

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

**STIGLER SCHOOL DISTRICT NO. I-20,  
HASKELL COUNTY, OKLAHOMA**

**JUNE 30, 2013**

**Audited by**

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

**INDEPENDENT SCHOOL DISTRICT NO. I-20  
HASKELL COUNTY, OKLAHOMA  
JUNE 30, 2013**

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**INDEPENDENT SCHOOL DISTRICT NO. I-20  
HASKELL COUNTY, OKLAHOMA  
JUNE 30, 2013**

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**INDEPENDENT SCHOOL DISTRICT NO. I-20  
HASKELL COUNTY, OKLAHOMA  
SCHOOL DISTRICT OFFICIALS  
JUNE 30, 2013**

BOARD OF EDUCATION

President	Susan White
Vice-President	David Huggins
Clerk	Kenneth Whitson
Member	John Turrentine
Member	Jennifer Turner

SUPERINTENDENT OF SCHOOLS

Clayton Edwards

MINUTES CLERK

Janette Lamb

SCHOOL DISTRICT TREASURER

Judy K. Stamper



**Jack H. Jenkins, CPA** *A Professional Corporation*

## INDEPENDENT AUDITOR'S REPORT

The Honorable Board of Education  
Stigler School District No. I-20  
Stigler, Oklahoma 74462-1869

I have audited the accompanying regulatory basis financial statements of Stigler School District No. I-20, Stigler, Oklahoma, as listed in the table of contents as of and for the year ended June 30, 2013. 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 Stigler School District No. I-20, Stigler, Oklahoma as of June 30, 2013, 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 Stigler School District No. I-20, Stigler, Oklahoma, as of June 30, 2013, 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 December 31, 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 Stigler School District No. I-20'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.

December 31, 2013

**COMBINED FINANCIAL STATEMENTS - REGULATORY BASIS**

**INDEPENDENT SCHOOL DISTRICT NO. I-20, HASKELL COUNTY  
COMBINED STATEMENT OF ASSETS, LIABILITIES AND FUND EQUITY -  
REGULATORY BASIS - ALL FUND TYPES AND ACCOUNT GROUPS  
JUNE 30, 2013**

ASSETS	GOVERNMENTAL FUND TYPES		FIDUCIARY FUND TYPES		ACCOUNT GROUP		TOTALS	
	GENERAL	SPECIAL REVENUE	EXPENDABLE TRUST AND AGENCY FUND		GENERAL	LONG-TERM DEBT	2013	2012
Cash	\$ 3,022,539	664,488	165,147				3,852,174	3,516,102
Investments			18,522				18,522	17,495
Amounts to be provided for retirement of general long-term debt					121,746		121,746	33,543
Total Assets	<u>3,022,539</u>	<u>664,488</u>	<u>183,669</u>		<u>121,746</u>		<u>3,992,442</u>	<u>3,567,140</u>

**LIABILITIES AND FUND EQUITY**

Liabilities								
Warrants payable	722,906	57,584					780,490	427,670
Encumbrances	56,837						56,837	
Funds held for school organizations			164,661				164,661	199,629
Long-term debt:								
Capital leases					121,746		121,746	33,543
Total liabilities	<u>779,743</u>	<u>57,584</u>	<u>164,661</u>		<u>121,746</u>		<u>1,123,734</u>	<u>660,842</u>
Fund Equity								
Cash fund balances	<u>2,242,796</u>	<u>606,904</u>	<u>19,008</u>				<u>2,868,708</u>	<u>2,906,298</u>
Total Liabilities and Fund Equity	<u>\$ 3,022,539</u>	<u>664,488</u>	<u>183,669</u>		<u>121,746</u>		<u>3,992,442</u>	<u>3,567,140</u>

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

**INDEPENDENT SCHOOL DISTRICT NO. I-20, HASKELL COUNTY**  
**COMBINED STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN CASH FUND BALANCES**  
**REGULATORY BASIS - ALL GOVERNMENTAL FUND TYPES**  
**JUNE 30, 2013**

