

**FINANCIAL STATEMENTS – REGULATORY BASIS
AND REPORTS OF INDEPENDENT AUDITOR**

**INDEPENDENT SCHOOL DISTRICT NO. 2 OF
TULSA COUNTY, OKLAHOMA**

JUNE 30, 2013

Audited by

**SANDERS, BLEDSOE & HEWETT
CERTIFIED PUBLIC ACCOUNTANTS, LLP**

BROKEN ARROW, OK

INDEPENDENT SCHOOL DISTRICT NO. 2 OF TULSA COUNTY
SCHOOL DISTRICT OFFICIALS
JUNE 30, 2013

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INDEPENDENT SCHOOL DISTRICT NO. 2 OF TULSA COUNTY
JUNE 30, 2013

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JUNE 30, 2013

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INDEPENDENT AUDITOR'S REPORT

December 19, 2013

The Honorable Board of Education
Sand Springs School District Number I-2
Sand Springs, Tulsa County, Oklahoma

Report on the Financial Statements

We have audited the accompanying combined fund type and account group financial statements – regulatory basis of the Sand Springs School District Number I-2, Sand Springs, Tulsa County, Oklahoma (the District), as of and for the year ended June 30, 2013, as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with financial reporting provisions of the Oklahoma State Department of Education. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles

As discussed in Note 1, the financial statements are prepared by the District, on the basis of the financial reporting provisions of the Oklahoma State Department of Education, which is a basis of accounting other than accounting principles generally accepted in the United States of America, to comply with the requirements of the Oklahoma State Department of Education. The effects on the financial statements of the variances between the regulatory basis of accounting described in Note 1 and accounting principles generally accepted in the United States of America, although not reasonable determined, are presumed to be material.

Adverse Opinion on U.S. Generally Accepted Accounting Principles

In our opinion, because the significance of the matter discussed in the “Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles” paragraph, the financial statements referred to in the first paragraph do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of the District as of June 30, 2013, the changes in its financial position, or, where applicable, its cash flows for the year then ended.

Basis for Qualified Opinion on Regulatory Basis of Accounting

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.

Qualified Opinion on Regulatory Basis of Accounting

In our opinion, except for the effects of the matter described in the “Basis for Qualified Opinion on Regulatory Basis of Accounting” Paragraph, the financial statements referred to in the first paragraph present fairly, in all material respects, the assets, liabilities and fund balance arising from regulatory basis transactions of each fund type and account group of the District, as of June 30, 2013, and the revenues collected and expenditures paid and encumbered for the year then ended on the regulatory basis of accounting described in Note 1.

Other Matters

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District’s basic financial statements. The combining statements – regulatory basis, are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is also not a required part of the basic financial statements.

The combining statements – regulatory basis and the schedule of expenditures of federal awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combined statements – regulatory basis and the schedule of expenditures of federal awards are fairly stated in all material respects in relation to the basic financial statements as a whole.

Other Reporting required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 19, 2013 on our 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 to other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District’s internal control over financial reporting and compliance.



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

December 19, 2013

The Honorable Board of Education
Sand Springs School District Number I-2
Sand Springs, Tulsa County, Oklahoma

We have audited in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the accompanying fund type and account group financial statements – regulatory basis within the combined financial statements of the Sand Springs School District Number I-2, Sand Springs, Tulsa County, Oklahoma (District), as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the District's financial statements, and have issued our report thereon dated December 19, 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, our 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.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

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

Purpose of this Report

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



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**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON
INTERNAL CONTROL OVER COMPLIANCE REQUIRED
BY OMB CIRCULAR A-133**

December 19, 2013

The Honorable Board of Education
Sand Springs School District Number I-2
Sand Springs, Tulsa County, Oklahoma

Report on Compliance for Each Major Federal Program

We have audited Sand Springs School District Number I-2, Sand Springs, Tulsa County, Oklahoma (District)'s, compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of the District's major federal programs for the year ended June 30, 2013. The District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the District's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our 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 require that we 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 we considered necessary in the circumstances.

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

Opinion on Each Major Federal Program

In our opinion, the District, complied, in all material respects with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2013.

Report on Internal Control Over Compliance

Management of the District, is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the District's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the District's internal control over compliance.

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

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

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



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**INDEPENDENT SCHOOL DISTRICT NO. 2 OF TULSA COUNTY
DISPOSITION OF PRIOR YEAR'S SIGNIFICANT DEFICIENCIES AND
MATERIAL INSTANCES OF NON-COMPLIANCE
JUNE 30, 2013**

There were no prior year significant deficiencies or material instances of non-compliance.

INDEPENDENT SCHOOL DISTRICT NO. 2 OF TULSA COUNTY
SCHEDULE OF AUDIT RESULTS, FINDINGS AND QUESTIONED COSTS
JUNE 30, 2013

Section 1 – Summary of Auditor’s Results

1. A qualified opinion was issued on the financial statements with respect to the regulatory basis of accounting prescribed.
2. The audit disclosed no significant deficiencies in the internal controls over financial reporting.
3. The audit disclosed no instances of noncompliance which were material to the financial statements.
4. The audit disclosed no significant deficiencies in the internal controls over major programs.
5. An unqualified opinion report was issued on the compliance of major programs.
6. The audit disclosed no audit findings which is required to be reported under OMB Circular A-133 § 510(a).
7. Programs determined to be major were the Title I Programs (84.010) and the Child Nutrition Programs (10.555, 10.553, 10.559), which were clustered in determination.
8. The dollar threshold used to determine between Type A and Type B programs was \$300,000.
9. The auditee was determined not to be a low-risk auditee.

Section 2 – Findings relating to the financial statements required to be reported in accordance with GAGAS

None

Section 3 – Findings and questioned costs for federal awards

None

COMBINED FINANCIAL STATEMENTS – REGULATORY BASIS

INDEPENDENT SCHOOL DISTRICT NO. 2 OF TULSA COUNTY
 COMBINED STATEMENT OF ASSETS, LIABILITIES AND FUND EQUITY -
 ALL FUND TYPES AND ACCOUNT GROUPS - REGULATORY BASIS
 JUNE 30, 2013

	GOVERNMENTAL FUND TYPES				FIDUCIARY FUND TYPES EXPENDABLE TRUSTS AND AGENCY FUNDS	ACCOUNT GROUP GENERAL LONG-TERM DEBT	TOTALS (MEMORANDUM ONLY)
	GENERAL	SPECIAL REVENUE	DEBT SERVICE	CAPITAL PROJECTS			
<u>ASSETS</u>							
Cash	\$ 2,637,775	1,375,250	817,792	6,336,183	454,752		11,627,436
Investments	8,020,446	2,900,000	2,000,000	3,500,000	575,000	159,049	16,995,446
Amount available in debt service							
Amount to be provided for retirement of long-term debt							159,049
Total Assets	<u>\$ 10,658,221</u>	<u>4,275,250</u>	<u>2,817,792</u>	<u>9,836,183</u>	<u>1,029,752</u>	<u>16,815,951</u>	<u>16,815,951</u>
<u>LIABILITIES AND FUND EQUITY</u>							
Liabilities	\$ 3,784,742	178,708		21,072	451		3,984,973
Warrants payable	454,126	25,788		2,626,969			3,106,883
Encumbrances			2,658,743		893,898		2,658,743
Unmatured obligations							893,898
Funds held for school organizations							
Long-term debt:							
Capital leases						100,000	100,000
Bonds payable						16,875,000	16,875,000
Total liabilities	<u>4,238,868</u>	<u>204,496</u>	<u>2,658,743</u>	<u>2,648,041</u>	<u>894,349</u>	<u>16,975,000</u>	<u>27,619,497</u>
Fund Equity							
Retained earnings unreserved							5,684
Cash fund balances	6,419,353	4,070,754	159,049	7,188,142	135,403		17,972,701
Total fund equity	<u>6,419,353</u>	<u>4,070,754</u>	<u>159,049</u>	<u>7,188,142</u>	<u>135,403</u>	<u>0</u>	<u>17,978,385</u>
Total Liabilities and Fund Equity	<u>\$ 10,658,221</u>	<u>4,275,250</u>	<u>2,817,792</u>	<u>9,836,183</u>	<u>1,029,752</u>	<u>16,975,000</u>	<u>45,597,882</u>

