

FINANCIAL STATEMENTS AND REPORTS OF  
MANNFORD SCHOOL DISTRICT NO. I-3  
CREEK COUNTY, OKLAHOMA  
JUNE 30, 2013

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MANNFORD SCHOOL DISTRICT NO. I-3  
 CREEK COUNTY, OKLAHOMA  
 JUNE 30, 2013

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MANNFORD SCHOOL DISTRICT NO. I-3  
CREEK COUNTY, OKLAHOMA  
SCHOOL DISTRICT OFFICIALS  
JUNE 30, 2013

BOARD OF EDUCATION

President  
Vice-President  
Clerk  
Member  
Member

Roger Moore  
Russell Dyer  
Wayne Burk  
Steve Hensley  
David Greenwood

Superintendent of Schools

Dr. Steve Waldvogel

School District Treasurer

Gena Floyd

Encumbrance Clerk

Robin Haskins

Minutes Clerk

Meredyth Fry

**INDEPENDENT AUDITOR'S REPORT**

**The Honorable Board of Education  
Mannford School District No. I-3  
Mannford, Creek County, Oklahoma**

***REPORT ON THE FINANCIAL STATEMENTS***

**I have audited the accompanying basic financial statements - regulatory basis of the governmental activities, each major fund, and the aggregate remaining fund information of Mannford School District No. I-3, Creek County, Oklahoma (District), as of and for the year ended June 30, 2013, 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 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 fraud or error.**

***AUDITOR'S RESPONSIBILITY***

**My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that I 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 judgement, 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 the 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, I 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.**

**I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinions.**

***BASIS FOR ADVERSE OPINION ON U.S. GENERALLY ACCEPTED ACCOUNTING PRINCIPLES***

**As discussed in Note 1, the financial statements are prepared by the Mannford School District Number I-3, on the basis of the financial reporting provisions of the Oklahoma State Department of Education, which is a basis of accounting other than accounting principles generally accepted in the United States of America, to comply with the requirements of the Oklahoma State Department of Education. The effects of the financial statements on 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 determined, are presumed to be material.**

***ADVERSE OPINION ON U.S. GENERALLY ACCEPTED ACCOUNTING PRINCIPLES***

**In my opinion, because of the significance of the matter discussed in the "BASIS FOR ADVERSE OPINION ON U.S. GENERALLY ACCEPTED ACCOUNTING PRINCIPLES" paragraph, the basic 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 the governmental activities, each major fund, and the aggregate remaining fund information of Mannford School District No. I-3, Creek 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***

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

In my opinion, the basic financial statements referred to in the first paragraph present fairly, in all material respects, the respective financial position - regulatory basis of the governmental activities, each major fund, and the aggregate remaining fund information of Mannford School District No. I-3, Creek County, Oklahoma (District), as of June 30, 2013, and the respective changes in financial position - regulatory basis for the year ended on the regulatory basis of accounting described in Note 1.

***OTHER MATTERS***

***Other Information***

My audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The combining statements - regulatory basis, are presented for purposes of additional analysis and are not a required part of the basic financial statements. The 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 basic financial statements.

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

***OTHER REPORTING REQUIRED BY GOVERNMENT AUDITING STANDARDS***

In accordance with *Government Auditing Standards*, I have also issued my report dated February 10, 2014 on my consideration of the District's internal control over financial reporting and on my tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of my testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

Sincerely,

*Ralph Osborn*

Ralph Osborn  
Certified Public Accountant  
Bristow, Oklahoma  
February 10, 2014

MANNFORD SCHOOL DISTRICT NO. I-3  
CREEK COUNTY, OKLAHOMA  
COMBINED STATEMENT OF ASSETS, LIABILITIES, AND EQUITY  
REGULATORY BASIS - ALL FUND TYPES AND ACCOUNT GROUPS  
JUNE 30, 2013

	Governmental Fund Type				Fiduciary Fund Types	Account Groups	Total (Memorandum (Only))
	General	Special Revenue	Debt Service	Capital Projects	Trust And Agency	General Long-Term Debt	
<b>ASSETS</b>							
Cash and cash equivalents	\$ 2,378,975	\$ 310,610	\$ 60,077	\$ -	\$ 271,883	\$ -	\$ 3,021,545
Amount available in Debt Service fund	-	-	-	-	-	60,077	60,077
Amount to be provided for retirement of general long-term debt	-	-	-	-	-	1,659,923	1,659,923
Amount to be provided for capitalized lease agreements	-	-	-	-	-	3,314,499	3,314,499
<b>Total Assets</b>	<b><u>\$ 2,378,975</u></b>	<b><u>\$ 310,610</u></b>	<b><u>\$ 60,077</u></b>	<b><u>\$ -</u></b>	<b><u>\$ 271,883</u></b>	<b><u>\$5,034,499</u></b>	<b><u>\$ 8,056,044</u></b>
<b>LIABILITIES AND FUND EQUITY</b>							
<b>LIABILITIES</b>							
Warrants payable	\$ 319,793	\$ 10,315	\$ -	\$ -	\$ -	\$ -	\$ 330,108
Encumbrances	93,229	13,852	-	-	-	-	107,081
Due to other groups	-	-	-	-	271,883	-	271,883
Long-term debt:							
Bonds payable	-	-	-	-	-	1,720,000	1,720,000
Capital leases	-	-	-	-	-	3,314,499	3,314,499
<b>Total Liabilities</b>	<b><u>413,022</u></b>	<b><u>24,167</u></b>	<b><u>-</u></b>	<b><u>-</u></b>	<b><u>271,883</u></b>	<b><u>5,034,499</u></b>	<b><u>5,743,571</u></b>
<b>FUND EQUITY</b>							
Unreserved							
Designated for debt service	-	-	60,077	-	-	-	60,077
Undesignated	1,965,953	286,443	-	-	-	-	2,252,396
<b>Total fund equity</b>	<b><u>1,965,953</u></b>	<b><u>286,443</u></b>	<b><u>60,077</u></b>	<b><u>-</u></b>	<b><u>-</u></b>	<b><u>-</u></b>	<b><u>2,312,473</u></b>
<b>Total liabilities and fund equity</b>	<b><u>\$ 2,378,975</u></b>	<b><u>\$ 310,610</u></b>	<b><u>\$ 60,077</u></b>	<b><u>\$ -</u></b>	<b><u>\$ 271,883</u></b>	<b><u>\$5,034,499</u></b>	<b><u>\$ 8,056,044</u></b>