	GOVERNMENTAL FUND TYPES			FIDUCIARY FUND TYPES	TOTALS	
	GENERAL	SPECIAL REVENUE	DEBT SERVICE		GIFTS AND ENDOWMENTS	2013
Revenues						
Local sources	\$ 1,016,942	282,253		3,122	1,302,317	1,331,113
Intermediate sources	144,266				144,266	145,897
State sources	6,499,199	142,822			6,642,021	6,796,934
Federal sources	896,648	989,757			1,886,405	1,825,216
Non-revenue receipts	1,884				1,884	1,514
Total revenues	<u>8,558,939</u>	<u>1,414,832</u>		<u>3,122</u>	<u>9,976,893</u>	<u>10,100,674</u>
Expenditures						
Instruction	5,764,288	370,678			6,134,966	6,125,767
Support services	2,816,589	431,982			3,248,571	3,194,409
Operation of non-instructional services	58,941	457,116			516,057	623,204
Facilities, acquisition and const. services		51,693			51,693	-
Other outlays	68,568				68,568	82,469
Other uses				2,250	2,250	2,500
Total expenditures	<u>8,708,386</u>	<u>1,311,469</u>		<u>2,250</u>	<u>10,022,105</u>	<u>10,028,349</u>
Revenues over (under) expenditures	(149,447)	103,363		872	(45,212)	72,325
Other financing sources (uses)						
Operating transfers in (out)	8,696		(8,696)		-	-
Estopped warrants	7,738				7,738	-
Bank fees		(116)			(116)	-
Total other financing sources (uses)	<u>16,434</u>	<u>(116)</u>	<u>(8,696)</u>	<u>-</u>	<u>7,622</u>	<u>-</u>
Revenue and other sources over (under) expenditures and other uses	(133,013)	103,247	(8,696)	872	(37,590)	72,325
Cash fund balance, beginning of year	2,375,809	503,657	8,696	18,136	2,906,298	2,833,973
Cash fund balance, end of year	<u>\$ 2,242,796</u>	<u>606,904</u>	<u>-</u>	<u>19,008</u>	<u>2,868,708</u>	<u>2,906,298</u>

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

**INDEPENDENT SCHOOL DISTRICT NO. 1-20, HASKELL COUNTY  
 COMBINED STATEMENT OF REVENUES, EXPENDITURES  
 AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL -  
 REGULATORY BASIS - BUDGETED GENERAL FUND  
 JUNE 30, 2013**

	GENERAL FUND		
	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL
Revenues			
Local sources	\$ 931,659	931,659	1,016,942
Intermediate sources	133,230	133,230	144,266
State sources	6,589,091	6,589,091	6,499,199
Federal sources	830,298	830,298	896,648
Non-revenue receipts			1,884
Total revenues	<u>8,484,278</u>	<u>8,484,278</u>	<u>8,558,939</u>
Expenditures			
Instruction	5,910,098	5,910,098	5,764,288
Support services	2,967,192	2,967,192	2,816,589
Operation of non-instructional services	65,917	65,917	58,941
Facilities acquisitions and construction	40,000	40,000	
Other outlays	97,054	97,054	68,568
Repayments	350	350	
Non-categorical	1,779,476	1,779,476	
Total expenditures	<u>10,860,087</u>	<u>10,860,087</u>	<u>8,708,386</u>
Revenues over (under) expenditures	(2,375,809)	(2,375,809)	(149,447)
Other financing sources (uses)			
Operating transfers in (out)			8,696
Estopped warrants			7,738
Total other financing sources (uses)			<u>16,434</u>
Revenue and other sources over (under) expenditures and other uses			(133,013)
Cash fund balance, beginning of year	<u>2,375,809</u>	<u>2,375,809</u>	<u>2,375,809</u>
Cash fund balance, end of year	<u>\$ -</u>	<u>-</u>	<u>2,242,796</u>

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

**INDEPENDENT SCHOOL DISTRICT NO. I-20, HASKELL COUNTY  
 COMBINED STATEMENT OF REVENUES, EXPENDITURES  
 AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL -  
 REGULATORY BASIS - ALL BUDGETED SPECIAL REVENUE FUNDS  
 JUNE 30, 2013**