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

INDEPENDENT SCHOOL DISTRICT NO. 2 OF TULSA COUNTY
 COMBINED STATEMENT OF REVENUES COLLECTED, EXPENDITURES AND CHANGES IN CASH FUND BALANCES
 ALL GOVERNMENTAL FUND TYPES AND EXPENDABLE TRUSTS - REGULATORY BASIS
 FOR THE YEAR ENDED JUNE 30, 2013

	GOVERNMENTAL FUND TYPES					FIDUCIARY FUND TYPES		TOTALS (MEMORANDUM ONLY)
	GENERAL	SPECIAL REVENUE	DEBT SERVICE	CAPITAL PROJECTS	PROPRIETARY FUND	EXPENDABLE TRUST FUNDS		
Revenues Collected:								
Local sources	\$ 5,908,054	1,805,546	4,686,240	2,897	12,514	67,975	12,483,226	
Intermediate sources	1,300,875						1,300,875	
State sources	21,889,507	310,557					22,200,064	
Federal sources	2,392,812	1,205,699					3,598,511	
Interest earnings	92,011	106,262	1,221		4	564	200,062	
Non-revenue receipts	102,916	49,031	1,000				152,947	
Total revenues collected	<u>31,686,175</u>	<u>3,477,095</u>	<u>4,688,461</u>	<u>2,897</u>	<u>12,518</u>	<u>68,539</u>	<u>39,935,685</u>	
Expenditures:								
Instruction	19,933,519	120,325		958,885		33,454	21,046,183	
Support services	12,061,147	394,722		210,135		6,622	12,672,626	
Operation of non-instructional services	2,153	2,151,703					2,153,856	
Facilities acquisition and construction services	50	156,554		2,963,455		3,819	3,123,878	
Other outlays:								
Correcting Entry	15,188	18,322					33,510	
Reimbursements		183				11,640	11,823	
Repayments	500						500	
Debt service requirements			4,747,500				4,747,500	
Other uses		37			11,403		11,440	
Total expenditures	<u>32,012,557</u>	<u>2,841,846</u>	<u>4,747,500</u>	<u>4,132,475</u>	<u>11,403</u>	<u>55,535</u>	<u>43,801,316</u>	
Excess of revenues collected over (under) expenditures before other financing sources (uses)	(326,382)	635,249	(59,039)	(4,129,578)	1,115	13,004	(3,865,631)	

INDEPENDENT SCHOOL DISTRICT NO. 2 OF TULSA COUNTY
 COMBINED STATEMENT OF REVENUES COLLECTED, EXPENDITURES AND CHANGES IN CASH FUND BALANCES
 - ALL GOVERNMENTAL FUND TYPES AND EXPENDABLE TRUSTS - REGULATORY BASIS
 FOR THE YEAR ENDED JUNE 30, 2013

	GOVERNMENTAL FUND TYPES					FIDUCIARY FUND TYPES		TOTALS (MEMORANDUM ONLY)
	GENERAL	SPECIAL REVENUE	DEBT SERVICE	CAPITAL PROJECTS	PROPRIETARY FUND	EXPENDABLE TRUST FUNDS		
Other financing sources (uses)								
Adjustments to prior year encumbrances	197,883	22,161		89,299		376	309,719	
Proceeds from sale of bonds				4,495,000			4,495,000	
Total financing sources (uses)	<u>197,883</u>	<u>22,161</u>	<u>0</u>	<u>4,584,299</u>	<u>0</u>	<u>376</u>	<u>4,804,719</u>	
Excess of revenues collected and other financing sources over (under) expenditures and other financing (uses)	(128,499)	657,410	(59,039)	454,721	1,115	13,380	939,088	
Cash fund balances, beginning of year	<u>6,547,852</u>	<u>3,413,344</u>	<u>218,088</u>	<u>6,733,421</u>	<u>4,569</u>	<u>122,023</u>	<u>17,039,297</u>	
Cash fund balances, end of year	<u>\$ 6,419,353</u>	<u>4,070,754</u>	<u>159,049</u>	<u>7,188,142</u>	<u>5,684</u>	<u>135,403</u>	<u>17,978,385</u>	

INDEPENDENT SCHOOL DISTRICT NO. 2 OF TULSA COUNTY
 COMBINED STATEMENT OF REVENUES COLLECTED, EXPENDITURES AND
 CHANGES IN CASH FUND BALANCES - BUDGETED GOVERNMENTAL FUND TYPES - REGULATORY BASIS
 FOR THE YEAR ENDED JUNE 30, 2013

	GENERAL FUND			
	Original Budget	Amended Budget	Actual	Variance Favorable (Unfavorable)
Revenues Collected:				
Local sources	\$ 5,711,000	5,776,000	5,908,054	132,054
Intermediate sources	1,175,000	1,205,367	1,300,875	95,508
State sources	21,103,000	21,641,691	21,889,507	247,816
Federal sources	2,231,000	2,588,275	2,392,812	(195,463)
Interest earnings	80,000	80,000	92,011	12,011
Non-revenue receipts		8,667	102,916	94,249
Total revenues collected	<u>30,300,000</u>	<u>31,300,000</u>	<u>31,686,175</u>	<u>386,175</u>
Expenditures:				
Instruction	19,986,000	20,034,000	19,933,519	100,481
Support services	12,099,000	12,751,000	12,061,147	689,853
Operation of non-instructional services			2,153	(2,153)
Facilities acquisition & construction services			50	(50)
Other outlays:				
Correcting entry			15,188	(15,188)
Repayments			500	(500)
Other uses	315,000	315,000		315,000
Total expenditures	<u>32,400,000</u>	<u>33,100,000</u>	<u>32,012,557</u>	<u>1,087,443</u>
Excess of revenues collected over (under) expenditures before adjustments to prior year encumbrances	(2,100,000)	(1,800,000)	(326,382)	1,473,618
Adjustments to prior year encumbrances	<u>0</u>	<u>0</u>	<u>197,883</u>	<u>197,883</u>
Excess of revenues collected over (under) expenditures	(2,100,000)	(1,800,000)	(128,499)	1,671,501
Cash fund balance, beginning of year	<u>6,200,000</u>	<u>6,547,852</u>	<u>6,547,852</u>	<u>0</u>
Cash fund balance, end of year	<u>\$ 4,100,000</u>	<u>4,747,852</u>	<u>6,419,353</u>	<u>1,671,501</u>

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

INDEPENDENT SCHOOL DISTRICT NO. 2 OF TULSA COUNTY
 COMBINED STATEMENT OF REVENUES COLLECTED, EXPENDITURES AND
 CHANGES IN CASH FUND BALANCES - BUDGETED GOVERNMENTAL FUND TYPES - REGULATORY BASIS
 FOR THE YEAR ENDED JUNE 30, 2013

	SPECIAL REVENUE FUNDS			Variance Favorable (Unfavorable)
	Original Budget	Final Budget	Actual	
Revenues Collected:				
Local sources	\$ 1,536,000	1,536,000	1,805,546	269,546
State sources	338,000	312,860	310,557	(2,303)
Federal sources	1,135,000	1,148,648	1,205,699	57,051
Interest earnings	74,000	74,000	106,262	32,262
Non-revenue receipts			49,031	49,031
Total revenues collected	<u>3,083,000</u>	<u>3,071,508</u>	<u>3,477,095</u>	<u>405,587</u>
Expenditures:				
Instruction	150,000	160,000	120,325	39,675
Support services	611,000	611,000	394,722	216,278
Operation of non-instructional services	2,420,000	2,789,000	2,151,703	637,297
Facilities acquisition and construction services	389,000	389,000	156,554	232,446
Other outlays:				
Correcting Entry	1,000	1,000	18,322	(17,322)
Reimbursement	10,000	10,000	183	9,817
Other uses			37	(37)
Total expenditures	<u>3,581,000</u>	<u>3,960,000</u>	<u>2,841,846</u>	<u>1,118,154</u>
Excess of revenues collected over (under) expenditures before adjustments to prior year encumbrances	(498,000)	(888,492)	635,249	1,523,741
Adjustments to prior year encumbrances	<u>0</u>	<u>0</u>	<u>22,161</u>	<u>22,161</u>
Excess of revenues collected over (under) expenditures	(498,000)	(888,492)	657,410	1,545,902
Cash fund balances, beginning of year	<u>3,345,105</u>	<u>3,413,344</u>	<u>3,413,344</u>	<u>0</u>
Cash fund balances, end of year	<u>\$ 2,847,105</u>	<u>2,524,852</u>	<u>4,070,754</u>	<u>1,545,902</u>

