

**ANNUAL FINANCIAL REPORT
MUSKOGEE SCHOOL DISTRICT NO. 1-20
MUSKOGEE COUNTY, OKLAHOMA
JULY 1, 2011 TO JUNE 30, 2012**

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

**MUSKOGEE SCHOOL DISTRICT NO. 1-20
MUSKOGEE COUNTY, OKLAHOMA
SCHOOL DISTRICT OFFICIALS
JUNE 30, 2012**

Board of Education

President	Keith Biglow
Vice-President	Muriel Saunders
Clerk	Larry Leatherman
Member	John Barton
Member	Stacy Alexander

Superintendent of Schools

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School District Treasurer

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**MUSKOGEE SCHOOL DISTRICT NO. I-20
MUSKOGEE COUNTY, OKLAHOMA
SCHOOL DISTRICT OFFICIALS
JUNE 30, 2012**

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MUSKOGEE COUNTY, OKLAHOMA
SCHOOL DISTRICT OFFICIALS
JUNE 30, 2012**

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INDEPENDENT AUDITOR'S REPORT

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

I have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Muskogee City School District I-20, Muskogee County, Oklahoma, as of and for the year ended June 30, 2012, which collectively comprise the school's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the school's management. My responsibility is to express opinions on these financial statements based on our 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 basic financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the basic financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall basic financial statement presentation. I believe that my audit provides a reasonable basis for my opinions.

In my opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position 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 June 30, 2012, and the respective changes in financial position, thereof and where applicable, cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

As reflected in the balance sheet of the governmental funds and in the notes to the financial statements, the District has implemented GASB Statement No. 54, Fund Balance Reporting and Governmental Fund Type Definitions.

In accordance with *Government Auditing Standards*, I have also issued my report dated March 7, 2013, on my consideration of the Muskogee School District internal control over financial reporting and 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 our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of my audit.

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison 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 Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting. 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 this information because the limited procedures do not provide me with sufficient evidence to express an opinion or provide any assurance.

My audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Muskogee School District's financial statements as a whole. The accompanying other supporting information, as listed in the Table of Contents, are presented for purposes of additional analysis and are not a required part of the basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is also not a required part of the financial statements. The other supporting information and the schedule of expenditures of federal awards has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in my opinion, is fairly presented, in all material respects, in relation to the basic financial statements taken as a whole.



Kerry John Patten, C.P.A.
March 7, 2013

MANAGEMENT DISCUSSION AND ANALYSIS

**Muskogee School District I-20
Management Discussion and Analysis
June 30, 2012**

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, 2012. 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 2011 and 2012 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 2012.

Financial Highlights

Fiscal Year 2012 operations generated significant budget activity for the General Fund. Current information is presented alongside that of Fiscal Year 2011 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 2011	\$1,645,742	\$44,921,914	\$43,566,354	\$3,001,302
FY 2012	\$3,001,302	\$42,923,722	\$43,172,464	\$2,752,560

The District's assets exceeded its liabilities by \$ 22,410,603 as of June 30, 2012. This was an increase of \$152,980 over the June 30, 2011 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 second year in a row, enrollment declined by 72 in FY 2012 versus FY 2011. This downward trend looks to be reversed for FY 2013.

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.

**Muskogee School District I-20
Management Discussion and Analysis
June 30, 2012**

- *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).

**Muskogee School District I-20
Management Discussion and Analysis
June 30, 2012**

The district has two kinds of funds:

- **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, 2012, than they were the year before, increasing to \$22,410,503. This was an increase of \$152,980 over the close of the FY 2011 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 plant, 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. Instruction services was almost flat, while transportation and debt services were up significantly.

**Muskogee School District I-20
Management Discussion and Analysis
June 30, 2012**

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, 2012, the general fund balance was \$2,752,560 with \$487,443 nonspendable, leaving an unassigned fund balance of \$2,719,608.

The total costs of the District increased by \$3,149,694 in FY 2012 over FY 2011. The most significant increase was in the area of instruction increasing by \$4,697,832 and offset by the decrease in support services of \$715,456.

There was also a decrease in non-instructional services of \$500,300.

MPS's student enrollment 6,288 (as of end of year) was a decrease of 72 from last year.

Capital Asset and Debt Administration

Capital Assets

As of June 30, 2012, the district has invested \$41,196,888 in capital assets. This represents a net decrease of \$2,779,404 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 \$2,927,008.

Long-term Debt

At year-end, the district had \$24,542,482 in long-term debt, a decrease of 16.13 percent. (More detailed information about the district's long-term liabilities is presented in Note 4 to the financial statements).

- The district retired \$4,785,000 of outstanding bonds.
- \$4,745,000 in bonds were issued.
- Leases payable decreased \$4,438,861.
- Other long-term debt decreased \$166,200.

**Muskogee School District I-20
Management Discussion and Analysis
June 30, 2012**

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.
- Mid-term growth in enrollment for FY 2012 as of October 1, 2011 did not occur for the second time in the last five years.
- The budgetary effect of the recession that seems to be affecting the entire nation. FY 2012 was basically a flat funding year for the state.
- Two constitutional questions were approved by the voters that have been estimated will reduce funding for FY 2014 by \$52,000,000 for the state in support of education.
- The federal budget reduction act (sequestration) is estimated to be a reduction of approximately \$279,000 for the District.

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. 1-20
STATEMENT OF NET ASSETS
JUNE 30, 2012**

	<u>Governmental Activities</u>
<u>ASSETS</u>	
Cash and cash equivalents	\$ 3,370,123
Property tax receivable	1,373,438
Due from other governments	1,201,860
Miscellaneous receivables	372,486
Inventories	295,765
Capital assets	
Land	1,854,134
Construction in process	11,062,890
Other capital assets, net of accumulated depreciation	<u>28,279,864</u>
 Total Assets	 \$ <u>47,810,560</u>
<u>LIABILITIES</u>	
Accounts payable	\$ 89,546
Wages payable	767,929
Long-term liabilities	
Due within one year	8,188,525
Due in more than one year	<u>16,353,957</u>
 Total Liabilities	 \$ <u>25,399,957</u>
<u>NET ASSETS</u>	
Invested in Capital Assets, net of related debt	\$ 17,467,787
Reserved for:	
Debt service	1,149,497
Capital projects	296,669
Building	406,977
Child Nutrition	604,207
Unrestricted	<u>2,485,466</u>
 Total Net Assets	 \$ <u><u>22,410,603</u></u>

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

**MUSKOGEE SCHOOL DISTRICT NO. I-20
STATEMENT OF ACTIVITIES
JUNE 30, 2012**

	Expenses	Program Revenues			Net (Expenses) Revenue and Changes in Net Assets
		Charges for Services	Operating Grants & Contributions	Capital Grants & Contributions	Governmental Activities
Governmental Activities					
Instruction	\$ (28,648,132)	\$ 133,103	\$ 6,860,800	\$ -	\$ (21,654,229)
Support Services					
Students	(2,796,593)	-	-	-	(2,796,593)
Instr. Staff	(2,013,789)	-	-	-	(2,013,789)
Gen. Adm.	(1,354,050)	-	-	-	(1,354,050)
School Adm.	(3,049,008)	-	-	-	(3,049,008)
Business	(2,338,956)	-	-	-	(2,338,956)
Op. & Maint.	(2,082,145)	-	-	-	(2,082,145)
Student Trans.	(5,779,614)	-	-	-	(5,779,614)
Non-Instructional	(3,946,107)	490,359	2,719,736	-	(736,012)
Capital Outlay	(97,116)	-	-	-	(97,116)
Other Outlays	(191,867)	-	-	-	(191,867)
Other Uses	(1,000)	-	-	-	(1,000)
Debt service interest	(314,620)	-	-	-	(314,620)
Total Governmental Activities	\$ (52,612,997)	\$ 623,462	\$ 9,580,536	\$ -	\$ (42,408,999)

General revenues	
Taxes:	
Property taxes, levied for general purposes	\$ 11,307,351
Property taxes, levied for debt service	4,919,566
Other Taxes	2,813,142
Federal and State aid not restricted to specific purposes:	
General	20,833,193
Other	1,458,112
Interest and investment earnings	33,453
Miscellaneous	1,197,162
Total general revenues	42,561,979
Changes in net assets	152,980
Net assets - beginning	22,257,623
Net assets - ending	\$ 22,410,603