The accompanying notes are an integral part of this statement.

MANNFORD SCHOOL DISTRICT NO. I-3  
CREEK COUNTY, OKLAHOMA  
COMBINED STATEMENT OF REVENUES COLLECTED, EXPENDITURES  
PAID, AND CHANGES IN FUND BALANCES  
REGULATORY BASIS - ALL GOVERNMENTAL FUND TYPES  
FOR THE YEAR ENDED JUNE 30, 2013

	<u>General</u>	<u>Special Revenue</u>	<u>Debt Service</u>	<u>Capital Projects</u>	<u>Total (Memorandum Only)</u>
Revenues Collected					
Local Sources	\$ 1,407,542	\$ 181,175	\$ 741,244	\$ -	\$ 2,329,961
Intermediate Sources	232,592	-	-	-	232,592
State Sources	6,919,217	33,686	-	-	6,952,903
Federal Sources	1,180,153	-	-	-	1,180,153
Return of Assets	<u>33,306</u>	<u>16,130</u>	<u>-</u>	<u>-</u>	<u>49,436</u>
Total Revenues Collected	<u>9,772,810</u>	<u>230,991</u>	<u>741,244</u>	<u>-</u>	<u>10,745,045</u>
Expenditures Paid					
Instruction	5,837,655	56,135	-	-	5,893,790
Support Services	3,382,843	281,031	-	-	3,663,874
Non-Instruction Services	568,497	15,968	-	-	584,465
Capital Outlay	-	12,484	-	750,000	762,484
Other Outlays	33,324	1,228	-	-	33,324
Other Uses	5,173	-	-	-	5,173
Repayments	16,710	-	-	-	16,710
Debt Service:					
Principal Retirement	-	-	685,000	-	685,000
Interest and Fiscal Agent Charges	<u>-</u>	<u>-</u>	<u>40,948</u>	<u>-</u>	<u>40,948</u>
Total Expenditures Paid	<u>9,844,202</u>	<u>366,846</u>	<u>725,948</u>	<u>750,000</u>	<u>11,686,996</u>
Excess of Revenues Collected Over (Under) Expenditures Paid	(71,392)	(135,855)	15,296	(750,000)	(941,951)
Adjustments to Prior Year					
Lapsed Appropriations	25,466	685	-	-	26,151
Estopped Warrants	8	-	-	-	8
Other Financing Sources (Uses)					
Proceeds from Bond Sales	<u>-</u>	<u>-</u>	<u>-</u>	<u>750,000</u>	<u>750,000</u>
Excess (Deficiency) of Revenue Collected Over (Under) Expenditures Paid And Other Financing Sources (Uses)	(45,918)	(135,170)	15,296	-	(165,792)
792d Balance, Beginning	<u>2,011,871</u>	<u>421,613</u>	<u>44,781</u>	<u>-</u>	<u>2,478,265</u>
Fund Balance, Ending	<u>\$ 1,965,953</u>	<u>\$ 286,443</u>	<u>\$ 60,077</u>	<u>\$ -</u>	<u>\$ 2,312,473</u>

The accompanying notes are an integral part of this statement.

MANNFORD SCHOOL DISTRICT NO. I-3  
CREEK COUNTY, OKLAHOMA  
COMBINED STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL  
REGULATORY BASIS - BUDGETED GOVERNMENTAL FUND TYPES  
FOR THE YEAR ENDED JUNE 30, 2013

