

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

**SPRINGER SCHOOL DISTRICT NO. I-21,
CARTER COUNTY, OKLAHOMA**

JUNE 30, 2012

Audited by

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

**INDEPENDENT SCHOOL DISTRICT NO. I-21
CARTER COUNTY, OKLAHOMA
JUNE 30, 2012**

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**INDEPENDENT SCHOOL DISTRICT NO. I-21
CARTER COUNTY, OKLAHOMA
JUNE 30, 2012**

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**INDEPENDENT SCHOOL DISTRICT NO. 1-21
CARTER COUNTY, OKLAHOMA
SCHOOL DISTRICT OFFICIALS
JUNE 30, 2012**

BOARD OF EDUCATION

President	Brenda Mize
Vice-President	John Wylie
Clerk	Angela Cox
Member	Travis Roberts
Member	Kristy Harris

SUPERINTENDENT OF SCHOOLS

Cynthia Hunter

**MINUTES CLERK &
SCHOOL DISTRICT TREASURER**

Hazel Darter



Jack H. Jenkins, CPA *A Professional Corporation*

INDEPENDENT AUDITOR'S REPORT

The Honorable Board of Education
Springer School District No. I-021
Springer, Oklahoma 73458-0249

I have audited the accompanying regulatory basis financial statements of Springer School District No. I-021, Springer, 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.

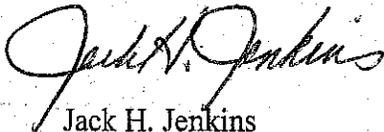
In my opinion, because of the District's policy to prepare its financial statements on the basis of accounting discussed in the third paragraph, the financial statements referred to above do not present fairly in all material respects, in conformity with accounting principles generally accepted in the United States of America, the financial position of Springer School District No.

I-021, Springer, Oklahoma as of June 30, 2012, and the results of its operations for the year then ended.

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 Springer School District No. I-021, Springer, 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 January 9, 2013, 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 Springer School District No. I-021's basic financial statements. The accompanying Schedule of Expenditures of Federal Awards is presented for additional analysis as required by the Oklahoma State Department of Education, and is not a required part of the 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.

January 9, 2013

COMBINED FINANCIAL STATEMENTS - REGULATORY BASIS

**INDEPENDENT SCHOOL DISTRICT NO. 1-21, CARTER COUNTY
COMBINED STATEMENT OF ASSETS, LIABILITIES AND FUND EQUITY -
REGULATORY BASIS - ALL FUND TYPES AND ACCOUNT GROUPS
JUNE 30, 2012**

ASSETS	GOVERNMENTAL FUND TYPES			CAPITAL PROJECTS	FIDUCIARY FUND TYPES EXPENDABLE TRUST AND AGENCY FUND	ACCOUNT GROUP GENERAL LONG-TERM DEBT	TOTALS (Memorandum Only)	
	GENERAL	SPECIAL REVENUE	DEBT SERVICE				2012	2011
Cash	\$ 880,045	203,672	175,559	1,825,000	37,835		3,122,111	1,666,960
Investments	234,093	234,092					468,185	463,520
Amounts available in debt service						175,559	175,559	725
Amounts to be provided for retirement of general long-term debt						1,999,441	1,999,441	594,275
Total Assets	<u>1,114,138</u>	<u>437,764</u>	<u>175,559</u>	<u>1,825,000</u>	<u>37,835</u>	<u>2,175,000</u>	<u>5,765,296</u>	<u>2,725,480</u>

LIABILITIES AND FUND EQUITY

Liabilities								
Warrants payable	234,374	11,710		459,314			705,398	295,609
Encumbrances	8,203	2,232		968,939	37,835		979,374	56,051
Funds held for school organizations							37,835	35,663
Unmatured obligations			175,291				175,291	106,715
Long-term debt:								
Bonds payable						2,175,000	2,175,000	595,000
Total liabilities	<u>242,577</u>	<u>13,942</u>	<u>175,291</u>	<u>1,428,253</u>	<u>37,835</u>	<u>2,175,000</u>	<u>4,072,898</u>	<u>1,089,058</u>
Fund Equity								
Cash fund balances	871,561	423,822	268	396,747			1,692,398	1,636,422
Total Liabilities and Fund Equity	<u>\$ 1,114,138</u>	<u>437,764</u>	<u>175,559</u>	<u>1,825,000</u>	<u>37,835</u>	<u>2,175,000</u>	<u>5,765,296</u>	<u>2,725,480</u>

