

Ringling School District I-14
Jefferson County, Oklahoma

Financial Statements
Year-End June 30, 2011

RHJ

Ringling School District I-14
Jefferson County, Oklahoma

***School District Officials
July 01, 2010 to June 30, 2011***

Board of Education

| | |
|----------------|-----------------|
| President | Jay Grace |
| Vice-President | Joe Taylor |
| Member | Brian McGahey |
| Member | Sharri Hiller |
| Member | Jimmy Snodgrass |

Clerk of Board of Education

Jimmy Snodgrass

School District Treasurer

Cindy Zachary

Superintendent of Schools

James Miller

Ringling School District I-14
Jefferson County, Oklahoma
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June 30, 2011

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Jefferson County, Oklahoma
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Independent Auditor's Report

The Honorable Board of Education
Ringling School District, I-14
Ringling, Oklahoma 73456

We have audited the accompanying fund type and account group financial statements of Ringling School District I-14, Jefferson County, Oklahoma as of and for the year ended June 30, 2011, which collectively comprise the District's regulatory financial statements as listed in the table of contents. These financial statements are the responsibility of the Board of Education and administration of the school district. Our responsibility is to express opinions on these financial statements based on our audit.

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

As more fully described in Note 1, Ringling School District I-14, Jefferson County, Oklahoma prepares its financial statements in conformity with the accounting and financial reporting regulations prescribed or permitted by the Oklahoma State Department of Education, which differ from accounting principles generally accepted in the United States of America. The effects on the financial statements of the variances between these regulatory accounting practices and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material.

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In our opinion, because of the effects of the matter discussed in the second preceding paragraph, the financial statements referred to above do not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of each fund of Ringling School District I-14 as of June 30, 2011, or changes in financial position for the year then ended. Further, the District has not presented a management's discussion and analysis that accounting principles generally accepted in the United States has determined necessary to supplement, although not required to be part of, the basic financial statements.

As discussed in Note 1, the combined financial statements referred to above do not include the General Fixed Asset Account Group which should be included to conform with the regulatory basis of accounting. The amount that should be recorded in the General Fixed Asset Account Group is not known.

In our opinion, except for the effects of the omission of the General Fixed Asset Account Group described in the preceding paragraph, the financial statements referred to above, present fairly, in all material respects, the assets, liabilities and fund equity arising from regulatory basis transactions of each fund type and account group of Ringling School District I-14, Jefferson County, Oklahoma, as of June 30, 2011, and the revenues collected and expenses paid and budgetary results for the year then ended on the basis of accounting described in Note 1.

As discussed in Note 5 to the financial statements, the 2010 financial statements have been restated to correct a misstatement.

In accordance with *Government Auditing Standards*, we have also issued our report dated March 6, 2012, on our consideration of Ringling School District I-14's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contract 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 express an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Governmental Auditing Standards* and should be considered in assessing the results of our audit.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Ringling School District I-14 financial statements as a whole. The combining financial statements, statement of statutory, fidelity and honesty bonds, and schedule of accountant's professional liability insurance 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 is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments*,

and Non-Profit Organizations, and is also not a required part of the financial statements. The combining financial statements and the schedule of expenditures of federal awards are the responsibility of management and were derived from and related 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 themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the financial statements as a whole. The statement of statutory, fidelity and honesty bonds, and schedule of accountant's professional liability insurance have 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.

Rahhal Henderson Johnson, PLLC

Ardmore, Oklahoma

March 6, 2012

Ringling School District I-14
Jefferson County, Oklahoma
Combined Statement of Assets, Liabilities and Fund Equity
Regulatory Basis – All Governmental Fund Type and Account Groups
June 30, 2011

| | <u>Governmental Fund Types</u> | | <u>Fiduciary Fund Types</u> | Total (memorandum only - Note 1) 6/30/2011 |
|------------------------------------|--------------------------------|----------------------------|---------------------------------|---|
| ASSETS | <u>General</u> | <u>Special Revenue</u> | <u>Trust and Agency</u> | |
| Cash | \$ 633,677 | \$ 386,027 | \$ 49,897 | \$ 1,069,601 |
| Total Assets | <u>\$ 633,677</u> | <u>\$ 386,027</u> | <u>\$ 49,897</u> | <u>\$ 1,069,601</u> |
| LIABILITIES AND FUND EQUITY | | | | |
| Liabilities: | | | | |
| Warrants payable | \$ 145,461 | \$ 2,268 | \$ - | \$ 147,729 |
| Due to others | - | - | 49,897 | 49,897 |
| Encumbrances | 20,025 | 8,000 | - | 28,025 |
| Total Liabilities | <u>165,486</u> | <u>10,268</u> | <u>49,897</u> | <u>225,651</u> |
| Fund Equity: | | | | |
| Undesignated | 468,191 | 375,759 | - | 843,950 |
| Total Cash Fund Balances | <u>468,191</u> | <u>375,759</u> | <u>-</u> | <u>843,950</u> |
| Total Liabilities and Fund Equity | <u>\$ 633,677</u> | <u>\$ 386,027</u> | <u>\$ 49,897</u> | <u>\$ 1,069,601</u> |

