

**FINANCIAL STATEMENTS - REGULATORY BASIS  
AND REPORTS OF INDEPENDENT AUDITOR**

**BIXBY SCHOOL DISTRICT NO. I-4,  
TULSA COUNTY, OKLAHOMA**

**JUNE 30, 2013**

**Audited by**

**SANDERS, BLEDSOE & HEWETT CPA's, LLP**

**BROKEN ARROW, OK**

**INDEPENDENT SCHOOL DISTRICT NO. I-4  
TULSA COUNTY, OKLAHOMA  
JUNE 30, 2013**

**TABLE OF CONTENTS**

	<u>Page No.</u>
<b>Table of Contents</b>	1-2
<b>School District Officials</b>	3
<b>Independent Auditor’s Report</b>	4-5
<b><u>COMBINED FINANCIAL STATEMENTS:</u></b>	
Combined Statement of Assets, Liabilities and Fund Equity – Regulatory Basis - All Fund Types and Account Groups	6
Combined Statement of Revenues, Expenditures, and Changes in Cash Fund Balances – Regulatory Basis - All Governmental Fund Types	7
Combined Statement of Revenues, Expenditures and Changes in Cash Fund Balance - Budget and Actual – Regulatory Basis - Budgeted Governmental Fund Types	8-10
Notes to Combined Financial Statements	11-27
<b><u>OTHER SUPPLEMENTARY INFORMATION:</u></b>	
<b><u>COMBINING FINANCIAL STATEMENTS:</u></b>	
Combining Statement of Assets, Liabilities and Fund Equity – - Regulatory Basis - All Special Revenue Funds	28
Combining Statement of Revenues, Expenditures, and Changes in Cash Fund Balances – Regulatory Basis - All Special Revenue Funds	29
Combining Statement of Revenues, Expenditures and Changes in Cash Fund Balance - Budget and Actual – Regulatory Basis - All Special Revenue Funds	30

**INDEPENDENT SCHOOL DISTRICT NO. I-4  
TULSA COUNTY, OKLAHOMA  
JUNE 30, 2013**

TABLE OF CONTENTS

	<u>Page No.</u>
<b><u>OTHER SUPPLEMENTARY INFORMATION:</u></b> – cont’d	
Combining Statement of Assets, Liabilities and Fund Equity – - Regulatory Basis - All Capital Projects Funds	31
Combining Statement of Revenues, Expenditures, and Changes in Cash Fund Balances – Regulatory Basis - All Capital Projects Funds	32
Combining Statement of Assets and Liabilities – Regulatory Basis - All Fiduciary Fund Types	33
Combining Statement of Changes in Assets and Liabilities - Regulatory Basis - All Agency Funds	34-36
Schedule of Expenditures of Federal Awards	37-38
Schedule of Surety Bond Coverage	39
<b>Internal Control and Compliance Reports</b>	
Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	40-41
Report on Compliance with Requirements Applicable to Each Major Program and Internal Control over Compliance in Accordance with OMB Circular A-133	42-43
Schedule of Findings and Questioned Costs	44
Disposition of Prior Year’s Schedule of Findings	45
Schedule of Accountant’s Professional Liability Insurance Affidavit	46
Audit Acknowledgement	47

**INDEPENDENT SCHOOL DISTRICT NO. I-4  
TULSA COUNTY, OKLAHOMA  
SCHOOL DISTRICT OFFICIALS  
JUNE 30, 2013**

**BOARD OF EDUCATION**

President	Wendell Nolan
Vice-President	Lisa Kramer
Clerk	Bryan Wiesman
Member	Helen Bolton
Member	Ron Schnare

**SUPERINTENDENT**

Dr. Kyle Wood

**CHIEF FINANCIAL OFFICER**

Jack H. Jenkins, CPA

**MINUTES CLERK &  
SCHOOL DISTRICT TREASURER**

Sherry McIntyre

[www.bixbyps.org](http://www.bixbyps.org)



# SANDERS, BLEDSOE & HEWETT

## CERTIFIED PUBLIC ACCOUNTANTS, LLP

### INDEPENDENT AUDITOR'S REPORT

December 20, 2013

The Honorable Board of Education  
Bixby School District Number I-4  
Bixby, Tulsa County, Oklahoma

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

We have audited the accompanying combined fund type and account group financial statements – regulatory basis of the Bixby School District Number I-4, Bixby, Tulsa County, Oklahoma (the 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 District, 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 reasonable 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 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 District as of June 30, 2013, the changes in its financial position, or, where applicable, its cash flows for the year then ended.

### **Basis for Qualified Opinion on Regulatory Basis of Accounting**

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 by the Oklahoma State Department of Education. The amount that should be recorded in the general fixed asset account group is not known.

### **Qualified Opinion on Regulatory Basis of Accounting**

In our opinion, except for the effects of the matter described in the “Basis for Qualified Opinion on Regulatory Basis of Accounting” Paragraph, the financial statements referred to in the first paragraph present fairly, in all material respects, the assets, liabilities and fund balance arising from regulatory basis transactions of each fund type and account group of the District, as of June 30, 2013, and the revenues collected and expenditures paid and encumbered for the year then ended on the regulatory basis of accounting described in Note 1.

### **Other Matters**

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 combined 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 December 20, 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 to 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.



Sanders, Bledsoe & Hewett  
Certified Public Accounts, LLP

**INDEPENDENT SCHOOL DISTRICT NO. I-4, TULSA COUNTY**  
**COMBINED STATEMENT OF ASSETS, LIABILITIES AND FUND EQUITY -**  
**REGULATORY BASIS - ALL FUND TYPES AND ACCOUNT GROUPS**  
**JUNE 30, 2013**

<u>ASSETS</u>	<u>GOVERNMENTAL FUND TYPES</u>				<u>FIDUCIARY FUND TYPES</u>	<u>ACCOUNT GROUP</u>	<u>TOTALS</u>	
	<u>GENERAL</u>	<u>SPECIAL REVENUE</u>	<u>DEBT SERVICE</u>	<u>CAPITAL PROJECTS</u>	<u>EXPENDABLE TRUST AND AGENCY FUND</u>	<u>GENERAL LONG-TERM DEBT</u>	<u>(Memorandum Only)</u>	
							<u>2013</u>	<u>2012</u>
Cash	\$ 4,057,074	1,512,622	1,449,789	11,691,995	1,286,526		19,998,006	17,614,584
Investments	1,007,688	933,494	3,878,760		200,000		6,019,942	8,012,188
Amounts available in debt service						943,190	943,190	402,658
Amounts to be provided for retirement of general long-term debt						75,193,175	75,193,175	80,451,432
<b>Total Assets</b>	<b>\$ 5,064,762</b>	<b>2,446,116</b>	<b>5,328,549</b>	<b>11,691,995</b>	<b>1,486,526</b>	<b>76,136,365</b>	<b>102,154,313</b>	<b>106,480,862</b>
 <b><u>LIABILITIES AND FUND EQUITY</u></b>								
<b>Liabilities:</b>								
Warrants payable	\$ 856,333	175,681					1,032,014	1,098,109
Encumbrances	130,500	107,427					237,927	848,371
Funds held for school organizations					1,486,526		1,486,526	1,377,932
Unmatured obligations			4,385,359				4,385,359	4,038,195
Long-term debt:								
Bonds payable						31,750,000	31,750,000	29,575,000
Capital leases						44,386,365	44,386,365	51,279,090
<b>Total liabilities</b>	<b>986,833</b>	<b>283,108</b>	<b>4,385,359</b>	<b>0</b>	<b>1,486,526</b>	<b>76,136,365</b>	<b>83,278,191</b>	<b>88,216,697</b>
 <b>Fund Equity:</b>								
Cash fund balances	4,077,929	2,163,008	943,190	11,691,995	0	0	18,876,122	18,264,165
<b>Total Liabilities and Fund Equity</b>	<b>\$ 5,064,762</b>	<b>2,446,116</b>	<b>5,328,549</b>	<b>11,691,995</b>	<b>1,486,526</b>	<b>76,136,365</b>	<b>102,154,313</b>	<b>106,480,862</b>

