

REPORT OF AUDIT
OOLOGAH-TALALA SCHOOL DISTRICT #1-4
ROGERS COUNTY – OKLAHOMA
JULY 1, 2011 TO JUNE 30, 2012

OOLOGAH-TALALA SCHOOL DISTRICT #I-4
ROGERS COUNTY – OKLAHOMA
JULY 1, 2011 TO JUNE 30, 2012

OFFICERS

DRUE WAGONER	PRESIDENT
BRIAN WIGGINTON	VICE-PRESIDENT
LYNDA RUNNER	CLERK
DON TICE	MEMBER
LORRIE MCGLOTHLIN	MEMBER
NANCY SWEET	TREASURER
ROB ARMSTRONG	SUPERINTENDENT

AUDIT BY

PATRICK W. CARROLL
CERTIFIED PUBLIC ACCOUNTANT

CERTIFICATE #4081

OOLOGAH-TALALA SCHOOL DISTRICT #I-4
 ROGERS COUNTY – OKLAHOMA
 JULY 1, 2011 TO JUNE 30, 2012

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OOLOGAH-TALALA SCHOOL DISTRICT #I-4
ROGERS COUNTY – OKLAHOMA
JULY 1, 2011 TO JUNE 30, 2012

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Chas. W. Carroll, P.A.

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INDEPENDENT AUDITOR'S REPORT

The Honorable Board of Education
Oologah-Talala District #1-4
Rogers County, Oklahoma

I have audited the accompanying fund type and account group financial statements of Oologah-Talala School District #1-4, Rogers County, Oklahoma, as listed in the Table of Contents as combined financial statements, as of and for the year ended June 30, 2012. These financial statements are the responsibility of the District's management. 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 of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. I believe that my audit provides a reasonable basis for my opinion.

As described in Note 1, these financial statements were prepared in conformity with the accounting and financial reporting regulations prescribed or permitted by the Oklahoma State Department of Education which differs from accounting principles generally accepted in the United States of America. The effect on the financial statements resulting from the use of this regulatory basis of accounting and presentation as compared to accounting principles generally accepted in the United States of America cannot be reasonably determined, but is considered material.

In addition, the District has not maintained the cost of fixed assets purchased in previous years and thus does not know the amounts that should be recorded in the General Fixed Asset Account Group. Therefore, the General Fixed Asset Account Group has not been presented. This information is required under the regulatory presentation prescribed by the Oklahoma State Department of Education.

In my opinion, because of the effects of the matters discussed in the third paragraph, the financial statements referred to above do not present fairly in all material respects, in conformity with accounting principles generally accepted in the United States of America, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Oologah-Talala School District #1-4, as of June 30, 2012, and the respective changes in financial position thereof for the year then ended.

In my opinion, except for the omission of the General Fixed Asset Account Group results in an incomplete presentation as explained in the fourth paragraph, the financial statements referred to above do present fairly, in all material respects, the assets, liabilities, and equity arising from regulatory basis transactions of each fund type and account group of Oologah-Talala School District #1-4, as of June 30, 2012, and the revenues collected and expenditures paid/expenses, where applicable, for the year then ended on the regulatory basis of accounting described in Note 1.

My audit was conducted for the purpose of forming opinions on the fund type and account group financial statements within the combined financial statements. The combining fund statements, schedules, and schedule of expenditures of federal awards, as listed in the Table of Contents under the other supplementary information, are presented for purposes of additional analysis, and are not a required part of the basic financial statements of the District. Also, the accompanying schedule of expenditures of federal awards is required by the U.S. Office of Management and Budget Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Such information has been subjected to the auditing procedures applied in the audit of the fund type and account group financial statements within the combined financial statements and, in my opinion, is fairly presented in all material respects in relation to the combined financial statements taken as a whole on the regulatory basis of accounting described in Note 1.

In accordance with Government Auditing Standards, I have also issued a report dated March 27, 2013 on my consideration of the District's internal control over financial reporting and on my tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of my testing of internal control over financial reporting and compliance and results of that testing, and not to provide an opinion. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be read in conjunction with this report in considering the results of my audit.

Sincerely,



Chas. W. Carroll, P.A.
March 27, 2013

Oologah-Talala School District No.1-004, Rogers County, Oklahoma
 Combined Statement of Assets, Liabilities and Equity
 Regulatory Basis - All Fund Types and Account Groups
 For the Year Ending June 30, 2012

EXHIBIT A

ASSETS	Governmental Fund Types						Fiduciary Fund Types	Account Group	Total (Memorandum Only)
	General	Special Revenue	Debt Service	Capital Projects	Trust and Agency	General Long-Term Debt			
Cash and Cash Equivalents	\$ 1,721,419	\$ 514,950	\$ 457,148	\$ 305,059	\$ 248,188	\$ 0	\$ 0	\$ 3,246,764	
Investments	0	0	0	0	0	0	0	0	
Amounts Available in Debt Service Fund	0	0	0	0	0	0	457,148	457,148	
Amounts to be Provided for Retirement of General Long-Term Debt	0	0	0	0	0	0	1,987,852	1,987,852	
Total Assets	\$ 1,721,419	\$ 514,950	\$ 457,148	\$ 305,059	\$ 248,188	\$ 2,445,000	\$ 2,445,000	\$ 5,691,764	
LIABILITIES AND FUND BALANCE									
Liabilities:									
Warrants/Checks Payable	\$ 384,899	\$ 51,388	\$ 0	\$ 0	\$ 13,567	\$ 0	\$ 0	\$ 449,854	
Reserve for Encumbrances	48,005	61,937	0	8,639	0	0	0	118,581	
Due to Activity Groups	0	0	0	0	234,621	0	0	234,621	
General Obligation Bonds Payable	0	0	0	0	0	2,445,000	0	2,445,000	
Total Liabilities	\$ 432,905	\$ 113,325	\$ 0	\$ 8,639	\$ 248,188	\$ 2,445,000	\$ 2,445,000	\$ 3,248,056	
Fund Equity:									
Reserved for Debt Service	\$ 0	\$ 0	\$ 457,148	\$ 0	\$ 0	\$ 0	\$ 0	\$ 457,148	
Reserved for Capital Projects	0	0	0	296,420	0	0	0	296,420	
Cash Fund Balance	1,288,514	401,625	0	0	0	0	0	1,690,140	
Total Fund Equity	\$ 1,288,514	\$ 401,625	\$ 457,148	\$ 296,420	\$ 0	\$ 0	\$ 0	\$ 2,443,708	
Total Liabilities and Fund Equity	\$ 1,721,419	\$ 514,950	\$ 457,148	\$ 305,059	\$ 248,188	\$ 2,445,000	\$ 2,445,000	\$ 5,691,764	

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

Oologah-Talala School District No.1-004, Rogers County, Oklahoma
Combined Statement of Revenues Collected, Expenditures Paid and Changes in Fund Balances
Regulatory Basis - All Governmental Fund Types
For the Year Ending June 30, 2012

