

ANNUAL FINANCIAL REPORT
INDEPENDENT SCHOOL DISTRICT NO. 72
DURANT PUBLIC SCHOOL DISTRICT
BRYAN COUNTY, OKLAHOMA
JULY 1, 2011 TO JUNE 30, 2012

DURANT PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 72
BRYAN COUNTY, OKLAHOMA
JUNE 30, 2012

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INDEPENDENT AUDITOR'S REPORT

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

We have audited the accompanying combined fund type and account group financial statements-regulatory basis of Durant School District No. 72, Bryan County, Oklahoma, as listed in the table of contents as combined financial statements, as of and for the year ended June 30, 2012. These financial statements are the responsibility of Durant School District, No. 72, Bryan County, Oklahoma. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

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

In our opinion, because the District's policy is to prepare its combined financial statements on the basis of accounting discussed in the third paragraph, the combined financial statements referred to in the first paragraph do not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Durant School District No. 72, Bryan County, Oklahoma as of June 30, 2012, and the respective changes in financial position thereof for the year then ended.

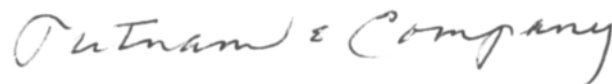
The financial statements referred to above do not include the general fixed asset account group, which is a departure from the regulatory basis of accounting prescribed or permitted by the Oklahoma State Department of Education noted above. The amount that should be recorded in the general fixed asset account group is not known.

However, in our opinion, except for the effects of the omission of the general fixed asset account group, the combined financial statements referred to in the first paragraph present fairly, in all material respects, the assets, liabilities and fund balances arising from regulatory basis transactions of each fund type and account group of Durant School District No. 72, Bryan County, Oklahoma as of June 30, 2012 and the revenues collected and expenditures paid and encumbered of each fund type for the year then ended, on the regulatory basis of accounting described in Note 1.

In accordance with *Government Auditing Standards*, we have also issued our report dated January 23, 2012, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

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

This report is intended solely for the information and use of the Board of Education of Durant School District No. 72, the Oklahoma State Department of Education, and certain federal regulatory agencies; and is not intended to be, and should not be used, by anyone other than these specified parties.



Putnam & Company, PLLC

Edmond, Oklahoma
January 23, 2013

DURANT PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 72
BRYAN COUNTY, OKLAHOMA
JULY 1, 2011 TO JUNE 30, 2012

SCHOOL DISTRICT BOARD MEMBERS

Bart Granger
Dan England
Tommy Sleeper
Tammy Cross
Nate Morrison

SUPERINTENDENT OF SCHOOL DISTRICT

W. Jason Simeroth

CLERK OF THE BOARD

Kelly Dillard

SCHOOL DISTRICT TREASURER

Bonnie M. Webb

COMBINED FINANCIAL STATEMENTS

**DURANT SCHOOL DISTRICT NO. 72
BRYAN COUNTY, OKLAHOMA
COMBINED STATEMENT OF ASSETS AND LIABILITIES - REGULATORY BASIS
(ALL FUND TYPES AND ACCOUNT GROUPS)
FOR THE YEAR ENDED JUNE 30, 2012**

	Governmental Fund Types				Fiduciary Fund Types Trust and Agency	Account Groups General Long-Term Debt	Totals (Memorandum Only)
	General	Special Revenue	Debt Service	Capital Projects			
ASSETS							
Cash and Cash Equivalents	6,008,052	1,932,590	1,364,011	3,089,968	437,896		12,832,517
Amount available in Debt Service Fund						45,973	45,973
Amount to be Provided for General Long-Term Debt						6,038,067	6,038,067
Total Assets	6,008,052	1,932,590	1,364,011	3,089,968	437,896	6,084,040	18,916,557
LIABILITIES							
Warrants Payable	1,699,065	5,220		240,136	72,058		2,016,479
Interest Payable			20,149			231,929	252,078
Long-Term Debt--Bonds Payable			1,297,889			5,852,111	7,150,000
Total Liabilities	1,699,065	5,220	1,318,038	240,136	72,058	6,084,040	9,418,557
FUND EQUITY							
Fund Balances:							
Reserved for Encumbrances	569,802	68,160		1,538,445			2,176,407
Unreserved							
Undesignated	3,739,185	1,859,210			365,838		5,964,233
Designated for Capital Projects				1,311,387			1,311,387
Designated for Debt Service			45,973				45,973
Total Fund Balance	4,308,987	1,927,370	45,973	2,849,832	365,838	0	9,498,000
Total Liabilities and Fund Equity	6,008,052	1,932,590	1,364,011	3,089,968	437,896	6,084,040	18,916,557

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

DURANT SCHOOL DISTRICT NO. 72
BRYAN COUNTY, OKLAHOMA
COMBINED STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
REGULATORY BASIS - ALL GOVERNMENTAL FUND TYPES AND SIMILAR TRUST FUNDS
FOR THE YEAR ENDED JUNE 30, 2012

