

CROOKED OAK INDEPENDENT SCHOOL DISTRICT NO. 53

OKLAHOMA COUNTY, OKLAHOMA

JUNE 30, 2013

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OKLAHOMA COUNTY, OKLAHOMA

JUNE 30, 2013

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**CROOKED OAK INDEPENDENT SCHOOL DISTRICT NO. I-53, OKLAHOMA COUNTY
SCHOOL DISTRICT OFFICIALS
JUNE 30, 2013**

BOARD OF EDUCATION

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COMBINED FINANCIAL STATEMENTS

INDEPENDENT AUDITOR'S REPORT

The Honorable Board of Education
Crooked Oak Independent School District #53
Oklahoma County, Oklahoma

Board Members:

Report on Financial Statements

We have audited the accompanying combined fund type and account group financial statements of the **Crooked Oak Independent School District #53**, Oklahoma County, Oklahoma, as of and for the year ended June 30, 2013, and the related notes to the financial statements which collectively comprise the district's regulatory financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

As described in Note 1, the financial statements are prepared by **Crooked Oak Independent School District #53**, Oklahoma County, Oklahoma, on the basis of the financial reporting provisions of the Oklahoma State Department of Education, which is a basis of accounting other than accounting principles generally accepted in the United States of America, to comply with the requirements of the Oklahoma State Department of Education. The effects on the financial statements of the variances between the regulatory basis of accounting described in Note 1 and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material.

Adverse Opinion on U.S. Generally Accepted Accounting Principles

In our opinion, because of the significance of the matter discussed in the “Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles” paragraph, the financial statements referred to in the first paragraph do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of **Crooked Oak Independent School District #53**, Oklahoma County, Oklahoma, as of June 30, 2013, or the changes in its financial position, for the year then ended.

Basis for Qualified Opinion on Regulatory Basis of Accounting

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

Qualified Opinion on Regulatory Basis of Accounting

In our opinion, except for the effects of the matter described in the “Basis for Qualified Opinion on Regulatory Basis of Accounting” paragraph, the financial statements referred to in the first paragraph present fairly, in all material respects, the assets, liabilities, and equity arising from regulatory basis transactions of each fund type and account group of **Crooked Oak Independent School District, #53**, Oklahoma County, Oklahoma as of June 30, 2013, and the revenues collected, expenditures paid/expenses, and budgetary results, for the year ended on the regulatory basis of accounting described in Note 1.

Other Matters

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the **Crooked Oak Independent School District #53, Oklahoma County, Oklahoma’s** combined financial statements. The combining financial statements as listed in the table of contents are presented for purposes of additional analysis and are not a required part of the combined financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the *Oklahoma Department of Education* and/or the U.S. Office of Management and Budget Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations, and is also not a required part of the combined financial statements.

The combining financial statements and the schedule of expenditures of federal awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the combined financial statements. Such information has been subjected to the auditing procedures applied in the audit of the combined financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the combined financial statements or to the combined financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining financial statements and the schedule of expenditures of federal awards are fairly stated in all material respects in relation to the combined financial statements as a whole on the regulatory basis of accounting described in Note 1.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated February 26, 2014, on our consideration of the **Crooked Oak Independent School District, #53, Oklahoma County, Oklahoma'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 Standard* in considering **Crooked Oak Independent School District, #53, Oklahoma County, Oklahoma's** internal control over financial reporting and compliance.

Angel, Johnston + Blessingame, P.C.

Chickasha, Oklahoma
February 26, 2014

Crooked Oak School District No.1-53, Oklahoma County, Oklahoma
Combined Statement of Assets, Liabilities and Fund Balances
Regulatory Basis - All Fund Types and Account Groups
For the Year Ending June 30, 2013

	Governmental Fund Types				Fiduciary Fund Types	Account Group	Total (Memorandum Only)
	General	Special Revenue	Debt Service	Capital Projects	Trust and Agency	General Long- Term Debt	June 30, 2013
ASSETS							
Cash and Cash Equivalents	\$ 2,975,135	\$ 697,272	\$ 11,357	\$ 19,629	\$ 74,116	\$ 0	\$ 3,777,509
Investments	1,517,688	64,440	0	0	0	0	1,582,128
Amounts Available in Debt Service Fund	0	0	0	0	0	11,357	11,357
Amounts to be Provided for Retirement of General Long-Term Debt	0	0	0	0	0	1,188,643	1,188,643
Amounts to be Provided For Capitalized Lease Agreements	0	0	0	0	0	8,927,262	8,927,262
Total Assets	\$ 4,492,823	\$ 761,712	\$ 11,357	\$ 19,629	\$ 74,116	\$ 10,127,262	\$ 15,486,899
LIABILITIES AND FUND BALANCE							
Liabilities:							
Warrants Payable	\$ 1,061,674	\$ 40,533	\$ 0	\$ 0	\$ 0	\$ 0	\$ 1,102,207
Reserve for Encumbrances	1,288,594	16,568	0	0	0	0	1,305,163
Due to Activity Groups	0	0	0	0	74,116	0	74,116
General Obligation Bonds Payable	0	0	0	0	0	1,200,000	1,200,000
Capitalized Lease Obligations Payable	0	0	0	0	0	8,927,262	8,927,262
Total Liabilities	\$ 2,350,268	\$ 57,101	\$ 0	\$ 0	\$ 74,116	\$ 10,127,262	\$ 12,608,747
Fund Balances:							
Restricted For:							
Debt Service	\$ 0	\$ 0	\$ 11,357	\$ 0	\$ 0	\$ 0	\$ 11,357
Capital Projects	0	0	0	19,629	0	0	19,629
Building Programs	0	527,587	0	0	0	0	527,587
Child Nutrition Programs	0	177,024	0	0	0	0	177,024
Unassigned	2,142,555	0	0	0	0	0	2,142,555
Total Fund Balances	\$ 2,142,555	\$ 704,611	\$ 11,357	\$ 19,629	\$ 0	\$ 0	\$ 2,878,152
Total Liabilities and Fund Balances	\$ 4,492,823	\$ 761,712	\$ 11,357	\$ 19,629	\$ 74,116	\$ 10,127,262	\$ 15,486,899

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

Crooked Oak School District No.1-53, Oklahoma County, Oklahoma
Combined Statement of Revenues Collected, Expenditures Paid and Changes in Fund Balances
Regulatory Basis - All Governmental Fund Types
For the Year Ending June 30, 2013

	Governmental Fund Types				Totals (Memorandum Only)
	General	Special Revenue	Debt Service	Capital Projects	June 30, 2013
Revenue Collected:					
Local Sources	\$ 1,863,554	\$ 1,896,804	\$ 1,183,329	\$ 279	\$ 4,943,965
Intermediate Sources	277,535	0	0	0	277,535
State Sources	5,064,933	9,816	0	0	5,074,749
Federal Sources	1,246,265	546,567	0	0	1,792,832
Non-Revenue Receipts	12,366	0	0	0	12,366
<i>Total Revenue Collected</i>	<u>\$ 8,464,652</u>	<u>\$ 2,453,187</u>	<u>\$ 1,183,329</u>	<u>\$ 279</u>	<u>\$ 12,101,447</u>
Expenditures Paid:					
Instruction	\$ 4,984,826	\$ 0	\$ 0	\$ 0	\$ 4,984,826
Support Services	4,386,312	0	0	1,317,813	5,704,126
Operation of Non-Instructional Services	4,813	561,229	0	0	566,042
Facilities Acquisition and Construction	835,501	1,646,528	0	66,137	2,548,167
Other Outlays	0	0	0	0	0
Other Uses	0	0	0	0	0
Repayments	7,522	0	0	0	7,522
Interest Paid on Warrants and Bank Charges	0	875	0	0	875
Debt Service:					
Principal Retirement	0	0	1,600,000	0	1,600,000
Interest and Fiscal Agent Fees	0	0	36,300	0	36,300
<i>Total Expenditures Paid</i>	<u>\$ 10,218,976</u>	<u>\$ 2,208,631</u>	<u>\$ 1,636,300</u>	<u>\$ 1,383,951</u>	<u>\$ 15,447,858</u>
<i>Excess of Revenues Collected Over (Under) Expenditures Paid Before Adjustments to Prior Year Encumbrances</i>	<u>\$ (1,754,323)</u>	<u>\$ 244,556</u>	<u>\$ (452,971)</u>	<u>\$ (1,383,672)</u>	<u>\$ (3,346,411)</u>
Adjustments to Prior Year Encumbrances	<u>\$ 240,108</u>	<u>\$ 990</u>	<u>\$ 0</u>	<u>\$ 11,564</u>	<u>\$ 252,662</u>
Other Financing Sources (Uses):					
Estopped Warrants	\$ 3,241	\$ 0	\$ 0	\$ 0	\$ 3,241
Bond Proceeds	0	0	0	1,200,000	1,200,000
Transfers In	0	0	0	0	0
Transfers Out	0	0	0	0	0
<i>Total Other Financing Sources (Uses)</i>	<u>\$ 3,241</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 1,200,000</u>	<u>\$ 1,203,241</u>
<i>Excess (Deficiency) of Revenue Collected Over Expenditures Paid and Other Financing Sources (Uses)</i>	<u>\$ (1,510,974)</u>	<u>\$ 245,546</u>	<u>\$ (452,971)</u>	<u>\$ (172,108)</u>	<u>\$ (1,890,507)</u>
<i>Fund Balance - Beginning of Year</i>	<u>3,653,529</u>	<u>459,065</u>	<u>464,328</u>	<u>191,737</u>	<u>4,768,659</u>
<i>Fund Balance - End of Year</i>	<u>\$ 2,142,555</u>	<u>\$ 704,611</u>	<u>\$ 11,357</u>	<u>\$ 19,629</u>	<u>\$ 2,878,152</u>