	SPECIAL REVENUE FUNDS		
	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL
<b>Revenues</b>			
Local sources	\$ 285,206	285,206	282,253
State sources	121,902	121,902	142,822
Federal sources	1,230,948	1,230,948	989,757
Total revenues	<u>1,638,056</u>	<u>1,638,056</u>	<u>1,414,832</u>
<b>Expenditures</b>			
Instruction	400,716	400,716	370,678
Support services	711,151	711,151	431,982
Operation of non-instructional services	556,984	556,984	457,116
Facilities, acq. and const. services	295,501	295,501	51,693
Other outlays	5,000	5,000	
Non-categorical	172,361	172,361	
Total expenditures	<u>2,141,713</u>	<u>2,141,713</u>	<u>1,311,469</u>
Revenues over (under) expenditures	(503,657)	(503,657)	103,363
<b>Other financing sources (uses)</b>			
Bank fees			<u>(116)</u>
Revenue and other sources over (under) expenditures and other uses	(503,657)	(503,657)	103,247
Cash fund balance, beginning of year	<u>503,657</u>	<u>503,657</u>	<u>503,657</u>
Cash fund balance, end of year	<u>\$ -</u>	<u>-</u>	<u>606,904</u>

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

**INDEPENDENT SCHOOL DISTRICT NO. I-20, HASKELL COUNTY  
 COMBINED STATEMENT OF REVENUES, EXPENDITURES  
 AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL -  
 REGULATORY BASIS - DEBT SERVICE FUNDS  
 JUNE 30, 2013**

	DEBT SERVICE FUND		
	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL
Revenues			
Local sources	\$ -	-	-
Expenditures			
Other outlays			
Debt service	-	-	-
Revenues over (under) expenditures	-	-	-
Other financing sources (uses)			
Operating transfers in (out)			(8,696)
Revenue and other sources over (under) expenditures and other uses			(8,696)
Cash fund balance, beginning of year	8,696	8,696	8,696
Cash fund balance, end of year	\$ 8,696	8,696	-

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-20, HASKELL COUNTY**  
**NOTES TO COMBINED FINANCIAL STATEMENTS - REGULATORY BASIS**  
**FOR THE YEAR ENDED JUNE 30, 2013**

**1. Summary of Significant Accounting Policies**

The basic financial statements of the Stigler Public Schools Independent District No. I-20 (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. 1-20, HASKELL COUNTY  
NOTES TO COMBINED FINANCIAL STATEMENTS - REGULATORY BASIS  
FOR THE YEAR ENDED JUNE 30, 2013**

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. I-20, HASKELL COUNTY**  
**NOTES TO COMBINED FINANCIAL STATEMENTS - REGULATORY BASIS**  
**FOR THE YEAR ENDED JUNE 30, 2013**

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.

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. The District did not maintain this fund during the 2012-13 fiscal year.

**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. I-20, HASKELL COUNTY**  
**NOTES TO COMBINED FINANCIAL STATEMENTS - REGULATORY BASIS**  
**FOR THE YEAR ENDED JUNE 30, 2013**

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 maintained a gifts funds in the 2012-13 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-20, HASKELL COUNTY  
NOTES TO COMBINED FINANCIAL STATEMENTS - REGULATORY BASIS  
FOR THE YEAR ENDED JUNE 30, 2013**

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-20, HASKELL COUNTY**  
**NOTES TO COMBINED FINANCIAL STATEMENTS - REGULATORY BASIS**  
**FOR THE YEAR ENDED JUNE 30, 2013**

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-20, HASKELL COUNTY**  
**NOTES TO COMBINED FINANCIAL STATEMENTS - REGULATORY BASIS**  
**FOR THE YEAR ENDED JUNE 30, 2013**

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

*E. Assets, Liabilities and Fund Equity – contd.*

Inventories - The value of consumable inventories at June 30, 2013 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 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.

**INDEPENDENT SCHOOL DISTRICT NO. I-20, HASKELL COUNTY  
NOTES TO COMBINED FINANCIAL STATEMENTS - REGULATORY BASIS  
FOR THE YEAR ENDED JUNE 30, 2013**

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 owed. If at the end of two years the owner has not done so, the purchaser is issued a deed to the property.

Other local sources of revenues include 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. 1-20, HASKELL COUNTY  
NOTES TO COMBINED FINANCIAL STATEMENTS - REGULATORY BASIS  
FOR THE YEAR ENDED JUNE 30, 2013**

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 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-20, HASKELL COUNTY  
NOTES TO COMBINED FINANCIAL STATEMENTS - REGULATORY BASIS  
FOR THE YEAR ENDED JUNE 30, 2013**

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.