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

FUND FINANCIAL STATEMENTS

MUSKOGEE SCHOOL DISTRICT NO. I-20
BALANCE SHEET
GOVERNMENTAL FUND TYPES
JUNE 30, 2012

	Governmental Fund Types					Total Governmental Funds
	General Fund	Building Fund	Sinking Fund	Bond Fund	Child Nutrition Fund	
ASSETS						
Cash and cash equivalents	\$ 1,822,762	\$ 292,602	\$ 565,223	\$ 298,991	\$ 392,545	\$ 3,370,123
Receivables:						1,373,438
Property taxes	692,898	96,267	584,275	-	-	1,201,860
Due from other governments	1,174,879	-	-	-	26,981	1,201,860
Miscellaneous receivables	372,466	-	-	-	20	372,486
Inventories	32,952	28,564	-	-	234,249	295,765
Total assets	\$ 4,095,955	\$ 417,433	\$ 1,149,498	\$ 298,991	\$ 653,795	\$ 6,613,672
LIABILITIES AND FUND EQUITY						
Liabilities:						89,546
Accounts Payable	82,133	1,167	-	-	6,246	89,546
Accrued wages payable	714,977	9,289	-	321	43,342	767,929
Deferred revenues	548,285	78,084	421,289	-	13,486	1,059,144
Total liabilities	\$ 1,343,395	\$ 88,540	\$ 421,289	\$ 321	\$ 63,074	\$ 1,916,619
Fund equity:						
Fund Balances:						
Nonspendable Fund Balances:						295,765
Inventories	\$ 32,952	\$ 28,564	\$ -	\$ -	\$ 234,249	295,765
Restricted Fund Balances:						728,209
Retirement of Long-Term Debt	-	-	728,209	-	-	728,209
Restricted for Construction	-	-	-	298,670	-	298,670
Restricted by Statute	-	300,329	-	-	356,472	656,801
Committed Fund Balances:						-
Other Committed Fund Balances	-	-	-	-	-	-
Assigned Fund Balances:						-
Encumbrances	-	-	-	-	-	-
Other Assigned Fund Balances	-	-	-	-	-	-
Unassigned	2,719,608	-	-	-	-	2,719,608
Total Fund Balances	\$ 2,752,560	\$ 328,893	\$ 728,209	\$ 298,670	\$ 590,721	\$ 4,697,053
Total Liabilities and Fund Balances	\$ 4,095,955	\$ 417,433	\$ 1,149,498	\$ 298,991	\$ 653,795	\$ 6,613,672

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

**MUSKOGEE SCHOOL DISTRICT NO. 1-20
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET ASSETS
JUNE 30, 2012**

TOTAL FUND BALANCE-TOTAL GOVERNMENTAL FUNDS	\$	4,697,053
 Amounts reported for governmental activities in the Statement of Net Assets are different because:		
 Capital assets used in governmental activities are not financial resources and therefore, are not reported as assets in governmental funds.		
Cost of assets	\$ 59,428,940	
Accumulated depreciation	(18,232,052)	41,196,888
 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.		
		1,045,657
 Intergovernmental revenue has been received, but has not been "earned", and is therefore deferred in the funds.		
		13,487
 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. Long-term liabilities at year-end consist of:		
General obligation bonds payable	\$ 10,740,000	
Compensated absences	563,781	
Capital leases payable	12,989,101	
Special retirement benefits payables	249,600	(24,542,482)
TOTAL NET ASSETS-GOVERNMENTAL ACTIVITIES	\$	<u>22,410,603</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 - ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED JUNE 30, 2012

	General Fund	Building Fund	Child Nutrition Fund	Sinking Fund	Bond Fund	Total Governmental Funds
Revenues:						
Local sources	\$ 10,410,476	\$ 1,368,761	\$ 492,837	\$ 4,932,986	\$ 4,695	\$ 17,209,755
Intermediate sources	1,028,510	-	-	-	-	1,028,510
State sources	25,717,937	-	52,555	-	-	25,770,492
Federal sources	5,766,799	-	2,667,182	-	-	8,433,981
Total revenues	\$ 42,923,722	\$ 1,368,761	\$ 3,212,574	\$ 4,932,986	\$ 4,695	\$ 52,442,738
Expenditures:						
Instructional	\$ 26,404,056	\$ 100,614	-	-	293,841	\$ 26,798,511
Support services:						
Students	2,790,864	5,719	-	-	-	2,796,583
Staff	2,013,789	-	-	-	-	2,013,789
General administration	1,303,502	-	-	-	50,558	1,354,060
School administration	3,049,008	-	-	-	-	3,049,008
Business	2,018,386	233,949	-	-	86,621	2,338,956
Plant operations	3,259,423	764,659	-	-	747,880	4,771,962
Transportation	1,763,635	-	-	-	4,015,979	5,779,614
Noninstructional	376,934	-	3,469,069	-	-	3,846,003
Capital outlay	-	195,970	-	-	743,223	939,193
Other outlays	191,867	-	-	-	-	191,867
Debt service	-	-	-	5,099,620	-	5,099,620
Other uses	1,000	-	-	-	-	1,000
Total expenditures:	\$ 43,172,464	\$ 1,300,911	\$ 3,469,069	\$ 5,099,620	\$ 5,938,102	\$ 58,980,166
Excess of revenues over (under) expenditures	\$ (248,742)	\$ 67,850	\$ (256,495)	\$ (166,634)	\$ (5,933,407)	\$ (6,537,428)
Other sources of funds - proceeds on sale of bonds	-	-	-	-	4,745,000	4,745,000
Excess of revenues and other sources of funds over (under) expenditures	\$ (248,742)	\$ 67,850	\$ (256,495)	\$ (166,634)	\$ (1,188,407)	\$ (1,792,428)
Fund balance, beginning of year	\$ 3,001,302	\$ 261,043	\$ 847,217	\$ 894,842	\$ 1,485,076	\$ 6,489,480
Fund balance, end of year	\$ 2,752,560	\$ 328,893	\$ 590,722	\$ 728,208	\$ 296,669	\$ 4,697,052

The accompanying notes are an integral part of these 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, 2012**

Net change in fund balances - governmental funds \$ (1,792,428)

Amounts reported for governmental activities in the statement of revenues, expenditures, and changes in net assets are different because:

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.

Capital outlay expenditures	\$	842,077	
Depreciation expense		(2,927,008)	
Retired Capital assets-not depreciated		(694,473)	
	\$		(2,779,404)

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. \$ (4,745,000)

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. \$ 4,785,000

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. \$ 2,980

(continued)

**MUSKOGEE SCHOOL DISTRICT NO. 1-20
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, 2012**

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). This year, special termination benefits used exceeded the amounts earned by \$166,200. Compensated absences used exceeded the amounts earned by \$26,771.

\$ 192,971

Payments made on capital leases are expenditures in the governmental funds, but the payments reduce long-term liabilities in the statement of net assets.

\$ 4,488,861

Change in Net Assets of Governmental Activities

\$ 152,980

**MUSKOGEE SCHOOL DISTRICT NO. I-20
STATEMENT OF NET ASSETS - FIDUCIARY FUNDS
JUNE 30, 2012**

	Fiduciary Fund Types		
	Private Purpose Trust Fund	Agency Fund	
	V. Tarpley Scholarship	Activity Fund	Total
ASSETS			
Cash	\$ 76,991	\$ 250,521	\$ 327,512
Receivables:			
Miscellaneous	-	-	-
Total assets	\$ 76,991	\$ 250,521	\$ 327,512
LIABILITIES AND NET ASSETS			
Liabilities:			
Due to student groups	-	250,512	250,512
Accounts payable	-	9	9
Total liabilities	\$ -	\$ 250,521	250,521
Net Assets			
Unreserved	\$ 76,991	\$ -	\$ 76,991
Total net assets	\$ 76,991	-	76,991
Total liabilities and net assets	\$ 76,991	250,521	327,512

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

**MUSKOGEE SCHOOL DISTRICT NO. 1-20
STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS
FOR THE YEAR ENDED JUNE 30, 2012**

Additions		
Interest	459	
Student Activities	-	
Total Additions	459	
Deductions		
Scholarships	-	
Student Activity Expenses	-	
Total Deductions	-	
Change in Net Assets	459	
Net Assets, Beginning of Year	76,532	
Net Assets, End of Year	76,991	

Private Purpose
Trust Fund

V. Tarpley
Scholarship

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

NOTES TO THE FINANCIAL STATEMENTS

**MUSKOGEE SCHOOL DISTRICT NO. 1-20
MUSKOGEE COUNTY, OKLAHOMA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2012**

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 assets 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 used 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, 2012**

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.

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, 2012**

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 Assets

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

Investment in Fixed Assets (net of related debt) – is intended to reflect the portion of net assets, which are 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 Assets – are assets the school district is externally or legally prohibited from using for general operating purposes.

Unrestricted Net Assets – 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, 2012**

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 and Cash Equivalents – The District considers all cash on hand, demand deposits and interest bearing checking accounts to be cash and cash equivalents.

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

Property Tax 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 not paid by the following October 1, the property is offered for sale for the amount of taxes due. The owner has two years to redeem the property by paying the taxes and penalty owed. If at the end of two years the owner has not done so, the purchaser is issued a deed to the property.

**MUSKOGEE SCHOOL DISTRICT NO. 1-20
MUSKOGEE COUNTY, OKLAHOMA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2012**

Summary of Significant Accounting Policies (continued)

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.

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 employees to accumulate unused sick leave from year to year as long as employees remain continuously in the Muskogee School system. Maximum number of days that can be accumulated for purposes of sick leave cannot exceed one hundred fifty (150) days at the beginning of the school year. For the purposes of sick leave reimbursement upon retirement, the district pays for all sick leave accrued during employment not previously paid for by the Muskogee Public Schools.

A twelve-month salaried employee is eligible for thirty (30) days paid vacation each year accrued at the rate of 2.50 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, at which time the employee starts accruing vacation time at 2.50 days per month. 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 appropriate 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.

**MUSKOGEE SCHOOL DISTRICT NO. I-20
MUSKOGEE COUNTY, OKLAHOMA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2012**

Summary of Significant Accounting Policies (continued)

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. Second half taxes become delinquent on April 1 of the year following the year of assessment. If not paid by the following Oct. 1, the property is offered for sale for the amount of taxes due. The owner has two years to redeem the property by paying the taxes and penalty owed. If at the end of two years the owner has not done so, the purchaser is issued a deed to the property.

