

**MAUD INDEPENDENT SCHOOL DISTRICT NO. I-117,  
POTTAWATOMIE COUNTY, OKLAHOMA**

**FINANCIAL STATEMENTS – REGULATORY BASIS  
AND REPORTS OF INDEPENDENT AUDITOR**

**JUNE 30, 2012**

Audited by

**SANDERS, BLEDSOE & HEWETT  
CERTIFIED PUBLIC ACCOUNTANTS, LLP**

Broken Arrow, Oklahoma

INDEPENDENT SCHOOL DISTRICT NO. I-117, POTTAWATOMIE COUNTY  
SCHOOL DISTRICT OFFICIALS  
JUNE 30, 2012

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INDEPENDENT SCHOOL DISTRICT NO. I-117, POTTAWATOMIE COUNTY  
JUNE 30, 2012

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JUNE 30, 2012

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# SANDERS, BLEDSOE & HEWETT

CERTIFIED PUBLIC ACCOUNTANTS, LLP

## INDEPENDENT AUDITOR'S REPORT

The Honorable Board of Education  
Maud School District No. I-117  
Maud, Oklahoma

We have audited the accompanying fund type and account group financial statements of Maud School District No. I-117 (the District), Pottawatomie County, Oklahoma, as listed in the table of contents as combined financial statements, as of and for the year ended June 30, 2012. These financial statements are the responsibility of the District's management. Our responsibility is to express an opinion 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 combined financial statements – regulatory basis are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the combined financial statements – regulatory basis. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall combined financial statement – regulatory basis presentation. We believe that our audit provides a reasonable basis for our opinion.

As discussed in Note 1, these financial statements were prepared using accounting practices prescribed or permitted by the Oklahoma State Department of Education, which practices differ from accounting principles generally accepted in the United States of America. The effect 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.

Also as discussed in Note 1, the combined financial statements – regulatory basis referred to above do not include the general fixed assets account group. The amount that should be recorded in the general fixed assets account group is not known. If the general fixed assets account group had been included, the amount of the adjustments to the combined financial statements – regulatory basis is not known.

In our opinion, because of the effects of the matter discussed in the third paragraph, the combined financial statements – regulatory basis referred to in the first paragraph do not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of the District, as of June 30, 2012, or the results of its operations for the year then ended.

However, in our opinion, except for the omission of the general fixed assets account group as discussed in the fourth paragraph, the financial statements referred to above present fairly, in all material respects, the assets, liabilities, and equity arising from regulatory basis transactions of each fund type and account group of the District, as of June 30, 2012, and the revenues collected, expenditure paid/expenses, and cash flows of each fund type, where applicable, for the year then ended on the regulatory basis of accounting described in Note 1.

In accordance with *Government Auditing Standards*, we have also issued our report dated November 2, 2012, on our consideration of the District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, grants and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and important for assessing the results of our audit.

Our audit was performed for the purpose of forming an opinion on the combined financial statements – regulatory basis which collectively comprise the District's combined financial statements – regulatory basis. The combining fund statements schedules and other schedules are presented for purposes of additional analysis and are not a required part of the combined financial statements – regulatory basis. The combining fund statements schedules and other schedules have been subjected to the auditing procedures applied in the audit of the combined financial statements – regulatory basis and, in our opinion, are fairly stated, in all material respects, in relation to the combined financial statements – regulatory basis taken as a whole.



Sanders, Bledsoe & Hewett  
Certified Public Accountants, LLP

November 2, 2012



# SANDERS, BLEDSOE & HEWETT

CERTIFIED PUBLIC ACCOUNTANTS, LLP

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

The Honorable Board of Education  
Maud School District No. I-117  
Maud, Oklahoma

We have audited the combined financial statements – regulatory basis of Maud School District (the District) No. I-117, Maud, Oklahoma, as of and for the year ended June 30, 2012, which, except for the omission of the general fixed assets account group, have been prepared on a basis prescribed by the Oklahoma State Department of Education and have issued our report thereon dated November 2, 2012. We conducted our audit in accordance with auditing standards generally accepted in the United States, 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 the District's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our 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, we 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 a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

### Compliance and Other Matters

As part of obtaining reasonable assurance about whether the District'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 no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

This report is intended solely for the information and use of management and is not intended to be, and should not be, used by anyone other than these specified parties.



Sanders, Bledsoe & Hewett  
Certified Public Accountants, LLP

November 2, 2012



INDEPENDENT SCHOOL DISTRICT NO. I-117, POTTAWATOMIE COUNTY  
DISPOSITION OF PRIOR YEAR'S REPORTABLE CONDITIONS  
AND MATERIAL INSTANCES OF NON-COMPLIANCE  
JUNE 30, 2012

There were no prior year reportable conditions.

INDEPENDENT SCHOOL DISTRICT NO. I-117, POTTAWATOMIE COUNTY  
SCHEDULE OF AUDIT RESULTS, FINDINGS AND QUESTIONED COSTS  
JUNE 30, 2012

**Section 1** – Summary of Auditor’s Results:

1. A qualified opinion was issued on the financial statements with respect to the regulatory basis of accounting prescribed.
2. The audit disclosed no significant deficiencies in the internal controls over financial reporting.
3. The audit disclosed no instances of noncompliance which are material to the financial statements.