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

INDEPENDENT SCHOOL DISTRICT NO. 1-21, CARTER COUNTY
COMBINED STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN CASH FUND BALANCES
REGULATORY BASIS - ALL GOVERNMENTAL FUND TYPES
JUNE 30, 2012

	GOVERNMENTAL FUND TYPES			TOTALS		
	GENERAL	SPECIAL REVENUE	DEBT SERVICE	CAPITAL PROJECTS	(Memorandum Only) 2012	2011
Revenues						
Local sources	\$ 752,876	208,472	325,195		1,286,543	1,018,256
Intermediate sources	41,264				41,264	42,425
State sources	767,574	6,580			774,154	748,039
Federal sources	299,805	153,389			453,194	574,017
Non-revenue receipts	3,686	16,752			20,438	20,348
Total revenues	<u>1,865,205</u>	<u>385,193</u>	<u>325,195</u>		<u>2,575,593</u>	<u>2,403,085</u>
Expenditures						
Instruction	1,208,710				1,208,710	1,241,837
Support services	659,789	161,132		21,700	842,621	771,201
Operation of non-instructional services		130,209			130,209	138,215
Facilities, acquisition and const. services		73,072		1,766,918	1,839,990	210,033
Other outlays	374				374	172
Debt service			325,652		325,652	152,319
Total expenditures	<u>1,868,873</u>	<u>364,413</u>	<u>325,652</u>	<u>1,788,618</u>	<u>4,347,556</u>	<u>2,513,777</u>
Revenues over (under) expenditures	(3,668)	20,780	(457)	(1,788,618)	(1,771,963)	(110,692)
Other financing sources (uses)						
Lapsed appropriations	2,791	148			2,939	500
Bond Proceeds				1,825,000	1,825,000	350,000
Total other financing sources (uses)	<u>2,791</u>	<u>148</u>		<u>1,825,000</u>	<u>1,827,939</u>	<u>350,500</u>
Revenue and other sources over (under) expenditures and other uses	(877)	20,928	(457)	36,382	55,976	239,808
Cash fund balance, beginning of year	872,438	402,894	725	360,365	1,636,422	1,396,614
Cash fund balance, end of year	\$ 871,561	423,822	268	396,747	1,692,398	1,636,422

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

**INDEPENDENT SCHOOL DISTRICT NO. I-21, CARTER 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	\$ 702,110	702,110	752,876
Intermediate sources	38,635	38,635	41,264
State sources	699,686	699,686	767,574
Federal sources			299,805
Non-revenue receipts			3,686
Total revenues	<u>1,440,431</u>	<u>1,440,431</u>	<u>1,865,205</u>
Expenditures			
Instruction	1,595,008	1,595,008	1,208,710
Support services	706,185	706,185	659,789
Other outlays	11,676	11,676	374
Total expenditures	<u>2,312,869</u>	<u>2,312,869</u>	<u>1,868,873</u>
Revenues over (under) expenditures	(872,438)	(872,438)	(3,668)
Other financing sources (uses)			
Lapsed appropriations			<u>2,791</u>
Revenue and other sources over (under) expenditures and other uses	(872,438)	(872,438)	(877)
Cash fund balance, beginning of year	<u>872,438</u>	<u>872,438</u>	<u>872,438</u>
Cash fund balance, end of year	<u>\$ -</u>	<u>-</u>	<u>871,561</u>

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

**INDEPENDENT SCHOOL DISTRICT NO. 1-21, CARTER 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	\$ 100,329	100,329	208,472
State sources	5,354	5,354	6,580
Federal sources	108,414	108,414	153,389
Non-revenue receipts	13,940	13,940	16,752
Total revenues	228,037	228,037	385,193
Expenditures			
Support services	391,552	391,552	161,132
Operation of non-instructional services	166,307	166,307	130,209
Facilities, acquisition and const. services	73,072	73,072	73,072
Total expenditures	630,931	630,931	364,413
Revenues over (under) expenditures	(402,894)	(402,894)	20,780
Other financing sources (uses)			
Lapsed Appropriations			148
Revenue and other sources over (under) expenditures and other uses	(402,894)	(402,894)	20,928
Cash fund balance, beginning of year	402,894	402,894	402,894
Cash fund balance, end of year	\$ -	-	423,822