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

**INDEPENDENT SCHOOL DISTRICT NO. I-4, TULSA COUNTY**  
**COMBINED STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN CASH FUND BALANCES**  
**ALL GOVERNMENTAL FUND TYPES - REGULATORY BASIS**  
**FOR THE YEAR ENDED JUNE 30, 2013**

	GOVERNMENTAL FUND TYPES				TOTALS (Memorandum Only)	
	GENERAL	SPECIAL REVENUE	DEBT SERVICE	CAPITAL PROJECTS	2013	2012
Revenues:						
Local sources	\$ 12,175,804	2,458,772	9,232,750	7,004	23,874,330	22,596,394
Intermediate sources	1,280,588				1,280,588	1,167,891
State sources	14,153,275	27,645			14,180,920	13,131,933
Federal sources	1,760,332	615,968			2,376,300	2,552,213
Non-revenue receipts	298,555	2,431			300,986	182,653
Total revenues	<u>29,668,554</u>	<u>3,104,816</u>	<u>9,232,750</u>	<u>7,004</u>	<u>42,013,124</u>	<u>39,631,084</u>
Expenditures:						
Instruction	18,037,236	21,920			18,059,156	18,185,305
Support services	12,283,930	1,571,782		8,933,556	22,789,268	13,340,964
Operation of non-instructional services	765,491	902,793			1,668,284	1,507,674
Facilities, acquisition and const. services	1,344	249,750			251,094	11,097,837
Other outlays	7,487	4,986			12,473	5,930
Debt service			8,692,218		8,692,218	8,497,494
Repayments	52,351	6,346			58,697	45,033
Total expenditures	<u>31,147,839</u>	<u>2,757,577</u>	<u>8,692,218</u>	<u>8,933,556</u>	<u>51,531,190</u>	<u>52,680,237</u>
Revenues over (under) expenditures	(1,479,285)	347,239	540,532	(8,926,552)	(9,518,066)	(13,049,153)
Other financing sources (uses):						
Lapsed appropriations	55,208	18,461		2,895	76,564	336,778
Estopped warrants	3,317	142			3,459	1,527
Operating transfers in (out)	663,307	(663,307)				
Bond proceeds				10,050,000	10,050,000	9,650,000
Total other financing sources (uses)	<u>721,832</u>	<u>(644,704)</u>	<u>0</u>	<u>10,052,895</u>	<u>10,130,023</u>	<u>9,988,305</u>
Revenue and other sources over (under) expenditures and other uses	(757,453)	(297,465)	540,532	1,126,343	611,957	(3,060,848)
Cash fund balance, beginning of year	4,835,382	2,460,473	402,658	10,565,652	18,264,165	21,325,013
Cash fund balance, end of year	<u>\$ 4,077,929</u>	<u>2,163,008</u>	<u>943,190</u>	<u>11,691,995</u>	<u>18,876,122</u>	<u>18,264,165</u>

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

**INDEPENDENT SCHOOL DISTRICT NO. I-4, TULSA COUNTY  
 COMBINED STATEMENT OF REVENUES, EXPENDITURES  
 AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL -  
 GENERAL FUND - REGULATORY BASIS  
 FOR THE YEAR ENDED JUNE 30, 2013**

	GENERAL FUND		
	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL
<b>Revenues:</b>			
Local sources	\$ 10,716,603	10,716,603	12,175,804
Intermediate sources	1,045,650	1,045,650	1,280,588
State sources	12,672,734	12,672,734	14,153,275
Federal sources	1,629,631	1,629,631	1,760,332
Non-revenue receipts			298,555
Total revenues	26,064,618	26,064,618	29,668,554
<b>Expenditures:</b>			
Instruction	18,089,644	18,089,644	18,037,236
Support services	12,504,459	12,504,459	12,283,930
Operation of non-instructional services	810,000	810,000	765,491
Facilities, acquisition and const. services	10,000	10,000	1,344
Other outlays	10,000	10,000	7,487
Repayments	75,897	75,897	52,351
Total expenditures	31,500,000	31,500,000	31,147,839
Revenues over (under) expenditures	(5,435,382)	(5,435,382)	(1,479,285)
<b>Other financing sources (uses):</b>			
Lapsed appropriations			55,208
Estopped warrants			3,317
Operating transfers in (out)	600,000	600,000	663,307
Total other financing sources (uses)	600,000	600,000	721,832
Revenue and other sources over (under) expenditures and other uses	(4,835,382)	(4,835,382)	(757,453)
Cash fund balance, beginning of year	4,835,382	4,835,382	4,835,382
Cash fund balance, end of year	\$ 0	0	4,077,929

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

**INDEPENDENT SCHOOL DISTRICT NO. I-4, TULSA COUNTY  
 COMBINED STATEMENT OF REVENUES, EXPENDITURES  
 AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL -  
 BUDGETED SPECIAL REVENUE FUNDS - REGULATORY BASIS  
 FOR THE YEAR ENDED JUNE 30, 2013**

	SPECIAL REVENUE FUNDS		
	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL
Revenues:			
Local sources	\$ 2,317,705	2,317,705	2,458,772
State sources	27,074	27,074	27,645
Federal sources	571,008	571,008	615,968
Non-revenue receipts			2,431
Total revenues	2,915,787	2,915,787	3,104,816
Expenditures:			
Instruction	25,000	25,000	21,920
Support services	3,297,260	3,297,260	1,571,782
Operation of non-instructional services	1,027,500	1,027,500	902,793
Facilities acquisitions and construction	250,000	250,000	249,750
Other outlays	5,000	5,000	4,986
Repayments	11,500	11,500	6,346
Total expenditures	4,616,260	4,616,260	2,757,577
Revenues over (under) expenditures	(1,700,473)	(1,700,473)	347,239
Other financing sources (uses):			
Lapsed appropriations			18,461
Estopped warrants			142
Operating transfers in (out)	(760,000)	(760,000)	(663,307)
Total other financing sources (uses)	(760,000)	(760,000)	(644,704)
Revenue and other sources over (under) expenditures and other uses	(2,460,473)	(2,460,473)	(297,465)
Cash fund balance, beginning of year	2,460,473	2,460,473	2,460,473
Cash fund balance, end of year	\$ 0	0	2,163,008

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

**INDEPENDENT SCHOOL DISTRICT NO. I-4, TULSA COUNTY  
 COMBINED STATEMENT OF REVENUES, EXPENDITURES  
 AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL -  
 DEBT SERVICE FUNDS  
 FOR THE YEAR ENDED JUNE 30, 2013**

	DEBT SERVICE FUND		
	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL
Revenues:			
Local sources	\$ 8,289,560	8,289,560	9,232,750
Expenditures:			
Other outlays			
Debt service	8,692,218	8,692,218	8,692,218
Revenues over (under) expenditures	(402,658)	(402,658)	540,532
Cash fund balance, beginning of year	402,658	402,658	402,658
Cash fund balance, end of year	\$ 0	0	943,190

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

**INDEPENDENT SCHOOL DISTRICT NO. I-4, TULSA COUNTY  
NOTES TO COMBINED FINANCIAL STATEMENTS - REGULATORY BASIS  
FOR THE YEAR ENDED JUNE 30, 2013**

**1. Summary of Significant Accounting Policies**

The combined financial statements – regulatory basis of the Bixby Public Schools District No. I-4 (the “District”) have been prepared in conformity with another comprehensive basis of accounting required by Oklahoma Statutes. 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.

The School Education Foundation is not included in the reporting entity. The District does not appoint any of the board members or exercise any oversight authority.

**INDEPENDENT SCHOOL DISTRICT NO. I-4, TULSA COUNTY  
NOTES TO COMBINED FINANCIAL STATEMENTS - REGULATORY BASIS  
FOR THE YEAR ENDED JUNE 30, 2013**

1. **Summary of Significant Accounting Policies-** cont'd

*B. Fund Accounting*

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.

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 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 funds are the District's building, co-op and child nutrition funds.

Building Fund - The building fund consists of monies derived 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 the school district property, for paying energy and utility costs, for purchasing telecommunications

**INDEPENDENT SCHOOL DISTRICT NO. I-4, TULSA COUNTY  
NOTES TO COMBINED FINANCIAL STATEMENTS - REGULATORY BASIS  
FOR THE YEAR ENDED JUNE 30, 2013**

1. **Summary of Significant Accounting Policies-** cont'd

*B. Fund Accounting - cont'd*

services, for paying fire and casualty insurance premiums for school facilities, for purchasing security systems, and for paying salaries of security personnel.