	Governmental Fund Types				Fiduciary Fund Types	Totals (Memorandum Only)
	General	Special Revenue	Debt Service	Capital Projects	Trust and Agency	
REVENUES:						
Local Sources	4,374,098	537,272	1,869,389	605	640,926	7,422,290
Intermediate Sources	561,181					561,181
State Sources	16,268,025					16,268,025
Federal Sources	3,586,943					3,586,943
Total Revenues Collected	24,790,247	537,272	1,869,389	605	640,926	27,838,439
EXPENDITURES:						
Instruction	14,530,612			939,997		15,470,609
Support Services	7,823,789	33,991		2,003,194		9,860,974
Non-Instructional Services	1,747,450	8,936		82,062	571,086	2,409,534
Facilities Aquisition & Construction Services		216,425		81,742		298,167
Other Outlays	4,862					4,862
Bank Charges		46				46
Fiscal Agent's Fees			400			400
DEBT SERVICE:						
Principal Retirement			1,688,667			1,688,667
Interest Paid			134,261			134,261
Total Expenditures	24,106,713	259,398	1,823,328	3,106,995	571,086	29,867,520
Revenues Over (Under) Expenditures	683,534	277,874	46,061	(3,106,390)	69,840	(2,029,081)
OTHER FINANCING SOURCES (USES):						
Return of Assets	14,258					14,258
Estopped Warrants	2,721					2,721
Deobligation of Prior Year Funds	499,013			(193,902)		305,111
Proceeds From Sale of Bonds				1,765,000		1,765,000
Total Other Financing Sources (Uses)	515,992	0	0	1,571,098	0	2,087,090
Revenues and Other Financing Sources (Uses)						
Over (Under) Expenditures	1,199,526	277,874	46,061	(1,535,292)	69,840	58,009
Fund Balance Unreserved, Beginning of Year	2,539,659	1,581,336	(88)	2,846,679	295,998	7,263,584
Fund Balance Unreserved, End of Year	3,739,185	1,859,210	45,973	1,311,387	365,838	7,321,593

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

DURANT SCHOOL DISTRICT NO. 72
BRYAN COUNTY, OKLAHOMA
COMBINED STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
REGULATORY BASIS - BUDGET AND ACTUAL
GENERAL FUND AND BUDGETED SPECIAL REVENUE FUNDS
FOR THE YEAR ENDED JUNE 30, 2012

	General Fund			Special Revenue Funds		
	Original/Final Budget	Actual	Variance Favorable (Unfavorable)	Original/Final Budget	Actual	Variance Favorable (Unfavorable)
REVENUES:						
Local Sources	3,992,472	4,374,098	381,626	493,302	537,272	43,970
Intermediate Sources	489,350	561,181	71,831			0
State Sources	15,215,951	16,268,025	1,052,074			0
Federal Sources	3,485,464	3,586,943	101,479			0
Total Revenues Collected	23,183,237	24,790,247	1,607,010	493,302	537,272	43,970
EXPENDITURES :						
Instruction	16,276,062	14,530,612	1,745,450			0
Support Services	7,823,789	7,823,789	0	1,867,744	33,991	1,833,753
Non-Instructional Services	1,747,450	1,747,450	0	8,936	8,936	0
Facilities Acquisition & Construction Services			0	216,425	216,425	0
Other Outlays	4,862	4,862	0			0
Bank Charges			0		46	(46)
Total Expenditures	25,852,163	24,106,713	1,745,450	2,093,105	259,398	1,833,707
Revenues Over (Under) Expenditures	(2,668,926)	683,534	3,352,460	(1,599,803)	277,874	1,877,677
OTHER FINANCING SOURCES (USES):						
Return of Assets	129,267	14,258	(115,009)	18,467		(18,467)
Estopped Warrants		2,721	2,721			0
Deobligation of Prior Year Funds		499,013	499,013			0
Total Other Financing Sources (Uses)	129,267	515,992	386,725	18,467	0	(18,467)
Excess of Revenues and Other Sources Over (Under) Expenditures and Other Uses	(2,539,659)	1,199,526	3,739,185	(1,581,336)	277,874	1,859,210
Fund Balance, Beginning of Year	2,539,659	2,539,659	0	1,581,336	1,581,336	0
Fund Balance, End of Year	0	3,739,185	3,739,185	0	1,859,210	1,859,210

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

NOTES TO FINANCIAL STATEMENTS

**DURANT SCHOOL DISTRICT NO. 72
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2012**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The basic financial statements of the Durant Public Schools Independent District No. 72, Bryan County, Oklahoma (the "District") have been prepared in conformity with an other comprehensive basis of accounting as prescribed by the Oklahoma State Department of Education. The more significant of the District's accounting policies are described below.