EXHIBIT B

	Governmental Fund Types				Totals (Memorandum Only)
	General	Special Revenue	Debt Service	Capital Projects	June 30, 2012
Revenue Collected:					
Local Sources	\$ 4,405,351	\$ 1,059,639	\$ 1,548,807	\$ 25,336	\$ 7,039,132
Intermediate Sources	398,745	0	0	0	398,745
State Sources	4,555,241	13,219	0	0	4,568,460
Federal Sources	721,598	354,606	0	0	1,076,205
Non-Revenue Receipts	19,663	450	0	0	20,113
<i>Total Revenue Collected</i>	<u>\$ 10,100,598</u>	<u>\$ 1,427,914</u>	<u>\$ 1,548,807</u>	<u>\$ 25,336</u>	<u>\$ 13,102,654</u>
Expenditures Paid:					
Instruction	\$ 6,245,492	\$ 0	\$ 0	\$ 0	\$ 6,245,492
Support Services	4,009,790	662,096	0	1,251,599	5,923,485
Operation of Non-Instructional Services	28,249	811,183	0	0	839,431
Facilities Acquisition and Construction	56,698	0	0	1,656	58,354
Other Outlays	0	0	0	0	0
Other Uses	0	0	0	0	0
Repayments	150	6,786	0	0	6,936
Interest Paid on Warrants and Bank Charges	25	570	0	0	595
Debt Service:					
Principal Retirement	0	0	1,745,000	0	1,745,000
Interest and Fiscal Agent Fees	0	0	92,753	0	92,753
<i>Total Expenditures Paid</i>	<u>\$ 10,340,403</u>	<u>\$ 1,480,634</u>	<u>\$ 1,837,753</u>	<u>\$ 1,253,255</u>	<u>\$ 14,912,045</u>
<i>Excess of Revenues Collected Over (Under) Expenditures Paid Before Adjustments to Prior Year Encumbrances</i>	<u>\$ (239,805)</u>	<u>\$ (52,720)</u>	<u>\$ (288,946)</u>	<u>\$ (1,227,919)</u>	<u>\$ (1,809,391)</u>
Adjustments to Prior Year Encumbrances	<u>\$ 35,345</u>	<u>\$ 13,957</u>	<u>\$ 0</u>	<u>\$ 21,288</u>	<u>\$ 70,591</u>
Other Financing Sources (Uses):					
Estopped Warrants	\$ 304	\$ 569	\$ 0	\$ 0	\$ 873
Bond Proceeds	0	0	0	1,300,000	1,300,000
Transfers In	0	0	0	0	0
Transfers Out	0	0	0	0	0
<i>Total Other Financing Sources (Uses)</i>	<u>\$ 304</u>	<u>\$ 569</u>	<u>\$ 0</u>	<u>\$ 1,300,000</u>	<u>\$ 1,300,873</u>
<i>Excess (Deficiency) of Revenue Collected Over Expenditures Paid and Other Financing Sources (Uses)</i>	<u>\$ (204,156)</u>	<u>\$ (38,194)</u>	<u>\$ (288,946)</u>	<u>\$ 93,369</u>	<u>\$ (437,927)</u>
<i>Fund Balance - Beginning of Year</i>	<u>1,492,670</u>	<u>439,820</u>	<u>746,094</u>	<u>203,051</u>	<u>2,881,634</u>
<i>Fund Balance - End of Year</i>	<u>\$ 1,288,514</u>	<u>\$ 401,625</u>	<u>\$ 457,148</u>	<u>\$ 296,420</u>	<u>\$ 2,443,708</u>

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

Oologah-Talala School District No. I-004, Rogers County, Oklahoma
 Combined Statement of Revenues, Expenditures, and Changes in Fund Balances
 Budget and Actual - Regulatory Basis - Budgeted Governmental Fund Types
 For the Year Ending June 30, 2012

EXHIBIT C

	General Fund			Special Revenue Funds			Debt Service Fund		
	Original Budget	Final Budget	Actual	Original Budget	Final Budget	Actual	Original Budget	Final Budget	Actual
Revenue Collected:									
Local Sources	\$ 3,925,412	\$ 3,925,412	\$ 4,405,351	\$ 955,985	\$ 955,985	\$ 1,059,639	\$ 1,476,598	\$ 1,476,598	\$ 1,548,807
Intermediate Sources	330,859	330,859	398,745	0	0	0	0	0	0
State Sources	4,393,486	4,393,486	4,555,241	12,709	12,709	13,219	0	0	0
Federal Sources	659,659	659,659	721,598	299,615	299,615	354,606	0	0	0
Non-Revenue Receipts	0	0	19,663	0	0	450	0	0	0
Total Revenue Collected	\$ 9,309,416	\$ 9,309,416	\$ 10,100,598	\$ 1,268,309	\$ 1,268,309	\$ 1,427,914	\$ 1,476,598	\$ 1,476,598	\$ 1,548,807
Expenditures Paid:									
Instruction	\$ 6,258,834	\$ 6,258,834	\$ 6,245,492	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Support Services	4,382,481	4,382,481	4,009,790	701,770	701,770	662,096	0	0	0
Operation of Non-Instructional Services	30,000	30,000	28,249	1,006,358	1,006,358	811,183	0	0	0
Facilities Acquisition and Construction	56,698	56,698	56,698	0	0	0	0	0	0
Other Outlays	73,073	73,073	0	0	0	0	2,222,691	2,222,691	1,837,753
Other Uses	0	0	0	0	0	0	0	0	0
Repayments	1,000	1,000	150	0	0	6,786	0	0	0
Interest Paid on Warrants and Bank Charges	0	0	25	0	0	570	0	0	0
Total Expenditures Paid	\$ 10,802,086	\$ 10,802,086	\$ 10,340,403	\$ 1,708,129	\$ 1,708,129	\$ 1,480,634	\$ 2,222,691	\$ 2,222,691	\$ 1,837,753
Excess of Revenues Collected Over (Under) Expenditures Paid Before Adjustments to Prior Year Encumbrances	\$ (1,492,670)	\$ (1,492,670)	\$ (239,805)	\$ (439,820)	\$ (439,820)	\$ (52,720)	\$ (746,094)	\$ (746,094)	\$ (288,946)
Adjustments to Prior Year Encumbrances	\$ 0	\$ 0	\$ 35,345	\$ 0	\$ 0	\$ 13,957	\$ 0	\$ 0	\$ 0
Other Financing Sources (Uses):									
Estopped Warrants	\$ 0	\$ 0	\$ 304	\$ 0	\$ 0	\$ 569	\$ 0	\$ 0	\$ 0
Transfers In	0	0	0	0	0	0	0	0	0
Transfers Out	0	0	0	0	0	0	0	0	0
Total Other Financing Sources (Uses)	\$ 0	\$ 0	\$ 304	\$ 0	\$ 0	\$ 569	\$ 0	\$ 0	\$ 0
Excess (Deficiency) of Revenue Collected Over Expenditures Paid and Other Financing Sources (Uses)	\$ (1,492,670)	\$ (1,492,670)	\$ (204,156)	\$ (439,820)	\$ (439,820)	\$ (38,194)	\$ (746,094)	\$ (746,094)	\$ (288,946)
Fund Balance - Beginning of Year	1,492,670	1,492,670	1,492,670	439,820	439,820	439,820	746,094	746,094	746,094
Fund Balance - End of Year	\$ 0	\$ 0	\$ 1,288,514	\$ 0	\$ 0	\$ 401,625	\$ 0	\$ 0	\$ 457,148

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

NOTES TO FINANCIAL STATEMENTS

1. Significant Accounting Policies

The financial statements of the Oologah-Talala School District #1-4 have been prepared in conformity with an other comprehensive basis of accounting required by Oklahoma Statutes. The more significant of the District's accounting policies are described below.

A. Reporting Entity

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

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

In evaluating how to define the District, for financial reporting purposes, management has considered all potential component units. The decision to include a potential component unit in the reporting entity was made by applying the criteria established by the Governmental Accounting Standards Board (GASB). The basic – but not the only – criterion for including a potential component unit within the reporting entity is the governing body's oversight responsibility, especially financial interdependency. A second criterion used in evaluating potential component units is the scope of public service. A third criterion used to evaluate potential component units for inclusion or exclusion from the reporting entity is the existence of special financing relationships, regardless of whether the District is able to exercise oversight responsibilities. Based upon the application of these criteria, there are no potential component units included in the District's reporting entity.

B. Fund Accounting

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

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

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

B. Fund Accounting (continued)

Fund Description

The following funds are utilized by the Oologah-Talala School District #1-4.

Governmental Fund Types -	Fiduciary Fund Types –
General Fund	Trust and Agency Fund
Special Revenue Fund	
Debt Service Fund	
Capital Project Fund	

Governmental Fund Types

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

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

Special Revenue Funds – The Special Revenue Funds are the District's Building Fund and Child Nutrition Fund. The Building Fund consists of monies derived from property taxes levied for the purpose of erecting, remodeling, or repairing buildings and for purchasing furniture and equipment. The Child Nutrition Fund derives monies from the sale of foods and federal and state program reimbursements. Expenditures include costs associated with the daily operations of the District's nutrition program.

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

Capital Project Funds – The Capital Project Funds are the District's Bond Funds and are 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 formal trust agreement, either a nonexpendable trust fund or an expendable trust fund is used. The terms "nonexpendable" and "expendable" refer to whether or not the District is under an obligation to maintain the trust principal. Agency funds generally are used to account for assets that the District holds on behalf of others as their agent and do not involve measurement of results of operations.

Agency Fund – The Agency Fund is the school Activity Fund which is used to account for monies collected principally through fundraising efforts of the students and District-sponsored groups. The administration is responsible, under the authority of the Board, of collecting, disbursing, and accounting for these activity funds. The school Activity Funds can include money which is received from the sale of foods through a school Lunch Fund.

Memorandum Only – Total Column

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

C. Basis of Accounting and Presentation

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

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

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

C. Basis of Accounting and Presentation (continued)

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

D. Budgets and Budgetary Accounting

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

A budget is legally adopted by the Board of Education for the General Fund, Special Revenue Funds, and Debt Service Fund that includes revenues and expenditures.

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

The unencumbered balance of current fiscal year appropriations and the unexpended reserve appropriations of the previous fiscal year are lapsed and become a part of the beginning fund balance for the succeeding fiscal year.