Co-op Fund - The co-op fund is established when the boards of education of two or more school districts enter into cooperative agreements and maintain joint programs. The revenues necessary to operate a cooperative program can come from federal, state, or local sources, including the individual contributions of participating school districts. The expenditures for this fund would consist of those necessary to operate and maintain the joint programs.

Child Nutrition Fund - The child nutrition fund consists of monies derived from federal and state financial assistance and food sales. This fund is used to account for the various nutrition programs provided to students.

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 (including judgments) 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 Funds - 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.

**Proprietary Fund Types**

Proprietary funds are used to account for activities similar to those found in the private sector, where the determination of net income is necessary or useful to sound financial administration. Goods or services from such activities can be provided either to outside parties (enterprise funds) or to other departments or agencies primarily within the District (internal service funds). The District has no proprietary fund types.

**INDEPENDENT SCHOOL DISTRICT NO. I-4, TULSA COUNTY  
NOTES TO COMBINED FINANCIAL STATEMENTS - REGULATORY BASIS  
FOR THE YEAR ENDED JUNE 30, 2013**

1. **Summary of Significant Accounting Policies-** cont'd

*B. Fund Accounting - cont'd*

**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 a trust agreement, either a nonexpendable trust fund or an expendable trust fund is used depending on whether there is an obligation to maintain trust principal. Agency funds 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.

Expendable Trust Funds - Expendable trust funds include the gifts and endowments fund, medical insurance fund, workers compensation fund and the insurance recovery fund. The District did not maintain these funds during the 2012-13 fiscal year.

Gifts Fund - The gifts fund receives its assets by way of philanthropic foundations, individuals, or private organizations for which no repayment or special service to the contributor is expected. This fund is used to promote the general welfare of the District.

Medical Insurance Fund - The medical insurance fund accounts for revenues and expenditures for all types of self-funded medical insurance coverage.

Workers Compensation Fund - The workers compensation fund accounts for revenues and expenditures for workers compensation claims.

Insurance Recovery Fund - The insurance recovery fund accounts for all types of insurance recoveries, major reimbursements and reserves for property repairs and replacements.

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

**Account Group**

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 fixed assets.

**INDEPENDENT SCHOOL DISTRICT NO. I-4, TULSA COUNTY  
NOTES TO COMBINED FINANCIAL STATEMENTS - REGULATORY BASIS  
FOR THE YEAR ENDED JUNE 30, 2013**

1. **Summary of Significant Accounting Policies-** cont'd

B. *Fund Accounting* - cont'd

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 other liabilities (judgments and lease purchases), which are to be paid from funds provided in future years.

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

**Memorandum Only - Total Column**

The total column on the combined financial statements - regulatory basis 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. Inter-fund eliminations have not been made in the aggregation of this data.

C. *Basis of Accounting and Presentation*

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

All governmental and expendable trust funds are accounted for using the regulatory basis of accounting. Revenues are recognized when they are received rather than earned. Under the regulatory basis of accounting, expenditures are generally recognized when encumbered or reserved rather than at the time the related fund liability is incurred. These practices differ from generally accepted accounting principles. Significant differences are as follows:

The District does not maintain its accounts on the modified accrual basis of accounting under which revenue are recorded when susceptible to accrual, i.e., both measurable and available, and expenditures are recorded when the liability is incurred, is measurable.

**INDEPENDENT SCHOOL DISTRICT NO. I-4, TULSA COUNTY  
NOTES TO COMBINED FINANCIAL STATEMENTS - REGULATORY BASIS  
FOR THE YEAR ENDED JUNE 30, 2013**

1. **Summary of Significant Accounting Policies-** cont'd

*C. Basis of Accounting and Presentation – cont'd*

Revenue and expenditures are reported by the budget year until all encumbrances have been paid and unexpended appropriations are closed to the current year fund balance.

The general and special revenue funds record purchases of supplies as expenditures rather than as assets to be expensed when used.

Encumbrances are reported as liabilities. Under generally accepted accounting principles, open encumbrances for which goods or services have not been received, are reported as reservations of fund balances, since the commitments will be honored through subsequent years budget appropriations.

The District has not maintained a record of general fixed assets and, accordingly, a statement of general fixed assets, as required by generally accepted accounting principles, is not included in the combined financial statements – regulatory basis.

Vested or accumulated vacation leave that is expected to be liquidated with expendable available financial resources is not reported as an expenditure and a fund liability of the governmental fund that will pay it. In addition, the non-current portion of vested accumulated vacation is not recorded in the general long-term debt account group.

Capital leases are recorded as expenditures. Under generally accepted accounting principles, capital leases are normally capitalized as a fixed asset and recorded in the general long-term debt account group.

*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 first 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.

**INDEPENDENT SCHOOL DISTRICT NO. I-4, TULSA COUNTY  
NOTES TO COMBINED FINANCIAL STATEMENTS - REGULATORY BASIS  
FOR THE YEAR ENDED JUNE 30, 2013**

1. **Summary of Significant Accounting Policies-** cont'd

*D. Budgets and Budgetary Accounting – cont'd*

A budget is legally adopted by the Board of Education for the General and Special Revenue Funds that include revenues and expenditures.

The 2012-13 Estimate of Needs was amended by supplemental appropriations as follows:

<u>Fund</u>	<u>Total</u>
None	

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. Unencumbered appropriations lapse at the end of each fiscal year.

*E. Assets, Liabilities and Fund Equity*

Cash - Cash consists of cash on hand, demand deposit accounts, and interest bearing checking accounts.

Investments - Investments consist of direct obligations of the United States Government and agencies; certificates of deposit of savings and loan associations, bank and trust companies; savings accounts or savings certificates of savings and loan associations, and trust companies; and warrants, bonds or judgments of the district. All investments are recorded at cost, which approximates market value.

Inventories - The value of consumable inventories at June 30, 2013 is not material to the combined financial statements-regulatory basis.

Fixed Assets and Property, Plant and Equipment - The General Fixed Asset Account Group is not presented.

Warrants Payable - Warrants are issued to meet the obligations for goods and services provided to the District. The District recognizes a liability for the amount of outstanding warrants that have yet to be redeemed by the District's treasurer.

**INDEPENDENT SCHOOL DISTRICT NO. I-4, TULSA COUNTY  
NOTES TO COMBINED FINANCIAL STATEMENTS - REGULATORY BASIS  
FOR THE YEAR ENDED JUNE 30, 2013**

1. **Summary of Significant Accounting Policies-** cont'd

*E. Assets, Liabilities and Fund Equity – cont'd*

Encumbrances - Encumbrances represent commitments related to purchase orders, contracts, other commitments for expenditures or resources, and goods or services received by the District for which a warrant has not been issued. An expenditure is recorded and a liability is recognized for outstanding encumbrances at year end in accordance with the regulatory basis of accounting.

Unmatured Obligations - The unmatured obligations represent the total of all annual accruals for both principal and interest, based on the lengths of the bonds and/or judgments, less all principal and interest payments through the balance sheet date in accordance with the regulatory basis of accounting.

Funds Held for School Organizations - Funds held for school organizations represent the funds received or collected from students or other co-curricular and extracurricular activities conducted in the district, control over which is exercised by the board of education. These funds are credited to the account maintained for the benefit of each particular activity within the school activity fund.

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.

Cash Fund Balance - Cash fund balance represents the funds not encumbered by purchase order, legal contracts, outstanding warrants and unmatured obligations.

*F. Revenue and Expenditures*

Local Revenues - Revenue from local sources is the money generated from within the boundaries of the District and available to the District for its use. 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. These property taxes are distributed to the District's general, building and sinking funds based on the levies approved for each fund. The County Assessor,

**INDEPENDENT SCHOOL DISTRICT NO. I-4, TULSA COUNTY  
NOTES TO COMBINED FINANCIAL STATEMENTS - REGULATORY BASIS  
FOR THE YEAR ENDED JUNE 30, 2013**

1. **Summary of Significant Accounting Policies-** cont'd

*F. Revenue and Expenditures - cont'd*

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.

Other local sources of revenues include interest earnings, tuition, fees, rentals, disposals, commissions and reimbursements.

