FINANCIAL STATEMENTS - REGULATORY BASIS AND REPORTS OF INDEPENDENT AUDITOR

SAPULPA SCHOOL DISTRICT NO. I-33, CREEK COUNTY, OKLAHOMA

JUNE 30, 2012

Audited by

JACK H. JENKINS
CERTIFIED PUBLIC ACCOUNTANT
A PROFESSIONAL CORPORATION
TULSA, OK

INDEPENDENT SCHOOL DISTRICT NO. I-33
CREEK COUNTY, OKLAHOMA
JUNE 30, 2012

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CREEK COUNTY, OKLAHOMA
JUNE 30, 2012

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INDEPENDENT SCHOOL DISTRICT NO. I-33
CREEK COUNTY, OKLAHOMA
SCHOOL DISTRICT OFFICIALS
JUNE 30, 2012

BOARD OF EDUCATION

President	Jeff Gilbert
Vice-President	Bryan Sherwood
Vice-President	Dr. Shirley Woods
Member	Curtice Hillis
Member	Steve McCormick, Jr.

SUPERINTENDENT OF SCHOOLS

Dr. Mary Webb

MINUTES CLERK

Kathleen Conner

SCHOOL DISTRICT TREASURER

Doug Jones

Jack H. Jenkins, CPA *A Professional Corporation*

INDEPENDENT AUDITOR'S REPORT

The Honorable Board of Education
Sapulpa School District No. I-033
Sapulpa, Oklahoma 74066-4633

I have audited the accompanying regulatory basis financial statements of Sapulpa School District No. I-033, Sapulpa, Oklahoma, as listed in the table of contents as of and for the year ended June 30, 2012. These financial statements are the responsibility of the District's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with auditing standards generally accepted in the United States of America and *Government Auditing Standards,* issued by the Comptroller General of the United States. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall combined financial statement presentation. I believe that my audit provides a reasonable basis for my opinion.

As discussed in Note 1, these financial statements were prepared in conformity with the accounting and financial reporting regulations prescribed by the Oklahoma State Department of Education that demonstrates compliance with the cash basis and budget laws of Oklahoma, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. The differences between the regulatory basis of accounting and accounting principles generally accepted in the United States of America are also described in Note 1.

Also, as discussed in Note 1, the regulatory basis financial statements referred to above do not include the general fixed asset account group. The amount that should be recorded in the general fixed assets group is not known. If the general fixed assets account group had been included, the amount of the adjustments to the regulatory basis financial statements is not known.

In my opinion, because of the District's policy to prepare its financial statements on the basis of accounting discussed in the third paragraph, the financial statements referred to above do not present fairly in all material respects, in conformity with accounting principles generally accepted in the United States of America, the financial position of Sapulpa School District No. I-033, Sapulpa, Oklahoma as of June 30, 2012, and the results of its operations for the year then ended.

10026 - A South Mingo Rd. # 309 • Tulsa, OK 74133-5700
Tulsa local phone (918) 366-4440 • Toll Free 1-866-536-5272 • Fax (918) 366-4443
www.jackhjenkinscpa.com

However, in my opinion, except for the omission of the general fixed assets account group, which results in an incomplete presentation as explained 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, where applicable, of Sapulpa School District No. I-033, Sapulpa, Oklahoma, as of June 30, 2012, and the revenues collected and expenditures paid for the year then ended on the regulatory basis of accounting described in Note 1.

In accordance with *Government Auditing Standards*, I have also issued a report dated November 1, 2012, on my consideration of the District's internal control over financial reporting and my tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of my testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of my audit.

My audit was conducted for the purpose of forming an opinion on the regulatory basis financial statements that collectively comprise Sapulpa School District No. I-033's basic financial statements. The accompanying Schedule of Expenditures of Federal Awards is presented for additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Nonprofit* Organizations, and is not a required part of the combined financial statements. The combining fund statements and supporting schedules listed in the table of contents are presented for purposes of additional analysis. This other supplementary information has been subjected to the auditing procedures applied in the audit of the financial statements and, in my opinion, is fairly stated in all material respects in relation to the financial statements taken as a whole.

Jack H. Jenkins
Certified Public Accountant, P.C.

November 1, 2012

COMBINED FINANCIAL STATEMENTS - REGULATORY BASIS

INDEPENDENT SCHOOL DISTRICT NO. I-33, CREEK COUNTY
COMBINED STATEMENT OF ASSETS, LIABILITIES AND FUND EQUITY - REGULATORY BASIS - ALL FUND TYPES AND ACCOUNT GROUPS
JUNE 30, 2012

	GOVERNMENTAL FUND TYPES				FIDUCIARY FUND TYPES	ACCOUNT GROUP	
ASSETS	GENERAL	SPECIAL REVENUE	DEBT SERVICE	CAPITAL PROJECTS	EXPENDABLE TRUST AND AGENCY FUND	GENERAL LONG-TERM DEBT	TOTALS
Cash	$ 5,817,734	2,151,368	2,033,273	5,521,687	886,357		16,410,419
Amounts available in debt service						172,104	172,104
Amounts to be provided for retirement of general long-term debt						13,600,611	13,600,611
Total Assets	5,817,734	2,151,368	2,033,273	5,521,687	886,357	13,772,715	30,183,134
LIABILITIES AND FUND EQUITY							
Liabilities							
Warrants payable	589,985	78,821		11,209			680,015
Encumbrances	148,568	290,685					439,253
Funds held for school organizations					886,357		886,357
Unmatured obligations			1,861,169				1,861,169
Long-term debt:							
Bonds payable						13,755,000	13,755,000
Capital leases						17,715	17,715
Total liabilities	738,553	369,506	1,861,169	11,209	886,357	13,772,715	17,639,509
Fund Equity							
Cash fund balances	5,079,181	1,781,862	172,104	5,510,478			12,543,625
Total Liabilities and Fund Equity	$ 5,817,734	2,151,368	2,033,273	5,521,687	886,357	13,772,715	30,183,134

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

INDEPENDENT SCHOOL DISTRICT NO. I-33, CREEK COUNTY
COMBINED STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN CASH FUND BALANCES
REGULATORY BASIS - ALL GOVERNMENTAL FUND TYPES
JUNE 30, 2012