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

Crooked Oak School District No.1-53, Oklahoma County, Oklahoma
Combined Statement of Revenues, Expenditures, and Changes in Fund Balances
Budget and Actual - Regulatory Basis - Budgeted Governmental Fund Types
For the Year Ending June 30, 2013

	General Fund			Special Revenue Funds			Debt Service Fund		
	Original Budget	Final Budget	Actual	Original Budget	Final Budget	Actual	Original Budget	Final Budget	Actual
Revenue Collected:									
Local Sources	\$ 1,617,826	\$ 1,617,826	\$ 1,863,554	\$ 239,287	\$ 1,871,478	\$ 1,896,804	\$ 1,171,972	\$ 1,171,972	\$ 1,183,329
Intermediate Sources	236,654	236,654	277,535	0	0	0	0	0	0
State Sources	4,681,883	4,732,552	5,064,933	8,222	8,222	9,816	0	0	0
Federal Sources	481,402	910,854	1,246,265	487,563	487,563	546,567	0	0	0
Non-Revenue Receipts	0	0	12,366	0	0	0	0	0	0
<i>Total Revenue Collected</i>	<u>\$ 7,017,765</u>	<u>\$ 7,497,886</u>	<u>\$ 8,464,652</u>	<u>\$ 735,071</u>	<u>\$ 2,367,262</u>	<u>\$ 2,453,187</u>	<u>\$ 1,171,972</u>	<u>\$ 1,171,972</u>	<u>\$ 1,183,329</u>
Expenditures Paid:									
Instruction	\$ 10,671,295	\$ 11,151,415	\$ 4,984,826	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Support Services	0	0	4,386,312	527,812	527,812	0	0	0	0
Operation of Non-Instructional Services	0	0	4,813	666,323	666,323	561,229	0	0	0
Facilities Acquisition and Construction	0	0	835,501	0	1,632,191	1,646,528	0	0	0
Other Outlays	0	0	0	0	0	0	1,636,300	1,636,300	1,636,300
Other Uses	0	0	0	0	0	0	0	0	0
Repayments	0	0	7,522	0	0	0	0	0	0
Interest Paid on Warrants and Bank Charges	0	0	0	0	0	875	0	0	0
<i>Total Expenditures Paid</i>	<u>\$ 10,671,295</u>	<u>\$ 11,151,415</u>	<u>\$ 10,218,976</u>	<u>\$ 1,194,136</u>	<u>\$ 2,826,327</u>	<u>\$ 2,208,631</u>	<u>\$ 1,636,300</u>	<u>\$ 1,636,300</u>	<u>\$ 1,636,300</u>
<i>Excess of Revenues Collected Over (Under)</i>									
<i>Expenditures Paid Before Adjustments to</i>									
<i>Prior Year Encumbrances</i>	<u>\$ (3,653,529)</u>	<u>\$ (3,653,529)</u>	<u>\$ (1,754,323)</u>	<u>\$ (459,065)</u>	<u>\$ (459,065)</u>	<u>\$ 244,556</u>	<u>\$ (464,328)</u>	<u>\$ (464,328)</u>	<u>\$ (452,971)</u>
Adjustments to Prior Year Encumbrances	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 240,108</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 990</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
Other Financing Sources (Uses):									
Estopped Warrants	\$ 0	\$ 0	\$ 3,241	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Transfers In	0	0	0	0	0	0	0	0	0
Transfers Out	0	0	0	0	0	0	0	0	0
<i>Total Other Financing Sources (Uses)</i>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 3,241</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
<i>Excess (Deficiency) of Revenue Collected</i>									
<i>Over Expenditures Paid and Other Financing</i>									
<i>Sources (Uses)</i>	<u>\$ (3,653,529)</u>	<u>\$ (3,653,529)</u>	<u>\$ (1,510,974)</u>	<u>\$ (459,065)</u>	<u>\$ (459,065)</u>	<u>\$ 245,546</u>	<u>\$ (464,328)</u>	<u>\$ (464,328)</u>	<u>\$ (452,971)</u>
<i>Fund Balance - Beginning of Year</i>	<u>3,653,529</u>	<u>3,653,529</u>	<u>3,653,529</u>	<u>459,065</u>	<u>459,065</u>	<u>459,065</u>	<u>464,328</u>	<u>464,328</u>	<u>464,328</u>
<i>Fund Balance - End of Year</i>	<u>\$ 0</u>	<u>\$ (0)</u>	<u>\$ 2,142,555</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 704,611</u>	<u>\$ (0)</u>	<u>\$ (0)</u>	<u>\$ 11,357</u>

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

Crooked Oak ISD No. 53, Oklahoma County
Notes To The Financial Statements
For The Year Ended June 30, 2013

Note 1 - Summary of Significant Accounting Policies

The basic financial statements of the Crooked Oak Public Schools Independent District No. 1, Oklahoma County, Oklahoma (the "District") have been prepared in conformity with an other comprehensive basis of accounting as prescribed by the Oklahoma State Department of Education. The more significant of the District's accounting policies are described below.

1.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 the 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.

A new criterion was established by GASBS Statement No. 39 that became effective for the year ended June 30, 2004. Under GASBS Statement No. 39, a legally separate, tax-exempt organization should be reported as a component unit if: 1) the economic resources of the separate organization are almost entirely for the direct benefit of the primary government or its constituents, 2) the primary government is entitled to, or has the ability to otherwise access, a majority of the economic resources received or held by the separate organization, 3) and if the economic resources of the separate organization are significant to the primary government. Under this criterion, Chickasha Public School Foundation would be required to be included in the District's financial statements as a discretely presented component unit. However, the District has elected not to include it in the District's reporting entity.

1.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.

Crooked Oak ISD No. 53, Oklahoma County
Notes To The Financial Statements
For The Year Ended June 30, 2013

Note 1 - Summary of Significant Accounting Policies, (continued)

1.B. Fund Accounting, Governmental Fund Types, (continued)

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

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

Governmental Fund Types

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

1. General Fund - The General Fund is used to account for all financial transactions except those required to be accounted for in another fund. Major revenues 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.

2. Special Revenue Funds - The Special Revenue Funds of the District consist of the Building Fund, the Child Nutrition Fund, and the OCMAPS 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 to operate the lunchroom. The district also deposits reimbursements received from the National School Lunch and Breakfast programs into this fund.

OCMAPS Fund - The OCMAPS Fund (Oklahoma City Metropolitan Area Public School) consists of monies collected from a limited purpose excise tax earmarked for certain public school or public school facilities expenditures on November 13, 2001. The funds may be expended for providing for improving public school or public school facilities attended by City-resident students by any one or more of the following expenditures: Funding the erection or purchase and complete or partial furnishing and equipping of a public school building, repairs or an existing public school building, furniture or fixtures, improvements, transportation equipment and other equipment.

Crooked Oak ISD No. 53, Oklahoma County
Notes To The Financial Statements
For The Year Ended June 30, 2013

Note 1 - Summary of Significant Accounting Policies, (continued)

1.B. Fund Accounting, Governmental Fund Types, (continued)

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

4. Capital Projects Fund - The capital projects fund consists of the District's building and transportation bond issues. These funds are 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 purchasing transportation equipment.

Fiduciary Fund Types

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

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

Account Groups

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

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

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

Memorandum Only - Total Column

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

Crooked Oak ISD No. 53, Oklahoma County
Notes To The Financial Statements
For The Year Ended June 30, 2013

Note 1 - Summary of Significant Accounting Policies, (continued)

1.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 34, *Basic Financial Statements-Management's Discussion and Analysis-for State and Local Governments*. This format significantly differs from that required by GASB 34.

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

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

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.

1.D. Budgets and Budgetary Accounting

The District is required by state law to prepare an annual budget. The board of education requests an initial temporary appropriations budget from the county excise board before June 30. Then no later than October 1, the board of education prepares financial statement and estimate of needs and files it with the applicable county clerk and the State Department of Education. The final budget may be revised upon approval of the board of education and the county excise board.

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.

1.E. Assets, Liabilities and Fund Equity

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

Investments - Investments consist of direct obligations of the United States government and agencies with maturities greater than three months when purchased. All investments are records at cost, which approximated market value.

