

**BYNG PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. I-16
PONTOTOC COUNTY, OKLAHOMA**

Financial Statements
June 30, 2012

With Independent Auditors' Report Thereon

BYNG PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. I-16
PONTOTOC COUNTY, OKLAHOMA
June 30, 2012

Table of Contents

	<u>Page</u>
School District Officials	1
Independent Auditor's Report	2-3
Combined Financial Statements	
Combined Statement of Assets, Liabilities and Fund Balance - All Fund Types and Account Groups - Regulatory Basis	4
Combined Statement of Revenues Collected, Expenditures Paid and Changes in Fund Balances - All Governmental Fund Types - Regulatory Basis	5
Combined Statement of Revenues Collected, Expenditures Paid and Changes in Fund Balances - Budget and Actual - General Fund - Regulatory Basis	6
Combined Statement of Revenues Collected, Expenditures Paid and Changes in Fund Balances - Budget and Actual - Special Revenue Fund - Regulatory Basis	7
Combined Statement of Revenues Collected, Expenditures Paid and Changes in Fund Balance – Budget and Actual Co-op Fund – Regulatory Basis	8
Combined Statement of Revenues Collected, Expenditures Paid and Changes in Fund Balance – Budget and Actual – Debt Service Fund – Regulatory Basis	9
Notes to Combined Financial Statements	10-21
Combining Financial Statements	
Combining Statement of Assets, Liabilities and Fund Balances - All Special Revenue Funds - Regulatory Basis	22

**BYNG PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. I-16
PONTOTOC COUNTY, OKLAHOMA
June 30, 2012**

Table of Contents

	<u>Page</u>
Combining Financial Statements	
Combining Statement of Revenues Collected, Expenditures Paid and Changes in Fund Balances - All Special Revenue Funds - Regulatory Basis	23
Combining Statement of Revenues Collected, Expenditures Paid and Changes in Fund Balances – Budget and Actual – All Special Revenue Funds – Regulatory Basis	24
Combining Statement of Assets, Liabilities and Fund Balances All Agency Funds – Regulatory Basis – Capital Projects Fund	25
Combining Statement of Revenues Collected, Expenditures Paid, And Changes in Fund Balance – Regulatory Basis – Capital Projects Fund	26
Combining Statement of Changes in Assets, Liabilities and Fund Equity - All Agency Funds - Regulatory Basis	27-28
Activity Fund Detail	29-30
Supporting Schedules	
Schedule of Expenditures of Federal Awards - Statutory Basis	31
Schedule of Accountant's Professional Liability Insurance Affidavit	32
Compliance and Internal Control	
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	33-34
Report on Compliance with Requirements Applicable to Each Major Program and Internal Control Over Compliance in Accordance with OMB Circular A-133	35-36
Schedule of Findings and Questioned Costs	37-38

**BYNG PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. I-16
PONTOTOC COUNTY, OKLAHOMA**
School District Officials
June 30, 2012

Board of Education

President	Jamie Perry
Vice-President	Craig Williams
Clerk	Judy Brooks
Member	Jeff Case
Member	Leon Petete

School District Treasurer

Pam Delozier

Minute Clerk

Pam Delozier

Encumbrance Clerk

Kathy Seymour

Superintendent of Schools

Todd Crabtree

JOHNSTON & BRYANT

Certified Public Accountants

Pete Johnston, C.P.A.
Allen Bryant, Jr., C.P.A.

P.O. Box 1564
Ada, Oklahoma 74821-1564
(580) 332-5549

MEMBER
American Institute of Certified Public Accountants
Oklahoma Society of Certified Public Accountants

INDEPENDENT AUDITORS' REPORT

The Board of Education
Byng Independent School District Number I-16
Byng, Pontotoc County, Oklahoma

We have audited the accompanying fund type and account group financial statements of Byng Independent School District No. I-16, Pontotoc County, Oklahoma, as listed in the table of contents as combined financial statements, as of and for the year ended June 30, 2012. These financial statements are the responsibility of the Byng Independent School District, No. I-16, Pontotoc County, Oklahoma, management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

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

In addition, the District has not maintained the cost of fixed assets purchased in previous years and thus does not know the amounts that should be recorded in the General Fixed Asset Account Group. Therefore, the General Fixed Asset Account Group has not been presented. This information is required under the regulatory presentation prescribed by the Oklahoma State Department of Education.

Byng Independent School District I-16
Pontotoc County, Oklahoma

In our opinion, because of the effects of the matters 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 respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Byng Independent School District, No. I-16, Pontotoc County, Oklahoma, as of June 30, 2012, and the respective changes in financial position thereof for the year then ended.

In our opinion, except for the omission of the General Fixed Asset Account Group which results in an incomplete presentation as explained in the fourth paragraph, the financial statements referred to above do present fairly, in all material respects, the assets, the liabilities, and equity arising from regulatory basis transactions of each fund type and account group of Byng Independent School District No. I-16, Pontotoc County, Oklahoma, as of June 30, 2012, and the revenues collected, expenditures paid/expenses, and cash flows of each fund type, where applicable, for the year then ended on the regulatory basis of accounting described in Note 1.

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

Our audit was conducted for the purpose of forming opinions on the fund type and account group financial statements within the basic financial statements. The accompanying Schedule of Expenditures of Federal Awards is presented for purpose of additional analysis as required by the U.S. Office of Management and Budget Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. The Schedule of Expenditures of Federal Awards, the combining fund statements and schedules and other schedules as listed in the table of contents under other supplementary information have been subjected to the auditing procedures applied in the audit of the fund type and account group financial statements within the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole on the regulatory basis of accounting described in Note 1.

August 23, 2012



COMBINED FINANCIAL STATEMENTS

BYNG PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. I-16
PONTOTOC COUNTY, OKLAHOMA
 Combined Statement of Assets, Liabilities and Fund Balance
 All Fund Types and Account Group – Regulatory Basis
 June 30, 2012

	Governmental Fund Types			
	General	Special Revenue	Co-op	Debt Service
<u>ASSETS:</u>				
Cash and Cash Equivalents	\$ 2,506,854	\$ 1,477,379	\$ (19,355)	\$ 392,986
Amounts Available In Debt Services Fund	-	-	-	-
Amounts to be Provided for Retirement of General Long-Term Debt	-	-	-	-
	-	-	-	-
TOTAL ASSETS	\$ 2,506,854	\$ 1,477,379	\$ (19,355)	\$ 392,986
<u>LIABILITIES AND FUND BALANCE:</u>				
<u>LIABILITIES:</u>				
Warrants Payable	\$ 536,379	\$ 27,434	\$ 1,281	\$ -
Encumbrances	-	-	-	-
Long-Term Debt Bonds Payable	-	-	-	-
	536,379	27,434	1,281	-
TOTAL LIABILITIES	536,379	27,434	1,281	-
<u>FUND BALANCE:</u>				
Designated	-	-	-	392,986
Undesignated	1,970,475	1,449,945	(20,636)	-
	1,970,475	1,449,945	(20,636)	-
TOTAL FUND BALANCE	1,970,475	1,449,945	(20,636)	392,986
TOTAL LIABILITIES AND FUND BALANCE	\$ 2,506,854	\$ 1,477,379	\$ (19,355)	\$ 392,986

The accompanying notes are an integral part of this statement.

