

ARDMORE SCHOOL DISTRICT I-19

Carter County, Oklahoma

Financial Statements

Year-End June 30, 2013

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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

Report on the Financial Statements

We have audited the accompanying regulatory financial statements of the governmental activities, each major fund, and the aggregate remaining fund information Ardmore School District No. I-19, Carter County, Oklahoma, as of and for June 30, 2013, and the related notes to the financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express 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 from material misstatement.

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

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

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

As described in Note 1, the financial statements are prepared by Ardmore School District No. I-19, Carter County, Oklahoma, on the basis of the financial reporting provisions of Oklahoma State Department of Education, which is a basis of accounting other than accounting principles generally accepted in the United States of America, to comply with the requirements of Oklahoma State Department of Education. The effects on the financial statements of the variances between the regulatory basis of accounting described in Note 1 and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material.

Adverse Opinion on U.S. Generally Accepted Accounting Principles

In our opinion, because of the significance of the matter discussed in the “Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles” paragraph, the financial statements referred to in the first paragraph do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of Ardmore School District No. I-19, Carter County, Oklahoma, as of June 30, 2013, the changes in its financial position, or, where applicable, its cash flows for the year then ended.

Opinion on Regulatory Basis of Accounting

In our opinion, the financial statements referred to in the first paragraph present fairly, in all material respects, the respective financial position of governmental activities, each major fund and the aggregate remaining fund information on a regulatory basis of Ardmore School District No. I-19, Carter County, Oklahoma, as of June 30, 2013, and the respective changes in financial position on a regulatory basis for the year then ended, on the basis of the financial reporting provisions of Oklahoma State Department of Education as described in Note 1.

Change in Accounting Principle

As described in Note XI to the financial statements, the District changed its accounting basis to comply with accounting practices and financial reporting provisions of the Oklahoma State Department of Education. Our opinions are not modified with respect to this matter.

Other Matters

Other Information

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 management discussion and analysis, budgetary comparison schedules, combining nonmajor fund financial statements, statement of changes in activity fund subaccounts and other information as listed in the table of contents are presented for purposes of additional analysis and are not a required part of the financial statements. The accompanying 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*, is presented for purposes of additional analysis and is also not a required part of the financial statements.

The combining nonmajor fund financial statements, statement of changes in activity fund subaccounts and the schedule expenditures of federal awards 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.

The management discussion and analysis, budgetary comparison schedules, and statement of statutory fidelity and honesty bonds 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 them.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated March 23, 2014 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* in considering Ardmore School District No. I-19, Carter County, Oklahoma's internal control over financial reporting and compliance.

Rahhal Henderson Johnson, PLLC

Ardmore, Oklahoma

March 23, 2014

ARDMORE SCHOOL DISTRICT NO. I-19
Management's Discussion and Analysis
June 30, 2013
(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, 2013. 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 \$28,668,484 (*net position*), which is a decrease of (\$864,658) from the prior year. Of the amount at June 30, 2013, \$2,981,791 (*unrestricted net position*) 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 \$4,566,761, a decrease of (\$658,124) from the prior year.

At the end of the current fiscal year, unassigned fund balance for the general fund was \$2,751,868.

Other highlights:

Effective July 1, 2012, the District changed its basis of accounting to conform to the accounting standards, financial reporting and accounting practices of the Oklahoma State Department of Education. The District uses this basis of accounting for budget purposes and believes this method more closely matches the daily operations of the District. The basic financial statements are essentially prepared on a basis of cash receipts and disbursements modified as required by the regulations of the Oklahoma Department of Education. The effect of this change upon the June 30, 2012 financial statements is reflected on page 31 of this report.

The District's Operating Grants and Contributions decreased \$871,890 during the year ended June 30, 2013 due primarily to the following changes: (1) loss of American Recovery and Reinvestment Act (ARRA) federal revenues of \$217,048; (2) federal grants terminated of \$120,287; (3) changes in federal claim procedures whereby \$392,000 in payroll expenses were not reimbursed to the District until after June 30, 2013; (4) and timing of federal claim reimbursements.

ARDMORE SCHOOL DISTRICT NO. I-19
Management's Discussion and Analysis
June 30, 2013
(UNAUDITED)

Financial Highlights (continued)

In the fall of 2012, the District received three donated portable buildings valued at \$119,136 from a local career technology center. These portable buildings were placed at elementary sites to house increased student growth within the District.

The 2012 Net Assessed Property Valuation of \$146,433,006 increased 3.08% from the 2011 Net Assessed Property Valuation of \$142,064,400 as a result of new construction and increased property values. This increased property valuation resulted in an increase of \$433,633 and \$61,960 in property taxes attributable to the General Fund and Building Fund, respectively, for fiscal year ended June 30, 2013.

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, changes 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 resulted in \$1,360,000 of increased payroll costs in the year ended June 30, 2013.

In the 2012-2013 school year, the District implemented a new program costing \$236,000 called "Second Chance Academy" for the purpose of instructing students who have been placed on long-term suspension.

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 this purpose. 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.

ARDMORE SCHOOL DISTRICT NO. I-19
Management's Discussion and Analysis
June 30, 2013
(UNAUDITED)

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

The *statement of activities— regulatory basis* presents information showing how the government's net position changed during the most recent fiscal year. All changes in net position are reported using the regulatory basis of accounting whereby revenues represent cash receipts collected by June 30th and expenditures represent cash disbursements modified by encumbrances, investments, inventories, capital assets, depreciation, and long-term debt.

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 14-15 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.

ARDMORE SCHOOL DISTRICT NO. I-19
Management's Discussion and Analysis
June 30, 2013
(UNAUDITED)

Overview of the Financial Statements (Continued)

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 cash collections and encumbrances, as well as 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 – regulatory basis and the governmental fund statement of revenues, expenditures, and changes in fund balances – regulatory basis 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.

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 16-18 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 19-32 of this report.

Other information. In addition to the basic financial statements and accompanying notes, this report also presents certain *other information* concerning the District's budget to actual schedules on major governmental funds, combining and individual fund statements and schedules. Other information can be found on pages 34-35 and pages 36-37 of this report.

Government-wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the District, assets exceeded liabilities by \$28,668,484 at the close of the most recent fiscal year, as shown below.

ARDMORE SCHOOL DISTRICT NO. I-19
Management's Discussion and Analysis
June 30, 2013
(UNAUDITED)

The District's Net Position

	Governmental Activities	
	<u>June 30, 2013</u>	<u>June 30, 2012</u>
ASSETS		
Cash and Cash Equivalents	\$ 6,540,477	\$ 7,821,147
Investments	37,666	37,666
Capital Assets:		
Land and Construction in Progress	434,650	434,650
Other Capital Assets, Net of Depreciation	<u>26,002,073</u>	<u>26,895,409</u>
Total Assets	<u>\$ 33,014,866</u>	<u>\$ 35,188,872</u>
LIABILITIES AND EQUITY		
Current Liabilities		
Warrants Payable	\$ 1,797,695	\$ 2,400,174
Reserve for Encumbrances	213,687	85,556
Long-Term Liabilities		
Due within one year	790,000	835,000
Due in more than one year	<u>1,545,000</u>	<u>2,335,000</u>
Total Liabilities	<u>\$ 4,346,382</u>	<u>\$ 5,655,730</u>
Net Position		
Invested in Capital Assets	24,101,723	24,160,059
Restricted	1,584,970	1,722,884
Unrestricted	<u>2,981,791</u>	<u>3,650,199</u>
Total Net Position	<u>\$ 28,668,484</u>	<u>\$ 29,533,142</u>

ARDMORE SCHOOL DISTRICT NO. I-19
Management's Discussion and Analysis
June 30, 2013
(UNAUDITED)

Government-wide Financial Analysis (Continued)

Governmental activities. Governmental activities decreased the District's net position by (\$864,658). Key elements of this decrease are shown below.