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

Ringling School District I-14
Jefferson County, Oklahoma
Combined Statement of Revenues Collected, Expenditures Paid and Changes in Cash Fund Balances
Regulatory Basis – All Governmental Fund Type
For the Year Ended June 30, 2011

| | Governmental Fund Types | | Total (memorandum only - Note 1) June 30, 2011 |
|---|-------------------------|--------------------|---|
| | General | Special Revenue | |
| Revenues collected: | | | |
| Local sources | \$ 387,522 | \$ 90,936 | \$ 478,458 |
| Intermediate sources | 56,390 | - | 56,390 |
| State sources | 2,612,786 | 14,302 | 2,627,088 |
| Federal sources | 423,630 | 120,839 | 544,469 |
| Total Revenues Collected | <u>\$ 3,480,328</u> | <u>\$ 226,077</u> | <u>\$ 3,706,405</u> |
| Expenditures paid: | | | |
| Instruction | \$ 2,233,840 | \$ - | \$ 2,233,840 |
| Support services | 1,317,643 | 48,655 | 1,366,298 |
| Non-Instructional services | 19,114 | 182,916 | 202,030 |
| Other outlays | 22,008 | - | 22,008 |
| Total expenditures paid | <u>3,592,605</u> | <u>231,571</u> | <u>3,824,176</u> |
| Excess of revenues collected over (under) expenditures paid | (112,277) | (5,494) | (117,771) |
| Adjustments to prior year encumbrances | <u>2,953</u> | <u>(464)</u> | <u>2,489</u> |
| Excess of revenues collected and other sources over (under) expenditures paid and other uses | (109,324) | (5,958) | (115,282) |
| Cash fund balances, beginning of year, as restated | <u>577,515</u> | <u>381,717</u> | <u>959,232</u> |
| Cash fund balances, end of year | <u>\$ 468,191</u> | <u>\$ 375,759</u> | <u>\$ 843,950</u> |

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

Ringling School District I-14
Jefferson County, Oklahoma
Combined Statement of Revenues Collected, Expenditures Paid and Changes in Cash Fund Balances – Budget and Actual
Regulatory Basis – Budgeted Governmental Fund Types
For the Year Ended June 30, 2011

| | General Fund | | | | Special Revenue Funds | | | |
|--|---------------------|---------------------|---------------------|---------------------|-----------------------|-------------------|-------------------|--------------------|
| | Original Budget | Final Budget | Actual | Variance | Original Budget | Final Budget | Actual | Variance |
| Beginning cash fund balances - Budgetary basis | \$ 577,515 | \$ 577,515 | \$ 577,515 | \$ - | \$ 381,718 | \$ 381,718 | \$ 381,717 | \$ 1 |
| Revenues collected: | | | | | | | | |
| Local sources | 337,017 | 337,017 | 387,522 | 50,505 | 89,053 | 89,053 | 90,936 | 1,883 |
| Intermediate sources | 55,207 | 55,207 | 56,390 | 1,183 | - | - | - | - |
| State sources | 2,351,014 | 2,351,014 | 2,612,786 | 261,772 | 14,065 | 14,065 | 14,302 | 237 |
| Federal sources | 399,993 | 399,993 | 423,630 | 23,637 | 107,755 | 107,755 | 120,839 | 13,084 |
| Total Revenues Collected | <u>\$ 3,143,231</u> | <u>\$ 3,143,231</u> | <u>\$ 3,480,328</u> | <u>\$ 337,097</u> | <u>\$ 210,873</u> | <u>\$ 210,873</u> | <u>\$ 226,077</u> | <u>\$ 15,204</u> |
| Expenditures paid: | | | | | | | | |
| Instruction | 2,362,034 | 2,362,034 | 2,233,840 | (128,194) | - | - | - | - |
| Support services | 1,317,589 | 1,317,589 | 1,317,643 | 54 | 375,895 | 375,895 | 48,655 | (327,240) |
| Non-Instructional services | 19,115 | 19,115 | 19,114 | (1) | 216,696 | 216,696 | 182,916 | (33,780) |
| Other outlays | 22,008 | 22,008 | 22,008 | - | - | - | - | - |
| Total Expenditures paid | <u>\$ 3,720,746</u> | <u>\$ 3,720,746</u> | <u>\$ 3,592,605</u> | <u>\$ (128,141)</u> | <u>\$ 592,591</u> | <u>\$ 592,591</u> | <u>\$ 231,571</u> | <u>\$(361,020)</u> |
| Excess of revenues collected over (under) expenditures paid | - | - | (112,277) | 465,238 | - | - | (5,494) | 376,224 |
| Adjustment to prior year encumbrances | - | - | 2,953 | 2,953 | - | - | (464) | (464) |
| Ending cash fund balances | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 468,191</u> | <u>\$ 468,191</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 375,759</u> | <u>\$ 375,761</u> |

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

Ringling School District I-14
Jefferson County, Oklahoma
Notes to Financial Statements
June 30, 2011

1. Summary of Significant Accounting Policies

The basic financial statements of the Ringling School District, I-14, Jefferson County, Oklahoma (the "District") have been prepared in conformity with another comprehensive basis of accounting as prescribed by the Oklahoma State Department of Education. The more significant of the District's accounting policies are described below.

