ANNUAL FINANCIAL REPORT

RAVIA SCHOOL DISTRICT NO. C-10

JOHNSTON COUNTY, OKLAHOMA

JULY 1, 2011 TO JUNE 30, 2012

AUDITED BY

KERRY JOHN PATTEN, C.P.A.

RAVIA SCHOOL DISTRICT NO. C-10
JOHNSTON COUNTY, OKLAHOMA
SCHOOL DISTRICT OFFICIALS
JUNE 30, 2012

Board of Education

President	Dewayne Carroll
Vice-President	Christie Byars
Clerk	Curtis Parker

Superintendent of Schools

David Duncan

School District Treasurer

Sherry Upton

RAVIA SCHOOL DISTRICT NO. C-10
JOHNSTON COUNTY, OKLAHOMA
JUNE 30, 2012

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Independent Auditor's Report

The Honorable Board of Education
Ravia School District No. C-10
Ravia, Johnston County, Oklahoma

I have audited the accompanying combined fund type and account group financial statements – regulatory basis of the Ravia School District No. C-10, Johnston County, Oklahoma (District), 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 *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 combined financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall combined financial statement presentation. I believe that my audit provides a reasonable basis for my opinion.

As discussed in Note 1 (C), 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 is a comprehensive basis of accounting other than 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 reasonable determined, but is considered material.

In my opinion, because the District's policy is to prepare its combined financial statements on the basis of accounting discussed in the third paragraph, the combined financial statements referred to in the first paragraph do not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Ravia School District No. C-10, in conformity with accounting principles generally accepted in the United States of America, the financial position of Ravia School District No C-10, as of June 30, 2012, and the respective changes in financial position thereof for the year then ended.

The financial statements referred to above do not include the general fixed asset account group, which is a departure from the regulatory basis of accounting prescribed by the Oklahoma State Department of Education. The amount that should be recorded in the general fixed asset account group is not known.

However, in my opinion, except for the effects of the omission of the general fixed asset account group, the combined financial statements referred to in the first paragraph present fairly, in all material respects, the assets, liabilities and fund balances arising from regulatory basis transactions of each fund type and account group of Ravia School District No. C-10, Johnston County, Oklahoma, as of June 30, 2012, and the revenues collected and expenditures paid and encumbered 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 accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133,*Audits of States, Local Governments, and Nonprofit Organizations* and/or the Oklahoma State Department of Education, and is not a required part of the combined financial statements. The Combining Statement of Changes in Assets and Liabilities of the Fiduciary Funds—Regulatory Basis and other schedules listed as Supplemental Information in the Table of Contents, are presented for purposes of additional analysis and are not a required part of the combined financial statements of the District. The Combining Statement of Changes in Assets and Liabilities of the Fiduciary Funds—Regulatory Basis and other schedules listed as Supplemental Information in the Table of Contents are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the fund type and account group financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In my opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole

In accordance with *Government Auditing Standards*, I have also issued my report dated March 29, 2013 on my consideration of the District's internal control over financial reporting and on our 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.
March 29, 2013

COMBINED FINANCIAL STATEMENTS

RAVIA SCHOOL DISTRICT NO. C-10
COMBINED STATEMENT OF ASSETS, LIABILITIES AND FUND BALANCES
ALL FUND TYPES AND ACCOUNT GROUPS - REGULATORY BASIS
JUNE 30, 2012

	Governmental Fund Types				Fiduciary Fund Types	Account Groups	Total (Memorandum Only)
	General	Special Revenue	Debt Service	Capital Projects	Trust and Agency	General Long-term Debt	June 30, 2012
ASSETS							
Cash	$ 304,016.82	$ 41,696.24	$ 17,497.67	$ 8,433.00	$ 14,497.71	$ -	$ 386,141.44
Investments	-	-	-	-	-	-	-
Amounts available in debt service fund	-	-	-	-	-	17,497.67	17,497.67
Amounts to be provided for retirement of general long-term debt	-	-	-	-	-	72,502.33	72,502.33
Total assets	$ 304,016.82	$ 41,696.24	$ 17,497.67	$ 8,433.00	$ 14,497.71	$ 90,000.00	$ 476,141.44
LIABILITIES AND FUND BALANCES							
Liabilities:							
Outstanding warrants	$ 41,192.58	$ 4,480.46	$ -	$ -	$ -	$ -	$ 45,673.04
Encumbrances	-	-	-	-	-	-	-
Due to others	-	-	-	-	-	-	-
Long-term debt:							
Capitalized lease obligations payable	-	-	-	-	-	-	-
Bonds payable	-	-	-	-	-	90,000.00	90,000.00
Interest payable	-	-	-	-	-	-	-
Total liabilities	$ 41,192.58	$ 4,480.46	$ -	$ -	$ -	$ 90,000.00	$ 135,673.04
Fund Balances							
Designated for capital projects	$ -	$ -	$ -	$ 8,433.00	$ -	$ -	$ 8,433.00
Designated for debt service	-	-	17,497.67	-	-	-	17,497.67
Cash fund balances	262,824.24	37,215.78	-		14,497.71	-	314,537.73
Total fund balances	$ 262,824.24	$ 37,215.78	$ 17,497.67	$ 8,433.00	$ 14,497.71	$ -	$ 340,468.40
Total liabilities and fund balances	$ 304,016.82	$ 41,696.24	$ 17,497.67	$ 8,433.00	$ 14,497.71	$ 90,000.00	$ 476,141.44

