

**ANNUAL FINANCIAL REPORT
MUSKOGEE SCHOOL DISTRICT NO. I-20
MUSKOGEE COUNTY, OKLAHOMA
JULY 1, 2012 TO JUNE 30, 2013**

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

**MUSKOGEE SCHOOL DISTRICT NO. 1-20
MUSKOGEE COUNTY, OKLAHOMA
SCHOOL DISTRICT OFFICIALS
JUNE 30, 2013**

Board of Education

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

Superintendent of Schools

Michael Garde

School District Treasurer

Mika Barton

Chief Financial Officer

John R. Little, Jr.

**MUSKOGEE SCHOOL DISTRICT NO. I-20
MUSKOGEE COUNTY, OKLAHOMA
SCHOOL DISTRICT OFFICIALS
JUNE 30, 2013**

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MUSKOGEE COUNTY, OKLAHOMA
SCHOOL DISTRICT OFFICIALS
JUNE 30, 2013

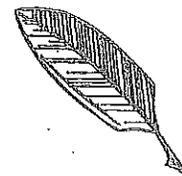
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KERRY JOHN PATTEN, C.P.A.

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INDEPENDENT AUDITOR'S REPORT

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

Report on the Financial Statements

I have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Muskogee School District I-20, Muskogee County, Oklahoma, as of and for the year ended June 30, 2013, which collectively comprise the basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, I express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In my opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Muskogee School District as of June 30, 2013, and the respective changes in its financial position and, where applicable, cash flows for the year then ended, in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

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

Other Supplementary Information

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

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, I have also issued my report dated February 11, 2014, on my consideration of Muskogee School District No. 1-20, Muskogee County, Oklahoma's, internal control over financial reporting and on my tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of my testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of my audit.



Kerry John Patten, C.P.A.
Broken Arrow, OK
February 11, 2014

MANAGEMENT DISCUSSION AND ANALYSIS

**Muskogee School District I-020
Management Discussion and Analysis
June 30, 2013**

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, 2013. 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 2012 and 2013 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 2013.

Financial Highlights

Fiscal Year 2013 operations generated significant budget activity for the General Fund. Current information is presented alongside that of Fiscal Year 2012 to illustrate changes in General Fund balance. Both years are presented on the accrual basis of accounting.

	Beg Fund Balance	Revenue	Expenditures	End Fund Balance
FY 2012	\$3,001,302	\$42,923,722	\$43,172,464	\$ 2,752,560
FY 2013	\$2,752,560	\$42,828,937	\$42,750,218	\$ 2,831,279

The District's assets exceeded its liabilities by \$ 24,129,976 as of June 30, 2013. This was an increase of \$1,719,373 over the June 30, 2012 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 increased by 47 in FY 2013 versus FY 2012. This upward trend looks to be reversed for FY 2014.

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.
- *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.

See Disclaimer in accompanying Independent Auditor's Report

Muskogee School District I-020
Management Discussion and Analysis
June 30, 2013

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 position 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 position* and how they have changed. Net position – the difference between the district's assets and liabilities – is one way to measure the district's financial health or *position*.

- Over time, increases or decreases in the District's net position is 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 devices the district uses to keep track of specific sources of funding and spending on particular programs.

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

The district has two kinds of funds:

- *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.

See Disclaimer in accompanying Independent Auditor's Report

**Muskogee School District I-020
Management Discussion and Analysis
June 30, 2013**

- *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 Position: Net position serves over time as a useful indicator of a government's financial position. The change in net position is important because it identifies whether the financial position of the District has improved or diminished. The District's combined net position was higher on June 30, 2013, than they were the year before, increasing to \$24,129,976. This was an increase of \$1,719,373.

Changes in net position: 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 Position and the Statement of Activities, all district activities are considered to be of the governmental type. This includes instruction, supports services, operation and maintenance of plane, pupil transportation, and extracurricular activities.

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

Governmental Activities

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

Governmental funds. The general fund is the chief operating fund of the District. At June 30, 2013, the general fund balance was \$2,831,279 with \$103,864 nonexpendable, leaving an unassigned fund balance of \$2,727,415.

The total costs of the District increased by \$1,116,740 in FY 2013 over FY 2012. The most significant increase was in the area of debt service increasing by \$7,278,237 and offset by the decrease in instruction of \$1,188,985.

MPS's student enrollment 6,253 (as of end of year) was an increase of 47 from last year.

Capital Asset and Debt Administration

Capital Assets

As of June 30, 2013, the district has invested \$39,118,877 in capital assets. This represents a net decrease of \$2,078,011 from last year. (More detailed information about capital assets can be found in Note 5 to the financial statements.) Total depreciation expense for the year was \$2,363,395.

**Muskogee School District I-020
Management Discussion and Analysis
June 30, 2013**

Long-term Debt

At year-end, the district had \$19,435,407 in long-term debt, a decrease of 20.13 percent. (More detailed information about the district's long-term liabilities is presented in Note 6 to the financial statements).

- The district retired \$4,585,000 of outstanding bonds.
- \$7,120,000 in bonds were issued.
- Leases payable decreased \$7,513,725.
- Other long-term debt decreased \$128,050.

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.
- Bond issue passed May 14, 2014 is providing laptops for all secondary (7th-12th grades) for a 1:1 initiative.
- The budgetary effect of the recession that seems to be affecting the entire nation. FY 2013 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 \$28-56,000,000 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).

GOVERNMENT-WIDE FINANCIAL STATEMENTS

**MUSKOGEE SCHOOL DISTRICT NO. I-20
STATEMENT OF NET POSITION
JUNE 30, 2013**

	<u>Governmental Activities</u>
<u>ASSETS</u>	
Cash deposits with financial institutions	\$ 3,471,044
Property tax receivable	385,764
Due from other governments	1,016,532
Miscellaneous receivables	307,018
Inventories	165,462
Capital assets	
Land	1,909,524
Construction in process	4,015,980
Other capital assets, net of accumulated depreciation	<u>33,193,373</u>
 Total Assets	 \$ <u>44,464,697</u>
<u>LIABILITIES</u>	
Accounts payable	\$ 87,263
Wages payable	811,751
Long-term liabilities	
Due within one year	7,472,195
Due in more than one year	<u>11,963,512</u>
 Total Liabilities	 \$ <u>20,334,721</u>
<u>NET POSITION</u>	
Invested in Capital Assets, net of related debt	\$ 20,368,501
Reserved for:	
Debt service	936,626
Capital projects	40,081
Building	314,432
Child Nutrition	254,388
Unrestricted	<u>2,215,948</u>
 Total Net Position	 \$ <u><u>24,129,976</u></u>

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

MUSKOGEE SCHOOL DISTRICT NO. I-20
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2013

	Program Revenues				Net (Expenses) Revenue and Changes in Net Position
	Expenses	Charges for Services	Operating Grants & Contributions	Capital Grants & Contributions	
Governmental Activities					
Instruction	\$ (26,487,248)	\$ 19,194	\$ 5,265,627	\$ -	\$ (21,202,427)
Support Services					
Students	(3,025,994)	-	-	-	(3,025,994)
Instr. Staff	(2,155,807)	-	-	-	(2,155,807)
Gen. Adm.	(1,555,550)	-	-	-	(1,555,550)
School Adm.	(2,944,801)	-	-	-	(2,944,801)
Business	(2,133,094)	-	-	-	(2,133,094)
Op. & Maint.	(4,349,512)	-	-	-	(4,349,512)
Student Trans.	(1,784,905)	-	-	-	(1,784,905)
Non-Instructional	(4,165,679)	607,693	2,835,584	-	(722,402)
Capital Outlay	(872,117)	-	-	-	(872,117)
Other Outlays	(194,092)	-	-	-	(194,092)
Repayments	(210)	-	-	-	(210)
Debt service interest	(279,132)	-	-	-	(279,132)
Total Governmental Activities	\$ (49,948,141)	\$ 626,887	\$ 8,101,211	\$ -	\$ (41,220,043)

General revenues	
Taxes:	
Property taxes, levied for general purposes	\$ 10,462,937
Property taxes, levied for debt service	4,633,942
Other Taxes	3,818,037
Federal and State aid not restricted to specific purposes:	
General	17,442,676
Other	4,341,460
Interest and investment earnings	33,116
Miscellaneous	2,207,248
Total general revenues	<u>42,939,416</u>
Changes in net position	1,719,373
Net position - beginning	<u>22,410,603</u>
Net position - ending	<u>\$ 24,129,976</u>