A. The Reporting Entity

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

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

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

Ringling School District I-14
Jefferson County, Oklahoma
Notes to Financial Statements
June 30, 2011

1. *Summary of Significant Accounting Policies – (continued)*

B. Fund Accounting

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

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

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

Governmental Fund Types

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

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

Special Revenue Fund - The special revenue fund consists of the District's Building Fund and Child Nutrition Fund. The Building fund consists of monies derived from property taxes levied for the purpose of erecting, remodeling, or repairing buildings and for purchasing furniture and equipment.

The Child Nutrition Fund derives monies from local sources for meals. Reimbursements are received from state and federal sources for reimbursement of free and reduced lunches.

Ringling School District I-14
Jefferson County, Oklahoma
Notes to Financial Statements
June 30, 2011

1. Summary of Significant Accounting Policies – (continued)

B. Fund Accounting – (continued)

Fiduciary Fund Types

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

Account Groups

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

General Long-Term Debt Account Group - This account group was established to account for all long-term debt of the District, which is offset by the amount available in the debt service fund and the amount to be provided in future years to complete retirement of the debt principal. The district does not have any long-term debt.

General Fixed Asset Account Group - This account group is used to account for property, plant and equipment of the school district. The district does not maintain the fixed asset records necessary to account for this account group.

Memorandum Only - Total Column

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

C. Basis of Accounting and Presentation

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

Ringling School District I-14
Jefferson County, Oklahoma
Notes to Financial Statements
June 30, 2011

1. Summary of Significant Accounting Policies – (continued)

C. Basis of Accounting and Presentation – (continued)

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

- Encumbrances represented by purchase orders, contracts, and other commitments for the expenditure of monies and are recorded as expenditures when approved.
- Investments are recorded as assets when purchased.
- Warrants payable are recorded as liabilities when issued.
- Long-term debt is recorded when incurred.
- Accrued compensated absences are recorded as an expenditure and liability when the obligation is incurred.

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

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

Noncash Transactions - The District received federal food commodities in the amount of \$8,900 which have been reflected in the accompanying financial statements of the Child Nutrition Fund by increasing revenues and expenses accordingly. In addition, the State of Oklahoma paid approximately \$24,381 directly to the teacher retirement fund on behalf of the District's employees; this payment is reflected in the accompanying statement of revenue and expenditures as an increase to both revenue and expenses.

D. Budgets and Budgetary Accounting

The District is required by state law to prepare an annual budget. A preliminary budget must be submitted to the Board of Education by December 31 for the fiscal year beginning the following July 1. If the preliminary budget requires an additional levy, the District must hold

Ringling School District I-14
Jefferson County, Oklahoma
Notes to Financial Statements
June 30, 2011

1. Summary of Significant Accounting Policies – (continued)

D. Budgets and Budgetary Accounting– (continued)

an election on the first Tuesday in February to approve the levy. If the preliminary budget does not require an additional levy, it becomes the legal budget. If an election is held and the taxes are approved, then the preliminary budget becomes the legal budget. If voters reject the additional taxes the District must adopt a budget within the approved tax rate.

The District has approved by a majority of the electors of the District voting on the question made the ad valorem levy for emergency levy and local support levy permanent.

Prior to September 1, the District must file with the county excise board, a budget for the current fiscal year including an itemized statement of estimate of needs and probable income from all sources including ad valorem taxes. This budget, if not protested, becomes the legal budget for the District.

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

E. Assets Liabilities and Fund Equity

Investment - Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The District's investment policies are governed by *Oklahoma Statutes*. 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. Collateral is required for demand deposits and certificates of deposit for all amounts not covered by federal depository insurance.

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

Ringling School District I-14
Jefferson County, Oklahoma
Notes to Financial Statements
June 30, 2011

1. Summary of Significant Accounting Policies – (continued)

E. Assets Liabilities and Fund Equity – (continued)

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

If at the end of two years the owner has not done so, the purchaser is issued a deed to the property.

Inventories - The value of consumable inventories at June 30, 2011 is not material to the financial statements.

Capital Assets - The General Fixed Asset Account Group is not presented.

Compensated Absences - Vested or accumulated vacation leave that is expected to be liquidated with expendable available financial resources is reported as an expenditure of the governmental funds that will pay it. There are no amounts of vested or accumulated vacation leave.

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

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

F. Revenue, Expenses and Expenditures

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.

Ringling School District I-14
Jefferson County, Oklahoma
Notes to Financial Statements
June 30, 2011

1. Summary of Significant Accounting Policies – (continued)

F. Revenue, Expenses and Expenditures – (continued)

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

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

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

All other interfund transactions, except quasi-external transactions which are reimbursements, are reported as transfers. Nonrecurring or nonroutine permanent transfers of equity are reported as residual equity transfers.

2. Cash

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, 2011, cash deposits of \$1,070,984 were fully insured or collateralized by a pledging bank's agent in the District's name.

Ringling School District I-14
Jefferson County, Oklahoma
Notes to Financial Statements
June 30, 2011

3. *Employee Retirement System*

The District participates in the state-administered Teachers' Retirement System of Oklahoma (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.

