

ARDMORE SCHOOL DISTRICT I-19

Carter County, Oklahoma

Financial Statements

Year-End June 30, 2012

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 Carter County, Oklahoma
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ARDMORE SCHOOL DISTRICT NO. I-19

Carter County, Oklahoma

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INDEPENDENT AUDITOR'S REPORT

To the Board of Education
Ardmore School District No. I-19, Carter County, Oklahoma
Ardmore, Oklahoma

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Ardmore School District No. I-19, Carter County, Oklahoma, Carter County, Oklahoma, as of and for the year ended June 30, 2012, which collectively comprise the District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of Ardmore School District No. I-19, Carter County, Oklahoma's management. Our responsibility is to express opinions on these financial statements based on our audit.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Ardmore School District No. I-19, Carter County, Oklahoma, as of June 30, 2012, and the respective changes in financial position thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated June 18, 2013, on our consideration of the Ardmore School District No. I-19, Carter 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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages 3 through 11 and 33 through 35 be presented to supplement the basic financial statements. Such information,

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although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Ardmore School District No. I-19, Carter County, Oklahoma's financial statements as a whole. The accompanying combining nonmajor fund financial statements, statement of changes in activity fund subaccounts and schedule of expenditures of federal awards, as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, are presented for purposes of additional analysis and are not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the 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 nonmajor fund financial statements, statement of changes in activity fund subaccounts and schedule of expenditures of federal awards are fairly stated in all material respects in relation to the financial statements as a whole.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Ardmore School District No. I-19, Carter County, Oklahoma's financial statements. The statement of statutory fidelity and honesty bonds is presented for the purposes of additional analysis and is not a required part of the basic financial statements. Such information has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

Rahhal Henderson Johnson, PLLC

Ardmore, Oklahoma

June 18, 2013

ARDMORE SCHOOL DISTRICT NO. I-19
Carter County, Oklahoma
Management's Discussion and Analysis
June 30, 2012
(UNAUDITED)

As management of the Ardmore School District No. I-19, Carter County, Oklahoma (the "District"), we offer readers of the District's financial statements this narrative overview and analysis of the financial activities of the District for the fiscal year ended June 30, 2012. We encourage readers to consider the information presented here. The basic financial statements include government-wide financial statements and fund financial statements. For a further understanding of the difference between these financial statements, a detailed discussion is provided on page 19.

Financial Highlights

With respect to the government-wide financial statements:

The assets of the District exceeded its liabilities at the close of the most recent fiscal year by \$31,474,310 (*net assets*), which is a decrease of (\$147,279) from the prior year. Of the amount at June 30, 2012, \$5,343,146 (*unrestricted net assets*) may be used to meet the entity's ongoing obligations to citizens and creditors.

With respect to the fund financial statements:

As of the close of the current fiscal year, the District's governmental funds reported combined ending fund balances of \$6,716,023, an increase of \$233,645 from the prior year.

At the end of the current fiscal year, unassigned fund balance for the general fund was \$4,530,682.

Other highlights:

The 2011 Net Assessed Property Valuation of \$142,064,400 decreased 5.25% from the 2010 Net Assessed Property Valuation of \$149,941,171 as a result of taxpayer protests. This decreased property valuation resulted in a decline of \$282,225 and \$40,329 in property taxes attributable to the General Fund and Building Fund, respectively, for fiscal year ended June 30, 2012.

In fiscal year ended June 30, 2011, the District received additional federal funds from the Education Jobs Fund and ARRA State Foundation and Salary Aid in the amount of \$1,220,882. These federal grant funds were not renewable in fiscal year ended June 30, 2012. Such federal funds had been used to pay certified and non-certified staff salaries and benefits during fiscal year ended June 30, 2011.

In order to offset the loss of federal Education Jobs Fund and ARRA State Foundation and Salary Aid revenues, the District negotiated with the certified and non-certified bargaining units to freeze salary scales, delay step raises, and continue furlough measures that had been implemented in fiscal year ended June 30, 2011. Minimal hiring occurred in fiscal year ended June 30, 2012.

ARDMORE SCHOOL DISTRICT NO. I-19
Carter County, Oklahoma
Management's Discussion and Analysis
June 30, 2012
(UNAUDITED)

Financial Highlights (Continued)

This District experienced a 7.33% (\$751,174) increase in supporting service expenses during the fiscal year ended June 30, 2012, in the areas of contracted speech pathology services, purchases of technology, utilities, student supplies, and maintenance. As a result of lightning damage in May 2011, the District replaced phone systems and fire alarm systems at a school site during the fiscal year ended June 30, 2012.

Effective October 1, 2004, the voters of the City of Ardmore, Oklahoma approved a one-fourth of one percent (1/4%) sales tax for a period of ten years of which seventy-one percent (71%) is dedicated to the Ardmore School District for the purpose of financing the acquisition, construction, furnishing and equipment of educational facilities and for other educational functions.

Effective February 1, 2005, the Ardmore Community Facilities Authority ("Authority"), a Trust created by the City of Ardmore under Title 60 of the Oklahoma statutes and a component unit of the City of Ardmore, issued \$7,000,000 of sales tax revenue bonds for the purpose of financing the acquisition, expansion, renovation, repairing, furnishing, equipping of school facilities.

The District assigned its rights to the sales tax revenue to the Authority to fund the debt service requirements of the revenue bonds. Construction of the Charles Evans Intermediate Elementary School was performed by the District and was funded by the proceeds from the sale of the revenue bonds. This financing arrangement is reflected as a capitalized lease obligation in the financial statements.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the entity's basic financial statements. The District's basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

Government-wide financial statements. The *government-wide financial statements* include the statement of net assets and the statement of activities and are designed to provide readers with a broad overview of the District's finances, in a manner similar to a private-sector business.

The *statement of net assets* presents information on all of the District's assets and liabilities, with the difference between the two reported as *net assets*. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the District is improving or deteriorating.

ARDMORE SCHOOL DISTRICT NO. I-19
Carter County, Oklahoma
Management's Discussion and Analysis
June 30, 2012
(UNAUDITED)

Overview of the Financial Statements (Continued)

The *statement of activities* presents information showing how the government's net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, *regardless of the timing of related cash flows*. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., ad valorem taxes earned but not collected at June 30, 2012).

The governmental activities of the District include instruction, supporting services, non-instruction services, capital outlay, and other outlays. These functions are principally supported by State of Oklahoma appropriations, grants and fees.

The government-wide financial statements can be found on pages 13-14 of this report.

Fund financial statements. A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The District uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The District only has governmental funds.

Governmental funds. *Governmental funds* are used to account for essentially the same functions reported as *governmental activities* in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on *near-term inflows and outflows of spendable resources*, as well as on *balances of spendable resources* available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*.

The District maintains ten individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the general fund and building fund, which are considered to be major funds. Data from the other eight governmental funds are combined into an aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of *combining statements* elsewhere in this report.

ARDMORE SCHOOL DISTRICT NO. I-19
Carter County, Oklahoma
Management's Discussion and Analysis
June 30, 2012
(UNAUDITED)

Overview of the Financial Statements (Continued)

The District adopts an annual appropriated budget for its general fund, building fund, child nutrition fund, coop fund, and sinking fund. A budgetary comparison statement has been provided for the general fund and all major funds to demonstrate compliance with this budget.

The basic governmental fund financial statements can be found on pages 15-17 of this report.

Notes to the financial statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 18-31 of this report.

Other information. In addition to the basic financial statements and accompanying notes, this report also presents certain *required supplementary information* concerning the District's budget to actual schedules on major governmental funds. Required supplementary information can be found on pages 33-35 of this report.

Combining and individual fund statements and schedules can be found on pages 37-41 of this report.

ARDMORE SCHOOL DISTRICT NO. I-19
Carter County, Oklahoma
Management's Discussion and Analysis
June 30, 2012
(UNAUDITED)

Government-wide Financial Analysis

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. In the case of the District, assets exceeded liabilities by \$31,474,310 at the close of the most recent fiscal year, as shown below.

The District's Net Assets

	Governmental Activities	
	June 30, 2012	June 30, 2011
ASSETS		
Cash and Cash Equivalents	\$ 5,420,973	\$ 5,687,514
Receivables, Net	1,957,038	2,136,166
Investments	68,881	66,926
Capital Assets:		
Land and Construction in Progress	434,650	590,230
Other Capital Assets, Net of Depreciation	<u>26,895,409</u>	<u>27,640,132</u>
Total Assets	<u>\$ 34,776,951</u>	<u>\$ 36,120,968</u>
LIABILITIES AND EQUITY		
Current Liabilities		
Accounts Payable	\$ 75,280	\$ 541,067
Deferred Revenues	57,361	3,312
Long-Term Liabilities		
Due within one year	835,000	785,000
Due in more than one year	<u>2,335,000</u>	<u>3,170,000</u>
Total Liabilities	<u>\$ 3,302,641</u>	<u>\$ 4,499,379</u>
Net Assets:		
Invested in Capital Assets	24,160,059	24,275,362
Restricted	1,971,105	1,879,106
Unrestricted	<u>5,343,146</u>	<u>5,467,121</u>
Total Net Assets	<u>\$ 31,474,310</u>	<u>\$ 31,621,589</u>

ARDMORE SCHOOL DISTRICT NO. I-19
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Management's Discussion and Analysis
June 30, 2012
(UNAUDITED)

Government-wide Financial Analysis (Continued)

Governmental activities. Governmental activities decreased the District's net assets by (\$147,279). Key elements of this decrease are shown below.