The District's Changes in Net Position

	Governmental Activities	
	Year Ended	
	<u>June 30, 2013</u>	<u>June 30, 2012</u>
Primary Government		
Program Revenues:		
Charges for Services	\$ 1,348,019	\$ 1,116,086
Operating Grants and Contributions	6,079,929	7,148,049
Capital Grants and Contributions	119,136	157,596
Total Program Revenues	<u>\$ 7,547,084</u>	<u>\$ 8,421,731</u>
General Revenues:		
Taxes:		
Property Taxes, levied for general purposes	\$ 5,533,421	\$ 4,942,671
Property Taxes, levied for building purposes	790,709	706,293
Property Taxes, levied for sinking fund purposes	192	541
General Taxes	3,232,868	3,595,067
Investment Earnings	168,849	165,105
State Aid - Noncategorical	8,520,058	7,673,681
Miscellaneous	408,515	476,181
Total General Revenues	<u>\$ 18,654,612</u>	<u>\$ 17,559,539</u>
 Total Revenues	 <u>\$ 26,201,696</u>	 <u>\$ 25,981,270</u>
 Governmental Activities		
Expenses:		
Instruction	13,074,872	12,035,495
Support Services	11,396,498	10,926,212
Operation of Noninstructional Services	2,354,214	2,249,247
Facilities Acquisition & Construction Services	218,616	398,453
Scholarships, Awards, & Other	13,700	19,313
Other Expenses and Refunds	8,454	78,735
Total Expenses	<u>27,066,354</u>	<u>25,707,455</u>
 Increase (Decrease) In Net Position	 (864,658)	 273,815
Net Position - Beginning, as Restated	<u>29,533,142</u>	<u>29,259,327</u>
 Net Position, Ending	 <u>\$ 28,668,484</u>	 <u>\$ 29,533,142</u>

ARDMORE SCHOOL DISTRICT NO. I-19
Management's Discussion and Analysis
June 30, 2013
(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 cash collections and encumbrances, as well as balances of spendable resources available at the end of the fiscal year. 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 \$4,566,761, a decrease of (\$657,190) in comparison with the prior year. This amount includes \$2,751,868, *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 \$2,981,791, of which \$229,923 was restricted by state statute, donors and external grantors.

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, 2013, General Fund property tax revenue exceeded budgeted amounts by \$778,439 (14%). This increase is attributable to \$356,413 taxes collected for 2012 ad valorem assessments which exceeded the 90% budgeted amount, and \$422,026 taxes collected for prior years' ad valorem assessments.

State revenues increased \$704,555 primarily due to increases in State Foundation and Salary Incentive Aid and flexible benefit allowances.

Federal revenues decreased \$582,893 primarily due to the termination of two federal grants (Evenstart and Title I School Improvement) in the amount of \$120,287, and changes in federal claim procedures whereby \$392,000 in payroll expenses were not reimbursed to the District until after June 30, 2013.

ARDMORE SCHOOL DISTRICT NO. I-19
Management's Discussion and Analysis
June 30, 2013
(UNAUDITED)

General Fund Budgetary Comparisons (Continued)

General fund actual instruction expenditures were \$1,790,809 less than budgeted instruction expenditures due to the District's conservative approach to carryover fund balance to the next fiscal year.

Capital Asset and Debt Administration

Capital assets. The District's investment in capital assets for its governmental activities as of June 30, 2013, amounts to \$26,436,723 (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 \$(893,336).

The District's Capital Assets
(Net of Depreciation)

	Governmental Activities	
	<u>June 30, 2013</u>	<u>June 30, 2012</u>
Land	\$ 434,650	\$ 434,650
Land Improvements	1,603,765	1,549,025
Buildings	56,844,929	56,842,860
Buses and Vehicles	2,472,380	2,369,368
Machinery and Equipment	2,795,344	2,636,149
Construction in Progress	-	-
	<hr/>	<hr/>
Total Capital Assets	64,151,068	63,832,052
	<hr/>	<hr/>
Accumulated Depreciation	(37,714,345)	(36,501,993)
	<hr/>	<hr/>
Net Capital Assets	<u>\$ 26,436,723</u>	<u>\$ 27,330,059</u>

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

At year-end, the District had \$2,335,000 in capital leases outstanding versus \$3,170,000 last year, a 26% decrease as shown below:

	Governmental Activities	
	<u>June 30, 2013</u>	<u>June 30, 2012</u>
Capital Leases	<u>\$ 2,335,000</u>	<u>\$ 3,170,000</u>

ARDMORE SCHOOL DISTRICT NO. I-19
Management's Discussion and Analysis
June 30, 2013
(UNAUDITED)

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

Other Currently Known Facts, Decisions, or Conditions

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 was effective on April 1, 2013; the District collected the first sales tax distribution in July 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 24, 2013, the Board of Education sold \$4,095,000 General Obligation building Bonds; the District received these proceeds in August 2013. On February 25, 2014, the Board of Education sold \$2,075,000 General Obligation building Bonds; however, the District has not yet received those proceeds as of this report date. Remaining series of bonds will be sold in subsequent two-year increments.

On September 1, 2013, the Board of Education entered into ground lease and sublease agreements with the Carter County Public Facilities Authority, a public trust, for the purpose of facilitating the issuance of the bonds, to provide security for payment of the bonds, and to enable the District to utilize the bond proceeds for the construction and placement of improvements on real property. The lease agreements will remain in effect to June 30, 2027.

The District's largest taxpayer is protesting its 2013 Ad Valorem tax assessment, resulting in a potential decrease in General Fund cash collections of \$1,626,000 for the fiscal year ending June 30, 2014. This protest is set for a pre-trial hearing in District court on April 17, 2014.

On June 25, 2013, the Board of Education approved the pilot "Universal Breakfast Program" for the fiscal year beginning July 1, 2013. This child nutrition program offers free breakfast to all students within the District regardless of eligibility for the National School Breakfast Program.

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 Position – Regulatory Basis
June 30, 2013

	<u>Governmental Activities</u>
ASSETS	
Cash and Cash Investments	\$ 6,540,477
Investments	37,666
Capital Assets:	
Land and Construction in Progress	434,650
Other Capital Assets, net of depreciation	<u>26,002,073</u>
 Total Assets	 <u>\$ 33,014,866</u>
 LIABILITIES AND EQUITY	
Current Liabilities	
Warrants Payable	1,797,695
Reserve for Encumbrances	213,687
Long -term liabilities	
Due within one year	790,000
Due in more than one year	<u>1,545,000</u>
 Total Liabilities	 <u>\$ 4,346,382</u>
 Net Position	
Net Investment in Capital Assets	\$ 24,101,723
Restricted for	
Building Services	692,666
Child Nutrition	181,623
Debt Service	44,106
Alternative Education	125,666
School Organizations	424,285
Scholarships	
Expendable	65,458
Nonexpendable	51,166
Unrestricted	<u>2,981,791</u>
Total Net Position	<u><u>\$ 28,668,484</u></u>

See Notes to Financial Statements

ARDMORE SCHOOL DISTRICT NO. I-19
Carter County, Oklahoma
Statement of Activities– Regulatory Basis
For the Year Ended June 30, 2013

