

**ANNUAL FINANCIAL REPORT  
MUSKOGEE SCHOOL DISTRICT NO. I-20  
MUSKOGEE COUNTY, OKLAHOMA  
JULY 1, 2013 TO JUNE 30, 2014**

**AUDITED BY  
KERRY JOHN PATTEN, C.P.A.**

**MUSKOGEE SCHOOL DISTRICT NO. I-20  
MUSKOGEE COUNTY, OKLAHOMA  
SCHOOL DISTRICT OFFICIALS  
JUNE 30, 2014**

Board of Education

President	Larry Leatherman
Vice-President	John Barton
Clerk	Mike Ebert
Member	Keith Biglow
Member	Gary Bivin

Superintendent of Schools

Michael Garde

School District Treasurer

Mika Barton

Chief Financial Officer

John R. Little, Jr.

**MUSKOGEE SCHOOL DISTRICT NO. I-20  
MUSKOGEE COUNTY, OKLAHOMA  
SCHOOL DISTRICT OFFICIALS  
JUNE 30, 2014**

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MUSKOGEE COUNTY, OKLAHOMA  
SCHOOL DISTRICT OFFICIALS  
JUNE 30, 2014

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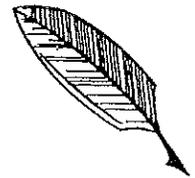
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## INDEPENDENT AUDITOR'S REPORT

The Board of Education  
Muskogee School District No. I-20  
Muskogee, Oklahoma

### **Report on the Financial Statements**

I have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Muskogee School District I-20, Muskogee County, Oklahoma, as of and for the year ended June 30, 2014, which collectively comprise the basic financial statements as listed in the table of contents.

### **Management's Responsibility for the Financial Statements**

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes 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 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 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 judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, 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 opinion.

### **Opinion**

In my opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Muskogee School District as of June 30, 2014, and the respective changes in its financial position and, where applicable, cash flows for the year then ended, in accordance with accounting principles generally accepted in the United States of America.

## Other Matters

### Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and the required supplementary information, as listed in the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Auditing Standards Board who considers it to be an essential part of the financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. I have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to my inquiries, the basic financial statements, and other knowledge I obtained during my audit of the basic financial statements. I do not express an opinion or provide any assurance on the information because the limited procedures do not provide me with sufficient evidence to express an opinion or provide any assurance.

### Other Supplementary Information

My audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basis financial statements. The Schedule of Expenditures of Federal Awards is presented for additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Nonprofit Organizations* and is not a required part of the basic financial statements.

The Schedule of Expenditures of Federal Awards is the responsibility of management and was derived from and relates directly to the underlying accounting 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 and other additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In my opinion, the supplementary information including the Schedule of Expenditures of Federal Awards is fairly stated in all material respects in relation to the financial statements taken as a whole.

### Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, I have also issued my report dated February 6, 2015, on my consideration of Muskogee School District No. I-20, Muskogee County, Oklahoma'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* and should be considered in assessing the results of my audit.



Kerry John Patten, C.P.A.  
Broken Arrow, OK  
February 6, 2015

## **MANAGEMENT DISCUSSION AND ANALYSIS**

**Muskogee School District I-20  
Management Discussion and Analysis  
June 30, 2014**

The discussion and analysis of Muskogee Public Schools (the District) financial performance provides an overall review of the District financial activities for the fiscal year ended June 30, 2014. The intent of this discussion is to convey relevant facts and commentary regarding the financial performance of the organization for the reporting period. A thorough examination of the financial statements and thoughtful reading of the related notes to those statements will aid in evaluating the financial position of the District.

The financial highlights of Fiscal Years 2013 and 2014 and a comparative analysis of financial information from those years is presented to aid the reader and in a more meaningful understanding of the District's financial performance for Fiscal Year 2014.

**Financial Highlights**

Fiscal Year 2014 operations generated significant budget activity for the General Fund. Current information is presented alongside that of Fiscal Year 2013 to illustrate changes in General Fund balance. Both years are presented on the accrual basis of accounting.

	<u>Beg Fund Balance</u>	<u>Revenue</u>	<u>Expenditures</u>	<u>End Fund Balance</u>
FY 2013	\$2,752,560	\$42,828,937	\$42,750,218	\$2,831,279
FY 2014	\$2,831,279	\$41,904,722	\$43,832,297	\$ 903,776

The District's assets exceeded its liabilities by \$ 24,129,976 as of June 30, 2014. This was an increase of \$1,719,980 over the June 30, 2013 ending net assets.

The District's bond fund has made a huge impact in numerous areas. Much needed renovations and repairs on old buildings, replacement of old technology and addition of technology where lacking.

For the third year in a row, enrollment declined by 220 in FY 2014 versus FY 2013. This downward trend looks to continue for FY 2015, live births are down the county as a whole, and thus, the District's enrollment.

**Overview of the Financial Statements**

This annual report consists of four parts: management's discussion and analysis (this section), the basic financial statements, the required supplementary information, and a statistical section. The basic financial statements include two kinds of statements that present views of the district:

- The first two statements are *district-wide financial statements* that provide both *short-term* and *long-term* information about the district's overall financial status.
- The remaining statements are *fund financial statements* that focus on *individual parts* of the district, reporting the district's operations in more detail than the district-wide statements.
- The *governmental funds statements* tell how basic services such as regular and special education were financed in the short term as well what remains for future spending.

See disclaimer in accompanying Independent Auditor's Report

**Muskogee School District I-20  
Management Discussion and Analysis  
June 30, 2014**

- *Fiduciary funds statements* provide information about the financial relationships in which the district acts sole as a trustee or agent for the benefit of others.

The financial statements also include notes that explain some of the information in the statements and provide more detailed data. The statements are followed by a section of required supplementary information that further explains and supports the financial statements with a comparison of the district's budget for the year. The statistical section is a compilation of data for a ten year period in summary form for informational purposes only.

### **District-wide Statements**

The district-wide statements report information about the district as a whole using accounting methods similar to those used by private-sector companies. The statement of net assets includes all of the District's assets and liabilities. All of the current year's revenues and expenses are accounted for in the statement of activities regardless of when cash is received or paid.

The two district-wide statements report the district's *net assets* and how they have changed. Net assets – the difference between the district's assets and liabilities – are one way to measure the district's financial health or *position*.

- Over time, increases or decreases in the District's net assets are an indicator of whether its financial position is improving or deteriorating, respectively.
- To assess the district's overall health, you need to consider additional non-financial factors such as changes in the District's property tax base (which is averaging a 4% per year increase with little loss in home values) and the conditions of schools buildings and other facilities.

In the district-wide financial statements, most of the district's basic services are included here, such as regular and special education, transportation, and administration. Property taxes and state aid finance most of these activities, but MPS does receive more federal funding than most school districts due to the large number of impoverished students it has.

### **Fund Financial Statements**

The fund financial statements provide more detailed information about the district's funds, focusing on its significant or "major" funds – not the district as a whole. Funds are accounting devises the district uses to keep track of specific sources of funding and spending on particular programs.

- Some funds are required by state law and by bond covenants.
- The district establishes other funds to control and manage money for particular purposes (such as repaying its long-term debts) or to show that it is properly using certain revenues (such as federal grants).

The district has two kinds of funds:

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**Muskogee School District I-20  
Management Discussion and Analysis  
June 30, 2014**

- *Governmental funds:* Most of the district's basic services are included in governmental funds, which generally focus on (1) how cash and other financial assets that can readily be converted to cash flow in and out and (2) the balances left at year-end that are available for spending. Consequently, the governmental funds statements provide a detailed short-term view that helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the district's programs. Because this information does not encompass the additional long-term focus of the governmental funds statements, it explains the relationship (or differences) between them.
- *Fiduciary funds:* The district is the trustee, or fiduciary, for assets that belong to others, such as the scholarship fund and the students' activities fund and the sanctioned parent and/or booster club funds. The district is responsible for ensuring that the assets reported in these funds are used only for their intended purposes and by those to whom the assets belong. The district excludes these activities from the district-wide financial statements because it cannot use these assets to finance its operations.

**Financial Analysis of the District as a Whole**

Net assets: Net assets serve over time as a useful indicator of a government's financial position. The change in net assets is important because it identifies whether the financial position of the District has improved or diminished. The District's combined net assets were higher on June 30, 2014, than they were the year before, increasing to \$15,811,987. This was a decrease of \$8,317,989 over the close of the FY 2013 net assets.

Changes in net assets: Net changes may be the result of many factors, including, but not limited to, state and federal funding, changes in the property tax base, investment rates of return, bond activity and current legislation affecting school funding or education mandates.

In the Statement of Net Assets and the Statement of Activities, all district activities are considered to be of the governmental type. This includes instruction, supports services, operation and maintenance of plane, pupil transportation, and extracurricular activities.

Significant fluctuations occurred in specific government activity categories. Operating grants and contributions decreased due to receiving less federal stimulus funds than the District received in the previous year. All other sources of revenue were up slightly. Instructions services was almost flat, while transportation and debt services were up significantly.

***Governmental Activities***

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

Governmental funds. The general fund is the chief operating fund of the District. At June 30, 2014, the general fund balance was \$903,776 with \$27,782 nonspendable, leaving an unassigned fund balance of \$875,994.

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**Muskogee School District I-20  
Management Discussion and Analysis  
June 30, 2014**

The total costs of the District decreased by \$2,147,841 in FY 2014 over FY 2013. The most significant increase was in the area of instruction increasing by \$683,211 and offset by the decrease in capital outlay of \$3,051,078.

There was also a decrease in staff support services of \$416,458.

MPS's student enrollment 6,068 (as of end of year) was a decrease of 220 from last year.

**Capital Asset and Debt Administration**

***Capital Assets***

As of June 30, 2014, the district has invested \$54,963,195 in capital assets. This represents a net increase of \$13,766,307 from last year. (More detailed information about capital assets can be found in Note 4 to the financial statements.) Total depreciation expense for the year was \$2,178,577.

***Long-term Debt***

At year-end, the district had \$41,809,632 in long-term debt, an increase of 115.6 percent. (More detailed information about the district's long-term liabilities is presented in Note 4 to the financial statements).

- The district retired \$4,630,000 of outstanding bonds.
- \$4,545,000 in bonds were issued.
- Leases payable increased \$22,513,856.
- Other long-term debt decreased \$54,931.

**Factors Bearing on the District's Future**

There are a couple of factors that could significantly affect the district's health in the future:

- Professional Learning Communities (PLC's) and collaborative leadership are now in use at all levels.
- With live births being down and the City starting a period of economic redevelopment and as a part of that redevelopment they intend to reduce the amount of government assisted housing and replacing with market value housing, it looks to be a period of five to eight years of population decline and then new growth.
- The declining price of oil does not reflect good times for the state as oil is a major source of income and was budgeted FY 2014 at \$87 per barrel.
- The District implemented a 1:1 in the secondary (7-12 grades). For FY 2016, the District will start a 1:1 computers for grades kindergarten and first grades and expand one grade per thereafter until all K-12 students have a computers and/or tablets.

See disclaimer in accompanying Independent Auditor's Report

**Muskogee School District I-020  
Management Discussion and Analysis  
June 30, 2014**

**Contacting the District's Financial Management**

This financial report is designed to provide the district's citizens, taxpayers, customers, investors and creditors with a general overview of the District's finances and to demonstrate the district's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Finance Office, Muskogee Public Schools, 202 West Broadway, Muskogee, OK 74401 (918-684-3722).

See disclaimer in accompanying Independent Auditor's Report

**GOVERNMENT-WIDE FINANCIAL STATEMENTS**

**MUSKOGEE SCHOOL DISTRICT NO. I-20  
STATEMENT OF NET POSITION  
JUNE 30, 2014**

	<u>Governmental Activities</u>
<b><u>ASSETS</u></b>	
Cash deposits with financial institutions	\$ 412,641
Property tax receivable	674,489
Due from other governments	1,114,498
Miscellaneous receivables	373,623
Inventories	210,235
Capital assets	
Land	2,143,150
Construction in process	17,940,000
Other capital assets, net of accumulated depreciation	<u>34,880,045</u>
 Total Assets	 \$ <u>57,748,681</u>
<b><u>LIABILITIES</u></b>	
Accounts payable	\$ 95,409
Wages payable	31,653
Long-term liabilities	
Due within one year	7,194,366
Due in more than one year	<u>34,615,266</u>
 Total Liabilities	 \$ <u>41,936,694</u>
<b><u>NET POSITION</u></b>	
Invested in Capital Assets, net of related debt	\$ 22,855,216
Reserved for:	
Debt service	478,506
Capital projects	69,238
Building	246,125
Child Nutrition	478,506
Unrestricted	<u>(8,315,604)</u>
 Total Net Position	 \$ <u><u>15,811,987</u></u>

The accompanying notes are an integral part of these basic financial statements.

**MUSKOGEE SCHOOL DISTRICT NO. I-20  
STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2014**

	Program Revenues				Net (Expenses) Revenue and Changes in Net Position
	Expenses	Charges for Services	Operating Grants & Contributions	Capital Grants & Contributions	Governmental Activities
Governmental Activities					
Instruction	\$ (27,174,594)	\$ 109,216	\$ 5,240,668	\$ -	\$ (21,824,710)
Support Services					
Students	(2,711,167)	-	-	-	(2,711,167)
Instr. Staff	(2,572,265)	-	-	-	(2,572,265)
Gen. Adm.	(1,565,569)	-	-	-	(1,565,569)
School Adm.	(2,884,914)	-	-	-	(2,884,914)
Business	(2,336,314)	-	-	-	(2,336,314)
Op. & Maint.	(5,240,266)	52,163	-	-	(5,188,103)
Student Trans.	(1,885,729)	3,544	-	-	(1,882,185)
Non-Instructional	(3,471,940)	578,342	2,679,799	-	(213,799)
Capital Outlay	(9,560,243)	-	-	-	(9,560,243)
Other Outlays	(60,515)	-	-	-	(60,515)
Repayments	(23)	-	-	-	(23)
Debt service interest	(253,360)	-	-	-	(253,360)
<b>Total Governmental Activities</b>	<b>\$ (59,716,899)</b>	<b>\$ 743,265</b>	<b>\$ 7,920,467</b>	<b>\$ -</b>	<b>\$ (51,053,167)</b>

General revenues	
Taxes:	
Property taxes, levied for general purposes	\$ 10,867,495
Property taxes, levied for debt service	4,312,439
Other Taxes	4,049,286
Federal and State aid not restricted to specific purposes:	
General	16,995,564
Other	5,511,237
Interest and investment earnings	24,729
Miscellaneous	974,428
Total general revenues	<u>42,735,178</u>
Changes in net position	(8,317,989)
Net position - beginning	<u>24,129,976</u>
Net position - ending	<u>\$ 15,811,987</u>

The accompanying notes are an integral part of these basic financial statements.