	GOVERNMENTAL FUND TYPES				
	GENERAL	SPECIAL REVENUE	DEBT SERVICE	CAPITAL PROJECTS	TOTALS
Revenues					
Local sources	$ 5,553,227	1,309,171	3,724,694		10,587,092
Intermediate sources	580,062				580,062
State sources	16,177,411	150,075	962		16,328,448
Federal sources	3,905,352	1,111,568			5,016,920
Non-revenue receipts	262,405		4,860		267,265
Total revenues	26,478,457	2,570,814	3,730,516		32,779,787
Expenditures					
Instruction	15,733,908	63,916		225,575	16,023,399
Support services	9,240,764	1,171,035		4,072	10,415,871
Operation of non-instructional services	82,065	1,622,995			1,705,060
Facilities, acquisition and const. services	3,500	192,261		2,501,250	2,697,011
Repayments	5,172				5,172
Debt service			3,734,738		3,734,738
Total expenditures	25,065,409	3,050,207	3,734,738	2,730,897	34,581,251
Revenues over (under) expenditures	1,413,048	(479,393)	(4,222)	(2,730,897)	(1,801,464)
Other financing sources (uses)					
Lapsed appropriations	28,104	22,998			51,102
Estopped warrants	752				752
Bond proceeds				5,400,000	5,400,000
Total other financing sources (uses)	28,856	22,998		5,400,000	5,451,854
Revenue and other sources over (under) expenditures and other uses	1,441,904	(456,395)	(4,222)	2,669,103	3,650,390
Cash fund balance, beginning of year	3,637,277	2,238,257	176,326	2,841,375	8,893,235
Cash fund balance, end of year	$ 5,079,181	1,781,862	172,104	5,510,478	12,543,625

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

INDEPENDENT SCHOOL DISTRICT NO. I-33, CREEK COUNTY
COMBINED STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL - REGULATORY BASIS - BUDGETED GENERAL FUND
JUNE 30, 2012

	GENERAL FUND		
	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL
Revenues			
Local sources	$ 5,155,334	5,155,334	5,553,227
Intermediate sources	472,143	472,143	580,062
State sources	15,546,381	15,546,381	16,177,411
Federal sources	4,129,672	4,129,672	3,905,352
Non-revenue receipts			262,405
Total revenues	25,303,530	25,303,530	26,478,457
Expenditures			
Instruction	15,733,908	15,733,908	15,733,908
Support services	9,240,764	9,240,764	9,240,764
Operation of non-instructional services	82,065	82,065	82,065
Facilities, acquisition and const. services	3,500	3,500	3,500
Repayments	5,171	5,171	5,172
Non-categorical	3,875,399	3,875,399	
Total expenditures	28,940,807	28,940,807	25,065,409
Revenues over (under) expenditures	(3,637,277)	(3,637,277)	1,413,048
Other financing sources (uses)			
Lapsed appropriations			28,104
Estopped warrants			752
Total other financing sources (uses)			28,856
Revenue and other sources over (under) expenditures and other uses	(3,637,277)	(3,637,277)	1,441,904
Cash fund balance, beginning of year	3,637,277	3,637,277	3,637,277
Cash fund balance, end of year	$ -	-	5,079,181

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

INDEPENDENT SCHOOL DISTRICT NO. I-33, CREEK COUNTY
COMBINED STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL -
REGULATORY BASIS - ALL BUDGETED SPECIAL REVENUE FUNDS
JUNE 30, 2012

	SPECIAL REVENUE FUNDS		
	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL
Revenues			
Local sources	$ 1,117,244	1,117,244	1,309,171
State sources	117,060	117,060	150,075
Federal sources	1,068,603	1,068,603	1,111,568
Total revenues	2,302,907	2,302,907	2,570,814
Expenditures			
Instruction	63,916	63,916	63,916
Support services	1,171,035	1,171,035	1,171,035
Operation of non-instructional services	1,622,995	1,622,995	1,622,995
Facilities, acquisition and const. services	192,261	192,261	192,261
Non-categorical	1,490,957	1,490,957	
Total expenditures	4,541,164	4,541,164	3,050,207
Revenues over (under) expenditures	(2,238,257)	(2,238,257)	(479,393)
Other financing sources (uses)			
Lapsed appropriations			22,998
Total other financing sources (uses)			22,998
Revenue and other sources over (under) expenditures and other uses	(2,238,257)	(2,238,257)	(456,395)
Cash fund balance, beginning of year	2,238,257	2,238,257	2,238,257
Cash fund balance, end of year	$ -	-	1,781,862

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

INDEPENDENT SCHOOL DISTRICT NO. I-33, CREEK COUNTY
COMBINED STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL - REGULATORY BASIS - DEBT SERVICE FUNDS
JUNE 30, 2012

	DEBT SERVICE FUND		
	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL
Revenues			
Local sources	$ 3,559,553	3,559,553	3,724,694
State sources			962
Non-revenue receipts			4,860
Total revenues	3,559,553	3,559,553	3,730,516
Expenditures			
Other outlays			
Debt service	3,735,879	3,735,879	3,734,738
Revenues over (under) expenditures	(176,326)	(176,326)	(4,222)
Cash fund balance, beginning of year	176,326	176,326	176,326
Cash fund balance, end of year	$ -	-	172,104

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

NOTES TO COMBINED FINANCIAL STATEMENTS - REGULATORY BASIS

1. Summary of Significant Accounting Policies

The basic financial statements of the Sapulpa Public Schools Independent District No. I-33 (the "District") have been prepared in conformity with another comprehensive basis of accounting as prescribed by the Oklahoma State Department of Education. The more significant of the District's accounting policies are described below.

A. Reporting Entity

The District is a corporate body for public purposes created under Title 70 of the Oklahoma Statutes and accordingly is a separate entity for operating and financial reporting purposes.

The District is part of the public school system of Oklahoma under the general direction and control of the State Board of Education and is financially dependent on state of Oklahoma support. The general operating authority for the public school system is the Oklahoma School Code contained in Title 70, Oklahoma Statutes.

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

In evaluating how to define the District, for financial reporting purposes, management has considered all potential component units. The decision to include a potential component unit in the reporting entity was made by applying the criteria established by the Governmental Accounting Standards Board (GASB). The basic, but not the only, criterion for including a potential component unit within the reporting entity is the governing body's 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. The Parent Teacher Association (PTA) is not included in the reporting entity. The District does not appoint any of the board members or exercise any oversight authority over the PTA.

1. **Summary of Significant Accounting Policies**- contd.

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 Fund - The special revenue funds are the District's building, co-op and child nutrition funds.