Intermediate Revenues - Revenue from intermediate sources 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.

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.

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

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

**INDEPENDENT SCHOOL DISTRICT NO. I-4, TULSA COUNTY  
NOTES TO COMBINED FINANCIAL STATEMENTS - REGULATORY BASIS  
FOR THE YEAR ENDED JUNE 30, 2013**

1. **Summary of Significant Accounting Policies-** cont'd

*F. Revenue and Expenditures-* cont'd

categorical educational program revenues be accounted for in the general fund.

The aforementioned state revenues are apportioned to the District's general fund.

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.

An 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.

Non-Revenue Receipts - Non-revenue receipts represent receipts deposited into a fund that are not new revenues to the District, but the return of assets.

Instruction Expenditures - Instruction expenditures include the activities dealing directly with the interaction between teachers and students. Teaching may be provided for students in a school classroom, in another location, such as a home or hospital, and in other learning situations, such as those involving co-curricular activities. It may also be provided through some other approved medium, such as television, radio, telephone and correspondence. Included here are the activities of teacher assistants of any type (clerks, graders, teaching machines, etc.), which assist in the instructional process. The activities of tutors, translators and interpreters would be recorded here. Department chairpersons who teach for any portion of time are included here. Tuition/transfer fees paid to other LEAs would be included here.

Support Services Expenditures - Support services expenditures provide administrative, technical (such as guidance and health) and logistical support to facilitate and enhance instruction. These services exist as adjuncts for fulfilling the objectives of instruction, community services and enterprise programs, rather than as entities within themselves.

**INDEPENDENT SCHOOL DISTRICT NO. I-4, TULSA COUNTY  
NOTES TO COMBINED FINANCIAL STATEMENTS - REGULATORY BASIS  
FOR THE YEAR ENDED JUNE 30, 2013**

1. **Summary of Significant Accounting Policies-** cont'd

*F. Revenue and Expenditures - cont'd*

Operation of Non-Instructional Services Expenditures - Activities concerned with providing non-instructional services to students, staff or the community.

Facilities Acquisition and Construction Services Expenditures - Consists of activities involved with the acquisition of land and buildings; remodeling buildings; the construction of buildings and additions to buildings; initial installation or extension of service systems and other built-in equipment; and improvement to sites.

Other Outlays Expenditures - A number of outlays of governmental funds are not properly classified as expenditures, but still require budgetary or accounting control. These are classified as Other Outlays. These include debt service payments (principal and interest) when applicable.

Other Outlays/Uses Expenditures - This includes scholarships provided by private gifts and endowments; student aid and staff awards supported by outside revenue sources (i.e., foundations). Also, expenditure for self-funded employee benefit programs administered either by the District or a third party administrator.

Repayment Expenditures - Repayment expenditures represent checks/warrants issued to outside agencies for refund or restricted revenue previously received for overpayment, non-qualified expenditures and other refunds to be repaid from District funds.

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

All other interfund transactions, except quasi-external transactions and reimbursements, are reported as transfers. Nonrecurring or nonroutine permanent transfers of equity are reported as residual equity transfers. All other interfund transfers are reported as operating transfers. During the 2012-13 fiscal year, there were \$663,307 in operating transfers between the general fund and child nutrition fund.

**INDEPENDENT SCHOOL DISTRICT NO. I-4, TULSA COUNTY**  
**NOTES TO COMBINED FINANCIAL STATEMENTS - REGULATORY BASIS**  
**FOR THE YEAR ENDED JUNE 30, 2013**

**2. Cash and Investments**

The District's investment policies are governed by state statute. Permissible investments include direct obligations of the United States government and agencies; certificates of deposit of savings and loan associations, banks and trust companies; savings accounts or savings certificates of savings and loan associations, banks, and trust companies; and warrants, bonds or judgments of the District.

Cash – The District's bank balance of deposits and cash pools at June 30, 2013, was \$20,150,318. Custodial credit risk is the risk that in the event of a bank failure, the District's deposits may not be returned to it. State statutes require collateral for amounts in excess of federally insured amounts. The District's policy requires collateral equal to 110% of the deposit amount for all deposits not covered by F.D.I.C. insurance. The bank balance was completely covered by federal depository insurance and by collateral held by the District's third party agent in the District's name.

Investments – At June 30, 2013, the District's investments consisted of certificates of deposits with an approximate fair market value of \$5,819,943.

*Interest rate risk* – Interest rate risk is the risk that changes in interest rates will adversely affect the fair market value of an investment. Due to the required liquidity for those investments, these funds have no defined maturity dates. The District does not have a formal policy that limits investment maturities as a means of managing its exposure to fair value losses from increasing interest rates.

*Credit risk – Investments* – Credit risk is the risk that the issuer or other counterparty to an investment will not fulfill its obligations. Investments held by the District in investment pools (sweep accounts) are considered unclassified as to custodial credit risk because they are not evidenced by securities that exist in physical or book entry form. These investments are held with Citizens Security, and are rated AAA by Standard and Poor's. The District does not have a formal policy limiting its exposure arising from concentration of investments.

**3. 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 can be 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 of the date of issue.

**INDEPENDENT SCHOOL DISTRICT NO. I-4, TULSA COUNTY  
NOTES TO COMBINED FINANCIAL STATEMENTS - REGULATORY BASIS  
FOR THE YEAR ENDED JUNE 30, 2013**

3. **General Long-term Debt** – cont'd

General long-term debt of the District consists of building bonds payable, transportation bonds payable and capital leases. Debt service requirements for bonds are payable solely from the fund balance and the 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, 2013:

	Bonds <u>Payable</u>	Capital <u>Leases</u>	<u>Totals</u>
Balance, July 1, 2012	\$29,575,000	51,279,090	80,854,090
Additions	10,050,000	0	10,050,000
Retirements	<u>7,875,000</u>	<u>6,892,725</u>	<u>14,767,725</u>
Balance, June 30, 2013	<u>\$31,750,000</u>	<u>44,386,365</u>	<u>76,136,365</u>

A brief description of the outstanding long-term debt at June 30, 2013 is set forth below:

	<u>Amount outstanding</u>
<u>General Obligation Bonds</u>	
Building Bonds, Series 2012, original issue \$9,650,000, interest rate of 0.50-1.05%, due in annual installments of \$2,410,000, final payment of \$2,420,000 due May 1, 2017;	\$ 9,650,000
Building Bonds, Series 2009, original issue \$8,000,000, interest rate of 2.10-2.60%, due in annual installments of \$2,000,000, final payment of due June 1, 2014;	2,000,000
Building Bonds, Series 2010, original issue \$6,300,000, interest rate of 4.40-2.55%, due in annual installments of \$1,575,000, final payment of due May 1, 2015;	3,150,000
General Purpose, Series 2012, original issue \$9,200,000, interest rate of 1.10-1.95%, due in annual installments of \$2,300,000, final payment due May 1, 2016;	6,900,000

**INDEPENDENT SCHOOL DISTRICT NO. I-4, TULSA COUNTY  
NOTES TO COMBINED FINANCIAL STATEMENTS - REGULATORY BASIS  
FOR THE YEAR ENDED JUNE 30, 2013**

3. **General Long-term Debt – cont'd**

	<u>Amount outstanding</u>
<u>General Obligation Bonds – cont'd</u>	
General Purpose, Series 2013, original issue \$10,050,000, interest rate of 2.00%, due in annual installments of \$2,510,000, final payment due May 1, 2018;	\$ 10,050,000
<u>Capital Leases</u>	
Lease agreement for building projects, dated 1-14-11, totaling \$44,570,000, interest rate of 3.95%, due in various principal and interest payments beginning 8/15/12 with final payment on 8/15/18.	<u>44,386,365</u>
Totals	<u>\$ 76,136,365</u>

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

Year ending	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
<u>June 30</u>			
2014	\$ 8,285,000	499,155	8,784,155
2015	8,795,000	359,537	9,154,537
2016	7,220,000	224,925	7,444,925
2017	4,930,000	119,960	5,049,960
2018	<u>2,520,000</u>	<u>50,400</u>	<u>2,570,400</u>
Totals	<u>\$ 31,750,000</u>	<u>1,253,977</u>	<u>33,003,977</u>

**INDEPENDENT SCHOOL DISTRICT NO. I-4, TULSA COUNTY  
NOTES TO COMBINED FINANCIAL STATEMENTS - REGULATORY BASIS  
FOR THE YEAR ENDED JUNE 30, 2013**

3. **General Long-term Debt** – cont'd

The annual debt service requirements for the retirement of lease payments are as follows:

Year ending		<u>Principal</u>	<u>Interest</u>	<u>Total</u>
<u>June 30</u>				
2014	\$	5,346,739	1,753,261	7,100,000
2015		5,867,935	1,542,065	7,410,000
2016		5,199,718	1,310,282	6,510,000
2017		6,805,107	1,104,893	7,910,000
2018		8,163,909	836,091	9,000,000
Thereafter		<u>13,002,957</u>	<u>513,617</u>	<u>13,516,574</u>
Total		<u>\$ 44,386,365</u>	<u>7,060,209</u>	<u>51,446,574</u>

There was \$2,161,238 interest paid on general long-term debt incurred during the current year.

