

FINANCIAL STATEMENTS AND REPORTS OF
CROOKED OAK INDEPENDENT SCHOOL DISTRICT NO. I-53
OKLAHOMA COUNTY, OKLAHOMA
JUNE 30, 2012

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CROOKED OAK INDEPENDENT SCHOOL DISTRICT NO. I-53
 OKLAHOMA COUNTY, OKLAHOMA
 JUNE 30, 2012

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CROOKED OAK INDEPENDENT SCHOOL DISTRICT NO. I-53
OKLAHOMA COUNTY, OKLAHOMA
SCHOOL DISTRICT OFFICIALS
JUNE 30, 2012

BOARD OF EDUCATION

President
Vice-President
Member
Member
Member

Scott Trospen
Katie Conway
Jeff Holbrook
Lisa Nanney
Sherri Maynard

Superintendent of Schools

Kathy Draper/Bradley Richards

School District Treasurer

David Harbison, CPA

Business Manager/Board Clerk

Becky Thomas

Minutes Clerk/Encumbrance Clerk

Linda Grange

INDEPENDENT AUDITORS REPORT

The Honorable Board of Education
Crooked Oak Public School District No. I-53
Oklahoma County, Oklahoma
Oklahoma City, Oklahoma

I have audited the accompanying fund type and account group financial statements of Crooked Oak Public School District No. I-53, Oklahoma County, Oklahoma, as of and for the year ended June 30, 2012, as listed in the table of contents. These financial statements are the responsibility of management of Crooked Oak School District, No. I-53, Oklahoma County, Oklahoma. My responsibility is to express an opinion on these financial statements based on my audit.

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

As discussed in Note 1C, these financial statements were prepared in conformity with the accounting and financial reporting regulations prescribed or permitted by the Oklahoma State Department of Education, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

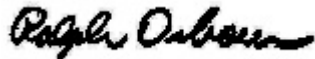
As discussed in Note 1E, the financial statements referred to above do not include the general fixed assets account group, which should be included in order to conform with the accounting and reporting regulations prescribed or permitted by the Oklahoma State Department of Education. The amount that should be recorded in the general fixed assets account group is not known.

In my opinion, because the District's policy is to prepare its combined financial statements on the basis of accounting discussed in the third paragraph, the combined financial statements referred to in the first paragraph do not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of Crooked Oak Public Schools No. I-53, Oklahoma County, Oklahoma as of June 30, 2012, or the results of its operations for the year then ended.

However, in my opinion, except for the omission of the general fixed assets account group, 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 Public School District No. I-53, Oklahoma County, Oklahoma as of June 30, 2012, and the revenues collected, expenditures paid/expenses for the year ended on the regulatory basis of accounting described in Note 1C.

In accordance with *Government Auditing Standards*, I have also issued my report dated April 4, 2013 on my consideration of the School District's internal control over financial reporting and my tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of my audit.

My audit was conducted for the purpose of forming an opinion on the fund type and account group financial statements within the combined financial statements. The combining fund statements and schedules as listed in the table of contents under other supplementary information are presented for purposes of additional analysis and are not a required part of the combined financial statements of Crooked Oak School District. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U. S. Office of Management and Budget Circular A-133, "Audits of States, Local Governments, and Non-Profit Organizations", and is also not a required part of the combined financial statements of the District. This other supplementary information has been subjected to the auditing procedures applied in the audit of the fund type and account group financial statements within the combined financial statements and, in my opinion, is fairly stated in all material respects in relation to the combined financial statements taken as a whole on the regulatory basis of accounting described in Note 1C.



Ralph Osborn
Certified Public Accountant
Bristow, Oklahoma
April 5, 2013

CROOKED OAK INDEPENDENT SCHOOL DISTRICT NO. I-53
 OKLAHOMA COUNTY, OKLAHOMA
 COMBINED STATEMENT OF ASSETS, LIABILITIES, AND EQUITY
 REGULATORY BASIS - ALL FUND TYPES AND ACCOUNT GROUPS
 JUNE 30, 2012

	Governmental Fund Type				Fiduciary Fund Types	Account Groups	Total (Memorandum (Only))
	General	Special Revenue	Debt Service	Capital Projects	Trust And Agency	General Long-Term Debt	
ASSETS							
Cash and cash equivalents	\$ 4,555,013	\$ 524,559	\$ 21,428	\$ 221,301	\$ 72,254	\$ -	\$ 5,394,555
Amount available in Debt Service fund	-	-	-	-	-	21,428	21,428
Amount to be provided for retirement of general long-term debt	-	-	-	-	-	1,148,572	1,148,572
Amount to be provided for capitalized lease agreements	-	-	-	-	-	9,690,000	9,690,000
Total Assets	<u>\$ 4,555,013</u>	<u>\$ 524,559</u>	<u>\$ 21,428</u>	<u>\$ 221,301</u>	<u>\$ 72,254</u>	<u>\$10,860,000</u>	<u>\$16,254,555</u>
LIABILITIES AND FUND EQUITY							
LIABILITIES							
Warrants payable	\$ 489,541	\$ 12,657	\$ -	\$ 744	\$ -	\$ -	\$ 502,942
Encumbrances	411,942	46,846	-	28,820	-	-	487,608
Due to other groups	-	-	-	-	72,254	-	72,254
Long-term debt:							
Bonds payable	-	-	-	-	-	1,170,000	1,170,000
Capital leases	-	-	-	-	-	9,690,000	9,690,000
Total Liabilities	<u>901,483</u>	<u>59,503</u>	<u>-</u>	<u>29,564</u>	<u>72,254</u>	<u>10,860,000</u>	<u>11,922,804</u>
FUND EQUITY							
Unreserved							
Designated for capital projects	-	-	-	191,737	-	-	191,737
Designated for debt service	-	-	21,428	-	-	-	21,428
Undesignated	<u>3,653,530</u>	<u>465,056</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>4,118,586</u>
Total fund equity	<u>3,653,530</u>	<u>465,056</u>	<u>21,428</u>	<u>191,737</u>	<u>-</u>	<u>-</u>	<u>4,331,751</u>
Total liabilities and fund equity	<u>\$ 4,555,013</u>	<u>\$ 524,559</u>	<u>\$ 21,428</u>	<u>\$ 221,301</u>	<u>\$ 72,254</u>	<u>\$10,860,000</u>	<u>\$16,254,555</u>

The accompanying notes are an integral part of this statement.