	General Fund			Special Revenue Funds			Debt Service Fund		
	Original Budget	Final Budget	Actual	Original Budget	Final Budget	Actual	Original Budget	Final Budget	Actual
<b>Revenues Collected</b>									
Local Sources	\$1,276,903	\$ 1,276,903	\$ 1,407,542	\$ 168,173	\$ 168,173	\$ 181,175	\$ 688,668	\$ 688,668	\$ 741,244
Intermediate Sources	194,490	194,490	232,592	-	-	-	-	-	-
State Sources	6,476,719	6,476,719	6,919,217	-	-	33,686	-	-	-
Federal Sources	897,576	897,576	1,180,153	-	-	-	-	-	-
Return of Assets	-	-	33,306	-	-	16,130	-	-	-
<b>Total Revenues Collected</b>	<u>8,845,688</u>	<u>8,845,688</u>	<u>9,772,810</u>	<u>168,173</u>	<u>168,173</u>	<u>230,991</u>	<u>688,668</u>	<u>688,668</u>	<u>741,244</u>
<b>Expenditures Paid</b>									
Instruction	10,857,559	10,857,559	5,837,655	4,105	4,105	56,135	-	-	-
Support Services	-	-	3,382,843	585,681	585,681	281,031	-	-	-
Non-Instruction Services	-	-	568,497	-	-	15,968	-	-	-
Capital Outlay	-	-	-	-	-	12,484	-	-	-
Other Outlays	-	-	33,324	-	-	1,228	-	-	-
Other Uses	-	-	5,173	-	-	-	-	-	-
Repayments	-	-	16,710	-	-	-	-	-	-
Debt Service:									
Principal Retirement	-	-	-	-	-	-	685,000	685,000	685,000
Interest and Fiscal Agent Charges	-	-	-	-	-	-	40,948	40,948	40,948
<b>Total Expenditures Paid</b>	<u>10,857,559</u>	<u>10,857,559</u>	<u>9,844,202</u>	<u>589,786</u>	<u>589,786</u>	<u>366,846</u>	<u>725,948</u>	<u>725,948</u>	<u>725,948</u>
<b>Excess of Revenues Collected Over (Under) Expenditures Paid Before Adjustments To Prior Year</b>	<u>(2,011,871)</u>	<u>(2,011,871)</u>	<u>(71,392)</u>	<u>(421,613)</u>	<u>(421,613)</u>	<u>(135,855)</u>	<u>(37,280)</u>	<u>(37,280)</u>	<u>15,296</u>
<b>Adjustments to Prior Year</b>									
Lapsed Appropriations	-	-	25,466	-	-	685	-	-	-
Estopped Warrants	-	-	8	-	-	-	-	-	-
<b>Excess (Deficiency) of Revenue Collected Over (Under) Expenditures Paid And Other Financing Sources (Uses)</b>	<u>(2,011,871)</u>	<u>(2,011,871)</u>	<u>(45,918)</u>	<u>(421,613)</u>	<u>(421,613)</u>	<u>(135,170)</u>	<u>(37,280)</u>	<u>(37,280)</u>	<u>15,296</u>
<b>Fund Balance, Beginning</b>	<u>2,011,871</u>	<u>2,011,871</u>	<u>2,011,871</u>	<u>421,613</u>	<u>421,613</u>	<u>421,613</u>	<u>44,781</u>	<u>44,781</u>	<u>44,781</u>
<b>Fund Balance, Ending</b>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 1,965,953</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 286,443</u>	<u>\$ 7,501</u>	<u>\$ 7,501</u>	<u>\$ 60,077</u>

The accompanying notes are an integral part of this statement.

MANNFORD SCHOOL DISTRICT NO. I-3  
CREEK COUNTY, OKLAHOMA  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2013

1. Summary of Significant Accounting Policies

The basic financial statements of Mannford Public Schools Independent District No. I-3, Creek County, Oklahoma (the District) have been prepared in conformity with an other comprehensive basis of accounting as prescribed by the Oklahoma State Department of Education. The more significant of the District's policies are described below.

A. Reporting entity

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

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

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

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

MANNFORD SCHOOL DISTRICT NO. I-3  
CREEK COUNTY, OKLAHOMA  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2013

B. Fund Accounting and Description of Funds

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

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

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

Governmental Fund Types

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

General Fund

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

Special Revenue Fund

The special revenue fund includes the District's Co-op Fund, Building Fund, and Gifts 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 Gifts Fund derives monies from advertising signs. The Co-op Fund includes money received for certain current expenditures.

Debt Service Fund

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

MANNFORD SCHOOL DISTRICT NO. I-3  
CREEK COUNTY, OKLAHOMA  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2013

Capital Projects Fund

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

Proprietary Fund Types

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

Fiduciary Fund Types

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

Account Groups

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

General Long-Term Debt Account Group

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

General Fixed Asset Account Group

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

MANNFORD SCHOOL DISTRICT NO. I-3  
CREEK COUNTY, OKLAHOMA  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2013

Memorandum Only - Total Column

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

C. Basis of Accounting and Presentation

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

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

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

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

MANNFORD SCHOOL DISTRICT NO. I-3  
CREEK COUNTY, OKLAHOMA  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2013

D. Budgets and Budgetary Accounting

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

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

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

E. Assets, Liabilities, and Fund Equity

Cash and Cash Equivalents

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

Investments

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

Property Tax Revenues

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

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

Inventories

The value of consumable inventories at June 30, 2013 is not known but is not believed to be material to the basic financial statements.

Capital Assets

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

Compensated Absences

Vested or accumulated vacation leave that is expected to be liquidated with expendable available financial resources is reported as an expenditure and a fund liability of the governmental fund that will pay it. There are no amounts of vested or accumulated vacation leave that are not expected to be liquidated with expendable available financial resources.