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

INDEPENDENT SCHOOL DISTRICT NO. 2 OF TULSA COUNTY
 COMBINED STATEMENT OF REVENUES COLLECTED, EXPENDITURES AND
 CHANGES IN CASH FUND BALANCES - BUDGETED GOVERNMENTAL FUND TYPES - REGULATORY BASIS
 FOR THE YEAR ENDED JUNE 30, 2013

	DEBT SERVICE FUND		
	Original/Final Budget	Actual	Variance Favorable (Unfavorable)
Revenues Collected:			
Local sources	\$ 4,528,412	4,686,240	157,828
Interest earnings		1,221	1,221
Non-revenue receipts		1,000	1,000
Total revenues collected	<u>4,528,412</u>	<u>4,688,461</u>	<u>160,049</u>
Requirements:			
Bonds	4,514,000	4,514,000	
Coupons	233,500	233,500	
Total expenditures	<u>4,747,500</u>	<u>4,747,500</u>	<u>0</u>
Excess of revenue collected over (under) expenditures	(219,088)	(59,039)	160,049
Cash fund balance, beginning of year	<u>219,088</u>	<u>218,088</u>	<u>(1,000)</u>
Cash fund balance, end of year	<u>\$ 0</u>	<u>159,049</u>	<u>159,049</u>

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

INDEPENDENT SCHOOL DISTRICT NO. 2 OF TULSA COUNTY
 COMBINED STATEMENT OF REVENUES COLLECTED, EXPENDITURES AND CHANGES
 IN RETAINED EARNINGS - ALL PROPRIETARY FUND TYPES - REGULATORY BASIS
 JUNE 30, 2013

	<u>PROPRIETARY FUND TYPES</u>
Revenues Collected:	
Local sources	\$ 12,514
Interest earnings	4
Total revenues collected	<u>12,518</u>
Expenditures:	
Other uses	<u>11,403</u>
Excess of revenues collected over (under) expenditures	1,115
Retained earnings, beginning of period	<u>4,569</u>
Retained earnings, end of period	<u><u>\$ 5,684</u></u>

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

INDEPENDENT SCHOOL DISTRICT NO. 2 OF TULSA COUNTY
 COMBINED STATEMENT OF CASH FLOWS
 ALL PROPRIETARY FUND TYPES - REGULATORY BASIS
 JUNE 30, 2013

	PROPRIETARY FUND TYPES
Cash flows from operating activities:	
Net operating income (loss)	\$ 1,115
Net (decrease) in cash and cash equivalents	1,115
Cash and cash equivalents, beginning of period	4,569
Cash and cash equivalents, end of period	\$ 5,684

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

NOTES TO COMBINED FINANCIAL STATEMENTS – REGULATORY BASIS

INDEPENDENT SCHOOL DISTRICT NO. 2 OF TULSA COUNTY
NOTES TO THE COMBINED FINANCIAL STATEMENTS – REGULATORY BASIS
FOR THE YEAR ENDED JUNE 30, 2013

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The combined financial statements – regulatory basis of the District have been prepared in conformity with another 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 is 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.

INDEPENDENT SCHOOL DISTRICT NO. 2 OF TULSA COUNTY
NOTES TO THE COMBINED FINANCIAL STATEMENTS – REGULATORY BASIS
FOR THE YEAR ENDED JUNE 30, 2013

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – cont'd

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 three categories: Governmental, proprietary and fiduciary. Each category, in turn, is divided into separate “fund types.”

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 earmarked 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.

Special Revenue Funds – Special revenue funds include the District’s building, co-op and child nutrition funds.

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 school district property, for paying energy and utility costs, for purchasing telecommunications services, for paying fire and casualty insurance premiums for school facilities, for purchasing security systems, and for paying salaries of security personnel.

INDEPENDENT SCHOOL DISTRICT NO. 2 OF TULSA COUNTY
NOTES TO THE COMBINED FINANCIAL STATEMENTS – REGULATORY BASIS
FOR THE YEAR ENDED JUNE 30, 2013

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – cont'd

B. Fund Accounting - cont'd

Co-op Fund – The co-op fund is established when the boards of education of two or more school districts enter into cooperative agreements and maintain joint programs. The revenues necessary to operate a cooperative program can come from federal, state, or local sources, including the individual contributions of participating school districts. The expenditures for this fund would consist of those necessary to operate and maintain the joint programs.

Child Nutrition Fund - The child nutrition fund consists of monies derived from federal and state financial assistance and food sales. This fund is used to account for the various nutrition programs provided to students.

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 (including judgments) 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 Projects Funds – The capital projects 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.

Proprietary Fund Types

Proprietary funds are used to account for activities similar to those found in the private sector, where the determination of net income is necessary or useful to sound financial administration. Goods or services from such activities can be provided either to outside parties or to other departments or agencies primarily within the District.

Internal Service Fund – The Internal Service Fund is used to account for the operations of the workers' compensation self-insurance fund.

INDEPENDENT SCHOOL DISTRICT NO. 2 OF TULSA COUNTY
NOTES TO THE COMBINED FINANCIAL STATEMENTS – REGULATORY BASIS
FOR THE YEAR ENDED JUNE 30, 2013

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – cont'd

B. Fund Accounting – cont'd

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. The terms “non-expendable” 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 operation.

Expendable Trust Funds – Expendable trust funds include the gifts and endowments fund, medical insurance fund, workers compensation fund, sick leave liability fund and the arbitrage fund. The District maintained only the gifts and endowments fund during the 2012-2013 fiscal year.

Medical Insurance Fund – The medical insurance fund accounts for revenues and expenditures for all types of self-funded medical insurance coverage.

Workers Compensation Fund – The workers compensation fund accounts for revenues and expenditures for workers compensation claims. (See Internal Service Funds.)

Gifts and Endowments Fund – The gifts and endowments fund receives its assets by way of philanthropic foundations, individuals, or private organizations for which no repayment or special service to the contributor is expected. This fund is used to promote the general welfare of the District.

Agency Fund – The agency funds includes the medicaid fund and the school activity fund, which is used to account for monies collected principally through the fundraising efforts of 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

An account group is not a fund and consists of a self-balancing set of accounts used only to establish accounting control over long-term debt and fixed assets.

INDEPENDENT SCHOOL DISTRICT NO. 2 OF TULSA COUNTY
NOTES TO THE COMBINED FINANCIAL STATEMENTS – REGULATORY BASIS
FOR THE YEAR ENDED JUNE 30, 2013

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – cont'd

B. Fund Accounting – cont'd

General Long-Term Debt Account Group – This account group is established to account for all the 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. It is also used to account for other liabilities (judgments and lease purchases) which are to be paid from funds provided in future years.

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

Memorandum Only - Total Column

The total column on the combined financial statements – regulatory basis is captioned “memorandum only” to indicate that it is presented only to facilitate financial analysis. Data in this column does not present financial position or results of operations in conformity with generally accepted accounting principles. Neither is such data comparable to a consolidation. Interfund eliminations have not been made in the aggregation of this data.

C. Basis of Accounting

Basis of accounting refers to when revenues and expenditures are recognized in the accounts and reports in the combined financial statements – regulatory basis. Basis of accounting relates to the timing of the measurements made, regardless of the measurement focus applied.

All governmental and expendable trust funds are accounted for using the regulatory basis of accounting. Revenues are recognized when they are received rather than earned. Under the regulatory basis of accounting, expenditures are generally recognized when encumbered/reserved rather than at the time the related fund liability is incurred. These practices differ from generally accepted accounting principles. Significant differences are as follows:

The District does not maintain its accounts on the modified accrual basis of accounting under which revenues are recorded when susceptible to accrual, i.e., both measurable and available, and expenditures are recorded when the liability is incurred, if measurable. Revenues and expenditures are reported by the budget year until all encumbrances have been paid and unexpended appropriations are closed to the current year fund balance.

INDEPENDENT SCHOOL DISTRICT NO. 2 OF TULSA COUNTY
NOTES TO THE COMBINED FINANCIAL STATEMENTS – REGULATORY BASIS
FOR THE YEAR ENDED JUNE 30, 2013

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – cont'd

C. Basis of Accounting – cont'd

The general, building, and child nutrition funds record purchases of supplies as expenditures rather than as assets to be expensed when used.

Encumbrances are reported as liabilities. Under generally accepted accounting principles, open encumbrances for which goods or services have not been received are reported as reservations of fund balances, since the commitments will be honored through subsequent year's budget appropriations.