E. Assets, Liabilities and Fund Equity

Cash, Cash Equivalents and Investments

All monies which are not invested in Certificate of Deposits or United States Treasury Funds are maintained in NOW Checking Accounts or Savings Accounts.

Inventories

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

Fixed Assets and Property, Plant and Equipment

Property and equipment purchases are recorded as capital outlays in the accompanying statements of revenues, expenditures and changes in fund balances. The District does not maintain complete financial records of capital assets purchased which would include depreciation schedules; therefore, a General Fixed Asset Group of Accounts is not presented

Compensated Absences

The District has elected not to present a liability for compensated absences.

Operating Leases

The District has elected not to present a liability for operating leases. All operating leases contain a mutual ratification clause for both parties; therefore, the District does not consider the obligation to be for a period extending beyond the current fiscal year.

Long Term Debt

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

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. Debt service requirements for bonds are payable solely from fund balance and future revenues of the debt service fund.

A principal and interest repayment schedule of the outstanding general obligation bond issues at June 30, 2012 is set forth below:

	<u>Amount Outstanding</u>
<u>Combined Purpose Bonds</u>	
Series July 2008, original issue \$1,680,000.00, interest rate of 3.00% to 4.30%, the first installment of \$345,000.00 is due July 1, 2010 and three remaining payments of \$445,000.00 each, the final payment due July 1, 2013	\$ 445,000.00
<u>Combined Purpose Bonds</u>	
Series June 2010, original issue \$2,275,000.00, interest rate of 1.20% to 2.00%, the first installment of \$755,000.00 is due June 1, 2012 and two remaining payments, one of \$755,000.00, the final payment of \$765,000.00 due July 1, 2014	1,520,000.00

OOLOGAH-TALALA SCHOOL DISTRICT #1-4
 ROGERS COUNTY – OKLAHOMA
 JULY 1, 2011 TO JUNE 30, 2012

NOTES TO FINANCIAL STATEMENTS

PAGE 6

General Long-Term Debt (continued)

	<u>Amount Outstanding</u>
<u>Building Bonds</u>	
Series July 2010, original issue \$330,000.00, interest rate of 1.40% to 2.20%, the first installment of \$165,000.00 is due July 1, 2012 and one remaining payment of \$165,000.00, the final payment due July 1, 2013	165,000.00
<u>Building Bonds</u>	
Series July 2011, original issue \$1,100,000.00, interest rate of 1.10%, the first installment of \$315,000.00 is due July 1, 2013 with one remaining payment of \$785,000.00 due July 1, 2013	1,100,000.00
<u>Building Bonds</u>	
Series May 2012, original issue \$200,000.00, interest rate of 0.625%, the first and only installment of \$200,000.00 is due May 1, 2014	<u>200,000.00</u>
Total Amount Outstanding	\$3,430,000.00

a.) A principal and interest repayment schedule of the outstanding general obligation bond issues at June 30, 2012 is set forth below:

Year Ending June 30	Principal	Interest	Total
2013	\$ 755,000.00	\$ 38,570.00	\$ 793,570.00
2014	1,890,000.00	53,120.00	1,943,120.00
2015	<u>785,000.00</u>	<u>4,317.50</u>	<u>789,317.50</u>
	\$3,430,000.00	\$ 96,007.50	\$3,526,007.50

b.) The District is participating in a TRANE Performance Contract Lease Purchase Financing obligation for the purposes of energy conservation. The improvements include the acquisition and installation of equipment to improve and monitor utility usage. The agreement was entered into on November 10, 2007 with an interest rate of 4.33%. Retirement of the debt will be made from the District's appropriated funds as per the following schedule:

Principal Amount	\$827,375.00
Payments to 6/30/12	<u>246,778.48</u>
Balance Outstanding	\$580,596.52

OOLOGAH-TALALA SCHOOL DISTRICT #1-4
 ROGERS COUNTY – OKLAHOMA
 JULY 1, 2011 TO JUNE 30, 2012

NOTES TO FINANCIAL STATEMENTS

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General Long-Term Debt (continued)

<u>Payment Date</u>	<u>Principal Payment</u>	<u>Interest Payment</u>	<u>Total Payment</u>
1 Oct 12	\$ 35,899.92	\$12,683.86	\$ 45,583.78
1 Apr 13	36,684.20	11,899.58	45,583.78
1 Oct 13	37,485.62	11,098.16	45,583.78
1 Apr 14	38,304.54	10,279.24	45,583.78
1 Oct 14	39,141.35	9,442.43	45,583.78
1 Apr 15	39,996.44	8,587.34	45,583.78
1 Oct 15	40,870.21	7,713.57	45,583.78
1 Apr 16	41,763.07	6,820.71	45,583.78
1 Oct 16	42,675.44	5,908.34	45,583.78
1 Apr 17	43,607.73	4,976.05	45,583.78
1 Oct 17	44,560.40	4,023.38	45,583.78
1 Apr 18	45,533.88	3,049.90	45,583.78
1 Oct 18	46,528.62	2,055.16	45,583.78
1 Apr 19	<u>47,545.10</u>	<u>1,038.68</u>	<u>45,583.78</u>
	\$ 580,596.52	\$99,576.40	\$ 680,172.92

b.) The Rogers County Educational Facilities Authority (Authority) and the District have entered into a fully paid ground lease dated August 1, 2010 (the "Ground Lease"), whereby the District has leased to the Authority certain real property together with all improvements thereon and to be placed thereon for a term extending to September 1, 2022 and so long thereafter as any indebtedness of the Authority secured by its leasehold therein remains outstanding and unpaid. The Authority has sub-leased the property covered by the Ground Lease to the District by a sub-lease dated July 1, 2011 (the "Sublease") which extends to June 30, 2012, and is renewable for successive one (1) year terms thereafter at the option of the District until the Series 2011 Bonds are paid. Failure to renew the Sublease will terminate the Sublease and all further options of the District to renew it.

The voters of the District have approved the issuance of General Obligation Bonds for constructing, acquiring and improving school sites, and acquiring school furniture, fixtures and equipment in the total amount of \$20,161,000.00. Those School District General Obligation Bonds will be issued in series over the life of the Authority's Series 2010 Bonds in amounts necessary to pay the maturing principal of the Authority's Series 2010 Bonds and will be utilized for that purpose by payment of the proceeds thereof as received to the Trustee Bank as rentals under the Sublease.

Upon the payment in full of the Series 2010 Bonds, the Sublease and the Ground Lease both will expire and possession of and title to the Improvements will be vested in the District.

OOLOGAH-TALALA SCHOOL DISTRICT #1-4
 ROGERS COUNTY – OKLAHOMA
 JULY 1, 2011 TO JUNE 30, 2012

NOTES TO FINANCIAL STATEMENTS

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General Long-Term Debt (continued)

A repayment schedule of the outstanding capital lease obligations at June 30, 2012 is set forth below:

Schedule of Semi-Annual Rent & Acquisition Payments

<u>Payment Date</u>	<u>Regular Payment</u>	<u>Irregular Payments</u>	<u>Total Payment Due</u>
1 Sep 12	\$ 1,500.00	\$ 190,750.00	\$ 192,250.00
1 Mar 13	1,500.00	0.00	1,500.00
1 Sep 13	1,500.00	1,479,750.00	1,481,250.00
1 Mar 14	1,500.00	0.00	1,500.00
1 Sep 14	1,500.00	1,479,750.00	1,481,250.00
1 Mar 15	1,500.00	0.00	1,500.00
1 Sep 15	1,500.00	1,479,750.00	1,481,250.00
1 Mar 16	1,500.00	0.00	1,500.00
1 Sep 16	1,500.00	1,479,750.00	1,481,250.00
1 Mar 17	1,500.00	0.00	1,500.00
1 Sep 17	1,500.00	1,479,750.00	1,481,250.00
1 Mar 18	1,500.00	0.00	1,500.00
1 Sep 18	1,500.00	1,479,750.00	1,481,250.00
1 Mar 19	1,500.00	0.00	1,500.00
1 Sep 19	1,500.00	1,479,750.00	1,481,250.00
1 Mar 20	1,500.00	0.00	1,500.00
1 Sep 20	1,500.00	1,479,750.00	1,481,250.00
1 Mar 21	1,500.00	0.00	1,500.00
1 Sep 21	1,500.00	1,479,750.00	1,481,250.00
1 Mar 22	1,500.00	0.00	1,500.00
1 Sep 22	<u>1,500.00</u>	<u>6,652,500.00</u>	<u>6,654,000.00</u>
	\$ 31,500.00	\$20,161,000.00	\$20,192,500.00

General Long-Term Debt (continued)

Cash Fund Balance

Cash fund balance represents the funds not encumbered by purchase order, legal contracts, and outstanding warrants.

