

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

**BRAY-DOYLE SCHOOL DISTRICT NO. I-42,  
STEPHENS COUNTY, OKLAHOMA**

**JUNE 30, 2013**

**Audited by**

**JACK H. JENKINS  
CERTIFIED PUBLIC ACCOUNTANT  
A PROFESSIONAL CORPORATION  
TULSA, OK**

**BRAY-DOYLE SCHOOL DISTRICT NO. I-42  
STEPHENS COUNTY, OKLAHOMA  
JUNE 30, 2013**

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**BRAY-DOYLE SCHOOL DISTRICT NO. I-42  
STEPHENS COUNTY, OKLAHOMA  
JUNE 30, 2013**

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**BRAY-DOYLE SCHOOL DISTRICT NO. I-42  
STEPHENS COUNTY, OKLAHOMA  
SCHOOL DISTRICT OFFICIALS  
JUNE 30, 2013**

BOARD OF EDUCATION

President	Larry Osborne
Vice-President	Cris Sparks
Clerk	Eric Dorman
Member	Karl Shackelford
Member	Wilroy Keck

SUPERINTENDENT OF SCHOOLS

David Eads

MINUTES CLERK

Sonya Anschutz

SCHOOL DISTRICT TREASURER

Melba Taliaferro



**Jack H. Jenkins, CPA** *A Professional Corporation*

## INDEPENDENT AUDITOR'S REPORT

The Honorable Board of Education  
Bray-Doyle School District No. I-042  
Marlow, Oklahoma 73055-8957

I have audited the accompanying regulatory basis financial statements of Bray-Doyle School District No. I-042, Marlow, Oklahoma, as listed in the table of contents as of and for the year ended June 30, 2013. These financial statements are the responsibility of the District's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my 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 I 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 combined financial statement presentation. I believe that my audit provides a reasonable basis for my opinion.

As discussed in Note 1, these financial statements were prepared in conformity with the accounting and financial reporting regulations prescribed by the Oklahoma State Department of Education that demonstrates compliance with the cash basis and budget laws of Oklahoma, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. The differences between the regulatory basis of accounting and accounting principles generally accepted in the United States of America are also described in Note 1.

Also, as discussed in Note 1, the regulatory basis financial statements referred to above do not include the general fixed asset account group. The amount that should be recorded in the general fixed assets group is not known. If the general fixed assets account group had been included, the amount of the adjustments to the regulatory basis financial statements is not known.


In my opinion, because of the District's policy to prepare its financial statements on the basis of accounting discussed in the third paragraph, the financial statements referred to above do not present fairly in all material respects, in conformity with accounting principles generally accepted in the United States of America, the financial position of Bray-Doyle School District

No. I-042, Marlow, Oklahoma as of June 30, 2013, and the results of its operations for the year then ended.

However, in my opinion, except for the omission of the general fixed assets account group, which results in an incomplete presentation as explained in the fourth paragraph, the financial statements referred to above present fairly, in all material respects, the assets, liabilities, and equity arising from regulatory basis transactions of each fund type and account group, where applicable, of Bray-Doyle School District No. I-042, Marlow, Oklahoma, as of June 30, 2013, and the revenues collected and expenditures paid for the year then ended on the regulatory basis of accounting described in Note 1.

In accordance with *Government Auditing Standards*, I have also issued a report dated December 4, 2013, on my consideration of the District's internal control over financial reporting and my tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of my 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 my audit.

My audit was conducted for the purpose of forming an opinion on the regulatory basis financial statements that collectively comprise Bray-Doyle School District No. I-042's basic financial statements. The accompanying Schedule of Expenditures of Federal Awards is presented for additional analysis as required by the Oklahoma State Department of Education, and is not a required part of the financial statements. The combining fund statements and supporting schedules listed in the table of contents are presented for purposes of additional analysis. This other supplementary information has been subjected to the auditing procedures applied in the audit of the financial statements and, in my opinion, is fairly stated in all material respects in relation to the financial statements taken as a whole.



Jack H. Jenkins  
Certified Public Accountant, P.C.

December 4, 2013

**COMBINED FINANCIAL STATEMENTS - REGULATORY BASIS**

**INDEPENDENT SCHOOL DISTRICT NO. 1-42, STEPHENS COUNTY  
COMBINED STATEMENT OF ASSETS, LIABILITIES AND FUND EQUITY -  
REGULATORY BASIS - ALL FUND TYPES AND ACCOUNT GROUPS  
JUNE 30, 2013**

ASSETS	GENERAL	GOVERNMENTAL FUND TYPES		CAPITAL PROJECTS	FIDUCIARY FUND TYPES EXPENDABLE TRUST AND AGENCY FUND	ACCOUNT GROUP GENERAL LONG-TERM DEBT	TOTALS	
		SPECIAL REVENUE	DEBT SERVICE				2013	(Memorandum Only) 2012
Cash	\$ 498,257	83,955	121,756	33,545	75,149		812,662	1,011,384
Amounts available in debt service						4,192	4,192	1,656
Amounts to be provided for retirement of general long-term debt								
Total assets	<u>498,257</u>	<u>83,955</u>	<u>121,756</u>	<u>33,545</u>	<u>75,149</u>	<u>400,670</u>	<u>1,217,524</u>	<u>433,344</u>
								<u>1,446,384</u>
<u>LIABILITIES AND FUND EQUITY</u>								
Liabilities								
Warrants payable	99,104	1,689		7,810			108,603	121,020
Encumbrances	1,355	274					1,629	4,866
Funds held for school organizations					46,121		46,121	30,224
Unmatured obligations			117,564				117,564	92,966
Long-term debt:								
Bonds payable						345,000	345,000	435,000
Capital leases						59,862	59,862	-
Total liabilities	<u>100,459</u>	<u>1,963</u>	<u>117,564</u>	<u>7,810</u>	<u>46,121</u>	<u>404,862</u>	<u>678,779</u>	<u>684,076</u>
Fund Equity								
Cash fund balances	397,798	81,992	4,192	25,735	29,028		538,745	762,308
Total Liabilities and Fund Equity	<u>\$ 498,257</u>	<u>83,955</u>	<u>121,756</u>	<u>33,545</u>	<u>75,149</u>	<u>404,862</u>	<u>1,217,524</u>	<u>1,446,384</u>