<u>Governmental Fund Type</u>	<u>Fiduciary Fund Types</u>	<u>Account Group</u>	<u>Total (Memorandum Only)</u>
<u>Capital Projects</u>	<u>Trust and Agency</u>	<u>Long-Term Debt</u>	
\$ 826,334	\$ 435,467	\$ -	\$ 5,619,665
-	-	392,986	392,986
-	-	<u>2,457,014</u>	<u>2,457,014</u>
<u>\$ 826,334</u>	<u>\$ 435,467</u>	<u>\$ 2,850,000</u>	<u>\$ 8,469,665</u>
\$ 33,521	\$ 163,332	\$ -	\$ 761,947
-	-	-	-
-	-	<u>2,850,000</u>	<u>2,850,000</u>
<u>33,521</u>	<u>163,332</u>	<u>2,850,000</u>	<u>3,611,947</u>
792,813	-	-	1,185,799
-	272,135	-	3,671,919
<u>792,813</u>	<u>272,135</u>	<u>-</u>	<u>4,857,718</u>
<u>\$ 826,334</u>	<u>\$ 435,467</u>	<u>\$ 2,850,000</u>	<u>\$ 8,469,665</u>

BYNG PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. I-16
PONTOTOC COUNTY, OKLAHOMA
 Combined Statement of Revenues Collected, Expenditures Paid and
 Changes in Fund Balances
 All Governmental Fund Types – Regulatory Basis
 Year Ended June 30, 2012

	Governmental Type Funds			
	General	Special Revenue	Co-Op	Debt Services
<u>REVENUES COLLECTED:</u>				
District Sources	\$ 1,926,961	\$ 421,150	\$ 34,831	\$ 378,822
Intermediate Sources	260,924	-	-	-
State Sources	8,513,848	58,571	43,569	-
Federal Sources	1,847,562	602,440	144,433	-
TOTAL REVENUE COLLECTED	<u>12,549,295</u>	<u>1,082,161</u>	<u>222,833</u>	<u>378,822</u>
<u>EXPENDITURES PAID:</u>				
Instruction	7,869,261	-	84,841	-
Support Services	4,559,493	184,585	153,916	-
Non-Instruction Services	20,480	758,392	-	-
Capital Outlay	-	126,103	-	-
Other Outlays	5,000	-	-	340,212
TOTAL EXPENDITURES PAID	<u>12,454,234</u>	<u>1,069,080</u>	<u>238,757</u>	<u>340,212</u>
Excess of Revenues Collected Over (Under) Expenditures Paid	95,061	13,081	(15,924)	38,610
<u>OTHER FINANCING SOURCES (USES)</u>				
Operating Transfers In	-	-	-	-
Excess Of Revenues Collected Over (Under) Expenditures Paid and Other Financing Sources (Uses)	95,061	13,081	(15,924)	38,610
FUND BALANCE, BEGINNING OF YEAR	<u>1,875,414</u>	<u>1,436,864</u>	<u>(4,712)</u>	<u>354,376</u>
FUND BALANCE, END OF YEAR	<u>\$ 1,970,475</u>	<u>\$ 1,449,945</u>	<u>\$ (20,636)</u>	<u>\$ 392,986</u>

The accompanying notes are an integral part of this statement.

<u>Capital Projects</u>	<u>Total (Memorandum Only)</u>
\$ 2,500,114	\$ 5,261,878
-	260,924
-	8,615,988
-	<u>2,594,435</u>
<u>2,500,114</u>	<u>16,733,225</u>
-	7,954,102
535,003	5,432,997
-	778,872
1,207,186	1,333,289
-	345,212
<u>1,742,189</u>	<u>15,844,472</u>
757,925	888,753
-	-
757,925	888,753
<u>34,888</u>	<u>3,696,830</u>
<u>\$ 792,813</u>	<u>\$ 4,585,583</u>

BYNG PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. I-16
PONTOTOC COUNTY, OKLAHOMA
 Combined Statement of Revenues Collected, Expenditures Paid
 And Changes in Fund Balance - Budget and Actual - Regulatory Basis
 Budgeted Governmental Fund - General Fund
 Year Ended June 30, 2012

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
<u>REVENUE COLLECTED:</u>				
District Sources	\$ 1,455,815	\$ 1,455,815	\$ 1,926,961	\$ 471,146
Intermediate Sources	220,695	220,695	260,924	40,229
State Sources	7,137,881	7,887,881	8,513,848	625,967
Federal Sources	1,220,673	1,220,673	1,847,562	626,886
TOTAL REVENUE COLLECTED	<u>10,035,064</u>	<u>10,785,064</u>	<u>12,549,295</u>	<u>1,764,231</u>
<u>EXPENDITURES PAID:</u>				
Instruction	7,325,418	8,075,418	7,869,261	206,157
Support Services	4,559,560	4,559,560	4,559,493	67
Non-Instruction Services	20,500	20,500	20,480	20
Capital Outlays	-	-	-	-
Other Outlays	5,000	5,000	5,000	-
TOTAL EXPENDITURES PAID	<u>11,910,478</u>	<u>12,660,478</u>	<u>12,454,234</u>	<u>206,244</u>
Excess of Revenue Collected Over (Under) Expenditures Paid	(1,875,414)	(1,875,414)	95,061	1,970,475
<u>OTHER FINANCING SOURCES (USES):</u>				
Operating Transfers In	-	-	-	-
Excess of Revenue Collected Over (Under) Expenditures Paid and Other Financing Sources (Uses)	(1,875,414)	(1,875,414)	95,061	1,970,475
FUND BALANCE, BEGINNING OF YEAR	<u>1,875,414</u>	<u>1,875,414</u>	<u>1,875,414</u>	<u>-</u>
FUND BALANCE, END OF YEAR	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,970,475</u>	<u>\$ 1,970,475</u>

The accompanying notes are an integral part of this statement.

BYNG PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. I-16
PONTOTOC COUNTY, OKLAHOMA
 Combined Statement of Revenues Collected, Expenditures Paid
 And Changes in Fund Balance - Budget and Actual - Regulatory Basis
 Budgeted Governmental Fund - Special Revenue Fund
 Year Ended June 30, 2012

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
<u>REVENUE COLLECTED:</u>				
District Sources	\$ 360,617	\$ 360,617	\$ 421,150	\$ 60,533
State Sources	11,546	11,546	58,571	47,025
Federal Sources	482,463	482,463	602,440	119,977
TOTAL REVENUE COLLECTED	<u>854,626</u>	<u>854,626</u>	<u>1,082,161</u>	<u>227,535</u>
<u>EXPENDITURES PAID:</u>				
Instruction	-	-	-	-
Support Services	184,600	184,600	184,585	15
Non-Instruction Services	958,820	958,820	758,392	200,428
Other Outlays	-	-	-	-
Capital Outlays	1,148,070	1,148,070	126,103	1,021,967
TOTAL EXPENDITURES PAID	<u>2,291,490</u>	<u>2,291,490</u>	<u>1,069,080</u>	<u>1,222,410</u>
Excess of Revenue Collected Over (Under) Expenditures Paid	(1,436,864)	(1,436,864)	13,081	1,449,945
<u>OTHER FINANCING SOURCES (USES):</u>				
Operating Transfers In	-	-	-	-
Excess of Revenue Collected Over (Under) Expenditures Paid and Other Financing Sources (Uses)	(1,436,864)	(1,436,864)	13,081	1,449,945
FUND BALANCE, BEGINNING OF YEAR	<u>1,436,864</u>	<u>1,436,864</u>	<u>1,436,864</u>	<u>-</u>
FUND BALANCE, END OF YEAR	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,449,945</u>	<u>\$ 1,449,945</u>

The accompanying notes are an integral part of this statement.