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, 2013

	Governmental Fund Types					Total Governmental Funds
	General Fund	Building Fund	Sinking Fund	Bond Fund	Child Nutrition Fund	
ASSETS						
Cash	\$ 2,244,337	\$ 287,816	\$ 725,212	\$ 42,431	\$ 171,248	\$ 3,471,044
Receivables:						
Property taxes	154,521	19,829	211,414	-	-	385,764
Due from other governments	992,733	-	-	-	23,799	1,016,532
Miscellaneous receivables	307,018	-	-	-	-	307,018
Inventories	24,821	25,198	-	-	115,443	165,462
Total assets	\$ 3,723,430	\$ 332,843	\$ 936,626	\$ 42,431	\$ 310,490	\$ 5,345,820
LIABILITIES AND FUND EQUITY						
Liabilities:						
Accounts Payable	\$ 79,043	\$ 275	\$ -	\$ 2,350	\$ 5,595	\$ 87,263
Accrued wages payable	763,062	10,983	-	-	37,706	811,751
Deferred revenues	50,046	7,153	-	-	12,801	70,000
Total liabilities	\$ 892,151	\$ 18,411	\$ -	\$ 2,350	\$ 56,102	\$ 969,014
Fund equity:						
Fund Balances:						
Nonspendable Fund Balances:						
Inventories	\$ 24,821	\$ 25,198	\$ -	\$ -	\$ 115,443	\$ 165,462
Restricted Fund Balances:						
Retirement of Long-Term Debt	-	-	936,626	-	-	936,626
Restricted for Construction	-	-	-	40,081	-	40,081
Restricted by Statute	-	289,234	-	-	-	289,234
Committed Fund Balances:						
Other Committed Fund Balances	-	-	-	-	-	-
Assigned Fund Balances:						
Encumbrances	79,043	-	-	-	-	79,043
Other Assigned Fund Balances	-	-	-	-	-	-
Unassigned	2,727,415	-	-	-	138,945	2,866,360
Total Fund Balances	\$ 2,831,279	\$ 314,432	\$ 936,626	\$ 40,081	\$ 254,388	\$ 4,376,806
Total Liabilities and Fund Balances	\$ 3,723,430	\$ 332,843	\$ 936,626	\$ 42,431	\$ 310,490	\$ 5,345,820

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

**MUSKOGEE SCHOOL DISTRICT NO. I-20
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET POSITION
JUNE 30, 2013**

TOTAL FUND BALANCE-TOTAL GOVERNMENTAL FUNDS	\$	4,376,806
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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	\$	59,007,839	
Accumulated depreciation		(19,888,962)	
			39,118,877

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.

57,199

Intergovernmental revenue has been received, but has not been "earned", and is therefore deferred in the funds.

12,801

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	\$	(13,275,000)	
Compensated absences		(560,531)	
Capital leases payable		(5,475,376)	
Special retirement benefits payables		(124,800)	
			<u>(19,435,707)</u>

TOTAL NET POSITION-GOVERNMENTAL ACTIVITIES	\$	<u>4,446,806</u>
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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, 2013

	General Fund	Building Fund	Child Nutrition Fund	Sinking Fund	Bond Fund	Total Governmental Funds
Revenues:						
Local sources	\$ 11,405,263	\$ 1,406,654	\$ 457,314	\$ 5,072,550	\$ 3,021	\$ 18,344,802
Intermediate sources	1,035,906	-	-	-	-	1,035,906
State sources	25,329,890	-	52,598	-	-	25,382,488
Federal sources	5,057,878	-	2,835,584	-	-	7,893,462
Total revenues	\$ 42,828,937	\$ 1,406,654	\$ 3,345,496	\$ 5,072,550	\$ 3,021	\$ 52,656,658
Expenditures:						
Instructional	\$ 25,297,847	\$ 96,402	\$ -	\$ -	\$ 215,277	\$ 25,609,526
Support services:						
Students	2,714,169	-	-	-	-	2,714,169
Staff	2,155,807	-	-	-	-	2,155,807
General administration	1,479,705	619	-	-	75,226	1,555,550
School administration	2,941,285	3,516	-	-	-	2,944,801
Business	2,056,804	42,465	-	-	33,825	2,133,094
Plant operations	3,446,881	894,279	-	-	8,372	4,349,512
Transportation	1,784,905	-	-	-	-	1,784,905
Noninstructional	371,795	-	3,681,780	-	-	4,053,575
Capital outlay	22,440	201,367	-	-	-	223,807
Other outlays	194,042	-	50	-	-	194,092
Debt service	284,348	182,467	-	4,864,132	7,046,910	12,377,857
Repayments	210	-	-	-	-	210
Total expenditures:	\$ 42,750,218	\$ 1,421,115	\$ 3,681,830	\$ 4,864,132	\$ 7,379,610	\$ 60,096,905
Excess of revenues over (under) expenditures	\$ 78,719	\$ (14,461)	\$ (336,334)	\$ 208,418	\$ (7,376,589)	\$ (7,440,247)
Other sources of funds - proceeds on sale of bonds	-	-	-	-	7,120,000	7,120,000
Excess of revenues and other sources of funds over (under) expenditures	\$ 78,719	\$ (14,461)	\$ (336,334)	\$ 208,418	\$ (256,589)	\$ (320,247)
Fund balance, beginning of year	2,752,560	328,893	590,722	728,208	296,670	4,697,053
Fund balance, end of year	2,831,279	314,432	254,388	936,626	40,081	4,376,806

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, 2013**

Net change in fund balances - governmental funds \$ (320,247)

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	\$	285,384	
Depreciation expense		<u>(2,363,395)</u>	
	\$		(2,078,011)

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. \$ (7,120,000)

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. \$ 4,585,000

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. \$ (989,144)

(continued)

**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, 2013**

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 \$124,800. Compensated absences used exceeded the amounts earned by \$3,250.

\$ 128,050

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

\$ 7,513,725

Change in Net Position of Governmental Activities

\$ 1,719,373

MUSKOGEE SCHOOL DISTRICT NO. I-20
STATEMENT OF NET ASSETS - FIDUCIARY FUNDS
JUNE 30, 2013

	Fiduciary Fund Types		
	Private Purpose Trust Fund	Agency Fund	
	V. Tarpley Scholarship	Activity Fund	Total
ASSETS			
Cash	73,476	285,526	359,002
Receivables:			
Miscellaneous	-	-	-
Total assets	73,476	285,526	359,002
LIABILITIES AND NET ASSETS			
Liabilities:			
Due to student groups	-	285,416	285,416
Accounts payable	-	54	54
Accrued wages payable	-	56	56
Total liabilities	-	285,526	285,526
Net Assets			
Unreserved	73,476	-	73,476
Total net assets	73,476	-	73,476
Total liabilities and net assets	73,476	285,526	359,002

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

MUSKOGEE SCHOOL DISTRICT NO. I-20
STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS
FOR THE YEAR ENDED JUNE 30, 2013

	Private Purpose Trust Fund	
	<u> </u>	
	V. Tarpley Scholarship	
	<u> </u>	
Additions		
Interest	485	
Donations	1,000	
Total Additions	<u>1,485</u>	
Deductions		
Scholarships	5,000	
Student Activity Expenses	-	
Total Deductions	<u>5,000</u>	
Change in Net Assets	(3,515)	
Net Assets, Beginning of Year	<u>76,991</u>	
Net Assets, End of Year	<u><u>73,476</u></u>	

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

NOTES TO THE FINANCIAL STATEMENTS

**MUSKOGEE SCHOOL DISTRICT NO. I-20
MUSKOGEE COUNTY, OKLAHOMA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2013**

1. Summary of Significant Accounting Policies

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

A. Reporting Entity

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

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

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

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

B. Basis of Presentation

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

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

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

Fund Financial Statements

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

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

**MUSKOGEE SCHOOL DISTRICT NO. I-20
MUSKOGEE COUNTY, OKLAHOMA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2013**

Summary of Significant Accounting Policies (continued)

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

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

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

Sinking Fund – The District's Sinking Fund is used to account for the accumulation of financial resources for the payment of general long-term debt principal, interest, and related costs. The primary revenue sources are local property taxes levied specifically for debt service and interest earnings from temporary investments.

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

Fiduciary Fund Types

Fiduciary funds are used to account for assets held on behalf of outside parties, including other governments, or on behalf of other funds within the District. When these assets are held under the terms of a formula trust agreement, either a private purpose trust fund or a permanent fund is used.

The terms "permanent" and "private purpose" refer to whether or not the District is under an obligation to maintain the trust principal. Agency funds generally are used to account for assets that the District holds on behalf of others as their agent and do not involve measurement of results of operations.

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

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

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

Account Groups

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

C. Basis of Accounting

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

**MUSKOGEE SCHOOL DISTRICT NO. I-20
MUSKOGEE COUNTY, OKLAHOMA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2013**

Summary of Significant Accounting Policies (continued)

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

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

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

D. Budgets and Budgetary Accounting

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

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

E. Net Position

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

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

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

Unrestricted Net Position – represent unrestricted liquid assets.

Fund Balance Policy In Accordance With GASB Statement No. 54

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

**MUSKOGEE SCHOOL DISTRICT NO. 1-20
MUSKOGEE COUNTY, OKLAHOMA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2013**

Summary of Significant Accounting Policies (continued)

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

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

Committed Fund Balance – Amounts designated for specific purposes by the District's highest level of decision-making authority (Board of Education) and cannot be used for any other purposes unless the same highest level (Board of Education) takes action to remove or change the designation. The District commits a portion of the General Fund balance in accordance with the Board of Education's minimum fund balance policy.