**Section 2** – Findings relating to the financial statements required to be reported in accordance with GAGAS:

NONE

INDEPENDENT SCHOOL DISTRICT NO. I-117, POTTAWATOMIE COUNTY  
 COMBINED STATEMENT OF ASSETS, LIABILITIES AND FUND EQUITY -  
 ALL FUND TYPES AND ACCOUNT GROUPS - REGULATORY BASIS  
 JUNE 30, 2012

	GOVERNMENTAL FUND TYPES				FIDUCIARY FUND TYPES	ACCOUNT GROUP	TOTALS (MEMORANDUM ONLY)
	GENERAL	SPECIAL REVENUE	DEBT SERVICE	CAPITAL PROJECTS	EXPENDABLE TRUST AND AGENCY FUNDS	GENERAL LONG-TERM DEBT	
<u>ASSETS</u>							
Cash	\$ 717,760	(4,799)	4,425	107,231	40,788		865,405
Investments	105,066	45,465			25,962		176,493
Amounts available in debt service						4,425	4,425
Amount to be provided for retirement of long-term debt						545,575	545,575
<b>Total Assets</b>	<b>\$ 822,826</b>	<b>40,666</b>	<b>0</b>	<b>107,231</b>	<b>66,750</b>	<b>550,000</b>	<b>1,591,898</b>
<u>LIABILITIES AND FUND EQUITY</u>							
Liabilities:							
Warrants payable	\$ 319,144	3,714		339			323,197
Encumbrances	54,461			38,361			92,822
Funds held for school organizations					53,500		53,500
Long-term debt:							
Bonds payable						550,000	550,000
<b>Total liabilities</b>	<b>373,605</b>	<b>3,714</b>	<b>0</b>	<b>38,700</b>	<b>53,500</b>	<b>550,000</b>	<b>1,019,519</b>
Fund Equity:							
Cash fund balances	449,221	36,952	4,425	68,531	13,250	0	572,379
<b>Total Liabilities and Fund Equity</b>	<b>\$ 822,826</b>	<b>40,666</b>	<b>0</b>	<b>107,231</b>	<b>66,750</b>	<b>550,000</b>	<b>1,591,898</b>

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

INDEPENDENT SCHOOL DISTRICT NO. I-117, POTTAWATOMIE COUNTY  
 COMBINED STATEMENT OF REVENUES COLLECTED, EXPENDITURES AND CHANGES IN CASH FUND BALANCES  
 - ALL GOVERNMENTAL FUND TYPES AND EXPENDABLE TRUSTS - REGULATORY BASIS  
 FOR THE YEAR ENDED JUNE 30, 2012

	GOVERNMENTAL FUND TYPES				FIDUCIARY FUND TYPES	TOTALS (MEMORANDUM ONLY)
	GENERAL	SPECIAL REVENUE	DEBT SERVICE	CAPITAL PROJECTS	EXPENDABLE TRUSTS	
Revenues Collected:						
Local sources	\$ 249,515	29,086	4,054		3,000	285,655
Intermediate sources	33,833					33,833
State sources	1,690,441	8				1,690,449
Federal sources	392,022	9,164				401,186
Interest earnings	469	2,538	371		70	3,448
Non-revenue receipts	7,370					7,370
Total revenues collected	<u>2,373,650</u>	<u>40,796</u>	<u>4,425</u>	<u>0</u>	<u>3,070</u>	<u>2,421,941</u>
Expenditures:						
Instruction	1,209,178					1,209,178
Support services	883,368	50,804		161,439		1,095,611
Operation of non-instructional services	230,061	2,929				232,990
Facilities acquisition and construction services	13,117	1,826		320,030		334,973
Other outlays:						
Reimbursement	576					576
Other uses	15				3,500	3,515
Bank fees and cash charges	46					46
Total expenditures	<u>2,336,361</u>	<u>55,559</u>	<u>0</u>	<u>481,469</u>	<u>3,500</u>	<u>2,876,889</u>
Excess of revenues collected over (under) expenditures before other financing sources (uses)	37,289	(14,763)	4,425	(481,469)	(430)	(454,948)
Other financing sources (uses):						
Adjustments to prior year unmatured interest			(275)			(275)
Adjustments to prior year encumbrances	14,498					14,498
Bond sale proceeds				550,000		550,000
Total other financing sources (uses)	<u>14,498</u>	<u>0</u>	<u>(275)</u>	<u>550,000</u>	<u>0</u>	<u>564,223</u>
Excess of revenues collected and other financing sources over (under) expenditures	51,787	(14,763)	4,150	68,531	(430)	109,275
Cash fund balances, beginning of year	<u>397,434</u>	<u>51,715</u>	<u>275</u>	<u>0</u>	<u>13,680</u>	<u>463,104</u>
Cash fund balances, end of year	<u>\$ 449,221</u>	<u>36,952</u>	<u>4,425</u>	<u>68,531</u>	<u>13,250</u>	<u>572,379</u>

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

INDEPENDENT SCHOOL DISTRICT NO. I-117, POTTAWATOMIE COUNTY  
 COMBINED STATEMENT OF REVENUES COLLECTED, EXPENDITURES AND  
 CHANGES IN CASH FUND BALANCES - BUDGET AND ACTUAL -  
 BUDGETED GOVERNMENTAL FUND TYPES - REGULATORY BASIS  
 FOR THE YEAR ENDED JUNE 30, 2012

	GENERAL FUND			
	Original/Final Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
Revenues Collected:				
Local sources	\$ 208,399	208,399	249,515	41,116
Intermediate sources	32,755	32,755	33,833	1,078
State sources	1,672,047	1,695,454	1,690,441	18,394
Federal sources	245,146	321,984	392,022	146,876
Interest earnings			469	469
Non-revenue receipts	14,242	14,242	7,370	(6,872)
Total revenues collected	2,172,589	2,272,834	2,373,650	201,061
Expenditures:				
Instruction	1,311,715	1,411,960	1,209,178	102,537
Support services	950,118	950,118	883,368	66,750
Operation of non-instructional services	240,280	240,280	230,061	10,219
Facilities acquisition & construction services:	13,117	13,117	13,117	
Other outlays:				
Reimbursement	1,000	1,000	576	424
Clearing account	10,000	10,000		10,000
Other uses	43,684	43,684	15	43,669
Repayments	109	109		109
Bank fees and cash charges			46	(46)
Total expenditures	2,570,023	2,670,268	2,336,361	233,662
Excess of revenues collected over (under) expenditures before adjustments to prior year encumbrances	(397,434)	(397,434)	37,289	434,723
Adjustments to prior year encumbrances	0	0	14,498	14,498
Excess of revenue collected over (under) expenditures	(397,434)	(397,434)	51,787	449,221
Cash fund balance, beginning of year	397,434	397,434	397,434	0
Cash fund balance, end of year	\$ 0	0	449,221	449,221