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

**INDEPENDENT SCHOOL DISTRICT NO. I-21, CARTER 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	\$ 324,927	324,927	325,195
Expenditures			
Other outlays			
Debt service	325,652	325,652	325,652
Revenues over (under) expenditures	(725)	(725)	(457)
Cash fund balance, beginning of year	725	725	725
Cash fund balance, end of year	\$ -	-	268

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

**NOTES TO COMBINED FINANCIAL STATEMENTS -
REGULATORY BASIS**

**INDEPENDENT SCHOOL DISTRICT NO. I-21, CARTER COUNTY
NOTES TO COMBINED FINANCIAL STATEMENTS - REGULATORY BASIS
FOR THE YEAR ENDED JUNE 30, 2012**

1. Summary of Significant Accounting Policies

The basic financial statements of the Springer Public Schools Independent District No. I-21 (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.

**INDEPENDENT SCHOOL DISTRICT NO. 1-21, CARTER COUNTY
NOTES TO COMBINED FINANCIAL STATEMENTS - REGULATORY BASIS
FOR THE YEAR ENDED JUNE 30, 2012**

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.

**INDEPENDENT SCHOOL DISTRICT NO. 1-21, CARTER COUNTY
NOTES TO COMBINED FINANCIAL STATEMENTS - REGULATORY BASIS
FOR THE YEAR ENDED JUNE 30, 2012**

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

**INDEPENDENT SCHOOL DISTRICT NO. 1-21, CARTER COUNTY
NOTES TO COMBINED FINANCIAL STATEMENTS - REGULATORY BASIS
FOR THE YEAR ENDED JUNE 30, 2012**

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 and endowments 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.

**INDEPENDENT SCHOOL DISTRICT NO. I-21, CARTER COUNTY
NOTES TO COMBINED FINANCIAL STATEMENTS - REGULATORY BASIS
FOR THE YEAR ENDED JUNE 30, 2012**

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.

**INDEPENDENT SCHOOL DISTRICT NO. I-21, CARTER COUNTY
NOTES TO COMBINED FINANCIAL STATEMENTS - REGULATORY BASIS
FOR THE YEAR ENDED JUNE 30, 2012**

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

C. Basis of Accounting and Presentation – contd.

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

D. Budgets and Budgetary Accounting

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

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.

**INDEPENDENT SCHOOL DISTRICT NO. I-21, CARTER COUNTY
NOTES TO COMBINED FINANCIAL STATEMENTS - REGULATORY BASIS
FOR THE YEAR ENDED JUNE 30, 2012**

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

E. Assets, Liabilities and Fund Equity – contd.

Inventories - The value of consumable inventories at June 30, 2012 is not material to the combined financial statements-regulatory basis.

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 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. 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.

**INDEPENDENT SCHOOL DISTRICT NO. I-21, CARTER COUNTY
NOTES TO COMBINED FINANCIAL STATEMENTS - REGULATORY BASIS
FOR THE YEAR ENDED JUNE 30, 2012**

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.

**INDEPENDENT SCHOOL DISTRICT NO. I-21, CARTER COUNTY
NOTES TO COMBINED FINANCIAL STATEMENTS - REGULATORY BASIS
FOR THE YEAR ENDED JUNE 30, 2012**

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, however part of the revenues from the Impact Aid program is deposited into the Building Fund. The District also maintains a separate child nutrition fund and the federal revenues received for the child nutrition programs 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.

**INDEPENDENT SCHOOL DISTRICT NO. I-21, CARTER COUNTY
NOTES TO COMBINED FINANCIAL STATEMENTS - REGULATORY BASIS
FOR THE YEAR ENDED JUNE 30, 2012**

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. There were no operating transfers made during the 2011-12 fiscal year.

INDEPENDENT SCHOOL DISTRICT NO. I-21, CARTER COUNTY
NOTES TO COMBINED FINANCIAL STATEMENTS - REGULATORY BASIS
FOR THE YEAR ENDED JUNE 30, 2012

2. Deposits and Investments

Custodial Credit Risk

At June 30, 2012, the District held deposits of approximately \$3,590,296 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 deposit 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.).