Under the System, contributions are made by the District, the State of Oklahoma, and the participating employees. The contribution rates are determined by Oklahoma Statute and applied to the employee's earnings, plus employer-paid fringe benefits. The rate is not actuarially determined. The statutory contribution rates for the current year was 9.5%, for the District and 7% for the employee. In addition, if a member's salary is paid in part by federal funds, the contribution rate for that portion of salary must be matched by the District at a rate of 6.5%.

The District's total contributions for 2011, 2010 and 2009 were approximately \$163,890 \$175,900, \$152,600, respectively equal to the required contribution for the year. These contributions include the District's statutory contribution and federal match.

Ten-year historical trend information is presented in the Teacher's Retirement System of Oklahoma Annual Report for the year ended June 30, 2011. This information is useful in assessing the pension plan's accumulation of sufficient assets to pay pension benefits as they become due. Plan information is available from www.ok.gov/TRS for all plan information.

4. *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.

Ringling School District I-14
Jefferson County, Oklahoma
Notes to Financial Statements
June 30, 2011

5. *Prior Period Correction*

During the current year it was noted that outstanding encumbrances had not been reported as a fund liability for the general fund in 2010. There was no difference in the amount reported as net change in fund balance. The following shows the effect of this correction on June 30, 2010, amounts:

| | As Previously Reported | Restatement | As Restated |
|------------------------------|------------------------------|-------------|----------------|
| General Fund | | | |
| Liabilities for Encumbrances | - | 43,864 | 43,864 |
| Fund Balance | 621,379 | (43,864) | 577,515 |

6. *Subsequent Event*

In February, 2012, District voters approved a \$1,000,000 bond issue to be used for a new cafeteria and safe room.

Ringling School District I-14
Jefferson County, Oklahoma
Combining Statement of Assets, Liabilities and Fund Equity – Regulatory Basis
All Special Revenue Funds
June 30, 2011

| | <u>Building Fund</u> | <u>Child Nutrition Fund</u> | <u>Total</u> |
|------------------------------------|--------------------------|---------------------------------|-------------------|
| ASSETS | | | |
| Cash and cash equivalents | \$ 339,954 | \$ 46,073 | \$ 386,027 |
| Total Assets | <u>\$ 339,954</u> | <u>\$ 46,073</u> | <u>\$ 386,027</u> |
| LIABILITIES AND FUND EQUITY | | | |
| Liabilities: | | | |
| Warrants payable | \$ - | \$ 2,268 | \$ 2,268 |
| Encumbrances | <u>8,000</u> | <u>-</u> | <u>8,000</u> |
| Total Liabilities | <u>8,000</u> | <u>2,268</u> | <u>10,268</u> |
| Fund Equity: | | | |
| Unreserved: | | | |
| Undesignated | <u>331,954</u> | <u>43,805</u> | <u>375,759</u> |
| Total Cash Fund Balances | <u>331,954</u> | <u>43,805</u> | <u>375,759</u> |
| Total Liabilities and Fund Equity | <u>\$ 339,954</u> | <u>\$ 46,073</u> | <u>\$ 386,027</u> |

Ringling School District I-14
Jefferson County, Oklahoma
Combining Statement of Revenues Collected, Expenditures Paid and
Changes in Cash Fund Balances – Regulatory Basis
All Special Revenue Funds
For the Year Ended June 30, 2011

| | <u>Building Fund</u> | <u>Child Nutrition Fund</u> | <u>Total</u> |
|--|--------------------------|---------------------------------|-------------------|
| Revenues collected: | | | |
| Local sources | \$ 51,744 | \$ 39,192 | \$ 90,936 |
| State Sources | 3 | 14,299 | 14,302 |
| Federal Sources | - | 120,839 | 120,839 |
| Total Revenues Collected | <u>\$ 51,747</u> | <u>\$ 174,330</u> | <u>\$ 226,077</u> |
| Expenditures paid: | | | |
| Support services | \$ 48,655 | \$ - | \$ 48,655 |
| Non-Instructional Services | - | 182,916 | 182,916 |
| Total expenditures paid | <u>\$ 48,655</u> | <u>\$ 182,916</u> | <u>\$ 231,571</u> |
| Excess of revenues collected over (under) expenditures paid | \$ 3,092 | \$ (8,586) | \$ (5,494) |
| Adjustment to prior year encumbrances | <u>-</u> | <u>(464)</u> | <u>(464)</u> |
| Excess of revenues collected and other sources over (under) expenditures paid and other uses | \$ 3,092 | \$ (9,050) | \$ (5,958) |
| Cash fund balances, beginning of year | <u>328,862</u> | <u>52,855</u> | <u>381,717</u> |
| Cash fund balances, end of year | <u>\$ 331,954</u> | <u>\$ 43,805</u> | <u>\$ 375,759</u> |