	Program Revenues			Capital	Net (Expense) Revenue and Changes in Net Assets
Expenses	Charges for Services	Operating Grants and Contributions	Grants and Contributions	Grants and Contributions	Primary Government Governmental Activities
<i>Functions/Programs</i>					
Primary Government					
Governmental Activities					
Instruction	\$ 13,074,872	\$ 425,886	\$ 2,222,544	\$ 119,136	\$ (10,307,306)
Support Services	11,396,498	235,329	447,758	-	(10,713,411)
Operation of Noninstructional Services	2,354,214	649,894	2,399,916	-	695,596
Facilities Acquisition and Construction Services	218,616	-	953,616	-	735,000
Scholarships, Awards and Other	13,700	-	1,000	-	(12,700)
Other Expenses and Refunds	8,454	36,910	55,095	-	83,551
Total Governmental Activities	\$ 27,066,354	\$ 1,348,019	\$ 6,079,929	\$ 119,136	\$ (19,519,270)
General Revenues					
Taxes					
Property taxes, levied for general purposes					\$ 5,533,421
Property taxes, levied for building purposes					790,709
Property taxes, levied for sinking fund purposes					192
General Taxes					3,232,868
Investment Earnings					168,849
State Aid - Noncategorical					8,520,058
Miscellaneous					408,515
Total General Revenues					\$ 18,654,612
Change in Net Position					\$ (864,658)
Net Position - Beginning, as restated					29,533,142
Net Position - Ending					\$ 28,668,484

See Notes to Financial Statements

ARDMORE SCHOOL DISTRICT NO. I-19
Carter County, Oklahoma
Balance Sheet – Governmental Funds– Regulatory Basis
June 30, 2013

	General Fund	Building Fund	Other Governmental Funds	Total
Assets				
Cash and Cash Investments	\$ 4,703,229	\$ 753,705	\$ 1,083,543	\$ 6,540,477
Investments	-	-	37,666	37,666
Total Assets	\$ 4,703,229	\$ 753,705	\$ 1,121,209	\$ 6,578,143
Liabilities				
Warrants Outstanding	\$ 1,560,942	\$ 7,854	\$ 228,899	\$ 1,797,695
Reserve for Encumbrances	160,496	53,185	6	213,687
Total Liabilities	\$ 1,721,438	\$ 61,039	\$ 228,905	\$ 2,011,382
Fund Balances				
Nonspendable	\$ -	\$ -	\$ 51,166	\$ 51,166
Restricted	229,923	691,695	416,377	1,337,995
Committed	-	-	424,285	424,285
Assigned	-	971	476	1,447
Unassigned	2,751,868	-	-	2,751,868
Total Fund Balances	\$ 2,981,791	\$ 692,666	\$ 892,304	\$ 4,566,761
Total Liabilities and Fund Balances	\$ 4,703,229	\$ 753,705	\$ 1,121,209	

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 \$64,151,067 and the accumulated depreciation is \$37,714,344.	26,436,723
Long-term capital lease obligations are not due and payable in the current period and accordingly are not reported as fund liabilities	(2,335,000)
Net position of governmental activities.	\$ 28,668,484

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– Regulatory Basis
For the Year Ended June 30, 2013

	General Fund	Building Fund	Other Governmental Funds	Total
REVENUE				
Property Taxes	\$ 5,548,161	\$ 790,709	\$ 192	6,339,062
Interest	8,150	971	4,370	13,491
County Revenue	565,500	-	-	565,500
State Revenue	11,713,708	-	397,175	12,110,883
Federal Revenue	2,342,234	-	1,257,356	3,599,590
Other	1,436,417	58,013	2,762,134	4,256,564
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total Revenue	\$ 21,614,170	\$ 849,693	\$ 4,421,227	\$ 26,885,090
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
EXPENDITURES				
Current				
Instruction	\$ 12,552,346	\$ -	\$ 473,219	\$ 13,025,565
Support Services	9,140,155	457,791	515,231	10,113,177
Non-instruction Services	104,898	-	2,135,562	2,240,460
Capital Outlay	102,284	197,017	17,730	317,031
Other Outlays	386,156	9,999	1,454,271	1,850,426
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total Expenditures	\$ 22,285,839	\$ 664,807	\$ 4,596,013	\$ 27,546,659
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	\$ (671,669)	\$ 184,886	\$ (174,786)	\$ (661,569)
Adjustments to Prior Year Encumbrances	3,261	184	-	3,445
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Net Change in Fund Balances	\$ (668,408)	\$ 185,070	(174,786)	(658,124)
Fund Balances - Beginning , as restated	3,650,199	507,596	1,067,090	5,224,885
Fund Balances - Ending	<u>\$ 2,981,791</u>	<u>\$ 692,666</u>	<u>\$ 892,304</u>	<u>\$ 4,566,761</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— Regulatory Basis – Governmental Funds to the Statement of Activities— Regulatory Basis
For the Year Ended June 30, 2013

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

Net change in fund balances - total governmental funds \$ (658,124)

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	\$	632,193	
Depreciation Expense		<u>(1,513,030)</u>	(880,837)

The net effect of various miscellaneous transactions involving capital assets (I.e., sales, trade-ins, and donations) is to decrease net position.

\$ (160,697)

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 position.

835,000

Change in net position of governmental activities

\$ (864,658)

See Notes to Financial Statements

ARDMORE SCHOOL DISTRICT NO. I-19
Carter County, Oklahoma
Notes to Financial Statements
June 30, 2013

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 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.

Financial Statement Presentation

The District prepares its financial statements in a presentation format that is, in substance, the format established by the Governmental Accounting Standards Board (GASB) Statement No. 34, *Basic Financial Statement-Management’s Discussion and Analysis-for State and Local Governments*.

GASB Statement No. 34 established a financial reporting model for state and local governments that included the addition of management’s discussion and analysis, government-wide financial statements, required supplementary information and the elimination of the effects of internal service activities and the use of account groups to the already required fund financial statements and notes.

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 position resulting from current year’s activities.

Government-Wide Financial Statements: In the government-wide Statement of Net Position-regulatory basis, the District’s governmental activities are reported on cash receipts and disbursement basis modified as required by regulations of the Oklahoma Department of Education to include fixed assets, long-term debt and obligations. The District’s net position are reported in three parts: net investment in capital assets, restricted net position and unrestricted net position.

ARDMORE SCHOOL DISTRICT NO. I-19
Carter County, Oklahoma
Notes to Financial Statements
June 30, 2013

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

The government-wide Statement of Activities – regulatory basis 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 – regulatory basis 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 cash receipts and disbursements basis of accounting modified as required by the Oklahoma Department of Education to include investments and inventories on hand, encumbrances issued and warrants outstanding. The fund financial statements provide reports on the financial condition and results of operations of governmental fund categories.

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.

ARDMORE SCHOOL DISTRICT NO. I-19
Carter County, Oklahoma
Notes to Financial Statements
June 30, 2013

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.

As to the basis of accounting, the basic financial statements are essentially prepared on a basis of cash receipts and disbursements modified as required by the regulations of the Oklahoma Department of Education as follows:

- Encumbrances represented by purchase orders, contracts, and other commitments for the expenditure of monies and are recorded as expenditures when approved.
- Vendor obligations due and payable for goods and services received are recorded as a payable until paid.
- Warrants/Checks payable are recorded as liabilities when issued.
- Investments and inventories are recorded as assets when purchased and reduced when used.
- Capital assets in the government-wide statements are recorded when acquired and depreciated over their useful lives.
- Long-term debt reported in the government-wide statements is recorded when incurred.
- Financial resources provided in the debt service fund in accordance with Oklahoma Statute 62-431 are reported as fund liabilities. In the government-wide statements, these resources are shown as restricted net position
- Accrued compensated absences are recorded as an expenditure and liability when the obligation is incurred.

This regulatory basis of accounting differs from accounting principles generally accepted in the United States of America, which would have required the government-wide financial statements as well as the fiduciary fund financial statements to be presented on the accrual basis of accounting. The fund financial statements under accounting principles generally accepted in the United States of America would have been presented on the modified accrual basis of accounting. These financial statements are presented on the basis of accounting described above.