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

Long-Term Debt

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

Fund Balance

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

MANNFORD SCHOOL DISTRICT NO. I-3  
CREEK COUNTY, OKLAHOMA  
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JUNE 30, 2013

State Revenues

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

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

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

Interfund Transactions

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

All other transactions, except quasi-external transactions and reimbursements, are reported as transfers. Nonrecurring or nonroutine permanent transfers of equity are reported as residual equity transfers. All other interfund transfers are reported as operating transfers. There were no operating transfers or residual equity transfers during fiscal year 2013.

2. Cash and Investments

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

MANNFORD SCHOOL DISTRICT NO. I-3  
CREEK COUNTY, OKLAHOMA  
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JUNE 30, 2013

Deposits and Investments

The District's cash deposits at June 30, 2013, were completely insured or collateralized by federal deposit insurance, direct obligations of the United States Government, or securities held by the District or by its agent in the District's name.

Custodial Credit Risk

Custodial credit risk is the risk that in the event of failure of counterparty, the District will not be able to recover the value of its deposits or investments. Deposits are exposed to custodial credit risk if they are uninsured and uncollateralized. Investment securities are exposed to custodial credit risk if they are uninsured, are not registered in the name of the District, and are held by counterparty or the counterparty's trust department but not in the name of the District. The District's policy requires that all deposits and investments in excess of amounts covered by federal deposit insurance be fully collateralized by the entity holding the deposits or investments. As of June 30, 2013, all of the District's deposits and investments were either covered by federal deposit insurance or were fully collateralized.

Deposits

The District had deposits at financial institutions with a carrying amount of approximately \$3,021,545 at June 30, 2013. The bank balance of the deposits at June 30, 2013 was approximately \$3,021,999 .

Credit Risk

Fixed-income securities are subject to credit risk. However, the District did not have fixed income securities at June 30, 2013.

Interest Rate Risk

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The District's Treasurer and Board of Education monitor the District's investment performance on an ongoing basis to limit the District's interest rate risk. As of June 30, 2013, all of the District's deposits consisted of demand deposits.

3. General Long-Term Debt

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

MANNFORD SCHOOL DISTRICT NO. I-3  
CREEK COUNTY, OKLAHOMA  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2013

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

The following is a summary of the long-term debt transactions of the District for the year ended June 30, 2013:

	Bonds Payable	Capital Lease Obligation	Total
Balance, July 1, 2012	\$ 1,655,000	\$ 3,677,797	\$ 5,332,797
Additions	750,000	-	750,000
Retirements	(685,000)	(363,298)	(1,048,298)
Balance, June 30, 2013	\$ 1,720,000	\$ 3,314,499	\$ 5,034,499

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

	Amount
<u>Outstanding</u>	
Independent School District No. I-3 Building Bonds, Series 2012, original issue \$550,000, interest rate of 15.0% to 2.25%, due in annual installments of \$175,000, final payment of \$175,000 due July 1, 2015.	\$ 420,000
Independent School District No. I-3 Building Bonds, Series 2010, original issue \$575,000, interest rate of 15.0% to 2.25%, due in annual installments of \$175,000, final payment of \$175,000 due July 1, 2015.	350,000
Independent School District No. I-3 Building Bonds, Series 2009, original issue \$800,000, interest rate of 2.0% to 2.2%, due in annual installments of \$200,000, final payment of \$200,000 due July 14, 2012.	200,000
Independent School District No. I-3 Building Bonds, Series 2012, original issue \$750,000, interest rate of 7.0% to 9.0%, \$180,000 due in beginning annual installment, due in annual installments of \$190,000, final payment of \$190,000 due July 1, 2017.	750,000
	\$ 1,720,000

MANNFORD SCHOOL DISTRICT NO. I-3  
 CREEK COUNTY, OKLAHOMA  
 NOTES TO FINANCIAL STATEMENTS  
 JUNE 30, 2013

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

<u>Year Ending June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2014	\$ -	\$ -	\$ -
2015	695,000	11,558	706,558
2016	505,000	8,155	513,155
2017	330,000	4,950	334,950
2018	190,000	3,420	193,420
Total	<u>\$ 1,720,000</u>	<u>\$ 28,083</u>	<u>\$ 1,748,083</u>

Interest expense on bonds paid during the current year totaled \$40,948.

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

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

<u>Year ending June 30</u>	<u>Building</u>	<u>Equipment</u>	<u>Total</u>
2014	\$ 134,209	\$ 870,000	\$ 1,004,209
2015	134,209	815,000	949,209
2016	134,209	725,000	859,209
2017	<u>140,170</u>	<u>725,000</u>	<u>865,170</u>
Total minimum lease payments	542,797	3,135,000	3,677,797
Less: Amount representing interest	<u>50,426</u>	<u>312,872</u>	<u>363,298</u>
Present value of future minimum lease payments	<u>\$ 492,371</u>	<u>\$ 2,822,128</u>	<u>\$ 3,314,499</u>

**4. Employee Retirement System**

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

MANNFORD SCHOOL DISTRICT NO. I-3  
CREEK COUNTY, OKLAHOMA  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2013

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

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

Ten-year historical trend information is presented in the Teacher's Retirement System of Oklahoma Annual Report for the year ended June 30, 2013. This information is useful in assessing the pension plan's accumulation of sufficient assets to pay pension benefits as they become due. The annual report may be obtained by writing to Oklahoma Teacher's Retirement System, PO Box 53524, Oklahoma City, OK, 73152 or by calling 405-521-2387.