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



**INDEPENDENT SCHOOL DISTRICT NO. 1-42, STEPHENS COUNTY**  
**COMBINED STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN CASH FUND BALANCES**  
**REGULATORY BASIS - ALL GOVERNMENTAL FUND TYPES**  
**JUNE 30, 2013**

	GOVERNMENTAL FUND TYPES			FIDUCIARY FUND TYPES EXPENDABLE TRUST	TOTALS (Memorandum Only) 2012
	GENERAL	SPECIAL REVENUE	DEBT SERVICE		
<b>Revenues</b>					
Local sources	\$ 730,833	120,835	123,589	617,489	1,592,996
Intermediate sources	65,089				66,738
State sources	1,833,133	2,693	7		1,835,833
Federal sources	126,140	82,303			208,443
Non-revenue receipts	16,260	29			16,289
Total revenues	<u>2,771,455</u>	<u>205,860</u>	<u>123,596</u>	<u>617,489</u>	<u>3,718,650</u>
<b>Expenditures</b>					
Instruction	1,839,214				1,839,214
Support services	1,017,968	74,014		64,064	1,156,046
Operation of non-instructional services	65,269	126,002			191,271
Facilities, acquisition & const. services	2,581			588,461	591,042
Other outlays	44,047				44,047
Debt service			121,060		121,060
Total expenditures	<u>2,969,079</u>	<u>200,016</u>	<u>121,060</u>	<u>588,461</u>	<u>3,942,680</u>
Revenues over (under) expenditures	(197,624)	5,844	2,536	(63,814)	(224,030)
<b>Other financing sources (uses)</b>					
Lapsed appropriations					-
Estopped warrants	467				467
Bank fees					-
Total other financing sources (uses)	<u>467</u>	-	-	-	<u>467</u>
Revenue and other sources over (under) expenditures and other uses	(197,157)	5,844	2,536	(63,814)	(223,563)
Cash fund balance, beginning of year	594,955	76,148	1,656	89,549	762,308
Cash fund balance, end of year	<u>\$ 397,798</u>	<u>81,992</u>	<u>4,192</u>	<u>29,028</u>	<u>538,745</u>
					<u>762,308</u>

The notes to the combined financial statements are an integral part of this statement-7-

**INDEPENDENT SCHOOL DISTRICT NO. I-42, STEPHENS COUNTY  
 COMBINED STATEMENT OF REVENUES, EXPENDITURES  
 AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL -  
 REGULATORY BASIS - BUDGETED GENERAL FUND  
 JUNE 30, 2013**

	GENERAL FUND		
	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL
Revenues			
Local sources	\$ 619,688	\$ 619,688	730,833
Intermediate sources	60,944	60,944	65,089
State sources	1,883,820	1,883,820	1,833,133
Federal sources	170,244	170,244	126,140
Non-revenue receipts			16,260
Total revenues	<u>2,734,696</u>	<u>2,734,696</u>	<u>2,771,455</u>
Expenditures			
Instruction	57,064	57,064	1,839,214
Support services			1,017,968
Operation of non-instructional services			65,269
Facilities, acquisition & const. services			2,581
Other outlays			44,047
Non-categorical	<u>3,272,587</u>	<u>3,272,587</u>	
Total expenditures	<u>3,329,651</u>	<u>3,329,651</u>	<u>2,969,079</u>
Revenues over (under) expenditures	(594,955)	(594,955)	(197,624)
Other financing sources (uses)			
Estopped warrants			467
Total other financing sources (uses)			<u>467</u>
Revenue and other sources over (under) expenditures and other uses	(594,955)	(594,955)	(197,157)
Cash fund balance, beginning of year	<u>594,955</u>	<u>594,955</u>	<u>594,955</u>
Cash fund balance, end of year	<u>\$ -</u>	<u>-</u>	<u>397,798</u>

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

**INDEPENDENT SCHOOL DISTRICT NO. I-42, STEPHENS COUNTY  
 COMBINED STATEMENT OF REVENUES, EXPENDITURES  
 AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL -  
 REGULATORY BASIS - ALL BUDGETED SPECIAL REVENUE FUNDS  
 JUNE 30, 2013**

	SPECIAL REVENUE FUNDS		
	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL
<b>Revenues</b>			
Local sources	\$ 94,811	94,811	120,835
State sources	3,058	3,058	2,693
Federal sources	84,173	84,173	82,303
Non-revenue receipts	17,149	17,149	29
<b>Total revenues</b>	<b>199,191</b>	<b>199,191</b>	<b>205,860</b>
<b>Expenditures</b>			
Support services	59,828	59,828	74,014
Operation of non-instructional services			126,002
Non-categorical	215,511	215,511	
<b>Total expenditures</b>	<b>275,339</b>	<b>275,339</b>	<b>200,016</b>
Revenues over (under) expenditures	(76,148)	(76,148)	5,844
Cash fund balance, beginning of year	76,148	76,148	76,148
Cash fund balance, end of year	\$ -	-	81,992