**INDEPENDENT SCHOOL DISTRICT NO. I-21, CARTER COUNTY
NOTES TO COMBINED FINANCIAL STATEMENTS - REGULATORY BASIS
FOR THE YEAR ENDED JUNE 30, 2012**

2. Deposits and Investments – contd.

The investments held at June 30, 2012 are as follows:

Type	Weighted Average Maturity (Months)	Market Value	Cost
Investments			
Money Market		\$ 0	0
Municipal tax-supported money judgments		0	0
Certificate of Deposit		<u>468,185</u>	<u>468,185</u>
Total investments		<u>\$ 468,185</u>	<u>468,185</u>

Concentration of Investment Credit Risk

The District places no limit on the amount it may invest in any one issuer. The District has the following of credit risk: 0% in Money Market funds, 0% in Municipal tax-supported money judgments and 100% in CDs (\$468,185).

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 building bonds payable. 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:

	<u>Bonds</u> <u>Payable</u>
Balance, July 1, 2011	\$ 595,000
Additions	1,825,000
Retirements	<u>245,000</u>
Balance, June 30, 2012	<u>\$ 2,175,000</u>

**INDEPENDENT SCHOOL DISTRICT NO. I-21, CARTER COUNTY
NOTES TO COMBINED FINANCIAL STATEMENTS - REGULATORY BASIS
FOR THE YEAR ENDED JUNE 30, 2012**

3. General Long-term Debt – cont'd

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

	<u>Amount outstanding</u>
<u>General Obligation Bonds</u>	
Building Bonds, Series 2012, original issue \$305,000, dated 6-01-12, interest rate of .60-1.55%, annual installments of \$75,000 beginning 6-1-14, final installment of \$80,000 due 6-01-2017;	\$ 305,000
Building Bonds, Series 2011, original issue \$1,520,000, dated 7-01-11, interest rate of 1.5-2.3%, initial installment of \$50,000 beginning 7-1-13, annual installments of \$245,000 thereafter, final payment due 7-01-19;	1,520,000
Building Bonds, Series 2011, original issue \$350,000, dated 6-01-11, interest rate of 1.00%, payment of \$350,000 due 6-01-13;	<u>350,000</u>
	<u>\$ 2,175,000</u>

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

<u>Year ending June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2013	\$ 350,000	37,395	387,395
2014	125,000	33,895	158,895
2015	320,000	32,108	352,108
2016	320,000	28,595	348,595
2017	325,000	22,605	347,605
Thereafter	<u>735,000</u>	<u>33,075</u>	<u>768,075</u>
Totals	<u>\$ 2,175,000</u>	<u>187,673</u>	<u>2,362,673</u>

There was \$12,075 interest paid on general long-term debt incurred during the current year.

**INDEPENDENT SCHOOL DISTRICT NO. I-21, CARTER COUNTY
NOTES TO COMBINED FINANCIAL STATEMENTS - REGULATORY BASIS
FOR THE YEAR ENDED JUNE 30, 2012**

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.

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.

**INDEPENDENT SCHOOL DISTRICT NO. I-21, CARTER COUNTY
NOTES TO COMBINED FINANCIAL STATEMENTS - REGULATORY BASIS
FOR THE YEAR ENDED JUNE 30, 2012**

4. Employee Retirement System – cont'd

Annual Pension Cost

The District's portion of the total contributions for 2012, 2011 and 2010 were \$124,952, \$94,166, and \$80,063 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-21, CARTER COUNTY
 COMBINING STATEMENT OF ASSETS, LIABILITIES AND
 FUND EQUITY - REGULATORY BASIS - ALL SPECIAL REVENUE FUNDS
 JUNE 30, 2012**