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.

ARDMORE SCHOOL DISTRICT NO. I-19
Carter County, Oklahoma
Notes to Financial Statements
June 30, 2013

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 historical value. The investments held by the District as equity securities were donated.

Inventories

The value of consumable inventories at June 30, 2013 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.

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

ARDMORE SCHOOL DISTRICT NO. I-19
Carter County, Oklahoma
Notes to Financial Statements
June 30, 2013

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Net Position

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

Net assets on the Statement of Net Position – Regulatory Basis include the following:

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

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

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

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

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

Restricted for School Organizations – The component of net position 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 position that report the assets restricted for scholarships.

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

ARDMORE SCHOOL DISTRICT NO. I-19
Carter County, Oklahoma
Notes to Financial Statements
June 30, 2013

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.
- 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.

ARDMORE SCHOOL DISTRICT NO. I-19
Carter County, Oklahoma
Notes to Financial Statements
June 30, 2013

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

As of June 30, 2013, fund balances are comprised of the following:

	General Fund	Building Fund	Other Governmental Funds	Total Governmental Funds
Nonexpendable				
Endowment	\$ -	\$ -	\$ 51,166	\$ 51,166
Restricted				
Debt Service	-	-	44,106	44,106
Building Operation and Maintenance	-	691,695	-	691,695
Alternative Education	-	-	125,609	125,609
State and Private Grants	229,923	-	-	229,923
Child Nutrition	-	-	181,348	181,348
Scholarships	-	-	65,314	65,314
Committed				
School Organizations	-	-	424,285	424,285
Assigned				
Building Operation and Maintenance	-	971	-	971
Alternative Education	-	-	57	57
Child Nutrition	-	-	275	275
Scholarships	-	-	144	144
Outstanding encumbrances	-	-	-	-
Unassigned	2,751,868	-	-	2,751,868
	<u>\$ 2,981,791</u>	<u>\$ 692,666</u>	<u>\$ 892,304</u>	<u>\$ 4,566,761</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.

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.

ARDMORE SCHOOL DISTRICT NO. I-19
Carter County, Oklahoma
Notes to Financial Statements
June 30, 2013

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.

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.

ARDMORE SCHOOL DISTRICT NO. I-19
Carter County, Oklahoma
Notes to Financial Statements
June 30, 2013

II. 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, 2013, cash deposits and investments were fully insured or collateralized by a pledging bank's agent in the District's name.

Investment - The District's investment of \$37,666 at June 30, 2013, represents equity securities valued at historical 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.

III. CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2013 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	-	-	-	-
Total capital assets, not being depreciated	<u>\$ 434,650</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 434,650</u>
<i>Capital assets, being depreciated</i>				
Land Improvements	\$ 1,549,025	\$ 54,740	\$ -	\$ 1,603,765
Buildings	56,842,860	152,069	150,000	56,844,929
Buses and Vehicles	2,369,368	132,912	29,900	2,472,380
Machinery and Equipment	2,636,149	292,472	133,277	2,795,344
Total capital assets, being depreciated	<u>\$ 63,397,402</u>	<u>\$ 632,193</u>	<u>\$ 313,177</u>	<u>\$ 63,716,418</u>
Less Accumulated Depreciation	<u>36,501,993</u>	<u>1,513,030</u>	<u>300,678</u>	<u>37,714,345</u>
Total capital assets, being depreciated, net	<u>\$ 26,895,409</u>	<u>\$ (880,837)</u>	<u>\$ 12,499</u>	<u>\$ 26,002,073</u>
Governmental activities capital assets, net	<u>27,330,059</u>	<u>(880,837)</u>	<u>12,499</u>	<u>26,436,723</u>
Total Primary Government	<u>\$ 27,330,059</u>	<u>\$ (880,837)</u>	<u>\$ 12,499</u>	<u>\$ 26,436,723</u>

ARDMORE SCHOOL DISTRICT NO. I-19
Carter County, Oklahoma
Notes to Financial Statements
June 30, 2013

III. CAPITAL ASSETS (Continued)

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

Government activities:	
Instruction	\$ 51,830
Support	1,414,812
Non-Instruction	<u>46,388</u>
Total depreciation expense - governmental activities	<u><u>\$ 1,513,030</u></u>

VI. LONG-TERM DEBT

Long-term liability activity for the year ended June 30, 2013, was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due within One Year
Capital Lease	\$ 3,170,000	\$ -	\$ 835,000	\$ 2,335,000	\$ 790,000
	<u>\$ 3,170,000</u>	<u>\$ -</u>	<u>\$ 835,000</u>	<u>\$ 2,335,000</u>	<u>\$ 790,000</u>

Interest expense of \$131,625 on long-term debt has been included in the direct expenses of individual functions on the government-wide statement of activities— regulatory basis. 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 X). 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, 2013

VI. LONG-TERM DEBT (Continued)

	Year Ending June 30	
	2014	\$ 874,644
	2015	1,606,800
Present value of future minimum lease payments		\$ 2,481,444
less: Interest		(146,444)
Net Minimum lease payments		\$ 2,335,000
Current portion		(790,000)
Long-term portion		\$ 1,545,000

Leased buildings and equipment under capital leases in capital assets at June 30, 2013, included the following:

Buildings	\$ 7,469,800
Land Improvements	1,450
less Accumulated Depreciation	(1,002,619)
	\$ 6,468,631

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, 2013

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, 2013, 2012 and 2011 were \$2,467,063, \$2,179,233 and \$2,140,739 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.

The District is defendant in lawsuit. Although the outcome of these lawsuits is not presently determinable, the District believes the resolution of these matters will not have a material adverse effect on the financial condition of the District. Should a judgment be awarded against the District, it would be levied through the District's sinking fund over a three-year period pursuant to state law.

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

ARDMORE SCHOOL DISTRICT NO. I-19
Carter County, Oklahoma
Notes to Financial Statements
June 30, 2013

X. LEASE REVENUE BOND AGREEMENT - CONTINUED

position and the remaining amounts due to the Authority under the arrangement is included as a long-term liability. For the year ended June 30, 2013 the District had received \$953,616 of dedicated sales tax from the City of Ardmore and that it is shown as operating contribution in the statement of activities— regulatory basis.

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. CHANGE IN ACCOUNTING

Effective July 1, 2012, the District changed its basis of accounting to conform with the accounting standards and financial reporting of the Oklahoma State Department of Education. The District uses this basis of accounting for budget purposes and believes this method more closely matches the daily operations of the District. The effect of the change is as follows:

	2012 Previously Presented	Restatement	2012 Restated
<i>Governmental Activities</i>			
Cash	\$ 5,420,973	\$ 2,400,174	\$ 7,821,147
Accounts Receivable, Net	1,957,038	(1,957,038)	-
Investments	68,881	(31,215)	37,666
Deferred Revenue	(57,361)	57,361	-
Accounts Payable	(75,280)	75,280	-
Warrants Payable	-	(2,400,174)	(2,400,174)
Reserve for Encumbrances	-	(85,556)	(85,556)
Net Assets (Net Position)	(31,474,310)	1,941,168	(29,533,142)
<i>General Fund</i>			
Cash	\$ 3,823,301	\$ 2,129,902	\$ 5,953,203
Accounts Receivable, Net	1,651,007	(1,651,007)	-
Accounts Payable	(73,801)	73,801	-
Warrants Payable	-	(2,129,902)	(2,129,902)
Deferred Revenue	(589,794)	589,794	-
Reserve for Encumbrances	-	(173,102)	(173,102)
Fund Balance	(4,810,713)	1,160,514	(3,650,199)
<i>Building Fund</i>			
Cash	\$ 568,244	\$ 47,590	\$ 615,834
Accounts Receivable, Net	108,128	(108,128)	-
Accounts Payable	(1,476)	1,476	-
Warrants Payable	-	(47,590)	(47,590)
Deferred Revenue	(65,394)	65,394	-
Reserve for Encumbrances	-	(60,648)	(60,648)
Fund Balance	(609,502)	101,906	(507,596)
<i>Aggregated Other Governmental Funds</i>			
Cash	\$ 1,029,428	\$ 222,682	\$ 1,252,110
Accounts Receivable, Net	197,903	(197,903)	-
Investments	68,881	(31,215)	37,666
Deferred Revenue	(401)	401	-
Warrants Payable	-	(222,682)	(222,682)
Accounts Payable	(3)	3	-
Fund Balance	(1,295,804)	228,714	(1,067,090)