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

**INDEPENDENT SCHOOL DISTRICT NO. I-42, STEPHENS COUNTY  
 COMBINED STATEMENT OF REVENUES, EXPENDITURES  
 AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL -  
 REGULATORY BASIS - DEBT SERVICE FUNDS  
 JUNE 30, 2013**

	DEBT SERVICE FUND		
	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL
Revenues			
Local sources	\$ 119,404	119,404	123,589
State sources			7
Total revenues	119,404	119,404	123,596
Expenditures			
Other outlays			
Debt service	121,060	121,060	121,060
Revenues over (under) expenditures	(1,656)	(1,656)	2,536
Cash fund balance, beginning of year	1,656	1,656	1,656
Cash fund balance, end of year	\$ -	-	4,192

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

**NOTES TO COMBINED FINANCIAL STATEMENTS -  
REGULATORY BASIS**

**BRAY-DOYLE SCHOOL DISTRICT NO. I-42, STEPHENS COUNTY**  
**NOTES TO COMBINED FINANCIAL STATEMENTS - REGULATORY BASIS**  
**FOR THE YEAR ENDED JUNE 30, 2013**

**1. Summary of Significant Accounting Policies**

The basic financial statements of the Bray-Doyle Public Schools, District No. I-42 (the "District") have been prepared in conformity with another 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. The Parent Teacher Association (PTA) is not included in the reporting entity. The District does not appoint any of the board members or exercise any oversight authority over the PTA.

**BRAY-DOYLE SCHOOL DISTRICT NO. I-42, STEPHENS COUNTY  
NOTES TO COMBINED FINANCIAL STATEMENTS - REGULATORY BASIS  
FOR THE YEAR ENDED JUNE 30, 2013**

1. **Summary of Significant Accounting Policies- contd.**

*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 services, for paying fire and casualty insurance premiums for

**BRAY-DOYLE SCHOOL DISTRICT NO. I-42, STEPHENS COUNTY  
NOTES TO COMBINED FINANCIAL STATEMENTS - REGULATORY BASIS  
FOR THE YEAR ENDED JUNE 30, 2013.**

1. **Summary of Significant Accounting Policies- contd.**

*B. Fund Accounting - contd.*

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. The District did not maintain this fund during the 2012-13 fiscal year.

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.



**BRAY-DOYLE SCHOOL DISTRICT NO. 1-42, STEPHENS COUNTY**  
**NOTES TO COMBINED FINANCIAL STATEMENTS - REGULATORY BASIS**  
**FOR THE YEAR ENDED JUNE 30, 2013**

1. **Summary of Significant Accounting Policies- contd.**

*B. Fund Accounting - contd.*

**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.

Gifts and Endowments Fund - The gifts and endowments 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.

**BRAY-DOYLE SCHOOL DISTRICT NO. I-42, STEPHENS COUNTY  
NOTES TO COMBINED FINANCIAL STATEMENTS - REGULATORY BASIS  
FOR THE YEAR ENDED JUNE 30, 2013**

1. **Summary of Significant Accounting Policies-** contd.

B. *Fund Accounting* - contd.

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*

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.
- Warrants payable are recorded as liabilities when issued.
- Long-term debt is recorded when incurred.

**BRAY-DOYLE SCHOOL DISTRICT NO. I-42, STEPHENS COUNTY  
NOTES TO COMBINED FINANCIAL STATEMENTS - REGULATORY BASIS  
FOR THE YEAR ENDED JUNE 30, 2013**

1. **Summary of Significant Accounting Policies-** contd.

*C. Basis of Accounting and Presentation – contd.*

- Accrued compensated absences are recorded as an expenditure and liability when the obligation is incurred.

This regulatory basis of accounting differs from accounting principles generally accepted in the United States of America, which requires 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 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.

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 - 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;

**BRAY-DOYLE SCHOOL DISTRICT NO. I-42, STEPHENS COUNTY  
NOTES TO COMBINED FINANCIAL STATEMENTS - REGULATORY BASIS  
FOR THE YEAR ENDED JUNE 30, 2013**

1. **Summary of Significant Accounting Policies-** contd.

*E. Assets, Liabilities and Fund Equity – contd.*

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.

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.

**BRAY-DOYLE SCHOOL DISTRICT NO. I-42, STEPHENS COUNTY**  
**NOTES TO COMBINED FINANCIAL STATEMENTS - REGULATORY BASIS**  
**FOR THE YEAR ENDED JUNE 30, 2013**

1. **Summary of Significant Accounting Policies-** contd.

*E. Assets, Liabilities and Fund Equity-* contd.

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, 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.

**BRAY-DOYLE SCHOOL DISTRICT NO. I-42, STEPHENS COUNTY  
NOTES TO COMBINED FINANCIAL STATEMENTS - REGULATORY BASIS  
FOR THE YEAR ENDED JUNE 30, 2013**

1. **Summary of Significant Accounting Policies-** contd.

*F. Revenue and Expenditures-* contd.

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 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

**BRAY-DOYLE SCHOOL DISTRICT NO. I-42, STEPHENS COUNTY**  
**NOTES TO COMBINED FINANCIAL STATEMENTS - REGULATORY BASIS**  
**FOR THE YEAR ENDED JUNE 30, 2013**

1. **Summary of Significant Accounting Policies-** contd.