BYNG PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. I-16
PONTOTOC COUNTY, OKLAHOMA
 Combined Statement of Revenues Collected, Expenditures Paid
 And Changes in Fund Balance - Budget and Actual - Regulatory Basis
 Budgeted Governmental Fund - Co-op Fund
 Year Ended June 30, 2012

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
<u>REVENUE COLLECTED:</u>				
District Sources	\$ -	\$ 34,711	\$ 34,831	\$ 120
Intermediate Sources	-	-	-	-
State Sources	38,175	38,175	43,569	(5,394)
Federal Sources	168,641	188,641	144,433	(44,208)
TOTAL REVENUE COLLECTED	<u>206,816</u>	<u>261,527</u>	<u>222,833</u>	<u>(38,694)</u>
<u>EXPENDITURES PAID:</u>				
Instruction	48,184	102,895	84,841	18,054
Support Services	153,920	153,920	153,916	4
Non-Instruction Services	-	-	-	-
Capital Outlay	-	-	-	-
Other Outlays	-	-	-	-
TOTAL EXPENDITURES PAID	<u>202,104</u>	<u>256,815</u>	<u>238,757</u>	<u>18,058</u>
Excess of Revenue Over (Under) Expenditures Paid	4,712	4,712	(15,924)	(20,636)
<u>OTHER FINANCING SOURCES (USES):</u>				
Operating Transfers In	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess of Revenue Over (Under) Expenditures Paid and Other Financing Sources (Uses)	4,712	4,712	(15,924)	(20,636)
FUND BALANCE, BEGINNING OF YEAR	<u>(4,712)</u>	<u>(4,712)</u>	<u>(4,712)</u>	<u>-</u>
FUND BALANCE, END OF YEAR	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (20,636)</u>	<u>\$ (20,636)</u>

The accompanying notes are an integral part of this statement.

BYNG PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. I-16
PONTOTOC COUNTY, OKLAHOMA
 Combined Statement of Revenues Collected, Expenditures Paid
 And Changes in Fund Balance - Budget and Actual - Regulatory Basis
 Budgeted Governmental Fund Types – Debt Service
 Year Ended June 30, 2012

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
<u>REVENUE COLLECTED:</u>				
District Sources	\$ 357,753	\$ 357,753	\$ 378,822	\$ 21,069
Intermediate Sources	-	-	-	-
State Sources	-	-	-	-
Federal Sources	-	-	-	-
TOTAL REVENUE COLLECTED	<u>357,753</u>	<u>357,753</u>	<u>378,822</u>	<u>21,069</u>
<u>EXPENDITURES PAID:</u>				
Instruction	-	-	-	-
Support Services	-	-	-	-
Non-Instruction Services	-	-	-	-
Capital Outlays	-	-	-	-
Debt Service	340,212	340,212	340,212	-
TOTAL EXPENDITURES PAID	<u>340,212</u>	<u>340,212</u>	<u>340,212</u>	<u>-</u>
Excess of Revenue Collected Over (Under) Expenditures Paid	17,541	17,541	38,610	21,069
<u>OTHER FINANCING SOURCES (USES):</u>				
Operating Transfers In	-	-	-	-
Excess of Revenue Collected Over (Under) Expenditures Paid and Other Financing Sources (Uses)	17,541	17,541	38,610	21,069
FUND BALANCE, BEGINNING OF YEAR	<u>354,376</u>	<u>354,376</u>	<u>354,376</u>	<u>-</u>
FUND BALANCE, END OF YEAR	<u>\$ 371,917</u>	<u>\$ 371,917</u>	<u>\$ 392,986</u>	<u>\$ 21,069</u>

The accompanying notes are an integral part of this statement.

NOTES TO FINANCIAL STATEMENTS

**BYNG PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. I-16
PONTOTOC COUNTY, OKLAHOMA**
Notes to Financial Statements
June 30, 2012

Note 1. Summary of Significant Accounting Policies

The basic financial statements of the Byng Public Schools Independent District No. I-16 (the "District") have been prepared in conformity with an other comprehensive basis of accounting as prescribed by the Oklahoma State Department of Education. The more significant of the District's accounting policies are described below.

A. Reporting Entity

The District is a corporate body for public purposes created under Title 70 of the Oklahoma Statutes and accordingly is a separate entity for operating and financial reporting purposes. The District is part of the public school system of Oklahoma under the general direction and control of the State Board of Education and is financially dependent on State of Oklahoma support. The general operating authority for the public school system is the Oklahoma School Code contained in Title 70, Oklahoma Statutes.

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

In evaluating how to define the district, for financial reporting purposes, management has considered all potential component units. The decision to include a potential component unit in the reporting entity was made by applying the criteria established by the Governmental Accounting Standards Board (GASB). The basis -- but not the only -- criterion for including a potential component unit in 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 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 involved 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.

BYNG PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. I-16
PONTOTOC COUNTY, OKLAHOMA
Notes to Financial Statements
June 30, 2012

Note 1. Summary of Significant Accounting Policies (continued)

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 fund of the District consists of the Building Fund and Child Nutrition Fund.

Building Fund - The Building Fund consists of monies derived from property taxes levied for the purpose of erecting, remodeling, or repairing buildings and for purchasing furniture and equipment.

Child Nutrition Fund - The Child Nutrition Fund consists of monies collected from meals served to students and employees of the district and is expended on food, supplies and salaries.

BYNG PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. I-16
PONTOTOC COUNTY, OKLAHOMA
Notes to Financial Statements
June 30, 2012

Note 1. Summary of Significant Accounting Policies (continued)

B. Fund Accounting (continued)

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

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

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 fund).

Fiduciary Fund Types

Fiduciary funds are used to account for assets held on behalf of outside parties, including other governments, or on behalf of other funds within the District. When these assets are held under the terms of a formal trust agreement, either a nonexpendable trust fund or an expendable trust fund is used. The terms "nonexpendable" and "expendable" refer to whether or not the District is under an obligation to maintain the trust principle. Agency funds generally are used to account for assets that the District holds on behalf of others as their agent and do not involve measurement of results of operations.

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

Account Groups

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

BYNG PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. I-16
PONTOTOC COUNTY, OKLAHOMA
Notes to Financial Statements
June 30, 2012

Note 1. Summary of Significant Accounting Policies (continued)

B. Fund Accounting (continued)

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.