Safeguard of Deposits and Investments

State statutes require that all deposits in financial institutions be fully collateralized by the United States Government obligations or obligations of Oklahoma and its agencies that have a market value of not less than the principal amount of the deposits. The District Treasurer is responsible for maintaining adequate coverage of all funds on deposit through security pledges approved by the Treasurer of the State of Oklahoma.

Safeguard of Deposits and Investments (continued)

Deposit Categories of Credit Risk

- (A) Insured by Federal Deposit Insurance.
- (B) Collateralized with securities held by the pledging financial institution's trust department or agent in the District's name.
- (C) Uncollateralized.

	<u>Category</u>			<u>BANK</u>
	<u>(A)</u>	<u>(B)</u>	<u>(C)</u>	<u>BALANCE</u>
Cash/Investments	\$ <u>498,188.14</u>	\$ <u>2,748,575.69</u>	\$ <u>0.00</u>	\$ <u>3,246,763.83</u>

F. Revenue, Expenses and Expenditures

State Revenues

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

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

The District receives revenue from the state to administer certain categorical educational programs. State Board of Education rules require that revenue ear-marked 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 program. The State Department of Education requires that categorical educational program revenues be accounted for in the general fund.

Property Tax Revenue

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

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

Interfund Transactions

Quasi-external transactions are accounted for as revenues, expenditures, or expenses. Transactions that constitute reimbursement to a fund for expenditures /expenses initially made from it that are properly applicable to another fund, are recorded as expenditures/expenses in the fund that is reimbursed. Any legally authorized transfers are treated as operating transfers and are included in the results of the Government Funds. Transfers between the Agency Funds (Activity Funds) and the Governmental Fund Types (General Fund) are shown as operating transfers into the Governmental Fund Types (General Fund) only. No transfer is shown out from the Agency Funds as they are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations.

2. Risk Management

Liabilities Protection Plan

The District's Commercial Liability Insurance agreements cover claims against municipalities for all government functions and services. These include bodily injury, property damage, wrongful acts, personal injury, and related torts under the State tort claims law and federal civil rights laws.

All public officials, employees, services, and municipal functions are covered unless they are specifically listed.

The title to all assets acquired by the Plan are vested in the Group. In the event of termination of the Group, such property shall belong to the then members of the Group in equal shares. Each participating District pays all costs, premiums, or other fees attributable to its respective participation in the Plan, and is responsible for its obligation under any contract entered into with the Plan.

Reserves for claim losses include provisions for reported claims on a case basis and an estimate of claims incurred but not reported limited by aggregate and individual loss levels as specified by the Plan's reinsurance contracts. These credits, if any, represent contingent liabilities of the Plan if the reinsurer was unable to meet its obligations under the reinsurance agreement.

The Plan's insurance agreements are reinsured for excess losses based upon the contract year. The significant components of each reinsurance contract can be obtained from the Plan's annual financial report.

Surety Bonds

Nancy Sweet, District Treasurer, is bonded with Old Republic Surety Company, in the amount of \$50,000.00. The bond number is LPO901413, dated August 1, 2011 to August 1, 2012.

Robert Armstrong, Superintendent, is bonded with Old Republic Surety Company, in the amount of \$100,000.00. The bond number is W1500957899, dated July 1, 2011 to July 1, 2012.

Surety Bonds (continued)

The District maintains a Public Official Position Schedule Bond with Western Surety Company in the amount of \$1,000.00 each position. The bond number is 0601 18269975, dated April 10, 2012 to April 10, 2013. The positions covered are as follows:

1. Encumbrance Clerk
2. Minutes Clerk
3. Activity Fund Custodian
4. Child Nutrition Custodian
5. Lower Elementary Secretary
6. Upper Elementary Secretary
7. Middle School Secretary
8. High School Secretary

3. Employee Retirement System

The District participates in the state-administered Oklahoma Teachers' Retirement System (the "System"), which is a cost-sharing, multiple-employer public employee retirement system (PERS). Under the System, contributions are made by the District, the State of Oklahoma, and the participating employees. Participation is required for all teachers and other certified employees and is optional for all other regular employees of public educational institutions who work at least 20 hours per week. A participant's date of membership is the date the first contribution is made to the System. The System is administered by a board of trustees which acts as a fiduciary for investing the funds and governing the administration of the System. The District has no responsibility or authority for the operation and administration of the System nor has it any liability, except for the current contribution requirements.

The System issues an independent financial report, financial statements and required supplementary information that can be obtained in writing at the Teachers' Retirement System of Oklahoma, P.O. Box 53524, Oklahoma City, OK 73152 or by calling (405)521-2387.

A participant with 5 years of creditable service may retire with a normal retirement allowance at the age of sixty-two or with reduced benefits as early as age fifty-five. 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. A participant leaving employment before attaining retirement age, but completing ten years of service, may elect to vest his accumulated contributions and defer receipt of a retirement annuity until a later date. When a participant dies in active service and has completed ten years of credited service, the beneficiary is entitled to a death benefit of \$18,000.00, and the 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 2011-12 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 District is required by statute to contribute 9.5% of applicable compensation for the year ended June 30, 2011. An additional 7% of compensation is required for federal grants. The District is allowed by the Oklahoma Teacher's Retirement System to make the required contributions on behalf of the participating members. The required contribution for participating member is 7% up to a maximum compensation level.

3. Employee Retirement System (continued)

The total contributions for employees of Oologah-Talala School District #1-4 covered by the System for the year 2012, 2011 and 2010 were \$1,102,153.78, \$1,160,137.64 and \$1,173,700.80, respectively.

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 the 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 non-funded pension benefit obligation of the System as determined as part of the latest actuarial valuation dated June 30, 2011, is as follows:

Total pension obligation	\$ 17,560,754,452
Net assets available for benefits, at cost	<u>9,960,576,151</u>
Non-funded pension benefit obligation	<u>\$ 7,600,178,301</u>

The System's accounting records are maintained on the cash basis of accounting, except for accruals of interest income.

Ten-year historical trend information is presented in the Teacher's Retirement System of Oklahoma Annual Report for the year ended June 30, 2011. This information is useful in assessing the pension plan's accumulation of sufficient assets to pay pension benefits as they come due.

4. 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 which may be disallowed by the grantor cannot be determined at this time although the District expects such amounts, if any, to be immaterial.

5. Subsequent Events

Management has evaluated subsequent events through March 27, 2013, which is the date the financial statements were available to be issued.

Oologah-Talala School District No.1-004, Rogers County, Oklahoma
 Combining Statement of Assets, Liabilities and Cash Fund Balances
 Regulatory Basis - All Special Revenue Funds
 For the Year Ending June 30, 2012

SCHEDULE A-1

<u>ASSETS</u>	<u>Building Fund</u>	<u>Child Nutrition Fund</u>	<u>Total June 30, 2012</u>
Cash and Cash Equivalents	\$ 222,401	\$ 292,550	\$ 514,950
Investments	<u>0</u>	<u>0</u>	<u>0</u>
<i>Total Assets</i>	<u>\$ 222,401</u>	<u>\$ 292,550</u>	<u>\$ 514,950</u>
<u>LIABILITIES AND FUND BALANCE</u>			
Liabilities:			
Warrants Payable	\$ 30,249	\$ 21,139	\$ 51,388
Reserve for Encumbrances	<u>40,452</u>	<u>21,485</u>	<u>61,937</u>
<i>Total Liabilities</i>	<u>\$ 70,701</u>	<u>\$ 42,624</u>	<u>\$ 113,325</u>
Fund Balance:			
Cash Fund Balance	<u>\$ 151,700</u>	<u>\$ 249,925</u>	<u>\$ 401,625</u>
<i>Total Fund Balance</i>	<u>\$ 151,700</u>	<u>\$ 249,925</u>	<u>\$ 401,625</u>
<i>Total Liabilities and Fund Balance</i>	<u>\$ 222,401</u>	<u>\$ 292,550</u>	<u>\$ 514,950</u>

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

*Oologah-Talala School District No.1-004, Rogers County, Oklahoma
Combining Statement of Assets, Liabilities and Cash Fund Balances
Regulatory Basis - Capital Project Funds
For the Year Ending June 30, 2012*

