

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

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

**JUNE 30, 2012**

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, 2012

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Gary Watts

INDEPENDENT SCHOOL DISTRICT NO. 2 OF TULSA COUNTY  
JUNE 30, 2012

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JUNE 30, 2012

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# SANDERS, BLEDSOE & HEWETT

CERTIFIED PUBLIC ACCOUNTANTS, LLP

## INDEPENDENT AUDITOR'S REPORT

The Honorable Board of Education  
Independent School District No. 2  
Tulsa County, Oklahoma

We have audited the accompanying fund type and account group financial statements of Independent School District No. 2 (the District), of Tulsa County, Oklahoma, as listed in the table of contents as combined financial statements, as of and for the year ended June 30, 2012. These financial statements are the responsibility of the District's management. 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 and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the combined financial statements – regulatory basis are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the combined financial statements – regulatory basis. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall combined financial statement – regulatory basis presentation. We believe that our audit provides a reasonable basis for our opinion.

As discussed in Note 1, these financial statements were prepared in conformity with the accounting and financial reporting regulations prescribed or permitted by the Oklahoma State Department of Education, which is a comprehensive basis of accounting other than generally accepted accounting principles. The effect on the financial statements of the variances between these regulatory accounting practices and accounting principles generally accepted in the United States, although not reasonably determinable, are presumed to be material.

As also discussed in Note 1, the combined financial statements – regulatory basis referred to above do not include the general fixed assets account group. The amount that should be recorded in the general fixed assets account group is not known. If the general fixed assets account group had been included, the amount of the adjustments to the combined financial statements – regulatory basis is not known, but presumed to be material.

In our opinion, because the District's policy is to prepare its combined financial statements on the basis of accounting discussed in the third paragraph, and because of the omission of the general fixed assets account group as discussed in the fourth paragraph, the combined financial statements referred to in the first paragraph do not present fairly, the financial position of the District as of June 30, 2012, or the results of its operations for the year then ended in conformity with accounting principles generally accepted in the United States.

However, in our opinion, except for the omission of the general fixed assets account group as discussed in the fourth paragraph, the financial statements referred to above present fairly, in all material respects, the assets, liabilities, and equity arising from regulatory basis transactions of each fund type and account group of the District as of June 30, 2012, and the revenues collected, expenditures paid/expenses, and cash flows of each fund type, where applicable, for the year then ended on the regulatory basis of accounting described in Note 1.

In accordance with *Government Auditing Standards*, we have also issued our report dated September 25, 2012, 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, grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Our audit was performed for the purpose of forming an opinion on the combined financial statements – regulatory basis of the District taken as a whole. The combining fund statements and schedules and other schedules as listed in the table of contents under other supplementary information are presented for purposes of additional analysis. This other supplementary information has been subjected to the auditing procedures applied in the audit of the fund type and account group financial statements within the combined financial statements and, in our opinion, is fairly stated in all material respects in relation to the combined financial statements taken as a whole on the regulatory basis of accounting described in Note 1.

Our audit was performed for the purpose of forming an opinion on the combined financial statements – regulatory basis of the District taken as a whole. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the combined financial statements – regulatory basis. Such information has been subjected to the auditing procedures applied in the audit of the combined financial statements – regulatory basis and, in our opinion, is fairly stated, in all material respects, in relation to the combined financial statements – regulatory basis taken as a whole.



Sanders, Bledsoe & Hewett  
Certified Public Accountants, LLP

September 25, 2012



# SANDERS, BLEDSOE & HEWETT

CERTIFIED PUBLIC ACCOUNTANTS, LLP

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

The Honorable Board of Education  
Independent School District No. 2  
Tulsa County, Oklahoma

We have audited the combined financial statements – regulatory basis of Independent School District No. 2, (the District), Tulsa County, Oklahoma, as of and for the year ended June 30, 2012, which, except for the omission of the general fixed assets account group, have been prepared on a basis prescribed by the Oklahoma State Department of Education and have issued our report thereon dated September 25, 2012. We conducted our audit in accordance with auditing standards generally accepted in the United States, and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

### Internal Control Over Financial Reporting

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

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

### 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 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 our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*.

We noted a certain immaterial matter that we reported to management of the District in a separate letter dated September 25, 2012.

This report is intended solely for the information and use of management and is not intended to be, and should not be, used by anyone other than these specified parties.

A handwritten signature in black ink that reads "Sanders, Bledsoe & Hewett". The signature is written in a cursive, flowing style.