CROOKED OAK INDEPENDENT SCHOOL DISTRICT NO. I-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 ENDED JUNE 30, 2012

	General	Special Revenue	Debt Service	Capital Projects	Total (Memorandum Only)
Revenues Collected					
Local Sources	\$ 1,695,126	\$ 233,534	\$ 1,153,112	\$ 14,398	\$ 3,096,170
Intermediate Sources	258,059	-	-	-	258,059
State Sources	4,860,605	8,654	-	-	4,869,259
Federal Sources	1,407,112	513,224	-	-	1,920,336
Non-Revenue Receipts	4,457	38	117	-	4,612
Total Revenues Collected	8,225,359	755,450	1,153,229	14,398	10,148,436
Expenditures Paid					
Instruction	4,727,084	40,003	-	-	4,767,087
Support Services	2,888,236	91,494	-	-	2,979,730
Non-Instruction Services	5,000	523,331	-	-	528,331
Capital Outlay	6,800	-	-	1,328,293	1,335,093
Bank Fees	60	-	-	-	60
Repayments	6,351	-	-	-	6,351
Debt Service:					
Principal Retirement	-	-	1,915,000	-	1,915,000
Interest and Fiscal Agent Charges	-	-	45,485	-	45,485
Total Expenditures Paid	7,633,531	654,828	1,960,485	1,328,293	11,577,137
Excess of Revenues Collected Over (Under) Expenditures Paid	591,828	100,622	(807,256)	(1,313,895)	(1,428,701)
Adjustments to Prior Year					
Estopped Warrants	1,519	32,474	-	182	34,175
Lapsed Appropriations	265,649	17,637	-	-	283,286
Other Financing Sources (Uses)					
Proceeds from Bond Sales	-	-	-	1,170,000	1,170,000
Excess (Deficiency) of Revenue Collected Over (Under) Expenditures Paid And Other Financing Sources (Uses)	858,996	150,733	(807,256)	(143,713)	58,760
Fund Balance, Beginning	2,794,534	314,323	828,684	335,450	4,272,991
Fund Balance, Ending	\$ 3,653,530	\$ 465,056	\$ 21,428	\$ 191,737	\$ 4,331,751

The accompanying notes are an integral part of this statement.

CROOKED OAK INDEPENDENT SCHOOL DISTRICT NO. I-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 ENDED JUNE 30, 2012

	General Fund			Special Revenue Funds			Debt Service Fund		
	Original Budget	Final Budget	Actual	Original Budget	Final Budget	Actual	Original Budget	Final Budget	Actual
Revenues Collected									
Local Sources	\$1,470,907	\$ 1,470,907	\$ 1,695,126	\$ 261,062	\$ 261,062	\$ 233,534	\$1,131,801	\$1,131,801	\$1,153,112
Intermediate Sources	229,928	229,928	258,059	-	-	-	-	-	-
State Sources	4,226,957	4,226,957	4,860,605	7,962	7,962	8,654	-	-	-
Federal Sources	380,746	380,746	1,407,112	409,521	409,521	513,224	-	-	-
Return of Assets	-	-	4,457	-	-	38	-	-	117
Total Revenues Collected	6,308,538	6,308,538	8,225,359	678,545	678,545	755,450	1,131,801	1,131,801	1,153,229
Expenditures Paid									
Instruction	9,103,072	9,103,072	4,727,084	-	40,003	40,003	-	-	-
Support Services	-	-	2,888,236	343,246	343,246	91,464	-	-	-
Non-Instruction Services	-	-	5,000	609,832	609,832	523,331	-	-	-
Capital Outlay	-	-	6,800	-	-	-	-	-	-
Other Outlays	-	-	-	-	-	-	-	-	-
Bank Fees	-	-	60	-	-	-	-	-	-
Repayments	-	-	6,351	-	-	-	-	-	-
Debt Service:									
Principal Retirement	-	-	-	-	-	-	1,485,000	1,485,000	1,915,000
Interest and Fiscal									
Agent Charges	-	-	-	-	-	-	32,585	32,585	45,485
Total Expenditures Paid	9,103,072	9,103,072	7,633,531	953,078	963,081	654,828	1,517,585	1,517,585	1,960,485
Excess of Revenues Collected Over (Under) Expenditures Paid Before Adjustments To Prior Year	(2,794,534)	(2,794,534)	591,828	(274,533)	(314,536)	100,622	(385,784)	(385,784)	(807,256)
Adjustments to Prior Year									
Estopped Warrants	-	-	1,519	-	-	32,474	-	-	-
Lapsed Appropriations	-	-	265,649	-	113	17,637	-	-	-
Total Adjustments	-	-	267,168	-	113	50,111	-	-	-
Excess (Deficiency) of Revenue Collected Over (Under) Expenditures Paid And Other									
Financing Sources (Uses)	(2,794,534)	(2,794,534)	858,996	(274,533)	(314,423)	150,733	(385,784)	(385,784)	(807,256)
Fund Balance, Beginning	2,794,534	2,794,534	2,794,534	314,423	314,423	314,323	828,684	828,684	828,684
Fund Balance, Ending	\$ 0	\$ 0	\$ 3,653,530	\$ 39,890	\$ 0	\$ 465,056	\$ 442,900	\$ 442,900	\$ 21,428

The accompanying notes are an integral part of this statement.

CROOKED OAK INDEPENDENT SCHOOL DISTRICT NO. I-53
OKLAHOMA COUNTY, OKLAHOMA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2012

1. Summary of Significant Accounting Policies

The basic financial statements of Crooked Oak Public Schools No. I-53, 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 policies are described below.

A. Reporting entity

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

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

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

In evaluating how to define the District, for financial reporting purposes, management has considered all potential component units. The decision to include a potential component unit in the reporting entity was made by applying the criteria established by the Governmental Accounting Standards Board (GASB). The basic, but not the only, criterion for including a potential component unit within the reporting entity is the governing body's ability to exercise oversight responsibility. The most significant manifestation of this ability is financial interdependency. Other manifestations of the ability to exercise oversight responsibility include, but are not limited to, the selection of governing authority, the designation of management, the ability to significantly influence operations, and accountability for fiscal matters. A second criterion used in evaluating potential component units is the scope of public service. Application of this criterion involves considering whether the activity benefits the District and/or its citizens, or whether the activity is conducted within the geographic boundaries of the District and is generally available to its patrons. A third criterion used to evaluate potential component units for inclusion or exclusion from the reporting entity is the existence of special financing relationships, regardless of whether the District is able to exercise oversight responsibilities. Based upon the application of these criteria, there are no potential component units included in the District's reporting entity.

CROOKED OAK INDEPENDENT SCHOOL DISTRICT NO. I-53
OKLAHOMA COUNTY, OKLAHOMA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2012

B. Fund Accounting and Description of Funds

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

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 governments' general activities, including the collection and disbursement of earmarked monies (special revenue funds), the acquisition or construction of general fixed assets (capital projects fund), and the servicing of general long-term debt (debt service fund).