SCHEDULE A-2

<u>ASSETS</u>	<u>Transport Bond Fund</u>	<u>Cap Improv Bond Fund</u>	<u>2006 Building Bond Fund</u>	<u>2010 Building Bond Fund</u>	<u>Total June 30, 2,012</u>
Cash and Cash Equivalents	\$ 545	\$ 1,918	\$ 12	\$ 302,584	\$ 305,059
Investments	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
<i>Total Assets</i>	<u>\$ 545</u>	<u>\$ 1,918</u>	<u>\$ 12</u>	<u>\$ 302,584</u>	<u>\$ 305,059</u>
<u>LIABILITIES AND FUND BALANCE</u>					
Liabilities:					
Warrants Payable	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Reserve for Encumbrances	<u>0</u>	<u>0</u>	<u>0</u>	<u>8,639</u>	<u>8,639</u>
<i>Total Liabilities</i>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 8,639</u>	<u>\$ 8,639</u>
Fund Balance:					
Cash Fund Balance	\$ 545	\$ 1,918	\$ 12	\$ 293,946	\$ 296,420
<i>Total Fund Balance</i>	<u>\$ 545</u>	<u>\$ 1,918</u>	<u>\$ 12</u>	<u>\$ 293,946</u>	<u>\$ 296,420</u>
<i>Total Liabilities and Fund Balance</i>	<u>\$ 545</u>	<u>\$ 1,918</u>	<u>\$ 12</u>	<u>\$ 302,584</u>	<u>\$ 305,059</u>

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

Oologah-Talala School District No.1-004, Rogers County, Oklahoma
Combining Statement of Revenues Collected, Expenditures Paid and Changes in Fund Balances
Regulatory Basis - Special Revenue Funds
For the Year Ending June 30, 2012

SCHEDULE B-1

	Building Fund	Child Nutrition Fund	Total June 30, 2012
Revenue Collected:			
Local Sources	\$ 663,847	\$ 395,792	\$ 1,059,639
Intermediate Sources	0	0	0
State Sources	0	13,219	13,219
Federal Sources	0	354,606	354,606
Non-Revenue Receipts	0	450	450
	<u>0</u>	<u>450</u>	<u>450</u>
<i>Total Revenue Collected</i>	<u>\$ 663,847</u>	<u>\$ 764,068</u>	<u>\$ 1,427,914</u>
 Expenditures Paid:			
Instruction	\$ 0	\$ 0	\$ 0
Support Services	662,096	0	662,096
Operation of Non-Instructional Services	0	811,183	811,183
Facilities Acquisition and Construction	0	0	0
Other Outlays	0	0	0
Other Uses	0	0	0
Repayments	0	6,786	6,786
Interest Paid and Bank Charges	0	570	570
	<u>0</u>	<u>570</u>	<u>570</u>
<i>Total Expenditures Paid</i>	<u>\$ 662,096</u>	<u>\$ 818,539</u>	<u>\$ 1,480,634</u>
 <i>Excess of Revenues Collected Over (Under) Expenditures Paid Before Adjustments to Prior Year Encumbrances</i>	 <u>\$ 1,751</u>	 <u>\$ (54,471)</u>	 <u>\$ (52,720)</u>
 Adjustments to Prior Year Encumbrances	 <u>\$ 8,476</u>	 <u>\$ 5,481</u>	 <u>\$ 13,957</u>
 Other Financing Sources (Uses):			
Estopped Warrants	\$ 0	\$ 569	\$ 569
Transfers In	0	0	0
Transfers Out	0	0	0
	<u>0</u>	<u>0</u>	<u>0</u>
<i>Total Other Financing Sources (Uses)</i>	<u>\$ 0</u>	<u>\$ 569</u>	<u>\$ 569</u>
 <i>Excess (Deficiency) of Revenue Collected Over Expenditures Paid and Other Financing Sources (Uses)</i>	 <u>\$ 10,227</u>	 <u>\$ (48,421)</u>	 <u>\$ (38,194)</u>
 <i>Fund Balance - Beginning of Year</i>	 <u>141,473</u>	 <u>298,347</u>	 <u>439,820</u>
 <i>Fund Balance - End of Year</i>	 <u><u>\$ 151,700</u></u>	 <u><u>\$ 249,925</u></u>	 <u><u>\$ 401,625</u></u>

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

Oologah-Talala School District No.1-004, Rogers County, Oklahoma
Combining Statement of Revenues Collected, Expenditures Paid and Changes in Fund Balances
Regulatory Basis - Capital Project Funds
For the Year Ending June 30, 2012

SCHEDULE B-2

	Transport Bond Fund	Cap Inprov Bond Fund	2006 Building Bond Fund	2010 Building Bond Fund	Total June 30, 2012
Revenue Collected:					
Local Sources	\$ 2,760	\$ 0	\$ 22,576	\$ 0	\$ 25,336
Intermediate Sources	0	0	0	0	0
State Sources	0	0	0	0	0
Federal Sources	0	0	0	0	0
Non-Revenue Receipts	0	0	0	0	0
	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
<i>Total Revenue Collected</i>	<u>\$ 2,760</u>	<u>\$ 0</u>	<u>\$ 22,576</u>	<u>\$ 0</u>	<u>\$ 25,336</u>
 Expenditures Paid:					
Instruction	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Support Services	90,802	0	1,128,531	32,266	1,251,599
Operation of Non-Instructional Services	0	0	0	0	0
Facilities Acquisition and Construction	0	0	1,656	0	1,656
Other Outlays	0	0	0	0	0
Other Uses	0	0	0	0	0
Repayments	0	0	0	0	0
Interest Paid and Bank Charges	0	0	0	0	0
	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
<i>Total Expenditures Paid</i>	<u>\$ 90,802</u>	<u>\$ 0</u>	<u>\$ 1,130,187</u>	<u>\$ 32,266</u>	<u>\$ 1,253,255</u>
 <i>Excess of Revenues Collected Over (Under) Expenditures Paid Before Adjustments to Prior Year Encumbrances</i>					
	<u>\$ (88,042)</u>	<u>\$ 0</u>	<u>\$ (1,107,611)</u>	<u>\$ (32,266)</u>	<u>\$ (1,227,919)</u>
 Adjustments to Prior Year Encumbrances					
	<u>\$ 0</u>	<u>\$ 990</u>	<u>\$ 0</u>	<u>\$ 20,298</u>	<u>\$ 21,288</u>
 Other Financing Sources (Uses):					
Estopped Warrants	0	0	0	0	0
Sale of Bonds	\$ 0	\$ 0	\$ 1,100,000	\$ 200,000	\$ 1,300,000
Transfers In	0	0	0	0	0
Transfers Out	0	0	0	0	0
	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
<i>Total Other Financing Sources (Uses)</i>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 1,100,000</u>	<u>\$ 200,000</u>	<u>\$ 1,300,000</u>
 <i>Excess (Deficiency) of Revenue Collected Over Expenditures Paid and Other Financing Sources (Uses)</i>					
	<u>\$ (88,042)</u>	<u>\$ 990</u>	<u>\$ (7,611)</u>	<u>\$ 188,032</u>	<u>\$ 93,369</u>
<i>Fund Balance - Beginning of Year</i>	<u>88,587</u>	<u>928</u>	<u>7,623</u>	<u>105,913</u>	<u>203,051</u>
<i>Fund Balance - End of Year</i>	<u><u>\$ 545</u></u>	<u><u>\$ 1,918</u></u>	<u><u>\$ 12</u></u>	<u><u>\$ 293,946</u></u>	<u><u>\$ 296,420</u></u>

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

Oologah-Talata School District No. I-004, Rogers County, Oklahoma
 Combining Statement of Revenues Collected, Expenditures Paid and Changes in Fund Balances
 Special Revenue Funds - Budget and Actual
 For the Year Ending June 30, 2012