Sanders, Bledsoe & Hewett  
Certified Public Accountants, LLP

September 25, 2012





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

**REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO  
EACH MAJOR PROGRAM AND INTERNAL CONTROL OVER COMPLIANCE  
IN ACCORDANCE WITH OMB CIRCULAR A-133**

The Honorable Board of Education  
Independent School District No. 2  
Tulsa County, Oklahoma

Compliance

We have audited Independent School District No. 2 (the District), of Tulsa County, Oklahoma's, compliance with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that could have a direct and material effect on each of the District's major federal programs for the year ended June 30, 2012. The District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of the District's management. Our responsibility is to express an opinion on the District's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that 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 consider necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the District's compliance with those requirements.

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

### Internal Control Over Compliance

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

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

This report is intended solely for the information and use of the school board, management, the Oklahoma State Department of Education and the Federal Clearinghouse, and is not intended to be, and should not be, used by anyone other than these specified parties.



Sanders, Bledsoe & Hewett  
Certified Public Accountants, LLP

September 25, 2012

INDEPENDENT SCHOOL DISTRICT NO. 2 OF TULSA COUNTY  
DISPOSITION OF PRIOR YEAR'S REPORTABLE CONDITIONS AND MATERIAL  
INSTANCES OF NON-COMPLIANCE  
JUNE 30, 2012

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, 2012

**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 IDEA-B Special Education (84.027, 84.173) and Child Nutrition (10.555, 10.553), both 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

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, 2012

	GOVERNMENTAL FUND TYPES				PROPRIETARY FUND	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	\$ 3,251,369	1,004,105	812,766	5,553,765	4,569	351,631		10,978,205
Investments	7,525,540	2,600,000	2,000,000	2,000,000		575,000		14,700,540
Amounts available in debt service							219,088	219,088
Amount to be provided for retirement of long-term debt							16,900,912	16,900,912
<b>Total Assets</b>	<b>\$ 10,776,909</b>	<b>3,604,105</b>	<b>2,812,766</b>	<b>7,553,765</b>	<b>4,569</b>	<b>926,631</b>	<b>17,120,000</b>	<b>42,798,745</b>
<u>LIABILITIES AND FUND EQUITY</u>								
Liabilities								
Warrants payable	\$ 3,687,839	163,300		62,986		2,500		3,916,625
Encumbrances	541,218	27,461		757,358		2,206		1,328,243
Unmatured obligations			2,593,678					2,593,678
Funds held for school organizations						799,902		799,902
Long-term debt:								
Capital leases							300,000	300,000
Bonds payable							16,820,000	16,820,000
<b>Total liabilities</b>	<b>4,229,057</b>	<b>190,761</b>	<b>2,593,678</b>	<b>820,344</b>	<b>0</b>	<b>804,608</b>	<b>17,120,000</b>	<b>25,758,448</b>
Fund Equity								
Retained earnings unreserved					4,569			4,569
Cash fund balances	6,547,852	3,413,344	219,088	6,733,421		122,023		17,035,728
<b>Total fund equity</b>	<b>6,547,852</b>	<b>3,413,344</b>	<b>219,088</b>	<b>6,733,421</b>	<b>4,569</b>	<b>122,023</b>	<b>0</b>	<b>17,040,297</b>
<b>Total Liabilities and Fund Equity</b>	<b>\$ 10,776,909</b>	<b>3,604,105</b>	<b>2,812,766</b>	<b>7,553,765</b>	<b>4,569</b>	<b>926,631</b>	<b>17,120,000</b>	<b>42,798,745</b>

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, 2012

	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	\$ 6,009,547	1,659,520	4,696,907		14,978	79,408	12,460,360
Intermediate sources	1,186,724						1,186,724
State sources	22,051,085	337,295					22,388,380
Federal sources	2,848,151	1,240,567					4,088,718
Non-revenue receipts	321,272	28,639					349,911
Interest earnings	102,724	90,174	2,234		6	192	195,330
Total revenues collected	<u>32,519,503</u>	<u>3,356,195</u>	<u>4,699,141</u>	<u>0</u>	<u>14,984</u>	<u>79,600</u>	<u>40,669,423</u>
Expenditures:							
Instruction	20,125,273	109,488		700,165		38,760	20,973,686
Support services	12,369,771	232,215		365,241		9,947	12,977,174
Operation of non-instructional services	7,894	2,040,598			11,433	830	2,060,755
Facilities acquisition and construction services		227,527		4,069,272		3,176	4,299,975
Other outlays:							
Correcting Entry	268,278	5,197					273,475
Reimbursements		23,614				2,929	26,543
Repayments	500						500
Debt service requirements			4,686,979				4,686,979
Other uses		88				300	388
Total expenditures	<u>32,771,716</u>	<u>2,638,727</u>	<u>4,686,979</u>	<u>5,134,678</u>	<u>11,433</u>	<u>55,942</u>	<u>45,299,475</u>
Excess of revenues collected over (under) expenditures before other financing sources (uses)	(252,213)	717,468	12,162	(5,134,678)	3,551	23,658	(4,630,052)