Crooked Oak ISD No. 53, Oklahoma County
Notes To The Financial Statements
For The Year Ended June 30, 2013

Note 1 - Summary of Significant Accounting Policies, (continued)

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

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

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

Inventories – The value of consumable inventories at June 30, 2013, is not material to the basic financial statements.

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

Compensated Absences - Vested or accumulated vacation leave that is expected to be liquidated with expendable available financial resources is reported as an expenditure and a fund liability of the governmental fund that will pay it. There are no amounts of vested or accumulated vacation leave that are not expected to be liquidated with expendable available financial resources. Vested or accumulated vacation leave of proprietary funds is recorded as an expense and liability of those funds as the benefits accrue to employees.

No liability is recorded for nonvesting accumulating rights to receive sick pay benefits. The District does not pay for unused sick leave upon retirement and, therefore, no amount has been reported in the general long-term debt account group.

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

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

Crooked Oak ISD No. 53, Oklahoma County
Notes To The Financial Statements
For The Year Ended June 30, 2013

Note 1 - Summary of Significant Accounting Policies, (continued)

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

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

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

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

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

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

1.F. Revenue, Expenses, and Expenditures

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

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

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

Crooked Oak ISD No. 53, Oklahoma County
Notes To The Financial Statements
For The Year Ended June 30, 2013

Note 1 - Summary of Significant Accounting Policies, (continued)

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

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.

All other interfund transactions, except quasi-external transactions and reimbursements, are reported as transfers. Transfers in/transfers out may not agree because activity fund transactions are not included.

Note 2 – Deposit and Investment Risk

The District held the following deposits and investments at June 30, 2013:

			Carrying Value
Deposits			
Demand Deposits		\$	3,784,753
Time Deposits			1,582,128
Total Deposits		\$	5,366,881
Investments			
	<u>Credit Rating</u>	<u>Maturity</u>	<u>Fair Value</u>
			\$ 0
Total Investments			\$ 0
Reconciliation to the Combined Statement of Assets, Liabilities and Equity			
Cash and Cash Equivalents		\$	5,359,637
Activity Fund Outstanding Checks			7,244
Total Deposits and Investments		\$	5,366,881

Custodial Credit Risk – Exposure to custodial credit related to deposits exists when the District holds deposits that are uninsured and uncollateralized; collateralized with securities held by the pledging financial institution, or by its trust department or agent but not in the District's name; or collateralized without a written or approved collateral agreement. Exposure to custodial credit risk related to investments exists when the District holds investments that are uninsured and unregistered, with securities held by the counterparty or by its trust department or agent but not in the District's name.

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

At June 30, 2013, the District was not exposed to custodial credit risk as defined above.

Crooked Oak ISD No. 53, Oklahoma County
Notes To The Financial Statements
For The Year Ended June 30, 2013

Note 2 – Deposit and Investment Risk, (continued)

Investment Credit Risk – The District has no investment policy that limits its investment choices other than the limitations of state law that generally authorize investment in:

1. 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.
2. Certificates of deposit of banks when such certificates of deposits are secured by acceptable collateral for the deposit of public monies..
3. Savings accounts or saving certificates to the extent that such accounts or certificates are fully insured by the United States Government.
4. Repurchase agreements that have underlying collateral including obligations of the United States government, its agencies and instrumentalities, or the State of Oklahoma.
5. County, municipal or school district debt obligations for which an ad valorem tax may be levied.
6. Money market funds regulated by the SEC and in which investments consist of the investments consist of obligations of the United States, its agencies and instrumentalities.
7. Warrants, bonds or judgments of the school district.
8. Qualified pooled investment programs through an interlocal cooperative agreement formed pursuant to applicable law and to which the board of education has voted to be a member, the investments of which consist of those items specified in paragraphs 1 through 7 above, as well as obligations of the United States agencies and instrumentalities.
9. Any other investment that is authorized by law.

Investment credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligation. The District has no formal policy limiting investments based on credit rating, but discloses any such credit risk associated with their investment by reporting the credit quality ratings of investment in debt securities as determined by nationally recognized statistical rating organizations-rating agencies-as of the year end. Unless there is information to the contrary, obligations of the U.S. government or obligations explicitly guaranteed by the U.S. government are not considered to have credit risk and do not require disclosure of credit quality.

The district had no investment credit risk as of June 30, 2013, as defined above.

Investment Interest Rate Risk – Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The District 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. The District discloses its exposure to interest rate risk by disclosing the maturity dates of its various investments. The District had no investment interest rate risk as defined above.

Concentration of Investment Credit Risk – Exposure to concentration of credit risk is considered to exist when investments in any one issuer represent a significant percent of total investments of the District (any over 5 percent are disclosed). Investments issued or explicitly guaranteed by the U.S. government and investments in mutual funds, external investment pools, and other pooled investments are excluded from this consideration. The District places no limit on the amount it may invest in any one issuer.

At June 30, 2013, the District had no concentration of credit risk as defined above.

Crooked Oak ISD No. 53, Oklahoma County
Notes To The Financial Statements
For The Year Ended June 30, 2013

Note 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 and transportation purposes. These bonds are required to be fully paid serially within 25 years from the date of issue.

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

	Bonds Payable	Capital Lease Obligations	Compensated Absences	Total
Balance July 1, 2012	1,170,000	9,690,000	0	10,860,000
Additions	1,200,000	87,262	0	1,287,262
Retirements	(1,170,000)	(850,000)	0	(2,020,000)
Balance, June 30, 2013	1,200,000	8,927,262	0	10,127,262

A brief description of the outstanding general obligation bond issues at June 30, 2013, is set forth below:

	Interest Rate	Maturity Date	Amount Issued	Amount Outstanding
2012 Building Bonds	0.70%	08-01-14	\$ 1,200,000	\$ 1,200,000
Totals			\$ 1,200,000	\$ 1,200,000

Presented below is a summary of debt service requirements to maturity by years and by each bond issue:

	Principal	Interest	Total
2012 Building Bonds			
2013-14	\$ 1,200,000	\$ 16,800	\$ 1,216,800
Total Bonds	\$ 1,200,000	\$ 16,800	\$ 1,216,800

The District has entered into lease agreements as lessee for financing equipment and a copier. These lease agreements qualify as capital leases for accounting purposes since title transfers at the end of the lease terms and they have been recorded at the present value of the future minimum lease payments. These leases contain a clause which gives the District the ability to terminate the lease agreements at the end of each fiscal year.

Crooked Oak ISD No. 53, Oklahoma County
Notes To The Financial Statements
For The Year Ended June 30, 2013

Note 3 - General Long-term Debt (continued)

As noted in Note 1 to the financial statements, the District does not record fixed assets in the financial statements. Consistent with this, the District has not recorded the above assets as assets in the General Fixed Assets Account Group. The District has recorded the liability for future lease payments in the general long-term debt account group for the above lease. The schedule of future minimum lease payments under the capital leases and the present value of the net minimum lease payments at June 30, is as follows:

	Year Ending				
	June 30	Copiers	Building	Total	
	2014	\$ 21,600	\$ 1,378,571	\$ 1,400,171	
	2015	21,600	1,397,589	1,419,189	
	2016	21,600	1,414,344	1,435,944	
	2017	21,600	1,422,890	1,444,490	
	2018	10,800	1,438,382	1,449,182	
	2019	0	1,450,868	1,450,868	
	2020	0	2,486,156	2,486,156	
Total Minimum Lease Payments		\$ 97,200	\$ 10,988,800	\$ 11,086,000	
Less: Amounts Representing Interest		(9,938)	(2,148,800)	(2,158,738)	
Present Value of Future Minimum Lease Payments		\$ 87,262	\$ 8,840,000	\$ 8,927,262	

Note 4 - Employee Retirement System

Plan Description - The District participates in the state-administered Oklahoma Teachers' Retirement System (the "System") which is a cost-sharing multiple-employer defined benefit Public Employee Retirement System (PERS). The administration, benefits, and funding of the System are governed by Article XVII, Section 70 of the Oklahoma Statutes. The System is administered by a board of trustees which acts as a fiduciary for investing the funds and governing the administration of the System. PERS provides retirement, disability and death benefits to plan members and beneficiaries. The district has no responsibility or authority for the operation and administration of the System nor has it any liability, except for the current contribution requirements.

The System issues a publicly available financial report that includes financial statements and required supplementary information that can be obtained in writing at the Teachers' Retirement System of Oklahoma, P.O. Box 53524, Oklahoma City, Ok 73152 or by calling (405) 521-2387.

Funding Policy - Under the System, contributions are made by the District, the State of Oklahoma, and the participating employees. Participation is required for all teachers and other certified employees and is optional for all other regular employees of public education institutions who work at least 20 hours per week.