The Districts total contributions for 2013, 2012, and 2011 were \$578,522, \$506,527, and \$502,052 respectively.

MANNFORD SCHOOL DISTRICT NO. I-3  
CREEK COUNTY, OKLAHOMA  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2013

5. Contingencies

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

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

6. Risk Management

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

7. Subsequent Events

The District has considered subsequent events through February 11, 2013, the date which the financial statements were available for release. The District is not aware of any items which need to be disclosed during that period.

MANNFORD SCHOOL DISTRICT NO. I-3  
CREEK COUNTY, OKLAHOMA  
COMBINING STATEMENT OF ASSETS, LIABILITIES, AND CASH FUND BALANCES  
REGULATORY BASIS - ALL SPECIAL REVENUE FUNDS  
JUNE 30, 2013

	<u>Co-op Fund</u>	<u>Building Fund</u>	<u>Total</u>
<b>ASSETS</b>			
Cash and Cash Equivalents	\$ 1,897	\$ 308,713	\$ 310,610
<b>Total Assets</b>	<u>\$ 1,897</u>	<u>\$ 308,713</u>	<u>\$ 310,610</u>
<b>LIABILITIES AND FUND EQUITY</b>			
<b>Liabilities:</b>			
Warrants Payable	\$ 1,897	\$ 8,418	\$ 10,315
Encumbrances	<u>-</u>	<u>13,852</u>	<u>13,852</u>
<b>Total Liabilities</b>	<u>1,897</u>	<u>22,270</u>	<u>24,167</u>
<b>Fund Equity:</b>			
Unreserved Undesignated	<u>-</u>	<u>286,443</u>	<u>286,443</u>
<b>Total Fund Equity</b>	<u>-</u>	<u>286,443</u>	<u>286,443</u>
<b>Total Liabilities and Fund Equity</b>	<u>\$ 1,897</u>	<u>\$ 308,713</u>	<u>\$ 310,610</u>

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

MANNFORD SCHOOL DISTRICT NO. I-3  
CREEK COUNTY, OKLAHOMA  
COMBINING STATEMENT OF REVENUES COLLECTED,  
EXPENDITURES PAID, AND CHANGES IN FUND BALANCES  
REGULATORY BASIS - ALL SPECIAL REVENUE FUNDS  
JUNE 30, 2013

	<u>Co-op</u> <u>Fund</u>	<u>Building</u> <u>Fund</u>	<u>Total</u>
<b>Revenues Collected</b>			
Local Sources	\$ -	\$ 181,175	\$ 181,175
State Sources	33,686	-	33,686
Return of Assets	<u>14,902</u>	<u>1,228</u>	<u>16,130</u>
<b>Total Revenues</b>	<u>48,588</u>	<u>182,403</u>	<u>230,991</u>
<b>Expenditures Paid</b>			
Instruction	52,693	3,442	56,135
Support Services	-	281,031	281,031
Non-Instruction	-	15,968	15,968
Capital Outlay	-	12,484	12,484
Other Outlay	<u>-</u>	<u>1,228</u>	<u>1,228</u>
<b>Total Expenditures Paid</b>	<u>52,693</u>	<u>314,153</u>	<u>366,846</u>
<b>Excess of Revenues Over (Under)</b>			
Expenditures Before			
Adjustments to Prior Year	(4,105)	(131,750)	(135,855)
<b>Adjustments to Prior Year</b>			
Lapsed Appropriations	<u>-</u>	<u>685</u>	<u>685</u>
<b>Total Adjustments to Prior Year</b>	<u>-</u>	<u>685</u>	<u>685</u>
<b>Excess of Revenues and Other</b>			
Sources Over (Under)			
Expenditures and Other			
Financing Sources (Uses)	(4,105)	(131,065)	(135,170)
<b>Fund Balance - Beginning of Year</b>	<u>4,105</u>	<u>417,508</u>	<u>421,613</u>
<b>Fund Balance - Ending of Year</b>	<u>\$ -</u>	<u>\$ 286,443</u>	<u>\$ 286,443</u>

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

MANNFORD SCHOOL DISTRICT NO. I-3  
CREEK COUNTY, OKLAHOMA  
COMBINING STATEMENT OF REVENUES COLLECTED, EXPENDITURES PAID  
AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL  
REGULATORY BASIS - SPECIAL REVENUE FUNDS  
FOR THE YEAR ENDED JUNE 30, 2013