*F. Revenue and Expenditures - contd.*

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.

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/Uses 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 uses include 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 inter-fund transactions, except quasi-external transactions and reimbursements, are reported as transfers. Nonrecurring or non-routine permanent transfers of equity are

**BRAY-DOYLE SCHOOL DISTRICT NO. I-42, STEPHENS COUNTY**  
**NOTES TO COMBINED FINANCIAL STATEMENTS - REGULATORY BASIS**  
**FOR THE YEAR ENDED JUNE 30, 2013**

1. **Summary of Significant Accounting Policies-** contd.

*F. Revenue and Expenditures - contd.*

reported as residual equity transfers. All other inter-fund transfers are reported as operating transfers. There were no transfers during the 2012-13 fiscal year.

2. **Deposits and Investments**

Custodial Credit Risk

At June 30, 2013, the District held deposits of approximately \$812,662 at financial institutions. The District's cash deposits, including interest-bearing certificates of deposit, are entirely covered by Federal Depository Insurance (FDIC) or direct obligation of the U.S. government insured or collateralized with securities held by the District or by its agent in the District's name.

*Investment Interest Rate Risk*

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

*Investment Credit Risk*

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

- a. Direct obligations of the U.S. Government, its agencies and instrumentalities to which the full faith and credit of the U.S. Government is pledged, or obligations to the payment of which the full faith and credit of the State is pledged.
- 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 deposits or savings accounts in out-of-state financial institutions.
- c. With certain limitation, negotiable certificates of deposit, prime bankers acceptances, prime commercial paper and repurchase agreements with certain limitations.
- d. County, municipal or school district tax supported debt obligations, bond or revenue anticipation notes, money judgments, or bond or revenue anticipations notes of public trusts whose beneficiary is a county, municipality or school district.
- e. Notes or bonds secured by mortgage or trust deed insured by the Federal Housing Administrator and debentures issued by the Federal Housing Administrator, and in obligations of the National Mortgage Association.



**BRAY-DOYLE SCHOOL DISTRICT NO. I-42, STEPHENS COUNTY  
NOTES TO COMBINED FINANCIAL STATEMENTS - REGULATORY BASIS  
FOR THE YEAR ENDED JUNE 30, 2013**

2. **Deposits and Investments** – cont'd

- f. Money market funds regulated by the SEC and in which investments consist of the investments mentioned in the previous paragraphs (a.-d.).

There were no investments at June 30, 2013.

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 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 of the date of issue.

General long-term debt of the District consists of bonds payable and a capital lease. 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 Payable	Capital Leases	Totals
Balance, July 1, 2012	435,000	-	435,000
Additions		68,277	68,277
Retirements	90,000	8,415	98,415
Balance, June 30, 2013	<u>345,000</u>	<u>59,862</u>	<u>404,862</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>	
General Obligation Bonds, Series 2012, original issue \$435,000, interest rate of 1.2%-2.0%, due in an initial installment of \$90,000 beginning 8-01-12, annual installments thereafter of \$115,000, final payment due 8-01-15;	\$ 345,000

**BRAY-DOYLE SCHOOL DISTRICT NO. I-42, STEPHENS COUNTY  
NOTES TO COMBINED FINANCIAL STATEMENTS - REGULATORY BASIS  
FOR THE YEAR ENDED JUNE 30, 2013**

3. **General Long-term Debt -- contd.**

	<u>Amount Outstanding</u>
<u>Capital Leases</u>	
Lease purchase for equipment dated 9-24-12, totaling \$68,277 interest rate of 2.99%, due in monthly principal and interest installments of \$1,229, beginning 11-17-12, final payment due 10-17-17;	<u>59,862</u>
Totals	<u>\$ 404,862</u>

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

Year ending <u>June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2014	\$ 115,000	5,089	120,089
2015	115,000	3,278	118,278
2016	115,000	1,150	116,150
Totals	<u>\$ 345,000</u>	<u>9,517</u>	<u>354,517</u>

There was \$6,463 interest paid on general long-term debt incurred during the current year.

The annual debt service requirements for capital lease principal, and interest are as follows:

Year ending <u>June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2014	\$ 13,135	1,611	14,746
2015	13,534	1,213	14,747
2016	13,942	805	14,747
2017	14,366	380	14,746
2018	4,885	31	4,916
Totals	<u>\$ 59,862</u>	<u>4,040</u>	<u>63,902</u>

**BRAY-DOYLE SCHOOL DISTRICT NO. I-42, STEPHENS COUNTY**  
**NOTES TO COMBINED FINANCIAL STATEMENTS - REGULATORY BASIS**  
**FOR THE YEAR ENDED JUNE 30, 2013**

**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 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. Beginning, July 1, 2010, the District and State were required to contribute 14.5% of applicable compensation. Contributions received by the System are from a percentage of its revenues from sales taxes, use taxes, corporate income taxes and individual income taxes. The District contributed 9.5% beginning January 1, 2010 and the State of Oklahoma contributed the remaining 5.0% 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.

**BRAY-DOYLE SCHOOL DISTRICT NO. I-42, STEPHENS COUNTY  
NOTES TO COMBINED FINANCIAL STATEMENTS - REGULATORY BASIS  
FOR THE YEAR ENDED JUNE 30, 2013**

**4. Employee Retirement System – contd.**

Annual Pension Cost

The District's portion of the total contributions for 2013, 2012 and 2011 were \$149,152, \$169,306 and \$161,475, respectively.

**5. 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.

**6. 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.

**7. Subsequent Events**

Management has evaluated subsequent events through the date of the audit report, 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.