A. Reporting Entity

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

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

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

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

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

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

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

B. Fund Accounting and Description of Funds

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

DURANT SCHOOL DISTRICT NO. 72
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2012

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

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

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

Governmental Fund Types

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

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

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

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

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

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

Fiduciary Fund Types

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

DURANT SCHOOL DISTRICT NO. 72
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2012

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

Account Groups

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

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

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

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

C. Basis of Accounting and Presentation

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

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

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

DURANT SCHOOL DISTRICT NO. 72
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2012

C. Basis of Accounting and Presentation – (continued)

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

D. Budgets and Budgetary Accounting

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

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

E. Assets, Liabilities, and Fund Equity

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

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

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

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

DURANT SCHOOL DISTRICT NO. 72
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2012

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

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

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

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

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

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

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

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

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

F. Revenue, Expenses, and Expenditures

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

DURANT SCHOOL DISTRICT NO. 72
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2012

F. Revenue, Expenses, and Expenditures – (continued)

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

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

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

2. DEPOSIT AND INVESTMENT RISKS

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

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

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

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

DURANT SCHOOL DISTRICT NO. 72
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2012

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

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

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

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

3. INTERFUND RECEIVABLES AND PAYABLES

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

4. GENERAL LONG-TERM DEBT

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

DURANT SCHOOL DISTRICT NO. 72
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2012

4. GENERAL LONG-TERM DEBT - (continued)

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

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

	Bonds <u>Payable</u>	<u>Total</u>
Balance, July 1, 2011	\$ 7,175,000	7,175,000
Additions	1,765,000	1,765,000
Retirements	(1,790,000)	(1,790,000)
Balance, June 30, 2012	<u>\$ 7,150,000</u>	<u>\$ 7,150,000</u>

A brief description of the outstanding general obligation bond issues at June 30, 2012 is set forth below:

	<u>Amount Outstanding</u>
Independent School District No. 72 Building Bonds, Series 2002, original issue \$925,000, interest rate of 2.85%, due in annual installments of \$100,000, final payment of \$125,000 due August 1, 2012	\$ 125,000
Independent School District No. 72 General Obligation Bonds, Series 2003, original issue \$825,000, interest rate of 4.70%, due in annual installments of \$90,000, final payment of \$105,000 due August 1, 2013	195,000
Independent School District No. 72 Building Bonds, Series 2004, original issue \$875,000, interest rate of 4.10%, due in annual installments of \$100,000, final payment of \$100,000 due August 1, 2014	300,000
Independent School District No. 72 Building Bonds, Series 2008, original issue \$815,000, interest rate of 3.00% to 3.60%, due in annual installments of \$200,000, final payment of \$2,155,000 due May 1, 2013	215,000

DURANT SCHOOL DISTRICT NO. 72
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2012

4. GENERAL LONG-TERM DEBT - (continued)

Independent School District No. 72
 General Obligation Bonds, Series 2010, original
 Issue \$3,230,000, interest rate of 4.40% to 2.00%,
 Due in annual installments of \$805,000, final
 Payment of \$815,000 due June 1, 2015 2,425,000

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

Independent School District No. 72
 General Obligation Bonds, Series 2012, original
 Issue \$1,765,000, interest rate of 0.55% to 1.30%,
 Due in annual installments of \$440,000, final
 Payment of \$445,000 due May 1, 2017 1,765,000

TOTAL \$7,150,000

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

Year ending June 30	Principle	Interest	Total
2013	1,860,000	111,385	1,971,385
2014	1,975,000	75,815	2,050,815
2015	1,880,000	44,608	1,924,608
2016	990,000	16,487	1,006,487
2017	<u>445,000</u>	<u>3,783</u>	<u>448,783</u>
	<u>\$ 7,150,000</u>	<u>\$ 252,078</u>	<u>7,402,078</u>

Interest expense on general long-term debt incurred during the current year totaled \$134,261.

DURANT SCHOOL DISTRICT NO. 72
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2012

5. EMPLOYEE RETIREMENT SYSTEM

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

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

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

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

Ten-year historical trend information is presented in the Teachers' Retirement System of Oklahoma Annual Report for the year ended June 30, 2012. This information is useful in assessing the pension plan's accumulation of sufficient assets to pay pension benefits as they become due.

For fiscal year 2011-12, the District's total payroll and related contributions to the System were as follows:

<u>Total Payroll</u>	<u>Contributions</u>
\$ 16,540,365.19	\$ 1,087,121.43

DURANT SCHOOL DISTRICT NO. 72
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2012

6. CONTINGENCIES

Amounts received or receivable from grantor agencies are subject to audit and adjustment by grantor agencies. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenditures which may be disallowed by the grantor cannot be determined at this time, although the District expects such amounts, if any, to be immaterial.

7. RISK MANAGEMENT AND LITIGATION

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

8. SUBSEQUENT EVENTS

Subsequent events have been evaluated through January 23, 2013, which is the date the financial statements were issued.

OTHER SUPPLEMENTARY INFORMATION

DURANT SCHOOL DISTRICT NO. 72
BRYAN COUNTY, OKLAHOMA
COMBINING STATEMENT OF ASSETS AND LIABILITIES - REGULATORY BASIS
SPECIAL REVENUE FUNDS
June 30, 2012

	<u>BUILDING FUND</u>	<u>TOTALS (Memorandum Only)</u>
ASSETS		
Cash and Cash Equivalents	<u>\$1,932,590</u>	<u>1,932,590</u>
 Total Assets	 <u><u>\$1,932,590</u></u>	 <u><u>1,932,590</u></u>
 LIABILITIES AND FUND EQUITY		
Liabilities:		
Warrants Outstanding	<u>\$5,220</u>	<u>5,220</u>
 Total Liabilities	 <u>5,220</u>	 <u>5,220</u>
 Fund Balance:		
Reserved for Encumbrances	68,160	68,160
Unreserved	<u>1,859,210</u>	<u>1,859,210</u>
 Total Fund Equity	 <u>1,927,370</u>	 <u>1,927,370</u>
 Total Liabilities and Fund Equity	 <u><u>\$1,932,590</u></u>	 <u><u>1,932,590</u></u>