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.

Benefits Funded by the state of Oklahoma: For 2012, the state of Oklahoma contributed estimated payments benefiting District employees as follows:

Plan:	Teacher's Retirement System of Oklahoma	Amount:	\$320,259
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The District has recognized the revenues and expenditures related to this on-behalf payment in its Government wide 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 entities within them.

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

**MUSKOGEE SCHOOL DISTRICT NO. 1-20
MUSKOGEE COUNTY, OKLAHOMA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2012**

Summary of Significant Accounting Policies (continued)

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.

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.

**MUSKOGEE SCHOOL DISTRICT NO. I-20
MUSKOGEE COUNTY, OKLAHOMA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2012**

Deposit Categories of Credit Risk (continued)

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.

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, 2012, the District has no investments that are not guaranteed by the full faith and credit of the United States Government.

**MUSKOGEE SCHOOL DISTRICT NO. 1-20
MUSKOGEE COUNTY, OKLAHOMA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2012**

4. Receivables

Receivables at June 30, 2012, 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	\$ 692,896	\$ 96,267	\$ 584,275	\$ -	\$ 1,373,438
Federal and state grants	1,174,879	-	-	26,981	1,201,860
Miscellaneous	372,466	-	-	20	372,486
Gross Receivables	2,240,241	96,267	584,275	27,001	2,947,784
Less allowance for uncollectibles	(546,285)	(78,084)	(421,288)	(13,485)	(1,059,142)
Net total receivables	<u>\$ 1,693,956</u>	<u>\$ 18,183</u>	<u>\$ 162,987</u>	<u>\$ 13,516</u>	<u>\$ 1,888,642</u>

5. Capital Assets

A summary of changes in general fixed assets for the year ended June 30, 2012, follows:

	<u>Balance June 30, 2011</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance June 30, 2012</u>
Governmental activities:				
Capital assets, not being depreciated:				
Land	\$ 1,779,849	\$ 74,285	\$ -	\$ 1,854,134
Construction in Progress	11,757,363	-	694,473	11,062,890
Total Capital assets, not being depreciated:	<u>13,537,212</u>	<u>74,285</u>	<u>694,473</u>	<u>12,917,024</u>
Capital assets being depreciated:				
Buildings	38,251,976	694,030	-	38,946,006
Furniture and equipment	4,016,533	-	276,625	3,739,908
Vehicles	4,087,730	73,762	335,490	3,826,002
Total capital assets being depreciated:	<u>46,356,239</u>	<u>767,792</u>	<u>612,115</u>	<u>46,511,916</u>
Less accumulated depreciation:	<u>(15,917,159)</u>	<u>(2,927,008)</u>	<u>(612,115)</u>	<u>(18,232,052)</u>
Total capital assets being depreciated, net	<u>30,439,080</u>	<u>(2,159,216)</u>	<u>-</u>	<u>28,279,864</u>
Governmental activities capital assets, net	<u>\$ 32,147,844</u>	<u>\$ (2,084,931)</u>	<u>\$ 694,473</u>	<u>\$ 41,196,888</u>

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

Governmental Activities

Instruction	\$ 1,529,362
Support Services	303,823
Non-Instructional	100,104
Capital Outlay	993,719
Total Depreciation	\$ 2,927,008

**MUSKOGEE SCHOOL DISTRICT NO. I-20
MUSKOGEE COUNTY, OKLAHOMA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2012**

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, 2012:

	Balance July 1, 2011	Additions	Retirements	Balance June 30, 2012
Bonds Payable	\$ 10,780,000	\$ 4,745,000	\$ 4,785,000	\$ 10,740,000
Leases Payable	17,477,962	-	4,488,861	12,989,101
Compensated Absences	590,552	-	26,771	563,781
Voluntary Separation Payable	415,800	-	166,200	249,600
Total	\$ 29,264,314	\$ 4,745,000	\$ 9,466,832	\$ 24,542,482

A brief description of the outstanding general obligation bond issues at June 30, 2012, is set forth below:

	Amount Outstanding
School District No. I-20 Building Bonds, Series 2008 original issue \$7,460,000, interest rate of 3.10% to 3.40%, first installment of \$1,865,000 due July 1, 2011, and annual installments of \$1,865,000 due thereafter, final payment of \$1,865,000 due July 1, 2013.	\$ 1,865,000
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.	4,745,000
School District No. I-20 Building Bonds, Series 2010, original issue \$2,975,000, interest rate of 2.25% to 2.45%, with the first installment of \$725,000 due July 1, 2011, final payment of \$800,000 due July 1, 2014.	1,525,000
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.	1,650,000
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.	955,000
Total Bonds Outstanding	\$ 10,740,000

**MUSKOGEE SCHOOL DISTRICT NO. I-20
MUSKOGEE COUNTY, OKLAHOMA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2012**

General Long-Term Debt (continued)

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

Year ending June 30,	Principal	Interest	Total
2013	\$ 550,000	\$ 225,414	\$ 775,414
2014	4,585,000	152,213	4,737,213
2015	2,850,000	72,555	2,922,555
2016	1,555,000	31,628	1,586,628
2017	1,200,000	9,900	1,209,900
Total	\$ 10,740,000	\$ 491,620	\$ 11,231,620

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, in June 2007, 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 June 2007 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
2013	\$ 7,046,910
2014	4,015,980
Total	\$ 11,062,890

The District is financing the sublease agreement lease payments through the periodic issuance of \$28,735,000 in Building Bonds, which were authorized and approved by School District voters at an election held on March 6, 2007. These bonds are scheduled to be issued on dates, and in amounts, which coincide with sublease rental payments.

**MUSKOGEE SCHOOL DISTRICT NO. 1-20
MUSKOGEE COUNTY, OKLAHOMA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2012**

General Long-Term Debt (continued)

In addition, the District has commitments under various other capital leases for turf, computers, document imaging equipment, an energy management system 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.

The following schedule shows the composition of total minimum lease payments for all of the District's capital leases outstanding as of June 30, 2012.

Year ending June 30,	Total Payment
2013	\$ 7,513,725
2014	4,497,395
2015	197,066
2016	197,066
2018-2020	386,783
Total	\$ 12,989,101

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, 2012, the District had 26 certified and 11 support employees participating in the plan. Actuarial calculations of the District's unfunded liability at June 30, 2012, totaled \$249,600 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
2013	\$ 124,800
2014	124,800
Total	\$ 249,600

**MUSKOGEE SCHOOL DISTRICT NO. 1-20
MUSKOGEE COUNTY, OKLAHOMA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2012**

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, 2012, totaled \$563,781 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	\$	114,225
Teachers		298,027
Support Personnel		<u>151,529</u>
Total	\$	<u>563,781</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, 2012, is as follows:

	<u>Dollars in Millions</u>
Actuarial Accrued Liability	\$ 18,588
Actuarial Value of Assets	<u>10,190</u>
Unfunded Actuarial Accrued Liability	\$ <u>8,398</u>

**MUSKOGEE SCHOOL DISTRICT NO. I-20
MUSKOGEE COUNTY, OKLAHOMA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2012**

Employee Retirement System (continued)

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). 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 ten 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 \$18,000.00 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 2012, 2011 and 2010 were \$4,401,263, \$4,396,367 and \$4,448,030, respectively. The District's total payroll for fiscal year 2011-12 amounted to \$28,795,408.

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 Girls Golf
MHS Quarter Note Club
MHS Boys Basketball
7th & 8th Grade PTO
Pershing PTA
Toney Goetz PTO
MHS Choral Association
Cherokee PTO
BFSA PTA
MHS Rougher Football Booster Club
MHS PTSA
MHS Tennis Booster Club

Grant Foreman PTO
Irving PTA
MHS Volleyball
Whittier PTA
MHS Dugout Club
Harris Job PTO
MHS Boys Bogey Club
Grant Foreman PTO
Creek PTO
Early Childhood Center PTO
Rougherette Roundball

**MUSKOGEE SCHOOL DISTRICT NO. I-20
MUSKOGEE COUNTY, OKLAHOMA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2012**

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 penal sum of \$100,000.00 for the term July 1, 2011 to June 30, 2012.

The treasurer is bonded by Old Republic Surety Company bond number LSM0322263, for the penal sum of \$250,000.00 for the term of December 23, 2011, to December 23, 2012.

The chief financial officer is bonded by Old Republic Surety Company bond number POB 1101406, for the penal sum of \$250,000.00 for the term of June 30, 2011, to June 30, 2012.

The encumbrance clerk is bonded by Old Republic Surety Company bond number POB 1106903, for the penal sum of \$100,000.00 for the term July 1, 2011 to June 30, 2012.

The activity fund clerks are bonded by Old Republic Surety Company bond number POB 1106903, for the penal sum of \$1,000.00 for the term July 1, 2011 to June 30, 2012.