**OTHER SUPPLEMENTARY INFORMATION – REGULATORY  
BASIS - COMBINING FINANCIAL STATEMENTS**

**INDEPENDENT SCHOOL DISTRICT NO. I-42, STEPHENS 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>CHILD NUTRITION FUND</u>	<u>TOTALS (Memorandum Only)</u>	
			<u>2013</u>	<u>2012</u>
Cash	\$ 80,953	3,002	83,955	82,836
 <u>LIABILITIES AND FUND EQUITY</u> 				
Liabilities				
Warrants payable		1,689	1,689	2,793
Encumbrances	274		274	3,895
Total liabilities	<u>274</u>	<u>1,689</u>	<u>1,963</u>	<u>6,688</u>
Fund Equity				
Cash fund balances	<u>80,679</u>	<u>1,313</u>	<u>81,992</u>	<u>76,148</u>
Total Liabilities and Fund Equity	<u>\$ 80,953</u>	<u>3,002</u>	<u>83,955</u>	<u>82,836</u>

**INDEPENDENT SCHOOL DISTRICT NO. I-42, STEPHENS COUNTY  
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES  
 IN CASH FUND BALANCES - REGULATORY BASIS - ALL SPECIAL REVENUE FUNDS  
 JUNE 30, 2013**

	BUILDING FUND	CHILD NUTRITION FUND	TOTALS (Memorandum Only)	
			2013	2012
<b>Revenues</b>				
Local sources	\$ 96,764	24,071	120,835	95,626
State sources	6	2,687	2,693	3,224
Federal sources		82,303	82,303	88,603
Non-revenue receipts		29	29	21,052
Total revenues	<u>96,770</u>	<u>109,090</u>	<u>205,860</u>	<u>208,505</u>
<b>Expenditures</b>				
Support services	74,014		74,014	46,126
Operation of non-instructional services		126,002	126,002	123,824
Other outlays			-	3,000
Total expenditures	<u>74,014</u>	<u>126,002</u>	<u>200,016</u>	<u>172,950</u>
Revenues over (under) expenditures	22,756	(16,912)	5,844	35,555
<b>Other financing sources (uses)</b>				
Estopped warrants			-	10
Total other financing sources (uses)	-	-	<u>-</u>	<u>10</u>
Revenue and other sources over (under) expenditures and other uses	22,756	(16,912)	5,844	35,565
Cash fund balance, beginning of year	<u>57,923</u>	<u>18,225</u>	<u>76,148</u>	<u>40,583</u>
Cash fund balance, end of year	<u>\$ 80,679</u>	<u>1,313</u>	<u>81,992</u>	<u>76,148</u>

**INDEPENDENT SCHOOL DISTRICT NO. 1-42, STEPHENS COUNTY**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES**  
**AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL -**  
**- REGULATORY BASIS - ALL BUDGETED SPECIAL REVENUE FUNDS**  
**JUNE 30, 2013**

	BUILDING FUND			CHILD NUTRITION FUND		
	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL
Revenues						
Local sources	\$ 88,571	88,571	96,764	\$ 6,240	6,240	24,071
State sources			6	3,058	3,058	2,687
Federal sources				84,173	84,173	82,303
Non-revenue receipts				17,149	17,149	29
Total revenues	88,571	88,571	96,770	110,620	110,620	109,090
Expenditures						
Support services	59,828	59,828	74,014			126,002
Operation of non-instructional services						
Non-categorical	86,666	86,666		128,845	128,845	
Total expenditures	146,494	146,494	74,014	128,845	128,845	126,002
Revenues over (under) expenditures	(57,923)	(57,923)	22,756	(18,225)	(18,225)	(16,912)
Cash fund balance, beginning of year	57,923	57,923	57,923	18,225	18,225	18,225
Cash fund balance, end of year	\$ -	-	80,679	\$ -	-	1,313



**INDEPENDENT SCHOOL DISTRICT NO. I-42, STEPHENS COUNTY**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES**  
**IN CASH FUND BALANCES - REGULATORY BASIS - ALL CAPITAL PROJECTS FUNDS**  
**JUNE 30, 2013**

	2010	2010	TOTALS	
	BUILDING BOND FUND	TRANS BOND FUND	(Memorandum Only) 2013	2012
Revenues				
Local sources	\$ 250		250	75
Expenditures				
Support Services	56,900	7,164	64,064	95,863
Revenues over (under) expenditures	(56,650)	(7,164)	(63,814)	(95,788)
Other financing sources (uses)				
Lapsed appropriations			-	45,000
Total other financing sources (uses)	-	-	-	45,000
Revenue and other sources over (under) expenditures and other uses	(56,650)	(7,164)	(63,814)	(50,788)
Cash fund balance, beginning of year	82,385	7,164	89,549	140,337
Cash fund balance, end of year	\$ 25,735	-	25,735	89,549

**INDEPENDENT SCHOOL DISTRICT NO. I-42, STEPHENS COUNTY  
 COMBINING STATEMENT OF ASSETS, LIABILITIES AND  
 FUND EQUITY - REGULATORY BASIS - ALL FIDUCIARY FUND TYPES  
 JUNE 30, 2013**

	EXPENDABLE TRUST FUND INS. RECOVERY FUND	AGENCY FUNDS ACTIVITY FUNDS	TOTALS (Memorandum Only)	
			2013	2012
<u>ASSETS</u>				
Cash	\$ 29,028	46,121	75,149	30,224
<u>LIABILITIES AND FUND EQUITY</u>				
Liabilities				
Funds held for school organizations		46,121	46,121	30,224
Total liabilities	-	46,121	46,121	30,224
Fund Equity				
Cash fund balances	29,028	-	29,028	-
Total Liabilities and Fund Equity	\$ 29,028	46,121	75,149	30,224