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

RAVIA SCHOOL DISTRICT NO. C-10
COMBINED STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
ALL GOVERNMENTAL FUND TYPES - REGULATORY BASIS
FOR THE YEAR ENDED JUNE 30, 2012

	Governmental Fund Types				Total (Memorandum Only)
	General	Special Revenue	Debt Service	Capital Projects	June 30, 2012
Revenues collected:					
Local sources	$ 203,634.52	$ 30,804.55	$ 20,130.33	$ -	$ 254,569.40
Intermediate sources	13,946.03	-	-	-	13,946.03
State sources	447,076.20	14,200.18	-	-	461,276.38
Federal sources	195,612.03	57,614.42	-	-	253,226.45
Total revenues collected	$ 860,268.78	$ 102,619.15	$ 20,130.33	$ -	$ 983,018.26
Expenditures paid:					
Instruction	$ 534,172.96	$ -	$ -	$ -	$ 534,172.96
Support services	214,077.98	36,152.48	-	-	250,230.46
Non-instructional services	-	72,420.79	-	-	72,420.79
Capital outlay	-	-	-	81,567.00	81,567.00
Other outlays	-	-	-	-	-
Other uses	-	-	-	-	-
Repayments	-	-	-	-	-
Debt service:					
Principal retirement	-	-	-	-	-
Interest	-	-	2,640.00	-	2,640.00
Total expenditures paid	$ 748,250.94	$ 108,573.27	$ 2,640.00	$ 81,567.00	$ 941,031.21
Excess of revenues collected over (under) expenses paid before adjustments to prior year encumbrances	$ 112,017.84	$ (5,954.12)	$ 17,490.33	$ (81,567.00)	$ 41,987.05
Adjustments to prior year encumbrances	$ -	$ -	$ -	$ -	$ -
Other financing sources (uses):					
Bond sale proceeds	$ -	$ -	$ -	$ -	$ -
Operating transfers in/(out)	-	-	-	-	-
Bank charges	-	-	-	-	-
Total other financing sources (uses)	$ -	$ -	$ -	$ -	$ -
Excess (deficiency) of revenue collected over (under) expenditures paid and other financing sources (uses)	$ 112,017.84	$ (5,954.12)	$ 17,490.33	$ (81,567.00)	$ 41,987.05
Fund balances, beginning of year	$ 150,806.40	$ 43,169.90	$ 7.34	$ 90,000.00	$ 283,983.64
Fund balances, end of year	$ 262,824.24	$ 37,215.78	$ 17,497.67	$ 8,433.00	$ 325,970.69

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

RAVIA SCHOOL DISTRICT NO. C-10
COMBINED STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BLANACES - BUDGET AND ACTUAL
BUDGETED GOVERNMENTAL FUND TYPES - REGULATORY BASIS
FOR THE YEAR ENDED JUNE 30, 2012

	General Fund			Special Revenue Fund		
	Original Budget	Final Budget	Actual	Original Budget	Final Budget	Actual
Revenues collected:						
Local sources	$ 159,606.55	$ 159,606.55	$ 203,634.52	$ 24,981.76	$ 24,981.76	$ 30,804.55
Intermediate sources	-	-	13,946.03	-	-	-
State sources	11,844.73	11,844.73	447,076.20	10,829.78	10,829.78	14,200.18
Federal sources	454,022.57	454,022.57	195,612.03	51,202.48	51,202.48	57,614.42
Total revenues collected	$ 719,432.14	$ 719,432.14	$ 860,268.78	$ 87,014.02	$ 87,014.02	$ 102,619.15
Expenditures paid:						
Instruction	$ 651,958.51	$ 651,958.51	$ 534,172.96	$ -	$ -	$ -
Support services	218,280.03	218,280.03	214,077.98	50,647.86	50,647.86	36,152.48
Non-instructional services	-	-	-	79,536.06	79,536.06	72,420.79
Capital outlay	-	-	-	-	-	-
Other outlays	-	-	-	-	-	-
Other Uses	-	-	-	-	-	-
Repayment	-	-	-	-	-	-
Debt service:						
Principal retirement	-	-	-	-	-	-
Interest	-	-	-	-	-	-
Total expenditures paid	$ 870,238.54	$ 870,238.54	$ 748,250.94	$ 130,183.92	$ 130,183.92	$ 108,573.27
Excess of revenues collected over (under) expenses paid before adjustments to prior year encumbrances	$ (150,806.40)	$ (150,806.40)	$ 112,017.84	$ (43,169.90)	$ (43,169.90)	$ (5,954.12)
Adjustments to prior year encumbrances	$ -	$ -	$ -	$ -	$ -	$ -
Other financing sources (uses):						
Operating transfers in/out	$ -	$ -	$ -	$ -	$ -	$ -
Bank Charges	-	-	-			-
Total other financing sources (uses)	$ -	$ -	$ -	$ -	$ -	$ -
Excess (deficiency) of revenue collected over expenditures paid and other financing sources (uses)	$ (150,806.40)	$ (150,806.40)	$ 112,017.84	$ (43,169.90)	$ (43,169.90)	$ (5,954.12)
Fund balance, beginning of year	$ 150,806.40	$ 150,806.40	$ 150,806.40	$ 43,169.90	$ 43,169.90	$ 43,169.90
Fund balance, end of year	$ -	$ -	$ 262,824.24	$ -	$ -	$ 37,215.78

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

NOTES TO THE FINANCIAL STATEMENTS

1. Summary of Significant Accounting Policies

The accompanying financial statements of the Ravia School District No. C-10 (the "District") conform to the regulatory basis of accounting, which is another comprehensive basis of accounting prescribed by the Oklahoma State Department of Education and conforms to the system of accounting authorized by the State of Oklahoma. Accordingly, the accompanying financial statements are not intended to present financial position and results of operations in conformity with accounting principles generally accepted in the United States of America. The District's accounting policies are described in the following notes that are an integral part of the District's financial statements.