General Fixed Asset Account Group - This account group is used to account for property, plant and equipment of the school district.

Memorandum Only - Total Column

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

C. Basis of Accounting and Presentation

The District prepares its basic 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 by purchase orders, contracts, and other commitments for the expenditure of monies are recorded as expenditures when approved.
- Investments are recorded as assets when purchased.
- Warrants payable are recorded as liabilities when issued.
- Long-term debt is recorded when incurred.

BYNG PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. I-16
PONTOTOC COUNTY, OKLAHOMA
Notes to Financial Statements
June 30, 2012

Note 1. Summary of Significant Accounting Policies (continued)

C. Basis of Accounting and Presentation (continued)

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

D. Budgets and Budgetary Accounting

The District is required by state law to prepare an annual budget. A preliminary budget must be submitted to the Board of Education by December 31 for the fiscal year beginning the following July 1. If the preliminary budget requires an additional levy, the District must hold an election on the first Tuesday in February to approve the levy. If the preliminary budget does not require an additional levy, it becomes the legal budget. If the 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.

A budget is legally adopted by the Board of Education for All Governmental Type Funds that includes revenues and expenditures.

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.

E. Encumbrance Accounting

Encumbrances for goods or purchased services are documented by purchase orders or contracts. Encumbrances outstanding at June 30, 2012 that were provided for in the subsequent year's budget are:

General Fund	\$	-
Special Revenue Fund - Food Service		-
Capital Projects Fund		-
Total	\$	-

BYNG PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. I-16
PONTOTOC COUNTY, OKLAHOMA
Notes to Financial Statements
June 30, 2012

Note 1. Summary of Significant Accounting Policies (continued)

F. Assets, Liabilities and Fund Equity

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

Investments - Investments consist of the purchase of Certificates of Deposit. All investments are recorded at cost.

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

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

Compensated Absences - The school does not calculate a dollar value of compensated absences. The amount is paid each year to the employees.

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.

Due to Activity Groups - Due to Activity groups represent the funds received from school related groups and organizations over which the board of education exercises control. These funds are credited to the account maintained by the District for the benefit of the group or organization.

Reserved for Debt Service - The balance of the sinking Fund is restricted by Oklahoma statutes to be used only for paying of the principal and interest on bonds and judgments (to the extent of all outstanding obligations of the District).

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

G. Revenue, Expenses and Expenditures

Local Sources - Revenues from local sources is the money generated from within the District's boundaries. It includes ad valorem tax, interest income, tuition, fees, rentals, disposals, commissions and reimbursements.

BYNG PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. I-16
PONTOTOC COUNTY, OKLAHOMA
Notes to Financial Statements
June 30, 2012

Note 1. Summary of Significant Accounting Policies (continued)

G. Revenue, Expenses and Expenditures (continued)

Intermediate Sources - Revenues from intermediate sources are monies collected by an intermediate administrative unit (i.e. county government) between the District and the state levels, and distributed to the District in amounts that are different than the proportion collected within the District's boundaries.

State Sources - 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 revenues from the state to administer certain categorical educational programs. The 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 year be carried forward into the following year to be expended for the same categorical programs. The State Department of Education requires that categorical educational program revenues be accounted for in the General Fund.

Federal Sources - Revenues from federal sources are monies received from the federal government in the form of grants or entitlements (either directly or passed through another entity). A grant is monies received which must be spent for a specific purpose or activity. An entitlement is an amount given to the District based upon an allocation formula.

Instruction Expenditures - Instruction expenditures include the activities dealing directly with the interaction between teachers and students.

Support Services Expenditures - Support services expenditures provide administrative, technical (such as guidance and health) and logistical support to facilitate and enhance instruction.

Operation of Non-Instructional Services Expenditures - This expenditure category consists of activities which provide non-instructional services to students, staff or the community.

BYNG PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. I-16
PONTOTOC COUNTY, OKLAHOMA

Notes to Financial Statements
June 30, 2012

Note 1. Summary of Significant Accounting Policies (continued)

G. Revenue, Expenses and Expenditures (continued)

Capital Outlays - This expenditure category 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 improvements to sites.

Other Outlays - This category is for items not properly classified as expenditures, but which still require budgetary or accounting control.

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

H. Statement of Cash Flows

Since the District does not currently have any Proprietary Fund Types, the statement of cash flows has not been presented in the fiscal 2011 accompanying financial statements.

I. Use of Estimates

The preparation of financial statement in conformity with the cash basis and budget laws of the Oklahoma State Department of Education requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Note 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; certificate of deposit of savings and loan associations, and bank and trust companies; and savings accounts or savings certificates of savings and loan associations, and trust companies; Collateral is required for demand deposits and certificates of deposit for all amounts not covered by Federal Deposit Insurance.

In accordance with state statutes, the district's investment policy as follows:

BYNG PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. I-16
PONTOTOC COUNTY, OKLAHOMA
Notes to Financial Statements
June 30, 2012

Note 2. Cash and Investments (continued)

The Board of Education shall exercise complete control over all funds on hand or hereafter received or collected from any and all sources. Surplus or "idle" funds will be invested in the manner consistent with the Oklahoma School Code which will accrue the most benefit to the district.

Credit risk is the risk that an issuer or other counterpart to an investment will not fulfill its obligation. Generally, the school's investments are managed under the custody of the school's treasurer. Investing is performed in accordance with the school's investment policy as described above. As of June 30, 2012 the school's investments were deposited in local banks in bank accounts and certificates of deposits. These accounts are in three banks that are entirely insured by the FDIC up to its limits, with the individual banks pledging securities for the deposits in excess of the FDIC limits. As such at June 30, 2012 the school was not subject to custodial credit risk. However, the school is subject to concentration of credit risk since each bank has deposits in excess of five percent of the school's total investments.

Interest Rate Risk is the risk that changes in interest rates will adversely affect the fair value of an investment. Investments held for longer periods of time are subject to increased risk of adverse interest rate changes. The schools policy provides that to the extent practicable, investments are matched with anticipated cash flows. The school's investments are held in bank accounts and certificates of deposit which are short term to minimize Interest Rate Risk to as low a level as possible.

The District's Deposits and investments are in various financial institutions as follows:

Insured (FDIC)	\$ 500,000
Collateralized by securities held by the pledging financial institution's trust department in the District's name	6,795,000
Uninsured, uncollateralized or collateralized by securities held its trust department or agent in other than the District's name	<u>-</u>
Total	<u>\$ 7,295,000</u>
Carrying Value	<u>\$ 5,619,665</u>

**BYNG PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. I-16
PONTOTOC COUNTY, OKLAHOMA**

Notes to Financial Statements
June 30, 2012

Note 3. Property Taxes

The District's ad valorem property tax is levied each October 1 on the assessed value for all real, business personal, and public service property located in the District. The assessed value of the certified roll, upon which the levy for the 2010 fiscal year was based, was \$48,043,613. On February 13, 2001, voters of the school district voted to make all current support levies permanent.