	Co-op Fund			Building Fund			Total		
	Original Budget	Final Budget	Actual	Original Budget	Final Budget	Actual	Original Budget	Final Budget	Actual
Revenue Collected:									
Local Sources	\$ -	\$ -	\$ -	\$168,173	\$168,173	\$181,175	\$168,173	\$168,173	\$181,175
State Sources	-	-	33,686	-	-	-	-	-	33,686
Return of Assets	-	-	14,902	-	-	1,228	-	-	16,130
Total Revenue Collected	-	-	48,588	168,173	168,173	182,403	168,173	168,173	230,991
Expenditures Paid:									
Instruction	4,105	4,105	52,693	-	-	3,442	4,105	4,105	56,135
Support Services	-	-	-	585,681	585,681	281,031	585,681	585,681	281,031
Non-Instruction	-	-	-	-	-	15,968	-	-	15,968
Capital Outlay	-	-	-	-	-	12,484	-	-	12,484
Other Outlay	-	-	-	-	-	1,228	-	-	1,228
Total Expenditures Paid	4,105	4,105	52,693	585,681	585,681	314,153	589,786	589,786	366,846
Excess of Revenue Over (Under)									
Expenditures Before Adjustments to Prior Year	(4,105)	(4,105)	(4,105)	(417,508)	(417,508)	(131,750)	(421,613)	(421,613)	(135,855)
Adjustments to Prior Year									
Lapsed Appropriations	-	-	-	-	-	685	-	-	685
Total Adjustments to Prior Year	-	-	-	-	-	685	-	-	685
Excess of Revenue and Other Sources Over (Under) Expenditures and Other Financing Sources (Uses)	(4,105)	(4,105)	(4,105)	(417,508)	(417,508)	(131,065)	(421,613)	(421,613)	(135,170)
Fund Balance - Beginning	4,105	4,105	4,105	417,508	417,508	417,508	421,613	421,613	421,613
Fund Balance - Ending	\$ 0	\$ 0	\$ -	\$ 0	\$ 0	\$286,443	\$ 0	\$ 0	\$286,443

MANNFORD SCHOOL DISTRICT NO. I-3  
CREEK COUNTY, OKLAHOMA  
COMBINING STATEMENT OF ASSETS, LIABILITIES AND FUND EQUITY  
REGULATORY FUNDS - ALL AGENCY FUNDS  
JUNE 30, 2013

	Agency Fund Activity Funds	Total
<b>ASSETS</b>		
Cash and Cash Equivalents	\$ 271,883	\$ 271,883
<b>Total Assets</b>	<u>\$ 271,883</u>	<u>\$ 271,883</u>
<b>LIABILITIES AND FUND EQUITY</b>		
<b>Liabilities:</b>		
Due to Others	\$ 271,883	\$ 271,883
<b>Total Liabilities</b>	<u>271,883</u>	<u>271,883</u>
<b>Fund Equity:</b>		
Unreserved/Undesignated	<u>-</u>	<u>-</u>
<b>Total Liabilities and Fund Equity</b>	<u>\$ 271,883</u>	<u>\$ 271,883</u>

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

MANNFORD SCHOOL DISTRICT NO. I-3  
CREEK COUNTY, OKLAHOMA  
COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES  
REGULATORY BASIS - ACTIVITY FUND - HIGH SCHOOL  
JUNE 30, 2013

	<u>July 1, 2012</u>	<u>Additions</u>	<u>Deletions</u>	<u>June 30, 2013</u>
ANNUAL	\$ 3,478	\$ 11,510	\$ 12,143	\$ 2,845
ART	413	1,170	1,153	430
ATHLETICS	31,854	81,792	95,351	18,295
GREENHOUSE	418	0	0	418
B BANFIELD RESALE	1,383	1,595	2,978	0
M BANFIELD RESALE	144	0	0	144
BAND	385	23,062	21,831	1,616
EARLY CHILDHOOD CENTER	6,340	18,367	18,913	5,794
BAND RESALE	0	539	0	539
CONCESSION	1,195	32,391	32,864	722
CLASS OF 2013	6,149	515	2,205	4,459
CLASS OF 2014	911	8,099	5,465	3,545
CLASS OF 2015	620	179	345	454
CLASS OF 2016	857	60	0	917
ELEMENTARY	7,405	18,192	15,776	9,821
FCA	26	0	0	26
FFA	2,108	73,175	72,996	2,287
E01 FUNDRAISER	1,075	19,220	16,645	3,650
RELIEF FUND	806	43,980	43,814	972
GENERAL FUND	0	0	0	0
GENERAL FUND REFUND	0	8,534	1,027	7,507
H.S. CHEERLEADERS	5,928	34,887	38,361	2,454
H.S. LIBRARY	8,242	5,738	7,185	6,795
H.S. STUDENT COUNCIL	2,685	6,461	6,770	2,376
INTEREST	34,235	1,002	205	35,032
GIRLS BASKETBALL FUNDS	1,372	4,701	2,741	3,332
EMPLOYEE RELIEF FUND	0	3,433	3,433	0
MIDDLE SCHOOL	15,502	8,781	10,959	13,324
MIDDLE SCHOOL LIBRARY	556	1,157	1,311	402
MIDDLE SCHOOL CHEERLEADING	3,409	4,099	4,374	3,134
M.S. STUDENT COUNCIL	5,324	4,703	4,506	5,521
NATIONAL HONOR SOCIETY	1,400	12,232	12,352	1,280
BOYS BASKETBALL	136	1,691	768	1,059
SADD	941	615	1,059	497
SCIENCE CLUB	986	776	1,206	556
SPANISH CLUB	289	499	669	119
SPECIAL OLYMPICS	74	0	0	74
MOTIVATIONAL READING	147	0	0	147
CHOIR	582	3,926	2,907	1,601
SIVIDON RESALE	10	0	0	10
LEADERSHIP COUNCIL	522	198	223	497
FRESHMEN EXPERIENCE	539	0	530	9
ELEMENTARY MEDIA	2,873	11,229	9,987	4,115