Building Fund - The building fund consists of monies derived 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 the 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.

1. **Summary of Significant Accounting Policies**- contd.

B. Fund Accounting - contd.

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. The District did not maintain this fund during the 2011-12 fiscal year.

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

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 (enterprise funds) or to other departments or agencies primarily within the District (internal service funds). The District has no proprietary fund types.

Fiduciary Fund Types

Fiduciary funds are used to account for assets held on behalf of outside parties, including other governments, or on behalf of other funds within the District. When these assets are held under a trust agreement, either a nonexpendable trust fund or an expendable trust fund is used depending on whether there is an obligation to maintain trust principal. Agency

1. **Summary of Significant Accounting Policies**- contd.

B. Fund Accounting - contd.

funds are used to account for assets that the District holds on behalf of others as their agent and do not involve measurement of results of operations.

Expendable Trust Funds - Expendable trust funds include the gifts fund, medical insurance fund, workers compensation fund and the insurance recovery fund. The District did not maintain any expendable trust funds during the 2011-12 fiscal year.

Gifts Fund - The gifts 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.

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.

Insurance Recovery Fund - The insurance recovery fund accounts for all types of insurance recoveries, major reimbursements and reserves for property repairs and replacements.

Agency Fund - The agency fund is the school activities fund which is used to account for monies collected principally through fundraising efforts of the student and District-sponsored groups. The administration is responsible, under the authority of the Board, in collecting, disbursing and accounting for these activity funds.

Account Group

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

General Long-Term Debt Account Group - This account group was established to account for all long-term debt of the District, which is offset by the amount available in the debt service fund and the amount to be provided in future years to complete retirement of the debt principal. It is also used to account for other liabilities (judgments and lease purchases), which are to be paid from funds provided in future years.

1. **Summary of Significant Accounting Policies**- contd.

B. *Fund Accounting* - contd.

General Fixed Assets Account Group - This account group is used by governments to account for the property, plant and equipment of the school district. 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, results of operations or cash flows in conformity with generally accepted accounting principles. Neither is such data comparable to a consolidation. Interfund eliminations have not been made in the aggregation of this data.

C. Basis of Accounting and Presentation

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

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

- Encumbrances represented by purchase orders, contracts, and other commitments for the expenditure of monies and are recorded as expenditures when approved.
- Investments and inventories are recorded as assets when purchased.
- Warrants payable are recorded as liabilities when issued.
- Long-term debt is recorded when incurred.
- Accrued compensated absences are recorded as an expenditure and liability when the obligation is incurred.

This regulatory basis of accounting differs from accounting principles generally accepted in the United States of America, which requires revenues to be recognized when they become available and measurable, or when they are earned, and expenditures or expenses to be

1. **Summary of Significant Accounting Policies**- contd.

C. Basis of Accounting and Presentation – contd.

recognized when the related liabilities are incurred for governmental fund types; and, when revenues are earned and liabilities are incurred for proprietary fund types and trust funds.

D. Budgets and Budgetary Accounting

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

The District may upon approval by a majority of the electors of the District voting on the question make the ad valorem levy for emergency levy and local support levy permanent.

Under current Oklahoma Statutes, a formal budget is required for all funds except for trust and agency funds. Budgets are presented for all funds that include the originally approved budgeted appropriations for expenditures and final budgeted appropriations as adjusted for supplemental appropriations and approved transfers between budget categories.

E. Assets, Liabilities and Fund Equity

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

Investments - Investments consist of direct obligations of the United States Government and agencies; certificates of deposit of savings and loan associations, bank 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-regulatory basis.

1. **Summary of Significant Accounting Policies**- contd.

E. Assets, Liabilities and Fund Equity – contd.

Fixed Assets and Property, Plant and Equipment - The General Fixed Asset 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.

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 co-curricular 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. Long-term liabilities expected to be financed from proprietary fund operations are accounted for in those funds.

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

1. **Summary of Significant Accounting Policies**- contd.

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

If the first payment is not made timely, the entire tax becomes due and payable on January 2. Second half taxes become delinquent on April 1 of the year following the year of assessment. If not paid by the following October 1, the property is offered for sale for the amount of taxes due. The owner has two years to redeem the property by paying the taxes and penalty owned. 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 interest earnings, 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 school districts based on information accumulated from the Districts.

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

1. **Summary of Significant Accounting Policies**- contd.

F. Revenue and Expenditures- contd.

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 categorical educational program revenues be accounted for in the general fund.

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

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 pass-through 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 building fund and the non-special education portion of PL874 Impact Aid are apportioned there.

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 co-curricular 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.

1. **Summary of Significant Accounting Policies**- contd.

F. Revenue and Expenditures - contd.

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.

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 - Consists of activities involved with the acquisition of land and buildings; remodeling buildings; the construction of buildings and additions to buildings; initial installation or extension of service systems and other built-in equipment; and improvement to sites.

Other Outlays/Uses 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) when applicable. Other uses include scholarships provided by private gifts and endowments; student aid and staff awards supported by outside revenue sources (i.e., foundations). Also, expenditure 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 expenditure/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.

2. Deposits and Investments

Custodial Credit Risk

At June 30, 2012, the District held deposits of approximately $16,410,419 at financial institutions. The District's cash deposits, including interest-bearing certificates of deposit, are entirely covered by Federal Depository Insurance (FDIC) or direct obligation of the U.S. government insured or collateralized with securities held by the District or by its agent in the District's name.

Investment Interest Rate Risk

The District does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

Investment Credit Risk

The District has no policy that limits its investment choices other than the limitation of state law as follows:

a. Direct obligations of the U.S. Government, its agencies and instrumentalities to which the full faith and credit of the U.S. Government is pledged, or obligations to the payment of which the full faith and credit of the State is pledged.
b. Certificates of deposits or savings accounts that are either insured or secured with acceptable collateral with in-state financial institutions, and fully insured certificates of deposits or savings accounts in out-of-state financial institutions.
c. With certain limitation, negotiable certificates of deposit, prime bankers acceptances, prime commercial paper and repurchase agreements with certain limitations.
d. County, municipal or school district tax supported debt obligations, bond or revenue anticipation notes, money judgments, or bond or revenue anticipations notes of public trusts whose beneficiary is a county, municipality or school district.
e. Notes or bonds secured by mortgage or trust deed insured by the Federal Housing Administrator and debentures issued by the Federal Housing Administrator, and in obligations of the National Mortgage Association.
f. Money market funds regulated by the SEC and in which investments consist of the investments mentioned in the previous paragraphs (a.-d.).