**FUND FINANCIAL STATEMENTS**

MUSKOGEE SCHOOL DISTRICT NO. I-20  
BALANCE SHEET  
GOVERNMENTAL FUND TYPES  
JUNE 30, 2014

	Governmental Fund Types					
	General Fund	Building Fund	Sinking Fund	Bond Fund	Child Nutrition Fund	Total Governmental Funds
<b>ASSETS</b>						
Cash	\$ (525,607)	\$ 213,667	\$ 353,432	\$ 69,238	\$ 301,911	\$ 412,641
Receivables:						
Property taxes	569,506	78,553	26,430	-	-	674,489
Due from other governments	1,075,627	-	-	-	38,871	1,114,498
Miscellaneous receivables	373,623	-	-	-	-	373,623
Inventories	27,782	25,121	-	-	157,332	210,235
Total assets	<u>\$ 1,520,931</u>	<u>\$ 317,341</u>	<u>\$ 379,862</u>	<u>\$ 69,238</u>	<u>\$ 498,114</u>	<u>\$ 2,785,486</u>
<b>LIABILITIES AND FUND EQUITY</b>						
Liabilities:						
Accounts Payable	\$ 89,630	\$ 285	\$ -	\$ -	\$ 5,494	\$ 95,409
Accrued wages payable	31,286	-	-	-	367	31,653
Deferred revenues	496,239	70,931	-	-	13,747	580,917
Total liabilities	<u>\$ 617,155</u>	<u>\$ 71,216</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 19,608</u>	<u>\$ 707,979</u>
Fund equity:						
Fund Balances:						
Nonspendable Fund Balances:						
Inventories	\$ 27,782	\$ 25,121	\$ -	\$ -	\$ 157,332	210,235
Restricted Fund Balances:						
Retirement of Long-Term Debt	-	-	379,862	-	-	379,862
Restricted for Construction	-	-	-	69,238	-	69,238
Restricted by Statute	-	221,004	-	-	-	221,004
Committed Fund Balances:						
Other Committed Fund Balances	-	-	-	-	-	-
Assigned Fund Balances:						
Encumbrances	-	-	-	-	-	-
Other Assigned Fund Balances	-	-	-	-	-	-
Unassigned	875,994	-	-	-	321,174	1,197,168
Total Fund Balances	<u>\$ 903,776</u>	<u>\$ 246,125</u>	<u>\$ 379,862</u>	<u>\$ 69,238</u>	<u>\$ 478,506</u>	<u>\$ 2,077,507</u>
Total Liabilities and Fund Balances	<u>\$ 1,520,931</u>	<u>\$ 317,341</u>	<u>\$ 379,862</u>	<u>\$ 69,238</u>	<u>\$ 498,114</u>	<u>\$ 2,785,486</u>

The accompanying notes are an integral part of these basic financial statements.

**MUSKOGEE SCHOOL DISTRICT NO. I-20  
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET  
TO THE STATEMENT OF NET POSITION  
JUNE 30, 2014**

TOTAL FUND BALANCE-TOTAL GOVERNMENTAL FUNDS	\$	2,077,507
<p>Amounts reported for governmental activities in the Statement of Net Assets are different because:</p>		
<p>Capital assets used in governmental activities are not financial resources and therefore, are not reported as assets in governmental funds.</p>		
Cost of assets	\$	76,037,835
Accumulated depreciation		(21,074,640)
		54,963,195
<p>Property Taxes Receivable will be collected this year, but are not available soon enough to pay for the current period's expenditures, and therefore are deferred in the funds.</p>		
		567,170
<p>Intergovernmental revenue has been received, but has not been "earned", and is therefore deferred in the funds.</p>		
		13,747
<p>Long-Term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported as liabilities in the funds.</p>		
<p>Long-term liabilities at year-end consist of:</p>		
General obligation bonds payable	\$	(13,190,000)
Compensated absences		(505,600)
Capital leases payable		(27,989,232)
Special retirement benefits payables		(124,800)
		(41,809,632)
TOTAL NET POSITION-GOVERNMENTAL ACTIVITIES	\$	15,811,987

The accompanying notes are an integral part of these basic financial statements.

MUSKOGEE SCHOOL DISTRICT NO. I-20  
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN  
FUND BALANCE - ALL GOVERNMENTAL FUND TYPES  
FOR THE YEAR ENDED JUNE 30, 2014

	General Fund	Building Fund	Child Nutrition Fund	Sinking Fund	Bond Fund	Total Governmental Funds
<b>Revenues:</b>						
Local sources	\$ 10,111,584	\$ 1,409,603	\$ 489,154	\$ 4,326,573	\$ 26,388	\$ 16,363,302
Intermediate sources	1,048,183	-	-	-	-	1,048,183
State sources	26,112,054	7	51,654	23	-	26,163,738
Federal sources	4,632,973	-	2,896,569	-	-	7,529,542
<b>Total revenues</b>	<b>\$ 41,904,794</b>	<b>\$ 1,409,610</b>	<b>\$ 3,437,377</b>	<b>\$ 4,326,596</b>	<b>\$ 26,388</b>	<b>\$ 51,104,765</b>
<b>Expenditures:</b>						
Instructional	\$ 25,888,978	\$ 115,958	\$ -	\$ -	\$ 287,801	\$ 26,292,737
Support services:						
Students	2,711,167	-	-	-	-	2,711,167
Staff	2,439,829	370	-	-	132,066	2,572,265
General administration	1,521,315	-	-	-	44,254	1,565,569
School administration	2,882,125	2,789	-	-	-	2,884,914
Business	2,300,186	36,128	-	-	-	2,336,314
Plant operations	3,805,208	1,089,713	-	-	62,130	4,957,051
Transportation	1,885,729	-	-	-	-	1,885,729
Noninstructional	337,222	29,300	3,213,259	-	-	3,579,781
Capital outlay	-	203,659	-	-	4,015,980	4,219,639
Other outlays	60,515	-	-	-	-	60,515
Debt service	-	-	-	4,883,360	-	4,883,360
Repayments	23	-	-	-	-	23
<b>Total expenditures:</b>	<b>\$ 43,832,297</b>	<b>\$ 1,477,917</b>	<b>\$ 3,213,259</b>	<b>\$ 4,883,360</b>	<b>\$ 4,542,231</b>	<b>\$ 57,949,064</b>
<b>Excess of revenues over (under) expenditures</b>	<b>\$ (1,927,503)</b>	<b>\$ (68,307)</b>	<b>\$ 224,118</b>	<b>\$ (556,764)</b>	<b>\$ (4,515,843)</b>	<b>\$ (6,844,299)</b>
Other sources of funds - proceeds on sale of bonds	-	-	-	-	4,545,000	4,545,000
<b>Excess of revenues and other sources of funds over (under) expenditures</b>	<b>\$ (1,927,503)</b>	<b>\$ (68,307)</b>	<b>\$ 224,118</b>	<b>\$ (556,764)</b>	<b>\$ 29,157</b>	<b>\$ (2,299,299)</b>
Fund balance, beginning of year	\$ 2,831,279	\$ 314,432	\$ 254,388	\$ 936,626	\$ 40,081	\$ 4,376,806
Fund balance, end of year	<u>\$ 903,776</u>	<u>\$ 246,125</u>	<u>\$ 478,506</u>	<u>\$ 379,862</u>	<u>\$ 69,238</u>	<u>\$ 2,077,507</u>

The accompanying notes are an integral part of these basic financial statements.

**MUSKOGEE SCHOOL DISTRICT NO. I-20  
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES  
IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2014**

Net change in fund balances - governmental funds	\$	(2,299,299)
Amounts reported for governmental activities in the statement of revenues, expenditures, and changes in net assets are different because:		
<p>Capital outlays to purchase or build capital assets are reported in governmental funds as expenditures. However, for governmental activities those costs are shown in the statement and allocated over their estimated useful lives as annual depreciation expenses in the statement of revenues, expenditures, and changes in net assets. This is the amount by which depreciation exceeds capital outlays in the period.</p>		
Capital outlay expenditures	\$	22,067,940
Capital outlay disposals - non-depreciated		(4,045,045)
Depreciation expense		<u>(2,178,577)</u>
	\$	15,844,318
<p>Some of the capital assets acquired this year were financed with general obligation bonds. The amount financed by the bonds is reported in the governmental funds as a source of financing. On the other hand, the proceeds from the bonds are not revenues in the statement of revenues, expenditures, and changes in net assets but rather constitute long-term liabilities in the statement of assets, liabilities and net assets.</p>		
	\$	(4,545,000)
<p>Repayment of bond principal is an expenditure in the governmental funds, but it reduces long-term liabilities in the statement of assets, liabilities, and net assets and does not affect the statement of revenues, expenditures, and changes in net assets.</p>		
	\$	4,630,000
<p>Some property taxes and other revenues will not be collected for several months after the fiscal year end. These are not considered "available" revenues in the governmental funds until received.</p>		
	\$	509,971
<p>Increase in deferred revenue in Child Nutrition Fund</p>		
	\$	946
<p>Some of the capital assets acquired this year were financed with lease-purchase proceeds. The amount financed by the lease-purchase is reported in the governmental funds as a other source of financing. On the other hand, the proceeds from the bonds are not revenues in the statement of revenues, expenditures, and changes in net assets but rather constitute long-term liabilities in the statement of assets, liabilities and net assets.</p>		
	\$	(27,011,250)
<p>In the statement of activities, certain operating expenses, compensated absences and special termination benefits (voluntary separation) are measured by the amounts earned during the year. In the governmental funds, however, expenditures for these items are measured by the amount of financial resources used (essentially, the amounts actually paid). Compensated absences used exceeded the amounts earned by \$54,931.</p>		
	\$	54,931
<p>Payments made on capital leases are expenditures in the governmental funds, but the payments reduce long-term liabilities in the statement of net position.</p>		
	\$	<u>4,497,394</u>
Change in Net Position of Governmental Activities	\$	<u><u>(8,317,989)</u></u>

The accompanying notes are an integral part of these basic financial statements.

MUSKOGEE SCHOOL DISTRICT NO. I-20  
 STATEMENT OF NET POSITION - FIDUCIARY FUNDS  
 JUNE 30, 2014

	Fiduciary Fund Types		
	Private Purpose Trust Fund	Agency Fund	
	V. Tarpley Scholarship	Activity Fund	Total
<b>ASSETS</b>			
Cash	\$ 73,417	\$ 334,995	\$ 408,412
Receivables:			
Miscellaneous	-	-	-
Total assets	\$ 73,417	\$ 334,995	\$ 408,412
<b>LIABILITIES AND NET POSITION</b>			
Liabilities:			
Due to student groups	\$ -	\$ 334,995	334,995
Accounts payable	-	-	-
Accrued wages payable	-	-	-
Total liabilities	\$ -	\$ 334,995	334,995
Net Position			
Unreserved	\$ 73,417	\$ -	\$ 73,417
Total net position	\$ 73,417	-	73,417
Total liabilities and net position	\$ 73,417	334,995	408,412

The accompanying notes are an integral part of these basic financial statements.

**MUSKOGEE SCHOOL DISTRICT NO. I-20  
STATEMENT OF CHANGES IN FIDCUARY NET POSITION  
FOR THE YEAR ENDED JUNE 30, 2014**

		<u>Private Purpose Trust Fund</u>
		<u>V. Tarpley Scholarship</u>
Additions		
Interest	\$	441
Donations		2,500
Total Additions		<u>2,941</u>
Deductions		
Scholarships	\$	3,000
Student Activity Expenses		<u>-</u>
Total Deductions		<u>3,000</u>
Change in Net Position	\$	(59)
Net Position, Beginning of Year	\$	<u>73,476</u>
Net Position, End of Year	\$	<u><u>73,417</u></u>

The accompanying notes are an integral part of these basic financial statements.

**NOTES TO THE FINANCIAL STATEMENTS**

**MUSKOGEE SCHOOL DISTRICT NO. I-20  
MUSKOGEE COUNTY, OKLAHOMA  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2014**

**1. Summary of Significant Accounting Policies**

The financial statements of the Muskogee Public Schools Independent District No. 20 (the "District") have been prepared in conformity with accounting principles generally accepted in the United States of America ("GAAP") as applied to government units. The Governmental Accounting Standards Board ("GASB") is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The District has elected to apply all applicable GASB pronouncements, as well as Financial Accounting Standards Board ("FASB") pronouncements and Accounting Principles Board ("APB") opinions, issued on or before November 30, 1989, unless those pronouncements conflict with or contradict GASB pronouncements. The more significant of the District's accounting policies are described below.

**A. Reporting Entity**

In accordance with the Governmental Accounting Standards Board Statement No. 14, "The Financial Reporting Entity," the District has presented the entities which comprise the primary government in the fiscal year combined financial statements.

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

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

As required by accounting principles generally accepted in the United States of America, the combined financial statements present the reporting entity which consists of the primary government, organizations for which the primary government is financially accountable and other organizations for which the nature and significance of their relationship with the primary government are such that exclusion could cause the District's combined financial statements to be misleading or incomplete.

**B. Basis of Presentation**

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the non-fiduciary activities of the school district. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities are normally supported by taxes and intergovernmental revenues.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment is offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function. Program revenues include 1) tuition or fees paid by students or citizens of the District and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function. Taxes and other items, including state aid, that are not properly included among program revenues are reported as general revenues.

Separate financial statements are provided for governmental funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements.

**Fund Financial Statements**

The school district segregates transactions related to certain functions or activities in separate funds in order to aid financial management and to demonstrate legal compliance. Statements for governmental activities present each fund as a separate column on the fund financial statements.

Governmental funds are used to account for all or most of a government's general activities. The measurement focus of governmental funds is on the sources uses and balance of current financial resources. The school has presented the following governmental funds:

**MUSKOGEE SCHOOL DISTRICT NO. I-20  
MUSKOGEE COUNTY, OKLAHOMA  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2014**

**Summary of Significant Accounting Policies (continued)**

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.

Building Fund – The District's Building Fund is a special revenue fund and consists of monies derived from property taxes levied for the purpose of creating, remodeling or repairing buildings and for purchasing furniture and equipment.

Child Nutrition Fund – The District's Child Nutrition Fund is a special revenue fund used to account for the operations of the child nutrition programs. Revenue sources include meal ticket sales and Federal and State grants for free and reduced meals.

Sinking Fund – The District's Sinking Fund is used to account for the accumulation of financial resources for the payment of general long-term 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.

Bond Fund – The District's Bond Fund 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. When these assets are held under the terms of a formula trust agreement, either a private purpose trust fund or a permanent fund is used.

The terms "permanent" and "private purpose" 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 operations.

The District's Fiduciary Funds have been excluded from the government-wide financial statements.

Agency Fund – The District's Agency Fund is utilized to account for assets that the District holds on behalf of others as their agent and do not involve the measurement of results of operations.

Private- Purpose Trust Funds – Private-Purpose Trust Funds are used to report trust arrangements under which principal and income benefit individuals, private organizations, or other governments.

Account Groups

GASB Statement No. 34 eliminates the presentation of account groups, but provides for these records to be maintained and incorporates the information into the governmental column in the government-wide statement of net assets.

**C. Basis of Accounting**

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*, as are the fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

**MUSKOGEE SCHOOL DISTRICT NO. I-20  
MUSKOGEE COUNTY, OKLAHOMA  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2014**

**Summary of Significant Accounting Policies (continued)**

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences are recorded only when the payment is due.

Property taxes and interest and certain state and federal grants associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the government.