MANNFORD SCHOOL DISTRICT NO. I-3  
CREEK COUNTY, OKLAHOMA  
COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES  
REGULATORY BASIS - ACTIVITY FUND - CONTINUED  
JUNE 30, 2013

	<u>July 1, 2012</u>	<u>Additions</u>	<u>Deletions</u>	<u>June 30, 2013</u>
ACADEMIC TEAMS	\$ 258	\$ 0	\$ 0	\$ 258
H.S. TEACHERS LOUNGE	3,502	838	849	3,491
9 <sup>TH</sup> GRADE CHEERLEADERS	63	0	0	63
MHS COMMUNITY SCHOLAR	3,796	0	750	3,046
WRESTLING	4,774	5,370	8,044	2,100
SMITH RESALE	44	0	0	44
COOP LIFE SKILLS	5,067	0	2,290	2,777
H.S. ACTIVITY ACCOUNT	16,105	5,604	10,978	10,731
WRESTLING RESALE	0	560	560	0
SOFTBALL	781	2,319	480	2,620
CONTEST SPEECH	86	2,252	2,292	46
SPIRIT CLUB	0	1,840	1,444	396
BASEBALL FUNDRAISER	3,198	7,671	7,471	3,398
FOOTBALL FUNDRAISER	4,032	24,329	16,551	11,810
FUTURE MEDICAL PROOF	0	0	0	0
ALTERNATIVE EDUCATION	290	339	232	397
PEPSI	40,154	15,618	26,060	29,712
UPPER ELEMENTARY	14,739	21,038	16,651	19,126
LANDRUM RESALE	0	0	0	0
SCOTT RESALE	41	0	0	41
SCHOLARSHIPS	21,496	0	500	20,996
MATH CLUB	4,746	11,547	8,407	7,886
BANFIELD RESALE	19	220	220	19
BUSINESS & TECHNOLOGY	95	0	0	95
M.S. ART	250	160	75	335
GIRLS SOCCER	3,271	20,197	17,952	5,516
MANNFORD TRACK	205	152	152	205
	<u>205</u>	<u>152</u>	<u>152</u>	<u>205</u>
TOTAL HIGH SCHOOL	<u>\$ 278,331</u>	<u>\$ 568,562</u>	<u>\$ 575,010</u>	<u>\$ 271,883</u>

MANNFORD SCHOOL DISTRICT NO. I-3  
CREEK COUNTY, OKLAHOMA  
SCHEDULE OF FEDERAL AWARDS EXPENDED  
FOR THE YEAR ENDED JUNE 30, 2013

<u>Federal Grantor/Pass Through Grantor/Program Title</u>	<u>Federal Grantor's CFDA#</u>	<u>Approved Number</u>	<u>Amount</u>	<u>Balance at July1,2012</u>	<u>Receipts</u>	<u>Expenditures*</u>	<u>Balance at June30,2013</u>
U.S. Department of Education							
Direct Programs							
Impact Aid	84.041		\$ -	\$ -	\$ 27,634	\$ -	\$ -
Title VII	84.060		-	-	255,643	70,999	-
Total Direct			-	-	283,277	70,999	-
Passed Through State							
Dept. of Educ.							
Title 1/Basic	84.010		-	-	300,647	296,645	-
Flow Through PL Part B	84.027		-	-	111,120	287,901	-
Preschool Ages 3-5	84.173		-	-	2,154	7,962	-
Title II, Part A	84.367		-	-	57,629	39,286	-
Head Start Funds to School	93.600		-	-	3,720	-	-
Total Passed Through State Dept. of Educ.			-	-	475,270	631,794	-
Passed Through State Dept. of Career and Tech. Educ.							
Vocational Education	84.048		-	-	14,980	11,377	-
Total U.S. Dept. Of Education			-	-	773,527	714,170	-
U.S. Dept of Interior Passed Through Muskogee Creek Nation Indian Education							
Indian Education	15.130		-	-	8,767	9,029	-
U.S. Dept of Health & Human Services Passed Through Okla. Health Care Authority							
Medical Assistance Program	93.778		-	-	55	-	-
Flood Control	12.112		-	-	178	-	-
U.S. Dept Of Agriculture Passed Through State Dept. of Education							
School Breakfast Program	10.553		-	-	92,626*	92,626*	-
School Lunch Program	10.555		-	-	305,000*	305,000*	-
Passed Through State Dept. Of Human Services							
Commodities	10.550		-	-	28,588*	28,588*	-
Total U.S. Dept. Of Agriculture			-	-	426,214	426,214	-
Total Expenditures of Federal Awards			\$ -	\$ -	\$1,208,741	\$ 1,149,413	\$ -

MANNFORD SCHOOL DISTRICT NO. I-3  
CREEK COUNTY, OKLAHOMA  
SCHEDULE OF FEDERAL AWARDS EXPENDED  
FOR THE YEAR ENDED JUNE 30, 2013

Note 1 - \* Represents federal share of expenditures only.

