Health Care Authority:</b>							
Medicaid	93.778	698	9,661	-	9,661	9,661	-

**CUSHING SCHOOL DISTRICT NUMBER I-67**  
Payne County, Oklahoma

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
For the Fiscal Year Ended June 30, 2013

Federal Grantor/Pass Through Grantor/Program Title	Federal CFDA Number	Pass-through Grantor's Project Number	Approved Amount	Balance @ July 1, 2012	Receipts	Expenditures	Balance @ June 30, 2013
<b>U.S. Department of Agriculture:</b>							
<b>Passed through State Department of Education:</b>							
Child Nutrition Programs:							
School Breakfast Program	10.553	764	155,611	-	155,611	155,611	-
National School Lunch Program	10.555	763	397,355	-	397,355	397,355	-
Passed through Oklahoma Department of Human Services (Note A)	10.550		36,869	-	36,869	36,869	-
<b>Sub-Total</b>			<b>589,835</b>	<b>-</b>	<b>589,835</b>	<b>589,835</b>	<b>-</b>
<b>Total Expenditures of Federal Awards</b>			<b>\$ 1,250,072</b>	<b>\$ -</b>	<b>\$ 1,183,364</b>	<b>\$ 1,183,364</b>	<b>\$ -</b>

Note A - Food Distribution: Non-monetary assistance is reported in the schedule at the fair market value of the commodities received and disbursed.  
 Note B - This schedule was prepared on a regulatory basis of accounting consistent with the preparation of the basic financial statements except for nonmonetary assistance noted in Note A.

**CUSHING SCHOOL DISTRICT NUMBER I-67**  
**Payne County, Oklahoma**

**REPORTS REQUIRED BY *GOVERNMENT AUDITING STANDARDS***  
**June 30, 2013**

**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING  
AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL  
STATEMENTS PERFORMED IN ACCORDANCE WITH  
GOVERNMENT AUDITING STANDARDS**

August 6, 2013

The Honorable Board of Education  
Cushing School District Number I-67  
Cushing, Payne County, Oklahoma

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the accompanying basic financial statements —regulatory basis of the governmental activities, each major fund, and the aggregate remaining fund information of the Cushing School District Number I-67, Payne County, Oklahoma (District), as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the District's financial statements, and have issued our report thereon dated August 6, 2013, which was adverse with respect to the presentation of the financial statements in conformity with accounting principles generally accepted in the United States because the presentation followed the regulatory basis of accounting for Oklahoma school districts and did not conform to the presentation requirements of the Governmental Accounting Standards Board.

***Internal Control Over Financial Reporting***

In planning and performing our audit of the financial statements, we considered the District's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of District's internal control. Accordingly, we do not express an opinion on the effectiveness of District's internal control.

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

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

### **Compliance and Other Matters**

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

### **Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

*CBEW Professional Group, LLP*

CBEW PROFESSIONAL GROUP, LLP  
Certified Public Accountants

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

August 6, 2013

The Honorable Board of Education  
Cushing School District Number I-67  
Cushing, Payne County, Oklahoma

***Report on Compliance for Each Major Federal Program***

We have audited the Cushing School District Number I-67, Payne County, Oklahoma (District)'s compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of the District's major federal programs for the year ended June 30, 2013. The District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

***Management's Responsibility***

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

***Auditor's Responsibility***

Our responsibility is to express an opinion on compliance for each of the District's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the District's compliance

***Opinion on Each Major Federal Program***

In our opinion, Cushing School District Number I-67, Payne County, Oklahoma, complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2013.

## **Report on Internal Control Over Compliance**

Management of Cushing School District Number I-67, Payne County, Oklahoma (the District), is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the District's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the District's internal control over compliance.

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

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

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

*CBEW Professional Group, LLP*

CBEW PROFESSIONAL GROUP, LLP  
Certified Public Accountants

CUSHING SCHOOLS DISTRICT NO. I-67  
Payne County, Oklahoma

SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
For the Fiscal Year Ended June 30, 2013

SUMMARY OF AUDITOR'S RESULTS

*Financial Statements:*

Type of Auditor's Report Issued: Adverse opinion on the basic financial statements—regulatory basis in conformity with generally accepted accounting principles and an unqualified opinion on the governmental activities, each major fund and the aggregate remaining fund information in conformity with a regulatory basis of accounting prescribed by the Oklahoma Department of Education.

Internal Control Over Financial Reporting:

Material Weakness(es) identified?  Yes  No

Significant Deficiencies identified not considered to be material weaknesses?  Yes  No

Noncompliance material to financial statements noted?  Yes  No

*Federal Awards:*

Type of auditors report issued on compliance for major programs: Unqualified

Internal Control Over Major Programs:

Material Weakness(es) identified?  Yes  No

Significant Deficiencies identified not considered to be material weaknesses?  Yes  No

Audit findings disclosed that are required to be reported in accordance with Circular A-133, Section .510(a)?  Yes  No

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

Auditee Qualified as low-risk auditee?  Yes  No

*Identification of Major Programs:*

CFDA#

10.553	Child Nutrition – Breakfast
10.555	Child Nutrition – Lunch
84.367	Title II – Improving Teacher Quality State Grants

FINDINGS - FINANCIAL STATEMENT AUDIT

1. None.

FINDINGS AND QUESTIONED COSTS - MAJOR FEDERAL AWARD PROGRAMS AUDIT

1. None

**CUSHING SCHOOLS DISTRICT NO. I-67  
Payne County, Oklahoma**

**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS  
For the Fiscal Year Ended June 30, 2013**

None.

CUSHING SCHOOL DISTRICT NUMBER I-67  
Payne County, Oklahoma

ACCOUNTANT'S PROFESSIONAL  
LIABILITY INSURANCE AFFIDAVIT

JULY 1, 2012 TO JUNE 30, 2013

State of Oklahoma )

County of Payne )

The undersigned auditing firm of lawful age, being first duly sworn on oath, says that said firm had in full force and effect Accountant's Professional Liability Insurance in accordance with the "Oklahoma Public School Audit Law" at the time of audit contract and during the entire audit engagement with Cushing School District for the audit year 2012-2013.

CBEW PROFESSIONAL GROUP, LLP

Auditing Firm

By



Authorized Agent

Subscribed and sworn to before me on this \_\_\_\_\_ day of \_\_\_\_\_, 2013.

\_\_\_\_\_  
Notary Public

My commission expires on:

\_\_\_ day of \_\_\_\_\_, \_\_\_\_\_ # \_\_\_\_\_.

**CUSHING SCHOOL DISTRICT NUMBER I-67**  
**Payne County, Oklahoma**  
**June 30, 2013**

**AUDIT ACKNOWLEDGEMENT**

The annual independent audit for the Cushing School District Number I-67 was presented to the Board of Education in an Open Board Meeting on September 9, 2013, by CBEW Professional Group, LLP.

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

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

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

\_\_\_\_\_  
Superintendent of Schools

\_\_\_\_\_  
Board of Education Vice President

\_\_\_\_\_  
Board of Education President

\_\_\_\_\_  
Board of Education Member

\_\_\_\_\_  
Board of Education Member

\_\_\_\_\_  
Board of Education Member

Subscribed and sworn to before me on this \_\_\_\_\_ day of \_\_\_\_\_, 2013.

My commission expires on \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_\_\_.

\_\_\_\_\_  
Notary Public

Affix Notary Seal