SCHEDULE C-1

	Building Fund			Child Nutrition Fund			Total		
	Original Budget	Final Budget	Actual	Original Budget	Final Budget	Actual	Original Budget	Final Budget	Actual
Revenue Collected:									
Local Sources	\$ 560,298	\$ 560,298	\$ 663,847	\$ 395,687	\$ 395,687	\$ 395,792	\$ 955,985	\$ 955,985	\$ 1,059,639
Intermediate Sources	0	0	0	0	0	0	0	0	0
State Sources	0	0	0	12,709	12,709	13,219	12,709	12,709	13,219
Federal Sources	0	0	0	299,615	299,615	354,606	299,615	299,615	354,606
Non-Revenue Receipts	0	0	0	0	0	450	0	0	450
Total Revenue Collected	\$ 560,298	\$ 560,298	\$ 663,847	\$ 708,011	\$ 708,011	\$ 764,068	\$ 1,268,309	\$ 1,268,309	\$ 1,427,914
Expenditures Paid:									
Instruction	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Support Services	701,770	701,770	662,096	0	0	0	701,770	701,770	662,096
Operation of Non-Instructional Services	0	0	0	1,006,358	1,006,358	811,183	1,006,358	1,006,358	811,183
Facilities Acquisition and Construction	0	0	0	0	0	0	0	0	0
Other Outlays	0	0	0	0	0	0	0	0	0
Other Uses	0	0	0	0	0	0	0	0	0
Repayments	0	0	0	0	0	6,786	0	0	6,786
Interest Paid	0	0	0	0	0	570	0	0	570
Total Expenditures Paid	\$ 701,770	\$ 701,770	\$ 662,096	\$ 1,006,358	\$ 1,006,358	\$ 818,539	\$ 1,708,129	\$ 1,708,129	\$ 1,480,634
Excess of Revenues Collected Over (Under) Expenditures Paid Before Adjustments to Prior Year Encumbrances	\$ (141,473)	\$ (141,473)	\$ 1,751	\$ (298,347)	\$ (298,347)	\$ (54,471)	\$ (439,820)	\$ (439,820)	\$ (52,720)
Adjustments to Prior Year Encumbrances	\$ 0	\$ 0	\$ 8,476	\$ 0	\$ 0	\$ 5,481	\$ 0	\$ 0	\$ 13,957
Other Financing Sources (Uses):									
Estopped Warrants	0	0	0	0	0	569	0	0	569
Transfers In	0	0	0	0	0	0	0	0	0
Transfers Out	0	0	0	0	0	0	0	0	0
Total Other Financing Sources (Uses)	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 569	\$ 0	\$ 0	\$ 569
Excess (Deficiency) of Revenue Collected Over Expenditures Paid and Other Financing Sources (Uses)	\$ (141,473)	\$ (141,473)	\$ 10,227	\$ (298,347)	\$ (298,347)	\$ (48,421)	\$ (439,820)	\$ (439,820)	\$ (38,194)
Fund Balance - Beginning of Year	141,473	141,473	141,473	298,347	298,347	298,347	439,820	439,820	439,820
Fund Balance - End of Year	\$ 0	\$ 0	\$ 151,700	\$ 0	\$ 0	\$ 249,925	\$ 0	\$ 0	\$ 401,625

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

OOLOGAH-TALALA SCHOOL DISTRICT #1-4
 ROGERS COUNTY - OKLAHOMA
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
 ALLOCATIONS & EXPENDITURES
 07/01/11 TO 06/30/12

SCHEDULE 1-00

FEDERAL CFDA NUMBER	PASS- THROUGH GRANTOR'S NUMBER	PROGRAM OR AWARD AMOUNT	CASH/ACCRUED OR (DEFERRED) REVENUE AT JULY 1, 2011	RECEIPTS OR REVENUE RECOGNIZED	DISBURSEMENTS/ EXPENDITURES	CASH/ACCRUED OR (DEFERRED) REVENUE AT JUNE 30, 2012
<u>FEDERAL GRANTOR/PASS THROUGH GRANTOR/PROGRAM TITLE</u>						
<u>U.S Department of Education -</u>						
<u>Direct Programs</u>						
84.060	561	\$112,743.00	\$0.00	\$108,525.28	\$108,525.28	\$0.00
Title VII Indian Ed						
<u>State Department of Education -</u>						
<u>Title I, Part A</u>						
84.010	511	189,798.70	2,500.00	162,562.06	167,754.07	7,692.01
Title II, Part A						
84.367	541	70,134.46	0.00	31,515.54	35,346.16	3,830.62
84.318	546/548	3,091.28	0.00	0.00	0.00	0.00
84.358	587	37,615.47	4,741.89	4,741.89	0.00	0.00
IDEA-B Discretionary/Flow Through						
84.027	621	329,700.12	0.00	315,872.64	316,434.64	562.00
84.391A	622	48,959.25	12,268.58	60,816.21	48,547.63	0.00
84.173	641	8,340.53	0.00	6,342.37	6,342.37	0.00
Special Education Cluster						
<u>State Department of Career</u>						
<u>And Technology -</u>						
84.126	456	5,293.11	0.00	5,293.11	5,293.11	0.00
Rehabilitation Services						
<u>Other Federal Assistance -</u>						
12.112	770	1,235.78	0.00	1,235.78	1,235.78	0.00
15.130	563	17,950.00	17,079.62	24,693.61	16,997.34	9,383.35
Flood Control Johnson O'Malley						

CONTINUED ON PAGE 2

OLOGAH-TALALA SCHOOL DISTRICT #I-4
 ROGERS COUNTY - OKLAHOMA
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
 ALLOCATIONS & EXPENDITURES
 07/01/11 TO 06/30/12

SCHEDULE 1-00
 PAGE 2

FEDERAL CFDA NUMBER	PASS- THROUGH GRANTOR'S NUMBER	PROGRAM OR AWARD AMOUNT	CASH/ACCRUED OR (DEFERRED) REVENUE AT JULY 1, 2011	RECEIPTS OR REVENUE RECOGNIZED	DISBURSEMENTS/ EXPENDITURES	CASH/ACCRUED OR (DEFERRED) REVENUE AT JUNE 30, 2012
<u>U.S. Department of Agriculture -</u>						
Child Nutrition Cluster:						
	763	289,200.75	0.00	289,200.75	289,200.75	0.00
National School Lunch Program						
School Breakfast Program	764	65,405.67	0.00	65,405.67	65,405.67	0.00
Total Cash Assistance			0.00	354,606.42	354,606.42	0.00
Commodity Distribution (Non-Cash)	N/A	21,937.05	0.00	21,937.05	21,937.05	0.00
Total Child Nutrition Program			0.00	376,543.47	376,543.47	0.00
TOTAL FEDERAL FINANCIAL ASSISTANCE			\$36,590.09	\$1,098,141.96	\$1,083,019.85	\$21,467.98

NOTE 1: The Schedule of Expenditures of Federal Awards was prepared using the same accounting policies used in preparing the District's financial statements. The District's policy is to recognize expenditures when encumbered (contracted for) rather than at the time the related fund liability is incurred.

NOTE 2: The District did not track expenditures paid from the Child Nutrition federal programs separately. Thus, expenditure amounts are the amount of federal revenues received from these programs during the fiscal year.

NOTE 3: The amount expended represents the value of the food commodities received.

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

OOLOGAH-TALALA SCHOOL DISTRICT #-4
 ROGERS COUNTY - OKLAHOMA
 SCHOOL ACTIVITY FUND
 REVENUES, EXPENDITURES, AND BALANCES
 07/01/11 TO 06/30/12

SCHEDULE 2-00

<u>ACCOUNT</u>	<u>07/01/11</u>	<u>REVENUES</u>	<u>ADJUSTMENTS</u>	<u>TRANSFERS</u>	<u>EXPENDITURES</u>	<u>06/30/12</u>
SWIM CLUB	\$2,522.91	\$4,099.25	\$0.00	\$0.00	\$4,382.63	\$2,239.53
ATHLETICS	36,691.99	177,088.78		595.00	165,146.76	49,229.01
SPORTS CAMPS	0.00	14,315.00			3,051.90	11,263.10
ELEMENTARY MISC	22,652.37	27,008.46		1,781.77	29,908.77	21,533.83
LOWER ELEM ADULT POP	1,052.05	99.07		421.95	296.70	1,276.37
LOWER ELEMENTARY LIBRARY	3,424.79	5,933.50		945.28	6,799.06	3,504.51
LOWER ELEM DONATIONS	2,950.23	8,063.74		(2,727.05)	0.00	8,286.92
UPPER ELEMENTARY MISC	23,537.78	49,139.22		4,473.50	51,457.06	25,693.44
UPPER ELEM ADULT POP	786.40	192.58			475.45	503.53
UPPER ELEM DONATIONS	1,473.75	1,395.71		(1,125.71)	0.00	1,743.75
LIFE CLASS	2,164.22	5,376.62		430.00	3,396.24	4,574.60
MIDDLE SCHOOL MISC	15,504.21	17,863.52		2,671.60	27,705.33	8,334.00
MIDDLE SCHOOL DONATION	50.00	4,749.60		(4,799.60)	0.00	0.00
MIDDLE SCHOOL LIBRARY	8,007.15	6,633.56		110.00	8,986.98	5,763.73
MIDDLE SCHOOL STUDENT	3,444.28	132.00			889.15	2,687.13
MIDDLE SCHOOL GIFTED	722.25	1,124.15		695.00	1,785.35	756.05
7TH, 8TH, 9TH CHEERLEADERS	4,654.96	1,094.50		1,870.60	4,162.89	3,457.17
MIDDLE SCHOOL SCIENCE	215.85	91.00			29.99	276.86
MIDDLE SCHOOL VOCAL MUSIC	1.00	0.00			0.00	1.00
TECHNOLOGY STUDENT ASSOC	373.44	14,036.75		369.98	13,084.02	1,696.15
HIGH SCHOOL MISC	10,839.51	6,190.57		8,679.05	17,882.78	7,826.35
HIGH SCHOOL CONCESSION	1.47	0.00		(1.47)	0.00	0.00
YEARBOOK	8,542.17	11,729.90			9,441.34	10,830.73
HIGH SCHOOL DONATIONS	603.00	12,672.90		(9,250.00)	1,000.00	3,025.90
HIGH SCHOOL BAND	19,862.70	90,904.53		3,500.00	110,944.75	3,322.48
OOLOGAH SPECIAL TEAMS	2,200.84	1,640.56		624.00	1,941.90	2,523.50
FFA	6,970.45	78,346.45		1,175.00	80,211.97	6,279.93
VARSITY CHEELEDERS	2,031.20	19,182.15			18,112.84	3,100.51
HIGH SCHOOL STUDENT COUNCIL	753.07	5,929.57		250.00	6,588.74	343.90
HIGH SCHOOL PROM	12,424.71	18,408.29		58.00	12,195.67	18,695.33