Note 4. General Long-Term Debt

State statutes prohibit the District from becoming indebted in an amount exceeding the revenue to be received for any fiscal year without the approval by the District 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 10 years from the date of issue. Debt service requirements for bonds are payable solely from fund balance and future revenues of the debt service fund.

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

<u>Obligation</u>	<u>Balance Outstanding 7-1-11</u>	<u>Issued (Retired) During Year</u>	<u>Balance Outstanding 6-30-12</u>
2008 GO Bonds	\$ 675,000	\$ (325,000)	\$ 350,000
2011 GO Bonds	-	500,000	500,000
2011 GO Bonds	-	2,000,000	2,000,000
Totals	<u>\$ 675,000</u>	<u>\$ 2,175,000</u>	<u>\$ 2,850,000</u>

BYNG PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. I-16
PONTOTOC COUNTY, OKLAHOMA
Notes to Financial Statements
June 30, 2012

Note 4. General Long-Term Debt (continued)

The annual requirements to retire bonds as of June 30, 2012 are as follows:

Fiscal Year Ended	Principal	Interest	Totals
6/30/13	\$ 350,000	\$ 5,250	\$ 355,250
6/30/14	255,000	99,285	354,285
6/30/15	365,000	40,853	405,853
6/30/16	365,000	36,663	401,663
6/30/17	365,000	31,850	396,850
6/30/18	230,000	25,875	255,875
6/30/19	230,000	21,275	251,275
6/30/20	230,000	16,388	246,388
6/30/21	230,000	11,213	241,213
6/30/22	230,000	5,750	235,750
Totals	<u>\$ 2,850,000</u>	<u>\$ 294,402</u>	<u>\$ 3,144,402</u>

Note 5. Employee Retirement System

Plan Description - The District participates in the 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 Teacher's 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 Teacher's Retirement System of Oklahoma, P.O. Box 53524, Oklahoma City, OK 73152 or by calling (405) 521- 2387.

Funding Policy - The contribution rates for the District and its employees are established by and may be amended by Oklahoma statute. The rates are applied to the employee's earnings plus employer-paid fringe benefits. The District is required by statute to contribute 9.5% of applicable compensation.

**BYNG PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. I-16
PONTOTOC COUNTY, OKLAHOMA**

Notes to Financial Statements

June 30, 2012

Note 6. Contingencies

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

Note 7. Subsequent Events

There have been no subsequent events that would have a material adverse effect on the financial condition of the District.

Note 8. Risk Management

The District is exposed to various risks of loss related to limited torts; theft of, damage to and destruction of assets; errors and omissions and natural disasters for which the District carries commercial insurance. There have been no significant reductions in coverage from the prior year and settlements have not exceeded coverage in the past three years.

Note 9 The treasurer/minute clerk is bonded by Traveler's Casualty and Surety Company, for the sum of \$2,000,000.00 for the term of July 1, 2011 to July 1, 2012.

The encumbrance clerk is bonded by Western Surety Company, for the sum of \$1,000.00 for the term of January 1, 2012 to January 1, 2013.

The superintendent is bonded by Western Surety Company for the sum of \$100,000 for the term July 1, 2011 to July 1, 2012

COMBINING FINANCIAL STATEMENTS

**BYNG PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. I-16
PONTOTOC COUNTY, OKLAHOMA**

Combining Statement of Assets, Liabilities and Fund Balances – Regulatory Basis
All Special Revenue Funds
June 30, 2012

	Building Fund	Child Nutrition Program Fund	Total (Memorandum Only)
<u>ASSETS:</u>			
Cash and Cash Equivalents	\$ 1,086,390	\$ 390,989	\$ 1,477,379
TOTAL ASSETS	\$ 1,086,390	\$ 390,989	\$ 1,477,379
 <u>LIABILITIES AND CASH FUND BALANCES</u>			
<u>LIABILITIES:</u>			
Warrants Payable	\$ 17,952	\$ 9,482	\$ 27,434
TOTAL LIABILITIES	17,952	9,482	27,434
 <u>FUND BLANCE:</u>			
Fund Balances – Undesignated	1,068,438	381,507	1,449,945
TOTAL LIABILITIES AND FUND BALANCES	\$ 1,086,390	\$ 390,989	\$ 1,477,379

BYNG PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. I-16
PONTOTOC COUNTY, OKLAHOMA
Combining Statement of Revenues Collected, Expenditures Paid
And Changes in Fund Balances – Regulatory Basis
All Special Revenue Funds
Year Ended June 30, 2012

	<u>Building Fund</u>	<u>Child Nutrition Program Fund</u>	<u>Total (Memorandum Only)</u>
<u>REVENUES COLLECTED:</u>			
District Sources of Revenue	\$ 247,652	\$ 173,498	\$ 421,150
State Sources of Revenue	744	57,827	58,571
Federal Sources of Revenue	6,150	596,290	602,440
	<u>254,546</u>	<u>827,615</u>	<u>1,082,161</u>
TOTAL REVENUE			
<u>EXPENDITURES:</u>			
Instruction	-	-	-
Support Services	184,585	-	184,585
Non-Instruction Services	-	758,392	758,392
Capital Outlay	126,103	-	126,103
	<u>310,688</u>	<u>758,392</u>	<u>1,069,080</u>
TOTAL EXPENDITURES PAID			
Excess of Revenues Over (Under) Expenditures Paid	(56,142)	69,223	13,081
<u>OTHER RESOURCES AND USES:</u>			
Operating Transfers In	-	-	-
Revenues and Other Resources Over (Under) Expenditures and Other Uses	(56,142)	69,223	13,081
FUND BALANCE, BEGINNING OF YEAR	<u>1,124,580</u>	<u>312,284</u>	<u>1,436,864</u>
FUND BALANCE, END OF YEAR	<u>\$ 1,068,438</u>	<u>\$ 381,507</u>	<u>\$ 1,449,945</u>

**BYNG PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. I-16
PONTOTOC COUNTY, OKLAHOMA**

Combining Statement of Revenues Collected, Expenditures Paid
And Changes in Fund Balances – Budget and Actual (Regulatory Basis)
Special Revenue Fund Types
Year Ended June 30, 2012

	Building Fund		
	Original Budget	Final Budget	Actual
<u>Revenues Collected:</u>			
District Sources of Revenue	\$ 208,090	\$ 208,090	\$ 247,652
State Sources of Revenue	-	-	744
Federal Sources of Revenue	-	-	6,150
TOTAL REVENUE COLLECTED	<u>208,090</u>	<u>208,090</u>	<u>254,546</u>
 EXPENDITURES			
Instruction	-	-	-
Support Services	184,600	184,600	184,585
Non-Instruction Services	-	-	-
Capital Outlays	1,148,070	1,148,070	126,103
Other Outlays	-	-	-
TOTAL EXPENDITURES PAID	<u>1,332,670</u>	<u>1,332,670</u>	<u>310,688</u>
 Excess of Revenue Over (Under) Expenditures Paid	 (1,124,580)	 (1,124,580)	 (56,142)
 <u>OTHER RESOURCES AND USES:</u>			
Operating Transfers In	-	-	-
 Revenues and Other Resources Over (Under) Expenditures and Other Uses	 (1,124,580)	 (1,124,580)	 (56,142)
 FUND BALANCE, BEGINNING OF YEAR	 <u>1,124,580</u>	 <u>1,124,580</u>	 <u>1,124,580</u>
 FUND BALANCE, END OF YEAR	 <u>\$ -</u>	 <u>\$ -</u>	 <u>\$ 1,068,438</u>