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

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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, 2012

	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	105,623	3,779		74,354		3,815	187,571
Proceeds from sale of bonds				4,530,000			4,530,000
Total financing sources (uses)	<u>105,623</u>	<u>3,779</u>	<u>0</u>	<u>4,604,354</u>	<u>0</u>	<u>3,815</u>	<u>4,717,571</u>
Excess of revenues collected and other financing sources over (under) expenditures and other financing (uses)	(146,590)	721,247	12,162	(530,324)	3,551	27,473	87,519
Cash fund balances, beginning of year	<u>6,694,442</u>	<u>2,692,097</u>	<u>206,926</u>	<u>7,263,745</u>	<u>1,018</u>	<u>94,550</u>	<u>16,952,778</u>
Cash fund balances, end of year	<u>\$ 6,547,852</u>	<u>3,413,344</u>	<u>219,088</u>	<u>6,733,421</u>	<u>4,569</u>	<u>122,023</u>	<u>17,040,297</u>

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

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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, 2012

	GENERAL FUND			
	Original Budget	Amended Budget	Actual	Variance Favorable (Unfavorable)
Revenues Collected:				
Local sources	\$ 5,750,000	5,775,000	6,009,547	234,547
Intermediate sources	1,200,000	1,200,000	1,186,724	(13,276)
State sources	21,770,000	21,861,271	22,051,085	189,814
Federal sources	2,552,000	3,111,862	2,848,151	(263,711)
Non-revenue receipts		261,888	321,272	59,384
Interest earnings	111,000	111,000	102,724	(8,276)
Total revenues collected	<u>31,383,000</u>	<u>32,321,021</u>	<u>32,519,503</u>	<u>198,482</u>
Expenditures:				
Instruction	20,780,000	20,615,000	20,125,273	489,727
Support services	11,520,000	12,385,000	12,369,771	15,229
Operation of non-instructional services			7,894	(7,894)
Other outlays:				
Correcting entry		250,000	268,278	(18,278)
Repayments		350,000	500	349,500
Total expenditures	<u>32,300,000</u>	<u>33,600,000</u>	<u>32,771,716</u>	<u>828,284</u>
Excess of revenues collected over (under) expenditures before adjustments to prior year encumbrances	(917,000)	(1,278,979)	(252,213)	1,026,766
Adjustments to prior year encumbrances	<u>0</u>	<u>0</u>	<u>105,623</u>	<u>105,623</u>
Excess of revenues collected over (under) expenditures	(917,000)	(1,278,979)	(146,590)	1,132,389
Cash fund balance, beginning of year	<u>5,700,000</u>	<u>6,694,442</u>	<u>6,694,442</u>	<u>0</u>
Cash fund balance, end of year	<u>\$ 4,783,000</u>	<u>5,415,463</u>	<u>6,547,852</u>	<u>1,132,389</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, 2012

	SPECIAL REVENUE FUNDS			Variance Favorable (Unfavorable)
	Original Budget	Final Budget	Actual	
Revenues Collected:				
Local sources	\$ 1,410,000	1,524,710	1,659,520	134,810
State sources	334,000	338,162	337,295	(867)
Federal sources	968,000	966,879	1,240,567	273,688
Non-revenue receipts	15,000	15,000	28,639	13,639
Interest	18,000	80,000	90,174	10,174
Total revenues collected	<u>2,745,000</u>	<u>2,924,751</u>	<u>3,356,195</u>	<u>431,444</u>
Expenditures:				
Instruction	140,000	158,980	109,488	49,492
Support services	361,000	611,000	232,215	378,785
Operation of non-instructional services	2,370,000	2,370,000	2,040,598	329,402
Facilities acquisition and construction services	364,000	389,000	227,527	161,473
Other outlays:				
Correcting Entry	30,000	31,020	5,197	25,823
Reimbursement	10,000	10,000	23,614	(13,614)
Other uses			88	(88)
Total expenditures	<u>3,275,000</u>	<u>3,570,000</u>	<u>2,638,727</u>	<u>931,273</u>
Excess of revenues collected over (under) expenditures before adjustments to prior year encumbrances	(530,000)	(645,249)	717,468	1,362,717
Adjustments to prior year encumbrances	<u>0</u>	<u>0</u>	<u>3,779</u>	<u>3,779</u>
Excess of revenues collected over (under) expenditures	(530,000)	(645,249)	721,247	1,366,496
Cash fund balances, beginning of year	<u>2,305,300</u>	<u>2,692,097</u>	<u>2,692,097</u>	<u>0</u>
Cash fund balances, end of year	<u>\$ 1,775,300</u>	<u>2,046,848</u>	<u>3,413,344</u>	<u>1,366,496</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, 2012