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

Assigned Fund Balance – Amounts the District *intends* to use for specific purposes; intent can be expressed by the governing body or by an official to which the governing body delegates the authority. The District assigns funds for education that are to be used for instruction, support services and other operating expenditures. The Superintendent and Chief Financial Officer will determine the amount of assigned fund balance at the end of each fiscal year.

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

F. Assets, Liabilities and Cash Fund Balances

Cash – At year-end, the carrying amount of the District's deposits was \$2,604,361 and the bank balance was \$4,341,024. The bank balance was completely covered by federal depository insurance or by collateral held by the District's agent in the District's name.

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

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

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

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

**MUSKOGEE SCHOOL DISTRICT NO. I-20
MUSKOGEE COUNTY, OKLAHOMA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2013**

Summary of Significant Accounting Policies (continued)

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

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

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

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

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

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

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

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

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

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

G. Revenue, Expenses and Expenditures

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

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

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

**MUSKOGEE SCHOOL DISTRICT NO. I-20
MUSKOGEE COUNTY, OKLAHOMA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2013**

Summary of Significant Accounting Policies (continued)

Benefits Funded by the state of Oklahoma: For 2013, the state of Oklahoma contributed estimated payments benefiting District employees as follows:

Plan:	Teacher's Retirement System of Oklahoma	Amount:	\$312,213
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The District has recognized the revenues and expenditures related to this on-behalf payment in its financial statements.

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

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

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

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

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

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

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

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

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

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

**MUSKOGEE SCHOOL DISTRICT NO. 1-20
MUSKOGEE COUNTY, OKLAHOMA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2013**

Summary of Significant Accounting Policies (continued)

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

2. Use of Estimates

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

3. Deposit Categories of Credit Risk

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

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

**MUSKOGEE SCHOOL DISTRICT NO. I-20
MUSKOGEE COUNTY, OKLAHOMA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2013**

Deposit Categories of Credit Risk (continued)

Custodial Credit Risk:

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

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

Interest Rate Risk:

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

Credit Risk:

The District has no formal written policy addressing credit risk.

At June 30, 2013, the District has no investments that are not guaranteed by the full faith and credit of the United States Government.

4. Receivables

Receivables at June 30, 2013, 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	\$ 154,521	\$ 19,829	\$ 211,414	\$ -	\$ 385,764
Federal and state grants	992,733	-	-	23,799	1,016,532
Miscellaneous	307,018	-	-	-	307,018
	<u>1,454,272</u>	<u>19,829</u>	<u>211,414</u>	<u>23,799</u>	<u>1,709,314</u>
Gross Receivables					
Less allowance for uncollectibles	(50,046)	(7,153)	-	(12,801)	(70,000)
	<u>1,404,226</u>	<u>12,676</u>	<u>211,414</u>	<u>10,998</u>	<u>1,639,314</u>
Net total receivables	<u>\$ 1,404,226</u>	<u>\$ 12,676</u>	<u>\$ 211,414</u>	<u>\$ 10,998</u>	<u>\$ 1,639,314</u>

**MUSKOGEE SCHOOL DISTRICT NO. I-20
MUSKOGEE COUNTY, OKLAHOMA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2013**

5. Capital Assets

A summary of changes in general fixed assets for the year ended June 30, 2013, follows:

	Balance June 30, 2012	Additions	Reductions	Balance June 30, 2013
Governmental activities:				
Capital assets, not being depreciated:				
Land	\$ 1,854,134	\$ 55,390	\$ -	\$ 1,909,524
Construction in Progress	11,062,890	-	7,046,910	4,015,980
Total Capital assets, not being depreciated:	\$ 12,917,024	\$ 55,390	\$ 7,046,910	\$ 5,925,504
Capital assets being depreciated:				
Buildings	\$ 38,946,006	\$ 7,046,910	\$ 706,485	\$ 45,286,431
Furniture and equipment	3,739,908	161,825	-	3,901,733
Vehicles	3,826,002	68,169	-	3,894,171
Total capital assets being depreciated:	46,511,916	7,276,904	706,485	53,082,335
Less accumulated depreciation:	(18,232,052)	(2,363,395)	(706,485)	(19,888,962)
Total capital assets being depreciated, net	\$ 28,279,864	\$ 4,913,509	\$ -	\$ 33,193,373
Governmental activities capital assets, net	\$ 41,196,888	\$ 4,968,899	\$ 7,046,910	\$ 39,118,877

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

Governmental Activities

Instruction	\$ 1,005,772
Support Services	311,825
Non-Instructional	112,104
Capital Outlay	<u>933,694</u>
Total Depreciation	\$ <u>2,363,395</u>

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, 2013:

	Balance July 1, 2012	Additions	Retirements	Balance June 30, 2013
Bonds Payable	\$ 10,740,000	\$ 7,120,000	\$ 4,585,000	\$ 13,275,000
Leases Payable	12,989,101	-	7,513,725	5,475,376
Compensated Absences	563,781	-	3,250	560,531
Voluntary Separation Payable	249,600	-	124,800	124,800
Total	\$ 24,542,482	\$ 7,120,000	\$ 12,226,775	\$ 19,435,707

**MUSKOGEE SCHOOL DISTRICT NO. I-20
MUSKOGEE COUNTY, OKLAHOMA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2013**

General Long-Term Debt (continued)

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

	Amount Outstanding
School District No. I-20 Building Bonds, Series 2012 original issue \$7,120,000, interest rate of 1.00% to 1.25%, first installment of \$1,780,000 due July 1, 2014, and annual installments of \$1,780,000 due thereafter, final payment of \$1,780,000 due July 1, 2017.	\$ 7,120,000
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.	3,600,000
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.	800,000
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.	1,100,000
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.	655,000
Total Bonds Outstanding	\$ 13,275,000

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

Year ending June 30,	Principal	Interest	Total
2014	\$ 1,650,000	\$ 175,263	\$ 1,825,263
2015	3,885,000	137,970	4,022,970
2016	2,980,000	77,018	3,057,018
2017	2,980,000	37,490	3,017,490
2018	1,780,000	9,345	1,789,345
Total	\$ 13,275,000	\$ 437,086	\$ 13,712,086

Leases Payable

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

**MUSKOGEE SCHOOL DISTRICT NO. I-20
MUSKOGEE COUNTY, OKLAHOMA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2013**

General Long-Term Debt (continued)

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.

<u>Year ending June 30,</u>	<u>Total Payment</u>
2014	\$ <u>4,015,980</u>
Total	\$ <u>4,015,980</u>

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.

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, 2013.

<u>Year ending June 30,</u>	<u>Total Payment</u>
2014	\$ <u>4,497,395</u>
2015	197,066
2016	197,066
2017	197,066
2018	197,066
2019-2020	<u>189,717</u>
Total	\$ <u>5,475,376</u>

**MUSKOGEE SCHOOL DISTRICT NO. I-20
MUSKOGEE COUNTY, OKLAHOMA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2013**

General Long-Term Debt (continued)

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, 2013, the District had 24 certified and 11 support employees participating in the plan. Actuarial calculations of the District's unfunded liability at June 30, 2013, totaled \$124,800 and is recorded as long-term debt of the District. The following schedule shows the annual amounts to be paid under the District's Voluntary Separation Incentive Plan:

<u>Year ending June 30,</u>	<u>Amount</u>
2014	<u>124,800</u>
Total	<u>\$ 124,800</u>

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, 2013, totaled \$560,531 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	\$ 130,355
Teachers	275,109
Support Personnel	<u>155,067</u>
Total	<u>\$ 560,531</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.

**MUSKOGEE SCHOOL DISTRICT NO. I-20
MUSKOGEE COUNTY, OKLAHOMA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2013**

Employee Retirement System (continued)

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, 2013, is as follows:

		<u>Dollars in Millions</u>
Actuarial Accrued Liability	\$	18,973
Actuarial Value of Assets		<u>10,861</u>
Unfunded Actuarial Accrued Liability	\$	<u>8,112</u>

A participant with five years of creditable service may retire with a normal retirement allowance at the age of sixty-two (62) or with reduced benefits as early as age fifty-five (55). The normal retirement allowance paid monthly for life and then to beneficiaries, if certain options are exercised, equals two percent of the average of the highest three earning years of contributory service multiplied by the number of years of credited service. Retiring members may count up to 120 days of unused accumulated sick leave toward an additional year of service credit. A participant leaving employment before attaining retirement age, but completing five years of service, may elect to vest his accumulated contributions and defer receipt of a retirement annuity until a later date. When a participant dies in active service and has completed ten years of credited service, the beneficiary is entitled to a death benefit of \$18,000 and the participant's contributions plus interest. If the beneficiary is a surviving spouse, the surviving spouse may, in lieu of the death benefit, elect to receive, subject to the surviving spousal options, the participant's retirement benefits accrued at the time of death. The contribution rates for the Districts, which are not actuarially determined, and its employees are established by statute and applied to the employee's earnings, plus employer-paid fringe benefits. The employers' contribution rate is 9.5%. Employees contribute 7.0% of covered compensation.