Ringling School District I-14
Jefferson County, Oklahoma
Combining Statement of Revenues Collected, Expenditures Paid and
Changes in Cash Fund Balances – Budget and Actual – Regulatory Basis
All Special Revenue Funds
For the Year Ended June 30, 2011

| | Building Fund | | | Child Nutrition Fund | | | Total | | |
|--|--------------------|------------------|-------------------|----------------------|-----------------|------------------|--------------------|------------------|-------------------|
| | Original Budget | Final Budget | Actual | Original Budget | Final Budget | Actual | Original Budget | Final Budget | Actual |
| Beginning cash fund balances - Budgetary basis | \$ 328,863 | \$ 328,863 | \$ 328,863 | \$ 52,855 | \$ 52,855 | \$ 52,854 | \$ 381,718 | \$ 381,718 | 381,717 |
| Revenues collected: | | | | | | | | | |
| Local sources | 46,975 | 46,975 | 51,744 | 42,078 | 42,078 | 39,192 | 89,053 | 89,053 | 90,936 |
| State sources | 57 | 57 | 3 | 14,008 | 14,008 | 14,299 | 14,065 | 14,065 | 14,302 |
| Federal sources | - | - | - | 107,755 | 107,755 | 120,839 | 107,755 | 107,755 | 120,839 |
| Total Revenues Collected | <u>47,032</u> | <u>47,032</u> | <u>51,747</u> | <u>163,841</u> | <u>163,841</u> | <u>174,330</u> | <u>210,873</u> | <u>210,873</u> | <u>226,077</u> |
| Expenditures paid: | | | | | | | | | |
| Support services | 375,895 | 375,895 | 48,655 | - | - | - | 375,895 | 375,895 | 48,655 |
| Non-Instructional Services | - | - | - | 216,696 | 216,696 | 182,916 | 216,696 | 216,696 | 182,916 |
| Total expenditures paid | <u>375,895</u> | <u>375,895</u> | <u>48,655</u> | <u>216,696</u> | <u>216,696</u> | <u>182,916</u> | <u>592,591</u> | <u>592,591</u> | <u>231,571</u> |
| Excess of revenues collected over (under) expenditures paid | <u>(328,863)</u> | <u>(328,863)</u> | <u>3,092</u> | <u>(52,855)</u> | <u>(52,855)</u> | <u>(8,586)</u> | <u>(381,718)</u> | <u>(381,718)</u> | <u>(5,494)</u> |
| Adjustment to prior year encumbrances | - | - | - | - | - | (464) | - | - | (464) |
| Ending cash balances | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 331,955</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 43,804</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 375,759</u> |

Ringling School District I-14
Jefferson County, Oklahoma
Combining Statement of Revenues Changes in Cash Balances – Regulatory Basis
Activity Funds
For the Year Ended June 30, 2011

| | <u>BEGINNING</u> <u>BALANCE</u> | <u>RECEIPTS</u> | <u>CHECKS</u> | <u>ENDING</u> <u>BALANCE</u> |
|--------------------|------------------------------------|-------------------|-------------------|---------------------------------|
| Art | \$ 1,243 | \$ 3 | \$ - | \$ 1,246 |
| Yearbook | 2,379 | 8,486 | 6,675 | 4,190 |
| FHA | 4,709 | 4,635 | 4,408 | 4,936 |
| FFA | 595 | 31,746 | 31,299 | 1,042 |
| Senior Account | 639 | 1,343 | 1,656 | 326 |
| Junior Account | 337 | 27,390 | 24,938 | 2,789 |
| 6/7th Cheerleaders | 1,909 | 6,836 | 5,168 | 3,577 |
| JH Cheerleaders | 373 | 3,421 | 463 | 3,331 |
| HS Cheerleaders | 3,117 | 25,026 | 23,071 | 5,072 |
| Student Council | 856 | 1,896 | 1,882 | 870 |
| Athletics | 42,062 | 47,397 | 77,907 | 11,552 |
| Library | 801 | 400 | 387 | 814 |
| General Fund | 452 | 2,001 | 1,929 | 524 |
| Band | 722 | 23,288 | 16,722 | 7,288 |
| Elementary | 299 | 5,901 | 5,841 | 359 |
| Tri-County | 4,152 | 7,502 | 9,726 | 1,928 |
| Academic Team | 52 | - | | 52 |
| | <u>\$ 64,697</u> | <u>\$ 197,271</u> | <u>\$ 212,072</u> | <u>\$ 49,896</u> |

Ringling School District I-14
Jefferson County, Oklahoma
Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2011

| Federal Grant / Pass-Through Grantor / Program Title | Federal CFDA Number | Pass - Through Grantor's | Balance 6/30/2010 | Federal | Federal Grant Expenditures | Balance 6/30/2011 |
|---|---------------------------|--------------------------------|----------------------|-------------------|-------------------------------|----------------------|
| | | Project Number | | Grant Receipts | | |
| U.S. Dept. of Education | | | | | | |
| Direct Program: | | | | | | |
| Title IX - Indian Education, Part A | 84.060A | 561 | \$ - | \$ 20,537 | \$ 20,537 | \$ - |
| Rural Education | 84.358 | 588 | (9,392) | 9,392 | 5,208 | (5,208) |
| Passed Through State Department of Education: | | | | | | |
| Title I, Grants to Local Education Agencies | 84.010 | 511 | - | 70,096 | 122,299 | (52,203) |
| ARRA Title I, Grants to Local Education Agencies | 84.389 | 516 | (3,693) | 9,694 | 6,001 | - |
| Title I Cluster | | | (3,693) | 79,790 | 128,300 | (52,203) |
| ARRA Special Education - Flow-Through | 84.391 | 622 | - | 62,077 | 62,077 | - |
| Special Education Cluster | | | - | 62,077 | 62,077 | - |
| Title II - Part D, Enhancing Education through technology | 84.318 | 586 | - | - | 372 | (372) |
| Improving Teacher Quality through State Grants | 84.367 | 586 | - | 16,027 | 27,285 | (11,258) |
| Education Jobs Fund | 84.410 | 790 | - | 29,104 | 29,104 | - |
| ARRA State Fiscal Stabilization Funds - Education | 84.394 | 782 | (32,976) | 153,118 | 120,142 | - |
| State Fiscal Stabilization Cluster | | | (32,976) | 153,118 | 120,142 | - |
| Passed Through State Department of Rehabilitation: | | | | | | |
| Job Training | 84.126 | 456.000 | (7,250) | 57,827 | 56,149 | (5,572) |
| Total U.S. Department of Education | | | \$ (53,311) | \$ 427,872 | \$ 449,174 | \$ (74,613) |