The District's Changes in Net Assets

	Governmental Activities	
	Year Ended	
	<u>June 30, 2012</u>	<u>June 30, 2011</u>
Primary Government		
Program Revenues:		
Charges for Services	\$ 1,311,870	\$ 1,227,398
Operating Grants and Contributions	6,613,622	7,924,948
Capital Grants and Contributions	157,596	100,228
Total Program Revenues	<u>\$ 8,083,088</u>	<u>\$ 9,252,574</u>
General Revenues:		
Taxes:		
Property Taxes, levied for general purposes	\$ 5,092,461	\$ 5,412,198
Property Taxes, levied for building purposes	727,691	773,392
Property Taxes, levied for sinking fund purposes	541	7,571
General Taxes	3,521,986	3,168,072
Investment Earnings	165,125	175,074
State Aid - Noncategorical	7,673,681	7,792,543
Miscellaneous	371,817	548,625
Total General Revenues	<u>\$ 17,553,302</u>	<u>\$ 17,877,475</u>
Total Revenues	<u>\$ 25,636,390</u>	<u>\$ 27,130,049</u>
Governmental Activities		
Expenses:		
Instruction	12,036,393	12,300,596
Support Services	10,999,308	10,248,134
Operation of Noninstructional Services	2,249,250	2,099,153
Facilities Acquisition & Construction Services	398,453	234,694
Scholarships, Awards, & Other	19,313	15,519
Other Expenses and Refunds	80,952	73,692
Total Expenses	<u>25,783,669</u>	<u>24,971,788</u>
Increase (Decrease) In Net Assets	(147,279)	2,158,261
Net Assets - Beginning	<u>31,621,589</u>	<u>29,463,328</u>
Net Assets, Ending	<u>\$ 31,474,310</u>	<u>\$ 31,621,589</u>

ARDMORE SCHOOL DISTRICT NO. I-19
Carter County, Oklahoma
Management's Discussion and Analysis
June 30, 2012
(UNAUDITED)

Financial Analysis of the Government's Funds

As noted earlier, the District uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental funds. The focus of the District's *governmental funds* is to provide information on near-term inflows, outflows, and balances of *spendable* resources. Such information is useful in assessing the District's financing requirements. In particular, *unassigned fund balance* may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

As of the end of the current fiscal year, the District's governmental funds reported combined ending fund balances of \$6,716,023, an increase of \$233,645 in comparison with the prior year. This amount includes \$4,530,682 *unassigned fund balance*, which is available for spending at the District's discretion.

The general fund is the chief operating fund of the District. At the end of the current fiscal year, total fund balance of the general fund was \$4,810,713, of which \$179,795 was restricted by state statute, donors and external grantors, \$89,211 was committed for the purchase of a bus, and \$11,025 was assigned to encumbrances.

General Fund Budgetary Comparisons

The District budgets conservatively. Revenues are budgeted based upon statutorily-limited amounts equaling 90% of the prior year's collections; approved millage rates for ad valorem taxes; and approved allocation amounts from federal, state, and local grantors. Expenditures and carryover are budgeted based upon the legal appropriations approved by the county excise board.

During fiscal year ended June 30, 2012, General Fund state revenue sources exceeded budgeted amounts by \$1,043,626 (approximately 10%). Primarily, increased state revenues resulted from \$539,277, \$174,145, and \$84,235 additional collections in gross production taxes, motor vehicle taxes, and state school land earnings, respectively.

General fund actual instruction expenditures were \$2,282,430 less than budgeted instruction expenditures due to the District's conservative approach to carryover fund balance to the next fiscal year.

The District's general fund balance of \$4,810,713 reported on pages 15 and 16 differs from the General Fund's budgetary fund balance of \$3,650,199 reported on the budgetary comparison schedule on page 33. Explanation of this difference is shown in the Notes to Required Supplementary Information on page 35.

ARDMORE SCHOOL DISTRICT NO. I-19
Carter County, Oklahoma
Management's Discussion and Analysis
June 30, 2012
(UNAUDITED)

Capital Asset and Debt Administration

Capital assets. The District's investment in capital assets for its governmental activities as of June 30, 2012, amounts to \$27,330,059 (net of accumulated depreciation). This investment in capital assets includes land, land improvements, buildings, buses, vehicles, machinery and equipment, and construction in progress. The net decrease in the District's capital assets for the current fiscal year was \$(900,303).

The District's Capital Assets
(Net of Depreciation)

	Governmental Activities	
	June 30, 2012	June 30, 2011
Land	\$ 434,650	\$ 434,650
Land Improvements	1,549,025	1,391,430
Buildings	56,842,860	56,600,321
Buses and Vehicles	2,369,368	2,313,165
Machinery and Equipment	2,636,149	2,356,826
Construction in Progress	-	155,580
 Total Capital Assets	 63,832,052	 63,251,972
 Accumulated Depreciation	 (36,501,993)	 (35,021,610)
 Net Capital Assets	 \$ 27,330,059	 \$ 28,230,362

Additional information on the District's capital assets can be found in note V on page 27 of this report.

At year-end, the District had \$3,170,000 in capital leases outstanding versus \$3,955,000 last year, a 20% decrease as shown below:

	Governmental Activities	
	June 30, 2012	June 30, 2011
Capital Leases	\$ 3,170,000	\$ 3,955,000

Additional information on the District's long-term obligations can be found in note VI to the financial statements.

ARDMORE SCHOOL DISTRICT NO. I-19
Carter County, Oklahoma
Management's Discussion and Analysis
June 30, 2012
(UNAUDITED)

Other Currently Known Facts, Decisions, or Conditions

During the fall of 2012, the District negotiated new salary scales and increased step raises for both certified and non-certified staff. The new steps raises resulted in approximately 2% increase in certified salaries and approximately 4% increase in support salaries. With increased student enrollment, changing to block scheduling at the high school level, and increased staffing needs for special education, additional staff were hired in the fall of 2012. All of these conditions have resulted in increased payroll costs during fiscal year ending June 30, 2013.

In the 2012-2013 school year, the District implemented a new program called Second Chance Academy for the purpose of instructing students who have been placed on long-term suspension.

In the fall of 2012, the District received three donated portable buildings from a local career technology center. These portable buildings were placed at elementary sites to house increased student growth within the District.

In November 2012, the voters of Carter County, Oklahoma passed a one-quarter of one percent (0.25%) county sales tax to provide revenues for technology equipment and instructional and classroom materials for all common school districts wholly located within Carter County, Oklahoma. The sales tax levy will be effective on April 1, 2013.

On May 14, 2013, the citizens of Ardmore, Oklahoma, supported the passing of a \$31,070,000 series bond issue for the purpose of constructing, equipping, repairing and remodeling school buildings, acquiring school furniture, fixtures and equipment and acquiring and improving school sites. On June 4, 2013, the Board of Education set the date for June 24, 2013 to sell \$4,095,000 General Obligation building Bonds. Remaining series of bonds will be sold in subsequent two-year increments.

Requests for Information

This financial report is designed to provide a general overview of the District's finances for all those with an interest in the entity's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to Ardmore School District No. I-19, Carter County, Oklahoma District, P.O. Box 1709, Ardmore, Oklahoma 73402.

BASIC FINANCIAL STATEMENTS

ARDMORE SCHOOL DISTRICT NO. I-19
Carter County, Oklahoma
Statement of Net Assets
June 30, 2012

	<u>Governmental Activities</u>
ASSETS	
Cash and Cash Equivalent	\$ 5,420,973
Receivables, Net	1,957,038
Investments	68,881
Capital Assets:	
Land and Construction in Progress	434,650
Other Capital Assets, net of depreciation	<u>26,895,409</u>
 Total Assets	 <u>\$ 34,776,951</u>
 LIABILITIES AND EQUITY	
Current Liabilities	
Accounts Payable	\$ 75,280
Deferred Revenues	57,361
Long -term liabilities	
Due within one year	835,000
Due in more than one year	<u>2,335,000</u>
 Total Liabilities	 <u>\$ 3,302,641</u>
 Net Assets	
Invested in Capital Assets	\$ 24,160,059
Restricted for	
Building Services	674,896
Child Nutrition	265,275
Debt Service	43,786
School Facilities	162,344
Alternative Education	194,206
School Organizations	472,444
Scholarships	
Expendable	75,773
Nonexpendable	82,381
Unrestricted	<u>5,343,146</u>
Total Net Assets	<u><u>\$ 31,474,310</u></u>

See Notes to Financial Statements

ARDMORE SCHOOL DISTRICT NO. I-19
Carter County, Oklahoma
Statement of Activities
For the Year Ended June 30, 2012

	Program Revenues				Net (Expense) Revenue and Changes in Net Assets
Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions		Primary Government Governmental Activities
<i>Functions/Programs</i>					
Primary Government					
Governmental Activities					
Instruction	\$ 12,193,989	\$ 336,386	\$ 3,086,451	\$ -	\$ (8,771,152)
Support Services	10,999,308	353,527	874,313	-	(9,771,468)
Operation of Noninstructional Services	2,249,250	601,435	1,578,670	-	(69,145)
Facilities Acquisition and Construction Services	240,857	-	932,896	157,596	849,635
Scholarships, Awards and Other	19,313	-	1,000	-	(18,313)
Other Expenses and Refunds	80,952	20,522	140,292	-	79,862
Total Governmental Activities	\$ 25,783,669	\$ 1,311,870	\$ 6,613,622	\$ 157,596	\$ (17,700,581)
General Revenues					
Taxes					
Property taxes, levied for general purposes					\$ 5,092,461
Property taxes, levied for building purposes					727,691
Property taxes, levied for sinking fund purposes					541
General Taxes					3,521,986
Investment Earnings					165,125
State Aid - Noncategorical					7,673,681
Miscellaneous					371,817
Total General Revenues					\$ 17,553,302
Change in Net Assets					\$ (147,279)
Net Assets - Beginning, as restated					31,621,589
Net Assets - Ending					\$ 31,474,310

See Notes to Financial Statements

ARDMORE SCHOOL DISTRICT NO. I-19
Carter County, Oklahoma
Balance Sheet – Governmental Funds
June 30, 2012

	General Fund	Building Fund	Other Governmental Funds	Total
Assets				
Cash and Cash Investments	\$ 3,823,301	\$ 568,244	\$ 1,029,428	\$ 5,420,973
Receivables, Net	1,651,007	108,128	197,903	1,957,038
Investments	<u>-</u>	<u>-</u>	<u>68,881</u>	<u>68,881</u>
Total Assets	<u>\$ 5,474,308</u>	<u>\$ 676,372</u>	<u>\$ 1,296,212</u>	<u>\$ 7,446,892</u>
Liabilities				
Accounts Payable	\$ 73,801	\$ 1,476	\$ 3	\$ 75,280
Deferred Revenues	<u>589,794</u>	<u>65,394</u>	<u>401</u>	<u>655,589</u>
Total Liabilities	<u>\$ 663,595</u>	<u>\$ 66,870</u>	<u>\$ 404</u>	<u>\$ 730,869</u>
Fund Balances				
Nonspendable	\$ -	\$ -	\$ 82,381	\$ 82,381
Restricted	179,795	608,852	739,954	1,528,601
Committed	89,211	-	472,444	561,655
Assigned	11,025	650	1,029	12,704
Unassigned	<u>4,530,682</u>	<u>-</u>	<u>-</u>	<u>4,530,682</u>
Total Fund Balances	<u>\$ 4,810,713</u>	<u>\$ 609,502</u>	<u>\$ 1,295,808</u>	<u>\$ 6,716,023</u>
Total Liabilities and Fund Balances	<u>\$ 5,474,308</u>	<u>\$ 676,372</u>	<u>\$ 1,296,212</u>	