General Fund

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

Special Revenue Fund

Special revenue funds include the District's building, Co-op (not used), child nutrition, and MAPS trust funds.

Building Fund - The building fund consists mainly of monies derived from property taxes levied for the purpose of erecting, remodeling, repairing, or maintaining school buildings and for purchasing furniture, equipment and computer software to be used on or for school district property, for paying energy and utility costs, for purchasing telecommunications services, for paying fire and casualty insurance premiums for school facilities, for purchasing security systems, and for paying salaries of security personnel.

MAPS Trust Fund - The MAPS trust fund consists of sales tax monies derived from the Oklahoma City Metropolitan Area Public Schools Trust to be used for school capital improvements.

CROOKED OAK INDEPENDENT SCHOOL DISTRICT NO. I-53
OKLAHOMA COUNTY, OKLAHOMA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2012

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

Debt Service Fund

The debt service fund is the District's sinking fund and is used to account for the accumulation of financial resources for the payment of general long-term debt principal, interest and related cost. The primary revenue source is local property taxes levied specifically for debt service.

Capital Projects Fund

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

Proprietary Fund Types

Proprietary funds are used to account for activities similar to those found in the private sector, where the determination of net income is necessary or useful to sound financial administration. Goods and services from such activities can be provided either outside parties (enterprise funds) or to other departments or agencies primarily within the District (internal service funds). The District does not have Proprietary Funds at this time.

Fiduciary Fund Types

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

Account Groups

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

General Long-Term Debt Account Group

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

CROOKED OAK INDEPENDENT SCHOOL DISTRICT NO. I-53
OKLAHOMA COUNTY, OKLAHOMA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2012

General Fixed Asset Account Group

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

Memorandum Only - Total Column

The total column on the 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 flow in conformity with generally accepted accounting principles. Neither is such data comparable to a consolidation. Interfund eliminations have not been made in the aggregation of this data.

C. Basis of Accounting and Presentation

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

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

1. Encumbrances represented by purchase orders, contracts, and other commitments for the expenditure of monies are recorded as expenditures when approved.
2. Investments and inventories are recorded as assets when purchased.
3. Capital assets in proprietary funds are recorded when acquired and depreciated over their useful lives.
4. Warrants payable are recorded as liabilities when issued.
5. Long-term debt is recorded when incurred.
6. 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.

CROOKED OAK INDEPENDENT SCHOOL DISTRICT NO. I-53
OKLAHOMA COUNTY, OKLAHOMA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2012

D. Budgets and Budgetary Accounting

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

The District may upon approval by the majority of the electors of the District voting on the question make the ad valorem levy for emergency levy and local support levy permanent. The District electors have made the levies permanent.

Under current Oklahoma Statutes, a formal budget is required for all funds except for trust and agency funds. Budgets are presented for all funds that include the originally approved budgeted appropriations and final budgeted appropriations as adjusted for supplemental appropriations and approved transfers between budget categories.

E. Assets, Liabilities, and Fund Equity

Cash and Cash Equivalents

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

Investments

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

Property Tax Revenues

The District is authorized by state law to levy property taxes, which consists 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.

CROOKED OAK INDEPENDENT SCHOOL DISTRICT NO. I-53
OKLAHOMA COUNTY, OKLAHOMA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2012

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, 2012 is not known but is not believed to be material to the basic financial statements.

Capital Assets

The General Fixed Assets Account Group is not presented. The amount which would be included in it is not known.

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.

Employees are allowed varying amounts of sick leave during the year in accordance with Oklahoma Statutes. Sick leave used during the year is recorded as an expense in the governmental fund. Vested accumulated rights to receive sick pay benefits may be used in subsequent years, transferred to another District, or added to years of service upon retirement. Based on the District's experience it is not probable that District will pay for vested accumulated rights to receive sick leave. Therefore, a liability for vested accumulated sick leave has not been recorded.

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.

Fund Balance

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

CROOKED OAK INDEPENDENT SCHOOL DISTRICT NO. I-53
OKLAHOMA COUNTY, OKLAHOMA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2012

State Revenues

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

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

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

Interfund Transactions

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

All other transactions, except quasi-external transactions and reimbursements, are reported as transfers. Nonrecurring or nonroutine permanent transfers of equity are reported as residual equity transfers. All other interfund transfers are reported as operating transfers. There were no operating transfers or residual equity transfers during fiscal year 2012.

2. Cash and Investments

The District's investment policies are governed by state statute. Permissible investments include direct obligations of the United States Government and Agencies, certificates of deposit of savings and loan associations, and bank and trust companies, and savings accounts or savings certificates of saving and loan associations, and trust companies. Collateral is required for demand deposits and certificates of deposit for all amounts not covered by federal deposit insurance.

CROOKED OAK INDEPENDENT SCHOOL DISTRICT NO. I-53
OKLAHOMA COUNTY, OKLAHOMA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2012

Deposits and Investments

The District's cash deposits at June 30, 2012, were completely insured or collateralized by federal deposit insurance, direct obligations of the United States Government, or securities held by the District or by its agent in the District's name.

Custodial Credit Risk

Custodial credit risk is the risk that in the event of failure of counterparty, the District will not be able to recover the value of its deposits or investments. Deposits are exposed to custodial credit risk if they are uninsured and uncollateralized. Investment securities are exposed to custodial credit risk if they are uninsured, are not registered in the name of the District, and are held by counterparty or the counterparty's trust department but not in the name of the District. The District's policy requires that all deposits and investments in excess of amounts covered by federal deposit insurance be fully collateralized by the entity holding the deposits or investments. As of June 30, 2012, all of the District's deposits and investments were either covered by federal deposit insurance or were fully collateralized.

Deposits

The District had deposits at financial institutions with a carrying amount of approximately \$5,394,555 at June 30, 2012. The bank balance of the deposits at June 30, 2012 was approximately \$5,407,478 .

Credit Risk

Fixed-income securities are subject to credit risk. However, the District did not have fixed income securities at June 30, 2012.

Interest Rate Risk

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The District's Treasurer and Board of Education monitor the District's investment performance on an ongoing basis to limit the District's interest rate risk. As of June 30, 2012, all of the District's deposits consisted of demand deposits.

3. General Long-Term Debt

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

CROOKED OAK INDEPENDENT SCHOOL DISTRICT NO. I-53
 OKLAHOMA COUNTY, OKLAHOMA
 NOTES TO FINANCIAL STATEMENTS
 JUNE 30, 2012

General long-term debt of the District consists of bonds payable and capital leases. Debt service requirements for bonds are payable solely from fund balance and future revenues of the debt service fund. Principal and interest on the capital leases is paid from the General Fund.