<u>ASSETS</u>	<u>BUILDING FUND</u>	<u>CHILD NUTRITION FUND</u>	<u>TOTALS (Memorandum Only)</u>	
			<u>2012</u>	<u>2011</u>
Cash	\$ 149,238	54,434	203,672	242,192
Investments	234,092		234,092	231,760
Total assets	<u>383,330</u>	<u>54,434</u>	<u>437,764</u>	<u>473,952</u>
 <u>LIABILITIES AND FUND EQUITY</u> 				
Liabilities				
Warrants payable	3,483	8,227	11,710	27,489
Encumbrances	2,232		2,232	43,569
Total liabilities	<u>5,715</u>	<u>8,227</u>	<u>13,942</u>	<u>71,058</u>
Fund Equity				
Cash fund balances	<u>377,615</u>	<u>46,207</u>	<u>423,822</u>	<u>402,894</u>
Total Liabilities and Fund Equity	<u>\$ 383,330</u>	<u>54,434</u>	<u>437,764</u>	<u>473,952</u>

INDEPENDENT SCHOOL DISTRICT NO. I-21, CARTER 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 (Memorandum Only)	
			2012	2011
Revenues				
Local sources	\$ 208,060	412	208,472	133,411
State sources		6,580	6,580	5,636
Federal sources	36,081	117,308	153,389	191,260
Non-revenue receipts	3,235	13,517	16,752	16,352
Total revenues	<u>247,376</u>	<u>137,817</u>	<u>385,193</u>	<u>346,659</u>
Expenditures				
Instruction			-	693
Support services	161,132		161,132	120,643
Operation of non-instructional services		130,209	130,209	136,358
Facilities, acquisition and const. services	73,072		73,072	209,472
Total expenditures	<u>234,204</u>	<u>130,209</u>	<u>364,413</u>	<u>467,166</u>
Revenues over (under) expenditures	13,172	7,608	20,780	(120,507)
Other financing sources (uses)				
Lapsed appropriations	148		148	
Revenue and other sources over (under) expenditures and other uses	13,320	7,608	20,928	
Cash fund balance, beginning of year	<u>364,295</u>	<u>38,599</u>	<u>402,894</u>	<u>523,401</u>
Cash fund balance, end of year	<u>\$ 377,615</u>	<u>46,207</u>	<u>423,822</u>	<u>402,894</u>

INDEPENDENT SCHOOL DISTRICT NO. 1-21, CARTER 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	\$ 100,329	100,329	208,060			412
State sources				5,354	5,354	6,580
Federal sources			36,081	108,414	108,414	117,308
Non-revenue sources			3,235	13,940	13,940	13,517
Total revenues	100,329	100,329	247,376	127,708	127,708	137,817
Expenditures						
Support services	391,552	391,552	161,132			
Operation of non-instructional services				166,307	166,307	130,209
Facilities, acquisition and const. services	73,072	73,072	73,072			
Total expenditures	464,624	464,624	234,204	166,307	166,307	130,209
Revenues over (under) expenditures	(364,295)	(364,295)	13,172	(38,599)	(38,599)	7,608
Other financing sources (uses)						
Lapsed Appropriations			148			
Revenue and other sources over (under) expenditures and other uses			13,320	(38,599)	(38,599)	7,608
Cash fund balance, beginning of year	364,295	364,295	364,295	38,599	38,599	38,599
Cash fund balance, end of year	\$ -	-	377,615	-	-	46,207

INDEPENDENT SCHOOL DISTRICT NO. 1-21, CARTER COUNTY
COMBINING STATEMENT OF ASSETS, LIABILITIES AND
FUND EQUITY - REGULATORY BASIS - ALL CAPITAL PROJECTS FUNDS
JUNE 30, 2012

	2012	2011B	2011A	2007	TOTALS
	BUILDING	BUILDING	BUILDING	BUILDING	(Memorandum Only)
	BOND FUND	BOND FUND	BOND FUND	BOND FUND	2011
	2012	2011B	2011A	2007	2012
<u>ASSETS</u>					
Cash	\$ 305,000	1,520,000	-	-	1,825,000
					360,365
<u>LIABILITIES AND FUND EQUITY</u>					
Liabilities					
Warrants payable		459,314			459,314
Encumbrances		968,939			968,939
Total liabilities	-	1,428,253	-	-	1,428,253
Fund equity					
Cash fund balances	305,000	91,747	-	-	396,747
Total Liabilities and Fund Equity	\$ 305,000	1,520,000	-	-	1,825,000
					360,365

INDEPENDENT SCHOOL DISTRICT NO. I-21, CARTER COUNTY
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
 IN CASH FUND BALANCES - REGULATORY BASIS - ALL CAPITAL PROJECTS FUNDS
 JUNE 30, 2012