Amounts reported for governmental activities in the statement of net assets are different because:

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the fund. The costs of assets is \$63,832,052 and the accumulated depreciation is \$36,501,993.	27,330,059
Receivables collected more than 60 days after year-end are not available as current financial resources in the funds but are considered revenues in the statement of activities	598,228
Long-term capital lease obligations are not due and payable in the current period and accordingly are not reported as fund liabilities	<u>(3,170,000)</u>
Net assets of governmental activities.	<u>\$ 31,474,310</u>

See Notes to Financial Statements

ARDMORE SCHOOL DISTRICT NO. I-19
Carter County, Oklahoma
Statement of Revenues, Expenditures and Changes in Fund
Balances – Governmental Funds
For the Year Ended June 30, 2012

	General Fund	Building Fund	Other Governmental Funds	Total
REVENUE				
Property Taxes	\$ 5,112,110	\$ 728,468	\$ 933,437	6,774,015
Interest	7,481	650	4,713	12,844
County Revenue	531,718	-	-	531,718
State Revenue	11,323,094	-	447,482	11,770,576
Federal Revenue	2,825,594	-	1,159,317	3,984,911
Other	1,206,340	202,558	1,745,694	3,154,592
Total Revenue	<u>\$ 21,006,337</u>	<u>\$ 931,676</u>	<u>\$ 4,290,643</u>	<u>\$ 26,228,656</u>
EXPENDITURES				
Current				
Instruction	\$ 11,883,809	\$ -	\$ 375,257	\$ 12,259,066
Support Services	8,663,230	451,922	630,368	9,745,520
Non-instruction Services	79,032	-	2,041,904	2,120,936
Capital Outlay	210,669	301,964	-	512,633
Other Outlays	80,734	-	1,276,122	1,356,856
Total Expenditures	<u>\$ 20,917,474</u>	<u>\$ 753,886</u>	<u>\$ 4,323,651</u>	<u>\$ 25,995,011</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	\$ 88,863	\$ 177,790	\$ (33,008)	\$ 233,645
Fund Balances - Beginning	4,721,850	431,712	1,328,816	6,482,378
Fund Balances - Ending	<u>\$ 4,810,713</u>	<u>\$ 609,502</u>	<u>\$ 1,295,808</u>	<u>\$ 6,716,023</u>

See Notes to Financial Statements

ARDMORE SCHOOL DISTRICT NO. I-19
Carter County, Oklahoma
Reconciliation of Statement of Revenues, Expenditures and Changes in Fund
Balances – Governmental Funds to the Statement of Activities
For the Year Ended June 30, 2012

*Amounts reported for governmental activities
in the statement of activities are different because:*

Net change in fund balances - total governmental funds \$ 233,645

Governmental funds report capital outlays as expenditures. However, in the statement of activities the costs of those assets are allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which depreciation expense exceeded capital outlays in the current period.

Capital Outlay	\$	593,844	
Depreciation Expense		<u>(1,494,147)</u>	(900,303)

Because some revenue will not be collected for several months after fiscal year end they are not considered "available" revenues in the funds and are instead deferred. They are however recorded as revenues in the statement of activities

(265,621)

The repayment of the principal on capital leases consumes current financial resources of government funds. However this transaction does not have an effect on net assets.

785,000

Change in net assets of governmental activities.

\$ (147,279)

See Notes to Financial Statements

ARDMORE SCHOOL DISTRICT NO. I-19
Carter County, Oklahoma
Notes to Financial Statements
June 30, 2012

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Ardmore School District No. I-19, Carter County, Oklahoma (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 for support. The general operating authority for the public school system is the Oklahoma School Code contained in Title 70, Oklahoma Statutes.

The financial statements of the District are prepared in accordance with accounting standards generally accepted in the United States of America (GAAP) promulgated by the Governmental Accounting Standards Board (GASB).

The Reporting Entity

The governing body of the District is the board of education composed of elected members. The superintendent is the executive officer of the board of education and the administrative head 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 is one component unit included in the District's reporting entity: Take Two Alternative Education Services of Southern Oklahoma, Inc. (Take Two). Take Two is presented as a blended component unit. Take Two is an alternative education opportunity for students who need a different way to learn and a second chance at success. Take Two is reported as a special revenue fund.

ARDMORE SCHOOL DISTRICT NO. I-19
Carter County, Oklahoma
Notes to Financial Statements
June 30, 2012

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

The Ardmore City Schools Enrichment Foundation is not included in the reporting entity. The District does not appoint any of the board members or exercise any oversight authority over the Foundation.

Government-Wide and Fund Financial Statements

The District's basic financial statements include both government wide (reporting the District as a whole) and fund financial statements (reporting the District's major funds). Both government-wide and fund financial statements categorize primary activities as either governmental or business type. Governmental activities include programs primarily supported by taxes, State aid, grants and other intergovernmental revenue. The District does not have any activities classified as business-type. The government-wide focus is more on the sustainability of the District as an entity and the change in the District's net assets resulting from current year's activities.

Government-Wide Financial Statements: In the government-wide Statement of Net Assets, the District's governmental activities are reported on a full accrual, economic resource basis, which recognizes all long-term assets and receivables as well as long-term debt and obligations. The District's net assets are reported in three parts: invested in capital assets net of related debt, restricted net assets and unrestricted net assets.

The government-wide Statement of Activities reports both the gross and net cost of each of the District's programs and functions. The functions are also supported by general government revenues. The Statement of Activities reduces gross expenses (including depreciation) by related program revenues, operating and capital grants. *Direct expenses* are those that are clearly identifiable with a specific function. *Program revenues* include 1) charges to students, faculty, individuals, or other school districts that purchase, use, or directly benefit from goods, services, or privileges provided by a given function and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function. Taxes, interest, transfers and other items not properly included among program revenues are reported instead as *general revenues*.

All interfund transactions are eliminated in the government-wide statements.

Fund Financial Statements: Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. With this measurement focus, only current assets, current liabilities and fund balances are included on the balance sheet. The fund financial statements provide reports on the financial condition and results of operations of governmental fund categories.

ARDMORE SCHOOL DISTRICT NO. I-19
Carter County, Oklahoma
Notes to Financial Statements
June 30, 2012

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

The District reports the following major governmental funds:

General Fund is the primary operating fund of the District. It is used to account for all financial resources except those required to be accounted for in another fund.

Building Fund is used to account for resources restricted by statutes for ad valorem taxes designated for repair, maintenance, acquisition and construction of buildings.

Additionally, the District reports the following fund types included in the Other Governmental Funds column:

Special Revenue Funds – The District accounts for resources restricted or committed to specific purposes other than debt service or capital projects where the foundation for the fund is those resources or if the fund is legally mandated in special revenue funds.

Debt Service Fund – The District accounts for the accumulation of funds for the periodic payment of general long-term debt in this fund.

Permanent Fund – The District reports resources that are restricted to the extent that only earnings, and not principal, may be used to support the District’s programs in this fund.

Basis of Accounting

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

Accrual: The government-wide financial statements are presented on the accrual basis of accounting. Revenues are recognized when earned and expenses are recognized when a liability is incurred. Property taxes are recognized as revenue in the year in which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Modified Accrual: The fund financial statements are presented on the modified accrual basis of accounting. Under modified accrual basis of accounting, revenues are recorded when susceptible to accrual i.e. both measurable and available. “Available” means collectible within the current period or within 60 days after year end. Expenditures are generally recognized under the modified accrual basis of accounting when the related liability is incurred. The exception to this general rule is that principal and interest on general obligation long-term debt, if any, is recognized when due.

ARDMORE SCHOOL DISTRICT NO. I-19
Carter County, Oklahoma
Notes to Financial Statements
June 30, 2012

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Deposits and Investments

The District's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition. Collateral in the form of obligations of the U.S. government or its agencies, municipalities or the State of Oklahoma is required for demand deposits and certificates of deposit for all amounts not covered by federal depository insurance.

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 savings and loan associations, banks and trust companies. The District has no formal policy on managing credit risk or amounts that may be invested in one issuer. The District does not have a formal investment policy that limits investment maturities as a means of managing interest rate risk.

Investments for the District are reported at fair market value. Securities traded on a national exchange are valued at the last reported sales price. The investments held by the District as equity securities were donated.

Inventories

The value of consumable inventories at June 30, 2012 is not material to the financial statements. On the government-wide financial statements, United States Department of Agriculture (USDA) food commodities are recorded as revenue at fair value as of the date of receipt and as an expense when used. USDA food commodities are not reported in the governmental funds.

Capital Assets

Capital assets, which include land, land improvements, buildings, buses and vehicles, machinery and equipment, and construction in progress, are reported in the applicable governmental activities columns in the government-wide financial statements. Capital assets are defined by the government as assets with an initial individual cost of more than \$2,500 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized. Major outlays for capital assets and improvements are capitalized as projects are constructed.

ARDMORE SCHOOL DISTRICT NO. I-19
Carter County, Oklahoma
Notes to Financial Statements
June 30, 2012

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Property, plant, and equipment of the District, is depreciated using the straight-line method over the following estimated useful lives.

<u>Assets</u>	<u>Years</u>
Land Improvements	15
Buildings	20 – 40
Buses & Vehicles	5 – 10
Machinery and Equipment	3 – 10

Deferred Revenues

In the fund financial statements, revenues earned but not collected within 60 days of current fiscal period are reported as deferred revenues. Such deferred revenues are reflected as revenue in the government-wide financial statements. Revenues collected in advanced but unearned at June 30, 2012, remain in deferred revenues in both the fund and government-wide financial statements.

Net Assets

When the District incurs an expense for which it may either use restricted or unrestricted net assets, it uses restricted net assets first unless unrestricted net assets will have to be returned because they are not used.

Net assets on the Statement of Net Assets include the following:

Investment in Capital Assets, Net of Related Debt – The component of net assets that reports the difference between capital assets less both accumulated depreciation and the outstanding balance of debt, excluding unspent proceeds, that is directly attributable to the acquisition, construction and improvement of these capital assets.