Note 2 - Commodities received in the amount of \$28,588 were of a nonmonetary nature and therefore the total revenue does not agree with the financial statements by this amount.

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

The accompanying notes are an integral part of this statement.

MANNFORD SCHOOL DISTRICT NO. I-3  
CREEK COUNTY, OKLAHOMA  
STATEMENT OF STATUTORY, FIDELITY, AND HONESTY BONDS  
FOR THE YEAR ENDED JUNE 30, 2013

<u>Bond Type</u>	<u>Bonding Company</u>	<u>Bond Number</u>	<u>Amount</u>	<u>Effective Date</u>
Surety/Position	Ohio Casualty	5081371	\$ 100,000	07/01/12 - 06/30/13

The surety covers all positions required to be bonded at \$100,000 each.

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  
Mannford School District No. I-3  
Creek County  
Mannford, Oklahoma

I 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 Government Auditing Standards issued by the Comptroller General of the United States, the accompanying basic financial statements - regulatory basis of the governmental activities, each major fund, and the aggregate remaining fund information of Mannford School District No. I-3, Creek County, Oklahoma (District) as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the District's financial statements, and have issued my report thereon dated February 10, 2014 which was adverse with respect to the presentation of the financial statements in conformity with accounting principles generally accepted in the United States of America because the presentation followed the regulatory basis of accounting for Oklahoma school districts and did not conform to the presentation requirements of the Governmental Accounting Standards Board. The report did not include the General Fixed Assets Account Group.

Internal Control Over Financial Reporting

In planning and performing my audit, I considered the District's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing my opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control over financial reporting. Accordingly, I do not express an opinion on the effectiveness of the District's internal control over financial reporting.

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

My consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be deficiencies, significant deficiencies or material weaknesses. Given these limitations, during my audit I did not identify any deficiencies in internal control that I 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 the District's financial statements are free of material misstatement, I performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of my audit, and accordingly, I do not express such an opinion. The results of my tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of my testing of internal control 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.

Sincerely,

*Ralph Osborn*

Ralph Osborn  
Certified Public Accountant  
Bristow, Oklahoma  
February 10, 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 Honorable Board of Education  
Independent School District No. I-3  
Mannford, Creek County, Oklahoma

Report on Compliance for Each Major Federal Program

I have audited Mannford School District No. I-3, Creek County, Oklahoma (the District) compliance with the types of compliance requirements described in the OMB Circular A-133 Compliance Supplement that could have a direct and material effect on each of the District's major federal programs for the year ended June 30, 2013. The District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned cost.

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

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

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

Opinion on Each Major Federal Program

In my opinion, Independent School District No. I-3, Creek 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 Independent School District No. I-3, Creek County, Oklahoma is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing my audit of compliance, I considered the District's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, I do not express an opinion on the effectiveness Independent School District No. I-3, Creek 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 the type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. 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.

My 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. I did not identify any deficiencies in internal control over compliance that I consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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

*Ralph Osborn*

Ralph Osborn  
Certified Public Accountant  
Bristow, Oklahoma  
February 10, 2014

MANNFORD SCHOOL DISTRICT NO. I-3  
 CREEK COUNTY, OKLAHOMA  
 SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
 FOR THE YEAR ENDED JUNE 30, 2013

Section I - SUMMARY OF AUDITOR'S RESULTS

Financial Statements

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

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

Federal Awards

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

Type of auditor's report issued on compliance to 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(s)</u>	<u>Name of Federal Program or Cluster</u>
84.010	Title I
84.027	Flow Through Part B

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

Auditee qualified as low-risk auditee? \_\_\_ Yes X No

Section II - FINANCIAL STATEMENT FINDINGS

There were no items noted.

Section III - FEDERAL AWARD PROGRAM FINDINGS

There were no items noted.

MANNFORD SCHOOL DISTRICT NO. I-3  
CREEK COUNTY, OKLAHOMA  
STATUS OF PRIOR AUDIT FINDINGS  
FOR THE YEAR ENDED JUNE 30, 2013

No items were reported in the prior audit.

MANNFORD SCHOOL DISTRICT NO. I-3  
CREEK COUNTY, OKLAHOMA  
SCHEDULE OF ACCOUNTANT'S PROFESSIONAL LIABILITY INSURANCE AFFIDAVIT  
JULY 1, 2012 TO JUNE 30, 2013

State of Oklahoma     )  
County of Creek        )

The undersigned auditing firm of lawful age, being first duly sworn on oath, says that firm had in full force and effect Accountant's Professional Liability Insurance in accordance with the "Oklahoma Public School Audit Law" at the time of audit contract and during the entire audit engagement with Mannford School District No. I-3 for the audit year 2012-2013.

Ralph Osborn, CPA  
Auditing Firm  
*Ralph Osborn*  
By \_\_\_\_\_  
Authorized Agent

Subscribed and sworn to before me  
on this 10<sup>th</sup> day of February, 2014.



*Christie Williams*  
Notary Public

My commission expires on:  
20<sup>th</sup> day of April, 2016  
My commission number:  
12003834