Inter-fund 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 inter-fund transactions, except quasi-external transactions and reimbursements, are reported as transfers. Nonrecurring or non-routine permanent transfers of equity are reported as residual equity transfers. All other inter-fund transfers are reported as operating transfers. There was an operating transfer of \$8,696 to the General Fund to close the Sinking Fund during 2012-13.

**INDEPENDENT SCHOOL DISTRICT NO. I-20, HASKELL COUNTY  
NOTES TO COMBINED FINANCIAL STATEMENTS - REGULATORY BASIS  
FOR THE YEAR ENDED JUNE 30, 2013**

2. **Deposits and Investments**

Custodial Credit Risk

At June 30, 2013, the District held deposits of approximately \$3,870,696 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.).

**INDEPENDENT SCHOOL DISTRICT NO. 1-20, HASKELL COUNTY  
NOTES TO COMBINED FINANCIAL STATEMENTS - REGULATORY BASIS  
FOR THE YEAR ENDED JUNE 30, 2013**

**2. Deposits and Investments – cont'd**

The investments held at June 30, 2013 are as follows:

Type	Weighted Average Maturity (Months)	Market Value	Cost
<b>Investments</b>			
Money Market		\$ 0	0
Municipal tax-supported money judgments		0	0
Certificate of Deposit		<u>18,522</u>	<u>18,522</u>
<b>Total investments</b>		<u>\$ 18,522</u>	<u>18,522</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 (\$18,522).

**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 a capital lease. Debt service requirements for bonds are payable solely from the fund balance and the future revenues of the debt service fund.

The District has entered into two lease agreements as lessee for financing the acquisition of two (2) modular classrooms. The lease agreement qualifies as a capital leases for accounting purposes, since titles transfer at the end of the lease term. The lease contains a clause, which gives the District the ability to terminate the lease agreement at the end of each fiscal year. The properties and equipment are collateral for the lease.

**INDEPENDENT SCHOOL DISTRICT NO. 1-20, HASKELL COUNTY  
 NOTES TO COMBINED FINANCIAL STATEMENTS - REGULATORY BASIS  
 FOR THE YEAR ENDED JUNE 30, 2013**

**3. General Long-term Debt – contd**

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

	Capital Lease
Balance, July 1, 2012	\$ 33,543
Additions	121,746
Retirements	33,543
Balance, June 30, 2013	\$ 121,746

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

	<u>Amount outstanding</u>
<u>Capital Leases</u>	
Lease agreement for one portable building, dated 7-25-12, totaling \$61,763, interest rate of 3.32%, first payment due 7-25-13, payable in annual installments of \$11,523, final payment due 7-25-18;	\$ 61,763
Lease agreement for one portable building, dated 7-25-12, totaling \$59,983, interest rate of 3.32%, first payment due 7-25-13, payable in annual installments of \$11,191, final payment due 7-25-18;	<u>59,983</u>
Total	<u>\$ 121,746</u>

**INDEPENDENT SCHOOL DISTRICT NO. I-20, HASKELL COUNTY  
NOTES TO COMBINED FINANCIAL STATEMENTS - REGULATORY BASIS  
FOR THE YEAR ENDED JUNE 30, 2013**

**3. General Long-term Debt – contd**

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

Year ending June 30	Principal	Interest	Total
2014	\$ 18,672	4,042	22,714
2015	19,292	3,422	22,714
2016	19,932	2,781	22,713
2017	20,588	2,126	22,714
2018	21,278	1,436	22,714
Thereafter	21,984	730	22,714
Total	<u>121,746</u>	<u>14,537</u>	<u>136,283</u>

**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.

**INDEPENDENT SCHOOL DISTRICT NO. I-20, HASKELL COUNTY  
NOTES TO COMBINED FINANCIAL STATEMENTS - REGULATORY BASIS  
FOR THE YEAR ENDED JUNE 30, 2013**

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

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, 2012 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 2013, 2012 and 2011 were \$601,805, \$595,243 and \$507,754 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.