Restricted for Buildings – The component of net assets that reports the excess of property taxes and other revenues collected in excess of expenses for operation of the District's buildings. This amount is restricted by Oklahoma Statutes.

Restricted for Child Nutrition – The component of net assets that report the assets restricted for use by the Child Nutrition program.

Restricted for Debt Service – The component of net assets that report the assets restricted for payment of principal and interest on general long-term debt.

Restricted for School Facilities – The component of net assets that report the excess of sales tax restricted for educational facilities by voters.

ARDMORE SCHOOL DISTRICT NO. I-19
Carter County, Oklahoma
Notes to Financial Statements
June 30, 2012

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Restricted for Alternative Education – The component of net assets that report the assets restricted for alternative education programs.

Restricted for School Organizations – The component of net assets that report the assets restricted for use by student organizations and extracurricular activities. This amount is restricted by Oklahoma Statutes.

Restricted for Scholarships – The component of net assets that report the assets restricted for scholarships.

Unrestricted – The difference between assets and liabilities that is not reported as restricted for any other purposes.

Fund Equity

The governmental fund financial statements present fund balances based on classifications that comprise a hierarchy that is based primarily on the extent to which the District is bound to honor constraints on the specific purposes for which amounts in the respective governmental funds can be spent. The classifications used in the governmental fund financial statements are as follows:

- Nonspendable: This classification includes amounts that cannot be spent because they are either (a) not in spendable form or (b) are legally or contractually required to be maintained intact. The District has classified the original funds donated in the Endowment Fund as being nonspendable as these amounts are legally required to be maintained intact.
- Restricted: This classification includes amounts for which constraints have been placed on the use of the resources either (a) externally imposed by creditors (such as through a debt covenant), grantors, contributors, or laws or regulations of other governments, or (b) imposed by law through constitutional provisions or enabling legislation. The District has classified amounts restricted by state statute, donors and external grantors in this classification.
- Committed: This classification includes amounts that can be used only for specific purposes pursuant to constraints imposed by formal action of the Board of Education. These amounts cannot be used for any other purpose unless the Board of Education removes or changes the specified use by taking the same type of action (resolution) that was employed when the funds were initially committed. This classification also includes contractual obligations to the extent that existing resources have been specifically committed for use in satisfying those contractual requirements. The District has classified school organization activities as being committed because their use is governed by Board of Education action.

ARDMORE SCHOOL DISTRICT NO. I-19
Carter County, Oklahoma
Notes to Financial Statements
June 30, 2012

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

- Assigned: This classification includes amounts that are constrained by the District's intent to be used for a specific purpose but are neither restricted nor committed. This intent can be expressed by the Board of Education or through the Board of Education delegating this responsibility to the superintendent through the budgetary process. This classification also includes the remaining positive fund balance for all governmental funds except for the General Fund. The District has assigned funds for interest earnings to the special revenue funds where earned by the budgetary process.
- Unassigned: This classification includes the residual fund balance for the General Fund. The Unassigned classification also includes negative residual fund balance of any other governmental fund that cannot be eliminated by offsetting of Assigned fund balance amounts.

As of June 30, 2012, fund balances are comprised of the following:

	General Fund	Building Fund	Other Governmental Funds	Total Governmental Funds
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Nonexpendable				
Endowment	\$ -	\$ -	\$ 82,381	\$ 82,381
Restricted				
Debt Service	-	-	43,786	43,786
Building Operation and Maintenance	-	608,852	-	608,852
Alternative Education	-	-	193,978	193,978
State and Private Grants	179,795	-	-	179,795
Child Nutrition	-	-	264,234	264,234
School Facilities	-	-	162,344	162,344
Scholarships	-	-	75,612	75,612
Committed				
School Organizations	-	-	472,444	472,444
Capital Outlay	89,211	-	-	89,211
Assigned				
Building Operation and Maintenance	-	650	-	650
Alternative Education	-	-	210	210
Child Nutrition	-	-	658	658
Scholarships	-	-	161	161
Outstanding encumbrances	11,025	-	-	11,025
Unassigned	4,530,682	-	-	4,530,682
	<u>\$ 4,810,713</u>	<u>\$ 609,502</u>	<u>\$ 1,295,808</u>	<u>\$ 6,716,023</u>

The District would typically use restricted fund balances first, followed by committed resources, and then assigned resources as appropriate opportunities arise, but reserves the right to selectively spend unassigned resources first to defer the use of these other classified funds.

ARDMORE SCHOOL DISTRICT NO. I-19
Carter County, Oklahoma
Notes to Financial Statements
June 30, 2012

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires the District to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results may differ from those estimates.

On-Behalf Payments

For the fiscal year ended June 30, 2012, the State of Oklahoma contributed \$128,550 paid directly to the Teacher Retirement Fund on behalf of the District employees. Such payments are recorded as revenue and expenses in the government-wide financial statements.

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 taxes are due one-half prior to January 1 and the balance 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; otherwise, the purchaser is issued a deed to the property.

Property tax receivable by the District includes uncollected taxes assessed as of October 1, 2011 and earlier. Delinquent property tax receivable is recognized as revenue in the government-wide financial statements. Only the portion of the property taxes receivable that meets the revenue recognition criteria is reported as revenue in the fund financial statements. Provision has been made for estimated uncollectible amounts based on past experience.

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. Approximately 45% of the District's revenue comes from state sources.

ARDMORE SCHOOL DISTRICT NO. I-19
Carter County, Oklahoma
Notes to Financial Statements
June 30, 2012

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

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

II. BUDGETARY INFORMATION

The District is required by law to prepare an annual budget. No later than October 1, each board of education shall prepare a financial statement and estimate of needs to be filed with the applicable county clerk and the State Department of Education. Once the county excise board has approved the estimate of needs, the board shall adopt a final budget within 45 days or the second regularly scheduled board meeting. No later than 15 days prior to adoption of a final budget, the board must conduct a public hearing for purposes of taking public comments.

A final budget may be revised upon approval of the Board of Education in open meeting.

A budget is legally adopted for the General Fund, Building Fund, Child Nutrition Fund, Coop Fund and Sinking Fund that includes revenue and expenditures.

Budgets generally assume the expenditure of all available resources. Therefore, when the legal budget is prepared, it is assumed these funds will not have a carryover balance to a subsequent year. Program revenue received but not spent is restricted and deferred to a subsequent fiscal year.

III. DEPOSITS AND INVESTMENTS

Custodial Credit Risk - Custodial credit risk for deposits is the risk that in the event of a bank failure, the District's deposits may not be returned or the District will not be able to recover collateral securities in the possession of an outside party. The District's policy requires collateral for demand deposits and certificates of deposit for all amounts not covered by federal deposit insurance. As of June 30, 2012, cash deposits and investments were fully insured or collateralized by a pledging bank's agent in the District's name.

ARDMORE SCHOOL DISTRICT NO. I-19

Carter County, Oklahoma
Notes to Financial Statements
June 30, 2012

III. DEPOSITS AND INVESTMENTS (Continued)

Investment – The District’s investment of \$68,881 at June 30, 2012, represents equity securities valued at fair market value that were donated to the District. These securities are uninsured and exposed to the risk that in the event of the failure of the counterparty, the District will not be able to recover the value of the investment.

IV. RECEIVABLES

Receivables as of June 30, 2012 for the District’s individual major funds and nonmajor governmental funds in the aggregate, are as follows:

	General Fund	Building Fund	Nonmajor Funds	Total
Receivables:				
Interest	\$ 23	\$ -	\$ -	\$ 23
Taxes	1,033,855	113,598	162,344	1,309,797
Due from Other Governments	316,859	-	24,893	341,752
Other	338,540	-	10,666	349,206
	<u>1,689,277</u>	<u>113,598</u>	<u>197,903</u>	<u>2,000,778</u>
Gross Receivables	\$ 1,689,277	\$ 113,598	\$ 197,903	\$ 2,000,778
Less: Allowance for Uncollectibles	<u>(38,270)</u>	<u>(5,470)</u>	<u>-</u>	<u>(43,740)</u>
Receivables, Net	<u>\$ 1,651,007</u>	<u>\$ 108,128</u>	<u>\$ 197,903</u>	<u>\$ 1,957,038</u>

V. CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2012 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
<i>Government Activities:</i>				
<i>Capital assets, not being depreciated</i>				
Land	\$ 434,650	\$ -	\$ -	\$ 434,650
Construction in progress	155,580	-	155,580	-
Total capital assets, not being depreciated	<u>\$ 590,230</u>	<u>\$ -</u>	<u>\$ 155,580</u>	<u>\$ 434,650</u>
<i>Capital assets, being depreciated</i>				
Land Improvements	\$ 1,391,430	\$ 157,595	\$ -	\$ 1,549,025
Buildings	56,600,321	242,539	-	56,842,860
Buses and Vehicles	2,313,165	56,203	-	2,369,368
Machinery and Equipment	2,356,826	293,087	13,764	2,636,149
Total capital assets, being depreciated	<u>\$ 62,661,742</u>	<u>\$ 749,424</u>	<u>\$ 13,764</u>	<u>\$ 63,397,402</u>
Less Accumulated Depreciation	<u>35,021,610</u>	<u>1,494,147</u>	<u>13,764</u>	<u>36,501,993</u>
Total capital assets, being depreciated, net	<u>\$ 27,640,132</u>	<u>\$ (744,723)</u>	<u>\$ -</u>	<u>\$ 26,895,409</u>
Governmental activities capital assets, net	<u>28,230,362</u>	<u>(744,723)</u>	<u>155,580</u>	<u>27,330,059</u>
Total Primary Government	<u>\$ 28,230,362</u>	<u>\$ (744,723)</u>	<u>\$ 155,580</u>	<u>\$ 27,330,059</u>

ARDMORE SCHOOL DISTRICT NO. I-19
Carter County, Oklahoma
Notes to Financial Statements
June 30, 2012

V. CAPITAL ASSETS (Continued)

Depreciation expense was charged to functions/programs of the District as follows:

Government activities:	
Instruction	\$ 50,096
Support	1,396,585
Non-Instruction	<u>47,466</u>
Total depreciation expense - governmental activities	<u><u>\$ 1,494,147</u></u>

VI. LONG-TERM DEBT

Long-term liability activity for the year ended June 30, 2012, was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due within One Year</u>
Capital Lease	<u>\$ 3,955,000</u>	<u>\$ -</u>	<u>\$ 785,000</u>	<u>\$ 3,170,000</u>	<u>\$ 835,000</u>
	<u><u>\$ 3,955,000</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 785,000</u></u>	<u><u>\$ 3,170,000</u></u>	<u><u>\$ 835,000</u></u>

Interest expense of \$143,231 on long-term debt has been included in the direct expenses of individual functions on the government-wide statement of activities. The building fund and sales tax fund are used to liquidate this debt.