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

INDEPENDENT SCHOOL DISTRICT NO. I-117, POTTAWATOMIE COUNTY  
 COMBINED STATEMENT OF REVENUES COLLECTED, EXPENDITURES AND  
 CHANGES IN CASH FUND BALANCES - BUDGET AND ACTUAL -  
 BUDGETED GOVERNMENTAL FUND TYPES - REGULATORY BASIS  
 FOR THE YEAR ENDED JUNE 30, 2012

	SPECIAL REVENUE FUND (BUILDING)		
	Original/Final Budget	Actual	Variance Favorable (Unfavorable)
Revenues Collected:			
Local sources	\$ 26,725	29,086	2,361
State sources		8	8
Federal sources		9,164	9,164
Interest earnings		2,538	2,538
Non-revenue receipts	2,033		(2,033)
Total revenues collected	28,758	40,796	12,038
Expenditures:			
Support services	75,718	50,804	24,914
Operation of non-instruction services	2,929	2,929	
Facilities acquisition and construction services	1,826	1,826	
Total expenditures	80,473	55,559	24,914
Excess of revenue collected over (under) expenditures	(51,715)	(14,763)	36,952
Cash fund balance, beginning of year	51,715	51,715	0
Cash fund balance, end of year	\$ 0	36,952	36,952

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

INDEPENDENT SCHOOL DISTRICT NO. I-117, POTTAWATOMIE COUNTY  
 COMBINED STATEMENT OF REVENUES COLLECTED, EXPENDITURES AND  
 CHANGES IN CASH FUND BALANCES - BUDGET AND ACTUAL -  
 BUDGETED GOVERNMENTAL FUND TYPES - REGULATORY BASIS  
 FOR THE YEAR ENDED JUNE 30, 2012

	DEBT SERVICE FUND		
	Original/Final Budget	Actual	Variance Favorable (Unfavorable)
Revenues Collected:			
Local sources	\$	4,054	4,054
Interest earnings		371	371
Total revenues collected	<u>0</u>	<u>4,425</u>	<u>4,425</u>
Requirements	<u>0</u>	<u>0</u>	<u>0</u>
Excess of revenues collected over (under) expenditures before adjustments to prior year	0	4,425	4,425
Adjustments prior year unmatured interest	<u>(275)</u>	<u>(275)</u>	<u>0</u>
Excess of revenues collected over (under) expenditures before	(275)	4,150	4,425
Cash fund balance, beginning of year	<u>275</u>	<u>275</u>	<u>0</u>
Cash fund balance, end of year	<u>\$ 0</u>	<u>4,425</u>	<u>4,425</u>

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

INDEPENDENT SCHOOL DISTRICT NO. I-117, POTTAWATOMIE COUNTY  
NOTES TO THE COMBINED FINANCIAL STATEMENTS – REGULATORY BASIS  
FOR THE YEAR ENDED JUNE 30, 2012

**Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The combined financial statements – regulatory basis of the Maud Public Schools Independent District No. I-117 (the “District”) have been prepared in conformity with another comprehensive basis of accounting required by Oklahoma Statutes. The more significant of the District’s accounting policies are described below.

A. 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 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.



INDEPENDENT SCHOOL DISTRICT NO. I-117, POTTAWATOMIE COUNTY  
NOTES TO THE COMBINED FINANCIAL STATEMENTS – REGULATORY BASIS  
FOR THE YEAR ENDED JUNE 30, 2012

**Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – cont'd**

**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 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 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 Funds – Special revenue funds include the District’s building, co-op and child nutrition funds. The District did not maintain the co-op fund or the child nutrition fund during the 2011-12 fiscal year.

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

INDEPENDENT SCHOOL DISTRICT NO. I-117, POTTAWATOMIE COUNTY  
NOTES TO THE COMBINED FINANCIAL STATEMENTS – REGULATORY BASIS  
FOR THE YEAR ENDED JUNE 30, 2012

**Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – cont'd**

B. Fund Accounting - cont'd

Co-op Fund – The co-op fund is established when the boards of education of two or more school districts enter into cooperative agreements and maintain joint programs. The revenues necessary to operate a cooperative program can come from federal, state, or local sources, including the individual contributions of participating school districts. The expenditures for this fund would consist of those necessary to operate and maintain the joint programs.

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

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 (including judgments) debt principal, interest and related costs. The primary revenue sources are local property taxes levied specifically for debt service and interest earnings from temporary investments.

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.

**Fiduciary Fund Types**

Fiduciary funds are used to account for assets held on behalf of outside parties, including other governments, or on behalf of other funds within the District. The terms “non-expendable” and “expendable” refer to whether or not the District is under an obligation to maintain the trust principal. 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 operation.

Expendable Trust Funds – Expendable trust funds include the gifts and endowments fund, medical insurance fund, workers compensation fund and the insurance recovery fund. The District maintained the gifts and endowments expendable trust fund during the 2011-12 school year.