There were no investments held at June 30, 2012.

3. General Long-term Debt

State statutes prohibit the District from becoming indebted in an amount exceeding the revenue to be received for any fiscal year without approval by the District's voters. Bond issues can be 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 bonds payable and two (2) capital leases. Debt service requirements for bonds 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:

	Payable	Leases	Totals
Balance, July 1, 2011	$ 12,040,000	18,213	12,058,213
Additions	5,400,000	8,176	5,408,176
Retirements	3,685,000	8,674	3,693,674
Balance, June 30, 2012	$ 13,755,000	17,715	13,772,715

A brief description of the outstanding long-term debt at June 30, 2012 is set forth below:

	Amount outstanding
General Obligation Bonds	
Building Bonds, Series 2007, original issue $775,000, interest rate of 3.4-3.55%, due in annual installments of $190,000 beginning 7-01-09, final payment of $205,000 due 7-01-12;	$ 205,000
Building Bonds, Series 2008, original issue $750,000, interest rate of 2.45-2.95%, due in annual installments of $185,000 beginning 6-1-10, final payment of $195,000 due 6-01-13;	195,000

3. **General Long-term Debt** – contd.

	Amount outstanding
General Obligation Bonds – contd.	
Comb. Purpose Bonds, Series 2009, original issue $4,150,000, interest rate of 2.00-2.375%, due in annual installments of $1,035,000 beginning 6-1-11, final payment of $1,045,000 due 6-01-14;	$ 2,080,000
Building Bonds, Series 2010, original issue $4,500,000, interest rate of 1.65-2.15%, due in annual installments of $1,125,000 beginning 6-1-12, final payment due 6-1-15;	3,375,000
Building Bonds, Series 2011, original issue $2,500,000, interest rate of 1.00-1.50%, due in annual installments of $625,000 beginning 6-1-13, final payment due 6-1-16;	2,500,000
Building Bonds, Series 2012, original issue $5,400,000, interest rate of 1.00-1.50%, due in annual installments of $625,000 beginning 6-1-13, final payment due 6-1-16;	5,400,000
Capital Leases	
Lease agreement for office copiers, totaling $23,720, dated 6-2-09, interest rate of 4.00%, monthly payments of $437, beginning 6-2-09, final payment due 5-20-14;	9,655
Lease agreement for an office copier, totaling $8,176 dated 5-15-12, interest rate of 4.25%, monthly payments of $152 beginning 6-20-12, final payment 5-20-17;	8,060
Totals	$ 13,772,715

3. **General Long-term Debt** – contd.

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

Year ending June 30	Principal	Interest	Total
2013	$ 3,185,000	198,107	3,383,107
2014	4,595,000	139,044	4,734,044
2015	3,550,000	67,475	3,617,475
2016	2,425,000	23,775	2,448,775
Total	$ 13,755,000	428,401	14,183,401

There was $250,726 interest paid on long-term debt incurred during the current year.

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

Year ending June 30	Principal	Interest	Total
2013	$ 6,451	614	7,065
2014	6,279	346	6,625
2015	1,639	183	1,822
2016	1,711	111	1,822
2017	1,635	36	1,671
Total	$ 17,715	1,290	19,005

4. **Employee Retirement System**

Plan Description

The District participates in the state-administered Oklahoma Teachers' Retirement Plan, 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 Teachers' Retirement System of Oklahoma, P.O. Box 53524, Oklahoma City, OK 73152 or by calling (405) 521-2387.

4. **Employee Retirement System** – contd.

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. Beginning, July 1, 2010, the District and State were required to contribute 14.5% of applicable compensation. Contributions received by the System are from a percentage of its revenues from sales taxes, use taxes, corporate income taxes and individual income taxes. The District contributed 9.5% beginning January 1, 2010 and the State of Oklahoma contributed the remaining 5.0% during the year. The District is allowed by the Oklahoma Teacher's 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 portion of the total contributions for 2012, 2011 and 2010 were $1,564,688, $2,050,754, and $2,346,946 respectively.

5. **Contingencies**

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

6. Risk Management

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The District continues to carry commercial insurance for these risks, including general and auto liability, property damage, and public officials liability. Settled claims resulting from these risks have not exceeded the commercial insurance coverage in any of the past three fiscal years.

7. Subsequent Events

Management has evaluated subsequent events through the date of the audit report, 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.

OTHER SUPPLEMENTARY INFORMATION – REGULATORY BASIS - COMBINING FINANCIAL STATEMENT

INDEPENDENT SCHOOL DISTRICT NO. I-33, CREEK COUNTY
COMBINING STATEMENT OF ASSETS, LIABILITIES AND
FUND EQUITY - REGULATORY BASIS - ALL SPECIAL REVENUE FUNDS
JUNE 30, 2012

ASSETS	BUILDING FUND	CHILD NUTRITION FUND	TOTALS
Cash	$ 1,628,556	522,812	2,151,368
LIABILITIES AND FUND EQUITY			
Liabilities			
Warrants payable	47,828	30,993	78,821
Encumbrances	289,685	1,000	290,685
Total liabilities	337,513	31,993	369,506
Fund Equity			
Cash fund balances	1,291,043	490,819	1,781,862
Total Liabilities and Fund Equity	$ 1,628,556	522,812	2,151,368

INDEPENDENT SCHOOL DISTRICT NO. I-33, CREEK COUNTY
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN CASH FUND BALANCES - REGULATORY BASIS - ALL SPECIAL REVENUE FUNDS
JUNE 30, 2012

	BUILDING FUND	CHILD NUTRITION FUND	TOTALS
Revenues			
Local sources	$ 890,051	419,120	1,309,171
State sources	199	149,876	150,075
Federal sources	12,176	1,099,392	1,111,568
Total revenues	902,426	1,668,388	2,570,814
Expenditures			
Instruction	63,916		63,916
Support services	1,171,035		1,171,035
Operation of non-instructional services		1,622,995	1,622,995
Facilities, acquisition and const. services	192,261		192,261
Total expenditures	1,427,212	1,622,995	3,050,207
Revenues over (under) expenditures	(524,786)	45,393	(479,393)
Other financing sources (uses)			
Lapsed appropriations	3,721	19,277	22,998
Total other financing sources (uses)	3,721	19,277	22,998
Revenue and other sources over (under) expenditures and other uses	(521,065)	64,670	(456,395)
Cash fund balance, beginning of year	1,812,108	426,149	2,238,257
Cash fund balance, end of year	$ 1,291,043	490,819	1,781,862