4. **Employee Retirement System**

Plan Description

The District participates in the state-administered Oklahoma Teachers' Retirement Plan, 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 Teachers' Retirement System of Oklahoma, P.O. Box 53524, Oklahoma City, 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

**INDEPENDENT SCHOOL DISTRICT NO. I-4, TULSA COUNTY  
NOTES TO COMBINED FINANCIAL STATEMENTS - REGULATORY BASIS  
FOR THE YEAR ENDED JUNE 30, 2013**

**4. Employee Retirement System – cont'd**

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. Contributions received by the System from the State of Oklahoma are used to offset required employer contributions by the local school district. Contributions received by the System are from a percentage of its revenues from sales taxes, use taxes, corporate income taxes and individual income taxes. For the 2012-13 fiscal year, the district's contributed 9.5% and the State of Oklahoma contributed the remaining amount during the year. The District is allowed by the Oklahoma Teacher's Retirement System to make the required contributions on behalf of the participating members. In addition, the District is required to match the retirement paid on salaries that are funded with federal funds.

Annual Pension Cost

The District's portion of the total contributions for 2013, 2012 and 2011 were \$2,983,407, \$2,822,870, and \$2,511,196 respectively.

The employer contribution rates are established by the Oklahoma Legislature and are less than the annual required contribution, which is performed to determine the adequacy of such contribution rates.

**5. 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; and natural disasters. The District continues to carry commercial insurance for these risks, including general and auto liability, property damage, and public officials liability. Settled claims resulting from these risks have not exceeded the commercial insurance coverage in any of the past three fiscal years.

The District participates in a risk pool for Worker's 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 District 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

**INDEPENDENT SCHOOL DISTRICT NO. I-4, TULSA COUNTY  
NOTES TO COMBINED FINANCIAL STATEMENTS - REGULATORY BASIS  
FOR THE YEAR ENDED JUNE 30, 2013**

5. **Risk Management** – cont'd

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 it 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 school's 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 its loss fund in three years, it is returned to the District with no interest. The District is a member of the Oklahoma Public Schools Unemployment Compensation Program. In this program the District is required to contribute 1.6% of its 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 its account, it will be liable for the excess.

6. **Contingencies**

Schedule of Expenditure of Federal Awards

The schedule shows the federal awards received and expended by the District during the 2012-13 fiscal year. The revised OMB Circular A-133 Audits of States, Local Governments and Non-Profit Organizations, established uniform audit requirements for nonfederal entities which expend more than \$500,000 in federal awards.

Litigation

School officials are not aware of any pending or threatened litigation, claims or assessments or unasserted claims or assessments against the District that would have a material affect on the financial statements.

Subsequent Events

Management has evaluated subsequent events through December 20, 2013, which is the date the financial statements were available to be issued, and have determined that no additional information needs to be added to the financial statements.

**INDEPENDENT SCHOOL DISTRICT NO. I-4, TULSA COUNTY  
 COMBINING STATEMENT OF ASSETS, LIABILITIES AND  
 FUND EQUITY - REGULATORY BASIS - ALL SPECIAL REVENUE FUNDS  
 JUNE 30, 2013**

<u>ASSETS</u>	<u>BUILDING FUND</u>	<u>CO-OP FUND</u>	<u>CHILD NUTRITION FUND</u>	<u>TOTALS (Memorandum Only)</u>	
				<u>2013</u>	<u>2012</u>
Cash	\$ 1,423,541	3,318	85,763	1,512,622	1,553,758
Investments	731,371		202,123	933,494	930,584
Total Assets	<u>\$ 2,154,912</u>	<u>3,318</u>	<u>287,886</u>	<u>2,446,116</u>	<u>2,484,342</u>
 <u>LIABILITIES AND FUND EQUITY</u>  					
Liabilities:					
Warrants payable	\$ 168,944	3,318	3,419	175,681	4,458
Encumbrances	107,427			107,427	19,411
Total liabilities	<u>276,371</u>	<u>3,318</u>	<u>3,419</u>	<u>283,108</u>	<u>23,869</u>
Fund Equity:					
Cash fund balances	<u>1,878,541</u>	<u>0</u>	<u>284,467</u>	<u>2,163,008</u>	<u>2,460,473</u>
Total Liabilities and Fund Equity	<u>\$ 2,154,912</u>	<u>3,318</u>	<u>287,886</u>	<u>2,446,116</u>	<u>2,484,342</u>

**INDEPENDENT SCHOOL DISTRICT NO. 1-4, TULSA COUNTY**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES**  
**IN CASH FUND BALANCES - ALL SPECIAL REVENUE FUNDS**  
**FOR THE YEAR ENDED JUNE 30, 2013**

	BUILDING FUND	CO-OP FUND	CHILD NUTRITION FUND	TOTALS (Memorandum Only)	
				2013	2012
Revenues:					
Local sources	\$ 1,691,349	1,136	766,287	2,458,772	2,511,530
State sources			27,645	27,645	28,499
Federal sources		17,627	598,341	615,968	601,789
Non-revenue receipts	2,431			2,431	316
Total revenues	<u>1,693,780</u>	<u>18,763</u>	<u>1,392,273</u>	<u>3,104,816</u>	<u>3,142,134</u>
Expenditures:					
Instruction	2,988	18,932		21,920	14,594
Support services	1,567,009	4,773		1,571,782	1,667,789
Operation of non-instructional services			902,793	902,793	805,637
Facilities, acquisition and const. services	249,750			249,750	23,368
Other outlays	2,431	2,555		4,986	182
Repayments			6,346	6,346	3,668
Total expenditures	<u>1,822,178</u>	<u>26,260</u>	<u>909,139</u>	<u>2,757,577</u>	<u>2,515,238</u>
Revenues over (under) expenditures	(128,398)	(7,497)	483,134	347,239	626,896
Other financing sources (uses):					
Lapsed appropriations	18,461			18,461	189,195
Estopped warrants			142	142	94
Operating transfers in (out)			(663,307)	(663,307)	(600,000)
Total other financing sources (uses)	<u>18,461</u>	<u>0</u>	<u>(663,165)</u>	<u>(644,704)</u>	<u>(410,711)</u>
Revenue and other sources over (under) expenditures and other uses	(109,937)	(7,497)	(180,031)	(297,465)	216,185
Cash fund balance, beginning of year	<u>1,988,478</u>	<u>7,497</u>	<u>464,498</u>	<u>2,460,473</u>	<u>2,244,288</u>
Cash fund balance, end of year	<u>\$ 1,878,541</u>	<u>0</u>	<u>284,467</u>	<u>2,163,008</u>	<u>2,460,473</u>