Annual Pension Cost

The District's total contribution for 2013, 2012, and 2011 were \$4,314,022, \$4,401,263, and \$4,396,367, respectively. The District's total payroll for fiscal year 2012-13 amounted to \$28,540,902.

**MUSKOGEE SCHOOL DISTRICT NO. I-20
MUSKOGEE COUNTY, OKLAHOMA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2013**

8. Contingencies

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

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

9. Sanctioned Organizations

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

MHS Rougher Football Booster	7th & 8th PTO
MHS Vollyball	BFSA PTA
MHS Rougher Girls Golf	Cherokee PTO
MHS Softball Booster Club	Creek PTO
MHS Choral Association	Grant Foreman PTO
MHS Tennis Booster Club	Harris Job PTO
MHS Kicker Club-Soccer	Irving PTA
MHS Boys Basketball	Early Childhood Center PTA
MHS Dugout Club	Pershing PTA
Rougherette Roundball	Sadler PTA
MHS PTSA	Tony Goetz PTO
MHS Quarter Note Club	Whittier PTA

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.

**MUSKOGEE SCHOOL DISTRICT NO. I-20
MUSKOGEE COUNTY, OKLAHOMA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2013**

11. Surety Bonds

The Superintendent is bonded by Old Republic Surety Company bond number POB 1106903, for the penal sum of \$100,000 for the term December 23, 2012 to December 23, 2013.

The treasurer is bonded by Old Republic Surety Company bond number LSM0322263, for the penal sum of \$250,000 for the term of December 23, 2012, to December 23, 2013.

The chief financial officer is bonded by Old Republic Surety Company bond number POB 1101406, for the penal sum of \$250,000 for the term of June 30, 2012, to June 30, 2013.

The encumbrance clerk is bonded by Old Republic Surety Company bond number POB 1106903, for the penal sum of \$100,000 for the term December 23, 2012 to December 23, 2013.

The activity fund clerks are bonded by Old Republic Surety Company bond number POB 1106903, for the penal sum of \$100,000 for the term December 23, 2012 to December 23, 2013.

12. Subsequent Event

On July 1, 2013, the Muskogee School District entered into agreements to finance building renovations, remodels, and equipment 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.

Under this structure, the school district enters into two separate transactions: (1) a series of general obligation bonds is passed and can be sold at certain times over a period of years (2) a lease-purchase obligation with a public trust in an amount equal to what is need to complete the bond projects. The school district finances the building projects with proceeds from the lease-purchase agreement and uses the proceeds from the sale of the general obligation bonds to pay installments required under the lease-purchase agreement.

On July 1, 2013, the Muskogee School District entered into agreements to finance building renovations, remodels, and equipment pursuant to a lease-purchase agreement with the Muskogee Industrial Trust for a total amount of \$17,967,000. The District intends to finance the lease-purchase payments by the periodic issuance of G.O. Bonds, which were previously authorized by school district voters.

REQUIRED SUPPLEMENTARY INFORMATION

MUSKOGEE SCHOOL DISTRICT NO. 1-20
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL - (GAAP BASIS)
GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2013

	Budgeted Amounts			Variance Favorable (Unfavorable)
	Original Budget	Final Budget	Actual	
Revenues:				
Local	\$ 10,268,029	\$ 10,268,029	\$ 11,405,263	\$ 1,137,234
Intermediate sources	995,000	995,000	1,035,906	40,906
State sources	24,933,764	24,933,764	25,494,405	560,641
Federal sources	5,335,952	5,335,952	4,893,363	(442,589)
	<u>\$ 41,532,745</u>	<u>\$ 41,532,745</u>	<u>\$ 42,828,937</u>	<u>\$ 1,296,192</u>
Expenditures:				
Instructional	\$ 27,263,806	\$ 27,263,806	\$ 25,297,847	\$ 1,965,959
Support services:				
Students	2,704,082	2,704,082	2,714,169	(10,087)
Staff	2,123,611	2,123,611	2,155,807	(32,196)
General administration	1,449,518	1,449,518	1,479,705	(30,187)
School administration	2,738,725	2,738,725	2,941,285	(202,560)
Business	2,266,220	2,266,220	2,056,804	209,416
Plant operations	3,625,811	3,625,811	3,446,861	178,950
Transportation	1,640,270	1,640,270	1,784,905	(144,635)
Noninstructional	254,794	254,794	371,795	(117,001)
Capital outlay	-	-	22,440	22,440
Other outlays	218,258	218,258	194,042	24,216
Debt service	-	-	284,348	(284,348)
Repayments	210	210	210	-
	<u>\$ 44,285,305</u>	<u>\$ 44,285,305</u>	<u>\$ 42,750,218</u>	<u>\$ 1,579,967</u>
Excess of revenues over (under) expenditures	<u>\$ (2,752,560)</u>	<u>\$ (2,752,560)</u>	<u>\$ 78,719</u>	<u>\$ 2,876,159</u>
Other sources of funds - Cancelled warrants	\$ -	\$ -	\$ -	\$ -
Excess of revenues and other sources of funds over (under) expenditures	<u>\$ (2,752,560)</u>	<u>\$ (2,752,560)</u>	<u>\$ 78,719</u>	<u>\$ 2,831,279</u>
Fund balance, beginning of year	<u>\$ 2,752,560</u>	<u>\$ 2,752,560</u>	<u>\$ 2,752,560</u>	<u>\$ -</u>
Fund balance, end of year	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 2,831,279</u></u>	<u><u>\$ 2,831,279</u></u>

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

MUSKOGEE SCHOOL DISTRICT NO. 1-20
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL - (GAAP BASIS)
BUILDING FUND
FOR THE YEAR ENDED JUNE 30, 2013

	Budgeted Amounts			Variance Favorable (Unfavorable)
	Original Budget	Final Budget	Actual	
Revenues:				
Local	\$ 1,288,216	\$ 1,288,216	\$ 1,406,654	\$ 118,438
Intermediate sources	-	-	-	-
State sources	-	-	-	-
Federal sources	-	-	-	-
	\$ 1,288,216	\$ 1,288,216	\$ 1,406,654	\$ 118,438
Total revenues				
Expenditures:				
Instructional	\$ 173,752	\$ 173,752	\$ 96,402	\$ 77,350
Support services:				
Students	545	545	-	545
Staff	-	-	-	-
General administration	419	419	619	(200)
School administration	3,516	3,516	3,516	-
Business	49,076	49,076	42,465	6,611
Plant operations	1,188,433	1,188,433	894,279	294,154
Transportation	-	-	-	-
Central	-	-	-	-
Other	-	-	-	-
Child nutrition	-	-	-	-
Noninstructional	-	-	-	-
Capital outlay	201,367	201,367	201,367	-
Other outlays	-	-	-	-
Other Uses	-	-	-	-
Debt Service	-	-	182,467	(182,467)
	\$ 1,617,108	\$ 1,617,108	\$ 1,421,115	\$ 195,993
Total expenditures				
Excess of revenues over (under) expenditures	\$ (328,892)	\$ (328,892)	\$ (14,461)	\$ 314,431
Other sources of funds -				
Cancelled warrants	-	-	-	-
Excess of revenues and other sources of funds over (under) expenditures	\$ (328,892)	\$ (328,892)	\$ (14,461)	\$ 314,431
Fund balance, beginning of year	\$ 328,892	\$ 328,892	\$ 328,892	-
Fund balance, end of year	\$ -	\$ -	\$ 314,431	\$ 314,431

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

MUSKOGEE SCHOOL DISTRICT NO. 1-20
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL - (GAAP BASIS)
CHILD NUTRITION FUND
FOR THE YEAR ENDED JUNE 30, 2013

	Budgeted Amounts			Variance
	Original Budget	Final Budget	Actual	Favorable (Unfavorable)
Revenues:				
Local	\$ 490,000	\$ 490,000	\$ 457,314	\$ (32,686)
Intermediate sources	-	-	-	-
State sources	52,000	52,000	52,598	598
Federal sources	2,608,000	2,608,000	2,835,584	227,584
Total revenues	\$ 3,150,000	\$ 3,150,000	\$ 3,345,496	\$ 195,496
Expenditures:				
Instructional	\$ -	\$ -	\$ -	-
Support services:				
Students	-	-	-	-
Staff	-	-	-	-
General administration	-	-	-	-
School administration	-	-	-	-
Business	-	-	-	-
Plant operations	-	-	-	-
Transportation	-	-	-	-
Central	-	-	-	-
Other	-	-	-	-
Child nutrition	-	-	-	-
Noninstructional	3,740,722	3,740,722	3,681,780	58,942
Capital outlay	-	-	-	-
Other outlays	-	-	50	50
Other Uses	-	-	-	-
Debt Service	-	-	-	-
Total expenditures	\$ 3,740,722	\$ 3,740,722	\$ 3,681,830	\$ 58,892
Excess of revenues over (under) expenditures	\$ (590,722)	\$ (590,722)	\$ (336,334)	\$ 254,388
Other sources of funds - cancelled warrants	\$ -	\$ -	\$ -	-
Excess of revenues and other sources of funds over (under) expenditures	\$ (590,722)	\$ (590,722)	\$ (336,334)	\$ 254,388
Fund balance, beginning of year	\$ 590,722	\$ 590,722	\$ 590,722	\$ -
Fund balance, end of year	\$ -	\$ -	\$ 254,388	\$ 254,388