INDEPENDENT SCHOOL DISTRICT NO. I-33, CREEK COUNTY
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL -
- REGULATORY BASIS - ALL BUDGETED SPECIAL REVENUE FUNDS
JUNE 30, 2012

	BUILDING FUND			CHILD NUTRITION FUND		
	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL
Revenues						
Local sources	$ 701,079	701,079	890,051	$ 416,165	416,165	419,120
State sources			199	117,060	117,060	149,876
Federal sources			12,176	1,068,603	1,068,603	1,099,392
Total revenues	701,079	701,079	902,426	1,601,828	1,601,828	1,668,388
Expenditures						
Instruction	63,916	63,916	63,916			
Support services	1,171,035	1,171,035	1,171,035			
Operation of non-instructional services				1,622,995	1,622,995	1,622,995
Facilities acquisitions and construction	192,261	192,261	192,261			
Non-categorical	1,085,975	1,085,975		404,982	404,982	
Total expenditures	2,513,187	2,513,187	1,427,212	2,027,977	2,027,977	1,622,995
Revenues over (under) expenditures	(1,812,108)	(1,812,108)	(524,786)	(426,149)	(426,149)	45,393
Other financing sources (uses)						
Lapsed appropriations			3,721			19,277
Total other financing sources (uses)			3,721			19,277
Revenue and other sources over (under) expenditures and other uses	(1,812,108)	(1,812,108)	(521,065)	(426,149)	(426,149)	64,670
Cash fund balance, beginning of year	1,812,108	1,812,108	1,812,108	426,149	426,149	426,149
Cash fund balance, end of year	$ -	-	1,291,043	$ -	-	490,819

INDEPENDENT SCHOOL DISTRICT NO. I-33, CREEK COUNTY
COMBINING STATEMENT OF ASSETS, LIABILITIES AND
FUND EQUITY - REGULATORY BASIS - ALL CAPITAL PROJECTS FUNDS
JUNE 30, 2012

	2009 GEN. OBLIG. BOND FUND	2011 BUILDING BOND FUND	2012 BUILDING BOND FUND	TOTALS
ASSETS				
Cash	$ 120,687	1,000	5,400,000	5,521,687
LIABILITIES AND FUND EQUITY				
Liabilities				
Warrants payable	10,209	1,000		11,209
Encumbrances				-
Total liabilities	10,209	1,000		11,209
Fund equity				
Cash fund balances	110,478	-	5,400,000	5,510,478
Total Liabilities and Fund Equity	$ 110,478	-	5,400,000	5,510,478

INDEPENDENT SCHOOL DISTRICT NO. I-33, CREEK COUNTY
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN CASH FUND BALANCES - REGULATORY BASIS - ALL CAPITAL PROJECTS FUNDS
JUNE 30, 2012

	2009 GEN. OBLIG. BOND FUND	2010 BUILDING BOND FUND	2011 BUILDING BOND FUND	2012 BUILDING BOND FUND	TOTALS
Revenues					
Local sources					-
Expenditures					
Instruction	$ 225,575				225,575
Support Services	2,572		1,500		4,072
Facilities, acquisition & const. services		2,750	2,498,500		2,501,250
Total expenditures	228,147	2,750	2,500,000	-	2,730,897
Revenues over (under) expenditures	(228,147)	(2,750)		-	(230,897)
Other financing sources (uses)					
Bond sales proceeds				5,400,000	5,400,000
Total other financing sources (uses)	-	-	-	5,400,000	5,400,000
Revenue and other sources over (under) expenditures and other uses	(228,147)	(2,750)	(2,500,000)	5,400,000	2,669,103
Cash fund balance, beginning of year	338,625	2,750	2,500,000	-	2,841,375
Cash fund balance, end of year	$ 110,478	-	-	5,400,000	5,510,478

INDEPENDENT SCHOOL DISTRICT NO. I-33, CREEK COUNTY
COMBINING STATEMENT OF ASSETS, LIABILITIES AND
FUND EQUITY - REGULATORY BASIS - ALL FIDUCIARY FUND TYPES
JUNE 30, 2012

	AGENCY FUNDS
	ACTIVITY FUNDS
ASSETS	
Cash	$ 886,357
LIABILITIES AND FUND EQUITY	
Liabilities	
Funds held for school organizations	$ 886,357

INDEPENDENT SCHOOL DISTRICT NO. I-33, CREEK COUNTY
COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
REGULATORY BASIS - ALL AGENCY FUNDS
FOR THE YEAR ENDED JUNE 30, 2012

Activities	Balance July 1, 2011	Additions	Net Transfers	Deletions	Balance June 30, 2012
HS Office	$ 4,492	12,060	19,052	31,908	3,696
HS AFS Club	247	-		-	247
HS Debate	17,603	7,131		6,027	18,707
HS Art	6,900	10,361	4,820	12,148	9,933
HS Band	3,008	26,236	3,412	30,281	2,375
HS China Club	1,475	312		373	1,414
HS Cheerleaders	2,973	8,761		11,260	474
HS Art Club	15	-		-	15
HS STAY	1,155	-		39	1,116
HS Counseling Office	769	7,083		2,096	5,756
HS Business Prof Assoc	1,145	1,789	260	1,755	1,439
HS Faculty Club	22	392	500	894	20
HS French Honor Society	289	-		76	213
HS FCCLA	259	6,877		6,106	1,030
HS Guitar Club	81	-		-	81
HS Library	246	191		121	316
HS National Honor Society	796	3,045		2,658	1,183
HS Pow Wow	1,568	-		27	1,541
HS NAACP	30	-		-	30
HS Seniors 2012	12,281	665		10,378	2,568
HS Seniors 2013	574	21,122	770	8,710	13,756
HS Science Club	320	590		620	290
HS Spanish Honor Society	37	1,605	57	1,543	156
HS Special Ed/Olympics	25,176	600	5,500	5,114	26,162
HS Student Council	242	1,935		1,061	1,116
HS Vocal Music	14,485	18,951	11,797	33,105	12,128
HS Ag Ed & FFA	1,824	76,257		71,553	6,528
HS C&A Special Ed	4,274	-		-	4,274
HS Yearbook	391	19,176	520	16,722	3,365
HS TMH	734	-		-	734
HS Academic Team JANC	-	1,729		-	1,729
HS English	73	-	(1)	72	-
HS Band Auxilaries	8,656	17,780	(4,375)	19,889	2,172
HS Band Trips	8,085	152,293	23,963	180,697	3,644
HS YAC	3	-		-	3
HS Ping Pings	5	-		-	5
HS FCA	177	-		-	177
HS Indian Parent Commit	$ 1,321	2,142		2,506	957