	BUILDING FUND			CO-OP FUND			CHILD NUTRITION FUND		
	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL
Revenues:									
Local sources	\$ 1,561,522	1,561,522	1,691,349			1,136	756,183	756,183	766,287
State sources							27,074	27,074	27,645
Federal sources				18,763	18,763	17,627	552,245	552,245	598,341
Non-revenue receipts			2,431						
Total revenues	<u>1,561,522</u>	<u>1,561,522</u>	<u>1,693,780</u>	<u>18,763</u>	<u>18,763</u>	<u>18,763</u>	<u>1,335,502</u>	<u>1,335,502</u>	<u>1,392,273</u>
Expenditures:									
Instruction	5,000	5,000	2,988	20,000	20,000	18,932			
Support services	3,290,000	3,290,000	1,567,009	6,260	6,260	4,773	1,000	1,000	
Operation of non-instructional services							1,027,500	1,027,500	902,793
Facilities acquisitions and construction	250,000	250,000	249,750						
Other outlays	5,000	5,000	2,431			2,555			
Repayments							11,500	11,500	6,346
Total expenditures	<u>3,550,000</u>	<u>3,550,000</u>	<u>1,822,178</u>	<u>26,260</u>	<u>26,260</u>	<u>26,260</u>	<u>1,040,000</u>	<u>1,040,000</u>	<u>909,139</u>
Revenues over (under) expenditures	(1,988,478)	(1,988,478)	(128,398)	(7,497)	(7,497)	(7,497)	295,502	295,502	483,134
Other financing sources (uses):									
Lapsed appropriations			18,461						
Estopped warrants									142
Operating transfers in (out)							(760,000)	(760,000)	(663,307)
Total other financing sources (uses)	<u>0</u>	<u>0</u>	<u>18,461</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>(760,000)</u>	<u>(760,000)</u>	<u>(663,165)</u>
Revenue and other sources over (under) expenditures and other uses	(1,988,478)	(1,988,478)	(109,937)	(7,497)	(7,497)	(7,497)	(464,498)	(464,498)	(180,031)
Cash fund balance, beginning of year	<u>1,988,478</u>	<u>1,988,478</u>	<u>1,988,478</u>	<u>7,497</u>	<u>7,497</u>	<u>7,497</u>	<u>464,498</u>	<u>464,498</u>	<u>464,498</u>
Cash fund balance, end of year	<u>\$ 0</u>	<u>0</u>	<u>1,878,541</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>284,467</u>

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

**INDEPENDENT SCHOOL DISTRICT NO. I-4, TULSA COUNTY  
 COMBINING STATEMENT OF ASSETS, LIABILITIES AND  
 FUND EQUITY - REGULATORY BASIS - ALL CAPITAL PROJECTS FUNDS  
 JUNE 30, 2013**

	<u>2012</u> TRANSP BOND FUND	<u>2012</u> GEN PURPOSE BOND FUND	<u>2013</u> BUILDING BOND FUND	<u>2013</u> TRANSP. BOND FUND	TOTALS (Memorandum Only)	
					<u>2013</u>	<u>2012</u>
<u>ASSETS</u>						
Cash	<u>\$ 78,119</u>	<u>1,560,452</u>	<u>9,703,305</u>	<u>350,119</u>	<u>11,691,995</u>	<u>10,568,547</u>
 <u>LIABILITIES AND FUND EQUITY</u>						
Liabilities						
Encumbrances	\$					2,895
Total Liabilities	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>2,895</u>
Fund equity						
Cash fund balances	<u>78,119</u>	<u>1,560,452</u>	<u>9,703,305</u>	<u>350,119</u>	<u>11,691,995</u>	<u>10,565,652</u>
Total Liabilities and Fund Equity	<u>\$ 78,119</u>	<u>1,560,452</u>	<u>9,703,305</u>	<u>350,119</u>	<u>11,691,995</u>	<u>10,568,547</u>

**INDEPENDENT SCHOOL DISTRICT NO. I-4, TULSA COUNTY**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES**  
**IN CASH FUND BALANCES - REGULATORY BASIS - ALL CAPITAL PROJECTS FUNDS**  
**FOR THE YEAR ENDED JUNE 30, 2013**

	2011 BUILDING BOND FUND	2012 TRANSP. BOND FUND	2012 TRANSP. BOND FUND A	2012 GEN PURPOSE BOND FUND	2013 BUILDING BOND FUND	2013 TRANSP. BOND FUND	TOTALS (Memorandum Only)	
							2013	2012
<b>Revenues</b>								
Local sources (interest earnings)	\$ 0	0	0	3,580	3,305	119	7,004	8,665
<b>Expenditures:</b>								
Support Services	876,331	77,768	271,881	7,707,576			8,933,556	44,123
Facilities, acquisition & const. services								11,074,469
Total expenditures	<u>876,331</u>	<u>77,768</u>	<u>271,881</u>	<u>7,707,576</u>	<u>0</u>	<u>0</u>	<u>8,933,556</u>	<u>11,118,592</u>
Revenues over (under) expenditures	(876,331)	(77,768)	(271,881)	(7,703,996)	3,305	119	(8,926,552)	(11,109,927)
<b>Other financing sources (uses):</b>								
Lapsed appropriations				2,895			2,895	
Bond sales proceeds					9,700,000	350,000	10,050,000	9,650,000
Total other financing sources (uses)	<u>0</u>	<u>0</u>	<u>0</u>	<u>2,895</u>	<u>9,700,000</u>	<u>350,000</u>	<u>10,052,895</u>	<u>9,650,000</u>
Revenue and other sources over (under) expenditures and other uses	(876,331)	(77,768)	(271,881)	(7,701,101)	9,703,305	350,119	1,126,343	(1,459,927)
Cash fund balance, beginning of year	<u>876,331</u>	<u>77,768</u>	<u>350,000</u>	<u>9,261,553</u>	<u>0</u>	<u>0</u>	<u>10,565,652</u>	<u>12,025,579</u>
Cash fund balance, end of year	<u>\$ 0</u>	<u>0</u>	<u>78,119</u>	<u>1,560,452</u>	<u>9,703,305</u>	<u>350,119</u>	<u>11,691,995</u>	<u>10,565,652</u>

**INDEPENDENT SCHOOL DISTRICT NO. I-4, TULSA COUNTY  
 COMBINING STATEMENT OF ASSETS, LIABILITIES AND  
 FUND EQUITY - ALL FIDUCIARY FUND TYPES - REGULATORY BASIS  
 JUNE 30, 2013**

	AGENCY FUNDS	
	ACTIVITY FUNDS	
	2013	2012
<u>ASSETS</u>		
Cash	\$ 1,286,526	1,177,932
Investments	200,000	200,000
Total Assets	\$ 1,486,526	1,377,932
<u>LIABILITIES AND FUND EQUITY</u>		
Liabilities		
Funds held for school organizations	\$ 1,486,526	1,377,932

**INDEPENDENT SCHOOL DISTRICT NO. I-4, TULSA COUNTY**  
**COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES -**  
**ALL AGENCY FUNDS - REGULATORY BASIS**  
**FOR THE YEAR ENDED JUNE 30, 2013**

	<u>Balance</u> <u>July 1, 2012</u>	<u>Additions</u>	<u>Net</u> <u>Transfers</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2013</u>
<u>Assets</u>					
Cash	\$ 1,177,932	2,313,556		2,204,962	1,286,526
Investments	200,000				200,000
Total Assets	<u>\$ 1,377,932</u>	<u>2,313,556</u>	<u>0</u>	<u>2,204,962</u>	<u>1,486,526</u>
 <u>Liabilities</u>					
Funds held for school organizations:					
819 All Sports	\$ 290,877	379,317	5,161	372,921	302,434
821 Weight Rm. Fund	5	0	(5)	0	0
822 Spartan Club	3,545	17,552	(6,247)	11,305	3,545
901 Art	403	0		0	403
902 Dance Team	0	33,152	3,990	13,544	23,598
903 Middle School Band	9,764	71,976		59,245	22,495
904 Band Student Account	41,620	119,179	3,020	92,644	71,175
905 Band Boosters	45,913	94,575	(1,154)	101,817	37,517
906 Concession Repair	5,876	0		3,386	2,490
907 State Stuco Convention	0	4,450		0	4,450
908 Community Education	23,482	178,451	862	141,665	61,130
909 Banquet Account	4,587	500		500	4,587
911 Interact	1,941	1,241		1,199	1,983
913 Math Counts	201	3,594		3,651	144
914 Art - M.S.	281	2,129		2,240	170
915 FFA	9,306	60,379	(150)	57,466	12,069
916 DECA	538	3,620	20	2,689	1,489
917 FCCLA	2,905	24,277	627	23,804	4,005
918 FFA Boosters	18,829	12,746	192	14,229	17,538
919 French Club	74	1,580	(225)	805	624
920 Central Art	8,244	6,071		4,987	9,328
921 German Club	2,669	6,251	225	6,799	2,346
923 Interest	185,486	1,314		0	186,800
924 Jr. Class	10,989	10,532		15,224	6,297
925 Journalism	1,337	17,076		18,307	106
926 Media Center	5,140	2,121		1,352	5,909
927 Brassfield Media Center	12,221	9,930		11,665	10,486
928 Central Media Center	9,815	17,331		22,288	4,858
929 Slow Pitch Softball	801	2,942		1,547	2,196
930 Key Club	539	0		0	539
931 Musical	6,550	4,345	(456)	2,724	7,715