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 the State of Oklahoma. The general operating authority for the public school system is the Oklahoma School Code contained in Title 70, Oklahoma Statutes.

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

In evaluating how to define the District, for financial reporting purposes, management has considered all potential component units. The decision to include a potential component unit in the reporting entity was made by applying the criteria established by the Governmental Accounting Standards Board (GASB). The basic – but not the only – criterion for including a potential component unit within the reporting entity is the governing body's ability to exercise oversight responsibility. The most significant manifestation of this ability is financial interdependency. Other manifestations of the ability to exercise oversight responsibility include, but are not limited to, the selection of governing authority, the designation of management, the ability to significantly influence operations, and accountability for fiscal matters. A second criterion used in evaluating potential component units is the scope of public service. Application of this criterion involves considering whether the activity benefits the District and/or its citizens, or whether the activity is conducted within the geographic boundaries of the District and is generally available to its patrons. A third criterion used to evaluate potential component units for inclusion or exclusion from the reporting entity is the existence of special financing relationships, regardless of whether the District is able to exercise oversight responsibilities. Based upon the application of these criteria, there are no potential component units included in the District's reporting entity. These statements present only the activities of the District.

B. Measurement Focus

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 an independent accounting entity with a self-balancing set of accounts. The account groups are financial reporting devices designed to provide accountability for certain assets and liabilities that are not recorded directly in the funds.

Funds are classified into three categories: governmental, proprietary and fiduciary. Each category, in turn, is divided into separate "fund types." The District has the following fund types and account groups:

Governmental Funds

Governmental funds are used to account for all or most of a government's general activities, including the collection and disbursement of earmarked monies (special revenue funds), the acquisition or construction of general fixed assets (capital project funds), and the servicing of general long-term debt (debt service funds). Basis of accounting relates to the timing of the measurements made, regardless of the measurement focus applied. All governmental type funds are accounted for using the Regulatory (Statutory) basis of accounting. All revenues from all sources, including property taxes, entitlements, grants, and shared revenues are recognized when they are received, rather than earned. Expenditures are generally recognized when encumbered or reserved, rather than at the time the related liability is incurred. Unmatured interest for debt service is recognized when due and certain compensated absences and claims and judgments are recognized when the obligations are expected to be liquidated

Summary of Significant Accounting Policies (continued)

with expendable, available financial resources. Fiduciary type funds are accounted for using the cash basis of accounting. These practices differ from accounting principles generally accepted in the United States of America.

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 local property taxes and federal and state funding. Expenditures include all costs associated with the daily operations of the schools, except for programs funded for building repairs and maintenance, school construction and debt service on bonds and other long-term debt. The general fund includes federal and state restricted monies that must be expended for specific programs.

Special Revenue Fund – The special revenue funds are used for proceeds of specific revenue sources that are legally restricted to expenditures for specified purposes.

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

Child Nutrition Fund – The child nutrition fund consists of revenues from local collections, state, and federal sources used to benefit the food service program.

Fiduciary Funds

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 trust agreement, trust funds are used for their accounting and reporting. 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 Funds – The agency fund is the school activities 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, for collecting, disbursing, and accounting for these activity funds.

Account Groups

Account groups are not funds and consist of a self-balancing set of accounts used only to establish accounting control over long-term debt and general fixed assets.

General Long-Term Debt Account Group – This account group was established to account for all long-term debt of the District, which is offset by the amount available in the debt service fund and the amount to be provided in future years to complete retirement of the debt principal.

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

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. 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.

Summary of Significant Accounting Policies (continued)

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 (OSDE) as follows:

- Encumbrances represented by purchase orders, contracts, and other commitments for the expenditure of monies and are recorded as expenditures when approved.
- Investments are recorded as assets when purchased.
- Warrants payable are recorded as liabilities when issued.
- Long-term debt is recorded when incurred.
- Compensated absences are recorded as an expenditure when the obligation is paid.
- Inventories of supplies are recorded as expenditures rather than assets.
- Fixed assets are recorded in the General Fixed Asset Account Group and not in the basic financial statements. Fixed assets are not depreciated.

This regulatory basis of accounting differs from accounting principles generally accepted in the United States of America, which require 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.

D. Budgets and Budgetary Accounting

Prior to July 1 each year, the governing board of the school district prepares a verified application showing the needs of the school district and submits the application to the County Excise Board, who makes temporary appropriations for lawful current expenses of the school district. The temporary appropriations are merged with the annual appropriations when the annual budget for the school district is finally approved.

Prior to October 1 each year, the school Board of Education must make a financial statement, showing the true fiscal condition of the school as of the close of the previous fiscal year ended June 30, along with an itemized statement of estimated needs and probable income from all sources for the fiscal year.

A budget is legally adopted by the Board of Education for the general fund and special revenue fund(s) of the school district.

Encumbrances represent commitments 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. Under Oklahoma Law, unencumbered appropriations lapse at the end of the year.