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

**DURANT SCHOOL DISTRICT NO. 72
BRYAN COUNTY, OKLAHOMA
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES - REGULATORY BASIS
SPECIAL REVENUE FUNDS
FOR THE YEAR ENDED JUNE 30, 2012**

	BUILDING FUND	TOTALS (Memorandum Only)
Revenues:		
Local Sources	\$537,272	537,272
Total Revenues	537,272	537,272
Expenditures:		
Support Services	33,991	33,991
Operation of Non-Instructional Services	8,936	8,936
Facilities Acquisition & Construction Services	216,425	216,425
Bank Charges	46	46
Total Expenditures	259,398	259,398
Excess of Revenues Over (Under) Expenditures	277,874	277,874
Other Financing Sources (Uses):		
Deobligation of Prior Years Funds	0	0
Total Other Financing Sources (Uses)	0	0
Excess of Revenues and Other Sources Over (Under) Expenditures and Other Uses	277,874	277,874
Fund Balance, Beginning of Year	1,581,336	1,581,336
Fund Balance, End of Year	\$1,859,210	1,859,210

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

**DURANT SCHOOL DISTRICT NO.72
BRYAN COUNTY, OKLAHOMA
COMBINED STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL - BUDGETED SPECIAL REVENUE FUNDS - REGULATORY BASIS
FOR THE YEAR ENDED JUNE 30, 2012**

	Building Fund		
	Original/ Final Budget	Actual	Variance Favorable (Unfavorable)
REVENUES:			
Local Sources	\$493,302	537,272	43,970
Total Revenues	493,302	537,272	43,970
EXPENDITURES :			
Support Services	1,867,744	33,991	1,833,753
Operation of Non-Instructional Services	8,936	8,936	0
Facilities Acquisition & Construction	216,425	216,425	0
Bank Charges		46	(46)
Total Expenditures	2,093,105	259,398	1,833,707
Revenues Over (Under) Expenditures	(1,599,803)	277,874	1,877,677
OTHER FINANCING SOURCES (USES):			
Return of Assets	18,467		(18,467)
Total Other Financing Sources (Uses)	18,467	0	(18,467)
Revenue and Other Sources Over (Under) Expenditures and Other Uses	(1,581,336)	277,874	1,859,210
Fund Balance, Beginning of Year	1,581,336	1,581,336	0
Fund Balance, End of Year	\$0	1,859,210	1,859,210

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

**DURANT SCHOOL DISTRICT NO. 72
BRYAN COUNTY, OKLAHOMA
COMBINING STATEMENT OF ASSETS AND LIABILITIES - REGULATORY BASIS
CAPITAL PROJECTS FUNDS
JUNE 30, 2012**

	<u>BOND #31 FUND</u>	<u>BOND #32 FUND</u>	<u>BOND #33 FUND</u>	<u>TOTALS (Memorandum Only)</u>
ASSETS				
Cash and Cash Equivalents	<u>\$2,929,837</u>	<u>60,131</u>	<u>100,000</u>	<u>3,089,968</u>
Total Assets	<u>\$2,929,837</u>	<u>60,131</u>	<u>100,000</u>	<u>3,089,968</u>
LIABILITIES AND FUND EQUITY				
Liabilities:				
Warrants Outstanding	<u>\$222,496</u>	<u>17,640</u>		<u>240,136</u>
Total Liabilities	<u>222,496</u>	<u>17,640</u>	<u>0</u>	<u>240,136</u>
Fund Balance:				
Reserved for Encumbrances	<u>1,536,796</u>	<u>1,649</u>		<u>1,538,445</u>
Designated for Capital Projects	<u>1,170,545</u>	<u>40,842</u>	<u>100,000</u>	<u>1,311,387</u>
Total Fund Equity	<u>2,707,341</u>	<u>42,491</u>	<u>100,000</u>	<u>2,849,832</u>
Total Liabilities and Fund Equity	<u>\$2,929,837</u>	<u>60,131</u>	<u>100,000</u>	<u>3,089,968</u>

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

**DURANT SCHOOL DISTRICT NO. 72
BRYAN COUNTY, OKLAHOMA
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES - REGULATORY BASIS
CAPITAL PROJECTS FUNDS
FOR THE YEAR ENDED JUNE 30, 2012**