ARDMORE SCHOOL DISTRICT NO. I-19
Carter County, Oklahoma
Notes to Financial Statements
June 30, 2013

XII. NEW GASB STANDARD

In Fiscal year 2013, the District implemented GASB Statement 63, Reporting Deferred Outflows, Deferred Inflows, and Net Position. This statement includes a title change from the “Statement of Net Assets” to “Statement of Net Position,” required deferred outflows to be reporting in a separate section after assets, deferred inflows reported as a separate section after liabilities. Only those items specifically defined by GASB may be reported as deferred outflows or inflows. The only effect on the financial statements for the District was the change in terminology “net assets” to “net position.”

XIII. SUBSEQUENT EVENTS

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 was effective on April 1, 2013; the District collected the first sales tax distribution in July 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 24, 2013, the Board of Education sold \$4,095,000 General Obligation building Bonds; the District received these proceeds in August 2013. On February 25, 2014, the Board of Education sold \$2,075,000 General Obligation building Bonds; however, the District has not yet received those proceeds as of this report date. Remaining series of bonds will be sold in subsequent two-year increments.

On September 1, 2013, the Board of Education entered into ground lease and sublease agreements with the Carter County Public Facilities Authority, a public trust, for the purpose of facilitating the issuance of the bonds, to provide security for payment of the bonds, and to enable the District to utilize the bond proceeds for the construction and placement of improvements on real property. The lease agreements will remain in effect to June 30, 2027.

The District’s largest taxpayer is protesting its 2013 Ad Valorem tax assessment, resulting in a potential decrease in General Fund cash collections of \$1,626,000 for the fiscal year ending June 30, 2014. This protest is set for a pre-trial hearing in District court on April 17, 2014.

OTHER SUPPLEMENTARY INFORMATION

ARDMORE SCHOOL DISTRICT NO. I-19
Carter County, Oklahoma
Budgetary Comparison Schedule –General Fund (Unaudited)
For the Year Ended June 30, 2013

	Budgeted Amounts		Actual Amounts Budgetary Basis	Variance With Final Budget
	Original	Final		
REVENUE				
Property Taxes	\$ 4,769,722	\$ 4,769,722	\$ 5,548,161	\$ 778,439
Interest	6,715	6,715	8,150	1,435
County Revenue	474,218	474,218	565,500	91,282
State Revenue	11,009,153	11,009,153	11,713,708	704,555
Federal Revenue	2,925,127	2,925,127	2,342,234	(582,893)
Other	<u>1,198,641</u>	<u>1,198,641</u>	<u>1,436,417</u>	<u>237,776</u>
Total Revenue	<u>\$ 20,383,576</u>	<u>\$ 20,383,576</u>	<u>\$ 21,614,170</u>	<u>\$ 1,230,594</u>
EXPENDITURES				
Current				
Instruction	\$ 14,345,678	\$ 14,345,678	12,554,869	\$ 1,790,809
Support Services	9,239,915	9,239,915	9,239,915	-
Non-instruction Services	104,900	104,900	104,900	-
Other Outlays	<u>386,155</u>	<u>386,155</u>	<u>386,155</u>	<u>-</u>
Total Expenditures	<u>\$ 24,076,648</u>	<u>\$ 24,076,648</u>	<u>\$ 22,285,839</u>	<u>\$ 1,790,809</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	\$ (3,693,072)	\$ (3,693,072)	\$ (671,669)	\$ 3,021,403
Adjustments to Prior Year Encumbrances	<u>-</u>	<u>-</u>	<u>3,261</u>	<u>3,261</u>
Net Change in Fund Balance	(3,693,072)	(3,693,072)	(668,408)	3,024,664
Fund Balance - Beginning	<u>3,693,072</u>	<u>3,693,072</u>	<u>3,650,199</u>	<u>(42,873)</u>
Fund Balance - Ending	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 2,981,791</u></u>	<u><u>\$ 2,981,791</u></u>

ARDMORE SCHOOL DISTRICT NO. I-19
Carter County, Oklahoma
Budgetary Comparison Schedule –Building Fund (Unaudited)
For the Year Ended June 30, 2013

	Budgeted Amounts		Actual Amounts Budgetary Basis	Variance With Final Budget
	Original	Final		
REVENUE				
Property Taxes	\$ 681,579	\$ 681,579	\$ 790,709	\$ 109,130
Interest	585	585	971	386
Other	<u>52,213</u>	<u>52,213</u>	<u>58,013</u>	<u>5,800</u>
Total Revenue	<u>\$ 734,377</u>	<u>\$ 734,377</u>	<u>\$ 849,693</u>	<u>\$ 115,316</u>
EXPENDITURES				
Current				
Instruction	\$ -	\$ -	\$ -	\$ -
Support Services	558,201	558,201	457,791	100,410
Capital Outlay	679,900	679,900	197,017	482,883
Other Outlays	<u>9,999</u>	<u>9,999</u>	<u>9,999</u>	<u>-</u>
Total Expenditures	<u>\$ 1,248,100</u>	<u>\$ 1,248,100</u>	<u>\$ 664,807</u>	<u>\$ 583,293</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(513,723)	(513,723)	184,886	698,609
Adjustments to Prior Year Encumbrances	<u>-</u>	<u>-</u>	<u>184</u>	<u>184</u>
Net Change in Fund Balance	(513,723)	(513,723)	185,070	698,793
Fund Balance - Beginning	<u>513,723</u>	<u>513,723</u>	<u>507,596</u>	<u>(6,127)</u>
Fund Balance - Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 692,666</u>	<u>\$ 692,666</u>

ARDMORE SCHOOL DISTRICT NO. I-19
Carter County, Oklahoma
Combining Balance Sheet – Regulatory Basis – Other Governmental Funds
June 30, 2013

	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	\$ 44,106	\$ 111,607	\$ 336,600	\$ -	\$ 51,063	\$ 43,605	\$ 467,967	\$ 28,595	\$ 1,083,543
Investments	-	-	-	-	-	-	-	37,666	37,666
Total Assets	\$ 44,106	\$ 111,607	\$ 336,600	\$ -	\$ 51,063	\$ 43,605	\$ 467,967	\$ 66,261	\$ 1,121,209
Liabilities									
Warrants Payable	\$ -	\$ 29,540	\$ 154,977	\$ -	\$ 700	\$ -	43,682	\$ -	\$ 228,899
Reserve for Encumbrances	-	6	-	-	-	-	-	-	6
Total Liabilities	\$ -	\$ 29,546	\$ 154,977	\$ -	\$ 700	\$ -	\$ 43,682	\$ -	\$ 228,905
Fund Balances									
Nonspendable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 51,166	\$ 51,166
Restricted	44,106	82,004	181,348	-	50,219	43,605	-	15,095	416,377
Committed	-	-	-	-	-	-	424,285	-	424,285
Assigned	-	57	275	-	144	-	-	-	476
Unassigned	-	-	-	-	-	-	-	-	-
Total Fund Balances	44,106	82,061	181,623	-	50,363	43,605	424,285	66,261	892,304
Total Liabilities and Fund Balances	\$ 44,106	\$ 111,607	\$ 336,600	\$ -	\$ 51,063	\$ 43,605	\$ 467,967	\$ 66,261	\$ 1,121,209