Child Nutritional Fund			Total		
Original Budget	Final Budget	Actual	Original Budget	Final Budget	Actual
\$ 152,527	\$ 152,527	\$ 173,498	\$ 360,617	\$ 360,617	\$ 421,150
11,546	11,546	57,827	11,546	11,546	58,571
482,463	482,463	596,290	482,463	482,463	602,440
<u>646,536</u>	<u>646,536</u>	<u>827,615</u>	<u>854,626</u>	<u>854,626</u>	<u>1,082,161</u>
-	-	-	-	-	-
-	-	-	184,600	184,600	184,585
958,820	958,392	758,392	958,820	958,392	758,392
-	-	-	1,148,070	1,148,070	126,103
-	-	-	-	-	-
<u>958,520</u>	<u>958,392</u>	<u>758,392</u>	<u>2,291,490</u>	<u>2,291,490</u>	<u>1,069,080</u>
(312,284)	(312,284)	69,223	(1,436,864)	(1,436,864)	13,081
-	-	-	-	-	-
(312,284)	(312,284)	69,223	(1,436,864)	(1,436,864)	13,081
312,284	312,284	312,284	1,436,864	1,436,864	1,436,864
<u>\$ -</u>	<u>\$ -</u>	<u>\$ 381,507</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,449,945</u>

**BYNG PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. I-16
PONTOTOC COUNTY, OKLAHOMA**

Combining Statement of Assets, Liabilities and Fund Balances – Regulatory Basis
All Capital Projects Funds
June 30, 2012

	<u>Fire Loss Fund</u>	<u>Bond Fund</u>	<u>Total (Memorandum Only)</u>
<u>ASSETS:</u>			
Cash and Cash Equivalents	\$ -	\$ 826,334	\$ 826,334
TOTAL ASSETS	<u>\$ -</u>	<u>\$ 826,334</u>	<u>\$ 826,334</u>
<u>LIABILITIES AND CASH FUND BALANCES LIABILITIES:</u>			
Warrants Payable	\$ -	\$ 33,521	\$ 33,521
TOTAL LIABILITIES	<u>-</u>	<u>33,521</u>	<u>33,521</u>
<u>FUND BALANCE:</u>			
Fund Balances - Designated	-	792,813	792,813
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ -</u>	<u>\$ 826,334</u>	<u>\$ 826,334</u>

BYNG PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. I-16
PONTOTOC COUNTY, OKLAHOMA
Combining Statement of Revenues Collected, Expenditures Paid
And Changes in Fund Balances – Regulatory Basis
All Capital Projects Funds
Year Ended June 30, 2012

	Fire Loss Fund	Bond Fund	Total (Memorandum Only)
	<u> </u>	<u> </u>	<u> </u>
<u>REVENUES COLLECTED:</u>			
District Sources of Revenue	\$ -	\$ 2,500,114	\$ 2,500,114
State Sources of Revenue	-	-	-
Federal Sources of Revenue	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>
TOTAL REVENUE	<u>\$ -</u>	<u>\$ 2,500,114</u>	<u>\$ 2,500,114</u>
<u>EXPENDITURES:</u>			
Instruction	-	-	-
Support Services	34,888	500,115	535,003
Non-Instruction Services	-	-	-
Capital Outlay	-	1,207,186	1,207,186
	<u>-</u>	<u>1,207,186</u>	<u>1,207,186</u>
TOTAL EXPENDITURES PAID	<u>34,888</u>	<u>1,707,301</u>	<u>1,742,189</u>
Excess of Revenues Over (Under) Expenditures Paid	(34,888)	792,813	757,925
<u>OTHER RESOURCES AND USES:</u>			
Operating Transfers In	<u>-</u>	<u>-</u>	<u>-</u>
Revenues and Other Resources Over (Under) Expenditures and Other Uses	(34,888)	792,813	757,925
FUND BALANCE, BEGINNING OF YEAR	<u>34,888</u>	<u>-</u>	<u>34,888</u>
FUND BALANCE, END OF YEAR	<u>\$ -</u>	<u>\$ 792,813</u>	<u>\$ 792,813</u>

BYNG PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. I-16
PONTOTOC COUNTY, OKLAHOMA
 Combining Statement of Assets, Liabilities, and Fund Balance – Regulatory Basis
 All Agency Funds
 Year Ended June 30, 2012

	<u>Agency Fund</u> <u>School</u> <u>Activity Fund</u>
<u>ASSETS</u>	
Cash and Cash Equivalents	\$ <u>435,467</u>
TOTAL ASSETS	<u>\$ 435,467</u>
 <u>LIABILITIES AND FUND BALANCE</u>	
Liabilities	
Outstanding Checks	\$ <u>163,332</u>
TOTAL LIABILITIES	<u>163,332</u>
Fund Balance	<u>272,135</u>
TOTAL FUND BALANCE	<u>272,135</u>
TOTAL LIABILITIES AND FUND BALANCE	<u>\$ 435,467</u>

**BYNG PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. I-16
PONTOTOC COUNTY, OKLAHOMA**

Combining Statement of Assets, Liabilities, and Fund Balance – Regulatory Basis
All Agency Funds
Year Ended June 30, 2012

	Balance June 30, 2011	Additions	Net Transfers
<u>ASSETS</u>			
School Activity Fund			
Cash and Activity Fund	\$ 394,980	\$ 794,217	\$ -
TOTAL ASSETS	\$ 394,980	\$ 794,217	\$ -
 <u>LIABILITIES AND FUND BALANCE</u>			
Liabilities			
Outstanding Checks	\$ 137,132	\$ -	\$ -
TOTAL LIABILITIES	137,132	-	-
 Fund Equity			
Unreserved/Undesignated	174,868	544,149	9,599
Reserved/Student Groups	82,980	250,068	(9,599)
TOTAL FUND BALANCE	257,848	794,217	-
TOTAL LIABILITIES AND FUND BALANCE	\$ 394,980	\$ 794,217	\$ -

<u>Disbursed</u>	<u>Balance June 30, 2012</u>
<u>\$ 753,730</u>	<u>\$ 435,467</u>
<u><u>\$ 753,730</u></u>	<u><u>\$ 435,467</u></u>
<u>\$ 26,200</u>	<u>\$ 163,332</u>
<u>26,200</u>	<u>163,332</u>
563,189	165,428
<u>216,741</u>	<u>106,707</u>
<u>779,930</u>	<u>272,135</u>
<u><u>\$ 753,730</u></u>	<u><u>\$ 435,467</u></u>

BYNG PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. I-16
PONTOTOC COUNTY, OKLAHOMA
School Activity Funds – Detail
Year Ended June 30, 2012