The District has not maintained a record of general fixed assets and, accordingly, a statement of general fixed assets, as required by generally accepted accounting principles, is not included in the combined financial statements – regulatory basis.

Vested or accumulated vacation leave that is expected to be liquidated with expendable available financial resources is not reported as an expenditure and a fund liability of the governmental fund that will pay it. In addition, the non-current portion of vested accumulated vacation is not recorded in the general long-term debt account group.

Capital leases are recorded as expenditures. Under generally accepted accounting principles, capital leases are normally capitalized as a fixed asset and recorded in the general long-term debt account group.

D. Budgets and Budgetary Accounting

The District has resolved to comply with the School District Budget Act to govern its budget procedures. The Act requires the District to approve a budget within the thirty-day period preceding the beginning of each fiscal year. A public hearing must be held on the proposed budget within forty-five (45) days preceding the beginning of the budget year to obtain comments, recommendations, or information from the general public. The adopted budget must be in effect no later than the first day of the fiscal year to which it applies. The budget must then be amended after the beginning of the fiscal year to include certain information regarding ad valorem valuation of the school district, debt information, and levy calculations.

Any taxpayer may file budget protests with the Oklahoma State Auditor's Office within fifteen (15) days after the budget is filed with the State Auditor's Office.

The budget may be amended to make supplemental appropriations as additional revenues are received.

INDEPENDENT SCHOOL DISTRICT NO. 2 OF TULSA COUNTY
NOTES TO THE COMBINED FINANCIAL STATEMENTS – REGULATORY BASIS
FOR THE YEAR ENDED JUNE 30, 2013

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – cont'd

D. Budgets and Budgetary Accounting – cont'd

The District prepares its budget in accordance with the Oklahoma School District Budget Act. The final budget amendment was on January 7, 2013.

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. Unencumbered appropriations lapse at the end of each fiscal year.

E. Assets, Liabilities and Fund Equity

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

Investments – The District is allowed to invest in direct obligations of the United States government and agencies; certificates of deposit of savings and loan associations, banks and trust companies; savings accounts or savings certificates of savings and loan associations, and trust companies; and warrants, bonds or judgments of the District. All investments are recorded at cost, which approximates market value.

Inventories – The value of consumable inventories at June 30, 2013, is not material to the combined financial statements and therefore not included in them.

Fixed Assets and Property, Plant and Equipment – The General Fixed Assets Account Group is not presented.

Warrants Payable – Warrants are issued to meet the obligations for goods and services provided to the District. The District recognizes a liability for the amount of outstanding warrants that have yet to be redeemed by the District's treasurer.

Encumbrances – Encumbrances represent commitments related to purchase orders, contracts, other commitments for expenditures or resources, and goods or services received by the District for which a warrant has not been issued. An expenditure is recorded and a liability is recognized for outstanding encumbrances at year end in accordance with the regulatory basis of accounting.

INDEPENDENT SCHOOL DISTRICT NO. 2 OF TULSA COUNTY
NOTES TO THE COMBINED FINANCIAL STATEMENTS – REGULATORY BASIS
FOR THE YEAR ENDED JUNE 30, 2013

1. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** – cont'd

E. Assets, Liabilities and Fund Equity – cont'd

Unmatured Obligations – The unmaturred obligations represent the total of all annual accruals for both principal and interest, based on the lengths of the bonds and/or judgments, less all principal and interest payments through the balance sheet date in accordance with the regulatory basis of accounting.

Funds Held for School Organizations – Funds held for school organizations represent the funds received or collected from students or other cocurricular and extracurricular activities conducted in the District, control over which is exercised by the board of education. These funds are credited to the account maintained for the benefit of each particular activity within the school activity fund.

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 orders, legal contracts, outstanding warrants and unmaturred obligations.

F. Revenue and Expenditures

Local Revenues – Revenue from local sources is the money generated from within the boundaries of the District and available to the District for its use. 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. These property taxes are distributed to the District's general, building and sinking funds based on the levies approved for each fund. The County Assessor, upon receipt of the certification of tax levies from the county excise board, extends the tax levies on the tax rolls 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 taxes is due prior to January 1. The second half is due prior to April 1.

INDEPENDENT SCHOOL DISTRICT NO. 2 OF TULSA COUNTY
NOTES TO THE COMBINED FINANCIAL STATEMENTS – REGULATORY BASIS
FOR THE YEAR ENDED JUNE 30, 2013

1. SUMMARY OF SIGNIFICANT ACCOUNTS POLICIES – cont'd

F. Revenue and Expenditures – cont'd

If the first payment is not made in a timely manner, 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.

Other local sources of revenues include tuition, fees, rentals, disposals, commissions and reimbursements.

Intermediate Revenues - Revenue from intermediate sources is the amount of money from funds collected by an intermediate administrative unit, or a political subdivision between the District and the state, and distributed to Districts in amounts that differ in proportion to those which were collected within such systems.

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

The aforementioned state revenues are apportioned to the District's general fund.

INDEPENDENT SCHOOL DISTRICT NO. 2 OF TULSA COUNTY
NOTES TO THE COMBINED FINANCIAL STATEMENTS – REGULATORY BASIS
FOR THE YEAR ENDED JUNE 30, 2013

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – cont'd

F. Revenue and Expenditures – cont'd

Federal Revenues – Federal revenues consist of revenues from the federal government in the form of operating grants or entitlements. An operating grant is a contribution to be used for a specific purpose, activity or facility. A grant may be received either directly from the federal government or indirectly as a passthrough from another government, such as the state.

An entitlement is the amount of payment to which the District is entitled pursuant to an allocation formula contained in applicable statutes.

The majority of the federal revenues received by the District are apportioned to the general fund. The District maintains a separate child nutrition fund and the federal revenues received for the child nutrition programs are apportioned there.

Interest Earnings – Represent compensation for the use of financial sources over a period of time.

Non-Revenue Receipts – Non-revenue receipts represent receipts deposited into a fund that are not new revenues to the District, but the return of assets.

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 cocurricular activities. It may also be provided through some other approved medium, such as television, radio, telephone and correspondence. Included here are the activities of teacher assistants 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 objectives of instruction, community services and enterprise programs, rather than as entities within themselves.

INDEPENDENT SCHOOL DISTRICT NO. 2 OF TULSA COUNTY
NOTES TO THE COMBINED FINANCIAL STATEMENTS – REGULATORY BASIS
FOR THE YEAR ENDED JUNE 30, 2013

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – cont'd

F. Revenue and Expenditures – cont'd

Operation of Non-Instructional Services Expenditures – Activities concerned with providing non-instructional services to students, staff or 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 improvements 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 overpayment, 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. All other interfund transfers are reported as operating transfers.

INDEPENDENT SCHOOL DISTRICT NO. 2 OF TULSA COUNTY
NOTES TO THE COMBINED FINANCIAL STATEMENTS – REGULATORY BASIS
FOR THE YEAR ENDED JUNE 30, 2013

2. CASH AND INVESTMENTS

The District's investment policies are governed by state statute. Permissible investments include direct obligations of the United States government and agencies; certificates of deposit of savings and loan associations, banks and trust companies; savings accounts or savings certificates of savings and loan associations, banks, and trust companies; and warrants, bonds or judgments of the District.

Cash – The District's bank balance of deposits and cash pools at June 30, 2013, was \$11,656,778. Custodial credit risk is the risk that in the event of a bank failure, the District's deposits may not be returned to it. State statutes require collateral for amounts in excess of federally insured amounts. The District's policy requires collateral equal to 110% of the deposit amount for all deposits not covered by F.D.I.C. insurance. The bank balance was completely covered by federal depository insurance and by collateral held by the District's third party agent in the District's name.

Investments – At June 30, 2013, the District's investments consisted certificates of deposits and of investment pools (sweep accounts) invested in money market funds with an approximate fair market value of \$16,995,446.

Interest rate risk – Interest rate risk is the risk that changes in interest rates will adversely affect the fair market value of an investment. Due to the required liquidity for those investments, these funds have no defined maturity dates. The District does not have a formal policy that limits investment maturities as a means of managing its exposure to fair value losses from increasing interest rates.

Credit risk – Investments – Credit risk is the risk that the issuer or other counterparty to and investment will not fulfill its obligations. Investments held by the District in investment pools (sweep accounts) are considered unclassified as to custodial credit risk because they are not evidenced by securities that exist in physical or book entry form. These investments are held with 1st Bank Oklahoma, Tulsa Federal Credit Union, Tulsa Teacher's Credit Union, BancFirst, IBC Bank, Sand Springs Community Federal Credit Union, Bank of Oklahoma and American Heritage Bank, and are rated AAA by Standard and Poor's. The District does not have a formal policy limiting its exposure arising from concentration of investments.