ARDMORE SCHOOL DISTRICT NO. I-19
Carter County, Oklahoma
Combining Statement of Revenue, Expenditures and Changes in Fund Balance – Regulatory Basis
– Other Governmental Funds
For the Year Ended June 30, 2013

	Sinking Fund	Coop Fund	Child Nutrition Fund	Sales Tax Fund	Gifts Fund	Take II Fund	Activity Fund	Endowment Fund	Total
REVENUE									
Property Taxes	\$ 192	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 192
Interest	128	57	275	-	144	-	1,524	2,242	4,370
State Revenue	-	178,567	218,608	-	-	-	-	-	397,175
Federal Revenue	-	-	1,257,356	-	-	-	-	-	1,257,356
Other	-	<u>285,100</u>	<u>282,929</u>	<u>953,616</u>	<u>1,000</u>	<u>33,244</u>	<u>1,206,245</u>	-	<u>2,762,134</u>
Total Revenue	<u>\$ 320</u>	<u>\$ 463,724</u>	<u>\$ 1,759,168</u>	<u>\$ 953,616</u>	<u>\$ 1,144</u>	<u>\$ 33,244</u>	<u>\$ 1,207,769</u>	<u>\$ 2,242</u>	<u>\$ 4,421,227</u>
EXPENDITURES									
Current									
Instruction	\$ -	\$ 316,925	\$ -	\$ -	\$ -	\$ 47,133	\$ 109,161	\$ -	\$ 473,219
Support Services	-	179,985	-	-	-	9,780	325,466	-	515,231
Non-instruction Services	-	-	1,805,460	-	-	1,215	328,887	-	2,135,562
Capital Outlay	-	-	10,790	-	-	-	6,940	-	17,730
Other Outlays	-	<u>187</u>	<u>1,294</u>	<u>953,616</u>	<u>11,700</u>	<u>-</u>	<u>485,474</u>	<u>2,000</u>	<u>1,454,271</u>
Total Expenditures	<u>\$ -</u>	<u>\$ 497,097</u>	<u>\$ 1,817,544</u>	<u>\$ 953,616</u>	<u>\$ 11,700</u>	<u>\$ 58,128</u>	<u>\$ 1,255,928</u>	<u>\$ 2,000</u>	<u>\$ 4,596,013</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	320	(33,373)	(58,376)	-	(10,556)	(24,884)	(48,159)	242	(174,786)
Fund Balances, Beginning, as restated	<u>43,786</u>	<u>115,434</u>	<u>239,999</u>	<u>-</u>	<u>60,919</u>	<u>68,489</u>	<u>472,444</u>	<u>66,019</u>	<u>1,067,090</u>
Fund Balances, Ending	<u>\$ 44,106</u>	<u>\$ 82,061</u>	<u>\$ 181,623</u>	<u>\$ -</u>	<u>\$ 50,363</u>	<u>\$ 43,605</u>	<u>\$ 424,285</u>	<u>\$ 66,261</u>	<u>\$ 892,304</u>

ARDMORE SCHOOL DISTRICT NO. I-19
Carter County, Oklahoma
Supplemental Schedule
Combining Statement of Assets and Fund Balances – Activity Fund
For the Year Ended June 30, 2013

	Balance 6/30/2012	Receipts	Adjusting Entries	Checks	Balance 6/30/2013
Unit 50 ADMINISTRATION					
Project 887 ODYSSEY OF THE MIND	\$ 100	\$ -	\$ -	\$ -	\$ 100
Project 888 SPIRIT OF THE TIGERS	921	5,948	-	2,545	4,324
Project 889 ADULT BASIC EDUCATION	1,045	9,315	-	9,921	439
Project 892 COMMUNITY EDUCATION	201	-	-	-	201
Project 894 ACS BIGGEST LOSER	107	-	-	-	107
Project 895 ACS ELEMENTARY MUSIC	5,974	19,761	-	21,763	3,972
Project 896 HUGS	61,361	66,687	-	92,059	35,989
Project 899 OPERATIONAL	40,061	63,405	-	64,556	38,910
Project 901 UNITED WAY DONATION ACCOUNT	1,107	1,356	-	950	1,513
Project 906 CLEARING ACCOUNT	-	232	-	232	-
Project 907 SPECIAL OLYMPICS	1,162	1,630	-	1,658	1,134
Project 912 ACS IECBOOSTER	3,778	-	-	-	3,778
Project 917 SUNSHINE WELFARE	183	631	-	474	340
Project 939 PUBLIC RELATIONS/CURRICULUM	445	-	-	-	445
Project 962 CHILD NUTRITION	-	243,133	-	243,133	-
Project 971 RED RIVER CLASSIC	134	-	-	-	134
Total Unit 50	<u>116,579</u>	<u>412,098</u>	<u>-</u>	<u>437,291</u>	<u>91,386</u>
Unit 70 Transportation					
Project 898 Transportation	115	-	-	43	72
Total Unit 70	<u>115</u>	<u>-</u>	<u>-</u>	<u>43</u>	<u>72</u>
Unit 110 CHARLES EVANS ELEMENTARY					
Project 801 CHARLES EVANS	18,554	46,685	-	52,601	12,638
Project 802 CHARLES EVANS LIBRARY	797	6,418	-	6,925	290
Project 803 CHARLES EVANS PTO	10,670	27,572	-	24,111	14,131
Project 906 CLEARING ACCOUNT	-	607	-	607	-
Project 911 CHARLES EVANS WELFARE	196	791	-	794	193
Total Unit 110	<u>30,217</u>	<u>82,073</u>	<u>-</u>	<u>85,038</u>	<u>27,252</u>
Unit 115 FRANKLIN					
Project 807 FRANKLIN SCHOLARSHIP	1,550	-	-	-	1,550
Total Unit 115	<u>1,550</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,550</u>
Unit 120 JEFFERSON ELEMENTARY					
Project 811 JEFFERSON	8,528	25,293	-	19,841	13,980
Project 812 JEFFERSON LIBRARY	750	2,629	-	2,970	409
Project 813 JEFFERSON PTO	1,726	3,538	-	3,472	1,792
Project 818 JEFFERSON STAFF ACTIVITY	295	1,286	-	703	878
Project 819 JEFFERSON CHRISTMAS	9,244	8,900	-	8,147	9,997
Project 906 CLEARING ACCOUNT	-	86	-	86	-
Total Unit 120	<u>20,543</u>	<u>41,732</u>	<u>-</u>	<u>35,219</u>	<u>27,056</u>
Unit 125 LINCOLN ELEMENTARY					
Project 808 LINCOLN SUNSHINE ACCOUNT	28	728	-	432	324
Project 814 LINCOLN	6,119	22,851	-	22,790	6,180
Project 815 LINCOLN LIBRARY	935	4,052	-	3,785	1,202
Project 816 LINCOLN PTO	1,415	18,120	-	17,383	2,152
Project 906 CLEARING ACCOUNT	-	172	-	172	-
Total Unit 125	<u>8,497</u>	<u>45,923</u>	<u>-</u>	<u>44,562</u>	<u>9,858</u>
Unit 135 WILL ROGERS ELEMENTARY					
Project 804 WILL ROGERS ACTIVITY	8,545	47,588	-	52,354	3,779
Project 805 WILL ROGERS LIBRARY	1,983	12	-	-	1,995
Project 806 WILL ROGERS WELFARE	1,943	771	-	1,780	934
Project 817 WILL ROGERS PTO	2,016	4,294	-	5,458	852
Project 906 CLEARING ACCOUNT	-	141	-	141	-
Total Unit 135	<u>14,487</u>	<u>52,806</u>	<u>-</u>	<u>59,733</u>	<u>7,560</u>