**INDEPENDENT SCHOOL DISTRICT NO. I-42, STEPHENS COUNTY**  
**COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES**  
**REGULATORY BASIS - ALL AGENCY FUNDS**  
**FOR THE YEAR ENDED JUNE 30, 2013**

<u>Activities</u>	<u>Balance July 1, 2012</u>	<u>Additions</u>	<u>Net Transfers</u>	<u>Deletions</u>	<u>Balance June 30, 2013</u>
Athletics (Gate)	\$ 1,695	15,868		15,238	2,325
Sports Concession	6,350	15,260	(635)	13,842	7,133
Pop	718	1,820		1,021	1,517
Elementary	6,603	11,611		15,915	2,299
FHA	530	4,834		4,503	861
FFA	2,814	37,828		32,210	8,432
After Prom Party	297	3,901		4,130	68
Yearbook	4,063	6,896		5,854	5,105
Cheerleaders	943	13,344		13,485	802
Football	-	7,560		4,702	2,858
Science Club	-	3,692		2,747	945
Interest Earned	3	36		39	-
Petty Cash	-	200		200	-
Vocal/Music	1,952	1,207		1,851	1,308
Misc	162	-		95	67
Flower Fund	24	23		23	24
Drama	305	1,179		907	577
Boys Baseball	8	5,212		1,922	3,298
B-D HS Honor Society	168	294		70	392
Academic Bowl	-	1,734		1,582	152
Boys Basketball	287	5,543		5,643	187
Girls Basketball	-	5,174		4,401	773
Elementary Computer	-	-		-	-
Archery	-	300		205	95
Band	598	9,986		8,151	2,433
Girls Softball	283	2,002		1,651	634
Student Council	-	1,789		796	993
Memorial Scholarship	200	-		200	-
Christmas Fund	1,240	50		710	580
Powerlifting	88	20		80	28
High School Account	756	4,971		4,589	1,138
Stadium Maint.	-	-	635	-	635
Senior Class	137	3,198		3,334	1
JR/SR/Prom	-	1,805		1,401	404
Sophomore Class	-	57		-	57
<b>TOTAL ASSETS - AGENCY FUNDS</b>	<b><u>30,224</u></b>	<b><u>167,394</u></b>	<b><u>-</u></b>	<b><u>151,497</u></b>	<b><u>46,121</u></b>
<b>LIABILITIES AND FUND EQUITY</b>					
Funds held for school organizations	<b><u>\$ 30,224</u></b>	<b><u>167,394</u></b>	<b><u>-</u></b>	<b><u>151,497</u></b>	<b><u>46,121</u></b>

**INDEPENDENT SCHOOL DISTRICT NO. 1-42, STEPHENS 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 VI-Small, Rural School Ach. Program	84.358A	S358A120240	\$ 22,542		22,542	22,542	
Title VII-Part A, Indian Education	84.060	S060A122527	4,836		4,836	4,836	
Subtotal			27,378	-	27,378	27,378	-
<u>Passed Through State Department of Education:</u>							
Title I-Part A, Improving Basic Programs	84.010		61,027		56,727	56,727	
Title I-Part A, Improving Basic Programs 2011-12 - Note 1	84.010			(15,518)	15,518		
Title II-Part A, REAP	84.367		22,504		22,504	22,504	
Title II-Part A, REAP 2011-12 - Note 1	84.367			(4,013)	4,013		
Subtotal			83,531	(19,531)	98,762	79,231	-
<u>U.S. Department of Agriculture:</u>							
<u>Passed Through State Department of Education:</u>							
<u>Child Nutrition Cluster:</u>							
Non-Cash Assistance (Commodities):					8,687	8,687	
National School Lunch Program	10.555				8,687	8,687	
Non-Cash Assistance Subtotal							
Cash Assistance:							
National School Lunch Program	10.555				48,029	48,029	
School Breakfast Program	10.553				34,274	34,274	
Cash Assistance Subtotal					82,303	82,303	
Total For Program (Cluster)					90,990	90,990	
Total Federal Assistance			\$ 110,909	(19,531)	217,130	197,599	-

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 \$8,687 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-42, STEPHENS COUNTY  
 SCHEDULE OF SURETY 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>
Western Surety Company	Enc/Minutes Clerk	54708500	\$100,000	12/7/12-12/7/13
	Activity Fund	61772740	\$100,000	8/7/12-8/7/13
	Activity Fund	61240149	\$5,000	1/9/13-1/9/14
	Treasurer	61439814	\$100,000	8/14/12-8/14/13
	Superintendent	61093321	\$100,000	7/1/12-7/1/13



**Jack H. Jenkins, CPA** *A Professional Corporation*

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

The Honorable Board of Education  
Bray-Doyle School District No. I-042  
Marlow, Oklahoma 73055-8957

I have audited the regulatory basis financial statements of Bray-Doyle School District No. I-042, Marlow, Oklahoma, as of and for the year ended June 30, 2013, and have issued my report thereon, dated December 4, 2013. The audit opinion was adverse to generally accepted accounting principles because the District prepares its financial statements on a basis of accounting prescribed by the Oklahoma State Department of Education that complies with the cash and budget laws of Oklahoma, which is a comprehensive basis of accounting other than generally accepted accounting principles and qualified as to the preparation of financial statements prepared on that basis. I conducted my audit in accordance with generally accepted auditing standards 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 my audit, I considered the District's internal control over financial reporting as a basis for designing my auditing procedures for the purpose of expressing my opinion on the combined financial statements - regulatory basis, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control over financial reporting. Accordingly, I do not express an opinion on the effectiveness of the District's internal control over financial reporting.