The District has entered into lease agreements as lessee for financing the acquisition of certain equipment. 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 agreements at the end of each fiscal year. The District has also entered a financing arrangement with the Ardmore Community Facilities Authority (see Note IX). This financing arrangement is also accounted for as a capital lease.

The schedule of future minimum lease payments under the capital leases and the present value of the net minimum lease payments for years ending June 30th are as follows:

ARDMORE SCHOOL DISTRICT NO. I-19
 Carter County, Oklahoma
 Notes to Financial Statements
 June 30, 2012

VI. LONG-TERM DEBT (Continued)

	Year Ending June 30	
	2013	\$ 966,625
	2014	874,644
	2015	1,606,800
Present value of future minimum lease payments		\$ 3,448,069
less: Interest		(278,069)
Net Minimum lease payments		\$ 3,170,000
Current portion		(835,000)
Long-term portion		\$ 2,335,000

Leased buildings and equipment under capital leases in capital assets at June 30, 2012, included the following:

Buildings	\$ 7,469,800
Land Improvements	1,450
less Accumulated Depreciation	(832,045)
	\$ 6,639,205

Amortization of leased assets has been included in depreciation.

VII. 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 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. The System issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to Teachers' Retirement System of Oklahoma, P.O. Box 53524, Oklahoma City, Oklahoma 73152.

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 educational institutions who work more than 20 hours per week.

ARDMORE SCHOOL DISTRICT NO. I-19
Carter County, Oklahoma
Notes to Financial Statements
June 30, 2012

VII. EMPLOYEE RETIREMENT SYSTEM (Continued)

The contribution rates for the District and its employees, which are not actuarially determined, are established by Oklahoma Statutes and applied to employee's earnings plus employer-paid fringe benefits. The District is required to contribute 9.5% and plan members are required to contribute 7% of their annual salary. The District pays full-time employees' contributions as allowed by statute. The District's contributions to the System for the years ended June 30, 2012, 2011 and 2010 were \$2,179,233, \$2,140,739 and \$2,284,639 respectively.

VIII. COMMITMENTS AND CONTINGENCIES

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

IX. RISK MANAGEMENT

The District is exposed to various risks of loss related to torts, theft, damage and destruction of assets, errors and omission, injuries to employees, life and health of employees, and natural disasters for which the District purchases commercial insurance. There have been no significant reductions in coverage from prior year and settlements have not exceed coverage in the past three years.

X. LEASE REVENUE BOND AGREEMENT

Effective October 1, 2004, the voters of the City of Ardmore, Oklahoma approved a one-fourth of one percent (1/4%) sales tax for a period of ten years of which seventy-one percent (71%) is dedicated to the Ardmore School District for the purpose of financing the acquisition, construction, furnishing and equipment of educational facilities and for other educational functions. Effective February 1, 2005, the Ardmore Community Facilities Authority ("Authority"), a Trust created by the City of Ardmore under Title 60 of the Oklahoma statutes and a component unit of the City of Ardmore, issued \$7,000,000 of sales tax revenue bonds for the purpose of financing the acquisition, expansion, renovation, repairing, furnishing, equipping of school facilities. The District assigned its rights to the sales tax revenue to the Authority to fund the debt service requirements of the revenue bonds. The capital assets acquired and constructed have been shown as capital assets on the District's statement of net assets and the remaining amounts due to the Authority under the arrangement is included as a lease payable. For the year ended June 30, 2012 the District had received \$932,896 of dedicated sales tax from the City of Ardmore and that it is shown as operating contribution in the statement of activities.

ARDMORE SCHOOL DISTRICT NO. I-19
Carter County, Oklahoma
Notes to Financial Statements
June 30, 2012

X. LEASE REVENUE BOND AGREEMENT - CONTINUED

The Authority's financial statements are included in the City of Ardmore's financial reporting entity and can be obtained from the City of Ardmore's finance director.

XI. SUBSEQUENT EVENTS

November 2012, the voters of Carter County, Oklahoma passed a one-quarter of one percent (0.25%) county sales tax to provide revenues for technology equipment and instructional and classroom materials for all common school districts wholly located within Carter County, Oklahoma. The sales tax levy will be effective on April 1, 2013.

May 2013, the voters of Carter County, Oklahoma passed \$31,070,000 Bond Issue for District facility improvements. The General Obligation Bonds will be sold in series. The first series of \$4,095,000 has been scheduled to be sold on June 24, 2013. The liquidation of the outstanding bonds will be completed by the Sinking fund which will receive monies from the property taxes that were levied by county on behalf of the District.

REQUIRED SUPPLEMENTARY INFORMATION

ARDMORE SCHOOL DISTRICT NO. I-19
Carter County, Oklahoma
Budgetary Comparison Schedule –General Fund (Unaudited)
For the Year Ended June 30, 2012

	Budgeted Amounts		Actual Amounts Budgetary Basis	Variance With Final Budget
	Original	Final		
REVENUE				
Property Taxes	\$ 4,735,375	\$ 4,735,375	\$ 4,955,824	\$ 220,449
Interest	11,348	11,348	7,461	(3,887)
County Revenue	465,581	465,581	526,909	61,328
State Revenue	10,452,443	10,452,443	11,496,069	1,043,626
Federal Revenue	2,980,231	2,980,231	3,069,613	89,382
Other	<u>1,173,739</u>	<u>1,173,739</u>	<u>1,130,613</u>	<u>(43,126)</u>
Total Revenue	<u>\$ 19,818,717</u>	<u>\$ 19,818,717</u>	<u>\$ 21,186,489</u>	<u>\$ 1,367,772</u>
EXPENDITURES				
Current				
Instruction	\$ 13,941,865	\$ 13,941,865	11,659,435	\$ 2,282,430
Support Services	8,940,326	8,940,326	8,901,405	38,921
Non-instruction Services	79,033	79,033	79,033	-
Capital Outlay	-	-	38,924	(38,924)
Other Outlays	<u>432,131</u>	<u>432,131</u>	<u>432,131</u>	<u>-</u>
Total Expenditures	<u>\$ 23,393,355</u>	<u>\$ 23,393,355</u>	<u>\$ 21,110,928</u>	<u>\$ 2,282,427</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	\$ (3,574,638)	\$ (3,574,638)	\$ 75,561	\$ 3,650,199
Fund Balance - Beginning	<u>3,574,638</u>	<u>3,574,638</u>	<u>3,574,638</u>	<u>-</u>
Fund Balance - Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,650,199</u>	<u>\$ 3,650,199</u>

ARDMORE SCHOOL DISTRICT NO. I-19
Carter County, Oklahoma
Budgetary Comparison Schedule –Building Fund (Unaudited)
For the Year Ended June 30, 2012

	Budgeted Amounts		Actual Amounts Budgetary Basis	Variance With Final Budget
	Original	Final		
REVENUE				
Property Taxes	\$ 676,672	\$ 676,672	\$ 706,294	\$ 29,622
Interest	1,235	1,235	650	(585)
Other	<u>161,999</u>	<u>161,999</u>	<u>206,498</u>	<u>44,499</u>
Total Revenue	<u>\$ 839,906</u>	<u>\$ 839,906</u>	<u>\$ 913,442</u>	<u>\$ 73,536</u>
EXPENDITURES				
Current				
Instruction	\$ -	\$ -	\$ -	\$ -
Support Services	504,031	504,031	511,094	(7,063)
Capital Outlay	560,250	560,250	119,127	441,123
Other Outlays	<u>1,940</u>	<u>1,940</u>	<u>1,940</u>	<u>-</u>
Total Expenditures	<u>\$ 1,066,221</u>	<u>\$ 1,066,221</u>	<u>\$ 632,161</u>	<u>\$ 434,060</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(226,315)	(226,315)	281,281	507,596
Fund Balance - Beginning	<u>226,315</u>	<u>226,315</u>	<u>226,315</u>	<u>-</u>
Fund Balance - Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 507,596</u>	<u>\$ 507,596</u>

ARDMORE SCHOOL DISTRICT NO. I-19
Carter County, Oklahoma
Notes to Required Supplementary Information
June 30, 2012

Budgeting: No later than October 1, each board of education shall prepare a financial statement and estimate of needs to be filed with the applicable county clerk and the State Department of Education. Once the county excise board has approved the estimate of needs, the board shall adopt a final budget within 45 days or the second regularly scheduled board meeting. No later than 15 days prior to adoption of a final budget, the board must conduct a public hearing for purposes of taking public comments. A final budget may be revised upon approval of the Board of Education in open meeting.

Budgets generally assume the expenditure of all available resources. Therefore, when the legal budget is prepared, it is assumed these funds will not have a carryover balance to a subsequent year. Program revenue received but not spent is restricted and deferred to a subsequent fiscal year.