E. Assets, Liabilities and Fund Equity

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. Interfund eliminations have not been made on the aggregation of this data.

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

Investments – State statutes govern the District's investment policy. Permissible investments include direct obligations of the United States Government and Agencies; certificates of deposit of savings and loan associations, and bank and trust companies; and savings accounts or savings certificates of savings and loan associations, and trust companies. Collateral is required for demand deposits and certificates of deposit for all amounts not covered by federal deposit insurance. Investments are stated at cost.

Summary of Significant Accounting Policies (continued)

Inventories – Inventories consist of minimal amounts of expendable supplies held for consumption. The value of consumable inventories at year-end is not material to the District's financial statements. The costs of inventories are recorded as expenditures when encumbered and purchased, rather than when consumed.

Compensated Absences – Vested or accumulated vacation leave that is expected to be liquidated with expendable, available financial resources is reported as expenditure and a fund liability of the governmental fund that will pay it. There are no amounts of vested or accumulated vacation leave that are not expected to be liquidated with expendable, available financial resources. Vested or accumulated vacation leave of proprietary funds is recorded as an expense and liability of those funds as the benefits accrue to employees.

No liability is recorded for non-vesting accumulating rights to receive such pay benefits. Vested accumulated rights to receive sick pay benefits have been reported in the general long-term debt account group since none of the vested sick leave is expected to be liquidated with expendable, available financial resources.

Fixed Assets – The District has not maintained a record of its general fixed assets, and, accordingly, a General Fixed Asset Account Group is not included in the financial statements. General fixed assets purchased are recorded as expenditures in the various funds at the time of purchase.

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

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

F. Revenues, 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.

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. The county treasurer must commence tax collection within fifteen days of receipt of the tax rolls. The first half of the tax is due prior to January 1. The second half is due prior to April 1.

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

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.

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.

Summary of Significant Accounting Policies (continued)

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. These rules also 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.

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

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

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

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

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

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

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

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

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

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

All other interfund transactions, except quasi-external transactions and reimbursements, are reported as transfers. Nonrecurring or nonroutine permanent transfers of equity are reported as residual equity transfers.

Summary of Significant Accounting Policies (continued)

Budgetary Information

Under current Oklahoma Statutes, a formal Estimate of Needs (Budget) is required for all funds except for trust and agency funds. Budgets are presented for all funds that include the originally approved budgeted appropriations for expenditures and final budgeted appropriations as adjusted for supplemental appropriations and approved transfers between budget categories. The annual Estimate of Needs, when approved by the Board and subsequently filed with the County Clerk and approved by the County Excise Board, becomes the legal budget. Supplemental appropriations, if required, were made during the year and are reflected on the budget vs. actual presentations shown included in supporting schedules.

2. 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 school 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.

Deposit Categories of Credit Risk (continued)

The District's investment policy instructs the treasurer when making investments to consider liquidity, diversification, safety of principal, yield, maturity, quality of the investment instrument, and capability of the investment management. The primary emphasis shall be on safety and liquidity of the investment funds.

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 School Treasurer's approval and release of the security.

Certificates of deposit are collateralized at least by the amount not federally insured. As of June 30, 2012, the District had no deposits exposed to custodial credit risk.

Interest Rate Risk:

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

Credit Risk:

The District has no formal written policy addressing credit risk.

At June 30, 2012, the District has no investments that are not guaranteed by the full faith and credit of the United States Government.

3. 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.

General Long-Term Debt (continued)

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

	Amount Outstanding
School District No. C-10 Transportation Bonds, Series 2011 , original issue $90,000.00, average interest rate of 2.98%, first installment of $20,000.00 due on June 1, 2013, and annual installments of $20,000.00 due thereafter, final payment of $30,000.00 due on June 1, 2016.	$ 90,000.00
Total Bonds Outstanding	$ 90,000.00

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

Year ending June 30,	Principal	Interest	Total
2013	$ 20,000.00	$ 2,640.00	$ 22,640.00
2014	20,000.00	1,940.00	21,940.00
2015	20,000.00	1,240.00	21,240.00
2016	30,000.00	780.00	30,780.00
Total	$ 90,000.00	$ 6,600.00	$ 96,600.00

Interest expense incurred on General Long-Term debt during the current fiscal year totaled $2,640.00.

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

	Bonds Payable
Balance, July 1, 2011	$ 90,000.00
Additions	-
Retirements	-
Balance, June 30, 2012	$ 90,000.00

The District had no lease commitments in effect at June 30, 2012.

4. Employee Retirement System

Description of Plan

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

Basis of Accounting

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

The pension benefit obligation is a standardized disclosure measure of the present value of pension benefits. This pension valuation method reflects the present value of estimated pension benefits that will be paid in future years as a result of employee 5services performed to date and is adjusted for the effect of projected salary increases. There are no actuarial valuations performed on individual school districts. The nonfunded pension benefit obligation of the System, as determined as part of the latest actuarial valuation dated June 30, 2012, is as follows:

		Dollars in Millions
Actuarial Accrued Liability	$	18,588
Actuarial Value of Assets		10.190
Unfunded Actuarial Accrued Liability	$	8,398