**INDEPENDENT SCHOOL DISTRICT NO. I-20, HASKELL COUNTY  
NOTES TO COMBINED FINANCIAL STATEMENTS - REGULATORY BASIS  
FOR THE YEAR ENDED JUNE 30, 2013**

**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 STATEMENTS**

**INDEPENDENT SCHOOL DISTRICT NO. 1-20, HASKELL COUNTY**  
**COMBINING STATEMENT OF ASSETS, LIABILITIES AND**  
**FUND EQUITY - REGULATORY BASIS - ALL SPECIAL REVENUE FUNDS**  
**JUNE 30, 2013**

<u>ASSETS</u>	BUILDING FUND	COOP FUND	CHILD NUTRITION FUND	TOTALS (Memorandum Only) 2013	2012
Cash	\$ 411,800	79,312	173,376	664,488	565,415

LIABILITIES AND FUND EQUITY

Liabilities					
Warrants payable		26,020	31,564	57,584	61,758
Fund Equity					
Cash fund balances	411,800	53,292	141,812	606,904	503,657
Total Liabilities and Fund Equity	\$ 411,800	79,312	173,376	664,488	565,415

INDEPENDENT SCHOOL DISTRICT NO. 1-20, HASKELL COUNTY  
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES  
 IN CASH FUND BALANCES - REGULATORY BASIS - ALL SPECIAL REVENUE FUNDS  
 JUNE 30, 2013

	BUILDING FUND	COOP FUND	CHILD NUTRITION FUND	TOTALS (Memorandum Only) 2013	2012
Revenues					
Local sources	\$ 156,103	62,327	63,823	282,253	281,506
State sources		92,207	50,615	142,822	179,157
Federal sources		640,512	349,245	989,757	964,035
Non-revenue receipts				-	135
Total revenues	156,103	795,046	463,683	1,414,832	1,424,833
Expenditures					
Instruction	4,268	366,410		370,678	391,349
Support services	17,134	414,848		431,982	498,188
Operation of non-instructional services			457,116	457,116	568,649
Facilities, acquisition and const. services	51,693			51,693	-
Other outlays				-	135
Total expenditures	73,095	781,258	457,116	1,311,469	1,458,321
Revenues over (under) expenditures	83,008	13,788	6,567	103,363	(33,488)
Other financing sources (uses)					
Bank fees	(85)	(31)		(116)	-
Revenue and other sources over (under) expenditures and other uses	82,923	13,757	6,567	103,247	(33,488)
Cash fund balance, beginning of year	328,877	39,535	135,245	503,657	537,145
Cash fund balance, end of year	\$ 411,800	53,292	141,812	606,904	503,657

INDEPENDENT SCHOOL DISTRICT NO. 1-20, HASKELL COUNTY  
 COMBINING STATEMENT OF REVENUES, EXPENDITURES  
 AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL -  
 - REGULATORY BASIS - ALL BUDGETED SPECIAL REVENUE FUNDS  
 JUNE 30, 2013

	BUILDING FUND		CO-OP FUND		CHILD NUTRITION FUND	
	ORIGINAL BUDGET	FINAL BUDGET	ORIGINAL BUDGET	FINAL BUDGET	ORIGINAL BUDGET	FINAL BUDGET
<b>Revenues</b>						
Local sources	\$ 127,229	127,229	156,103	93,000	64,977	63,823
State sources				71,770	50,132	50,615
Federal sources				880,576	350,372	349,245
Total revenues	127,229	127,229	156,103	1,045,346	465,481	463,683
<b>Expenditures</b>						
Instruction	6,822	6,822	4,268	393,894		366,410
Support services	110,294	110,294	17,134	600,857		414,848
Operation of non-inst. services					556,984	457,116
Facilities, acq. and const. services	295,501	295,501	51,693			
Other outlays	5,000	5,000				
Non-categorical	38,489	38,489			43,742	
Total expenditures	456,106	456,106	73,095	90,130	600,726	457,116
Revenues over (under) expenditures	(328,877)	(328,877)	83,008	(39,535)	(135,245)	6,567
Other financing sources (uses)						
Bank fees			(85)			(31)
Revenue and other sources over (under) expenditures and other uses	(328,877)	(328,877)	82,923	(39,535)	(135,245)	6,567
Cash fund balance, beginning of year	328,877	328,877	328,877	39,535	135,245	135,245
Cash fund balance, end of year	\$ -	-	411,800	-	-	141,812

**INDEPENDENT SCHOOL DISTRICT NO. I-20, HASKELL COUNTY  
 COMBINING STATEMENT OF ASSETS, LIABILITIES AND  
 FUND EQUITY - REGULATORY BASIS - ALL FIDUCIARY FUND TYPES  
 JUNE 30, 2013**