Budgetary Basis of Accounting: While the School District reports financial position, results of operations and changes in fund balance on the basis of generally accepted accounting principles (GAAP), the budgetary basis as provided by law is based upon accounting for certain transactions on a basis of cash receipts, disbursements and encumbrances. The Budgetary Comparison Schedule presented as RSI for each major governmental fund is presented on the budgetary basis to provide a meaningful comparison of actual results with the budget. The major differences between the budget basis and GAAP basis are as follows:

Reconciliation of Budget to GAAP	General Fund	Building Fund
Sources/inflows of resources:		
Actual Amounts (budgetary basis)	\$ 21,186,489	\$ 913,442
Budgetary revenues are treated as inflows when received rather than when earned	(180,152)	18,234
Total revenues as reported on statement of revenues, expenditures and changes in fund balances - governmental funds	\$ 21,006,337	\$ 931,676
Uses/outflows of resources:		
Actual Amounts (budgetary basis)	\$ 21,110,928	\$ 632,161
Encumbrances for supplies and services ordered but not received are reported in the year ordered for budgetary purposes, but in the year received for GAAP reporting	(193,454)	121,725
Total expenditures as reported on statement of revenues, expenditures and changes in fund balances - governmental funds	\$ 20,917,474	\$ 753,886

OTHER SUPPLEMENTARY INFORMATION

ARDMORE SCHOOL DISTRICT NO. I-19
Carter County, Oklahoma
Combining Balance Sheet – Other Governmental Funds
June 30, 2012

	Sinking Fund	Coop Fund	Child Nutrition Fund	Sales Tax Fund	Gifts Fund	Take II Fund	Activity Fund	Endowment Fund	Total
Assets									
Cash and Cash Investments	\$ 43,786	\$ 115,434	\$ 240,002	\$ -	\$ 60,919	\$ 68,489	\$ 472,444	\$ 28,354	\$ 1,029,428
Receivables, Net	-	10,283	25,276	162,344	-	-	-	-	197,903
Investments	-	-	-	-	-	-	-	68,881	68,881
Total Assets	<u>\$ 43,786</u>	<u>\$ 125,717</u>	<u>\$ 265,278</u>	<u>\$ 162,344</u>	<u>\$ 60,919</u>	<u>\$ 68,489</u>	<u>\$ 472,444</u>	<u>\$ 97,235</u>	<u>\$ 1,296,212</u>
Liabilities									
Accounts Payable	\$ -	\$ -	\$ 3	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 3
	-	18	383	-	-	-	-	-	401
Total Liabilities	<u>\$ -</u>	<u>\$ 18</u>	<u>\$ 386</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 404</u>
Fund Balances									
Nonspendable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 82,381	\$ 82,381
Restricted	43,786	125,489	264,234	162,344	60,758	68,489	-	14,854	739,954
Committed	-	-	-	-	-	-	472,444	-	472,444
Assigned	-	210	658	-	161	-	-	-	1,029
Unassigned	-	-	-	-	-	-	-	-	-
Total Fund Balances	<u>43,786</u>	<u>125,699</u>	<u>264,892</u>	<u>162,344</u>	<u>60,919</u>	<u>68,489</u>	<u>472,444</u>	<u>97,235</u>	<u>1,295,808</u>
Total Liabilities and Fund Balances	<u>\$ 43,786</u>	<u>\$ 125,717</u>	<u>\$ 265,278</u>	<u>\$ 162,344</u>	<u>\$ 60,919</u>	<u>\$ 68,489</u>	<u>\$ 472,444</u>	<u>\$ 97,235</u>	<u>\$ 1,296,212</u>

ARDMORE SCHOOL DISTRICT NO. I-19
Carter County, Oklahoma
Combining Statement of Revenue, Expenditures and Changes in Fund Balance
– Other Governmental Funds
For the Year Ended June 30, 2012

	Sinking Fund	Coop Fund	Child Nutrition Fund	Sales Tax Fund	Gifts Fund	Take II Fund	Activity Fund	Endowment Fund	Total
REVENUE									
Property Taxes	\$ 541	\$ -	\$ -	\$ 932,896	\$ -	\$ -	\$ -	\$ -	\$ 933,437
Interest	113	210	658	-	161	-	1,447	2,124	4,713
State Revenue	-	236,510	210,972	-	-	-	-	-	447,482
Federal Revenue	-	-	1,159,317	-	-	-	-	-	1,159,317
Other	-	285,849	272,071	-	1,000	32,750	1,152,069	1,955	1,745,694
Total Revenue	<u>\$ 654</u>	<u>\$ 522,569</u>	<u>\$ 1,643,018</u>	<u>\$ 932,896</u>	<u>\$ 1,161</u>	<u>\$ 32,750</u>	<u>\$ 1,153,516</u>	<u>\$ 4,079</u>	<u>\$ 4,290,643</u>
EXPENDITURES									
Current									
Instruction	\$ -	\$ 308,013	\$ -	\$ -	\$ -	\$ 6,112	\$ 61,132	\$ -	\$ 375,257
Support Services	-	184,822	-	-	-	12,452	433,094	-	630,368
Non-instruction Services	-	-	1,714,560	-	-	-	327,344	-	2,041,904
Other Outlays	-	-	-	925,557	13,764	-	334,524	2,277	1,276,122
Total Expenditures	<u>\$ -</u>	<u>\$ 492,835</u>	<u>\$ 1,714,560</u>	<u>\$ 925,557</u>	<u>\$ 13,764</u>	<u>\$ 18,564</u>	<u>\$ 1,156,094</u>	<u>\$ 2,277</u>	<u>\$ 4,323,651</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	654	29,734	(71,542)	7,339	(12,603)	14,186	(2,578)	1,802	(33,008)
Fund Balances, Beginning	43,132	95,965	336,434	155,005	73,522	54,303	475,022	95,433	1,328,816
Fund Balances, Ending	<u>\$ 43,786</u>	<u>\$ 125,699</u>	<u>\$ 264,892</u>	<u>\$ 162,344</u>	<u>\$ 60,919</u>	<u>\$ 68,489</u>	<u>\$ 472,444</u>	<u>\$ 97,235</u>	<u>\$ 1,295,808</u>

ARDMORE SCHOOL DISTRICT NO. I-19
Carter County, Oklahoma
Combining Statement of Assets and Fund Balances
– Activity Fund
For the Year Ended June 30, 2012

	Balance 6/30/2011	Receipts	Adjusting Entries	Checks	Balance 6/30/2012
Unit 50 ADMINISTRATION					
Project 886 COMMUNITIES IN SCHOOLS	\$ 8	\$ -	\$ (8)	\$ -	\$ -
Project 887 ODYSSEY OF THE MIND	100	-	-	-	100
Project 888 SPIRIT OF THE TIGERS	-	2,878	-	1,957	921
Project 889 ADULT BASIC EDUCATION	1,562	9,620	-	10,137	1,045
Project 892 COMMUNITY EDUCATION	193	-	8	-	201
Project 894 ACS BIGGEST LOSER	107	-	-	-	107
Project 895 ACS ELEMENTARY MUSIC	8,143	21,063	-	23,232	5,974
Project 896 HUGS	74,451	57,783	-	70,873	61,361
Project 899 OPERATIONAL	32,661	29,078	11,478	33,156	40,061
Project 901 UNITED WAY DONATION ACCOUNT	950	1,128	-	971	1,107
Project 906 CLEARING ACCOUNT	-	364	-	364	-
Project 907 SPECIAL OLYMPICS	1,125	1,947	-	1,910	1,162
Project 908 SUMMER SCHOOL	11,478	-	(11,478)	-	-
Project 912 ACS IECBOOSTER	6,018	-	-	2,240	3,778
Project 917 SUNSHINE WELFARE	183	293	-	293	183
Project 939 PUBLIC RELATIONS/CURRICULUM	445	-	-	-	445
Project 962 CHILD NUTRITION	-	233,308	-	233,308	-
Project 971 RED RIVER CLASSIC	134	-	-	-	134
Total Unit 50	<u>137,558</u>	<u>357,462</u>	<u>-</u>	<u>378,441</u>	<u>116,579</u>
Unit 70 Transportation					
Project 898 Transportation	190	-	-	75	115
Total Unit 70	<u>190</u>	<u>-</u>	<u>-</u>	<u>75</u>	<u>115</u>
Unit 110 CHARLES EVANS ELEMENTARY					
Project 801 CHARLES EVANS	12,403	42,797	-	36,646	18,554
Project 802 CHARLES EVANS LIBRARY	674	6,339	-	6,216	797
Project 803 CHARLES EVANS PTO	7,055	4,692	-	1,077	10,670
Project 906 CLEARING ACCOUNT	-	265	-	265	-
Project 911 CHARLES EVANS WELFARE	70	1,189	-	1,063	196
Total Unit 110	<u>20,203</u>	<u>55,282</u>	<u>-</u>	<u>45,267</u>	<u>30,218</u>
Unit 115 FRANKLIN					
Project 807 FRANKLIN SCHOLARSHIP	1,750	-	-	200	1,550
Total Unit 115	<u>1,750</u>	<u>-</u>	<u>-</u>	<u>200</u>	<u>1,550</u>
Unit 120 JEFFERSON ELEMENTARY					
Project 811 JEFFERSON	6,714	11,639	-	9,825	8,528
Project 812 JEFFERSON LIBRARY	766	317	-	333	750
Project 813 JEFFERSON PTO	1,842	1,836	-	1,952	1,726
Project 818 JEFFERSON STAFF ACTIVITY	655	1,392	-	1,752	295
Project 819 JEFFERSON CHRISTMAS	7,580	9,350	-	7,686	9,244
Project 906 CLEARING ACCOUNT	-	146	-	146	-
Total Unit 120	<u>17,556</u>	<u>24,680</u>	<u>-</u>	<u>21,694</u>	<u>20,542</u>
Unit 125 LINCOLN ELEMENTARY					
Project 808 LINCOLN SUNSHINE ACCOUNT	-	721	-	693	28
Project 814 LINCOLN	3,661	25,034	-	22,576	6,119
Project 815 LINCOLN LIBRARY	785	2,976	-	2,826	935
Project 816 LINCOLN PTO	1,368	1,275	-	1,228	1,415
Project 906 CLEARING ACCOUNT	-	145	-	145	-
Total Unit 125	<u>5,814</u>	<u>30,151</u>	<u>-</u>	<u>27,468</u>	<u>8,497</u>

ARDMORE SCHOOL DISTRICT NO. I-19
Carter County, Oklahoma
Combining Statement of Assets and Fund Balances
– Activity Fund
For the Year Ended June 30, 2012