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

	<u>Bonds Payable</u>	<u>Capital Lease Obligation</u>	<u>Total</u>
Balance, July 1, 2011	\$ 1,915,000	\$ 10,735,000	\$12,650,000
Additions	1,170,000	-	1,170,000
Retirements	<u>(1,915,000)</u>	<u>(1,045,000)</u>	<u>(2,960,000)</u>
Balance, June 30, 2012	<u>\$ 1,170,000</u>	<u>\$ 9,690,000</u>	<u>\$10,860,000</u>

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

<u>Outstanding</u>	<u>Amount</u>
Independent School District No. I-53 Building Bonds, Series 2011, original issue \$1,170,000, interest rate of 1.0%, due in one(1) payment of \$1,170,000 due July 1, 2013.	\$ <u>1,170,000</u>
	<u>\$ 1,170,000</u>

The annual debt service requirements for bond principal and interest are:

<u>Year Ending June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2013	\$ -	\$ -	\$ -
2014	<u>1,170,000</u>	<u>23,400</u>	<u>1,193,400</u>
Total	<u>\$ 1,170,000</u>	<u>\$ 23,400</u>	<u>\$ 1,193,400</u>

Interest expense on bonds paid during the current year totaled \$45,485.

CROOKED OAK INDEPENDENT SCHOOL DISTRICT NO. I-53
 OKLAHOMA COUNTY, OKLAHOMA
 NOTES TO FINANCIAL STATEMENTS
 JUNE 30, 2012

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

The District has recorded the liability for future lease payments in the general long-term debt account group for the equipment. The schedule of the future minimum lease payments under the capital leases and the present value of the net minimum lease payments at June 30 is as follows:

<u>Year ending June 30</u>	<u>Building</u>
2013	\$ 1,358,024
2014	1,378,571
2015	1,397,589
2016	1,414,344
2017	1,422,890
2018	1,438,382
2019	1,450,868
2020	<u>2,486,156</u>
Total minimum lease payments	12,346,824
Less: Amount representing interest	<u>2,656,824</u>
Present value of future minimum lease payments	<u>\$ 9,690,000</u>

4. Employee Retirement System

The District participates in the state-administered Oklahoma Teachers' Retirement System (the "System"), which is a cost-sharing, multiple-employer Public Employee Retirement System administered by the Board of Trustees of the Oklahoma Teachers' Retirement System. The System provides retirement and disability benefits, annual cost-of-living adjustments and death benefits to plan members and beneficiaries. Title 70 Section 17 of Oklahoma Statutes establishes benefit provisions and may be amended only through legislative action.

The System's financial statements are prepared using the cash basis of accounting, except for accruals of interest income. Plan member contributions are recognized in the period in which the contributions are made. Benefits and refunds are recognized when paid. The pension benefit obligation is a standardized disclosure measure of the present value of pension benefits. This pension valuation method reflects the present value of estimated pension benefits that will be paid in future years as a result of employee services performed to date and is adjusted for the effect of projected salary increases. There are no actuarial valuations performed on individual school districts. The System has an under funded pension benefit obligation as determined as part of the latest actuarial valuation.

CROOKED OAK INDEPENDENT SCHOOL DISTRICT NO. I-53
OKLAHOMA COUNTY, OKLAHOMA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2012

The District, the State of Oklahoma, and the participating employee make contributions. The contribution rates for the District and its employees are established by and may be amended by Oklahoma Statutes. The contribution rates for the Districts, which are not actuarially determined, and its employees are established by statute and applied to the employee's earnings, plus employer-paid fringe benefits. The required contribution for participating members is 7% of compensation. Additionally, OTRS receives federal matching contributions for positions whose funding comes from federal sources or certain grants. The District and State are required to contribute 14% of applicable compensation. Contributions received by the System from the State of Oklahoma are from 3.54% of its revenue from sales tax, use tax, corporate income tax, and individual income tax. The District is required by statute to contribute 9.5% of compensation. The District is allowed by the Oklahoma Teacher's Retirement System to make the required contributions on behalf of the participating members.

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 become due. The annual report may be obtained by writing to Oklahoma Teacher's Retirement System, PO Box 53524, Oklahoma City, OK, 73152 or by calling 405-521-2387.

The Districts is currently undergoing an examination to determine the accuracy of its Teachers Retirement System deposits for 2010, 2011, and 2012.

5. Contingencies

Amounts received or receivable from grantor agencies are subject to audit and adjustments by grantor agencies. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, 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.

The District may from time to time become involved in legal actions. Attorneys provided by the District or the insurance provider vigorously defend the action.

6. Risk Management

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

CROOKED OAK INDEPENDENT SCHOOL DISTRICT NO. I-53
OKLAHOMA COUNTY, OKLAHOMA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2012

7. Subsequent Events

The District has considered subsequent events through April 5, 2013, the date which the financial statements were available for release. The District has conducted an ongoing examination of the amounts paid to Oklahoma Teachers Retirement System and other payroll related items to determine if any amounts remain unpaid.

CROOKED OAK INDEPENDENT SCHOOL DISTRICT NO. I-53
 OKLAHOMA COUNTY, OKLAHOMA
 COMBINING STATEMENT OF ASSETS, LIABILITIES, AND CASH FUND BALANCES
 REGULATORY BASIS - ALL SPECIAL REVENUE FUNDS
 JUNE 30, 2012

	<u>MAPS</u>	<u>Child Nutr Fund</u>	<u>Building Fund</u>	<u>Total</u>
ASSETS				
Cash and Cash Equivalents	\$ -	\$ 226,092	\$ 298,467	\$ 524,559
Total Assets	<u>\$ -</u>	<u>\$ 226,092</u>	<u>\$ 298,467</u>	<u>\$ 524,559</u>
LIABILITIES AND FUND EQUITY				
Liabilities:				
Warrants Payable	\$ -	\$ 12,657	\$ -	\$ 12,657
Encumbrances	<u>-</u>	<u>46,846</u>	<u>-</u>	<u>46,846</u>
Total Liabilities	<u>-</u>	<u>59,503</u>	<u>-</u>	<u>59,503</u>
Fund Equity:				
Unreserved Undesignated	<u>-</u>	<u>166,589</u>	<u>298,467</u>	<u>465,056</u>
Total Fund Equity	<u>-</u>	<u>166,589</u>	<u>298,467</u>	<u>465,056</u>
Total Liabilities and Fund Equity	<u>-</u>	<u>\$ 226,092</u>	<u>\$ 298,467</u>	<u>\$ 524,559</u>