	<u>EXPENDABLE TRUST FUND GIFTS AND ENDOWMENTS</u>	<u>AGENCY FUND ACTIVITY FUNDS</u>	<u>TOTALS (Memorandum Only)</u>	
			<u>2013</u>	<u>2012</u>
<u>ASSETS</u>				
Cash	\$ 486	164,661	165,147	200,270
Investments	18,522		18,522	17,495
Total Assets	<u>19,008</u>	<u>164,661</u>	<u>183,669</u>	<u>217,765</u>

LIABILITIES AND FUND EQUITY

Liabilities				
Funds held for school organizations		164,661	164,661	199,629
Fund equity				
Cash fund balances	<u>19,008</u>		<u>19,008</u>	<u>18,136</u>
Total Liabilities and Fund Equity	<u>\$ 19,008</u>	<u>164,661</u>	<u>183,669</u>	<u>217,765</u>

**INDEPENDENT SCHOOL DISTRICT NO. I-20, HASKELL COUNTY  
 COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES  
 REGULATORY BASIS - ALL AGENCY FUNDS  
 FOR THE YEAR ENDED JUNE 30, 2013**

<u>Activities</u>	<u>Balance</u> <u>July 1, 2012</u>	<u>Additions</u>	<u>Net</u> <u>Transfers</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2013</u>
Athletics	\$ 21,146	72,371		77,331	16,186
Academic Bowl	1,247	6,989		7,360	876
Annual	10,106	29,596		27,434	12,268
Athletic Booster Club	23,118	75,459		90,443	8,134
Band	10,136	81,446		76,481	15,101
Band Booster Club	20,275	6,591		18,234	8,632
Football Pop Machine	1,195	1,431		1,130	1,496
FFA	11,442	41,859		47,403	5,898
FCCLA	680	13,515		13,549	646
General Adm. Petty Cash	-	200		200	-
General Refund Account	-	12,980		12,980	-
GS Gifted and Talented	1,355	-		660	695
GS Machines	9,588	9,686		9,708	9,566
GS Library	329	5,287		5,537	79
HS Gym Pop	298	42		-	340
HS Machines	5,551	14,077		18,294	1,334
HS Pep Club	7,643	26,475		26,491	7,627
Community Park	524	-		-	524
Interest Earned	18,951	-		5,277	13,674
Journalism	2,607	1,967		2,030	2,544
Junior Class	3,356	6,142		6,346	3,152
Lunch Banquet	454	-		-	454
MS Academic Team	151	-		-	151
MS Gifted and Talented	55	-		-	55
MS Library	441	4,192		3,513	1,120
MS Machines	14,272	6,108		9,736	10,644
MS Pep Club	1	2,368		2,348	21
MS Student Council	1,594	3,448		3,255	1,787
Miscellaneous Revenue	178	-		-	178
Senior Class	1,086	4,825		4,498	1,413
Speech	2,880	2,823		2,498	3,205
Student Senate	2,992	14,467		16,198	1,261
Technology Student Association	808	2,313		2,274	847
Softball	4,235	7,673		7,626	4,282
Baseball	6,192	28,852		33,568	1,476
Art Club	74	500		574	-
Central Office Machine	\$ 47	353		207	193

**INDEPENDENT SCHOOL DISTRICT NO. I-20, HASKELL COUNTY  
 COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES  
 REGULATORY BASIS - ALL AGENCY FUNDS  
 FOR THE YEAR ENDED JUNE 30, 2013**

<u>Activities</u>	<u>Balance July 1, 2012</u>	<u>Additions</u>	<u>Net Transfers</u>	<u>Deletions</u>	<u>Balance June 30, 2013</u>
Community School/Local	\$ 8,665	3,818		456	12,027
Vocal Music	601	375		472	504
Adult Basic Education	1,979	-		-	1,979
Grade School PTA	<u>3,377</u>	<u>39,571</u>		<u>28,656</u>	<u>14,292</u>
 TOTAL ASSETS - AGENCY FUNDS	 <u>199,629</u>	 <u>527,799</u>	 <u>-</u>	 <u>562,767</u>	 <u>164,661</u>
 LIABILITIES AND FUND EQUITY					
Funds held for school organizations	<u>\$ 199,629</u>	<u>527,799</u>	<u>-</u>	<u>562,767</u>	<u>164,661</u>