	<u>BOND #31 FUND</u>	<u>BOND #32 FUND</u>	<u>BOND #33 FUND</u>	<u>TOTALS (Memorandum Only)</u>
Revenues:				
Local Sources	<u>\$605</u>	<u></u>	<u></u>	<u>605</u>
 Total Revenues Collected	<u>605</u>	<u>0</u>	<u>0</u>	<u>605</u>
 Expenditures:				
Instruction	939,997			939,997
Support Services	1,623,905	29,289	350,000	2,003,194
Non-Instructional Services	82,062			82,062
Facilities Acquisition & Construction Services	<u>81,742</u>	<u></u>	<u></u>	<u>81,742</u>
 Total Expenditures	<u>2,727,706</u>	<u>29,289</u>	<u>350,000</u>	<u>3,106,995</u>
 Excess of Revenues Over (Under) Expenses	<u>(2,727,101)</u>	<u>(29,289)</u>	<u>(350,000)</u>	<u>(3,106,390)</u>
Other Financing Sources (Uses):				
Proceeds From Sale of Original Bonds	1,665,000		100,000	1,765,000
Deobligation of Prior Year Funds	<u>(193,902)</u>	<u></u>	<u></u>	<u>(193,902)</u>
 Total Other Financing Sources (Uses)	<u>1,471,098</u>	<u>0</u>	<u>100,000</u>	<u>1,571,098</u>
 Excess of Revenues and Other Sources Over (Under) Expenditures and Other Uses	<u>(1,256,003)</u>	<u>(29,289)</u>	<u>(250,000)</u>	<u>(1,535,292)</u>
 Fund Balance, Beginning of Year	<u>2,426,548</u>	<u>70,131</u>	<u>350,000</u>	<u>2,846,679</u>
 Fund Balance, End of Year	<u>\$1,170,545</u>	<u>40,842</u>	<u>100,000</u>	<u>1,311,387</u>

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

DURANT SCHOOL DISTRICT NO. 72
BRYAN COUNTY, OKLAHOMA
SCHOOL ACTIVITY FUNDS--RECEIPTS, TRANSFERS,
DISBURSEMENTS AND SUBACCOUNT BALANCES
JULY 1, 2011 TO JUNE 30, 2012

	Balance 7/01/11	Deposited	Transfers	Disbursed	Balance 6/30/12
Academic Bowl	\$141.05	450.00		480.00	111.05
Annual DHS	675.58	22,087.96		10,537.36	12,226.18
Athletics DHS	20,041.49	110,769.38		99,181.64	31,629.23
Band DHS	1,618.74	0.00		1,680.00	(61.26)
DHS Baseball	107.25	36.05		0.00	143.30
Chorus	154.65	23,212.69		20,855.05	2,512.29
FFA Booster Club	6,416.48	7,713.30		3,310.60	10,819.18
DHS Softball	4,823.43	15,578.97		8,286.34	12,116.06
Cheerleaders DHS	9,730.15	20,512.97		27,725.16	2,517.96
Sodexo Concession	0.00	9,419.05		8,382.17	1,036.88
Concession Stand	6,005.54	0.00		1,388.75	4,616.79
DECA DHS	761.19	9,105.35		3,111.95	6,754.59
PAL Program	0.00	0.00		0.00	0.00
Art Club	419.39	63.83		70.46	412.76
Desk Top Publishing	219.06	0.00		52.90	166.16
BPA	1,014.03	3,838.00		3,850.40	1,001.63
FCA DHS	23.48	0.00		0.00	23.48
FFA	3,776.86	32,505.60		30,605.12	5,677.34
FCCLA DHS	1,040.64	1,718.05		1,724.04	1,034.65
Flower Fund DHS	199.15	245.00		419.90	24.25
General Act. DHS	38,294.30	21,649.70		24,882.86	35,061.14
HOSA DHS	982.22	10,509.27		10,339.10	1,152.39
ICE DHS	0.00	0.00		0.00	0.00
Key Club DHS	65.72	0.00		30.00	35.72
Library DHS	2,655.37	1,607.91		1,710.91	2,552.37
Newspaper DHS	266.75	0.00		0.00	266.75
Spanish Club DHS	318.77	0.00		0.00	318.77
Speech/Drama DHS	527.85	3,789.87		1,747.76	2,569.96
St. Council DHS	2,863.32	11,848.47		10,285.12	4,426.67
Clearing DHS	0.00	6,002.58		5,982.58	20.00
DHS Football	6,779.66	15,231.55		13,021.90	8,989.31
Class of 2009	116.89	21.00		44.97	92.92
FTA	2,486.74	0.00		523.00	1,963.74
DHS Awards	1,374.94	0.00		0.00	1,374.94
DHS Grapplers	1,844.54	650.00		1,874.00	620.54
Media Productions	2,580.33	240.00		230.00	2,590.33

**DURANT SCHOOL DISTRICT NO. 72
BRYAN COUNTY, OKLAHOMA
SCHOOL ACTIVITY FUNDS--RECEIPTS, TRANSFERS,
DISBURSEMENTS AND SUBACCOUNT BALANCES
JULY 1, 2011 TO JUNE 30, 2012**