Crooked Oak ISD No. 53, Oklahoma County
Notes To The Financial Statements
For The Year Ended June 30, 2013

Note 4 - Employee Retirement System, (continued)

The contribution rates for the District and its employees, which are not actuarially determined, are established by statute and applied to the employee's earnings, plus employer-paid fringe benefits. The District is required by statute to contribute 9.50% of applicable compensation for the year ended June 30, 2013. The District is allowed by the Oklahoma Teacher's Retirement System to make the required contributions on behalf of the participating members. The required contribution for participating members is 7%.

The District's contributions to the System for the year ending June 30, 2013 was \$478,773.

The compensation for employees covered by the System for the year ended June 30, 2013 was \$4,863,015; the District's total compensation was \$5,923,904. In addition to the District's 9.50% contributions, the District was required to pay into the System 8.00% of compensation arising from federal grants (\$48,493). There were \$293,713 contributions made by employees during the year ended June 30, 2013.

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 nonfunded pension benefit obligation of the System as determined as part of the latest actuarial valuation dated June 30, 2012, is as follows:

Total pension obligation	\$ 18,588,042,438
Net assets available for benefits, at cost	<u>10,190,480,780</u>
Nonfunded pension benefit obligation	<u>\$ 8,397,561,658</u>

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

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

Note 5 - Contingencies

Amounts received or receivable from grantor agencies are subject to audit and adjustment by grantor agency. 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 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; or acts of God. The District purchases commercial insurance to cover these risks, including general and auto liability, property damage, and public officials liability. The District had the following insurance coverage during the year: Commercial property - \$25,093,812; general liability - \$1,000,000; and educators liability \$2,000,000. Settled claims resulting from these risks have not exceeded the commercial insurance coverage in any of the past three fiscal years.

Crooked Oak ISD No. 53, Oklahoma County
Notes To The Financial Statements
For The Year Ended June 30, 2013

Note 6 – Risk Management, (continued)

The School also participates in a risk pool for Workers' Compensation coverage in which there is a transfer or pooling of risks among the participants of that pool. In accordance with GASB No. 10, the school reports the required contribution to the pool, net of refunds, as insurance expense. The risk pool is the Oklahoma School Assurance Group (OSAG), an organization formed for the purpose of providing workers' compensation coverage to participating schools in the State of Oklahoma. In that capacity, OSAG is responsible for providing loss control services and certain fiscal activities, including obtaining contract arrangements for the underwriting, excess insurance agreements, claims processing, and legal defense for any and all claims submitted to them during the plan year. As a member of OSAG the District is required to pay fees set by OSAG according to an established payment schedule. A portion of the fees paid by the District goes into a loss fund for the District. The fee for the loss fund is calculated by projecting losses based on the schools losses for the last five year. OSAG provides coverage in excess of the Loss Fund so the District's liability for claim loss is limited to the balance of the loss fund. If the District does not use their loss fund in three years it is returned to them with no interest.

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

Note 7 - Use of Estimates

The preparation of financial statements 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 8 – Budget Amendments

The General Fund Budget was amended during the year by filing a supplemental appropriation form with the county clerk's office. The supplemental appropriation was for \$480,121. This increased the original General Fund Budget from \$10,671,294 to \$11,151,415.

The OCMAPS Fund was amended twice during the year by filing supplemental appropriations forms with the county clerk's office. The supplemental appropriations were for \$1,631,612 and \$579. This increased the original OCMAPS Budget Fund from \$0 to \$1,632,191.

Crooked Oak ISD No. 53, Oklahoma County
Notes To The Financial Statements
For The Year Ended June 30, 2013

Note 9 – Surety Bonds

The Superintendent is bonded by RLI Insurance Company bond #LSM0373835 for the penal sum of \$100,000 for the term July 1, 2012 to July 1, 2013

The Treasurer is bonded by RLI Insurance Company bond #LSM0400624 for the penal sum of \$100,000 for the term July 17, 2012 to July 17, 2013.

The Encumbrance Clerk/Minutes Clerk/Activity Fund Custodian is bonded by RLI Insurance Company bond #LSM0372232 for the penal sum of \$100,000 for the period June 1, 2012 to June 1, 2014.

OTHER SUPPLEMENTAL INFORMATION

Crooked Oak School District No.1-53, Oklahoma County, Oklahoma
Combining Statement of Assets, Liabilities and Fund Balances
Regulatory Basis - All Special Revenue Funds
For the Year Ending June 30, 2013

	<u>Building Fund</u>	<u>Child Nutrition Fund</u>	<u>OCMAPS Fund</u>	<u>Total June 30, 2013</u>
<u>ASSETS</u>				
Cash and Cash Equivalents	\$ 464,576	\$ 232,696	\$ 0	\$ 697,272
Investments	<u>64,440</u>	<u>0</u>	<u>0</u>	<u>64,440</u>
<i>Total Assets</i>	<u>\$ 529,016</u>	<u>\$ 232,696</u>	<u>\$ 0</u>	<u>\$ 761,712</u>
<u>LIABILITIES AND FUND BALANCE</u>				
Liabilities:				
Warrants Payable	\$ 1,429	\$ 39,104	\$ 0	\$ 40,533
Reserve for Encumbrances	<u>0</u>	<u>16,568</u>	<u>0</u>	<u>16,568</u>
<i>Total Liabilities</i>	<u>\$ 1,429</u>	<u>\$ 55,672</u>	<u>\$ 0</u>	<u>\$ 57,101</u>
Fund Balances:				
Restricted	<u>\$ 527,587</u>	<u>\$ 177,024</u>	<u>\$ 0</u>	<u>\$ 704,611</u>
<i>Total Fund Balances</i>	<u>\$ 527,587</u>	<u>\$ 177,024</u>	<u>\$ 0</u>	<u>\$ 704,611</u>
<i>Total Liabilities and Fund Balances</i>	<u>\$ 529,016</u>	<u>\$ 232,696</u>	<u>\$ 0</u>	<u>\$ 761,712</u>

Crooked Oak School District No.1-53, Oklahoma County, Oklahoma
Combining Statement of Revenues Collected, Expenditures Paid and Changes in Fund Balances
Regulatory Basis - Special Revenue Funds
For the Year Ending June 30, 2013

	Building Fund	Child Nutrition Fund	OCMAPS Fund	Total June 30, 2013
Revenue Collected:				
Local Sources	\$ 245,230	\$ 19,383	\$ 1,632,191	\$ 1,896,804
Intermediate Sources	0	0	0	0
State Sources	0	9,816	0	9,816
Federal Sources	0	546,567	0	546,567
Non-Revenue Receipts	0	0	0	0
<i>Total Revenue Collected</i>	<u>\$ 245,230</u>	<u>\$ 575,767</u>	<u>\$ 1,632,191</u>	<u>\$ 2,453,187</u>
Expenditures Paid:				
Instruction	\$ 0	\$ 0	\$ 0	\$ 0
Support Services	0	0	0	0
Operation of Non-Instructional Services	0	561,229	0	561,229
Facilities Acquisition and Construction	14,337	0	1,632,191	1,646,528
Other Outlays	0	0	0	0
Other Uses	0	0	0	0
Repayments	0	0	0	0
Interest Paid and Bank Charges	0	875	0	875
<i>Total Expenditures Paid</i>	<u>\$ 14,337</u>	<u>\$ 562,104</u>	<u>\$ 1,632,191</u>	<u>\$ 2,208,631</u>
<i>Excess of Revenues Collected Over (Under) Expenditures Paid Before Adjustments to Prior Year Encumbrances</i>	<u>\$ 230,893</u>	<u>\$ 13,663</u>	<u>\$ 0</u>	<u>\$ 244,556</u>
Adjustments to Prior Year Encumbrances	<u>\$ 0</u>	<u>\$ 990</u>	<u>\$ 0</u>	<u>\$ 990</u>
Other Financing Sources (Uses):				
Estopped Warrants	\$ 0	\$ 0	\$ 0	\$ 0
Transfers In	0	0	0	0
Transfers Out	0	0	0	0
<i>Total Other Financing Sources (Uses)</i>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
<i>Excess (Deficiency) of Revenue Collected Over Expenditures Paid and Other Financing Sources (Uses)</i>	<u>\$ 230,893</u>	<u>\$ 14,653</u>	<u>\$ 0</u>	<u>\$ 245,546</u>
<i>Fund Balance - Beginning of Year</i>	<u>296,694</u>	<u>162,371</u>	<u>0</u>	<u>459,065</u>
<i>Fund Balance - End of Year</i>	<u><u>\$ 527,587</u></u>	<u><u>\$ 177,024</u></u>	<u><u>\$ 0</u></u>	<u><u>\$ 704,611</u></u>

Crooked Oak School District No.I-53, Oklahoma County, Oklahoma
Combining Statement of Revenues Collected, Expenditures Paid and Changes in Fund Balances
Special Revenue Funds - Budget and Actual
For the Year Ending June 30, 2013