3. INTERFUND RECEIVABLES AND PAYABLES

There were no interfund receivables or payables at June 30, 2013.

INDEPENDENT SCHOOL DISTRICT NO. 2 OF TULSA COUNTY
 NOTES TO THE COMBINED FINANCIAL STATEMENTS – REGULATORY BASIS
 FOR THE YEAR ENDED JUNE 30, 2013

4. 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 of the date of issue.

General long-term debt of the District consists of building bonds payable, transportation bonds payable, judgements and capital leases. Debt service requirements for bonds and judgments are payable solely from the fund balance and the future revenues of the debt service fund.

The following is a summary of the long-term debt transactions of the District for the year ended June 30, 2013:

	Bonds Payable	Capital Leases	Total
Balance, July 1, 2012	\$ 16,820,000	300,000	17,120,000
Additions	4,495,000	0	4,495,000
Retirements	(4,440,000)	(200,000)	(4,640,000)
Balance, June 30, 2013	\$ 16,875,000	100,000	16,975,000

A brief description of the outstanding long-term debt at June 30, 2013, is set forth below:

<u>General Obligation Bonds</u>	<u>Amount Outstanding</u>
General Obligation Combined Purpose Bonds, Series 2010, original issue \$4,205,000, interest rate of 1.65% to 2.00%, due in, annual installments of \$1,050,000, final payment \$1,055,000, due 5-01-15	\$ 2,105,000
General Obligation Combined Purpose Bonds, Series 2011, original issue \$5,975,000, interest rate of 1.05% to 1.60%, due in an initial installment of \$1,475,000, annual installments of \$1,500,000, final payment of \$1,500,000 due 6-01-16	4,500,000

INDEPENDENT SCHOOL DISTRICT NO. 2 OF TULSA COUNTY
 NOTES TO THE COMBINED FINANCIAL STATEMENTS – REGULATORY BASIS
 FOR THE YEAR ENDED JUNE 30, 2013

4. GENERAL LONG-TERM DEBT – cont'd

<u>General Obligation Bonds</u>	<u>Amount Outstanding</u>
General Obligation Combined Purpose Bonds, Series 2012, original issue \$4,530,000, interest rate of .6% to 1.05%, due in an initial and annual installments of \$1,130,000, final payment of \$1,140,000 due 6-01-17	\$ 4,530,000
General Obligation Building Bonds, Series 2013, original issue \$4,495,000, interest rate of .5% to .85%, due in an initial and annual installments of \$1,120,000 final payment of \$1,125,000 due 6-01-18	4,495,000
General Obligation Combined Purpose Bonds, Series 2009, original issue \$4,245,000, interest rate of 2.2% to 2.05%, due in an initial and annual installments of \$1,000,000 final payment of \$1,245,000 due 5-01-14	1,245,000
<u>Capital Leases</u>	
District received funding with 2006 QZAB Bonds, in conjunction with a lease agreement with Zions First National Bank, for \$1,000,000, @ 2.22%, due in annual principal and interest installments of \$122,200. Payments are made to a trust account, when bonds become due, 1-29-14, the trust account will make actual bond payment of \$1,000,000.	<u>100,000</u>
Total	<u>\$ 16,975,000</u>

INDEPENDENT SCHOOL DISTRICT NO. 2 OF TULSA COUNTY
 NOTES TO THE COMBINED FINANCIAL STATEMENTS – REGULATORY BASIS
 FOR THE YEAR ENDED JUNE 30, 2013

4. GENERAL LONG-TERM DEBT – cont'd

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

Year Ending June 30	Principal	Interest	Total
2014	\$ 5,025,000	213,018	5,238,018
2015	4,805,000	119,305	4,924,305
2016	3,755,000	62,405	3,817,405
2017	2,265,000	24,870	2,289,870
2018	1,125,000	8,438	1,133,438
Total	<u>\$ 16,975,000</u>	<u>428,036</u>	<u>17,403,036</u>

Interest paid on general long-term debt during the 2012-13 fiscal year totaled \$281,134.

5. EMPLOYEE RETIREMENT SYSTEM

Description of Plan

The District participates in the state-administered Oklahoma Teachers' Retirement System, which is a cost sharing, multiple-employer defined benefit public employee retirement system (PERS), which is administered by the Board of Trustees of the Oklahoma Teachers' Retirement System (the "System"). The System provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Title 70 Section 17 of the Oklahoma Statutes establishes 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. That report may be obtained by writing to the Oklahoma Teachers' Retirement System, P.O. Box 53624, Oklahoma City, OK 73152, or by calling 405-521-2387.

INDEPENDENT SCHOOL DISTRICT NO. 2 OF TULSA COUNTY
NOTES TO THE COMBINED FINANCIAL STATEMENTS – REGULATORY BASIS
FOR THE YEAR ENDED JUNE 30, 2013

5. EMPLOYEE RETIREMENT SYSTEM – cont'd

Basis of Accounting

The System's financial statements are prepared using the cash basis of accounting, except for accruals of interest income. Plan member contributions are recognized in the period in which the contributions are made. Benefits and refunds are recognized when paid. The pension benefit obligation is a standardized disclosure measure of the present value of pension benefits. This pension valuation method reflects the present value of estimated pension benefits that will be paid in future years as a result of employee services performed to date and is adjusted for the effect of projected salary increases. There are no actuarial valuations performed on individual school districts. The System has an under-funded pension benefit obligation as determined as part of the latest actuarial valuation.

Funding Policy

The District, the State of Oklahoma, and the participating employee make contributions. The contribution rates for the District and its employees are established by and may be amended by Oklahoma Statutes. The rates are not actuarially determined. The rates are applied to the employee's earnings plus employer-paid fringe benefits. The required contribution for the participating members is 7.0% of compensation. Contributions received by the System from the State of Oklahoma are used to offset required employer contributions by the local school district. For the 2012-13 fiscal year, the District contributed 9.5% and the State of Oklahoma contributed the remaining amount during this year.

The District's contribution rate will increase annually until it reaches 18%, beginning July 1, 2010. The District is allowed by Oklahoma Teachers' Retirement System to make the required contributions on behalf of the participating members. In addition, the District is required to match the retirement paid on salaries that are funded with federal funds.

Annual Pension Cost

The District's total contributions for 2013, 2012 and 2011, were \$2,994,072, \$3,013,030, and \$3,031,434.

Ten year historical trend information is presented in the Teacher's Retirement System of Oklahoma Annual Report for the year ended June 30, 2013. This information is useful in assessing the pension plan's accumulation of sufficient assets to pay pension benefits as they become due.

INDEPENDENT SCHOOL DISTRICT NO. 2 OF TULSA COUNTY
NOTES TO THE COMBINED FINANCIAL STATEMENTS – REGULATORY BASIS
FOR THE YEAR ENDED JUNE 30, 2013

6. CONTINGENCIES

Federal Grants

Amounts received or receivable from grantor agencies are subject to audit and adjustments 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 to be immaterial.

Schedule of Expenditure of Federal Awards

The schedule shows the federal awards received and expended by the District during the 2012-13 fiscal year. The revised OMB Circular A-133 Audits of States, Local Governments and Non-Profit Organizations, established uniform audit requirements for nonfederal entities which expended more than \$500,000 in federal awards.

Litigation

The District's attorneys have informed us that there is no threatened or pending litigation, claims or assessments or unasserted claims or assessments against the District.

Early Childhood Center

Sand Springs Public Schools (SSPS) and Tulsa Children's Coalition (TCC) contracted in May, 2008 to jointly develop a new Early Childhood Education Center in Sand Springs to house the early childhood education programs of SSPS and the Community Action Project of Tulsa County (CAPTC). The original development was completed in July, 2009 consisting of 20 classrooms, administrative and support spaces at a cost of \$10,703,988. SSPS has paid \$3,500,000 to TCC from the proceeds of the sale of its old early childhood education building to the City of Sand Springs and it entered into a final lease-purchase contract with TCC for \$1,203,988 requiring monthly payments of \$7,205.80 for 15 years from October, 2009, annual payments of one percent of the remaining balance, and payments of \$10 per month thereafter through June, 2049. SSPS is the owner of the 20.8 acre site and owner of the original eight classrooms and attendant playground and parking areas constructed for its use. SSPS has leased the tract of land containing the 12 classrooms originally constructed for use by CAPTC, the jointly shared administrative and support spaces, and attendant playground and parking areas to TCC for 40 years; through the lease-purchase contract SSPS has joint use of the shared administrative and support spaces on this tract.