Funding Policy

A participant with five years of creditable service may retire with a normal retirement allowance at the age of sixty-two (62) or with reduced benefits as early as age fifty-five (55). The normal retirement allowance paid monthly for life and then to beneficiaries, if certain options are exercised, equals two percent of the average of the highest three earning years of contributory service multiplied by the number of years of credited service. Retiring members may count up to 120 days of unused accumulated sick leave toward an additional year of service credit. A participant leaving employment before attaining retirement age, but completing ten years of service, may elect to vest his accumulated contributions and defer receipt of a retirement annuity until a later date. When a participant dies in active service and has completed ten years of credited service, the beneficiary is entitled to a death benefit of $18,000.00 and the participant's contributions plus interest. If the beneficiary is a surviving spouse, the surviving spouse may, in lieu of the death benefit, elect to receive, subject to the surviving spousal options, the participant's retirement benefits accrued at the time of death. The contribution rates for the Districts, which are not actuarially determined, and its employees are established by statute and applied to the employee's earnings, plus employer-paid fringe benefits. The employers' contribution rate is 9.5%. Employees contribute 7.0% of covered compensation.

Employee Retirement System

Annual Pension Cost

The District's total contribution for 2012, 2011 and 2010 were $54,852.68, $54,288.50 and $54,205.62, respectively. The District's total payroll for fiscal year 2011-12 amounted to $546,556.10.

5. Litigation

The District is contingently liable for lawsuits and other claims in the ordinary course of its operations. The settlement of such contingencies under the budgetary process would require appropriation of revenues yet to be realized, and would not materially affect the financial position of the District at June 30, 2012.

6. 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, including general and auto liability, property damage, and public officials liability. 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.

The District participates in the Oklahoma Public Schools Unemployment Compensation Account under the sponsorship of the Oklahoma State School Boards Association and the cooperative council for Oklahoma School Administration. The account was established to let school districts self-insure unemployment benefits for school employees. The funds are held in the name of each school district as reserves to pay unemployment claims. Each school district is individually liable for that portion of the benefits paid from the fund attributable to wages paid by the school district in the same manner as if no group account had been established. The reserve funds may be withdrawn from the account upon request of the school district. At June 30, 2012, the Ravia School District had reserves on deposit with the Oklahoma Public Schools Unemployment Compensation Accounting totaling $4,322.06. This amount has not been included in the District's balance sheet at June 30, 2012.

7. Surety Bonds

The superintendent is bonded by RLI Insurance Company, bond number LSM0198569, for the penal sum of $100,000.00 for the term of July 1, 2011, to June 30, 2012.

The treasurer is bonded by American States Insurance Company, bond number EX 854915, for the penal sum of $50,000 for the term of July 1, 2011, to June 30, 2012.

The minute clerk/encumbrance clerk/activity fund custodian is bonded by RLI Insurance Company, bond number LSM0198572, for the penal sum of $100,000.00 for the term of July 1, 2011, to June 30, 2012.

COMBINING FINANCIAL STATEMENTS

RAVIA SCHOOL DISTRICT NO. C-10
COMBINING STATEMENT OF ASSETS, LIABILITIES AND FUND BALANCES
ALL SPECIAL REVENUE FUNDS - REGULATORY BASIS
JUNE 30, 2012

	Building Fund	Child Nutrition Fund	Total June 30, 2012
ASSETS:			
Cash	$ 23,901.03	$ 17,795.21	$ 41,696.24
Investments	-	-	-
Total assets	$ 23,901.03	$ 17,795.21	$ 41,696.24
LIABILITIES AND FUND BALANCES:			
Liabilities:			
Outstanding warrants	$ 968.22	$ 3,512.24	$ 4,480.46
Encumbrances	-	-	-
Total liabilities	$ 968.22	$ 3,512.24	$ 4,480.46
Fund balances:			
Cash fund balances	$ 22,932.81	$ 14,282.97	$ 37,215.78
Total fund balances	$ 22,932.81	$ 14,282.97	$ 37,215.78
Total liabilities and fund balances	$ 23,901.03	$ 17,795.21	$ 41,696.24

RAVIA SCHOOL DISTRICT NO. C-10
COMBINING STATEMENT OF REVENUES COLLECTED, EXPENDITURES PAID AND CHANGES IN FUND BALANCES
ALL SPECIAL REVENUE FUNDS - REGULATORY BASIS
FOR THE YEAR ENDED JUNE 30, 2012

	Building Fund	Child Nutrition Fund	Total June 30, 2012
Revenues collected:			
Local sources	$ 28,949.34	$ 1,855.21	$ 30,804.55
Intermediate sources	-	-	-
State sources	2,276.28	11,923.90	14,200.18
Federal sources	-	57,614.42	57,614.42
Total revenue collected	$ 31,225.62	$ 71,393.53	$ 102,619.15
Expenditures paid:			
Instruction	$ -	$ -	$ -
Support services	36,152.48	-	36,152.48
Non-instructional services	-	72,420.79	72,420.79
Capital outlay	-	-	-
Other outlays	-	-	-
Other uses	-	-	-
Repayments	-	-	-
Total expenditures paid	$ 36,152.48	$ 72,420.79	$ 108,573.27
Excess of revenues collected over (under) expenses paid before adjustments to prior year encumbrances	$ (4,926.86)	$ (1,027.26)	$ (5,954.12)
Adjustments to prior year encumbrances	$ -	$ -	$ -
Other financing sources (uses):			
Operating transfers in/(out)	$ -	$ -	$ -
Bank charges	-	-	-
Total other financing sources (uses)	$ -	$ -	$ -
Excess of revenues and other sources over (under) expenditures and other uses	$ (4,926.86)	$ (1,027.26)	$ (5,954.12)
Fund balances, beginning of year	$ 27,859.67	$ 15,310.23	$ 43,169.90
Fund balances, end of year	$ 22,932.81	$ 14,282.97	$ 37,215.78