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, 2012

	Budgeted Amounts			Variance Favorable (Unfavorable)
	Original Budget	Final Budget	Actual	
Revenues:				
Local	\$ 9,700,769	\$ 10,222,780	\$ 10,410,476	\$ 187,696
Intermediate sources	995,000	995,000	1,028,510	33,510
State sources	24,734,210	25,300,451	25,884,635	584,184
Federal sources	5,415,506	6,300,744	5,600,101	(700,643)
Total revenues	\$ 40,845,485	\$ 42,818,975	\$ 42,923,722	\$ 104,747
Expenditures:				
Instructional	\$ 26,680,806	\$ 29,518,821	\$ 26,404,056	\$ 3,114,765
Support services:				
Students	2,796,264	2,620,830	2,790,864	(170,034)
Staff	2,447,091	2,048,764	2,013,789	34,975
General administration	1,515,820	1,283,715	1,303,502	(19,787)
School administration	2,948,101	2,964,713	3,049,008	(84,295)
Business	2,241,278	2,038,544	2,018,386	20,158
Plant operations	2,830,297	3,278,537	3,259,423	19,114
Transportation	1,703,843	1,583,144	1,763,635	(180,491)
Noninstructional	423,939	263,319	376,934	(113,615)
Capital outlay	588	-	-	-
Other outlays	258,687	219,890	191,867	28,023
Other Uses	-	-	1,000	(1,000)
Repayments	73	-	-	-
Total expenditures	\$ 43,846,787	\$ 45,820,277	\$ 43,172,464	\$ 2,647,813
Excess of revenues over (under) expenditures	\$ (3,001,302)	\$ (3,001,302)	\$ (248,742)	\$ 2,752,560
Other sources of funds - Cancelled warrants	\$ -	\$ -	\$ -	\$ -
Excess of revenues and other sources of funds over (under) expenditures	\$ (3,001,302)	\$ (3,001,302)	\$ (248,742)	\$ 2,752,560
Fund balance, beginning of year	\$ 3,001,302	\$ 3,001,302	\$ 3,001,302	\$ -
Fund balance, end of year	\$ -	\$ -	\$ 2,752,560	\$ 2,752,560

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, 2012

	Budgeted Amounts			Variance Favorable (Unfavorable)
	Original Budget	Final Budget	Actual	
Revenues:				
Local	\$ 1,268,797	\$ 1,268,797	\$ 1,368,761	\$ 99,964
Intermediate sources	-	-	-	-
State sources	-	-	-	-
Federal sources	-	-	-	-
Total revenues	\$ 1,268,797	\$ 1,268,797	\$ 1,368,761	\$ 99,964
Expenditures:				
Instructional	\$ 389,953	\$ 389,953	\$ 100,614	\$ 289,339
Support services:	943,918	943,918		
Students	-	-	5,719	(5,719)
Staff	195,969	195,969	-	195,969
General administration	-	-	-	-
School administration	-	-	-	-
Business	-	-	233,949	(233,949)
Plant operations	-	-	764,659	(764,659)
Transportation	-	-	-	-
Central	-	-	-	-
Other	-	-	-	-
Child nutrition	-	-	-	-
Noninstructional	-	-	-	-
Capital outlay	-	-	195,970	(195,970)
Other outlays	-	-	-	-
Other Uses	-	-	-	-
Debt Service	-	-	-	-
Total expenditures	\$ 1,529,840	\$ 1,529,840	\$ 1,300,911	\$ (714,989)
Excess of revenues over (under) expenditures	\$ (261,043)	\$ (261,043)	\$ 67,850	\$ (615,025)
Other sources of funds - Cancelled warrants	\$ -	\$ -	\$ -	\$ -
Excess of revenues and other sources of funds over (under) expenditures	\$ (261,043)	\$ (261,043)	\$ 67,850	\$ (615,025)
Fund balance, beginning of year	\$ 261,043	\$ 261,043	\$ 261,043	\$ -
Fund balance, end of year	\$ -	\$ -	\$ 328,893	\$ (615,025)

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, 2012

	Budgeted Amounts			Variance
	Original Budget	Final Budget	Actual	Favorable (Unfavorable)
Revenues:				
Local	\$ 527,750	\$ 527,750	\$ 492,837	\$ (34,913)
Intermediate sources	-	-	-	-
State sources	50,000	50,000	52,555	2,555
Federal sources	2,585,700	2,585,700	2,667,182	81,482
Total revenues	\$ 3,163,450	\$ 3,163,450	\$ 3,212,574	\$ 49,124
Expenditures:				
Instructional	\$ 542,240	\$ -	\$ -	-
Support services:				
Students	-	-	-	-
Staff	-	-	-	-
General administration	-	-	-	-
School administration	-	-	-	-
Business	-	-	-	-
Plant operations	-	-	-	-
Transportation	-	-	-	-
Central	-	-	-	-
Other	-	-	-	-
Child nutrition	-	-	-	-
Noninstructional	3,468,427	3,468,427	3,469,069	(642)
Capital outlay	-	-	-	-
Other outlays	-	-	-	-
Other Uses	-	-	-	-
Debt Service	-	-	-	-
Total expenditures	\$ 4,010,667	\$ 3,468,427	\$ 3,469,069	\$ (642)
Excess of revenues over (under) expenditures	\$ (847,217)	\$ (304,977)	\$ (256,495)	\$ 48,482
Other sources of funds - cancelled warrants	\$ -	\$ -	\$ -	\$ -
Excess of revenues and other sources of funds over (under) expenditures	\$ (847,217)	\$ (304,977)	\$ (256,495)	\$ 48,482
Fund balance, beginning of year	\$ 847,217	\$ 847,217	\$ 847,217	\$ -
Fund balance, end of year	\$ -	\$ -	\$ 590,722	\$ 48,482

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, 2012

	Budgeted Amounts			Variance
	Original Budget	Final Budget	Actual	Favorable (Unfavorable)
Revenues:				
Local	\$ -	\$ -	\$ 4,695	\$ 4,695
Intermediate sources	-	-	-	-
State sources	-	-	-	-
Federal sources	-	-	-	-
	-	-	-	-
Total revenues	\$ -	\$ -	\$ 4,695	\$ 4,695
Expenditures:				
Instructional	\$ 681,330	\$ 681,330	\$ 293,841	\$ 387,489
Support services:				
Students	-	-	-	-
Staff	-	-	-	-
General administration	50,557	50,557	50,558	1
School administration	-	-	-	-
Business	38,068	38,068	86,621	-
Plant operations	729,971	729,971	747,880	(17,909)
Transportation	3,990,912	3,990,912	4,015,979	(25,067)
Central	-	-	-	-
Other	-	-	-	-
Child nutrition	-	-	-	-
Noninstructional	-	-	-	-
Capital outlay	739,238	739,238	743,223	(3,985)
Other outlays	-	-	-	-
Other Uses	-	-	-	-
Debt Service	-	-	-	-
	-	-	-	-
Total expenditures	\$ 6,230,076	\$ 6,230,076	\$ 5,938,102	\$ 340,529
Excess of revenues over (under) expenditures	\$ (6,230,076)	\$ (6,230,076)	\$ (5,933,407)	\$ 345,224
Other sources of funds - proceeds on sales of bonds	\$ 4,745,000	\$ 4,745,000	\$ 4,745,000	\$ 9,490,000
Excess of revenues and other sources of funds over (under) expenditures	\$ (1,485,076)	\$ (1,485,076)	\$ (1,188,407)	\$ 9,835,224
Fund balance, beginning of year	\$ 1,485,076	\$ 1,485,076	\$ 1,485,076	\$ -
Fund balance, end of year	\$ -	\$ -	\$ 296,669	\$ 9,835,224

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, 2012**

CHEROKEE ELEMENTARY

<u>Activities</u>	<u>Balance 7-01-11</u>	<u>Additions</u>	<u>Transfers</u>	<u>Deductions</u>	<u>Balance 6-30-12</u>
College Visits	\$ 713	\$ 218	\$ -	\$ 775	\$ 156
Concessions	741	671	-	225	1,187
Library/Media Center	9	105	-	-	114
Total Cherokee Elementary	\$ 1,463	\$ 994	\$ -	\$ 1,000	\$ 1,457

CREEK ELEMENTARY

<u>Activities</u>	<u>Balance 7-01-11</u>	<u>Additions</u>	<u>Transfers</u>	<u>Deductions</u>	<u>Balance 6-30-12</u>
Concessions	\$ 3,487	\$ 10,514	\$ -	\$ 10,231	\$ 3,770
Foundation Grants	1,244	1,725	-	1,213	1,756
Total Creek Elementary	\$ 4,731	\$ 12,239	\$ -	\$ 11,444	\$ 5,526

BFSA ELEMENTARY

<u>Activities</u>	<u>Balance 7-01-11</u>	<u>Additions</u>	<u>Transfers</u>	<u>Deductions</u>	<u>Balance 6-30-12</u>
Concessions	\$ 6,548	\$ 9,489	\$ -	\$ 11,732	\$ 4,305
Fifth Grade	-	75	-	-	75
First Grade	-	253	-	-	253
Foundation Grants	-	2,500	-	2,051	449
Library/Media Center	1,205	5,234	-	2,237	4,202
Teacher's Fund	-	182	-	182	-
Total BFSA Elementary	\$ 7,753	\$ 17,733	\$ -	\$ 16,202	\$ 9,284

**MUSKOGEE SCHOOL DISTRICT NO. I-20
SCHOOL ACTIVITY FUND
STATEMENT OF CHANGES IN ACCOUNT BALANCES
FOR THE YEAR ENDED JUNE 30, 2012**