INDEPENDENT SCHOOL DISTRICT NO. 2 OF TULSA COUNTY
NOTES TO THE COMBINED FINANCIAL STATEMENTS – REGULATORY BASIS
FOR THE YEAR ENDED JUNE 30, 2013

6. CONTINGENCIES (cont'd)

Early Childhood Center (cont'd)

In 2010 SSPS was awarded \$1,500,000 in ARRA funding to construct an additional 4 classrooms which, upon completion in June, 2012 resulted in SSPS now owning 12 classrooms. At the end of the 40 year lease-purchase contract with TCC, SSPS will be the sole owner of the entire project.

Subsequent Events

Management has evaluated subsequent events through December 19, 2013, which is the date the financial statements were available to be issued, and have determined that no additional information needs to be added to the financial statements.

COMBINING FINANCIAL STATEMENTS – REGULATORY BASIS

INDEPENDENT SCHOOL DISTRICT NO. 2 OF TULSA COUNTY
 COMBINING STATEMENT OF ASSETS, LIABILITIES AND FUND EQUITY -
 ALL SPECIAL REVENUE FUNDS - REGULATORY BASIS
 JUNE 30, 2013

	<u>BUILDING FUND</u>	<u>CO-OP FUND</u>	<u>CHILD NUTRITION FUND</u>	<u>TOTAL</u>
<u>ASSETS</u>				
Cash	\$ 514,079	66,583	794,588	1,375,250
Investments	<u>2,400,000</u>		<u>500,000</u>	<u>2,900,000</u>
Total Assets	<u>\$ 2,914,079</u>	<u>66,583</u>	<u>1,294,588</u>	<u>4,275,250</u>
 <u>LIABILITIES AND FUND EQUITY</u>				
Liabilities				
Warrants payable	\$ 230	18,043	160,435	178,708
Encumbrances	<u>21,967</u>		<u>3,821</u>	<u>25,788</u>
Total liabilities	<u>22,197</u>	<u>18,043</u>	<u>164,256</u>	<u>204,496</u>
Fund Equity				
Cash fund balances	<u>2,891,882</u>	<u>48,540</u>	<u>1,130,332</u>	<u>4,070,754</u>
Total Liabilities and Fund Equity	<u>\$ 2,914,079</u>	<u>66,583</u>	<u>1,294,588</u>	<u>4,275,250</u>

INDEPENDENT SCHOOL DISTRICT NO. 2 OF TULSA COUNTY
 COMBINING STATEMENT OF REVENUES COLLECTED, EXPENDITURES AND CHANGES
 IN CASH FUND BALANCES - ALL SPECIAL REVENUE FUNDS - REGULATORY BASIS
 JUNE 30, 2013

	BUILDING FUND	CO-OP FUND	CHILD NUTRITION FUND	TOTAL
Revenues Collected:				
Local sources	\$ 953,611	16,595	835,340	1,805,546
State sources		100,822	209,735	310,557
Federal sources		4,347	1,201,352	1,205,699
Interest earnings	101,538		4,724	106,262
Non-revenue receipts	22,710		26,321	49,031
Total revenues collected	<u>1,077,859</u>	<u>121,764</u>	<u>2,277,472</u>	<u>3,477,095</u>
Expenditures:				
Instruction	4,232	116,093		120,325
Support services	394,722			394,722
Operation of non-instructional services			2,151,703	2,151,703
Facilities acquisition and construction services	156,554			156,554
Other outlays:				
Reimbursement			18,322	18,322
Correcting Entry			183	183
Repayment			37	37
Total expenditures	<u>555,508</u>	<u>116,093</u>	<u>2,170,245</u>	<u>2,841,846</u>
Excess of revenues collected over (under) expenditures before adjustments to prior year encumbrances	522,351	5,671	107,227	635,249
Adjustments to prior year encumbrances	<u>21,791</u>	<u>370</u>	<u>0</u>	<u>22,161</u>
Excess of revenues collected over (under) expenditures	544,142	6,041	107,227	657,410
Cash fund balances, beginning of year	<u>2,347,740</u>	<u>42,499</u>	<u>1,023,105</u>	<u>3,413,344</u>
Cash fund balances, end of year	<u>\$ 2,891,882</u>	<u>48,540</u>	<u>1,130,332</u>	<u>4,070,754</u>

INDEPENDENT SCHOOL DISTRICT NO. 2 OF TULSA COUNTY
 COMBINING STATEMENT OF REVENUES COLLECTED, EXPENDITURES AND CHANGES
 IN CASH FUND BALANCES - BUDGET AND ACTUAL - ALL SPECIAL REVENUE FUNDS - REGULATORY BASIS
 FOR THE YEAR ENDED JUNE 30, 2013

	BUILDING FUND		CHILD NUTRITION FUND		CO-OP FUND	
	ORIGINAL BUDGET	FINAL BUDGET	ORIGINAL BUDGET	FINAL BUDGET	ORIGINAL BUDGET	FINAL BUDGET
Revenues Collected:						
Local sources	\$ 741,000	741,000	\$ 795,000	795,000	\$	16,595
State sources			212,000	212,000	126,000	100,822
Federal sources			1,130,000	1,130,000	5,000	4,347
Interest earnings	69,000	69,000	5,000	5,000		
Non-revenue receipts		22,710		26,321		
Total revenues collected	<u>810,000</u>	<u>810,000</u>	<u>2,142,000</u>	<u>2,142,000</u>	<u>131,000</u>	<u>121,764</u>
Expenditures:						
Instruction		4,232			150,000	116,093
Support services	611,000	394,722				
Operation of non-instructional services			2,420,000	2,789,000		2,151,703
Facilities acquisition & construction services	389,000	156,554				
Other outlays:						
Correcting entry			1,000	1,000		183
Reimbursement			10,000	10,000		18,322
Repayments						37
Total expenditures	<u>1,000,000</u>	<u>555,508</u>	<u>2,431,000</u>	<u>2,800,000</u>	<u>150,000</u>	<u>116,093</u>
Excess of revenues collected over (under) expenditures before adjustments to prior year encumbrances	(190,000)	(190,000)	(289,000)	(658,000)	(19,000)	5,671
Adjustments to prior year encumbrances	0	0	0	0	0	370
Excess of revenues collected over (under) expenditures	(190,000)	(190,000)	(289,000)	(658,000)	(19,000)	6,041
Cash fund balances, beginning of year	2,300,000	2,347,740	750,000	1,023,105	22,000	42,499
Cash fund balances, end of year	<u>\$ 2,110,000</u>	<u>2,157,740</u>	<u>\$ 461,000</u>	<u>365,105</u>	<u>\$ 3,000</u>	<u>48,540</u>

INDEPENDENT SCHOOL DISTRICT NO. 2 OF TULSA COUNTY
 COMBINING STATEMENT OF ASSETS, LIABILITIES AND FUND EQUITY -
 ALL CAPITAL PROJECTS FUNDS - REGULATORY BASIS
 JUNE 30, 2013

<u>ASSETS</u>	<u>2013 SERIES BOND FUND</u>	<u>2012 SERIES BOND FUND</u>	<u>2011 SERIES BOND FUND</u>	<u>2010 SERIES BOND FUND</u>	<u>2006 SERIES BOND FUND</u>	<u>TOTAL</u>
Cash	\$ 2,962,513	1,696,510	1,497,862	179,268	30	6,336,183
Investments	1,500,000	2,000,000				3,500,000
Total Assets	\$ 4,462,513	\$ 3,696,510	1,497,862	179,268	30	9,836,183
 <u>LIABILITIES AND FUND EQUITY</u>						
Liabilities:						
Warrants Payable	\$ 1,349		13,725	5,968	30	21,072
Encumbrances		1,328,293	1,130,460	168,216		2,626,969
Total liabilities	1,349	1,328,293	1,144,185	174,184	30	2,648,041
Fund Equity:						
Cash fund balances	4,461,164	2,368,217	353,677	5,084	0	7,188,142
Total Liabilities and Fund Equity	\$ 4,462,513	3,696,510	1,497,862	179,268	30	9,836,183