RAVIA SCHOOL DISTRICT NO. C-10
COMBINING STATEMENT OF ASSETS, LIABILITIES AND FUND BALANCES
CAPITAL PROJECT FUND - REGULATORY BASIS
JUNE 30, 2012

		Bond Fund
ASSETS		
Assets:		
Cash	$	8,433.00
Investments		-
Total assets	$	8,433.00
LIABILITIES AND FUND BALANCES		
Liabilities:		
Outstanding warrants	$	-
Encumbrances		-
Total liabilities	$	-
Fund balances		
Designated for capital projects	$	8,433.00
Undesignated		-
Total fund balances	$	8,433.00
Total liabilities and fund balances	$	8,433.00

RAVIA SCHOOL DISTRICT NO. C-10
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
CAPITAL PROJECT FUND - REGULATORY BASIS
FOR THE YEAR ENDED JUNE 30, 2012

	Bond Fund
Revenues collected:	
Local sources	$ -
Intermediate sources	-
State sources	-
Federal sources	-
Total revenues collected	$ -
Expenditures paid:	
Instruction	$ -
Support services	-
Non-instructional services	-
Capital outlays	81,567.00
Other outlays	-
Other uses	-
Repayments	-
Debt service:	
Principal retirement	-
Interest	-
Total expenditures paid	$ 81,567.00
Excess of revenues collected over (under) expenditures	$ (81,567.00)
Adjustments to prior year encumbrances	$ -
Other financing sources (uses):	
Bond sale proceeds	$ -
Operating transfers in/(out)	-
Bank charges	-
Total other financing sources (uses)	$ -
Excess revenues and other sources over (under) expenditures and other uses	$ (81,567.00)
Fund balance, beginning of year	$ 90,000.00
Fund balance, end of year	$ 8,433.00

RAVIA SCHOOL DISTRICT NO. C-10
COMBINING STATEMENT OF ASSETS, LIABILITIES AND FUND BALANCES
FIDUCIARY FUND - REGULATORY BASIS
JUNE 30, 2012

	Agency Fund
	Activity Fund
ASSETS:	
Cash	$ 14,497.71
Investments	-
Total assets	$ 14,497.71
LIABILITIES AND FUND BALANCES:	
Liabilities:	
Outstanding warrants	$ -
Encumbrances	-
Total liabilities	$ -
Fund balances:	
Cash fund balances	$ 14,497.71
Total fund balances	$ 14,497.71
Total liabilities and fund balances	$ 14,497.71

SUPPLEMENTAL INFORMATION

RAVIA SCHOOL DISTRICT NO. C-10
BUDGETARY COMPARISON SCHEDULE - REGULATORY BASIS
SPECIAL REVENUE FUND
FOR THE YEAR ENDED JUNE 30, 2012

	BUILDING FUND			
	Original Budget	Final Budget	Actual	Variance with Final Budget Favorable (Unfavorable)
Revenues collected:				
Local sources	$ 22,788.19	$ 22,788.19	$ 28,949.34	$ 6,161.15
Intermediate sources	-	-	-	-
State sources	-	-	2,276.28	2,276.28
Federal sources	-	-	-	-
Total revenues collected	$ 22,788.19	$ 22,788.19	$ 31,225.62	$ 8,437.43
Expenditures paid:				
Instruction	$ -	$ -	$ -	$ -
Support services	50,647.86	50,647.86	36,152.48	14,495.38
Non-instructional services	-	-	-	-
Capital outlay	-	-	-	-
Other Outlays	-	-	-	-
Other Uses	-	-	-	-
Repayment	-	-	-	-
Total expenditures	$ 50,647.86	$ 50,647.86	$ 36,152.48	$ 14,495.38
Excess of revenues collected over (under) expenses paid before adjustments to prior year encumbrances	$ (27,859.67)	$ (27,859.67)	$ (4,926.86)	$ 22,932.81
Adjustments to prior year encumbrances	$ -	$ -	$ -	$ -
Other financing sources (uses):				
Operating transfers in/out	$ -	$ -	$ -	$ -
Bank charges	-	-	-	-
Total other financing sources (uses)	$ -	$ -	$ -	$ -
Excess (definiency) of revenue collected over (under) expenditures paid and other financing sources (uses)	$ (27,859.67)	$ (27,859.67)	$ (4,926.86)	$ 22,932.81
Fund balance, beginning of year	$ 27,859.67	$ 27,859.67	$ 27,859.67	$ -
Fund balance, end of year	$ -	$ -	$ 22,932.81	$ 22,932.81

RAVIA SCHOOL DISTRICT NO. C-10
BUDGETARY COMPARISON SCHEDULE - REGULATORY BASIS
SPECIAL REVENUE FUND
FOR THE YEAR ENDED JUNE 30, 2012