	Balance 7/01/11	Deposited	Transfers	Disbursed	Balance 6/30/12
Youth and Government	264.77	0.00		0.00	264.77
Vision Academy	6,167.54	925.32		925.48	6,167.38
DMS Baseball	13,941.04	23,064.60		25,534.95	11,470.69
Jr. Class 2008-09	3,135.00	0.00		0.00	3,135.00
DMS Softball	52.82	0.00		0.00	52.82
DMH Emergency Fund	488.99	0.00		0.00	488.99
Special DMS	13,256.64	14,945.52		12,916.66	15,285.50
Annual DMS	906.49	1,043.90		1,000.00	950.39
Athletics DMS	4,536.27	26,081.73		17,095.92	13,522.08
Band DMS	820.26	9,335.95		8,259.30	1,896.91
Library DMS	1,459.49	4,109.65		3,271.66	2,297.48
Clearing DMS	0.00	415.38		415.38	0.00
Girls Choir DMS	643.07	24,104.33		23,811.92	935.48
DMS Cheerleader	1,541.35	655.02		432.00	1,764.37
Flower Fund DMS	18.35	300.00		128.97	189.38
St. Council DMS	2,267.04	3,114.24		3,176.86	2,204.42
Tec Student Assoc DMS	547.43	0.00		1,094.86	(547.43)
PTSO - DMS	676.14	0.00		0.00	676.14
Builders Club	247.88	0.00		0.00	247.88
Gen Act. NWH	18,558.55	54,812.40		49,325.17	24,045.78
NWH P.S.O.	4,977.47	7,916.28		10,371.57	2,522.18
Clearing Acct	0.00	16.46		16.46	0.00
Flower Fund	143.60	0.00		95.00	48.60
Music - NWH	0.00	3,115.61		2,137.38	978.23
Gen Act. WI	17,482.38	19,021.42		18,862.49	17,641.31
PTSO WI	9,679.24	16,709.06		10,856.15	15,532.15
Library WI	164.74	18,615.19		18,628.82	151.11
WI Clearing	0.00	0.00		0.00	0.00
Melissa Fund	0.00	0.00		0.00	0.00
Due to NWH Music	0.00	100.00		0.00	100.00
Gen Act. REL	15,185.79	8,728.65		7,040.17	16,874.27
Pre School GW	30.19	0.00		0.00	30.19
Music Dep GW	1,070.00	0.00		0.00	1,070.00
Attendance Incentive	1,114.00	0.00		174.95	939.05
General Activity Admin	1,217.84	554.00		277.96	1,493.88
Flower Fund	197.88	80.28		110.00	168.16
District Wide	551.73	675.10		574.61	652.22
Video Duplication	804.46	0.00		309.96	494.50
Choctaw/Misc Donations	8,354.54	10,958.96		9,541.95	9,771.55
Teacher of the Year	4.45	750.00		750.00	4.45

**DURANT SCHOOL DISTRICT NO. 72
BRYAN COUNTY, OKLAHOMA
SCHOOL ACTIVITY FUNDS--RECEIPTS, TRANSFERS,
DISBURSEMENTS AND SUBACCOUNT BALANCES
JULY 1, 2011 TO JUNE 30, 2012**

	Balance 7/01/11	Deposited	Transfers	Disbursed	Balance 6/30/12
DIS Special Account	21,313.83	30,828.67		27,697.73	24,444.77
DIS Band Account	4,253.36	8,820.40		5,882.88	7,190.88
DIS Flower Fund Account	388.25	620.00		602.13	406.12
DIS Library Account	10,968.31	14,413.06		13,653.00	11,728.37
DIS PSO Account	633.63	0.00		0.00	633.63
DIS Annual Account	3,167.00	3,907.65		2,309.51	4,765.14
Clearing Acct DIS	0.00	247.42		247.42	0.00
Student Council (DIS)	598.10	0.00		0.00	598.10
Transportation	354.44	0.00		0.00	354.44
Watch D.O.G.S.	594.66	0.00		0.00	594.66
Greenhouse	2,828.22	1,202.26		134.82	3,895.66
Circle the State	790.78	1,240.00		1,088.06	942.72
J.D. Harris - Trip	0.00	0.00		0.00	0.00
Box Tops	1,089.39	641.50		0.00	1,730.89
Magic Triad	185.00	0.00		0.00	185.00
UNRECONCILED DIFFERENCE	0.00	50.00		0.00	50.00
TOTAL	\$295,997.96	640,926.56	0.00	571,086.19	365,838.33

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

DURANT SCHOOL DISTRICT NO. 72
BRYAN COUNTY, OKLAHOMA
SCHEDULE OF FEDERAL FINANCIAL ASSISTANCE
FOR THE YEAR ENDED JUNE 30, 2012

	OCAS Project Number	Federal CFDA Number	Program or Award Amount	Cash/ Beginning Balance at July 1, 2011	Federal Receipts	Federal Expenditures	Cash/ Ending Balance at June 30, 2012
(I) S. Department of Education:							
Direct Programs							
Indian Ed, Title IX	561	84.060A	\$210,223.00		210,223.00	210,223.00	0.00
Sub-total			210,223.00	0.00	210,223.00	210,223.00	0.00
(I) S. Department of Health & Human Services							
Substance Abuse & Mental Health	776	93.276	125,000.00		100,210.10	100,210.10	0.00
Substance Abuse & Mental Health - Prior Year	799	93.276		(38,733.44)	38,733.44		0.00
Sub-total			125,000.00	(38,733.44)	138,943.54	100,210.10	0.00
Passed through the Department of Education:							
Title I	511	84.010	984,713.44		459,242.11	945,987.98	(486,745.87)
Title I, (Prior Year)	799	84.010		(339,261.19)	339,261.19		0.00
Title I, ARRA (Prior Year)	799	84.389		(6,912.00)	6,912.00		0.00
IDEA-B Flow Through	621	84.027	664,663.91		367,097.98	627,243.68	(260,145.70)
IDEA-B Flow Through (Prior Year)	799	84.027		(280,750.07)	280,750.07		0.00
IDEA-B Flow Through ARRA (Prior Year)	799	84.391		(146,080.89)	146,080.89		0.00
IDEA-B Pre-School	641	84.173	13,419.29		7,864.55	13,032.70	(5,168.15)
IDEA-B Pre-School (Prior Year)	799	84.173		(5,561.50)	5,561.50		0.00
Preschool ARRA (Prior Year)	799	84.392		(10,498.26)	10,498.26		0.00
Title II, Part A	541	84.367	125,857.61		62,217.13	123,670.40	(61,453.27)
Title II, Part A - (Prior Year)	799	84.367		(49,383.95)	49,383.95		0.00
Title II, Part D	546	84.318	65.98		0.00	65.98	(65.98)
Title II, Part D	548	84.318	372.90		0.00	362.68	(362.68)
Title VI, Part B	587	84.358	78,077.72		38,446.26	58,420.27	(19,974.01)
Title VI, Part B - (Prior Year)	799	84.358		(6,385.00)	6,385.00		0.00
Learn & Serve - (Prior Year)	799	94.005		(471.31)	471.31		0.00
Title IV, Part A - (Prior Year)	799	84.186		(1,664.92)	1,664.92		0.00
Sub-total			1,867,170.85	(846,969.09)	1,781,837.12	1,768,783.69	(833,915.66)