	2012	2011B	2011A	2007	TOTALS	
	BUILDING	BUILDING	BUILDING	BUILDING	(Memorandum Only)	
	BOND FUND	BOND FUND	BOND FUND	BOND FUND	2012	2011
Expenditures						
Support services	\$ -		21,700		21,700	
Facilities, acquisition & const. services		1,428,253	327,739	10,926	1,766,918	561
Total expenditures	-	1,428,253	349,439	10,926	1,788,618	561
Revenues over (under) expenditures	-	(1,428,253)	(349,439)	(10,926)	(1,788,618)	(561)
Other financing sources (uses)						
Bond sales proceeds	305,000	1,520,000			1,825,000	350,000
Revenue and other sources over (under) expenditures and other uses	305,000	91,747	(349,439)	(10,926)	36,382	349,439
Cash fund balance, beginning of year	-	-	349,439	10,926	360,365	10,926
Cash fund balance, end of year	\$ 305,000	91,747	-	-	396,747	360,365

**INDEPENDENT SCHOOL DISTRICT NO. I-21, CARTER COUNTY
 COMBINING STATEMENT OF ASSETS, LIABILITIES AND
 FUND EQUITY - REGULATORY BASIS - ALL FIDUCIARY FUND TYPES
 JUNE 30, 2012**

	AGENCY FUNDS	
	ACTIVITY FUNDS	
	2012	2011
<u>ASSETS</u>		
Cash	\$ 37,835	35,683
<u>LIABILITIES AND FUND EQUITY</u>		
Liabilities		
Funds held for school organizations	\$ 37,835	35,683

INDEPENDENT SCHOOL DISTRICT NO. I-21, CARTER COUNTY
COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
REGULATORY BASIS - ALL AGENCY FUNDS
FOR THE YEAR ENDED JUNE 30, 2012

<u>Activities</u>	<u>Balance</u> <u>July 1, 2011</u>	<u>Additions</u>	<u>Net</u> <u>Transfers</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2012</u>
Athletics	\$ 6,435	19,810		19,802	6,443
General	158	1,342		1,276	224
Elementary	4,658	13,524		11,285	6,897
FFA	12,996	33,355		36,056	10,295
Yearbook	320	2,253		-	2,573
Library	1,224	6,324		6,681	867
Incentive/Welfare	268	142		-	410
Lunch	-	13,611		13,611	-
Cheerleaders	1,011	1,194		731	1,474
Clearing Account	-	239		239	-
Student Council	191	431		90	532
Seniors 2008	127	-		127	-
Seniors 2010	388	159		547	-
Seniors 2011	194	-		194	-
Seniors 2012	550	362		701	211
Seniors 2013	1,100	1,094		1,940	254
Seniors 2014	316	109		-	425
Seniors 2015	1,025	66		-	1,091
Seniors 2016	984	29		-	1,013
Seniors 2017	448	16		-	464
Seniors 2018	514	50		57	507
Seniors 2019	334	169		135	368
Seniors 2020	211	109		52	268
Seniors 2021	187	191		72	306
Seniors 2022	203	161		85	279
Seniors 2023	170	175		100	245
Seniors 2024	91	282		176	197
Seniors 2025	-	265		108	157
Music	77	24		40	61
Art Club	114	-		-	114
FFA Booster	43	-		-	43
Athletic Booster	1,346	1,988		2,021	1,313
FCA	-	1,044		240	804
TOTAL ASSETS - AGENCY FUNDS	<u>35,683</u>	<u>98,518</u>	<u>-</u>	<u>96,366</u>	<u>37,835</u>