Description	Beginning Balance 6/30/2011	Receipts	Adjustments	Disbursements	Ending Balance 6/30/2012
General Activity	\$ 43,816	\$ 9,009	\$ -	\$ 10,741	\$ 42,084
Concession	4,104	53,794	(20,000)	37,240	657
Auto Mechanics	90	2,690	-	2,649	130
Boys Basketball	1,007	4,453	-	4,943	518
Library	449	301	(50)	81	620
Trotters	3,198	3,568	-	1,494	5,272
Cosmetology	5,774	13,686	30	14,514	4,977
Swimming	19	-	-	-	19
Student Council	2,854	6,055	100	7,246	1,763
Alternative Education	30	145	-	39	136
JH BPA	-	2,288	(1,714)	471	103
National Honors Society	644	-	-	-	644
FCCLA	2,009	8,239	-	7,243	3,005
Spanish Club	1	345	-	340	6
Business	10,266	7,509	1,714	8,917	10,573
Junior High Miscellaneous	3,280	5,455	-	4,679	4,056
Elementary Fund	7,687	20,847	-	20,799	7,735
Junior High Leadership	1,278	270	-	1,071	477
Vocal Music	614	4,785	(56)	4,950	394
JH Science	288	-	-	-	288
Tennis	819	884	-	920	783
Baseball	963	7,015	-	5,910	2,068
Golf	445	-	-	100	345
Softball	1,098	4,360	-	4,580	878
Senior 2012	1,424	11,779	(160)	11,929	1,114
Vo-Ag	4,034	18,921	-	14,113	8,843
Refund Account	-	8,215	120,000	128,215	-
Newspaper	-	270	-	-	270
High School Fund	1,977	5,518	-	5,429	2,066
Girls Basketball	-	4,381	-	4,380	2
HS Honors Society	167	-	-	-	167
4-H	775	1,121	-	1,470	426
Speech and Drama	2,956	3,556	-	3,013	3,498
Band	401	70	-	74	397
Track and Cross Country	617	590	-	649	558
Athletics	46,384	51,944	19,649	78,261	39,716
FCA	641	2,006	(100)	1,680	866
Homer Baseball	-	36,599	(10,000)	11,497	15,102
Extended Day Program	495	117,324	(110,000)	4,213	3,606
Byng Elementary Teachers CC	4,768	1,411	-	265	5,914
Art Club	2,103	4,091	-	2,797	3,397
Cheerleader	2,957	9,677	(87)	11,928	620
JH Cheerleader	314	5,693	-	5,368	639

BYNG PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. I-16
PONTOTOC COUNTY, OKLAHOMA
School Activity Funds – Detail – Continued
Year Ended June 30, 2012

Description	Beginning Balance 6/30/2011	Receipts	Adjustments	Disbursements	Ending Balance 6/30/2012
Stokes Scholarship Fund	6,038	-	-	1,000	5,038
Elementary Yearbook	1,484	3,594	-	4,298	781
Native American Club	433	306	-	327	412
Yearbook 2006	2,912	20,469	50	20,670	2,761
JH Teachers Workroom	383	580	-	727	235
JH Student Council	1,437	1,963	-	1,727	1,672
CNP Collections	-	173,411	724	172,411	1,000
Horticulture	14,713	37,594	-	38,013	15,018
Elementary Library	704	2,362	(100)	2,861	205
Homer General Activity	31,052	59,261	-	55,854	34,359
Homer Early Childhood	1,392	500	-	927	965
Homer Media Center	7,186	13,771	-	13,317	7,641
Homer 4-H	474	227	-	482	219
Homer Yearbook	5,256	5,776	-	5,995	5,037
Homer Concession	323	393	-	261	455
Homer Athletics	4,839	6,736	-	8,019	3,557
Homer Student Council	1,465	5,484	-	4,034	2,915
Homer Special Olympics	478	-	-	-	478
Homer Kindergarten	1,870	5,526	-	4,799	2,597
Francis General Activity	1,961	4,499	-	4,693	1,767
Francis Fundraiser	7,158	-	-	2,340	4,818
Francis Kindergarten	594	2,233	-	2,214	614
Francis Teacher Conc.	761	124	-	128	757
Francis Media Center	1,976	6,462	-	6,710	1,728
Francis 4 Year Program	923	2,404	-	2,562	765
Francis First Grade	26	-	-	-	26
Francis Yearbook	1,261	1,680	-	1,356	1,585
Grand Total	\$ 257,847	\$ 794,217	\$ -	\$ 779,929	\$ 272,135

SUPPORTING SCHEDULES

BYNG PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. I-16
PONTOTOC COUNTY, OKLAHOMA
Schedule of Expenditures of Federal Awards - Statutory Basis
Year Ended June 30, 2012

Federal Grantor/Pass Through Grantor/ Program Title	Federal CFDA No.	Pass Through Grantor's Number	Balance of Funds to Expend June 30, 2011	Receipts For Prior Year Expenditures
<u>U.S. Department of Education Direct Programs:</u>				
Impact Aid	84.041	46-OK-2012-1901	\$ 3,169	\$ -
Impact Aid - Disability	84.041	46-OK-2012-1902	10,032	-
Indian Education Title VII	84.060A	S060A090923	-	-
TOTAL U.S. DEPARTMENT OF EDUCATION			13,201	-
<u>Passed Through State Department of Education:</u>				
Flow Through, IDEA Part B	84.027	N/A	31,797	49,191
Title I - IASA	84.010	N/A	113,817	45,139
Title II - A	84.367	N/A	36,079	397
Indian Education JOM	15.130	N/A	-	4,052
Title VI - Sub. 2	84.358	N/A	22,991	7,520
Title II - D Formula	84.318	N/A	4,283	6,709
Title II - D Educ through Tech	84.318	N/A	3,947	9,946
PreSchool 3-5, IDEA Part B	84.173	N/A	4,752	-
ARRA, Title I, Part A	84.389A	N/A	29,872	31,492
ARRA, IDEA, Part B Flow Through	84.391	N/A	38,612	21,055
ARRA, IDEA, Part B, PreSchool 3-5	84.392	N/A	1,953	1,574
ARRA - Education Stabilization	84.394	N/A	-	-
Title II Part B, Math / Science	84.366	N/A	171,141	9,550
Job Training-OJT (Voc Rehab)	84.126	N/A	-	-
ARRA Education Jobs Fund	84.410	N/A	106,056	-
Learn and Serve America	94.004	N/A	-	1,971
			-	-
TOTAL STATE DEPARTMENT OF EDUCATION			565,300	188,596
<u>Passed Through State Department of Vocational and Technical Education:</u>				
Vocational Education - Carl D. Perkins	84.048	N/A	-	-
<u>Passed Through U.S. Department of Agriculture:</u>				
Child Nutrition - Lunches	10.555	N/A	-	-
Child Nutrition - Breakfasts	10.553	N/A	-	-
Summer Food Program	10.559	N/A	-	6,078
TOTAL U.S. DEPARTMENT OF AGRICULTURE			-	6,078
Federal Emergency Management Agency (FEMA)	97.036	N/A	-	6,150
<u>Passed Through U.S. Department of Human Services:</u>				
Commodity Supplemental Food Program	10.565	N/A	-	-
Total U.S. Department of Human Services			-	-
TOTAL FEDERAL ASSISTANCE			\$ 578,501	\$ 200,824