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

CROOKED OAK INDEPENDENT SCHOOL DISTRICT NO. I-53
 OKLAHOMA COUNTY, OKLAHOMA
 COMBINING STATEMENT OF REVENUES COLLECTED,
 EXPENDITURES PAID, AND CHANGES IN FUND BALANCES
 REGULATORY BASIS - ALL SPECIAL REVENUE FUNDS
 JUNE 30, 2012

	<u>MAPS</u>	Child Nutrition <u>Fund</u>	Building <u>Fund</u>	<u>Total</u>
Revenues Collected				
Local Sources	\$ -	\$ 8,599	\$ 224,935	\$ 233,534
State Sources	-	8,654	-	8,654
Federal Sources	-	513,224	-	513,224
Return of Assets	-	38	-	38
Total Revenues	<u>-</u>	<u>530,515</u>	<u>224,935</u>	<u>755,450</u>
Expenditures Paid				
Instruction	40,003	-	-	40,003
Support Services	-	-	91,494	91,494
Non-Instruction	-	523,331	-	523,331
Total Expenditures Paid	<u>40,003</u>	<u>523,331</u>	<u>91,494</u>	<u>654,828</u>
Excess of Revenues Over (Under)				
Expenditures Before				
Adjustments to Prior Year	<u>(40,003)</u>	<u>7,184</u>	<u>133,441</u>	<u>100,622</u>
Adjustments to Prior Year				
Estopped Warrants	-	15,369	17,105	32,474
Lapsed Appropriations	<u>113</u>	<u>2,719</u>	<u>14,805</u>	<u>17,637</u>
Total Adjustments	<u>113</u>	<u>18,088</u>	<u>31,910</u>	<u>50,111</u>
Excess of Revenues and Other				
Sources Over (Under)				
Expenditures and Other				
Financing Sources (Uses)	(39,890)	25,272	165,351	150,733
Fund Balance - Beginning	<u>39,890</u>	<u>141,317</u>	<u>133,116</u>	<u>314,323</u>
Fund Balance - Ending	<u>\$ -</u>	<u>\$166,589</u>	<u>\$ 298,467</u>	<u>\$ 465,056</u>

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

CROOKED OAK INDEPENDENT SCHOOL DISTRICT NO. I-53
 OKLAHOMA COUNTY, OKLAHOMA
 COMBINING STATEMENT OF REVENUES COLLECTED, EXPENDITURES PAID
 AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
 REGULATORY BASIS - SPECIAL REVENUE FUNDS
 FOR THE YEAR ENDED JUNE 30, 2012

	<u>MAPS</u>		
	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>
Revenue Collected			
Local Sources	\$ -	\$ -	\$ -
State Sources	-	-	-
Federal Sources	-	-	-
Return of Assets	-	-	-
Total Revenue Collected	<u>-</u>	<u>-</u>	<u>-</u>
Expenditures			
Instruction	-	40,003	40,003
Support Services	-	-	-
Non-Instruction Services	-	-	-
Capital Outlay	-	-	-
Total Expenditures	<u>-</u>	<u>40,003</u>	<u>40,003</u>
Excess of Revenues Collected Over (Under) Expenditures Paid Before Adjustments to Prior Year	<u>-</u>	<u>(40,003)</u>	<u>(40,003)</u>
Adjustments to Prior Year			
Estopped Warrants	-	-	-
Lapsed Appropriations	-	113	113
Total Adjustments to Prior Year	<u>-</u>	<u>113</u>	<u>113</u>
Excess (Deficiency) of Revenue Collected Over Expenditures and Other Financing Sources (Uses)	-	(39,890)	(39,890)
Fund Balance - Beginning	<u>39,890</u>	<u>39,890</u>	<u>39,890</u>
Fund Balance - Ending	<u>\$ 39,890</u>	<u>\$ 0</u>	<u>\$ 0</u>

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

<u>Building Fund</u>			<u>Child Nutrition Fund</u>			<u>Total</u>		
<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>
\$210,130	\$210,130	\$224,935	\$ 50,932	\$ 50,932	\$ 8,599	\$ 261,062	\$ 261,062	\$ 233,534
-	-	-	7,962	7,962	8,654	7,962	7,962	8,654
-	-	-	409,521	409,521	513,224	409,521	409,521	513,224
-	-	-	-	-	38	-	-	38
<u>210,130</u>	<u>210,130</u>	<u>224,935</u>	<u>468,415</u>	<u>468,415</u>	<u>530,515</u>	<u>678,545</u>	<u>678,545</u>	<u>755,450</u>
-	-	-	-	-	-	-	40,003	40,003
343,246	343,246	91,464	-	-	-	343,246	343,246	91,494
-	-	-	609,832	609,832	523,331	609,832	609,832	523,331
-	-	-	-	-	-	-	-	-
<u>343,246</u>	<u>343,246</u>	<u>91,464</u>	<u>609,832</u>	<u>609,832</u>	<u>523,331</u>	<u>953,078</u>	<u>993,081</u>	<u>654,828</u>
(133,116)	(133,116)	133,441	(141,417)	(141,417)	7,184	(274,533)	(314,536)	100,622
-	-	17,105	-	-	15,369	-	-	32,474
-	-	14,805	-	-	2,719	-	113	17,637
-	-	31,910	-	-	18,088	-	113	50,111
(133,116)	(133,116)	165,351	(141,417)	(141,417)	25,272	(274,533)	(314,423)	150,733
<u>133,116</u>	<u>133,116</u>	<u>133,116</u>	<u>141,417</u>	<u>141,417</u>	<u>141,317</u>	<u>314,423</u>	<u>314,423</u>	<u>314,323</u>
<u>\$ 0</u>	<u>\$ 0</u>	<u>\$298,467</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$166,589</u>	<u>\$ 39,890</u>	<u>\$ 0</u>	<u>\$ 465,056</u>

CROOKED OAK INDEPENDENT SCHOOL DISTRICT NO. I-53
 OKLAHOMA COUNTY, OKLAHOMA
 COMBINING STATEMENT OF ASSETS, LIABILITIES, AND CASH FUND BALANCES
 REGULATORY BASIS - ALL CAPITAL PROJECTS FUNDS
 JUNE 30, 2012