INDEPENDENT SCHOOL DISTRICT NO. 2 OF TULSA COUNTY
 COMBINING STATEMENT OF REVENUES COLLECTED, EXPENDITURES, AND CHANGES
 IN CASH FUND BALANCES - ALL CAPITAL PROJECTS FUNDS - REGULATORY BASIS
 JUNE 30, 2013

	2013 SERIES BOND FUND	2012 SERIES BOND FUND	2011 SERIES BOND FUND	2010 SERIES BOND FUND	2006 SERIES BOND FUND	TOTAL
Revenues collected:						
Local sources	\$			2,897		2,897
Total revenues collected	<u>0</u>	<u>0</u>	<u>0</u>	<u>2,897</u>	<u>0</u>	<u>2,897</u>
Expenditures:						
Instruction		136,678	321,050	501,157		958,885
Support services	33,836	96,019	16,940	56,291	7,049	210,135
Facilities acquisition and construction services		1,852,647	1,066,968	5,268	38,572	2,963,455
Total expenditures	<u>33,836</u>	<u>2,085,344</u>	<u>1,404,958</u>	<u>562,716</u>	<u>45,621</u>	<u>4,132,475</u>
Excess of revenues collected over (under) expenditures before other financing sources (uses)	(33,836)	(2,085,344)	(1,404,958)	(559,819)	(45,621)	(4,129,578)
Other financing sources (uses)						
Bond proceeds	4,495,000					4,495,000
Adjustments to prior year encumbrances		1,036	78,665	5,083	4,515	89,299
Total other financing sources (uses)	<u>4,495,000</u>	<u>1,036</u>	<u>78,665</u>	<u>5,083</u>	<u>4,515</u>	<u>4,584,299</u>
Excess of revenues collected over (under) expenditures after other financing sources (uses)	4,461,164	(2,084,308)	(1,326,293)	(554,736)	(41,106)	454,721
Cash fund balances, beginning of year	<u>0</u>	<u>4,452,525</u>	<u>1,679,970</u>	<u>559,820</u>	<u>41,106</u>	<u>6,733,421</u>
Cash fund balances, end of year	<u>\$ 4,461,164</u>	<u>2,368,217</u>	<u>353,677</u>	<u>5,084</u>	<u>0</u>	<u>7,188,142</u>

INDEPENDENT SCHOOL DISTRICT NO. 2 OF TULSA COUNTY
 COMBINING STATEMENT OF ASSETS, LIABILITIES AND FUND EQUITY -
 ALL FIDUCIARY FUND TYPES - REGULATORY BASIS
 JUNE 30, 2013

	EXPENDABLE TRUST FUND	SCHOOL ACTIVITY FUNDS	TOTAL
<u>ASSETS</u>	<u>GIFTS AND ENDOWMENTS FUND</u>	<u>SCHOOL ACTIVITY FUNDS</u>	<u>TOTAL</u>
Cash	\$ 60,854	393,898	454,752
Investments	75,000	500,000	575,000
Total Assets	\$ 135,854	893,898	1,029,752
 <u>LIABILITIES AND FUND EQUITY</u>			
Liabilities			
Warrants payable	\$ 451		451
Funds held for school organizations		893,898	893,898
	<u>451</u>	<u>893,898</u>	<u>894,349</u>
 Fund Equity			
Cash fund balances	<u>135,403</u>	<u>0</u>	<u>135,403</u>
Total Liabilities and Fund Equity	\$ 135,854	893,898	1,029,752

INDEPENDENT SCHOOL DISTRICT NO. 2 OF TULSA COUNTY
 COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES -
 AGENCY FUNDS - REGULATORY BASIS
 FOR THE YEAR ENDED JUNE 30, 2013

	<u>BALANCE</u> 07/01/12	<u>ADDITIONS</u>	<u>NET</u> <u>TRANSFERS</u>	<u>DEDUCTIONS</u>	<u>BALANCE</u> 06/30/13
<u>ASSETS</u>					
Cash	\$ 299,902	1,751,700		1,657,704	393,898
Investments	500,000				500,000
Total	<u>\$ 799,902</u>	<u>1,751,700</u>	<u>0</u>	<u>1,657,704</u>	<u>893,898</u>
<u>LIABILITIES</u>					
Early childhood	\$ 39,059	9,098		11,382	36,775
Angus valley	32,445	57,783		57,171	33,057
Central elementary	17,154	25,245		21,397	21,002
Garfield	15,542	49,268		44,092	20,718
Limestone	15,870	48,650		45,537	18,983
Pratt	16,105	73,282		73,112	16,275
All district choir	1,933	708		716	1,925
Project summer spirit	13,609	12,513		6,086	20,036
Pond project	0	1,491		1,461	30
CPHS general fund	14,940	35,844		33,178	17,606
Refund account	11,799	13,450		25,054	195
CBJH general fund	61,273	43,337		33,331	71,279
CJH general fund	5,136	12,957		14,486	3,607
Agriculture	16,696	81,291		83,270	14,717
Anchor club	263	0		0	263
Boyd art	1,783	1,783		2,326	1,240
CPHS athletics	80,216	175,392		147,563	108,045
Sandite Quarterback Club	9,276	23,816		31,717	1,375
Softball	26,884	14,758		15,843	25,799
CPHS visual arts	1,596	10,422		10,632	1,386
CPHS FCA	39	1,000		750	289
Central Art	31	1,134		614	551
Central FCA	251	777		870	158
Basketball	266	0		266	0
BIT	3,756	3,826		4,060	3,522
Techconnect	297	2,900		3,114	83
AASU	3	0		0	3
Cheer Scholarship	5,850	0		2,700	3,150
9th grade BPA	1,119	6,034		6,422	731
CPHS cheer	8,528	63,408		58,942	12,994
9th grade cheer	1,711	16,434		17,101	1,044
Lake academy	2,724	1,654		1,313	3,065
Sixth grade art	4,992	1,560		108	6,444
CBMS 7th grade science club	1,064	6,275		4,245	3,094
Boyd computers	88	0		0	88
CMBS Environmental Sci.	2,071	3,849		2,802	3,118
Sertoma Serteen Club	70	132		168	34

INDEPENDENT SCHOOL DISTRICT NO. 2 OF TULSA COUNTY
 COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES -
 AGENCY FUNDS - REGULATORY BASIS
 FOR THE YEAR ENDED JUNE 30, 2013

CBMS Social Committee	\$	157	312	304	165
CPHS dance		18,151	66,011	66,073	18,089
Debate		1,408	5,033	2,550	3,891
CPHS interact club		34	0	0	34
CPHS drama		2,776	7,671	5,828	4,619
Boyd drama		1,490	0	0	1,490
CPHS science		2,649	2,480	1,460	3,669
CPHS english		228	996	1,188	36
Central english		662	0	0	662
Boyd english		5,613	4,058	4,571	5,100
FFA boosters		2,585	2,153	1,440	3,298
French club		1,317	1,263	844	1,736
CPHS facs		1,313	1,465	1,408	1,370
Boyd home economics		2,517	2,537	3,817	1,237
Central FCCLA		549	4,375	3,646	1,278
Indian education		5,818	2,078	2,574	5,322
Band activity		6,189	17,609	17,884	5,914
SS Band Boosters		2,234	52,800	49,188	5,846
Boyd instrumental		8,506	27,387	26,898	8,995
Boyd journalism		1,226	9,858	8,152	2,932
Central journalism		9	5,762	5,044	727
Key club		1,652	0	0	1,652
CBMS FCA		3,332	4,645	3,905	4,072
CCHS library		1,269	498	471	1,296
Boyd library		1,637	837	1,721	753
Central library		278	1,483	1,010	751
CJH staff social committee		263	976	951	288
CPHS NHS		4,189	2,240	4,498	1,931
SS Baseball boosters		14,018	32,253	30,146	16,125
Sandite basketball assoc.		13,269	22,117	21,913	13,473
Sandite soccer boosters		1,391	8,096	4,765	4,722
9th grade dance		11,388	58,362	56,526	13,224
CPHS academic team		778	249	694	333
Sandtonian		2,671	35,774	32,015	6,430
Boyd think tank		340	0	0	340
Boyd science		7,377	10,523	12,943	4,957
Central science		1,122	1,800	1,377	1,545
Spanish		3,252	820	1,842	2,230
Boyd spanish		488	495	651	332
Curriculum and instruction		5,811	2,980	2,775	6,016
Special olympics		10,147	7,109	16,099	1,157
CPHS student council		1,515	12,025	9,611	3,929
Boyd student council		3,784	2,265	2,484	3,565
Central student council		1,359	12,664	12,471	1,552
CTE general		2,219	0	1,392	827
CPHS vocal		2,727	13,287	12,175	3,839