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, 2013

	Budgeted Amounts			Variance Favorable (Unfavorable)
	Original Budget	Final Budget	Actual	
Revenues:				
Local	\$ -	\$ -	\$ 3,021	\$ 3,021
Intermediate sources	-	-	-	-
State sources	-	-	-	-
Federal sources	-	-	-	-
Total revenues	\$ -	\$ -	\$ 3,021	\$ 3,021
Expenditures:				
Instructional	\$ -	\$ -	\$ 215,277	\$ (215,277)
Support services:				
Students	-	-	-	-
Staff	-	-	-	-
General administration	75,226	75,226	75,226	-
School administration	-	-	-	-
Business	-	-	33,825	(33,825)
Plant operations	-	-	8,372	(8,372)
Transportation	-	-	-	-
Central	-	-	-	-
Other	-	-	-	-
Child nutrition	-	-	-	-
Noninstructional	-	-	-	-
Capital outlay	-	-	-	-
Other outlays	-	-	-	-
Other Uses	-	-	-	-
Debt Service	7,341,443	7,341,443	7,046,910	294,533
Total expenditures	\$ 7,416,669	\$ 7,416,669	\$ 7,379,610	\$ 37,059
Excess of revenues over (under) expenditures	\$ (7,416,669)	\$ (7,416,669)	\$ (7,376,589)	\$ 40,080
Other sources of funds - proceeds on sales of bonds	\$ 7,120,000	\$ 7,120,000	\$ 7,120,000	\$ -
Excess of revenues and other sources of funds over (under) expenditures	\$ (296,669)	\$ (296,669)	\$ (256,589)	\$ 40,080
Fund balance, beginning of year	\$ 296,669	\$ 296,669	\$ 296,669	\$ -
Fund balance, end of year	\$ -	\$ -	\$ 40,080	\$ 40,080

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, 2013**

CHEROKEE ELEMENTARY

<u>Activities</u>	<u>Balance 7-01-12</u>	<u>Additions</u>	<u>Transfers</u>	<u>Deductions</u>	<u>Balance 6-30-13</u>
College Visits	\$ 156	\$ -	\$ (156)	\$ -	\$ -
Concessions	1,187	4,103	247	3,237	2,300
Student Council	-	91	(91)	-	-
Library/Media Center	114	-	-	108	6
Total Cherokee Elementary	\$ 1,457	\$ 4,194	\$ -	\$ 3,345	\$ 2,306

CREEK ELEMENTARY

<u>Activities</u>	<u>Balance 7-01-12</u>	<u>Additions</u>	<u>Transfers</u>	<u>Deductions</u>	<u>Balance 6-30-13</u>
Concessions	\$ 3,770	\$ 12,993	\$ -	\$ 6,189	\$ 10,574
Foundation Grants	1,756	-	(31)	1,725	-
Total Creek Elementary	\$ 5,526	\$ 12,993	\$ (31)	\$ 7,914	\$ 10,574

BFSA ELEMENTARY

<u>Activities</u>	<u>Balance 7-01-12</u>	<u>Additions</u>	<u>Transfers</u>	<u>Deductions</u>	<u>Balance 6-30-13</u>
Concessions	\$ 4,305	\$ 17,173	\$ (334)	\$ 18,303	\$ 2,841
Fifth Grade	75	-	(75)	-	-
First Grade	253	-	(253)	-	-
Foundation Grants	449	-	(449)	-	-
Library/Media Center	4,202	6,039	-	9,692	549
Yearbook	-	2,275	-	-	2,275
Student Council	-	-	403	-	403
Total BFSA Elementary	\$ 9,284	\$ 25,487	\$ (708)	\$ 27,995	\$ 6,068

**MUSKOGEE SCHOOL DISTRICT NO. I-20
SCHOOL ACTIVITY FUND
STATEMENT OF CHANGES IN ACCOUNT BALANCES
FOR THE YEAR ENDED JUNE 30, 2013**

GRANT FOREMAN ELEMENTARY

Activities	Balance 7-01-12	Additions	Transfers	Deductions	Balance 6-30-13
Book Fair	\$ 193	\$ -	\$ (193)	\$ -	\$ -
Concessions	610	11,808	-	3,232	9,186
Foundation Grants	112	-	(112)	-	-
	2,882	-	(2,882)	-	-
Teachers' Fund	230	-	(5)	225	-
Textbook Recovery	-	100	-	100	-
Elementary Yearbook	223	1,877	-	2,100	-
Total Grant Foreman Elementary	\$ 4,250	\$ 13,785	\$ (3,192)	\$ 5,657	\$ 9,186

HARRIS JOBE ELEMENTARY

Activities	Balance 7-01-12	Additions	Transfers	Deductions	Balance 6-30-13
Concessions	\$ 2,212	\$ 3,002	\$ (176)	\$ 2,790	\$ 2,248
Foundation Grants	2,159	-	(243)	1,916	-
Student Council	106	345	-	-	451
Total Harris Jobe Elementary	\$ 4,477	\$ 3,347	\$ (419)	\$ 4,706	\$ 2,699

IRVING ELEMENTARY

Activities	Balance 7-01-12	Additions	Transfers	Deductions	Balance 6-30-13
Concessions	\$ 2,965	\$ 4,399	\$ (2,860)	\$ 2,275	\$ 2,229
Fifth Grade	63	-	(63)	-	-
First Grade	307	-	(307)	-	-
Fourth Grade	37	-	(37)	-	-
Foundation Grants	410	-	-	284	126
Indian Ed	230	932	-	692	470
Kindergarten Club	-	-	-	-	-
Second Grade	376	-	(376)	-	-
Sixth Grade	20	-	(20)	-	-
Student Council	581	-	-	-	581
Irving Yearbook	2,546	-	(385)	17	2,144
Total Irving Elementary	\$ 7,535	\$ 5,331	\$ (4,048)	\$ 3,268	\$ 5,550

**MUSKOGEE SCHOOL DISTRICT NO. 1-20
SCHOOL ACTIVITY FUND
STATEMENT OF CHANGES IN ACCOUNT BALANCES
FOR THE YEAR ENDED JUNE 30, 2013**

PERSHING ELEMENTARY

Activities	Balance 7-01-12	Additions	Transfers	Deductions	Balance 6-30-13
Concessions	\$ 319	\$ 3,053	\$ 2,860	\$ 4,348	\$ 1,884
Foundation Grants	832	-	(103)	729	-
Library/Media Center	1,895	6,066	-	7,819	142
Teachers' Fund	7	-	-	-	7
Student Council	319	-	(319)	-	-
Technology Education	-	-	319	200	119
Total Pershing Elementary	\$ 3,372	\$ 9,119	\$ 2,757	\$ 13,096	\$ 2,152

SADLER ELEMENTARY

Activities	Balance 7-01-12	Additions	Transfers	Deductions	Balance 6-30-13
Concessions	\$ 3,267	\$ 745	\$ -	\$ 1,737	\$ 2,275
Foundation Grants	1,127	320	-	1,447	-
Special Help Club	7,186	969	-	973	7,182
Artist in Residence	50	-	(50)	-	-
Total for Sadler Elementary	\$ 11,630	\$ 2,034	\$ (50)	\$ 4,157	\$ 9,457

TONY GOETZ ELEMENTARY

Activities	Balance 7-01-12	Additions	Transfers	Deductions	Balance 6-30-13
Concessions	\$ 2,954	\$ 5,614	\$ -	\$ 4,609	\$ 3,959
Textbook Recovery	-	-	16	16	-
Total Tony Goetz Elementary	\$ 2,954	\$ 5,614	\$ 16	\$ 4,625	\$ 3,959

WHITTIER ELEMENTARY

Activities	Balance 7-01-12	Additions	Transfers	Deductions	Balance 6-30-13
Concessions	\$ 2,762	\$ 12,523	\$ -	\$ 11,782	\$ 3,503
Foundation Grants	4,155	-	(1,464)	2,691	-
Total Whittier Elementary	\$ 6,917	\$ 12,523	\$ (1,464)	\$ 14,473	\$ 3,503

**MUSKOGEE SCHOOL DISTRICT NO. I-20
SCHOOL ACTIVITY FUND
STATEMENT OF CHANGES IN ACCOUNT BALANCES
FOR THE YEAR ENDED JUNE 30, 2013**

MECC ELEMENTARY

<u>Activities</u>	<u>Balance 7-01-12</u>	<u>Additions</u>	<u>Transfers</u>	<u>Deductions</u>	<u>Balance 6-30-13</u>
Concessions	\$ 922	\$ 855	\$ -	\$ 734	\$ 1,043
Library Media Center	1,372	2,115	-	2,162	1,325
Textbook Recovery	-	5	(5)	-	-
Pre School	1,691	20,555	-	17,757	4,489
Total MECC Elementary	\$ 3,985	\$ 23,530	\$ (5)	\$ 20,653	\$ 6,857