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

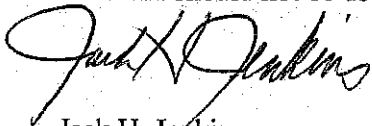
My consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies, or material weaknesses. There can be no assurance that all deficiencies, significant deficiencies, or material weaknesses have been identified. I did not identify any deficiencies in internal control over financial reporting that I consider to be material weaknesses, as defined above.

## Compliance and Other Matters

As part of obtaining reasonable assurance about whether the District's financial statements are free of material misstatement, I 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 my audit and, accordingly, I do not express such an opinion. The results of my tests disclosed one (1) instance of noncompliance or other matters that is required to be reported under *Government Auditing Standards* and which is described in the accompanying Schedule of Findings. I also reported this matter to the District's management in a separate letter dated December 4, 2013.

The District's response to the findings identified in my audit is described in the letter following the Schedule of Findings. I did not audit the District's response and, accordingly, I express no opinion on it.

This report is intended solely for the information of the school board, management, Oklahoma State Auditor and Inspector's Office and the Oklahoma State Department of Education, and is not intended to be and should not be used by anyone other than these specified parties.



Jack H. Jenkins  
Certified Public Accountant, P.C.

December 4, 2013

**BRAY-DOYLE SCHOOL DISTRICT NO. I-42, STEPHENS COUNTY**  
**SCHEDULE OF FINDINGS**  
**JULY 1, 2012 TO JUNE 30, 2013**

**Findings – Financial Statement Audit**

13-01 – Signed as Received

Condition: Several purchase orders had supporting documentation that were not signed as received.

Criteria: Supporting documentation should be signed or initialed and dated by a receiving agent of the District to signify that the goods or services have been received and payment can be made.

Effect: Invoices could be paid without goods or services being received.

Recommendation: That all invoices and/or delivery tickets be initialed and dated when merchandise is received or services are performed, as required by Oklahoma Statutes. (Reference: 62 O.S. 1981 § 310.1a and 70 O.S. 1981 § 5-135C)



**BRAY-DOYLE SCHOOL DISTRICT NO. I-42, STEPHENS COUNTY  
DISPOSITION OF PRIOR YEAR'S SCHEDULE OF FINDINGS  
JULY 1, 2012 TO JUNE 30, 2013**

12-01 Bank Reconciliations: The discrepancy regarding the Treasurer not using the District's accounting software to reconcile to cash on a monthly basis did not continue in the 2012-13 fiscal year.

12-02 Untimely Deposits: Untimely deposits in the Activity Fund appeared to improve during the 2012-13 fiscal year.

**BRAY DOYLE SCHOOL DISTRICT NO. I-42, STEPHENS COUNTY  
SCHEDULE OF ACCOUNTANT'S PROFESSIONAL  
LIABILITY INSURANCE AFFIDAVIT  
JULY 1, 2012 TO JUNE 30, 2013**

State of Oklahoma    )  
County of Tulsa       )

The undersigned auditing firm representative of lawful age, being first duly sworn on oath, says that said firm had in full force and effect Accountant's Professional Liability Insurance in accordance with the "Oklahoma Public School Audit Law" at the time of audit contract and during the entire audit engagement with Bray-Doyle School District for the audit year 2012-13.

Jack H. Jenkins, CPA, P.C.

AUDITING FIRM

BY *Jack H. Jenkins*  
AUTHORIZED AGENT

Subscribed and sworn to before me on this  
  3   day of,   DEC  , 20  13  

*Karla Jenkins*  
NOTARY PUBLIC



**BRAY-DOYLE SCHOOL DISTRICT NO. I-42, STEPHENS COUNTY  
AUDIT ACKNOWLEDGEMENT  
JULY 1, 2012 TO JUNE 30, 2013**

The annual independent audit for the Bray-Doyle School District was presented to the Board of Education in an Open Board Meeting as indicated below, by Jack H. Jenkins, CPA, P.C.

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

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

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

*David Ledo*  
Superintendent of Schools

2-10-14  
Date of Board Meeting

*J. Hill*  
Board of Education President

*Eric Dorman*  
Board of Education Clerk

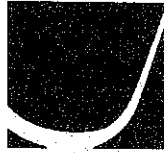
*Chris Sparks*  
Board of Education Vice President

Subscribed and sworn to before me on this 10 day of February, 2014.  
My commission expires on 24 day of June, 2016.

*Sonya R. Anschutz*  
Notary Public

Affix Notary Seal

**SONYA R ANSCHUTZ  
NOTARY PUBLIC-STATE OF OKLAHOMA  
My Commission Expires 06-24-2016  
Commission # 08006519**



**Jack H. Jenkins, CPA** *A Professional Corporation*

December 4, 2013

Bray-Doyle Public Schools  
Attn: Mr. David Eads  
1205 South Brooks Road  
Marlow, OK 73055-8957

Dear Mr. Eads:

Listed below are the audit exceptions and recommendations from the final audit work we performed for you. Please review them carefully along with the copy of your audit report. We will mail out a copy of the audit report to the State Department of Education and Oklahoma State Auditor and Inspector's Office within 30 days after the presentation of your audit. If you have questions or desire additional information, please call us so that any discrepancies may be resolved.