	Building Fund			OCMAPS Fund			Child Nutrition Fund			Total		
	Original Budget	Final Budget	Actual	Original Budget	Final Budget	Actual	Original Budget	Final Budget	Actual	Original Budget	Final Budget	Actual
Revenue Collected:												
Local Sources	\$ 231,118	\$ 231,118	\$ 245,230	\$ 0	\$ 1,632,191	\$ 1,632,191	\$ 8,169	\$ 8,169	\$ 19,383	\$ 239,287	\$ 1,871,478	\$ 1,896,804
Intermediate Sources	0	0	0	0	0	0	0	0	0	0	0	0
State Sources	0	0	0	0	0	0	8,222	8,222	9,816	8,222	8,222	9,816
Federal Sources	0	0	0	0	0	0	487,563	487,563	546,567	487,563	487,563	546,567
Non-Revenue Receipts	0	0	0	0	0	0	0	0	0	0	0	0
<i>Total Revenue Collected</i>	<u>\$ 231,118</u>	<u>\$ 231,118</u>	<u>\$ 245,230</u>	<u>\$ 0</u>	<u>\$ 1,632,191</u>	<u>\$ 1,632,191</u>	<u>\$ 503,953</u>	<u>\$ 503,953</u>	<u>\$ 575,767</u>	<u>\$ 735,071</u>	<u>\$ 2,367,262</u>	<u>\$ 2,453,187</u>
Expenditures Paid:												
Instruction	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Support Services	527,812	527,812	0	0	0	0	0	0	0	527,812	527,812	0
Operation of Non-Instructional Services	0	0	0	0	0	0	666,324	666,324	561,229	666,323	666,323	561,229
Facilities Acquisition and Construction	0	0	14,337	0	1,632,191	1,632,191	0	0	0	0	1,632,191	1,646,528
Other Outlays	0	0	0	0	0	0	0	0	0	0	0	0
Other Uses	0	0	0	0	0	0	0	0	0	0	0	0
Repayments	0	0	0	0	0	0	0	0	0	0	0	0
Interest Paid	0	0	0	0	0	0	0	0	875	0	0	875
<i>Total Expenditures Paid</i>	<u>\$ 527,812</u>	<u>\$ 527,812</u>	<u>\$ 14,337</u>	<u>\$ 0</u>	<u>\$ 1,632,191</u>	<u>\$ 1,632,191</u>	<u>\$ 666,324</u>	<u>\$ 666,324</u>	<u>\$ 562,104</u>	<u>\$ 1,194,136</u>	<u>\$ 2,826,327</u>	<u>\$ 2,208,631</u>
<i>Excess of Revenues Collected Over (Under)</i>												
<i>Expenditures Paid Before Adjustments to</i>												
<i>Prior Year Encumbrances</i>	\$ (296,694)	\$ (296,694)	\$ 230,893	\$ 0	\$ (0)	\$ 0	\$ (162,371)	\$ (162,371)	\$ 13,663	\$ (459,065)	\$ (459,065)	\$ 244,556
Adjustments to Prior Year Encumbrances	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 990	\$ 0	\$ 0	\$ 990
Other Financing Sources (Uses):												
Estopped Warrants	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Transfers In	0	0	0	0	0	0	0	0	0	0	0	0
Transfers Out	0	0	0	0	0	0	0	0	0	0	0	0
<i>Total Other Financing Sources (Uses)</i>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
<i>Excess (Deficiency) of Revenue Collected</i>												
<i>Over Expenditures Paid and Other Financing</i>												
<i>Sources (Uses)</i>	\$ (296,694)	\$ (296,694)	\$ 230,893	\$ 0	\$ (0)	\$ 0	\$ (162,371)	\$ (162,371)	\$ 14,653	\$ (459,065)	\$ (459,065)	\$ 245,546
<i>Fund Balance - Beginning of Year</i>	<u>296,694</u>	<u>296,694</u>	<u>296,694</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>162,371</u>	<u>162,371</u>	<u>162,371</u>	<u>459,065</u>	<u>459,065</u>	<u>459,065</u>
<i>Fund Balance - End of Year</i>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 527,587</u>	<u>\$ 0</u>	<u>\$ (0)</u>	<u>\$ 0</u>	<u>\$ (0)</u>	<u>\$ (0)</u>	<u>\$ 177,024</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 704,611</u>

Exhibit A-3

***Crooked Oak School District No.1-53, Oklahoma County, Oklahoma
Combining Assets, Liabilities and Fund Equity
Activity Fund - Regulatory Basis
For the Year Ending June 30, 2013***

<u>ASSETS</u>	<u>School Activity Fund</u>
Cash	\$ 74,116
Investments	<u>0</u>
<i>Total Assets</i>	<u>\$ 74,116</u>
 <u>LIABILITIES AND FUND EQUITY</u>	
Liabilities:	
Due To Activity Groups	\$ <u>74,116</u>
<i>Total Liabilities</i>	<u>\$ 74,116</u>
Fund Equity:	
Unreserved/Undesignated	\$ <u>0</u>
<i>Total Liabilities and Fund Equity</i>	<u>\$ 74,116</u>

Crooked Oak School District No. I-53, Oklahoma County, Oklahoma
Combining Statement of Changes in Assets and Liabilities
Regulatory Basis - Activity Fund
For the Year Ending June 30, 2013

ACTIVITIES	Balance July 1, 2012	Additions	Deletions	Balance June 30, 2013
Athletic	\$ 1,134	\$ 2,655	\$ 2,972	\$ 817
Band	3,162	9,743	8,316	4,588
Scholarship Fund	500	500	0	1,000
Softball	720	330	552	498
Elementary	12,482	82,807	72,549	22,740
FCA	760	0	0	760
General	4,496	16,325	14,908	5,914
MS General	1,293	3,346	3,203	1,437
MS Honor Society	319	173	25	467
Crooked Oak Library	2,092	1,597	1,392	2,297
MS Cheerleaders	426	2,737	1,952	1,211
MS Student Council	1,039	24	299	764
Board Money	36	0	0	36
HS General	847	252	648	450
HS Honor Society	83	87	0	170
Business Professional	1,490	2,432	2,879	1,043
HS Cheerleaders	1,598	2,714	3,010	1,301
Newspaper/Computer	1,030	0	0	1,030
Special Olympics	6,617	11,795	9,715	8,697
Yearbook	75	3,272	3,347	0
Coca Cola Fund	910	914	1,005	819
Central Oak Library	3,147	6,558	8,139	1,566
Football	9,032	6,275	14,325	982
Boys Basketball	1,580	2,844	3,650	774
HS Stuco	951	2,099	2,541	508
Girls Basketball	2,155	2,790	4,381	564
Vice Family Scholarship	2,132	2,100	3,940	292
Afrotrc Fund Raising	6,163	42,304	44,594	3,874
Bricktown Bash Tourney	1,546	2,508	3,388	666
Band Booster Club	944	4,600	4,403	1,141
Soccer	1,426	1,675	2,605	495
Class of 2012	43	0	43	0
MS/HS Art Fund	613	2,016	2,391	238
Robitics Team	176	760	821	115
Class of 2013	1,145	3,216	4,068	293
HS Spanish Club	92	308	98	302
Class of 2014	0	3,790	1,950	1,840
COPS Alumni	0	5,645	1,698	3,947
International Trips	0	481	0	481
Total Activities	\$ 72,252	\$ 231,670	\$ 229,806	\$ 74,116

CROOKED OAK INDEPENDENT SCHOOL DISTRICT NO. 53 OKLAHOMA COUNTY
SCHEDULE OF FEDERAL AWARDS EXPENDED
FOR THE YEAR ENDED JUNE 30, 2013

Federal Grantor/Pass Through Grantor/Program Title		Federal CFDA#	Pass- Through Grantor's Project Number	Deferred Revenue (Accounts Receivable) July 1, 2012	Federal Grant Receipts	Federal Grant Expenditures	Deferred Revenue (Accounts Receivable) June 30, 2013	Indirect Costs Included In Federal Grant Expenditures
U.S. Department of Defense								
Direct Programs:								
ROTC	(Note 2)	12.357	771	0	54,452	54,452	0	0
Total U.S. Department of Defense				0	54,452	54,452	0	0
U.S. Department of Education								
Direct Programs:								
Title VII-Indian Education	(Note 4)	84.060A	561	0	0	14,215	(14,215)	0
Passed Through Oklahoma State Department of Education:								
Title I, Basic	(Note 4)	84.010	511	(348,083)	684,120	496,269	(127,201)	0
Title I, School Support	(Note 4)	84.010	515	0	79,912	89,512	(9,600)	0
Title II, Part-Transferability		84.367	511	0	33,032	0	0	0
Title I Cluster				(348,083)	797,063	585,781	(136,801)	0
IDEA-B Flowthrough	(Note 4)	84.027	621	0	295,722	350,480	(54,759)	0
IDEA-B Preschool	(Note 4)	84.173	641	0	4,396	5,988	(1,592)	0
Special Education Cluster				0	300,118	356,469	(56,351)	0
Title II, Part A	(Note 5)	84.367	541	(12,309)	55,937	55,815	(12,187)	0
Title III, Part A-Language Inst	(Note 4)	84.365	572	0	27,419	60,305	(32,885)	0
Total U.S. Department of Education				(360,391)	1,180,537	1,072,584	(252,439)	0
U.S. Department of Human Services								
Passed through Oklahoma Health Care Authority:								
Medicaid Resources		93.778	698	(6,009)	11,277	5,267	0	0
Total U.S. Department of Human Services				(6,009)	11,277	5,267	0	0
U.S. Department of Agriculture								
Passed Through State Department of Education:								
Breakfast Program		10.553	764	0	109,227	79,934	29,293	0
Lunch Program		10.555	763	0	433,756	240,148	193,608	0
Summer Food Program		10.559	766	0	3,585	2,349	1,235	0
Passed Through State Department of Human Services								
Commodities Distributed-Lunch	(Note 3)	10.555	N/A	0	27,278	27,278	0	0
Child Nutrition Cluster				0	573,845	349,709	224,136	0
Total U.S. Department of Agriculture				0	573,845	349,709	224,136	0
TOTAL FEDERAL ASSISTANCE				(366,401)	1,820,110	1,482,012	(28,303)	0