DISTRICT

<u>Activities</u>	<u>Balance 7-01-12</u>	<u>Additions</u>	<u>Transfers</u>	<u>Deductions</u>	<u>Balance 6-30-13</u>
Honors Banquet	\$ -	\$ 8,049	\$ -	\$ 7,282	\$ 767
Instructional	118	768	-	837	49
Board/Superintendent	1,482	5,848	-	6,323	1,007
Support Services	-	750	-	459	291
Technology	-	-	1,000	-	1,000
Before/After School Care	1,868	875	-	927	1,816
City Fd - Urban Archaeology	5,259	6,000	-	9,904	1,355
Support Appreciation	707	3,689	1,890	4,689	1,597
Staff development	284	3,810	-	3,988	106
Foundation Grants	137	-	3,517	-	3,654
General	10,406	5,922	(13,600)	-	2,728
Innovative Ideas	185	-	(185)	-	-
Three Rivers Mens Choir	1,702	-	(1,386)	316	-
Indian Ed	41	977	476	1,318	176
Cross Country	-	200	-	-	200
NASA	-	80	-	80	-
Personnel	-	1,000	-	490	510
Rougher Special Olympics	4,199	4,855	-	3,964	5,090
Regional Science Fair	4,356	17,162	-	8,605	12,913
Special Education	2,430	13,114	30	8,853	6,721
Camp Bennett - Adults	14,203	1,934	-	7,541	8,596
Total for District	\$ 47,377	\$ 75,033	\$ (8,258)	\$ 65,576	\$ 48,576

ALTERNATIVE (ROUGHER)ACADEMY

<u>Activities</u>	<u>Balance 7-01-12</u>	<u>Additions</u>	<u>Transfers</u>	<u>Deductions</u>	<u>Balance 6-30-13</u>
Concessions	\$ 1,481	\$ 365	\$ -	\$ 311	\$ 1,535
FCCLA	121	80	-	108	93
Foundation Grants	1,985	-	(13)	1,972	-
Parenting	40	-	(40)	-	-
Total for RAA	\$ 3,627	\$ 445	\$ (53)	\$ 2,391	\$ 1,628

**MUSKOGEE SCHOOL DISTRICT NO. I-20
SCHOOL ACTIVITY FUND
STATEMENT OF CHANGES IN ACCOUNT BALANCES
FOR THE YEAR ENDED JUNE 30, 2013**

7TH/8TH GRADE CENTER

Activities	Balance 7-01-12	Additions	Transfers	Deductions	Balance 6-30-13
Academic Pursuit Team	\$ 122	\$ 272	\$ -	\$ 365	29
Awards & Recognitions	203	200	-	-	403
The Storm	647	668	-	270	1,045
Arts & Crafts	574	218	-	-	792
7/8th Yearbook	3,137	4,651	-	4,668	3,120
Band	1,365	25	-	427	963
8th Girls Basketball	250	585	-	448	387
City FD-Advocacy	-	2,500	3,819	3,553	2,766
Cheerleaders	15	9,844	-	3,598	6,261
Choral/Chorus	2,661	12,978	-	14,427	1,212
Concessions	8,175	19,035	-	3,490	23,720
Roughers Outdoor Camp (ROC)	16,245	49,361	-	65,162	444
FCCLA	396	13,063	-	13,039	420
Foundation Grants	628	680	(462)	846	-
Gateway	112	-	(112)	-	-
8th Prom	2,558	840	-	620	2,778
Hospitality Fd	249	710	-	850	109
Library/Media Center	1,562	169	-	-	1,731
NASA	82	43	-	72	53
PE Club	1,063	603	-	-	1,666
Video Production	856	350	-	124	1,082
Reading Dept	1,181	2,580	-	2,306	1,455
Teachers' Fund	1,247	-	-	119	1,128
Student Council	674	2,300	-	1,951	1,023
Technology Education	187	2,413	-	2,140	460
7/8th Gr Tennis Club	2,075	1,750	-	1,173	2,652
Total 7th/8th Grade Center	\$ 46,264	\$ 125,838	\$ 3,245	\$ 119,648	\$ 55,699

**MUSKOGEE SCHOOL DISTRICT NO. I-20
SCHOOL ACTIVITY FUND
STATEMENT OF CHANGES IN ACCOUNT BALANCES
FOR THE YEAR ENDED JUNE 30, 2013**

MUSKOGEE HIGH SCHOOL

<u>Activities</u>	<u>Balance 7-01-12</u>	<u>Additions</u>	<u>Transfers</u>	<u>Deductions</u>	<u>Balance 6-30-13</u>
Academic Pursuit Team	\$ 423	\$ -	\$ -	\$ 119	\$ 304
AP - Art	1,990	670	90	1,446	1,304
All School Musical	5,016	12,041	5,720	10,226	12,551
Asian Club	280	-	(280)	-	-
Arts & Crafts	1,701	1,173	-	1,182	1,692
Band	887	4,595	-	4,417	1,065
Baseball Lettermen's Club	135	-	-	-	135
African American Heritage	164	550	-	545	169
Broadcasting	525	80	-	-	605
Basketball - Boys	425	15,329	-	13,149	2,605
Basketball - Girls	-	2,986	-	2,978	8
City Fd - Advocacy	2,712	2,645	-	4,799	558
Cheerleaders	6,609	18,982	-	18,836	6,755
Choral/Chorus	-	20,826	-	20,254	572
Clearing	-	886	-	886	-
Concessions	363	4,827	-	5,179	11
Counselor	933	3,710	(216)	3,743	684
DECA	-	8,097	-	7,239	858
Dance	951	1,853	-	2,217	587
Drama	-	179	(110)	69	-
BPA	859	60	-	64	855
FFA	2,187	20,474	-	22,164	497
FCA	81	-	(81)	-	-
FCCLA	337	6,664	-	6,497	504
Ecology Club	117	-	(117)	-	-
Football	-	19,680	-	17,603	2,077
Class of 2012	462	429	(455)	436	-
Class of 2015	-	220	77	251	46
Class of 2011	-	3	-	-	3
Class of 2013 Prom	3,473	61	-	3,504	30
Class of 2014	45	11,455	-	880	10,620
Athletics	5,041	38,420	-	40,307	3,154
Women's Golf	257	790	-	977	70
Foundation Grants	1,074	2,500	(640)	2,934	-
General	-	-	505	-	505
Graphic Art Design	-	810	-	-	810
International Club	-	160	-	-	160
Golf - Mens	-	5,067	-	2,462	2,605
Honor Society	561	920	325	574	1,232
Innovative Ideas	749	7,377	1,926	6,367	3,685
Oklahoma Honor Society	770	1,229	(848)	438	713
JCL	-	-	848	-	848
Wrestling	6,608	13,624	-	15,880	4,352
Safe Schools	6,323	14,522	-	13,970	6,875
Library/Media Center Club	2	-	-	-	2
Tennis - women	2,297	1,509	-	477	3,329
MHS Yearbook	8,969	15,155	-	18,262	5,862

(continued)

**MUSKOGEE SCHOOL DISTRICT NO. I-20
SCHOOL ACTIVITY FUND
STATEMENT OF CHANGES IN ACCOUNT BALANCES
FOR THE YEAR ENDED JUNE 30, 2013**

MUSKOGEE HIGH SCHOOL

<u>Activities</u>	<u>Balance 7-01-12</u>	<u>Additions</u>	<u>Transfers</u>	<u>Deductions</u>	<u>Balance 6-30-13</u>
Boys Track	10,765	5,500	-	5,526	10,739
NASA	-	1,500	-	-	1,500
Soccer - boys	1,610	206	-	999	817
Soccer - girls	42	2,616	-	1,865	793
ROTC	748	11,268	-	11,720	296
S.A.D.D.	179	-	(179)	-	-
Science Club	184	698	-	639	243
Scout Advertising	425	-	78	503	-
PC Tech Testing	974	4,557	-	2,763	2,768
Social Studies Club	1,686	328	(1,370)	274	370
Softball	1,275	2,251	-	1,260	2,266
Special Education	30	-	(30)	-	-
Speech	1	2,085	5	2,056	35
Student Council	251	8,476	(165)	6,004	2,558
Technology Education	5,640	2,854	-	1,872	6,622
Textbook Recovery	-	-	80	80	-
Teens For Christ	308	1,155	-	948	515
VICA	3,824	225	-	-	4,049
Total Muskogee High School	\$ <u>91,268</u>	\$ <u>304,277</u>	\$ <u>5,163</u>	\$ <u>287,840</u>	\$ <u>112,868</u>

**MUSKOGEE SCHOOL DISTRICT NO. I-20
SCHOOL ACTIVITY FUND
STATEMENT OF CHANGES IN ACCOUNT BALANCES
FOR THE YEAR ENDED JUNE 30, 2013**

TRANSPORTATION

<u>Activities</u>	<u>Balance 7-01-12</u>	<u>Additions</u>	<u>Transfers</u>	<u>Deductions</u>	<u>Balance 6-30-13</u>
Concessions	\$ 3	\$ 687	\$ -	\$ -	\$ 690
Total for Transportation	<u>\$ 3</u>	<u>\$ 687</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 690</u>