	DEBT SERVICE FUND		
	Original/Final Budget	Actual	Variance Favorable (Unfavorable)
Revenues Collected:			
Local sources	\$ 4,480,053	4,696,907	216,854
Interest earnings		2,234	2,234
Total revenues collected	4,480,053	4,699,141	219,088
Requirements:			
Bonds	4,397,000	4,397,000	
Coupons	289,979	289,979	
Total expenditures	4,686,979	4,686,979	0
Excess of revenue collected over (under) expenditures	(206,926)	12,162	219,088
Cash fund balance, beginning of year	206,926	206,926	0
Cash fund balance, end of year	\$ 0	219,088	219,088

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, 2012

	PROPRIETARY FUND TYPES
Revenues Collected:	
Local sources	\$ 14,978
Interest earnings	<u>6</u>
Total revenues collected	<u>14,984</u>
Expenditures:	
Operation of non-instructional services	<u>11,433</u>
Excess of revenues collected over (under) expenditures	3,551
Retained earnings, beginning of period	<u>1,018</u>
Retained earnings, end of period	<u>\$ 4,569</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, 2012

	PROPRIETARY FUND TYPES
Cash flows from operating activities:	
Net operating income (loss)	\$ 3,551
Net (decrease) in cash and cash equivalents	3,551
Cash and cash equivalents, beginning of period	<u>1,018</u>
Cash and cash equivalents, end of period	<u>\$ 4,569</u>

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

INDEPENDENT SCHOOL DISTRICT NO. 2 OF TULSA COUNTY  
NOTES TO THE COMBINED FINANCIAL STATEMENTS – REGULATORY BASIS  
FOR THE YEAR ENDED JUNE 30, 2012

**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, 2012

**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, 2012

**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, 2012

**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 2010-2012 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, 2012

**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, 2012

**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 filled 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, 2012

**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 February 6, 2012.

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, 2012, 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, 2012

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

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

Unmatured Obligations – The unmatured 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 unmatured 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, 2012

**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, 2012

**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, 2012

**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, 2012

**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, 2012, was \$10,978,205. 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, 2012, 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 \$14,700,540.

*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 form 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 1<sup>st</sup> 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, 2012.

INDEPENDENT SCHOOL DISTRICT NO. 2 OF TULSA COUNTY  
 NOTES TO THE COMBINED FINANCIAL STATEMENTS – REGULATORY BASIS  
 FOR THE YEAR ENDED JUNE 30, 2012

**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, 2012:

	Bonds Payable	Capital Leases	Total
Balance, July 1, 2011	\$ 16,240,000	500,000	16,740,000
Additions	4,530,000	0	4,530,000
Retirements	(3,950,000)	(200,000)	(4,150,000)
Balance, June 30, 2012	\$ 16,820,000	300,000	17,120,000

A brief description of the outstanding long-term debt at June 30, 2012, 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 \$350,000, due 5-01-09	\$ 3,155,000
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	5,975,000



INDEPENDENT SCHOOL DISTRICT NO. 2 OF TULSA COUNTY  
 NOTES TO THE COMBINED FINANCIAL STATEMENTS – REGULATORY BASIS  
 FOR THE YEAR ENDED JUNE 30, 2012

**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 5-01-12	\$ 4,530,000
General Obligation Building Bonds, Series 2008, Original issue \$3,615,000, interest rate of 2.3% to 2.75%, due in an initial and annual installments of \$900,000 final payment of \$915,000 due 5-01-13	915,000
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	2,245,000
<u>Capital Leases</u>	
District received funding with 2003 QZAB Bonds, in conjunction with a lease agreement with Zions First National Bank, for \$1,000,000, @ 1.65%, due in annual principal and interest installments of \$116,500. Payments are made to a trust account, when bonds become due, 12-29-12, the trust account will make actual bond payment of \$1,000,000.	100,000
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>200,000</u>
Total	<u>\$ 17,120,000</u>

INDEPENDENT SCHOOL DISTRICT NO. 2 OF TULSA COUNTY  
 NOTES TO THE COMBINED FINANCIAL STATEMENTS – REGULATORY BASIS  
 FOR THE YEAR ENDED JUNE 30, 2012

**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
2013	4,640,000	281,134	4,921,134
2014	5,025,000	182,123	5,207,123
2015	3,685,000	88,410	3,773,410
2016	2,630,000	41,030	2,671,030
2017	1,140,000	9,120	1,149,120
Total	\$ 17,120,000	601,817	17,721,817

Interest paid on general long-term debt during the 2011-12 fiscal year totaled \$291,662.