The District reports deferred revenues on its balance sheet. Deferred revenues arise when resources are received by the District before it has a legal claim to them or do not meet the criteria for the recognition of revenue. The District has recorded deferred revenues in the General Fund, the Special Revenue Fund, and the Debt Service Fund for property taxes, which are not collected within 60 days of year-end. In subsequent periods, when both revenue recognition criteria are met, or when the District has a legal claim to the resources, the liability for deferred revenues is removed from the balance sheet and revenue is recognized.

**D. Budgets and Budgetary Accounting**

A budget is legally adopted by the Board of Education for the General Fund, Building Fund, Child Nutrition Fund, Sinking Fund, and the Bond Fund, that includes revenues and expenditures. These budgets are prepared on a modified accrual basis of accounting. Budgetary control is maintained by fund, function, and activity and budgeted expenditures may not exceed appropriations at the fund level. Amendments may be made to the budget without approval by the governing body at the function and activity levels. Fund level budgetary amendments require approval of the governing body.

Encumbrances represent commitments related to unperformed contracts for goods or services. Encumbrance accounting – under which purchase orders, contracts and other commitments for the expenditure of resources are recorded to reserve a portion of the applicable fund balance – is utilized in all governmental funds of the District. Appropriations which are not spent lapse at the end of the fiscal year and encumbrances are reversed. On the first day of the following fiscal year, the encumbrances are reinstated and the expenditures are applied against the year's budget.

**E. Net Position**

The government-wide financial statements utilize a net position presentation. Net position is categories of investment in fixed assets (net of related debt), restricted net position and unrestricted net position.

Investment in Fixed Assets (net of related debt) – is intended to reflect the portion of net position, which is associated with non-liquid capital related debt. The net related debt is debt less the outstanding liquid assets and any associated unamortized cost.

Restricted Net Position – are assets the school district is externally or legally prohibited from using for general operating purposes.

Unrestricted Net Position – represent unrestricted liquid assets.

**Fund Balance Policy In Accordance With GASB Statement No. 54**

It is the policy of the District to adopt Governmental Accounting Standards Board Statement No. 54 which defines how fund balances of the governmental funds are to be presented in the financial statements. The governmental fund financial statements present fund balances based on classifications that comprise a hierarchy that is based primarily on the extent to which the District is bound to honor constraints on the specific purposes for which amounts in the respective governmental funds can be spent. The classifications used in the governmental fund financial statements are as follows:

**MUSKOGEE SCHOOL DISTRICT NO. I-20  
MUSKOGEE COUNTY, OKLAHOMA  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2014**

**Summary of Significant Accounting Policies (continued)**

Nonspendable Fund Balance – Amounts that are not in a spendable form such as prepaid expenses, and consumable inventories are classified as Nonspendable.

Restricted Fund Balance – Amounts designated for specific purposes by their providers such as bondholders, grantors, or imposed by law through constitutional provisions or enabling legislation. The District's Building Fund balances are restricted by statute to certain capital related costs. The District's Debt Service fund balance is restricted by law to purposes of retiring the District's long-term debt. The District's Bond Fund balances are restricted by the District voters for specific construction programs. The District's Child Nutrition Fund balance is restricted by law to the operations of the District's Child Nutrition programs.

Committed Fund Balance – Amounts designated for specific purposes by the District's highest level of decision-making authority (Board of Education) and cannot be used for any other purposes unless the same highest level (Board of Education) takes action to remove or change the designation.

The District commits a portion of the General Fund balance in accordance with the Board of Education's minimum fund balance policy.

The District commits a portion of the Accrual Basis Fund Balance to honor the commitments made by the District for encumbrances (purchase orders) for which goods or services have not yet been received. The fund balance committed to encumbrances will be equivalent to the purchase orders rolled forward from one fiscal year to the next fiscal year.

Assigned Fund Balance – Amounts the District *intends* to use for specific purposes; intent can be expressed by the governing body or by an official to which the governing body delegates the authority.

The District assigns funds for education that are to be used for instruction, support services and other operating expenditures. The Superintendent and Chief Financial Officer will determine the amount of assigned fund balance at the end of each fiscal year.

Unassigned Fund Balance – This classification includes the residual fund balance of the General Fund and may be used to finance operating expenditures.

**F. Assets, Liabilities and Cash Fund Balances**

Cash – At year-end, the carrying amount of the District's deposits was \$412,641 and the bank balance was \$412,641. The bank balance was completely covered by federal depository insurance or by collateral held by the District's agent in the District's name.

Investments – Investments consist of direct obligations of the United States Government and Agencies with maturities greater than three months when purchased. At year-end, the District had no investments.

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

If the first payment is not made timely, the entire tax becomes due and payable on January 2. The second half of the tax becomes delinquent on April 1 of the year following the year of assessment. If taxes are delinquent and unpaid for a period of three years or more the real estate may be sold for such taxes.

Uncollected taxes assessed on valuations made each year are recorded in the District's combined financial statements. The delinquent taxes which are not collected within 60 days of year-end are recorded in the financial statements as deferred revenue. Uncollectible personal and real property taxes are deemed to be immaterial because the property can be sold for the amount of taxes due.

**MUSKOGEE SCHOOL DISTRICT NO. I-20  
MUSKOGEE COUNTY, OKLAHOMA  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2014**

**Summary of Significant Accounting Policies (continued)**

Inventories – Inventories are stated at cost on a first-in, first-out method. Inventories in the governmental funds are recorded as expenditures when consumed rather than when purchased. Inventories include fuel, instructional and food service supplies. Cost of donated federal surplus commodities is based on values established by the federal government at the time of donation.

Capital Assets – Capital assets, which include property, plant and equipment, are reported in the government-wide financial statements.

All purchased capital assets are valued at cost when historical records exist and at an estimated historical cost where no historical records exist. Donated capital assets are valued at their fair market value on the date donated.

Assets capitalized have an original cost of \$2,500 or more and over three years of useful life. Depreciation has been calculated on each class of depreciable property using the straight-line method. Estimated useful lives are as follows:

Buildings and structures	50-100 years
Improvements	50-100 years
Equipment	10-45 years
Furniture and fixtures	10-15 years

The costs of normal maintenance and repairs that do not add to the value of the assets or materially extend asset lives are not capitalized. Improvements are capitalized and depreciated over the remaining useful lives of the related fixed assets, as applicable.

Compensated Absences – The District’s policy allows certified employees to accumulate unused sick leave from year to year as long as employees remain continuously in the Muskogee School system. Beginning July 1, 2012, the maximum number of days that can be accumulated for purposes of buy back of unused sick leave cannot exceed two hundred fifty (250). For the purposes of sick leave reimbursement upon retirement, the district pays \$50.00/day for all sick leave accrued during employment not previously paid for by the Muskogee Public Schools. All certified employees hired after July 1, 2012, are not eligible to sell back unused sick leave but will be able to accrue days for use at retirement.

A twelve-month salaried employee is eligible for thirty (20) days paid vacation each year accrued at the rate of 1.67 days per month. A twelve-month, eight-hour employee accrues ten (10) vacation days per year at the rate of .83 days per month up until completion of five years continuous employment, 5-10 years accrues at 15 days per year, over 10 years accrues at 20 days. Twelve month Administrators may carry over vacation days up to a maximum of thirty (30) days. Upon retirement or resignation, the School District will reimburse an employee for no more than thirty (30) days of accrued vacation at the employee’s regular daily rate.

Long-Term Debt – Long-term debt is recognized as a liability of the applicable governmental activities statement on net assets.

Fund Equity – Reserves represent those portions of fund equity not appropriable for expenditure or legally segregated for a specific future use.

**G. Revenue, Expenses and Expenditures**

Local Revenues – Revenue from local sources is revenue produced within the school district, which includes ad valorem taxes. It is available for current educational expenses and for other purposes authorized by the school board.

Intermediate Revenues – Revenue from intermediate sources is revenue from funds collected by an intermediate administrative unit or political sub-division, such as a county or municipality, and redistributed to the school district.

State Revenues – Revenue 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.

**MUSKOGEE SCHOOL DISTRICT NO. I-20  
MUSKOGEE COUNTY, OKLAHOMA  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2014**

**Summary of Significant Accounting Policies (continued)**

Benefits Funded by the state of Oklahoma: For 2014, the state of Oklahoma contributed estimated payments benefiting District employees as follows:

Plan:	Teacher's Retirement System of Oklahoma	Amount:	\$302,736
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The District has recognized the revenues and expenditures related to this on-behalf payment in its financial statements.

Federal Revenues – Revenue from Federal sources is money originating from the Federal government and made available to the school district either as direct grants or under various programs passed-through the State Department of Education.

The Federal government also makes payments to school districts whose revenues are adversely affected by the presence of Federal activities. Although these payments are made in consideration of lost property tax revenue, the Oklahoma State Department of Education advocates classifying such amounts as revenue from Federal sources.

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 co curricular activities. It may also be provided through some other approved medium, such as television, radio, telephone and correspondence. Examples of expenditures that might be included here are the activities of teacher assistant 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 objective of instruction, community services and enterprise programs, rather than as entitles within them.

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

Facilities Acquisition and Construction Services Expenditures – Consist 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 improvement 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.

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

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.

**MUSKOGEE SCHOOL DISTRICT NO. I-20  
MUSKOGEE COUNTY, OKLAHOMA  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2014**

**Summary of Significant Accounting Policies (continued)**

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

**2. Use of Estimates**

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

**3. Deposit Categories of Credit Risk**

Collateral is required for demand deposits and certificates of deposit for all amounts not covered by federal deposit insurance. The District's investment policies are governed by state statute. Permissible investments include:

1. Direct obligations of the United States Government to the payment of which the full faith and credit of the government is pledged.
2. Obligations to the payment of which the full faith and credit of the state is pledged.
3. Certificates of deposits of banks when such certificates of deposits are secured by acceptable collateral as in the deposit of other public monies.
4. Savings accounts or savings certificates of savings and loan associations to the extent that such accounts or certificates are fully insured by the Federal Savings and Loan Insurance Corporation.
5. Repurchase agreements that have underlying collateral consisting of those items specified in paragraphs 1 and 2 of this section including obligations of the United States, its agencies and instrumentalities, and where collateral has been deposited with a trustee of custodian bank in an irrevocable trust or escrow account established for such purposes.
6. County, municipal or school district direct debt obligations for which an ad valorem tax may be levied or bond and revenue anticipation notes, money judgments against such county, municipality or school district ordered by a court of record or bonds or bond and revenue anticipation notes issued by a public trust for which such county, municipality or school district is a beneficiary thereof. All collateral pledged to secure public funds shall be valued at no more than market value.
7. Money market mutual funds regulated by the Securities and Exchange Commission and which investments consist of obligations of the United States, its agencies and instrumentalities, and investments in those items listed above.
8. Warrants, bonds or judgments of the District.
9. Qualified pooled investment programs, the investments of which consist of those items specified above, as well as obligations of the United States agencies and instrumentalities, regardless of the size of the district's budget. To be qualified, a pooled investment program for school funds must be governed through an Interlocal cooperative agreement formed pursuant to Title 70 Section 5-117b, and the program must competitively select its investment advisors and other professionals. Any pooled investment program must be approved by the Board of Education.

**MUSKOGEE SCHOOL DISTRICT NO. I-20  
MUSKOGEE COUNTY, OKLAHOMA  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2014**

**Deposit Categories of Credit Risk (continued)**

Custodial Credit Risk:

Deposits and Investments - The District's demand deposits are required by law to be collateralized by the amount that is not federally insured.

Securities pledged as collateral are held by a third party or Federal Reserve Bank. Joint custody safekeeping receipts are held in the name of the depositing institution, but are pledged to the District. The security cannot be released, substituted, or sold without the Treasurer's approval and release of the security.

Interest Rate Risk:

Investments are made based upon prevailing market conditions at the time of the transaction with the intent to hold the instrument until maturity. However, the District has no formal written policy addressing interest rate risk.

Credit Risk:

The District has no formal written policy addressing credit risk.

At June 30, 2014, the District had no investments that are not guaranteed by the full faith and credit of the United States Government.

**4. Receivables**

Receivables at June 30, 2014, for the individual Governmental funds in the aggregate are as follows:

	<u>General</u>	<u>Building</u>	<u>Sinking</u>	<u>Child Nutrition</u>	<u>Total Governmental</u>
Receivables					
Ad Valorem taxes	\$ 569,506	\$ 78,553	\$ 26,430	\$ -	\$ 674,489
Federal and state grants	1,075,747	-	-	38,871	1,114,618
Miscellaneous	373,623	-	-	-	373,623
Gross Receivables	2,018,876	78,553	26,430	38,871	2,162,730
Less deferred revenue	(496,239)	(70,931)	-	(13,747)	(580,917)
Net total receivables	<u>\$ 1,522,637</u>	<u>\$ 7,622</u>	<u>\$ 26,430</u>	<u>\$ 25,124</u>	<u>\$ 1,581,813</u>

**MUSKOGEE SCHOOL DISTRICT NO. I-20  
MUSKOGEE COUNTY, OKLAHOMA  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2014**

**5. Capital Assets**

A summary of changes in general fixed assets for the year ended June 30, 2014, follows:

	Balance June 30, 2013	Additions	Reductions	Balance June 30, 2014
Governmental activities:				
Capital assets, not being depreciated:				
Land	\$ 1,909,524	\$ 262,691	\$ 29,065	\$ 2,143,150
Construction in Progress	4,015,980	17,940,000	4,015,980	17,940,000
<b>Total Capital assets, not being depreciated:</b>	<b>\$ 5,925,504</b>	<b>\$ 18,202,691</b>	<b>\$ 4,045,045</b>	<b>\$ 20,083,150</b>
Capital assets being depreciated:				
Buildings	\$ 45,286,431	\$ 311,620	\$ -	\$ 45,598,051
Furniture and equipment	3,9019,733	882,222	917,189	3,866,766
Vehicles	3,894,171	1,069,396	32,710	4,930,857
Software	-	1,602,011	43,000	1,559,011
<b>Total capital assets being depreciated:</b>	<b>53,082,335</b>	<b>3,865,249</b>	<b>992,899</b>	<b>55,954,685</b>
Less accumulated depreciation:	(19,888,962)	(2,178,577)	992,899	(21,074,640)
<b>Total capital assets being depreciated, net</b>	<b>\$ 33,193,373</b>	<b>\$ 1,686,672</b>	<b>\$ -</b>	<b>\$ 34,880,045</b>
<b>Governmental activities capital assets, net</b>	<b>\$ 39,118,877</b>	<b>\$ 19,889,363</b>	<b>\$ 4,045,045</b>	<b>\$ 54,963,195</b>

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

Governmental Activities

Instruction	\$ 936,788
Support Services	283,215
Non-Instructional	108,929
Capital Outlay	<u>849,645</u>
<b>Total Depreciation</b>	<b>\$ <u>2,178,577</u></b>

**6. 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.

General long-term debt of the District consists of bonds payable, capital leases, voluntary separation payable, and obligations for compensated absences. Debt service requirements for bonds are payable solely from fund balance and 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, 2014:

	Balance July 1, 2013	Additions	Retirements	Balance June 30, 2014
Bonds Payable	\$ 13,275,000	\$ 4,545,000	\$ 4,630,000	\$ 13,190,000
Leases Payable	5,475,376	27,011,250	4,497,394	27,989,232
Compensated Absences	560,531	-	54,931	505,600
Voluntary Separation Payable	124,800	124,800	124,800	124,800
<b>Total</b>	<b>\$ 19,435,707</b>	<b>\$ 31,681,050</b>	<b>\$ 9,307,125</b>	<b>\$ 41,809,632</b>

**MUSKOGEE SCHOOL DISTRICT NO. I-20  
MUSKOGEE COUNTY, OKLAHOMA  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2014**

**General Long-Term Debt (continued)**

A brief description of the outstanding general obligation bond issues at June 30, 2014, is set forth below:

	<u>Amount Outstanding</u>
School District No. I-20 Building Bonds, Series 2012 original issue \$7,120,000, interest rate of 1.00% to 1.25%, first installment of \$1,780,000 due July 1, 2014, and annual installments of \$1,780,000 due thereafter, final payment of \$1,780,000 due July 1, 2017.	\$ 5,340,000
School District No. I-20 Combined Purpose Bonds, Series 2014, original issue \$4,545,000, interest rate of .70% to 1.25%, with the first payment of \$1,125,000 starting July 1, 2015, and annual installments of \$1,125,000 and final payment of \$1,170,000 due July 1, 2018.	4,545,000
School District No. I-20 Combined Purpose Bonds, Series 2011, original issue \$4,745,000, interest rate of 1.0% to 1.7%, with the first payment of \$1,145,000 starting July 1, 2013, and annual installments of \$1,200,000 and final payment due July 1, 2016.	2,400,000
School District No. I-20 Building Bonds, Series 2011, original issue \$2,160,000, interest rate of 1.4% to 2.375%, with the first installment of \$510,000 due June 1, 2012, final payment of \$550,000 due June 1, 2015.	550,000
School District No. I-20 Combined Purpose Bonds, Series 2010, original issue \$1,255,000 interest rate of 1.5% to 2.375%, with the first installment of \$300,000 due July 1, 2012, final payment of \$355,000 due July 1, 2015.	355,000
Total Bonds Outstanding	\$ 13,190,000

The annual debt service requirements for retirement of bond principal and payment of interest are as follows:

Year ending June 30,	Principal	Interest	Total
2015	\$ 3,885,000	\$ 243,380	\$ 4,128,380
2016	4,105,000	184,174	4,289,174
2017	2,905,000	69,271	2,974,271
2018	1,125,000	30,158	1,155,158
2019	1,170,000	7,313	1,177,313
Total	\$ 13,190,000	\$ 534,295	\$ 13,724,295

**MUSKOGEE SCHOOL DISTRICT NO. I-20  
MUSKOGEE COUNTY, OKLAHOMA  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2014**

**General Long-Term Debt (continued)**

**Leases Payable**

The School District's lease-purchase commitments include property financed through a technique referred to as "conduit financing". Conduit financing involves the use of a public trust, which issues conduit debt obligations (limited-obligations revenue bonds, certificates of participation, or similar debt instruments) for the express purpose of providing capital financing for a specific third party that is not a part of the issuer's financial reporting entity. The public trust has no obligation for such debt beyond the resources provided by a lease or loan with the third party, on whose behalf the debt is issued.

The District entered into a ground lease with Muskogee Industrial Trust Authority, (The Authority) a public trust organized under the laws of the State of Oklahoma, on July 1, 2013, for certain real property owned by the District. The Ground Lease Agreement was made to facilitate the issuance of revenue bonds by the Industrial Authority to provide funds to construct, equip, and repair school buildings.

The District entered into a sublease agreement with Muskogee Industrial Trust Authority in July 2013 wherein the real property subject to the Ground Lease mentioned in the previous paragraph is subleased to the school district to enable the District to utilize proceeds of the revenue bonds issued by The Authority, for the construction and improvements on the real property and provide a method for the District to obtain title to the property and improvements.

Ownership of the aforementioned improvements reverts to the District in partial amounts coinciding with the lease purchase payments.

Accordingly, the original costs of the assets were recorded as construction in progress in the District's General Fixed Assets. As the additions and improvements are completed and become District owned, those amounts are transferred out of construction in progress and into applicable asset categories.

The sublease agreement expires on June 30, of each fiscal year, unless extended additional one year terms. The District has the option to extend sublease terms for successive annual terms by affirmative action of the Board of Education. The following is a schedule by years of future payments due under the sublease.

Year ending June 30,	Total Payment
2015	\$ 1,980,000
2016	1,980,000
2017	1,980,000
2018	1,980,000
2019	1,980,000
2020-2023	<u>8,040,000</u>
Total	<u>\$ 17,940,000</u>

The District is financing the sublease agreement lease payments through the periodic issuance of \$17,967,000 in Building Bonds, which were authorized and approved by School District voters at an election held on May 14, 2013. These bonds are scheduled to be issued on dates, and in amounts, which coincide with sublease rental payments.

In addition, the District has commitments under various other capital leases for turf, computers, document imaging equipment, an energy management system, projectors, computers, vehicles, network equipment, choral uniforms, and construction of maintenance facility. These leases are primarily payable from the school's General Fund and were reported as other financing sources in the year of acquisition.

**MUSKOGEE SCHOOL DISTRICT NO. I-20  
MUSKOGEE COUNTY, OKLAHOMA  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2014**

**General Long-Term Debt (continued)**

The following schedules shows the composition of total minimum lease payments for all of the District's capital leases outstanding as of June 30, 2014.

Year ending June 30,	Principal	Interest	Total
2015	\$ 1,204,566	\$ 229,989	\$ 1,434,555
2016	2,213,316	225,005	2,438,321
2017	3,222,066	169,146	3,391,212
2018	1,204,566	86,141	1,290,707
2019	1,095,095	57,428	1,152,523
2020	1,109,623	28,714	1,138,337
Total	\$ 10,049,232	\$ 796,423	\$ 10,845,655

Year ending June 30,	Total Payment
2015	\$ 3,184,566
2016	4,193,316
2017	5,202,066
2018	3,184,566
2019	3,075,095
2020-2023	9,149,623
Total	\$ 27,989,232

The present value of minimum sublease payments is recorded in the District's Long-Term Debt. Lease payments are primarily payable from the Capital Projects Fund and recorded as other financing source in year of acquisition.

**Voluntary Retirement Incentive Plan**

The District provides certain employees who may desire to separate from the service of the District, but who may or may not have reached the normal retirement age, with a Voluntary Separation Program.

The plan allows active certified employees with at least seven (7) full years of service with the District and has at least a Bachelor plus twenty (20) years or a Masters plus twenty (20) years on the current salary schedule to end their status with the District and receive certain plan benefits. Support employees with at least ten (10) full years of consecutive service as employees of the District may also end their status with the District and receive certain benefits under the plan.

Under the plan provisions, the District makes a monthly payment to eligible employees. Certified employees receive between \$300 and \$600 per month depending on the date the employee elects to participate. Support employees receive \$200 and \$400 per month, depending on the number of participants and the separation date. All benefits terminate after 60 payments or five (5) years from the separation date for certified and 30 payments or 2 ½ years or 42 payments or 3 ½ years depending on the number of participants for support staff.

At June 30, 2014, the District had 26 employees participating in the plan. Actuarial calculations of the District's unfunded liability at June 30, 2014, totaled \$124,800 and is recorded as long-term debt of the District. The following schedule shows the annual amounts to be paid under the District's Voluntary Separation Incentive Plan:

Year ending June 30,	Amount
2015	124,800
Total	\$ 124,800

**MUSKOGEE SCHOOL DISTRICT NO. I-20  
MUSKOGEE COUNTY, OKLAHOMA  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2014**

**General Long-Term Debt (continued)**

Compensated Absences

Compensating absences represent the estimated liability for employees accrued vacation and sick leave for which employees are entitled to be paid upon termination or resignation. The liability at June 30, 2014, totaled \$505,600 and is recorded as long-term debt of the District. The retirement of this liability is paid from the General Fund or Special Revenue Funds based on the assignment of the employee at termination or resignation. Accrued totals by category are as follows:

Administration	\$	116,561
Teachers		262,155
Support Personnel		<u>126,884</u>
Total	\$	<u>505,600</u>

**7. Employee Retirement System**

Description of Plan

The System is a qualified governmental defined benefit retirement plan. For GASB purposes it is a cost-sharing multiple-employer Public Employee Retirement System. The supervising authority for the management and operation of the System is a 13-member Board of Trustees, which acts as a fiduciary for investment of the funds and the application of plan interpretations. The System provides retirement and disability benefits, annual cost of living adjustments, death benefits and other benefits to plan members and beneficiaries. Oklahoma State Statutes establish 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. The report may be obtained by writing to the Oklahoma Teachers' Retirement System, P.O. Box 53624, Oklahoma City, Oklahoma 73152.

Basis of Accounting

The System's financial statements are prepared in conformity with accounting principles generally accepted in the United States of America. The financial statements have also been prepared in compliance with the requirements of the Government Accounting Standards Board Statement No. 34. The financial statements are prepared on the accrual basis of accounting, under which expenses are recorded when the liability is incurred, revenues are recorded in the accounting period they are earned and become measurable, and investment purchases and sales are recorded as of their trade dates. Member and employer contributions are recognized when due, pursuant to formal commitments. Benefits and refunds are recognized when due and payable.

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 nonfunded pension benefit obligation of the System, as determined as part of the latest actuarial valuation dated June 30, 2014, is as follows:

		<u>Dollars in Millions</u>
Actuarial Accrued Liability	\$	19,576
Actuarial Value of Assets		<u>12,369</u>
Unfunded Actuarial Accrued Liability	\$	<u>7,207</u>

A participant with five years of creditable service may retire with a normal retirement allowance at the age of sixty-two (62) or with reduced benefits as early as age fifty-five (55).

**MUSKOGEE SCHOOL DISTRICT NO. I-20  
MUSKOGEE COUNTY, OKLAHOMA  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2014**

**Employee Retirement System (continued)**

The normal retirement allowance paid monthly for life and then to beneficiaries, if certain options are exercised, equals two percent of the average of the highest three earning years of contributory service multiplied by the number of years of credited service. Retiring members may count up to 120 days of unused accumulated sick leave toward an additional year of service credit. A participant leaving employment before attaining retirement age, but completing five years of service, may elect to vest his accumulated contributions and defer receipt of a retirement annuity until a later date. When a participant dies in active service and has completed ten years of credited service, the beneficiary is entitled to a death benefit of \$18,000 and the participant's contributions plus interest. If the beneficiary is a surviving spouse, the surviving spouse may, in lieu of the death benefit, elect to receive, subject to the surviving spousal options, the participant's retirement benefits accrued at the time of death. 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 employers' contribution rate is 9.5%. Employees contribute 7.0% of covered compensation.

**Annual Pension Cost**

The District's total contribution for 2014, 2013, and 2012 were \$4,635,594, \$4,314,022, and \$4,401,263, respectively. The District's total payroll for fiscal year 2013-14 amounted to \$28,660,462.

Teacher's Retirement Offset – The State of Oklahoma credits each certified teacher's retirement account an amount set out in statute depending on their years of service. GASB standards require that this be recorded as a revenue and expenditure in the financial statements. The District total amount recorded amounted to \$302,736.

**8. Contingencies**

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

The District is a defendant in various lawsuits. Although the outcome of these lawsuits is not presently determinable, the District believes the resolution of these matters will not have a material adverse effect on the financial condition of the District. Also, in the event of any unfavorable outcomes, the District and its legal counsel believe that adequate insurance coverage exists and that there will be no adverse economic impact on the financial condition of the District.

**9. Sanctioned Organizations**

The following entities are separately constituted and, accordingly, their financial position and results of operations have not been presented in the accompanying financial statements. The school board does not appoint officers. The school board is not responsible for approving budgets, contracts, key personnel, fiscal matters or day-to-day operations of the entity.

MHS Rougher Football Booster	ARJH PTO
MHS Volleyball	BFSA PTA
Rougher Wrestling	Cherokee PTO
MHS Softball Booster Club	Creek PTO
MHS Cheer Booster Club	Grant Foreman PTO
MHS Tennis Booster Club	Harris Job PTO
MHS Kicker Club-Soccer	Irving PTA
MHS Boys Basketball	Early Childhood Center PTA
MHS Dugout Club	Pershing PTA
Rougherette Roundball	Sadler PTA
MHS PTSA	Tony Goetz PTO
MHS Quarter Note Club	Whittier PTA
Muskogee 4-H & Livestock Booster Club	

**MUSKOGEE SCHOOL DISTRICT NO. I-20  
MUSKOGEE COUNTY, OKLAHOMA  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2014**

**10. Risk Management**

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. Settled claims resulting from these risks have not exceeded the commercial insurance coverage in any of the past three fiscal years.

The School also participates in a risk pool for Workers' Compensation coverage in which there is transfer or pooling of risks among the participants of that pool. In accordance with GASB No. 10, the School reports the required contribution to the pool, net of refunds, as insurance expense. The risk pool is the Oklahoma School Assurance Group (OSAG), an organization formed for the purpose of providing workers' compensation coverage to participating schools in the State of Oklahoma.

In that capacity, OSAG is responsible for providing loss control services and certain fiscal activities, including obtaining contract arrangements for the underwriting, excess insurance agreements, claims processing, and legal defense for any and all claims submitted to them during the plan year. As a member of OSAG, the District is required to pay fees set by OSAG according to an established payment schedule. A portion of the fees paid by the District goes into a loss fund for the District. The fee for the loss fund is calculated by projecting losses based on the schools losses for the last five years. OSAG provides coverage in excess of the Loss Fund, so the District's liability for claim loss is limited to the balance of the loss fund. If the District does not use their loss fund in three years, it is returned to them with no interest.

**11. Surety Bonds**

The Superintendent is bonded by Old Republic Surety Company bond number POB 1106903, for the sum of \$100,000 for the term December 23, 2013 to December 23, 2014.

The treasurer is bonded by Old Republic Surety Company bond number LSM0322263, for the sum of \$250,000 for the term of December 23, 2013, to December 23, 2014.

The chief financial officer is bonded by Old Republic Surety Company bond number POB 1101406, for the sum of \$250,000 for the term of June 30, 2013, to June 30, 2014.

The encumbrance clerk is bonded by Old Republic Surety Company bond number POB 1106903, for the sum of \$100,000 for the term December 23, 2013 to December 23, 2014.

The activity fund clerks are bonded by Old Republic Surety Company bond number POB 1106903, for the penal sum of \$1,000 for the term December 23, 2013 to December 23, 2014.

The minute clerk is bonded by Old Republic Surety Company bond number POB 1106903, for the sum of \$1,000 for the term December 23, 2013 to December 23, 2014.

The activity fund custodian is bonded by Old Republic Surety Company bond number POB 1106903, for the penal sum of \$100,000 for the term December 23, 2013 to December 23, 2014.