INDEPENDENT SCHOOL DISTRICT NO. I-117, POTTAWATOMIE COUNTY  
NOTES TO THE COMBINED FINANCIAL STATEMENTS – REGULATORY BASIS  
FOR THE YEAR ENDED JUNE 30, 2012

**Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – cont'd**

B. Fund Accounting – cont'd

Gifts and Endowments Fund – The gifts and endowments fund receives its assets by way of philanthropic foundations, individuals, or private organizations for which no repayment or special service to the contributor is expected. This fund is used to promote the general welfare of the District.

Medical Insurance Fund – The medical insurance fund accounts for revenues and expenditures for all types of self-funded medical insurance coverage.

Workers Compensation Fund – The workers compensation fund accounts for revenues and expenditures for workers compensation claims.

Insurance Recovery Fund – The insurance recovery fund accounts for all types of insurance recoveries, major reimbursements and reserves for property repairs and replacements.

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

**Account Groups**

An account group is not a fund and consists of a self-balancing set of accounts used only to establish accounting control over long-term debt and fixed assets.

General Long-Term Debt Account Group – This account group is established to account for all the 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 other liabilities (judgements and lease purchases) which are to be paid from funds provided in future years.

General Fixed Assets Account Group – This account group is used by governments to account for the property, plant and equipment of the school district. The District does not have the information necessary to include this group in its financial statements.

INDEPENDENT SCHOOL DISTRICT NO. I-117, POTTAWATOMIE COUNTY  
NOTES TO THE COMBINED FINANCIAL STATEMENTS – REGULATORY BASIS  
FOR THE YEAR ENDED JUNE 30, 2012

**Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – cont'd**

B. Fund Accounting – cont'd

**Memorandum Only - Total Column**

The total column on the combined financial statements – regulatory basis is captioned “memorandum only” to indicate that it is presented only to facilitate financial analysis. Data in this column does not present financial position or results of operations 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

Basis of accounting refers to when revenues and expenditures are recognized in the accounts and reports in the combined financial statements – regulatory basis. Basis of accounting relates to the timing of the measurements made, regardless of the measurement focus applied.

All governmental and expendable trust funds are accounted for using the regulatory basis of accounting. Revenues are recognized when they are received rather than earned. Under the regulatory basis of accounting, expenditures are generally recognized when encumbered/reserved rather than at the time the related fund liability is incurred. These practices differ from generally accepted accounting principles. Significant differences are as follows:

The District does not maintain its accounts on the modified accrual basis of accounting under which revenues are recorded when susceptible to accrual, i.e., both measurable and available, and expenditures are recorded when the liability is incurred, if measurable.

Revenues and expenditures are reported by the budget year until all encumbrances have been paid and unexpended appropriations are closed to the current year fund balance.

The general, building and child nutrition funds record purchases of supplies as expenditures rather than as assets to be expensed when used.

Encumbrances are reported as liabilities. Under generally accepted accounting principles, open encumbrances for which goods or services have not been received are reported as reservations of fund balances, since the commitments will be honored through subsequent year's budget appropriations.

INDEPENDENT SCHOOL DISTRICT NO. I-117, POTTAWATOMIE COUNTY  
NOTES TO THE COMBINED FINANCIAL STATEMENTS – REGULATORY BASIS  
FOR THE YEAR ENDED JUNE 30, 2012

**Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – cont'd**

C. Basis of Accounting – cont'd

The District has not maintained a record of general fixed assets and, accordingly, a statement of general fixed assets, as required by generally accepted accounting principles, is not included in the combined financial statements – regulatory basis.

Vested or accumulated vacation leave that is expected to be liquidated with expendable available financial resources is not reported as an expenditure and a fund liability of the governmental fund that will pay it. In addition, the non-current portion of vested accumulated vacation is not recorded in the general long-term debt account group.

Capital leases are recorded as expenditures. Under generally accepted accounting principles, capital leases are normally capitalized as a fixed asset and recorded in the general long-term debt account group.

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 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.

A budget is legally adopted by the Board of Education for all funds (with the exception of the trust and agency funds) that includes revenues and expenditures.

The 2011-12 Estimate of Needs was amended by supplemental appropriations as follows:

<u>Fund</u>	<u>Total</u>
General	\$ 100,245

This amendment was approved by the county excise board.

Encumbrances represent commitments related to unperformed contracts for goods or services. Encumbrance accounting – under which purchase orders and other commitments of resources are recorded as expenditures of the applicable fund – is

INDEPENDENT SCHOOL DISTRICT NO. I-117, POTTAWATOMIE COUNTY  
NOTES TO THE COMBINED FINANCIAL STATEMENTS – REGULATORY BASIS  
FOR THE YEAR ENDED JUNE 30, 2012

**Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – cont'd**

D. Budgets and Budgetary Accounting – cont'd

utilized in all governmental funds of the District. Unencumbered appropriations lapse at the end of each fiscal year. While the Debt Service Fund is a governmental fund, a comparison of budget to actual schedule is presented in the financial statements, although the board can exercise no control of the revenue sources for this fund (except interest earnings), and no control over its expenditures.

E. Assets, Liabilities and Fund Equity

Cash – Cash consists of cash on hand, demand deposit accounts, and interest bearing checking accounts.

Investments – The District is allowed to invest in direct obligations of the United States government and agencies; certificates of deposit of savings and loan associations, banks and trust companies; savings accounts or savings certificates of savings and loan associations, and trust companies; and warrants, bonds or judgments of the District. All investments are recorded at cost, which approximates market value.

Inventories – The value of consumable inventories at June 30, 2012, is not material to the combined financial statements.

Fixed Assets and Property, Plant and Equipment – The General Fixed Asset Account Group is not presented.

Warrants Payable – Warrants are issued to meet the obligations for goods and services provided to the District. The District recognizes a liability for the amount of outstanding warrants that have yet to be redeemed by the District's treasurer.