See accompanying notes to schedule of expenditures of federal awards

Ringling School District I-14
Jefferson County, Oklahoma
Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2011

| | | Pass - Through | | | | |
|--|-----------------|----------------------|-------------|------------------|---------------|-------------|
| | Federal CFDA | Grantor's Project | Balance | Federal Grant | Federal Grant | Balance |
| Federal Grant / Pass-Through Grantor / Program Title | Number | Number | 6/30/2010 | Receipts | Expenditures | 6/30/2011 |
| U.S. Department of Agriculture: | | | | | | |
| Passed Through State Department of Education: | | | | | | |
| National School Lunch Program | 10.555 | | \$ - | \$ 82,125 | \$ 82,125 | \$ - |
| Lunch Program- Commodities | 10.555 | | - | 8,900 | 8,900 | - |
| School Breakfast Program | 10.553 | | - | 34,472 | 34,472 | - |
| Child Nutrition Cluster | | | \$ - | \$ 125,497 | \$ 125,497 | \$ - |
| Total U.S. Department of Agriculture | | | \$ - | \$ 125,497 | \$ 125,497 | \$ - |
| Total Expenditures of Federal Awards | | | \$ (53,311) | \$ 553,369 | \$ 574,671 | \$ (74,613) |

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

| | CFDA # | Program # | Balance 6/30/2010 | Federal Grant Receipts | Federal Grant Expenditures | Balance 6/30/2011 |
|---|--------|-----------|----------------------|------------------------------|-------------------------------|----------------------|
| | | | | | | |
| ARRA Title I, Grants to Local Education Agencies | 84.389 | 516 | \$ (3,693) | \$ 9,694 | \$ 6,001 | \$ - |
| ARRA Special Education - Flow-Through | 84.391 | 622 | - | 62,077 | 62,077 | - |
| ARRA State Fiscal Stabilization Funds - Education | 84.394 | 782 | (32,976) | 153,118 | 120,142 | - |
| | | | \$ (36,669) | \$ 224,889 | \$ 188,220 | \$ - |

See accompanying notes to schedule of expenditures of federal awards

Ringling School District I-14
Jefferson County, Oklahoma
Notes to the Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2011

Note 1: Basis of Presentation

The above schedule of expenditures of federal awards includes the federal grant activity of Ringling School District I-14, Jefferson County, Oklahoma. The schedule is prepared using the cash receipts and disbursements basis. Therefore some amounts presented in the schedule may differ from amounts presented in or used in the preparation of the basic financial statements. Nonmonetary assistance is reported in the schedule at the fair market value of the commodities received. Expenditures include indirect costs charged to the awards.



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

The Honorable Board of Education
Ringling School District I-14
Jefferson County, Oklahoma

We have audited the financial statements of each fund type and account group of Ringling School District I-14, Jefferson County, Oklahoma, as of and for the year June 30, 2011, which collectively comprise Ringling School District's basic financial statements and have issued our report thereon dated March 6, 2012. The report was modified because of the District's policy to prepare its financial statements in accordance with the regulatory basis of accounting prescribed by the Oklahoma State Department of Education. Our report also included an explanatory paragraph due to a prior period correction. The report on the general fixed asset account group was qualified because the District did not present the General Fixed Asset Account Group as required by the regulatory basis of accounting. Except as discussed in the preceding sentence, we conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Ringling School District I-14, Jefferson County, Oklahoma's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Ringling School District I-14, Jefferson County, Oklahoma's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of Ringling School District I-14, Jefferson County, Oklahoma's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over financial reporting that might be significant deficiencies, or material weaknesses and therefore, there can be no assurance that all deficiencies, significant deficiencies, or material

weaknesses have been identified. However, as described in the accompanying schedule of findings and questioned costs we identified certain deficiencies in internal control over financial reporting that we consider to be material weaknesses and other deficiencies that we consider to be significant deficiencies.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. A *material* weakness is a deficiency, or combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the deficiencies as items 2011-2 and 2011-3 described in the accompanying schedule of findings and questioned costs to be material weaknesses.

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. We consider the deficiencies in the accompanying schedule of findings and questioned costs as 2011-1 and 2011-6 to be significant deficiencies.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Ringling School District I-14, Jefferson 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 responses as items 2011-4, 2011-5, and 2011-6.