ARDMORE SCHOOL DISTRICT NO. I-19
Carter County, Oklahoma
Supplemental Schedule
Combining Statement of Assets and Fund Balances – Activity Fund
For the Year Ended June 30, 2013

	Balance 6/30/2012	Receipts	Adjusting Entries	Checks	Balance 6/30/2013
Unit 505 ARDMORE MIDDLE SCHOOL					
Project 826 AMS VOCAL MUSIC	1,318	4,334	-	4,032	1,620
Project 827 AMS POM SQUAD	3,543	-	-	3,290	253
Project 828 AMS MISCELLANEOUS	2,845	149	-	285	2,709
Project 829 AMS CHEERLEADERS	16	7,141	-	1,650	5,507
Project 831 AMS ART	1,160	985	-	446	1,699
Project 832 AMS STUDENT COUNCIL	949	225	-	551	623
Project 833 AMS FCCLA	33	398	249	680	-
Project 834 AMS NJHS	3,397	4,713	-	1,994	6,116
Project 836 AMS AVID CLUB	-	6,711	-	4,936	1,775
Project 884 AMS LIBRARY	1,199	2,608	-	2,348	1,459
Project 893 AMS ENVIRONMENTAL CAMP	2,672	2,765	-	2,530	2,907
Project 906 CLEARING ACCOUNT	-	218	-	218	-
Project 923 AMS DRAMA CLUB	658	872	-	936	594
Project 924 AMS HOME EC	211	310	(249)	272	-
Project 926 AMS PTT	601	7,683	-	3,300	4,984
Project 928 AMS TIGER DEN	9,829	-	-	1,033	8,796
Project 931 AMS YEARBOOK	2,794	4,359	-	4,713	2,440
Project 933 AMS TEACHERS' FLOWER FUND	277	210	-	225	262
Project 946 AMS OUTDOOR CLASSROOM	564	933	-	933	564
Project 953 AMS SPORTS ACCOUNT	2,707	16,012	-	17,817	902
Total Unit 505	<u>34,773</u>	<u>60,626</u>	<u>-</u>	<u>52,189</u>	<u>43,210</u>
Unit 705 ARDMORE HIGH SCHOOL					
Project 837 AHS ART	238	510	-	396	352
Project 838 AHS ATHLETICS	48,525	140,035	-	157,463	31,097
Project 839 AHS BAND	2,514	40,267	-	41,325	1,456
Project 841 AHS BAND BOOSTER CLUB	19,512	47,210	-	41,483	25,239
Project 843 AHS VOCAL MUSIC	1,989	4,296	-	5,635	650
Project 844 AHS TEST FEES	1,016	4,912	-	4,637	1,291
Project 845 AHS CLASS OF 2015	739	240	-	20	959
Project 846 AHS CLASS OF 2014	635	7,248	-	3,346	4,537
Project 847 AHS CLASS OF 2016	-	405	-	12	393
Project 848 AHS CLASS OF 2010	459	-	(459)	-	-
Project 849 AHS CLASS OF 2011	47	-	(47)	-	-
Project 852 AHS CRITERION	5,977	11,647	-	12,504	5,120
Project 853 AHS STUDENT CRIME STOPPERS	1,000	-	-	-	1,000
Project 854 AHS CLASS OF 2012	818	-	(818)	-	-
Project 855 AHS POM SQUAD	1,721	11,044	440	11,564	1,641
Project 856 AHS DUGOUT CLUB	14,037	26,265	750	27,524	13,528
Project 857 AHS FORENSICS	869	1,372	-	1,861	380
Project 858 AHS AVID	517	1,280	-	1,513	284
Project 859 AHS FCCLA	432	1,735	(120)	1,540	507
Project 861 AHS TECHNOLOGY CLUB	67	25	120	200	12
Project 863 AHS LIBRARY	61	10	-	-	71
Project 864 AHS MISCELLANEOUS	1,515	2,206	-	1,124	2,597
Project 865 AHS NATIONAL HONOR SOCIETY	1,124	352	(900)	85	491
Project 866 AHS QUARTERBACK CLUB	509	17,766	-	3,827	14,448
Project 867 AHS SCIENCE CLUB	1,725	-	-	20	1,705
Project 868 AHS CLASS OF 2013	4,682	3,102	1,324	9,020	88
Project 869 AHS INTERNATIONAL CLUB	611	60	-	-	671
Project 871 AHS STRINGS/ORCHESTRA	2,092	12,181	-	8,746	5,527
Project 872 AHS STUDENT COUNCIL	523	14,440	-	12,423	2,540
Project 873 AHS TAKEDOWN CLUB	341	4,646	-	3,482	1,505
Project 874 AHS TENNIS CLUB	12,444	6,369	-	13,727	5,086
Project 875 AHS COALITION OF GEEKS	510	-	-	-	510
Project 877 AHS QB CLUB/NOBLE MAINTENANCE	645	-	-	-	645
Project 878 AHS VARSITY CHEERLEADERS	311	7,240	3,226	4,300	6,477
Project 897 AHS TIGER TRACK MEET	2,686	6,890	-	6,976	2,600

ARDMORE SCHOOL DISTRICT NO. I-19
Carter County, Oklahoma
Supplemental Schedule
Combining Statement of Assets and Fund Balances – Activity Fund
For the Year Ended June 30, 2013

	Balance		Adjusting		Balance
	6/30/2012	Receipts	Entries	Checks	6/30/2013
Unit 705 ARDMORE HIGH SCHOOL (continued)					
Project 906 CLEARING ACCOUNT	-	100	-	100	-
Project 913 AHS NATIVE AMERICAN CLUB	11,310	5,747	-	10,007	7,050
Project 915 AHS CHEERLEADERS BOOSTER CLUB	3,666	-	(3,666)	-	-
Project 918 AHS GIRLS FASTPITCH CLUB	6,297	13,838	-	12,542	7,593
Project 921 AHS STATE TRACK MEET	620	18,795	-	18,883	532
Project 922 AHS HOLIDAY FESTIVAL	2,727	12,773	-	15,500	-
Project 938 AHS BENEVOLENCE	269	516	-	535	250
Project 943 AHS FOOTBALL CAMP	58,643	16,772	-	42,101	33,314
Project 945 AHS ADVERTISING REVENUE	18,483	52,325	-	51,017	19,791
Project 949 AHS SUMMER BASEBALL	728	2,732	(750)	2,710	-
Project 951 AHS FAST-BREAK CLUB	3,428	-	-	950	2,478
Project 964 AHS SPORTS MEDICINE	257	450	-	436	271
Project 972 AHS GOLF	6,612	14,510	900	12,319	9,703
Project 977 AHS INCENTIVE ACCOUNT	1,752	200	-	-	1,952
Total Unit 705	<u>245,683</u>	<u>512,511</u>	<u>-</u>	<u>541,853</u>	<u>216,341</u>
Grand Total	<u>\$ 472,444</u>	<u>\$ 1,207,769</u>	<u>\$ -</u>	<u>\$ 1,255,928</u>	<u>\$ 424,285</u>

ARDMORE SCHOOL DISTRICT NO. I-19
Carter County, Oklahoma
Supplemental Schedule
Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2013