**REQUIRED SUPPLEMENTARY INFORMATION**

**MUSKOGEE SCHOOL DISTRICT NO. I-20**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN**  
**FUND BALANCE - BUDGET AND ACTUAL - (GAAP BASIS)**  
**GENERAL FUND**  
**FOR THE YEAR ENDED JUNE 30, 2014**

	Budgeted Amounts			Variance
	Original Budget	Final Budget	Actual	Over (Under)
<b>Revenues:</b>				
Local	\$ 10,514,210	\$ 10,471,190	\$ 10,111,584	\$ (359,606)
Intermediate sources	1,041,000	1,041,000	1,048,183	7,183
State sources	25,490,923	25,626,897	25,809,318	182,421
Federal sources	4,644,457	5,093,113	4,632,973	(460,140)
Total revenues	\$ 41,690,590	\$ 42,232,200	\$ 41,602,058	\$ (630,142)
<b>Expenditures:</b>				
Instructional	\$ 26,490,067	\$ 27,031,677	\$ 25,586,242	\$ 1,445,435
Support services:				
Students	2,627,356	2,627,356	2,711,167	(83,811)
Staff	2,519,030	2,519,030	2,439,829	79,201
General administration	1,541,840	1,541,840	1,521,315	20,525
School administration	2,716,308	2,716,308	2,882,125	(165,817)
Business	2,336,692	2,336,692	2,300,186	36,506
Plant operations	3,864,918	3,864,918	3,805,208	59,710
Transportation	1,879,943	1,879,943	1,885,729	(5,786)
Noninstructional	340,651	340,651	337,222	3,429
Capital outlay	-	-	-	-
Other outlays	205,041	205,041	60,515	144,526
Debt service	-	-	-	-
Repayments	23	23	23	-
Total expenditures	\$ 44,521,869	\$ 45,063,479	\$ 43,529,561	\$ 1,533,918
Excess of revenues over (under) expenditures	\$ (2,831,279)	\$ (2,831,279)	\$ (1,927,503)	\$ 903,776
Other sources of funds - Cancelled warrants	\$ -	\$ -	\$ -	\$ -
Excess of revenues and other sources of funds over (under) expenditures	\$ (2,831,279)	\$ (2,831,279)	\$ (1,927,503)	\$ 903,776
Fund balance, beginning of year	\$ 2,831,279	\$ 2,831,279	\$ 2,831,279	\$ -
Fund balance, end of year	\$ -	\$ -	\$ 903,776	\$ 903,776

The accompanying notes are an integral part of these financial statements.

**MUSKOGEE SCHOOL DISTRICT NO. I-20**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN**  
**FUND BALANCE - BUDGET AND ACTUAL - (GAAP BASIS)**  
**BUILDING FUND**  
**FOR THE YEAR ENDED JUNE 30, 2014**

	Budgeted Amounts			Variance Over (Under)
	Original Budget	Final Budget	Actual	
Revenues:				
Local	\$ 1,284,274	\$ 1,284,274	\$ 1,409,603	\$ 125,329
Intermediate sources	-	-	-	-
State sources	-	-	7	7
Federal sources	-	-	-	-
	\$ 1,284,274	\$ 1,284,274	\$ 1,409,610	\$ 125,336
Expenditures:				
Instructional	\$ 127,948	\$ 127,948	\$ 115,958	\$ 11,990
Support services:				
Students	-	-	-	-
Staff	-	-	-	-
General administration	370	370	370	-
School administration	2,789	2,789	2,789	-
Business	36,081	36,081	36,128	(47)
Plant operations	1,198,351	1,198,351	1,089,712	108,639
Transportation	-	-	-	-
Central	-	-	-	-
Other	-	-	-	-
Noninstructional	29,300	29,300	29,300	-
Capital outlay	203,866	203,866	203,659	207
Other outlays	-	-	-	-
Other Uses	-	-	-	-
Debt Service	-	-	-	-
	\$ 1,598,705	\$ 1,598,705	\$ 1,477,916	\$ 120,789
Excess of revenues over (under) expenditures	\$ (314,431)	\$ (314,431)	\$ (68,306)	\$ 246,125
Other sources of funds -				
Cancelled warrants	\$ -	\$ -	\$ -	\$ -
Excess of revenues and other sources of funds over (under) expenditures	\$ (314,431)	\$ (314,431)	\$ (68,306)	\$ 246,125
Fund balance, beginning of year	\$ 314,431	\$ 314,431	\$ 314,431	\$ -
Fund balance, end of year	\$ -	\$ -	\$ 246,125	\$ 246,125

The accompanying notes are an integral part of these financial statements.

**MUSKOGEE SCHOOL DISTRICT NO. I-20  
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN  
FUND BALANCE - BUDGET AND ACTUAL - (GAAP BASIS)  
CHILD NUTRITION FUND  
FOR THE YEAR ENDED JUNE 30, 2014**

	<u>Budgeted Amounts</u>			Variance Over (Under)
	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	
<b>Revenues:</b>				
Local	\$ 431,300	\$ 431,300	\$ 489,154	\$ 57,854
Intermediate sources	-	-	-	-
State sources	50,000	50,000	51,654	1,654
Federal sources	<u>2,555,000</u>	<u>2,555,000</u>	<u>2,679,799</u>	<u>124,799</u>
<b>Total revenues</b>	<b><u>\$ 3,036,300</u></b>	<b><u>\$ 3,036,300</u></b>	<b><u>\$ 3,220,607</u></b>	<b><u>\$ 184,307</u></b>
<b>Expenditures:</b>				
Instructional	\$ 2,209	\$ 2,209	\$ -	\$ 2,209
Support services:				
Students	-	-	-	-
Staff	-	-	-	-
General administration	-	-	-	-
School administration	-	-	-	-
Business	-	-	-	-
Plant operations	-	-	-	-
Transportation	-	-	-	-
Central	-	-	-	-
Other	-	-	-	-
Noninstructional	3,287,399	3,287,399	2,996,489	290,910
Capital outlay	-	-	-	-
Other outlays	1,080	1,080	-	(1,080)
Other Uses	-	-	-	-
Debt Service	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Total expenditures</b>	<b><u>\$ 3,290,688</u></b>	<b><u>\$ 3,290,688</u></b>	<b><u>\$ 2,996,489</u></b>	<b><u>\$ 294,199</u></b>
Excess of revenues over (under) expenditures	<u>\$ (254,388)</u>	<u>\$ (254,388)</u>	<u>\$ 224,118</u>	<u>\$ 478,506</u>
Other sources of funds - cancelled warrants	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Excess of revenues and other sources of funds over (under) expenditures	<u>\$ (254,388)</u>	<u>\$ (254,388)</u>	<u>\$ 224,118</u>	<u>\$ 478,506</u>
Fund balance, beginning of year	<u>\$ 254,388</u>	<u>\$ 254,388</u>	<u>\$ 254,388</u>	<u>\$ -</u>
Fund balance, end of year	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 478,506</u></u>	<u><u>\$ 478,506</u></u>

The accompanying notes are an integral part of these financial statements.

**MUSKOGEE SCHOOL DISTRICT NO. I-20**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN**  
**FUND BALANCE - BUDGET AND ACTUAL - (GAAP BASIS)**  
**BOND FUND**  
**FOR THE YEAR ENDED JUNE 30, 2014**

	Budgeted Amounts			Variance
	Original Budget	Final Budget	Actual	Favorable (Unfavorable)
<b>Revenues:</b>				
Local	\$ 420	\$ 420	\$ 26,389	\$ 25,969
Intermediate sources	-	-	-	-
State sources	-	-	-	-
Federal sources	-	-	-	-
	-	-	-	-
Total revenues	\$ 420	\$ 420	\$ 26,389	\$ 25,969
<b>Expenditures:</b>				
Instructional	\$ 287,801	\$ 287,801	\$ 287,801	\$ -
Support services:				
Students	-	-	-	-
Staff	132,066	132,066	132,066	-
General administration	-	-	-	-
School administration	-	-	-	-
Business	-	-	-	-
Plant operations	62,130	62,130	62,130	-
Transportation	-	-	-	-
Central	-	-	-	-
Other	-	-	-	-
Child nutrition	-	-	-	-
Noninstructional	-	-	-	-
Capital outlay	87,523	87,523	44,254	43,269
Other outlays	-	-	-	-
Other uses	-	-	-	-
Debt service	4,015,980	4,015,980	4,015,980	-
	4,015,980	4,015,980	4,015,980	-
Total expenditures	\$ 4,585,500	\$ 4,585,500	\$ 4,542,231	\$ 43,269
Excess of revenues over (under) expenditures	\$ (4,585,080)	\$ (4,585,080)	\$ (4,515,842)	\$ 69,238
Other sources of funds - proceeds on sales of bonds	\$ 4,545,000	\$ 4,545,000	\$ 4,545,000	\$ -
Excess of revenues and other sources of funds over (under) expenditures	\$ (40,080)	\$ (40,080)	\$ 29,158	\$ 69,238
Fund balance, beginning of year	\$ 40,080	\$ 40,080	\$ 40,080	\$ -
Fund balance, end of year	\$ -	\$ -	\$ 69,238	\$ 69,238

The accompanying notes are an integral part of these financial statements.

**OTHER SUPPORTING INFORMATION**

**MUSKOGEE SCHOOL DISTRICT NO. I-20  
SCHOOL ACTIVITY FUND  
STATEMENT OF CHANGES IN ACCOUNT BALANCES  
FOR THE YEAR ENDED JUNE 30, 2014**

**CHEROKEE ELEMENTARY**

<u>Activities</u>	<u>Balance 7-01-13</u>	<u>Additions</u>	<u>Transfers</u>	<u>Deductions</u>	<u>Balance 6-30-14</u>
Concessions	\$ 2,300	\$ 7,370	\$ (835)	\$ 7,202	\$ 1,633
Library/Media Center	6	835	-	816	25
<b>Total Cherokee Elementary</b>	<b>\$ 2,306</b>	<b>\$ 8,205</b>	<b>\$ (835)</b>	<b>\$ 8,018</b>	<b>\$ 1,658</b>

**CREEK ELEMENTARY**

<u>Activities</u>	<u>Balance 7-01-13</u>	<u>Additions</u>	<u>Transfers</u>	<u>Deductions</u>	<u>Balance 6-30-14</u>
Concessions	\$ 10,574	\$ 7,480	\$ -	\$ 11,825	\$ 6,229
Library	-	345	(164)	-	181
<b>Total Creek Elementary</b>	<b>\$ 10,574</b>	<b>\$ 7,825</b>	<b>\$ (164)</b>	<b>\$ 11,825</b>	<b>\$ 6,410</b>

**BFSA ELEMENTARY**

<u>Activities</u>	<u>Balance 7-01-13</u>	<u>Additions</u>	<u>Transfers</u>	<u>Deductions</u>	<u>Balance 6-30-14</u>
Concessions	\$ 2,841	\$ 27,701	\$ 459	\$ 29,162	\$ 1,839
Foundation Grants	-	1,804	-	1,804	-
Library/Media Center	549	5,749	(118)	5,250	930
Yearbook	2,275	-	-	2,058	217
Student Council	403	-	(403)	-	-
<b>Total BFSA Elementary</b>	<b>\$ 6,068</b>	<b>\$ 35,254</b>	<b>\$ (62)</b>	<b>\$ 38,274</b>	<b>\$ 2,986</b>

MUSKOGEE SCHOOL DISTRICT NO. I-20  
SCHOOL ACTIVITY FUND  
STATEMENT OF CHANGES IN ACCOUNT BALANCES  
FOR THE YEAR ENDED JUNE 30, 2014

GRANT FOREMAN ELEMENTARY

Activities	Balance 7-01-13	Additions	Transfers	Deductions	Balance 6-30-14
Concessions	\$ 9,186	\$ 6,215	\$ -	\$ 11,754	\$ 3,647
Total Grant Foreman Elementary	<u>\$ 9,186</u>	<u>\$ 6,215</u>	<u>\$ -</u>	<u>\$ 11,754</u>	<u>\$ 3,647</u>

HARRIS JOBE ELEMENTARY

Activities	Balance 7-01-13	Additions	Transfers	Deductions	Balance 6-30-14
Concessions	\$ 2,248	\$ 6,372	\$ -	\$ 4,750	\$ 3,870
Foundation Grants	-	1,737	(13)	1,724	-
Library/Media Club	1	6,643	-	6,233	411
Student Council	450	824	-	89	1,185
Total Harris Jobe Elementary	<u>\$ 2,699</u>	<u>\$ 15,576</u>	<u>\$ (13)</u>	<u>\$ 12,796</u>	<u>\$ 5,466</u>

IRVING ELEMENTARY

Activities	Balance 7-01-13	Additions	Transfers	Deductions	Balance 6-30-14
Concessions	\$ 2,229	\$ 12,480	\$ -	\$ 4,140	\$ 10,569
Foundation Grants	126	866	(10)	982	-
Indian Ed	470	116	-	225	361
Student Council	581	-	-	571	10
Irving Yearbook	2,144	1,071	-	1,390	1,825
Total Irving Elementary	<u>\$ 5,550</u>	<u>\$ 14,533</u>	<u>\$ (10)</u>	<u>\$ 7,308</u>	<u>\$ 12,765</u>

**MUSKOGEE SCHOOL DISTRICT NO. I-20  
SCHOOL ACTIVITY FUND  
STATEMENT OF CHANGES IN ACCOUNT BALANCES  
FOR THE YEAR ENDED JUNE 30, 2014**

**PERSHING ELEMENTARY**

<u>Activities</u>	<u>Balance 7-01-13</u>	<u>Additions</u>	<u>Transfers</u>	<u>Deductions</u>	<u>Balance 6-30-14</u>
Concessions	\$ 1,884	\$ 5,167	\$ (1,358)	\$ 4,276	\$ 1,417
Library/Media Center	142	8,598	-	8,606	134
Teachers' Fund	7	-	-	-	7
Student Council	119	-	-	-	119
Technology Education	-	-	-	-	-
<b>Total Pershing Elementary</b>	<b>\$ 2,152</b>	<b>\$ 13,765</b>	<b>\$ (1,358)</b>	<b>\$ 12,882</b>	<b>\$ 1,677</b>

**SADLER ELEMENTARY**

<u>Activities</u>	<u>Balance 7-01-13</u>	<u>Additions</u>	<u>Transfers</u>	<u>Deductions</u>	<u>Balance 6-30-14</u>
Concessions	\$ 2,275	\$ 1,760	\$ -	\$ 619	\$ 3,416
Foundation Grants	-	2,921	(45)	2,876	-
Special Help Club	7,183	2,190	-	2,398	6,975
<b>Total for Sadler Elementary</b>	<b>\$ 9,458</b>	<b>\$ 6,871</b>	<b>\$ (45)</b>	<b>\$ 5,893</b>	<b>\$ 10,391</b>

**TONY GOETZ ELEMENTARY**

<u>Activities</u>	<u>Balance 7-01-13</u>	<u>Additions</u>	<u>Transfers</u>	<u>Deductions</u>	<u>Balance 6-30-14</u>
Concessions	\$ 3,959	\$ 10,112	\$ -	\$ 9,388	\$ 4,683
Student Council	-	12,770	-	11,466	1,304
Sixth Grade	-	251	3,040	1,520	1,771
<b>Total Tony Goetz Elementary</b>	<b>\$ 3,959</b>	<b>\$ 23,133</b>	<b>\$ 3,040</b>	<b>\$ 22,374</b>	<b>\$ 7,758</b>