CROOKED OAK INDEPENDENT SCHOOL DISTRICT NO. 53 OKLAHOMA COUNTY
SCHEDULE OF FEDERAL AWARDS EXPENDED
FOR THE YEAR ENDED JUNE 30, 2013
(Continued)

Note 1 - The Schedule of Federal Awards expended was prepared using the same accounting policies used in preparing the District's Financial Statements. The District's policy is to recognize expenditures when encumbered (contracted for) rather than at the time the related fund liability is incurred.

Note 2 - The District did not track expenditures paid from these federal programs separately. Thus, expenditure amounts are the amount of federal revenues received from these programs during the fiscal year.

Note 3 - Commodities received were of a nonmonetary nature and therefore the total revenue does not agree with the financial statements by this amount.

Note 4 - The District's OCAS expenditures for these programs was more than what they claimed or were allocated:

	<u>Claimed/Allocated</u>	<u>Expended Per OCAS</u>
Title III-Language	60,305	76,254
Title I	496,269	496,291
Title I, School Support	89,512	91,359
Title VII - Indian Education	14,215	15,016
IDEA-B Flowthrough	350,480	367,216
IDEA-B Preschool	5,988	6,169
ARRA-Title I (Project 516)	-	1,733

Note 5 - The District transferred \$33,031 of the Title II allocation to the Title I program.



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CERTIFIED PUBLIC ACCOUNTANTS

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

The Honorable Board of Education
Crooked Oak Independent School District #53
Oklahoma County, Oklahoma

Board Members:

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the fund type and account group financial statements, regulatory basis, of **Crooked Oak Independent School District #53**, Oklahoma County, Oklahoma, as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the District's combined financial statements and have issued our report thereon dated February 26, 2014. The report on these financial statements was adverse because the District has elected to prepare its financial statements on the basis of the financial reporting provisions of the Oklahoma State Department of Education, which is a material departure from accounting principles generally accepted in the United States of America. Our opinion regarding the presentation of the financial statements referred to above in conformity with the prescribed basis of accounting was qualified due to the omission of the general fixed asset account group.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered **Crooked Oak Independent School District #53**, Oklahoma County, Oklahoma's (The District's), internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of The District's internal control. Accordingly, we do not express an opinion on the effectiveness of The District's internal control.

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings and questioned costs to be significant deficiencies. (2013-1 through 2013-9)

Compliance and Other Matters

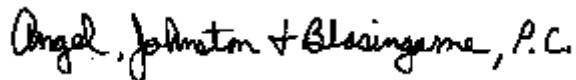
As part of obtaining reasonable assurance about whether The District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material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

Crooked Oak Independent School District #53, Oklahoma's, Response to Findings

Crooked Oak Independent School District #53, Oklahoma's responses to the findings identified in our audit are described in the attached corrective action plan. The District's responses were not subjected to the auditing procedures applied in the audit of the financial statements and accordingly, we express no opinion on them.

Purpose of this Report

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



Chickasha, Oklahoma
February 26, 2014

CERTIFIED PUBLIC ACCOUNTANTS

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

The Honorable Board of Education
Crooked Oak Independent School District #I-53
Oklahoma County, Oklahoma

Board Members:

Report on Compliance for Each Major Federal Program

We have audited **Crooked Oak Independent School District #I-53**, Oklahoma County, Oklahoma's, compliance with the types of compliance requirements described in *the OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of the District's major federal programs for the year ended June 30, 2013. The District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of **Crooked Oak Independent School District, I-53** Oklahoma County, Oklahoma's, major federal programs based on our audit of the types of compliance requirements referred above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards, issued by the Comptroller General of the United States; and OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and *OMB Circular A-133* require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

Opinion on Each Major Federal Program

In our opinion, **Crooked Oak Independent School District #I-53**, Oklahoma County, Oklahoma 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, 2013.

Other Matters

The results of our auditing procedures disclosed instances of noncompliance, which are required to be reported in accordance with OMB Circular A-133 and which are described in the accompanying schedule of findings and questioned costs as Finding 2013-10 and 2013-11. Our opinion on each major federal program is not modified with respect to these matters.

Crooked Oak Independent School District #I-53, Oklahoma County, Oklahoma's response to the noncompliance findings identified in our audit is described in the accompanying schedule of findings and questioned costs. The District's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion the response.

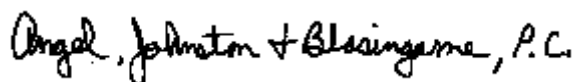
Report on Internal Control Over Compliance

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

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

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

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



Chickasha, Oklahoma
February 26, 2014

Crooked Oak ISD No. 53, Oklahoma County
Schedule of Findings and Questioned Cost
For the Year Ended June 30, 2013

SUMMARY OF AUDITOR'S RESULTS

Financial Statements:

Type of Auditor's Report Issued: Adverse opinion on the combined financial statements in conformity with generally accepted accounting principles and a qualified opinion for the omission of the general fixed asset account group on the combined financial statements in conformity with a regulatory basis of accounting prescribed by the Oklahoma Department of Education.

Internal Control Over Financial Reporting:

Material Weakness(es) identified? No

Significant Deficiencies identified not considered to be material weaknesses? __Yes

Noncompliance material to financial statements noted? No

Federal Awards:

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

Internal Control Over Major Programs:

Material Weakness(es) identified? No

Significant Deficiencies identified not considered to be material weaknesses? Yes

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

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

Auditee Qualified as low-risk auditee under OMB Circular A-133 Section 530? No

Identification of Major Programs:

CFDA#

10.553	Child Nutrition – Breakfast
10.555	Child Nutrition – Lunch
10.559	Child Nutrition – Summer Food Program
84.010	Title I, Cluster

Crooked Oak ISD No. 53, Oklahoma County
Schedule of Findings and Questioned Cost
For the Year Ended June 30, 2013

Findings-Financial Statement Audit

2013-1 - Finding

Statement of Condition – The district did not prepare employee contracts for most of its employees.

Criteria – Annual employee contracts should be used to establish an understanding of the responsibilities of both the employee and the district including the rate of pay. Extra duty contracts should be used for items not included on the original contract.

Cause/Effect of Condition – The district failed to prepare employee contracts due to turnover of payroll personnel. Lack of employee contracts could lead to employees being paid inaccurate amounts of pay.

Recommendation – We recommend the district prepare employee contracts for both certified and support personnel annually and extra duty contracts be prepared for items not included on the original contract. Further, we recommend the contracts be signed by the employee, the Superintendent and a representative of the board.

2013-2 - Finding

Statement of Condition – One employee was paid a \$10,000 extra duty stipend instead of the approved \$1,000 amount due to an input error (overpaid \$9,000).

Criteria – Employees should be paid the appropriate amount of stipends.

Cause/Effect of Condition – An input error was made but the district had no procedure to have payroll cross-checked by another employee.

Recommendation – Payroll calculations should be cross-checked by another employee.

2013-3 - Finding

Statement of Condition – District supervisors are allowed discretion in establishing the pay step to start new support staff. The step is verbally communicated to the payroll clerk

Criteria – Pay criteria should be established by someone outside of the payroll department. Written documentation of pay steps should be provided to the payroll clerk and maintained as part of the payroll records.

Cause/Effect of Condition – Lack of control over pay steps could allow an employee to be paid inaccurate amounts.

Recommendation – If discretion is allowed for establishing the starting pay step, we recommend the supervisor provide written documentation to the payroll clerk setting the pay step and the criteria used to determine it. This documentation should be maintained with the other payroll records.

2013-4 - Finding

Statement of Condition – Although time records are usually maintained for support staff, we did note the following errors: time records are not always maintained for extra duty items paid to support staff, time records were not always signed by a supervisor, and time records could not be located for a few specific payments that we tested,

Criteria – The Fair Labor Standards Act requires employers to maintain time records for all non-exempt employees to document that they were paid at least the minimum wage rates and that they were paid 1 ½ their normal rate for all hours worked in excess of a 40 hour work week.