CONTINUED ON PAGE 2

OLOGAH-TALALA SCHOOL DISTRICT #1-4
 ROGERS COUNTY - OKLAHOMA
 SCHOOL ACTIVITY FUND
 REVENUES, EXPENDITURES, AND BALANCES
 07/01/11 TO 06/30/12

SCHEDULE 2-00
 PAGE 2

<u>ACCOUNT</u>	<u>07/01/11</u>	<u>REVENUES</u>	<u>ADJUSTMENTS</u>	<u>TRANSFERS</u>	<u>EXPENDITURES</u>	<u>06/30/12</u>
FCCLA	1,375.17	6,818.50	0.00	(50.00)	6,154.64	1,989.03
HIGH SCHOOL LIBRARY	349.01	26.31	0.00		0.00	375.32
BUSINESS PROFESSIONALS	4,764.41	1,836.00		3,450.00	3,877.41	6,173.00
HIGH SCHOOL COUNSELOR	166.62	0.00			36.00	130.62
SPANISH CLUB	666.90	4,558.00		(50.00)	4,085.43	1,089.47
HIGH SCHOOL SPEECH	2,224.50	1,680.00		285.00	2,256.07	1,933.43
VOCAL MUSIC	2,881.26	8,859.00			9,364.34	2,375.92
O.C.F.	2,276.30	244.00		(50.00)	850.40	1,619.90
ASIAN CLUB	137.06	0.00		(135.00)	0.00	2.06
MULTI-PURPOSE SNACK	2,139.37	0.00			0.00	2,139.37
NEWSPAPER IN EDUCATION	0.00	0.00		1,225.00	1,225.00	0.00
H.S. TECH CONNECT	269.98	0.00		(269.98)	0.00	0.00
HS HISTORY CLUB	1,449.04	145.00		(50.00)	0.00	1,544.04
HIGH SCHOOL SCIENCE	1,472.75	3,866.83			3,649.61	1,689.97
ADULT POP	851.96	25,710.68		(15,080.26)	6,692.68	4,789.70
SCHOOL NURSE MISC	21.66	0.00		(21.66)	0.00	0.00
TOTALS	\$215,504.74	\$637,186.25	\$0.00	\$0.00	\$618,069.85	\$234,621.14

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

OOLOGAH-TALALA SCHOOL DISTRICT #1-4
ROGERS COUNTY - OKLAHOMA
SCHOOL ACTIVITY FUND
RECONCILIATION STATEMENT
07/01/11 TO 06/30/12

SCHEDULE 2-01

<u>DEPOSITORY</u>	<u>DETAIL</u>	<u>TOTALS</u>
CASH	<u>248,188.14</u>	
TOTAL DEPOSITORY		<u>\$248,188.14</u>
 <u>FUND</u>		
LEDGER BALANCE	234,621.14	
ADD: 2011-12 OUTSTANDING	12,225.36	
2010-11 OUTSTANDING	5.00	
2009-10 OUTSTANDING	328.55	
2008-09 OUTSTANDING	281.90	
2007-08 OUTSTANDING	<u>726.19</u>	
TOTAL DEPOSITORY		<u>\$248,188.14</u>

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

OOLOGAH-TALALA SCHOOL DISTRICT #1-4
 ROGERS COUNTY - OKLAHOMA
 SCHOOL ACTIVITY FUND
 CASH STATEMENT
 07/01/11 TO 06/30/12

SCHEDULE 2-02

	<u>TOTAL</u>	<u>2011-12</u>	<u>2010-11</u>	<u>2009-10</u>	<u>PRIOR</u>	<u>INVESTMENTS</u>
BEGINNING CASH AND INVESTMENTS	\$219,442.62	\$215,504.74	\$2,601.24	\$328.55	\$1,008.09	\$0.00
<u>REVENUES</u>						
DEPOSITS	636,881.74	636,881.74				
INTEREST	304.51	304.51				
REDEPOSITS	151.00	151.00				
CHECKS ESTOPPED	0.00	0.00				
TOTAL REVENUES	637,337.25	637,337.25	0.00	0.00	0.00	0.00
<u>EXPENDITURES</u>						
CHECKS PAID	607,276.73	604,680.49	2,596.24			
RETURNED CHECKS/FEEES	1,315.00	1,315.00				
TOTAL EXPENDITURES	608,591.73	605,995.49	2,596.24	0.00	0.00	0.00
ENDING BALANCES	\$248,188.14	\$246,846.50	\$5.00	\$328.55	\$1,008.09	\$0.00

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

OOLOGAH-TALALA SCHOOL DISTRICT #1-4
ROGERS COUNTY – OKLAHOMA
SCHEDULE OF ACCOUNTANT'S PROFESSIONAL
LIABILITY INSURANCE AFFIDAVIT
JULY 1, 2011 TO JUNE 30, 2012

SCHEDULE 3-00

STATE OF OKLAHOMA)
)
COUNTY OF GARFIELD)

The undersigned auditing firm of lawful age, being first duly sworn on oath says that said firm had in Full force and effect Accountant' Professional Liability Insurance in accordance with the "Oklahoma Public School Audit Law" at the time of the audit contract and during the entire audit engagement with the Oologah-Talala School District #1-4, Rogers County, Oklahoma, for the audit year 2011-12.

Chas. W. Carroll, P.A.
Auditing Firm

By: *Chas. W. Carroll*

Subscribed and sworn to before me this 27th day of March, 2013.

Pam S. Melvin
Notary Public

My Commission expires January 29, 2013



Chas. W. Carroll, P.A.

The Broadway Tower – Suite 805
114 E. Broadway

Enid, Oklahoma 73701
Phone 580-234-5468
Fax 580-234-5425

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
Oologah-Talala School District #I-4
Rogers County, Oklahoma

I have audited the accompanying fund type and account group financial statements of the Oologah-Talala School District #I-4, Rogers County, Oklahoma, as listed in the Table of Contents as combined financial statements as of and for the year ended June 30, 2012, and have issued my report thereon dated March 27, 2013. The report on these financial statements was adverse because the District has elected to prepare its financial statements in conformity with the accounting and financial reporting regulations prescribed or permitted by the Oklahoma State Department of Education, which is a material departure from accounting principles generally accepted in the United States of America. My opinion regarding the presentation of the financial statements referred to above in conformity with the prescribed basis of accounting was qualified due to a departure related to general fixed assets. I conducted my audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

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

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. A material weakness is deficiency, or a combination of deficiencies, in internal control such that there reasonable possibility that a material misstatement of the District's financial statements will not be prevented, or detected and corrected on a timely basis. I consider the deficiency described in the accompanying Schedule of Findings and Questioned Costs as item 12-01 to be a material weakness.

My consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in the internal control over financial reporting that might be significant deficiencies or material weaknesses and therefore, there can be no assurance that all deficiencies, significant deficiencies, or material weaknesses have been identified. However, as described in the accompanying Schedule of Findings and Questioned Costs, I identified certain deficiencies in internal control over financial reporting that I consider to be material weaknesses.

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 grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of my audit and, accordingly, I do not express such an opinion. The results of my tests disclosed no instances of noncompliance or other matters that are required to be reported under Government Auditing Standards.

I noted certain matters that I reported to management of the District in a separate letter titled Current Year Audit Exceptions and Recommendations as items B-1 and B-2.

The District's response to the findings identified in my audit is described in the accompanying school's corrective action plan. I did not audit the District's response and, accordingly I express no opinion on it.