**WHITTIER ELEMENTARY**

<u>Activities</u>	<u>Balance 7-01-13</u>	<u>Additions</u>	<u>Transfers</u>	<u>Deductions</u>	<u>Balance 6-30-14</u>
Concessions	\$ 3,503	\$ 8,482	\$ 84	\$ 7,364	\$ 4,705
Foundation Grants	-	1,847	1,463	1,593	1,717
Library	-	84	(84)	-	-
<b>Total Whittier Elementary</b>	<b>\$ 3,503</b>	<b>\$ 10,413</b>	<b>\$ 1,463</b>	<b>\$ 8,957</b>	<b>\$ 6,422</b>

**MUSKOGEE SCHOOL DISTRICT NO. I-20  
SCHOOL ACTIVITY FUND  
STATEMENT OF CHANGES IN ACCOUNT BALANCES  
FOR THE YEAR ENDED JUNE 30, 2014**

**MECC ELEMENTARY**

<u>Activities</u>	<u>Balance 7-01-13</u>	<u>Additions</u>	<u>Transfers</u>	<u>Deductions</u>	<u>Balance 6-30-14</u>
Concessions	\$ 1,043	\$ 1,659	\$ 161	\$ 1,958	\$ 905
Library Media Center	1,325	1,333	-	1,585	1,073
Foundation Grants	-	2,895	-	2,390	505
Pre School	4,489	23,642	(161)	22,634	5,336
<b>Total MECC Elementary</b>	<b>\$ 6,857</b>	<b>\$ 29,529</b>	<b>\$ -</b>	<b>\$ 28,567</b>	<b>\$ 7,819</b>

**DISTRICT**

<u>Activities</u>	<u>Balance 7-01-13</u>	<u>Additions</u>	<u>Transfers</u>	<u>Deductions</u>	<u>Balance 6-30-14</u>
Honors Banquet	\$ 767	\$ 8,280	\$ -	\$ 6,949	\$ 2,098
Instructional	49	-	-	-	49
Board/Superintendent	1,007	5,901	2,190	5,628	3,470
Support Services	291	-	-	-	291
Technology	1,000	990	-	1,421	569
Before/After School Care	1,817	1,125	-	718	2,224
City Fd - Urban Archaeology	1,354	-	(66)	1,288	-
Finance	1,596	2,428	- 4,862	4,548	4,338
Staff development	105	2,000	1,179	2,476	808
Foundation Grants	3,654	1,095	(3,862)	887	-
General	2,725	-	632	500	2,857
Three Rivers Mens Choir	1	-	(1)	-	-
Indian Ed	176	2,396	(23)	2,407	142
Cross Country	200	-	-	-	200
Personnel	510	500	-	444	566
Rougher Special Olympics	5,089	6,096	-	4,063	7,122
Regional Science Fair	12,914	7,959	-	9,157	11,716
Special Education	6,721	5,315	1,553	4,014	9,575
Camp Bennett - Adults	8,597	7,950	(1,553)	9,797	5,197
<b>Total for District</b>	<b>\$ 48,573</b>	<b>\$ 52,035</b>	<b>\$ 4,911</b>	<b>\$ 54,297</b>	<b>\$ 51,222</b>

**ALTERNATIVE (ROUGHER ) ACADEMY**

<u>Activities</u>	<u>Balance 7-01-13</u>	<u>Additions</u>	<u>Transfers</u>	<u>Deductions</u>	<u>Balance 6-30-14</u>
Concessions	\$ 1,535	\$ 357	\$ -	\$ 381	\$ 1,511
FCCLA	93	177	-	177	93
<b>Total for RAA</b>	<b>\$ 1,628</b>	<b>\$ 534</b>	<b>\$ -</b>	<b>\$ 558</b>	<b>\$ 1,604</b>

MUSKOGEE SCHOOL DISTRICT NO. I-20  
SCHOOL ACTIVITY FUND  
STATEMENT OF CHANGES IN ACCOUNT BALANCES  
FOR THE YEAR ENDED JUNE 30, 2014

7TH/8TH GRADE CENTER

Activities	Balance 7-01-13	Additions	Transfers	Deductions	Balance 6-30-14
Academic Pursuit Team	\$ 29	\$ -	\$ -	\$ 29	-
Awards & Recognitions	403	403	(806)	-	-
The Storm	1,045	401	-	401	1,045
Arts & Crafts	792	30	(822)	-	-
7/8th Yearbook	3,120	3,390	-	4,917	1,593
Band	963	-	(963)	-	-
8th Girls Basketball	387	1,269	-	1,411	245
City FD-Advocacy	2,766	-	-	1,828	938
Cheerleaders	6,262	4,741	-	7,223	3,780
Choral/Chorus	1,212	12,898	-	11,699	2,411
Concessions	23,717	11,052	4,563	23,188	16,144
Roughers Outdoor Camp (ROC)	444	-	(444)	-	-
FCCLA	421	14,750	-	15,132	39
Foundation Grants	-	610	(45)	565	-
8th Prom	2,778	-	(2,778)	-	-
Hospitality Fd	109	490	-	400	199
Library/Media Center	1,731	47	-	-	1,778
NASA	53	-	-	45	8
PE Club	1,666	121	-	1,728	59
Video Production	1,083	235	-	473	845
Reading Dept	1,455	2,580	-	2,363	1,672
Teachers' Fund	1,128	-	-	1,128	-
Student Council	1,023	931	-	839	1,115
Technology Education	460	1,727	-	1,309	878
7/8th Gr Tennis Club	2,652	790	-	1,111	2,331
<b>Total 7th/8th Grade Center</b>	<b>\$ 55,699</b>	<b>\$ 56,465</b>	<b>\$ (1,295)</b>	<b>\$ 75,789</b>	<b>\$ 35,080</b>

**MUSKOGEE SCHOOL DISTRICT NO. 1-20  
SCHOOL ACTIVITY FUND  
STATEMENT OF CHANGES IN ACCOUNT BALANCES  
FOR THE YEAR ENDED JUNE 30, 2014**

**MUSKOGEE HIGH SCHOOL**

Activities	Balance 7-01-13	Additions	Transfers	Deductions	Balance 6-30-14
Academic Pursuit Team	\$ 304	\$ 40	\$ -	\$ 235	\$ 109
AP - Art	1,305	845	-	1,741	409
All School Musical	12,552	17,358	-	15,086	14,824
Arts & Crafts	1,691	1,438	-	1,070	2,059
Band	1,065	500	-	-	1,565
Baseball Lettermen's Club	135	-	(135)	-	-
African American Heritage	169	200	-	95	274
Broadcasting	605	662	-	612	655
Basketball - Boys	2,605	8,178	-	9,316	1,467
Basketball - Girls	8	1,575	-	1,369	214
City Fd - Advocacy	559	-	(2)	557	-
Cheerleaders	6,755	19,825	-	20,110	6,470
Choral/Chorus	571	33,763	256	21,591	12,999
Clearing	-	3,409	(2,363)	1,046	-
Concessions	11	4,937	266	1,984	3,230
Counselor	684	3,150	-	3,042	792
DECA	858	7,641	-	6,254	2,245
Dance	587	1,066	-	323	1,330
Drama	-	1,554	110	1,049	615
BPA	855	60	-	163	752
FFA	498	24,690	-	19,299	5,889
FCCLA	504	2,704	-	3,208	-
Football	2,077	-	-	112	1,965
Class of 2015	46	17,671	3,484	8,836	12,365
Class of 2011	3	700	-	310	393
Class of 2017	-	-	33	-	33
Class of 2013 Prom	30	1,883	(881)	1,032	-
Class of 2014	10,620	504	(3,500)	6,262	1,362
Athletics	3,154	33,273	-	29,795	6,632
Women's Golf	70	1,865	-	1,250	685
Foundation Grants	-	10,000	-	7,000	3,000
German Club	-	1,410	505	1,629	286
General	505	-	(505)	-	-
Graphic Art Design	810	1,080	-	1,209	681
International Club	160	-	(160)	-	-
Golf - Mens	2,605	1,838	-	1,067	3,376
Honor Society	1,232	1,475	-	685	2,022
Innovative Ideas	3,686	8,590	2,378	2,267	12,387
Oklahoma Honor Society	713	42	492	264	983
JCL	848	40	2,217	3,105	-
Wrestling	4,352	-	(3,105)	-	1,247
Character Club	6,875	7,900	-	8,036	6,739
Library/Media Center Club	2	471	-	142	331
Tennis - women	3,329	3,532	-	2,727	4,134
MHS Yearbook	5,862	15,422	-	36	21,248

(continued)

MUSKOGEE SCHOOL DISTRICT NO. I-20  
SCHOOL ACTIVITY FUND  
STATEMENT OF CHANGES IN ACCOUNT BALANCES  
FOR THE YEAR ENDED JUNE 30, 2014

MUSKOGEE HIGH SCHOOL

Activities	Balance 7-01-13	Additions	Transfers	Deductions	Balance 6-30-14
Boys Track	10,738	9,500	-	7,947	12,291
NASA	1,500	948	-	817	1,631
Soccer - boys	817	983	-	1,301	499
Soccer - girls	793	3,863	-	4,221	435
ROTC	296	10,328	(5,360)	4,688	576
Science Club	242	628	-	764	106
PC Tech Testing	2,768	4,572	-	4,316	3,024
Social Studies Club	370	832	(3)	1,008	191
Softball	2,266	640	-	1,290	1,616
Speech	35	4,985	-	3,181	1,839
Student Council	2,558	9,074	17	7,243	4,406
Technology Education	6,622	8,388	-	5,679	9,331
Textbook Recovery	-	60	-	60	-
Technology Student Assoc.	-	66	(66)	-	-
Teens For Christ	515	350	-	485	380
VICA	4,049	610	-	1,736	2,923
Total Muskogee High School	\$ 112,869	\$ 297,118	\$ (6,322)	\$ 228,650	\$ 175,015

MUSKOGEE SCHOOL DISTRICT NO. I-20  
 SCHOOL ACTIVITY FUND  
 STATEMENT OF CHANGES IN ACCOUNT BALANCES  
 FOR THE YEAR ENDED JUNE 30, 2014

TRANSPORTATION

<u>Activities</u>	<u>Balance 7-01-13</u>	<u>Additions</u>	<u>Transfers</u>	<u>Deductions</u>	<u>Balance 6-30-14</u>
Concessions	\$ 690	\$ -	\$ (690)	\$ -	\$ -
Total for Transportation	<u>\$ 690</u>	<u>\$ -</u>	<u>\$ (690)</u>	<u>\$ -</u>	<u>\$ -</u>

CNS

<u>Activities</u>	<u>Balance 7-01-13</u>	<u>Additions</u>	<u>Transfers</u>	<u>Deductions</u>	<u>Balance 6-30-14</u>
CNS Group	\$ 1,573	\$ 3,970	\$ -	\$ 3,772	\$ 1,771
Total for Maintenance	<u>\$ 1,573</u>	<u>\$ 3,970</u>	<u>\$ -</u>	<u>\$ 3,772</u>	<u>\$ 1,771</u>

MAINTENANCE

<u>Activities</u>	<u>Balance 7-01-13</u>	<u>Additions</u>	<u>Transfers</u>	<u>Deductions</u>	<u>Balance 6-30-14</u>
Concessions	\$ 2,071	\$ 4,915	\$ -	\$ 3,682	\$ 3,304
Total for Maintenance	<u>\$ 2,071</u>	<u>\$ 4,915</u>	<u>\$ -</u>	<u>\$ 3,682</u>	<u>\$ 3,304</u>

**SUPPORTING SCHEDULES**

MUSKOGEE SCHOOL DISTRICT NO. I-20  
 SCHEDULE OF FEDERAL AWARDS EXPENDED  
 FOR THE YEAR ENDED JUNE 30, 2014

Federal Grantor/Pass-Through Grantor/Program Title	Federal CFDA #	Grantor's Number	Balance at July 1, 2013	Receipts	Expenditures	Balance at June 30, 2014
<b>U.S. Department of Education</b>						
<b>Direct Programs:</b>						
<u>2013-2014 Programs</u>						
* Title VII, Indian Education	84.060A	S060A130371	\$ -	\$ 383,263	\$ 383,263	\$ -
Impact Aid	84.041	S041B20144106	-	8,703	8,703	-
<b>Sub-Total</b>			<b>\$ -</b>	<b>\$ 391,966</b>	<b>\$ 391,966</b>	<b>\$ -</b>
<b>Passed-Through State Department of Education:</b>						
<u>2013-2014 Programs</u>						
* Title I	84.010	N/A	\$ -	\$ 1,997,100	\$ 1,997,100	\$ -
* Title I-School Support	84.010	N/A	-	28,404	28,404	-
* Title I-Part A Neglected	84.010	N/A	-	13,312	13,312	-
* Title I, Part D Delinquent	84.013	N/A	-	12,827	12,827	-
* IDEA-B Flow Through	84.027	N/A	-	1,338,537	1,338,537	-
* IDEA-B Preschool	84.173	N/A	-	29,954	29,954	-
* Title II, Part A Training & Recruiting Fund	84.367	N/A	-	318,028	318,028	-
* Title III, Language Acquisition	84.365	N/A	-	20,219	20,219	-
<b>Sub-Total</b>			<b>\$ -</b>	<b>\$ 3,758,381</b>	<b>\$ 3,758,381</b>	<b>\$ -</b>
<b>Passed-Through State Department of Rehabilitation</b>						
<u>2013-2014 Programs</u>						
Job Training - OJT	84.126	N/A	\$ -	\$ 2,284	\$ 2,512	\$ (228)
<b>Sub-Total</b>			<b>\$ -</b>	<b>\$ 2,284</b>	<b>\$ 2,512</b>	<b>\$ (228)</b>
<b>Passed-Through State Department of Career and Technology Education:</b>						
<u>2013-2014 Programs</u>						
Carl Perkins	84.048	N/A	\$ -	\$ 202,709	\$ 202,709	\$ -
<b>Sub-Total</b>			<b>\$ -</b>	<b>\$ 202,709</b>	<b>\$ 202,709</b>	<b>\$ -</b>
<b>Passed-Through State Department of Education:</b>						
Child Nutrition Cluster:						
Non-Cash Assistance (Commodities):						
National School Lunch Program	10.565	N/A	\$ -	\$ 216,770	\$ 216,770	\$ -
<b>Non-Cash Assistance Sub-Total</b>			<b>\$ -</b>	<b>\$ 216,770</b>	<b>\$ 216,770</b>	<b>\$ -</b>
Cash Assistance:						
School Breakfast Program	10.553	N/A	\$ -	\$ 615,538	\$ 615,538	\$ -
National School Lunch Program	10.555	N/A	-	1,944,066	1,944,066	-
Fresh Fruit & Vegetables	10.567	N/A	-	63,629	63,629	-
Summer Food Service Program for Children	10.559	N/A	-	56,565	56,565	-
<b>Cash Assistance Sub- Total</b>			<b>\$ -</b>	<b>\$ 2,679,798</b>	<b>\$ 2,679,798</b>	<b>\$ -</b>
<b>Sub-Total for Child Nutrition Cluster</b>			<b>\$ -</b>	<b>\$ 2,896,568</b>	<b>\$ 2,896,568</b>	<b>\$ -</b>