**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, 2012

**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 2010-11 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 2012, 2011 and 2010, were \$3,313,030, \$3,031,434, and \$3,341,141.

Ten year historical trend information is presented in the Teacher's Retirement System of Oklahoma Annual Report for the year ended June 30, 2012. 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, 2012

**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 2011-12 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, 2012

**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.

INDEPENDENT SCHOOL DISTRICT NO. 2 OF TULSA COUNTY  
 COMBINING STATEMENT OF ASSETS, LIABILITIES AND FUND EQUITY -  
 ALL SPECIAL REVENUE FUNDS - REGULATORY BASIS  
 JUNE 30, 2012

	<u>BUILDING FUND</u>	<u>CO-OP FUND</u>	<u>CHILD NUTRITION FUND</u>	<u>TOTAL</u>
<u>ASSETS</u>				
Cash	\$ 374,831	60,688	568,586	1,004,105
Investments	<u>2,000,000</u>	<u>          </u>	<u>600,000</u>	<u>2,600,000</u>
Total Assets	<u>\$ 2,374,831</u>	<u>60,688</u>	<u>1,168,586</u>	<u>3,604,105</u>
 <u>LIABILITIES AND FUND EQUITY</u>				
Liabilities				
Warrants payable	\$	17,819	145,481	163,300
Encumbrances	<u>27,091</u>	<u>370</u>	<u>          </u>	<u>27,461</u>
Total liabilities	<u>27,091</u>	<u>18,189</u>	<u>145,481</u>	<u>190,761</u>
 Fund Equity				
Cash fund balances	<u>2,347,740</u>	<u>42,499</u>	<u>1,023,105</u>	<u>3,413,344</u>
Total Liabilities and Fund Equity	<u>\$ 2,374,831</u>	<u>60,688</u>	<u>1,168,586</u>	<u>3,604,105</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, 2012

	BUILDING FUND	CO-OP FUND	CHILD NUTRITION FUND	TOTAL
Revenues Collected:				
Local sources	\$ 869,210		790,310	1,659,520
State sources		126,094	211,201	337,295
Federal sources		7,245	1,233,322	1,240,567
Interest earnings	85,981		4,193	90,174
Non-revenue receipts		1,016	27,623	28,639
Total revenues collected	<u>955,191</u>	<u>134,355</u>	<u>2,266,649</u>	<u>3,356,195</u>
Expenditures:				
Instruction		109,488		109,488
Support services	229,519	2,696		232,215
Operation of non-instructional services			2,040,598	2,040,598
Facilities acquisition and construction services	227,527			227,527
Reimbursement			23,614	23,614
Correcting Entry		1,069	4,128	5,197
Repayment			88	88
Total expenditures	<u>457,046</u>	<u>113,253</u>	<u>2,068,428</u>	<u>2,638,727</u>
Excess of revenues collected over (under) expenditures before adjustments to prior year encumbrances	498,145	21,102	198,221	717,468
Adjustments to prior year encumbrances	<u>3,277</u>	<u>502</u>		<u>3,779</u>
Excess of revenues collected over (under) expenditures	501,422	21,604	198,221	721,247
Cash fund balances, beginning of year	<u>1,846,318</u>	<u>20,895</u>	<u>824,884</u>	<u>2,692,097</u>
Cash fund balances, end of year	<u>\$ 2,347,740</u>	<u>42,499</u>	<u>1,023,105</u>	<u>3,413,344</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, 2012