GRANT FOREMAN ELEMENTARY

Activities	Balance 7-01-11	Additions	Transfers	Deductions	Balance 6-30-12
Book Fair	\$ 163	\$ 2,909	\$ -	\$ 2,879	\$ 193
Concessions	1,377	10,009	-	10,776	610
Foundation Grants	1,502	-	-	1,390	112
Teachers' Fund	-	2,882	-	-	2,882
Textbook Recovery	230	-	-	-	230
Elementary Yearbook	-	100	-	100	-
	175	1,763	-	1,715	223
Total Grant Foreman Elementary	\$ 3,447	\$ 17,663	\$ -	\$ 16,860	\$ 4,250

HARRIS JOBE ELEMENTARY

Activities	Balance 7-01-11	Additions	Transfers	Deductions	Balance 6-30-12
Concessions	\$ 2,622	\$ 3,662	\$ -	\$ 4,072	\$ 2,212
Foundation Grants	713	2,161	-	715	2,159
Student Council	-	338	-	232	106
Textbook Recovery	-	259	-	259	-
Total Harris Jobe Elementary	\$ 3,335	\$ 6,420	\$ -	\$ 5,278	\$ 4,477

IRVING ELEMENTARY

Activities	Balance 7-01-11	Additions	Transfers	Deductions	Balance 6-30-12
Concessions	\$ 2,704	\$ 4,978	\$ -	\$ 4,717	\$ 2,965
Fifth Grade	63	-	-	-	63
First Grade	326	125	-	144	307
Fourth Grade	37	-	-	-	37
Foundation Grants	1,671	317	-	1,578	410
Indian Ed	392	-	-	162	230
Kindergarten Club	97	35	-	132	-
Second Grade	394	235	-	253	376
Sixth Grade	20	-	-	-	20
Student Council	581	-	-	-	581
Textbook Recovery	-	224	-	224	-
Third Grade	102	317	-	419	-
Irving Yearbook	2,006	540	-	-	2,546
Total Irving Elementary	\$ 8,393	\$ 6,771	\$ -	\$ 7,629	\$ 7,535

**MUSKOGEE SCHOOL DISTRICT NO. I-20
SCHOOL ACTIVITY FUND
STATEMENT OF CHANGES IN ACCOUNT BALANCES
FOR THE YEAR ENDED JUNE 30, 2012**

PERSHING ELEMENTARY

<u>Activities</u>	<u>Balance 7-01-11</u>	<u>Additions</u>	<u>Transfers</u>	<u>Deductions</u>	<u>Balance 6-30-12</u>
Concessions	\$ 2,860	\$ 3,602	\$ -	\$ 6,143	\$ 319
Foundation Grants	852	765	-	785	832
Library/Media Center	857	1,080	-	42	1,895
Teachers' Fund	62	448	-	503	7
Student Council	195	248	-	124	319
Textbook Recovery	-	20	-	20	-
Total Pershing Elementary	\$ 4,826	\$ 6,163	\$ -	\$ 7,617	\$ 3,372

SADLER ELEMENTARY

<u>Activities</u>	<u>Balance 7-01-11</u>	<u>Additions</u>	<u>Transfers</u>	<u>Deductions</u>	<u>Balance 6-30-12</u>
Concessions	\$ 2,601	\$ 799	\$ 133	\$ 133	\$ 3,267
Foundation Grants	1,700	950	1,523	1,523	1,127
Special Help Club	7,686	2,092	-	2,592	7,186
Artist in Residence	50	-	-	-	50
Total for Sadler Elementary	\$ 12,037	\$ 3,841	\$ 1,656	\$ 4,248	\$ 11,630

TONY GOETZ ELEMENTARY

<u>Activities</u>	<u>Balance 7-01-11</u>	<u>Additions</u>	<u>Transfers</u>	<u>Deductions</u>	<u>Balance 6-30-12</u>
Concessions	\$ 7,202	\$ 6,397	\$ -	\$ 10,645	\$ 2,954
Total Tony Goetz Elementary	\$ 7,202	\$ 6,397	\$ -	\$ 10,645	\$ 2,954

WHITTIER ELEMENTARY

<u>Activities</u>	<u>Balance 7-01-11</u>	<u>Additions</u>	<u>Transfers</u>	<u>Deductions</u>	<u>Balance 6-30-12</u>
Concessions	\$ 1,845	\$ 15,493	\$ -	\$ 14,576	\$ 2,762
Foundation Grants	1,444	2,711	-	-	4,155
Total Whittier Elementary	\$ 3,289	\$ 18,204	\$ -	\$ 14,576	\$ 6,917

**MUSKOGEE SCHOOL DISTRICT NO. I-20
SCHOOL ACTIVITY FUND
STATEMENT OF CHANGES IN ACCOUNT BALANCES
FOR THE YEAR ENDED JUNE 30, 2012**

MECC ELEMENTARY

<u>Activities</u>	<u>Balance 7-01-11</u>	<u>Additions</u>	<u>Transfers</u>	<u>Deductions</u>	<u>Balance 6-30-12</u>
Concessions	\$ 144	\$ 855	\$ -	\$ 77	\$ 922
Library Media Center	263	2,482	-	1,373	1,372
Pre School	4,128	35,765	-	38,202	1,691
Total MECC Elementary	\$ 4,535	\$ 39,102	\$ -	\$ 39,652	\$ 3,985

DISTRICT

<u>Activities</u>	<u>Balance 7-01-11</u>	<u>Additions</u>	<u>Transfers</u>	<u>Deductions</u>	<u>Balance 6-30-12</u>
Honors Banquet	\$ 1,807	\$ 6,361	\$ -	\$ 8,168	-
Instructional	59	400	-	341	118
Board/Superintendent	1,568	6,015	-	6,101	1,482
Support Services	107	980	-	1,087	-
Before/After School Care	1,639	1,630	-	1,401	1,868
City Fd - Urban Archaeology	899	24,000	-	19,640	5,259
Support Appreciation	1,432	1,709	-	2,434	707
Staff development	113	2,500	-	2,329	284
Foundation Grants	137	-	-	-	137
General	2,434	11,145	-	3,173	10,406
Innovative Ideas	-	185	-	-	185
Three Rivers Mens Choir	2,486	1,361	-	2,145	1,702
Indian Ed	1,133	-	-	1,092	41
NASA	-	865	-	865	-
Rougher Special Oylmpics	7,248	1,108	-	4,157	4,199
Regional Science Fair	2,185	10,394	-	8,223	4,356
Special Education	2,614	3,391	-	3,575	2,430
Camp Bennett - Adults	12,104	10,535	-	8,436	14,203
Total for District	\$ 37,965	\$ 82,579	\$ -	\$ 73,167	\$ 47,377

ROUGHER ALTERNATIVE ACADEMY

<u>Activities</u>	<u>Balance 7-01-11</u>	<u>Additions</u>	<u>Transfers</u>	<u>Deductions</u>	<u>Balance 6-30-12</u>
Concessions	\$ 1,512	\$ 451	\$ -	\$ 482	\$ 1,481
FCCLA	37	477	-	393	121
Foundation Grants	-	1,985	-	-	1,985
Parenting	40	-	-	-	40
Total for RAA	\$ 1,589	\$ 2,913	\$ -	\$ 875	\$ 3,627

**MUSKOGEE SCHOOL DISTRICT NO. 1-20
SCHOOL ACTIVITY FUND
STATEMENT OF CHANGES IN ACCOUNT BALANCES
FOR THE YEAR ENDED JUNE 30, 2012**

7TH/8TH GRADE CENTER

<u>Activities</u>	<u>Balance 7-01-11</u>	<u>Additions</u>	<u>Transfers</u>	<u>Deductions</u>	<u>Balance 6-30-12</u>
Academic Pursuit Team	\$ 182	\$ -	\$ -	60	122
Awards & Recognitions	141	-	512	450	203
The Storm	809	89	-	251	647
Arts & Crafts	330	495	-	251	574
7/8th Yearbook	3,972	3,975	-	4,810	3,137
Band	653	9,619	1,045	9,952	1,365
8th Girls Basketball	747	-	-	497	250
Cheerleaders	6,063	8,644	-	14,692	15
Choral/Chorus	527	14,619	-	12,485	2,661
Concessions	8,875	4,264	(841)	4,123	8,175
Roughers Outdoor Camp (ROC)	19,576	63,090	-	66,421	16,245
FCCLA	293	8,275	-	8,172	396
Corvettes	5	-	(5)	-	-
Foundation Grants	-	628	-	-	628
Gateway	112	-	-	-	112
8th Prom	2,030	2,042	-	1,514	2,558
Hospitality Fd	154	585	-	490	249
Library/Media Center	1,343	372	-	153	1,562
Mustangs	162	-	-	162	-
NASA	82	-	-	-	82
Navigators	163	-	(163)	-	-
PE Club	717	346	-	-	1,063
Video Production	717	255	-	116	856
Reading Dept	1,501	2,150	-	2,470	1,181
Vipers	104	-	(104)	-	-
Terry Irvin Memorial Fund	200	-	(200)	-	-
Teachers' Fund	1,774	293	-	820	1,247
Student Council	740	2,477	136	2,679	674
Technology Education	80	2,173	-	2,066	187
Titans	136	-	(136)	-	-
Thunderbirds	241	-	(241)	-	-
7/8th Gr Tennis Club	1,803	1,986	-	1,714	2,075
Total 7th/8th Grade Center	\$ 54,232	\$ 126,377	\$ 3	\$ 134,348	\$ 46,264

**MUSKOGEE SCHOOL DISTRICT NO. I-20
SCHOOL ACTIVITY FUND
STATEMENT OF CHANGES IN ACCOUNT BALANCES
FOR THE YEAR ENDED JUNE 30, 2012**