Ringling School District I-14, Jefferson County, Oklahoma's response to the findings identified in our audit are described in the accompanying schedule of findings and responses. We did not audit the District's responses and accordingly, we express no opinion on it.

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

Rahhal Henderson Johnson, PLLC

Ardmore, Oklahoma
March 6, 2012



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

The Honorable Board of Education
Ringling School District I-14
Jefferson County, Oklahoma
Ringling, Oklahoma 73456

Compliance

We have audited Ringling School District I-14, Jefferson 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 Ringling School District I-14, Jefferson County, Oklahoma's major federal programs for the year ended June 30, 2011. Ringling School District I-14, Jefferson County, Oklahoma's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of Ringling School District I-14, Jefferson County, Oklahoma's management. Our responsibility is to express an opinion on Ringling School District I-14, Jefferson County, Oklahoma's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Ringling School District I-14, Jefferson County, Oklahoma's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of Ringling School District I-14, Jefferson County, Oklahoma's compliance with those requirements.

In our opinion, Ringling School District I-14, Jefferson County, Oklahoma complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2011.

Internal Control Over Compliance

Management of Ringling School District I-14, Jefferson County, Oklahoma is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered Ringling School District I-14, Jefferson County, Oklahoma's internal control over compliance with the requirements that could have a direct and material effect on a major federal program to determine the auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Ringling School District I-14, Jefferson County, Oklahoma's internal control over compliance.

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

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

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

Rakhal Henderson Johnson, PLLC

Ardmore, Oklahoma
March 6, 2012

Ringling School District I-14
Jefferson County, Oklahoma
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2011

Financial Statement:

| | |
|---|-----------------------------------|
| Type of audit report: | Qualified Opinion |
| Internal control over financial reporting: | |
| Material weakness(es) identified? | <u> X </u> Yes <u> </u> No |
| Significant Deficiency(ies) identified that are not considered to be material weaknesses? | <u> X </u> Yes <u> </u> No |
| Noncompliance material to financial statement | <u> X </u> Yes <u> </u> No |

Federal Awards:

| | |
|---|-----------------------------------|
| Internal control over major program: | |
| Material weakness(es) identified? | <u> </u> Yes <u> X </u> No |
| Significant Deficiency(ies) identified that are not considered to be material weaknesses? | <u> </u> Yes <u> X </u> No |
| Type of auditors' report issued on compliance for major programs: | Unqualified Opinion |
| Any audit findings disclosed that are required to be reported in | <u> </u> Yes <u> X </u> No |

Identification of Major Programs:

| | |
|---------------------|---|
| <u>CFDA Numbers</u> | <u>Name of federal Program or Cluster</u> |
| 84.389 & 84.010 | Title I |
| 84.394 | Fiscal Stabilization |
| 84.410 | Education Jobs Fund |
| 84.367 | Title II Part A |

| | |
|--|-----------------------------------|
| Dollar threshold used to distinguish between Type A and Type B | \$ 300,000 |
| Auditee qualified as a low-risk auditee? | <u> </u> Yes <u> X </u> No |

Ringling School District I-14
Jefferson County, Oklahoma
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2011

Section II - Findings relating to the Financial Statements

2011-1 Financial Reporting

Condition: The District does not have a financial reporting system in place to ensure that all financial information is disclosed in the appropriate accounting period and in accordance with the regulatory basis of accounting and State Department of Education guidelines. In addition, the District does not report a general fixed asset account group as required by the State Department of Education guidelines.

Criteria: The responsibility for the financial statements remains with management even when the preparation of the financial statements is transferred to a service provider. An individual with sufficient awareness of disclosure requirements should be designated to oversee the preparation of the financial statements.

Cause: The internal control structure of the District focuses primarily on daily operations. The District does have a system of financial reporting that determines the trial balances used in financial statement preparation are final. The District does not currently have a system in place to determine appropriate financial statement disclosures. The District also does not have a system for accounting for general fixed assets.

Effect: Potential that financial statement disclosures will be incomplete. Scope limitation on the audit for the general fixed asset account group.

Recommendation: We recommend that the District evaluate the costs of providing for the additional assistance needed for the year-end financial reporting process to determine it is in accordance with accounting and regulatory requirements.

*Views of Responsible Officials
and Planned Corrective*

Action: The District's current budget constraints do not allow for the addition of an outside consultant to assist in the year-end financial reporting process. Management reviews disclosures as presented to determine that they are accurate.

2011-2 Segregation of Duties

Condition: The treasurer performs opening of mail, posting of cash receipts, preparing the deposit and reconciling bank accounts.

Ringling School District I-14
Jefferson County, Oklahoma
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2011

Criteria: An adequately designed internal control system separates duties over handling cash between custody, approval, and recordkeeping.

Cause: Limited availability of staff.

Effect: Risk that errors or omissions will not be identified in a timely manner.

Recommendation: We recommend that another staff member be involved in the process of handling cash that comes into the District administrative office.

*Views of Responsible Officials
and Planned Corrective*

Action: The superintendant will start opening the mail and making copies of amounts received before giving to the treasurer for deposit. He will also review the bank statements when they are received.

2011-3 Segregation of Duties in Child Nutrition

Condition: The same staff member performs collection of lunch money, tracking of charges for meals, preparing the deposit and billing charge balances.