	BUILDING FUND			CHILD NUTRITION FUND			CO-OP FUND			orig	final
	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL		
Revenues Collected:											
Local sources	\$ 750,000	866,710	869,210	\$ 660,000	658,000	790,310	\$			1,410,000	1,524,710
State sources				200,000	212,000	211,201	134,000	126,162	126,094	334,000	338,162
Federal sources				955,000	952,115	1,233,322	13,000	14,764	7,245	968,000	966,879
Interest earnings	10,000	70,000	85,981	8,000	10,000	4,193				18,000	80,000
Non-revenue receipts				15,000	15,000	27,623			1,016	15,000	15,000
Total revenues collected	<u>760,000</u>	<u>936,710</u>	<u>955,191</u>	<u>1,838,000</u>	<u>1,847,115</u>	<u>2,266,649</u>	<u>147,000</u>	<u>140,926</u>	<u>134,355</u>	<u>2,745,000</u>	<u>2,924,751</u>
Expenditures:											
Instruction							140,000	158,980	109,488	140,000	158,980
Support services	361,000	611,000	229,519						2,696	361,000	611,000
Operation of non-instructional services				2,370,000	2,370,000	2,040,598				2,370,000	2,370,000
Facilities acquisition & construction services	364,000	389,000	227,527							364,000	389,000
Other outlays:											
Correcting entry				30,000	30,000	4,128		1,020	1,069		31,020
Reimbursement				10,000	10,000	23,614				10,000	10,000
Other uses						88					
Total expenditures	<u>725,000</u>	<u>1,000,000</u>	<u>457,046</u>	<u>2,410,000</u>	<u>2,410,000</u>	<u>2,068,428</u>	<u>140,000</u>	<u>160,000</u>	<u>113,253</u>	<u>3,275,000</u>	<u>3,570,000</u>
Excess of revenues collected over (under) expenditures before adjustments to prior year encumbrances	35,000	(63,290)	498,145	(572,000)	(562,885)	198,221	7,000	(19,074)	21,102		
Adjustments to prior year encumbrances	<u>0</u>	<u>0</u>	<u>3,277</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>502</u>		
Excess of revenues collected over (under) expenditures	35,000	(63,290)	501,422	(572,000)	(562,885)	198,221	7,000	(19,074)	21,604		
Cash fund balances, beginning of year	<u>1,500,000</u>	<u>1,846,318</u>	<u>1,846,318</u>	<u>800,000</u>	<u>824,884</u>	<u>824,884</u>	<u>5,300</u>	<u>20,895</u>	<u>20,895</u>		
Cash fund balances, end of year	<u>\$ 1,535,000</u>	<u>1,783,028</u>	<u>2,347,740</u>	<u>\$ 228,000</u>	<u>261,999</u>	<u>1,023,105</u>	<u>\$ 12,300</u>	<u>1,821</u>	<u>42,499</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, 2012

	<u>2012</u> SERIES <u>BOND FUND</u>	<u>2011</u> SERIES <u>BOND FUND</u>	<u>2010</u> SERIES <u>BOND FUND</u>	<u>2006</u> SERIES <u>BOND FUND</u>	<u>TOTAL</u>
<u>ASSETS</u>					
Cash	\$ 4,530,000	50,511	920,000	53,254	5,553,765
Investments	<u>                    </u>	<u>2,000,000</u>	<u>                    </u>	<u>                    </u>	<u>2,000,000</u>
Total Assets	<u>\$ 4,530,000</u>	<u>2,050,511</u>	<u>920,000</u>	<u>53,254</u>	<u>7,553,765</u>
<u>LIABILITIES AND FUND EQUITY</u>					
Liabilities:					
Warrants Payable	\$ 32,575	21	30,390	62,986	62,986
Encumbrances	<u>44,900</u>	<u>370,520</u>	<u>329,790</u>	<u>12,148</u>	<u>757,358</u>
Total liabilities	<u>77,475</u>	<u>370,541</u>	<u>360,180</u>	<u>12,148</u>	<u>820,344</u>
Fund Equity:					
Cash fund balances	<u>4,452,525</u>	<u>1,679,970</u>	<u>559,820</u>	<u>41,106</u>	<u>6,733,421</u>
Total Liabilities and Fund Equity	<u>\$ 4,530,000</u>	<u>2,050,511</u>	<u>920,000</u>	<u>53,254</u>	<u>7,553,765</u>