DURANT SCHOOL DISTRICT NO. 72
BRYAN COUNTY, OKLAHOMA
SCHEDULE OF FEDERAL FINANCIAL ASSISTANCE
FOR THE YEAR ENDED JUNE 30, 2012

	OCAS Project Number	Federal CFDA Number	Program or Award Amount	Cash/ Beginning Balance at July 1, 2011	Federal Receipts	Federal Expenditures	Cash/ Ending Balance at June 30, 2012
Passed Through Department of Vocational and Technical Education:							
Carl Perkins Vocational and Applied Technology	421	84.048	54,579.00		54,247.79	54,247.79	0.00
Sub-total			54,579.00	0.00	54,247.79	54,247.79	0.00
U.S. Department of Interior:							
Passed Through the State Department of Education							
Johnson O'Malley Program - (Prior Year)	799	15.130		(27,267.14)	27,267.14		0.00
Johnson O'Malley Program	563	15.130	56,106.00		28,283.42	56,106.00	(27,822.58)
Sub-total			56,106.00	0.00	28,283.42	56,106.00	(27,822.58)
U.S. Department of Agriculture:							
Passed Through State Department of Education							
Food Service Programs - Breakfasts	764	10.553	401,788.44		401,788.44	401,788.44	0.00
Food Service Programs - Lunches	763	10.555	887,306.90		887,306.90	887,306.90	0.00
Food Service Programs - Commodities	385	10.550	82,670.57	0.00	73,631.01	73,631.01	0.00
Sub-total			1,371,765.91	0.00	1,362,726.35	1,362,726.35	0.00
Total Federal Assistance			<u>\$3,684,844.76</u>	<u>(885,702.53)</u>	<u>3,576,261.22</u>	<u>3,552,296.93</u>	<u>(861,738.24)</u>

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

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

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

**DURANT PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. 72
BRYAN COUNTY, OKLAHOMA
SCHEDULE OF STATUTORY, FIDELITY, AND HONESTY BONDS
JULY 1, 2011 TO JUNE 30, 2012**

Employee Dishonesty Bond
Old Republic General Insurance - Policy No. LPO-2012361
\$100,000.00 Limit
Effective: July 1, 2011 to July 1, 2012
Bonnie Webb - Treasurer

Employee Dishonesty Bond
RLI Surety – Policy No. RSB8007085
\$5,000 Limit – For 18 Food Service Cashiers
\$10,000.00 Limit – For 6 School Secretaries
Effective: July 1, 2011 to July 1, 2012

Employee Dishonesty Bond
Old Republic Surety Company – Policy No. LPO-2111756, 757
\$100,000 Limit
Effective: July 1, 2011 to July 1, 2012
Jason Simeroth - Superintendent
Joni Bliffen – Activity Fund Clerk

Employee Dishonesty Bond
Old Republic Surety Company – Policy No. LPO-2012377
\$100,000 Limit
Effective: July 1, 2011 to July 1, 2012
Kelly Dillard –Clerk of Board

INTERNAL CONTROL AND COMPLIANCE REPORTS

PUTNAM & COMPANY, PLLC

Certified Public Accountants

169 E. 32ND

EDMOND, OKLAHOMA 73013

(405) 348-3800

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

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

We have audited the accompanying fund type and account group financial statements-regulatory basis of Durant School District No. 72, Bryan County, Oklahoma as listed in the Table of Contents, as of and for the year ended June 30, 2012, and have issued our report thereon dated January 23, 2013, which was adverse with respect to the presentation of the financial statements in conformity with accounting principles generally accepted in United States because the presentation followed the regulatory basis of accounting for Oklahoma school districts and did not conform to the presentation requirements of the Governmental Accounting Standards Board. However, our report was qualified due to a departure related to the omission of general fixed asset account groups with respect to the presentation of financial statements on the regulatory basis of accounting authorized by the Oklahoma State Board of Education. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Durant School District No. 72's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Durant School District No. 72's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Durant School District No. 72 internal controls over financial reporting.