	Balance 6/30/2011	Receipts	Adjusting Entries	Checks	Balance 6/30/2012
Unit 135 WILL ROGERS ELEMENTARY					
Project 804 WILL ROGERS ACTIVITY	8,395	32,956	-	32,806	8,545
Project 805 WILL ROGERS LIBRARY	1,983	-	-	-	1,983
Project 806 WILL ROGERS WELFARE	2,765	998	-	1,820	1,943
Project 817 WILL ROGERS PTO	2,016	-	-	-	2,016
Project 906 CLEARING ACCOUNT	-	126	-	126	-
Total Unit 135	<u>15,159</u>	<u>34,080</u>	<u>-</u>	<u>34,752</u>	<u>14,487</u>
Unit 505 ARDMORE MIDDLE SCHOOL					
Project 826 AMS VOCAL MUSIC	1,744	3,965	-	4,391	1,318
Project 827 AMS POM SQUAD	1,729	8,349	-	6,535	3,543
Project 828 AMS MISCELLANEOUS	5,614	1,050	-	3,819	2,845
Project 829 AMS CHEERLEADERS	2,069	9,199	-	11,252	16
Project 831 AMS ART	844	640	-	324	1,160
Project 832 AMS STUDENT COUNCIL	1,245	391	-	687	949
Project 833 AMS BAND	33	-	-	-	33
Project 834 AMS NJHS	239	45,795	-	42,637	3,397
Project 884 AMS LIBRARY	1,285	2,121	-	2,207	1,199
Project 893 AMS ENVIRONMENTAL CAMP	2,320	3,006	-	2,654	2,672
Project 906 CLEARING ACCOUNT	-	231	-	231	-
Project 923 AMS DRAMA CLUB	1,191	80	-	613	658
Project 924 AMS FAMILY ECONOMICS CLUB	76	894	-	759	211
Project 926 AMS PTT	616	729	-	744	601
Project 928 AMS TIGER DEN	3,574	16,626	-	10,371	9,829
Project 931 AMS YEARBOOK	7,709	1,157	-	6,072	2,794
Project 933 AMS TEACHERS' FLOWER FUND	304	153	-	180	277
Project 946 AMS OUTDOOR CLASSROOM	564	-	-	-	564
Project 953 AMS SPORTS ACCOUNT	2,633	20,400	-	20,326	2,707
Total Unit 505	<u>33,789</u>	<u>114,786</u>	<u>-</u>	<u>113,802</u>	<u>34,773</u>
Unit 705 ARDMORE HIGH SCHOOL					
Project 837 AHS ART	441	500	-	703	238
Project 838 AHS ATHLETICS	41,615	173,695	-	166,785	48,525
Project 839 AHS BAND	5,064	76,273	-	78,823	2,514
Project 841 AHS BAND BOOSTER CLUB	9,054	52,345	-	41,887	19,512
Project 843 AHS VOCAL MUSIC	2,235	3,980	-	4,226	1,989
Project 844 AHS TEST FEES	7,903	5,597	-	12,484	1,016
Project 845 AHS CLASS OF 2015	-	860	-	121	739
Project 846 AHS CLASS OF 2014	72	574	-	11	635
Project 848 AHS CLASS OF 2010	459	-	-	-	459
Project 849 AHS CLASS OF 2011	391	725	-	1,069	47
Project 852 AHS CRITERION	2,631	12,139	-	8,793	5,977
Project 853 AHS STUDENT CRIME STOPPERS	-	1,000	-	-	1,000
Project 854 AHS CLASS OF 2012	2,499	12,172	-	13,853	818
Project 855 AHS POM SQUAD	6,207	12,202	-	16,688	1,721
Project 856 AHS DUGOUT CLUB	12,030	21,354	-	19,347	14,037
Project 857 AHS FORENSICS	1,429	1,606	-	2,166	869
Project 858 AHS AVID	771	2,383	-	2,637	517
Project 859 AHS FCCLA	4,266	16,889	-	20,723	432
Project 861 AHS TECHNOLOGY CLUB	639	2,016	-	2,588	67

ARDMORE SCHOOL DISTRICT NO. I-19
Carter County, Oklahoma
Combining Statement of Assets and Fund Balances
– Activity Fund
For the Year Ended June 30, 2012

	Balance 6/30/2011	Receipts	Adjusting Entries	Checks	Balance 6/30/2012
Unit 705 ARDMORE HIGH SCHOOL -(Continued)					
Project 862 AHS CLUB L.I.F.E.	-	816		816	-
Project 863 AHS LIBRARY	11	62	-	12	61
Project 864 AHS MISCELLANEOUS	1,335	3,175	-	2,995	1,515
Project 865 AHS NATIONAL HONOR SOCIETY	260	1,115	-	251	1,124
Project 866 AHS QUARTERBACK CLUB	20,547	34,707	43	54,788	509
Project 867 AHS SCIENCE CLUB	2,662	29	-	966	1,725
Project 868 AHS CLASS OF 2013	417	10,602	-	6,337	4,682
Project 869 AHS INTERNATIONAL CLUB	704	48	-	141	611
Project 871 AHS STRINGS/ORCHESTRA	1,588	9,990	-	9,486	2,092
Project 872 AHS STUDENT COUNCIL	65	13,643	-	13,185	523
Project 873 AHS TAKEDOWN CLUB	5,443	1,869	-	6,971	341
Project 874 AHS TENNIS CLUB	11,882	6,026	-	5,464	12,444
Project 875 AHS COALITION OF GEEKS	-	510	-	-	510
Project 877 AHS QB CLUB/NOBLE MAINTENANCE	645	-	-	-	645
Project 878 AHS VARSITY CHEERLEADERS	3,541	21,682	-	24,911	312
Project 897 AHS TIGER TRACK MEET	2,177	3,360	697	3,548	2,686
Project 906 CLEARING ACCOUNT	-	281	-	281	-
Project 913 AHS NATIVE AMERICAN CLUB	7,886	10,299	-	6,875	11,310
Project 915 AHS CHEERLEADERS BOOSTER CLUB	3,740	-	-	74	3,666
Project 916 AHS TRACK BOOSTER CLUB	697	-	(697)	-	-
Project 918 AHS GIRLS FASTPITCH CLUB	2,273	7,408	-	3,383	6,298
Project 921 AHS STATE TRACK MEET	2,085	15,605	-	17,070	620
Project 922 AHS HOLIDAY FESTIVAL	3,130	13,999	-	14,402	2,727
Project 938 AHS BENEVOLENCE	133	620	-	484	269
Project 943 AHS FOOTBALL CAMP	48,275	19,167	-	8,798	58,644
Project 945 AHS ADVERTISING REVENUE	9,283	10,000	-	800	18,483
Project 949 AHS SUMMER BASEBALL	2,706	3,229	-	5,207	728
Project 951 AHS FAST-BREAK CLUB	3,915	15,469	-	15,956	3,428
Project 964 AHS SPORTS MEDICINE	305	400	-	448	257
Project 972 AHS GOLF	8,792	9,030	(43)	11,167	6,612
Project 976 AHS ANGEL TREE	302	-	(302)	-	0
Project 977 AHS INCENTIVE ACCOUNT	501	1,265	302	316	1,752
Total Unit 705	<u>243,004</u>	<u>610,716</u>	<u>-</u>	<u>608,036</u>	<u>245,684</u>
 Grand Total	 <u>\$ 475,022</u>	 <u>\$ 1,227,157</u>	 <u>\$ -</u>	 <u>\$ 1,229,735</u>	 <u>\$ 472,444</u>

ARDMORE SCHOOL DISTRICT I-19
ARDMORE SCHOOL DISTRICT NO. I-19
Carter County, Oklahoma
Supplemental Schedule
Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2012

	Federal CFDA Number	Pass Through Grantor's Project Number	Balance 6/30/2011	Federal Grant Receipts	Federal Grant Cash Basis Expenditures	Balance 6/30/2012
<i>U.S. Dept. of Interior</i>						
Direct Program						
Johnson O'Malley Indian Education Assistance to Schools	15.130	563	\$ (35,088)	\$ 35,088	\$ 35,721	\$ (35,721)
Total U.S. Department of Interior			\$ (35,088)	\$ 35,088	\$ 35,721	\$ (35,721)
<i>U.S. Dept. of Education</i>						
Direct Program						
Title VIII - Impact Aid	84.041	591	\$ -	\$ 66,923	\$ 66,923	\$ -
Title VII - Indian Education Formula Grant	84.060A	561	(25,327)	212,234	186,907	-
			\$ (25,327)	\$ 279,157	\$ 253,830	\$ -
<i>Passed Through State Department of Education:</i>						
Title I, Part A	84.010	511, 515, 518	\$ (255,394)	\$ 1,100,901	\$ 932,298	\$ (86,791)
ARRA, Title I, Part A & Neglected	84.389	516	(41,804)	85,417	43,613	-
Title I Cluster			\$ (297,198)	\$ 1,186,318	\$ 975,911	\$ (86,791)
IDEA, Part B - Flow Through	84.027	621, 625	\$ (2,828)	\$ 603,577	\$ 627,241	\$ (26,492)
IDEA, Part B - Preschool, Ages 3-5	84.173	641	-	18,472	18,472	-
ARRA, IDEA, Part B - Flow Through	84.391	622	(32,904)	153,051	120,147	-
ARRA, IDEA, Part B - Preschool, Ages 3-5	84.392	643	-	5,248	5,248	-
Special Education Cluster			\$ (35,732)	\$ 780,348	\$ 771,108	\$ (26,492)
Title II, Part A - Improving Teacher and Principal Quality	84.367	541, 543	(68,112)	162,655	160,078	(65,535)
Title II, Part D - Enhancing Education Through Technology	84.318	546, 548	(817)	817	-	-
Title III, Part A - Limited English Proficiency	84.365	572	-	10,230	30,818	(20,588)
Title IV - Safe and Drug Free Schools and Communities	84.186	551	(2,045)	2,045	13,695	(13,695)
Title I, Evenstart	84.213	514	(75,033)	75,033	-	-
Title VI, Part B - Rural and Low-Income School Program	84.358B	587	-	85,794	85,794	-
Job Training	84.126	456	-	21,000	21,000	-
Gear Up Grant	84.334	770	3,312	75,594	21,545	57,361
Adult Education and Literacy	84.002	731	(131,176)	232,554	103,214	(1,836)

ARDMORE SCHOOL DISTRICT I-19
 ARDMORE SCHOOL DISTRICT NO. I-19
 Carter County, Oklahoma
 Supplemental Schedule
 Schedule of Expenditures of Federal Awards
 For the Year Ended June 30, 2012