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, 2012

	2012 SERIES <u>BOND FUND</u>	2011 SERIES <u>BOND FUND</u>	2010 SERIES <u>BOND FUND</u>	2006 SERIES <u>BOND FUND</u>	<u>TOTAL</u>
Revenues collected:					
Local sources	\$				0
Non-revenue receipts					0
Total revenues collected	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Expenditures:					
Instruction	44,900	240,589	411,451	3,225	700,165
Support services	32,575	137,574	104,146	90,946	365,241
Facilities acquisition and construction services		<u>3,916,867</u>	<u>64,544</u>	<u>87,861</u>	<u>4,069,272</u>
Total expenditures	<u>77,475</u>	<u>4,295,030</u>	<u>580,141</u>	<u>182,032</u>	<u>5,134,678</u>
Excess of revenues collected over (under) expenditures before other financing sources (uses)	(77,475)	(4,295,030)	(580,141)	(182,032)	(5,134,678)
Other financing sources (uses)					
Bond proceeds	4,530,000				4,530,000
Adjustments to prior year encumbrances			<u>45,085</u>	<u>29,269</u>	<u>74,354</u>
Total other financing sources (uses)	<u>4,530,000</u>	<u>0</u>	<u>45,085</u>	<u>29,269</u>	<u>4,604,354</u>
Excess of revenues collected over (under) expenditures after other financing sources (uses)	4,452,525	(4,295,030)	(535,056)	(152,763)	(530,324)
Cash fund balances, beginning of year	<u>0</u>	<u>5,975,000</u>	<u>1,094,876</u>	<u>193,869</u>	<u>7,263,745</u>
Cash fund balances, end of year	<u>\$ 4,452,525</u>	<u>1,679,970</u>	<u>559,820</u>	<u>41,106</u>	<u>6,733,421</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, 2012

	EXPENDABLE TRUST FUND	SCHOOL ACTIVITY FUNDS	TOTAL
<u>ASSETS</u>	GIFTS AND ENDOWMENTS FUND		
Cash	\$ 51,729	299,902	351,631
Investments	75,000	500,000	575,000
Total Assets	\$ 126,729	799,902	926,631
<u>LIABILITIES AND FUND EQUITY</u>			
Liabilities			
Warrants payable	\$ 2,500		2,500
Encumbrances	2,206		2,206
Funds held for school organizations		799,902	799,902
	4,706	799,902	804,608
Fund Equity			
Cash fund balances	122,023	0	122,023
Total Liabilities and Fund Equity	\$ 126,729	799,902	926,631

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, 20112

	BALANCE 07/01/11	ADDITIONS	NET TRANSFERS	DEDUCTIONS	BALANCE 06/30/12
<u>ASSETS</u>					
Cash	\$ 248,052	1,709,242		1,657,392	299,902
Investments	500,000				500,000
<b>Total</b>	<b>\$ 748,052</b>	<b>1,709,242</b>	<b>0</b>	<b>1,657,392</b>	<b>799,902</b>
<u>LIABILITIES</u>					
Early childhood	\$ 44,580	16,534		22,055	39,059
Angus valley	33,336	72,946		73,837	32,445
Central elementary	24,504	19,054		26,404	17,154
Garfield	14,836	26,743		26,037	15,542
Limestone	14,156	48,455		46,741	15,870
Pratt	17,551	77,641		79,087	16,105
All district choir	1,900	650		617	1,933
Project summer spirit	11,299	14,910		12,600	13,609
CPHS general fund	19,832	31,603		36,495	14,940
Refund account	0	36,383		24,584	11,799
CBJH general fund	62,327	40,495		41,549	61,273
CJH general fund	7,991	14,619		17,474	5,136
Agriculture	11,885	62,456		57,645	16,696
Anchor club	393	0		130	263
Boyd art	1,672	1,422		1,311	1,783
CPHS athletics	83,884	193,171		196,839	80,216
Sandite Quarterback Club	0	38,338		29,062	9,276
Softball	28,412	13,886		15,414	26,884
CPHS visual arts	1,727	3,681		3,812	1,596
CPHS FCA	0	768		729	39
Central Art	71	610		650	31
Central FCA	579	893		1,221	251
Basketball	266	0		0	266
BIT	3,897	3,815		3,956	3,756
Techconnect	203	3,150		3,056	297
AASU	3	0		0	3
Cheer Scholarship	0	5,850		0	5,850
9th grade BPA	574	7,219		6,674	1,119
CPHS cheer	1,810	64,431		57,713	8,528
9th grade cheer	3,097	14,604		15,990	1,711
Lake academy	2,404	1,989		1,669	2,724
Sixth grade art	4,039	1,730		777	4,992
CBMS 7th grade science club	286	8,445		7,667	1,064
Boyd computers	88	0		0	88
CMBS Environmental Sci.	0	6,312		4,241	2,071
Student Educational	0	627		627	0
Sertoma Serteen Club	0	70		0	70

INDEPENDENT SCHOOL DISTRICT NO. 2 OF TULSA COUNTY  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS - REGULATORY BASIS  
FOR THE YEAR ENDED JUNE 30, 2012