The following section contains exceptions relayed to management that are immaterial instances of noncompliance with laws and regulations and which are included in the audit report. These comments requires a written response from your office to be included in the copy of the audit report that we send to the State Department of Education.

13-01 Signed As Received

During the audit, several purchase orders were observed to have had support that was not signed as received, indicating the goods or services had been received or performed. The POs tested in the General Fund were numbers 140,333,357,423,424,427,460,498,527,26,60,389,434,478 and 547. The POs in the Building Fund were numbers 4,7 and 12. The POs in the Child Nutrition Fund were numbers 35 and 72. I recommend prior to payment being made, that an invoice or packing slip be signed by a responsible party to ensure payments are made to vendors for goods and services that were received.

The following section contains an audit exception and recommendation relayed to management that is a certain matter which was not included, but was referred to, in the audit report. This comment also requires a written response from your office to be included in the copy of the audit report that we send to the State Department of Education.

Federal Program Expenditures

I observed that the District failed to properly code expenditures to several Federal programs. These programs and the expenditure amounts are as follows:

		<u>OCAS</u>	<u>SEFA</u>	<u>Ind. Cost</u>	<u>Diff.</u>	
Title I	511	57,240.56	56,726.83	-	513.73	*1
Indian Education	561	3,249.84	4,836.00	-	(1,586.16)	*2
Title II, REAP	586	22,630.43	22,503.61	-	126.82	*1
Title VI, Small Rural	588	17,634.48	22,542.00	-	(4,907.52)	*2
Federal Lunch	763	35,839.31	48,028.69	-	(12,189.38)	*2
Federal Breakfast	764	25,913.74	34,274.53	-	(8,360.79)	*2

Explanations:

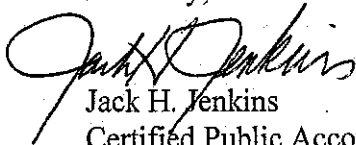
\*1-Excess coded, not reimbursed by program.

\*2-Expended, but not coded to proper project code.

I recommend, prior to submittal of year-end reports, that District's management perform a reconciliation between federal revenue received and expenditures paid, to ensure that all expenditures have been properly coded.

We take this opportunity to thank you and your professional staff for the outstanding cooperation and invaluable assistance you gave us during our recent onsite audit work.

Sincerely,



Jack H. Jenkins  
Certified Public Accountant, P.C.



# Bray-Doyle Public School

1205 South Brooks Road  
Marlow, OK 73055  
Toll Free: 1-866-933-3303

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Guy Heldermon  
Elem. Principal  
580-658-5070

David Eads  
Superintendent  
580-658-5076

Brandon Voss  
H. S. Principal  
580-658-5071

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To whom it may concern,

This letter is in regards to the audit exceptions comments that require a written response in relation to the FY13 audit.

There are two comments requiring a written response. These two comments are:

1. Purchase orders were observed to have had support that was not signed as received.
2. District failed to properly code expenditures to Federal Programs either by excess coding, not reimbursed by the program or Expended but not coded to proper project code.

Written response;

The Bray-Doyle School District has had three encumbrance clerks in the past three years, as well as three different activity fund custodians for the same three year period, and three treasurers, through resignations or terminations. This high turnover rate in administrative assistants has resulted in a constant state of new personnel learning new responsibilities as they perform those responsibilities.

This type of situation often results in mistakes being made and applies to this school district affecting both items 1 and 2.

Upon receiving the comments from our auditor, Mr. Jack H. Jenkins, CPA, I immediately held a conference with the encumbrance clerk and activity fund custodian/administrative secretary and discussed the comments and what needed to be done to correct them. After this meeting our contracted Federal Programs service providers were contacted and the encumbrance clerk began going through all Federal Programs and reviewing them with our Federal Programs specialist to discover the areas in which the wrong project code was used and the appropriate code to be used in the future.

A meeting with the treasurer was held the following week to go over and discuss the comments and the actions needed to be taken to correct them.

In an effort to correct item 1 listed above, the people in charge of receiving packages, products or services have been given instruction and an administrative directive to ensure that all invoices and packing slips for all material received must be signed prior to payment being made to ensure payments are made to vendors for those goods or services received.

In an effort to address both Items 1 and 2, the district has also made arrangement with another school district (that has experienced administrative assistants) to hire their experienced administrative assistant to provide tutoring to our inexperienced staff as well as out-side consultation. Tutoring will be conducted during a time the tutor is not on the clock of the other school district. Consultation will be at any time on an as needed basis. The tutor will be paid for their services by our district.


We have also ensured additional training sessions will be attended by our staff in regards to these areas of finding by qualified organizations such as ASBO (Oklahoma Assoc of School Business), the State Department of Education, OSAC (Oklahoma School Advisory Council) and TCA.

The district contracts federal program services through an outside independent agency (TCA). This agency has also been contacted and engaged in regards to consultation and training for appropriate staff to ensure the proper coding of all expenditures of all Federal Programs.

Should further information be required, please contact me through the following information:

David Eads, Superintendent  
Bray-Doyle Public School  
1205 South Brooks Road  
Marlow, Ok. 73055  
(580) 658-5076 – Phone  
(580) 658-5888 – Fax  
[d.eads@braydoyle.k12.ok.us](mailto:d.eads@braydoyle.k12.ok.us) --- email

Sincerely,

  
12-12-13.  
David Eads, Superintendent  
Bray-Doyle Public School



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