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

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Durant School District No. 72's financial statements are free of material misstatement; we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under Government Auditing Standards.

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

A handwritten signature in cursive script that reads "Putnam & Company".

Putnam & Company, PLLC

Edmond, Oklahoma
January 23, 2013

PUTNAM & COMPANY, PLLC

Certified Public Accountants

169 E. 32ND

EDMOND, OKLAHOMA 73013

(405) 348-3800

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

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

Compliance

We have audited the compliance of Durant School District No. 72, Bryan County, Oklahoma, with the types of compliance requirements described in the U.S. Office of Management and Budget's (OMB) *Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the year ended June 30, 2012. Durant School District No. 72's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of Durant School District No. 72's management. Our responsibility is to express an opinion on Durant School District No. 72's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Durant School District No. 72's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of Durant School District No. 72's compliance with those requirements.

In our opinion, the Durant School District No. 72 complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2012.

Internal Control Over Compliance

The management of the Durant School District No. 72 is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered the District's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the District's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect noncompliance with a type of compliance requirement of a Federal program on a timely basis.

A material weakness in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a Federal program will not be prevented or detected and corrected on a timely basis.

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

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

A handwritten signature in cursive script that reads "Putnam & Company".

Putnam & Company, PLLC

Edmond, Oklahoma
January 23, 2013

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Yes X No

**DURANT SCHOOL DISTRICT NO. 72
BRYAN COUNTY, OKLAHOMA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2012**

Section II – Findings Relating to the Financial Statements

None

Section III – Findings and Questioned Costs for Federal Awards

N/A

Section IV – Status of Prior Year Audit Findings

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

Section V – Management's Corrective Action Plan

N/A

ACCOUNTANT'S PROFESSIONAL LIABILITY INSURANCE AFFIDAVIT

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



MANAGEMENT LETTER AND COMMENTS

PUTNAM & COMPANY, PLLC
Certified Public Accountants

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

January 23, 2013

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

We have audited financial statements of Durant School District No. 72, Bryan County, Oklahoma, as of and for the year ended June 30, 2012, as listed in the table of contents, and have issued our report thereon dated January 23, 2013. As a part of our audit, we made a study and evaluation of the District's system of internal accounting control to the extent we considered necessary solely to determine the nature, timing and extent of our auditing procedures. Our study and evaluation was more limited than would be necessary to express an opinion on the system of internal accounting control taken as a whole, and we do not express such an opinion.

However, during our audit we became aware of some matters that, while not involving material weaknesses in internal accounting control, are opportunities for strengthening internal controls and operating efficiency. The memorandum that accompanies this letter summarizes our comments and suggestions regarding those matters. This letter does not affect our report dated January 23, 2013, on the financial statements of Durant School District No. 72.

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

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

Sincerely,



Jerry W. Putnam

**DURANT SCHOOL DISTRICT NO. 72
BRYAN COUNTY, OKLAHOMA
MANAGEMENT LETTER COMMENTS
FOR THE YEAR ENDED JUNE 30, 2012**

PRIOR YEAR'S COMMENTS AND RECOMMENDATIONS:

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

CURRENT YEAR'S COMMENTS AND RECOMMENDATIONS:

REVIEW OF PURCHASE ORDERS AND PAYMENTS

Our review of the purchase orders indicated that in almost every instance the purchase orders were properly approved and supported with adequate documentation. However, we noted the following during our review:

<u>Findings</u>	<u>No. of Instances</u>
Invoice Date Before P.O. Date	4
Did Not Sign For Goods/Services	2
Paid Sales Tax (although exempt)	1
Inaccurate Math	2
Paid From a Copy of the Original Invoice	3
Incomplete Documentation	3
Non-Kickback Affidavit not Attached to PO	5

REVIEW OF ACTIVITY FUND TRANSACTIONS

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

<u>Findings</u>	<u>No. of Instances</u>
Invoice Date Before P.O. Date	1
Paid From a Copy of the Original Invoice	1

As indicated in this report, the Band DHS subaccount had a negative balance of \$61.26, and the TSA Association DMS subaccount had a negative balance of \$547.43 at June 30, 2012. Additional care should be exercised to insure that all Activity Fund subaccounts maintain positive cash balances.

**DURANT SCHOOL DISTRICT NO. 72
BRYAN COUNTY, OKLAHOMA
MANAGEMENT LETTER COMMENTS
FOR THE YEAR ENDED JUNE 30, 2012**

MULTI-VENDOR PURCHASE ORDERS

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

ACCOUNTING SOFTWARE ISSUES

For fiscal year 2011-12, the District utilized two different accounting software programs (one for the six month period of July 2011 thru December 2011 and another for the six month period of January 2012 through June 2012.) This approach allowed the District to complete calendar year 2011 with familiar accounting software, and it was obviously beneficial in avoiding some calendar year 2011 payroll tax reporting problems. However, this software change also created some accounting problems for the District (with respect to combining fiscal year data from both programs for year-to-date reporting purposes.) Also, some adjusting entries were needed to correct data entry problems associated with learning and gaining familiarity with features of the new accounting software.

DISTRICT'S RESPONSE TO AUDIT COMMENTS / CORRECTIVE ACTION PLAN:

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