CNS

<u>Activities</u>	<u>Balance 7-01-12</u>	<u>Additions</u>	<u>Transfers</u>	<u>Deductions</u>	<u>Balance 6-30-13</u>
CNS Group	\$ 1	\$ 3,077	\$ -	\$ 1,505	\$ 1,573
Total for Maintenance	<u>\$ 1</u>	<u>\$ 3,077</u>	<u>\$ -</u>	<u>\$ 1,505</u>	<u>\$ 1,573</u>

MAINTENANCE

<u>Activities</u>	<u>Balance 7-01-12</u>	<u>Additions</u>	<u>Transfers</u>	<u>Deductions</u>	<u>Balance 6-30-13</u>
Concessions	\$ 585	\$ 6,215	\$ -	\$ 4,729	\$ 2,071
Total for Maintenance	<u>\$ 585</u>	<u>\$ 6,215</u>	<u>\$ -</u>	<u>\$ 4,729</u>	<u>\$ 2,071</u>

SUPPORTING SCHEDULES

MUSKOGEE SCHOOL DISTRICT NO. 1-20
 SCHEDULE OF FEDERAL AWARDS EXPENDED
 FOR THE YEAR ENDED JUNE 30, 2013

Federal Grantor/Pass-Through Grantor/Program Title	Federal CFDA #	Grantor's Number	Balance at July 1, 2012	Receipts	Expenditures	Balance at June 30, 2013
<u>U.S. Department of Education</u>						
Direct Programs:						
2012-2013 Programs						
Title VII, Indian Education	84.060A	S060A120371	\$ -	\$ 417,093	\$ 417,093	\$ -
Sub-Total			\$ -	\$ 417,093	\$ 417,093	\$ -
Passed-Through State Department of Education:						
2012-2013 Programs						
Title I						
Title I-School Support	84.010	N/A	\$ -	\$ 2,320,830	\$ 2,320,830	\$ -
Title I-Part A, Neglected	84.010	N/A	-	8,075	8,075	-
Title I, Part D Delinquent	84.010	N/A	-	20,584	20,584	-
IDEA-B Flow Through	84.013	N/A	-	7,270	7,270	-
IDEA-B Preschool	84.027	N/A	-	1,383,346	1,383,346	-
Title II, Part A, Training & Recruiting Fund	84.173	N/A	-	29,020	29,020	-
Title III, Language Acquisition	84.367	N/A	-	391,906	391,906	-
Sub-Total	84.365	N/A	-	35,003	35,003	-
Sub-Total			\$ -	\$ 4,195,034	\$ 4,195,034	\$ -
Passed- Through State Department of Rehabilitation						
2012-2013 Programs						
Job Training - OJT	84.126	N/A	\$ -	\$ 1,150	\$ 1,150	\$ -
Sub-Total			\$ -	\$ 1,150	\$ 1,150	\$ -
Passed-Through State Department of Career and Technology Education:						
2012-2013 Programs						
Carl Perkins	84.048	N/A	\$ -	\$ 130,780	\$ 130,780	\$ -
Sub-Total			\$ -	\$ 130,780	\$ 130,780	\$ -
Passed-Through State Department of Education:						
Child Nutrition Cluster:						
Non-Cash Assistance (Commodities):						
National School Lunch Program	10.565	N/A	\$ -	\$ 152,164	\$ 152,164	\$ -
Non-Cash Assistance Sub-Total			\$ -	\$ 152,164	\$ 152,164	\$ -
Cash Assistance:						
School Breakfast Program	10.553	N/A	\$ -	\$ 685,668	\$ 685,668	\$ -
National School Lunch Program	10.555	N/A	-	1,901,111	1,901,111	-
Fresh Fruit & Vegetables	10.587	N/A	-	67,630	67,630	-
Summer Food Service Program for Children	10.559	N/A	-	29,011	29,011	-
Cash Assistance Sub- Total			\$ -	\$ 2,683,420	\$ 2,683,420	\$ -
Sub-Total for Child Nutrition Cluster			\$ -	\$ 2,835,564	\$ 2,835,564	\$ -

MUSKOGEE SCHOOL DISTRICT NO. I-20
 SCHEDULE OF FEDERAL AWARDS EXPENDED
 FOR THE YEAR ENDED JUNE 30, 2013

Federal Grantor/Pass-Through Grantor/Program Title	Federal CFDA #	Grantor's Number	Balance at July 1, 2012	Receipts	Expenditures	Balance at June 30, 2013
U.S. Department of Health and Human Services						
Passed-Through Oklahoma Health Care Authority::						
2012-2013 Programs						
Medicaid Assistance Program	93.778	N/A	\$ -	\$ 164,515	\$ 164,515	\$ -
Sub-Total			\$ -	\$ 164,515	\$ 164,515	\$ -
Other Federal Assistance:						
2012-2013 Programs						
Johnson O'Malley	15.130	N/A	\$ -	\$ 96,437	\$ 96,437	\$ -
Flood Control	12.112	N/A	-	3,322	-	3,322
Sub-Total			\$ -	\$ 99,759	\$ 96,437	\$ 3,322
TOTAL FEDERAL ASSISTANCE			\$ -	\$ 7,844,915	\$ 7,841,593	\$ 3,322

* Major program

See accompanying notes to the Schedule of Federal Awards Expended

**MUSKOGEE SCHOOL DISTRICT NO. 1-20
MUSKOGEE COUNTY, OKLAHOMA
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2013**

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.

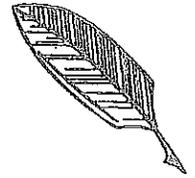
3. Positive amounts listed in the either "Balance at July 1, 2012" or "Balance at June 30, 2013" column represent funds received by the school and not yet expended or coded to the program. Negative amounts represent expenditures which have been claimed, but the revenue not yet collected.
4. The District received donated foods through the Federal Food Distribution Program (10,565). At June 30, 2013, 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	\$ <u>7,844,915</u>
Total per Schedule of Expenditures of Federal Awards	
Reconciled Balance	\$ <u><u>7,844,915</u></u>
Federal Program Revenues:	
General Fund	\$ 5,057,878
Child Nutrition	<u>2,835,584</u>
Sub-Total	7,893,462
Less: ROTC (not considered Federal Programs)	<u>(48,547)</u>
Total per Federal Statement of Revenue, Expenditures, And Changes in Fund Balance	\$ <u><u>7,844,915</u></u>

REPORTS REQUIRED BY *GOVERNMENT AUDITING STANDARDS*

KERRY JOHN PATTEN, C.P.A.

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



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

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

I have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Muskogee School District No. I-20, Muskogee County, Oklahoma (District), as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the District's financial statements, and have issued my report thereon February 11, 2014.

Internal Control over Financial Reporting

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

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

My consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during my audit I did not identify any deficiencies in internal control that I consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the District's financial statements are free of material misstatement, I performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of my audit, and accordingly, I do not express such an opinion. The results of my tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

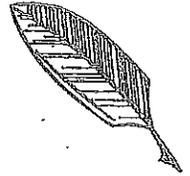
This report is solely to describe the scope of my testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with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



Kerry John Patten, C.P.A.
Broken Arrow, OK
February 11, 2014

KERRY JOHN PATTEN, C.P.A.

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FAX Number (918) 250-9853



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

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

Report on Compliance for Each Major Federal Program

I have audited the compliance of Muskogee School District No. I-20, Muskogee County, Oklahoma (District's) compliance with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133 Compliance Supplement* that could have a direct and material effect on each of the District's major federal programs for the year ended June 30, 2013. The District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditor's Responsibility

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

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

Opinion on Each Major Federal Program

In my opinion, Muskogee School District, No. I-20, Muskogee County, Oklahoma, complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2013.

Report on Internal Control Over Compliance

Management of Muskogee School District No. 1-20, Muskogee County, Oklahoma (District), is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing my audit of compliance, I considered the District's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on effectiveness of internal control over compliance. Accordingly, I do not express an opinion on the effectiveness of the District's internal control over compliance.

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

My consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. I did not identify any deficiencies in internal control over compliance that I considered to be material weaknesses. However, material weaknesses may exist that have not been identified.