Encumbrances – Encumbrances represent commitments related to purchase orders, contracts, other commitments for expenditures or resources, and goods or services received by the District for which a warrant has not been issued. An expenditure is recorded and a liability is recognized for outstanding encumbrances at year end in accordance with the regulatory basis of accounting. While the regulatory basis that is used for the Debt Service Fund approximates full accrual accounting, the accruals recorded are reported to meet regulatory requirements, as opposed to the requirements of generally accepted accounting principles.

INDEPENDENT SCHOOL DISTRICT NO. I-117, POTTAWATOMIE COUNTY  
NOTES TO THE COMBINED FINANCIAL STATEMENTS – REGULATORY BASIS  
FOR THE YEAR ENDED JUNE 30, 2012

**Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – cont'd**

E. Asset, Liabilities and Fund Equity – cont'd

Unmatured Obligations – The unmatured obligations represent the total of all annual accruals for both principal and interest, based on the lengths of the bonds and/or judgments, less all principal and interest payments through the balance sheet date in accordance with the regulatory basis of accounting.

Funds Held for School Organizations – Funds held for school organizations represent the funds received or collected from students or other co-curricular and extracurricular activities conducted in the District, control over which is exercised by the board of education. These funds are credited to the account maintained for the benefit of each particular activity within the school activity fund.

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.

Cash Fund Balance – Cash fund balance represents the funds not encumbered by purchase orders, legal contracts, outstanding warrants and unmatured obligations.

F. Revenue and Expenditures

Local Revenues – Revenue from local sources is the money generated from within the boundaries of the District and available to the District for its use. 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. These property taxes are distributed to the District's general, building and sinking funds based on the levies approved for each fund. The County Assessor, upon receipt of the certification of tax levies from the county excise board, extends the tax levies on the tax rolls 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 is due prior to January 1. The second half is due prior to April 1.

If the first payment is not made in a timely manner, 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.

INDEPENDENT SCHOOL DISTRICT NO. I-117, POTTAWATOMIE COUNTY  
NOTES TO THE COMBINED FINANCIAL STATEMENTS – REGULATORY BASIS  
FOR THE YEAR ENDED JUNE 30, 2012

**Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – cont'd**

F. Revenue and Expenditures – cont'd

Other local sources of revenues include tuition, fees, rentals, disposals, commissions and reimbursements.

Intermediate Revenues - Revenue from intermediate sources is the amount of money from funds collected by an intermediate administrative unit, or a political subdivision between the District and the state, and distributed to Districts in amounts that differ in proportion to those which are collected within such systems.

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 from or additions to the 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 educational program revenues be accounted for in the general fund.

The aforementioned state revenues are apportioned to the District's general fund.

Federal Revenues – Federal revenues consist of revenues from the federal government in the form of operating grants or entitlements. An operating grant is a contribution to be used for a specific purpose, activity or facility. A grant may be received either directly from the federal government or indirectly as a passthrough from another government, such as the state.

An entitlement is the amount of payment to which the District is entitled pursuant to an allocation formula contained in applicable statutes.

The majority of the federal revenues received by the District are apportioned to the general fund.



INDEPENDENT SCHOOL DISTRICT NO. I-117, POTTAWATOMIE COUNTY  
NOTES TO THE COMBINED FINANCIAL STATEMENTS – REGULATORY BASIS  
FOR THE YEAR ENDED JUNE 30, 2012

**Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – cont'd**

F. Revenue and Expenditures – cont'd

Interest Earnings – Represent compensation for the use of financial sources over a period of time.

Non-Revenue Receipts – Non-revenue receipts represent receipts deposited into a fund that are not new revenues to the District, but the return of assets.

Instruction Expenditures – Instruction expenditures include the activities dealing directly with the interaction between teachers and students. Teaching may be provided for students in a school classroom, in another location, such as a home or hospital, and in other learning situations, such as those involving cocurricular activities. It may also be provided through some other approved medium, such as television, radio, telephone and correspondence. Included here are the activities of teacher assistants of any type (clerks, graders, teaching machines, etc.) which assist in the instructional process. The activities of tutors, translators and interpreters would be recorded here. Department chairpersons who teach for any portion of time are included here. Tuition/transfer fees paid to other LEAs would be included here.

Support Services Expenditures – Support services expenditures provide administrative, technical (such as guidance and health) and logistical support to facilitate and enhance instruction. These services exist as adjuncts for fulfilling the objectives of instruction, community services and enterprise programs, rather than as entities within themselves.

Operation of Non-Instructional Services Expenditures – Activities concerned with providing non-instructional services to students, staff or the community.

Facilities Acquisition and Construction Services Expenditures – Consists of activities involved with the acquisition of land and buildings; remodeling buildings; the construction of buildings and additions to buildings; initial installation or extension of service systems and other built-in equipment; and improvements to sites.

Other Outlays Expenditures – A number of outlays of governmental funds are not properly classified as expenditures, but still require budgetary or accounting control. These are classified as Other Outlays. These include debt service payments (principal and interest).

Other Uses Expenditures – This includes scholarships provided by private gifts and endowments; student aid and staff awards supported by outside revenue sources (i.e., foundations). Also, expenditures for self-funded employee benefit programs administered either by the District or a third party administrator.

INDEPENDENT SCHOOL DISTRICT NO. I-117, POTTAWATOMIE COUNTY  
NOTES TO THE COMBINED FINANCIAL STATEMENTS – REGULATORY BASIS  
FOR THE YEAR ENDED JUNE 30, 2012

**Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – cont'd**

F. Revenue and Expenditures – cont'd

Repayment Expenditures – Repayment expenditures represent checks/warrants issued to outside agencies for refund or restricted revenue previously received for overpayment, non-qualified expenditures and other refunds to be repaid from District funds.