	CHILD NUTRITION FUND			
	Original Budget	Final Budget	Actual	Variance with Final Budget Favorable (Unfavorable)
Revenues collected:				
Local sources	$ 2,193.57	$ 2,193.57	$ 1,855.21	$ (338.36)
Intermediate sources	-	-	-	-
State sources	10,829.78	10,829.78	11,923.90	1,094.12
Federal sources	51,202.48	51,202.48	57,614.42	6,411.94
Total revenues collected	$ 64,225.83	$ 64,225.83	$ 71,393.53	$ 7,167.70
Expenditures paid:				
Instruction	$ -	$ -	$ -	$ -
Support services	-	-	-	-
Non-instructional services	79,536.06	79,536.06	72,420.79	7,115.27
Capital outlay	-	-	-	-
Other Outlays	-	-	-	-
Other Uses	-	-	-	-
Repayment	-	-	-	-
Total expenditures	$ 79,536.06	$ 79,536.06	$ 72,420.79	$ 7,115.27
Excess of revenues collected over (under) expenses paid before adjustments to prior year encumbrances	$ (15,310.23)	$ (15,310.23)	$ (1,027.26)	$ 14,282.97
Adjustments to prior year encumbrances	$ -	$ -	$ -	$ -
Other financing sources (uses):				
Operating transfers in/out	$ -	$ -	$ -	$ -
Bank charges	-	-	-	-
Total other financing sources (uses)	$ -	$ -	$ -	$ -
Excess (definiency) of revenue collected over (under) expenditures paid and other financing sources (uses)	$ (15,310.23)	$ (15,310.23)	$ (1,027.26)	$ 14,282.97
Fund balance, beginning of year	$ 15,310.23	$ 15,310.23	$ 15,310.23	$ -
Fund balance, end of year	$ -	$ -	$ 14,282.97	$ 14,282.97

RAVIA SCHOOL DISTRICT NO. C-10
SCHEDULE OF FEDERAL AWARDS EXPENDED
FOR THE YEAR ENDED JUNE 30, 2012

Federal Grantor/Pass-Through Grantor/ Program Title	Federal CFDA #	Grantor's Number	Balance at July 1, 2011	Receipts	Expenditures	Balance at June 30, 2012
U.S. Department of Education						
Direct Programs:			-			
2010-2011 Programs						
Small Rural Schools	84.358A	N/A	$ (5,776.34)	$ 5,776.34	$ -	$ -
Title VII, Indian Education	84.060A	N/A	(10,795.05)	10,795.05	-	-
Sub-Total			$ (16,571.39)	$ 16,571.39	$ -	$ -
2011-2012 Programs						
Title VIII, Impact Aid Operations	84.041	S041B124164	$ 119,092.56	$ 40,819.18	$ -	$ 159,911.74
Small Rural Schools	84.358A	S358A113340	-	8,830.00	8,830.00	-
Title VII, Indian Education	84.060A	S060A112357	-	15,480.00	15,480.00	-
Sub-Total			$ 119,092.56	$ 65,129.18	$ 24,310.00	$ 159,911.74
Passed-Through State Department of Education						
2010-2011 Programs						
Title I	84.010	N/A	$ (7,325.94)	$ 7,325.94	$ -	$ -
ARRA-Title I	84.389	N/A	(2,027.10)	2,027.10	-	-
ARRA IDEA-B Flow Through	84.391A	N/A	(143.63)	143.63	-	-
IDEA-B Flow Through	84.027	N/A	(4,240.28)	4,240.28	-	-
Title II, Part A Training & Recruiting Fund	84.367	N/A	(4,842.92)	4,842.92	-	-
Sub-Total			$ (18,579.87)	$ 18,579.87	$ -	$ -
2011-2012 Programs						
Title I, Basic	84.010	N/A	$ -	$ 36,898.42	$ 44,278.08	$ (7,379.66)
IDEA-B Flow Through	84.027	N/A	-	25,326.40	25,326.40	-
Title II, Part A Training & Recruiting Fund	84.367	N/A	-	10,144.98	10,144.98	-
Preschool	84.173	N/A	-	733.82	733.82	-
Education Jobs Fund	84.410	N/A	-	21,059.44	21,059.44	-
Sub-Total			$ -	$ 94,163.06	$ 101,542.72	$ (7,379.66)

(continued)

The accompanying notes are an integral part of this schedule

RAVIA SCHOOL DISTRICT NO. C-10
SCHEDULE OF FEDERAL AWARDS EXPENDED
FOR THE YEAR ENDED JUNE 30, 2012

Federal Grantor/Pass-Through Grantor/ Program Title	Federal CFDA #	Grantor's Number	Balance at July 1, 2011	Receipts	Expenditures	Balance at June 30, 2012
U. S. Department of Agriculture						
Passed-Through State Department of Education:						
Child Nutrition Cluster:						
Non-Cash Assistance (Commodities):						
National School Lunch Program	10.555	N/A	$ -	$ 2,869.26	$ 2,869.26	$ -
Non-Cash Assistance Sub-Total			$ -	$ 2,869.26	$ 2,869.26	$ -
Cash Assistance:						
School Breakfast Program	10.553	N/A	$ -	$ 21,886.38	$ 21,886.38	$ -
National School Lunch Program	10.555	N/A	-	35,728.04	35,728.04	-
Cash Assistance Sub- Total			$ -	$ 57,614.42	$ 57,614.42	$ -
Sub- Total for Child Nutrition Cluster			$ -	$ 60,483.68	$ 60,483.68	$ -
Other Federal Assistance						
2010-2011 Programs						
Johnson O'Malley	15.130	N/A	$ (1,168.53)	$ 1,168.53	$ -	$ -
Sub-Total			$ (1,168.53)	$ 1,168.53	$ -	$ -
2011-2012 Programs						
Johnson O'Malley	15.130	N/A	$ -	$ -	$ 1,126.21	$ (1,126.21)
Sub-Total			$ -	$ -	$ 1,126.21	$ (1,126.21)
TOTAL FEDERAL ASSISTANCE			$ 82,772.77	$ 256,095.71	$ 187,462.61	$ 151,405.87

The accompanying notes are an integral part of this schedule

RAVIA SCHOOL DISTRICT NO. C-10
JOHNSTON COUNTY, OKLAHOMA
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2012

1. For all federal programs, the District uses the fund types prescribed by the Oklahoma State Department of Education and conforms to the system of accounting authorized by the State of Oklahoma. General, Building, and Child Nutrition Funds are used to account for resources restricted, or designated for, specific purposes by a grantor. Federal and state financial assistance generally is accounted for in the General, Building, and Child Nutrition Fund.