(continued)

MUSKOGEE SCHOOL DISTRICT NO. I-20  
 SCHEDULE OF FEDERAL AWARDS EXPENDED  
 FOR THE YEAR ENDED JUNE 30, 2014

<u>Federal Grantor/Pass-Through Grantor/Program Title</u>	<u>Federal CFDA #</u>	<u>Grantor's Number</u>	<u>Balance at July 1, 2013</u>	<u>Receipts</u>	<u>Expenditures</u>	<u>Balance at June 30, 2014</u>
<u>U.S. Department of Health and Human Services</u>						
Passed-Through Oklahoma Health Care Authority::						
<u>2013-2014 Programs</u>						
Medicaid Assistance Program	93.778	N/A	\$ -	\$ 133,265	\$ 133,265	\$ -
Sub-Total			\$ -	\$ 133,265	\$ 133,265	\$ -
<u>Other Federal Assistance:</u>						
<u>2013-2014 Programs</u>						
Johnson O'Malley	15.130	N/A	\$ -	\$ 95,778	\$ 95,778	\$ -
Sub-Total			\$ -	\$ 95,778	\$ 95,778	\$ -
<b>TOTAL FEDERAL ASSISTANCE</b>			\$ -	\$ 7,480,951	\$ 7,481,179	\$ (228)

\* Major program

See accompanying notes to the Schedule of Federal Awards Expended

**MUSKOGEE SCHOOL DISTRICT NO. I-20  
MUSKOGEE COUNTY, OKLAHOMA  
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED JUNE 30, 2014**

1. For all federal programs, the District uses the fund types prescribed by the Oklahoma State Department of Education. The District conforms with accounting principles generally accepted in the United States of America. General, Child Nutrition, and Bond Funds are used to account for resources restricted, or designated for, specific purposes by a grantor. Federal and state financial assistance generally is accounted for in the General, Building Fund, and Child Nutrition Fund.
2. The accounting and financial reporting treatment applied to a fund is determined by its' measurement focus. The Governmental Fund types are accounted for using a current financial measurement focus. All federal grant funds were accounted for in the General, Child Nutrition and Bond Funds. With this measurement focus, only current assets and current liabilities and the fund balance are included on the balance sheet. Operating statements of these funds present increases and decreases in net current assets.

The Modified Accrual Basis of Accounting is used for the Governmental Fund types and revenues are recognized as soon as they are both measurable and available. Expenditures are recorded when a liability is incurred.

3. The District received donated foods through the Federal Food Distribution Program (10,565). At June 30, 2014, the school maintained an immaterial amount of food commodities inventory. The commodities received and used were \$216,770 which have been recognized as revenue and expenditures in the school's financial Statements.
4. Reconciliation of the Revenue shown on the *Schedule of Expenditures of Federal Awards* to Statement of Revenue, Expenditures and Changes in Fund Balance is as follows:

	Revenue
Schedule of Expenditures of Federal Awards	\$ <u>7,480,951</u>
Total per Schedule of Expenditures of Federal Awards	
Reconciled Balance	\$ <u><u>7,480,951</u></u>
Federal Program Revenues:	
General Fund	\$ 4,632,973
Child Nutrition	<u>2,896,569</u>
Sub-Total	7,529,542
Less: ROTC (not considered Federal Programs)	<u>(48,591)</u>
Total per Federal Statement of Revenue, Expenditures, And Changes in Fund Balance	\$ <u><u>7,480,951</u></u>

**REPORTS REQUIRED BY *GOVERNMENT AUDITING STANDARDS***

# KERRY JOHN PATTEN, C.P.A.

2101 N. Willow Ave.  
Broken Arrow, OK 74012  
Phone Number (918) 250-8838  
FAX Number (918) 250-9853



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## 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

The Honorable Board of Education  
Muskogee School District No. I-20  
Muskogee County, Oklahoma

I have audited, 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, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Muskogee School District No. I-20, Muskogee County, Oklahoma (District), as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the District's financial statements, and have issued my report thereon February 6, 2015.

### Internal Control over Financial Reporting

In planning and performing my audit of the financial statements, 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 opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, I do not express an opinion on the effectiveness of the District's internal control.

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

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 material weaknesses or significant deficiencies. 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**

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



Kerry John Patten, C.P.A.

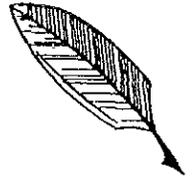
Broken Arrow, OK

February 6, 2015

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## INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM; REPORT ON INTERNAL CONTROL OVER COMPLIANCE; AND REPORT ON THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS REQUIRED BY OMB CIRCULAR A-133

The Honorable Board of Education  
Muskogee School District No. I-20  
Muskogee County, Oklahoma

### Report on Compliance for Each Major Federal Program

I have audited the compliance of Muskogee School District No. I-20, Muskogee County, Oklahoma (District's) compliance with the types of compliance requirements described in the U.S. Office of Management and Budget (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, 2014. The District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

### Management's Responsibility

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

### Auditor's Responsibility

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 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 consider necessary in the circumstances.

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, Muskogee School District, No. I-20, Muskogee 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, 2014.

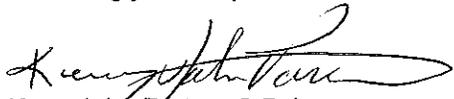
## Report on Internal Control Over Compliance

Management of Muskogee School District No. 1-20, Muskogee County, Oklahoma (District), 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 effectiveness of internal control over compliance. Accordingly, I do not express an opinion on the effectiveness of the District's internal control over compliance.

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

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 considered 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 my 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.



Kerry John Patten, C.P.A.  
Broken Arrow, OK  
February 6, 2015

**MUSKOGEE SCHOOL DISTRICT NO. I-20  
MUSKOGEE COUNTY, OKLAHOMA  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED JUNE 30, 2014**

**A. SUMMARY OF AUDIT RESULTS**

1. The auditor's report expresses an unqualified opinion on the government-wide financial statements of Muskogee School District.
2. There were no audit findings reported of deficiencies in internal control, which the auditor considers to be "significant deficiencies" as defined in A.I.C.P.A. standards.
3. No instances of noncompliance material to the financial statements of Muskogee School District which would be required to be reported in accordance with Government Auditing Standards were disclosed during the audit.
4. There were no audit findings reported of deficiencies in internal control over major programs, which the auditor considers to be "significant deficiencies" as defined by A.I.C.P.A.
5. The auditor's report on compliance for the major federal award programs for Muskogee School District expresses an unqualified opinion on all major federal programs.
6. There were no audit findings that are required to be reported in accordance with OMB Circular A-133 relative to major federal award programs for Muskogee School District.
7. The programs tested as major programs included: IDEA-B Cluster (84.027 & 84.173), Title VII, Indian Education (84.060A), and Title I (84.010).
8. A threshold for distinguishing Types A and B programs was \$300,000.00.
9. Muskogee School District was determined to be a low-risk auditee for purposes of determining overall percentage of Federal compliance testing.

**B. FINDINGS – FINANCIAL STATEMENTS AUDIT**

1. No matters were reported.

**C. FINDINGS AND QUESTIONED COSTS – MAJOR FEDERAL AWARD PROGRAMS AUDIT**

1. No matters were reported.

**MUSKOGEE SCHOOL DISTRICT NO. I-20  
MUSKOGEE COUNTY, OKLAHOMA  
SUMMARY OF PRIOR AUDIT FINDINGS  
FOR YEAR ENDED JUNE 30, 2014**

The summary of prior audit findings is required to report the status of all audit findings reported in the prior audit's schedule of findings and questioned costs relative to federal awards.

The school district had no prior year audit findings relative to federal award programs.

**MUSKOGEE SCHOOL DISTRICT NO. 1-20  
MUSKOGEE COUNTY, OKLAHOMA  
SCHEDULE OF COMMENTS  
FOR YEAR ENDED JUNE 30, 2014**

Based on my tests of accounting records and related procedures, I found nothing to indicate that Muskogee School District had not complied with significant compliance rules and regulations of the Oklahoma State Department of Education.

**Previous Year's Audit Comments**

There were no items in the school's 2012-13 audit report which required correction.

I would like to express my appreciation for the courtesies and cooperation extended to us by District administrators and employees during the course of this audit.

**STATISTICAL SECTION**

**MUSKOGEE SCHOOL DISTRICT NO. I-20  
GENERAL GOVERNMENTAL EXPENDITURES BY FUNCTION (1)**

**Last Ten Fiscal Years**

<u>Fiscal Year</u>	<u>Instructional</u>	<u>Non- Instructional</u>	<u>Debt Service</u>	<u>Capital Outlay</u>	<u>Total</u>
2014	\$ 26,292,737	\$ 22,553,328	\$ 4,883,360	\$ 4,219,639	\$ 57,949,064
2013	\$ 25,609,526	\$ 22,352,530	\$ 4,864,132	\$ 7,270,717	\$ 60,096,905
2012	\$ 26,798,511	\$ 26,142,842	\$ 5,099,620	\$ 939,193	\$ 58,980,166
2011	\$ 26,764,418	\$ 22,502,695	\$ 4,435,200	\$ 1,040,940	\$ 54,743,253
2010	\$ 27,014,868	\$ 21,711,146	\$ 4,322,035	\$ 3,350,891	\$ 56,398,940
2009	\$ 27,956,926	\$ 22,396,781	\$ 8,977,380	\$ 2,147,284	\$ 61,478,371
2008	\$ 28,489,135	\$ 18,505,632	\$ 3,213,240	\$ 3,395,595	\$ 53,603,602
2007	\$ 25,242,205	\$ 19,085,102	\$ 3,991,085	\$ 2,259,841	\$ 50,578,234
2006	\$ 23,304,272	\$ 19,581,350	\$ 4,882,532	\$ 729,357	\$ 48,497,511
2005	\$ 23,676,682	\$ 20,457,043	\$ 3,754,684	\$ 2,835,329	\$ 50,723,738
2004	\$ 21,967,316	\$ 15,840,501	\$ 4,572,421	\$ 628,902	\$ 43,009,140

(1) Includes General, Special Revenue, Capital Projects and Debt Service Funds

**MUSKOGEE SCHOOL DISTRICT NO. I-20  
GENERAL GOVERNMENTAL REVENUES BY SOURCE (1)**

**Last Ten Fiscal Years**

<u>Fiscal Year</u>	<u>Local</u>	<u>Intermediate</u>	<u>State</u>	<u>Federal</u>	<u>Total</u>
2014	\$ 16,363,302	\$ 1,048,183	\$ 26,163,738	\$ 7,529,542	\$ 51,104,765
2013	\$ 18,344,802	\$ 1,035,906	\$ 25,382,488	\$ 7,893,462	\$ 52,656,658
2012	\$ 17,209,755	\$ 1,028,510	\$ 25,937,190	\$ 8,267,283	\$ 52,442,738
2011	\$ 16,981,094	\$ 1,013,684	\$ 24,837,494	\$ 11,547,310	\$ 54,379,582
2010	\$ 16,848,847	\$ 978,441	\$ 25,671,008	\$ 11,604,660	\$ 55,102,956
2009	\$ 14,943,505	\$ 931,555	\$ 27,965,916	\$ 8,929,858	\$ 52,770,834
2008	\$ 14,570,479	\$ 961,507	\$ 27,178,586	\$ 7,815,747	\$ 50,526,319
2007	\$ 18,765,319	\$ 912,196	\$ 25,405,836	\$ 7,655,909	\$ 52,739,260
2006	\$ 13,197,269	\$ 884,826	\$ 23,469,379	\$ 7,377,121	\$ 44,928,595
2005	\$ 12,519,933	\$ 814,431	\$ 21,795,953	\$ 8,221,817	\$ 43,352,134

(1) Includes General, Special Revenue, Capital Projects and Debt Service Funds

**MUSKOGEE SCHOOL DISTRICT NO. I-20  
PROPERTY TAX LEVIES AND COLLECTIONS  
Last Ten Fiscal Years**

<b>Fiscal Year Ended June 30,</b>	<b>Gross Tax Levy</b>	<b>Current Tax Collected</b>	<b>of Levy</b>	<b>Delinquent Tax Collections</b>	<b>Total Tax Collections</b>	<b>Ratio of Total Tax Collection to Levy</b>	<b>Outstanding Delinquent Taxes</b>
2014	\$ 14,726,384	\$ 13,697,563	93.01%	\$ 509,969	\$ 14,207,532	96.48%	\$ 1,135,116
2013	\$ 14,929,202	\$ 14,556,520	97.50%	\$ 802,076	\$ 15,358,596	102.88%	\$ 616,264
2012	\$ 15,087,229	\$14,009,255	92.86%	\$ 779,976	\$ 14,789,231	98.02%	\$ 1,045,658
2011	\$ 15,044,544	\$ 14,555,061	96.75%	\$ 500,305	\$ 15,055,366	100.07%	\$ 198,156
2010	\$ 14,110,589	\$ 13,504,630	95.71%	\$ 1,123,371	\$ 14,628,001	103.67%	\$ 208,979
2009	\$ 13,497,353	\$ 13,356,104	98.95%	\$ 276,380	\$ 13,632,484	101.00%	\$ 726,391
2008	\$ 12,989,888	\$ 12,895,683	99.27%	\$ 332,697	\$ 13,228,380	101.84%	\$ 860,522
2007	\$ 12,122,695	\$ 11,492,680	94.80%	\$ 322,872	\$ 11,815,552	97.47%	\$ 1,086,729
2006	\$ 11,683,643	\$ 11,055,810	94.63%	\$ 704,731	\$ 11,760,541	100.66%	\$ 779,587
2005	\$ 11,253,576	\$ 10,554,677	93.79%	\$ 351,416	\$ 10,906,093	96.91%	\$ 856,485

Source: County Assessor's Office

**MUSKOGEE SCHOOL DISTRICT NO. I-20**  
**Property Tax Rates, Direct and Overlapping Governments**  
**Last Ten Fiscal Years**

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Fiscal Year Ended June 30,	Muskogee School District	City of Muskogee	Muskogee County	Indian Capital Vo-Tech	Total
2014	57.37	1.05	23.84	10.13	92.39
2013	59.17	0.96	24.18	10.13	94.44
2012	59.57	0.91	24.24	10.13	94.85
2011	58.48	0.79	24.01	10.13	93.41
2010	58.07	1.19	23.03	10.13	92.42
2009	57.51	1.40	23.90	10.13	92.94
2008	62.85	1.91	19.86	10.13	94.75
2007	61.80	1.65	19.75	10.13	93.33
2006	61.80	1.65	19.75	10.13	93.33
2005	61.63	1.98	19.50	10.00	93.11

\*Mills per \$1,000.00 assessed valuation.