**INDEPENDENT SCHOOL DISTRICT NO. 1-20, HASKELL COUNTY  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED JUNE 30, 2013**

Federal Grantor/Pass Through Grantor/Program Title	Federal CFDA Number	Federal Grantor's/Pass-through Grantor's Number	Program or Award Amount	Beginning Balance 7/01/2012	Revenue Collected	Total Expenditures	Ending Balance 6/30/2013
<u>U.S. Department of Education</u>							
<u>Direct Programs:</u>							
Title VIII Impact Aid - 2011	84.041	S041B114209	\$ 1,419		1,419	1,419	
Title VIII Impact Aid - 2010	84.041	S041B104209	384		384	384	
Title VIII Impact Aid - 2009	84.041	S041B094209	243		243	243	
Title VIII Impact Aid - 2008	84.041	S041B084209	461		461	461	
Title VIII Impact Aid - 2007	84.041	S041B074209	308		308	308	
Title VII-Part A, Indian Education	84.060	S060A120155	95,955		95,955	95,955	
Subtotal			98,770	-	98,770	98,770	-
<u>Passed Through State Department of Education:</u>							
* Title I-Part A, Improving Basic Programs	84.010		350,948	(114,761)	308,520	310,195	(1,675)
Title I-Part A, Improving Basic Programs 2011-12 - Note 1	84.010				114,761		
* Title I-School Improvement	84.010		21,782	(33,117)	21,782	21,782	
Title I-School Improvement 2011-12 - Note 1	84.010				33,117		
* Title II-Part A, Teacher & Principal Training	84.367		94,770	(13,667)	45,886	47,076	(1,190)
Title II-Part A, 2011-12 - Note 1	84.367				13,667		
Idea B, Discretionary	84.027		5,000		5,000	5,000	
Special Education, Flowthrough, P.L. 105-17	84.027		620,637	(12,655)	521,048	528,076	(7,028)
Special Education, Flowthrough 2011-12 - Note 1	84.027				12,655		
Special Education, Preschool, Ages 3-5, P.L. 105-17	84.173		37,399	(56,565)	37,399	37,399	
* Title IV-Part B, 21st Century	84.287		154,796		111,835	147,577	(35,742)
Title IV-Part B, 21st Century 2011-12 - Note 1	84.287				56,565		
Title VI-Small, Rural School Ach. Program	84.358		25,113	(26,511)	25,113	25,113	
Adult Basic Education	84.002		23,361			23,361	(23,361)
Adult Basic Education 2011-12 - Note 1	84.002				26,511		
Subtotal			1,333,806	(257,276)	1,333,859	1,145,579	(68,996)
<u>Passed Through State Department of Career and Technology Education:</u>							
Carl Perkins Grant	84.048		11,306	-	11,306	11,306	
Subtotal			\$ 11,306	-	\$ 11,306	\$ 11,306	-

**INDEPENDENT SCHOOL DISTRICT NO. 1-20, HASKELL COUNTY  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED JUNE 30, 2013**

Federal Grantor/Pass Through Grantor/Program Title	Federal CFDA Number	Federal Grantor's/Pass-through Grantor's Number	Program or Award Amount	Beginning Balance 7/01/2012	Revenue Collected	Total Expenditures	Ending Balance 6/30/2013
<u>U.S. Department of Agriculture:</u>							
<u>Passed Through State Department of Education:</u>							
* Child Nutrition Cluster:							
Non-Cash Assistance (Commodities):							
National School Lunch Program	10.555				26,566	26,566	
<i>Non-Cash Assistance Subtotal</i>					<u>26,566</u>	<u>26,566</u>	
Cash Assistance:							
National School Lunch Program	10.555				273,981	273,981	
School Breakfast Program	10.553			(7,206)	68,058	68,058	
Summer Food Program 2011-12 - Note 1	10.559			(7,206)	7,206		
<i>Cash Assistance Subtotal</i>				<u>(7,206)</u>	<u>349,245</u>	<u>342,039</u>	
<i>Total For Program (Cluster)</i>				<u>(7,206)</u>	<u>375,811</u>	<u>368,605</u>	<u>-</u>
<u>Other Federal Assistance:</u>							
Johnson O'Malley	15.130		\$ 22,100	(21,255)	21,255	22,100	(22,100)
Johnson O'Malley 2011-12 - Note 1	15.130				51,654	51,654	
Medicaid	93.778				2,561	2,561	
Flood Control	12.112				17,755	17,302	
OJT-Rehab Services	84.126				93,225	93,617	(22,100)
Subtotal			<u>94,070</u>	<u>(21,708)</u>	<u>171,395</u>	<u>171,395</u>	<u>(22,100)</u>
Total Federal Assistance			<u>\$ 1,537,952</u>	<u>(286,190)</u>	<u>1,912,971</u>	<u>1,717,877</u>	<u>(91,096)</u>
* Major federal programs							