	<u>Bond 34</u>	<u>Bond 35</u>	<u>Bond 36</u>	<u>Bond 37</u>	<u>Bond 39</u>	<u>Total</u>
ASSETS						
Cash and Cash Equivalents	\$150,749	\$ 3,432	\$ 5,861	\$ 44,309	\$ 16,950	\$ 221,301
Total Assets	<u>\$150,749</u>	<u>\$ 3,432</u>	<u>\$ 5,861</u>	<u>\$ 44,309</u>	<u>\$ 16,950</u>	<u>\$ 221,301</u>
LIABILITIES AND EQUITY						
Warrants Payable	\$ -	\$ 744	\$ -	\$ -	\$ -	\$ 744
Encumbrances	<u>18,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>10,820</u>	<u>28,820</u>
Total Liabilities	<u>18,000</u>	<u>744</u>	<u>-</u>	<u>-</u>	<u>10,820</u>	<u>29,564</u>
Fund Equity						
Designated for Capital Projects	<u>132,749</u>	<u>2,688</u>	<u>5,861</u>	<u>44,309</u>	<u>6,130</u>	<u>191,737</u>
Total Fund Equity	<u>132,749</u>	<u>2,688</u>	<u>5,861</u>	<u>44,309</u>	<u>6,130</u>	<u>191,737</u>
TOTAL LIABILITIES AND FUND EQUITY	<u>\$150,749</u>	<u>\$ 3,432</u>	<u>\$ 5,861</u>	<u>\$ 44,309</u>	<u>\$ 16,950</u>	<u>\$ 221,301</u>

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

CROOKED OAK INDEPENDENT SCHOOL DISTRICT NO. I-53
 OKLAHOMA COUNTY, OKLAHOMA
 COMBINING STATEMENT OF REVENUES COLLECTED, EXPENDITURES PAID
 AND CHANGES IN FUND BALANCES - REGULATORY BASIS
 ALL CAPITAL PROJECTS FUNDS
 FOR THE YEAR ENDED JUNE 30, 2012

	<u>Bond 34</u>	<u>Bond 35</u>	<u>Bond 36</u>	<u>Bond 37</u>	<u>Bond 39</u>	<u>Total</u>
Revenue Collected:						
Local Sources	\$ 916	\$ 106	\$ 13,376	\$ -	\$ -	\$ 14,398
State Sources	-	-	-	-	-	-
Federal Sources	-	-	-	-	-	-
Total Revenue Collected	<u>916</u>	<u>106</u>	<u>13,376</u>	<u>-</u>	<u>-</u>	<u>14,398</u>
Expenditures Paid:						
Capital Outlay	<u>21,000</u>	<u>23,362</u>	<u>67,195</u>	<u>52,866</u>	<u>423,357</u>	<u>1,328,293</u>
Total Expenditures Paid	<u>21,000</u>	<u>23,362</u>	<u>67,195</u>	<u>52,866</u>	<u>423,357</u>	<u>1,328,293</u>
Excess of Revenues Collected Over(Under) Expenditures Paid before Other Financing Sources(Uses) and Adjustments to Prior Year	(20,084)	(23,256)	(53,819)	(52,866)	(423,467)	(1,313,895)
Adjustments to Prior Year Estopped Warrants	-	182	-	-	-	-
Other Financing Sources (Uses) Bond Sale Proceeds	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,170,000</u>	<u>1,170,000</u>
Excess of Revenues Collected Over(Under) Expenditures Paid after Other Financing Sources(Uses) and Adjustments to Prior Year	(20,084)	(23,074)	(53,819)	(52,866)	6,130	(143,713)
Fund Balance - Beginning	<u>152,833</u>	<u>25,762</u>	<u>59,680</u>	<u>97,175</u>	<u>0</u>	<u>335,450</u>
Fund Balance - Ending	<u>\$132,749</u>	<u>\$ 2,688</u>	<u>\$ 5,861</u>	<u>\$ 44,309</u>	<u>\$ 6,130</u>	<u>\$ 191,737</u>

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

CROOKED OAK INDEPENDENT SCHOOL DISTRICT NO. I-53
 OKLAHOMA COUNTY, OKLAHOMA
 COMBINING STATEMENT OF ASSETS, LIABILITIES AND FUND EQUITY
 REGULATORY FUNDS - ALL AGENCY FUNDS
 JUNE 30, 2012

	<u>Agency Fund Activity Funds</u>	<u>Total</u>
ASSETS		
Cash and Cash Equivalents	\$ 72,254	\$ 72,254
Total Assets	<u>\$ 72,254</u>	<u>\$ 72,254</u>
LIABILITIES AND FUND EQUITY		
Liabilities:		
Due to Others	\$ 72,254	\$ 72,254
Total Liabilities	<u>72,254</u>	<u>72,254</u>
Fund Equity:		
Unreserved/Undesignated	<u>-</u>	<u>-</u>
Total Liabilities and Fund Equity	<u>\$ 72,254</u>	<u>\$ 72,254</u>

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

CROOKED OAK INDEPENDENT SCHOOL DISTRICT NO. I-53
 OKLAHOMA COUNTY, OKLAHOMA
 COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
 REGULATORY BASIS - ACTIVITY FUND - HIGH SCHOOL
 JUNE 30, 2012

	<u>July 1, 2011</u>	<u>Additions</u>	<u>Deletions</u>	<u>June 30, 2012</u>
ATHLETICS	\$ 632	\$ 5,513	\$ 5,011	\$ 1,134
BAND	2,057	6,071	4,966	3,162
SCHOLARSHIP FUND	500	0	0	500
SOFTBALL	647	1,196	1,122	721
ELEMENTARY	15,781	52,054	55,353	12,482
FCA	760	0	0	760
GENERAL	8,053	9,852	13,409	4,496
MS GENERAL	1,230	2,540	2,477	1,293
MS HONOR SOCIETY	565	1,261	1,507	319
CROOKED OAK LIBRARY	1,761	6,327	5,996	2,092
MS CHEERLEADERS	2,213	2,002	3,789	426
MS STUDENT COUNCIL	940	1,228	1,129	1,039
BOARD MONEY	36	0	0	36
HS GENERAL	1,239	3,000	3,392	847
HS HONOR SOCIETY	89	275	281	83
BUSINESS PROFESSIONALS	1,072	3,111	2,693	1,490
HS CHEERLEADERS	1,707	3,210	3,319	1,598
NEWSPAPER/COMPUTER	1,030	0	0	1,030
SPECIAL OLYMPICS	5,216	12,137	10,736	6,617
YEARBOOK	3,376	3,462	6,763	75
COCA COLA FUND	1,636	891	1,617	910
CENTRAL OAK LIBRARY	790	4,786	2,429	3,147
FOOTBALL	10,150	9,600	10,718	9,032
BOYS BASKETBALL	1,239	1,377	1,036	1,580
HS STUCO	1,667	3,477	4,193	951
GIRLS BASKETBALL	2,800	1,404	2,049	2,155
AFROTC	0	305	305	0
VICE FAMILY SCHOLARSHIP	2,415	3,700	3,983	2,132
AFROTC FUND RAISING	1,472	44,170	39,479	6,163
BRICKTOWN BASH TOURNAMENT	2,840	815	2,109	1,546
BAND BOOSTERS CLUB	1,156	3,659	3,871	944
CLASS OF 2009	15	0	15	0
CLASS OF 2010	350	0	350	0
CLASS OF 2011	682	0	682	0
SOCCER	994	4,340	3,908	1,426
CLASS OF 2012	2,546	3,600	6,104	42
MH/HS ART FUND	1,145	2,477	3,009	613
ROBOTICS TEAM	0	1,071	895	176
CLASS OF 2013	0	3,763	2,618	1,145
HS SPANISH CLUB	0	201	109	92
TOTAL ACTIVITIES	<u>\$ 80,801</u>	<u>\$ 202,875</u>	<u>\$ 211,422</u>	<u>\$ 72,254</u>