Criteria: An adequately designed internal control system adequately separates duties over handling cash between custody, approval, and recordkeeping.

Cause: Only one individual is involved in the process of lunch collections in the cafeteria.

Effect: Risk that errors or omissions will not be identified in a timely manner.

Recommendation: We recommend that a process be put into place that will at a minimum reconcile paid lunches served with funds collected and charges incurred by students each day. We also recommend that a regular accounting of lunch charges be completed and billed on a regular basis to students preferably by someone who does not collect the payments.

*Views of Responsible Officials
and Planned Corrective*

Action: In the 2013 school year, a scanner system will be instituted. This system will print out a report of who has paid that day which will be balanced to funds collected and then turned into the treasurer to make the deposit.

Ringling School District I-14
Jefferson County, Oklahoma
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2011

2011-4 Purchasing

Condition: Purchases occurred before the appropriate budgetary control was in place and approved.

Criteria: Title 70-5.135 requires that prior to any purchase being completed a purchase order must be issued.

Cause: Failure to determine a purchase order was created and approved prior to making purchase.

Context: Two out of twenty-five purchase orders tested were dated after the invoice.

Effect: Lack of compliance with state law

Recommendation: We recommend that the purchase requirements be reinforced with all those who have authorization to make purchases on behalf of the District.

*Views of Responsible Officials
and Planned Corrective*

Action: The District will continue to focus on improving compliance in this area.

2011-5 Activity Fund Receipts

Condition: All sponsors are not issuing pre-numbered receipts. In addition, funds are not being turned to the financial secretary timely .

Criteria: State Department of Education regulations require all sponsors issue pre-numbered receipts. In addition, Oklahoma Statutes 70-5.129 requires receipts equal or exceeding \$100 to be deposited by the following business day or weekly if less than \$100.

Cause: Failure to follow regulations

Context: Eleven out of twenty-five receipts tested did not have supporting sponsor receipts. Twelve of twenty-five receipts tested were not deposited within one business day based on date received by sponsor.

Effect: Lack of compliance with state law

Recommendation: We recommend that all sponsors be given pre-numbered receipt books and informed of the requirements surrounding activity fund receipts.

Ringling School District I-14
Jefferson County, Oklahoma
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2011

*Views of Responsible Officials
and Planned Corrective*

Action: The District will continue to focus on improving compliance in this area.

2011-6 Retirement

Condition: Federal match of teacher retirement contribution was not computed.

Criteria: Oklahoma Statutes 70-17.108 requires “shall match on a pro rata basis,...the contributions of members whose salaries are paid by federal funds.”

Cause: Failure to set up pay code in payroll system.

Context: Estimated underpayment of match for teachers tested in the amount of \$920.

Effect: Lack of compliance with state law.

Recommendation: We recommend that pay codes for all staff being paid with federal funds, who participate in teacher retirement, be reviewed to ensure match is being properly computed.

*Views of Responsible Officials
and Planned Corrective*

Action: The payroll codes will be reviewed to determine that all codes are properly set up. Teacher retirement has been contacted to determine how to correct this underpayment.

Section III - Findings relating to Federal Awards

None

Ringling School District I-14
Jefferson County, Oklahoma
Summary of Prior Year Findings
For the Year Ended June 30, 2011

Section II - Findings relating to the Financial Statements

None

Section III - Findings relating to Federal Awards

Department of Education

**2010-1 Title I, Grants to Local Education Agencies CFDA 84.010 Grant
Period-Year Ended June 30, 2010**

Condition: This finding stated that District employees working solely on a single cost objective did not sign a semi-annual certification certifying they had been engaged solely in a single Federal program.

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

Current Status: This finding does not warrant further action. The process was changed and the certifications were being obtained as of January, 2011.

Ringling School District I-14
Statement of Statutory Fidelity, and Honesty Bonds (unaudited)
For the Year Ended June 30, 2011

The District has a Public Official Position Schedule Bond with Western Surety Company. The bond number is 14259215. It covers treasurer, superintendent, student activity custodian, encumbrance clerk, and members of the Board of education for the penal sum of \$157,000 and is for the term September 13, 2010 to September 13, 2011.

Ringling School District I-14
Jefferson County, Oklahoma
Schedule of Accountant's Professional Liability Insurance Affidavit (unaudited)
For the Year Ended June 30, 2011

State of Oklahoma)

County of Carter)

The undersigned auditing firm of lawful age, being first duly sworn on oath, says that said firm had in full force and effect Accountant's Professional Liability Insurance in accordance with the "Oklahoma Public School Audit Law" at the time of audit contract and during the entire audit engagement with Ringling School District I-14 for the audit year 2010-2011.

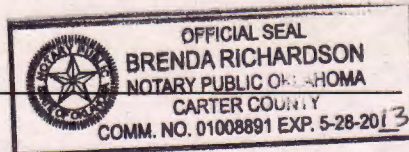
RAHHAL HENDERSON JOHNSON, PLLC

BY: Mary E. Johnson
Authorized Agent

Subscribed and sworn to before me on this 12th day of, March, 2012.

Brenda Richardson
Notary Public

Commission Number: _____



My commission expires on: _____ day of, _____, 20____.