MUSKOGEE HIGH SCHOOL

<u>Activities</u>	<u>Balance 7-01-11</u>	<u>Additions</u>	<u>Transfers</u>	<u>Deductions</u>	<u>Balance 6-30-12</u>
Academic Pursuit Team	\$ 558	\$ -	\$ -	\$ 135	\$ 423
AP - Art	1,990	-	-	-	1,990
All School Musical	16,838	10,648	-	22,470	5,016
Asian Club	280	-	-	-	280
Arts & Crafts	3,975	315	-	2,589	1,701
Band	1,453	4,222	-	4,788	887
Baseball Lettermen's Club	135	-	-	-	135
African American Heritage	298	715	-	849	164
Broadcasting	525	-	-	-	525
Basketball - Boys	2,141	3,125	-	4,841	425
City Fd - Advocacy	4,356	7,500	-	9,144	2,712
Cheerleaders	11,715	17,523	-	22,629	6,609
Choral/Chorus	1,617	11,094	-	12,711	-
Clearing	1,300	1,148	-	2,448	-
Concessions	1,218	7,184	-	8,039	363
Counselor	814	1,141	-	1,022	933
DECA	957	6,169	-	7,126	-
Dance	992	3,408	-	3,449	951
BPA	1,075	-	-	216	859
FFA	1,888	7,952	-	7,653	2,187
FCA	223	-	-	142	81
FCCLA	2,018	1,503	-	3,184	337
Ecology Club	117	-	-	-	117
Football	486	1,000	-	1,486	-
Class of 2012	5,378	1,317	-	6,233	462
Class of 2010	-	77	-	77	-
Class of 2011	5,791	-	-	1,454	4,337
Class of 2013 Prom	1,650	4,607	-	2,784	3,473
Class of 2014	769	222	-	5,283	(4,292)
Athletics	1,447	37,448	-	33,854	5,041
Women's Golf	-	4,571	-	4,314	257
Foundation Grants	1,715	913	-	1,554	1,074
General	-	803	-	803	-
Graphic Art Design	543	-	-	543	-
Honor Society	1,334	100	-	873	561
Innovative Ideas	6,378	6,820	-	12,449	749
Oklahoma Honor Society	668	282	-	180	770
JCL	693	1,179	-	1,871	1
Wrestling	1,721	16,381	-	11,494	6,608
Safe Schools	9,066	3,453	-	6,196	6,323
Library/Media Center Club	59	352	-	409	2
Tennis - women	892	2,926	-	1,521	2,297
MHS Yearbook	11,292	12,931	-	15,254	8,969

(continued)

**MUSKOGEE SCHOOL DISTRICT NO. I-20
SCHOOL ACTIVITY FUND
STATEMENT OF CHANGES IN ACCOUNT BALANCES
FOR THE YEAR ENDED JUNE 30, 2012**

MUSKOGEE HIGH SCHOOL

<u>Activities</u>	<u>Balance 7-01-11</u>	<u>Additions</u>	<u>Transfers</u>	<u>Deductions</u>	<u>Balance 6-30-12</u>
Boys Track	8,054	8,080	-	5,369	10,765
NASA	91	-	-	91	-
Soccer - boys	20	5,700	-	4,110	1,610
Soccer - girls	301	3,068	-	3,327	42
ROTC	3,432	7,556	-	10,240	748
S.A.D.D.	179	-	-	-	179
Science Club	148	36	-	-	184
Scout Advertising	425	-	-	-	425
PC Tech Testing	974	-	-	-	974
Social Studies Club	1,061	1,840	-	1,215	1,686
Softball	220	1,300	-	245	1,275
Spanish	148	206	-	354	-
Special Education	30	-	-	-	30
Speech	1,276	1,575	-	2,850	1
Student Council	5,546	5,925	-	11,220	251
Technology Education	5,898	436	-	694	5,640
Technology Student Assoc	530	-	-	530	-
Teens For Christ	529	777	-	998	308
VICA	2,937	1,327	-	440	3,824
Total Muskogee High School	\$ 138,164	\$ 216,855	\$ -	\$ 263,750	\$ 91,269

**MUSKOGEE SCHOOL DISTRICT NO. I-20
SCHOOL ACTIVITY FUND
STATEMENT OF CHANGES IN ACCOUNT BALANCES
FOR THE YEAR ENDED JUNE 30, 2012**

TRANSPORTATION

<u>Activities</u>	<u>Balance 7-01-11</u>	<u>Additions</u>	<u>Transfers</u>	<u>Deductions</u>	<u>Balance 6-30-12</u>
Concessions	\$ 447	\$ 154	\$ -	\$ 598	\$ 3
Total for Transportation	<u>\$ 447</u>	<u>\$ 154</u>	<u>\$ -</u>	<u>\$ 598</u>	<u>\$ 3</u>

CNS

<u>Activities</u>	<u>Balance 7-01-11</u>	<u>Additions</u>	<u>Transfers</u>	<u>Deductions</u>	<u>Balance 6-30-12</u>
CNS Group	\$ 2,379	\$ 3,365	\$ 603	\$ 6,346	\$ 1
Concessions	1,496	3,578	(1,148)	3,926	-
Total for Maintenance	<u>\$ 3,875</u>	<u>\$ 6,943</u>	<u>\$ (545)</u>	<u>\$ 10,272</u>	<u>\$ 1</u>

MAINTENANCE

<u>Activities</u>	<u>Balance 7-01-11</u>	<u>Additions</u>	<u>Transfers</u>	<u>Deductions</u>	<u>Balance 6-30-12</u>
Concessions	\$ -	\$ -	\$ 1,148	\$ 563	\$ 585
Total for Maintenance	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,148</u>	<u>\$ 563</u>	<u>\$ 585</u>

SUPPORTING SCHEDULES

**MUSKOGEE SCHOOL DISTRICT NO. I-20
SCHEDULE OF FEDERAL AWARDS EXPENDED
FOR THE YEAR ENDED JUNE 30, 2012**

<u>Federal Grantor/Pass-Through Grantor/Program Title</u>	<u>Federal CFDA #</u>	<u>Grantor's Number</u>	<u>Balance at July 1, 2011</u>	<u>Receipts</u>	<u>Expenditures</u>	<u>Balance at June 30, 2012</u>
U.S. Department of Education						
Direct Programs:						
2011-2012 Programs						
• Title VII, Indian Education	84.060A	S060A110371	\$ -	\$ 394,846	\$ 394,250	\$ 597
			\$ -	\$ 394,846	\$ 394,250	\$ 597
Sub-Total						
Passed-Through State Department of Education:						
2011-2012 Programs						
• Title I	84.010	N/A	\$ -	\$ 2,499,512	\$ 2,499,512	\$ -
• ARRA Title 1	84.389A	N/A	-	68,306	68,306	-
• Title I-School Support	84.010	N/A	-	248,808	248,808	-
• Title I-Part A Neglected	84.010	N/A	-	22,560	22,560	-
• Title I, Part D Delinquent	84.013	N/A	-	8,568	8,568	-
Title I, Reading First	84.357	N/A	-	-	-	-
• IDEA-B Flow Through	84.027	N/A	-	1,402,248	1,402,248	-
• ARRA IDEA-B Flow Through	84.391A	N/A	-	6,527	6,527	-
• IDEA-B Preschool	84.173	N/A	-	28,617	28,617	-
• ARRA IDEA-B Preschool	84.392A	N/A	-	775	775	-
Title II, D Enhance Educ. Through Technology	84.318X	N/A	-	-	-	-
ARRA Education Stabilization	84.394	N/A	-	-	-	-
Literacy Library Grant	84.364A	N/A	-	99,117	99,206	(89)
CLEAR	84.184A	Q184	-	-	-	-
GFS ARRA State Aid	84.397	Q184A080045	-	393,188	393,188	-
• Title II, Part A Training & Recruiting Fund	84.367	N/A	-	-	-	-
School Improvement Grants	84.377A	N/A	-	-	-	-
Title IV, Safe & Drug Free	84.186	N/A	-	33,692	33,692	-
21st Century	84.287	N/A	-	43,934	43,706	228
• Education Jobs Fund	84.410.	N/A	-	26,395	27,868	(1,472)
Title III, Language Acquisition	84.365	N/A	-	-	-	-
			\$ -	\$ 4,882,248	\$ 4,883,581	\$ (1,333)
Sub-Total						
Passed- Through State Department of Rehabilitation						
2011-2012 Programs						
Job Training - OJT	84.126	N/A	\$ -	\$ 13,114	\$ 13,200	\$ (86)
			\$ -	\$ 13,114	\$ 13,200	\$ (86)
Sub-Total						
Passed-Through State Department of Career and Technology Education:						
2011-2012 Programs						
Carl Perkins	84.048	N/A	\$ -	\$ 189,954	\$ 189,954	\$ -
			\$ -	\$ 189,954	\$ 189,954	\$ -
Sub-Total						

(continued)