Source: Muskogee County Assessor's Office

**MUSKOGEE SCHOOL DISTRICT NO. I-20**  
**Assessed and Estimated Actual Value of Property**  
**Last Ten Fiscal Years**

<u>Fiscal Year</u>	<u>Real Property</u>		<u>Personal Property</u>		<u>Public Service Property</u>		<u>Exemptions</u>	<u>Total</u>		<u>Ratio of Net Assessed Value to Total Estimated Value</u>
	<u>Assessed Value</u>	<u>Estimated Actual Value</u>	<u>Assessed Value</u>	<u>Estimated Actual Value</u>	<u>Assessed Value</u>	<u>Estimated Actual Value</u>	<u>Real Property</u>	<u>Net Assessed Value</u>	<u>Estimated Actual Value</u>	
2014	\$170,406,755	\$1,549,152,318	\$ 78,448,770	\$ 653,739,750	\$18,405,552	\$ 80,549,462	\$ 10,557,526	\$ 256,703,551	\$ 2,283,441,530	11.24%
2013	\$168,581,055	\$1,494,512,898	\$ 74,450,625	\$ 660,023,271	\$19,637,016	\$ 85,938,808	\$ 10,358,493	\$ 252,310,203	\$ 2,236,792,580	11.28%
2012	\$166,800,865	\$1,516,371,500	\$ 76,550,525	\$ 637,921,042	\$20,349,135	\$ 89,055,295	\$ 10,445,432	\$ 253,255,093	\$ 2,243,347,837	11.29%
2011	\$166,465,500	\$1,513,322,727	\$ 81,874,325	\$ 682,286,042	\$19,291,068	\$ 84,424,805	\$ 10,371,258	\$ 257,259,635	\$ 2,280,033,574	11.28%
2010	\$159,676,690	\$1,451,606,273	\$ 79,300,750	\$ 660,839,583	\$18,695,700	\$ 81,819,256	\$ 10,364,760	\$ 247,308,380	\$ 2,194,265,112	11.27%
2009	\$143,757,345	\$1,306,884,955	\$ 83,698,975	\$ 697,491,458	\$17,482,330	\$ 76,509,103	\$ 10,242,900	\$ 234,695,750	\$ 2,080,885,516	11.28%
2008	\$145,489,810	\$1,322,634,636	\$ 66,620,515	\$ 555,170,958	\$18,843,159	\$ 82,464,591	\$ 10,037,022	\$ 220,916,462	\$ 1,960,270,186	11.27%
2007	\$129,886,420	\$1,180,785,636	\$ 59,022,965	\$ 491,858,042	\$21,090,661	\$ 92,300,486	\$ 7,720,901	\$ 202,279,145	\$ 1,764,944,164	11.46%
2006	\$121,427,675	\$1,103,887,955	\$ 63,931,595	\$ 532,763,292	\$20,649,704	\$ 90,370,696	\$ 7,743,009	\$ 198,265,965	\$ 1,727,021,942	11.48%
2005	\$116,307,060	\$1,057,336,909	\$ 59,956,275	\$ 499,636,625	\$19,876,130	\$ 86,985,252	\$ 8,001,963	\$ 188,137,502	\$ 1,643,958,786	11.44%

Source: Muskogee County Assessor

**MUSKOGEE SCHOOL DISTRICT NO. 1-20  
Principal Property Taxpayers  
Year Ended June 30, 2014**

Taxpayer	Product	Taxable Assessed Value	Rank	Percentage of Total Net Assessed Value
Georgia-Pacific	Paper Products	\$ 30,481,625	1	11.73%
Muskogee Regional Medical Center	Hospital	\$ 10,828,825	2	4.17%
Oklahoma Gas & Electric	Electric Utility	\$ 10,402,233	3	2.62%
Oklahoma Tax Commission	State Government	\$ 6,807,180	4	4.00%
Muskogee Community Hospital	Hospital	\$ 5,416,150	5	2.08%
V & M Star LP	Oilfield Products	\$ 4,454,866	6	1.71%
Metals USA	Metal Products	\$ 2,540,320	7	0.98%
Arrowhead Mall LLC	Retail Mall	\$ 2,473,490	8	0.95%
Owens Brockway	Glass Products	\$ 2,493,400	9	0.96%
Oklahoma Natural Gas	Gas Utility	\$ 1,907,444	10	0.73%

Source: Muskogee County Assessor

**MUSKOGEE SCHOOL DISTRICT NO. I-20  
LEGAL DEBT MARGIN  
June 30, 2014**

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<b>2014 Assessed Value</b>		<b><u>\$256,703,551</u></b>
<b>Legal debt margin:</b>		
<b>Debt limitation - 10 percent of assessed value</b>		<b>\$ 25,670,355</b>
<b>Debt applicable to limitation:</b>		
<b>Outstanding general obligation bonded indebtedness</b>	<b>\$ 13,190,000</b>	
<b>Current Sinking Fund</b>	<b><u>\$ 379,862</u></b>	
<b>Total debt applicable to limitation</b>		<b>\$ 12,810,138</b>
		<hr/>
<b>Legal debt margin available</b>		<b><u>\$ 12,860,217</u></b>

Source: District Budget

**MUSKOGEE SCHOOL DISTRICT NO. I-20**  
**Ratio of Annual Debt Service Expenditures**  
**For General Obligation Bonded Debt**  
**To Total General Governmental Expenditures**

**Last Ten Fiscal Years**

<u>Fiscal Year</u>	<u>Total Debt Service</u>	<u>Total General Government Expenditures</u>	<u>Ratio of Debt Service to General Governmental Expenditures</u>
2014	\$ 4,883,360	\$ 57,949,064	8.43%
2013	\$ 4,864,133	\$ 60,096,905	8.09%
2012	\$ 5,099,620	\$ 58,980,166	8.65%
2011	\$ 4,435,200	\$ 54,743,253	8.10%
2010	\$ 4,322,035	\$ 56,398,940	7.66%
2009	\$ 4,863,700	\$ 61,478,371	7.91%
2008	\$ 3,213,240	\$ 53,603,602	5.99%
2007	\$ 3,991,085	\$ 50,578,234	7.89%
2006	\$ 4,882,533	\$ 48,497,511	10.07%
2005	\$ 3,731,380	\$ 50,723,738	7.36%

Source: Muskogee County Assessor

**MUSKOGEE SCHOOL DISTRICT NO. I-20  
RATIO OF NET GENERAL OBLIGATION BONDED DEBT**

**Last Ten Fiscal Years**

<u>Fiscal Year</u>	<u>Assessed Value</u>	<u>Gross Bonded Debt</u>	<u>Less Debt Service Fund</u>	<u>Net Bonded Debt</u>	<u>Ratio of Net Bonded Debt to Net AV Less Debt Service Fund</u>
2014	\$ 256,703,551	\$ 13,190,000	\$ 379,862	\$ 12,810,138	4.99%
2013	\$ 252,310,328	\$ 13,725,000	\$ 936,626	\$ 12,788,374	5.07%
2012	\$ 253,255,093	\$ 10,740,000	\$ 728,209	\$ 10,011,791	3.95%
2011	\$ 257,259,635	\$ 10,780,000	\$ 894,843	\$ 9,885,157	3.84%
2010	\$ 247,308,380	\$ 13,500,000	\$ 640,970	\$ 12,859,030	5.20%
2009	\$ 234,695,750	\$ 12,027,890	\$ 733,540	\$ 11,294,350	4.81%
2008	\$ 211,417,771	\$ 9,022,890	\$ 1,592,094	\$ 7,430,796	3.51%
2007	\$ 202,279,145	\$ 9,702,890	\$ 611,957	\$ 9,090,933	4.49%
2006	\$ 198,265,965	\$ 7,825,000	\$ 1,050,161	\$ 6,774,839	3.42%
2005	\$ 188,137,502	\$ 10,655,000	\$ 2,341,585	\$ 8,313,415	4.42%

Source: Muskogee County Assessor

**MUSKOGEE PUBLIC SCHOOLS DISTRICT NO. I-20**  
**Computation of Direct and Overlapping Governmental Debt**  
**June 30, 2014**

<u>Jurisdiction</u>	<u>Net General Obligation Bonded Debt Outstanding</u>	<u>Percentage Applicable to Government</u>	<u>Amount Applicable to Government</u>
As it applies to a resident of the City of Muskogee:			
Direct:			
Muskogee Public Schools	\$ 12,810,138 (1)	100.00%	\$ 12,810,138.00

(1) Excluding amount available for repayment in the debt service fund.

Source: District records.

**MUSKOGEE PUBLIC SCHOOLS DISTRICT NO. I-20**  
**School Food Service Program**  
**Last Ten Fiscal Years**

	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>
Number of operating cafeterias	14	14	14	14	14	14	14	14	14	14
Number of schools participating in Federal lunch program	14	14	14	14	14	14	14	14	14	14
Student Lunches served:										
Free Lunches	547,109	589,172	608,554	580,998	609,291	608,092	574,362	569,476	547,995	547,871
Reduced Priced Lunches	55,378	61,307	66,500	71,001	70,889	70,438	78,761	80,660	87,544	83,228
Paid lunches	91,626	122,912	133,843	145,026	149,113	200,025	190,244	178,688	180,893	178,110
Total student lunches served	<u>694,113</u>	<u>773,391</u>	<u>808,897</u>	<u>797,025</u>	<u>829,293</u>	<u>878,555</u>	<u>843,367</u>	<u>828,824</u>	<u>816,432</u>	<u>809,209</u>
Adult Lunches served	7,127	8,430	9,751	12,017	12,638	12,861	19,492	18,805	18,908	17,816
Ala Carte lunches										
Student daily equivalent meals	73,494	53,577	56,048	64,954	*	*	*	*	*	*
Adult daily equivalent meals	3,256	3,001	3,331	4,690	*	*	*	*	*	*
Daily average lunches served (including ala carte lunches):**										
Student	4,681	4,780	5,000	5,321	4,794	5,078	4,875	4,791	4,719	4,678
Adult	63	66	76	103	*	*	*	*	*	*
Average Daily Membership (ADM)	6,120	6,253	6,216	6,288	6,380	6,332	6,357	6,261	6,110	6,198
Percent of student lunches served to ADM	76%	76%	80%	85%	75%	80%	77%	77%	77%	75%

\* Information of available

\*\* Years 2005-2010 does not include ala carte - info not available)

Source: District records.

MUSKOGEE PUBLIC SCHOOLS DISTRICT NO. I-20

High School Graduates  
Last Ten Fiscal Years

<u>Fiscal Year Ended June 30,</u>	<u>Muskogee High school Graduates</u>
2014	324
2013	277
2012	299
2011	307
2010	305
2009	305
2008	323
2007	289
2006	325
2005	354

Source: District records.

**MUSKOGEE PUBLIC SCHOOLS DISTRICT NO. I-20  
MISCELLANEOUS STATISTICS**

June 30, 2014

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**Founding Date:**

Muskogee Public Schools was founded in 1907.

**Form of Government:**

Superintendent and locally elected Board of Education - (five members)

**Personnel:**

Instruction	425
Support	331
Administrative	36
	<hr/> <u>792</u> <hr/>

Approximately 38 percent of all instructional and administrative personnel have a master's degree or higher.

Source: Human Resource Office

**MUSKOGEE PUBLIC SCHOOLS DISTRICT NO. I-20**  
**List of School Buildings: Square Footage, Capacity, Age**

June 30, 2014

Site	Physical Address	Total Square Footage	Average Daily Membership	Capacity*	Capacity Utilized	Acquisition/ Construction Date	Depreciation Effective Date
<b>Elementary:</b>							
Cherokee	2400 Estelle St.	60,736	228	400	57.00%	1968	1968
Creek	200 S. Country Club Rd.	52,499	338	500	67.60%	1987	1987
Ben Franklin Science Academy	300 Virgil Matthews Drive	124,882	541	860	62.91%	1980	1980
Early Childhood Center	901 Emporia	41,182	365	400	91.25%	1962	1962
Grant Foreman	800 Bacone St.	67,480	323	465	69.46%	1959	1959
Harris Jobe	2809 N. Country Club Rd.	29,234	201	250	80.40%	1959	1959
Irving	1100 N. J St.	49,474	368	415	88.67%	1962	1962
Pershing	301 N. 54th	52,499	365	500	73.00%	1987	1987
Samuel Sadler Arts Academy	800 Altamont	65,550	363	400	90.75%	1951	1951
Tony Goetz	2412 Haskell Blvd.	47,880	392	435	90.11%	1960	1960
Whittier	1705 Cincinnati St.	51,974	320	415	77.11%	1911	2005
<b>Secondary:</b>							
A/R Junior High School	402 N. S St.	139,104	664	750	88.53%	1939	1987
Muskogee High School	3200 East Shawnee	286,515	1389	2000	69.45%	1967	2008
Rougher Alternative Academy	600 Altamont	31,736	76	180	42.22%	1967	2005
<b>Support:</b>							
Transportation	621 Altamont	12,828				1957	1957
Child Nutrition Center/Warehouse	1700 Beacon Street	18,528				1978	2005
B.E.S.T. Center / P.D.C.	202 W. Broadway	30,780				1920	1985
Maintenance	1700 Beacon Street	16,120				1978	2005
Camp Bennett	4010 Buffalo Drive	1,600				2006	2006
Athletic Facility	402 N. S St.	18,250				2003	2003
Stadium	402 N. S St.	47,914				1939	2005
<b>Totals</b>		<b>1,246,765</b>					

Grounds:

198 Acres

\* Capacity based on MPS management planned use of the building.

Source: Maintenance Department

**MUSKOGEE PUBLIC SCHOOLS DISTRICT NO. I-20**  
**Schedule of Government Employees by Function**  
**June 30, 2014**

<u>Fiscal Year Ended June 30,</u>	<u>Instruction &amp; Instruction-related Services</u>	<u>Support Services - Student &amp; Staff</u>	<u>Instructional &amp; School Leadership</u>	<u>Admin Support Services</u>	<u>Operation of non-instructional Services</u>	<u>Operation &amp; Maint of Plant Services</u>	<u>Student transportation services</u>	<u>Total Gov't Employees</u>
2014	425	74	36	25	105	75	52	792
2013	456	71	35	25	104	71	57	819
2012	443	71	35	33	109	75	72	838
2011	429	136	34	18	104	63	60	844
2010	429	97	32	20	108	79	57	822
2009	429	84	36	21	99	80	58	807
2008	423	99	36	24	94	69	56	801
2007	423	93	36	19	87	51	52	761
2006	427	95	36	15	89	54	43	759
2005	434	92	36	17	87	52	46	764

Source: District records.

MUSKOGEE SCHOOL DISTRICT NO. 1-20  
MUSKOGEE COUNTY, OKLAHOMA  
SCHEDULE OF ACCOUNTANT'S PROFESSIONAL LIABILITY INSURANCE AFFIDAVIT  
FOR YEAR ENDED JUNE 30, 2014

State of Oklahoma)  
County of Tulsa)

The undersigned auditing firm of lawful age, being first duly sworn on oath, says that said firm had in full force and effect Accountant's Professional Liability Insurance in accordance with the "Oklahoma Public School Audit Law" at the time of audit contract and during the entire audit engagement with Muskogee School District for the audit year 2013-2014.

Kerry John Patten, C.P.A.  
AUDITING FIRM

BY *Kerry John Patten*  
AUTHORIZED AGENT



Subscribed and sworn to before me on this

6<sup>th</sup> day of February, 2015

*Missy Fox*  
NOTARY PUBLIC

My commission expires on:

3<sup>rd</sup> day of June, 2018