INDEPENDENT SCHOOL DISTRICT NO. I-33, CREEK COUNTY
COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
REGULATORY BASIS - ALL AGENCY FUNDS
FOR THE YEAR ENDED JUNE 30, 2012

Activities	Balance July 1, 2011	Additions	Net Transfers	Deletions	Balance June 30, 2012
HS Sapulpa Indian Club	$ 772	4,332	486	4,623	967
HS Key Club	247	-		-	247
HS Think	46	-		-	46
HS Productions	4,263	1,200	6,000	7,053	4,410
HS JROTC	14,405	28,676	600	30,180	13,501
HS School Nurse	7,848	3,253	520	6,844	4,777
HS Teens for Christ	167	-		-	167
HS Math	1	-		-	1
HS First Robotics	7,693	2,099	5,000	6,784	8,008
HS Sapulpa Scops	1,069	662		968	763
HS Swat	88	-		-	88
JH Office	8,156	7,263	13,618	23,616	5,421
JH Cheerleaders	2,174	10,592	400	10,850	2,316
JH Home Ec & FHA	228	3,226		3,403	51
JH Library	504	487		774	217
JH Shop	647	-		-	647
JH Student Council	2,154	5,597		5,131	2,620
JH Vocal Music	5,004	26,996	300	25,333	6,967
JH Student Store	52	-	(52)	-	-
JH Yearbook	2,087	8,811	2,390	11,100	2,188
JH Art	1,092	830		806	1,116
JH Faculty Sunshine	37	-		-	37
JH Recycling	2,865	600	3,150	1,468	5,147
MS Office	20,467	1,939	7,664	3,976	26,094
MS Library	1,051	728		1,087	692
MS Student Store	6,171	10,255	148	11,173	5,401
MS Student Council	19	-		-	19
MS Yearbook	4,641	6,330		8,113	2,858
MS Art	85	1,649		1,613	121
MS Choir	449	10,623		10,283	789
MS Activities/Technology	557	-		470	87
MS NASA	272	1,032	(486)	818	-
MS NJHS	-	740	(148)	-	592
OCAP Library	17,176	-	30,000	24,689	22,487
SAFE	364	-		282	82
Liberty Library	429	3,803		3,370	862
Liberty Misc	7,661	1,511	2,014	2,311	8,875
Liberty Fundraising	$ 7,437	11,525		11,259	7,703

INDEPENDENT SCHOOL DISTRICT NO. I-33, CREEK COUNTY
COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
REGULATORY BASIS - ALL AGENCY FUNDS
FOR THE YEAR ENDED JUNE 30, 2012

Activities	Balance July 1, 2011	Additions	Net Transfers	Deletions	Balance June 30, 2012
Freedom Misc	$ 28,351	21,549	1,895	25,894	25,901
Freedom Fundraising	49,314	33,955		45,637	37,632
Jefferson Hts Misc	1,042	-	1,727	2,306	463
Jefferson Hts Fundraising	6,036	29,672	(16)	25,131	10,561
Jefferson Hts Grants	3,070	640		2,946	764
Jefferson Hts Library	2,307	4,557	31	4,926	1,969
Holmes Park Misc	7,825	16,541	3,361	17,791	9,936
Holmes Park Fundraising	19,205	34,304	3,798	36,816	20,491
Holmes Park Library	1,713	14,062		13,353	2,422
Homes Park Grants	3,798	-	(3,798)	-	-
Central Office Fund	2,349	-		-	2,349
NOW (Interest Income)	5,948	4,493	8,916	13,997	5,360
Drivers Education	19,325	12,320	1,925	23,175	10,395
Virtual School	2,460	4,225	(320)	3,216	3,149
Night Sch/Summer Sch	250	-		-	250
Latchkey	192,246	178,930	(3,849)	197,522	169,805
Education Foundation	50	-		-	50
Kids Hideout	10,309	-		10,309	-
Local Sch Child Welfare	24,970	546	33,045	29,800	28,761
Impact Program	39,735	-	10,000	21,821	27,914
Wellness Program	85	-		-	85
Child Nutrition Banquet	-	237	4,351	4,588	-
SPS Food Serv Assoc	4,352	2,709	374	1,790	5,645
Soft Drink Money	78,600	58,572	(70,267)	15,828	51,077
Alternative School	26,291	1,331	17,511	30,464	14,669
Jackson Scholarship	54	500		-	554
Clearing Account	-	203,136	(196,390)	6,746	-
Service Center	1,628	527	548	1,141	1,562
ASI - After School Instruct.	587	776		-	1,363
5th Grade Elem Basketball	2,034	8,731		7,775	2,990
6th Grade Elem Basketball	725	3,056		2,465	1,316
Centennial Plaza Project	639	2,985		-	3,624
Student Activity Drug Testing	40	5,795		3,060	2,775
Hider Trust-FFA Scholarship	27,626	-		999	26,627
Hider Trust-JROTC Scholar	28,126	-		-	28,126
Hider Trust-Dr Ed Scholarship	21,301	-	(1,925)	424	18,952
Cannon Scholarship	670	750		500	920
STEM-Camp Invention	$ 21,598	5,450	15,000	18,738	23,310

INDEPENDENT SCHOOL DISTRICT NO. I-33, CREEK COUNTY
COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
REGULATORY BASIS - ALL AGENCY FUNDS
FOR THE YEAR ENDED JUNE 30, 2012

Activities	Balance July 1, 2011	Additions	Net Transfers	Deletions	Balance June 30, 2012
Baseball Donation	$ 55	-		55	-
Steenbergen Scholarship	300	-		300	-
STEM First Lego League	6,968	-	6,000	778	12,190
STEM JH Math and Science	7,307	-	29,220	-	36,527
TJK Scholarship	200	1,000	575	500	1,275
Athletic-All Sports	12,245	204,166	409	203,703	13,117
Athletic-Booster Club	14,898	28,076		32,116	10,858
Athletic-Trainer	-	8,860		3,951	4,909
TOTAL ASSETS - AGENCY FUNDS	926,741	1,446,293	-	1,486,677	886,357
LIABILITIES AND FUND EQUITY					
Funds held for school organizations	$ 926,741	1,446,293	-	1,486,677	886,357