**MUSKOGEE SCHOOL DISTRICT NO. I-20
SCHEDULE OF FEDERAL AWARDS EXPENDED
FOR THE YEAR ENDED JUNE 30, 2012**

<u>Federal Grantor/Pass-Through Grantor/Program Title</u>	<u>Federal CFDA #</u>	<u>Grantor's Number</u>	<u>Balance at July 1, 2011</u>	<u>Receipts</u>	<u>Expenditures</u>	<u>Balance at June 30, 2012</u>
<u>U. S. Department of Agriculture</u>						
Passed-Through State Department of Education:						
Child Nutrition Cluster:						
Non-Cash Assistance (Commodities):						
National School Lunch Program	10.555	N/A	\$ -	\$ 206,355	\$ 206,355	\$ -
Non-Cash Assistance Sub-Total			\$ -	\$ 206,355	\$ 206,355	\$ -
Cash Assistance:						
School Breakfast Program	10.553	N/A	\$ -	\$ 710,871	\$ 710,871	\$ -
National School Lunch Program	10.555	N/A	-	1,921,247	1,921,247	-
Summer Food Service Program for Children	10.559	N/A	-	35,064	97,208	(62,144)
Cash Assistance Sub- Total			\$ -	\$ 2,667,182	\$ 2,729,326	\$ (62,144)
Sub-Total for Child Nutrition Cluster			\$ -	\$ 2,873,537	\$ 2,935,681	\$ (62,144)
<u>U.S. Department of Health and Human Services</u>						
Passed-Through Oklahoma Health Care Authority::						
<u>2011-2012 Programs</u>						
Medicaid Assistance Program	93.778	N/A	\$ -	\$ 166,698	\$ 186,095	\$ (19,398)
Sub-Total			\$ -	\$ 166,698	\$ 186,095	\$ (19,398)
<u>Other Federal Assistance:</u>						
<u>2011-2012 Programs</u>						
Johnson O'Malley	15.130	N/A	\$ -	\$ 71,882	\$ 79,783	\$ (7,901)
Flood Control	12.112	N/A	-	4,250	4,250	-
Sub-Total			\$ -	\$ 76,132	\$ 84,033	\$ (7,901)
TOTAL FEDERAL ASSISTANCE			\$ -	\$ 8,596,529	\$ 8,686,794	\$ (70,867)

* Major program

**MUSKOGEE SCHOOL DISTRICT NO. I-20
MUSKOGEE COUNTY, OKLAHOMA
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2012**

1. For all federal programs, the District uses the fund types prescribed by the Oklahoma State Department of Education. The District conforms with the 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, Child Nutrition, and Bond 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. Positive amounts listed in the either "Balance at July 1, 2011" or "Balance at June 30, 2012" column represent funds received by the school and not yet expended or coded to the program. Negative amounts represent expenditures which have been claimed, but the revenue not yet collected.
4. The District received donated foods through the Federal Food Distribution Program (10,550). At June 30, 2012 the school maintained an immaterial amount of food commodities inventory. Per the Regulatory Basis of Accounting, the commodities received and used are not recognized as revenue or expenditures in the school's Financial Statements.
5. 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	\$ 8,596,529
Less Commodities Non-Cash Assitance	<u>(206,355)</u>
Total per Schedule of Expenditures of Federal Awards	\$ 8,390,174
Reconciled Balance	<u><u>8,390,174</u></u>
Federal Program Revenues:	
General Fund	\$ 5,766,799
Child Nutrition	<u>2,667,182</u>
Sub-Total	8,433,981
Less: ROTC (not considered Federal Programs)	<u>43,807</u>
Total per Federal Statement of Revenue, Expenditures, And Changes in Fund Balance	<u><u>\$ 8,390,174</u></u>

REPORTS REQUIRED BY GOVERNMENT AUDITING STANDARDS

KERRY JOHN PATTEN, C.P.A.

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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 the financial statements of the governmental activities, each major fund and the aggregate remaining fund information of Muskogee School District No. I-20, Muskogee, Oklahoma, as of and for the year ended June 30, 2012, which collectively comprise Muskogee School District's basic financial statements and have issued my report thereon dated March 7, 2013. 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.

Internal Control over Financial Reporting

In planning and performing my audit, I considered Muskogee School District's internal control over financial reporting as a basis for designing my auditing procedures for the purpose of expressing my opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Muskogee School District's internal control over financial reporting. Accordingly, I do not express an opinion on the effectiveness of the District's internal control over financial reporting.

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

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Muskogee School District's financial statements are free of material misstatement, I performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, 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*. However, I noted certain immaterial instances of noncompliance that I have reported to management of Muskogee School District in a separate letter dated March 7, 2013.

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

Kerry John Patten, C.P.A.
March 7, 2013

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FAX Number (918) 250-9853



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

The Honorable Board of Education
Muskogee School District No. 1-20
Muskogee County, Oklahoma

Compliance

I have audited the compliance of Muskogee School District 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 Muskogee School District's major federal programs for the year ended June 30, 2012. Muskogee School District's major federal programs are identified in the Summary of Audit Results section of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of Muskogee School District's management. My responsibility is to express an opinion on Muskogee School District's compliance based on my audit.

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

In my opinion, Muskogee School District complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2012.

Internal Control over Compliance

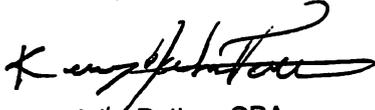
The management of Muskogee School District is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing my audit, I considered Muskogee School District's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

Internal Control over Compliance
Page 2

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 deficiencies, significant deficiencies, or material weaknesses. I did not identify any deficiencies in internal control over compliance that I consider to be material weaknesses, as defined above.

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



Kerry John Patten, CPA
March 7, 2013

**MUSKOGEE SCHOOL DISTRICT NO. I-20
MUSKOGEE COUNTY, OKLAHOMA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2012**

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: Title I Cluster (84.010, 84.013) ARRA Title I (84.389A); IDEA-B Cluster (84.027 & 84.173), ARRA IDEA-B Cluster (84.391A & 84.392A); Title II Part A (84.367); Title VII (84.060A) and Education Jobs (84.410).
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, 2012**

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, 2012**

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 2010-11 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>
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
2003	\$ 20,484,473	\$ 14,428,023	\$ 3,871,697	\$ 3,866,674	\$ 42,650,867

(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>
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
2004	\$ 11,856,719	\$ 814,400	\$ 21,919,042	\$ 8,065,456	\$ 42,655,617
2003	\$ 12,229,126	\$ 783,073	\$ 21,447,610	\$ 6,614,401	\$ 41,074,210

(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

<u>Fiscal Year</u>	<u>Total Tax Levy</u>	<u>Current Tax Collected</u>	<u>Percent of Current Tax Collected</u>	<u>Delinquent Tax Collections</u>	<u>Total Tax Collections</u>	<u>Outstanding Delinquent Taxes</u>	<u>Ration of Total Tax Collection to Levy</u>
2012	\$ 15,087,229	\$ 14,009,255	92.86%	\$ 779,976	\$ 14,789,231	\$ 1,045,658	98.02%
2011	\$ 15,044,544	\$ 14,555,061	96.75%	\$ 500,305	\$ 15,055,366	\$ 198,156	100.07%
2010	\$ 14,110,589	\$ 13,504,630	95.71%	\$ 1,123,371	\$ 14,628,001	\$ 208,979	103.67%
2009	\$ 13,497,353	\$ 13,356,104	98.95%	\$ 276,380	\$ 13,632,484	\$ 726,391	101.00%
2008	\$ 12,989,888	\$ 12,895,683	99.27%	\$ 332,697	\$ 13,228,380	\$ 860,522	101.84%
2007	\$ 12,122,695	\$ 11,492,680	94.80%	\$ 322,872	\$ 11,815,553	\$ 1,086,729	97.47%
2006	\$ 11,683,643	\$ 11,055,810	94.63%	\$ 704,731	\$ 11,760,541	\$ 779,587	100.66%
2005	\$ 11,253,576	\$ 10,554,677	93.79%	\$ 351,416	\$ 10,906,093	\$ 856,485	96.91%
2004	\$ 10,843,289	\$ 10,334,286	95.31%	\$ 378,281	\$ 10,712,567	\$ 509,002	98.79%
2003	\$ 10,615,764	\$ 10,073,062	94.89%	\$ 308,622	\$ 10,381,684	\$ 761,134	97.79%