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

Sincerely,


Chas. W. Carroll, P.A.
March 27, 2013

Chas. W. Carroll, P.A.

The Broadway Tower – Suite 805
114 E. Broadway

Enid, Oklahoma 73701
Phone 580-234-5468
Fax 580-234-5425

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

Honorable Board of Education
Oologah-Talala School District #1-4
Rogers County, Oklahoma

Compliance

I have audited the compliance of Oologah-Talala School District #1-4, Rogers County, Oklahoma with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement that are applicable to each of its major federal programs for the year ended June 30, 2012. 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. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of the District's management. My responsibility is to express an opinion on the District's compliance based on my audit.

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

As described in Item 12-01, in the accompanying Schedule of Findings and Questioned Costs, Oologah-Talala School District #1-4 did not comply with the requirements regarding reporting that is applicable to the Child Nutrition Programs. Compliance with such requirements is necessary, in my opinion, for Oologah-Talala School District #1-4, to comply with the requirements applicable to that program.

Internal Control Over Compliance

The management of the District is responsible for establishing and maintaining an effective internal control over compliance with requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing my audit, I considered the District's internal control over compliance with requirements that could have a direct material effect on a major federal program in order to determine my auditing procedures for the purpose of expressing my opinion on compliance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, I do not express an opinion on the effectiveness of the 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. I consider the deficiency in internal control over compliance described in the accompanying Schedule of Findings and Questioned Costs as item 12-01 to be a material weakness.

My consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses and therefore, there can be no assurance that all deficiencies, significant deficiencies, or material weaknesses have been identified. However, I did identify certain deficiencies in internal control over compliance that I consider to be material weaknesses, as discussed above.

The District's response to the findings identified in my audit is described in the accompanying school's corrective action plan. I did not audit the District's response and, accordingly I express no opinion on it.

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

Sincerely,



Chas. W. Carroll, P.A.
March 27, 2013

OOLOGAH-TALALA ISD NO. 4, ROGERS COUNTY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2012

SECTION 1

Summary of Auditor's Results

Financial Statements

- | | |
|--|---|
| 1. Type of auditor's report issued | Adverse
(Due to F/S being prepared on a regulatory basis of accounting.) |
| 2. Internal Control over financial reporting: | |
| a. Material weaknesses identified? | Yes |
| b. Significant deficiencies identified not considered to be material weaknesses? | No |
| c. Noncompliance material to the financial statements noted? | No |

Federal Awards

- | | |
|---|---------------|
| 1. Internal control over major programs: | |
| a. Material weaknesses identified? | Yes |
| b. Significant deficiencies identified not considered to be a material weakness? | None reported |
| 2. Type of auditor's report issued on compliance for major programs: | Qualified |
| 3. Any audit findings disclosed that are required to be reported in accordance with Circular OMB A-133, Section 510(A)? Child Nutrition | Yes |
| 4. Identification of major programs: | |
| <u>Name of Federal Program</u> | |
| Title I | |
| Child Nutrition | |
| 5. Dollar Threshold used to distinguish between Type A and Type B programs: | \$300,000 |
| 6. Auditee qualified as a low-risk auditee under OMB A-133, Section 530? | No |

SECTION 2

Financial Statement Findings:

Section 1 – Summary of Auditors Results

12-01 Finding - Material

Statement of Condition – During my audit I noted expenditures to the Child Nutrition Federal Program which were allowable but the District did not code the expenditures using the newly prescribed Oklahoma Cost Accounting System (OCAS) project code numbers, which provides tracking of expenditures for the Oklahoma State Department of Education.

OOLOGAH-TALALA ISD NO. 4, ROGERS COUNTY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2012

Section 1 – Summary of Auditors Results (continued)

Criteria – Good internal control requires procedures to be in place for effective oversight and to properly record and track federal program expenditures and revenues.

Cause/Effect of Condition – Lack of internal control allows for non-compliance with the expenditure tracking requirements by the Oklahoma State Department of Education and the accountability of federal program funding after a change in coding requirements by the Oklahoma State Department of Education.

Recommendation – All federal program funding is to be tracked utilizing the prescribed OCAS expenditure and revenue project code numbers. I recommend the District's personnel continually monitor and review federal funding and the corresponding expenditures, and contact the Oklahoma State Department of Education to reconcile this concern.

Major Federal Award Programs Findings and Questioned Costs:

12-01 Finding - Material

Questioned Costs

Refer to the material weakness under Financial Statements Findings.

Child Nutrition Lunch Program	CFDA 10.555	\$0
School Breakfast Program	CFDA 10.553	\$0

OOLOGAH-TALALA SCHOOL DISTRICT #I-4
ROGERS COUNTY – OKLAHOMA
JULY 1, 2011 TO JUNE 30, 2012

CURRENT YEAR AUDIT EXCEPTIONS AND RECOMMENDATIONS

Specific Administrative Controls

Internal Control

B-1 Federal Program Coding Requirements

The applicable expenditures utilized by the District for several program allocations were not the same as reported to the State Department of Education and the Oklahoma Cost Accounting System (OCAS) as follows:

<u>Federal Program</u>	<u>Applicable Program Expenditures</u>	<u>Program Expenditures Reported on OCAS</u>
Rehabilitation Services (456)	\$ 5,293.11	\$ 5,165.39
Johnson O'Malley (563)	16,997.34	17,875.15
Flood Control (770)	1,235.78	0.00

Proper coding is required in order to track the District's actual federal expenditures associated with each program.

B-2 Purchasing Procedures

During my audit of the District's Child Nutrition Fund internal control procedures, I found that in some cases not all invoices and/or packing slips were signed by an authorized person when supplies or materials were received. All district funds, including Activity Funds, are to have properly documented invoices and/or packing slips attached to each purchase order or requisition and either the invoice or packing slip must be signed by an authorized person to insure that materials and services ordered have been received.

The school district administration should establish procedures to insure that all invoices for goods or services are signed as required by 62 O.S., Paragraph 310.1(A).

OOLOGAH-TALALA SCHOOL DISTRICT #1-4
ROGERS COUNTY – OKLAHOMA
JULY 1, 2011 TO JUNE 30, 2012

DISPOSITION OF PRIOR YEAR FINDINGS
JUNE 30, 2012

No matters were reported.

OOLOGAH-TALALA SCHOOL DISTRICT #1-4
ROGERS COUNTY – OKLAHOMA
JULY 1, 2011 TO JUNE 30, 2012

PRIOR YEAR AUDIT EXCEPTIONS AND RECOMENDATIONS

All prior year audit exceptions have since been resolved unless they are presented in the current year audit exceptions and recommendations followed by "A similar exception was presented in the previous years audit report".

Rob Armstrong, Superintendent
Jerry Rutledge, Asst. Superintendent



Nancy Sweet, Finance Manager
Lori Tober, Activity Fund Custodian
Paula Kurth, Payroll Clerk

March 27, 2013

State Department of Education
2500 North Lincoln Blvd.
Oklahoma City, OK 73105-4599

Re: Response to Exceptions by District Auditor

Section 2
Financial Statement Findings:
Section 1 – Summary of Auditors Results
12-01 Finding – Material

Statement of Condition- During the district audit it was found that expenditures to the Child Nutrition Federal Program which were allowable were not coded properly using the newly prescribed Oklahoma Cost Accounting System (OCAS) project code numbers, which provides tracking of expenditures for the Oklahoma State Department of Education.

Corrective Action to be taken by District- The district will provide any additional training to staff members who are responsible for maintaining and coding all revenue and expenditures so that we can ensure that all expenditures have correct (OCAS) coding numbers. Contact with the Oklahoma State Department of Education to reconcile this concern will be handled in the Business /Finance office.

Specific Administrative Controls
Internal Control

B-1 Federal Program Coding Requirements- The applicable expenditures utilized by the District for several program allocations were not the same as reported to the State Department of Education and the Oklahoma Cost Accounting System (OCAS).

Corrective Action to be taken by District- The district will work to ensure that all expenditures have the correct prescribed OCAS expenditure and revenue project code numbers. We will continually monitor and review federal funding and the corresponding expenditures throughout the year to be compliant.

B-2 Purchasing Procedures- During the district audit it was found that in some cases not all invoices and/or packing slips were signed by an authorized person when supplies or materials were received.

Corrective Action to be taken by District- Representatives in the Child Nutrition department attached a signed document to the original invoice and/or packing slip but this does not meet the requirement of signing the original invoice and/or packing slip. Child Nutrition personnel have been instructed to sign all original invoices and/or packing slips before submitting to Business office for payment.

Sincerely,

A handwritten signature in black ink that reads "Rob Armstrong". The signature is written in a cursive style.

Rob Armstrong
Superintendent