INDEPENDENT SCHOOL DISTRICT NO. I-33, CREEK COUNTY
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2012

Federal Grantor/Pass Through Grantor/Program Title	Federal CFDA Number	Federal Grantor's/ Pass-through Grantor's Number	Program or Award Amount	Beginning Balance 7/01/2011	Revenue Collected	Total Expenditures	Ending Balance 6/30/2012
U.S. Department of Education							
Direct Programs:							
Title VII-Part A, Indian Education	84.060	S060A112176	$ 179,836		165,762	179,836	(14,074)
Subtotal			179,836	-	165,762	179,836	(14,074)
Passed Through State Department of Education:							
* Title I-Part A, Improving Basic Programs	84.010		694,855		398,094	616,860	(218,766)
Title I-Part A, Improving Basic Programs 2010-11 - Note 1	84.010			(321,218)	321,218		
* ARRA Title I-Part A	84.389			(140,003)	172,751	32,748	
* Title I School Improvement	84.010		32,781			10,134	(10,134)
Title II-Part A, Teacher & Principal Training	84.367		208,296		130,265	148,849	(18,584)
Title II-Part A 2010-11 - Note 1	84.367			(31,575)	31,575		
Title II-Part D, Professional Development	84.318			(1,243)	1,243		
Special Education, Flowthrough, P.L. 105-17	84.027		816,406		607,599	805,635	(198,036)
Special Education, Flowthrough 2010-11 - Note 1	84.027			(850,774)	850,774		
ARRA Special Education, Flowthrough, P.L. 105-17	84.391		10,287	(498,994)	508,997	10,003	
Special Education, Preschool, Ages 3-5, P.L. 105-17	84.173		14,100		13,302	13,302	
ARRA Special Education, Preschool, Ages 3-5	84.392		199	(12,636)	12,776	140	
State Personnel Dev. Grant	84.323A		5,690		5,680	5,680	
IDEA-Systems of Care	84.173		5,000			4,724	(4,724)
IDEA-Systems of Care 2010-11 - Note 1	84.173			(2,127)	2,127		
* Education Jobs Fund	84.410		386,546	(104,604)	491,150	386,546	
Subtotal			2,174,160	(1,963,174)	3,547,551	2,034,621	(450,244)
Passed Through State Department of Career and Technology Education:							
Carl Perkins Grant	84.048		35,704		33,207	35,573	(2,366)
Subtotal			$ 35,704	-	33,207	35,573	(2,366)
U.S. Department of Agriculture:							
Passed Through State Department of Education:							
Child Nutrition Cluster:							
* Non-Cash Assistance (Commodities):							
National School Lunch Program	10.555				89,961	89,961	
Non-Cash Assistance Subtotal					89,961	89,961	

INDEPENDENT SCHOOL DISTRICT NO. I-33, CREEK COUNTY
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2012

Federal Grantor/Pass Through Grantor/Program Title	Federal CFDA Number	Federal Grantor's/ Pass-through Grantor's Number	Program or Award Amount	Beginning Balance 7/01/2011	Revenue Collected	Total Expenditures	Ending Balance 6/30/2012
Cash Assistance:							
National School Lunch Program	10.555				830,689	830,689	
School Breakfast Program	10.553				252,921	252,921	
Summer Food Program	10.559					6,909	(6,909)
Summer Food Program 2010-11 - Note 1	10.559			(15,782)	15,782		
Cash Assistance Subtotal				(15,782)	1,099,392	1,090,519	(6,909)
Total For Program (Cluster)				(15,782)	1,189,353	1,180,480	(6,909)
Other Federal Assistance:							
Johnson O'Malley	15.130		$ 42,660		22,119	39,644	(17,525)
Johnson O'Malley 3 Month	15.130		15,209		15,209	15,209	
Johnson O'Malley 2010-11 - Note 1	15.130			(16,190)	16,190		
FEMA	97.036		12,176	(12,176)	12,176		
Rehab Services	84.126		6,687		6,687	6,687	
Rehab Services 2010-11 - Note 1	84.126			(739)	739		
ROTC	12.401		61,339		61,339	61,339	
Flood Control	12.112		238		238	238	
Medicaid	93.778		36,311		36,311	36,311	
Subtotal			174,620	(29,105)	171,008	159,428	(17,525)
Total Federal Assistance			$ 2,564,320	(2,008,061)	5,106,881	3,589,938	(491,118)

* Major federal programs

Note 1 - These amounts represent reimbursements for prior year expenditures which were not received until the current fiscal year.

Note 2 - Commodities received by the District in the amount of $89,961 were of a non-monetary nature and therefore the total revenue does not agree with the financial statements by this amount.

Note 3 - This schedule was prepared on a regulatory basis of accounting consistent with the preparation of the combined financial statements.

INDEPENDENT SCHOOL DISTRICT I-33, CREEK COUNTY
SCHEDULE OF SURETY BONDS
FOR THE YEAR ENDED JUNE 30, 2012

BONDING COMPANY	POSITION COVERED	BOND NUMBER	COVERAGE AMOUNT	EFFECTIVE DATES
CNA Surety Co.	Superintendent	0601-70402481	$100,000	10/30/11-10/30/12
	Assistant Treasurer	0601-70402481	$100,000	10/30/11-10/30/12
	Payroll Clerk	0601-70402481	$100,000	10/30/11-10/30/12
	Encumbrance Clerk	0601-70402481	$50,000	10/30/11-10/30/12
	Minutes Clerk	0601-70402481	$100,000	10/30/11-10/30/12
	Activity Fund Custodian	0601-70402481	$100,000	10/30/11-10/30/12
	Child Nutrition Director	0601-70402481	$10,000	10/30/11-10/30/12
Western Surety Co.	Treasurer	18272732	$500,000	7/1/11-7/1/12

Jack H. Jenkins, CPA *A Professional Corporation*

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

The Honorable Board of Education
Sapulpa School District No. I-033
Sapulpa, Oklahoma 74066-4633

I have audited the regulatory basis financial statements of Sapulpa School District No. I-033, Sapulpa, Oklahoma, as of and for the year ended June 30, 2012, and have issued my report thereon, dated November 1, 2012. The audit opinion was adverse to generally accepted accounting principles because the District prepares its financial statements on a basis of accounting prescribed by the Oklahoma State Department of Education that complies with the cash and budget laws of Oklahoma, which is a comprehensive basis of accounting other than generally accepted accounting principles and qualified as to the preparation of financial statements prepared on that basis. I conducted my audit in accordance with generally accepted auditing standards accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

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

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect 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.

My consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies, or material weaknesses. There can be no assurance that all deficiencies, significant deficiencies, or material weaknesses have been identified. I did not identify any deficiencies in internal control over financial reporting that I consider to be material weaknesses, as defined above.

10026 - A South Mingo Rd. # 309 • Tulsa, OK 74133-5700
Tulsa local phone (918) 366-4440 • Toll Free 1-866-536-5272 • Fax (918) 366-4443
www.jackhjenkinscpa.com

Compliance and Other Matters

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

This report is intended solely for the information of the school board, management, Oklahoma State Auditor and Inspector's Office and the Oklahoma State Department of Education, and is not intended to be and should not be used by anyone other than these specified parties.

Jack H. Jenkins
Certified Public Accountant, P.C.

November 1, 2012

Jack H. Jenkins, CPA *A Professional Corporation*

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

The Honorable Board of Education
Sapulpa School District No. I-033
Sapulpa, Oklahoma 74066-4633

Compliance

I have audited the compliance of Sapulpa School District No. I-033, Sapulpa, Oklahoma, with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the year ended June 30, 2012. The District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of the District's management. My responsibility is to express an opinion on the District's compliance based on my audit.

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

In my opinion, Sapulpa School District No. I-033, Sapulpa, Oklahoma complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2012. The results of my auditing procedures disclosed no instances of noncompliance with those requirements that are required to be reported in accordance with OMB Circular A-133.

Internal Control Over Compliance

The management of Sapulpa School District No. I-033, Sapulpa, Oklahoma is responsible for establishing and maintaining effective internal control over compliance with requirements of laws,

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regulations, contracts and grants applicable to federal programs. In planning and performing my audit, I considered the District's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine my auditing procedures for the purpose of expressing my opinion on compliance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, I do not express an opinion on the effectiveness of the District's internal control over compliance.

A control deficiency in an entity's internal control over compliance 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 noncompliance with a type of compliance requirement of a federal program on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to administer a federal program such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the entity's internal control.

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

This report is intended solely for the information of the board of education and management, all applicable federal and state agencies, and those other Governments from which federal financial assistance was received and is not intended to be, and should not be, used by anyone other than these specified parties.

Jack H. Jenkins
Certified Public Accountant, P.C.

November 1, 2012

INDEPENDENT SCHOOL DISTRICT NO. I-33, CREEK COUNTY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
JULY 1, 2011 TO JUNE 30, 2012

Summary of Auditor's Results

1. The auditor's report expresses an adverse opinion on the combined financial statements in conformity with generally accepted accounting principles and a qualified opinion for the omission of the general fixed asset account group on the combined financial statements in conformity with a regulatory basis of accounting prescribed by the Oklahoma State Department of Education.

2. No significant deficiencies relating to the audit of the financial statements are reported in the Schedule of Findings and Questioned Costs.

3. No instances of noncompliance material to the financial statements of the District were reported during the audit.

4. No significant deficiencies relating to the audit of the major federal award programs are reported in the "Report on Compliance with Requirements Applicable to Each Major Program and Internal Control over Compliance in Accordance with OMB Circular A-133"

5. An unqualified opinion report was issued on the compliance of major federal award programs.

6. The audit disclosed no audit findings and questioned costs, which are required to be reported under OMB Circular A-133 § 510(a).

7. The programs tested as major federal programs were: Title I programs and Child Nutrition programs, which were each clustered in the determination, and the Education Jobs Fund.

8. The dollar threshold used to determine between Type A and Type B programs was $300,000.

9. The District did not quality to be a low-risk auditee.

Findings – Financial Statement Audit

None

Findings and Questioned Costs – Major Federal Award Programs Audit

None

INDEPENDENT SCHOOL DISTRICT NO. I-33, CREEK COUNTY
DISPOSITION OF PRIOR YEAR'S SCHEDULE OF FINDINGS
JULY 1, 2011 TO JUNE 30, 2012

None.

INDEPENDENT SCHOOL DISTRICT NO. I-33, CREEK COUNTY
SCHEDULE OF ACCOUNTANT'S PROFESSIONAL
LIABILITY INSURANCE AFFIDAVIT
JULY 1, 2011 TO JUNE 30, 2012

State of Oklahoma)
County of Tulsa)

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

Jack H. Jenkins, CPA, P.C.
AUDITING FIRM

BY Jack H. Jenkins
AUTHORIZED AGENT

Subscribed and sworn to before me on this
1st day of, November, 2012

NOTARY PUBLIC

MICHAEL KEMPER
NOTARY
09009187
EXP. 11/05/13
PUBLIC
STATE OF OKLAHOMA

INDEPENDENT SCHOOL DISTRICT NO. I-33, CREEK COUNTY
AUDIT ACKNOWLEDGEMENT
JULY 1, 2011 TO JUNE 30, 2012

The annual independent audit for Sapulpa School District was presented to the Board of Education in an Open Board Meeting as indicated below, by Jack H. Jenkins, CPA, P.C.

The School Board acknowledges that as the governing body of the district, responsible for the districts financial and compliance operations, the audit findings and exceptions have been presented to them.

A copy of the audit, including this acknowledgement form, will be sent to the Oklahoma State Department of Education within 30 days from it's presentation, as stated in 70 O.S. § 22-108:

> "The local board of education shall forward a copy of the audit report to the State Board of Education within thirty (30) days after receipt of said audit."

Superintendent of Schools

11/12/12
Date of Board Meeting

Board of Education President
First Vice

Kathleen McCmner
Board of Education Clerk

Board of Education Vice President
2nd Vice

Curtis A. Hiller Sr.
Board of Education Member

Bradd Brore
Board of Education Member

Subscribed and sworn to before me on this 12 day of Nov., 2012
My commission expires on 20 day of Nove, 20 13

Karla Jenkins
Notary Public

Affix Notary Seal

KARLA JENKINS
NOTARY
09009637
EXP. 11/20/13
PUBLIC
STATE OF OKLAHOMA