LIABILITIES AND FUND EQUITY

Funds held for school organizations	<u>\$ 35,683</u>	<u>98,518</u>	<u>-</u>	<u>96,366</u>	<u>37,835</u>
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**INDEPENDENT SCHOOL DISTRICT NO. 1-21, CARTER 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>U.S. Department of Education</u>							
<u>Direct Programs:</u>							
Title VIII Impact Aid - 2012	84.041	S041B127008	\$ 67,419		67,419	67,419	
Title VIII Impact Aid - 2010	84.041	S041B107008	36,081		36,081	36,081	
Title VIII Impact Aid - 2011	84.041	S041B117008		7,711		7,711	
Title VII-Part A, Indian Education	84.060	S060A110215	21,247		21,247	21,247	
Small, Rural Schools Ach. Program	84.358A	S358A111385	19,499		19,499	19,499	
Subtotal			144,246	7,711	144,246	151,957	-
<u>Passed Through State Department of Education:</u>							
Title I-Part A, Improving Basic Programs	84.010		80,410	(6,658)	73,536	75,857	(2,321)
ARRA Title I-Part A	84.389				6,658		
Title II-Part A, Teacher & Principal Training	84.367		22,790	(1,862)	7,464	9,763	(2,299)
Title II-Part A 2010-11 - Note 1	84.367				1,862		
Title II-Part D 2010-11 - Note 1	84.318			(65)	65		
Special Education, Flowthrough, P.L. 105-17	84.027		63,820		63,788	63,788	
ARRA Special Education, Flowthrough	84.391A		31,386		31,386	31,386	
Special Education, Preschool, Ages 3-5, P.L. 105-17	84.173		613		613	613	
Subtotal			199,019	(8,585)	185,372	181,407	(4,620)
<u>Passed Through State Department of Career and Technology Education:</u>							
Carl Perkins Grant	84.048		1,590		1,567	1,567	
Carl Perkins Grant 2010-11 Note 1	84.048			(2,006)	2,006		
Subtotal			\$ 1,590	(2,006)	3,573	1,567	-
<u>U.S. Department of Agriculture:</u>							
<u>Passed Through State Department of Education:</u>							
<u>Child Nutrition Cluster:</u>							
Non-Cash Assistance (Commodities):							
National School Lunch Program	10.555				6,731	6,731	
Non-Cash Assistance Subtotal					6,731	6,731	

**INDEPENDENT SCHOOL DISTRICT NO. 1-21, CARTER 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				74,836	74,863	
School Breakfast Program	10.553			-	42,472	42,472	
<i>Cash Assistance Subtotal</i>				-	117,308	117,335	-
<i>Total For Program (Cluster)</i>				-	124,039	124,066	-
Other Federal Assistance:							
Johnson O'Malley	15.130		\$ 2,695		2,695	2,695	
<i>Subtotal</i>			2,695	-	2,695	2,695	-
Total Federal Assistance			\$ 347,550	(2,880)	459,925	461,692	(4,620)

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 \$6,731 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-21, CARTER COUNTY
 SCHEDULE OF SURETY 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>
Ohio Casualty	Treasurer	5057802	\$100,000	7/1/11-7/1/12
	Superintendent	5057808	\$100,000	7/1/11-7/1/12
	Minutes Clerk	5071353	\$10,000	2/10/12-2/10/13
	Encumbrance Clerk	5072403	\$10,000	2/18/12-2/18/13



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
Springer School District No. I-021
Springer, Oklahoma 73458-0249

I have audited the regulatory basis financial statements of Springer School District No. I-021, Springer, Oklahoma, as of and for the year ended June 30, 2012, and have issued my report thereon, dated January 9, 2013. 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.

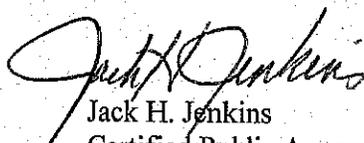
A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. *A material weakness* is a deficiency, or a combination of deficiencies, 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.

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.

January 9, 2013

**INDEPENDENT SCHOOL DISTRICT NO. I-21, CARTER COUNTY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
JULY 1, 2011 TO JUNE 30, 2012**

Findings – Financial Statement Audit

None

**INDEPENDENT SCHOOL DISTRICT NO. I-21, CARTER COUNTY
DISPOSITION OF PRIOR YEAR'S SCHEDULE OF FINDINGS
JULY 1, 2011 TO JUNE 30, 2012**

There were no material prior year audit findings.

**INDEPENDENT SCHOOL DISTRICT NO. I-21, CARTER 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 Springer School District for the audit year 2009-10.

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

BY *Jack H. Jenkins*
AUTHORIZED AGENT

Subscribed and sworn to before me on this
9th day of, January, 2013

Michael Kemper
NOTARY PUBLIC