INDEPENDENT SCHOOL DISTRICT NO. 2 OF TULSA COUNTY
 COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES -
 AGENCY FUNDS - REGULATORY BASIS
 FOR THE YEAR ENDED JUNE 30, 2013

Boyd vocal	\$ 3,401	35,291	32,183	6,509
CPHS Prom	11,474	12,954	15,636	8,792
Band trips	2,805	19,868	17,354	5,319
Boyd tech ed	3,193	3,659	4,153	2,699
Youth in government	672	5,622	6,027	267
Special ed voc	10,081	7,787	5,283	12,585
8th grade cheer	6,476	9,411	12,735	3,152
Cross-country	793	4,681	4,463	1,011
CPHS wrestling	3,395	16,329	12,927	6,797
CPHS golf	415	5,612	3,299	2,728
Volleyball boosters	7,059	11,219	12,849	5,429
CPHS Football	5,312	21,072	20,715	5,669
Michael Price Scholarship	300	0	0	300
Kevin Schawo scholarship	3,766	0	0	3,766
Elementary district wide	477	0	0	477
CFAA Dragonflies	1,864	733	1,891	706
Bus barn	768	1,289	1,212	845
Senior celebration	46	27,716	26,711	1,051
Vending Machines	12,143	47,917	47,021	13,039
Child nutrition	86,771	72,665	73,204	86,232
CPHS PTO	0	1,329	692	637
CNGC PTO	0	320	148	172
CBMS PTO	0	2,951	2,239	712
Angus PTO	0	21,775	14,836	6,939
NFWA PTO	0	18,976	15,706	3,270
Garfield PTO	0	56	0	56
Limestone PTO	0	37,734	21,334	16,400
Pratt PTO	0	50,734	40,447	10,287
SSEF Grants	7,712	52,151	50,035	9,828
Superintendent	54,833	16,432	17,471	53,794
	<u>\$ 799,902</u>	<u>1,751,700</u>	<u>0</u>	<u>1,657,704</u>
			<u>1,657,704</u>	<u>893,898</u>

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
REGULATORY BASIS**

INDEPENDENT SCHOOL DISTRICT NO. 2 OF TULSA COUNTY
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS - REGULATORY BASIS
FOR THE YEAR ENDED JUNE 30, 2013

Federal Grantor / Pass Through Grantor / Program Title	Federal CFDA Number	Federal Grantor's/ Pass-through Grantor's No.	Program or Award Amount	Balance at 7/1/12	Revenue Collected	Total Expenditures	Balance at 6/30/13
U.S. Department of Education							
Direct Programs:							
Title VIII - Indian Education	84.060	S060A120372	\$ 148,769		83,318	148,769	65,451
Title VIII - Indian Education - Note	84.060	S060A110372		82,736	82,736		
Sub Total			148,769	82,736	166,054	148,769	65,451
Passed Through State Department of Education:							
*Title I, Basic	84.010		637,411		456,326	566,784	110,458
Title I Basic - Note	84.010			148,377	148,377		
*Title I, Part A School Support	84.010		718		700	700	
Title I, Part A School Support - Note	84.010			21,698	21,698		
*Title I, Neglected Part A	84.010		50,541		35,797	50,540	14,743
Title I, Neglected Part A - Note	84.010			10,032	10,032		
21st Century CLC	84.287		200,321		108,747	200,301	91,554
21st Century CLC - Note	84.287			58,523	58,523		
Title III Part A (co-op)	84.365		18,648		3,416	10,620	7,204
Title III Part A (co-op) - Note	84.365			931	931		
IDEA-B Flowthrough	84.027		1,107,096		563,279	966,300	403,021
IDEA-B Flowthrough - Note	84.027			333,770	333,770		
IDEA-B Preschool	84.173		25,624		15,732	24,362	8,630
IDEA-B Preschool - Note	84.173			5,713	5,713		
Title II, Part A	84.367		216,145		107,303	126,608	19,305
Title II, Part A - Note	84.367			36,977	36,977		
Title II, Part D - Note	84.318			8,299	8,299		
Sub Total			2,256,504	624,320	1,915,620	1,946,215	654,915
Passed Through State Department of Vocational Technical Education:							
Carl Perkins	84.048		40,149		20,286	21,742	1,456
Carl Perkins - Note	84.048			29,455	29,455		
Sub Total			40,149	29,455	49,741	21,742	1,456
U.S. Department of Agriculture							
Passed Through State Department of Education:							
*Child Nutrition Programs:							
School breakfast program	10.553				269,581	269,581	
National school lunch program	10.555				917,900	916,287	
Summer food program	10.559				5,300	12,776	7,476
Summer food program - Note	10.559			8,571	8,571		
Sub Total				8,571	1,201,352	1,198,644	7,476
Passed Through Department of Human Services:							
*Non-cash assistance - commodities Note 1	10.555					38,732	38,732
National school lunch program	10.555						
Other Federal Assistance:							
Johnson O'Malley	15.130		35,880		14,305	23,804	9,499
Johnson O'Malley C/O	15.130		11,789		11,789	11,789	
Johnson O'Malley - Note	15.130			8,460	8,460		
On the Job Training	84.126		9,010		9,010	9,010	
FEMA	na		21,500		21,500	21,500	
Medicaid resources	93.774		200,679		200,679	200,679	
Sub Total			278,858	8,460	265,743	266,782	9,499
Total Federal Assistance			\$ 2,724,280	753,542	3,637,242	3,620,884	738,797

Note - These amounts represent reimbursements for prior year expenditures which were not received until the current fiscal year.

Note 1 - Commodities received by the District in the amount of \$38,732 were of a non-monetary nature and therefore the total revenue does not agree with the financial statements by this amount.

* Major programs

INDEPENDENT SCHOOL DISTRICT NO. 2 OF TULSA COUNTY
STATEMENT OF STATUTORY, FIDELITY AND HONESTY BONDS
FOR THE YEAR ENDED JUNE 30, 2013

BONDING COMPANY	POSITION COVERED	BOND NUMBER	COVERAGE AMOUNT	EFFECTIVE DATES
Keystone Insurance Agency	Treasurer	5065749	\$ 300,000	11/7/12 - 11/7/13
	Director of Info. Technology	2013732	51,000	11/7/12 - 11/7/13
	Minutes Clerk	2013732	100,000	11/7/12 - 11/7/13
	Encumbrance Clerk	2013732	51,000	11/7/12 - 11/7/13
	Payroll Supervisor	2013732	51,000	11/7/12 - 11/7/13
	Superintendent	2013732	100,000	11/7/12 - 11/7/13
	Lunch and Activity Fund	2013732	5,000	11/7/12 - 11/7/13
	Deputy Minutes Clerk	2013732	5,000	11/7/12 - 11/7/13
	Child Nutrition Clerk	2013732	10,000	11/7/12 - 11/7/13
	Assistant Treasurer	5068407	100,000	11/7/12 - 11/7/13
	Benefits Specialist	2013732	51,000	11/7/12 - 11/7/13
	HR/General Records Clerk	2013732	51,000	11/7/12 - 11/7/13
	Purchasing Agent	2013732	51,000	11/7/12 - 11/7/13

INDEPENDENT SCHOOL DISTRICT NO. 2 OF TULSA COUNTY
SCHEDULE OF ACCOUNTANT'S PROFESSIONAL LIABILITY INSURANCE
AFFIDAVIT
JULY 1, 2012 TO JUNE 30, 2013

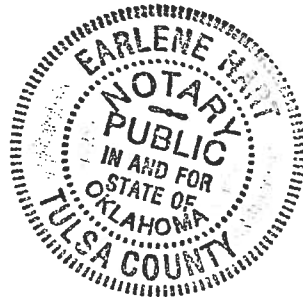
State of Oklahoma)
) ss
County of Tulsa)

The undersigned auditing firm of lawful ages, 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 Sand Springs Public Schools for the audit year 2012-2013.

Sanders, Bledsoe & Hewett
Certified Public Accountants, LLP
Auditing Firm

By _____
Authorized Agent

Subscribed and sworn to before me
This 19th day of December, 2013



Earlene Hart
Notary Public (or Clerk or Judge)

My Commission Expires: 5/19/2016
Commission No. 00008621