2. The accounting and financial reporting treatment applied to a fund is determined by its' measurement focus. The Governmental Fund types are accounted for using a current financial measurement focus. All federal grant funds were accounted for in the General and Child Nutrition 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 Regulatory Basis of Accounting is used for the Governmental Fund types and Agency funds. This basis of accounting recognizes revenue from all sources when they are received. Federal grant funds are considered to be recognized when encumbered or reserved to the extent of expenditures made under the provisions of the grant.

3. Positive amounts listed in the either "Balance at July 1, 2011" or "Balance at June 30, 2012" column represent funds received by the school and not yet expended or coded to the program. Negative amounts represent expenditures which have been claimed, but the revenue not yet collected.

4. The District received donated foods through the Federal Food Distribution Program (10.555). At June 30, 2012, the school maintained an immaterial amount of food commodities inventory. Per the Regulatory Basis of Accounting, the commodities received and used are not recognized as revenue or expenditures in the school's Financial Statements.

5. Reconciliation of the Revenue shown on the *Schedule of Expenditures of Federal Awards* to Statement of Revenue, Expenditures and Changes in Fund Balance is as follows:

		Revenue
Schedule of Expenditures of Federal Awards	$	256,095.71
Less Commodities		(2,869.26)
Total per Schedule of Expenditures of Federal Awards		
Reconciled Balance	$	253,226.45
Federal Program Revenues:		
General Fund	$	195,612.03
Child Nutrition		57,614.42
Total per Federal Statement of Revenue, Expenditures,		
And Changes in Fund Balance	$	253,226.45

RAVIA SCHOOL DISTRICT NO. C-10
SCHOOL ACTIVITY FUND
RECEIPTS, TRANSFERS, DISBURSEMENTS AND SUB-ACCOUNT BALANCES
FOR THE YEAR ENDED JUNE 30, 2012

Activities	Balance 7-1-11	Deposited	Net Transfers/ Adjustments	Disbursed	Balance 6-30-12
Athletics	$ 907.32	$ 2,509.00	$ -	$ 1,804.11	$ 1,612.21
Concession	1,219.92	836.30	-	812.37	1,243.85
4-H	267.27	-	-	-	267.27
Miscellaneous	8,926.68	7,067.75	0.10	5,998.62	9,995.91
Cheerleader	382.61	-	-	-	382.61
Student Council	455.86	1,080.00	-	540.00	995.86
Total Activities	$ 12,159.66	$ 11,493.05	$ 0.10	$ 9,155.10	$ 14,497.71

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
Ravia School District No. C-10
Ravia, Johnston County, Oklahoma

I have audited the accompanying fund type and account group financial statements-regulatory basis within the combined financial statements of the Ravia School District No.C-10, Ravia, Johnston County Oklahoma (District), as of and for the year ended June 30, 2012, and have issued our report thereon dated March 29, 2013, which was adverse with respect to the presentation of the financial statements in conformity with accounting principles generally accepted in the United States because the presentation followed the regulatory basis of accounting for Oklahoma school districts and did not conform to the presentation requirements of the Governmental Accounting Standards Board. However, my report was qualified for the omission of the general fixed asset account group with respect to the presentation of financial statements on the regulatory basis of accounting authorized by the Oklahoma State Board of Education. I conducted my audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control over Financial Reporting

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

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

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Ravia School District's combined 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*.

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

Kerry John Patten, C.P.A.
March 29, 2013

RAVIA SCHOOL DISTRICT NO. C-10
JOHNSTON COUNTY, OKLAHOMA
SUMMARY OF PRIOR AUDIT FINDINGS
JULY 1, 2011 TO JUNE 30, 2012

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

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

RAVIA SCHOOL DISTRICT NO. C-10
JOHNSTON COUNTY, OKLAHOMA
SCHEDULE OF COMMENTS
JULY 1, 2011 TO JUNE 30, 2012

Based on my tests of accounting records and related procedures, I found nothing to indicate that Ravia School District No. C-10 had not complied with significant compliance rules and regulations of the Oklahoma State Department of Education.

Previous Year's Audit Comments

There are no items in the School's 2010-11 audit report which have been repeated in this report.

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

RAVIA SCHOOL DISTRICT NO. C-10
JOHNSTON COUNTY, OKLAHOMA
SCHEDULE OF ACCOUNTANT'S PROFESSIONAL LIABILITY INSURANCE AFFIDAVIT
JULY 1, 2011 TO JUNE 30, 2012

State of Oklahoma)
County of Tulsa)

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

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

BY
AUTHORIZED AGENT

Subscribed and sworn to before me on this

29 day of March, 2013

Linda Kellel 05010870
NOTARY PUBLIC

My commission expires on:

30 day of Nov., 2013