CROOKED OAK INDEPENDENT SCHOOL DISTRICT NO. I-53
 OKLAHOMA COUNTY, OKLAHOMA
 SCHEDULE OF FEDERAL AWARDS EXPENDED
 FOR THE YEAR ENDED JUNE 30, 2012

Federal Grantor/Pass Through Grantor/Program Title	Federal CFDA#	Grantor's Number	Approved Amount	Balance at July1,2011	Receipts	Expenditures*	Balance at June30,2012
U.S. Department of Defense							
Direct Programs							
ROTC	12.357		-	-	53,280	-	-
Total Passed Through U.S. DOD			-	-	53,280	-	-
U.S. Department of Education							
Direct Programs							
Title VII	84.060		-	-	26,027	19,245	-
Total Direct			-	-	26,027	19,245	-
Passed Through State							
Dept. of Educ.							
Title 1/Basic	84.010		-	-	648,398	598,857	-
IDEA, Part B	84.027		-	-	301,626	282,105	-
Preschool	84.173		-	-	6,918	9,218	-
Title IV, Part A	84.186		-	-	1,415	-	-
Title II, Part D	84.318x		-	-	961	470	-
Language Inst., Part A	84.365		-	-	27,356	35,127	-
Title II, Part A	84.367		-	-	73,837	60,588	-
ARRA, Title 1	84.389		-	-	143,236	160	-
ARRA, IDEA Part B	84.391A		-	-	45,035	580	-
ARRA, Preschool	84.392A		-	-	324	394	-
ARRA, Ed. Stabilization	84.394		-	-	17,666	22,024	-
Education Jobs Fund	84.410		-	-	42,131	42,131	-
Total Passed Through State			-	-	1,308,903	1,051,654	-
Total U.S. Dept of Educ.			-	-	1,334,930	1,070,899	-
Services Passed Through							
Okla. Health Care Authority							
Medical Assistance Program	93.778		-	-	12,168	-	-
Corporation for National And Community Service							
Learn and Serve	94.004		-	-	6,734	-	-
U.S. Dept Of Agriculture Passed Through State Dept.of Education							
School Breakfast Program	10.553		-	-	107,555	107,555*	-
School Lunch Program	10.555		-	-	403,783	403,783*	-
Summer Food Program	10.559		-	-	1,886	1,886*	-
Passed Through State Dept. of Human Services Child Nutrition Cluster							
Commodities	10.550		-	-	31,802	31,802*	-
Total U.S. Dept. Of Agriculture			-	-	545,026	545,026	-
Total Expenditures of Federal Awards			\$ -	\$ -	\$1,952,138	\$ 1,615,925	\$ -

CROOKED OAK INDEPENDENT SCHOOL DISTRICT NO. I-53
OKLAHOMA COUNTY, OKLAHOMA
SCHEDULE OF FEDERAL AWARDS EXPENDED
FOR THE YEAR ENDED JUNE 30, 2012

Note 1 - * Represents federal share of expenditures only.

Note 2 - Commodities received in the amount of \$31,802 were of a nonmonetary nature and therefore the total revenue does not agree with the financial statements by this amount.

Note 3 - Statement is prepared on regulatory basis of accounting used by District.

Note 4 - The District did not report school lunch, school breakfast, or summer food program expenses in its OCAS report previously filed.

The accompanying notes are an integral part of this statement.

CROOKED OAK INDEPENDENT SCHOOL DISTRICT NO. I-53
 OKLAHOMA COUNTY, OKLAHOMA
 STATEMENT OF STATUTORY, FIDELITY, AND HONESTY BONDS
 FOR THE YEAR ENDED JUNE 30, 2012

Bond Type	Bonding Company	Bond Number	Amount	Effective Date
Surety/Treasurer	Old Republic	1100373	\$ 100,000	07/01/11 - 06/30/12
Surety/Activity	Old Republic	1100372	\$ 5,000	07/01/11 - 06/30/12
Surety/Encumb Clerk	Old Republic	1100372	\$ 5,000	07/01/11 - 06/30/12
Surety/Payroll Clerk	Old Republic	1100372	\$ 5,000	07/01/11 - 06/30/12
Surety/Superintendent	RLI Insurance	LSM0138920	\$ 100,000	07/01/11 - 06/30/12
Surety/Financial Dir.	RLI Insurance	LSM0139592	\$ 100,000	09/14/10 - 09/14/11

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*

To the Board of Education
Crooked Oak Public Schools No. I-53
Oklahoma County
Oklahoma City, Oklahoma

I have audited the regulatory basis financial statements of Crooked Oak Public Schools No. I-53, Oklahoma County, Oklahoma as of and for the year ended June 30, 2012, and have issued my report thereon dated April 5, 2013 which did not include the General Fixed Assets Account Group. I conducted my audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

Management of Crooked Oak Public Schools No. I-53, Oklahoma County, Oklahoma is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing my audit, I considered Crooked Oak Public Schools No. I-53, Oklahoma County, Oklahoma's internal control over financial reporting as a basis for designing my auditing procedures for the purpose of expressing my opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Crooked Oak Public Schools No. I-53, Oklahoma County, Oklahoma's internal control over financial reporting. Accordingly, I do not express an opinion on the effectiveness of Crooked Oak Public Schools No. I-53, Oklahoma County, Oklahoma's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over financial reporting that might be significant deficiencies, or material weaknesses and therefore, there can be no assurance that all deficiencies, significant deficiencies, or material weaknesses have been identified. However, as described in the accompanying schedule of findings and questioned costs, I have identified certain deficiencies that we consider to be significant deficiencies.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or combination of deficiencies, in internal control such that there is a reasonable possibility that material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. I consider the deficiency described in the accompanying schedule of findings and questioned costs as item 2012-02 to be a material weakness.

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. I consider the deficiency in internal control over compliance described in the accompanying schedule of findings and questioned costs as item 2012-03 to be a significant deficiency.