Federal Grantor / Pass Through Grantor / Program Title	Federal CFDA Number	Federal Grantor's / Pass-through Grantor's No.	Program or Award Amount	Balance at 7/1/11	Revenue Collected	Total Expenditures	Balance at 6/30/12
<u>U.S. Department of Education</u>							
<u>Direct Programs:</u>							
Title VIII - Indian Education	84.060	S060A110372	\$ 150,208		67,472	150,208	82,736
Title VIII - Indian Education - Note	84.060	S060A100372		16,461	16,461		
Sub Total			<u>150,208</u>	<u>16,461</u>	<u>83,933</u>	<u>150,208</u>	<u>82,736</u>
<u>Passed Through State Department of Education:</u>							
Title I, Basic	84.010		497,464		236,205	384,583	148,378
Title I Basic - Note	84.010			130,731	130,731		
Title I, Part A School Support	84.010		29,695		7,280	28,978	21,698
Title I, ARRA	84.389		11,992		11,961	11,961	
Title I, ARRA - Note	84.389			25,503	25,503		
Title I, Neglected Part A	84.010		50,817		39,984	50,017	10,033
Title I, Neglected Part A - Note	84.010			22,681	22,681		
21st Century CLC	84.287		261,336		172,992	231,515	58,523
21st Century Title IV B - Note	84.287			92,303	92,303		
Title III Part A (co-op)	84.365		14,764		7,245	8,176	931
*IDEA-B Flowthrough	84.027		1,120,436		652,539	986,310	333,771
IDEA-B Flowthrough - Note	84.027			313,244	313,244		
IDEA-B Flowthrough ARRA - Note	84.391			95,518	95,518		
*IDEA-B Preschool	84.173		21,465		8,553	17,122	8,569
IDEA-B Preschool - Note	84.173			5,530	5,530		
Title II, Part A	84.367		187,556		81,559	118,535	36,976
Title II, Part A - Note	84.367			16,578	16,578		
Title II, Part D Enhancing Technology	84.318		18,667		18,558	18,558	
Title II, Part D - Note	84.318			28,409	28,409		
Title II, Part D Professional Development	84.318		18,906		10,437	18,736	8,299
Title II, Part D - Note	84.318			1,800	1,800		
State Fiscal Stabilization Fund (ECEC Capital) - Note	84.397			250,902	250,902		
Sub Total			<u>2,233,098</u>	<u>983,199</u>	<u>2,230,512</u>	<u>1,874,491</u>	<u>627,178</u>
<u>Passed Through State Department of Vocational Technical Education:</u>							
Carl Perkins	84.048		30,315		0	29,455	29,455
Carl Perkins - Note	84.048			21,243	21,243		
Sub Total			<u>30,315</u>	<u>21,243</u>	<u>21,243</u>	<u>29,455</u>	<u>29,455</u>
<u>U.S. Department of Agriculture</u>							
<u>Passed Through State Department of Education:</u>							
*School breakfast program	10.553				265,794	265,794	
*National school lunch program	10.555				956,149	956,149	
*Summer food program	10.599				11,379	11,379	
Sub Total					<u>1,233,322</u>	<u>1,233,322</u>	
<u>Passed Through Department of Human Services:</u>							
*Non-cash assistance - commodities Note 1	10.555				110,022	110,022	
<u>Other Federal Assistance:</u>							
Johnson O'Malley	15.130		32,880		12,631	21,091	8,460
Johnson O'Malley C/O	15.130		12,700		12,700	12,700	
Johnson O'Malley - Note	15.130			5,285	5,285		
On the Job Training	84.334		5,525		5,525	5,525	
Medicaid resources	93.774		169,464		169,464	169,464	
Sub Total			<u>220,569</u>	<u>5,285</u>	<u>205,605</u>	<u>208,780</u>	<u>8,460</u>
Total Federal Assistance			<u>\$ 2,634,190</u>	<u>1,026,188</u>	<u>3,884,637</u>	<u>3,606,278</u>	<u>747,829</u>

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 \$110,022 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, 2012

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

INDEPENDENT SCHOOL DISTRICT NO. 2 OF TULSA COUNTY  
SCHEDULE OF ACCOUNTANT’S PROFESSIONAL LIABILITY INSURANCE  
AFFIDAVIT  
JULY 1, 2011 TO JUNE 30, 2012

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 2011-2012.

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

By \_\_\_\_\_  
Authorized Agent

Subscribed and sworn to before me  
This 25<sup>th</sup> day of September, 2012

\_\_\_\_\_  
Notary Public (or Clerk or Judge)

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