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



Kerry John Patten, C.P.A.
Broken Arrow, OK
February 11, 2014

**MUSKOGEE SCHOOL DISTRICT NO. I-20
MUSKOGEE COUNTY, OKLAHOMA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2013**

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: Child Nutrition Cluster (10.555, 10.553, 10.559, & 10.587).
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, 2013**

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. I-20
MUSKOGEE COUNTY, OKLAHOMA
SCHEDULE OF COMMENTS
FOR YEAR ENDED JUNE 30, 2013**

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 2011-12 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>
2013	\$ 25,609,526	\$ 21,885,715	\$ 12,377,857	\$ 223,807	\$ 60,096,905
2012	\$ 26,798,511	\$ 26,142,842	\$ 5,099,620	\$ 939,193	\$ 58,980,166
2011	\$ 26,764,418	\$ 22,502,695	\$ 4,435,200	\$ 1,040,940	\$ 54,743,253
2010	\$ 27,014,868	\$ 21,711,146	\$ 4,322,035	\$ 3,350,891	\$ 56,398,940
2009	\$ 27,956,926	\$ 22,396,781	\$ 8,977,380	\$ 2,147,284	\$ 61,478,371
2008	\$ 28,489,135	\$ 18,505,632	\$ 3,213,240	\$ 3,395,595	\$ 53,603,602
2007	\$ 25,242,205	\$ 19,085,102	\$ 3,991,085	\$ 2,259,841	\$ 50,578,234
2006	\$ 23,304,272	\$ 19,581,350	\$ 4,882,532	\$ 729,357	\$ 48,497,511
2005	\$ 23,676,682	\$ 20,457,043	\$ 3,754,684	\$ 2,835,329	\$ 50,723,738
2004	\$ 21,967,316	\$ 15,840,501	\$ 4,572,421	\$ 628,902	\$ 43,009,140
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>
2013	\$ 18,344,802	\$ 1,035,906	\$ 25,382,488	\$ 7,893,462	\$ 52,656,658
2012	\$ 17,209,755	\$ 1,028,510	\$ 25,937,190	\$ 8,267,283	\$ 52,442,738
2011	\$ 16,981,094	\$ 1,013,684	\$ 24,837,494	\$ 11,547,310	\$ 54,379,582
2010	\$ 16,848,847	\$ 978,441	\$ 25,671,008	\$ 11,604,660	\$ 55,102,956
2009	\$ 14,943,505	\$ 931,555	\$ 27,965,916	\$ 8,929,858	\$ 52,770,834
2008	\$ 14,570,479	\$ 961,507	\$ 27,178,586	\$ 7,815,747	\$ 50,526,319
2007	\$ 18,765,319	\$ 912,196	\$ 25,405,836	\$ 7,655,909	\$ 52,739,260
2006	\$ 13,197,269	\$ 884,826	\$ 23,469,379	\$ 7,377,121	\$ 44,928,595
2005	\$ 12,519,933	\$ 814,431	\$ 21,795,953	\$ 8,221,817	\$ 43,352,134
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

Fiscal Year	Total Tax Levy	Percent of		Delinquent Tax Collections	Total Tax Collections	Outstanding Delinquent Taxes	Ratio of Total Tax Collection to Levy
		Current Tax Collected	Current Tax Collected				
2013	\$ 14,929,202	\$ 14,556,520	97.50%	\$ 802,076	\$ 15,358,596	\$ 616,264	102.88%
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%
2002	\$ 10,478,339	\$ 10,182,108	97.17%	\$ 294,655	\$ 10,476,763	\$ 527,054	99.98%

Source: Estimate of Needs

MUSKOGEE SCHOOL DISTRICT NO. I-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	
2013	\$ 170,406,755	\$ 1,420,056,292	\$ 78,448,770	\$ 653,739,750	\$ 18,405,552	\$ 80,549,462	\$ 10,557,526	\$ 2,154,345,503	\$ 256,703,551	\$ 2,154,345,503	11.92%
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	11.48%
2005	\$ 121,427,675	\$ 1,103,887,955	\$ 63,931,595	\$ 532,763,292	\$ 20,649,704	\$ 90,370,696	\$ 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%
2002	\$ 108,866,255	\$ 989,693,227	\$ 56,123,685	\$ 467,697,375	\$ 17,535,060	\$ 79,704,818	\$ 8,379,443	\$ 1,537,095,420	\$ 174,145,557	\$ 1,537,095,420	11.33%

Source: Muskogee County Assessor

**MUSKOGEE SCHOOL DISTRICT NO. I-20
PROPERTY TAX RATES
DIRECT AND OVERLAPPING GOVERNMENTS**

Last Ten Fiscal Years

<u>Fiscal Year</u>		<u>Muskogee School District</u>	<u>City of Muskogee</u>	<u>Gooseneck Bend Fire Department</u>	<u>Muskogee County</u>	<u>Indian Capital Vo-Tech</u>	<u>Total</u>
2013	A	59.17	0.96	0.00	24.18	10.13	94.44
2012	A	59.57	0.91	0.00	24.24	10.13	94.85
2011	A	58.48	0.79	0.00	24.01	10.13	93.41
2010	A	58.07	1.19	0.00	23.03	10.13	92.42
2009	A	57.51	1.40	0.00	23.90	10.13	92.94
2008	A	62.85	1.91	0.00	19.86	10.13	94.75
2007	A	61.80	1.65	0.00	19.75	10.13	93.33
2006	A	61.80	1.65	0.00	19.75	10.13	93.33
2005	A	61.63	1.98	0.00	19.50	10.00	93.11
2004	A	57.63	1.98	0.00	23.50	10.00	93.11

A = Inside City of Muskogee City Limits
Expressed in Mills

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

June 30, 2013

<u>Taxpayer</u>	<u>Product</u>	<u>Assessed Value</u>	<u>Percentage of Total Net Assessed Value</u>
Georgia-Pacific	Paper Products	\$30,779,565	12.15%
Muskogee Regional Medical Center	Hospital	\$10,704,400	4.23%
Oklahoma Tax Commission	Government Entity	\$10,596,390	4.18%
Oklahoma Gas & Electric	Electric Utility	\$ 8,761,200	3.46%
Muskogee Community Hospital	Hospital	\$ 8,761,200	3.46%
Owens Brockway Glass	Glass Containers	\$ 2,552,780	1.01%
Southwestern Bell	Phone Utility	\$ 2,088,938	0.82%
Arrowhead Mall LLC	Retail Mall	\$ 2,590,470	1.02%
Oklahoma Natural Gas	Gas Utility	\$ 2,390,776	0.94%
AT & T Mobility	Retail Store	\$ 1,973,145	0.78%

Source: Muskogee County Assessor

**MUSKOGEE SCHOOL DISTRICT NO. I-20
LEGAL DEBT**

June 30, 2013

2012-13 Assessed Value		<u><u>\$256,703,551</u></u>
Legal debt margin:		
Debt Limitation - 10 percent of assessed value		\$ 25,670,355
Debt applicable to limitation:		
Outstanding general obligation bonded indebtedness	\$ 13,725,000	
Current Sinking Fund	<u>\$ 936,626</u>	
Total debt applicable to limitation		<u>\$ 12,788,374</u>
		<u><u>\$ 12,881,981</u></u>

Source: District Estimate of Needs

**MUSKOGEE SCHOOL DISTRICT NO. 1-20
 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>
2013	\$ 4,864,133	\$ 60,096,905	8.09%
2012	\$ 5,099,620	\$ 58,980,166	8.65%
2011	\$ 4,435,200	\$ 54,743,253	8.10%
2010	\$ 4,322,035	\$ 56,398,940	7.66%
2009	\$ 4,863,700	\$ 61,478,371	7.91%
2008	\$ 3,213,240	\$ 53,603,602	5.99%
2007	\$ 3,991,085	\$ 50,578,234	7.89%
2006	\$ 4,882,533	\$ 48,497,511	10.07%
2005	\$ 3,731,380	\$ 50,723,738	7.36%
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>
2013	\$ 256,703,551	\$ 13,725,000	\$ 936,626	\$12,788,374	4.98%
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, 2013

<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	\$ 13,725,000	(1)	\$ 13,725,000

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

Source: District Estimate of Needs

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

JUNE 30, 2013

Transportation:

Daily Routes	37
Buses in Fleet	46
Students transported - Daily	2,287
Students transported - Annually	402,512
Miles traveled - Daily	3,322
Miles traveled - Annually	584,711

Source: Transportation Department

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

June 30, 2013

Founding Date:

Muskogee Public Schools was founded in 1907.

Form of Government:

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

Personnel:

Instruction	456
Support	337.5
Administrative	35
	<hr/>
	828.5

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

Source: Human Resource Office

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

June 30, 2013

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
Rougher Alternative Academy	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
Stadium	1939	47,914
Totals		<u>1,246,765</u>

Grounds:

198 Acres

Source: Maintenance Department

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

June 30, 2013

Student Enrollment:

<u>Year</u>	<u>Enrollment</u>
2012-13	6,253
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 2013 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 2013 graduating class.

ACHIEVEMENT TEST RESULTS:

During the 2012-13 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 2013, MHS had one Oklahoma Academic scholars and a National Merit Finalist.

CHILD NUTRITION SERVICES:

Snacks served	21,294
Lunches served	773,391
Breakfasts served	415,615
Total meals served	1,210,300

MUSKOGEE SCHOOL DISTRICT NO. I-20
MUSKOGEE COUNTY, OKLAHOMA
SCHEDULE OF ACCOUNTANT'S PROFESSIONAL LIABILITY INSURANCE AFFIDAVIT
FOR YEAR ENDED JUNE 30, 2013

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 2012-2013.

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



BY *Kerry John Patten*
AUTHORIZED AGENT

Subscribed and sworn to before me on this
11th day of February, 2014

Linda Kellick

NOTARY PUBLIC

My commission expires on:
Dec. day of 9, 2014