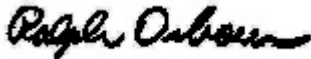
Compliance and Other Matters

As part of obtaining reasonable assurance about whether Crooked Oak Public Schools No. I-53, Oklahoma County, Oklahoma's financial statements are free of material misstatement, I performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of my audit, and accordingly, I do not express such an opinion. The results of my tests disclosed an instance of noncompliance or other matters that is required to be reported under *Government Auditing Standards* and which is described in the accompanying schedule of findings and question costs as item 2012-01.

Crooked Oak Public Schools No. I-53, Oklahoma County, Oklahoma's response to the findings identified in my audit is described in the accompanying schedule of findings and questioned costs. We did not audit Crooked Oak Public Schools No. I-53, Oklahoma County, Oklahoma's response and, accordingly, we express no opinion on it.

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

Sincerely,



Ralph Osborn
Certified Public Accountant
Bristow, Oklahoma
April 5, 2013

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS THAT COULD HAVE
A DIRECT AND MATERIAL EFFECT ON EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER
COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

To the Honorable Board of Education
Independent School District No. I-53
Oklahoma County, Oklahoma

Compliance

I have audited Independent School District No. 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 Independent School District No. I-53, Oklahoma County, Oklahoma's major federal programs for the year ended June 30, 2012. Independent School District No. I-53, Oklahoma County, Oklahoma's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of Independent School District No. I-53, Oklahoma County, Oklahoma's management. My responsibility is to express an opinion on Independent School District No. I-53, Oklahoma County, Oklahoma's compliance based on my audit.

I conducted my 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 I 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 Independent School District No I-2, Oklahoma County, Oklahoma's compliance with those requirements and performing such other procedures as I considered necessary in the circumstance. I believe that my audit provides a reasonable basis for my opinion. My audit does not provide a legal determination of Independent School District No. I-53, Oklahoma County, Oklahoma's compliance with those requirements.

As described in item 2012-03 in the accompanying schedule of findings and questioned costs, Independent School District No. I-53, Oklahoma County, Oklahoma, did not comply with requirements regarding the Oklahoma Cost Accounting System that are applicable to its Child Nutrition Fund. Compliance with such requirements is necessary, in my opinion, for Independent School District No. I-53, Oklahoma County, Oklahoma, to comply with the reporting requirements applicable to that program.

In my opinion, except for the noncompliance described in the preceding paragraph, Independent School District No. 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, 2012.

Internal Control Over Compliance

Management of Independent School District No. I-53, Oklahoma County, Oklahoma is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing my audit, I considered Independent School District No. I-53, Oklahoma County, Oklahoma's internal control over compliance with the requirements that could have a direct and material effect on a major federal program to determine the auditing procedures for the purpose of expressing my opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, I do not express an opinion on the effectiveness of Independent School District No. I-53, Oklahoma County, Oklahoma's internal control over compliance.

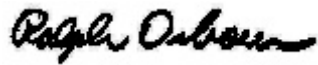
My consideration of internal control over compliance was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over compliance that might be significant deficiencies or material weaknesses and therefore, there can be no assurance that all deficiencies, significant deficiencies or material weaknesses have been identified. However, as discussed below, I identified certain deficiencies in internal control over compliance that I consider to be material weaknesses and other deficiencies that I consider to be significant deficiencies.

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 the 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. I consider the deficiency in internal control over compliance described in the accompanying schedule of findings and questioned as items 2012-02 to be material weaknesses.

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. I consider the deficiencies in internal control over compliance described in the accompanying schedule of findings and questioned costs as items 2012-03 to be significant deficiencies.

Independent School District No. I-53, Oklahoma County, Oklahoma's responses to the findings identified in my audit are described in the accompanying schedule findings and questioned costs. I did not audit Independent School District No. I-53, Oklahoma County, Oklahoma's responses and, accordingly, I express no opinion on the responses.

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



Ralph Osborn
Certified Public Accountant
Bristow, Oklahoma
April 5, 2013

CROOKED OAK INDEPENDENT SCHOOL DISTRICT NO. I-53
 OKLAHOMA COUNTY, OKLAHOMA
 SCHEDULE OF FINDINGS AND QUESTIONED COSTS
 FOR THE YEAR ENDED JUNE 30, 2012

Section I - SUMMARY OF AUDITOR'S RESULTS

Financial Statements

Type of auditor's report issued: Qualified on regulatory basis of accounting

Internal control over financial reporting:
 Material weakness(es) identified? X Yes No
 Significant deficiency identified that is not considered to be material weakness(es)? X Yes None Reported

Noncompliance material to financial statements noted? Yes X No

Federal Awards

Internal control over major programs:
 Material Weakness(es) identified? X Yes No
 Significant deficiency identified that is not considered to be material weakness(es)? X Yes None Reported

Type of auditor's report issued on compliance to major programs: Qualified

Any audit findings disclosed that are required to be reported in accordance with section 510(a) of Circular A-133 X Yes No

Identification of Major Programs

<u>CFDA Number(s)</u>	<u>Name of Federal Program or Cluster</u>
84.010	Title I
84.027	IDEA, Part B

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

Auditee qualified as low-risk auditee? Yes X No

CROOKED OAK INDEPENDENT SCHOOL DISTRICT NO. I-53
OKLAHOMA COUNTY, OKLAHOMA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2012

Section II - FINANCIAL STATEMENT FINDINGS

2012-01 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 \$1,407,112 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 expenditures 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.

2012-02 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.

CROOKED OAK INDEPENDENT SCHOOL DISTRICT NO. I-53
OKLAHOMA COUNTY, OKLAHOMA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2012

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.

Section III - FEDERAL PROGRAM FINDINGS

2012-03 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.

CROOKED OAK INDEPENDENT SCHOOL DISTRICT NO. I-53
OKLAHOMA COUNTY, OKLAHOMA
STATUS OF PRIOR AUDIT FINDINGS
FOR THE YEAR ENDED JUNE 30, 2012

No items were reported in the prior audit.

CROOKED OAK INDEPENDENT SCHOOL DISTRICT NO. I-53
OKLAHOMA COUNTY, OKLAHOMA
SCHEDULE OF ACCOUNTANT'S PROFESSIONAL LIABILITY INSURANCE AFFIDAVIT
JULY 1, 2011 TO JUNE 30, 2012

State of Oklahoma)
County of Creek)

The undersigned auditing firm of lawful age, being first duly sworn on oath, says that 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 Public Schools No. I-53 for the audit year 2011-2012.

Ralph Osborn, CPA

Auditing Firm

By *Ralph Osborn*
Authorized Agent

Subscribed and sworn to before me
on this 11th day of February, 2013.

Christie Williams
Notary Public



My commission expires on:

20th day of April, 2016

My commission number:

12003834