**INDEPENDENT SCHOOL DISTRICT NO. I-4, TULSA COUNTY**  
**COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES -**  
**ALL AGENCY FUNDS - REGULATORY BASIS**  
**FOR THE YEAR ENDED JUNE 30, 2013**

	Balance		Net		Balance
	<u>July 1, 2012</u>	<u>Additions</u>	<u>Transfers</u>	<u>Deletions</u>	<u>June 30, 2013</u>
932 NHS	\$ 10,345	13,063		8,333	15,075
933 FCA	307	1,723		1,928	102
934 Cheer/Dance	37,883	59,938	1,077	74,389	24,509
935 Grad-Fest	12,215	11,350	4,006	17,505	10,066
936 North 5/6 Accel Reader	371	0		0	371
937 North 5/6 Media Center	9,094	9,296		8,935	9,455
938 North 5/6 PTA	2,135	2,296		3,173	1,258
939 North 5/6 Stuco	6,018	3,422		2,984	6,456
940 H.S. History Club	85	0		0	85
941 Sr. Class	2,524	10,389	(3,064)	6,310	3,539
942 Drama	1,290	13,607	456	10,915	4,438
943 Tech Ed	1,513	0	(1,513)	0	0
944 Student Council - H.S.	8,754	13,499		20,755	1,498
945 Swim Team Booster Club	2,577	8,079	1,000	5,520	6,136
946 Spanish Club	3,029	0		0	3,029
947 Bixby Swim Club	223	24,309		20,522	4,010
948 Swim Pool Fund	458	0	(458)	0	0
949 SADD	72	0	(72)	0	0
950 Robotics	4,362	6,085	800	7,433	3,814
951 Textbook Fund	6,378	0	(6,378)	0	0
952 Vocal H.S.	4,163	119,086	(279)	122,067	903
953 Miscellaneous II	309,791	482,741	7,236	477,961	321,807
954 H.S. Workbooks	2,122	0	(2,122)	0	0
955 Yearbooks H.S.	4,711	25,920	120	25,140	5,611
956 Central Year Books	7,562	8,255		6,270	9,547
957 North 5/6 Yearbook	4,957	5,698		4,914	5,741
958 BSN Prof. of America Club	180	486		0	666
959 FBLA	603	0	(60)	216	327
960 Special Services	41,931	50,042	282	49,249	43,006
961 H.S. Academic Team	615	377		291	701
962 Track Booster Club	513	0		0	513
963 Basketball Booster Club	10,517	25,349	(11,144)	18,602	6,120
964 Tennis Booster Club	2,898	16,638	216	15,414	4,338
965 M.S. Student Council	2,463	7,239		6,733	2,969
966 Middle School Media	5,302	3,498		8,623	177
967 Middle School Vocal	4,680	15,560		14,409	5,831
968 BEA	74	0		0	74
969 PTA Central	390	0		0	390
970 PTA Bixby North	8,407	0		8,006	401
971 PTA Brassfield	133	0		0	133
972 M.S. Yearbooks	3,890	3,415		3,226	4,079
973 Cheerleading Boosters	8,073	23,676	(3,749)	19,514	8,486
974 Softball Booster Club	7,129	22,626	(410)	16,887	12,458
975 Band Activities	79	0		0	79

**INDEPENDENT SCHOOL DISTRICT NO. I-4, TULSA COUNTY  
COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES -  
ALL AGENCY FUNDS - REGULATORY BASIS  
FOR THE YEAR ENDED JUNE 30, 2013**

	Balance <u>July 1, 2012</u>	<u>Additions</u>	Net <u>Transfers</u>	<u>Deletions</u>	Balance <u>June 30, 2013</u>
976 Indian Club Account	\$ 815	0		0	815
977 Science Club	373	0	(373)	0	0
978 MCJROTC Booster Club	1,507	3,512	350	3,206	2,163
979 Accelerated Reader	1,535	0		633	902
980 Volleyball Club	0	5,416		5,416	0
981 Baseball Booster Club	57,333	74,400	(676)	76,520	54,537
982 Spanish Club MS	1,158	498		673	983
984 ROTC	3,976	8,279	5,767	14,534	3,488
985 H.S. Student Store	8,613	24,394	639	23,716	9,930
986 Volleyball Booster Club	7,576	26,076	2,300	21,859	14,093
987 Middle School PTO	615	11,000		0	11,615
988 Wrestling Booster Club	6,452	7,765	199	9,304	5,112
989 Spartan Testing Fund	13,436	25,486		24,987	13,935
990 Soccer Booster Club	11,894	20,929	40	18,667	14,196
991 Bixby North Media Center	5,094	13,314		15,334	3,074
992 Bixby North Yearbooks	3,901	6,925		3,916	6,910
993 Brassfield Yearbooks	1,579	5,087		4,415	2,251
994 Brassfield Student Council	2,168	1,946		1,820	2,294
995 Hall of Fame	3,016	1,662	(50)	3,145	1,483
996 North Hospitality	136	679		793	22
997 Freshman Class	662	975		605	1,032
998 Sophomore Class	1,339	920		1,192	1,067
Total Liabilities	<u>\$ 1,377,932</u>	<u>2,313,556</u>	<u>0</u>	<u>2,204,962</u>	<u>1,486,526</u>

**INDEPENDENT SCHOOL DISTRICT NO. I-4, TULSA COUNTY  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED JUNE 30, 2013**

Federal Grantor/Pass Through Grantor/Program Title	Federal CFDA Number	Federal Grantor's/ Pass-through Grantor's Number	Program or Award Amount	Beginning Balance 7/01/2012	Revenue Collected	Total Expenditures	Ending Balance 6/30/2013
<u>U.S. Department of Education:</u>							
<u>Direct Programs:</u>							
Title VII-Part A, Indian Education	84.060	S060A131286	\$ 124,780		105,910	124,780	(18,870)
Title VII-Part A, Indian Education 2011-12 - Note 1	84.060	S060A121286		(15,828)	15,828		
Subtotal			124,780	(15,828)	121,738	124,780	(18,870)
<u>Passed Through State Department of Human Services:</u>							
Job Training - OJT	84.126		3,636		3,636	3,636	
Job Training - OJT 2011-12 Note 1	84.126			(266)	266		
Medicaid	93.778				92,697	50,586	42,111
Subtotal			3,636	(266)	96,599	54,222	42,111
<u>Passed Through State Department of Education:</u>							
Title I-Part A, Improving Basic Programs	84.010		373,940			269,177	(269,177)
Title I-Part A 2011-12 - Note 1	84.010			(273,197)	273,197		
* Special Education Programs -							
Flowthrough, P.L. 105-17	84.027		906,343			902,706	(902,706)
Flowthrough, P.L. 105-17 2011-12 - Note 1	84.027			(909,170)	909,170		
Project ECCO	84.391		731			731	(731)
Project ECCO 2011-12 - Note 1	84.391			(208)	208		
Preschool, Ages 3-5, P.L. 105-17	84.173		37,929			25,240	(25,240)
Preschool, Ages 3-5, P.L. 105-17 2011-12 - Note 1	84.173			(23,204)	23,204		
Title II-Part D, Educ. Tech. 2011-12 - Note 1	84.318			(56)	56		
Title II-Part A, Teacher & Principal Training	84.336		103,639			86,272	(86,272)
Title II-Part A 2011-12 - Note 1	84.336			(101,257)	101,257		
Title III-Part A, English as a Second Language	84.365		39,711			23,705	(23,705)
Title III-Part A 2011-12 - Note 1	84.365			(17,627)	17,627		
Education Jobs - Reac3H Coaches			133,852		133,852	133,852	
Subtotal			1,596,145	(1,324,719)	1,458,571	1,441,683	(1,307,831)
<u>Passed Through State Department of Career and Technology Education:</u>							
Carl Perkins Grant	84.048		32,430			31,138	(31,138)
Carl Perkins Grant 2011-12 - Note 1	84.048			(27,989)	27,989		