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 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. During the 2011-12 fiscal year, there were no operating or equity transfers.

**Note 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, banks and trust companies; savings accounts or savings certificates of savings and loan associations, banks, and trust companies; and warrants, bonds or judgments of the District.

Cash – The District's bank balance of deposits and cash pools at June 30, 2012, was \$868,959. Custodial credit risk is the risk that in the event of a bank failure, the District's deposits may not be returned to it. State statutes require collateral for amounts in excess of federally insured amounts. The District's policy requires collateral equal to 110% of the deposit amount for all deposits not covered by F.D.I.C. insurance. The bank balance was completely covered by federal depository insurance and by collateral held by the District's third party agent in the District's name.

Investments – At June 30, 2012, the District's investments consisted certificates of deposits and of investment pools (sweep accounts) invested in money market funds with an approximate fair market value of \$176,493.

*Interest rate risk* – Interest rate risk is the risk that changes in interest rates will adversely affect the fair market value of an investment. Due to the required liquidity for those investments, these funds have no defined maturity dates. The District does

INDEPENDENT SCHOOL DISTRICT NO. I-117, POTTAWATOMIE COUNTY  
 NOTES TO THE COMBINED FINANCIAL STATEMENTS – REGULATORY BASIS  
 FOR THE YEAR ENDED JUNE 30, 2012

**Note 2 -CASH AND INVESTMENTS - cont'd**

not have a formal policy that limits investment maturities as a means of managing its exposure to fair value losses from increasing interest rates.

*Credit risk – Investments* – Credit risk is the risk that the issuer or other counterparty to an investment will not fulfill its obligations. Investments held by the District in investment pools (sweep accounts) are considered unclassified as to custodial credit risk because they are not evidenced by securities that exist in physical or book entry form. These investments are held with “The Bank” and are rated AAA by Standard and Poor’s. The District does not have a formal policy limiting its exposure arising from concentration of investments.

**Note 3 -INTERFUND RECEIVABLES AND PAYABLES**

There were no interfund receivables or payables at June 30, 2012.

**Note 4 - 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 can be 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 of the date of issue.

General long-term debt of the District normally consists of building bonds payable and capital leases. Debt service requirements for bonds are payable solely from the fund balance and the future revenues of the debt service fund.

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

	Bonds Payable
Balance, July 1, 2011	\$ 0
Additions	550,000
Balance, June 30, 2012	\$ 550,000

INDEPENDENT SCHOOL DISTRICT NO. I-117, POTTAWATOMIE COUNTY  
 NOTES TO THE COMBINED FINANCIAL STATEMENTS – REGULATORY BASIS  
 FOR THE YEAR ENDED JUNE 30, 2012

**Note 4 - GENERAL LONG-TERM DEBT – cont'd**

A brief description of the outstanding long-term debt at June 30, 2012, is set forth below:

	<u>Amount Outstanding</u>
<u>General Obligation Bonds:</u>	
Building Bonds, Series 2011, original issue \$390,000, interest rate of 1.95% to 3.30%, due in annual installments of \$45,000, final installment of \$45,000, due 8-1-21	\$ 390,000
Transportation Bonds, Series 2011, original issue \$160,000, interest rate of 1.10% to 2.35%, due in annual installments of \$40,000, final installment of \$40,000 due 8-1-16	<u>160,000</u>
Total	<u>\$ 550,000</u>

The annual debt service requirements for the retirement of the bonds and capital leases, including the payment of principal and interest are as follows:

Year Ending June 30	Principal	Interest	Total
2013	\$ 0	13,352	13,352
2014	70,000	13,353	83,353
2015	85,000	12,012	97,012
2016	85,000	10,163	95,163
2017	85,000	8,185	93,185
2018-2022	225,000	20,295	245,295
Total	<u>\$ 550,000</u>	<u>77,360</u>	<u>627,360</u>

**Note 5 - EMPLOYEE RETIREMENT SYSTEM AND PLAN**

Description of Plan

The District participates in the state-administered Oklahoma Teachers' Retirement System, which is a cost sharing, multiple-employer defined benefit public employee retirement system (PERS), which is administered by the Board of Trustees of the

INDEPENDENT SCHOOL DISTRICT NO. I-117, POTTAWATOMIE COUNTY  
NOTES TO THE COMBINED FINANCIAL STATEMENTS – REGULATORY BASIS  
FOR THE YEAR ENDED JUNE 30, 2012

**Note 5 - EMPLOYEE RETIREMENT SYSTEM AND PLAN – cont'd**

Description of Plan – cont'd

Oklahoma Teachers' Retirement System (the "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 the Oklahoma Statutes establishes benefit provisions and may be amended only through legislative action. The Oklahoma Teachers' Retirement System issues a publicly available financial report that includes financial statements and required supplementary information for the System. That report may be obtained by writing to the Oklahoma Teachers' Retirement System, P.O. Box 53624, Oklahoma City, OK 73152, or by calling 405-521-2387.

Basis of Accounting

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.

Funding Policy

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 rates are not actuarially determined. The rates are applied to the employee's earnings plus employer-paid fringe benefits. The required contribution for the participating members is 7.0% of compensation. Contributions received by the System from the State of Oklahoma are used to offset required employer contributions by the local school district. For the 2011-12 fiscal year, the District contributed 9.50% and the State of Oklahoma contributed the remaining amount during this year. The District is allowed by Oklahoma Teachers' Retirement System to make the required contributions on behalf of the participating members. In addition, the District is required to match the retirement paid on salaries that are funded with federal funds.