Source: Muskogee County Assessor

MUSKOGEE SCHOOL DISTRICT NO. 1-20
 ASSESSED AND ESTIMATED ACTUAL VALUE OF PROPERTY

Last Ten Fiscal Years

Fiscal Year	Real Property		Personal Property		Public Service Property		Exemptions		Total		Ratio of Net Assessed Value to Total Estimated Value
	Assessed Value	Estimated Actual Value	Assessed Value	Estimated Actual Value	Assessed Value	Estimated Actual Value	Real Property	Estimated Actual Value	Net Assessed Value	Estimated Actual Value	
2012	\$ 168,581,055	\$ 1,494,512,898	\$ 74,450,625	\$ 660,023,271	\$ 19,637,016	\$ 85,938,808	\$ 10,358,493	\$ 2,236,792,580	\$ 252,310,328	\$ 2,236,792,580	11.28%
2011	\$ 166,800,865	\$ 1,516,371,500	\$ 76,550,525	\$ 637,921,042	\$ 20,349,135	\$ 89,055,295	\$ 10,445,432	\$ 2,243,347,837	\$ 253,255,093	\$ 2,243,347,837	11.29%
2010	\$ 166,465,500	\$ 1,513,322,727	\$ 81,874,325	\$ 682,286,042	\$ 19,291,068	\$ 84,424,805	\$ 10,371,258	\$ 2,280,033,574	\$ 257,259,635	\$ 2,280,033,574	11.28%
2009	\$ 159,676,690	\$ 1,451,606,273	\$ 79,300,750	\$ 660,839,583	\$ 18,695,700	\$ 81,819,256	\$ 10,364,760	\$ 2,194,265,112	\$ 247,308,380	\$ 2,194,265,112	11.27%
2008	\$ 143,757,345	\$ 1,306,884,955	\$ 83,698,975	\$ 697,491,458	\$ 17,482,330	\$ 76,509,103	\$ 10,242,900	\$ 2,080,885,516	\$ 234,695,750	\$ 2,080,885,516	11.28%
2007	\$ 145,489,810	\$ 1,322,634,636	\$ 66,620,515	\$ 555,170,958	\$ 18,843,159	\$ 82,464,591	\$ 10,037,022	\$ 1,960,270,186	\$ 220,916,462	\$ 1,960,270,186	11.27%
2006	\$ 129,886,420	\$ 1,180,785,636	\$ 59,022,965	\$ 491,858,042	\$ 21,090,661	\$ 92,300,486	\$ 7,720,901	\$ 1,764,944,164	\$ 202,279,145	\$ 1,764,944,164	11.46%
2005	\$ 121,427,675	\$ 1,103,887,955	\$ 63,931,595	\$ 532,763,292	\$ 20,649,704	\$ 90,370,686	\$ 7,743,009	\$ 1,727,021,942	\$ 198,265,965	\$ 1,727,021,942	11.48%
2004	\$ 116,307,060	\$ 1,057,336,909	\$ 59,956,275	\$ 499,636,625	\$ 19,876,130	\$ 86,985,252	\$ 8,001,963	\$ 1,643,958,786	\$ 188,137,502	\$ 1,643,958,786	11.44%
2003	\$ 112,008,525	\$ 1,018,259,318	\$ 58,384,150	\$ 486,534,583	\$ 19,302,825	\$ 87,740,114	\$ 8,300,789	\$ 1,592,534,015	\$ 181,394,711	\$ 1,592,534,015	11.39%

Source: Muskogee County Assessor

**MUSKOGEE SCHOOL DISTRICT NO. I-20
PRINCIPAL TAXPAYERS**

June 30, 2012

<u>Taxpayer</u>	<u>Product</u>	<u>Assessed Value</u>	<u>Percentage of Total Net Assessed Value</u>
Georgia-Pacific	Paper Products	\$29,379,040	11.60%
Muskogee Regional Medical Center	Hospital	\$11,072,015	4.37%
Oklahoma Tax Commission	Government Entity	\$ 10,599,935	4.19%
Oklahoma Gas & Electric	Electric Utility	\$ 8,871,507	3.50%
Muskogee Community Hospital	Hospital	\$ 6,499,030	2.57%
Owens Brockway Glass	Glass Containers	\$ 2,797,735	1.10%
Southwestern Bell	Phone Utility	\$ 2,757,135	1.09%
Arrowhead Mall LLC	Retail Mall	\$ 2,608,405	1.03%
Oklahoma Natural Gas	Gas Utility	\$ 2,263,646	0.89%
AT & T Mobility	Phone Utility	\$ 2,222,172	0.88%

Source: Muskogee County Assessor

**MUSKOGEE SCHOOL DISTRICT NO. I-20
PRINCIPAL TAXPAYERS**

June 30, 2012

2011-12 Assessed Value		<u><u>\$252,310,328</u></u>
Legal debt margin:		
Debt Limitation - 10 percent of assessed value		\$ 25,231,033
Debt applicable to limitation:		
Outstanding general obligation bonded indebtedness	\$ 10,740,000	
Current Sinking Fund	<u>\$ 728,209</u>	
Total debt applicable to limitation		<u>\$ 10,011,791</u>
Legal debt margin available		<u><u>\$ 15,219,242</u></u>

**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>
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%
2004	\$ 3,862,150	\$ 43,009,140	8.98%
2003	\$ 3,871,697	\$ 42,650,867	9.08%

**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>
2012	\$ 252,310,328	\$ 10,740,000	\$ 728,209	\$ 10,011,791	3.97%
2011	\$ 253,255,093	\$ 10,780,000	\$ 894,843	\$ 9,885,157	3.90%
2010	\$ 257,259,635	\$ 13,500,000	\$ 640,970	\$ 12,859,030	5.00%
2009	\$ 247,308,380	\$ 12,027,890	\$ 733,540	\$ 11,294,350	4.57%
2008	\$ 234,695,750	\$ 9,022,890	\$ 1,592,094	\$ 7,430,796	3.17%
2007	\$ 211,417,771	\$ 9,702,890	\$ 611,957	\$ 9,090,933	4.30%
2006	\$ 202,279,145	\$ 7,825,000	\$ 1,050,161	\$ 6,774,839	3.35%
2005	\$ 198,265,965	\$ 10,655,000	\$ 2,341,585	\$ 8,313,415	4.19%
2004	\$ 188,137,502	\$ 9,975,000	\$ 2,791,634	\$ 7,183,366	3.82%
2003	\$ 181,394,711	\$ 13,195,000	\$ 3,846,526	\$ 9,348,474	5.15%

Source: Muskogee County Assessor

**MUSKOGEE SCHOOL DISTRICT NO. I-20
COMPUTATION OF DIRECT AND OVERLAPPING BONDED DEBT
GENERAL OBLIGATION BONDS**

June 30, 2012

<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	\$ 10,740,000 (1)	100.00%	\$ 10,740,000

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

Source: District Estimate of Needs

**MUSKOGEE SCHOOL DISTRICT NO. 1-20
MISCELLANEOUS STATISTICS**

JUNE 30, 2012

Transportation:

Daily Routes	36
Buses in Fleet	46
Students transported - Daily	2,152
Students transported - Annually	378,752
Miles traveled - Daily	2,320
Miles traveled - Annually	408,491

**MUSKOGEE SCHOOL DISTRICT NO. I-20
MISCELLANEOUS STATISTICS**

June 30, 2012

Founding Date:

Muskogee Public Schools was founded in 1907.

Form of Government:

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

Personnel:

Instruction	423
Support	326
Administrative	39
	<hr/>
	788
	<hr/>

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

**MUSKOGEE SCHOOL DISTRICT NO. I-20
MISCELLANEOUS STATISTICS**

June 30, 2012

FACILITIES:

<u>Site</u>	<u>Date of Initial Construction</u>	<u>Total Square Footage</u>
Elementary:		
Cherokee	1968	60,736
Creek	1987	52,499
Ben Franklin Science Academy	1980	124,882
Early Childhood Center	1962	41,182
Grant Foreman	1959	67,480
Harris Jobe	1959	29,234
Irving	1962	49,474
Pershing	1987	52,499
Samuel Sadler Arts Academy	1951	65,550
Tony Goetz	1960	47,880
Whittier	1911	51,974
Secondary:		
A/R Junior High School	1939	139,104
Muskogee High School	1967	286,515
Muskogee Alternative Program	1967	31,736
Support:		
Transportation	1957	12,828
Child Nutrition Center/Warehouse	1978	18,528
B.E.S.T. Center / P.D.C.	1920	30,780
Maintenance	1978	16,120
Camp Bennett	2006	1,600
Athletic Facility	2003	18,250
		47,914
Totals		<u><u>1,246,765</u></u>

Grounds:

198 Acres

Source: Maintenance Department

**MUSKOGEE SCHOOL DISTRICT NO. I-20
MISCELLANEOUS STATISTICS**

June 30, 2012

Student Enrollment:

<u>Year</u>	<u>Enrollment</u>
2011-12	6,216
2010-11	6,288
2009-10	6,380
2008-09	6,332
2007-08	6,357
2006-07	6,263
2005-06	6,110
2004-05	6,198
2003-04	6,295
2002-03	6,290

GRADUATE FOLLOW-UP:

Muskogee's 2012 graduating class received \$3,049,869 in scholarships to colleges and universities, a post-secondary education is being pursued by approximately 69% percent of the 2012 graduating class.

ACHIEVEMENT TEST RESULTS:

During the 2011-12 school year, Muskogee High School seniors enrolled in the core curriculum area taking the ACT test achieved an average score of 20.7. By comparison, the national average on the ACT for students in the core curriculum was 21.1.

ACCOCLADES:

For FY 2012, MHS had one Oklahoma Academic scholars and a National Merit Finalist.

During the 2011-12 school year, Muskogee High School was named the first school in the state of Oklahoma to receive the district honors of State and National School of Character.

CHILD NUTRITION SERVICES:

Snacks served	20,135
Lunches served	819,109
Breakfasts served	<u>443,170</u>
Total meals served	<u><u>1,282,414</u></u>

MUSKOGEE SCHOOL DISTRICT NO. 1-20
MUSKOGEE COUNTY, OKLAHOMA
SCHEDULE OF ACCOUNTANT'S PROFESSIONAL LIABILITY INSURANCE AFFIDAVIT
FOR YEAR ENDED JUNE 30, 2012

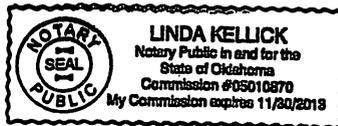
State of Oklahoma)
County of Tulsa)

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 2011-2012.

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

BY

[Signature]
AUTHORIZED AGENT



Subscribed and sworn to before me on this

12 day of March, 2013

Linda Kellick 05010870
NOTARY PUBLIC

My commission expires on:

30 day of Nov., 2013