**INDEPENDENT SCHOOL DISTRICT NO. I-4, TULSA COUNTY  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED JUNE 30, 2013**

Federal Grantor/Pass Through Grantor/Program Title	Federal CFDA Number	Federal Grantor's/ Pass-through Grantor's Number	Program or Award Amount	Beginning Balance 7/01/2012	Revenue Collected	Total Expenditures	Ending Balance 6/30/2013
Subtotal			32,430	(27,989)	27,989	31,138	(31,138)
<u>U.S. Department of Agriculture:</u>							
<u>Passed Through State Department of Education:</u>							
* Child Nutrition Cluster:							
Non-Cash Assistance (Commodities):							
National School Lunch Program	10.555				68,502	68,502	
Non-Cash Assistance Subtotal					68,502	68,502	
Cash Assistance:							
National School Lunch Program	10.555				506,079	506,079	
School Breakfast Program	10.553				92,262	92,262	
Cash Assistance Subtotal					598,341	598,341	
Total For Program (Cluster)				0	666,843	666,843	0
<u>Other Federal Assistance:</u>							
JROTC - Marines	12.N/A		\$ 73,112		66,977	73,112	(6,135)
JROTC - Marines 2011-12 - Note 1	12.N/A			(6,061)	6,061		
Flood Control	12.112		24		24	24	
Subtotal			73,136	(6,061)	73,062	73,136	(6,135)
Total Federal Assistance			\$ 1,830,127	(1,374,863)	2,444,802	2,391,802	(1,321,863)

\* Major federal programs

Note 1 - These amounts represent reimbursements for prior year expenditures which were not received until the current fiscal year.

Note 2 - Commodities received by the District in the amount of \$68,502 were of a non-monetary nature and therefore the total revenue does not agree with the financial statements by this amount.

Note 3 - This schedule was prepared on a regulatory basis of accounting consistent with the preparation of the combined financial statements.

**INDEPENDENT SCHOOL DISTRICT NO. I-4, TULSA COUNTY  
STATEMENT OF STATUTORY, FIDELITY AND HONESTY BONDS  
FOR THE YEAR ENDED JUNE 30, 2013**

<u>BONDING COMPANY</u>	<u>POSITION COVERED</u>	<u>BOND NUMBER</u>	<u>COVERAGE AMOUNT</u>	<u>EFFECTIVE DATES</u>
Ohio Casualty Insurance	Treasurer	5071296	\$ 100,000	7/1/12-6/30/13
	Superintendent	5056070	100,000	7/1/12-6/30/13
	Encumbrance Clerk	5061836	100,000	7/1/12-6/30/13
	Activity Fund Custodian	5061833	100,000	7/1/12-6/30/13
	Chief Financial Officer	5061871	100,000	7/1/12-6/30/13
	Payroll Director	5061829	100,000	7/1/12-6/30/13
	Activity Fund Custodian	5061831	100,000	7/1/12-6/30/13
	Child Nutrition Custodian	5061860	10,000	7/1/12-6/30/13
	Activity Fund Custodian	5061857	10,000	7/1/12-6/30/13
	Child Nutrition Custodian	5061849	10,000	7/1/12-6/30/13
	Activity Fund Custodian	5061847	10,000	7/1/12-6/30/13
	Activity Fund Custodian	5061846	10,000	7/1/12-6/30/13
	Activity Fund Custodian	5061843	10,000	7/1/12-6/30/13
	Child Nutrition Custodian	5061841	10,000	7/1/12-6/30/13
	Child Nutrition Custodian	5061856	10,000	7/1/12-6/30/13
	Activity Fund Custodian	5061868	10,000	7/1/12-6/30/13
	Activity Fund Custodian	5062264	10,000	7/1/12-6/30/13
	Activity Fund Custodian	5061823	10,000	7/1/12-6/30/13
	Child Nutrition Custodian	5061867	10,000	7/1/12-6/30/13
	Child Nutrition Custodian	5061861	10,000	7/1/12-6/30/13
	Child Nutrition Custodian	5061837	10,000	7/1/12-6/30/13
	Activity Fund Custodian	5061835	10,000	7/1/12-6/30/13
	Child Nutrition Custodian	5061825	10,000	7/1/12-6/30/13
	Activity Fund Custodian	5061826	10,000	7/1/12-6/30/13
	Minutes Clerk	5091237	10,000	7/1/12-6/30/13



# SANDERS, BLEDSOE & HEWETT

CERTIFIED PUBLIC ACCOUNTANTS, LLP

**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**

December 20, 2013

The Honorable Board of Education  
Bixby School District Number I-4  
Bixby, Tulsa 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 fund type and account group financial statements – regulatory basis within the combined financial statements of the Bixby School District Number I-4, Bixby, Tulsa 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 December 20, 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. However, our report was qualified for the omission of the general fixed asset account group with respect to the presentation of financial statements on the regulatory basis of accounting authorized by the Oklahoma State Board of Education.

### **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 agreement, compliance with which could have a direct and material effect on the determination of financial statements 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.

A handwritten signature in black ink that reads "Sanders, Bledsoe & Hewett". The signature is written in a cursive, flowing style.

Sanders, Bledsoe & Hewett  
Certified Public Accounts, LLP



# SANDERS, BLEDSOE & HEWETT

CERTIFIED PUBLIC ACCOUNTANTS, LLP

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

December 20, 2013

The Honorable Board of Education  
Bixby School District Number I-4  
Bixby, Tulsa County, Oklahoma

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

We have audited Bixby School District Number I-4, Bixby, Tulsa 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 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, the District, 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 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 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.



Sanders, Bledsoe & Hewett  
Certified Public Accounts, LLP

INDEPENDENT SCHOOL DISTRICT NO. I-4, TULSA COUNTY  
SCHEDULE OF AUDIT RESULTS, FINDINGS AND QUESTIONED COSTS  
JUNE 30, 2013

**Section 1** – Summary of Auditor’s Results:

1. A qualified opinion was issued on the financial statements with respect to the regulatory basis of accounting prescribed.
2. The audit disclosed no significant deficiencies in the internal controls.
3. The audit disclosed no instances of noncompliance which were material to the financial statements.
4. The audit disclosed no significant deficiencies in the internal controls over major programs.
5. An unqualified opinion report was issued on the compliance of major programs.
6. The audit disclosed no findings which were required to be reported under OMB Circular A-133 § 510(a).
7. Programs determined to be major are the IDEA-B Special Education Programs (84.027, 84.173, 84.391) and the Child Nutrition Programs (10.553, 10.555), which were clustered in determination.
8. The dollar threshold used to determine between Type A and Type B programs was \$300,000.
9. The auditee was not determined to be a low-risk auditee.

**Section 2** – Findings relating to the financial statements required to be reported in accordance with GAGAS:

No findings

**Section 3** – Findings and questioned costs for federal awards:

No findings

INDEPENDENT SCHOOL DISTRICT NO. I-4, TULSA COUNTY  
DISPOSITION OF PRIOR YEAR'S REPORTABLE CONDITIONS AND MATERIAL  
INSTANCES OF NON-COMPLIANCE  
JUNE 30, 2013

There were no prior year reportable conditions.

INDEPENDENT SCHOOL DISTRICT NO. I-4, TULSA COUNTY  
SCHEDULE OF ACCOUNTANT'S PROFESSIONAL LIABILITY INSURANCE  
AFFIDAVIT  
JULY 1, 2012 TO JUNE 30, 2013

State of Oklahoma            )  
  ) ss  
County of Tulsa             )

The undersigned auditing firm of lawful ages, 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 Bixby Public Schools for the audit year 2012-13.

Sanders, Bledsoe & Hewett  
Certified Public Accountants, LLP  
Auditing Firm

By \_\_\_\_\_  
Authorized Agent

Subscribed and sworn to before me  
This 20<sup>th</sup> day of December, 2013

\_\_\_\_\_  
Notary Public (or Clerk or Judge)

My Commission Expires: 5/19/2016  
Commission No. 00008621