INDEPENDENT SCHOOL DISTRICT NO. I-117, POTTAWATOMIE COUNTY  
NOTES TO THE COMBINED FINANCIAL STATEMENTS – REGULATORY BASIS  
FOR THE YEAR ENDED JUNE 30, 2012

**Note 5 - EMPLOYEE RETIREMENT SYSTEM AND PLAN – cont'd**

Annual Pension Cost

The District's total contributions for 2012, 2011 and 2010 were \$180,450, \$198,730 and \$198,433, respectively.

Ten-year historical trend information is presented in the Teacher's Retirement System of Oklahoma Annual Report for the year ended June 30, 2012. This information is useful in assessing the pension plan's accumulation of sufficient assets to pay pension benefits as they become due. Please visit [www.ok.gov/TRS](http://www.ok.gov/TRS) for all plan information.

**Note 6 - CONTINGENCIES**

The District is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; injuries to employees; or acts of God. The District purchases commercial insurance to cover these risks, including general and auto liability, property damage, public officials liability, and workers compensation. Settled claims resulting from risks have not exceeded the commercial insurance coverage in any of the past three fiscal years.

The District is a member of the Oklahoma Public Schools Unemployment Compensation Program. In this program the District is required to contribute 1.6% of its taxable payroll for unemployment insurance. The funds for each District are kept separate and Districts can contribute more than 1.6% of their payroll if they elect to. The money contributed by each District earns interest and is fully insured. If the District has claims in excess of the amount in its account, it will be liable for the excess.

Schedule of Expenditure of Federal Awards

The schedule shows the federal awards received and expended by the District during the 2011-12 fiscal year. The revised OMB Circular A-133 Audits of States, Local Governments and Non-Profit Organizations, established uniform audit requirements for non-federal entities which expend more than \$500,000 in federal awards.

The district did not fall under this threshold during the 2011-12 fiscal year.

Litigation

School officials are not aware of any pending or threatened litigation, claims or assessments or unasserted claims or assessments against the District at June 30, 2012.

INDEPENDENT SCHOOL DISTRICT NO. I-117, POTTAWATOMIE COUNTY  
 COMBINING STATEMENT OF REVENUES COLLECTED, EXPENDITURES AND CHANGES  
 IN CASH FUND BALANCES - ALL CAPITAL PROJECTS FUNDS - REGULATORY BASIS  
 FOR THE YEAR ENDED JUNE 30, 2012

	<u>2011 BUILDING BOND FUND</u>	<u>2011 TRANSP. BOND FUND</u>	<u>TOTAL</u>
Revenues Collected:			
Local sources	<u>\$ 0</u>	<u>0</u>	<u>0</u>
Expenditures:			
Support services	1,439	160,000	161,439
Facilities acquisition & construction services	<u>320,030</u>	<u>        </u>	<u>320,030</u>
Total expenditures	<u>321,469</u>	<u>160,000</u>	<u>481,469</u>
Excess of revenues collected over (under) expenditures before other financing sources (uses)	(321,469)	(160,000)	(481,469)
Other financing sources (uses):			
Bond proceeds	<u>390,000</u>	<u>160,000</u>	<u>550,000</u>
Excess of revenues collected over (under) expenditures	68,531	0	68,531
Cash fund balances, beginning of year	<u>0</u>	<u>0</u>	<u>0</u>
Cash fund balances, end of year	<u><u>\$ 68,531</u></u>	<u><u>0</u></u>	<u><u>68,531</u></u>

INDEPENDENT SCHOOL DISTRICT NO. I-117, POTTAWATOMIE COUNTY  
 COMBINING STATEMENT OF ASSETS, LIABILITIES AND FUND EQUITY -  
 ALL FIDUCIARY FUND TYPES - REGULATORY BASIS  
 JUNE 30, 2012

	<u>EXPENDABLE TRUST FUNDS</u>	<u>AGENCY FUNDS</u>	
	GIFTS & ENDOWMENTS FUND	SCHOOL ACTIVITY FUNDS	<u>TOTAL</u>
<u>ASSETS</u>			
Cash	\$ 6,255	34,533	40,788
Investments	<u>6,995</u>	<u>18,967</u>	<u>25,962</u>
Total Assets	<u>\$ 13,250</u>	<u>53,500</u>	<u>66,750</u>
 <u>LIABILITIES AND FUND EQUITY</u>			
Liabilities:			
Funds held for school organizations	<u>\$ 0</u>	<u>53,500</u>	<u>53,500</u>
Fund Equity:			
Cash fund balances	<u>13,250</u>	<u>0</u>	<u>13,250</u>
Total Liabilities and Fund Equity	<u>\$ 13,250</u>	<u>53,500</u>	<u>66,750</u>



INDEPENDENT SCHOOL DISTRICT NO. I-117, POTTAWATOMIE COUNTY  
 COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES  
 - AGENCY FUNDS - REGULATORY BASIS  
 FOR THE YEAR ENDED JUNE 30, 2012