	Federal CFDA Number	Pass Through Grantor's Project Number	Balance 6/30/2012	Federal Grant Receipts	Federal Grant Cash Basis Expenditures	Balance 6/30/2013
<i>U.S. Dept. of Interior</i>						
Direct Program						
Johnson O'Malley Indian Education Assistance to Schools	15.130	563	\$ (35,721)	\$ 47,550	\$ 36,050	\$ (24,221)
Total U.S. Department of Interior			<u>\$ (35,721)</u>	<u>\$ 47,550</u>	<u>\$ 36,050</u>	<u>\$ (24,221)</u>
<i>U.S. Dept. of Education</i>						
Direct Program						
Title VIII - Impact Aid	84.041	591, 592	\$ -	\$ 92,210	\$ 92,210	\$ -
Title VII - Indian Education Formula Grant	84.060A	561	-	184,172	184,172	-
			<u>\$ -</u>	<u>\$ 276,382</u>	<u>\$ 276,382</u>	<u>\$ -</u>
<i>Passed Through State Department of Education:</i>						
Title I, Part A	84.010	511, 515, 518	\$ (86,791)	\$ 946,129	\$ 1,138,492	\$ (279,154)
Title I Cluster			<u>\$ (86,791)</u>	<u>\$ 946,129</u>	<u>\$ 1,138,492</u>	<u>\$ (279,154)</u>
IDEA, Part B - Flow Through	84.027	613, 621 , 625	\$ (26,492)	\$ 499,204	\$ 626,888	\$ (154,176)
IDEA, Part B - Preschool, Ages 3-5	84.173	641	-	12,019	15,883	(3,864)
Special Education Cluster			<u>\$ (26,492)</u>	<u>\$ 511,223</u>	<u>\$ 642,771</u>	<u>\$ (158,040)</u>
Title II, Part A - Improving Teacher and Principal Quality	84.367	541, 543	(65,535)	197,953	181,974	(49,556)
Title III, Part A - Limited English Proficiency	84.365	572	(20,588)	30,510	9,914	8
Title IV - Safe and Drug Free Schools and Communities	84.186	551	(13,695)	14,044	349	-
Title VI, Part B Rural and Low-Income School Program	84.358B	587	-	49,617	54,838	(5,221)
Job Training	84.126	456	-	-	-	-
Gear Up Grant	84.334	770	57,361	51,060	94,207	14,214
Adult Education and Literacy	84.002	731	(1,836)	136,630	157,738	(22,944)

ARDMORE SCHOOL DISTRICT NO. I-19
Carter County, Oklahoma
Supplemental Schedule
Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2013

	Federal CFDA Number	Pass Through Grantor's Project Number	Balance 6/30/2012	Federal Grant Receipts	Federal Grant Cash Basis Expenditures	Balance 6/30/2013
<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	<u>(3,561)</u>	<u>51,454</u>	<u>48,753</u>	<u>(860)</u>
Total U.S. Department of Education			<u>\$ (161,137)</u>	<u>\$ 2,265,002</u>	<u>\$ 2,605,418</u>	<u>\$ (501,553)</u>
<i>U.S. Department of Agriculture</i>						
<i>Passed Through State Department of Education:</i>						
National School Lunch Program	10.555		\$ 115,565	\$ 924,764	\$ 1,040,329	\$ -
School Breakfast Program	10.553		164,369	307,699	472,068	-
Summer Food Service Program	10.559		(24,893)	24,893	19,227	(19,227)
Lunch Program - Commodities	10.555		-	66,144	66,144	-
Summer Food Service Program -Commodities	10.559		-	1,222	1,222	-
Child Nutrition Cluster			<u>\$ 255,041</u>	<u>\$ 1,324,722</u>	<u>\$ 1,598,990</u>	<u>\$ (19,227)</u>
Total U.S. Department of Agriculture			<u>\$ 255,041</u>	<u>\$ 1,324,722</u>	<u>\$ 1,598,990</u>	<u>\$ (19,227)</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	\$ -	\$ 29,683	\$ 29,683	\$ -
Total U.S. Dept. of Health and Human Services			<u>\$ -</u>	<u>\$ 29,683</u>	<u>\$ 29,683</u>	<u>\$ -</u>
Total Expenditures of Federal Awards			<u>\$ 58,183</u>	<u>\$ 3,666,957</u>	<u>\$ 4,270,141</u>	<u>\$ (545,001)</u>

ARDMORE SCHOOL DISTRICT NO. I-19
Carter County, Oklahoma
Notes to Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2013

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.

OTHER INFORMATION

ARDMORE SCHOOL DISTRICT I-19
Carter County, Oklahoma
Statement of Statutory Fidelity and Honesty Bonds (unaudited)
For the Year Ended June 30, 2013

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, 2012 to June 30, 2013.

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, 2012 to June 30, 2013.

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, 2012 to June 30, 2013.



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

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the *Government Auditing Standards* issued by the Comptroller General of the United States, the regulatory basis 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, 2013, and the related notes to the financial statements, which collectively comprise the Ardmore School District No. I-19, Carter County, Oklahoma's basic financial statements and have issued our report thereon dated March 23, 2014. Our report included an adverse opinion on U.S. Generally Accepted Accounting Principles. In addition our report included an emphasis of matter paragraph for change in accounting principle.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Ardmore School District No. I-19, Carter County, Oklahoma's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Ardmore School District No. I-19, Carter County, Oklahoma's internal control. Accordingly, we do not express an opinion on the effectiveness of Ardmore School District No. I-19, Carter County, Oklahoma's internal control.

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

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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 material weakness or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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 2013-1.

Ardmore School District No. I-19's Response to Findings

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. Ardmore School District No. I-19, Carter County, Oklahoma's response was not subjected to the auditing procedures applied in the audit of the financial statements, and, accordingly, we express no opinion on it.

Purpose of this Report

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

Rahhal Henderson Johnson, PLLC

Ardmore, Oklahoma

March 23 , 2014



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

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

Report on Compliance for Each Major Federal Program

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, 2013. 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.

Management's Responsibility

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

Auditor's Responsibility

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

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Opinion on Each Major Federal Program

In our opinion, Ardmore School District, No. I-19, Carter County, Oklahoma complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2013.

Report on 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 referred to above. 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 each major federal program to determine the auditing procedures that appropriate in the circumstances for the purpose of expressing our opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of 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. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

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

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

Rahhal Henderson Johnson, PLLC

Ardmore, Oklahoma
March 23, 2014

ARDMORE SCHOOL DISTRICT I-19
 Carter County, Oklahoma
 Schedule of Findings and Questioned Costs
 Year Ended June 30, 2013

Section I Summary of Auditor's Results

Financial Statements:

Type of auditor's report issued			Unmodified
Internal control over financial reporting:			
Material weakness(es) identified?	_____ Yes	_____ X No	
Significant Deficiency(ies) identified?	_____ Yes	_____ X None Reported	
Noncompliance material to financial statement	_____ X Yes	_____ No	

Federal Awards:

Internal control over major program:			
Material weakness(es) identified?	_____ Yes	_____ X No	
Significant Deficiency(ies) identified ?	_____ Yes	_____ X 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	_____ X 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
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	_____ X No	

ARDMORE SCHOOL DISTRICT I-19
Carter County, Oklahoma
Schedule of Findings and Questioned Costs
Year Ended June 30, 2013

Section II – Financial Statement Findings

2013-1 Activity Fund Receipts

Condition: Funds are not being deposited timely once received by sponsor. Sponsor receipts did not agree to deposit

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. District Policy is that all deposits must have accompanying receipts to document the sources of money.

Cause: Failure to follow state statute and district policy

Context: Three 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 and district policy

Recommendation: We recommend that deposits be made timely and sponsor ensure that their receipts are in agreement with the deposit amount.

*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
Schedule of Findings and Questioned Costs
Year Ended June 30, 2013

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, 2013

Financial Statement Findings

2012-1 Activity Fund Receipts

Condition: Funds are not being turned to the financial secretary timely.

Recommendation: The auditor recommended that deposits be made timely.

Current Status: Condition still exist see 2013-1

Federal Award Findings and Questioned Costs

None