* Clustered Program

Receipts For Current Year Expenditures	Current Year Expenditures	Balance of Funds to Expend June 30, 2012
\$ 403,541	\$ 403,541	\$ 3,169
46,567	46,567	10,032
145,054	145,054	-
<u>595,162</u>	<u>595,162</u>	<u>13,201</u>
394,755	399,652	17,004
428,001	457,124	14,738
1,916	61,048	13,827
12,617	33,320	-
-	51,001	6,303
4,283	4,283	-
-	9,946	-
16,333	16,333	-
29,872	29,872	-
38,601	38,612	-
1,953	1,953	-
3,900	28,000	-
115,182	147,710	169,172
28,644	60,976	-
106,056	106,056	-
-	-	-
-	-	-
<u>1,182,113</u>	<u>1,445,886</u>	<u>221,044</u>
20,047	20,047	-
406,245	314,931	-
146,209	77,007	-
-	6,119	-
<u>552,454</u>	<u>398,057</u>	<u>-</u>
-	-	-
43,835	43,835	-
<u>43,835</u>	<u>43,835</u>	<u>-</u>
<u>\$ 2,393,611</u>	<u>\$ 2,502,987</u>	<u>\$ 234,245</u>

**BYNG PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT NO. I-16
PONTOTOC COUNTY, OKLAHOMA**

Notes to Schedule of Expenditures of Federal Awards - Regulatory Basis
Year Ended June 30, 2012

Note 1: The accompanying schedule of expenditures of federal awards includes the federal grant expenditures of Byng Public Schools, I-16, Pontotoc County, Oklahoma and is presented on the regulatory basis of accounting prescribed by the Oklahoma State Department of Education. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the financial statements.

No amounts were passed through to a subrecipient.

SCHEDULE OF ACCOUNTANT'S PROFESSIONAL LIABILITY INSURANCE AFFIDAVIT

**BYNG PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT I-16
PONTOTOC COUNTY, OKLAHOMA**
Schedule of Accountant's Professional Liability Insurance Affidavit
July 1, 2011 to June 30, 2012

STATE OF OKLAHOMA)
)ss
COUNTY OF PONTOTOC)

The undersigned representative of the auditing firm listed below being 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 agreement with the Byng Public Schools for the audit year 2011-2012.

Johnston and Bryant, C.P.A.'S
By *Johnston + Bryant*

Subscribed and sworn to before me this 26th day of October 2012.

Kathy Mackey
Notary Public



My commission expires 03-18-2015
Commission No. 11002531

**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**

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

The Board of Education
Byng Independent School District Number I-16
Byng, Pontotoc County, Oklahoma

We have audited the financial statements of Byng Independent School District No. I-16, Pontotoc County, Oklahoma as of and for the year ended June 30, 2012, and have issued our report thereon dated August 23, 2012. As stated in our report, the financial statements were prepared in conformity with the accounting and financial reporting regulations prescribed or permitted by the Oklahoma State Department of Education which differs from accounting principals generally accepted in the United States of America. In our report, our opinion was qualified because the omission of the General Fixed Assets Account Group results in an incomplete presentation. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Byng Independent School District's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but nor for the purpose of expressing an opinion on the effectiveness of Byng Independent School District's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the District's internal control over financial reporting.

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

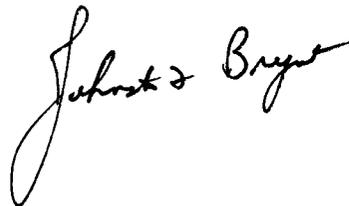
Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies or material weaknesses.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

Compliance And Other Matters

As part of obtaining reasonable assurance about whether Byng Independent School District's financial statements are free of material misstatements, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our instances of noncompliance or other matters that are required to be reported under Government Auditing Standards.

This report is intended solely for the information and use of management, others within the organization, board of education, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

August 23, 2012

A handwritten signature in black ink, appearing to read "Joshua Bryan". The signature is written in a cursive style with a large initial 'J' and a long, sweeping underline.

REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH
MAJOR PROGRAM AND INTERNAL CONTROL OVER COMPLIANCE IN
ACCORDANCE WITH OMB CIRCULAR A-133

**REPORT ON COMPLIANCE WITH REQUIREMENTS
APPLICABLE TO EACH MAJOR PROGRAM AND ON INTERNAL CONTROL
OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133**

The Board of Education
Byng Independent School District NO. I-16
Byng, Oklahoma

Compliance

We have audited the Byng Public School's(Organization) 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 Organization's major federal programs for the year ended June 30, 2012.. The Organization's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of the Organization's management. Our responsibility is to express an opinion on the Organization's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States; and OMB Circular A-133, Audits of States, Local Governments and Non-Profit Organizations. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Organization's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of the Organization's compliance with those requirements.

In our opinion, the Organization complied, in all material respects, with the 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, 2012.

Internal Control Over Compliance

Management of the Organization is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered the Organization's internal control over compliance with the requirements that could have a direct and material effect on a major federal program to determine the auditing procedures for the purpose of expressing our opinion on compliance, 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 Organization'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.

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

This report is intended solely for the information and use of management of the Organization, others within the entity, the Board of Education, federal awarding agencies, and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.



August 23, 2012

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

BYNG INDEPENDENT SCHOOL DISTRICT NO. I-16
PONTOTOC COUNTY, OKLAHOMA
Schedule of Findings and Questioned Costs
Year Ended June 30, 2012

Status of Prior Year Findings

None.

Status of Current Year Findings

None.

BYNG INDEPENDENT SCHOOL DISTRICT NO. I-16
PONTOTOC COUNTY, OKLAHOMA
 Schedule of Findings and Questioned Costs
 Year Ended June 30, 2012

Summary of Auditor's Results

Financial Statements

Type of Auditor's Report Issued: Qualified

Internal Control over financial reporting

- Material weaknesses identified? __Yes XNo
- Reportable conditions identified that are not considered to be material weaknesses? __Yes XNone Reported
- Noncompliance material to financial statements noted? __Yes XNo
- Findings relating to the financial statements which are required to be reported in accordance with GAGAS? __Yes XNone Reported

Federal Awards

Internal control over major programs: Unqualified

- Material weaknesses identified? __Yes XNo
- Reportable conditions identified that are not considered to be material weaknesses? __Yes XNo

Type of auditor's report issued on compliance for major programs: Unqualified

Any audit findings disclosed that are required to be reported in accordance with section 510 (a) of Circular A-133? __Yes XNo

Findings and questioned costs for Federal Awards __Yes XNone Reported

Identification of Major Programs:

<u>CFDA Number</u>	<u>Name of Federal Program</u>
84.010	Title 1
84.389A	ARRA-Title 1-Part A
10.555	Child Nutrition-Lunches
10.553	Child Nutrition-Breakfasts
10.559	Child Nutrition- Summer Food Program
10.565	Commodity Supplement Food Program

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

Auditee qualified as low-risk auditee? XYes __No