Cause/Effect of Condition – Lack of understanding of the FLSA could put the district at risk in situations where an employee files a grievance against the district.

Recommendation – The district should maintain time records for all non-exempt employees including any extra duty time. The time records should be signed by both the employee and the supervisor.

2013-5 - Finding

Statement of Condition – The sick leave/vacation leave information maintained in the district's software doesn't appear to be accurate. Several employees showed more sick leave than the maximum allowed and the payroll clerk has had to override the system amounts with manual calculations since midyear. She has started the process of determining the correct amounts and updating the system but it is only partially complete.

In addition, the district does not appear to have a good system of tracking sick leave including matching substitute teacher requests to sick leave data.

Criteria – The district must maintain accurate sick leave/vacation leave records to ensure that employees accrue the correct amount.

Cause/Effect of Condition – Inaccurate sick leave/vacation leave records can lead to the district overpaying or underpaying employees.

Recommendation – The payroll clerk should review and update the current balance of sick/vacation leave accounts. She should also check the amounts accrued for each employee to ensure the future balances are correct. In addition, the district needs to review its procedures to ensure all time taken off is accounted for through the system. The procedures should include steps to match time off to substitute payments.

2013-6 - Finding

Statement of Condition – 6 of 27 purchases tested in the activity fund had invoices dated before the purchase requisition. Thus, it appears the items were purchased before the purchase was approved.

Criteria – Activity fund purchases should not be made before they are approved.

Cause/Effect of Condition – Not following purchasing procedures could result in the district purchasing items that are not needed. In addition, it could result in an activity fund sub-account not having adequate funds to cover the purchase.

Recommendation – Before a purchase is made, the sponsor should prepare a purchase requisition and have it approved by the activity fund custodian.

2013-7 - Finding

Statement of Condition – Sponsors are not issuing pre-numbered receipts for monies they collect. Thus, we were not able to trace receipts from the point of collection through to the deposit. In addition, we were not able to verify that sponsors were turning in money in a timely manner.

Criteria – State Department of Education regulations require pre-numbered receipts be issued for collections. In addition, Oklahoma law requires monies be deposited on a daily basis if it is more than \$100 but never less than within a week.

Cause/Effect of Condition – Not following receipting procedures could result in collections not being deposited or not being deposited timely.

Recommendation – We recommend the district's sponsors issue pre-numbered receipts whenever monies are collected. Receipts should then be deposited on a timely basis.

2013-8 - Finding

Statement of Condition – The district did not issue prenumbered tickets for admissions to events nor did they prepare a reconciliation of tickets sold to collections. In addition, the district did not have any procedures to ensure all concession stand proceeds were deposited.

Criteria – Oklahoma law states prenumbered tickets should be used for admissions in order to establish internal control. All tickets not sold by the gate keeper should be accounted for at the end of each event and a written reconciliation made of tickets sold to actual monies collected. Reconciliation documents should be filed in date order as part of the documentation for the School Activity Fund.

Cause/Effect of Condition – Not establishing good internal controls could result in monies not being accounted for in the financial statements.

Recommendation – The district should issue prenumbered tickets for all gate admissions and a reconciliation of tickets to money collected should be prepared and signed by at least two gate workers before the money is removed. In addition, concession workers should prepare a collections form and sign it before the monies are removed.

2013-9 Finding

Statement of Condition – The outstanding encumbrance amount was changed several times after June 30, but before the OCAS data was finalized. This included adding encumbrances and reducing/deleting encumbrances.

Criteria – The outstanding encumbrance amount on June 30 should be the total of unpaid payroll and purchase orders as of June 30. The list should be reviewed and finalized at that time using the districts best estimates. Then the amount should not be changed. A warrant can be issued, but the balance of the purchase order should not be closed until after the OCAS data is certified.

Cause/Effect of Condition –When encumbrances are added or deleted after June 30, it changes the total expenditures and fund balance. It appears the encumbrance clerk was not aware of this requirement.

Recommendation – The amount encumbered as of June 30 should not be changed until the OCAS data has been certified.

Findings and Questioned Costs – Major Federal Award Programs Audit

2013-10 - Finding

Statement of Condition – As of January 28, 2014, the district’s 2011-12 audit report was not listed on the Federal Audit Clearinghouse website.

Criteria – As part of the A-133 (Single Audit) requirements for entities that have over \$500,000 of federal expenditures in a year, a copy of the annual audit is required to be filed with the Federal Audit Clearinghouse within 9 months of year end (March 31st).

Cause/Effect of Condition – Not following federal requirements could result in the district’s federal funding being withheld.

Recommendation – The district should make sure a copy of its 2011-12 audit report is filed with the Federal Audit Clearinghouse as soon as possible.

2013-11 - Finding

Statement of Condition – The district did not maintain “Time and Effort” certifications for its Title I program.

Criteria – Federal funding requires “Time and Effort” certifications be prepared for personnel paid from federal programs.

Cause/Effect of Condition – Federal funding could be reduced or withheld until the certification process is completed.

Recommendation – The district should obtain the required “Time and Effort” certifications for personnel paid from federal programs.

Crooked Oak ISD No. 53, Oklahoma County
Disposition of Prior Year Audit Findings
For Year Ended June 30, 2013

2012-1 Finding – The General Fund Balance exceeded the allowable amount.

Condition – The General Fund had a June 30, 2012 balance of \$3,653,530. Federal revenue amounted to \$1,407,112.

Criteria – Title 70 Section 18-200.1 allows the District to carry over an amount equal to 16% of its current year revenue. This amount is adjusted for the amount of federal revenue received.

Cause – The District failed to spend or encumber the excess balance.

Effect – The District had General Fund revenue of \$8,225,359. The allowable fund balance would be 16% or \$1,316,057. The carryover of \$3,653,530 when reduced by the federal revenue of \$1,407,122 would result in an adjusted carryover amount of \$2,246,418. The District exceeded the allowed amount by \$839,306.

Recommendation – The District will be assessed a penalty if it exceeds the allowable carryover for two consecutive years. The District should consider this in determining its expenditure for the 2012-13 school year.

District Response – The District is reviewing its expenditures and revenue for the year ended June 30, 2013 in order to attempt to be under the allowable carryover amount.

Current Status - The District did not exceed the allowed carryover amount for 2012-13.

2012-2 Finding – Payroll related expenses were not paid in a timely manner.

Condition – Payroll related expenses, including payments to the Oklahoma Teachers Retirement System were not paid in a timely manner. Warrants were written but not submitted when they should have been. The outstanding payments report for June 30, 2012 shows \$111,028 in outstanding payments for the fiscal year ended June 30, 2011. This amount includes two checks to Oklahoma Teachers Retirement system in the amount of \$40,680 and \$40,670. These warrants will not be estopped until an examination of payments to the System is complete. This could affect the excess fund balance found in 2012-01.

Criteria – Districts are required to submit amounts withheld from employee payroll and any related employer amounts in a timely manner. The District is also required to maintain an internal control system sufficient to reduce or eliminate errors of this kind.

Cause – the employee responsible for payroll related matters failed to act timely. The District failed to maintain its internal control system in an adequate manner. The presence of warrants to the Oklahoma Teachers Retirement System or for related payroll liabilities for more than one month should be sufficient cause for District management to investigate the reason the warrants are outstanding. It appears the Treasurer informed District administration of the outstanding warrants. Therefore, there appears to be management over-ride of the internal control system.

Effect – The failure to make timely payments caused employees to not be credited with the correct amount of income or payments into retirement accounts and other payroll related accounts. The District's failure to follow its internal control system requirements resulted in the error occurring over an extended amount of time.

Recommendation – The District should continue its investigation into unpaid payroll related items. Warrants should not be estopped until the investigation is complete. Payroll withholding and any matching payments should be paid to the proper vendor as soon as possible after the payroll is completed. The District’s Administration should review monthly financial reports to insure required actions are taken.

District Response – The District will continue its investigation of the outstanding warrants and the related investigation to determine if proper amounts have been paid. We will review financial statements for unusual or incorrect items.

Current Status – The District has cleared up these issues with teacher retirement and appear to be making and submitting teacher retirement payment in a timely manner.

2012-3 – Finding – Child Nutrition Fund expenditures were not properly coded.

Condition – The District expenditure summary for the Child Nutrition Fund shows Project 335 with \$22,923 in expenditures and Project 385 with \$488,093. These codes are used for state source revenue. No expenditures are reported for Project 763 or 764, which are used for federal source revenue. Revenue from state sources totaled \$8,654. Federal source revenue was \$513,224. Total expenditures were \$523,331. All expenditures could not have been made from state source revenue.

Criteria – The Oklahoma Cost Accounting System provides codes to be used for the expenditure of federal funds. These codes should be used for federal source revenue.

Cause – The District encumbrance clerk was told to use the wrong OCAS code.

Effect – Failure to use codes 763 and 764 results in the District under reporting its federal expenditures.