	Federal CFDA Number	Pass Through Grantor's Project Number	Balance 6/30/2011	Federal Grant Receipts	Federal Grant Cash Basis Expenditures	Balance 6/30/2012
<i>U.S. Dept. of Education - continued</i>						
<i>Passed Through State Department of Education:</i>						
Title X, Part C - McKinney-Vento Homeless	84.196	596	(30)	63,030	66,561	(3,561)
ARRA, Title X McKinney-Vento Homeless	84.196	597	<u>(326)</u>	<u>18,182</u>	<u>17,856</u>	<u>-</u>
Total U.S. Department of Education			<u>\$ (632,484)</u>	<u>\$ 2,992,757</u>	<u>\$ 2,521,410</u>	<u>\$ (161,137)</u>
<i>U.S. Department of Agriculture</i>						
<i>Passed Through State Department of Education:</i>						
National School Lunch Program	10.555		\$ -	\$ 842,400	\$ 726,835	\$ 115,565
School Breakfast Program	10.553		-	292,025	127,656	164,369
Summer Food Service Program	10.559		(19,926)	19,926	24,893	(24,893)
Lunch Program - Commodities	10.555		-	78,944	78,944	-
Summer Food Service Program -Commodities	10.559		<u>-</u>	<u>2,704</u>	<u>2,704</u>	<u>-</u>
Child Nutrition Cluster			<u>\$ (19,926)</u>	<u>\$ 1,235,999</u>	<u>\$ 961,032</u>	<u>\$ 255,041</u>
Total U.S. Department of Agriculture			<u>\$ (19,926)</u>	<u>\$ 1,235,999</u>	<u>\$ 961,032</u>	<u>\$ 255,041</u>
<i>U.S. Department of Health and Human Services</i>						
<i>Passed Through centers for Medicare and Medicaid and Oklahoma Health Care Authority:</i>						
Medical Assistance Program (Medicaid)	93.778	698	<u>\$ -</u>	<u>\$ 32,621</u>	<u>\$ 32,621</u>	<u>\$ -</u>
Total U.S. Dept. of Health and Human Services			<u>\$ -</u>	<u>\$ 32,621</u>	<u>\$ 32,621</u>	<u>\$ -</u>
Total Expenditures of Federal Awards			<u>\$ (687,498)</u>	<u>\$ 4,296,465</u>	<u>\$ 3,550,784</u>	<u>\$ 58,183</u>

ARDMORE SCHOOL DISTRICT I-19
 ARDMORE SCHOOL DISTRICT NO. I-19
 Carter County, Oklahoma
 Notes to Schedule of Expenditures of Federal Awards
 For the Year Ended June 30, 2012

Basis of Presentation: The schedule of expenditures of federal awards includes the federal grant activity of Ardmore School District I-19, Carter County, Oklahoma. The schedule of expenditures of federal awards is prepared using the cash basis of accounting. Some amounts presented in the schedule may differ from amounts presented in, or used in the preparation of the basic financial statement. Nonmonetary assistance is reported in the schedule at the fair market value of commodities received.

The following transactions related to the *American Recovery and Reinvestment Act*:

	Federal CFDA Number	Pass Through Grantor's Project Number	Balance 6/30/2011	Federal Grant Receipts	Federal Grant Cash Basis Expenditures	Balance 6/30/2012
ARRA, IDEA, Part B - Flow Through	84.391	622	\$ (32,904)	\$ 153,051	\$ 120,147	\$ -
ARRA, IDEA, Part B - Preschool, Ages 3-5	84.392	643	-	5,248	5,248	-
ARRA, Title I, Part A & Neglected	84.389	516	(41,804)	85,417	43,613	-
ARRA, COBRA Co-Payment	17.151	784	(5,947)	9,151	3,204	-
ARRA, Title X McKinney-Vento Homeless	84.196	597	(326)	18,182	17,856	-
			<u>\$ (80,981)</u>	<u>\$ 271,049</u>	<u>\$ 190,068</u>	<u>\$ -</u>

The District received ARRA, Cobra Co-payments in the amount of \$9,151 during the year from the U.S. Department of Labor. These funds are tax credits to employers and are not to be included on the Schedule of Expenditures of Federal Awards according to Office of Management and Budget (OMB).

OTHER INFORMATION

ARDMORE SCHOOL DISTRICT I-19
Carter County, Oklahoma
Statement of Statutory Fidelity and Honesty Bonds (unaudited)
For the Year Ended June 30, 2012

The District has a public official position bond with Western Surety Company. The bond number is 71188518. This bond covers the superintendent for \$100,000. The term is July 1, 2011 to June 30, 2012.

The District has a public official position bond with Western Surety Company. The bond number is 69537183. This bond covers the treasurer for \$100,000. The term is July 1, 2011 to June 30, 2012.

The District has a blanket bond with Western Surety Company, bond number 70784644 for various positions including the minutes clerk, encumbrance clerk and activity fund custodian, in the amount of \$100,000. The term is July 1, 2011 to June 30, 2012.



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
Ardmore School District, No. I-19, Carter County, Oklahoma
Ardmore, Oklahoma

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Ardmore School District No. I-19, Carter County, Oklahoma, as of and for the year ended June 30, 2012, which collectively comprise the Ardmore School District No. I-19, Carter County, Oklahoma's basic financial statements and have issued our report thereon dated June 18, 2013. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

Management of Ardmore School District No. I-19, Carter County, Oklahoma is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing our audit, we considered Ardmore School District No. I-19, Carter County, Oklahoma's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Ardmore School District No. I-19, Carter County, Oklahoma's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Ardmore School District No. I-19, Carter County, Oklahoma's internal control over financial reporting.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or 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.

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

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did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses as defined above.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Ardmore School District No. I-19, Carter County, Oklahoma's financial statements are free of 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 instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule of findings and questioned costs as item 2012-1.

Ardmore School District No. I-19, Carter County, Oklahoma's response to the findings identified in our audit is described in the accompanying schedule of findings and questioned costs. We did not audit Ardmore School District No. I-19, Carter 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, others within the entity, Oklahoma Department 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.

Rahhal Henderson Johnson, PLLC

Ardmore, Oklahoma
June 18, 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 Board of Education
Ardmore School District, No. I-19, Carter County, Oklahoma
Ardmore, Oklahoma

Compliance

We have audited Ardmore School District, No. I-19, Carter 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 Ardmore School District, No. I-19, Carter County, Oklahoma's major federal programs for the year ended June 30, 2012. Ardmore School District, No. I-19, Carter 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 Ardmore School District, No. I-19, Carter County, Oklahoma's management. Our responsibility is to express an opinion on Ardmore School District, No. I-19, Carter County, Oklahoma's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Ardmore School District, No. I-19, Carter County, Oklahoma's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of Ardmore School District, No. I-19, Carter County, Oklahoma's compliance with those requirements.

In our opinion, Ardmore School District, No. I-19, Carter 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.

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Internal Control Over Compliance

Management of Ardmore School District, No. I-19, Carter 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 our audit, we considered Ardmore School District, No. I-19, Carter 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 our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Ardmore School District, No. I-19, Carter County, Oklahoma's internal control over compliance.

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

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

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

Rahhal Henderson Johnson, PLLC

Ardmore, Oklahoma
June 18, 2013

ARDMORE SCHOOL DISTRICT I-19
Carter County, Oklahoma
Schedule of Findings and Questioned Costs
Year Ended June 30, 2012

Section I Summary of Auditor's Results

Financial Statements:

Type of auditor's report issued			Unqualified
Internal control over financial reporting:			
Material weakness(es) identified?	_____	Yes	_____ <input checked="" type="checkbox"/> No
Significant Deficiency(ies) identified?	_____	Yes	_____ <input checked="" type="checkbox"/> None Reported
Noncompliance material to financial statement	_____	<input checked="" type="checkbox"/> Yes	_____ <input type="checkbox"/> No

Federal Awards:

Internal control over major program:			
Material weakness(es) identified?	_____	Yes	_____ <input checked="" type="checkbox"/> No
Significant Deficiency(ies) identified ?	_____	Yes	_____ <input checked="" type="checkbox"/> None Reported

Type of auditors' report issued on compliance for major programs:			Unqualified
Any audit findings disclosed that are required to be reported in accordance with section 510(a) of Circular A-133?	_____	Yes	_____ <input checked="" type="checkbox"/> No

Identification of Major Programs:		
<u>CFDA Number</u>	<u>Name of Federal Program or Cluster</u>	
84.389 & 84.010	Title I, Grants to Local Education Agencies	
84.027; 84.173; 84.391; 84.392	Special Education Cluster (IDEA)	
10.553; 10.555; 10.559	Child Nutrition Cluster	

Dollar threshold used to distinguish between Type A and Type B programs:	\$		300,000
Auditee qualified as a low-risk auditee?	_____	Yes	_____ <input checked="" type="checkbox"/> No

ARDMORE SCHOOL DISTRICT I-19
Carter County, Oklahoma
Schedule of Findings and Questioned Costs
Year Ended June 30, 2012

Section II – Financial Statement Findings

2012-1 Activity Fund Receipts

Condition: Funds are not being deposited timely once received by sponsor.

Criteria: Oklahoma Statutes 70-5.129 requires receipts equal or exceeding \$100 to be deposited by the following business day or weekly if less than \$100.

Cause: Failure to follow state statute

Context: Four out of twenty-five receipts tested were not deposited within one business day based on date received by sponsor.

Effect: Lack of compliance with state law.

Recommendation: We recommend that deposits be made timely.

*Views of Responsible Officials
and Planned Corrective
Action:* The District will continue to focus on improving compliance in this area. We will continue to educate our activity fund sponsors on the legal requirements surrounding activity funds.

Section III – Federal Award Findings and Questioned Costs

None

ARDMORE SCHOOL DISTRICT I-19
Carter County, Oklahoma
Summary Schedule of Prior Audit Findings
Year Ended June 30, 2012

Financial Statement Findings

2011-1 Financial Reporting

Condition: Adjustments were necessary to properly state capital assets and accounts payable at year end due to roof construction in progress. In addition, a donated asset had not been recorded.

Recommendation: The auditor recommended that the District continue to focus on the completeness of the capital assets information as it relates to construction in progress and donated assets.

Current Status: Condition has been resolved.

2011-2 Activity Fund Receipts

Condition: Funds are not being turned to the financial secretary timely and sponsor receipts not being reconciled with amount deposited.

Recommendation: The auditor recommended that deposits be made timely and that sponsors ensure that their receipts are in agreement with the deposit amount.

Current Status: Receipts being reconciled to deposits has been resolved, timely deposits condition still exists.

Federal Award Findings and Questioned Costs

Department of Education

2011-3 Special Education Cluster (IDEA)

CFDA 84.027; 84.173; 84.391 & 84.392

Condition: Employee working solely on a single cost objective did not sign a semi-annual certification certifying they had been engaged solely in a single Federal program.

Recommendation: The Auditor recommended that certifications should be completed and signed by the employee and retained in compliance with OMB Circular A-87.

Current Status: Condition has been resolved.