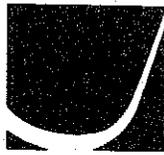
Note 1 - These amounts represent reimbursements for prior year expenditures which were not received until the current fiscal year.

Note 2 - Commodities received by the District in the amount of \$26,566 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 NO. 1-20, HASKELL COUNTY  
 SCHEDULE OF SURETY BONDS  
 FOR THE YEAR ENDED JUNE 30, 2013**

<u>BONDING COMPANY</u>	<u>POSITION COVERED</u>	<u>BOND NUMBER</u>	<u>COVERAGE AMOUNT</u>	<u>EFFECTIVE DATES</u>
Old Republic Surety Company	Treasurer	LPO833716	\$100,000	7/1/12-7/1/13
	Payroll/Activity Fund	PEB809013	\$100,000	7/1/12-7/1/13
	Superintendent	PEB809013	\$100,000	7/1/12-7/1/13
	Encumbrance/Minute Clerk	PEB809013	\$20,000	7/1/12-7/1/13
	Activity Fund	PEB809013	\$20,000	7/1/12-7/1/13



**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  
Stigler School District No. I-20  
Stigler, Oklahoma 74462-1869

I have audited the regulatory basis financial statements of Stigler School District No. I-20, Stigler, Oklahoma, as of and for the year ended June 30, 2013, and have issued my report thereon, dated December 31, 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.

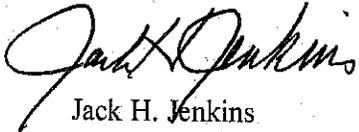
*A deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. *A material weakness* is a deficiency, or a combination of deficiencies,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

December 31, 2013



**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  
Stigler School District No. I-20  
Stigler, Oklahoma 74462-1869

**Compliance**

I have audited the compliance of Stigler School District No. I-20, Stigler, 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, 2013. The District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. 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, Stigler School District No. I-20, Stigler, 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, 2013. 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 Stigler School District No. I-20, Stigler, Oklahoma is responsible for establishing and maintaining effective internal control over compliance with requirements of laws,

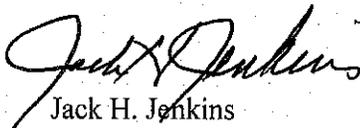
regulations, contracts and grants applicable to federal programs. In planning and performing my audit, I considered the District's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine my auditing procedures for 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.

December 31, 2013

**INDEPENDENT SCHOOL DISTRICT NO. I-20, HASKELL COUNTY**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**JULY 1, 2012 TO JUNE 30, 2013**

**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 and Child Nutrition, which were each clustered in the determination, and Title II and 21<sup>st</sup> Century Grant.
8. The dollar threshold used to determine between Type A and Type B programs was \$300,000.
9. The District did not qualify 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. 1-20, HASKELL COUNTY  
DISPOSITION OF PRIOR YEAR'S SCHEDULE OF FINDINGS  
JULY 1, 2012 TO JUNE 30, 2013**

There were no material prior year audit findings.

**INDEPENDENT SCHOOL DISTRICT NO. I-20, HASKELL COUNTY  
AUDIT ACKNOWLEDGEMENT  
JULY 1, 2012 TO JUNE 30, 2013**

The annual independent audit for Stigler 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.”

Clayton Edwards  
Superintendent of Schools

January 13, 2014  
Date of Board Meeting

Ronan White  
Board of Education President

Kenndal Starn  
Board of Education Clerk

Jack H. Jenkins  
Board of Education Vice President

[Signature]  
Board of Education Member

Jennifer Turner  
Board of Education Member

Subscribed and sworn to before me on this 13<sup>th</sup> day of January, 2014.  
My commission expires on 19<sup>th</sup> day of August, 2014.

[Signature]  
Notary Public