Recommendation – The District should code expenditures made from federal source revenue to the correct code.

District Response – The District will consider the source of the revenue and the use of the correct OCAS codes.

Current Status - The encumbrance clerk used the correct federal project codes for coding child nutrition expenditures for the 2012-13 year.

OTHER INFORMATION

Crooked Oak ISD No. 53, Oklahoma County
Schedule of Accountant's Professional Liability Insurance Affidavit
For Year Ending June 30, 2013

STATE OF OKLAHOMA)
)ss
COUNTY OF GRADY)

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

ANGEL, JOHNSTON, & BLASINGAME, P.C.



by _____

Subscribed and sworn to before me this _____ day of _____, 2014.

Notary Public

My Commission Expires 11-12-16

SCHOOL'S CORRECTIVE ACTION PLAN

Crooked Oak Public Schools

Patsy Orth
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CROOKED OAK PUBLIC SCHOOL DISTRICT OKLAHOMA COUNTY

AUDIT FINDINGS CORRECTIVE ACTION PLAN

AUDIT YEAR 2012-2013

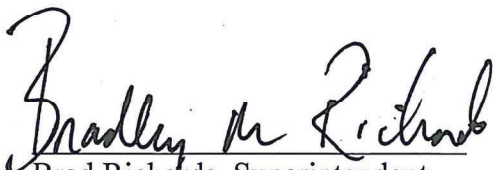
AUDIT FINDING REFERENCE NUMBER: 2013-1

DESCRIPTION OF FINDING: District did not prepare employee contracts for most of its employees.

CONTACT PERSON: Kathy Hamilton

STEPS IMPLEMENTED: Will prepare contracts in October of each year (after new rate increases, if applicable are setup). Have completed 2013-2014 contracts.

COMPLETION DATE: 02/26/14


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AUDIT YEAR 2012-2013

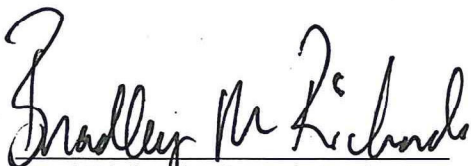
AUDIT FINDING REFERENCE NUMBER: 2013-2

DESCRIPTION OF FINDING: Employee was overpaid \$9,000 due to an input error.

CONTACT PERSON: Kathy Hamilton

STEPS IMPLEMENTED: Stipends were checked for September and cross-checked for October payroll.

COMPLETION DATE: 02/26/14


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AUDIT YEAR 2012-2013

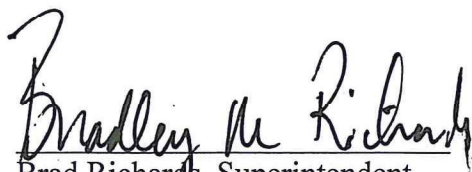
AUDIT FINDING REFERENCE NUMBER: 2013-3

DESCRIPTION OF FINDING: District supervisors are allowed discretion in establishing pay steps and verbally communicating to payroll clerk.

CONTACT PERSON: Kathy Hamilton

STEPS IMPLEMENTED: This has been corrected. Any starting pay that deviates from our documented payroll scale must be submitted in writing.

COMPLETION DATE: 02/26/14


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CROOKED OAK PUBLIC SCHOOL DISTRICT OKLAHOMA COUNTY

AUDIT FINDINGS CORRECTIVE ACTION PLAN

AUDIT YEAR 2012-2013

AUDIT FINDING REFERENCE NUMBER: 2013-4

DESCRIPTION OF FINDING: Time sheets are not always kept for extra duty items paid to support staff, not always signed by supervisor, could not be located.

CONTACT PERSON: Kathy Hamilton

STEPS IMPLEMENTED: I am checking for signatures on time sheets. Additionally any extra duty items paid to support staff will be documented in writing.

COMPLETION DATE: 02/26/14


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AUDIT FINDINGS CORRECTIVE ACTION PLAN

AUDIT YEAR 2012-2013

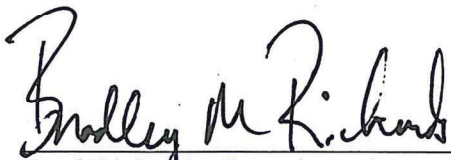
AUDIT FINDING REFERENCE NUMBER: 2013-5

DESCRIPTION OF FINDING: Sick leave/vacation info in software doesn't appear
Correct. Manually overriding system – changes only
Partially complete.

CONTACT PERSON: Kathy Hamilton

STEPS IMPLEMENTED: I am currently auditing sick leave balances, as well as accruals,
for accuracy. I am matching substitute time sheets to leave
sheets for accuracy.

COMPLETION DATE: 02/26/14


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AUDIT YEAR 2012-2013

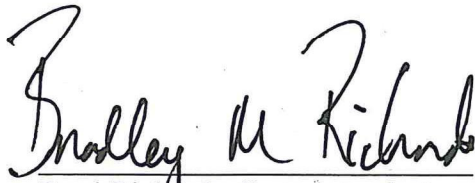
AUDIT FINDING REFERENCE NUMBER: 2013-6

**DESCRIPTION OF FINDING: Invoices dates prior to purchase requisition -
Activity Fund**

CONTACT PERSON: Linda Grange

**STEPS IMPLEMENTED: Sponsors were notified at beginning of year on proper
Procedures for purchases.**

COMPLETION DATE: 08/17/2013


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AUDIT YEAR 2012-2013

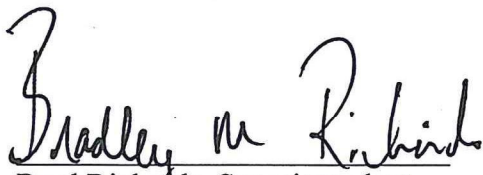
AUDIT FINDING REFERENCE NUMBER: 2013-7

**DESCRIPTION OF FINDING: Sponsors not issuing pre-numbered receipts for monies
They collect.**

CONTACT PERSON: Linda Grange

**STEPS IMPLEMENTED: All sponsors handling fundraisers were instructed on receipts,
Handling funds, and deposits at beginning of year. Each
Sponsors are given a pre-numbered receipt book.**

COMPLETION DATE: 08/17/2013


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CROOKED OAK PUBLIC SCHOOL DISTRICT OKLAHOMA COUNTY

AUDIT FINDINGS CORRECTIVE ACTION PLAN

AUDIT YEAR 2012-2013


AUDIT FINDING REFERENCE NUMBER: 2013-8

**DESCRIPTION OF FINDING: District is not issuing pre-numbered tickets for
Admissions**

CONTACT PERSON: Linda Grange

**STEPS IMPLEMENTED: All events are furnished with pre-numbered tickets and
A form to complete for all admissions. Tickets are audited at
End of event and matched with monies received.**

COMPLETION DATE: 08/17/2013


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AUDIT YEAR 2012-2013

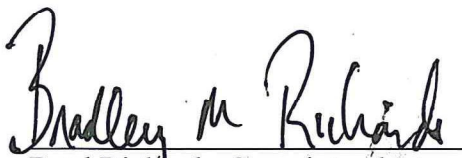
AUDIT FINDING REFERENCE NUMBER: 2013-9

DESCRIPTION OF FINDING: Outstanding encumbrance amount was changed after June 30th.

CONTACT PERSON: Linda Grange

STEPS IMPLEMENTED: Training was implemented on encumbrance and end of year proceedings and guidelines.

COMPLETION DATE: 09/01/13


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AUDIT YEAR 2012-2013

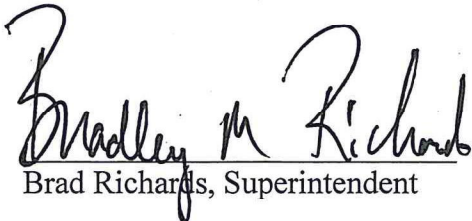
AUDIT FINDING REFERENCE NUMBER: 2013-10

DESCRIPTION OF FINDING: 2011-2012 Audit was not listed on the Federal Audit Clearinghouse website.

CONTACT PERSON: Linda Grange

STEPS IMPLEMENTED: Contacted Ralph Osborn, CPA who completed the 2011-2012 Audit and requested that he file the 2011-2012 Audit on the Federal Audit Clearinghouse

COMPLETION DATE: 20/05/13 - Pending



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AUDIT YEAR 2012-2013

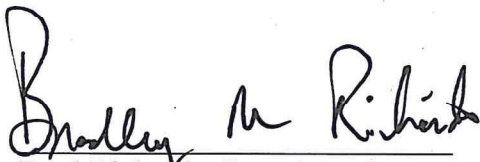
AUDIT FINDING REFERENCE NUMBER: 2013-11

DESCRIPTION OF FINDING: District did not maintain the "Time and Effort" Certifications for its Title I program.

CONTACT PERSON: Brad Richards

STEPS IMPLEMENTED: All sites were informed of "Time and "Effort" Certification And are completing certifications for Title I program.

COMPLETION DATE: 02/26/14


Brad Richards, Superintendent