	BALANCE 7/1/11	ADDITIONS	NET TRANSFERS	DEDUCTIONS	BALANCE 6/30/12
<u>ASSETS</u>					
Cash	\$ 21,791	132,529		119,787	34,533
Investments	18,938	29			18,967
Total Assets	<u>\$ 40,729</u>	<u>132,558</u>	<u>0</u>	<u>119,787</u>	<u>53,500</u>
<u>LIABILITIES</u>					
Funds held for school organizations:					
Annual	\$ 10,218	4,529		3,539	11,208
Athletics	2,674	48,971		40,500	11,145
Resale	899	571		773	697
Auditorium renovation	503	0		0	503
Class of 2009	156	0		156	0
Class of 2018	0	0		0	0
Girls basketball	11	3,018		2,708	321
Boys basketball	55	1,794		1,269	580
4-H	2,341	1,010		733	2,618
Class of 2016	607	0		0	607
Class of 2008	34	0		34	0
Class of 2012	673	6,399		7,072	0
Class of 2011	57	23		0	80
General fund refund	0	7,305		7,305	0
7th & 8th grade cheerleaders	364	240		604	0
Miscellaneous	1,081	3,520		2,986	1,615
Class of 2013	3,641	7,041		7,361	3,321
MS & HS Misc	0	490		0	490
High school cheerleaders	653	7,662		6,604	1,711
Student council	215	63		0	278
Library Fund	460	0		0	460
Drama Club	84	82		120	46
Petty cash	0	577		577	0
Academic Club	3	350		260	93
Class of 2015	2,803	1,924		898	3,829
Class of 2014	258	3,443		1,870	1,831
Elementary miscellaneous	5,631	10,240		9,984	5,887
Swimming pool	1,310	5,812		5,332	1,790
FBLA	2	6,715		6,716	1
Middle school library	70	0		0	70
Football	2,828	1,130		1,892	2,066
Girls softball	64	5,673		5,056	681
Baseball	476	547		850	173
Employee Appreciation Acct.	188	270		127	331
Student honor account	33	0		0	33
Class of 2017	160	0		0	160
Elementary Library	1,159	3,159		3,555	763
Community Center Renovation	1,018	0		906	112
Total Liabilities	<u>\$ 40,729</u>	<u>132,558</u>	<u>0</u>	<u>119,787</u>	<u>53,500</u>

INDEPENDENT SCHOOL DISTRICT I-117, POTTAWATOMIE COUNTY  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS - REGULATORY BASIS  
FOR THE YEAR ENDED JUNE 30, 2012

Federal Grantor / Pass Through Grantor / Program Title	Federal CFDA Number	Federal Grantor's/ Pass-through No.	Program or Award Amount	Balance at 7/1/11	Revenue Collected	Total Expenditures	Balance at 6/30/12
<u>U.S. Department of Education</u>							
<u>Direct Programs:</u>							
Indian Education	84.060	S060A110478	\$ 33,283		33,283	33,283	
Impact Aid	84.041	S041B-2012-4079	9,164		9,164	9,164	
Small, Rural School Achievement Program	84.358	S358A110187	13,371		13,371	13,371	
Sub Total			<u>55,818</u>	<u>0</u>	<u>55,818</u>	<u>55,818</u>	<u>0</u>
<u>Passed Through State Department of Education:</u>							
Title I	84.010		114,354		76,879	113,892	37,013
Title I 2010-11 - Note	84.010			27,683	27,683		
Title I, ARRA 2010-11 - Note	84.389			23,733	23,733		
IDEA-B Flowthrough, ARRA 2010-11 - Note	84.391			24,065	24,065		
IDEA-B Preschool, ARRA 2010-11 - Note	84.392			1,357	1,357		
Title II, Part A	84.367		34,341		34,341	34,341	
Sub Total			<u>148,695</u>	<u>76,838</u>	<u>188,058</u>	<u>148,233</u>	<u>37,013</u>
<u>U.S. Department of Agriculture:</u>							
<u>Passed Through State Department of Education:</u>							
School breakfast program	10.553				56,238	56,238	
National school lunch program	10.555				98,803	98,803	
Sub Total					<u>155,041</u>	<u>155,041</u>	
<u>Passed Through State Department of Education:</u>							
Non-cash assistance - commodities - Note 1							
National school lunch program	10.555				7,744	7,744	
Total Federal Assistance			<u>\$ 204,513</u>	<u>76,838</u>	<u>406,661</u>	<u>366,836</u>	<u>37,013</u>

Note - These amounts represent reimbursements for prior year expenditures which were not received until the current fiscal year.  
Note 1 - Commodities received by the District in the amount of \$7,744 were of a non-monetary nature and therefore the total revenue does not agree with the Financial Statements by this amount.

INDEPENDENT SCHOOL DISTRICT NO. I-117, POTTAWATOMIE COUNTY  
 STATEMENT OF STATUTORY, FIDELITY AND HONESTY BONDS  
 FOR THE YEAR ENDED JUNE 30, 2012

<u>BONDING COMPANY</u>	<u>POSITION COVERED</u>	<u>BOND NUMBER</u>	<u>COVERAGE AMOUNT</u>	<u>EFFECTIVE DATES</u>
Western Surety Co	Treasurer	14866384	\$ 20,000	07/24/11 - 07/24/12
	Superintendent	70769129	100,000	08/01/11 - 08/01/12
OSPCC	Activity Fund Custodian		10,000	07/24/11 - 07/24/12
	Encumbrance Clerk		10,000	07/24/11 - 07/24/12
	Minutes Clerk		10,000	07/24/11 - 07/24/12
	Lunch Fund Custodian		10,000	07/24/11 - 07/24/12

INDEPENDENT SCHOOL DISTRICT NO. I-117  
POTTAWATOMIE COUNTY, OKLAHOMA  
SCHEDULE OF ACCOUNTANT’S PROFESSIONAL LIABILITY INSURANCE  
AFFIDAVIT  
JULY 1, 2011 TO JUNE 30, 2012

State of Oklahoma            )  
  ) ss  
County of Tulsa             )

The undersigned auditing firm of lawful ages, 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 Maud Public Schools for the audit year 2011–12.

Sanders, Bledsoe & Hewett  
Certified Public Accountants, L.L.P.  
Auditing Firm

By \_\_\_\_\_  
Authorized Agent

Subscribed and sworn to before me  
This 2<sup>nd</sup> day of November 2012

\_\_\_\_\_  
Notary Public (or Clerk or Judge)

My Commission Expires: 5/19/2016  
Commission No. 00008621